

FINANCE COMMITTEE AGENDA

to be held on
Wednesday, June 28, 2006
at
3:15 p.m.

**Councillor
Eldon Gainer
Chair**



**Councillor
Frances Caldarelli
Vice-Chair**



**THIRTY-FIFTH MEETING OF THE FINANCE COMMITTEE
TO BE HELD ON WEDNESDAY, JUNE 28, 2006 AT 3:15 P.M.
IN THE COUNCIL CHAMBER, TOM DAVIES SQUARE**

COUNCILLOR GAINER, CHAIR

(PLEASE ENSURE CELL PHONES AND PAGERS ARE TURNED OFF)

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1. Declarations of Pecuniary Interest

PRESENTATIONS/DELEGATIONS

PAGE NO.

{NONE}

ROUTINE MANAGEMENT REPORTS

{NONE}

CORRESPONDENCE - INFORMATION ONLY

2. Report dated 2006-06-15, with attachments, from the CFO/Treasurer regarding 2005 Reserves and Reserve Funds Report. **1 - 13**
(FOR INFORMATION ONLY)

(This report is to advise of the December 31, 2005 year-end balances in reserves and reserve funds.)

3. Report dated 2006-06-14, with attachments, from the CFO/Treasurer regarding 2005 Capital Fund Year-End Position. **14 - 19**
(FOR INFORMATION ONLY)

(This report provides the status of the Capital Fund as of December 31, 2005.)

4. Report dated 2006-06-14 from the CFO/Treasurer regarding 2006 Current Budget Variance Report - April. **20 - 22**
(FOR INFORMATION ONLY)

(This report identifies areas where material year-end variances may occur.)

MANAGERS' REPORTS

{NONE}

3:45 P.M. ADJOURNMENT (RESOLUTION PREPARED)

**PRIORITIES COMMITTEE WILL CONVENE AT 3:45 P.M.
IN COUNCIL CHAMBER**

**COUNCILLOR ELDON GAINER
CHAIR, FINANCE COMMITTEE**

**CORRIE-JO CAPORALE
COUNCIL SECRETARY**

Request for Recommendation Finance Committee



Type of Decision									
Meeting	June 21, 2006				Report Date		June 15, 2006		
Decision Requested		Yes	X	No	Priority		X	High	Low
	Direction Only				Type of Meeting		X	Open	Closed

Report Title
2005 Reserves and Reserve Funds Report

Budget Impact / Policy Implication	
X	This report has been reviewed by the Finance Division and the funding source has been identified.

Recommendation


FOR INFORMATION ONLY

X	Background Attached
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Recommendation Continued

Recommended by the Department
 Lorella Hayes Chief Financial Officer / Treasurer

Recommended by the C.A.O.
 Mark Mieto Chief Administrative Officer

Report Prepared By	Division Review
 Cheryl Mahaffy Manager of Financial Planning & Policy/Deputy Treasurer	

EXECUTIVE SUMMARY:

The purpose of this report is to provide Council with a snapshot of the balances in the reserve and reserve funds at December 31, 2005.

Overall, the consolidated reserve and reserve funds have increased by \$11 million during 2005 to \$74.5 million compared to \$63.4 million at December 31, 2004.

The following tables illustrates the trends in reserve and reserve funds over the past five years:

	2001	2002	2003	2004	2005
CGS Reserves	\$ 6,699	\$11,327	\$ 7,329	\$ 3,946	\$ 7,385
CGS Reserve Funds	39,884	51,376	52,988	59,169	66,715
Total CGS Reserves & Reserve Funds	\$ 46,583	\$62,703	\$60,317	\$63,115	\$74,100
Other Consolidated Entities	375	328	308	300	382
Total	\$ 46,958	\$63,031	\$60,625	\$63,415	\$74,482

	2001	2002	2003	2004	2005
Reserves as a % of Total Expenditures	N/A*	14.8%	15%	15%	16%
BMA Study - Median	N/A*	31.7%	30.0%	28.5%	TBD**
BMA Study - Low	N/A*	5.9%	5.6%	7.4%	TBD**
BMA Study - High	N/A*	174.4%	216.7%	140.9%	TBD**

* not available

** to be determined

As outlined in the BMA study, reserves and reserve funds are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves, as outlined in the report, is to:

- ▶ Provide stability of tax rates in the face of variable and uncontrollable factors (consumption, interest rates, unemployment rates, changes in subsidies)
- ▶ Provide financing for one-time or short term requirements without permanently impacting tax and utility rates

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- ▶ Make provisions for replacements/acquisitions of assets/infrastructure that are currently being consumed and depreciated
 - ▶ Avoid spikes in funding requirements of the capital budget by reducing their reliance on long-term debt borrowings
 - ▶ Provide a source of internal financing
 - ▶ Ensure adequate cash flows
 - ▶ Provide flexibility to manage debt levels and protect the municipality's financial position
 - ▶ Provide for future liabilities incurred in the current year but paid for in the future

Reserves offer liquidity which enhances the municipality's flexibility, both in addressing unplanned operating requirements and in permitting the municipality to temporarily fund capital projects internally. The level of reserves and reserve funds is a key measure of the financial health of a municipality. Compared to other municipalities in Ontario, the City is considerably below the median as it pertains to reserves and reserve funds as a percentage of total expenditures, as identified in the 2005 BMA municipal study. For 2005, there has been a slight increase from 15% to 16%. In 2005, only nine of seventy-three participants in the study have a lower percentage than Sudbury. The results across the survey range from a low of 7.4% to a high of 141% in 2005.

BACKGROUND:

Reserves and reserve funds are generally set aside for significant future purchases, to replace major capital infrastructure, are accumulated to meet a growing future liability, or are simply accumulated to provide a buffer for significant unanticipated expenditures beyond the control of Council.

