



**DATE:** June 12, 2017

**TO:** Mayor and Members of Council

**FROM:** Laura Mirabella-Siddall, Chief Financial Officer and City Treasurer and Dean  
Ferraro, Director of City Financial Services/Deputy Treasurer

**RE:** **Finance, Administration and Audit Committee – Item 1 - Updates to 2016  
Draft Consolidated Financial Statements Attachment 1**

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### **Recommendation**

The Chief Financial Officer and City Treasurer and the Director of City Financial Services/Deputy Treasurer recommend:

1. That the Draft Consolidated Statement of Cash Flows (Page 1.13) be replaced with the updated version that changes the supplemental cash flow information for interest paid to \$2,753,846.
2. That Note 15(b) (Page 1.41) be replaced with the updated version that provides more informative disclosure on loans guaranteed by the City.

### **Contribution to Sustainability**

Same as the 2016 Draft Consolidated Financial Report.

### **Economic Impact**

There is no incremental economic impact from this communication. The 2016 Draft Consolidated Financial Statements are subject to change by KPMG until final approval by Council on June 27<sup>th</sup>, 2017. These changes reflect additional information acquired after the original publication of the Draft Consolidated Financial Statements for the June 6<sup>th</sup> Finance, Administration and Audit Committee meeting.

### **Communications Plan**

Same as the 2016 Draft Consolidated Financial Report.



# memorandum

## **Purpose**

The purpose of this communication is to make two changes to the 2016 Draft Consolidated Financial Statements that are subject to change by KPMG until final approval by Council.

## **Background**

The 2016 Draft Consolidated Financial Statements are subject to change by KPMG until final approval by Council. There are two changes in Attachment 1 that were made subsequent to the publication of the Draft Consolidated Financial Statements for the June 6<sup>th</sup> Finance, Administration and Audit Committee meeting.

The first change is on page 1.13, Consolidated Statement of Cash Flow. The interest paid has been corrected from \$2,847,348 to \$2,753,846 which reflects the interest paid in cash.

The second change is in Note 15 Commitments: (b) Loan Guarantees on page 1.41. We have provided more fulsome disclosure by providing the upset limit of the City's Loan guarantees with the Ontario Soccer Association and the Mentana Development Group as well as the loan balance outstanding as at December 31, 2016.

## **Relationship to Term of Council Service Excellence Strategy Map (2014-2018)**

Same as the 2016 Draft Consolidated Financial Report.

## **Regional Implications**

There are no Regional implications associated with the communication.



# memorandum

## **Conclusion**

The 2016 Draft Consolidated Financial Statements are subject to change by KPMG until final approval by Council. There are two changes in Attachment 1 that were made subsequent to the publication of the Draft Consolidated Financial Statements for the June 6<sup>th</sup> Finance, Administration and Audit Committee meeting.

Pages 1.13 and 1.41 in Attachment 1 of the 2016 Draft Consolidated Financial Statements presented at the June 6<sup>th</sup>, Finance, Administration and Audit Committee should be replaced by the pages in Attachment 1 of this communication.

## **Attachment**

1. Replacement pages 1.13 and 1.41 for Attachment 1 of the 2016 Draft Consolidated Financial Statements report.

## **Communication prepared by:**

Nancy Yates CPA, CA, BComm  
Accounting Manager

Respectfully submitted,

Laura Mirabella-Siddall, CPA, CA  
Chief Financial Officer and City Treasurer

Dean Ferraro, CPA, CA  
Director of City Financial Services/Deputy Treasurer

# THE CORPORATION OF THE CITY OF VAUGHAN

## **DRAFT** Consolidated Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 126,040,508	\$ 303,703,208
Items not involving cash:		
Amortization of tangible capital assets	68,983,367	67,864,956
Loss on disposal of tangible capital assets	1,420,589	9,023,284
Contributed tangible capital assets	(128,328,832)	(319,564,543)
Deduct share of net earnings of Hydro Vaughan Corporations	(9,957,612)	(11,055,474)
Decrease (increase) of the City's equity interest in the net assets of PowerStream Holdings Inc.	1,812,600	(3,988,470)
Change in non-cash assets and liabilities:		
Accounts receivable	3,054,468	7,525,260
Accounts payable and accrued liabilities	6,259,913	(7,234,019)
Accrued interest on long-term liabilities	(103,255)	9,753
Prepaid expenses	742,543	(1,253,167)
Taxes receivable	3,707,893	(3,540,892)
Water and sewer billings receivable	(1,101,911)	1,964,074
Deferred revenue - obligatory reserve funds	62,469,628	21,961,084
Employee future benefits	7,038,251	6,139,374
Deposits and deferred revenue	4,972,979	(587,830)
	147,011,129	70,966,598
Capital activities:		
Proceeds on disposal of tangible capital assets	9,537	296,105
Cash used to acquire tangible capital assets	(67,826,669)	(55,480,123)
	(67,817,132)	(55,184,018)
Financing activities:		
Debenture and other debt repaid	(15,641,794)	(13,383,520)
Debenture and other debt incurred	13,028,000	—
	(2,613,794)	(13,383,520)
Investing activities:		
Increase (decrease) in investments	(22,903,487)	1,429,324
Investment in Hydro Vaughan Corporations	8,700,593	4,452,910
	(14,202,894)	5,882,234
Increase in cash and cash equivalents	62,377,309	8,281,294
Cash and cash equivalents, beginning of year	477,086,983	468,805,689
Cash and cash equivalents, end of year	\$ 539,464,292	\$ 477,086,983
Supplemental cash flow information:		
Interest paid	\$ 2,753,846	\$ 3,006,246
Interest and dividends received	19,684,596	20,739,297

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE CITY OF VAUGHAN

## **DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

### 15. Commitments:

#### (a) Lease and operating commitments:

The City has entered into a number of long-term contractual agreements and operating commitments, such as waste collection, snow clearing, etc., obtaining City Council and other approvals as required. Expenses relating to these agreements are recorded in the year in which the payments are made. For these lease and operating commitments, minimum payments have been estimated as follows:

2017	\$ 32,355,000
2018	17,962,000
2019	14,080,000
2020	10,964,000
2021	10,073,000
Thereafter	52,786,000
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	\$ 138,220,000

#### (b) Loan guarantees:

The City has entered into contracted agreements to guarantee loans for the following:

- (i) for the accumulated sum, not exceeding \$5.0 million with the Ontario Soccer Association. The loan balance as at December 31, 2016 is \$4.4 million (2015 - \$4.8 million).
- (ii) for the accumulated sum, not exceeding \$4.5 million with the Mentena Development Group. The loan balance as at December 31, 2016 is \$4.4 million (2015 - \$4.5 million).

#### (c) Joint services agreement:

Pursuant to a joint service agreement between PowerStream and the City, PowersStream charges the City, at agreed rates, for various administrative functions. In addition, the City performs certain shared services which are charged to PowerStream. The total commitment under the agreement for 2016 is \$1.7 million in charges to the City by PowerStream. A new five-year agreement was finalized in 2016 and subsequently continues under Alectra (see note 17).