

Memo



To: Regular Meeting
From: Chief Financial Officer
Date: 2019-04-23
Subject: 2019-2023 Financial Plan Capital Project Funding

Background

During the process of drafting the financial statements, staff discovered that a material error had been made in the Five Year Financial Plan regarding the allocation of funding between reserves and grants for the Wastewater Treatment Plant Upgrade project.

The project was originally approved for a total expenditure of \$4,010,000, with \$3,328,300 to be funded by grants and the remaining \$681,700 to be funded from reserves. An additional \$454,000 to come from reserves was included in the 2018-2022 Financial Plan Amendment adopted in September 2018.

The 2019-2023 Financial Plan has the remaining project expenditures of \$2,557,242 allocated as \$2,122,512 to grants and \$434,730 to reserves. These amounts should actually be \$1,745,692 and \$811,550 respectively.

The impact of this adjustment is an additional \$376,820 of funding required from reserves. The updated five year projected inflows and outflows from reserves will be as follows:

RESERVE CONTINUITY	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Opening Reserve Balance	7,360,575	1,953,218	994,218	780,218	166,218
Transfer out for capital	(6,507,357)	(2,559,000)	(1,914,000)	(2,514,000)	(2,014,000)
Contribution from operating					
Transfer in from current operating	1,100,000	1,600,000	1,700,000	1,900,000	2,000,000
Transfer in from prior surplus					
Closing Reserve Balance	1,953,218	994,218	780,218	166,218	152,218

There will be no impact on taxation revenues or property tax rates.

As the 2019 budget will require amendment to include the recent acquisition of the four lots on 70th Avenue, Staff would like to recommend that Council also refers the above adjustment to the five year financial plan amendment process.

Benefits or Impacts


General

Staff is providing this report to make Council aware of a recently discovered error in the Five Year Financial Plan Bylaw No. 2055, which was adopted on April 8.

This oversight can and should be corrected through an amendment of the annual financial plan in conjunction with other changes which are required to the 2019 budget.

The provisions of the *Community Charter* allow for the amendment of the annual financial plan by bylaw at any time.

Strategic Impact

-  The Five Year Financial Plan will require an adjustment to reduce grant revenues by \$376,820, with an offsetting increase in transfers from reserves.

Policy/Legislation

Community Charter Section 165 (2)

2019-2023 Five Year Financial Plan Bylaw No. 2055

Attachments

2019-2023 Five Year Financial Plan Bylaw No. 2055