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**Subject:** 2018 Audited Consolidated Financial Statements

**Report to:** Audit Committee

**Report date:** Monday, May 6, 2019

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## **Recommendations**

1. That the audited consolidated financial statements of the Regional Municipality of Niagara (the “Niagara Region”), including the sinking fund financial statements and the trust fund financial statements attached as Appendix 2, for the year ended December 31, 2018 **BE APPROVED**; and
2. That the audit findings report pertaining to the audited consolidated financial statement, attached as Appendix 3, of the Niagara Region for the year ended December 31, 2018 **BE RECEIVED** for information.

## **Key Facts**

- The purpose of this report is to comply with the Audit Committee terms of reference that the Audit Committee satisfy itself, on behalf of the Regional Council, that Niagara Region’s annual consolidated financial statements are fairly presented in accordance with generally accepted accounting principles and to recommend to Council whether the annual financial statements should be approved.
- The requirement for an annual audit is established in the Municipal Act, 2001, S.O. 2001, c.25 paragraphs 294.1 through 296.1.
- Niagara Region received an unqualified audit opinion and no management letter points for the year ended December 31, 2018.
- Year-end funding surplus results were reported in CSD 21-2019 Year End Results and Transfer Report and are consistent with the results reported in the consolidated financial statements adjusted for accrual accounting presentation required of Public Sector Accounting Standards (PSAS). A reconciliation of the two presentation methodologies is provided in Appendix 1.

## **Financial Considerations**

The consolidated financial statements have been prepared in compliance with legislation and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.

The Niagara Region budget to actual results (funding surplus) are prepared and reported on a quarterly basis on (used as a tool to manage funding requirements))

whereas the consolidated financial statements are prepared using PSAS. Appendix 1 reconciles the surplus per the audited Consolidated Statement of Operations to the funding surplus based on the budget approach previously presented and significant variances explained in CSD 21-2019.

A draft copy of the Niagara Region's consolidated financial statements for the year ended December 31, 2018 is attached (Appendix 2). In addition, Deloitte audit findings report for the year end December 31, 2018 is also attached (Appendix 3).

## **Analysis**

The consolidated financial statements of the Niagara Region, including the sinking fund financial statements and the trust fund financial statements, for the year ended December 31, 2018 have been audited.

The Region's external auditor (Deloitte) has indicated that in their opinion, the consolidated financial statements present fairly, in all material respects. The fair presentation as of December 31, 2018 includes the consolidated statement of financial position, consolidated statement of operations and accumulated surplus, consolidated changes in net debt, as well as the consolidated cash flows for the year then ended in accordance with Canadian PSAS.

The consolidated financials reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Region and which are owned or controlled by the Region. These entities and organizations include:

- Niagara Regional Housing
- Court Services Operations
- Niagara Regional Police Services

The consolidated financial statements are prepared using PSAS making them comparable to other municipalities in Canada.

During the course of the consolidated financial statement audit, the external auditor (Deloitte) makes note of any observed internal control weaknesses and makes suggestions for improvements through management letter comments. There are no management letter points for the 2018 consolidated financial statement audit.

In June 2010 the Niagara Region issued sinking fund debentures by way of bylaw 76-

2010. The first payment into the sinking fund occurred in June 2011. The Municipal Act, 2001, S.O. 2001, c 25 paragraphs 409.6 requires the municipal auditor to certify the balance in the sinking fund each year.

As per Ontario Regulation 79/10, section 241.(10) of the Long Term Care Homes Act, 2007, every licensee of a long-term care home must have each resident trust account audited annually.

In accordance with Canadian Auditing Standards, the consolidated financial statements will be dated on the date in which the recognized authority with respect to the financial statements has approved the statements. In the case of the Region, this authority lies with Council, and as such, the signed Auditor's report will be received on the date when the statements are approved by Council. Until that approval is received the consolidated financial statements are marked draft.

Upon completion of the 2018 Annual Report, the financial statements will be available to the public on the Niagara Region website:

<http://www.niagararegion.ca/business/finance/annual-reports/default.aspx>

### **Alternatives Reviewed**

The consolidated financial statements are prepared using Public Sector Accounting Standards therefore no alternative available.

### **Relationship to Council Strategic Priorities**

One of the previous Council's strategic priorities was Advancing Organizational Excellence. Organization Excellence was achieved through receiving an unqualified audit opinion on our Consolidated Financial Statements and by not receiving a management letter indicating opportunities for process improvements from Deloitte for 2018.

### **Other Pertinent Reports**

- CSD 21-2019, Corporate Services Committee, March 20, 2019

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Enterprise Resource Management  
Services

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**Recommended by:**

Todd Harrison, CPA, CMA  
Commissioner/Treasurer  
Enterprise Resource Management  
Services

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**Submitted by:**

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was reviewed by Helen Chamberlain, CPA, CA, Director of Financial Management and Planning.*

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## Appendix 1: Annual Surplus Reconciliation

(in thousands)	<u>Approved</u> <u>Budget</u>	<u>2018</u>	<u>2017</u>
<b>Based on budget approach</b>			
Water & Wastewater surplus	\$ -	\$ 2,079	\$ 89
Waste Management surplus	-	1,551	5,682
Levy surplus (deficit)	-	1,828	(3,654)
<b>Operating Surplus based on CSD 21-2019</b>	<u>-</u>	<u>5,458</u>	<u>2,117</u>
<b>PSAS Presentation Adjustments:</b>			
<b>Capital</b>			
Recognize amortization	(82,301)	(82,301)	(85,944)
Recognize in year capital program revenues	44,722	44,969	35,233
Recognize capital fund expenditures resulting in operating expenses	(9,033)	(9,154)	(9,261)
Recognize operating fund expenditures resulting in capital assets	1,794	1,794	9,003
Recognize proceeds & loss on disposal of assets	(4,232)	(4,232)	(6,998)
<b>Capital Subtotal</b>	<u>(49,050)</u>	<u>(48,924)</u>	<u>(57,967)</u>
<b>Funded</b>			
Remove principal debt repayments	39,665	26,571	28,297
Remove net transfers to reserves (including interest allocation)	38,662	72,976	73,558
Recognize interest earned on sinking fund investments	-	452	411
<b>Funded Subtotal</b>	<u>78,327</u>	<u>99,998</u>	<u>102,266</u>
<b>Unfunded</b>			
Recognize change in landfill liability	17,794	17,794	1,170
Recognize contaminated site liability	-	-	-
Recognize power dams liability	-	422	422
Recognize change in unfunded employee future benefits liability	(2,920)	(2,920)	(345)
<b>Unfunded Subtotal</b>	<u>14,874</u>	<u>15,296</u>	<u>1,247</u>
<b>Annual surplus per PSAS consolidated financial statements</b>	<u><b>\$ 44,151</b></u>	<u><b>\$ 71,828</b></u>	<u><b>\$ 47,663</b></u>

A balanced operating budget, developed for the purposes of setting tax rates and user fees, was approved by Council on December 7, 2017. The operating surplus presented at the top of the chart represents the actual financial results of the Region compared to the operating budget. Since the Region is required to report its annual surplus using Public Sector Accounting standards (PSAS), a number of adjustments are required in order for the financial results to conform with PSAS. For example, in the operating budget capital projects are recognized when funding is allocated, however in order to conform with PSAS an adjustment is required as capital projects should be expensed over time through amortization, rather than immediately.

CONSOLIDATED FINANCIAL STATEMENTS OF  
  
THE REGIONAL MUNICIPALITY OF NIAGARA  
  
For the year ended December 31, 2018

# THE REGIONAL MUNICIPALITY OF NIAGARA

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December 31, 2018

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# THE REGIONAL MUNICIPALITY OF NIAGARA

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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The accompanying consolidated financial statements of The Regional Municipality of Niagara (**the "Region"**) are the **responsibility of the Region's management and have been prepared in accordance with** Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of consolidated **financial statements necessarily involves the use of estimates based on management's** judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

**The Region's** management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Deloitte LLP, independent external auditors appointed by the Region. The accompanying Independent **Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Region's** consolidated financial statements.

Todd Harrison,  
Commissioner of Enterprise Resource Management Services/Treasurer  
May 6, 2019

# Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of  
the Regional Municipality of Niagara

## Opinion

We have audited the consolidated financial statements of Regional Municipality of Niagara (the "Region"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Region as at December 31, 2018, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Region's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Region's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Region to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Region to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(To be signed Deloitte LLP)

Chartered Professional Accountants  
Licensed Public Accountants  
April \_\_, 2019

# THE REGIONAL MUNICIPALITY OF NIAGARA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2018 (In thousands of dollars)

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash	\$ 106,902	\$ 143,765
Investments (note 2)	585,420	480,130
Accounts receivable (note 3)	80,713	78,582
Other current assets	329	212
Tangible capital assets held for sale	756	3,515
Debt recoverable from others (note 8)	305,684	285,412
	<u>1,079,804</u>	<u>991,616</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	114,195	122,221
Employee future benefits and post-employment liabilities (note 4)	104,421	101,403
Deferred revenue (note 5)	178,320	142,222
Landfill closure and post-closure liability (note 6)	61,397	79,191
Long-term liabilities (note 8)	662,658	631,922
	<u>1,120,991</u>	<u>1,076,959</u>
Net debt	(41,187)	(85,343)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 9)	1,755,117	1,731,150
Inventory	7,360	7,319
Prepaid expenses	20,836	17,172
	<u>1,783,313</u>	<u>1,755,641</u>
Accumulated surplus (note 10)	\$ 1,742,126	\$ 1,670,298

*The accompanying notes are an integral part of these consolidated financial statements.*

