



Report to: General Committee

Date Report Authored: September 21, 2015

SUBJECT: 2015 July Year-To-Date Review of Operations and Year End Projection
PREPARED BY: Andrea Tang, Manager of Financial Planning

RECOMMENDATION:

- 1) THAT the report entitled “2015 July Year-To-Date Review of Operations and Year End Projection” be received.

EXECUTIVE SUMMARY:

Council approved the 2015 annual operating budget of \$324.33M on March 31, 2015 which includes the City’s primary operating budget including the Library operating budget, Planning & Design operating budget, Engineering operating budget, Building Standards operating budget and Waterworks operating budget.

This report provides an overview of the year-to-date actual operating budget results versus the calendarized 2015 operating budget as of July 31, 2015, and a forecast of the year-end results against the annual operating budget.

Primary Operating Budget (Appendix 1)

(Includes Library, excludes Planning & Design, Engineering, Building Standards and Waterworks)

All figures (actual, budget and variance) reflect year-to-date July results (January 1 to July 31).

Surplus (incl. winter maintenance): Actual \$37.64M – Budget \$36.35M = Favourable variance \$1.29M
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City operations YTD July surplus, excluding winter maintenance, was \$44.42M against a budget of \$42.83M, resulting in a favourable variance of \$1.59M. As noted above the net City operations, including winter maintenance, incurred a favourable variance of \$1.29M.

(\$ in millions)	YTD July 2015		Variance
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
Revenues	154.77	154.23	0.54
Expenses			
Personnel Expenses	65.11	66.20	1.09
Non-Personnel Expenses	45.24	45.20	(0.04)
Total Expenses	110.35	111.40	1.05
Surplus excluding winter maintenance	44.42	42.83	1.59
Winter Maintenance	6.78	6.48	(0.30)
Net surplus including winter maintenance	37.64	36.35	1.29

City's Surplus excluding winter maintenance**City's surplus excluding winter maintenance = Favourable variance \$1.59M**

The major variances are outlined in the chart below:

Revenues	Fav. / (Unfav.)		Expenditures	Fav. / (Unfav.)	
Investment Income	0.20	M	Salary & benefit costs	1.09	M
Federal and Provincial grants	0.18	M	Contracted Service Agreements	0.56	M
Theatre revenues (ticket sales, technical support services and rental)	0.18	M	Fuel (Gas & Diesel)	0.19	M
Licences & Permits	0.07	M	Waste collection	0.17	M
Parking violations	0.06	M	Theatre professional entertainment fees	(0.10)	M
Financial services admin fees & Legal fees	0.06	M	Property tax adjustments	(0.25)	M
Recreation revenue	(0.56)	M	Utilities & streetlight hydro	(0.57)	M
Other	0.35	M	Other	(0.04)	M
Total	0.54	M	Total	1.05	M

Winter Maintenance**Winter maintenance = Unfavourable variance (\$0.30M)**

The 2015 actual winter maintenance expenditures at the end of the July totaled \$6.78M against a budget of \$6.48M, resulting in an unfavourable variance of (\$0.30M). This marks a further unfavourable variance of (\$0.27M) from the March year-to-date results (\$0.03M) due to winter maintenance costs incurred in April.

The winter maintenance expenditures were unfavourable by (\$2.38M) (Actual \$7.97M, Budget \$5.59M) for the same period in 2014.

Year-End Projection including year-end accounting accruals and other adjustments

	Projected Year-End Variance
	Fav./ (Unfav.)
1. Primary operating budget	\$2.90M to \$3.90M
2. Year-end accounting accruals and other adjustments	<u>(\$1.60M)</u>
Total	\$1.30M to \$2.30M
3. Winter maintenance unfavourable variance	<u>(\$0.80M) to (\$0.30M)</u>
Surplus	\$0.50M to \$2.00M

Based on the July year-to-date results, Staff is projecting a favourable year-end variance (including year-end accounting accruals and other adjustments, and excluding winter maintenance) in the range of \$1.30M to \$2.30M.

The year-end projection includes a favourable variance in expenditures in the range of \$2.88M to \$3.57M, mainly due to favourable variances in net personnel costs from 44 net temporary vacancies. Other favourable variances include professional services, training, contract service agreements, operating material and supplies and corporate contingencies,

offset partially by unfavourable variances in utilities, property tax adjustments, fire overtime, and Theatre professional entertainment fees.

