



CAPE BRETON
REGIONAL MUNICIPALITY

Annual Financial Report

Year Ended March 31, 2019

Cape Breton Regional Municipality

Year ended March 31, 2019

OPERATING HIGHLIGHTS

- ▶ Transit service demand ↑
- ▶ 4 of 5 Collective Agreements Settled
- ▶ Tax Receivables ↓
- ▶ Debt ↓

POLICY HIGHLIGHTS

- ▶ Property Auctions
- ▶ Tax Collections
- ▶ Low Income Tax Exemption
- ▶ Commercial Development District Improvement By-Law
- ▶ CBRM REN

CAPITAL HIGHLIGHTS

- ▶ Second Berth
- ▶ Glace Bay Arena
- ▶ Transit Fleet
- ▶ Land acquisition - Glace Bay Police
- ▶ Grand Lake Road Multi Use Path
- ▶ Indian Beach
- ▶ Glace Bay Commons

OPERATING SURPLUS \$359,663

(0.25% of \$147m operating budget!)

Cape Breton Regional Municipality Schedule of Operating Fund (Internal)

	Actuals 2018/19	Budget 2018/19	Variance
Revenue			
Total Taxes	\$ 108,104,225	\$ 107,811,592	\$ 292,633
Total Federal Government	3,198,858	3,100,000	98,858
Total Federal Government Agencies	753,220	753,578	(358)
Total Provincial Government	2,098,666	2,078,252	20,414
Total Provincial Government Agencies	3,055,271	3,057,283	(2,012)
Total Services to Other Local Government	501,400	608,821	(107,421)
Total Transit	1,085,971	792,500	293,471
Total Environmental Development Services	231,383	246,000	(14,617)
Total Licenses & Permits	217,482	150,500	66,982
Total Fines & Fees	624,758	572,852	51,906
Total Rentals	526,311	503,630	22,681
Total Concessions & Franchises	342,985	365,000	(22,015)
Total Interest on Taxes	1,337,605	1,614,003	(276,398)
Total Finance Revenue	26,825	30,000	(3,175)
Total Solid Waste Revenue	2,098,647	2,300,000	(201,353)
Total Recreation & Cultural Service Programs	2,037,442	2,065,000	(27,558)
Total Water Utility Charges	4,951,510	4,951,510	(0)
Total Unconditional Transfers	15,965,329	15,860,282	105,047
Total Conditional Transfers	-	-	-
Total Revenue	\$ 147,157,889	\$ 146,860,803	\$ 297,086
Expenditures			
Legislative	\$ 1,384,748	\$ 1,455,969	\$ 71,221
Administration	778,860	1,083,980	305,120
Finance	2,804,395	2,860,330	55,935
Legal	672,397	676,601	4,204
Human Resources	1,230,462	1,374,140	143,678
Technology & Communications	1,272,960	1,301,881	28,921
Municipal Clerk	513,147	536,755	23,608
Fiscal Services	31,831,891	31,894,505	62,614
Police Services	26,673,442	26,994,915	321,473
Fire Services (Incl EMO)	17,956,175	18,201,998	245,823
Engineering & Public Works	45,898,046	45,577,828	(320,218)
Planning	2,572,317	2,656,806	84,489
Facilities: Centre 200 & Arenas	4,127,496	3,398,410	(729,086)
Parks & Grounds	2,905,460	2,832,660	(72,800)
Buildings	3,575,032	3,374,564	(200,468)
Recreation	2,601,397	2,639,461	38,064
Total Expenditures	\$ 146,798,226	\$ 146,860,803	\$ 62,577
Surplus / (Deficit) (internal)	\$ 359,663		

Revenues

**Exceeded Budget
\$297,086**

Tax Revenue	2018/19 Budget	Actuals 2018/19	Variance
Taxes on Assessment			-
Residential Tax	70,876,029	71,283,730	407,701
Commercial Tax	30,953,396	30,751,772	(201,623)
Resource Tax	1,435,871	1,435,341	(530)
Commercial Area Rates (Fire/Sewer-Bylaw)	1,470,118	1,470,117	(1)
Total Taxes on Assessment	104,735,413	104,940,960	205,547
			-
Bell	432,518	510,182	77,664
Wind Turbine	193,661	211,483	17,822
Deed Transfer Tax	2,450,000	2,441,600	(8,400)
			-
Total Tax Revenue	107,811,592	108,104,225	292,633

