



## THE REGIONAL MUNICIPALITY OF PEEL

### AUDIT AND RISK COMMITTEE

#### AGENDA

ARC - 3/2019

**DATE:** Thursday, May 2, 2019

**TIME:** 11:00 AM – 12:30 PM

**LOCATION:** Council Chamber, 5th Floor  
Regional Administrative Headquarters  
10 Peel Centre Drive, Suite A  
Brampton, Ontario

**MEMBERS:** S. Dasko; N. Fairhead; C. Fonseca; N. Iannicca; K. Ras; R. Santos;  
I. Sinclair; R. Starr; H. Zuberi

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**1. DECLARATIONS OF CONFLICTS OF INTEREST**

**2. APPROVAL OF AGENDA**

**3. DELEGATIONS**

3.1. Trevor Ferguson, Audit Partner, Deloitte LLP, Presenting the 2018 Deloitte Audit Results Report (Related to 4.1, 4.2 and 4.3)

**4. REPORTS**

4.1. 2018 Region of Peel Consolidated Financial Statements (For information) (Related to 3.1)

4.2. 2018 Peel Housing Corporation Financial Statements (For information) (Related to 3.1)

4.3. 2018 Deloitte Audit Results Report (For information) (Related to 3.1)

4.4. 2018 Region of Peel Debt Retirement and Sinking Funds Financial Statements (For information)

4.5. 2018 Region of Peel Trust Funds Financial Statements (For information)

4.6. Status of Management Action Plans (For information)

4.7. Roads Resurfacing Audit (For information)

4.8. Peel Living Property Management Audit (For information)  
Presentation by Dan Labrecque, General Manager, Peel Housing Corporation; and Jennifer Weinman, Manager, Enterprise Audit Services

**5. COMMUNICATIONS**

**6. IN CAMERA MATTERS**

**7. OTHER BUSINESS**

**8. NEXT MEETING**

Thursday, September 19, 2019, 11:00 a.m. – 12:30 p.m.  
Regional Administrative Headquarters  
Council Chamber, 5th Floor  
10 Peel Centre Drive, Suite A  
Brampton, Ontario

**9. ADJOURNMENT**

**Request for Delegation**

FOR OFFICE USE ONLY

MEETING DATE YYYY/MM/DD <b>2019/05/02</b>	MEETING NAME <b>Audit and Risk Committee</b>
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Attention: Regional Clerk  
Regional Municipality of Peel  
10 Peel Centre Drive, Suite A  
Brampton, ON L6T 4B9  
Phone: 905-791-7800 ext. 4582  
E-mail: [council@peelregion.ca](mailto:council@peelregion.ca)

DATE SUBMITTED YYYY/MM/DD  
**2019/03/15**

NAME OF INDIVIDUAL(S)  
**Trevor Ferguson**

POSITION(S)/TITLE(S)  
**Audit Partner**

NAME OF ORGANIZATION(S)  
**Deloitte LLP**

E-MAIL <b>tferguson@deloitte.ca</b>	TELEPHONE NUMBER <b>(416) 643-8282</b>	EXTENSION
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REASON(S) FOR DELEGATION REQUEST (SUBJECT MATTER TO BE DISCUSSED)  
**Trevor Ferguson, Audit Partner, will present the 2018 Deloitte Audit Results Report.**

A formal presentation will accompany my delegation  Yes  No

Presentation format:  PowerPoint File (.ppt)  Adobe File or Equivalent (.pdf)  
 Picture File (.jpg)  Video File (.avi,.mpg)  Other

Additional printed information/materials will be distributed with my delegation :  Yes  No  Attached

**Note:**  
Delegates are requested to provide an electronic copy of all background material / presentations to the Clerk's Division at **least seven (7) business days prior** to the meeting date so that it can be included with the agenda package. **In accordance with Procedure By-law 9-2018 delegates appearing before Regional Council or Committee are requested to limit their remarks to 5 minutes and 10 minutes respectively (approximately 5/10 slides).**  
Delegates should make every effort to ensure their presentation material is prepared in an accessible format.  
Once the above information is received in the Clerk's Division, you will be contacted by Legislative Services staff to confirm your placement on the appropriate agenda.

**Notice with Respect to the Collection of Personal Information**  
*(Municipal Freedom of Information and Protection of Privacy Act)*

Personal information contained on this form is authorized under Section 5.4 of the Region of Peel Procedure By-law 9-2018, for the purpose of contacting individuals and/or organizations requesting an opportunity to appear as a delegation before Regional Council or a Committee of Council. The Delegation Request Form will be published in its entirety with the public agenda. The Procedure By-law is a requirement of Section 238(2) of the *Municipal Act, 2001*, as amended. Please note that all meetings are open to the public except where permitted to be closed to the public under legislated authority. All Regional Council meetings are audio broadcast via the internet and will be posted and available for viewing subsequent to those meetings. Questions about collection may be directed to the Manager of Legislative Services, 10 Peel Centre Drive, Suite A, 5th floor, Brampton, ON L6T 4B9, (905) 791-7800 ext. 4462.

**Please complete and return this form via email to [council@peelregion.ca](mailto:council@peelregion.ca)**

**For Information**

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DATE: April 22, 2019

REPORT TITLE: **2018 REGION OF PEEL CONSOLIDATED FINANCIAL STATEMENTS**

FROM: Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

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**OBJECTIVE**

To present the 2018 Region of Peel unaudited consolidated financial statements.

**REPORT HIGHLIGHTS**

- The Region of Peel's external auditors, Deloitte have completed their audit of the Region's financial statements.
- The attached consolidated financial statements (Appendix I) are prepared by Regional staff in accordance with Canadian public sector accounting standards for local government.
- There are no corrected or uncorrected misstatements arising from the 2018 audit.
- It is anticipated that Deloitte will issue their Auditor's Report on May 2, 2019, once all audit procedures have been completed, as per auditing standards.

**DISCUSSION**

The 2018 consolidated financial statements and related notes have been prepared by Regional staff and are attached as Appendix I to the subject report. They have been prepared in accordance with Canadian public sector accounting standards, 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. There are no corrected or uncorrected misstatements in the statements.

Deloitte have completed the external audit and it is anticipated that their Auditor's Report will be issued on May 2, 2019 as per their current audit standards. The consolidated financial statements and the Auditor's Report will be posted on the Region's website once the Auditor's Report is issued.

## 2018 REGION OF PEEL CONSOLIDATED FINANCIAL STATEMENTS

### CONCLUSION

The 2018 consolidated financial statements are presented for the Audit and Risk Committee's review and demonstrate a strong, healthy and financially responsible position.

#### Approved for Submission:



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S. VanOfwegen, Acting Chief Administrative Officer  
and Commissioner of Finance and Chief Financial  
Officer

### APPENDICES

Appendix I – 2018 Region of Peel Consolidated Financial Statements

*For further information regarding this report, please contact Stephanie Nagel at 905 791 7800 ext. 7105 or via email at [stephanie.nagel@peelregion.ca](mailto:stephanie.nagel@peelregion.ca).*

*Authored By: Monique Hynes*

(Unaudited)

Consolidated financial statements of

# **The Regional Municipality of Peel**

December 31, 2018

(Unaudited)

Consolidated financial statements of

# **The Regional Municipality of Peel**

December 31, 2018

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## Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of  
the Regional Municipality of Peel

### Opinion

We have audited the consolidated financial statements of the Regional Municipality of Peel, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Regional Municipality of Peel as at December 31, 2018, 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.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of The Regional Municipality of Peel in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Regional Municipality of Peel's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Regional Municipality of Peel or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Regional Municipality of Peel's financial reporting process.



**Auditor's Responsibilities for the Audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Municipality of Peel's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional Municipality of Peel's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional Municipality of Peel to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Regional Municipality of Peel to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(To be signed Deloitte LLP)

Chartered Professional Accountants  
Licensed Public Accountants  
May 2, 2019

# The Regional Municipality of Peel Consolidated Statement of Financial Position

As at December 31, 2018

(All dollars in \$000)

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 475,921	\$ 818,742
Accounts receivable (Note 4)	166,166	157,987
Loans receivable (Note 5)	11,886	11,285
Portfolio investments (Note 3)	1,874,678	1,420,723
Recoverable gross long-term debt from area municipalities (Note 10)	194,491	164,532
	<b>2,723,142</b>	<b>2,573,269</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	639,945	593,152
Deferred revenue (Note 7)	139,987	118,105
Landfill closure and post-closure liability (Note 8)	43,778	37,812
Employee future benefits and post-employment liabilities (Note 9)	121,178	111,238
Other liabilities	4,179	4,483
Long-term debt (Note 10)	1,402,458	1,430,341
Mortgages payable on income-producing properties (Note 10)	151,608	173,721
	<b>2,503,133</b>	<b>2,468,852</b>
<b>NET FINANCIAL ASSETS</b>	<b>220,009</b>	<b>104,417</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 14)	11,298,558	10,955,126
Prepaid expenses	27,749	27,339
Inventory	5,590	5,245
	<b>\$ 11,331,897</b>	<b>\$ 10,987,710</b>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<b>\$ 11,551,906</b>	<b>\$ 11,092,127</b>

The accompanying notes are an integral part of these consolidated financial statements.

## The Regional Municipality of Peel Consolidated Statement of Operations

For the year ended December 31, 2018  
(All dollars in \$000)

	2018 Budget (Note 13)	2018	2017
<b>REVENUES</b>			
Levies on area municipalities	\$ 1,037,228	\$ 1,043,679	\$ 991,309
Direct charges on ratepayers	390,156	401,482	369,259
Contributions – other governments	841,148	796,150	675,651
Contributions – developers	333,900	257,130	249,300
Contributed tangible capital assets	-	64,734	34,872
Investment income	51,867	67,559	57,353
Fees, service charges and other	156,377	174,541	174,730
<b>Total revenues</b>	<b>2,810,676</b>	<b>2,805,275</b>	<b>2,552,474</b>
<b>EXPENSES (Note 15)</b>			
General government	75,040	80,068	79,614
Protection to property and persons	479,160	480,911	459,532
Transportation services	149,344	149,139	180,052
GO Transit	-	14,470	13,843
Gas tax transferred to area municipalities	34,283	34,283	32,725
Environmental services	583,791	585,966	596,470
Health services	175,167	175,352	164,420
Social and family services	618,260	605,922	528,785
Social housing	205,089	190,749	179,715
Planning and development	9,263	9,656	6,656
Assessment/other	18,970	18,980	18,503
<b>Total expenses</b>	<b>2,348,367</b>	<b>2,345,496</b>	<b>2,260,315</b>
Annual surplus	462,309	459,779	292,159
Accumulated surplus, beginning of year	11,092,127	11,092,127	10,799,968
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 11)</b>	<b>\$ 11,554,436</b>	<b>\$ 11,551,906</b>	<b>\$ 11,092,127</b>

The accompanying notes are an integral part of these consolidated financial statements.

## The Regional Municipality of Peel

### Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2018  
 (All dollars in \$000)

	2018 Budget (Note 13)	<b>2018</b>	2017
<b>ANNUAL SURPLUS</b>	\$ 462,309	<b>\$ 459,779</b>	\$ 292,159
Acquisition of tangible capital assets	(556,569)	<b>(559,463)</b>	(464,469)
Amortization of tangible capital assets	279,366	<b>279,267</b>	275,211
Contributed tangible capital assets	-	<b>(64,734)</b>	(34,872)
Write-down of tangible capital assets	-	-	26,959
Loss on sale of tangible capital assets	-	<b>162</b>	633
Proceeds on sale of tangible capital assets	-	<b>1,336</b>	1,438
	185,106	<b>116,347</b>	97,059
Acquisition of inventory	-	<b>(11,850)</b>	(11,075)
Acquisition of prepaid expenses	-	<b>(5,023)</b>	(21,551)
Consumption of inventory	-	<b>11,505</b>	10,824
Use of prepaid expenses	-	<b>4,613</b>	18,711
Change in net financial assets	\$ 185,106	<b>\$ 115,592</b>	\$ 93,968
Net financial assets, beginning of year	104,417	<b>104,417</b>	10,449
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 289,523</b>	<b>\$ 220,009</b>	<b>\$ 104,417</b>

The accompanying notes are an integral part of these consolidated financial statements.

# The Regional Municipality of Peel

## Consolidated Statement of Cash Flows

For the year ended December 31, 2018  
 (All dollars in \$000)

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 459,779	\$ 292,159
Items not involving cash		
Amortization of tangible capital assets	279,267	275,211
Loss on sale of tangible capital assets	162	633
Contributed tangible capital assets	(64,734)	(34,872)
Write-down of tangible capital assets	-	26,959
Change in non-cash assets and liabilities		
Accounts receivable	(8,179)	(7,594)
Recoverable gross long-term debt from area municipalities	9	9
Accounts payable and accrued liabilities	46,793	38,865
Deferred revenue	21,882	(7,159)
Change in landfill closure and post-closure liability	5,966	19,418
Change in employee future benefits and post-employment liabilities	9,940	7,064
Other liabilities	(304)	109
Prepaid expenses	(410)	(2,840)
Inventory	(345)	(251)
Net change in cash and cash equivalents from operating activities	749,826	607,711
<b>CAPITAL ACTIVITIES</b>		
Proceeds on sale of tangible capital assets	1,336	1,438
Cash used to acquire tangible capital assets	(559,463)	(464,469)
Net change in cash and cash equivalents from capital activities	(558,127)	(463,031)
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposals and redemptions of investments	763,305	527,895
Acquisition of investments	(1,217,260)	(167,757)
(Increase) in loans receivable	(601)	(2,040)
Net change in cash and cash equivalents from investing activities	(454,556)	358,098
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(4,051)	(3,974)
Accrual for interest payments	671	673
Contributions to sinking fund	(46,683)	(46,678)
Investment income earned on sinking fund	(7,788)	(6,830)
Repayment of mortgages payable	(22,113)	(22,171)
Net change in cash and cash equivalents from financing activities	(79,964)	(78,980)
Net change in cash and cash equivalents	(342,821)	423,798
Cash and cash equivalents, beginning of year	818,742	394,944
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 475,921</b>	<b>\$ 818,742</b>
Cash paid for interest	\$ 81,024	\$ 70,622
Cash received from interest	68,191	51,070

The accompanying notes are an integral part of these consolidated financial statements.

(Unaudited)

## THE REGIONAL MUNICIPALITY OF PEEL

### *Notes to the Consolidated Financial Statements*

For the year ended December 31, 2018  
(All dollars in \$000)

The Regional Municipality of Peel (“Region”) is an upper-tier municipality in the Province of Ontario (“Province”), Canada. The provisions of provincial statutes such as the *Municipal Act*, *Municipal Affairs Act* and related legislation guide its operations.

#### 1. Significant Accounting Policies

The consolidated financial statements (“financial statements”) of the Region are the representation of management and are prepared in accordance with Canadian public sector accounting standards (“PSAS”), as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada (“CPA Canada”).

The focus of these financial statements is on the financial position of the Region and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the Region as well as non-financial assets. Financial assets are those assets that could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and are the difference between financial assets and liabilities. This provides information about the Region’s overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position, as they provide resources that the Region can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets and non-financial assets.

Significant aspects of the accounting policies adopted by the Region are as follows:

a) Basis of Presentation

The financial statements reflect the financial activities of all entities that are accountable to and controlled by the Region, which include:

- Peel Police Services Board (“Peel Police”)
- Peel Housing Corporation (“PHC”)

All inter-departmental and inter-organizational transactions are eliminated on consolidation. Also included are the Regional contributions to the local conservation authorities, and the funding thereof. The Region is required, by legislation, to reimburse the Municipal Property Assessment Corporation for the cost of Assessment Services that are not administered or controlled by the Region.

Funds held in trust by the Region for residents of Peel Manor and Sheridan Villa Senior Citizens’ Residences, the Tall Pines and Malton Village Long-Term Care Centres, and the Vera M. Davis Community Care Centre in the amount of \$218 (2017 – \$196), are not

(Unaudited)

included in the financial statements. The financial activity and position of the trust funds are reported separately in the trust funds financial statements.

The Region maintains separate funds for the purpose of providing for periodic repayments on debt to be retired by means of debt retirement funds and sinking funds. The financial activity and position of this fund are disclosed separately in the debt retirement funds and the sinking funds financial statements.

b) **Basis of Accounting**

**i) Accrual Method of Accounting**

The Region follows the accrual method of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

**ii) Cash and Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments with a term to maturity of 90 days or less at acquisition.

**iii) Investment Income**

Investment income earned on surplus current fund, capital fund, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income on unspent obligatory reserve funds is added to obligatory reserve fund balances.

Temporary investments are carried at the lower of cost and market value. Portfolio investments are carried at cost, unless there are impairments in value, at which time they are written down to recognize the loss in value. Discounts or premiums are amortized using the effective interest method.

**iv) Loans Receivable**

Loans receivable are valued at cost. Recoverability is reviewed annually and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Interest revenue is recognized as it is earned.

**v) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

**a. Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Region does not have any tangible capital assets recognized at nominal value. The cost, less residual value, of tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

(Unaudited)

Assets	Useful life – years
Land improvements	5 – 99
Buildings	20 – 100
Building improvements	8 – 100
Leasehold improvements	2 – 40
Equipment and furnishings	3 – 80
Linear	15 – 90
Linear improvements	50
Structures	20 – 60
Vehicles	3

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service.

**b. Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

**c. Interest Capitalization**

The Region capitalizes interest costs associated with the acquisition or construction of a tangible capital asset relating to certain projects.

**d. Natural Resources**

Natural resources that have not been purchased are not recognized as assets in the financial statements.

**vi) Deferred Revenue – Development Charges**

Development charges, collected under the authority of Sections 33 to 35 of the *Development Charges Act, 1997*, are reported as deferred revenue in the consolidated statement of financial position in accordance with PSAS. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period in which the funds are expended on qualifying capital projects. Development charges will also be applied to cover costs for servicing debt including interest on borrowings and contributions to sinking funds to retire debt.

**vii) Tax Revenue**

Property tax revenue is recognized on an accrual basis when the tax is authorized by the passing of the tax levy by-law. Taxes are levied on properties listed on the assessment roll at the time the by-law is passed based on the approved budget and tax rates. Supplementary taxation is recognized as additional billings issued to properties that are added to the assessment roll during the year.

At year-end, the Region evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes a liability if the amount can be reasonably estimated.



(Unaudited)

**viii) Government Transfers**

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, and there are no stipulations that give rise to a liability.

**ix) Employee Future Benefits and Post-Employment Liabilities**

The Region accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan.

Vacation entitlements are accrued for as entitlements are earned.

Sick leave benefits were discontinued in 1986 and there are no remaining balances from prior years.

Other post-employment benefits and compensated absences are accrued in accordance with the projected benefit method, pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are generally performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to the Region's short and long-term rate of borrowing. Unamortized actuarial gains/losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to Workplace Safety and Insurance Board ("WSIB"), are recorded when determined.

Costs related to prior-period employee services arising out of plan amendments are recognized in the period in which the plan is amended.

