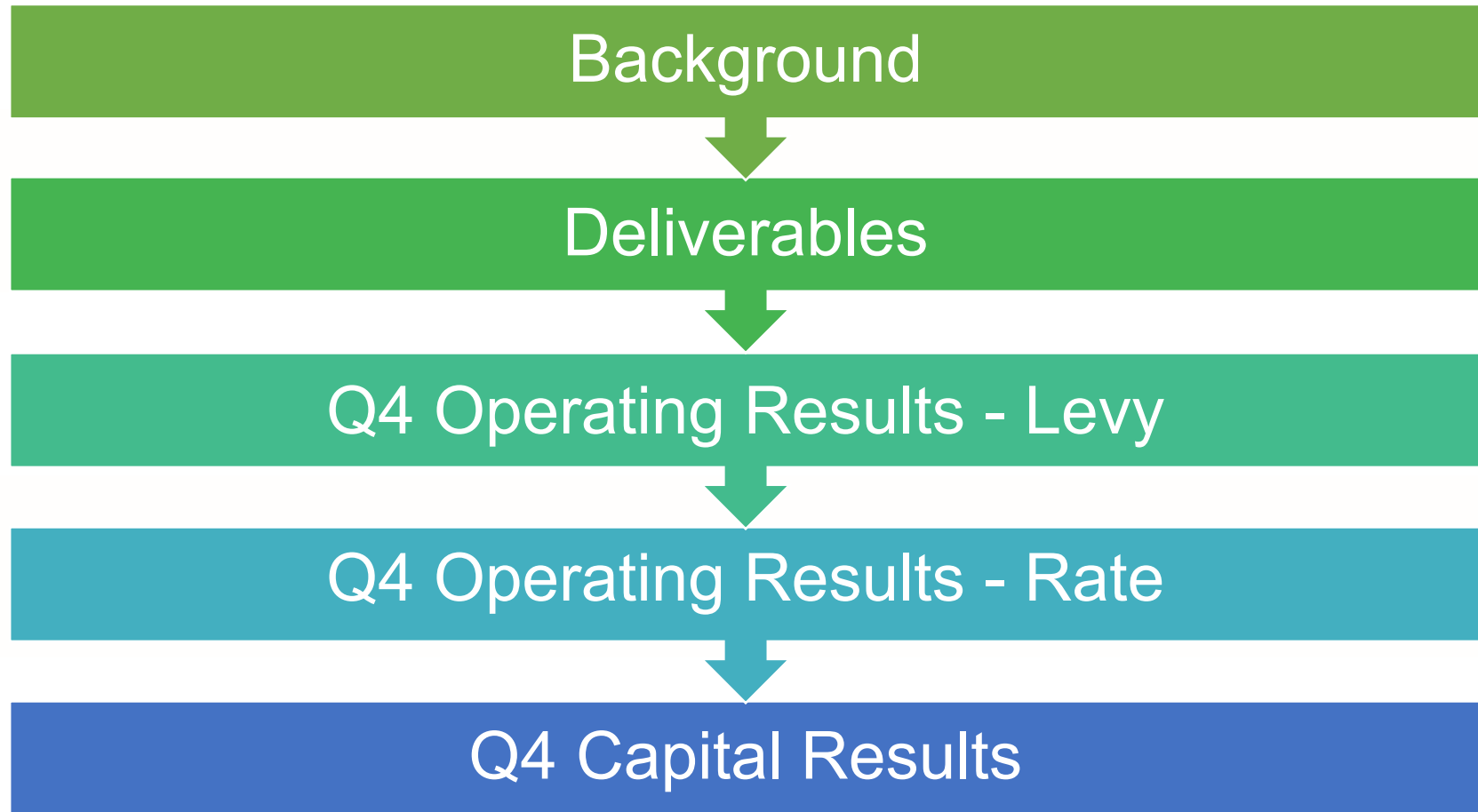


Q4 2019 Financial Results

Corporate Services Committee

March 11, 2020

Agenda

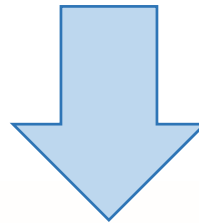


Background

Policies that guide our **financial strategy** and how we allocate resources:

Budget Planning By-Law

Capital Financing Policy



Policies that guide our **financial reporting** requirements:

