
For Information

REPORT TITLE: **2021 Region of Peel Sinking Funds Financial Statements**

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

OBJECTIVE

To present the unaudited 2021 Region of Peel Sinking Funds financial statements.

REPORT HIGHLIGHTS

- The 2021 Sinking Funds financial statements reflect the financial position, financial operations, and cash flows of the Region of Peel's Sinking Funds.
 - The 2021 Sinking Funds financial statements have been prepared in accordance with Canadian public sector accounting standards.
 - The Region of Peel Sinking Funds are segregated funds maintained for the purpose of setting aside funds for repayment of debt at maturity.
 - Deloitte has completed their annual audit of the Sinking Funds financial statements and is expected to issue an unmodified audit opinion on May 19, 2022.
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DISCUSSION

1. Background

Sinking Funds are established upon the issuance of sinking fund debentures, and managed separately, as per *Municipal Act, 2001* (section 409), with an estimated amount contributed annually to the Sinking Fund which, with interest compounded annually, will be sufficient to pay the principal of the debentures at maturity.

The Region of Peel maintains sinking funds for its own debt, as well as sinking fund debt issued on behalf of the Town of Caledon and City of Brampton.

The Region of Peel's Treasurer and the Director, Treasury Services meet annually with the Sinking Fund Committee (the Committee). The Committee, composed of the Region's Treasurer and the Treasurers of the three local municipalities or their appointees, review and receive the Auditor's Report and Sinking Funds financial statements.

2. Findings

a) Highlights from the 2021 Sinking Funds Financial Statements

The 2021 Sinking Funds financial statements have been provided in Appendix I.

2021 Region of Peel Sinking Funds Financial Statements

The table below presents highlights from the 2021 Sinking Funds Statement of Financial Position, along with comments on the major variances.

Statement of Financial Position (In \$000s)

	2021 Actuals	2020 Actuals	Favourable/ (Unfavourable)
Financial Assets (A)	363,052	386,057	(23,005)
Liabilities (B)	354,931	379,366	24,435
Net Financial Assets C = (A-B)	8,121	6,691	1,430

Financial assets include cash and highly rated fixed income securities. The decrease in the financial assets during the year relates to the net impact of sinking fund contributions made by the Region, Town of Caledon and City of Brampton, as well as investment income, and use of sinking fund assets to repay the maturity of series EB during 2021. There was a surplus of \$1.4 million in series EB at maturity which was allocated proportionately to the remaining sinking funds.

Liabilities represent obligations that require future payment or services. For the sinking funds, this represents the estimated Sinking Fund balance required as of December 31, 2021, using the required rate of return at the time of issuance for each debt series and the annual sinking fund contributions.

Net Financial Assets are an indicator of the Sinking Funds ability to finance future activities, such as the repayment of the related debt.

b) Audit Results

The *Municipal Act, 2001*, as amended, requires that the sinking funds be audited on an annual basis by the external auditor who audits the municipality. Deloitte conducts the audit of the annual Sinking Funds 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 sinking funds 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.

It is anticipated that the signed Auditor's Report will be issued by Deloitte on May 19, 2022.

2021 Region of Peel Sinking Funds Financial Statements

CONCLUSION

The 2021 Region of Peel Sinking Funds financial statements are presented for the Audit and Risk Committee's review.

APPENDICES

Appendix I - 2021 Region of Peel Sinking Funds Financial Statements

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