

...Item No.

THE CORPORATION OF THE CITY OF WINDSOR Corporate Services Department



MISSION STATEMENT:

"The City of Windsor, with the involvement of its citizens, will deliver effective and responsive municipal services, and will mobilize innovative community partnerships"

BASIS Report Number: 11258	Report Date: March 11, 2005
Author's Name: Tony Ardonini	Date to Council: May 2, 2005
Author's Phone: (519) 255-6100 Ext #6223	Classification #:

To: Mayor and Members of City Council

Subject: 2004 Year-end Operating Budget Variance Report

1. RECOMMENDATION: City Wide: X Ward(s): _____

1. THAT Council **RECEIVE FOR INFORMATION** the 2004 Year-end Operating Budget Variance Report, dated March 11, 2005, showing a surplus of \$4,454,130, which represents approximately 0.7% of the 2004 gross budget.
2. THAT Council **APPROVE** the transfer of the 2004 Operating Surplus of \$4,454,130 to the Budget Stabilization Reserve Fund.
3. That Council **APPROVE** the transfer of \$600,000 from the 2004 Medical Plans operating account to the Fringe Rate Stabilization reserve Fund.
4. That Council **APPROVE** \$3,003,503 in budget carryovers as detailed in Appendix B.

EXECUTIVE SUMMARY:

The Corporation ended the 2004 fiscal year with an operating surplus of \$4.454 million as itemized in the table that follows. Included in arriving at the net surplus are budget carryovers in the amount of \$3.004 million for accounts that, due to timing, were not expended in 2004 and for which the related budget has been carried to 2005 (Appendix B). The net surplus also includes a \$1.694 million transfer to the Corporate Stability Reserve

Fund, as previously approved by Council, and a transfer of \$600,000 to the Fringe Rate Stabilization Reserve Fund. As Council is aware, there is a \$1.5 million budget stabilization contingency in the corporate accounts that is used to offset any City deficit at year-end. This budget was not required in 2004, and as per normal practice, was transferred to the Budget Stabilization Reserve.

As per current Council approved practice, the \$4.454 million surplus is recommended to be transferred to the Budget Stabilization Reserve Fund. The transfer to the Budget Stabilization Reserve fund will increase the City's liquidity position and may assist in the upcoming bond rating. In addition, the reserve can provide stability and soften the impact of an economic downturn, while providing assistance in the cash flow for a number of large capital projects currently underway.

The table below provides a summary of the projected year-end variances for City Departments and Agencies, Boards & Commissions. The projected year-end variances have been sorted from largest deficit to largest surplus. Detailed explanations for each area can be found in Appendix A of the report.

City of Windsor Departments & Corporate Accounts	Year-end Surplus/ (Deficit)	Percentage of 2004 Gross Departmental Budget
Housing Services	(\$664,373)	(2.1%)
Legal	(\$616,876)	(6.1%)
Public Works – Operations	(\$470,271)	(1.7%)
Engineering & Corporate Projects	(\$452,989)	(5.5%)
Fire & Rescue Services	(\$193,642)	(0.7%)
Parks	(\$171,264)	(1.4%)
Huron Lodge – Long Term Care	(\$8,490)	(0.1%)
Planning	\$3,170	0.2%
Building & Development Services	\$17,219	0.2%
Licensing & Enforcement	\$18,120	0.4%
Hospitality & Facility Management	\$36,495	0.3%
Environmental Services	\$69,828	0.2%
Human Resources	\$101,873	3.7%
CAO's Office	\$143,478	13.9%
Council Services	\$155,876	7.3%
Recreation	\$191,326	1.6%
Information Technology	\$199,918	4.2%
Finance	\$321,479	4.8%

Social Support Services	\$1,566,593	1.3%
Corporate Accounts		
Contingency	(\$2,234,220)	(1489.5%)
Medical Plans	(\$1,351,713)	(7.9%)
Miscellaneous Revenues	(\$290,434)	(7.8%)
Enterprise Windsor/Development Commission	(\$194,002)	(22.9%)
Assessment & Taxation Policy	(\$84,348)	(28.1%)
Other Miscellaneous	(\$44,762)	(0.0%)
Other Fringe Benefit Accounts	351,173	1.5%
Interest on Capital Projects	\$1,095,808	60.9%
Investment Income	\$1,398,488	47.2%
Land Ambulance	\$1,736,213	16.4%
Taxation – Supplementary Taxes net of Reductions	\$4,415,103	172.8%
Total City of Windsor Departments & Corporate Accounts Surplus	\$5,044,776	1.0%

Agencies Boards & Commissions	Year-end Surplus/ (Deficit)	Percentage of 2004 Gross Departmental Budget
Police Services	(\$324,232)	(0.6%)
Transit Windsor	(\$266,414)	(1.2%)
City Grant to Windsor Public Library	\$0	N/A
Total Agencies, Boards & Commissions Year-end Deficit	(\$590,646)	(0.7%)
Total 2004 Surplus	\$4,454,130	0.8%

BACKGROUND:

The table below lists relevant operational and economic statistics (extracted from various sources) and is provided as background information.

