

ADMINISTRATIVE REPORT

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.