

City of Mississauga Corporate Report

Date: April 22, 2022

To: Chair and Members of General Committee

From: Shari Lichterman, CPA, CMA, Commissioner of
Corporate Services and Chief Financial Officer

Originator's files:

Meeting date:
May 11, 2022

Subject

Annual Treasurer's Statement Report: Summary of Activity in 2021

Recommendation

1. That the report dated April 22, 2022 from the Commissioner of Corporate Services and Chief Financial Officer entitled "Annual Treasurer's Statement Report: Summary of Activity in 2021" be approved in compliance with the reporting requirements of the *Development Charges Act, 1997* and the *Planning Act*.
2. That the report dated April 22, 2022 from the Commissioner of Corporate Services and Chief Financial Officer entitled "Annual Treasurer's Statement Report: Summary of Activity in 2021" 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 2021 fiscal year.
- The DC reserve fund opening balance for 2021 was \$127.1 million. The City collected \$95.6 million in DC revenues and funded \$46.0 million in capital projects for growth-related capital assets. Refunds related to the 2019 DC appeal were issued in the amount of \$9.7 million. The closing balance was \$170.2 million at the end of 2021.
- The CIL-Parkland reserve fund opening balance for 2021 was \$95.2 million. The City collected \$48.8 million in CIL-Parkland revenues during 2021 and funded capital assets of \$71.5 million in 2021. The closing balance of the CIL-Parkland reserve fund after all transactions was \$75.6 million.

- The Bonus Density (Section 37) reserve fund had an opening balance of \$3.0 million in 2021. The City collected \$0.3 million through Section 37 agreements during the year. The amount of funded capital assets in 2021 was \$0.9 million. The closing balance at the end of 2021 was \$2.5 million.
- This report is compliant with both the *DC Act* and the *Planning Act*.

Background

The *Development Charges, Act*, 1997 (*DC Act*) section 43 and the *Planning Act* section 42 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 2020 and 2021 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 legislative acts.

Development Charges (DC) Reserve Fund Activity

Table 1 summarizes DC Reserve Fund activity. DC revenue of \$95.6 million was received in 2021. This is \$40.4 million more than the \$55.2 million collected in 2020. Interest earned is \$0.6 million more in 2021 than in 2020, due to higher cash balances in 2021.

The allocation of DC revenue to growth-related capital projects in 2021 was \$51.7 million, an increase of \$14.1 million from the 2020 DC allocations to capital projects. About 59% of the \$51.7 million was for road and road-related infrastructure projects and 24% was for recreation and park development projects. Transfers to Revenue and Refunds in 2021 are higher by \$9.0 million due to the refunds issued as a result of the 2019 Development Charges By-law appeal settlements in 2021.

Table 1. DC Reserve Fund Activity

DC Reserve Fund Activity	2021 \$(millions)	2020 \$(millions)	Difference
Opening Balance	\$ 127.1	\$ 103.6	\$ 23.5
Add: DC Revenues	\$ 95.6	\$ 55.2	\$ 40.4
Interest Income and Other	\$ 3.5	\$ 2.9	\$ 0.6
Total Revenues	\$ 99.1	\$ 58.1	\$ 41.0
Less: DC Funds Transferred to Capital Projects	\$ 51.7	\$ 37.6	\$ 14.1
DC Funds Returned from Capital Projects	\$ (5.7)	\$ (4.0)	\$ (1.7)
Transfers to Revenue and Refunds	\$ 9.9	\$ 0.9	\$ 9.0
Total Expenditures	\$ 55.9	\$ 34.5	\$ 21.4
Closing Balance	\$ 170.2	\$ 127.1	\$ 43.1

A list of all DC Reserve Funds, including descriptions, can be found in Appendix 1, and 2021 activity for each DC Reserve Fund, as well as the Bonus Zoning and Cash in Lieu of Parkland funds, can be found in Appendix 2.

CIL Parkland Reserve Fund Activity

As summarized in Table 2, the collection of CIL-Parkland revenues in 2021 increased by \$31.5 million from 2020. The total capital expenditures for eligible expenses such as land acquisition, building renovation and equipment repair and replacement was \$71.5 million in 2021 (\$16.6 million more than 2020). The closing fund balance (after adding interest earned) shows a reduction of \$19.6 million in 2021.

Table 2. CIL-Parkland Reserve Fund Activity

CIL-Parkland Reserve Fund Activity	2021 \$(millions)	2020 \$(millions)	Difference
Opening Balance	\$ 95.2	\$ 122.3	\$ (27.1)
Add: CIL-Parkland Revenues	\$ 48.8	\$ 17.3	\$ 31.5
Interest Income and Other	\$ 4.0	\$ 4.4	\$ (0.4)
Total Revenues	\$ 52.8	\$ 21.7	\$ 31.1
Less: CIL-Parkland Funds Transferred to Capital Projects	\$ 71.5	\$ 54.9	\$ 16.6
CIL-Parkland Funds Returned from Capital Projects	\$ -	\$ (6.2)	\$ 6.2
Transfers to Revenue and Refunds	\$ 0.9	\$ 0.1	\$ 0.8
Total Expenditures	\$ 72.4	\$ 48.8	\$ 23.6
Closing Balance	\$ 75.6	\$ 95.2	\$ (19.6)

A list of all capital projects financed by DCs 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 \$0.3 million community benefit contributions from development during 2021. A small allocation of

\$0.9 million for capital expenditures was made from this reserve fund in 2021. The Bonus Zoning Reserve Fund had a closing balance of \$2.5 million at the end of 2021.

Table 3 Bonus Zoning Reserve Fund Activity

Bonus Zoning Reserve Fund Activity	2021 \$(millions)	2020 \$(millions)	Difference
Opening Balance	\$ 3.0	\$ 2.0	\$ 1.0
Add: Bonus Zoning Revenue	\$ 0.3	\$ 1.8	\$ (1.5)
Interest Income and Other	\$ 0.1	\$ 0.1	\$ -
Total Revenues	\$ 0.4	\$ 1.9	\$ (1.5)
Less: Bonus Zoning Funds Transferred to Capital Projects	\$ 0.9	\$ 0.8	\$ 0.1
Bonus Zoning Funds Returned from Capital Projects	\$ -	\$ -	\$ -
Transfers to Revenue and Refunds	\$ (0.1)	\$ -	\$ (0.1)
Total Expenditures	\$ 0.8	\$ 0.8	\$ -
Closing Balance	\$ 2.5	\$ 3.0	\$ (0.5)

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 through 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 2021.

Developers are also entitled to DC credits if they construct infrastructure on behalf of the City. There was no DC credit activity during 2021, as shown in Appendix 5.

A Statement of Compliance, required by the DC Act, is acknowledged by the City Treasurer and attached as Appendix 6.

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 recommendations.

Attachments

Appendix 1: 2021 DC Reserve Funds Description

Appendix 2: 2021 Development Charge Reserve Funds, Bonus Zoning and Cash-in-Lieu of
Parkland Continuity Schedule

Appendix 3: 2021 Capital Projects Financed

Appendix 4: 2021 Development Levy Credits Continuity Schedule

Appendix 5: 2021 DC Credits Continuity Schedule

Appendix 6: 2021 Statement of Compliance



Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Shahada Khan, Manager, Development Financing