Office of the Provincial Controller Division |
Accounting Policy and Financial Reporting Branch

2016-17 Public Accounts

Financial Statement Discussion and Analysis

May 2017

Purpose

- Provide an overview of the process to develop the FSD&A for 2016-17 Public Account
- Overview of draft FSD&A

FSD&A Process

- Building on 2015-16 'Refresh' of the FSD&A, no significant changes planned
- Streamlined distribution process:
  - Elimination of 'interim results' version
  - Preliminary, targeted distribution for input to draft (by section)
  - Broader distributions to commence once actual results (expenses) available
    - Expenses starting in early July
    - Followed by Revenue in late July/early August
  - Preliminary extracts/drafts to be shared in advance with appropriate audiences (PEMD, CPD, OEP, PASC)
  - First distribution planned for July 11th (TBD)
- Streamlined sign-off process
  - Staff sign-off and Manager sign-off to be combined
  - Director and ADM sign off in advance of AG audit opinion date
  - DM/MO signoff following AG audit exit meeting and signoff (allowing for further changes, if necessary)

Key Themes in 2017 Budget

- The government is projecting a return to balance in 2017-18, and continued balance in 2018-19 and 2019-20.
- By investing in what matters most to the people of Ontario, we're continuing to build a better province for everyone.
  - OHIP+: Children and Youth Pharmacare, electricity relief, housing affordability, affordable public transit for seniors, and support for caregivers
- Interim results (reflecting BPS one-line consolidation)
  - Net debt-to-GDP is projected to decline from 37.8% in 2016-17(38.6%, 2015-16)
  - Projected annual deficit of $1.5 billion, an improvement of
    - $2.0 billion from restated 2015-16 Actual of $3.5 billion
    - $2.8 billion from 2016 Budget plan at $4.3 billion
  - Year-over-year revenue increases by $4.8 billion *($5.2 billion, LBL*), and expense increases by $2.9 billion *($3.2 billion LBL)*
    - $2.6 billion increase for programs *($2.9 billion, LBL)*, and
    - $0.3 billion for IOD *(no change, LBL)*
  - Compared to 2016 Budget, expense on all sectors, with the exception of postsecondary and training are higher than expected.

Year-over-Year Comparison

TBS

2015-16 FSD&A

- Key sections
  - Revenue analysis (OEP)
  - Expense analysis (PEMD)
  - Debt analysis (OFA)
  - Key financial ratios (OFA)
  - Infrastructure expenditure (CPD)
  - Responsible fiscal management (MOF/MO)
- One-time items:
  - Legislated pension asset recognition for jointly sponsored pension plans
  - Hydro One IPO

2016-17 FSD&A

- List key sections
  - *(Same as 2015-16)*
- Accounting policy changes:
  - Pension
  - IFRS
  - BPS line-by-line
    - Need to consider potential impact to the fiscal story for program expense (MOF/PEMD) and interest on debt (OFA)

Initial Draft

- Reflects restated comparative 2015-16 results, consistent with proforma CFS
- Themes reflect reference to 2017 Budget papers and Budget speech
- Identifies respective stakeholders (by section)
- Placeholder for accounting changes (drafting TBD)

Note: TBS Comms has been advised of additional communication considerations for this year's PA release (including BPS line-by-line presentation change).