

COMMITTEE REPORT: FINANCE AND ADMINISTRATION COMMITTEE

MEETING DATE: May 24, 2011
LOCATION: Town Hall Committee Room
PREPARED BY: Stephen Keast, Administrative Assistant

A. Recommendations**1. Support for 2011 Tourism Initiatives, CEDC.11.12**

THAT Council receive Report CEDC.11.12, "Support for 2011 Tourism Initiatives" and;

THAT Council approve funding for Salsa at Blue Mountain Festival in the amount of \$5,000 through the Economic Development Initiatives Budget; and

THAT Council approve funding for the Apple Pie Trail in the amount of \$5,000; through the Economic Development Initiatives Budget and;

FURTHER THAT Council approve funding for the Fishway Webcasting High Speed Internet Connection in the amount of \$1,200 through the Economic Development Initiatives Budget, unanimously Carried.

2. 2011 Thornbury Business Improvement Area Levy, FIT.11.24

THAT Council receive Staff Report FIT.11.24, "2011 Thornbury Business Improvement Area Levy" for information purposes;

AND THAT Council enact the "By-law to Levy a Special Charge upon Rateable Property in the Thornbury Business Improvement Area", unanimously Carried.

3. 2010 Year End Funding - Unfinanced Capital Projects, FIT.11.26

THAT Council receive Staff Report FIT.11.26, "2010 Year End Funding - Unfinanced Capital Projects"; and

THAT Council approve funding outstanding unfinanced capital expenses as outlined in the Report, unanimously Carried.

4. Recommended 2010 Year-end Transfers, FIT.11.25

THAT Council receive Staff Report FIT.11.25 "Recommended 2010 Year-end Transfers", as revised and approve the recommendation contained therein, being the transfer to and from Reserves and Reserve Funds as itemized in Schedule "A", as revised, attached to this Report, unanimously Carried.

5. Monthly Flash Report – April 2011

THAT Council receive the Monthly Flash Report – April 2011, for information purposes, unanimously Carried.

6. Correspondence

THAT Council receive correspondence from BDO Canada LLP, Tracey Smith, regarding the 2010 Audit of Consolidated Financial Statements for information purposes, unanimously Carried.

B. Deputations/Presentations

None

C. Staff Reports

- C.1** C.4 2010 Year End Funding - Unfinanced Capital Projects, FIT.11.26
- C.2** The Blue Mountains Fire Department Quarterly Report – January - March 2011 (deferred to the June 21, 2011 Committee meeting)
- C.3** 2011 Thornbury Business Improvement Area Levy, FIT.11.24
- C.4** 2010 Year End Funding - Unfinanced Capital Projects, FIT.11.26
- C.5** Recommended 2010 Year-end Transfers, FIT.11.25
- C.6** Monthly Flash Report – April 2011

D. Correspondence

- D.1** BDO Canada LLP, Traci Smith – 2010 Audit of Consolidated Financial Statements

E. Next Meeting Date

June 21, 2011, 2:00 p.m., Town Hall Committee Room

STAFF REPORT: Administration



REPORT TO: Finance and Administration
Committee
MEETING DATE: May 24, 2011
REPORT NO.: CEDC.11.12
SUBJECT: Support for 2011 Tourism Initiatives
PREPARED BY: Lisa Kidd, Communications and
Economic Development Coordinator

A. Recommendation

THAT Council receive Report CEDC.11.12, "Support for 2011 Tourism Initiatives" and;

THAT Council approve funding for Salsa at Blue Mountain Festival in the amount of \$5,000 through the Economic Development Initiatives Budget; and

THAT Council approve funding for the Apple Pie Trail in the amount of \$5,000; through the Economic Development Initiatives Budget and;

FURTHER THAT Council approve funding for the Fishway Webcasting High Speed Internet Connection in the amount of \$1,200 through the Economic Development Initiatives Budget.

B. Background

In 2011, Council approved a budget of 20,000 for Economic Development Initiatives. The purpose of this budget is to fund initiatives which are aligned with "Red Hot and Blue", the Town's Economic Development Strategy. The strategy was endorsed by Council August, 2010.

Staff anticipates a future steering committee playing an instrumental role in identifying the needs of the community with respect economic development initiatives. This steering committee would work in partnership with Staff and Council to propose future allocation of these funds. In the interim, Staff has been approached by community partners for financial support, namely Blue Mountain Village (for support of the Apple Pie Trail and Salsa at Blue Mountain Festival) and the Ministry of Natural Resources (for support of the Fishway Webcast).

Staff is of the opinion that these three requests closely align and meet objectives outlined in "Red Hot and Blue". To follow is more detailed information relating to these tourism initiatives.

2011 Blue Mountains Apple Pie Trail

The Blue Mountains Apple Pie Trail is a year round culinary and agri-tourism product experience celebrating our heritage, local food culture, agriculture, museums, art, attractions and related businesses from Collingwood, through The Blue Mountains and Beaver Valley to Meaford.

The Trail is an incredible experience on its own but packaged with hotel stays and a variety of adventure activities through the Blue Mountains from June-October, the Trail becomes one of the most unique travel opportunities in Ontario and one that has the attention of travel and culinary media.

Our Trail is ranked among the Top 3 Trails in Ontario alongside the Prince Edward County Taste Trail and Savour Stratford, an incredible accomplishment for a young tourism product with fantastic growth potential.

Financial support of this initiative will help deliver the following promotion:

- 20,000- 2011 brochures featured in the Ontario Travel Centres and throughout the area
- Apple Pie Trail website www.applepietrail.ca
- Blue Mountain Village information centre, resort websites, email newsletters, Activity Central
- Blue Mountain Village summer festivals and events brochure
- Magazine advertising
- Public Relations activities

The future sustainability of the Trail requires partnerships with surrounding municipalities, BIAs, agriculture and related tourism businesses. Financial commitment has already been offered by The Municipality of Meaford, Downtown Collingwood BIA, Grey/Bruce ACA, Scandivave Spa, Scenic Caves, Blue Mountain Village Association and approximately 30 businesses along the Trail.

The majority of the Trail destinations and adventure experiences fall within The Blue Mountains.

Provincial funding and growth opportunities are very dependent on the municipal partnership funding.

Salsa at Blue Mountain Festival

This tourism initiative is a market development strategy to introduce the Latino market, North America's largest growing tourism market and relatively untapped for our area, to The Blue Mountains and keep them coming back. It's a strategy that's working, growing and supported by the Ontario Ministry of Tourism & Culture.

2011 marks the third annual festival in partnership with Telelatino Television and the Salsa Festival Group. The partnership allows over \$1million in television promotion, targeted specifically to this market, for one month leading up to the June 24-26, 2011 event and for many weeks following the event through the Salsa on St. Clair festival and TLNtv website.

In 2010 the Salsa at Blue Mountain Festival was recognized as “Best New Festival in Ontario” by Festivals & Events Ontario and at the Grey/Bruce level, “Best New Tourism Initiative 2010”. It is also on the 2011 “Top 100 Festivals” in Ontario List.

2010 Survey Results (specifically at the event) were as follows:

- 80% were first time Salsa attendees
- 35% of all attendees (local and visitors) were born outside Canada (compared to 23% for the Georgian Bay Visitor Research 2009)
- 45% of visitors were born outside Canada
- 70% of visitors stayed in local hotels, 20% in cottage, 10% with friends and family
- Attendees rated the event 8 out of 10, very strong relative to other signature Ontario events

Fishway Webcast

The Ministry of Natural Resources (MNR) received federal funding to install an underwater camera at the fishway, located at the Highway 26 Bridge in Thornbury. This underwater camera tracks the size and number of fish and assists the MNR in their fish protection and conservation mandate. As part of this project, the MNR asked the Town if the “fishcast” could be uploaded to the Town’s website, as a public service and tourism tool. This required the addition of high-speed Internet connection, paid for by the Town. The uploading of the “fishcast” itself, to our website, can be done at no additional cost.

While staff does not have empirical data to identify the number of travelers to the area for Fishway viewing, it is apparent by viewing the pedestrian traffic at the Fishway that numerous people are interested in watching the migratory pattern of fish up the Beaver River. In addition, visits to our Fishway webpage are increasing, albeit nominally. It is practicable to suggest that uploading of the “fishcast” to the Town’s website would be of interest to visitors to our site and encourage visits to our area. The Town currently receives 20,000 visits monthly to its website.

