

Minutes - Finance and Administration Committee



MEETING DATE: August 30, 2011
LOCATION: Council Chambers
PREPARED BY: Stephen Keast, Administrative Assistant

A. Call to Order

Chair Gamble called the meeting to order with all members in attendance save Councillor McKean, absent due to previous commitment. Also in attendance was Mayor Anderson and Councillor Martin.

Also in attendance was Director of Financial and Information Technology Rob Cummings, Capital Accountant Darcy Chapman, Fire Chief Ron Doherty, Deputy Chief A.J. Lake, Community Emergency Management Coordinator Steve Conn, Fire Prevention Officer Duncan Rydall, Chief Librarian Carol Cooley and Chief Administrative Officer Troy Speck.

The Committee then dealt with the following Resolution:

Moved by: Gail Ardiel Seconded by: Michael Martin

THAT the Agenda of August 30, 2011 be approved as circulated, including any items added to the Agenda, Carried.

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

The Committee then dealt with the following Resolution:

Moved by: Michael Martin Seconded by: Ellen Anderson

THAT the minutes of July 26, 2011, be approved as circulated, including any revisions to be made, Carried.

B. Deputations / Presentations

B.1 Traci Smith, BDO Canada LLP – 2010 Audited Financial Statements

Rob then introduced Traci, adding the Statements were in draft form at this time with some matters to be clarified.

Traci then noted while the Statements were in draft form at present, the numbers were final.

Traci then gave a brief overview of the Statements, noting this was the second year for the new standards established by the Public Sector Accounting Board and the format has changed with the addition of Tangible Capital Assets to the balance sheet.

Traci then noted the Statements are longer than previous and there is a responsibility on management to provide financial statements for audit.

Traci then noted the Statements cannot be complete until the Committee has reviewed and accepted the audit information, adding the Statements are a snapshot in time as of December 31, 2010.

Traci then noted Taxes receivable have decreased from 2009, with long term receivables increased due to the billing out of previous servicing projects. Traci further noted Liabilities have increased because of capital projects and timing of the year end.

Traci then noted Net financial assets are a key indicator and they have been fairly consistent over 2009 and 2010, adding the Town has a strong financial asset situation at \$11,428,108 and is the best of the municipalities audited by her office.

Traci then noted The Blue Mountains is also the largest municipality audited by her office and the asset figure is relative to size, adding the Town has been in a strong financial position for the past few years.

Traci then noted 2010 actual Revenue compared very well to the 2010 budgeted figure, adding assets are now subject to amortization and if the 2010 actual was amortized, it would be \$500,000 above the budget figure.

Traci then noted the Statement of Change in Net Assets is one of the new PSAB requirements since 2009 and the 2010 actual decrease was less than budgeted which is good as it means other revenue sources were utilized.

Traci then noted there was an increase in cash and cash equivalents in 2010.

Traci then reviewed Note 8 to Accumulated Surplus, noting a 2010 total of \$176,846,616, representing tangible capital assets of \$165,292,856 with \$8,204,441 borrowed internally and \$4,004,528 from other sources, with a general surplus of \$1,967,217 which can be used in general operations.

Traci then noted Building is in a deficit situation as are a few other operations and the total of assets and deficits represent the Accumulated Surplus.

Traci then reviewed Note 10 to Budgets, noting the surplus in 2010 was \$889,525 and in 2009 was \$1,077,692 which represents the General surplus of \$1,967,217, adding this figure does not represent the Building deficit.

Traci then noted net financial assets are positive at \$11,428,108 and overall the Town is in a strong financial position and asked if there were any questions.

Mayor Anderson then noted she appreciated the comparison with other municipalities and the reference to relative economies so Council would not get too comfortable.

Chair Gamble then referred to Long-Term Liabilities and questioned the reference to 2015 loan principal payments, Traci noting other debt will be paid off earlier and the 2015 figure should be lower.

Councillor Halos then questioned 2010 budget and actual figures for General Government, Traci noting the actual is higher because tangible capital asset amortization is shown in General Government, suggesting the asset amortization be applied to the actual Department or branch responsible for the asset.

Rob then noted amortization will be broken down in the future, Joe questioning if Council would see this in going forward in Budgets, Rob replying yes and as well in the 2011 Statements.

Joe then questioned if it would be shown as a Budget line, Rob replying that would be difficult but it would be reconciled through the year.

Traci then clarified when the Statement process was changed for 2009, municipalities were allowed three years to properly introduce amortization.

Joe then noted generally the auditor makes recommendations, Traci replying a few matters were noticed and reference will be included in the management letter, but nothing significant.

