

**COMMITTEE OF THE WHOLE SEPTEMBER 3, 2002**

**SECOND QUARTER OPERATING RESULTS – 2002**  
**(ITEM 4, BUDGET SUB-COMMITTEE MEETING OF AUGUST 22, 2002)**

**Recommendation**

The Budget Sub-Committee recommends:

That the recommendation contained in the following report of the Director of Budgeting and Financial Planning (Acting), dated August 22, 2002, be approved.

**Report of the Director of Budgeting and Financial Planning (Acting)**

The Director of Budgeting and Financial Planning (Acting) in consultation with the Commissioner of Finance and Corporate Services recommends:

That the 2002 Second Quarter Variance Analysis report be received for information purposes.

**Purpose**

To report the year to date actual results versus the operating budget as of June 30, 2002.

**Background - Analysis and Options**

The second quarter variance analysis attached compares the current status of both departmental and corporate expenses and revenues for the six-month period ending June 30, relative to the 2002 year-to-date operating budget. The year-to-date operating budget is calendarized based primarily on the spending patterns of last year. This variance analysis is prepared on a partial accrual basis; only major revenue streams or expenditures not booked, but incurred to date, have been accrued.

The combined excess of revenues over expenses, (balances transferred to reserves as per policy), is not directly indicative of the final year-end surplus; it measures the excess at a point in time and may be eroded due to unforeseen events such as winter storms in the latter part of the year, an economic downturn, or a delay in expenses to the second half of the year.

**Second Quarter Ahead of Budget**

At the end of the second quarter the excess of revenues over expenses is \$2.6m. This result is made up of revenues exceeding budget by \$0.4m and expenses that are below budget by \$2.2m. This difference represents a 2.2% positive variance from the annual budget and the main areas that attribute to the positive variance are summarized below:

	(\$M's)
<b>Revenues</b>	
Licensing Revenues	0.2
Bldg. Stds. Plumbing/Service Charges	0.4
Investment Income	<u>(0.2)</u>
	<u>0.4</u>
<b>Expenses</b>	
Winterization Program	1.0
Other Expenses	<u>1.2</u>
	<u>2.2</u>

Year-to-Date Revenues Net of Expenses \$2.6M

The City's Operating budget is \$120,828,435. The \$2.6M represents a variance of \$2.1%.

### Revenue

Actual Revenues shown below are at \$52.7m as of June 30,2002, \$0.4m or 0.8% over the year-to-date budget of \$52.3m. The majority of the second quarter favourable variance is in Building Standards Plumbing permits and general service charges.

(Millions)	2002 Budget \$	YTD Budget \$	2002 Actual \$	Variance \$
Taxation	66.4	30.2	30.2	0.0
Reserves	7.1	2.4	2.4	0.0
Fees & Services	29.6	13.6	14.2	0.6
Corporate Revenue	11.5	3.4	3.3	(0.1)
Grant-in-Lieu / Other	<u>6.2</u>	<u>2.7</u>	<u>2.6</u>	<u>(0.1)</u>
	120.8	52.3	52.7	0.4

### Taxation

Property tax revenue of \$30.2m represents the interim billing for residential, commercial, industrial properties. The final residential property tax billing was issued in July 2002. The final commercial & industrial property tax billing is expected to be issued in September 2002.

#### ❖ 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 are expected to be issued in the third quarter.

### Reserves

Reserves of \$2.4m are primarily booked based on budget.

### Fees and Service Charges

Fees and service charges total \$14.2m at the end of the second quarter exceeding the year-to-date budget by \$0.6m or 4.0% primarily in the area of Building Standards Plumbing Permits, General service charges and Licensing revenue. Building Standards permit revenue stands at \$6.4m, \$0.7m over the year-to-date budget of \$5.7m. The building permit revenue excess over budget at year-end will be placed in the Building Permit Stabilization Reserve, as per policy, to assist in stabilizing the tax rate in future years when building permit revenue begins to decline. Other fees and service charges are basically in line with budget outside of Community Planning and Policy, which is under budget by \$0.2m at the end of the second quarter.

