
For Information

REPORT TITLE: 2021 Region of Peel Consolidated Financial Statements

FROM: Gary Kent, CPA, CGA, ICD.D, Chief Financial Officer and Commissioner of Corporate Services

OBJECTIVE

To present the 2021 Region of Peel unaudited consolidated financial statements.

REPORT HIGHLIGHTS

- The 2021 Region of Peel consolidated financial statements reflect the financial position, financial operations, and cash flows of all Region of Peel consolidated entities.
 - The 2021 consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.
 - There are no uncorrected misstatements that were identified during the 2021 audit.
 - Deloitte has completed the annual audit of the consolidated financial statements and is expected to issue an unmodified audit opinion on May 19, 2022.
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DISCUSSION

1. Background

The 2021 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 2021 Consolidated Financial Statements

The 2021 consolidated financial statements have been provided in Appendix I. The tables below present highlights from the 2021 consolidated financial statements, along with comments on the major variances.

2021 Region of Peel Consolidated Financial Statements

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

	2021 Actuals	2020 Actuals	Favourable/ (Unfavourable)
Financial Assets (A)	3,580,316	3,223,909	356,407
Liabilities (B)	2,751,535	2,729,589	(21,946)
Net Financial Assets C = (A-B)	828,781	494,320	334,461
Non-Financial Assets (D)	12,316,914	12,023,790	293,124
Accumulated Surplus (C+D)	13,145,695	12,518,110	627,585

Financial assets include cash and assets that can be quickly converted to cash. The total financial assets also include accounts, loans and debts receivables as well as portfolio investments. Portfolio investments of high-quality fixed income securities make up \$2.7 million of the total amount. The increase in financial assets of \$356.4 million is due to an increase in the combined accounts receivable, loan receivable, portfolio investments balances and the gross long-term recoverable from the local municipalities. This is offset by a decrease in cash.

Liabilities represent obligations that require future payment or services. The \$21.9 million increase in liabilities primarily relates to the net increase in long term debt resulting from the net impact of new issuance and maturing debt during 2021, an increase in the employee future benefits and post-employment liabilities and an increase in deferred revenue. This is offset by decrease in accounts payable due to the timing of payments and lower mortgages payables during the year.

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 most significant non-financial asset is the category of tangible capital assets which represent \$12.3 million of the total amount with the remaining items being prepaid expenses and inventory. 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)

	2021 Actuals	2020 Actuals	Favourable/ (Unfavourable)
Total Revenues	3,312,431	3,047,041	265,390
Total Expenses	2,684,846	2,522,066	(162,780)
Annual Surplus	627,585	524,975	102,610

Total Revenues represents the money received or revenues earned during the year. Revenues are higher in 2021 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 2021 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 2021 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, 2021, 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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CONCLUSION

The 2021 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 - 2021 Region of Peel Consolidated Financial Statements

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