

ADMINISTRATIVE REPORT

TO: Robert Nicolay, City Manager	DATE: April 25, 2017
FROM: Susan Walker, Finance Manager	MEETING: Corporate Services Committee
SUBJECT: Unaudited Financial Statement- December 31, 2016	

RECOMMENDATIONS

That the Corporate Services Committee receive the unaudited financial statements and schedules for the year ended December 31, 2016, for information.

That the Corporate Services Committee recommend Council approve the transfer of \$299,814 of the 2016 operating surplus to the Winter Stabilization Reserve.

That the Corporate Services Committee recommend Council approve the transfer of \$2,324,680 of the remaining 2016 operating surplus to the Financial Stabilization Reserve per Policy 338.

PREVIOUS COUNCIL / COMMITTEE DIRECTIONS

On November 18, 2016 Council approved the use of \$500,000 per year for 2017 and 2018 from the 2016 Operating Surplus to lower the property tax increases for both years.

On November 18, 2016 Council approved the use of \$1,315,000 in 2017 to offset the cost of increased operational costs related to annexation to be funded by the Financial Stabilization Reserve.

BACKGROUND

The purpose of this report is to present the financial statements and supplementary schedules for the year ended December 31, 2016. The total 2016 operating surplus is \$2,624,494.46. As per policy 338, annual operating surpluses are to be transferred to the Financial Stabilization Reserve. Administration is recommending a portion of the 2016 operating surplus be allocated to the Winter Stabilization Reserve, effectively maximizing that reserve per Policy 322. The remaining operating surplus will be transferred to the Financial Stabilization Reserve per Policy 338. A portion of this amount will be used to fund Council's motions from November 18th, 2016.

ANALYSIS

- A shortfall in the RCMP program of \$642,000 is the result of increased salaries and a realignment of court fine revenue between RCMP and Enforcement Services to more accurately reflect revenue in the proper department.
- Transportation Services finished the year with a \$1,260,000 surplus mainly as a result of mild weather conditions and a reduced need for snow and ice control. The recommended transfer of \$299,814 to the Winter Stabilization Reserve will maximize the funding in this reserve, as per Policy 322.
- Facility Department finished the year with a surplus of \$573,000. This surplus is a direct result of efficiencies realized from the preventative maintenance management program.
- Net Taxes shortfall of \$495,000 is the result of Commercial Alberta Review Board (CARB) decisions on assessment appeals.
- Other Revenue shortfall of \$1,148,000 is mainly the result of economic conditions in 2016, adversely impacting franchise fees and interest revenue.
- Operating Contingency finished the year with a \$1,671,000 surplus mainly due to salary and benefit cost savings.

A complete analysis of program results is provided in Appendix A.

Relationship to City Council’s Focus Areas / Strategic Directions

Adopting this reporting model and the communication of it with the city’s stakeholders aligns with Council’s Guiding Principle of being Fiscally Responsible

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)

1. Committee may recommend Council approve the transfer of the 2016 surplus, as per administration recommendation.
2. Committee may recommend Council approve the transfer of the 2016 surplus to reserve in some other manner.
3. Committee may request further information from administration.

STAKEHOLDER ENGAGEMENT

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

BUDGET / FINANCIAL IMPLICATIONS

Operating variances have been reported on Appendix A.

SUMMARY / CONCLUSION

An operating surplus of \$ 2,624,494.46 is reported for the year ended December 31, 2016.

ATTACHMENTS

The following financial statements and schedules are attached:

- Attachment 1. - Operating Revenue and Expenditure Summary
- Attachment 2. - Statement of Financial Position
- Attachment 3. – Financial Statement Highlights Appendix A
- Attachment 3. - Operating Reserves
- Attachment 4. - Long Term Debt and Debt Servicing
- Attachment 5. - Council Travel Expense

**City of Grande Prairie
 Operating Revenue And Expenditure Summary
 For the Year Ending December 31, 2016**

Description	YTD Actuals	YTD Budget	Variance
City Manager	2,624,240	2,961,123	336,883
Community Growth	12,240,579	11,756,645	(483,934)
Community Living	22,723,156	24,091,309	1,368,153
Community Safety	50,750,339	51,929,956	1,179,617
Corporate Services	11,739,691	12,135,278	395,587
Fiscal Services	(102,702,498)	(102,874,311)	(171,813)
Total Summary of All Programs	<u>(2,624,494)</u>	<u>-</u>	<u>2,624,494</u>
Depreciation Expense	20,151,486		

Note: This report is a net of Revenue and Expenditures.

