
For Information

REPORT TITLE: 2020 Region of Peel Consolidated Financial Statements

FROM: Gary Kent, Chief Financial Officer and Commissioner of Corporate Services

OBJECTIVE

To present the 2020 Region of Peel unaudited consolidated financial statements.

REPORT HIGHLIGHTS

- The 2020 Region of Peel consolidated financial statements reflect the financial position, financial operations, and cash flows of all Region of Peel consolidated entities.
 - The 2020 consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.
 - There are no uncorrected or corrected misstatements that were identified during the 2020 audit.
 - Deloitte has completed the annual audit of the consolidated financial statements and is expected to issue an unmodified audit opinion on May 20, 2021.
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DISCUSSION**1. Background**

The 2020 consolidated financial statements and related notes have been prepared by Regional staff and are in accordance with the Canadian public sector accounting standards financial reporting framework, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The statements reflect the financial activities of all entities which are accountable to the Region of Peel including the Peel Regional Police Services Board and the Peel Housing Corporation (PHC).

2. Findings**a) Highlights from the 2020 Consolidated Financial Statements**

The 2020 consolidated financial statements have been provided in Appendix I.

The tables below present highlights from the 2020 consolidated financial statements, along with comments on the major variances.

2020 Region of Peel Consolidated Financial Statements

i. Statement of Financial Position (In \$000s)

	2020 Actuals	2019 Actuals	Favourable/ (Unfavourable)
Financial Assets (A)	3,223,909	2,854,611	369,298
Liabilities (B)	2,729,589	2,519,697	(209,892)
Net Financial Assets C = (A-B)	494,320	334,914	159,406
Non-Financial Assets (D)	12,023,790	11,658,221	365,569
Accumulated Surplus (C+D)	12,518,110	11,993,135	524,975

Financial assets include cash and assets that can be quickly converted to cash. The increase in financial assets of \$369.3 million is due to an increase in the combined cash and portfolio investments balances, resulting from growth in the Region's investment portfolio. This is slightly offset by a decrease in the gross long-term debt recoverable from the local municipalities due to \$30 million in debt repayments made by the local municipalities.

Liabilities represent obligations that require future payment or services. The \$209.9 million increase in liabilities primarily relates to an increase in long term debt due to new Region of Peel debt issued during the year, an increase in the employee future benefits and post-employment liabilities due to new actuarial estimates and an increase in accounts payable due to the timing of payments.

Net Financial Assets are an indicator of the Region of Peel's ability to finance future activities and meet its liabilities and commitments. The increase in this amount reflects the Region's strong cash management practices and ability to meet future financial obligations.

Non-Financial Assets are physical assets that are owned and used to deliver future programs and services. The increase in this balance reflects the Region's continued investment in both new infrastructure and the replacement of existing infrastructure required to deliver services to Peel residents and business, now and in the future.

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ii. Statement of Operations (In \$000s)

	2020 Actuals	2019 Actuals	Favourable/ (Unfavourable)
Total Revenues	3,047,041	2,901,736	145,305
Total Expenses	2,522,066	2,460,507	(61,559)
Annual Surplus	524,975	441,229	83,746

Total Revenues represents the money received or revenues earned during the year. Revenues are higher in 2020 due to increases in levies, water and wastewater billing, fees, service charges and other revenues, development charge revenues, as well as an increase in the amount of assets donated to the Region by developers during the year.

Total Expenses represents the money spent or costs incurred during the year. Expenses are higher in 2020 due to increases in expenses for programs supporting the COVID pandemic response, such as Police, Health Services and Social and Family Services. These include additional staffing costs, pandemic related supplies and funding provided to external agencies.

iii. Budget Reconciliation

The budget reported in the consolidated financial statements differs from the budget book approved by Council in the annual budget process. Adjustments are needed to convert the budget reported in the budget book from a modified accrual basis to a full accrual basis for financial statement purposes. Note 13 in the consolidated financial statements reconciles the approved budget to the budget amounts presented in the consolidated financial statements.

b) Audit Results

The *Municipal Act, 2001*, as amended, requires that the Region's consolidated financial statements be audited on an annual basis. Deloitte conducts the audit of the annual consolidated financial statements.

The 2020 Auditor's Report reflects Deloitte's opinion that the financial statements present fairly, in all material respects, the financial position of the Regional Municipality of Peel as at December 31, 2020, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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It is anticipated that the unmodified audit opinion will be issued by Deloitte on May 20, 2021.

CONCLUSION

The 2020 consolidated financial statements are presented for the Audit and Risk Committee's review and demonstrate a strong, healthy and financially responsible position.

APPENDICES

Appendix I - 2020 Region of Peel Consolidated Financial Statements

For further information regarding this report, please contact Stephanie Nagel, Director, Corporate Finance and Treasurer, Ext. 7105, stephanie.nagel@peelregion.ca.

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Reviewed and/or approved in workflow by:

Department Commissioner, Division Director and Legal Services.