

**COMMITTEE REPORT: FINANCE AND ADMINISTRATION COMMITTEE**

**MEETING DATE:** March 15, 2011  
**LOCATION:** Building Department Meeting Room  
**PREPARED BY:** Stephen Keast, Administrative Assistant

**A. Recommendations****1. Proposal for a Town Hall Meeting to present Town Financial Strategies and Performance Comparison of the Town with Other Municipalities**

THAT Council authorize preparation of Town financial strategies and performance comparison information in conjunction with Gary Adams and Terry Hughes and that a ratepayer forum move forward, unanimously Carried.

**2. Community Policing Committee - Rural Community Watch Program Request for Funding**

THAT Council review the 2011 Police Budget, other than the Police contract, to consider if there are adequate funding sources for the Community Policing Committee Community Watch program request for \$7,500.00, unanimously Carried.

**3. Review of 2009 Audited Financial Statement Management Letter**

Received and reviewed, Staff Report to follow.

**4. Annual Report – Building Fees, FIS.11.08**

THAT Council receive Staff Report FIS.11.08 “Annual Report – Building Fees” being a report of the Town of The Blue Mountains’ 2009 and 2010 direct and indirect costs of delivering services related to the administration and enforcement of the *Building Code Act*, unanimously Carried.

**5. 2010 Statement of Remuneration and Expenses, FIS.11.09**

THAT Council receive Staff Report FIS.11.09, “2010 Statement of Remuneration and Expenses”, as required under Section 284 of the *Municipal Act, 2001*, for information Purposes, unanimously Carried.

**6. Correspondence**

THAT Correspondence Items D.2 and D.4 be received for consideration by individual members of Council and Items D.1 and D.3 be referred to the Communications and Economic Development Coordinator for consideration under the Grants and Donations Program, unanimously Carried.

## **B. Deputations/Presentations**

**B.1** Gary Adams – Proposal for a Town Hall Meeting to present Town Financial Strategies and Performance Comparison of the Town with other municipalities

**B.2** Larry Hall – Community Policing Committee - Rural Community Watch program request for funding

## **C. Staff Reports**

**C.1 2009 Audited Financial Statement Management Letter**

**C.2 Annual Report – Building Fees, FIS.11.08**

**C.3 2010 Statement of Remuneration and Expenses, FIS.11.09**

## **D. Correspondence**

**D.1** Grey County Farm Safety Association, request for support

**D.2** Land Forces Central Area Training Centre Golf Tournament, request for support

**D.3** St. John Ambulance Training Facility and Administrative Office, request for support

**D.4** E3 Community Services and Rotary Club Golf Tournament, request for support

## **E. Next Meeting Date**

April 19, 2011, 2:00 p.m., Building Meeting Room

## COMMUNITY POLICING COMMITTEE

### AGM 2010 February 22, 2011 and Report to the Police Services Board February 23, 2011

#### CPC Membership

- 2010 Membership: Stan Back; Larry Hall; Cameron Kennedy; Dolf Jansen; Gary Huber; Meredith Brown; Michael Seguin; Paul Martin; Rick Ouellet; Charles Watts;
- 2011 Membership: Guests -- Alison Miller; Cindy Gretton; Doug Bumstead; Jacquie Hendry; Helen Russell; Linda Wykes; Roy Genoe
- 2011 Officers: Chair -- Larry Hall; Vice-Chair – TBD; Secretary – Helen Russell; Treasurer – TBD
- Support Team: Lisa Kidd; Kevin Leonard; Shelley Savill; Raj Sud.

#### Finance

##### CPC Sponsors:

- |                                 |                    |
|---------------------------------|--------------------|
| • Thornbury / Clarksburg Rotary | \$2,500            |
| • Huronia Alarms                | \$2,500            |
| • Blue Mountains 2010 Budget    | \$10,000 + \$5,000 |
| (Spent - \$4650)                |                    |
| 2011 Funding pending            | \$7,500            |

#### Programs

1. False Dispatch Free Community (Alarms By-law)
  - Refer to attached report
2. MTO – Thornbury speed transition Zone
  - Joint CPC / Town recommendation to 70 KMH at Hwy 26 Eastern entrance to Thornbury
  - In progress: target Fall 2010 - MTO bureaucracy delay

## Programs Continued

### 3. Community Watch

- Neighbourhood Watch
  - Craigleith Pilot – implemented August 2009
    - Continuing Community Disruptions (rowdyism, noise, vandalism)
    - Challenge: citizen education and reporting; coordinated police and town by-law enforcement; OPP direct linkage to complainants (outreach)
    - STA Bylaw OMB ruling pending
  - Lora Bay
    - Strong Leadership (Huber, Martin, Seguin)
    - New Lora Bay coordinator (Miller)
    - Participant sign up continuing
  - Thornbury / Clarksburg
    - Building support: Rotary engagement
    - Seeking Program Leadership
  - Support Programs
    - Neighbourhood Watch participants' manual and package (manual, decals, refrigerator magnets; valuables inventory; house proofing how-to's; recreation equipment registration (retailers), registration form, link to website and Crime Stoppers
  - Community Watch Website
    - Version 2.0 completed Feb 21
    - Redraft to 3.0 - launch in early March
- Rural Watch
  - Agricultural Advisory Committee (AAC) update (February 1), AAC delegate to CPC: Jacquie Hendry
  - Ravenna Hall Rural Watch Launch meetings AAC and Greater Ravenna Area Gentlemen's Literary Society to support launch
- Business Watch
  - Blue Mountain Resort Village Program fully operational
  - Obtained Blue Mountain Chamber of Commerce / BIA sponsorship
  - Chamber / BIA Business Watch Breakfast seminar pending

## **Programs Continued**

- Traffic Watch
  - MTO approval of sign locations pending
  - Publicity campaign pending: Website(s), newspaper articles, town e-mail program

