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# **Financial Statements**

## **December 31, 2019**

**June 29, 2020**

Tracey Bailey  
GM Financial Services and Treasurer



# Operating & Water Works & Wastewater Contributions to/(from) Reserves

## Summary

General Surplus (To: Working Reserves \$251,356)	\$ 277,075
(To: Tax Stabilization Reserve \$300,000)	
(From: Winter Control Reserve \$274,281)	

Water Works Surplus (Water Works Reserve)	442,737
Wastewater Works Surplus (Wastewater Works Reserve)	<u>228,350</u>
	<b>\$ 671,087</b>

## Other Transfers to/(from) Reserves:

Parking Reserve Fund (YE Operating Deficit)	\$ (90,646)
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## Supplementary Taxation:

Did not meet budget in 2019, therefore no contribution to Reserves was made.

# Consolidated Statement of Financial Position

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(thousands of \$)

	2019	2018	2017	2016
Assets	\$93,710	\$95,151	\$85,753	\$78,696
Liabilities	97,277	81,517	79,616	77,032
Net Financial Assets	(3,568)	13,634	6,136	1,664
Non-Financial Assets	418,922	408,267	397,132	391,690
Accumulated Surplus	\$415,354	\$421,901	\$403,268	\$393,354

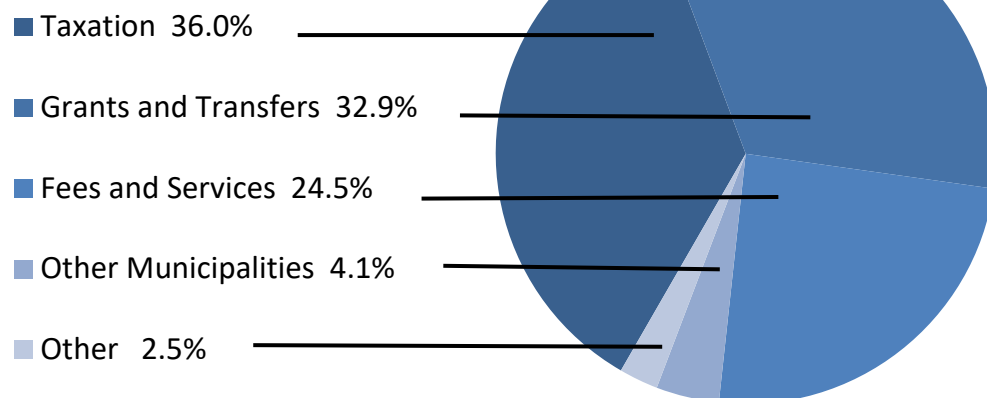
Accumulated surplus is an indicator of the City's overall financial health that reflects the net economic resources the City has built up over time.

Accumulated surplus is the amount of Net Financial Assets, assets (including reserves) and liabilities and Non-Financial Assets, the majority of which are capital assets; such as, municipal buildings, recreation facilities, vehicles, roads, land held for resale, and a small amount in inventory of supplies and prepaid expenses.

The City ended 2019 with a total accumulated surplus of \$415 million.

# Consolidated Statement of Financial Activities

## 2019 REVENUE



	2019 Actual	2018 Actual	Variance
Taxation	69,006,130	72,597,164	-3,591,034
Grants and Transfers	63,210,039	64,297,795	-1,087,756
Fees and Services	47,057,751	44,266,672	2,791,079
Other Municipalities	7,792,742	7,314,326	478,416
Other	4,887,164	3,175,069	1,712,095
	191,953,826	191,651,026	302,800

### Taxation Variance

In 2019, Council approved a levy increase of 3.11% or \$2.2M. Tax refunds in 2019 were \$6.5M higher than in 2018.

