

ISSUE 102
March 2018

DOLLARS AND \$ENSE PERSPECTIVE

Annual Conference and AGM

Kelowna, Delta Okanagan Grand Resort • May 30th–June 1 • Pre-Conference workshops May 28 + 29

REGISTER TODAY!

*Early bird ends
March 31st*

GFOABC.CA/EVENTS

2018

**LEADERSHIP
& RESILIENCE**



CONFERENCE PROGRAM ANNOUNCED!

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GFOABC INVITES YOU

To participate in a FOCUS GROUP BREAKFAST at this year's ANNUAL CONFERENCE.

To ensure that GFOABC keeps pace with the ever-evolving role of the local government finance officer, we are developing an education and professional development framework that we believe will assist local government finance staff in planning their professional development and will help GFOABC in prioritizing program development with the overarching goal to assist current and new local government finance officers enhance their skills and competencies.

The proposed education framework incorporates both theme and level elements as well as input from GFOABC members by way of the annual membership survey, the results of which will inform GFOABC's 3-year program development plan.

To ensure that the breadth of finance officer roles and responsibilities as well as the diversity of experience, future workshop development will be based upon **five themes**: Accounting & Financial Reporting, Budgeting & Financial Planning, Financial Management, Property Taxation, and Sources & Uses of Funds, and **three levels**: Basic, Intermediate and Advanced.

We need your input to determine if these themes are the most appropriate way of organizing and prioritizing GFOABC local government finance education offerings. We understand that this is a busy time for local government finance staff and we are grateful to those of you who have found time to respond to the ONLINE FOCUS GROUP questionnaire sent out in our February E-updates. For those who have not responded, you can find the questionnaire [here](#).

A facilitated IN-PERSON FOCUS GROUP breakfast is planned for May 31st at the conference in Kelowna. We will be inviting 24 members representing small, medium and large municipalities and regional districts to participate. The meeting will open with a hot breakfast at 7:00am and the focus group will run from 7:30 to 8:30am.

If you are interested in participating in the IN-PERSON FOCUS GROUP and helping to shape GFOABC's education and development plan, please contact Erica at office@gfoabc.ca.

Ed Sykora, Executive Director

MESSAGE FROM OUR PRESIDENT

It is a busy time of year as we finish up year ends, adopt budgets, start work on tax rates, complete the legislated filings and watch the tenders and RFP's go out on those big capital dollars we budgeted. You may have public consultation well under way for your budget and if you are like some communities, fully aware there will be a municipal election this year!

Amidst all that the Provincial Government released their budget as well. There are some controversial, some potentially expensive and some quieter "gems" that will impact us all. Never have I had so many calls from the media on issues arising from the Provincial Government's budget! Look for the update in this newsletter from our friends at KPMG to highlight some of those items that will impact us. GFOABC is hearing from its members on how this is impacting them and know that we are listening! We are actively working with partners at the Province to provide access to information for all of you. Look for updates on this at both the Collectors' Forum and at the conference. On the other side, we are working with UBCM on how we can communicate the impacts that will be hitting our taxpayers financially.

It is also conference registration time! I hope to see you all at the conference at the end of May in Kelowna this year. I can't promise sunshine but I am hoping spring is definitely here at that point! The annual GFOABC conference is a wonderful time to reflect and refresh, connect with old friends and make some new ones and come away with some great new ideas for our jobs and our organizations.

TANYA GAROST, *President*

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2018

Annual Conference and AGM

Kelowna, Delta Okanagan Grand Resort

May 30th–June 1

Pre-Conference workshops May 28 + 29



LEADERSHIP & RESILIENCE

REGISTER TODAY!

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GFOABC.CA/EVENTS

CONFERENCE PROGRAM ANNOUNCED!

As part of our continuing effort to bring you the best in professional development we will be hosting three amazing panels at this year's conference.

PANEL 1: FLOODS & FIRES FINANCE AT THE FRONT LINES [Read more](#)

PANEL 2: BEYOND THE BASELINE: FINANCE, RISK & THE STATE OF ASSET MANAGEMENT IN BRITISH COLUMBIA [Read more](#)

PANEL 3: CFO FORUM: WHAT KEEPS YOU UP AT NIGHT? [Read more](#)