Due to the timing of the project and in the spirit of partnership, the Town has already provided the high-speed connection to the MNR. While the costs for this could be allocated to another budget line, staff felt that the Economic Development Initiatives Budget was a preferred budget line for such expenditure. Therefore, the request for funding of the webcast tool is contained herein.

C. The Blue Mountains' Strategic Plan

3.0 Preserving and enhancing natural and environmental features, and cultural heritage of the community.

These initiatives also meet the following objectives outlined in "Red Hot and Blue":

- Create a sustainable, pre-eminent four-seasons tourist destination (Salsa at Blue Mountain, Apple Pie Trail)
- Market and brand collectively as the sustainable tourism destination in Ontario(Salsa at Blue Mountain, Apple Pie Trail)
- Promote...ecotourism as a major tourist attraction (Fishway Webcasting)

D. Environmental Impacts

None.

E. Financial Impact

This will have an impact of approximately 11,200 dollars on the Economic Development Initiatives Budget.

F. Attached

None.

Respectfully submitted,

Lisa Kidd
Communications and Economic Development Coordinator

Shawn Everitt
Director of Recreation

Peter McGee
Event and Youth Coordinator

STAFF REPORT: Finance and IT Services



REPORT TO: Finance and Administration
MEETING DATE: May 24, 2011
REPORT NO.: FIT.11.24
SUBJECT: 2011 Thornbury Business Improvement Area Levy
PREPARED BY: Ruth Prince, Manager of Revenue

A. Recommendations

THAT Council receive Staff Report FIT.11.24, “2011 Thornbury Business Improvement Area Levy” for information purposes;

AND THAT Council enact the “By-law to Levy a Special Charge upon Rateable Property in the Thornbury Business Improvement Area”.

B. Background

Authority – Municipal Act, 2001, S.O. 2001, c.25 (Section 208(1)) - The municipality shall annually raise the amount of money required for the purposes of the board of management, including any interest payable by the municipality on money borrowed by it for the purposes of the board of management.

At the Annual General Meeting of the Thornbury Business Improvement Area on May 4, 2011 at the Beaver Valley Community Centre, the 2011 Thornbury Business Improvement Area (BIA) budget was adopted. The 2011 budget for the BIA increases the levy requirements from the 2010 amount of \$75,000 to \$80,000. The budget increase results in a levy increase per business of \$2.60. In 2010 the BIA levy amount was \$789.48 (95 units) and in 2011 the levy amount will be \$792.08 (101 units).

The 2011 membership list and levy has been reviewed and confirmed with the Thornbury BIA.

The 2011 BIA levy will be levied on the 2011 final property tax bill with due dates of August 26th and October 26th. The 2011 interim levy included 50% of the annualized prior year BIA levy.

The ten-year BIA CAUSE loan to the Town in the amount of \$150,000 will be repaid at the end of 2013. The annual principal payment of this loan is \$15,000.

C. The Blue Mountains’ Strategic Plan

Ensuring long-term financial sustainability

D. Environmental Impacts

None

E. Budget Impact

None

F. Attached

1. 2011 By-law to Levy a Special Charge upon Ratable Property in the Thornbury Business Improvement Area
2. 2011 Thornbury Business Improvement Annual General Meeting Minutes

Respectfully submitted,

Ruth Prince,

For more information, please contact:

Ruth Prince, Manager of Revenue
rprince@thebluemountains.ca
519-599-3131 x228

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

By-law No. 2011 -

BEING A BY-LAW TO LEVY A SPECIAL CHARGE UPON RATEABLE PROPERTY IN THE THORNBURY BUSINESS IMPROVEMENT AREA

WHEREAS the Thornbury Business Improvement Area (BIA) and the Board of Management of the Thornbury Business Improvement Area were established by By-law No. 25-1981 on December 14th, 1981;

AND WHEREAS subsequent to their annual meeting of members, the Board of Management has requested that a special charge be established for the 2011 BIA levy to raise the amount required for the purposes of the Board of Management;

AND WHEREAS Section 208 of the *Municipal Act, 2001*, as amended, enables a local municipality to raise the amount required for the purposes of a board of management, including any interest payable to the municipality on money borrowed by it for the purposes of the Board of Management;

AND WHEREAS the Council of The Corporation of the Town of The Blue Mountains deems it necessary to establish a special charge for the amount required by the BIA Board of Management by levy upon rateable property in the improvement area that is in a prescribed business property class;

NOW THEREFORE the Council of The Corporation of the Town of The Blue Mountains hereby enacts as follows:

1. That all rateable property in the Thornbury Business Improvement Area that is in a prescribed business property class shall be levied a special charge in accordance with Schedule A, as attached. The attached Schedule A is hereby declared to form part of this By-law. The amount of the special charge for each rateable property in the prescribed business property class is \$792.08 per year.
2. That there shall be imposed and collected an interim levy based on 50% of the annualized prior year special charge; that the interim levy shall be due and payable in two installments upon the following dates; (a) one-half thereof on the 25th day of March, 2011 and (b) one-half thereof on the 25th day of May, 2011.
3. That there shall be imposed and collected a final levy based on the amounts in Schedule – A deducting the interim levy there from; that the final levy shall be due and payable in two installments upon the following dates: (a) one-half thereof on the 26th day of August, 2011 and (b) one-half thereof on the 26th day of October, 2011.
4. That in default of payment of any installment by the day named for payment thereof, the subsequent installment or installments shall forthwith become payable.
5. That there shall be imposed a penalty for non-payment of special charges on the due date the amount of 1 ¼% of the amount due and unpaid on the first day of default, and an additional penalty of 1 ¼% shall be added on the first day of each calendar month thereafter in which default continues up to and including the end of the current year.
6. That there shall be added and charged an interest rate of 1 ¼% per month or fraction thereof, to all amounts unpaid after December 31, 2011 until they are paid.

7. That a Special Charge levied under this By-law upon rateable property shall have priority lien status and shall be added to the tax roll, and shall be collected in the same manner as taxes.
8. That this By-law shall be administered and enforced by the Town.
9. That this By-law shall come into force and effect for the year commencing January 1st, 2011.

AND FURTHER that this By-law shall come into force and take effect upon the enactment thereof.

Enacted and passed this day of , 2011.

