2018 Year-End Financial Results

March 20, 2019
Agenda

• Background; By-Law/Policies
• Year End Deliverables
• 2018 Results Summary – Operating
  • Levy and Rate and Recommendations
• 2018 Results Summary – Capital
• Encumbrances
• Next Steps
Background

• Policies & By-Laws that guide our financial reporting requirements:
  o Budget Control By-Law
  o Reserve and Reserve Funds Policy
  o Surplus/Deficit Policy
  o Financial Reporting and Forecasting Policy
Deliverables

• Today:
  o CSD 21-2019 - Year-End Results and Transfer Report
    • 2018 Q4 Financial Update (Appendix 4 of Report)

• May:
  o 2018 Audited Consolidated Financial Statements to Audit Committee
Deliverables

• 2018 Q4 Financial Update
  ○ Located on external website
  ○ What you will find in this report -
    • Departmental financial results; budget vs actuals
    • Capital Project reports; budget remaining, forecasts etc.
    • Operating/Capital Budget Adjustments made in year
    • Reserves, Deferred Revenue Balances and Activity
    • Encumbrance Details
    • Investment Reporting
    • Debt Reporting
    • Consolidated Statement of Financial Position
## 2018 Results Summary - Operating

<table>
<thead>
<tr>
<th>Department</th>
<th>Surplus / (Deficit)* (In millions)</th>
<th>% of Gross Budget Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEVY SUPPORTED</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departments and General Government</td>
<td>$ (1.7)</td>
<td>-0.31%</td>
</tr>
<tr>
<td>NRPS</td>
<td>$ 0.5</td>
<td>0.34%</td>
</tr>
<tr>
<td>Court Services</td>
<td>$ 0.4</td>
<td>8.09%</td>
</tr>
<tr>
<td>NRH</td>
<td>$ 2.6</td>
<td>4.65%</td>
</tr>
<tr>
<td>NPCA</td>
<td>$ (0.0)</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Levy Supported</strong></td>
<td>$ 1.8</td>
<td>0.24%</td>
</tr>
<tr>
<td><strong>RATE SUPPORTED DEPARTMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water &amp; Wastewater</td>
<td>$ 2.1</td>
<td>2.72%</td>
</tr>
<tr>
<td>Waste Management</td>
<td>$ 1.6</td>
<td>3.24%</td>
</tr>
<tr>
<td><strong>Total Rate Supported</strong></td>
<td>$ 3.6</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$ 5.4</td>
<td></td>
</tr>
</tbody>
</table>

* - After indirect allocations
2018 Results Summary - Operating

Levy Supported Programs

• Surplus of $1.8M:
  o Regional Departments & General Government
    • deficit of $1.7M or 0.35% of budgeted expenses
  o Boards and Agencies
    • surplus after indirect allocations of $3.5M or 1.59% of budgeted expenses
2018 Results Summary - Operating

Levy Supported Program

• Recommendations CSD 21-2019:
  ○ $1.8 million **BE TRANSFERRED TO** Taxpayer Relief Reserve
Taxpayer Relief Reserve
Recommend $1.8 M TO the Taxpayer Relief Reserve

Taxpayer Relief Reserve will be $26.5M or 5.02% of gross budgeted expenditures falling short of the 10%-15% target with this recommended transfer.
2018 Results Summary - Operating

Rate Supported Programs

• Surplus of $3.6 million in rate supported programs
  o Water and Wastewater realized a combined funding surplus of $2.1 million or 2.54% of total budget
  o Waste Management realized a funding surplus of $1.5 million or 3.13% of total budget
2018 Results Summary - Operating

Rate Supported Programs

• Recommendations CSD 21-2019:
  o Waste Management Surplus of $1.5 million
    • $1.0 M \textit{BE TRANSFERRED TO} the Waste Management Stabilization Reserve
    • $0.5 M \textit{BE TRANSFERRED TO} the Waste Management Landfill Liability Reserve
  o Wastewater deficit of $0.4 million
    • $0.4 M \textit{BE TRANSFERRED FROM} Wastewater Stabilization Reserve
  o Water Surplus of $2.5 million
    • $0.1 M \textit{BE TRANSFERRED TO} Water Stabilization Reserve
    • $2.4 million \textit{BE TRANSFERRED TO} Water Capital Reserve
Waste Management Stabilization Reserve balance will reach the 15% of gross budgeted expenditures target with this recommended transfer.
Water Stabilization Reserve
Recommend $0.1 M TO Water Stabilization Reserve

Water Stabilization Reserve balance will reach the 15% of gross budgeted expenditures target with this recommended transfer.
Wastewater Stabilization Reserve
Recommends $0.4 M FROM Wastewater Stabilization Reserve

Wastewater Stabilization Reserve balance will be $3.0M or 5.06% of gross budgeted expenditures falling short of the 10%-15% target.
The balance in the Reserve will drop from $3.4M to $3.0M.
2018 Results Summary - Capital

• Capital Variance Project (CVP) is the accumulation of funds budgeted for Capital Projects and not used, therefore subsequently transferred to a CVP as a means of funding unforeseen costs in other Capital Projects.

• Use of CVP is outlined in the Budget Control By-Law

• A CVP exists for each of
  • Water
  • Wastewater
  • Waste Management
  • Levy

• Approval for use of CVP funding is required by Council if amount being requested is more than $250,000 (based on cumulative/project life to date request)
More funding has been returned to capital reserves over the past five years than to funding of active capital project variances.
Encumbrances

• What is an Encumbrance?
  o Mechanism to facilitate funding of goods and services where obligation to purchase has occurred but goods or services not received by year-end
  o An obligation to purchase can be in the form of a purchase order, contract or other legally binding commitment
  o Funds are set aside in the encumbrance reserve for use in the following year

• Requires Council approval as per Reserve Fund Policy
Encumbrances – 5 Year Summary

* CSO grants including in operating costs (vs. Capital) and encumbered for the first time as part of year end process.
Next Steps

• 2018 Consolidated Audited Financial Statements will be presented for approval to Audit Committee on May 9, 2019

• 2018 Audited Financial Statements/Schedules related to specific programs will be presented for information to Audit Committee on June 27, 2019 and September 12, 2019
Questions?