



**The Corporation of the Municipality
Staff Report**

**Office of the Deputy Treasurer
Manuela Batovanja**

Prepared For: Mayor and Council	Report No.: MB 2021-05
Date: July 13, 2021	File No.: 9.50.2

Purpose of Report

The purpose of this report is to provide Council with a semi-annual financial review.

Background

In addition to highlighting some key balance sheet items, this report provides Council with information regarding revenues and expenditures to June 30, 2021.

Analysis

Financial Indicators

Each year municipalities submit standard reports, Financial Information Returns (FIR), to the Ministry of Municipal Affairs and Housing. Financial indicators are prepared annually based on the information contained in the FIR. The 2019 review, which is attached to this report, identified two areas where Wawa exhibited a high level of risk, taxes receivable and cash ratio.

Total taxes receivable less allowance for uncollectible as a percentage of total taxes levied shows how much of the taxes billed have not been collected. Even though we have made significant progress since 2016 and were trending downward we remain in a high level of risk. In 2020, due to COVID-19 collection efforts were suspended. We did however, update our tax collection policy.

In 2021, with provincial restrictions lifted we were able to restart the tax registration process which will address those properties which are in three or more years of arrears. In addition, we applied the updated tax collection policy allowing for submission to a collection agency those properties which were in second-year arrears as such, we have seen a decrease in outstanding taxes in that category from January to June, 2021 of \$132,169 or 48.8%. Many of these properties have entered into monthly payment agreements which will, over time

**Respectfully Prepared and Submitted By:
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Assistant Director of Corporate Services**

pay off the entire bill including current year taxes, some of these properties are now paying down the first-year arrears.

The cash ratio is the total cash and cash equivalents as a percentage of current liabilities. It is a measure of our liquidity or how much cash and liquid investment is available to cover current obligations. A good percentage of this ratio trends with our ability to collect revenues and should improve as tax collections improve.

In 2020 the municipality developed a surplus/deficit policy which directs the investment of year end operating surplus funds which will also improve this ratio.

Revenues to June 30, 2021

- **Business Improvement Area** – In 2021, the Wawa BIA choose to maintain the reduced levy with the intent to reduce costs to member businesses in order to help offset the impact of the Covid-19 pandemic.
- **Administration** – the hydro damn compensatory payment is not received until August which results in a large variance at the mid-year point. Investment revenue is also recognized in this category.

Our LAS One Investments are comprised of corporate bonds and money market accounts, which due to the pandemic and a lack of confidence in the markets, have been yielding either no returns or negative returns. We have been able to offset some of the losses with interest earned in high interest savings accounts and GIC's, however, there is not enough of a yield in these investment instruments to recognize any substantial revenues. We are not expecting to meet our budgeted investment revenues in 2021. In an effort to improve on past policy we have included the review and implementation of an investment policy in the 10-year financial plan.

- **Animal Control** – the Municipality does not have an animal control officer.
- **Community Emergency Measurers** – in addition to the budget amount of provincial COVID relief, the municipality received unexpected COVID funding from ADSAB.
- **Transit** – the majority of the transit revenue results from the provincial gas tax program this year funding of \$25,891.00 has been received we are not expecting revenue to exceed the budgeted amount.
- **Water and Sewer** - the variance in this department is due to the billing cycle, which occurs in the third and fourth quarters.

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- **Michipicoten Memorial Community Centre** - there was significant revenue loss in this department directly associated with the closing of facilities and high-profile events as the COVID-19 pandemic continued into 2021. There is hope that case numbers will reduce because of the provincial vaccination campaign allowing us to reopen and recover some of the lost revenues through fall and winter programming.
 - **Tourism** - there was significant revenue loss in this department directly associated with the closing of facilities such as the Tourist Information Centre (TIC) due to the continuing COVID-19 pandemic.

