

Non-Program 2008 Budget Document

Section I. Existing Services and Service Levels:

Non-Program consists of corporate expenses and revenues that are not directly attributable to service programs. It consists of four main activities.

Taxation Collection – Payments in Lieu of Taxes and Supplementary Taxes are incorporated in this section. These revenues are determined in collaboration with area municipal finance staff during the fall of each year.

Taxation Overhead Allocation – This section is utilized to fully attribute corporately funded internal support costs to both tax and utility rate programs. Corporately funded internal support costs are corporate sustaining and leadership costs incurred for the benefit of the organization but do not pertain to specific programs. The distribution of these costs is allocated 65 per cent for tax supported programs and 35 per cent for utility supported programs.

Corporate Capital Financing – Funding support for corporate sustaining capital projects.

Tax Rate Management Initiatives – In past years budget deliberations, Council’s decisions incorporated strategic withdrawals from working fund reserves to mitigate tax rate increases. This section incorporates these withdrawals.

Section II. Resources to Deliver 2007 Services:

Current \$'000	2006 Actual	2007 Budget	2007 Projection	2007 Variance Under/(Over)
Total Expenditures	\$62,172	\$51,141	\$51,289	(\$148)
Total Revenue	\$73,793	\$59,584	\$60,741	(\$1,157)
Net Revenue	\$11,621	\$8,443	\$9,452	(\$1,009)
FTE	0	0	0	0

2007 Budget:

Through the 2007 Budget Process, Non-Program had a net budget approval in the amount of \$8.4 million to support the corporate expenses and revenues.

2007 Projection:

Staff forecast to complete the year with a net surplus of \$1,009 thousand mainly due to the one-time receipt of \$864.0 thousand for the Ontario Municipal Partnership Fund (OMPF) program. It is anticipated that this grant may be required to be returned to the Province of Ontario as part of the resolution of the Toronto Tax, resulting in a net surplus of \$145.0 thousand from higher than anticipated miscellaneous revenue. As receipt of the Payment in Lieu and Supplementary Taxes are lagging, it is uncertain at this time whether the budgeted revenue will be achieved. If it is not achieved, it will have a significant impact on the year-end projection that is not currently incorporated in the year-end position noted above.

Section III. Performance Measurement/Benchmarking:

Due to the nature of non-program, performance measures are not relevant.

Section IV. 2008 Base Pressures:

In order to continue supporting the Regional programs at the 2007 approved service level, there are increases to the base cost for these services in the following sections, as identified in Appendix I:

Annualization:

There are no annualizations in the non-program.

Cost of Living Increase/Inflation:

The following are factors affecting the base pressures:

Payments in Lieu of Taxes and net Supplementary Taxes are developed in collaboration with area municipal finance staff during the fall. The estimate for net supplementary taxes and Payments in Lieu of Taxes are close to 2007's level.

The phasing in of previous Council decisions in relation to capital financing reduces the withdrawal from reserves of \$6.3 million in 2006 to \$3.1 million in 2007. These strategic withdrawals representing \$1.5 million for waste and \$1.6 million for social services were established to phase-in prior years' Council decisions. The 2008 pressure for this phase-in is \$3.2 million. These withdrawals are not sustainable for an indefinite period and are anticipated to be fully phased out in 2009.

Additional pressures pertain to Tax Rate Management Initiatives surrounding the usage of working fund reserve interest to mitigate tax rate increases. As mentioned last year, due to the withdrawals noted above and ongoing capital works, the base for the interest on working funds is decreasing. For 2008, no reserve interest has been withdrawn from the working fund reserves to mitigate the tax impact of the 2008 pressures thus creating a pressure of \$3.4 million.

The allocation of the corporate overhead is processed through non-program. As indicated above, corporate overhead is the cost of internal support programs that provide corporate level service to the organization. The cost for this corporate overhead is allocated: sixty five per cent to tax rate, 17.5% to the water rate and 17.5% to the wastewater rate. The 2008 increase of \$8.2 million for this allocation originates in three different areas:

- a) As a result of the reorganization, corporate departments are grouped differently. This change rearranged the corporate overhead 2007 base. The 2007 allocation figures will not be adjusted. The result has the 2008 budget incorporating the overhead change due to the reorganization.
- b) A change in allocation practice in Finance. For 2008, the Finance Department which is part of the overhead allocation has changed the practice for the units that directly support specific departments. The Units will not have costs directly allocated to the specific programs. Therefore, Finance's bottom-line is higher and the programs would experience the expense reduction. This practice change has resulted in a higher net budget for allocation.
- c) The normal inflationary/budget increases.

Section V. Cost Mitigation Through Efficiencies and Recoveries:

Efficiencies:

Any efficiencies occurring will appear within the individual programs.

