

## **COMMITTEE OF THE WHOLE (WORKING SESSION) - DECEMBER 18, 2001**

### **THIRD QUARTER OPERATING RESULTS - 2001**

#### **Recommendation**

The Director of Finance in consultation with the Commissioner of Corporate Services/Treasurer recommends:

#### **Purpose**

That the following 2001 Third Quarter Operating report be received for information purposes.

#### **Background - Analysis and Options**

The September third quarter variance analysis attached compares actual operating results for the first nine months of 2001 to the year-to-date operating budget. The year-to-date budget presented in this report was based on spending patterns of last year. This review is prepared on a partial accrual basis that is, only large revenue streams or expenditures incurred have been accrued. This report provides the current status of both departmental and corporate expenses and revenues for the nine-month period ending September 30, relative to the 2001 year-to-date operating budget.

The combined excess of revenues over expenses (balances transferred to reserves) is not directly indicative of the final year-end results.

#### **Third Quarter Ahead of Budget**

At the end of the third quarter, as shown below, the excess of revenues over expenses is \$2.2m. This result is made up of revenues exceeding budget by \$495,000 or 0.5% and expenses that are below budget by \$1.7m or 2.2%. This difference represents a 2.2% positive variance from the year-to-date budget and the main factors giving rise to the variance are summarized below:

Revenues	
PIL's (Payments in Lieu of Taxes)	0.3
Planning Revenues	(0.6)
Investment Income	0.7
Other	<u>0.1</u>
	0.5
Expenditures	<u>1.7</u>
Year-to-Date Revenues Net of Expenses	<u>\$2.2M</u>

#### **Revenue**

Actual Revenues shown below are at \$84.2m as of September 2001, \$495,000 over year-to-date budget of \$83.7m. The majority of the second quarter revenue increase is in corporate revenues and grants-in-lieu of taxes however this increase was reduced somewhat by planning revenues that are below budget at this point.

Below is a summary of the Revenues as of September 30, 2001.

(Millions)	2001 Budget	YTD Budget	2001 Actual	Variance
	\$	\$	\$	\$
Taxation / Supplemental Reserve	59.9	48.3	48.3	0.0
Fees & Services	8.8	6.6	6.6	(0.0)
Corporate	28.4	20.7	20.2	(0.5)
Grant-in-Lieu / Other	7.6	5.1	5.7	0.6
	<u>5.4</u>	<u>3.0</u>	<u>3.4</u>	<u>0.4</u>
	110.1	83.7	84.2	0.5

### Taxation

Property tax revenue of \$48.3m represents the interim and final billing for residential and the interim billing for commercial & industrial properties. The final residential property tax billing was issued in July 2001. The final commercial & industrial property tax billing was issued in October 2001.

### Supplemental Taxes

Supplemental taxes represent those taxes billed annually for newly constructed properties that were not placed on the roll at the beginning of the year. Supplemental taxes have not been billed as yet. These bills will be issued in the fourth quarter.

### Grant-in-Lieu

The grant-in-lieu revenue is the final property tax billings for Provincial, Federal, Hydro, Railway lands and Regional properties. The majority of the Grant-in-lieu billings will be issued in the fourth quarter.

### Reserves & Corporate Revenue

Reserves of \$6.5m are booked based on the year-to-date budget.

Corporate revenues are currently at \$5.6m and exceed the year-to-date budget of \$542,000. Fines and penalty charges of \$2.3m and is under budget by \$188,000. Interest income is currently at \$2.9m and exceeds the YTD budget by \$702,000. This is the result of a stronger than expected cash position. The balance of corporate revenues are close to target.

### Fees and Service Charges

Fees and service charges total \$20.2m at the third quarter mark and are just under year-to-date budget by \$399,000 or 1.9%. Building Standards permit revenue exceeds the year-to-date budget. This is the result of the continued growth in residential, commercial and industrial development in the City. The City's development reflects a continued strong Provincial and GTA economy. The building permit revenue, excess over budget at year-end is placed in a new reserve established to assist in stabilizing the tax rate in future years when building permits start to decline.

Highlights of other fees and service charges are as follows: Planning revenue at \$606,000 is lower than the year-to-date budget of \$1,260,960; Engineering revenue of \$644,930 is higher than the year-to-date budget of \$448,000; Recreation revenue at \$6.7m is on target when compared to year-to-date budget of \$5.4m; By-law revenues \$596,000 is on target when compared to year-to-date budget of \$559,000. Plumbing permits revenue at \$823,000 is higher when compared to year-to-date budget of \$580,000.

## **Expenditures**

Actual departmental expenditures as shown below total \$67.8m for the first nine months and are below when compared to the calendarized budget of \$69.3m a variance of \$1.5m or 2.1%. The majority of the departments are below budget at this point as a result of a delay in the hiring of staff. The balance of the non-salary expenditures consists of a multitude of contracts for road and building maintenance, winter control, other contracts, supplies and services.