It is projected that the year-end revenue variance will range from favourable \$0.02M to \$0.33M due to higher Theatre professional entertainment ticket sales and provincial/federal grants, offset by unfavourable variance in Recreation revenue from aquatics, programs and facility rentals.

The City's year-end accounting accruals and other adjustments include Firefighters sick leave, 27th pay accrual, severance and salary continuance, and post retirement benefits. The 2015 year-end accounting accruals and other adjustments are estimated at a net cost of \$1.60M.

Winter maintenance operations is projected to have a year-end variance of (\$0.30M) to (\$0.80M), based on winter maintenance being on budget or 25% unfavourable for the last six weeks of the year. Staff recommends the winter maintenance unfavourable variance be funded from the Corporate Rate Stabilization Reserve.

Planning & Design (Appendix 3)

Actual \$0.86M – Budget (\$0.61M) = Favourable variance \$1.47M
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At the end of July, the Planning department incurred a surplus of \$0.86M against a budgeted deficit of (\$0.61M). The favourable variance of \$1.47M was mainly due to higher than budgeted Planning and Design fees by \$1.02M.

Year-End Projection:

Planning & Design is projecting a year-end surplus of \$0.10M to \$0.30M compared to a budgeted deficit of (\$0.96M). This will result in a transfer to reserves of \$0.10M to \$0.30M (a favourable variance to budget of \$1.06M to \$1.26M). The projected surplus is due to higher forecasted number of units registered through subdivision or site plan agreements, and favourable personnel variances due to continuation of 6 net average vacancies into year-end.

Engineering (Appendix 4)

Actual (\$0.55M) – Budget (\$2.10M) = Favourable variance \$1.55M
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At the end of July, the Engineering department incurred a deficit of (\$0.55M) against a budgeted deficit of (\$2.10M). The favourable variance of \$1.55M was mainly due to higher than budgeted Engineering fees.

Year-End Projection:

Engineering is projecting a year-end deficit of (\$0.10M) to a surplus of \$0.10M compared to a budgeted deficit of (\$1.48M). This will result in a reduced draw from reserves of (\$0.10M) or a transfer to reserves of \$0.10M. The projected variances are due to a

forecasted increase in the number of units registered through subdivision or site plan agreements.

Based on the above year end projection in Planning, Design and Engineering, the reserve is anticipated to be in a deficit position of (\$9.38M) to (\$8.98M) at year-end (see Appendix 5).

Building Standards (Appendix 6)

Actual (\$0.48M) – Budget (\$0.90M) = Favourable variance \$0.42M
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At the end of July, the Building Standards department incurred a deficit of (\$0.48M) against a budgeted deficit of (\$0.90M). The favourable variance of \$0.42M was mainly due to a higher number of building permits being issued.

Year-End Projection:

Staff is projecting a year-end deficit of (\$1.40M) compared to a budgeted deficit of (\$1.46M). This will result in a reduced draw from reserves of (\$1.40M). The change is due to 6 average net full-time vacancies offset by unfavourable building permit fees.

Based on the above year end projection in Building Services, the balance of the reserve is anticipated to be \$10.04M at year-end (see Appendix 7).

Waterworks (Appendix 8)

Actual \$4.99M – Budget \$6.20M = Unfavourable variance (\$1.22M)
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At the end of July, the Waterworks department incurred a surplus of \$4.99M against a budgeted surplus of \$6.20M. The main drivers for the unfavourable variance of (\$1.22M) were as follows:

- Higher purchases due to higher than budgeted water sales and higher non-revenue water (June year-to-date actual non-revenue water (NRW) was 13.9% compared to a budget of 11%) resulting in an unfavourable “net sales and purchases” variance of \$1.38M; offset by
- Higher than budgeted water meter installations at new sub-divisions resulting in a favourable variance of \$0.07M;
- Lower personnel costs resulting in a favourable variance of \$0.07M due to an average of five net vacancies.

Staff will continue to monitor the NRW as the June year-to-date NRW of 13.9% was high when compared to the same period last year.

