



**MINUTES  
FINANCIAL ADVISORY COMMITTEE MEETING  
TUESDAY, SEPTEMBER 29<sup>TH</sup>, 2009 AT 4:00 P.M.  
CITY HALL ROOM 205**

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**MEMBERS PRESENT:** Chair Arlene Wright  
Councillor Tom Pink  
Councillor Deb Haswell (arrived at 4:02 p.m.)  
Ray McKelvie  
Bob Switzer  
Ron Hopper

**MEMBERS ABSENT:** Mayor Lovell Stanners

**DEPUTATION:** Al White, CA and Partner of BDO Dunwoody LLP  
(left the meeting at 4:45 p.m.)

**STAFF PRESENT:** Wayne Ritchie, Director of Financial Services  
Glen Henry, Director of Corporate Services  
(arrived at the meeting at 4:17 p.m. and left at 4:59 p.m.)  
Lyndy Barfoot, Manager of Human Resources  
(arrived at the meeting at 4:17 p.m. and left at 4:59 p.m.)  
Linda McDonald, Administrative Assistant, Financial  
Services/Recording Secretary

**1. CALL TO ORDER –** Chair Arlene Wright called the meeting to order at 4:01 p.m. and welcomed everyone to the meeting.

**2. ADDITIONAL ITEMS**

- i) The Director of Financial Services had an additional item regarding an update of WiFi (wireless internet connection)
- ii) The Chair had an additional item regarding the Storm Disaster Relief Fund

**3. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

There were no disclosures of pecuniary interest and the general nature thereof declared.

Councillor Deb Haswell arrived at the meeting at 4:02 p.m.

#### 4. CONFIRMATION OF MINUTES FROM THE PREVIOUS MEETING

Committee Member, Ron Hopper, mentioned that on page 6 of the minutes, the words "Commercial" and "ratio" be added to the second point to read as follows:

The City has a higher than average **Commercial** assessment **ratio**.

Moved by Bob Switzer:

**"That the minutes of the Special Financial Advisory Committee Meeting held on Tuesday, September 8<sup>th</sup>, 2009 be approved, with the specified amendments adding the words Commercial and ratio to read as follows: The City has a higher than average Commercial assessment ratio."**

Carried Unanimously

#### 5. DEPUTATIONS

- a) Presentation of Auditor's Management Letter written to Council and Final Version of City's Financial Statements for 2008 – Al White, CA

Al White, CA, partner and representative from BDO Dunwoody LLP, the City's auditor reviewed with the Committee the City's Financial Statements for 2008 and the Auditor's Management Letter written to Council identifying various findings and highlights of the annual audit. This audit also included the Owen Sound & North Grey Union Public Library and the Owen Sound Downtown Improvement Area's financial statements.

Some of the following points that were discussed in more detail:

##### **On the Consolidated Statement of the City's Financial Position**

- The City's overall financial assets have increased from 2007 by \$2,190,506.00.
- However, the City's overall liabilities are greater and this could be contributed to an increase from 2007 of \$796,507.00 for the City's Post-employment benefits.

##### **On the Consolidated Statement of Financial Activities**

Al White reviewed the Revenue, Expenditures and Capital activity.

Glen Henry and Lyndy Barfoot arrived at the meeting at 4:17 p.m.

##### **In the Letter dated July 22<sup>nd</sup>, 2009 to City Council**

Other topics that were suggested from the firm and that were briefly discussed were:

- Alternate Staffing for Tax and Water Recording and Billing

The City's tax and water systems and processes are currently known by the individual clerks hired in the department doing the work. There is no backup person to check the individual recording of bills and no other backup staff to replace those clerks when they are absent.

The auditors' recommendation is that at least one other staff person be trained in the water and tax billing departments and that another person verifies that the billing information is correct.

The Director of Financial Services mentioned that steps have already been set in place to have the Service Owen Sound staff be cross trained in the tax and utility duties and that there is a meeting scheduled in order to get this accomplished.

- Tracking Supplementary Tax Adjust

Currently there is no formal tracking process in place relating to the receipt and recording of supplementary taxes nor is there a reconciliation done by staff between supplementary assessments received and what is recorded in the general ledger.

The staff at BDO Dunwoody suggest and recommend that an annual reconciliation be done between the general ledger and a record of adjustments received to ensure that supplementary adjustments recorded are complete and valid.

- Refund of Final Inspection Deposits

Final Inspection deposits are entered into the computer software called AMANDA and are noted as paid when the money is received, however the only record of the refunds is done on an Excel spreadsheet. The spreadsheet is not reviewed by any other staff nor is it reconciled with the deposits received. There is a risk that deposits could go missing.

Al White suggested that the software AMANDA also be updated when the deposits are refunded in order to reduce the risk of fraud or error.

- Tax Arrears

The tax arrears have decreased by \$28,913 when comparing the previous year's total.

- Deferred Revenue

The deferred revenue balance has increased a significant amount from last year due to the \$1,570,672 Investing in Ontario Grant money received in 2008.

