

To: COUNCIL
Meeting Date: 5/28/2024
Subject: 2023 Financial Report
Submitted By: Sheryl Ayres, Chief Financial Officer
Prepared By: Mirna Raponi, Manager of Accounting and Financial Reporting
Report No.: 24-027-CRS
File No.: C11
Wards Affected: All Wards

RECOMMENDATION(S):

THAT Report 24-027-CRS Financial Report be received;

AND FURTHER THAT the audited consolidated financial statements for the Corporation of the City of Cambridge be approved for the year ended December 31, 2023.

EXECUTIVE SUMMARY:

Purpose

Consolidated audited financial statements are required under sections 294.1 and 296(1) of the Municipal Act, 2001. The statements are the responsibility of management and prepared by staff. The 2023 audited consolidated financial statements for the Corporation of the City of Cambridge is attached for approval.

Key Findings

- KPMG LLP, the City's appointed external auditors, have audited the consolidated financial statements. Staff are pleased to report that the City has received an unqualified audit opinion, meaning that in the auditor's opinion the statements are fairly and appropriately presented in accordance with Public Sector Accounting Board (PSAB) standards.
- A representative of KPMG will present their audit findings, attached as Appendix B, and will be available to answer any questions that members of Council may have related to the audit.
- For the eighth straight year, Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting (CAnFR) to the City of Cambridge for its annual financial report for the

fiscal year ended December 31, 2022. City staff are finalizing the 2023 Annual Report and will be submitting it to GFOA for consideration of the award. The City has shown its ability to continue to be awarded the CAnFR from the GFOA, which exemplifies transparency, accountability, and reporting excellence.

- The PSAB approved new accounting standards which has come into effect for the City's 2023 audited financial statements. Staff reviewed the new standards and made changes to the audited financial statements to ensure compliance.

Financial Implications

The consolidated financial statements indicate that the City is fiscally strong as of December 31, 2023, with net financial worth of \$1,012.8 million (2022 – \$895.1 million). As at December 31, 2023, total financial assets were \$462.2 million (2022 – 424.7 million), total liabilities were \$298.2 million (2022 – \$287.2 million) and non-financial assets were \$848.8 million (2022 – \$757.6 million).

STRATEGIC ALIGNMENT:

Strategic Action

Objective(s): Not Applicable

Strategic Action: Not Applicable

OR

Core Service

Program: Finance

Core Service: Financial Accounting and Reporting

The audited financial statements of the Corporation of the City of Cambridge provide transparency and information to the public about the financial affairs of the City of Cambridge for the year 2023.

BACKGROUND:

Consolidated Audited Financial Statements

The City is required to prepare annual audited financial statements under sections 294.1 and 296(1) of the Municipal Act, 2001. Statements must be prepared in accordance with generally accepted accounting principles as prescribed by the PSAB of the Chartered Professional Accountants of Canada. These standards differ from those followed by private sector businesses that are required to follow Accounting Standards for Private Enterprises (ASPE) or International Financial Reporting Standards (IFRS).

Annual Report

City staff are currently finalizing the 2023 Annual Report. The Annual Report provides further analysis of the City's financial performance in 2023 and includes the consolidated audited financial statements, a message from the Chief Financial Officer, financial statement discussion and analysis, and ratio analysis. The 2023 Annual Report will also include a Financial Scorecard element to increase transparency and understandability by further communicating the financial health of the City.

For the eighth straight year, GFOA has awarded a CAnFR to the City for its annual financial report for the fiscal year ended December 31, 2022. The CAnFR was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. In order to be awarded a CAnFR, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

The City of Cambridge is continuing this standard of high-quality reporting and is working towards submitting for the 2023 Annual Report. The City has shown its ability to continue to be awarded the CAnFR from the GFOA, which exemplifies transparency, accountability, and reporting excellence.

ANALYSIS:

Year End Audit

The auditors have full and free access to management and Council and their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards. The auditors perform tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatements and present fairly the financial position and results of operations of the City in accordance with Canadian Public Sector Accounting Standards (PSAS).

Management Involvement

The consolidated financial statements are reviewed and approved by management prior to their submission to Council. Management meets periodically with the external auditor to approve the scope and timing of their respective audits, to review their findings, and to satisfy itself that their responsibilities have been properly discharged.

Financial Statements

There are five separate Financial Statements: Statement of Financial Position, Statement of Operations and Accumulated Surplus, Statement of Remeasurement Gains and Losses, Statement of Change in Net Financial Assets and Statement of Cash Flows. These Financial Statements provide information on the cost of all City activities, how they were financed, investing activities, as well as the assets and liabilities of the City. Below is a summary of the purpose of each statement:

Statement of Financial Position: Reports the resources, obligations, and ownership details as at a specific day. This statement includes the assets, liabilities, and accumulated surplus.

