

Request for Decision

2016 Operating Budget Variance Report - June

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Sep 20, 2016

Report Date Wednesday, Aug 24,
2016

Type: Routine Management
Reports

Resolution

THAT the City of Greater Sudbury accepts the June 30, 2016 Variance Report dated August 24, 2016, from the Acting Chief Financial Officer/Treasurer outlining the projected year end position.

Executive Summary

This report provides the Finance and Administration Committee with a forecast of the City's year-end position based on revenues and expenditures to the end of June 2016. The projected deficit for 2016 is approximately \$2.1 million. With the \$1.8 million contribution from the Roads Winter Control Reserve Fund, the projected year end deficit is approximately \$300,000.

Background

The purpose of this report is to provide Council with an updated projection based on results as of June 30th of the municipality's year end position including potential year-end variances. The monitoring and reporting of variances has been conducted in accordance with the Operating Budget Policy and bylaw. Council is provided with a variance report after each quarter end. This report is an update from the 1st quarter projection provided to the Finance and Administration Committee in June 2016.

The Reserves and Reserve Funds By-law allows certain operations to keep the surpluses generated in their respective areas, only if this does not put the municipality in a deficit position; these areas include Information Technology, Land Reclamation Services, Social Housing Services, Libraries, Police Services and professional development. Based on the preliminary projection for 2016, these areas will not be able to retain their respective surpluses as the municipality is projecting a deficit at year end.

Attached is an additional chart that reflects the annual net budget, year-end position and variance for each area. In accordance with the Operating Budget Policy, the following explanations relate to areas where a variance of greater than \$200,000 resulted within a division or section.

Signed By

Report Prepared By

Liisa Brule
Senior Budge Analyst
Digitally Signed Aug 24, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
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Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Aug 26, 16

Variance Explanations

1) Other Revenues and Expenses

This area is reflecting a projected net over expenditure of \$280,000 as follows:

- Decreased investment income of \$310,000 as the bond market so far for 2016 has not been as volatile as prior years
- Projected reduction in OLG slot revenue of \$120,000
- Increased interest on current taxation arrears of \$100,000
- A decrease of \$50,000 in grants distributed as a result of the province declaring non profit Long Term Care Facilities tax exempt

2) Court Services

The projected year end over-expenditure of \$220,000 is a result of:

- Decreased POA revenue of \$220,000 is attributed to the variations in fine amounts ordered by the Courts and the volumes and types of tickets issues by enforcement agencies. Staff had put increased emphasis on the collection of defaulted fines in an attempt to reduce the projected variance.

3) Leisure and Recreation Services

This area is projecting a net over expenditure of \$420,000 as follows:

- Summer Programs have a projected \$70,000 net over expenditure primarily due to a decrease in user fees and a reduction in grant funding for summer student staffing
- Ski Hill Operations are projecting a \$90,000 net over expenditure due to costs in excess of revenues as a result of the later than normal start to the ski season where most season start up costs were realized in 2016
- Community Halls have a projected \$150,000 net over expenditure. Increased usage of community halls by nonprofit groups has increased operating costs with no offsetting increase in revenue.
- Community Arenas are projecting a \$110,000 net over expenditure as a result of a shortfall in revenues

4) Transit and Fleet

The projected year-end net over expenditure of \$520,000 consists of over expenditures of \$300,000 in Transit and \$225,000 in Fleet.

The Transit projected net over expenditures of \$300,000 is largely a result of:

- Over expenditures in Transit bus repairs and maintenance of \$600,000 which includes unexpected repairs to major components and the rise in the price of parts
- Expected shortfall in Transit fare box revenues of approximately \$240,000 which is primarily due to continuing declines in ridership
- Under expenditures resulting from vacancies in Administration which are expected to amount to about \$110,000
- Under expenditure in diesel fuel costs of \$150,000 as a result of favourable market rates in fuel prices
- Under expenditure in handi-transit costs of \$100,000
- Other under expenditures of approximately \$180,000 related to utilities expense and bus operator salaries

The Fleet projected net over expenditure of \$220,000 is primarily a result of:

- Over expenditures in vehicle repair and maintenance costs, partially a result of fleet vehicles remaining in services beyond their useful lives and damages to department fleet vehicles

5) Roads Maintenance

Roads maintenance is projecting an overall net over expenditure of \$2 million as follows:

- The above average snowfall in the first four months of the year contributed to an over expenditure of approximately \$1.8 million in winter control activities. Large over expenditures occurred in sanding/salting/plowing, snow removal and sidewalk maintenance. In accordance with the Reserve and Reserve Fund by-law, any Roads Winter Control over expenditures may be funded from the Roads Winter Control Reserve Fund
- Increased utility costs are contributing to a projected \$200,000 over expenditure in street lighting

6) Environmental Services

The projected net under expenditure of \$780,000 is a result of the following items:

- The most recent tendering the Sudbury Landfill site has resulted in a projected net savings of \$710,000
- Increased collection revenue from Multi Unit Residential Buildings of \$130,000 as a result of increased rates to achieve full cost recovery
- Implementation costs for the changes to waste collection projected at \$60,000

Summary

As per the attached chart, the City's projected net year end position will result in a draw from the Winter Control Reserve Fund of \$1.8 million, and approximately \$300,000 to be funded equally from the Tax Rate Stabilization Reserve and the Capital Financing Reserve Fund – General in accordance with the Reserve and Reserve Fund by-law.