Expenditures to June 30, 2021

- **Administration** – similar to 2020 reduced travel and training costs due to COVID-19, a large portion of the variance is attributable to expenses which are not recognized until later in the year such as bad debt write-offs and reserve transfers.
- **Fire Department** – a substantial portion of this variance is due to the honorarium as well as the transfer to reserves being recorded in the fourth quarter.
- **Animal Control** – similar to the revenues, we do not expect to see many expenses in this department until the position of animal control officer is filled.
- **Police Services Board** – similar to the fire department, this honorarium is recorded in the fourth quarter and there is no travel due to COVID-19 pandemic, as such the majority of these expenses are not recognized until later in the year.
- **Infrastructure Services** – transfers from reserves are not recorded until there is a payment to large capital projects this usually occurs in the third and fourth quarters. Additionally, we experienced less than usual snowfall in January and February as well as an early spring which resulted in reduced winter control costs.
- **Michipicoten Memorial Community Centre** – although the facility has been closed for the majority of the year, fixed costs such as utilities, insurance, debenture repayment and service agreements have to be paid. In addition, some costs are attributed to facility repairs.
- **Drag Races** – it was decided to again cancel this event due to COVID-19, subsequently there was no generation of revenues or expenses.

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- **Planning & Development** – in 2020, expenses were significantly higher than the budgeted amount. Due to a perceived upswing in our local economy a decision was made to increase this budget for 2021 in preparation for continued need for expenditure in this area.
 - **Tourism** – A decision was made for the Tourist Information Centre to remain closed for the 2021 season due to the COVID-19 pandemic, there are however some fixed expenses such as utilities and insurance.

Capital Fund

- **Revenue** – revenue for the capital fund is received when funds are transferred from reserves or claims are submitted occasionally the revenue is recognized in the next municipal fiscal year as the provincial year end is March 31st.
- **Expenses** - capital projects typically begin in late spring and finish in the fall, some larger projects are carried over to the next fiscal year. The majority of related expenditures are paid and recorded in the third and fourth quarters.

In summary, a review of the municipalities financial records does not indicate any material concerns. Plans have been implemented to address historic risks revealed through financial indicators and progress will be monitored in order to achieve an acceptable level of risk.

Recommendation

That Council receive Staff Report MB 2021-05 Semi Annual Financial Report for information purposes.

