



Financial Results 2020

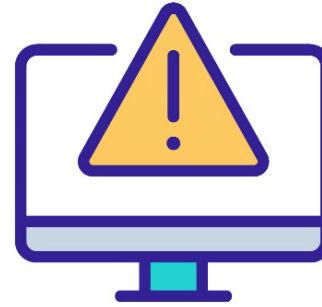
Finance Committee July 22nd, 2021



SAINT JOHN

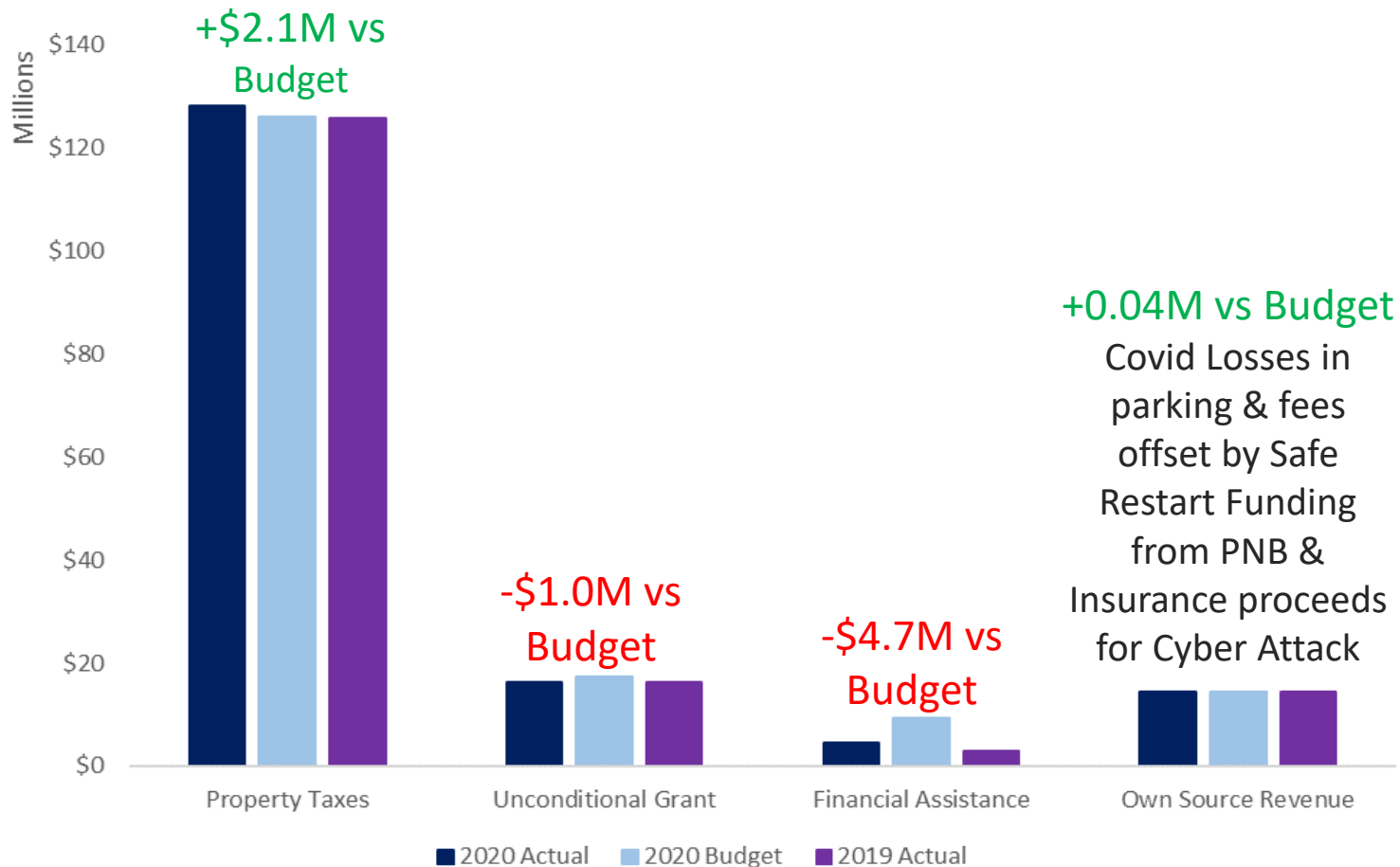
Introduction

- 2020 was not a normal year
 - Cyber Attack
 - Restructuring
 - COVID-19
- General Fund results
- Utility Fund results
- What is the consolidation?
- Agencies, Boards & Commissions
- Consolidated results