### Corporate Revenue

Corporate revenue is currently at \$3.3m and is under the year-to-date budget by \$0.1m through Investment income being unfavourable by \$0.2m due to lower than anticipated interest rates offset by a \$0.1m favourable variance in Fines and penalty charges, Purchasing and Capital Admin Revenue.

### Grant-in-Lieu / Other

The grant-in-lieu revenue is on budget. The billing is for 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 third quarter.

### Expenditures

Actual departmental expenditures shown below are \$46.8m for the first six months compared to the year-to-date budget of \$49.1m resulting in a favourable variance of \$2.2m or 4.6% primarily due to \$1.0m of under spending in the winterization program as a result of the mild winter conditions at the beginning of the year. The majority of the remainder of the under spending compared to budget is due to the delay in the hiring of staff by departments.

Corporate expenditures and reserve contributions below including debenture payments, professional fees, and reserve contributions, etc. and reflect a year-to-date actual balance of \$3.1m compared to the year-to-date budget of \$3.0m.

(Millions)	2002 Budget \$	YTD Budget \$	2002 Actual \$	Variance \$
Departmental	105.5	49.1	46.8	2.3
Corporate/Reserve Contributions	6.1	3.0	3.1	(0.1)
Contingency	1.9	0.1	0.1	0.0
Capital / Revenue	<u>7.3</u>	<u>3.6</u>	<u>3.6</u>	<u>0.0</u>
	120.8	55.8	53.6	2.2

### Conclusion

Based on the year-to-date budget for the Second Quarter of 2002, the excess of revenue over expenses is \$2.6m. This excess is a point in time measure and may not be indicative of any potential actual year-end excess. Any year-end favourable excess will be transferred to the appropriate reserves as per the City's policy.

### Attachments

2002 Second Quarter Variance Analysis

### Report prepared by:

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Director of Budgeting and Financial Planning, (Acting)

Respectfully submitted,

Councillor Bernie Di Vona, Chair



**CITY OF VAUGHAN**

**2002 OPERATING BUDGET**

**SECOND QUARTER**

**VARIANCE ANALYSIS**

**AS AT**

**JUNE 30, 2002**



**CITY OF VAUGHAN  
2002 OPERATING BUDGET  
SECOND QUARTER REPORT**

**REVENUE / EXPENDITURE SUMMARY**

	2002 APPROX. BUDGET	2002 YTD BUDGET AS AT JUNE 2002	2002 YTD ACTUAL AS AT JUNE 2002	2002 ACT / 2002 BUD VARIANCE (\$)(%)	2002 ACT / 2002 BUD VARIANCE % (100%)
<b>REVENUES</b>					
TAXATION	22,075,380	22,218,000	22,218,000	0	0.00%
SUPPLEMENTAL TAXATION	2,500,000	0	0	0	0.00%
GRANT, PL. OTHER	2,896,225	1,245,940	1,245,964	9,225	0.32%
RESERVES	7,107,800	7,422,000	2,700,775	-26,825	-1.52%
CONTRIBUT	11,475,400	7,485,000	2,348,023	-116,857	-3.42%
FEES AND SERVICE CHARGES	70,530,000	13,804,000	14,147,880	343,880	2.49%
FINANCIALS, UNPLD CARRY FORWARD REVENUE	2,200,000	1,250,000	1,250,000	0	0.00%
<b>TOTAL REVENUES</b>	<b>120,674,805</b>	<b>53,335,000</b>	<b>53,709,642</b>	<b>374,642</b>	<b>0.70%</b>
<b>EXPENDITURES</b>					
DEPARTMENTAL	125,475,000	48,000,000	47,805,110	7,250,257	4.52%
CORPORATE	5,162,000	2,000,000	2,071,187	20,177	0.97%
CONTRIBUT	1,540,000	70,000	67,353	2,647	15.36%
CAPITAL FROM TAXATION	7,250,000	2,625,000	2,625,000	0	0.00%
<b>TOTAL EXPENDITURES</b>	<b>139,427,000</b>	<b>52,695,000</b>	<b>52,568,650</b>	<b>7,287,172</b>	<b>4.22%</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>0</b>	<b>-1,360,000</b>	<b>-459,008</b>	<b>2,644,000</b>	



