

The Corporation of City of Burlington 2020 Consolidated Financial Statements

Finance Department

June 9, 2021



Components to the Financial Statements

1. Consolidated Statement of Operations
2. Consolidated Statement of Changes in Net Financial Assets
3. Consolidated Statement of Financial Position
4. Consolidated Statement of Cash Flows
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Purpose of Municipal Financial Statements

- Required by legislation - *Municipal Act, 2001 (Section 294.1)*
- To help in decision making
- Aid in effective long-term planning
- Provide information for accountability and transparency purposes
- Provide information to understand and assess the finances of the municipality



Financial Statements vs Municipal Budgeting

Financial Statements

- Annual Financial Statements are required under the *Municipal Act, Section 294.1*.
- Subject to audit in accordance with Public Sector Accounting Board (“PSAB”) standards.
- Statements are prepared on an accrual basis and reflects all financial and nonfinancial assets and liabilities.
- Statements consolidate many of the City’s local boards as well as the City’s ownership in Burlington Hydro.

Municipal Budgeting

- Annual Budget is required under the *Municipal Act, Section 290*.
- The purpose of the budget is to calculate the amount to be raised through property taxation. Assists Council in reviewing and making informed decisions on programs and services.
- The operating budget is compiled on a cash basis and is presented by service.
- The capital budget is presented by asset category.



2020 Financial Results



Statement of Operations

Reports the annual results for the year ended December 31, 2020

- Impacts of Covid-19
 - Decreased revenues (facility closures, program cancellations)
 - Decreased expenses (expenditure restraint program, facility closures)
- Increase in Provincial Grants
 - Safe Restart Funding

The Corporation of the City of Burlington

Consolidated statement of operations
year ended December 31, 2020
(All amounts are in thousands of dollars)

	2020 Budget (Note 15)	2020 Actual	2019 Actual
	\$	\$	\$
Revenues			
Taxation	179,003	178,484	171,371
User fees and charges	34,068	32,821	42,661
Grants			
Government of Canada	5,809	11,052	10,174
Province of Ontario	3,189	14,580	3,908
Contributions from developers	1,070	7,166	13,619
Investment income	5,520	10,914	10,095
Gain (loss) on sale of tangible capital assets	317	(198)	(188)
Penalties and interest on taxes	2,125	1,478	2,284
Donations	721	393	670
Fines and penalties	12,945	7,200	12,445
Rents and concessions	7,668	3,436	6,261
Licenses and permits	6,743	5,015	7,362
Other	615	1,657	2,796
Hydro dividends and interest	4,900	4,936	4,936
Contributed tangible capital assets	-	845	1,079
Burlington Enterprises Corporation, net increase in equity (Note 11)	-	1,402	3,048
Total revenues	264,693	281,181	292,521
Expenses (Note 12)			
General government	51,245	40,930	33,409
Protection to persons and property	46,514	49,858	51,302
Transportation services	77,313	77,015	83,871
Environmental services	7,291	7,436	5,715
Health services	461	344	354
Recreation and cultural services	67,959	56,448	67,796
Planning and development	8,415	7,679	7,359
Total expenses	259,198	239,710	249,806
Annual surplus	5,495	41,471	42,715
Accumulated surplus, beginning of year	1,063,801	1,063,801	1,021,086
Accumulated surplus, end of year (Note 10)	1,069,296	1,105,272	1,063,801



Statement of Change in Net Financial Assets

Shows how surplus was used to support the acquisition of tangible capital assets and other nonfinancial assets.

- \$49.1M in tangible capital asset acquisitions/completion of capital projects.

The Corporation of the City of Burlington

Consolidated statement of change in net financial assets

year ended December 31, 2020

(All amounts are in thousands of dollars)

	2020 Budget (Note 15)	2020 Actual	2019 Actual
	\$	\$	\$
Annual surplus	5,495	41,471	42,715
Purchase of tangible capital assets	(86,617)	(49,140)	(58,184)
Contributed tangible capital assets	-	(845)	(1,079)
Amortization	39,427	37,561	36,659
Loss on disposal of tangible capital assets	-	198	188
Proceeds on sale of tangible capital assets	-	175	208
Change in supplies of inventory	-	18	(276)
Change in prepaid expenses	-	102	(615)
(Decrease) increase in net financial assets	(41,695)	29,540	19,616
Net financial assets, beginning of year	187,602	187,602	167,986
Net financial assets, end of year	145,907	217,142	187,602



Statement of Financial Position

A “snapshot” of the City’s assets, liabilities and accumulated surplus as at December 31, 2020.