Budget Control By-Law

Reserve and Reserve Fund Policy

Operating Surplus / Deficit Policy

Financial Reporting and Forecasting Policy

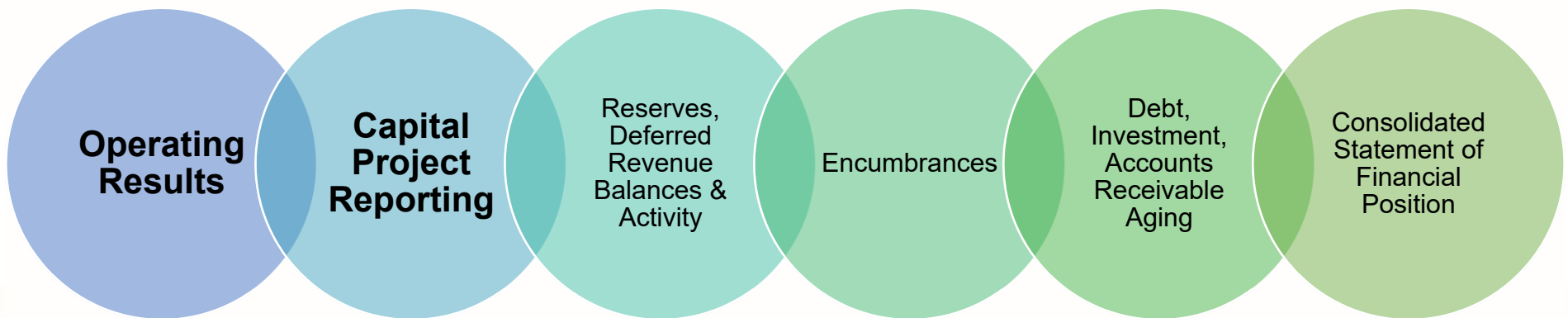
Deliverables

Q4 2019 Financial Update is available on the Niagara Region's external website:

[December 2019 Financial Report](https://www.niagararegion.ca/business/finance/quarterly-reports/default.aspx)

(<https://www.niagararegion.ca/business/finance/quarterly-reports/default.aspx>)

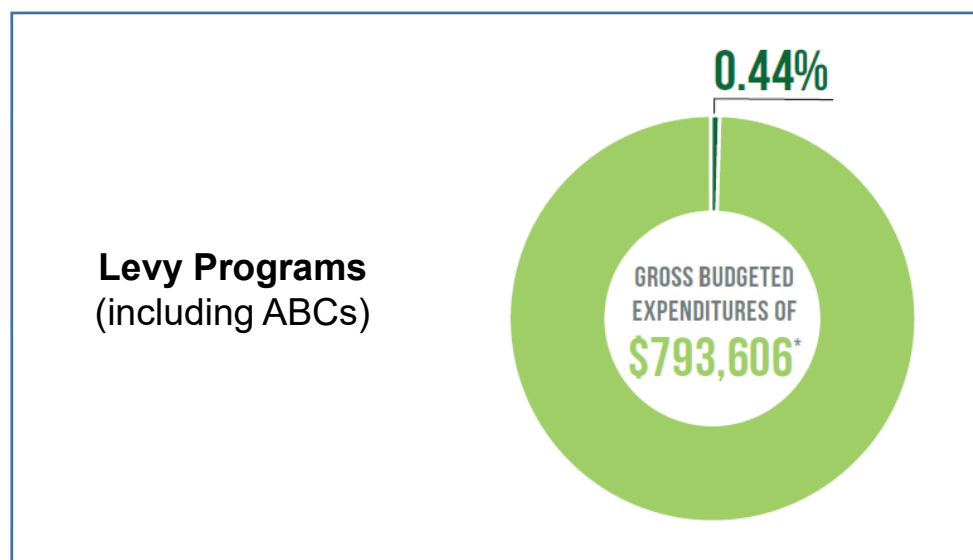
The report contains information on:



Q4 Summary Results

Levy

(in thousands)	Surplus Before Indirect Allocations		Surplus After Indirect Allocations	
Levy no ABCs	\$	1,450	\$	878
ABCs	\$	1,895	\$	2,575
Total Levy	\$	3,345	\$	3,453



