



City of Saint John 2018 Consolidated Financial Statements

May 29, 2019



SAINT JOHN

Financial Reporting requirements

- The City is required to follow Public Sector Accounting Standards (“PSAS”) pursuant to the Municipal Financial Reporting Manual prescribed by the Commissioner of Municipal Affairs
- PSAS: Canadian Generally accepted accounting principles for local governments, as recommended by the Chartered Professional Accountants of Canada Public Sector Accounting Board (“PSAB”)



Differences between Budget and Audit

BUDGET

- Fund basis:
 - General & Utility Operating Fund
 - General & Utility Capital Fund
- Modified accrual accounting (combined accrual basis with cash basis)
 - Assets are expensed when purchased in the Operating Fund
 - Amortization expense is not recorded
 - Debt repayment is expensed in the Operating Fund
- Annual Operating Fund surplus or deficit is to be included in revenue or expenses in the second ensuing year.

AUDIT

- Consolidated Basis: All entities owned and controlled by the City
- Canadian Generally Accepted Accounting Principles, as recommended by the Chartered Professional Accountants of Canada Public Sector Accounting Board (“PSAB”)
 - Capital assets are required to be capitalized and amortized over their useful lives
 - Amortization expense is recorded
 - Debt repayment is excluded from expenses when preparing PSAB statements
- Annual Operating Fund surplus or deficit is closed out to Accumulated Surplus at the end of the year



15 Controlled Entities

1. City of Saint John General Operating fund
2. City of Saint John Capital and Loan fund
3. City of Saint John Water & Sewerage Utility Operating fund
4. City of Saint John Water & Sewerage Utility Capital and Loan fund
5. Saint John Parking Commission
6. Saint John Transit Commission
7. Develop Saint John
8. Harbour Station Commission
9. Saint John Aquatic Centre Commission
10. Saint John Trade & Convention Centre
11. Saint John Energy
12. Lord Beaverbrook Rink
13. Saint John Police Commission
14. Saint John Free Public Library
15. Saint John Jeux Canada Games Foundation, Inc.



Consolidated Financial Statements

- Deloitte has expressed an unqualified (clean) audit opinion
- Municipal reporting requirements include:
 - Consolidated Statement of Financial Position
 - Consolidated Statement of Operations and Accumulated Surplus
 - Consolidated Statement of Changes in Net Debt
 - Consolidated Statement of Cash Flow
 - Notes to the Consolidated Financial Statements



2018 General and Utility Fund Operating Results

- General Operating Fund Results: Small deficit of \$119,915 or 0.07% of budget (See Note 22) due to a negative adjustment of Provincial Financial Assistance of \$161,186.
- Utility Operating Fund Results: Small Surplus of \$51,791 or 0.11% of budget (See Note 22)



2018 Achievements

- Reduced General Fund Debt by \$5.5 Mil: \$106.5 Mil as of Dec 31, 2018 (2017: \$112 Mil)
- End 2018 with small variances in both General and Utility Operating Funds (considered on budget)
- Increased investments in Tangible Capital Assets: \$152.5 Mil in 2018 vs. \$49.8 Mil in 2017 mostly due to investment in SCDW project
- Increased contributions to Operating and Capital Reserves (see note 19-Consolidated Financial Statements)



