

2011-2014  
Financial Transactions  
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## Financial Transactions Amendments 2011-2014 Business Plan & Budget

Council has reviewed the 2011-2014 Business Plan and Budget and has approved the following changes.

Initiative	BR #	Decision		
		Details	Amount (000's)	FTE
Increase Enersource Dividend	N/A	To reflect actual dividend to be received	-700	
Increase Grant Funding to external agencies	N/A	Additional grant funding approved by Council	131	
Labour and benefit adjustment	BASE	To reflect revised labour and benefit costs as approved by Council	2,793	

This page has been generated as the most efficient way to update the Service Area Business Plans based on Council's decisions, rather than re-writing the full document. The City wide plan has been amended in full.

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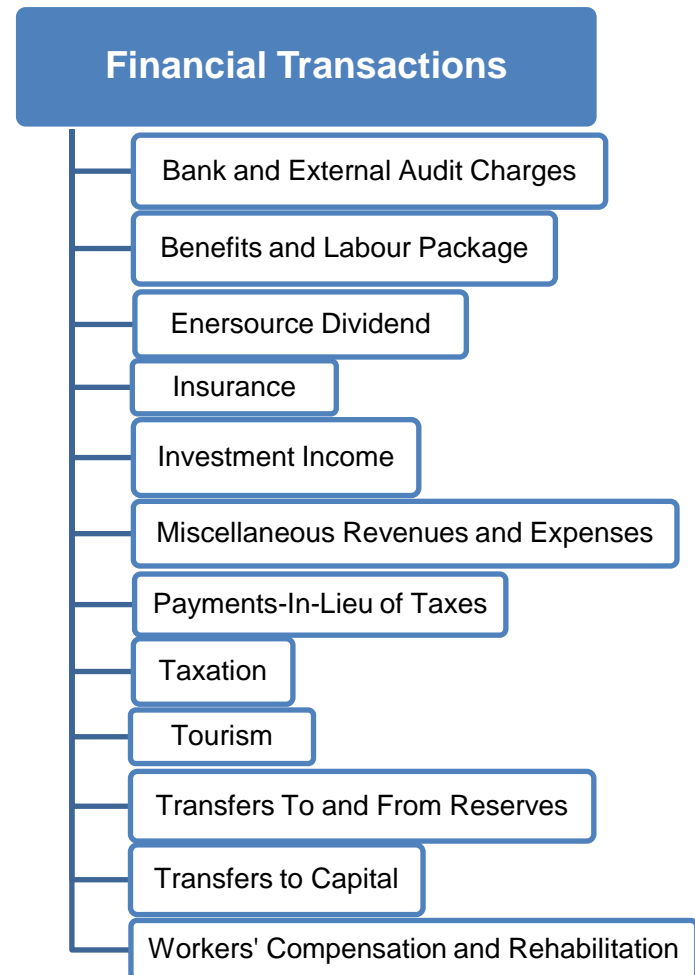
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## Existing Core Services

The Financial Transaction Budget provides for items of a corporate nature and support all service areas. Therefore they are presented separately from the Service Area Budgets.

Financial transactions includes items that support ongoing operations such as credit card, bank and audit charges; early retirement benefit costs; workers compensation costs; investment income; transfers to and from reserves and reserve funds, including the transfer from operating to capital and Insurance premiums and claims; dividend and investment income; Payments in Lieu of Taxes and other taxation related expenses.



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The following programs support the City's ongoing operations:

### **Bank and External Audit Charges**

Provides for the Corporation's costs associated with all banking related services including: armoured car, night depository, satellite bank accounts, cheque reconciliation, direct payroll deposit, point of sale debit and credit card fees and preauthorized tax payments. Facilitates safe and convenient banking of monies for the Civic Centre and remote facilities. Provides for external audit fees.

### **Benefits and Labour Package**

Provides for payments for employees who are no longer with the city as follows: Fire and CUPE employees who are eligible for accumulated sick leave credits to a maximum of six months' salary upon termination and various life insurance policies; under a sick leave benefit program, certain employees, for past service, may be entitled to a cash payment for unused sick leave credits; and fringe benefit costs for employees on long term disability. Provides for the administration of the City's Performance Management Process and any outstanding labour adjustments.

### **Miscellaneous Revenues and Expenses**

Provides for miscellaneous City income and expenditures not assigned to specific departments such as payment discounts earned, vendor rebates, Harmonized Services Tax compensation, NSF recovery fees, other miscellaneous one-time Corporate receipts and expenditures including Infrastructure Stimulus Funding (ISF) ineligible staffing costs, executive search costs, Corporate memberships and maximum of \$200 per year to eligible residents under the Snow Removal Subsidy Program.

