

# City of Mississauga

# Corporate Report



Date: May 25, 2020

To: Mayor and Members of Council

From: Gary Kent, CPA, CGA, ICD.D, Commissioner of  
Corporate Services and Chief Financial Officer

Originator's files:

Meeting date:  
June 24, 2020

## Subject

**Annual Treasurer's Statement Report: Summary of Activity in 2019**

## Recommendation

1. That the report dated May 25, 2020, entitled "Annual Treasurer's Statement Report: Summary of Activity in 2019" from the 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 2019" 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 2019" be made available to the public on the City of Mississauga's website.

## Report Highlights

- 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 2019 fiscal year.
- The DC reserve fund opening balance for 2019 was \$87.9 million. The City collected \$70.3 million in DC revenue and funded \$36 million in capital projects for growth-related capital assets. Refunds related to the 2014 DC appeal were issued in the amount of \$27.5 million. The closing balance was \$103.6 million at the end of 2019.
- The CIL-Parkland reserve fund opening balance for 2019 was \$104.0 million. The City collected \$29.2 million in CIL-Parkland revenue during 2019 and funded capital assets of \$15.7 million in 2019. The closing balance of the CIL-Parkland reserve fund after all

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transactions was \$122.3 million.

- The Bonus Density (Section 37) reserve fund had an opening balance of \$2.2 million in 2019 and no amount was received through Section 37 agreements during the year. The amount of funded capital assets in 2019 was \$0.3 million. The closing balance at the end of 2019 was \$2 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 2018 and 2019 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. A significant amount of development occurred during 2019. DC revenue of \$70.3 million was received in 2019. This is \$8.6 million more than the \$61.7 million collected in 2018. Interest earned is \$2.0 million more in 2019 than in 2018, due to the higher balance in 2019.

The allocation of DC revenue to growth-related capital projects in 2019 was \$36.0 million, an increase of \$7.6 million from the 2018 DC allocations to capital projects. About 54% of the \$36 million was for road and road-related infrastructure projects and 34% was for recreation and park development projects. A large transfer to Revenue and Refunds of \$27.6 million is attributed to refunds issued as a result of the 2014 Development Charges By-law appeal settlements.

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Table 1. DC Reserve Fund Activity

DC Reserve Fund Activity	2019 \$(millions)	2018 \$(millions)	Difference \$(millions)
<b>Opening Balance</b>	<b>\$87.9</b>	<b>\$40.1</b>	<b>\$47.8</b>
Add: DC Revenues	\$70.3	\$61.7	\$8.6
Interest Income and Other	\$3.8	\$1.8	\$2.0
<b>Total Revenues</b>	<b>\$74.1</b>	<b>\$63.5</b>	<b>\$10.6</b>
Less:			
DC Funds Transferred to Capital Projects	\$36.0	\$28.4	\$7.6
DC Funds Returned from Capital Projects	(\$5.1)	(\$12.8)	\$7.7
Transfers to Revenue and Refunds	\$27.6	\$0.2	\$27.4
<b>Total Expenditures</b>	<b>\$58.5</b>	<b>\$15.8</b>	<b>\$42.7</b>
<b>Closing Balance</b>	<b>\$103.6</b>	<b>\$87.9</b>	<b>\$15.7</b>

A list of all DC Reserve Funds, including descriptions, can be found in Appendix 1, and 2019 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 2019 increased by \$5.9 million from 2018. The total capital expenditures for eligible expenses such as land acquisition, building renovation and equipment repair and replacement was \$15.7 million in 2019 (\$7.6 million more than 2018). With additional interest, the closing fund balance shows an increase of \$18.3 million in 2019.

Table 2. CIL-Parkland Reserve Fund Activity

CIL-Parkland Reserve Fund Activity	2019 \$(millions)	2018 \$(millions)	Difference \$(millions)
<b>Opening Balance</b>	<b>\$104.0</b>	<b>\$71.0</b>	<b>\$33.0</b>
Add: CIL-Parkland Revenues	\$29.2	\$23.3	\$5.9
Interest Income and Other	\$4.8	\$16.0	(\$11.2)
<b>Total Revenues</b>	<b>\$34.0</b>	<b>\$39.3</b>	<b>(\$5.3)</b>
Less:			
CIL-Parkland Funds Transferred to Capital Projects	\$15.7	\$8.1	\$7.6
CIL-Parkland Funds Returned from Capital Projects	\$0.0	(\$1.8)	\$1.8
<b>Total Expenditures</b>	<b>\$15.7</b>	<b>\$6.3</b>	<b>\$9.4</b>
<b>Closing Balance</b>	<b>\$122.3</b>	<b>\$104.0</b>	<b>\$18.3</b>

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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 did not collect community benefit contributions from development during 2019. A small allocation of \$0.3 million for capital expenditures was made from this reserve fund in 2019. The Bonus Zoning Reserve Fund had a closing balance of \$2 million at the end of 2019.

**Table 3 Bonus Zoning Reserve Fund Activity**

Bonus Zoning Reserve Fund Activity		2019 \$(millions)	2018 \$(millions)	Difference \$(millions)
<b>Opening Balance</b>		<b>\$2.2</b>	<b>\$1.6</b>	<b>\$0.6</b>
Add:	Bonus Zoning Revenue	\$0.0	\$1.3	(\$1.3)
	Interest Income and Other	\$0.1	\$0.1	\$0.0
	<b>Total Revenues</b>	<b>\$0.1</b>	<b>\$1.4</b>	<b>(\$1.3)</b>
Less:	Bonus Zoning Funds Transferred to Capital Projects	\$0.3	\$0.7	(\$0.4)
	Bonus Zoning Funds Returned from Capital Projects	\$0.0	\$0.0	\$0.0
	Transfers to Revenue and Refunds	\$0.1	\$0.0	\$0.1
	<b>Total Expenditures</b>	<b>\$0.4</b>	<b>\$0.7</b>	<b>(\$0.3)</b>
<b>Closing Balance</b>		<b>\$2.0</b>	<b>\$2.2</b>	<b>(\$0.2)</b>

### **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 2019.

Developers are also entitled to DC credits if they construct infrastructure on behalf of the City. There was no DC credit activity during 2019, 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

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information and to fulfill the legislative and regulatory reporting requirements of the Annual Treasurer's Statement. This statement will be made available to the public on the City's website following Council's approval of the recommendation.

## Attachments

Appendix 1: 2019 DC Reserve Funds Description

Appendix 2: 2019 DC Reserve Funds Continuity Schedule

Appendix 3: 2019 Capital Projects Financed

Appendix 4: 2019 Development Levy Credits Continuity Schedule

Appendix 5: 2019 DC Credits Continuity Schedule

Appendix 6: 2019 Statement of Compliance



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Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer

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