### Grants Variance

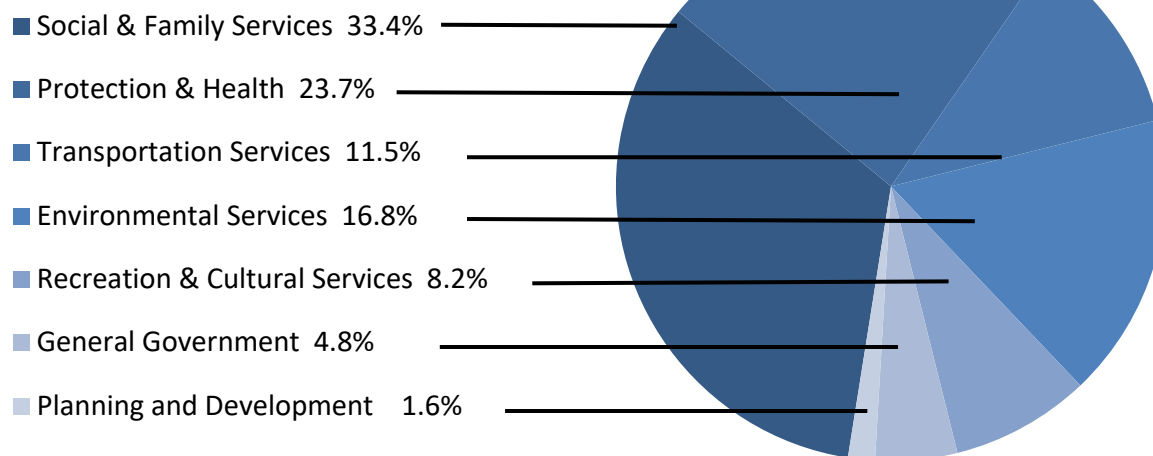
The decrease in Grants is related to a reduction in funding for Social Housing (\$721K), Ontario Works (\$593K), Child Care Programs (\$192K), and Paramedic Services (\$47K). These are offset by increases for Police Services (\$226K), GSDL (\$146K), and in OMPF funding (\$133K).

### Fees & Services

An increase in water billings (\$437K), wastewater billings (\$529K), Complex Power Outage Recovery (\$339K), Recreation Facilities (\$200K), City Equipment Rental (\$265K), Marina 200 (\$202K), Police WSIB Recoveries (\$200K), M.A.T. (\$146K), Tipping Fees/Recycled Materials (\$113K) and GSDL Resident Fees (\$98K).

# Consolidated Statement of Financial Activities

## 2019 EXPENDITURES



### Social and Family Services

The decrease is related to reductions in provincially funded programs for Social Housing (\$955K), Ontario Works (\$506K) and Child Care (\$166K).

### Protection and Health

Increase costs are related to salaries and benefits for Police, Fire, and Paramedic Services; including future liabilities related to WSIB, sick leave, accrued vacation.

### Environmental Services

The increase is related to Landfill Post-Closure Liability (\$14.8M) and Waste Management contracts for curbside collection and recycling (\$715K).

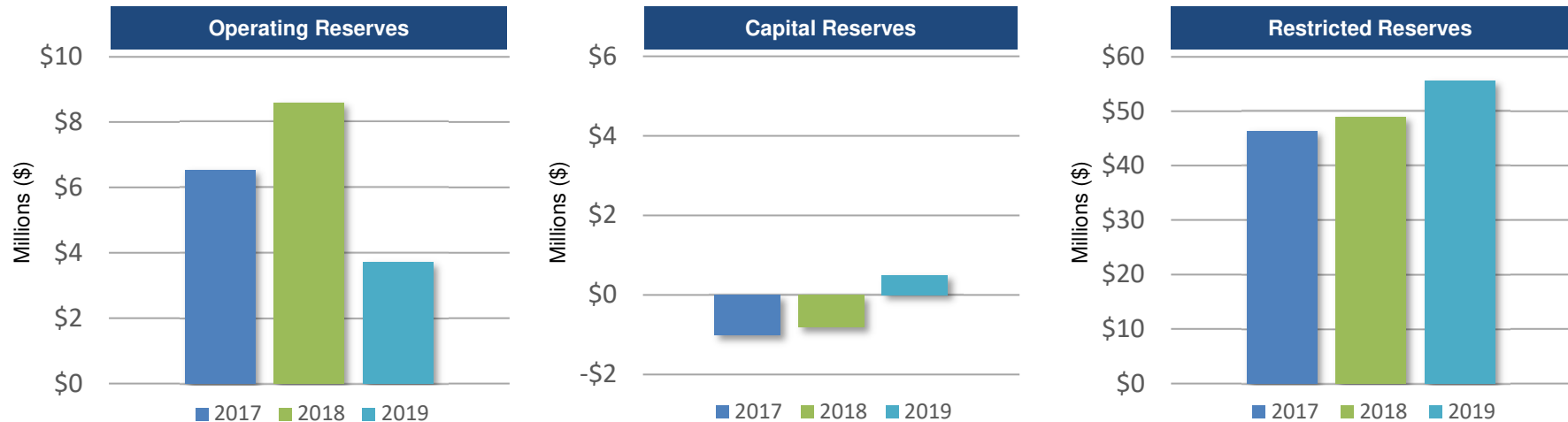
	2019 Actual	2018 Actual	Variance
Social & Family Services	68,809,798	70,253,167	-1,443,369
Protection & Health	48,772,483	45,840,222	2,932,261
Transportation Services	23,598,346	22,912,178	686,168
Environmental Services	34,489,125	18,741,113	15,748,012
Recreation & Cultural Services	16,888,089	16,193,888	694,201
General Government	9,909,673	9,354,095	555,578
Planning and Development	3,242,597	2,562,056	680,541
	205,710,111	185,856,719	19,853,392

