

Clean audit for SBP

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By Rob Gowan

The Town of South Bruce Peninsula has received a passing grade from its auditor.

John Bujold, partner with Gaviller and Company, presented the town with its draft 2012 auditor's report that showed the town has about \$7 million in reserves, a position he said many other municipalities would like to be in.

"They have a sufficient level of cash, both restricted and unrestricted amounts of cash," Bujold said following his report to council at its regular meeting on Tuesday. "They are sitting with about \$7 million of net financial assets and very little debt associated with that as well."

Bujold said the municipality has the ability to meet any current obligations it has and when it plans infrastructure projects in the future, South Bruce Peninsula will have the ability to take on debt if it needs to.

"We didn't uncover any significant issues or weaknesses in terms of our audit and we are issuing a clean audit opinion," said Bujold.

He told the council that a lot of municipalities would like to be in the position South Bruce Peninsula is in.

"There would be some municipalities that would have higher levels of debt and would be borrowing to finance major infrastructure projects," said Bujold. "I think for a municipality this size they are in a good financial position and would rate fairly high in terms of their net overall assets."

Council heard that of its almost \$7.2 million it has in reserves, about \$2.4 million is restricted, meaning it is essentially already budgeted to be spent. Another \$4.8 million is considered unrestricted, meaning there is no specific use for it that has been identified.

Coun. Jay Kirkland expressed concerns that the town has been putting money in reserves, but has not earmarked the funds to specific projects and expenditures. He said it is important for council to determine if it is taking too much from its ratepayers to build up reserves.

"I have always had concerns. When is enough is enough," said Kirkland. "How much do you keep putting in reserves and when is it enough that the municipality is in good shape with its reserves. I believe we are there."

Manager of Financial Services Michael Humble said this summer, staff and council will try to determine what is the right amount to be put into reserves. Humble said he will present a policy to council with what he feels is the appropriate amount the town should hold in each reserve.

In October, the town will receive its finalized asset management plan, which outlines the needs of the municipality over the next 20 years. An interim report by Ainley and Associates released last September revealed a wide array of problems with the town's sanitary and storm sewer systems. Several pipes - possibly natural gas lines - were found crossing sanitary and storm sewer pipes, there were debris, roots and/or calcite blockages so severe that pipes could not be fully inspected and there were cracks in pipes that could lead them to fail.

"The reserves we have will not be sufficient to cover the infrastructure gap that we have, the difference between what we are currently funding and what we need to in the future," said Humble. "There is a major project underway I am going to get started in the next few week or so concerning all the reserves with a look at what reserves we hold, for what purposes we are holding them and if we are going to reallocate funds towards capital needs."

Humble said the unrestricted funds have been year-end surpluses that have been essentially put into departmental reserves.

"We will be looking at all our reserves and maybe reallocating some of those for our capital needs, which we know we have," said Humble, who called the draft report received on Tuesday an excellent one.

"We have a very healthy cash balance, the reserve balances are high, but we are going to need those funds for other purposes in the future," he said.