

FINANCE COMMITTEE REPORT

Report Date	May 24, 2019
Meeting Date	May 29, 2019

Chairman Councillor Merrithew and Members of Finance Committee

SUBJECT: 2019 General Operating Fund Year End Projection

OPEN OR CLOSED SESSION

This matter is to be discussed in open session of Finance Committee.

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	City Manager
<i>Kevin Fudge</i>		<i>John Collin</i>

RECOMMENDATION

It is recommended that the Finance Committee receive and file this report.

EXECUTIVE SUMMARY

City staff have provided input into the preparation of a year end forecast for the General Operating Fund based on actual results as of April 30, 2019, estimated revenues to be earned and estimated expenditures to occur. The General Operating Fund is estimating a year end surplus of \$775 thousand or 0.49% of budget.

PREVIOUS RESOLUTION

N/A

STRATEGIC ALIGNMENT

The recommendation aligns with Council's priority of fiscal responsibility.

REPORT

Based on the April year to date results and projections provided by Department Heads, the General Operating Fund is presently projected to be in a surplus position at year-end by approximately \$775 thousand or 0.49% of the total

budget. Based on a General Operating Budget of approximately \$161 million, a variance of 0.49% would be widely considered to be tracking on budget.

It should be understood that the projection is compiled based on departmental best estimates as at April 30, 2019. While there are no significant events that have come to the attention of staff to require modification of these estimates at this time, actual year-end results may differ depending on weather conditions as well as other unexpected events.

Appendix 1 (attached) represents year-end projections by service areas for the General Fund.

Overall revenues are trending towards a positive variance of approximately \$721 thousand, or 0.45% of budget, which includes:

1. Growth and Community Development – Positive variance of approximately \$249 thousand due to withdraws from the Growth Reserve for which offsetting approved growth initiative expenses are recorded, as well as higher than expected activity in Building, Plumbing and Demolition Permits;
2. Finance & Administration – Positive variance of \$627K due mostly to \$425K in FCM funding to carry out building condition assessments as part of phase 2 of Asset Management and \$125K in higher than expected interest revenue;
3. Corporate Services – Negative variance of (\$102K) due to a reclassification issue – service level agreements for IT services budgeted as revenue but actual revenues recorded as recoveries in expenses. Overall not impact on the bottom line.

Overall expenses are projected to be in a surplus position of approximately \$55 thousand, or 0.04% of budget by the end of the year. The most significant variances are highlighted below:

1. Growth and Community Development – Negative variance of approximately (\$254 thousand) mostly associated with growth initiatives that is offset by growth reserve revenue for approximately \$213 thousand which includes increased Heritage Grants, investment in Dangerous Building Program and other growth initiatives;
2. Transportation and Environment Services – Positive variance of approximately \$222 thousand due to a combination of projected staff vacancies as well as current positive tracking of fuel and maintenance on fleet;

3. Finance and Administrative Services – Negative variance of approximately (\$447 thousand) due mostly to building condition assessments being conducted for Asset Management for which offsetting FCM funding is recorded as revenue;
4. Other Charges - Projected positive variance of approximately \$429 thousand due to interest expense tracking lower than budget with better than expected debenture terms.

The above budget projections are based on staff's best estimates as of April results. Staff will continue to monitor the results of operations for the balance of the year and report back to Council at a later date.

SERVICE AND FINANCIAL OUTCOMES

The forecast is a service based budget projection based on the cost of providing services to the community.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

Input has been received from all Service Areas

ATTACHMENTS

N/A