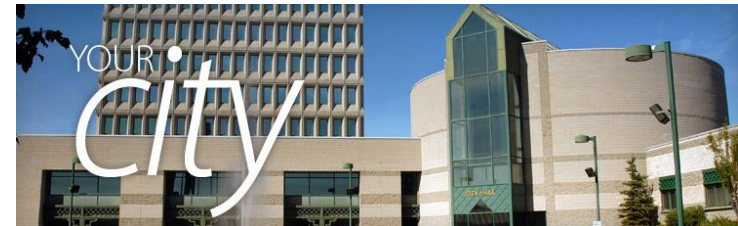


2017 Consolidated Financial Statements

PRESENTED BY CRAIG MILLAR
DIRECTOR OF FINANCE AND TREASURER



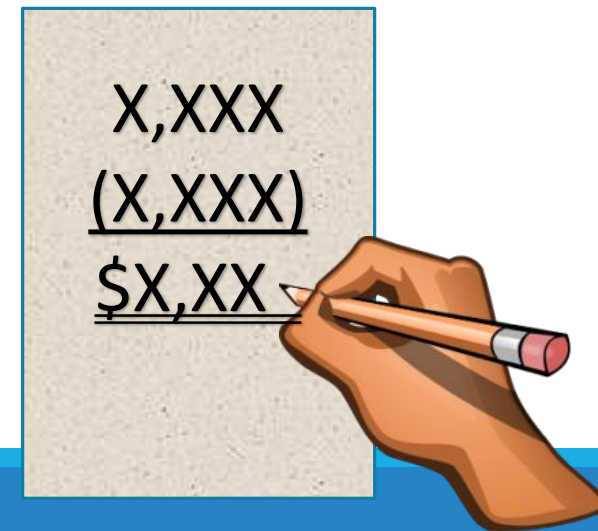
Objectives

- Overview of the 2017 financial statements
 - Elements of the financial statements
 - Key measures



Statement of operations and accumulated surplus

- Equivalent to the income statement in the private sector
- Report of the City's operations for the year which provides information regarding the City's
 - Sources of funding
 - Areas of spending (other than capital)
- **Key measure:** annual surplus



Annual surplus

- Shows whether the revenues raised in the year were sufficient to cover costs
- A surplus does not mean a government has extra “profits” or cash to spend
 - Includes non-cash items, e.g. assumed assets
 - Does not take into account spending on capital assets
- For example, the 2017 surplus includes \$24.9 million of assumed assets
- Includes surpluses reported to Council and financial statement adjustments

2017	2016
\$122.1 million	\$29.7 million

Significant adjustments to tax rate surplus (\$ millions)

As Reported:	Tax rate supported surplus	\$3.5
	Water and Wastewater rate surplus	2.0
	Development Charge Discounts	(3.2)
Add:	Revenue from assumed assets	24.9
	Revenue recognized in the capital fund	50.6
	Equity income of government business enterprise	49.6
	Net transfers from reserves	54.8
	Long-term debt principal payments	15.8
	Change in Landfill Liability	(7.0)
Less:	Amortization of tangible capital assets	(54.3)
	Other consolidated entities' net surplus	2.6
	Change in Employee Future Benefits	(5.9)
	Other accounting adjustments	(11.3)
Total:	Consolidated annual surplus	\$122.1

Consolidated statement of change in net debt

- Difference between a government's liabilities and net financial assets
- Indicate or future cash flows relating to past transactions or events
- Net debt results from government spending that consistently exceeds its revenues raised for that year > paying for today's spending with future dollars
- **Key measure:** net debt

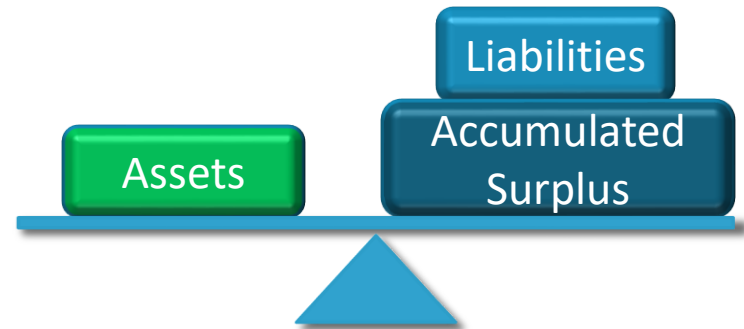

$$\begin{array}{r} \text{Financial Assets} \\ - \text{Financial Liabilities} \\ \hline \text{Net Debt} \end{array}$$

Change in net debt

- Statement of Operations reflects **expenses** while Statement of Change in Net Debt reflects total spending
 - E.g. – amortization expense is added back, while cost of acquiring tangible capital assets is included
- Highlights significance of capital expenditures and use of debt
- Decrease largely attributable to the increase in the value of the government business enterprise.
- Net debt and ability to service that debt are important for assessing **sustainability**
- Financial policies and decisions need to limit Net Debt burden

Statement of financial position

- Equivalent to the Balance Sheet in the private sector
- Historical report of the City's financial position at the end of the year which provides information regarding:
 - The City's financial resources (assets) and obligations (liabilities) which will affect the City's ability to operate in the short- and long-term
 - Financial assets represent future cash receipts and financial liabilities represent cash outlays that relate to transactions that have already occurred
 - Non-financial assets are longer term resources that cannot be readily converted into cash (e.g. Capital assets)
- **Key measure:** Accumulated surplus



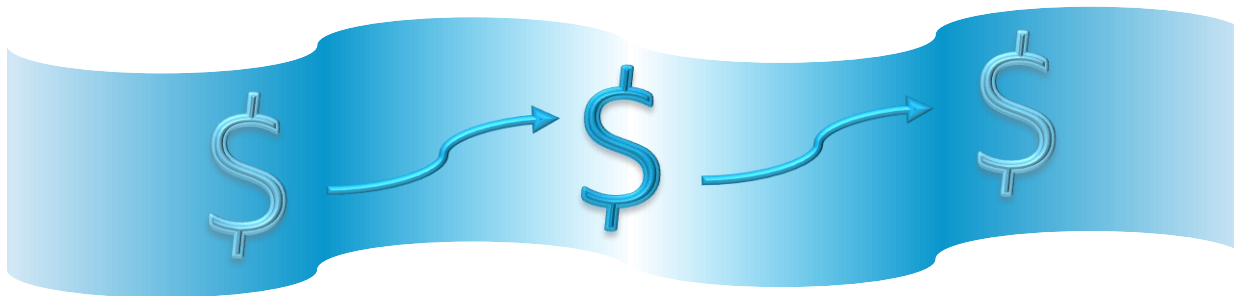
Accumulated surplus

- Amount by which all assets exceed all liabilities (or sum of our past surpluses)
- Surplus Indicates a government has net resources (financial and physical) to provide future services
- Increase in accumulated surplus related to the current year surplus
- Influenced by amortization periods and maintenance of assets

$$\text{Accumulated Surplus} = \text{Assets} - \text{Liabilities}$$

Statement of cash flows

- Describe how activities were financed
- Show the effect of activities on cash resources
- Sources/uses of cash can be analysed to assess whether future cash resources are sufficient for **sustaining activities**
- Decrease in cash due to spending on tangible capital assets being in excess of cash coming in from operations and debt



	2017	2016
Cash Balance	\$106.8 million	\$121.7 million

Questions

