



Audited Consolidated Finance Statements 2021

Finance Committee May 26th, 2022



SAINT JOHN

Consolidated Financial Statements

- Deloitte has completed the audit of the Consolidated City of Saint John financial statements, as at December 31, 2021
- Audit opinion of the financial statements is clean: the financial statements present fairly, in all material respects, the financial position of the City in accordance to Canadian public sector account standards (“PSAS”)



Applicable Legislation – Annual Budgets

New Brunswick Local Governance Act

- Section 8(2) – The City cannot own or operate a corporation for the purposes of making a profit
- Section 99(2) and 99(3) – Every year, the City must provide an estimate of how much it will cost to operate and how much it will raise in revenue. If there is an projected difference between the two estimates, the City must provide the sources by which the difference is to be raised. In essence, the City must balance its operating budget
- Section 117(4) – The Water & Sewer fund must produce an annually balanced budget by charging its users for the service or utility it provides.



Applicable Legislation – Financial Reporting

Public Sector Accounting Standards



- Issued by the Public Sector Accounting Board of Canada of Chartered Professional Accountants Canada (CPA)
- To serve the public interest by strengthening accountability in the public sector through developing, recommending and gaining acceptance of accounting and financial report standards of good practice¹
- PSAS are an extension of Generally Accepted Accounting Principles (GAAP) as defined by CPA Canada
- Requires the consolidation of all Saint John entities to present **one** set of financial statements for public use

¹Paragraph .01 CPA Canada Public Sector Accounting Handbook

Annual Operating Budgets Vs. Consolidated Financial Statements

- The consolidation is a very complex process that takes the General Fund and Utility Fund Operating results
 - adds in all the other Funds & ABCs
 - Changes the accounting and presentation of the numbers
 - Eliminates the duplication (i.e.. Revenue that is an expense in another entity)
 - Financial Statement terms are different
 - The City's requirement of a balanced budget is NOT based on these financial statements



Major Accounting Differences

General/Utility Fund Budgets

- Capital Costs are expensed when incurred
- Principal Repayments are expensed
- Funding relating to capital assets offset the expenditure
- Reserve balances are included, budgets can include transfers to and from reserves