DAY 1 WEDNESDAY, MAY 30			DAY 2 THURSDAY, MAY 31			DAY 3 FRIDAY, JUNE 1		
8:30 FIRST NATIONS WELCOME Jordan Coble, Westbank First Nations			7:30 FOCUS GROUP GFOABC Education Framework					
8:45 MAYORIAL WELCOME Gail Given, Deputy Mayor, City of Kelowna			8:30 PRESIDENTS INTRODUCTION					
9:00 OPENING REMARKS Tanya Garost, GFOABC President			8:45 KEYNOTE SHAYNE KAVANAGH A New Framework for Financial Sustainability			9:00 MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING Honourable Selena Robinson		
9:15 OPENING KEYNOTE DARBY ALLEN Courage Inside the Fire: A Story of Leadership			9:30 NETWORKING BREAK			9:30 TACKLING SOCIAL HOUSING WITH NPOs		
10:00 NETWORKING BREAK			10:00 INFRASTRUCTURE RESILIENCE Interdependencies, Risks and Resilient Cities			10:30 NATURE BREAK		
10:30 PANEL FLOODS AND FIRES: FINANCE AT THE FRONT LINES Regional District of Central Okanagan, City of Kelowna, Emergency Management BC and Office of the Fire Superintendent			11:00 PANEL BEYOND THE BASELINE: FINANCE, RISK AND THE STATUS OF ASSET MANAGEMENT IN BC Asset Management BC, Union of BC Municipalities, Municipal Insurance Association of BC and District of North Vancouver			10:45 KEYNOTE BILL BAKER Engage, Align and Inspire: Leadership Through Storytelling		
11:30 GFOABC ANNUAL GENERAL MEETING			12:00 LUNCH			11:30 CLOSING REMARKS		
12:00 LUNCH			13:00 PUBLIC SECTOR ACCOUNTING BOARD UPDATE					
13:00 AUDITOR GENERAL FOR LOCAL GOVERNMENT EMERGENCY UPDATE EMERGENCY MANAGEMENT IN LOCAL GOVERNMENT Capital Regional District			13:30 PANEL CFO FORUM: WHAT KEEPS YOU UP AT NIGHT? District of Lake Country, City of Penticton, Sunshine Coast Regional District and City of Abbotsford					
13:45 ADVANCED DEVELOPER FINANCE Developer Cost Recovery Mechanism	13:45 ENVIRONMENT LIABILITY PLANNING AND RESILIENCE	13:45 IT'S NOT JUST MATH How Water Rates Drive Policy and Shape Your Community	14:30 NETWORKING BREAK					
14:45 NETWORKING BREAK			15:00 STRATEGIC PLANNING...GONE RIGHT	15:00 CYBER FRAUD	15:00 STRATEGIC PROCUREMENT Harnessing the Power of Strategic Public Procurement			
15:15 COLLECTORS' FORUM	15:15 LEVERAGING BUSINESS INTELLIGENCE TOOLS	15:15 HR FORUM	15:45 LEADERSHIP IN A CRISIS	15:45 GETTING PREPARED FOR THE FUTURE OF FINANCE	15:45 THE ABCS OF CYA Techniques for Avoiding or Minimizing Risk and Loss			





DON'T LEAVE EARLY!

We will be tackling housing on the last day of the Conference. Book your travel accordingly!

EARLY BIRD PRICING ENDS MARCH 31st | REGISTER NOW!

Registration includes the Tuesday night Welcome Reception, access to all educational sessions, breakfast, lunch & coffee breaks and one ticket to the Thursday night Gala Dinner.

	Early Bird	After March 31st
GFOABC Member	\$600	\$650
Non-Member	\$650	\$700

PRE-CONFERENCE WORKSHOPS | REGISTER NOW!

May 28, 2018

Ethics and Leadership

Financial Indicators: An Introductory Overview of Financial Statement Ratio Analysis

May 29, 2018

Regional District Day

Property Tax 302: Property Tax Policy & Setting Tax Rates

WELCOME RECEPTION

GFOABC welcomes all guests to kick-off the 2018 Annual Conference at Sandhill Winery for a night of wine tasting and networking with friends old and new.

Tuesday May 29th • 6:00 - 9:00pm

Sandhill Winery • 1125 Richter St, Kelowna

GALA DINNER

GFOABC delegates are invited to the Thursday night Gala Dinner held in the Okanagan Ball Room May 24th.

Live musical performance by Easy Fix, the Okanagan's Premier Dance Band. If you love to dance to it, they love to play it!

Additional Gala Dinner tickets are available for sale for \$100+gst online before June 5th, and at the registration desk during the conference.

ACCOMMODATIONS

Hotel Rooms are selling fast, reserve today!

Delta Grand Okanagan Resort - [DIRECT RESERVATION LINK](#)

VOLUNTEERS

GFOABC is still looking for volunteers. Conference volunteers receive one day access to educational sessions, or a Gala ticket.

[VOLUNTEER APPLICATION](#)

EXHIBITORS AND SPONSORS

We invite you to participate in the GFOABC's Annual Conference. The GFOABC's Annual Conference, is a conference designed around education, inspiration, networking and making meaningful professional connections. If you are thinking of becoming a sponsor and/or exhibitor please contact GFOABC at office@gfoabc.ca for details on how we can work together to maximize your benefits, networking opportunities, and your brand.

