



Budget04

Towards Tomorrow Together ✦ Vers l'avenir ensemble

Revenues



2004 Current Budget

REVENUE SUMMARY A.A.00.00.00.00

Description

THIS SECTION OF THE BUDGET RECORDS ALL GENERAL OR NON-DEPARTMENTAL REVENUES AND EXPENSES OF THE CORPORATION INCLUDING:

- PAYMENT IN LIEU TAXATION
- ELDERLY TAX ASSISTANCE
- GRANTS AND SUBSIDIES
- CORPORATE REVENUE/CAPITAL

Description		2003 Actual	2003 Budget	2004 Basic Budget	% 2003 Budget
PERSONNEL	Full Time Positions				
	Temp. & Part Time Hours				
	Overtime Hours				
	Crew Hours				
	Volunteers				
EXPENDITURES	Salaries & Benefits	3,026,000	2,726,000	2,656,000	-2.6
	Materials & Operating Expenses				
	Equipment Expenses				
	Energy Costs			70,000	
	Purchased/Contract Services				
	Debt/Lease Costs / Insurance and Taxes				
	Professional Development & Training				
	Grants - Transfer Payments	143,000	138,000	145,000	5.1
	Provisions to Reserves/Capital	1,100,000	1,100,000	3,514,820	219.5
	Internal Recoveries				
TOTAL EXPENDITURES		4,269,000	3,964,000	6,385,820	61.1
REVENUES	Levies	-7,266,753	-7,028,700	-7,570,400	7.7
	Provincial Grants	-57,008,523	-55,214,763	-58,798,520	6.5
	Federal Grants				
	User Fees				
	Licensing & Lease Revenues				
	Investment Earnings	-7,200,000	-6,750,000	-6,850,000	1.5
	Contribution from Reserves				
	Other Revenues	-2,026,446	-2,300,000	-2,200,000	-4.3
TOTAL REVENUE		-73,501,722	-71,293,463	-75,418,920	5.8
NET BUDGET		-69,232,722	-67,329,463	-69,033,100	2.5



2004 Current Budget

TAXATION LEVY A.A.05.00.00.00 105

Description

THIS COST CENTRE INCLUDES PAYMENTS-IN-LIEU OF TAXES AND NET REVENUE ASSOCIATED WITH SUPPLEMENTARY TAXATION AND TAX WRITE OFFS. THIS COST CENTRE ALSO INCLUDES ELDERLY TAX ASSISTANCE.

Description		2003 Actual	2003 Budget	2004 Basic Budget	% 2003 Budget
PERSONNEL	Full Time Positions				
	Temp. & Part Time Hours				
	Overtime Hours				
	Crew Hours				
	Volunteers				
EXPENDITURES	Salaries & Benefits				
	Materials & Operating Expenses	3,026,000	2,726,000	2,656,000	-2.6
	Equipment Expenses				
	Energy Costs				
	Purchased/Contract Services			70,000	
	Debenture Costs / Insurance and Taxes				
	Professional Development & Training				
	Grants - Transfer Payments	93,000	88,000	95,000	8.0
	Provisions to Reserves/Capital				
Internal Recoveries					
TOTAL EXPENDITURES		3,119,000	2,814,000	2,821,000	.2
REVENUES	Levies	-7,266,753	-7,028,700	-7,570,400	7.7
	Provincial Grants	-562,523	-530,063	-562,520	6.1
	Federal Grants				
	User Fees				
	Licensing & Lease Revenues				
	Investment Earnings				
	Contribution from Reserves				
Other Revenues	-6,446				
TOTAL REVENUE		-7,835,722	-7,558,763	-8,132,920	7.6
NET BUDGET		-4,716,722	-4,744,763	-5,311,920	12.0

TAXATION LEVY

A.A.05.00.00.00

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ADDITIONAL INFORMATION:

This Cost Centre accounts for revenue from payments in lieu of taxation (ie assessments on senior levels of government, hospitals and post-secondary educational institutions) and provincial grants for power generating dams. Also included in this Cost Centre is the supplementary tax revenue billed for any additions made during the year according to the supplementary assessment rolls provided by MPAC several times a year.

This Cost Centre accounts for rebates related to provincial programs for charity rebates and vacancy rebates as authorized in the Ontario Municipal Act under Section 361 and 364 respectively, as well as the municipal program for the elderly tax assistance grant to eligible low income seniors (ie in receipt of the Guaranteed Income Supplement from the Federal Government) as authorized by City of Greater Sudbury By-Law 2001-182F.

