

City of Mississauga
Corporate Report



<p>Date: April 30, 2021</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Shawn Slack, MBA, Acting Commissioner of Corporate Services and Chief Financial Officer</p>	<p>Meeting date: May 26, 2021</p>

Subject

Annual Treasurer's Statement Report: Summary of Activity in 2020

Recommendation

1. That the report dated April 30, 2021, entitled "Annual Treasurer's Statement Report: Summary of Activity in 2020" from the Acting Commissioner of Corporate Services and Chief Financial Officer, required by the *Development Charges Act, 1997* and *Planning Act*, be received for information.
2. That Council endorse that the "Annual Treasurer's Statement Report: Summary of Activity in 2020" complies with the reporting requirements of the *Development Charges Act, 1997* and the *Planning Act*.
3. That the City of Mississauga's "Annual Treasurer's Statement Report: Summary of Activity in 2020" be made available to the public on the City of Mississauga's website.

Executive Summary

- Legislative requirements in the *Development Charges Act (DC Act)* and the *Planning Act* require the Treasurer of the municipality to provide Council with a financial statement each year for the Development Charges (DC), Bonus Density (Section 37) and the Cash-in-Lieu (CIL) of Parkland reserve funds and a listing of DC/Lot Levy credits.
- The Treasurer's Annual Statement summarizes the financial activities related to those reserve funds and DC/Lot Levy credits for the 2020 fiscal year.
- The DC reserve fund opening balance for 2020 was \$103.6 million. The City collected \$55.2 million in DC revenue and funded \$37.6 million in capital projects for growth-related capital assets. Refunds related to the 2014 DC appeal were issued in the amount of \$0.8 million. The closing balance was \$127.1 million at the end of 2020.
- The CIL-Parkland reserve fund opening balance for 2020 was \$122.3 million. The City collected \$17.3 million in CIL-Parkland revenue during 2020 and funded capital assets of \$54.9 million in 2020. The closing balance of the CIL-Parkland reserve fund after all transactions was \$95.2 million.

- The Bonus Density (Section 37) reserve fund had an opening balance of \$2.0 million in 2020. The City collected \$1.8 million through Section 37 agreements during the year. The amount of funded capital assets in 2020 was \$0.8 million. The closing balance at the end of 2020 was \$3.0 million.
- This report is compliant with both the *DC Act* and the *Planning Act*.

Background

The *Development Charges Act, 1997 (DC Act)* section 43(1), (2) and the *Planning Act* section 37(7), (8) and section 42(17), (18) require the Treasurer of the municipality to provide Council with an annual financial statement for activities related to its DC, Bonus Density (Section 37) and Cash-in-lieu (CIL) of Parkland Reserve Funds and DC/Lot Levy credits.

Comments

This report has been prepared to comply with the legislative requirement of the *DC Act* and the *Planning Act*. A summary of reserve fund activities during 2019 and 2020 is contained within the body of this report for Council's information. The report appendices have been prepared to comply with the reporting requirements as contained in each of the Acts.

The Statement of Compliance found in Appendix 6 is a legislative requirement that came into effect on January 1, 2016. This statement requires the municipal Treasurer to indicate that no additional levies have been collected by the City beyond those allowed under existing legislation acts.

Development Charges (DC) Reserve Fund Activity

Table 1 summarizes DC Reserve Fund activity. DC revenue of \$55.2 million was received in 2020. This is \$15.1 million less than the \$70.3 million collected in 2019. Interest earned is \$0.9 million less in 2020 than in 2019, due to higher cash balances in 2020, earning a lower return.

The allocation of DC revenue to growth-related capital projects in 2020 was \$37.6 million, an increase of \$1.6 million from the 2019 DC allocations to capital projects. About 74% of the \$37.6 million was for road and road-related infrastructure projects and 23% was for recreation and park development projects. Transfers to Revenue and Refunds in 2020 are lower by \$26.7 million due to the refunds issued as a result of the 2014 Development Charges By-law appeal settlements in 2019.

Table 1. DC Reserve Fund Activity

DC Reserve Fund Activity	2020 \$(millions)	2019 \$(millions)	Difference
Opening Balance	\$ 103.6	\$ 87.9	\$ 15.7
Add: DC Revenues	\$ 55.2	\$ 70.3	\$ (15.1)
Interest Income and Other	\$ 2.9	\$ 3.8	\$ (0.9)
Total Revenues	\$ 58.1	\$ 74.1	\$ (16.0)
Less:			
DC Funds Transferred to Capital Projects	\$ 37.6	\$ 36.0	\$ 1.6
DC Funds Returned from Capital Projects	\$ (4.0)	\$ (5.1)	\$ 1.1
Transfers to Revenue and Refunds	\$ 0.9	\$ 27.6	\$ (26.7)
Total Expenditures	\$ 34.5	\$ 58.5	\$ (24.0)
Closing Balance	\$ 127.1	\$ 103.6	\$ 23.5

Closing Balance does not include accrual accounting entries

A list of all DC Reserve Funds, including descriptions, can be found in Appendix 1, and 2020 activity for each DC Reserve Fund can be found in Appendix 2.

