

2015 Consolidated Financial Statements

Presentation to General Committee

April 18, 2016

Agenda

1. Background
2. Audit Findings
3. Financial Results
4. Presentation by Kevin Travers, KPMG LLP – Audit Findings Report
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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 Statements consolidate activities of the City including the Markham Public Library, the Business Improvement Areas, Community Boards and the Investment in Markham Enterprises Corporation (MEC).

1. Background (continued)

- 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
- PSAB Section PS3260 mandates that for fiscal years beginning on or after April 1, 2014, municipal governments are required to account for and record liability for contaminated sites. The City adopted PSAB 3260 for Contaminated Sites in the fiscal year 2015 and had no associated liabilities to report.

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. Financial Results

□ Consolidated Statement of Financial Position (Balance Sheet)

	\$ in millions		Incr. /
	2015	2014	(Decr.)
Financial Assets	669.3	664.9	4.4
Financial Liabilities	239.2	233.7	5.6
Net Financial Assets	430.1	431.2	(1.2)
Non-Financial Assets	3,757.4	3,648.2	109.2
Accumulated Surplus	4,187.5	4,079.5	108.0

3. Financial Results (cont'd.)

□ Consolidated Statement of Operations and Accumulated Surplus (Income Statement)

\$ in millions

	<u>2015</u>	<u>2014</u>
Revenues	407.4	366.9
Less: Expenses	299.4	280.0
Annual Surplus	<u>108.0</u>	<u>86.9</u>
Accumulated Surplus at the beginning of year	4,079.5	3,992.6
Accumulated Surplus at the end of year	<u>4,187.5</u>	<u>4,079.5</u>

3. Financial Results (cont'd.)

□ Details of Accumulated Surplus

	<u>2015</u>	<u>2014</u>
		\$ in millions
Operating surplus: including Planning & Design, Engineering, Building Standards and excluding waterworks	3.2	(1.3)
Community Boards and BIAs	0.2	0.1
Waterworks	(0.6)	2.0
Operating Surplus Total (Page 19, Note 15)	2.8	0.8
Equity in Markham Enterprises Corporation	252.9	245.8
Invested in Tangible Capital Assets and Other	3,740.8	3,636.8
Reserves	113.3	110.0
Reserve Funds	77.7	86.1
Total Accumulated Surplus	4,187.5	4,079.5

4. Presentation by KPMG LLP – Audit Finding Report

Kevin Travers, Partner KPMG LLP

5. Next Steps

- **General Committee approval of 2015 Consolidated Financial Statements to be adopted by Council on April 19, 2016**