



# Financial Transactions

2020-2023 Business Plan  
& 2020 Budget

# Foreword

## Our Vision for the Future

Mississauga will inspire the world as a dynamic and beautiful global city for creativity and innovation, with vibrant, safe and connected communities; where we celebrate the rich diversity of our cultures, historic villages, Lake Ontario and the Credit River Valley. A place where people choose to be.

Mississauga City Council approved **Our Future Mississauga**; a Strategic Plan to achieve this vision over a 40-year timeframe. The City engaged over 100,000 people to develop this Vision Statement. To achieve this vision the City has identified five Strategic Pillars for Change: **move**, **belong**, **connect**, **prosper** and **green**. Each year the City proposes various initiatives that are aligned with the Strategic Pillars and are intended to bring us closer to fulfilling our vision for the future. The City has over 300 lines of business which are consolidated into the 16 Services Areas (including the Stormwater Program) that are outlined in this Plan. The 2020-2023 Business Plan and 2020 Budget document details how and where the City plans to allocate resources to deliver programs and services.

The City is committed to providing programs and services cost effectively. In this Plan we have outlined measures that will help us assess the quality, efficiency and customer satisfaction that our services achieve. The results help inform decisions on resource allocation and direct program offerings, and improve service delivery to ensure our vision is efficiently realized.

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# What Financial Transactions Includes

## Ongoing Operations Support

### *Bank, Merchant Point of Sale and External Audit Charges*

Provides fees for banking, merchant service fees and service charges including: armoured car, fees for banking and point of sale transactions (i.e., bank flat service fee, cheque encashment fees, debit and credit card fees, pre-authorized tax payment and ATM fees). Costs associated with the receipt of revenues, through the use of payment cards, have been allocated to the associated Business Area. External audit fees are also included.

### *Retiree Benefits and Other Labour*

Provides for the payments to current and former employees for:

- Payout of accumulated sick leave credits to Fire & Emergency Services employees upon termination, and life insurance policies
- City's portion of costs of early retiree health benefits

### *Miscellaneous Revenues and Expenses*

Includes income and expenditures not readily assignable to service areas such as:

- Commodity tax compensation
- Non-sufficient Funds (NSF) recovery fees
- Miscellaneous one-time receipts and expenditures
- Executive search costs
- Outdoor Maintenance Subsidy Program

## *Risk Management and Insurance*

Insurance includes costs associated with insurance policy premiums, claims expenses 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 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.

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### *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*

Payments 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 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
- Municipal Accommodation Tax revenues from facilities that provide transient accommodations for continuous periods of less than 30 days
- Interest and penalties added to unpaid taxes in accordance with the *Municipal Act*

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 for a minimum of 90 days

- Rebates to charitable organizations occupying commercial and industrial properties
- Tax grants to low income seniors and persons with disabilities

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

- Meeting requirements of four established BIAs 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.

### **City-wide Sources of Revenue**

#### *Enersource Dividend*

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

#### *Investment Income*

Represents the operating budget portion of the General Fund's 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 Levy*

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

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*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

*Churchill Meadows Pool Financing*

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

# Proposed Operating Budget

This part of the Business Plan sets out the financial resources required to deliver the proposed 2020-2023 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 budget for 2019 was \$34.6 million and the proposed budget for 2020 is \$41.0 million.

## Total Changes to Maintain Current Service Levels

The impact of maintaining current service levels for Financial Transactions is a budget decrease of \$3.3 million for 2020.

Highlights of the proposed budget changes are:

- Enersource dividend has increased by \$2 million
- Greater Toronto Airport Authority (GTAA) payment-in-lieu of taxes has been increased by \$1.3 million to reflect forecasts

## Efficiencies and Cost Savings

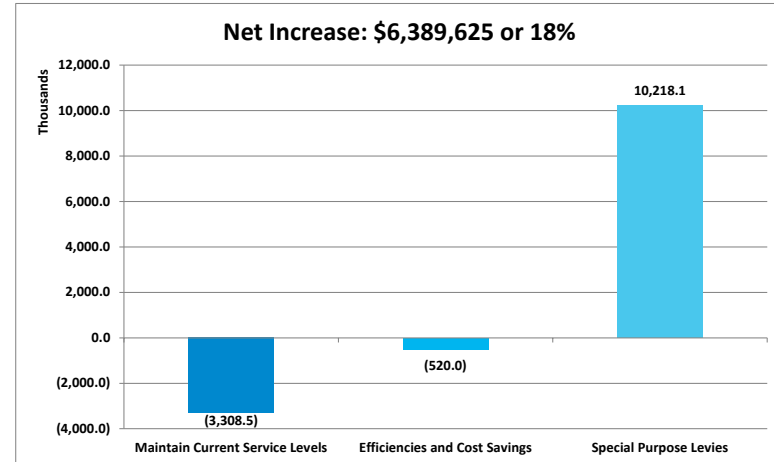
The vacancy rebate expense has been reduced by \$0.40 million in 2020. The Vacancy Rebate Program is being phased out by 2021 and the budget has been adjusted to reflect the changes to the program.

