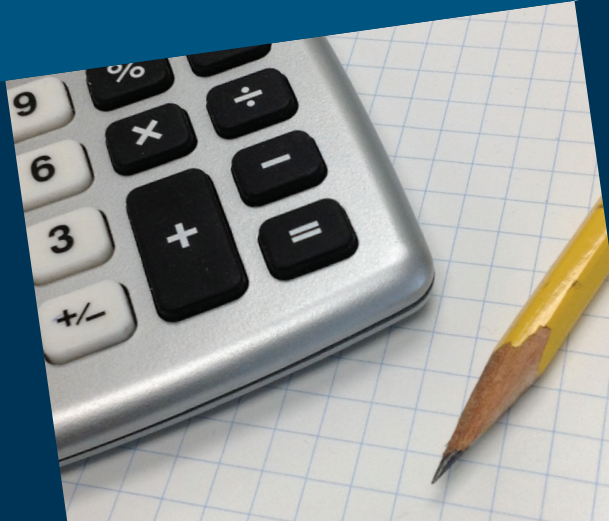




# Financial Transactions

## 2013-2016 Business Plan

City of Mississauga, Ontario, Canada



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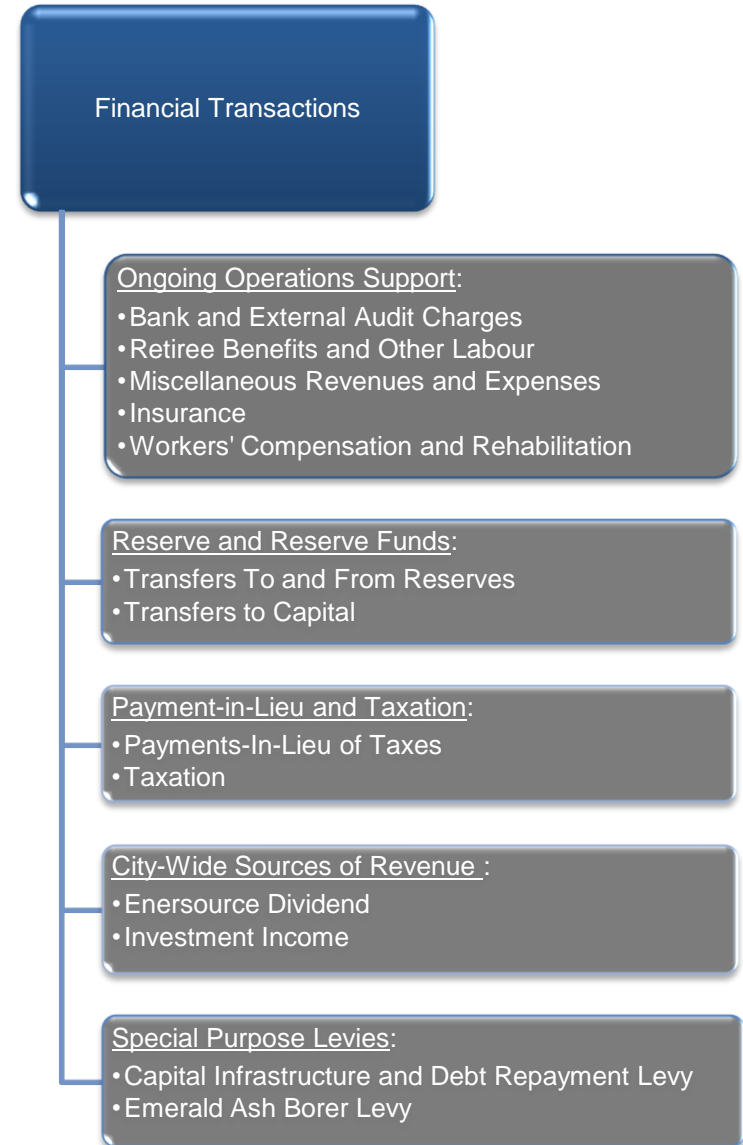
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# Existing Core Services

## 1.0 Vision and Mission

The Financial Transaction 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 payments-in-lieu of taxes, and City-wide sources of revenue.



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## 2.0 Service Delivery Model

### Ongoing Operations Support

#### *Bank and External Audit Charges*

Provides for banking related service charges including: armoured car, night depository, satellite accounts, cheque reconciliation, direct deposit, debit/credit card fees, and preauthorized tax payments and also provides for external audit fees.