The City of Grande Prairie
 Financial Statement Highlights
 31-Dec-16

Appendix A
 (In Thousands)

City Manager		337
	Council general savings mainly due to reduced travel and other costs.	199
	City Manager shortfall due to recruitment costs	(27)
	Internship Program savings due to vacancies	52
	Human Resources salary savings due to vacancies	90
	Health and Safety savings mainly due to general cost savings	23
Community Growth		(484)
	Community Growth Director's general cost savings	14
	Communications and Citizen Engagement surplus mainly due to revenue generated from Community Connections publication and salary savings	25
	Economic development general cost savings	11
	Environmental Stewardship shortfall due to cost incurred for emergency environmental response	(8)
	Geographical Information Systems salary savings	49
	Transit shortfall due to increased use of the Low Income Transit Access (LITA) program and decline in public transit ridership as a result of the weak economy.	(93)
	Planning and Development shortfall due to reduced revenue and increased salary related expenses	(41)
	Revolution Place shortfall mainly due to low revenue from fewer profitable shows than expected and Council's approval to forgive the Grande Prairie Storm hockey club of amounts owing to the city.	(441)
Community Living		1,368
	Custodial services shortfall due to increased salary expenses	(97)
	Community Recreation and Sports reduced grants and general cost savings	85
	Montrose Cultural Centre surplus mainly due to vacancies, utility savings and revenue from Teresa Sargent Hall rental.	242
	Heritage Resources- Increased cost due to additional building operations and maintenance expenses, decreased sponsorship revenue and higher utility expenses	(244)
	Peace Library- savings due to grant allocation being lower than anticipated.	50
	Parks surplus mainly due to salary and general cost savings due to the wet weather conditions this year	420
	South Bear Creek Increased revenue resulting from expanded league and increased tournament activity higher than anticipated and general cost savings.	120
	The Leisure Centre savings due to closure	170
	Bear Creek Pool mainly utility cost savings	22
	Dave Barr savings mainly due to vacancies, program restructuring and utility savings.	180
	Coca Cola Center mainly reduced revenues offset by utility and other general cost savings	43
	Income Recreation Access (LIRAQ) grants to individuals offset by utility and general cost savings	(45)
	Muskoseepi Park Admin (15), Pavilion (74) and Special Events (23) surpluses due to salary savings, decreased utility costs and lower cost of materials.	112
	CSD admin general cost savings	27
	CSD Building mainly lease payments not required and general cost savings	314
	CSD Outcomes shortfall mainly due to personnel issues	(103)
	Young offenders building now called Rising Above Park Campus surplus mainly due to utility savings	55
	FCSS Home Support Services mainly salary savings due to vacancies	34
	Other	(17)

Community Safety		1,180
RCMP shortfall mainly due to decreased revenue from court fines and increased salary costs.	(642)	
Crime Prevention savings mainly due to salary savings from vacancies and general costs savings	65	
Fire Department surplus due to general costs savings	10	
Community Safety Director's surplus mainly due to general costs savings	12	
Emergency Services Response unrecoverable from province relating to Ft Mac fire Enforcement Svc mainly increased contracted services and salaries costs and reduced revenue due to delay in equipment installation.	(332)	
Engineering services savings mainly due to vacancies	467	
Transportation Services surplus mainly due to weather conditions, minimal snowfall and wet summer impacting maintenance projects	1,260	
Safety Codes mainly increased building permit revenue and salary savings due to vacancies	372	
Corporate Services		396
Legislative services shortfall due to increased salary and ARB costs	(96)	
Common Services shortfall mainly due to increased legal fees	(140)	
Information Technology Services shortfall due to increased salary expenses	(126)	
Purchasing shortfall due to salary costs	(19)	
Service Centre savings due to vacancies, decreased utility costs and general cost savings	211	
Facilities Department mainly salary savings and increased operational efficiencies.	573	
Other	(7)	
Fiscal Services		(173)
Net Taxes shortfall due to CARB decisions	(495)	
Other Revenue shortfall due to economic conditions impacting franchise revenue (-626), investment earnings portfolio adjustment (-1004), partially offset by increased penalty revenue (230), increased return on investment and misc revenue (114) and increased revenue from tax sharing agreements (138)	(1,148)	
General Gov't Fiscal Svc surplus mainly due to cost savings in bank charges, pre-payment discounts, and accounts receivable write offs	148	
Police Protection Fiscal Svc mainly adjustment for accrued interest on debt	(132)	
CSD Fiscal Svc provincial contribution for civic housing units	25	
Public Housing Fiscal Svc mainly loss on disposal of land asset	(244)	
Operating Contingency mainly salary contingency & overall benefit cost surplus	1,671	
Other	2	
		<u>2,624</u>