Ellen Anderson, Mayor

Corrina Giles, Clerk

**Schedule A
By-law 2011 -**

2011 THORNBURY BUSINESS IMPROVEMENT AREA LEVY

ROLL #	PROPERTY OWNERS NAME	BUSINESS NAME	UNITS	RATE	TOTAL
16.02000	CLARKSBURG REALTY CORP	PARROTS 'N PARSNIPS	10	\$792.08	\$7,920.80
		CORINTHIAN KITCHENS		\$792.08	
		KING'S COURT ANTIQUE MARKET		\$792.08	
		THORNBURY VIDEO		\$792.08	
		FLOORCRAFTERS		\$792.08	
		CEDARPORT WINDOWS/DOORS		\$792.08	
		ASHTON BLINDS		\$792.08	
		COLLINGWOOD CLOSETS		\$792.08	
		KING POST BUILDERS		\$792.08	
		PURE AND NATURAL EUPHORIA		\$792.08	
16.02300	1617152 ONTARIO LTD	THORNBURY STEEL FABRICATORS	1	\$792.08	\$792.08
16.02800	DURST HEINZ	ORCHID RESTAURANT	1	\$792.08	\$792.08
16.02810	PARK YUN TAEK	FOODMART	1	\$792.08	\$792.08
16.02900	PATHAK SUSHILA	BEAVER MOTEL	1	\$792.08	\$792.08
16.02910	PATHAK SUSHILA	CITY STONE	1	\$792.08	\$792.08
16.03000	2221110 ONTARIO INC	PENNY'S MOTEL	1	\$792.08	\$792.08
16.03200	GALLAGHER MARK	NOTTAWASAGA VETERINARY	1	\$792.08	\$792.08
16.03400	B & T OAKLEY ORCHARDS	B & T OAKLEY ORCHARDS	1	\$792.08	\$792.08
16.03500	WLB1010 INC	DR. BURNHAM (DENTIST)	2	\$792.08	\$1,584.16
		THORNBURY SKIN CARE CENTRE		\$792.08	
16.03800	2264745 ONTARIO LIMITED	SIMPLICITY BISTRO	1	\$792.08	\$792.08
16.04400	1475649 ONTARIO LIMITED	VACANT	1	\$792.08	\$792.08
16.04600	JIM PATTISON INDUSTRIES LTD	JIM PATTISON INDUSTRIES LTD	1	\$792.08	\$792.08
16.04900	534298 ONTARIO LIMITED	PINING 4 U	1	\$792.08	\$792.08
16.05000	2097235 ONTARIO INC	BRIDGES TAVERN	1	\$792.08	\$792.08
16.06200	CLAUDE BUILDERS	TIGS CLOTHING	1	\$792.08	\$792.08
16.06222	MACDONALD MALCOLM	PIPERS - PUB	2	\$792.08	\$1,584.16
		THE CURLING IRON		\$792.08	
16.06217	UPI INC	GAS BAR	1	\$792.08	\$792.08
16.06400	1045515 ONTARIO INC	THORNBURY CIDERY	1	\$792.08	\$792.08
17.04700	ETTEVROC CORP LTD	PAMPER & SOOTHE	1	\$792.08	\$792.08
17.04900	6002218 CANADA INC	TERASE (HOME FURNISHINGS-ART)	1	\$792.08	\$792.08
17.04800	MASTERS DEBORAH GRACE	MASTER'S DESIGN	1	\$792.08	\$792.08
17.05000	MACKENZIE & SPENCER MANAGEMENT	FRENCH LAUNDRY	1	\$792.08	\$792.08
17.05100	ROLLESTON-MUNS BONNIE	VACANT	1	\$792.08	\$792.08
17.05200	ZIGAFAER ONTARIO INC	RE-INSPIRED	1	\$792.08	\$792.08
17.05300	VETTORELLO NADIA	VACANT	1	\$792.08	\$792.08
17.05400	2071400 ONTARIO LIMITED	THE DAM PUB	1	\$792.08	\$792.08
17.10500	PENKETH ROBERT J	MOUNTAIN VIEW EYE CARE	2	\$792.08	\$1,584.16
		DÉJÀ VU		\$792.08	
17.10800	1356644 ONTARIO LTD	EVOLUTION FOR MEN	2	\$792.08	\$1,584.16
		FURBELOWS		\$792.08	
17.10900	ROSE DAVID JOHN C	DR ROSE - DENTIST	1	\$792.08	\$792.08
17.11000	BEAVER MASONIC LODGE AF&AM	DECORSOS	1	\$792.08	\$792.08
17.11100	MC LEAN JEREMIAH WILLIAM	HASTY MARKET	3	\$792.08	\$2,376.24
		BAYSWATER MARKET		\$792.08	
		GAIA		\$792.08	
17.11200	HOLDEN BRENDA MAE	LOCATIONS NORTH REALTY WORLD	1	\$792.08	\$792.08
17.11300	STERIO ROBERT WILLIAM	SISI'S	1	\$792.08	\$792.08
17.11400	FELTRIN ROBERT JOHN	WHOLE GRAIN FOODS	1	\$792.08	\$792.08
17.11500	ERSKIN MARION/LACHANCE A	MHS (HAIRDRESSING, ETC.)	1	\$792.08	\$792.08
17.11600	WILDING-DAVIES PETER	ASHANTI COFFEES	1	\$792.08	\$792.08
17.11601	HAMILTON JANET/KOPPERUD	KOPPERUD - LAWYER	1	\$792.08	\$792.08
17.11700	BRETZAC LEASEHOLDS LTD	CHERCHE	5	\$792.08	\$3,960.40
		DREWHAVEN		\$792.08	
		BREATHING EASY		\$792.08	
		ASHANTI		\$792.08	
		WONDERACTIVE		\$792.08	
17.12300	VON TEICHMAN GILLIAN	ART GLASS STUDIO & ANTIQUES	1	\$792.08	\$792.08
17.12400	RIVERSIDE PARK(1) HOLDINGS	THE MILL CAFE	1	\$792.08	\$792.08
17.12600	CHAN FUK YING (JERRY)	WONG'S RESTAURANT	2	\$792.08	\$1,584.16
		BENJAMIN MOORE PAINTS		\$792.08	
17.12700	THE CHEESE GALLERY LTD	CHEESE GALLERY	1	\$792.08	\$792.08
17.12800	TEED LINDA GAIL	FLOWERS ON MAIN	1	\$792.08	\$792.08
17.13000	HORTON GRETA A	DIAMOND STUDIO	2	\$792.08	\$1,584.16
		JESSICA'S BOOK NOOK		\$792.08	
17.13100	WHITTON IAN HILLIER	BEAVER RIVER ELECTRIC	2	\$792.08	\$1,584.16
		WHITTON CHARTERED ACCOUNTANTS		\$792.08	
17.13200	CROSS LAUREL	STUDIO 16	2	\$792.08	\$1,584.16
		THORNBURY BAKERY		\$792.08	
17.13300	VIPOND STEVEN	TERRAWARE	3	\$792.08	\$2,376.24
		GALEN IRELAND DANCE STUDIO		\$792.08	
		THE BRUCE WINE BAR		\$792.08	
17.13400	THE TORONTO-DOM BANK	TD CANADA TRUST	1	\$792.08	\$792.08
17.13800	SKOOKUM DIVERSIFIED	THORNBURY MEDICAL CLINIC	2	\$792.08	\$1,584.16
		MULLIN'S PET MART		\$792.08	
17.13900	2244002 ONTARIO LTD	INTEGRATED HEALTH & WELLNESS	1	\$792.08	\$792.08
17.14400	14546830 ONTARIO INC.	PHARMA SAVE	1	\$792.08	\$792.08
17.14500	LIQUOR CONTROL BRD OF ONT	LIQUOR STORE	1	\$792.08	\$792.08
17.14501	408129 ONTARIO LIMITED	MAC'S	1	\$792.08	\$792.08
17.15800	921600 ONTARIO LIMITED	VACANT	1	\$792.08	\$792.08
17.15801	1308532 ONTARIO INC	THORNBURY CAR WASH (WITTLIN)	3	\$792.08	\$2,376.24
		BEYOND BOOKKEEPING		\$792.08	
		OPTIMUM CHIROPRACTIC		\$792.08	
17.15900	TDL GROUP CORP, THE	TIM HORTON'S	1	\$792.08	\$792.08

**Schedule A
By-law 2011 -**

17.16900	1803517 ONTARIO INC	NEW ORLEANS PIZZA	6	\$792.08	\$4,752.48
		POST OFFICE		\$792.08	
		SIGN OF THE TIMES		\$792.08	
		SHELAGH FOX GALLERY		\$792.08	
		THORNBURY PHYSIOTHERAPY		\$792.08	
		CLEAR CHOICE		\$792.08	
17.17200	THORNBURY LAUNDROMAT	COIN WASH	1	\$792.08	\$792.08
17.17400	HARBOUR MEWS INC	GOLDEN FISH & CHIPS	4	\$792.08	\$3,168.32
		DR MCGILLIS-DENTIST		\$792.08	
		ALITRIA DAY SPA		\$792.08	
		SCORCETTI (DEVELOPER)		\$792.08	
17.20300	BOCHNA ANNE	WHAREHOUSE/STORAGE	1	\$792.08	\$792.08
17.20200	GYLES CEDRIC GEORGE ED	GYLES SALES & SERVICE	1	\$792.08	\$792.08
17.22500	921600 ONTARIO LIMITED	VACANT	1	\$792.08	\$792.08
17.27200	LUGER-MOROCUTTI MONIKA U	MONICA'S BOUTIQUE	1	\$792.08	\$792.08
17.27700	BAUER ANTHONY	CENTURY 21	1	\$792.08	\$792.08
			101	\$80,000.08	\$80,000.08

**THORNBURY BUSINESS IMPROVEMENT AREA
ANNUAL GENERAL MEETING
MAY 4, 2011 – BEAVER VALLEY COMMUNITY CENTRE**

Attendance: George Matamoros – Chair, Meredith Brown – Director, Michael Martin – Director, Ann Murphy – Director, Linda Teed – Director, Casey Thomson – Director, Patricia West – Thornbury BIA, Ted DeCorso, Renee DesRochers, Leslie Lewis

Recorder: Patricia West

Meeting called to order at 6:05 pm.

- 1) Linda Teed motioned and Meredith Brown seconded that the Minutes of the 2010 Annual General Meeting be approved. The motion carried.
- 2) Disclosure of Pecuniary Interest:
 - a. George Matamoros declared that he has an interest in Garden Holistics Inc, who provide flower planters for the BIA;
 - b. Ann Murphy declared that she has an interest in Thornbury Graphics, who provide printing services for the BIA.