#### *Retiree Benefits and Other Labour*

Provides for the payments to 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; and
- 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; and
- and the Snow Removal Subsidy Program.

#### *Insurance*

Insurance includes policy premiums, claim cost payments within the City's self-insured limit, 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 limit; and
- Management of claims within the City's deductible and 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, compensation and expenses are paid from a City-funded 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 Reserve and Reserve Funds.

##### *Transfers to Capital Reserve*

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

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## **Payments in Lieu and Taxation**

### *Payments-in-Lieu of Taxes*

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.

### *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; and
- 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; and
- 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 three established BIA's in Clarkson, Port Credit and Streetsville.

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; and

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.

### *Investment Income*

Captures interest earned from short-term investment of surplus revenue fund monies. Investments are restricted to securities noted in the Municipal Act and related regulations, which could include certain securities.

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## Special Purpose Levies

### *Capital Infrastructure and Debt Repayment Levies*

- A 2 percent annual levy to fund the City's capital infrastructure with a balance of 1 percent towards debt repayment and 1 percent towards the capital reserve funds, on average, over the next ten 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.

## Required Resources

### 3.0 Human Resources

The Financial Transaction Service Area has no dedicated staff. Business Services is the largest contributor of staff resources required to manage Financial Transaction service programs. Its banking, external audit, Enersource dividend and investment related programs are managed by resources of the Finance Division. Taxation and Tax related programs are managed by Revenue, Materiel Management and Business Services Division resources. The Benefits and Labour Package are managed primarily by staff of the Human Resources Division.

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## Proposed Budget

This part of the Business plan sets out the financial resources required to deliver the proposed 2013-2016 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 past decisions are identified separately from proposed changes. The prior year budget for 2012 was (\$19,515,000) and the proposed budget for 2013 is (\$20,596,000).

### **Total Changes to Maintain Current Service Levels**

Financial Transactions will experience a decrease in the net budget requirement in 2013 primarily due to an anticipated increased dividend from Enersource, and increased tax penalties and interest income, partially offset by a reduction in Supplementary taxes. Many of the forecasted increases in expenditures are offset by transfers from reserves.

### **Total Changes to Operationalize Prior Decisions**

There are no changes to operationalize prior decisions.

### **Total Special Purpose Levies**

A 2 percent annual levy to fund the City's capital infrastructure with a balance of 1 percent towards debt repayment and 1 percent towards the capital reserve funds, on average, over the next ten years.

The effects of Emerald Ash Borer have necessitated a proactive approach to its management. Emerald Ash Borer is a highly destructive pest found exclusively in Ash trees that has the potential to infest and kill all 116,000 City-owned Ash trees. A new initiative is recommended to undertake efforts to eradicate this pest and restore the City-owned tree inventory where damaged or infested by this pest.

The following table separates the financial requirements into those required to maintain existing services; to operationalize prior decisions; and proposed new initiatives and revenues. The details on the changes to each category are provided in Sections 11 through 12.

### Excluding Special Purpose Levies

Description (\$000's)	2013 Proposed Budget (\$000's)	2014 Forecast (\$000's)	2015 Forecast (\$000's)	2016 Forecast (\$000's)
<b>Prior Year Budget</b>	<b>(19,515)</b>	<b>(20,596)</b>	<b>(22,231)</b>	<b>(22,054)</b>
<b>Increases/(Decreases) to Maintain Current Service Levels</b>				
Labour and Benefits	(21)	203	710	745
Other Cost Increases	4,229	432	(71)	510
Efficiencies and Cost Savings	(160)	0	(962)	0
Current Revenue Changes	(5,129)	(2,270)	500	500
<b>Total Changes to Maintain Current Service Levels</b>	<b>(1,081)</b>	<b>(1,635)</b>	<b>177</b>	<b>1,755</b>
<b>Increases/(Decreases) to Operationalize Prior Decisions</b>				
Annualization of Previous Years Budget Decisions	0	0	0	0
Operating Impact of New Capital Projects	0	0	0	0
<b>Total Changes to Operationalize Prior Decisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Cost to Maintain Current Services Levels and Operationalize Prior Decisions</b>	<b>(20,596)</b>	<b>(22,231)</b>	<b>(22,054)</b>	<b>(20,299)</b>
<b>New Initiatives and New Revenues</b>				
Total Proposed New Initiatives	0	0	0	0
Total Proposed New Revenues	0	0	0	0
<b>Total New Initiatives and New Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Proposed Budget</b>	<b>(20,596)</b>	<b>(22,231)</b>	<b>(22,054)</b>	<b>(20,299)</b>

Note: Numbers may not balance due to rounding.

