

# 2018 Year-End Financial Results

March 20, 2019

# Agenda

- Background; By-Law/Policies
- Year End Deliverables
- 2018 Results Summary – Operating
  - Levy and Rate and Recommendations
- 2018 Results Summary – Capital
- Encumbrances
- Next Steps

# Background

- Policies & By-Laws that guide our financial reporting requirements:
  - Budget Control By-Law
  - Reserve and Reserve Funds Policy
  - Surplus/Deficit Policy
  - Financial Reporting and Forecasting Policy

# Deliverables

- Today:
  - CSD 21-2019 - Year-End Results and Transfer Report
    - 2018 Q4 Financial Update (Appendix 4 of Report)
- May:
  - 2018 Audited Consolidated Financial Statements to Audit Committee

# Deliverables

- 2018 Q4 Financial Update

- Located on external website

[Quarterly Financial Reports - Niagara Region, Ontario](#)

- What you will find in this report -

- Departmental financial results; budget vs actuals
- Capital Project reports; budget remaining, forecasts etc.
- Operating/Capital Budget Adjustments made in year
- Reserves, Deferred Revenue Balances and Activity
- Encumbrance Details
- Investment Reporting
- Debt Reporting
- Consolidated Statement of Financial Position

# 2018 Results Summary - Operating

	Surplus / (Deficit)* (In millions)	% of Gross Budget Expenditures
<b>LEVY SUPPORTED</b>		
Departments and General Government	\$ (1.7)	-0.31%
NRPS	\$ 0.5	0.34%
Court Services	\$ 0.4	8.09%
NRH	\$ 2.6	4.65%
NPCA	\$ (0.0)	0%
<b>Total Levy Supported</b>	<b>\$ 1.8</b>	<b>0.24%</b>
<b>RATE SUPPORTED DEPARTMENTS</b>		
Water & Wastewater	\$ 2.1	2.72%
Waste Management	\$ 1.6	3.24%
<b>Total Rate Supported</b>	<b>\$ 3.6</b>	
<b>TOTAL</b>	<b>\$ 5.4</b>	

\* - After indirect allocations

# 2018 Results Summary - Operating

## Levy Supported Programs

- Surplus of \$1.8M:
  - Regional Departments & General Government
    - deficit of \$1.7M or 0.35% of budgeted expenses
  - Boards and Agencies
    - surplus after indirect allocations of \$3.5M or 1.59% of budgeted expenses