- Reserve Balances

The Reserve Balances have increased significantly. This could be due to the amount in the Land Sales category due to the GBE property sale.

- Capital Expenditures Yet to Be Permanently Financed

This category has increased by \$3,181,995.00 from last year. Significant increases shown include the Police Building upgrades and the East Harbour Remediation.

- **Post-employment Benefits**  
Effective from January 4<sup>th</sup>, 2004, the Public Sector Accounting Board (PSAB) requires that all post-employment benefits be accrued for all employees over their working life. This expense is recorded as a liability with an offset amount that is recovered in the financial statement.

### **PSAB Changes for the City's Next Financial Statements (2009)**

Due to the new PSAB accounting regulations and guidelines, the City's 2009 Financial Statements will change and will include all tangible Capital assets and will be very detailed. The City's records will show a surplus of assets. Ren Kennedy, the former Manager of Accounting, had been working with City staff for the past year and a half in preparing for these new accounting regulations and changes. The auditors will be working with staff and relying on staff's findings. Ren Kennedy has been hired on a contract basis to work with the different City departments and complete this very large task.

The benefits of these regulated changes to the City's accounting practices, will not be seen for years, however once the data is accumulated and the "book value" is established and in place, City staff will be able to compare with other municipalities their expenses for services (i.e. policing) and will give a clearer, concise overall value of the City's assets and cost of services.

Al White noted that because of the PSAB changes in the accounting process, the City's audit will begin in early December of this year.

### **Hiring an Actuary**

In the previous years, Al White has recommended and suggested to City staff that an actuary be hired to review certain aspects of the City's financial statement (i.e. post-employment benefits).

With the PSAB changes that will affect next year's financial statements, the Director of Financial Services will be recommending to Council that an actuary be hired for at least one year to review the City's post-employment benefits. The estimated cost of these services would be approximately \$4,500 and this cost will be divided amongst the different City departments.

Moved by Councillor Tom Pink:

**"That the Financial Advisory Committee receives the letter written by Alan M. White, CA from BDO Dunwoody LLP to Council dated July 22<sup>nd</sup>, 2009 regarding the City's 2008 audit and the City's 2008 Financial Statements prepared by BDO Dunwoody LLP, and further**

**That staff prepare a report for the Financial Advisory Committee to review regarding the hiring of an actuary.”**

Carried Unanimously

### **New Harmonized Sales Tax**

Al White noted that as of July 1<sup>st</sup>, 2010, the new Harmonized Sales Tax (HST) will start which combines the Goods and Services Tax (GST) and the Provincial Sales Tax (PST) into a single sales tax. The legislation has not been passed as yet, however the Federal Government are aiming to have these new regulations passed by March 31<sup>st</sup>, 2010.

This will certainly effect and will have an impact on municipalities. It was noted that the full GST portion of 5% will be recovered by the municipality, however the percentage from the HST will only be 78%. Computers may have to be adjusted in order to keep accurate tracking with the proposed new HST. With the newly proposed combined HST, certain services that did not require being charged the former Provincial Sales, will now be charged 13% tax.

Chair Arlene Wright thanked Al White for his time and presentation and Al White left the meeting at 4:45 p.m.

### **6. CORRESPONDENCE RECEIVED FOR WHICH DIRECTION OF COMMITTEE / BOARD IS REQUIRED**

There was no correspondence received.

### **7. REPORTS AND MATTERS TABLED**

#### **a) WSIB Actuarial Evaluation Report – Glen Henry, Lyndy Barfoot, Wayne Ritchie**

For the past 10 years, the City has been a Schedule 2 employer under the WSIB Act which means that the City self-insures the entire risk of its own WSIB claims.

The Director of Corporate Services informed the Committee that the City had hired a consultant, Nexus Actuarial Consultants Ltd to conduct a study of the City's workplace injury claims (which have increased from 2006 to 2009) which were reported and filed with the Workplace Safety and Insurance Board (WSIB). The completed report from Nexus was required to meet the PSAB requirements and that the information researched would assist with future funding decisions by staff.

The report created by Nexus estimates that for 2009 the City's WSIB costs will be \$178,000 to cover benefits to employees and administration. The City had set its WSIB rates to collect \$127,500.

Moved by Ron Hopper:

**“That the Financial Advisory Committee receives the report entitled WSIB Actuarial Evaluation Report, dated September 22<sup>nd</sup>, 2009 and written by the Director of Financial Services, Director of Corporate Services and the Manager of Human Resources and recommends:**

- i) There is no benefit at this time for the City to move from a Schedule 2 employer back to a Schedule 1 employer; and**
- ii) It is important for the health and well being of City employees as well as the City’s WSIB costs and liability exposure that safety training and risk management be emphasized and promoted in the next City budget; and**
- iii) For the 2010 budget, staff develop a WSIB rate plan that will see rates adequate to cover all of the anticipated WSIB costs for 2010 as per the Nexus study and also fund the outstanding WSIB Liability at December 31<sup>st</sup>, 2008 within a 10 year time frame; and**
- iv) An actuarial study of the WSIB Liability be conducted every 3 years; and**

**That the reports and recommendations written by staff and Nexus Actuarial Consultants Ltd. and endorsed by this Committee be forwarded for Council’s consideration at the Service Analysis sessions.”**

Carried Unanimously

Chair Arlene Wright thanked Glen Henry, Lyndy Barfoot and Wayne Ritchie for their informative report and Glen Henry and Lyndy Barfoot left the meeting at 4:59 p.m.

