

DATE OF MEETING DECEMBER 11, 2024

AUTHORED BY DAN BAILEY, MANAGER, ACCOUNTING SERVICES

SUBJECT **FINANCIAL RESULTS FOR THE NINE MONTHS ENDING
2024-SEP-30**

OVERVIEW

Purpose of Report:

To present the Finance and Audit Committee with a summary of the financial results for the nine months ending 2024-SEP-30.

DISCUSSION

The intent of this report is to provide the Finance and Audit Committee with a summary of the City's financial results for the nine months ending 2024-SEP-30 as compared to the 2024 Financial Plan.

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

Operations

Summary of Operating Position at 2024-SEP-30:

<i>Operating Fund</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>Surplus(Deficit) at Sept 30, 2024</i>	<i>Surplus(Deficit) Projected at Dec 31, 2024</i>
General	\$ 205,132,311	\$ 152,211,306	\$ 52,921,005	\$ 5,960,140
Sewer	21,325,658	21,745,035	(419,377)	138,900
Water	21,284,177	24,622,813	(3,338,636)	(1,250,200)
Total	\$ 247,742,146	\$ 198,579,154	\$ 49,162,992	\$ 4,848,840

The projected general fund operating surplus for the year is \$5,960,140. A portion of this estimated surplus is planned to be allocated as follows:

- The RCMP operating surplus, which is estimated to be \$114,000 at year end will be allocated to the RCMP contract reserve. Any annual RCMP surplus will be transferred to the RCMP contract reserve moving forward as previously directed by Council.

- At the 2024-OCT-16 Finance and Audit Committee meeting, Council directed staff to allocate \$890,000 from the 2024 general fund operating surplus to be used as a 2025 project contingency budget.
- The general financial stability reserve requires a top-up as it is below the minimum balance that is required in the 2025 – 2029 draft financial plan. \$618,938 of the 2024 general fund operating surplus will need to be transferred to the general financial stability reserve to bring the minimum balance up to the \$17,000,000 threshold.

The remaining unallocated general fund operating surplus for the year is estimated to be \$4,337,202. The sewer fund is projected to have a year end surplus of \$138,900, and the water fund is projected to have a year end deficit of \$1,250,200.

To mitigate the projected water deficit, the annual transfer from water operations to the water operating reserve will need to be reduced. The 2024 financial plan includes a \$8,360,370 contribution from water operations to the water operating reserve to fund future water projects. The actual transfer from water operations to reserve will be reduced by \$1,250,200 to bring the projected water deficit to zero.

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 **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 the overall status of an individual service as at September 30th compared to the overall budget for that service for the entire year. The report displays the surplus or deficit for the year for each department. Positive values increase surplus, while negative amounts (displayed in parentheses) decrease surplus.

Projects

Projects that satisfy specific requirements as outlined in the City’s Capital Asset Policy are classified as capital expenditures and are accounted for in the City’s capital funds. Projects that are smaller in scope and below specific capitalization thresholds are classified as “Operating Projects” and are accounted for in the City’s operating funds. Unfinished projects at the end of the year are usually carried forward to be completed in the following year. Due to this, project variances usually do not impact the operating surplus value.

Attachment C outlines the project results by division for the nine months ending 2024-SEP-30. Project statuses are defined as follows:

Status	Description
Complete	Project is fully complete and no additional costs are expected
Substantially Complete	Project is almost fully complete but there are a few minor costs still remaining to be incurred
In Progress	Project is currently underway
Not Started	Project has not been started but is anticipated to start by the end of the year

On Hold/Delayed/ Cancelled	Project has not yet started or has been halted
-------------------------------	--

For projects that have a 'Complete' status and come in under budget, any unused funds are transferred back to reserves to fund future projects or transferred to current year projects to address funding shortfalls. Projects may be considered complete from an operational perspective, but as there are often delays in receiving and processing invoices, projects are considered substantially complete until all costs are included.

The City of Nanaimo has a total project budget of \$177 million in 2024. This includes \$94 million of carry forwards from 2023.

Project results by division as at 2024-SEP-30:

Division	Budget	Actual	Commitments	Total	Variance
City Administration	297,250	120,845	1,977	122,822	174,428
Corporate Services	20,808,632	8,499,038	1,889,181	10,388,219	10,420,413
Community Services - Community Safety	17,655,283	4,021,493	4,838,133	8,859,626	8,795,657
Community Services - Parks, Recreation & Culture	31,828,776	8,682,165	11,361,324	20,043,489	11,785,287
Planning & Development	2,887,639	742,835	881,450	1,624,285	1,263,354
Engineering & Public Works	56,054,073	15,885,594	19,922,919	35,808,513	20,245,560
Sewer	10,098,317	3,259,697	3,014,543	6,274,240	3,824,077
Water	37,435,284	19,169,000	9,178,432	28,347,432	9,087,852
Total	177,065,254	60,380,667	51,087,959	111,468,626	65,596,628

Project status by division as at 2024-SEP-30:

Division	# of Projects	Complete/ Substantially Complete	In Progress/ Ongoing	Not Started	On Hold/ Delayed/ Cancelled
City Administration	12	0%	100%	0%	0%
Corporate Services	58	22%	61%	17%	0%
Community Services - Community Safety	74	24%	68%	8%	0%
Community Services - Parks, Recreation & Culture	170	29%	54%	14%	3%
Planning & Development	32	13%	81%	6%	0%
Engineering & Public Works	222	24%	60%	14%	2%
Sewer	57	30%	51%	12%	7%
Water	102	37%	58%	5%	0%
Total	727	27%	59%	12%	2%

CONCLUSION

As at September 30, the City is projecting an overall net surplus of \$4,848,840. The major contributors to this surplus are wage savings due to numerous staff vacancies, and an increase in recreation program revenues.

SUMMARY POINTS

- The overall projected operating surplus for the 2024 fiscal year is \$4,848,840, which is broken down between the general operating fund at \$5,960,140, the sewer operating fund at \$138,900 and the water operating fund at (\$1,250,200)

- The annual transfer from water operations to the water operating reserve will be reduced by \$1,250,200 to bring the projected deficit to zero
- \$111,468,626 of the \$177,065,254 project budget has been spent or committed as at 2024-SEP-30

ATTACHMENTS

- Attachment A: Variance Analysis of the Operating Results for the Nine Months Ending 2024-SEP-30 & Projections for the Year Ending 2024-DEC-31
- Attachment B: Summary of the Operating Results for the Nine Months Ending 2024-SEP-30
- Attachment C: Project Results by Division for the Nine Months Ending 2024-SEP-30

Submitted by:

Dan Bailey
Manager, Accounting Services

Concurrence by:

Wendy Fulla
Director, Finance

Richard Harding
General Manager, Community Services

Bill Sims
General Manager, Engineering & Public Works

Jeremy Holm
Director, Planning & Development

Laura Mercer
General Manager, Corporate Services