City of Windsor - Operational & Economic Statistics as at December 31st

	<u>December 31st</u> <u>2003</u>	<u>December 31st</u> <u>2004</u>	<u>% Increase /</u> <u>(Decrease)</u>
<u>Building Permit Activity</u>			
Number of Permits YTD	4,110	3,561	(13.4%)
Value of Construction YTD	\$361,763,662	\$336,235,650	(7.1%)
<i>Source: City of Windsor, Building & Development Department</i>			
<u>Transit Windsor Ridership</u>			
<i>(Combined Cash & Pass Fares)</i>			
Adult	3,341,593	3,423,655	2.5%
Student	1,435,225	1,485,311	3.5%
Senior	560,306	565,852	1.0%
Tunnel	<u>161,671</u>	<u>152,610</u>	(5.6%)
Total	<u><u>5,498,795</u></u>	<u><u>5,627,428</u></u>	<u>2.3%</u>
<i>Source: Transit Windsor</i>			
<u>Social Services Caseloads</u>			
<i>(Ave. monthly caseload for 9-month period Jan. to Sept.)</i>			
Ontario Works (OW)	6,747	6,682	(1.0%)
Ontario Disability Support Program (ODSP)	6,297	6,580	4.5%
Domiciliary Hostels - Lodging Homes	420	385	(8.3%)
<i>Source: City of Windsor, Social Services Department</i>			
<u>Unemployment Rates (Annual Average)</u>			
Windsor (Census Metropolitan Area - CMA)	7.4%	8.5%	1.1%
Ontario	7.0%	6.8%	(0.2%)
Canada	7.6%	7.2%	(0.4%)
<i>Source: Statistics Canada</i>			

	CPI December 31st <u>2003</u>	CPI December 31st <u>2004</u>	% Change From The Previous Year or CPI
<u>Consumer Price Index (CPI)</u>			
* Consumer Price Index (CPI) - Canada (All Items)	122.3	124.6	1.9%
Mortgage Interest Cost CPI	87.1	87.7	0.7%
Property Taxes CPI (Including Special Charges)	126.6	132.1	4.3%
Homeowners Insurance Premiums CPI	157.7	171.7	8.9%
Electricity CPI	118.5	123.5	4.2%
Water CPI	144.0	151.2	5.0%
Natural Gas CPI	225.6	212.7	(5.7%)
Fuel Oil and Other Fuel CPI	140.3	187.0	33.3%
<i>Source: Statistics Canada</i>			
<i>* Annual Average.</i>			

3. DISCUSSION:

Based on analysis of the financial data, as at December 31, 2004, the current year-end surplus is \$4.5 million, which is 0.8% of the gross approved budget. The comments are based on Departmental input and Finance Department review. Detailed comments have been provided in Appendix A for areas with projected year-end variances greater than \$100,000 or 1% of their gross expenditure budget. As Council is aware, there is a \$1.5 million budget stabilization contingency in the corporate accounts that is used to offset any City deficit at year-end. This budget was not required in 2004, and as per normal Council approved practice, was transferred to the Budget Stabilization Reserve.

Also included in arriving at the net surplus are budget carryovers in the amount of \$3.004 million for accounts that, due to timing, were not expended in 2004 and for which the related budget has been carried to 2005. Appendix B contains a detailed listing of the budget carryovers.

As previously directed by Council at the October 18, 2004 in camera meeting, the net surplus also includes a \$1.694 million transfer to the new Corporate Stability Reserve Fund. This transfer represents the 2004 surplus from the corporate restructuring account.

In addition, a transfer of \$600,000 was made to the Fringe Rate Stabilization Reserve Fund. Based on actual benefit usage, \$600,000 was refunded to the City by Green Shield to offset the variance in the medical plan account. Given the City achieved a significant overall surplus, this payment was credited to the Fringe Rate Stabilization reserve fund, resulting in a fund balance of approximately \$1.8 million. The transfer of the \$1.5 million budget stabilization contingency budget, along with the \$4.5 million 2004 surplus, will result in a Budget Stabilization reserve fund balance of approximately \$11 million.

