

Financial Statements December 31, 2017

April 23, 2018

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

Summary

General Surplus (Working Reserves \$99,165)	\$ 99,165
Water Works Surplus (Water Works Reserve)	225,339
Wastewater Works Surplus (Wastewater Works Reserve)	<u>180,572</u>
	\$ 505,076

Other Transfers to/(from) Reserves:

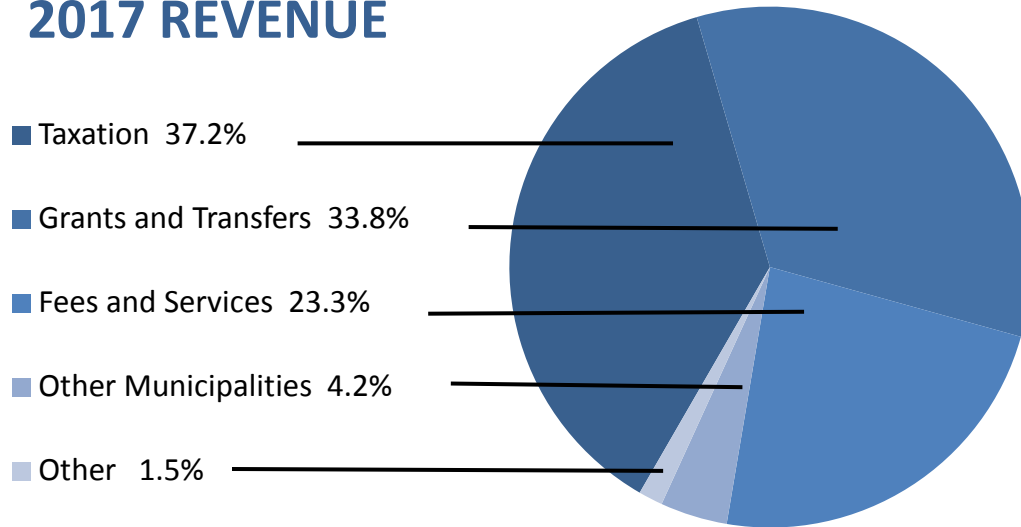
Parking Reserve Fund (YE Operating Surplus)	\$ 31,477
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Supplementary Taxation:

Did not meet budget in 2017, therefore no contribution to Reserves was made.

Consolidated Statement of Financial Activities

2017 REVENUE



	2017 Actual	2016 Actual	Variance
Taxation	68,050,204	67,714,260	335,944
Grants and Transfers	62,037,776	60,128,804	1,908,972
Fees and Services	42,783,270	40,689,105	2,094,165
Other Municipalities	7,636,784	7,311,669	325,115
Other	2,767,331	2,873,969	-106,638
	<u>183,275,365</u>	<u>178,717,807</u>	4,557,558

Taxation Variance

In 2017, Council approved a levy decrease of 1.5% or \$1.0M. The City saw growth of \$440K, and an increase of \$685K in supplementary taxation.

Grants Variance

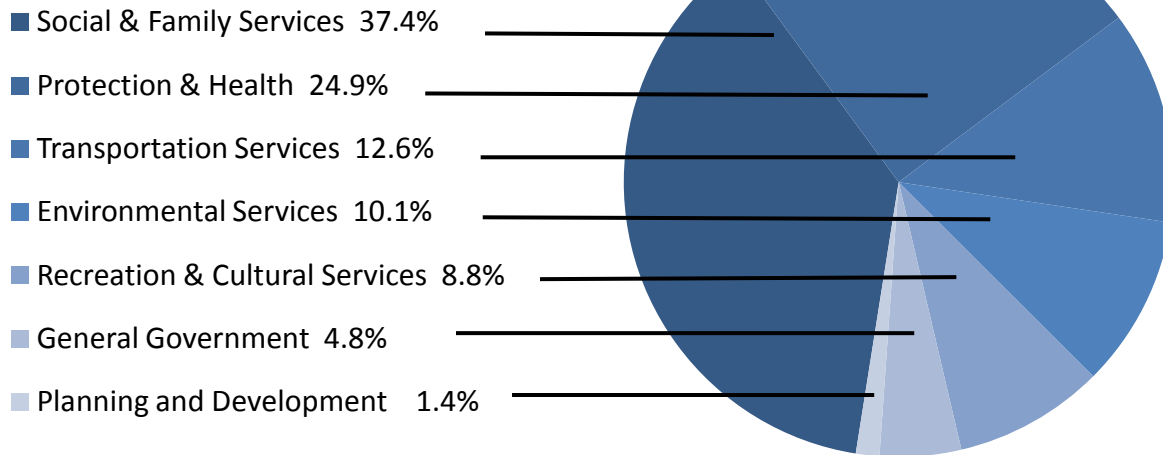
The increase in Grants is related to funding for Social Housing Programs (\$1.9M). The OMPF funding was reduced by 15% (\$732K) from 2016, and was off-set by Cornwall SDG Paramedic Services and the Community Para-Medicine Program; Police: Court Services upload.

