



Legislation Details (With Text)

File #: AR-18-023 **Version:** 1 **Name:**
Type: Agenda Reports **Status:** Agenda Ready
File created: 1/11/2018 **In control:** City Council
On agenda: 3/19/2018 **Final action:**
Title: Year End Surplus & Reserve Transfers
Presented by: Brenda Barclay, Manager of Financial Operations & Reporting

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
3/19/2018	1	City Council	approved	Pass

TAMRMS#: B06

Year End Surplus & Reserve Transfers

Presented by: Brenda Barclay, Manager of Financial Operations & Reporting

RECOMMENDATION(S)

That the 2017 Municipal operating surplus of \$4,156,507 be transferred as follows:

- That \$1,100,000 be transferred to the Stabilization Reserve to top it up to 2.5% of the annual operating budget;
- Transfer the remaining balance, of approximately \$3,056,507, to the Capital Funding Reserve.

PURPOSE OF REPORT

The purpose of this report is to finalize the disposition of the 2017 Municipal Year End Surplus.

COUNCIL DIRECTION

N/A

BACKGROUND AND DISCUSSION

The 2017 Municipal operating surplus has been adjusted down slightly from what was presented on February 26, 2018 from \$4.1 million to \$4.0 million, due to some additional year end adjusting entries.

As per Council Policy C-FS-05 Budget and Taxation Guiding Principles, Council has the following options to allocate the monies: " In the event of an operating surplus/deficit, funds will applied to/from:

- Reserves, municipal and/or utility, for use in maintaining reserve levels set by Council policy;

or

- ii. one-time expenditures; or
- iii. repayment of outstanding debt.”

Surplus Recommendations

Administration is providing the following recommendation in relation to the disposition of the 2017 surplus as was described in the Agenda report entitled “Preliminary Year End Recommendations for Surplus” on February 26, 2018.

2017 Operating Surplus	\$4,156,507
Top up Stabilization Reserve	\$(1,100,000)
Capital Reserve	<u>\$(3,056,507)</u>
Balance Remaining	\$0

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

N/A

IMPLICATIONS OF RECOMMENDATION(S)

Financial:

The establishment and funding of reserves are a financial strategy intended to provide for emergent financial needs, stabilize tax rates, to set aside funds for the replacement of existing equipment, facilities and future projects. While some reserves have dedicated ongoing funding mechanisms, others do not. Allocation of a portion of the surplus to the recommended reserves provides a one time increase for future use.

Legal / Risk:

None at this time

Program or Service:

Surplus allocations impact the organizations ability to deliver on required services and provides additional funding for future capital projects and/or un-budgeted items that may occur throughout the year.

Organizational:

None at this time

ALTERNATIVES AND IMPLICATIONS CONSIDERED

If Council does not wish to support the recommendations, the following alternative could be

considered:

- a) Alternative 1: Council Members may make motions during the meeting for Council to consider alternate allocation of the surplus in accordance with Policy C-FS-05 however, in order to meet our audit timelines and Financial Statement submission deadlines with Municipal Affairs, any motions must be debated and final surplus transfers finalized at this meeting.

STRATEGIC CONNECTIONS

N/A

Report Date: March 19, 2018

Author(s): Brenda Barclay, Manager of Financial Operations & Reporting

Committee/Department: Financial Services

General Manager: Michelle Bonnici, GM of Corporate Services

City Manager: Kevin Scoble