Reserves are an important component to the City's long-term financial stabilization plan. Reserves provide the following benefits:

1. Provide stability of tax rates during economic downturns and when the City is faced with variable and uncontrollable factors like interest rates, unemployment rates, reduction in subsidies and increased social assistance caseloads.
2. Provide a source of internal financing for ongoing operations and the large capital projects currently underway. Reserves also ensure adequate cash flows for the City.
3. Provide flexibility to manage debt levels and protect the City's financial position.
4. Increasing reserves will increase the City's liquidity. This is one of the factors that bond raters use in their annual evaluation of the City's bond rating.
5. Provide financing for one-time or short-term requirements without permanently impacting the tax rate.

The sewer surcharge account ended the year in a surplus of \$389,475. Although revenues were lower than expected, expenditures decreased by a greater amount resulting in a net surplus for the year. This amount was transferred to the Sewer Surcharge reserve fund, as has been normal Council approved practice.

Administration monitors the operating budget on an ongoing basis. The 2004 accounts have now been finalized (subject to the results of the external audit). This report is intended to provide details on the final net operating results of each department

The details of the projected departmental variances are outlined in Appendix A – Components of the 2004 Year-end Variance.

4. FINANCIAL MATTERS:

Discussed throughout the report.

5. CONSULTATIONS:

The City Departments provided comments to augment the analysis performed by the Finance Department.

6. CONCLUSION:

While there were many variances within the accounts, overall the Corporation ended the 2004 fiscal year with a surplus of \$4.5 million. We are recommending that the surplus of \$4.5 be transferred to the Budget Stabilization Reserve Fund

Onorio Colucci
Acting City Treasurer

John Skorobohacz
Chief Administrative Officer

John Tofflemire
General Manager of Public Works

Ronna Warsh
Acting General Manager of Social Services

Michael Duben
General Manager of Client Services

George Wilkki
City Solicitor

APPENDICES:

Appendix A – Components of Projected Variance
Appendix B – 2004 Budget Carryovers

DEPARTMENTS/OTHERS CONSULTED:

All City Departments

NOTIFICATION :

Name	Address	Email Address	Telephone	FAX

Appendix A
2005 Second Quarter Components of the Projected Variance

Department	2005 Net Budget	2005 YTD Actuals (at June 30th)	2005 YTD Variance (at June 30th)	YTD % Committed (50%)	Description	Projected Year-end Surplus / (Deficit)	% of 2005 Gross Department Expenditure Budget
Strategic Services							
CAO's Office	\$2,236,618	\$869,040	\$1,367,578	39%	A small deficit is projected at this time, however, it is likely that it will be nullified by year-end.	\$0	0.0%
Planning	\$1,243,433	\$600,566	\$642,867	48%	No materially significant Y/E variances are anticipated at this time.	\$0	0.0%
Fire & Rescue Services	\$29,097,536	\$13,801,306	\$15,296,230	47%	<p>A deficit of (\$270,000) is being projected for the Fire Department at this time.</p> <p>Due to staffing requirements, a deficit of approximately (\$200,000) is anticipated in overtime expenditures. The department continues to have personnel on long-term illness or accident leaves, which results in cost implications, as the unit must maintain minimum staffing levels.</p> <p>Acting pay is required when a position is covered for vacation, sick leave, etc, which could result in a year-end deficit of approximately (\$76,000). As per the negotiated contract, four Captains were added to the complement and an additional week of vacation was added for anyone with 28 years of service. Furthermore, there was also an increase in specialty pay, which is given to firefighters who are technically trained to teach classes within the department in hazmat, first-aid/CPR, and auto extrication. Due to these new requirements in the last collective agreement, additional acting pay is required. Also, there are several officers that have been on modified duties or extended sick leave for over a year.</p>	(\$270,000)	(0.9%)
					<p>Costs arising from breakdowns and corrective maintenance on the fire trucks and equipment may result in a deficit of approximately (\$60,000).</p> <p>The above issues were communicated during the 2005 budget process and highlighted as potential risk areas for the current year.</p> <p>Due to aging buildings, extensive repairs and/or maintenance may be necessary for the various stations throughout the city, which could cause a year-end deficit of approximately (\$24,000).</p>		
					<p>As indicated during the budget preparation process, the department has always been concerned with trying to establish a base for revenues for fire inspections. Revenues are based on a projection of building activity and if revenues fall below the projection, fire has no means to rectify the short fall. In addition, revenue from inspections of existing buildings is basically derived from building owners not meeting code requirements. The department's objective is to try and have all buildings meet minimum code requirements. If they are successful with achieving their goal, revenues will reduce, however, the community will be safer. Once again, the department does not have the means to make up the short fall in the predicted revenue, which will cause an unfavorable variance in this area. This year, fees from various major constructions in the City of Windsor could potentially offset this variance, creating a surplus of approximately \$90,000 in revenues, however, this is a one time occurrence and not sustainable in coming years.</p>		