**CITY OF GRANDE PRAIRIE
STATEMENT OF FINANCIAL POSITION
December 31, 2016**

	<u>DEC 31 2016</u>	<u>DEC 31 2015</u>
FINANCIAL ASSETS		
Cash & Temporary Investments	114,747,464	90,273,173
Taxes & Grants in Lieu of Taxes	5,412,160	3,212,980
Trade & Other Receivables	10,103,670	25,561,040
Agreements Receivable	19,743,040	20,742,654
Land Held for Resale	752,300	752,300
Investments	67,656,385	67,656,385
	<u>218,415,018</u>	<u>208,198,532</u>
FINANCIAL LIABILITIES		
Accounts Payable & Accrued Liab	18,509,939	11,038,315
Deferred Revenue	22,686,758	24,498,064
Long-term Debt	138,412,585	133,672,371
	<u>179,609,282</u>	<u>169,208,750</u>
NET FINANCIAL ASSETS	38,805,736	38,989,782
NON FINANCIAL ASSETS		
Inventory for Consumption	750,959	744,595
Prepaid Expenses	249,411	273,570
Tangible Capital Assets	613,121,915	558,697,187
	<u>614,122,285</u>	<u>559,715,352</u>
NET ASSETS	<u>652,928,020</u>	<u>598,705,134</u>
MUNICIPAL EQUITY		
ACCUMULATED SURPLUS	<u>652,928,020</u>	<u>598,705,134</u>

**CITY OF GRANDE PRAIRIE
OPERATING RESERVES
December 31, 2016**

	BALANCE DEC 31/15	TRANSFER TO RESTRICTED FUND	OTHER ADDITIONS	SUB TOTAL ADDITIONS	REDUCTIONS	BALANCE December 31, 2016
Fleet Management System	13,188,420	116,140	3,907,600	4,023,740	3,037,210	14,174,950
Winter Stabilization	1,442,337	12,744	1,000,000	1,012,744	43	2,455,038
Cemetery Perpetual Care	2,293,660	19,954	218,322	238,275	0	2,531,936
Public Housing Commission	455,122	3,763	83,356	87,119	0	542,241
Fire Dept Equipment Replacemen	806,867	7,516	262,999	270,516	312,910	764,472
RCMP Detachment Reserve	293,362	2,592	0	2,592	9	295,945
Facillty Renewal Reserve	801,935	16,836	6,001,837	6,018,673	6,222,302	598,306
Public Reserve	1,053,560	8,007	1,582,847	1,590,854	200,200	2,444,214
Transportation System Levy	8,857,102	79,544	2,094,500	2,174,044	5,456,515	5,574,632
Future Expenditure	10,958,086	91,826	6,032,017	6,123,844	5,815,330	11,266,599
Financial Stabilization	7,096,421	62,517	2,955,912	3,018,429	3,203,048	6,911,802
Pinnacle Ridge Special Tax	0	0	6,949	6,949	0	6,949
Public Art	0	0	25,000	25,000	0	25,000
	\$47,246,872	\$421,439	\$24,171,339	\$24,592,779	\$24,247,567	\$47,592,084

**Long-Term Debt and Debt Servicing
For the Quarter Ended
December 31, 2016**

		<u>Actual</u>
Opening Balance:	September 30, 2016	128,075,401
Less:		
Principal portion of debt payments		-1,640,805
Plus:		
Additional debt taken		11,977,989
Ending Balance:	December 31, 2016	<u>138,412,585</u>
Interest paid on Long-Term Debt		<u>1,028,591</u>
October 1, 2016 - December 31, 2016		<u>1,028,591</u>

Contribution Room

Legal Debt Limit:	December 31, 2016	253,781,447
Ending Balance:	December 31, 2016	138,412,585
Remaining Debt Limit		<u>115,368,862</u>

**CITY OF GRANDE PRAIRIE
TRAVEL EXPENSE REIMBURSEMENT TO COUNCIL
December 31, 2016**

Council Members	Mandatory and City Business Expenditures	Discretionary Expenditure	Total
GIVEN, BILL	15,116.25	2,613.70	17,729.95
CLAYTON, JACKIE	8,814.75	2,513.43	11,328.18
LOGAN, DWIGHT	248.00	63.00	311.00
MCLEAN, KEVIN	9,379.29	8,623.86	18,003.15
O'TOOLE, KEVIN	11,762.27	2,536.74	14,299.01
RADBOURNE, LORNE	2,146.95	3,076.26	5,223.21
RICE, HELEN	3,290.07	6,043.27	9,333.34
THIESSEN, CHRIS	10,511.11	4,888.56	15,399.67
TARANT, RORY	7,513.91	1,832.58	9,346.49
	<u>68,782.60</u>	<u>32,191.40</u>	<u>100,974.00</u>

Notes:

Mandatory and City Business Expenditures include:

- AUMA / AAMDC Conference
- All Committee or Board meetings where the Council member attends as the City's representative including travel, meals, accommodations and per diems.

Discretionary Expenditures include:

- FCM Conference
- Other conferences that Councillors attend
- Public relation items including cost of attendance at not-for-profit fundraisers or other events, travel, meals, accommodations and per diems.