

Branch — Financial Services

Introduction

Financial Services provides leadership to ensure the organization is financially sound, accountable and transparent in managing public funds. This is accomplished through sound fiscal policy, strategic financial advice and guidance, and effective and efficient processes. In August 2014, Standard and Poors affirmed the City's AA+ credit rating based on excellent liquidity and very strong financial management.

The City's operating budget process is coordinated by Financial Services with the branch playing a lead role in the development of corporate guidelines and strategies for budget development that result in consistent accurate information for Council budget deliberations.

Financial Services is responsible for the integrity of the City's financial processes and ensures that the City's financial reporting is done in accordance with Canadian public sector accounting standards. The treasury function oversees the City's cash handling/processing operations, accounts payable/receivable, collections, bylaw ticket administration and credit management.

Strong accountability and oversight matched with diversified expertise has allowed the City's investment program to offer considerable added value over time. The City utilizes both external and internal fund management within its \$2 Billion investment portfolio.

Highlights for 2015 include:

- Implementation of multi year business planning and budgeting for 2016-2018 operating budget years
- Delivery of a long term financial forecast
- Continued evolution of Financial Services through an organizational transformation focused on improved accounting/transactional efficiency and financial analytical support



Branch — Financial Services

Approved 2015 Budget – Branch Summary

(\$000)	2013 Actual	2014 Budget	2015 Budget	\$ Change '14-'15	% Change '14-'15
Revenue & Transfers					
User Fees, Fines, and Permits	1,313	1,446	1,332	(114)	(7.9)
Grants	-	-	-	-	-
Transfer from Reserves	-	-	-	-	-
Total Revenue & Transfers	\$1,313	\$1,446	\$1,332	(\$114)	(7.9)
Expenditure & Transfers					
Personnel	21,666	23,324	23,430	106	0.5
Materials, Goods, and Supplies	686	1,503	1,640	137	9.1
External Services	2,462	2,383	2,462	79	3.3
Fleet Services	-	-	-	-	-
Intra-municipal Charges	456	308	283	(25)	(8.1)
Utilities & Other Charges	512	712	599	(113)	(15.9)
Transfer to Reserves	-	-	-	-	-
Subtotal	25,782	28,230	28,414	184	0.7
Intra-municipal Recoveries	(10,604)	(8,943)	(9,861)	(918)	10.3
Total Expenditure & Transfers	\$ 15,178	19,287	18,553	(734)	(3.8)
Net Operating Requirement	\$13,865	\$17,841	\$17,221	(\$620)	(3.5)
Full-time Equivalents	242.3	233.3	233.3	-	

Budget Changes for 2015

(\$000)

Revenue & Transfers - Changes

User Fees, Fines, Permits, etc. (\$114)

Decrease in volume of EPCOR remittance processing due to automated methods of payment.

Expenditures & Transfers - Changes

Personnel \$106

Movement toward job rate and changes in benefits offset by vacancy discounting.

Materials, Goods & Supplies \$137

\$72 was re-allocated from external services for the Capital and Operating Budget System (COBS); \$38 increase for PCI (Payment Card Industry) compliance; \$47 increase in computer hardware purchases offset by a reduction of \$20 in stationery.

External Services \$79

Increase of \$151 in contract and consulting for various initiatives offset by a transfer of \$72 to materials, goods and supplies.

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Intra-municipal Charges (\$25)

Decrease due to less requirements for facility, custodial, and building maintenance services.

Utilities & Other Charges (\$113)

Decrease of \$32 due to lower use of communication devices and a reduction of \$81 for travel and training. More local training being used.

Intra-municipal Recoveries (\$918)

Increase of \$548 in Shared Services recoveries from utilities and enterprise for Financial Services support. Increased recovery of \$370 for internal management fees due to moving the management of some investments internally.

Full-time Equivalents - Changes

There are no changes to Full Time Equivalency.

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Approved 2015 Budget – Program Summary

Program Name - Budget Planning and Development

Link to 10-Year Strategic Goals



Results to be Achieved

Develop and deliver operating budgets, financial long range forecast and model that support the City's long term financial sustainability. Lead and support the development and implementation of the capital and operating budget system allowing the corporation to develop budgets and monitor financial performance.

Cost Drivers

Costs are driven primarily by personnel and external services.

Service Standards

Services include corporate stewardship of an annual budget including the integration of business planning, long range financial planning, and performance reporting to contribute to the accountability to citizens and timely information for Council's decision making.