Where applicable, the Region has set aside Reserves intended to fund these obligations, either in full or in part. These Reserves were created under municipal by-law and do not meet the definition of a plan asset under *PSAS 3250 Retirement Benefits*. Therefore, for the purposes of these financial statements, the plans are considered unfunded.

**x) Landfill Liability**

The costs to close an existing landfill site and to maintain closed landfill sites are based on the future estimated expenditures required over a twenty-five year period, discounted using the Region's long-term borrowing rate. These costs are reported as a liability on the consolidated statement of financial position. Landfill sites are amortized using the units of production method based upon capacity used during the year.

(Unaudited)

**xi) Liability for Contaminated Sites**

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when the following specified criteria are present:

- Contamination exceeding an environmental standard exists,
- The Region is either directly responsible or accepts responsibility,
- It is expected that the future economic benefit will be given up, and
- A reasonable estimate of the amount is determinable.

If the likelihood of the Region's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the Notes to the financial statements.

**xii) Foreign Currency Translation**

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the year-end date. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in the consolidated statement of operations.

**xiii) Use of Estimates**

The preparation of these financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Significant estimates relate to accounts receivable, accrued liabilities, landfill closure and post-closure liability, liabilities for contaminated sites, employee future benefits and post-employment liabilities and expenses. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

**2. Adoption of Accounting Policies**

Effective January 1, 2018, the Region adopted the following new Canadian public sector accounting standards on a prospective basis. The adoption of these new standards has not had a material impact on these financial statements.

**a) PS 2200 Related Party Disclosures**

PS 2200 defines related parties and established disclosures required for related party transactions. A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their spouse or dependents and the entities they control or have shared control. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

(Unaudited)

Key management personnel of the Region and its consolidated entities are those individuals having authority and responsibility for planning, directing and controlling the activities and have been identified as Members of Regional Council, the Police Services Board and the Peel Housing Corporation Board, in addition to the Region's Executive Leadership Team, Police's Chief Management Group and specific members of Regional and Police staff for the purpose of this reporting. The Region and its consolidated entities have a wide variety of controls in place to ensure that key management personnel do not enter into transactions with related parties.

**b) PS 3420 Inter-Entity Transactions**

PS 3420 provides guidance on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The main features of the new section deal with the measurement of these transactions. Inter-entity transactions are disclosed in accordance with the requirements of PS 2200 – Related Party Disclosures.

**c) PS 3210 Assets**

PS 3210 provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions or events and from which future economic benefits are expected to be obtained.

**d) PS 3320 Contingent Assets**

PS 3320 introduces a definition for possible assets arising from existing conditions or situations involving uncertainty which will ultimately be resolved when one or more future events occur that are not wholly within the government's control. Disclosure is required under this standard when the occurrence of a confirming future event is considered likely.

**e) PS 3380 Contractual Rights**

PS 3380 requires disclosure of information pertaining to future rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Such disclosure includes the nature, extent and timing of the contractual rights.

### 3. Cash and Cash Equivalents and Portfolio Investments

Cash and cash equivalents and portfolio investments reported on the consolidated statement of financial position have cost and market values as follows:

2018	Cost	Market Value
Cash	\$ 448,933	\$ 485,645
Cash equivalents	26,988	27,198
<b>Cash and cash equivalents</b>	<b>\$ 475,921</b>	<b>\$ 512,843</b>
<b>Portfolio investments</b>	<b>\$1,874,678</b>	<b>\$1,897,374</b>

(Unaudited)

<b>2017</b>	<b>Cost</b>	<b>Market Value</b>
Cash	\$ 722,776	\$ 722,776
Cash equivalents	95,966	96,855
<b>Cash and cash equivalents</b>	<b>\$ 818,742</b>	<b>\$ 819,631</b>
<b>Portfolio investments</b>	<b>\$1,420,723</b>	<b>\$1,448,090</b>

Included in the Region's investment portfolio are Region of Peel debentures at coupon rates that vary from 1.57 to 6.70 per cent (2017 – 1.57 to 6.69 per cent) with a carrying value \$7,934 (2017 – \$19,258).

#### 4. Accounts Receivable

The balance for accounts receivable is comprised of the following:

	<b>2018</b>	<b>2017</b>
Federal and provincial governments	\$ 45,573	\$ 41,590
Other municipalities	20,518	14,926
Wastewater and water billings	61,305	53,748
Accrued interest	7,394	5,964
Sundry	31,376	41,759
<b>Total</b>	<b>\$ 166,166</b>	<b>\$ 157,987</b>

#### 5. Loans Receivable

The balance for loans receivable includes the following:

- a) A 30-year memorandum of understanding at 5.196 per cent with Credit Valley Conservation ("CVC") to be used to finance the renovation of their head office facility.
- b) A 20-year loan agreement at 5.12 per cent with Abbeyfield Houses of Caledon ("Abbeyfield") to be used to finance the construction of affordable housing for senior citizens.
- c) An interest-free subsidy agreement with Cervantes Lions Non-Profit Housing Corporation due on the day immediately following the fifteenth anniversary of the expiry of the housing provider's operating agreement with the Region.
- d) A loan to Shalimar International Housing Corporation; interest to be charged based on the prevailing capital market rate beginning September 1<sup>st</sup>, 2031; all principal and interest owing to be repaid by September 2<sup>nd</sup>, 2046.
- e) A loan to Ahneen Co-operative Homes; interest to be charged based on the prevailing capital market rate beginning February 1<sup>st</sup>, 2027; all principal and interest owing to be repaid by February 2<sup>nd</sup>, 2042.

(Unaudited)

- f) A loan to Forum Italia Non-Profit Housing Corporation; interest to be charged based on the prevailing capital market rate beginning July 2<sup>nd</sup>, 2025; all principal and interest owing to be repaid by July 2<sup>nd</sup>, 2040.
- g) A loan to Grace Retirement and Community Enterprises Inc.; interest to be charged based on the prevailing capital market rate beginning August 2<sup>nd</sup>, 2018; all principal and interest owing to be repaid by August 2<sup>nd</sup>, 2033.
- h) An interest-free subsidy agreement with Erin Court Co-operative Homes; repayable through future operational surpluses.

	<b>2018</b>	<b>2017</b>
CVC – memorandum of understanding	\$ 5,831	\$ 5,958
Abbeyfield Houses of Caledon – loan agreement	206	219
Cervantes Lions Housing – subsidy agreement	-	179
Shalimar International Housing – loan agreement	767	767
Ahneen Co-operative Homes – loan agreement	671	671
Forum Italia Non-Profit Housing – loan agreement	1,449	1,223
Grace Retirement and Community Enterprises Inc. – loan agreement	2,518	1,947
Erin Court Co-operative Homes – subsidy agreement	444	321
<b>Total</b>	<b>\$ 11,886</b>	<b>\$ 11,285</b>

- i) Future Repayments  
 Estimated future receipts of loans receivable are as follows:

	<b>Total</b>
2019	\$ 148
2020	156
2021	163
2022	174
2023	182
Subsequent to 2024	11,063
<b>Total</b>	<b>\$ 11,886</b>

(Unaudited)

## 6. Accounts Payable and Accrued Liabilities

The balance for accounts payable and accrued liabilities is comprised of the following:

	<b>2018</b>	<b>2017</b>
Trade accounts payable	\$ 386,758	\$ 351,746
Provincial government	236,554	215,401
Other municipalities	16,633	26,005
<b>Total</b>	<b>\$ 639,945</b>	<b>\$ 593,152</b>

## 7. Deferred Revenue

Deferred revenues set aside for specific purposes by legislation, regulation or agreement as at December 31, are composed of the following:

	<b>Balance at December 31, 2017</b>	<b>Inflows</b>	<b>Revenue Earned</b>	<b>Balance at December 31, 2018</b>
Development Charges	\$ -	\$ 257,130	\$ 257,130	\$ -
Federal Gas Tax	35,510	42,284	46,197	31,597
Provincial Gas Tax	80	746	744	82
General – Region	45,930	85,245	57,455	73,720
General – PHC	4,290	118	-	4,408
	85,810	128,393	104,396	109,807
York/Peel Water Supply Agreement	32,295	-	2,115	30,180
<b>Total</b>	<b>\$ 118,105</b>	<b>\$ 385,523</b>	<b>\$ 363,641</b>	<b>\$ 139,987</b>

In 2001, the Region entered into a Long-Term Water Supply Agreement (“Agreement”) with the Region of York (“York”) to supply potable water. The Agreement stipulates a maximum day water demand in each year to be supplied to York. New infrastructure, constructed and used jointly by both Regions since the inception of the Agreement, has been funded through agreed cost-sharing based on allocating the flow capacity available to the Region and York on a project-by-project basis.

In 2013, negotiations with York on the cost-share split for the Hanlan Feedermain resulted in a reduction to the maximum day water demand supplied to York. The reduction in flow requirement impacts the majority of infrastructure which forms part of this agreement. As such, a credit for the investment made by York to-date for this jointly used infrastructure was warranted. The credit in the amount of \$30,180 (2017 – \$32,295) will be used to fund York’s share of the construction costs of jointly used infrastructure in the future. In 2017, it was agreed that the remaining balance of the credit will be paid to York upon completion of the Hanlan Feedermain project.

(Unaudited)

## 8. Landfill Closure and Post-Closure Liability

*The Environmental Protection Act* sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites.

Landfill closure and post-closure care are activities for landfill sites that are expected to occur in perpetuity and requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of groundwater and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The Region has twenty landfill sites, nineteen of which are closed. The Caledon site has capacity but is not currently accepting waste. To fill the remaining unused 5 per cent capacity would result in an estimated remaining life of one year. For the Caledon site and the closed sites, the estimated liability for these expenditures is calculated for a twenty-five year period.

The estimated liability of \$43,778 (2017 – \$37,812) included in the financial statements represents the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Region’s long-term borrowing rate of 4.00 per cent (2017 – 4.00 per cent).

As at December 31, the Region maintained a reserve of \$16,172 (2017 – \$17,010), which will be used to fund expected future costs.

## 9. Employee Future Benefits and Post-Employment Liabilities

Employee future benefits and post-employment liabilities reported on the consolidated statement of financial position consist of the following:

	2018	2017
Retirement benefits:		
- Peel Police	\$ 72,936	\$ 68,227
- Peel Police (LTD recipients)	4,036	4,233
- Peel Region	9,427	8,736
- Peel Region (LTD recipients)	4,004	4,149
	90,403	85,345
Workplace Safety and Insurance Board	30,775	25,893
<b>Total</b>	<b>\$121,178</b>	<b>\$111,238</b>

### a) Retirement Benefits

The liability for retirement benefits is for the Region’s and the Peel Police’s share of costs associated with extending the coverage for health, dental, and life insurance benefits to qualifying employees. Benefit coverage, except for life insurance coverage, and health care spending account for Peel Police, ceases at the age of 65. The valuation





(Unaudited)

The actuarial loss is the result of assumptions used in the above noted valuations that varied from assumptions used in prior valuations. These assumptions pertained to the distribution of covered employees, discount rate, escalation of health care rates, projected mortality rates, and benefit coverage. The actuarial loss will be amortized over the expected average remaining service life of employees.

b) Workplace Safety and Insurance Board

The Region is a Schedule II employer under the *Workplace Safety and Insurance Act*, and, therefore, self-insures the entire risk of their own WSIB claims and is responsible for reimbursing the WSIB for all costs relating to its workers' claims.

The liability reported in the consolidated statement of financial position is based on the actuarial valuation as at December 31, 2017, with estimates to December 31, 2018, that estimated potential liabilities of the Region under the provisions of the *Workplace Safety and Insurance Act*.

The result of the actuarial valuation is as follows:

**WSIB Liability**

	<b>2018</b>	<b>2017</b>
Accrued benefit obligation at January 1	\$ 45,031	\$ 22,516
Add: estimated cost of claims (service cost)	6,683	6,258
Add: interest accrued	1,712	972
Deduct: expected benefits paid	(5,451)	(4,025)
Expected accrued benefit obligation at December 31	47,975	25,721
Actual accrued benefit obligation at December 31	47,975	45,031
Deduct: unamortized actuarial loss	(17,200)	(19,138)
<b>Liability at December 31</b>	<b>\$ 30,775</b>	<b>\$ 25,893</b>

**WSIB Benefits Expense**

	<b>2018</b>	<b>2017</b>
Current period benefit cost	\$ 6,684	\$ 6,258
Interest on accrued benefit obligation	1,712	972
Amortization of actuarial losses	1,938	21
<b>Total</b>	<b>\$ 10,334</b>	<b>\$ 7,251</b>

**10. Long-Term Debt**

Under the terms of the *Municipal Act, 2001*, Regional Council has approved the issuing of debentures to finance its own capital expenses and tangible capital assets, and those of the area municipalities within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs. Debentures issued for such purposes are direct, joint and several obligations of the Region and local municipalities.

In 2018, the Region issued \$53,270 (2017 – \$38,853) in debenture debt, of which \$46,270 (2017 – \$38,853) was on behalf of the City of Mississauga, \$7,000 (2017 – \$Nil) was on behalf of the Town of Caledon.

(Unaudited)

a) Net Long-Term Debt

The total for long-term liabilities reported in the consolidated statement of financial position consists of the following:

	<b>2018</b>	<b>2017</b>
Total long-term liabilities incurred by the Region including amounts incurred on behalf of area municipalities	\$1,672,413	\$1,645,825
Less: Total value of Region's sinking fund deposits	(269,046)	(214,705)
Less: Value of Town of Caledon sinking fund assumed by the Region	(909)	(779)
<b>Total long-term liabilities</b>	<b>1,402,458</b>	<b>1,430,341</b>
Mortgages payable by Peel Housing Corporation	151,608	173,721
<b>Total mortgages payable on income-producing properties</b>	<b>151,608</b>	<b>173,721</b>
Recoverable from lower-tiers		
City of Mississauga	181,491	155,895
Town of Caledon	17,948	13,585
Less: Town of Caledon debt assumed by Region	(4,948)	(4,948)
<b>Total recoverable gross long-term debt from area municipalities</b>	<b>194,491</b>	<b>164,532</b>
<b>Net Long-Term Debt at December 31</b>	<b>\$1,359,575</b>	<b>\$1,439,530</b>

Serial debt and sinking fund debentures issued by the Region mature between December 2020 and June 2053 and have interest rates ranging between 1.30 per cent and 6.65 per cent.

Mortgages of \$151,608 (2017 – \$173,721) on PHC properties are secured by a first charge on specific assets of PHC with amortization periods ranging from five to 50 years and interest rates ranging from 1.04 per cent to 8.0 per cent.

Sinking funds were established to provide for the orderly retirement of sinking fund debentures issued by the Region totaling \$1,433,000 (2017 – \$1,433,000). These debentures mature between December 2021 and June 2053.

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(Unaudited)

## b) Future Principal Repayments

Estimated future principal repayments for the Region, including sinking fund contributions and PHC, are as follows:

	Peel Housing Corporation	Region of Peel	Total
2019	\$ 18,969	\$ 50,829	\$ 69,798
2020	18,109	50,950	69,059
2021	18,309	161,264	179,573
2022	18,248	42,403	60,651
2023	17,626	42,539	60,165
Subsequent to 2024	60,347	458,517	518,864
Net sinking fund debt repayable	-	401,465	401,465
<b>Total</b>	<b>\$ 151,608</b>	<b>\$1,207,967</b>	<b>\$1,359,575</b>

Total interest charges in the amount of \$68,002 (2017 – \$69,249) are reported in the consolidated statement of operations. The charges consist of \$5,810 (2017 – \$6,898) for interest on PHC mortgages and \$62,192 (2017 – \$62,351) for debenture debt.

## 11. Accumulated Surplus

The accumulated surplus consists of the following balances:

	2018	2017
Investment in tangible capital assets and social housing	\$ 11,141,972	\$ 10,769,911
Reserves and reserve funds	1,952,537	1,849,976
Capital fund	(1,471,423)	(1,456,524)
Current fund	27,064	19,166
Less: unfunded liabilities		
Retiree benefits:		
– Peel Police	(35,932)	(33,752)
– Peel Region	(5,843)	(5,843)
Workplace Safety and Insurance Board	(8,512)	(8,512)
Landfill closure and post-closure costs	(43,778)	(37,812)
Other	(4,179)	(4,483)
<b>Total Accumulated Surplus</b>	<b>\$ 11,551,906</b>	<b>\$ 11,092,127</b>

## a) Surplus Management Strategy

The Region has a surplus management strategy that permits year-end transfers to and from reserves to manage the level of surplus carried forward into the next fiscal year. Such transfers are made to ensure that future commitments of the Region can be met, and are based on management's planning of infrastructure replacement, property tax rate and user rate stabilization, potential exposure to program funding shortfalls and contingent liabilities. The allocation of these transfers and their purpose is disclosed annually to Regional Council following completion of the year-end audit. The financial statements include the transfers made to reserves under the surplus management strategy.

(Unaudited)

b) Reserves and Reserve Funds

Reserves and reserve funds are established by Regional Council as appropriate, and are included in the accumulated surplus position of the Region.

## 12. Pension Agreements

The Region makes contributions to OMERS on behalf of approximately 8,275 eligible employees. OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage (based upon the highest 60 consecutive months of earnings), that is designed to integrate with the pension payable from the Canada Pension Plan.

During the year, the Region's contribution to OMERS for current service was \$69,386 (2017 – \$66,891). The Region's contributions are reported in the consolidated statement of operations. Employee contributions also amount to \$69,386 (2017 – \$66,891).

For the December 31, 2018 year end, the funded portion of the OMERS pension plan increased to 96 per cent (2017 – 94 per cent). Pension plan assets increased to \$97,000,000 (2017 – \$95,000,000) primarily due to strong investment returns.

(Unaudited)

**13. Budget Data**

The budget amounts presented in the consolidated financial statements are based on the 2018 operating and capital budgets approved by Regional Council on November 16, 2017. The following reconciles the approved budget to the budget amounts presented in the consolidated financial statements using the accrual basis of accounting, in accordance with PSAS. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried over one or more fiscal years. Where amounts were budgeted for on a project-oriented basis, the budget amounts used are based on actual projects that took place during the year to reflect the same basis of accounting that was used to report the actual results.

