

On the left side of the slide, there is a decorative graphic. It features a vertical stack of several thin, light blue lines of varying heights. To the right of these lines are several solid blue circles of different sizes, arranged in a cluster. The largest circle is at the top left of the cluster, with smaller circles below and to its right.

TOWN OF ERIN 2018 FINANCIAL STATEMENT PRESENTATION

Presented By:

Sally Slumskie, CPA, CA

Angela Nichol, CPA, CA

OUTLINE

- Review of significant financial statement elements including:
 - Statement of financial position
 - Statement of operations and accumulated surplus
 - Statement of net financial assets
 - Statement of cash flows
 - Tangible Capital assets note
 - Accumulated surplus note
 - Budget amounts note
- Highlights of the consolidated municipality's performance



STATEMENT OF FINANCIAL POSITION

- Statement of financial position is a snapshot of the municipality at a point in time.
- It highlights the following:
 - Cash resources
 - Net financial asset position
 - Non-financial assets
 - Accumulated surplus or deficit





STATEMENT OF FINANCIAL POSITION

The Corporation of the Town of Erin Consolidated Statement of Financial Position

December 31	2018	2017
Financial assets		
Cash (Note 1)	\$ 2,437,672	\$ 2,579,318
Investments (Note 2)	7,793,885	5,753,939
Taxes receivable	2,159,512	2,193,350
Trade and other receivable	1,070,020	1,012,851
Long-term receivables (Note 3)	25,377	26,842
	<u>13,486,466</u>	<u>11,566,300</u>
Liabilities		
Accounts payable and accrued liabilities	1,695,659	2,355,969
Post-employment benefits (Note 4)	1,927	128,072
Deferred revenue (Page 30)	3,832,510	3,054,496
Long-term liabilities (Note 5)	3,931,801	4,253,215
	<u>9,461,897</u>	<u>9,791,752</u>
Net financial assets	4,024,569	1,774,548
Non financial assets		
Prepaid expenses	62,271	50,767
Tangible capital assets (Note 6)	49,034,677	49,420,538
	<u>49,096,948</u>	<u>49,471,305</u>
Accumulated surplus (Note 7)	\$53,121,517	\$ 51,245,853



STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

- Reports the revenues and expenses of the municipality for the year.
- Total revenue less costs (expenses) gives annual surplus
- It highlights the following
 - Actual vs. budget vs. prior year results
 - Annual surplus
 - Accumulated surplus





STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

The Corporation of the Town of Erin Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2018 Budget (Note 11)	2018 Actual	2017 Actual
Revenue			
Taxation	\$ 6,880,820	\$ 6,980,091	\$ 6,591,469
Fees and user charges	2,392,300	2,383,585	2,210,494
Grants (Note 9)	1,252,760	1,409,669	967,086
Other income (Note 10)	1,262,100	2,399,965	1,384,264
	<u>11,787,980</u>	<u>13,173,310</u>	<u>11,153,313</u>
Expenses			
General government	2,182,346	2,032,649	2,004,231
Protection services	1,714,037	1,548,548	1,701,249
Transportation services	4,556,254	4,659,122	5,002,640
Environmental services	1,337,894	1,588,221	1,214,214
Health services	4,000	1,416	2,986
Recreation and cultural services	1,509,510	1,069,139	1,788,088
Planning and development	436,900	398,551	503,020
	<u>11,740,941</u>	<u>11,297,646</u>	<u>12,216,428</u>
Annual surplus (deficit) (Note 11)	47,039	1,875,664	(1,063,115)
Accumulated surplus, beginning of year	<u>51,245,853</u>	<u>51,245,853</u>	<u>52,308,968</u>
Accumulated surplus, end of year	<u>\$ 51,292,892</u>	<u>\$ 53,121,517</u>	<u>\$ 51,245,853</u>





STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

- Takes annual surplus from statement of operations and removes activity in non-financial assets to get change in net debt for the year that agrees to statement of financial position
- It highlights the following:
 - Changes in capital assets for the year
 - Change in net debt/net financial assets



BDO STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

The Corporation of the Town of Erin Consolidated Statement of Changes in Net Financial Assets