### **Tourism**

The City of Mississauga's investment in Mississauga Tourism supports the implementation of significant initiatives that

continue to profile Mississauga as a visitor destination in Canada and internationally.

The following programs relate to transfers to and from Reserves and Reserve Funds:

### **Insurance**

The Insurance program is made up of three distinct components. First, it provides funding to cover the City's insurance policy premiums. Second, claim costs within the City's self-insured retention limits (ie. the first \$1 million) are recovered through transfers from the Insurance Reserve Fund. Third, provides an allocation to the Reserve Fund to cover the costs of outstanding claims.

This program consists of four major work areas to minimize the City's exposure from liability claims and property losses:

- identification and assessment of risks and recommendations to reduce the frequency and size of potential losses;
- establishment and maintenance of a reserve fund to finance known and incurred losses and unreported losses within the City's self insured retention levels;
- purchasing insurance to fund catastrophic losses and losses above the City's retention levels; and
- managing all internal and external claims within the City's deductible levels and vendor services to handle those claims.

### **Transfers To and From Reserves**

Provides for the cost of holding municipal elections by making annual contributions to the Reserve for Elections from the operating program and recognizes any transfer to and from various Reserves and Reserve Funds, as required.

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### **Transfers to Capital**

Provides funds from the operating program to finance capital projects. The funds are transferred to the Capital Reserve Fund and are allocated from the reserve fund to projects approved in the Capital Program.

### **Workers' Compensation and Rehabilitation**

In 1978, the City transferred from a Schedule 1 to Schedule 2 employer status with the Workers' Compensation Board. As such, payment of compensation and expenses is made via the Workers' Compensation Reserve Fund rather than the Workers' Compensation Board. The program provides a clearing account for transactions affecting the Workers' Compensation Reserve Fund and the Employee Rehabilitation Program. It also provides for medical examinations and the City's medical doctor's fees

The following programs are related city-wide sources of income:

### **Enersource Dividend**

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

### **Investment Income**

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

- issued or guaranteed by the government/agency of Canada or the government/agency of a Canadian Province/territory;
- issued, guaranteed or endorsed by a Schedule I/Schedule II bank, trust/loan corporation or a credit union;
- issued or guaranteed by a municipality/school board in Canada, region in Ontario, Ontario conservation authority or the Municipal Finance Authority of British Columbia;
- One Fund money market; and

- Asset-backed securities, negotiable promissory notes or commercial paper.

Descriptions of the the taxation and Payments In Lieu of Taxes programs are as follows:

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

Provides for the payments by Federal, Provincial and Municipal governments and /or their respective enterprises in lieu of property taxes as well as payments in respect of universities, colleges and hospitals. The payments-in-lieu are made by these government bodies as their properties are classed as exempt from realty taxes. The payment provisions are provided for under various federal and provincial statutes.

### **Taxation**

Revenues are generated from various sources as follows:

- supplementary tax revenues under the Assessment Act. The Act provides for the correction of any error, omission or misstatement of the tax roll and the subsequent levy and collection of applicable taxes. It also provides for the addition to the tax roll of new buildings and the subsequent levy and collection of applicable taxes;
- revenue from the railway right of ways and Hydro corridor taxation revenues as per current legislation; and
- interest and penalties charged on unpaid taxes in accordance with the Municipal Act are added to the tax liability on the first day of default at a rate of 1.25 percent and on the first day of each calendar month thereafter in which default continues.

Rebates are available under various sections of the Municipal Act which the City offers as follows:

- vacancy rebates for owners of properties that have vacant portions if the property is in the commercial or industrial property tax class; and

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- rebates to charitable organization occupying commercial and industrial properties. This legislation allows for rebates of 40 percent of taxes payable.

Associated with the Business Improvements Area (BIA's) and Local Area Improvements:

- collections of special assessment taxation to meet the requirements of the three established BIA's in Clarkson, Port Credit and Streetsville.

Reductions in tax bills via various sources including:

- tax adjustments resulting from reductions in assessed property values through the assessment appeal process, tax appeals and reconsideration processes;
- new construction capping adjustments;
- striking off of uncollectible taxes; and
- exemption, at Council's discretion, for a maximum of 10 years, from property taxes excluding local improvement charges, Business Improvement Area charges and school taxes, for any premises owned or rented and used occupied as a memorial home, clubhouse or athletic grounds by persons who served in Her Majesty's armed forces.

Expenses associated with taxes payable on City owned/leased properties and fees requirement for the tax sale process.

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## 1.0 Past Achievements

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Award to the City of Mississauga for its annual budget for the fiscal year beginning January 1, 2010. The City of Mississauga has consecutively won the Distinguished Budget Presentation Award for 22 years.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. The City of Mississauga believes the 2011-2014 Business Plan and Budget continues to conform to program requirements, and it will be submitted to GFOA to determine its eligibility for another award.



