

Report from Financial Management Services, Director

Date of Report: April 30, 2018

Date of Meeting: May 23, 2018

Report Number: FMS-B022-2018

File: 10.57.99

Subject: Year-to-Date Report – 2018 First Quarter Operating Variance Report

Recommendation

That the Budget Standing Committee (BSC) receive for information the year-to-date (YTD) report for the first quarter of the year, January 1 to March 31, 2018.

Background

The quarterly year-to-date reports received by BSC throughout the fiscal year (January 1 – December 31) are intended to provide the committee with information and details pertaining to the operating budget performance.

The information contained within this first quarter report is general and summarized.

Report

To prepare this report City Departments are requested to review their first quarter (Q1) figures and provide a comment on their financial circumstances that would contribute to any significant shortcomings or overages. These details as well as the individual department data can be found in Appendix 1 of this report.

As of March 31, 2018, the City's total expenditure budget for fiscal 2018 is at 22% with 25% of the year complete. It is important to note that not all expenses are evenly expended throughout the year in the City. All departments are involved in the development of the YTD reports. The various departments with seasonal programs and expenses have identified these situations in their comments (see Appendix 1). There have not been any concerns for overages being reported in Q1.

When looking at 2018 revenues, at the end of the first quarter the City has billed 50% of prior year tax levy, with tax instalments being due February 28 and April 30. Non-tax revenues and contributions from other governments are currently under budget at 14%. Most contributions from Other Governments are received in the third quarter of the year. Charges for tax certificates, penalties and interest are tracking well. Tax appeals and write-offs are slightly over budget and there are no supplemental tax revenues to report at this point of year. Supplemental tax levies are usually issued in the third and fourth quarters of the year. Overall, in review of revenue accounts there are no concerns

identified at this time.

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.

Prepared by:

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Submitted and Approved by:

Kristine Douglas, Director of Financial Management Services

City of St. Catharines
2018 Operating Expenditure Variance
As at March 31, 2018

25% of year

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	March 2018	2018				
	Actuals	Budget	% Used	Variance		Comments
Office of Mayor and Members of Council	185,321	736,461	25.16%	551,140	In line with budget.	
Grants and Committees	201	21,000	0.96%	20,799	Funds to be utilized through events and expenses occurring in the remaining quarters of the year.	
City Departments						
CAO	281,914	1,183,446	23.82%	901,532	In line with budget.	
Legal Services and Clerks	483,307	2,015,934	23.97%	1,532,627	Legal Services expenditures are on track with both Books / Publications and Membership annual expenses already incurred.	
Planning and Building Services	744,195	3,791,187	19.63%	3,046,992	Minor Variances and Land Division revenues have been higher than anticipated. Heritage recognition has not yet been expanded.	
Fire Services	5,171,006	24,825,636	20.83%	19,654,630	In line with budget. Although unfavourable sick pay and overtime variances still exist due to personnel on long-term sick leave.	
710.100.001 Salaries/Wages-Regular	3,193,091	16,693,460	19.13%	13,500,369		
710.100.002 Salaries/Wages-Overtime	305,455	980,098	31.17%	674,643		
710.100.006 Sick Pay	348,083	899,999	38.68%	551,916		
Economic Development & Tourism	170,300	1,061,141	16.05%	890,841	Variance driven by timing of receipt of Provincial revenues.	
Operations Commission						
Transportation & Environmental Services	4,302,542	18,471,522	23.29%	14,168,980	Watercourse cleaning, drainage, street cleaning and sidewalk maintenance programs and expenses will commence throughout the summer. Winter control costs are at 86% with the remainder to be used in Q4.	
Parks, Recreation and Culture Services	2,397,932	17,341,429	13.83%	14,943,497	Many PRCS operations (parks, fields, pools, beaches, golf course and carousel) are seasonal with the majority of expenditures occurring in Q2, Q3 and Q4. PRCS special events also occur in Q3 and Q4. Other PRCS expenditures are in line with budgeted amounts.	
Meridian Centre	-58,584	673,941	-8.69%	732,525	The Meridian Centre experienced a favourable Q1 variance as a result of lower indirect and operating expenses. Revenues have been slightly better than anticipated, however labour costs and net revenues have been impacted by the labour cost increases from the Fair Workplaces, Better Jobs Act. The new calculation for statutory holiday pay implemented with this Act has had the greatest impact on increased labour expenses. The recent announced to revert back to the original statutory holiday pay calculation will help stabilize labour. This reversion back to the previous calculation is scheduled to become effective July 1, 2018. May to August is typically a slow time period for arenas in general though the Meridian Centre is fortunate to be hosting the following events that will assist in reducing the overall costs: June - FIBA U18 Americas tournament; July: 8 Cirque de Soleil's performances; August: Hogs n Hops (Consumer Show) and a 3 day association convention.	
First Ontario Performing Arts Centre	240,162	1,461,502	16.43%	1,221,340	Expenditure activity is on track. Grants have been received in Q1 for expenses occurring later in the year, as well as a large portion of the shows / expenses will occur in Q3 / Q4.	
Corporate Services Commission						
Financial Management Services	1,074,419	4,046,715	26.55%	2,972,296	Expenditures in line with budget. External audit funds not yet expended and greater revenue intakes to occur later in the year.	
Corporate Support Services	1,590,086	5,642,170	28.18%	4,052,084	Technology Center expenditures exceed 25% in Q1 due to payment of annual service contracts (44% expended). Human Resources and Citizens First expenses in line with budget.	
Contribution to Capital	1,641,000	1,563,000	104.99%	-78,000	Allocation complete for year. Based on 2018 approved capital budget.	
Total City Departments and Commissions	18,223,801	82,835,084	22.00%	64,611,283		

City of St. Catharines
2018 Operating Expenditure Variance
As at March 31, 2018

25% of year

	March 2018 Actuals	2018 Budget	% Used	Variance	Comments
Debt Repayment	3,154,074	13,405,620	23.53%	10,251,546	
Total City Expenditures	<u>21,377,875</u>	<u>96,240,704</u>	<u>22.21%</u>	<u>74,862,829</u>	
Boards and Commissions					
Library Board	1,203,507	5,398,960	22.29%	4,195,453	The City contribution to the Library is on track at the end of the first quarter and expenses are trending at 23% of the annual budget. The Library is incurring significant costs related to security with 71% of the annual budget spent by the end of March. It is anticipated that security costs will be significantly higher than the budget throughout the year. All other operating expenses are expected to be in-line with budget.
Transit Commission	4,777,208	11,164,914	42.79%	6,387,706	Transit has been provided with 43% of their operating budget to date. The expenses being reported are in line with budget at 23.56% in Q1. Revenues are also in line with budgeted amounts without any major overages to note.
Niagara District Airport	103,927	207,853	50.00%	103,926	50% of Budget given at beginning of year with the remainder provided half way throughout the year.
Total Expenditures	<u>27,462,517</u>	<u>113,012,431</u>	<u>24.30%</u>	<u>85,549,914</u>	