## **2011 Committee Key Priorities**

1. Build CPC capabilities
  - Formalize structure
  - Recruit New members
  - Develop Succession Plan (Officers, divest Community Watch to program leaders and return to Core Mandate)
2. Implement Thornbury / Clarksburg Neighbourhood Watch
  - Complete Materials Package / Website
  - Build Thornbury / Clarksburg Leadership Team: Program and Neighbourhood coordinators; Consider separate Thornbury and Clarksburg programs
  - Launch Public meetings / web-site / publicity program
3. Continue to encourage implementation of Community Policing Principles:
  - As above, build cadre of Community Watch leaders and volunteers
  - Assist the Town to develop integrated citizen, Town officials, and OPP prevention and enforcement approaches to issues such as Craigeith neighbourhood disruption.
  - Encourage the OPP to implement the Community Policing Zone deployment model

February 23, 2011



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C.1

**Private & Confidential**

February 9, 2011

Members of the Finance & Administration Committee  
Town of The Blue Mountains  
26 Bridge Street  
Box 310  
Thornbury, Ontario  
N0H 2P0

Dear Committee Members:

**Re: Audit of the Financial Statements of  
Town of The Blue Mountains  
For the year ended December 31, 2009**

The purpose of this report is to summarize certain aspects of the audit that we believe would be of interest to the Finance & Administration Committee. This report should be read in conjunction with the financial statements and our report thereon, and it is intended solely for the use of the Finance & Administration Committee and should not be distributed to external parties without our prior consent. We accept no responsibility to a third party who uses this communication.

**Current Developments in the Profession**

There have been significant developments in the area of financial reporting, corporate governance and auditing this year.

***Auditing and Assurance Standards Board Strategic Plan***

The Auditing and Assurance Standards Board (AASB) has adopted International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB). The ISAs, which deal with the audit of financial statements, will be incorporated into the CICA Handbook and will be called "Canadian Auditing Standards" (CASs). CASs will be applicable to all entities and will be effective for fiscal periods ending on or after December 14, 2010, and will impact our audit of your entity. Below are some of the key changes that will have the most significant impact:

***CAS 320 - Materiality and CAS 450 - Evaluation of Misstatements***

CAS 320 introduces "performance materiality" to the audit. As you are aware, overall materiality in an audit is used as a guide for planning the nature and extent of audit procedures and for assessing the sufficiency of audit evidence gathered. It is also used in evaluating the misstatements found and determining the appropriate audit opinion to express. Performance materiality will be at 50% to 75% of overall materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. This will have an impact on the amount of work we perform, as the extent of our substantive procedures will be based on performance materiality.

CAS 450 requires that we request correction of all non-trivial misstatements. We will need to obtain from you and document reasons why corrections are not made, and consider these misstatements when determining whether the financial statements are materially misstated. This will help you to maintain accurate accounting books and records and reduce the risk of material misstatements in future periods due to the cumulative affect on uncorrected misstatements related to prior periods.

### ***CAS 560 - Subsequent Events***

This standard requires that the date of our auditor's report is the date which the financial statements have been prepared and those with recognized authority have asserted that they have taken responsibility for those financial statements. This means when, for example, management or those charged with governance have approved the draft financial statements.

This will have an impact on procedures that are linked to the date of our auditor's report such as the following:

- legal enquiry letter: we will likely have to send a letter during field work and perform a follow up with legal counsel once our report date is known.
- subsequent event work: we will likely have to send staff to finish off procedures relating to subsequent events while financial statements are being presented for approval if our staff have left your premises prior to the date of the report.

### ***CAS 700 - The Auditor's Report***

In addition to there being more flexibility in giving opinions on different bases of accounting, there has been a change in the length and structure of the standard audit report.

Gone is the premise that Canadian generally accepted accounting principles (GAAP) is the only accounting framework acceptable for audit. Soon the premise will be that entity chooses the accounting framework and as long as the framework selected is suitable for the circumstances it can be audited.

Organizations should keep in mind they may have legislative or other requirements to observe which indicate the accounting framework they should follow. In addition organizations should be aware that not every accounting framework is suitable for every circumstance. We can discuss options available to you.

The base wording of the auditor's report will have four paragraphs:

1. The 'Report on the Financial Statements' paragraph describes what we are auditing.
2. The 'Management's Responsibility for the Financial Statements' indicates management is responsible for the preparation of the financial's. It also indicates the framework in use.
3. The 'Auditor's Responsibility' paragraph explains our relationship to the financial's and what an audit entails.
4. The 'Opinion' paragraph contains our conclusions.

If you have any questions on these new audit standards, we would be pleased to discuss them with you in more detail.

## **Independence**

At the core of the provision of external audit services is the concept of independence. Canadian generally accepted auditing standards (GAAS) require us to communicate to the Finance & Administration Committee, at least annually, all relationships between BDO Canada LLP (and its related entities) and the Town of The Blue Mountains (and its related entities), that, in our professional judgment, may reasonably be thought to bear on our independence for the audit of the organization.

We are aware of the following relationship between the organization and us that, in our professional judgment, may reasonably be thought to bear on our independence. The following relationships represent matters that have occurred:

- We provided assistance in the preparation of the financial statements, including adjusting journal entries and/or bookkeeping services. These services created a self-review threat to our independence since we subsequently expressed an opinion on whether the financial statements presented fairly, in all material respects, the financial position, results of operations and cash flows of the organization in accordance with Canadian generally accepted accounting principles.
- We, therefore, required that the following safeguards be put in place related to the above:
  - Management created the source data for all the accounting entries.
  - Management reviewed and approved all journal entries prepared by us, as well as changes to financial statement presentation and disclosure.
  - Someone other than the preparer reviewed the proposed journal entries and financial statements.

GAAS requires that we confirm our independence to the Finance & Administration Committee in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. Accordingly, we hereby confirm that we were independent with respect to the Town of The Blue Mountains within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario as of January 25, 2011.