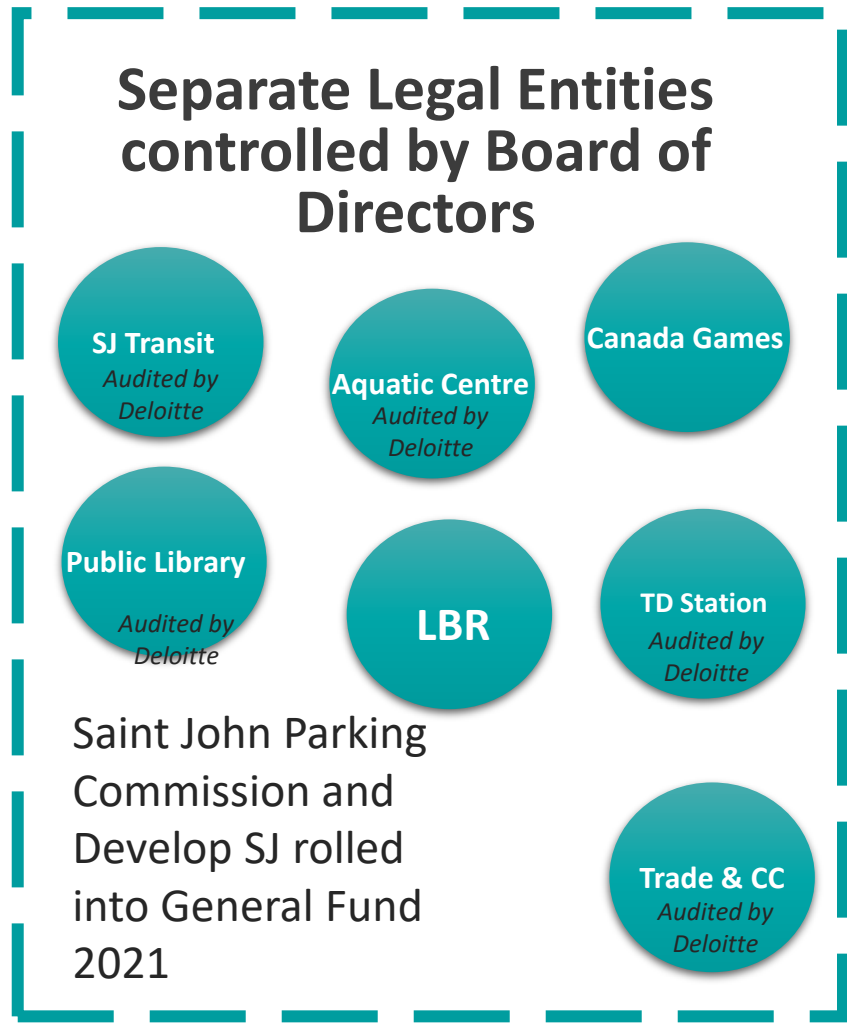
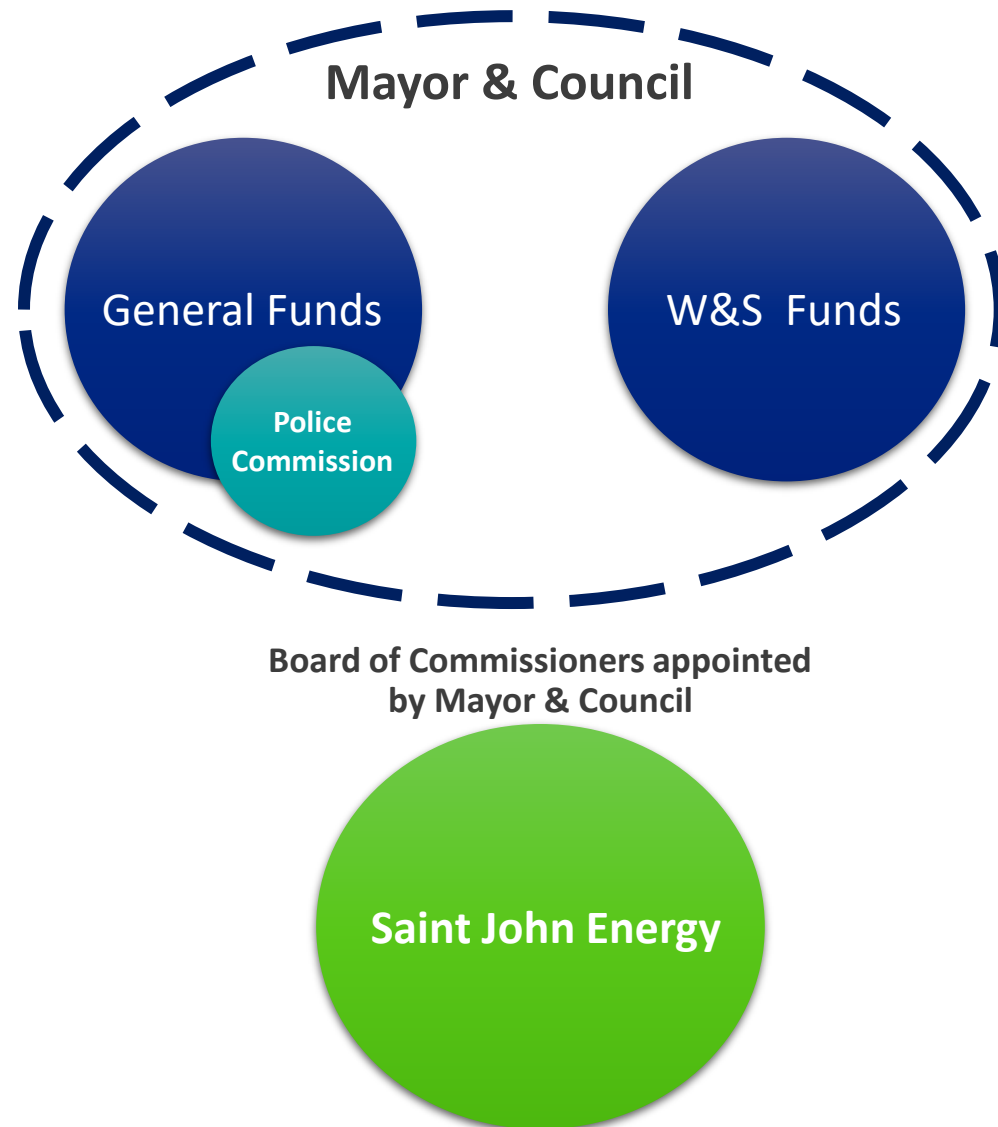
VS.

Consolidated Financials

- The total cost of capital asset are expensed over time (amortization)
- Principal Repayments do not hit the statement of operations
- Funding relating to capital assets is included in revenue when it is received
- There is no reserve balances allowed under PSAS.



