



Program: Financial Services

Program Based Budget

2013 – 2015

Program: Financial Services

Vision Statement:

To manage and protect the town's financial resources and assets in an equitable and accountable manner, to ensure the long term fiscal sustainability of the town.

Mission Statement:

To provide financial services to support the Corporation, in order to assist in the delivery of town programs and to ensure compliance with government policies.

Program Description

The Financial Services Program is delivered by two departments within the town, Financial Operations and Financial Planning. These departments are collectively responsible for the financial integrity of the Corporation through its fiscal stewardship. The Finance team provides professional financial and accounting, payroll, revenue & asset management support services and advice; develops financial policy; develops short- and long-term financial plans to ensure sustainable funding for the town's programs and services; and fulfills the statutory duties of the Treasurer.

The services provided by Financial Services are based on key operating and financial principles, which ensure fiscal responsibility, prudent financial management, compliance with legislation and regulations and corporate consistency. The two Directors and Deputy Treasurers ensure that quality services are provided in a manner aligned with Council-approved policies and directions. In addition, they ensure the effective operation and integration of these services to meet the demands of internal and external clients.

Program Services

The Financial Services Program provides activities through the following services:

- Financial Operations
- Financial Planning

Staffing Overview

Program: Financial Services	2011 Approved FTE	2012 Approved FTE	2013 Capital Impact	2013 Base FTE Change	2013 Reallocation of Staff	2013 Total FTE	Net Change 2013 vs 2012
Services/Activities:							
Administration	3.0	4.0				4.0	0.0
Asset Management	2.0	2.4	1.0			3.4	1.0
Accounting Services	8.4	8.0				8.0	0.0
Payroll Services	6.0	6.0				6.0	0.0
Revenue and Tax Collection	11.7	11.7				11.7	0.0
Financial Planning and Policy	8.0	8.0				8.0	0.0
Development Financing and Investment	4.0	3.0				3.0	0.0
Purchasing and Risk Management	10.2	7.2			(0.2)	7.0	(0.2)
Total Financial Services	53.3	50.3	1.0	0.0	(0.2)	51.1	0.8

- 2013 Capital Impact FTE is for the conversion of a contract secondment in Asset Management for the Capital Asset Management (CAM) project
- The reallocation of 0.2 FTE is due to the reorganization of print and mails services, part-time staff has now been reallocated to Regulatory Services

Program Services Budget Overview

Program: Financial Services	2012 Restated		2013 Requested		Net Change 2013 vs 2012	Net Change 2013 vs 2012 (%)
	Gross Budget	Net Budget	Gross Budget	Net Budget		
Services/Activities:						
Financial Operations:						
Administration	282,000	282,000	287,700	287,700	5,700	2.0%
Asset Management	214,700	214,700	309,700	309,700	95,000	44.2%
Accounting Services	717,300	717,300	730,100	730,100	12,800	1.8%
Payroll and Benefit Services	550,800	550,800	562,100	562,100	11,300	2.1%
Revenue & Taxation	1,232,500	865,000	1,259,300	868,800	3,800	0.4%
Total Financial Operations	2,997,300	2,629,800	3,148,900	2,758,400	128,600	4.9%
Financial Planning:						
Administration	246,400	246,400	255,400	255,400	9,000	0.0%
Financial Planning	858,800	858,800	884,700	884,700	25,900	3.0%
Development Financing & Investments	316,900	213,700	322,500	169,800	(43,900)	(20.5%)
Purchasing & Risk Management	706,000	678,000	724,000	696,000	18,000	2.7%
Total Financial Planning	2,128,100	1,996,900	2,186,600	2,005,900	9,000	0.5%
Total Financial Services	5,125,400	4,626,700	5,335,500	4,764,300	137,600	3.0%

Note: 2013 economic increases for all employee groups with the exception of Fire and Transit unionized employees have been included in the Corporate Revenue and Expenses budget pending contract negotiations.

