

2016 Financial Statements

Presentation to
Audit Committee

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Agenda

- Key Reporting Requirements
- 2016 Financial Statement results

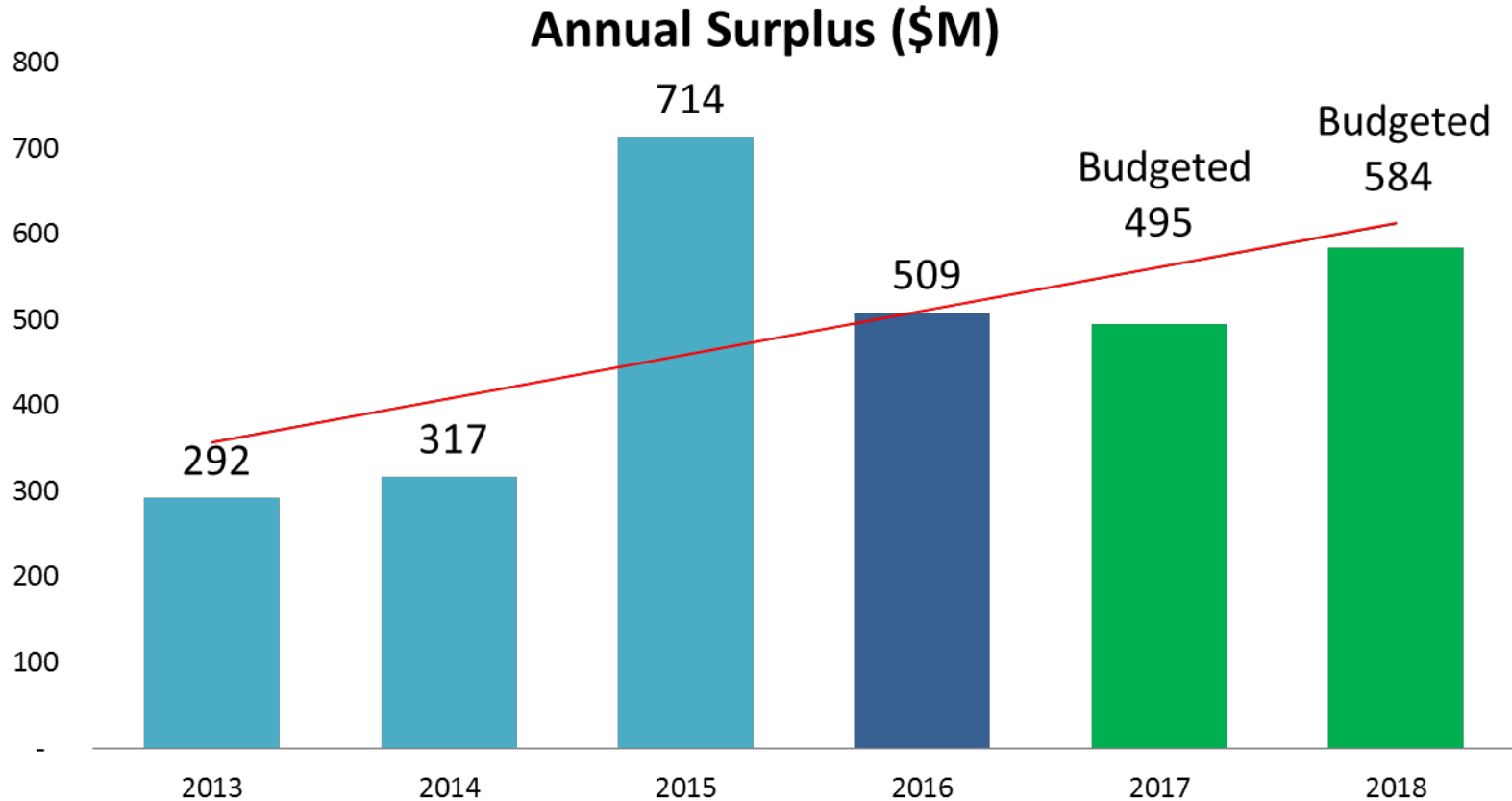
Reporting Requirements

- Four main statements
 1. Statement of Operations (Income Statement)
 2. Statement of Financial Position (Balance Sheet)
 3. Statement of Cash Flow
 4. Statement of Change in Net Debt

