

2012 Financial Statements

June 27, 2013



PSAB Sections PS1200 & PS3150

- Since January 1, 2009 the City has reported under PS3150 Tangible Capital Assets and PS1200 Financial Statement Presentation.
- These accounting standards require recognition of tangible capital assets and amortization of those costs over the useful life of the assets.
- The City's financial statements are now prepared on a full accrual accounting basis, the same basis of accounting used by the Federal and Provincial governments.



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 to a net financial asset position of \$36.8 million, an improvement of \$46 million from 2011, moving us from a net debt position of \$9.2 million in 2011. This strengthens our future liquidity in paying our liabilities and future expenses because our financial assets are now higher than our financial liabilities, although this is still 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 indicates a governments 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.



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	\$1.00 Billion	\$ 0.510 Billion
Building and Building Improvements	\$1.68 Billion	\$ 0.860 Billion
Fleet & Equipment & Furniture	\$0.64 Billion	\$ 0.458 Billion
Water Infrastructure	\$1.58 Billion	\$ 0.629 Billion
Wastewater Infrastructure	\$3.25 Billion	\$ 1.132 Billion
Roads Infrastructure	\$2.37 Billion	\$ 1.046 Billion
Computers	\$ 0.01 Billion	\$ 0.012 Billion
Assets Under Construction	\$0.13 Billion	\$ 0.125 Billion
Total	\$10.66 Billion	\$ 4.773 Billion

These estimates are based upon various inflation factors.





Net Book Value of Assets – December 31, 2012 (in millions)

Tangible Capital Assets	Historical Cost 2012	Accumulated Amortization 2012	Net Book Value 2012
Land	379	0	379
Landfill and Land Improvements	131	56	75
Buildings and Building Improvements	856	335	521
Leasehold Improvements	4	2	2
Machinery, Equipment and Furniture	354	182	172
Vehicles	105	56	49
Water Infrastructure	629	182	447
Wastewater Infrastructure	1,132	342	790
Roads Infrastructure	1,046	370	676
Computers	12	7	5
Assets under Construction	125	0	125
Totals	4,773	1,532	3,241



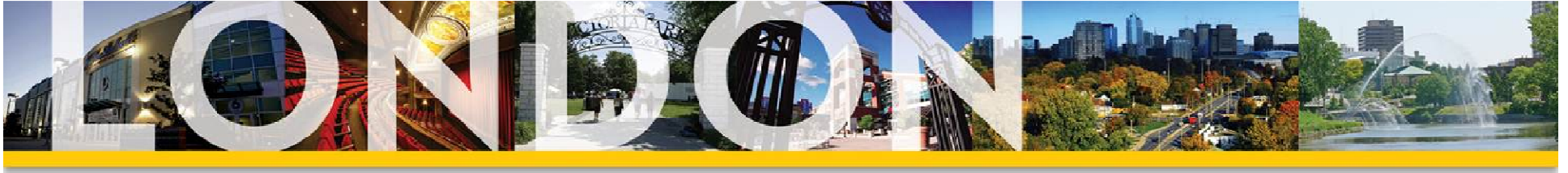
Comparing the Surplus to Budget (in millions)

Surplus – Financial Statements PSAB Rules	113.2
Less: Boards Surplus –Financial Statements	(5.7)
Less: Tangible Capital Assets – change in assets resulting from assumption of subdivisions (developer contributions), capital works, disposals, works-in-progress exposed in prior years and formed part of annual surplus calculation.	(220.7)
Plus: Amortization of Assets	112.2
Plus: Long Term Debt principal proceeds and less principal repayments were formerly part of Statement of Operations.	4.9
Less: Change in Reserves and Reserve Funds, Capital Fund, Government Business Enterprises resulting from contributions and draws formerly part of Statement of Operations.	(18.3)
Plus: Change in employer benefits and solid waste landfill closure liabilities.	14.5
Change in unconsolidated operating fund balance after approved budget.	0.0



Upcoming PSAB Changes

- **PS 3410 – Government Transfers** – Will be implemented for our December 31, 2013 Financial Statements, may amend when funding from senior levels of government are recorded as revenues
- **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
- **PS 3260 – Liability for Contaminated Site** – must be implemented by December 31, 2014, a liability for remediation should be recognized when an environmental standard exists, when the contamination exceeds the standard.



Questions?