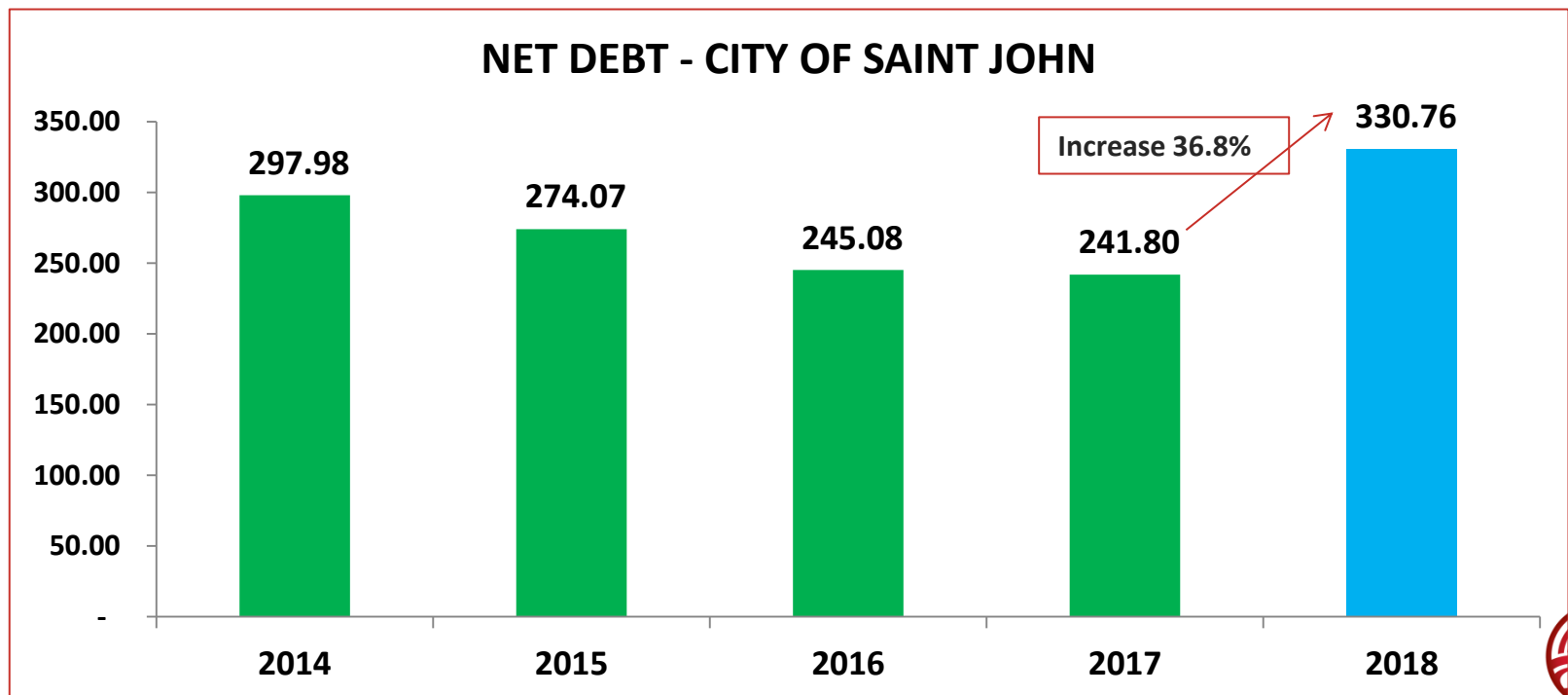
Consolidated Statement of Financial Position

- The Consolidated Statement of Financial Position is a snap-shot of where the City stands financially in terms of resources it holds and debts it owes at a particular point in time (December 31, 2018):

