



Program: Financial Services

Program Based Budget

2016 – 2018

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's 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 Financial Services teams provides professional financial and accounting, payroll & benefits, revenue, procurement & asset management support services and advice; develops financial policy, and 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	2014 Approved FTE	2015 Approved FTE	2016 Capital Impact	2016 Service Adjustment	2016 Reallocation of Staff	2016 Total FTE	Net Change 2016 vs 2015
Services/Activities:							
Administration	4.0	3.8		(0.3)	(0.2)	3.3	(0.5)
Asset Management	4.4	5.0				5.0	0.0
Accounting Operations	8.0	9.0				9.0	0.0
Payroll and Benefit Services	6.0	7.7		(0.7)		7.0	(0.7)
Revenue and Taxation	11.5	11.5				11.5	0.0
Financial Planning and Policy	8.0	10.0			0.2	10.2	0.2
Development Financing and Investment	3.0	3.0				3.0	0.0
Purchasing and Risk Management	8.0	8.0				8.0	0.0
Total Financial Services	52.9	58.0	0.0	(1.0)	0.0	57.0	(1.0)

During 2015 in an effort to streamline processes the finance staff in the Library was amalgamated with the town. As a result the 2015 FTE's were restated to show 3.0 FTE reallocated to the Financial Services program. In 2016, efficiencies were found to allow for the overall reduction of part-time hours in Financial services resulting in a reduction of 1.0 FTE.

Program Services Budget Overview

Services/Activities:	2015 Restated		2016 Requested		Net Change 2016 vs 2015	Net Change 2016 vs 2015 (%)
	Gross Budget	Net Budget	Gross Budget	Net Budget		
Financial Operations:						
Administration	257,700	257,700	258,200	258,200	500	0.2%
Asset Management	519,100	519,100	581,100	581,100	62,000	11.9%
Accounting Operations	862,700	862,700	883,200	883,200	20,500	2.4%
Payroll & Benefit Services	722,000	722,000	719,300	719,300	(2,700)	(0.4%)
Revenue & Taxation	1,306,500	824,000	1,331,900	847,700	23,700	2.9%
Total Financial Operations	3,668,000	3,185,500	3,773,700	3,289,500	104,000	3.3%
Financial Planning:						
Administration	318,000	318,000	300,400	300,400	(17,600)	(5.5%)
Financial Planning & Policy	1,137,500	734,800	1,209,900	753,100	18,300	2.5%
Development Financing & Investments	341,700	185,000	348,600	192,200	7,200	3.9%
Purchasing & Risk Management	878,200	775,600	884,700	782,000	6,400	0.8%
Total Financial Planning	2,675,400	2,013,400	2,743,600	2,027,700	14,300	0.7%
Total	6,343,400	5,198,900	6,517,300	5,317,200	118,300	2.3%

Overall the Financial Services program has increased by 2.3% or \$118,300. The primary impacts are inflationary and the annualization of two 2015 positions required to support management of town assets, one of which is in Asset Management and the other in Financial Planning and Policy. The reductions in Payroll and Financial Planning Administration are a result of the reduction to part-time hours.

Key Performance Indicators

1. Percentage of gross operating budget

2011	2012	2013	2014	2015
2.8%	2.8%	2.8%	2.9%	2.9%
Why Important: Monitors the cost of the program as a proportion of the total cost for the town.				
How Calculated: Gross program operating costs (excluding transfers to reserves and internal charges) / Gross town operating costs (excluding transfers to reserves and internal charges)				

2. Percentage of total FTEs

2011	2012	2013	2014	2015
3.6%	3.3%	3.4%	3.4%	3.7%
Why Important: Assesses the capacity of the program by examining the proportion of staff expertise against the total Town FTE's.				
How Calculated: Total program FTEs including part-time / Total town FTEs including part-time				

3. Stabilization Reserves as a percentage of own source revenues

2011	2012	2013	2014	2015
14%	13%	17%	20%	21%
Why Important: GFOA recommends, at a minimum, that governments regardless of size, maintain unrestricted fund balances in their general fund of no less than two months of own source revenues to provide sufficient liquidity and protect against unforeseen events. This is equivalent to approximately 17%.				
How Calculated: Total Stabilization Reserves divided by total town own revenue.				

4. Debt service ratio (debt charges to own source revenues)

2011	2012	2013	2014	2015
4.41%	5.51%	3.87%	4.63%	4.55%
Why Important: Debt service ratio is an indication of financial flexibility of the organization. The Ministry of Housing limit is 25% and Council Policy is 12%.				
How Calculated: Total debt charges divided by total town own revenue sources as per the Ministry of Housing and Municipal Affairs				

5. % of taxes receivable to total tax billed

2011	2012	2013	2014	2015
4.93%	4.33%	4.23%	4.04%	4.00%
Why Important: Provides an indicator of the financial health of the community				
How Calculated: Total tax receivable grossed up by future payments & credits(supp/omits & prepaid PAP credits)/Current year billable taxes				