<u>For the year ended December 31</u>	<u>2018</u> Budget (Note 11)	<u>2018</u> Actual	<u>2017</u> Actual
Annual surplus (Page 6)	\$ 47,039	\$ 1,875,664	\$ (1,063,115)
Acquisition of tangible capital assets	(2,518,600)	(2,255,369)	(1,547,529)
Amortization of tangible capital assets	2,495,019	2,495,019	2,467,981
Loss (gain) on sale of tangible capital assets	-	(1,083,300)	(60,010)
Proceeds on disposal of capital assets	-	1,229,511	60,010
	<u>(23,581)</u>	<u>385,861</u>	<u>920,452</u>
Change in prepaid expenses	-	(11,504)	(48,608)
Increase (decrease) in net financial assets	23,458	2,250,021	(191,271)
Net financial assets, beginning of the year	-	1,774,548	1,965,819
Net financial assets, end of the year	\$ 23,458	\$ 4,024,569	\$ 1,774,548



STATEMENT OF CASH FLOWS

- Shows the change in cash and cash equivalents for the year
- Breaks down cash between operating, capital, investing and financing
- It highlights the following:
 - Primary sources of cash (Operating , investing or financing)
 - Primary use of cash (Capital transactions)





STATEMENT OF CASH FLOWS

The Corporation of the Town of Erin Consolidated Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2018</u>	<u>2017</u>
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ 1,875,664	\$ (1,063,115)
Items not involving cash		
Change in post-employment benefits	(126,145)	(7,414)
Amortization	2,495,019	2,467,981
Deferred revenue recognized	(838,792)	(282,456)
Gain on sale of capital assets	(1,083,300)	(60,010)
	<u>2,322,446</u>	<u>1,054,986</u>
Changes in non-cash working capital balances		
Taxes receivable	33,838	(71,239)
Trade and other receivable	(57,169)	(198,312)
Accounts payable and accrued liabilities	(660,310)	496,546
Deferred revenue received	1,616,806	931,440
Prepaid expenses	(11,504)	(48,608)
	<u>921,661</u>	<u>1,109,827</u>
	<u>3,244,107</u>	<u>2,164,813</u>
Capital transactions		
Cash used to acquire capital assets	(2,255,369)	(1,547,529)
Proceeds on sale of capital assets	1,229,511	60,010
	<u>(1,025,858)</u>	<u>(1,487,519)</u>
Investing activities		
Acquisition of investments	(18,039,946)	(20,900,492)
Proceeds on disposal of investments	16,000,000	20,518,442
Repayments of long-term receivables	1,465	2,718
	<u>(2,038,481)</u>	<u>(379,332)</u>
Financing activities		
Repayment of long-term liabilities	(321,414)	(317,978)
Net change in cash and cash equivalents	(141,646)	(20,016)
Cash and cash equivalents, beginning of year	<u>2,579,318</u>	<u>2,599,334</u>
Cash and cash equivalents, end of year	\$ 2,437,672	\$ 2,579,318



TANGIBLE CAPITAL ASSET NOTE

- Provides a breakdown of the following by asset type
 - Capital asset additions
 - Amortization
 - Disposals





TANGIBLE CAPITAL ASSET NOTE

6. Tangible Capital Assets

	2018							
	Land	Buildings	Vehicles	Roads	Furniture and equipment	Bridges and infrastructure	Assets under construction	Total
Cost, beginning of year	\$ 8,444,816	\$ 15,828,977	\$ 5,390,318	\$ 44,310,789	\$ 2,349,031	\$ 16,294,584	\$ 238,239	\$ 92,856,754
Additions	172,577	113,860	15,244	504,166	262,355	1,039,832	147,335	2,255,369
Disposals	-	(490,717)	(53,166)	(33,390)	-	(13,762)	-	(591,035)
Transfers	-	137,156	-	3,987	-	29,459	(170,602)	-
Cost, end of year	8,617,393	15,589,276	5,352,396	44,785,562	2,611,386	17,350,113	214,972	94,521,088
Accumulated amortization, beginning of year	1,161,705	8,250,383	3,277,161	23,837,527	1,133,643	5,775,797	-	43,436,216
Amortization	143,060	347,287	284,988	1,240,232	166,249	313,208	-	2,495,019
Disposals	-	(348,058)	(49,614)	(33,390)	-	(13,762)	-	(444,824)
Accumulated amortization, end of year	1,304,765	8,249,612	3,512,530	25,044,369	1,299,892	6,075,243	-	45,486,411
Net carrying amount, end of year	\$ 7,312,628	\$ 7,339,664	\$ 1,839,866	\$ 19,741,193	\$ 1,311,494	\$ 11,274,870	\$ 214,972	\$ 49,034,677



