



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

Department: Financial Services
Division: Finance
Report Number: 2020-308-Financial Services
Prepared By: Paul Scrimshaw, Accounting Manager and Deputy Treasurer
Meeting Date: June 29, 2020
Subject: 2019 Financial Statements

Purpose

To present to Council the results from the 2019 Year End financial audit.

Recommendation

That Council approve the 2019 Audited Financial Statements.

Financial Implications

The 2019 surplus has been transferred to the respective reserves as of December 31, 2019 as per corporate policy.

Background / Discussion

The City's Financial Statements have been prepared in accordance with the Municipal Act and based on the accounting standards set by the Public Sector Accounting Board (PSAB).

The City's auditor's MNP LLP have completed their financial audit for the period ending December 31, 2019.

On June 22, 2020, the Audit Committee reviewed the 2019 Financial Statements and Management Letter with the City's Auditors and City Administration, and approved a Motion to recommend the 2019 Financial Statements to Council for approval.

The financial position of the City of Cornwall for the year ending December 31, 2019 resulted in an operating surplus of \$277,075 and a surplus for water and wastewater of \$671,087. City policy stipulates that any surplus/deficit generated in a given year is to be applied to/funded from reserves. City Council approved the transfer to/from reserves at its meeting of May 11, 2020. The net result of this policy increased/(decreased) the respective reserves as follows:

Operating Reserves	
Working Reserve	251,356
Tax Stabilization Reserve	300,000
Winter Control Reserve	(274,281)
Restricted Reserves (Municipal Funding)	
Water Works Reserve	442,737
Wastewater Works Reserve	228,350

The City's 2019 Financial Statements includes two items to note. Both items are included on the City's Management Letter.

Operating Reserves/Tax Refunds

Due to the utilization of reserves to fund tax refunds from Minutes of Settlement, the City's Operating Reserves are below the target balance. To prepare for the tax refunds, over the past several years, the City made contributions to the Tax Stabilization Reserve. The additional monies (\$1,899,263) required from the Working Reserve are to be paid back to the Working Reserve through the annual budget process. In 2020, the City budgeted its first contribution of \$500,000 to the Working Reserve. With continued annual contributions, the City plans to grow its Operating Reserves over the next several years.

Accrued Landfill Closure and Post-Closure Liability

Following a study completed by DFA Infrastructure International Inc. in 2019, the City revised the estimate of the accrued landfill closure and post closure liability from \$1,901,718 to \$16,705,319. This entry is recorded pursuant to PSAB requirements. It is a non-cash accounting entry that records the liability in order



to derive actual cash flow totals on the Statement of Financial Position and an accounting expense for Environmental Services. In future years, only the change in liability will be recorded.

Both entries reduced the City's Accumulated Surplus at December 31, 2019.

The financial statements for the 2019 Year End reflect that the City continues to be in a strong financial position.

Document Title:	2019 Financial Statements - 2020-308-Financial Services.docx
Attachments:	- City of Cornwall - FS for Council.pdf - City of Cornwall - Management Letter - Final- 2019.pdf
Final Approval Date:	Jun 25, 2020

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

No Signature found

Paul Scrimshaw - Jun 23, 2020 - 4:30 PM

Tracey Bailey - Jun 24, 2020 - 7:41 PM

Maureen Adams - Jun 25, 2020 - 7:48 AM