Chair Gamble then questioned if the management letter would be included with the final Statements, Traci replying yes.

As there were no further questions, Chair Gamble then thanked Traci for her presentation.

C. Staff Reports

C.1 2010 Audited Financial Statements

The Committee then dealt with the following Recommendation:

Moved by: Ellen Anderson Seconded by: Gail Ardiel

THAT Council receive and approve the Audited 2010 Financial Statement Package as audited by BDO Canada LLP, unanimously Carried.

Traci then thanked the Committee and retired from the meeting.

C.2 The Blue Mountains Fire Department Quarterly Report – April – June, 2011

Ron then reviewed the Report, beginning with second quarter highlights. Ron noted the Department responded to 24 false alarms which represent an ongoing concern, as many of the recent calls were not to previous locations and letters have been issued to owners.

Ron then reported 9 volunteer applicants will start the recruit process on September 12, 4 applicants for Hall 1 and 5 for Hall 2.

Ron then noted there were currently 21 firefighters at Hall 1 and 15 at Hall 2, adding the five new applicants will assist staffing at Hall 2.

Ron then noted response types were similar to the first quarter with property damage lower.

Ron then reviewed response times, noting a corrected response time with a six minute time for a staffed apparatus to leave the station and a four minute drive time representing a 3.75 km distance resulted in a pump on scene response of 100% for Hall 1 and 89% for Hall 2, with 10 firefighters on scene responses of 64% and 11%.

Ron then noted the Department is experiencing communications problems which are expected to be addressed during the 2012 Budget process.

Ron then reviewed training statistics, noting all uncertified Captains are now enrolled in the Company Officer level 1 course and the training is provided in-house.

Ron then reported training and response percentages were up.

Chair Gamble then questioned in the case of a structural fire are both Halls called out, Ron replying yes in the Hall 2 area, due to the shortage of firefighters at present.

Bob then questioned if some revisions to a communication tower a few years ago led to communications problems, A.J. replying he was unaware of any work done in the past few years, the problem being communications between the two Halls and dispatch. Steve then noted there had been some work done on the Banks tower a few years ago which is used by Public Works.

Ron noted the project included a road reconstruction cost of \$450,000, with a Town contribution of \$250,000 and a Provincial grant of \$200,000, this cost not recoverable from residents.

Rob further noted wastewater trunk and service costs of \$500,000, \$300,000 from the Lora Bay Area Specific Development Charge Reserve Fund and \$200,000 recoverable from residents. Rob then noted watermain and service costs of \$332,000, \$143,000 from the Lora Bay Area Specific DC Reserve Fund and \$188,000 recoverable from residents.

Rob further noted per unit plant costs would apply, \$773 for Town wide water treatment plant and \$5,001 for Thornbury wastewater treatment plant.

Chair Gamble then questioned how the plant charges were arrived at, Darcy noting they were contained in the last Development Charges Background Study.

Bob then questioned the water plant charges, noting there have been projects in the past with several thousands of dollars charged and now the water plant charge is \$773, with user fee increases of 8% per year proposed.

Darcy then clarified in the 2009 DC Background Study, it was identified that the cost to improve or replace the recently installed membrane filter system in the Thornbury water treatment plant is greatly reduced versus the previous mixed media gravity filter system and therefore plant costs are reduced. Darcy further noted there is a single, Town wide water plant cost as there is only one plant, versus two, separate wastewater treatment plant costs.

Darcy clarified that moving forward from the 2009 Background Study, there is a lesser water plant charge based on current knowledge, the previous plant rates based on the best information and technology available at the time, but such funds are not repaid if reduced.

Rob then noted a Communications Plan had been established to provide information to benefitting residents.

Rob then noted the project required the use of private sewage grinder pumps and the Town made a bulk purchase of 33 pumps at a cost of \$3,510 to each landowner, the remaining four properties to purchase their own pump during connection.

Rob then noted the project portion that is attributable to Lora Bay will be financed at 0% as agreed to by the developer, the Town portion to be financed at 5% if financing is selected by the resident.

Regarding affordability, Rob noted three repayment options will be available, payment in full, over 15 or over 20 years.

relating to the recovery of costs on an equivalent unit basis for the works constructed along Indian Circle, Collen's Court, Aberdeen Court and Scott's Court; and,

FURTHER THAT payment options to be offered to the benefitting property owners include:

(a) payment in full to be paid by a date specified in the By-law;

or

(b) payment over time based on a 15 year term at 0.0% for the Camperdown Development Charges By-law portion and the Town portion be financed at 5% interest per annum or the prevailing Town rate at the time of the By-law passing. Payments will be added to the tax bill with terms offering repayment of the balance owing on the loan at any time, including interest to that date, with no penalty applied. The balance of the loan becomes due and payable at the time a property is sold, conveyed or transferred,

unanimously Carried.