# THE REGIONAL MUNICIPALITY OF NIAGARA

## CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2018 (In thousands of dollars)

	2018 Budget (note 18)	2018 Actual	2017 Actual
<b>REVENUES</b>			
Taxation and user charges:			
Levies on area municipalities	\$ 359,806	\$ 363,304	\$ 350,157
User charges	214,527	216,641	217,219
	574,333	579,945	567,376
Government transfers (note 16):			
Government of Canada	23,549	24,986	25,915
Province of Ontario	329,447	322,020	294,769
Other municipalities	514	608	1,967
	353,510	347,614	322,651
Other:			
Development charges earned	18,477	13,387	11,761
Investment income	15,679	16,613	15,993
Provincial offences	6,740	7,336	6,812
Miscellaneous	5,095	14,234	9,952
	45,991	51,570	44,518
<b>Total revenues</b>	<b>973,834</b>	<b>979,129</b>	<b>934,545</b>
<b>EXPENSES (Note 17)</b>			
General government	42,842	43,507	42,100
Protection to persons and property	190,067	189,911	185,360
Transportation services	68,323	66,063	63,688
Environmental services	142,020	123,780	143,508
Health services	98,915	98,499	92,751
Social and family services	303,891	297,976	279,678
Social housing	64,612	64,095	67,130
Planning and development	19,013	23,470	12,667
<b>Total expenses</b>	<b>929,683</b>	<b>907,301</b>	<b>886,882</b>
Annual surplus	44,151	71,828	47,663
Accumulated surplus, beginning of year	1,670,298	1,670,298	1,622,635
<b>Accumulated surplus, end of year</b>	<b>\$ 1,714,449</b>	<b>\$ 1,742,126</b>	<b>\$ 1,670,298</b>

The accompanying notes are an integral part of these consolidated financial statements.

## THE REGIONAL MUNICIPALITY OF NIAGARA

### CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the year ended December 31, 2018 (In thousands of dollars)

	2018 Budget (note 18)	2018 Actual	2017 Actual
Annual surplus	\$ 44,151	\$ 71,828	\$ 47,663
Acquisition of tangible capital assets	(104,040)	(104,039)	(116,971)
Contributed tangible capital assets	(3,615)	(3,615)	(428)
Transfers from tangible capital assets held for sale	(2,758)	(2,759)	(6,792)
Amortization of tangible capital assets	82,301	82,301	85,944
Loss on sale of tangible capital assets	1,295	1,295	2,042
Proceeds on sale of tangible capital assets	2,850	2,850	5,127
Change in inventory	-	(41)	(414)
Change in prepaid expenses	-	(3,664)	(1,670)
Change in net debt	20,184	44,156	14,501
Net debt, beginning of year	(85,343)	(85,343)	(99,844)
Net debt, end of year	\$ (65,159)	\$ (41,187)	\$ (85,343)

*The accompanying notes are an integral part of these consolidated financial statements.*

# THE REGIONAL MUNICIPALITY OF NIAGARA

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 71,828	\$ 47,663
Items not involving cash:		
Amortization of tangible capital assets	82,301	85,944
Loss on sale of tangible capital assets	1,295	2,042
Contributed tangible capital assets	(3,615)	(428)
Change in employee future benefits and post-employment liabilities	3,018	339
Change in landfill closure and post-closure liability	(17,794)	(1,170)
Change in non-cash assets and liabilities:		
Accounts receivable	(2,131)	6,065
Other current assets	(117)	57
Accounts payable and accrued liabilities	(8,026)	(2,590)
Deferred revenue	36,098	29,222
Inventory	(41)	(414)
Prepaid expenses	(3,664)	(1,670)
Net change in cash from operating activities	159,152	165,060
<b>CAPITAL ACTIVITIES</b>		
Proceeds on sale of tangible capital assets	2,850	5,127
Cash used to acquire tangible capital assets	(104,039)	(116,971)
Net change in cash from capital activities	(101,189)	(111,844)
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of investments	35,135	56,692
Purchase of investments	(140,425)	(98,237)
Net change in cash from investing activities	(105,290)	(41,545)
<b>FINANCING ACTIVITIES</b>		
Proceeds on debt issued and assumed	38,999	59,796
Long-term debt repaid	(26,759)	(29,815)
Increase in sinking fund assets	(1,776)	(411)
Net change in cash from financing activities	10,464	29,570
Net change in cash	(36,863)	41,241
Cash, beginning of year	143,765	102,524
Cash, end of year	\$ 106,902	\$ 143,765
Cash paid for interest	12,993	12,430
Cash received from interest	15,175	15,256
Investing and financing activities on behalf of others:		
Debt issued on behalf of others	48,230	50,247
Repayment made on behalf of others	27,956	27,386

The accompanying notes are an integral part of these consolidated financial statements.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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1. Significant accounting policies:

**The Regional Municipality of Niagara (the “Region”) is an upper-tier municipality in the Province of Ontario (the “Province”), Canada. The provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation guide its operations.**

The consolidated financial statements of The Regional Municipality of Niagara are prepared by management in accordance with Canadian public sector accounting standards (“PSAS”) as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada (“CPA Canada”). Significant accounting policies adopted by the Region are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Region and which are owned or controlled by the Region. These entities and organizations include:

Niagara Regional Police Services

Niagara Regional Housing

Court Services Operations

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(ii) Trust funds:

Trust funds and their related operations administered by the Region are not included in these consolidated financial statements.

(b) Basis of accounting:

The Region follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Investments:

Investments consist of bonds and money market notes and are stated at the lower of cost and market value. Gains and losses on investments are recorded when incurred.

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

1. Significant accounting policies (continued):

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Landfill and land improvements	3 – 50
Building and building improvements	3 – 60
Vehicles, machinery and equipment	4 – 20
- Vehicles	3 – 60
- Machinery and equipment	25 – 100
Water and wastewater infrastructure	40
Roads infrastructure	60
- Base	10
- Bridge and culvert	
- Surface	

Landfill sites are amortized using the units of production method based upon capacity used during the year.

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction (work in progress) are not amortized until the asset is in service.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Intangible assets:

Intangible assets and natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iv) Interest capitalization:

**The Region's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of a tangible capital asset.**

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(v) Leases:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vi) Inventories:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(g) Reserves and reserve funds:

Certain amounts, as approved by Regional Council are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective reserve when approved. Reserves are presented on the consolidated statement of financial position in accumulated surplus.

(h) Government transfers:

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made, except when and to the extent that stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(i) Deferred revenue:

Deferred revenues represent development charges collected under the Development Charges Act (1997), grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts are recognized as revenues in the fiscal year the services are performed.

(j) Taxation revenue:

Property tax revenue is recognized on an accrual basis when the tax is authorized by the passing of the tax levy by-law. Taxes are levied on properties listed on the assessment roll at the time the by-law is passed based on approved budget and tax rates. Supplementary taxation is recognized as additional billings are issued for properties that are added to the assessment roll during the year.

At year end, the Region evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes the liability if the amount can be reasonable estimated.

(k) Investment income:

Investment income earned on surplus current fund, capital fund, reserves and reserve funds (other than development charge reserve funds) are reported as revenue in the period earned. Investment income earned on development charge reserve funds is added to the fund balance and forms part of the deferred development charges balance.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for tax write-offs, accrued liabilities, landfill closure and post-closure liability, contaminated site liability, certain payroll liabilities and in performing actuarial valuations of employee future benefits and post-employment liabilities. Amounts recorded for amortization of tangible capital assets are based on estimates of useful service life. Actual results could differ from these estimates.

(m) Municipal cost-sharing:

The Region acts as an intermediary to administer capital projects for the acquisition of assets belonging to local area municipalities. Funding received and expenses incurred relating to the local area municipalities share of these projects amounted to \$982 (2017 - \$4,312) and is not reflected in these consolidated financial statements.

2. Investments:

Investments reported on the consolidated statement of financial position at the lower of cost or market have market values as follows:

	2018		2017	
	Cost	Market Value	Cost	Market Value
Investments	\$ 585,420	\$ 594,219	\$ 480,130	\$ 490,658

The Region has purchased \$5,961 (2017- \$5,141) of its own debentures issued on behalf of itself and local area municipalities which have not been cancelled. This investment in own debentures is included in investments on **the consolidated statement of financial position. The Region's share of the gross outstanding amount of these debentures is \$39,742 (2017 - \$917).** Coupon rates for these debentures ranged from 3.10% to 3.95%.

3. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$643 (2017 - \$1,128).

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

4. Employee future benefits and post-employment liabilities:

The Region provides certain employee benefits which will require funding in future periods. These benefits include benefits under the Workplace Safety and Insurance Board (“WSIB”) Act, sick leave, life insurance, extended health and dental benefits for early retirees.

