

General Government Services – Financial Services

Service Description

Financial Services reflects the expenses and recoveries associated with investments and financial activities supporting general corporate operations. Significant Corporate capital initiatives are also captured here.

Prior Year Performance

Investment returns remained volatile in 2017, especially within the ONE funds. The 2017 Budget was a conservative estimate based on prior year returns, however the month-to-month fluctuations have been substantial. Over time, investments have been diversified to include more stable investments outside of the ONE fund, but these returns are not recognized until maturity, which is future years for some. At this point, it is projected that investment income will be \$200,000 less than budgeted, and this is the principal contributor to the net unfavourable variance for the year.

Facility Asset Renewal continues as the Corporation follows its long term capital strategy to renew and replace its facility assets. Funding is levied evenly over a long term, and transferred into the Capital Reserve for use as the projects proceed. For 2017, Facility renewal focused on completion of the West End Depot in the Infrastructure Services department, and construction of the EMS Dougall base. The actual cost of the new EMS base is expected to exceed initial estimate due to extensive property remediation that was required after demolition of the former base.

As approved by Council, Administration orchestrated the purchase of the Civic Centre from the former owners in 2017. The \$1.4 million purchase will be financed from the Rate Stabilization Reserve, and amounts which were to be repaid to the County of Essex for external building renovations (prior years) will be resolved and financed through the Corporation's Capital Reserve.

Proposed Budget – Current Year

A nominal increase of \$1,860 (0.3%) has been recommended for the 2018 Financial Services budget. Although volatility in the investment returns is expected to continue, amounts budgeted for interest income have been preserved at 2017 Budget level and no change has been made to the amount of interest expected to be contributed to reserves.

Included in the budget is an estimate of \$500,000 for renovating and relocating the EMS administrative offices within the Civic Centre, and \$100,000 for estimated cost of furniture and fixtures following the move. Funding for these projects is provided by the Capital Reserve using amounts received previously for net EMS base rental payments.

Facility Capital renewal projects will be financed without issuance of debt using the annual \$2.1 million facility capital renewal funding that was initiated for this purpose in 2010. Some of the future capital initiatives include:

- Sun Parlor Home (resident room furnishings, dining room furnishings, structural components (including windows), elevators) \$4 - 5 million

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- Library expansion / renewal (furnishings & shelving) \$300,000 / library
- Social Housing facility renewal (see External Commitments for additional information)

Municipal tax write offs and supplementary taxes are not included in the annual budget estimates due to their unpredictable nature. Net municipal tax write-offs and supplementary taxes are reported separately as part of the year end reconciliation process.