Statement of Operations: For a reporting period, reports the revenues/gains, expenses/losses, and net income and results.

Statement of Remeasurement Gains and Losses: This new statement is effective for fiscal years beginning on or after April 1, 2022. This statement explains the change in the overall financial position of the entity during the accounting period due to remeasurements related to unrealized gains and losses on specific financial assets and liabilities recorded at fair value, and unrealized foreign exchange gains and losses. This statement did not have any significant impact on the presentation of the City's financial statements and will be discussed in further detail under New Accounting Standards below.

Statement of Change in Net Financial Assets: For a reporting period, this statement explains the difference between annual surplus and the change in net financial assets; reports spending to acquire non-financial assets; and reports disposal or use of non-financial assets.

Statement of Cash Flow: For a reporting period, this statement reports the City's major sources and uses of cash by identifying where cash came from and shows where cash was used.

Basis of Consolidated Statements

The consolidated financial statements reflect the financial assets, liabilities, operating revenues and expenses, reserve funds and reserves, changes in investment in tangible capital assets and cash flows and include the activities of all governmental functions controlled and exercised by the City. The consolidated statements include the following boards which are under the control of Council:

- The Cambridge Public Library Board
- Preston Towne Centre Business Improvement Area
- Downtown Cambridge Business Improvement Area

- Hespeler Village Business Improvement Area

The City owns 54.339% of its subsidiary, GrandBridge Corporation. GrandBridge Corporation is not consolidated, but is accounted for on the modified equity basis, which reflects the City's investment in the enterprise and its share of net income or loss less dividends received since acquisition.

Financial Statements vs. Budget

The Audited Financial Statements are prepared to meet the requirements of PSAS. In comparison, the Budget is prepared to meet the requirements of the *Municipal Act, 2001*, and its related regulations. Both begin on the same basic framework of accrual-based accounting, but then there are exceptions in treatment of specific items. Please see below a summary between the consolidated financial statements and the budget:

Category	Financial Statements	Budget
Required Framework	Canadian PSAS.	Municipal Act, 2001
Transfers to/from Reserve and Reserve Funds	Netted out.	Included.
Long-term Debt	Interest payments are recorded as an expense.	Interest & principal payments recorded as an expense.
GrandBridge Corporation	The City's portion of GrandBridge Corporation income is recorded.	The dividend collected is recorded as revenue.
Tangible Capital Assets – Repairs and Maintenance	Recorded as an expense.	In some cases may be part of capital budget.
Depreciation	Recorded as an expense.	Excluded , but the transfer to the capital budget is included as an expense.
Post-Employment Benefits	Annual change in actuarial estimate is recorded as an expense.	Excluded.

New Accounting Standards

The City's audited financial statements are required to follow PSAS as set out by the PSAB, which approved new standards that have come into effect for the City's year ended December 31, 2023. Below provides a summary of the newly enacted standards and the impact to the City's financial statements:

- PS 3280 Asset Retirement Obligation:** This standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. Those identified at the City include buildings with asbestos, underground fuel tanks, an abandoned bridge, and underground fuel storage tanks. Under the new standard, a liability for an asset retirement obligation is recognized as the best estimate of the amount required to retire a tangible capital asset. Pursuant to the recommendations of PS 3280, the prior period has been restated to reflect the liability for asset retirement obligations as of January 1, 2022. In accordance with the provisions of this new standard, the City reflected the following adjustments for the year ended December 31, 2022:

Category	Balances as previously reported December 31, 2022	Adjustment	Balances as restated as at December 31, 2022
Tangible capital assets	\$754,445,002	\$419,429	\$754,864,431
Asset retirement obligations	N/A	(1,296,274)	(1,296,274)
Accumulated surplus, opening	(810,173,020)	855,104	(809,317,916)
Impact on expenses for amortization	24,319,309	21,741	24,341,050

- PS 1201 Financial Statement Presentation:** This section establishes general reporting principles and standards for the disclosure of information in government financial statements. The main change to this standard is the introduction of the Statement of Remeasurement Gains and Losses. Remeasurement gains and losses arise from foreign exchange gains and losses on items in the amortized cost category and unrealized gains and losses on financial instruments measured at fair value. In 2023, this standard did not have any significant impact on the presentation of the City's financial statements as this standard is applied prospectively to transactions which have taken place since January 1, 2023. The City is in possession of financial instruments measured at fair value which can vary due to market conditions. Depending on the unrealized value of the financial instruments, this can impact the financial statements by reporting the unrealized gains or losses in the Statement of Remeasurement Gains and Losses.
- PS 2601 Foreign Currency Translation:** This section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements. Under this section, until monetary items denominated in foreign currencies have settled, exchanges gains and losses are recognized in the Statement of Remeasurement Gains and Losses

rather than the Statement of Operations. However, as per this standard, the City has elected to recognize exchange gains and losses directly in the Statement of Operations, as the City has limited foreign exchange transactions. Therefore, this standard did not have any significant impact on the presentation of the City's financial statements.