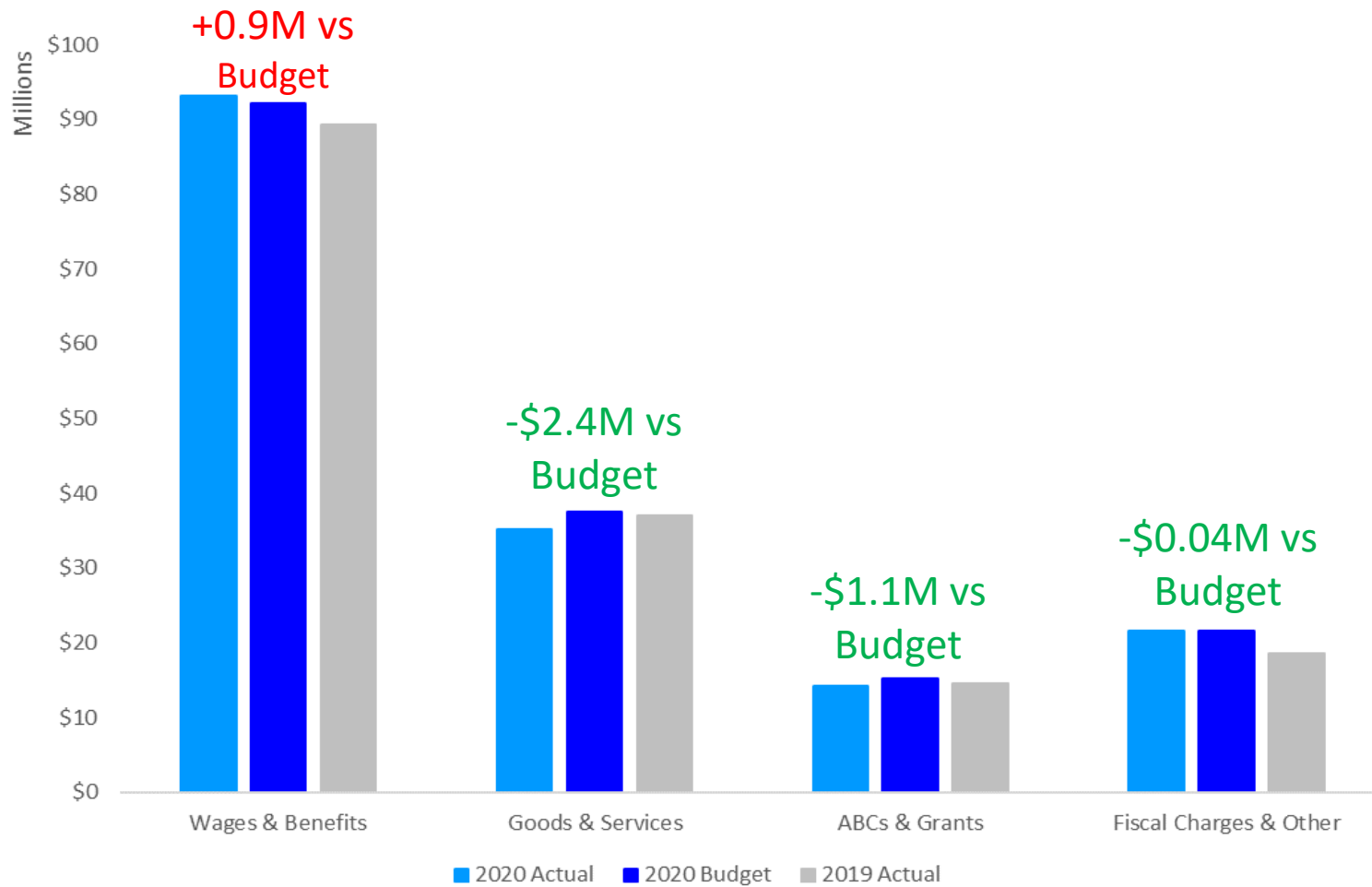
2020 General Fund Highlights

Revenues **-\$3.6M** vs Budget



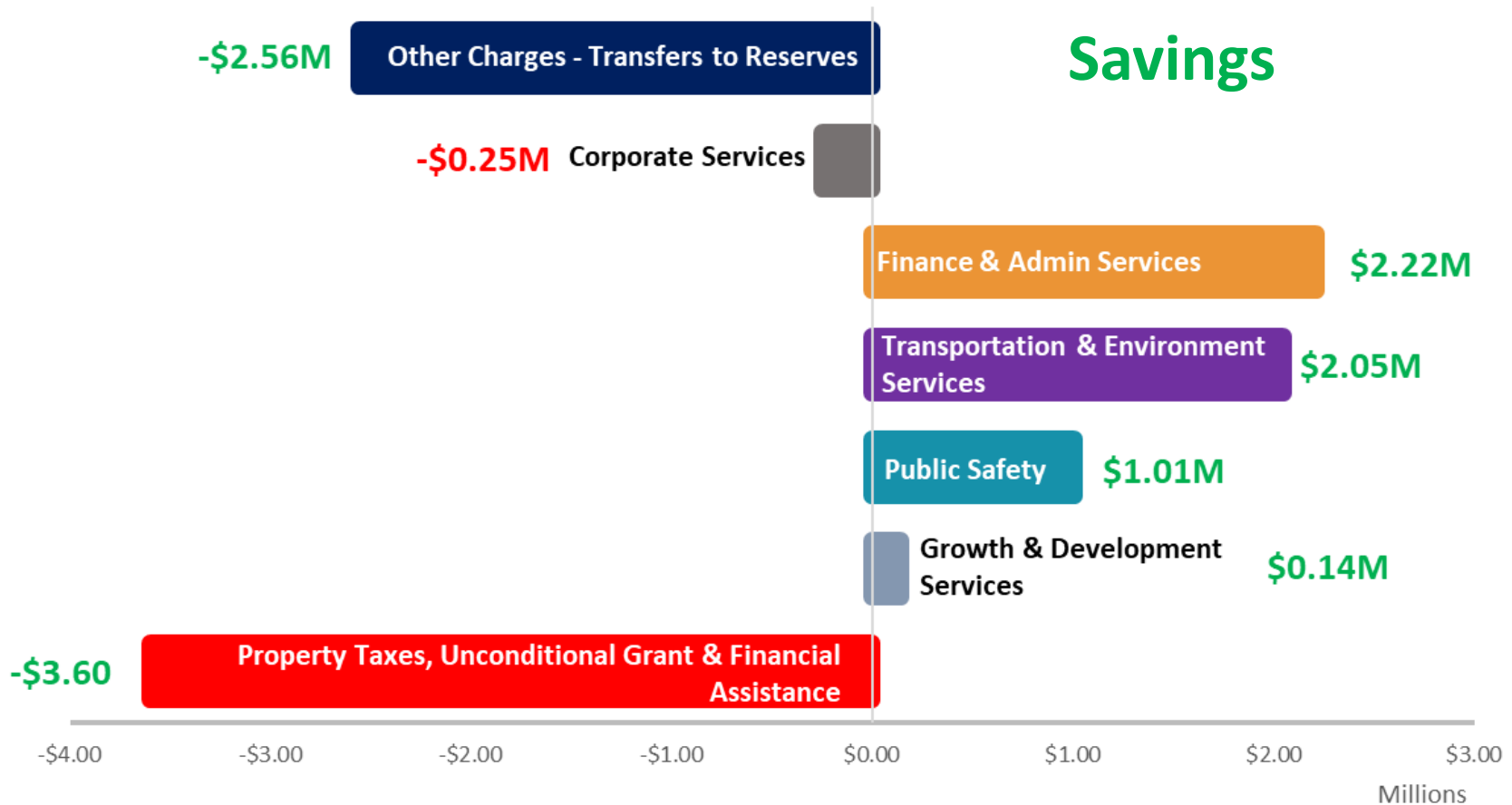
2020 General Fund Highlights

Expenditures **-\$2.6M** vs Budget



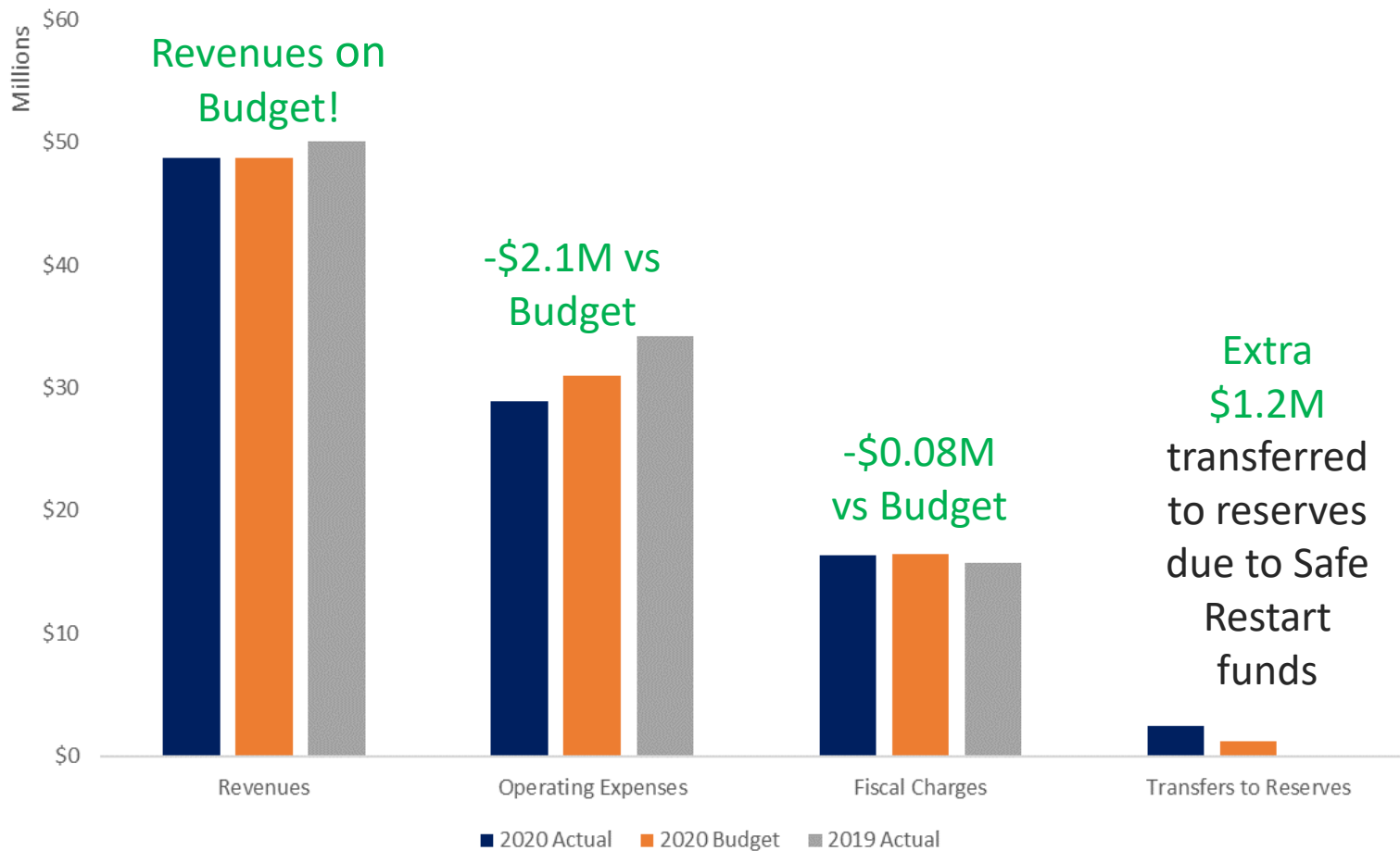
2020 General Fund Highlights

Total Net Deficit **\$991,456**



2020 Utility Fund Highlights

