

# Staff Report to Council

Financial Services

FILE: 01-0620-03/21

**REPORT DATE:** November 01, 2021

**MEETING DATE:**

November 22, 2021

**TO:** Mayor and Council

**FROM:** Cheryl Harding, Director of Financial Services

**SUBJECT:** 2022 Business Plan - Financial Services

**CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:**



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**RECOMMENDATION(S):**

THAT Council:

- A. Receive for information the Financial Services 2022 Draft Business Plan and Staff Report as presented at the November 22, 2021 meeting of Council; OR
- B. Other.

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**PURPOSE**

To present the 2022 Draft Business Plan for Financial Services.

☒ Information Report

☐ Decision Report

☐ Direction Report

**DISCUSSION**

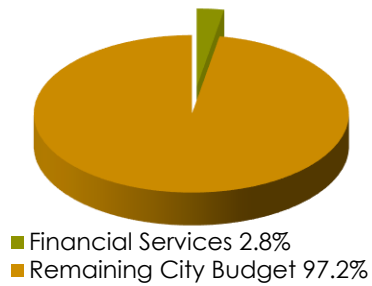
**DEPARTMENT OVERVIEW**

Financial services provides interdepartmental support and public interfaces that promote the effective, efficient and transparent operation of the City to ensure fiscal responsibility and good stewardship of the City's assets. This is accomplished by providing long-term financial planning, annual budget development, property tax and utility calculation and collection, treasury and cash management, purchasing expertise and administration, as well as statutory financial reporting.

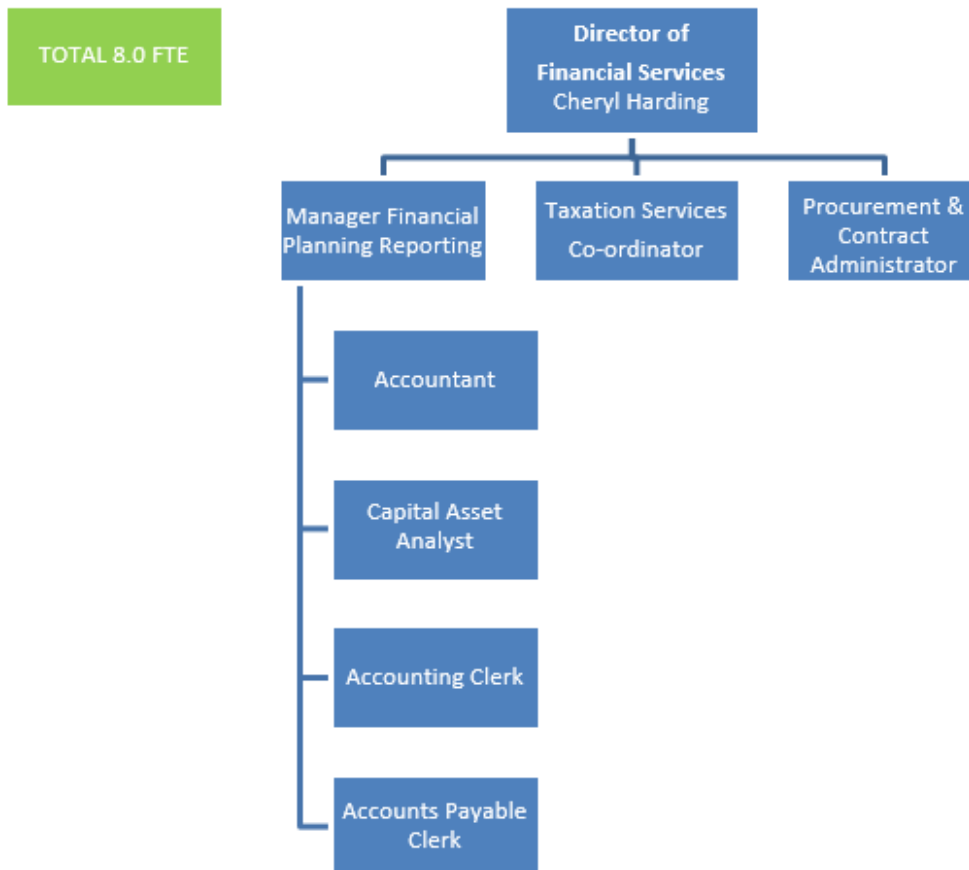
**Operating Budget:**     \$787,100

**Capital Budget:**         \$65,000

**% Share of overall City Budget:**



**Staff Complement**



## Forecasted position adjustments

Planning for the eventual retirement of the Director of Financial Services is underway which will also involve provision of overlap in the future for a replacement director in order to ensure a smooth transfer of knowledge.

Staffing changes made in 2021 involved filling the vacant Manager of Financial Planning & Reporting position through an internal promotion, leaving the vacated Accountant II position unfilled and creating a Capital Asset Analyst all of which results in building management level support for the department and focuses expertise in asset management accounting. These changes were accommodated within the City's existing budget and did not create a tax increase.

