

## AUDIT COMMITTEE MEETING

JULY 5, 2017

Location: Council Chambers, Municipal Office

Present: Councillor James Goyetche, Warden Brian Marchand,  
Deputy Warden Jason MacLean  
Absent: Councillor Boucher, Councillor Martell

Also present was Mr. Jason Martell, Mrs. Germaine MacDonald  
(Member at Large), Mr. Richie Cotton (Member at Large)

Ms. Kim Livingston (Grant Thornton) and Ms. Alisha Mombourquette

Warden Marchand called the meeting to order at 7:13 p.m.

Review of Minutes: September 3, 2015

Moved by Councillor Goyetche, seconded by Deputy Warden MacLean that the minutes of September 3, 2016 be adopted as presented. Motion carried.

Presentation of Financial Information/Audit Results (draft financial statements attached):

Mr. Jason Martell presented the Financial Statement – Municipality of the County of Richmond Water Utility – March 31, 2016; Financial Statement – Richmond County Port Hawkesbury Joint Development Commission – March 31, 2016; Non-Consolidated Financial Statement – Municipality of the County of Richmond March 31, 2016;

Mr. Martell highlighted the following points:

General Operating Non-Consolidated:

- The Statement of Financial Position (Balance Sheet) on Page 2 - Taxes Receivable are down \$224,564 from prior year. We continue to work on collecting taxes and will be increasing our efforts in the coming year to further bring this amount down. The Dundee account being settled as well as the expiry of the PHP agreement and general collections is what make up this reduction.
- The large variance in due from federal government and agencies is because the ACOA \$745k was receivable on March 31 and received on April 1st. The large variance in due from own funds and agencies is largely because we had a

significant amount of funds in limbo so to speak which we cleaned up subsequent to the last year end.

- Page 3 – Bank Indebtedness has gone down \$1,003,426, (most likely due to timing in our operating line depending on when large payments clear the bank)
- Tax Sale Surplus has gone up \$24,116. These funds must be held for a period of 20 years in trust at which time they must be transferred to Capital Reserves.
- 5) Page 4, Operating fund statement of financial activities. A surplus of \$272,206 was posted this year.
- Tax Revenues section overall has increased \$482,376 from prior year which in large part is due to assessment increases from year over year and a decrease in education pay out. The tax revenue came in at a little more than budget which is good.
- Grants in Lieu are up \$47,257 from prior year. This was mostly an increase in the grant in lieu in regards to NSPI and an increase in Windmill revenue.
- Other revenue from own sources is down only \$6,401 from prior year, no cause for concern there in that section.
- Conditional transfers from federal and provincial governments are down \$18,808 over last year and down \$20,269 to budget. This is due to receiving less recycling credits than anticipated as a result of not focusing on recycling education.
- VSA is down \$104,098 because of the change in the tax rate from \$0.46 to \$0.24. The budget amount was adjusted in the 16/17 budget.
- Moving on to the expenditures, General government services are down \$9,153 and are very close to budget. Reason for the decrease would be due to salaries and wages reduction.
- Protective Services are up \$134,613 mainly because of policing, increase in assessment for fire rate levies, and largely because of the decision of Council to cover the fire protection costs of the St. Peter's Sampsonville Water Utility.
- Transportation Services are down \$29,874 over last year and approximately same over budget which is due to a decrease in costs of street lighting throughout the county because we switched over to the LED rate.
- Environmental health Services are up \$14,949 over last year and are very close to budget. Amortization is not budgeted for and that's why the big discrepancy between actual and budget.

- Public health and Welfare Services is the Deficit of the Housing Authority that was down \$7,483.
- Environmental development services are down (\$31,697) and below budget mainly due to less grants and sponsorships.
- Recreation and cultural services are up \$4,579 but still well below budget.
- Extraordinary and special items have a balance of \$202,155 which is projects that were held in the due to/from Capital Account as unfunded. The auditors had asked that we clean up this amount; however, given our situation in the last couple of years, this was not dealt with as a priority.
- Page 6, financial liabilities, due to general operating fund from the capital fund, temporary financing – tourism project amount is \$0 because at this year-end we had received funding from ACOA to offset the expenses incurred and we were actually in an excess funding position in which the amount would sit in the capital reserve fund.
- Our long term debt has decreased \$352,957 throughout the year due to payments made.
- Page 15, capital reserve section, a balance of gas tax at year-end of \$398,471.
- \$354,365 in our landfill closure reserve which we add \$15,000 per year to.
- \$473,742 in capital reserve. It's increased mainly because we are holding the excess funding from ACOA and will have to pay this back in the short term.
- \$65,646 in our Water Utility reserve for a total capital reserve of \$1,292,224
- Page 16 shows a total operating reserve of \$3,552,011. There was no budgeted transfer from reserves in this fiscal.

Mr. Martell summarized the Water Utility budget and the following points were brought forth:

- Page 2, cash balance is down \$125,937, this would be due to timing.
- Receivables are down \$9,152.
- Page 3, Operating revenues increased \$7,369 mainly due to metered sales and decrease in Public Fire Protection from the Operating Fund.

- Operating expenditures are up \$64,488 mainly due to transmission and distribution costs and administrative and general costs.
- The Water Utility is posting a deficit of \$9,709, a variance of \$57,119 over last year which is due to the increase in expenses just mentioned.
- The Water Utility currently has an accumulated surplus of \$249,603.
- Page 4 we currently have \$793,940 in our bank depreciation reserve.

Mr. Martell summarized the Richmond County-Port Hawkesbury Joint Development Commission budget and the following points were brought forth:

- The commission is virtually inactive and page 3 shows revenue of 788 with a power expense and professional fees totaling 459 which would imply a surplus of 329 which is then transferred half to PH and half to Richmond.
- The commission is carrying land at a value of \$298,574 on the books.

Consolidated Statements:

- Page 2, total financial assets of \$9,333,852, an increase of \$96,312 over last year.
- Total financial liabilities are \$17,390,989, decrease of \$2,392,382 over last year.
- The net debt to \$8,057,137 down \$2,296,070 from prior year.
- Page 5, total revenues are \$20,451,344, up \$172,370 over last year.
- Total expenses are \$18,798,392 down \$101,907 from last year.
- Annual Surplus is \$1,652,952 up \$274,277 from last year.
- The Richmond Villa had a surplus of \$117,271.

A question and answer period followed.

Ms. Livingston reviewed the management letter identifying internal control matters. She also reviewed the findings and recommendations of the results noted as a result of the year end audit testing.

Recommendation to Council:

Moved by Mr. Cotton, seconded by Councillor Goyetche that the Audit Committee recommend to Council that the financial statements of the Municipality for the year ended March 31, 2016 be accepted as presented by the Auditors and the Director of Finance. Motion carried.

Adjournment

Moved by Councillor Goyetche that the meeting be adjourned. Motion carried.

There being no further business the meeting was adjourned at 10:29 p.m.

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MINUTES RECORDED BY:

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CAO/MUNICIPAL CLERK:

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CHAIRPERSON