

**Financial Transactions
Business Plan**

City of Mississauga

2012-2014 Update





Last year the City of Mississauga undertook an extensive process to create a four year, 2011 through 2014, detailed Business Plan and Budget. Approved in March 2011, the 2011-2014 Business Plan and 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 five strategic priorities. 2012 marks the second year of Mississauga's four year Business Plan and Budget. For this "Update Year" staff have 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 2011-2014 Business Plan and Budget and performance measurements. The complete 2011-2014 Business Plan and Budget can be found on the City's website.

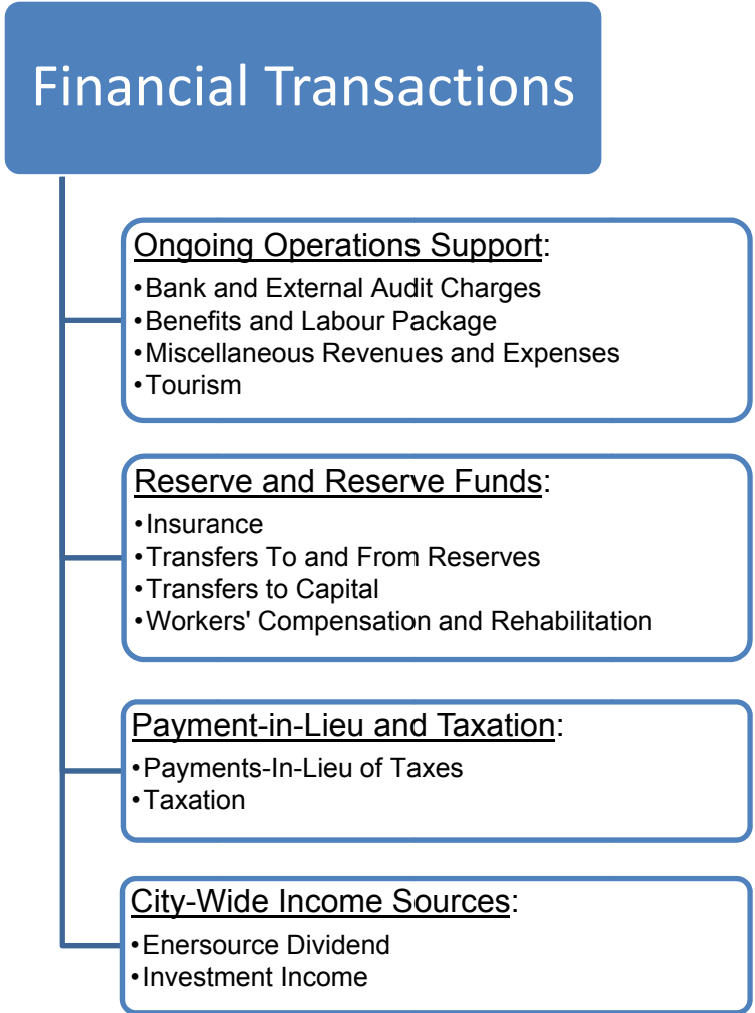
Table of Contents

1	Existing Core Services	2
1.1	Service Delivery Model.....	3
2	Updates & Accomplishments	6
3	Proposed Budget Summary.....	7

1 Existing Core Services

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

Financial transactions include 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 income.



1.1 Service Delivery Model

Ongoing Operations Support Programs

Bank and External Audit Charges

Provides for costs associated with all banking related services including: armoured car, night depository, satellite bank accounts, cheque reconciliation, payroll direct deposit, debit and credit card fees, and preauthorized tax payments and also provides for external audit fees.

Benefits and Labour Package

Provides for payments to former employees as follows: Fire and CUPE employees 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 for past service, certain employees 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 related adjustments.

Miscellaneous Revenues and Expenses

Provides for corporate income and expenditures not readily assignable to departments such as: discounts earned, vendor rebates, HST compensation, NSF recovery fees, miscellaneous one-time receipts and expenditures, executive search costs, certain memberships and 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.

Reserve and Reserve Fund Programs

Insurance

Provides for insurance policy premiums, recovery of claim costs within the City's self-insured limit, and allocation to the Insurance Reserve Fund to cover outstanding claims. The program consists of four major work areas:

- Risk identification, assessment and recommendations to reduce frequency and size of potential loss;
- Maintenance of reserve fund 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.

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 funding to the Capital Reserve Fund to finance future capital projects.

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, rather than by WSIB. This program provides for Workers' Compensation Reserve Fund contributions, the Employee Rehabilitation Program, medical examinations and the City's medical doctor's fees.

Taxation and Related Programs

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

Provides for revenues from various sources such as:

- Supplementary tax revenues as per the Assessment Act. The Act provides for the correction of any error, omission or misstatement of the tax roll, and the addition to the tax roll of new buildings and for the subsequent levy and collection of applicable taxes;
- Taxation revenues from railway right of ways and hydro corridors as per current legislation; and
- Interest, at a rate of 1.25 percent per month, and/or penalties on unpaid taxes, in accordance with the Municipal Act, are added to the tax liability on the first day of default, and on the first day of each calendar month thereafter in which default continues.

Provides for rebates as per the Municipal Act, where legislation allows for rebates of 30 to 40 percent of taxes payable, including:

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

Provides for Business Improvements Areas (BIA's) and Local Area Improvements 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
- Exemption, at Council's discretion, for a maximum of 10 years, from property taxes, excluding BIA, local improvement charges and school taxes, of 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.

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

City-Wide Income Source Programs

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 securities:

- Issued or guaranteed by a government/agency of Canada or government/agency of a Canadian Province/territory;
- Issued, guaranteed or endorsed by a Schedule I or Schedule II bank, trust/loan corporation or 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.