ACCUMULATED SURPLUS NOTE

- Provides a breakdown of the accumulated surplus balance found on the Statement of Financial Position and Statement of Operations and Accumulated Surplus
- Includes details of:
 - Amount invested in capital assets
 - General surplus (Accumulated Operating Surpluses/Deficits)
 - Capital assets to be financed in the future
 - Unfunded liabilities including long term liabilities, post-employment, and post-closure costs



ACCUMULATED SURPLUS NOTE

7. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

	<u>2018</u>	<u>2017</u>
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 49,034,677	\$ 49,420,538
Capital assets financed by long-term liabilities and to be funded in future years	<u>(3,924,537)</u>	<u>(4,244,486)</u>
Total invested in capital assets	45,110,140	45,176,052
Unfunded post-employment benefits	(1,927)	(128,072)
General surplus (Note 11)	(216,895)	164,267
Erin Tennis Club	-	16,069
Ballinacorney Recreation Centre	13,650	24,849
Business Improvement Area	<u>(8,411)</u>	<u>(16,181)</u>
	44,896,557	45,236,984
Reserves and reserve funds (Note 8)	<u>8,224,960</u>	<u>6,008,869</u>
Accumulated surplus	<u>\$ 53,121,517</u>	<u>\$ 51,245,853</u>

Effective January 1, 2018, the Erin Tennis Club operates as a separate, independent not-for-profit entity. Accordingly, the Erin Tennis Club's net asset and operations are no longer reported by the Town of Erin.



BUDGET NOTE

- Shows a reconciliation of PSAB budget to cash based budget
- Removes significant items from Annual Surplus including:
 - Transfers to/from reserves
 - Amortization, Capital acquisition
 - Proceeds from new debt and debt principal payments



BUDGET NOTE

11. Budgets

Under Canadian Public sector accounting standards, budget amounts are to be reported on the statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. Amortization is not included in the budget approved by Council. For comparative purposes, budget figures have been adjusted for amortization based on actual. The following is a reconciliation of the budget approved by Council.

	2018 Budget	2018 Actual	2017 Actual
Annual surplus (deficit) (Page 6)	\$ 47,039	\$ 1,875,664	\$ (1,063,115)
Amortization	2,495,019	2,495,019	2,467,981
Change in unfunded liabilities	-	(126,145)	(7,414)
Change in other surpluses	-	19,498	(1,608)
	2,542,058	4,264,036	1,395,844
Net transfers (to) from reserves	151,542	(2,214,625)	(329,474)
Tangible capital acquisitions, disposals and write-down	(2,518,600)	(2,109,158)	(1,547,529)
Proceeds from long-term debt	-	-	-
Debt principal repayments	(175,000)	(321,415)	(315,260)
	-	(381,162)	(796,419)
Prior year general surplus	-	164,267	960,686
General surplus (deficit) (Note 7)	\$ -	\$ (216,895)	\$ 164,267