City of Greater Sudbury
Net Revenue and Expenditure Projection
(Based on resulted up to June 30, 2016)
For year ended December 31, 2016



	Annual Budget	Year End Net Projections	Surplus (Deficit)	Projected YE Variance %	Notes*
Corporate Rev and Exp Summary					
Revenue Summary	(272,862,621)	(272,890,274)	27,653	0.00	
Other Revenues and Expenses	(10,508,887)	(10,226,499)	(282,388)	(0.03)	1
TOTAL CORPORATE REVENUES	(283,371,508)	(283,116,773)	(254,735)	(0%)	
Executive and Legislative					
Office of the Mayor	613,739	613,739	(0)	(0.00)	
Council Memberships & Travel	73,596	71,340	2,256	0.03	
Council Expenses	1,051,115	1,000,524	50,591	0.05	
Auditor General	353,406	346,866	6,540	0.02	
Office of the C.A.O. Summary	1,435,177	1,482,582	(47,405)	(0.03)	
Executive and Legislative	3,527,032	3,515,051	11,981	0%	
Administrative Services					
Clerks Administrative Services	1,017,651	1,023,164	(5,513)	(0.01)	
Election Services	200,000	200,000	0	0.00	
Court Services	(1,567,535)	(1,352,038)	(215,497)	0.14	2
Legal Services	1,473,918	1,407,044	66,874	0.05	
Debt & Contribution to Capital	476,453	476,453	0	0.00	
Information Technology	(2,625)	(73,889)	71,264	(27.15)	
Security & By-law	667,351	601,029	66,322	0.10	
Administrative Services	2,265,213	2,281,763	(16,550)	-1%	
Financial Services					
Financial Service	7,059,041	6,962,556	96,485	0.01	
Financial Services	7,059,041	6,962,556	96,485	1%	
Human Resources and O.D.					
Human Res & Org Dev	11,978	30,450	(18,472)	(1.54)	
Human Resources and O.D.	11,978	30,450	(18,472)	-15.4%	
Growth and Development					
Growth and Development Other	(27,192)	6,457	(33,649)	1.24	
Economic Development	4,843,224	4,789,882	53,342	0.01	
Growth and Development	4,816,032	4,796,339	19,693	0%	
Assets Citizen & Leisure					
Assets Citizen & Leisure - GM	3,529,955	3,679,429	(149,474)	(0.04)	
Citizen Services Summary	8,867,471	8,825,318	42,153	0.00	
Cemetery Services	0	0	0	0.00	
Leisure-Recreation Summary	18,748,652	19,164,317	(415,665)	(0.02)	3
Asset Services Summary	4,830,660	4,868,620	(37,960)	(0.01)	
Transit and Fleet Summary	14,211,566	14,735,548	(523,982)	(0.04)	4
Assets Citizen & Leisure	50,188,304	51,273,232	(1,084,928)	-2%	
Health & Social Services					
G.M. Office	1,038,550	1,012,013	26,537	0.03	
Children Services	2,038,421	2,036,810	1,611	0.00	
Housing Services Summary	19,085,817	19,027,289	58,528	0.00	
Long Term Care-Senior Services	3,889,958	3,872,487	17,471	0.00	
Social Services Summary	7,353,081	7,229,198	123,883	0.02	
Health & Social Services	33,405,827	33,177,797	228,030	1%	
Infrastructure Services					
Infrastructure Services Other	231,590	231,134	456	0.00	
Public Works Depots	1,196,646	1,198,139	(1,493)	(0.00)	
Engineering Services	(2,826)	(1)	(2,825)	1.00	
Water - Wastewater Summary	3,459,000	3,459,001	(1)	(0.00)	
Roads Maintenance Summary	65,376,334	67,401,573	(2,025,239)	(0.03)	5
Environmental Services Summary	11,638,633	10,855,728	782,905	0.07	6

City of Greater Sudbury
Net Revenue and Expenditure Projection
(Based on results up to June 30, 2016)
For year ended December 31, 2016



	Annual Budget	Year End Net Projections	Surplus (Deficit)	Projected YE Variance %	Notes*
Planning and Development	4,613,050	4,614,415	(1,365)	(0.00)	
Building Services	0	0	0	1.00	
Infrastructure Services	86,512,427	87,759,989	(1,247,562)	-1%	
Emergency Services					
Chief Office	(0)	0	(0)	1.00	
Emergency Management	697,221	652,154	45,067	0.06	
CLELC Section	261,124	235,484	25,640	0.10	
Emergency Medical Service	10,145,374	10,140,539	4,835	0.00	
Fire Services	24,344,468	24,281,560	62,908	0.00	
Emergency Services	35,448,187	35,309,737	138,450	0%	
Outside Boards					
Outside Boards Other	6,587,748	6,587,748	0	0.00	
Police Services	53,549,719	53,548,661	1,058	0.00	
Outside Boards	60,137,467	60,136,409	1,058	0%	
TOTAL EXPENDITURES	283,371,508	285,243,323	(1,871,815)	-1%	
TOTAL	(0)	2,126,550	(2,126,550)		

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Contribution from Winter Control Reserve Fund 1,841,845
Amount to be funded from Tax Rate 284,705
Stabilization Reserve and Capital Financing
Reserve Fund - General