



City of Brockville

Finance & Administration Committee

Minutes

4:30 PM - Tuesday, September 17, 2019

City Hall, Council Chambers

The Finance & Administration Committee meeting was called to order on Tuesday, September 17, 2019, at 4:30 PM, in the City Hall, Council Chambers, with the following present:

Members Present: Larry Journal, Nathalie Lavergne, Cec Drake, and Jason Baker

Regrets: Jeff Earle

Others: Nil.

Staff: Conal Cosgrove, Director of Operations, Lynda Ferguson, Director of Finance, Janette Loveys, City Manager, Sandra MacDonald, City Clerk, and Peter Raabe, Director of Environmental Services

1. CHAIR'S REMARKS

Chair Journal welcomed everyone to the meeting. He noted that Councillor Earle has sent regrets for the meeting.

It was noted that two items remain to be reported back to the Committee; Terms of Reference for boards and committees and information pertaining to the reserves and reserve funds. J. Loveys indicated that both items will be brought to the committee in October.

2. DISCLOSURE OF INTEREST

Nil.

3. DELEGATIONS AND PRESENTATIONS

1. 2018 Year-end Financial Statements and Auditors Report

Brent Wilson, CPA, CA, Partner and Ryan Moore, CPA, CA, Senior Manager, Baker Tilly SEO LLP were in attendance.

Mr. Wilson reviewed the 2018 Financial Statements. It was noted that the Auditor's Report, which was previously found after the statements is now located at the beginning of the report. He highlighted the changes to the format of the report due to changes to Accounting Standards. In addition to the Corporation's Statements, the Statements for the DBIA and the Trust accounts were also presented and reviewed.

4. **CORRESPONDENCE & COMMUNICATIONS**

Nil.

5. **REPORTS FROM BOARDS AND COMMITTEES**

Nil.

6. **STAFF REPORTS**

1. 2019-132-09
2018 Audited Financial Statements

Moved by: Councillor Lavergne

THAT the Audited Financial Statements for the Corporation of the City of Brockville for the year ended December 31st 2018 be received and approved; and

THAT the Audited Financial Statements for the Board of Management, Downtown Business Improvement Area of the Corporation of the City of Brockville be received and approved; and

THAT the Audited Financial Statements of the Corporation of the City of Brockville Trust Funds be received and approved; and

THAT the operating surplus of \$649,515 be allocated to the Fiscal Policy Reserve;

AND THAT the water operating surplus of \$483,248 be allocated to the water reserves and that the wastewater operating surplus of \$383,992 be allocated to the wastewater reserves.

For: Councillor Journal, Councillor Lavergne, Member Drake, and Mayor Baker

CARRIED 4-0 on a recorded vote

L. Ferguson noted that staff are pleased to present the 2018 statements. She commented that year-end financial statements will be presented earlier in the year in future years.

[2019 09 17 2018 Draft Financial Statements DBIA](#)

[2019 09 17 2018 Draft Financial Statements Trust Funds](#)

2. 2019-135-09
August 2019 Variance Report

Moved by: Member Drake

THAT Council receives the Interim Variance Report for the period ended August 15th, 2019 for information purposes.

For: Councillor Journal, Councillor Lavergne, Member Drake, and Mayor Baker

CARRIED 4-0 on a recorded vote

3. 2019-133-09
2020 Budget Timeline

Moved by: Mayor Baker

THAT the report titled 2020 Budget Timelines be approved.

For: Councillor Journal, Councillor Lavergne, Member Drake, and Mayor Baker

CARRIED 4-0 on a recorded vote

4. 2019-134-09
Investing in Canada Infrastructure
Community, Culture and Recreation Street Application

Moved by: Councillor Lavergne

THAT City Council approve the submission of an application for federal and provincial funding from the Investing in Canada Infrastructure Program under the Community, Culture and Recreation stream for capital improvements to the Brockville Arts Centre.

CARRIED, AS AMENDED ON A LATER VOTE

Councillor Lavergne asked if some upgrades such as humidity control could be added to the application for the Brockville Museum.

Motion to Amend

Moved by: Councillor Lavergne

THAT the application be amended to include capital improvements at the Brockville Museum.

For: Councillor Journal, Councillor Lavergne, Member Drake, and Mayor Baker

CARRIED 4-0 on a recorded vote

Amend Motion

Moved by: Councillor Lavergne

THAT City Council approve the submission of an application for federal and provincial funding from the Investing in Canada Infrastructure Program under the Community, Culture and Recreation stream for capital improvements to the Brockville Arts Centre and the Brockville Museum.

For: Councillor Journal, Councillor Lavergne, Member Drake, and Mayor Baker

CARRIED 4-0 on a recorded vote

7. **NEW BUSINESS FROM COMMITTEE MEMBERS**

Nil.

