

# FINANCIAL FRAMEWORK OVERVIEW



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Ville de Québec is known for its responsible financial framework and rigorous financial policies.

GUIDELINE	DEFINITION	GOAL	TARGET
<b>BALANCED BUDGET</b>	Guide financial planning in order to balance budgets	Balanced annual budget	Forecasted revenues must at least equal expenditures
<b>MULTIANNUAL FINANCIAL FRAMEWORK</b>	Medium- and long-term financial planning	Multi-year projection of operating and capital budgets	Annual projection update
<b>CONSOLIDATED NET DEBT</b> <b>CONSOLIDATED OPERATING REVENUES</b>	Consolidated net debt to consolidated operating revenues*	Limit indebtedness	≤ 70% in 2032
<b>NET DEBT SERVICING</b> <b>OPERATING REVENUE</b>	Capital and financing costs borne by Ville de Québec paid annually in relation to operating revenues	Gauge the extent of annual repayments A ratio below the allowable limit enables flexibility to deliver new services to citizens	≤ 10% in 2032
<b>UNRESTRICTED SURPLUS</b>	Operating surplus consisting of the sum of all surpluses accumulated by Ville de Québec	Prudently manage public funds	≥ Two months of business unit operating budgets
<b>RESTRICTED OPERATING SURPLUS</b>	Cumulative annual surpluses of revenues over expenditures, restricted for specific purposes	Set aside sufficient funds to deal with unusual or unforeseen situations	Snow removal: \$20.0 million Self-insurance: \$8.7 million Contingency fund: \$20.0 million
<b>FINANCIAL RESERVE FOR CLIMATE CHANGE INFRASTRUCTURE</b>	Method of financing used to establish and maintain an infrastructure financial reserve that will be used for the sustainability and development of Ville de Québec's major infrastructures	Reduce debt pressure and allow Ville de Québec greater flexibility in delivering its projects	+ \$15 million/year ⇒ Ceiling: \$300 million
<b>PAY-AS-YOU-GO CAPITAL FINANCING</b>	Financing method used to pay cash for capital assets from the operating budget	Reduce debt pressure by paying cash for capital assets	⇒ Maintain level ⇒ \$157.7 million each year
<b>FINANCIAL RESERVE FOR DEBT PAYMENT</b>	Amounts accumulated annually in a financial reserve to accelerate debt repayment	Secure and control debt based on accelerated payments	⇒ Maintain level ⇒ \$50.0 million each year
<b>TOTAL COMPENSATION OPERATING EXPENDITURES</b>	Ville de Québec's total compensation (Compensation and employer expenses) divided by operating expenses	Keep total compensation ratio at an appropriate level for Ville de Québec	≤ 40%
<b>CONTINGENT</b>	Line item for operating expenditures	Provide for unforeseen expenses	0.5% of business unit operating budgets
<b>LIQUID ASSETS OPERATING EXPENDITURES</b>	Cash and cash equivalents, portfolio investments excluding financial reserve of Ex-Québec	Provide financial flexibility to Ville de Québec	≥ 20%

\*This includes Ville de Québec and its reporting entities, Réseau de transport de la Capitale (RTC) and Société municipale d'habitation Champlain (SOMHAC).

