

STAFF REPORT: Finance & IT Services

REPORT TO: Finance & Administration
MEETING DATE: December 20, 2011
REPORT NO.: FIT.11.41
SUBJECT: 2010 Surplus / Deficit
PREPARED BY: Robert Cummings, Director of Finance & IT Services

A. Recommendations

THAT Council receive Staff Report FIT.11.41, "2010 Surplus / Deficit"; and,

THAT Council allocate the 2010 General Fund surplus amount to fund the following:

Cemetery deficit	\$159,353
Cemetery reserve deficit	\$ 8,296
Building Department deficit	\$780,729
2011 Building Department deficit	\$260,000 (est)
2011 General Revenue (as per budget)	\$ 95,000
Insurance Reserve Fund	\$100,000
(to support higher deductible/lower premium)	
Unfinanced Capital – Land Purchase	\$ 65,000
Community Health Centre Land	
Unfinanced Capital – Zoning By-Law	\$175,000
HR Reserve Fund (Pay equity & other)	\$175,000
Working Capital Reserve	\$148,839 (or the remaining amount)
Community Health Centre grant & loan	

B. Background

Results from the 2010 Audited Financial Statements have identified a General Fund accumulated surplus of \$1,967,217. Also noted were deficits for the Building Inspection Department and Cemetery of \$780,729 and \$159,353 respectively.

In dealing with these deficits, Town staff is recommending the use of the General Fund surplus to fund and extinguish the Building Inspection department and Cemetery deficits.

For a number of years prior to new legislation in 2006, Building Inspection surpluses had been absorbed into the General Fund. Ideally, these amounts should have been saved in a Reserve Fund for the purpose of dealing with lean building inspection revenue years.

In addition, there remains approximately \$1.025 million in the accumulated General Fund surplus. Staff identified \$95,000 to be used in 2011 as revenue during the budget process.

The fiscally responsible use of the remainder of the surplus would be to apply it to areas in the organization where funds have already been spent such as unfinanced capital, debt or anticipated debt. This was the underlying criteria for the recommendation.

With this in mind, staff reviewed a number of options for the use of these funds that would prove beneficial to the Town now and provide some flexibility in the short-term by reducing annual debt payments. Although, many of the items need to be supported, priority was given to those items that prove or require an immediate cash inflow. A partial list of some of the considerations follows.

- 1) 2011 Budget
- 2) Insurance Reserve Fund (to support higher deductible)
- 3) Unfinanced Capital - NEGHC Property
- 4) Unfinanced Capital - Zoning By-Law/Short Term Accommodation Debt
- 5) Working Capital Reserve (Family Health Clinic Grant) reimburse - \$350,000
- 6) HR Reserve Fund (Pay equity & other)
- 7) Cemetery Reserve Deficit
- 8) Landfill mining and expansion contribution
- 9) Building/Facilities Reserve Fund
- 10) Slabtown Bridge Debt
- 11) Setup additional funds for Attainable Housing
- 12) Economic Development Fund

C. The Blue Mountains' Strategic Plan

Providing a strong, well managed municipal government

D. Environmental Impacts

Supporting environmentally sound decisions

E. Financial Impact

Results from the 2010 Audited Financial Statements have identified a General Fund accumulated surplus of \$1,967,217. Also noted, were deficits for the building inspection department and cemetery of \$780,729 and \$159,353 respectively. Implementation of this recommendation will assist the Town with future budgets when dealing with debt payments.

F. Attached

Respectfully submitted,

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