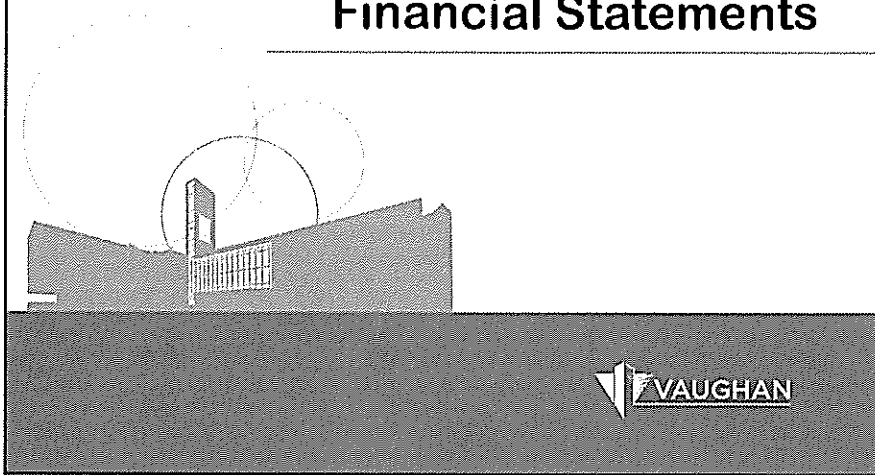


C	1
COMMUNICATION	
FAA -	MAY 26/14
ITEM -	1

2013 Consolidated Financial Statements



2013 Consolidated Financial Statements

- Includes
 - City of Vaughan
 - Vaughan Public Library Board
 - Kleinburg Business Improvement Area (KBIA)
 - Hydro Vaughan Corporations (reorganization in 2013)
 - Mayor's Golf and Gala
- Unqualified audit opinion on consolidated financial statements
- Excludes
 - City of Vaughan Trust Funds
- New this year
 - Statement of Revenue and Expenditure and Fund Balance for Mayor's Golf and Gala Events – Separate Audit



2013 Consolidated Statement of Financial Position Financial Assets - Highlights

- Continued Strong Cash and Cash investments position
 - Taxes receivable higher in 2013 by \$18.3m due to an accrual related to a significant assessment appeal decision in the City's favour
 - Slight water and wastewater receivable increase due to large year end billing accrual and growth in customer base in residential and commercial accounts
 - Accounts receivable increase of \$6.5m over prior year due to VHI dividend receivable at year end and paid in Jan 2014

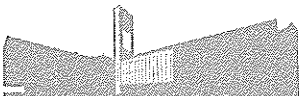


3



Financial Assets – Investments in Hydro Vaughan Corporations as at 12/31/13 (Note 4)

- 2013 restructuring of Hydro Corporations
 - VHI was dissolved June 30, 2013
 - Assets and Liabilities transferred to HVHI – renamed VHI
 - 100% ownership in HVEC transferred to new VHI
 - COV retained 100% ownership in numbered company
- No adjustment in value of the investment resulting from reorganization
- 2013 Net Earnings of Hydro Vaughan Corps is \$12.6m
- Investment in Hydro Vaughan Corp - \$322.1m (2012 restated - \$296.6m)



4



Financial Liabilities – Highlights (Note 5)

- Accounts Payable \$85.2m (2012 - \$68.0m)
- Employee Future Benefits \$85.9m (2012 - \$75.5m) includes:
 - Post-employment retirement benefits
 - Cost recognized over service life of employees
 - Valuation based on 2011 actuarial study
 - Current reserve balance of \$22.7m set aside
 - Unfunded portion of \$57.9m netted against Accumulated Surplus
- WSIB valuation based on 2013 actuarial study – increase of \$0.3m over 2012



5



Financial Liabilities – Highlights (Notes 6 & 7)

- Deposits and Deferred Revenue - \$20.8m (2012 - \$22.5m)
- Deferred Revenue – Obligatory Reserves - \$270.5m (2012 - \$244.8m)
- Debenture and Other Debt - debt ratio – 6.2% (2012 – 4.9%) vs COV Policy 10% and Provincial debt limits of 25%

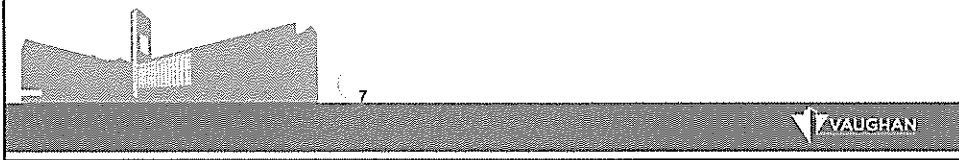


6



Non Financial Assets – Highlights (Note 9)

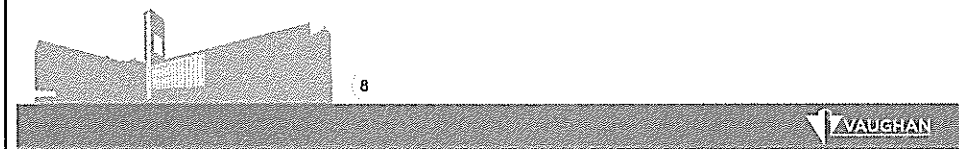
- Land and capital assets available and used to provide services to residents
- Net Book Value is \$7.1 billion (2012 - \$7.0 billion) and comprised of:
 - > Cost
 - > Plus Additions
 - > Less Disposals
 - > Less Accumulated Amortization
- Figure includes \$5.0 billion of land that is not amortized



Accumulated Surplus (Note 10)/Annual Surplus and Net Financial Assets

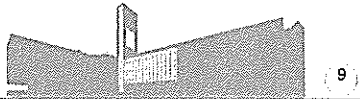
	<u>2013</u>	<u>2012</u> <u>Restated</u>
	(\$m)	(\$m)
Tangible Capital Assets	7,130.1	6,989.5
Investment in Hydro Vaughan Corporations	322.1	296.6
Discretionary Reserves	217.3	228.3
Amounts to be Recovered in Future Years	(137.2)	(136.6)
Other	(97.9)	(76.8)
	<u>7,434.4</u>	<u>7,301.0</u>

- Net Financial Assets of \$304.2m (2012 - \$311.4m) represents a municipality's ability to meet the current and future financial needs of the community
- Annual Surplus \$133.4m (2012 - \$176.4m)



Financial Statement Presentation – Differences from Budget Presentation

<u>Budget</u>	<u>Financial Statements</u>
Set the tax rate per Municipal Act	Comply with Provincial Statutory Reporting
Presents Partial Financial Picture	Presents Full Financial Picture
Expense TCA	Capitalize TCA
Reserve Contributions/No Amortization	Amortization over TCA useful life
Excludes Unfunded Liabilities	Includes Unfunded Liabilities
Fund Accounting	Accrual Accounting
Financial Presentation by Fund	One Set of Summary Financial Statements



Conclusion – Good News Story

- Unqualified Audit Opinion from KPMG
- Cash and investment position is strong
- Strong financial position reflects commitment to sound fiscal policy

Going Forward

- Need to address funding issues for:
 - Post retirement benefits
 - Infrastructure amortization and replacement of assets

