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STAFF REPORT: Finance & IT Services



REPORT TO: Committee of the Whole
MEETING DATE: August 18, 2014
REPORT NO.: FIT.14.46
SUBJECT: Semi Annual Financial Report – June 30, 2014
PREPARED BY: Debbie Brown, Budget Analyst

A. Recommendations

THAT Council receive Staff Report FIT.14.46 “Semi Annual Financial Report – June 30, 2014” for information purposes.

B. Background

Finance Staff provide regular financial reporting to the Finance and Administration Committee for review and receipt by Council. The attached documentation provides Council with information on the financial activity of the Town as undertaken in relation to the 2014 Approved Budget.

The purpose of this report is to provide Council with the financial results for Operating and Capital spending for the six-month period ended June 30, 2014 as well as provide year-end projections. While year-end projections have been estimated, the bulk of the Town’s activity occurs in the third quarter and therefore the third quarter report provides a better indicator of a forecasted year-end position.

Operating

Staff has examined the fiscal operations of the Town to June 30, 2014. Staff can provide the following year end forecast:

Tax Supported Departments	\$235,000 favourable variance
User Rate Supported (Water and Wastewater)	\$150,000 unfavourable variance
User Fee Supported Operations (Building, Harbour & BIA)	On Target

Tax Supported Departments

Attachment 1 of the Semi Annual Report represents tax supported departments’ financials for the first half of the 2014 fiscal year. Tax supported departments would be Roads, Public Works, Parks and Recreation, Police, Fire Services, By-Law Enforcement, General Government and Planning. For the purposes of consolidation the Blue Mountains Public Library is also included. The total amount spent is \$ 7.9 million of the \$17.5 million budget, or 46%. This is an expected position at this time due to the seasonality of the Town’s business. Certain revenues not yet realized are:

- Final and Supplemental tax billing
- Collection of User fee revenue such as Ice Rental to be collected later in the fiscal year
- Quarterly Grants from OMPF

The expected year-end forecast is a \$235,000 favourable variance in tax supported departments, made up mainly of salary and benefit savings.

Analysis

Salaries

The Town is underspent on Salary & Benefits due to a number of vacancies within the organization in 2014. These vacancies make up the majority of the expected \$235,000 year-end favourable variance. Although staff is making ends meet for now, it should be noted that this is not a long term service delivery solution. It is expected that overtime for the year will be over-budget by \$15,000 - \$20,000.

Property Taxes

We have collected 48% of the \$12,832,998 for property tax revenue. We are presently at 70% of budget for Interest on Tax Arrears, with collection of \$284,000 of the \$405,000 budget.

Policing

Policing costs to date are reflective of the new contract rate. Policing hours for 2014 are up approximately 291 hours to date. The credit last year in the amount of \$160,000 was put into the Police Reserve which will help offset the costs for future years.

Winter Control

Winter Control has been included due to the intensity of the winter season and the expectation of a cost overrun in 2014. The annual forecast is an unfavorable variance of \$195,000. Council approved \$ 300,000 to Winter Control Reserve for 2014 from cost savings in 2013, which the variance will be funded from for 2014.

Expenses and Revenues are trending as expected for the year.

User Rate Supported (Water and Wastewater)

Attachment 2 contains the user rate supported departments' financials for the first half of 2014. The expected year-end forecast for user rate supported departments is estimated as a \$150,000 unfavourable variance. The forecasted revenue variance reflects continued reductions in water consumption. Any variance from budget at year-end will be examined and funded to the extent possible from the rate stabilization reserve.

Analysis

For the first six months of 2014 water and wastewater consumption is lower than the 5 year average. Consumption billings are at 40% of budget. Private wastewater collection continues to experience strong demand and will surpass the annual budget of \$206,000. It is presently at 96% of budget with \$ 197,000 collected, which will help cover any usage billing shortfall.

User Fee Supported Operations (Building, Harbour & BIA)

Attachment 3 of the Semi Annual Report represents the user fee supported departments' financials for the first half of the 2014 fiscal year. The expected year-end forecast for user fee supported departments is on target. It should be noted that any deficit in the Building Department will be funded from debt. The Building Department's debt funding budget is \$190,000 and it is unlikely that this level of borrowing will be required this year, due to an estimated increase in building permit revenue.

Analysis

Building Permits at June 30th are at 57% of Budget. The Town has collected \$215,000 of the \$375,000 budget. The remainder of the year will see increased permit activity with an estimated additional \$175,000 in building permit revenue.

Harbour seasonal mooring revenue is \$27,000 over budget with \$346,000 collected against the \$319,500 budget. Expenses are trending as expected.

2014 Budget Changes

Staff has been tracking changes to the budget that have been either approved by Council or through other sources; currently in 2014 \$136,692 has been approved for additional operating expenditures.

