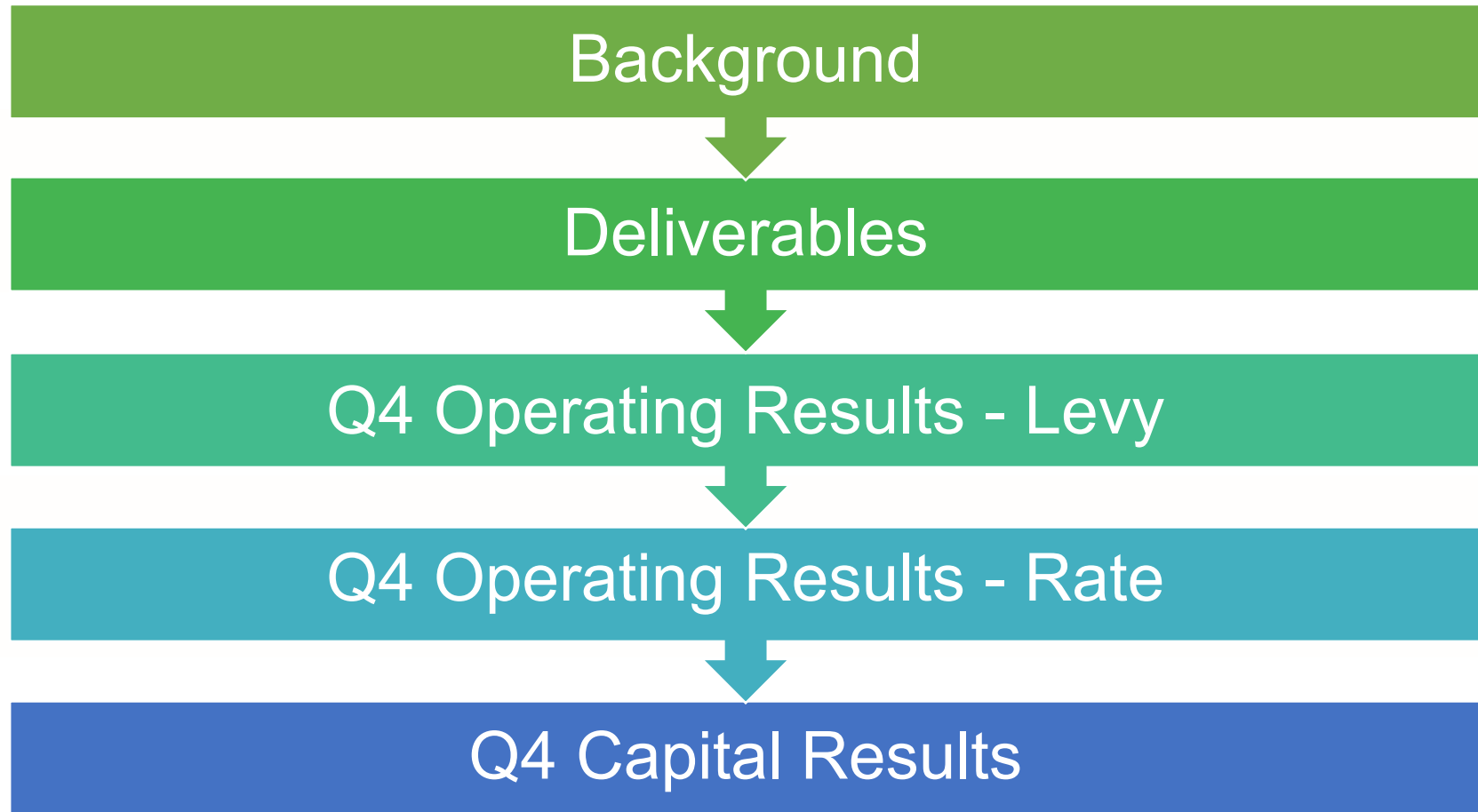


# Q4 2019 Financial Results

Corporate Services Committee

March 11, 2020

# Agenda

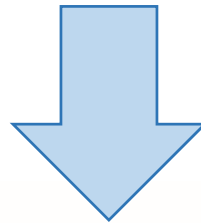


# Background

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

