
Niagara  Region

REPORT TO: Co-Chairs and Members of the Corporate Services Committee

SUBJECT: Encumbrance Report for the Year Ended December 31, 2011

RECOMMENDATION

That this report **BE RECEIVED** for information.

PURPOSE

Business of Financial reporting.

BUSINESS IMPLICATIONS

Encumbrance accounting is a mechanism to facilitate the accounting of goods and services where an obligation to purchase has occurred but the goods or services had not been received by year end.

Public sector accounting requires the Niagara Region to follow accrual based accounting. As noted in Council Report DF86-179, this means that expenses are “recognized in the period that goods or services are received, regardless of the date payment is made”. This creates a funding complication in that items ordered and services contracted near year end and received subsequent to year end would not be matched to their budgeted funding.

Encumbrance accounting was introduced to effectively transfer the budgeted funding for goods and services where a purchase order, contract or other commitment exists, to an encumbrance reserve at year end. In the following year when the goods or services are received the budgeted funding is transferred back to match the actual expense.

REPORT

An encumbrance totaling \$ 2,654,811 has been established in accordance with Council Report DF86-179.

Encumbrance accounting was formally established in 1986 at the Niagara Region as a mechanism to improve expense and funding control.

Annually the finance department reviews the encumbrance requests from departments and transfers the budgeted funding for eligible encumbrances to the encumbrance reserve.

The majority of encumbrances are service contracts related to studies being undertaken. A five year encumbrance history is summarized in the table below:

Encumbrance History					
	2011	2010	2009	2008	2007
Administration	\$ -	-	\$ 20,000	\$ 20,000	\$ 31,600
Community Services	-	-	34,000	-	-
Corporate Services	580,593	18,460	147,600	79,324	149,092
Niagara Regional Housing	157,224	75,808	43,964	21,700	-
Integrated Community Planning	992,671	172,144	177,000	158,000	169,885
Public Health	-	-	577,359	-	88,345
Public Works	924,323	803,078	821,197	1,612,554	365,742
TOTAL	\$ 2,654,811	\$ 1,069,490	\$ 1,821,120	\$ 1,891,578	\$ 804,664

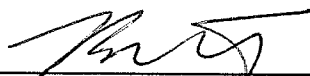
The financial management and planning division has reviewed each encumbrance request with the originating department.

The encumbrances identified in Appendix A will be transferred to the encumbrance reserve for fiscal 2011 and transferred back to their respective operating cost centres for 2012. There have been no encumbrance balances carried over from previous years.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Not applicable.

Submitted by:



Brian Hutchings, B. Comm, CGA
Commissioner of Corporate Services/Treasurer

Approved by:



Mike Trojan
Chief Administrative Officer

This report was prepared by Melanie Steele, Manager, Financial Reporting, and reviewed by Bryan Boles, Director, Financial Management and Planning in consultation with departmental finance representatives.

Appendix A: Detailed summary of encumbrances by department

Corporate Services	
Financial System Review CSD 152-2011	400,000
Assessment Roll Audit CDS 205-2011	20,000
Long-term accomodation study - various groups	160,593
Total Encumbrances for Corporate Services	<u>580,593</u>
Integrated Community Planning	
Culture Capital of Canada	402,000
Consulting Services for Residential, Employment and Retail Land Inventory	75,000
Economic Impact Assessment	70,000
Sustainable Niagara Phase 3	45,000
Development Charges Background Study	30,000
Valu Added - Agriculture	6,600
EIS Guidelines	21,711
Regional Phasing Policies	143,851
Official Plan for Wainfleet & St. Catharines	75,189
Greater Niagara Circle Route Administrative Review	47,167
Water Smart - Various Studies WA0902	50,000
Water Smart - Water Policy WA0902	26,153
Total Encumbrances for Integrated Community Planning	<u>992,671</u>
Niagara Regional Housing	
Kiwanis Cresent Community - Ceramic Tile & Carpeting	21,315
Steele Street Community - Interior Painting	16,574
Huron Street Community - Interior Painting	26,254
Building Conditions Assessments RFP11-07	87,047
Various office equipment and supplies	6,034
Total Encumbrances for Niagara Regional Housing	<u>157,224</u>
Public Works	
Waste Management - Supply & install kiosks	17,035
Waste Management - Supply electronic bin	7,377
Waste Management - Plastics Awareness Campaign	50,000
W/WW - Conditional Assessment of Decew WTP Old Valve House	5,190
W/WW - Lighting Retrofit - Seaway WWTP	46,505
W/WW - Automatic Vehicle Locator Program	137,584
W/WW - Paving at Fourth Avenue Pump Station	13,732
W/WW - Niagara Falls WWTP - RBC Optimization Project	25,420
W/WW - Submersible Pumps	57,409
W/WW - Port Weller Final Clarifier	90,220
W/WW - Baker Road Hot Water Pipe Replacement	47,217
W/WW - Grading and paving at 3 locations	45,773
W/WW - Replacement windows	38,791
W/WW - Condition Assessment Rose Hill W91102	10,305
W/WW - Condition Assessment Booster & PS Phase IV W91103	16,627
W/WW - Condition Assessment Structural Assessment Port Weller Clarifier W91104	2,146
W/WW - Condition Assessment 360 View of Plants W91105	1,108
W/WW - Pump Station Performance Tests W91106	19,987
W/WW - Water Hydraulics Peer Review W91107	16,530
W/WW - Condition Assessment Port Weller WWTP W91108	58,358
Transportation - St. David's Road Bicycling and Pedestrian Facilities	31,423
Transportation - Niagara Transportation Strategy Update	31,651
Transportation - Amendments to Sign By-law 2705-80	38,180
Transportation - Communication Marketing Promotion Inter-municipal transit	115,755
Total Encumbrances for Public Works	<u>924,323</u>
TOTAL	<u>2,654,811</u>