Appendix A
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Department	2005 Net Budget	2005 YTD Actuals (at June 30th)	2005 YTD Variance (at June 30th)	YTD % Committed (50%)	Description	Projected Year-end Surplus / (Deficit)	% of 2005 Gross Department Expenditure Budget
Huron Lodge	\$6,083,815	\$2,774,115	\$3,309,700	46%	<p>Huron Lodge is forecasting a year-end deficit of (\$300,000).</p> <p>Occupancy Reduction Protection (Ministry of Health and Long Term Care transition funding for bed reduction from 256 beds to 224 beds) has been further defined and the resulting shortfall has affected our year-end projection.</p> <p>In addition, early in July, the province advised that resident co-payment rates have been frozen until July 31, 2006. This was followed with an announcement of a base operating funding increase of \$.94 per day per resident.</p> <p>Huron Lodge continues to forecast that WSIB accounts are to be significantly higher than budgeted. Wages are also projected to be over budget.</p> <p>As more of the year elapses, the forecasting of the projected deficit will be fine-tuned and allow for a more accurate year-end variance estimate.</p>	(\$300,000)	(1.7%)
Total Strategic Services	\$38,661,402	\$18,045,027	\$20,616,375	47%		(\$570,000)	(1.1%)

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Corporate Services							
Finance	\$5,679,279	\$2,434,059	\$3,245,220	43%	A surplus of approximately \$150,000 is being projected in the Finance Department resulting mainly from gapping of vacant positions.	\$150,000	2.2%
Licensing & Enforcement	(\$1,751,831)	(\$1,085,059)	(\$666,772)	62%	Licensing & Enforcement anticipates a deficit of approximately (\$200,000) related to a projected shortfall in lottery revenue. As communicated during the 2005 budget process, the number of sessions has been decreasing which is projected to result in a (\$100,000) deficit in this area. It is projected that another 1,248 sessions will be reduced during the year resulting in an additional deficit of (\$100,000).	(\$200,000)	(4.0%)
Council Services	\$2,931,997	\$917,287	\$2,014,710	31%	No materially significant Y/E variances are anticipated at this time. However, while year-to-date actuals are currently only 31% committed, spending is expected to increase in the third and fourth quarters, as costs related to the Council Secretariat , 311 Initiative and other customer service initiatives and Records Management are incurred. In addition, the Committees of Council account has a potential surplus of approximately \$80,000 depending upon the amount of funds that committees are allowed as a budget carryover. This Department has no control over the budgets of committees of council.	\$0	0.0%
Legal	\$1,480,232	\$3,515,292	(\$2,035,060)	237%	The Legal department anticipates a deficit in the amount of approximately (\$50,000). This is related to a projected increase in insurance claim costs (\$150,000) and also a projected shortfall in revenue in the POA area (\$20,000), which is partially offset by the surplus of \$120,000 in the Legal Administration area. Please note that this has changed significantly from the 1st Qtr report due to the payment of \$750,000 for a one time violation. The consistent shortfall in revenue in the POA area will be addressed in the 2006 budget process.	(\$50,000)	(0.5%)
Information Technology	\$3,488,297	\$1,858,974	\$1,629,323	53%	It is anticipated that gapping of several positions resulting from a longer than expected recruitment process may lead to a surplus in the Information Technology Department of approximately \$44,000.	\$44,000	0.9%
Total Corporate Services	\$11,827,974	\$7,640,553	\$4,187,421	65%		(\$56,000)	(0.2%)