PROPERTY TAXATION 101

The objective is to give new and experienced staff the information they need to confidently and effectively answer questions from taxpayers, especially during the busy tax time. This workshop provides a practical hands-on approach to municipal taxation for staff new to the tax cycle and also gives a refresher with updates for those who have taken the workshop before. Workshops are coming to a local government near you!

Burnaby	April 9	REGISTER
Kelowna	April 12	REGISTER
Nelson	April 16	REGISTER
Nanaimo	April 24	REGISTER
Webinar (3 part)	April 19th - May 3rd	REGISTER

CUSTOMER SERVICE

Often the only opportunity finance officers and clerks have to meet taxpayers is during the busy “tax season”. This course will provide staff in local government with the ability to provide excellent customer service. Through a combination of practical examples and group discussion, participants will examine what it means to provide “excellent customer service” and how to deal with the wide range of taxpayers and customers that we come into contact with during the year, especially at tax time.

Nelson	April 17	REGISTER
Nanaimo	April 25	REGISTER

PROPERTY TAX 203: LOCAL GOVERNMENT AND THE ASSESSMENT APPEAL PROCESS – A COMPREHENSIVE REVIEW

This webinar will provide a comprehensive review of the assessment appeal process from a local government perspective – from when an appeal is first initiated by the taxpayer (BC Assessment), processed through the different levels of appeal (PARP and PAAB) and then by the local government (supplementary rolls). The review will include a discussion of the legal issues of assessment appeals, the financial impact on local government finances, the Risk to Roll, as well as processing payments in lieu of taxes (PILT) appeals.

Webinar	April 4th, 2018	REGISTER
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WHAT'S HAPPENING AT GFOABC

ANNUAL MEMBERSHIP SURVEY

The winner of the complimentary conference registration is...
AYUMI ORGAR, MANAGER OF FINANCIAL REPORTING, CITY OF PORT MOODY



MAY 2nd | 9:00 AM

NEW! Register once for all 2018 Quarterly Collectors' Forum webinars.

Please submit your round table questions to doug.stein@shaw.ca

STRATEGIC FINANCIAL LEADERSHIP

This program will introduce participants to a set of comprehensive leadership competencies needed to navigate the changing role of local government finance leaders, while addressing the current issues facing local government in BC today. [Register Now!](#)

Early Bird Pricing Ends May 15th



BOOT CAMP | BACK TO BASICS

Strengthen your understanding of local government and the important role that the Finance Officer plays in this highly interactive and engaging program designed exclusively for new land established local government finance officers, [Register Now!](#)

Early Bird Pricing Ends June 15th



FALL PD | NOVEMBER 2018

Registration is coming soon!

- Debt Financing
- Reserves
- Asset Management
- Property Tax 203: Assessment Appeal Process



BC BUDGET SUMMARY

BC's Finance Minister Carole James delivered the province's 2018 budget on February 20, 2018. The budget anticipates a surplus of \$219 million for 2018, \$281 million for 2019 and \$284 million for 2020. The budget strongly emphasizes the province's housing plan and making life more affordable. Specifically, the budget eliminates the Medical Services Plan premiums effective January 1, 2020, introduces an Employer Health Tax effective January 1, 2019, and includes various housing related tax measures, including the addition of a new 'speculation tax.'

EMPLOYER HEALTH TAX AND MEDICAL SERVICES PLAN PREMIUMS

The budget announces a new Employer Health Tax (EHT) starting in the 2019 calendar year. The EHT is intended to help fund the elimination of the Medical Services Plan premiums, which the budget announces will be eliminated, effective January 1, 2020. BC previously cut Medical Services Plan premiums in half, effective January 1, 2018. The EHT will be calculated as a percentage of payroll as follows:

Annual BC Payroll	Annual Tax	Tax As a Percentage of Payroll
\$500,000 or less	\$0	0.00%
\$750,000	\$7,313	0.98%
\$1 million	\$14,625	1.46%
\$1.25 million	\$21,938	1.76%
\$1.5 million	\$29,250	1.95%
Over \$1.5 million	\$29,250 plus 1.95% of payroll over \$1.5 million	1.95%

The budget does not provide details on the frequency of installment payments and how payroll would be aggregated and computed amongst associated businesses; however, BC indicates it will provide further details before the change is implemented. Many local governments have annual payroll greater than \$1.5 million, and will experience an incremental net cash outflow in 2018 to 2020, due to the timing difference between implementation of the new EHT prior to elimination of MSP premiums.

PROVINCIAL PROPERTY TRANSFER TAXES

The budget increases the provincial Property Transfer Taxes (PTT) to 5% (from 3%) on residential property values above \$3 million. This measure is effective February 21, 2018 and will be administered by the Province.