## **Responsibilities of the Auditor**

It is important for the Finance & Administration Committee to understand the responsibilities that rest with the organization and its management and those that belong to the auditor:

- Management is responsible for the preparation of the consolidated financial statements, which includes responsibilities related to internal control, such as designing and maintaining accounting records, selecting and applying accounting policies, safeguarding assets and preventing and detecting fraud and error;
- The auditor's responsibility is to express an opinion on the consolidated financial statements based on an audit thereof;
- An audit is performed to obtain reasonable, but not absolute, assurance as to whether the consolidated financial statements are free of material misstatement and, owing to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed;
- The audit includes:

- (i) obtaining an understanding of the entity and its environment including internal control in order to plan the audit and to assess the risk that the consolidated financial statements may contain misstatements that, individually or in the aggregate, are material to the financial statements taken as a whole;
  - (ii) examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
  - (iii) assessing the accounting principles used and their application; and
  - (iv) assessing the significant estimates made by management;
- When the auditor's risk assessment includes an expectation of the operating effectiveness of controls, sufficient appropriate audit evidence is obtained through tests of controls to support the assessment, but the scope of the auditor's review of internal control is insufficient to express an opinion as to the effectiveness or efficiency of the entity's controls; and
  - We expressed an opinion as to whether the consolidated financial statements presented fairly in all material respects, in accordance with Canadian generally accepted accounting principles, the financial position, results of operations and cash flows of the entity.

### **Audit Approach**

We were engaged to perform the audit of the consolidated financial statements of the Town of The Blue Mountains for the year ended December 31, 2009. We adopted an audit approach that allowed us to issue an audit opinion on the consolidated financial statements of the organization in the most cost effective manner, while still obtaining the assurance necessary to support our audit opinion.

BDO Canada LLP follows a risk based approach. This approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focus our audit effort in areas that we believe have a higher risk of being materially misstated and do less audit work in areas that are only low risk.

To assess risk accurately, we need to have a clear understanding of the organization's business and the environment it operates in. Much of our understanding is obtained through discussions with management and their staff.

The following sections provide more detail on our audit approach for the Town of The Blue Mountains for the year.

### ***Audit Scope***

The scope of our audit of the consolidated financial statements of the Town of The Blue Mountains for the year ended December 31, 2009 included the following:

- An audit opinion on the consolidated municipality
- An audit opinion on the Trust Funds
- An audit opinion on the Library Board
- Auditors' Comments on Supplementary Financial Information for the Museum
- Preparation of the Ontario Financial Information Return

## ***Overall Audit Strategy***

The general audit strategies available to us are a "combined" audit approach or a "substantive" audit approach.

In a combined audit approach, we would obtain our assurance from a combination of tests of controls (compliance procedures) and substantive procedures (such as analysis of data and obtaining direct evidence as to the validity of the items). The combined strategy is more appropriate when there is a large number of transactions and when controls in the organization are strong. By obtaining some of our assurance from tests of controls, we can reduce the substantive procedures that need to be done. Under a substantive audit approach, all of our audit evidence is obtained through substantive procedures like analysis, confirmation, examination of documentary or electronic evidence, etc.

Based on our knowledge and experience with your organization and a preliminary review of your internal controls, we used a substantive approach.

## ***Materiality***

Materiality can be defined as follows:

"A misstatement or the aggregate of all misstatements in financial statements is considered to be material if, in the light of surrounding circumstances, it is probable that the decision of a person who is relying on the financial statements, and who has a reasonable knowledge of business and economic activities (the user), would be changed or influenced by such misstatement or the aggregate of all misstatements. Misstatements in financial statements arise from departures from generally accepted accounting principles and include departures from fact, inappropriate determination of accounting estimates, and omissions of necessary information. Misstatements may arise from error or fraud, or from the consequences of an illegal act." (CICA Handbook S.5142, AuG-41)

Materiality in an audit is used as a guide for planning the nature and extent of audit procedures and for assessing the sufficiency of audit evidence gathered. It is also used in evaluating the misstatements found and determining the appropriate audit opinion to express.

Although we are required to determine materiality based on our perception of the needs of users, it is extremely difficult to predict with certainty who those users will be or, indeed, the specific needs of known users. Consequently, the materiality decision ultimately becomes a matter for the auditor's professional judgment. We have identified Finance & Administration Committee, ratepayers and long-term debt holders as the most important users of the organization's financial statements.

Canadian generally accepted auditing standards require the use of both quantitative and qualitative factors in determining materiality. For the audit of the Town of The Blue Mountains for the year ended December 31, 2009, we have concluded that a materiality level of \$250,000, based on 1% of normalized expenditures, and adjusted by qualitative factors such as knowledge of your municipality, is appropriate for the purposes of the audit.

## **Audit Findings**

There are a number of matters that arose during the audit that we would like to bring to your attention, although none of them resulted in a qualified opinion. Each of these matters is summarized briefly below. We would be happy to discuss any of these items in more detail at our upcoming meeting.

## ***Likely Aggregate Misstatements***

Uncorrected misstatements aggregated during the audit that were determined by management to be immaterial amounted to \$108,041. A summary of the statement of likely aggregate misstatements is attached to this letter.

After considering both quantitative and qualitative factors with respect to the likely aggregate misstatements attached, we agree with management that the financial statements are not materially misstated.

### ***Tax Arrears***

An analysis of your tax arrears as at December 31, 2009 is as follows:

	<u>2009</u>	<u>2008</u>
Current year	\$ 2,741,183	\$ 2,978,135
One year	914,148	630,750
Two years	331,828	264,453
Three or more years	223,358	102,457
Interest and penalties	424,695	289,408
	<u>4,635,212</u>	<u>4,265,203</u>
Less: Allowance for uncollectable amounts	(34,000)	(34,000)
	<u>\$ 4,601,212</u>	<u>\$ 4,231,203</u>

Tax arrears as a percentage of the total levy for the year is 15.2% compared to a corresponding percentage of 14.7% at the end of 2008. Current year collections as a percentage of current taxation is 90.9%.

### ***Accumulated Surplus***

As shown in the notes to the financial statements your accumulated surplus is comprised of the following:

	<u>2009</u>	<u>2008</u>
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 158,866,399	152,018,325
Unfinanced capital assets	(6,817,211)	(3,715,508)
Capital assets financed by long-term liabilities and to be funded in future years	(4,715,165)	(5,422,701)
Total invested in capital assets	<u>147,334,023</u>	<u>142,880,116</u>
Unfunded post-employment benefits	(89,819)	(87,331)
Unfunded projects	(156,881)	(82,287)
Unfunded solid waste closure and post-closure costs	(1,142,130)	(1,049,746)
General surplus	1,077,692	577,692
Building inspection deficit	(639,469)	(313,993)
Cemeteries	(113,609)	(36,516)
Recreation, community centres and arenas	67,593	84,018
	<u>146,337,400</u>	<u>141,971,953</u>
Reserves and reserve funds	24,232,686	23,342,630
Accumulated surplus	<u>\$ 170,570,086</u>	<u>\$ 165,314,583</u>

Included in the accumulated surplus above is a deficit in the building inspection department of \$639,469. There have been deficits in this department for two years. Activities within this department should be reviewed to ensure that this deficit does not continue to grow.

