



SUBJECT: Financial Policies

TO: Audit Committee

FROM: Finance Department

Report Number: F-25-17

Wards Affected: not applicable

File Numbers: 410-01

Date to Committee: May 31, 2017

Date to Council: June 12, 2017

Recommendation:

Receive and file finance department report F-25-17 providing information on financial policies.

Purpose:

- An Engaging City
- Good Governance

Background and Discussion:

The terms of reference for the Audit Committee direct the committee to review and discuss with management:

- the appropriateness of accounting or other financial policies and financial reporting practices
- any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the City
- Any new or pending developments in accounting and reporting standards that may affect the City and
- Management's key estimates and judgments that may be material to financial reporting

The City of Burlington maintains a number of policies that may be categorized as follows:

- Corporate policies that have applicability to the entire corporation and must be approved by Council. These policies are contained in the Corporate Policy Manual which is maintained and updated by staff within the Clerk's Department. The Corporate Policy Manual is available on the City's website.
- Organizational policies that may have a corporate wide impact or a specific divisional focus. These policies are approved by Senior Management not City Council and accountability for maintaining the policy is indicated in the policy document. These are typically published to the City's intranet site.
- Service specific policies that may be required for specific service areas. Financial management and accounting policies that fall into this category are of particular interest to the Audit Committee as they may have an impact on the financial statements.

Report F-25-17 provides information on specific policies to assist the Audit Committee in fulfilling their responsibilities. Policies presented in this report are as follows:

Debt Policy – a corporate policy that outlines the parameters for the City's use of debt as one aspect of long-term financial planning. The policy sets the City's internal debt limit and sets the policy for use of debt as a financing consideration. The policy is attached as appendix A.

Developer Charges – details the circumstances for which the City will collect development charges. This corporate policy directs that development charges shall be placed in development charge reserve funds. Developer charges are another method of recovering the net cost of capital projects related to growth. Under Canadian public sector accounting standards ("PSAS") these funds are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue. These reserve funds are considered obligatory reserve funds. As at December, 2016 the City recorded \$61.3 million in deferred revenue – obligatory reserve funds in its financial statements. The policy is attached as appendix B

Strategy/process

Financial policies have been presented to the Audit Committee on a regular basis starting in 2016. Finance staff will continue to present policies for Audit Committee information during the meetings scheduled for 2017. A listing attached as appendix C lists the policies that have been presented to Audit Committee and projected dates

when the balance of the policies will be presented. To date, Audit Committee has been presented with the following policies:

Corporate policies:

Investment of City Funds

Procurement

Charitable Donations

Organizational policies:

Stale Dated Credits

Grants and Infrastructure Programs

Employee Computer Purchase Plan

Accounting policies:

Accrual Accounting

Employee Future Benefits

Use of estimates

Non-financial assets

Conclusion:

Staff are providing information on financial and accounting policies to assist the Audit Committee with fulfilling its responsibilities as outlined in the terms of reference.

Respectfully submitted,

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Controller and Manager of Financial Services

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Appendices:

- a. Debt
- b. Development Charges

c. Accounting and Financial Policies

Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.