



The Corporation of the City of Cornwall
Regular Meeting of Council
Report

Department: Financial Services
Division: Finance
Report Number: 2019-208-Financial Services
Prepared By: Paul Scrimshaw, Accounting Manager and Deputy Treasurer
Meeting Date: November 12, 2019
Subject: **Third Quarter Financial Results 2019**

Purpose

The purpose of this report is to provide Council with an update on the City's financial activities to the third quarter of 2019 and compare those activities with the 2019 Financial Plan.

Recommendation

That Council receive the third quarter Financial Results for the period ending September 30, 2019.

Financial Implications

Managers have reviewed their respective financial reports for the period ending September 30, 2019. The 2019 year end projection is based on results to September 30, 2019, forecasted to the end of the year.

Schedule I provides a summary of variances, both favourable and unfavourable projected to the end of the year. Overall, the City is on budget. A surplus in the amount of \$48,948 is estimated for the taxation budget.



The following items may have an impact on the budget and will continue to be monitored:

1. Tax Refunds: As reported to Council, tax write-offs are exceeding budget. The City settled two long-standing tax appeals in 2019. The City has budgeted net \$1M for tax refunds. Currently, the City has refunded \$6,838,211 in tax dollars related to vacancies, adjustments, and Minutes of Settlement. The City has \$3.3M set up in a reserve to help offset these appeals, \$1.97M will be funded from the Working Reserve to be repaid over the next few years. The net variance would be funded by the operating budget.
2. 2019 Supplementary Taxation: Revenue is estimated at \$280,000 (budget \$400,000). In a year where supplementary taxation exceeds budget, the additional revenue is contributed to Working Reserves as per Policy. In a year where supplementary taxation is below budget, the variance is to the operating budget.
3. Investment Income: As reported through the commentary for Financial Services, interest revenue generated on City investments and bank balances is higher than expected due to favourable interest rates. It is estimated that Investment Income will exceed budget by \$75,000 at year end.
4. Winter Control: The snow clearing and removal expenditures are currently over budget at third quarter. Over the past several years, costs during fourth quarter have averaged \$462K. Winter control activities to the end of 2019 may trigger a deficit (estimated at \$93,000) for this department. Currently, the Winter Control Reserve has a balance of \$600K.
5. Building Permits: Permit Processing revenues, currently at \$1.55M are exceeding the 2019 budget of \$717,500. This is a result of several large permits, which were not known at the time of the 2019 budget. A surplus in permit revenue at year end will be contributed to the Building Surplus Reserve (permits) as per the Reserve and Reserve Fund policy.
6. Municipal Accommodation Tax (MAT): 2019 is the first full year for the MAT. It is anticipated that the revenue from the MAT will exceed budget by \$150,000. All MAT revenue is regulated to be used for Tourism activity. Any surplus in MAT revenue at year end will be shared based on the allocation formula with the Tourism Development Corporation of Cornwall.



A surplus in the amount of \$365,000 is estimated for Environmental Services Water and a surplus in the amount of \$174,000 is estimated for Environmental Services Wastewater. Projected variances are listed on Schedule II. Any variances to budget will be contributed to/funded by respective Reserves at year end.

Financial Services continues to work closely with all City Departments in monitoring financial activity to ensure that any action required to address negative variances in relation to the budget is considered.

Strategic Priority Implications

This report addresses Council's accountability and transparency to the ratepayers of the City of Cornwall.

Background / Discussion

The attached reports summarize the operations of the City for the period ending September 30, 2019.

1. Interim financial statements for the period ending September 30, 2019 including comments from Managers in respect to their business unit operations.
2. Capital Reports as at September 30, 2019.
3. Summary of Reserves and Reserve Funds as at September 30, 2019.
4. Summary of Progress Funds as at September 30, 2019.

Document Title:	Third Quarter Financial Results 2019 - 2019-208-Financial Services.docx
Attachments:	<ul style="list-style-type: none">- Operating Sep 30 2019.pdf- Capital Report Sept 30 2019.pdf- Reserves Sep 30 2019.pdf- Progress Fund Sept 30 2019.pdf
Final Approval Date:	Nov 5, 2019

This report and all of its attachments were approved and signed as outlined below:

Tracey Bailey - Nov 5, 2019 - 6:31 PM

Maureen Adams - Nov 5, 2019 - 7:29 PM