



## City of Kelowna Audit Committee Open Meeting Minutes

Date:	April 29, 2021
Location:	Knox Mountain Meeting Room 4A City Hall, 1435 Water Street
Members Present	Mayor Colin Basran, Councillor Gail Given
Members participating Remotely	Councillor Luke Stack
Staff Present	City Manager, Doug Gilchrist; City Clerk, Stephen Fleming; Divisional Director, Financial Services, Genelle Davidson; Corporate Finance Manager, Shelly Little; Senior Airport Finance & Corporate Services Manager, Shayne Dyrdal*
Guest participating remotely	Tyler Neels, Grant Thornton

(\* Denotes partial attendance)

### 1. Call to Order - Chair

Mayor Basran called the meeting to order at 1:04 p.m.

### 2. Confirmation of Minutes - 2020

Moved By Councillor Given

R0001/04/29/21 THAT the Minutes of the Audit Committee Meeting of July 14, 2020 be confirmed as circulated.

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 the current audit process largely occurring remotely.
- There is no follow-up from previous years' audit to report.

### 4. 2020 Airport Financial Statements

#### 4.1 Auditor's Report and Airport Financial Statement

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 &amp; Corporate Services Manager:

- Financial statements are for 2020.
- Decline in passenger numbers resulted in a corresponding decline in revenue.
- Provided comments on impacts of pandemic on airport financial statements.
- Both costs and expenditures decreased in 2020.
- Provided comments on increase in cash flow.
- Spoke to Notes to the Financial Statements Note #8 "Accumulated Surplus".
- Responded to questions from the Audit Committee.

Moved By Councillor Stack

**R0002/04/29/21** THAT the Audit Committee, receive for information, the 2020 Airport Financial Statements, dated April 29, 2021.

Carried**5. 2020 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.

**5.2 Memorandum - Review of Consolidated Financial Statements**

## Staff:

- Displayed Consolidated Financial Statements.
- Provided an overview of the Statements.
- Responded to questions regarding the financials pertaining to the disposal of garbage trucks and the sharing of any lost costs.

## City Manager:

- Made comment on disposal of garbage trucks.

**5.3 Notes to the Financial Statements and Supporting Schedules**Tyler Neels, Auditor

- Shared Notes to the Consolidated Financial Statements.
- Provided comments on the Notes and Schedules.
- Responded to questions from Audit Committee regarding Note 8.

## Divisional Director, Financial Services:

- Responded to questions regarding Note 8.

**5.4 Financial Health Indicators**

## Staff:

- Displayed a PowerPoint presentation.

- Displayed various Sustainability ratios and provided comment on each.
- Displayed various Flexibility ratios and provided comment on each.
- Displayed various Vulnerability ratios and provided comment on each.
- Confirmed overall financial health of the City is strong.
- City well positioned for 2021.
- Responded to questions from the Audit Committee.

The meeting recessed at 2:27 p.m.

The meeting reconvened at 2:44 p.m.

## 6. Resolution Closing the Meeting to the Public

Moved By Councillor Given

**R0003/04/29/21** THAT this meeting be closed to the public pursuant to Section 90(1)(l) of the Community Charter for the Audit Committee to deal with matters relating to the following:

- Annual Report.

**Carried**

## 7. Adjourn to Closed Session

The meeting adjourned to a closed session at 2:44 p.m.

## 8. Reconvene to Open Session

The meeting reconvened to an open session at 3:24 p.m.

## 9. 2020 Financial Statements

### 9.1 Memorandum - Audit Committee Review of 2020 Surplus and Reserves

Staff:

- Provided comments on 2020 Operating Surpluses by Division.
- Provided comments on Summary of Utility Funds.
- Provided comments on Reserve Funds - General and Statutory.

### 9.2 Memorandum -2020 Surplus from Operations

Divisional Director, Financial Services:

- Confirmed loss from disposal, \$700K.
- Provided comments on the late memo circulated to the Audit Committee.
- Provided comments on the memo circulated in the agenda package.
- Spoke to the accumulated surplus recommendations.
- Made comment on a proposed P3 reserve that would come forward at a later date.
- Responded to questions from the Audit Committee.

Moved By Councillor Stack

**R0004/04/29/21** THAT the General Fund Surplus of \$8,955,028 generated from operating and capital programs be distributed as per the City Manager's memo of April 29, 2021.

**Carried**

**10. Consideration of Financial Statements and Surplus Allocation**

- 10.1 Draft Report to Council - Audit Committee Review of 2020 Financial Statement and Recommendation**
- 10.2 Adoption of Financial Statements, Surplus Allocation Recommendation and Report to Council**

Moved By Councillor Given

**R0005/04/29/21** THAT Council receives, for information, the Report from the Audit Committee dated May 10, 2021 with respect to the Consolidated Financial Statements and Auditor's Report for the City of Kelowna for the year ending December 31, 2020;

AND THAT Council approves the appropriation of \$8,955,028 of surplus generated from all general fund operations in 2020 to reserves and accumulated surplus as detailed in the Report from the Audit Committee dated May 10, 2021;

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**

**11. Termination**

The meeting was declared terminated at 3:53 p.m.

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Mayor Basran

sf/acm