The main difference between a reserve and a reserve fund is that a reserve does not earn interest, whereas a reserve fund is in a separate fund and is credited, on a monthly basis, with the interest it has earned.

The attached report provides a more detailed explanation of each of the City's reserves and reserve funds at the end of 2005.

By-law

By-law 2005-15F, being the by-law to establish and continue reserves, reserve funds and trust funds, is reviewed on an annual basis and recommendations to establish, discontinue or consolidate reserves are brought to Council for approval, and for authority to amend the By-law. The 2006 proposed amendments will be forwarded to Council in the near future, and are not discussed in this report.

Trust Funds

Trust funds are not included in this report. Trust funds are monies of others, being held in trust by the City, for specific purposes. The money is spent on the intended purpose or returned to the original source. Examples of trusts are the cemetery trust where money has been received and is held in trust to ensure perpetual care and maintenance of the cemeteries, or the funds belonging to residents of Pioneer Manor being held in trust for them.

Long Term Financial Plan

The Long Term Financial Plan, adopted by Council, references reserves in a number of its recommendations:

- 1.6 Plan for the replacement of infrastructure through the use of life cycle costing and the development of replacement reserves.
- 5.2 Undertake regular reviews of remaining life and condition of assets and determine required annual reserve contributions sufficient to ensure that 90% of approved infrastructure rehabilitation / replacement schedules can be met at the required time.
- 8.1 Facility, equipment and infrastructure replacement reserves should be established and funded to ensure that 90% of approved infrastructure rehabilitation / replacement schedules are met (long-term), as determined in point 5.2
- 8.2 Establish a Stabilization Reserve for programs that are susceptible to significant annual expenditure fluctuations (eg. Winter Maintenance, Ontario Works). Program budgets should be based on a moving five year historical average of program spending. In years when surplus funds occur in these programs, surpluses should be reserved, provided an overall City surplus exists. Where the City's overall surplus is less than the program surplus, funds should only be reserved up to the level of the overall City surplus.
- 8.3 Establish reserves to provide funding for future liabilities (eg. sick leave). Contributions to these reserves should be set, at a minimum, at an amount sufficient to ensure the liability does not increase.

The City needs to address these recommendations through the establishment of and continuation of increased funding for reserves.

At present, there are Capital Financing Reserve Funds for each of the capital envelopes but the annual contributions from the envelopes go directly to Capital as the needs each year are so pressing. There is no opportunity to build up these reserve funds to meet the future needs that have been identified in the Long Term Financial Plan. The capital funding gap forecasted to 2015 has been identified to be over \$417 million. The Long Term Financial Plan identified solutions to have these annual needs fully met by the end of the ten year period and the need to continue and fund reserve and reserve funds were integral parts of the solution.

CONCLUSION:

In keeping with the Long Term Financial Plan, and in light of the City's reserves and reserve funds not being adequate for identified needs, it is recommended that the balances be left intact. It is recommended that the City continue to implement and foster prudent reserve and reserve fund policies, especially in light of the intense capital financing pressures which it faces over the next five to ten years.

Reserves as a % of Total Expenditures

- The following table provides the 2004 Reserves (excluding obligatory reserves) as a percentage of expenditures. Similar percentages have been provided for 2002 and 2003
- Reserves as a percentage of Total Expenditures in 2004 ranged from a low of 7.4% to a high of 140.9%