## Proposed Changes

Due to the nature of Financial Transaction service, budget changes are focused on delivering on our existing services as shown in the following chart:

### Drivers of Operating Costs

Description (\$ 000's)	2011	2012	2013	2014
Prior Year Budget	(33,236)	(26,960)	(21,340)	(16,505)
<b>Base Changes &amp; Continuous Improvements</b>				
Base Changes	6,026	5,620	4,835	4,996
Impact of New Capital Projects	0	0	0	0
Efficiencies	0	0	0	0
Budget Reductions	0	0	0	0
<b>Total Changes to Base and Continuous Improvement</b>	<b>6,026</b>	<b>5,620</b>	<b>4,835</b>	<b>4,996</b>
<b>Total Cost to Deliver Our Existing Services</b>	<b>(27,210)</b>	<b>(21,340)</b>	<b>(16,505)</b>	<b>(11,509)</b>
<b>Proposed Changes</b>				
Growth Driven Initiatives	0	0	0	0
New Service Level/New Initiatives - Funded from Tax or Reserves *	250	0	0	0
New Revenues	0	0	0	0
<b>Total - Proposed Changes</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Budget</b>	<b>(26,960)</b>	<b>(21,340)</b>	<b>(16,505)</b>	<b>(11,509)</b>

\* Initiatives are budgeted in the Financial Transaction service but descriptions of budget requests are included in the Strategic Policy Service.

Note: Numbers may not balance due to rounding.

## 2.0 Base Changes

There are several adjustments to this base budget within the four year time frame. Highlights of the major changes are as follows:

- The City's 2010 Budget includes a provision for labour gapping savings which total \$5.0 million. In past years, the labour gapping was included in the Financial Transaction service budget. In 2011, the labour gapping has been allocated to departments and an unallocated balance of \$550,000 remains. There is no change to the 2011 Budget as these savings of \$4.45 million have been allocated to the various City services as follows:

Service	Allocation
Roads, Storm Drainage & Watercourses	\$263,400
Fire & Emergency Services	\$750,000
Mississauga Transit	\$1,116,200
Recreation & Parks	\$314,800
Mississauga Library	\$100,000
Land Development Services	\$419,800
Legislative Services	\$90,000
Regulatory Services	\$117,100
Facilities & Property Management	\$250,000
Strategic Policy	\$100,000
Information Technology	\$240,000
Business Services	\$420,000
Departmental Business Services	\$268,700

- The City's normal work year is 261 days while the 2011 Budget contains only 260 work days. This one day savings translates into approximately \$1.5 million in savings. These one-time savings will be transferred to the Reserve For Labour Settlement as it will be required in 2012;
- Labour and benefit assumptions changed late in the process resulting in savings of \$2.5 million which will be allocated out to all the services once the 2011 labour compensation decisions have been finalized;
- The 2011 Budget includes a net increase in the Payments in lieu of taxes (PILT) of \$1.0 million. The budget increase includes a rise in passenger count at Pearson International Airport based on the passenger growth in 2008 which translates into greater PILT revenue for the City. This amount is expected to decline in 2012 as the affects of the economic downturn are reflected in reduced air passenger travel; and
- A minimum Infrastructure Levy of 1 percent to narrow the infrastructure funding gap. Increases of \$3.0 million and \$3.1 million have been included in the 2011 and 2012 Budget, respectively.

### Highlights of Base Budget Changes

Description (\$ 000's)	2011	2012	2013	2014	Total Net Costs
Labour Gapping Savings transferred to departments	4,450				4,450
1% Infrastructure Levy	2,970	3,089	3,216	3,361	12,636
Transfer of 1 less working day to Reserve for Labour settlement	1,476				1,476
Vacancy Rebates	250	(150)	(100)	(100)	(100)
Increased Use of Credit Cards	125	100	100	100	425
Various other Changes	124	(69)	(81)	(65)	(91)
Job Evaluation	100	1,500	1,500	1,500	4,600
Insurance Premiums	100	100	100	100	400
WSIB Premiums	70	100	100	100	370
New Construction	(100)				(100)
Additional PILT Revenue	(1,000)	1,000			0
Revised labour and benefit assumptions	(2,539)	(450)			(2,989)
Reduction in Supplementary Taxes		1,000			1,000
Enersource Dividends		(600)			(600)
<b>Total Base Budget Highlights</b>	<b>6,026</b>	<b>5,620</b>	<b>4,835</b>	<b>4,996</b>	<b>21,477</b>

Note: Numbers may not balance due to rounding.