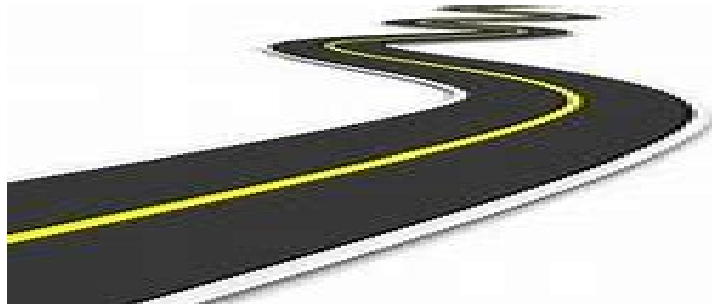
Entities of Consolidation



2021 Consolidated Financial Statements

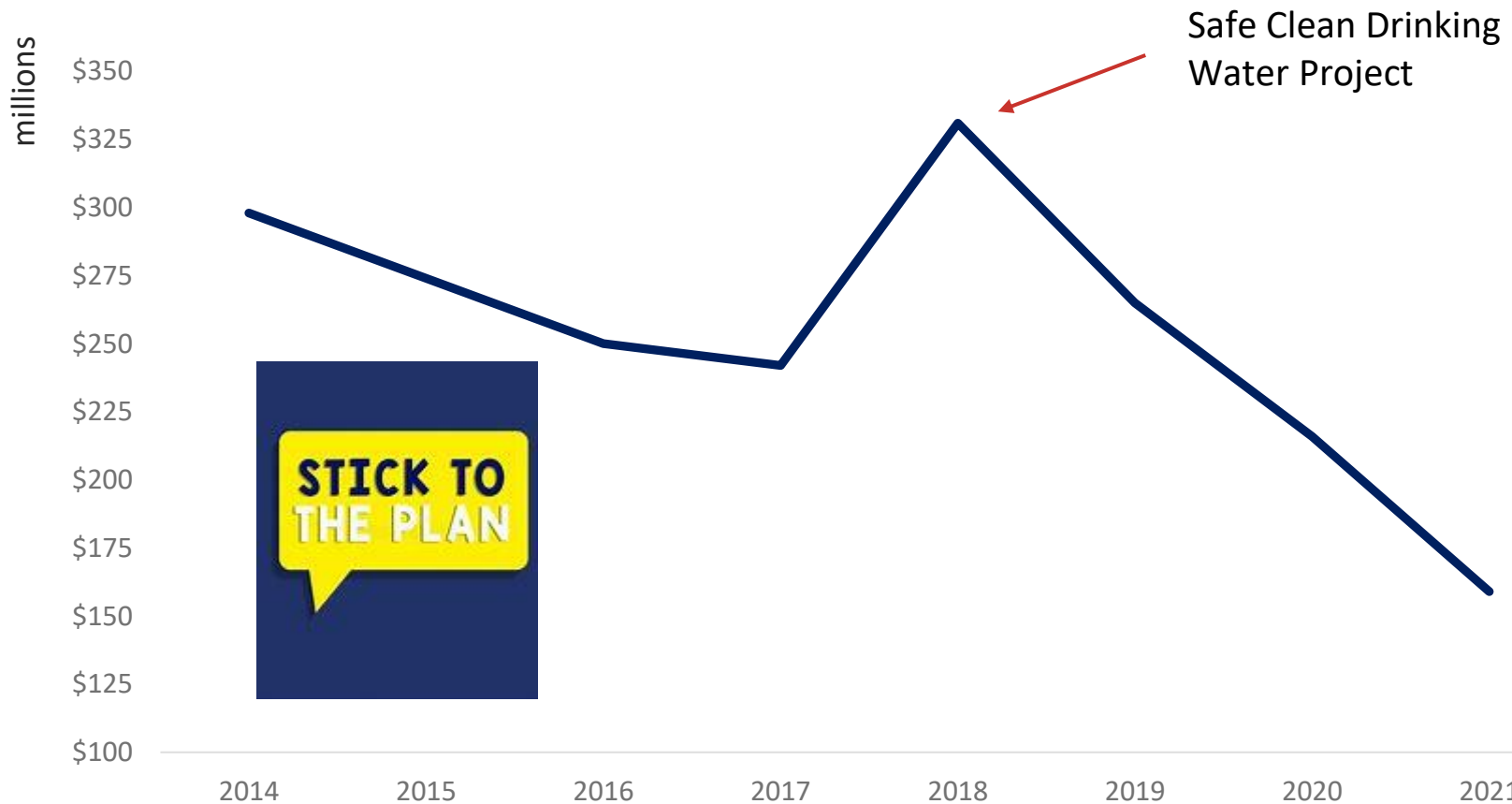
Statement of Financial Position

- Tells our Story
- Its more than just numbers
- City's Financial Health continues to improve
- The Long-term financial plan is working
- Debt continues to decrease
- Infrastructure deficit is a critical financial indicator



