

Minutes - Finance and Administration Committee



MEETING DATE: January 18, 2011
LOCATION: Building Department Meeting Room
PREPARED BY: Stephen Keast, Administrative Assistant

A. Call to Order

The Secretary then called the inaugural Committee meeting to order with all members in attendance save Councillor McKean, absent due to a previous commitment.

Also in attendance was Director of Financial and Information Services Rob Cummings and Manager of Revenue Ruth Prince.

The Secretary then noted the floor was open for nominations for Committee Chair and the following nomination was made.

Moved by: Gail Ardiel Seconded by: Joe Halos

THAT Robert J. Gamble be nominated for Committee Chair.

As there were no further nominations the Secretary noted nominations for Chair were closed and Councillor Robert J. Gamble was acclaimed as Chair.

Councillor Gamble then assumed the Chair and the Committee meeting proceeded.

The Committee then dealt with the following Resolution:

Moved by: Joe Halos Seconded by: Gail Ardiel

THAT the Agenda of January 18, 2011 be approved as circulated, including any items added to the Agenda, Carried.

No member present declared a potential pecuniary Interest with any matter as listed on the Agenda.

The Committee then dealt with the following Resolution:

Moved by: Gail Ardiel Seconded by: Joe Halos

THAT the minutes of September 14, 2010, be approved as circulated, including any revisions to be made, Carried.

B. Deputations / Presentations

B.1 Tracey Smith, BDO Dunwoody LLP – Draft Financial Statements for the Year Ended December 31, 2009

Rob then introduced Tracey to the Committee and noted her experience with the Town audit process.

Rob then noted the biggest component of the audit is now the importance of Tangible Capital Asset (TCA) reporting as in the business world, representing a tremendous challenge in this first year.

Tracey then noted these are draft statements in that there is some outstanding documentation requirements but the numbers are complete.

Tracey then noted the pressing issue is completion of the Financial Information Return to allow release of Ontario Municipal Partnership Fund Provincial grant funding, the financial statements usually completed by May and this is a priority.

Tracey clarified the only issue was TCA amortization shown under General Government and should be displayed by Department or function, Rob adding the information can be obtained from the current financial system.

Tracey then gave a brief overview of the new Financial Statement format, revised by the Public Service Accounting Board in relation to TCA work. Tracey noted there is a change in Net Debt being shown with fund accounting no longer included.

Councillor Ardiel then questioned if the new format was simpler, Tracey replying that eliminating the fund accounting reduced journal entries, the new format more on a balance sheet level with more focus on General funds.

Councillor Halos then questioned if there was no recommendations shown because these are draft Statements, Tracy replying yes and the final Statement will contain Recommendations.

Tracey then noted the audit was essentially complete in July, 2010, the remainder completed in December .

Tracey then reviewed Assets and Liabilities, Non financial assets, being TCA's.

Chair Gamble then questioned the content of Trade and other receivables, Tracey noting it was grant funding from 2008. Councillor Halos then questioned the title, Tracey clarifying it was another name for accounts receivable.

Tracey then noted receivables are up and cash is down, but was more of a timing issue, noting long term receivables were billed late in 2009.

Tracey then noted Liabilities have decreased as well as Deferred revenue, essentially obligatory reserves such as Development Charges and grant funding that has not been spent.

Tracey then noted Net financial assets are \$11,490,920.

Tracey then spoke to the Accumulated surplus, representing what the Town has accumulated over time, including TCA's.

Tracey then reviewed the Consolidated Statement of Operations and Accumulated Surplus, noting the actual 2009 Town revenue was \$28,192,302.

Councillor Ardiel then questioned why the 2009 Actual and Budget figures were different, Tracey noting it is difficult to budget capital projects over time, Rob noting there are capital funds being spent on projects that have not yet been tendered, adding until funds are transferred from Operating to Capital, they would not show in the Budget until included in the Capital Budget.

Councillor Halos then questioned if all reserve funds were in the obligatory reserve line, Tracey replying other reserve funds do not show in this schedule but are shown later in the Statement.

Tracey then noted in Expenses, studies are not considered an asset and are shown in Operating now, rather than Capital.

Tracey then noted the example of the amortization of all TCA's shown under General Government rather than broken down by function.

Tracey then noted Operating Expenses only increased 2.5% from 2008.

Tracey then noted the Annual surplus shown as \$5,186,186 is not an Operating surplus, rather where debt and capital charges are paid from, Joe noting it would be beneficial to see this on the same page, Tracey clarifying this will show later under Notes.

Tracey then reviewed the Consolidated Statement of Changes in Net Debt, noting this is a new statement showing the Annual surplus and pay-out and the Net financial assets.

Tracey then reviewed the Consolidated Statement of Cash Flows, noting cash equivalents were reduced in 2009, based on capital projects but cash flow should balance out.