- **PS 3041 Portfolio Investments:** This section establishes standards on how to account for and report portfolio investments in government financial statements. Portfolio investments are investments in organizations that do not form part of the government reporting entity. Such investments are normally in equity instruments or debt instruments issued by the investee. This standard did not have any significant impact on the presentation of the City's financial statements.
- **PS 3450 Financial Instruments:** This section provides comprehensive requirements for the recognition, measurement, presentation, and disclosure of financial instruments. Under PS 3450, all financial instruments included on the statement of financial position are assigned to one of two measurement categories: fair value or amortized cost. Staff reviewed each financial instrument based on their characteristics and the City's own accounting policy to assign the instruments to the appropriate measurement category. Staff concluded that all financial assets and liabilities are recorded at cost/amortized cost, except for certain investments – marketable securities which must be recorded as fair value. In 2023, this standard did not have significant impact on the presentation of the City's financial statements as this standard is applied prospectively to new investments acquired in 2023. The City is in possession of financial instruments measured at fair value which can vary due to market conditions. As a result, for financial instruments measured at fair value, changes in fair value in future fiscal years will be recognized in the Statement of Remeasurement Gains and Losses or the Statement of Operations.

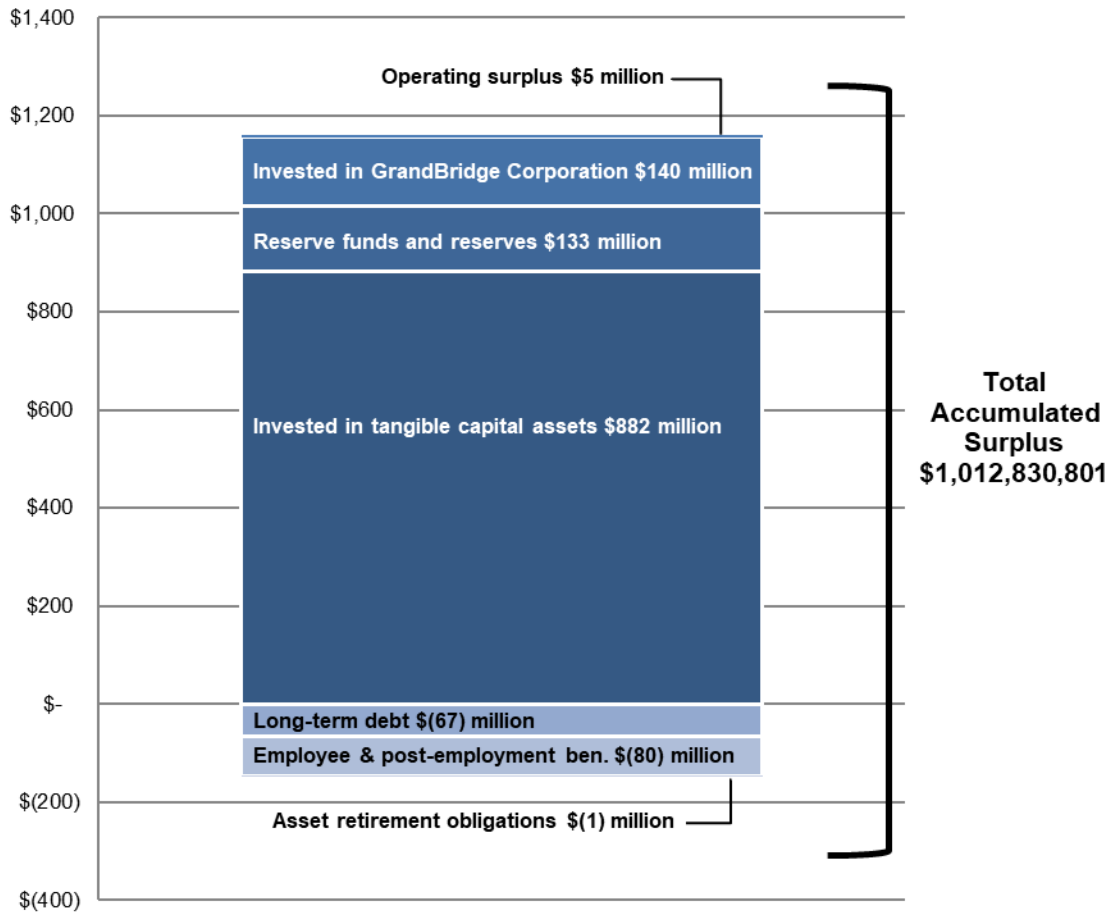
Financial Highlights

The consolidated financial statements indicate that the City is fiscally strong as of December 31, 2023, with net financial worth of \$1,012.8 million. As at December 31, 2023, total financial assets were \$462.2 million, total liabilities were \$298.2 million and non-financial assets were \$848.8 million.

