

STAFF REPORT

TO: Committee of the Whole **MEETING:** June 12, 2018

FROM: Manvir Manhas FILE: 1870-01

Manager, Capital Accounting & Financial

Reporting

SUBJECT: 2017 Annual Financial Report and Statement of Financial Information

RECOMMENDATION

That the 2017 Annual Financial Report and the Statement of Financial Information be approved as presented.

SUMMARY

The Board approved the 2017 consolidated financial statements of the Regional District of Nanaimo (RDN) at the May Board meeting. MNP LLP, the RDN's external auditors, confirmed the Regional District remains in sound financial health with a good balance of assets to liabilities and highly liquid cash reserves to meet annual costs.

As the statements now have final audit approval, they are included in the Regional District's Annual Report and Statement of Financial Information (SOFI). The SOFI including the board remuneration report ensures the RDN complies with the requirements of the *Local Government Act* and the *Financial Information Act*.

BACKGROUND

The Regional District must prepare a Statement of Financial Information to comply with the *Financial Information Act*. The SOFI contains the audited consolidated financial statements, the schedule of Board expenses and remuneration, schedule of employee expenses and remuneration (over \$75,000), a schedule of supplier payments (over \$25,000) and information on community grants provided during the year.

The full edition of the annual report consisting of departmental highlights, approved consolidated financial statements, supplementary departmental revenue and expense schedules as well as statistical data is provided as a separate handout. The annual report also includes a Financial Statement Discussion and Analysis section which reviews the 2017 year. Overall, 2017 results were as expected with \$12 million invested in new capital and an \$8 million increase to reserves. The ongoing challenge to the RDN is the need to finance significant infrastructure projects and to maintain and enhance services such as recreation and transit within the impacts of external factors such as fluctuations in the economy. The annual report and SOFI will be posted to the Regional District's web site for public access.

Statement of Financial information (Attachment 1)

The Financial Information Act requires that the Statement of Financial Information be approved by the Board. Regional Districts are also required by Section 376 of the Local Government Act to report on Board and Committee member expenses and remuneration (page 31 of Attachment 1). Total 2017 remuneration for Board members and their alternates was \$383,262 compared to \$383,164 in 2016. Board member expenses totalled \$81,112 in 2017 compared to \$67,535 in 2016 a result of several items including the Federation of Canadian Municipalities (FCM) conference being held in Ottawa and additional directors attending the Union of BC Municipalities (UBCM) and FCM conferences.

Development Cost Charges (DCCs) Expended in 2017 (Attachment 2)

Local Governments are required, as per Section 569 of the *Local Government Act*, to annually report on the use of DCCs. The Schedule for Development Cost Charges outlines the amount of DCCs collected in the year, expenditures and the balance in the DCC reserve funds at the start and at the end of 2017.

ALTERNATIVES

- 1. That the 2017 Annual Financial Report and the Statement of Financial Information be approved.
- 2. That alternate direction be provided to staff.

FINANCIAL IMPLICATIONS

The annual audit fee of \$26,775 was included in the Finance Department's 2017 budget.

STRATEGIC PLAN IMPLICATIONS

Regional Districts are required by the *Local Government Act* to present annually the results of its financial audit and to include a report on Board and Committee member expenses and remuneration in the Statement of Financial Information. Compliance with this requirement directly supports the Board governing value to *Be Transparent and Accountable*, which demands transparency in financial reporting and that Directors are accountable to the public.

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May 24, 2018

Reviewed by:

- W. Idema, Director of Finance
- D. Wells, General Manager, Corporate Services
- P. Carlyle, Chief Administrative Officer

Attachments

- 1. 2017 Statement of Financial Information
- 2. 2017 Schedule of Development Cost Charges