

## Decision Note

**Title:** Report on Revenue and Expenditure for Fiscal 2024

**Date Prepared:** June 18, 2025

**Report To:** Special Meeting of Council

**Councillor and Role:** Councillor Ron Ellsworth, Finance & Administration

**Ward:** N/A

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### Decision/Direction Required:

Adoption of the Executive Summary Report on Revenues and Expenditures for the year ended December 31, 2024.

### Discussion – Background and Current Status:

The City of St. John's 2024 Executive Summary Report on Revenue and Expenditure is presented and discussed herein. It is important to distinguish between the Executive Summary Report presented in this note and the 2024 Audited Financial Statements that were adopted by Council on June 17th, 2025. The Audited Financial Statements are prepared using accrual-based accounting, whereas the Executive Summary Report, while still based on audited information, is presented using cash-based accounting. The City's budget is also prepared using cash-based accounting meaning the financial results presented herein hold the City accountable to its approved operating budget. This supports the City's commitment to openness and transparency.

It is worth noting, the budget presented in the Executive Summary Report is the City's adjusted budget. The adjusted budget is the original approved budget, adjusted to reflect transfers and changes that occur throughout the year for items not known at the time the budget is approved. These adjustments are reflective of "one-off" transactions, net to zero, and do not result in a permanent increase to the City's budget. These adjustments are made to prevent skewed expenditure or revenue variances that could result, for example, if a program budget were to incur expenses that are funded from an external source (i.e., a Federal or Provincial grant, or a reserve). A summary of adjustments that occurred during 2024 is presented in **Appendix A – Reconciliation of Approved Budget to Adjusted Budget** attached at the end of this decision note.

## 2024 Operating Results

For 2024, the City reports an operating cash surplus of \$5,771,840, which equates to 1.6% of the City's total gross adjusted budget of \$362,073,744. Significant revenue and expenditure variances are summarized below.

### Revenue Variances

Overall, actual revenues exceeded budgeted by \$6.44 million, or 1.8% of the gross adjusted revenue budget of \$362.07 million. Notable variances included:

1. **Accommodation Tax:** Favourable variance of \$729 thousand (21.5%) due primarily to higher than estimated Tourism & Marketing Levy receipts. This does not form part of the City's general revenue as it is used to fund the debt on the Convention Centre expansion project and fund the operations of Destination St. John's.
2. **Utility Tax:** Favourable variance of \$550 thousand (8.2%). Utility tax is set to 2.5% of the gross revenue of all utilities derived within the City limits of the City of St. John's during the year.
3. **Grants in Lieu of Taxes:** Unfavourable variance of \$244 thousand (4.7%) due to a slight decline in property values which are used to determine the Federal Payment in Lieu of Tax (PILT).
4. **General Government:** Favourable variance of \$315 thousand (7.4%) due to higher than expected revenues relating to provision of tax certificates, lease of space, and fees for other miscellaneous services.
5. **Environmental Health:** Favourable variance of \$1.17 million (4.9%) due to higher than forecasted sales of water and recycling revenues at the Robin Hood Bay regional landfill facility.
6. **Tipping Fees:** Favourable variance of \$1.25 million (8.1%) due to higher than expected volumes at the Robin Hood Bay regional landfill facility.
7. **Construction Permits:** Favourable variance of \$780 thousand (29.4%) due to greater than budgeted revenues relating to development fees, general application fees, compliance letters, building & repair permits, and electrical wiring permits.
8. **Fines:** Unfavourable variance of \$194 thousand (8.6%) resulting from fewer parking violations than forecasted for 2024.
9. **Rents & Concessions:** Favourable variance of \$666 thousand (20.5%) due primarily to increased occupancy at non-profit housing rental units.

10. **Interest on Tax Arrears:** Favourable variance of \$674 thousand (37.3%) due to interest accrued on tax arrears exceeding budget.
11. **NPH Subsidy:** Unfavourable variance of \$185 thousand (19.0%). Higher than budgeted rental revenues combined with lower mortgage interest payments on matured loans on several properties, resulted in a reduction in annual subsidies received for non-profit housing.
12. **Assessments:** Favourable variance of \$661 thousand (100.0%) due to civic assessment amounts received relating to water, sewer, and road construction.
13. **Transfers From Reserves:** Unfavourable variance of \$700 thousand (4.6%) due to less than budgeted funding required from the Robin Hood Bay operating reserve to balance revenues and expenditures at the regional land fill facility.

All revenue variances, including a breakdown by revenue category, are provided in Revenue section of the attached 2024 Executive Summary Report on Revenue and Expenditure.

### **Expenditure Variances**

For 2024, actual expenditures were greater than budgeted by \$672 thousand, or 0.2% of the gross adjusted expenditure budget of \$362.07 million. By expenditure category, notable variances included:

1. **General Government:** Favourable variance of \$2.36 million (5.3%) due primarily to savings relating to temporarily vacant positions, overtime, contracted legal and engineering services, insurance, computer software and maintenance costs, and advertising. Unfavourable variances occurred pertaining to employee sick and severance expense, as well as expenditures relating to two by-elections held in 2024.
2. **Protective Services:** Unfavourable variance of \$147 thousand (0.4%) resulting primarily from personnel services and overtime costs at the St. John's Regional Fire Department. Favourable variances occurred under Building Inspections to help mitigate overall unfavourable variances in Protective Services.
3. **Transportation Services:** Unfavourable variance of \$4.23 million (5.9%) driven by salt and contracted snow removal services under snow clearing, repairs to concrete and asphalt under Maintenance of Roads and Sidewalks, as well as credit card transaction fees and transfers of parking revenues to parking reserves under Parking Meters. Favourable variances occurred under Maintenance of Traffic Lights and Signs as well as Street Lighting.

