



Audit Committee Meeting Minutes

**Monday, July 11, 2011
11:30 a.m.
City Council Chambers**

ACTION

Present: Councillor L. Roussin, Chair
Councillor R. McKay, Vice-Chair
Councillor R. McMillan, Member, arr'd late
Mayor D. Canfield, Ex-Officio
Cindy Gasparini, Member
Kathleen O'Flaherty, Member
Councillor R. Lunny
Councillor S. Smith
Karen Brown, CAO
Charlotte Edie, Treasurer
Joanne McMillin, Clerk
Claudine Cordeiro, BDO
Jennifer Pyzer-Whetter, BDO

A. Public information Notices as per By-law Number 144-2007 N/A

B. Declaration of Pecuniary Interest & the General Nature Thereof

- 1) On Today's Agenda**
- 2) From a Meeting at which a Member was not in Attendance.**
There were none declared.

C. Confirmation of Minutes

Motion #1. Moved by C. Gasparini, Seconded by K. O'Flaherty & Carried:

That the Minutes from the last Audit Committee Meeting held
Tuesday, March 8, 2011, be confirmed and written and filed.

D. Reports:

1. 2010 Annual Report and Audited Financial Statements

Claudine Cordeiro of BDO gave a report on the Financial Statements to December 31, 2010 and highlighted both revenues and expenditures with Committee. Kathleen questioned a deferred revenue item, the dedicated gas tax, and Charlotte explained this refers to transit services as opposed to roads.

It was explained that while \$14,151,000.00 is surplus revenue, including capital revenues, it is really not viewed as such as it does not include capital expenses.

Committee reviewed the Statement of Financial Position as at December 31, 2010 as well as net financial assets in the amount of \$62,508,000.00. It was questioned what is the accumulated surplus made up of and it was noted that mainly it is such items as those investments in capital assets, plus in the Citizens Trust. A discussion ensued on how the financial statements could be made available to make it easier for the public to understand.

Charlotte advised the City is currently not using the recently approved Line of Credit; it was used only in January until we had collected the interim taxes, and it is hoped we will not have to use it again.

Charlotte explained the base line spending issues regarding the Dedicated Gas Tax grant and how it relates to obtaining the applicable grant.

It was noted by Charlotte and the Auditors it is not expected the statements will change and that they will remain as is when forwarded to Council for approval.

The timing of the financial statements was questioned and Charlotte gave a brief overview with respect to the Financial Information Return (FIR) process which is due at the end of May; June is needed for the Auditors to finalize everything; the year-end begins about mid-February as we have to wait for year-end invoices and payments. Small files are done by the end of March; in April the City works on the big year-end file and at the end of April/beginning of May a consolidation is given to the Auditors for the Financial Information Return for the government. Charlotte noted she just recently received the required information from Kenora District Services Board and District of Kenora Home for the Aged for the year-end, and needs this information to file the FIR however it was filed without this information (there is no penalty however for filing either late or without that required data).

In response to a question about the recent Library deficit, as the statements are consolidated, the deficit would not be evident but would be outlined in the Library's financial statements.

Claudine Cordeiro reviewed the Independent Auditor's Report that will be dated once adopted by Council. Karen as well as the Auditors thanked Charlotte and her staff for the excellent job they have done and which they do regarding the financial statements as it is a very big undertaking.

Motion #2. Moved by K. O'Flaherty, Seconded by, C. Gasparini & Carried:-

That the 2010 City of Kenora Annual Report, together with the 2010 Audit Financial Statements be forwarded to Council for approval.

Charlotte advised the Committee that much credit and appreciation is extended to Marcia Smith in the IT Department for her work in formatting and setting up the Annual Report each year.

2. 2010 Management & Audit Letters from External Auditors

It was requested that this item be discussed in Closed Session (Litigation Matter).

**3. Review of Terms of Reference for Committee
(Re: Number of Meetings, Term of Appointment)**

Committee agreed the Terms of Reference be amended to reflect that Committee will meet a minimum of two times per year which will not restrict Committee in meeting more than that however currently the Terms refer to a minimum of four times and this may not always be necessary. The term of appointment for the elected officials in the Terms is to be changed from 'the three years' term' to 'at the pleasure of Council.'

The Terms of Reference will be amended to reflect these changes and will go forward to Council for approval by by-law.

4. City's Budget/Auditor General Position

The Committee was advised the City has hired Lisa Oakes as the new Budget/Auditor General. Lisa is from Manitoba currently working in the health care field and she starts her new duties on July 18.

Next Meeting - At the call of the chair.

Motion – Adjourn to Closed Meeting:

Motion #3. Moved by R. McKay, Seconded by C. Gasparini, an Carried:-

That this meeting be now declared closed at 12:25 p.m.; and further

That pursuant to Section 239 of the Municipal Act, 2001, as amended, authorization is hereby given for Committee to move into a Closed Session to discuss the following:-

i) Litigation Matters.

Committee reconvened to the Open Meeting at 12:53 p.m.

Motion #4. Moved by R. McKay, Seconded by C. Gasparini, an Carried:-

That Committee hereby reconvenes to the Open Session at 12:53 p.m. with no report from its Closed Meeting; and further

That this meeting be now declared closed at 12:54 p.m.