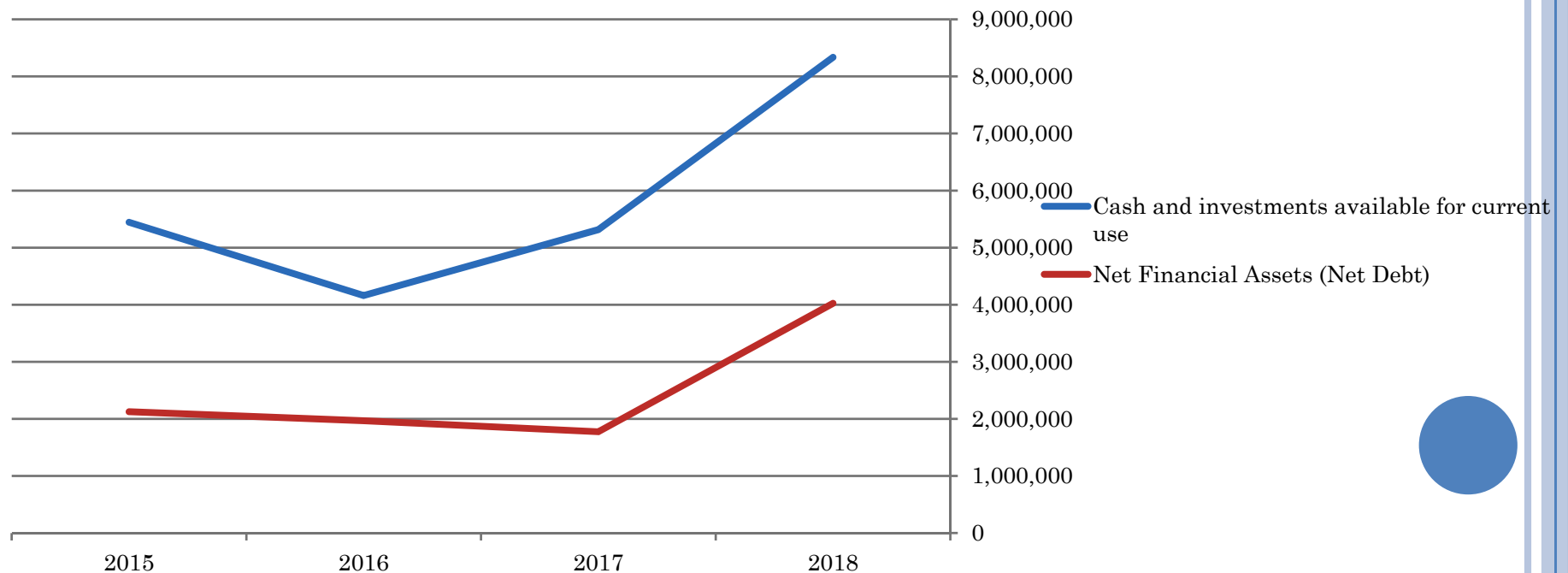
HIGHLIGHTS OF THE MUNICIPALITY'S FINANCIAL PERFORMANCE



HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – CASH AND NET FINANCIAL ASSETS

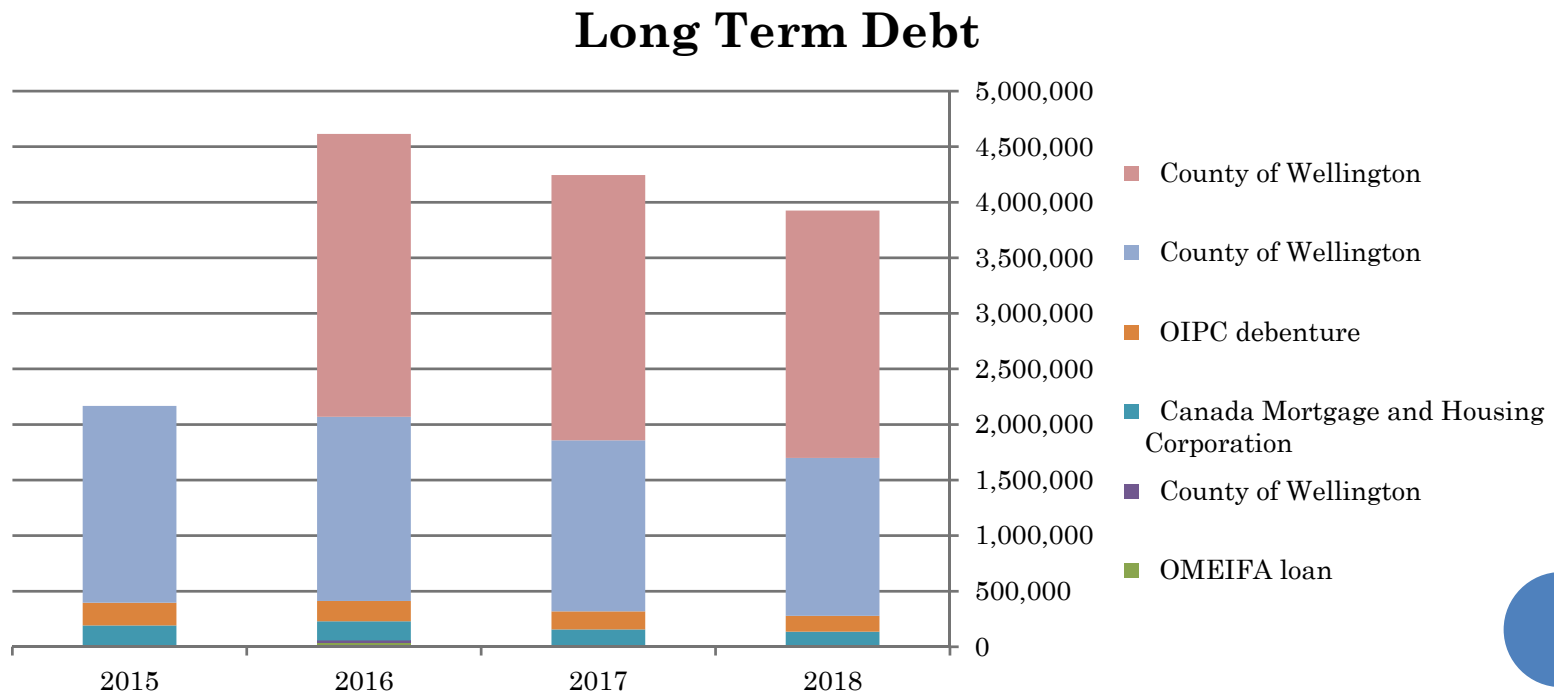
- Cash and investments available for use dropped in 2016, and has been increasing for the past 2 years
- Net financial assets has been decreasing slightly from 2015 – 2017, with an increase in 2018