	<b>Revenues</b>	<b>Expenses</b>
<b>Operating Budget</b>		
Council Approved Budget	\$ 2,372,791	\$ 2,372,791
In-year budget adjustments	42,821	42,821
Board Approved Peel Housing Corporation	98,325	98,325
Adjustment for intercompany transactions	(48,412)	(48,412)
PSAB Adjustments		
Contributions to reserves/reserve funds	-	(435,275)
Contributions from reserves/reserve funds	(48,948)	-
Payment to sinking fund for debt retirement	-	(50,726)
Other liabilities	-	(5,966)
Other adjustments	(14,141)	(14,141)
<b>Adjusted Operating Budget</b>	<b>2,402,436</b>	<b>1,959,417</b>
<b>Capital Budget</b>		
Council Approved Budget	723,000	723,000
Timing difference between budget and spending	(45,857)	(45,857)
Board Approved Peel Housing Corporation	70,582	70,582
PSAB Adjustments		
Contributions from reserves/reserve funds	(388,056)	-
Acquisition of tangible capital assets	-	(616,145)
Amortization	-	257,370
<b>Adjusted Capital Budget</b>	<b>359,669</b>	<b>388,950</b>
<b>Other</b>		
Reserve fund interest and other revenue	48,571	-
<b>Budget as presented in Financial Statements</b>	<b>\$ 2,810,676</b>	<b>\$ 2,348,367</b>

(Unaudited)

## 14. Tangible Capital Assets

2018

(All dollars in \$000)

Cost	Balance at December 31, 2017	Additions	Disposals & Write-downs	Balance at December 31, 2018
Land	\$ 1,171,054	\$ 27,512	\$ (384)	\$ 1,198,182
Land improvements	41,387	-	-	41,387
Buildings and building improvements	2,387,055	45,381	-	2,432,436
Leasehold improvements	25,650	2,467	-	28,117
Linear and linear improvements	7,933,055	240,822	-	8,173,877
Structures	231,884	6,047	-	237,931
Vehicles	87,920	12,725	(6,785)	93,860
Equipment and furnishings	2,049,402	51,154	(4,833)	2,095,723
Construction work in progress	952,245	238,089	-	1,190,334
<b>Total cost</b>	<b>\$ 14,879,652</b>	<b>\$ 624,197</b>	<b>\$ (12,002)</b>	<b>\$ 15,491,847</b>

Accumulated Amortization	Balance at December 31, 2017	Disposals	Amortization	Balance at December 31, 2018
Land improvements	\$ 16,550	\$ -	\$ 1,280	\$ 17,830
Buildings and building improvements	677,176	-	45,696	722,872
Leasehold improvements	12,270	-	1,078	13,348
Linear and linear improvements	2,282,147	-	140,021	2,422,168
Structures	101,276	-	5,657	106,933
Vehicles	47,555	(5,674)	8,788	50,669
Equipment and furnishings	787,552	(4,830)	76,747	859,469
<b>Total accumulated amortization</b>	<b>\$ 3,924,526</b>	<b>\$ (10,504)</b>	<b>\$ 279,267</b>	<b>\$ 4,193,289</b>

Net Book Value	Balance at December 31, 2018
Land	\$ 1,198,182
Land improvements	23,557
Buildings and building improvements	1,709,564
Leasehold improvements	14,769
Linear and linear improvements	5,751,709
Structures	130,998
Vehicles	43,191
Equipment and furnishings	1,236,254
Construction work in progress	1,190,334
<b>Total net book value</b>	<b>\$ 11,298,558</b>

(Unaudited)

**14. Tangible Capital Assets (Continued)**

2017

(All dollars in \$000)

<b>Cost</b>	<b>Balance at December 31, 2016</b>	<b>Additions</b>	<b>Disposals &amp; Write-downs</b>	<b>Balance at December 31, 2017</b>
Land	\$ 1,149,779	\$ 21,382	\$ (107)	\$ 1,171,054
Land improvements	39,003	2,384	-	41,387
Buildings and building improvements	2,316,243	70,812	-	2,387,055
Leasehold improvements	23,521	2,200	(71)	25,650
Linear and linear improvements	7,779,280	181,889	(28,114)	7,933,055
Structures	229,885	3,751	(1,752)	231,884
Vehicles	83,858	13,240	(9,178)	87,920
Equipment and furnishings	1,983,416	71,329	(5,343)	2,049,402
Construction work in progress	821,654	132,354	(1,763)	952,245
<b>Total cost</b>	<b>\$ 14,426,639</b>	<b>\$ 499,341</b>	<b>\$ (46,328)</b>	<b>\$ 14,879,652</b>

<b>Accumulated Amortization</b>	<b>Balance at December 31, 2016</b>	<b>Disposals</b>	<b>Amortization</b>	<b>Balance at December 31, 2017</b>
Land improvements	\$ 15,258	\$ -	\$ 1,292	\$ 16,550
Buildings and building improvements	632,347	-	44,829	677,176
Leasehold improvements	11,249	-	1,021	12,270
Linear and linear improvements	2,149,955	(5,108)	137,300	2,282,147
Structures	95,862	(167)	5,581	101,276
Vehicles	46,719	(7,612)	8,448	47,555
Equipment and furnishings	715,223	(4,411)	76,740	787,552
<b>Total accumulated amortization</b>	<b>\$ 3,666,613</b>	<b>\$ (17,298)</b>	<b>\$ 275,211</b>	<b>\$ 3,924,526</b>

<b>Net Book Value</b>	<b>Balance at December 31, 2017</b>
Land	\$ 1,171,054
Land improvements	24,837
Buildings and building improvements	1,709,879
Leasehold improvements	13,380
Linear and linear improvements	5,650,908
Structures	130,608
Vehicles	40,365
Equipment and furnishings	1,261,850
Construction work in progress	952,245
<b>Total net book value</b>	<b>\$ 10,955,126</b>

(Unaudited)

- a) **Construction in Progress**  
 Assets under construction having a value of \$1,190,334 (2017 – \$952,245) have not been amortized. Amortization of these assets will commence when the asset is put into service.
- b) **Contributed Tangible Capital Assets**  
 Contributed tangible capital assets transferred to the Region in 2018 amounted to \$64,734 (2017 – \$34,872). The majority of tangible capital assets transferred were from developers, and included water and wastewater local mains as well as land.
- c) **Works of Art and Cultural Assets**  
 The Region manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Region sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.
- d) **Write-Downs**  
 The write-down of tangible capital assets during the year was \$Nil (2017 – \$26,959) in the consolidated statement of operations.
- e) **Interest Capitalization**  
 In 2018, the Region capitalized \$151 (2017 – \$112) of interest cost.

## 15. Expenses by Object

The consolidated statement of operations reports expenses for the Region by functions or by business programs. The following is a summary of expenses by object.

	<b>2018</b>	<b>2017</b>
Salary and wages	\$ 850,232	\$ 807,241
Services and rents	371,743	366,022
Materials and supplies	88,592	87,049
Grants and transfer payments	594,364	511,516
Debt charges	68,002	69,249
Intra-government transfers	(42,571)	(38,979)
Amortization	279,267	275,211
Other operational expenses	135,867	183,006
<b>Total</b>	<b>\$ 2,345,496</b>	<b>\$ 2,260,315</b>

## 16. Contractual Obligations and Contingent Liabilities

- a) As at December 31, 2018 outstanding contractual obligations for capital works amounted to approximately \$557,399 (2017 – \$491,901). Regional Council has authorized the financing of these obligations.



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(Unaudited)

- b) As at December 31, 2018 the Region has been named as defendant or co-defendant in a number of outstanding legal actions. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. A provision of \$8,997 (2017 – \$9,755) has been made for those claims not expected to be covered by insurance.
- c) Under the terms of various operating lease agreements, future minimum payments are as follows:

2019	\$ 2,340
2020	1,307
2021	1,113
2022	674
2023	571
Subsequent to 2023	2,312
<b>Total</b>	<b>\$ 8,317</b>

- d) Under a 10-year service agreement, effective January 1, 2010, the Region has contracted the operations of the South Peel wastewater and water treatment systems to the Ontario Clean Water Agency (“OCWA”).

Included in the consolidated statement of operations are the 2018 charges from OCWA totaling \$38,495 (2017 – \$37,105). The consolidated statement of financial position reflects only the capital assets of the wastewater and water treatment facilities and the service charges due to or from OCWA.

- e) The Peel Regional Police provide policing services to the Greater Toronto Airports Authority (“GTAA”). Under a service agreement, the GTAA provides funding to fully offset any costs incurred by the Peel Regional Police. In 2018, the Peel Regional Police received \$16,561 (2017 – \$16,430) from the GTAA.
- f) Under contracts approved by the Region in 2005 with amendments in 2012 and 2016, a private waste management corporation will provide waste disposal capacity at current market rates (additional 24 years until December 31, 2042) and waste transfer services to the Region. The 2018 annual cost is \$17,400.
- g) Under separate contracts approved by the Region in 2014, two private waste management companies provide services including, but not limited to: bi-weekly, alternating garbage cart and recycling cart collection, bi-weekly bulky item collection, weekly organics cart collection, seasonal yard waste collection, garbage exemption collection periods, and manual (bag based) garbage, recycling and organics bin collection at specified locations. Each contract term is for an eight-year-plus-nine-month period which began on January 2016, with two additional, separate twelve-month period extension options, based on satisfactory service, performance and pricing. The 2018 annual cost for the two contracts is \$42,000.
- h) The Region has issued letters of credit for \$13,685 (2017 – \$13,353) in order to meet the credit requirements and conditions of certain agreements related to capital projects.

(Unaudited)

- i) The Region has identified a contaminated site on a piece of land downloaded from the federal government. The Region is currently working with the federal government to determine who accepts responsibility for the remediation of this site and has, therefore, not recognized a liability for this site in the consolidated statement of financial position.

### 17. Liability for Contaminated Sites

As at December 31, 2018, there are no contaminated sites that meet the specified criteria and no liability (2017 – \$Nil) for contaminated sites has been recorded in these consolidated financial statements.

### 18. Comparative Figures

Certain prior year figures have been reclassified to conform to the financial statement presentation adopted in the current year.

### 19. Municipal Act, 2001

Since the introduction of Current Value Assessment (“CVA”) taxation in 1998, provincial legislation mandates a limit to assessment-related tax increases for the commercial, industrial and multi-residential classes. The purpose of this limit is to ensure that the impact of CVA reform is manageable for taxpayers in these three property classes. These assessment-related tax adjustments are capped using a number of Council-adopted parameters which include the optional capping tools and capping program enhancements. Adoption of the capping parameters is designed to maximize the number of properties moving to full CVA-based taxation with the capping enhancements providing a four-year phase-out and/or immediate exit from the capping program for an eligible municipality. In 2018, the Province provided municipalities with additional flexibility such as the option to limit the capping protection to reassessment-related changes prior to 2018, and exclusion of vacant land from the four-year phase-out eligibility criteria providing that the remaining properties are within 50 per cent of CVA level taxes. The Region’s 2018 Tax Capping Policy – Selection of Options staff report presented to Regional Council on May 10, 2018 details the capping options selected for implementation in the 2018 taxation year. The legislation permits the costs of capping to be funded by limiting the property tax decreases within the subject property class.

While the local municipalities have the jurisdiction responsibility for managing the tax collection system, the Region is responsible for acting as the “banker” in order to balance out the overall impact of the capping initiative on a broader Regional basis. Implementation may cause some year-to-year variances. Such post-billing capping variances are written-off at the local municipal level and funded between the Region, the local municipality and the school board based on the tax rate prorated shares of the write-offs.

(Unaudited)

## 20. Segmented Information

The Region of Peel is a diversified municipal government institution providing a wide range of services to its residents that include: general government, protection to property and persons, transportation, environmental, health and social and family services. The Region also controls and administers Peel Housing Corporation, a non-profit housing organization.

For management reporting purposes, the Region's operations and activities are reported by Program Services. Program Services were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations. Regional services are provided by divisions and their activities are reported in Program Services.

Divisions disclosed in the Segmented Information, along with the services they provide, are as follows:

### General Government

General government comprises divisions under Finance, Corporate Services and the Executive Office, Council and Digital & Information Services. The divisions provide direct support to the various citizen-facing Regional services, as well as Council and Committee. These divisions also supply financial and administrative leadership for the Regional Corporation.

Also included are corporate expenses and revenues that are not directly attributable to any individual service, but do impact the overall tax requirement.

### Protection to Property and Persons

Protection to property and persons consists of Police Services and the conservation authorities. Police Services partners with the community to maintain social order and contribute to a safe environment in which to live, work and visit. Funding is provided to support the operating costs, special projects and land purchases for three conservation authorities in the Region.

### Transportation Services

Transportation services is responsible for Roads and TransHelp services. The mandate of the Roads division is to provide safe, reliable and secure roads while respecting the environment. TransHelp provides transit services to Peel residents unable to utilize conventional modes of public transportation.

### GO Transit

GO Transit includes the Region's apportionment of capital costs billed by GO Transit.

### Gas Tax Transferred to Local Municipalities

This segment includes the Federal Gas Tax revenue that is transferred to local municipalities.

### Environmental Services

Environmental services is responsible for Water, Wastewater and Waste Management Services. The Water Program sustainably delivers high quality drinking water, and the related support services, in an efficient and reliable manner. The mandate of Wastewater is to manage, collect and treat municipal wastewater. Waste Management provides

(Unaudited)

environmentally sustainable waste management services to residents and small businesses while maximizing recovery of valuable resources.

#### Health Services

Health services includes Public Health and Paramedic Services. Public Health is mandated by the *Ontario Health Protection and Promotion Act* and other legislation. Public Health provides programs and services in six key areas: communicable disease control and prevention; clinical services; enforcement; youth and adult illness prevention; early childhood development; and health surveillance. The mandate of Paramedic Services is to decrease suffering and improve and promote community safety.

#### Social and Family Services

Children's services plans, manages and coordinates a Region-wide early learning and child care system. Long-Term Care operates five long-term care facilities for seniors. Ontario Works delivers a range of programs providing employment and financial assistance to residents in need.

#### Social Housing

Social housing is responsible for administering social housing providers, the rent supplement programs, and managing a social housing waiting list.

Peel Housing Corporation is a non-profit housing company providing over 16,000 residents with affordable rental units.

#### Planning and Development

Regional planning provides planning policy and research and development planning services that respond to the growth and change experienced in Peel.

#### Assessment Services

Assessment Services is the funding to the Municipal Property Assessment Corporation, which administers province-wide property assessment services for municipalities.

**APPENDIX I**  
**2018 REGION OF PEEL CONSOLIDATED FINANCIAL STATEMENTS**

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(Unaudited)

**Segmented Information**

For the year ended December 31, 2018  
 (All dollars in \$000)

	General Government		Protection to Property & Persons		Transportation Services		Go Transit		Gas Tax Transferred To Area Municipalities		Environmental Services		Health Services	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Operations Revenue</b>														
Levies on area municipalities	1,043,679	991,309	-	-	-	-	-	-	-	-	-	-	-	-
Direct charges on ratepayers	-	-	-	-	-	-	-	-	-	-	401,482	369,259	-	-
Contributions - other governments	16,529	15,123	18,935	16,970	22,518	14,899	-	-	34,283	32,724	72,048	47,983	95,703	91,088
Contributions - developers	450	798	2,672	3,303	49,594	23,481	1,500	-	-	-	189,219	221,159	625	536
Contributed capital assets	-	-	-	-	2,956	1,680	-	-	-	-	61,778	33,192	-	-
Investment income	16,225	11,762	5,561	4,655	5,696	5,332	-	-	-	-	26,757	24,752	1,713	1,902
Fees and service charges	29,656	32,539	27,736	26,631	7,434	7,895	-	-	-	-	25,815	27,570	1,323	1,123
	1,106,539	1,051,531	54,904	51,559	88,198	53,287	1,500	-	34,283	32,724	777,099	723,915	99,364	94,649
<b>Expenses</b>														
Salaries and wages	72,682	73,279	386,122	368,860	44,392	41,997	-	-	-	-	60,252	54,187	130,322	121,780
Services and rents	26,421	30,469	30,698	30,336	31,985	26,394	-	-	-	-	173,269	171,438	11,725	11,247
Materials and supplies	3,348	3,558	12,181	11,068	9,157	8,078	-	-	-	-	48,849	50,538	7,595	6,668
Grants and transfer payments	30,430	27,066	47,596	43,630	48	131	-	-	34,283	32,725	-	-	664	783
Debt charges	2,966	3,007	-	-	586	605	-	-	-	-	57,882	57,977	-	-
Intra-government transfers	(88,558)	(89,596)	(16,968)	(14,431)	(26,890)	(24,853)	-	-	-	-	50,704	55,684	16,994	14,576
Amortization	10,367	16,063	12,614	11,997	54,291	54,088	-	-	-	-	176,715	168,529	6,585	5,590
Other operating expenses	22,412	15,768	8,668	8,072	35,570	73,612	14,470	13,843	-	-	18,295	38,117	1,467	3,776
	80,068	79,614	480,911	459,532	149,139	180,052	14,470	13,843	34,283	32,725	585,966	596,470	175,352	164,420
<b>Annual Surplus (Deficit)</b>	1,026,471	971,917	(426,007)	(407,973)	(60,941)	(126,765)	(12,970)	(13,843)	0	(1)	191,133	127,445	(75,988)	(69,771)

**APPENDIX I**  
**2018 REGION OF PEEL CONSOLIDATED FINANCIAL STATEMENTS**

**4.1-35**

(Unaudited)

**Segmented Information**

For the year ended December 31, 2018  
 (All dollars in \$000)

	Social & Family Services		Social Housing		Planning & Development		Assessment Services		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Operations Revenue</b>										
Levies on area municipalities	-	-	-	-	-	-	-	-	1,043,679	991,309
Direct charges on ratepayers	-	-	-	-	-	-	-	-	401,482	369,259
Contributions - other governments	486,325	408,318	49,809	48,546	-	-	-	-	796,150	675,651
Contributions - developers	52	23	13,018	-	-	-	-	-	257,130	249,300
Contributed capital assets	-	-	-	-	-	-	-	-	64,734	34,872
Investment income	3,093	2,232	8,256	6,482	-	-	258	236	67,559	57,353
Fees and service charges	18,612	18,151	60,797	59,859	3,168	962	-	-	174,541	174,730
	508,082	428,724	131,880	114,887	3,168	962	258	236	2,805,275	2,552,474
<b>Expenses</b>										
Salaries and wages	136,501	130,378	10,328	8,771	9,633	7,989	-	-	850,232	807,241
Services and rents	13,084	12,935	65,105	64,049	476	651	18,980	18,503	371,743	366,022
Materials and supplies	7,379	7,072	50	44	33	23	-	-	88,592	87,049
Grants and transfer payments	423,067	353,334	58,246	53,817	30	30	-	-	594,364	511,516
Debt charges	-	-	6,568	7,660	-	-	-	-	68,002	69,249
Intra-government transfers	16,872	15,364	6,303	6,352	(1,028)	(2,075)	-	-	(42,571)	(38,979)
Amortization	3,645	3,954	15,031	14,972	18	18	-	-	279,266	275,211
Other operating expenses	5,374	5,748	29,118	24,050	494	20	-	-	135,868	183,006
	605,922	528,785	190,749	179,715	9,656	6,656	18,980	18,503	2,345,496	2,260,315
<b>Annual Surplus (Deficit)</b>	(97,840)	(100,061)	(58,869)	(64,828)	(6,488)	(5,694)	(18,722)	(18,267)	459,779	292,159

























(Unaudited)

# Peel Housing Corporation

## Statement of Cash Flows

As at December 31, 2018

	2018	2017
<b>Operating activities</b>		
Annual operating surplus	\$ 14,269,308	\$ 13,137,070
Items not involving cash		
Amortization of tangible capital assets	11,076,961	11,076,961
Change in post-employment liabilities	5,104	262
Net remeasurement (loss) gains for the year	(309,707)	517,478
Change in non-cash assets and liabilities		
Accounts receivable	(484,805)	(2,028,763)
Accounts payable and accrued liabilities	(1,453,088)	2,774,820
Deferred revenue	5,296,415	43,700
Prepaid expenses	(64,927)	5,483
Net change in cash from operating activities	28,335,261	25,527,011
<b>Capital activity</b>		
Acquisition of tangible capital assets	(1,077,928)	(1,626,395)
Net change in cash from capital activity	(1,077,928)	(1,626,395)
<b>Investing activities</b>		
Decrease (increase) in unrestricted investments	(5,498,230)	34,446
(Increase) in restricted investments	(2,883,215)	(1,281,433)
Net change in cash from investing activities	(8,381,445)	(1,246,987)
<b>Financing activities</b>		
Proceeds from Peel Region loan	4,272,572	4,175,772
Repayment of long-term debt	(1,035,578)	(4,659,441)
Repayment of mortgages payable	(22,112,882)	(22,169,960)
Net change in cash from financing activities	(18,875,888)	(22,653,629)
Net change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -
Cash paid for interest	\$ 5,809,870	\$ 6,898,510
Cash received from interest	742,897	651,569

The accompanying notes are an integral part of these financial statements.



