	2018	2017
Workplace Safety & Insurance Board	\$ 42,407	\$ 41,394
Accumulated Sick Leave	13,544	14,149
Retiree benefits	34,909	34,267
Vacation pay	9,587	8,953
Other post-employment liabilities	3,974	2,640
<b>Total employee future benefits and post-employment liabilities</b>	<b>\$ 104,421</b>	<b>\$ 101,403</b>

Employee future benefits and post-employment benefits reported on the consolidated statement of financial position by entity consist of the following:

	2018	2017
Niagara Regional Police Services	\$ 59,976	\$ 57,006
Niagara Regional Housing	1,738	1,390
Niagara Region	42,707	43,007
<b>Total</b>	<b>\$ 104,421</b>	<b>\$ 101,403</b>

The Region has established reserve funds to mitigate the future impact of these obligations. These reserves were created under municipal by-law and do not meet the definition of a plan asset under PSAS PS3250 Retirement Benefits. Therefore, for the purposes of these financial statements, the plans are considered unfunded. These reserve funds are presented in the consolidated statement of financial position within accumulated surplus. Reserves relating to these liabilities are summarized by entity below:

	2018	2017
Niagara Regional Police Services	\$ 8,902	\$ 8,702
Niagara Regional Housing	793	793
Niagara Region	24,845	24,994
<b>Total (Note 10)</b>	<b>\$ 34,539</b>	<b>\$ 34,489</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

4. Employee future benefits and post-employment liabilities (continued):

Information about the Region's benefit plans is as follows:

	2018			Total
	Niagara Regional Police	Niagara Regional Housing	Niagara Region	
Accrued benefit obligation:				
Balance, beginning of year	\$ 59,187	\$ 1,779	\$ 37,098	\$ 98,064
Current benefit cost	5,370	344	2,481	8,195
Interest	1,724	51	826	2,601
Actuarial loss (gain)	3,761	(1,591)	11,584	13,754
Benefits paid	(5,184)	(123)	(2,809)	(8,116)
Balance, end of year	64,858	460	49,180	114,498
Unamortized actuarial gain (loss)	(4,882)	1,278	(6,473)	(10,077)
Liability	\$ 59,976	\$ 1,738	\$ 42,707	\$ 104,421

	2017			Total
	Niagara Regional Police	Niagara Regional Housing	Niagara Region	
Accrued benefit obligation:				
Balance, beginning of year	\$ 58,125	\$ 1,462	\$ 36,671	\$ 96,259
Current benefit cost	2,865	344	1,966	5,175
Interest	1,774	45	845	2,664
Actuarial loss (gain)	1,349	35	395	1,779
Benefits paid	(4,926)	(107)	(2,779)	(7,813)
Balance, end of year	59,187	1,779	37,098	98,064
Unamortized actuarial gain (loss)	(2,181)	(389)	5,909	3,339
Liability	\$57,006	\$1,390	\$43,007	\$101,403

Included in expenses is \$338 (2017 - \$313) for amortization of the actuarial gain. The unamortized actuarial gain is amortized over the expected average remaining service life as listed below:

Accumulated Sick Leave Benefit Plan entitlements	6 - 12 years
Retiree benefits	16 - 21 years

The most recent actuarial valuation was completed as at December 31, 2018 with estimates to December 31, 2021.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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4. Employee future benefits and post-employment liabilities (continued):

### **Workplace Safety and Insurance Board (“WSIB”)**

With respect to responsibilities under provisions of the Workplace Safety and Insurance Act the Region has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities of the Region under the provisions of the Workplace Safety and Insurance Act has been completed and forms the basis for the estimated liability reported in these financial statements.

The unamortized actuarial gain on future payments required to WSIB is amortized over the expected period of the liability which is 11 years.

The main actuarial assumptions employed for the valuation are as follows:

#### Discount rate

The obligation of the present value of future liabilities as at December 31, 2018 and the expense for the year ended December 31, 2018, were determined using a discount rate of 3.75% (2017 – 2.9%).

#### Administration costs

Administration costs were assumed to be 32% (2017 – 34.3%) of the compensation expense.

#### Compensation expense

Compensation costs include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at a rate of 2.0% per annum (2017 – 2.0%).

#### Accumulated sick leave

Under the accumulated sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they leave the **Region’s** employment.

The main actuarial assumptions employed for the valuation are as follows:

#### Discount rate

The obligation as at December 31, 2018, of the present value of future liabilities and the expense for the year ended December 31, 2018, were determined using a discount rate of 3.75% (2017 – 2.9%).

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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4. Employee future benefits and post-employment liabilities (continued):

*Retiree benefits*

The Region pays certain life insurance benefits on behalf of retired employees as well as extended health and dental benefits for early retirees to age 65 and Health Care Spending Accounts for certain retirees until the age of 70 or 75 depending on year of retirement. The Region recognizes these post-retirement costs in the period in which the employees rendered the services.

The unamortized actuarial loss on retiree benefits is amortized over the expected average remaining service life of 10 years.

The main actuarial assumptions employed for the valuations are as follows:

Discount rate

The obligation as at December 31, 2018, of the present value of future liabilities and the expense for the year ended December 31, 2018, were determined using a discount rate of 3.75% (2017 - 3.0%).

Medical costs

Medical costs were assumed to increase at the rate of 3.42% (2017 - 6.25%) per year, reducing to 2.75% in 2022 and thereafter.

Dental costs

Dental costs were assumed to increase at the rate of 2.75% (2017 - 3%) per year.

Inflation

Inflation was assumed to be 1.75% (2017 – 2.0%) per year.

Other pension plans

The Region makes contributions to the Ontario Municipal Employees Retirement Fund (“OMERS”), which is a multi-employer plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Region accounts for its participation in OMERS as a defined contribution plan. The OMERS Plan ended 2018 with a funding deficit of \$4.2 billion. The funded ratio has increased to 96% from 94% in 2017. The funded ratio has increased for the sixth consecutive year.

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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4. Employee future benefits and post-employment liabilities (continued):

Other pension plans (continued)

The amount contributed to OMERS for 2018 was \$30,473 (2017 - \$29,459) for current service and is included as an expense **on the consolidated statement of operations**. **Employees' contribution to OMERS in 2018** were \$30,453 (2017 - \$29,459).

Contributions for employees with a normal retirement age of 65 were being made at rate of 9.0% (2017 – 9.0%) for earnings up to the yearly maximum pensionable earnings of \$55.90 (2017 - \$55.30) and at a rate of 14.6% (2017 – 14.6%) for earnings greater than the yearly maximum pensionable earnings. For uniformed police officers with a normal retirement age of 60, those rates were 9.2% (2017 - 9.2%) and 15.8% (2017 - 15.8%) respectively.

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

5. Deferred revenue:

In accordance with PSAS, obligatory reserve funds are reported as deferred revenue. The Region treats development charges and gas tax as obligatory reserve funds. The Region has obligatory reserve funds in the amount of \$154,762 (2017 - \$116,321). These reserve funds are considered obligatory as Provincial and Federal legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

Amounts related to development charges collected are recognized as revenue when the Region has approved and incurred the expenses for the capital works for which the development charges were raised. These funds have been set aside, as required by the Development Charges Act (1997), to defray the cost of growth related capital projects associated with new development.

In 2008, Investing in Ontario approved a total funding of \$20,157 for capital infrastructure. Revenue is recognized as expenses are incurred. The remaining balance of \$10,617 has been set aside for the construction of the South Niagara East-West Corridor. This project is planned for 2020 - 2021.

The deferred revenues, reported on the consolidated statement of financial position, are made up of the following:

	2018	2017
Development charges	\$ 134,530	\$ 97,197
Gas tax	20,232	19,124
Obligatory reserve funds	154,762	116,321
Investing in Ontario Grant	10,617	10,617
Other deferred revenue	12,941	15,284
Balance, end of year	\$ 178,320	\$ 142,222

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

5. Deferred revenue (continued):

The continuity of obligatory reserve funds are summarized below:

Development charges:

	2018	2017
Balance, beginning of year	\$ 97,197	\$ 81,591
Externally restricted inflows	48,817	26,521
Revenue earned	(13,387)	(11,761)
Investment income	1,903	846
Balance, end of year	\$ 134,530	\$ 97,197

Gas tax:

	2018	2017
Balance, beginning of year	\$ 19,124	\$ 12,181
Externally restricted inflows	14,416	14,110
Revenue earned	(13,630)	(7,315)
Investment income	323	148
Balance, end of year	\$ 20,233	\$ 19,124

6. Landfill closure and post-closure liability:

The Region owns and monitors 14 landfill sites, two of which are open and operating. The liability for closure of operational sites and post-closure care has been recognized based upon the usage of the site's capacity during the year. Landfill closure and post-closure care are activities that are expected to occur in perpetuity and requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The costs were based upon the 2018 budget and inflation adjusted at a rate of 1.75% per annum (2017 – 2.0%) until the end of contamination. These costs were then discounted to December 31, 2018 using a discount rate of 3.75% (2017 – 3.1%). Post-closure care is estimated to be required for the contaminating lifespan of landfill sites up to 40 years (2017 – 40 years). The liability for closure and post-closure care as at December 31, 2018 is \$61,397 (2017 - \$79,191). Estimated total expenditures for closure and post-closure care are \$75,440 (2017 - \$101,893). The liability remaining to be recognized is \$14,043 (2017 - \$22,702). It is estimated that the life of open landfill sites range from 32 to 47 years with an estimated total remaining capacity of 3,473 cubic meters.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

7. Contaminated site liability:

A liability for the remediation of contaminated sites is recognized as the best estimate of the amount required to remediate the contaminated sites when the following criteria are met: contamination exceeding an environmental standard exists, the Region is either directly responsible or accepts responsibility for the remediation, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is **determinable**. If the likelihood of the Region's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

As at December 31, 2018 there are no contaminated sites that meet the specified criteria and no liability (2017 - \$nil) for contaminated sites has been recorded in the consolidated financial statements.

8. Net long-term liabilities:

- (a) As well as incurring long-term liabilities for regional purposes, the Region also incurs long-term liabilities on behalf of the area municipalities. The responsibility for raising the amounts required to service this debt lies with the respective area municipalities.

The balance of net long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2018	2017
Long-term liabilities incurred by the Region (including capital lease)	\$ 676,851	\$ 644,083
Less: Sinking fund assets	(14,193)	(12,161)
Long-term debt	\$ 662,658	\$ 631,922
Debt recoverable from others net of sinking fund assets (long-term liabilities incurred by the Region for which other entities have assumed responsibility)	(305,684)	(285,412)
Net long-term debt, end of year	\$ 356,974	\$ 346,510

- (b) The long-term liabilities in (a) issued in the name of the Region have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

8. Net long-term liabilities (continued):

- (c) The Region issued sinking fund debentures of \$78,079 payable on June 30, 2040 and bearing interest at the rate of 5.2% per annum. The sinking fund debentures are included in long-term liabilities in (a) and include \$9,333 borrowed on behalf of the City of St. Catharines and shown as debt recoverable from others. The City of St. Catharines share of the sinking fund assets have been removed from the debt recoverable from others in (a). Annual principal payments into the sinking fund of \$1,512 are due June 30 of each year. These payments are reflected as principal repayments in (e).
- (d) The Region is contingently liable for long-term liabilities with respect to debt issued for area municipalities, school boards, tile drainage and shoreline property assistance. The total amount outstanding as at December 31, 2018 is \$305,684 (2017 - \$285,412) and is reported on the consolidated statement of financial position as debt recoverable from others.
- (e) Principal payments to be funded by the Region, including sinking fund payments and capital lease obligations, due in each of the next five years are as follows:

	2018
2019	33,936
2020	27,745
2021	23,366
2022	23,061
2023	22,625
Thereafter	226,241
	\$ 356,974

- (f) Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to \$13,212 in 2018 (2017 - \$12,740). The long-term liabilities bear interest at rates ranging from 1.20% to 4.90%. The interest on long-term liabilities assumed by the municipalities or by individuals in the case of tile drainage and shoreline property assistance loans are not reflected in these consolidated financial statements.