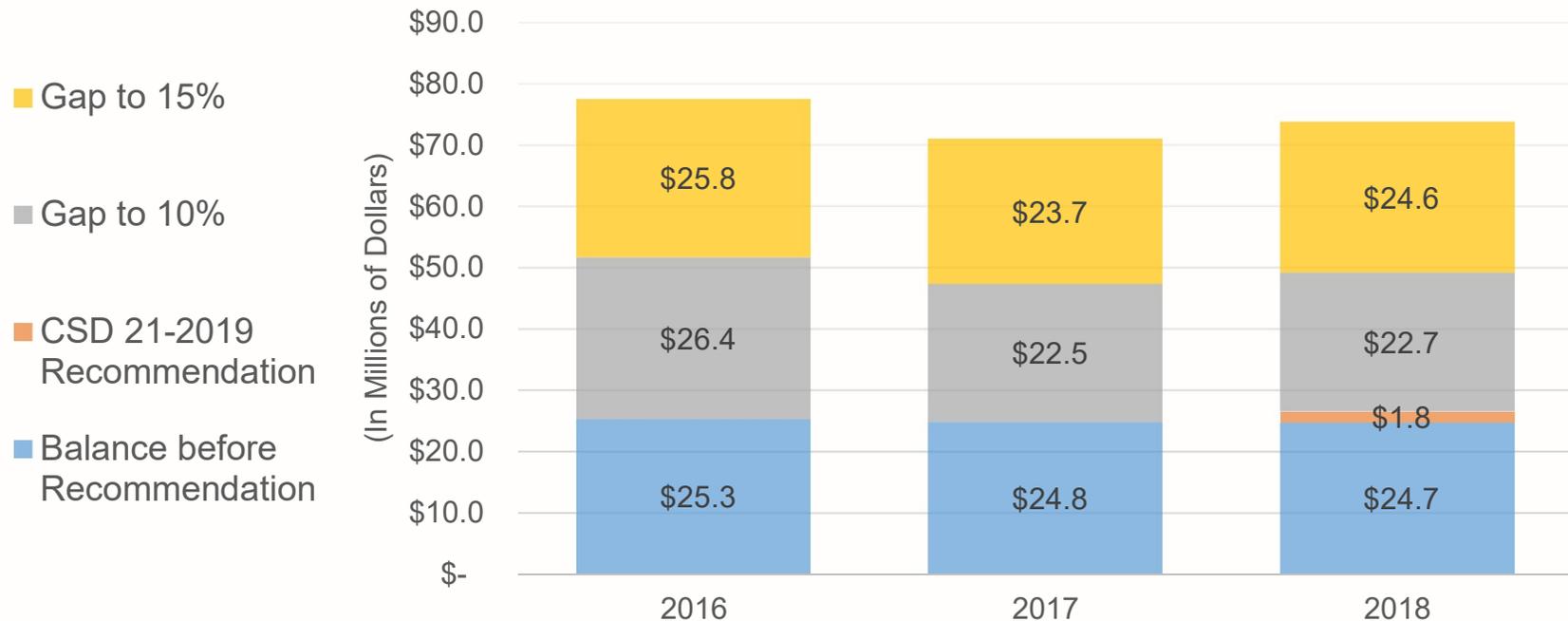
# 2018 Results Summary - Operating

## Levy Supported Program

- Recommendations CSD 21-2019:
  - \$1.8 million **BE TRANSFERRED TO** Taxpayer Relief Reserve

# Taxpayer Relief Reserve

Recommend \$1.8 M **TO** the Taxpayer Relief Reserve



Taxpayer Relief Reserve will be \$26.5M or 5.02% of gross budgeted expenditures falling short of the 10%-15% target with this recommended transfer.

# 2018 Results Summary - Operating

## Rate Supported Programs

- Surplus of \$3.6 million in rate supported programs
  - Water and Wastewater realized a combined funding surplus of \$2.1 million or 2.54% of total budget
  - Waste Management realized a funding surplus of \$1.5 million or 3.13% of total budget

# 2018 Results Summary - Operating

## Rate Supported Programs

- Recommendations CSD 21-2019:
  - Waste Management Surplus of \$1.5 million
    - \$1.0 M **BE TRANSFERRED TO** the Waste Management Stabilization Reserve
    - \$0.5 M **BE TRANSFERRED TO** the Waste Management Landfill Liability Reserve
  - Wastewater deficit of \$0.4 million
    - \$0.4 M **BE TRANSFERRED FROM** Wastewater Stabilization Reserve
  - Water Surplus of \$2.5 million
    - \$0.1 M **BE TRANSFERRED TO** Water Stabilization Reserve
    - \$2.4 million **BE TRANSFERRED TO** Water Capital Reserve