Sewer operations had a deficit for the current year of \$3,021 and water operations had a deficit of \$13,844. These amounts should be recovered from sewer and water users in 2010.

**Reserves and Reserve Funds**

An analysis of your reserves at December 31, 2009 is as follows:

	<u>2009</u>	<u>2008</u>
<b>Reserves</b>		
Working funds	\$ 3,122,532	\$ 2,510,214
Contingencies	-	155,626
Insurance, sick leave and WSIB	162,674	176,927
Current purposes	898,395	840,096
Capital purposes	5,038,723	6,966,895
	<u>\$ 9,222,324</u>	<u>\$ 10,649,758</u>

An analysis of your reserve funds at December 31, 2009 is as follows:

	<u>2009</u>	<u>2008</u>
<b>Obligatory Reserve Funds</b>		
Development charges	\$ 752,376	\$ 1,504,169
Recreational land	619,340	691,392
Federal Gas tax	239,406	227,479
Parking	27,000	27,000
	<u>1,638,122</u>	<u>2,450,040</u>
<b>Discretionary Reserve Funds</b>		
Sewage	11,146,123	9,449,646
Water	2,746,006	2,252,165
General government	22,334	22,180
Roads	734,129	584,692
Garbage and recycling	65,128	64,681
Parks and recreation	199,382	217,682
Library	81,654	86,327
Other	15,606	15,499
	<u>15,010,362</u>	<u>12,692,872</u>
	<u>\$ 16,648,484</u>	<u>\$ 15,142,912</u>

Reserves are amounts set aside for specific purposes to ensure the resources to meet the purpose intended are available when required. We understand that part of Council's budgeting process is a review of the reserves. We recommend Council continue to review annually the reserve balances to determine whether amendments or additions are required and whether reserves in certain areas are adequate. The level of reserves and annual contributions required should correspond to the capital requirements outlined in your comprehensive long-term capital plan.

There are many obligatory reserve funds which are in a negative position. This means that the Town has spent more than what has been raised and the Town is borrowing from other reserve funds to finance capital. The negative reserve funds are; general government \$724,538, fire and rescue \$422,304, roads and related service area \$2,009,378, Craigleith sewer capacity \$1,003,525, Clarksburg Sewer \$367,214, Thornbury East water \$104,004, Thornbury West water \$229,583, Thornbury West sewer \$695,085, Thornbury East sewer \$81,262, and Lora Bay sewers \$1,158,380. Council should ensure that these reserve fund deficits are addressed in the next development charge summary and reduce capital spending where appropriate.

### ***Internal Controls***

We obtained a sufficient understanding of internal controls to enable us to plan the audit. In certain areas we assessed control risk below the maximum and obtained sufficient appropriate evidence through tests of control to support that assessment, however, our study and evaluation of internal controls was not sufficient to express an opinion on the effectiveness of the organization's internal control systems.

### ***Review of Internal Controls***

Our review of internal controls is undertaken to identify key controls which we rely on to provide some of the audit evidence to support our audit opinion. It is management's role to implement effective controls to protect the assets of the municipality and to ensure accurate financial reporting. It is the role of Council through the Finance & Administration Committee to ensure that management has effective internal controls in place. We recommend that management document all systems and test the controls on a regular basis and report their findings to the Finance & Administration Committee. These reviews will help improve the safeguarding of assets and accumulate reliable financial reporting.

### ***Review of Internal Financial Statements***

Our responsibility as auditors is to express an opinion on the financial statements based on an audit which includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Management is responsible for the preparation of the financial statements and reporting to Council. We recommend that Council approve final financial statements prior to the commencement of our audit. There should be few, if any, journal entries required after the financial statements have been approved. This would ensure Council is receiving reliable information and ensure a more efficient audit.

### ***Accounting for Capital Transactions***

The financial statements for 2009 are the first set of statements for the Town of the Blue Mountains under the new presentation standards including tangible capital assets. A significant amount of work was completed to accumulate and report on this information. The following are some suggested improvements that could be made in relation to the reporting of tangible capital assets.

### ***Amortization of Capital***

Currently amortization is being reported as a general government expense and is not allocated appropriately across the functional areas. We would suggest that amortization be allocated to allow for more reasonable comparisons of actual results to budgeted results on the financial statements. The allocation of amortization must also be completed for FIR purposes.

### *Capitalization of Interest*

Under the current capital asset policy interest is not capitalized as part of the capital asset cost. Interest is being calculated and applied to capital projects and then being reallocated to operating expenses once the tangible capital asset entries are finalized. In essence, on a consolidated basis, the current operations are recognizing interest revenue and the related interest expense at the same time. We would suggest that if interest is not capitalized then interest not be allocated to capital projects.

### *Unfunded Operating Projects*

There were projects in the old capital fund, which upon adoption of the new accounting standards, did not meet the criteria of a capital asset. These projects were reallocated and moved into the current operations. We have shown these as unfunded projects in the accumulated surplus. We would suggest that these amounts be reviewed and funded accordingly.

### **Management Representations**

During the course of an audit, management made many representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base the audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.

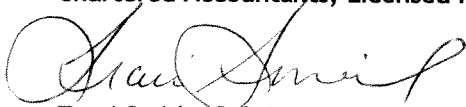
Management's representations included, but were not limited to:

- matters communicated in discussions with us, whether solicited or unsolicited;
- matters communicated electronically to us;
- schedules, analyses and reports prepared by the organization, and management's notations and comments thereon, whether or not in response to a request by us;
- internal and external memoranda or correspondence;
- minutes of meetings of the Council and Committees;
- approval of the financial statements; and
- a representation letter from management.

We wish to express our appreciation for the co-operation we received during the audit from the organization's management. We would be pleased to discuss with you any matters mentioned in this letter, as well as any other matters that may be of interest to you.