These Directors will recuse themselves from any decisions made by the Board with respect to these service providers.

- 3) 2010 Annual Report:

There was a review of the various tasks and events undertaken by the BIA including:

 - Seasonal Rack Cards – designed by a local graphic artist, these are distributed throughout the region and are designed to attract visitors to Thornbury. At the recent annual conference of the Ontario Business Improvement Area Association, George Matamoros received a lot of unsolicited positive feedback from other BIA attendees.
 - New lamppost banners
 - Advertising and editorial in Mountain Life Magazine, Bay St. Bull Magazine as well as radio ads
 - A Communication Plan was developed to aid Committees in planning and organizing events
 - Canada Day – it was agreed that this was the best parade yet and was very well attended
 - Peak to Shore –many shopkeepers reported great pedestrian traffic in their stores
 - Olde Fashioned Christmas – Very well attended – people seemed to be enjoying more of the outdoor festivities thanks to the milder winter temperatures
 - Bridge reconstruction – there is a concern that drivers formed new habits during the construction which had them avoiding downtown Thornbury by taking other routes and, consequently, traffic volume is still down
- 4) 2010 Financials and 2011 Budget:

Last year's expenditures were reviewed and the proposed budget for 2011 was presented and explained.

- The BIA Levy will be increased by \$5,000 in 2011; however, because there are more Members in the BIA this year, the impact on individual Members will be minimal
- Advertising and creative – includes development of new logo, seasonal rack cards, welcome package developed for new Members
- Photography – no new expense this year; we now have a large photo bank to pull from for promotional purposes
- George Matamoros attended the annual conference of the Ontario Business Improvement Area Association. The primary focus of discussions was community economic development. Collecting data to determine who is visiting Thornbury and attending events is an important part of future planning. It was agreed that the BIA needs to promote itself better within the community in order to garner more support and recognition. There is a common misconception that a lot of BIA events, promotions, advertising, etc. are Town initiatives.
- The "Did You Know..." e-mails generated by Casey Thomson and distributed to all Members have received positive feedback as a great way to stay informed on what's happening in our community.
- Canada Day: This year, the pancake breakfast is being hosted by the Lion's Club in Clarksburg which is also the starting point of the parade. The parade will end at Thornbury Harbour which will serve as the main venue for the day's festivities. Due to a lack of funds, the BIA will not be having fireworks this year; however, the Village will be hosting a fireworks display which we will be promoting to the community. Local restaurants will be helping with the cost of showcasing live bands; Clarksburg/Thornbury/Village will be sharing the costs of promotional printing.
- As a way of generating revenue, the BIA has developed a line of logo-wear (t-shirts & hats) which will be available for sale at all upcoming events.
- The BIA intends to pool together with other community organizations to help fund and organize events. Events need to be community oriented in order to benefit from Municipal and other government funding. Cross-promotion of all our events is important and a way of saving costs on advertising and traditional promotional methods.
- The BIA will be supporting the Fall Fair this year with a financial contribution and also have a presence at the Fair.
- Apple Harvest and Peak to Shore – We contribute a lump sum payment and most of the organizing and advertising is done by the Village Association.
- The BIA will be starting to look at the idea of getting sponsors to help pay for events.
- Tree lighting – we experienced lower attendance this year due to inclement weather, Town Hall construction and a conflict with the Town's Christmas party.
- Banners – The winter banners were destroyed due to the harsh winter conditions so it was decided that next winter we will go back to using the old banners which were used the year of the last winter Olympics

- Website – Sui Generis have been selected to re-vamp our website which will be much more interactive and include social media as well. Sui Generis is a marketing firm with expertise in web design. The directors approached three marketing companies to submit proposals on making the website a more effective marketing tool, and to promote Thornbury as a destination. To help defray the cost of the website redesign, there will be a revenue generating component built into it.
- Ted DeCorso moved and Renee DesRochers seconded that the budget be approved. The motion carried.

5) New Business:

- Old Town Hall: Ted DeCorso suggested that the BIA look into leasing the old municipal property and use it as a Farmer's Market. Casey Thomson moved and Leslie Lewis seconded that Ted DeCorso pursue the feasibility of this and develop a business plan. The motion carried.
- Outdoor sound system for the downtown area – Georgian Audio is putting together a proposal for the Town – further information is available from Sean Everitt.
- Scandinave Spa promotion – The BIA will be participating in a program whereby Spa customers on a waiting list will be given a \$5 voucher redeemable in Thornbury shops.

6) Ted DeCorso moved and Leslie Lewis seconded a motion to approve the actions of the Board of Management for 2010. The motion carried.

7) The meeting was adjourned at 7:30 pm.

A copy of the 2010 financial report and 2011 budget is attached.

THORNBURY BUSINESS IMPROVEMENT AREA 2011 BUDGET

Revenue	Budget 2011	Actual 2010
BIA Levy	\$ 80,000	\$ 74,563
Town grant	5,000	5,000
Town insurance payment	2,300	2,300
Total Revenue		
	\$ 87,300	\$ 81,863
Expenditures		
Print media advertising - non event	\$ 5,000	\$ 5,100
Rack cards, welcome package, promotional printing	\$ 3,000	\$ 3,464
Radio - non event	\$ 1,000	\$ 180
Photography	-	3,180
Flower baskets	4,000	3,392
Flower watering	5,300	5,280
Parks & Rec labour	3,000	2,208
OBIAA & conference	700	-
Administrator	4,000	1,583
Canada Day	4,000	4,078
Fall Fair and Thanksgiving dinner	1,700	-
Apple Harvest	4,000	3,245
Peak to Shore	9,000	7,140
Olde Fashioned Christmas	15,000	14,923
Tree lighting	500	453
Website	5,200	180
Seasonal decorations	3,000	5,200
Insurance	2,300	2,300
Garlands, banners	500	14,280
Interest on CAUSE loan	1,100	1,402
CAUSE payment (balance \$45,000)	15,000	15,000
Total Expenses		
	\$ 87,300	\$ 92,588
Net Surplus (Deficit)	Budget 2011	Actual 2010
Increase (decrease) reserves	\$ -	\$ (10,725)

STAFF REPORT: Finance & IT Services



REPORT TO: Finance & Administration
MEETING DATE: May 24, 2010
REPORT NO.: FIT.11.26
SUBJECT: 2010 Year-end Funding – Unfinanced Projects
PREPARED BY: Darcy Chapman, Capital Accountant

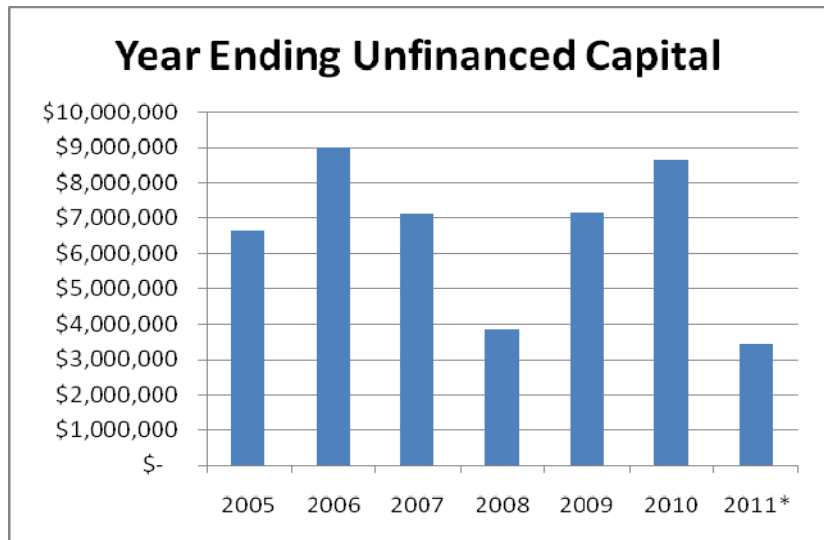
A. Recommendations

THAT Council receive Staff Report FIT.11.26, “2010 Year-end Funding”; and,

THAT Council approve funding outstanding unfinanced capital expenses as outlined in the report.