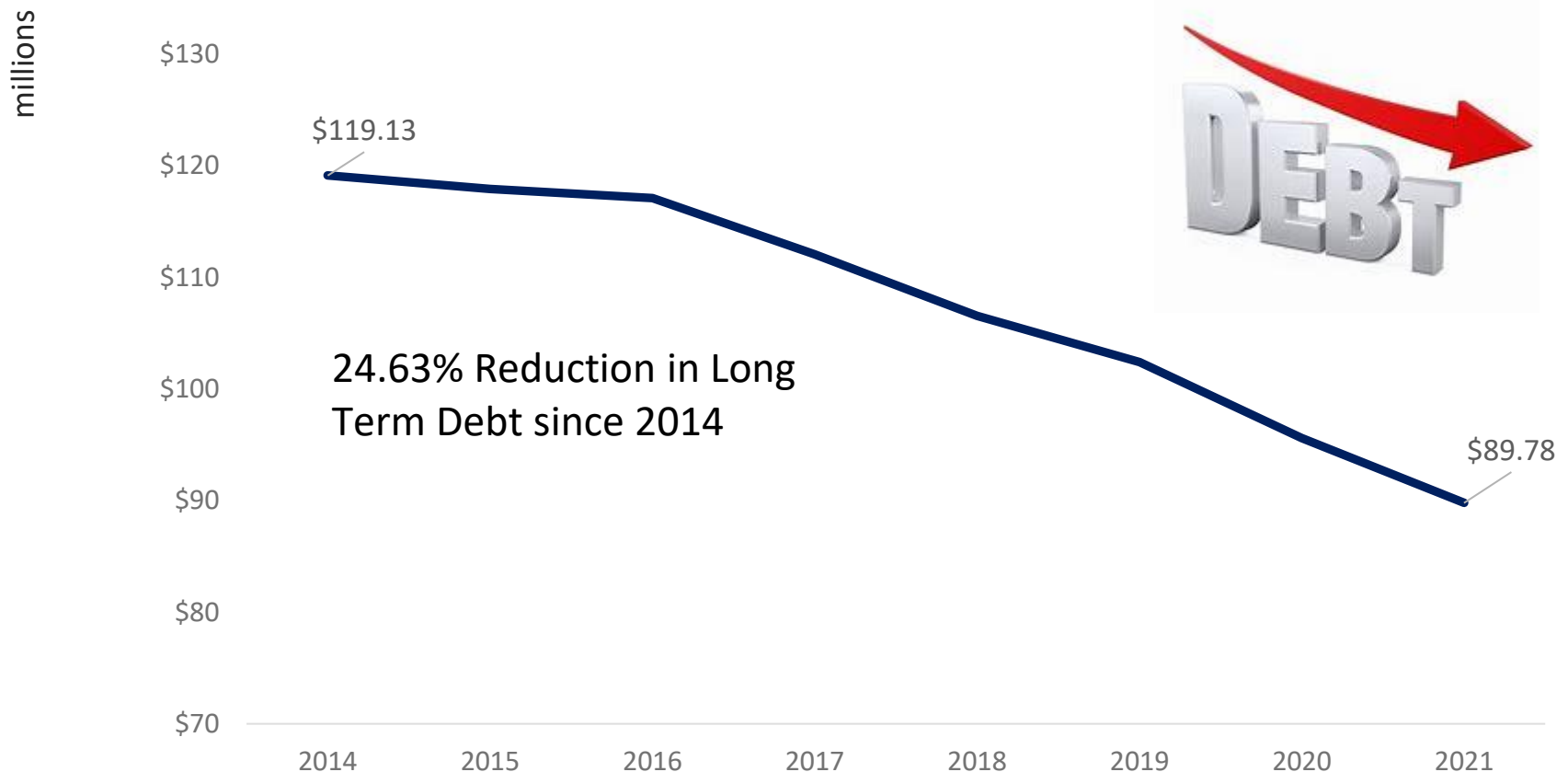
2021 Consolidated Financial Statements

Consolidated Net Debt



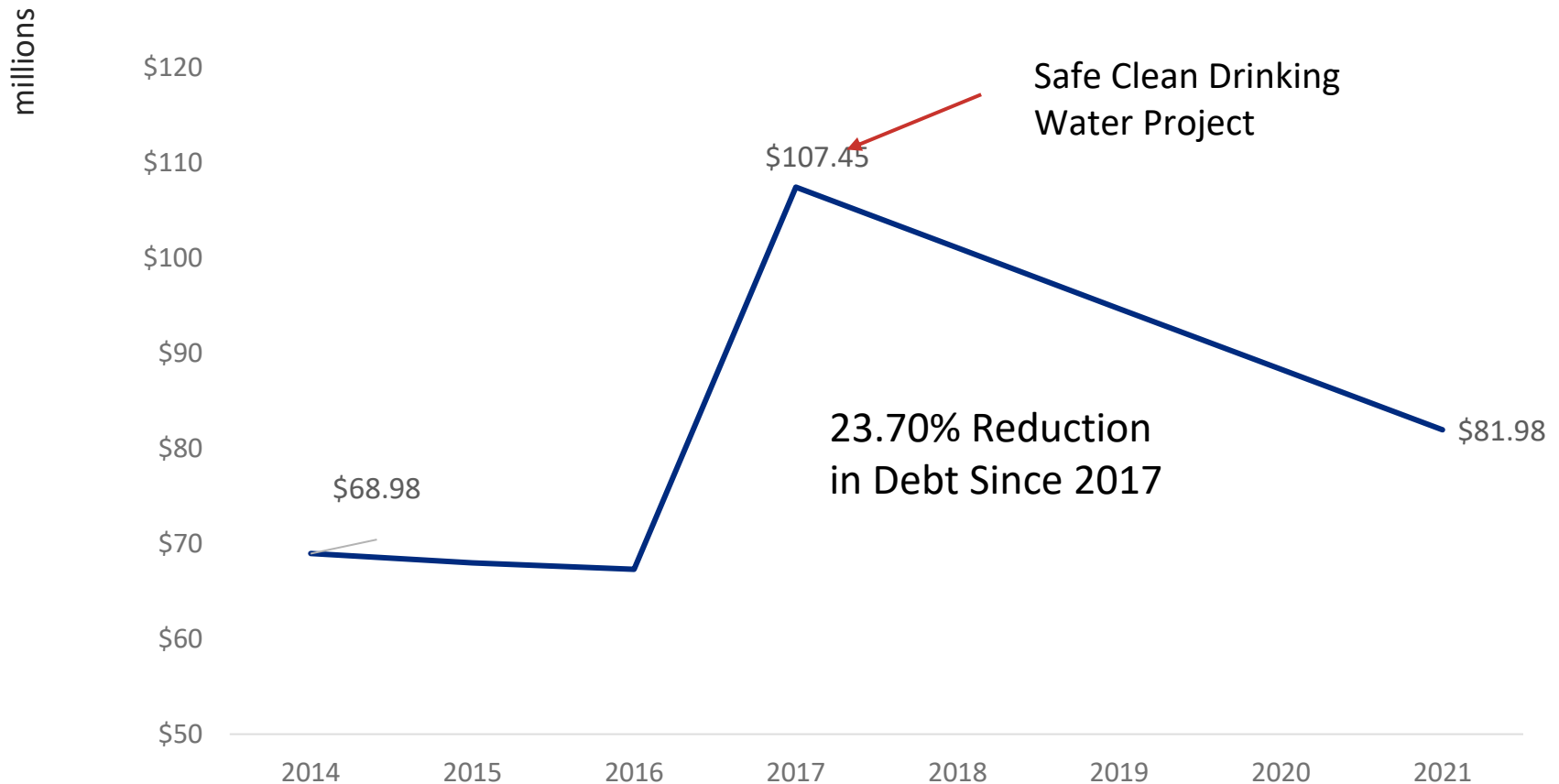
2021 Consolidated Financial Statements

General Fund Long Term Debt



