



Financial Transactions

2017-2020 Business Plan
& 2017 Budget

Foreword

Mississauga City Council approved **Our Future Mississauga**, the Strategic Plan to achieve our vision over the next 40 years. The strategic vision identified five pillars for change, Move, Belong, Connect, Prosper and Green. The City consulted extensively with residents, staff and stakeholders in developing the Strategic Plan.

The City continues to engage with stakeholders about its programs and services through the City's website, social media, satisfaction surveys and more. This helps ensure citizens have input on the decisions that affect them.

The 2017-2020 Business Plan and 2017 Budget detail how and where the City plans to allocate resources to the programs and services that people rely on every day, while providing good value for taxpayers and supporting the Strategic Plan.

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What Financial Transactions Includes

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 reserve. 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

Payments-in-Lieu

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 for 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.

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 legislation
- Interest and 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 vacancies
- Rebates to charitable organization occupying commercial and industrial properties
- Tax grants to low income seniors and persons with disabilities

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 adjustments due to:

- Reductions in assessed property values through the assessment appeal, tax appeal and reconsideration processes
- Write-off of uncollectible taxes

Provides for expenses associated with taxes payable on City owned/leased properties.

Citywide Sources of Revenue

Enersource Dividend

Recognizes the dividend from Mississauga's investment in Enersource Mississauga.

Investment Income

Represents the operating budget portion of 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 two 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, ending in 2022, 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 million 10 year annual levy (2014 to 2023), for the university's Institute of Management and Innovation. This is included in the City Manager's Office Business Plan and there is no budget increase in 2017

Churchill Meadows Pool Financing

- A 10 year annual contribution of \$2.2 million, beginning in 2017, to repay the debenture used to fund the capital cost of the Churchill Meadows Pool (2017-2026)

Proposed Operating Budgets

This part of the Business Plan sets out the financial resources required to deliver the proposed 2017-2020 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 2016 was \$14.7 million and the proposed budget for 2017 is \$25.2 million.

Total Changes to Maintain Current Service Levels

The impact of maintaining current service levels for Financial Transactions is a decrease of \$0.4 million for 2017.

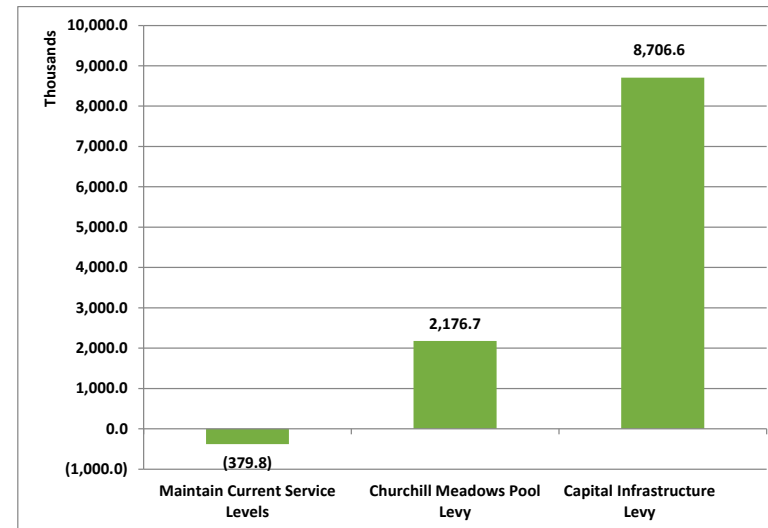
Highlights of the proposed budget changes are:

- The payment-in-lieu of taxes revenue has been increased by \$1 million and supplementary tax revenue has been increased by \$0.5 million to reflect actual forecasts

Special Purpose Levies

A two per cent annual levy to fund the City's capital infrastructure and debt repayment over the next 10 years continues as a strategy to maintain the City's infrastructure. Debt charges for the 2013-2017 debentures have been increased by \$3.4 million, the contribution to capital has been increased by \$5.3 million and the ten year, \$2.2 million contribution for the Churchill Meadows Pool begins in 2017.