# City Reserves & Reserve Funds

Category of Reserves	2018 Year End	2019 Year End	Commentary
Operating Reserves	\$8,577,342	\$3,722,286	Operating Reserves had a net decrease of \$4.86M. Operating Reserves consist of discretionary reserves that have been established to provide flexibility and liquidity to protect against the consequences of unexpected events, losses of income and large unbudgeted expenses.
Capital Reserves	(\$ 813,765)	\$ 506,595	Capital Reserves had a net increase of \$1.3M. Capital Reserves are monies set aside for the repair and major maintenance costs of capital infrastructure and for large capital expenditures such as facility upgrades or road reconstruction.
Restricted Reserves (Municipal Funding)	\$42,228,227	\$44,285,758	Reserves restricted for certain uses; such as, the Water and Wastewater Works Reserves, Downtown Investment Fund and the Progress Fund.
Restricted Reserves (Funded Externally)	\$6,750,228	\$11,299,060	These reserves have been funded by senior levels of government or third parties for specific uses.

A report on the status of City Reserves is provided to Council annually at the same time that the City's Financial Statements are presented. The report will provide Council details on the status of Reserves and how they are performing to target balances.

# City Reserves & Reserve Funds



Collectively, reserve and the reserve fund balances have grown over several years (\$52M in 2017 to \$60M in 2019). This increase is represented by an increase of \$3.6M in Federal Gas Tax of which approximately \$895,000 remains uncommitted; \$1.3M in the CAHC Operating Reserve; \$1.1M in Development Charges; and \$700K in the Building Surplus Reserve.

The ability to maintain target balances was identified as a challenge in the City's Long-Term Financial Plan (June 2017) and the Financial Condition Assessment (June 2019).

Following recommended practices, the City has planned and put strategies in place to build the City's reserve and reserve funds.



# 2019 City Capital Fund Summary

	Roads Infrastructure	Transit & MW Garage	Waste Management	Facilities	Parks	Protective Services	Technology GSDL	Upgrade	Water & Wastewater	Total
Capital Fund Jan 1, 2019	447,466	(825,203)	431,706	3,085	270,628	43,845	407,684	217,435	7,742,284	8,738,930
Taxation	545,024	86,753	300,000	292,297	265,858	401,008	273,577	186,250		2,350,767
Water Billings				-					3,176,309	3,176,309
Sewer Billings				-					3,089,839	3,089,839
Fed/Prov Gax Tax	2,002,202		279,206							2,281,408
Reserves	103,385	20,000		520,671	20,000	790,534		597,177	704,000	2,755,766
Development Charges	114,065			105,357		124,264			123,168	466,854
Debt Financing	750,000	2,295,000								3,045,000
Fed/Prov Funding	2,402,915					8,000			151,305	2,562,220
United Counties							120,522			120,522
Recoveries	97,906					24,153				122,059
Misc								85,950		85,950
<b>TOTAL Revenue</b>	<b>6,015,497</b>	<b>2,401,753</b>	<b>579,206</b>	<b>918,324</b>	<b>285,858</b>	<b>1,347,959</b>	<b>394,099</b>	<b>869,377</b>	<b>7,244,622</b>	<b>20,056,694</b>
<b>2019 Expenses</b>	<b>(7,635,592)</b>	<b>(668,215)</b>	<b>(454,183)</b>	<b>(2,936,330)</b>	<b>(531,653)</b>	<b>(2,224,655)</b>	<b>(352,408)</b>	<b>(605,748)</b>	<b>(8,400,449)</b>	<b>(23,809,233)</b>
<b>Capital Fund Dec 31, 2019</b>	<b>(1,172,629)</b>	<b>908,335</b>	<b>556,729</b>	<b>(2,014,921)</b>	<b>24,833</b>	<b>(832,851)</b>	<b>449,375</b>	<b>481,064</b>	<b>6,586,457</b>	<b>4,986,392</b>

