



THE CORPORATION OF THE TOWNSHIP OF KING
Report to Committee of the Whole

Monday, May 30, 2022

Finance Department

Report Number FIN-2022-13

2021 Statement of Development Charge Reserve Funds and Cash in Lieu of Parkland Reserve Funds as of December 31, 2021

RECOMMENDATION(S):

The Director of Finance respectfully submits the following recommendation(s):

1. Report FIN-2022-13 be received for information purposes; and
2. That the 2021 Statement of Development Charge Reserve Funds be made publicly available as required by Section 43(2.1) of the *Development Charges Act, 1997* by means of posting on the Township of King's website, and available in printed copy upon request to the Township; and
3. That the Statement of the Cash in Lieu of Parkland Reserve Funds be made publicly available as per the Subsection 42 of the *Planning Act, 2015*; and
4. That staff provide the 2021 Statement of Development Charge Reserve Funds to the Minister of Municipal Affairs and Housing as required by Section 43(3) of the *Development Charges Act, 1997*.

REPORT HIGHLIGHTS:

- As required under Section 43(1) of the *Development Charges Act, 1997* prescribes that the Treasurer shall provide Council with an annual financial statement relating to Development Charge (DC) By-laws and Reserve Funds.
- As required under Subsection 42 of the *Planning Act, 2015*, the Treasurer shall present a statement relating to Cash in Lieu of Parkland.
- Current balance of DC Reserve Funds is \$18.7 million of which the Township has \$13.4 million commitments leading to a \$4.7 million surplus.
- Current balance of the Cash in Lieu of Parkland Reserve Fund is a surplus of \$940,220.

PURPOSE:

The purpose of this report is to provide Council with a financial statement relating to the Township's Development Charge By-laws and Reserve Funds as at December 31, 2021, and to satisfy reporting requirements as prescribed in the *Development Charges Act, 1997*. A financial statement related to Cash in Lieu of Parkland as pursuant to subsection 42 of the *Planning Act, 2015*.

BACKGROUND:

Development charges are one-time fees collected on new residential and non-residential properties to finance a portion of the capital infrastructure requirements associated with growth. The fees are collected at the time of building permit issuance. The growth-related spending authority is approved annually as part of the Township's capital budgeting process based on those capital projects that are eligible for development charge funding pursuant to the *Development Charges Act, 1997*.

The audited 2021 Financial Statements include information regarding the Township's Development Charge Reserve Funds.

Section 43(1) of the *Development Charges Act, 1997* prescribes that the Treasurer shall provide Council with an annual financial statement relating to Development Charge By-laws and Reserve Funds, as follows:

A statement must include, for the preceding year,

- (a) A statement of the opening and closing balances of the reserve funds and of the transactions relating to the funds
- (b) Statements identifying,
 - All assets whose capital costs were funded under a development charge by-law during the year,
 - For each asset mentioned in subclause (i), the manner in which any capital cost not funded under the by-law was or will be funded;
- (c) A statement as to compliance with the Development Charges Act regarding no additional levies as per subsection 59.1 (1)

Council shall ensure that the statement is available to the public.

The Treasurer shall give a copy of the statement to the Minister of Municipal Affairs and Housing on request.

Cash in lieu of parkland is collected in accordance with the Planning Act and the Township by-law 2016-10. Funds received are deposited to the segregated reserve fund for parkland purposes and interest applied in accordance with township policy and procedures. Eligible disbursements from the fund are in accordance with the provisions of legislation, township policy and approved budgets.

Pursuant to Subsection 42 of the *Planning Act, 2015*, the Treasurer shall present a statement relating to Cash in Lieu of Parkland. The Treasurer's statement must include, for the preceding year,

- (a) Statement of the opening and closing balances of the special account and of the transactions relating to the account.
- (b) Statements identifying,
 - (i) Any land or machinery acquired during the year with funds from the special account,
 - (ii) Any building erected, improved or repaired during the year with funds from the special account,
 - (iii) Details of the amounts spent, and
 - (iv) For each asset mentioned in subclauses (i) and (ii), the manner in which any capital cost not funded from the special account was or will be funded; and

(c) Any other information that is prescribed. 2015, c. 26, s 28 (11).

