

# 2020 Consolidated Financial Statement Highlights

Audit Committee  
AC-C 3-2021

May 10, 2021

Melanie Steele, Associate Director Reporting & Analysis

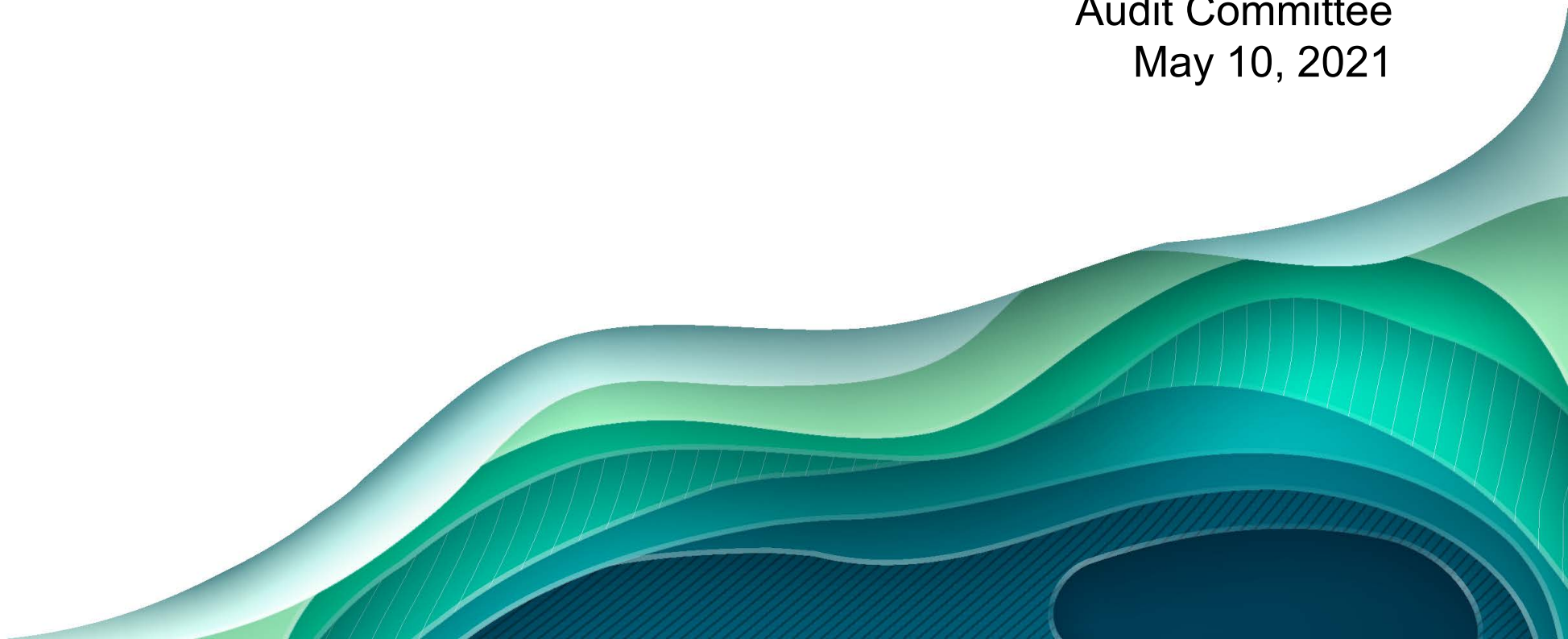


NIAGARA REGION

2020

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Statement Highlights

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# Agenda

Year-end Overview



Consolidated Financial Statement Highlights



Audit Findings Report



Next Steps

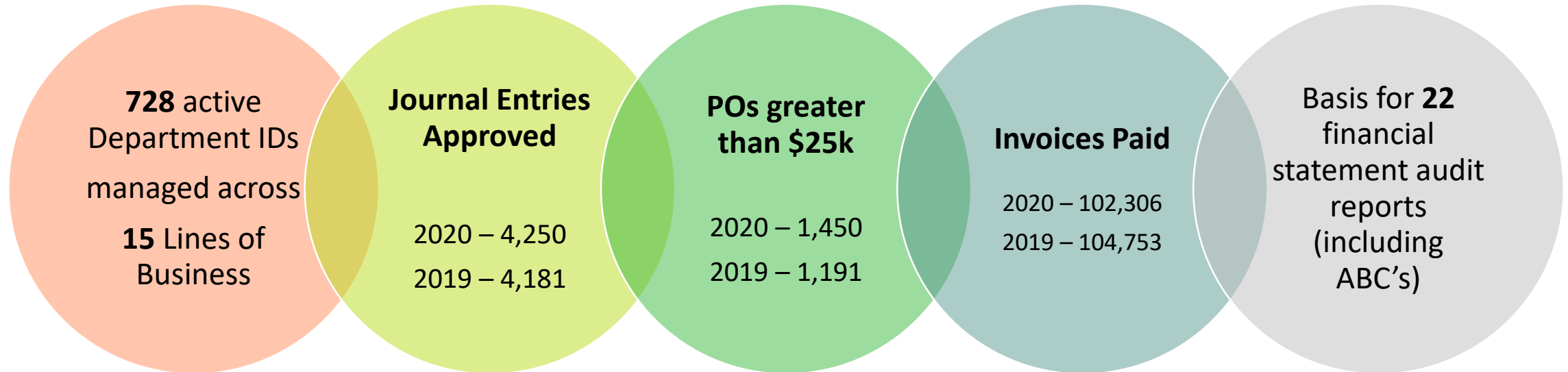
# Year-End Overview

Recap of reports presented during the year

Activity	2020	2019
Audit Planning Report	AC - Sept. 21, 2020	AC - Sept. 9, 2019
Q1 Financial Update	BRC - June 18, 2020 Council - June 25, 2020	BRC - June 20, 2019 Council - July 18, 2019
Q2 Financial Update	CSC - Sept. 9, 2020 Council - Sept. 17, 2020	CSC - Sept. 11, 2019 Council - Sept. 19, 2019
Q3 Financial Update	CSC - Dec. 9, 2020 Council - Dec. 17, 2020	CSC - Dec. 4, 2019 Council - Dec. 12, 2019
Year-End Results and Transfer Report	CSC - Mar. 10, 2021 Council - Apr. 22, 2021	CSC - Mar. 11, 2020 Council - Mar. 19, 2020
Committee Review of Audited Financial Statements	AC - May 10, 2021	CSC - May 13, 2020
Council Approval of Audited Financial Statements	May 20, 2021	May 21, 2020

# Year-End Overview

## 2020 Statistics



# 2020 Audit Plan Highlights

- **Control Reliance Approach**
  - Deloitte tested our controls in order to place reliance on them
- **Risk Based Approach**
  - Significant risks were assessed and resulted in specific audit procedures
- **Materiality**
  - Determined on a basis of total revenues
  - Misstatements greater than 5% of materiality reported to Audit Committee
  - Financial statements are free from material misstatements

# Presentation Reconciliation

Key highlights between what you see in the Budget vs. Audited PSAS\* Financial Statements

Budget Financials (presented quarterly)	Audited Financials (presented annually)
Functional basis - Levy, Rate, Capital	Canadian PSAS
Used for setting tax rates	Used for credit rating, annual report, MBN
Encumbrance accounting	Accrual accounting
Reserve accounting	Excludes reserve transfers
Excludes unfunded liabilities (i.e. employee future benefits, landfill)	Includes all liabilities
Capital is based on funding sources	Capital is expensed through depreciation
Not consolidated	Consolidated
Budget created to manage at program level	Audited statements summarized at overall financial position

\*PSAS – Public Sector Accounting Standards

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2020 FINANCIAL STATEMENTS

