

Report from Financial Management Services, Director

Date of Report: August 11, 2017

Date of Meeting: August 28, 2017

Report Number: FMS-B039-2017

File: 10.57.10

Subject: Year-to-Date Report – 2017 Second Quarter Operating Variance and Capital Project Completion

Recommendation

That the Budget Standing Committee (BSC) receive for information the Year-to-Date Report (YTD) for the second quarter of the year to June 30, 2017.

Background

The Year-To-Date reports (YTD) received by BSC are intended to provide the committee with information and details pertaining to the Operating Budget performance.

The information contained within the 2017 Year-to-Date report is general and summarized.

Report

Scheduled delivery of year-to-date financial information, often referred to as a variance report, is aligned with the Corporation's fiscal year (January 01 to December 31) and is delivered on a quarterly basis. The appended YTD Report includes facts and figures up to and including June 30, 2017 and is delivered following the closure of accounts and final accounting processes.

As of June 30, 2017, the City's Total Expenditure Budget for fiscal 2017 is at 44% with 50% of the year complete. It is important to note that not all expenses are evenly expended throughout the year. All departments are involved in the development of the YTD reports. Departments are requested to review the variance reports and comment on any variances that are greater or less than 10% of the percentage of the year complete. For the second quarter variance report departments provided explanations for divisions that were less than 40% expended or over 60% expended with 50% of the year complete. These details are provided in Appendix 1 attached.

On the revenue side as of June 30, 2017, we have billed 100% of prior year tax levy. Non-tax revenues and contributions from other governments are trending positively for the year. The majority of license and permit revenues are well ahead for the year. Penalties and interest on taxes are on track for the year. Income from investments are slightly ahead for the year. Tax appeals and write-offs are under budget. Staff will

continue to closely monitor tax appeals and write-offs with 2017 being the first year of a four year reassessment period. Supplemental tax revenues are at 86% of the budget and trending to be slightly over budget for 2017. Staff will monitor vacancy accounts as 78% of their budgets have been utilized with 50% of the year complete. The other account that will be watched is the Provincial Offences Act (POA) revenue sharing which is under budget and expected to be short of the revenue target for 2017 by approximately \$50,000. Overall, revenue accounts are showing solid results for this point in the year.

Typically a capital variance report is brought forward on completed infrastructure projects totaling more than \$100,000 in awarded costs for the same time period. As there are no projects that meet this criteria for this quarter, a capital variance report is not required.

Financial Implications

There are no financial considerations associated with the preparation of the YTD report other than those highlighted.

Relationship to Strategic Plan

Economic Sustainability is further enhanced with YTD variance reporting to the BSC. With these financial controls in place it improves the City's ability to be affordable for young people, families and retired older adults.

Conclusion

The Year to date report is an important management tool. It also provides useful and timely information to Council to assist in decision-making, accountability, and tracking of budget performance. Overall the City's total expenditures are 44% with 50% of the year complete.

Prepared by:

Trish Sorrenti, Accounting and Budget Clerk

Submitted by:

Kristine Douglas, Director, Financial Management Services

Approved by:

Jeanette Pillitteri, Acting Commissioner of Corporate Services

City of St Catharines
2017 Operating Expenditure Variance
as at June 30, 2017

80 % of year

	June 2017 Actuals	2017 Budget	% Used	Variance	Comments
Office of Mayor and Members of Council	333,006	706,257	47.15%	373,251	In line with Budget. City Memberships paid for year Compassionate City Programs to be expended Organizational Effectiveness study deferred until hire of new CAO AMO Conferences to be expended Q3
Grants and Committees	2,194	5,000	43.88%	2,806	Accessibility Committee expenditures not yet expended
City Departments					
CAO	590,972	1,267,481	46.63%	676,509	In line with Budget. Website enhancement projects stills ongoing. Accessibility Program expended as needed
Legal Services and Clerks	1,039,426	1,972,067	52.71%	932,641	Election Software Expended for the year Legal Books and Publications at 85% Legal expense costs related to Ice Dogs review exceeded entire budget, and we have used contract legal services to supplement in house due to staff vacancy in Q1
Planning and Building Services	1,406,714	3,859,313	36.45%	2,452,599	Minor variance and planning application revenues higher than anticipated CIP façade grant money not yet expended Gapping dollars due to vacancies
Fire Services	11,085,199	24,338,181	45.55%	13,252,982	Several personnel off for extended periods of sick time. These all affect sick pay account as well as the overtime budget to maintain minimum staffing requirements. Personnel off on vacation, statutory holidays, and parental leave also impacts overtime. Remaining budget expenditures are currently expected to be on track.
710.100.002 Salaries/Wages-Overtime	743,845	880,098	84.52%	136,253	
710.100.006 Sick Pay	557,261	640,003	87.07%	82,742	
Economic Development & Tourism	353,848	1,010,207	35.03%	656,359	Remaining marketing initiatives to be executed, tradeshow/conferences and government relations travel will be expended in Fall
Operations Commission					

