



## **Regional Municipality of Waterloo**

### **Audit Committee**

### **Minutes**

Wednesday, May 7, 2014

5:35 p.m.

Room 217

150 Frederick Street, Kitchener, Ontario

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Present were: Vice Chair C. Zehr, K. Seiling and J. Wideman

Members absent: T. Galloway and S. Strickland

#### **Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”**

None declared.

#### **Reports – Finance**

a) F-14-059, Annual Financial Statements

Craig Dyer, Chief Financial Officer, provided highlights of the report. He noted that in the past, only the Consolidated Financial Statements were presented to the Audit Committee for review and approval. From this point forward, the full set of statements including the Sinking Fund and the Trust Fund for residents at Sunnyside Home will be presented.

He stated that new and improved Notes to the Statements is one of several changes to the Statements. He added that a note regarding the Stage 1 Light Rail Transit (LRT) project has been added, noting it was a subsequent event with reference to the project Agreement and the funding sources. He summarized the note with respect to the Reconciliation of the Surplus. He indicated that there will be many changes over the next few years related to the Sinking Fund and that staff will develop an investment strategy for this Fund. He stated that there are no major changes to the Trust Fund for Sunnyside residents.

**Presentation**

## a) Elaine Read, Deloitte LLP - Outline of 2013 Audit Findings

E. Read provided a summary of the audit report, stating that there were no significant issues with respect to internal control. She provided explanations about the corrected misstatements and compliance with Canadian Public Sector Accounting Standards (PSAS).

C. Dyer responded to Committee questions about the restatement related to the recognition of development charge revenue in 2012. He stated that the action taken is a clear indication of how the Region will finance certain growth-related capital costs over the long term.

Angela Hinchberger, Director, Financial Services, Treasury/Tax Policy, responded to a Committee question about the 2012 credit rating by outlining the rating criteria and stated that there was no impact anticipated from the development charges restatement on the Region's rating.

In response to a Committee question about the corrected misstatement related to the one-time grant from the Ministry of Municipal Affairs and Housing, C. Dyer advised that there was no impact on the tax surplus since the funds were flowed through the Region by the Province.

E. Read stated that there were no undisclosed deficiencies and that an unmodified audit report and statements will be issued.

Adam Cross, Deloitte LLP, summarized the audit risks, internal controls and accounting practices, judgments and estimates, stating that there were no issues.

E. Read provided an overview of the audit scope matters, including materiality; the use of the work of experts; legal and regulatory compliance; post-balance sheet events; management representation letter; independence; and, communications.

Moved by J. Wideman

Seconded by K. Seiling

That the Regional Municipality of Waterloo approve the Consolidated Financial Statements, the Sinking Fund Financial Statements, and the Trust Fund Financial Statements, all for the fiscal year ending December 31, 2013. [F-14-059]

**Carried**

**Motion to go into Closed Session**

Moved by J. Wideman

Seconded by K. Seiling

That a closed meeting of the Audit Committee be held on Wednesday, May 7, 2014 at 6:05 p.m. in Room 217 at 150 Frederick Street, in accordance with Section 239 of the "Municipal Act, 2001", for the purpose of considering the following subject matters:

- a) the security of the property of the municipality
- b) personal matters about an identifiable individual, including municipal employees

Carried

**Motion to Reconvene into Open Session**

Moved by K. Seiling

Seconded by J. Wideman

That the meeting reconvene into open session.

Carried

The meeting reconvened into Open Session at 6:10 p.m. and adjourned.

**Committee Vice Chair**, C. Zehr

**Committee Clerk**, S. Natolochny