

July 29, 2013



City Council Committee Report

To: Mayor Canfield & Members of Council

Fr: Lauren D'Argis

Re: June 2013 Monthly Financial Statements

Recommendation:

That Council hereby accepts the monthly Financial Statements of the Corporation of the City of Kenora as at June 30, 2013.

Background:

Attached, for your information, please find the preliminary June 2013 summary expenditure statements for the City of Kenora, the Council department, travel statements for Council and a schedule of user fees.

With regards to the statements attached, the following points should be brought to your attention:

Overall:

- All Departments are reporting better than budget results to the end of June with the exception of Social and Family.
- Some expenses on employee credit cards for June have not yet been entered. The anticipated impact is just over \$18k in expenses.
- Stores purchases and aggregate stockpile purchases for May & June have not yet been entered. The anticipated impact of this is just over \$40k in expenses.
- Subscriptions & memberships are over-budget in the majority of the departments. This is because the expenses are incurred at the beginning of the year.

Expenditures:

- At the end of June, the year is half finished. Assuming that expenditures are relatively level for the year, a result of (50%) in the % Variance column would indicate that expenditures are on track for the year.
- **General Government** The General Government expenditures are, as a whole, under-budget with 57% of the budget remaining. While as a whole, Finance remains under-budget, some specific items are over-budget such as contracted services. The Rental department appears to be over-budget but the expenses are overstated because the utility recoveries have not yet been posted. The City Clerk and Human Resources departments are slightly over-budget. The Finance and the Human Resources advertising budgets are over due to the number of job advertisements that have been required. Renovations of the interior of City Hall have been done that were not included in the budget. They were necessary for the move of the IT department. These overages of about \$13k have been offset by underages in other spending. For the Mayor and Council department, of note is that donation expenses are heavily weighted to the beginning of the year and, therefore, only 21% of the budget is remaining. The Mayor & Council's travel expense is slightly over-budget to the end of June with some having

more budget remaining than others. \$1151 will be moved from Councillor Lunny's travel to Councillor Drinkwater's as it was incorrectly posted.

- **Protection** – The Protection Department expenditures are overall slightly under-budget. Of note is KPS Disbandment which shows \$8,677 of expenses against zero budget. These are the post-employment benefit expenses for which the payable has already been created. By the end of the year, an adjustment will be made that will reduce or remove this expense. The Police Commission shows slightly over-budget due to spending by the board on travel and conferences. The Health & Safety Committee is over-budget due to the batteries requiring replacement in eight AEDs. Employees have been transferred mid-year into Facilities and Property Management therefore it shows as substantially under-budget.
- **Transportation** – The Transportation Department expenditures are under-budget with 55% remaining to be spent. The largest variances are mostly explainable by seasonality. Maintenance for bridges, culverts and roads are under-budget, but this should correct itself as the maintenance season progresses. Winter control is over-budget with only 29% remaining for the year. Maintenance of Safety Devices appears over-budget at this point due to the large annual invoice for line-painting. The cost centre should be within budget again by the end of the year. In the Engineering cost centre, GIS maintenance is over-budget due to the timing of the ESRI annual license. Other line items are under-budget leaving the engineering cost centre on-budget at 50% remaining. The Operations Building is showing over-budget primarily due to unforeseen repairs due to water damage, the premature break-down of a hot water tank and the replacement of a UPS (uninterrupted power supply).
- **Environmental** – The Environmental Department expenditures are also under-budget with 56% of the budget remaining. The largest variances are in Kenora Sanitary with 57% remaining, the Water Treatment Plant at 59% remaining and Kenora Waterworks with 55% remaining. The expenses for Hazardous Waste Day have not yet been posted, so this line item shows 100% remaining. Some individual accounts are over-budget, but none enough to affect the entire department. While the Water Treatment Plant is under-budget as a whole, the results are buoyed by the timing of the levy charge which is later in the year. The lab testing costs for the Water Treatment Plant are already over the total annual budget. Also at the Water Treatment Plant, all of the repairs and maintenance budget for the year has been spent. However, almost none of the contracted services or materials & supplies budgets have been spent. The Solid Waste Vehicle cost centre is not contributing as expected. We expected to see a larger negative expense to date. Research into the cause of this variance is continuing. The expense approved by council with resolution #25 on May 21, 2013 for the grinding of construction and demolition waste has posted to cost centre 450 Jones Road Landfill in June. The total expense of was \$26,916 and per the resolution, will be covered by the Solid Waste Reserve Fund.
- **Health expenditures** – Health expenditures are slightly better than budget due to the LOTW Cemetery transfer not yet being posted.
- **Social and Family** – The transfers are on budget except for the one to the Pinecrest Home for the Aged. However, this variance is due to timing only and the department will be on budget by the end of the year.
- **Recreation & Cultural** – Overall Recreation & Cultural expenditures are under-budget with 55% of the year's expenses remaining. Expenses at the KRC Complex are overall under-budget except for contracted services which is over due to an increase in cleaning costs and training which is already more than triple the annual budget.
- **Planning & Development** – Planning & Development expenditures are under-budget. Some individual line items are over-budget such as contracted services in Planning Operations that has spent 1.5 times the annual budget to the end of June due to recruitment agency costs.

User Fees:

- Overall, user fees are falling short of the budget projections with 57% of the budgeted annual fees remaining to be collected. When looking at the user fee statement, the variance percentage indicated the % of budget remaining to be collected. Therefore, if it shows a number less than 50%, the City has received more revenue than budgeted. If the variance percentage shows a number greater than 50%, the City is experiencing a shortfall on that revenue budget line.
- General Government is showing revenues slightly below budget overall with each department showing a shortfall.
- Protection user fees are running under the budgeted projection, this is due, at least in part, to the unrecorded POA revenues. OPP and Building Inspection fees are on budget to the end of June. Fire Operations user fees have slipped to again be under-budget at the end of June.
- Transportation user fees are meeting budget. The rental fees for the Barsky facility have not yet been entered which would make the numbers even better.
- Environmental user fees are running under budget, with all areas lagging behind projections except Blue Box and Recycling Facility fees,.
- Social & Family user fees are no longer expected but remain on this report to show last year's information.
- Recreation & Cultural fees are very close to budget to the end of June. The Anicinabe Park shows zero fees collected to date, but the fees are still anticipated and are expected be on budget by the end of the year. User fees have not yet started to come in for KAR Street Programs, but this is the same as last year at this time.
- Planning & Development user fees are exceeding budget to date overall with Planning Advisory Committee and Special Events having collected 63% and 68% respectively of their annual budgets already.

Please let me know if you have any questions, or would like to see any of the department statements in further detail.

cc: Jennifer Pyzer Whetter, BDO
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