

## Bancroft hears auditor's report

**By Nate Smelle**

Joanna Park and Dwayne Potter of Collins Barrow Chartered Accountants presented council with the auditor's report for 2016 during their meeting on June 27. Though the report revealed the town's finances are still not in the best of shape, it also provided a glimmer of hope, showing that they are trending towards improvement.

Upon reviewing the town's financial assets, Potter said they appeared to be relatively stable, noting an overall increase of \$303,109 from 2015. The slight rise was mostly due to the \$110,000 in parkland development charges, with the remaining balance being made up by the various boards. The approximately \$240,000 increase in trade and other receivables was mostly the result of outstanding receivables from the province for the water project on Snow Road, he said. Comprising a little more than half of the town's financial assets, taxes receivable also increased from 16.7 per cent in 2015 to 17 per cent in 2016.

Bancroft's financial liabilities increased by \$231,949 in 2016, now amounting to a total of nearly \$10 million. Bank indebtedness rose sharply in 2016, climbing from around \$90,000 in 2015 to more than \$570,000. Potter indicated that this jump was primarily because of the water and wastewater deficit, which amounted to \$541,000. The work on Snow Road also caused the tally for accounts payable and accrued liabilities to increase by more than \$436,000 in 2016.

Deferred revenue decreased by \$80,000 from the prior year, as did the town's long-term debt, dropping from \$6,671,285 in 2015 to just under \$6.4 million in 2016. The cost of the Faraday landfill closure and post-closure liability also fell by \$225,786 with the changes to the estimates of the closure costs which were update from those done in 2012. Employee future amounts payable also decreased by \$109,050, as several employees with larger accumulative balances left or retired.

The more than \$1.5 million spent on water and sewer account for more than half of the tangible capital assets Bancroft added in 2016. At a value of \$596,560, roads and bridges are next, followed by vehicles and equipment worth \$405,171, buildings \$303,100, land improvements amounting to around \$140,000 and assets under construction at \$9,120.

According the report, the town's accumulated surplus in 2016 was more than \$15.9 million. Before any of the media could tweet out the big news that Bancroft had a surplus of \$1.7 million, acting Mayor Paul Jenkins asked interim treasurer Arthur Smith to offer some clarification the numbers. Smith said that there were many several factors as to why the apparent surplus was not as grand as it appeared. Factoring in water and sewer, he said the surplus would be approximately \$428,000, instead of \$1.7 million.

?There are items that we as municipalities have not been budgeting that are required for us to factor into the financial statements,? said Smith.

?Such items include amortization at about \$800,00 that we have not been budgeting and are not included in these statements. We also have the capital assets we have to budget, because we don't have the reserves when we do that revision ? either through debt or basically through taxation, so the acquisitions would be adding into the reserves, whereas in PSAB they go into a different statement and are not factored in this number.?

Looking at revenues generated from the town's financial activities for the year, Potter said the town collected \$4.8 million in property taxation ? approximately \$153,000 more than the previous year. User fees were also up bringing in an additional \$175,459. The most substantial increase came from provincial and federal grants. Up by \$1,771,128 in 2016, Bancroft brought in \$3,070,482. Potter said the sharp spike was almost entirely the result of the \$2 million provided by the Province for the work that needed to be done to the waterline on Snow Road.

The town's total expenditures registered about \$613,000 less than what was spent in 2015, coming in at \$8,998,319. Breaking it down further all Bancroft's expenses were all under budget. Expenditures for general government were down \$123,000, as were protection services. The cost of transportation services also decreased by about \$200,000 because town properties became fully amortized in 2015. Also worth noting, Potter acknowledged that the town paid \$2,574,673 for environmental services in 2016 ? about \$437,000 less than the year before.

Contract services make up most of the town's expenses at 37.7 per cent, with salaries and benefits taking home second place at 27.1 per cent. The cost of materials was next at 14.9 per cent. Right behind was amortization at 14.8 per cent.

To conclude the report, Park painted a picture of Bancroft's finances in relation to six other municipalities that are close in size and status. The comparative analysis looked at lower tier municipalities with water and wastewater systems that had a similar number of households and population. Park said it was also important to make sure the municipalities being compared to Bancroft had to have a similar taxation base that was primarily residential. Included in the Auditor's analysis along with Bancroft were the municipalities of Marmora and Lake, Centre Hastings, Stirling-Rawdon, North Kawartha, Havelock-Belmont-Methuen and Asphold-Norwood.

Bancroft landed in the middle of the pack when it came to overall taxation, reserves and reserve funds to total accumulated surplus,

and salaries and benefits to total expenses. In regard to the municipal debt to net book value of tangible capital assets, Bancroft measured at 27 per cent in 2016, followed by the Municipality of Marmora and Lake at 8.4 per cent. Bancroft had the highest municipal debt per capita of all seven municipalities at \$2,075. The next highest was the Township of Asphodel-Norwood with \$629. Second only to the Township of North Kawartha who had the highest taxation and user charges per capita at \$2,714 Bancroft weighed in at \$2,162.

After the Auditors had finished their presentation Councillor Mary Kavanagh said that she appreciated looking at some of the graphs comparing Bancroft to other jurisdictions, however she thought it would be useful to see a bar graph that measures the current council against how the town fared in previous years.

?Some of the other circle graphs which are in here look like we are moving in the right direction, and the bar graphs indicate that oh my God we are going to Hell in a hand basket compared to our neighbours,? said Kavanagh.

Acting Mayor Paul Jenkins added that it is important for people to remember that ?half of the town's debt is attributed to water and wastewater.?