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# 2004 BUDGET - THIRD QUARTER PROGRESS REPORT

**The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, November 24, 2004, from the Commissioner of Finance:**

## 1. RECOMMENDATION

It is recommended that:

1. This report providing a status update on third quarter financial results for York Region be received for information.

## 2. PURPOSE

The purpose of this report is to provide Council with a third quarter status report on financial performance relative to York Region's 2004 operating and capital budget.

## 3. BACKGROUND

On March 25, 2004, Regional Council approved the 2004 Capital and Operating Business Plan and Budget at a gross cost of $1.7 billion. This report provides an updated status of departmental budget performance as of September 30, 2004, along with financial projections to year-end.

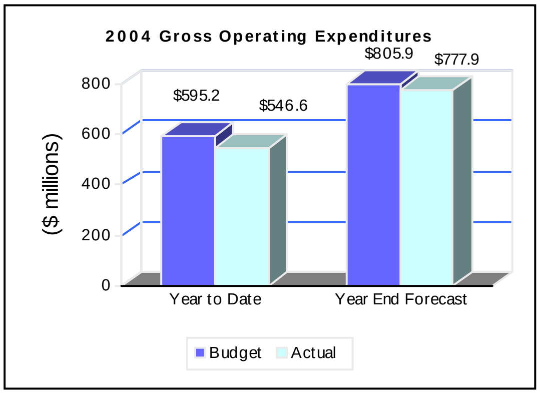
## 4. ANALYSIS AND OPTIONS

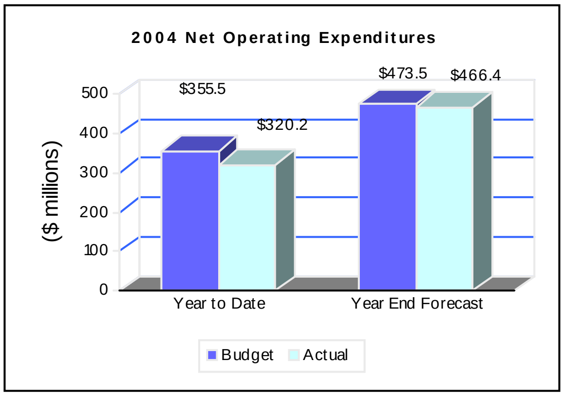
York Region departments are on track to accomplish 2004 Business Plan financial objectives within the $1.7 billion gross budget approved by Regional Council.

### 4.1 Operating Program Overview

The gross budget for Regional operations is $805.9 million. Departments continue to adapt to changing circumstances e.g. weather conditions affecting service; and higher costs for utilities and supplies; while focusing on cost effective service delivery to our residents.

As of September 30, 2004, Regional net operating expenditures are 90% of the year to date budget of $355.5 million.  Year-end net expenditures are forecasted to be 99% of budget.




## 4.2 Operating Program Highlights

- York Region's 2004 gross operating budget is $805.9 million of which 97% is projected to be spent by year end.

- As of September 30, 2004, 92% of the year to date gross operating budget has been expended.

- Net operating expenditures (tax levy funded) are 90% of budget as of September 30, 2004 and are estimated to be 99% of budget by year end.

- Housing and Residential Services is projecting a favourable net operating variance of $3.4 million at year end, primarily attributable to mortgage renewals at lower interest rates.

- York Regional Police are projecting expenditures will be at budgeted levels by the end of the year 2004.

- Solid Waste Management is projecting a year-end surplus of $1.5 million primarily due to higher revenue from the sale of recyclable material and increased tonnage at the Georgina Transfer Station.

- Roads Transportation will be overspent by $0.5 million at year-end as a result of high costs for contracts and electricity, as well as increased services due to inclement weather.

- Social Assistance will exceed its year-end budget by 1% or $0.4 million due to unanticipated higher Provincial billings for Ontario Disability Support Program (ODSP) allowances and drug benefits.

