

**STAFF REPORT: Finance & IT Services**

C.6



**REPORT TO:** Finance & Administration  
**MEETING DATE:** September 11, 2012  
**REPORT NO.:** FIT.12.55  
**SUBJECT:** August 2012 Financial Report  
**PREPARED BY:** Renee Ouellette, Financial Accountant

**A. Recommendations**

THAT Council receive Staff Report FIT.12.55 “August 2012 Financial Report” for information purposes.

**B. Background**

Finance 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.

On August 23, 2012, Finance and Administration received for information purposes FIT.12.49 “Semi Annual Financial Report – June 30, 2012”. At this time, staff provided the Operating and Capital variance for the six-month period ended June 30, 2012 as well as year-end variance projections.

At that meeting, staff noted the seasonal nature of the Town’s financial activities, recommending that a preliminary third quarter (July – September) report would provide a better indicator of forecasted budget variance at year-end.

Based on preliminary August operating results, a revised year-end operating variance has been provided. A summary of the revised forecast is provided in the following table:

Comparison of Forecasted Variance – June vs. August Forecast  
 (rounded to the nearest thousand)

Revenue Source	Unfavourable Variance Forecast		
	June, 2012 Forecast	August, 2012 Forecast	(Increase) / Decrease
Tax Supported Departments	\$ 279,000	\$ 194,000	\$ 85,000
User Rate Supported (Water and Wastewater)	135,000	135,000	-
User Fee Supported Operations (Building)	100,000	60,000	40,000
<b>Total Unfavourable Variance Forecast</b>	<b>\$ 514,000</b>	<b>\$ 389,000</b>	<b>\$ 125,000</b>

Detail of the revised projections can be found on Attachments 1, 2 and 3.

## Operating

### Tax Supported Departments

Attachment 1 represents Tax Supported departments' financials for the first eight months of the 2012 fiscal year. The total year-to-date variance at this point is \$3.9 million favourable, mainly due to the seasonal nature of Town business. While revenues such as the final tax bill have been realized, other revenues have not due to the timing of the service such as:

- Billing of the 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 \$194K unfavourable variance, made up mainly of:

- Non budgeted expenditures related to the Alpine Mudslide and Short Term Accommodation prosecutions. It is noted that the forecasted expenditure variance does not include legal fees related to potential litigation.
- Variance from the prior year surplus funding to be applied to the 2012 budget.
- Shortfall in revenue from user/development fees.

The previously reported \$279K unfavourable year-end variance has been reduced by \$85K, resulting in a revised year-end forecasted variance of \$194K. Changes from the June forecast are outlined in the following table:

Variance Type	Summary of Changes in Tax Funded Variance Forecast		
	June, 2012 Forecast	August, 2012 Forecast	(Increase)/ Decrease
Expenditures Related to Short Term Accomodations	\$ 20,000	\$ 10,000	\$ 10,000
Tax Write Off To be Funded from Reserves	60,000	-	60,000
Revised Forecast - Tomahawk User Fees	29,000	24,000	5,000
Revised Forecast - Engineering Development Fees	65,000	55,000	10,000
<b>Total Changes in Variance Forecast</b>	<b>\$ 174,000</b>	<b>\$ 89,000</b>	<b>\$ 85,000</b>

The revised year-end forecast at August 31, 2012 represents fluctuations in User Fee revenue and reduction in previous estimates and management practices following assessment reductions. Third Quarter (Q3) financial results will provide a better indicator of the projected year-end variance.

## **User Rate Supported (Water and Wastewater)**

On Attachment 2, the User Rate supported departments' financials for the first eight months of the 2012 fiscal year are shown. Revenue increased in July and August, due to the increased consumption of water and weather conditions. Revenue is currently on track to budget with 69% collected; however collections for the remainder of the year are dependent upon weather and seasonal conditions in the months of November and December.

At this time, management has provided a conservative forecast of revenue based on the impact of weather conditions and reductions in water consumption. The 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. 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 represents the User Fee supported departments' financials for the first eight months of the 2012 fiscal year. The expected year-end forecast for user fee supported departments is a \$60K unfavourable variance resulting from Building department operations, reduced from \$100K as reported in June. The revised projection is based on revenues realized in peak building season from June - September. Any reported shortfall in the Building department will be added to the budgeted debt funding of \$365K.