In addition, the budget stipulates that the additional PTT that applies to foreign purchases of residential properties located in the province will increase to 20% (from 15%) and expands the tax from the current Greater Vancouver Regional District to include the Fraser Valley, Capital, Nanaimo and Central Okanagan Regional Districts. These measures are also effective February 21, 2018. Transitional rules (although not defined in the budget) may exempt eligible property transactions entered into before February 21, 2018 for these newly added areas. However, no transitional rules will apply for transactions in Metro Vancouver.

SPECULATION TAX

The budget introduces a new speculation tax on residential property in BC at a rate of \$5 per \$1,000 assessed value, starting in 2018. This tax will increase to \$20 per \$1,000 of assessed value in 2019 and will initially apply to the Metro Vancouver, Fraser Valley, Capital and Nanaimo Regional Districts and in the municipalities of Kelowna and West Kelowna. This tax will be administered by the Province.

This new annual property tax is intended to target foreign and domestic home owners who do not pay income tax in BC, and will provide up-front exemptions for most principal residences, qualifying long-term rental properties and other special cases that were not defined in the budget. [Click here for full article.](#)

2017 IN THE RDCO EMERGENCY OPERATIONS CENTRE

PART 3: EOC FINANCE SURVIVAL GUIDE

EOC FINANCE TIPS AND TRICKS AND CHECK LISTS

Emergency responses to flood and fire seem to have become the norm in BC in the spring and summer months now...

Before Any Events – The Finance Section Heads and staff might want to equip themselves with a toolkit – to be ready to go. Travel with a USB stick or paper files with the following:

PHONE NUMBERS – home, cell & office numbers of staff you may need to call in (numbers for all staff in your organization are handy as you never know whose expertise the EOC may need and what level of activation will occur!) EOC callout lists usually exist, but you usually need to find your staff FAST.

RESOURCE GUIDES – Know where to find the Guidelines for Reimbursement:

Emergency Management BC (EMBC) Reimbursement and other Information:

- Eligible and ineligible costs are discussed in the Guide *“Financial Assistance for Emergency Response and Recovery Costs”* – Figure 6 is especially useful.
- The *“Community Disaster Recovery Guide”* is also located here.



<http://www2.gov.bc.ca/gov/content/safety/emergency-preparedness-response-recovery/local-emergency-programs/guidelines>

Office of the Fire Commissioner / BC Wildfire Service Reimbursement for resources or apparatus, the rates and claim information for fire apparatus and resources is located here:

<http://www2.gov.bc.ca/gov/content/safety/emergency-preparedness-response-recovery/fire-safety/wildland-urban-interface-fire-information>

FORM TEMPLATES – (These should be in the EOC, however we also keep copies) - The two the RDCO uses the most:

EOC Form 530 – Expenditure Authorization Form (EAF) – When your Logistics/Purchasing team or local government is sourcing the request and a claim will need to be submitted for reimbursement. Note – we have modified the form slightly for better communication between our Ops and Logistics Sections as needed.

EOC Form 514 – Resource Request (RR) – When you need PREOC to source the resource for you. These are typically not resources you will pay for directly. For example, we fill these out during fires, when we are requesting additional apparatus from fire departments outside of the event area (even if it is within our region, but other jurisdictions within the region respond and those firehalls can be reimbursed, we fill these out.) During the floods we requested BC Wildfire Service (BCWFS) crews for sandbagging, etc. Typically, anytime where EMBC, BCWFS, or OFC will be paying the supplier directly.

EOC Sign In/Out Sheets – The Planning Section has these at the door (Name, Organization, Time In, Time Out) – we use these for calculating estimated EOC overtime for reporting on the Daily Expense Reports, and proof staff were in the EOC.

SPREADSHEETS TEMPLATES:

Master Tracking Sheet to track Expenditure Authorization Requests (EOC Form 530 which we have modified slightly to suit Logistic’s needs) & Resource Requests (EOC Form 514). This spreadsheet has the following Columns:

				<i>Date on Daily Expenditure</i>						
Gvnt	Date	Event EAF#	Approval Status	Report	Vendor	Item Description	Total	Notes		

If there are multiple jurisdictions affected – use a regional approach, so staff can be interchangeable and everyone can track information for each other.

You can easily filter by government jurisdiction, approval status, vendor, EAF or RR number, or Date it was entered on the EOC Daily Expenditure Report, etc.

Daily Expense Reports – Each day you need to send PREOC Finance a report, and you will need to be able to add these up quickly, as well as have a summary for event totals.

Overtime Calculation Spreadsheet – for estimating overtime for local government staff in the EOC and the field for the Daily Expense Reports (This is reimbursable and PREOC needs to have an estimate of what they will have to pay each day).