8. **FAC - CONSENT AGENDA**

Moved by: Mayor Baker

THAT the following items as recommended by the Finance and Administration Committee be placed on the Consent Agenda:

1. 2019-135-09
August 2019 Variance Report
2. 2019-133-09
2020 Budget Timeline
3. 2019-134-09
Investing in Canada Infrastructure Community, Culture and Recreation Street Application

CARRIED

9. **MEDIA QUESTION PERIOD**

10. **ADJOURNMENT**

Moved by: Mayor Baker

THAT the Finance and Administration Committee adjourn its meeting until the next regular meeting scheduled for October 15, 2019.

CARRIED

The meeting adjourned at 5:26 pm.

Draft Subject to Change

Downtown Business Improvement Area of the Corporation of the City of Brockville

Financial Statements
For the year ended December 31, 2018

Draft Subject to Change

**Downtown Business Improvement Area of the Corporation of the
City of Brockville
Financial Statements
For the year ended December 31, 2018**

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Draft Subject to Change

Independent Auditor's Report

**To the Members of Council, Inhabitants and Ratepayers
Corporation of the City of Brockville**

Opinion

We have audited the financial statements of the Downtown Business Improvement Area of the Corporation of the City of Brockville (the "organization") which comprise the statement of financial position as at December 31, 2018 and the statements of operations and changes in accumulated surplus and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants

Kingston, Ontario
report date

Draft Subject to Change

Downtown Business Improvement Area of the Corporation of the City of Brockville Statement of Financial Position

December 31	2018	2017
Financial Assets		
Cash (Note 1)	\$ 44,343	\$ 24,656
Receivable from the City of Brockville	25,592	19,105
Net financial assets (Note 2)	\$ 69,935	\$ 43,761

On behalf of the Board:

_____ Director

_____ Director

Draft Subject to Change

Downtown Business Improvement Area of the Corporation of the City of Brockville Statement of Operations and Changes in Accumulated Surplus

For the year ended December 31	Budget Unaudited	2018	2017
Revenue			
Taxation	\$ 240,337	\$ 239,473	\$ 246,315
Parking levy	52,301	52,040	51,779
Donations	-	10,278	10,000
Grants	-	-	1,053
Interest	-	582	424
	292,638	302,373	309,571
Expenses			
Materials, supplies and services	143,182	127,040	151,196
Salaries and benefits	97,155	96,858	86,545
Transfer to City of Brockville	52,301	52,301	52,301
	292,638	276,199	290,042
Annual Surplus		26,174	19,529
Accumulated surplus, beginning of year		43,761	24,232
Accumulated surplus, end of year		\$ 69,935	\$ 43,761

Draft Subject to Change

Downtown Business Improvement Area of the Corporation of the City of Brockville Statement of Cash Flows

For the year ended December 31	2018	2017
Cash flows from operating activities		
Annual surplus after transfers	\$ 26,174	\$ 19,529
Changes in non-cash working capital balances		
Increase receivable from the City of Brockville	(6,487)	(19,105)
Decrease payable from City of Brockville	-	(14,019)
Net increase (decrease) in cash during the year	19,687	(13,595)
Cash, beginning of year	24,656	38,251
Cash, end of year	\$ 44,343	\$ 24,656

Draft Subject to Change

Downtown Business Improvement Area of the Corporation of the City of Brockville Summary of Significant Accounting Policies

December 31, 2018

Nature of Business	Downtown Business Improvement Area of the Corporation of the City of Brockville (the "organization"), is a government not-for-profit organization established on September 23, 1975, representing approximately three hundred businesses and property owners in the downtown Brockville area. The organization aims to better the quality of life of the downtown businesses and service providers.
Basis of Accounting	These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.
Cash	Cash consists of cash on hand and cash in the bank.
Revenue Recognition	<p>Property tax billings are prepared by the City of Brockville based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government and taxation revenues are recorded at the time tax billings are issued. Any supplementary billings are reported by the City of Brockville when they can be reasonably determined.</p> <p>Parking levies are recognized as revenue in the year the services are provided.</p>

Draft Subject to Change

Downtown Business Improvement Area of the Corporation of the City of Brockville Notes to Financial Statements

December 31, 2018

1. Cash

The organization's bank accounts are held at one chartered bank. The bank accounts earn nominal interest.

2. Net Financial Assets

The net financial assets represents a reserve fund that was established by the Corporation of the City of Brockville on behalf of the board.