C.5 Treasurer's Statement 2010, FIT.11.23

Darcy then reviewed the Report, noting it was a document that is required to be prepared annually and forwarded to the Ministry of Municipal Affairs and Housing for comparison with the Town's Development Charges Background Study. Darcy further noted the purpose of the document is to ensure that development charge funds collected are spent on projects the funds were collected for.

The Committee then dealt with the following Recommendation:

Moved by: Joe Halos

Seconded by: Ellen Anderson

THAT Council receive Staff Report FIT.11.23 "Treasurer's Statement 2010"; and,

THAT the Treasurer forward a copy of the Treasurer's Statement 2010 and this report to the Minister of Municipal Affairs and Housing, unanimously Carried.

C.6 2011 Development Charges Revenue Update, FIT.11.37

Darcy then reviewed the Report, noting the semi-annual Financial Report had been earlier presented to the Committee.

Darcy then noted this Report further explains the status of development charge collection, the earlier Financial Report showing that 15% of projected funds had been collected at 50% of the year.

Rob then reviewed the 2011 Budget Variance Report ending July 31, 2011, Councillor Halos noting Financial Expenses were high, Rob clarifying this line included insurance premium costs.

Rob then noted total expenses were at 57% of Budget and on line. Rob then noted fees and charges are down but typically BVCC rental increases beginning September.

Rob then noted Water and Wastewater revenues appear good with a surplus estimated, partly because Collingwood water purchase costs are down.

Joe then questioned where the reduced water purchase costs would show, Rob replying under Operating Expenses.

Rob then reviewed the 2011 capital project sheet, Joe noting he appreciated the information.

The Committee then dealt with the following Recommendation:

Moved by: Ellen Anderson Seconded by: Gail Ardiel

THAT Council receive Staff Report FIT.11.39 "Monthly Financial Reports – July 2011" for information purposes, unanimously Carried.

D. Correspondence

D.1 Drive Fore Teens Golf Tournament – request for sponsorship/participation

Mayor Anderson then questioned what the Town's 2010 sponsorship was, the Secretary responding a \$300 Silver sponsorship and two individual entries at \$100 each for a total of \$500.

Chair Gamble then noted a team could be recruited over a week and if not, a Gold sponsorship could be considered.

Ellen then questioned funding sources, Rob replying the Council donation line was \$3,100 at end of July.

Troy then noted the event was in conflict with the Thornbury Medical Centre grand opening in terms of Council participation.

Councillor Martin then questioned if funding could be paid directly to a cause rather than supporting a fundraising event with expenses involved, Ellen noting supporting the tournament benefits the community.

The Committee then dealt with the following Recommendation:

Moved by: Ellen Anderson

Seconded by: Joe Halos

THAT Council approve a Gold Level Sponsorship for the Drive Fore Teens gold tournament in the amount of \$600.00 and that a Town team be organized to participate in the event, unanimously Carried.

E. New and Unfinished Business

Chair Gamble then questioned if there was outstanding debt on pre-payment of development charges and what impact there might be, Darcy replying there are outstanding monies owed to the Camperdown Developer Group and the Lora Bay Corporation for pre-payment of servicing projects.

Darcy then noted there are two ways for developers to recoup up-fronted servicing costs, either by development charge credits on new units or by cost shares from local servicing extensions.

Bob then clarified the Town is not committed to expenditures on the projects, Darcy replying no, developers up-fronted the servicing costs and there was no liability for the Town.

Councillor Ardiel then questioned if developers had fully paid the up-fronted costs, Darcy replying there is some outstanding payment from the Camperdown project but there is a plan in place where the Town will be paid first.

Bob then questioned if the outstanding debt related to the over-expenditure on the Camperdown trunk sewer, Darcy replying yes, with the Town owed approximately \$1,500,000 following project completion of which \$500,000 has been collected, with the Camperdown Developer Group paying interest on the debt.

F. Adjournment

As there was nothing further before the Chair the Committee then dealt with the following Resolution:

Moved by: Ellen Anderson

Seconded by: Gail Ardiel

THAT this meeting does now adjourn to meet again in the Town Hall Council Chambers on September 20, 2011, at 2:00 pm, or at the call of the Chair, Carried.