

DATE OF MEETING December 12, 2018

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**SUBJECT OPERATING RESULTS FOR THE NINE MONTHS ENDING 2018-SEP-30**

## OVERVIEW

### **Purpose of Report**

To present the Finance and Audit Committee with a summary of the operating results for the nine months ending 2018-SEP-30.

### **Recommendation**

That the Finance and Audit Committee recommend that Council receive the "Operating Results for the Nine Months Ending 2018-SEP-30" report "dated 2018-DEC-12" be received for information.

## DISCUSSION

The intent of this report is to provide the Finance and Audit Committee with a summary of the City's financial operating results for the nine months ending 2018-SEP-30 as compared to the 2018 Financial Plan.

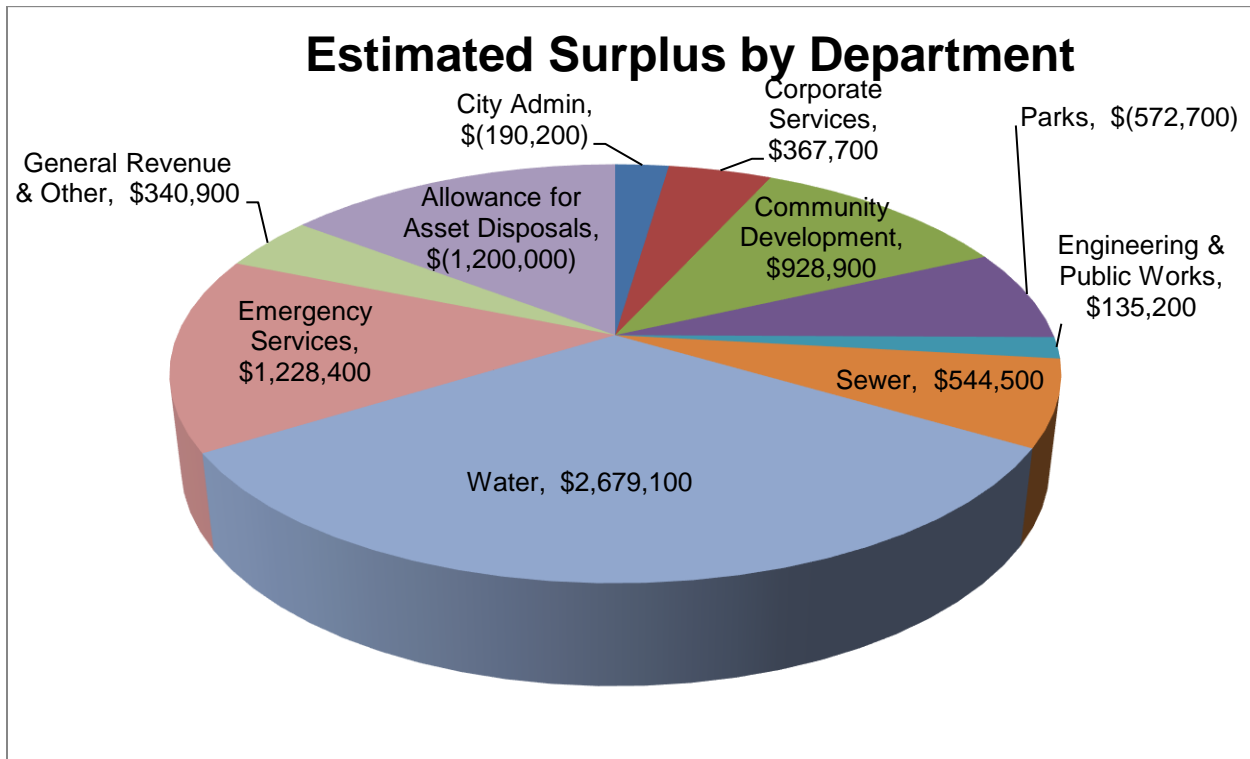
Managers from all departments review monthly financial reports in order to identify budget variances as they occur, and to ensure that immediate action is taken to address any potential deficits.

Summary of Operating Position at 2018-SEP-30:

| <i>Operating Fund</i> | <i>Revenues</i>  | <i>Expenditures</i>   | <i>Surplus(Deficit) at Sept 30, 2018</i> | <i>Surplus(Deficit) Projected at Dec 31, 2018</i> |
|-----------------------|--|-----------------------|--|---|
| General               | \$ 135,660,942   | \$ 98,515,868         | \$ 37,145,074                            | \$ 2,238,200                                      |
| Sewer                 | 14,256,957   | 14,674,595            | (417,638)                                | 544,500   |
| Water                 | 16,037,752   | 16,232,351            | (194,599)                                | 2,679,100   |
| Total Surplus         | <u>\$ 165,955,651</u>  | <u>\$ 129,422,814</u> | <u>\$ 36,532,837</u>                     | 5,461,800   |
| Less:                 | Reserves required to fund disposals of capital assets and any associated gains or losses |                       |  | <u>1,200,000</u>                                  |
| Net Surplus           |  |                       |  | <u>\$ 4,261,800</u>                               |

The projected net operating surplus for the year is \$5,461,800. However, each year, the surplus must be used to fund any disposals of tangible capital assets during the year, along with any gains or losses associated with the asset disposals. During the last five years, the average amount of these adjustments has been around \$1,200,000.

The projected surplus by department, presented visually, is as follows:



Assuming an even distribution of revenues and expenditures throughout the year, the current financial performance benchmark would be approximately 75% versus budget. Where significant variances over \$100,000 have been identified, Staff have provided comments in the departmental sections listed in **Appendix 1**.

The summary of operating results by department is documented at a more detailed level in **Appendix 2**. This report lists the total year-to-date revenue and expenditures for the functions within each department. This listing illustrates, at a glance, the overall status of an individual service as at September 30 compared to the overall budget for that service for the entire year. The variance column displays the surplus or deficit for the year for each department. Positive values increase surplus, while negative amounts (displayed in parentheses) decrease surplus.

Staff will continue to monitor financial performance on a monthly basis, and the Accounting Services department will continue to provide quarterly reporting updates. |

### **SUMMARY POINTS**

- The overall projected operating surplus for the 2018 fiscal year is \$5,461,800, which is broken down between the general operating fund at \$2,238,200, the sewer operating fund at \$544,500 and the water operating fund at \$2,679,100.
- A reserve of \$1,200,000 is required to fund any disposals of tangible capital assets and any associated gains or losses on disposal, resulting in a projected net surplus of \$4,261,800.
- On a monthly basis, department managers review financial reports to identify and address budget variances as they occur.

### **ATTACHMENTS**

- Attachment 1: Variance Analysis of the Operating Results for the Nine Months Ending 2018-SEP-30 and Projections for the Year Ending 2018-DEC-31.
- Attachment 2: Summary of the Operating Results for the Nine Months Ending 2018-SEP-30.

**Submitted by:**

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