

September 10, 2019

To: Members
Finance and Administration Committee

Re: 2019 Mid-Year Financial Report

RECOMMENDATION

That the 2019 Mid-Year Financial Report be forwarded to the September 30, 2019 meeting of City Council for information.

CONCLUSION

The Mid-Year Financial Report provides a high-level summary on how the City is performing financially in relation to its 2019 Operating and Capital budgets. The report shows that the City is effectively managing its operations within the current economic climate and is forecast to be under budget for the 2019 fiscal year.

The mid-year forecast reflects an estimated General Operating Fund surplus of \$1.1 million (0.2% from budget). The surplus is a result of a combination of factors including the provision for increased investment income, municipal revenue sharing funding, grants in lieu, and salaries savings from implementation of the management review and salary lag partly offset by decreases in building permit, parking, and landfill gas revenues and unbudgeted federal carbon tax costs.

The Utility Fund Operating surplus is forecasted to be approximately \$2.6 million (1.9% from budget) and is mainly due to higher water consumption due to recent weather patterns.

BACKGROUND

The City of Regina is committed to providing transparent reporting on its operating and capital results. The 2019 Mid-Year Financial Report (Appendix A) shows that at June 30, the City is projected to be in a surplus position at yearend. While the 2019 results are currently projected to be in a surplus position, the City faces significant long term financial pressure due to external environmental factors as well as internal operating and capital factors identified in the 2020 Preliminary Budget Review and Economic Update (PPC19-3) presented to Priorities and Planning Committee on April 24, 2019.

There are several variables that can impact the yearend results that are not known at the end of June. It is midway through the construction period for the City so any changes in weather conditions may influence the amount of work that is, or is not, completed by yearend. In addition, items such as water main breaks, winter road maintenance costs, outcomes on property tax assessment appeals and interest from investments can change from the mid-year forecast numbers. It is important to leave some flexibility in the budget at mid-year to manage these risks.

Administration will continue to manage the needs in the current year and look for opportunities to meet the challenges over the long term.

DISCUSSION

The 2019 Mid-Year Report provides details on the current and projected operating and capital revenues and expenditures for both the General Fund and the Utility Fund. The City uses a conservative approach in forecasting revenues and expenditures.

Key highlights from the Report include:

- Current General Fund Operating surplus is projected to be \$1.1 million (0.2% from budget);
- Current Utility Fund Operating surplus is projected to be \$2.6 million (1.9% from budget);
- Projected General Fund Capital spend is \$159.3 million (59% of available funding); and
- Projected Utility Fund Capital spend is \$55.7 million (39% of available funding).

The forecasted surplus is a result of a combination of factors including the provision for increased investment income, municipal revenue sharing funding, grants in lieu, and salaries savings from implementation of the management review and salary lag partly offset by decreases in building permit, parking, and landfill gas revenues and unbudgeted federal carbon tax costs.

RECOMMENDATION IMPLICATIONS

Financial Implications

Administration closely monitors the progress of achieving the annual business plan and as the corporation works toward delivering services to the community, a variance between the budgeted cost and the projected yearend cost is created. The variance, over or under the established budget, is the result of controllable and uncontrollable factors.

The forecast surplus is unaudited and is a projection of the expected results for the City of Regina. Yearend surpluses represent one-time funding and are transferred to the appropriate reserves at yearend. General Fund Operating surpluses are transferred to the General Fund Reserve and Utility Fund Operating surpluses to the Utility Reserve Fund.

The projected forecast at mid-year tends to vary from the final yearend results. There are several variables that can impact the yearend results that are not known at the end of June. It is midway through the construction period for the City so any changes in weather conditions may influence the amount of work that is, or is not, completed by yearend. In addition, items such as water main breaks, winter road maintenance costs, outcomes on property tax assessment appeals and interest from investments can change from the mid-year forecast numbers. It is important to leave some flexibility in the budget at mid-year to manage these risks.

Environmental Implications

None related to this report.

Policy and/or Strategic Implications

The City of Regina's Mid-Year Report provides a point in time view of the City's financial performance and financial projection. Monitoring current year financial operations ensures the City remains on track to achieve the fiscal goals set out for the City.

Other Implications

None related to this report.

Accessibility Implications

None related to this report.

COMMUNICATIONS

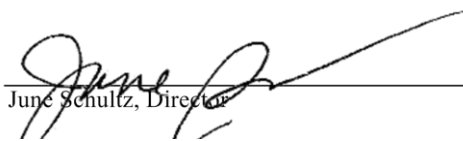
None related to this report.

DELEGATED AUTHORITY

The recommendation to provide this information to City Council for informational purposes is within the Delegated Authority of the Finance and Administration Committee.

Respectfully Submitted,

Respectfully Submitted,


June Schultz, Director

9/3/2019


Barry Lacey, Exec. Director, Financial Strategy & Sustainability

9/3/2019

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