Municipal (Consolidated) Reporting Entity

Beginning on January 1, 2009, municipal financial statements will include all of the financial transactions and balances relating to the activities of the municipality, including those related to the activities of agencies and enterprises controlled by the municipality. These all inclusive statements are referred to as the "Consolidated Financial Statements".

The basic premise for inclusion of a board or agency in municipal financial statements is the concept of control. "*Control is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss from the other organization's activities"*. A municipality may have control over an organization but choose not to exercise that control; however, in this situation control does still exist. The determination of whether a municipality controls another organization will require professional judgment considering the nature of the relationship between the municipality and the organization.

To determine whether the Municipality effectively controls an organization, enterprise, board or agency to which it provides funding, services or facilities, the following should be completed:

Organization: _____

Purpose: _____
_____
_____
_____

Criteria for the evaluation of control:

	Yes	**No**
Primary Indicators		
The municipality has:		
i) the power to unilaterally appoint or remove a majority of the members of the governing body of the organization,	☐	☐
ii) access to the assets of the organization, has the ability to direct the ongoing use of those assets, or has ongoing responsibility for losses,	☐	☐
iii) holds the majority of the voting shares or a "golden share" that confers the power to govern the financial and operating policies of the organization,	☐	☐
iv) the unilateral power to dissolve the organization and thereby access its assets and become responsible for its obligations.	☐	☐

Secondary Indicators

The municipality has the power to:

i)	provide significant input into the appointment of members of the governing body of the organization by appointing a majority of members from a list of nominees provided or being involved in the appointment or removal of a significant number of members,	☐	☐
ii)	appoint or remove the CEO or other key personnel,	☐	☐
iii)	establish or amend the mission or mandate of the organization,	☐	☐
iv)	approve business plans or budgets for the organization and require amendments, either on a net or line by line basis,	☐	☐
v)	establish borrowing or investment limits or restrict the organization's investments,	☐	☐
vi)	restrict the revenue generating capacity of the organization, notably the sources of revenue, and	☐	☐
vii)	establish or amend the policies that the organization uses to manage, such as those relating to accounting, personnel, compensation, collective bargaining or deployment of resources.	☐	☐

Based on our assessment of the above indicators, it has been concluded that the Municipality (does / does not) have control of the organization and consequently, the statements of financial position, revenues and expenditures and cash flows of the organization (will / will not) be included with the financial operations of the Municipality in the consolidated financial statements.

Signature	Position	Date

Notes:

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