Municipality	Reserves (Excluding Obligatory Reserves)	Total Expenditures	2002 Reserves as % Total Expenditures	2003 Reserves as % Total Expenditures	2004 Reserves as % Total Expenditures
Orangeville	\$ 1,977,723	\$ 26,788,584	25.1%	5.6%	7.4%
Timmins	\$ 8,939,936	\$ 114,798,733	N/A	7.5%	7.8%
North Bay	\$ 10,616,491	\$ 133,663,599	5.9%	7.6%	7.9%
St. Thomas	\$ 5,986,636	\$ 73,325,215	N/A	6.7%	8.2%
Chatham-Kent	\$ 30,376,086	\$ 226,316,343	13.7%	12.2%	13.4%
Kitchener	\$ 36,281,874	\$ 254,011,925	17.0%	19.3%	14.3%
Windsor	\$ 91,974,823	\$ 640,686,916	N/A	16.8%	14.4%
Ottawa	\$ 295,491,334	\$ 2,036,872,333	14.8%	13.1%	14.5%
Kawartha Lakes	\$ 17,512,720	\$ 118,618,984	N/A	11.1%	14.8%
Sudbury	\$ 64,372,303	\$ 430,488,137	14.8%	15.0%	15.0%
Toronto	\$ 1,129,581,170	\$ 7,512,953,238	14.0%	14.9%	15.0%
Sarnia	\$ 12,629,541	\$ 80,984,047	N/A	15.7%	15.6%
Oshawa	\$ 18,618,162	\$ 109,291,839	14.6%	18.1%	17.0%
Niagara Falls	\$ 18,742,610	\$ 108,338,915	16.4%	23.1%	17.3%
Brantford	\$ 37,258,834	\$ 213,875,706	18.7%	17.9%	17.4%
Sault Ste. Marie	\$ 37,098,314	\$ 209,051,859	N/A	17.9%	17.7%
Pelham	\$ 1,761,440	\$ 9,832,741	26.0%	23.2%	17.9%
Wainfleet	\$ 778,012	\$ 4,341,331	16.4%	21.2%	17.9%
Guelph	\$ 45,460,573	\$ 231,539,200	21.9%	21.7%	19.6%
Cambridge	\$ 20,627,011	\$ 95,727,095	27.9%	25.3%	21.5%
Port Colborne	\$ 3,384,670	\$ 15,379,635	26.5%	25.2%	22.0%
Fort Erie	\$ 5,427,914	\$ 24,264,195	18.7%	19.8%	22.4%
Peterborough	\$ 42,729,661	\$ 185,063,594	N/A	23.7%	23.1%
Innisfil	\$ 7,203,479	\$ 28,586,242	24.9%	29.6%	25.2%
East Gwillimbury	\$ 3,339,742	\$ 12,808,960	42.3%	35.2%	26.1%
Newmarket	\$ 15,441,203	\$ 58,533,946	N/A	19.9%	26.4%
Barrie	\$ 46,530,390	\$ 173,758,161	37.2%	37.1%	26.8%
London	\$ 183,093,643	\$ 677,305,926	28.0%	27.5%	27.0%
Stratford	\$ 19,630,876	\$ 71,863,555	20.4%	27.3%	27.3%
Belleville	\$ 24,248,150	\$ 87,576,152	N/A	24.3%	27.7%
Region Niagara	\$ 188,571,730	\$ 667,352,738	23.7%	22.7%	28.3%
Niagara-on-the-Lake	\$ 4,667,376	\$ 16,444,560	45.9%	37.2%	28.4%
Waterloo	\$ 24,946,525	\$ 87,871,673	N/A	10.9%	28.4%
St. Catharines	\$ 31,995,835	\$ 112,336,022	31.7%	31.3%	28.5%
Georgina	\$ 7,938,564	\$ 27,451,179	37.4%	32.2%	28.9%
Thunder Bay	\$ 88,005,758	\$ 297,233,868	N/A	28.7%	29.6%
Oakville	\$ 38,279,884	\$ 128,938,461	30.1%	30.7%	29.7%
Prince Edward County	\$ 10,980,290	\$ 35,581,156	N/A	30.0%	30.9%
Ajax	\$ 16,266,621	\$ 51,666,352	N/A	27.5%	31.5%
Pickering	\$ 19,224,908	\$ 59,329,785	35.2%	32.6%	32.4%
Region Waterloo	\$ 172,512,084	\$ 526,733,627	37.6%	35.7%	32.8%
Hamilton	\$ 364,184,120	\$ 1,111,741,345	32.0%	31.5%	32.8%
Cornwall	\$ 45,785,529	\$ 137,698,988	41.6%	33.9%	33.3%
Burlington	\$ 41,103,626	\$ 122,622,158	38.0%	30.0%	33.5%
Kingston	\$ 87,008,145	\$ 259,466,749	28.8%	33.9%	33.5%
Halton Hills	\$ 10,970,988	\$ 30,132,216	28.8%	34.1%	36.4%
Uxbridge	\$ 4,029,741	\$ 9,882,173	N/A	43.7%	40.8%
Whitby	\$ 29,240,279	\$ 70,973,929	34.3%	38.3%	41.2%
Lakeshore	\$ 12,359,146	\$ 28,242,705	N/A	42.0%	43.8%
Caledon	\$ 23,405,217	\$ 52,382,630	N/A	15.8%	44.7%
Leamington	\$ 14,926,573	\$ 31,791,604	N/A	44.1%	47.0%
Region York	\$ 435,579,333	\$ 885,603,993	N/A	54.5%	49.2%
Region Durham	\$ 339,920,503	\$ 675,179,701	N/A	55.7%	50.3%
Whitchurch-Stouffville	\$ 8,248,718	\$ 16,138,231	82.3%	50.2%	51.1%
Vaughan	\$ 117,654,966	\$ 226,824,130	53.3%	56.8%	51.9%
Markham	\$ 90,511,965	\$ 168,658,244		50.9%	53.7%
Lincoln	\$ 7,221,013	\$ 13,411,108	61.3%	56.5%	53.8%
Wasaga Beach	\$ 10,731,019	\$ 19,820,525	77.3%	64.9%	54.1%
Region Halton	\$ 254,638,446	\$ 459,921,528	50.1%	54.2%	55.4%
Milton	\$ 23,041,761	\$ 40,469,856	49.6%	54.8%	56.9%
Welland	\$ 24,175,872	\$ 40,658,648	70.3%	68.8%	59.5%
King	\$ 9,592,150	\$ 14,800,326	62.2%	63.3%	64.8%
Clarington	\$ 53,385,609	\$ 53,873,253	N/A	142.7%	99.1%
Brampton	\$ 272,356,666	\$ 263,851,614	148.2%	120.8%	103.2%
Region Peel	\$ 1,150,201,433	\$ 1,056,385,578	N/A	124.1%	108.9%
Mississauga	\$ 609,219,190	\$ 436,320,309	174.4%	155.6%	139.6%
Thorold	\$ 24,835,125	\$ 17,629,381	170.4%	164.0%	140.9%
Aurora	N/A	N/A	N/A	19.6%	N/A
Cobourg	N/A	N/A	N/A	16.4%	N/A
Grimsby	N/A	N/A	77.6%	70.8%	N/A
Norfolk	N/A	N/A	N/A	10.0%	N/A
Richmond Hill	N/A	N/A	N/A	215.7%	N/A
West Lincoln	N/A	N/A	48.8%	54.7%	N/A
Average			42.9%	40.8%	36.7%
Median			31.7%	30.0%	28.5%

Source 2004 FIRs

CITY OF GREATER SUDBURY

Unaudited Reserve and Reserve Fund Balances as at December 31, 2005 compared to December 31, 2004