(Unaudited)

<b>Retirement Benefits Expense</b>	<b>2018</b>	<b>2017</b>
Current period benefit cost	\$ 3,250	\$ 2,037
Interest on accrued benefit obligation	6,580	5,248
Amortization of actuarial losses	6,948	764
<b>Total</b>	<b>\$ 16,778</b>	<b>\$ 8,049</b>

**10. Mortgages Payable on Income Producing Properties**

Mortgages are secured by a first charge on specific assets of the Corporation with amortization periods that range from 5 to 50 years and interest ranging from 1.04 per cent to 8.0 per cent. Generally, interest rates are fixed for either 5 or 10 years.

Estimated principal repayments in respect to these mortgages for the years 2019-2023 and thereafter are as follows:

	<b>Principal Repayments</b>
2019	\$ 18,969,150
2020	18,109,309
2021	18,308,545
2022	18,248,436
2023	17,626,005
Subsequent to 2023	60,346,816
<b>Total</b>	<b>\$ 151,608,261</b>

Interest paid during the year amounted to \$5,809,870 (2017 – \$6,898,510).

## 2018 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS

(Unaudited)

**11. Long Term Debt**

Long term debt consists primarily of four loans from the Region and forgivable loans with the Province associated with some of the properties developed with the Region.

	<b>2018</b>	<b>2017</b>
<b>Region of Peel Loans:</b>		
2005 Summerville Pines Current term is 2.9 per cent for ten years from March 6, 2016 to March 5, 2026, amortized over 35 years; payments made are based on the operating surplus of the project.	\$ 6,233,522	\$ 7,031,611
Service Manager Capital/Infrastructure Repayable Subsidy Interest rates currently range from 2.99 to 3.37 per cent payable over 15 years commencing with the various property locations' respective Operating Agreement end dates.	23,982,247	20,445,633
2013 Land Acquisition Purchase of land adjacent to Twin Pines, with an interest rate of 3.2 per cent, with an open term to repay.	2,920,561	2,841,962
Twin Pines Site Development Development of the Twin Pines site, with an interest rate of 2.95 per cent, with an open term to repay.	2,689,190	2,245,570
<b>Provincial loans (forgivable):</b>		
Forgiven after 20 years once program requirements have been met.	1,919,250	1,943,000
<b>Total</b>	<b>\$ 37,744,770</b>	<b>\$ 34,507,776</b>

Interest paid during the year amounted to \$971,227 (2017 – \$911,356).

**12. Contributed Capital**

The following summarizes changes to the balance for contributed capital.

	<b>2018</b>	<b>2017</b>
Balance at the beginning of the year	\$ 18,855,004	\$ 18,831,251
Assisted Housing in Peel forgivable loan	23,750	23,750
<b>Total</b>	<b>\$ 18,878,754</b>	<b>\$ 18,855,004</b>

(Unaudited)

**13. Accumulated Surplus**

The accumulated surplus consists of the following:

	<b>2018</b>	<b>2017</b>
Accumulated operating surplus:		
Investment in tangible capital assets	\$ 224,117,252	\$ 213,328,250
Reserves	24,557,157	17,558,886
Contributed capital	18,878,754	18,855,004
Capital fund	(23,982,244)	(20,445,633)
Accumulated surplus from operations	724,260	724,260
Unfunded liability – retiree benefits	(114,303)	(109,199)
Common shares	100	100
	<b>244,180,976</b>	<b>229,911,668</b>
Unrealized gain on restricted investments	1,105,555	1,415,262
<b>Total Accumulated Surplus</b>	<b>\$ 245,286,531</b>	<b>\$ 231,326,930</b>

**14. Surplus / (Deficit) from Housing Program Administration**

Overhead costs are related to administrative functions performed by the Region and are allocated based on the buildings' weighted unit count.

	<b>2018</b>	<b>2017</b>
Total revenue	\$ 833,773	\$ 750,907
Less: expenses	11,395,186	10,603,090
<b>Deficit before the under noted items</b>	<b>(10,561,413)</b>	<b>(9,852,184)</b>
Transfer of investment income to reserve funds	(253,666)	(262,838)
Transfer of investment revenue to last month's rent	(77,512)	(63,194)
Transfer of investment income to operations	(489,231)	(325,536)
Administrative expense recovered from operations	10,273,533	9,550,727
Administrative allocation to Region of Peel buildings	1,108,288	953,024
<b>Surplus/deficit from housing program administration</b>	<b>\$ -</b>	<b>\$ -</b>

(Unaudited)

**15. Expenses by Object**

The statement of operations reports expenses for the Corporation by function. The following is a summary of expenses by object.

	<b>2018</b>	<b>2017</b>
Salary and wages	\$ 4,642,359	\$ 4,977,434
Municipal taxes	12,983,393	12,653,766
Amortization	11,076,961	11,079,961
Debt interest charges	6,782,737	7,809,866
Other operating expenses	53,696,397	54,584,690
<b>Total</b>	<b>\$ 89,181,847</b>	<b>\$ 91,105,717</b>

**16. Contingent Liabilities**

As at December 31, 2018, the Corporation has certain legal disputes outstanding that have arisen in the ordinary course of operations. No provision has been made in 2018 for costs or losses, as all claims are expected to be covered by insurance or the consequences are undeterminable at this time.

**17. Government Grants**

The following represents three grants where funding was received up to December 31, 2018 from the Region's Social Housing Apartment Retrofit Program (SHARP), the Social Housing Improvement Program (SHIP), and the Social Housing Apartment Improvement Program (SHAIP). Grants were approved by the Service Manager and made available for eligible project costs that meet the conditions as specified in each respective grant agreement.

**APPENDIX I**  
**2018 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS**

**4.2-24**

(Unaudited)

**SHARP Projects**

<b>Property</b>	<b>Project Description</b>	<b>SHARP Grant Approved</b>	<b>SHARP Eligible Expenses Incurred Prior to January 1, 2018</b>	<b>2018 SHARP Eligible Expenses Incurred January 1, 2018 to December 31, 2018</b>	<b>Excess of Approved SHARP Grant Over Expenses</b>
Bella Vista Place	Exterior EIFS Retrofits and Repairs	\$ 1,861,190	\$ 1,328,706	\$ 140,166	\$ 392,318
Gardenview Court	Exterior Wall Leakage Repairs for Units 1018 & 116	129,466	117,618	11,848	-
Gardenview Court	Hot Water Boilers Replacement & Associated Works	463,982	359,209	104,776	-
Surveyor's Point	Hot Water Boilers Replacement & Associated Works	443,883	305,484	138,399	-
Surveyor's Point	Roofing Replacement	218,488	197,532	20,957	-
<b>Total</b>		<b>\$ 3,117,008</b>	<b>\$ 2,308,548</b>	<b>\$ 416,142</b>	<b>\$ 392,318</b>

The total amount of SHARP funding spent on the approved Eligible Project Costs in 2018 is \$416,412 (2017 - \$2,308,548).

**APPENDIX I**  
**2018 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS**

**4.2-25**

(Unaudited)

**SHIP Projects**

Property	Project Description	SHIP Grant Approved	SHIP Eligible Expenses Incurred Prior to January 1, 2018	2018 SHIP Eligible Expenses Incurred January 1, 2018 to December 31, 2018	Excess of Approved SHIP Grant Over Expenses
Britannia Place Castlebrooke	Roofing Replacement	\$ 334,252	\$ 210,565	\$ 123,687	\$ -
	Elevators	533,810	376,003	148,416	9,391
	Modernization and Cab Retrofits				
Conover	Roofing Replacement	276,461	238,587	37,874	-
Fairview Place	Balcony Remediation	736,596	182,722	439,493	114,381
Lakeside Court - TH	Asphalt Shingles, Eavestroughs and Downspouts	52,867	52,867	-	-
	Replacement and Assoc Works				
Lakeview Promenade - APT	Elevators	535,933	70,327	465,606	-
	Modernization and Cab Retrofits				
Meadows	Asphalt Shingles, Eavestroughs and Downspouts	536,458	468,702	67,755	-
	Replacement and Assoc Works				
Whillian's Gate	Elevators	485,340	6,567	460,210	18,562
	Modernization				
Chelsea Gardens	UPG Repairs and Associated Works	948,401	460,284	344,340	143,777
Maple Avenue	Generator / Fuel System Compliance Upgrade	44,961	44,961	-	-
	<b>Total</b>	<b>\$ 4,485,079</b>	<b>\$ 2,111,586</b>	<b>\$ 2,087,382</b>	<b>\$ 286,111</b>

The total amount of SHIP funding spent on the approved Eligible Project Costs in 2018 is \$2,087,382 (2017 - \$2,111,586).

(Unaudited)

**SHAIP Projects**

Property	Project Description	SHAIP Grant Approved	SHAIP Eligible Expenses Incurred Prior to January 1, 2018	2018 SHAIP Eligible Expenses Incurred January 1, 2018 to December 31, 2018	Excess of Approved SHAIP Grant Over Expenses
Bella Vista Place	Replacement of Unit and Site Lighting and Fixtures with LED	\$ 270,000	\$ -	\$ -	\$ 270,000
Bella Vista Place	Underground Parking Garage (UPG) - 5 exhaust fans and Carbon Monoxide (CO) detectors	115,000	-	-	115,000
Gardenview Court	Exhaust Ventilation - Garage (5 Units)	65,000	-	-	65,000
Gardenview Court	Replacement with energy-efficient windows and doors, and associated exterior works	1,720,000	-	18,927	1,701,073
Gardenview Court	Replacement of Unit and Site Lighting and Fixtures with LED	250,000	-	-	250,000
Surveyor's Point	Replacement of Unit and Site Lighting and Fixtures with LED	177,000	-	-	177,000
Surveyor's Point	Replacement with energy efficient Cooling Tower	88,000	-	-	88,000
Surveyor's Point	Replacement with energy-efficient windows and doors, and associated exterior works	1,340,000	-	18,927	1,321,073
Surveyor's Point	Underground Parking Garage (UPG) - 2 exhaust fans	25,000	-	-	25,000
<b>Total</b>		<b>\$ 4,050,000</b>	<b>\$ -</b>	<b>\$ 37,855</b>	<b>\$ 4,012,145</b>

The total amount of SHAIP funding spent on the approved Eligible Project Costs in 2018 is \$37,855 (2017 - \$Nil).

**18. Risks**

**a) Credit Risk**

The Corporation is subject to credit risks from its tenants as a result of counterparty default. This risk is mitigated by prudent monitoring procedures.

**b) Interest Rate Risk**

The Corporation is subject to interest rate fluctuations on its mortgages and long term debt. The Corporation currently does not use any hedging strategies to mitigate this interest rate exposure.



(Unaudited)

**c) Market Risk**

Market risk arises as a result of trading in fixed income securities and equities. Fluctuations in the market expose the Corporation to a risk of loss. The Corporation mitigates this risk through cash management processes and compliance to the approved investment policy.

**19. Commitments**

The Corporation has obligations under non-cancellable operating leases with the Region of Peel for various service agreements.

The expected payments to the expiry of leases and agreements are as follows:

	<b>Payments</b>
2019	\$ 2,055,469
2020	2,055,469
2021	2,055,469
2022	2,055,469
2023	2,055,469
Subsequent to 2023	49,229,272
<b>Total</b>	<b>\$ 59,506,617</b>

**20. Budget Reconciliation**

The budget amounts presented in the financial statements are based on the 2018 operating and capital budgets approved by the Board on October 5<sup>th</sup>, 2017 and February 1, 2018. The following reconciles the approved budget to the budget amounts presented in the financial statements using the accrual basis of accounting, in accordance with PSAS.

	<b>Revenues</b>	<b>Expenses</b>
Board Approved Operating Budget	100,022,006	100,022,006
Board Approved Capital Budget	70,582,429	70,582,429
PSAB Adjustments		
Contributions to reserves/reserve funds	-	(13,933,787)
Contributions from reserves/reserve funds	(30,409,341)	-
Amortization	-	(10,819,149)
Loan principal repayments	-	(193,212)
Acquisition of tangible capital assets	-	(49,500,000)
Capital projects funded by loans	(32,000,000)	-
Other Adjustments		
Investment income	489,231	-
Contributed Capital	23,750	257,370
<b>Budget as presented in Financial Statements</b>	<b>\$ 108,708,075</b>	<b>\$ 96,158,287</b>

(Unaudited)

**21. Comparative Figures**

Certain prior year figures have been reclassified to conform to the financial statement presentation adopted in the current year.



**REPORT**  
**Meeting Date: 2019-05-02**  
**Audit and Risk Committee**

**For Information**

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DATE: April 24, 2019

REPORT TITLE: **2018 DELOITTE AUDIT RESULTS REPORT**

FROM: Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer  
Stephanie Nagel, Treasurer

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**OBJECTIVE**

To provide the Audit and Risk Committee with a summary of the external audit results for both the Region of Peel and Peel Housing Corporation, as issued by our external auditors, Deloitte, for the year ending December 31, 2018.

**REPORT HIGHLIGHTS**

- Deloitte has recently completed their 2018 audit of the Region of Peel and Peel Housing Corporation.
- Deloitte has prepared their report to the Audit and Risk Committee on the 2018 audits which summarizes the key findings and audit results and the report is attached as Appendix I.
- There are no uncorrected misstatements in the financial statements of the Region of Peel and of Peel Housing Corporation for 2018.
- There are no significant internal control deficiencies.
- There are no management letter comments for 2018.

**DISCUSSION**

On an annual basis, the external auditors provide the Region of Peel and the Peel Housing Corporation with audits in accordance with generally accepted auditing standards. The audits for the 2018 fiscal year have recently been completed and Deloitte has issued their annual audit results report which is attached as Appendix I. The report highlights the main findings from the external audits, the status of the audits, the audit risks, internal control matters and the Management Letters for both the Region and Peel Housing Corporation.

The audits did not identify any significant deficiencies in internal controls. There are no misstatements resulting from the current audits. There are no management letter comments for 2018.

## 2018 DELOITTE AUDIT RESULTS REPORT

### CONCLUSION

Deloitte's Audit Results report, attached as Appendix I, is presented for the Audit and Risk Committee's review.



Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer



Stephanie Nagel, Treasurer

### Approved for Submission:



---

S. VanOfwegen, Acting Chief Administrative Officer

### APPENDICES

Appendix I – Report to the Audit and Risk Committee on the 2018 Audits

*For further information regarding this report, please contact Stephanie Nagel at ext. 7105 or via email at [stephanie.nagel@peelregion.ca](mailto:stephanie.nagel@peelregion.ca).*

*Authored By: Monique Hynes*



**Regional Municipality of Peel and  
Peel Housing Corporation**  
Report to the Audit and Risk  
Committee on the 2018 audits

To be presented on May 2, 2019



Deloitte LLP  
400 Applewood Crescent  
Suite 500  
Vaughan ON L4K 0C3  
Canada

Tel: (416) 601 6150  
Fax: (416) 601 6151  
www.deloitte.ca

March 8, 2019

**Private and confidential**

Members of the Audit and Risk Committee  
Regional Municipality of Peel  
10 Peel Centre Drive  
Brampton ON L6T 4B9

**Re: Report on audited annual financial statements**

Dear Audit and Risk Committee Members:

We are pleased to submit this report on the results of our audit of the consolidated financial statements of the Regional Municipality of Peel (the "Region") and the financial statements of Peel Housing Corporation ("PHC") as at, and for the year ended December 31, 2018. This report summarizes the scope of our audits, our findings and reviews certain other matters that we believe to be of interest to you.

As agreed in our Master Services Agreement dated July 22, 2016, and our confirmation of changes letter dated November 19, 2018, we have performed audits of the following, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"):

- Consolidated financial statements of the Region prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS")
- Financial statements of PHC prepared in accordance with PSAS
- Financial statements of the Regional Municipality of Peel Trust Funds (the "Trust Funds") prepared in accordance with Canadian accounting standards for not-for-profit organizations, and
- Financial statements of the Regional Municipality of Peel Debt Retirement and Sinking Funds (the "Debt Retirement and Sinking Funds") prepared in accordance with PSAS.

Herein after, collectively referred to as the "Financial Statements".

We expect to issue our Independent Auditor's Reports on the financial statements of the Region, the Trust Funds, and the Debt Retirement and Sinking Funds upon approval of the financial statements by the Treasurer. Our Independent Auditor's Report on the financial statements of PHC will be issued upon approval of the financial statements by PHC's Board of Directors.

Our audit has been conducted in accordance with the audit plan dated August 3, 2018 that was presented to the Audit and Risk Committee.

This report is intended solely for the information and use of the Regional Council through the Audit and Risk Committee, PHC Board of Directors, management and others within the Region and PHC, and is not intended to be, and should not be, used by anyone other than these specified parties.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,

"Original signed by Deloitte"

Chartered Professional Accountants  
Licensed Public Accountants

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# Our audit explained

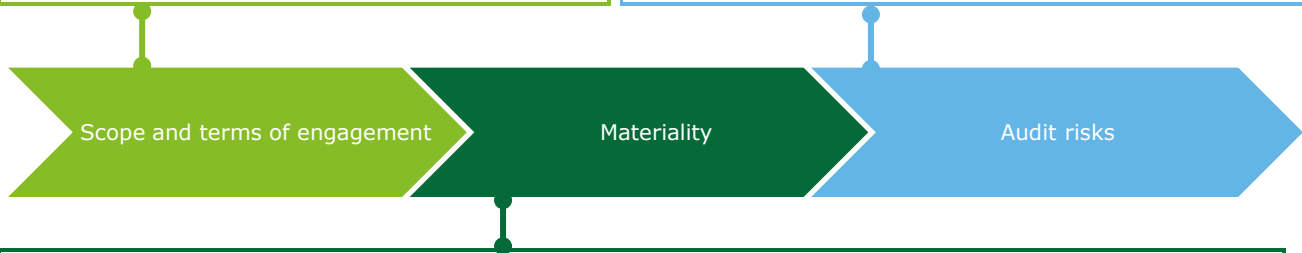
This report summarizes the main findings arising from our audits.