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### Special Purpose Levies

Description (\$000's)	2013 (\$000's)	2014 (\$000's)	2015 (\$000's)	2016 (\$000's)
Capital Infrastructure Levy	3,433	2,197	3,094	3,408
Debt Repayment Levy*	3,476	5,057	4,523	4,590
<b>Total Capital Infrastructure and Debt Repayment Levy</b>	<b>6,909</b>	<b>7,254</b>	<b>7,617</b>	<b>7,998</b>
<b>Emerald Ash Borer Levy</b>	<b>5,600</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note: Numbers may not balance due to rounding.

\* Debt Repayment amounts include both principal and interest

#### 4.0 Changes to Maintain Current Service Levels

The following tables identify the major changes in the costs to maintain existing service levels. Detailed explanations of changes to 2013 can be found in Appendix 1.

##### Proposed Changes to Maintain Current Service Levels

Description (\$000's)	FTE	2013 Proposed Budget (\$000's)	2014 Forecast (\$000's)	2015 Forecast (\$000's)	2016 Forecast (\$000's)
<b>Total Labour and Benefits</b>	<b>0.0</b>	<b>(21)</b>	<b>203</b>	<b>710</b>	<b>745</b>
<b>Other Cost Increases</b>					
Insurance Premium & Self-Insured Claims	0.0	2,328	151	167	183
Retired Employee Benefits	0.0	833	281	300	327
Sick Leave Payments	0.0	500	0	0	0
Vacancy Rebates	0.0	400	0	(400)	0
Other Changes	0.0	168	0	(138)	0
<b>Total Other Cost Increases</b>	<b>0.0</b>	<b>4,229</b>	<b>432</b>	<b>(71)</b>	<b>510</b>
<b>Efficiencies and Cost Savings</b>					
Assessment Appeals	0.0	0	0	(862)	0
Other Changes	0.0	(160)	0	(100)	0
<b>Total Efficiencies and Cost Savings</b>	<b>0.0</b>	<b>(160)</b>	<b>0</b>	<b>(962)</b>	<b>0</b>
<b>Current Revenue Changes</b>					
Transfer from Insurance Reserve Fund	0.0	(2,106)	0	0	0
Payment In Lieu of Taxation	0.0	(1,330)	(1,070)	0	0
Supplementary Taxes	0.0	1,000	500	500	500
Enersource Dividend	0.0	(1,300)	(1,700)	0	0
Tax Penalties & Interest	0.0	(1,000)	0	0	0
Transfer from Sick Leave Reserve	0.0	(500)	0	0	0
Other Changes	0.0	107	0	0	0
<b>Total Current Revenue Changes</b>	<b>0.0</b>	<b>(5,129)</b>	<b>(2,270)</b>	<b>500</b>	<b>500</b>
<b>Total Changes to Maintain Current Service Levels</b>	<b>0.0</b>	<b>(1,081)</b>	<b>(1,635)</b>	<b>177</b>	<b>1,755</b>

Note: Numbers may not balance due to rounding.

The following table sets out the proposed 2013 Budget and Forecasts for the remaining three years, by major expense and revenue categories.

**Proposed Budget by Category (Excludes Special Purpose Levies)**

Description (\$000's)	2011 Actuals (\$000's)	2012 Budget (\$000's)	2013 Proposed Budget (\$000's)	2014 Forecast (\$000's)	2015 Forecast (\$000's)	2016 Forecast (\$000's)
<b>Net Costs before Administrative and Support Costs</b>						
Labour Costs	4,083	1,755	3,067	3,551	4,561	5,633
Other Operating Expenses	53,746	45,914	48,600	48,751	47,418	47,601
Total Revenues	(80,586)	(67,184)	(72,263)	(74,533)	(74,033)	(73,533)
<b>Total Net Cost before Administrative and Support Costs</b>	<b>(22,757)</b>	<b>(19,515)</b>	<b>(20,596)</b>	<b>(22,231)</b>	<b>(22,054)</b>	<b>(20,299)</b>
Administrative and Support Costs	0	0	0	0	0	0
<b>Total Net Budget</b>	<b>(22,757)</b>	<b>(19,515)</b>	<b>(20,596)</b>	<b>(22,231)</b>	<b>(22,054)</b>	<b>(20,299)</b>

Note: Numbers may not balance due to rounding.