4. **Environmental Health Services:** Unfavourable variance of \$923 thousand (1.0%) due primarily to increases in the cost of water treatment chemicals, pipes, valves and fittings, as well as contracted waste removal services.
5. **Environmental Development Services:** Favourable variance of \$249 thousand (1.5%) resulting primarily from less than budgeted professional services costs and rental of office space.
6. **Parks, Recreation, and Cultural Services:** Favourable variance of \$2.71 million (8.4%) due primarily to the delayed opening of the new Mews Centre, and a \$1.53 million reduction to the St. John's Sports & Entertainment operating grant due to increased revenues from events at the Mary Brown's Centre and Convention Centre.
7. **Fiscal Services and Transfers:** Unfavourable variance of \$687 thousand (1.0%) resulting from an unfavourable variance under Allowance for Doubtful Accounts.
8. **Transfers to Other Departments:** The program expenditures in this section represent indirect costs that are allocated to multiple programs across the City's budget. Doing so allows these indirect costs to be reflected in the overall cost of delivering the various programs and services.

Further detail regarding 2024 variances, including a breakdown by functional area and program, can be found in the Expenditure section of the attached 2024 Executive Summary Report on Revenue and Expenditure.

### Cumulative Cash Surplus

The table below summarizes the City's cumulative cash surplus as of December 31, 2024. Currently, the City's cumulative cash surplus totals \$14.8 million.

CITY OF ST. JOHN'S CUMULATIVE CASH SURPLUS	BALANCE
<b>Cumulative Cash Surplus - As at December 31, 2023</b>	<b>\$ 20,576,187</b>
<b>Previously Committed Funds:</b>	
Reserved for Debt Reduction	(7,500,000)
Additional Allocation for Waste Collection Vehicles	(2,500,000)
Enhanced Sidewalk Snow Clearing - 6 Tractors	(1,560,000)
<b>Cumulative Cash Surplus After Previously Committed Funds</b>	<b>9,016,187</b>
2024 Operating Surplus	5,771,840
<b>Cumulative Cash Surplus - As at December 31, 2024</b>	<b>\$ 14,788,027</b>

The current economic environment is increasing the financing costs associated with capital projects. In addition, the City needs adequate reserves to be able to respond to unforeseen

events and emergencies. It is therefore recommended Council reserve the \$14.8 million surplus as a contingency.

**Key Considerations/Implications:**

1. Budget/Financial Implications: As presented above.
2. Partners or Interested Parties: All residents and business living and operating within the City of St. John's, as well as neighboring municipalities availing of regional water, wastewater, fire protection, and waste management services.
3. Is this a New Plan or Strategy: Choose an item.

If yes, are there recommendations or actions that require progress reporting?

If yes, how will progress be reported? (e.g.: through the strategic plan, through Cascade, annual update to Council, etc.)

4. Alignment with Strategic Directions:

A Sustainable City: Be financially responsible and accountable.

An Effective City: Ensure accountability and good governance through transparent and open decision making.

5. Alignment with Adopted Plans:
6. Accessibility and Inclusion:
7. Legal or Policy Implications:
8. Privacy Implications:
9. Engagement and Communications Considerations:
10. Human Resource Implications:
11. Procurement Implications:
12. Information Technology Implications:
13. Information Management Implications:

#### 14. Other Implications:

**Recommendation:**

That Council adopt the Executive Summary Report on Revenues and Expenditures for the year ended December 31, 2024 and approve preserving \$14.8 in accumulated surplus as contingency.

**Prepared by:** Kris Connors, Manager – Budget & Treasury

**Approved by:** Derek Coffey, Deputy City Manager – Finance & Corporate Services

## Appendix A – Reconciliation of Approved Budget to Adjusted Budget

<b>2024 APPROVED BUDGET ADJUSTMENTS</b>	<b>Revenue</b>	<b>Expenditure</b>
<b>2024 Approved Budget - As approved by Council on December 12, 2023</b>	<b>\$ 343,947,041</b>	<b>\$ 343,947,041</b>
<b>Budget Adjustments:</b>		
Transfer from surplus to City fleet replacement reserve in accordance with approved asset management plan	6,430,500	6,430,500
Capital expenditures from water treatment facilities' equipment replacement reserves	2,748,399	2,748,399
Interest revenue earned and transferred to capital reserves	2,480,375	2,480,375
Capital expenditures from St. John's Regional Fire Department facilities and fleet replacement reserves	1,600,733	1,600,733
Transfer proceeds from sale of City assets to capital reserves	1,327,621	1,327,621
Grant revenues and expenditures relating to the CMHC Housing Accelerator Fund	1,059,212	1,059,212
Capital expenditures from Robin Hood Bay regional landfill equipment replacement reserves	834,638	834,638
Grant revenues and expenditures relating to the Federal Building Safer Communities funding program	671,456	671,456
Capital expenditures from the City's fleet replacement reserve	441,756	441,756
Capital expenditures from parks & open spaces reserve	334,288	334,288
Miscellaneous grants and donations	281,636	281,636
Other miscellaneous transfers and departmental adjustments	(83,908)	(83,908)
<b>Subtotal - Budget Adjustments</b>	<b>18,126,706</b>	<b>18,126,706</b>
<b>2024 Adjusted Budget - As at December 31, 2024</b>	<b>\$ 362,073,747</b>	<b>\$ 362,073,747</b>

## Report Approval Details

Document Title:	Report on Revenue and Expenditure for Fiscal 2024.docx
Attachments:	- 2024 Executive Summary Report on Revenue and Expenditure.pdf
Final Approval Date:	Jun 25, 2025

This report and all of its attachments were approved and signed as outlined below:

**Derek Coffey - Jun 25, 2025 - 12:57 PM**