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Total Water Utility Charges	4,951,510	4,951,510	(0)
Total Unconditional Transfers	15,965,329	15,860,282	105,047
Total Conditional Transfers	-	-	-
Total Revenue	\$ 147,157,889	\$ 146,860,803	\$ 297,086

Minimum Tax Levy
Transit Fares
Interest on Taxes
Solid Waste Revenue

Expenditures

Less than budgeted
\$62,577

Wages & Benefits

Contracts & Agreements

Fleet/Vehicle
maintenance

Grants to Organizations

Utilities

★ Low Income tax
Exemption

Expenditures	Actuals 2018/19	Budget 2018/19	Variance	% Variance
Wages and Benefits, Net of Cost Recovery/Employment Grants	\$ 63,961,268	\$ 64,240,054	\$ 278,786	0.4%
Provincial Service Costs (includes PVSC)	18,512,079	18,507,000	(5,079)	(0.0%)
Contracts/ Agreements/ Professional Service	16,863,746	16,627,240	(236,506)	(1.4%)
Debt Servicing	11,912,867	11,920,457	7,590	0.1%
Water Utility Hydrant Fee	7,131,022	7,131,023	1	0.0%
Operational Equipment/ Materials/ Supplies/ Tools/ Uniforms/ Clothing	4,971,456	4,930,094	(41,362)	(0.8%)
Vehicle Maintenance/ Repair/ Fuel	5,389,758	4,828,230	(561,528)	(11.6%)
Grants to Organizations	3,805,398	4,029,469	224,071	5.6%
Heat/ Electrical/ Water	3,154,073	2,776,676	(377,397)	(13.6%)
Street Lights	2,305,461	2,375,000	69,539	2.9%
Building Maintenance/ Repair/ Rental	1,660,362	1,701,850	41,488	2.4%
Office/ Computer Supplies/ Equipment	1,208,105	1,353,333	145,228	10.7%
Training/ Education/ Travel/ Conferences/ Meetings	1,186,976	1,330,359	143,383	10.8%
Insurance	1,170,112	1,193,950	★ 23,838	2.0%
Telephone/ Communication Equipment	711,653	791,143	79,490	10.0%
Cost Recovery	(697,709)	(703,421)	(5,712)	0.8%
Allowance for Uncollectible Taxes/ Receivables	650,000	700,000	50,000	7.1%
Advertising/ Promotion	551,265	660,650	109,385	16.6%
Cost of Sales	479,210	615,000	135,790	22.1%
Licenses/ Permits/ Easements	462,029	549,615	87,586	15.9%
Security	454,075	443,000	(11,075)	(2.5%)
Community Events	342,471	334,615	(7,856)	(2.3%)
Postage/ Courier	198,479	201,951	3,472	1.7%
Professional Membership Dues/ Fees/ Subscriptions	155,295	163,515	8,220	5.0%
Demolitions	120,307	120,000	(307)	(0.3%)
Low Income Rebate	138,469	40,000	★ (98,469)	(246.2%)
Total Expenditures	\$ 146,798,226	\$ 146,860,803	\$ 62,577	0.0%

CBRM Capital & Debt

CBRM Capital Program 2018-19	Budget	Cost	Funding	Borrowing
Land and buildings	2,397,000	2,461,700	279,786	2,181,914
Fire Equipment	1,300,000	1,374,917	-	1,374,917
Streets and Sidewalks	5,154,300	4,648,950	3,940,197	708,753
Fleet Replacement	1,500,000	1,225,402	650,000	575,402
Sewer	6,068,155	4,391,438	3,117,702	1,273,735
Solid Waste	100,000	111,765	100,000	11,765
Parks, Grounds and Arenas	4,975,000	★ 996,982	529,695	467,288
Active Transportation	588,400	620,286	407,528	212,758
Transit	1,350,000	990,644	746,412	244,232
2nd Berth	10,500,000	★ 4,004,735	2,247,360	1,757,375
Total	33,932,855	20,826,819	12,018,680	8,808,139