Overall the Financial Services program has increased by 3.0% or \$137,600. The increase is the result of minor increases for benefit requirements and the capital impact for a new FTE for Asset Management. These costs are partially mitigated through additional revenue from interest on investments. In 2011 a review of all services took place in conjunction with the finance re-organization in which the overall Financial Services program was divided into two departments; Financial Planning and Financial Operations. Resources have been allocated to reflect needs of the two departments. No new services or enhancements are planned, with the exception of Asset Management where through the capital program additional client groups will implement the Capital Asset Management (CAM) solution in 2013 which will require support.

Level of Services Offered

- The primary responsibility of Financial Planning is the development of the Operating and Capital Budget and Long-term Financial Forecast, which is consistent across all municipalities. Due to size some municipalities have Financial Planning staff located within each commission, while Oakville has a centralized staffing model.
- Oakville is unique in that we use PB2 Budgeting to support the financial decisions of the municipality. This requires Financial Planning staff to provide support to departments to ensure the integrity of performance measure data.
- Purchasing and Investment and Cash Management services are base services provided by all municipalities.

- Financial Operations services provided by Oakville are consistent with standard municipal practice, and are provided in a centralized form.
- Payroll and Benefit Services are included within Financial Operations, whereas some municipalities have this included in Human Resources
- The Revenue and Taxation section provides centralized revenue services, for taxation as well as all town revenues.
- Oakville's asset management program is serviced through the Financial Operations department and has been implemented in a comprehensive form, merging the PSAB Tangible Capital Assets requirements with asset management service support of the work order and inventory functionalities. The corporate asset register is utilized as the driver of the capital forecast. Not all municipalities took this approach.
- The effectiveness and efficiency of these services is reviewed through the town's performance-based, program based budgeting process.

Key Objectives (Initiatives) for 2013 – 2015

The following initiatives will be undertaken by the Financial Services program over 2013-2015 and help to meet council's strategic objective to be fiscally responsible:

- In 2013 the Financial Planning services division will be finalizing the Development Charges Background Study in order to have a new DC By-law in place in the first quarter of 2013.
- A full review of the town's fees will be undertaken based on the rates and fees policy approved by Council in 2012 to ensure fees are based on the full cost of providing the service.
- Purchasing Services will continue to roll out an automated award report program to streamline the purchasing process for the awarding contracts.
- Development Financing will participate in a cross departmental team set up to review current process for requiring securities related to development and develop recommendations for senior management approval.
- Review of the town's investment and cash management practices and opportunities to maximize returns while ensuring insuring security of principle.
- Financial Planning and Operations staff will be assisting in the efficiency review process being undertaken in 2013 and 2014.
- Update of 10 Year Financial Plan for Council consideration in mid-2013.
- MPAC will be conducting a reassessment of all property values in late 2012, moving market value assessments from 2008 values to 2012. These assessments will be phased throughout the 2013 to 2016 taxation years. Staff will be analyzing the reassessment data in 4th quarter 2012 to determine where assessment shifts have occurred within Oakville and the Region of Halton. A communication plan will be developed to inform the public and Council.
- Staff in conjunction with IS+S have developed training courses on our core financial systems (CIS & FMW), as well as Finance, Payroll and Budgeting 101 which was available to all staff in 2012. Utilization of the Job Costing module will be rolled out to departments for capital project management. This will ensure departmental staff are utilizing the tools available to them, and also have an understanding of processes & procedures, and their roles & responsibilities as it relates to financial transactions. Many departments and staff have taken the courses, and this will continue into 2013. Staff was also successful in beginning the process of revising all financial policies. This will continue into 2013.
- Asset management services have developed a 2013 to 2015 plan to continue to implement the CAM (work order functionality) and utilize the asset information available to support the capital forecast, development charge and asset replacement decisions. In 2012, all facility and parks technical assets implemented the solution in 2012. The utilization of the asset register is being widely used by Financial Planning staff and department asset owners. We will continue to optimize the solution and will be implementing tablets into the field and begin the Roads and Works implementation in 2013.

- Financial Operations will continue to modernize our operations in 2013 with the implementation of E-Post for tax bill issuance and a further automation of our Account Payable process to pay vendors electronically and have invoices electronically scanned and uploaded into CIS.

