

## Operating Financial Update – December 31, 2019

### Recommendation

1. That the 2020 Operating Budget be adjusted to increase expenditures by \$3,812,000 and to transfer the equivalent amount from the Financial Stabilization Reserve, to fund the carry-forward of expenditures where 2019 program commitments exist, as outlined in Schedule E, Table 1, Attachment 2, of the March 9, 2020, Financial and Corporate Services report CR\_7976.
2. That the 2020 Operating Budget be adjusted to increase expenditures by \$4,461,871, offset by an equivalent transfer from amounts currently appropriated in the Financial Stabilization Reserve, to address the delay of expenditures into 2020, as outlined in Schedule A, Table 1, Attachment 2 of the March 9, 2020, Financial and Corporate Services report CR\_7976.
3. That the 2020 Operating Budget be adjusted to increase expenditures by \$361,000, offset by an equivalent amount in revenue, to address the timing of expenditures for the Regional Transit Service Commission project into 2020, within City Planning, Urban Form and Corporate Strategic Development as outlined in Table 2, Attachment 2 of the March 9, 2020, Financial and Corporate Services report CR\_7976.
4. That the 2020 Operating Budget be adjusted to increase expenditures by \$9,859,000, offset by an equivalent transfer from the Industrial Servicing Fund Reserve, to address the timing of expenditures within Urban Form and Corporate Strategic Development, City Planning, as outlined in Table 2, Attachment 2 of the March 9, 2020, Financial and Corporate Services report CR\_7976.
5. That the 2020 Operating Budget be adjusted to increase expenditures by \$1,406,000, offset by an equivalent amount in revenue, to address the timing of expenditures for the 41st Avenue/Queen Elizabeth II interchange project into 2020, within City Operations, 41st Avenue/Queen Elizabeth II Interchange, as outlined in Table 2, Attachment 2 of the March 9, 2020, Financial and Corporate Services report CR\_7976.

### Executive Summary

The City of Edmonton has an obligation to measure and transparently report actual results against the City's operating budget to Edmontonians and City Council.

Administration meets this obligation through the Operating Financial Updates, provided three times a year. Consistent and timely financial reporting to Council is part of managing the corporation for the community.

This report outlines the preliminary 2019 operating financial results, including year-end results compared to the approved budget for tax-supported, enterprise/utility and Community Revitalization Levy (CRL) programs. Based on information available to February 24, 2020, results are preliminary, unaudited and subject to change until the approval of the audited consolidated financial statements.

Recommendations for operating budget carry-forward with funding from the Financial Stabilization Reserve (inclusive of the preliminary 2019 tax-supported operating surplus) are included. This report also provides items previously approved by City Council from the Financial Stabilization Reserve, details of the appropriated balance of the Financial Stabilization Reserve, and other funding recommendations.

## **Report**

Attachment 1 of this report presents the preliminary 2019 operating financial results compared to the approved budget for tax-supported, enterprise/utility and Community Revitalization Levy (CRL) programs. As of December 31, 2019, tax-supported operations reflect a net favourable year-end variance of \$20.2 million, or 0.8 percent of the overall expenditure budget.

Attachment 2 provides a listing of:

- carry-forward recommendations with new funding from the Financial Stabilization Reserve;
- carry-forward recommendations for items previously approved by City Council from the Financial Stabilization Reserve;
- other carry-forward recommendations funded through reserves and other external non tax-levy funds;
- details of the appropriated balance of the Financial Stabilization Reserve; and
- projected balance of the Financial Stabilization Reserve.

Recommendations 1 through 5 are detailed in Attachment 2.

Results are preliminary and unaudited while Administration finalizes the City's 2019 annual consolidated financial results. Administration will provide the audited financial statements, presented on a public sector accounting basis as required for legislative reporting, to Audit Committee on April 23, 2020, and to City Council on April 27, 2020.

An Economic Update is included as Attachment 3.

## Corporate Outcomes and Performance Management

<b>Corporate Outcome(s): The City of Edmonton has a resilient financial position</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>
Financial reporting demonstrates corporate accountability and performance	Actual year-end variance to budget for tax-supported operations (projected revenue net of projected expenses)	\$20.2 million favourable variance (as of December 31, 2019)	Financial results are expected to be in line with approved budgets.

### Attachments

1. Operating Financial Update - December 31, 2019 - Preliminary Results
2. Financial Stabilization Reserve (FSR), Operating Carry-Forwards and Other Items
3. Quarterly Economic Update

### Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- J. Meliefste, Acting Deputy City Manager, Integrated Infrastructure Services
- K. Armstrong, Deputy City Manager, Employee Services
- R. Smyth, Deputy City Manager, Citizen Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- B. Andriachuk, City Solicitor