Yours truly,

BDO Canada LLP  
Chartered Accountants, Licensed Public Accountants



Traci Smith, C.G.A.

TS:nb

**Town of The Blue Mountains**  
**Summary of Unadjusted Misstatements**

December 31, 2009

Description of the Misstatement	Identified Misstatement	Projected Misstatement	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening Fund Dr(Cr)	Income Dr(Cr)
Allowance for Doubtful Accounts difference	50,689	-	-	(50,689)	-	-	50,689
Understated accrual for Harbour Lease	12,130	-	-	-	(12,130)	-	12,130
Understated accrual for audit fees assuming TCA has not been considered.	-	-	20,000	-	(20,000)	-	20,000
Estimate of liability for PEB	-	-	34,836	-	(34,836)	-	34,836
Estimate of liability for retirement benefit	-	-	10,853	-	(10,853)	-	10,853
Overstated of prepaid/overstated liabilities for Great West Life	35,627	-	-	(35,627)	35,627	-	-
A/R error	2,935	-	-	2,935	-	-	(2,935)
<b>Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates</b>	<b>101,381</b>	<b>-</b>	<b>65,689</b>	<b>(83,381)</b>	<b>(42,192)</b>	<b>-</b>	<b>125,573</b>
<b>Effect of Previous Year's Errors</b>				<b>-</b>	<b>-</b>	<b>17,532</b>	<b>(17,532)</b>
<b>Likely Aggregate Misstatements</b>				<b>(83,381)</b>	<b>(42,192)</b>	<b>17,532</b>	<b>108,041</b>

STAFF REPORT: Financial & Information Services



**REPORT TO:** Finance & Administration Committee  
**MEETING DATE:** March 15, 2011  
**REPORT NO.:** FIS.11.08  
**SUBJECT:** Annual Report - Building Fees  
**PREPARED BY:** Greg Miller, Manager of Building & By-Law/CBO and Elizabeth Thompson, Manager of Accounting & Budgets / Deputy Treasurer

#### **A. Recommendations**

THAT Council receive Staff Report FIS.11.08 “Annual Report – Building Fees” being a report of the Town of The Blue Mountains’ 2009 and 2010 direct and indirect costs of delivering services related to the administration and enforcement of the *Building Code Act*.

#### **B. Background**

In 2006, the *Building Code Act* was amended so as to require municipalities to ensure building fees did not exceed the anticipated reasonable costs to administer and enforce the Act (Section 7(2) of the *Building Code Act*).

In accordance with Section 7(4) of the *Building Code Act*, the Town completed the required Annual Report of Fees for the period of January 1<sup>st</sup>, 2010 to December 31<sup>st</sup>, 2010. The attached Annual Report reflects a breakdown of administrative and enforcement costs into “Direct and Indirect Costs” and identifies the total fees collected for the period and the balance of the established reserve fund at the end of the period.

#### **C. The Blue Mountains’ Strategic Plan**

*“Providing a strong, well managed municipal government.”*

#### **D. Environmental Impacts**

N/A

#### **E. Budget Impact**

During 2009, a short term business model was instituted to mitigate the challenges faced by the slowdown in permit revenues and the continued costs of maintaining existing service levels. The current service levels related to our risk management practices must be maintained to ensure liability to the Town is minimized regarding the Building Code Program. This short term business model included decreasing staffing assigned to the Program and increasing permit fees. The practices of the 2009

business model are apparent with the revenues for 2010 increasing and the expenses for 2010 decreasing. The Building Services Division will continue to seek efficiencies in its operations, including expanding upon electronic services available to the public, and corporately, we will continue to review the “overhead” costs assigned to the Division, currently at 16.74% of Total Expenditures, to ensure that this assignment is fair to the users of the Program.

## **F. Attached**

1. Building Fees 2009/2010 Annual Report

Respectfully submitted,

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Elizabeth Thompson  
Manager of Accounting & Budgets /  
Deputy Treasurer

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Greg Miller  
Manager of Building & By-Law/CBO

**Town of The Blue Mountains**  
**Annual Report on Fees**  
*Pursuant to Section 7(4) of the Building Code Act*

**Reporting Period**

January 1<sup>st</sup>, 2010 to December 31<sup>st</sup>, 2010

**Building Application, Permits and Inspections**

			<b>Unaudited</b>	
	Direct Costs 2009	Indirect Costs 2009	Direct Costs 2010	Indirect Costs 2010
Building Permit Revenue	285,793.19		432,164.00	
Other Revenue	22,043.81	0.00	22,745.00	0.00
Revenue Total	<u>307,837.00</u>	<u>0.00</u>	<u>454,909.00</u>	<u>0.00</u>
Salaries / Wages / Benefits	362,044.25		311,781.47	
Professional / Legal Fess	1,739.61		4,710.02	
Insurance	65,319.53		75,778.24	
Training	18,468.05		11,448.05	
Office / Vehicle	21,898.84		16,288.33	
Other Operational costs	12,040.37		10,048.04	
Overhead Costs	89,334.30	21,553.00	72,391.12	17,220.43
Transfer to Reserves/Reserve Funds	20,000.00		0.00	
Capital Costs	20,915.05		15,788.05	
Expenditure Total	<u>611,760.00</u>	<u>21,553.00</u>	<u>518,233.32</u>	<u>17,220.43</u>
Revenues	307,837.00		454,909.00	
Expenditures	<u>633,313.00</u>		<u>535,453.75</u>	
Total	<u>-325,476.00</u>		<u>-80,544.75</u>	
	<u>325,476.00</u>	Deficit	<u>80,544.75</u>	Deficit
Statement of Reserve Funds –				
Balance Fwd	29,777.81		29,777.81	
Accumulated Surplus/Deficit	-639,469.00		-720,013.75	
Reserves & Reserve Funds Funding				
Reserve Fund Balance	<u>-609,691.19</u>	Deficit	<u>-690,235.94</u>	Deficit

**STAFF REPORT: Financial & Information Services**

**REPORT TO:** Finance & Administration  
Committee  
**MEETING DATE:** March 15, 2011  
**REPORT NO.:** FIS.11.09  
**SUBJECT:** 2010 Statement of Remuneration  
and Expenses  
**PREPARED BY:** Debbie Brown, Financial Analyst

**A. Recommendations**

THAT Council receive Staff Report FIS.11.09, "2010 Statement of Remuneration and Expenses", as required under Section 284 of the *Municipal Act, 2001*, for information purposes.