## Audit scope and terms of engagement

We have been asked to perform audits of the financial statements of the Region, PHC, the Trust Funds and the Debt Retirement and Sinking Funds (collectively, the "Region") in accordance with the applicable accounting frameworks as at and for the year ended December 31, 2018. Our audits were conducted in accordance with Canadian Generally Accepted Auditing Standards ("Canadian GAAS"). The terms and conditions of our engagement are described in the Master Services Agreement dated July 22, 2016, and the confirmation of changes letter dated November 19, 2019, which were signed on behalf of the Committee and management.

## Audit risks

Through our risk assessment process, we have identified the audit risks. These risks of material misstatement and related audit responses are discussed in the Audit Risks section of this report.



## Materiality

We are responsible for providing reasonable assurance that your financial statements as a whole are free from material misstatement.

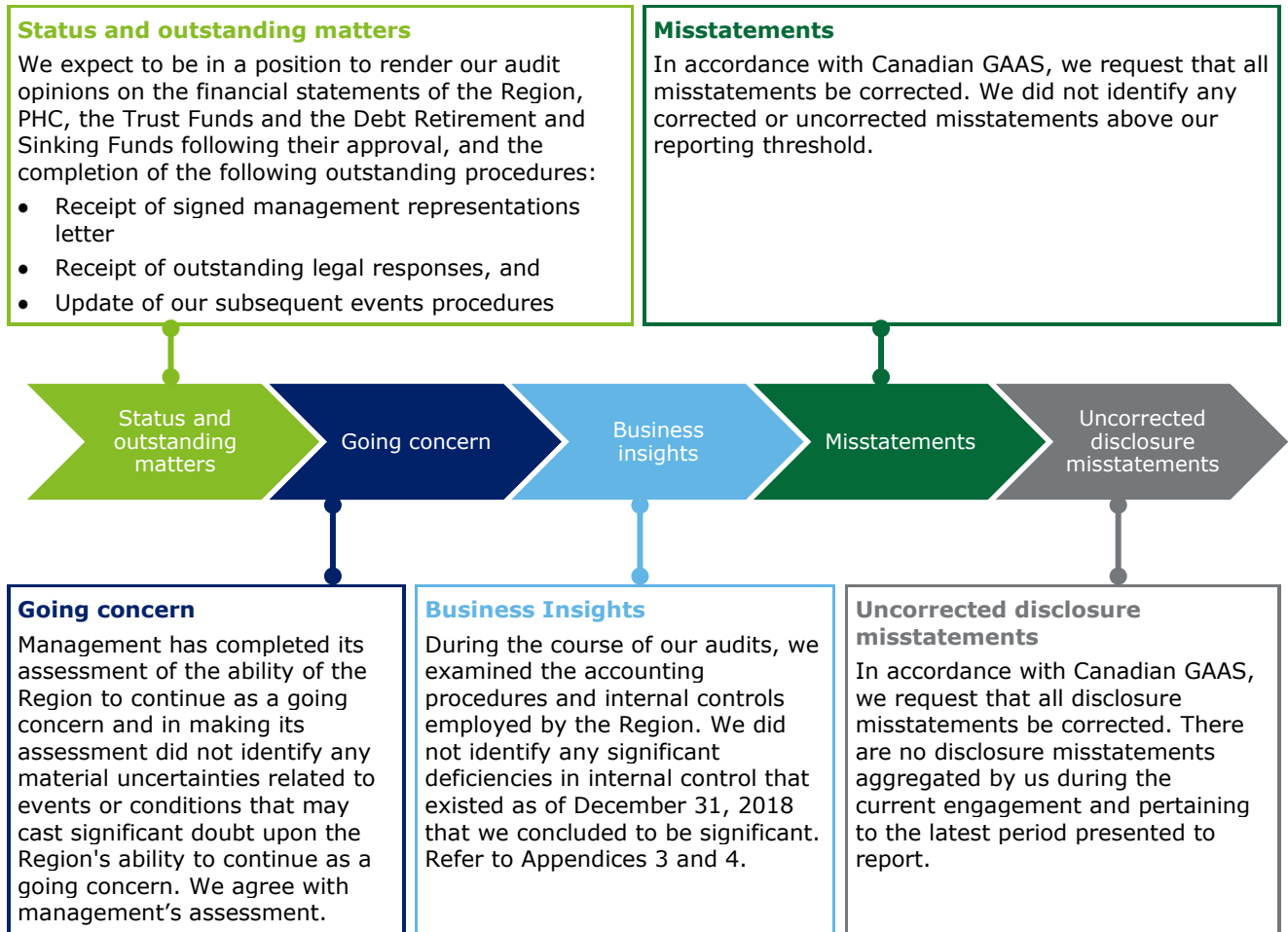
Materiality levels were determined on the basis of total expenses.

We have informed the Committee of all uncorrected misstatements greater than a clearly trivial amount of 5% of materiality and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian GAAS, we asked that any misstatements be corrected.



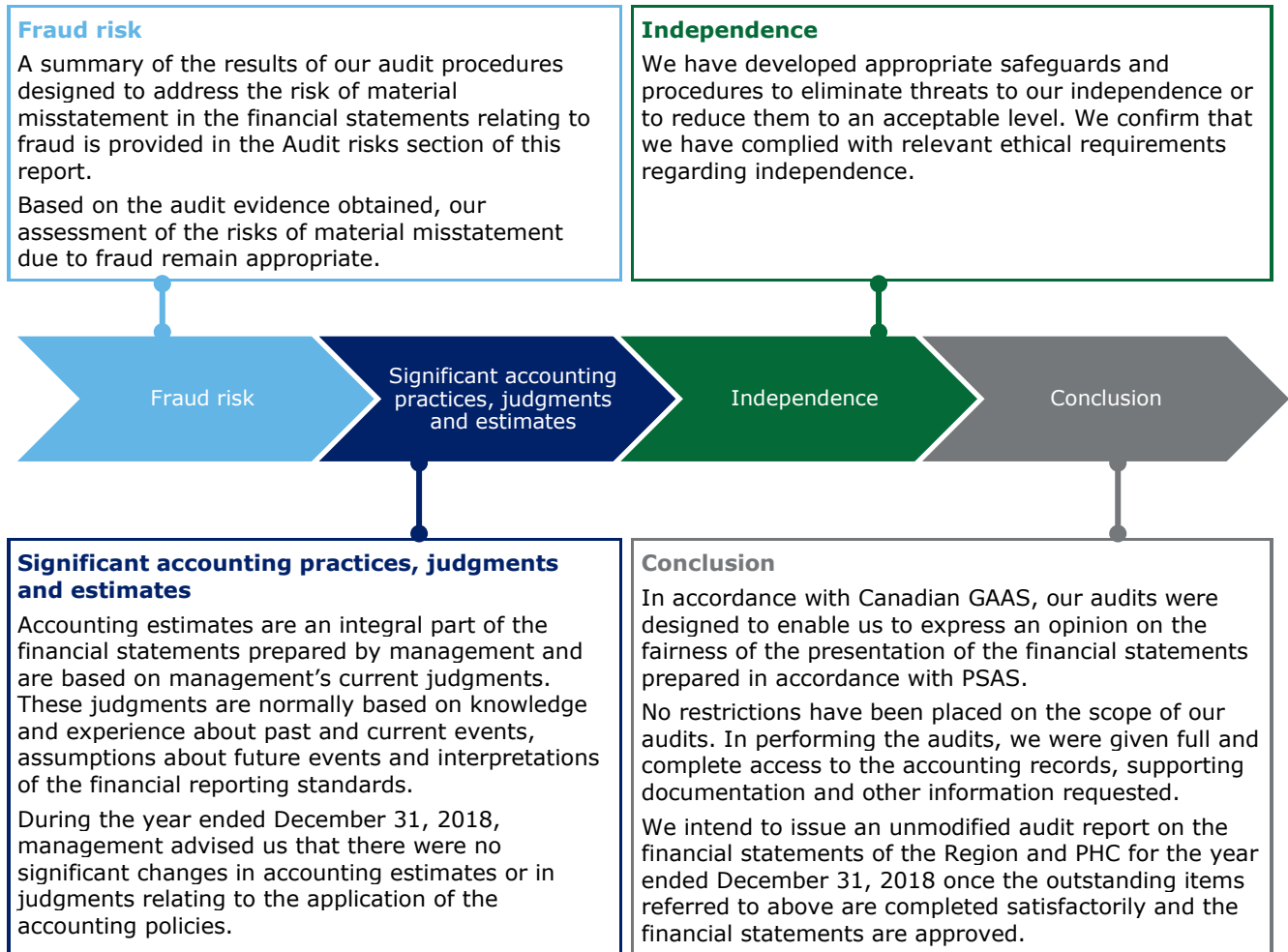
2018 DELOITTE AUDIT RESULTS REPORT

Regional Municipality of Peel and Peel Housing Corporation | Our audit explained



2018 DELOITTE AUDIT RESULTS REPORT

Regional Municipality of Peel and Peel Housing Corporation | Our audit explained



## 2018 DELOITTE AUDIT RESULTS REPORT

Regional Municipality of Peel and Peel Housing Corporation | Audit risks

# Audit risks

## Region of Peel

### Revenue and deferred revenue amounts\*

#### Audit risk

Canadian Auditing Standards include the presumption of a fraud risk involving improper revenue recognition.

#### Our audit response

- Substantive testing to determine if restricted contributions (i.e., development charges, gas tax, conditional grants, etc.) have been recognized as revenue in the appropriate period.

#### Audit results

No significant issues were noted as a result of this testing.

### Year-end cut-off

#### Audit risk

Determine if cut-off of revenues and expenses is appropriate.

#### Our audit response

- Substantive testing on accounts payable, accrued liabilities, deferred revenue and accounts receivable, and
- Test disbursements subsequent to year-end.

#### Audit results

No significant issues were noted as a result of this testing.

### Adoption of new accounting standards

#### Risk identified

Determine if balances and disclosures are appropriate and in accordance newly adopted Public Sector Accounting Standards.

#### Our audit response

- Review management's process of identifying related parties, and review management's analysis of related party transactions and balances and determine if they are recorded in accordance with PS 2200.
- Determine if Assets are properly recorded and disclosed in accordance with PS 3210.
- Review management's process of identifying Contingent assets and Contractual rights and determine if they are properly disclosed in accordance with PS 3320 and 3380.

#### Audit results

No significant issues were noted as a result of this testing.

## 2018 DELOITTE AUDIT RESULTS REPORT

Regional Municipality of Peel and Peel Housing Corporation | Audit risks

## Tangible capital assets

**Risk identified**

Appropriate accounting and disclosure.

**Our audit response**

- Test assumptions used in determining completeness, valuation, recording and cut-off of 2018 additions and disposals, and
- Testing of calculations of amortization.

**Audit results**

No significant issues were noted as a result of this testing.

## Year-end accruals and other estimates (including salaries, employee future benefits, landfill closure and post-closure liability, contaminated sites, and allowance for doubtful accounts)

**Audit risk**

Estimates require management judgments and assumptions.

**Our audit response**

- Obtain documentation on management's control over accounting estimates and assess risk
- Review and assess the consistency of major assumptions used to develop significant accounting estimates
- Compare actual historical experience to models employed in such calculations
- Obtain calculations from experts for accruals such as employee future benefit liability and landfill liability, and assess assumptions and data used to prepare the report, and
- Review actual outcome of prior year estimates.

**Audit results**

No significant issues were noted as a result of this testing.

## 2018 DELOITTE AUDIT RESULTS REPORT

Regional Municipality of Peel and Peel Housing Corporation | Audit risks

**Management override of controls\*****Audit risk**

Management override of controls is a presumed area of risk in a financial statement audit due to management's ability to override controls that otherwise appear to be operating effectively.

**Our audit response**

- Our audit tests the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of financial statements
- We will obtain an understanding of the business rationale for significant transactions that we become aware of that are outside of the normal course of business, or that otherwise appear to be unusual given our understanding of the Region and its environment
- We will review accounting estimates for bias and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement
- In addition, experienced Deloitte personnel will be assigned to the testing and review of journal entries and areas of estimates, and
- Professional skepticism will be maintained throughout the audit.

**Audit results**

Management has represented to us that they have not identified any fraud or illegal items and our audit procedures support this assessment.

**Peel Housing Corporation****Tenant and other receivables/revenue\*****Audit risk**

Canadian Auditing Standards include the presumption of a fraud risk involving improper revenue recognition. Valuation of tenant and other receivables.

**Our audit response**

- Review aging reports and estimate allowance for doubtful tenant receivables for reasonableness
- Confirm subsidies received from the Service Manager, and
- Perform detail testing of tenant and other receivables and related revenue.

**Audit results**

No significant issues were noted as a result of this testing.

## 2018 DELOITTE AUDIT RESULTS REPORT

Regional Municipality of Peel and Peel Housing Corporation | Audit risks

**Tangible capital assets****Audit risk**

Appropriate accounting and disclosure.

**Our audit response**

- Substantive testing of capital asset additions and disposals, and
- Testing of calculations of amortization.

**Audit results**

No significant issues were noted as a result of this testing.

**Long-term debt****Audit risk**

Appropriate accounting and disclosure.

**Our audit response**

- Confirm long-term debt balances, and
- Recalculate interest.

**Audit results**

No significant issues were noted as a result of this testing.

\*These areas have been identified as areas of significant risk.

## 2018 DELOITTE AUDIT RESULTS REPORT

Regional Municipality of Peel and Peel Housing Corporation | Other reportable matters

# Other reportable matters

The following summarizes the status and findings of key aspects of our audit. In the appendices to this report, we have provided additional information related to certain matters we committed to report to the Audit and Risk Committee as part of the audit plan.

	Comment
<b>Changes to the audit plan</b>	The audits were conducted in accordance with our audit plan, which was communicated to the Committee. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan.
<b>Significant difficulties encountered in performing the audit</b>	We did not encounter any significant difficulties while performing the audits. There were no significant delays in receiving information from management required for the audits nor was there an unnecessarily brief timetable in which to complete the audits.
<b>Related party transactions</b>	Related party transactions or balances have been properly disclosed in the financial statements. We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments by management concerning measurement or disclosure.
<b>Disagreements with management</b>	During the course of our audits, there were no disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
<b>Consultation with other accountants</b>	Management has informed us that the Region and PHC has not consulted with other accountants about auditing or accounting matters.
<b>Legal and regulatory compliance</b>	Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the Region and PHC.
<b>Post-balance sheet events</b>	At the date of finalizing this report, we are not aware of any significant post balance sheet events.

# Appendix 1– Communication requirements

Required communication	Reference	Refer to this report or document described below
<b>Audit Service Plan</b>		
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS <sup>1</sup> 260.14	Master services agreement dated July 22, 2016, and confirmation of changes letter dated November 19, 2018
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks</li> <li>c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk</li> <li>d. Names, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit</li> </ul>	CAS 260.15	Audit service plan dated August 3, 2018
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27	Audit service plan dated August 3, 2018
<b>Enquiries of those charged with governance</b>		
4. How those charged with governance exercise oversight over management’s process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	CAS 240.20	We are not aware of any fraudulent events
5. Any known suspected or alleged fraud affecting the Region	CAS 240.21	None noted
6. Whether the Region is in compliance with laws and regulations	CAS 250.14	Other reportable matters section
<b>Year End Communication</b>		
7. Fraud or possible fraud identified through the audit process	CAS 240.40-.42	None noted
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.	Other reportable matters section

<sup>1</sup> CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada



## 2018 DELOITTE AUDIT RESULTS REPORT

Regional Municipality of Peel and Peel Housing Corporation | Appendix 1- Communication requirements

Required communication	Reference	Refer to this report or document described below
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.	Other reportable matters section
10. Matters related to going concern	CAS 570.23	Page 2 of this report
11. Management judgments and accounting estimates	CAS 260.16 a.	Other reportable matters section
12. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.	Other reportable matters section
13. Material written communications between management and us, including management representation letters	CAS 260.16 c.	Master services agreement dated July 22, 2016, confirmation of changes letter dated November 19, 2018, audit service plan dated August 3, 2018, and Management representation letter – Appendix 5
14. Other matters that are significant to the oversight of the financial reporting process	CAS 260.16d.	None
15. Modifications to our Independent Auditor's Reports.	CAS 260.A18	None
16. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	CAS 260.A19	None
17. Significant matters discussed with management	CAS 260.A.19	None
18. Matters involving non-compliance with laws and regulations that come to our attention.	CAS 250.23	None noted
19. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	CAS 265	None noted
20. Uncorrected misstatements and disclosure items	CAS 450.12-13	None noted
21. Any significant matters arising during the audit in connection with the Region's related parties	CAS 550.27	None noted

# Appendix 2 – Independence letter



Deloitte LLP  
400 Applewood Crescent  
Suite 500  
Vaughan ON L4K 0C3  
Canada

Tel: 416-601-6150  
Fax: 416-601-6151  
www.deloitte.ca

March 8, 2019

**Private and confidential**

The Members of the Audit and Risk Committee  
Regional Municipality of Peel  
10 Peel Centre Drive  
Brampton ON L6T 4B9

Dear Audit and Risk Committee Members:

We have been engaged to audit the consolidated financial statements of Regional Municipality of Peel (the "Region") and the financial statements of Peel Housing Corporation ("PHC") for the year ended December 31, 2018.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Region, PHC, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/ordre and applicable legislation, covering such matters as:

- a. Holding a financial interest, either directly or indirectly, in a client.
- b. Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- c. Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.
- d. Economic dependence on a client.
- e. Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the Firm as appropriate, the Firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since March 23, 2018, the date of our last letter.

We are not aware of any relationships between the Deloitte Entities (defined as the Member Firms of Deloitte Touche Tohmatsu Limited and their respective affiliates) and the Region, PHC and its affiliates, or persons in financial reporting oversight roles at the Region and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from March 23, 2018 to March 8, 2019.

We hereby confirm that we are independent with respect to the Region and PHC in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario as of March 8, 2019.

Regional Municipality of Peel  
March 8, 2019  
Page 2

This letter is intended solely for the information and use of the Committee, management, and others within the Region and PHC and is not intended to and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter at our upcoming meeting on.

Yours truly,

“Original signed by Deloitte”

Chartered Professional Accountants  
Licensed Public Accountants

# Appendix 3– Region management letter



Deloitte LLP  
400 Applewood Crescent  
Suite 400  
Vaughan ON L4K 0C3  
Canada

Tel: (416) 601 6150  
Fax: (416) 601 6151  
www.deloitte.ca

March 8, 2019

**Private and confidential**

Mr. Stephen VanOfwegen  
Commissioner of Finance and Chief Financial Officer  
Regional Municipality of Peel  
10 Peel Centre Drive  
Brampton ON L6T 4B9

Dear Mr. VanOfwegen:

We have audited the financial statements (hereinafter referred to as "annual financial statements") of Regional Municipality of Peel (the "Region") as at and for the year ended December 31, 2018 and will issue our Independent Auditor's Report thereon upon approval by the Treasurer. In planning and performing our audit of the Regions' annual financial statements, we reviewed the Region's systems and internal controls to the extent we considered necessary to make an evaluation of such systems and procedures in accordance with Canadian generally accepted auditing standards. Under these standards, the fundamental purpose of the evaluation is to assess audit risk and to establish a basis for reliance on the internal controls in determining the nature, extent and timing of other auditing procedures, which are necessary for the expression of an opinion on the financial statements; it is not to determine whether internal controls are adequate for management's purposes.