B. Background

Over the past four years, staff has focused on reducing unfinanced capital projects that are carried over into future years. Ending 2006, the Town had in excess of \$9 Million in unfinanced projects. Ending 2009 this was reduced to \$7.2 Million. The 2010 unfinanced amount has increased solely due to \$2 Million relating to the new Town Hall construction as the Town awaits completion and a long term funding agreement to be in place.



It is expected that the total unfinanced ending balance in December 2011 will be reduced to less than \$3.5M through long term debt arrangements for the Town Hall and the Police Station (\$614,000) along with local service billings relating to Lake Drive Water and Sewer extensions (approximately \$850,000), Georgian View Estates Sanitary Extension (approximately \$565,000) and the Highway 26 corridor watermain extension (approximately \$1M). It is also expected that approximately \$600,000 will be reduced through payment of unfinanced road enhancement projects (Mountain Drive and the Roundabout) through Development Charge receipts. In most cases historical projects have been funded from taxation, debt and in large part through Development Charges. In an effort to further reduce unfinanced capital expenses that have been recorded on the Town’s books for an extended period of time, Staff analysis has lead to

the recommendation that some projects should be funded despite not being budgeted for during the 2010 budget process. This funding will not affect operating surplus/deficit projections.

The following is a list of unfinanced projects, a description of the works, the outstanding amount to be funded and a suggested funding source;

Project	Description	Outstanding Unfinanced	Suggested Funding Source
Parks & Trails Operations Building	Newly constructed parks operations building at Tomahawk. Portion of project was left unfinanced as there was insufficient DC's to fund in 2009	\$ 390,407.18	Parks & Trails Development Charge Fund
Craigleith East Master Drainage Plan	2009 Engineering left as unfinanced	\$ 5,897.80	Craigleith Wastewater Development Charge Fund
Craigleith West Master Drainage Plan	2009 Engineering left as unfinanced	\$ 5,897.80	Craigleith Wastewater Development Charge Fund
Camperdown Master Drainage Plan	2009 Engineering left as unfinanced	\$ 5,945.08	Year-over-Year Rollover Reserve (Development Contribution from 2008)
Combined EA	Lora Bay Water EA to determine reservoir requirements (2008-09 project)	\$ 13,843.45	Lora Bay Water Development Charge Fund
King Street Watermain	2009 Engineering	\$ 503.48	Year-over-Year Rollover Reserve
Lora bay Sunset Blvd Phase 1B Water	Base engineering on Sunset blvd watermain extension (2006-2008 costs)	\$ 32,364.27	Lora Bay Water Development Charge Fund
TOTAL		\$454,859.06	

Staff feel that using the funding sources recommended is keeping with the general intent of the reserve and reserve funds and will not significantly impact the Town. Funding these projects will help to finalize the funding of the projects, provide a cleaner set of year end statements. Once funded, interest is no longer accrued on these outstanding projects as would be the case if they were to remain in an unfinanced position.

C. The Blue Mountains' Strategic Plan

“Providing a strong, well managed municipal government”.

D. Environmental Impacts

No significant impact at this time.

E. Budget Impact

The funding sources suggested come primarily from Development Charge Reserve Funds for water, sewer and roads related projects. As well some smaller amounts are being utilized from general reserves which currently have the funds available for this funding recommendation. The overall funding of these unfinanced amounts will not have any effect on operating surplus/deficit for 2010.

F. Attached

Respectfully submitted,

Signature

For more information, please contact:

Darcy Chapman, Capital Accountant
dchapman@thebluemountains.ca
519.599.3131 x274

STAFF REPORT: Finance & IT Services

REPORT TO: Finance & Administration
MEETING DATE: May 24, 2011
REPORT NO.: FIT.11.25
SUBJECT: Recommended 2010 Year-end Transfers - REVISED
PREPARED BY: Darcy Chapman, Capital Accountant

A. Recommendations

THAT Council receive Staff Report FIT.11.25 "Recommended 2010 Year-end Transfers" and approve the recommendation contained therein, being the transfer to and from Reserves and Reserve Funds as itemized in Schedule "A", attached to this Report.

B. Background

The Town has substantially completed the fiscal year close for 2010. There remain closing entries / year-end transfers to complete the year-end accounting. These entries are shown in Schedule "A", attached hereto.

The recommended 2010 transfers to and from reserves and reserve funds have been compiled based on the 2010 net position of the Town's operating departments, and after budgeted transfers to and from reserves were posted. In some cases, tax dollars were raised to fund capital expenditures that were not made in 2010. These funds will be transferred to a reserve in order to be taken into revenue or used in future years when the capital project occurs. In other cases, such as with water distribution or wastewater collection budgets, the surplus/deficit was lower or higher than budgeted, requiring the transfer to reserve of an amount different than that budgeted (utility user fee related transfers do not affect the property tax related surplus talked about elsewhere in this report). The recommendations are based on factors such as future departmental needs and 2011 budget requirements.

C. The Blue Mountains' Strategic Plan

Providing a strong, well managed municipal government

D. Environmental Impacts

Supporting environmentally sound decisions

E. Financial Impact

The total property tax related recommended transfers **from** Reserves & Reserve Funds amount to \$58,627.91. Transfers of significance are:

- \$25,953.46 from Human Resources Reserve for OMERS and legal costs
- \$11,280.68 from Fire Fighter Equipment Reserve for additional bunker gear replacement purchases
- \$15,000 from Police Reserve for use in the Community Policing strategy.

The total property tax related recommended transfers **to** Reserves & Reserve Funds amount to \$365,497.89. Transfers of significance are:

- \$305,450 in year over year roll-overs for such projects as Ravenna Roads Depot Expansion, Slabtown Bridge, BVCC Refrigeration and Roof replacements, Community Improvement Plan and other small projects
- \$60,000 into Winter Control reserves from 2010 operating surplus funds within winter control

The total recommended transfers **from** Development Charge Reserve Funds amount to \$448,410.50. Transfers of significance are:

- \$390,407.18 from the Parks & Recreation DC to fund the Parks Operations Building
- \$46,207.72 from the Lora Bay Water Specific DC's for Sunset 1B watermain works and the Lora Bay Combined EA

The total **user fee** related recommended transfers **from** Reserves & Reserve Funds amount to \$542,353.50. Transfers of significance are:

- \$10,677.79 from the BIA Reserve to pay for the 2010 operating deficit
- \$82,498 from the Water Reserve Fund to pay for the Georgian View Estates Camperdown area rate charge
- \$439,040 from the Wastewater Reserve Fund to pay for the Shore Acres Camperdown area rate charge

The total **user fee** related recommended transfers **to** Reserves & Reserve Funds amount to \$359,727.70. Transfers of significance are:

- \$5,000 in year over year roll-overs for the neighbourhoods at Delphi watermain project
- \$158,258.61 in net transfers to Wastewater Reserve Funds
- \$196,469.09 in net transfers to Water Reserve Funds

F. Attached

1. Schedule "A" – 2010 Reserve and Reserve Fund Transfers – Non-budgeted

Respectfully submitted,

Signature

For more information, please contact:

Darcy Chapman, Capital Accountant
dchapman@thebluemountains.ca
519-599-3131 x274

Schedule "A" – 2010 Reserve and Reserve Fund Transfers – Non-budgeted

Non Budgeted Contributions from General Reserves & Reserve Funds (Transfers to Capital/Operating)

1-124-0000-31010	Reserves - Year Over Year Roll Over
\$ 5,945.08	Funding of Camperdown Drainage Plan from Peaks Bay development contribution
\$ 503.48	Fund King Street watermain engineering from 2009

1-124-00000-31008	Reserves - Human Resources
\$ 14,712.23	Fund Human Resources legal costs
\$ 11,241.23	Fund OMERS Pension omission costs

1-210-0000-31003	Reserves - Fire Fighter Equipment Replacement
\$ 11,280.68	Fund purchase of additional bunker gear from 2009 surplus

1-220-0000-31001	Reserves - Police
\$ 15,000.00	Fund Community Policing initiative

1-631-0000-31001	Reserves - Harbour
\$ 3,689.15	Funding for emergency repair to Harbour Sewage Grinder pump and system

1-643-0000-31001	Reserve - Small Halls
\$ 6,393.77	Funding for emergency roof replacement for Craigleith Community Centre

1-840-0000-31001	Reserves - Business Improvement Association
\$ 10,677.79	Funding of 2010 Operating deficit

4-415-0000-32001	Blue Mountain Water Reserve Fund
\$ 82,498.00	Fund Georgian View Estates Camperdown Local Service Water charge (\$2,171 x 38 units)