**B. Background**

Pursuant to Section 284 of the *Municipal Act, 2001*:

*The treasurer of a municipality shall in each year on or before March 31 provide to the council of the municipality an itemized statement on remuneration and expenses paid in the previous year to,*

- (a) each member of council in respect of his or her services as a member of the council or any other body, including a local board, to which the member has been appointed by council or on which the member holds office by virtue of being a member of council;*
- (b) each member of council in respect of his or her services as an officer or employee of the municipality or other body described in clause (a); and*
- (c) each person, other than a member of council, appointed by the municipality to serve as a member of any body, including a local board, in respect of his or her services as a member of the body. 2001, c. 25, s. 284 (1).*

## Council Remuneration and Expenses

	Remuneration (1)	Travel & Computer Allowance(2)	Expenses (3)	TOTAL
ANDERSON, ELLEN	\$34,945.04	\$3,599.96	\$7,738.80	<b>\$46,283.80</b>
MCKINLAY, DUNCAN	\$26,736.42	\$3,599.96	\$0	<b>\$30,336.38</b>
ARDIEL, GAIL	\$1,691.57	\$257.26	\$105.54	<b>\$2,054.37</b>
GAMBLE, BOB	\$22,321.22	\$3,599.96	\$508.00	<b>\$26,429.18</b>
HALOS, JOE	\$1,691.58	\$257.26	\$0	<b>\$1,948.84</b>
KENNEDY, CAMERON	\$21,759.58	\$3,342.84	\$4,031.17	<b>\$29,133.59</b>
MARTIN, MICHAEL	\$24,202.92	\$3,599.96	\$1,711.40	<b>\$29,514.28</b>
MCGEE, JOHN	\$21,309.48	\$3,342.84	\$5,702.12	<b>\$30,354.44</b>
MCKEAN, JOHN	<u>\$22,029.48</u>	<u>\$3,599.96</u>	<u>\$0</u>	<u><b>\$25,629.44</b></u>
<b>TOTAL</b>	<b>\$176,687.29</b>	<b>\$25,200.00</b>	<b>\$19,797.03</b>	<b>\$221,684.32</b>

Note 1: Includes Salary, Per Diem and Benefits. Benefits include premium costs for Group Health & Dental, Life and Dependant Life Insurance, CPP and Employer Health Tax. Benefit coverage varies among Councillors.

Note 2: Monthly travel allowance for In-Town related meetings.

Note 3: Includes Professional Development, Cell Phones, Accommodations and Meals.

## Conservation Authorities

Grey Sauble

<u>Councillor</u>	<u>Per Diem</u>	<u>Mileage</u>	<u>Expenses</u>	<u>TOTAL</u>
Martin, Michael	\$0.00	\$0.00	\$0.00	\$0.00

Nottawasaga Valley

<u>Councillor</u>	<u>Per Diem</u>	<u>Mileage</u>	<u>Expenses</u>	<u>TOTAL</u>
McKean, John	\$636.96	\$451.36	\$0.00	\$1,088.32

## Committee of Adjustment

<u>Name</u>	<u>Per Diem</u>	<u>Mileage</u>	<u>Expenses</u>	<u>TOTAL</u>
Metras, Sheila	\$ 520.00	\$ 445.50	\$ 651.59	<b>\$ 1,617.09</b>
Remus, Bill	\$ 735.00	\$ 811.62	\$ 995.35	<b>\$ 2,586.97</b>
Waind, Robert	\$ 965.00	\$ 636.60	\$ 678.00	<b>\$ 2,279.30</b>

## C. The Blue Mountains' Strategic Plan

To ensure long-term financial sustainability of the Town of The Blue Mountains

**D. Environmental Impacts**

The Blue Mountains is committed to environmental sustainability.

**E. Budget Impact**

The remuneration and expenses paid in 2010 have been authorized for payment under By-law 2006-06 and the 2010 approved budget.

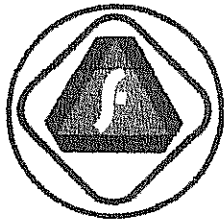
**F. Attached**

None

Respectfully submitted,

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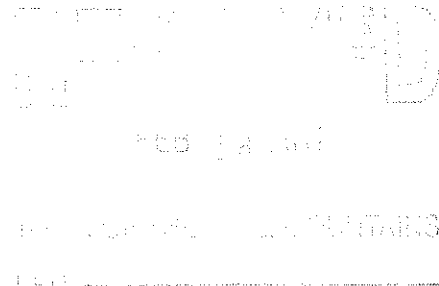
Debbie Brown  
Financial Analyst



## Grey County Farm Safety Association

February 23, 2011

Town of The Blue Mountains  
Box 310  
Thornbury, ON N0H 2P0



Dear Mayor Anderson & Council,

Agriculture remains the #1 industry in Grey County and most of its residents are directly or indirectly involved with some aspect of this important industry. This is what makes an active and enthusiastic Farm Safety Association very important!

The past year we have participated in; Grown in Grey, the Ag Fair, local fairs, holding a poster contest for grades 1-8 at the local fairs, Guest Speakers at our bi-monthly meetings plus much more! We try to educate the public through brochures, educational tools for children and adults and presenting videos at our local events. This is only possible through donations from local organizations. The Grey County Farm Safety Association would like to request your organization's support in the form of a donation. Please consider sending a cheque made out to the Grey County Farm Safety Association and help make a difference in rural Grey County.

We have a very dedicated group of individuals on our committee, if not for them we would not be able to organize and attend so many events in our community. But we are a small group. We need more members to help us so please consider sending a representative to assist us on the committee if you have not already done so. We meet bi-monthly on the second Tuesday of each month at the **Grey County Agricultural Services Centre in Markdale**. The next time we meet is **March 8, 2011** at 8pm. Our meeting always includes an agenda: approval of minutes from previous meeting, Business arising from minutes, FSA Field Staff Report, Policy Advisor's Report plus much more. If you wish additional information please don't hesitate to contact me. We thank you in advance for your kind consideration of support.

