



Town of Newmarket
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2018 Financial Statements and Auditor's Report Staff Report to Council

Report Number: Assign Report Number in eSCRIBE.

Department(s): Financial Services

Author(s): Mike Mayes, Director of Financial Services/Treasurer

Meeting Date: June 24, 2019

Recommendations

1. That the report entitled 2018 Financial Statements and Auditor's Report dated June 24, 2019 be received; and,
2. That the draft 2018 financial statements for The Corporation of the Town of Newmarket, the Town of Newmarket Main Street District BIA and the Town of Newmarket Trust Fund; the Financial Statement Discussion and Analysis prepared by staff; and the Report to the Audit Committee on the results of the December 31, 2018 financial statements audits from Deloitte LLP be received; and,
3. That Council approves the 2018 financial statements for The Corporation of the Town of Newmarket, the Town of Newmarket Main Street District BIA and the Town of Newmarket Trust Fund as endorsed by the Audit Committee.

Executive Summary

See below.

Purpose

The purpose of this report is to obtain Council approval of the 2018 Financial Statements.

Background

Provincial regulations require annual audits of our financial statements. Under the Municipal Act, 2001, as amended, municipalities must do the following:

1. A municipality must prepare financial statements in accordance with generally accepted accounting principles (Section 294.1)
2. The Treasurer must report the financial affairs of the municipality to Council (Section 286. (1)).
3. The municipality must appoint a licensed auditor who is responsible for auditing the accounts and transactions of the municipality annually and expressing an opinion on the municipality's financial statements (Section 296. (1)).

Discussion

The annual audit, performed by Deloitte LLP, was conducted in accordance with generally accepted auditing standards. For 2018, the Auditor's Report, which forms an integral part of the financial statements, has been issued by Deloitte and reflects their opinion that the financial statements present fairly, in all material respects, the financial position of the Town in accordance with generally accepted accounting principles.

The consolidated financial statements for The Corporation of the Town of Newmarket includes the financial activities of:

- The Main Street District BIA,
- The Newmarket Public Library Board (which were approved separately by their board on June 19, 2019),
- The Town's proportionate share of Central York Fire Services,
- The other operations of the Town, and
- On a modified equity basis, the Town's investment in Newmarket Hydro Holdings Inc. (the majority shareholder for Newmarket-Tay Power Distribution Ltd. And Envi Networks Ltd.).

All of the financial statements are presented in accordance with the Municipal Act, 2001, as amended. The format is consistent with the reporting requirements of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Audit results have been reviewed by the Audit Committee.

The Town's Audit Committee membership includes the Deputy Mayor, two Members of Council and three appointed citizens. Their mandate is "to assist the Council in maintaining the financial integrity of "the municipality" and this includes reviewing and providing recommendations to Council regarding the annual report and management letter of the External Auditor.

At the Audit Committee meeting of June 18, 2019, Deloitte provided an overview of the audit findings. They informed the Committee that they had not encountered any significant internal control issues.

The Director, Financial Services/Treasurer provided a high-level overview of the financial statements. Some minor changes were recommended to be made to the financial statements in terms of clarity and readability only; which were then approved for recommendation by the Audit Committee to Council. The draft Audit Committee motion is:

That the Audit Committee recommends to Council, that the Consolidated Financial Statements year ended December 31, 2018, as amended, be approved.

Conclusion

The 2018 Financial Statements are prepared by staff, audited by Deloitte LLP and reviewed by the Audit Committee. These statements are now presented to Council for final approval.

Business Plan and Strategic Plan Linkages

This report links to Council's Strategic Priority entitled Long-Term Financial Sustainability iii) being:

Ensure ongoing continuous improvement and a service level analysis for consideration. Utilize both internal and external resources to complete an assessment of the Town's overall financial health to support effective and efficient long-term planning.

Consultation

Financial Services worked with Deloitte LLP to prepare the draft financial statements.

Human Resource Considerations

Not applicable to this report.

Budget Impact

Not applicable to this report.

Attachments

- The Corporation of the Town of Newmarket draft 2018 consolidated financial statements (31 pages)
- Town of Newmarket Main Street District BIA draft 2018 financial statements (8 pages)
- Town of Newmarket Trust Fund draft financial statements (9 pages)
- Financial Statement Discussion and Analysis (18 pages)
- Report to the Audit Committee on the results of the December 31, 2018 financial statements audits (37 pages)

Approval

Mike Mayes, CPA, CGA, DPA
Director, Financial Services/Treasurer

Esther Armchuk, LL.B
Commissioner, Corporate Services

Contact

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