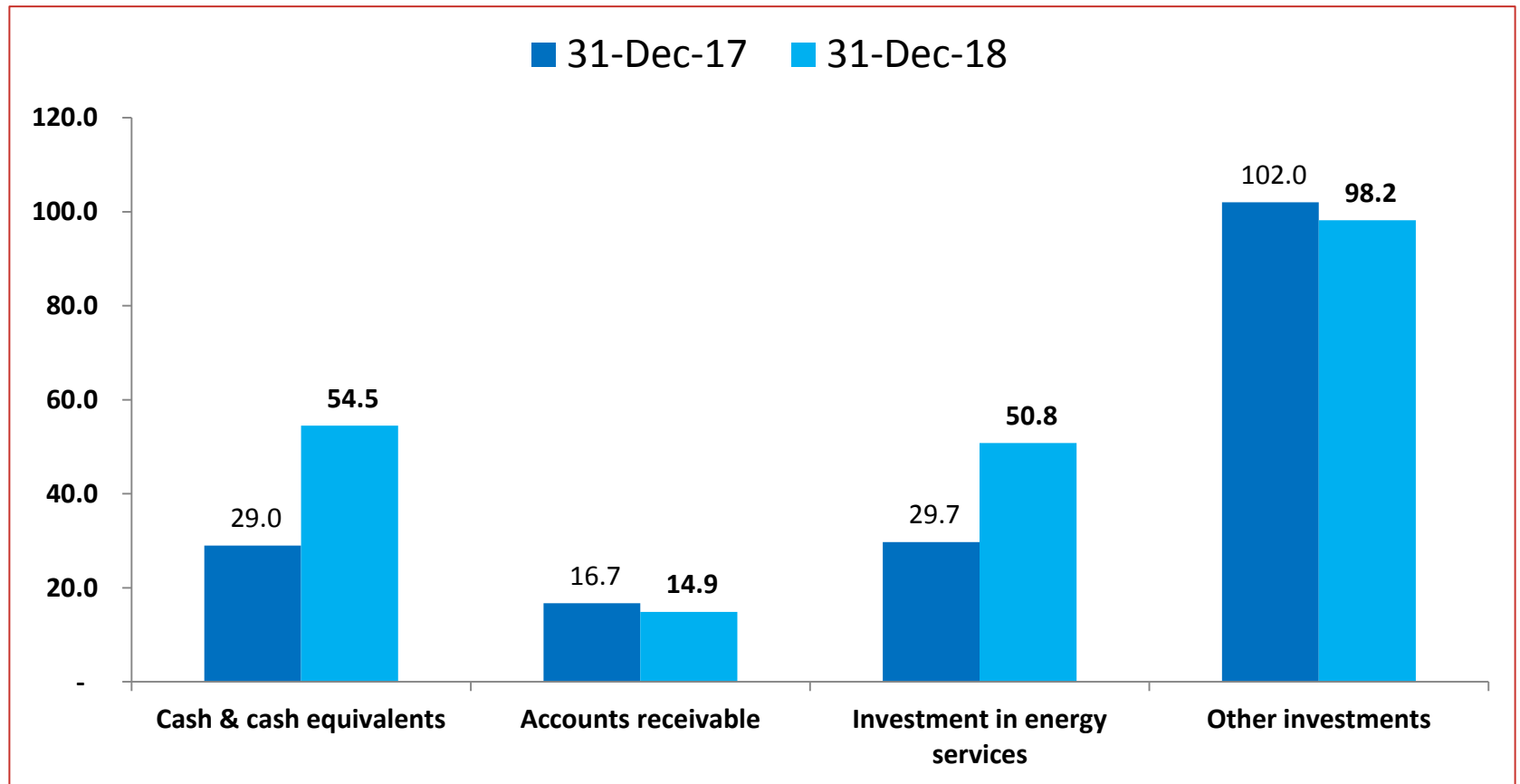
	2018	2017
+ Financial Assets:	\$218.44 Mil	\$177.4Mil
- Financial Liabilities:	\$549.20 Mil	\$419.2Mil
= Net Debt:	\$330.76 Mil	\$241.8 Mil
+ Non Financial Assets:	\$1,028.99 Mil	\$917.8Mil
+ Accumulated Surplus:	\$698.23 Mil	\$676 Mil