Scanned Copy of Blank Forestry Daily Time Reporting (DTR) Form – you may need to distribute copies to your fire departments if the BC Wildfire Service DTR Books are not available. These are key to getting reimbursed by OFC for fire crews, and must be signed off by a delegate from OFC in the field.

Template of Apparatus Tracking Sheet for Paid on Call Fire Departments – At the very least, have your chiefs complete a sheet that shows the apparatus, who was on it and time in/out for each firefighter.

Regional District of Central Okanagan Fire/Rescue Log						
PEP Task #:			Incident #:			
Fire Department:						
Date:						
Apparatus	Firefighter Name	Department	Start Time	End Time	Hours	Rate Total

SO YOU HAVE YOUR USB TOOLKIT, AND YOU HAVE BEEN CALLED OUT TO THE EOC

STAFFING: You arrive and find out what is happening. Prioritize and assess your staffing needs:

How Many & Who? Typically, we find we need 2 positions: a Section Chief and just one other person to do Time/Costing. For the initial call out, staff should be experienced, good at setting up systems and adaptable. Afterward, we have found, as we rotate staff through, it works well if each local government has a main anchor in the position that is going to be the one responsible for processing the claims. For long events, we have a lead Section Chief that coordinates and communicates with all Finance staff from all the local governments involved, for continuity purposes throughout the event. For shorter events, the local government Section Chief takes over and can call on others for relief. Our Section Chiefs are typically CFO’s of the regional local governments. This is particularly important on long events given that these events can run in the millions of dollars in claims.

Tip: To reduce the strain on resources, we occasionally backfill staff at the office with casuals so that we can fill the EOC positions with experienced staff. (Be sure to submit an EAF to PREOC for approval.) We have also brought in retired staff with EOC experience to relieve staff during summer vacation peak time. [Get the complete EOC Financial Survival Guide on our website.](#)



Marilyn Rilkoff is the Director of Finance and Administrative Service, Deputy CAO, at the Regional District of Central Okanagan where she worked for 15 years. Marilyn’s background also includes having worked for an electric utility, an internet news service, CRA, manufacturing and commodity futures trading companies.

JOIN Marilyn at this year’s Annual Conference in Kelowna where she will moderate the panel “Floods & Fires: Finance at the Front Lines” alongside some of British Columbia’s key players in emergency management. Set against the backdrop of last year’s unprecedented and widespread spring flooding and raging wildfires, which impacted many communities across B.C., this panel will explore the key role that the local government finance office plays in the emergency management process—mitigating, preparing for, responding to and recovering from emergency events.

THE MFA'S CREDIT CORNER



WHAT'S UP WITH INTEREST RATES?

“What’s happening with interest rates and should we be securing long-term debt now?” We get those questions a lot. A typical scenario would be the use of temporary financing from the MFABC during the project construction phase, then using grant funding to paydown the debt and, when the project is completed, move the balance to a long-term loan. This is the preferred option as it prevents over-borrowing of funds. The other option is to pre-borrow long-term funds prior to construction and hoping you don’t over-borrow. The funds will have to be invested right away and will likely have a negative cost of carry because they are being invested at lower short-term interest rates than that of the interest rate being paid on the loan.

The rates on short-term MFABC loans are primarily related to the Bank of Canada (BOC) overnight rate. If not for Donald Trump, the BOC would probably be raising short-term interest rates. However his attacks on the norms of global trade are so severe that the central bank has little choice but to leave borrowing rates unchanged. While the economic outlook is expected to warrant higher interest rates overtime, some continued monetary policy accommodation will likely be needed to keep the economy operating close to potential. Inflation has been tame recently and is currently lingering below the BOC’s target. Unemployment is falling, but still has room to go lower, and average hourly wages are on the rise but still not inflationary yet. The Bank is also keeping an eye on how regulatory changes impact the housing market, and how credit growth is responding to higher interest rates. Last week the BOC held the overnight rate at 1.25% after the bank raised rates in January. There is little expectation of the BOC raising rates in April, but the market is currently pricing in a greater than 50% chance of another hike to come in either in May or July.

Long-term loan rates are correlated to what is happening in the long-term bond markets. Just like when you personally apply for a fixed rate residential mortgage the bank uses bonds to raise these funds.

The same mechanism is true for the MFABC. Every week we update the current market rates for long-term loans on our [website](#). Since November 2017, interest rates have drifted higher globally as well as domestically. Canada yields have moved higher by nearly 35 bps in 5-years and 30 bps in 10-years. February 2018 saw intense global capital market volatility in both the fixed-income and equities markets. The cause of this volatility was due to recent reports of strong growth and rising wages (positive developments), which sent stocks and bonds down due to justified fears that the US Federal Reserve will tighten faster than was then currently priced into the global credit markets. The fact we almost certainly will face higher future interest rates across the yield curve, and hence higher borrowing costs, must be assessed in any plans impacted by long-term interest rates.

