



Staff Report

Finance and IT Services

Report To: Special Committee of the Whole
Meeting Date: May 27, 2019
Report Number: FAF.19.062
Subject: Draft 2018 Financial Statements
Prepared by: Ruth Prince, Director of Finance and IT Services

A. Recommendations

THAT Council receive staff report FAF.19.062, entitled "Draft 2018 Financial Statements" for information purposes.

B. Overview

This report presents the 2018 Unaudited Financial Statements of the Town.

C. Background

The 2018 Unaudited Financial Statements were prepared by the staff and management of the Town of The Blue Mountains and provided to KPMG for audit review on March 25, 2019. The financial statements are prepared in accordance with the Canadian Public Sector Accounting Standards published by the Canadian Institute of Chartered Accountants, and include the following:

- Consolidated Statement of Financial Position;
- Consolidated Statement of Operations and Accumulated Surplus;
- Consolidated Statement of Changes in Net Financial Assets; and
- Consolidated Statement of Cash Flows.

The financial statements are unaudited and all estimates are subject to change subsequent to the auditor's final review.

D. Analysis

Based on the current audit scope and schedule, KPMG has indicated that the 2018 Draft Audited Financial Statements will be presented on June 10, 2019 to the Committee of the Whole. KPMG will communicate any matters arising from the financial statement audit as required under the Canadian Generally Accepted Auditing Standards. At the same time staff will

also present any changes or adjustments to the 2018 Unaudited Financial Statements as an outcome of the audit review.

E. The Blue Mountains Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence

Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

None.

G. Financial Impact

The following is a summary of some financial highlights from the 2018 Unaudited Financial Statements:

Accumulated Surplus

The unaudited accumulated surplus at December 31, 2018 as shown on the Consolidated Statement of Financial Position is \$208M, an increase of \$2.5M over an audited \$205.5M accumulated surplus in 2016. Below is a summarized breakdown of the accumulated surplus:

	2018	2017
Tangible capital assets at cost less amortization	\$ 175,452,129	\$ 175,897,096
Unfinanced capital assets	(2,062,701)	(2,494,951)
Capital assets financed by long-term liabilities	(4,660,801)	(4,546,913)
Unfunded post-employment benefits	(137,388)	(122,382)
Unfunded operating projects	(94,967)	(239,257)
Unfunded solid waste closure and post closure costs	(1,745,414)	(1,642,765)
General surplus	84,381	60,999
Blue Mountains Attainable Housing Corporation	249,497	236,540
Reserves and Reserve Funds	42,801,290	40,792,535
Accumulated surplus	\$ 209,886,026	\$ 207,940,902

Operating Results

The Town's 2018 year end position for taxation was a surplus of \$84,381. Staff is recommending to Council that this surplus be transferred to the Health Services Reserve.

Reserve and Reserve Funds

The Blue Mountains manages its resources to ensure current needs of its citizens are met without jeopardizing the ability for future generations to meet their own needs. Reserve and Reserve Fund management allows the Town to avoid issuance of debt for repair, rehabilitation, and replacement of existing assets where possible, build up funding for future liabilities and

contingency funding for unexpected events. At the end of 2018, the Town's Reserve and Reserve Funds increased by \$2,008,755 over 2017.

Tangible Capital Assets

During the 2018 year the Town's Tangible Capital Asset (TCA) Net Book Value decreased by \$444,967. The amortization for 2018 was higher than the amount of new assets purchased in the year. For 2018, the Town had additions (less any disposals) of \$4,453,501 whereas amortization for the year was \$4,898,468.

The Town, at a minimum, should be striving to spend an amount equivalent to the annual amortization of the currently owned assets.

Condensed Consolidated Statement of Financial Position

The condensed consolidated statement of financial position highlights key figures such as cash, investments, long term debt, capital assets and accumulated surplus.

	2018	2017	% Change
A Financial Assets	\$ 68,556,550	\$ 60,608,330	13.11%
B Financial Liabilities	34,356,465	28,690,863	19.75%
C Net Financial Assets (A minus B)	34,200,085	31,917,467	7.15%
D Non-Financial Assets	175,685,941	176,023,435	(.76)%
Accumulated Surplus (C plus D)	\$ 209,886,026	\$ 207,940,902	.45%

Overall, the Town's accumulated surplus remains strong, with an increase of \$945,124 in 2018.

Net Financial Assets

The Town ended the year with a Net Financial Asset position of \$34.2 million, a \$2.28 million increase from the prior year. The following chart illustrates the five year trend in Net Financial Assets:

2018	2017	2016	2015	2014
\$ 34,200,085	\$ 31,917,467	\$ 27,362,685	\$ 24,740,299	\$ 21,265,742

Non-Financial Assets

Non-financial assets, primarily consisting of tangible capital assets, decreased by \$373,494 in 2018. This figure reflects the Town's investment in capital infrastructure. The annual amortization is outpacing the value of new assets being added. The following chart illustrates the five year trend in Non-Financial Assets:

2018	2017	2016	2015	2014
\$ 175,685,941	\$ 176,023,435	\$ 178,138,668	\$ 179,595,308	\$ 162,153,565

Please note these are unaudited statements and all estimates are subject to change subsequent to auditor review.

H. In consultation with

Finance and IT Services Team

I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Ruth Prince, Director of Finance and IT Services at directorfit@thebluemountains.ca

J. Attached

1. 2018 Unaudited Financial Statements

Respectfully Submitted,

Ruth Prince
Director of Finance and IT Services

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