



# Financial Transactions

2016-2018 Business Plan  
& 2016 Budget

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# Table of Contents

**Existing Core Services ..... 3**

    Vision, Mission, Service Delivery Model ..... 3

    Service Delivery Model ..... 4

**Proposed Operating Budget ..... 6**

    Operating..... 7

        Proposed Budget by Program..... 7

        Summary of Proposed Budget..... 8

        Proposed Budget Changes Excluding New Initiatives and New Revenues ..... 9

        Details of Changes to Maintain Current Service Levels ..... 10



Last year the City of Mississauga undertook an extensive process to create a four year, 2015 through 2018, detailed Business Plan & Budget. Approved in February 2015, the 2015-2018 Business Plan & Budget outlines how and where the City plans to allocate resources to provide good value for taxpayers. Reviewed and updated annually, the four year plan is based on the City's four strategic priorities. 2016 marks the second year of Mississauga's four year Business Plan and Budget. For this "Update Year" staff has focused on primarily updating and presenting exceptions and amendments to the four year approved Service Area Business Plans, while still providing comprehensive financial information and forecasts.

The following summary document sets out a brief description of the Service Area, what has changed since writing the 2015-2018 Business Plan and Budget & performance measurements. The complete 2016-2018 Business Plan & Budget can be found on the City's website.

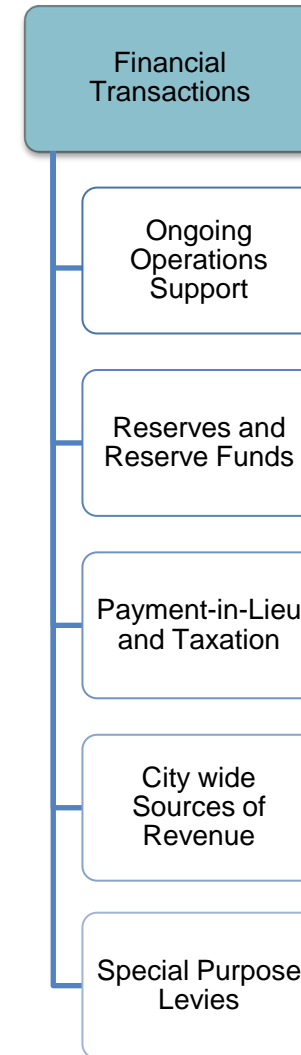
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# Existing Core Services

## Vision, Mission, Service Delivery Model

### Vision and Mission

The Financial Transactions budget provides for items of a corporate nature and support to all service areas. Financial Transactions includes programs which support ongoing operations, reserves and reserve fund transfers to and from operating funds, taxation and payment-in-lieu of taxes, and city wide sources of revenue.



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## Service Delivery Model

### Ongoing Operations Support

#### *Bank and External Audit Charges*

Provides for banking related fees and service charges including: armoured car, fees for banking transactions (i.e. bank flat service fee, cheque encashment fees, debit and credit card fees, preauthorized tax payments and ATM fees) and it also provides for external audit fees.

#### *Retiree Benefits and Other Labour*

Provides for the payments to current and former employees for:

- Pay out of accumulated sick leave credits to Fire and Emergency Services and CUPE employees upon termination, and various life insurance policies
- Fringe benefit costs for employees on long term disability
- City's share of costs of early retiree health benefits

#### *Miscellaneous Revenues and Expenses*

Includes income and expenditures not readily assignable to departments such as:

- Discounts earned
- Commodity tax compensation
- NSF recovery fees
- Miscellaneous one-time receipts and expenditures
- Executive search costs
- Snow Removal Subsidy Program.

#### *Risk Management and Insurance*

Insurance includes costs associated with insurance policy premiums, claims expense and settlements that fall within the City's self-insured retention, and Insurance Reserve Fund maintenance. The Risk Management program consists of four major work areas:

- Risk assessment and recommendations to reduce frequency and size of potential loss
- Reserve Fund maintenance to finance known, incurred and unreported losses within the City's self-insured limit
- Purchase of insurance to fund catastrophic losses and losses above the City's self-insured retention
- Management of all insurance claims filed against the City and the vendor services required to handle those claims

#### *Workers' Compensation and Rehabilitation*

The City is a Workplace Safety and Insurance Board (WSIB) Schedule 2 employer. As such, WSIB compensation and expenses are paid from a non-departmental operating account and funded by a City-funded WSIB reserve fund. This program provides for Workers' Compensation Reserve Fund contributions, the Employee Rehabilitation Program, medical examinations and the City's medical doctor's fees.