Statement of Operations

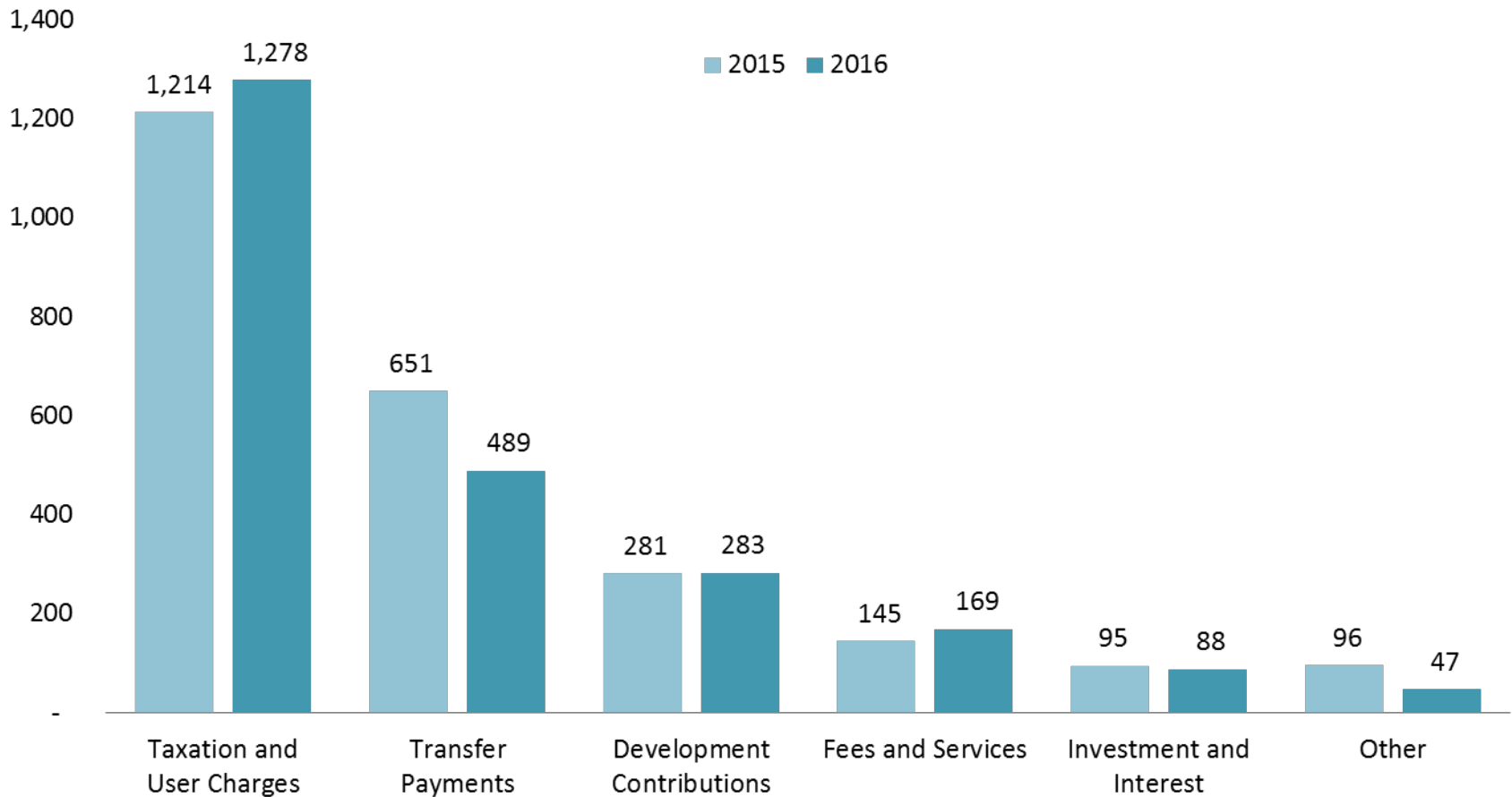
	2016 (\$M)	2015 (\$M)	Change (\$M)	Change %
Revenues	2,354	2,483	(129)	(5%)
Expenses (including Amortization)	1,845	1,769	76	4%
Annual Surplus	509	714	(205)	(29%)
Accumulated Surplus, beginning of year	5,692	4,978	714	14%
Accumulated Surplus, end of year	6,201	5,692	509	9%

