



Report To:	Manitoulin-Sudbury DSB Board
From:	Connie Morphet, Director of Finance & Administration
Date:	September 27, 2012
Re:	2011 Surplus - Issue Report

Recommendation:

THAT the 2011 surplus of \$ 255,346 be directed to the DSB's Working Reserve in order to maintain a positive balance in the reserve that will still be significantly under the 15% that the Board has established.

Background:

On May 23, 2002 the Manitoulin-Sudbury Board approved [Resolution # 02-97](#) which states the DSB Working Funds Reserve be set to a maximum of 15% of the municipal share of annual operating budget.

Summary						
Year	Approved Budget	Surplus / Deficit	%	Transfer to Reserve	Return to Municipalities	Resolution
2000	\$ 19,633,869	\$589,467	3.0%	\$589,467	\$0	# 00-155
2001	\$ 26,139,810	\$637,345	2.4%	\$0	\$637,345	# 02-071
2002	\$ 29,583,352	\$929,934	3.1%	\$0	\$929,934	# 03-49
2003	\$ 28,792,582	\$697,345	2.4%	\$0	\$697,345	# 04-36
2004	\$ 27,922,344	\$769,534	2.8%	\$0	\$769,534	# 05-49
2005	\$ 28,890,024	\$382,191	1.3%	\$0	\$382,191	# 06-35
2006	\$ 29,585,323	\$206,311	0.7%	\$0	\$206,311	# 07-40
2007	\$ 32,503,007	\$637,861	2.0%	\$237,861	\$400,000	# 08-28
2008	\$ 33,158,114	\$742,747	2.2%	\$44,612	\$698,135	# 09-27
2009	\$ 33,069,542	\$210,511	0.6%	\$0	\$210,511	# 10-52
2010	\$ 35,350,587	\$409,033	1.2%	\$0	\$409,033	# 11-37
Totals	\$ 324,628,554	\$6,212,279	1.9%	\$871,940	\$5,340,339	
Distribution of Surpluses				14%	86%	

Based on the 2012 operating budget of \$8,471,966, the 15% maximum would amount to \$1,270,795. The current balance of the working funds reserve as of December 31, 2011 is \$134,528 and this amount is \$1,136,267 under the allowable 15% maximum.

Over the past two years the Board's working funds reserve has been depleted based on the following Board approved expenditures:

2009 Working Fund Reserve Balance		\$1,354,549
Withdrawals		
Foleyet EMS Station - Purchase & Architecture	\$ 56,540	#10-31 Feb. 2010
Building Condition Assessment (Non-Housing)	\$ 28,886	#10-71 May 2010
Massey EMS Station- Purchase & Upgrades	\$ 137,604	#11-07 Jan. 2011
Foleyet EMS Station – Construction	\$ 270,223	#11-16 Feb. 2011
Chapleau OW Office Purchase	\$ 70,902	#11-17 Feb. 2011
Little Current EMS Station	\$ 840,612	#11-60 June 2011
Total Withdrawals	\$ 1,404,767	

Deposits		
2009-10 TWOMO Surplus		\$ 86,380
Repayment to Reserve for all buildings		\$ 98,367
Total Deposits		\$184,747
Balance of Reserve at December 31, 2011		\$134,528

As noted above the expenditures for the Foleyet station construction in 2011 amount to \$270,223. Based on Board resolution 11-16 (February 2011) and resolution 12-66 (July 2012) the Board has approved the following expenditures for the construction of the Foleyet EMS base:

Approvals	Amount	
Smart Structures Corporation	\$424,346	(\$375,527 + \$48,818 GST) Resolution # 11-16 Feb. 24, 2011
10% Contingency	\$37,552	Resolution # 11-16 Feb. 24, 2011
Completion of base July 2012	\$155,000	Resolution # 12-66 July 30, 2012
Total	\$616,898	

Total Approvals	\$616,898
Expensed in 2011	\$270,223
Outstanding Liability	\$346,675
Reserve Balance	\$134,528
Reserve Deficit	(\$212,147)

Conclusion:

Based on reserve balance that will be in deficit of \$212,147, we are recommending the 2011 surplus of \$255,346 be directed to the DSB's Working Reserve in order to maintain a positive balance.