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Department	2005 Net Budget	2005 YTD Actuals (at June 30th)	2005 YTD Variance (at June 30th)	YTD % Committed (50%)	Description	Projected Year-end Surplus / (Deficit)	% of 2005 Gross Department Expenditure Budget
Client Services							
Parks	\$11,095,002	\$5,020,529	\$6,074,473	45%	The projected budget deficit within the Parks Department can be summarized as follows: Fuel expenses for Parks vehicles are expected to exceed budget by approximately (\$50,000). Snow removal has already been overspent for 2005 and expected year-end deficit will likely be no lower than (\$35,000). Equipping Parks staff with proper safety equipment and maintaining proper Health & Safety workplace parameters will likely cause a deficit of approximately (\$30,000). Due to new facilities coming on-line in 2005 (Bert Weeks Fountain & Pedestrian Overpass at Huron Church), utilities are expected to be over-budget at year's end by approximately (\$10,000). Equipment repairs charged to the Parks budget by Public Works will account for a budget deficit of approximately (\$45,000). These costs represent a recurring challenge towards achieving our budget targets.	(\$180,000)	(1.5%)
Recreation	\$6,472,158	\$2,363,266	\$4,108,892	37%	The Recreation Department anticipates a year-end deficit of approximately (\$124,000). Outdoor concession revenue has been declining over the past few years and current projections indicate a (\$164,000) shortfall is expected for 2005. In 2003, outdoor concessions were reverted to outside contracts and the revenue accruing to the Recreation Department under these contracts is now based on net profits. The shortfall in Concession revenue is expected as existing projections are not realistic under the current, contracting-out market conditions. This shortfall in revenue is expected to be offset by a \$40,000 savings in Food and Confection purchases. At this time, all other revenues are expected to be in-line with budget estimates.	(\$124,000)	(0.9%)
					With respect to operating expenditures, fuel costs have risen significantly. In addition, the hot summer weather has resulted in lower gas sales as more boaters are opting to keep their boats docked, rather than taking them out on the water. While no variance is being reported at this time, both the revenue and expense lines related to fuel will be monitored closely and any change in the projection will be incorporated into the third quarter variance projection.		
					Although year-to-date actuals are only 33% committed, spending is expected to increase in the second half of the year due to increased activity in the area of special events such as festivals and sports field rentals, summer programming such as camps and swim lessons, and also due to the opening of Lakeview Marina and the outdoor pools. In addition, internal charges such as rent, building insurance, computer rental and maintenance, etc... have not yet been billed.		

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Department	2005 Net Budget	2005 YTD Actuals (at June 30th)	2005 YTD Variance (at June 30th)	YTD % Committed (50%)	Description	Projected Year-end Surplus / (Deficit)	% of 2005 Gross Department Expenditure Budget
Hospitality & Facility Mgmt.	\$4,237,503	\$2,576,420	\$1,661,083	61%	Hospitality and Facility Management is projecting a net year end deficit of (\$200,000). While the department is showing a 61% year-to-date committed, there are significant recoveries pending that will bring that figure more in-line with the percentage of the budget year elapsed. The Cleary International Centre is forecasting a 12% revenue shortfall (\$150,000) in Convention Marketing and Catering as well as Off Premise Catering.	(\$200,000)	(1.7%)
					This deficit can be attributed to several factors which include the negative media coverage concerning the fate of the facility, less demand for convention space within Windsor, less US customers due to border issues and a reduced advertising budget. The Chrysler Theatre is projecting a slight surplus in operational savings related to the implementation of new Box Office software. Willistead Manor and The Convention and Visitors Bureau will achieve their budget objectives. Facility Management is experiencing a minor deficit variance (\$50,000) at this time and is in the process of reviewing and implementing measures to ensure that there are no additional variances to year end.		
Human Resources	\$3,189,517	\$1,313,109	\$1,876,408	41%	The Human Resources Department anticipates a year-end deficit of approximately (\$41,000). The projected deficit is attributable to an expected variance of approximately (\$19,000) in pre-employment medicals, and (\$18,000) in advertising. Expenditures in these accounts fluctuate depending on the level of recruitment in the City, however both accounts have historically been identified as underfunded. In addition, contract negotiations for 2005 have come to an end and a deficit of (\$3,900) was realized in the contract negotiation account. The variance in this account was mainly due to the Human Resources department assuming payment for the union's room at the Cleary, along with some of their catering costs. These expenses on behalf of the Union totalled \$2,763, and were not budgeted for. Finally, due to increased awareness of the Employee Family Assistance Program, utilization rates have risen substantially. If current trends continue, it is expected that this account will be overspent by approximately (\$25,000) at year-end.	(\$41,000)	(1.3%)
					Although year-to-date actuals are only 41% committed, spending is expected to increase as more programs, such as corporate training, health & safety assessments, etc... are completed. In addition, internal charges such as rent, building insurance, and computer rental charges have not yet been billed.		
					These over-expenditures are expected to be offset by projected savings in the areas of Employee Wellness and the Retiree's Banquet. With respect to the Retirees Banquet, cost saving measures such as limiting drink tickets, resulted in savings at this year's banquet. In total, the projected savings in these two areas is expected to be \$24,900.		
Total Client Services	\$24,994,180	\$11,273,324	\$13,720,856	45%		(\$545,000)	(1.3%)

