

# Correspondence and Information

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# Request for Recommendation Finance Committee





Type of Decision									
Meeting Date	April 23, 2003				Report Date	April 17, 2003			
Decision Requested		Yes	<input checked="" type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High		Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed

Report Title
Projected 2002 Year-End Position

Policy Implication + Budget Impact	
<input checked="" type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
<p>A small surplus of \$2.9 million was generated in 2002. This amount represents about 0.75% of the 2002 gross budget.</p> <p>In accordance with Capital Policy, this surplus has been contributed to the Capital Financing Reserve Fund - General and the Tax Rate Stabilization Reserve, in equal amounts.</p>	
<input checked="" type="checkbox"/>	Background Attached

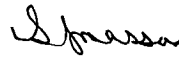
Recommendation
N/A
Recommendation Continued

Recommended by the General Manager
 D. Wukoski General Manager of Corporate Services

Recommended by the C.A.O.
 M. Mieto Chief Administrative Officer

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Date: April 17, 2003

**Report Prepared By**C. Mahaffy  
Manager of Financial Planning & Policy/Deputy Treasurer**Division Review**S. Jonasson  
Director of Finance/City Treasurer**BACKGROUND**

The purpose of this report is to inform Council of the 2002 year-end position of the City of Greater Sudbury, including information on the finalization of the 2001 Community Reinvestment Fund (CRF), and estimates of the 2002 CRF.

For the most part, revenue and expenditure transactions have been finalized for 2002, and a small surplus of \$2.9 million is anticipated. This figure will not be finalized until completion of the annual audit, which is presently underway. This surplus represents about 0.75% of the 2002 gross budget. For all intents and purposes, a variance of less than one percent is considered to be 'on budget'. In accordance with Council policy regarding surpluses / deficits, contributions are made to or from the Capital Financing Reserve Fund - General and the Tax Rate Stabilization Reserve, in equal amounts. Consequently, contributions of approximately \$1.45 million have been made to each of these reserves.

The Province very recently announced that the Financial Information Returns (FIR's) deadline for filing has been changed from June 30 to May 31. Staff and the auditors are striving to meet this new deadline. Once the audit is complete, the FIR's filed, and the statements prepared, our auditors will be presenting the financial statements and FIR's to Council. Hopefully, this will occur at the second meeting in June. The Municipal Performance Measurement Program information will be presented sometime later in the year.

The attached chart lists the projected over / under expenditures. Favorable variances are in brackets, while unfavorable variances are shown without brackets. There are seven areas where the variance is in excess of \$1 million, and explanations for each follows:

**Major Variances*****Grants and Subsidies - \$1.2 million***

The 2001 Community Reinvestment Fund reconciliation was received at the end of November, and resulted in \$1.3 million in additional revenue being recognized in 2002. The Province had originally indicated that the CRF would be reduced by \$1.4 million dollars in recognition of additional costs the Province is incurring since the funding of Children's Aid was transferred from municipalities. This did not occur as anticipated. Other anticipated reconciling items for the Health Unit and Social Housing also differed from the amounts originally set up. The 2002 projected CRF funding is slightly less than budgeted, bringing the variance to \$1.2 million overall.

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**Corporate Revenue - \$1.3 million**

Interest revenue on investments exceeded budget by \$775,000 due to more favourable interest rates than budgeted. In addition interest on current taxes and tax arrears resulted in \$250,000 more than budgeted, while the additional \$211,000 in revenue from the Ontario Lottery Corporation accounts for the balance.

**Solicitor and Clerk - \$1.1 million**

A \$750,000 shortfall in Provincial Offences (POA) net revenue and a \$700,000 overexpenditure in outside legal counsel were offset by other savings throughout the department to result in this shortfall. It should be noted that the POA program is no longer reconcilable, consequently there was no offsetting increase in CRF funding.

**Social Housing - \$2.7 million**

A number of factors contributed to this surplus in 2002. The major item was additional federal / provincial money received from the Province related to the non-profit projects. At the time the 2002 budget was prepared for Social Housing, the amount of the funding to be received was not known, so none was budgeted. In fact, some \$2 million additional money, most of which is one-time funding, was received overall. Some of this related to administration expenses for taking over the non-profit housing. Council authorized close to \$400,000 of this money to be reserved late in 2002. In addition, the Province returned some \$300,000 for projects they had billed the City for, but should not have. Expenditures for the non-profit and housing corporation were under budget by about \$600,000 and the payable to the Province for non-profit projects set up in 2001 did not materialize as expected.

**Employment Support Services / Ontario Works - \$3.1 million**

Additional revenues were received from the Province for Levels funding which accounts for \$1.4 million, while reduced caseloads at Ontario Works and delays in staffing (GWA, Sole Support and ODSP) accounts for the balance. Some of the underexpenditure is tied to CRF funding, and this decrease has been taken into consideration when calculating the CRF funding for 2002.

**Leisure and Recreation Services - \$1.2 million**

Overexpenditures in this section are spread throughout all areas, with \$200,000 being overspent in parks and playgrounds, another \$300,000 in the waterfront / pools program, and \$700,000 in community centres and arenas.

**Public Works - \$3.3 million**

Public Works, overall is \$3.3 million overspent, with the major variances being in Summer Roads Maintenance which was \$1.1 million overspent, and in Winter Roads Maintenance which was \$3.2 million overspent (after the \$900,000 contribution from capital approved by the Priorities Committee). Both of these overexpenditures have been highlighted to Council in earlier reports. Waste Management was \$1.2 million underspent as a result of lower costs for purchased services, some delays in programs, and a \$400,000 increase in tipping revenue over budget. This helped to offset the roads overexpenditures.