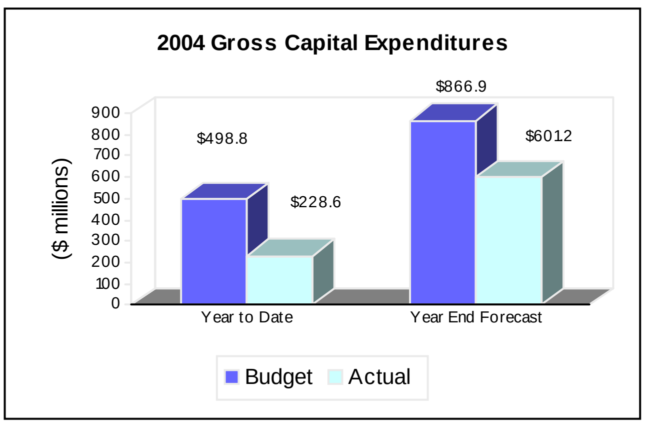
- The Financial/Administrative items budget is forecasted to be within budget at year-end. Salary gapping, which is salary savings when positions are vacant, is budgeted, corporately at $2.5million in this budget, however, the actual savings are reflected in departmental expenditures. To date, all departments have met or exceeded their savings targets for salary gapping in 2004.

## 4.3 Capital Program Overview

The $866.9 million capital program is focused on addressing key infrastructure challenges in York Region. Project delays due to external factors and more stringent environmental regulations are affecting our ability to keep capital projects on track. However, staff continues to address the Region's most aggressive capital program to date.

As of September 30, 2004, Regional gross capital expenditures are 46% of the year to date budget of $498.8 million. Anticipated year-end gross capital expenditures are forecast to be 69% of budget.

## 4.4 Capital Program Highlights




- 92% of York Region's capital program is dedicated to Transit, Roads Transportation, Solid Waste and Water and Wastewater. The remaining expenditures are primarily for Police, EMS, Long Term Care and Housing and Residential Services.

- York Regional Transit is projecting that 50% of the approved budget will be spent by year end. Some projects and bus acquisitions have been deferred pending the results of service reviews being undertaken.

- Rapid Transit is projecting that 40% of the approved budget will be spent by year end primarily due to delays in the execution of a funding agreement with the Federal and Provincial Governments for the Quickstart program.

- Roads capital program expenditures are 68% of the year to date budget. Delays are largely caused by third party issues such as environmental assessments and the management/funding of projects.

- Expenditures for Water capital projects are 24% of budget at third-quarter due to material supply problems causing delays in key projects. Delays in the first half of the year have impacted on timing, resulting in a projected 66% expenditure of the budget.

- Wastewater capital program expenditures are 66% of budget at third quarter and are forecast by year-end to be 82% of budget due to regulatory and approval delays.

- Housing and Residential program expenditures are forecast by year-end to be $614,000 or 6% of the budget due to design, rezoning and project approval issues.

- Property Services year-end forecast is $14.1 million or 55% of the annual capital budget due to significant budgeted projects not yet receiving required approvals.

### 4.5 Assessment Growth

As of October 15, 2004 assessment growth in York Region is 4.3%. This level of assessment growth will generate increased tax revenues in 2005. Increased tax revenue from assessment growth helps to offset the increased demand for residential and non-residential services as a result of this growth.

## 5. FINANCIAL IMPLICATIONS

Regional departments are on track in regard to their 2004 operating and capital budgets and are projected to be within the Council approved overall gross budget of $1.7 billion at year end.

## 6. CONCLUSION

The 2004 Third Quarter Progress Report provides a status update of the resources utilized to complete service objectives identified in the 2004 Business Plan and Budget.

Regional departments continue to work towards completing and achieving their 2004 business plan goals within budget, demonstrating flexibility and responsiveness to needs while working within the overall Regional budget approved by Council.

The Senior Management Group has reviewed this report.

*(The attachment referred to in this clause was included in the agenda for the December 2, 2004 Committee meeting.)*