Year-End Projection:

Upon budget approval, the budgeted surplus of \$13.60M was transferred to the Waterworks reserve. Based on the July year-to-date results, Waterworks is projecting a year end surplus in the range of \$12.1M to \$12.60M. This will result in a draw from reserve in the range of (\$1.00M) to (\$1.50M).

The Waterworks reserve balance is projected to be between \$41.58M and \$42.08M at year-end (see Appendix 9).

PURPOSE:

To report on the year-to-date actual 2015 operating budget results versus the budgeted 2015 operating budget as at July 31, 2015, and to provide year-end projections against the annual budgets.

BACKGROUND:

Council approved the 2015 annual operating budget of \$324.33M on March 31, 2015 which includes the City's primary operating budget, Library operating budget, Planning & Design operating budget, Engineering operating budget, Building Standards operating budget and Waterworks operating budget. The primary operating budget is mainly tax funded to support the City's day-to-day operations.

The Planning & Design, Engineering, Building Standards and Waterworks operating budgets are primarily user fee funded, including planning and engineering fees, building permit fees and water billings. Separate reserves have been established to support the department's day-to-day operations and capital programs.

The year to date operating budget is calendarized based on available current year information, historical spending patterns and trends and future projections. The intent and focus of this report is to communicate actual performance against the annual plan and to highlight variances.

All budgets are monitored on a monthly basis and departments provide details of material variances (actual to budget). The variances are reviewed, substantiated and summarized by the Financial Planning department.

This report provides a variance analysis by:

1. City's primary operating budget by Commission/Department; and
2. City's primary operating budget by major accounts

DISCUSSION:**1. CITY'S PRIMARY OPERATING BUDGET BY COMMISSION/DEPARTMENT**

Net results (revenues – expenses) for the seven months ended July 31, 2015 by each Commission and Department, summarized by personnel expenditures, non-personnel expenditures and revenues, are provided in Appendices 10 to 13.

The following table is a summary of all commissions year-to-date July results:

<u>Commission</u>	<u>YTD July 2015</u>		<u>Variance</u>
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
CAO's Office, Human Resources, Legal and Sustainability Office	3.27	3.39	0.12
Community & Fire Services (excl. winter maintenance)	52.63	53.39	0.76
Corporate Services	8.09	8.93	0.84
Development Services	1.60	1.67	0.07
Corporate Items	(110.01)	(110.21)	(0.20)
Net Expense/ (Revenue)	(44.42)	(42.83)	1.59

Explanations for variances greater than \$0.10M by each Commission and Department are provided on the following pages.

CAO's Office, Human Resources, Legal and Sustainability Office (Appendix 10)

<u>Department</u>	<u>YTD July 2015</u>		<u>Variance</u>
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
CAO's Office	0.56	0.59	0.03
Human Resources	1.74	1.71	(0.03)
Legal	0.82	0.86	0.04
Sustainability Office	0.15	0.23	0.08
Net Expense	3.27	3.39	0.12

There were no variances greater than \$0.10M.

Community and Fire Services – excluding winter maintenance (Appendix 11)

<u>Department</u>	<u>YTD July 2015</u>		<u>Variance</u> <u>fav./(unfav.)</u>
	<u>Actual</u>	<u>Budget</u>	
Arts Centre	0.38	0.35	(0.03)
Museum	0.47	0.44	(0.03)
Theatre	0.34	0.42	0.08
Culture Admin	0.27	0.25	(0.02)
Operations	10.67	11.01	0.34
Asset Management	4.29	4.79	0.50
Fire Services	19.50	19.30	(0.20)
Library	6.49	6.64	0.15
Recreation Services	5.40	5.28	(0.12)
Waste	4.39	4.48	0.09
Commissioner's Office	0.43	0.43	0.00
<u>Net Expense</u>	<u>52.63</u>	<u>53.39</u>	<u>0.76</u>

Operations (Actual \$10.67M – Budget \$11.01M = Variance \$0.34M)

Favourable variance mainly due to eight net vacancies.

Asset Management (Actual \$4.29M – Budget \$4.79M = Variance \$0.50M)

Favourable variance mainly due to four net vacancies \$0.28M, streetlight hydro \$0.11M, and streetlight and other maintenance \$0.10M.