NAME	RESERVES	Dec. 31/05 \$	Dec. 31/04 \$
Reserve - Election	Annual contributions are made to this reserve so as to avoid major budget fluctuations in election years. As there is an election in 2006, the balance of this reserve will be fully depleted.	365,539	197,376
Reserve Libraries / Citizen Service Centre	Because libraries receive Provincial operating grants, a working reserve is required. When the City is in a surplus position overall, any Library surplus is contributed to this reserve, and deficits are funded from this reserve. Also used to finance capital and special projects. A 2006 to 2015 capital funding gap of \$400,000 has been identified.	79,991	71,163
Tree Purchases Reserve (Land Reclamation)	Fund created from surpluses due to net underexpenditures in Land Reclamation over the years. Used to offset fluctuations in the cost of purchasing seedlings each year, which eliminates fluctuations in operating costs.	214,679	196,865
Reserve for Various Expenses	Created at year-ends, through resolution of Council, to allow funds budgeted in current year to be carried forward to the following year to pay for certain items.	1,194,608	869,079
Reserve for Ex-Gratia Grants	\$25,000 is budgeted each year for ex-gratia grants, which are grants given to residents to help off-set clean-up costs in the event of a sewer back-up. Normally, in years where the grants do not total \$25,000 the difference is credited to this reserve and in years where grants exceed the budget, the difference is funded through this reserve. However, there has been no need to fund from the reserve in the last several years; and no further contributions will be made unless the reserve balance decreases substantially.	128,194	128,194
Water Meter Installation Reserve	Deposits collected from developers and / or individuals at the Building Permit stage for installation of water meters in new homes when construction is completed. As homes have meters installed, the funding is taken from the reserve.	150,964	178,902
H/R Organizational Development Reserve	Established at year-end 2005, this reserve shall be funded from any annual underexpenditures in training related accounts, and shall be used to fund training and development of City staff.	153,208	N/A

NAME	RESERVES	Dec. 31/05 \$	Dec. 31/04 \$
Reserve for Ontario Works	Established to be used as a buffer for such instances as the Province increasing benefits to recipients mid-year when no budget provision had been made.	340,000	340,000
Ontario Works - Community Placement Reserve	Provincial funding received as a result of exceeding targets in the Employment Support Services area. Funding must be used for Ontario Works related programs. Any funds not used must be returned to the Province. Much of the balance has been committed to specific projects through Council resolution.	110,262	929,886
Ontario Works - Emergency Housing Reserve	Funding set aside to be used for emergency housing. These funds have now been committed to Homelessness initiatives in 2006.	22,541	22,541
Pioneer Manor Fundraising Reserve	Net revenue resulting from fund-raising activities at Pioneer Manor (mainly through auxiliary). Committee of residents, auxiliary, staff recommend expenditures from this reserve (i.e. prints for walls, etc.). Not truly City's money.	43,848	41,513
Future Development Charges Study Reserve	Set aside to fund a new Development Charges study. Once Provincial legislation governing development charges is passed, a new Development Charges study will be undertaken.	51,247	51,247
Tax Rate Stabilization Reserve	This reserve provides for year-to-year variances in the operating budget.	814,422	641,229
Committed	Represents funds committed by Council for a number of one-time programs that were funded through the 2005 and 2006 budget process. Includes all of Council's decisions to June 14, 2006.	3,293,505	
Reserve for Agricultural Drains	Funded through contributions from the Current Budget to ensure sufficient funds on hand for municipal portion of agricultural drains maintenance.	131,149	87,061
Reserve for Cultural Exchange	This reserve is to be used for projects related to cultural exchange (e.g. events with Sudbury's twin city in Finland).	2,518	2,518
Reserve for Property Evaluation	Annual contribution to this reserve to update property evaluations for insurance purposes. Updates to be done every third year. Funds committed for 2006.	195,940	97,000
Reserve for West Nile Virus	Established to fund the City's share of West Nile Virus expenditures that may be incurred and levied by the Health Unit.	92,000	92,000
	Sub Total	\$7,384,615	\$3,946,574

NAME	RESERVE FUNDS	Dec. 31/05 \$	Dec. 31/04 \$
Sick Leave Reserve Fund	Annual contributions from current budget to be used to pay out accumulated sick leave credits. Most employees no longer receive sick leave credits, but are covered through weekly indemnity and long term disability. Sick leave credits in existence at the time of the change were left intact, and employees are entitled to a payout of 50% of these credits, to a maximum of 6 months pay, when they retire. Employees at Pioneer Manor and Fire Services still accumulate 1.5 days per month of sick leave. Total CGS liability of \$7.9 million exceeds the balance in the fund.	2,926,372	2,846,974
Sick Leave Reserve Fund - Police	The Police still accumulate sick leave credits of 1.5 days per month, and are entitled to a pay out of 50% of accumulated credits, up to six months of pay, when they leave. Total CGS liability of \$7.9 million far exceeds the balance in the fund.	1,180,077	948,888
Human Resources Management Reserve Fund	Balance in fund indicates favourable claims experience. To be used to fund claims and absorb fluctuations in premium rates. Can also be used for any initiatives targeted to reduce or control expenses to the benefit plans and sick leave reserve fund. In addition, an unfunded liability of \$20 million relating to post-employment benefits exists.	4,374,453	2,189,521
H/R Management - Police	Funding is from any surpluses in Police employee salaries and benefits, providing no Police or City deficit results, or is increased. Operating deficits in Police salaries or benefits are to be funded from this fund. Any expenditures from this fund are to be human resources related.	216,639	N/A
W S I B (W o r k e r s Compensation Insurance Board) Schedule 2 Reserve Fund	Established through contributions from Current Fund by assessing 'premiums' on payroll. In the early years of being a Schedule 2 employer, the premiums charged were equal to those that would be charged by WSIB. The premiums being charged in 2006 are just sufficient to meet expenses. The reserve is used to pay invoices from WSIB, to top up salaries in accordance with Collective Bargaining Agreement requirements, to pay rehabilitation expenses and to fund the premium for stop loss coverage. The reserve ensures there is no detrimental impact on the current budget. It is strongly recommended that the balance in this reserve fund be maintained in order to have funds available should the City experience any catastrophic loss. The stop loss coverage has a deductible of \$400,000. All City employees except Pioneer Manor are under Schedule 2.	1,261,388	1,566,789
Committed	Fully committed is money set aside, through Council resolution in regard to ongoing litigation.	900,000	900,000