**CITY OF VAUGHAN  
2002 OPERATING BUDGET  
SECOND QUARTER REPORT**

**REVENUE BY MAJOR SOURCE**

	2002 ANNUAL BUDGET	2002 YTD SUBMIT AS AT JUNE 30/02	2002 YTD ACTUAL AS AT JUNE 30/02	2002 ACT - 2002 BUD VARIANCE -BY-LAPSE	2002 ACT/2002 BUD VARIANCE PCT CHANGE
<b>EXGRANT</b>					
UNEMPLOYMENT	2,400,000	0	0	0	0.00%
REVENUE	1,750,000	0	0	0	0.00%
<b>TOTAL</b>	<b>7,850,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>GRANT</b>					
UNEMPLOYMENT	1,350,000	0	0	0	0.00%
<b>PROVINCIAL GOVT STAFF</b>					
PROVINCIAL GOVT STAFF	3,400,000	1,200,000	1,200,000	0.00%	0.00%
<b>REVENUE</b>					
PROPERTY	170,100	89,350	86,300	-2,757	-1.62%
PROPERTY TAX	1,307,000	810,314	824,304	14,288	1.09%
PROPERTY TAX	88,000	31,300	30,337	-963	-0.99%
PROPERTY TAX DEFERRED	40,150	225,711	221,963	-4,052	-1.00%
PROPERTY TAX DEFERRED	60,000	382,000	350,990	-31,010	-5.17%
PROPERTY TAX DEFERRED	660,700	368,388	370,370	21,982	3.28%
PROPERTY TAX DEFERRED	2,000,000	0	0	0	0.00%
PROPERTY TAX DEFERRED	1,330,000	810,350	810,000	-350	-0.04%
<b>TOTAL</b>	<b>7,101,000</b>	<b>2,420,000</b>	<b>2,365,790</b>	<b>-54,210</b>	<b>-0.75%</b>
<b>FEES SERVICE CHARGE</b>					
PROPERTY TAX	4,000	407	700	168	41.75%
PROPERTY TAX	80,000	27,304	18,303	-10,001	-12.50%
PROPERTY TAX	723,000	400,000	542,000	142,000	19.63%
PROPERTY TAX	301,000	165,514	200,601	35,087	21.19%
PROPERTY TAX	1,000,000	300,000	313,000	1,000	0.33%
PROPERTY TAX	22,000	4,000	18,700	8,700	39.55%
PROPERTY TAX	1,000,000	401,000	354,100	-47,000	-4.70%
PROPERTY TAX	180,000	300,000	280,000	-20,000	-11.11%
PROPERTY TAX	1,000,000	400,000	400,000	0.00%	0.00%
PROPERTY TAX	700,000	300,000	300,000	0.00%	0.00%
PROPERTY TAX	0	0	0	0.00%	0.00%
PROPERTY TAX	210,000	300,000	300,000	90,000	42.86%
PROPERTY TAX	301,000	302,304	301,000	-1,304	-0.43%
PROPERTY TAX	44,000	30,100	30,351	2,251	5.11%
PROPERTY TAX	101,000	25,000	40,000	15,000	14.85%
PROPERTY TAX	8,000,000	4,000,000	4,217,700	2,000	0.05%
PROPERTY TAX	80,000	30,100	20,000	-10,100	-12.63%
PROPERTY TAX	41,000	22,000	27,000	5,000	12.20%
PROPERTY TAX	1,200,000	614,357	620,000	5,643	0.47%
PROPERTY TAX	100,000	80,000	70,700	-9,300	-9.30%
PROPERTY TAX	500,000	100,000	117,700	17,700	3.54%
PROPERTY TAX	0,000	0	0	0	0.00%
<b>TOTAL</b>	<b>20,417,014</b>	<b>13,800,000</b>	<b>14,147,000</b>	<b>347,000</b>	<b>1.69%</b>
<b>AMOUNT</b>	<b>11,630,000</b>	<b>2,400,000</b>	<b>2,360,000</b>	<b>-40,000</b>	<b>-1.67%</b>
<b>TOTAL REVENUE</b>	<b>32,047,014</b>	<b>26,220,000</b>	<b>26,527,790</b>	<b>307,790</b>	<b>1.18%</b>