Resources (\$000)	2013 Actual	2013 Budget	2014 Budget	2015 Budget
Revenue & Transfers	\$ -	\$ -	\$ -	\$ -
Expenditure & Transfers	1,106	1,123	1,359	1,315
Subtotal	1,106	1,123	1,359	1,315
Intra-municipal Recoveries	(133)	(133)	(33)	-
Net Operating Requirement	\$ 973	\$ 990	\$ 1,326	\$ 1,315
Management		1.0	1.0	1.0
Professional/Technical/Union Exempt		3.0	4.0	4.0
Union		2.0	3.0	3.0
Temporary		1.0	-	-
Full - Time Equivalents		7.0	8.0	8.0

2014 Services

- Continue work on the development of a long range financial planning model and drafting a long range forecast
- Implement and continue development of the Operating and Capital Budget System
- Further refine the City's results based budgeting process and utilize this information to assist with the 2% and Innovation project
- Begin the development of a multi-year planning and budget process and policy

Changes in Services for 2015

Implement the multi-year planning and budget process and policy.

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Approved 2015 Budget – Program Summary

Program Name - Client Operations

Link to 10-Year Strategic Goals



Results to be Achieved

Provide timely, accurate, analytical services to departments including budgeting and forecasting, variance analysis and management reporting, project costing and business case development, financial advisory services in contribution to the long term financial sustainability of the City.

Cost Drivers

Costs are driven primarily by personnel.

Service Standards

Meet accounting and reporting requirements in accordance with Generally Accepted Accounting Principles, Municipal Government Act, financial policies and directives. Encourage transparency and accountability to the public and corporation along with development of business cases to facilitate effective and informed decision making. Provide advice and contribution to client businesses to ensure that financial implications are identified and aligned with strategic priorities.

Resources (\$000)	2013 Actual	2013 Budget	2014 Budget	2015 Budget
Revenue & Transfers	\$ 10	\$ 9	\$ 9	\$ 9
Expenditure & Transfers	14,889	15,687	15,487	15,635
Subtotal	14,879	15,678	15,478	15,626
Intra-municipal Recoveries	(7,362)	(7,484)	(6,399)	(6,979)
Net Operating Requirement	\$ 7,517	\$ 8,194	\$ 9,079	\$ 8,647
Management		7.0	7.0	7.0
Professional/Technical/Union Exempt		12.0	16.0	18.0
Union		119.5	111.5	103.5
Temporary				
Full - Time Equivalents		138.5	134.5	128.5

2014 Services

- Continue the implementation of centralizing financial service functions for increased efficiency and effectiveness.
- Make a positive contribution to client businesses by active participation in planning, budget and financial cycle reporting
- Provide financial support in understanding key financial implications of initiatives
- Increase awareness of financial responsibility and strong governance
- Ensure implementation and compliance of financial policies, procedures and controls

Changes in Services for 2015

Finalize the implementation of centralizing financial service functions and increase collaboration within Financial Services and with other City departments.

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Approved 2015 Budget – Program Summary

Program Name - Corporate Accounting and Reporting

Link to 10-Year Strategic Goals



Results to be Achieved

Responsible for developing annual financial reports, compiling inputs for the City's annual budgets and reports according to legislated requirements, and facilitating external audit processes. The program is also responsible for quarterly performance reporting to City Council.

Cost Drivers

Costs are driven primarily by personnel and external services.

Service Standards

Financial reports (annual, audit) are in compliance with Canadian public sector accounting standards and requirements and timelines defined in the Municipal Government Act. Tax compliance must follow legislation. Financial reports ensure that the City is accountable, transparent, and serve Council and Committees' needs for accurate and timely information for decision-making. This program oversees the compliance of debenture borrowing through Alberta Capital Finance Authority and is involved with debt and funding strategies.

Resources

(\$000)

	2013 Actual	2013 Budget	2014 Budget	2015 Budget
Revenue & Transfers	\$ 264	\$ 264	\$ 279	\$ 279
Expenditure & Transfers	2,148	2,356	2,352	2,367
Subtotal	1,884	2,092	2,073	2,088
Intra-municipal Recoveries	-	-	-	-
Net Operating Requirement	\$ 1,884	\$ 2,092	\$ 2,073	\$ 2,088
Management		1.0	1.0	1.0
Professional/Technical/Union Exempt		5.0	5.0	5.0
Union		12.0	12.0	12.0
Temporary		0.8	0.8	0.8
Full - Time Equivalents		18.8	18.8	18.8

2014 Services

- Continue to incorporate any changes to Canadian public sector accounting standards to ensure compliance
- Play an integral role in the evolution of enhanced financial processes such as the master data governance initiative to optimize the financial reporting and analysis within the finance IT systems
- Implement the realignment of resources to provide general accounting and reporting functions relating to operating programs and accounting and analysis relating to capital projects

Changes in Services for 2015

Finalize the implementation of realigning resources to enhance and optimize the general accounting and reporting functions relating to operating programs and accounting, reporting and analysis functions relating to capital projects.

