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STAFF REPORT: Finance & IT Services



REPORT TO: Finance & Administration
MEETING DATE: August 23, 2012
REPORT NO.: FIT.12.49
SUBJECT: Semi Annual Financial Report – June 30, 2012
PREPARED BY: Renee Ouellette, Financial Accountant

A. Recommendations

THAT Council receive Staff Report FIT.12.49 “Semi Annual Financial Report – June 30, 2012” for information purposes.

B. Background

Financial Services Staff provide a Monthly Financial Report for review by the Finance and Administration Committee and receipt by Council. The attached documentation provides Council information on the financial activity that the Town has undertaken in relation to the 2012 Approved Budget.

The purpose of this report is to provide Council with the Operating and Capital variance for the six-month period ended June 30, 2012 as well as year-end variance projections. While year-end projections have been estimated, the bulk of the Town’s activity occurs in the third quarter, which will provide for a better indicator of forecasted budget variance at year-end. Similar to the reported \$128k forecasted shortfall at June 30, 2011, staff is estimating a change in the third quarter forecast based on third quarter activity.

Operating

Staff has examined the fiscal position of the Town’s operations to June 30, 2012. July operating results have also been evaluated. Staff provides the following Year end variances:

Tax Supported Departments	\$ 278,264 unfavourable variance
User Rate Supported (Water and Wastewater)	\$ 135,000 unfavourable variance
User Fee Supported Operations (Building, Harbour & BIA)	\$ 100,000 unfavourable variance

Tax Supported Departments

Attachment 1 of the semi-annual report represents tax supported departments’ financials for the first half of the 2012 fiscal year. The total year-to-date actuals at this point is \$406k. This is largely due to the seasonality of Town business. Certain revenues have not been realized due to timing of the service, such as:

- Billing of the Final and Supplemental tax bill
- Collection of User fee revenue such as Ice Rental to be collected later in the fiscal year

The expected year-end forecast for tax supported departments is a \$278k unfavourable variance in tax supported departments, made up mainly of a shortfall in revenue from user/development fees and an increase in tax write off’s. Details of the \$278k projected unfavourable variance can be found on Attachment 1.

User Rate Supported (Water and Wastewater)

On Attachment 2 of the semi-annual report, the user rate supported departments' financials for the first half of the 2012 fiscal year are shown. The expected year-end forecast for user rate supported departments is a \$135k unfavourable variance made up of a shortfall in revenue from water and wastewater billings of \$110k and \$25k respectively. The forecasted revenue variance reflects continued reductions in water consumption. Any variance from budget at year-end will be supported by user rates through transfers to/from reserve funds.

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 2012 fiscal year. The expected year-end forecast for user fee supported departments is a \$100k unfavourable variance made up of a shortfall in revenue from the Building department operations. Any reported shortfall in the Building department will be added to the budgeted debt funding of \$365k.

Capital

Capital expenditures for the six months ended June 30, 2012 totalled \$1.98 million or 21% of the 2012 Approved Capital Budget of \$9.14 million.

Of the \$9.18 million budget, \$1.81 million is to be funded from tax levy funds, with \$430k or 23% spent as of June 30, 2012. It is forecasted that tax levy supported projects will be 100% spent at year-end or rolled over for completion in 2013.

Of the \$7.37 million budgeted in non tax levy funded capital projects, \$1.5M or 20% has been spent as of June 30, 2012. Spending in the majority of non tax funded capital projects is dependent upon advancements in development or local improvements projects such as:

- Grey Road 21 Trunk Sewer: \$2.4 million
- Wensley Drive Road Reconstruction & Wastewater Expansion:\$1.5 million

Overall, capital expenditures are within budget, with no variance to report at June 30, 2012. Spending compared to budget at the end of the year will be dependent upon the ability of staff to advance capital projects.

C. The Blue Mountains' Strategic Plan

Providing a strong, well managed municipal government.