Project	Approved By	Taxation	Reserves
Crushed Gravel	2014 Budget Enhancement	55,000	
Channel Grinder Repair (Emergency)	TPAC		28,500
EA For Water Filtration	Director of Finance		15,000
Permanent Transit	Committee of the Whole		36,000
Facility User-Group Insurance	Director of Finance		2,192
Total		\$55,000	\$81,692

Capital

Capital expenditures for the six months ended June 30, 2014 totalled \$480,000 or 4% of the 2014 Approved Capital Budget of \$11.7 million.

Of the \$11.7 million budgeted, \$1.5 million is to be funded from property taxes; the forecast on tax levy supported projects is highly probable to be 100% spent at year-end or carried forward for completion in 2015. \$6.2 million is budgeted to be funded from non-tax levy funded, \$360,000 or 6% has been spent as of June 30, 2014. The remaining \$4 million is to be funded from debt; the majority of this is for the Landfill Mining and Expansion project; the construction portion of this project came in under budget which will reduce the amount of future taxation funding required.

65% of the 2014 Capital Budget is for two projects; both of which have been tendered but neither one has received an invoice as of June 30, 2014:

- Grey Road 21 Trunk Sewer: \$3 million
- Landfill Mining and Expansion: \$4.7 million

Overall, capital expenditures are within budget, with no variance to report at June 30, 2014. Spending compared to budget at the end of the year will likely be on target for projects within the Town's control.

Staff has been tracking changes to the budget that have been either approved by Council or through by other sources; currently in 2014 \$660,845 has been approved for additional capital expenditures.

Project	Approved By	Operational Savings	User-Fees	Reserves	Unfinanced
Hoover/Tesky Servicing	Committee of the Whole			146,112	
Arlberg Servicing	Committee of the Whole			3,096	
Mill Street	Committee of the Whole			62,500	
Surface Treatment	Committee of the Whole	25,020			
Sidewalk Replacement	Committee of the Whole	8,927			
33 rd Sideroad	Committee of the Whole				40,000
Craigeith SPS (Emergency)	Director of Finance			15,000	
BVCC Ramps	Director of Finance	1,100		3,400	
Water Ops Paving	Director of Finance/ Enhancement in 2014 Budget		12,000	2,880	
Total		\$35,047	\$12,000	\$232,988	\$40,000

C. The Blue Mountains' Strategic Plan

Providing a strong, well managed municipal government.

D. Environmental Impacts

NA

E. Financial Impact

Staff has examined the fiscal operations of the Town to June 30, 2014. Staff can provide the following year end forecast:

Tax Supported Departments	\$235,000 favourable variance
User Rate Supported (Water and Wastewater)	\$150,000 unfavourable variance
User Fee Supported Operations (Building, Harbour & BIA)	On Target

F. In Consultation With

Sam Dinsmore, Financial Analyst

G. Attached

Attachment 1 - Tax Supported Semi Annual Financial Report
Attachment 2 - User Rate Supported Semi Annual Financial Report
Attachment 3 - User Fee Supported Semi Annual Financial Report

Respectfully submitted,

Debbie Brown
Budget Analyst

Ruth Prince
Manager of Revenue

For more information, please contact:
Debbie Brown
dbrown@thebluemountains.ca
519-599-3131 x230

Town of The Blue Mountains
2014 Budget Variance Report
For the Six Months Ending June 30, 2014