Recoveries:

During the 2007 budget deliberations, Council approved the withdrawal and payment of the Vera M Davis centre's outstanding mortgage, as well as, increasing the Long Term Care reserve balance to fund the pressures faced during the construction of Sheridan Villa. These were one-time only actions for \$8.6 million in 2007; therefore the recoveries are reversed out of the base in 2008.

Section VI. Challenges and Emerging Trends:

As noted in various reports to Council, capital projects are facing increased pressure on the budgets due to the increasing cost of construction. As noted below in the "Growth" section, the Region is implementing a general contribution to reserves. The allocation to specific reserves will be processed upon review of the approved 2008 capital plan.

Section VII. 2008 Program Pressures – Current:

Growth:

The 2008 Non-program budget incorporates a \$7.0 million reserve contribution to assist the management of the continuously increasing construction costs and reserve pressures faced by various programs. During the next months, reviews will be initiated to determine which program would receive an allocation from the \$7.0 million reserve contribution.

Service Demand:

Service Demands will be included within the individual programs.

Subsidy Changes:

Not applicable in Non-Program.

Other Pressures:

Nothing additional for 2008.

Section VIII. 2008 Program Pressures – Capital:

Carry –Forward from 2007 \$'000	2008 New Capital \$'000	2008 # of New Projects	Total Capital Available \$'000	2009 – 2017 Forecast \$'000	2009 - 2017 # of New Projects
\$0	\$0	0	\$0	\$0	0

It is not the nature of non-program to have capital projects.

Section IX. 2008 Summary:

Budget Summary \$'000s	2007 Budget	2007 Projection	2008 Proposed	2009 Forecast	2010 Forecast
Current Budget – Total Expenditures	\$51,141	\$51,289	\$59,861	\$62,305	\$64,174
Current Budget – Total Revenue	\$59,584	\$60,741	\$47,131	\$43,431	\$44,322
Current Budget – Net Cost	(\$8,443)	(\$9,452)	\$12,730	\$18,874	\$19,852
FTE	0	0	0	0	0
Capital Carry Forward from prior year			\$0	\$0	\$0
New Capital			\$0	\$0	\$0
Total Capital Available			\$0	\$0	\$0
Forecasted Capital Spending			\$0	\$0	\$0

Future Outlook:

2009 and 2010 Current Budget:

The 2009 forecast is impacted by inflation increase on the corporate overhead allocation of approximately \$3.0 million and the final phase-out of previous tax rate management initiatives in the amount of \$3.1 million. These result in an anticipated net budget of \$18.9 million in 2009.

The 2010 forecast includes an inflation factor for the corporate overhead allocation which brings the net cost to \$19.9 million.

2009-2017 Capital Plan:

Not applicable.

Service Level Contract for 2008:

Resources:

The 2008 current budget for non-program has a total value of \$59.9 million and a net value of \$12.7 million.

Outputs/Outcomes:

Not applicable.

Section X. Pressures not included in 2008 Budget:

Not applicable.

Appendices:

Appendix I	2008 Current Pressures
Appendix II	2008 Capital Overview – N/A
Appendix III	Existing Capital Project List – N/A
Appendix IV	2008 New Capital Detail – N/A
Appendix V	Ten Year Capital Plan – N/A
Appendix VI	Performance Measures/Benchmarks – N/A
Appendix VII	Staffing Information – N/A
Appendix VIII	User Fees – N/A

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**APPENDIX I
NON-PROGRAM
2008 CURRENT PRESSURES (\$'000)**

	Non-Program		
	Total Expenditures	Total Revenue	Net Cost
2007 Revised Cost of Service	51,141	59,584	(8,443)
Annualizations - Section IV - N/A			
<i>Subtotal</i>	-	-	-
Cost of Living Increase/Inflation - Section IV			
Payments in Lieu of Taxes & Net Supplementary Taxes	-	(179)	179
Phasing of previous council decisions	-	(3,200)	3,200
Tax Rate Management Initiatives	844	(2,550)	3,394
Change in internal support and other	8,413	(237)	8,650
<i>Subtotal</i>	9,256	(6,166)	15,423
Efficiencies - Section V - N/A			
<i>Subtotal</i>	-	-	-
Recoveries - Section V			
Federal Gas Tax	1,013	1,013	-
2007 One-Time Funding Reversal	(8,550)	(7,300)	(1,250)
<i>Subtotal</i>	(7,537)	(6,287)	(1,250)
2008 Base Changes	1,719	(12,453)	14,173
Growth - Section VII			
Capital Plan reserve contribution pressure	7,000	-	7,000
<i>Subtotal</i>	7,000	-	7,000
Service Demand - Section VII - N/A			
<i>Subtotal</i>	-	-	-
Subsidy and Fee Changes - Section VII - N/A			
<i>Subtotal</i>	-	-	-
Other - Section VII - N/A			
<i>Subtotal</i>	-	-	-
2008 New Pressures	7,000	-	7,000
Total 2008 Pressures	8,719	(12,453)	21,173
2008 Recommended Cost of Service	59,861	47,131	12,730

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