



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

Monday, July 9, 2018

Finance Department

Report #: FR-2018-09

RE : 2017 Statement of Development Charge Reserve Funds

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1. **RECOMMENDATIONS:**

The Finance Department respectfully submits the following recommendations:

- a) That Finance Report FR-2018-09 be received for information purposes; and
- b) That the 2017 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 2017 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 status report on the Township's Development Charge Reserve Funds as at December 31, 2017.

In addition, the Development Charges Act, 1997 requires that an annual statement be prepared for Council prior to submitting to the Ministry of Municipal Affairs and Housing (Schedules A & B).

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.

Section 43(1) of the Development Charges Act, 1997 requires the Treasurer to provide Council with an annual financial statement relating to Development Charge By-laws and Reserve Funds. Although the audited 2017 Financial Statements report the Reserve Funds, the Act requires the report to be in a specific format, and that the statement be made publicly available and submitted to the Minister of Municipal Affairs and Housing. The attached statement (Schedules A & B) satisfies these requirements.

**4. ANALYSIS:**

The statement (Schedules A & B) provides a summary of the financial activity of the various Development Charge Reserve Funds for the year ending December 31, 2017.

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 provides the updated status of Development Charge credits for the year ended December 31, 2017. 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 the 2017 fiscal year, the Township recorded transfers between reserve funds and reserves that related to the 2014 Development Charge Background Study Update, as amended. The delay in recording the subject transfers related to a pending appeal of the Township's Development Charge By-law, but had yet to be incorporated into the financial records of the Township. For transparency purposes, Schedule A reports the prior year reserve funds balances before and after the subject transfers.

**5. FINANCIAL IMPLICATIONS:**

During 2017, Development Charge (DC) collections totalled \$1,540,686 and capital expenditures having a DC funding component totalled \$4,004,756.

With an opening balance (ALL DC categories) of \$19.6 million, net expenditure during 2017 of \$2.5 million and interest earned of \$272 thousand, total development charge reserve funds have decreased to \$17.4 million to support future 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.

**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' - 2017 Annual Statement of Development Charge Reserve Funds

Schedule 'B' - 2017 Annual Statement of Discounted Services Reserve Fund Transfers

Schedule 'C' - 2017 Listing of Credits under DCA, 1997, s. 38 by holder

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**TOWNSHIP OF KING**  
**STATEMENT OF DEVELOPMENT CHARGE RESERVE FUNDS**  
 ANNUAL STATEMENT  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule "A" to FR-2018-09

	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, 2017 before Prior Period Adjustment	532,835	926,441	1,042,639	7,269,393	2,670,540	6,534,726	(259,640)	4,285,876	1,775,103	167,416	5,558	24,950,886
Prior Period Adjustment	-	-	-	-	(105,276)	(911,093)	(562,971)	(2,570,593)	(1,236,190)	-	-	(5,386,123)
Opening Balance at January 1, 2017 after Prior Period Adjustment	532,835	926,441	1,042,639	7,269,393	2,565,264	5,623,633	(822,611)	1,715,283	538,913	167,416	5,558	19,564,763
Development Charge Proceeds, net of Developer DC Credits Used	34,943	45,367	100,009	135,439	36,255	444,122	722,467	5,485	8,039	8,360	200	1,540,686
Interest Earned	6,364	10,815	10,117	81,161	30,746	72,374	(2,757)	42,169	19,478	1,908	66	272,442
Development Charge Credits Used By Holder	-	-	-	-	-	-	-	(441,780)	-	-	-	(441,780)
Transfers to Capital Fund	(8,444)	(38,764)	(440,976)	(1,576,100)	(351,489)	(1,025,535)	-	-	-	-	-	(3,441,288)
Transfers to Operating Fund (Tax or Rate)	(12,911)	-	-	-	-	(15,816)	-	-	-	(92,961)	-	(121,688)
<b>Closing Balance at December 31, 2017</b>	<b>552,788</b>	<b>943,658</b>	<b>711,788</b>	<b>5,909,893</b>	<b>2,280,797</b>	<b>5,098,778</b>	<b>(102,901)</b>	<b>1,321,157</b>	<b>566,430</b>	<b>84,723</b>	<b>5,824</b>	<b>17,373,135</b>