## Kery performance measures

Financial Services	2016	2017	2018	2019	2020
Number of Tax Folios	7,238	7,244	7,250	7,219	7,350
Number of Home Owner Grant Claims	5,384	5,422	5,399	5,398	5,539
Home Owner Grants Claimed Online	29%	35.9%	40%	42.5%	59.5%
Tax Deferment Applications	159	232	256	286	286
Current Year Taxes Outstanding	2.5%	1.9%	1.7%	1.9%	2.25%
Procurement Tenders, RFPs, other	16	51	49	25	14
Accounts Payable Invoices	\$33M	\$30M	\$36M	\$37M	\$37.4M
Accounts Payable Invoices – Quantity*	3,900	5,600	5,800	6,000	5,100
Accounts Payable Payments via EFT	54%	72%	72%	76%	82%
Purchasing Card Transactions *	\$310K	\$444K	\$464K	\$420K	348K
Banking Deposits - Quantity	2,216	4,014	4,235	4,331	3,243
Canadian Award for Financial Reporting	Y	Y	Y	Y	Y

\* estimates

## Deferred Projects

Due to capacity restraints resulting from unexpected resource limitations in the department the following planned projects were deferred to 2022:

- **POLICY UPDATES – PERMISSIVE EXEMPTIONS AND LEASES & LICENCES.** Reviews for recommended updates deferred to 2022.

## 2021 Achievements (Top 3)

- **ASSET MANAGEMENT PLAN - WATER ASSETS UPDATED SAVINGS TARGETS.**  
Incorporated condition assessments into the Asset Management database and updated the target reserve savings values. This aligns with the Council Strategic Priority of Corporate Excellence – Resources.
- **BUDGET REPORTING.** Developed enhanced internal reporting tools as part of the second phase of the new budget system to more efficiently monitor and manage budget activity. This aligns with the Council Strategic Priority of Corporate Excellence – Responsible Financial Management.
- **GFOA FINANCIAL REPORTING AWARD.** 2020 marked the 7<sup>th</sup> year in a row of receiving this prestigious award for producing an easily readable and efficiently organized annual financial report. This aligns with the Council Strategic Priority of Corporate Excellence – Responsible Financial Management.

## Key Challenges for 2022

- **FINANCIAL SUSTAINABILITY IN A PANDEMIC ENVIRONMENT.** The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the City's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the City is not known at this time. Ongoing financial analysis modelling and forecasting is necessary to mitigate impacts and aid the City's financial recovery.

## Key Initiatives 2022

Strategic Priority	Initiative
Corporate Excellence – Responsible Financial Management	<b>AUTONOMOUS DETACHMENT.</b> Administer the borrowing process including the required bylaws necessary to fund construction of the police building; integrate the housing and support administration financial activities.
Corporate Excellence – Responsible Financial Management and Fiscal Stewardship & Accountability	<b>POLICY UPDATES - PERMISSIVE EXEMPTIONS AND LEASES &amp; LICENSES.</b> Review these policies for recommended updates.
Corporate Excellence – Responsible Financial Management	<b>ASSET RETIREMENT OBLIGATION.</b> New legislation requires cities to record a liability related to the future costs of any legal obligation to be incurred at disposal of an asset. Some typical costs include asbestos removal and site restoration. The legislation was postponed a year due to the pandemic. This is a multi-year project which commenced with the development of the project plan in 2021 and a planned project completion date of December 2023.
Corporate Excellence – Resources	<b>ASSET MANAGEMENT PLAN (AMP) UPDATE.</b> Asset management planning is an ongoing and long-term process that allows municipalities to make the best possible investment decisions for their assets. The AMP was completed in 2017 and requires periodic updates to reflect best practices. Development of the project plan and engagement of external expertise would commence 2022 with the bulk of the project being undertaken in 2023 involving a cross-departmental working group including engineering, finance and other specialists.
Corporate Excellence – Resources	<b>ASSET MANAGEMENT PLAN - ROAD ASSETS UPDATED SAVINGS TARGETS.</b> Incorporate condition assessments into the Asset Management database and update the target reserve savings values.

## 1. PROPOSED OPERATING BUDGET

	2021 Adopted Budget	2022 Proposed Budget	Proposed Changes for 2022		2023 Proposed Budget	2024 Proposed Budget	2025 Proposed Budget	2026 Proposed Budget
Revenue								
Finance Fees and Charges	\$ (45,600)	\$ (45,500)	\$ 100	0.2%	\$ (45,500)	\$ (45,500)	\$ (45,500)	\$ (45,500)
	(45,600)	(45,500)	100	0.2%	(45,500)	(45,500)	(45,500)	(45,500)
Expenses								
Financial Services	812,400	832,600	20,200	2.5%	852,500	872,200	891,300	909,000
	812,400	832,600	20,200	2.5%	852,500	872,200	891,300	909,000
Net Operating Expenses	\$ 766,800	\$ 787,100	\$ 20,300	2.6%	\$ 807,000	\$ 826,700	\$ 845,800	\$ 863,500
Key Budget Changes for 2022:								
Salary and benefits			19,700					
Other			600					
Change in Net Operating Expenses			\$ 20,300					

## 2. PROPOSED CAPITAL BUDGET

Division	Project	2022	2023	2024	2025	2026	Total
<b>DV122 - FINANCIAL SERVICES</b>							
	210049 - ASSET MANAGEMENT PLAN (AMP)	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000
	220041 - IMPLEMENT PSAS 3280 ASSET RETIREMENT OBLIGATIONS ARO	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
<b>DV122 - FINANCIAL SERVICES Total</b>		<b>\$65,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$65,000</b>

## 3. DECISION PACKAGE(S)

None.

## PUBLIC PARTICIPATION

☒ Inform    ☐ Consult    ☐ Involve    ☐ Collaborate    ☐ Empower

## KATZIE FIRST NATION CONSIDERATIONS

Referral    ☐ Yes    ☒ No

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**SIGN-OFFS****Written by:**

Cheryl Harding  
Director of Financial Services

**Reviewed by:**

Mark Roberts  
Chief Administrative Officer

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**ATTACHMENT(S):**

None.