Sincerely,

Paul McQueen

Secretary of Grey County Farm Safety Association  
Phone/Fax (705)445-3064 paulmcqueen@hotmail.com  
R.R. #2 Singhampton On N0C 1M0

cc AGAC  
Finance + Admin

D.2

RECEIVED

MAR 08 2011

Land Force Central Area  
Training Centre  
Grey Road 112 – Valour Road  
Meaford, ON N4L 0A1

1110-1 (Compt)

February 2011

Mayor Ellen Anderson  
26 Bridge St, PO Box 310  
Thornbury, ON N0H 2P0

Dear Mayor Anderson


The Military Family Resource Centre (MFRC) of Land Force Central Area Training Centre (LFCA TC) will be conducting its 4<sup>th</sup> Annual Combat Golf Tournament on Friday 27 May 2011 at the Meaford Golf Club. Building on the success of last year's event, a tremendous day of golf events, prizes, and social activities is once again being planned that will raise funds for the MFRC, who continue to support our soldiers and their families with fantastic programs.

The tournament will commence at 8 am with an explosive shot gun start followed by a four person team best-ball style tournament. Every golfer will have the opportunity to receive prizes and Canadian Forces related items. As well the day will allow for interaction with military personnel and military displays.

After the tournament the "19<sup>th</sup> Hole" event at LFCA TC will include a meal catered by Montanas. In addition there will be military weapons displays and an auction with highest bids winning prizes that involve military experiences such as a ride in an Armoured Personnel Carrier at LFCA TC, shooting weapons at our Small Arms Trainer, a fishing trip at LFCA TC's Mountain Lake, and a free weekend pass to LFCA TC's campground at Vail's Point.

The cost for playing in the tournament is \$120.00. Do not be discouraged if you cannot find a 4 person team, we will be able to form teams. As well if you are not available for the whole day's events tickets are available for the dinner and auction. We would appreciate your RSVP to Ryan VanPoppel at (519) 538-1371 x 6583, or email at [Ryan.VanPoppel@forces.gc.ca](mailto:Ryan.VanPoppel@forces.gc.ca) by 15 April 2011.

Yours truly



D.A Mills  
Lieutenant-Colonel  
Commanding Officer

cc: FAA



**St. John Ambulance**

**SAVING LIVES**  
at work, home and play

**Grey Bruce Administrative Centre**  
295 - 5th Street  
Hanover, ON N4N 3X3  
Tel: (519) 364-7004  
Toll Free: (800) 337-4228  
Fax: (519) 364-7061  
Email: grey.bruce@on.sja.ca

**Owen Sound Training Centre**  
1580 - 20th St. East, Unit 13  
P.O. Box 632  
Owen Sound, ON N4K 5R4  
Tel: (519) 376-4813  
Fax: (519) 376-4981  
Email: owen.sound@on.sja.ca

March 1st, 2011

**D.3**

RECEIVED

MAR 08 2011

Ellen Anderson - Mayor  
The Blue Mountains  
26 Bridge St. PO Box 310  
Thornbury ON N0H 2P0

To The Blue Mountains,

The Grey Bruce Branch of St. John Ambulance will be experiencing a year of phenomenal growth and expansion in 2011. The construction of a new training facility and administrative office for the Grey Bruce Branch of St. John Ambulance has already begun, with a completion date of July 2011. Our future location will be across the road from our current facility on 5<sup>th</sup> Street in Hanover. This unique opportunity for us to look towards our future is a result of forthcoming expansion plans of the Hanover Raceway. The building that we are in, has served us well for 20 years. During this time, our organization has grown exponentially and the increased capacity of the new facility will enable our organization to meet the growing demands for health and safety training and enhance our ability to support the work of our dedicated volunteers. Our focus for fundraising this year will be to support the Building Project. The Raceway is contributing 75% of the project to cover the value of our current facility. In order to meet the expense of the expansion plans an additional \$100,000 will be raised. This facility, located in Hanover, serves as the Administrative Centre for our Owen Sound Training Centre and all of Grey Bruce. As such, we are optimistic that we will receive support from all of the communities we serve.

As this project moves forward our organization will continue to provide the full services that we have in the past. In 2010, our Volunteers contributed a staggering 9,641 service hours in aid of their communities. Our Medical First Responders provided over 5,972 volunteer service hours ensuring valuable first aid coverage at numerous events in the area. In addition to providing first-on-the-scene coverage at local events, our volunteers are also trained and prepared to assist our community in times of natural disaster or emergency. We're also happy to report the continuing success of our Therapy Dog Program. These volunteers and their faithful pets gave 3,669 hours, visiting 31 different care facilities, providing comfort and companionship to the residents.

By helping us expand our services, you play an active part in the Health and Safety of our community. Your donation will be returned to the community several times over through lifesaving first aid training, and our valuable community services. Your funds will allow us to continue to provide first aid coverage at our local fairs and community events, visiting the elderly in our nursing homes and hospitals, provide Babysitting Courses for our youth, First Aid on the Farm training to our rural neighbours and First Aid Training to local industries.

Please see the enclosed donation appeal. A representative from our organization would gladly make a presentation to your group about our Fundraising Campaign and even provide you with some valuable first aid tips. Help us to build upon our invaluable services to our community by making a contribution to our Building Fund. The health and safety of Grey Bruce is our number one priority - we hope you will make it yours too.

