

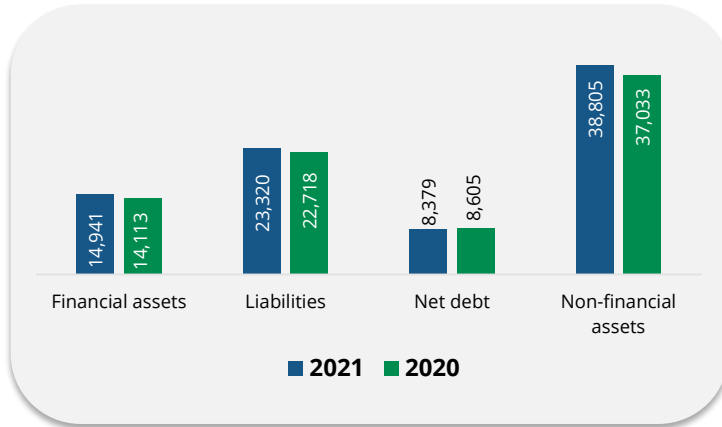
Year-End 2021: Our Road to Recovery

Presentation to Audit Committee

July 11, 2022

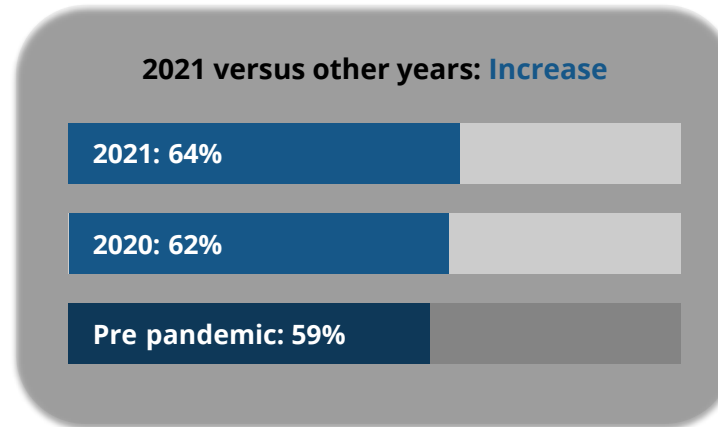
Financial position: Where we are

Balance sheet: How we're doing



2021's balances remained largely consistent with those recognized in 2020. However, we are continuing to observe the pandemic's impacts on our assets and liabilities.

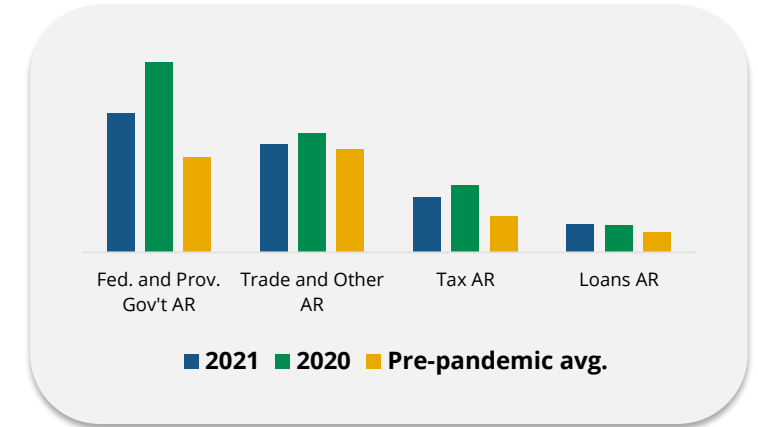
Liquidity: Financial assets ÷ liabilities



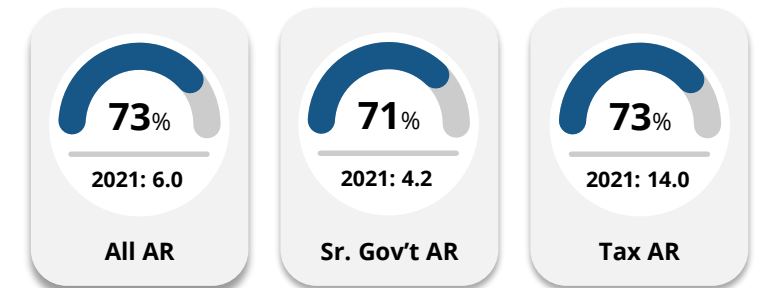
General: higher the ratio, the better it is.

