



October 2018 Year-End Forecast

City of Saint John

Dec 6, 2018



SAINT JOHN

Overall Results: Projecting \$164K Surplus at Year End

	2018				
	Oct Y-T-D Results	Annual Budget	% of Annual Budget	Year-End Projection	Projected Variance
Total Revenue	130,584,659	156,090,792	83.66%	158,823,519	2,732,727
Total Expenditures	123,651,971	156,090,792	79.22%	157,659,514	-1,568,722
General Fund Surplus (Deficit) Prior to Reserve	6,932,688	-		1,164,005	1,164,005
Reserve Recommendation included in YE Forecasts				1,000,000	1,000,000
Revised Surplus (Deficit)				164,005	164,005

2018 Projected surplus prior to reserve recommendation

Revised Surplus

Overall Results: Projecting \$164K Surplus at Year End

	2018				
	Oct Y-T-D Results	Annual Budget	% of Annual Budget	Year-End Projection	Projected Variance
<u>Recurring Revenues</u>					
Property Taxes	103,223,194	121,319,088	85.08%	123,443,042	2,123,954
Unconditional Grant	12,892,308	16,603,206	77.65%	15,659,510	-943,696
Own Source Revenues	10,364,200	12,112,787	85.56%	13,665,256	1,552,469
	126,479,702	150,035,081	84.30%	152,767,808	2,732,727
<u>Recurring Expenses</u>	123,651,971	156,090,792	79.22%	158,659,514	-2,568,722
Structural Surplus (Deficit)	2,827,731	-6,055,711		-5,891,706	
<u>Non Recurring Revenues</u>					
Carry Over Surplus	1,115,420	1,338,515	83.33%	1,338,515	-
Financial Assistance	1,239,537	1,239,537	100.00%	1,239,537	-
New Deal	1,750,000	3,477,659	50.32%	3,477,659	-
Surplus	6,932,688	0		164,005	164,005

0.1% of Budget

October 2018 Year-to-Date Revenues: \$130.5 Mil or 84% of Budget. Revenues projected to be \$2.7 Mil over budget

Revenues	2018				
	Oct Y-T-D Results	Annual Budget	% of Annual Budget	Year-End Projection	Projected Variance
Property Taxes	103,223,194	121,319,088	85.08%	123,443,042	2,123,954
Equalization & Unconditional Grant	12,892,308	16,603,206	77.65%	15,659,510	-943,696
Financial Assistance	2,989,537	4,717,196	63.38%	4,717,196	0
Surplus 2nd Previous Year	1,115,420	1,338,515	83.33%	1,338,515	0
Growth & Community Development Services	2,376,760	2,503,571	94.93%	2,792,464	288,893
Police & PSCC	1,492,455	1,476,822	101.06%	1,605,775	128,953
Fire & EMO	237,065	410,200	57.79%	227,160	-183,040
Transportation & Environment Services	3,103,135	3,982,308	77.92%	4,132,797	150,489
Finance & Administrative Services	3,141,952	3,654,886	85.97%	4,832,344	1,177,458
Corporate Services	12,833	85,000	15.10%	74,716	-10,284
Total Revenue	130,584,659	156,090,792	83.66%	158,823,519	2,732,727

Major Revenue Variances:

- LNG Revenue: \$1.18 Mil
- Market Square Parking: \$100K
- Fire training: -\$187K
- Police extra-duties: \$130K
- Short term interest revenue: \$350K
- Projected actuarial gains (benefit liability) due to higher discount rate: \$600K
- Flood claim: \$480K

VAR: 1.7% of Budget

Deducting unusual gains 0.7%

Actual Budget VAR: 1%



SAINT JOHN

October 2018 Year-to-Date Expenses: \$123.6 Mil or 79% of Budget. Expenditures projected to be \$2.6 Mil over budget

Expenses	2018					
	Oct Y-T-D Results	Annual Budget	% of Annual Budget	Year-End Projection	Projected Variance	VAR as % of Budget
Growth & Community Development Services	9,750,155	11,230,732	86.82%	11,331,347	-100,615	-0.90%
Police & PSCC	22,314,708	28,116,372	79.37%	28,073,542	42,830	0.15%
Fire & EMO	19,896,425	24,026,407	82.81%	24,268,235	-241,828	-1.01%
Other Public Safety Services	2,744,004	3,243,000	84.61%	3,495,000	-252,000	-7.77%
Transportation & Environment Services	35,729,758	43,720,502	81.72%	43,598,806	121,696	0.28%
Finance & Administrative Services	7,804,857	9,503,272	82.13%	9,808,730	-305,458	-3.21%
Corporate Services	6,071,001	7,928,039	76.58%	7,782,518	145,521	1.84%
Other Charges	19,341,063	28,322,468	68.29%	30,301,336	-1,978,868	-6.99%
Total Expenditures	123,651,971	156,090,792	79.22%	158,659,514	-2,568,722	-1.65%

Major Expenditure Variances:

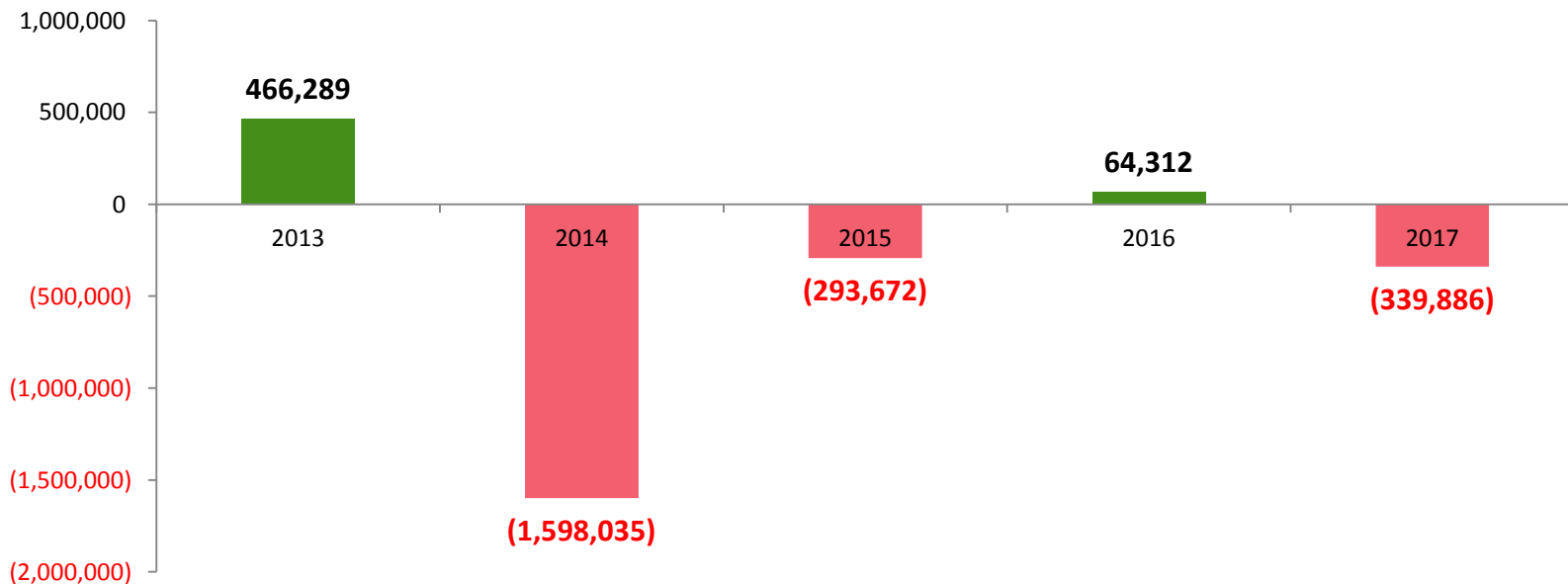
- EMO over budget by \$211K due to Butane, Flood and IOR events
- Water supply & hydrants (transfer from Utility): over budget by \$200K
- Coast Guard site demolition (Storage/heat plant building): \$320K
- Contribution to capital from Operating (LNG revenue): \$1.1 Mil
- Contribution to the General Capital Reserve to fund Infrastructure Deficit: \$400,000
- Reserve for the demolition of the Coast Guard Admin building: \$500K
- Transfer of projected actuarial gains to an Operating Reserve: \$600K
- Fiscal charges saving: -\$256K
- Lower pension going concern payment: -\$288K

Fluctuation in value of Employee Benefit Liabilities

- City is required to have actuarial valuations done for the City's Employee Benefit Programs at year-end pursuant to Public Sector Accounting Standards;
- The value of the City's liabilities associated with the Benefit Programs upon completion of actuarial valuations can fluctuate due to various factors among which is the Discount Rate;
- Changes in Discount Rate cause actuarial gains/losses;
- True-up entries done at year-end to bring the value of the City's liabilities into alignment with the value on the Actuary's Report can result in significant gains or losses to the City's budget.

Fluctuation in value of Employee Benefit Liabilities

True-up entries due to actuarial gains/losses



Given the actuarial gains or losses are unrealized and the change in discount rate is beyond control of the City, Staff recommend that a **Benefit Fluctuation Reserve** is setup and any fluctuation in the value of the Employee Benefit Programs due to actuarial gains be transferred to the Reserve to offset future actuarial losses.

Reserve Recommendation

- Finance Committee Recommend that Common Council approve the transfer of:
 - \$400,000 to an Operating Reserve to cover the potential increase in WorkSafeNB premiums;
 - \$500,000 to an Operating Reserve to fund the demolition of the Coast Guard Admin Building in 2019;
 - \$400,000 the General Capital Reserve to fund infrastructure deficit;
 - \$100,000, which is the amount needed to complete the Market Slip Dredging to an Operating Reserve to be used in 2019;
 - And any fluctuation in the value of the City's employee benefit programs due to actuarial gains to an Operating Reserve annually in order to fund future losses.

Q & A