4-421-0000-32001	Blue Mountain Wastewater Reserve Fund
\$ 439,040.00	Fund Shore Acres Camperdown Local Service Wastewater charge (\$12,544 x 35 units)

Non Budgeted Contributions from Development Charge Reserve Funds (Transfers to Capital/Operating)

4-418-0000-35001	Water - Lora Bay
\$ 32,364.27	Funding of Sunset Blvd Phase 1B Watermain Engineering from 2006-2008
\$ 13,843.45	Funding of Lora Bay Combined EA to determine Reservoir requirements

4-422-0000-33001	Craigleith Sewer - Other
\$ 5,897.80	Funding Craigleith East Master Drainage Plan engineering from 2009
\$ 5,897.80	Funding Craigleith West Master Drainage Plan engineering from 2009

4-611-0000-33001	Parks & Recreation
\$ 390,407.18	Funding unfinanced Parks Operations building construction from 2008-2009

Non Budgeted Contributions To Reserves & Reserve Funds (Transfers from Operating/Capital)

1-124-0000-31010	Reserves - Year Over Year Rollovers
\$ 5,000.00	IT Technician Tools
\$ 11,877.59	Community Policing Surplus
\$ 99,000.00	Ravenna Roads Depot
\$ 68,105.30	Slabtown Bridge Reconstruction
\$ 20,000.00	Wayfinding Signage Strategy
\$ 5,000.00	Neighbourhoods at Delphi Watermain Georgian Trail Reconstruction contribution
\$ 4,600.00	Compost Screening
\$ 10,000.00	BVCC Building Upgrades
\$ 35,000.00	BVCC Refrigeration Replacement
\$ 33,350.00	BVCC Roof Replacement
\$ 4,565.00	Library book purchase surplus
\$ 14,000.00	Community Improvement Plan

1-308-0000-31004	Reserves - Winter Control
\$ 60,000.00	Winter Control reserve contribution from unspent funds in 2010

4-415-0000-32001	The Blue Mountains Water Reserve Fund
\$ 196,469.09	Transfer of 2010 Surplus to reserves

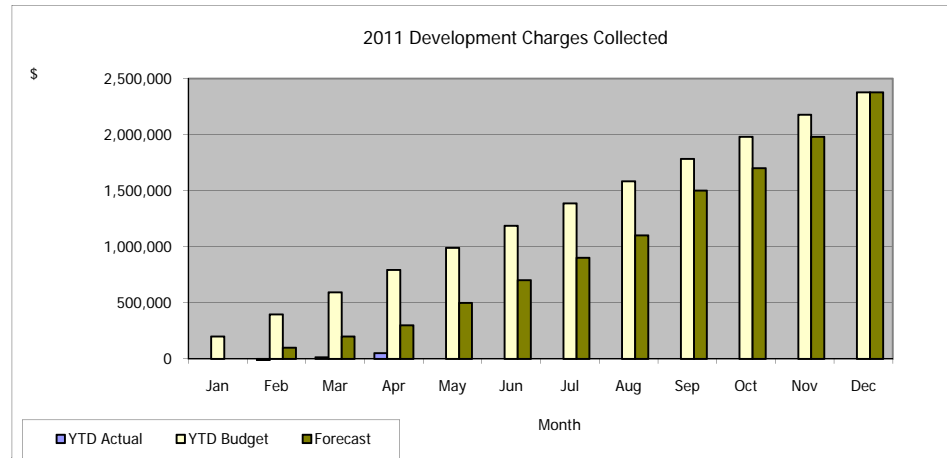
4-421-0000-32001	The Blue Mountains Sewer Reserve Fund
\$ 158,258.61	Transfer of 2010 Surplus to reserves

**The Blue Mountains
Monthly Flash Report -- Operating
30-Apr-11**

C.6

Development Charges Collected

Estimated D/C's	YTD Actual	% Collected	Forecast	Variance
2,375,000	53,456	2%	2,375,000	2,321,544



Commentary

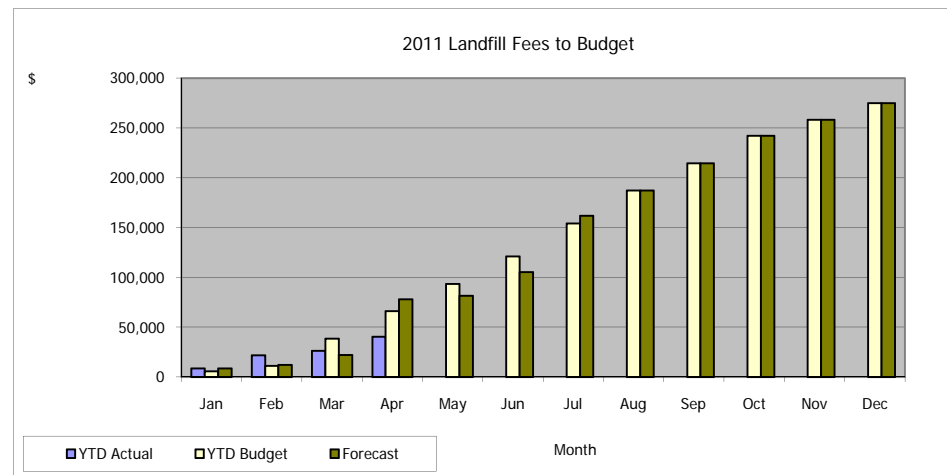
Development Charges collected in April were \$ 51,204

Soft Services -Total \$ 25,400
 General Government - \$ 3,135
 Fire - \$ 5,103
 Police - \$ 753
 Public Works - \$ 2,312
 Parks & Recreation - \$ 10,944
 Library - \$ 3,153

Hard Services - Total \$ 25,804
 Roads - \$ 23,472
 Water - \$ 871
 Sewer - \$ 1,461

Landfill Site Fees

Annual Budget	YTD Actual	% of Budget	Forecast	Variance
275,000	26,240	10%	275,000	248,760



Commentary

Total landfill site fees collected for April 2011 were \$14,160

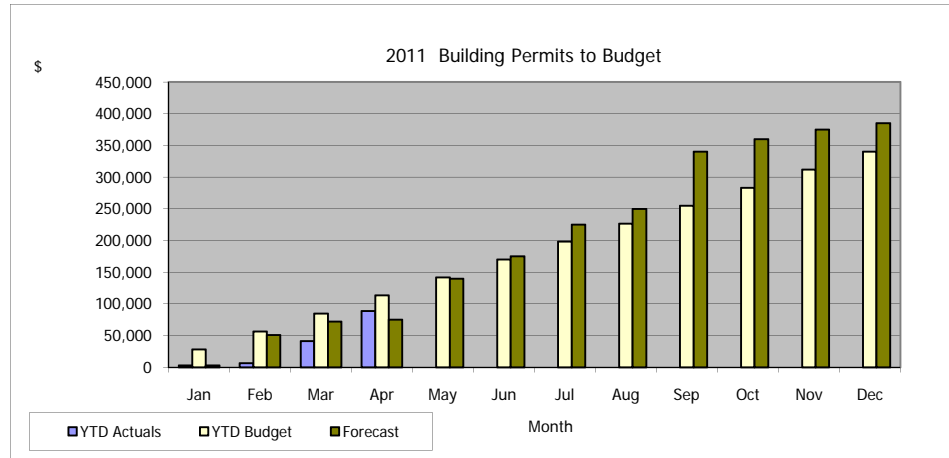
April 2010 was \$ 23,873 for a difference of \$ 9,714 from last year.

Note: YTD Budget is an extrapolation of the Annual Budget based on estimated occurrence of transactions in our business cycle.

