

ADMINISTRATIVE REPORT

TO: Robert Nicolay, City Manager	DATE: April 10, 2018
FROM: Dan Sieben, Finance Manager	MEETING: Corporate Services Committee
SUBJECT: Unaudited Financial Statements – December 2017	

RECOMMENDATIONS

That Committee receive the unaudited financial statements and schedules for the fiscal year ending December 31, 2017, for information.

That Committee recommend Council approve transfer of the 2017 operating surplus of \$2,605,000 to the Financial Stabilization Reserve, as per Policy 338.

PREVIOUS COUNCIL / COMMITTEE DIRECTIONS

There is no previous Council or Committee directions.

BACKGROUND

The purpose of this report is to present the unaudited and unconsolidated financial statements and supplementary schedules for the 2017 calendar year for the financial activities of the City of Grande Prairie proper. It is exclusive of the results of the Grande Prairie Airport Authority, Grande Prairie Public Library or the City's share of Aquatera.

ANALYSIS

A budget is a financial plan designed to articulate Council's strategic objectives and contains a significant number of assumptions. Once approved, the budget remains a relatively static document that becomes a guide for management and provides a tool for financial analysis.

Operating variances result from differences between approved budget and actual financial results. Internal and external factors influence operating variances and include, but are not limited to, population growth, operating efficiencies, economic conditions, availability of resources, weather conditions, and unforeseen conditions.

Management is responsible to actively monitor and manage the overall operating results to ensure that service delivery is maintained at acceptable levels and that operational costs are contained within available resources.

Appendix 1, attached to this report, provides a summary of variances for the year ended December 31, 2017.

Generally, the size and nature of variances experienced in 2017 are consistent with historical results. The projected surplus of \$2.6 million represents approximately 1.58% of the total budget for the City.

Budget/Actual Summary (Appendix 2)

The 2017 surplus from operations is \$2.6M. With the exception of Community Living (\$1.1M over budget), all areas realized favourable variances. The largest contributors to the surplus are: Fiscal Services (\$2.6M), Corporate Services (\$0.7M), Infrastructure & Protective Services (\$0.4M), and City Manager (\$0.1M).

Statement of Financial Position (Appendix 3)

Cash & Temporary Investments at the close of 2017 are lower than at the close of 2016 by \$5.9M. This is the result \$1.6M more in Investments and a \$3.9M collective reduction in payables. The latter is mainly a result of scheduled debt repayments.

Taxes & Grants in Lieu of Taxes consist of municipal taxes that have not yet been collected. The December 31, 2017 balance is about \$2.1M higher than the prior year close. Trade & Other Receivables and Agreements Receivable are lower by an offsetting \$1.9M.

Despite minor swings in both Financial Assets and Financial Liabilities, Net Financial assets close 2017 a marginal \$0.2M less than 2016.

Tangible Capital Assets consist of assets with a useful life longer than one year that have been capitalized plus work-in-progress on capital projects, not yet completed.

Operating Reserves (Appendix 4)

The net change to the Reserve balance total was reduced during 2017 but only by \$0.1M. They end 2017 at \$47,481,599.

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 request further information from management.

STAKEHOLDER ENGAGEMENT

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

BUDGET / FINANCIAL IMPLICATIONS

The total 2017 operating surplus is \$2,605,000. Operating variances have been reported in Appendix 2.

SUMMARY / CONCLUSION

For the year ended December 31, 2017, Administration realized an operating surplus of \$2,605,000. This does not include the depreciation expense.

ATTACHMENTS

The following financial statements and schedules are attached:

- Appendix 1 – Budget/Actual Summary
- Appendix 2 – Financial Statement Highlights
- Appendix 3 – Statement of Financial Position
- Appendix 4 – Operating Reserves
- Appendix 5 – Long Term Debt and Debt Servicing
- Appendix 6 – Council Travel Expense

City of Grande Prairie
 Budget/Actual Summary (In 000's)
 For the Year Ending December 31, 2017

Service Area	Annual Budget	2017 Actuals	Variance
City Manager	7,301	7,244	57
Infrastructure & Protective Services	57,449	57,038	411
Community Living	44,152	45,277	(1,125)
Corporate Services	10,705	10,020	685
Fiscal Services	(119,607)	(116,974)	2,577
Total Summary of Areas	-	2,605	2,605