### Reserves and Reserve Funds

#### *Transfers To and From Reserves*

Provides for future events, such as the cost of holding municipal elections, by regular contributions to various Reserves and Reserve Funds.

#### *Transfers to Capital Reserve*

Provides for the funding allocation to the Capital Reserve Fund used to finance future capital projects.

### Payments-in-Lieu and Taxation

Provides for payments-in-lieu of property taxes made by Federal, Provincial and other Municipal governments and/or their respective enterprises, as well as universities, colleges and hospitals, with premises located within the City's boundaries. Payments-in-lieu are made by these bodies as their properties are classed as exempt from realty taxes. The payment-in-lieu provisions are provided for under various federal and provincial statutes.

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## *Taxation*

Includes revenues from various sources such as:

- Supplementary tax revenues per the Assessment Act which provides for the correction of any error, omission or misstatement of the tax roll, the addition to the tax roll of new buildings and the subsequent levy and collection of applicable taxes
- Taxation revenues from railway right of ways and hydro corridors as per current legislation
- Interest and/or penalties on unpaid taxes, in accordance with the Municipal Act, added to the tax liability

Provides for rebates per the Municipal Act including:

- Vacancy rebates for owners of properties in the commercial or industrial property tax class that have vacant portions
- Rebates to charitable organization occupying commercial and industrial properties.

Includes Business Improvements Areas (BIA's) and Local Area Improvements funding raised via special assessment taxation:

- Meeting requirements of four established BIA's in Clarkson, Port Credit, Streetsville and Malton

Provides for tax bill reductions due to:

- Tax adjustments resulting from reductions in assessed property values through the assessment appeal process, tax appeals and reconsideration processes
- New construction capping adjustments
- Write-off of uncollectible taxes

Provides for expenses associated with taxes payable on City owned/leased properties and the expenses and revenues from the tax sale process.

## **City wide Sources of Revenue**

### *Enersource Dividend*

Recognizes the dividend from Mississauga's investment in Enersource Mississauga. No change in the 2016 budget at \$12.7million.

### *Investment Income*

Represents the General Fund's share of net revenue earned by the City Funds Investment Portfolio. Investments are restricted to securities noted in the Municipal Act and related regulations.

## **Special Purpose Levies**

### *Capital Infrastructure and Debt Repayment Levies*

- A 2 per cent annual levy to fund the City's capital infrastructure and debt repayment over the next 10 years

### *Emerald Ash Borer Levy*

- A \$5.6 million annual levy to preserve and replenish City-owned ash trees from a highly destructive pest having the potential to kill all 116,000 City owned ash trees

### *University of Toronto Mississauga (UTM) Levy*

- A \$1.0 million ten year annual levy, which began in 2014, for the university's Institute of Management and Innovation. This is included in Strategic Policy's Business Plan and there is no budget increase in 2016

### *Park 459 Pool Financing*

- A ten year annual contribution, beginning in 2017, to repay the debenture used to fund the capital cost of the Park 459 Pool

## Proposed Operating Budget

This part of the Business Plan sets out the financial resources required to deliver the proposed 2016-2018 Business Plan. Information is provided by major expenditure and revenue category as well as by program. The costs to maintain existing service levels and operationalize prior decisions are identified separately from proposed changes. The prior year budget for 2015 was \$6.8 million and the proposed budget for 2016 is \$14.8 million. This is an increase of \$8.0 million.

### Total Changes to Maintain Current Service Levels

The impact of maintaining current service levels for Financial Transactions is a decrease of \$0.2 million for 2016.