Cash/Investments and Net Financial Assets



HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – LONG TERM DEBT

- Started funding capital projects through long term debt

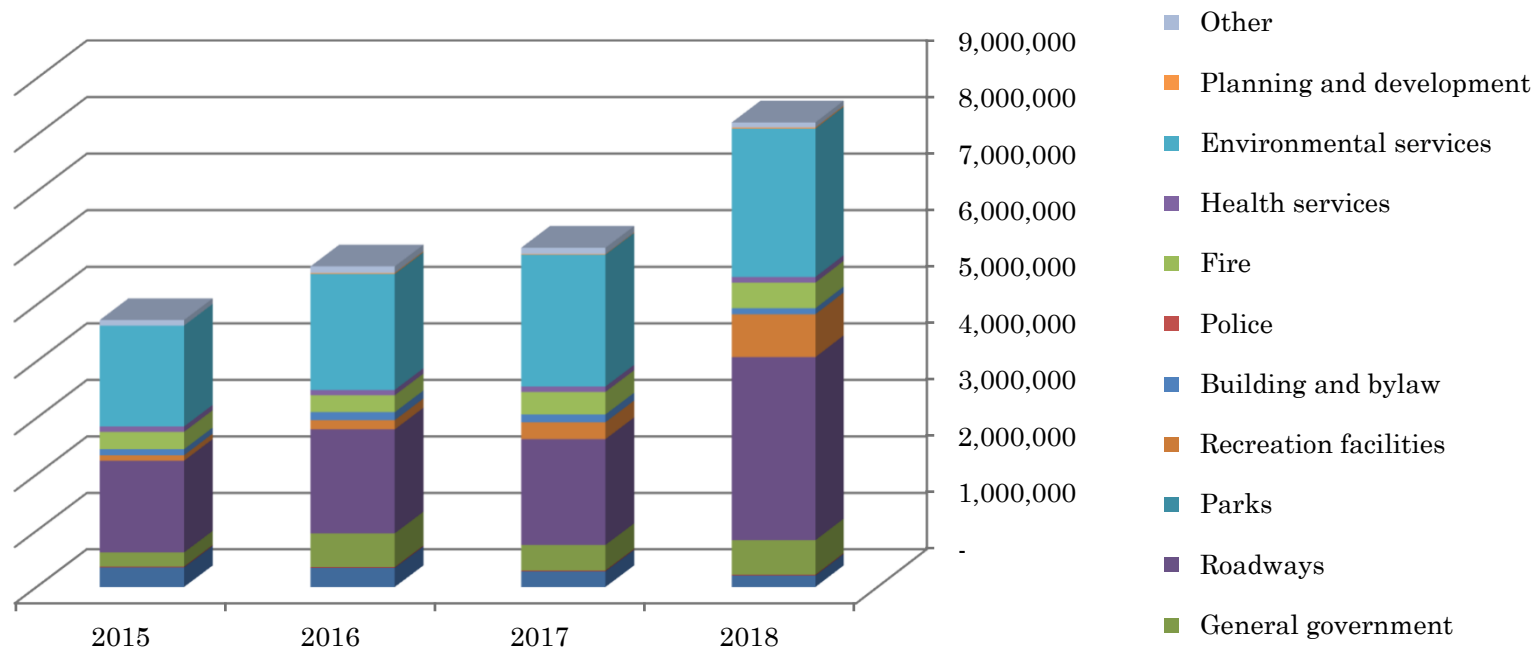




HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – RESERVE BALANCES

- Steadily building reserves and discretionary reserve funds for the past 4 years

