

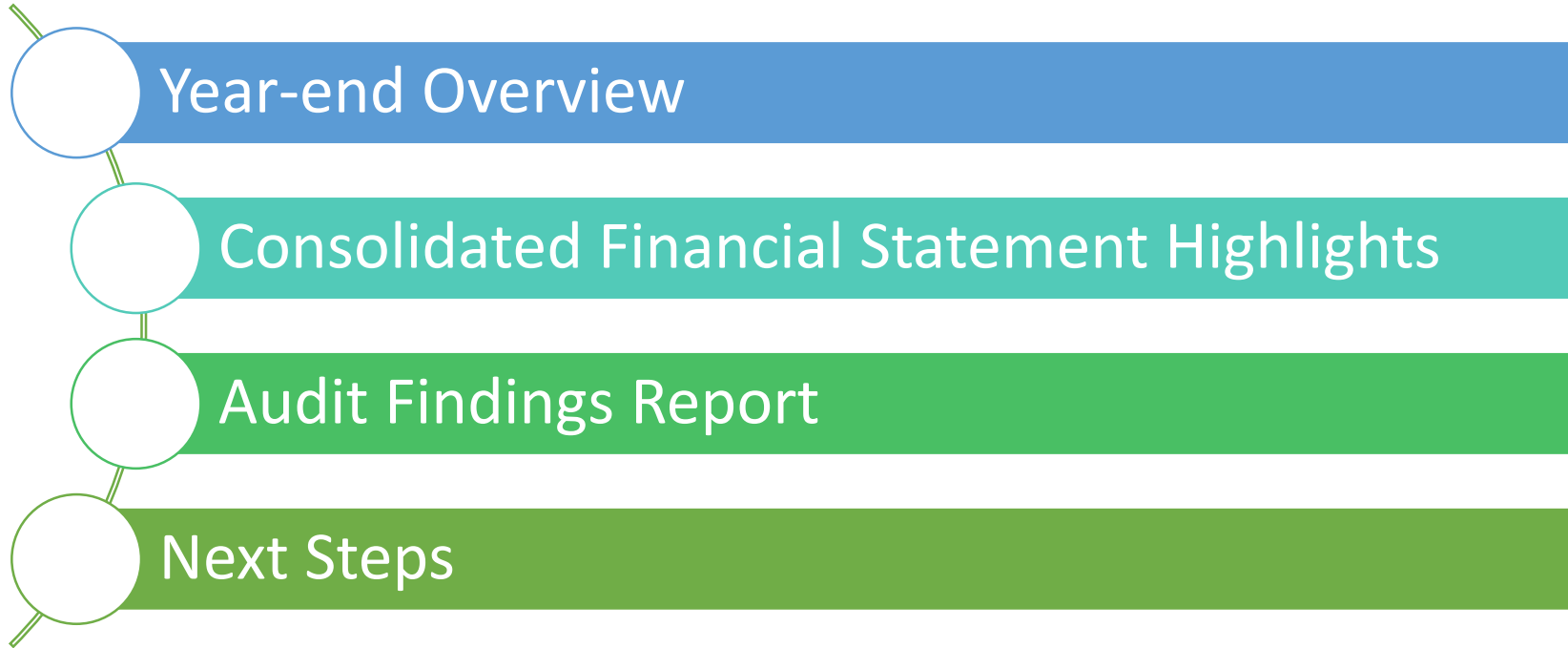
2018

2018 Consolidated Financial Statement Highlights

Audit Committee

May 6, 2019

Agenda



Year-end Overview

Activity	2018	2017
Audit Planning Report	AC – Sept. 10, 2018	AC – Sept. 18, 2017
Q1 Financial Update	CSC – June 6, 2018 Council – June 14, 2018	N/A N/A
Q2 Financial Update	CSC – Sept. 5, 2018 Council – Sept. 13, 2018	CSC – Sept. 6, 2017 Council – Sept. 14, 2017
Q3 Financial Update	CSC – Jan. 9, 2019* Council – Jan. 17, 2019	CSC – Nov. 29, 2017 Council – Dec. 7, 2017
Q4 Financial Update & Year-end Transfer report	CSC – Mar. 20, 2019 Council – Mar. 28, 2019	CSC – Mar. 7, 2018 Council – Mar. 22, 2018
Audit Committee Review	May 6, 2019	May 7, 2018
Council Approval	May 16, 2019	May 24, 2018

