

THE CORPORATION OF THE COUNTY OF DUFFERIN



REPORT TO COUNTY COUNCIL



To: Warden Taylor and Members of County Council
From: Alan Selby, Treasurer
Meeting Date: January 14, 2010
Subject: Re-Statement of 2009 County Budget

Purpose

The purpose of this report is to present to Council a re-statement of the adopted 2009 County Budget under the full-accrual basis required by the Public Sector Accounting Board (PSAB). The Budget was originally prepared, as it always has been each year, on a cash-flow basis.

Background & Discussion

The PSAB Handbook gives the accounting rules which all municipalities must follow. The Handbook says that budget numbers in an annual report must be "*presented on the same basis and scope*" as the actual results. In addition, the Handbook says such budget numbers must be reconcilable back to the budget that was approved by Council.

The new PSAB rules for full-accrual reporting, beginning in 2009, represent an accounting change, not a budgeting change.

Budgets may continue to be prepared on a cash-flow basis, and Dufferin County has chosen to continue to do its budgets that way in 2009 and 2010, in part to be consistent with prior years when the new PSAB rules did not apply.

The PSAB rules do not change the methodology followed to determine the Tax Levy that needs to be raised each year.

Legislation was passed in 2009 to require additional reporting by staff to Council, in cases where cash-basis budgeting continues to be followed. Therefore this legislation applies to the County of Dufferin. There is a new report that must be presented to Council, to reconcile from a cash-basis budget to a full-accrual budget, beginning with the year 2010.

This new report is not required for 2009, under legislation, but it is advisable to complete it anyways, because otherwise when Council receives its 2009 annual report from its auditors, it would be the first time Council would see its 2009 budget in a re-stated format to meet the PSAB Handbook rule.

Financial Impact

No impact; this report is being done for information purposes, as explained above.

Attached please find Schedule A which shows:

- Approved 2008 Budget, by Department, for comparison, Cash basis
- Approved 2009 Budget, by Department, Cash basis
- Columns that identify each step required in the re-statement of the Budget
- Approved 2009 Budget, by Department, Full-Accrual basis

The Amortization Expense figure (\$4,625,227) is subject to review by our auditors and may be changed slightly, based upon their audit results.

The budget re-statement will result in an unbalanced budget, as you would expect, on a full-accrual basis. This is not a problem because, as mentioned before, the PSAB rules do not change the methodology followed to determine the Tax Levy that needs to be raised each year.

The goal of a full-accrual budget is to make use of the new Tangible Capital Asset data to encourage municipal Councils to raise adequate funds for future replacement of its capital assets. When the re-stated budget comes out to a net shortfall in Tax Levy funding, compared to Net Department Costs, it should be a signal to a Council that its capital asset needs are not being met in a manner that is sustainable over the long term.

There is no such shortfall in the County's case for 2009, although the result comes very close to being a shortfall.

Local Municipal Impact

No impact. Local municipalities may or may not give a similar report to their local Councils on their 2009 budgets; it is not legislated for 2009.

Recommendation:

THAT the report of the Treasurer on the re-statement of the adopted 2009 County Budget to a full-accrual basis, be received.

Respectfully submitted,

Alan Selby
Treasurer

SCHEDULE A Re-Statement of Dufferin County 2009 Budget

CASH Basis Net 2008 Budget	←--APPROVED BUDGETS--→ including Support of capital projects by Dept	CASH Basis Net 2009 Budget	2009 Adjustments to go from CASH-basis Budget to Accrual (PSAB) Budget						ACCRUAL Basis Net 2009 Budget
			remove debt princ	remove Withdrawals	Reserve activity Additions to	remove all Capital support	ADD asset amortiz exp.	Other	
	DCMA and Forest								
982,265	Expenses	1,069,700				-		\$ 1,069,700	
(224,713)	Revenues	(246,550)		33,000				\$ (213,550)	
	Public Works								
8,452,998	Expenses	7,252,223	(223,100)		(327,900)	(2,793,023)		\$ 3,908,200	
(81,878)	Revenues	(124,400)		50,800				\$ (73,600)	
	Dufferin Oaks								
11,828,398	OAKS Expenses	12,709,700	(733,000)			(275,000)		\$ 11,701,700	
(8,917,694)	OAKS Revenues	(9,683,740)		75,000				\$ (9,608,740)	
	M.L.C. M.C.K.B. Commun. Supports								
980,620	Expenses	1,088,720			(55,900)	-		\$ 1,032,820	
(789,100)	Revenues	(944,460)						\$ (944,460)	
	Community Develop./Waste Mgmt								
1,480,000	Expenses	1,817,950				(314,000)		\$ 1,503,950	
(431,300)	Revenues	(270,550)		204,000				\$ (66,550)	
	OW, ODSP + other Soc. Assistance								
5,475,200	Expenses	5,758,534			(30,000)	-		\$ 5,728,534	
(3,097,670)	Revenues	(3,324,804)		10,000				\$ (3,314,804)	
	Child Care including JHDC and OEY								
3,902,896	Expenses	4,182,740				-		\$ 4,182,740	
(3,012,563)	Revenues	(3,186,913)						\$ (3,186,913)	
	Social Housing + Emerg. Services								
4,801,737	Expenses	5,613,790			(5,000)	(332,900)		\$ 5,275,890	
(2,161,387)	Revenues	(2,620,407)		20,000				\$ (2,600,407)	
746,500	Dufferin Share of Health Unit	884,000						\$ 884,000	
740,000	Property Assessment MPAC	775,000						\$ 775,000	
	Land Ambulance Service								
4,858,320	Expenses	5,180,878				(179,728)		\$ 5,001,150	
(2,321,100)	Revenues	(2,416,000)						\$ (2,416,000)	
	Building Dept & Facilities								
1,945,575	Expenses	2,299,905			(33,600)	(327,000)		\$ 1,939,305	
(1,196,956)	Revenues	(1,460,380)		195,975				\$ (1,264,405)	
(450,000)	Surplus from the previous year	(350,000)					350,000	\$ -	
	Amortization Expense on all Capital Assets					4,625,227		\$ 4,625,227	
	General Gov't. Admin.								
2,418,577	Expenses	2,574,682				(501,030)		\$ 2,073,652	
(1,209,435)	Revenues	(936,545)		26,200				\$ (910,345)	
24,719,290	NET DEPARTMENT COSTS	25,643,073	(956,100)	614,975	(452,400)	(4,722,681)	4,625,227	350,000	25,102,094
(24,719,290)	TAX LEVY	(25,643,073)							\$ (25,643,073)
	NET BUDGET	NET BUDGET							\$ (540,979)