Reserves and Discretionary Reserve Funds

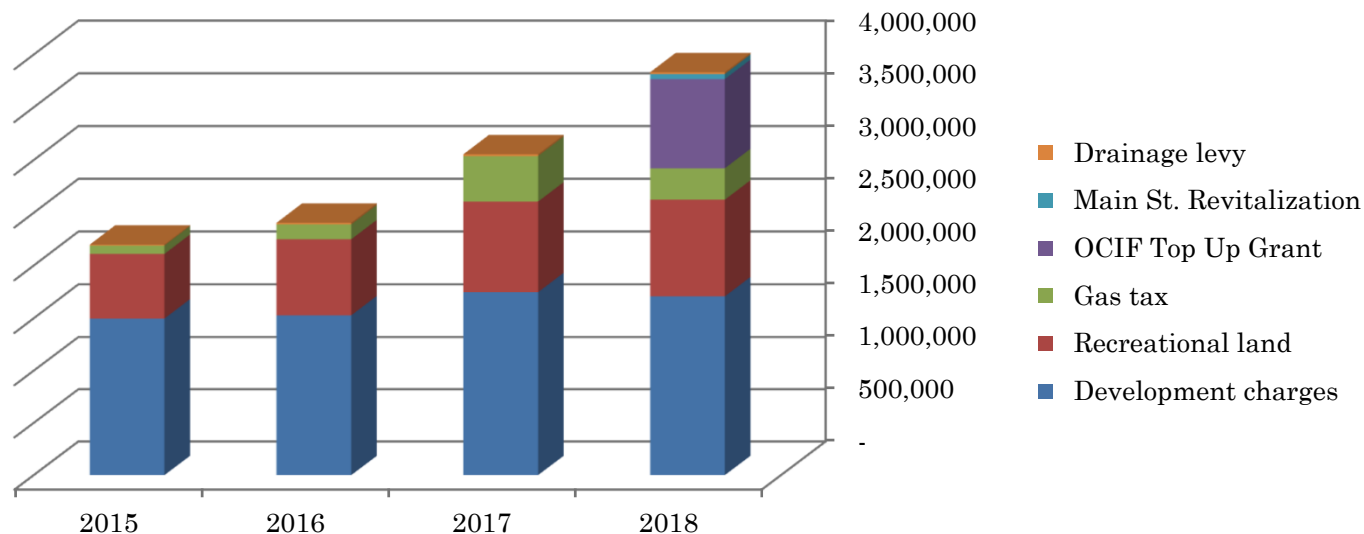




HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – RESERVE BALANCES

- Increase in all obligatory reserve funds over 2015-2017 with a significant increase in unspent Gas Tax funds during 2017
- New OCIF top up grant received in 2018