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Department	2005 Net Budget	2005 YTD Actuals (at June 30th)	2005 YTD Variance (at June 30th)	YTD % Committed (50%)	Description	Projected Year-end Surplus / (Deficit)	% of 2005 Gross Department Expenditure Budget
Public Works							
Engineering & Corp. Projects	\$4,724,872	\$1,896,279	\$2,828,593	40%	Engineering and Corporate Projects is projecting to be on budget at year-end. While recoveries relating to certain Capital Projects and the Border Infrastructure Projects for work done by Public Works Engineering, Corporate Projects, and Infrastructure Support have not been made to date, this will change with the anticipated execution of the MTO/City Phase 1 Border Projects Delivery Agreement. Under this agreement, the recoveries relating to these border projects will be funded directly by the Province. Further detailed documentation of the impacts of the agreement on the budget will be undertaken and reported in the upcoming 3 rd quarter variance report.	\$0	0.0%
Operations	\$12,830,871	\$8,998,612	\$3,832,259	70%	<p>The Winter Control budget to date is 100% spent. The primary reason is the record snow conditions experienced in the region earlier this year. A deficit is projected for the 2005 Winter Control program in the amount of approximately \$800,000.</p> <p>The Winter Control reserve currently has a balance of approximately \$78,000 which would be available to partially offset the Winter Control program.</p> <p>The remainder of the year to date variances for Public Works Operations are attributable to the timing of expenditure and revenue posting in the financial system.</p>	(\$800,000)	(2.6%)
Environmental Services	\$11,918,025	\$5,926,484	\$5,991,541	50%	No materially significant year-end variances are anticipated at this time.	\$0	0.0%
Building & Development	\$309,116	\$1,184,666	(\$875,550)	383%	<p>The Building & Development department is projecting a year-end deficit of approximately (\$510,000). As projected during the 2005 budget process, permit revenue has been significantly lower than in previous years. If the January-June permit revenues are projected to the end of the year, building permit revenue would be at 47% of budget and right-of-way permit revenue would be at 65% of budget. However, there are large projects slated to begin in the third and fourth quarters of 2005 that will offset the declining day-to-day revenues (e.g. Casino, schools, multi-residential building, industrial building). It is projected that the total year-end building permit revenue will reach 90% of budget (94% less the annual year-end revenue transfer to G.I.S.); this is a negative variance of (\$564,557). The year-end revenue for right-of-way permits is projected to reach 78% of budget, which is a negative variance of (\$95,584). Further, Committee of Adjustment revenue is projected to have a negative variance of (\$47,300).</p>	(\$510,000)	(6.8%)
					<p>A portion of the negative revenue variances is offset by projected positive expense variances (gapping, surveying, travel, misc). The various positive variances total approximately \$197,441 after netting-out other various small negative variances.</p> <p>These projections are difficult to make accurately, and are based on best estimates available at the time of the report. Depending on the size and value of projects coming on line, the projected deficit may be reduced.</p>		
Total Public Works	\$29,782,884	\$18,006,041	\$11,776,843	60%		(\$1,310,000)	(1.8%)

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Department	2005 Net Budget	2005 YTD Actuals (at June 30th)	2005 YTD Variance (at June 30th)	YTD % Committed (50%)	Description	Projected Year-end Surplus / (Deficit)	% of 2005 Gross Department Expenditure Budget
Social Services							
Social Support Services	\$32,809,799	\$11,059,898	\$21,749,901	34%	The Social Support Department projects a Net City deficit of approximately (\$540,000). This deficit is a result of surpluses/deficits within the various program areas. No materially significant year-end variances are projected for the Children's Services or Ontario Early Years Programs. The Ontario Works Administration and Employment Programs combined are projected to experience a year-end surplus of approximately \$372,000 resulting from additional one-time Provincial (MCSS) revenues, gapping, and timing of recoveries. This projected surplus could increase upon the finalization of 2005 Provincial contracts (MCSS).	(\$540,000)	(0.4%)
					The Ontario Works Financial Assistance Program experienced higher than anticipated caseload growth, 5.8% versus the 3% growth budgeted. This, along with benefit rate increases, are expected to result in a (\$820,000) Net City deficit at year-end. The National Child Benefits (NCB) program is also expected to end the year with a Net City deficit of (\$61,000) resulting from higher than anticipated OW caseload growth.		
					The Ontario Disability Support Program is projecting a Net City deficit of (\$31,000) as a result of mandated benefit cost increases and average caseload growth of 4.2%, higher than the 4% growth budgeted. The projected deficits for ODSP, OW Financial Assistance, and NCB are based on caseload activity to June 30th, and may increase or decrease based on caseload changes during the remainder of the year.		
Housing Services	\$13,302,210	\$6,004,834	\$7,297,376	45%	A small surplus of \$10,000 is projected to December 31, 2005. A net city surplus of \$ 159,500 is expected in the Residential Support programs due to lower than anticipated caseloads to June 30th and lower cost per case in the Domiciliary Hostel program. If caseloads increase in the last six months of the year, this surplus will not materialize. This surplus will be offset by a \$ 149,500 deficit in the Housing Support program areas. This deficit is the result of reduced revenue projections of the Windsor Essex County Housing Corporation (WECHC) whose Board has reconsidered its plan to implement an air conditioning charge to its tenants.	\$10,000	0.0%
Total Social Services	\$46,112,009	\$17,064,732	\$29,047,277	37%		(\$530,000)	(0.3%)