In comparison, as at December 31, 2022, net financial worth was \$895.1, total financial assets were \$424.7 million, total liabilities were \$287.2 million, and non-financial assets were \$757.6 million.

Accumulated Surplus

As at December 31, 2023



Financial Assets:

In 2023 the City’s financial assets totalled \$462.2 million, an increase of \$37.5 million from the prior year. This was mainly due to an increase in cash by \$14.3 million, trade and other receivables increasing by \$12.1 million, and investments increasing by \$8.5 million.

Investments are made up of two types which are the City’s investment in GrandBridge Corporation and investment in marketable securities. The investment in GrandBridge Corporation as at December 31, 2023 was \$140.5 million, an increase of \$4.0 million from 2022. Additionally, the City received dividends and other cash proceeds from GrandBridge Corporation in the amount of \$4.0 million.

Cash increased by \$14.3 million, and investments in marketable securities increased by \$4.5 million over the prior year, for a combined increase of \$18.8 million. This is

reflective of overall increased balance of the reserve and reserve funds. Additionally in 2023, the City held increased funds in cash following improved bank interest rates.

Trade and other receivables increased by \$12.1 million mainly due to an increase in deferred development charges by \$7.0 million from the prior year. In 2023, the City entered into agreements where, for certain types of developments, will allow developers to pay their development charges (fees for developing in the City) at a later point in time. This results in an increase in receivables to reflect the future payment. In addition, trade and other receivables increased due to timing of payments at year end by \$5.2 million.

Liabilities:

In 2023, the City's liabilities totalled \$298.2 million, an increase of \$11.0 million from the prior year. The major contributors to the increase are due to long-term debt and deferred revenue – obligatory reserve funds offset by a decrease in accounts payable and accrued liabilities.

The increase in long-term debt of \$13.8 million is due to new debentures issued by the City in 2023 totalling \$19.5 million. The City also paid off \$5.7 million worth of long-term debentures.

The increase in deferred revenue – obligatory reserve funds of \$7.6 million is due to an increase from 2022 of cash collected but not earned related to the timing of capital work activity completed and funded through development charges.

The decrease in accounts payable and accrued liabilities of \$11.1 million is due to an increase in trade accounts payable due to timing of payments of \$4.6 million offset by a larger decrease in credit for service agreements (CFSA) by \$16.9 million. A CFSA is an agreement with a developer to facilitate the construction of growth-related municipal infrastructure ahead of the City's capital program. Under these agreements, developers construct infrastructure that the City is unwilling or unable to fund within the time frame sought by a developer. The reimbursement to the developer is provided by way of development charge credits, which will offset development charges owing at the time of subdivision registration or building permit issuance. In 2022, there were two CFSA's for Morrison Creek and Cam West totalling \$20.2 million. In 2023, as a significant portion of construction was completed in 2022, the CFSA liability for these two projects was reduced by \$17.5 million.

Non-Financial Assets:

In 2023 the City's non-financial assets totalled \$848.8 million, an increase of \$91.2 million from the prior year. Non-financial assets primarily consist of tangible capital assets, which reflects the City's investment into capital infrastructure and the value of

new assets being added to the City’s inventory exceeding the annual amortization costs.

Below summarizes comparative information of the Statement of Financial Position:

Category	2023	2022	Increase/ (Decrease)
Financial assets	\$462,188,424	\$424,673,485	\$37,514,939
Liabilities	298,168,970	287,187,958	10,981,012
Net financial assets	164,019,454	137,485,527	26,533,927
Non-financial assets	848,811,347	757,611,484	91,199,863
Accumulated surplus	\$1,012,830,801	\$895,097,011	\$117,733,790

Reserve and Reserve Funds

Total revenues and other income for 2023 is \$327.9 million compared to total expenses of \$210.2 million resulting in annual surplus of \$117.7 million which is used to fund capital assets and contribute to reserves and reserve funds. Reserve and reserve funds balances increased from \$124.0 million in 2022 to \$133.4 million in 2023. The main sources of increases and decreases are as follows:

Tax-Supported Operating: Tax-supported operating reserve funds totalled \$27.2 million in 2023, an increase of \$8.1 million from 2022 of \$19.1 million. The increase is mainly due to the 2022 year end operating surplus transferred to the rate stabilization reserve funds in 2022. Per Council Meeting on May 25, 2023 through motion 23-149, a portion of the tax-supported operating surplus was transferred to the rate stabilization reserve fund totalling \$1.9 million. In addition, \$4.9 million was transferred to the rate stabilization reserve fund due to the waived development charges which were under budget in 2023. These savings were contributed to the reserve to be set aside for future financial exposure on the waived development charges.