## **Capital**

Capital expenditures and commitments for the period ended August 31, 2012 totalled \$2.5 million or 28% of the 2012 Approved Capital Budget of \$9.1 million, up 7% from the 21% spent and committed at June 30, 2012.

Staff is forecasting that \$5.2million of the \$9.1 million will not be spent in 2012, due to the delay in projects such as:

- Grey Road 21 Trunk Sewer: \$2.4 million
- Wensley Drive Road Reconstruction & Wastewater Expansion:\$1.5 million
- Ravenna Roads Depot expansion \$500K
- Other projects such as Town Hall landscaping totalling \$800K

Any tax related funding associated with delayed projects will be recommended for roll-over into the 2013 capital budget.

Staff is also forecasting a savings in debt financing for the Slabtown Bridge capital project. Any savings in expenditures will result in a reduction of the long term debt burden by the Town.

Funding will be updated for Q3 2012 with any additional variances to be reported.

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  
Finance Staff

### **G. Attached**

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

Respectfully submitted,

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Renee Ouellette, CMA  
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Robert Cummings, CMA  
Director of Finance & IT Services

For more information, please contact:

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**The Blue Mountains  
August Financial Report  
August 31, 2012**

Service Area	Approved 2012 Budget	Net Actual as of Aug 31 , 2012	Net Budget as of Aug 31, 2012	Year to Date Variance (F)/U	Projected 2012 Variance (F)/U	Comment
<b>Tax Supported Expenses &amp; Transfers</b>						
Council & Administration	\$ 2,718,488	\$ 5,218,617	\$ 1,812,325	\$ 3,406,292	\$ -	No variance to forecast. \$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. Results in a nil impact on the statement of operations.
Protection Services	\$ 2,985,705	\$ 2,049,327	\$ 1,990,470	\$ 58,857	\$ 10,000	By-law management is reporting a forecasted \$10,000 budget shortfall in professional fees related to zoning by-law prosecutions for short term accommodations, reduced from \$20,000 as reported in July.
Fire & Emergency Services	\$ 1,634,100	\$ 839,329	\$ 1,089,400	\$ (250,071)	\$ 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	\$ 3,321,577	\$ 4,098,723	\$ (777,146)	\$ -	No variance to forecast. Environmental assessments funded by Development Charges, Reserve and Grants have not yet been completed. Transfer to capital projects and reserves at 39% ytd.
Recreation/Parks/Cemetery	\$ 1,768,304	\$ 1,102,842	\$ 1,178,869	\$ (76,027)	\$ -	No variance to forecast. Transfer to capital and reserves at 12% ytd.
Planning & Zoning	\$ 843,059	\$ 453,884	\$ 562,039	\$ (108,155)	\$ -	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	\$ 427,876	\$ 447,817	\$ (19,941)	\$ -	No variance to forecast.
<b>Total Tax Supported Expenses &amp; Transfers</b>	<b>\$ 16,769,467</b>	<b>\$ 13,413,452</b>	<b>\$ 11,179,645</b>	<b>\$ 2,233,807</b>	<b>\$ 20,485</b>	<b>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.</b>