Fire Services (Actual \$19.49M – Budget \$19.30M = Variance (\$0.19M))

Unfavourable variance mainly due to overtime (\$0.55M) to cover for absences, offset by a favourable full-time variance of \$0.40M.

Library (Actual \$6.49M – Budget \$6.65M = Variance \$0.16M)

Favourable variance mainly due to four net vacancies.

Recreation (Actual \$5.40M – Budget \$5.28M = Variance (\$0.12M))

Recreation revenues were unfavourable by (\$0.56M). The unfavourable variance improved in the month of August by \$0.30M primarily as a result of high participation at camps. The YTD unfavourable variance in revenue was primarily offset by lower personnel costs.

Corporate Services (Appendix 12)

<u>Department</u>	<u>YTD July 2015</u>		Variance
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
Legislative Services	1.44	1.63	0.19
Financial Services	1.83	2.23	0.40
ITS	3.85	4.03	0.18
Corp. Communications & Community Engagement	0.77	0.82	0.05
Commissioner's Office	0.20	0.22	0.02
Net Expense	8.09	8.93	0.84

Legislative Services (Actual \$1.44M – Budget \$1.63M = Variance \$0.20M)

Favourable variance mainly due to higher taxi, business and other licence revenues totaling \$0.07M, parking violations revenue \$0.06M and lower materials and supplies expenditures \$0.05M.

Financial Services (Actual \$1.83M – Budget \$2.23M = Variance \$0.40M)

Favourable variance mainly due to five net vacancies.

ITS (Actual \$3.85M – Budget \$4.03M = Variance \$0.18M)

Favourable variance mainly due to three net vacancies.

Development Services (Appendix 13)

<u>Department</u>	<u>YTD July 2015</u>		Variance
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
Economic Development	0.94	0.99	0.05
Commissioner's Office	0.66	0.68	0.02
Net Expense	1.60	1.67	0.07

There were no variances greater than \$0.10M.

Corporate Items

<u>Department</u>	<u>YTD July 2015</u>		Variance
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
Corporate Items	(110.01)	(110.21)	(0.20)
Net Revenue	(110.01)	(110.21)	(0.20)

The unfavourable variance is mainly due to property tax adjustments (\$0.25M) due to an acceleration in the processing of Assessment Review Board (ARB) cases in an effort to eliminate backlog as previously communicated in 2014.

2. CITY'S PRIMARY OPERATING BUDGET BY MAJOR ACCOUNTS (excl. winter maintenance)

(\$ in millions)	<u>YTD July 2015</u>		Variance
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
Revenues	154.77	154.23	0.54
Expenses			
Personnel Expenses	65.11	66.20	1.09
Non-Personnel Expenses	45.24	45.20	(0.04)
Total Expenses	110.35	111.40	1.05
Surplus excluding winter maintenance	44.42	42.83	1.59

At the end of July the actual operating results, excluding winter maintenance, against budget netted a favourable variance of \$1.59M and the breakdown is as follows:

REVENUES

At the end of July, revenues totalled \$154.77M against a budget of \$154.23M resulting in a favourable variance of \$0.54M (100.4% of budget).

Revenues	Actual	Budget	Fav./(Unfav.)
Property Taxation Revenues	\$ 123.21 M	\$ 123.29 M	(\$ 0.08) M
General Revenues	\$ 13.35 M	\$ 13.03 M	\$ 0.32 M
User Fees & Service Charges	\$ 14.30 M	\$ 14.44 M	(\$0.14) M
Grant & Subsidy Revenues	\$ 0.85 M	\$ 0.67 M	\$ 0.18 M
Other Income	\$ 3.06 M	\$ 2.80 M	\$ 0.26 M
Net Variance	\$ 154.77 M	\$ 154.23 M	\$ 0.54 M

Property Taxation Revenues (Actual \$123.21M – Budget \$123.29M = Variance (\$0.08M))
Property taxation revenue includes property taxes (budget \$122.24M) and payments-in-lieu of taxes (budget \$1.05M).

General Revenues (Actual \$13.35M – Budget \$13.03M = Variance \$0.32M)

The general revenues YTD budget of \$13.03M includes investment income (budget \$8.16M), interest and penalties on property taxes (budget \$2.13M), business, taxi, marriage and other licences (budget \$1.15M), and parking fines (budget \$1.43M).