NAME	RESERVE FUNDS	Dec. 31/05 \$	Dec. 31/04 \$
Insurance Reserve Fund	Funded through contributions from Current Fund and used to fund adjuster expenses and the deductible portion of claims. There are many outstanding claims, with the deductible portion of most claims being \$50,000. The fund is required to ensure that claims can be covered with no impact on the Current Fund. If deductible limits or claims experience should increase, the annual contributions to this reserve may also have to be increased.	2,074,826	1,940,008
Equipment and Vehicle Replacement Reserve Fund - IES	Funded through contributions from Current Fund by equipment credits. Annual contribution is not sufficient to fund capital needs of Public Works which are about \$4 million per year. The capital program for 2006 will use much of the reserve fund.	3,012,306	3,001,988
Police Vehicle and Equipment Reserve Fund	Funded through contributions from Current Fund. Annual contribution is scheduled to be fully utilized. \$120,000 has been committed to 2006 capital projects. This Reserve Fund is controlled by the Police Services Board.	961,068	178,123
Transit Vehicle and Equipment Reserve Fund	Funded through contributions from Current Fund and to be used for replacing transit vehicles. Normal annual municipal contribution is far from sufficient for replacements.	1,184,180	N/A
Fire Vehicle and Equipment Reserve Fund	Funded through contributions from Current Fund and to be used for replacing fire vehicles and equipment. \$11,000 has been committed to 2006 capital. Annual contributions are far from sufficient for replacements.	97,589	N/A
Parks Vehicle and Equipment Reserve Fund	Funded through contributions from Current and to be used for replacing parks equipment. Annual contribution is scheduled to be fully utilized.	419,115	187,000
Recycling Equipment Replacement Reserve Fund	Funded through contributions from Current Fund. Much of the recycling equipment is 15 years old and has almost reached the end of its useful life. It is anticipated that the equipment will have to be replaced within the next few years, and the full balance of this fund will be required.	1,465,146	1,360,363
Land Acquisition Reserve Fund	Funded from net proceeds of sale of surplus property and used to fund purchases of any required property.	361,147	1,811,403
Parking Improvement Reserve Fund	Funded from net proceeds of parking facilities, and to be used on improvements or expansions to parking facilities.	1,426,638	1,144,679
Pioneer Manor Donations Reserve Fund	Funded through donations and to be used specifically for improvements to the grounds and courtyards at Pioneer Manor.	90,778	70,537

NAME	RESERVE FUNDS	Dec. 31/05 \$	Dec. 31/04 \$
Social Housing Capital Reserve Fund	Established with Provincial Funding with a small portion remaining which is payable to GSHA employees for benefits (\$263,000), as established by the Province at the time of devolution. Balance needed to fund any major capital undertakings for the housing stock. Operating surpluses in this section are to be credited to this reserve fund if the City is in an overall surplus position. Deficits are to be funded from this reserve fund. A capital funding gap of over \$8 million has been identified.	5,126,456	4,977,356
Industrial Park Reserve Fund	Established from proceeds of land sales in the Industrial Park and to be used for the expansion or creation of Industrial Parks. Portion committed E-Sudbury and Connect Ontario.	1,577,467	1,315,569
Business Centre Reserve Fund	Originally established through a contribution from the Industrial Reserve Fund, has continued through contributions from partners in the Regional Business Centre. The balance therefore is not completely attributable to the City. The Business Centre was created to help businesses become established and viable. Surpluses and deficits in the Regional Business Centre are credited to or debited from this fund.	269,311	223,329
Road Levy Payments Reserve Fund	Funded through payments from the public pursuant to Subdivision Agreements, Site Plan Agreements, etc. Must be used for upgrading roads for which the payment was made.	569,772	491,483
Centennial Drive Booster Reserve Fund	Funded through \$2,000 per lot charge collected on registration of Plans of Subdivision in area near Centennial Drive. Funds must be used to provide booster for water service.	22,957	14,419
Roads Winter Control Reserve Fund	Established in 2003 in accordance with Long Term Financial Plan recommendations as a stabilization reserve. May be used to offset Winter Control overexpenditures.	781,460	758,732
Vegetation Enhancement Technical Advisory Committee (VETAC) Reserve Fund	Funded through donations and to be used for projects recommended by the Vegetation Enhancement Technical Advisory Committee, as authorized by Council.	3,726	3,618
Whitewater Lake Park Reserve Fund	Funded from the proceeds of the sale of lots intended for Parks purposes; to be used for improvements to Whitewater Lake Park, such as those approved for 2006.	48,329	46,923
Museum Reserve Fund	Carried forward from the former Rayside-Balfour and to be used for projects related to that museum.	22,558	21,902

