



Report

City of Merritt
REGULAR Council Meeting
September 17, 2019

File Number: 1870

To: Scott Hildebrand, Chief Administrative Officer
From: Sheila Thiessen, Director of Finance & IT
Date: September 10, 2019
Subject: August 2019 Financial Position Report

RECOMMENDATION:

THAT Council accept this report for information only

Background:

The attached report (Schedule A) covers the period from January 1, 2019 to August 31, 2019 and provides a summary of the actual costs incurred to August 31, 2019 in relation to the budgeted amount. As of the end of August 67% of the year has passed, therefore, it is reasonable to expect that 67% of the expenses will have been incurred.

The report includes the following columns from left to right:

- 2019 Budget – Amounts as per Financial Plan Bylaw 2261, 2019
- 2019 Actuals – Actual Costs incurred up to August 31, 2019
- Percentage of Variance
 - Revenue, a negative % means that all the budgeted revenue has not been received yet.
 - Expenditures, a positive % means that there are funds remaining, at this point in the year it should around 33%
- Details (items to be analyzed further in this report)

Reviewed by:			
Director, Corp. Services Approved - Sean Smith	Director, Finance & IT Not yet approved	Director, Engineering & Development Approved - James Dinwoodie	Chief Administrative Officer: Approved - Scott Hildebrand

Analysis:

- A. **Grant in lieu of taxes**, there is still one payment outstanding. It will be received by year end.
- B. **Provincial Government Grants**, we have received all the annual provincial grants, the outstanding amounts relate to capital projects that will be received once the project is complete.
- C. **Regional Grants**, as of August 31, there was funding from the TNRD and Lower Nicola outstanding.
- D. **Sale of Services**, the second billing for utilities and garbage occurs in October. Therefore, only half of the fees have been collected.
- E. **Other Revenue**, this includes revenues that we receive late in the year, it is anticipated that we will receive all the funds budgeted.
- F. **Protective Services** includes RCMP costs which has only been charged to June 30, 2019 as of August 31.
- G. **Development Services** includes Planning and Economic Development and both departments have operating costs that have not been fully incurred at this point, due to timing with projects etc. It is anticipated that these funds will be mostly used by the end of the year or the projects will be carried forward.
- H. **Water Utility** there are some costs that have not been incurred by August 31, but it is anticipated that most of the funds will be utilized by the end of the year.
- I. **Debt Servicing Costs** are tied to specific payment dates and they are split evenly by Spring and Fall.
- J. **Capital Expenditures** (Schedule B)
 - A total of 61 Capital Projects were budgeted for in 2019. Of the 61 projects, as of August 31, 2019, many of these projects are complete or in the final stages of completion as identified on the attached schedule.
 - The following projects will be carried forward to 2020
 1. Fire Hall Expansion
 - a. Alternatives are being considered
 2. Water Main Replacements
 - a. No major replacements scheduled this year, funding to be carried forward.
 3. Sewer Main Replacements
 - a. No major replacements scheduled this year, funding to be carried forward.
 4. Chlorine Storage Building
 - a. To be reconsidered next year due to higher than expected costs.
 5. Voght Street Sidewalk
 - a. Design is being worked on to incorporate flood mitigation and applicability for grant funding.
 - Other than those identified above, most of the projects have come in on budget or under budget.

Other major costs of note are wages, utilities and fuel. The year to date variance for each of these items is as follows:

	Budgeted	YTD Actual	Remaining
Wages	\$5,950,195	\$4,003,632	33%
Fuel	206,000	133,677	35%
Utilities	789,245	448,761	43%
Snow Removal	95,754	80,960	16%

Financial / Risk Implications:

The City's operating costs as of August 31, 2019 have been as anticipated. It is not unusual to encounter some issues with Capital projects regarding actual cost vs budgeted costs and in these cases, staff has taken the time to review the project and the reason for the increased costs. Any changes to the budget will come back to Council for discussion and information.

Operating costs are where they are expected to be at this time of year. Snow removal costs appear to be a little higher at this point, but generally the great expense is incurred in the early part of the year.

Overall there is enough funding for the City's annual operations, with no major cost overruns expected. Staff will be working on the 2020 – 2024 Financial Plan this fall, with the goal of presenting the capital budget for Council's approval by the end of 2019.

Attachments:

Schedule A City of Merritt, Budget to Actuals as of August 31, 2019
Schedule B 2019 Capital Projects Status as of August 31, 2019

Respectfully submitted,

Sheila Thiessen, CPA, CMA
Director of Finance & IT