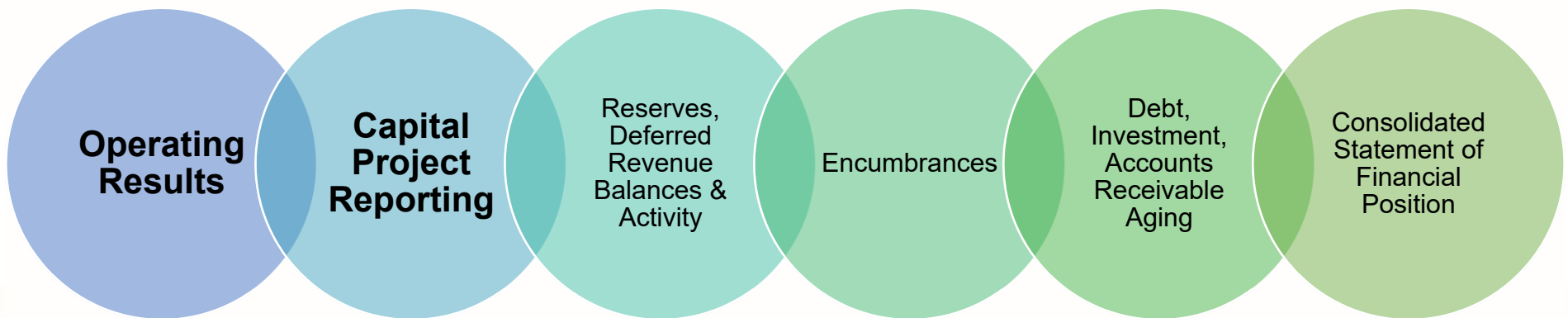
# Deliverables

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>)

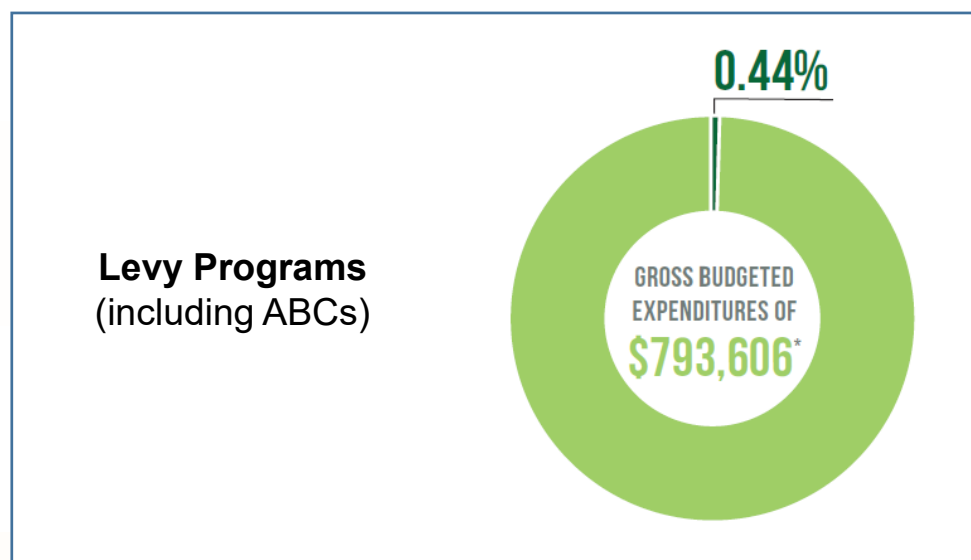
The report contains information on:



# 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
<b>Total Levy</b>	<b>\$</b>	<b>3,345</b>	<b>\$</b>	<b>3,453</b>



\* 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\***



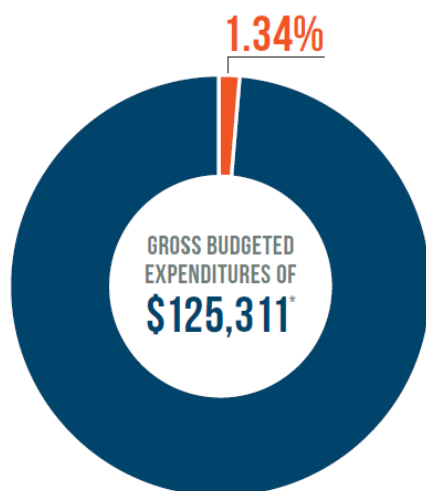
# Q4 Summary Results

## Rate

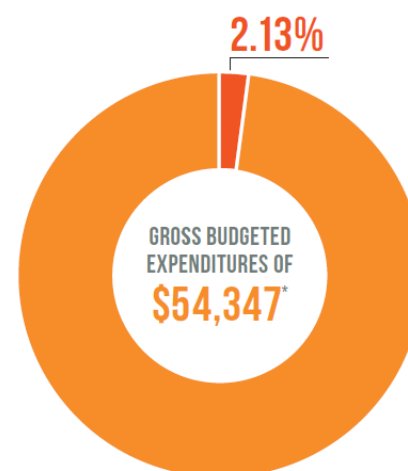
(in thousands)	Deficit Before Indirect Allocations	Deficit After Indirect Allocations
Water and Wastewater	\$ (1,497)	\$ (1,684)
Waste Management	\$ (1,236)	\$ (1,156)
<b>Total Rate Supported Programs</b>	<b>\$ (2,733)</b>	<b>\$ (2,840)</b>



### 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
<b>Regional Departments</b>			
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	
<b>Total Regional Departments</b>	<b>\$ 1,450</b>	<b>\$ 878</b>	<b>0.16%</b>
<b>Agencies, Boards and Commissions (ABCs)</b>			
Court Services	\$ 368	\$ 444	7.24%
NRH	\$ 1,185	\$ 1,327	2.03%
NRPS	\$ 342	\$ 798	0.44%
NPCA	\$ (0)	\$ 6	0.13%
<b>Total ABCs</b>	<b>\$ 1,895</b>	<b>\$ 2,575</b>	<b>1.01%</b>
<b>Total Levy Supported Programs</b>	<b>\$ 3,345</b>	<b>\$ 3,453</b>	<b>0.44%</b>
Water and Wastewater	\$ (1,497)	\$ (1,684)	1.34%
Waste Management	\$ (1,236)	\$ (1,156)	2.13%
<b>Total Rate Supported Programs</b>	<b>\$ (2,733)</b>	<b>\$ (2,840)</b>	<b>1.58%</b>

# 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%
<b>Total Levy Supported Programs</b>	<b>\$</b>	<b>3,345</b>	<b>\$</b>	<b>3,453</b>	<b>0.44%</b>

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
<b>Agencies, Boards and Commissions (ABCs)</b>			
Court Services	\$ 368	\$ 444	7.24%
NRH	\$ 1,185	\$ 1,327	2.03%
NRPS	\$ 342	\$ 798	0.44%
NPCA	\$ (0)	\$ 6	0.13%
<b>Total ABCs</b>	<b>\$ 1,895</b>	<b>\$ 2,575</b>	<b>1.01%</b>

## 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%
<b>Total Rate Supported Programs</b>	<b>\$ (2,733)</b>	<b>\$ (2,840)</b>	<b>1.58%</b>


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%
<b>Total Rate Supported Programs</b>	<b>\$ (2,733)</b>	<b>\$ (2,840)</b>	<b>1.58%</b>

### 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
<b>Regional Departments and General Government</b>	\$ 878	\$ 878	\$ -
<b>ABC's</b>			
Court Services	\$ 444	\$ 444	\$ -
NRH	\$ 1,327	\$ 141	\$ 1,185
NRPS	\$ 798	\$ 457	\$ 342
NPCA	\$ 6	\$ 6	\$ -
<b>Total for Levy Supported Programs</b>	<b>\$ 3,453</b>	<b>\$ 1,925</b>	<b>\$ 1,527</b>