2013 Program Budget Drivers

	2012 Restated Budget	2013 Base Budget	2013 Capital Impact	2013 Budget Efficiencies	2013 Requested Budget	\$ Change From 2012	% Change From 2012
EXPENSES:							
Personnel Services & Benefits	4,839,200	4,959,000	89,700	0	5,048,700	209,500	4.3%
Materials & Supplies	141,200	152,900	0	0	152,900	11,700	8.3%
Capital Out Of Operations	0	1,800	0	0	1,800	1,800	0.0%
Purchased Services	127,500	116,600	0	(2,000)	114,600	(12,900)	(10.1%)
Payments & Grants	17,500	17,500	0	0	17,500	0	0.0%
Total EXPENSES	5,125,400	5,247,800	89,700	(2,000)	5,335,500	210,100	4.1%
REVENUES:							
External Revenues	498,700	566,200	0	5,000	571,200	72,500	14.5%
Internal Recovery & Fund Transfers	0	0	0	0	0	0	0.0%
Total REVENUES	498,700	566,200	0	5,000	571,200	72,500	14.5%
TAX LEVY	4,626,700	4,681,600	89,700	(7,000)	4,764,300	137,600	3.0%

Note: 2013 economic increases for all employee groups with the exception of Fire and Transit unionized employees have been included in the Corporate Revenue and Expenses budget pending contract negotiations.

In 2013, the Financial Services program has increased by \$137,600 or 3.0%. The main drivers for this increase are the following:

- Personnel Service & Benefits has increased \$209,500 or 4.3% due to increased benefit requirements and the addition of a new FTE as a conversion of a contract secondment in Asset Management has been proposed as an impact from capital in the amount of \$89,700.
- Materials & Supplies has increased \$11,700 or 8.3% primarily due to increased postage and printing needs for Revenues & Taxation which was mitigated through a reallocation from Purchased Services.
- External revenues have increased by \$72,500 or 14.5% due to increased investment revenues used to offset the cost of managing the town's investments, increase in tax certificate fees, as well as historical revenue trends.

2014 - 2015 Expenditure Summary

	2013 Requested Budget	2014 Forecast Base Budget	2013-2014 Change (%)	2015 Forecast Base Budget	2014-2015 Change (%)
GROSS EXPENDITURES					
Financial Services:					
Financial Operations	3,148,900	3,256,300	3.4%	3,458,600	6.2%
Financial Planning	2,186,600	2,214,100	1.3%	2,242,700	1.3%
Total GROSS EXPENDITURES	5,335,500	5,470,400	2.5%	5,701,300	4.2%
TAX LEVY					
Financial Services:					
Financial Operations	2,758,400	2,861,100	3.7%	3,063,400	7.1%
Financial Planning	2,005,900	2,033,300	1.4%	2,061,900	1.4%
Total TAX LEVY	4,764,300	4,894,400	2.7%	5,125,300	4.7%
GROSS EXPENDITURES by Type					
Personnel Services & Benefits	5,048,700	5,180,400	2.6%	5,410,500	4.4%
Materials & Supplies	152,900	155,300	1.6%	155,300	0.0%
Purchased Services	114,600	115,400	0.7%	116,200	0.7%
Internal Charges	0	0	0.0%	0	0.0%
Other Expenditures	17,500	17,500	0.0%	17,500	0.0%
Minor Capital & Transfer to Reserves	1,800	1,800	0.0%	1,800	0.0%
Total EXPENDITURES	5,335,500	5,470,400	2.5%	5,701,300	4.2%
REVENUES by Type					
Activity Revenue	421,700	426,500	1.1%	426,500	0.0%
Internal Recoveries	0	0	0.0%	0	0.0%
Grants	0	0	0.0%	0	0.0%
Other Revenue	149,500	149,500	0.0%	149,500	0.0%
Total REVENUES	571,200	576,000	0.8%	576,000	0.0%
TAX LEVY	4,764,300	4,894,400	2.7%	5,125,300	4.7%

Note: 2014 and 2015 economic increases for all employee groups with the exception of Fire and Transit unionized employees have been included in the Corporate Revenue and Expenses budget pending contract negotiations.