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

#### 9. Tangible capital assets:

	2018							
	Land	Landfill and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Work in progress	Total
Cost								
Balance, beginning of year	\$ 221,881	\$ 98,785	\$ 764,034	\$ 621,224	\$ 364,394	\$ 740,512	\$ 114,490	\$ 2,925,320
Additions/transfers	1,691	2,538	10,617	21,010	13,234	24,453	34,111	107,654
Disposals	-	(277)	(656)	(14,612)	(37)	(5,341)	-	(20,923)
Balance, end of year	223,572	101,046	773,995	627,622	377,591	759,624	148,601	3,012,051
Accumulated Amortization								
Balance, beginning of year	-	50,853	340,825	386,901	93,679	321,912	-	1,194,170
Disposals	-	(277)	(421)	(14,095)	(18)	(4,726)	-	(19,537)
Amortization expense	-	3,293	23,106	31,014	5,058	19,830	-	82,301
Balance, end of year	-	53,869	363,510	403,820	98,719	337,016	-	1,256,934
Net Book Value, end of year	\$ 223,572	\$ 47,177	\$ 410,485	\$ 223,802	\$ 278,872	\$ 422,608	\$ 148,601	\$ 1,755,117

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

#### 9. Tangible capital assets (continued):

	2017							
	Land	Landfill and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Work in progress	Total
Cost								
Balance, beginning of year	\$ 207,504	\$ 92,958	\$ 742,724	\$ 592,332	\$ 330,959	\$ 729,220	\$ 124,929	\$ 2,820,626
Additions/transfers	15,677	5,904	21,849	37,724	38,415	11,292	(10,439)	120,422
Disposals	(1,300)	(77)	(539)	(8,832)	(4,980)	-	-	(15,728)
Balance, end of year	221,881	98,785	764,034	621,224	364,394	740,512	114,490	2,925,320
Accumulated Amortization								
Balance, beginning of year	-	47,163	318,705	365,115	72,495	317,076	-	1,120,554
Disposals	-	(77)	(304)	(7,664)	(4,303)	-	-	(12,328)
Amortization expense	-	3,767	22,424	29,430	25,487	4,836	-	85,944
Balance, end of year	-	50,853	340,825	386,901	93,679	321,912	-	1,194,170
Net Book Value, end of year	\$ 221,881	\$ 47,932	\$ 423,209	\$ 234,323	\$ 270,715	\$ 418,600	\$ 114,490	\$ 1,731,150

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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9. Tangible capital assets (continued):

(a) Work in progress

Work in progress having a value of \$148,601 (2017 - \$114,490) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed capital assets are recognized at fair market value at the date of contribution. Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned. The value of contributed assets transferred to the Region during the year is \$3,615 (2017 - \$428).

(c) Works of art and historical treasures

No works of art or historical treasures are held by the Region.

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

10. Accumulated Surplus:

Accumulated surplus consists of balances as follows:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 1,398,144	\$ 1,384,640
Capital fund – unexpended capital financing	226,159	189,895
Operating fund	(12,686)	(10,667)
Unfunded		
Landfill closure and post-closure liability	(61,397)	(79,191)
Employee future benefits and post-employment liabilities	(103,112)	(100,234)
Total surplus	1,447,108	1,384,443
Reserves and reserve funds set aside by Council:		
Ambulance communication	37	1,275
Circle route initiatives	1,383	1,383
Employee benefits	34,539	34,489
Encumbrances	19,494	17,531
General capital levy	26,221	24,723
Niagara Regional Housing	10,439	11,780
Court Services facilities renewal	1,650	1,650
Public liability self-insurance	2,270	2,270
Replacement of equipment	224	224
Smart growth	201	451
Taxpayer relief reserve	26,539	24,821
Waste management operations	24,330	27,136
Wastewater operations	46,228	49,130
Water operations	91,930	77,364
Landfill	8,288	5,377
Other reserves and reserve funds	1,245	6,251
Total reserves and reserve funds	295,018	285,855
Total accumulated surplus	\$ 1,742,126	\$ 1,670,298

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

11. Trust funds:

Trust funds administered by the Region amounting to \$958 (2017 - \$924) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations. The financial position and activities of the trust funds are reported separately in the trust fund financial statements.

12. Commitments:

(a) The Region has outstanding contractual obligations of approximately \$93,111 (2017 - \$76,985) for public works projects. These costs include holdbacks. The holdbacks related to work completed as of December 31, 2018 have been accrued. Regional council has authorized the financing of these obligations.

(b) The Region is committed to paying principal and interest payments on provincial debentures issued to finance the properties transferred to Niagara Regional Housing from Ontario Housing Corporation. The debentures are outstanding in the amount of \$8,750 (2017 - \$10,429). Annual payments of \$2,159 (2017 - \$2,323) have been charged to current operations.

(c) The Region enters into various service contracts and other agreements in the normal course of business, which have been approved by the appropriate level of management or by Council but which have not been reported as commitments.

(d) Minimum annual lease payments:

The Region has commitments under various building, land and equipment lease agreements with minimum annual lease payments as follows:

	2018
2019	2,038
2020	1,546
2021	905
2022	395
2023	148
Thereafter	1,356
	<b>\$ 6,388</b>

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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#### 13. Contingent liabilities:

At December 31, 2018, the Region has been named defendant or co-defendant in a number of outstanding legal actions. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. A provision of \$10,935 (2017 - \$11,670) has been made for those claims not expected to be covered by insurance.

#### 14. Public liability insurance:

The Region has undertaken a portion of the risk for public liability as a means of achieving efficient and cost effective risk management. The Region is self-insured for public liability claims up to \$1,000 for any individual claim and \$1,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these amounts up to \$20,000 per occurrence for claims incurred prior to November 2013, and \$50,000 per occurrence for claims incurred after November 2013.

The Region has a reserve fund for allocated self-insurance claims which as at December 31, 2018 amount to \$2,270 (2017 - \$2,270) and is reported on the consolidated statement of financial position under accumulated surplus. An amount of \$nil (2017- \$nil) has been transferred from this reserve fund in the current year.

Payments charged against operations in the current year amounted to \$3,972 (2017 - \$11,233).

#### 15. Self-funded employee benefit plans:

The Region provides a group health and dental plan for certain employees and has assumed the full liability for payment of benefits under this plan.

Payments charged against operations in the current year amounted to \$17,754 (2017 - \$17,811).

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

#### 16. Government transfers:

The government transfers reported on the consolidated statement of operations are:

	Budget	2018	2017
Revenue:			
Government of Canada:			
General government	\$ -	\$ -	\$ -
Transportation services	12,070	12,059	9,571
Environmental services	2,602	2,602	4,668
Health services	-	53	58
Social and family services	990	2,339	2,632
Social housing	7,787	7,787	8,931
Planning and development	100	146	55
	23,549	24,986	25,915
Province of Ontario:			
General government	1,937	1,930	1,903
Protection to persons and property	9,978	10,007	9,176
Transportation services	1,569	1,558	1,129
Environmental services	1,127	1,127	1,285
Health services	61,989	62,419	60,723
Social and family services	233,599	226,638	209,037
Social housing	19,248	18,306	11,516
Planning and development	-	35	-
	329,447	322,020	294,769
Other municipalities:			
General government	70	200	169
Protection to persons and property	348	332	367
Transportation services	576	576	731
Environmental services	(480)	(500)	700
	514	608	1,967
Total revenues	\$ 353,510	\$ 347,614	\$ 322,651

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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17. Segmented information:

Segmented information has been identified based upon functional areas by the Region.

The functional areas have been separately disclosed in the segmented information as follows:

(i) General government:

General government consists of the general management of the Region, including adopting by-laws and policy, levying taxes, issuing debentures and providing administrative, technical, facility management, and financial services.

(ii) Protection to persons and property:

Protection to persons and property is comprised of Police Services and Court Services. The mandate of Police Services is to ensure the safety of the lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders and enforce the law. Court Services is responsible for administering and prosecuting Provincial Offences including those committed under the Highway Traffic Act, the Compulsory Automobile Insurance Act, the Trespass to Property Act, the Liquor License Act and other provincial legislation, municipal by-laws and minor federal offences. Court Services governs all aspects of the legal prosecution process, from serving an offence notice to an accused person to conducting trials including sentencing and appeals.

(iii) Transportation services:

Transportation services is responsible for the planning, design, operation and maintenance of the roadway system, the maintenance of parks and open space, and street lights.

(iv) Environmental services:

Environmental services is responsible for the engineering and operation of the water and wastewater systems and waste management. Waste management encompasses solid waste collection and disposal and Niagara Recycling.

(v) Health services:

The Public Health Department offers a range of programs related to health services that includes protection and promotion, disease and injury prevention and also oversees the Emergency Services Division (“ESD”) that encompasses both Land Ambulance (“Paramedic”) Services and Land Ambulance Communications (“Dispatch”) Services.

(vi) Social and family services:

The Community Services department is responsible for providing public services that sustains and supports individuals, families and communities. Programs and services are delivered through Senior Services, Children’s Services, Social Assistance and Employment Opportunities and Homelessness Services and Community Engagement.

