

2017 Operating Budget Variance Report - March

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 2017 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 2017.

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:

1) Taxation Revenue

The first 2017 supplementary tax roll has not yet been received and therefore staff is unable to forecast the potential yearend position. In 2016, the City received \$3.0 million in supplement taxation, approximately \$800,000 over the budgeted amount, however this was offset by an increase in tax write offs. This is an area where the potential for a variance exists, therefore staff will monitor and provide an up to date forecast for the June variance when more information becomes available.

2) Provincial Offences Act

The City has received \$1 million in POA revenue as a result of fines imposed on a mining company by the Ministry of Labour.

3) Environmental Services

The results of the City's recycling processing facility contract which will be tendered and awarded during 2017 has the potential to impact the division's financial position. Since this tender award is financially significant, at this time the overall position is too difficult to predict.

4) Roads Winter Control Operations

The net over expenditure of approximately \$700,000 to the end of March 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 to 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 2017. It is still too early to provide an accurate year-end projection. A more comprehensive review will take place after the June 2017 month end and Council will be presented with a corporate year-end projection in September. Quarterly reports will be prepared for Council throughout 2017.