ANDREW HOGE, CFA, CPA, CGA

Andrew is a Credit & Economic Analyst at the Municipal Finance Authority of BC, where he is responsible for a variety of functions



such as raising capital weekly, fixed-income investments, analyzing client and investment issuer credit, conducting research related to rating agency materials, BC economic conditions, client presentations and also participates in educational course development related to financial literacy. Prior to this, Andrew worked for bcIMC as a Performance Measurement

Analyst. Andrew graduated from Carleton University with Bachelor of Art degrees in both history and economics, is a CFA Charterholder, a designated accountant (CPA, CGA) and has completed all three years of the CICA In-Depth Tax Course.

BITCOIN



IT'S COOL, BUT DON'T USE IT AT WORK

It's not uncommon to read a newspaper or a magazine, especially an online one, without seeing mention of Bitcoin. Bitcoin has grabbed the attention of millions of people worldwide, but it seems many people know Bitcoin because of its price rise, or as a result of hearing of people getting rich from holdings. Others know it as a vaguely anti-establishment or anti-government concept. Few have an in-depth understanding or appreciation of its workings and its potential.

Bitcoin is a crypto-currency. In its simplest form, Bitcoin allows for peer-to-peer transfer of electronic cash. "Peer-to-peer" means that it is direct and there is no need for an organization in the middle. The real innovation with crypto-currency is the new "block-chain technology" in which messages of transfer are digitally-signed using public key cryptography. Transactions form part of the digital "ledger" and transaction details are publicly recorded on the "block-chain". The block-chain ledger is distributed to the computers of all involved in the transaction.

It is important to understand that block-chain technology is separate from Bitcoin. Bitcoin uses it, yes, as do the other hundreds of crypto-currencies out there, but we should not conflate Bitcoin with blockchain.

Even the most ardent Bitcoin supporter must admit that we are in a Bitcoin bubble. Most Bitcoin investors are sucked in by rising price graphs and the opportunity to make a quick buck; the signs of a classic bubble. Remember, there is no intrinsic value to a Bitcoin. It is not guaranteed by a government or even a company. Its value is only maintained because of the demand of others.

Local governments and municipalities should not use Bitcoin as an investment given its speculative nature. In fact, it does not meet the definition of an acceptable investment under section 183 of the Community Charter. Should a local government use it for transactions? My answer is "no" because:

- It is anonymous (technically "pseudo-anonymous").
- The price is highly volatile.
- Senior government and tax authorities are not fond of it.
- It is not backed by any government.
- There is no recourse for fraud or theft.

What's wrong with anonymous?

For payments:

- You do not know who you are paying unless a vendor has explicitly shared their public key with you.
- You may be helping them create an off-book transaction.
- Difficult to know if the money is staying in Canada.

For receipts:

- You do not know where the money comes from (is it the result of money laundering?)

There are two overriding recommendations for your consideration:

1. Do not go out of your way to accept or promote Bitcoin.
2. If you happen to be party to a transaction from which you get Bitcoin, convert it to Canadian currency as soon as possible.

It is worthwhile to be aware of emerging technologies, and in particular, block-chain technology as it may be poised to enter the mainstream in the not too distant future.

Bill Cox, CPA, CA Partner

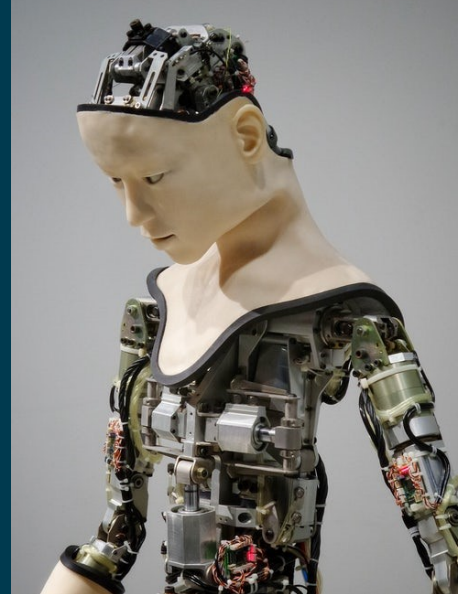


Bill Cox is a senior partner at the BDO Vancouver office with over 30 years of experience in providing assurance, accounting, tax, and strategic management consulting services. His client work include public sector, municipalities, Crown corporations, not-for-profit, and First Nations.

