

Correspondence and Information

Request for Recommendation Priorities Committee

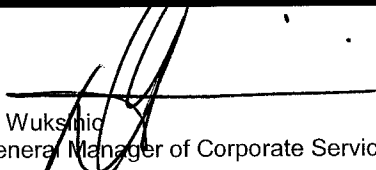


Type of Decision									
Meeting Date	October 9, 2003				Report Date	October 3, 2003			
Recommendation		Yes	<input checked="" type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High		Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed

Report Title
2003 Current Budget Variance Report

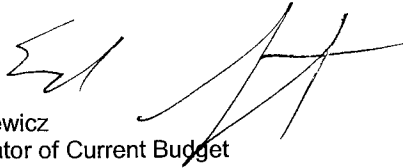
Policy Implications + Budget Impact	
<input checked="" type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified
N/A	
<input checked="" type="checkbox"/>	Background attached

Recommendation	
FOR INFORMATION ONLY	
<input type="checkbox"/>	Recommendation attached

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

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

Report Prepared By



E. Stankiewicz
Co-Ordinator of Current Budget

Division Review



S. Jonasson
Director of Finance/City Treasurer

BACKGROUND

The 2003 Current Budget Variance Report provides Council with a year end projection based on revenues and expenditures for the period ending July 31, 2003. At this point in time, a small deficit of less than one half of one percent or \$1.5 million is anticipated within a budget of \$384 million. Every effort has been, and will continue to be made to reduce this anticipated deficit.

Council was advised in June that Roads Maintenance would be overspent by \$2.0 million. Consequently, Council passed resolution 2003-43, directing staff not to cut back on roads expenditures, and further directed that an additional \$2.0 million be placed in 2004 Base Budget for roads. Compounding this were the financial losses from the August blackout. Additional costs and lost revenues of approximately \$300,000 for the core municipal services as a result of the August hydroelectric crisis have been included in the projections. Potential reimbursements from the Province have not been factored into the projections.

Every department was required to provide a year end projection for each account for the development of the of this report. Where major variances were identified, departments provided explanations for the variances and the steps that were being taken to mitigate the effect of any unfavourable variances. Attached are tables summarizing the Cost Centre Report which reflect annual budgets, year-to-date budgets, year-end projections and year-end variances.

For this report, potential year-end variances greater than \$100,000 have been identified and are detailed in the following:

1. General Revenues

This area includes provincial revenue in the form of the Community Reinvestment Fund (CRF) as a result of the Local Services Realignment (LSR) exercise. The 2002 CRF reconciliation has not yet been received, However, the 2003 budget was based on the 2001 reconciliation adjusted for any changes for the affected services. Programs tied to the CRF are Sole Support caseloads in Ontario Works, Ontario Disability Support Program (ODSP), Land Ambulance, some parts of Children's Services and the National Child Benefit (NCB) programs. The net of these programs when compared to their budgets will dictate the adjustment to the CRF. When all LSR services variances are taken into account, the CRF will reflect an increase of approximately \$400,000.

This section also includes payment in lieu revenue, interest from tax arrears, and the slots revenue.

For 2003, the payment in lieu revenue will be slightly higher than budgeted by approximately \$100,000. Interest revenue from tax arrears will be under budget by approximately \$250,000. It is also anticipated that budgeted slot revenue will be short by approximately \$100,000.

Overall, general revenues reflect a projected year-end surplus of approximately \$200,000.

2. Chief Administrator's Office

Due largely to staff vacancies and illnesses, this section is projected to be in a year-end surplus of approximately \$100,000.

3. Information Technology

The Information Technology Division is anticipating a surplus of approximately \$175,000 as a result of vacancies and late hirings. In accordance with policy, any surplus will be contributed to the reserve only if the Corporation is in an overall surplus position.

4. Human Resources

Increased legal costs related to Fire Interest Arbitration, Pioneer Manor negotiations and additional arbitrations resulting from outstanding amalgamation issues, coupled with increased costs for Pensioners' benefits will result in this division experiencing a year-end deficit of approximately \$200,000.

5. Social Housing

This division is anticipating a surplus of approximately \$200,000, due mainly to reductions in costs for the Co-Op and Non-Profit Housing. In accordance with policy, any surpluses will be contributed to the reserve only if the Corporation is in an overall surplus position.

6. Ontario Works

The Sole Support caseload is below estimated levels, resulting in an underexpenditure of \$560,000. However, the ODSP costs are expected to be \$1.2 million over budgeted values. Both of these services are CRF reconciliable items and therefore, there will be no effect on the bottom line, as the CRF number will be adjusted upward by \$640,000.

Lower revenues in the Employment Support Services area will result in a deficit of approximately \$100,000.

Reductions in administrative costs in Ontario Works and other miscellaneous reductions have this section in a surplus position of approximately \$440,000.

Overall, this division reflects a deficit of approximately \$300,000.

7. Leisure and Recreation Services

This division is anticipating a year-end deficit of approximately \$490,000. The major component for this deficit is in the Summer recreation program. The formula used to divide the salary budget by the hours of work was applied incorrectly and consequently the budget did not reflect the required resources related to the harmonization of student wages. This coupled with lower user fee revenues has this operation in a deficit position of approximately \$220,000.

