

Location:	Committee Room C-11, Tom Davies Square
Commencement:	4:44 PM
Adjournment:	5:30 PM

Minutes

**For the 5th Audit Committee Meeting held
Thursday, June 24, 2010**

Chair

COUNCILLOR CALDARELLI, IN THE CHAIR

Present

Councillors Berthiaume; Callaghan; Thompson; Mayor Rodriguez

City Officials

Doug Nadorozny, Chief Administrative Officer; Greg Clausen, General Manager of Infrastructure Services; Bill Lautenbach, General Manager of Growth & Development; Lorella Hayes, Chief Financial Officer/Treasurer; Paddy Buchanan, Manager of Accounting; Ed Stankiewicz, Manager of Financial Planning & Policy; Dion Dumontelle, Co-ordinator of Accounting; Jim Lister, Co-ordinator of Accounting; Apryl Lukezic, Co-ordinator of Capital; Sue McCullough, Co-ordinator of Quality & Performance Initiatives; Brian Bigger, Auditor General; Angie Haché, City Clerk; Franca Bortolussi, Council Secretary

News Media

Northern Life

Declarations of Pecuniary Interest and the General Nature Thereof

None declared.

Presentations

- Report dated June 16, 2010 was received from the Chief Financial Officer/Treasurer regarding 2009 Audit Findings Report.

Audit Findings Report to the Finance Committee for the year ended December 31, 2009 was distributed to Committee Members at the meeting.

Wayne McDonald of KPMG introduced Marc Bertrand of Collins Barrow-Maheu Noiseux, Ed Reilly of Freelandt Caldwell Reilly and Oscar Poloni and Sandra Moskal of KPMG.

Wayne McDonald made an electronic presentation regarding the 2009 Audit Findings Report. He indicated that they have completed their audit of the City's financial statements and the audit report is dated May 7, 2010. He outlined the significant matters including tangible capital assets, financial statement presentation, solid waste landfill closure and post-closure liability, employee future benefits, allowance for doubtful taxes, payroll related accruals, Provincial Offences Administration, Ontario Municipal Partnership Fund Reconciliation and commitment to Northern Ontario School of Architecture and the action taken by management and the effect on the audit for each matter. He also outlined the uncorrected and corrected audit differences. He detailed the performance improvement observations, the auditor's recommendations and management's comments relating to tangible capital assets. He advised of changes to the audit plan and stated that no fraudulent acts were encountered; no related party transactions outside the normal course of operations, significant unusual transactions or material weaknesses in internal control over financial reporting were

identified, no illegal or possible illegal acts were detected, and there were no disagreements with management. He indicated that the findings from reviews conducted by the Auditor General were not material to the preparation of the audited financial statements. He concluded by stating that they are not aware of any consultations by Management with other accountants and that they did not engage in discussion with Management about any major issues in connection with our appointment as auditors and confirming their independence.

With respect to solid waste landfill closure and post-closure liability, the Committee agreed to Councillor Caldarelli request for a report on what changes have to be made to the financial plan if the life of the landfill sites has been reduced with an assessment of the situation.

Managers' Reports

- 2 . Report dated June 16, 2010 was received from the Chief Financial Officer/Treasurer regarding 2009 Draft Annual Financial Statements.

Draft Consolidated Financial Statements of the City of Greater Sudbury (year ended December 31, 2009) and the Financial Statements of the City of Greater Sudbury Trust Funds (year ended December 31, 2009) were distributed to Committee Members at the meeting.

Lorella Hayes, Chief Financial Officer/Treasurer provided an electronic presentation entitled *Consolidated Municipal Financial Information - December 31, 2009*. She advised that the financial statements include the consolidated financial information of all the entities controlled or owned by the City being:

- Greater Sudbury Housing Corporation;
- Metro Centre Management Board;
- Flour Mill Business Improvement Area;
- Library Board;
- Greater Sudbury Police Services Board.

She advised that there are three government business enterprises which are controlled by the City and accounted for in the financial statements using the "Equity Method" and are included in the statement of Financial Activities. The following are the three government business enterprises:

- Greater Sudbury Utilities Inc. – Net Income \$961,959;
- Sudbury Airport CDC – Net Income \$503,777;
- Sudbury CDC – Net Income – NIL.

She outlined the consolidated financial position for financial assets, financial liabilities, non-financial assets and the accumulated surplus of the City being \$1,399 M. She reviewed the schedule of revenues totalling \$569.2 M, an increase of \$35 M from 2008, and the schedules of expenditures by function and by object totalling \$525.9 M, an increase of \$20 M from 2008 resulting in an excess of revenues over expenditures of \$43.3 M. She outlined the statement of changes in net assets, the schedule of capital tangible assets, additions to capital assets and examples of asset additions in 2009.

She outlined the reserve and reserve fund continuity and listed the program specific budget variances. She explained the trends in reserve and reserve funds since 2002 stating that, although there is a significant improvement, it is still below the BMA study median. She also explained the long term debt trends since 2002 stating that the majority of the debt is self-supported.

The following motion was presented:

2010-06 Thompson-Callaghan: THAT the draft Consolidated Financial Statements for the City of Greater Sudbury and the City of Greater Sudbury Trust Funds, for the year ended December 31, 2009 as presented be accepted and recommended for Council approval.

CARRIED

Adjournment

2010-07 Thompson-Callaghan: THAT this meeting does now adjourn. Time: 5:30 p.m.