
Financial Statements

December 31, 2018

April 23, 2019

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

Summary

General Surplus (Working Reserves \$224,014)	\$ 1,571,003
(Tax Stabilization Reserve \$986,989)	
(Winter Control Reserve \$300,000)	
(Landfill Reserve Fund \$60,000)	
Water Works Surplus (Water Works Reserve)	186,059
Wastewater Works Surplus (Wastewater Works Reserve)	<u>299,971</u>
	\$ 2,057,033

Other Transfers to/(from) Reserves:

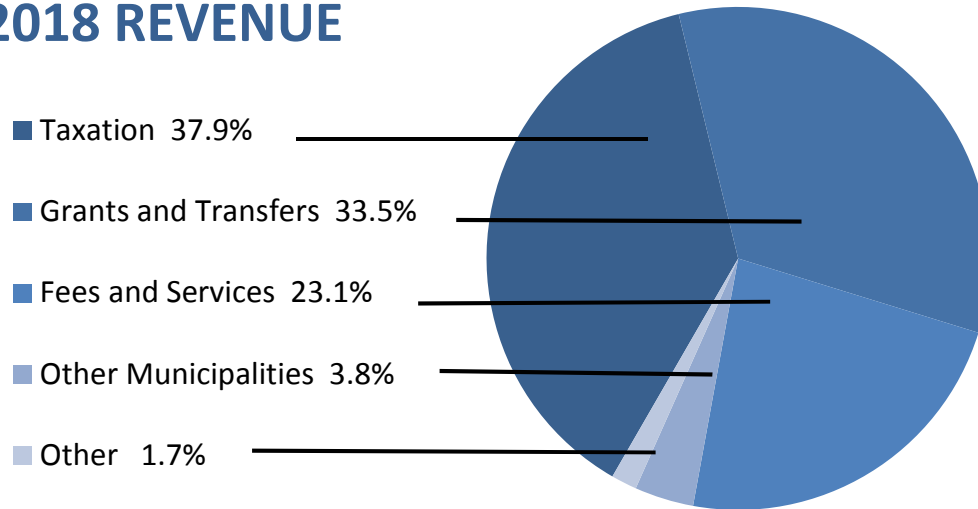
Parking Reserve Fund (YE Operating Surplus)	\$ 49,346
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Supplementary Taxation:

Did not meet budget in 2018, therefore no contribution to Reserves was made.

Consolidated Statement of Financial Activities

2018 REVENUE



	2018 Actual	2017 Actual	Variance
Taxation	72,597,164	68,050,204	4,546,960
Grants and Transfers	64,297,795	62,037,776	2,260,019
Fees and Services	44,266,672	42,783,270	1,483,402
Other Municipalities	7,314,326	7,636,784	-322,458
Other	3,175,069	2,767,331	407,738
	<u>191,651,026</u>	<u>183,275,365</u>	<u>8,375,661</u>

Taxation Variance

In 2018, Council approved a levy increase of 3.85% or \$2.6M. The City saw growth of \$1.2M, and a decrease of \$789K in supplementary taxation. Tax refunds in 2017 were higher by \$1.5M than in 2018.

Grants Variance

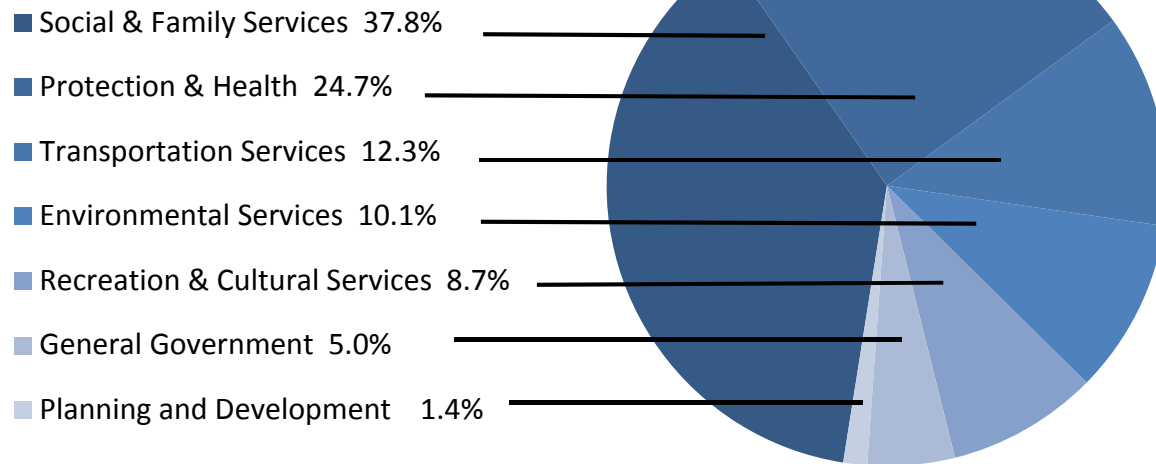
The increase in Grants is related to funding for Child Care Programs (\$2.9M), Paramedic Services (\$305K), and Police Services: Court Services Upload (\$144K). The OMPF funding was reduced by 7.6% (\$316K) from 2017. Other reductions include Social Housing Programs (\$936K).