2013 Recommended Capital Budget

The following chart details the recommended capital projects for 2013. The current Development Charges Study will be complete in 2013. Accounts Payable will be working to automate payments to vendors, intending to reduce the turnaround time of payment to vendors and improve efficiency and effectiveness of staff time. The Asset Management program plan will complete all facility implementations, field solutions for existing clients, and begin the implementation of work order functionality for Roads and Works in 2013 and 2014.

	TOTAL Gross Cost	PROGRAM SPECIFIC FINANCING					CORPORATE FINANCING				TOTAL Proposed Financing
		Development Charges	Equipment Reserves	Gas Tax Funding	Other Reserves	Funding Grants and Other Revenues	Local Infrastructure Reserve	Capital Reserve	Operating Contribution	Long Term Financing	
Financial Services											
33101101 Development Charges Study	50,000	45,000							5,000		50,000
33101301 Accounts Payable Automation	164,000								164,000		164,000
36101009 Asset Management (IS+S)	619,000								619,000		619,000
Total Financial Services	833,000	45,000							788,000		833,000

Service: Financial Operations

Mission

To provide for the execution of financial plans by providing centralized operational financial services, data integrity of systems and data which meet all legislative requirements for disclosure and reporting, in order to protect corporate assets and ensure uninterrupted departmental operations.

Major Responsibilities

- Develop and maintain a corporate centralized asset register for all town owned assets in compliance with PSAB, providing corporate reporting on assets, as well as to implement asset management solutions to support departmental asset management activities and reporting.
- To provide the town and departments with centralized accounting and revenue collection services in order to protect corporate assets and ensure uninterrupted departmental operations which are compliant with GAAP and PSAB, provincial reporting and tax legislation. Manage banking and audit functions, and prepare corporate and local board statements for audit. Manage the integrity of all accounting transactions so information can be used for consistent decision making and reporting.
- To provide current and retired employees of the town and Local Boards and management with payroll, benefit and pension services in compliance with Employment standards, town policies, collective agreements and other legislation
- On behalf of property owners, Halton Region, Halton School Boards, local boards and departments, we bill and collect revenue, manage property assessments to fund town, Region and School Board programs in compliance with the Municipal and Assessment Acts.

Strategic Priorities (Initiatives)

The following initiatives will be undertaken by the Financial Operations department over 2013-2015 and help to meet council's strategic objective to be fiscally responsible, continually improve our programs and services and be accountable in everything we do:

- Continue to develop policies and procedures for all processes and procedures, providing educational opportunities for all departmental staff on services and systems available.
- As administrators of CIS and Open Tax systems, ensure corporate consistency of data while providing support to management to retrieve information to make evidence based decisions, and support the performance measures reporting for their services. Continue to expand utilization of the Corporate Information System (CIS) functionality to capture data to enhance cost analysis both financial and statistical in order to support departments in their day to day operations.
- Asset management services have developed a 2013 to 2015 plan to continue to implement the CAM (work order functionality) and utilize the asset information available to support the capital forecast, development charge and asset replacement decisions. In 2013, all facilities will complete implementation, tablets will be utilized in the field and the design stage of Works maintenance will begin.
- The 2012 property value reassessment will impact the workload of the taxation and revenue section. The impact on Oakville properties will be communicated to Council and the public.

Key Outcomes

- Town's financial assets/resources are protected as measured by an unqualified audit report. In 2011 the auditors issued the Consolidated Financial Statements with an unqualified audit opinion, the same is expected for the 2012 statements when they are issued in the spring of 2013.
- Compliance to internal policies, procedures and legislative requirements. No penalties as a result of third party audits.
- Excellent service provided to internal and external customers as measured by the number of complaints from internal service areas.
- Accessibility of the integrated systems which are available to staff to monitor all financial transactions as well as the corporate asset register. Ongoing conversion of manual processes to maximize electronic means to be more efficient and cost effective, and maintain service levels as the organization grows.