BDO's global network extends across 162 countries and territories, with over 73,000 people working towards one goal: to provide our clients with exceptional service. BDO's vision is to be the leader for exceptional client service. It's about delivering our services exceptionally well and delivering that high quality consistently in every office, every country and every territory where we have a presence. No matter where you do business, we have people who can help. We are a global network built on local relationships. www.bdo.ca

Future Technology

ARTIFICIAL INTELLIGENCE (AI)



Finance has always utilized technology. From the humble abacus (2700 - 2300 BCE) to adding machines (1642 CE), to today's PCs. The last 40 years have seen even 'Moore' (excuse the pun, couldn't resist) spectacular technological advancement, as discussed in our Tech for Execs: Ignorance is not bliss article. The questions we tackle here are what will the future bring, how disruptive will this change be for the finance department and what can we do today?

In short, AI refers to a device that perceives its environment and takes actions that maximize its chance of successfully achieving its goals. This definition is intentionally broad as AI could refer to a software application designed to perform bank reconciliations or Terminator robots. When we think about AI in terms of software, one guide is that the application can do things that it was not specifically programmed to do. It learns based on the outcome of previous events.

There are two categories of artificial intelligence:

1) NARROW AI

Narrow AI is focused on one very specific topic. Still, in its early stages, we can already see developments in narrow AI. AlphaGo Zero is a computer program that taught itself the board game Go by playing against itself. Within days it was better than the best Go-playing applications which themselves beat the best human Go players. Then in 4 hours it taught itself Chess and could beat the best Chess programs in the world (the ones that beat the best humans). Finally, it taught itself Shogi (a Japanese version of Chess played on a bigger board) in 2 hours and was better than the world's best Shogi program.

Some other interesting examples:

[Google's self-taught Go playing AI crushes the best human player,](#)

[AI in Tesla will predict your destination,](#)

[MIT's autonomous cheetahs figure out how to navigate obstacles entirely on their own,](#)

[Boston Dynamics SpotMini locating, recognizing and opening a door,](#)

[Amazon's use of AI to improve their business processes](#)

2) GENERAL AI

General AI (sometimes called Artificial General Intelligence or AGI) is a hypothetical machine that exhibits behavior at least as skillful and flexible as humans across a broad set of topics. This is the Hollywood sci-fi that many people immediately think of.

Should AGI become a reality, it promises to change every aspect of our world fundamentally. Many experts in the field are in fact worried that it will lead to disaster. To learn more, I recommend an excellent [Ted Talk by Sam Harris](#) or [Nick Bostram's excellent book on the topic.](#)

AI & THE FINANCE DEPARTMENT

What will AI (narrow or general) mean for the finance department?

In the near term, repetitive and time-consuming tasks are being automated at an accelerating pace driving massive improvements in efficiency. These advancements tend to be less risky and relatively low cost and thus are immediately appealing. The benefits are enormous, freeing your team from the mundane, repetitive work allowing them to tackle the difficult, often more rewarding tasks that they may not have time to tackle today. [Click here for the full article.](#)

Jamie Black is President of F.H. Black & Company Incorporated. For the last 20 years, he has consulted and trained finance officers, auditors & accountants in government, higher education, and corporations throughout Canada and the U.S. His work focuses on increasing finance department efficiency & effectiveness through the implementation of technology & best practices.





BC ASSESSMENT

BC ASSESSMENT WELCOMES NEW CEO

On October 2, 2017, I was appointed President and Chief Executive Officer of BC Assessment. As this was shortly after my 25th anniversary with the organization, it was a perfect opportunity to reflect back and look to the future for both myself and the organization.

I joined BCA in May, 1991 as a summer student Appraiser Trainee, and became a permanent Appraiser one year later. Most recently, I served as Acting Vice President of Assessment, overseeing the annual creation of over 2 million market value assessments with a combined value of close to \$1.9 trillion. Prior to that, I served as Assessor for the Greater Vancouver Region for 13 years.

During my tenure as Assessor for Greater Vancouver, I was responsible for working with local governments and municipalities, boasting some of the highest valued properties in the province. As Acting VP of Assessment, this responsibility expanded to all regions, local governments and taxing authorities across B.C. It is BC Assessment's goal that taxing authorities see us as committed business partners that can be relied on to deliver products, services and expert advice.

I firmly believe in the importance of having strong relationships with all our stakeholders, and remain focused on enhancing these relationships, including active issues resolution, and product and service delivery. By sharing information and working together, BC Assessment and taxing authorities can continue to ensure fair and equitable property assessments, maintain a stable and predictable assessment roll and optimize property tax revenue levied and collected. The property information collected is essential to a wide variety of public and private organizations, raising over \$7.5 billion annual in property taxes, and often forms an important part of academic research on the housing market. In engaging with our stakeholders, we establish a mutual trust and a cooperative environment as we work to continuously improve our service delivery models and communications.

