

2013 Financial Statements

June 25, 2014



PSAB Sections PS3410 & PS3510

- Since January 1, 2009 the City has reported under PS3150 Tangible Capital Assets and PS1200 Financial Statement Presentation.
- For 2013 Statements we have adopted PS3410 Government Transfers and PS3510 Tax Revenue
- These new standards did not affect our Statements for 2013, however Government Transfers has the potential to affect the timing of revenue recognition of transfer funding.



Purpose of Financial Statements

Name	Purpose
Consolidated Statement of Financial Position	Provides a summary of the City's financial assets and liabilities (the financial resources the City has available for future services and the future revenues required to pay for past transactions).
Consolidated Statement of Operations	Outlines revenues, expenses, surplus for the year and accumulated surplus at year end. This statement reflects the combined operating, capital, reserve and reserve funds for the City and its consolidated entities and provides the calculation of the City's accumulated surplus at year end.
Consolidated Statement of Net Debt	Outlines the changes in net debt as a result of annual operations, tangible capital asset transactions, as well as changes in other non-financial assets.
Consolidated Statement of Cash Flows	Summarized the City's cash position and changes during the year by outlining the City's sources and uses of cash.



Statement of Financial Position

- The City has improved its net financial asset position to \$111.7 million, an improvement of \$75 million from 2012. This strengthens our future liquidity in paying our liabilities and future expenses because our financial assets are higher than our financial liabilities, although this would still be recognized as a balanced position.
- As you can see this statement summarizes to an accumulated surplus figure, which is the total of our financial assets and liabilities and non-financial assets. The surplus includes the balances of our reserves and reserve funds and this indicates a government's ability to provide future services.
- Tangible capital assets are not liquid or readily available for sale, which places the emphasis on the net debt or net financial asset position of a municipality.
- Land which is specifically held for resale is recorded as an inventoried item in our financial assets.



Statement of Operations

- **Revenues** – Overall our 2013 revenues were up \$54 million compared to 2012
- There were slight increases both in tax revenue and user charges for a total increase of \$18 million
- Government transfers were slightly higher, an increase of \$10 million from 2012, mainly due to mitigation funding for the new child care model and a one time payment from the Province in social assistance funding.
- Developer Contributions of Tangible Capital Assets also increased by \$13 million over 2012, this is predominantly for assumed subdivisions



Simple Example of PSAB Accounting vs. City Budget

Statement of Operations	City Budget	PSAB Accounting
Taxation	500,000	500,000
Developer Contributions	_____0	____50,000
Total Revenue	____500,000	____550,000
Operating Expenses	350,000	350,000
Capital Expenditures	150,000	0
Amortization	0	75,000
Debt Principal Repayments	25,000	0
Transfer to Reserve & Reserve Funds	____25,000	____0
Total Expenses	____500,000	____425,000
Annual Surplus	_____0	____125,000



What Do We Have in Capital Assets

	Replacement Cost	Historical Costs
Land, Landfills & Land Improvements	\$1.02 Billion	\$ 0.524 Billion
Building and Building Improvements	\$1.69 Billion	\$ 0.874 Billion
Fleet & Equipment & Furniture	\$0.62 Billion	\$ 0.458 Billion
Water Infrastructure	\$1.59 Billion	\$ 0.645 Billion
Wastewater Infrastructure	\$3.32 Billion	\$ 1.189 Billion
Roads Infrastructure	\$2.40 Billion	\$ 1.084 Billion
Computers	\$ 0.01 Billion	\$ 0.011 Billion
Assets Under Construction	\$0.17 Billion	\$ 0.157 Billion
Total	\$10.82 Billion	\$ 4.942 Billion

These estimates are based upon various inflation factors.



Net Book Value of Assets – December 31, 2013 (in millions)

Tangible Capital Assets	Historical Cost 2013	Accumulated Amortization 2013	Net Book Value 2013
Land	386	0	386
Landfill and Land Improvements	138	60	78
Buildings and Building Improvements	870	359	511
Leasehold Improvements	4	3	1
Machinery, Equipment and Furniture	348	183	165
Vehicles	110	64	46
Water Infrastructure	645	193	452
Wastewater Infrastructure	1,189	361	828
Roads Infrastructure	1,084	390	694
Computers	11	7	4
Assets under Construction	157	0	157
Totals	4,942	1,620	3,322



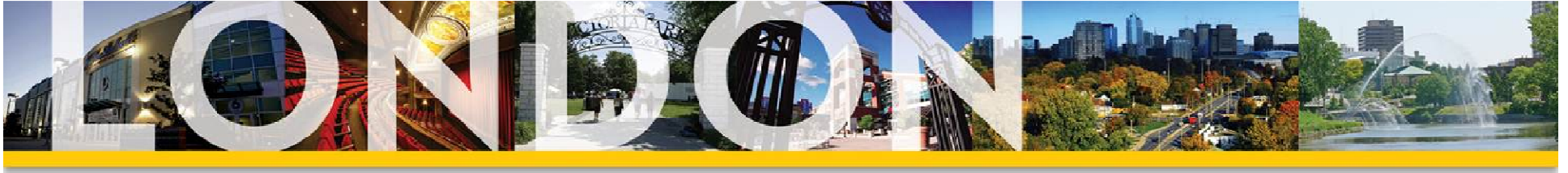
Comparing the Surplus to Budget (in millions)

Consolidated Surplus per Financial Statements (PSAB Format)	158.0
Less: Transfers to (from) Capital and Reserves & Reserve Funds	(133.0)
Less: Debt Principal Repayments	(36.7)
Less: Capital program funding earned in year	(16.6)
Plus: Capital expenses not capitalized (Non-TCA)	22.7
Plus: Amortization of Tangible Capital Assets (TCA)	117.9
Less: Developer contributions of assumed TCA	(59.4)
Plus: Loss on disposal of TCA	2.4
Less: Obligatory reserve fund revenue earned in year	(43.5)
Less: Government Business Enterprises adjustments	(9.7)
Plus: Change in landfill liability and employee future benefit liability	3.2
Less: Boards and Commission's Surpluses	(5.3)
Operating Fund Surplus per 2013 Approved Budget (Cash Format)	0.0



Upcoming PSAB Changes

- **PS 3260 – Liability for Contaminated Site** — must be implemented by December 31, 2015, but retroactive to 2014, a liability for remediation should be recognized when an environmental standard exists, when the contamination exceeds the standard
- **PS 3450 – Financial Instruments** - must be implemented by December 31, 2015, this may change the amounts that are accounted for to ensure fair value is recorded on financial instruments
- **PS 2601 – Foreign Currency Translation** - must be implemented by December 31, 2015, gains or losses arising prior to settlement are recognized
- **Other Standards** are also affected due to these changes. Work is underway for the Liability for Contaminated Sites, that will be recorded in the 2015 Statements



Questions?