**2002 OPERATING BUDGET  
SECOND QUARTER REPORT**

**REVENUE BY MAJOR SOURCE  
CORPORATE REVENUE DETAIL**

	2002 ANNUAL BUDGET	2002 YTD		2002 YTD	
		BUDGET	ACTUAL	VARIANCE	VARIANCE
	\$ AT JUNE 30, 2002	\$ AT JUNE 30, 2002	\$ AT JUNE 30, 2002	FAVORABLE	UNFAVORABLE
<b>CORPORATE REVENUE DETAIL</b>					
INVESTMENT REVENUES	1,800,000	1,787,300	1,783,700	43,600	2,300
TAX CREDIT RECEIPTS	250,000	198,000	186,000	10,000	10,000
INVESTMENT INCOME	1,100,000	1,040,000	1,031,000	218,000	19,000
ADDED INTEREST INCOME	4,000,000	0	0	0	0,000
ROYALTY AND LICENSE FEE	8,700,000	100,000	110,000	3,000	10,000
RIGHTS AND REVENUE	170,000	38,000	25,700	15,000	12,300
RESEARCH AND	25,000	3,000	34,700	32,700	81,000
CONTRACT ADMIN. REVENUE	11,000	3,000	38,000	38,000	72,000
<b>TOTAL CORPORATE REVENUE</b>	<b>11,400,000</b>	<b>2,465,300</b>	<b>2,398,400</b>	<b>11,000</b>	<b>14,000</b>



