



Legislation Details (With Text)

File #: AR-17-057 **Version:** 1 **Name:**
Type: Agenda Reports **Status:** Tabled
File created: 1/17/2017 **In control:** City Council
On agenda: 3/20/2017 **Final action:** 3/20/2017
Title: Reserve Transfers & Final Year End
Presented by: Brenda Barclay, Manager of Financial Operations & Reporting

Sponsors:

Indexes:

Code sections:

Attachments: 1. AR - March 7 2017 - Preliminary Year End & Surplus Recommendations (previously distributed), 2. ITSV-011 ITS 2017 Emergency Radio System Replacement

Date	Ver.	Action By	Action	Result
3/20/2017	1	City Council		
3/20/2017	1	City Council	approved	Pass
3/20/2017	1	City Council	denied	Fail
3/20/2017	1	City Council	approved	Pass
3/20/2017	1	City Council	tabled	Pass
3/20/2017	1	City Council	denied	Fail
3/20/2017	1	City Council	denied	Fail
3/20/2017	1	City Council	approved	Pass
3/20/2017	1	City Council	approved	Pass
3/20/2017	1	City Council		

Reserve Transfers & Final Year End

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

RECOMMENDATION(S)

1. That the 2016 Municipal operating surplus of \$6,849,968 be transferred as follows:
 - a) That \$2,233,504 be transferred to the Stabilization Reserve to top it up to 2% of the annual operating budget;
 - b) That \$2,000,000 be transferred to the Municipal Land and Facilities Reserve;
 - c) That \$1,000,000 be allocated for Intermunicipal Initiative;
 - d) That \$971,785 be allocated for AFRRCS Emergency Radio System;
 - e) That \$120,000 be allocated for Ministerial Inspection;
 - f) That \$30,000 be allocated for Enhanced Election Management Strategy;
 - g) That \$25,000 be allocated for Canada Day; and
 - h) That the remaining balance of \$469,679 be transferred to the Capital Funding Reserve.

2. That the remaining balance within the LRT/BRT reserve of \$89,358.45 be transferred to the Capital Reserve and that the reserve be closed.

3. That the remaining balance within the General Transportation reserve of \$90,155.39 be transferred to the Capital Reserve and the reserve be closed.

PURPOSE OF REPORT

The purpose of this report is to finalize the 2016 Municipal Year End Surplus and Recommendations that were presented to Council on February 21, 2017. In addition, recommendations regarding other reserve transfers are being provided as part of this year end process.

On April 18, 2017, following the completion of the City's 2016 audit, the Audited Financial Statements and the Auditor's Year End Communication will be presented to Council for approval.

BACKGROUND AND DISCUSSION

The 2016 Municipal operating surplus has been adjusted slightly down from what was presented on February 21, 2017 to \$6.8 million, from 6.9 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:

- 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 provides the following recommendation in relation to the disposition of the 2016 surplus, as was described in the attached previously distributed Agenda report titled "Preliminary Year End & Surplus Recommendations" on February 21, 2017, and supplemented with approved Council motions from the March 6, 2017 and March 13, 2017 Council meetings. As additional information, the project charter related to the AFRRCS Emergency Radio System is provided as an attachment to this report.

2016 Operating Surplus	\$ 6,849,96
Top up Stabilization Reserve	-2,233,50
Land Reserve	-2,000,00
Intermunicipal Initiatives	-1,000,00
AFRRCS Emergency Radio System	-971,78
Ministerial Inspection	-120,00
Enhanced Election Management Capacity	-30,00
Canada Day	-25,00
Capital Reserve	-469,67
Balance Remaining	\$ -

Other Reserve Clean Up

Administration also recommends some Reserve transfer clean up to streamline the Reserves, as follows:

1. LRT/BRT Reserve - This Reserve was set up to provide funds for an LRT/BRT into St. Albert. As priorities have changed the funds are no longer being collected/directed to this reserve. Administration recommends that \$89,358.45 be transferred to the Capital Reserve and to close the LRT/BRT Reserve.
2. General Transportation Reserve - This Reserve was a combination of reimbursed funds collected from past City front-ended projects and legacy collection for future capital transportation/road initiatives. Administration recommends that \$90,155.39 be transferred to the Capital Reserve and then close the General Transportation Reserve.

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.

Through both Administrative recommendations and Council motions, several projects are being recommended for funding for various reasons provided. Projects recommended by Administration currently have no funding source and are either known unavoidable expenses or are deemed critical items for the City. The two approved Council motions regarding Election Management and Canada Day are currently approved and funded through new assessment growth. Change of the funding source to “surplus” has the impact of increasing the transfer to the Growth Stabilization Reserve.

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:

The ability to proceed with the Capital charter for the AFRRCS Radio System has significant employee health and safety implications.

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 allocations 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 20, 2017

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Committee/Department: Financial Services

General Manager: Maya Pungur-Buick, GM of Corporate Services

City Manager: Kevin Scoble