

Request for Decision

2015 Operating Budget Variance Report - September

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Dec 08, 2015

Report Date Thursday, Nov 19, 2015

Type: Routine Management
Reports

Recommendation

THAT the City of Greater Sudbury accepts the September 30, 2015 Variance Report dated November 19, 2015, from the Acting Chief Financial Officer/Treasurer outlining the projected year end position.

Executive Summary

This report provides Council with a forecast of the City's year-end position based on revenues and expenditures to the end of September 2015. The 2015 projected net surplus of approximately \$650,000 includes savings identified from Project 6 Million (P6M).

Background

The purpose of this report is to provide Council with an updated projection based on results as of September 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 2nd quarter projection provided to Council in September 2015.

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. For 2015, these areas will retain their respective surpluses or a portion thereof, if the municipality is in an overall surplus position in excess of 2015 actual savings achieved from P6M.

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.

Variance Explanations

Signed By

Report Prepared By

Barbara Dubois
Co-ordinator of Budgets
Digitally Signed Nov 19, 15

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
Digitally Signed Nov 19, 15

Recommended by the C.A.O.

Kevin Fowke
Acting Chief Administrative Officer
Digitally Signed Nov 25, 15

1) Taxation Levy

This area is reflecting a projected negative variance of \$560,000 as follows:

- Supplemental taxation is projected to be under budget by \$55,000
- Payments in lieu of taxation are projected to be under budget by \$45,000
- Tax writeoffs are projected to exceed budget by \$460,000 as a result of appeals, and requests for reconsideration and applications under section 357

2) Other Revenues and Expenses

This area is reflecting a projected net positive variance of \$1.91 Million as follows:

- Increased investment income primarily from capital gains from the sale of bonds of \$1.95 Million
- Projected reduction in OLG slot revenue of \$185,000
- Projected increase in interest on tax arrears net of writeoffs of interest and penalties \$120,000
- Projected increase in miscellaneous revenue of \$25,000

3) Transit and Fleet

The projected year-end deficit of approximately \$1,000,000 consists of over expenditures of \$820,000 in Transit and \$470,000 in Fleet which are partially offset by a \$290,000 surplus related to the timing of debt payments for 1160 Lorne Street.

The Transit projected net over expenditures of \$820,000 is largely a result of:

- Over expenditures in Transit bus repairs and maintenance of \$710,000, which includes unanticipated major component rebuild expenses
- Shortfall in Transit fare box revenues of approximately \$310,000 due to a 2 month delay in approving 2015 user fee increases and a decline in ridership
- Under expenditure in Handi-Transit of approximately \$160,000 as a result of favourable consumer price index adjustment in accordance with contract terms
- Under expenditure in Crossing Guards of approximately \$40,000

The Fleet projected net over expenditure of \$470,000 is primarily a result of:

- Over expenditures in vehicle repair and replacement parts, partially a result of fleet vehicles remaining in service beyond their useful lives, damages to department fleet vehicles and unanticipated increases in vehicle licensing fees

4) Planning and Development

The projected year-end under expenditure of \$290,000 in Planning and Development is a result of:

- Vacant positions and staff on leave which results in backfilling/replacement of positions at lower rates than budgeted of \$280,000
- Projected under expenditure of \$20,000 in earth care promotion costs as a result of P6M initiatives
- Projected under expenditure of \$50,000 in various expense accounts
- Projected decrease in committee of adjustments user fees of \$60,000 as a result of fewer applications.

5) Environmental Services

The projected net over expenditure of \$470,000 is a result of the following items:

- Projected reduction in tipping fee revenues of \$420,000 as less industrial, commercial and building related waste are being disposed of at the landfill sites
- Market prices for sale of recyclable materials are lower than expected and therefore a net reduction in revenue of \$250,000 is projected
- Stewardship Ontario Bluebox funding announced exceeding budget by approximately \$120,000

- Projected under expenditure in waste collection costs of \$80,000

6) Social Services

The Social Services Division is undergoing a transformation to a new Provincial Computer System (SAMS) for delivering the Ontario Works Program that is having an impact to all the offices across Ontario. The Ministry continues to work with municipalities on improving the system however the financial reporting component has not been resolved as of yet and cannot be relied on with certainty. As a result of the new reports that are expected from the Ministry, the division is reporting a break even projection at this time.

Summary

As per the attached chart, the City's projected net year end position will result in a reduction to the budgeted draw from the Tax Rate Stabilization Reserve of approximately \$650,000 as a result of Project 6 Million savings. Any additional net surplus realized will be contributed to reserves in accordance with the Reserve and Reserve Fund Bylaw.