* Includes transfer, intercompany charges and indirect allocations

Financial Results of ABCs

NRPS

GROSS BUDGETED EXPENDITURES OF **\$180,120***



NRH

GROSS BUDGETED EXPENDITURES OF **\$65,448***



COURT SERVICES

GROSS BUDGETED EXPENDITURES OF **\$6,135***



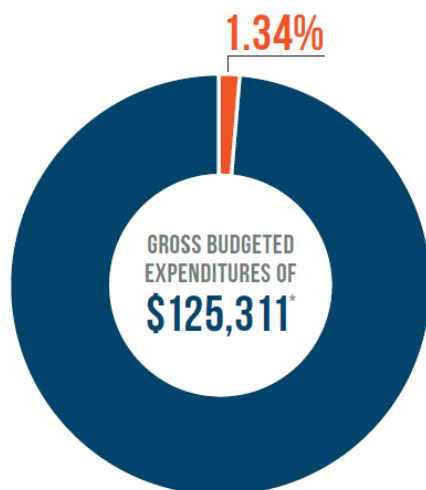
Q4 Summary Results

Rate

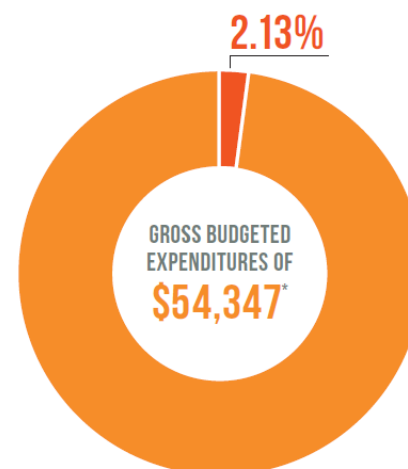
(in thousands)	Deficit Before Indirect Allocations	Deficit After Indirect Allocations
Water and Wastewater	\$ (1,497)	\$ (1,684)
Waste Management	\$ (1,236)	\$ (1,156)
Total Rate Supported Programs	\$ (2,733)	\$ (2,840)



Water and Wastewater



Waste Management



* Includes transfer, intercompany charges and indirect allocations

Q4 Results By Department

(in thousands)	Surplus / (Deficit) (before indirect allocations)	Surplus / (Deficit) (after indirect allocations)	Percentage of Gross Budget
Regional Departments			
Governance	\$ 216	\$ 222	
General Government	\$ (5,372)	\$ (5,373)	
Corporate Administration	\$ 1,079	\$ 976	
ERMS	\$ 1,580	\$ (0)	
Corporate Services	\$ 1,566	\$ 243	
Community Services	\$ (236)	\$ 1,413	
Public Health & Emergency Services	\$ (2,586)	\$ (2,243)	
Public Works - Transportation	\$ 5,115	\$ 5,395	
Planning & Development	\$ 88	\$ 244	
Total Regional Departments	\$ 1,450	\$ 878	0.16%
Agencies, Boards and Commissions (ABCs)			
Court Services	\$ 368	\$ 444	7.24%
NRH	\$ 1,185	\$ 1,327	2.03%
NRPS	\$ 342	\$ 798	0.44%
NPCA	\$ (0)	\$ 6	0.13%
Total ABCs	\$ 1,895	\$ 2,575	1.01%
Total Levy Supported Programs	\$ 3,345	\$ 3,453	0.44%
Water and Wastewater	\$ (1,497)	\$ (1,684)	1.34%
Waste Management	\$ (1,236)	\$ (1,156)	2.13%
Total Rate Supported Programs	\$ (2,733)	\$ (2,840)	1.58%

Levy

Regional Departments

(in thousands)	Surplus / (Deficit) (before indirect allocations)		Surplus / (Deficit) (after indirect allocations)		Percentage of Gross Budget
Regional Departments and General Government	\$	1,450	\$	878	0.16%
ABC's	\$	1,895	\$	2,575	1.01%
Total Levy Supported Programs	\$	3,345	\$	3,453	0.44%

Factors impacting Regional Departments (Surplus of +\$878):

- Labour related costs (+\$3,467), offset by WSIB costs (-\$1,084)
- Supplemental tax revenue (+\$2,313)
- NRT revenue - revised fare agreements (+\$1,218)
- NRT services – delayed rollout in West Niagara services (+\$1,904)
- Development Charge grants (-\$3,083)
- Change in legal liability (-\$4,832)

Major factors driving results at Q3 were included in the 2020 budget where applicable

Levy ABCs

(in thousands)	Surplus / (Deficit) (before indirect allocations)	Surplus / (Deficit) (after indirect allocations)	Percentage of Gross Budget
Agencies, Boards and Commissions (ABCs)			
Court Services	\$ 368	\$ 444	7.24%
NRH	\$ 1,185	\$ 1,327	2.03%
NRPS	\$ 342	\$ 798	0.44%
NPCA	\$ (0)	\$ 6	0.13%
Total ABCs	\$ 1,895	\$ 2,575	1.01%

Factors impacting ABCs (Surplus of +\$2,575):

- NRH – Subsidy payments to providers and rent supplement (+\$1,825), rental revenue (+\$526) repairs and maintenance (-\$1,117)
- Court Services – Labour related costs (+\$404), increased revenues (+\$285) offset by higher distribution to LAMs (-\$444), sale of surplus lands (+\$215)
- NRPS – Compensation (+\$364), Provincial funding (\$356), other revenue (+\$282)