Attachments

- Council Department Summary
- 2019 Financial Indicator Review

Council Department Summary

For Period Ending 30-Jun-2021



	FINAL BUDGET	ACTUAL VALUES	VARIANCE	FINAL BUDGET	ACTUAL VALUES	VARIANCE
	2020	2020	2020	2021	2021	2021
GENERAL FUND						
Revenue						
TAXATION	(4,941,256.00)	(4,927,937.40)	(13,318.60)	(4,977,235.00)	(4,965,351.00)	(11,884.00)
SCHOOL BOARDS	(544,525.00)	(555,744.90)	11,219.90	(499,335.00)	(510,717.94)	11,382.94
BUSINESS IMPROVEMENT AREA	(18,000.00)	(2,500.03)	(15,499.97)	(2,500.00)	(2,500.00)	0.00
ADMINISTRATION	(5,052,686.00)	(1,119,658.98)	(3,933,027.02)	(5,327,918.00)	(1,057,869.01)	(4,270,048.99)
INFORMATION TECHNOLOGY	(124,878.00)	(43,453.33)	(81,424.67)	(48,500.00)	(29,628.74)	(18,871.26)
FIRE DEPARTMENT	(29,800.00)	(9,757.46)	(20,042.54)	(36,713.00)	(15,907.72)	(20,805.28)
BUILDING DEPARTMENT	(32,930.00)	(22,612.29)	(10,317.71)	(43,610.00)	(29,757.34)	(13,852.66)
ANIMAL CONTROL	(2,500.00)	(310.00)	(2,190.00)	(1,000.00)	(175.00)	(825.00)
POLICE SERVICES	(8,640.00)	(7,362.99)	(1,277.01)	(16,309.00)	(14,604.70)	(1,704.30)
COMMUNITY EMERGENCY MEASURES	0.00	0.00	0.00	(50,576.00)	(63,202.39)	12,626.39
INFRASTRUCTURE SERVICES	(21,449.00)	(2,043.66)	(19,405.34)	(27,670.00)	(18,555.49)	(9,114.51)
AIRPORT	(337,200.00)	(130,433.66)	(206,766.34)	(339,840.00)	(162,800.72)	(177,039.28)
WAWA TRANSIT	(31,152.00)	(2,137.00)	(29,015.00)	(31,691.00)	(27,174.00)	(4,517.00)
GARBAGE COLLECTION	(40,980.00)	(24,655.02)	(16,324.98)	(41,166.00)	(25,043.52)	(16,122.48)
LANDFILL	(100,000.00)	(36,338.00)	(63,662.00)	(100,000.00)	(62,905.45)	(37,094.55)
SPECIAL INITIATIVES	(10,000.00)	0.00	(10,000.00)	(10,000.00)	(9,127.35)	(872.65)
WATER AND SEWER	(1,455,960.00)	(477,669.48)	(978,290.52)	(1,511,860.00)	(452,535.53)	(1,059,324.47)
CEMETERY	(8,500.00)	(450.00)	(8,050.00)	(11,000.00)	(6,110.00)	(4,890.00)
ASSISTANCE TO THE SENIORS	(31,600.00)	(10,800.00)	(20,800.00)	(30,035.00)	(14,233.76)	(15,801.24)
MICHIPICOTEN MEMORIAL COMMUNITY CENTRE	(358,393.00)	(77,501.38)	(280,891.62)	(153,700.00)	(28,427.03)	(125,272.97)
PARKS	(18,500.00)	(26,733.38)	8,233.38	(26,500.00)	(13,184.89)	(13,315.11)
DRAG RACES	0.00	211.21	(211.21)	0.00	0.00	0.00
PLANNING AND DEVELOPMENT	(2,225.00)	(825.00)	(1,400.00)	(2,225.00)	(2,500.00)	275.00
TOURISM	(38,000.00)	(342.81)	(37,657.19)	(38,000.00)	(8,076.92)	(29,923.08)
EXTERNAL BOARDS	(5,000.00)	0.00	(5,000.00)	0.00	0.00	0.00
Total Revenue	(13,214,174.00)	(7,479,055.56)	(5,735,118.44)	(13,327,383.00)	(7,520,388.50)	(5,806,994.50)
Expense						
MAYOR AND COUNCIL	110,436.00	33,035.34	77,400.66	105,241.00	30,047.12	75,193.88
TAXATION	94,626.00	34,945.92	59,680.08	30,031.00	22,427.63	7,603.37
SCHOOL BOARDS	544,525.00	274,641.47	269,883.53	499,334.00	249,434.14	249,899.86
ADMINISTRATION	2,242,775.00	685,352.50	1,557,422.50	3,141,164.00	715,897.19	2,425,266.81
INFORMATION TECHNOLOGY	399,249.00	124,897.81	274,351.19	191,477.00	71,173.49	120,303.51
FIRE DEPARTMENT	363,522.00	67,854.49	295,667.51	303,598.00	86,361.44	217,236.56
BUILDING DEPARTMENT	131,064.00	52,546.77	78,517.23	130,281.00	55,165.33	75,115.67
ANIMAL CONTROL	7,112.00	542.55	6,569.45	7,134.00	672.66	6,461.34
POLICE SERVICES	872,978.00	430,957.50	442,020.50	888,668.00	439,300.78	449,367.22
POLICE SERVICES BOARD	6,282.00	576.77	5,705.23	5,107.00	626.05	4,480.95
COMMUNITY EMERGENCY MEASURES	156,174.00	20,421.31	135,752.69	51,076.00	17,756.96	33,319.04
INFRASTRUCTURE SERVICES	1,690,448.00	975,692.78	714,755.22	1,679,198.00	633,111.44	1,046,086.56
AIRPORT	392,848.00	180,441.86	212,406.14	392,104.00	146,495.11	245,608.89
WAWA TRANSIT	75,502.00	21,507.33	53,994.67	73,628.00	27,864.69	45,763.31
GARBAGE COLLECTION	374,691.00	156,511.36	218,179.64	381,355.00	141,007.13	240,347.87
LANDFILL	158,228.00	81,340.48	76,887.52	157,373.00	38,396.13	118,976.87
SPECIAL INITIATIVES	24,000.00	0.00	24,000.00	24,000.00	0.00	24,000.00
WATER AND SEWER	1,454,574.00	1,000,674.25	453,899.75	1,510,422.00	544,554.09	965,867.91

