

# Council Memo



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To	<b>City Council</b>
Service Area	Corporate Services
Date	Monday, June 27, 2022
Subject	<b>2021 Draft Audited Financial Statements (updated)</b>

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## Updated Draft Financial Statements

On June 7, 2022, the consolidated financial statements and audit findings report were presented to Committee of the Whole with [Staff Report 2022-187](#), and were approved as amended, as described in [Council Memo 2022-218](#), to be forwarded to Council for final approval.

The amended draft consolidated financial statements are attached to this memo for Council approval. Once approved, staff will insert the final, approved statements into the Consolidated Financial Statements and Treasurer's Report for the year ended December 31, 2021 (Treasurer's Report), the draft of which was presented in [Attachment-1 to Staff Report 2022-187](#). The final Treasurer's Report will be posted on the City's website.

## Audit Update

As staff worked with KPMG to finalize the outstanding testing procedures noted in KPMG's Audit Findings Report, staff identified an error in the funding for one capital project.

This resulted in an overstatement of revenues for the year totaling \$1.9 million, an understatement in the ending balance of deferred contributions totaling \$1.9 million, and an overstatement of reserve funds set aside for capital financing of \$1.9 million.

Staff discussed this situation with KPMG, performed additional testing to conclude it was an isolated issue, and both staff and KPMG recommend leaving this as an uncorrected misstatement in the 2021 financial statements and correcting this issue through an adjusting journal entry in 2022. This will result in a notation under the uncorrected audit misstatements section of the 2021 Audit Findings Report, but it is not a material misstatement, and KPMG will still issue a clean audit opinion on the statements.

## Attachments

Attachment-1 Updated Draft 2021 Consolidated Financial Statements

**This memo was approved by:**

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