Also included are accounts for the write-off of taxes as provided for in the Ontario Municipal Act under Section 357 for the cancellation, reduction or refund of taxes in the current year as the result of:

- A change in tax class
- Tax exemption status
- Fire or demolition
- Removal of a mobile unit
- Gross or manifest error

and under Section 358 for the cancellation, reduction, or refund of taxes in the two prior years as a result of gross or manifest error in the preparation of the assessment roll. As well, write-downs of taxes are included as a result of direction from the Assessment Review Board upon a successful appeal launched by a taxpayer and from the Municipal Property Assessment Corporation (MPAC) upon a settlement of a request for reconsideration from a taxpayer.

BUDGET VARIANCES:

Purchased/Contract Services

The increase in this category is due to a transfer of funds from the tax write-offs account to allow for the retention of a property tax agent to assist in protecting our property tax assessment base. The protection of assessment is a growing concern for most municipalities in Ontario as they are striving to receive every tax dollar they are entitled to and stabilize the tax base.

Our tax agent has been tasked with defending the municipality at the Assessment Review Board against appeals made by property owners relating to the assessed values of properties. The other duties include seeking out new revenue sources such as missed assessments that may have never been realized by MPAC and review of the existing roll to ensure accuracy. This individual has over 30 years of experience in the property assessment field and has demonstrated the ability to resolve issues to the benefit of the Corporation.

This initiative started in October, 2003 and the City has seen benefits which have exceeded the cost of this purchased service. The result to date has been in cost avoidance by protecting values during the appeal process. For 2004 this individual will concentrate on new revenue generation as well as continuing with cost avoidance issues. Over time, the City will realize less cost as a result of tax write-offs and therefore have a more stable property tax base. Council will be made aware of the progress of this initiative.



2004 Current Budget

GRANTS & SUBSIDIES A.A.15.00.00.00 115

Description
TO REFLECT THE COMMUNITY REINVESTMENT FUND (CRF).

Description	2003 Actual	2003 Budget	2004 Basic Budget	% 2003 Budget
PERSONNEL Full Time Positions Temp. & Part Time Hours Overtime Hours Crew Hours Volunteers				
EXPENDITURES Salaries & Benefits Materials & Operating Expenses Equipment Expenses Energy Costs Purchased/Contract Services Debenture Costs / Insurance and Taxes Professional Development & Training Grants - Transfer Payments Provisions to Reserves/Capital Internal Recoveries				
TOTAL EXPENDITURES				
REVENUES Levies Provincial Grants Federal Grants User Fees Licensing & Lease Revenues Investment Earnings Contribution from Reserves Other Revenues	-56,446,000	-54,684,700	-58,236,000	6.5
TOTAL REVENUE	-56,446,000	-54,684,700	-58,236,000	6.5
NET BUDGET	-56,446,000	-54,684,700	-58,236,000	6.5

GRANTS & SUBSIDIES

A.A.15.00.00.00

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ADDITIONAL INFORMATION:

In 1998, the Province introduced a disentanglement process that led to the realignment of services that would be delivered to the public. The costs of some services were transferred from municipalities to the Province (e.g. Children's Aid). However, the majority of services and costs were transferred to the municipalities (e.g. Ontario Disability Support Program, Emergency Medical Services, Assessment, etc.).

Since this transfer added extra burden to the City, the Province provided funding to the City in the form of the Community Reinvestment Fund (CRF) to attempt to attain revenue neutrality. The formula for CRF was developed by adding the net impact of the services transferred to the City, then subtracting the net costs of programs transferred to the Province, account for the loss of the municipal support grant, factor in the residential education property tax room, achieve an expenditure savings target imposed by the Province and the balancing item would be the CRF funding. A simple chart below illustrates the formula developed in 1998.

	<u>\$ Million</u>
LSR increased expenditures	\$48.9
Loss of municipal support grant	36.9
Expenditure saving target	(7.0)
Less: Residential education property tax room	(25.2)
CRF Funding (inc. Special Transition Assistance Grant)	<u>(53.6)</u>
Revenue Neutrality	<u>\$ 0</u>

Collectively the Region and area municipalities were not able to achieve the \$7 million savings target developed by the Province and therefore the shortfall was passed onto ratepayers through levies.

In 1998 and each of the subsequent years the province has provided a reconciliation of the Local Service Realignment (LSR) costs and adjusted the funding accordingly. Council received the 2002 reconciliation information at the January 29, 2004 meeting.

As services became fully devolved to the municipality they were no longer tied to the CRF and no additional compensation was available to offset increased costs. Currently, only programs that have a cost sharing component with the Province continue to be reconciled. These include Public Health, Land Ambulance, Child Care, Sole Support and the Ontario Disability Support Program.