ANALYSIS:

Appendix A to this report entitled “Annual Statement of Development Charge Reserve Funds” provides a summary of the opening and closing balances of each Development Charge Reserve Fund the year ended December 31, 2021. The schedule also shows any encumbrances or commitments to be funded.

Appendix B to this report entitled “Annual Statement of Reserve Fund Transfers” details each capital acquisition/project that was funded by a development charge during 2021, including all sources of funding applied to those acquisitions/projects during the year.

Development charge proceeds consist of contributions collected from developers and interest earned on these proceeds are shown separately. Transfers to capital projects are made in accordance with Township By-Law #2021-002 on the basis of details contained within the Township’s 2020 Development Charge Background Study dated January 11, 2021. Regulations stipulate that for obligatory funds, which include development charges, revenue is only recognized as expenditures are incurred. Annual adjustments are made to the capital projects to reflect the funding portion to be transferred, which is based on actual expenditures. The closing reserve fund balances represent the development charge revenue available to fund future growth-related capital works.

Appendix C to this report entitled “Listing of credits under DCA, 1997, s.38 by Holder” provides the updated status of development charge credits for the year ended December 31, 2021. Development charge credits are provided where the Township agrees to allow a developer to construct works that relate to services described within the development charge by-law. During 2021, there were \$7.7 million credits granted and \$21.7 million in additional credits granted which relate to the requirements under the King City East Spine Servicing Agreement for works to be completed on behalf of the Township as per Appendix C of this report.

Appendix D to this report entitled “Statement of Cash in Lieu of Parkland Reserve Fund” provides a summary of the opening and closing balances of each the Cash in Lieu of Parkland Reserve Fund for the year ended December 31, 2021.

FINANCIAL CONSIDERATIONS:

During 2021, development charge collections totaled almost \$39.1 million and interest earnings on the development charge reserve funds totaled \$149 thousand. Development charge funding allocations to capital acquisitions and projects in 2021 totaled almost \$19.2 million. As indicated in the table below, total development charge reserve funds balances increased to \$4.7 million to support growth related costs as set forth in the Township’s 2021 Development Charge Background Study dated January 11, 2021.

Table 1: Continuity of Development Charge Reserve Funds

Opening Balance as of January 1, 2021	\$11,238,445
Development Charge Collections	39,060,340

Development Charge Credits	(3,129,774)
Prepaid Credits to KCE for Spine Servicing	(9,399,675)
Interest earnings	148,932
Funding allocated to Capital and Operating Projects	(19,264,224)
Closing Balance as of December 31, 2021	\$18,654,044
Encumbrances / Commitments	(13,977,265)
Closing Balance net of Encumbrances as of December 31, 2021	\$4,676,779

Note: The increase in the amount of development charges collected recognizes the full commitment for all the developments with the King City East (KCE) area and the full amount of credits for the works to be completed by the developer as per the KCE agreement.

During 2021, Parkland Fees collected \$1,157,002 for 2021 with interest of \$6,921 was added to the reserve fund. Projects funded in 2021 totaled \$205,020 funded from the Parkland Reserve Fund. As indicated in the table below, total amount of Cash in Lieu of Parkland Reserve Funds shows a surplus of \$940,220.

Table 2: Cash In Lieu of Parkland Reserve Funds

Opening Balance as of January 1, 2021	(\$18,682)
Parkland Fees Collected	1,157,002
Interest earnings	6,921
Funding allocated to Capital Projects	(205,020)
Closing Balance as of December 31, 2021	\$940,220

ALIGNMENT TO STRATEGIC PLAN:

The 2019-2022 Corporate Strategic Plan was formally adopted by Council on September 21, 2020 which emphasizes all of the ICSP Pillars (Financial, Economic, Socio-Cultural and Environmental) and is also aligned with the long-term vision defined in the Official Plan. The 2019-2022 Corporate Strategic Plan aims to ensure staff initiatives focus on current Term of Council priorities in support of the Township's long-term vision to 2031.

This report is in alignment with the CSP's Priority Area(s), associated Objective(s) and/or Key Action(s):



**Investing in
Infrastructure**

Creating More Inclusive Public Spaces

- Develop a Township Fiscal Strategy
- Manage Debt and Reserves

The report aligns to the strategic plan to provide full transparency in our reserve funds as part of our fiscal strategy.