The tax write-offs and appeals expenses have been reduced by \$0.12 million in order to reflect trends.

## 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. The debt charge for the 2013-2020 debentures has been increased by \$4.4 million and the contribution to capital has been increased by \$5.8 million for a total of \$10.2 million.

## Proposed Changes for 2020 Net Operating Budget by Category (\$000s)



## Operating Budget Details

The following table identifies the budgeted and forecasted operating expenditures and revenues for 2020-2023, as well as the 2019 Budget and 2018 Actuals by major program within the Service Area.

### Proposed Budget by Program (\$000s)

Description	2018 Actuals	2019 Budget	2020 Proposed Budget	2021 Forecast	2022 Forecast	2023 Forecast
<b>Expenditures to Deliver Current Services</b>						
Audit and Treasury Charges	1,584	548	642	734	809	910
Benefits and Labour Package	6,136	3,582	3,991	5,500	7,011	8,613
Contribution to Capital and Debt	76,455	86,158	96,377	107,151	118,657	130,852
Contribution to Capital and Debt-Churchill Meadows Pool	2,177	2,177	2,177	2,177	2,177	2,177
Insurance	4,231	4,442	4,863	4,939	5,017	5,098
Workers' Compensation and Rehabilitation Expenses	2,275	2,517	2,668	2,775	2,783	2,790
Workers' Compensation and Rehabilitation Transfers from Reserve Funds	(2,275)	(2,517)	(2,668)	(2,775)	(2,783)	(2,790)
Enersource Dividend	(12,941)	(15,552)	(17,577)	(17,577)	(17,577)	(17,577)
Miscellaneous Revenues and Expenditures	10,325	(7,577)	(7,906)	(7,884)	(7,843)	(7,825)
Municipal Accommodation Tax Expenditures	8,989	9,800	9,800	9,800	9,800	9,800
Municipal Accommodation Tax Revenue	(8,989)	(9,800)	(9,800)	(9,800)	(9,800)	(9,800)
Taxation-Supplementary Taxes, Payment-in-Lieu of Taxes, Business Improvement Areas, Tax Penalties and Write-Offs	(40,342)	(39,146)	(41,544)	(43,353)	(44,939)	(46,543)
<b>Proposed Net Budget Including New Initiatives &amp; New Revenues</b>	<b>47,623</b>	<b>34,633</b>	<b>41,022</b>	<b>51,686</b>	<b>63,313</b>	<b>75,704</b>
Proposed Net Budget - Changes by Year			18%	26%	22%	20%

Note: Numbers may not balance due to rounding.



## Summary of Proposed Budget

The following table shows the proposed budget changes by description and category. Costs (labour; operational costs; and facility, IT and support) and revenues are shown by category with the approved 2019 budget for comparison. The three columns to the far right of the table show the totals proposed for 2020 and their dollar and percentage changes over 2019.

### Summary of Proposed 2020 Budget (\$000s)

Description	2019 Approved Budget	Maintain Current Service Levels	Efficiencies and Cost Savings	Special Purpose Levies	Proposed 2020 Budget	\$ Change Over 2019	% Change Over 2019
Labour and Benefits	6,653	953	0	0	7,607	953	14%
Operational Costs	54,636	1,290	(520)	4,463	59,869	5,233	10%
Transfer To Reserves & Reserve Funds	103,469	(251)	0	10,218	113,436	9,968	10%
<b>Total Gross Expenditures</b>	<b>164,758</b>	<b>1,993</b>	<b>(520)</b>	<b>14,681</b>	<b>180,912</b>	<b>16,154</b>	<b>10%</b>
Total Revenues	(87,891)	(4,072)	0	0	(91,963)	(4,072)	5%
Transfer From Reserves & Reserve Funds	(42,235)	(1,229)	0	(4,463)	(47,927)	(5,692)	13%
<b>Total Net Expenditures</b>	<b>34,633</b>	<b>(3,309)</b>	<b>(520)</b>	<b>10,218</b>	<b>41,022</b>	<b>6,390</b>	<b>18%</b>

