



Staff Report FIN2022-027

Title of Report: **FIN2022-027 Financial Report – 2021 Financial Statements**

Department: **Finance**

Council Date: October 5, 2022

Recommendation:

Be it resolved that Council receive Staff Report FIN2022-027 Financial Report – 2021 Financial Statements as information; and

That Council approve The Corporation of the Township of Southgate Consolidated Financial Statements for the year ended December 31, 2021 as presented.

Background:

Municipal Act, 2001 s. 290(1) requires a municipality shall:

“prepare and adopt a budget including estimates of all sums required during the year for the purposes of the municipality, including, amounts sufficient to pay all debts of the municipality falling due within the year”.

On July 8, 2020, Council passed By-law 2020-072 which set the water and wastewater rate structure for 2021 to 2026 which lowered the fixed rate charge and increased the variable rate charge.

On February 3, 2021, Council received Staff Report FIN2020-006 2021 Budget and approved a 2021 Budget which had a requirement from taxation of \$7,990,311, which was estimated to have a blended tax rate increase of 1.5%, based on assumed County and Education tax rate impacts.

On May 19, 2021, Council received Staff Report FIN2021-013 Financial Report – March 2021 which contained a financial report for the 3 months ended March 31, 2021.

On June 2, 2021, Council received Staff Report FIN2021-017 Financial Report – April 2021 which contained a financial report for the 4 months ended April 30, 2021.

On June 16, 2021, Council received Staff Report FIN2021-021 Financial Report – May 2021 which contained a financial report for the 5 months ended May 31, 2021.

On August 4, 2021, Council received Staff Report FIN2021-026 Financial Report – June 2021 which contained a financial report for the 6 months ended June 30, 2021.

On September 1, 2021, Council received Staff Report FIN2021-027 Financial Report – July 2021 which contained a financial report for the 7 months ended July 30, 2021.

On October 6, 2021, Council received Staff Report FIN2021-029 Financial Report – August 2021 which contained a financial report for the 8 months ended August 31, 2021.

On November 3, 2021, Council received Staff Report FIN2021-032 Financial Report – September 2021 which contained a financial report for the 9 months ended September 30, 2021 and a projection for the year ended December 31, 2021. For the year ended December 31, 2021, the tax-supported department surplus is projected to be \$Nil and the non-tax department surplus is projected to be \$Nil, assuming additional transfers to/from reserves as follows:

Contribution to Tax Stabilization Reserve - General	\$ 68,393.90
Contribution to Library Infrastructure Reserve	\$ 19,681.00
Contribution to Tax Stabilization Reserve - Winter Maintenance	<u>\$ 43,572.00</u>
Tax-Supported Department Transfer Total	<u>\$ 131,646.90</u>
Reduction in Contribution to Wastewater Reserve	\$ (34,787.79)
Reduction in Contribution to Water Reserve	<u>\$ (8,992.14)</u>
Non-Tax Support Department Transfer Total Reduction	<u>\$ (43,779.93)</u>

On November 17, 2021, Council received Staff Report FIN2021-036 Financial Report – October 2021 which contained a financial report for the 10 months ended October 31, 2021.

On December 15, 2021, Council received Staff Report FIN2021-045 Financial Report – November 2021 which contained a financial report for the 11 months ended November 30, 2021.

On June 15, 2022, Council received Staff Report FIN2022-015 Financial Report – December 2021 which contained a financial report for the 12 months ended December 31, 2021.

On June 15, 2022, Council received Staff Report FIN2022-015 which contained a financial report for the 12 months ended December 31, 2021, prepared on a fund accounting basis, and approved 2021 transfers from or to Reserves, Deferred Revenue and Reserve Funds which contained the following transfers to/from reserves of:

Contribution to Tax Stabilization Reserve - General	\$ 54,977.44
Contribution to Library Infrastructure Reserve	\$ 11,220.25
Contribution to Tax Stabilization Reserve - Winter Maintenance	<u>\$ 154,496.88</u>
Tax-Supported Department Transfer Total	<u>\$ 220,694.57</u>
Reduction in Contribution to Wastewater Reserve	\$ (57,567.06)

Reduction in Contribution to Water Reserve	<u>\$ (72,936.96)</u>
Non-Tax Support Department Transfer Total Reduction	<u>\$(130,504.02)</u>

Staff Comments:

On October 5, 2022, BDO Canada LLP presented The Corporation of the Township of Southgate Consolidated Financial Statements for the year ended December 31, 2021, prepared on a Public Sector Accounting Board (PSAB) basis.

Note 11 of the 2021 Consolidated Financial Statements presents a reconciliation of the 2021 Annual Surplus on a PSAB basis to the General Surplus on a Fund Accounting basis. The significant differences are due to accounting principles regarding the presentation of capital expenditures, debt (new and repayments), use of Reserves, Reserve Funds, and Obligatory Reserves, and the requirement to amortize the cost of capital assets.

Staff recommends that Council approve the Consolidated Financial Statements for the year ended December 31, 2021 as presented.

Financial Implications:

On a Fund Accounting basis, for the year ended December 31, 2021, the tax-supported department surplus is \$Nil and the non-tax department surplus is \$Nil.

On a PSAB Accounting basis, for the year ended December 31, 2021, the Annual Surplus is \$2,308,895.

Communications & Community Action Plan Impact:

This report has been written and presented to Council in accordance with the Southgate Community Action Plan:

Mission Statement Pillars

- Trusted Government
- Economic Prosperity.

Themes:

- Municipal Services
- Public Communications

Core Values:

- Integrity
- Stewardship

Concluding Comments:

On a Fund Accounting basis, for the year ended December 31, 2021, the tax-supported department surplus is \$Nil and the non-tax department surplus is \$Nil.

On a PSAB Accounting basis, for the year ended December 31, 2021, the Annual Surplus is \$2,308,895.

Staff recommends that Council approve The Corporation of the Township of Southgate Consolidated Financial Statements for the year ended December 31, 2021 as presented

Respectfully Submitted,

Dept. Head: ***Original Signed By***
William Gott, CPA, CA, Treasurer

CAO Approval: ***Original Signed By***
Dave Milliner, CAO

Attachment:

None