Service Area	Approved 2012 Budget	Net Actual as of Aug 31 , 2012	Net Budget as of Aug 31, 2012	Year to Date Variance (F)/U	Projected 2012 Variance (F)/U	Comment
<b>Tax Supported Revenues</b>						
Taxation	\$ 11,422,991	\$ 11,262,252	\$ 7,615,327	\$ (3,646,925)		Final tax bill issued August 2012. Supplemental tax bill has not been billed as of August 31, 2012, budgeted at \$120,000.  Anticipating tax write off's of \$60,000 resulting from assessment reductions by the assessment review board. Assessment reductions/write off's currently total \$42K, resulting from the assessment review on two large accounts. Assessment reductions are to be funded from the Assessment Reduction Reserve.
Grants & Donations	\$ 2,174,450	\$ 1,360,534	\$ 1,449,633	\$ 89,099	\$ -	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.
Reserve Revenue	\$ 943,400	\$ 182,306	\$ 628,933	\$ 446,627	\$ -	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.
Prior Year Surplus	\$ 56,000	\$ 21,736	\$ 37,333	\$ 15,597	\$ 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 Aug 31, 2012	Net Budget as of Aug 31, 2012	Year to Date Variance (F)/U	Projected 2012 Variance (F)/U	Comment
All Other Revenue	\$ 2,172,626	\$ 1,201,687	\$ 1,448,417	\$ 246,730	\$ 139,000	<p><b>Cemetery- User Fees: \$10,000 budget shortfall forecasted.</b> Shortfall forecasted in revenue for excavating graves. Offsetting decrease in expenditures will be reviewed. Prior year deficit of \$38K.</p> <p><b>Depot - Fees &amp; Other Revenue: \$20,000 budget shortfall forecasted.</b> Similar to 2011 year-end results revenue from lecture series revenue, program fees, memberships and grants will be less than budgeted.</p> <p><b>Tomahawk Golf- User Fees: \$24,000 budget shortfall forecasted.</b> Management estimates user fee collections of \$30,000 compared to the \$54,000 budget with approx 2 months remaining, resulting in a budget shortfall of \$24K .</p> <p><b>Recreation Administration - Sponsors: \$5,000 budget shortfall forecasted.</b> 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><b>By-law - User Fees: \$10,000 budget shortfall forecasted.</b> Shortfall is a result of a decline in parking fines as a result of reduced tickets issued for parking without owner authorization. Fines are seasonal, with activity typically occurring in the winter months.</p> <p><b>Engineering Administration - Development Fees: \$55,000 budget shortfall forecasted.</b> 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. Reduced from the forecasted \$65,000 in June,2012 due to the collection of revenue in August.</p> <p><b>Landfill - Fees: No variance forecasted.</b> Current budget shortfall of \$8,000 due to decline in intake from commercial waste, however management estimates that revenue will meet budget by year-end, as evidenced by a increase in August fees. 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><b>Environmental Initiatives - Sale of Materials: \$15,000 budget shortfall forecasted.</b> Shortfall is due to a change in rate received for the sale of curbside recycled material.</p> <p><b>Roads - Grants, Fees, Permits: No variance forecasted.</b> Forecasted \$36,000 budget shortfall in permit/fee revenue forecasted to offset savings in expenditures, similar to prior year results.</p>
<b>Total Tax Supported Revenues</b>	<b>\$ 16,769,467</b>	<b>\$ 17,328,515</b>	<b>\$ 11,179,645</b>	<b>\$ (6,148,870)</b>	<b>\$ 173,264</b>	<b>The bulk of Town activity occurs in the third quarter, as such third quarter results will provide a better indicator of year-end projections.</b>
<b>Overall Total Tax Supported</b>	<b>\$ -</b>	<b>\$ 3,915,063</b>	<b>\$ -</b>	<b>\$ (3,915,063)</b>	<b>\$ 193,749</b>	<b>Projected 2012 Variance</b>