City of Greater Sudbury
Net Revenue and Expenditure Projection
(based on results to Sept 30, 2015)
For the year ended December 31, 2015



	Annual Net Budget	Year End Net Projections	Sept Net Surplus (Deficit)	Projected YE Variance %	Notes*
Corporate Rev and Exp Summary					
Taxation Levy	(236,171,112)	(235,612,863)	(558,249)	(0.00)	1
Grants and Subsidies	(28,468,100)	(28,468,100)	0	0.00	
Other Revenues and Expenses	(16,716,245)	(18,629,245)	1,913,000	0.11	2
TOTAL CORPORATE NET REVENUES	(281,355,457)	(282,710,208)	1,354,751	0%	
Executive and Legislative					
Office of the Mayor	603,396	602,909	487	0.00	
Council Memberships & Travel	72,729	74,570	(1,841)	(0.03)	
Council Expenses	1,045,904	998,506	47,398	0.05	
Healthy Community Initiatives	600,000	600,000	0	0.00	
Auditor General	349,501	312,224	37,277	0.11	
Office of the C.A.O. Summary	1,547,506	1,635,202	(87,696)	(0.06)	
Executive and Legislative	4,219,036	4,223,411	(4,375)	(0)	
Administrative Services					
Election Services	200,000	200,000	0	0.00	
Legal Services	1,528,929	1,446,840	82,089	0.05	
Security & By-law	(788,679)	(800,393)	11,714	(0.01)	
Debt & Contribution to Capital	467,110	467,110	0	0.00	
Clerks Administrative Services	1,078,602	1,006,640	71,962	0.07	
Information Technology	(6,798)	(155,196)	148,398	(21.83)	
Administrative Services	2,479,164	2,165,001	314,163	13%	
Assets & Finance					
Financial Services	7,233,923	7,092,804	141,119	0.02	
Asset Services Summary	4,744,136	4,694,891	49,245	0.01	
Transit and Fleet Summary	13,989,602	14,992,606	(1,003,004)	(0.07)	3
Assets & Finance	25,967,661	26,780,301	(812,640)	(3%)	
Human Resources and O.D.	25,000	24,494	506	2%	
Growth and Development					
Growth and Development Other	271,584	250,678	20,906	0.08	
Economic Development	4,991,309	4,993,817	(2,508)	(0.00)	
Planning and Development	4,816,775	4,527,574	289,201	0.06	4
Building Services	(0)	0	0	0.00	
Growth and Development	10,079,668	9,772,069	307,599	3%	
Citizen & Leisure Services					
Debt & Contribution to Capital	3,467,043	3,467,043	0	0.00	
Citizen Services Summary	11,358,163	11,199,227	158,936	0.01	
Leisure-Recreation Summary	18,202,386	18,366,376	(163,990)	(0.01)	
Citizen & Leisure Services	33,027,592	33,032,646	(5,054)	(0%)	
Infrastructure Services					
Infrastructure Services Other	224,535	220,200	4,335	0.02	
Public Works Depots	1,182,058	1,200,263	(18,205)	(0.02)	
Engineering Services	0	0	0	0.00	
Water - Wastewater Summary	3,321,002	3,321,002	0	0.00	
Roads Maintenance Summary	64,909,372	65,080,151	(170,779)	(0.00)	
Environmental Services Summary	11,139,146	11,605,668	(466,522)	(0.04)	5
Infrastructure Services	80,776,113	81,427,284	(651,171)	(1%)	
Health, Social & Emergency Svc					
G.M. Office and Other	1,126,655	1,018,934	107,721	0.10	
Emergency Services Summary	34,756,906	34,748,900	8,006	0.00	
Social Services Summary	8,119,981	8,119,981	0	0.00	6
Long Term Care-Senior Services	3,494,073	3,570,424	(76,351)	(0.02)	
Housing Services Summary	18,327,256	18,321,615	5,641	0.00	
Health, Social & Emergency Svc	65,824,870	65,779,854	45,016	0%	
Outside Boards					
Outside Boards Other	6,428,378	6,428,378	(0)	(0.00)	
Police Services	52,527,975	52,426,492	101,483	0.00	
Outside Boards	58,956,353	58,854,870	101,483	0%	
TOTAL NET EXPENDITURES	281,355,457	282,059,929	(704,473)	(0%)	
TOTAL	0	(650,279)	650,278		

* see report for explanation of variances

Reduction in draw from Tax Rate Stabilization
Reserve as a result of P6M

\$ 650,278