Draft Consolidated Financial Statements of The Corporation of The City of Markham December 31 2012

PRESENTATION TO GENERAL COMMITTEE
APRIL 22, 2013

MARKHAM

Agenda

- Draft Consolidated Financial Statements
- Presentation by KPMG – Audit Findings Report
- Next Steps

2012 Draft Consolidated Financial Statements

- 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)
- Consolidated financial statements include the Business Improvement Areas, Community Boards and Investment in Markham Enterprises Corporation (MEC)
- Audit conducted in accordance with Canadian generally accepted auditing standards

Public Sector Accounting Board (PSAB)
January 2009

- Section PS 3150 requires governments to record non-financial assets that are:
  - ❑ Not available to discharge existing liabilities
  - ❑ Held for use in the provision of services
  - ❑ Useful economic lives extending beyond a calendar year
  - ❑ Not for sale in the ordinary course of operations
- Tangible Capital Assets (TCA) are recorded at cost and not for sale in the ordinary course of operations and are amortized over the useful life of the asset

Public Sector Accounting Board (PSAB)
January 2009

- Sections PS1100 requires governments to account for assets, liabilities, revenues and expenses using full accrual accounting
- 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

International Financial Reporting Standards (IFRS) – New for 2012

- Markham Enterprises Corporation (MEC), a wholly owned subsidiary of the City adopted IFRS on January 1, 2012.
- Requires retrospective application of the new accounting framework to January 1, 2011, the date of transition.
- December 31, 2011 year end and the opening Statement of Financial Position as at January 1, 2011 restated.
- Impact to the City in Investment in MEC and Accumulated Surplus.

2012 Draft Consolidated Financial Statements

Consolidated Statement of Operations and Accumulated Surplus

($ in millions)

	2012	Restated 2011
Revenues	424.966	400.748
Expenses before Amortization and Write-down of TCA	202.439	195.213
	222.527	205.535
Less:		
Amortization of TCA	(59.053)	(55.246)
Write-down of TCA	-	(0.331)
Annual Surplus	163.474	149.958
Accumulated Surplus at the beginning of year	3,694.891	3,544.933
Accumulated Surplus at the end of year	3,858.365	3,694.891

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Accumulated Surplus, end of year

($ in millions)

	2012	Restated 2011
Operating surplus excluding Planning & Design, Engineering, and Building Standards	0.870	1.994
Community Boards	0.147	0.149
BIA	(0.002)	0.050
Operating surplus excluding Waterworks	1.015	2.193
Waterworks	(0.696)	(2.421)
Operating surplus including Waterworks (Note 14, page 20)	0.319	(0.228)
Equity in Markham Enterprises Corporation (Note 14, page 20)	229.949	215.132
Invested in Tangible Capital Assets and Others (Note 14, page 20)	3,412.006	3,265.580
Reserves (Note 14, page 20)	96.930	80.384
Reserve Funds (Note 14, page 21)	119.161	134.023
Total	3,858.365	3,694.891

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Annual Surplus 2012 Versus 2011

($ in millions)

	2012	Restated 2011	Variance
Annual Surplus for the year	163.474	149.958	13.516
Major factors:			
Contribution from developers	124.245	85.367	38.878
User fees	70.268	64.309	5.959
Deferred revenue (Development Charge Revenue) earned	63.202	82.760	(19.558)
Equity in Markham Enterprises Corporation	9.977	6.347	3.630

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Equity in Markham Enterprises Corporation (MEC)

($ in millions)

	2012	Restated 2011
a. Equity in MEC, January 1	215.132	189.665
IFRS adjustments	-	17.227
	215.132	206.892
b. Equity pick-up for the year		
Net Income for the year	9.977	8.020
IFRS adjustments	-	(1.673)
	9.977	6.347
c. Increase in share capital	9.626	5.338
d. Dividend paid by MEC to City	(4.786)	(3.445)
e. Equity in MEC, December 31	**229.949**	**215.132**

Presentation by KPMG (Mr. Kevin Travers) – Audit Findings Report

Next Steps

- General Committee approval of 2012 Draft Financial Statements and forward Recommendations to Council