Fees & Services

An increase in wastewater billings (\$455K), tipping fees and recycled materials (\$600K), city equipment rental and other MW recoveries (\$359K), investment income (\$162K), reimbursement of medical recruitment loan (\$150K).

Consolidated Statement of Financial Activities

2017 EXPENDITURES



	2017 Actual	2016 Actual	Variance
Social & Family Services	68,491,474	68,572,963	-81,489
Protection & Health	45,501,401	44,518,524	982,877
Transportation Services	23,002,998	23,330,027	-327,029
Environmental Services	18,550,202	18,431,302	118,900
Recreation & Cultural Services	16,194,562	16,098,301	96,261
General Government	8,754,822	8,628,052	126,770
Planning and Development	<u>2,535,007</u>	<u>2,164,290</u>	<u>370,717</u>
	183,030,466	181,743,459	1,287,007

Protection and Health

Increase costs related to salaries and benefits for Paramedic Services and Police Services, as well as an accrual for collective agreements.

Transportation Services

The decrease is related to a reduction in the PSAB liability, as well as a reduction in winter control activities compared to 2016.

Planning and Development

The increase is related to the inclusion of the Tourism budget in 2017, as well as the Brownfields and HoTC programs.

2017 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, 2017	(1,638,842)	(669,924)	421,067	260,107	84,349	(338,387)	93,471	84,559	2,507,462	803,862
Taxation	87,969	20,350		250,000	280,897	172,502	383,735	51,521		1,246,974
Water Billings								80,000	3,153,946	3,233,946
Sewer Billings									1,831,038	1,831,038
Fed/Prov Gas Tax	2,915,637	18,438								2,934,075
Reserves		171,465		643,459	16,064			70,000	500,000	1,400,988
Fed/Prov Funding	3,796,573	1,109,677			18,750				1,345,461	6,270,461
United Counties							109,821			109,821
Recoveries				95,947	3,936					99,883
Debt Financing	1,750,000	910,000		500,000		930,000			2,250,000	6,340,000
Misc					9,738					9,738
TOTAL Revenue	8,550,179	2,229,930	-	1,489,406	329,385	1,102,502	493,556	201,521	9,080,445	23,476,924
2017 Expenses	(5,244,089)	(3,063,889)	(38,651)	(2,177,400)	(590,308)	(693,336)	(396,455)	(66,229)	(5,428,422)	(17,698,779)
Capital Fund Dec 31 ,2017	1,667,248	(1,503,883)	382,416	(427,887)	(176,574)	70,779	190,572	219,851	6,159,485	6,582,007

During 2017, funding in the amount of \$6.6M was brought forward to the current fiscal year for on-going capital projects.

City Reserves & Reserve Funds

Category of Reserves	2016 Year End	2017 Year End	Commentary
Operating Reserves	\$6,311,183	\$6,556,318	Operating Reserves had a net increase of \$245K. 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	(\$1,463,514)	(\$1,020,558)	Capital Reserves had a net increase of \$443K. 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)	\$40,909,940	\$40,897,950	Reserves restricted for certain uses; such as, the Water and Wastewater Works Reserves, Downtown Investment Fund and the Progress Fund.
Restricted Reserves (Funded Externally)	\$4,929,941	\$5,484,847	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.

