

For Information Only

2016 Operating Budget Variance Report - September

Presented To: Finance and
Administration
Committee

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2016

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Resolution

For information only

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 September 2016. The projected deficit for 2016 is approximately \$1.8 million. With the \$1.8 million contribution from the Roads Winter Control Reserve Fund, it is projected that the City will be on budget at year end.

Background

The purpose of this report is to provide Council with an updated projection of the municipality's year end position including potential year-end variances based on results as of September 30th. 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 the Finance and Administration Committee in September 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, and Police Services. Based on the preliminary projection for 2016, these areas will not be able to retain their respective surpluses as the municipality will not be in a surplus position 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.

Variance Explanations

Signed By

Report Prepared By

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Digitally Signed Nov 16, 16

Recommended by the Department

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1) Court Services

The projected year end over-expenditure of \$210,000 is a result of:

- Decreased POA revenue of \$210,000 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.
- A recent fine under the Occupational Health and Safety Act in the amount of \$1.25 million is being processed through the Courts. The fine, less the victim surcharge (\$250,000), will result in \$1 million being collected by the City. If the fine is paid in 2016 the revenue will form part of the year end position, otherwise the \$1 million will be applied to the revenues in 2017. This figure has not been factored into the 2016 year end position.

2) Transit and Fleet

The projected year-end net over expenditure of \$600,000 consists of over expenditures of \$320,000 in Transit and \$280,000 in Fleet.

The Transit projected net over expenditures of \$320,000 is largely a result of:

- Over expenditures in Transit bus repairs and maintenance of \$650,000 which includes unexpected repairs to major components and the rise in the price of parts
- Expected shortfall in Transit fare box revenues of approximately \$220,000 which is primarily due to declines in ridership this year
- Under expenditures in Administration/Supervision salaries & benefits primarily due to vacancies which are expected to amount to \$70,000
- Under expenditure in diesel fuel costs of \$175,000 as a result of favourable market rates in fuel prices
- Under expenditure in handi-transit costs of \$135,000
- Other under expenditures of approximately \$170,000 related to utilities expense and bus operator salaries

The Fleet projected net over expenditure of \$280,000 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

3) Long Term Care – Senior Services

The projected year end under-expenditure of \$200,000 is a result of:

- An additional \$175,000 of Case Mix Index funding received from the Ministry of Health and Long Term Care.
- Other additional revenues totalling \$25,000 made up of several small miscellaneous revenues

4) Leisure and Recreation Services

This area is projecting a net over expenditure of \$430,000 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 \$160,000 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

5) Roads Maintenance

Roads maintenance is projecting an overall net over expenditure of \$1.9 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
- A decrease in salaries of \$100,000 in design and drafting due to vacancies

6) Environmental Services

The projected net under expenditure of \$330,000 is a result of the following items:

- The most recent tendering the Sudbury Landfill site has resulted in a projected net surplus 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
- Increased collection costs of \$450,000 due to the new waste collection contract for the last two months of the year

Summary

As per the attached chart, the City's projected net year end position will require a draw from the Winter Control Reserve Fund of \$1.8 million in accordance with the Reserve and Reserve Fund by-law to provide for a balanced budget.

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



	Annual Budget	Year End Net Projections	Surplus (Deficit)	Notes*
Corporate Rev and Exp Summary				
Revenue Summary	(272,862,621)	(272,882,624)	20,003	
Other Revenues and Expenses	(10,508,887)	(10,588,900)	80,013	
TOTAL CORPORATE REVENUES	(283,371,508)	(283,471,524)	100,016	
Executive and Legislative				
Office of the Mayor	613,739	613,739	(0)	
Council Memberships & Travel	73,596	71,340	2,256	
Council Expenses	1,051,115	1,000,524	50,591	
Auditor General	353,406	346,866	6,540	
Office of the C.A.O. Summary	1,435,177	1,520,762	(85,585)	
Executive and Legislative	3,527,032	3,553,231	(26,199)	
Administrative Services				
Clerks Administrative Services	1,017,651	1,023,164	(5,513)	
Election Services	200,000	200,000	0	
Court Services	(1,567,535)	(1,352,038)	(215,497)	1
Legal Services	1,473,917	1,442,469	31,448	
Debt & Contribution to Capital	476,453	476,453	0	
Information Technology	(2,624)	(98,889)	96,265	
Security & By-law	667,351	601,029	66,322	
Administrative Services	2,265,213	2,292,188	(26,974)	
Financial Services				
Financial Service	7,059,040	6,889,677	169,363	
Financial Services	7,059,040	6,889,677	169,363	
Human Resources and O.D.				
Human Res & Org Dev	11,978	30,450	(18,472)	
Human Resources and O.D.	11,978	30,450	(18,472)	
Growth and Development				
Growth and Development Other	(26,567)	6,457	(33,024)	
Economic Development	4,843,222	4,789,882	53,340	
Growth and Development	4,816,655	4,796,339	20,316	
Assets Transit & Fleet				
Assets Citizen & Leisure - GM	77,571	245,045	(167,474)	
Asset Services Summary	4,830,660	4,870,365	(39,705)	
Transit and Fleet Summary	14,211,566	14,813,548	(601,982)	2
Assets Transit & Fleet	19,119,797	19,928,958	(809,161)	
Community Development				
G.M. Office	4,481,430	4,436,890	44,540	
Children Services	2,038,421	2,036,810	1,611	
Housing Services Summary	19,085,817	19,013,171	72,646	
Long Term Care-Senior Services	3,889,958	3,685,335	204,623	3
Social Services Summary	7,353,081	7,229,198	123,883	
Citizen Services Summary	8,876,972	8,768,502	108,470	
Cemetery Services	0	0	0	
Leisure-Recreation Summary	18,748,657	19,180,317	(431,660)	4
Community Development	64,474,336	64,350,223	124,113	

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



Annual Budget	Year End Net Projections	Surplus (Deficit)	Notes*
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Infrastructure Services

Infrastructure Services Other

Public Works Depots

Engineering Services

Water - Wastewater Summary

Roads Maintenance Summary

Environmental Services Summary

Planning and Development

Building Services

231,590	231,134	456	
1,196,646	1,198,139	(1,493)	
(2,826)	0	(2,826)	
3,459,000	3,459,001	(1)	
65,376,336	67,276,880	(1,900,544)	5
11,638,631	11,305,875	332,756	6
4,612,425	4,647,098	(34,673)	
0	0	0	
86,511,802	88,118,127	(1,606,325)	

Infrastructure Services

Emergency Services

Chief Office

Emergency Management

CLELC Section

Emergency Medical Service

Fire Services

(0)	0	(0)	
697,221	649,225	47,996	
261,124	253,929	7,195	
10,145,374	10,021,369	124,005	
24,344,468	24,257,182	87,286	
35,448,187	35,181,705	266,482	

Emergency Services

Outside Boards

Outside Boards Other

Police Services

6,587,748	6,587,748	0	
53,549,719	53,548,661	1,058	
60,137,467	60,136,409	1,058	
283,371,508	285,277,307	(1,905,799)	

Outside Boards

TOTAL EXPENDITURES

TOTAL	0	1,805,783	(1,805,783)	
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Contribution from Winter Control Reserve Fund 1,805,783
Amount to be funded from Tax Rate (0)
Stabilization Reserve and Capital Financing
Reserve Fund - General