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Item No.
Audit and Finance Standing Committee
April 18, 2018

TO: Chair and Members of the Audit and Finance Standing Committee

SUBMITTED BY: Original signed

Bruce Zvaniga, Acting Chief Administrative Officer

Original signed

Jerry Blackwood, Acting CFO/Director of Finance & Asset Management

DATE: February 12, 2018

SUBJECT: **Community Grants Program 2017 - Transfer of Funds from M311- 8004 to General Contingency Reserve, Q421**

ORIGIN

June 13, 2017 - Regional Council approval of fifty-two (52) awards under the 2017 Community Grants Program for a combined total of \$453,858.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter ("HRM Charter"), S.N.S. 2008, c.39

79(1) The Council may expend money required by the Municipality for

...

(av) a grant or contribution to

...

(v) any charitable, nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization within the Province,

...

(vii) a registered Canadian charitable organization;"

Audit and Finance Committee Terms of Reference

8. The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:

...

(g) the creation of modification of reserves and withdrawals not approved in the approved budget.

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee recommend that Halifax Regional Council:

1. Transfer the \$25,000 approved for a grant to the Sac-A-Wa Canoe Club, and the \$25,000 approved for a grant to the Sheet Harbour and Area Chamber of Commerce under the 2017 Community Grants Program from M311-8004 to the General Contingency Reserve, Q421; and
2. Authorize the withdrawal of \$50,000 from the General Contingency Reserve to fund the two (2) capital grants, \$25,000 for a grant to the Sac-A-Wa Canoe Club and the \$25,000 for a grant to the Sheet Harbour and Area Chamber of Commerce, as approved under the 2017 Community Grants Program, to be incurred in 2018-19, subject to confirmation of the required Federal government funding and a demonstrated ability to proceed with construction.

BACKGROUND

Of the fifty-two (52) awards approved by Regional Council under the 2017 Community Grants Program two (2) capital grants were not issued pending confirmation of the applicant's ability to proceed with the project. The two grants are as follows:

1. A capital grant in the amount of \$25,000 to the Sheet Harbour and Area Chamber of Commerce to assist in the costs of purchasing floating docks for a larger project; a multi-phased marina development project. The funds were to be issued upon confirmation of \$150,000 requested in federal government funding (ACOA).
2. A capital grant in the amount of \$25,000 to the Sack-A-Wa Canoe Club towards construction of a new paddling facility. The funds were to be issued upon confirmation of re-zoning application, provincial and federal funding, and a project start date. The club is awaiting confirmation of ACOA funding in 2018.

The *Community Grants Program* permits an extension of up to 12 months if a project cannot proceed as planned or cannot be undertaken within the reporting timeframe (ie. before March 31). If, after a one-year extension, the project cannot proceed the funds are to be returned to the Municipality.

DISCUSSION

The capital projects assisted by the Community Grants Program cannot proceed in fiscal year 2017. Both the Sac-A-Wa Canoe Club and the Sheet Harbour Chamber of Commerce have requested a carry-forward to fiscal year 2018. Both organizations are awaiting confirmation of funding from the federal government in 2018.

To enable payment of these two capital grants to be considered in fiscal year 2018, the funds can be transferred to a reserve. A corresponding commitment to release in 2018 would allow the grant(s) to be paid upon proof of construction readiness.

See: Alternatives.

FINANCIAL IMPLICATIONS

The two (2) grants addressed in this report were awarded from the 2017 approved Community Grants Program budget and will be transferred to Q421 - General Contingency Reserve and be transferred back to operating in fiscal year 2018 if required.

Budget Summary, Risk Reserve – General Contingency Reserve, Q421

| | |
|---|--------------------|
| Balance in reserve, January 31, 2018 | \$ 2,201,304 |
| Estimated revenue to March 31, 2018 | \$ 388,473 |
| Commitments to March 31, 2018 | \$(1,855,771) |
| Recommendation, contribution from operating | \$ 50,000 |
| Recommendation, commitment to fund operating in 2018/19 | <u>\$(50,000)</u> |
| Projected net available balance, March 31, 2018 | \$ 734,006 |

Risk Reserve – General Contingency Reserve, Q421 is to receive the annual operating surplus of the Municipality as prescribed by the Provincial Financial Accounting and Reporting Manual, and can be used to fund operating costs, offset deficits, or fund new operating and/or capital expenditures. This recommendation does not have an impact to the reserve as it is a contribution in 2017/18 and a commitment to withdraw in 2018/19 for the same amount.

RISK CONSIDERATION

There are no risks associated with directing the funds to a reserve account. The risk is that the capital projects undertaken by the two (2) non-profit organizations may be unable to proceed in fiscal year 2018.

COMMUNITY ENGAGEMENT

Not applicable.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

1. Audit and Finance Standing Committee may choose to not recommend that Halifax Regional Council direct staff to transfer \$50,000 from the 2017-18 operating budget to the reserve. The grants could be revoked and the two (2) applicants could elect to re-apply to the 2018 Community Grants Program.
2. Audit & Finance Standing Committee could recommend That Regional Council authorize payment to be issued.

This action is not recommended: The risk of issuing payment(s) in the amount of \$25,000 in advance of confirmation of a capital project's ability to proceed outweighs a precautionary transfer to a reserve to hold funds pending confirmation of a construction start-date.

ATTACHMENTS

None.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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