

INFORMATION NOTE

Title: 2019 Quarter 3 (January 1 to September 30) Financial Update

Date: 2019/11/06

Report To: Committee of the Whole

Council/Role: Councillor, Dave Lane – Finance and Administration Lead

Ward: N/A

Issue: To provide Council with an update of budgeted versus actual expenditures and revenues for quarter 3, 2019

Discussion – Background and Current Status:

The Budget and Treasury Division administers the quarterly review of budgeted versus actual expenditures and revenues. Program managers have been asked to review their budget programs and provide commentary to explain significant variances that arise throughout the year. The report attached provides the year to date budget, which is a distribution of the annual budget over the period in a manner appropriate for that program, such as based on historical trends in spending. The favourable/(unfavourable) variance columns compare the year to date actual spending to the year to date budget distribution to September 30th.

The third quarter reflects the end of summer season which has a significant impact on the timing of expenditures as each year there is a delay in the receipt and processing of invoices. Timing issues are typically resolved by year end, resulting in actual and budgeted expenditures being much closer. There are, however, several areas that are being monitored closely;

1. 2019 Debt Service – Budget 2019 included debt service costs based on the issuance of a \$100M sinking fund bond, scheduled to occur in the first half of the year. Staff continue to monitor City cash flows and are currently researching alternative methods of financing given the current interest rate environment. As such, the debt issue has been postponed to the first half of 2020, with first debt service payments not occurring in the operating budget until the second half of 2020.
2. Parking Meter revenues and fines – Damaged and missing parking meters have resulted in parking meter related revenues that are significantly below budget.
3. Electricity increases projected in the 2019 budget have yet to occur.

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4. Based on the first half of 2019, snow clearing operations are projected to be on target for the fiscal year.

While there is a significant surplus showing to the end of Q3 of \$19.3M, this is not projected to remain at year end due to the processing of summer season invoices in Q4.

Key Considerations/Implications:

1. Budget/Financial Implications

As above.

2. Partners or Other Stakeholders

Regional Fire, Water, and Waste Water budgets impact neighboring communities and municipalities. These budgets are discussed at the respective regional committee meetings.

3. Alignment with Strategic Directions/Adopted Plans

- **A Sustainable City** (Be financially responsible and accountable).
- **An Effective City** (Ensure accountability and good governance through transparent and open decision making).

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| 4. Legal or Policy Implications | N/A |
| 5. Engagement and Communications Considerations | N/A |
| 6. Human Resource Implications | N/A |
| 7. Procurement Implications | N/A |
| 8. Information Technology Implications | N/A |
| 9. Other Implications | N/A |

Conclusion/Next Steps:

This note is for the information of Council.

Prepared by/Signature: Melanie Shea

Approved by/Date/Signature:

Attachments: 2019 Q3 Operating Budget Update