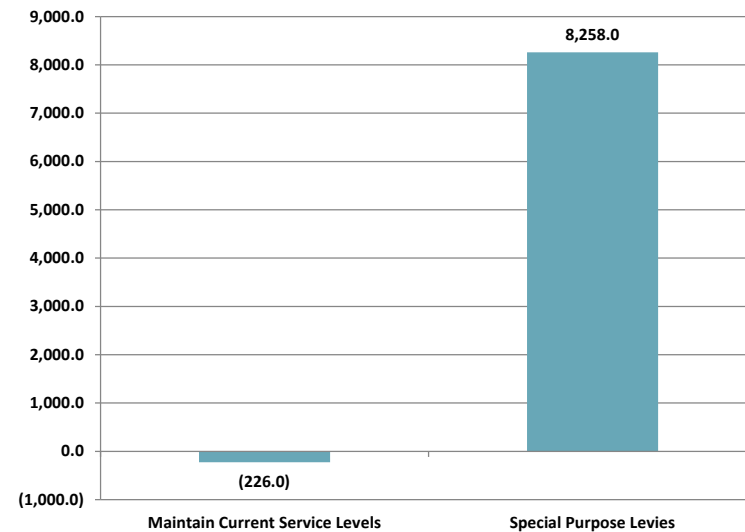
Highlights of the proposed budget changes are:

- The payment-in-lieu of taxes revenue has been increased by \$2.7 million to align with actual capacity
- Tax cancellations have increased \$0.5 million
- Stormwater charges for City facilities and grants to places of worship are new costs of \$0.4 million

### Special Purpose Levies

A two per cent annual levy to fund the City's capital infrastructure and debt repayment, over the next ten years, continues in this budget as a strategy to maintain the City's infrastructure. Debt charges for the 2013-2016 debentures have been increased by \$3.5 million and the contribution to capital has been increased by \$4.8 million.

### Proposed Changes to 2016 Net Operating Budget by Category (\$000's)



## Operating

This part of the Business plan sets out the financial resources required to deliver the proposed 2016-2018 Business Plan and 2016 Budget. Information is provided by major expenditure and revenue category as well as by program. The costs to maintain existing service levels are identified separately from other proposed changes.

The following table identify the budgeted and forecasted operating expenditures and revenues for 2016 to 2018, the 2015 Budget as well as the 2014 actuals, by program within the service area.

### Proposed Budget by Program

Description	2014 Actuals (\$000's)	2015 Budget (\$000's)	2016 Proposed Budget (\$000's)	2017 Forecast (\$000's)	2018 Forecast (\$000's)
<b>Expenditures to Deliver Current Services</b>					
Bank & External Audit Charges	1,409	1,418	1,488	1,488	1,488
Benefits and Labour Package	3,934	3,247	3,794	3,794	3,294
Contribution to Capital	32,396	36,479	41,285	48,741	54,435
Debt	7,388	13,778	17,229	20,636	24,114
Insurance	9,424	9,075	9,375	9,375	9,375
Miscellaneous Revenues and Expenditures	13,386	6,307	7,062	6,062	6,062
Prior Years Surplus	1,256	0	0	0	0
Taxation	10,549	7,168	8,495	8,495	8,495
Transfer To and From Reserves	14,623	2,228	2,241	2,241	2,241
Workers' Compensation and Rehabilitation	2,687	2,480	2,678	2,684	2,690
<b>Total Expenditures</b>	<b>97,051</b>	<b>82,179</b>	<b>93,646</b>	<b>103,515</b>	<b>112,194</b>
<b>Revenues</b>	<b>(83,608)</b>	<b>(66,300)</b>	<b>(69,295)</b>	<b>(69,295)</b>	<b>(69,295)</b>
Transfers From Reserves and Reserve Funds	(12,233)	(9,127)	(9,566)	(9,573)	(9,579)
<b>Proposed Net Budget Including New Initiatives &amp; New Revenues</b>	<b>1,210</b>	<b>6,752</b>	<b>14,785</b>	<b>24,647</b>	<b>33,320</b>
Expenditures Budget - Changes by Year			14%	11%	8%
Proposed Net Budget - Changes by Year			119%	67%	35%

Note: Numbers may not balance due to rounding.



