



Town of Newmarket
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2022 Financial Statements and Auditor's Findings Staff Report to Council

Report Number: 2023-48

Department(s): Financial Services

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

Meeting Date: June 26, 2023

Recommendations

1. That the report entitled 2022 Financial Statements and Auditor's Report dated June 26, 2023 be received; and,
2. That the draft 2022 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 Audit Findings Report from KPMG LLP be received; and,
3. That Council approve the 2022 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; and,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Purpose

The purpose of this report is to obtain Council approval of the 2022 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, 2022 was performed by KPMG LLP. The audit was conducted in accordance with generally accepted auditing standards. Based on the 2022 Audit Findings Report (Appendix 4), there was no concerns or issues identified on accounting treatment and internal controls.

The external audit services contract with the former auditor, Deloitte LLP expired. The Town in collaboration with the other N6 (Northern 6) municipalities in the Region of York conducted a Request for Proposal (RFP) evaluation. KPMG LLP was the successful proponent. Contract term with KPMG LLP is for a term of three years with an option to extend the term for up to two (2) additional periods of two (2) years each.

Discussion

Staff presented the [Preliminary 2022 Fourth Quarter Financial Summary](#) to the Committee of the Whole (CoW) on March 27, 2023.

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 2022 consolidated financial statements of the Corporation of the Town of Newmarket, which forms an integral part of the financial statements, has been issued by KPMG 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 (GAAP).

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 20, 2023. The Town's Audit Committee membership includes three Members of Council and three appointed citizens. This is the first year of the Audit Committee 4-year term. 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. An orientation was provided by Legislative Services and Financial Services to Members of the Committee.

At the Audit Committee meeting, the Manager, Finance & Accounting/ Deputy Treasurer provided a presentation on the 2022 financial statements, highlighting year-over-year changes between 2022 and 2021 results. 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, 2022 be approved; 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, 2022 be approved.

The 2022 Financial Statements of Town of Newmarket Public Library Board will be presented to the Library Board on June 21, 2023 for approval.

Conclusion

The 2022 Financial Statements were prepared by staff, audited by KPMG 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 core value in achieving and maintaining the Town's long-term financial sustainability.

Consultation

Finance staff prepared the financial statements which were reviewed by KPMG 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 2022 Financial Statements and Auditor's Report

Attachment 3 - DRAFT Financial Statements of Town of Newmarket Main Street District BIA 2022 Financial Statements and Auditor's Report

Attachment 4 – 2022 Audit Findings Report

Approval

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

Esther Armchuk, LL.B
Commissioner, Corporate Services

Contact

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