

2016 Consolidated Financial Statements

Presentation to General Committee

April 18, 2017

Agenda

1. Background - Financial Statement Requirements
2. Audit Summary
3. Financial Results Discussion
4. Recommendations
5. Presentation by Kevin Travers, KPMG LLP – Audit Findings Report

Background

- The *Municipal Act* requires that:
 - the Treasurer report the financial affairs of the municipality to Council
 - municipalities prepare & publish financial statements annually
 - municipalities have the financial statements audited by a licensed auditor
- The City's financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for governments as recommended by the Public Sector Accounting Board (PSAB).
- The Statements consolidate the financial activities of the City, the Business Improvement Areas, Community Boards and the City's investment in Markham Enterprises Corporation (MEC).

Audit Summary

- KPMG audit team was onsite from February 27th to March 31st, 2017 carrying out the audit of the financial records of the City and associate corporations.
- No adjustments or differences were communicated to Management
- KPMG expressed an unqualified (clean) audit opinion

Financial Results

Consolidated Statement of Financial Position (Balance Sheet)

	\$ in millions		
	2016	2015	Inc. / (Decr.)
FINANCIAL ASSETS	715.6	669.3	46.3
FINANCIAL LIABILITIES	<u>313.2</u>	<u>239.2</u>	<u>74.0</u>
NET FINANCIAL ASSETS	402.4	430.1	(27.7)
NON-FINANCIAL ASSETS	3,836.8	3,757.4	79.4
ACCUMULATED SURPLUS	<u>4,239.2</u>	<u>4,187.5</u>	<u>51.7</u>

Financial Results (cont'd.)

Consolidated Statement of Operations and Accumulated Surplus (Income Statement)

	\$ in millions		
	<u>2016</u>	<u>2015</u>	<u>Inc. / (Decr.)</u>
Revenues	355.3	407.4	(52.1)
Less Expenses	<u>303.6</u>	<u>299.4</u>	<u>4.2</u>
Annual Surplus	51.7	108.0	(56.3)
Accumulated Surplus, Beginning of Year	<u>4,187.5</u>	<u>4,079.5</u>	<u>108.0</u>
Accumulated Surplus, End of Year	<u>4,239.2</u>	<u>4,187.5</u>	<u>51.7</u>

Financial Results (cont'd.)

Details of Accumulated Surplus

	\$ in millions		
	2016	2015	Incr. / (Decr.)
Operating fund surplus, excluding waterworks	4.7	3.2	1.5
Community Boards and BIAs	0.3	0.2	0.1
Waterworks	(0.8)	(0.6)	(0.2)
Operating Surplus Total	4.2	2.8	1.4
Equity in Markham Enterprises Corporation	253.5	252.9	0.6
Invested in Tangible Capital Assets and Other	3,805.8	3,740.8	65.0
	4,063.5	3,996.5	67.0
Reserves	132.3	113.3	19.0
Reserve Funds	43.4	77.7	(34.3)
Total Accumulated Surplus	4,239.2	4,187.5	51.7

Recommendations

Following the presentation of the Audit Findings Report by Kevin Travers, Partner, KPMG LLP:

- **That General Committee approve the 2016 Consolidated Financial Statements to be adopted by Council on April 25, 2016; and**
- **That General Committee approve the recommendations to close and transfer funds remaining in reserves & reserve funds identified in the '2016 Consolidated Financial Statements and Reserve & Reserve Fund Analysis' Report.**

Presentation – Audit Finding Report

Kevin Travers, Partner KPMG LLP