Fees & Services

An increase in water billings (\$406K), wastewater billings (\$603K), Airport Fees (\$640K), M.A.T. (\$423K), and CAHC Fees (\$279K). Reductions include tipping fees and recycled materials (\$606K) and city equipment rental (\$226K).

Consolidated Statement of Financial Activities

2018 EXPENDITURES



Social and Family Services

The increase is related to child care programs which are provincially funded (\$2.9M), with reductions in Ontario Works (\$640K) and Social Housing programs (\$600K).

Protection and Health

Increase costs are related to salaries and benefits for Police Services and Fire Services.

General Government

The increase is related to legal fees (\$174K), the 2018 Municipal Election (\$160K), and the City's portion of DCs for the phase-in amount (\$209K).

	2018 Actual	2017 Actual	Variance
Social & Family Services	70,253,167	68,491,474	1,761,693
Protection & Health	45,840,222	45,501,401	338,821
Transportation Services	22,912,179	23,002,998	-90,819
Environmental Services	18,741,113	18,550,202	190,911
Recreation & Cultural Services	16,193,887	16,194,562	-675
General Government	9,354,095	8,754,822	599,273
Planning and Development	2,562,056	2,535,007	27,049
	185,856,719	183,030,466	2,826,253

2018 City Capital Fund Summary

	Roads Infrastructure	Transit & MW Garage	Waste Management	Facilities	Parks	Protective Services	GSDL	Technology Upgrade	Water & Wastewater	Total
Capital Fund Jan 1, 2018	1,667,238	(1,503,882)	382,416	(427,886)	(176,575)	70,780	190,574	219,852	6,159,480	6,581,997
Taxation	335,456	398,558	100,000	238,198	412,044	217,515	364,689	226,278		2,292,738
Water Billings									3,062,711	3,062,711
Sewer Billings									2,632,994	2,632,994
Fed/Prov Gax Tax	2,617,301				126,898					2,744,199
Reserves	600,000			1,102,972		576,516		20,000	930,171	3,229,659
Fed/Prov Funding	677,790	78,119							1,129,054	1,884,963
United Counties							65,692			65,692
Recoveries					30,000	43,500		43,209		116,709
Debt Financing	400,000	1,410,000		723,000	500,000	392,000			-	3,425,000
Misc										-
TOTAL Revenue	4,630,547	1,886,677	100,000	2,064,170	1,068,942	1,229,531	430,381	289,487	7,754,930	19,454,665
2018 Expenses	(5,850,319)	(1,207,998)	(50,710)	(1,633,199)	(621,739)	(1,256,466)	(213,271)	(291,904)	(6,172,126)	(17,297,732)
Capital Fund Dec 31, 2018	447,466	(825,203)	431,706	3,085	270,628	43,845	407,684	217,435	7,742,284	8,738,930

During 2018, funding in the amount of \$8.7M was brought forward to the current fiscal year for on-going capital projects.