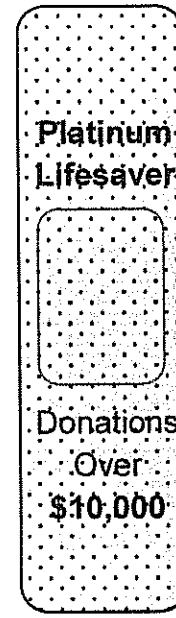
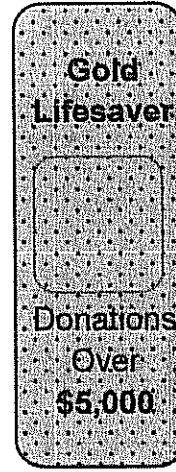
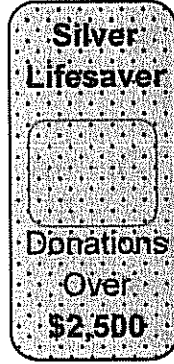
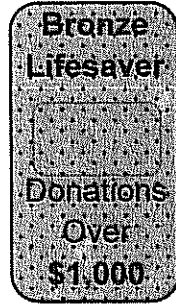
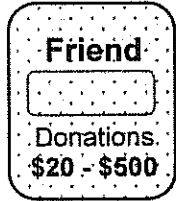
Sincerely,

Drew Wilder, Branch Chair  
St. John Ambulance, Grey-Bruce Administrative Centre  
Charitable Organization #10802 2237 RR00001

CC: F&A

*Our mission is to enable Canadians to improve their health, safety and quality of life  
by providing training and community service.*

# Lifesaver Contributions



D.4

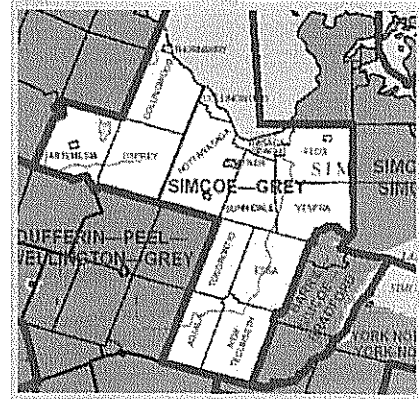


**E3 Community Services Inc.**  
100 Pretty River Parkway N.  
Collingwood, ON L9Y 4X2

February 16, 2011

Mayor Ellen Anderson  
Town of the Blue Mountains  
P.O. Box 310, 26 Bridge Street  
Thornbury, ON N0H 2P0

Dear Mayor Anderson:



E3 Community Services supports adults with developmental challenges and children to school age, throughout Simcoe/Grey. Our agency began in 1962 thanks to a group of parents who saw first-hand, how desperately this service was needed. Today, E3 employs 250 staff and supports approximately 150 adults and over 2,000 children and their families, annually.

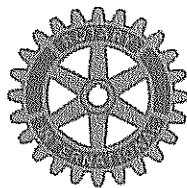
E3's catchment area greatly expanded with the addition of the Ontario Early Years Centres (OEYC), in 2002. The Centres provide service to Collingwood, Wasaga Beach, Stayner, New Lowell, Creemore, Duntroon, Elmvale, Thornbury, Alliston, Angus, Tottenham, Markdale and all surrounding areas.

Each year, E3 hosts a vital fundraiser in the form of a golf tournament, with the support of the Rotary Club of Collingwood. In its 24<sup>th</sup> year, we are most grateful for its continued success, and proud to say, it is the longest running tournament in the area and noted for being well run.

You are cordially invited to take part in this community-enhancing event. I have enclosed an information package for you and hopefully, you can lend your support in some way.

We truly appreciate your kind consideration and hope you will be able to join us on May 25<sup>th</sup> at beautiful OslerBrook Golf Club.

Respectfully yours

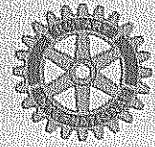


Mike Jackson,  
Rotarian and Chair of E3's Golf Committee



# E3's 24th Annual Golf Tournament - May 25, 2011

## Sponsorship Opportunities!



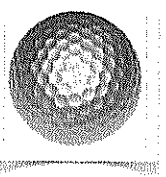
### Platinum Sponsor (Cart) - \$1,500

- as **Cart Sponsor**, your company logo/information will be prominently and *exclusively* displayed on each cart (approximately 65);
- your company logo/information will appear on flyers distributed throughout the day and all documentation and e-mail updates leading up to the tournament; and
- your company name will be added to E3's Donor Appreciation Board located in the reception area of E3's headquarters and published in E3's 2011 Annual Report.



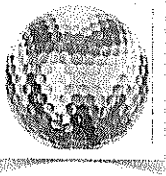
### Gold Sponsor (Dinner) - \$1,000

- as **Dinner Sponsor**, your company logo/information will be prominently and *exclusively* displayed on a table stand in the centre of each dining table (approximately 17 tables of 8);
- your company logo/information will appear on flyers distributed throughout the day and all documentation and e-mail updates leading up to the tournament; and
- your company name will be added to E3's Donor Appreciation Board located in the reception area of E3's headquarters and published in E3's 2011 Annual Report.



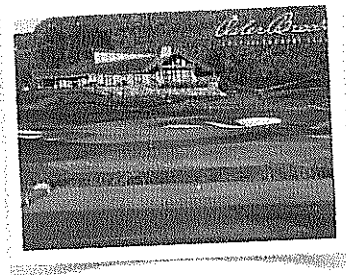
### Silver Sponsor (Lunch) - \$750

- as **Lunch Sponsor**, your company logo/information will be prominently and *exclusively* displayed on every box or bag lunch (approximately 130) prepared for the participants and volunteers at the beginning of the day;
- your company logo/information will appear on flyers distributed throughout the day and all documentation and e-mail updates leading up to the tournament; and
- your company name will be added to E3's Donor Appreciation Board located in the reception area of E3's headquarters and published in E3's 2011 Annual Report.



### Bronze Sponsor (Mulligan) - \$500

- as **Bronze Sponsor**, your company logo/information will be prominently displayed on each Passport sold to participants;
- your company logo/information will also appear on flyers distributed throughout the day and all documentation including e-mail updates leading up to the tournament; and
- your company name will be added to E3's Donor Appreciation Board in the reception area of E3's headquarters and published in E3's 2011 Annual Report.



### Sign Sponsor - \$200\*

- as **Sign Sponsor**, your company logo/information will be displayed in full colour, on a hole on the **OslerBrook** Golf course on the day of the tournament;
- your company logo/information will also appear on flyers distributed throughout the day and all documentation including e-mail updates leading up to the tournament and;
- your company name will be published in E3's 2011 Annual Report.

\*when you enter a team, the cost of a sign is reduced to \$150

To reserve the Sponsor Level of your choice, please call (705) 445-6351 ext. 227 or e-mail: [e3@e3.ca](mailto:e3@e3.ca)