Water Utilities Operating: Water utilities operating reserve funds totalled \$11.3 million in 2023, an increase of \$2.3 million from 2022 of \$9.0 million. The increase is mainly due to the 2022 year end wastewater surplus transferred to the wastewater rate stabilization reserve funds in 2022. Per Council Meeting on May 25, 2023 through motion 23-149, a portion of the wastewater surplus was transferred to the wastewater rate stabilization reserve fund totalling \$0.5 million. In addition, \$0.8 million was transferred to the wastewater rate stabilization reserve fund due to the waived development charges which were under budget in 2023. These savings were contributed to the reserve to be set aside for future financial exposure on the waived development charges.

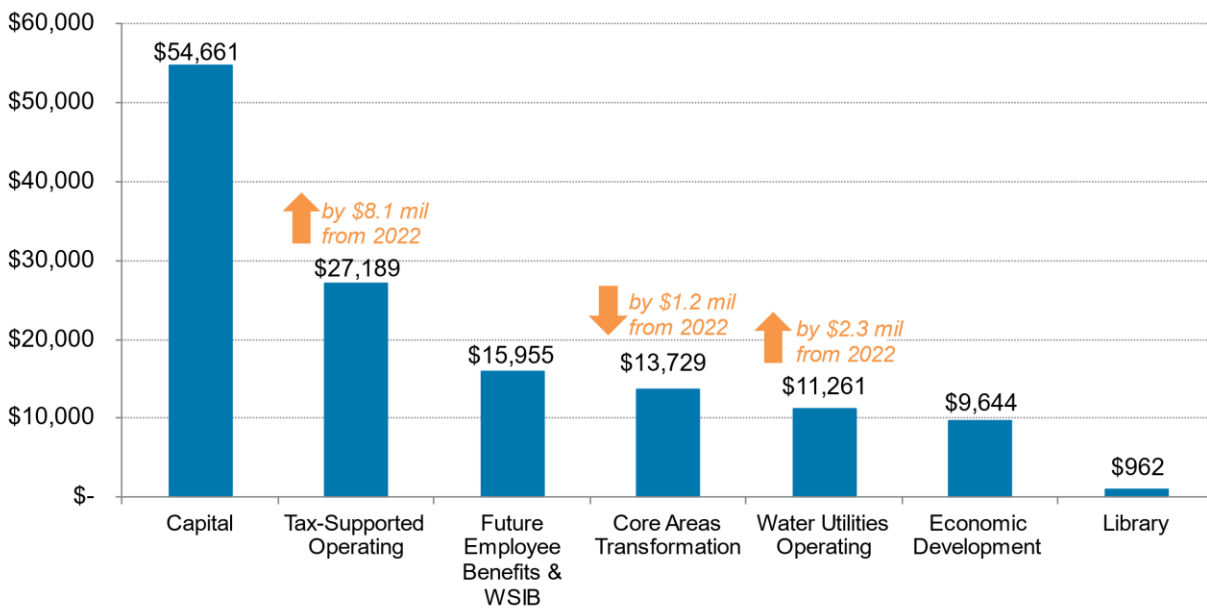
Core Areas Transformation: Core areas transformation reserve fund totalled \$13.7 million in 2023, a decrease of \$1.2 million from 2022 of \$14.9 million. The

decrease is mainly due to contribution to capital projects such as land acquisitions, placemaking study and pilot project, and property acquisition for 91 Spring Street. In addition, over \$0.8 million in grant funding was provided in 2023 under the Core Areas Community Improvement Plan to leverage private investment in the core areas.

The graph below shows the reserve and reserve fund balances for the year ended December 31, 2023.