The Blue Mountains
Monthly Flash Report -- Operating
30-Apr-11

Building Permits

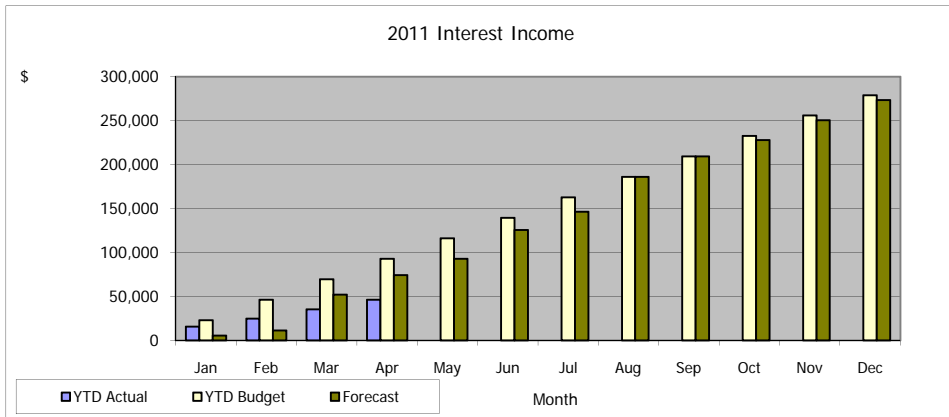
Annual Budget	YTD Actual	% of Budget	Forecast	Variance
425,000	41,211	10%	425,000	383,789



Commentary
Total building permit fees collected for April 2011 were \$ 47,633
April 2011 is \$ 47,633 compared to \$ 75,593 for April 2010.
Last year at this time, we had processed the Town Hall Building Permit in the amount of \$ 29,687. This amount is the difference between the two years.

Interest Income

Annual Budget	YTD Actual	% of Budget	Forecast	Variance
170,000	35,358	21%	170,000	134,642



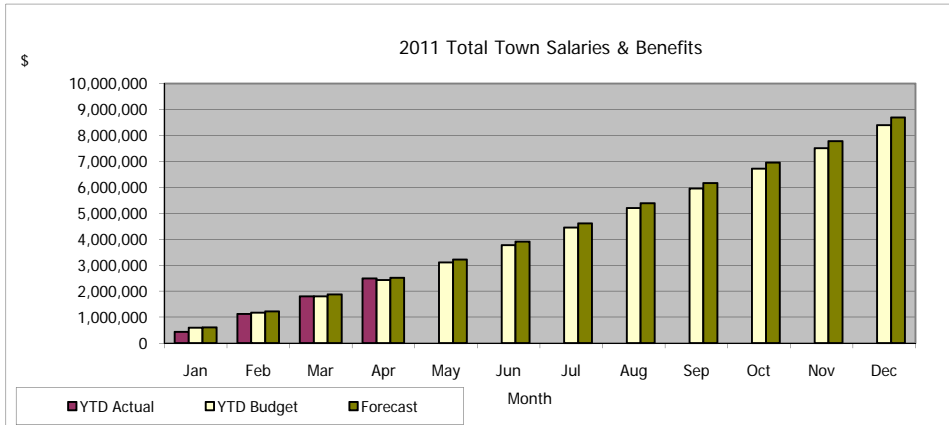
Commentary
Operating Bank Account Balance at April 30, 2011 was \$ 2,770,487
We received OMPF Payment April 26, 2011 in the amount of \$ 427,925

Note: YTD Budget is an extrapolation of the Annual Budget based on estimated occurrence of transactions in our business cycle.

**The Blue Mountains
Monthly Flash Report -- Operating
30-Apr-11**

Total Town Salaries & Benefits

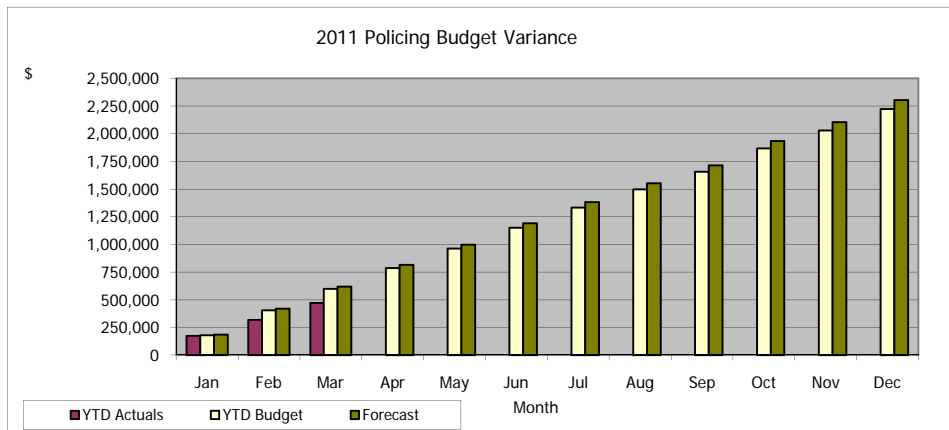
Annual Budget	YTD Actual	% of Budget	Forecast	Variance
8,827,000	2,488,010	28%	8,827,000	6,338,990



Commentary
Salaries & Benefits for the month of April 2011 was \$ 688,120

OPP Services

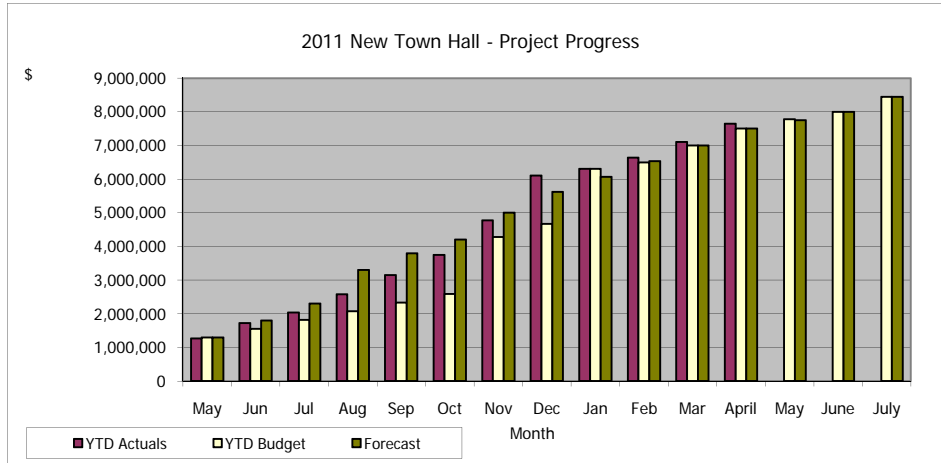
Annual Budget	YTD Actual	% of Budget	Forecast	Variance
2,303,990	318,674	14%	2,303,990	1,985,316



Commentary
Information from the OPP will be provided at the end of the following month in order to be able to provide accurate statistics
Total hours for the month of March 2011 was 1,794

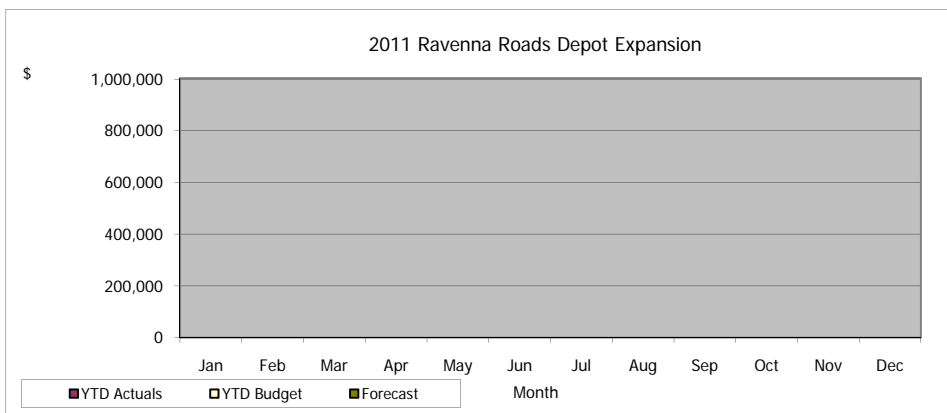
The Blue Mountains
Monthly Flash Report -- Capital
30-Apr-11

New Town Hall	Project Budget	Project Cost To Date			% of Project Budget
	8,448,000	7,645,391			90%



Commentary
The New Town Hall is substantially complete with landscaping and public walkways underway. Interior finishes are complete.