## Summary of Proposed Budget

The following table provides proposed budget changes further defined into more specific separated categories. It identifies changes in labour, operating costs and revenues to maintain existing service levels, efficiencies and cost savings, the cost increases arising from prior year decisions, special levies and new initiatives.

Description	2015 Approved Budget (\$000's)	Maintain Current Service Levels	Efficiencies and Cost Savings	Special Purpose Levies	2016 Proposed Budget (\$000's)	\$ Change Over 2015	% Change Over 2015
Labour and Benefits	4,009	79	0	0	4,088	79	2%
Operational Costs	78,171	3,139	(9)	8,258	89,558	11,388	15%
<b>Total Gross Expenditures</b>	<b>82,179</b>	<b>3,218</b>	<b>(9)</b>	<b>8,258</b>	<b>93,646</b>	<b>11,467</b>	<b>14%</b>
<b>Total Revenues</b>	<b>(75,427)</b>	<b>(3,444)</b>	<b>9</b>	<b>0</b>	<b>(78,862)</b>	<b>(3,435)</b>	<b>5%</b>
<b>Total Net Expenditure</b>	<b>6,752</b>	<b>(226)</b>	<b>0</b>	<b>8,258</b>	<b>14,785</b>	<b>8,032</b>	<b>119%</b>

## Summary of Proposed 2016 Budget and 2017-2018 Forecast

Description	2016 Proposed Budget (\$000's)	2017 Forecast (\$000's)	2018 Forecast (\$000's)
Labour and Benefits	4,088	4,088	3,588
Operational Costs	89,558	99,427	108,606
<b>Total Gross Expenditures</b>	<b>93,646</b>	<b>103,515</b>	<b>112,194</b>
<b>Total Revenues</b>	<b>(78,862)</b>	<b>(78,868)</b>	<b>(78,874)</b>
<b>Total Net Expenditure</b>	<b>14,785</b>	<b>24,647</b>	<b>33,320</b>

Note: Numbers may not balance due to rounding

## Proposed Budget Changes Excluding New Initiatives and New Revenues

The following table provides detailed highlights of budget changes by major cost and revenue category. It identifies the net changes to maintain existing service levels, efficiencies and cost savings, and cost increases arising from prior year decisions.

Description	2015 Budget (\$000's)	2016 Proposed Budget (\$000's)	Change (\$000's)	Details (\$000's)
<b>Labour Costs</b>	<b>4,009</b>	<b>4,088</b>	<b>79</b>	Increase reflects labour adjustments and other fringe benefit changes
Advertising & Promotions	81	81	0	
Communication Costs	26	26	0	
Contractor & Professional Services	653	659	6	
Debt	13,778	17,229	3,451	Debt Charges for 2013-2016 Debentures
Finance Other	15,484	17,404	1,921	\$781 Business Improvement Area Transfers \$547 Tax Cancellations \$325 Stormwater Places of Worship Grants \$186 Insurance Claims \$70 Bank Charges
Materials, Supplies & Other Services	201	202	1	
Occupancy & City Costs	110	216	106	Unallocated Stormwater Charges for City Facilities
Staff Development	150	132	(18)	(\$18) Operating Budget Reserve Reduction
Transfers To Reserves and Reserve Funds	47,688	53,609	5,921	\$4,807 Transfer to Capital Reserve Fund \$1,000 Transfer to Diesel Commodity Reserve \$114 Transfer to Insurance Reserve Fund
<b>Subtotal - Other Operating</b>	<b>78,171</b>	<b>89,558</b>	<b>11,388</b>	
Total Revenues	(66,300)	(69,295)	(2,996)	(\$2,690) PILT Increase (\$781) Business Improvement Area Transfers \$525 Supplementary and Utility Corridor Tax Decrease (\$50) Bank Charge Rebates
Transfers From Reserves and Reserve Funds	(9,127)	(9,566)	(439)	(\$457) Transfers from Insurance and Workers Compensation Reserve Funds Increase \$18 Operating Budget Reserve Reduction
<b>Subtotal - Revenues</b>	<b>(75,427)</b>	<b>(78,862)</b>	<b>(3,435)</b>	
<b>Total</b>	<b>6,752</b>	<b>14,785</b>	<b>8,032</b>	

Note: Numbers may not balance due to rounding.