← CBRM Capital Costs, Funding and Required Borrowing

CBRM Debt →

Long Term Debt - Capital Projects	2018/19	2017/18	2016/17
Current Long Term Debt, Financial Statements	\$ 51,610,340	\$ 48,616,686	\$ 54,091,831
Short term borrowing (15/16 capital projects)			8,274,000
Short term borrowing (16/17 capital projects)		12,974,999	12,974,999
Short term borrowing (17/18 capital projects)	10,250,000	10,250,000	
Short term borrowing (18/19 capital projects)	8,808,139		
Balance of Total Debt	\$ 70,668,479	\$ 71,841,685	\$ 75,340,830
Change in Total Debt	\$ (1,173,206)	\$ (3,499,145)	

CBRM Water Utility

Operating

Capital

Water Utility - Operating Deficit	2019	2018	2017
Deficit, Beginning of Year	(3,976,310)	(5,638,302)	(4,908,426)
Change in fund balance	2,253,701	1,661,992	(729,876)
Deficit, End of Year	(1,722,609)	(3,976,310)	(5,638,302)

- ▶ Capital projects totalling \$3.36m
- ▶ NO new debt
- ▶ Debt balance \$32,630,500

- ▶ Operating Surplus of \$2,253,701
- ▶ Accumulated Deficit (\$1.7m)
- ▶ Last of the UARB approved rate increases effective April 1, 2019.

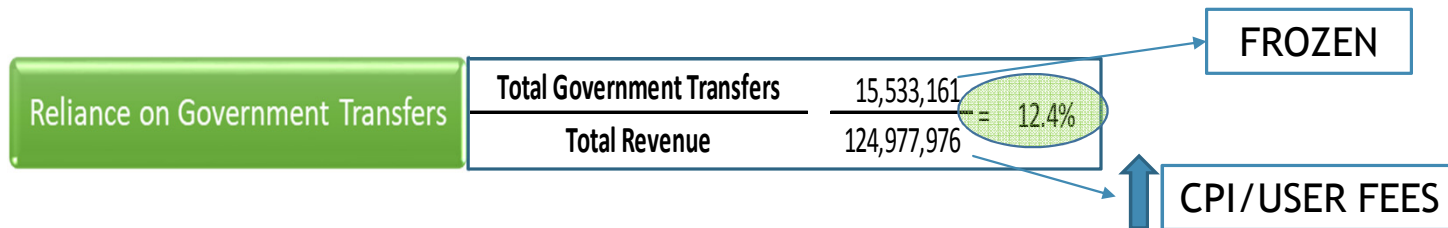


CBRM

Financial Condition Index (Draft)

Indicator Name	2018-19	2017-18	2016-17
Reliance on Government Transfers	12.4%	12.6%	12.9%
Uncollected Taxes	14.5%	17.7%	16.7%
3 Year Change in Tax Base	8.8%	7.3%	10.9%
Reliance on Single Business or Institution	1.7%	1.5%	1.1%
Residential Tax Effort	2.8%	2.7%	2.7%
# of Deficits in the Last 5 Years	0 out of 5 years	0 out of 5 years	0 out of 5 years
Years with a Budget Accuracy within + or - 5% in the last five years	5 out of 5 years	5 out of 5 years	5 out of 5 years
Liquidity	1.2	1.1	1.1
Operating Reserve	6.1%	5.1%	6.5%
Debt Service Cost	10.4%	14.3%	14.9%
Outstanding Operating Debt	8.2%	12.0%	13.4%
Undepreciated Assets	59.9%	61.5%	63.0%
Combined Operating & Capital Reserves	8.7%	5.3%	7.3%

CBRM Financial Condition Index (Draft)



- ▶ CBRM is LESS reliant on Government transfers

Indicator Name	2018-19	2017-18	2016-17
Reliance on Government Transfers	12.4%	12.6%	12.9%

- ▶ Adequacy of existing transfer?
- ▶ Appropriateness of service levels/expenditures?

