

**2014 Draft Consolidated Financial Statements
Report to General Committee
April 27, 2015**



Agenda

1. Background
2. Audit Findings
3. 2014 Draft Consolidated Financial Statements
4. Presentation by KPMG LLP – Audit Findings Report
5. Next Steps

1. Background

- The *Municipal Act* requires:
 - the Treasurer to report the financial affairs of the municipality to Council
 - Municipalities to prepare financial statements annually
 - Municipalities to have the financial statements audited by a licensed auditor
- The City's Consolidated 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 City's Consolidated Financial Statements also include the City of Markham Public Library, the Business Improvement Areas, Community Boards and the Investment in Markham Enterprises Corporation (MEC).

1. Background

- Section PS1200 requires governments to report on an annual basis and include the following:
 - Consolidated Statement of Financial Position
 - Consolidated Statement of Operations and Accumulated Surplus
 - Consolidated Statement of Change in Net Financial Assets
 - Consolidated Statement of Cash Flows

2. Audit Findings

- KPMG LLP has completed the field audit of the City and associate corporations' financial records.
- KPMG LLP has expressed an unqualified or "clean" opinion that the Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the City.
- There were no management points identified by KPMG LLP.

3. 2014 Draft Consolidated Financial Statements Consolidated Statement of Financial Position \$ in millions

	<u>2014</u>	<u>2013</u>	<u>Incr. / (Decr.)</u>
Financial Assets	664.8	672.1	(7.3)
Financial Liabilities	233.6	238.3	(4.7)
Net Financial Assets	<u>431.2</u>	<u>433.8</u>	<u>(2.6)</u>
Non-Financial Assets	3,648.3	3,558.8	89.5
Accumulated Surplus	<u>4,079.5</u>	<u>3,992.6</u>	<u>86.9</u>

3. 2014 Draft Consolidated Financial Statements Consolidated Statements of Operations and Accumulated Surplus \$ in millions

	<u>2014</u>	<u>2013</u>
Revenues	366.9	379.4
Less: Expenses	(280.0)	(263.8)
Annual Surplus	<u>86.9</u>	<u>115.6</u>
Accumulated Surplus at the beginning of year	3,992.6	3,877.0
Accumulated Surplus at the end of year	<u>4,079.5</u>	<u>3,992.6</u>

3. 2014 Draft Consolidated Financial Statements Consolidated Statements of Operations and Accumulated Surplus \$ in millions

	<u>2014</u>	<u>2013</u>
Operating deficit including Planning & Design, Engineering, Building Standards and excluding Waterworks	(1.3)	(3.2)
Community Boards and BIAs	0.1	0.2
Operating surplus excluding Waterworks	(1.2)	(3.0)
Waterworks	2.0	(1.5)
Operating surplus including Waterworks (Page 18, Note 15)	0.8	(4.5)
Equity in Markham Enterprises Corporation (Page 18, Note 15)	245.8	233.3
Invested in Tangible Capital Assets and Other (Page 18, Note 15)	3,636.8	3,525.6
Reserves (Page 18, Note 15)	110.0	109.3
Reserve Funds (Page 18, Note 15)	86.1	128.8
Total	<u>4,079.5</u>	<u>3,992.6</u>



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4. Presentation by KPMG LLP – Audit Findings Report

Kevin M. Travers, Partner KPMG

5. Next Steps

- General Committee approval of 2014 Draft Consolidated Financial Statements to be adopted by Council on April 28, 2015