# Waste Management Stabilization Reserve

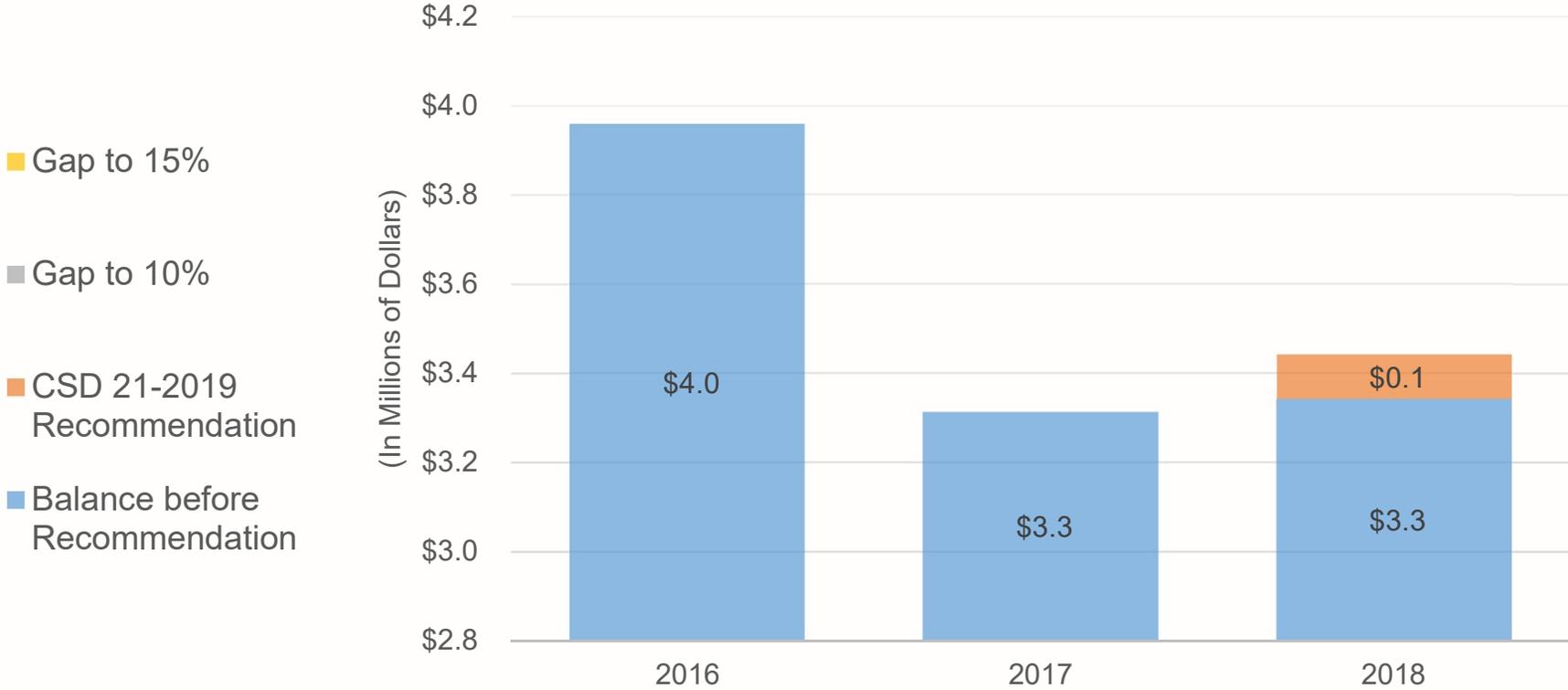
Recommend \$1.0 M TO Waste Mgmt. Stabilization Reserve



Waste Management Stabilization Reserve balance will reach the 15% of gross budgeted expenditures target with this recommended transfer.