- Increase of \$29.5M in Net Financial assets
 - Indicates the ability for future City services to be financed from existing resources.

The Corporation of the City of Burlington

Consolidated statement of financial position

as at December 31, 2020

(All amounts are in thousands of dollars)

	2020	2019
	\$	\$
Financial assets		
Cash and cash equivalents	68,149	58,384
Taxes receivable (Note 2)	13,295	10,830
Accounts receivable	24,145	27,009
Investments (Note 4)	194,223	183,168
Investment in Burlington Enterprises Corporation (Note 11)	137,693	136,291
	437,505	415,682
Liabilities		
Accounts payable and accrued liabilities	31,757	32,939
Other liabilities	299	311
Deferred revenue - general	5,695	6,050
Deferred revenue - obligatory reserve funds (Note 5)	70,155	71,163
Employee future benefits (Note 6)	30,475	28,817
Long-term debt (Note 8)	81,982	88,800
	220,363	228,080
Net financial assets	217,142	187,602
Non-financial assets		
Tangible capital assets (Note 9)	884,238	872,187
Inventory	2,509	2,527
Prepaid expenses	1,383	1,485
	888,130	876,199
Commitments and contingencies (Note 14)		
Accumulated surplus (Note 10)	1,105,272	1,063,801



Statement of Cash Flow

Annual cash results that shows where cash came from and how it was used.

- Annual surplus
 - Includes non-cash items
- Capital activities
 - Cash impact of tangible capital asset transactions
- Financing activities
 - Cash impact of long-term debt transactions

The Corporation of the City of Burlington

Consolidated statement of cash flows

year ended December 31, 2020

(All amounts are in thousands of dollars)

	2020	2019
	\$	\$
Operating activities		
Annual surplus	41,471	42,715
Non-cash charges to operations		
Amortization	37,561	36,659
Loss on disposal of tangible capital assets	198	188
Contributed tangible capital assets	(845)	(1,079)
Burlington Enterprises Corporation, net income	(4,002)	(5,648)
Net change in non-cash working capital balances (Note 17)	(380)	(3,786)
Cash provided by operating activities	74,003	69,049
Capital activities		
Purchase of tangible capital assets	(49,140)	(58,184)
Proceeds on sale of tangible capital assets	175	208
Net decrease in cash from capital activities	(48,965)	(57,976)
Investing activity		
Increase in investments	(11,055)	(5,946)
Net decrease in cash from investing activity	(11,055)	(5,946)
Financing activities		
New debt issued	6,833	7,727
Debt principal repayments	(13,651)	(14,629)
Dividends received	2,600	2,600
Net decrease in cash from financing activities	(4,218)	(4,302)
Change in cash and cash equivalents	9,765	825
Cash and cash equivalents, beginning of year	58,384	57,559
Cash and cash equivalents, end of year	68,149	58,384
Cash and cash equivalents consist of:		
Cash (bank indebtedness)	35,649	(116)
Cash equivalents	32,500	58,500
	68,149	58,384



2020 Financial Results

Debt to Total Reserve Balance

- This provides a measure for financial judgment by comparing total debt to the total reserve

	2020	2019	2018	2017	2016
Debt	81,982	88,800	95,702	88,925	94,079
Reserve Balance	140,127	124,782	122,842	130,924	124,182
Debt to Total Reserves Ratio	0.59	0.71	0.78	0.68	0.76



2020 Financial Results

Debt Interest as a Ratio of Revenue

- This ratio indicates the extent of which the City's own source revenues are committed to debt interest.

	2020	2019	2018	2017	2016
Debt Interest	2,360	2,651	2,670	2,670	2,708
Own Revenues	246,981	261,772	258,442	237,244	221,000
Debt interest as a ratio to Own Revenues	0.96%	1.01%	1.03%	1.12%	1.23%



2020 Financial Results

Stabilization reserves as % of own source of revenue

- ▶ This indicator analyzes the health of the operating reserves by focusing specifically on the stabilization and contingency reserves compared to own revenues. A benchmark is 5%-15%.

	2020	2019	2018	2017	2016
Stabilization Reserves	35,667	28,485	26,860	29,823	23,964
Own Revenues	246,981	261,772	258,442	237,244	221,000
Stabilization Reserves as a ratio to Own Revenues	14.44%	10.88%	10.39%	12.57%	10.84%



Questions?

