# King has $1-million surplus in DC reserves

By Mark PavilonsEditor

While changes to development charge legislation continue to challenge municipal staff, King has a Development Charge surplus.The current balance of DC Reserve Funds is $4.5 million, of which the Township has $3.5 million of commitments, resulting in a $1 million surplus.The current balance of the Cash in Lieu of Parkland Reserve Fund is a surplus of $4 million.Staff presented the details to council recently.Development charges are one-time fees collected on new residential and non-residential development properties to finance a portion of the capital infrastructure requirements associated with growth. 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 Township is showing a deficit in the Parks and Recreation DC reserve fund due to the construction of the Township-wide Recreation Centre (Zancor Centre) and numerous parks. This may need to be funded by DC debt to help balance the reserve fund. In addition, the Township's Water DC reserve fund has a deficit resulting from building capacity in local water infrastructure to support growth. Recent legislative changes and the deferral of residential DC payments until occupancy have made it more difficult to build sufficient reserve balances to fund growth-related capital projects.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 based on 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.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 bylaw. During 2025, there were $224,000 in credits granted which relate to the requirements under the King City East (KCE) Spine Servicing Agreement for works to be completed on behalf of the Township.During 2025, development charge collections totalled $3.4 million. Interest earnings on the development charge reserve funds totaled $778 thousand. Development charge funding allocations to capital acquisitions and projects in 2025 totaled almost $9.5 million. As indicated in the table below, total development charge reserve funds balances prior to commitments are $4.5 million with commitments of $3.5 million to support growth related costs as outlined in the Development Charge Background Study. The uncommitted balance as of Dec. 31, 2025, is $1 million.