6. Net Surplus/Deficit as a percentage of Approved Budget

2011	2012	2013	2014	2015
4.6%	4.2%	3.1%	-4.7%	2.8%
Why Important: Ensures proper budget practices are followed and spending is in accordance with approved budget				
How Calculated: Net surplus/deficit after transfer/ Approved budget				

7. Achieve full expected life of assets

2011	2012	2013	2014	2015
78.82%	72.22%	70.00%	64.38%	76.09%
Why Important: To ensure that all Tangible Capital Assets are set up with the correct useful life and that they are disposed of with a NBV of zero. Having the correct useful life enables to better plan replacements and schedule preventative maintenance and the associated costs at the correct time.				
How Calculated: (# of disposed assets at end of Useful Life or greater/Total # of TCA disposed * 100)				

8. Unqualified external audit of town's financial statements and internal controls

2011	2012	2013	2014	2015
Achieved	Achieved	Achieved	Achieved	TBD
Why Important: An unqualified opinion indicated the Town is preparing the financial statements in accordance with the Public Sector Accounting Standards and that there are no significant control deficiencies				
How Calculated: Auditors based an opinion after the interim and final audit of the annual statements, which is presented to Council				

9. Return on Investment Portfolio

2011	2012	2013	2014	2015
5.24%	3.90%	3.90%	3.54%	3.25% (to date)
Why Important: Provides a measure of the effectiveness of the investment program to earn a reasonable rate of return on investment of its cash resources having regard to market, legislative and policy constraints. These earnings provide non-tax contributions to operations, reserve funds and trust funds.				
How Calculated: Average annual rate of return				

Key Objectives (Initiatives) for 2016 – 2018

The following initiatives will be undertaken by the Financial Services program over 2016-2018 and help to meet council's strategic objective to be fiscally responsible:

- A full review of financial planning policies is underway. Policies and procedures are being developed consistent with the financial planning principles used to develop the town's long-term financial plan.
- Continued review of programs rates and fees in accordance with the rates and fees policy approved by Council in 2012 to ensure fees are based on the full cost of providing the service.
- The Development Charges by-law expires in February 2018. An update to the by-law will be completed during 2016 -2017. Preliminary work will begin in 2016 with the update of master plans to support the background study required to pass a new by-law. Potential changes resulting from the provincial review of Development Charges legislation will need to be considered in the timing of the new by-law.
- A major update of the long term financial forecast was completed in 2015 resulting in a proposed 2016 -2025 capital plan which was presented to Council in October 2015. Revisions to the forecast are anticipated over 2016/17 based on the recommendations of the various studies and master plans scheduled to be completed in 2016. The revised forecast will also be influenced by the update to the Development Charges Background Study to be completed in 2017.
- Purchasing staff in conjunction with IS+S are developing a vendor portal to monitor vendor performance and collect pertinent legislated information from vendors awarded contracts with the town.
- All competitive bid document templates will be reviewed and updated by Purchasing staff with review by the Legal Department
- Financial Services staff will be participating in the development of a Corporate Services training program.
- Job costing project management capabilities within the town's Corporate Information System (CIS) will be implemented for Facilities and Construction Management projects to assist project managers in overseeing the financial aspects of each phase of capital projects.
- A corporate KPI dashboard has been developed to provide a snapshot of how the town is doing in relation to key deliverables. Department performance indicators have been revised to provide outcome based indicators which show the results achieved by all town programs. It is anticipated the indicators will be refined over the next two years as part of the annual budget process.
- Asset management services 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, the system was rolled out to all facility managers for all building assets, as well as parks technical staff began utilizing tablets in the field. The utilization of the asset register is being widely used by Financial Planning staff and department asset owners. In 2014 & 2015 staff continued to optimize the solution and have implemented tablets into the field within the traffic and parks divisions, work order functionality in Emergency Services to replace the fire fault system, and further enhanced the parks implementation. In 2015, staff will continue with the design of the Roads and Works implementation, for our go live implementation of January 2016. We are integrating condition assessments and criticality into the budget planning. In 2016, Roads implementation will go live, as well as continued optimization for other departments.
- An RFP was issued in October 2015 to complete a review of our Asset Management Plan to meet ministry guidelines, as well as create a work plan for the 2016 to 2021 timeframe. A request for funding from the AMO, LAMP grant is pending.
- Compliance to PSAB 3260 Contaminated sites will be complete in time for the deadline in 2015, and will be included in the town's statements for 2014 & 2015.
- In September 2015, Financial Services moved the finance staff from the Oakville Public Library and integrated them with our town departments. As we move into 2016, we will be streamlining current processes to improve service, utilize systems and implement corporate efficiencies.

- Financial Operations will continue to modernize operations in 2016, looking for ways to implement processing efficiencies. We continue to see growth in our E-Post for tax bill issuance, various e-payment solutions and significant growth in Accounts Payable processes to pay vendors electronically and have invoices electronically scanned and uploaded into CIS.
- Payroll and Benefit services have made paperless pay advices a condition of employment and worked with IS+S to expand employee workspaces to automate some processes and provide visibility online to employees. For 2016 we will continue to automate paper based processes, with attendance and work order functionality.
- Implement the CIS real estate module for all town properties which are town owned and leased or the town leases.