# Water Stabilization Reserve

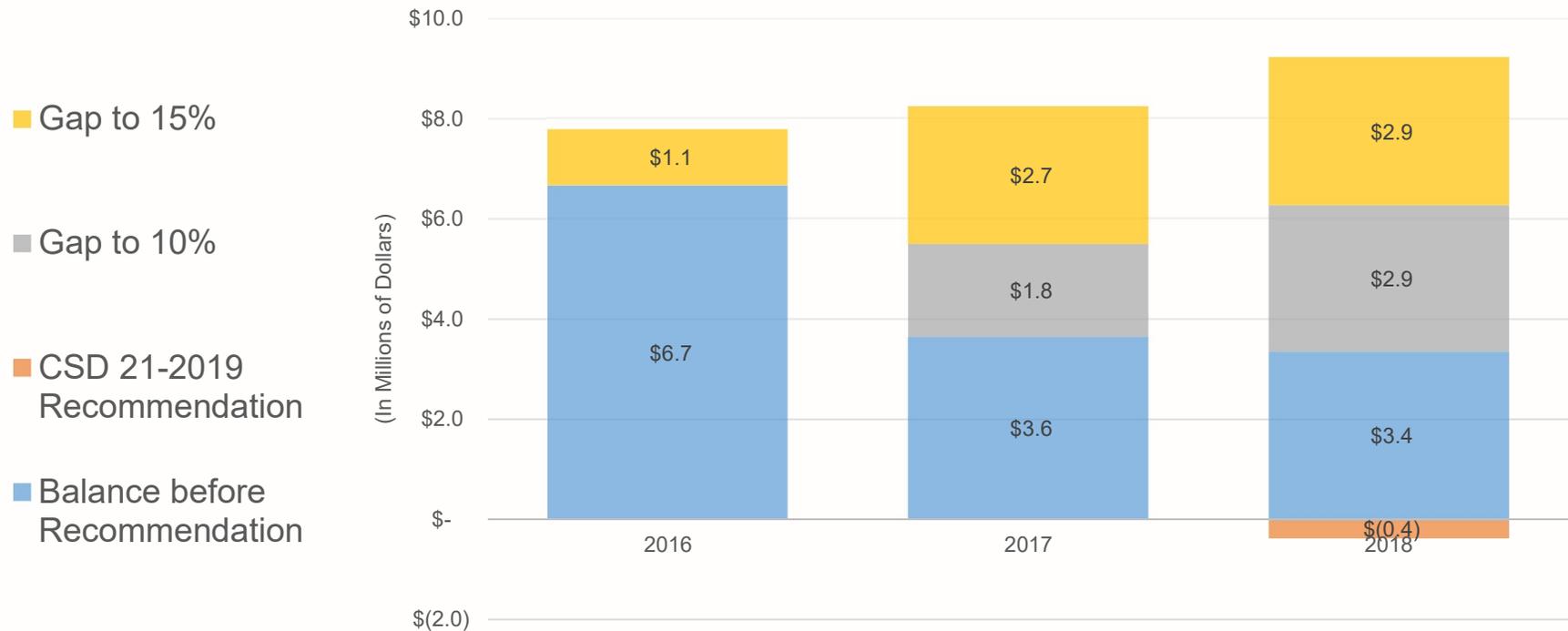
Recommend \$0.1 M TO Water Stabilization Reserve



Water Stabilization Reserve balance will reach the 15% of gross budgeted expenditures target with this recommended transfer.

