



2021 Mid-Year Financial Report

Date	September 22, 2021
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Financial Services
Item No.	EX21-61

RECOMMENDATION

That Executive Committee receive and file this report.

ISSUE

The City of Regina is committed to accountability, transparency and following best practice in its financial reporting. The Mid-Year Financial Report provides a high-level summary on how the City is performing financially in relation to its 2021 Operating and Capital budgets.

As of June 30, the mid-year forecast reflects an estimated General Fund Operating surplus of \$3.3 million (0.7% from budget). The COVID-19 pandemic continues to have a negative financial impact including reduced revenues and cashflows due to the suspension or moderation of service delivery.

Through the Safe Re-Start Program, the Federal government provided \$16.3 million of funds in 2020 to assist with the operating challenges and financial impact of the pandemic. The City drew \$418,000 in 2020 to cover COVID-19 costs related to the Council approved Regina Economic Recovery Grant Program. The remaining \$15.9 million was transferred to the COVID-19 Recovery Reserve. To keep the mill rate low, the 2021 budget was built utilizing \$12 million of the COVID-19 Recovery Reserve. This draw and other commitments against the reserve leave the COVID-19 Recovery Reserve at a balance of approximately \$1.8 million.

The Utility Fund is forecast to have an operating surplus of \$3.5 million (2.3% from budget). The mid-year forecast also indicates the General and Utility Capital Program will be on par with planned work.

A majority of the variance from budget is due to the continued actions taken to reduce the impact of the pandemic on City finances, in particular, expenditure savings due to the hiring freeze which continued into the first quarter of 2021.

IMPACTS

While the 2021 results for the General and Utility Fund Operating are currently projected to be in a surplus position, the City remains challenged with the continued impact of the pandemic. Administration closely monitors the progress of achieving the annual business plan and as the corporation works towards delivering services to the community, a variance between the budgeted cost and the projected year-end cost is created. The variance, over or under the established budget, is the result of controllable and uncontrollable factors such as the pandemic.

The forecast is unaudited and is a point in time projection of the expected results for the City of Regina. The projected forecast at mid-year tends to vary from the final year-end results. There are several variables that can impact the year-end results that are not known at the end of June. The on-going financial impact of the pandemic, related public health orders, price differences in supplies as well as weather conditions are examples of unknown variables. It is important to have some flexibility in the budget at mid-year to manage risks, where possible.

OTHER OPTIONS

None with respect to this report.

COMMUNICATIONS

This information is shared on Regina.ca and in a public service announcement.

DISCUSSION

The 2021 Mid-Year Report provides details on the projected operating and capital revenues and expenditures for both the General Fund and Utility Fund Operating and Capital programs as of June 30, 2021. Financial projections reflect a point in time estimate and the 2021 Mid-Year Report shows that the City is effectively managing its operations within the current challenging economic climate. The City uses a conservative approach in forecasting revenues and expenditures.

Key highlights from the report include:

- General Fund Operating is projected to have a year-end surplus of \$3.3 million (0.7 % from budget) as a result of expenditure savings implemented to manage the impacts of the pandemic;
- Utility Fund Operating surplus is projected to be \$3.5 million (2.3 % from budget) at year-end due to increased water consumption because of dry weather;
- Projected General Capital spend is \$185.8 million; and
- Projected Utility Capital spend is \$57.4 million.

The COVID-19 pandemic continues to have a negative financial impact resulting in reduced revenues and cashflows due to the suspension or moderation of service delivery. These reduced revenues have been absorbed by the budget approved draw on COVID-19 Recovery Reserve and expenditure savings, including a hiring freeze initiated in 2020 and that continued into the first quarter of 2021.

The mid-year forecast is an unaudited point in time projection of the year-end results. There are a number of variables, such as further actions required due to the pandemic, supply prices and unfavorable weather conditions, that are unknown at the time of the establishment of the mid-year forecast that could influence the year-end results.

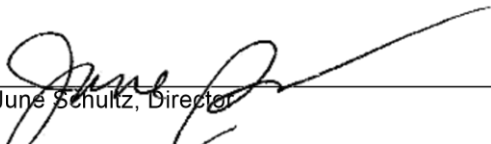
Administration has used the best information available to predict the outcomes to the end of the year. Administration will continue to monitor and manage the financial needs in the current year and look for opportunities to meet the challenges over the long term.

DECISION HISTORY

On March 26, 2021, City Council approved the 2021 General and Utility Operating Budget and the 2021-2025 General and Utility Capital Program.

Respectfully Submitted,

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June Schultz, Director

9/1/2021


Barry Lacey, Exec. Director, Financial Strategy & Sustainability

9/16/2021

Prepared by: Irene Hryniw, Manager, Financial Analysis & Support

ATTACHMENTS

Appendix A - 2021 Mid-Year Financial Report