NAME	RESERVE FUNDS	Dec. 31/05 \$	Dec. 31/04 \$
South Branch Library Reserve Fund	Net rent proceeds from the tenant at the South Branch location were credited to this reserve fund to be used for required renovations. Council has committed a further \$499,000 for renovations which will commence in 2008.	527,479	81,700
Adanac Ski Chalet Reserve Fund	Original contribution of \$50,000 from Insurance Reserve Fund, representing the deductible portion of replacing the chalet. Some funds have been used on replacement of equipment.	42,827	50,449
Police Services Donations Reserve Fund	Under control of the Police Services Board and to be used for crime prevention initiatives.	11,854	11,510
Capital Lot Levies Reserve Fund	Funds collected under the terms of old capital levy by-laws, and related to some subdivisions. Funds collected can be used only on water and / or wastewater capital projects.	157,891	138,510
Regional Road 80 Reserve Fund	Funds advanced from the Province, and which can be used only for the Municipal Road 80 project.	4,572,005	4,832,314
Gazebo Concert Series Reserve Fund	Funded by donations for the concert series and to be used to offset expenses of the concert series.	372	839
Cemeteries Reserve Fund	Cemetery Services is self-funding; therefore this reserve is funded through any annual operating surpluses of cemeteries and is to be used only for funding deficits and for cemetery capital projects. A capital funding gap of \$500,000 has been identified for cemeteries. For 2006, \$88,000 has been committed for capital projects.	148,534	195,106
Building Permit Revenue Stabilization Reserve Fund	Bill 124 requires this reserve fund. Under and over expenditures in providing Building Services are credited to and debited from this fund.	384,230	N/A
Emergency Services - Ambulance Reserve Fund	Funded through contributions from Current and Provincial grants. To be used for ambulance capital projects including all vehicles and equipment. May be subject to having to return funds to Province if not used for projects specific to EMS. A \$2 million capital funding gap has been identified for EMS.	1,294,278	1,936,020
199 Larch Street Building Maintenance Reserve Fund	Established at time of purchase of 199 Larch (a \$17 million asset), with annual contributions. To be used to offset any major capital repairs not budgeted, thus preventing a substantial impact on the current fund. Surpluses in this section shall be credited to the reserve fund, if the City is in a surplus position overall. Deficits are to be funded from this reserve fund.	880,343	671,204
	Sub Total	\$38,393,571	\$33,917,256

NAME	CAPITAL FINANCING RESERVE FUNDS (CFRF)	Dec. 31/05 \$	Dec. 31/04 \$
CFRF - Information Technology	Funded from any underexpenditures in the Information Technology section, if the City is in an overall surplus position. Also funded from any underexpenditures in related capital projects. To be used for information technology projects only. The capital funding gap (2006-2015) identified for IT is \$6.6 million.	3,337,649	2,361,433
CFRF - Solid Waste	Funded from annual contributions from the current budget and underexpenditures in related capital projects. To be used only for solid waste projects. The balance of this reserve fund is required for projects identified in the approved Certificate of Approval for the landfill sites, in particular the Sudbury site which is slated to become the only landfill site in the City once all other sites are closed. The Long Term Financial Plan recognizes \$10 million in future requirements. Any post-closure liabilities will have to be funded through this reserve fund as well. In total, there is a capital funding gap of greater than \$17 million.	5,346,809	4,856,662
CFRF - General	One half of any annual current operating surplus or deficit is funded from or contributed to this reserve fund. It is also the only source of funding for capital projects that have no capital envelope.	1,477,628	668,807
Committed	A sum was set aside, through Council resolution in regard to ongoing litigation - \$900,000; and \$50,000 for a clock tower at Market Square.	950,000	1,200,000
CFRF - Corporate Infrastructure	Originally funded by contributions from current, now only from any underexpenditures in related capital projects. To be used only for corporate infrastructure (i.e. telephone systems, docutech equipment, etc.). The balance of this reserve fund has been identified as required in the Long Term Financial Plan, with total requirements of \$3 million.	309,353	300,355
CFRF - Economic Development	To be funded from unallocated or excess funds in the capital envelope, and to be used only for Economic Development projects. Unfinanced capital needs for ED have been identified at just under \$15 million.	718,611	1,041,833
CFRF - Assets	Funded from underexpenditures in related capital projects. To be used only for assets (buildings) projects. In excess of \$83 million has been identified as unfunded capital needs for 2006 to 2015.	146,147	141,896
CFRF - Police	Funded from underexpenditures in related capital projects. Will be used only for Police projects. Reserve is under the control of Police Services Board. \$100,000 has been committed to 2006 capital projects. The Long Term Financial Plan shows total needs as \$15 million.	970,936	1,257,957
CFRF - Roads	Funded from underexpenditures in related capital projects. To be used only for Roads projects. Almost \$100 million still remains unfunded in the 2006-2015 forecasted roads needs.	422,019	774,402

NAME	CAPITAL FINANCING RESERVE FUNDS (CFRF)	Dec. 31/05 \$	Dec. 31/04 \$
CFRF - Waste Water	Originally funded from current fund, now funded from underexpenditures in related capital projects. In addition, surpluses and deficits in this utility are contributed to or funded from this reserve fund. To be used only for Wastewater projects. Used to address any emergency upgrades which may be required, upon authority of Council. Wastewater has a capital gap of over \$21 million.	6,351,406	5,696,304
CFRF - Water	Originally funded from current fund, now funded from underexpenditures in related capital projects. In addition, surpluses and deficits in this utility are contributed to or funded from this reserve fund. To be used only for water projects, including any projects necessitated by the Ministry of the Environment. Used to address any emergency upgrades which may be required, upon authority of Council. A ten-year capital gap of over \$21 million has been identified for water.	7,347,105	5,380,251
CFRF - Community Development - H & S S	Originally funded from current fund, now funded from restructuring and high wage subsidies received from the Province for Pioneer Manor, and from any underexpenditures in related capital projects. To be used only for Health and Social Services projects where there is a capital funding gap of almost \$3 million..	809,246	1,542,066
CFRF - Fire Services	Funded from underexpenditures in old related capital projects. To be used only for Fire Services Projects. The 2006-2015 capital update identifies about \$15 million of unfunded needs for Fire Services. In addition, another \$7.5 million is needed for Emergency Management and Communications and Information systems.	1,778	1,726
CFRF - Community Development - Citizen / Leisure Services	Funded from underexpenditures in old related capital projects. To be used only for Citizen and Leisure Services projects. Over \$85 million of projects were identified in the 2006-2015 capital update for Recreation and Leisure Services.	133,370	27,691
	Sub Total	\$28,322,057	\$25,251,383
	TOTAL RESERVES AND RESERVE FUNDS	\$74,100,243	\$63,115,213