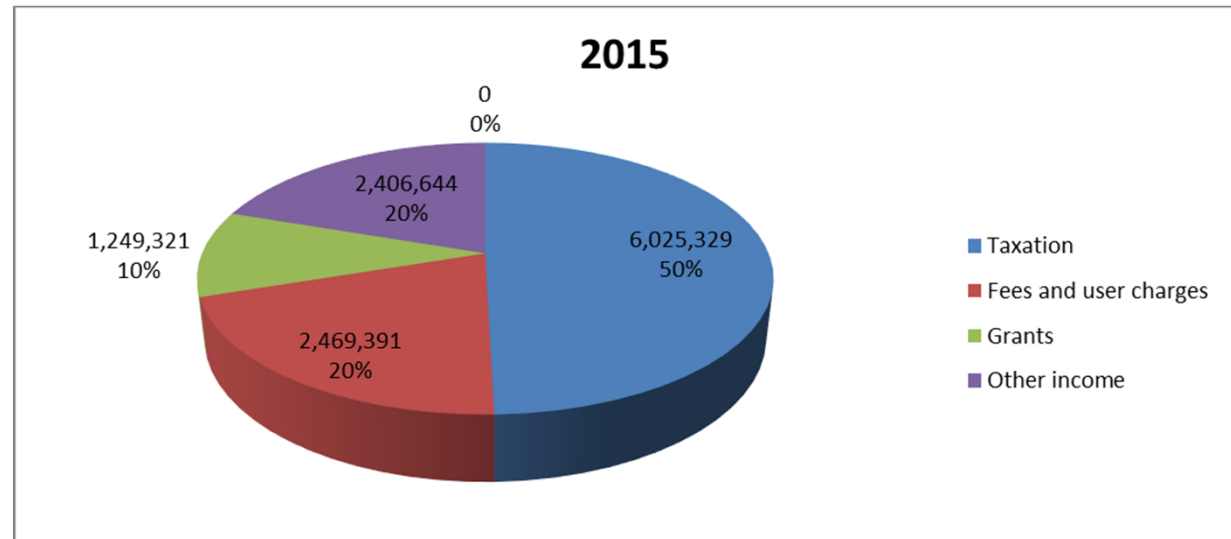
Obligatory Reserve Funds



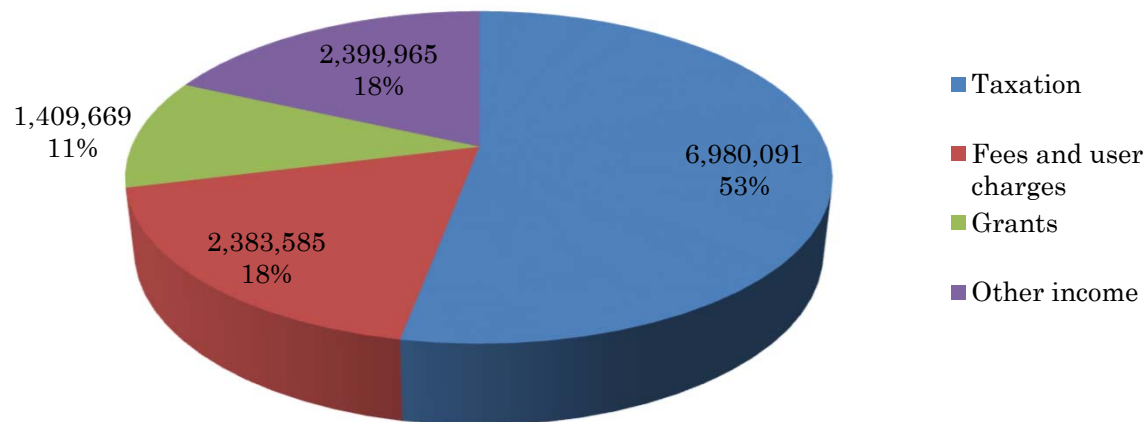


HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – REVENUE

- Increase in Taxation Revenue and decrease in Other Income



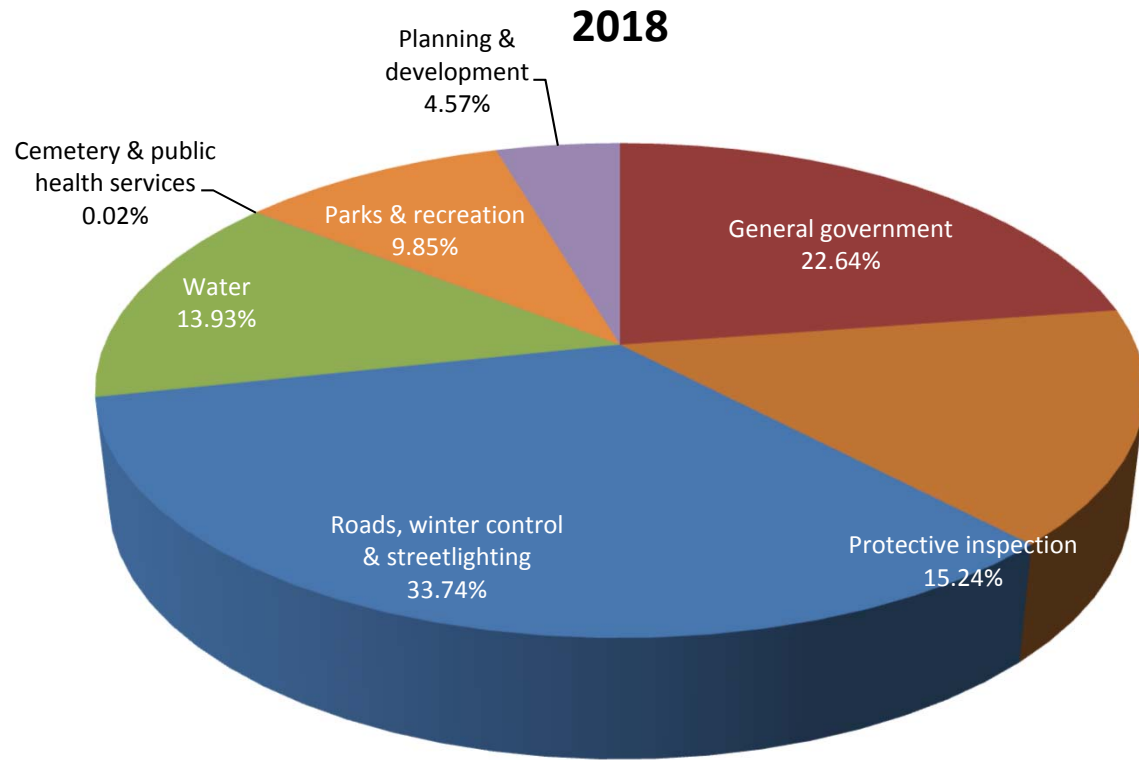
2018



HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – EXPENSES

○ Most significant costs include:

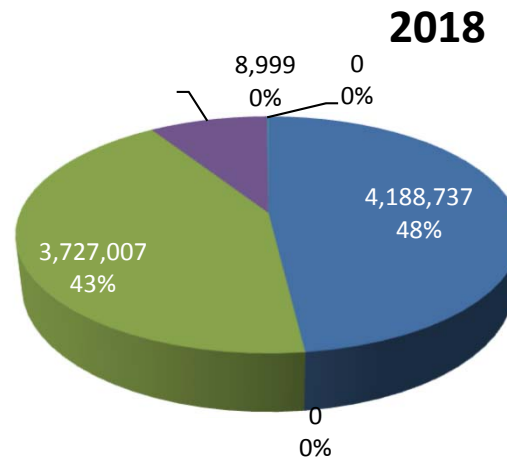
- Roads
- Central government
- Parks & recreation



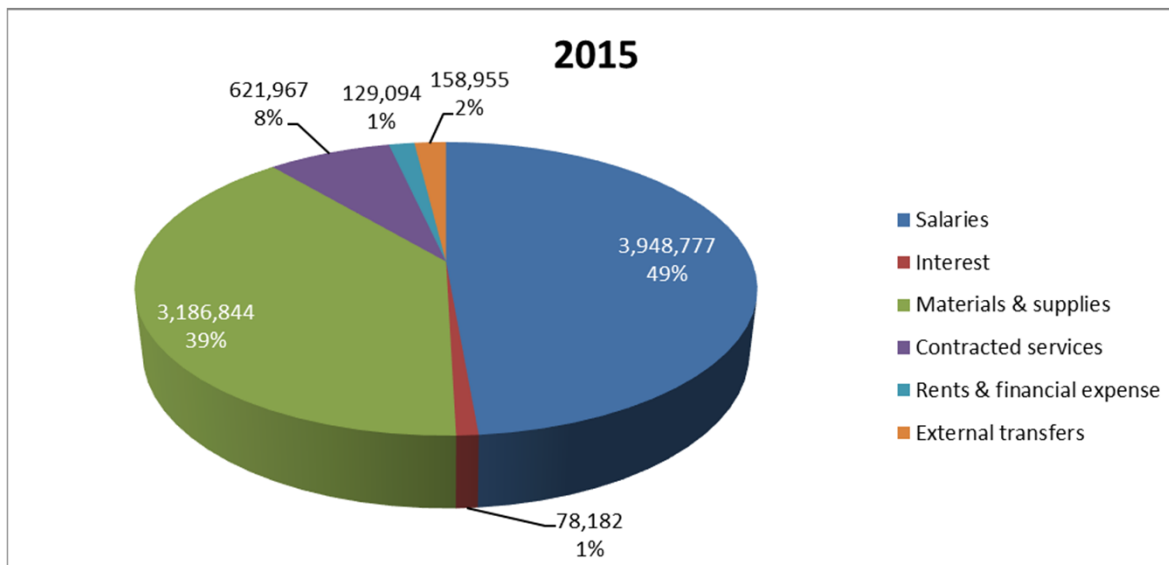


HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – EXPENSES

- Similar expense breakdown by type



- Salaries
- Interest
- Materials & supplies
- Contracted services
- Rents & financial expense
- External transfers



BDO HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – 4 YEAR FINANCIAL POSITION

- Reserves have been increasing steadily.
- Increase in cash and investments available for current use from the prior year

	2015	2016	2017	2018
Cash and investments available for current use	5,445,647	4,160,327	5,314,756	8,335,585
Cash and investments - Restricted	2,806,788	3,810,896	3,018,501	1,895,972
Long-term debt	2,221,510	4,559,746	4,244,486	3,924,537
Net financial Assets (Net debt)	2,125,016	1,965,819	1,774,548	4,024,569
Capital assets	50,123,625	50,340,990	49,420,538	49,034,677
General surplus (deficit)	(260,539)	960,686	164,267	(216,895)
Reserves and discretionary reserve funds	4,731,344	5,679,395	6,008,869	8,224,960