General revenues also include PowerStream interest and dividends (YTD budget \$2.31M) with a corresponding transfer in expenditures to the Life Cycle Replacement and Capital Reserve Fund. At year-end, a net \$1.00M is retained in the Operating Budget from PowerStream interest and dividends.

YTD general revenues totaled \$13.35M at the end of July against a YTD budget of \$13.03M. The main driver for the favourable variance of \$0.32M was due to higher investment income of \$0.20M (actual \$8.36M, budget \$8.16M) resulting from a higher

portfolio balance \$0.10M and higher rate of return \$0.10M, licences and permits (taxi, business and other licences) \$0.07M, and parking violations of \$0.06M. Investment income is forecasted to be on budget at year-end.

User Fees and Service Charges (Actual \$14.30M – Budget \$14.44M = Variance (\$0.14M))

The user fees and services charges YTD budget of \$14.44M includes revenues from programs offered by Recreation, Culture Services and Library departments and service fees such as new property tax account set-up fees, ownership change administrative fees and utility permit fees (budget \$10.22M), and facility rentals for arenas, pools, gym and halls (budget \$4.22M).

User fees and service charges were unfavourable by (\$0.14M), the main drivers of which were:

Recreation

Recreation revenues were unfavourable by (\$0.56M) (actual \$11.04M, budget \$11.60M) mainly in aquatics (\$0.19M) and facility rentals (\$0.16M) and programs (\$0.12M). The unfavourable variance improved in the month of August by \$0.30M primarily as a result of high participation at camps. The YTD unfavourable variance in revenue was primarily offset by lower personnel costs for a net unfavourable variance of (\$0.12M).

Theatre

Theatre revenues were favourable by \$0.18M (actual \$1.34M, budget \$1.16M) primarily due to higher ticket sales in the professional entertainment series \$0.06M, higher technical support services \$0.04M and higher program registration \$0.04M.

The favourable variance in revenue is partially offset by higher personnel and non-personnel costs resulting in a net favourable variance of \$0.08M.

Grants & Subsidy Revenues (Actual \$0.85M – Budget \$0.67M = Variance \$0.18M)

The YTD budget includes provincial and federal grants of \$0.67M. The favourable variance of \$0.18M resulted from the receipt of one-time federal and provincial grants.

Other Income (Actual \$3.06M – Budget \$2.80M = Variance \$0.26M)

The favourable variance of \$0.26M resulted primarily from solar panel revenue of \$0.08M, financial services administrative and legal fees of \$0.06M, sportsfield hydro recoveries of \$0.05M, and other items from various departments.

PERSONNEL EXPENDITURES

At the end of July, personnel expenditures were favourable by \$1.09M, 98.4% of budget.

Personnel	Actual	Budget	Fav./(Unfav.)
Full time net of vacancy backfills and part time salaries	\$63.56 M	\$65.21 M	\$1.65 M
Overtime and other personnel costs	\$1.55 M	\$0.99 M	(\$0.56 M)
Total	\$65.11 M	\$66.20 M	\$1.09 M

At the end of July, there were 52 net temporary vacancies (of which 10 were vacancies from approved leaves of absence and secondments) resulting in a favourable variance of \$2.31M. This was offset by full year budgeted salary gapping of (\$0.46M) and an unfavourable variance of (\$0.20M) in part-time salaries (with partial offset in revenues \$0.08M) netting a favourable variance of \$1.65M.

Overtime and other personnel costs were unfavourable by (\$0.56M) mainly due to coverage for absences in the Fire Department (offset by a corresponding favourable full-time variance of \$0.40M).

NON-PERSONNEL EXPENDITURES

At the end of July, non personnel expenditures were unfavourable by (\$0.04M) (100.1% of budget):

Non Personnel Items	Actual	Budget	Fav./(Unfav.)
Materials & Supplies	\$ 3.20 M	\$ 3.30 M	\$ 0.10 M
Purchased Services	\$ 19.87 M	\$ 19.83 M	(\$0.04) M
Transfers to Reserves	\$ 20.58 M	\$ 20.58 M	\$ 0.00 M
Other Expenditures	\$ 1.59 M	\$ 1.49 M	(\$0.10) M
Total	\$ 45.24 M	\$ 45.20 M	(\$0.04) M

Materials & Supplies (Actual \$3.20M – Budget \$3.30M = Variance \$0.10M)

Materials & supplies YTD budget of \$3.30M includes facility maintenance supplies, uniforms, recreation and other program supplies (budget \$1.47M), vehicle supplies such as fuel and repair parts (budget \$1.00M), and printing and office supplies (budget \$0.36M).