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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17. Segmented information (continued):

(vii) Social housing:

Social housing is responsible for providing and advocating for secure, affordable housing in the Region.

(viii) Planning and development:

The Planning and Development department provides information to Council and the community through working with partners and community groups to support planning initiatives in the region, providing information to residents about Region programs and services. The planning and development department also supports the Region special initiatives.

Certain allocation methodologies are employed in the preparation of segmented information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenses. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received are allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

17. Segmented information (continued):

	2018								
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Planning and development	Total
Revenues:									
Levies on area municipalities	\$ 328,702	-	-	\$ 34,602	-	-	-	-	\$ 363,304
User charges	178	8,510	3,937	161,464	386	26,892	14,192	1,083	216,641
Government transfers	2,118	10,339	14,205	3,230	62,473	228,976	26,092	181	347,614
Development charges earned	6	33	10,953	1,890	249	-	-	256	13,387
Investment income	16,234	-	-	-	2	-	376	-	16,613
Provincial offenses	-	7,336	-	-	-	-	-	-	7,336
Miscellaneous	6,579	1,574	(1,722)	5,655	1,117	503	455	73	14,234
<b>Total revenues</b>	<b>353,817</b>	<b>27,792</b>	<b>27,373</b>	<b>206,841</b>	<b>64,227</b>	<b>256,371</b>	<b>41,115</b>	<b>1,593</b>	<b>979,129</b>
Expenses:									
Salaries, wages and employee benefits	6,084	152,946	13,927	30,084	81,503	107,727	6,451	5,328	404,050
Operating expenses	16,091	17,066	27,287	63,173	13,609	81,667	22,582	2,381	243,856
External transfers	1,229	9,250	2,229	3,390	-	104,684	27,336	15,761	163,879
Debt services	13,188	-	27	-	-	-	-	-	13,215
Amortization	6,915	10,649	22,593	27,133	3,387	3,898	7,726	-	82,301
<b>Total expenses:</b>	<b>43,507</b>	<b>189,911</b>	<b>66,063</b>	<b>123,780</b>	<b>98,499</b>	<b>297,976</b>	<b>64,095</b>	<b>23,470</b>	<b>907,301</b>
<b>Annual surplus (deficit)</b>	<b>\$ 310,310</b>	<b>\$ (162,119)</b>	<b>\$ (38,690)</b>	<b>\$ 83,061</b>	<b>\$ (34,272)</b>	<b>\$ (41,605)</b>	<b>\$ (22,980)</b>	<b>\$ (21,877)</b>	<b>\$ 71,828</b>

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

17. Segmented information (continued):

	2017								
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Social housing	Planning and development	Total
Revenues:									
Levies on area municipalities	\$ 315,266	-	-	\$ 34,891	-	-	-	-	\$ 350,157
User charges	259	8,196	4,221	163,343	446	26,314	13,694	746	217,219
Government transfers	2,071	9,543	11,431	6,653	60,781	211,669	20,448	55	322,651
Development charges earned	146	2,700	6,141	2,725	-	-	-	49	11,761
Investment income	15,673	-	-	-	2	-	318	-	15,993
Provincial offenses	-	6,811	-	1	-	-	-	-	6,812
Miscellaneous	3,924	(4,745)	5,257	4,204	338	663	244	67	9,952
<b>Total revenues</b>	<b>372,230</b>	<b>22,505</b>	<b>27,050</b>	<b>176,926</b>	<b>61,567</b>	<b>238,646</b>	<b>34,704</b>	<b>917</b>	<b>934,545</b>
Expenses:									
Salaries, wages and employee benefits	5,624	148,081	14,623	30,267	76,359	102,937	5,998	4,471	388,360
Operating expenses	16,387	17,782	21,255	81,049	13,341	68,268	21,855	1,682	241,619
External transfers	622	9,342	142	5,024	52	104,702	31,811	6,514	158,209
Debt services	12,750	-	-	-	-	-	-	-	12,750
Amortization	6,717	10,155	27,668	27,168	2,999	3,771	7,466	-	85,944
<b>Total expenses:</b>	<b>42,100</b>	<b>185,360</b>	<b>63,688</b>	<b>143,508</b>	<b>92,751</b>	<b>279,678</b>	<b>67,130</b>	<b>12,667</b>	<b>886,882</b>
<b>Annual surplus (deficit)</b>	<b>\$ 330,131</b>	<b>\$ (162,855)</b>	<b>\$ (36,638)</b>	<b>\$ 33,418</b>	<b>\$ (31,184)</b>	<b>\$ (41,032)</b>	<b>\$ (32,426)</b>	<b>\$ (11,750)</b>	<b>\$ 47,663</b>

## THE REGIONAL MUNICIPALITY OF NIAGARA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

#### 18. Budget data:

The budget amounts presented in these consolidated financial statements are based upon the 2018 operating and capital budgets approved by Council on December 7, 2017. The chart below reconciles the approved budget to the budget amounts reported in these consolidated financial statements. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried out over one or more years. Where amounts were budgeted for on a project-oriented basis, the budget amounts used are based on actual projects that took place during the year to reflect the same basis of accounting that was used to report the actual results. In addition, to ensure comparability of expenses, the allocation of program support costs completed for actual reporting was also applied to the budget amounts.

	Budget Amount
<b>REVENUES</b>	
Operating	
Approved budget	\$ 934,235
Budget Amendments	1,160
Budget Adjustments	33,950
Expenses classified as revenue	(3,166)
Capital:	
Development charges	12,396
Grants and subsidies	27,510
Other contributions	4,816
Gain on sale of tangible capital assets	(1,295)
Less:	
Transfers from reserves	(32,835)
Proceeds on sale of tangible capital assets	(2,937)
<b>Total revenue</b>	<b>973,834</b>
<b>EXPENSES</b>	
Operating	
Approved budget	\$ 934,235
Budget Amendments	1,160
Budget Adjustments	33,950
Expenses classified as revenue	(3,166)
Add:	
Capital project cost resulting in operating expenses	9,033
Amortization	82,301
Employee future benefits	2,920
Landfill liability	(17,794)
Less:	
Operating expenses resulting in tangible capital assets	(1,794)
Transfers to reserves, including capital	(71,497)
Debt principal payments	(39,665)
<b>Total expenses</b>	<b>929,683</b>
<b>Annual surplus</b>	<b>\$ 44,151</b>

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

---

19. Comparative figures:

Certain prior year figures have been reclassified to conform to the consolidated financial statement presentation adopted in the current year.

# Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the  
Regional Municipality of Niagara

## Opinion

We have audited the financial statements of the Sinking Funds of the Regional Municipality of Niagara (the "Region"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the sinking funds of the Region as at December 31, 2018, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Region's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Region's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Region to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Region to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(To be signed Deloitte LLP)

Chartered Professional Accountants  
Licensed Public Accountants  
April \_\_, 2019

## THE REGIONAL MUNICIPALITY OF NIAGARA

### SINKING FUND STATEMENT OF FINANCIAL POSITION

As at December 31, 2018 (In thousands of dollars)

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash	\$ 169	\$ 252
Interest receivable	65	35
Due from operating fund	5	5
Investments (note 2)	13,960	11,873
	<u>14,199</u>	<u>12,165</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	4	4
Sinking fund requirements		
City of St. Catharines	1,665	1,431
The Regional Municipality of Niagara	12,265	10,540
	<u>13,934</u>	<u>11,975</u>
Accumulated surplus and net financial assets	<u>\$ 265</u>	<u>\$ 190</u>

*The accompanying notes are an integral part of these financial statements.*

## THE REGIONAL MUNICIPALITY OF NIAGARA

### SINKING FUND STATEMENT OF OPERATIONS AND CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>REVENUES</b>		
Contributions	\$ 1,512	\$ 1,512
Investment Income	528	457
<b>Total revenues</b>	<b>2,040</b>	<b>1,969</b>
<b>EXPENSES</b>		
Professional fees and dues	7	4
Provision for sinking fund requirements	1,958	1,891
<b>Total expenses</b>	<b>1,965</b>	<b>1,895</b>
Annual Surplus	75	74
Accumulated surplus and net financial assets, beginning of year	190	116
<b>Accumulated surplus and net financial assets, end of year</b>	<b>\$ 265</b>	<b>\$ 190</b>

*The accompanying notes are an integral part of these financial statements.*

## THE REGIONAL MUNICIPALITY OF NIAGARA

### SINKING FUND STATEMENT OF CASH FLOWS

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 75	\$ 74
Change in non-cash assets and liabilities:		
Interest receivable	(30)	3
Due from operating fund	-	3
Net change in cash from operating activities	45	80
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(2,087)	(1,920)
Net change in cash from investing activities	(2,087)	(1,920)
<b>FINANCING ACTIVITIES</b>		
Increase in sinking fund requirements	1,959	1,891
Net change in cash from financing activities	1,959	1,891
Net change in cash	(83)	51
Cash, beginning of year	252	201
Cash, end of year	\$ 169	\$ 252

The accompanying notes are an integral part of these financial statements

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO SINKING FUND FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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1. Significant accounting policies:

The financial statements of sinking funds of The Regional Municipality of Niagara (the "Region") are the representation of management prepared in accordance with Canadian public sector accounting standards.

The sinking fund is a separate fund maintained for the purpose of providing for the repayment of all sinking fund debt when it becomes due. The Region issued sinking fund debentures of \$78,079 payable on June 30, 2040 and bearing interest at the rate of 5.2% per annum. Included in the sinking fund debenture is \$9,333 borrowed on behalf of the City of St. Catharines, representing a proportionate share of 11.95%. Annual interest payments on the sinking fund debt are \$4,060.

Significant accounting policies adopted by the Region for the sinking funds are as follows:

(a) Basis of accounting:

The Region's sinking fund follows the accrual method of accounting for revenues and expenses.

