

Report to Council



Date: April 30, 2018
File: 0250-20
To: City Manager
From: Chair, Audit Committee
Subject: Council Report - Financial Statements for the Year Ending December 31 2017.docx
Report Prepared by: Divisional Director, Financial Services

Recommendation:

THAT Council receives, for information, the Report from the Audit Committee dated April 30, 2018 with respect to the Consolidated Financial Statements and Auditor's Report for the City of Kelowna for the year ending December 31, 2017;

AND THAT Council approves the appropriation of \$5,449,122 of surplus generated from all general fund operations in 2017 to reserves and accumulated surplus as detailed in the Report from the Audit Committee dated April 30, 2018;

AND FURTHER THAT the Consolidated Financial Statements and Auditor's Report be reprinted in and form part of the City of Kelowna's annual report.

Purpose:

To present the Financial Statements to Council for acceptance per the legislative requirement, to provide Council with a recommendation on the appropriation of \$5,449,122 of surplus to general reserves and accumulated surplus and to seek approval to include the Financial Statements in the annual report.

Background:

A detailed review of draft City of Kelowna Financial Statements for the year ending December 31, 2017 was undertaken on April 24, 2018 by the Audit Committee, the City of Kelowna Auditor, Grant Thornton LLP, and Financial Services staff.

City Administration has recommended the appropriation to reserves and accumulated surplus of 2017 surplus generated from all general and library fund operations, in the amount of \$5,449,122 in addition to those amounts that are normally appropriated through the budget process. The Audit Committee is in agreement with reasons provided for the appropriation. This results in an unappropriated surplus for

2017 of \$2,249,122 and an accumulated surplus balance of \$4.65 million, noting that \$2.1 million is currently budgeted for the 2017 extraordinary flood event.

The recommended appropriations to reserves are:

Snow Removal	\$ 800,000
Civic Facilities	1,200,000
Land Sales	600,000
Parks Purchase & Development	600,000
Accumulated Surplus	<u>2,249,122</u>
	<u>\$5,449,122</u>

Legal/Statutory Authority:

The Community Charter section 167 "Annual Financial Statements" requires that municipal financial statements for a fiscal year must be presented to Council for its acceptance.

Financial/Budgetary Considerations:

The financial impact is that a total of \$3,200,000 will be transferred from surplus to reserves and \$2,249,122 will fall to accumulated surplus to replace the \$2.1 million budget amendment for the extraordinary use of accumulated surplus for the 2017 flood event.

Considerations not applicable to this report:

Internal Circulation:

Legal/Statutory Procedural Requirements:

Existing Policy:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by:

Mayor Basran, Chair, Audit Committee

cc: Councillor G. Given – Audit Committee
Councillor L. Stack – Audit Committee
Divisional Director, Financial Services
Controller
Financial Planning Manager
Accounting Operations Manager
Grant Thornton LLP – Auditor - Mr. Tyler Neels, CPA, CA