### Summary of Proposed 2020 Budget and 2021-2023 Forecast (\$000s)

Description	2018 Actuals	2019 Approved Budget	2020 Proposed Budget	2021 Forecast	2022 Forecast	2023 Forecast
Labour & Benefits	7,419	6,653	7,607	9,218	10,730	12,333
Operational Costs	41,551	54,636	59,869	65,001	70,259	71,360
Transfer To Reserves & Reserve Funds	132,727	103,469	113,436	124,213	135,722	147,919
<b>Total Gross Expenditures</b>	<b>181,697</b>	<b>164,758</b>	<b>180,912</b>	<b>198,431</b>	<b>216,711</b>	<b>231,611</b>
Total Revenues	(101,566)	(87,891)	(91,963)	(93,407)	(94,977)	(96,622)
Transfer From Reserves & Reserve Funds	(32,508)	(42,235)	(47,927)	(53,338)	(58,421)	(59,286)
<b>Total Net Expenditures</b>	<b>47,623</b>	<b>34,633</b>	<b>41,022</b>	<b>51,686</b>	<b>63,313</b>	<b>75,704</b>

Note: Numbers may not balance due to rounding

## Proposed Cost Increase Required to Maintain Current Service Levels

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, taking into account efficiencies, cost savings, and cost increases arising from prior year decisions.

Description	2019 Budget (\$000s)	2020 Proposed Budget (\$000s)	Change (\$000s)	Details (\$000s)
<b>Labour and Benefits</b>	<b>6,653</b>	<b>7,607</b>	<b>953</b>	Increase Reflects Labour Adjustments and Other Fringe Benefits Changes
Advertising & Promotions	81	25	(56)	(\$56) Advertising/Print Media
Communication Costs	26	26	0	
Contractor & Professional Services	774	756	(18)	\$20 Insurance Broker \$7 Medical Consultant (\$45) Integrity Commissioner/Studies
Debt	30,391	35,294	4,903	\$4,463 Capital Infrastructure \$440 Churchill Meadows Pool
Finance Other	22,631	23,076	445	\$638 Insurance Claims and Premiums \$95 Treasury Charges and Other Expenses \$82 Places of Worship Grants for Development Charges \$50 Business Improvement Areas Expenses (\$420) Vacancy Rebate and Tax Write-Off Expense Reduction
Materials, Supplies & Other Services	217	239	21	\$21 Miscellaneous Expenses
Occupancy & City Costs	361	300	(61)	(\$61) Stormwater Charges for City Facilities
Staff Development	155	154	(1)	(\$1) Memberships
Transfers To Reserves and Reserve Funds	103,469	113,436	9,968	\$10,218 Contribution to Capital Reserve Fund \$42 Various Adjustments (\$292) Transfer for 2018 Tax Ratio Adjustment Not Required
<b>Subtotal - Other Operating</b>	<b>158,105</b>	<b>173,305</b>	<b>15,200</b>	
Total Revenues	(87,891)	(91,963)	(4,072)	(\$2,025) Enersource Dividend Alignment (\$1,436) Payment-In-Lieu of Taxes (\$500) Tax Interest/Penalties (\$61) Various Rebates/Recoveries (\$50) Business Improvement Area Taxes
Transfers From Reserves and Reserve Funds	(42,235)	(47,927)	(5,692)	(\$4,463) Transfer for Capital Infrastructure Debt Payment (\$440) Transfer for Churchill Meadows Pool Debt Payment (\$400) Transfer for Sick Leave Expense (\$237) Transfer for Insurance Expenses (\$152) Transfer for Workers Compensation Expenses
<b>Subtotal - Revenues</b>	<b>(130,126)</b>	<b>(139,890)</b>	<b>(9,764)</b>	
<b>Total</b>	<b>34,633</b>	<b>41,022</b>	<b>6,390</b>	

Note: Numbers may not balance due to rounding.