Materials & supplies were favourable by \$0.10M mainly in fuel (gas and diesel) \$0.19M and office supplies \$0.06M offset by unfavourable variances in vehicle parts (\$0.09M) and various other items from various departments.

Purchased Services (Actual \$19.87M – Budget \$19.83M = Variance (\$0.04M))

Purchased services YTD budget of \$19.83M includes utilities and streetlight hydro (budget \$5.25M), waste collection (budget \$4.59M), contract service agreements such as facility maintenance, computer hardware and software agreements/licences, and asphalt repairs (budget \$3.99M), insurance (budget \$1.59M), professional services such as Theatre artist/entertainer fees, school crossing guards and external legal services (budget \$1.42M).

Purchased Services were unfavourable (\$0.04M) mainly due to:

- (\$0.57M) unfavourable from utilities and streetlight hydro
- (\$0.13M) unfavourable from asphalt repairs and traffic signal maintenance

Offset by:

- \$0.56M favourable in contract service agreements
- \$0.17M favourable in waste collection

Details of the above mentioned items are as follows:

Utilities and Streetlight Hydro had an unfavourable variance of (\$0.57M) which is broken down by the following items:

- Hydro and MDE utilities was unfavourable by (\$0.47M) driven by volume (\$0.40M) and price (\$0.07M). A further breakdown of the volume unfavourable variance is as follows:
 - The 2015 budget included insufficient budget for the following facilities: Cornell CC&L (\$0.09M), Civic Centre (\$0.09M), 8100 Warden Ave (\$0.03M) totaling (\$0.21M)
 - The budget for Pan Am was developed based on the budget for Cornell Community Centre & Library. However, the actual costs are higher due to the different amenities at these facilities resulting in an unfavourable variance of (\$0.14M) which will be addressed in the 2016 Budget.
- Natural gas was unfavourable (\$0.06M) due to higher prices than budgeted

Other unfavourable variances totalled (\$0.13M) includes timing of asphalt repairs earlier in the year than anticipated and traffic signal maintenance due to higher volume of utility locates.

These unfavourable variances are partially offset by:

- \$0.56M favourable variance in contract service agreements such as facility maintenance, computer hardware and software agreements/licences
- \$0.17M favourable variance in waste collection mainly due to lower waste tonnage (actual \$4.42M, budget \$4.59M).

Transfers to Reserves (Actual \$20.58M – Budget \$20.58M = Variance \$0.00M)

The Life Cycle Replacement and Capital Reserve Fund comprises the majority of this item (budget \$20.58M).

Other Expenditures (Actual \$1.59M – Budget \$1.49M = Variance \$0.10M)

Other expenditures YTD budget of \$1.49M includes property tax adjustments and property vacancy rebates (budget \$0.43M), Celebrate Markham grants (budget \$0.37M), and corporate contingency (budget nil).

Other expenditures were unfavourable (\$0.10M) at the end of July due to property tax adjustments (\$0.25M) offset by multiple favourable variances less than \$0.05M.

Property tax adjustments are anticipated to be unfavourable by (\$0.79M) at year-end due to an acceleration in the processing of Assessment Review Board (ARB) cases in an effort to eliminate backlog as previously communicated in 2014. This projection has been included in the year-end forecast for operations as part of this report.

YEAR-END PROJECTION
Primary Operating Budget Including Year-End Accounting Adjustments

	Projected Year-End Variance
	Fav./(Unfav.)
1. Primary operating budget	\$2.90M to \$3.90M
2. Year-end accounting accruals and other adjustments	(\$1.60M)
Total	\$1.30M to \$2.30M
3. Winter maintenance unfavourable variance	(\$0.80M) to (\$0.30M)
Surplus	\$0.50M to \$2.00M

Staff monitors the month and YTD results from operations closely to identify any risks to achieving a balanced budget, and opportunities for generating a surplus to offset the year-end accounting accruals and other adjustments.