Consolidated Statement of changes in Net Debt

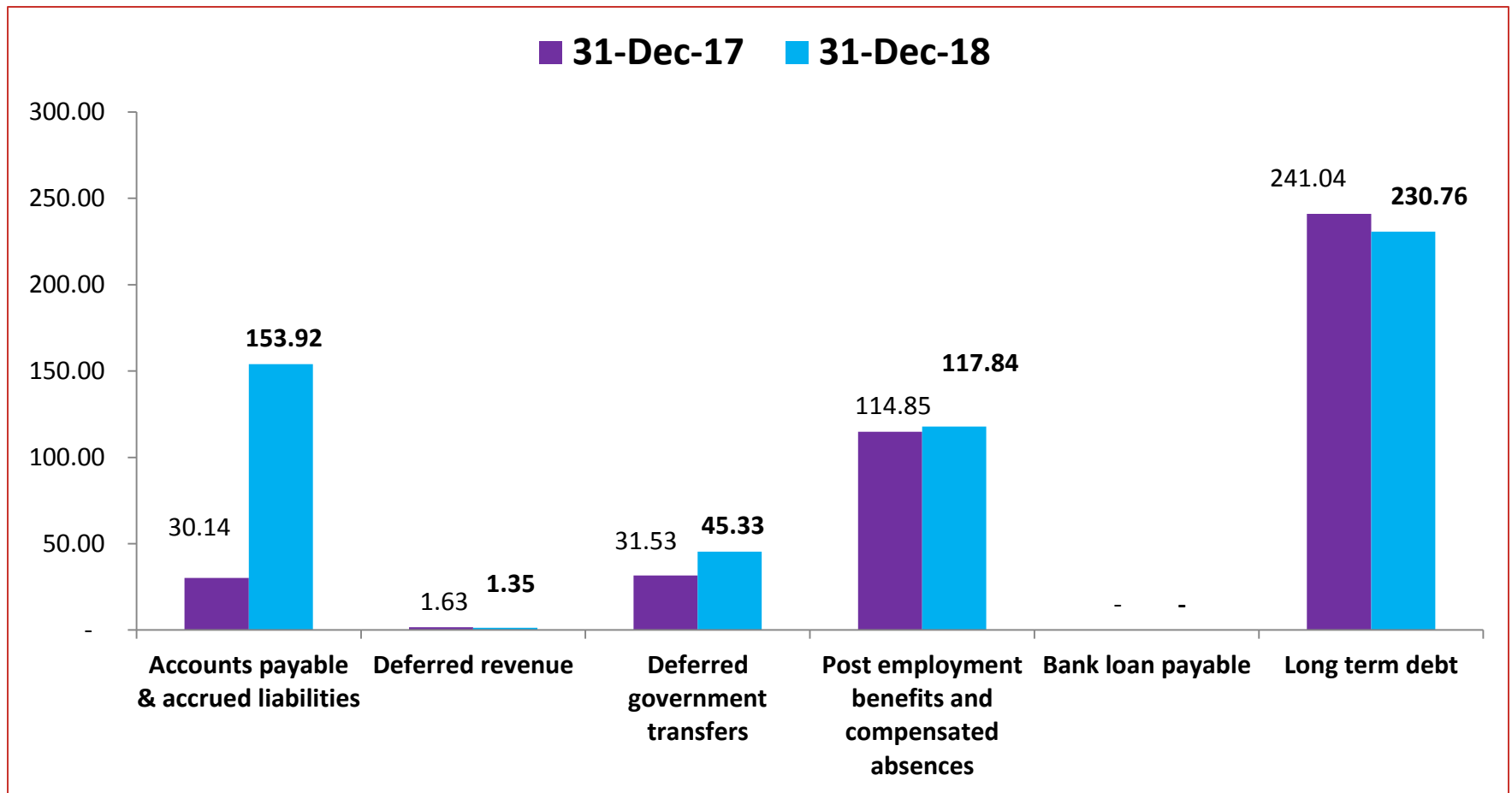
- Net Debt: Key indicator of Municipality's overall financial health. Net Debt means more future revenues will be needed to fund past transactions and events.
- Significant increase in 2018 Net Debt mostly due to a significant amount payable related to the SCDW project in the following year.