2013 - 2015 Operating Budget Summary

	2012 Restated Budget	2013 Base Budget	2013 Capital Impact	2013 Budget Efficiencies	2013 Requested Budget	\$ Change From 2012	% Change From 2012	2014 Forecast Budget	2015 Forecast Budget
EXPENSES:									
Personnel Services & Benefits	2,763,500	2,822,900	89,700	0	2,912,600	149,100	5.4%	3,016,900	3,218,400
Materials & Supplies	139,800	150,100	0	0	150,100	10,300	7.4%	152,400	152,400
Purchased Services	76,500	67,100	0	(200)	66,900	(9,600)	(12.5%)	67,700	68,500
Internal Charges	0	0	0	0	0	0	0.0%	0	0
Other Expenditures	17,500	17,500	0	0	17,500	0	0.0%	17,500	17,500
Minor Capital & Transfer to Reserves	0	1,800	0	0	1,800	1,800	100.0%	1,800	1,800
Total EXPENSES	2,997,300	3,059,400	89,700	(200)	3,148,900	151,600	5.1%	3,256,300	3,458,600
REVENUES:									
Activity Revenue	367,500	385,500	0	5,000	390,500	23,000	6.3%	395,200	395,200
Internal Recoveries	0	0	0	0	0	0	0.0%	0	0
Grants	0	0	0	0	0	0	0.0%	0	0
Other Revenue	0	0	0	0	0	0	0.0%	0	0
Total REVENUES	367,500	385,500	0	5,000	390,500	23,000	6.3%	395,200	395,200
TAX LEVY	2,629,800	2,673,900	89,700	(5,200)	2,758,400	128,600	4.9%	2,861,100	3,063,400
TAX LEVY By Activity:									
Financial Operations:									
Administration	282,000	287,900	0	(200)	287,700	5,700	2.0%	291,700	295,400
Asset Management Services	214,700	220,000	89,700	0	309,700	95,000	44.2%	378,500	543,500
Accounting Services	717,300	730,100	0	0	730,100	12,800	1.8%	739,900	750,000
Payroll Services	550,800	562,100	0	0	562,100	11,300	2.1%	569,700	577,400
Revenue & Tax Collections	865,000	873,800	0	(5,000)	868,800	3,800	0.4%	881,300	897,100
TAX LEVY	2,629,800	2,673,900	89,700	(5,200)	2,758,400	128,600	4.9%	2,861,100	3,063,400

2013 Key Budget Drivers

- Personnel Service & Benefits has increased \$149,100 due to increases in benefit costs and the capital request for one FTE in Asset Management.
- Materials & Supplies has increased \$10,300 due to increased external reproduction costs. Staff has partially offset the increase with a reduction in Purchased Services of \$9,600, due to internal reallocations.
- External Revenues has increased \$23,000 primarily due to historical revenue trends and an increase in tax certificate fees.

2014 - 2015 Budget Forecast Highlights

- In 2014 Asset Management Services is increased by \$68,800 primarily in personnel and benefits. The request to convert seconded staff to FTE to support the full CAM solution.
- In 2015 Asset Management Services is increased \$160,100 in personnel and benefits for the final phase of the CAM solution.

Service: Financial Planning

Mission

To provide the Corporation with professional financial support services and advice through the development of short- and long-term financial plans, creation of prudent financial policies and management of financial resources; to ensure sustainable funding and affordable tax increases for the town's programs and services.

Major Responsibilities

- Develop multi-year operating budget using the performance based program based budgeting methodology; development of a 10 year financial forecast identifying capital and operating needs and development of a long-term financial plan to finance the 10 year needs;
- Devise budget strategies and processes to provide departments and Council with the tools to develop long-term operating and capital budgets; maintenance of budgeting software system; coordinate public process for review of annual budget.
- Provide operating and capital variance reports to departments; report on financial performance to Council and Senior Management; provide analysis and support to departments in monitoring their performance against budget and provide proactive identification of emerging issues.
- Undertake major financial studies as required and provide financial advice and financing strategies for all Master Plans; review new legislation and funding opportunities to ensure town is maximizing revenue opportunities from senior orders of government.
- Co-ordinate the full review/study of town's Development Charge rates; annual review of all major user fees to ensure appropriate cost recovery ratios.
- Manage the town's investment portfolio and administer cash forecasting and management, developer contributions, reserves, reserve funds and trust funds
- Manage the purchasing and insurance claims process to ensure adherence to fair and transparent purchasing policies and procedures and minimize insurance claims risk

Strategic Priorities (Initiatives)

The following initiatives will be undertaken by the Financial Planning department over 2013 – 2015 to help meet Council's strategic objective to be fiscally responsible and accountable in everything we do:

- Lead the completion of the Development Charges Background Study and Draft Development Charges By-law. The draft by-law will be presented to Council in the first quarter of 2013.
- Complete the update the long-term financial forecast in support of the Development Charges Background Study and new initiatives identified through various studies.
- Update/develop financial policies and procedures for operating and capital budget development, debt and investments.
- Finalize financing plan for the town's share of the new Oakville Hospital.
- Implement the rates and fees strategy to ensure corporate consistency in the setting of fees for town services.