Council Department Summary

For Period Ending 30-Jun-2021



	FINAL BUDGET ACTUAL VALUES			FINAL BUDGET ACTUAL VALUES		
	2020	2020	VARIANCE	2021	2021	VARIANCE
GENERAL FUND						
CEMETERY	42,092.00	7,989.18	34,102.82	39,572.00	7,080.78	32,491.22
ASSISTANCE TO THE SENIORS	28,936.00	8,365.67	20,570.33	26,883.00	8,091.45	18,791.55
MICHIPICOTEN MEMORIAL COMMUNITY CENTRE	1,542,624.00	728,321.74	814,302.26	1,268,764.00	550,967.47	717,796.53
PARKS	171,780.00	85,854.29	85,925.71	204,017.00	68,648.24	135,368.76
DRAG RACES	0.00	1,065.49	(1,065.49)	0.00	(25.00)	25.00
PLANNING AND DEVELOPMENT	4,067.00	36.95	4,030.05	12,203.00	500.43	11,702.57
TOURISM	216,819.00	51,644.47	165,174.53	141,189.00	33,385.96	107,803.04
EXTERNAL BOARDS	2,108,822.00	975,384.66	1,133,437.34	2,063,564.00	1,043,321.44	1,020,242.56
Total Expense	13,214,174.00	6,000,602.94	7,213,571.06	13,327,383.00	4,932,262.15	8,395,120.85
Total GENERAL FUND	0.00	(1,478,452.62)	1,478,452.62	0.00	(2,588,126.35)	2,588,126.35

Council Department Summary

For Period Ending 30-Jun-2021



	FINAL BUDGET	ACTUAL VALUES	VARIANCE	FINAL BUDGET	ACTUAL VALUES	VARIANCE
	2020	2020	2020	2021	2021	2021
CAPITAL FUND						
Revenue						
ADMINISTRATION	(92,500.00)	0.00	(92,500.00)	(225,000.00)	(89,085.95)	(135,914.05)
INFORMATION TECHNOLOGY	(70,000.00)	0.00	(70,000.00)	(70,000.00)	(17,510.02)	(52,489.98)
FIRE DEPARTMENT	(70,000.00)	0.00	(70,000.00)	0.00	0.00	0.00
POLICE SERVICES	(503,000.00)	0.00	(503,000.00)	(533,000.00)	(23,813.08)	(509,186.92)
INFRASTRUCTURE SERVICES	(4,086,787.00)	0.00	(4,086,787.00)	(3,063,205.00)	(100,104.57)	(2,963,100.43)
LANDFILL	(575,000.00)	0.00	(575,000.00)	(360,000.00)	0.00	(360,000.00)
WATER AND SEWER	(195,000.00)	(12,023.37)	(182,976.63)	(182,000.00)	(119,627.79)	(62,372.21)
CEMETERY	0.00	0.00	0.00	(30,000.00)	0.00	(30,000.00)
MICHIPICOTEN MEMORIAL COMMUNITY CENTRE	(275,000.00)	0.00	(275,000.00)	(210,000.00)	0.00	(210,000.00)
TOURISM	(203,200.00)	(45,831.84)	(157,368.16)	(85,800.00)	(9,673.31)	(76,126.69)
Total Revenue	(6,070,487.00)	(57,855.21)	(6,012,631.79)	(4,759,005.00)	(359,814.72)	(4,399,190.28)
Expense						
ADMINISTRATION	92,500.00	24,637.13	67,862.87	225,000.00	89,085.95	135,914.05
INFORMATION TECHNOLOGY	70,000.00	0.00	70,000.00	70,000.00	17,510.02	52,489.98
FIRE DEPARTMENT	70,000.00	0.00	70,000.00	0.00	0.00	0.00
POLICE SERVICES	503,000.00	0.00	503,000.00	533,000.00	23,813.08	509,186.92
INFRASTRUCTURE SERVICES	4,086,787.00	196,483.02	3,890,303.98	3,063,205.00	101,176.33	2,962,028.67
LANDFILL	575,000.00	11,316.65	563,683.35	360,000.00	24,186.77	335,813.23
WATER AND SEWER	195,000.00	45,724.78	149,275.22	182,000.00	119,627.79	62,372.21
CEMETERY	0.00	0.00	0.00	30,000.00	0.00	30,000.00
MICHIPICOTEN MEMORIAL COMMUNITY CENTRE	275,000.00	134,313.89	140,686.11	210,000.00	0.00	210,000.00
TOURISM	203,200.00	76,601.59	126,598.41	85,800.00	9,673.31	76,126.69
Total Expense	6,070,487.00	489,077.06	5,581,409.94	4,759,005.00	385,073.25	4,373,931.75
Total CAPITAL FUND	0.00	431,221.85	(431,221.85)	0.00	25,258.53	(25,258.53)

