

Chief Financial Officer's Report to
Audit Committee
2015 April 23

CITY OF CALGARY
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APR 27 2015

ITEM: AC2015-0344
URGENT BUSINESS
CITY CLERK'S DEPARTMENT

ISC: UNRESTRICTED
CORRECTED AC2015-0344
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2014 CITY OF CALGARY ANNUAL REPORT

EXECUTIVE SUMMARY

The 2014 financial statements included in the attached City of Calgary 2014 Annual Report have been audited, without qualification, by Deloitte, Chartered Accountants. Administration is seeking approval to issue The City of Calgary 2014 Annual Report.

ADMINISTRATION RECOMMENDATION(S)

That the Audit Committee:

1. Consider this report in conjunction with Report AC2015-0375 "2014 External Auditor's Report";
2. Recommends Council approval of the 2014 City of Calgary Annual Report, and
3. Forward to Council as a matter of urgent business to the 2015 April 27 Regular meeting of Council.

RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2015 APRIL 23:

That Council approve the 2014 City of Calgary Annual Report, **after clerical correction.**

Excerpt from the Minutes of the Regular Meeting of the Audit Committee, dated 2015 April 23:

"CLERICAL CORRECTION

Mr. Day noted a clerical correction to Report AC2015-0344 on Page 2 of 5, under the Heading "Prior Period Adjustments", 2nd paragraph, 9th line, by the deletion of the sum \$13,220 million" following the words \$13,617 million to" and by the substitution of the sum "\$13,630 million".

"Further, that the Audit Committee directs that the colour bound copy of the Attachment contained in today's Audit Agenda, be brought to the 2015 April 27 Regular Meeting of Council as this uncorrected version of the 2014 City of Calgary Annual Report will not be reproduced.

And further, that Administration be directed to provide a corrected colour bound version of the 2014 City of Calgary Annual Report for distribution at the Regular Meeting of Council, as detailed in the corrections contained in the distributed document (Attachment 2)."

PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee's Terms of Reference, as approved by Audit Committee and Council, state that the Audit Committee, with respect to the City's Financial Disclosure and Accounting Practices:

- a) Oversee the integrity of and review the Annual Financial Statements and recommends their approval to Council;
- b) Review and discuss the City's compliance with financial reporting procedures with Administration, the City Auditor and External Auditor;

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On the Consolidated Statement of Changes in Net Financial Assets:

Change in Net Financial Assets in the year: From December 31 2013 to December 31 2014, The City increased its net financial asset position by \$377 million, from \$572 million in 2013 to \$949 million in 2014. The change in the year is a measure of whether the revenues raised were sufficient to cover the spending in the year, including any capital spending to acquire new assets. The increase in the year was primarily a result of the excess of 2014 revenues over expenses and depreciation of existing tangible capital assets, less the acquisition and contributions of new capital assets in the year.

Stakeholder Engagement, Research and Communication

Upon Council's approval of the Annual Report, a Report to Citizens will be placed in the Calgary Herald summarizing the Statement of Financial Position, Statement of Financial Activities, and other financial highlights as well as advising the public where complete copies of the Report can be obtained. The Report will also be available electronically on The City's home page at www.calgary.ca.

Strategic Alignment

The 2014 External Auditor's Year End Audit Report is needed for Audit Committee to fulfill its audit governance responsibilities, with respect to confirming the integrity of The City's Annual Financial Statements and recommending its approval to Council. The External Auditor's Year End Audit Report will be brought forward to Council as report AC2015-0375. Financial Reporting compliance with provincial legislation is essential to ensure public confidence and fulfill the public's need for transparency and accountability.

Social, Environmental, Economic (External)

The City of Calgary Annual Report 2014 identifies key messages and accomplishments by The City in 2014, in the areas of Growth, Places and Spaces, Emergency Events, Flood Recovery, Involvement, Initiatives and Environment.

Financial Capacity

Current and Future Operating Budget:

The City of Calgary Annual Report 2014 highlights current operating results for 2014, however, there are no specific financial implications associated with this report.

Current and Future Capital Budget:

The City of Calgary Annual Report 2014 highlights current capital results for 2014, however, there are no specific financial implications associated with this report.

Risk Assessment

Each municipality must make its financial statements, or a summary of them, and the auditor's report of the financial statements available to the public by May 1 of the year following the year for which the financial statements have been prepared. If Council does not approve this report at the 2015 April 27 Regular meeting of Council, then The City would not be in compliance with this legislative requirement.

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REASON(S) FOR RECOMMENDATION(S):

Council approval of The City of Calgary Annual Report 2014 is required to comply with Section 276(3) of the Municipal Government Act:

"Each municipality must make its financial statements, or a summary of them, and the auditor's report of the financial statements available to the public in the manner the Council considers appropriate by May 1 of the year following the year for which the financial statements have been prepared."

ATTACHMENT(S)

1. The City of Calgary Annual Report 2014
2. **The City of Calgary, Changes to the 2014 Annual Report**