During the pandemic, we prioritized the build-up of assets that could be quickly deployed to support our pandemic efforts.

Receivables (AR): What we need to collect

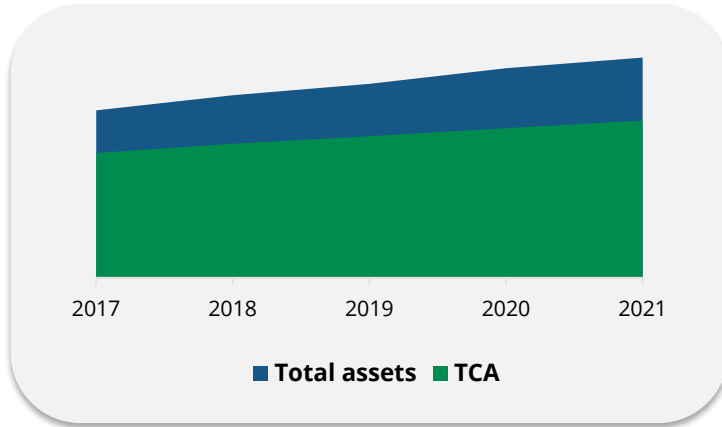


AR turnover: 2021 vs. pre-pandemic

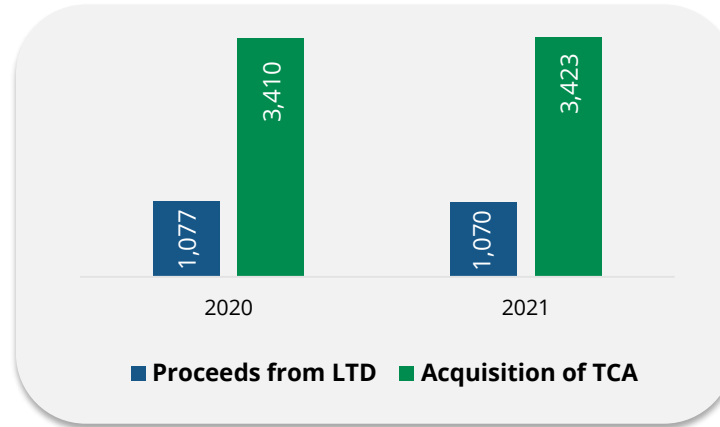


Financial position: Our tangible capital assets (TCA) and debt (LTD)

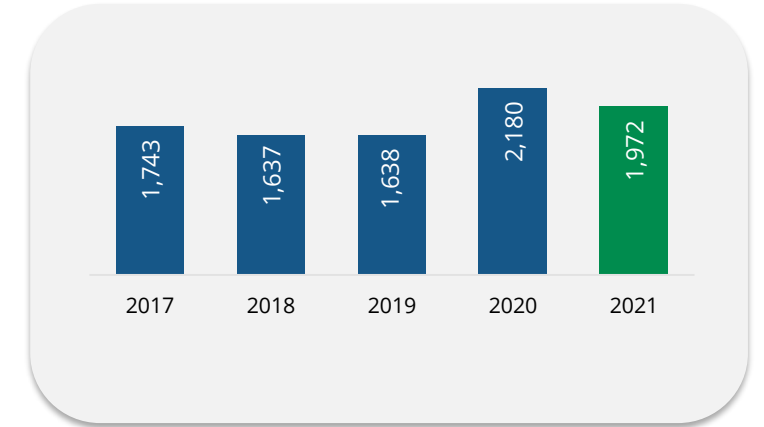
TCAs = significant portion of assets



We obtained LTD for TCAs.



We use sinking funds to repay our LTD.