Corporate expenditures as shown below include debenture payments, professional fees, reserve contributions, etc. and are close to target currently at \$4.5m.

(Millions)	2001 Budget \$	YTD Budget \$	2001 Actual \$	Variance \$	Percentage %
Departmental	94.7	69.3	67.8	1.5	2.1
Corporate	7.6	4.8	4.5	0.3	5.5
Contingency	2.3	0.2	0.2	0.0	---
Capital / Revenue	<u>5.5</u>	<u>4.1</u>	<u>4.1</u>	<u>0.0</u>	<u>---</u>
	110.1	78.4	76.6	1.8	2.2

## **Conclusion**

Based on the year-to-date budget for the Third Quarter of 2001, the excess of revenue over expenses is \$2.2m. This represents a 2.2% positive variance to-date. The actual year-end variance may be different. Any year-end balance will be transferred as per the City's policy to the appropriate reserves.

## **Attachments**

2001 Third Quarter Variance Analysis

### **Report prepared by:**

Barry Jackson, Director of Finance, ext. 8272

Respectfully submitted,

Barry Jackson, CGA  
Director of Finance

**CITY OF VAUGHAN**  
**2001 OPERATING BUDGET**  
**THIRD QUARTER VARIANCE ANALYSIS**

**TABLE OF CONTENTS**

	<b><u>Page #</u></b>
Revenue / Expenditure Summary	1
Revenue by Major Source	2
Revenue by Major Source - Finance Revenue Detail	3
Expense by Major Category	4
Corporate and Election Expense - Details	5

**CITY OF VAUGHAN  
2001 OPERATING BUDGET  
THIRD QUARTER REPORT**

**REVENUE / EXPENDITURE SUMMARY**

	2001 ANNUAL BUDGET	2001 YTD BUDGET AS AT SEPT 30/01	2001 YTD ACTUAL AS AT SEPT 30/01	2001 ACT / 2001 BUD VARIANCE FAV./ (UNFAV.) \$	2001 ACT / 2001 BUD VARIANCE FAV./ (UNFAV.) %
<b>REVENUES:</b>					
GENERAL TAXATION	56,433,280	48,327,150	48,327,150	0	0.00%
SUPPLEMENTAL TAXATION	3,400,000	0	0	0	0.00%
GRANTS IN LIEU / OTHER	1,943,235	373,235	721,075	347,840	93.20%
RESERVES	8,779,210	6,565,520	6,569,580	4,060	0.06%
CORPORATE	7,645,475	5,145,900	5,688,285	542,385	10.54%
FEES AND SERVICE CHARGES	28,490,700	20,675,410	20,276,345	(399,065)	-1.93%
PRIOR YEAR'S SURPLUS CARRYFORWARD TO REDUCE 2001 TAX LEVY	3,500,000	2,625,000	2,625,000	0	0.00%
<b>TOTAL REVENUES</b>	<b>110,191,900</b>	<b>83,712,215</b>	<b>84,207,435</b>	<b>495,220</b>	<b>0.59%</b>
<b>EXPENDITURES:</b>					
DEPARTMENTAL	94,705,805	69,332,130	67,849,245	1,482,885	2.14%
CORPORATE	7,581,755	4,772,115	4,516,070	256,045	5.37%
CONTINGENCY	2,382,340	200,000	177,255	22,745	11.37%
CAPITAL / REVENUE	5,522,000	4,139,510	4,139,510	(0)	0.00%
<b>TOTAL EXPENDITURES</b>	<b>110,191,900</b>	<b>78,443,755</b>	<b>76,682,080</b>	<b>1,761,675</b>	<b>2.25%</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>0</b>	<b>5,268,460</b>	<b>7,525,355</b>	<b>2,256,895</b>	

# CITY OF VAUGHAN 2001 OPERATING BUDGET THIRD QUARTER REPORT

## REVENUE BY MAJOR SOURCE FINANCE REVENUE DETAIL

	2001 ANNUAL BUDGET	2001 YTD BUDGET AS AT SEPT 30/01	2001 YTD ACTUAL AS AT SEPT 30/01	2001 ACT / 2001 BUD VARIANCE FAV./ (UNFAV.) \$	2001 ACT / 2001 BUD VARIANCE FAV./ (UNFAV.) %
<b>FINANCE REVENUE DETAIL :</b>					
FINES & PENALTIES	3,700,000	2,546,145	2,357,270	(188,875)	-7.42%
TAX CERTIFICATES	260,000	194,995	163,540	(31,455)	-16.13%
INTEREST INCOME	3,000,000	2,249,910	2,951,990	702,080	31.20%
PROVINCIAL OFFENSES ACT	479,000	0	0	0	0.00%
MISCELLANEOUS REVENUE	166,475	124,850	127,405	2,555	2.05%
PURCHASING	25,000	18,750	78,390	59,640	318.08%
CAPITAL ADMIN. REVENUE	15,000	11,250	9,690	(1,560)	-13.87%
<b>TOTAL FINANCE REVENUE</b>	<b>7,645,475</b>	<b>5,145,900</b>	<b>5,688,285</b>	<b>542,385</b>	<b>10.54%</b>