Proposed Changes to 2017 Net Operating Budget by Category (000's)



Operating

The following table identifies the budgeted and forecasted operating expenditures and revenues for 2017-2020, the 2016 budget, as well as 2015 actuals by major program within the service area as well as by major expenditure and revenue category.

Proposed Budget by Program

| Description | 2015 Actuals (\$000's) | 2016 Budget (\$000's) | 2017 Proposed Budget (\$000's) | 2018 Forecast (\$000's) | 2019 Forecast (\$000's) | 2020 Forecast (\$000's) |
|---|------------------------|-----------------------|--------------------------------|-------------------------|-------------------------|-------------------------|
| Expenditures to Deliver Current Services | | | | | | |
| Bank & External Audit Charges | 1,504 | 1,488 | 1,546 | 1,546 | 1,546 | 1,546 |
| Benefits and Labour Package | 3,370 | 3,751 | 5,294 | 10,614 | 18,025 | 27,254 |
| Contribution to Capital | 37,572 | 41,285 | 46,794 | 52,418 | 58,188 | 63,952 |
| Debt | 12,099 | 17,229 | 22,979 | 27,219 | 32,259 | 37,419 |
| Insurance | 10,867 | 9,375 | 10,386 | 10,604 | 10,910 | 11,229 |
| Miscellaneous Revenues and Expenditures | 7,198 | 7,062 | 7,382 | 7,363 | 7,377 | 7,329 |
| Taxation | 7,254 | 8,495 | 8,668 | 8,718 | 8,768 | 8,818 |
| Transfer To and From Reserves | 28,524 | 2,241 | 600 | 1,731 | 4,505 | 7,370 |
| Workers' Compensation and Rehabilitation | 3,307 | 2,678 | 1,714 | 1,320 | 1,112 | 963 |
| Total Expenditures | 111,694 | 93,604 | 105,362 | 121,533 | 142,689 | 165,879 |
| Revenues | (80,291) | (69,295) | (68,248) | (73,398) | (77,648) | (81,898) |
| Transfers From Reserves and Reserve Funds | (10,662) | (9,566) | (11,869) | (9,645) | (10,615) | (11,180) |
| Proposed Net Budget Including New Initiatives & New Revenues | 20,741 | 14,742 | 25,245 | 38,490 | 54,426 | 72,801 |
| Expenditures Budget - Changes by Year | | | 13% | 15% | 17% | 16% |
| Proposed Net Budget - Changes by Year | | | 71% | 52% | 41% | 34% |

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 | 2016 Approved Budget (\$000's) | Maintain Current Service Levels | Efficiencies and Cost Savings | Annualized Prior Years Budget Decisions | Operating Impact of New Capital Projects | Proposed New Initiatives And Revenues | Special Purpose Levies | 2017 Proposed Budget (\$000's) | \$ Change Over 2016 | % Change Over 2016 |
|---------------------------------|---|--|-------------------------------------|--|---|---|------------------------------|---|------------------------|-----------------------|
| Labour and Benefits | 5,686 | 332 | 0 | 0 | 0 | 0 | 0 | 6,018 | 332 | 6% |
| Operational Costs | 87,918 | 356 | 0 | 0 | 0 | 0 | 11,070 | 99,344 | 11,426 | 13% |
| Total Gross Expenditures | 93,604 | 688 | 0 | 0 | 0 | 0 | 11,070 | 105,362 | 11,758 | 13% |
| Total Revenues | (78,862) | (1,068) | 0 | 0 | 0 | 0 | (187) | (80,117) | (1,255) | 2% |
| Total Net Expenditure | 14,742 | (380) | 0 | 0 | 0 | 0 | 10,883 | 25,245 | 10,503 | 71% |