Reserve and Reserve Funds

for the year ended December 31, 2023
(in thousand dollars)



Revenues

Total revenue reported for the year 2023 was \$223.8 million, an increase of \$16.3 million from 2022 of \$207.5 million. Various increases and decreases in revenue offset each other in a year over year comparison. The main sources of increases are as follows:

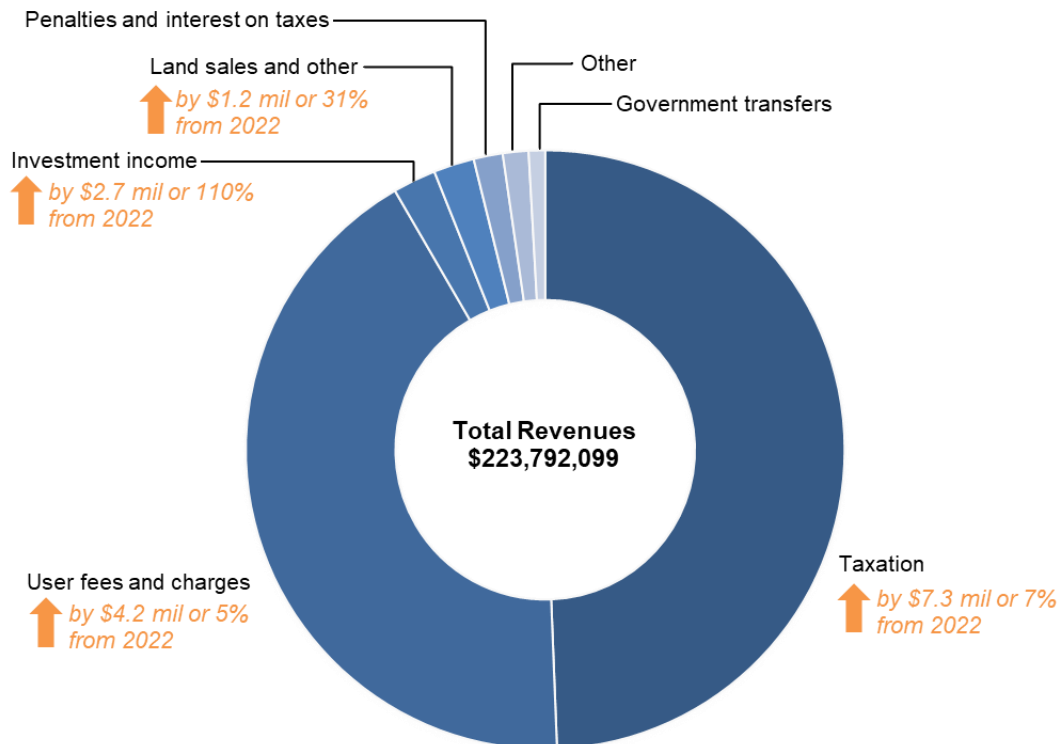
- Taxation:** Taxation revenue totalled \$110.5 million in 2023, an increase of \$7.3 million from 2022 of \$103.2 million. This was mainly due to the tax levy increase of \$7.6 million ratified by Council during the 2023 budget approval process based on projected operating requirements. This increase is offset by higher tax write-offs and rebates in 2023 in comparison to 2022.
- User fees and charges:** User fees and charges totalled \$94.6 million in 2023, an increase of \$4.2 million from 2022 of \$90.4 million. The increase in user fee revenue in 2023 is due to an increase in water usage, connections, and

respective water and wastewater fixed and variable rates. Furthermore, the increase in revenues in 2023 is attributed to an increase in program related revenues due to higher enrollment and participation levels in City-run summer camps, arenas, and aquatic programming.

- Investment income:** Investment income totalled \$5.2 million in 2023, an increase of \$2.7 million from 2022 of \$2.5 million. The increase in investment income was largely due to the Bank of Canada’s higher overnight interest rate throughout 2023 when compared to 2022. Over the course of three rate increases during 2023, the Bank of Canada’s overnight interest rate was increased from 4.25% in December of 2022 to 5.00% in July 2023. In addition, the increase in investment income was caused by an increase in the City’s reserve and reserve fund balances.
- Land sales and other:** Land sales and other totalled \$4.9 million, an increase of \$1.2 million from 2022 of \$3.7 million. The increase was mainly due to contributions received from Conestoga College towards the Fountain Street Soccer Facility Construction. The City recognized \$1.5 million of revenue in 2023 to offset the construction completed during the year.

Revenues

For the year ended December 31, 2023



Other Income

Total other income for the year was \$104.1 million in 2023, an increase of \$18.3 million from 2022 of \$85.8 million. The main sources of increases are as follows:

- **Contributed tangible capital assets:** Contributed tangible capital assets totalled \$63.3 million in 2023, an increase of \$41.2 million from 2022 of \$22.1 million. Contributed tangible capital assets vary year-over-year depending on assumed assets from subdivisions.
- **Deferred revenue earned:** Deferred revenue earned totalled \$21.3 million in 2023, an increase of \$15.5 million from 2022 of \$5.8 million. Deferred revenue earned includes development charges earned for the capital expenses incurred within the calendar year and do not include the actual cash collected in that year. The increase in this revenue source was related to the increase in capital work activity completed and funded through development charges.