During 2019, funding in the amount of \$5.0M was brought forward to the 2020 fiscal year for on-going capital projects.

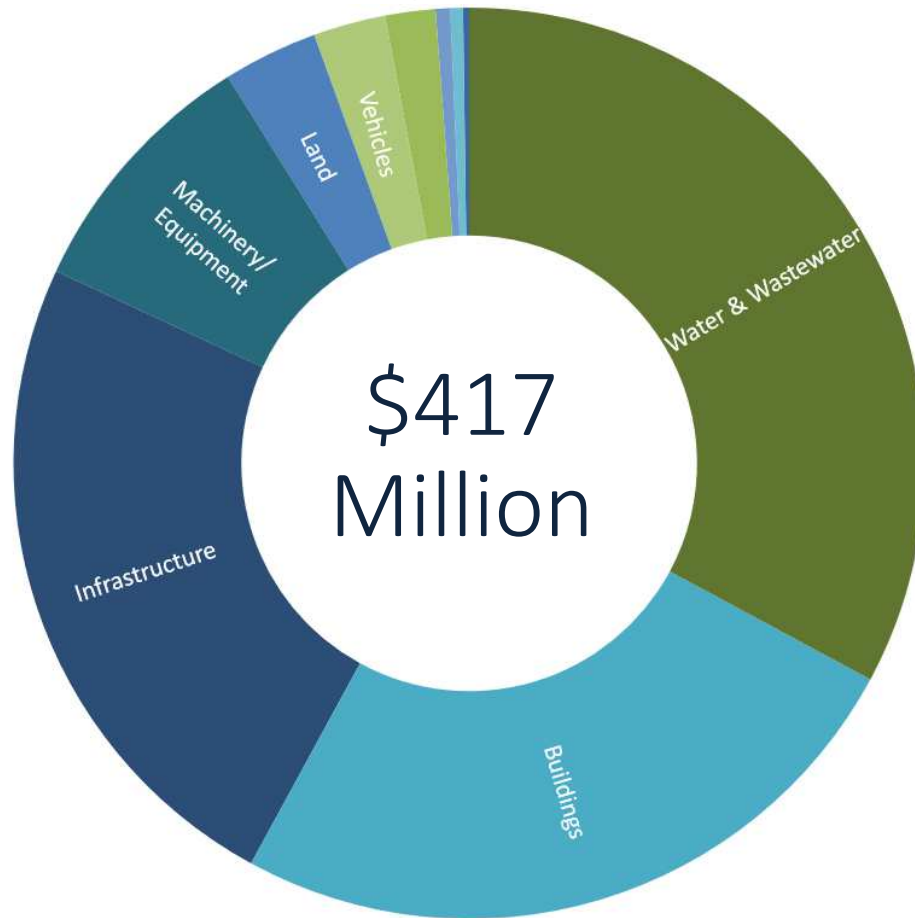


# Consolidated Schedule of Tangible Capital Assets (by category)

	Assets In Service (original cost)	Accumulated Amortization	Assets Under Construction	Net Book Value	% of Org Cost
Land	\$ 14,075,220	\$ (78,960)	\$ -	\$ 13,996,260	99.44%
Yard	14,049,630	(6,642,643)	14,861	7,421,848	52.83%
Buildings	179,669,988	(78,305,348)	3,152,932	104,517,572	58.17%
Infrastructure	172,235,651	(73,491,722)	1,221,576	99,965,505	58.04%
Water & Wastewater	179,558,070	(45,802,008)	3,206,575	136,962,637	76.28%
Machinery/Equipment	126,745,653	(88,832,280)	360,450	38,273,823	30.20%
Computer	5,337,769	(3,879,014)	709,425	2,168,180	40.62%
Vehicles	23,881,745	(13,218,322)	22,235	10,685,658	44.74%
Office Furniture	6,138,001	(4,288,574)	-	1,849,427	30.13%
Other	2,098,180	(1,189,597)	-	908,583	43.30%
<b>Total</b>	<b>\$ 723,789,907</b>	<b>\$ (315,728,468)</b>	<b>\$ 8,688,054</b>	<b>\$ 416,749,493</b>	<b>57.58%</b>

The Net Book Value is the original cost of an asset less any accumulated amortization.  
Overall, the Net Book Value of City assets are 58% of the original asset cost.

