

ADMINISTRATIVE REPORT

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| TO: Robert Nicolay, City Manager | DATE: May 23, 2017 |
| FROM: Reginald Hammond, CPA, CGA Assistant Finance Manager | MEETING: Corporate Services Committee |
| SUBJECT: Unaudited Financial Statement- March 31, 2017 | |

RECOMMENDATIONS

That the Corporate Services Committee receive the unaudited financial statements and schedules for the three month period ended March 31, 2017, for information.

PREVIOUS COUNCIL / COMMITTEE DIRECTIONS

There are no previous Council or Committee directions.

BACKGROUND

The purpose of this report is to present the unaudited financial statements and supplementary schedules for the three month period ended March 31, 2017. The total forecasted 2017 operating surplus is \$1,922,000.

ANALYSIS

Operating variances are the result of a comparison between actual financial results and allocated budget. The annual budget is a model that is prepared at a specific point in time and is based on assumptions for the future. Once approved, the budget remains a static document which becomes a guide for administration and provides a tool for financial analysis. Factors such as, economic conditions, weather conditions, and other unforeseen and external factors have an impact on service provision and ultimately, variance reporting. Administration is responsible to actively monitor and manage the overall operating results to ensure provision of service is maintained and overall operational costs are contained within available resources.

Appendix A, attached to this report, provides a summary of forecasted variances for the year ended December 31, 2017.

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 receive the unaudited financial statements for information.
2. 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 \$ 1,922,000 is forecasted for the year ended December 31, 2017. This projected surplus does not include the depreciation expense.

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 Period Ending March 31, 2017**

| Description | YTD Actuals | YTD Budget | Variance | Annual Forecasted Variance (in thousands) |
|--------------------------------------|------------------------|-----------------------|------------------|--|
| City Manager | 539,179 | 713,438 | 174,259 | 44 |
| Community Growth | 2,800,625 | 3,154,581 | 353,956 | (83) |
| Community Living | 4,940,294 | 6,068,493 | 1,128,199 | 249 |
| Community Safety | 10,478,138 | 13,823,021 | 3,344,883 | 1,150 |
| Corporate Services | 3,787,676 | 3,986,743 | 199,067 | 451 |
| Fiscal Services | 6,699,867 | 7,015,656 | 315,789 | 111 |
| Total Summary of All Programs | <u>29,245,779</u> | <u>34,761,932</u> | <u>5,516,153</u> | <u>1,922</u> |
| Depreciation Expense | 5,037,872 | | | 20,151,486 |

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

**CITY OF GRANDE PRAIRIE
STATEMENT OF FINANCIAL POSITION
March 31, 2017**

| | <u>Mar 31 2017</u> | <u>DEC 31 2016</u> |
|---------------------------------|------------------------|------------------------|
| FINANCIAL ASSETS | | |
| Cash & Temporary Investments | 98,248,541 | 114,747,464 |
| Taxes & Grants in Lieu of Taxes | 0 | 5,412,160 |
| Trade & Other Receivables | 5,133,551 | 10,103,670 |
| Agreements Receivable | 19,743,040 | 19,743,040 |
| Land Held for Resale | 752,300 | 752,300 |
| Investments | 67,656,385 | 67,656,385 |
| | <u>191,533,818</u> | <u>218,415,018</u> |
| FINANCIAL LIABILITIES | | |
| Accounts Payable & Accrued Liab | 10,056,667 | 18,509,939 |
| Deferred Revenue | 22,521,702 | 22,686,758 |
| Deferred Property Taxes | 11,037,569 | 0 |
| Long-term Debt | 136,137,984 | 138,412,585 |
| | <u>179,753,922</u> | <u>179,609,282</u> |
| NET FINANCIAL ASSETS | 11,779,895 | 38,805,736 |
| NON FINANCIAL ASSETS | | |
| Inventory for Consumption | 701,265 | 750,959 |
| Prepaid Expenses | 1,198,285 | 249,411 |
| Tangible Capital Assets | 614,124,428 | 613,121,915 |
| | <u>616,023,978</u> | <u>614,122,285</u> |
| NET ASSETS | 627,803,873 | 652,928,020 |
| MUNICIPAL EQUITY | | |
| ACCUMULATED SURPLUS | 627,803,873 | 652,928,020 |