We are fortunate to have an annual market value assessment system in B.C., which is well understood by the public. This is exemplified by the fact that despite several years of dramatic market movement throughout the province, less than 1% of residential homeowners appealed their property assessment.

Since 1974, BC Assessment has been able to keep pace with dramatic increases in value and the addition of hundreds of thousands of new properties. We have achieved this through advances in technology and the continuous efforts of dedicated staff who never stop looking for more efficient ways to do our work and enhance customer service. BC Assessment has approximately the same number of staff as when it was formed in 1974 despite having over 3.5 times as many customers.

As I quickly come upon my sixth month as President and CEO of BC Assessment, I continue to avidly read materials with respect to disruptive technologies and the many positive opportunities for their application to the real estate industry. I look forward to harnessing these emerging opportunities for the benefit of staff and our stakeholders.

Jason Grant, President and CEO of BC Assessment:

Jason joined BC Assessment in 1991 and has most recently served as Acting VP Assessment and Assessor for the Greater Vancouver Region, accountable for the creation of annual property assessments for over 500,000 properties worth approximately \$825 billion dollars. He is the past Chair of the BC Assessment Senior Leadership Team, and for the last several years he has been the corporate media spokesperson. Jason has extensive experience with complex appraisal and related legal matters.

Jason has been a member of the Real Estate Institute of BC (REIBC) since 1994 and was elected to their Board of Governors in 2012, serving as REIBC President from 2014-2015. Jason is an Accredited Appraiser with the Appraisal Institute of Canada (AACI).





COLLECTORS' CORNER

How to Prepare for 'Tax Time'

It's that time of year again that we affectionately call 'Tax Time'. How many times have you gone through this marathon? I asked one of our colleagues how she prepares for 'Tax Time'.

Q: Sharon, how long have you been working for local government in your current position?

A: I have been working for the District of Saanich in my current position as Supervisor Revenue Collection for 11 years.

Q: What do you do to prepare for 'Tax Time'?

A: We actually start preparing for tax time in January when we post the temporary Tax Clerks positions and prepare for the Parcel Tax Roll. In February we send a pre-billing listing to mortgage companies, review recommendations from the previous year, update the staff manual and create a shortlist for the temporary tax clerks that we will need. In early March we issue requisitions for tax notice forms, envelopes and mail prep, make any changes to our tax notice, HOG and EHO applications, firm up what will be sent with tax notice (Mayor's newsletter and various letters eg PAWS, Deferments, new Subdivisions). We also get printer maintenance done as we print the tax notices in house. In late March we interview for the tax clerks positions, hold the Parcel Tax Review Panel Hearing, enter the

current arrears and delinquent interest rates, review/update the property tax website/links and meet with the Communications Department to keep them informed of everything that's going on. In April we apply the Revised Assessment Roll, Local Service taxes, 1% Utility Charges, BIA funding and run various queries to check, verify and correct property information. We order supplies, test printers for any alignment, PDF or wrapping issues and create tax pull lists. In late April we review the parameters and templates in Tempest, enter the tax rates, install the last Tempest Patches, refresh Tempest Test, generate the tax levy in the Test system, confirm that the totals balance, and test EHO. In May we apply prepayment interest to folios and start our staff training on new procedures and updates (webinar) from the Province. After the tax rates have been approved and adopted by Council, we generate the new tax levy, confirm that the levies balance, print the tax notices, send them for mail prep and mail out. The temporary tax clerks start and receive training. Once the tax notices are delivered to taxpayers we export the mortgage company files, process Supplementary Assessment Rolls and prepare the Grant Roll applications.

Q: Wow, you actually start as early as January to prepare for 'Tax Time' in May! What is your

biggest challenge in getting ready for 'Tax Time'?

A: Preparing for 'Tax Time' takes a lot of time and effort. With a tight schedule and various other duties, working with the schedule so that everything comes together on time is a real challenge.

Q: Do you have any tips or tricks for others going into 'Tax Time'?

A: Check and double check all your tax rates and totals before printing the tax notices. We are very fortunate to have staff who have worked in their positions for many years. I still find our taxpayers want to interact with our friendly, knowledgeable staff as they make their once a year trip to Municipal Hall to pay or discuss various options about their property taxes. Have a great tax season everyone!

Collectors' Forum Webinar

May 2nd 9:00am PT

[REGISTER NOW](#)

OPEN TO ALL MEMBERS—NO CHARGE



Doug Stein has worked in municipal finance for over 30 years. In 2011 he retired from his position as Manager of Revenue Services for the District of Saanich. Doug has been very involved with the Collectors' Forum, is a GFOABC Life Member and a CPA, CMA. **JOIN** Doug this Spring for a [Property Taxation 101](#) workshop near you [QR](#) register today for an upcoming [tax webinar](#).

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