2 Updates & Accomplishments

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, 2011. The City of Mississauga has consecutively won the Distinguished Budget Presentation Award for 23 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 its 2012-2014 Business Plan and 2012 Budget continues to conform to program requirements, and it will be submitted to GFOA to determine its eligibility for another award.



3 Proposed Budget Summary

The following tables illustrate highlights of this service area's costs to maintain current service levels. A detailed description is provided in Appendix 1 of Volume 2.

Changes to Maintain Current Service Levels

Description (\$ 000's)	2012	2013	2014
Prior Year Budget	(24,893)	(25,964)	(25,988)
Increases/(Decreases) to Maintain Current Service Levels			
Labour and Benefits	(358)	0	0
Annualization of Previous Years Operating Cost Decisions	0	0	0
Cost Increases	(1,101)	0	0
Operating Impact of New Capital Projects	0	0	0
Efficiencies and Cost Savings	(100)	0	0
Current Revenue Changes	488	(24)	(1,015)
Total Changes to Maintain Current Service Levels	(1,072)	(24)	(1,015)
Total Cost to Maintain Current Services Levels	(25,964)	(25,988)	(27,003)

Note: Numbers may not balance due to rounding

Changes to Maintain Current Service Levels

Description (\$ 000's)	FTE	2012	2013	2014	Total Net Costs
Labour and Benefits					
Employment Insurance premium increase	0.0	106	0	0	106
Net decrease to labour costs	0.0	(351)	0	0	(351)
Other Changes	0.0	(113)	0	0	(113)
Cost Increases					
Banking Related Services Expenditure Increase	0.0	200	0	0	200
Liability Insurance Premium Increase	0.0	100	100	100	300
Vacancy Rebate Expenditure Increase	0.0	100	(100)	(100)	(100)
Seniors Rebate Expenditure Decrease	0.0	(250)	0	0	(250)
1 Extra Working Day Payroll Allocation to Departments	0.0	(1,476)	0	0	(1,476)
Other Changes	0.0	225	0	0	225
Efficiencies and Cost Savings					
Course & Conference Budget Reduction	0.0	(100)	0	0	(100)
Current Revenue Changes					
Payments in Lieu of Taxes	0.0	400	(1,000)	(1,000)	(1,600)
Supplementary Taxes	0.0	0	1,000	0	1,000
Other Changes	0.0	87	(24)	(15)	48
Total Changes to Maintain Current Service Levels	0	(1,071)	(24)	(1,015)	(2,110)

Note: Numbers may not balance due to rounding

2011 - 2014 Cost to Maintain Current Service Levels - Budget and Forecast

Description (\$ 000's)	2011 Budget	2012 Budget	2013 Forecast	2014 Forecast
Labour Costs	2,769	2,411	2,411	2,411
Other Operating Expenses	40,000	38,899	38,899	38,899
Total Costs	42,768	41,310	41,310	41,310
Total Revenues	(67,661)	(67,274)	(67,298)	(68,313)
Net Cost before Corporate Support Allocations	(24,893)	(25,964)	(25,988)	(27,003)
Corporate Support Allocations	0	0	0	0
Total Net Budget	(24,893)	(25,964)	(25,988)	(27,003)

Note: Numbers may not balance due to rounding.

2012 - 2014 Net Operating Budget by Program to Maintain Current Service Levels

Program Expenditures (\$ 000's)	2012 Budget	2013 Forecast	2014 Forecast
Bank & External Audit Charges	1,308	1,284	1,269
Benefits/Labour Package	1,369	1,369	1,369
Enersource Dividend Program	(9,000)	(9,000)	(9,000)
Insurance	3,983	4,083	4,183
Investment Income	(14,455)	(14,455)	(14,455)
Payments in Lieu of Taxes	(24,501)	(25,501)	(26,501)
Miscellaneous Revenue/Expense	464	464	464
Prior Years Surplus & Labour Savings	(550)	(550)	(550)
Taxation	(7,218)	(6,318)	(6,418)
Tourism	145	145	145
Reserves Transfer To & From	500	500	500
Transfer to WSIB Reserve	300	300	300
Contribution to Capital Reserve	21,690	21,690	21,690
Total Net Budget	(25,964)	(25,988)	(27,003)

Note: Numbers may not balance due to rounding.

Contribution to Capital does not reflect proposed 2012, 2013 and 2014 Infrastructure Levy and Debt Financing as presented and considered separately in the Budget recommendation. The values are as follows:

Infrastructure Levy	5,894	3,872	1,867
Debt Financing	478	3,042	5,753

2012 Net Operating Budget by Program to Maintain Current Service Levels

Program Expenditures (\$ 000's)	2010 Actual	2011 Budget	2012 Budget	Change %
Bank & External Audit Charges	1,284	1,121	1,308	16.7
Benefits and Labour Package	1,582	3,090	1,369	(55.7)
Enersource Dividend Program	(9,484)	(9,000)	(9,000)	0.0
Insurance	4,032	3,883	3,983	2.6
Investment Income	(14,560)	(14,455)	(14,455)	0.0
Payments in Lieu of Taxes	(23,347)	(24,901)	(24,501)	1.6
Miscellaneous Revenue and Expense	(792)	521	464	(11.1)
Prior Years Surplus & Labour Savings	0	(550)	(550)	0.0
Taxation	(12,508)	(7,138)	(7,218)	(1.1)
Tourism	148	145	145	0.0
Reserves Transfer To & From	7,861	450	500	11.1
Transfer to WSIB Reserve	170	250	300	20.0
Contribution to Capital Reserve	18,720	21,690	21,690	0.0
Total Net Budget	(26,893)	(24,893)	(25,964)	4.3%

Note: Numbers may not balance due to rounding.

Contribution to Capital does not reflect proposed 2012 Infrastructure Levy.