**Proposed Budget by Category (Special Purpose Levies Only)**

Description (\$000's)	2013 Proposed Budget (\$000's)	2014 Forecast (\$000's)	2015 Forecast (\$000's)	2016 Forecast (\$000's)
<b>Net Costs</b>				
Total Capital Infrastructure and Debt Repayment* Levy	6,909	14,163	21,780	29,778
Emerald Ash Borer Levy	5,600	5,600	5,600	5,600
<b>Total Net Budget</b>	<b>12,509</b>	<b>19,763</b>	<b>27,380</b>	<b>35,378</b>

Note: Numbers may not balance due to rounding.

\* Debt Repayment amounts include both principal and interest

The following table identifies the financial requirements for 2013 to 2016 by major program within the service area.

**Proposed Budget by Program**

Program Expenditures (\$000's)	2011 Actuals (\$000's)	2012 Budget (\$000's)	2013 Proposed Budget (\$000's)	2014 Forecast (\$000's)	2015 Forecast (\$000's)	2016 Forecast (\$000's)
Bank & External Audit Charges	1,285	1,308	1,330	1,330	1,330	1,330
Benefits and Labour Package	2,828	639	1,450	1,934	2,944	4,017
Miscellaneous Revenues and Expenditures	(48)	550	575	575	575	575
Insurance	6,891	3,893	4,116	4,267	4,434	4,616
Transfer To and From Reserves	7,041	500	500	500	500	500
Contribution to Capital	21,690	27,584	27,584	27,584	27,584	27,584
Workers' Compensation and Rehabilitation	175	300	200	200	200	200
Payments In Lieu of Taxes	(24,844)	(24,501)	(25,830)	(26,900)	(26,900)	(26,900)
Taxation	(13,761)	(5,978)	(5,410)	(4,910)	(5,910)	(5,410)
Enersource Dividend	(9,560)	(9,000)	(10,300)	(12,000)	(12,000)	(12,000)
Investment Income	(14,454)	(14,454)	(14,455)	(14,455)	(14,455)	(14,455)
Labour Gapping	0	(356)	(356)	(356)	(356)	(356)
<b>Total Net Budget</b>	<b>(22,757)</b>	<b>(19,515)</b>	<b>(20,596)</b>	<b>(22,231)</b>	<b>(22,054)</b>	<b>(20,299)</b>

Note: Numbers may not balance due to rounding.

# Appendices

**Appendix 1: Changes to Maintain Current Service Levels**

**Changes to Maintain Current Service Levels**

Description (\$000's)	2012 Budget (\$000's)	2013 Proposed Budget (\$000's)	Change (\$000's)	Details
<b>Labour and Benefits</b>	<b>365</b>	<b>344</b>	<b>(21)</b>	Proposed Budget is the net of a reduction to cost of health insurance premiums and fees, and an increase to other labour costs, both of which will be allocated to other Service areas during 2013.
<b>Other Cost Increases</b>				
Insurance Premium & Self-Insured Claims	7,367	9,695	2,328	Increasing claims and claim costs which will be offset in large part by a Transfer from the Insurance Reserve Fund.
Retired Employee Benefits	938	1,771	833	Increasing population of eligible users who receive these benefits and premium increases cause the budget increase. 85% of the increase relates to union staff retirees, 90% of which relates to Fire union staff retirees.
Sick Leave Payments	530	1,030	500	Increasing usage which is offset entirely by a transfer from the Reserve Fund. 100% of the budget increase relates to Fire and Emergency Services union staff retirees.
Vacancy Rebates	1,100	1,500	400	Based upon current trend and economic climate.
Other Changes	37,199	37,367	168	
<b>Total Other Cost Increases</b>	<b>47,134</b>	<b>51,363</b>	<b>4,229</b>	
<b>Efficiencies and Cost Savings</b>				
Other Changes	170	10	(160)	
<b>Total Efficiencies and Cost Savings</b>	<b>170</b>	<b>10</b>	<b>(160)</b>	

Please see remainder of table on the next page.