Appendix A
2005 Second Quarter Components of the Projected Variance

Department	2005 Net Budget	2005 YTD Actuals (at June 30th)	2005 YTD Variance (at June 30th)	YTD % Committed (50%)	Description	Projected Year-end Surplus / (Deficit)	% of 2005 Gross Department Expenditure Budget
Agencies & Boards							
Police Services	\$54,753,578	\$24,481,631	\$30,271,947	45%	<p>The following comments have been provided by Windsor Police Services as Finance does not provide financial support to this department.</p> <p>In reviewing the 2nd quarter variance report, the Windsor Police Service is operating at 4.6% under budget however, there are several accounts which have not been charged at this point in time. The areas which have been identified as major variances are as follows:</p> <p>Salaries</p> <p>Projected savings is \$1,600,000. For the first four months of the year, the police service was operating an average of eight staff positions under authorized strength causing a savings in this account. Other factors effecting the savings is employees on maternity and/or parental leave of absences (20 in total in 2005); employees on Long Term Disability; employees on WSIB (7 long term and 6 short term); gapping due to retirements and positions not immediately filled. These factors all contribute to the savings in the salaries account.</p>	\$290,000	0.5%
					<p>Overtime</p> <p>Projected over expenditure of \$1,000,000 in this account. As mentioned in the first quarter report, the Windsor Police Service has not increased its overtime budget account respectively to the number of personnel it has hired over the last several years nor has it been increased according to the contract salary increases. We have attempted to maintain the expenditures to a minimum with certain initiatives put into place earlier this year. However, this expenditure is dependent upon the nature of operations as well, for example, murder investigations take up a substantial amount of overtime, as do court cases, and other major cases on the go. The other factor causing an increase in the overtime budget is related to the number of officers off on maternity/parental leave of absences, sick leave absences, WSIB, etc. We cannot replace officers as we can replace civilian staff.</p>		
					<p>WSIB</p> <p>WSIB is projected to be over budget by \$177,000. The WSIB administration charges is where the increase has occurred. This account is difficult to budget as it is dependent upon the incidences of WSIB injuries and absences.</p> <p>Temporary, Part-time salaries</p> <p>This is projected to be over budget by approx. \$100,000. We have had a high turnover in our special constable ranks. With the delay of hiring in this area to fill the vacancies, temporary staff was required.</p> <p>Fleet</p> <p>There is still a substantial variance in the fleet budget. The transition of the police fleet administration from Public Works to Police has not been finalized as yet. We are continuing to finalize the financial process in this area in the near future.</p>		

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Transit Windsor	\$9,427,508	\$3,929,120	\$5,498,388	42%	Based on the financial information to date, Transit Windsor is projecting revenues and expenditures to be within budget estimates, excluding any increases that may be experienced with fuel prices. The annual fuel contract, at a price of \$0.54 per litre expired on April 30, 2005. Transit has been trying since late last year to lock into another futures contract, and has not yet been successful. The prices have been higher than the offers. On May 31st Petro Canada's price for an eight-month futures contract was \$0.7920 per litre and the three month rate was \$0.7754 per litre. Purchasing at market rates, the average cost of fuel for the month of May was \$0.7565 per litre. With three million litres used a year, there could be an over expenditure of approximately \$480,000 in 2005, and given the most recent rate of over \$0.80 per litre, this may be a conservative estimate for the fuel deficit.	(\$230,000)	(0.9%)
					An additional \$250,000 was provided in the 2005 approved budget, which leaves a potential unfunded deficit of approximately \$230,000. Transit will continue to monitor the markets and try to secure a contract. New information will be forwarded as it becomes available.		
Windsor Public Library	\$7,661,785	\$3,831,614	\$3,830,171	50%	The City's grant to the Windsor Public Library will be paid in accordance with the approved budget. Any year-end variance will be the responsibility of the Windsor Public Library.	\$0	0.0%
Health Unit	\$2,986,783	\$1,577,024	\$1,409,759	53%	A deficit of (\$205,000) is anticipated as a result of the difference between the 2005 Council approved budget and the 2005 Health Unit Board approved budget.	(\$205,000)	(6.9%)
ERCA	\$515,199	\$558,230	(\$43,031)	108%	No materially significant Y/E variances are anticipated at this time.	\$0	0.0%
Other Agency Grants	\$2,322,149	\$1,706,931	\$615,218	74%	No materially significant Y/E variances are anticipated at this time.	\$0	0.0%
Total Agencies & Boards	\$77,667,002	\$36,084,550	\$41,582,452	46%		(\$145,000)	(0.1%)

