



Niagara  Region

# 2019

2019 Consolidated Financial  
Statement Highlights

Corporate Services Committee  
May 13, 2020

# Agenda

Year-end Overview



Consolidated Financial Statement Highlights



Audit Findings Report



Next Steps

# Year End Overview

Recap of reports presented during the year

Activity	2019	2018
Audit Planning Report	AC - Sept. 9, 2019	AC - Sept. 10, 2018
Q1 Financial Update	BRC - June 20, 2019 Council - July 18, 2019	CSC - June 6, 2018 Council - June 14, 2018
Q2 Financial Update	CSC - Sept. 11, 2019 Council - Sept. 19, 2019	CSC - Sept. 5, 2018 Council - Sept. 13, 2018
Q3 Financial Update	CSC - Dec. 4, 2019 Council - Dec. 12, 2019	CSC - Jan. 9, 2019 Council - Jan. 17, 2019
2019 Year End Results and Transfer Report	CSC - Mar. 11, 2020 Council - Mar. 19, 2020	CSC - Mar. 20, 2019 Council - Mar. 28, 2019
Committee Review of Audited Financial Statements	CSC - May 13, 2020	AC - May 6, 2019
Council Approval of Audited Financial Statements	May 21, 2020	May 16, 2019

# Year End Overview

## 2019 Year End Statistics

**728** active  
Department  
ID's  
managed  
across  
**15** Lines of  
Business

**Journal  
Entries  
Approved**  
  
2019 – 4,181  
2018 – 3,677

**PO's greater  
than \$25k**  
  
2019 – 1,191  
2018 – 1,184

**Invoices Paid**  
  
2019 – 104,753  
2018 – 102,407

Basis for **22**  
financial  
statement  
audit reports  
(including  
ABC's)

# 2019 Audit Plan Highlights

- **Control Reliance Approach**
  - Deloitte tested our controls in order to place reliance on them
- **Risk Based Approach**
  - Significant risks were assessed and resulted in specific audit procedures
- **Materiality**
  - Determined on a basis of total revenues
  - Misstatements greater than 5% of materiality reported to Audit Committee / Corporate Services Committee
  - Financial statements are free from material misstatements

# Presentation Reconciliation

Key highlights between what you see in the Budget vs. Audited PSAS\*  
Financial Statements

<b>Budget Financials</b> <i>(presented quarterly)</i>	<b>Audited Financials</b> <i>(presented annually)</i>
Functional basis - Levy, Rate, Capital	Canadian PSAS
Used for setting tax rates	Used for credit rating, annual report, MBN
Encumbrance accounting	Accrual accounting
Reserve accounting	Excludes reserve transfers
Excludes unfunded liabilities (i.e. employee future benefits, landfill)	Includes all liabilities
Capital is based on funding sources	Capital is expensed through depreciation
Not consolidated	Consolidated
Budget created to manage at program level	Audited statements summarized at overall financial position

\*PSAS – Public Sector Accounting Standards

# Reconciliation of Surplus

Reconciliation showing differences between year end results and audited financial statements

<b>(in thousands)</b>	<b>2019</b>	<b>2018</b>
Water & Wastewater (deficit) surplus	\$ (1,684)	\$ 2,079
Waste Management (deficit) surplus	(1,156)	1,551
Levy surplus	3,453	1,828
Net operating surplus (per Year End Transfer Report CSD 15-2020)	613	5,458
Net capital activity	(45,031)	(48,925)
Net funding activity	106,308	99,999
Change in unfunded liabilities	(4,494)	15,296
<b>Annual surplus per PSAS consolidated financial statements</b>	<b>\$ 57,396</b>	<b>\$ 71,828</b>

*\*A detailed surplus reconciliation is found in Appendix 1 of report*

# Statement of Operations

## Revenues

Budget to Actual (in thousands)	Change
Budgeted revenues per financial statements	\$ 1,019,305
<u>Significant changes</u>	
<b>Requisitions on local governments</b> driven by higher supplemental taxes	2,488
<b>User charges</b> driven mainly by reduced recycling commodity prices offset by higher rental income in NRH and additional accomodation fees in LTC	(2,733)
<b>Government transfers - Ontario</b> driven mainly by changes in Ministry funding formula for SAEO and timing of revenue recognition in NRH	(5,857)
<b>Development Charges</b> driven mainly by timing of revenue recognition on CSO projects	(6,500)
Other/miscellaneous	2,590
<b>Actual revenues</b>	<b>\$ 1,009,293</b>

# Statement of Operations

## Expenses

Budget to Actual (in thousands)	Change
Budgeted expenses per financial statements	\$ 982,294
<u>Significant changes</u>	
<b>Transportation Services</b> driven mainly by reduced labour related costs, utilities, materials, and transit costs	(7,518)
<b>Environmental Services</b> driven mainly by timing of CSO grants	(16,909)
Catharines child care centre offset by higher than anticipated compensation and medical supplies in Senior Services for costs 95% funded by the Ministry	(3,822)
<b>Social Housing</b> driven mainly by lower payments to providers	(2,789)
Miscellaneous/other differences than budget	640
<b>Actual expenses</b>	<b>\$ 951,896</b>