(b) Sinking fund requirements:

The requirements of the sinking fund represent the amounts required which, together with interest compounded annually, will be sufficient to retire the related debentures at maturity. The requirements were calculated using a rate of 3.5% per annum.

(d) Investment income:

Investment income is reported as revenue in the period earned.

2. Investments:

The investments consist of municipal bonds and are carried at cost. At December 31, 2018 the investments have a market value of \$14,254 (2017 - \$12,856).

# Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of  
the Regional Municipality of Niagara

## Opinion

We have audited the financial statements of the trust funds of the Regional Municipality of Niagara (the "Region"), which comprise the statement of financial position as at December 31, 2018, and the statements of financial activities and change in fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the Region as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Region's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Region's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Region to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Region to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(To be signed Deloitte LLP)

Chartered Professional Accountants  
Licensed Public Accountants  
April \_\_, 2019

# THE REGIONAL MUNICIPALITY OF NIAGARA

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>ASSETS</b>		
Cash	\$ 249	\$ 274
Due from Regional Municipality of Niagara	709	650
Fund balance	\$ 958	\$ 924

*The accompanying notes are an integral part of these financial statements.*

## THE REGIONAL MUNICIPALITY OF NIAGARA

### TRUST FUNDS STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>REVENUE</b>		
Deposits from residents	\$ 492	\$ 487
Donations	227	183
	<u>719</u>	<u>670</u>
<b>EXPENSES</b>		
Expenditures for the benefit of residents	685	790
	<u>685</u>	<u>790</u>
Excess of revenues over expenses / (expenses over revenues)	34	(120)
Fund balance, beginning of year	924	1,044
	<u>958</u>	<u>924</u>
Fund balance, end of year	\$ 958	\$ 924

*The accompanying notes are an integral part of these financial statements.*

## THE REGIONAL MUNICIPALITY OF NIAGARA

### TRUST FUNDS STATEMENT OF CASH FLOWS

For the year ended December 31, 2018 (In thousands of dollars)

	2018	2017
<b>OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses / (expenses over revenues)	\$ 34	\$ (120)
Change in non-cash assets and liabilities		
Due from Regional Municipality of Niagara	(59)	(630)
Net change in cash from operating activities	(25)	(750)
Cash, beginning of year	274	1,024
Cash, end of year	\$ 249	\$ 274

*The accompanying notes are an integral part of these financial statements.*

# THE REGIONAL MUNICIPALITY OF NIAGARA

## NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

For the year ended December 31, 2018 (In thousands of dollars)

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1. Significant accounting policies:

These financial statements reflect the financial position, financial operations, and cash flows of funds held in trust by **The Regional Municipality of Niagara (“the Region”) for residents of the eight long-term care homes:**

- Gilmore Lodge
- Upper Canada Lodge
- Deer Park Villa
- Woodlands of Sunset
- Linhaven
- Rapelje Lodge
- Northland Point
- Meadows of Dorchester

These financial statements are the representation of management and are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

(a) Basis of Accounting:

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue. Expenses are recorded in the period the goods and services are acquired and a liability is incurred, or transfers are due.

(b) Uses of Estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

**Deloitte.**



**Regional Municipality of Niagara**  
Report to the Audit Committee on the  
2018 Audit



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March 29, 2019

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**Private and confidential**

Members of the Audit Committee  
Regional Municipality of Niagara  
1815 Sir Isaac Brock Way  
Thorold ON L2V 4T7

**Re: Report on audited annual financial statements**

Dear Audit Committee Members,

We are pleased to submit this report on the results of our audit of the consolidated financial statements of the Regional Municipality of Niagara (the "Region") for the 2018 fiscal year. This report summarizes the scope of our audit, our findings and reviews certain other matters that we believe to be of interest to you.

As agreed in our Master Services Agreement dated November 8, 2016, and the confirmation of changes letter dated January 30, 2019, we have performed audits of the following, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"):

- Consolidated financial statements of the Region as at, and for the year ended, December 31, 2018, prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS");
- Financial statements of Niagara Regional Housing ("NRH") as at, and for the year ended, December 31, 2018;
- Financial statements of the Regional Municipality of Niagara Trust Funds (the "Trust Funds") as at, and for the year ended, December 31, 2018;
- Financial statements of the Regional Municipality of Niagara Sinking Funds (the "Sinking Funds") as at, and for the year ended, December 31, 2018; and
- Various agencies, boards, commissions and programs (the "Programs") as at, and for the year ended, December 31, 2018.

Herein after, collectively referred to as the "Financial Statements".

We expect to issue our Independent Auditor's Reports on the financial statements of the Region, the Trust Funds, and the Sinking Funds upon approval of the financial statements and completion of the outstanding matters noted in this report.

Our audit was conducted in accordance with the audit plan dated August 13, 2018.

Regional Municipality of Niagara  
March 29, 2019  
Page 2

This report is intended solely for the information and use of the Regional Council through the Audit Committee, management and others within the Region, and is not intended to, and should not, be used by anyone other than these specified parties. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We would like to express our appreciation for the cooperation we received from management and the employees of the Region with whom we worked to discharge our responsibilities. We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,