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Approved 2015 Budget – Program Summary

Program Name - Investment Management

Link to 10-Year Strategic Goals



Results to be Achieved

The City's investment portfolio is governed by the Municipal Government Act and its investment regulations. Council has approved the Investment Policy and the Ed Tel Endowment Fund Bylaw. The City establishes an asset allocation policy for each of its investment funds to meet objectives in both the short and long term.

Cost Drivers

Costs are driven primarily by personnel.

Service Standards

This program adheres to good governance and industry best practice while supporting Council and Corporate Leadership Team. Annual earnings and dividends from City investments flow to the Capital Budget to provide additional revenue and diversify the City's revenue base. Investment Policy and Procedures provide the asset allocation policies, investment principles and guidelines, and risk management controls. Investment results are presented to City Council through the Investment Committee.

Resources

(\$000)

	2013 Actual	2013 Budget	2014 Budget	2015 Budget
Revenue & Transfers	\$ 30	\$ 30	\$ 15	\$ 15
Expenditure & Transfers	1,933	1,637	1,634	1,650
Subtotal	1,903	1,607	1,619	1,635
Intra-municipal Recoveries	(3,109)	(2,511)	(2,511)	(2,882)
Net Operating Requirement	\$ (1,206)	\$ (904)	\$ (892)	\$ (1,247)
Management				
Professional/Technical/Union Exempt		3.0	3.0	4.0
Union		2.0	2.0	1.0
Temporary		-	-	-
Full - Time Equivalents		5.0	5.0	5.0

2014 Services

- A new fixed income structure was introduced in early 2014. This structure is expected to provide added value and improve diversification
- A review of the City's current equity structure was also undertaken in 2014 to identify any areas where potential enhancements could be made
- Continually monitor and evaluate the effectiveness of the overall investment program

Changes in Services for 2015

- Some changes, including increasing the amount of assets managed internally, are anticipated as a result of the equity structure review completed in 2014
- This should increase the amount of revenues generated within the investment program

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Approved 2015 Budget – Program Summary

Program Name - Treasury Management

Link to 10-Year Strategic Goals



Results to be Achieved

Oversight and control of the City's cash handling/processing operations, accounts payable/receivable, collections, bulk coin, cash control, remittance processing, bylaw ticket administration, credit management, ensuring compliance with, and amendments to City policy and directives.

Cost Drivers

Increasing volumes in treasury operations, bylaw ticket administration, updates for city services, projects. Increasing complexities in the treasury and payment industries. There are also increasing administrative costs resulting from legislative and contractual amendments such as Payment Card Industry (PCI).

Service Standards

All cash handling sites use up to date using approved procedures and equipment, spot checks & integrity tests for compliance. Ensure compliance with Payment Card Industry (PCI). Efficient & effective processing of accounts payable/receivable. Same day processing for remittances, bulk coin within one day.

Resources (\$000)	2013 Actual	2013 Budget	2014 Budget	2015 Budget
Revenue & Transfers	\$ 1,009	\$ 916	\$ 1,143	\$ 1,029
Expenditure & Transfers	5,706	6,233	7,398	7,447
Subtotal	4,697	5,317	6,255	6,418
Intra-municipal Recoveries	-	-	-	-
Net Operating Requirement	\$ 4,697	\$ 5,317	\$ 6,255	\$ 6,418
Management		1.0	1.0	1.0
Professional/Technical/Union Exempt		5.0	6.0	7.0
Union		67.0	60.0	65.0
Temporary		-	-	-
Full - Time Equivalents		73.0	67.0	73.0

2014 Services

- Focus on spot checks, integrity testing for cash handling compliance, & improvements to the Cash Handling Handbook.
- Establish ongoing Payment Card Industry compliance program
- Implement the consolidation of accounts payable/receivable functions in Financial Services as part of the ongoing Financial Services Transformation

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Branch Performance Measures

The following performance measures are intended to provide an example of some of the measures that the Branch is currently monitoring. Since services provided within each Branch are very diverse, the measures are not intended to represent the Branch overall.

Effectiveness measures whether the Branch is effective in achieving its desired outcomes.

Efficiency measures how well resources are being used to produce a service or product.

Measure Type	Key Outcome (from Mandate)	Performance Measure	Target	Actual (year & result)
Effectiveness	To meet or exceed weighted average return of benchmarks, balancing desire for maximum return with prudent level of risk.	Investment Return (Four-year performance)	5.8%	6.6% (based on 2013 results)
Efficiency	To ensure that Accounts Receivable is operating efficiently	Turnaround time – number of days to process and mail out invoices	2 days	1 day (as of August 2014)
Efficiency	To ensure that Accounts Receivable is operating efficiently	Payment within terms (net 30 days)	45 days	31 days (as of August 2014)