



City of Surrey

Audit Committee

Minutes

Councillors Boardroom
City Hall
14245 - 56 Avenue
Surrey, B.C.
MONDAY, APRIL 21, 2006
Time: 1:00 p.m.

Present:

Chairperson – Councillor Gill
Councillor Steele
Councillor Hunt

Absent:

Staff Present:

City Manager
General Manager, Finance & Technology
City Clerk, Legislative Services
Manager, Financial Services

KPMG Staff Present:

B. Hui, Sr. Manager, KPMG, External Audit Team
A. Johnston, Partner, Assurance Services, KMPG

A. ADOPTION OF MINUTES

1. Audit Committee – April 27, 2005

Minutes to be adopted.

It was

Moved by Councillor Steele
Seconded by Councillor Hunt

That the minutes of the April 27, 2005 Audit

Committee meeting be adopted.

Carried

B. REVIEW BY GENERAL MANAGER, FINANCE, TECHNOLOGY AND HUMAN RESOURCES

1. Corporate Report No. F014 2005 Annual Financial Report

The General Manager, Finance, Technology and HR submitted a corporate report providing comments on the 2005 Annual Financial Report.

The General Manager, Finance, Technology & HR then briefed the Committee on the report, discussing the variances on the Consolidated Statements. She then went on to review the Consolidated Financial Statement, highlighting the

significant changes including deposits were up \$12 million and deferred DCC's were up \$17 million.

The General Manager, Finance, Technology and HR briefed the Committee on the Consolidated Statement of Financial Activities pointing out the areas where increases were realized such as in the sale of goods and services, development cost charges, developer contributions, and investment income. She also discussed transfers from other governments.

The General Manager, Finance, Technology and HR went on to discuss expenditures, noting that \$26 million was budgeted, and \$21 million was spent. Debt interest and fiscal services were discussed, noting that the significant amount related to employee future benefits. The Committee was then briefed on capital assets, with the General Manager, Finance, Technology and HR noting the significant variances and the reasons for the variances.

The Chair then commented on Development Cost Charges, pointing out that costs have risen significantly and stated his concern that the current reserves are not reflective of current prices.

Mr. Johnson pointed out that in the next few years the City will be doing an analysis of capital assets and this should also include refreshing the previous review of reserve policies.

The Chair commented that there are several areas of concern that do not have reserve accounts and need to be looked at. The Chair pointed out that the City is now down to \$5 million transfer from operating into reserves; this has decreased over time from \$22 million. The Chair stated that there should be a more sustainable approach.

Councillor Hunt expressed concern with how the statements were presented and asked staff to look at this.

It was

Moved by Councillor Hunt
Seconded by Councillor Steele
That the Audit Committee receive the 2005

Annual Financial Report.

Carried

C. REVIEW BY EXTERNAL AUDITORS

1. Auditors' Independence Letter
2. Auditors' Oversight Letter

3. Auditors' Management Letter

Mr. Johnson then reviewed the above noted correspondence with the Committee members.

It was	Moved by Councillor Hunt Seconded by Councillor Steele That the Audit Committee receive Items
C.1 to C.3.	<u>Carried</u>

E. RECOMMENDATION TO RECEIVE AND APPROVE THE 2005 AUDITED FINANCIAL STATEMENTS

It was	Moved by Councillor Hunt Seconded by Councillor Steele That the 2005 Audited Financial Statements be received.
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Carried

F. DISCUSSION OF FUTURE COUNCIL MEETINGS, DATES AND FORMAT

1. Regular Council – Public Hearing –

- (a) Receive Audit Committee Recommendations
- (b) Receive 2005 Annual Financial Report

Potential Council meeting dates were discussed for Council receiving the recommendations and financial reports.

G. OTHER BUSINESS

There was no other business.

H. ADJOURNMENT

It was

Moved by Councillor Hunt
Seconded by Councillor Steele
That the meeting do now adjourn.
Carried

The meeting adjourned at 1:40 p.m.

Certified as true and correct:

City Clerk: Margaret Jones

Chairperson: Councillor T. Gill
Audit Committee