Annual Surplus Trend



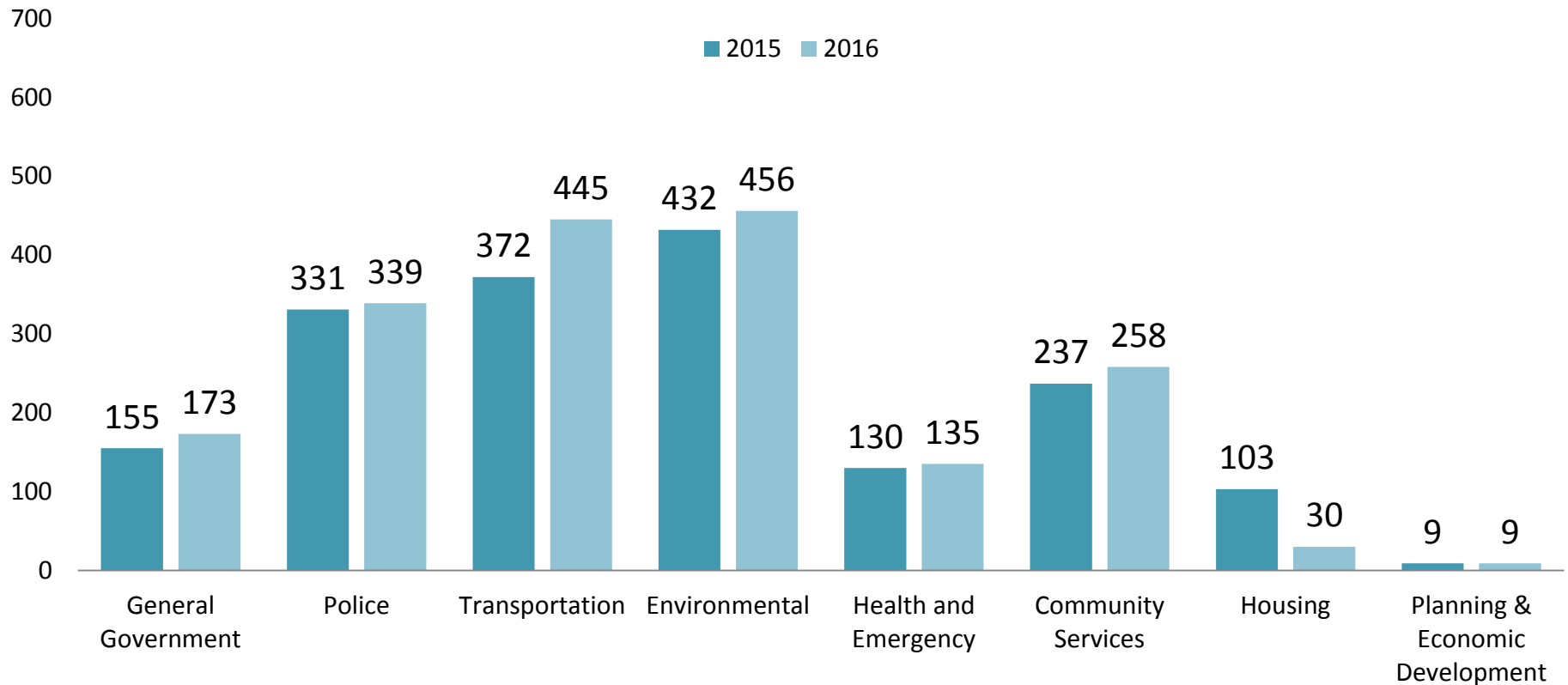
- The annual surplus decreased by 29% or \$205M from 2015, to \$509M.
- One-time events in 2015 related to projects funded by Metrolinx resulted in a higher than expected annual surplus in that year.

Year-over-Year Change in Revenue by Category (\$M)



- Total revenue decreased by \$129M or 5% to \$2,354M.
- Decrease in transfer payments partially offset by growth in taxation and user fees

Year-over-Year Change in Expenses by Segment (\$M)



- Total expenses increased by \$76M or 4% to \$1,845M.
- As expected, increases observed in most departments to serve a larger population.
- Housing expenses decreased as two housing projects were completed late 2015 and early 2016.

Statement of Financial Position

	2016	2015	Change (\$M)	Change %
Financial Assets	3,653	3,336	317	10%
Liabilities	4,995	4,774	221	5%
Net Debt	(1,342)	(1,438)	96	7%
Non-Financial Assets				
• Tangible Capital Assets	7,527	7,116	411	6%
• Inventory and Prepaid Expenses	16	14	2	14%
Accumulated Surplus	6,201	5,692	509	9%