At 4:59 p.m.

Moved by Councillor Deb Haswell:

**“That the Financial Advisory Committee now move ‘In Camera’ to consider litigation or potential litigation including matters before administrative tribunals, affecting the municipality or local board.”**

Carried Unanimously

The Financial Advisory Committee returned to the regular meeting from the In Camera meeting at 5:20 p.m.

## **8. OTHER BUSINESS (as stated in 2 i & ii)**

- i) Update on WiFi – Wayne Ritchie**

At the September 14<sup>th</sup>, 2009 Council meeting staff was asked to update the Council members at a future Committee meeting regarding the Owen Sound WiFi. The Director of Financial Services reported the external WiFi, or wireless

mesh downtown is still under construction as the City is still waiting for funds from the Rural Economic Development (RED) Fund.

Currently the WiFi is in a very limited area around City Hall, the market and generally between 8<sup>th</sup> and 9<sup>th</sup> Streets until more equipment is purchased and installed using the funding.

The future plan is to have WiFi available from 6<sup>th</sup> Street East to the Bayshore and from 2<sup>nd</sup> Avenue West to 3<sup>rd</sup> Avenue East.

The default homepage is the City's homepage which the user will see when they connect to the Owen Sound WiFi. There are future plans to design an iOwenSound homepage, very similar to iGoogle which will let the user customize their preferences.

It was noted by the Chair that there is no link on the City's website for Places of Worship on the City's website.

**ACTION: I.T. Staff are to create a Places of Worship on the City's listing of Community Businesses/Contacts.**

The Manager of Economic Development & Tourism is in discussions with the downtown businesses to solicit their participation in this project by hanging radios on their buildings for better internet connection. The system has not been publicly launched as yet.

The WiFi is not supposed to be used by staff for work purposes. It is unsecure and has very low bandwidth.

There are 3 other wireless connections in the building for staff and Council members to use.

a) **Ghost Rider** - This connection is installed in the Council Chambers. This is the same system that the Councillor's use at home and the Council members will not have to connect or login and it will do so automatically provided that they use this at home. Council members are to bring in their laptops for a "tuneup" in order for the I.T. staff to check the settings so that the wireless connection will work. I.T. have also offered a 5 minute how-to refresher course regarding how to connect to the Council Chambers wireless service.

b) **OS WiFi** – This connection is available everywhere in the City Hall building. It is secure and can be used by staff.

c) **Silas Lair** – This connection is used for testing connectivity in the I.T. office.

ii) Storm Disaster Relief – Chair Arlene Wright

Chair Wright notified the Committee members that there has been a committee set up of concerned citizens since the devastating tornado which occurred in the Grey and Bruce Counties on August 20<sup>th</sup>, 2009. The F2 tornado caused localized damage in Town of Blue Mountains and the municipalities of West Grey and Grey Highlands. Municipal infrastructure, as well as a number of farms, homes and small businesses, experienced significant damage.

Some debate took place at the meeting as to the City's role in contributing any monies towards the Storm Disaster Relief Fund. It was noted at this meeting, that no one has approached the City for any monetary contribution at this particular time. It was also noted that the Owen Sound Police Services personnel were also dispatched. The City also sent a wood chipper, a truck and 4 staff members to assist with the cleanup in Durham.

It was noted that the Province has promised to give \$2 for every dollar raised and collected.

**ACTION: The Director of Financial Services will contact Will Moore, the CAO/Clerk of the Township of Chatsworth with regards to their contribution/donation to the Storm Relief Disaster Fund and will bring this information back to a future Financial Advisory Committee meeting.**

Moved by Councillor Deb Haswell:

**"That the topic of the newly established Storm Disaster Relief Committee be tabled for further information through Chair Arlene Wright and Mayor Lovell Stanners from Grey County and be brought back to a future Financial Advisory Committee meeting."**

Motion Carried on Endorsed Division  
Councillor Tom Pink Opposed.

**9. CORRESPONDENCE RECEIVED WHICH IS PRESENTED FOR THE INFORMATION OF THE COMMITTEE/BOARD**

No correspondence was received.

**10. ADJOURNMENT**

The Chair thanked the Committee members for attending and declared the meeting adjourned at 5:36 p.m.

**11. THE NEXT MEETING**

**As the City's Service Analysis sessions take place on October 29<sup>th</sup> and 30<sup>th</sup>, 2009, the next Financial Advisory Committee meeting will be at the Call of the Chair.**