The Community Arena/Centres are the other major reason for this division's deficit. Higher energy costs, combined with lower user fees partially due to the Ontario electric crisis, has this area reflecting a potential \$170,000 deficit.

Efforts are being made to reduce costs in other areas of the operation to offset the over expenditures.

8. Transportation Services

Increased ridership for Transit has resulted in increased revenues, reflecting a year-end surplus of approximately \$250,000. This is offset somewhat by the increased usage of the Handi Transit system. This division is expected to have a year-end surplus of approximately \$160,000.

9. Water Services

Early indications reveal that water revenue will be very close to budgeted values. However, increased costs in the Water Treatment and Water Repairs and Maintenance Sections would leave this utility in a deficit of approximately \$350,000.

Per policy, surpluses are contributed to the reserve and deficits are funded from the reserve. Therefore, there will be no impact on the corporate year-end position.

10. Waste Water Services

Waste Water revenue is projected to be slightly higher than budgeted. This coupled with reduced costs for waste water repairs and maintenance has this utility in a surplus of approximately \$400,000. In accordance with policy, this surplus will be contributed to the reserve, thus having no impact on the corporate position.

11. Roads Maintenance/Fleet Services

Based on a normal November and December winter season, winter roads maintenance is expected to be over budget by approximately \$2.5 million. For the first part of the year, there was a higher number of winter events experienced than in a normal year. In order to offset some of this over expenditure, there has been a deliberate attempt to curtail the summer roads work program. This has proven to be difficult, as emergency work to two collapsed culverts impacted the budget by \$500,000. However, the increase in winter roads maintenance has resulted in increased internal equipment (fleet) credits, thus lessening the impact to this section.

Overall, a year-end deficit of \$1.8 million is expected for this area.

12. Waste Management

As a result of minor savings in different areas of the operation, a year-end surplus of approximately \$120,000 is expected.

13. Sudbury Airport Operations

Due to changes in the aviation business, the Sudbury Airport Operations may continue to be somewhat volatile. The issues that have affected the operation are:

- 1) Air Canada's filing for creditor protection,
- 2) WestJet's decision to discontinue service, effective September 10, 2003,
- 3) Air Canada's reduction in service,
- 4) Introduction of Bearskin's service to Buttonville.

All of these issues have affected the finances of the Airport. Based on the current conditions, the Airport should face a deficit of approximately \$210,000. This deficit will be offset by a contribution from the trust fund.

SUMMARY

This forecast projects a small corporate deficit of approximately one-half of one (1%) per cent or \$1.5 million on a budget of \$384 million. However, in accordance with policy, any deficit position will be funded from reserves. The combined total of the two reserves (Tax Rate Stabilization Reserve and Capital Financing Reserve Fund) is \$1.7 million. If the corporate deficit exceeds this amount, another source of funding must be identified.

If there are any major revisions to any of these forecasts, Council will be advised of the situation. Finance in conjunction with departments will continue to closely monitor accounts for the remainder of the year. Every attempt is being made to contain costs wherever possible, to reduce the potential deficit.

COST CENTRE REPORT

PERIOD ENDING JULY 31, 2003

(000)

SUMMARY							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
GENERAL REVENUES	(195,735)	(143,282)	73	(229,124)	117	(195,931)	196
EXECUTIVE, ADMIN & CORPORATE SERVICES	18,295	8,256	45	7,721	42	18,120	175
ECONOMIC DEV & PLANNING SERVICES	22,289	10,168	46	10,322	46	22,126	163
HEALTH & SOCIAL SERVICES	26,295	16,294	62	14,961	57	26,593	(298)
CITIZEN & LEISURE SERVICES	23,837	14,060	59	14,929	63	24,153	(316)
PUBLIC WORKS	49,669	38,282	77	39,416	79	51,353	(1,684)
EMERGENCY SERVICES	19,541	10,877	56	9,237	47	19,309	232
OUTSIDE BOARDS	35,809	20,808	58	19,347	54	35,736	73
EXPENDITURES	195,735	118,745	61	115,933	59	197,390	(1,655)
NET BUDGET	-	(24,537)		(113,191)		1,459	(1,459)

COST CENTRE REPORT PERIOD ENDING JULY 31, 2003

(000)

GENERAL REVENUES							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
GRANTS & SUBSIDIES	(54,685)	(38,605)	71	(39,682)	73	(55,081)	396
TAXATION LEVY	(133,150)	(101,496)	76	(185,899)	140	(133,300)	150
CORPORATE REVENUE/CAPITAL	(7,900)	(3,181)	40	(3,543)	45	(7,550)	(350)
(1) GENERAL REVENUES	(195,735)	(143,282)	73	(229,124)	117	(195,931)	196

COST CENTRE REPORT PERIOD ENDING JULY 31, 2003

(000)

