

The Corporation of City of Burlington 2021 Consolidated Financial Statements

Finance Department

June 8, 2022



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.



2021 Financial Results



Statement of Operations

Reports the annual results for the year ended December 31, 2021.

- Continued impacts of Covid-19
 - Non-Taxation revenue continued to decrease as a result of imposed restrictions;
 - Decrease due to the timing of revenue recognition of Government Grants including Safe Restart Funding and Canada Community Building Fund;
 - Increased expenses due to transportation and recreation & cultural services.

The Corporation of the City of Burlington

Consolidated statement of operations

year ended December 31, 2021

(All amounts are in thousands of dollars)

	2021 Budget (Note 15)	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Taxation	186,880	186,109 ↑	178,484
User fees and charges	18,918	24,323	32,821
Grants			
Government of Canada	5,879	2,434 ↓	11,052
Province of Ontario	2,853	8,674 ↓	14,580
Contributions from developers	834	14,462	7,166
Investment income	5,486	8,802	10,914
Gain (loss) on sale of tangible capital assets	293	(46)	(198)
Penalties and interest on taxes	2,150	2,423	1,478
Donations	240	299	393
Fines and penalties	12,721	8,992	7,200
Rents and concessions	5,159	4,346	3,436
Licenses and permits	6,912	7,077	5,015
Other	464	1,095	1,657
Hydro dividends and interest	3,930	4,084	4,936
Contributed tangible capital assets	-	1,437	845
Burlington Enterprises Corporation, net increase in equity (Note 11)	-	2,307	1,402
Total revenues	252,719	276,818 ↓	281,181
Expenses (Note 12)			
General government	35,193	43,821	40,930
Protection to persons and property	47,958	49,901	49,858
Transportation services	74,685	84,202	77,015
Environmental services	5,321	5,539	7,436
Health services	383	399	344
Recreation and cultural services	63,926	61,243	56,448
Planning and development	10,227	7,807	7,679
Total expenses	237,693	252,912	239,710
Annual surplus	15,026	23,906	41,471
Accumulated surplus, beginning of year	1,105,272	1,105,272	1,063,801
Accumulated surplus, end of year (Note 10)	1,120,298	1,129,178	1,105,272

Statement of Change in Net Financial Assets

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

- \$38.2M 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, 2021

(All amounts are in thousands of dollars)

	2021 Budget (Note 15)	2021 Actual	2020 Actual
	\$	\$	\$
Annual surplus	15,026	23,906	41,471
Purchase of tangible capital assets	(72,121)	(38,190)	(49,140)
Contributed tangible capital assets	-	(1,437)	(845)
Amortization	40,489	38,265	37,561
Loss on disposal of tangible capital assets	-	46	198
Proceeds on sale of tangible capital assets	-	225	175
Change in supplies of inventory	-	(48)	18
Change in prepaid expenses	-	(367)	102
Increase in net financial assets	(16,606)	22,400	29,540
Net financial assets, beginning of year	-	217,142	187,602
Net financial assets, end of year	(16,606)	239,542	217,142

Statement of Financial Position

A “snapshot” of the City’s assets, liabilities and accumulated surplus as at December 31, 2021.

- Increase of \$22.4 M 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, 2021

(All amounts are in thousands of dollars)

	2021	2020
	\$	\$
Financial assets		
Cash and cash equivalents	54,632	68,149
Taxes receivable (Note 2)	10,657	13,295
Accounts receivable	23,380	24,145
Investments (Note 4)	246,399	194,223
Investment in Burlington Enterprises Corporation (Note 11)	140,000	137,693
	475,068	437,505
Liabilities		
Accounts payable and accrued liabilities	32,158	31,757
Other liabilities	289	299
Deferred revenue - general	8,328	5,695
Deferred revenue - obligatory reserve funds (Note 5)	84,451	70,155
Employee future benefits (Note 6)	35,474	30,475
Long-term debt (Note 8)	74,826	81,982
	235,526	220,363
Net financial assets	239,542	217,142
Non-financial assets		
Tangible capital assets (Note 9)	885,329	884,238
Inventory	2,557	2,509
Prepaid expenses	1,750	1,383
	889,636	888,130
Commitments and contingencies (Note 14)		
Accumulated surplus (Note 10)	1,129,178	1,105,272



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, 2021

(All amounts are in thousands of dollars)

	2021	2020
	\$	\$
Operating activities		
Annual surplus	23,906	41,471
Non-cash charges to operations		
Amortization	38,265	37,561
Loss on disposal of tangible capital assets	46	198
Contributed tangible capital assets	(1,437)	(845)
Burlington Enterprises Corporation, net income	(4,707)	(4,002)
Net change in non-cash working capital balances (Note 17)	25,307	(380)
Cash provided by operating activities	81,380	74,003
Capital activities		
Purchase of tangible capital assets	(38,190)	(49,140)
Proceeds on sale of tangible capital assets	225	175
Net decrease in cash from capital activities	(37,965)	(48,965)
Investing activity		
Increase in investments	(52,176)	(11,055)
Net decrease in cash from investing activity	(52,176)	(11,055)
Financing activities		
New debt issued	6,685	6,833
Debt principal repayments	(13,841)	(13,651)
Dividends received	2,400	2,600
Net decrease in cash from financing activities	(4,756)	(4,218)
Change in cash and cash equivalents	(13,517)	9,765
Cash and cash equivalents, beginning of year	68,149	58,384
Cash and cash equivalents, end of year	54,632	68,149
Cash and cash equivalents consist of:		
Cash	28,132	35,649
Cash equivalents	26,500	32,500
	54,632	68,149

2021 Financial Results

Debt Principal to Total Reserve Balance

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

	2021	2020	2019	2018	2017
Debt Principal	74,826	81,982	88,800	95,702	88,925
Reserve Balance	140,697	140,127	124,782	122,842	130,924
Debt to Total Reserves Ratio	0.53	0.59	0.71	0.78	0.68



2021 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.

	2021	2020	2019	2018	2017
Debt Interest	2,106	2,360	2,651	2,670	2,670
Own Revenues	249,041	246,981	261,772	258,442	237,244
Debt interest as a ratio to Own Revenues	0.85%	0.96%	1.01%	1.03%	1.12%



2021 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%.

	2021	2020	2019	2018	2017
Stabilization Reserves	36,342	35,667	28,485	26,860	29,823
Own Revenues	249,041	246,981	261,772	258,442	237,244
Stabilization Reserves as a ratio to Own Revenues	14.59%	14.44%	10.88%	10.39%	12.57%

- ▶ The 2021 ratio of 14.59% is the highest mark in the past 5 years, however, if using the uncommitted balance of the reserve fund, the ratio would drop to 10.7%.



Questions?