Summary of Proposed 2017 Budget and 2018-2020 Forecast

| Description | 2016 Approved Budget (\$000's) | 2017 Proposed Budget (\$000's) | 2018 Forecast (\$000's) | 2019 Forecast (\$000's) | 2020 Forecast (\$000's) |
|---------------------------------|---|---|-------------------------------|-------------------------------|-------------------------------|
| Labour and Benefits | 5,686 | 6,018 | 10,939 | 18,134 | 27,208 |
| Operational Costs | 87,918 | 99,344 | 110,595 | 124,555 | 138,671 |
| Total Gross Expenditures | 93,604 | 105,362 | 121,533 | 142,689 | 165,879 |
| Total Revenues | (78,862) | (80,117) | (83,043) | (88,263) | (93,078) |
| Total Net Expenditure | 14,742 | 25,245 | 38,490 | 54,426 | 72,801 |

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 | 2016 Budget (\$000's) | 2017 Proposed Budget (\$000's) | Change (\$000's) | Details (\$000's) |
|---|-----------------------------|---|---------------------|---|
| Labour and Benefits | 5,686 | 6,018 | 332 | Increase Reflects Labour Adjustments and Other Fringe Benefit Changes |
| Advertising & Promotions | 81 | 81 | 0 | |
| Communication Costs | 26 | 26 | 0 | |
| Contractor & Professional Services | 659 | 713 | 54 | \$40 Executive Search \$8 External Audit Fees \$6 Medical Consultant |
| Debt | 17,229 | 20,803 | 3,574 | \$3,387 Capital Infrastructure \$187 Churchill Meadows Pool |
| Finance Other | 15,764 | 17,173 | 1,410 | \$1,011 Insurance Claims and Premiums \$145 Bank Charges and Other Expenses \$96 Business Improvement Areas Expenses \$91 Places of Worship Grants for Development Charges \$73 Stormwater Grants for Low Income \$4 Stormwater Grants for Places of Worship |
| Materials, Supplies & Other Services | 218 | 216 | (2) | |
| Occupancy & City Costs | 216 | 293 | 77 | Taxes City Owned Properties |
| Staff Development | 116 | 144 | 28 | Memberships |
| Transfers To Reserves and Reserve Funds | 53,609 | 59,894 | 6,285 | \$5,319 Contribution to Capital Reserve Fund \$2,177 Contribution to Churchill Meadows Pool (\$1,400) Contribution not required for Workers Compensation |
| Subtotal - Other Operating | 87,918 | 99,344 | 11,426 | |
| Total Revenues | (69,295) | (68,248) | 1,048 | (\$1,500) Payment-In-Lieu of Taxes and Supplementary Taxes (\$96) Business Improvement Areas Taxes (\$6) Various Rebates \$2,650 Enersource Dividend Adjustment to Forecast |
| Transfers From Reserves and Reserve Funds | (9,566) | (11,869) | (2,303) | (\$2,650) Transfer for Enersource Dividend (\$187) Transfer for Churchill Meadows Pool Debt Payment \$425 Transfer for Insurance and Workers Compensation \$109 Miscellaneous Decreases |
| Subtotal - Revenues | (78,862) | (80,117) | (1,255) | |
| Total | 14,742 | 25,245 | 10,503 | |

Note: Numbers may not balance due to rounding.