The maintenance of adequate controls designed to fulfill control objectives is the responsibility of management. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, controls found to be functioning at a point in time, may later be found deficient because of the performance of those responsible for applying them, and there can be no assurance that controls currently in existence will prove to be adequate in the future as changes take place in the Region.

Our consideration of internal control over financial reporting in our audit of the annual financial statements would not necessarily disclose all internal control matters that might be weaknesses under Canadian Auditing Standards. A weakness in internal control is a deficiency in the design or effective operation of internal control. A weakness in internal control is significant if the deficiency is such that a material misstatement is not likely to be prevented or detected in the financial statements being audited.

This letter is intended solely for the purposes of management and those charged with governance and is not suitable for any other purposes. We shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, any other purposes.

**Definitions**

A control deficiency is a deficiency in the design or effective operation of internal control. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

**Canadian Auditing Standards**

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that a material misstatement of Region's annual financial statements is not likely to be prevented or detected.

Regional Municipality of Peel  
March 8, 2019  
Page 2

**Professional standards**

Professional standards require us to communicate significant deficiencies identified during the audit to management and those charged with governance.

**Material weaknesses**

During the audit, we did not identify any control deficiencies that, individually or in the aggregate, we consider to be material weaknesses as defined above.

Yours truly,

“Original signed by Deloitte”

Chartered Professional Accountants  
Licensed Public Accountants

Enclosure

c: Members of the Audit and Risk Committee

# Appendix 4– Peel Housing Corporation management letter





Deloitte LLP  
400 Applewood Crescent  
Suite 400  
Vaughan ON L4K 0C3  
Canada

Tel: (416) 601 6150  
Fax: (416) 601 6151  
www.deloitte.ca

March 8, 2019

**Private and confidential**

Mr. Dan Labrecque  
General Manager  
Peel Housing Corporation  
10 Peel Centre Drive  
Brampton ON L6P 4B9

Dear Mr. Labrecque:

We have audited the financial statements (hereinafter referred to as "annual financial statements") of Peel Housing Corporation ("PHC") as at and for the year ended December 31, 2018 and will issue our Independent Auditor's Report thereon upon approval of the Board of Directors. In planning and performing our audit of PHC's annual financial statements, we considered PHC's internal control over financial reporting in order to determine the nature, extent and timing of our auditing procedures for the purpose of expressing our opinion on the annual financial statements. A financial statement audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

The maintenance of adequate controls designed to fulfill control objectives is the responsibility of management. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, controls found to be functioning at a point in time, may later be found deficient because of the performance of those responsible for applying them, and there can be no assurance that controls currently in existence will prove to be adequate in the future as changes take place in PHC.

Our consideration of internal control over financial reporting in our audit of the annual financial statements would not necessarily disclose all internal control matters that might be weaknesses under Canadian Auditing Standards. A weakness in internal control is a deficiency in the design or effective operation of internal control. A weakness in internal control is significant if the deficiency is such that a material misstatement is not likely to be prevented or detected in the financial statements being audited.

This letter is intended solely for the purposes of management and those charged with governance and is not suitable for any other purposes. We shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, any other purposes.

**Definitions**

A control deficiency is a deficiency in the design or effective operation of internal control. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

**Canadian Auditing Standards**

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that a material misstatement of PHC's annual financial statements is not likely to be prevented or detected.

**Professional standards**

Professional standards require us to communicate significant deficiencies identified during the audit to management and those charged with governance.

Peel Housing Corporation  
March 8, 2019  
Page 2

**Material weaknesses**

During the audit, we did not identify any control deficiencies that, individually or in the aggregate, we consider to be material weaknesses as defined above.

Yours very truly,

“Original signed by Deloitte”

Chartered Professional Accountants  
Licensed Public Accountants

c: Members of the Audit and Risk Committee

# Appendix 5 – Draft management representation letter

## Regional Municipality of Peel

May 2, 2019

### Private and confidential

Mr. Trevor Ferguson  
Deloitte LLP  
400 Applewood Crescent  
Suite 400  
Vaughan ON L4K 0C3

Dear Mr. Ferguson:

### **Subject: Consolidated financial statements of Regional Municipality of Peel for the year ended December 31, 2018**

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the consolidated financial statements of the Regional Municipality of Peel (the "Region" or "we" or "us") for the year ended December 31, 2018, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Region in accordance with Public Sector Accounting Standards ("PSAS").

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### **Financial statements**

1. We have fulfilled our responsibilities as set out in the terms of the Master Services Agreement between the Region and Deloitte dated July 22, 2016, and amended November 19, 2018, for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Region as at December 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Region has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2018 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

## 2018 DELOITTE AUDIT RESULTS REPORT

Deloitte LLP  
May 2, 2019  
Page 2

3. The Region has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Management has made the appropriate disclosures with respect to its related party transactions in accordance with PS 2200.
4. We have determined that the Financial Statements are complete as of date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after December 31, 2018 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
6. The Financial Statements are free of material errors and omissions.

**Internal Controls**

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

**Information provided**

9. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
  - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and,
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
10. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
11. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
12. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the Financial Statements.
13. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Region.

## 2018 DELOITTE AUDIT RESULTS REPORT

Deloitte LLP  
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Page 3

14. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies financial reporting practices and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
15. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.
16. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.

**Independence matters**

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

17. Prior to the Region having any substantive employment conversations with a former or current Deloitte engagement team member, the Region has held discussions with Deloitte and obtained approval from the Audit and Risk Committee.
18. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit and Risk Committee in accordance with its established approval policies and procedures.

**Other matters**

19. The Region has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
20. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
21. We have disclosed to you, and the Region has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
22. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

**Selection of accounting policies and recording of transactions**

23. The Region's accounting policies and their method of application have been applied on a basis consistent with that of the audited consolidated financial statements as at and for the year ended December 31, 2017.

**Work of management's experts**

24. We agree with the work of management's experts in evaluating the landfill liability and employee future benefits liability, and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to management's experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

**Plans or intentions affecting carrying value/classification of assets and liabilities**

25. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

**Loans and receivables**

26. The Region is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.

27. We have identified to you all forgivable loans and loans with concessionary terms and have appropriately reflected these instruments in the financial statements.

**Investments**

28. With regard to the Region's investments, we have disclosed to you any events that have occurred and facts that have been discovered with respect to such investment that would indicate any other than temporary impairment of the investment's value.

**Employee future benefits**

29. Employee future benefit costs, assets, and obligations have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, liabilities and costs for financial accounting purposes are appropriate in the circumstances.

30. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan, or taking any other action that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.

31. We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.

32. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.

**Liabilities for contaminated sites**

33. We have evaluated all of our tangible capital assets that we own or accept responsibility, and have not identified any sites in which contamination exceeds an environmental standard.

**Deferred revenue relating to York-Peel Water Supply Agreement**

34. With respect to the deferred revenue amount relating to the York-Peel Water Supply Agreement, we believe that the amount represents management's best estimate of the liability as at December 31, 2018, and incorporates our best judgment and assumptions about the transaction up to the date of this letter. Management believes the deferred revenue amount adequately represents the Region's liability.

**Various matters**

35. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
- a. Economic dependence on another party;
  - b. Losses arising from sale and purchase commitments;
  - c. Agreements to buy back assets previously sold;
  - d. Provisions for future removal and site restoration costs;
  - e. Sales with recourse provisions
  - f. Sales incentives, including cash consideration provided to customers and vendor rebates
  - g. Loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.
  - h. Financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure;
  - i. Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements;
  - j. All impaired loans receivable;
36. We have not provided you access to review certain minutes and reports which may violate the solicitor-client privilege. The Regional Solicitor has reviewed all minutes and reports impacted by the solicitor-client privilege, and has concluded that there are no material liabilities or contractual obligations included in them which are not already reflected in the consolidated financial statements of the Region.

Yours truly,  
**Regional Municipality of Peel**

---

David Szwarc  
Chief Administrative Officer

---

Stephen VanOfwegen  
Chief Financial Officer and Commissioner of Finance

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Stephanie Nagel  
Treasurer and Director, Corporate Finance



## Peel Housing Corporation

May 2, 2019

### Private and confidential

Mr. Trevor Ferguson  
Deloitte LLP  
400 Applewood Crescent  
Suite 400  
Vaughan ON L4K 0C3

Dear Mr. Ferguson:

### **Subject: Financial statements of Peel Housing Corporation for the year ended December 31, 2018**

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the financial statements of the Peel Housing Corporation (the "Corporation" or "we" or "us") for the year ended December 31, 2018, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Corporation in accordance with Public Sector Accounting Standards ("PSAS").

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### **Financial statements**

1. We have fulfilled our responsibilities as set out in the terms of the Master Services Agreement between the Corporation and Deloitte dated July 22, 2016, and amended November 19, 2018, for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Corporation as at December 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Corporation has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2018 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

## 2018 DELOITTE AUDIT RESULTS REPORT

Deloitte LLP  
May 2, 2019  
Page 2

3. The Corporation has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Management has made the appropriate disclosures with respect to its related party transactions in accordance with PS 2200.
4. We have determined that the Financial Statements are complete as of date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after December 31, 2018 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
6. The Financial Statements are free of material errors and omissions.

**Internal Controls**

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

**Information provided**

9. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
  - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and,
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
10. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
11. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
12. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the Financial Statements.
13. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Corporation.

## 2018 DELOITTE AUDIT RESULTS REPORT

Deloitte LLP  
May 2, 2019  
Page 3

14. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies financial reporting spractices and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
15. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.
16. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.

**Independence matters**

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

17. Prior to the Corporation having any substantive employment conversations with a former or current Deloitte engagement team member, the Corporation has held discussions with Deloitte and obtained approval from the Audit and Risk Committee.
18. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit and Risk Committee in accordance with its established approval policies and procedures.

**Other matters**

19. The Corporation has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
20. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
21. We have disclosed to you, and the Corporation has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
22. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

**Selection of accounting policies and recording of transactions**

23. The Corporation's accounting policies and their method of application have been applied on a basis consistent with that of the audited financial statements as at and for the year ended December 31, 2017.

**Work of management's experts**

24. We agree with the work of management's experts in evaluating the landfill liability and employee future benefits liability, and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to management's experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

**Plans or intentions affecting carrying value/classification of assets and liabilities**

25. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

**Investments**

26. With regard to the Corporation's investments, we have disclosed to you any events that have occurred and facts that have been discovered with respect to such investment that would indicate any other than temporary impairment of the investment's value.

**Employee future benefits**

27. Employee future benefit costs, assets, and obligations have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, liabilities and costs for financial accounting purposes are appropriate in the circumstances.

28. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan, or taking any other action that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.

29. We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.

30. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.

**Liabilities for contaminated sites**

31. We have evaluated all of our tangible capital assets that we own or accept responsibility, and have not identified any sites in which contamination exceeds an environmental standard.

**Various matters**

32. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:

- a. Economic dependence on another party;
- b. Losses arising from sale and purchase commitments;
- c. Agreements to buy back assets previously sold;
- d. Provisions for future removal and site restoration costs;
- e. Sales with recourse provisions
- f. Sales incentives, including cash consideration provided to customers and vendor rebates
- g. Loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

- h. Financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure;
  - i. Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements;
  - j. All impaired loans receivable;
33. We have not provided you access to review certain minutes and reports which may violate the solicitor-client privilege. The Corporational Solicitor has reviewed all minutes and reports impacted by the solicitor-client privilege, and has concluded that there are no material liabilities or contractual obligations included in them which are not already reflected in the financial statements of the Corporation.

Yours truly,  
**Peel Housing Corporation**

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Dan Labrecque, General Manager, Peel Living

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Stephanie Nagel, Treasurer, Peel Living

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Catherine Matheson, Chair of the Board of Directors, Peel Living

## 2018 DELOITTE AUDIT RESULTS REPORT

Regional Municipality of Peel and Peel Housing Corporation | Appendix 6 – New and Revised Accounting and Auditing Standards

# Appendix 6 – New and Revised Accounting and Auditing Standards

The following is a summary of certain new standards, amendments and proposals that will become effective in 2017 and beyond.

To review all recent amendments that will impact your organization in the foreseeable future, we invite you to review our revamped [Standard-setting Activities Digest](#), included in our Centre for Financial Reporting ([www.cfr.deloitte.ca](http://www.cfr.deloitte.ca)).

## Public Sector Accounting Standards

Topic	Description	Effective Date
<b>Section PS 3430 - Restructuring transactions</b>	This new section was published by PSAB in June 2015. It establishes standards on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.	This section applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.
<b>Section PS 1201 - Financial statement presentation</b>	This new section was published by PSAB in June 2011. It revises and replaces Section PS 1200 Financial statement presentation. It establishes general reporting principles and standards for the disclosure of information in government financial statements.	This Section is effective when Sections PS 2601 and PS 3450 are adopted.
<b>Section PS 2601 Foreign currency translation.</b>	This section revises and replaces PS 2600, Foreign currency translation. It establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.	This Section is effective for fiscal years beginning on or after April 1, 2019. For government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook, this Section applies to fiscal years beginning on or after April 1, 2012. Governments and government organizations would also adopt Section <a href="#">PS 3450</a> at the same time. Earlier adoption is permitted.
<b>Section PS 3041 - Portfolio investments</b>	This section revises and replaces PS 3040, Portfolio investments. It establishes standards on how to account for and report portfolio investments in government financial statements.	This Section is effective when Sections PS 1201, PS 2601 and PS 3450 are adopted.

Topic	Description	Effective Date
<b>Section PS 3450 - Financial instruments</b>	This new section was published by PSAB in June 2011. It establishes standards on how to account for and report all types of financial instruments including derivatives.	This section is effective for fiscal years beginning on or after April 1, 2019. For government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook, this Section applies to fiscal years beginning on or after April 1, 2012. Governments and government organizations would also adopt <u>PS 2601</u> at the same time. Earlier adoption is permitted.

# Appendix 7 – Deloitte resources a click away

At Deloitte, we are devoted to excellence in the provision of professional services and advice, always focused on client service. We have developed a series of resources, which contain relevant and timely information.

<input type="checkbox"/> Canada's Best Managed Companies ( <a href="http://www.bestmanagedcompanies.ca">www.bestmanagedcompanies.ca</a> )	<ul style="list-style-type: none"> <li>• Directors</li> <li>• CEO/CFO</li> </ul>	<p>The Canada's Best Managed Companies designation symbolizes Canadian corporate success: companies focused on their core vision, creating stakeholder value and excelling in the global economy.</p>
<input type="checkbox"/> Centre for financial reporting ( <a href="http://www.cfr.deloitte.ca">www.cfr.deloitte.ca</a> )	<ul style="list-style-type: none"> <li>• Directors</li> <li>• CEO/CFO</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	<p>Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.</p>
<input type="checkbox"/> Financial Reporting Insights ( <a href="http://www.iasplus.com/fri">www.iasplus.com/fri</a> )	<ul style="list-style-type: none"> <li>• CFO</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	<p>Monthly electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.</p>
<input type="checkbox"/> On the board's agenda	<ul style="list-style-type: none"> <li>• Directors</li> <li>• CEO/CFO</li> </ul>	<p>Bi-monthly publication examining a key topic in detail, including the perspectives of a Deloitte professional with deep expertise in the subject matter as well as the views of an experienced external director.</p>
<input type="checkbox"/> State of change ( <a href="http://www.iasplus.com/StateOfChange">www.iasplus.com/StateOfChange</a> )	<ul style="list-style-type: none"> <li>• CFO</li> <li>• VP Finance</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	<p>Bi-monthly newsletter providing insights into key trends, developments, issues and challenges facing the not-for-profit sector in Canada, with a Deloitte point of view.</p>
<input type="checkbox"/> Deloitte Financial Reporting Update ( <a href="http://www.deloitte.com/ca/update">www.deloitte.com/ca/update</a> )	<ul style="list-style-type: none"> <li>• CFO</li> <li>• VP Finance</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	<p>Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.</p>



**For Information**

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DATE: April 9, 2019

REPORT TITLE: **2018 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS**

FROM: Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

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**OBJECTIVE**

To present the Region of Peel unaudited 2018 Debt Retirement and Sinking Funds financial statements.

**REPORT HIGHLIGHTS**

- On an annual basis, Region of Peel management prepares the Region's Debt Retirement and Sinking Funds financial statements and these are audited by Deloitte, the Region's external auditors.
- The external auditors have completed their audit and it is anticipated that their Auditor's Report will be issued on May 2, 2019 once all audit procedures have been completed, as per auditing standards.
- The Region's Sinking Funds are separate funds maintained for the purpose of providing periodic repayments for debt to be retired by means of sinking funds.

**DISCUSSION**

The 2018 Debt Retirement and Sinking Funds financial statements were prepared by Region of Peel management in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Board. The Debt Retirement Fund is a separate fund maintained for the purpose of providing periodic payments of debt service costs associated with Debenture Series "AD" assumed by the Town of Caledon to be retired by means of debt retirement funds on hand with the Region. This fund was fully depleted as at December 31, 2017 and Caledon now assumes the remaining balance.

The Region of Peel Sinking Fund is a separate fund maintained for the purpose of providing periodic repayments for debt to be retired by means of sinking funds. The Region makes the payments to the sinking funds and together with interest income compounded annually, the debt will be retired at maturity. At December 31, 2018, the Region has a balance of \$270.1 million in the sinking funds.

## 2018 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS

The Treasurer and the Director, Treasury Services meet annually with the Debt Retirement and Sinking Funds Retirement Committee. The Committee composed of the Treasurer, Director, Treasury Services and the three local municipalities' treasurers review and receive the Auditor's Report and financial statements.

### CONCLUSION

The 2018 Region of Peel Debt Retirement and Sinking Funds financial statements are presented for the Audit and Risk Committee's review.

#### Approved for Submission:



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S. VanOfwegen, Acting Chief Administrative Officer  
and Commissioner of Finance and Chief Financial  
Officer

### APPENDICES

Appendix I – 2018 Region of Peel Debt Retirement and Sinking Funds Financial Statements

*For further information regarding this report, please contact Stephanie Nagel at 905 791 7800, ext. 7105 or via email at [stephanie.nagel@peelregion.ca](mailto:stephanie.nagel@peelregion.ca).*

*Authored By: Monique Hynes*

Debt retirement and sinking funds financial statements of

# **The Regional Municipality of Peel**

December 31, 2018

Debt retirement and sinking funds financial statements of

## **The Regional Municipality of Peel**

December 31, 2018

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400 Applewood Crescent  
Suite 500  
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Canada

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www.deloitte.ca

## Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the  
Regional Municipality of Peel

### Opinion

We have audited the financial statements of the debt retirement and sinking funds of the Regional Municipality of Peel, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the debt retirement and sinking funds of the Regional Municipality of Peel as at December 31, 2018, 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.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the debt retirement and sinking funds of the Regional Municipality of Peel in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Regional Municipality of Peel's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Regional Municipality of Peel or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the debt retirement and sinking funds of the Regional Municipality of Peel's financial reporting process.