# Net Book Value of Tangible Capital Assets (by category)



The Net Book Value is the original cost of an asset less any accumulated amortization.

Overall, the Net Book Value of City assets are 58% of the original asset cost.

Infrastructure, Buildings, and Water/Wastewater Assets continue to be the largest asset categories.

■ Land ■ Yard ■ Buildings ■ Infrastructure ■ Water & Wastewater  
■ Machinery/Equipment ■ Computer ■ Vehicles ■ Office Furniture ■ Other

# Long Term Liabilities

## Consolidated long-term liabilities at December 31, 2019 includes:

Bank Loans	\$37,602,109
Capital Leases (Computer Equipment)	46,733
Cornwall Area Housing Corporation (mortgages funded from MMAH)	3,564,107
PSAB Liabilities (Future employment benefits (\$7.3M); Landfill Closure/Post-Closure Costs (\$16.7M); Accrued interest (\$34K)	24,036,981
Internal Loan - Land in the Business Park	2,000,000
	<u>\$67,249,930</u>

## Sources of future revenues to finance liabilities are as follows:

General municipal revenue	\$33,880,504
User fees	\$15,116,743
Proceeds from the sale of land	2,000,000
Reserves and reserve funds	10,492,181
Provincial grant revenues	5,760,502
	<u>\$67,249,930</u>

# Long Term Liabilities – Bank Loans

## Bank Loans at December 31, 2019 includes:

### Vehicles and Equipment

Municipal Works	\$3,752,800	
Fire Services	1,230,192	
Police Services	56,310	
Paramedic Services	298,513	
Transit Services	2,436,394	
Parks and Landscaping	<u>\$755,906</u>	\$8,530,115

### Municipal Facilities

Wastewater Treatment Plant	\$10,088,587	
Benson Centre	7,509,794	
EMS Facility	902,421	
Library HVAC	615,469	
Municipal Works Yard	<u>\$298,884</u>	\$19,415,155

### Police Post-Employment Loan

LED Streetlighting 1,271,126

Brookdale Ave North Channel Bridge 2,786,921

Roadways and Structures 2,455,154

Flood Reduction Initiative 2,241,224

Total \$37,602,109

In 2019, annual repayment on principal for long-term debt is approximately \$4.3M, of which \$2.2M is funded from the tax base.

Annual interest for bank loans is estimated to be \$1.1M, of which \$270K is funded from the tax base.

# 2019 Summary

- The City had an operating surplus of \$277,075. This surplus was contributed to the Working Reserve (\$251,356), to the Tax Stabilization Reserve (\$300,000), and from the Winter Control Reserve (\$274,281).
- The City had a surplus in Water Services of \$442,737. This surplus was transferred to the Water Works Reserve.
- The City had a surplus in Wastewater Services of \$228,350. This surplus was transferred to the Wastewater Works Reserve.
- The City entered into Financing Agreements (long-term debt) for the sum of \$3,045,000 for traffic signals and streetlighting, as well as equipment and fleet requirements for MW and Transit.
- City Reserves and Reserve Funds totaled \$59.8M.
- A financial condition assessment was completed by BMA Management Consulting Inc. in 2019.
- Though the City had a decrease in its Accumulated Surplus, the City's financial position continues to be strong.

# 2020 Initiatives

- Financial Services began upgrading the City's Accounting system in 2019, including the water and wastewater billing system. The project continues in 2020.
- ITT Services is continuing to review new and emerging reliable technologies related to network, infrastructure, bandwidth, privacy, security, and service levels. ITT Services will undertake an ITT Master Plan for the Corporation in 2020.
- In support of its financial planning, through its LTFP, the City has identified the need for enhanced/updated financial policies relating to Capital, Debt Management, Reserves, and Investments. Policy reviews will take place over the next two years.