# Reconciliation of Surplus

Reconciliation of differences between year-end results & audited financial statements

(in thousands)	2020	2019
Water & Wastewater (deficit) surplus	\$ 2,729	\$ (1,684)
Waste Management (deficit) surplus	1,493	(1,156)
Levy surplus	37,306	3,453
Net operating surplus (per Year End Transfer Report CSD 17-2021)	41,528	613
Net capital activity	(53,846)	(45,030)
Net funding activity	121,486	106,307
Change in unfunded liabilities	(12,940)	(4,494)
<b>Annual surplus per PSAS consolidated financial statements</b>	<b>\$ 96,228</b>	<b>\$ 57,396</b>

*\*A detailed surplus reconciliation is found in Appendix 3 of report*



# Statement of Operations

## Revenues

Budget to Actual (in thousands)	Change
Budgeted revenues per financial statements	\$ 1,071,959
<u>Significant changes</u>	
<b>User charges</b> driven mainly by reduced transit fares due to COVID-19 service impacts and reduced ridership, as well as reduced parental fees collected at childcare centres	(12,082)
<b>Government transfers - Ontario</b> driven mainly by funding received to support incremental COVID-related costs, offset by reduced revenue in Community Assistance due to lower client benefit costs	38,821
<b>Development Charges</b> driven by timing of revenue recognition on combined sewer overflow projects	(7,435)
<b>Infraction revenue</b> driven by reduced fines collected in Court Services as a result of COVID-related court closures and delay in the implementation of the Vision Zero program	(5,544)
<b>Investment income</b> driven by lower interest realized on investments	(3,019)
Other/miscellaneous	2,568
<b>Actual revenues</b>	<b>\$ 1,085,268</b>

# Statement of Operations

## Expenses

Budget to Actual (in thousands)	Change
Budgeted expenses per financial statements	\$ 1,038,947
<u>Significant changes</u>	
<b>Transportation Services</b> driven mainly by reduced-labour related costs, utilities, materials, and transit costs as a result of COVID-related service impacts	(18,519)
<b>Environmental Services</b> driven mainly by timing of combined sewer overflow grants and delays in maintenance work as a result of COVID	(20,218)
<b>Social and Family Services</b> driven mainly by incremental COVID-related costs in the long-term care homes, offset by reduced Community Assistance expenditures for clients	5,081
<b>Health Services</b> driven mainly by incremental costs related to COVID, including staffing, supplies and personal protective equipment	6,294
<b>Planning and Development</b> driven mainly by reduced uptake in planning and incentive grants	(12,184)
Miscellaneous/other differences than budget	(10,361)
<b>Actual expenses</b>	<b>\$ 989,040</b>

