



REPORT

REPORT TO: Chairs and Members of Community & Corporate Affairs Committee

REPORT FROM: Dana Stanescu, Accounting Supervisor

DATE: May 9, 2018

REPORT NO.: CORPSERV-2018-0021

RE: Town General Surplus 2017

RECOMMENDATION:

THAT Report No. CORPSERV-2018-0021 dated May 9, 2018 regarding 2017 Town General Surplus be received as information;

AND FURTHER THAT \$137,624 of funding previously approved in the 2017 operating budget for contracted labour positions be held in general surplus and carried forward to 2018;

AND FURTHER THAT the final operating surplus of \$1,486,670, as approved through Report CORPSERV-2018-0023, be distributed as follows, the Special Infrastructure Reserve \$125,000, Tax Rate Stabilization Reserve \$100,000, Building Repairs & Maintenance Reserve \$100,000 and Pavement Management Reserve \$100,000, as per the recommended contributions specified in the Long Range Financial Plan. The remaining 2017 operating surplus be distributed to the Library Capital Reserve \$165,097 and Tax Rate Stabilization Reserve \$896,573.

BACKGROUND:

This report is presented in order to provide Community & Corporate Affairs Committee with a general status update on the 2017 Town General Surplus as at December 31, 2017.

COMMENTS:

Report No. CORPSERV-2018-0023 had the following recommendations pertaining to the year-end close, approved by Council on April 16, 2018:

THAT Report No. CORPSERV-2018-0023 dated March 13, 2018 regarding the Operating Budget Status as at December 31, 2017 be received;

AND FURTHER THAT Council authorize staff to distribute \$125,000 of the 2017 operating surplus to the Special Infrastructure Reserve, \$100,000 to the Tax Rate Stabilization Reserve, \$100,000 to the Building Repairs & Maintenance Reserve and \$100,000 to the Pavement Management Reserve, as per the recommended contribution in the Long Range Financial Plan;

AND FURTHER THAT Council approve the distribution of the remaining 2017 operating surplus be distributed to the Library Capital Reserve in the amount of \$165,097 and the Tax Rate Stabilization Reserve in the amount of \$896,573;

AND FURTHER THAT the Committee recommend Council approve the adjustment of the amount distributed to the Tax Rate Stabilization Reserve, should there be any further changes to the operating surplus as a result of the annual year-end audit.

The annual audit is now complete and the final December 31, 2017 operating budget surplus remains the same as previously reported, at \$1,486,670. The surplus distribution policy approved through the 2012 Long Range Financial Plan recommended that the operating surplus be distributed to reserves in the following breakdown, as outlined in Report CS-2012-0039, 65% to Capital Reserve, 20% to Tax Rate Stabilization Reserve, and 15% to Building Repair and Maintenance Reserve. However, staff recommended a variation to the above surplus distribution policy in Report CORPSERV-2018-0023, and propose distribution as follows, \$425,000 of surplus funds be directed to reserves specifically for long range financial planning purposes to offset the 2018 operating budget constraints; the library department operating surplus of \$165,097 be distributed to the Library Capital Reserve as per policy 04-07-23; and finally, due to large draws in recent years staff is recommending 100% of the remaining surplus be used to replenish the Tax rate Stabilization Reserve.

2018 LRFP Annual Increases		Surplus Distribution
Special Infrastructure Levy Reserve		\$125,000
Tax Rate Stabilization Reserve		\$100,000
Building Repairs & Maintenance Reserve		\$100,000
Pavement Management Reserve		\$100,000
		<u>\$425,000</u>
Remaining Reserve Distribution		
Library Capital Reserve		\$165,097
Tax Rate Stabilization Reserve		\$896,573
		<u>\$1,486,670</u>

In addition, there is \$137,624 in general surplus relating to contract positions that were approved through the 2017 operating budget. Due to the nature of the hiring process it is not always possible to have a contract position commence on January 1. Therefore, this amount represents the timing delay in hiring the contractual positions, and needs to be carried forward and recognized in 2018 to offset pre-approved expenses.

As reported through TR-2004-0011 and FIN-2004-0046, it was recommended that any future interest income earnings above the budgeted amount be transferred to the Technology Replacement Reserve. In 2017, the amount transferred to the Technology Replacement Reserve in advance of determining the final operating surplus was \$372,806.

RELATIONSHIP TO STRATEGIC PLAN:

This report supports the strategic objective:

Council's current "Top Eight" priorities, 2014-2018

Establish sustainable financing, asset management and master plans to acquire, operate, maintain, renew and replace infrastructure.

Strategic plan objective I.2 – To ensure the accountability and transparency of the Town's operations, and that appropriate management policies, practices and procedures are in place.

FINANCIAL IMPACT:

The distribution of the annual operating surplus to Reserves outlined in this report assists with meeting the goals of the Long Range Financial Plan (LRFP); further details on the status and impact of the Town's Reserves will be provided in the updated LRFP, to be presented to Council through a Special Council meeting on July 4, 2018.

CONSULTATION:

Finance staff consulted with departments to determine the contents of Schedule "A".

PUBLIC ENGAGEMENT:

There is no public engagement associated with this report.

SUSTAINABILITY IMPLICATIONS:

The sustainability implications of the recommendations of the report were reviewed against the requirements of the Town's Sustainability Implications Worksheet. The Worksheet is completed for substantial non-administrative reports, major projects, studies, policies and initiatives that are relevant to advancing the Town's economic, cultural, environmental and social wellbeing, and quality of life. Since this report is none of the latter, the Sustainability Implications section is not applicable.

COMMUNICATIONS:

There is no communications impact.

CONCLUSION:

Final operating expenses for each department were the same as the preliminary numbers reported in Report No. CORPSERV-2018-0023, and therefore did not require any changes to the amounts distributed to Reserves.

Reviewed and Approved by,

A handwritten signature in black ink, appearing to read "M. J. Leighton". The signature is written in a cursive, flowing style.

Moya Jane Leighton, Manager of Accounting and Town Treasurer

A handwritten signature in black ink, appearing to read "Jane Diamanti". The signature is written in a cursive, flowing style.

Jane Diamanti, Commissioner of Corporate Services

A handwritten signature in black ink, appearing to read "Brent Marshall". The signature is written in a cursive, flowing style.

Brent Marshall, CAO