CBRM

Financial Condition Index (*Draft*)

Uncollected Taxes

$$\frac{\text{Taxes Receivable (net of allowance)}}{\text{Total Taxes Billed}} = \frac{15,188,769}{104,940,960} = 14.5\%$$

Financial Condition Indicator: - Uncollected Taxes [Net receivables/taxes on assessment]			
	2018/19	2017/18	Variance
Taxes Receivable	17,072,049	20,363,959	(3,291,910)
Allowance for uncollectible taxes	(1,883,280)	(2,186,474)	303,194
Net Taxes Receivable	15,188,769	18,177,486	(2,988,717)
FCI: Uncollected Taxes	14.5%	17.7%	(3.2%)
NSHA Receivable	-	(2,430,000)	2,430,000
FCI - Uncollected Taxes (net of NSHA Receivable)	14.5%	15.3%	(0.8%)

CBRM

Financial Condition Index (Draft)

Operating Reserve

$$\frac{\text{General Operating Reserve}}{\text{Total Expenses (including debenture payments)}} = \frac{7,602,595}{124,618,314} = 6.1\%$$

Debt Service Cost

$$\frac{\text{Principal/Interest on LTD}}{\text{Total Own Source Revenue}} = \frac{11,377,466}{109,444,815} = 10.4\%$$

Undepreciated Assets

$$\frac{\text{Total NBV of Capital Assets}}{\text{Total Gross Cost of Capital Assets}} = \frac{288,456,970}{481,447,018} = 59.9\%$$

Combined Reserves

$$\frac{\text{Total reserve fund balance}}{\text{Total operating expenses (Incl Depreciation)}} = \frac{12,114,432}{139,858,584} = 8.7\%$$

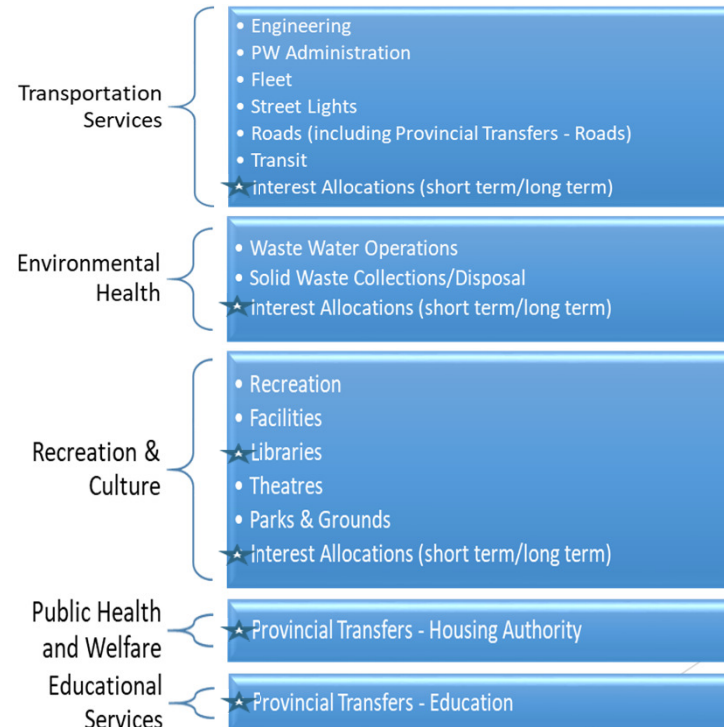
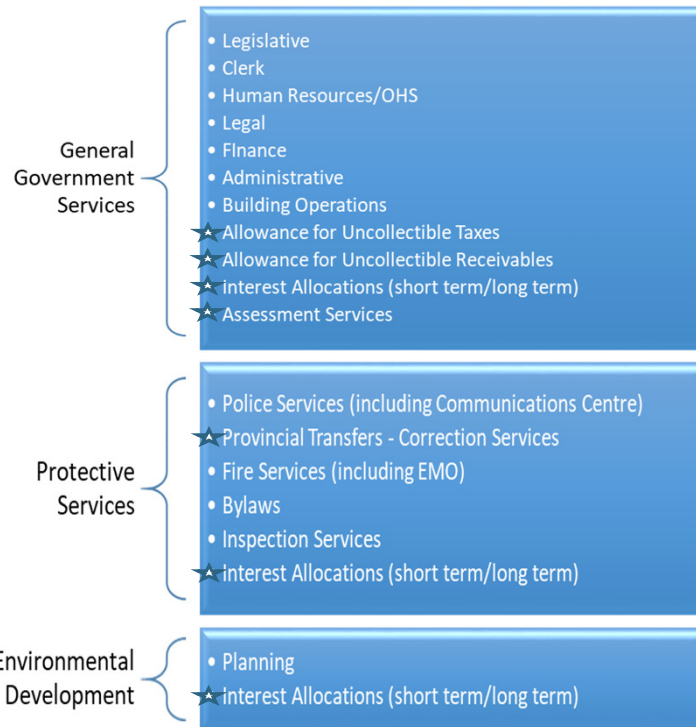
CBRM Operating (Internal)



