

Request for Decision

2016 Operating Budget Variance Report - March

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Jun 21, 2016

Report Date Wednesday, Jun 01,
2016

Type: Routine Management
Reports

Resolution

THAT the City of Greater Sudbury accepts the March 31, 2016 Variance Report dated June 1, 2016, from the Acting Chief Financial Officer/Treasurer outlining the projected year end position.

Executive Summary

This report provides a variance analysis of the City's first quarter results (January to March 31, 2016). Staff has identified areas where material year end variances in the operating budget may occur.

Background

The purpose of this report is to provide Council with a preliminary overview of potential year-end variances. The monitoring and reporting of variances has been conducted in accordance with the Operating Budget Policy. The March variance report reflects expenditures and revenues for the first three months of the year. In many areas, only three months of data is not sufficient to identify potential variances; however in other areas, there may have been significant factors identified that may result in year-end variances.

A more detailed projection will be undertaken in the summer based on the expenditures and revenues contained in the June 2016 Cost Centre Report. During this process, each department will be requested to project a year-end value for each account. Based on this information, a corporate year-end projection will be made. Council will receive this report in September of 2016.

In accordance with the Operating Budget Policy approved by Council, the following explanations relate to areas where a potential variance of greater than \$200,000 may occur within a division or section, or areas that Finance is monitoring closely:

Signed By

Report Prepared By

Barbara Dubois
Co-ordinator of Budgets
Digitally Signed Jun 1, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
Digitally Signed Jun 1, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 7, 16

1) Taxation Revenue

The first 2016 supplementary tax roll has not yet been received and therefore staff is unable to forecast the potential yearend position. The \$2.2 million budget is based on the 2015 actual revenue received, however, this is an area where the potential for a variance exists. Staff will monitor and provide an up to date forecast for the June variance when more information becomes available.

2) Corporate Revenues

Slot revenue received from the Ontario Lottery and Gaming Corporation for the first quarter of 2016 is approximately \$40,000 less than received for the first quarter of 2015. The 2015 actual revenue received was \$120,000 less than the 2016 budget, and therefore if this trend continues, staff is forecasting a potential negative variance.

3) Environmental Services

As a result of the tender for management of the City's landfills there will be a positive variance in Environmental Services. However, the results of the City's garbage collection contract tender, which will be tendered and awarded during 2016 also have the potential to impact the division's financial position. Since these tender awards are financially significant, at this time the overall position is too difficult to predict.

4) Transit and Fleet Services:

Transit and Fleet Services are experiencing budget pressures in a few areas within their operations. The main area of concern is the increased cost of repair and maintenance of the City Fleet and Buses as a result of unexpected repairs and rising parts costs.

The other area experiencing budget pressure is less than anticipated transit revenues.

5) Roads Winter Control Operations

The net over expenditure of \$1.8 Million to the end of April is largely a result of the increased requirement for salting, sanding, plowing and snow removal. This section is weather dependant, therefore, making it challenging to project a potential year end position for this area. In accordance with the Reserve and Reserves Fund bylaw, any Roads Winter Control over expenditures may be funded from the Roads Winter Control Reserve Fund.

Summary

This has been a preliminary review of the revenues and expenditures for the first three months of 2016. It is still too early to provide an accurate year-end projection. A more comprehensive review will take place after the June 2016 month end and Council will be presented with a corporate year-end projection in September. Quarterly reports will be prepared for Council throughout 2016.