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Corporate Accounts							
Mayor's Office	\$665,832	\$158,898	\$506,934	24%	The surplus in this area is primarily due to vacant positions throughout the year.	\$80,000	12.0%
Internal Audit	\$423,599	\$148,737	\$274,862	35%	The surplus in this area is primarily due to vacant positions throughout the year.	\$75,000	15.0%
Corporate Tax Accounts	(\$292,442,089)	(\$340,678,671)	\$48,236,582	116%	The 2005 supplementary tax billings to date are \$2.5M. The tax reductions to date are \$2.0M. The net appeals budget is \$226,000. Therefore to date there is a positive variance in this area of \$726,000. As previously reported to Council, this area is extremely difficult to budget accurately. Last year we had a positive variance of \$4.4M. On a year to date basis, this year does not appear to be as strong as last year as the supplemental tax billings are lower and the tax reductions higher. The best estimate at this time would be to project a \$1.5M surplus for the year. More accurate projections will be available with the 3rd quarter projection.	\$1,500,000	n/a
Capital Interest Income	(\$900,000)	(\$766,570)	(\$133,430)	85%	Based on the projected balances and timing of expenditures in on-going Capital Projects, we are anticipating a surplus of approximately \$1,000,000 in revenue from interest earned on those capital projects carrying deficit balances.	\$1,000,000	55.6%
Investment Income	(\$4,600,000)	(\$1,491,986)	(\$3,108,014)	32%	A surplus in this account of approximately \$500,000 is being projected based on current cash-flow projections and interest rates. This account has always been extremely difficult to project and is even more difficult currently given the large capital projects presently underway. A more accurate projection will be available with the 3rd quarter projection.	\$500,000	n/a
Richmond Landing Account	\$832,605	\$334,778	\$497,827	40%	This surplus projected in the Richmond Landing Account is primarily due to the budget only reflecting six months of revenue for the air-space lease	\$200,000	24.0%
Balance of General Corporate Accounts	\$52,385,039	\$48,479,104	\$3,905,935	93%	The net variance projection for all general corporate accounts not individually listed is a deficit of (\$20,000).	(\$20,000)	0.0%
Enterprise Windsor	\$0	\$89,807	(\$89,807)		The deficit in this area is due to salaries and benefits paid in excess of the approved budget as a result of a transition in its administration.	(\$85,000)	n/a
Contingency Account	\$151,438	\$215,263	(\$63,825)	142%	Due to the high volume of transactions that have been charged to this account to date, a deficit of \$100,000 is anticipated. By its very nature, this is a difficult account to budget accurately.	(\$100,000)	(66.0%)
Sick Leave Gratuity	\$750,000	\$375,052	\$374,948	50%	A deficit is projected due to the number of retirees expected for the year. However, this is a difficult account to budget accurately, as it involves estimating the percentage of eligible employees that will actually retire.	(\$100,000)	(13.3%)
Green Shield Medical Benefits	\$13,245,000	\$6,806,502	\$6,438,498	51%	Based on payments made to date to Green Shield and the trends in usage of Medical coverage, a deficit of (\$455,000) is projected.	(\$455,000)	(3.4%)
Revenue From 400 City Hall Square	(\$1,056,875)	\$0	(\$1,056,875)	0%	Budget of 1M in savings was based on July 1 occupancy date. According to the current move in plan it appears occupancy will be phased starting September. It is projected to have external tenants rent to commence November 1, 2005.	(\$528,000)	n/a

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Budget Stabilization Reserve	\$1,500,000	\$0	\$1,500,000	0%	The budget stabilization contingency account is available to offset any corporate variances at year-end. This contingency has been included in the analysis to arrive at the projected year-end variance. If this contingency is not required at year-end, it may be transferred to the Budget Stabilization Reserve as per normal Council approved practice.	\$1,500,000	100.0%
Total Corporate Accounts	(\$229,045,451)	(\$286,329,086)	\$57,283,635	125%		\$3,567,000	2.3%
Grand Total	\$0	(\$178,214,859)	\$178,214,859			\$411,000	0.1%