## Details of Proposed Budget Changes

Description	2019 Budget (\$000s)	2020 Proposed Budget (\$000s)	Change (\$000s)	Details (\$000s)
<b>Labour and Benefits</b>	<b>6,653</b>	<b>7,607</b>	<b>953</b>	Increase Reflects Labour Adjustments and Other Fringe Benefit Changes
Audit Charges	124	124	0	
Business Improvement Area Transfers	1,450	1,500	50	Increase to match historical expenditures and is offset by transfer from reserve
Debt	28,561	33,024	4,463	Debt charges for 2013-2020 capital program offset by 2% yearly transfer to capital reserve
Debt-Churchill Meadows Pool	1,830	2,270	440	Debt charges for Churchill Meadows Pool debentures offset by transfer from reserve
Development Charges Grants	61	62	0	Offsets development charges in places of religious assembly for area of worship per GC-0098-2016
Grants to Seniors and Disabled Persons	240	260	20	Increase to reflect estimated spending
Insurance Claims and Premiums	10,013	10,676	663	Adjusted to reflect expected costs
Other Costs	1,200	869	(331)	Provision for various costs
Stormwater Charges on City Facilities	91	30	(61)	Charges transferred to service areas
Stormwater Grants	481	544	63	Adjusted to reflect expected costs
Tax Rebates and Cancellations	1,500	1,080	(420)	Vacancy rebate program being phased out by 2021
Tax Appeals	3,700	3,700	(0)	
Taxes on City Owned Properties	270	270	0	
Transfer to Capital Reserve Fund	86,158	96,377	10,218	Contribution to capital 2% yearly transfer
Transfer to Churchill Meadows Pool Reserve Fund	2,177	2,177	0	Fourth year of 10 year contribution for debenture funding
Transfer to Contingency Reserve	1,309	1,309	0	
Transfer to Election Reserve	600	600	0	
Transfer to Emerald Ash Borer Reserve Fund	5,600	5,600	0	
Transfer to Insurance Reserve Fund	2,337	2,337	0	
Transfer to Municipal Accommodation Tax Reserve Fund	4,861	4,861	(0)	50% of Municipal Accommodation Tax revenue less administration costs
Transfer to Tourism Board	4,861	4,861	(0)	50% of Municipal Accommodation Tax revenue less administration costs
Treasury Charges	424	514	90	Adjusted to reflect expected costs
Workers' Compensation Program	257	263	7	Costs offset by transfer from Employee Benefits Reserve Fund
<b>Subtotal - Other Operating</b>	<b>158,105</b>	<b>173,305</b>	<b>15,200</b>	

Note: Numbers may not balance due to rounding.

### Details of Proposed Budget Changes (Cont'd)

Description	2019 Budget (\$000s)	2020 Proposed Budget (\$000s)	Change (\$000s)	Details (\$000s)
Business Improvement Area Transfers	(1,450)	(1,500)	(50)	Offsets increased historical expenditures (above)
Discounts, Rebates and Recoveries	(424)	(423)	1	
Enersource Dividend	(15,552)	(17,577)	(2,025)	Adjusted to reflect expected return
Hydro Corridor Taxes	(1,100)	(1,100)	0	
Investment Interest	(14,465)	(14,465)	0	
Miscellaneous Revenue	(95)	(157)	(62)	Provision for various revenues
Municipal Accommodation Tax Revenue	(9,800)	(9,800)	0	
PILT-Canada	(1)	(1)	0	
PILT-Canada Post	(1,000)	(1,000)	0	
PILT-City Owned Properties	(782)	(800)	(18)	
PILT-GTAA	(27,900)	(29,252)	(1,352)	
PILT-LCBO	(6)	(8)	(2)	Payment in lieu of taxes (PILT) adjusted to reflect previous year's expenditures and future forecasts
PILT-Hydro Properties	(1,200)	(1,200)	0	
PILT-Other Municipalities and Enterprises	(1,700)	(1,700)	0	
PILT-Municipal Tax Assistance Act	(850)	(900)	(50)	
PILT-Post Secondary Education and Health	(586)	(600)	(14)	
Supplementary Taxes	(3,000)	(3,000)	0	
Tax Interest and Penalties Earned	(8,000)	(8,500)	(500)	
Transfer from Capital Reserve Fund	(28,561)	(33,024)	(4,463)	Transfer to offset capital program debt expenses (above)
Transfer from Churchill Meadows Pool Reserve Fund	(1,830)	(2,270)	(440)	Transfer to offset debt expense (above)
Transfer from Employee Benefits Reserve Fund	(3,917)	(4,468)	(552)	Transfer to offset sick leave and Workers' Compensation expenses
Transfer from Insurance Reserve Funds	(7,907)	(8,145)	(237)	Transfer to offset associated Insurance expenses
<b>Subtotal - Revenues</b>	<b>(130,126)</b>	<b>(139,890)</b>	<b>(9,764)</b>	
<b>Total</b>	<b>34,633</b>	<b>41,022</b>	<b>6,390</b>	

Note: Numbers may not balance due to rounding.