FINANCIAL INDICATOR REVIEW

(Based on 2019 Financial Information Return)

Wawa M

Date Prepared:	28-Oct-20	2019 Households:	1,640	Median Household Income:	66,752
MSO Office:	Northeast	2019 Population:	2,359	Taxable Residential Assessment as a	
Prepared By:	S. Mac Gillivray	2020 MFCL Index:	6.7	% of Total Taxable Assessment:	65.7%
Tier:	ST			Own Purpose Taxation:	4,608,221

SUSTAINABILITY INDICATORS

Indicator	Ranges	Actuals	North - Population > 2500 <= 10000		Level of Risk	
			Median	Average		
Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied	Low: < 10% Mod: 10% to 15% High: > 15%	2015	30.2%	7.8%	13.7%	HIGH
		2016	35.6%	9.0%	13.3%	HIGH
		2017	22.3%	9.5%	11.6%	HIGH
		2018	13.9%	8.7%	11.0%	MODERATE
		2019	18.2%	7.2%	9.1%	HIGH
Net Financial Assets or Net Debt as % of Own Source Revenues	Low: > -50% Mod: -50% to -100% High: < -100%	2015	-33.4%	-12.7%	31.2%	LOW
		2016	-25.0%	-9.3%	-12.7%	LOW
		2017	-16.1%	-8.0%	-12.4%	LOW
		2018	-6.2%	5.0%	-6.2%	LOW
		2019	6.6%	25.4%	7.3%	LOW
Total Reserves and Discretionary Reserve Funds as a % of Municipal Expenses	Low: > 20% Mod: 10% to 20% High: < 10%	2015	33.3%	32.9%	36.6%	LOW
		2016	36.7%	32.8%	35.3%	LOW
		2017	41.4%	35.8%	37.2%	LOW
		2018	47.0%	35.2%	39.8%	LOW
		2019	48.6%	47.9%	46.5%	LOW
Cash Ratio (Total Cash and Cash Equivalents as a % of Current Liabilities)	Low: > 0.5:1 Mod: 0.5:1 to 0.25:1 High: < 0.25:1	2015	0.14:1	1.75:1	2.07:1	HIGH
		2016	0.11:1	1.73:1	2.24:1	HIGH
		2017	0.16:1	1.52:1	2.59:1	HIGH
		2018	-0.06:1	2.29:1	2.67:1	HIGH
		2019	0.4:1	3.35:1	4.11:1	MODERATE

FLEXIBILITY INDICATORS

Debt Servicing Cost as a % of Total Revenues (Less Donated TCAs)	Low: < 5% Mod: 5% to 10% High: > 10%	2015	3.8%	4.5%	9.6%	LOW
		2016	3.2%	4.6%	5.6%	LOW
		2017	2.9%	4.0%	4.8%	LOW
		2018	2.8%	4.5%	5.1%	LOW
		2019	2.8%	3.8%	4.7%	LOW
Closing Amortization Balance as a % of Total Cost of Capital Assets (Asset Consumption Ratio)	Low: < 50% Mod: 50% to 75% High: > 75%	2015	43.8%	45.6%	45.2%	LOW
		2016	46.1%	46.5%	45.8%	LOW
		2017	48.1%	46.9%	46.6%	LOW
		2018	56.7%	47.4%	47.7%	MODERATE
		2019	56.1%	49.9%	48.6%	MODERATE
Annual Surplus / (Deficit) as a % of Own Source Revenues	Low: > -1% Mod: -1% to -30% High: < -30%	2015	-14.7%	7.9%	37.6%	MODERATE
		2016	9.3%	7.7%	15.2%	LOW
		2017	-2.3%	4.7%	7.1%	MODERATE
		2018	22.8%	8.1%	9.6%	LOW
		2019	20.5%	15.5%	14.8%	LOW

The data and information contained in this document is for informational purposes only. It is not an opinion about a municipality and is not intended to be used on its own - it should be used in conjunction with other financial information and resources available. It may be used, for example, to support a variety of strategic and policy discussions.