### 3.0 Proposed Changes

These proposed changes are budgeted within the Financial Transaction service but are part of the Strategic Policy service area. Once the Judicial Inquiry has issued its final recommendation, the implementation of these items will commence.

#### Increased Service Levels/New Initiatives - Funded from Tax

Description (\$ 000's)	BR #	FTE	2011	2012	2013	2014	Total Net Costs	Area of Focus	Strategic Pillar
Implementation of Recommendation of Judicial Inquiry*	282*	1.0	150				150		
Office of the Integrity Commissioner*	29*		100				100		
<b>Total Operating Budget Impact</b>		<b>1.0</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>		

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## 4.0 Budget

### 4 Year Budget and Forecast

(\$ 000's)	2010 Budget	2011 Budget	2012 Budget	2013 Forecast	2014 Forecast
Labour Costs	(2,295)	(145)	949	2,491	4,038
Other Operating Expenses	35,054	40,146	43,285	46,602	50,067
Total Costs	32,759	40,001	44,234	49,093	54,104
Total Revenues	(65,995)	(66,961)	(65,574)	(65,598)	(65,613)
<b>Net Cost</b>	<b>(33,236)</b>	<b>(26,960)</b>	<b>(21,340)</b>	<b>(16,505)</b>	<b>(11,509)</b>
<b>Allocations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net of Allocations</b>	<b>(33,236)</b>	<b>(26,960)</b>	<b>(21,340)</b>	<b>(16,505)</b>	<b>(11,509)</b>

Note: Numbers may not balance due to rounding.

## 2011 Net Budget by Program

Program Expenditures (\$ 000's)	2009 Actual	2010 Budget	2011 Base Budget	Base Change %	2011 Program Changes	2011 Request	2011 Change	2011 Change (%)
Bank and External Audit Charges	1,209	986	1,121	13.7	0	1,121	135	13.7
Benefits and Labour Package	1,046	1,075	233	(78.3)	0	233	(842)	(78.3)
Enersource Dividend Program	(10,380)	(8,300)	(8,300)	0.0	0	(8,300)	0	0.0
Insurance	7,590	3,783	3,883	2.6	0	3,883	100	2.6
Investment Income	(13,930)	(14,455)	(14,455)	0.0	0	(14,455)	0	0.0
Payments in Lieu of Taxes	(23,147)	(23,901)	(24,901)	(4.2)	0	(24,901)	(1,000)	(4.2)
Miscellaneous Revenue and Expense	(750)	368	431	16.9	250	681	312	84.8
Labour Gapping Savings	(2,515)	(5,000)	(550)	89.0	0	(550)	4,450	89.0
Taxation	(5,960)	(7,288)	(7,138)	2.1	0	(7,138)	150	2.1
Tourism	150	145	145	0.0	0	145	0	0.0
Transfer To and From Reserves	(2,049)	450	450	0.0	0	450	0	0.0
Workers' Compensation and Rehabilitation	1,433	180	180	0.0	0	180	0	0.0
Transfers to Capital	18,720	18,720	21,690	15.9	0	21,690	2,970	15.9
<b>Net Budget Impact</b>	<b>(28,583)</b>	<b>(33,236)</b>	<b>(27,210)</b>	<b>18.1%</b>	<b>250</b>	<b>(26,960)</b>	<b>6,276</b>	<b>18.9%</b>

Note: Numbers may not balance due to rounding.

## 2011 - 2014 Net Operating Budget by Program

<b>Program Expenditures (\$ 000's)</b>	<b>2011 Budget</b>	<b>2012 Budget</b>	<b>2013 Forecast</b>	<b>2014 Forecast</b>
Bank and External Audit Charges	1,121	1,208	1,284	1,373
Benefits and Labour Package	233	1,307	2,829	4,355
Enersource Dividend Program	(8,300)	(8,900)	(8,900)	(8,900)
Insurance	3,883	3,983	4,083	4,183
Investment Income	(14,455)	(14,455)	(14,455)	(14,455)
Payments in Lieu of Taxes	(24,901)	(23,901)	(23,901)	(23,901)
Miscellaneous Revenue and Expense	681	694	709	723
Labour Gapping Savings	(550)	(550)	(550)	(550)
Taxation	(7,138)	(6,288)	(6,388)	(6,488)
Tourism	145	145	145	145
Transfers To and From Reserves	450	456	463	469
Workers' Compensation Rehabilitation	180	180	180	180
Transfers to Capital	21,690	24,780	27,996	31,357
<b>Net Budget Impact</b>	<b>(26,960)</b>	<b>(21,340)</b>	<b>(16,505)</b>	<b>(11,509)</b>

Note: Numbers may not balance due to rounding.