



THE CORPORATION OF THE TOWNSHIP OF KING
REPORT TO COMMITTEE OF THE WHOLE

Monday, July 8, 2019

Finance Department

Report #: FR-2019-13

RE : 2018 Statement of Development Charge Reserve Funds

1. **RECOMMENDATIONS:**

The Finance Department respectfully submits the following recommendations:

- a) That Finance Report FR-2019-13 be received for information purposes; and
- b) That the 2018 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
- c) That staff provide the 2018 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*.

2. **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, 2018, and to satisfy reporting requirements as prescribed in the *Development Charges Act, 1997*.

3. **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 2018 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,
 - i. All assets whose capital costs were funded under a development charge by-law during the year,
 - ii. 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.

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.

4. **ANALYSIS:**

Schedule 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, 2018.

Schedule B to this report entitled "Annual Statement of Reserve Fund Transfers" details each capital acquisition/project that was funded by a development charge during 2018, 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 #2015-100 on the basis of details contained within the Township's 2014 Development Charge Background Study, as amended by Addendum No. 1 dated August 25, 2015. 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.

Schedule 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, 2018. 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 2018, there were no additional credits granted and no credits used by the holder.

5. **FINANCIAL IMPLICATIONS:**

During 2018, development charge collections totalled almost \$1.5 million and interest earnings on the development charge reserve funds totalled \$352 thousand. Development charge funding allocations to capital acquisitions and projects in 2018 totalled almost \$4.7 million. As indicated in the table below, total development charge reserve funds

balances decreased to \$14.5 million to support growth related costs as set forth in the Township’s Development Charge Background Study dated September 22, 2014 and as amended by Addendum No. 1 dated August 25, 2015.

Continuity of Development Charge Reserve Funds

Opening balances	\$17,373,135
Development charge collections	1,478,374
Interest earnings	351,857
Funding allocated to capital and operating	<u>(\$4,674,080)</u>
Closing balances	<u>\$14,529,286</u>

6. SUSTAINABILITY PLAN LINKAGE:

King Township’s Integrated Community Sustainability Plan was formally adopted by Council on April 2, 2012. The Sustainability Plan is the Township’s overarching guiding document and is based upon common values, priorities, and aspirations of the community.

Finance staff will utilize the Plan to ensure financial sustainability is a key consideration in decision making about the future of the Township.

This report links to the theme “Annual Budget & Business Plan” and more specifically the goal of “maintaining a fiscally responsible budget that strengthens our reserves and respects the priorities of the community and meets long term financial sustainability goals”.

7. ATTACHMENTS:

Schedule ‘A’ - 2018 Annual Statement of Development Charge Reserve Funds

Schedule ‘B’ - 2018 Annual Statement of Reserve Fund Transfers

Schedule ‘C’ - 2018 Listing of Credits under DCA, 1997, s. 38 by holder

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Schedule "A" to FR-2019-13

TOWNSHIP OF KING
STATEMENT OF DEVELOPMENT CHARGE RESERVE FUNDS
ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

	Corporate Services ADMIN	Fire Service	Parks - Outdoor	Recreation - Indoor	Library Service	Roads & Related	Water	King City Sewer	Nobleton Sewer	Water & Wastewater Studies	Parking	Fund Total
Opening Balance at January 1, 2018	552,788	943,858	711,788	5,909,893	2,280,797	5,098,778	(102,901)	1,321,157	566,430	84,723	5,824	17,373,135
Development Charge Proceeds, net of Developer DC Credits Used	18,667	24,424	56,592	77,099	21,048	948,955	139,732	5,867	183,752	2,111	128	1,478,374
Interest Earned	11,793	20,295	10,295	122,732	41,813	104,293	(1,731)	28,027	12,454	1,761	125	351,857
Development Charge Credits Used By Holder	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Capital Fund	-	-	(591,997)	(688,396)	(1,451,093)	(1,823,966)	-	-	-	-	-	(4,555,451)
Transfers to Operating Fund (Tax or Rate)	(85,174)	-	-	-	-	-	-	-	-	(33,454)	-	(118,629)
Closing Balance at December 31, 2017	498,074	988,577	186,678	5,421,328	892,564	4,328,060	35,099	1,355,051	762,635	55,141	6,077	14,529,286

