

## ADMINISTRATIVE REPORT

<b>TO:</b> Horatio Galanti, City Manager	<b>DATE:</b> November 12, 2019
<b>FROM:</b> Danielle Whiteway, CPA CA Finance Manager	<b>MEETING:</b> Corporate Services Committee
<b>SUBJECT:</b> Unaudited Financial Statements and Supplementary Information For the quarter ending September 30, 2019	

### RECOMMENDATIONS

That the Corporate Services Committee receive the unaudited financial statements, schedules and other information for the nine-month period ended September 30, 2019 for information.

### PREVIOUS COUNCIL / COMMITTEE DIRECTIONS

There are no previous Council or Committee directions.

### BACKGROUND

The purpose of this report is to present the unaudited financial statements and supplementary information for the nine-month period ended September 30, 2019.

### ANALYSIS

A budget is a financial plan designed to articulate Council's strategic objectives and contains a significant number of assumptions. Once approved, the budget remains a relatively static document that becomes a guide for Management and provides a tool for financial analysis.

Operating variances result from differences between approved budget and actual financial results. Internal and external factors influence operating variances and include, but are not limited to, population growth, operating efficiencies, economic conditions, availability of resources, weather conditions, and unforeseen conditions.

Management is responsible to actively monitor and manage the overall operating results to ensure that service delivery is maintained at acceptable levels and that operational costs are contained within available resources.

Appendix 1, attached to this report, provides a summary of projected variances for the year ending December 31, 2019.

## Statement of Financial Position

Cash and Temporary Investments amounted to \$165.1 million as of the end of September 2019. This is an increase from December 2018 (\$149.4 million), but comparable to September of 2018. The main reason for this increase when compared to December 2018 is due to municipal taxes collected in June.

Taxes and Grants in Lieu of Taxes are lump sum tax payments made by property owners and other taxes collected from properties owned by provincial and federal governments and their associated agencies that are exempt from property taxation. The difference of approximately \$16M from the December 2018 balance reflects the 2019 property tax levy, less payments up to the end of September 2019.

Trade & Other Receivables consist of amounts outstanding from customers excluding taxes and loans receivable. As at September 2019, the amount is approximately \$4M lower than at the end of December 2018 and comparable to September 2018. The difference is mostly due to accruals made at December 31, 2018 for Aquatera dividends, GST Refunds and interest on investments.

Prepaid Expenses mainly consist of AMSC Insurance services premiums paid for the year. This amount is expected to reduce as the year progresses. This is resulting in the difference between December 2018 and September 2019.

Tangible Capital Assets have increased since December 2018, mainly due to work in progress accumulated during 2019. Tangible capital assets consist of assets with a life longer than one year that have been capitalized, as well as work-in-progress on capital projects, not yet completed.

The Unaudited Statement of Financial Position is available in Appendix 3.

## Budget/Actual Summary

In 2019, surplus from operations is expected to be \$312,000 (0.18% of total budget). This surplus can mostly be attributed to efficiencies found and anticipated achievement of some budget strategies.

More detailed explanations of variances are provided in Appendix 2.

## Capital Investments

### Report Overview

The objective of this report is to provide information concerning the status of capital projects and programs. The report presents capital projects in a summarized form by department within different service areas. Accompanying the report are schedules for departments with significant amounts of capital funding available. Consequently, there are schedules for Corporate Facilities Management (FCM), Information and Technology Systems (ITS), Parks, Transit and Engineering.

### Carry Forward Balances

These consist of remaining funds in capital projects approved in prior years. Unless otherwise stated, the majority of these funds are planned to be spent within the foreseeable future. At the start of 2019, the balance of carry forward funds amounted to \$53,458,558, of this carry-forward, approximately \$8.8 million has been spent up to the end of the third quarter.

## Current Year's Capital budget

The 2019 year's total capital budget was \$26.7 million. In addition to this, additional funds have been received mostly in the form of grant funding in Transit grants. Of the total 2019 capital funding, approximately \$6.0 million was spent up to September 30, 2019.

## Capital Expenditures

Total capital expenditures incurred up to September 30, 2019, amounted to almost \$15 million. This amount does not include any amounts for work completed that have not yet been invoiced by suppliers. It is important to note that certain departments such as Engineering and Parks conduct a high level of work during the spring and summer months and as such typically spend a significant portion their tax dollars in the second half of the year.

## Estimated Costs to Completion

Estimated costs to completion are provided by the departments and covers costs to the end of the project life. Cost estimates are based on the department manager's best estimate at the time of this report and may differ as the project moves through the different stages of its life.

## Surplus/Deficit

As budgets are based on best estimates at the time that projects are submitted for Council approval, differences may result between the budget and actual costs. Consequently, a project may lead to a surplus or deficit depending on the actual costs of the project and whether other sources of funding become available during the life of the project. As of September 30, 2019, the total surplus from capital investments is expected to be around \$3.7 million.

More detailed information is available in Appendix 8.

## Procurement Activity

In the third quarter of 2019, five procurements over \$250,000 have been. These were all awarded within their approved 2019 Capital Budget amounts.

More detailed information is available in Appendix 9.

## Staff Complement Update

On September 30, 2019, the City of Grande Prairie had 651 full and part time permanent employees, as well as 138 temporary employees.

A breakdown by type and by Service Area is available in Appendix 10.

This breakdown does not include casual staff employed at the City and presents the information as full-time equivalent (FTE) numbers, as opposed to number of employees. An FTE can either be 2080 hours or 1820 hours, depending on schedules. Some positions, if part-time are a portion of these hours and would therefore add together to create a 1.0 FTE.

## **Relationship to City Council's Focus Areas / Strategic Directions**

Aligns long-term strategy and financial decisions through a budgeting process focused on priorities and sustainable financial health.

Enables and enhances trust, transparency and adaptability by ensuring accountability, integrity, efficiency, best practices and innovation in all operations.

## **Environmental Impact**

There are no environmental impacts associated with this report.

## **Economic Impact**

There are no relevant economic impacts associated with this report.

## **Social Impact**

There are no relevant social impacts associated with this report.

## **Relevant Statutes / Master Plans / City Documents**

Section 153(d) of the Municipal Government Act states that:

*“Councillors have the duty to obtain information about the operation of administration of the municipality from the chief administrative officer or a person designated by the chief administrative officer”.*

## **Risk**

There are no relevant risks associated with this information

## **Alternatives (Optional)**

None

### **STAKEHOLDER ENGAGEMENT**

The unaudited financial statements will be posted on the City's website.

### **BUDGET / FINANCIAL IMPLICATIONS**

The total projected 2019 operating surplus is \$312,000, which represents 0.18% of the City's total budget. Operating variances are reported on in Appendix 2.

### **SUMMARY / CONCLUSION**

For the year-end of 2019, Management projects an operating surplus of \$312,000. This projected surplus does not include the depreciation expense.

Management has completed the financial statements for January to September 2019, which are not externally audited, a high degree of confidence in their accuracy is appropriate.

## ATTACHMENTS

The following financial statements and schedules are attached:

- Appendix 1 – Operating Revenue and Expenditure Summary
- Appendix 2 – Financial Statement Highlights
- Appendix 3 – Statement of Financial Position
- Appendix 4 – Operating Reserves
- Appendix 5 – Long Term Debt and Debt Servicing
- Appendix 6 – Council Travel Expense
- Appendix 7 – Council Attendance
- Appendix 8 – 2019 Capital Budget Update
- Appendix 9 – Procurement Activity
- Appendix 10 – Staff Complement
- Appendix 11 – Budget Strategies
- Appendix 12 – Quarterly KPI Update