Request for Recommendation Finance Committee




Type of Decision									
Meeting	June 21, 2006				Report Date	June 14, 2006			
Decision Requested		Yes	x	No	Priority	x	High		Low
	Direction Only				Type of Meeting	x	Open		Closed

Report Title
2005 Capital Fund Year-End Position

Budget Impact / Policy Implication	Recommendation
<input type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

	For information only
<input checked="" type="checkbox"/> Background Attached	<input type="checkbox"/> Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Lorella Hayes Chief Financial Officer / Treasurer	 Mark Mieto Chief Administrative Officer

Report Prepared By	Division Review
 Cheryl Mahaffy Manager of Financial Planning & Policy	Name Title

Background

Council has adopted a pay-as you go capital financing strategy, directly funding capital projects through the current budget each year. The capital fund balance represents the unspent capital funding at the end of the year. The majority of the projects are underway and funding will be spent in 2006 or shortly thereafter.

Year End Balance

The 2005 year-end balance in the Capital Fund was \$40.6 million, an increase of \$3 million from the 2004 closing balance. Attached is a summary which shows the breakdown of the fund, by major category; and immediately following that is a brief description of the projects underway at the end of 2005.

Attach.

City of Greater Sudbury
Capital Works in Progress
December 31, 2005

	Year-end Balance - 2004 \$	Year-end Balance - 2005 \$
(1) Corporate Projects		
Information Technology	131,418	521,351
Corporate Infrastructure	528,693	573,535
Other Projects	3,108,779	2,728,362
Subtotal - Corporate Projects	3,768,890	3,823,248
(2) Community Development		
Health and Social Services	(647,975)	113,680
Leisure Services	1,359,255	1,063,008
Library Services	(376,941)	(612,082)
Cemetery Services	186,798	202,207
Subtotal - Community Development	521,137	766,813
(3) Growth and Development		
Economic Development	797,498	1,034,246
Planning	614,164	400,399
Transit	472,234	316,461
Parking	46,615	126,615
Subtotal - Growth and Development	1,930,511	1,877,721
(4) Police Services	1,059,344	1,436,223
(5) Infrastructure and Emergency Services		
EMS	1,060,659	781,691
Fire	994,660	(985,456)
Emergency Planning	-	1,328,139
Equipment	3,033,081	2,852,570
Facilities	407,523	87,152
Solid Waste	5,013,813	2,955,576
Water	9,743,083	9,863,091
Wastewater	13,631,958	18,463,057
Roadways	(3,668,671)	(2,867,260)
Municipal Drains	96,128	221,296
Subtotal - IES	30,312,234	32,699,856
Total - Capital Works in Progress	37,592,116	40,603,861

(1) to (5) - See explanatory notes.

Explanatory Notes - Capital Works in Progress (CWIP) Summary - December 31, 2005

(1) Corporate Projects

Information Technology

The major projects still outstanding in this section are E-Recruit and certain Hardware and Software costs.

Corporate Infrastructure

Photocopier Replacement, Central Network Switch and Cityview Applications were not completed at year-end but it is anticipated that all of these projects will be finalized in 2006.

Other Projects

Certain projects related to amalgamation remain outstanding at year-end, including further implementation of ERP applications, a new fuel system, signage, buildings, salt domes, works depots and policing equipment. It is anticipated that the balance will be largely spent during 2006.

(2) Community Development

Health and Social Services

The full balance relates to the Pioneer Manor project which will remain in the CWIP report for some years to come. The project itself should be completed soon, but the envelopes over the next number of years, until 2011, have been committed to finalize the City's share of the project.

Leisure Services

A number of projects remain outstanding throughout this section, including Neighbourhood Participation and Community Improvement allocations, and the Adanac and skatepark projects.

Library Services

The negative amount represents the deficit for the South Branch building which was purchased in 2002. Council approved expenditure by funded by future contributions from the operating fund until 2012.

Cemetery Services

The prefunding relates largely to the expansion of the Civic Memorial cemetery.

(3) Growth and Development

Economic Development

Most of the funding here relates to commitments which have been made against the envelope while the projects (external) obtain funding from the senior levels of government (e.g. Tom Morley Mine, Northern Ontario Railroad Museum, etc.).

Planning

The prefunding in this case relates to the Official Plan, which will be completed in 2006.

Transit

The pre-funding here relates largely to the electronic fairboxes project, which should be finalized in 2006.

Parking

The available funding in this section is mainly for completion of small projects, and the gate arm / cash system for the Tom Davies Square parking garage.

(4) Police Services

The Police Service has a number of projects currently identified for which allocations are being contributed over the next few years so as to ensure sufficient funding is available. At the present time, the majority of the capital balance relates to the mobile data terminals, a public safety initiative, which will remain committed until the full funding requirement is achieved. The remainder of committed funds relates to the firearms replacement scheduled for 2008, information systems initiatives to be completed in 2006 and 2007, and the one-time occupancy expenditures associated with the Lionel E. Lalonde Centre which will be paid as part in order to complete this project.

(5) Infrastructure and Emergency Services

Emergency Medical Services

The available funding in EMS, for the most part, relates to timing between when speciality equipment is ordered and received. It is anticipated that the balance will be cleared during 2006.

Fire Services

Fire Services has been able to obtain equipment (2004 Council report) by borrowing from the capital fund. Similar to Southend Library project, this deficit will be repaid by dedicating much of future fire capital envelope to paying for this equipment until 2009.

Emergency Planning

The available funding, for the most part, relates to the Lionel E Lalonde Centre which is presently underway and is expected to be completed in 2006.

Equipment

There has been a considerable time lag in receipt of the equipment budgeted for in 2005. However, it is expected that the equipment will be purchased and received in 2006.