Key Outcomes

- Total reserves and reserve funds as a percentage of operating expenses. Prudent financial practice suggests that a ratio greater than 20% represents low risk; in 2012 the town's ratio is projected to be 63.5%.
- Competitive overall tax increases (combined town, region and education) – 2012 target 3% overall increase was exceeded with an overall tax increase of 2.9%.
- Tax supported debt levels are within Council policy of 6.25% and overall debt including self-supported debt within the Council approved limit of 12%. In 2012 the debt levels are well below Council policy as tax supported debt is 1.6% and overall debt is 4.0%. The 2013 projected debt levels are expected to be 1.5% and 3.9% respectively, as there is some remaining approved debt for tax supported capital projects that is planned to be issued in 2013.

2013- 2015 Operating Budget Summary

	2012 Restated Budget	2013 Base Budget	2013 Capital Impact	2013 Budget Efficiencies	2013 Requested Budget	\$ Change From 2012	% Change From 2012	2014 Forecast Budget	2015 Forecast Budget
EXPENSES:									
Personnel Services & Benefits	2,075,700	2,136,100	0	0	2,136,100	60,400	2.9%	2,163,500	2,192,100
Materials & Supplies	1,400	2,800	0	0	2,800	1,400	100.0%	2,900	2,900
Purchased Services	51,000	49,500	0	(1,800)	47,700	(3,300)	(6.5%)	47,700	47,700
Internal Charges	0	0	0	0	0	0	0.0%	0	0
Other Expenditures	0	0	0	0	0	0	0.0%	0	0
Minor Capital & Transfer to Reserves	0	0	0	0	0	0	0.0%	0	0
Total EXPENSES	2,128,100	2,188,400	0	(1,800)	2,186,600	58,500	2.7%	2,214,100	2,242,700
REVENUES:									
Activity Revenue	31,200	31,200	0	0	31,200	0	0.0%	31,300	31,300
Internal Recoveries	0	0	0	0	0	0	0.0%	0	0
Grants	0	0	0	0	0	0	0.0%	0	0
Other Revenue	100,000	149,500	0	0	149,500	49,500	49.5%	149,500	149,500
Total REVENUES	131,200	180,700	0	0	180,700	49,500	37.7%	180,800	180,800
TAX LEVY	1,996,900	2,007,700	0	(1,800)	2,005,900	9,000	0.5%	2,033,300	2,061,900
TAX LEVY By Activity:									
Financial Planning:									
Administration	246,400	255,900	0	(500)	255,400	9,000	3.7%	258,400	261,500
Financial Planning & Policy	858,800	885,300	0	(600)	884,700	25,900	3.0%	895,800	907,400
Development Financing & Investments	213,700	170,500	0	(700)	169,800	(43,900)	(20.5%)	173,800	178,100
Purchasing & Risk Management	678,000	696,000	0	0	696,000	18,000	2.7%	705,300	714,900
TAX LEVY	1,996,900	2,007,700	0	(1,800)	2,005,900	9,000	0.5%	2,033,300	2,061,900

2013 Key Budget Drivers

- Personnel Service & Benefits has increased \$60,400 primarily due to, increased in benefit costs and minor salary adjustments for new hires that occurred in 2013.
- Materials & Supplies has increased \$1,400 primarily due to increased office supplies to support the Purchasing department. The expense is mitigated through savings in Purchased Services with \$1,800 in reductions for blackberry/internet services.
- Other revenue has increased \$49,500 due to increased interest on investments to reflect historical trends.

2014 - 2015 Budget Forecast Highlights

- In 2014 and 2015, budgets reflect inflationary increases only.