

## ADMINISTRATIVE REPORT

<b>TO:</b> Horacio Galanti, City Manager	<b>DATE:</b> April 9, 2019
<b>FROM:</b> Danielle Whiteway, Acting Finance Manager	<b>MEETING:</b> Corporate Services Committee
<b>SUBJECT:</b> Unaudited Financial Statements – December 2018	

### RECOMMENDATIONS

That Committee receive the unaudited financial statements and schedules for the fiscal year ending December 31, 2018, for information.

That Committee recommend Council approve transfer of the 2018 operating surplus of \$1.64 million to the Financial Stabilization Reserve, as per Policy 346.

### 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 2018 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, 2018.

Generally, the size and nature of variances experienced in 2018 are consistent with historical results. The surplus of \$1.64 million represents approximately 0.97% of the total budget for the City.

#### Budget/Actual Summary (Appendix 2)

The 2018 surplus from operations is \$1.64M. Both Infrastructure & Protective Services and City Manager were over budget (\$0.34M and \$0.94M respectively), while all other areas realized favourable variances. The largest contributors to the surplus are: Fiscal Services (\$1.45M), Corporate Services (\$1.34M), and Community Living (\$0.13M).

#### Statement of Financial Position (Appendix 3)

Cash & Temporary Investments at the close of 2018 are higher than at the close of 2017 by \$40.6M. This is the result of a significant increase in deferred revenue and account payable, allowing for more funds to be available for investment.

Taxes & Grants in Lieu of Taxes consist of municipal taxes that have not yet been collected. The December 31, 2018 balance is about \$1.6M higher than the prior year close. Trade & Other Receivables and Agreements Receivable are only slightly higher by an offsetting \$1.0M.

Both accounts payable & accrued liabilities, and deferred revenue saw significant increases over 2017. This is largely due to unspent MSI funding, provincial dollars related to Highway 43X and additional grant funding received for various initiatives in upcoming years.

Despite swings in both Financial Assets and Financial Liabilities, Net Financial assets close 2018 only \$1.7M less than 2017.

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 increased during 2018 by \$2.6M. They end 2018 at \$50,125,770.

#### **Relationship to City Council's Focus Areas / Strategic Directions**

Aligns long-term strategy and financial decisions through a budgeting process focused on priorities and sustainable financial health.

Enables and enhances trust, transparency and adaptability by ensuring accountability, integrity, efficiency, best practices and innovation in all operations.

## **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 2018 operating surplus is \$1,640,000. Operating variances have been reported in Appendix 2.

## **SUMMARY / CONCLUSION**

For the year ended December 31, 2018, Administration realized an operating surplus of \$1,640,000. This does not include the amortization 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  
 Operating Revenue And Expenditure Summary  
 For the Period Ending December 31, 2018**

<b>Description</b>	<b>YTD Actuals</b>	<b>YTD Budget</b>	<b>Variance</b>
<b>City Manager</b>	\$ 5,028,515	\$ 4,687,033	(341,482)
<b>Infrastructure and Protective Services</b>	61,890,076	60,951,980	(938,096)
<b>Community Living</b>	33,004,394	33,139,943	135,549
<b>Corporate Services</b>	13,104,978	14,441,454	1,336,476
<b>Fiscal Services</b>	(114,668,387)	(113,220,410)	1,447,977
<b>Total Summary of Service Areas</b>	<u>(1,640,424.00)</u>	<u>-</u>	<u>\$ 1,640,424</u>
<b>Depreciation Expense</b>	\$ 23,425,549		

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

The City of Grande Prairie  
 Financial Statement Highlights  
 December 31, 2018

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<b>City Manager</b>		
Council	Council budget savings in Public Relations, travel, conferences, advertising and other general goods and supplies	128
Legal Services	Increased legal fees and recruitment costs	(300)
Risk Management	Savings from insurance & bond premiums	65
City Manager	Surplus due to salary and benefit savings as a result of multiple replacements and general supply savings	31
City Clerk	Deficit due to staff transition costs, Census costs and FOIP consulting services	(205)
Citizen Engagement	Deficit from staff transition costs	(60)
<b>Total Surplus/(deficit) - City Manager</b>		<b>(341)</b>