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### **Other Variances**

Numerous other over and under expenditures occurred throughout the organization, and brief explanations of those in excess of \$250,000 follow:

#### ***Taxation Levy - \$371,000 increase***

Payments in lieu of taxation exceeded budgeted revenue.

#### ***Financial Services - \$339,000 overexpenditure***

The Canada Customs and Revenue Agency accounts for \$194,000 of this overexpenditure and the settlement with regard to the lease on the building on Lisgar Street accounts for a further \$230,000. In addition, a review of outstanding accounts receivable indicated that the allowance for doubtful accounts was not sufficient, and a further \$300,000 was set aside. The annual contribution to this allowance is only \$10,000. Other underexpenditures throughout the section held the overexpenditure to the \$339,000.

#### ***Human Resources - \$303,000 overexpenditure***

Legal fees as a result of negotiations and arbitration were about \$200,000 over budget, the cost of benefits for pensioners exceeded budget by an additional \$130,000, and accruals for job evaluation expenses of \$160,000 contributed to this overexpenditure. Underexpenditures throughout the section also occurred to help offset the total.

#### ***Fire Services - \$415,000 underexpenditure***

Vacancies throughout the year and fewer than normal fire call outs requiring volunteers resulted in this surplus.

#### ***Police Services - \$552,000 overexpenditure***

Overexpenditures in salaries, primarily for overtime, the increased costs of benefits for pensioners, and the loss of Firearms Act revenue all contributed to this deficit.

**City of Greater Sudbury  
2002 Variances**

	Budget	Actual	(Surplus) Deficit
	\$	\$	\$
Taxation Levy	(124,041,205)	(124,412,274)	(371,069)
Grants and Subsidies	(53,225,756)	(54,393,181)	(1,167,425)
Corporate Revenue - Capital	(6,528,000)	(7,865,184)	(1,337,184)
<b>General Revenues</b>	<b>(183,794,961)</b>	<b>(186,670,639)</b>	<b>(2,875,678)</b>
Executive Legislative	1,015,909	942,071	(73,838)
Chief Administrative Officer	1,246,794	1,213,342	(33,452)
<b>Executive and Administrative</b>	<b>2,262,703</b>	<b>2,155,413</b>	<b>(107,290)</b>
GM Corporate Services	1,572,199	1,649,613	77,414
Information Technology	3,676,531	3,676,531	-
Financial Services	4,574,757	4,914,055	339,298
Human Resources	2,530,702	2,833,889	303,187
Supplies and Services	383,808	368,870	(14,938)
Solicitors and Clerks	262,660	1,403,042	1,140,382
Assessment	1,537,611	1,537,611	-
<b>Corporate Services</b>	<b>14,538,268</b>	<b>16,383,611</b>	<b>1,845,343</b>
Economic Development	2,032,719	2,146,312	113,593
Planning and Development	2,164,663	1,931,918	(232,745)
Social Housing	16,003,117	13,345,290	(2,657,827)
<b>Economic Development and Planning</b>	<b>20,200,499</b>	<b>17,423,520</b>	<b>(2,776,979)</b>
GM H & SS	1,106,623	1,062,646	(43,977)
Children's Services	2,940,419	2,886,003	(54,416)
Employment Support	(134,738)	(1,549,918)	(1,415,180)
Pioneer Manor	382,341	317,136	(65,205)
Ontario Works	22,445,691	20,784,606	(1,661,085)
<b>Health and Social Services</b>	<b>26,740,336</b>	<b>23,500,473</b>	<b>(3,239,863)</b>
GM Citizen Leisure	1,180,677	1,157,247	(23,430)
Cemetery	23,639	21,822	(1,817)
Libraries, Citizen Service Centres	5,405,441	5,423,796	18,355
Leisure and Recreation	9,198,182	10,364,414	1,166,232
Transportation Services	6,793,106	6,566,617	(226,489)
<b>Citizen and Leisure Services</b>	<b>22,601,045</b>	<b>23,533,896</b>	<b>932,851</b>
Earthcare	202,000	192,156	(9,844)
Agricultural Drains	140,000	167,626	27,626
Municipal Buildings	4,100,195	4,194,043	93,848
Water	2,374,000	2,374,000	-
Wastewater	-	-	-
Roads	29,342,177	33,823,189	4,481,012
Fleet	445,363	409,224	(36,139)
Solid Waste	10,263,823	9,041,968	(1,221,855)
<b>Public Works</b>	<b>46,867,558</b>	<b>50,202,206</b>	<b>3,334,648</b>
GM Emergency Services	286,136	289,762	3,626
Emergency Preparedness	31,000	30,280	(720)
Fire Services	11,942,550	11,527,978	(414,572)
Emergency Medical Services	5,259,987	5,101,510	(158,477)
<b>Emergency Services</b>	<b>17,519,673</b>	<b>16,949,530</b>	<b>(570,143)</b>
NDCA	225,000	225,000	-
Public Health	5,537,289	5,536,127	(1,162)
Police Services	27,302,590	27,854,937	552,347
<b>Outside Boards</b>	<b>33,064,879</b>	<b>33,616,064</b>	<b>551,185</b>
<b>Net Surplus.....</b>		<b>(2,905,928)</b>	<b>(2,905,928)</b>

**Allocation per Capital Policy**

Contribution to Capital Financing Reserve Fund	1,452,964
Contribution to Tax Rate Stabilization Reserve	<u>1,452,964</u>

Balance.... -