



Town of Newmarket
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2021 Financial Statements and Auditor's Report Staff Report to Council

Report Number: 2022-39

Department(s): Financial Services

Author(s): Andrea Tang, Manager, Finance & Accounting / Deputy Treasurer

Meeting Date: June 20, 2022

Recommendations

1. That the report entitled 2021 Financial Statements and Auditor's Report dated June 20, 2022 be received; and,
2. That the draft 2021 financial statements for the Corporation of the Town of Newmarket and the Town of Newmarket Main Street District BIA; the Financial Statement Discussion and Analysis prepared by staff; and the Report to the Audit Committee on the results of the December 31, 2021 financial statements audits from Deloitte LLP be received; and,
3. That Council approve the 2021 financial statements for the Corporation of the Town of Newmarket and the Town of Newmarket Main Street District BIA as endorsed by the Audit Committee.

Purpose

The purpose of this report is to obtain Council approval of the 2021 Financial Statements.

Background

Under the Municipal Act, 2001, as amended, municipalities are required to 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)); and
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)).

The annual audit for the year ended December 31, 2021, performed by Deloitte LLP, was conducted in accordance with generally accepted auditing standards.

Discussion

Staff presented the [2021 Preliminary Q4 Operating and Capital Budget](#) dated March 21, 2022. As outlined in the report, the Town received government grants totaled \$3.2 million in 2021 to fund COVID-19 related expenditures. \$1.9 million of the grants was applied in 2021; leaving a balance of \$1.3 million to fund COVID-19 expenditures anticipated to incur in 2022.

Since COVID-19 expenditures incurred in 2021 (\$3.7 million) were greater than the grants received (\$3.2 million), an adjustment was subsequently made to recognize the remaining grant of \$1.3 million in 2021.

The audit did not identify any material change to the reported results other than accounting for and restating the results of operations in accordance with Canadian public sector accounting standards.

The Auditor's Report on the 2021 consolidated financial statements of the Corporation of the Town of Newmarket, which forms an integral part of the financial statements, has been issued by Deloitte LLP and reflects their opinion, free of any qualifications or conditions, that the financial statements present fairly, in all material respects, the financial position of the Town in accordance with generally accepted accounting principles.

The financial activities of the Main Street District BIA, the Newmarket Public Library Board and the Town's proportionate share of Central York Fire Services are consolidated with the financial activities of the Town. The Town's investment in Newmarket Hydro Holdings Inc. (the majority shareholder for Newmarket Tay Hydro) is included on a modified equity basis.

The Consolidated Financial Statements and the Main Street District BIA Financial Statements are issued without restriction as they 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 were reviewed by the Audit Committee on June 7, 2022. The Town's Audit Committee membership includes the Deputy Mayor/Regional Councillor, two Members

of Council and three appointed citizens. Their mandate is to assist Council in maintaining the financial integrity of the municipality which includes reviewing and providing recommendations to Council regarding the annual report and management letter of the External Auditor.

At the Audit Committee meeting, the Manager, Finance & Accounting/ Deputy Treasurer provided a high-level overview of the financial statements. The financial statements were approved for recommendation by the Audit Committee to Council. The draft Audit Committee motions are:

1. That the Audit Committee recommends to Council that the Consolidated Financial Statements of The Corporation of Town of Newmarket for the year ended December 31, 2021 be approved; as amended and
2. That the Audit Committee recommends to Council that the Financial Statements of Town of Newmarket Main Street District BIA for the year ended December 31, 2021 be approved.

Internal Control Matters as outlined in the Year End Communication Report from the Auditors (Appendix 4) were received by the Committee. The Audit Committee approved a motion to address the outstanding internal control matter by one year from the Audit Committee meeting on June 7, 2022.

The Financial Statements of Town of Newmarket Public Library Board were approved by the Library Board on June 15, 2022.

Conclusion

The 2021 Financial Statements were prepared by staff, audited by Deloitte 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 of Long-term Financial Sustainability and ensuring ongoing continuous improvement.

Consultation

Finance staff prepared the financial statements which were reviewed by Deloitte LLP, and subsequently presented to the Audit Committee.

Human Resource Considerations

Not applicable.

Budget Impact

Not applicable.

Attachments

Attachment 1 - Financial Statement Discussion and Analysis (FSD&A)

Attachment 2 - DRAFT Consolidated Financial Statements of the Corporation of the Town of Newmarket 2021 Financial Statements and Auditor's Report

Attachment 3 - DRAFT Financial Statements of Town of Newmarket Main Street District BIA 2021 Financial Statements and Auditor's Report

Attachment 4 - Year End Communication Report from the Auditors

Approval

Mike Mayes, CPA, CGA, DPA
Director of Financial Services

Esther Armchuk, LL.B
Commissioner, Corporate Services

Contact

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