**TOWNSHIP OF KING**  
**STATEMENT OF DEVELOPMENT CHARGE RESERVE FUNDS**  
**ANNUAL STATEMENT OF RESERVE FUND TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Schedule "B" to FR-2018-09

Project Description	Sources of Funding						Total
	Reserve Funds		Operating Fund	Reserves	Grants / Donations	Debt	
	Development charges	Other					
<b>Fleet and Equipment:</b>							
Funding Fire Fleet	24,000	-			-		24,000
Water - New Equip - 5 ton dump truck (DC#9)	175,000	-		1,584	-		176,584
Washing Machine for Protective Turnout Gear	14,764	-			-		14,764
<b>Infrastructure - Roads:</b>							
10th Conc. King Rd to 15th Sideroad (80% growth)	83,329	-		20,382	-		103,711
15th Sideroad - 10th Concession to Highway 27 (DC#27)	41,119	-		10,280	-		51,399
15th Sideroad - 8th Concession to Hwy 27 (DC#2)	17,958	-		4,489	-		22,447
19th Sideroad- Hwy 27 to Rebellion Way (Study/Design) (DC#3)	19,225	-		19,225	-		38,450
Hwy 27 King Rd to Mac Taggart	7,380	-		4,920	-		12,300
Keele St King Rd to Station Rd (Design Only)	43,723	-		29,148	-		72,871
King Rd - Keele Street to King Blvd (DC#73)	3,553	-		2,369	-		5,922
King Rd Keele St to 2585 King Rd	23,600	-		15,733	-		39,333
Proctor Rd (90% Growth) (Construction)	586,424	-		65,158	-		651,582
Proctor Rd (90% Growth) (Design Work)	24,223	-		2,692	-		26,915
<b>Infrastructure - Parks:</b>							
Centennial Park Building	7,129	-		40,400	-		47,529
Cold Creek Building Expansion	1,894	-		210	-		2,104
Genview Park (DC#13)	216,554	19,797		21,272	45,112		302,735
King North Development - DC Credit	441,780	-		-	-		441,780
Memorial Park - Splash Pad - King City (DC#33)	55,800	-		99,200	-		155,000
Memorial Park_ Phase I	-	101,034		131,320	-		232,354
Metrus Community Park	-	1,079		-	-		1,079
Nobleton Pool Retrofit and Upgrade	39,990	-		48,877	-		88,867
Nobleton Sports Park Phase Two	68,990	-		-	10,146		79,136
Nobleton Tennis Court Resurfacing	-	21,334		20,338	-		41,672
Osin Park Phase Two (DC#10)	53,391	-		5,932	-		59,323
Schomberg Arena & Work Yard Renovation	15,816	51,538		-	-		67,354
Schomberg Tennis Court	-	1,444		30,000	-		31,444
Trail Development/Linkages (DC#40)	6,251	5,325		-	-		11,575
<b>Infrastructure - Water &amp; Wastewater:</b>							
Nobleton Sewer - Contract # 7A		3,933			-		3,933
<b>Infrastructure - Library:</b>							
KC Library / Senior Centre Expansion	335,384	-		37,265	-		372,649
Library Collection	83,162	-		9,240	-		92,402
Service Delivery Assessment	8,444	-		10,320	-		18,764
<b>Infrastructure - Administration</b>							
Project Move	1,500,000	-		1,751,304	-		3,251,304
<b>Operating Activities:</b>							
Funding Fire Master Plan	12,911	-			-		12,911
Funding Water and Sewer Master Plan	92,961	-			-		92,961
<b>Total for the Year</b>	<b>\$ 4,004,766</b>	<b>\$ 206,483</b>	<b>\$ -</b>	<b>\$ 2,381,658</b>	<b>\$ 316,428</b>	<b>\$ -</b>	<b>\$ 6,908,324</b>

**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, 2017

Schedule "C" to FR-2018-09

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 City East Group (*)	King City Sewer	441,780		441,780	-
King Dufferin Developments CR Inc.	Roads & Related	27,000			27,000
King Station Inc.	Parks - Outdoor	30,000			30,000
<b>2015 DC Background Study Updates (*)</b>					
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
<b>Total</b>		<b>\$ 4,147,081</b>	<b>\$ -</b>	<b>\$ 441,780</b>	<b>\$ 3,705,301</b>