CONCLUSION:

The report provides the necessary requirements under Section 43(1) of the *Development Charges Act, 1997* and under Subsection 42 of the *Planning Act, 2015* for December 31, 2021.

ATTACHMENTS:

[Appendix A - 2021 Annual Statement of Development Charge Reserve Funds](#)

[Appendix B - 2021 Annual Statement of Reserve Fund Transfers](#)

[Appendix C - 2021 Listing of Credits under DCA, 1997, S38 by holder](#)

[Appendix D - 2021 Statement of Cash In Lieu of Parkland Reserve Fund](#)

Prepared By:

Peggy Tollett

Director of Finance and Treasurer

Recommended By:

Peggy Tollett

Director of Finance

Approved for Submission By:

Daniel Kostopoulos

Chief Administrative Officer

Township of King
2021 Annual Statement of Development Charge Reserve Funds

Appendix A
FIN-2022-13

	GROWTH STUDIES 30-02-0375-0904	FIRE 30-02-0375-0906	PARKS & RECREATION 30-02-0375-0909	LIBRARY 30-02-0375-0912	ROADS & RELATED 30-02-0375-0914	WATER 30-02-0375-0918	KC SEWER 30-02-0375-0920	NOB SEWER 30-02-0375-0922	WATER / SEWER STUDIES 30-02-0375-0924	PARKING 30-02-0375-0926	STORMWATER 30-02-0375-0928	TOTAL
Opening Balance - January 1, 2021	\$ 159,863	\$ 955,701	\$ 4,249,544	\$ (91,407)	\$ 2,056,581	\$ 747,545	\$ 2,227,730	\$ 808,838	\$ 115,622	\$ 8,427	\$ -	\$ 11,238,445
Revenue												
Development Charge	\$ 680,236	\$ 901,788	\$ 8,175,084	\$ 1,261,070	\$ 16,433,552	\$ 4,120,859	\$ 6,920,610	\$ 201,888	\$ 344,808	\$ -	\$ 20,445	\$ 39,060,340
Interest Earned	\$ 3,076	\$ 9,386	\$ 49,797	\$ 2,418	\$ 39,889	\$ 8,518	\$ 26,153	\$ 8,188	\$ 1,677	\$ -	\$ (169)	\$ 148,932
DC Credit (a/c # 30-02-0375-0930)	\$ -	\$ -	\$ 325,315	\$ -	\$ 9,558,058	\$ 6,246,670	\$ 3,841,179	\$ 88,986	\$ -	\$ -	\$ -	\$ 20,060,208
Total Revenue	\$ 683,311	\$ 911,174	\$ 8,224,881	\$ 1,263,488	\$ 16,473,441	\$ 4,129,378	\$ 6,946,763	\$ 210,076	\$ 346,485	\$ -	\$ 20,276	\$ 39,209,272
Expenditures												
Development Charge Credit Used By Holder	\$ -	\$ -	\$ (236,493)	\$ -	\$ -	\$ (1,266,649)	\$ (1,626,632)	\$ -	\$ -	\$ -	\$ -	\$ (3,129,774)
Prepaid payments to KCE for Spine Servicing	\$ -	\$ -	\$ -	\$ -	\$ (6,685,875)	\$ (2,057,756)	\$ (656,044)	\$ -	\$ -	\$ -	\$ -	\$ (9,399,675)
Transfers to Capital	\$ (42,799)	\$ (361,976)	\$ (2,497,333)	\$ (37,379)	\$ (7,685,964)	\$ (2,335,342)	\$ (6,174,706)	\$ -	\$ (62,245)	\$ -	\$ (58,054)	\$ (19,255,797)
Transfers to Operating	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,427)	\$ -	\$ (8,427)
DC Credit - Offset (a/c # 30-02-0375-0932)	\$ -	\$ -	\$ (325,315)	\$ -	\$ (9,558,058)	\$ (6,246,670)	\$ (3,841,179)	\$ (88,986)	\$ -	\$ -	\$ -	\$ (20,060,208)
Total Expenditures	\$ (42,799)	\$ (361,976)	\$ (2,733,826)	\$ (37,379)	\$ (14,371,838)	\$ (5,659,747)	\$ (8,457,382)	\$ -	\$ (62,245)	\$ (8,427)	\$ (58,054)	\$ (31,793,673)
Closing Balance - December 31, 2021	\$ 800,376	\$ 1,504,899	\$ 9,740,598	\$ 1,134,702	\$ 4,158,184	\$ (782,824)	\$ 717,111	\$ 1,018,914	\$ 399,862	\$ -	\$ (37,778)	\$ 18,654,044
Encumbrance	\$ 314,884	\$ -	\$ 9,406,927	\$ 181,190	\$ 2,469,648	\$ -	\$ 1,604,616	\$ -	\$ -	\$ -	\$ -	\$ 13,977,265
Closing Balance Net of Encumbrance - December 31, 2021	\$ 485,492	\$ 1,504,899	\$ 333,671	\$ 953,512	\$ 1,688,536	\$ (782,824)	\$ (887,505)	\$ 1,018,914	\$ 399,862	\$ -	\$ (37,778)	\$ 4,676,779