**CITY OF VAUGHAN  
2002 OPERATING BUDGET  
SECOND QUARTER REPORT**

**EXPENSES BY MAJOR CATEGORY (1)**

	2002 Actual Budget	2002 Q2 Budget As at June 30, 2002	2002 Q2 Actual As at June 30, 2002	2002 Q2 - 2002 Q2 Variance Actual - Budget	2002 Q2 - 2002 Q2 Variance Actual - Budget %
<b>COUNCIL</b>	463,417	466,197	508,861	42,664	9.1%
<b>CITY MANAGER</b>	176,685	173,263	168,027	(4,236)	(2.4%)
CITY MANAGER'S OFFICE	10,064.75	4,198,844	8,287,181	4,088,337	40.6%
CITY MANAGER'S STAFF	166,620.25	169,064.5	159,740	(9,324.5)	(5.5%)
<b>COMMISSIONER OF SOCIAL AND ADMINISTRATIVE SERVICES</b>	756,189	747,813	729,180	(18,633)	(2.5%)
COMMUNITY SERVICES	2,000,000	1,275,756	2,155,621	879,865	43.9%
COUNSELLING	2,881,280	1,487,362	1,664,411	177,049	6.2%
<b>COMMISSIONER OF FINANCE AND CORPORATE SERVICES</b>	1,056,620	76,818	82,944	6,126	0.8%
FINANCIAL SERVICES	1,074,188	181,800	231,687	149,887	13.9%
PROPERTY SERVICES	1,012,270	208,276	177,148	(131,122)	(12.9%)
LEGAL SERVICES	424,890	459,819	1,054,712	594,893	140.1%
INSURANCE SERVICES	486,878	318,940	250,121	(168,757)	(34.3%)
INFORMATION SERVICES	1,347,718	872,368	716,157	(156,561)	(11.2%)
<b>COMMISSIONER OF COMMUNITY SERVICES</b>	378,626	118,081	181,271	63,190	16.2%
CHILDREN'S SERVICES AND COMMUNITY SERVICES	48,348	17,400	12,818	(35,530)	(73.4%)
CITY OF VAUGHAN	17,322,942	6,792,882	1,222,716	(15,530,126)	(89.3%)
CITY OF MARKHAM	176,250	298,121	228,892	(47,228)	(16.6%)
CITY OF RICHMOND HILL	18,717,447	4,673,129	2,261,811	(16,455,636)	(87.9%)
CITY OF SCARBOROUGH	843,738	296,185	392,820	446,635	109.9%
CITY OF THORNHILL	2,288,220	2,189,191	2,436,112	246,921	10.8%
<b>COMMISSIONER OF PLANNING</b>	208,841	106,611	81,411	(127,230)	(60.7%)
PLANNING SERVICES	2,255,185	1,077,021	1,214,818	137,797	12.8%
LAND SERVICES	962,120	175,602	662,222	486,602	100.0%
LANDSCAPE SERVICES	4,618,286	2,121,178	2,829,911	1,708,733	37.0%
<b>COMMISSIONER OF FINANCIAL AND TECHNOLOGY DEVELOPMENT AND CORPORATE COMMUNICATIONS</b>	241,265	121,292	142,482	21,190	17.4%
CORPORATE FINANCE DEVELOPMENT	2,919,172	821,288	812,826	(20,452)	(2.5%)
CORPORATE TECHNOLOGY SERVICES	1,328,012	1,928,041	871,262	(456,779)	(23.7%)
CORPORATE COMMUNICATIONS	464,860	142,158	129,529	(112,629)	(24.3%)
<b>COMMISSIONER OF ENGINEERING AND PUBLIC WORKS</b>	181,000	104,180	102,863	(7,317)	(4.1%)
ENGINEERING SERVICES	8,720,856	1,076,588	1,067,116	(7,653,740)	(87.8%)
PUBLIC WORKS SERVICES	22,369,925	9,271,681	1,154,272	(21,215,653)	(94.8%)
<b>PUBLIC WORKS DEPARTMENT</b>	6,207,138	7,829,262	2,825,422	(3,383,840)	(43.2%)
<b>TOTAL OPERATING EXPENSES</b>	10,479,671	49,080,197	46,829,228	(2,250,969)	(4.6%)
<b>TOTAL REVENUE CONTRIBUTIONS AND CONTRIBUTOR AGREEMENTS</b>	6,123,786	2,007,114	1,227,241	(4,896,545)	(81.7%)
<b>CONTRIBUTIONS</b>	81,000	75,000	87,843	12,843	17.1%
CITY OF MARKHAM	7,287,786	2,932,000	1,139,398	(6,345,788)	(21.8%)
<b>TOTAL CONTRIBUTIONS</b>	10,560,677	51,162,311	48,143,312	(2,997,000)	(5.9%)

