

# Report to Council



**Date:** May 2, 2017  
**File:** 0250-20  
**To:** City Manager  
**From:** Chair, Audit Committee  
**Subject:** Financial Statements for the Year Ending December 31, 2016  
Report Prepared by: Financial Services Divisional Director

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## **Recommendation:**

THAT Council receives, for information, the Report from the Audit Committee dated May 2, 2017 with respect to the Consolidated Financial Statements and Auditor's Report for the City of Kelowna for the year ending December 31, 2016;

AND THAT Council approves the appropriation of \$4,252,159 of surplus generated from all general fund operations in 2016 to reserves as detailed in the Report from the Audit Committee dated May 2, 2017;

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 \$4,252,159 of surplus to general 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, 2016 was undertaken on May 2, 2017 by the Audit Committee, the City of Kelowna Auditor, Grant Thornton LLP, and Financial Services staff.

City Administration has recommended the appropriation to reserves of 2016 surplus generated from all general fund operations, in the amount of \$4,100,000 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 2016 of \$152,159 and an accumulated surplus balance of \$2.4 million, equivalent to approximately 2.0% of taxation.

The recommended appropriations to reserves are:

RCMP Contract	\$ 700,000
Finance/Major Systems Software	\$ 750,000
Major Facilities	\$ 850,000
Land Sales	\$ 700,000
Parks Purchase & Development	\$ 700,000
Public Works/Initiatives	<u>\$ 400,000</u>
	\$4,100,000

**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 \$4,100,000 will be transferred from surplus to reserves and \$152,159 will fall to accumulated surplus.

**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  
Financial Planning Manager  
Controller  
Grant Thornton LLP – Auditor  
Mr. Tyler Neels, CPA, CA