The main source of a decrease in other income is as follows:

- **Gain on dilution from prior interest in Energy Plus:** During 2020, the shareholders of Energy Plus approved a merger of Energy Plus with Brantford Energy Corporation. The merger closed in 2022 and the City owns 54.339% of the merged entity, GrandBridge Corporation. Prior to the merger, the City owned 92.1% of Energy Plus. In 2022 the City recorded a gain of \$38.3 million on dilution of its prior interest in Energy Plus. In comparison, in 2023 the City recorded a gain of \$0.9 million on redemption of Class C Shares.

Expenses

Total expenses reported for the year was \$210.2 million, an increase of \$2.7 million from 2022 of \$207.5 million. The main sources of increases are as follows:

- **Environmental services:** Environmental services expenses totalled \$70.7 million in 2023, an increase by \$4.5 million compared to 2022 of \$66.2 million. This was due to an increase in contracted services, amortization of tangible capital assets, offset by a slight decrease in salaries wages and employee benefits.
 - The increase in contracted services is due to increase in usage and rates associated with the purchase of clean water and wastewater treatment from the Region of Waterloo.
 - The increase in amortization of tangible capital assets is due to increase in investment of linear asset capital infrastructure, resulting in increased amortization expense in 2023 over 2022.

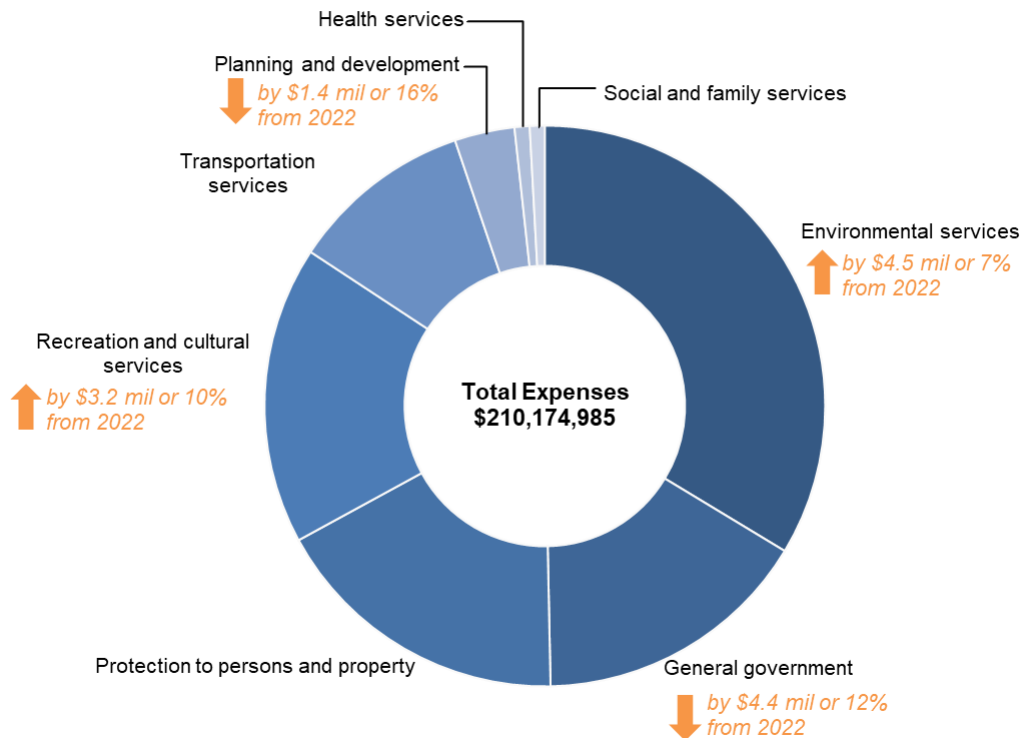
- The decrease in environmental salaries expenses is due to the job evaluation retroactive payment for the CUPE 32 union for \$1.3 million which occurred in 2022.
- **Recreation and cultural services:** Recreation and cultural services expenses totalled \$36.2 million in 2023, an increase by \$3.2 million compared to 2022 of \$33.0 million. This was mainly due to salaries and employee benefits as well as materials:
 - The main driver of this is an increase in part-time salaries and employee benefits, as more part-time staff hours were used to run recreation programming in 2023 as compared to 2022. Furthermore, there were year-over-year increases due to employees earning higher pay rates.
 - The increase in materials is due to higher costs seen in hydro, water, and gas charges. This increase in materials is due to expanded programming and participation levels in City-run summer camps, arenas, and aquatic programming.