Major factors driving results at Q3 were included in the 2020 budget where applicable

Rate

Water & Wastewater

(in thousands)	Deficit Before Indirect Allocations	Deficit After Indirect Allocations	Percentage of Gross Budget
Water and Wastewater	\$ (1,497)	\$ (1,684) ←	1.34%
Waste Management	\$ (1,236)	\$ (1,156)	2.13%
Total Rate Supported Programs	\$ (2,733)	\$ (2,840)	1.58%


Factors Impacting Water & Wastewater (Deficit of **-\$1,684**):

- R&M (inclusive of emergency repairs) (**-\$2,215**)
- Water sales (**-\$1,013**)
- Increased admin costs (**-\$574**)
- Chemical costs (**-\$318**)
- Utilities (**+\$1,447**)
- Consulting (**+\$508**)
- Sludge disposal (**+\$372**)
- Compensation (**+\$327**)

Major factors driving results at Q3 were included in the 2020 budget where applicable

Rate

Waste Management

(in thousands)	Deficit Before Indirect Allocations	Deficit After Indirect Allocations	Percentage of Gross Budget
Water and Wastewater	\$ (1,497)	\$ (1,684)	1.34%
Waste Management	\$ (1,236)	\$ (1,156) 	2.13%
Total Rate Supported Programs	\$ (2,733)	\$ (2,840)	1.58%

Factors Impacting Waste Management (Deficit of \$1,156):

- Decrease in **net** recycling sales as a result of lower commodity prices **(-\$2,404)**
- Issuance of liquidated damages on collection contract **(+\$360)**
- Environmental monitoring savings **(+\$243)**
- Consulting **(+\$198)**

Major factors driving results at Q3 were included in the 2020 budget where applicable

Year End Transfer Recommendations

Levy Summary

(in thousands)	Surplus / (Deficit)	Year End Transfer Recommendation	
		Allocate to Taxpayer Relief	Allocate to Other Reserve
Regional Departments and General Government	\$ 878	\$ 878	\$ -
ABC's			
Court Services	\$ 444	\$ 444	\$ -
NRH	\$ 1,327	\$ 141	\$ 1,185
NRPS	\$ 798	\$ 457	\$ 342
NPCA	\$ 6	\$ 6	\$ -
Total for Levy Supported Programs	\$ 3,453	\$ 1,925	\$ 1,527

Allocations to other reserves of \$1,527 are as follows:

- \$204 to Police Contingency
- \$89 to Police Services Board Contingency
- \$48 to Ontario Police Video Training Alliance (OPVTA)
- \$605 to Niagara Regional Housing Reserve
- \$580 to NRH Owned Units

Allocation of \$1,925 to Taxpayer Relief includes \$177 designated for SNIP in the 2020 budget

Stabilization Reserve Targets

Target per Policy is 10% to 15% of operating expenses

Balances below target impact the ability to manage operational risks

(in thousands)	Reserve Balance		Reserve Target Balance		Conclusion
	Before Year End	After Year End	Low (10%)	High (10%)	
Taxpayer Relief (*)	\$ 21,831	\$ 23,756	\$55,968	\$83,952	Underfunded
Water Stabilization	\$ 3,492	\$ 2,985	\$2,359	\$3,539	Sufficiently Funded
Wastewater Stabilization	\$ 3,025	\$ 1,848	\$6,342	\$9,513	Underfunded
Waste Management Stabilization	\$ 7,200	\$ 6,044	\$5,085	\$7,628	Sufficiently Funded
Police Contingency	\$ 250	\$ 454	Assessed by NRPS		
Police Services Board Contingency	\$ 153	\$ 242			

* - Niagara Region considers all levy gross expenditures, excluding ABCs, when setting targets for Taxpayer Relief Reserve