**2018 REGION OF PEEL DEBT RETIREMENT AND SINKING FUNDS FINANCIAL STATEMENTS****Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the debt retirement and sinking funds of the Regional Municipality of Peel's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional Municipality of Peel's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional Municipality of Peel to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the debt retirement and sinking funds of the Regional Municipality of Peel to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(To be signed Deloitte LLP)

Chartered Professional Accountants  
Licensed Public Accountants  
May 2, 2019

**The Regional Municipality of Peel  
Debt Retirement and Sinking Funds Statement of Financial Position**

As at December 31, 2018

(All dollars in \$000)

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash	\$ 13,411	\$ 44,880
Accrued interest	646	308
Investments (Note 9)		
(Fair value 2018 – \$257,929 ; 2017 – \$177,178)	256,089	170,457
<b>TOTAL FINANCIAL ASSETS</b>	<b>270,146</b>	<b>215,645</b>
<b>LIABILITY</b>		
Actuarial requirements for retirement of sinking fund debt (Note 2d)	265,817	212,121
<b>NET FINANCIAL ASSETS</b>	<b>4,329</b>	<b>3,524</b>
<b>ASSET ALLOCATION</b>		
Region of Peel	269,879	215,419
Town of Caledon	267	226
	\$ 270,146	\$ 215,645
<b>ASSET ALLOCATION</b>		
Debt retirement fund	-	-
Sinking fund	270,146	215,645
	\$ 270,146	\$ 215,645

The accompanying notes are an integral part of these financial statements.

**The Regional Municipality of Peel  
Debt Retirement and Sinking Funds Statement of Operations**

For the year ended December 31, 2018

(All dollars in \$000)

	2018	2017
<b>REVENUES</b>		
Contributions (Note 6)	\$ 46,708	\$ 46,703
Investment income	7,793	6,841
<b>TOTAL REVENUES</b>	<b>54,501</b>	<b>53,544</b>
<b>EXPENSES</b>		
Provision for actuarial requirements	53,696	52,220
Payment of interest from debt retirement fund	-	420
<b>TOTAL EXPENSES</b>	<b>53,696</b>	<b>52,640</b>
<b>EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>\$ 805</b>	<b>\$ 904</b>

The accompanying notes are an integral part of these financial statements.



### The Regional Municipality of Peel Debt Retirement and Sinking Funds Statement of Cash Flows

For the year ended December 31, 2018

(All dollars in \$000)

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 805	\$ 904
Change in non-cash assets and liabilities		
Accrued interest	(338)	(62)
Increase in actuarial requirements	53,696	52,220
<b>NET CHANGE IN CASH FROM OPERATING ACTIVITIES</b>	<b>54,163</b>	<b>53,062</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of investments	(85,632)	(35,279)
<b>NET CHANGE IN CASH FROM INVESTING ACTIVITIES</b>	<b>(85,632)</b>	<b>(35,279)</b>
Net change in cash	(31,469)	17,783
Cash, beginning of year	44,880	27,097
<b>CASH, END OF YEAR</b>	<b>\$ 13,411</b>	<b>\$ 44,880</b>

### The Regional Municipality of Peel Debt Retirement and Sinking Funds Statement of Change in Net Financial Assets

For the year ended December 31, 2018

(All dollars in \$000)

	2018	2017
Excess of revenues over expenses for the year	\$ 805	\$ 904
Net financial assets, beginning of year	3,524	2,620
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 4,329</b>	<b>\$ 3,524</b>

The accompanying notes are an integral part of these financial statements.

## The Regional Municipality of Peel Debt Retirement and Sinking Funds

### Notes to the Financial Statements

For the year ended December 31, 2018

(All dollars in \$000)

#### 1. Purpose of Funds

The Region of Peel Debt Retirement Fund is a separate fund maintained for the purpose of providing periodic repayments of debt associated with Debenture Series "AD" assumed by the Town of Caledon to be retired by means of debt retirement funds on hand with the Regional Municipality of Peel (the "Region") and further contributions from the Town of Caledon.

The Region of Peel Sinking Fund is a separate fund maintained for the purpose of providing periodic repayments for debt to be retired by means of sinking funds.

#### 2. Summary of Significant Accounting Policies

These financial statements are the representation of management and are prepared by management in accordance Canadian public sector accounting standards, as recommended by Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants of Canada ("CPA Canada"). The significant accounting policies are summarized below:

(a) Basis of Accounting

The Region of Peel Debt Retirement and Sinking Funds follow the accrual method of accounting for revenues and expenditures.

(b) Revenue Recognition

Contributions are recognized in the year receivable. Investment income is recognized as revenue when earned.

(c) Investments

Investments are recorded at amortized cost. Discounts on zero-coupon bonds are amortized on a compound interest basis over the term of the investment. The discounts or premiums on any coupon-bearing investment are amortized on a straight-line basis over the term of the investment.

Investment purchases are accounted for on the settlement date. There are no transaction costs incurred in the purchase of investments.

(d) Provision for Actuarial Requirements

The provision for actuarial requirements for the Sinking Fund represents the amounts required which, together with interest compounded annually, will be sufficient to retire the related debt at maturity, based on contributions to the Sinking Fund to date. The actuarial requirements were calculated using a rate of 4 per cent per annum on debt issued in 2010 and 2 per cent, 2.5 per cent, 3.25 per cent or 4 per cent per annum on debt issued in 2011 and thereafter. The excess or deficiency of financial assets over these requirements is included in the fund balance.

### 3. Caledon Debt Retirement Fund

The Caledon Debt Retirement Fund was fully depleted by December 31, 2017.

The Town of Caledon has assumed the remaining balance of the debt repayments related to Debenture Series "AD" in the amount of \$4,793.

### 4. Allocation of Series DQ Debenture Repayment

The Town of Caledon continues to pay \$433 in Series DQ debt that was spent on projects unrelated to the arterial road transferred to the Region in 2014. The interest expense and sinking fund payments related to that portion of debt will be paid annually by the Town of Caledon to the Region.

### 5. Allocation of Surplus

In 2018, there was no surplus declared payable to the Region by the Debt Retirement and Sinking Fund Committee (2017 – \$nil).

The following is the apportionment of the sinking fund balance.

#### Sinking Fund Surplus / (Deficit)

	<b>2018 Total</b>	<b>2017 Total</b>	<b>Town of Caledon</b>	<b>Region of Peel</b>
	\$	\$	%	%
Series DQ	311	230	0.09	99.91
Series EB	864	831	0.32	99.68
Series EC	2,560	1,837	-	100
Series EP	(22)	(14)	-	100
Series EQ	428	626	-	100
Series FX	188	14	-	100
	<b>4,329</b>	<b>3,524</b>	<b>-</b>	<b>-</b>

### 6. Contributions

In 2018, there were no contributions made to the Debt Retirement Fund (2017 – \$nil). Contributions to the Sinking Fund were \$46,708 (2017 – \$46,703).

### 7. Financial Instruments

The Debt Retirement Fund and Sinking Funds are subject to market risk and interest rate price risk with respect to the investment portfolio.

## 8. Principal Repayment

Principal repayments issued on behalf of the Town of Caledon are due as follows:

	\$
2031	641
2041	433
<b>Total</b>	<b>1,074</b>

## 9. Investment Portfolio

Investments consist of provincial, municipal and bank bonds bearing yield rates from 2.11 to 4.44 per cent, and coupon rates from 3.05 to 5.20 per cent, maturing from June 2021 to January 2053.

## 10. Excess Over Actuarial Requirements

	2018	2017
Consists of:	\$	\$
Debt Retirement Fund	-	-
Sinking Fund	4,329	3,524
<b>Total</b>	<b>4,329</b>	<b>3,524</b>

**For Information**

---

DATE: March 19, 2019

REPORT TITLE: **2018 REGION OF PEEL TRUST FUNDS FINANCIAL STATEMENTS**

FROM: Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

---

**OBJECTIVE**

To present the 2018 Region of Peel unaudited Trust Funds financial statements.

**REPORT HIGHLIGHTS**

- Funds are held in trust by the Region of Peel on behalf of the residents of the long term care homes.
- Separate financial statements reflect the funds held in trust which consist of deposits and withdrawals from residents and payments made on behalf of the residents such as for cable television.
- Residents can make fund withdrawals as they require the funds.
- Deloitte, the Region's external auditors have completed their annual audit and it is anticipated that their Auditor's Report will be issued on May 2, 2019, once all audit procedures have been completed, as per auditing standards.

**DISCUSSION**

Residents of Peel Manor, Sheridan Villa, Tall Pines, Malton Village and Davis Centre can deposit funds to a trust fund, withdraw money as they need funds, and direct home staff to make payments from the trust funds. These funds are segregated from the Region of Peel operations and a separate bank account is used to administer the trust funds. The average bank account balance on a monthly basis was approximately \$259,800 in 2018. When residents leave the home, the resident's remaining deposit is returned to them.

On an annual basis, Deloitte, Peel's external auditors, audit the trust funds and provide an audit opinion. It is anticipated that the signed Auditor's Report will be issued by Deloitte on May 2, 2019. The 2018 financial statements are attached as Appendix I.

**CONCLUSION**

The 2018 Region of Peel Trust Funds financial statements are presented for the Audit and Risk Committee's review.

**2018 REGION OF PEEL TRUST FUNDS FINANCIAL STATEMENTS**

**Approved for Submission:**



---

S. VanOfwegen, Acting Chief Administrative Officer  
and Commissioner of Finance and Chief Financial  
Officer

**APPENDICES**

Appendix I – 2018 Trust Funds Financial Statements

*For further information regarding this report, please contact Stephanie Nagel at 905-791-7800  
ext. 7105 or via email at [stephanie.nagel@peelregion.ca](mailto:stephanie.nagel@peelregion.ca).*

*Authored By: Monique Hynes*

(Unaudited)

Trust funds financial statements of

# **The Regional Municipality of Peel**

December 31, 2018

(Unaudited)

Trust funds financial statements of

# **The Regional Municipality of Peel**

December 31, 2018

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## Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of  
the Regional Municipality of Peel

### Opinion

We have audited the financial statements of the trust funds of the Regional Municipality of Peel, which comprise the statement of financial position as at December 31, 2018, and the statements of financial activities and fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the Regional Municipality of Peel as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the trust funds of the Regional Municipality of Peel in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Regional Municipality of Peel's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Regional Municipality of Peel or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the trust funds of the Regional Municipality of Peel's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust funds of the Regional Municipality of Peel's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional Municipality of Peel's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional Municipality of Peel to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the trust funds of the Regional Municipality of Peel to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(To be signed Deloitte LLP)

Chartered Professional Accountants  
Licensed Public Accountants  
May 2, 2019

(Unaudited)

**The Regional Municipality of Peel Trust Funds**  
**Statement of Financial Position**

As at December 31, 2018  
 (All dollars in \$000)

	2018		2017
<b>FINANCIAL ASSET</b>			
Cash	\$ 218	\$	196
<b>FUND BALANCE</b>			
Residents' equity	\$ 218	\$	196

**The Regional Municipality of Peel Trust Funds**  
**Statement of Financial Activities and Fund Balance**

For the year ended December 31, 2018  
 (All dollars in \$000)

	2018		2017
<b>REVENUES</b>			
Deposits from residents	\$ 484	\$	503
<b>EXPENSES</b>			
Payment for maintenance, withdrawals by residents and estate payments	462		520
Excess (deficiency) of revenues over expenses	22		(17)
Fund balance, beginning of year	196		213
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 218</b>	<b>\$</b>	<b>196</b>

The accompanying notes are an integral part of these financial statements.

**The Regional Municipality of Peel Trust Funds  
Statement of Cash Flows**

For the year ended December 31, 2018  
(All dollars in \$000)

	2018		2017
Excess (deficiency) of revenues over expenses	\$ 22	\$	(17)
Cash, beginning of year	196		213
<b>CASH, END OF YEAR</b>	<b>\$ 218</b>	<b>\$</b>	<b>196</b>

The accompanying notes are an integral part of these financial statements.

(Unaudited)

## The Regional Municipality of Peel Trust Funds

### Notes to the Financial Statements

For the year ended December 31, 2018

#### 1. Significant Accounting Policies

These financial statements reflect the financial position, financial operations, and cash flows of funds held in trust by the Regional Municipality of Peel (“the Region”) for residents of the Peel Manor and Sheridan Villa Senior Citizens’ Residences, the Tall Pines and Malton Village Long Term Care Centres, and the Vera M. Davis Community Care Centre.

These financial statements are the representation of management and are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

##### *a) Basis of Accounting*

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue.

Expenses are recorded in the period the goods and services are acquired and a liability is incurred, or transfers are due.

##### *b) Use of Estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

**For Information**

---

DATE: April 8, 2019

REPORT TITLE: **STATUS OF MANAGEMENT ACTION PLANS**

FROM: Michelle Morris, Director, Enterprise Risk and Audit Services

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**OBJECTIVE**

To provide the Audit and Risk Committee with an update on the status of management action plans which were developed to address audit observations.

**REPORT HIGHLIGHTS**

- Professional auditing standards require that Enterprise Audit Services have a process in place to monitor the implementation of management action plans.
- Management implemented 68 per cent of the management action plans that were due to be implemented on or before December 31, 2018.
- The current risk exposure on the management action plans that were due but not fully implemented is medium to high.
- The risks relate to the program, service or process that were audited and are specific to the program, service or process outcomes and objectives.

**DISCUSSION****1. Background**

Standard 2500.A1 of the International Standards for the Professional Practice of Internal Auditing states that “Internal Audit must establish a follow-up process to monitor and ensure that management actions have been effectively implemented”. Enterprise Audit Services has a process in place since 2003 to monitor the implementation of management action plans, and reports annually to the Audit and Risk Committee on the results. Management action plans are tracked through the Enterprise Audit Services automated system and are followed up through to completion.

In addition to the yearly reporting to the Audit and Risk Committee, Commissioners are provided with reports on the status of management action plans throughout the year. These reports provide information to assist with monitoring department specific management action plans.

## STATUS OF MANAGEMENT ACTION PLANS

### 2. Analysis of Results

Management action plans due to be implemented on or before December 31, 2018 were reviewed. Enterprise Audit Services verified that 68 per cent of the plans that were due by December 31, 2018 were implemented.

In addition to the management action plans that were due in 2018, a total of five management action plans with completion dates in 2019 were implemented within the Region's 2018 reporting timelines. This included three from the Sewer Inspection and Collection Processes audit; and one each from the Child Care Fee Subsidy audit and the Facility and Occupant Services audit.

Outlined below are comments provided by management specific to the management action plans that were due to be implemented on or before December 31, 2018 but which are still outstanding.

#### Community Investment Program Audit

One 2018 management action plan is outstanding. The Community Investment System is part of the Human Services Department online platform currently underway. This action plan involves improvements to the current online application process for funding. The vendor is currently determining priorities and planning for the next stage of work. It is estimated that development for the remaining elements of the system for the Community Investment System will begin in late 2019 with completion expected in the spring of 2020.

#### Long Term Care Audit

The two 2018 management action plans outstanding are related to the inventory and supplies management system which does not impact resident care. To date, management has developed standardized inventory reports to manage the flow of facilities' goods from purchase to delivery to unit for use; implemented semi-annual audits that provide a detailed status report for Housekeeping, Laundry and Maintenance; investigated the feasibility of utilizing the inventory software system used by Peel Regional Paramedic Services and pilot at one home; and hired a contract full-time staff member to conduct the pilot at Malton Village.

The results from the pilot are scheduled to be completed by September 2019 and will be used to enhance inventory control management across all five Long Term Care homes in line with the Continuous Quality Improvement program. Policies and procedures related to inventory and supplies management will be developed and aligned with the system and processes based on the outcome of the pilot, and be implemented in the remaining four homes.

#### Ontario Works Division

Five 2018 management actions plans remain outstanding. Respectively, these action plans and their related progress to date are as follows:

1. Communicating case audit findings to caseworkers – work is underway to ensure audit updates are posted on the intranet, individual audited files are shared with supervisors and drop in sessions are scheduled to support staff awareness of the program by June 30, 2019.

## STATUS OF MANAGEMENT ACTION PLANS

2. Documenting and reinforcing the process for overturning funding decisions – work is underway to develop a process for informal client appeals. Work has already been completed to ensure the Ontario Works Service Standards include requirements for documenting funding decisions.
3. Establishing a process that ensures staff undertake safety training – work is underway to create a Safety module and include that module in the core training Q1 2019 and the refresher training by December 31, 2019.
4. Strengthening controls to prevent unauthorized changes made to case details – work is underway to complete an audit of closed cases and file reactivations and create a related audit tool by June 30, 2019.
5. Streamlining policies that govern file retention for bank account changes – work is underway to update policies surrounding the retention of support for bank account changes and the regular audit of bank account changes and update those policies on the intranet by June 30, 2019.

### P-Card Usage

One 2018 management action plan is outstanding. This action plan involves Paramedics management reinforcing the key messages for lost cards at Regional Paramedic Services. Paramedics' management is working on training, with roll-out scheduled for the spring of 2019 within the paramedic workforce.

### Peel Living Procurement Audit

Two 2018 management action plans are outstanding. The first involves the overall procurement governance for the Peel Housing Corporation. With the new Board elected, the general manager will bring forward the discussion of procurement governance. One of the key areas is whether it is appropriate to continue to use the Region's Procurement By-law for Peel Housing Corporation. It is anticipated that the discussion will take place at the April 2019 meeting of the Board.

The second outstanding management action plan is to update the service level agreement between Peel Housing Corporation and the Region of Peel. The timing and scope of this item is dependent on the outcomes of the first management action plan.

### Use of Employment Agencies

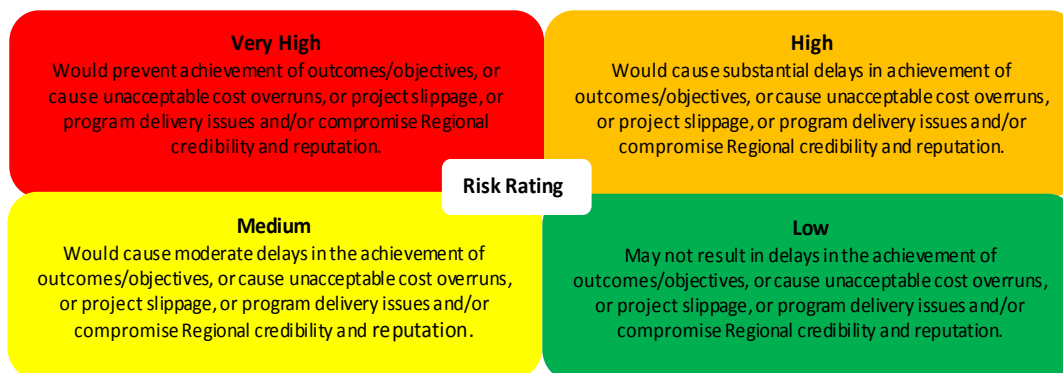
The three management action plans outstanding are related to policies and procedures for procuring and managing contracts with agencies at the corporate and department levels and the oversight of the work performed by agency personnel. Work is underway by Procurement to develop the corporate policies. In conjunction with this; Information, Systems and Technology Services will finalize the related department policies and procedures and ensure staff who manage agency personnel are informed of the new policies and procedures. Actions are expected to be completed by December 31, 2019.

