# 6
# 2005 BUDGET - THIRD QUARTER PROGRESS REPORT

**The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, November 2, 2005, 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 2005 operating and capital budget.

## 3. BACKGROUND

On February 17, 2005, Regional Council approved the 2005 Capital and Operating Business Plan and Budget at a gross cost of $1.5 billion plus $323 million approved in prior years. This report provides an updated status of departmental budget performance as of September 30, 2005, along with financial projections to year-end. Additionally, the quarterly report monitors expenditures relative to plan and provides corrective action necessary to achieve the outcomes identified in the plan. The information contained is also used in the 2006 budget development process.

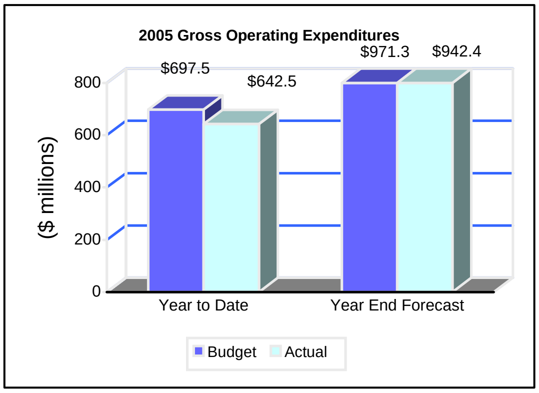
## 4. ANALYSIS AND OPTIONS

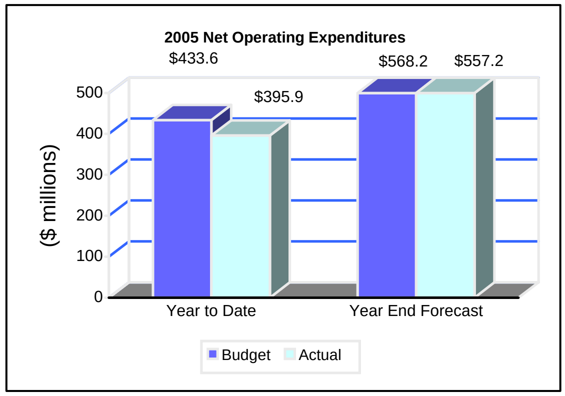
York Region departments are largely on track to accomplish 2005 Business Plan financial objectives within the $1.5 billion gross budget approved by Regional Council.

### 4.1 Operating Program Overview

The gross budget for Regional operations is $971 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 residents.

As of September 30, 2005, Regional net operating expenditures are 91% of the year to date budget of $433.6 million. Year-end net expenditures are forecasted to be 98% of budget.




## 4.2 Operating Program Highlights

- York Region's 2005 gross operating budget is $971 million of which 97% is projected to be spent by year end.
- As of September 30, 2005, 91% of the year to date gross operating budget has been expended.
- Net operating expenditures (tax levy funded) are 91% of budget as of September 30, 2005 and are estimated to be 98% of budget by year end.
- Community Services and Housing is projecting a favourable net operating variance of $3.7 million at year end, primarily attributable to Social Assistance and Family and Children's Services' Best Start Program.
- York Regional Police are projecting a favourable variance of $1.7 million by the end of the year 2005 primarily due to salary gapping and a forecasted revenue variance of $0.4 million.
- York Region Transit is projecting a year-end surplus of $1.5 million primarily due to higher revenue from increased ridership.
- VIVA Rapid Transit is forecasting a $1.6 million favourable variance due to lower operating expenses and debt interest expense.
- Roads Transportation is forecasting a $0.4 million over expenditure, due to adverse winter weather conditions.

- Planning and Administrative Support are forecasting a $0.6 million and $1.4 million favourable variance, respectively, by year end. This variance is largely due to salary gapping and administrative savings.

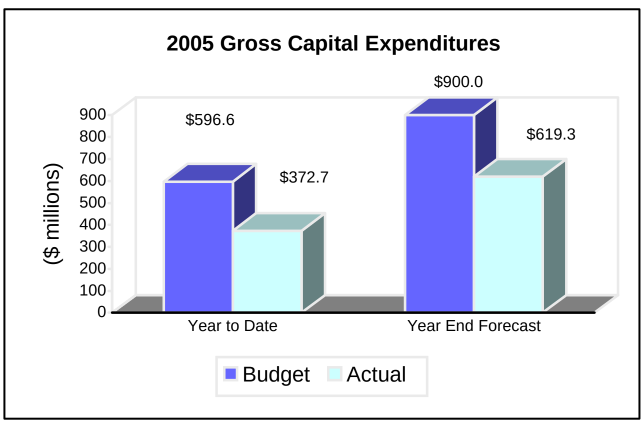
- The Financial/Administrative Items budget is forecasted to be within budget at year-end. Salary gapping, which is salary savings when positions are vacant, is budgeted, corporately at $2.5 million in this budget, however, the actual savings are reflected in departmental expenditures. To date, all departments have met or exceeded their savings targets for salary gapping in 2005.

## 4.3 Capital Program Overview

The $900 million capital program (including $323 million approved in prior years) is focused on addressing key infrastructure challenges in York Region. External factors and increased stringent environmental regulations have caused delays in some capital projects.

As of September 30, 2005, Regional gross capital expenditures are 62% of the year to date budget of $597 million. Anticipated year-end gross capital expenditures are forecast to be 69% of budget.

## 4.4 Capital Program Highlights




- 94% 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 program expenditures are 36% of the year to date budget and it is projected that 66% of the approved budget will be spent by year end. The acquisition of Transit Vehicle Garages has been delayed pending the facilities review study. Cornell Terminal has been delayed due to coordination with other

projects. Conventional Buses (25 replacement, 20 expansion, 5 specialized replacement, 3 specialized expansion) have been ordered and are expected to be delivered later this year.

- Rapid Transit program expenditures are 60% of the year to date budget and 81% of the approved budget is projected to be spent at year end. Property Acquisitions have been delayed pending property acquisition strategy approval.

- Roads capital program expenditures are 75% of the year to date budget. Delays are largely caused by third party issues such as environmental assessments and the coordination/management of projects. As a result, 72% of the approved budget is projected to be spent at year end.

- Expenditures for Water capital projects are 53% of budget at third-quarter due to impediments in compliance issues, environmental assessments and coordination with other projects. Delays in the first half of the year have impacted on timing, resulting in a projected year end 52% expenditure of the budget.

- Wastewater capital program expenditures are 73% of budget at third quarter and are forecast by year-end to be 76% of budget due to regulatory and approval delays.

- Emergency Medical Services expenditures are forecast by year end to be $5.3 million or 60% of the budget. The tender has been issued for Vaughan/Rutherford/Islington station in October 2005.

- Housing Services program expenditures are forecast by year-end to be $5.5 million or 62% of the budget. Construction of Blue Willow Terrace has begun and is underway for third quarter.

- Property Services year-end forecast is $22.8 million or 99% of the annual capital budget. All projects are scheduled to be within budget and on time

## 4.5 Assessment Growth

The year end assessment growth in York Region is forecasted to be 4%, consistent with the 2005 budget projection. 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 largely on track in regard to their 2005 operating and capital budgets and are projected to be within the Council approved overall gross budget of $1.5 billion at year end. The year to date results, as presented in this third quarter 2005 report, are reflected in the development process of the 2006 budget.

## 6. CONCLUSION

The 2005 Third Quarter Progress Report provides a status update of the resources utilized to complete service objectives identified in the 2005 Business Plan and Budget.

Regional departments continue to work towards completing and achieving their 2005 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 is attached to this report.)*