The City of Grande Prairie
 Financial Statement Highlights
 31-Mar-17

**Appendix A
 (In Thousands)**

| | | |
|-------------------------|---|--------------|
| City Manager | | 44 |
| | City Manager shortfall due to recruitment costs | (20) |
| | Human Resources salary savings due to savings in salary related expenses | 47 |
| | Health and Safety savings mainly due to general cost savings | 17 |
| Community Growth | | (83) |
| | Community Growth Director's general cost savings | 12 |
| | Communications and Citizen Engagement surplus mainly due to revenue generated from Community Connections publication and salary savings | 27 |
| | Corporate Web Management savings mainly due to vacancies | 40 |
| | Environmental Stewardship general program savings | 2 |
| | Geographical Information Systems salary savings | 34 |
| | Transit shortfall mainly due to decline in public transit ridership revenues resulting from the weak state of the economy and some revenue impact from the free Low Income Transit Pass (LITP) in January and February. (Beginning in March, LITP are 50% of the regular monthly pass) | (122) |
| | Planning and Development savings mainly due to decreased salary related expenses and general program savings | 51 |
| | Revolution Place shortfall mainly due to weak economy resulting in decreased show revenues and the impact of a weaker Canadian dollar which reduce the revenue margin per headline show, as most concert fees are paid in US currency as per | (127) |
| Community Living | | 249 |
| | Custodial services shortfall due to increased salary expenses | (10) |
| | Community Recreation and Sports reduced grants allocation and general cost savings | 21 |
| | Montrose Cultural Centre general program savings | 6 |
| | Heritage Resources savings mainly due to programming review and restructuring | 30 |
| | Peace Library- savings due to grant allocation being lower than anticipated. | 48 |
| | Parks savings mainly due to salary and general cost savings | 91 |
| | The Leisure Centre costs savings mainly due to reduced salary and utility expenditures | 98 |
| | Bear Creek Pool mainly utility cost savings | 16 |
| | Dave Barr savings mainly due to reduced salary related expenses and program restructuring | 80 |
| | Coca Cola Center shortfall mainly due to reduced revenues from ice rentals and advertising | (90) |
| | Eastlink Centre shortfall mainly due to reduced revenues and additional expenses for the Low Income Recreation Access program | (232) |
| | Muskoseepi Park Admin general program savings | 21 |
| | CSD admin general cost savings | 30 |
| | CSD Building general cost savings | 18 |
| | CSD Outcomes savings mainly due to vacancies | 45 |
| | Rising Above Park Campus surplus mainly due to utility savings | 57 |
| | FCSS Home Support Services mainly salary savings due to vacancies | 18 |
| | Other | 2 |
| Community Safety | | 1,150 |
| | RCMP surplus mainly a result of court fine revenue | 115 |
| | Fire Department surplus due to motor vehicle collisions recovery and reduced utility costs | 133 |
| | Enforcement Svc surplus resulting from court fine revenue | 185 |
| | Transportation Services surplus mainly due to favourable weather conditions; minimal snowfall (500) and general savings in Traffic Signals (67) (Higher revenue from high load pole turns and work done for Alberta Transportation) | 567 |
| | Safety Codes surplus mainly due to a vacancy and a medical accommodation with reduced hours for six months. | 150 |

Corporate Services**451**

Accounting services surplus mainly due to salary savings offsetting increased recruitment costs

20

Common Services shortfall mainly due to increased legal fees

(153)

Assessment surplus mainly due to salary savings

78

Facilities Department mainly salary savings and increased operational efficiencies.

501

Other

5

Fiscal Services**111**

Increase in property tax penalties.