Consolidated Schedule of Tangible Capital Assets (by category)

	Assets In Service (original cost)	Accumulated Amortization	Assets Under Construction	Net Book Value	% of Cost
Land	\$ 12,464,072	\$ (75,770)	\$ -	\$ 12,388,302	99.39%
Yard	13,798,880	(5,919,798)	-	7,879,082	57.10%
Buildings	174,834,773	(70,666,672)	1,596,079	105,764,180	60.49%
Infrastructure	154,407,680	(69,178,290)	265,194	85,494,584	55.37%
Water & Sewer	168,645,884	(42,195,913)	704,021	127,153,992	75.40%
Machinery/Equipment	122,515,884	(83,802,179)	1,170,588	39,884,293	32.55%
Computer	4,698,620	(3,075,991)	90,633	1,713,262	36.46%
Vehicles	21,680,393	(11,704,183)	1,699,974	11,676,184	53.86%
Office Furniture	5,753,649	(3,800,063)	-	1,953,586	33.95%
Other	2,040,140	(1,093,403)	-	946,737	46.41%
	<u>\$ 680,839,975</u>	<u>\$ (291,512,262)</u>	<u>\$ 5,526,489</u>	<u>\$ 394,854,202</u>	<u>58.00%</u>

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.

The replacement cost based on the 2016 AMP is \$1.3B
(current asset backlog of \$92M).

Long Term Liabilities

Consolidated long-term liabilities at December 31, 2017 includes:

Bank Loans	\$39,272,423
Capital Leases (Computer Equipment)	166,323
Cornwall Area Housing Corporation (mortgages funded from MMAH)	4,746,139
PSAB Liabilities (Future employment benefits (\$6.5M); Landfill Closure/Post-Closure Costs (\$1.8M); Accrued interest (\$34K)	8,389,091
Long-term Accounts Payable (OMEX)	0
Internal Loan - Land in the Business Park	2,000,000
	<u>\$54,573,976</u>

Sources of future revenues to finance liabilities are as follows:

General municipal revenue	\$37,415,626
Proceeds from the sale of land	2,000,000
Reserves and reserve funds	10,409,211
Provincial grant revenues	4,746,139
	<u>\$54,570,976</u>

Long Term Liabilities – Bank Loans

Bank Loans at December 31, 2017 includes:

Vehicles and Equipment

Municipal Works	\$2,802,294	
Fire Services	1,767,972	
Police Services	397,162	
Transit Services	1,344,292	
Recreation Services	<u>\$706,669</u>	\$7,018,389

Municipal Facilities

Wastewater Treatment Plant	\$10,953,565	
Benson Centre	8,402,928	
EMS Facility	1,100,196	
Municipal Works Yard	<u>\$492,130</u>	\$20,948,819

Police Post-Employment Loan

1,310,625

LED Streetlighting

1,749,535

Brookdale Ave North Channel Bridge

3,464,682

Marleau Ave Project

1,715,364

Flood Reduction Initiative

3,065,009

Total

\$39,272,423

In 2017, annual repayment on principal for long-term debt is approximately \$3.3M , of which \$1.7M is funded from the tax base.

Annual interest for bank loans is estimated to be \$1.1M, of which \$282K is funded from the tax base.

2017 Summary

- The City had an operating surplus of \$99,165. This surplus was contributed to the Working Reserve.
- The City had a surplus in Water Services of \$255,339. This surplus was transferred to the Water Works Reserve.
- The City had a surplus in Wastewater Services of \$180,572. This surplus was transferred to the Wastewater Works Reserve.
- The City entered into Financing Agreements (long-term debt) for the sum of \$6,340,000 for the Brookdale North Channel Bridge, Marleau Ave, Municipal Works Yard, Flood Reduction Program, as well as Equipment and Vehicles for MW, Police, Transit, and Fire.
- City Reserves and Reserve Funds total \$51.9M.
- The City's financial position continues to be strong.

2018 Initiatives

- 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 in 2018.
- Council recently approved Development Charges and the Municipal Accommodation Tax. Administration will set up procedures to manage these new initiatives.
- Financial Services is upgrading the City's Water and Wastewater billing and the Accounting system.
- A review of the Building Permit Fee structure is being undertaken in 2018. It is anticipated that the new fee structure will expand on fee for service concepts and establish an annual inflation base increment mechanism.
- The city is looking to implement a new electronic data management system. This system would be a central depository for all city departments to store documents for short and long term uses.
- The City will be participating in a Health and Safety audit process in 2018. The external audit will review the City's health and safety programs and provide education to maintain a workplace that safeguards individuals against injury or damage to health. Administration will complete an analysis to determine if we are in the right WSIB Schedule.