Depreciation Expense 21,888

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

The City of Grande Prairie
Financial Statement Highlights
December 31, 2017

In 000's

City Manager		
Council	Favourable variance due to lower expenditures in public relations, conferences and other general goods and supplies	209
City Manager	Unfavourable variance due to salary related expenses	(59)
Economic Development	Favourable variance due to lower salary costs and higher revenue from land leases	50
Corporate Web Management	Favourable variance due to lower salary and travel costs	70
Common Services	Unfavourable variance due to higher legal expenditures	(273)
Human Resources	Favourable variance due to lower salary and travel costs	60
Total Projected Surplus/(deficit) - City Manager		57
Infrastructure & Protective Services		
Geographic Information Systems	Favourable variance due to salary savings due to vacant positions during the year	78
RCMP	Favourable variance due to recovery of facility costs from the K-Division for provincial use of detachment	44
Crime Prevention	Favourable variance due to lower salary and travel costs	57
Fire Department	Favourable variance due to revenue recovery from motor vehicle collisions , reduced utility costs and salary savings as a result of vacant positions during the year	614
Bylaw Enforcement	Unfavourable variance due to lower court fine revenue than previously anticipated. In addition, a number of positions were approved by Council	(1,174)
Engineering	Favourable variance due to salary savings as a result of vacant positions during the year	397
Planning & Development	Unfavourable due to decrease in revenue resulting from reduced development activity	(35)
Transportation	Favourable variance mainly due to lower snow removal costs during the year	430
Other Departments	Favourable variance due to salary savings relating to vacant positions during the year	
Total Projected Surplus/(deficit) - Infrastructure & Protective Services		411
Community Living		
Community Living	Unfavourable variance due to salary related expenses	(154)
Service Centre	Unfavourable variance due to increased utility costs due to facility expansion	(32)
Transit	Unfavourable variance due to decline in public transit ridership revenues	(186)
Custodial Services	Unfavourable variance due to salary related expenses	(63)
Heritage Resources		
Montrose Cultural Centre	Unfavourable variance due to purchase of new surveillance equipment and higher salary costs	(123)
Parks	Favourable variance due to salary savings relating to vacant positions during the year and general cost savings	535
Dave Barr	Favourable variance due to program restructuring	184
Eastlink Centre	Unfavourable variance due to lower membership and user fees	(1,394)
The Leisure Centre	Favourable variance due salary savings and lower utility costs	128
Coca Cola Centre	Unfavourable variance due to lower margins due to weaker economy and	(58)
Muskoseepi Park	Favourable variance due to salary savings relating to vacant positions & lower utility costs	80
Revolution Place	Unfavourable variance due to lower margins due to weaker economy and lower Canadian dollar	(314)
Community Social Development	Favourable variance due to salary savings due to vacant positions during the year and lower utility costs	272
Total Projected Surplus/(deficit) - Community Living		(1,125)
Corporate Services		
Information Technology Systems	Favourable variance due to lower licensing fees due to delay in projects	28
Facilities	Favourable variance due to salary savings and increased operational efficiencies.	605
Other Departments	Favourable variance due to salary savings relating to vacant positions during the year	52
Total Projected Surplus/(deficit) - Corporate Services		685
Fiscal Services		
Tax Revenue	Unfavourable variance due to tax appeals that have been settled during the year	(331)
Other Revenue	Favourable variance due to higher penalty revenue	594
Operating Contingency	Favourable variance due to lower employee benefits and other expenditures	1,171
Government Fiscal Services	Favourable due to reduced expenses and surplus in carbon tax levy	476
Other	Favourable variance due to reduced debt servicing cost resulting from delayed borrowing	667
Total Projected Surplus/(deficit) - Fiscal Services		2,577
Total projected Surplus		2,605