# Statement of Financial Position

Employee future benefits (Note 5) and landfill liability (Note 7)

(in thousands)	2019		2018	
	EFB*	Landfill	EFB*	Landfill
Liability	\$ 109,642	\$ 61,277	\$ 104,421	\$ 61,397
Reserves	34,589	8,205	34,539	8,288
<b>Funded Status</b>	<b>32%</b>	<b>13%</b>	<b>33%</b>	<b>13%</b>

\*EFB - Employee Future Benefits

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

# Statement of Financial Position

## Long-term liabilities (Note 9)

(in thousands)	2019	2018	Change
Long-term liabilities			
Long-term liabilities	\$ 712,170	\$ 676,851	\$ 35,318
Less: sinking fund assets	(16,266)	(14,193)	(2,073)
Long-term debt	695,904	662,658	33,246
Less: Debt recoverable from LAMs	(316,419)	(305,684)	\$ (10,735)
<b>Net Region long-term liabilities</b>	<b>\$ 379,485</b>	<b>\$ 356,974</b>	<b>\$ 22,511</b>

- Total of \$97 million in debt was issued during the year; and \$64 million was repaid during the year broken down as follows:
  - Region issued \$58 million for NRPS, Transportation, Public Health, Water & Wastewater and NRH; repaid \$35 million
  - LAM's issued \$39 million; repaid \$29 million

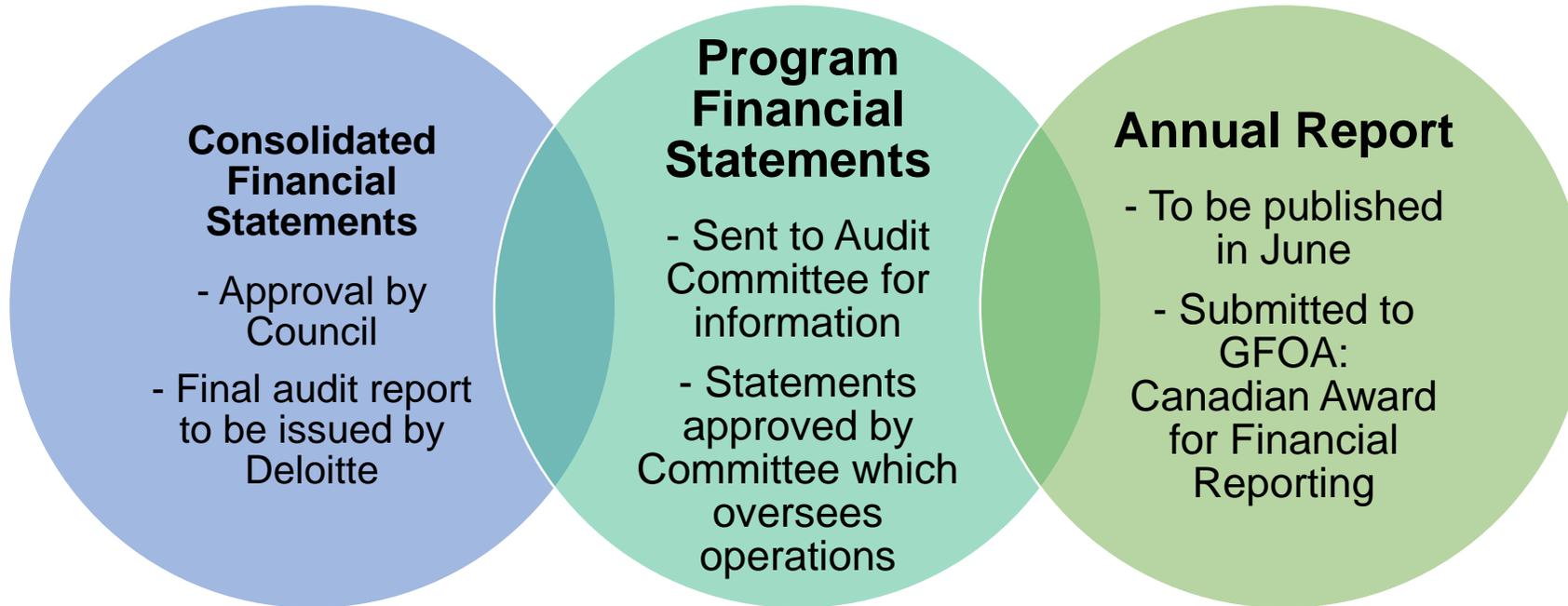
# Audit Findings Report

Presented by: Trevor Ferguson, Partner, Deloitte

- Audit findings report included (Appendix 3)
- Unqualified audit opinion
- No Management Letter to Audit Committee / Corporate Services Committee for 2019 year end

# Next Steps

## Financial Statement Approval and Annual Report



# Questions?

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