
Business Improvement Districts' 2017 Financial Statements

Recommendation

That the Standing Policy Committee on Finance recommend to City Council that the Administration report back on the requirement for Business Improvement Districts to provide audited financial statements.

Topic and Purpose

The purpose of this report is to present the 2017 Audited Financial Statements as provided by each of the five Business Improvement Districts (BIDs) for information. In addition, this report is requesting City Council approval for the Administration to report further after research is completed in regard to the BIDs' annual audit requirement.

Report Highlights

1. Downtown Saskatoon, Broadway, Riversdale, Sutherland and 33rd Street Business Improvement Districts have submitted their financial statements for the year ended December 31, 2017.
2. The Administration is recommending further consultation with the BIDs and associated research to determine if audit procedures are necessary for entities of this size and nature.

Strategic Goal

Being open, accountable and transparent is a key factor in achieving the Strategic Goal of Asset and Financial Sustainability. The five BIDs are organizations created by the City of Saskatoon to create stewardship of a defined business improvement district's identity and to complete projects within these districts to improve, beautify and maintain publicly owned lands, buildings and structures in the BID, in addition to any improvement, beautification or maintenance that is provided at the expense of the urban municipality at large.

Background

The bylaws for each of the BIDs state that "on or before the 30th day of April in each year, the Board shall submit its annual report for the preceding year to the Council, and that report shall include a complete audited and certified financial statement of its affairs, with balance sheet and revenue and expenditure statement."

Report

BIDs' 2017 Financial Statements

All financial statements were received by the Administration prior to the April 30 deadline, with the exception of the 33rd Street BID which was received on May 17, 2018. The 33rd Street BID's historical auditor was unavailable to complete the audit this year, creating delays in the submission of its 2017 Financial Statements. The accounting firm that completes the 33rd Street BID's bookkeeping services ended up performing the annual audit as well, which does create some independence concerns as they were essentially auditing their own work. The Administration is recommending accepting

these statements despite the independence concerns noting the relatively low risk due to the size of the 33rd Street BID (\$30,000 overall budget and 25 total transactions).

Attachments 1 to 5 are the audited financial statements for the BIDs for the year ended December 31, 2017.

BIDs' Annual Audit Requirement

The Administration is recommending further consultation with the BIDs as well as associated research to determine if audit procedures are necessary for entities of this size and nature. Audits can be expensive and utilize a significant portion of the BIDs' budget (15% in the case of the 33rd Street BID) and provide little value on top of other assurance related procedures such as a review engagement by an independent accounting firm.

For reference, the Information Services Corporation (ISC) under *The Non-Profit Corporations Act* requires audits on non-profit entities with over \$250,000 in revenue and reviews for entities between \$25,000 and \$250,000. Establishing a similar criteria would exclude both the 33rd Street BID and Sutherland BID from audit requirements.

Options to the Recommendation

City Council can choose not to investigate alternative options to an annual audit for the BIDs. The Administration does not recommend this option as there are audit alternatives available that would produce similar information at less of a burden for the BIDs.

Public and/or Stakeholder Involvement

The Administration has consulted with the 33rd Street BID regarding alternative options outside of an audit for its annual reporting. Further consultation with the remaining BIDs will be completed if the recommendation is approved.

Other Considerations/Implications

There are no policy, financial, environmental, privacy or CPTED implications or considerations, and a communication plan is not required.

Due Date for Follow-up and/or Project Completion

If approved, the Administration will provide a follow-up report in fall 2018 regarding annual audit requirements.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachments

1. 2017 Financial Statements, Downtown Saskatoon BID
2. 2017 Financial Statements, Broadway BID
3. 2017 Financial Statements, Riversdale BID
4. 2017 Financial Statements, Sutherland BID
5. 2017 Financial Statements, 33rd Street BID

Report Approval

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