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

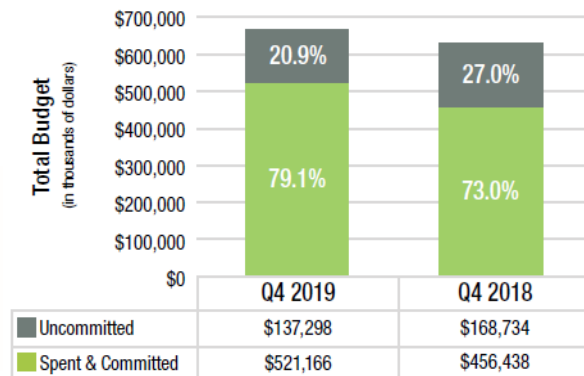
# Capital Project Status

## Projects with budgets greater than \$1M

### LEVY

PROJECT BUDGETS SPENT AND/OR COMMITTED AT QUARTER END

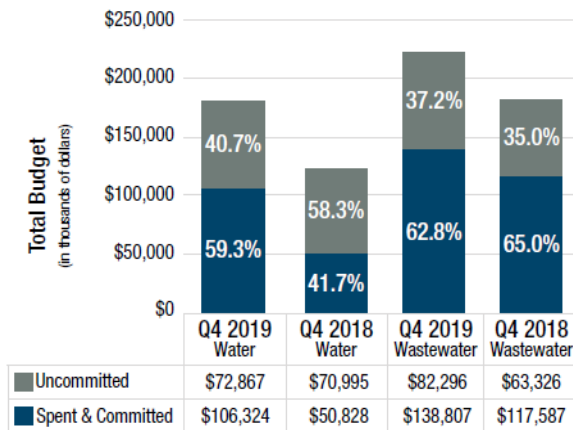
Total projects with budgets greater than \$1M.



### WATER & WASTEWATER

PROJECT BUDGETS SPENT AND/OR COMMITTED AT QUARTER END

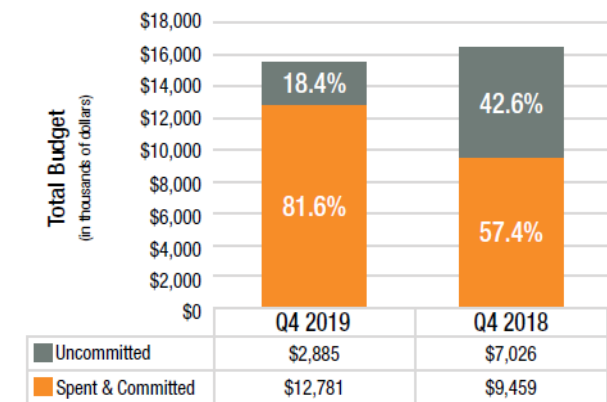
Total projects with budgets greater than \$1M.



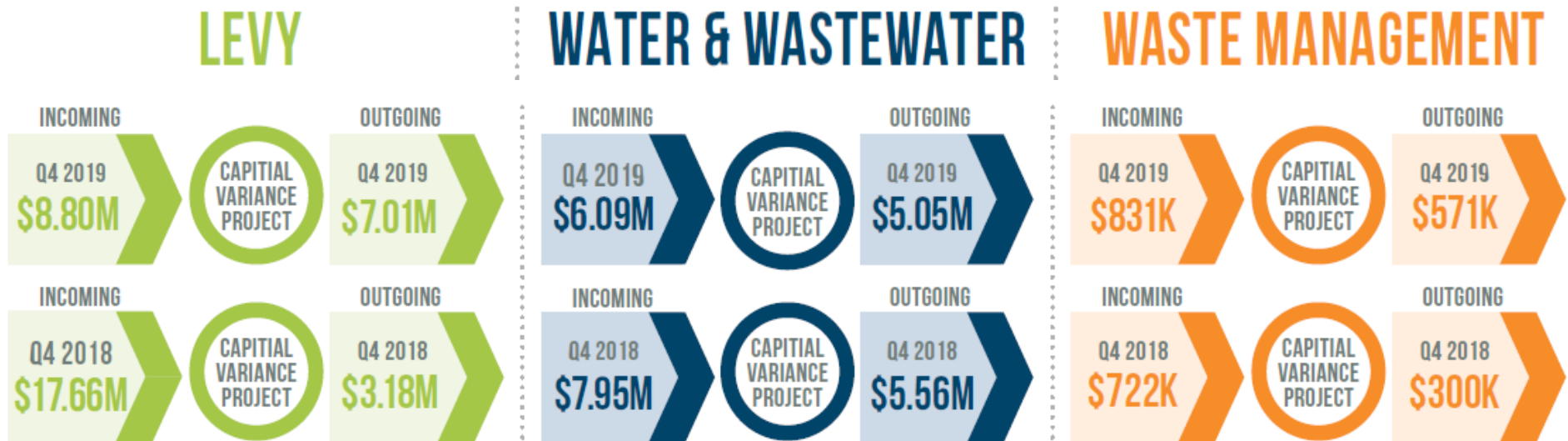
### WASTE MANAGEMENT

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