**CITY OF VAUGHAN  
2001 OPERATING BUDGET  
THIRD QUARTER REPORT**

**CORPORATE AND ELECTION EXPENSES - DETAILS**

	2001 ANNUAL BUDGET	2001 YTD BUDGET AS AT SEPT 30/01	2001 YTD ACTUAL AS AT SEPT 30/01	2001 ACT / 2001 BUD	2001 ACT / 2001 BUD
				VARIANCE FAV./ (UNFAV.) \$	VARIANCE FAV./ (UNFAV.) %
<b>CORPORATE &amp; ELECTIONS DETAIL :</b>					
BANK CHARGES	15,000	11,250	6,480	4,770	42.40%
DEBENTURE PAYMENTS	1,500,000	1,215,000	1,215,000	0	0.00%
PROFESSIONAL FEES	160,000	120,000	54,976	65,024	54.19%
MAJOR OMB HEARINGS - PROFESSIONAL FEES	600,000	450,000	377,637	72,363	16.08%
RUTHERFORD SPORTS COMPLEX OPERATING BUDGET DEFICIT	375,000	0	0	0	0.00%
1998 & PRIOR BLDG & FACIL. INFRAST. RES. CONTRIB.	475,000	356,250	356,250	0	0.00%
POST 1998 BLDG & FACIL. INFRAST. RES. CONTRIB.	125,000	93,750	93,750	0	0.00%
ROADS INFRAST RESERVE CONTRIBUTION	475,000	356,250	356,250	0	0.00%
PARKS RESERVE CONTRIBUTION	275,000	206,250	206,250	0	0.00%
VEHICLE RESERVE CONTRIBUTION	1,130,000	847,500	847,500	0	0.00%
JOINT SERVICES	150,000	0	0	0	0.00%
JOINT SERVICES PHASE OUT	350,000	0	0	0	0.00%
SUNDRY, DUES & MUNICIPAL GRANTS	35,505	26,645	0	26,645	100.00%
SPECIAL RESERVE CONTRIBUTION	260,000	195,000	195,000	0	0.00%
TAX ADJUSTMENTS	1,259,000	700,000	658,868	41,132	5.88%
CORPORATE INSURANCE	182,150	136,620	136,620	0	0.00%
AMO MEMBERSHIP	10,100	10,100	8,604	1,496	14.81%
CONFERENCES	30,000	22,500	2,885	19,615	87.18%
CHARITABLE & SIMILAR ORG'S REBATES	50,000	0	0	0	0.00%
ELECTION RESERVE CONTRIBUTION	125,000	25,000	0	25,000	100.00%
<b>TOTAL CORPORATE &amp; ELECTIONS</b>	<b>7,581,755</b>	<b>4,772,115</b>	<b>4,516,070</b>	<b>256,045</b>	<b>5.37%</b>

**PUBLIC WORKS DETAIL:**

ADMINISTRATION	1,043,615	797,615	730,580	67,035	8.40%
ROADS MAINTENANCE	10,121,640	6,303,100	6,244,950	58,150	0.92%
WASTE MANAGEMENT	8,912,475	6,727,530	6,677,880	49,650	0.74%
<b>TOTAL PUBLIC WORKS</b>	<b>20,077,730</b>	<b>13,828,245</b>	<b>13,653,410</b>	<b>174,835</b>	<b>1.26%</b>

**BUILDINGS AND FACILITIES DETAIL:**

ADMINISTRATION	924,280	707,060	720,146	(13,086)	-1.85%
TRADES SHOPS	351,140	269,190	252,960	16,230	6.03%
CIVIC CENTRE	902,055	679,592	674,000	5,592	0.82%
BUILDING OPERATIONS	7,323,730	5,629,497	5,582,194	47,303	0.84%
<b>TOTAL BUILDINGS AND FACILITIES</b>	<b>9,501,205</b>	<b>7,285,340</b>	<b>7,229,300</b>	<b>56,040</b>	<b>0.77%</b>

**PARKS OPERATIONS DETAILS:**

ADMINISTRATION	508,740	375,150	356,225	18,925	5.04%
OPERATIONS	4,272,925	3,101,565	3,376,665	(275,100)	-8.87%
FORESTRY	834,580	611,155	407,490	203,665	33.32%
CEMETERIES	77,535	56,160	865	55,295	98.46%
CAPITAL PROJECTS	0	0	0	0	0.00%
PARKS DEVELOPMENT	0	0	0	0	0.00%
<b>TOTAL PARKS OPERATIONS</b>	<b>5,693,780</b>	<b>4,144,030</b>	<b>4,141,245</b>	<b>2,785</b>	<b>0.07%</b>