**The Blue Mountains  
August Financial Report  
August 31, 2012**

Service Area	Approved 2012 Budget	Net Actual as of Aug 31, 2012	Net Budget as of Aug 31, 2012	Year to Date Variance	Projected 2012 Variance (F)/U	Comment
<b>User Rates Supported</b>						
Water Expenses	\$ 3,509,635	\$ 2,358,795	\$ 2,339,757	\$ 19,038	\$ -	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	\$ 2,327,936	\$ 2,339,757	\$ 11,821	\$ 110,000	Water consumption has increased for the months of July and August. Revenue is currently on track for the year at 67% collected, however consumption will be seasonal for the remainder of the year and dependent upon weather conditions. Management has provided a conservative variance forecast of a total \$110,000 shortfall, with a \$150,000 budget shortfall in consumption billing to be offset by a \$40,000 surplus in fixed billing.
<b>Total Water</b>	<b>\$ -</b>	<b>\$ 30,859</b>	<b>\$ -</b>	<b>\$ 30,859</b>	<b>\$ 110,000</b>	
Wastewater Expenses	\$ 3,107,379	\$ 1,582,232	\$ 1,553,690	\$ 28,543	\$ -	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	\$ 1,734,249	\$ 1,553,690	\$ (180,560)	\$ 25,000	Similar to water, revenue is on track for the year at 71% collected, however collections in the remainder of the year will be seasonal and dependent upon weather. Management has provided a conservative forecast variance of a \$75,000 budget shortfall in usage billing to be offset by a \$50,000 surplus in private billing.
<b>Total Wastewater</b>	<b>\$ -</b>	<b>-\$ 152,017</b>	<b>\$ -</b>	<b>\$ (152,017)</b>	<b>\$ 25,000</b>	
Net Water Operations	\$ -	\$ 30,859	\$ -	\$ 30,859	\$ 110,000	
Net Sewer Operations	\$ -	\$ (152,017)	\$ -	\$ (152,017)	\$ 25,000	
<b>Total User Rates Supported</b>	<b>\$ -</b>	<b>\$ (121,158)</b>	<b>\$ -</b>	<b>\$ (121,158)</b>	<b>\$ 135,000</b>	<b>Projected 2012 Variance</b>



**The Blue Mountains  
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Service Area	Approved 2012 Budget	Net Actual as of Aug 31, 2012	Net Budget as of Aug 31, 2012	Year to Date Variance	Projected 2012 Variance (F/U)	Comment
<b>User Fee Supported</b>						
Building Expenses	\$ 698,254	\$ 323,813	\$ 349,127	\$ (25,314)	\$ -	No variance to forecast. Total expenses and transfers are 46% spent for the year (versus 66% spent as per budget). Staff will continue to review expenditures in order to align with the revenue forecast.
Building Revenues	\$ 698,254	\$ 239,006	\$ 349,127	\$ 110,121	\$ 60,000	Management is estimating a budget shortfall of \$60,000 in building/sign permit revenue. Reduced from previously reported \$100,000 June forecast, as the bulk of building permit activity occurs between May and September.  Variance will be offset by a increase in proceeds from debt.
<b>Total Building</b>	<b>\$ -</b>	<b>\$ 84,807</b>	<b>\$ -</b>	<b>\$ 84,807</b>	<b>\$ 60,000</b>	
Harbour Expenses	\$ 422,680	\$ 318,532	\$ 211,340	\$ 107,192	\$ -	No variance to forecast. The majority of expenditures are seasonal and incurred during the summer months.
Harbour Revenues	\$ 422,680	\$ 394,359	\$ 211,340	\$ (183,019)	\$ -	No variance to forecast, fees collected are seasonal and on track for the year.
<b>Total Harbour</b>	<b>\$ -</b>	<b>\$ (75,827)</b>	<b>\$ -</b>	<b>\$ (75,827)</b>	<b>\$ -</b>	
BIA & Tile Drainage Expenses	\$ 88,592	\$ 29,761	\$ 44,296	\$ (14,535)	\$ -	No variance to forecast.
BIA & Tile Drainage Revenues	\$ 88,592	\$ 83,809	\$ 44,296	\$ (39,513)	\$ -	No variance to forecast.
<b>Total Other</b>	<b>\$ -</b>	<b>\$ (54,048)</b>	<b>\$ -</b>	<b>\$ (54,048)</b>	<b>\$ -</b>	
Net Building Operations	\$ -	\$ 84,807	\$ -	\$ 84,807	\$ 60,000	
Net Harbour Operations	\$ -	\$ (75,827)	\$ -	\$ (75,827)	\$ -	
Net Other (BIA & Tile Drainage) Operations	\$ -	\$ (54,048)	\$ -	\$ (54,048)	\$ -	
<b>Total User Fee Supported</b>	<b>\$ -</b>	<b>\$ (45,068)</b>	<b>\$ -</b>	<b>\$ (45,068)</b>	<b>\$ 60,000</b>	<b>Projected 2012 Variance</b>