

Report

City of Merritt
Finance & Audit Meeting
May 20, 2020

File Number: 1610

To: Scott Hildebrand, Chief Administrative Officer
From: Sheila Thiessen, Director of Finance & IT
Date: May 15, 2020
Subject: COVID 19 and Cash Flows

RECOMMENDATION:

THAT the Committee receive this report for information

Background:

The COVID pandemic means uncertainty on several levels for the City of Merritt. One of the greatest causes of uncertainty is the collection of revenues, including property taxes and utility payments.

In addition, Council has made some changes to the property tax collection scheme and the utility discounts to be applied.

Many municipalities have passed Revenue Anticipation Bylaws, to allow them to borrow funds from the Municipal Finance Authority (MFA) in the event of a shortage of cash to cover operations.

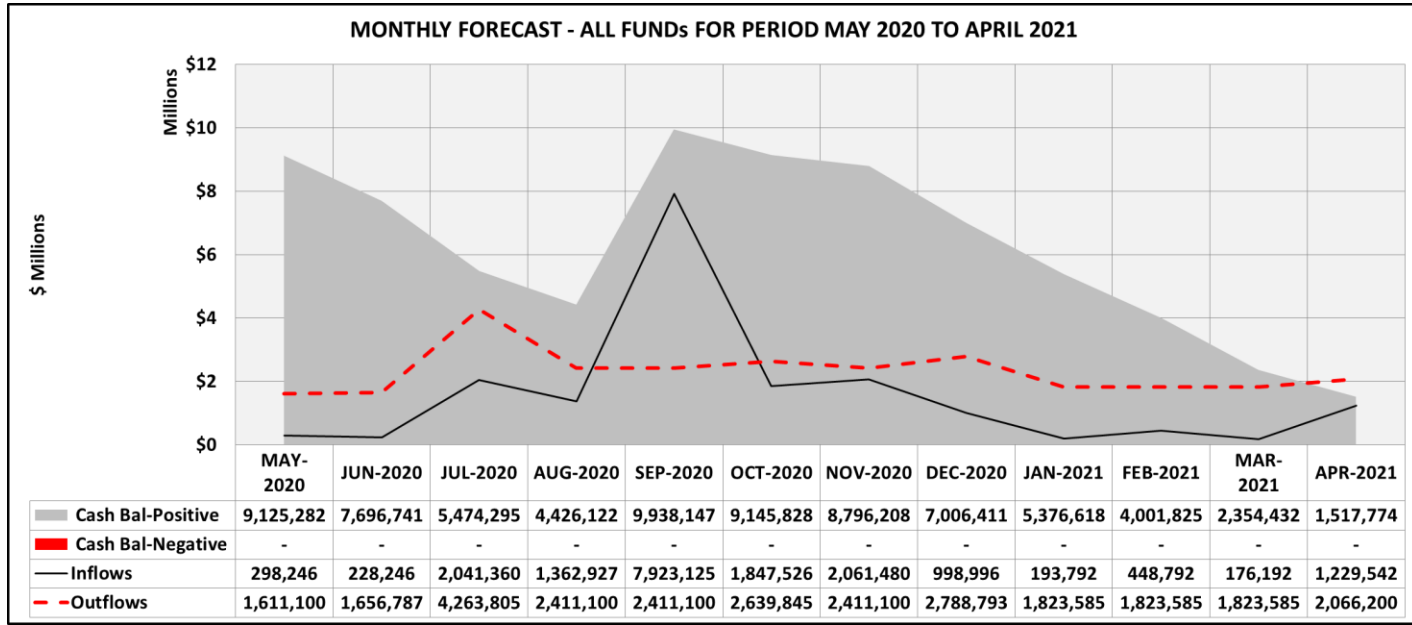
The Province has made amendments that allow municipalities to borrow funds from reserves and surplus, along with changing the deadline to forward School Tax collected.

In order to determine if the City of Merritt requires a Revenue Anticipation Bylaw, staff has analyzed our requirements for cash and the availability of the City's funds.

The City's funds are currently in easily accessible instruments. Longer term investments matured in 2019 and have not been reinvested due to the uncertainty in the markets. This has worked to the City's advantage in the current situation.

Financial / Risk Implications:

The chart below shows the estimated cash flow for the period of May 2020 to April 2021.



The cash available is the total cash and short-term investments that they City has, less the funds committed to deferred revenue including DCC's. The grey shaded area shows the amount of total cash available. The solid black line shows the cash inflows, with the major increases coming in July (Utility Payment Deadline and Property Taxes go out), September (property tax deadline) and then fairly level throughout the year.

The dotted red line shows the cash outflows, which are consistent, with increases in July (payment to other authorities).

This estimate is based on the information at hand. During the next months, there may be some changes in revenues and expenditures depending on when the pool and arena open. The net difference should not change too much as both facilities incur operating expenses including wages, that will offset any increases in the revenues.

Based on this analysis, the City does not require a Revenue Anticipation Bylaw.

Staff will be comparing actuals to estimates as the year progresses.

Respectfully submitted,

Sheila Thiessen, CPA, CMA
Director of Finance & IT