Continued **Appendix 1: Changes to Maintain Current Service Levels**

Description (\$000's)	2012 Budget (\$000's)	2013 Proposed Budget (\$000's)	Change (\$000's)	Details
<b>Current Revenue Changes</b>				
Transfer from Insurance Reserve Fund	(3,474)	(5,580)	(2,106)	Funding for Self-Insured Claims.
Payment In Lieu of Taxation	(24,601)	(25,931)	(1,330)	Higher payments projected.
Supplementary Taxes	(3,679)	(2,679)	1,000	Decrease due to slowing property tax base growth.
Enersource Dividend	(9,000)	(10,300)	(1,300)	Increase based upon Enersource dividend projection.
Tax Penalties & Interest	(7,000)	(8,000)	(1,000)	Based upon current trend and economic climate.
Transfer from Sick Leave Reserve	(500)	(1,000)	(500)	Funding for Sick Leave Payments. This funding is available for Fire union staff retirees.
Other Changes	(18,930)	(18,823)	107	
<b>Total Current Revenue Changes</b>	<b>(67,184)</b>	<b>(72,313)</b>	<b>(5,129)</b>	
<b>Total Changes to Maintain Current Service Levels</b>	<b>(19,515)</b>	<b>(20,596)</b>	<b>(1,081)</b>	

Note: Numbers may not balance due to rounding.

## Appendix 2: Budget Requests

### Special Purpose Levy

Budget Request #: 81

#### Proposed Initiative

Emerald Ash Borer Management Plan

#### Department

Community Services Department

#### Service Area

Financial Transactions

#### Required Operating Investment

Impacts (\$000s)	2013	2014	2015	2016
Gross Expenditures	5,600.0	5,600.0	5,600.0	5,600.0
Reserves & Reserve Funds	0.0	0.0	0.0	0.0
User Fees & Other Revenues	0.0	0.0	0.0	0.0
Tax Levy Requirements	5,600.0	5,600.0	5,600.0	5,600.0
* Net Change in \$		0.0	0.0	0.0
FTEs	1.0	1.0	1.0	1.0

\* Any net change that is negative, (in brackets), is a good thing. It means a reduction in expenditure or an increase in revenue.

#### Required Capital Investment

Impacts (\$000s)	2012 & Prior	2013	2014	2015	2016 & Beyond
Gross Expenditures	0.0	2,508.4	2,922.4	4,224.4	41,391.8
Non Tax Supported Funding Sources	0.0	0.0	0.0	0.0	0.0
Net Tax Supported Funding Required	0.0	2,508.4	2,922.4	4,224.4	41,391.8
FTEs		1.0	1.0	1.0	1.0

#### Why Staff Recommend this Initiative

Preservation of the City's urban tree canopy through treatment, removal, replacement of City owned Ash trees to mitigate the impact of Emerald Ash Borer.

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*Budget Request #: 81*

**Details of Service Change**

Emerald Ash Borer (EAB) is a highly destructive pest found exclusively in Ash trees that has the potential to infest and kill all City owned Ash trees. EAB is currently within the City and surrounding municipalities. It is estimated that the majority of Ash trees within the City will be infested with EAB over the next ten years. Based on comparisons with similarly affected municipalities, the majority of Ash trees would be infested with EAB by 2017, with mass mortality expected by 2022. At risk are approximately 23,000 Ash trees within our street tree inventory, and a similar number of Ash trees in parks and cemeteries. There are also approximately 70,000 Ash trees in City-owned woodlands and natural areas within Mississauga. This request ensures the proactive approach to managing the impact of EAB on City tree assets. Staff are recommending that an active approach be implemented, allowing the City to preserve a percentage of Ash trees, along with removing and replacing Ash trees that would not be suitable candidates for treatment. This request encompasses both the capital costs for treatment, removal and replanting as well as the costs for a contract administrator to oversee program implementation. A special tax levy for the EAB program is proposed in the 2013 operating budget, with funding to be deposited into a special reserve fund and expenses drawn from the reserve annually as needed for the duration of the program.

**Service Impact**

An active management option would allow the City to preserve a percentage of the Ash component of the City's tree canopy (approximately 20,000 street and parkland trees) over the next 10 years. Ongoing detection and delineation surveys will allow staff to monitor the spread of the insect and prioritize areas for treatment. Trees not suitable for treatment would be removed as they become infested/structurally unsound and will be replanted on a 1:1 basis. The estimated costs to the City are estimated at \$51,000,000 over a 10 year period.