<b>Infrastructure &amp; Protective Services</b>		
By-Law Enforcement	Shortfall mainly resulting from the loss of revenue from parking meters due to the downtown construction and loss of revenue due to mail strike in Q3 and as a result of enforcement strategies which has improved driving habits hence reducing court fines.	(1,163)
Crime Prevention	Vacancy savings	168
RCMP	Deficit due to lower court fine revenue	(119)
Fire Department	Less spent on equipment than budgeted	60
IPS Director	Repositioning of Director to City Manager's office and acting deputy directors created salary savings	155
Engineering	Cost savings due to leaves and vacancies, combined with additional revenue	385
Transportation	Deficit resulting from higher than anticipated snow removal contractor costs (\$1,406) due to unfavourable weather. This net with salary savings and other savings throughout.	(861)
Inspection Services	Salary savings combined with less spending on general goods and supplies	91
Planning & Development	Surplus resulting from revenue higher than anticipated, salary savings and general supplies savings	257
GIS	In-house expertise allowing for lower outside support costs combined with vacancy savings	148
Energy & Environmental Services	Unbudgeted summer student as well as additional costs and unanticipated projects contributed to deficit.	(59)
<b>Total Surplus/(deficit) - Infrastructure &amp; Protective Services</b>		<b>(938)</b>

<b>Community Living</b>		
Community Living	Mainly due to salary related expenses	(184)
Custodial	Salary savings	58
Parks	Savings mainly due to salary and general cost savings	213
Transit	Shortfall due to a combination of salary related expenses, DTS fuel, maintenance and grant funding, offset by greater than anticipated revenue.	(296)
Rec & Sports Development	Salary savings	165
Heritage Resources	Shortfall due to salary overages resulting from reclassifications and restructuring	(97)
Bear Creek Outdoor Pool	Savings resulting from the non-operational state of the facility for the year	186
Eastlink Centre	Shortfall resulting from lower than anticipated revenue, salary, utility and grants overages	(531)
ELC Gymnicks	Utility and salary savings	67
Coca-Cola Centre	Revenue higher than budget, combined with salary and utility over budget	(82)
Revolution Place	Lower margins due to weaker economy and lower Canadian dollar and paid leave costs	(380)
Dave Barr	Net result of revenue higher than budget, combined with salaries, general goods and utilities over budget	(131)
CSD	Surplus due to Additional FCSS funds from province to reduce municipal contribution, salary savings and savings from leased space budget	525
Strategic Marketing	Savings from vacant positions and increased revenue during the year	160
Community Group Funding	Less applicants for Large Scale Tourism and Neighbourhood Matching Grants, combined with revised funding base for Peace Libraries	161
Food & Beverage	Savings from inability to operate South Bear Creek Concession and revenue surplus at Revolution Place	160
Montrose Cultural Centre	Salary savings combined with security cost savings	114
Other Departments	Savings from increased revenue and salaries	27
<b>Total Surplus/(deficit) - Community Living</b>		<b>135</b>

<b>Corporate Services</b>		
Assessments	Increased revenue from tax certificates and fees from tax recovery process	62
Accounting Services	Salary savings	53
ITS	Software licensing and year end timing of purchasing	173
Procurement	Additional salary costs	(17)
Facilities	Surplus mainly salary savings and increased operational efficiencies	827
Human Resources	Savings from staff vacancies and consultant savings	238
<b>Total Surplus/(deficit) - Corporate Services</b>		<b>1,336</b>

<b>Fiscal Services</b>		
Other Revenue	Higher penalty and dividend revenue than budgeted	993
Operating Contingency	Salary and benefit savings	436
General Government	Less transfers from reserves	(213)
Police/Rec/Parks/Fac	Savings from delayed borrowing for Bear Creek Outdoor Pool	232
<b>Total Surplus/(deficit) - Fiscal Services</b>		<b>1,448</b>

<b>Total Surplus</b>		<b>1,640</b>
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**CITY OF GRANDE PRAIRIE  
STATEMENT OF FINANCIAL POSITION  
December 31, 2018**

	<u>December 31 2018</u>	<u>December 31 2017</u>
<b>FINANCIAL ASSETS</b>		
Cash & Temporary Investments	\$ 149,445,590	\$ 108,857,361
Taxes & Grants in Lieu of Taxes	\$ 9,060,897	7,472,273
Trade & Other Receivables	\$ 10,304,779	9,310,284
Agreements Receivable	\$ 17,554,144	18,670,044
Land Held for Resale	\$ 752,300	752,300
Investments	\$ 83,641,019	82,383,239
	<u>\$ 270,758,728</u>	<u>\$ 218,415,018</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts Payable & Accrued Liab	\$ 45,380,151	\$ 25,854,643
Deferred Revenue	\$ 36,098,296	19,431,229
Long-term Debt	\$ 140,139,518	130,435,996
	<u>\$ 220,710,278</u>	<u>\$ 175,751,868</u>
<b>NET FINANCIAL ASSETS</b>	<b>\$ 50,048,450</b>	<b>\$ 51,723,633</b>
<b>NON FINANCIAL ASSETS</b>		
Inventory for Consumption	\$ 846,950	\$ 720,390
Prepaid Expenses	\$ 195,482	168,127
Tangible Capital Assets	\$ 664,467,612	629,448,583
	<u>\$ 665,510,044</u>	<u>\$ 630,437,100</u>
<b>NET ASSETS</b>	<b>\$ 715,558,495</b>	<b>\$ 682,160,733</b>
<b>MUNICIPAL EQUITY</b>		
<b>ACCUMULATED SURPLUS</b>	<b>\$ 715,558,495</b>	<b>\$ 682,160,733</b>