# Wastewater Stabilization Reserve

Recommend \$0.4 M **FROM** Wastewater Stabilization Reserve



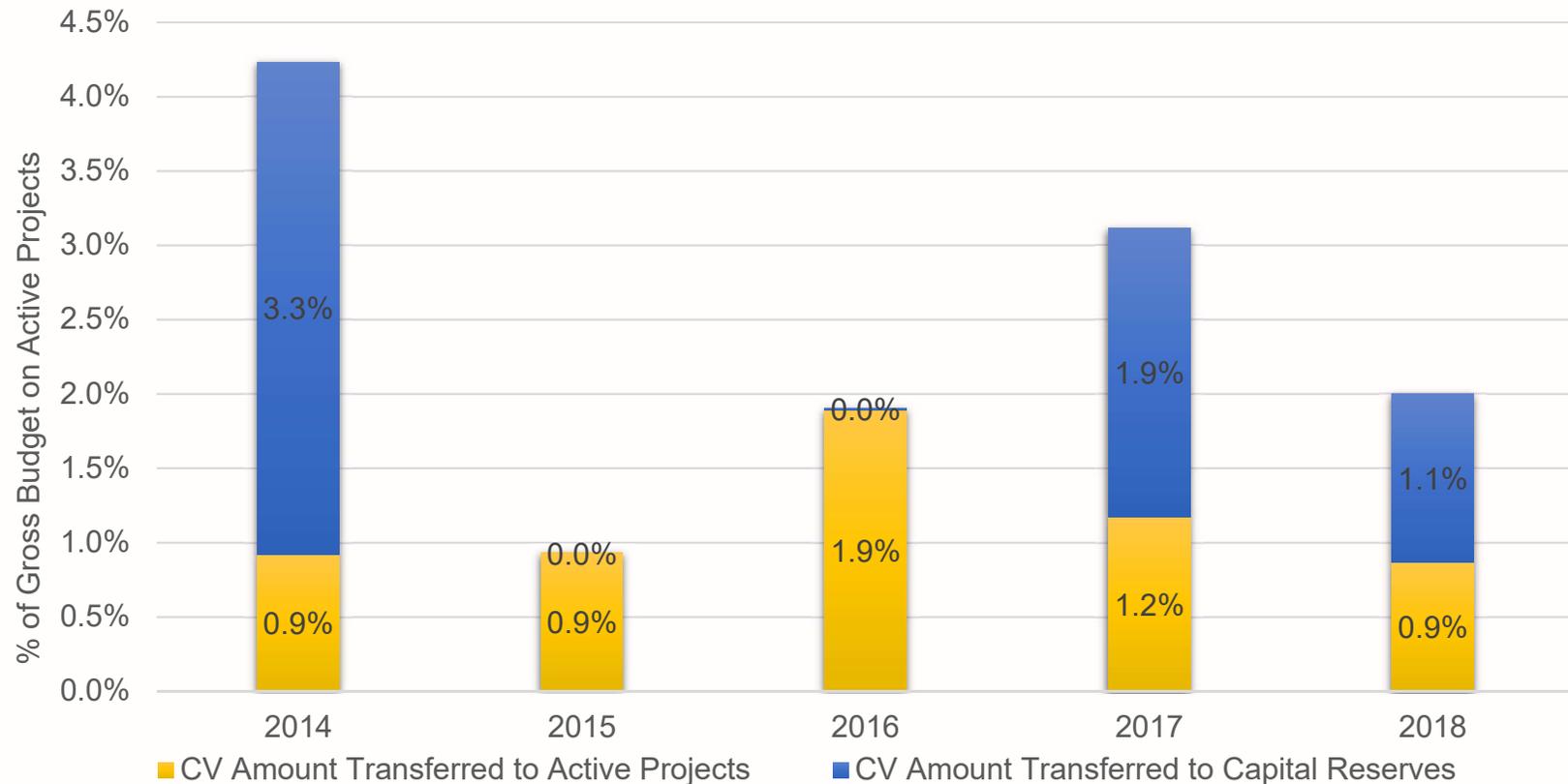
Wastewater Stabilization Reserve balance will be \$3.0M or 5.06% of gross budgeted expenditures falling short of the 10%-15% target.

The balance in the Reserve will drop from \$3.4M to \$3.0M

# 2018 Results Summary - Capital

- Capital Variance Project (CVP) is the accumulation of funds budgeted for Capital Projects and not used, therefore subsequently transferred to a CVP as a means of funding unforeseen costs in other Capital Projects.
- Use of CVP is outlined in the Budget Control By-Law
- A CVP exists for each of
  - Water
  - Wastewater
  - Waste Management
  - Levy
- Approval for use of CVP funding is required by Council if amount being requested is more than \$250,000 (based on cumulative/project life to date request)