City Reserves & Reserve Funds

Category of Reserves	2017 Year End	2018 Year End	Commentary
Operating Reserves	\$6,556,319	\$8,595,501	Operating Reserves had a net increase of \$2M. 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	(\$1,020,558)	(\$ 140,897)	Capital Reserves had a net increase of \$880K. 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)	\$40,897,950	\$42,228,227	Reserves restricted for certain uses; such as, the Water and Wastewater Works Reserves, Downtown Investment Fund and the Progress Fund.
Restricted Reserves (Funded Externally)	\$5,484,847	\$6,059,199	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	\$ 12,867,524	\$ (77,365)	\$ 37,311	\$ 12,827,470	99.69%
Yard	13,923,722	(6,294,351)	6,156	7,635,527	54.84%
Buildings	177,935,048	(74,498,358)	1,168,528	104,605,218	58.79%
Infrastructure	162,262,597	(71,342,520)	2,605,074	93,525,151	57.64%
Water & Wastewater	174,326,260	(43,986,266)	1,372,596	131,712,590	75.56%
Machinery/Equipment	125,148,204	(85,806,031)	96,912	39,439,085	31.51%
Computer	5,210,214	(3,595,875)	225,804	1,840,143	35.32%
Vehicles	24,636,184	(12,929,488)	-	11,706,696	47.52%
Office Furniture	5,826,552	(4,036,405)	-	1,790,147	30.72%
Other	2,064,931	(1,137,172)	-	927,759	44.93%
	<u>\$ 704,201,236</u>	<u>\$ (303,703,831)</u>	<u>\$ 5,512,381</u>	<u>\$ 406,009,786</u>	<u>57.66%</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.**

Long Term Liabilities

Consolidated long-term liabilities at December 31, 2018 includes:

Bank Loans	\$38,808,909
Capital Leases (Computer Equipment)	101,375
Cornwall Area Housing Corporation (mortgages funded from MMAH)	4,164,481
PSAB Liabilities (Future employment benefits (\$6.5M); Landfill Closure/Post-Closure Costs (\$1.9M); Accrued interest (\$34K)	8,475,249
Internal Loan - Land in the Business Park	2,000,000
	<u>\$53,550,014</u>

Sources of future revenues to finance liabilities are as follows:

General municipal revenue	\$37,125,495
Proceeds from the sale of land	2,000,000
Reserves and reserve funds	10,260,038
Provincial grant revenues	4,164,481
	<u>\$53,550,014</u>

Long Term Liabilities – Bank Loans

Bank Loans at December 31, 2018 includes:

Vehicles and Equipment		
Municipal Works	\$2,881,446	
Fire Services	1,481,090	
Police Services	172,306	
Paramedic Services	392,000	
Transit Services	1,896,598	
Recreation Services	<u>\$1,024,897</u>	\$7,848,337
Municipal Facilities		
Wastewater Treatment Plant	\$10,529,547	
Benson Centre	7,963,273	
EMS Facility	1,002,778	
Library HVAC	696,548	
Municipal Works Yard	<u>\$396,634</u>	\$20,588,780
Police Post-Employment Loan		1,109,905
LED Streetlighting		1,513,142
Brookdale Ave North Channel Bridge		3,130,285
Roadways and Structures		1,960,033
Flood Reduction Initiative		<u>2,658,427</u>
Total		\$38,808,909

In 2018, annual repayment on principal for long-term debt is approximately \$3.9M, of which \$2.0M is funded from the tax base.

Annual interest for bank loans is estimated to be \$1.3M, of which \$266K is funded from the tax base.

2018 Summary

- The City had an operating surplus of \$1,571,003. This surplus was contributed to the Working Reserve (\$224,014), Tax Stabilization Reserve (\$986,989), Winter Control Reserve (\$300,000) and the Landfill Reserve Fund (\$60,000).
- The City had a surplus in Water Services of \$186,059. This surplus was transferred to the Water Works Reserve.
- The City had a surplus in Wastewater Services of \$299,971. This surplus was transferred to the Wastewater Works Reserve.
- The City entered into Financing Agreements (long-term debt) for the sum of \$3,425,000 for the culvert replacement on McConnell Ave., Library HVAC, Emerald Ash Borer, as well as equipment and vehicles for MW, Transit, and Paramedic Services.
- City Reserves and Reserve Funds total \$56.7M.
- The City's financial position continues to be strong.

2019 Initiatives

- Financial Services is upgrading the City's Accounting system in 2019, including the water and wastewater billing system.
- Purchasing Services is reviewing its framework for the purchase of goods and services, including procurement policies, statutes, regulations, trade agreements, and current procedures.
- ITT Services is continuing to review new and emerging reliable technologies related to network, infrastructure, bandwidth, privacy, security, and service levels.
- Staff are developing a Strategic Asset Management Policy (O.Reg. 588/17). The Policy requires Council approval by July 1, 2019.
- The City is undertaking a Financial Condition Assessment (FCA). The intent of the FCA is to evaluate, through trend analysis, assessments, performance indicators, benchmarking, the City's past performance, financial outlook, and to identify key areas of focus.
- 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.