



City of Kelowna Audit Committee Open Meeting Minutes

Date:	Tuesday, July 14, 2020
Location:	Knox Mountain Meeting Room 4A City Hall, 1435 Water Street
Members Present	Mayor Colin Basran, Councillors Gail Given and Luke Stack
Staff Present	City Manager, Doug Gilchrist; City Clerk, Stephen Fleming; Divisional Director, Financial Services, Genelle Davidson*; Corporate Finance Manager, Shelly Little*
Staff participating remotely	Senior Airport Finance & Corporate Services Manager, Shayne Dyrdal*
Guest	Tyler Neels, Grant Thornton
Guest participating remotely	Vishaal Sharma*, Grant Thornton

(* Denotes partial attendance)

1. Call to Order

Mayor Basran called the meeting to order at 1:03 p.m.

2. Confirmation of Minutes

Moved By Councillor Given

R0001/07/14 THAT the Minutes of the open Audit Committee Meeting of April 30, 2019 with amendment to page 3, Item 9.1 add "managed" be confirmed as amended.

Carried

3. Financial Services Opening Remarks

Divisional Director, Financial Services:

- Provided opening remarks.
- Made comment on the later date of the 2020 Audit Committee meeting, due to COVID-19-related changes to Statutory financial deadlines.
- Provided comments on differences in the current audit process due to staff from both the City and Grant Thornton working from home.
- There are no late or corrections at year end required.

4. 2019 Airport Financial Statements

4.1 Auditor's Report and Financial Statements

Tyler Neels, Auditor

- Provided introductory remarks.
- Spoke to the role of the auditor.
- No significant adjustments with the YLW financials.

4.2 Memorandum - Review of Airport Financial Statements

Senior Airport Finance & Corporate Services Manager:

- Financial statements are for 2019.
- Grounding of Max 8 reduced passenger count by 1.8%.
- Revenues up slightly due to higher fees.
- Provided an overview of the 2019 Financial Statements.
- This was a strong but not great year.

Moved By Councillor Given

R0002/07/14 THAT the Audit Committee, receive for information, the Airport Financial Statements, from the Senior Airport Finance & Corporate Services Manager.

Carried

5. 2019 Consolidated Financial Statements

5.1 Auditor's Report and Consolidated Financial Statements

Tyler Neels, Auditor

- Spoke to the Auditor's Report.
- With City assistance, conducted the Audit 100% remotely.
- Provided opening comments.

Staff

- Provided an overview.
- Responded to questions regarding the financials pertaining to the sale of the surplus garbage trucks.

City Manager:

- Made comment on keeping a closer eye on DCC balance and capital projects underway, to ensure there isn't too great a DCC surplus for outstanding construction projects whose future costs will be greater than any interest earned

5.2 Memorandum - Review of Consolidated Financial Statements - Shelly

Staff:

- Reviewed the consolidated financial statements.

5.3 Notes to the Financial Statements and Supplementary Financial Statements

Vishaal Sharma, CPA

- Provided overview of the notes.
- Implementation note 2 pushed out another year due to COVID-19 Committee note 9 question.

Divisional Director, Financial Services:

- Responded to question regarding risks from agreements not being honoured due to COVID-19.

5.4 Financial Health Indicators

Corporate Finance Manager:

- Displayed a PowerPoint presentation.
- Confirmed Fortis shares are recorded at book value.
- Confirmed indicator 6 assessed values increasing at greater rate than tax rate is increasing.
- Confirmed Own Source Revenue to Total Revenue includes Airport Improvement Fee.
- City well positioned for 2020.

6. Value for Money Reviews

6.1 2019 Completed Value for Money Reviews - Genelle

Divisional Director, Financial Services:

- Referred to memo.
- Provided comments on the three audits brought forward to Council previously.
- Responded to question regarding the money for value audit process and reporting of results to Council.

7. Resolution Closing the Meeting to the Public

Moved By Councillor Stack

0003/07/14 THAT this meeting be closed to the public to Section 90(1) (d)(f)(g) of the Community Charter for Council to deal with matters relating to the following:

- Security of Municipal Property
- Law Enforcement
- Litigation

Carried

8. Adjourn to Closed Session - Chair

The meeting adjourned to a closed session at 2:42 p.m.

9. Reconvene to Open Session

The meeting reconvened to an open session at 3:36 p.m.

10. 2019 Financial Statements

10.1 Memorandum - Audit Committee Review of 2019 Surplus and Reserves

Corporate Finance Manager:

- Provided a review of divisional operational surpluses.
- Provided comments on various reserve fund balances.
- Responded to questions regarding snow removal costs at the Airport (under budget) vs Civic Operations (over budget).

Divisional Director, Financial Services:

- Spoke to 2019 surplus recommendations.

Moved By Councillor Stack

R0004/07/14 THAT Council receives, for information, the Report from the Audit Committee dated July 27, 2020 with respect to the Consolidated Financial Statements and Auditor's Report for the City of Kelowna for the year ending December 31, 2019;

AND THAT Council approves the appropriation of \$8,113,748 of surplus generated from all general fund operations in 2019 to reserves and accumulated surplus as detailed in the Report from the Audit Committee dated July 27, 2020;

AND FURTHER THAT the Consolidated Financial Statements and Auditor's Report be reprinted in and form part of the City of Kelowna's annual report.

Carried

10.2 Memorandum - 2019 Surplus from Operations - Genelle

Moved By Councillor Given

R0004/07/14 THAT the 2019 General Fund Surplus of \$8,113,748 generated from operating and capital programs be distributed as per the City Manager's memo of July 14, 2020.

Carried

11. Consideration of Financial Statements and Surplus Allocation - Chair

11.1 Draft Report to Council - Audit Committee Review of 2019 Financial Statements and Recommendation

11.2 Adoption of Financial Statements, Surplus Allocation Recommendation and Report to Council

Moved By Councillor Stack

R0004/07/14 THAT Council receives, for information, the Report from the Audit Committee dated July 20, 2020 with respect to the Consolidated Financial Statements and Auditor's Report for the City of Kelowna for the year ending December 2019

AND THAT Council approves the appropriation of \$8,113,748 of surplus generated from all general fund operations in 2019 to reserves and accumulated surplus as detailed in the Report from the Audit Committee dated July 27, 2020

AND FURTHER THAT the Consolidated Financial Statements and Auditor's Report be reprinted in and form part of the City of Kelowna's annual report.

Carried

12. Termination

The meeting was declared at 4:05 p.m.

Mayor Basran