

**Item No. 10.1.4**  
**Halifax Regional Council**  
**March 27, 2012**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:** Original signed by   
\_\_\_\_\_  
Richards Butts, Chief Administrative Officer

Original Signed by Director

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Greg Keefe, CMA, A/Director of Finance & Information Technology/CFO

**DATE:** March 13, 2012

**SUBJECT:** Reserve Withdrawals

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**ORIGIN**

1. Approved 2011/12 Operating, Project and Reserve Budgets; and,
2. Council report dated November 16, 2010 to Award Tender No 10-083.

**RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Approve a withdrawal in the amount of \$1,282,000 from Capital Surplus Reserve, Q103; to account for the partial funding of the 2011/12 project budget; and
2. Approve a withdrawal in the amount of \$96,738 from Sustainable Community Reserve, Q127, to move funding received by ECO Trust to the funding of the project, as it had been deposited to the reserve in error.

## **BACKGROUND**

There are a few housekeeping type transactions affecting reserves that, per the Reserve Policy, require Council Approval.

In the 2011/12 budget, budget transfers out of the Gas Tax Reserve and from Capital Surplus Reserve were not clearly described as a withdrawal from the reserve.

Also, during 2010/11, Eco Trust cost sharing funds were directed to the Reserve and should have been recorded as cost sharing.

This report ensures full disclosure of these withdrawals and ensures that there is full and transparent approval of withdrawals from the reserves.

## **DISCUSSION**

Per the Reserve Policy, all withdrawals from Reserves must be approved through a recommendation to Council.

In the 2011/12 Budget, there was a request for \$1,282,000 in funding from Capital Surplus. This funding should have been described as a withdrawal from the Capital Surplus Reserve, Q103, of \$1,282,000 and the balance in this reserve reduced by \$1,282,000 to a projected March 31, 2012 balance of \$47,054.00. As a result, the withdrawal was not reflected in the Reserve withdrawals presented to Council and thus did not receive Council approval. Recommendation 1 is a request for Council's approval of this withdrawal.

Also, in the 2011/12 budget, there were several places that indicated that funding would be received from Gas Tax or Gas Tax Revenue. While Gas Tax Revenue was received as anticipated, the revenue is deposited into the Gas Tax Reserve and the funding source is a withdrawal from a Reserve. The Reserve budget did indicate these amounts as a withdrawal from the Gas Tax Reserve, thus, the balance in the Reserve has been reduced appropriately. However, for the sake of transparency, the funding from Gas Tax should have been more clearly described as a withdrawal from the Gas Tax Reserve.

In 2010/11, a grant was received from the Eco Trust to fund a project. In the course of recording the receipt of the grant, the funds were transferred into the Sustainable Communities Reserve, Q127 in error. The funds should have been transferred directly to the project as a funding source. However, as the funds were transferred into the Reserve, the Reserve Policy requires Council approval to withdraw these funds. Recommendation 2 requests Council's approval for these funds to be withdrawn.

**BUDGET IMPLICATIONS**

The proposed funding changes can be accommodated within the 2011/12 Reserve Budget. The budget availability has been confirmed by Finance.

**Summary: Capital Surplus Reserve, Q103**

Projected Balance March 31, 2012	\$ 1,334,769
Recommendation #1	\$ (1,282,000)
Projected Balance March 31, 2012	<u>\$ 52,769</u>

**Summary: Sustainable Communities Reserve, Q127**

Projected Balance March 31, 2012	\$ 291,136
Recommendation #2	\$ (96,738)
Projected Balance March 31, 2012	<u>\$ 194,398</u>

**FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating and Project budget, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation. If approved, this will increase 2011/12 Reserve withdrawals by \$1,378,738.

**ALTERNATIVES**

There are no alternatives.

**ATTACHMENTS**

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Original Signed

Report Approved by: Louis de Montbrun, CA, Manager Financial Reporting, 490-7222

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