*Memorandum only

Year-end Overview

2018 Year-end Statistics

715 active
Dept ID's
across
14 Lines of
Business

Journal Entries Approved

2018 – 3,677
2017 – 3,646

PO's greater than \$25k

2018 – 1,184
2017 – 1,023

Invoices Paid

2018 – 102,407
2017 – 96,075

Basis for **20**
financial
statement
audit reports
(including
ABC's)

2018 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
 - No corrected or uncorrected misstatements identified or corrected
 - Financial statements are free from material misstatements

Presentation Reconciliation

Key highlights between what you see at Council vs. Audited PSAS financials

Budget Financials	Audited Financials
Functional basis – Levy, Rate, Capital	Canadian Public Sector Accounting Standards
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. EFB, 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

Reconciliation of Surplus

(in thousands)	2018	2017
Water & Wastewater Surplus	\$ 2,079	\$ 89
Waste Management Surplus	1,551	5,682
Levy Surplus (Deficit)	<u>1,828</u>	<u>(3,654)</u>
Operating Surplus (per Quarterly Financial Update)	5,458	2,117
Net Capital Activity	(48,924)	(57,970)
Net Funding Activity	99,998	102,269
Change in unfunded liabilities	<u>15,296</u>	<u>1,247</u>
Annual Surplus per PSAS Consolidated financial statements	\$ 71,828	\$ 47,663

Statement of Operations (Page 6)

Revenues

Budget to Actual (in thousands)	Change
Budget revenues per Financial Statements	\$ 973,834
<u>Significant changes</u>	
Requisitions on local governments (higher supplemental taxes)	3,498
User charges (higher NRH rental revenue, higher parent fee contributions)	2,114
Government transfers, Ontario (SAEO – lower funding as caseloads stabilized)	(5,896)
Development charges (timing of development charge revenue for CSO)	(5,090)
Other/Miscellaneous (investment income, proceeds on sale of surplus properties, NPCA differential)	<u>10,669</u>
Actual revenues	\$ 979,129

Statement of Operations (Page 6)

Expenses

Budget to Actual (in thousands)	Change
Budget expenses per Financial Statements	\$929,683
<u>Significant changes</u>	
Higher expenses in General government (labour relations)	665
Lower expenses in Transportation services (savings in personnel costs)	(2,260)
Lower expenses in Environmental Services (Combined Sewer Overflow/utilities)	(18,240)
Lower expenses in Social and family services (lower SAE0 benefits/stabilized caseloads)	(5,915)
Lower expenses in Social housing (provider payments)	(517)
Higher expenses in Planning and development (grant payments)	4,457
Other	(572)
Actual expenses	\$ 907,301

Statement of Financial Position (Page 5)

Employee Future Benefits (Note 4, Page 13) & Landfill Liability (Note 6, Page 19)

(in thousands)	2018	
	Employee Future Benefits	Landfill
Liability	\$ 104,421	\$ 61,397
Reserves	\$ 34,539	\$ 8,288
Funded Status	33%	14%

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

Statement of Financial Position (Page 5)

Long-term Liabilities (Note 8, Page 20)

(in thousands)	2018	2017	Change
Long-term liabilities	\$662,658	\$631,922	\$ 30,736
Less: Debt recoverable from LAMS	<u>(305,684)</u>	<u>(285,412)</u>	<u>(20,272)</u>
Net Region long-term liabilities	<u>\$356,974</u>	<u>\$346,510</u>	<u>\$ 10,464</u>

- Issued \$39.0 million in Regional debt; repaid \$26.6 million
- New debt issued for police, roads, health, housing programs, water and waste management
- Debt of \$48.2 million issued on behalf of the LAM's; repaid \$28.0 million

Audit Findings Report – Trevor Ferguson

- Audit Findings report included (Appendix 3)
- Unqualified audit opinion
- No 2018 Management letter to Audit Committee

Next Steps

Financial Statement Approval

Consolidated Financial Statements

- Approval from Audit Committee
- Final Audit Report to be issued by Deloitte

Program Financial Statements

- Sent to Audit Committee for information in June and September

Annual Report

- To be published in May

Questions?

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