

Preliminary Year-End Results – December 31, 2022

ISSUE

This report is to inform City Council of the preliminary year-end financial results for the fiscal year ending December 31, 2022. Administration is also requesting City Council approval of the following recommendations, subject to the confirmation of the external audit.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council:

1. That the following transfers to reserves be waived and the surpluses remain within the programs to help offset the corporate deficit:
 - a. \$14,220.47 to the Internal Audit Program Reserve;
 - b. \$17,659.40 to the Animal Service Reserve; and
 - c. \$173,247.86 to the Reserve for Unexpended Youth Sports Subsidy Funds.
2. That a reduction in the transfer from the Roadways Operating program in the amount of \$710,740.27 to the Paved Roadways Infrastructure Reserve be approved;
3. That a one-time exception to Council Policy No. C03-003, Reserve for Future Expenditures be approved to allow a transfer of \$500,000 from the Special Events Reserve - Profile Saskatoon to the help offset the deficit;
4. That a one-time exception to Council Policy No. C03-003, Reserve for Future Expenditures be approved to allow a transfer of \$924,395.41 from the Land Operations Reserve to the help offset the deficit; and
5. That the remaining deficit of \$6,677,512.53 million be transferred from the Fiscal Stabilization Reserve to balance the budget.

BACKGROUND

At its January 25, 2023 regular City Council meeting, when deliberating the [2022 Roadways Emergency Response Plan Funding Options](#) it was resolved:

“That borrowing be approved as the funding source for the 2022 Snow Response, with reporting to be provided to Council in advance of budget including options for borrowing to be repaid by reductions to the 2024-2035 Major Capital Plan as contained in Option 3 or building in a 0.75% dedicated property tax phase in for the 2024 to 2027 budgets to repay the borrowing and build in base funding for future snow responses as contained in Option 4.”

DISCUSSION/ANALYSIS

Appendix 1 provides a summary of the financial results by business line for the year ending December 31, 2022. Appendix 2 provides a detailed overview of the 2022 Preliminary Year-End Financial results, recommendations for funding the deficit and the recommendations to waive reserve transfers.

As shown in Appendix 2, which includes further details on various programs, the preliminary results indicate a 1.94% deficit (\$10.99 million) for civic operating programs, and a 0.84% surplus (\$3.16 million) in the City's Utilities. The civic operating programs deficit includes:

- \$488,500 transfer from the Snow and Ice Management Contingency Reserve as per Council Policy No. C03-003, Reserve for Future Expenditures;
- \$354,410.44 transfer from the Fuel Stabilization Reserve as per Council Policy No. C03-003, Reserve for Future Expenditures; and
- One-time funding of \$13,845,900 in reallocated funds from the Investing in Canada Infrastructure Program.

The preliminary year-end deficit also includes \$1.97 million of expenditures related to the December 2022 Snow Event. City Council resolved at its January 25, 2023 meeting that the costs from this snow event will be covered through borrowing. It is estimated that total costs for this event will be up to \$20 million most of which will be expensed in 2023 as the snow clearing and removal is completed. The 2023 expenditures will also be covered through borrowing.

Administration is recommending that the remaining deficit of \$9.02 million, after deducting the borrowing for the December 2022 Snow Event, be funded as follows:

- The non-transfer of the surpluses in the following programs to help offset the corporate deficit:
 - a. \$14,220.47 to the Internal Audit Program Reserve;
 - b. \$17,659.40 to the Animal Service Reserve; and
 - c. \$173,247.86 to the Reserve for Unexpended Youth Sports Subsidy Funds.
- A reduction in the transfer from the Roadways Operating program in the amount of \$710,740.27 to the Paved Roadways Infrastructure Reserve;
- A transfer of \$500,000 from the Special Events Reserve - Profile Saskatoon;
- A transfer of \$924,395.41 from the Land Operations Reserve; and
- A transfer of \$6.68 million from the Fiscal Stabilization Reserve.

Further details on each of these recommendations can be found in Appendix 2.

The projected year-end variance as reported at the [Governance and Priorities Committee meeting](#) on November 14, 2022 was \$8.3 million. The major difference between the projected numbers and the preliminary numbers as presented in this report is the \$1.97 million due to the December 2022 Snow Event.

Utilities

The civic utilities had the following surpluses or deficits:

| Utility Program | Surplus/(Deficit) |
|-------------------------|--------------------------|
| Saskatoon Light & Power | \$ 1,222,667 |
| Water Utility | (\$1,586,826) |
| Wastewater Utility | \$ 1,081,579 |
| Storm Water Utility | \$ 657,233 |
| Waste Services Utility | \$ 1,786,930 |
| Total | \$ 3,161,583 |

The Utility surpluses or deficits have been transferred to or from their respective utility stabilization, capital or replacement reserves as outlined in Council Policy No. C03-003.

Statutory Boards and Controlled Corporation Results

The Saskatoon Police Service's surplus of \$300,000 after transfer to reserves is included in the City's year-end results. The remaining Statutory Boards and Controlled Corporations are not included in the City's year-end results:

- SaskTel Centre is reporting a preliminary surplus of \$1.35 million before contribution to the Civic Buildings Comprehensive Maintenance Reserve and the write off of capital assets.
- TCU Place is reporting a preliminary deficit of \$880,000 for the fiscal year ended December 31, 2022. The deficit will be supported by drawing down the TCU Place capital expansion reserve fund.
- Remai Modern is reporting a preliminary surplus of \$110,000 for the fiscal year ended December 31, 2022, in line with the Business Plan and parameters set by the Board of Directors.

FINANCIAL IMPLICATIONS

The financial implications are included within the report.

OTHER IMPLICATIONS

There are no privacy, legal, social, or environmental implications identified.

NEXT STEPS

The external audit of the financial statements is expected to be completed in June. Following the external audit, the audited financial statements will be presented to City Council for approval. At that time, the year-end financial results will be confirmed or adjusted based on recommendations of the external audit.

APPENDICES

1. Preliminary Financial Results – Year Ending December 31, 2022
2. Detailed Overview of Preliminary Year-End Financial Results

REPORT APPROVAL

Written by: Kari Smith, Director of Finance
Approved by: Clae Hack, Chief Financial Officer

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