2016 Program Budget Drivers

	2015 Restated Budget	2016 Base Budget	2016 Capital Budget Impact	2016 Service Adjustments	2016 Requested Budget	\$ Change From 2015	% Change From 2015
Expenses:							
Personnel Services & Benefits	6,031,000	6,199,700	0	0	6,199,700	168,700	2.8%
Materials & Supplies	159,100	160,300	0	0	160,300	1,200	0.8%
Capital Out Of Operations	1,000	1,000	0	0	1,000	0	0.0%
Purchased Services	128,600	134,300	0	0	134,300	5,700	4.4%
Payments & Grants	23,700	22,000	0	0	22,000	(1,700)	(7.2%)
Total Expenses	6,343,400	6,517,300	0	0	6,517,300	173,900	2.7%
Revenues:							
External Revenues	659,200	660,600	0	0	660,600	1,400	0.2%
Internal Recovery & Fund Trsfs	485,300	539,500	0	0	539,500	54,200	11.2%
Total Revenues	1,144,500	1,200,100	0	0	1,200,100	55,600	4.9%
Tax Levy	5,198,900	5,317,200	0	0	5,317,200	118,300	2.3%

In 2016, the Financial Services program has increased by \$118,300 or 2.3%. The main drivers for this increase are the following:

- Personnel Services & Benefits increased \$168,700 primarily due to inflationary and compensation increases. Also included is the annualization of two positions added in 2015: Asset Analyst in Asset Management section (1) and Senior Capital Analyst in Financial Planning (1).
- Materials & Supplies increased \$1,200 primarily due to postage related to tax billings.
- Purchased Services increased \$5,700 for professional dues and professional development to support staff training.
- Payments and Grants decreased \$1,700 primarily due to registration and filling fees, resulting from lower tax special charges revenues.
- External Revenues increased \$1,400 primarily due to ownership change fees.
- Internal Recovery & Funds Transfers increased \$54,200 to reflect the annualization of recoveries from capital for the Financial Planning position.

2017 - 2018 Operating Budget Forecast

	2016 Requested Budget	2017 Forecast Requested Budget	2016-2017 Change (%)	2018 Forecast Requested Budget	2017-2018 Change (%)
Gross Expenditures					
Financial Services					
Financial Operations	3,773,700	3,865,200	2.4%	3,967,800	2.7%
Financial Planning	2,743,600	2,813,000	2.5%	2,891,300	2.8%
Total Gross Expenditures	6,517,300	6,678,200	2.5%	6,859,100	2.7%
Tax Levy					
Financial Services					
Financial Operations	3,289,500	3,381,000	2.8%	3,483,600	3.0%
Financial Planning	2,027,700	2,082,500	2.7%	2,149,800	3.2%
Total Tax Levy	5,317,200	5,463,500	2.8%	5,633,400	3.1%
Gross Expenditures By Type					
Personnel Services & Benefits	6,199,700	6,360,600	2.6%	6,541,500	2.8%
Materials & Supplies	160,300	160,300	0.0%	160,300	0.0%
Purchased Services	134,300	134,300	0.0%	134,300	0.0%
Internal Charges	0	0	0.0%	0	0.0%
Other Expenditures	22,000	22,000	0.0%	22,000	0.0%
Minor Capital & Transfer To Reserves	1,000	1,000	0.0%	1,000	0.0%
Total Expenditures	6,517,300	6,678,200	2.5%	6,859,100	2.7%
Revenues By Type					
Activity Revenue	507,200	507,200	0.0%	507,200	0.0%
Internal Recoveries	539,500	550,300	2.0%	561,300	2.0%
Grants	0	0	0.0%	0	0.0%
Other Revenue	153,400	157,200	2.5%	157,200	0.0%
Total Revenues	1,200,100	1,214,700	1.2%	1,225,700	0.9%
Tax Levy	5,317,200	5,463,500	2.8%	5,633,400	3.1%

2016 - 2018 Recommended Capital Budget

The following chart details recommended capital projects for 2016. The capital forecast includes funding to begin the update of the Development Charges Study, mandatory every 5 years, along with additional funds to review the various Master Plans that contribute to the DC Study. The Asset Management program will continue to facilitate utilization of the corporate asset register to provide work order functionality, service request automation and technologies to track information on the town's assets. In 2016, the Roads and Works department will be migrating onto work order management, Parks & Open Space services will improve its current work order functionality through the increase in the utilization of tablets and the integration with GIS and the central and transit stores will be looking for more automation opportunities. The Asset Management group will also continue to support existing user groups move to continuously improve their reporting and systems to deliver more efficient programs and services. The town's asset management plan and roadmap will be a focus for 2016. This AMP will incorporate policy review, service standards, and will look at the current governance structure.

Finance	Classification	Capital Budget & Forecast			Operating Impact		
		2016	2017	2018	2016	2017	2018
33101502 Development Charges Study	Growth	302,000	201,000				
36101009 Asset Management (IS+S)	Infrastructure Renewal	151,000	151,000	151,000			
Total Finance		453,000	352,000	151,000			