# Statement of Financial Position

## Employee future benefits (Note 5) and landfill liability (Note 7)

(in thousands)	2020		2019	
	EFB*	Landfill	EFB*	Landfill
Liability	\$ 116,148	\$ 67,872	\$ 109,642	\$ 61,277
Reserves	34,326	10,820	34,589	8,205
<b>Funded Status</b>	<b>30%</b>	<b>16%</b>	<b>32%</b>	<b>13%</b>

\*EFB - Employee Future Benefits

These liabilities are partially unfunded and are only adjusted annually – no adjustments are made for quarterly reporting purposes

# Statement of Financial Position

## Long-term liabilities (Note 9)

(in thousands)	2020	2019	Change
Long-term liabilities			
Long-term liabilities	\$ 758,658	\$ 712,170	\$ 46,488
Less: sinking fund assets	(18,457)	(16,266)	(2,191)
Long-term debt	740,201	695,904	44,297
Less: Debt recoverable from LAMs	(324,254)	(316,419)	(7,835)
<b>Net Region long-term liabilities</b>	<b>\$ 415,947</b>	<b>\$ 379,485</b>	<b>\$ 36,462</b>

(in thousands)	Debt Issued in 2020	Debt Repaid in 2020	Net Change
Region	\$ 69,964	\$ (31,573)	\$ 38,391
LAMs	38,669	(30,572)	8,097
<b>Long-term liabilities</b>	<b>\$ 108,633</b>	<b>\$ (62,145)</b>	<b>\$ 46,488</b>

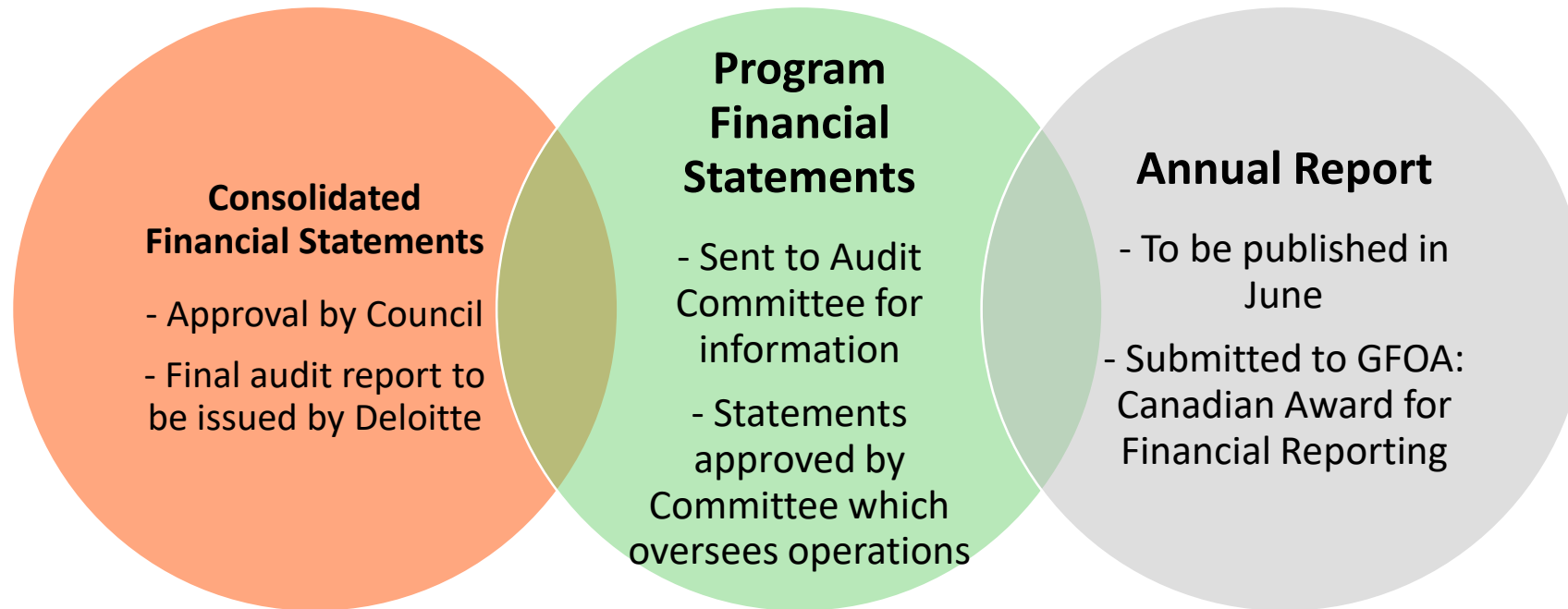
# Audit Findings Report

Presented by: Trevor Ferguson, Partner, Deloitte

- Audit findings report included (Appendix 2)
- Unqualified audit opinion
- No Management Letter to Audit Committee for 2020 year-end

# Next Steps

## Financial Statement Approval and Annual Report



# Questions?

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