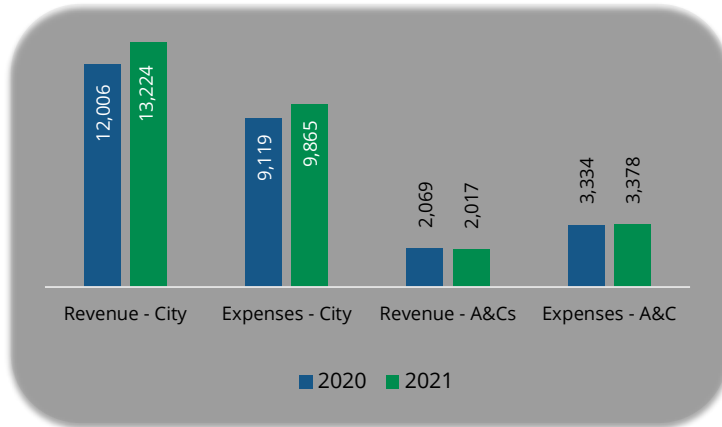
We have a **strong** debt servicing limit (15%), which is compliant with our borrowing by-laws.

6% of the City's revenues are used to pay for debt service costs (interest, principal repayments).
2020: 5%

Our debt policies has allowed us to retain strong credit ratings: S&P (AA), DBRA (AA), and Moody's (Aa1).

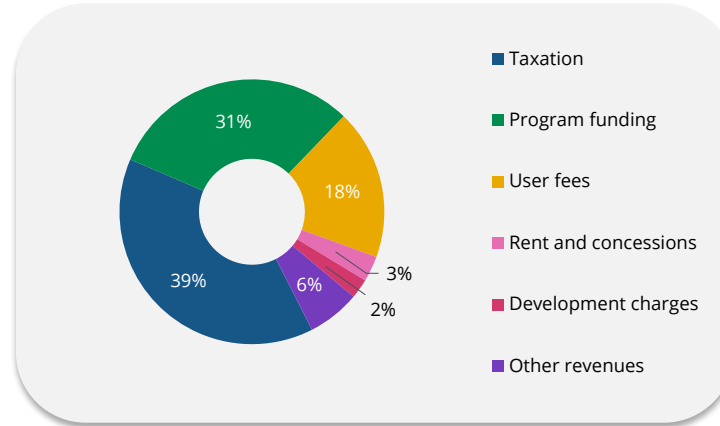
Financial performance: How we operated

An overview of our income statement

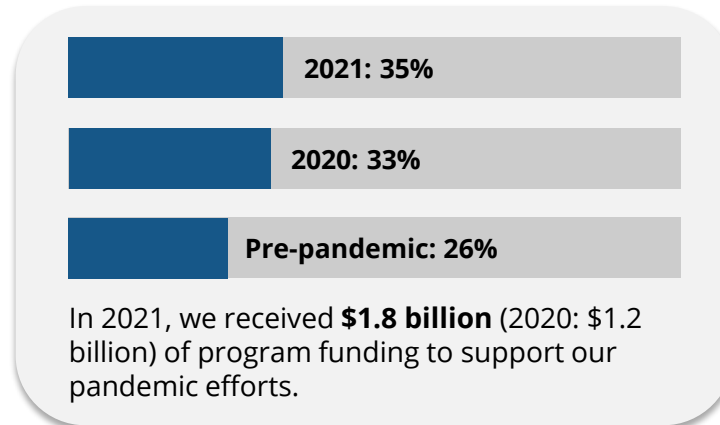


In 2021, we continued to prioritize our efforts in recovering from the pandemic. The impacts are visible in our income statement where we see COVID-19 related program funding being recognized and expenses being incurred.

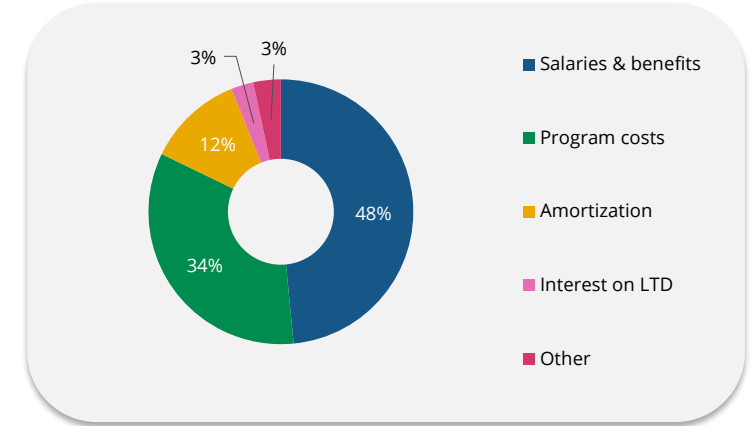
The main sources of our revenue are:



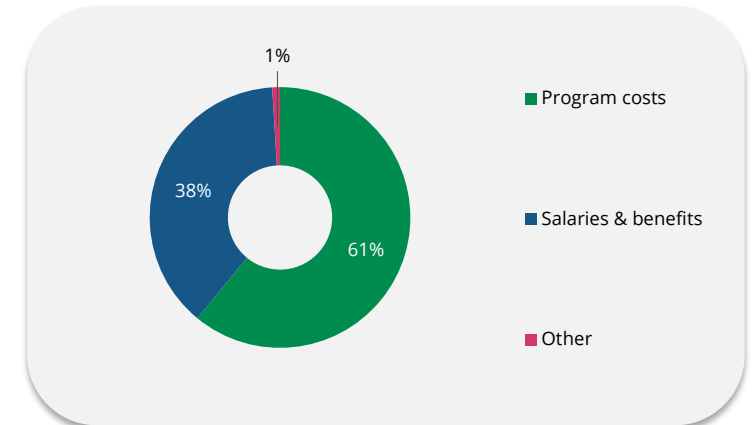
Our reliance on program funding increased:



The main sources of our expenses are:



COVID-19 specific expenses look different:



New accounting standards: What we are working on

There are a number of exciting changes to PSAS, which will impact our financial statements in future fiscal years (FY). Here's what we are working on:

		Predicted impact on the City	Policy	Training	Stakeholder engagement
FY 2023	Financial instruments (FI)	Minor	Completed	Completed	Pending
	Asset retirement obligations (ARO)	Significant (due to volume)	Completed	Completed	In progress
FY 2024	Revenue	Minor	Completed	Completed	In progress

Two new accounting standards were recently released – these will be investigated and implemented as part of fiscal 2024:

- **Acquired intangibles**
- **Public-private partnerships**

We also have a role in shaping future changes to our accounting standards. Recent samples of what we have commented on include the following:

- [Sustainability reporting](#)
- [Conceptual framework for financial reporting in the public sector](#)



Modernization: Transforming Our Operations

The 2020 management letter issued by our external auditors, KPMG LLP, validated the various initiatives that have been underway over the past two years as part of the **Financial System Transformation Project**.



People

- Develop training program to strengthen and maintain financial acumen
- Review of the design and structure of the finance function



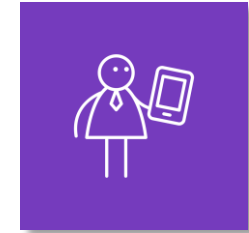
Process

- Develop standardized financial policies and future state processes
- Maximize opportunities to automate manual processes



Technology

- Maximize system functionality to support service delivery
- Establish one source of financial information



Engage

- Regular engagement of and collaboration with external auditors
- Further details of the City's action plan for KPMG's management letter will be provided in a separate City staff presentation

Sustainability reporting: Our journey ahead



Financial sustainability

- Financial System Transformation Project (i.e. continuous enhancement of our operations)
- Outcomes-based budgeting beginning in 2023
- Development and implementation of a sustainable finance strategy



Environmental sustainability

- 1st Canadian government to issue a ESG report
- 1st major Canadian municipality to complete GHG audit readiness engagement
- TCFD and CDP reporting supported by our partnerships with other Canadian municipalities
- Implementation of a climate lens framework in the budgeting process
- Accounting consultations to influence sustainability standards



Social sustainability

- Community partnerships and programs to support our vulnerable communities
- Future reporting needs to improve the transparency and relevancy of our sustainability information

Annual Financial Report: How we tell our story

Our 2021 Annual Financial Report contains more than the City's financial statements. We feature the story of how the city recovered from the pandemic.



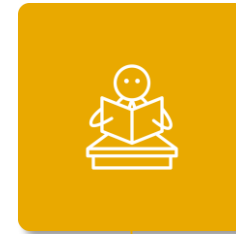
Management discussion & analysis

- State of our finances
- Year-in review: operational and COVID-19 highlights



Climate metrics & disclosures

- Application of TCFD's recommendations
- Call to action: what we need to do in the future



Statistical information

- Demographic and non-financial information
- Other financial information

Complimentary reports, such as the City's ESG report, are also available to read in conjunction with our Annual Financial Report.

**Thank you to our ASD team,
City colleagues, and external
auditors.**