EXECUTIVE, ADMINISTRATIVE & CORPORATE SERVICES								
		Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
	EXECUTIVE AND ADMINISTRATIVE	1,048	589	56	567	54	987	61
(2)	OFFICE OF THE CAO	1,257	717	47	613	49	1,148	109
	CORPORATE SERVICES							
	GENERAL MANAGER'S OFFICE	1,779	611	33	562	32	1,775	4
(3)	INFORMATION TECHNOLOGY SERVICE	4,003	2,434	15	1,997	50	3,828	175
	FINANCIAL SERVICES	4,505	986	13	468	10	4,532	(27)
(4)	HUMAN RESOURCES	2,640	1,476	22	2,120	80	2,843	(203)
	SUPPLIES AND SERVICES	384	223	153	220	57	378	6
	SOLICITOR AND CLERK	1,187	101	50	429	36	1,137	50
	ASSESSMENT SERVICES	1,492	1,119	40	745	50	1,492	-
	EXECUTIVE, ADMIN & CORPORATE SERVICES	18,295	8,256	45	7,721	42	18,120	175

COST CENTRE REPORT PERIOD ENDING JULY 31, 2003

(000)

ECONOMIC DEVELOPMENT & PLANNING SERVICES							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
GENERAL MANAGER'S OFFICE	885	761	86	822	93	891	(6)
ECONOMIC DEVELOPMENT	1,762	1,031	59	1,024	58	1,759	3
PLANNING AND DEVELOPMENT SERVICES	2,639	1,361	52	1,235	47	2,670	(31)
(5) SOCIAL HOUSING	17,003	7,015	41	7,241	43	16,806	197
ECONOMIC DEVEL & PLANNING SERVICES	22,289	10,168	46	10,322	46	22,126	163

COST CENTRE REPORT PERIOD ENDING JULY 31, 2003

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HEALTH AND SOCIAL SERVICES							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
GENERAL MANAGER'S OFFICE	1,127	914	81	857	76	1,087	40
CHILDREN SERVICES	3,047	1,640	54	1,794	59	3,092	(45)
LONG TERM CARE & SENIORS	382	1,057	277	1,050	275	378	4
(6) ONTARIO WORKS	21,739	12,683	58	11,260	52	22,036	(297)
HEALTH AND SOCIAL SERVICES	26,295	16,294	62	14,961	57	26,593	(298)

COST CENTRE REPORT PERIOD ENDING JULY 31, 2003

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CITIZEN & LEISURE SERVICES							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
GENERAL MANAGER'S OFFICE	1,196	1,127	94	1,100	92	1,196	-
CEMETERY SERVICES	-	(108)		-		-	-
PUBLIC LIBRARIES/CITIZENS SERVICES	5,494	3,411	62	3,401	62	5,485	9
(7) LEISURE & RECREATION SERVICES	9,774	5,690	58	6,396	65	10,260	(486)
(8) TRANSPORTATION SERVICES	7,373	3,940	53	4,032	55	7,212	161
CITIZEN & LEISURE SERVICES	23,837	14,060	59	14,929	63	24,153	(316)

COST CENTRE REPORT PERIOD ENDING JULY 31, 2003

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PUBLIC WORKS							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
EARTHCARE SUDBURY	215	111	52	121	56	223	(8)
ENGINEERING SERVICES	149	72	48	172	115	149	-
BUILDINGS & FACILITIES	3,630	2,787	77	2,827	78	3,662	(32)
(9) WATER MAINTENANCE	2,429	4,712	194	3,306	136	2,429	-
(10) WASTE WATER MAINTENANCE	-	2,686		1,314		-	-
(11) ROADS MAINTENANCE	31,735	23,008	73	25,000	79	33,932	(2,197)
(11) FLEET	571	580	102	231	41	141	430
PUBLIC WORKS DEPOTS	394	384	98	213	54	394	-
(12) WASTE MANAGEMENT	10,546	3,942	37	6,232	59	10,423	123
PUBLIC WORKS	49,669	38,282	77	39,416	79	51,353	(1,684)

COST CENTRE REPORT PERIOD ENDING JULY 31, 2003

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EMERGENCY SERVICES							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
GENERAL MANAGER'S OFFICE	290	253	87	188	65	258	32
EMERGENCY PREPAREDNESS	117	59	50	48	41	48	69
FIRE SERVICES	13,179	7,320	56	6,726	51	13,145	34
EMERGENCY MEDICAL SERVICES	5,955	3,245	55	2,275	38	5,858	97
EMERGENCY SERVICES	19,541	10,877	56	9,237	47	19,309	232

COST CENTRE REPORT PERIOD ENDING JULY 31, 2003

(000)

OUTSIDE BOARDS								
		Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
(13)	SUDBURY AIRPORT OPERATIONS	-	(212)		-		-	-
	N.D.C.A.	247	144	58	(55)	(22)	247	-
	PUBLIC HEALTH (HEALTH UNIT)	5,694	3,308	58	2,389	42	5,710	(16)
	POLICE SERVICES	29,868	17,568	59	17,013	57	29,779	89
OUTSIDE BOARDS		35,809	20,808	58	19,347	54	35,736	73