



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

Department: Financial Services
Division: Finance
Report Number: 2020-274-Financial Services
Prepared By: Paul Scrimshaw, Accounting Manager and Deputy Treasurer
Meeting Date: May 11, 2020
Subject: 2019 Fourth Quarter Financial Overview – Preliminary Report

Purpose

To provide Council with the preliminary results for the City of Cornwall for the 2019 fiscal year. Our financial statements are currently being audited by our external auditors (MNP LLP).

Recommendation

That Council authorize the transfer of funds as follows:

- (a) That \$ 251,356 be transferred to the Working Reserve.
- (b) That \$ 300,000 be transferred to the Tax Stabilization Reserve.
- (c) That \$ 274,281 be transferred from the Winter Control Reserve.
- (d) That \$ 442,737 be transferred to the Water Works Reserve.
- (e) That \$ 228,350 be transferred to the Wastewater Works Reserve.

Financial Implications

The 2019 Year End Report recommends the disposition of the 2019 Year End surplus. As a result of operations in 2019, Staff are recommending the following transfers to/from reserves:

City of Cornwall, excluding Water and Wastewater

The City of Cornwall has an approximate net operating surplus for 2019 in the

amount of \$277,075. The recommendation for contribution to/from reserves is the following:

- I. That \$ 251,356 be transferred to the Working Reserve.
- II. That \$ 300,000 be transferred to the Tax Stabilization Reserve.
- III. That \$ 274,281 be transferred from the Winter Control Reserve.

Major variances

Taxes written off for assessment appeals and vacancy rebates were over budget by \$5,193,348. As Council is aware, the City has settled several large outstanding assessment appeals relating to the distribution centers. The City budgeted \$1,500,000 in the 2019 budget for tax refunds. The actual amount of tax refunds including the distribution centers was \$6,693,348. To cover the shortfall in tax refunds \$3,294,085 was utilized from the Tax Stabilization Reserve and \$1,899,263 from the Working Reserve to be repaid over the next 4 years (2020-2023).

Due to unfavourable weather conditions, the City had a shortfall in Winter Control in the amount of \$274,281. It is recommended to utilize \$274,281 from the Winter Control Reserve to bring the Winter Control section to budget. Costs associated with winter control activities for the first quarter of 2020 are trending below average when compared to the past several years. The reserve may be replenished in future years based on winter conditions.

Building Permit revenue at Year End is \$1.9M. This exceeded the 2019 budget by \$1.2M. This was a result of several large permits which were not known at the time of the 2019 budget. The net Building Services' surplus of \$707K at Year End was contributed to the Building Surplus Reserve (permits) as per the Reserve and Reserve Fund policy.

Environmental Services Water

The City of Cornwall has an approximate surplus for 2019 in the amount of \$442,737. The recommendation is to transfer this surplus to the Water Works Reserve.

Environmental Services Wastewater

The City of Cornwall has an approximate surplus for 2019 in the amount of \$228,350. The recommendation is to transfer this surplus to the Wastewater Works Reserve.



Supplementary Taxation

2019 Supplementary Taxation revenue is \$328,790 (budget \$400,000). For 2019, supplementary taxation had a shortfall of \$71,210, therefore no contribution to reserves is recommended.

Strategic Priority Implications

Fiscal responsibility is a key pillar to the City's strategic objectives. The details outlined within this report as well as the attachments have recommendations for contributions to/from reserves that can be used to mitigate unanticipated financial risks to the Corporation and reduce the impact to the tax base to fund this risk.

Background / Discussion

The above financial matters have been reviewed with the City's external auditors. Prior to completing the 2019 Year End, approval for the transfer of funds to/from Reserves is required by Council.

Document Title:	2019 Fourth Quarter Financial Overview - Preliminary Report - 2020-274-Financial Services.docx
Attachments:	- 2019 Preliminary Report (excluding Wate and Wastewater).pdf - 2019 Preliminary Report Water and Wastewater.pdf - Reserves Dec 31 2019.pdf
Final Approval Date:	May 5, 2020

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

No Signature found

Paul Scrimshaw - May 5, 2020 - 2:02 PM

Tracey Bailey - May 5, 2020 - 2:06 PM

Maureen Adams - May 5, 2020 - 4:08 PM