2021 Consolidated Financial Statements

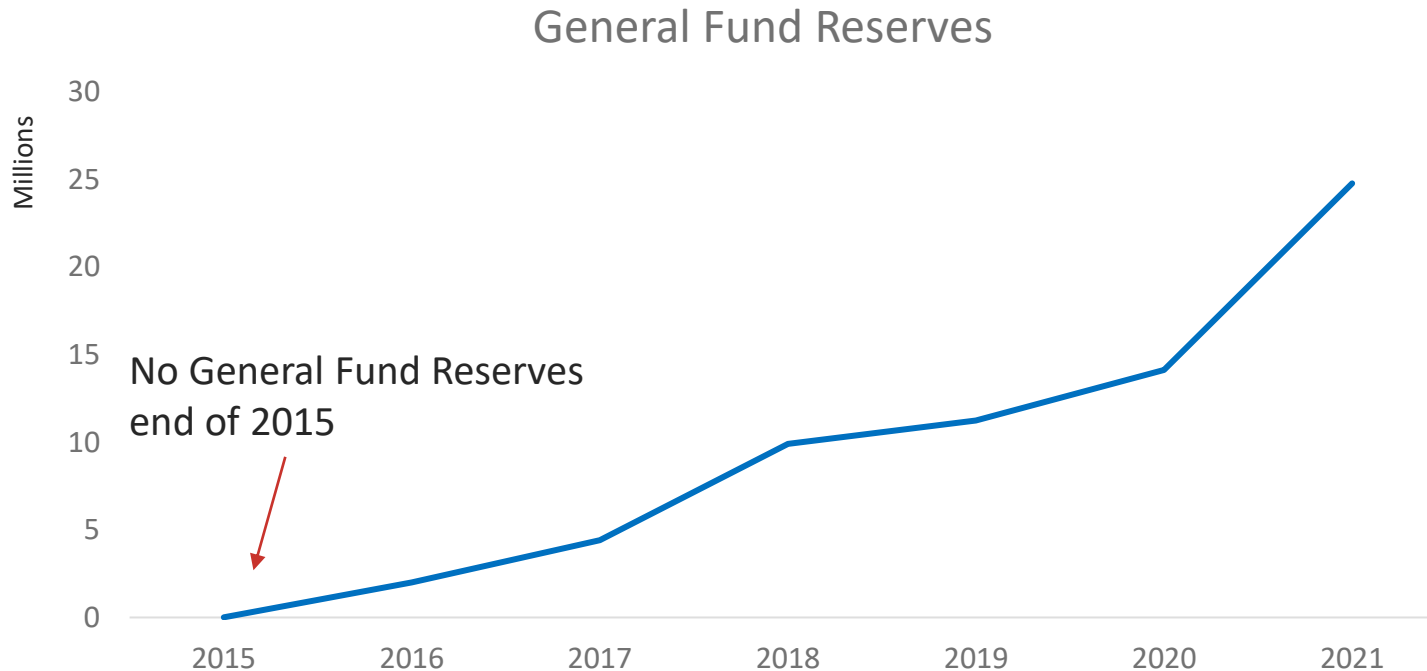
Utility Fund Long Term Debt



2021 Consolidated Financial Statements

Financial Health continues to improve

Note 20 – Statement of Reserves \$33.245M (2020 – \$19.412M)