City of St Catharines

**2017 Operating Expenditure Variance
as at June 30, 2017**

80 % of year

	June 2017 Actuals	2017 Budget	% Used	Variance	Comments
Transportation & Environmental Services	7,802,134	18,844,317	41.40%	11,042,183	<p>Bridges & Culverts contracts to be tendered</p> <p>Road Improvement Program and Sidewalk contracts are underway</p> <p>Building Improvements expected in Q4</p> <p>Traffic Calming and Pavement Marking not yet expended</p> <p>Watercourse Cleanup anticipated later in the year</p> <p>Environmental Monitoring POs issued, expenditures expected in Q3 and Q4</p> <p>2017 Street Cleaning and Ditching Programs majority of expenses are incurred in Q3 and Q4 with invoices in Q4</p> <p>64% of Winter Control Budget spent in Q1 and Q2, remaining to be spent in Q4 - this is typical for this expense.</p>
Parks, Recreation and Culture Services	6,126,069	16,430,187	37.29%	10,304,118	<p>Many of PRCS operations (Passive Parks, Park Operations, Kiwanis Fields, Swimming Pools and Beaches, Golf Course, Carousel and Grass Cutting) are seasonal with majority of expenditures to be posted in Q3 and early Q4.</p> <p>Special Events, including Labour Day & Grape and Wine Parades, Holiday Lighting events occur in Q3 & Q4, therefore not yet expended</p> <p>Museum budgets on track</p> <p>Cemetery Revenues are favourable</p>
Meridian Centre	264,497	661,548	39.98%	397,051	<p>SMG has provided comments:</p> <p>Ice Dogs upcoming Season Schedule has 3 fewer games than budgeted with a projected impact of \$51,000</p> <p>Festival of Stars event cancelled with a \$43,000 impact.</p> <p>Indirect expenses are expected to come in under budget</p> <p>Advertising and Club Seat Revenues are lower than anticipated</p>
First Ontario Performing Arts Centre	692,725	1,510,609	45.86%	817,884	<p>In line with budget. Gapping dollars due to full time hire delayed until end of Q2. Remaining expenditures/revenue to occur with remaining summer and fall shows.</p>
Corporate Services Commission					
Financial Management Services	1,552,326	4,053,830	38.29%	2,501,504	<p>External audit fees not being incurred until Q4.</p> <p>Miscellaneous general expenses to be expended in Q3 and Q4</p>

City of St Catharines
2017 Operating Expenditure Variance
as of June 30, 2017

80 % of year

	June 2017 Actuals	2017 Budget	% Used	Variance	Comments
Corporate Support Services	2,764,840	5,394,008	51.26%	2,629,168	In line with Budget Safety Training scheduled for Q3 and Q4 70% of IT service contracts expended at 50% of the year, timing of service contracts do not align to equal monthly basis occurrence.
Contribution to Capital	1,545,000	1,529,000	101.05%	-16,000	Contribution to Capital Expended for 2017
Total City Departments and Commissions	<u>35,558,950</u>	<u>81,582,005</u>	<u>43.59%</u>	<u>46,023,055</u>	
Debt Repayment	6,152,501	12,461,990	49.37%	6,309,489	In Line with Budget.
Total City Expenditures	<u>41,711,451</u>	<u>94,043,995</u>	<u>44.35%</u>	<u>52,332,544</u>	
Boards and Commissions					
Library Board	2,101,468	5,491,200	38.27%	3,389,732	City Contribution only at 38% with final cash flow payment at end of year being a larger amount. Library at 47% of Operating Expenses and in-line with budget
Transit Commission	7,545,000	10,467,726	72.08%	2,922,726	Transit provided with 60% of their operating budget to date. The City funds the Transit over the year based on their cash flow needs. \$390,000 over budget on maintenance materials due to work on 11 engines in Q1 and Q2. Plans are to utilize \$400k in PTIF funding.
Niagara District Airport	103,927	207,853	50.00%	103,926	In Line with Budget.
Total Expenditures	<u>51,461,846</u>	<u>110,210,774</u>	<u>46.69%</u>	<u>58,748,928</u>	