



Corporate Services Committee Agenda

Thursday, August 3rd, 2017
Council Chambers
County Administration Centre, Walkerton

1. Declaration of Pecuniary Interest

2. Action Items

A. Financial Software Purchase

3. Information Item

A. Budget Impacts per Ontario Regulation 285/09

4. Next Meeting

September 7, 2017

5. Adjournment



Committee Report

To: Warden Mitch Twolan
Members of the Corporate Services Committee

From: Bettyanne Cobean, C.M.O.
Director of Corporate Services

Date: August 3, 2017

Re: Financial Software Purchase

Recommendation:

That the Treasurer be authorized to utilize the Financial Software Reserve during the 2017 budget year to advance the Corporation forward with budgeting and financial reporting.

Background:

The Finance Division is investigating various options available to the corporation to improve our current process for budgeting and financial reporting. The current process involves manual intervention that generates a greater chance of errors, consumes staff time, and creates frustration for the end users. Moving forward we will be striving to modernize the budget and financial reporting capabilities in a user-friendly environment while providing managers a tool to monitor their budget to actuals effectively. The end result will provide a link to fill the gap between the financial software and the payroll software. The vision for future functionality for multiyear budgeting, and capital asset forecasting will be taken into account as we proceed.

The Finance Division has built a reserve over the last several years in anticipation of this need and are positioned to advance this project in 2017 for implementation with the 2019 budget cycle.

We are investigating a number of software choices and will apply the Purchasing Policy requirements when selecting the vendor. Prior decisions may impact the final choice based on the ability of new software to compliment the current software rather than an entirely new solution.

Financial/Staffing/Legal/IT Considerations:

The Financial Software Reserve currently has a balance of \$164,200.



Interdepartmental Consultation:

Interdepartmental consultation will be part of the needs analysis prior to implementation.

Link to Strategic Goals and Elements:

Goal #5 Eliminate our own red tape

Element A: All work processes designed for the fewest steps and the easiest completion

Element D: Streamline support services - provide services in a holistic manner to the organization

Written by: Susan Petrik, Deputy Treasurer

Approved by:

A handwritten signature in black ink, appearing to read 'Kelley Coulter', written over a light blue horizontal line.

Kelley Coulter
Chief Administrative Officer



Committee Report

To: Warden Mitch Twolan
Members of the Corporate Services Committee

From: Bettyanne Cobean, C.M.O.
Director of Corporate Services

Date: August 3, 2017

Re: Budget Impacts per Ontario Regulation 284/09

Recommendation:

The Budget Impacts per Ontario Regulation 284/09 report is for information.

Background:

Accounting standards and reporting requirements changed dramatically in 2009 including the introduction of tangible capital asset accounting. The accounting standards still do not require that budgets be prepared on the same basis. Bruce County like most municipalities continues to prepare budgets on the traditional basis. The annual budget of a municipality is an important exercise; one which plans for current and future activities and acquisitions. The key outcome of the annual budget is a tax rate which Council is asked to approve. This tax rate is based on a "cash basis" of accounting for the most part, and therefore does not include the Public Sector Accounting Board (PSAB) requirements around accrual accounting and accounting for non financial assets and liabilities.

The Province of Ontario introduced Ontario Regulation 284/09 (O. Reg. 284/09) that allows a municipality to exclude from their estimated expenses, costs related to amortization expense, post employment benefit expense and solid waste landfill closure and post-closure expense. However, the regulation does require that the municipality report on the impact of these excluded costs.

The regulation requires that the municipality report on the impact of these excluded costs and, before adopting a budget for the year that excludes any of the expenses listed above, Council must adopt the report by resolution.

The regulation was intended to be reviewed by the Province on or before 2012 and we understand it is still under review and municipalities are instructed to continue according to Regulation 284/09.



Analysis and Options:

The County of Bruce will develop the 2018 Operating Budget and associated tax levy / rates excluding the following:

1. Amortization expenses, estimated at \$9.9 million, since amortization is a non cash expenses.
2. The budget will not contain the current year's post-employment benefit expense for early retirement. The County has reported post employment liabilities within the financial statements for many years. Actuarial reviews are conducted to estimate the future liability, based on benefits plans and employee demographics. Any increase to the liability must be expensed at the end of the year within the financial statements and only current annual costs of post employment benefits are expensed as paid throughout the year. The County does budget on an annual basis the current year costs of post employment benefits but not the entire estimated future liability (\$1,124,661).

Although amortization expenses should not be used to determine the impairment of an asset, it is used to attribute the capital cost over the life of the asset and is a good tool to predict the future annual financial commitment required for asset rehabilitation. The 2017 budget included contributions to capital replacement reserves as well as contributions for the replacement and rehabilitation of capital assets. The County's Asset Management Plan confirms that the current annual contributions are inadequate to maintain the lifecycle replacement requirements of the County's growing capital asset base over the long term. Further analysis is ongoing to determine the adequacy of the current financial contributions and financial policies in regards to lifecycle replacement requirements for capital assets.

Financial Implications:

While there are no direct financial implications associated with this report, information contained in this report will be reflected in the 2017 annual audited financial statements.

Local Municipal Impact:

Ontario Regulation 284/09 impacts all municipalities in the same capacity. There is no direct impact of the County's adherence to this regulation on the local municipalities.

This report provides the information necessary to provide disclosure under Ontario Regulation 284/09 that requires municipalities to report to Council when certain expenses are excluded from the budget and the impact on the overall accumulated surplus of such transactions.



BRUCE
county

Staffing/Legal/It Considerations:

There are no staffing, legal or IT considerations associated with this report.

Interdepartmental Consultation:

None.

Link to Strategic Goals and Elements:

None identified.

Approved by:

Kelley Coulter
Chief Administrative Officer