***Original signed by Deloitte LLP***

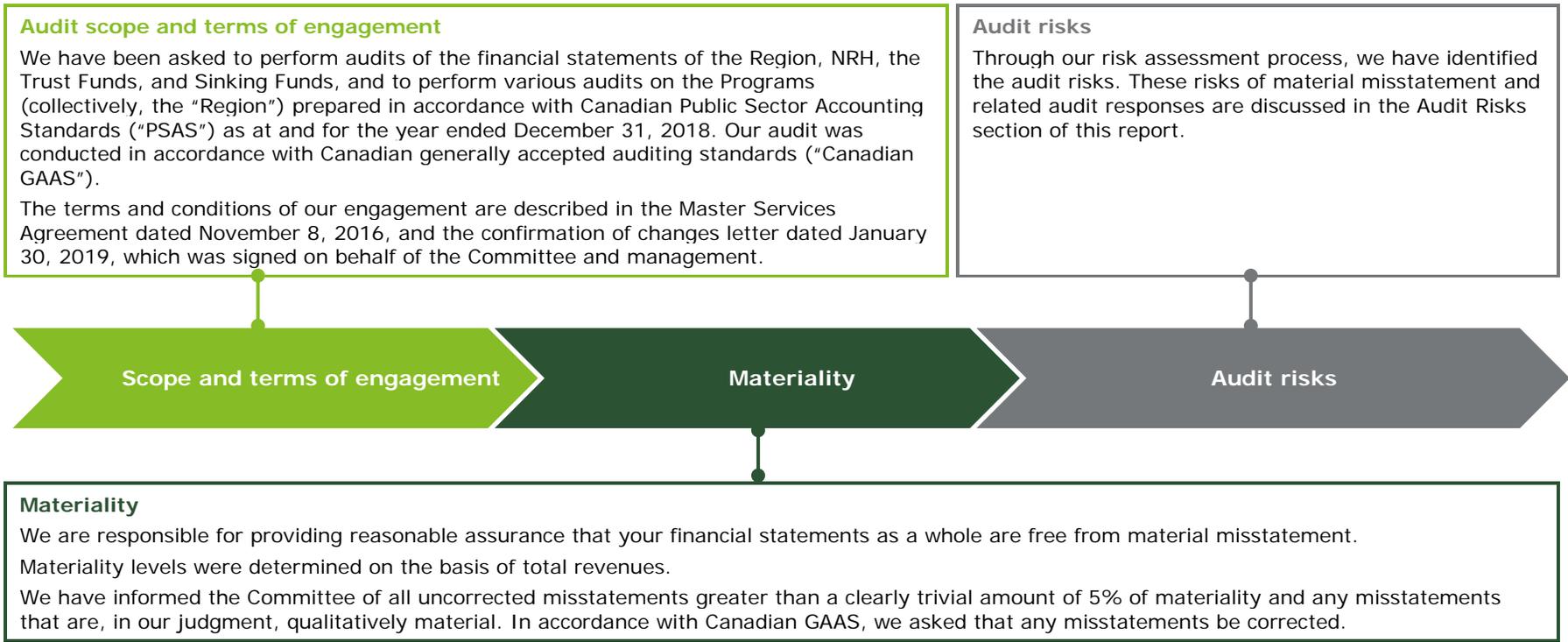
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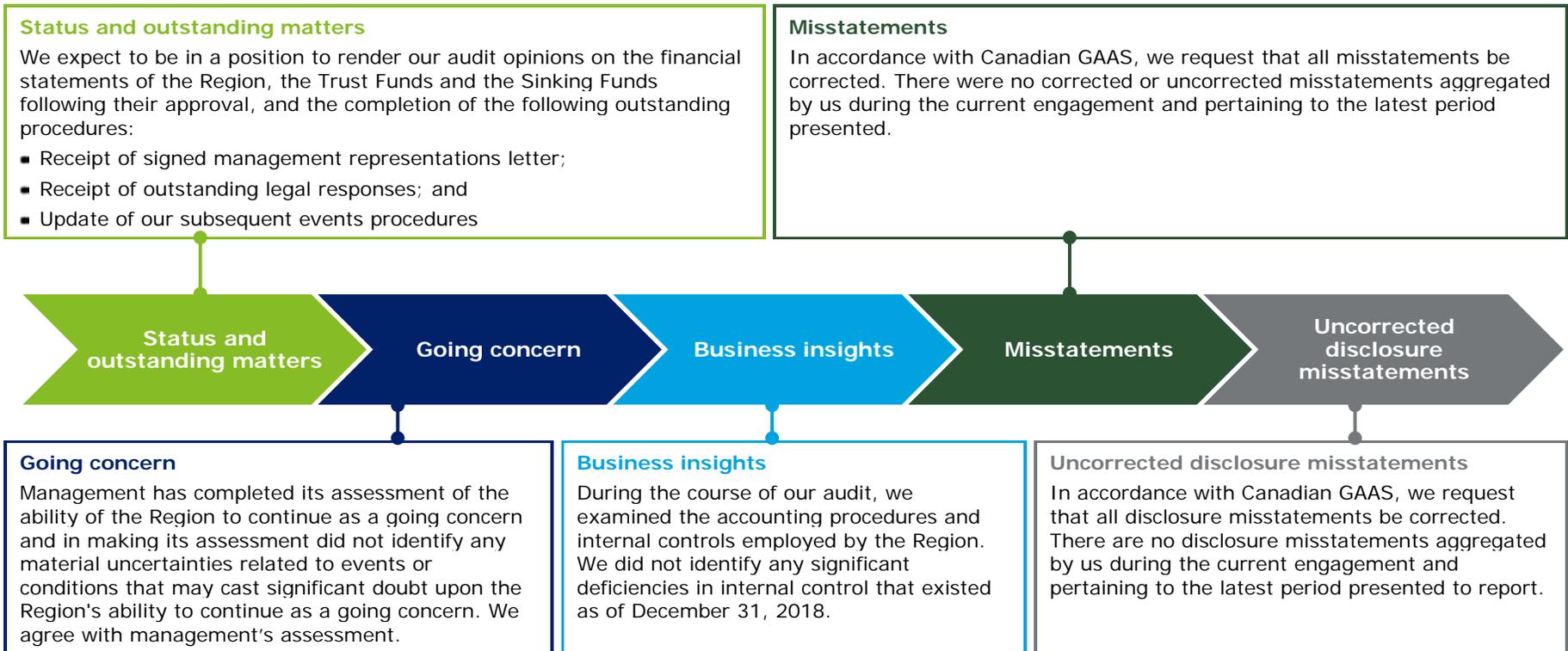
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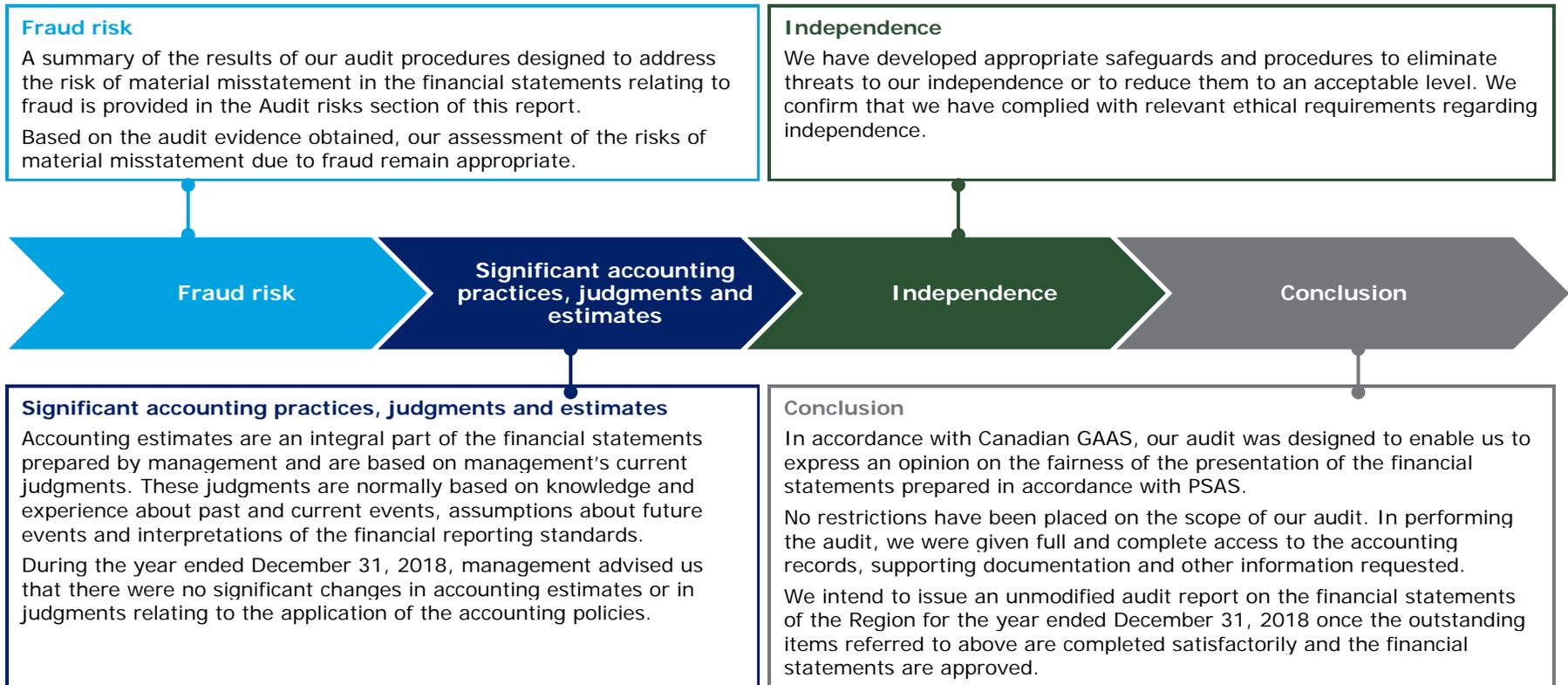
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# Our audit explained

This report summarizes the main findings arising from our audits.







# Audit risks

The areas of audit risk identified as part of our risk assessment, together with our responses and conclusions, are described below.

## Region of Niagara

### Revenue and deferred revenue amounts \*

#### Audit risk

Canadian Auditing Standards include the presumption of a fraud risk involving improper revenue recognition.

#### Our audit response

- Substantive testing to determine if restricted contributions (i.e., development charges, conditional grants, etc.) have been recognized as revenue in the appropriate period.

#### Audit results

No significant issues were noted as a result of this testing.

### Year-end cut-off

#### Audit risk

Determine if cut-off of revenues and expenses is appropriate.

#### Our audit response

- Substantive testing on accounts payable, accrued liabilities, deferred revenue and accounts receivable, and
- Test disbursements subsequent to year-end.

#### Audit results

No significant issues were noted as a result of this testing.

### Adoption of new accounting standards

#### Audit risk

Determine if balances and disclosures are appropriate and in accordance with newly adopted Public Sector Accounting Standards.

#### Our audit response

- Review management's process of identifying related parties, and review management's analysis of related party transactions and balances and determine if they are recorded in accordance with PS 2200
- Determine if Assets are properly recorded and disclosed in accordance with PS 3210
- Review management's process of identifying contingent assets and contractual rights and determine if they are properly disclosed in accordance with PS 3320 and PS 3380.

#### Audit results

No significant issues were noted as a result of this testing.

**Tangible capital assets**

**Risk identified**

Appropriate accounting and disclosure.

**Our audit response**

- Test assumptions used in determining completeness, valuation, recording and cut-off of additions and disposals, and
- Testing of calculations of amortization.

**Audit results**

No significant issues were noted as a result of this testing.

**Year-end accruals and other estimates (including salaries, employee future benefits, landfill closure and post-closure liability, contaminated sites and allowance for doubtful accounts)**

**Risk identified**

Estimates require management judgments and assumptions.

**Our audit response**

- Obtain documentation on management’s control over accounting estimates and assess risk;
- Review and assess the consistency of major assumptions used to develop significant accounting estimates;
- Compare actual historical experience to models employed in such calculations’
- Obtain calculations from experts for accruals such as employee future benefit liability and landfill liability, and assess assumptions and data used to prepare the report; and
- Review actual outcome of prior year estimates.

**Audit results**

No significant issues were noted as a result of this testing.

**Management override of controls\***

**Audit risk**

Management override of controls is a presumed area of risk in a financial statement audit due to management’s ability to override controls that otherwise appear to be operating effectively.

**Our audit response**

- Our audit tests the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of financial statements;
- We obtained an understanding of the business rationale for significant transactions that we become aware of that are outside of the normal course of business, or that otherwise appear to be unusual given our understanding of the Region and its environment;
- We reviewed accounting estimates for bias and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement;
- In addition, experienced Deloitte personnel were assigned to the testing and review of journal entries and areas of estimates; and
- Professional skepticism was maintained throughout the audit.

**Audit results**

Management has represented to us that they have not identified any fraud or illegal items and our audit procedures support this assessment.

**Niagara Regional Housing  
Tenant and other receivables/revenue\***

**Audit risk**

Canadian Auditing Standards include the presumption of a fraud risk involving improper revenue recognition. Valuation of tenant and other receivables.

**Our audit response**

- Review aging reports and estimate allowance for doubtful tenant receivables for reasonableness;
- Confirm subsidies received from the Service Manager; and
- Perform detail testing of tenant and other receivables and related revenue.

**Audit results**

No significant issues were noted as a result of this testing.

**Long-term debt**

**Audit risk**

Appropriate accounting and disclosure.

**Our audit response**

- Confirm long-term debt balances; and
- Recalculate interest.

**Audit results**

No significant issues were noted as a result of this testing.

\*These areas have been identified as areas of significant risk.

# Significant accounting practices, judgments and estimates

The accounting policies of the Region are set out in Note 1 of the financial statements.

In the course of our audit of the financial statements, we considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability and understandability of the information included in the financial statements.

## Significant accounting policies

During the year ended December 31, 2018 the Region adopted the following new accounting standards:

- PS 2200 Related parties
- PS 3420 Inter-entity transactions
- PS 3210 Assets
- PS 3320 Contingent assets
- PS 3380 Contractual rights

There was no impact to the Region's financial statements as a result of the adoption of these standards.

## Management judgment and accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. These judgments are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.

During the year ended December 31, 2018, management advised us that there were no significant changes in accounting estimates or in judgments relating to the application of the accounting policies.

# Other reportable matters

The following summarizes the status and findings of key aspects of our audit. In the appendices to this report, we have provided additional information related to certain matters we committed to report to the Committee as part of the audit plan.