	2014							2013				
	JUN	YTD Actuals	Committed	Total YTD	Budget	Unexpended	% of Budget	JUN	LYTD	Actuals	Budget	
EXPENSES												
Salaries, Wages & Benefits	\$642,929	\$3,694,847	\$0	\$3,694,847	\$7,810,706	\$4,115,859	47%	\$526,178	\$3,526,427	\$7,064,412	\$7,552,925	
Administrative Expenses	18,216	153,777	0	153,777	409,740	255,963	38%	19,609	154,184	265,025	386,720	
Operating Expenses	(28,715)	88,849	51,083	139,932	488,050	348,118	29%	11,146	52,113	427,485	432,700	
Communications	21,713	100,853	0	100,853	216,415	115,562	47%	21,249	100,176	217,485	208,790	
Utilities	18,589	183,567	0	183,567	342,000	158,433	54%	28,389	173,151	375,285	340,990	
Equipment Related	23,753	167,259	19,049	186,308	309,210	122,902	60%	15,238	132,358	285,700	276,615	
Vehicle Related	21,887	171,046	0	171,046	288,805	117,759	59%	26,566	167,920	289,471	279,645	
Purchased Services	401,549	2,107,603	446,800	2,554,403	5,005,500	2,451,097	51%	335,069	1,898,359	4,048,559	4,646,820	
Financial Expenses	149,231	426,602	0	426,602	1,011,825	585,223	42%	270,133	592,557	1,323,308	1,129,872	
Premises and Site	41,166	192,772	29,206	221,978	408,325	186,347	54%	38,383	174,468	422,227	437,145	
Minor Capital Work	240	(3,710)	0	(3,710)	78,750	82,460	-5%	0	(3,962)	13,820	76,250	
TOTAL EXPENSES	1,310,558	7,283,465	546,138	7,829,603	16,369,326	8,539,723	48%	1,291,960	6,967,751	14,732,777	15,768,472	
TRANSFERS												
Transfers to Capital & Reserves	608,540	609,772	0	609,772	2,300,748	1,690,976	27%	44,432	770,757	2,980,586	2,282,408	
Interfunctional Transfers	(86,233)	(526,571)	0	(526,571)	(1,065,082)	(538,511)	49%	(75,086)	(504,996)	(1,003,964)	(1,044,901)	
Transfer To/From Unfinanced Capital	0	0	0	0	(20,200)	(20,200)	0%	0	211,500	200,568	28,116	
TOTAL TRANSFERS	522,307	83,201	0	83,201	1,215,466	1,132,265	7%	(30,654)	477,261	2,177,190	1,265,623	
TOTAL TRANSFERS & EXPENSES	1,832,865	7,366,666	546,138	7,912,804	17,584,792	9,671,988	45%	1,261,306	7,445,012	16,909,967	17,034,095	
REVENUE												
Tax Revenues	(3,271)	6,138,185	0	6,138,185	12,973,998	6,835,813	47%	0	5,701,769	12,248,527	12,358,790	
Grants & Donations	(9,518)	689,343	0	689,343	1,575,700	886,357	44%	10,288	1,179,311	2,120,643	1,930,500	
Reserve Revenue	117,500	139,681	0	139,681	928,444	788,763	15%	0	78,723	448,360	668,500	
Interest and Investment	149,429	442,320	0	442,320	766,850	324,530	58%	83,070	409,612	931,684	727,550	
Sales	10,284	40,341	0	40,341	60,200	19,859	67%	4,659	36,265	129,432	69,700	
Fee and Charges	111,700	484,268	0	484,268	1,045,300	561,032	46%	83,179	524,761	1,172,939	1,047,555	
Facilities Rental	6,021	91,537	0	91,537	234,300	142,763	39%	2,727	98,481	203,071	231,500	
TOTAL REVENUE	382,145	8,025,675	0	8,025,675	17,584,792	9,559,117	46%	183,923	8,028,922	17,254,656	17,034,095	
NET POSITION	(1,450,720)	659,009	(546,138)	112,871	0	(112,871)	0%	(1,077,383)	583,910	344,689	0	

Town of The Blue Mountains
2014 Budget Variance Report
For the Six Months Ending June 30, 2014

	2014							2013			
	JUN	YTD Actuals	Committed	Total YTD	Budget	Unexpended	% of Budget	JUN	LYTD	Actuals	Budget
EXPENSES											
Salaries, Wages & Benefits	\$113,502	\$686,592	\$0	\$686,592	\$1,413,395	\$726,803	49%	\$108,219	\$662,071	\$1,343,553	\$1,373,960
Administrative Expenses	2,445	25,014	0	25,014	51,825	26,811	48%	7,714	24,198	36,251	45,835
Operating Expenses	51,900	297,201	17,443	314,644	627,450	312,806	50%	53,379	297,070	593,703	621,750
Communications	3,024	32,469	0	32,469	69,175	36,706	47%	6,210	33,911	67,997	70,000
Utilities	77,095	188,846	0	188,846	408,250	219,404	46%	19,785	180,659	422,416	399,880
Equipment Related	27,290	133,440	43,241	176,681	267,175	90,494	66%	43,530	143,903	286,946	249,300
Vehicle Related	13,502	34,404	0	34,404	103,080	68,676	33%	6,470	23,386	59,065	58,610
Purchased Services	3,532	36,250	26,349	62,599	192,500	129,901	33%	17,171	91,235	169,987	171,350
Financial Expenses	67,315	464,568	0	464,568	877,760	413,192	53%	18,080	204,899	990,188	949,245
Premises and Site	8,555	27,070	5,225	32,295	38,700	6,405	83%	541	23,039	46,773	37,400
Minor Capital Work	0	0	0	0	6,500	6,500	0%	0	0	0	0
TOTAL EXPENSES	368,160	1,925,854	92,258	2,018,112	4,055,810	2,037,698	50%	281,099	1,684,371	4,016,879	3,977,330
TRANSFERS											
Transfers to Capital & Reserves	852,462	852,462	0	852,462	2,089,957	1,237,495	41%	102,483	639,519	1,869,166	1,787,834
Interfunctional Transfers	70,354	422,122	0	422,122	850,197	428,075	50%	59,447	407,730	829,973	835,096
Transfer To/From Unfinanced Capital	0	0	0	0	340,000	340,000	0%	0	335,000	294,518	335,000
TOTAL TRANSFERS	922,816	1,274,584	0	1,274,584	3,280,154	2,005,570	39%	161,930	1,382,249	2,993,657	2,957,930
TOTAL TRANSFERS & EXPENSES	1,290,976	3,200,438	92,258	3,292,696	7,335,964	4,043,268	45%	443,029	3,066,620	7,010,536	6,935,260
REVENUE											
User Rate Billings	587,964	3,045,944	0	3,045,944	6,442,049	3,396,105	47%	506,753	2,829,232	5,979,695	6,041,895
Grants & Donations	0	0	0	0	0	0	0%	0	0	255	0
Reserve Revenue	0	0	0	0	849,020	849,020	0%	0	0	917,925	850,745
Interest and Investment	2,016	11,040	0	11,040	19,100	8,060	58%	1,985	9,409	20,778	17,165
Sales	53	212	0	212	0	(212)	0%	159	3,825	3,825	0
Fee and Charges	3,410	6,370	0	6,370	25,795	19,425	25%	2,900	7,805	34,630	25,455
TOTAL REVENUE	593,443	3,063,566	0	3,063,566	7,335,964	4,272,398	42%	511,797	2,850,271	6,957,108	6,935,260
NET POSITION	(697,533)	(136,872)	(92,258)	(229,130)	0	229,130	0%	68,768	(216,349)	(53,428)	0