Councillor Ardiel then noted this Statement will have to be explained to members of the public, Tracey noting so long as the Town moves forward with capital planning it can be managed.

Rob then noted the cash balance in 2008 was more than necessary and capital projects moved forward in 2009.

Chair Gamble then noted ideally a municipality would have cash on hand equal to outstanding taxes receivable, adding the Town does have receivables coming in on certain capital projects.

Tracey then reviewed Tracey then reviewed Statement Notes beginning with Note 7, Tangible Capital Assets, showing a Cost end of year total of \$226,268,217 and an amortized Net carrying amount end of year of \$158,866,399. Tracey noted for example the Net amount would be zero if amortized replacement of assets was required.

Chair Gamble then noted the Net amount could be inflated, Tracey agreeing but noting the Statement is not an asset management tool.

Bob then noted for example we have to be careful not to dispose of vehicles simply because they were depreciated as they may have additional useful life.

Regarding Note 8, Accumulated Surplus, Tracey noted of the \$170,500,769 Accumulated surplus, \$147,334,023 is the total investment in assets.

Councillor Ardiel then questioned if capital assets are financed internally, Rob replying primarily.

Tracey then noted the General surplus is \$1,008,375, offset by a Building Department deficit of \$639,469, which will need to be financed.

Councillor Halos then noted the Landfill closure is noted as unfunded and questioned why this line would show differently compared to a sewage treatment plant, Tracey noting a Landfill site is not considered a capital asset and a treatment plant would show under Unfinanced capital assets.

Rob then noted Council to date has chosen not to put away funding for Landfill closure, unfunded meaning there are no funds in reserve, unfinanced meaning no decision on the type of financing has been made.

Councillor Ardiel then recounted during her previous Council terms it was believed the Landfill had a significant lifespan remaining and in the past four years the lifespan seems to be greatly diminished, acknowledging funding was not placed in a reserve for closure by previous Councils.

Gail then questioned if the \$24,232,686 Reserves and reserve funds are a healthy situation, Tracey replying it is very healthy for a municipality of our size.

Chair Gamble then noted the Thornbury Wastewater Treatment Plant will be a project in the amount of \$5.5 million, Tracey noting that would be a reflection of cash reserves being used up.

Councillor Halos then noted it was good to have sufficient reserves spread out in an equitable manner.

Rob then noted it was a matter of waiting for Development Charge reserves to come back, adding 90 new units were projected in 2010 and 88 units were constructed.

Joe then questioned if there was a legal services reserve, Rob replying yes in Operating.

Tracey then noted the Reserves and reserve funds figure does not include the obligatory Development Charge reserves of \$1,504,169, these funds being specifically earmarked.

Chair Gamble then noted surpluses in Water and Wastewater Budgets offset the Development Charge funds, Tracey clarifying the Development Charge reserves were actually \$752,376 at year end with \$691,340 in Recreational land reserves.

Regarding Note 10, Budgets, Tracey noted the Net transfer to reserves was \$890,056, clarifying the amortization amount was added back into the General surplus, adding the actual surplus was \$1,008,375, with an actual Budget result of).

Chair Gamble then questioned revenue from trust funds for the cemetery, Tracey replying they would show in Operating.

As there were no further questions Chair Gamble thanked Tracey and she retired from the meeting.

C. Staff Reports

C.1 Draft Financial Statements for the Year Ended December 31, 2009

Moved by: Gail Ardiel

Seconded by: Joe Halos

THAT the Committee receive the draft Town Financial Statements for the year ended December 31, 2009 as audited by BDO Dunwoody LLP and that the final 2009 Financial Statements be adopted by Council at the next scheduled Council meeting, Carried.

C.2 Refrigeration Chiller and Condenser Pre-approval, DOR.11.08

Facility Manager Aaron McMullen and Director of Recreation Shawn Everitt were then in attendance.

Aaron then reviewed the Report, noting this was a project carry-over from 2010 and because of the extended ice season as it is difficult to meet construction and ice-making timeframes for installation if it is to await final 2011 Budget approval.

Aaron then noted the condenser is in very poor condition and leaks water to a significant degree, adding the chiller and condenser are both 19 years old and Staff are being pro-active in maintaining such equipment as failure could result in the loss of the ice surface.

Councillor Ardiel then questioned the lifespan of such equipment, Aaron noting 15 to 20 years was the estimate from refrigeration mechanics.

Councillor Halos then questioned if any equipment could be rebuilt, Shawn replying compressors and pumps are rebuilt but the rest of the equipment is replaced, the condensers not worth the cost to rebuild.

Shawn then noted the 2010 Budget contained \$55,000 for the condenser and the 2011 Budget is proposed to contain \$50,000. for the chiller.