Conversion



PSAB Presentation



CBRM

Schedule of Operating Fund Reconciliation to PSAB - Change in Fund Balance

			2019	2018
ANNUAL SURPLUS, INTERNAL F/S			359,663	553,683
RECONCILING ITEMS				
Surplus allocation	1)		(359,663)	(553,683)
Pension adjustment			-	(9,153,000)
Landfill closure liability	2)		(12,248,200)	(499,999)
Transfer from reserve (Pension liability)			-	3,137,000
Interest accrual adjustment	3)		501,101	
Sick Accrual adjustment			(126,155)	
Vacation accrual			126,151	-
			(12,106,766)	(7,069,682)
ANNUAL DEFICIT, PSAB			(11,747,103)	(6,515,999)
ACCUMULATED DEFICIT PSAB, BEGINNING OF YEAR			(47,436,936)	(40,920,937)
ACCUMULATED DEFICIT PSAB, END OF YEAR			(59,184,039)	(47,436,936)
			2019	2018
PSAB RECONCILING ITEMS COMPRISED OF:				
Landfill closure liability			(53,910,000)	(41,661,800)
Vacation accrual			(4,303,778)	(4,429,931)
Interest accrual			(970,261)	(1,471,358)
Sick benefit accrual			-	126,153
			(59,184,039)	(47,436,936)

Surplus for municipal tax purposes transferred to reserve

Current Year Adjustments to accruals recognized for PSAB

Change in Fund Balance per Audited PSAB Schedule

Ending Fund Balance per Audited PSAB Schedule

Ending Fund Balance Composition

CONSOLIDATED STATEMENTS

CBRM

Operating Fund
Capital Fund
Reserve Fund

CBRW

Operating Fund
Capital Fund
Reserve Fund

PSDC

	CBRM			CBRW			PSDC	Total
	Operating	Capital	Reserve	Operating	Capital	Reserve	Operating	
Fund Balance, Beginning of Year	(47,436,939)	210,385,109	7,533,618	1,466,250	85,476,480	2,020,619	4,167,614	263,612,751
Prior Period Adjustments	-	1,524,424	-	-	-	-	-	1,524,424
Fund Balance, Beginning of Year, Restated	(47,436,939)	211,909,533	7,533,618	1,466,250	85,476,480	2,020,619	4,167,614	265,137,175
Change in Fund Balance	(11,747,100)	7,074,201	4,580,814	1,978,265	3,714,500	8,109	196,488	5,805,277
Fund Balance, End of Year	(59,184,039)	218,983,734	12,114,432	3,444,515	89,190,980	2,028,728	4,364,102	270,942,452

CBRM – General Capital Fund Restatement of Prior Year Balances

CBRM Capital Fund Balance, as previously reported, March 31, 2018	210,385,109
Correction of accounting asset acquired via capital lease	
Capital asset recognized	1,118,645
Recognize A/A up to March 31, 2017	(307,626)
Increase to depreciation expense March 31, 2018	(27,966)
Net impact on fund balance	783,053
Correction of previously recorded depreciation expense	
Reduce recognized A/A up to March 31, 2017	526,142
Reduction in depreciation expense March 31, 2018	215,229
Net impact on fund balance	741,371
Sum of Restatements	1,524,424
CBRM Capital Fund Balance, as restated, March 31, 2018	211,909,533

CBRM Annual Financial Report