Ravenna Roads Depot Expansion	Annual Budget	YTD Actual	% of Budget	Forecast	Variance
	1,003,750				



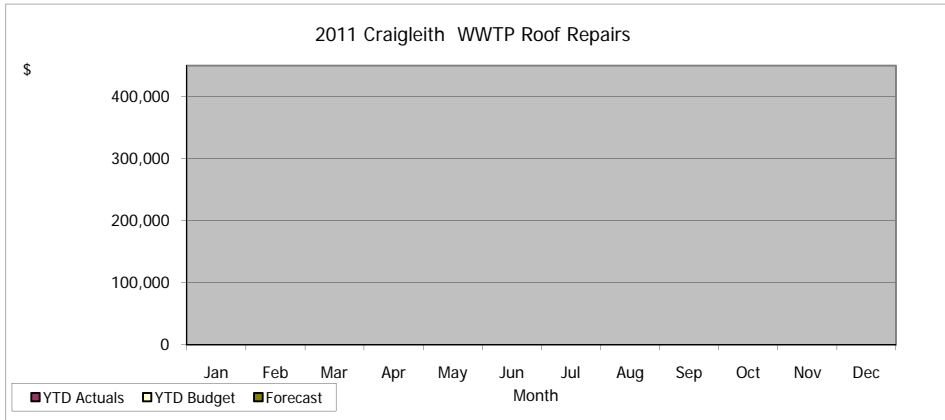
Commentary
We will be reporting on this project for 2011, no expenses incurred to date.
The addition at the yard is expected to be 400 m ² . Construction costs are based on \$135 per square foot.

Note: YTD Budget is an extrapolation of the Annual Budget based on estimated occurrence of transactions in our business cycle.

**The Blue Mountains
Monthly Flash Report -- Capital
30-Apr-11**

**Craigleith WWTP
Roof Repairs**

Annual Budget	YTD Actual	% of Budget	Forecast	Variance
450,000				



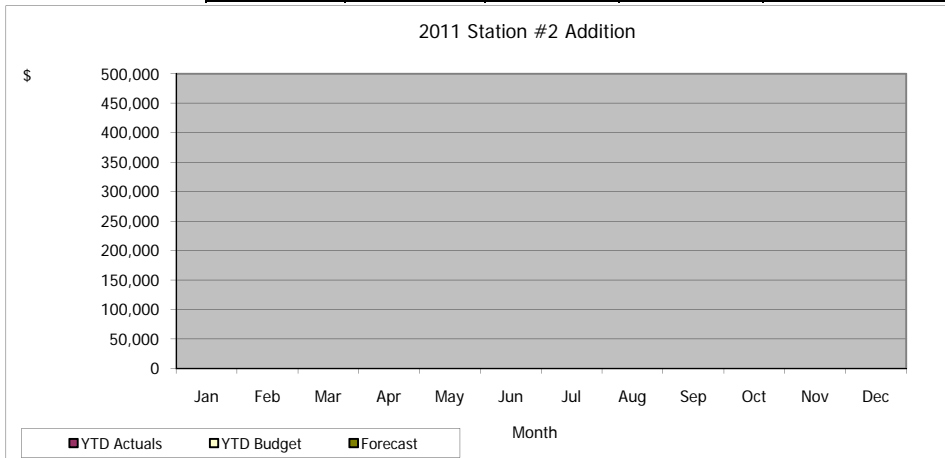
Commentary

We will be reporting on this project for 2011, no expenses incurred to date

The roof is nearly 30 year old and is a membrane roof with tar and gravel top. The roof is leaking and in order to protect the interior there is a requirement to replace the roof.

**Station #2
Addition**

Annual Budget	YTD Actual	% of Budget	Forecast	Variance
483,000				



Commentary

We will be reporting on this project for 2011, no expenses incurred to date

The present station is too small to accommodate all of the apparatus and equipment assigned to this location. Two additional truck bays are required to store the marine rescue boat, ATV and trailer and five fire vehicles.



Tel: 519 376 6110
Fax: 519 376 4741
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BDO Canada LLP
1717 2nd Avenue E, Third Floor
PO Box 397
Owen Sound ON N4K 5P7 Canada

Private & Confidential

April 21, 2011

The Town of the Blue Mountains
32 Mill Street
Box 310
Thornbury, Ontario
N0H 2P0

Dear Sir/Madam:

**Re: Audit of the Consolidated Financial Statements of The Town of the Blue Mountains
For the year ended December 31, 2010**

The purpose of this report is to communicate to the Council certain aspects of the audit that we believe would be of interest to you. The Council can play an important part in the audit planning process and we look forward to discussing our proposed plan with you to determine whether there are additional areas of concern to the Council which we should consider.

This report should not be distributed without our prior consent. We accept no responsibility to a third party who uses this communication.

Independence

At the core of the provision of external audit services is the concept of independence. We are communicating matters that, in our professional judgment, may reasonably be thought to bear on our independence for the forthcoming audit of the municipality.

We are not aware of any relationships between the municipality and us that, in our professional judgment, may reasonably be thought to bear on our independence to date.

We hereby confirm that we are 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 April 21, 2011.

Responsibilities of the Auditor

It is important for the Council to understand the responsibilities that rest with the municipality and its management and those that belong to the auditor. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities outlined below:

- 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) assessing the risks of material misstatement of the financial statements, whether due to fraud or error;
 - (ii) 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;
 - (iii) examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
 - (iv) assessing the accounting principles used and their application; and
 - (v) 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 will be obtained through tests of controls to support the assessment, but the scope of the auditor's review of internal control will be insufficient to express an opinion as to the effectiveness or efficiency of the entity's controls.
- The auditor will express an opinion as to whether the consolidated financial statements present 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.

Further details regarding our responsibilities are outlined in our engagement letter.

Audit Approach

We have been engaged to perform the audit of the consolidated financial statements of The Town of the Blue Mountains for the year ended December 31, 2010. We will adopt an audit approach that allows us to issue an audit opinion on the consolidated financial statements of the municipality in the most cost effective manner, while still obtaining the assurance necessary to support our audit opinion.

Under the BDO Audit Approach, we use risk and assurance models to determine the evidence to collect and evaluate whether sufficient appropriate evidence was obtained to be able to draw reasonable conclusions to allow us to form an opinion. 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 municipality's business and the environment it operates in. Much of our understanding is obtained through discussions with management and their staff. We would appreciate any information that you could provide to us about your business, industry, competitive marketplace, internal controls, oversight of management's processes relating to fraud and error, or anything else that you feel is important to the audit as it may corroborate what we have already learned from management and other sources, or it may be new information to us. We would also appreciate any insights that you could provide to us on what you perceive to be risky in your municipality as that will make our audit more effective and efficient, which will benefit all concerned. In particular we are interested in any knowledge you have regarding actual, suspected or alleged fraud affecting the entity.

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

Audit Scope

We anticipate the scope of our audit of the consolidated financial statements of The Town of the Blue Mountains for the year ended December 31, 2010 to include the following:

- An audit opinion on the consolidated entity
- Preparation of the 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 municipality 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 municipality and a preliminary review of your internal controls, we anticipate using a combined 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."

Performance materiality means the amount or amounts set by the auditor at less than materiality for the financial statements as a whole 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.

When establishing the overall audit strategy, the auditor shall determine materiality for the financial statements as a whole. If, in the specific circumstances of the entity, there is one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements, the auditor shall also determine the materiality level or levels to be applied to those particular classes of transactions, account balances or disclosures. The auditor shall determine performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

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 Council as the most important users of the municipality'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, 2010, we have concluded that a materiality level of \$600,000, based on 2% of revenues, and adjusted by qualitative factors such as experience of staff and adjustments required in previous years, is appropriate for the purposes of planning the audit.

Management Representations

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

Management's representations include, but are 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 entity, 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 board of directors or similar bodies such as audit committees and compensation committees; and
- a representation letter from management.

Communication of Results

At the completion of our audit, just prior to issuing our Auditor's Report, or earlier if considered necessary, we will communicate to you matters arising from the financial statement audit. Our communication will include the following:

- matters required to be communicated to the Council under Canadian generally accepted auditing standards including possible fraudulent activities, possible illegal acts, significant weaknesses in internal control and certain related party transactions;

- matters that have a significant effect on the qualitative aspects of accounting principles used in the municipality's financial reporting;
- whether or not there were significant difficulties encountered during the audit;
- significant matters discussed, or those subject to correspondence with management;
- other matters arising from the audit that, in our professional judgment, are important and relevant to the Council; and
- matters previously agreed with you to be communicated to the Council.

Conclusion

We hope that this letter will provide you with an update on the current developments within the accounting profession, as well as clarify our independence, responsibility and audit approach. We look forward to discussing these issues with you. Please do not hesitate to contact us about any of the above items or other matters of concern to the Council.

Yours truly,

BDO Canada LLP
Chartered Accountants, Licensed Public Accountants



Traci Smith, C.G.A.

TS:nb