Chair Gamble then questioned if the award of any tender would be brought before Council, Shawn replying yes as it is expected to exceed \$100,000.

The Committee then dealt with the following Recommendation:

Moved by: Joe Halos

Seconded by: Gail Ardiel

THAT Council receive Staff Report DOR.11.08 entitled " Refrigeration Chiller and Condenser Pre-approval" and does hereby grant pre-approval in the 2011 municipal budget process for the replacement of the refrigeration chiller and condenser at the Beaver Valley Community Centre at a total budgeted amount of \$105,000.00, Carried..

C.3 2011 Fees and Charges for Recreation Services, FIS.11.02

Ruth then reviewed the Report, noting the increases were all between two and five per cent, with the Beaver Valley Athletic Association receiving a 35% subsidy on all rates.

Ruth then noted credit card payment is not offered and has been well accepted, Shawn adding it also acts to guarantee payment for facility bookings.

AND THAT a Public Meeting to review proposed Amendments to By-law 2008-113 as amended "Fees & Charges By-law", Schedule "H" – Recreation Department Services, Schedule "I" – Harbour, Schedule "J" – Craigeleith Heritage Depot and Schedule "K" – Ice Rentals, Carried.

C.4 The Blue Mountains Fire Department Third Quarter Report, 2010

Fire Chief Ron Doherty, Deputy Chief A.J. Lake and Community Emergency Management Coordinator Steve Conn were then in attendance.

Ron then reviewed the Report, noting the format had been developed at the request of Council and if the Committee wished to make any revisions, Staff would accommodate them.

Ron then noted Third Quarter Highlights, the proposed Grey County ambulance base at the Craigeleith Firehall location moving ahead, challenges being the siting of two buildings and two parking lots on a smaller lot and complying with stormwater management requirements.

Ron then reviewed 2010 Training attendance, noting a minimum of 75% attendance is required as it is important for the volunteer firefighters to be properly trained and prepared. Regarding response to calls, Ron noted 50% is the Provincial average.

Ron then noted over half of the volunteer firefighters have five years or less experience, the less experienced firefighters having received less training.

Ron then reviewed fire prevention efforts, noting the role of Fire Department was enforcement of the Ontario Fire Code.

Ron then reviewed Third Quarter responses, noting responses to Blue Mountain Resort are separated.

Ron then reviewed response types, noting they virtually identical to 2009.

Ron then reviewed the 10 firefighter in 10 minutes 90% of the time statistics, a pumper is on scene over 50% of the time in 10 minutes but the 10 firefighters on scene in 10 minutes is 46% at Hall 1 and 0% at Hall 2. Ron further noted extra effort is being made to recruit at Hall 2 to increase manpower and improve responses and the Fire Master Plan will address a portion of this situation.

Ron then reviewed training statistics, noting training was a significant portion of the Fire Budget, will all volunteer firefighters taking part in the Ontario Firefighter Certification Program.

respect of the vote (current wording is they *shall* vote, which intends to mean they shall respect the call for the vote).

Recommendation 6. Subsection 16.8, **Motions / Resolutions**, be revised to note that a request for a recorded vote must be made immediately before the vote only and to note that a member expressing preliminary intent to call for a recorded vote does not act to minimize, terminate or quash debate on a matter.

Recommendation 7. Section 16.8, **Motions / Resolutions**, be implemented as currently written, being that following a request for a recorded vote, the Chair of the meeting shall vote last.

Recommendation 8. That Council install provision for a “simultaneous recorded vote”, where a member may request such a vote in the manner of a recorded vote and the Clerk or Secretary will provide a ballot to each member who records their vote secretly for or against the question.

Recommendation 9. Subsection 17.1, **Notice of Motion**, be clarified as to the requirement for a Secunder on a Motion shown on an Agenda arising from Notice of Motion given at a previous meeting.

Recommendation 10. Subsections 21.1. a), **Committees**, be modified to note the Standing Committees have four designated members, all having voting privileges and all responsible to attend *and at the inaugural meeting shall select a Chair from among them*. The method of election should also be prescribed.

Recommendation 11. Subsection 21.4, **Committees**, be modified to clarify the Head of Council is an ex-officio member of all Committees but attendance at meetings would not be considered as part of the quorum unless the Mayor was specifically appointed or designated;

Carried.

D. Correspondence

D.1 Small Business Enterprise Centre – Request for support – referred by Council January 10, 2011

Communications and Economic Development Coordinator Lisa Kidd was in attendance at that time and reviewed the correspondence with the Committee.

Councillor Halos then noted the request should be considered together with other requests for funding made through the Grants and Donations Program, Councillor Ardiel concurring, adding the Committee was not aware of the response of the other named municipalities.

