

A regular meeting of the Middleton Audit Committee was held at the Town Hall on Monday, August 18, 2025, at 2:00pm.

PRESENT

Chairing the meeting, Vice Chair Patricia Leslie, Councillor Bernadette Knapp, Resident, Dao Bui (via Zoom), Resident, Sylvester Atkinson, CAO Ashley Crocker, and Recording Secretary, Dayle Crook, Contract Accountant, Karen Kluska (via Zoom), Edele Oakey and Lauren Vail, BDO Canada (via Zoom).

Regrets: Councillor Sandra Fournier

CALL TO ORDER

Vice Chair Patricia Leslie called the meeting to order at 2:03pm.

1. APPROVAL OF AGENDA

250818.01 It was moved and seconded to approve the agenda as circulated. **Motion carried.**

2. APPROVAL OF THE MINUTES

250818.02 It was moved and seconded to approve the minutes of April 28, 2025, as presented. **Motion carried.**

3. RFD 043-2025: Draft 2024-25 Financial Statements – Lauren Vail BDO Canada

Lauren Vail, BDO Canada presented an overview of the 2024-25 Audited Financial Statements for the Town of Middleton.

Highlights of the presentation included:

- Accumulated surplus of \$1.5M for fiscal year
- Water Utility revenue was higher than budget due to capitalization of invoices for reservoir and additional water utility capital work
- Increase in holdbacks and Accounts Payable due to capital work completed on the Reservoir project
- Canadian tariffs may be applicable to the Reservoir in the amount of \$150K
- A note disclosure was added to reflect the Town of Middleton becoming a partner of the Kings Transit Authority, which will impact the financial statements in coming fiscal years
- Debenture purchases of Backhoe and Public Works truck

Contract Accountant, Karen Kluska spoke to the grant revenue being received, specifying that the Sustainable Services Growth Fund (SSGF) and a portion of the municipal capital grant were recognized through the year – identifying the increase in water utility revenue.

CAO Crocker reminded the Audit Committee members that the consolidated statements include all of the Town's funds (town general, water utility, capital funds and reserves) and do not reflect the surplus of the town general fund where the tax rate is set.

Vice Chair Patricia Leslie inquired whether there was an update on the relief application that was filled out regarding the tariffs on the reservoir. CAO Crocker stated there has been no update at this time.

250818.03 It was moved and seconded that Council approve the 2024-25 Audited Financial Statements for the Town of Middleton, for the fiscal year ending March 31, 2025. **Motion carried.**

4. Draft 2024-25 Audit Reports

4.1 Audit Report – BDO Canada

Lauren Vail from BDO Canada gave an overview of Audit Report.

A few key takeaways were:

- Materiality was determined based on a percentage of sales (\$175K)
- No unadjusted differences noted during the year
- No audit risk or findings noted during the year (including management override of controls, improper recognition of expenses, and recognition of government transfers)
- No internal control matters or significant deficiencies noted during the year
- Independent Auditors Report concluded unmodified opinion

Lauren Vail asked the audit committee members if they were aware of any non-compliance, fraud or additional subsequent events affecting the fiscal year. Members responded they were not aware of any non-compliance, fraud or additional subsequent events).

4.2 Management Letter – BDO Canada

Lauren Vail reviewed the Management Letter, noting the following items which have since been addressed by management:

- Login for Front Desk users (restricted access)
- Admin Access to Diamond (Ashley Crocker, CAO)

4.3 Draft Independence Letter – BDO Canada

Lauren Vail presented the Draft Independence letter.

4.4 RFD 044-2025: Audit Report and Management Letter – Ashley Crocker, CAO

250818.04 It was moved and seconded that the Audit Committee accept the 2024-25 Audit Report, as presented. **Motion carried.**

250818.05 It was moved and seconded that the Audit Committee accept the 2024-25 Management Letter, as presented. **Motion carried.**

5. NEW BUSINESS

5.1 Memo: Appointment of Auditor for 2025-26 – Ashley Crocker, CAO

CAO Crocker explained to the Audit Committee that they would normally recommend the auditor appointment to Council each year. However, this was the final of 3 years in the Town's current agreement with BDO Canada. CAO Crocker stated that the Town will need to issue a new RFQ for Audit Services that covers the upcoming audit for 2025-2026, and subsequent years. -

5.2 Update on Audit Costs to Date – Ashley Crocker, CAO

CAO Crocker presented the audit costs to date, explaining that the Town should be expecting a final bill from auditors, keeping us in-line with initial proposed cost – minor increase due to confirmation requirements during audit process.

6. DATE FOR NEXT MEETING

Next meeting is to be determined.

7. ADJOURNMENT

It was moved to adjourn at 3:11pm.

Patricia Leslie, Vice Chair

Dayle Crook, Recording Secretary