Note 1: Development Charge balance is reduced by \$13,977,265.00 to reflect Encumbrances for approved Capital Projects not completed yet.
Note 2: See Schedule B for details

Township of King
2021 Annual Statement of Reserve Fund Transfers

Appendix 'B'
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Project Description	Funding				Encumbrance		
	Development Charges	Other Reserve/ Reserve Fund	Grants and Other Revenue	Total	Development Charges	Non-Development Charges	Total
Active Transportation - King City Station Signed Bike Routes & Sharrows	\$ 14,969	\$ -	\$ -	\$ 14,969	\$ 50,031	\$ -	\$ 50,031
Traffic Calming - 2020 Strategy Community Approach Recommendations	\$ 50,098	\$ 72,120	\$ -	\$ 122,218	\$ -	\$ -	\$ -
15th Sdrd, Hwy 27 to 8th Con	\$ 230,568	\$ 78,839	\$ 128,126	\$ 437,533	\$ 359,676	\$ 322,858	\$ 682,534
15th Sideroad - 10th Concession to Highway 27	\$ 62,914	\$ 46,823	\$ -	\$ 109,737	\$ 574,247	\$ 427,381	\$ 1,001,628
10th Concessing King Road to 15th Sideroad	\$ 36,731	\$ 27,289	\$ -	\$ 64,019	\$ 716,224	\$ 532,108	\$ 1,248,332
Bridge & Culvert (Year 1) Annual Relining/Rehabilitation of Bridges & Culverts	\$ 180,185	\$ 320,740	\$ 224,232	\$ 725,158	\$ 299,815	\$ 906,792	\$ 1,206,607
King Road, Keele Street to 2585 King Road	\$ 2,885,664	\$ 729,041	\$ -	\$ 3,614,705	\$ 61,473	\$ 955,719	\$ 1,017,192
KCE Servicing	\$ 3,972,382	\$ -	\$ -	\$ 3,972,382	\$ -	\$ -	\$ -
MaryLake 19T-10K01, Sidewalk	\$ 237,127	\$ -	\$ -	\$ 237,127	\$ 74,882	\$ -	\$ 74,882
Roads Total	\$ 7,670,637	\$ 1,274,852	\$ 352,359	\$ 9,297,848	\$ 2,136,348	\$ 3,144,858	\$ 5,281,206
Township Wide Recreation Complex	\$ 1,556,667	\$ 66,683	\$ 375,000	\$ 1,998,350	\$ 6,736,754	\$ 10,268,584	\$ 17,005,338
Tasca Community Park Phase 2	\$ 145,430	\$ -	\$ -	\$ 145,430	\$ 4,570	\$ -	\$ 4,570
St. Andrews Park Upgrade	\$ 14,755	\$ -	\$ -	\$ 14,755	\$ 25,245	\$ -	\$ 25,245
Osin Park Phase 2	\$ 24,215	\$ 52,810	\$ -	\$ 77,025	\$ 69,785	\$ 157,090	\$ 226,875
Genview Park PPB	\$ -	\$ -	\$ -	\$ -	\$ 135,360	\$ 115,305	\$ 250,665
Dog Leash Free Dog	\$ -	\$ -	\$ -	\$ -	\$ 2,482	\$ 25,095	\$ 27,577
Tomlinson Gardens Neighbourhood Park Phase I	\$ -	\$ -	\$ -	\$ -	\$ 415,800	\$ 4,200	\$ 420,000
Kettle Lake Park PPB	\$ 19,920	\$ 218	\$ -	\$ 20,138	\$ 194,928	\$ 2,134	\$ 197,062
Blue Heron PPB	\$ 171,299	\$ 1,667	\$ -	\$ 172,965	\$ 24,001	\$ 234	\$ 24,235
Trail Development - N21	\$ 12,327	\$ 1,704	\$ -	\$ 14,030	\$ 24,574	\$ 3,396	\$ 27,970
Nobleton Lions Community Park Phase 3	\$ -	\$ -	\$ -	\$ -	\$ 361,350	\$ 3,150	\$ 364,500
Nobleton Tennis Clubhouse	\$ 102,944	\$ 6,644	\$ -	\$ 109,587	\$ 278,792	\$ 17,993	\$ 296,785
Outdoor Ice Rinks	\$ 6,492	\$ -	\$ 10,000	\$ 16,492	\$ 11,508	\$ 26,000	\$ 37,508
Trail Development_N1 Cold Creek	\$ 2,393	\$ 266	\$ -	\$ 2,658	\$ 64,018	\$ 7,114	\$ 71,132
Fox Trail Park	\$ 2,555	\$ 284	\$ -	\$ 2,839	\$ 151,047	\$ 17,485	\$ 168,532