Programs that have fully devolved and have no cost sharing arrangement with the Province are no longer reconciled. The costs for these programs have no effect on the CRF funding since any increases are borne 100% by the City. These programs include Provincial Offenses, Property Assessment and Social Housing.

GRANTS & SUBSIDIES

A.A.15.00.00.00

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Community Reinvestment Fund (CRF)

The 2004 CRF has been calculated based on the provincial reconciliation of 2002 LSR costs and CRF adjustments which was received December 29, 2003.

		2003 Budget	2004 Budget
Base Funding		\$50,250,000	\$53,801,000
Supplemental Assistance		2,189,000	2,189,000
CRF Bonus		846,000	846,000
Transit Bonus		1,400,000	1,400,000
Total Funding		\$54,685,000	\$58,236,000

The change in the CRF base funding is calculated as follows:

2003 Budget		\$50,250,000
LSR Cost Adjustments		
Social Services and Children's Services	3,256,000	
Ambulance Services	(29,000)	
Public Health	324,000	3,551,000
		<u>\$53,801,000</u>



2004 Current Budget

CORPORATE REVENUE/CAPITAL A.A.20.00.00.00 120

Description

THIS COST CENTRE REFLECTS CURRENT FUND INVESTMENT REVENUES, INTEREST ON TAXES, INTEREST ON UTILITY PROMISSORY NOTE AND SLOT REVENUE. IT ALSO REFLECTS THE FINAL CONTRIBUTION TO THE TRANSITION CAPITAL, AS APPROVED BY THE ADOPTION OF THE 10 YEAR CAPITAL PLAN, AND THE ANNUAL CONTRIBUTION TO THE SUDBURY COMMUNITY FOUNDATION, AS APPROVED DURING THE 2003 BUDGET PROCESS.

Description		2003 Actual	2003 Budget	2004 Basic Budget	% 2003 Budget
PERSONNEL	Full Time Positions				
	Temp. & Part Time Hours				
	Overtime Hours				
	Crew Hours				
	Volunteers				
EXPENDITURES	Salaries & Benefits				
	Materials & Operating Expenses				
	Equipment Expenses				
	Energy Costs				
	Purchased/Contract Services				
	Debenture Costs / Insurance and Taxes				
	Professional Development & Training				
	Grants - Transfer Payments	50,000	50,000	50,000	
Provisions to Reserves/Capital	1,100,000	1,100,000	600,000	-45.5	
Internal Recoveries					
TOTAL EXPENDITURES		1,150,000	1,150,000	650,000	-43.5
REVENUES	Levies				
	Provincial Grants				
	Federal Grants				
	User Fees				
	Licensing & Lease Revenues				
	Investment Earnings	-7,200,000	-6,750,000	-6,850,000	1.5
Contribution from Reserves	-2,020,000	-2,300,000	-2,200,000	-4.3	
Other Revenues					
TOTAL REVENUE		-9,220,000	-9,050,000	-9,050,000	
NET BUDGET		-8,070,000	-7,900,000	-8,400,000	6.3

CORPORATE REVENUE/CAPITAL

A.A.20.00.00.00

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ADDITIONAL INFORMATION:

In 2001, Council adopted a 10-Year Capital Plan which allocated funding to the Capital Envelopes, and to the Transition Budget. 2004 is the final year of contributions to the Transition Budget. Under the approved Capital Plan, as funding is no longer required for transition purposes, it is reallocated to specific capital envelopes. See the attached page showing an excerpt of the approved 10-year capital plan.

During the 2003 Current Budget Process, Council made the decision to allocate \$50,000 annually to the Sudbury Community Foundation to be used to establish an endowment fund, and to provide some funding to local charities on an annual basis.

BUDGET VARIANCES:

Provision to Reserves/Capital

The budget variance in the provision to capital relates to the final contribution to the Transition budget, and is offset by increased contributions to other capital envelopes throughout the budget.

Other Revenue

The budget variance in the other revenue category relates to 'slot revenue'. Historically, the revenue had been increasing annually, and an increase was budgeted for 2003. However, the anticipated increase did not materialize. This may have been a one-time event, due to decreased tourism in 2003 coupled with a three-month strike in Sudbury; however, a lesser amount has been budgeted for 2004.