Schedule "B" to FR-2019-13

TOWNSHIP OF KING
STATEMENT OF DEVELOPMENT CHARGE RESERVE FUNDS
 ANNUAL STATEMENT OF RESERVE FUND TRANSFERS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Project Description	Reserve Funds					Sources of Funding				
	Development charges	Other	Operating Fund	Reserves	Other Contributions	Gas Tax	Total			
Fleet and Equipment:										
PRC - NEW 20FT Landscaping Trailer	11,140	-	1,238				12,378			
ROAD - 3/4 Ton Pick-up 4x4	27,286	-	11,694				38,980			
WATER - New Equipment Van	39,207	-					39,207			
Infrastructure - Roads:										
10th Concession, King Road to 15th Sideroad	13,634	-	13,634				27,268			
15th Sideroad, 10th Concession to Hwy 27	101,666	-	25,417				127,083			
15th Sideroad, 8th Concession to Hwy 27	20,563	-	5,141				25,704			
19th Sideroad, Hwy 27 to Rebellion Way	53,355	-	91,609		359,645		504,609			
Hwy 27, King Road to MacTaggart	10,787	-	7,191				17,978			
Hwy 27 King Road to Parkview	624,714	-		559,680			1,184,394			
Keele Street, King Road to Station Road	631,006	-	64,267	228,960	191,710		1,051,676			
King Road, Keele St. to 2585 King Road	171,267	-					235,534			
King Road, Hwy 27 to Henry Gate	11,033	-	7,355				18,388			
King Road, Hwy 27 to Greenside	2,412	-	1,608				4,020			
Proctor Road	105,896	-	11,766				117,662			
Infrastructure - Parks and Recreation:										
Centennial Park Building	11,623	-	65,862				77,485			
Cold Creek Building Expansion	34,063	-	3,785				37,848			
Dog Leash Free Park	1,842	-	18,622				20,464			
Memorial Park Retrofit & Upgrade	191,160	-	129,655				320,815			
Nobleton Arena Changeroom Renovation	165,260	-	73,720				238,980			
Nobleton Pool Retrofit	6,365	-	7,780				14,145			
Nobleton Sports Parks Phase II	334,745	-	132,296		27,354		494,395			
Township Wide Recreation Complex	139,527	-	15,503				155,030			
Trail Development	57,885	-	49,310				107,195			
Infrastructure - Library:										
KC Library & Senior Expansion	1,609,509	155,000	119,683	558,415			2,442,607			
Library Collection	179,508	-			19,945		199,453			
Operating Activities:										
Core Areas Parking Study	68,002	-					68,002			
PRC Master Plan	17,172	-					17,172			
Wastewater Master Plan	16,727	-					16,727			
Water Master Plan	16,727	-					16,727			
Total for the Year	\$ 4,674,080	\$ 155,000	\$ 857,136	\$ 558,415	\$ 835,939	\$ 551,355	\$ 7,631,925			

TOWNSHIP OF KING
STATEMENT OF DEVELOPMENT CHARGE RESERVE FUNDS
 LISTING OF CREDITS UNDER DCA, 1997, s.38 BY HOLDER
 FOR THE YEAR ENDED DECEMBER 31, 2018

Credit Holder	Applicable DC Reserve Fund	Credit Balance Beginning of Year	Additional Credits Granted During Year	Credits Used by Holder During Year	Credit Balance End of Year
1808629 Ontario Limited (Fandor - Nobleton)	Parks - Outdoor	25,315			25,315
2149629 Ontario Inc. (Kingview - King City)	King City Sewer	3,100,850			3,100,850
DiPoce	Roads & Related	80,855			80,855
Hickory Hills Investments Inc.	Roads & Related	137,000			137,000
King Dufferin Developments CR Inc.	Roads & Related	27,000			27,000
King Station Inc.	Parks - Outdoor	30,000			30,000
2015 DC Background Study Updates (*)					
Hamley's Developments Inc. (Nobleton)	Parks - Outdoor	25,315			25,315
Hamley's Developments Inc. (Nobleton)	Parks - Outdoor	60,315			60,315
King Station - pedestrian bridge	Parks - Outdoor	30,000			30,000
Fandor, concurrent works (Nobleton)	Roads & Related	29,560			29,560
King North Developments CR Inc. (King City)	Roads & Related	43,105			43,105
King North Developments CR Inc. (King City)	Roads & Related	27,000			27,000
Fandor (Nobleton) concurrent works	Roads & Related Wastewater - Nobleton	88,986			88,986
	Total	3,705,301	-	-	3,705,301