100

Franchise fee revenue shortfall due to weak economy and mild weather conditions

(294)

Interest on Investments shortfall mainly due to low interest rates

(300)

Other Government Agencies surplus mainly due to increased tax sharing agreement with Town of Sexsmith and County of Grande Prairie

105

Operating Contingency surplus due to employee benefit cost savings

500

1,922

**CITY OF GRANDE PRAIRIE
OPERATING RESERVES
March 31, 2017**

| | BALANCE DEC 31/16 | TRANSFER TO RESTRICTED FUND | OTHER ADDITIONS | SUB TOTAL ADDITIONS | REDUCTIONS | BALANCE March 31/2017 |
|---------------------------------------|----------------------|-----------------------------------|--------------------|------------------------|------------------|--------------------------|
| Fleet Management System | 14,174,949 | 23,704 | 0 | 23,704 | 29,377 | 14,169,276 |
| Winter Stabilization | 2,455,038 | 5,225 | 0 | 5,225 | 0 | 2,460,264 |
| Cemetery Perpetual Care | 2,531,935 | 5,389 | 8,550 | 13,939 | 0 | 2,545,874 |
| Public Housing Commission | 542,241 | 1,154 | 0 | 1,154 | 0 | 543,395 |
| Fire Dept Equipment Replacemer | 764,473 | 1,727 | 65,750 | 67,477 | 100 | 831,850 |
| RCMP Detachment Reserve | 295,946 | 641 | 0 | 641 | 11 | 296,576 |
| Facility Renewal Reserve | 598,306 | 1,601 | 0 | 1,601 | 2,822 | 597,085 |
| Public Reserve | 2,444,214 | 5,202 | 0 | 5,202 | 0 | 2,449,416 |
| Transportation System Levy | 5,574,632 | 16,955 | 82,043 | 98,998 | 5,090 | 5,668,541 |
| Future Expenditure | 11,266,599 | 23,980 | 0 | 23,980 | 280,704 | 11,009,875 |
| Financial Stabilization | 6,911,802 | 12,431 | 0 | 12,431 | 6,384 | 6,917,849 |
| Pinnacle Ridge Special Tax | 6,949 | 15 | 0 | 15 | 0 | 6,964 |
| Public Art | 25,000 | 53 | 0 | 53 | 0 | 25,053 |
| | \$47,592,084 | \$98,077 | \$156,343 | \$254,420 | \$324,488 | \$47,522,018 |

**Long-Term Debt and Debt Servicing
For the Quarter Ended
March 31, 2017**

| | | <u>Actual</u> |
|------------------------------------|-------------------|--------------------|
| Opening Balance: | December 31, 2016 | 138,412,585 |
| Less: | | |
| Principal portion of debt payments | | -2,274,601 |
| Plus: | | |
| Additional debt taken | | 0 |
| Ending Balance: | March 31, 2017 | <u>136,137,984</u> |
| Interest paid on Long-Term Debt | | <u>1,596,198</u> |
| January 1, 2017 - March 31, 2017 | | <u>1,596,198</u> |

Contribution Room

| | | |
|----------------------|-------------------|--------------------|
| Legal Debt Limit: | December 31, 2016 | 253,781,447 |
| Ending Balance: | March 31, 2017 | 136,137,984 |
| Remaining Debt Limit | | <u>117,643,463</u> |

**CITY OF GRANDE PRAIRIE
TRAVEL EXPENSE REIMBURSEMENT TO COUNCIL
As AT MARCH 31, 2017**

| Council Members | Mandatory and City Business Expenditures | Discretionary Expenditure | Total |
|------------------------|---|--------------------------------------|------------------|
| GIVEN, BILL | 2,559.01 | 286.40 | 2,845.41 |
| CLAYTON, JACKIE | 580.62 | 2,573.87 | 3,154.49 |
| LOGAN, DWIGHT | 0.00 | 0.00 | 0.00 |
| MCLEAN, KEVIN | 3,892.00 | 5,444.58 | 9,336.58 |
| O'TOOLE, KEVIN | 5,305.08 | 861.45 | 6,166.53 |
| RADBOURNE, LORNE | 621.62 | 2,365.47 | 2,987.09 |
| RICE, HELEN | 685.14 | 1,682.22 | 2,367.36 |
| THIESSEN, CHRIS | 3,914.83 | 911.45 | 4,826.28 |
| TARANT, RORY | 3,499.64 | 1,354.95 | 4,854.59 |
| | <u>21,057.94</u> | <u>15,480.39</u> | <u>36,538.33</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.