



The Corporation of the City of Stratford Finance and Labour Relations Sub-committee MINUTES

Date: October 20, 2020

Time: 3:30 P.M.

Location: Electronically

Sub-committee Present Electronically: Councillor Clifford - Chair Presiding, Councillor Gaffney - Vice Chair, Councillor Beatty, Councillor Bunting, Councillor Ritsma

Staff Present Electronically: Janice Beirness - Acting Director of Corporate Services/Manager of Financial Services, Tatiana Dafoe - City Clerk

Also Present Electronically: Cameron Johnston – Auditor, Millard, Rouse & Rosebrugh LLP

1. Call to Order

The Chair called the meeting to Order.

2. Disclosure of Pecuniary Interest and the General Nature Thereof

The *Municipal Conflict of Interest Act* requires any member of Council declaring a pecuniary interest and the general nature thereof, where the interest of a member of Council has not been disclosed by reason of the member's absence from the meeting, to disclose the interest at the first open meeting attended by the member of Council and otherwise comply with the *Act*.

Name, Item and General Nature of Pecuniary Interest

No disclosures of pecuniary interest were made at the October 20, 2020 Finance and Labour Relations Sub-committee meeting.

3. Delegations

None scheduled.

4. Report of the Acting Director of Corporate Services

4.1 Draft 2019 Consolidated Financial Statements (FIN20-019)

Motion by Councillor Ritsma

Sub-committee Decision: THAT the presentation by Millard, Rouse & Rosebrugh LLP be heard.

Carried

Sub-committee Discussion: The Acting Director of Corporate Services highlighted significant changes, outlined in the report, as follows:

- the bank balance is down but the City's investments have increased,
- in 2019 the City invested \$7 Million from a reserve account which is doing well,
- the surplus amount in 2019 is down compared to 2018. The amount for 2019 however is in a normal range since there were two large land sales which increased revenue in 2018.

The Acting Director introduced the City's Auditor, Cameron Johnston from Millard, Rouse & Rosebrugh LLP. This is the 6th year that Millard's has completed the City's audit.

Mr. Johnston provided an overview of the City's draft 2019 Consolidated Financial Statement for the year-end December 31, 2019. A draft auditor's report was also included, and it was noted it is an unqualified opinion. Mr. Johnston provided the following highlights from the statement:

- the cash balance went from \$33 Million down to \$26 Million following some additional investments made by the City,
- the land held for re-sale remained the same from 2018,
- the total assets for the City are \$106 Million and it is very comparable to 2018,

- under the Public Sector Accounting Board the solid waste estimate is \$2,940,000 and this amount represents the cost to close and maintain the landfill in the future,
- overall the City's net debt position went from \$11 Million to \$5 Million,
- the net book value of tangible capital assets (TCA) went from \$288 Million to \$297 Million,
- the accumulated surplus as a total went from \$278 Million to \$293 Million,
- the total revenue for the year was \$137 million compared to \$142 Million,
- the amount of revenue from land sales has decreased from \$12 Million to \$5 Million.
- expenditures remain consistent with growth, slight increase from \$117 Million to \$122 Million,
- the annual surplus is \$15,114,000 as noted in the financial statement,
- the ending accumulated surplus is \$293 Million.

The Auditor advised overall the City is in a good position and provided an overview of the work undertaken to complete the audit.

Discussion was held on how depreciation is calculated in the municipal world. The Auditor confirmed a set of standards are used. It was questioned what TCAs were accumulated in 2019. Examples include land improvements, buildings, equipment, roads, and water/wastewater facility work.

It was questioned how the City can protect itself from fraud. The Auditor advised there are internal controls and procedures that are followed to check purchases. The management team should be trusted and it is important to look for proper approvals. Most people who commit fraud are caught eventually.

Motion by Councillor Beatty

Sub-committee Recommendation: THAT the draft 2019 Consolidated Financial Statements be approved and the 2019 Audit Report be received for information.

Carried

4.2 Operating Budget Variance Report as at September 30, 2020 (FIN20-018)

Sub-committee Discussion: The Acting Director of Corporate Services advised detailed analysis was provided in the Operating Budget Variance Report as at September 30, 2020. A shortfall is expected in Building and Planning as a result of reduced building permit revenue. At year end it is likely the reserves will be depleted which will result in a need to increase building permit fees in 2021.

The Anne Hathaway Daycare is currently over budget but the Child Care division has not issued any monthly payments to any child care centers in the City. They will need to reconcile accounts and hope to issue payments in the last quarter.

At present, there is a \$1.6 Million surplus but three months remain in the year. Staff will be completing variance reports as at October 31st and November 30th.

Motion by Councillor Bunting

Sub-committee Recommendation: THAT the Operating Budget Variance report as of September 30, 2020 be received for information.

Discussion was held on how the surplus from 2019 and 2020 could be used. The Acting Director advised annual surpluses are placed into a tax stabilization reserve fund and can be used to reduce taxes in 2021.

The Chair called the question on the motion on the floor.

Carried

5. Advisory Committee/Outside Board Minutes

There were no Advisory Committee/Outside Board minutes to be provided to Sub-committee.

6. Next Sub-committee Meeting

The next Finance and Labour Relations Sub-committee meeting is November 17, 2020 at 3:30 p.m.

7. Adjournment

Motion by Councillor Beatty

Sub-committee Decision: THAT the Finance and Labour Relations Sub-committee meeting adjourn.

Carried

Meeting Start Time: 3:30 P.M.

Meeting End Time: 3:55 P.M.