	<b>Comment</b>
<b>Changes to the audit plan</b>	The audit was conducted in accordance with our audit plan, which was communicated to the Committee. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan.
<b>Significant difficulties encountered in performing the audit</b>	We did not encounter any significant difficulties while performing the audit. There was not an unnecessarily brief timetable in which to complete the audit.
<b>Related party transactions</b>	Related party transactions or balances have been properly disclosed in the financial statements. We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments by management concerning measurement or disclosure.
<b>Disagreements with management</b>	During the course of our audit, there were no disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
<b>Consultation with other accountants</b>	Management has informed us that the Region has not consulted with other accountants about auditing or accounting matters.
<b>Legal and regulatory compliance</b>	Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the Region.
<b>Post-balance sheet events</b>	At the date of finalizing this report, we are not aware of any significant post balance sheet events.

# Appendix 1 – Communication requirements

The table below summarizes our communication requirements under Canadian GAAS and other communications that we believe would help us achieve an effective audit. We confirm that all required communications have been reported in our audit service plan and year end communication.

Required communication	Reference
<b>Audit service plan</b>	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	Master services agreement dated November 8, 2016, and the confirmation of changes letter dated January 30, 2019
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks, and</li> <li>c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk.</li> <li>d. Names, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit.</li> </ul>	Audit service plan dated August 13, 2018
3. Significant transactions outside of the normal course of business, including related party transactions	None noted
<b>Year end communication</b>	
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	No issues noted
5. Fraud or possible fraud identified through the audit process	None noted
6. Whether the Region is in compliance with laws and regulations	No issues noted
7. Significant accounting policies, practices, unusual transactions, and our related conclusions	Significant accounting practices, judgments and estimates section

Required communication	Reference
8. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	Significant accounting practices, judgments and estimates section
9. Matters related to going concern	Page 2 of this report
10. Management judgments and accounting estimates	Significant accounting practices, judgments and estimates section
11. Significant difficulties, if any, encountered during the audit	Other reportable matters section
12. Material written communications between management and us, including management representation letters	Master services agreement dated November 8, 2016, confirmation of changes letter dated January 30, 2019, audit service plan dated August 13, 2018, and Management representation letter – Appendix 3
13. Other matters that are significant to the oversight of the financial reporting process	None
14. Modifications to our opinion	None
15. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	None
16. Significant matters discussed with management	None
17. Illegal or possibly illegal acts that come to our attention	None noted
18. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	None noted.
19. Uncorrected misstatements and disclosure items	None noted
20. Any significant matters arising during the audit in connection with the Region's related parties	None noted

# Appendix 2 – Independence letter

March 29, 2019

## **Private and confidential**

The Members of the Audit Committee  
Regional Municipality of Niagara  
1815 Sir Isaac Brock Way  
Thorold ON L2V 4T7

Dear Audit Committee Members,

We have been engaged to audit the consolidated financial statements of Regional Municipality of Niagara (the “Region”) for the year ended December 31, 2018.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Region, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/ordre and applicable legislation, covering such matters as:

- a. Holding a financial interest, either directly or indirectly, in a client
- b. Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client
- c. Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client
- d. Economic dependence on a client, and
- e. Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since our appointment as your auditors.

We are not aware of any relationships between the Deloitte entities (defined as the Member Firms of Deloitte Touche Tohmatsu Limited and their respective affiliates) and the Region, its affiliates, or persons in financial reporting oversight roles at the Region and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from April 20, 2018 to March 29, 2019.

We hereby confirm that we are independent with respect to the Region in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario as of March 29, 2019.

This letter is intended solely for the use of the Committee, management, and others within the Region.

Yours truly,

***Original signed by Deloitte LLP***

Chartered Professional Accountants  
Licensed Public Accountants

# Appendix 3 – Draft management representation letter

## [Region letterhead]

May 16, 2019

### **Private and confidential**

Deloitte LLP  
25 Corporate Park Drive  
3rd Floor  
St. Catharines, ON L2S 3W2

Dear Mr. Trevor Ferguson:

**Subject:** Consolidated financial statements of the Regional Municipality of Niagara for the year ended December 31, 2018

This representation letter is provided in connection with the audit by Deloitte LLP (“Deloitte” or “you”) of the consolidated financial statements of the Regional Municipality of Niagara (the “Region” or “we” or “us”) for the year ended December 31, 2018, and a summary of significant accounting policies and other explanatory information (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Region in accordance with Public Sector Accounting Standards (“PSAS”).

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### **Financial statements**

1. We have fulfilled our responsibilities as set out in the terms of the Master Services Agreement between the Region and Deloitte dated November 8, 2016 and amended January 30, 2019 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Region as at December 31, 2018 and the results of its operations and cash flows for the years then ended in accordance with PSAS.

2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.  
In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Region has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements. The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2018 that require adjustment to the estimates and disclosures included in the Financial Statements.  
There are no changes in management's method of determining significant estimates in the current year.
3. The Region has identified all related parties in accordance with Section PS 2200, Related Party Disclosures ("PS 2200"). Management has made the appropriate disclosures with respect to its related party transactions in accordance with PS 2200
4. We have determined that the Financial Statements are complete as of date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after December 31, 2018 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
6. The Financial Statements are free of material errors and omissions.

#### **Internal Controls**

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

#### **Information provided**

9. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
  - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and,
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

10. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
11. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
12. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the Financial Statements.
13. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Region.
14. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies financial reporting practices and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
15. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.
16. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.

#### **Independence matters**

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

17. Prior to the Region having any substantive employment conversations with a former or current Deloitte engagement team member, the Region has held discussions with Deloitte and obtained approval from the Audit Committee.
18. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit Committee in accordance with its established approval policies and procedures.

#### **Other matters**

19. The Region has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
20. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.

21. We have disclosed to you, and the Region has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
22. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

**Selection of accounting policies and recording of transactions**

23. The Region's accounting policies and their method of application have been applied on a basis consistent with that of the audited consolidated financial statements as at and for the year ended December 31, 2018.

**Work of management's experts**

24. We agree with the work of management's experts in evaluating the landfill liability and employee future benefits liability, and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to management's experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

**Plans or intentions affecting carrying value/classification of assets and liabilities**

25. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

**Loans and receivables**

26. The Region is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.
27. We have identified to you all forgivable loans and loans with concessionary terms and have appropriately reflected these instruments in the financial statements.

**Investments**

28. With regard to the Region's investments, we have disclosed to you any events that have occurred and facts that have been discovered with respect to such investment that would indicate any other than temporary impairment of the investment's value.

**Employee future benefits**

29. Employee future benefit costs, assets, and obligations have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, liabilities and costs for financial accounting purposes are appropriate in the circumstances.

30. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan, or taking any other action that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.
31. We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.
32. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.

**Liabilities for contaminated sites**

33. We have evaluated all of our tangible capital assets that we own or accept responsibility, and have not identified any sites in which contamination exceeds an environmental standard.

**Various matters**

34. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
  - a. Economic dependence on another party
  - b. Losses arising from sale and purchase commitments
  - c. Agreements to buy back assets previously sold
  - d. Provisions for future removal and site restoration costs
  - e. Financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure
  - f. Sales with recourse provisions
  - g. Sales incentives, including cash consideration provided to customers and vendor rebates
  - h. Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements
  - i. All impaired loans receivable
  - j. Loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

Yours truly,

**Regional Municipality of Niagara**

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Ron Tripp  
Chief Administrative Officer

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Todd Harrison  
Commissioner of Enterprise Recourse Management Services

# Appendix 4 – Deloitte Resources a click away

At Deloitte, we are devoted to excellence in the provision of professional services and advice, always focused on client service. We have developed a series of resources, which contain relevant and timely information.

<input type="checkbox"/> Canada's Best Managed Companies <a href="http://www.bestmanagedcompanies.ca">www.bestmanagedcompanies.ca</a>	<ul style="list-style-type: none"> <li>▪ Directors</li> <li>▪ CEO/CFO</li> </ul>	<p>The Canada's Best Managed Companies designation symbolizes Canadian corporate success: companies focused on their core vision, creating stakeholder value and excelling in the global economy.</p>
<input type="checkbox"/> Centre for financial reporting <a href="http://www.cfr.deloitte.ca">www.cfr.deloitte.ca</a>	<ul style="list-style-type: none"> <li>▪ Directors</li> <li>▪ CEO/CFO</li> <li>▪ Controller</li> <li>▪ Financial reporting team</li> </ul>	<p>Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.</p>
<input type="checkbox"/> Financial Reporting Insights <a href="http://www.iasplus.com/fri">www.iasplus.com/fri</a>	<ul style="list-style-type: none"> <li>▪ CFO</li> <li>▪ Controller</li> <li>▪ Financial reporting team</li> </ul>	<p>Monthly electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.</p>
<input type="checkbox"/> On the board's agenda	<ul style="list-style-type: none"> <li>▪ Directors</li> <li>▪ CEO/CFO</li> </ul>	<p>Bi-monthly publication examining a key topic in detail, including the perspectives of a Deloitte professional with deep expertise in the subject matter as well as the views of an experienced external director.</p>
<input type="checkbox"/> State of change <a href="http://www.iasplus.com/StateOfChange">www.iasplus.com/StateOfChange</a>	<ul style="list-style-type: none"> <li>▪ CFO</li> <li>▪ VP Finance</li> <li>▪ Controller</li> <li>▪ Financial reporting team</li> </ul>	<p>Bi-monthly newsletter providing insights into key trends, developments, issues and challenges facing the not-for-profit sector in Canada, with a Deloitte point of view.</p>
<input type="checkbox"/> Deloitte Financial Reporting Update <a href="http://www.deloitte.com/ca/update">www.deloitte.com/ca/update</a>	<ul style="list-style-type: none"> <li>▪ CFO</li> <li>▪ VP Finance</li> <li>▪ Controller</li> <li>▪ Financial reporting team</li> </ul>	<p>Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.</p>



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