D. Environmental Impacts

NA

E. Financial Impact

NA

F. In Consultation With

Robert Cummings, Director of Finance & IT Services
Senior Management Team

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,

Renee Ouellette, CMA
Financial Accountant

Robert Cummings, CMA
Director of Finance & IT Services

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**The Blue Mountains
Semi-Annual Financial Report
June 30, 2012**

Service Area	Approved 2012 Budget	Net Actual as of June 30, 2012	Net Budget as of June 30, 2012	Year to Date Variance	Projected 2012 Variance (F)/U	Comment
Tax Supported Expenses						
Council	\$ 181,781	\$ 89,597	\$ 90,891	\$ (1,294)	\$ -	No variance to forecast
Administration & Human Resources	\$ 1,039,197	\$ 575,672	\$ 519,599	\$ 56,074	\$ -	No variance to forecast. Legal fees related to Attainable Housing to be funded from reserve.
Finance & IT Services	\$ 1,413,710	\$ 783,958	\$ 706,855	\$ 77,103	\$ -	No variance to forecast. IT transfers to capital will be reduced at the year-end by the allocation of transfer to capital to various departments.
Corporate Administration	\$ 83,800	\$ 3,350,726	\$ 41,900	\$ 3,308,826	\$ -	No variance to forecast. Current budget shortfall in utilities from Old Town Hall to be offset by savings in other expenditures. \$3.3M transfer to unfinanced was not budgeted and is offset by revenue, proceeds from debt for the financing of the Town Hall FCM loan.
Protection Services	\$ 2,985,705	\$ 1,499,214	\$ 1,492,853	\$ 6,362	\$ 20,000	By-law management is reporting a forecasted \$20,000 budget shortfall in professional fees related to zoning by-law prosecutions for short term accommodations.
Fire & Emergency Services	\$ 1,634,100	\$ 603,186	\$ 817,050	\$ (213,864)	\$ 10,485	Alpine Mud Slide, emergency expenditures not budgeted. Transfers to capital of \$259K to be made upon purchase/completion of capital projects.
Engineering & Public Works	\$ 6,148,085	\$ 2,541,153	\$ 3,074,043	\$ (532,890)	\$ -	No variance to forecast. Environmental assessments funded by Development Charges, Reserve and Grants have not yet been completed. Transfer to capital projects at 10% ytd.
Recreation/Parks/Cemetery	\$ 1,768,304	\$ 841,466	\$ 884,152	\$ (42,686)	\$ -	No variance to forecast. Transfer to capital projects at 2% ytd.
Planning & Zoning	\$ 843,059	\$ 360,689	\$ 421,530	\$ (60,841)	\$ -	No variance to forecast at this time. Budgeted professional fees related to the Official Plan Review have yet to be spent. Any variances related to professional fees for potential litigation are not estimated at this time.
Library	\$ 671,726	\$ 327,703	\$ 335,863	\$ (8,160)	\$ -	No variance to forecast.
Total Tax Supported Expenses	\$ 16,769,467	\$ 10,973,364	\$ 8,384,734	\$ 2,588,631	\$ 30,485	Tax supported expenses are forecasted to align within budget at year-end. Activities in future quarters such as salary changes and further review of expenditures will help to align expenditures within forecasted budget results.