Financial Assets

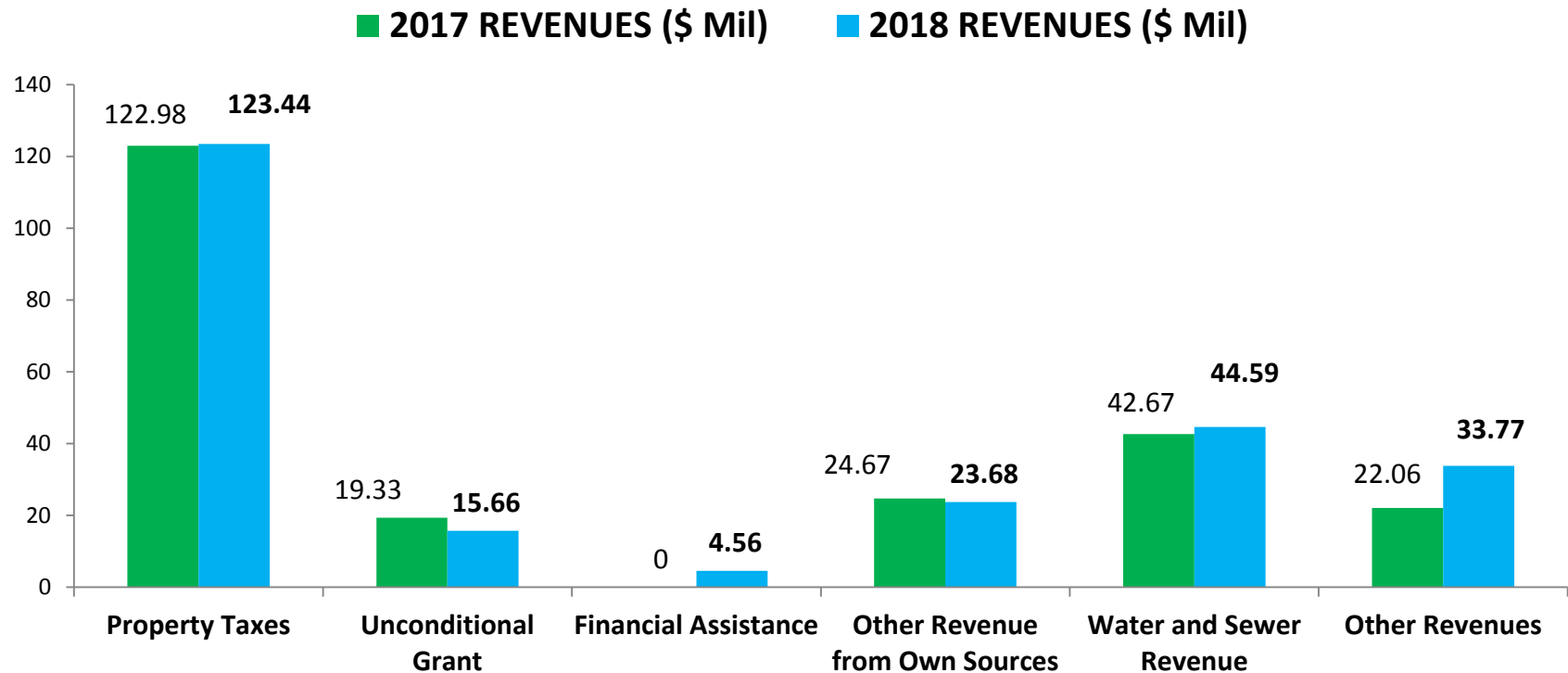


Financial Liabilities



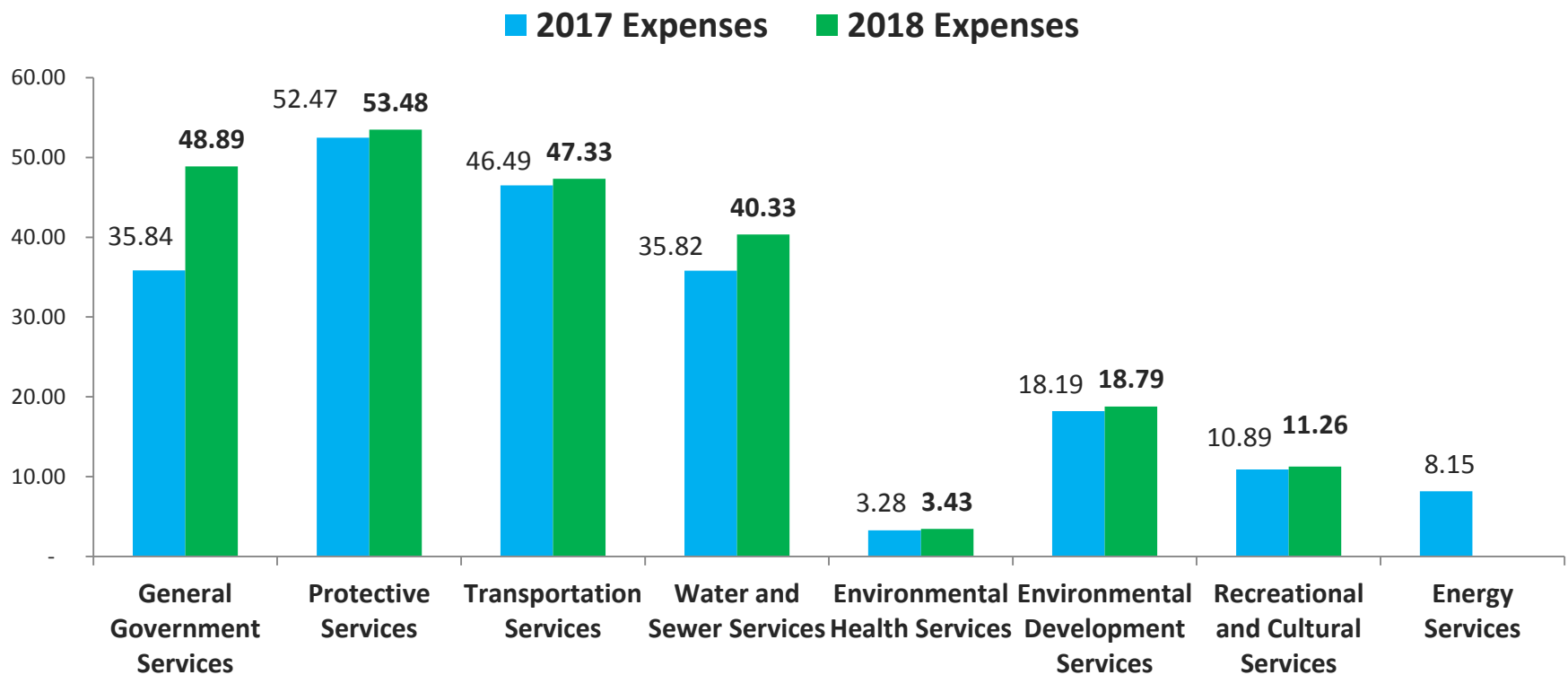
2018 Revenues \$245.70 Mil

- 2018 Revenues: \$245.70 (2017: \$231.71 Mil)



2018 Expenses \$223.51 Mil

- 2018 Expenses: \$223.51 Mil (2017: \$211.13 Mil)



2018 Consolidated Financial Statements Results

- The City has received a clean audit opinion;
- The City continues its effort to control debt:
 - The General Fund debt balance has reduced by \$5.5 Mil;
 - Increased investment in Capital Reserves to reduce borrowing;
 - To fund the infrastructure deficit, other funding options such as Pay As You Go or Capital Reserve must be considered other than Debt.
- The City continues to invest strategically in its assets in alignment with the Asset Management Program;
- To mitigate future financial risks, the City is actively working on a 10-year Financial Plan which will be completed in 2019.