Details of Proposed Budget Changes

| Description | 2016 Budget (\$000's) | 2017 Proposed Budget (\$000's) | Change (\$000's) | Details (\$000's) |
|---|-----------------------------|---|---------------------|--|
| Labour Costs | 5,686 | 6,018 | 332 | Increase reflects labour adjustments and other fringe benefit changes |
| Debt | 17,229 | 20,616 | 3,387 | Debt charges for 2013-2017 capital program as part of the 2% yearly transfer |
| Debt | 0 | 187 | 187 | Debt charges for Churchill Meadows Pool debentures |
| Vacancy Rebate Expense | 1,500 | 1,500 | 0 | |
| Other Tax Rebates and Cancellations | 450 | 450 | 0 | |
| Tax Appeals | 3,750 | 3,750 | 0 | |
| Snow/Yard Maintenance Grants | 200 | 190 | (10) | Decrease of grants to reflect actual spending |
| Stormwater Grants | 325 | 402 | 77 | Low income \$73 and places of worship \$4 |
| Development Charges Grants | 0 | 90 | 90 | Offsets development charges in places of religious assembly for area of worship per GC-0098-2016 |
| Insurance Claims and Premiums | 6,938 | 7,949 | 1,011 | Adjusted to reflect actual spending |
| Bank Charges | 1,370 | 1,420 | 50 | Credit cards use has increased |
| Business Improvement Area Transfers | 1,226 | 1,322 | 96 | Increase to match historical expenditures and is offset by transfer from reserve |
| Finance Other | 5 | 100 | 95 | Provision for various costs |
| Transfer to Contingency Reserve | 1,309 | 1,309 | 0 | Transfer for assessment appeals |
| Transfer to Contingency Reserve | 1,000 | 1,000 | 0 | Transfer for diesel fuel |
| Transfer to Employee Benefits Reserve Fund | 1,400 | 0 | (1,400) | Transfer not required for Workers Compensation |
| Transfer to Insurance Reserve Fund | 2,337 | 2,337 | 0 | |
| Transfer to Election Reserve | 600 | 600 | 0 | |
| Transfer to Capital Reserve Fund | 41,285 | 46,605 | 5,319 | Contribution to capital-part of the 2% yearly transfer |
| Transfer to Churchill Meadows Pool Reserve Fund | 0 | 2,177 | 2,177 | Ten year contribution for debenture funding |
| Transfer to Emerald Ash Borer Reserve Fund | 5,600 | 5,600 | 0 | |
| Other Costs | 1,394 | 1,741 | 347 | |
| Subtotal - Other Operating | 87,918 | 99,344 | 11,426 | |

Note: Numbers may not balance due to rounding.

Details of Proposed Budget Changes (Cont'd)

| Description | 2016 Budget (\$000's) | 2017 Proposed Budget (\$000's) | Change (\$000's) | Details (\$000's) |
|---|-----------------------------|---|---------------------|--|
| Business Improvement Area Transfers | (1,226) | (1,322) | (96) | Offsets Increased historical expenditures (above) |
| Enersource Dividend | (12,750) | (12,750) | 0 | Dividend forecast adjusted by transfer from reserve |
| PILT-City Owned Properties | (782) | (782) | 0 | Payment in lieu of taxes (PILT) adjusted to reflect previous year's expenditures and future forecasts. |
| PILT-GTAA | (24,600) | (25,500) | (900) | |
| PILT-Municipal Tax Assistance Act | (625) | (625) | 0 | |
| PILT-Post Secondary Education and Health | (586) | (586) | 0 | |
| PILT-Ontario Power Generation Corporation | (1,500) | (1,600) | (100) | |
| 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 | (455) | (461) | (6) | P-card rebate increase |
| Supplementary Taxes | (1,500) | (2,000) | (500) | Reflects backlog in condo assessment |
| Hydro Corridor Taxes | (1,100) | (1,100) | 0 | |
| Transfer from Reserves-Variou | (49) | (40) | 9 | Transfers to offset associated expenses |
| Transfer from Insurance Reserve Funds | (5,540) | (6,079) | (539) | Transfers to offset associated insurance expenses |
| Transfer from Employee Benefits Reserve Fund | (3,978) | (2,914) | 1,064 | Transfer to offset sick leave and Workers Compensation expenses |
| Transfer from Churchill Meadows Pool Reserve Fund | 0 | (187) | (187) | Transfer to offset debt expense |
| Subtotal - Revenues | (78,862) | (80,117) | (1,255) | |
| Total | 14,742 | 25,245 | 10,503 | |

Note: Numbers may not balance due to rounding.