

DATE OF MEETING    SEPTEMBER 22, 2021

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SUBJECT              **OPERATING RESULTS FOR THE SIX MONTHS ENDING  
2021-JUN-30**

## **OVERVIEW**

### **Purpose of Report:**

To present the Finance and Audit Committee with a summary of the operating results for the six months ending 2021-JUN-30.

## **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 six months ending 2021-JUN-30 as compared to the 2021 Financial Plan.

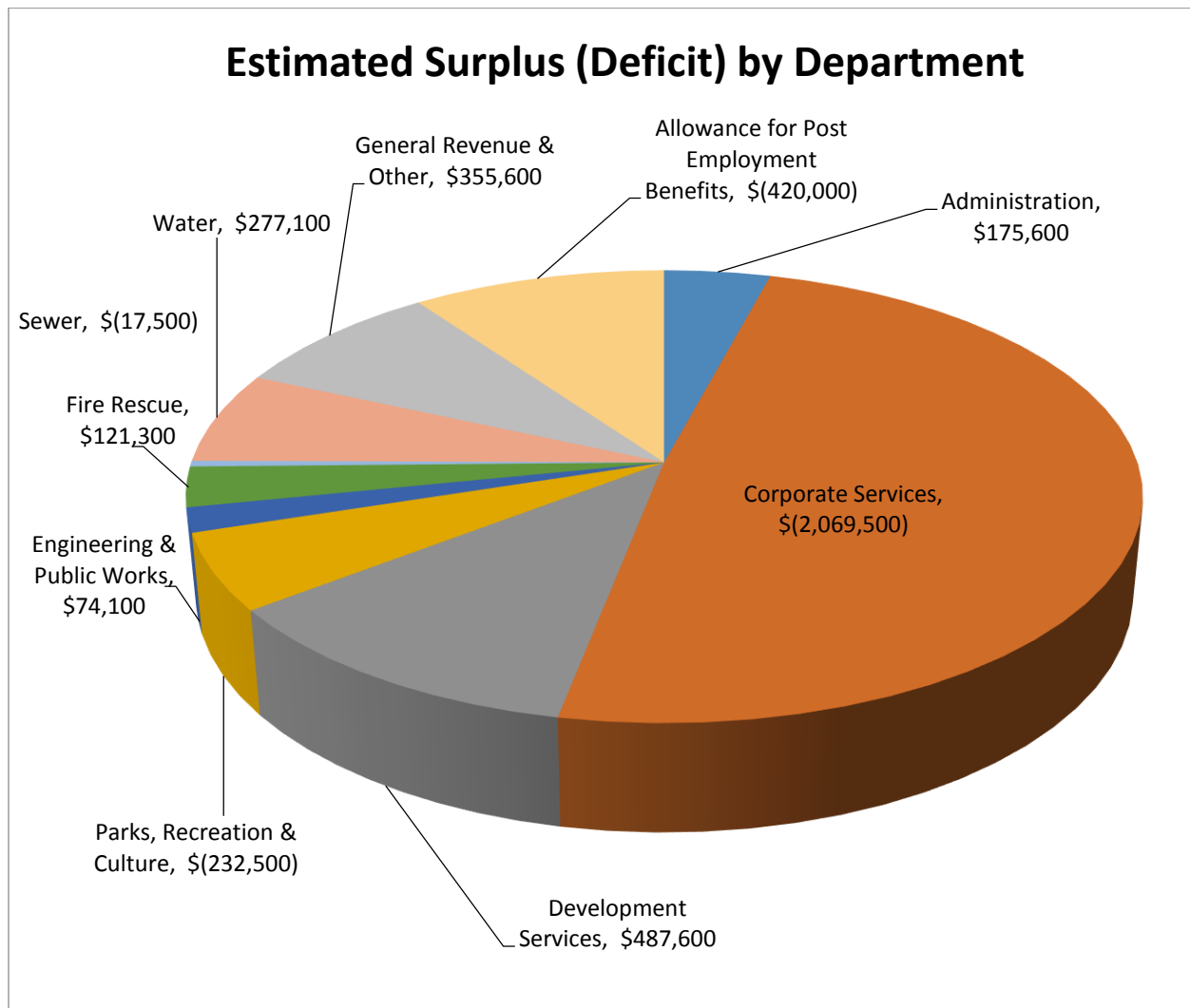
Managers from all departments review monthly financial reports in order to identify budget variances as they occur, and to ensure that immediate action is taken to address any potential deficits.

Summary of Operating Position at 2021-JUN-30:

<i>Operating Fund</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>Surplus(Deficit) at June 30, 2021</i>	<i>Surplus(Deficit) Projected at Dec 31, 2021</i>
General	\$ 153,537,342	\$ 86,863,546	\$ 66,673,796	\$ (1,087,800)
Less: Reserve required to fund 2021 post employment benefits				(420,000)
<b>Total General Operating Fund</b>				<b>(1,507,800)</b>
<b>Sewer</b>	15,299,114	17,012,493	(1,713,379)	<b>(17,500)</b>
<b>Water</b>	13,572,089	20,448,686	(6,876,597)	<b>277,100</b>
<b>Total Surplus (Deficit)</b>	<b>\$ 182,408,545</b>	<b>\$ 124,324,725</b>	<b>\$ 58,083,820</b>	<b>\$ (1,248,200)</b>

The projected net operating deficit for the year is \$828,200. However, a \$420,000 reserve transfer is required to fund 2021 post employment benefits.

The projected surplus (deficit) 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 50% versus budget. Where significant variances over \$100,000 have been identified, staff have provided comments in the departmental sections listed in **Attachment A**.

The summary of operating results by department is documented at a more detailed level in **Attachment B**. 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 June 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.

As shown in the table at the bottom of **Attachment B**, \$1,507,800 of funding from the general financial stability reserve is required to bring the projected general operating fund deficit to zero. This funding will need to be paid back to the reserve to meet the minimum reserve balance required.

Each year the financial plan includes annual amounts to be transferred from sewer operations to the sewer operating reserve. As shown in the table at the bottom of **Attachment B**, the actual transfer from sewer operations will be reduced by \$17,500 to bring the projected 2021 sewer deficit to zero.

## **CONCLUSION**

As at June 30, 2021 the City is projecting a net deficit of \$1,248,200. The major contributor to this deficit is the estimated cost overage of the RCMP retro pay settlement. The City has accrued for this liability annually since 2017, however it is estimated that the final settlement cost will be approximately 2 million dollars higher than what was accrued. Lower than anticipated revenues due to COVID-19, and the opening of Beban Pool earlier than anticipated have also contributed to the deficit. Savings due to several staff vacancies have helped to offset the overall deficit.

## **SUMMARY POINTS**

- The overall projected operating deficit for the 2021 fiscal year is (\$1,248,200), which is broken down between the general operating fund at (\$1,507,800), the sewer operating fund at (\$17,500) and the water operating fund at \$277,100.
- Funding from the general financial stability reserve is required to bring the projected general operating fund deficit to zero.
- The annual transfer from sewer operations to operating reserve will be reduced to bring the projected sewer deficit to zero.

## **ATTACHMENTS**

- Attachment A: Variance Analysis of the Operating Results for the Six Months Ending 2021-JUN-30 and Projections for the Year Ending 2021-DEC-31
- Attachment B: Summary of the Operating Results for the Six Months Ending 2021-JUN-30

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