Service Area	Approved 2012 Budget	Net Actual as of June 30, 2012	Net Budget as of June 30, 2012	Year to Date Variance	Projected 2012 Variance (F/U)	Comment
Tax Supported Revenues						
Taxation	\$ 11,422,991	\$ 5,266,852	\$ 5,711,496	\$ 444,644	\$ 60,000	Final tax bill and supplemental tax bill has not been billed as of June 30, 2012. Anticipating tax write off's of approximately \$60,000, which are not budgeted. Tax write off's on two large accounts have increased write off's over the previous year actuals.
Grants	\$ 2,166,500	\$ 910,844	\$ 1,083,250	\$ 172,406	\$ -	OMPF & Stewardship Ontario is on track for the year. Remainder of grants mainly related to offsetting expenditures such as student wages or studies that should not proceed unless grant funding is received.
Transfer from Reserves, Reserve Funds and Development Charges	\$ 836,900	\$ 182,305	\$ 418,450	\$ 236,145	\$ -	Variance in reserve transfers are reflective of operating projects funded from Development Charges/Reserves that have not commenced or remaining transfers to be completed upon annual loan payments such as the Town Hall FCM loan.
Proceeds from Debt	\$ -	\$ 3,300,000	\$ -	\$ (3,300,000)	\$ -	As noted in the Corporate Administrative expenditures notes, funds received from FCM for the financing of Town Hall are offset by a transfer to unfinanced capital. Results in a nil impact on the statement of operations.
Developer Contributions	\$ 145,000	\$ -	\$ 72,500	\$ 72,500	\$ -	Budgeted amount will be received upon commencement of Highway 26 Environmental Assessment operating project. Project is also funded by Development Charges.
Prior Year Surplus	\$ 56,000	\$ 21,736	\$ 28,000	\$ 6,264	\$ 34,264	Funding from prior year surplus budget at \$56,000. Actual surplus was \$21,736.

Service Area	Approved 2012 Budget	Net Actual as of June 30, 2012	Net Budget as of June 30, 2012	Year to Date Variance	Projected 2012 Variance (F)/U	Comment
All Other Revenue	\$ 2,142,076	\$ 885,433	\$ 1,071,038	\$ 185,605	\$ 154,000	<p>Cemetery- User Fees: \$10,000 budget shortfall forecasted. Shortfall forecasted in revenue for excavating graves. Offsetting decrease in expenditures will be reviewed.</p> <p>Depot - Fees & Other Revenue: \$20,000 budget shortfall forecasted. Similar to 2011 year-end results revenue from lecture series revenue, program fees, memberships and grants will be less than budgeted.</p> <p>Tomahawk Golf- User Fees: \$29,000 budget shortfall forecasted. Management estimates user fee collections of \$25,000 compared to the \$52,000 budget approx 4 months remaining. Revenue received in early August indicates collection's may exceed the forecasted \$25,000. Forecast to be updated with upon third quarter results.</p> <p>Recreation Administration - Sponsors: \$5,000 budget shortfall forecasted. Budgeted sponsorship for corporate events revenue will not be collected due to the cancellation of sponsored events such as a car show at Canada Day celebration. Events were to be organized by the prior position of the Event Youth Co-ordinator.</p> <p>By-law - User Fees: \$10,000 budget shortfall forecasted. Shortfall is a result of a decline in parking fines as a result of reduced tickets issued for parking without owner authorization.</p> <p>Engineering Administration - Development Fees: \$65,000 budget shortfall forecasted. Management is projecting a shortfall if no other development applications occur within the year. No variance is estimated if Windfall and Georgian Glen developments were to proceed.</p> <p>Landfill - Fees: No variance forecasted. Current budget shortfall of \$18,000 due to decline in intake from commercial waste, however management estimates that revenue will meet budget by year-end. Shortfall in revenue can be offset by a decrease in expenditures up to \$20,000 by delaying the purchase of tires. No variance to report at this time.</p> <p>Environmental Initiatives - Sale of Materials: \$15,000 budget shortfall forecasted. Shortfall is due to a change in rate received for the sale of curbside recycled material.</p> <p>Roads - Grants, Fees, Permits: No variance forecasted. Forecasted \$36,000 budget shortfall in permit/fee revenue projected to offset savings in expenditures, similar to prior year results.</p>
Total Tax Supported Revenues	\$ 16,769,467	\$ 10,567,170	\$ 8,384,734	\$ (2,182,437)	\$ 248,264	The bulk of Town activity occurs in the third quarter, as such third quarter results will provide a better indicator of year-end projections.
Overall Total Tax Supported	\$ -	\$ (406,194)	\$ -	\$ 406,194	\$ 278,749	Projected 2012 Variance