Facilities

The small balance here is from projects that were not quite completed prior to year-end.

Solid Waste

A number of projects remain open in this section, including Azilda site stormwater and pond, work at the Hanmer site, and land acquisition.

Water

Although this amount looks substantial, there are a number of ongoing projects which have been budgeted for and funded such as numerous water main replacements, mandated operating manuals and SCADA upgrades at all facilities. In addition, there are upcoming major projects which have been partially funded such as the Levack and Capreol water supply systems. These projects will be completed over the next few years.

Wastewater

Similar to water, there are a number of ongoing projects such as sewer replacements, mandated operating manuals and SCADA upgrades at all waste facilities, as well as necessary upgrades to a number of lift stations. In addition, the majority of the funding (\$9M) has been provided for such major undertakings as the Rock Tunnel.

Roadways

The roads envelope deficit of approximately \$2.9 million represents a combination of the unspent 2004 and 2005 project funding (due to timing) together with the completed Municipal Road 35 project which has not been financed. Council approved that allocations from 2006 and 2007 capital budgets would pay for the \$5.8 million unfinanced capital.

Municipal Drains

Drain projects tend to span a number of years, from the initial planning stage to the completion and billing stage. Active projects at the end of 2005 were the Hanmer, Macher-Perras, Brunet, and Horizon Municipal Drains.

Request for Recommendation Finance Committee




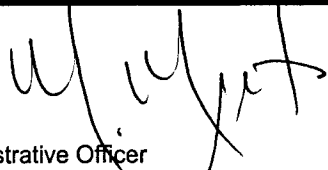
Type of Decision									
Meeting Date	June 21, 2006				Report Date	June 14, 2006			
Decision Requested		Yes	<input checked="" type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High		Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed


Report Title
2006 Current Budget Variance Report - April


Policy Implication + Budget Impact	
<input checked="" type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
<input checked="" type="checkbox"/>	Background Attached

Recommendation
FOR INFORMATION ONLY
Recommendation Continued

Recommended by the Department Head
 Lorella Hayes Chief Financial Officer / Treasurer

Recommended by the C.A.O.
 M. Mieto Chief Administrative Officer

Report Prepared By
 E. Stankiewicz Co-Ordinator of Current Budget

Division Review
 C. Mahaffy Manager of Financial Planning & Policy

EXECUTIVE SUMMARY

This report will identify areas where material year-end variances may occur.

BACKGROUND

The purpose of this report is to provide Council with a preliminary overview of potential year-end variances for the Corporation. The source used is the April Cost Centre Report, which includes expenditures and revenues for the first four months of the year. In many areas, only four months of data is not sufficient to identify potential variances; however in other areas, there may have been significant factors that have contributed to current variances which may also result in year-end variances.

A more detailed projection will be undertaken in early fall based on the expenditures and revenues contained in the July 2006 Cost Centre Report. During this process, each department will be requested to project a year-end value for each account. Based on the information returned by the departments, a corporate year-end projection will be made. Council will receive this report in September of 2006.

The following are areas where potential material year-end variance may occur:

1. ***Supplementary Taxation***

The first supplementary taxation listing received from the Municipal Property Assessment Corporation (MPAC) was worth \$85 million in Current Value Assessment (CVA). Based on this data and considering another two supplementary listings for 2006, the revenue should exceed the budget. This section will be in a better position in July to report on the anticipated revenue.

2. ***Corporate Revenue / Capital***

Based on the last two quarterly payments from the Ontario Lottery and Gaming Corporation, our 2006 revenues may fall short of the budgeted value by \$100,000. However, this should be offset by better than budgeted rates of return on investments.

3. ***Administrative Services***

Outside legal costs may be over budget by year-end since several major one-time matters such as the Landfill Gas Project and the Official Plan will require specialized outside legal counsel.

Date: June 14, 2006

4. Building Services

The exceptional building activity continues for 2006 and due to increased revenue generated for this activity, it is expected that this section will experience a net under expenditure by year-end. However, as a result of Bill 124, all under expenditures must be contributed to a reserve to ensure future stability.

5. Ontario Works

The caseload for Ontario Works assistance and Sole Support reflects a reduction of 6 percent over budgeted levels. However, caseloads for the Ontario Disability Support Program (ODSP) have increased and may impact the municipality by \$600,000. With a potential reduction in administration costs, this area may be close to budget at year-end. In addition, the OMPF grant will be adjusted in line with actual expenditures.

6. Roads Maintenance

As a result of the pothole patching blitz, which occurred in the spring, the summer roads maintenance is currently over budget. In addition, due to the severe winter conditions in the first part of 2006, this area will experience an over expenditure by year-end. The winter conditions experienced in November and December will dictate the amount of the over expenditure, which may vary from \$1 to \$2 million.

7. Solid Waste

Better than budgeted tipping fees revenue will result in a year-end net under expenditure for this section. The increased building activity is the major contributing factor for the increased revenues.

8. Fire

There has been an increase in overtime costs as a result of a number of firefighters currently on sick leave and WSIB. In addition, the volunteer costs may exceed budget by year-end. Historically the largest portion of the budget is spent in the summer, therefore it is too early to predict a year-end position.

9. EMS

Currently this area is on budget. The Ministry of Health and Long Term Care, in a first step toward providing 50% funding, has flowed an additional \$700,000 to the City in 2006. This funding will offset the 2006 cross border liability, which is expected to be in the \$800,000 range, while only \$100,000 has been budgeted. Consequently, EMS is expected to be close to budget by year-end.

SUMMARY

Departments continue to monitor their budgets and continue to make adjustments to balance controllable items. This has been a preliminary review of the revenues and expenditures for the first four months of 2006. A more comprehensive review will take place after the July 2006 month-end and Council will be presented with a corporate year-end projection in September.