



## 2022 City of Regina Annual Report & Public Accounts

<b>Date</b>	June 15, 2023
<b>To</b>	Audit and Finance Committee
<b>From</b>	Financial Strategy & Sustainability
<b>Service Area</b>	Financial Services
<b>Item No.</b>	AFC23-2

### RECOMMENDATION

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The Audit and Finance Committee recommends that City Council:

1. Approve the draft 2022 City of Regina Annual Report, including the City of Regina consolidated financial statements for the year ending December 31, 2022, as outlined in Appendix A
2. Approve the draft 2022 Public Accounts as outlined in Appendix B; and
3. Approve these recommendations at its meeting on June 21, 2023.

### ISSUE

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The draft 2022 Annual Report, included in Appendix A, describes the corporation's service efforts and accomplishments from a financial and non-financial perspective. The Consolidated Financial Statements included within the Annual Report have been drafted by Administration according to Generally Accepted Accounting Principles as established by the Public Sector Accounting Board and have been audited by MNP LLP.

This report provides financial and non-financial historical information for the year ended December 31, 2022.

Appendix B includes the draft 2022 Public Accounts, which details major expenditures of the City of Regina, Regina Police Services, Regina Exhibition Association Limited, Regina Public Library, Buffalo Pound Water Treatment Corporation, Economic Development Regina Inc., Regina Downtown Business Improvement District and Regina's Warehouse Business Improvement District for the 2022 year. Public Accounts provides a summary of City Council remuneration and expenses, grants, employee remuneration and expenses of \$50,000 or more.

The documents demonstrate public accountability and comply with *The Cities Act*.

## **IMPACTS**

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### **Financial Impact**

This report has no direct budget or financial implications. The annual financial statements provide the financial position and changes in the City's financial position compared to the previous year.

### **Policy/Strategic Impact**

The provision of the 2022 City of Regina Annual Report and 2022 Public Accounts aligns with the City's strategic priority of Operational Excellence, specifically the goal "We transform to a service and performance culture that builds resident trust" by profiling results and efficiencies that advance the Strategic Priorities, and the strategy to "Achieve long-term financial sustainability" through publicly reporting on the City's financial performance and position.

### **Environmental Impacts**

None related to this report.

## **OTHER OPTIONS**

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None with respect to this report.

## **COMMUNICATIONS**

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To comply with Section 157 (1) of *The Cities Act*, copies of the Annual Report and Public Accounts will be sent to the Saskatchewan Minister of Government Relations.

## **DISCUSSION**

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### **2022 Annual Report**

The draft 2022 City of Regina Annual Report (Appendix A) provides an overview of the financial and non-financial accomplishments of the corporation for the previous year.

### **Non-Financial Accomplishments**

- A Sustainable Procurement Protocol and an Indigenous Procurement Policy were developed in 2022. Their implementation in 2023 will increase awareness of and participation in City contracts contributing to a stronger, more diverse, and resilient business sector.
- The Energy & Sustainability Framework was unanimously approved by City Council in March 2022. The City's goal is to achieve net zero carbon emissions and sourcing net zero energy from renewable sources by 2050. The Framework outlines the guiding principles, community and municipal-wide action plans, timelines and targets necessary to achieve this goal.
- Construction of the new Wascana pool neared completion in 2022. When opened in 2023 it will deliver an exciting, inclusive, vibrant facility and a unique outdoor summer experience to Regina residents and visitors of all ages.
- The Community & Social Impact Regina corporation was established to create, facilitate, and monitor coordinated community and social strategies to support the well-being, health and safety of Regina residents.
- Investments were made in a temporary winter emergency shelter, Regina Transit overnight warming bus, and low-barrier transitional housing to respond to emergent shelter needs for individuals experiencing homelessness, while strengthening relationships with community-based organizations.
- Implementation of the savings and innovation opportunities identified from the 2021 Efficiency Review resulted in \$6.4 million in savings and cost avoidance in 2022. This was accomplished through efforts including improvements to management of the City's vehicle inventory, implementation of industry best practices in City procurement, and significant efficiency work in the City's Parks area.

### **Financial Highlights**

The Annual Report includes the consolidated financial statements.

The consolidated financial statements combine the financial results of the City's divisions with the financial results of all entities that are accountable to and controlled or owned by the City. The entities consolidated in the financial statements are described in the Summary of Significant Accounting Policies accompanying the statements and include:

- Buffalo Pound Water Treatment Corporation,
- Community & Social Impact Regina,
- Economic Development Regina Inc.,
- Regina Downtown Business Improvement District,
- Regina Exhibition Association Limited,
- Regina Public Library, and
- Regina's Warehouse Business Improvement District.