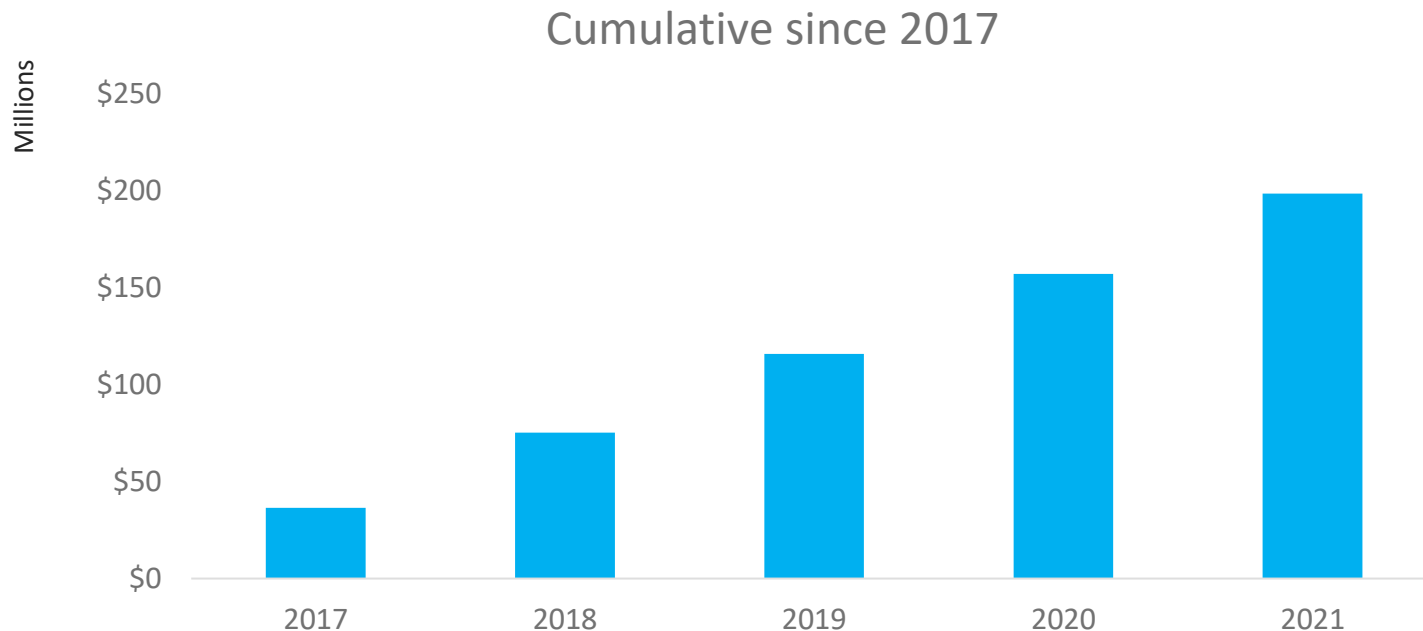


2021 Consolidated Financial Statements

Infrastructure Deficit – Continued focus

Note 21 – Tangible Capital Assets - \$41,439,277 worth of assets amortized (2020 - \$41,129,910)

Assets economic value(useful life) is declining by this amount annually



2021 Consolidated Financial Statements

Statement of Operations and Accumulated Surplus

	2021	2020
	\$	\$
Annual Operating Surplus	38,398,070	2,732,909
Government Transfers for Capital Assets	3,194,795	33,701,015
Annual surplus	41,592,865	36,433,924

Annual Operating Surplus 2021 vs 2020

- Saint John Energy - \$22.168M in Actuarial Gains related to post employment benefits recorded for 2021 (2020 – 4.11M actuarial loss recorded) –
- Miscellaneous Revenue – Safe Restart Funding, Actuarial Gains, Insurance Recovery, SJ Energy

Government Transfers 2021 vs 2020

- \$28.73M contribution in 2020 for Safe Clean Drinking Water Project

2021 Consolidated Financial Statements

Statement of Operations and Accumulated Surplus

Annual Operating Surplus 2021 - \$38,398,070

- Income from Energy Services - \$24,082,000 is due to a **non-cash** accounting entry due actuarial gains related to post employment benefits recorded for 2021

- Miscellaneous Revenue –
 - Safe Restart Funding- \$3.63M
 - Actuarial Gains - \$1.25M
 - Insurance Recovery - \$1.04M
 - Discover SJ Funding -\$363K
 - SJ Energy - \$500K

Government Transfers 2021 vs 2020

- \$28.73M contribution in 2020 for Safe Clean Drinking Water Project

Note: 23 Provides Actual General & Utility Fund Results with Adjustments for Reporting to give Annual Operating Results listed above.