Cold Creek Building Expansion	\$ 1,837	\$ 198	\$ -	\$ 2,035	\$ 906,713	\$ 97,939	\$ 1,004,652
MaryLake 19T-10K01, Parks	\$ 236,493	\$ -	\$ -	\$ 236,493	\$ -	\$ -	\$ -
KCE Servicing	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -
Parks & Recreation Total	\$ 2,597,326	\$ 130,473	\$ 385,000	\$ 3,112,799	\$ 9,406,927	\$ 10,745,719	\$ 20,152,646
King Township Public Library	\$ 136,501	\$ -	\$ -	\$ 136,501	\$ -	\$ -	\$ -
Collection Development	\$ 37,379	\$ -	\$ -	\$ 37,379	\$ 181,190	\$ 11,203	\$ 192,393
Library Total	\$ 173,880	\$ -	\$ -	\$ 173,880	\$ 181,190	\$ 11,203	\$ 192,393
King Road & Keele Sewer Upgrade	\$ 19,602	\$ -	\$ -	\$ 19,602	\$ 130,398	\$ -	\$ 130,398
Kingsview Manor_Pump Station & Forcemain	\$ 1,626,632	\$ -	\$ -	\$ 1,626,632	\$ 1,474,218	\$ -	\$ 1,474,218
KCE Servicing	\$ 8,490,446	\$ -	\$ -	\$ 8,490,446	\$ -	\$ -	\$ -
SCADA System Program	\$ 37,037	\$ -	\$ -	\$ 37,037	\$ -	\$ -	\$ -
Keele Street Watermain	\$ 330,974	\$ -	\$ -	\$ 330,974	\$ -	\$ -	\$ -
Kingsview Manor _ Watermain	\$ 935,675	\$ -	\$ -	\$ 935,675	\$ -	\$ -	\$ -
Water and Wastewater Total	\$ 11,440,366	\$ -	\$ -	\$ 11,440,366	\$ 1,604,616	\$ -	\$ 1,604,616
Fire - Pumper	\$ 361,976	\$ -	\$ -	\$ 361,976	\$ -	\$ -	\$ -
Public Works - 3/4 Ton 4x4 Pickup	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ 60,000
Community Services - 3/4 Pickup Plow Sander	\$ -	\$ -	\$ -	\$ -	\$ 72,600	\$ -	\$ 72,600
Community Services - Utility Van Facilities	\$ -	\$ -	\$ -	\$ -	\$ 45,000	\$ -	\$ 45,000
Community Services - 3/4 Ton 4x4 Pickup Truck	\$ -	\$ -	\$ -	\$ -	\$ 54,000	\$ 6,000	\$ 60,000
Community Services - Single Axle 4x4 Dump Truck	\$ -	\$ -	\$ -	\$ -	\$ 101,700	\$ 11,300	\$ 113,000
Community Services - Landscaping Trailer	\$ 10,139	\$ -	\$ -	\$ 10,139	\$ -	\$ -	\$ -
Water - Portable Sanitary	\$ 10,392	\$ -	\$ -	\$ 10,392	\$ -	\$ -	\$ -
Community Services - Landscaping Trailer	\$ 5,187	\$ -	\$ -	\$ 5,187	\$ -	\$ -	\$ -
Fleet and Equipment Total	\$ 387,693	\$ -	\$ -	\$ 387,693	\$ 333,300	\$ 17,300	\$ 350,600
Development Guidelines and Engineering Design Criteria Manual Update	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
Rural Zoning By-Law	\$ 28,499	\$ -	\$ -	\$ 28,499	\$ 6,500	\$ 6,501	\$ 13,001
Update Urban Design Guidelines	\$ 14,299	\$ 14,299	\$ -	\$ 28,599	\$ 33,200	\$ 33,201	\$ 66,401
Hwy 400 Employment Lands	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 40,000
Growth Capacity Modeling	\$ 14,816	\$ -	\$ -	\$ 14,816	\$ 210,184	\$ -	\$ 210,184
Hwy 11 Special Policy Area Study	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 40,000
Stormwater Master Plan	\$ 58,054	\$ 2,719	\$ -	\$ 60,773	\$ -	\$ -	\$ -
Studies Total	\$ 115,669	\$ 17,018	\$ -	\$ 132,687	\$ 314,884	\$ 79,702	\$ 394,586
Total Project Payments	\$ 22,385,571	\$ 1,422,344	\$ 737,359	\$ 24,545,273	\$ 13,977,265	\$ 13,998,782	\$ 27,976,047