**The Blue Mountains
Semi-Annual Financial Report
June 30, 2012**

Service Area	Approved 2012 Budget	Net Actual as of June 30, 2012	Net Budget as of June 30, 2012	Year to Date Variance	Projected 2012 Variance (F)/U	Comment
User Rates Supported Expenses						
Water Expenses	\$ 3,509,635	\$ 1,810,948	\$ 1,754,818	\$ 56,131	\$ -	No variance to forecast, expenses will be on track for the year. Water purchased from Collingwood is currently \$11K over budget, however may fall within budget at year-end. Unbudgeted professional fees related to the Water modelling project, will be funded from development charges and reserves as a prior year budget carry-forward.
Water Revenues	\$ 3,509,635	\$ 1,546,097	\$ 1,754,818	\$ 208,721	\$ 110,000.00	\$150,000 budget shortfall in consumption billing to be offset by a \$40,000 surplus in fixed billing. Water consumption typically increases during the summer months.
Total Water	\$ -	\$ 264,851	\$ -	\$ 264,851	\$ 110,000	
Wastewater Expenses	\$ 3,107,379	\$ 1,225,272	\$ 1,553,690	\$ (328,418)	\$ -	No variance to forecast, expenses will be on track. Savings in full time salaries may occur due to the resignation of one operator, with replacement estimated in 4-6 weeks. Low YTD expenses due to annual loan payments to be made later in the year.
Wastewater Revenues	\$ 3,107,379	\$ 1,181,589	\$ 1,553,690	\$ 372,101	\$ 25,000.00	\$75,000 budget shortfall in usage billing to be offset by a \$50,000 surplus in private billing.
Total Wastewater	\$ -	\$ 43,683	\$ -	\$ 43,683	\$ 25,000.00	
Net Water Operations	\$ -	\$ 264,851	\$ -	\$ 264,851	\$ 110,000.00	
Net Sewer Operations	\$ -	\$ 43,683	\$ -	\$ 43,683	\$ 25,000.00	
Total User Rates Supported	\$ -	\$ 308,534	\$ -	\$ 308,534	\$ 135,000	Projected 2012 Variance

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Semi-Annual Financial Report
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Service Area	Approved 2012 Budget	Net Actual as of June 30, 2012	Net Budget as of June 30, 2012	Year to Date Variance	Projected 2012 Variance (F)/U	Comment
User Fee Supported Expenses						
Building Expenses	\$ 698,254	\$ 236,189	\$ 349,127	\$ (112,938)	\$ -	No variance to forecast.
Building Revenues	\$ 698,254	\$ 132,350	\$ 349,127	\$ 216,777	\$ 100,000	Management is estimating a budget shortfall of \$100,000 in building/sign permit revenue. Variance will be offset by a increase in proceeds from debt.
Total Building	\$ -	\$ 103,839	\$ -	\$ 103,839	\$ 100,000	
Harbour Expenses	\$ 422,680	\$ 211,253	\$ 211,340	\$ (87)	\$ -	No variance to forecast.
Harbour Revenues	\$ 422,680	\$ 323,164	\$ 211,340	\$ (111,824)	\$ -	No variance to forecast, fees collected are seasonal and on track for the year.
Total Harbour	\$ -	\$ (111,911)	\$ -	\$ (111,911)	\$ -	
BIA & Tile Drainage Expenses	\$ 88,592	\$ 20,027	\$ 44,296	\$ (24,269)	\$ -	No variance to forecast.
BIA & Tile Drainage Expenses	\$ 88,592	\$ 44,505	\$ 44,296	\$ (209)	\$ -	No variance to forecast.
Total Other	\$ -	\$ (24,478)	\$ -	\$ (24,478)	\$ -	
Net Building Operations	\$ -	\$ 103,839	\$ -	\$ 103,839	\$ 100,000	
Net Harbour Operations	\$ -	\$ (111,911)	\$ -	\$ (111,911)	\$ -	
Net Other (BIA & Tile Drainage) Operations	\$ -	\$ (24,478)	\$ -	\$ (24,478)	\$ -	
Total User Fee Supported	\$ -	\$ (32,550)	\$ -	\$ (32,550)	\$ 100,000	Projected 2012 Variance