

Request for Decision

2013 Operating Budget Variance Report - July

Presented To:	City Council
Presented:	Tuesday, Oct 08, 2013
Report Date	Wednesday, Oct 02, 2013
Type:	Routine Management Reports

Recommendation

That the City of Greater Sudbury accept the July 31, 2013 Variance Report dated October 2, 2013, from the Chief Financial Officer/Treasurer outlining the projected year end position.

Background

The purpose of this report is to provide Council with a projection 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 by-law.

For this July projection, departments reviewed all accounts under their areas of responsibility and provided projected year end values for each account. Based on this exercise, the data has been compiled and reviewed by Finance and a year-end deficit of approximately \$0.6 Million (before a draw from Roads Winter Control Reserve Fund) has been projected. Staff have taken measures to mitigate this potential deficit and the corresponding draw from the Roads Winter Control Reserve Fund, by curtailing discretionary spending wherever possible.

This report will provide explanations regarding the potential year end position and explains variances in excess of \$200,000 in a division or section.

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, Police Services and professional development. For 2013, these areas will not retain their respective surpluses, if the municipality is in a deficit position.

In accordance with the by-law any net over expenditure related to winter roads maintenance could be withdrawn from the Roads Winter Control Reserve Fund.

Attached is a chart that reflects the annual net budget, projection and variance.

Signed By

Report Prepared By

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Co-ordinator of Budgets
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Division Review

Ed Stankiewicz
Manager of Financial Planning & Budgeting
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Recommended by the Department

Lorella Hayes
Chief Financial Officer/City Treasurer
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Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
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In accordance with the Operating Budget Policy approved by Council, the following explanations relate to areas where a variance of greater than \$200,000 is projected within a division or section:

1) Corporate Revenues

Staff has initially determined that a total potential negative variance of \$500,000 may occur in supplementary tax revenue. The 2013 budgeted supplementary taxation revenue was decreased to \$2.9 Million, which was the 2012 actual supplementary tax revenue received. The tax rolls received to date are reflecting less value than in previous years, which is resulting in the projected net shortfall. More information will be available in the coming months. In the area of tax write offs, it is still too early to project year-end positions as there are still some large appeals outstanding. However, it is anticipated that the allowance maybe sufficient to handle successful appeals undertaken by taxpayers.

2) Corporate Security and Court Services

Revenue is dependent on charges laid, decisions made in court and on the timing of collection of fines. As a result of recent fine announcements, this section is projecting to have revenues exceeding budget by \$900,000 for the year.

3) Compliance and Enforcement

Lower than expected revenues from Lottery and Bingo Licences of \$110,000, parking fines and fees of \$80,000 (net of revenue sharing costs) and business licencing revenues of \$30,000 have resulted in a projected net deficit of \$220,000 for this section.

4) Social Services

Slightly lower costs than budgeted in General Welfare Assistance and Sole Support coupled with lower administration costs due to staff vacancies throughout the year have created a positive variance of \$380,000 for the Division.

5) Citizen Services

A change in the Provincial funding formula for Children Services has resulted in a budget reduction and a corresponding municipal cost share reduction of approximately \$410,000. In addition, Tom Davies Call Centre is projecting a net under expenditure of \$30,000 which results in a total positive variance of \$440,000 for this Division.

6) Roads Maintenance

The net over expenditure for Winter Roads maintenance as a result of the increased requirement for salting, sanding, plowing and snow removal is \$1.5 Million. This section is weather dependant, therefore, making it challenging to project a potential year end position for this area. In accordance with to the Reserves and Reserve Fund bylaw, any Roads Winter Control over expenditures may be funded from the Roads Winter Control Reserve Fund. The Winter Roads over expenditure has been mitigated slightly by the deliberate curtailing of expenditures in Summer Roads Maintenance resulting in the overall projection of a deficit of \$1.3 Million for this Division.

7) Transit and Fleet

This Division is experiencing an overall deficit of about \$750,000 which is comprised of \$600,000 in Transit and \$150,000 in Fleet, as a result of various factors. Firstly, Handi-Transit is projecting an over expenditure of \$215,000 to the end of the year which is largely attributed to the increase in number of riders requiring the system. This is offset by a reduction in demand for Transcab services resulting in a projected under expenditure of \$35,000. Operations Committee has approved changes to Handi-Transit policies and procedures in an effort to improve the service for customer and reduce costs where possible.