Township of King
2021 Listing of Credits under DCA, 1997 s. 38 by holder
For the Year 2021

Appendix 'C'
 FIN-2022-13

Credit Holder	Applicable Development Charges Reserve Fund	Credit Balance Beginning of Year	Credits Used/Paid/ During Year	Additional Credits Granted During Year	Credit Balance End of Year
DiPoce	Roads & Related	80,855	-	-	80,855
1808629 Ontario Limited (Fandor - Nobleton)	Parks	25,315	-	-	25,315
Fandor (Nobleton) concurrent works	Roads & Related	29,560	-	-	29,560
Fandor (Nobleton) concurrent works	Wastewater - Nobleton	88,986	-	-	88,986
Hickory Hills Investments Inc.	Roads & Related	137,000	-	-	137,000
2149629 Ontario Inc. (Kingsview - King City)	King City Sewer	3,100,850	1,626,632	-	1,474,218
2149629 Ontario Inc. (Kingsview - King City)	Water	935,675	935,675	-	-
Mary Lake Estates	Roads & Related	237,200	237,200	-	-
2015 DCBSA	Water	194,400	-	-	194,400
2016 DCBSA	Water	800,000	800,000	-	-
2017 DCBSA	Water	468,000	-	-	468,000
KCE spine servicing agreement	Roads & Related	-	475,596	9,786,239	9,310,643
KCE spine servicing agreement	Water	-	374,102	5,958,372	5,584,270
KCE spine servicing agreement	Wastewater	-	3,261,949	5,628,910	2,366,961
KCE spine servicing agreement	Recreation	-	-	300,000	300,000
	Total	\$ 6,097,841	\$ 7,711,154	\$ 21,673,521	\$ 20,060,208

Township of King
2021 Statement of Cash in Lieu of Parkland Reserve Fund

Appendix 'D'
FIN-2022-13

	Cash in Lieu of Parkland Reserve Fund
Opening Balance - January 1, 2021	\$ (18,682)
Contributions	\$ 1,157,002
Interest Earned	
Transfers to Capital	\$ 6,921
Schomberg Tennis Court Reconstruction	\$ (198,376)
Nobleton Tennis Clubhouse	\$ (6,644)
Transfers to Operating	\$ -
Closing Balance - December 31, 2021	\$ 940,220