Total Net Surplus **\$969,036**



Applicable Legislation

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

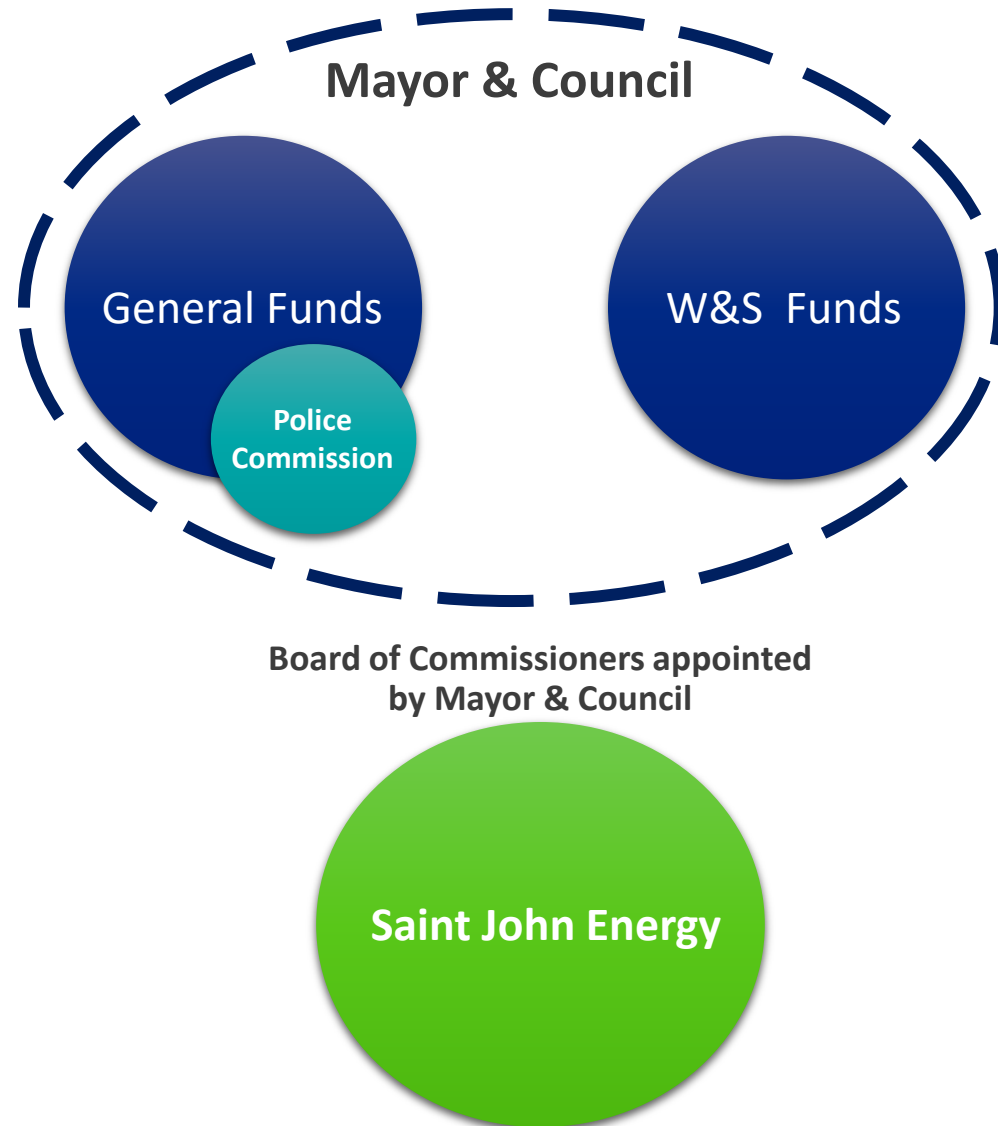
Public Sector Accounting Standards



- 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

Entities of Consolidation



Separate Legal Entities controlled by Board of Directors



Consolidated Financial Statements

- Deloitte has completed the audit of the Consolidated City of Saint John financial statements, as at December 31, 2020
- 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”)



Method of Accounting

- The consolidation is a very complex process that takes the General Fund numbers:
 - adds in all the other Funds & ABCs
 - Changes the accounting and presentation of the numbers
 - Eliminates the duplication (ie. 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 Fund Financials

- Capital Costs are expensed when incurred
- Principal Repayments are expensed
- Funding relating to capital assets offset the expenditure