Based on the July year-to-date results, Staff is projecting a favourable year-end variance (including year-end accounting adjustment and excluding winter maintenance) in the range of \$1.30M to \$2.30M.

The City's year-end accounting accruals and other adjustments include Firefighters sick leave, 27th pay accrual, severance and salary continuance, and post retirement benefits. The 2015 year-end accounting adjustments are estimated at a net of \$1.60M.

Winter Maintenance Operations

Winter maintenance operations is projected to have a year-end variance of (\$0.30M) to (\$0.80M), based on winter maintenance being on budget or 25% unfavourable for the last six weeks of the year. Staff recommends the winter maintenance unfavourable variance be funded from the Corporate Rate Stabilization Reserve.

Planning & Design

Planning & Design is projecting a year-end surplus of \$0.10M to \$0.30M compared to a budgeted deficit of (\$0.96M). This will result in a transfer to reserves of \$0.10M to \$0.30M (a favourable variance to budget of \$1.06M to \$1.26M). The projected surplus is due to higher forecasted number of units registered through subdivision or site plan agreements and favourable personnel variances due to continuation of 6 net average vacancies into year-end.

Engineering

Engineering is projecting a year-end deficit of (\$0.10M) to a surplus of \$0.10M compared to a budgeted deficit of (\$1.48M). This will result in a reduced draw from reserves of (\$0.10M) or a transfer to reserves of \$0.10M. The projected variances are due to a forecasted increase in the number of units registered through subdivision or site plan agreements.

Based on the above year end projection in Planning, Design and Engineering, the reserve is anticipated to be in a deficit position of (\$9.38M) to (\$9.98M) at year-end (see Appendix 5).

Building Standards

Staff is projecting a year-end deficit of (\$1.40M) compared to a budgeted deficit of (\$1.46M). This will result in a reduced draw from reserves of (\$1.40M). The change is due to 6 average net full-time vacancies offset by unfavourable building permit fees.

Based on the above year end projection in Building Services, the balance of the reserve is anticipated to be \$10.04M at year-end (see Appendix 7).

Waterworks

Upon budget approval, the budgeted surplus of \$13.60M was transferred to the Waterworks reserve. Based on the July year-to-date results, Waterworks is projected to be in the range of unfavourable (\$1.00M) to (\$1.50M) at year end.

The year-end Waterworks reserve balance is projected to be between \$41.58M and \$42.08M at year-end (see Appendix 9).

FINANCIAL CONSIDERATIONS:

Staff will continue to monitor the results of Operations each month, and provide an updated year-end projection as part of the September 2015 year-to-date review of operations to be brought forward to General Committee in November 2015.

RECOMMENDED

18/09/2015


X

Joel Lustig
Treasurer

18/09/2015


X

Trinela Cane
Commissioner, Corporate Services**ATTACHMENTS:****[Appendices 1 to 13:](#)**

Appendix 1 – Primary Operating Budget - Financial Results for the Seven Months Ended July 31, 2015

Appendix 2 – Library Operating Budget - Financial Results for the Seven Months Ended July 31, 2015

Appendix 3 – Planning & Design Operating Budget - Financial Results for the Seven Months Ended July 31, 2015

Appendix 4 – Engineering Operating Budget - Financial Results for the Seven Months Ended July 31, 2015

Appendix 5 – Planning & Engineering Development Fee Reserve Balance as at July 31, 2015

Appendix 6 – Building Standards Operating Budget - Financial Results for the Seven Months Ended July 31, 2015

Appendix 7 – Building Fee Reserve Balance as at July 31, 2015

Appendix 8 – Waterworks Operating Budget - Financial Results for the Seven Months Ended July 31, 2015

Appendix 9 – Building Fee Reserve Balance as at July 31, 2015

Appendix 10 – Variances by Commission and Department for the seven months ended July 31, 2015– CAO's Office, Human Resources, Legal and Sustainability

Appendix 11 – Variances by Commission and Department for the seven months ended July 31, 2015– Community and Fire Services

Appendix 12 – Variances by Commission and Department for the seven months ended July 31, 2015– Corporate Services

Appendix 13 – Variances by Commission and Department for the seven months ended July 31, 2015– Development Services