

**Village of Chester Commission  
Audit Committee Meeting  
January 22, 2020 – 11:30 pm**

**Attendance:**

Nancy Hatch, Commission Vice Chair; Jo-Ann Grant, Commissioner; Martin Hiltz, Commissioner; Michael Heisler, Commissioner (late 11:59am); Sandra Dumaresq, Public Member; Dennis Egyedy, Clerk Treasurer

**Regrets:**

Bill Nauss, Commission Chair

**1.0 Call to Order**

Vice Chair Hatch called the January 22, 2020, audit committee meeting of the Village of Chester Commission to order at 11:30am. Vice Chair Hatch welcomed Sandra Dumaresq to the Committee as a Public Member and introduced the other committee members.

**2.0 New Business**

a) HST Rebate

Auditor, Lake informed the committee that he was here today to conduct an Interim Audit, meet with the audit committee, conduct some audit planning, and scheduling of future meetings. Mr. Lake responded to previous Commission questions regarding HST Rebate which the Village receives 71.42% of the HST it pays on goods that have sales tax as a rebate. The expense portion of 28.58% gets posted to the expense account. Posting of HST is done automatically through SAGE.

b) Insurance Accounts Receivable

Mr. Lake referred to the recent insurance claim of \$36,667.00 which must be posted directly to a Reserve account, as per Municipal Legislation. The funds were deposited into our bank account and will need to be moved to a Building Reserve. The insurance funds were setup as an account receivable last year and a proper entry will be made to the A/R account.

c) Reserve Accounts

The reserve accounts are for capital expenditures only. A capital item has a life expectancy greater than one year. Secondly, the commission must consider whether the expense to a capital asset is a betterment or a repair. As an example, the installation of a steel roof on a building is a betterment, whereas, a replacement of shingles with shingles on a roof is a repair. Repairs are paid out of the operating budget and betterments maybe paid out of a reserve. Finally, the commission must establish a threshold amount for an expenditure to be considered capital which maybe about \$1,000.00.

The noted difference between Bank Reserve amounts and the General Ledger amounts may be rectified by transferring the shortfall in bank reserve from the operating account into reserves. The audited Financial Statement amounts is the correct amounts for reserves. The problem for administration is that there have been three administrators in the last year and items are missed.

d) Comparative Income Statements

It was noted by the Committee that the Capital expenses are included in the operating expense accounts. Lake stated that they may be separated out and included at the end of the Income Statements. He would work with the Clerk Treasurer to make the change.

*The Committee took a 20-minute break for lunch.*

e) Financial Reporting

The financial reports have been changed where the accounts with zero amounts for budget will no longer be showing. This will eliminate a lot of unnecessary information.

Commissioner Hatch would like to see all expenditures for each month, not only the cheques written. Lake stated that a change in reporting may provide the information requested. Commissioner Grant expressed concern that additional documents for commissioners is micro-managing administration. There are two qualified individuals, Clerk/Treasurer and Auditor managing the accounts and there is no need for additional reports. Lake and Egyedy would investigate reporting options for SAGE and make any necessary changes to reporting.

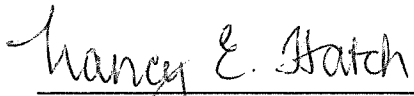
f) Electronic Transfers/ Payments

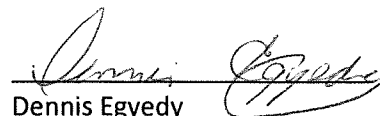
Clerk/Treasurer Egyedy brought it to the attention of the Committee that more businesses are requesting payment through an e-transfer or on-line banking. A letter was received from a major parts supplier informing the village that they will no longer accept credit cards for payment. Administration will be moving to electronic payments versus cheques.

Lake stated that signing authority will be needed to approve all payments by means of a banking app and "Token" approval or the signing of a printed list of transfers by two commissioners. Egyedy stated that he will bring the commission a list of all suppliers accepting e-payments prior to making the change.

**3.0 Adjournment**

Commissioner Hatch adjourned the January 22, 2020 meeting at 1:10 pm.

  
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Nancy Hatch  
Commission Vice-Chair

  
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Dennis Egyedy  
Clerk Treasurer