The financial statements present five key indicators about a government's finances (further described in Appendix C):

1. Net financial assets (debt).
2. Accumulated surplus (deficit).
3. Annual surplus (deficit).
4. Annual change in net financial assets (debt).
5. Cash flow.

### **Consolidated Statement of Financial Position and Consolidated Statement of Change in Net Financial Assets**

The Consolidated Statement of Financial Position is the municipal equivalent of the private sector's Balance Sheet. Among other details, it reports net financial assets (debt) and accumulated surplus (deficit).

The Consolidated Statement of Financial Position focuses on the City's assets (financial and non-financial) and liabilities. The difference between liabilities and financial assets is the City's net financial assets (net debt). A net financial asset position represents available financial assets to support future services, while a net debt position would mean financial assets are insufficient to repay existing liabilities and future revenues will be required to pay for the delivery of services in past years. Net financial assets result from cumulative revenue exceeding cumulative expenses. The City of Regina's 2022 net financial asset position is \$21.7 million.

The Consolidated Statement of Changes in Net Financial Assets describes the factors making up the annual change in net financial assets and the difference between the annual surplus and net financial assets (debt).

Accumulated surplus is the amount by which all assets, including tangible capital assets, exceed liabilities. An accumulated surplus indicates a government has net resources (financial and physical) to provide services in future reporting periods. Conversely, an accumulated deficit indicates liabilities are greater than assets and the government has been financing annual operating deficits by borrowing. The City of Regina has an accumulated surplus of \$2.6 billion.

The City of Regina's accumulated surplus grew by \$44.8 million in 2022. This is attributable to an increased investment in tangible capital assets of approximately \$74.0 million as well as a decrease in net financial assets of \$20.8 million.

The City of Regina has a growing accumulated surplus balance which is a positive as this means that the City is investing in assets, for example infrastructure and new facilities that will provide future benefits. At the same time, net financial assets remain in a positive position, which means that the City has been able to make these investments without moving to a net debt financial position.

Focusing on both net financial assets and accumulated surplus helps provide a more complete picture of the corporation's financial position. It helps illustrate the relationships between maintaining sufficient reserve balances, prudently using debt, and protecting the corporation's investment in tangible capital assets with asset management plans and sufficient expenditures on asset maintenance.

### **Consolidated Statement of Operations and Accumulated Surplus**

The Consolidated Statement of Operations and Accumulated Surplus is the municipal equivalent of the private sector's Statement of Income and Retained Earnings. It provides a summary of the revenues, expenses, and surplus throughout the reporting period and outlines the changes in accumulated surplus.

It is important to note that a surplus does not indicate that there are "profits" or extra cash to spend. Judgements about the meaning and significance of a reported annual surplus need to consider the sources and uses of cash and the change in gross/net debt during the reporting period.

### **Consolidated Statement of Cash Flows**

The Consolidated Statement of Cash Flows describes how activities were financed during the reporting period and the effect of activities on cash balances. As of December 31, 2022, the consolidated cash balance was \$160.2 million compared to \$169.3 million the previous year.

The Consolidated Statement of Cash Flows helps inform readers about whether future cash resources are sufficient for sustaining the corporation's activities. However, assessments of "sufficiency" must also consider the corporation's investments, financial policies, capital plan and expected service levels. While the financial statements provide an opportunity to consider these policies and plans, they are also considered during the Council's review of the annual budget.

### **General Trust Fund**

The City of Regina administers two trust funds (Perpetual Care Trust and Williamson Driver Award). Financial results for these funds are presented within the General Trust Fund Financial Statements. The assets, liabilities, revenues, and expenses for the trust funds remain consistent with previous years and there are no significant changes to report as of December 31, 2022.

### **2022 Public Accounts**

In compliance with provincial legislation and regulations, Public Accounts discloses financial information for 2022. Where applicable, the entity responsible for the expenditure is noted. The document includes entities accountable to and controlled or owned by the City. The Public Accounts is divided into four sections, see Appendix B for details.

## **DECISION HISTORY**

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In accordance with Section 157 and 158 of *The Cities Act*, the recommendation contained in this report requires City Council approval.

Respectfully Submitted,



Kim Krywulak  
Director, Financial Services

Respectfully Submitted,



Barry Lacey  
Executive Director, Financial Strategy & Sustainability

Prepared by: Breanne Howden, Senior Financial Reporting & Policy Advisor

## **ATTACHMENTS**

Appendix A - 2022 Draft Annual Report

Appendix B - 2022 Draft Public Account Report

Appendix C - Financial Statement and Public Account Descriptions