## Details of Changes to Maintain Current Service Levels

Description	2015 Budget (\$000's)	2016 Proposed Budget (\$000's)	Change (\$000's)	Details (\$000's)
<b>Labour Costs</b>	<b>4,009</b>	<b>4,088</b>	<b>79</b>	Increase reflects labour adjustments and other fringe benefit changes
Debt	13,778	17,229	3,451	Debt charges for 2013-2016 debentures-part of the 2% yearly transfer
Vacancy Rebate Expense	1,400	1,500	100	Budget aligned with 2014 expenses
Other Tax Rebates and Cancellations	504	450	(54)	Adjustment of various tax rebates and cancellations
Tax Appeals	3,300	3,750	450	Reflects previous year's trends
Grants to Seniors and Disabled	150	200	50	Increase of tax grants for senior and disabled persons
Insurance Claims and Premiums	6,753	6,938	186	Adjusted to reflect actual spending
Bank Charges	1,300	1,370	70	Credit cards use has increased
Business Improvement Area Transfers	445	1,226	781	Increase to match historical expenditures and is offset by transfer from reserve
Finance Other	1,633	1,645	12	Provision for various costs
Stormwater Grants for Places of Worship	0	325	325	Offsets stormwater costs for places of worship
Transfer to Assessment Appeals Reserve	1,309	1,309	0	
Transfer to Insurance Reserve Fund	2,223	2,337	114	Adjusted to reflect actual requirement
Transfer to Election Reserve	600	600	0	
Transfer to Worker's Compensation Reserve Fund	1,400	1,400	0	
Transfer to Capital Reserve Fund	36,479	41,285	4,807	Contribution to capital-part of the 2% yearly transfer
Transfer to Diesel Commodity Reserve	0	1,000	1,000	One time reserve transfer
Transfer to Emerald Ash Borer Reserve Fund	5,600	5,600	0	
Other Costs	1,299	1,394	95	
<b>Subtotal - Other Operating</b>	<b>78,171</b>	<b>89,558</b>	<b>11,388</b>	

Note: Numbers may not balance due to rounding.

## Details of Changes to Maintain Current Service Levels (Continued)

Description	2015 Budget (\$000's)	2016 Proposed Budget (\$000's)	Change (\$000's)	Details (\$000's)
Business Improvement Area Transfers	(445)	(1,226)	(781)	Offsets Increased historical expenditures (above)
Enersource Dividend	(12,750)	(12,750)	0	
PILT-City Owned Properties	(440)	(782)	(342)	Payment in lieu of taxes (PILT) adjusted to reflect previous year's expenditures and future forecasts.
PILT-GTAA	(23,010)	(24,600)	(1,590)	
PILT-Municipal Tax Assistance Act	(400)	(625)	(225)	
PILT-Post Secondary Education and Health	(355)	(586)	(231)	
PILT-Ontario Power Generation Corporation	(1,198)	(1,500)	(302)	
PILT-Other	(1,707)	(1,707)	0	
Tax Interest and Penalties Earned	(8,000)	(8,000)	0	
Investment Interest	(14,465)	(14,465)	0	
Discounts, Rebates and Recoveries	(405)	(455)	(50)	P-card rebate increase
Supplementary Taxes	(2,000)	(1,500)	500	Reflects backlog in condo assessment
Hydro Corridor Taxes	(1,125)	(1,100)	25	
Transfer from Reserves-Variou	(67)	(49)	18	Transfers to offset associated expenses
Transfer from Insurance Reserve Funds	(5,280)	(5,540)	(260)	
Transfer from Sick Leave Reserve Fund	(1,300)	(1,300)	0	
Transfer from Worker's Compensation Reserve Fund	(2,481)	(2,678)	(197)	
<b>Subtotal - Revenues</b>	<b>(75,427)</b>	<b>(78,862)</b>	<b>(3,435)</b>	
<b>Total</b>	<b>6,752</b>	<b>14,785</b>	<b>8,032</b>	

Note: Numbers may not balance due to rounding.