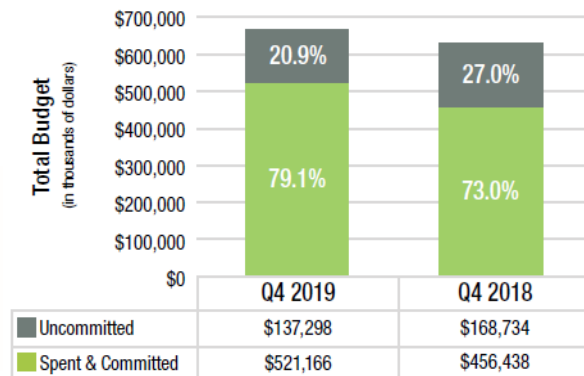
Capital Project Status

Projects with budgets greater than \$1M

LEVY

PROJECT BUDGETS SPENT AND/OR COMMITTED AT QUARTER END

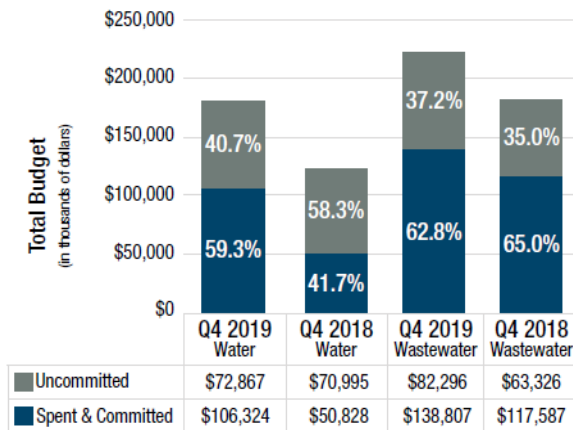
Total projects with budgets greater than \$1M.



WATER & WASTEWATER

PROJECT BUDGETS SPENT AND/OR COMMITTED AT QUARTER END

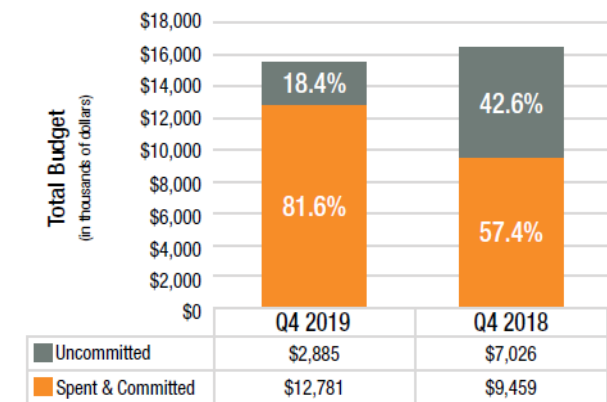
Total projects with budgets greater than \$1M.



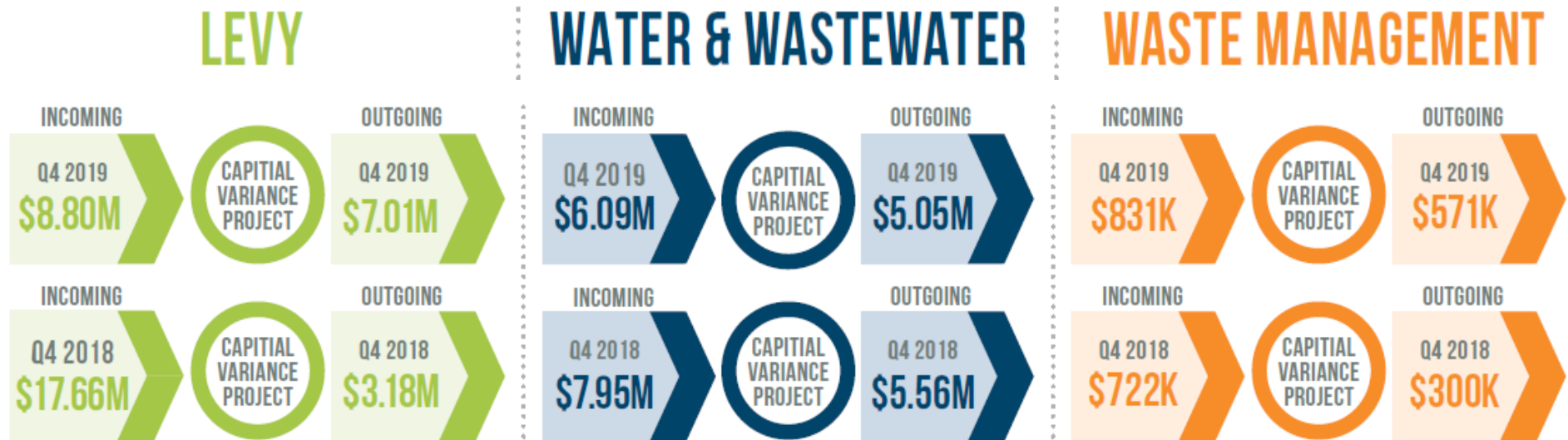
WASTE MANAGEMENT

PROJECT BUDGETS SPENT AND/OR COMMITTED AT QUARTER END

Total projects with budgets greater than \$1M.



Capital Project Variances



As of Q4 2019, **\$8.4M** has been made available for future capital
\$5.1M of this amount has been **committed to the 2020 capital budget**

Questions?

Melanie Steele
Associate Director, Reporting & Analysis