Ten Year Capital Plan 2001-2010 - Excerpt

APPROVED OPTION 1- AS AMENDED APRIL 18, 2001

and as further amended by the inclusion of Sustainable Capital Asset Management Plan (SCAMP) for Water and Wastewater, the permanent capital reductions approved in 2002, the reallocation of MR 35 funding, further amended to include increased 2003 allocation to roads, and 2004 inflation

	2003 \$	2004 \$
Citizens and Leisure		
General	674,099	694,580
Community Improvement Plans	200,000	200,000
Neighbourhood Participation Projects	<u>150,000</u>	<u>150,000</u>
	1,024,099	1,044,580
Corporate Services		
Corporate Infrastructure	305,230	311,340
Information Technology	100,000	102,000
Community Projects Support	<u>1,000,000</u>	<u>1,020,000</u>
	1,405,230	1,433,340
Economic Development	622,633	839,090
Emergency Services (Fire)	181,783	185,420
Health and Social Services	680,136	693,740
Police Services	478,689	488,260
Public Works		
Buildings (net of increased/decreased debt charges)	1,903,516	1,940,850
Roads, Drainage - including Municipal Road 35	10,635,534	11,409,250
Solid Waste	2,760,655	1,020,000
Water Upgrading	1,915,364	1,953,670
Water (net of debt/frontage changes plus SCAMP and adjust to rates)	<u>4,610,274</u>	<u>5,098,480</u>
Total Water	6,525,638	7,052,150
Wastewater Upgrading	1,915,364	1,953,670
Wastewater (net of debt/frontage changes plus SCAMP and adjust to rates)	<u>4,237,507</u>	<u>4,758,670</u>
Total Wastewater	6,152,871	6,712,340
Total Public Works	<u>27,978,214</u>	<u>28,134,590</u>
Total Capital Envelopes	<u>32,370,784</u>	<u>32,819,020</u>

Summary of Changes to Envelopes - 2003 to 2004

2003 Total Capital Envelopes		32,370,784
Increased Economic Development Envelope	200,000	
Increased Roads Funding	550,000	
Changes re Debt repayments and Frontage revenues	(4,524)	
Decrease to Solid Waste Envelope	(1,760,655)	
Sustainable Capital Assets Plan increases- Water and Wastewater	840,000	
Inflation	<u>623,415</u>	<u>448,236</u>
2004 Total Capital Envelopes		32,819,020

ADDITIONAL NOTES:

As part of the 10-Year Capital Plan, dividends from Hydro (\$250,000 in 2004, \$375,000 in 2005, and \$500,000 in 2006 and future) were scheduled to commence in 2004. It is not expected that these dividends will materialize in 2004 and the revenue has not been budgeted. However, commitments have been made against many of the capital envelopes, so no downwards adjustments have been made. Also, this would be contrary to the adopted principles in the Long Term Financial Plan. Any decrease to the envelopes would widen the unfunded capital gap, which Council is striving to address.

The following chart outlines the approved reallocations in Capital for 2004:

	\$
Decrease in Transition Funding	(500,000)
Increase in Roads envelope	550,000
Increase in Economic Development Envelope	<u>200,000</u>
Impact on 2004 Levy	250,000



2004 Current Budget

CAPITAL LEVY A.A.25.00.00.00

Description

THIS COST CENTRE REFLECTS THE FIRST CAPITAL LEVY, BEING 2.27% OF THE 2003 NET LEVY. THE CAPITAL LEVY IS A KEY COMPONENT OF THE LONG TERM FINANCIAL PLAN, AND IS AN ESSENTIAL BEGINNING IN ADDRESSING THE CAPITAL REQUIREMENTS OF THE CITY.

Description		2003 Actual	2003 Budget	2004 Basic Budget	% 2003 Budget
PERSONNEL	Full Time Positions				
	Temp. & Part Time Hours				
	Overtime Hours				
	Crew Hours				
	Volunteers				
EXPENDITURES	Salaries & Benefits				
	Materials & Operating Expenses				
	Equipment Expenses				
	Energy Costs				
	Purchased/Contract Services				
	Debenture Costs / Insurance and Taxes				
	Professional Development & Training				
	Grants - Transfer Payments				
Provisions to Reserves/Capital			2,914,820		
Internal Recoveries					
TOTAL EXPENDITURES				2,914,820	
REVENUES	Levies				
	Provincial Grants				
	Federal Grants				
	User Fees				
	Licensing & Lease Revenues				
	Investment Earnings				
	Contribution from Reserves				
Other Revenues					
TOTAL REVENUE					
NET BUDGET				2,914,820	

CAPITAL LEVY

A.A.25.00.00.00

ADDITIONAL INFORMATION:

The Long Term Financial Plan, originally approved in principle by Council in December of 2002, identified the means for Council to achieve funding for:

70% of the outstanding capital requirements of the City throughout the ten years; and
100% of the projected annual capital needs by the tenth year of the plan.

The two key financing mechanisms are an annual capital levy of 2.27% of the previous year's net levy and a limited short-term debenturing program to expedite some of the more urgent capital projects. Debt repayments are not to be an additional cost, but are to come from the capital levy. 2004 sees the first year of budgeting the capital levy.