# Capital Variance Projects (CVP)

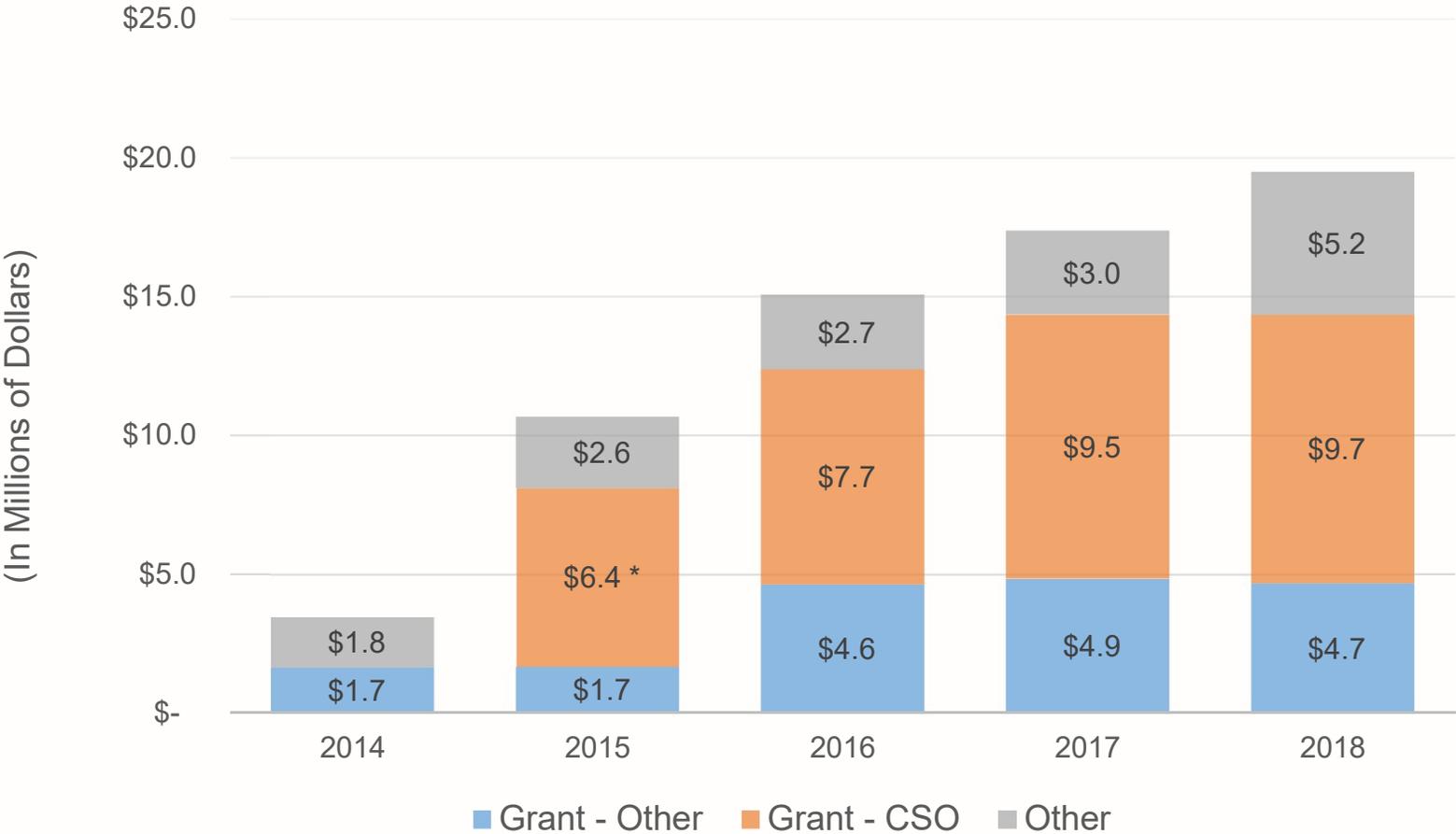


More funding has been returned to capital reserves over the past five years than to funding of active capital project variances.

# Encumbrances

- What is an Encumbrance?
  - Mechanism to facilitate funding of goods and services where obligation to purchase has occurred but goods or services not received by year-end
  - An obligation to purchase can be in the form of a purchase order, contract or other legally binding commitment
  - Funds are set aside in the encumbrance reserve for use in the following year
- Requires Council approval as per Reserve Fund Policy

# Encumbrances – 5 Year Summary



\* CSO grants including in operating costs (vs. Capital) and encumbered for the first time as part of year end process

# Next Steps

- 2018 Consolidated Audited Financial Statements will be presented for approval to Audit Committee on May 9, 2019
- 2018 Audited Financial Statements/Schedules related to specific programs will be presented for information to Audit Committee on June 27, 2019 and September 12, 2019

# Questions?