

MUNICIPALITY OF THE DISTRICT OF ARGYLE
AUDIT COMMITTEE MEETING
Tuesday, September 8, 2020
Tusket, NS 4:30 p.m.

Present: Warden Danny Muise; Councillor Kathy Bourque, public member Renaud d'Entremont, Grant Thornton Gloria Banks, Chris Ellis, Chief Administrative Officer Alain Muise Director of Finance Marsha d'Eon and Municipal Clerk Lori Murphy.

Regrets: Councillor Roderick Murphy Jr. and Calvin d'Entremont

The Audit Committee Meeting is called to order at 4:40p.m. by Councillor Bourque

Introduction:

Gloria Banks and Chris Ellis with Grant Thornton, were in attendance to present the following three (3) documents to the committee:

- Non-Consolidated Statements (*prepared for Council and staff only*);
- Consolidated Statements (*puts all our assets together, except commissions and boards that we do not control*);
- Report to the Audit Committee (*Communication of Audit Strategy & Results*).

Presentation of Financial Statements – Non-Consolidated and Consolidated (Draft)

Gloria Banks circulated draft copies of all three (3) documents to the committee.

CAO Muise began by explaining the non-consolidated financial statement. The municipality budgeted for revenues that were \$5,996,065 but generated \$6,157,543. The Municipality budgeted a transfer from the operating reserve to balance the budget (of \$62,394). In actuality, the annual surplus was \$367,190, almost identical to the prior year. A net amount of \$250,000 was transferred to the capital reserves, with the remaining \$117,190 transferred to the operating reserve. He then explained the operating fund balance sheet, the tangible capital assets fund balance sheet, the capital reserve fund balance sheet and the operating reserve fund balance sheet. In summary, the Municipality has accumulated surpluses in Operations of \$3,362,110 (2019: \$3,212,531) and in Capital of \$3,492,762 (2019: \$3,384,820). Finally, there is \$1,434,329 in available Gas Tax Funds, which is over and above these surpluses.

Mrs. Banks mentioned to the Committee that the Non-Consolidated Statements which were prepared by staff and presented by our CAO are unaudited and only prepared for Council and Staff. On the other hand, the Consolidated Statements are prepared in accordance with generally accepted accounting standards for Municipalities and must be approved by Council and forwarded to the Province by September 30th

Mrs. Banks proceeded to go over the Consolidated Financial Statements explaining that the Statements include the Capital Fund and Capital/Operating Reserves, as well as the assets, liabilities, equity, income, expenses and cash flows of the municipality's

subsidiaries. The financial position of the Municipality (otherwise known as the Balance Sheet) shows net financial assets of \$7,386,199, up from \$7,043,085 in 2019. The net financial assets do not include tangible capital assets which are recorded at \$13,849,783. This is a healthy net financial position, and one that will be reduced as the administrative building gets constructed in 2021. The Statement of operations (also known as the income statement) is showing an annual surplus of \$530,213, where a surplus of \$224,869 was budgeted. It should be noted that the prior year surplus was \$667,063. This combines the surpluses of all funds controlled entirely by Argyle, and their proportion of surplus/deficit from the organizations they co-control with their municipal partners. Examples of these organizations includes the Yarmouth International Airport Corporation, the Yarmouth Area Industrial Commission, Yarmouth County Solid Waste Management authority and YASTA.

Members of the committee asked several questions to the staff and auditors. Most surrounded internal control questions and confirming their understanding of the positive financial position and how that may compare with other municipalities. Discussions also attempted to be pursued on a few line items of the statements.

Staff committed to looking at areas of internal control weakness, and apply practical solutions to these areas as best we can with the limited staff involved.

Mrs. Banks concluded by going over the Report to the Audit Committee.

CAO Muise, Director of Finance d'Eon and Municipal Clerk Murphy left the Council Chambers so the Committee could have an open discussion regarding the statements with Mrs. Banks without staff present.

Recommendation

It was approved by Kathy Bourque and seconded by Danny Muise to recommend that the Consolidated Financial Statements be prepared for final approval for the upcoming Regular Council meeting to be held on September 8th, 2020.

Motion Carried.

There being no further business, it is moved by and seconded to adjourn the Audit Committee Meeting at 6:32p.m.

Recorder
Lori Murphy

Date Approved: _____

Chairman/Warden _____

Alain Muisse, Chief Administrative Officer _____