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



2020 Statement of Operations

City of Saint John Consolidated

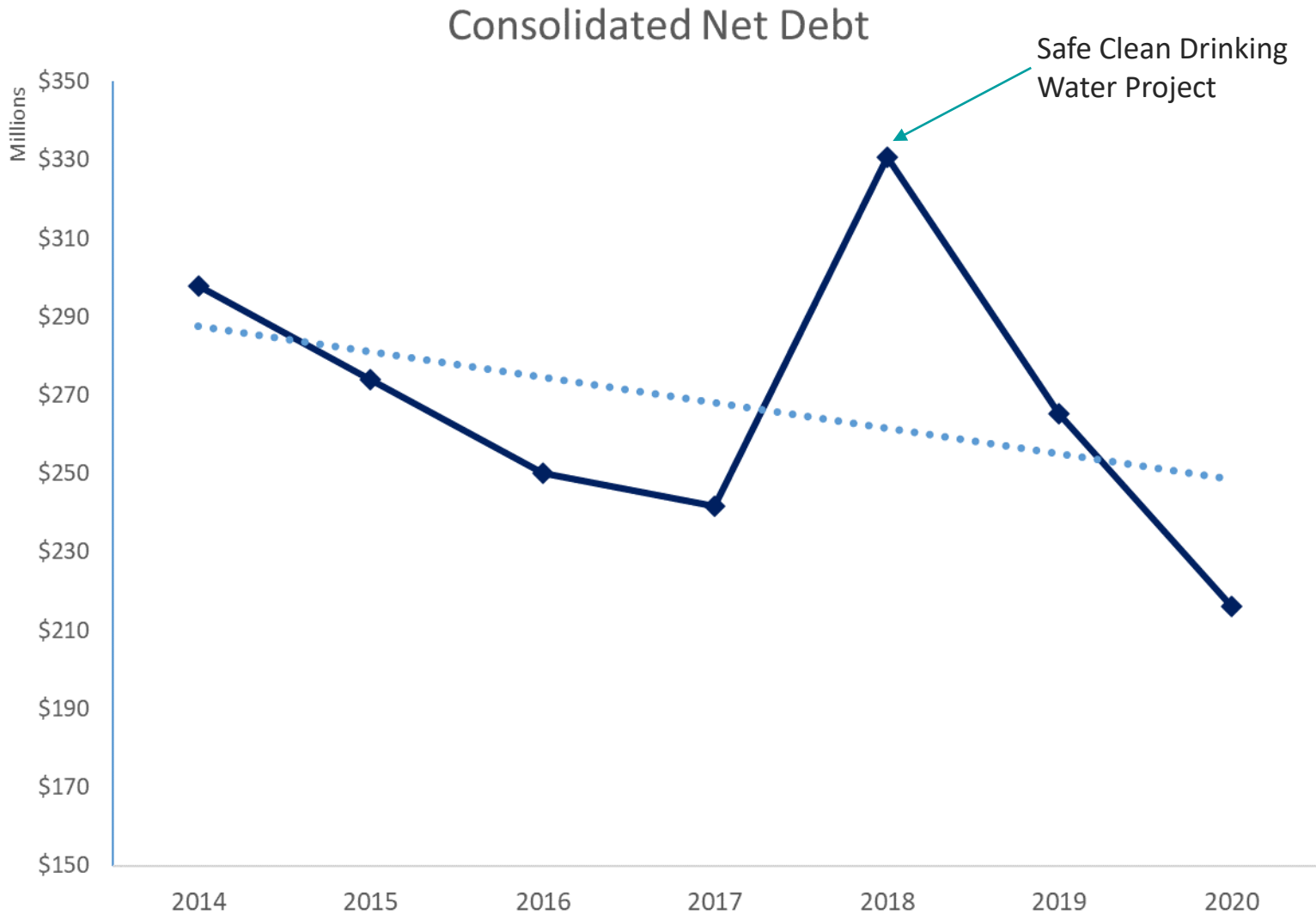
	<u>2020 \$</u>	<u>2019 \$</u>
Annual Operating Surplus (Deficit)	2,732,909	(8,580,305)
Government Transfers for Capital Assets	33,701,015	66,720,509
Other Contributed Assets for Capital	-	2,202,801
Annual Surplus	<u>36,433,924</u>	<u>60,343,005</u>



2020 Statement of Financial Position Highlights

- Total Net debt has **decreased** by \$49.1 Million
- Net debt is a key performance indicator of a Municipality's overall financial health. The higher the level of Net Debt the more future revenues will be needed to fund past transactions and events.
- New long-term debt was \$32M which includes the \$25M SJE loan for a net to City LTD of \$7M compared to \$8.8M in 2019

Net Debt Trend



Recommendation

It is recommended that:

- Finance Committee approves the audited 2020 Consolidated Financial Statements
- Finance Committee approves the 2020 statement of revenue and expenses of the Saint John Trade & Convention Centre
- Finance Committee approves the 2020 City of Saint John Trust Funds financial statements
- Finance Committee approves the 2020 Develop Saint John financial statements
- Finance Committee recommends that Common Council approve the 2020 Consolidated Financial Statements as presented by staff as well as the TCC statement and Trust Funds financial statement