Bus operators are also projecting an over expenditure of \$200,000 as a result of ongoing unbudgeted modified work program costs, contractual training requirements for new operator hires, and additional costs related to realignment of staffing levels to achieve approved service levels. The realignment has been phased in and should be accurate in the 2014 budget.

Other items contributing to the variance are snow removal costs for bus shelters of \$60,000 and bus parts of \$90,000 which is largely due to heavy winter conditions and higher than normal bus repairs. Lastly, an over expenditure of \$70,000 in depot building repairs is due to above normal maintenance requirements such as storm receptor vacuuming and HVAC maintenance.

Summary

Based on the revenues and expenditures to the end of July 2013, and the departmental projections provided, a year-end deficit of approximately \$0.6 Million is projected, mainly as a result of unfavorable winter weather conditions. If a deficit materializes at year-end it would be funded by a draw from the Roads Winter Control Reserve Fund.

However, operating departments are taking measures to mitigate this potential deficit, and curtailing expenditures where possible. Actual year-end results will also vary depending on variables such as weather for November and December, the bond market and final supplementary assessment rolls. If there is a year-end surplus, it would be contributed to the Tax Rate Stabilization Reserve and Capital Financing Reserve Fund-General.

SMT Monthly Variance Report
As of July 31, 2013



	Net Budget for Year	Projected Net Year End Position	Projected variance
Revenue Summary	(264,696,244)	(264,169,908)	(526,336)
Other Revenues and Expenses	(10,704,150)	(10,704,150)	-
Corporate Revenue & Expenditures	(275,400,394)	(274,874,058)	(526,336)
Office of the Mayor	611,225	611,225	-
Council Support	62,867	71,228	(8,361)
Council Expenses	1,017,247	986,247	31,000
Healthy Community Initiatives	600,000	600,000	-
Auditor General	377,572	377,572	-
Office of the C.A.O.	558,364	558,364	-
Comm. and French Lang Services	988,259	965,174	23,085
Executive & Administration Dept	4,215,534	4,169,810	45,724
Clerks Administrative Services	1,414,430	1,414,430	-
Information Technology	0	(37,730)	37,730
Debt -Contribution to Capital	457,950	457,950	-
Legal Services	1,460,186	1,460,186	-
Corp Security & Court Services	(1,488,262)	(2,388,262)	900,000
Administrative Services	1,844,304	906,574	937,730
Human Res & Org Dev	-	(125,320)	125,320
Growth and Development Other	312,775	312,775	-
Economic Development	4,955,483	4,948,899	6,584
Planning and Development	4,901,368	4,857,887	43,481
Sudbury Airport Personnel	-	-	-
Building and Compliance Summary	299,954	516,523	(216,569)
Asset Services Summary	4,532,524	4,508,107	24,417
Environmental Services Summary	9,611,861	9,776,889	(165,028)
Growth & Development Services	24,613,964	24,921,079	(307,115)
Financial Services	7,118,681	7,035,834	82,847
Community Development - GM	4,532,358	4,532,359	-
Administrative-Financial Serv.	332,433	332,433	-
Regional Geriatric Services	191,318	191,318	-
Housing Services Summary	19,243,118	19,214,585	28,533
Long Term Care-Senior Services	3,639,251	3,639,251	-
Social Services Summary	9,492,707	9,116,326	376,381
Citizen Services Summary	11,783,969	11,340,480	443,489
Leisure-Recreation Summary	17,908,156	17,721,154	187,001
Community Development	67,123,310	66,087,906	1,035,404
Infrastructure Services Other	209,831	209,831	-
Public Works Depots	1,144,127	1,147,425	(3,298)
Engineering Services	-	-	-
Water-Waste Water Summary	3,234,000	3,234,000	-
Roads Maintenance Summary	64,022,156	65,328,991	(1,306,835)
Transit and Fleet Summary	13,128,013	13,881,421	(753,408)
Infrastructure Services	81,738,127	83,801,668	(2,063,541)
Chief Office	-	-	-
Emergency Management	651,036	651,036	-
CLELC Section	208,395	208,395	-
Emergency Medical Service	9,491,138	9,491,138	-
Fire Services	22,325,365	22,232,102	93,263
Emergency Services Summary	32,675,934	32,582,671	93,263
Outside Boards Other	6,196,627	6,196,627	-
Police Services	49,873,910	49,856,148	17,762
Outside Boards	56,070,537	56,052,775	17,762
(Excess) Deficiency of Revenue Over Expenses	-	558,939	558,939