CIL-Parkland Reserve Fund Activity

As summarized in Table 2, the collection of CIL-Parkland revenues in 2020 decreased by \$11.9 million from 2019. The total capital expenditures for eligible expenses such as land acquisition, building renovation and equipment repair and replacement was \$54.9 million in 2020 (\$39.2 million more than 2019). With additional interest, the closing fund balance shows a reduction of \$27.1 million in 2020.

Table 2. CIL-Parkland Reserve Fund Activity

CIL-Parkland Reserve Fund Activity	2020	2019	Difference
	\$(millions)	\$(millions)	
Opening Balance	\$ 122.3	\$ 104.0	\$ 18.3
Add: CIL-Parkland Revenues	\$ 17.3	\$ 29.2	\$ (11.9)
Interest Income and Other	\$ 4.4	\$ 4.8	\$ (0.4)
Total Revenues	\$ 21.7	\$ 34.0	\$ (12.3)
Less: CIL-Parkland Funds Transferred to Capital Projects	\$ 54.9	\$ 15.7	\$ 39.2
CIL-Parkland Funds Returned from Capital Projects	\$ (6.2)	\$ -	\$ (6.2)
Transfers to Revenue and Refunds	\$ 0.1	\$ -	\$ 0.1
Total Expenditures	\$ 48.8	\$ 15.7	\$ 33.1
Closing Balance	\$ 95.2	\$ 122.3	\$ (27.1)

Closing Balance does not include accrual accounting entries

A list of all capital projects financed by DC and CIL-Parkland can be found in Appendix 3.

Bonus Density (Section 37) Reserve Fund Activity

The Bonus Density reserve fund was established with the approval of the 2012 Corporate Policy governing the collection of monies related to Section 37 of the *Planning Act*. The City collected \$1.8 million community benefit contributions from development during 2020. A small allocation of \$0.8 million for capital expenditures was made from this reserve fund in 2020. The Bonus Zoning Reserve Fund had a closing balance of \$3.0 million at the end of 2020.

Table 3 Bonus Zoning Reserve Fund Activity

Bonus Zoning Reserve Fund Activity	2020	2019	Difference
	\$(millions)	\$(millions)	
Opening Balance	\$ 2.0	\$ 2.2	\$ (0.2)
Add: Bonus Zoning Revenue	\$ 1.8	\$ -	\$ 1.8
Interest Income and Other	\$ 0.1	\$ 0.1	\$ -
Total Revenues	\$ 1.9	\$ 0.1	\$ 1.8
Less: Bonus Zoning Funds Transferred to Capital Projects	\$ 0.8	\$ 0.3	\$ 0.5
Bonus Zoning Funds Returned from Capital Projects	\$ -	\$ -	\$ -
Transfers to Revenue and Refunds	\$ -	\$ 0.1	\$ (0.1)
Total Expenditures	\$ 0.8	\$ 0.4	\$ 0.4
Closing Balance	\$ 3.0	\$ 2.0	\$ 1.0

DC/Lot Levy Credit Activity

The majority of lot levy credits are related to the road and storm services which were waived during the lot levy regime in the development agreements. These credits are redeemed when a building permit is issued. The value of each credit is calculated and this amount is transferred from the lot levy reserve funds to the development charge reserve funds to keep DC revenues whole. Appendix 4 summarizes the amount of lot levies held by the City. No credits were redeemed in 2020.

Developers are also entitled to DC credits if they construct infrastructure on behalf of the City. There was no DC credit activity during 2020, as shown in Appendix 5.

Financial Impact

There are no immediate financial impacts as a result of the recommendations in this report.

Conclusion

The Annual Treasurer's Statement is required by the *Development Charges Act, 1997* and the *Planning Act*. This report and its accompanying appendices have been prepared for Council's information and to fulfill the legislative and regulatory reporting requirements of the Annual Treasurer's Statement. This statement will be available to the public on the City's website following Council's approval of the recommendation.

Attachments

- Appendix 1: 2020 DC Reserve Funds Description
- Appendix 2: 2020 DC Reserve Funds Continuity
- Appendix 3: 2020 Capital Projects Financed
- Appendix 4: 2020 Development Levy Credits Continuity Schedule
- Appendix 5: 2020 DC Credits Continuity Schedule
- Appendix 6: 2020 Statement of Compliance



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