

Report to Council



Date: May 2, 2016
File: 0250-20
To: City Manager
From: Chair, Audit Committee
Subject: Financial Statements for the Year Ending December 31, 2015
Report Prepared by: Financial Services Director

Recommendation:

THAT Council receives, for information, the Report from the Audit Committee dated May 2, 2016 with respect to the Consolidated Financial Statements and Auditor's Report for the City of Kelowna for the year ending December 31, 2015;

AND THAT Council approves the contribution of \$3,300,000 of surplus generated from all general fund operations in 2015 to reserves as detailed in the Report from the Audit Committee dated May 2, 2016;

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 contribution of \$3,300,000 of surplus to reserves 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, 2015 was undertaken on April 26, 2016 by the Audit Committee, the City of Kelowna Auditor, Grant Thornton LLP, and Financial Services staff.

City Administration has recommended the contribution to reserves of 2015 surplus generated from all general fund operations, in the amount of \$3,300,000 in addition to those amounts that are normally contributed through the budget process. The Audit Committee is in agreement with reasons provided for the contribution. This results in an unappropriated surplus for 2015 of \$135,719 dollars and an accumulated surplus balance of \$2.2 million, equivalent to approximately 2.0% of taxation.

The reserve contribution recommendation is:

RCMP Contract	\$ 600,000
Finance/Major Systems Software	\$ 800,000
Major Facilities	\$ 900,000
Land Sales	\$ 500,000
Parkland	\$ 500,000
	<u>\$3,300,000</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 \$3,300,000 will be contributed from surplus to reserves.

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, Corporate & Protective Services
Financial Services Director
Financial Planning Manager
Special Projects Manager
Grant Thornton LLP - Auditor
Mr. Jim Grant, CPA, BEd, MBA
Mr. Tyler Neels, CPA, CA