Draft Subject to Change

**Corporation of the City of
Brockville
Trust Funds
Financial Statements
For the year ended December 31, 2018**

Draft Subject to Change

Corporation of the City of Brockville
Financial Statements
Trust Funds
For the year ended December 31, 2018

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Draft Subject to Change

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers
Corporation of the City of Brockville

Opinion

We have audited the financial statements of the Corporation of the City of Brockville (the "Trust Funds") which comprise the statement of financial position as at December 31, 2018 and the statements of changes in fund balance, operations and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust Funds's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Draft Subject to Change

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Funds's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Funds's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants

Kingston, Ontario
report date

Draft Subject to Change

Corporation of the City of Brockville Trust Funds Statement of Financial Position

December 31	2018				2017	
	Perpetual Care	C. Babcock	Deferred Interments	St. Lawrence Lodge Partners' Trust	Total	Total
Financial Assets						
Cash (Note 1)	\$ 33,277	\$ 508	\$ 77,409	\$ 491,488	\$ 602,682	\$ 634,383
Accounts receivable	13,484	-	-	-	13,484	7,983
Investments (Note 2)	1,080,000	-	-	-	1,080,000	1,000,000
Due from C. Babcock fund	-	-	-	-	-	1,516
Due from perpetual care fund	-	-	2,550	-	2,550	400
	1,126,761	508	79,959	491,488	1,698,716	1,644,282
Financial Liabilities						
Payable to City of Brockville	24,257	-	4,735	312,749	341,741	305,885
Due to deferred interments fund	2,542	8	-	-	2,550	400
Due to perpetual care fund	-	-	-	-	-	1,516
	26,799	8	4,735	312,749	344,291	307,801
Net Financial Assets	\$ 1,099,962	\$ 500	\$ 75,224	\$ 178,739	\$ 1,354,425	\$ 1,336,481
Trust Balances						
Capital	\$ 1,110,345	\$ 500	\$ 75,224	\$ 178,739	\$ 1,364,808	\$ 1,346,864
Accumulated income	(10,383)	-	-	-	(10,383)	(10,383)
	\$ 1,099,962	\$ 500	\$ 75,224	\$ 178,739	\$ 1,354,425	\$ 1,336,481

On behalf of the Board:

Director

Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Draft Subject to Change

Corporation of the City of Brockville Trust Funds Statement of Continuity and Changes in Net Assets

December 31	2018				2017			
	Perpetual Care	C. Babcock	Deferred Interments	St. Lawrence Lodge Partners' Trust	Total	Total	Total	Total
Revenues								
Capital receipts	\$ 14,918	\$ -	\$ 5,575	\$ -	\$ 20,493	\$ 20,493	\$ 16,923	
Partner contributions	-	-	-	336,277	336,277	336,277	336,277	
Investment income	22,022	-	1,450	5,265	28,727	28,727	10,789	
	36,940	-	7,025	341,532	385,497	385,497	363,989	
Expenses								
	-	-	-	340,796	340,796	340,796	339,414	
Change in net financial assets	36,940	-	7,025	736	44,701	44,701	24,575	
Net assets, beginning of year	1,085,044	500	72,934	178,003	1,336,481	1,336,481	1,335,202	
Transfer (to) from operating	(22,022)	-	(4,735)	-	(26,757)	(26,757)	(23,296)	
Net assets, end of year	\$ 1,099,962	\$ 500	\$ 75,224	\$ 178,739	\$ 1,354,425	\$ 1,354,425	\$ 1,336,481	

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Draft Subject to Change

Corporation of the City of Brockville Trust Funds Summary of Significant Accounting Policies

December 31, 2018

Basis of Accounting	These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.
Cash and Cash Equivalents	Cash and cash equivalents consist of deposits at Canadian chartered banks.
Fund Accounting	<p>The Trust Funds follow the restricted fund method of accounting for contributions.</p> <p>The <i>Perpetual Care Fund</i> has been set up to set aside funds for the care and maintenance of the cemetery in perpetuity. This is required by the Cemetery Act.</p> <p>The <i>C. Babcock Fund</i> is a restricted trust fund donated through Babcock estate to be used to maintain a specific grave site.</p> <p>The <i>Deferred Interments Fund</i> represents interment services which are purchased in advance. The amounts are held on deposit and recognized when the funds are withdrawn at the time of burial.</p> <p>The <i>St. Lawrence Lodge Partners' Trust</i> represents the group of municipalities who have agreed to fund a combined 39.74% of the outstanding debentures (principle and interest) related to the 2006 St. Lawrence Lodge redevelopment.</p>
Revenue Recognition	<p>Capital receipts are recognized as revenue in the Perpetual Care and Maintenance Fund when received. These capital receipts are made up of burial plots, columbariums and markers.</p> <p>St. Lawrence Lodge partners' contributions of 39.74% are towards the repayment of the debentures and interest due on the obligation of the St. Lawrence Lodge's 2006 redevelopment. St. Lawrence Lodge is a joint municipal board operating a long-term care facility.</p> <p>Investment income is recorded at the time the investment matures and the funds are redeposited.</p>

Draft Subject to Change

Corporation of the City of Brockville Trust Funds Notes to Financial Statements

December 31, 2018

1. Cash

The Trust Funds' bank accounts are held at one chartered bank. The bank accounts earn nominal interest.

2. Investments

The Trust's investment is made up of a \$1,080,000 GIC that pays an interest rate of 2.45%. The GIC matures on June 28, 2019.