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

	Dec. 31, 2017	Dec. 31, 2016
FINANCIAL ASSETS		
Cash & Temporary Investments	108,857,361	114,747,464
Taxes & Grants in Lieu of Taxes	7,472,273	5,412,160
Trade & Other Receivables	9,310,284	10,103,670
Agreements Receivable	18,670,044	19,743,040
Land Held for Resale	752,300	752,300
Investments	82,383,239	80,813,052
	<u>227,445,501</u>	<u>231,571,685</u>
FINANCIAL LIABILITIES		
Accounts Payable & Accrued Liab	25,854,643	18,509,939
Deferred Revenue	19,431,229	22,686,758
Long-term Debt	130,435,996	138,412,585
	<u>175,721,868</u>	<u>179,609,282</u>
NET FINANCIAL ASSETS	51,723,633	51,962,403
NON FINANCIAL ASSETS		
Inventory for Consumption	820,390	750,959
Prepaid Expenses	168,127	249,411
Tangible Capital Assets	629,448,583	613,121,915
	<u>630,437,100</u>	<u>614,122,285</u>
NET ASSETS	682,160,733	666,084,688
MUNICIPAL EQUITY		
ACCUMULATED SURPLUS	682,160,733	666,084,688

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

	BALANCE DEC 31/16	TRANSFER TO RESTRICTED FUND	OTHER ADDITIONS	SUB TOTAL ADDITIONS	REDUCTIONS	BALANCE DEC. 31/2017
Fleet Management System	14,174,949	62,830	1,388,503	1,451,332	2,518,850	13,107,432
Winter Stabilization	2,455,038	120,715	0	120,715	0	2,575,753
Cemetery Perpetual Care	2,531,935	21,556	223,350	244,906	0	2,776,841
Public Housing Commission	542,241	4,616	44,093	48,709	0	590,950
Fire Dept Equipment Replacemer	764,473	6,608	263,000	269,608	100	1,033,981
RCMP Detachment Reserve	295,946	2,530	0	2,530	11	298,465
Facility Renewal Reserve	598,306	5,422	4,638,408	4,643,829	3,971,767	1,270,368
Public Reserve	2,444,214	20,809	49,641	70,450	200,000	2,314,663
Transportation System Levy	5,574,632	52,549	712,509	765,058	59,469	6,280,221
Future Expenditure	11,266,599	95,919	4,318,925	4,414,844	5,710,968	9,970,475
Financial Stabilization	6,911,802	30,575	2,325,053	2,355,628	2,061,384	7,206,047
Pinnacle Ridge Special Tax	6,949	59	0	59	818	6,190
Public Art	25,000	213	25,000	25,213	0	50,213
	\$47,592,084	\$424,401	\$13,988,482	\$14,412,881	\$14,523,367	\$47,481,599

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

		<u>Actual</u>
Opening Balance:	September 30, 2017	131,468,388
Less:		
Principal portion of debt payments		-1,932,392
Plus:		
Additional debt taken		900,000
Ending Balance:	December 31, 2017	<u>130,435,996</u>
Interest paid on Long-Term Debt		<u>1,139,515</u>
October 1, 2017 - December 31, 2017		<u>1,139,515</u>

Contribution Room

Legal Debt Limit:	December 31, 2017	267,440,304
Ending Balance:	December 31, 2017	130,435,996
Remaining Debt Limit		<u>137,004,308</u>

**CITY OF GRANDE PRAIRIE
TRAVEL EXPENSE REIMBURSEMENT TO COUNCIL
DECEMBER 31, 2017**

Council Members	Number of Months Served	Mandatory and City Business Expenditures	Discretionary Expenditure	Total
GIVEN, BILL	12	11,143.16	2,151.40	13,294.56
BLACKBURN,CLYDE	3	3,042.72	50.00	3,092.72
BREESEY, DYLAN	3	1,313.94	0.00	1,313.94
CLAYTON, JACKIE	12	4,503.54	7,796.71	12,300.25
FREISEN,EUNICE	3	2,794.25	645.00	3,439.25
MINHAS,YAD	3	0.00	100.00	100.00
PILAT, WADE	3	2,782.54	270.00	3,052.54
LOGAN, DWIGHT	9	248.00	30.00	278.00
MCLEAN, KEVIN	9	10,115.75	11,371.48	21,487.23
O'TOOLE, KEVIN	12	8,580.21	6,422.07	15,002.28
RADBOURNE, LORNE	9	721.62	3,945.47	4,667.09
RICE, HELEN	9	685.14	6,305.45	6,990.59
THIESSEN, CHRIS	12	10,434.30	1,666.45	12,100.75
TARANT, RORY	9	3,908.46	4,024.95	7,933.41
		<u>60,273.63</u>	<u>44,778.98</u>	<u>105,052.61</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.