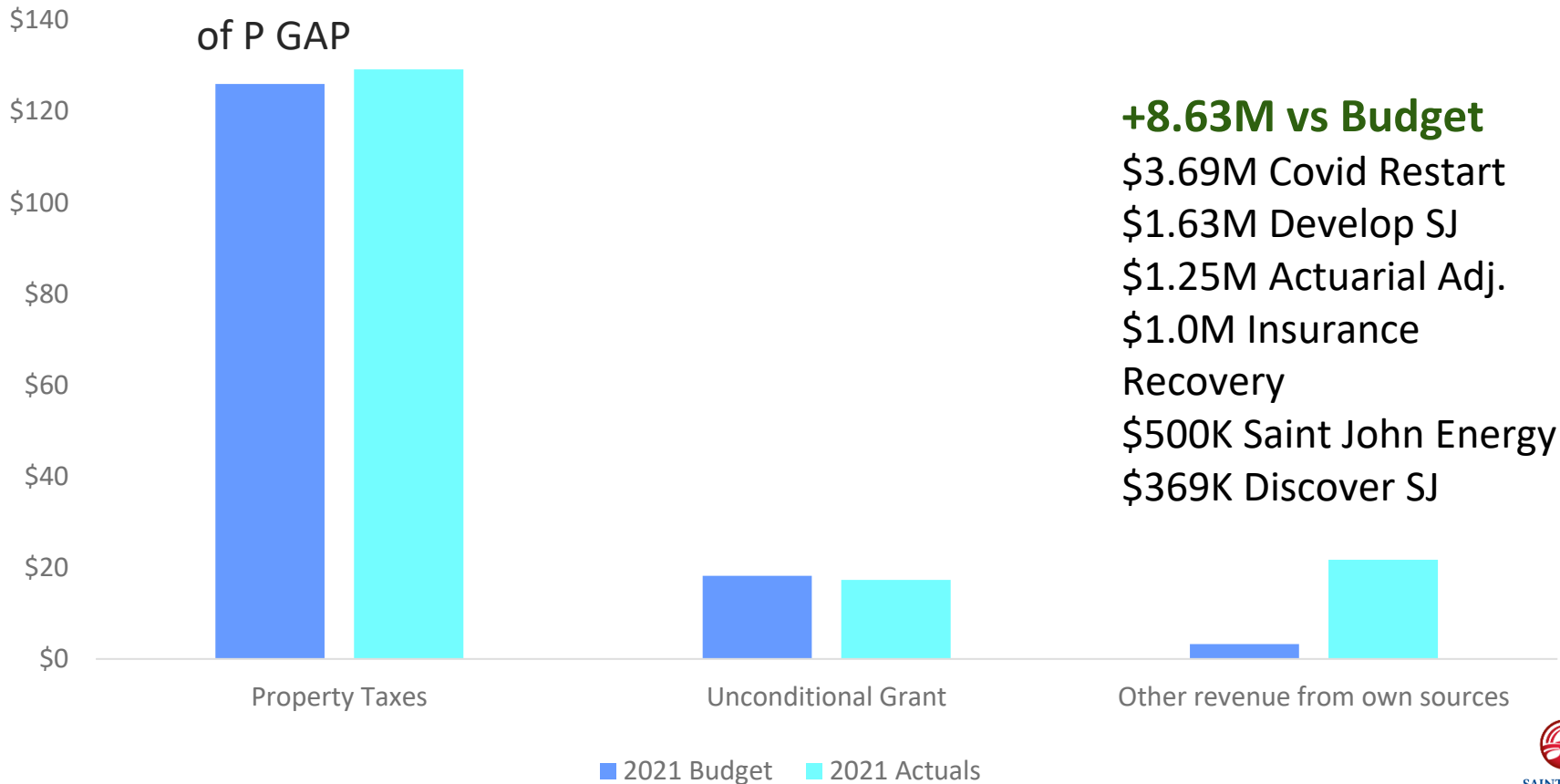


2021 General Fund Highlights

2021 Actual General Fund Results - \$1,753,135 Surplus
2021 General Fund Revenue - \$10,944,072 Surplus

+3.2M vs Budget

LNG and Elimination
of P GAP

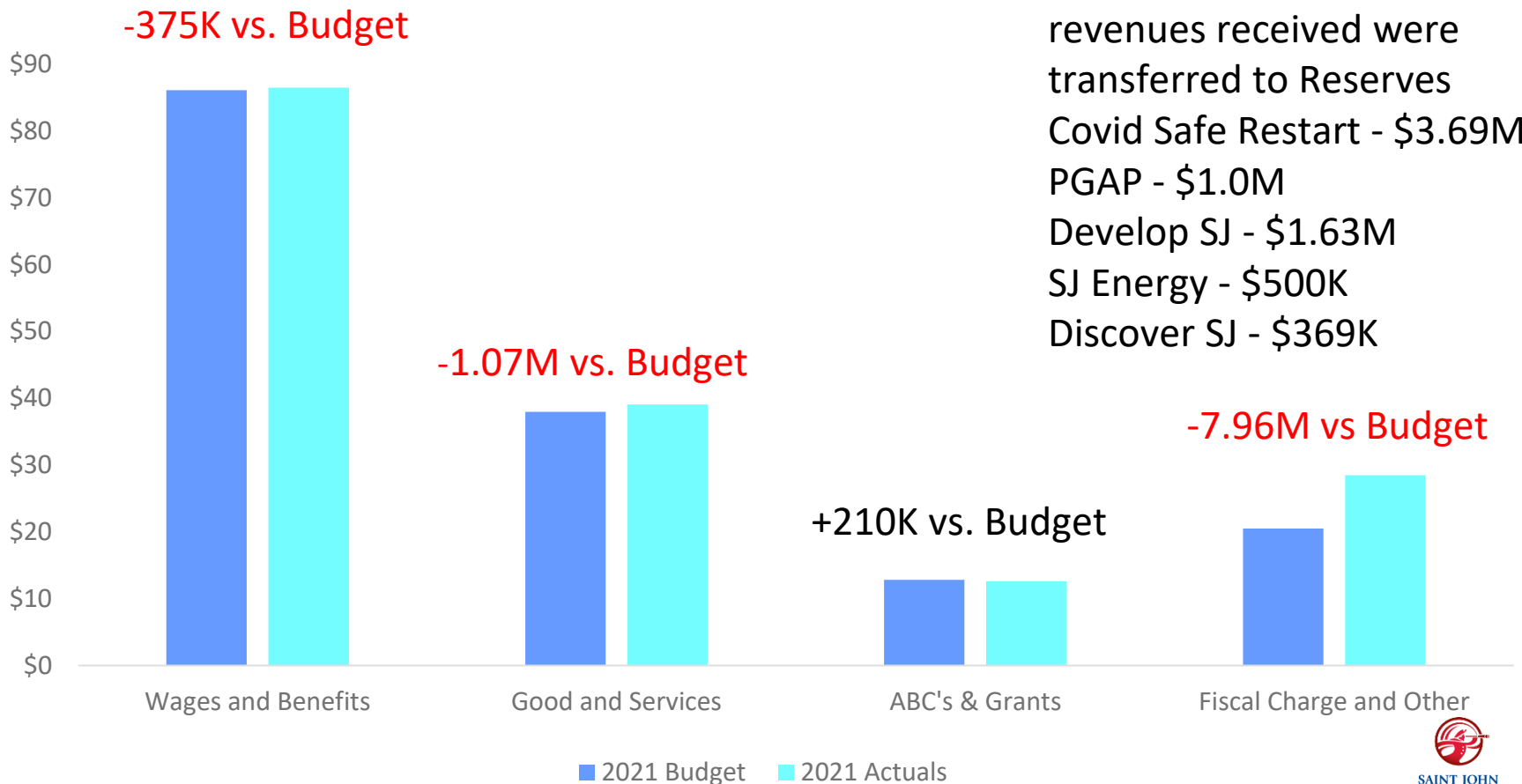


+8.63M vs Budget

\$3.69M Covid Restart
\$1.63M Develop SJ
\$1.25M Actuarial Adj.
\$1.0M Insurance
Recovery
\$500K Saint John Energy
\$369K Discover SJ