**CITY OF GRANDE PRAIRIE  
OPERATING RESERVES  
December 31, 2018**

	BALANCE DEC 31/17	TRANSFER TO RESTRICTED FUND	OTHER ADDITIONS	SUB TOTAL ADDITIONS	REDUCTIONS	BALANCE DEC 31/18
<b>Fleet Management System</b>	\$ 13,107,431	\$ 237,837	\$ 3,979,100	\$ 4,216,937	3,524,327	\$ 13,800,041
<b>Winter Stabilization</b>	2,575,753	51,683	0	51,683	0	2,627,437
<b>Cemetery Perpetual Care</b>	2,776,841	57,804	208,587	266,391	0	3,043,232
<b>Public Housing Commission</b>	590,950	11,858	24,750	36,608	0	627,558
<b>Fire Dept Equipment Replacemer</b>	1,033,980	23,377	268,000	291,377	450,000	875,357
<b>RCMP Detachment Reserve</b>	298,465	5,989	0	5,989	0	304,454
<b>Facility Renewal Reserve</b>	1,270,368	26,955	4,403,943	4,430,898	4,257,486	1,443,780
<b>Public Reserve</b>	2,314,663	51,202	875,700	926,902	400,000	2,841,565
<b>Transportation System Levy</b>	6,280,222	129,944	1,556,502	1,686,446	1,163,535	6,803,133
<b>Future Expenditure</b>	9,970,477	161,073	4,280,838	4,441,911	5,110,782	9,301,606
<b>Financial Stabilization</b>	7,206,047	155,439	2,684,737	2,840,176	1,675,000	8,371,223
<b>Pinnacle Ridge Special Tax</b>	6,190	200	7,563	7,763	0	13,953
<b>Public Art</b>	50,213	1,193	27,500	28,693	9,000	69,906
<b>Neighbourhood Entrance Reserv</b>	0	25	2,500	2,525	0	2,525
	<b>\$ 47,481,600</b>	<b>\$ 914,579</b>	<b>\$ 18,319,720</b>	<b>\$ 19,234,299</b>	<b>\$ 16,590,130</b>	<b>\$ 50,125,770</b>



**Long-Term Debt and Debt Servicing  
For the Quarter Ended  
December 31, 2018**

		<u>Actual</u>
Opening Balance:	September 30, 2018	130,735,713
Less:		
Principal portion of debt payments		-2,063,797
Plus:		
Additional debt taken		11,467,603
Ending Balance:	December 31, 2018	<u>140,139,518</u>
Interest paid on Long-Term Debt		<u>1,131,631</u>
October 1, 2018 - December 31, 2018		<u>1,131,631</u>

**Contribution Room**

Legal Debt Limit:	December 31, 2018	274,940,304
Ending Balance:	December 31, 2018	140,139,518
Remaining Debt Limit		<u>134,800,786</u>

**CITY OF GRANDE PRAIRIE  
TRAVEL EXPENSE REIMBURSEMENT TO COUNCIL  
AS AT DECEMBER 31, 2018**

<b>COUNCIL MEMBER</b>	<b>MANDATORY and City Business EXPENDITURES</b>	<b>DISCRETIONARY EXPENDITURES</b>	<b>TOTAL</b>
GIVEN, BILL	17,679.47	4,774.99	22,454.46
BLACKBURN, CLYDE	7,893.50	167.75	8,061.25
BRESSEY, DYLAN	14,517.05	7,773.96	22,291.01
CLAYTON, JACKIE	5,724.27	6,780.23	12,504.50
FRIESEN, EUNICE	8,308.38	968.00	9,276.38
MINHAS, YAD	9,650.69	2,601.76	12,252.45
O'TOOLE, KEVIN	15,563.94	3,068.20	18,632.14
PILAT, WADE	4,493.84	7,553.96	12,047.80
THIESSEN, CHRIS	15,084.67	4,088.38	19,173.05
	<hr/> <b>\$98,915.81</b>	<b>\$37,777.23</b>	<b>\$136,693.04</b> <hr/> <hr/>

**Notes:**

Mandatory column: includes travel, subsistence, accommodations  
and per diems related to City Business

Discretionary column: includes tickets and any other costs related to public  
relations or education/training events