Town of The Blue Mountains
2014 Budget Variance Report
 For the Six Months Ending June 30, 2014

	2014							2013				
	JUN	YTD Actuals	Committed	Total YTD	Budget	Unexpended	% of Budget	JUN	LYTD	Actuals	Budget	
EXPENSES												
Salaries, Wages & Benefits	\$38,762	\$220,467	\$0	\$220,467	\$444,925	\$224,458	50%	\$38,125	\$210,789	\$464,980	\$395,015	
Administrative Expenses	4,968	16,519	0	16,519	70,430	53,911	23%	4,235	15,952	32,196	66,775	
Operating Expenses	15,074	23,047	0	23,047	85,000	61,953	27%	20,516	42,995	91,441	85,000	
Communications	2,407	8,483	0	8,483	12,850	4,367	66%	786	5,209	14,975	14,020	
Utilities	2,432	5,884	0	5,884	15,180	9,296	39%	1,942	5,286	15,878	14,780	
Equipment Related	52	1,805	0	1,805	6,475	4,670	28%	234	831	1,896	2,150	
Vehicle Related	1,176	8,672	0	8,672	20,100	11,428	43%	1,311	10,839	20,602	19,845	
Purchased Services	1,964	2,011	0	2,011	24,100	22,089	8%	64	5,147	230,873	14,100	
Financial Expenses	2,157	13,982	0	13,982	59,295	45,313	24%	14,412	60,503	122,084	121,467	
Premises and Site	34,114	38,379	0	38,379	98,360	59,981	39%	2,797	8,885	98,535	85,740	
TOTAL EXPENSES	103,106	339,249	0	339,249	836,715	497,466	41%	84,422	366,436	1,093,460	818,892	
TRANSFERS												
Transfers to Capital & Reserves	32,525	32,525	0	32,525	94,811	62,286	34%	0	45,731	81,530	90,894	
Interfunctional Transfers	15,879	104,449	0	104,449	214,885	110,436	49%	15,638	97,266	173,991	209,805	
Transfer To/From Unfinanced Capital	0	0	0	0	0	0	0%	0	15,000	(192,130)	15,000	
TOTAL TRANSFERS	48,404	136,974	0	136,974	309,696	172,722	44%	15,638	157,997	63,391	315,699	
TOTAL TRANSFERS & EXPENSES	151,510	476,223	0	476,223	1,146,411	670,188	42%	100,060	524,433	1,156,851	1,134,591	
REVENUE												
User Rate Billings	960	2,770	0	2,770	3,000	230	92%	1,080	2,765	5,720	3,000	
Grants & Donations	0	0	0	0	0	0	0%	0	0	643	0	
Sales	17,101	40,348	0	40,348	112,647	72,299	36%	13,724	40,274	111,751	106,275	
Fee and Charges	109,035	620,168	0	620,168	801,345	181,177	77%	70,276	578,334	910,382	746,842	
Proceeds from Debt	0	0	0	0	189,699	189,699	0%	0	0	89,389	242,344	
Facilities Rental	1,269	1,484	0	1,484	39,720	38,236	4%	1,965	1,965	38,967	36,130	
TOTAL REVENUE	128,365	664,770	0	664,770	1,146,411	481,641	58%	87,045	623,338	1,156,852	1,134,591	
NET POSITION	(23,145)	188,547	0	188,547	0	(188,547)	0%	(13,015)	98,905	1	0	