The main sources of decreases in expenses are as follows:

- **General government:** General government expenses totalled \$33.7 million in 2023, a decrease by \$4.4 million compared to 2022 of \$38.1 million. This was due to a decrease in salaries, wages, and employee benefits as well as rents and financial expenses:
 - A key driver in salaries, wages, and employee benefits is due to a reduction in retroactive payment. In 2022, there was a union retroactive payment for CUPE 32 union for \$1.4 million and CUPE 1882 market adjustment accrued in 2022 for \$0.1 million. In addition, the employee future benefits expense decreased in 2023 in comparison to the prior year, which is due to a higher actuarial adjustment in 2022 for WSIB Fire survivor awards and line of duty death benefits.
 - The decrease in rents and financial expenses is due to timing of developments and associated waived development charges.
- **Planning and Development:** Planning and development expenses totalled \$7.3 million in 2023, a decrease of \$1.4 million compared to the 2022 of \$8.7 million. This was mainly due to a decrease in external transfers. In 2022, the City entered into separate agreements with The Lyle Shantz Hallman Charitable Foundation and the KW Urban Native Wigwam Project which recognized \$2.4 million in revenue and associated expenses of \$2.4 million issued to KW Urban Native Wigwam Project.

Expenses

For the year ended December 31, 2023



EXISTING POLICY / BY-LAW(S):

As a municipality in the province of Ontario, the Corporation of the City of Cambridge complies with the requirements of the Municipal Act, 2001. Section 294.1 of the Municipal Act, 2001 requires that for each fiscal year, the municipality prepare annual financial statements in accordance with generally accepted accounting principles as recommended by the PSAB of the Chartered Professional Accountants of Canada. Section 296(1) requires that the municipality appoint an auditor who is responsible for annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements.

On April 16, 2024, Council approved the recent accounting policies of FIN 010 – Asset Retirement Obligations and FIN 011 – Liability for Contaminated Sites which establishes guidelines to ensure the City’s compliance with the PSAS.

FINANCIAL IMPACT:

The Financial Statements are prepared in accordance with the Canadian PSAS published by the PSAB of the Chartered Professional Accountants of Canada.

There are five separate Financial Statements: Statement of Financial Position, Statement of Operations and Accumulated Surplus, Statement of Remeasurement Gains and Losses, Statement of Change in Net Financial Assets, and Statement of Cash Flows. These Financial Statements provide information on the cost of all City activities, how they were financed, investing activities, as well as the assets and liabilities of the City.

The Independent Auditor's Report which is included in the statements provides an unqualified "clean" opinion on the City's Consolidated Financial Statements for the year ended December 31, 2023.

Although it is a regulatory requirement to prepare annual financial statements, this requirement creates an increase in the credibility to the financial affairs of the City. In addition, the City is recognized for its financial reporting by being awarded the CAnFR from the GFOA, which exemplifies transparency, accountability, and reporting excellence.

PUBLIC VALUE:

This report supports the financial sustainability of the City by ensuring appropriate oversight and governance towards the City's consolidated financial statements. This report also provides transparency in the City's financial position and year end performance. Furthermore, this report ensures the City remains compliant with the requirements of section 294.1 and 296(1) of the Municipal Act, 2001.

ADVISORY COMMITTEE INPUT:

Not Applicable.

PUBLIC INPUT:

As per section 295(1) of the Municipal Act, 2001, the audited financial statements will be made available to the public.

INTERNAL / EXTERNAL CONSULTATION:

An audit involves performing procedures, as determined by the auditors, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes an evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The external auditors have full and free access to management and Council in order to complete their duties. As the preparers of the financial statements, staff in the Financial Services division of the City coordinates the audit, arranging meetings or obtaining evidence and documentation from departments throughout the City as determined necessary by the auditors.

The City engaged with external consultants, KPMG LLP Ottawa, with specialized expertise in providing advice on complex accounting issues and strategic support with the implementation of PS 3280 – Asset Retirement Obligations. Finance staff worked collaboratively with staff throughout the City including Engineering, Realty, Legal, Risk, Facilities, Fleet, Fire, Building Design & Construction, Information Technology, Asset Management, Operations, and Environmental Services. Additionally, finance staff attended various training seminars and performed research and analysis of the standards to ensure that the City's 2023 financial statements are compliant with the newly enacted PSAS.

CONCLUSION:

At the completion of the audit, the auditors provide an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the City at year-end and the results of its operations, net financial assets, and cash flows for the year. The opinion provided by the auditors as at December 31, 2023 and for the year ended thereof is an unqualified opinion, or in other words a clear opinion.

REPORT IMPACTS:

Agreement: **No**

By-law: **No**

Budget Amendment: **No**

Policy: **No**

APPROVALS:

This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:

Director

Deputy City Manager

Chief Financial Officer

City Solicitor

City Manager

ATTACHMENTS:

1. 24-027-CRS Appendix A – Consolidated Financial Statements
2. 24-027-CRS Appendix B – Audit Findings Report