Net Debt vs. Outstanding Debt

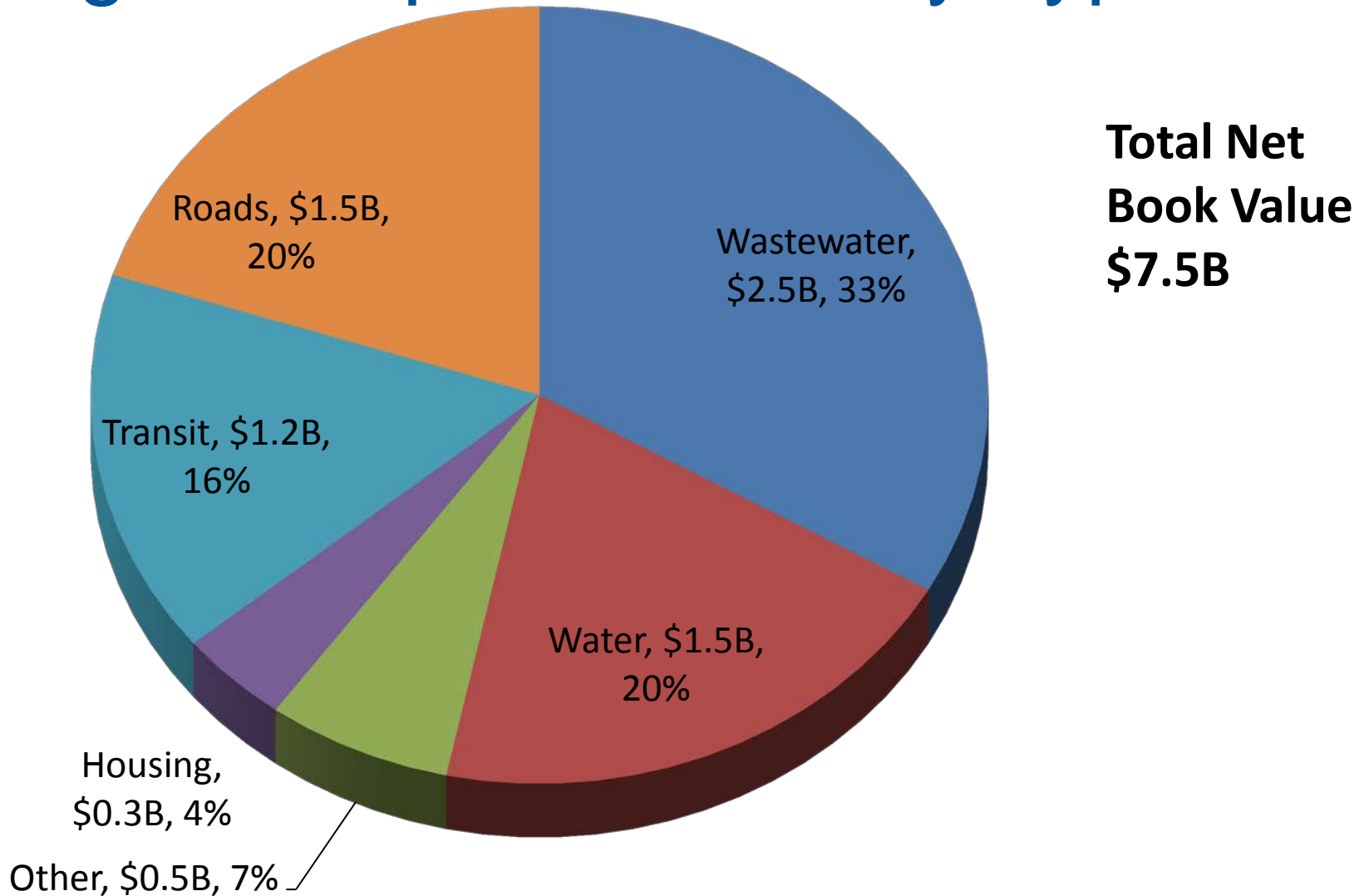
Net Debt

- Common accounting term, it represents difference between the Region's financial assets and its liabilities.
- Net debt decreased by \$96M to \$1.3B at end of 2016.

Outstanding Debt

- Represents debt owed by the Region to creditors.
- Total increased by \$150M to \$2.75B at end of 2016.
- This total is net of sinking fund contributions (\$624M) and amounts recoverable from local municipalities (\$184M).
- Debt growth continues to slow in 2016 (\$200M in 2015 and \$381M in 2014).

Tangible Capital Assets by Type



Accumulated Surplus

- Amount that all assets (financial and non-financial) exceed liabilities.
- Indicates the value of net resources, including tangible capital assets, available to provide future service.
- 2016 year-end accumulated surplus was \$6.2B compared to \$5.7B at 2015.
- Another way to look at Accumulated Surplus: It is amounts invested in non-financial assets, mainly tangible capital assets, less the Region's Net Debt.

Statement of Cash Flow

Cash inflows / (outflows) from	2016 (\$M)	2015 (\$M)	Change (\$M)	Change %
Operations	887	714	173	24%
Capital	(620)	(805)	202	25%
Investments	(254)	101	(355)	(351%)
Financing / Debt	150	201	(51)	(25%)
Increase in cash *	162	212	(50)	(24%)
Add: Opening cash	493	281	212	75%
Ending Cash	655	493	162	33%

* numbers may not add due to rounding

Financial Performance Summary (\$M)

	2014	2015	2016		14 – 16 change
Net Debt	\$1,568	\$1,438	\$1,342	↓	-\$226 -14%
Annual Surplus	\$317	\$714	\$509	↑	\$192 61%
Revenues	\$2,317	\$2,483	\$2,354	↑	\$37 1.6%
Expenses	\$2,000	\$1,769	\$1,845	↓	-\$155 -8%

GFOA Award for Financial Reporting 2015



Thank you