(1) FOR MORE DETAILS OF HOW THE CITY OF VAUGHAN AND L. BROWN & COMPANY'S APPROXIMATE



**2002 OPERATING BUDGET  
SECOND QUARTER REPORT**

**CORPORATE AND ELECTION EXPENSES - DETAILS**

	2002 APPROX. BUDGET	2002 FTD BUDGET 45.31 APRIL 2002	2002 FTD ACTUAL 45.31 APRIL 2002	2002 FTD VARIANCE 2002 BUDGET	2002 FTD VARIANCE 2002 BUDGET
<b>CORPORATE &amp; ELECTION DETAILS</b>					
<b>STATE CONTRIBUTIONS</b>					
STATE OF CALIFORNIA STATE EMPLOYEES' COMPENSATION	175,000	175,000	175,000	0	0.0%
STATE OF CALIFORNIA STATE EMPLOYEES' RETIREMENT	275,000	185,000	185,000	90,000	32.7%
STATE OF CALIFORNIA STATE EMPLOYEES' HEALTH INSURANCE	175,000	175,000	175,000	0	0.0%
STATE OF CALIFORNIA STATE EMPLOYEES' LIFE INSURANCE	75,000	137,000	137,000	62,000	82.7%
STATE OF CALIFORNIA STATE EMPLOYEES' UNEMPLOYMENT INSURANCE	1,127,000	667,000	667,000	460,000	41.0%
STATE OF CALIFORNIA STATE EMPLOYEES' MEDICAL INSURANCE	183,000	170,000	169,000	14,000	7.7%
STATE OF CALIFORNIA STATE EMPLOYEES' DENTAL INSURANCE	171,000	87,000	87,000	84,000	49.1%
<b>TOTAL STATE CONTRIBUTIONS</b>	<b>2,166,000</b>	<b>1,567,000</b>	<b>1,567,000</b>	<b>599,000</b>	<b>27.7%</b>
<b>CORPORATE EXPENSES</b>					
STATE EMPLOYEES	1,500,000	2,200,000	1,000,000	2,200,000	146.7%
STATE OF CALIFORNIA STATE EMPLOYEES' COMPENSATION	1,260,000	175,000	16,000	1,085,000	86.1%
STATE OF CALIFORNIA STATE EMPLOYEES' RETIREMENT	180,000	175,000	175,000	95,000	52.8%
STATE OF CALIFORNIA STATE EMPLOYEES' HEALTH INSURANCE	150,000	185,000	185,000	35,000	23.3%
STATE OF CALIFORNIA STATE EMPLOYEES' LIFE INSURANCE	75,000	137,000	137,000	62,000	82.7%
STATE OF CALIFORNIA STATE EMPLOYEES' UNEMPLOYMENT INSURANCE	1,127,000	667,000	667,000	460,000	41.0%
STATE OF CALIFORNIA STATE EMPLOYEES' MEDICAL INSURANCE	183,000	170,000	169,000	14,000	7.7%
STATE OF CALIFORNIA STATE EMPLOYEES' DENTAL INSURANCE	171,000	87,000	87,000	84,000	49.1%
STATE OF CALIFORNIA STATE EMPLOYEES' OTHER EXPENSES	0	0	100,000	100,000	100.0%
STATE OF CALIFORNIA STATE EMPLOYEES' OTHER EXPENSES	0	1,000,000	0	1,000,000	100.0%
<b>TOTAL STATE CONTRIBUTIONS AND CORPORATE EXPENSES</b>	<b>4,132,000</b>	<b>3,807,000</b>	<b>2,677,000</b>	<b>3,677,000</b>	<b>89.0%</b>
<b>STATEWORKERS DETAILS</b>					
STATEWORKERS	1,750,000	800,000	620,000	730,000	41.7%
STATEWORKERS	4,200,000	3,010,000	2,360,000	1,650,000	39.3%
STATEWORKERS	5,000,000	7,000,000	1,800,000	3,200,000	64.0%
STATEWORKERS	10,000,000	6,000,000	4,500,000	5,500,000	55.0%
<b>TOTAL STATEWORKERS</b>	<b>20,950,000</b>	<b>16,810,000</b>	<b>12,780,000</b>	<b>14,180,000</b>	<b>68.2%</b>
<b>BUILDING AND FACILITIES DETAILS</b>					
BUILDING AND FACILITIES	1,500,000	1,000,000	800,000	700,000	46.7%
BUILDING AND FACILITIES	750,000	1,000,000	1,000,000	250,000	33.3%
BUILDING AND FACILITIES	800,000	200,000	400,000	400,000	50.0%
BUILDING AND FACILITIES	8,000,000	3,000,000	2,500,000	2,500,000	31.3%
<b>TOTAL BUILDING AND FACILITIES</b>	<b>10,050,000</b>	<b>5,000,000</b>	<b>4,700,000</b>	<b>4,850,000</b>	<b>48.3%</b>
<b>TRAVEL</b>					
TRAVEL	800,000	300,000	270,000	330,000	41.3%
TRAVEL	1,000,000	800,000	600,000	400,000	40.0%
TRAVEL	500,000	200,000	150,000	350,000	70.0%
TRAVEL	1,000,000	800,000	600,000	200,000	20.0%
TRAVEL	1,000,000	800,000	600,000	400,000	40.0%
<b>TOTAL TRAVEL</b>	<b>3,300,000</b>	<b>2,480,000</b>	<b>2,120,000</b>	<b>2,480,000</b>	<b>74.8%</b>