



Legislation Details (With Text)

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Title: Year End Surplus & Reserve Transfers
Presented by: Brenda Barclay, Manager of Financial Operations & Reporting, Finance & Assessment Department

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3/18/2019	1	City Council		

TAMRMS#: B06

Year End Surplus & Reserve Transfers

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

RECOMMENDATION(S)

That the 2018 Municipal operating surplus of \$1,697,283 be transferred as follows:

1. \$123,000 be transferred to the Stabilization Reserve to top it up to 2.5% of the annual operating budget;
2. Transfer the remaining balance, of approximately \$1,574,283 to the Capital Funding Reserve.

PURPOSE OF REPORT

To finalize the disposition of the 2018 Municipal Year End Surplus.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

N/A

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

Corporate Reporting to Community

Corporate quarterly reports - Corporate reports are provided to Council on a quarterly basis to meet Council's need for regular and formal communication from the City Manager

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

Annual audited financial statements are required to be submitted to Municipal Affairs by May 1 of each year.

BACKGROUND AND DISCUSSION

The 2018 Municipal operating surplus is currently \$1.7 Million, which is the same as what was presented at the February 25, 2019 Council Meeting.

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:

- i. 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 2018 surplus as was described in the Agenda report entitled "Preliminary Year End Recommendations for Surplus" on February 25, 2019.

2018 Operating Surplus	\$1,697,283
Top up Stabilization Reserve	\$(123,000)
Capital Reserve	<u>\$(1,574,283)</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:

Council Members may make motions during the meeting for Council to consider alternate allocation of the surplus in accordance with Council Policy C-FS-05 Budget and Taxation Guiding Principles, 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.

Report Date: March 18, 2019

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Chief Administrative Officer: Kevin Scoble