

**MUNICIPALITY OF THAMES CENTRE
FINANCIAL SERVICES/TREASURY**

REPORT NO. F-006-20

TO: Mayor and Members of Council
FROM: Kim Grogan, Director of Financial Services/Treasurer
MEETING DATE: May 25, 2020
SUBJECT: **Financial Report (unaudited) - January to December 2019**

RECOMMENDATION:

It is recommended:

1. THAT Council receive Report F-006-20 from the Director of Financial Services/Treasurer dated May 25, 2020, Financial Report (unaudited) - January to December 2019, for information;
2. AND THAT \$161,735.75 raised from tax rates in 2019 for one-time projects that were not initiated and/or not completed in 2019 be transferred to Reserves - Projects not Completed to fund the completion of projects in 2020;
3. AND THAT \$15,000 raised from tax rates in 2019 for Fire Department hazmat training now cancelled, be transferred to Reserves - Fire Services Operating for funding of future training.

PURPOSE:

To provide Council with preliminary, unaudited financial reporting to December 31, 2019.

BACKGROUND:

COMMENTS:

The preliminary, unaudited financial operational results to December 31, 2019 are provided in the attached report. The 2019 budget, as passed by Council, is included for comparison. Capital is not included in the variance report as capital fund balances are fully funded from Grants, Donations, Development Charges, Reserves or External Transfers. Overall year-to-date balances, unaudited, result in a preliminary surplus of \$1,230,168.

The year end audit commenced, offsite, April 19, 2020. On site audit field work will be delayed given the current pandemic. Year end audit entries are yet to be determined and processed. Once the year end audit is complete, Staff will bring forward final 2019 year end results with recommendations to allocate the resulting surplus. Timing of the presentation of Financial Statements is unknown at this time.

CONSULTATION:

Mike Henry, Chief Administrative Officer
Tena Michiels, Clerk
Ken Armstrong, Fire Chief
Marc Bancroft, Director of Planning & Development
Carlos Reyes, Director of Public Works

FINANCIAL IMPLICATIONS:

The overall preliminary, unaudited surplus at December 31, 2019 is \$1,230,168. Variances from budget are comprised of the following totals and high level fluctuations:

- **\$652,411 General Government surplus**
 - \$ 33,818.15 Council
 - \$197,629.37 CAO/Clerk
 - includes \$139,800.00 OMPF Grant
 - \$ 77,886.81 Treasury
 - includes \$36,100.02 Penalty and interest collections
 - includes \$41,361.08 PIL collections in excess of budget
 - \$320,323.76 Finance
 - includes \$19,587.00 Cannabis Grant not budgeted
 - includes \$290,039.85 Interest Income in excess of budget resulting from a higher than anticipated bank balance resulting from capital projects not completed
 - \$22,752.85 Asset Management
- **\$117,965 Protective Services surplus**
 - \$ 23,056.89 Dorchester Fire surplus
 - \$ 35,829.80 Thorndale Fire Surplus
 - \$ 12,095.83 Police Services Board surplus
 - \$ 21,651.22 OPP surplus
 - \$ 17,136.23 By-Law surplus
 - \$ 7,124.00 Source Water surplus
 - \$ 46.39 Crossing Guard surplus
 - \$ 1,024.87 Animal Control surplus
- **\$290,774 Transportation Services surplus**
 - includes \$94,776.17 Gravel Pit Aggregate net surplus
 - includes \$49,840.31 Municipal Drains-Roads portion not yet billed
 - includes \$20,946.45 Road Safety Sign Maintenance unspent
- **\$ 77,389 Fleet Services surplus**
 - fluctuates annually given circumstances, weather, planned repairs

- **\$ (69,434) Environmental Services deficit**
 - includes \$(21,304.50) Bag Tag/Surcharge revenue shortfall from budget
 - includes \$(50,137.60) Hauled Recycling shortfall re: change in market of materials
- **\$ 38,711 Health Services surplus**
 - \$ 28,644.37 Dorchester Cemetery surplus
 - \$ 10,066.87 Abandoned Cemetery surplus
- **\$ 88,214 Recreation & Cultural Services surplus**
 - includes \$39,175.39 Libraries surplus resulting from timing in securing debenture debt (50% budgeted to be funded from tax rates but debt not secured until end of 2019)
 - includes \$62,105.20 Transfer from Development Charges to fund denture debt secured in 2017 related to Parkland Development
- **\$ 34,138 Planning & Development surplus**
 - includes \$15,000.00 Ec. Dev. Consulting/engineering unspent
 - includes \$13,557.45 Ec. Dev. Tourism unspent

Variances exist in wages and benefits between departments but overall, actual total wages and benefits costs total \$5,040,942.91 and are \$58,811.09 under budget.

Any one-time projects that were not completed at 12/31/2019 or initiated in 2019 have been transferred to reserve for completion in 2020 and include:

- \$ 2,000.00 Strategic Plan completion
- \$ 11,687.40 Dorchester Cemetery - lot occupancy survey completion
- \$ 7,000.00 Dorchester Diamond 1 - deteriorated pole
- \$ 25,000.00 Pay Equity Study
- \$ 35,000.00 Dorchester WTP Generator - fuel and concrete pad
- \$ 3,048.35 Dorchester WTP - front signage/entrance fencing completion
- \$ 9,000.00 Water Distribution - ITRON training
- \$ 8,000.00 Dorchester WWTP - TSSA upgrades
- \$ 32,000.00 Dorchester WTP - replace baffles inside reservoir #2
- \$ 25,000.00 Thorndale WTP - upgrade new diesel tank
- \$ 2,000.00 Well Maintenance - 2 well probes
- \$ 2,000.00 Thorndale WTP – reprogram dose pumps
- \$161,735.75

The following one-time costs that were anticipated in 2019 have been cancelled. As a result, staff are recommending they are transferred to reserve at year end:

- \$7,500.00 Dorchester Fire - hazmat training
- \$7,500.00 Thorndale Fire – hazmat training
- \$15,000.00

A number of departments operate at full cost recovery and, as a result, any surplus or deficit is transferred to reserve at year end. Preliminary results are as follows:

- \$ 26,767 Building Inspection Services deficit (budget \$80,388)
- \$134,114 Water Services surplus (budget \$54,649)
Note: lifecycle charge of \$349,314 is transferred to reserve at year end
- \$334,443 Waste Water Services surplus (budget \$56,820)
Note: surplus includes an unanticipated contribution from Development Charges (DC) for funding of DC debt secured in 2017 equivalent to a total of (\$155,263), arising from 2017 (\$31,052.60), 2018 (\$62,105.20) and 2019 (\$62,105.20) which was not budgeted and was not included in the 2018 DC background study. A recommendation will be brought forward to Council upon the completion of the year end audit and confirmation of the aforementioned treatment of the repayment.

Upon the completion of the year end audit and year end entries, when available, a final 2019 report will be brought forward to Council with recommended allocations of the surplus to various reserves.

REFERENCES:

2019 Budget

ATTACHMENTS:

Financial Report – Unaudited 2019

Prepared by: Kim Grogan, Director of Financial Services/Treasurer

Reviewed by: Mike Henry, Chief Administrative Officer