## 3. Risk Analysis of Management Action Plans

For the current reporting period, 68 per cent of the management action plans that were due have been implemented. A risk analysis of management action plans that were due but not fully implemented is provided below. Part of the audit process involves assigning a risk category and risk ranking to each audit observation.



## STATUS OF MANAGEMENT ACTION PLANS



Illustrated in the chart below is the number and related percentage of outstanding management action plans broken down by audit report and relevant risk category.

	RISK CATEGORY		
	Governance	Regulatory	Service Deliv
<b>Audits</b>			
Community Investment Program			1
Peel Living Procurement	2		
Long Term Care			2
Ontario Works	2	3	
Use of Employment Agencies	1		2
Purchasing Card usage			1
<b>Total</b>	<b>5</b>	<b>3</b>	<b>6</b>
<b>Percentage to Total Outstanding</b>	<b>36%</b>	<b>21%</b>	<b>43%</b>

The most prevalent risks identified in the outstanding management action plans are Service Delivery and Governance at 43 per cent and 36 per cent respectively. Service Delivery risk falls under the category of operational risk. Operational risks are day-to-day risks typically managed by managers, supervisors and staff. Based on Enterprise Audit Services' analysis, the Region's exposure for the outstanding management action plans for Service Delivery risk is ranked as high.

Governance, the second most prevalent risk, falls under the category of strategic risk and more specifically is the risk associated with corporate and management culture, corporate policies, board governance and organizational structure. Based on Enterprise Audit

**STATUS OF MANAGEMENT ACTION PLANS**

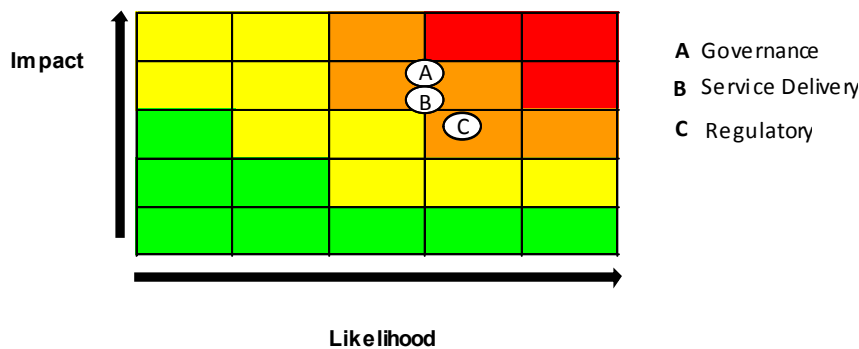
Services’ analysis, the Region’s exposure for the outstanding management action plans for Governance risk is ranked as high.

Regulatory is the third most prevalent risk identified. Regulatory risk falls under the umbrella of operational risk. The Region’s current exposure for the outstanding management action plans for Regulatory risk is ranked as medium.

These risks relate to the program, service or process that were audited and are specific to the program, service or process outcomes and objectives.

Below is a graphical heat map of outstanding management action plans. The heat map is a reporting tool for highlighting risk information in a brief and consistent manner and represents risks that are low, medium, high or very high.

Risk Map- Outstanding Management Action Plan (Due: on or before December 31, 2018)



**CONCLUSION**

Enterprise Audit Services will continue to work with management in their efforts toward implementing the management action plans in a timely manner.

Michelle Morris, Director, Enterprise Risk and Audit Services

**Approved for Submission:**

S. Van Ofwegen, Acting Chief Administrative Officer

*For further information regarding this report, please contact Michelle Morris, Director, Enterprise Risk and Audit Services, extension 4247, michelle.morris@peelregion.ca.*

*Authored By: Jennifer Weinman, CPA, CA, CIA and Sean Lee, CPA, CGA, CIA, CISA, CGAP, CRMA, PMP.*

**For Information**

---

DATE: April 22, 2019

REPORT TITLE: **ROADS RESURFACING AUDIT**

FROM: Michelle Morris, Director, Enterprise Risk and Audit Services

---

**OBJECTIVE**

To inform the Audit and Risk Committee of the results of the Roads Resurfacing audit.

**REPORT HIGHLIGHTS**

- Management has adequate and effective internal controls, processes and procedures to help mitigate the risks associated with the management of Roads Resurfacing.
- There are no remedial actions required by management as a result of this audit.

**DISCUSSION****1. Background**

The Internal Audit Risk Based Work Plan for 2018 included an audit of the Roads Resurfacing.

The Road Operations and Capital teams within the Transportation division manage approximately 1,666 lane kilometres of the Region's arterial road system and are responsible for ensuring that all roads are kept safe and in a good state of repair throughout their life cycle. The main objective of Region's road asset management approach is to maintain the roads in good condition.

The Region has an established resurfacing program that identifies roads sections in need of resurfacing. The entire road network in the Region undergoes a detailed data collection program once every three years under the road condition assessment program. Roads that fall below the specified Road Condition Index are taken into consideration when developing the short and long-term plans. The short-term plan is updated every year and helps to coordinate other works within the Region and construction projects in Mississauga, Brampton and Caledon. Road resurfacing work is contracted out to private contractors through the Region's competitive procurement process. For the period 2016 to 2018, there were 11 resurfacing projects awarded with a value of approximately \$25,200,000.

## ROADS RESURFACING AUDIT

### 2. Audit Objective

The objective of the audit was to determine if management has implemented effective controls over road resurfacing to manage the risks related to the following business objectives:

- Develop and maintain asset inventories
- Ensure a state of good repair in a timely manner
- Ensure appropriate maintenance standards are being adhered to for the Regional road network

The scope of the audit included a sample of 2016 to 2018 road resurfacing projects to assess:

- Strategies in place to maintain all road surfaces in a state of good repair
- Processes in place to procure contracts for resurfacing projects
- Processes in place to manage the contracts for resurfacing projects

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

### 3. Audit Observations

#### **Strategies in place to maintain all road surfaces in a state of good repair**

The Region has established an annual resurfacing program that identifies roads sections in need of resurfacing. There is an effective process in place to collect pavement data every three years to evaluate the conditions of the roads and develop reporting measures for asset conditions ratings. The roads condition assessment results are measured against a level of service standard established for the roads. Road resurfacing work is effectively prioritized based on the condition assessment and there is coordination of works for capital projects to help ensure a state of good repair in a timely manner. To identify the most appropriate rehabilitation/repair option, geotechnical investigations are carried out by outsourced contractors at the request of the Region for the identified sections of the roads.

Management has established an effective asset management program for roads to help ensure roads are maintained in a state of good repair and appropriate maintenance standards are being adhered for the Regional road network.

#### **Processes in place to procure contracts for resurfacing projects**

Road resurfacing work is contracted out to private contractors through the Region's competitive procurement process. There is an effective process in place for the preparation of tender documents, which are prepared based on the scope of work identified by the geotechnical investigation reports and recommendations. Quantities and price for a project are determined based on previous projects. An effective process is in place for analysis of the bids received.

Management has implemented adequate and effective internal controls, processes and procedures to procure contracts for the resurfacing projects.

## ROADS RESURFACING AUDIT

### Processes in place to manage the contracts for resurfacing projects

All projects are managed by assigned Project Managers and Field Inspectors. During the resurfacing work, an effective procedure is in place to undertake quality control tests to help ensure that all materials and construction services are carried out in compliance with the project specification and the Ontario Provincial Standard Specifications.

The work done by contractors is monitored by Field Inspectors and managed by Project Managers. Adequate processes and procedures are in place to help ensure that information for the work completed is verified before payments are released.

Management has implemented adequate and effective internal controls, processes and procedures to procure and manage the contracts for resurfacing projects.

### CONCLUSION

Management has adequate and effective internal controls, processes and procedures to help mitigate the risks associated with the management of Roads Resurfacing. There are no remedial actions required by management as a result of the audit.



Michelle Morris, Director, Enterprise Risk and Audit Services

### Approved for Submission:



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S. VanOfwegen, Acting Chief Administrative Officer

*For further information regarding this report, please contact Michelle Morris, Director, Enterprise Risk and Audit Services, ext. 4247, michelle.morris@peelregion.ca.*

*Authored By: Jennifer Weinman, CPA, CA, CIA, CRMA, Jayrani Bungsy, FCCA, CIA.*

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**For Information**


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DATE: March 29, 2019

REPORT TITLE: **PEEL LIVING PROPERTY MANAGEMENT AUDIT**

FROM: Michelle Morris, Director, Enterprise Risk and Audit Services

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**OBJECTIVE**

To inform the Audit and Risk Committee of the results of the Peel Living Property Management audit.

**REPORT HIGHLIGHTS**

- Overall, effective controls are in place to help ensure that properties are in compliance with relevant building laws and regulations.
- There are opportunities to improve controls in the following areas:
  - Develop a preventative maintenance plan and defined standards of service
  - Establish a formal system and consistent processes to effectively manage assets including the management of repairs and service requests
  - Strengthen practices to manage contracted vendors and the services provided
  - Enhance the process for the notification and handling of regulatory requirements
- Management has developed action plans and timelines to address the risks identified in this report.

**DISCUSSION**
**1. Background**

The 2018 Enterprise Risk and Audit Services Risk Based Work Plan included an audit of Peel Living Property Management division.

Peel Housing Corporation, operating as Peel Living, has a mandate to provide safe, well maintained living environments for Peel Living and Region of Peel owned properties including 71 residential properties, two transitional housing residences, and three emergency shelters.

Two key initiatives were undertaken by Peel Living over the course of this audit. The first involved an Infrastructure and Planning Services Functional Review. The review identified the need for greater oversight of vendor performance and the management of service contracts. A number of actions have been implemented to strengthen vendor and contract oversight.

## PEEL LIVING PROPERTY MANAGEMENT AUDIT

The second initiative was an operational review focusing on service delivery to tenants. Results provided insights into alternate service delivery models and the need for a software refresh; and led to a new project manager role, which is now in place.

### 2. Audit Objective

The objective of this audit was to determine if management has implemented effective controls to ensure that the risks associated with providing safe and well maintained living environments for tenants are managed. The audit focused on residential properties including:

- Assessing the effectiveness of controls in place to help ensure properties are in compliance with relevant building laws and regulations.
- Assessing the effectiveness of controls in place over preventative maintenance, repairs, and other service requests.
- Assessing the effectiveness of controls in place to help ensure that contracted services are performed as outlined in the contract with the vendor.

The audit specifically excluded transitional housing and emergency shelter properties; tenancy management services including rental administration and collections; as well as tenant placement including application and intake, and vacancy management.

The audit was conducted in conformance with *the International Standards for the Professional Practice of Internal Auditing*.

### 3. Audit Observations and Management Response

Overall, effective controls are in place to help ensure properties are in compliance with relevant building laws and regulations. There are opportunities to strengthen controls over the provision of preventative maintenance, repairs, and other service requests and to strengthen controls to help ensure that contracted services are performed in accordance with contract terms.

The audit has identified a number of opportunities to build on the work already underway as noted above including preventative maintenance planning and monitoring, the management of repairs and service requests, and vendor management.

Opportunities to develop and enhance controls were identified in four areas.

#### **Preventative Maintenance**

A comprehensive plan and processes for setting asset maintenance priorities and overseeing maintenance activities helps to ensure that preventative maintenance is carried out in line with standards and in an efficient and effective manner.

There is no comprehensive maintenance plan in place to determine asset maintenance priorities and to effectively manage the activities performed. Maintenance performed is ad hoc focussing on immediate and routine maintenance needs. There are minimal preventative maintenance activity tracking and performance measures available.

## PEEL LIVING PROPERTY MANAGEMENT AUDIT

There is an opportunity to establish a comprehensive maintenance plan and related processes that includes maintenance activity scheduling and tracking; and performance measures.

Without a comprehensive plan, there is a medium risk that resources may not be effectively allocated to help ensure that preventative maintenance is completed on a timely basis and in line with regulations. Further, there is a high risk that properties and equipment may not receive the necessary preventative maintenance to avoid malfunctions and costly repairs.

Risks classified as medium indicate there may be moderate delays in the achievement of outcomes and objectives. Risks classified as high may cause substantial delays or the prevention of objectives and outcomes.

### Management Response

Peel Housing Corporation management will continue to engage in a joint collaborative effort with the Real Property and Asset Management and Enterprise Asset Management divisions to integrate itself into the Region's existing asset maintenance application Megamations. This application will provide access to functional modules that support preventative maintenance and planning and monitoring. This work is considered an interim solution while the Region establishes a more comprehensive enterprise wide asset management framework for this critical function. The 2019 Peel Housing Corporation budget includes additional technical resources to focus on improving outcomes in this critical area of its operations. This action will be completed by December 31, 2019.

### Asset Management

Effective asset management practices related to inventory and repair tracking and defined standards of service help ensure that assets are being repaired and maintained in accordance with standards and contract requirements. Further, they help ensure that reporting on repair history and cost analyses can be undertaken.

Processes and procedures to track repairs are manual and inconsistent. There is an absence of accurate and timely information on repairs and other service requests due to both information system and process related issues.

There is a need to establish a formal system and consistent processes for the effective management of assets. This includes:

- Property and equipment asset inventory tracking
- Repair and maintenance tracking
- Work order management
- Documented standards of service
- Reporting on cost analysis

When there is no formal system of effective asset management practices, there is a high risk that assets may not be maintained or repaired in accordance with standards of service resulting in the potential disruption of services. In addition, there is a medium risk that repairs and other services requests may not be completed in an effective, cost efficient, and timely manner.



## PEEL LIVING PROPERTY MANAGEMENT AUDIT

### Management Response

Peel Housing Corporation management will, through work noted above, use the existing asset maintenance application Megamations to support the management of repairs and service requests for Peel Housing Corporation.

In addition, service expectations, specifications and standards will be documented and communicated. This will ensure that both internally performed or externally contracted services are carried out as expected. The Quality Assurance / Quality Control function currently being rolled out to Peel Housing Corporation will provide an enhanced level of objective oversight on the various control and procedures. Documentation, communication, and full roll-out is expected to be completed by December 31, 2019.

### Regulatory Requirements

Consistent receipt and documentation of regulatory updates help ensure compliance with applicable legislation, laws, and regulations.

Processes in place to help ensure compliance are generally not documented and not consistent. Regulatory agencies send notifications of new or updated legislation to multiple employees through various means. There is no central repository to store and access notifications.

There is a need to strengthen processes to help ensure that regulatory notifications are received and documented consistently including:

- Formal tracking and scheduling of compliance requirements
- A central repository to store and access notifications
- Reporting the compliance status including any corrective requirements

Without effective processes, there is a medium risk that regulatory requirements are not responded to promptly and effectively resulting in potential non-compliance and penalties, as well as impacts to the workplace and service delivery to clients.

### Management Response

Management will develop a formal protocol to receive, process, report and maintain information related to regulatory and legislative compliance. A centralized repository will be created to store and access notifications. This may be completed in conjunction with a similar repository in place in the Real Property and Asset Management division. These actions will be completed by December 31, 2019.

### Vendor Management

Practices to monitor and measure the performance of vendors including compliance with the terms of the contract help ensure work performed by third-parties is in line with expected quality and standards.

There is no process to effectively monitor and measure the performance of contractors for compliance with terms of the contract. There is an absence of oversight over service contracts including documentation and reporting to confirm that work was completed as

## PEEL LIVING PROPERTY MANAGEMENT AUDIT

required by the service providers.

There are opportunities to strengthen controls to better manage contracted vendors and the services provided. This includes the need to effectively monitor and measure the performance of contractors regarding costs, completion dates, and quality standards; as well as the need for oversight and documentation to confirm what has been inspected, the inspection results, and any action taken.

Without effective processes to manage vendors, there is a high risk that vendor performance may not be effective, resulting in excessive costs and / or poor quality for procured services; and work may not be in compliance with contract terms.

### Management Response

Peel Housing Corporation management will ensure a clearer division of accountabilities and responsibilities for contract oversight is in place. This work is supported by the Region's Procurement team through its provision of more senior level supports in improving the quality of procurement contracts as well as working towards the development and implementation of an enhanced Vendor Performance Management initiative. Planned initiatives will be completed by December 31, 2019.

## CONCLUSION

Overall, effective controls are in place to help ensure properties are in compliance with relevant building laws and regulations. There are opportunities to strengthen controls in place over the provision of preventative maintenance, repairs, and other service requests; as well as to strengthen controls in place to help ensure that contracted services are performed as outlined in vendor contracts.

Management has developed action plans to address the audit observations noted in this report. Enterprise Risk and Audit Services has reviewed the action plans and is satisfied they will address the risks noted during the audit. Enterprise Risk and Audit Services will follow up on the status of management action plan implementation and report back to the Audit and Risk Committee as part of the annual follow-up process in 2020.



Michelle Morris, Director, Enterprise Risk and Audit Services

### Approved for Submission:



S. VanOfwegen, Acting Chief Administrative Officer

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# Peel Living Property Management Audit

Dan Labrecque

General Manager, Peel Housing  
Corporation

Jennifer Weinman,

Manager, Enterprise Audit Services

- Effective controls in place to help ensure properties are in compliance with relevant building laws and regulations
- Opportunities to improve controls:
  - Preventative maintenance
  - Asset management
  - Regulatory requirements
  - Vendor management

# Agenda

- Audit Objective
- Audit Observations
- Management Response
- Conclusion
- Questions

# Audit Objective

Determine if management has effective controls for providing safe and well maintained living environments for tenants

# Preventative Maintenance

Comprehensive maintenance plan and related processes for:

- maintenance activity scheduling and tracking
- performance measures

# Asset Management

Formal system and consistent processes for the effective management of assets including:

- Property and equipment asset inventory tracking
- Repair and maintenance tracking
- Work order management
- Documented standards of service
- Reporting for cost analysis



# Regulatory Requirements

Regulatory notifications are received and documented consistently including:

- formal tracking and scheduling of compliance requirements
- central repository to store and access notifications
- reporting the compliance status including corrective requirements

# Vendor Management

Strengthen management of contracted vendors and the services provided to:

- monitor and measure the performance of contractors including costs, completion dates, and quality standards
- provide oversight and document what has been inspected, the inspection results, and any action taken

## Conclusion

- Effective controls in place to ensure properties are in compliance with relevant building laws and regulations
- Opportunity to strengthen controls for preventative maintenance planning, managing assets, and managing contracted vendors
- Management has developed action plans that addresses the risks identified in the audit observations

# Peel Living Property Management Audit

## Thank you and Questions

Dan Labrecque  
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