2021 General Fund Highlights

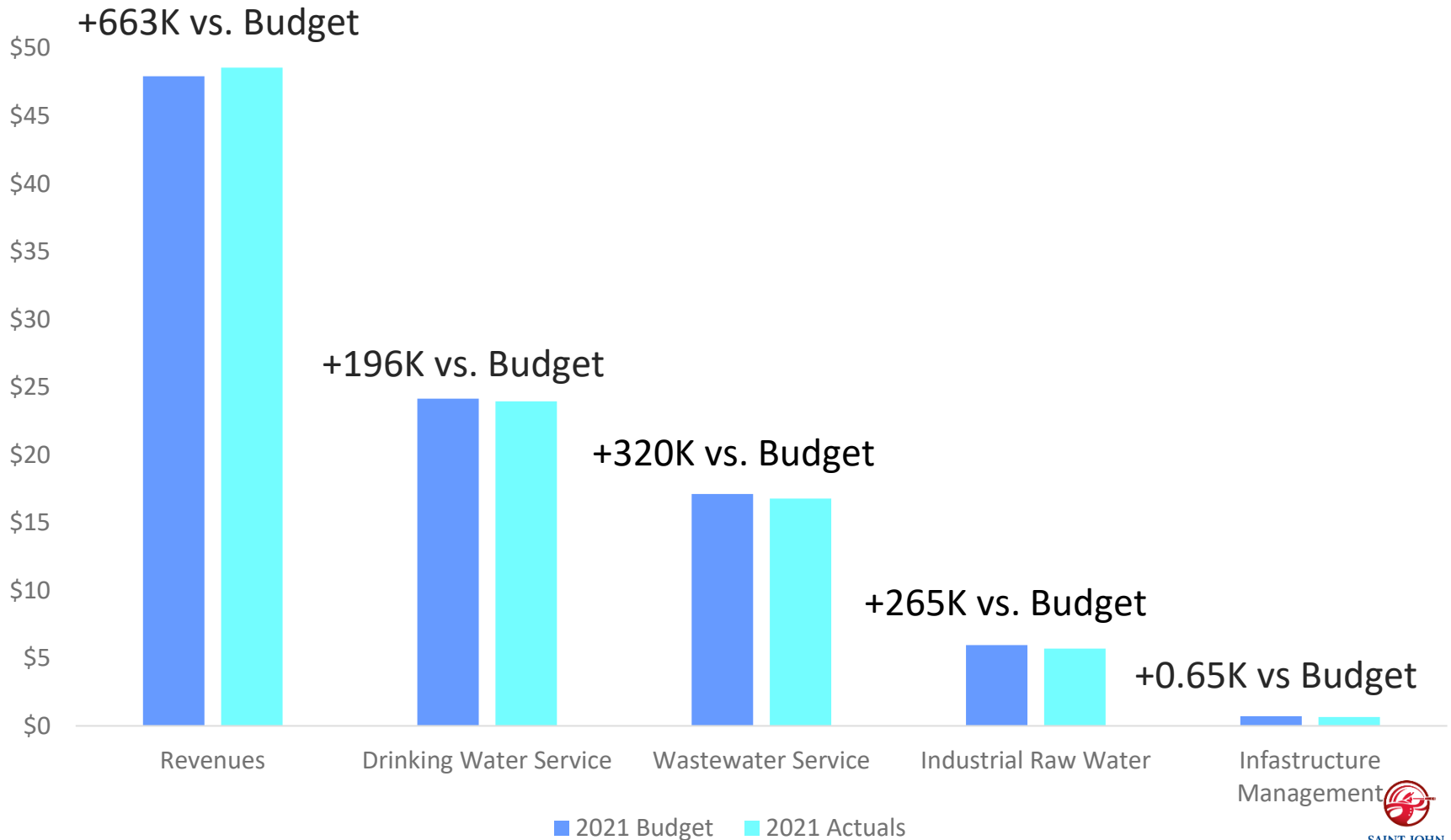
2021 General Fund Expenditures - **(\$9,190,937) Deficit**



Many of the one time revenues received were transferred to Reserves
Covid Safe Restart - \$3.69M
PGAP - \$1.0M
Develop SJ - \$1.63M
SJ Energy - \$500K
Discover SJ - \$369K

2021 Utility Fund Highlights

2021 Actual Utility Fund Results - \$1,516,301 Surplus



Recommendation

It is recommended that:

- Finance Committee approves the audited 2021 Consolidated Financial Statements
- Finance Committee approves the 2021 statement of revenue and expenses of the Saint John Trade & Convention Centre
- Finance Committee approves the 2021 City of Saint John Trust Funds financial statements
- Finance Committee approves the 2021 Saint John Parking Commission financial statements
- Finance Committee recommends that Common Council approve the 2021 Consolidated Financial Statements as presented by staff as well as the TCC statement and Trust Funds financial statement



Questions?

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