

# 2018 Divisional Budget

**Financial and Strategic  
Management Division**



**Becoming Canada's  
most livable community**

...focusing on priorities

# 2018 Divisional Budget

## Financial and Strategic Management Division

### Introduction to the Financial and Strategic Management Division

The Financial and Strategic Management (FSM) Division performs a number of vital support roles that help the organization successfully achieve its strategic goals. From financial reporting, to financial analysis, and corporate performance measurement, we contribute the information critical to support evidence-based decisions.

Through facilitation of the corporate business planning and budgeting processes, we help the organization align its operations, activities and financial resources to achieve its strategic goals. Our stewardship roles include assessment and collection of property taxes, and the prudent investment of tax dollars, through our procurement functions — all of which ensure the County has the resources required to deliver high-quality, efficient programs and services to our residents.

Through these roles, we are involved in all facets of the County operations. Our work touches the lives of residents every day, as we help the organization to realize its vision of becoming Canada's most livable community.

### Departments and their core functions



**Assessment and Tax**  
Assessment | Taxation



**Corporate Finance**  
Treasury and Risk Management | Financial Reporting | Financial Coordination



**Corporate Planning**  
Corporate Business Planning | Financial Planning | Corporate Advisory Services



**Procurement Services Branch**  
Procurement



**Fiscal Services**  
Corporate Revenues (taxes, unconditional grants and franchise fees) | Corporate Expenses (grants, requisitions, amortization, debt servicing, Council Priority Funds)

# Financial and Strategic Management Division

## Who we are and how we serve



### Assessment and Tax (ASMTX)

Property taxes are a crucial source of revenue for Strathcona County, supporting delivery of the quality infrastructure and services made available to residents every day. The Assessment and Tax (ASMTX) Department annually prepares and communicates a legislative compliant assessment and tax roll for the distribution and collection of property taxes amongst residents, businesses and industry. The department is committed to educating citizens and customers about the tax assessment process through stakeholder engagement and enhanced communication.



### Corporate Finance (CFIN)

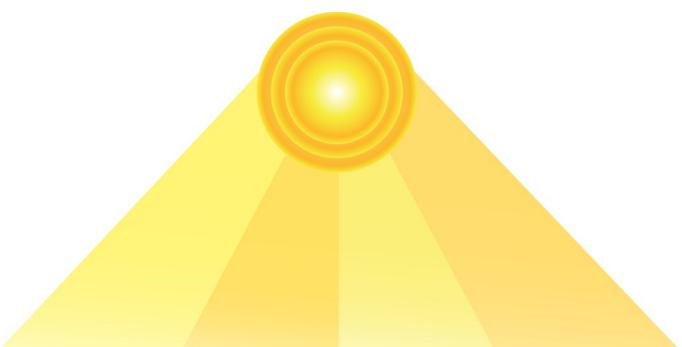
Corporate Finance (CFIN) provides financial reporting, coordination and financial oversight, treasury and risk management services. These services include analysis and communication of operational results, the annual external audit program, and management of financial resources. The department is also responsible to lead internal control compliance, and provides financial coordination, guidance and support for all departments.



### Corporate Planning (CP)

Corporate Planning (CP) manages the structured, collaborative planning and reporting approach that supports Council, Executive Team and departments in building aligned, agile plans that cascade across a diverse set of programs and services. Aligning corporate and department business plans with Council's vision and goals operationalizes our movement toward our desired outcomes and supports strategic thinking in our day-to-day decisions.

Corporate Planning enhances informed decision making and performance by providing leadership, coaching, analysis and tools that enable integrated planning and reporting. Priority-based business planning and budgeting tools support the allocation and/or reallocation of resources, based on alignment to corporate and community priorities. Corporate Planning also leads monitoring, measuring, and reporting on progress toward our goals and outcomes.





## Focusing on priorities

2018 initiatives and projects align with community priorities:

- Add the ability for property owners to access historical property tax notice information through the existing 'Your Accounts' self-serve customer portal found on the County website
- Leverage 2017 county-wide oblique imagery\* and request for information process to increase property data collection efficiency and effectiveness
- Participate in design and implementation of the Business Transformation Project, helping to manage organizational change and corporate impacts over the next three years
- Review off-site development levies (philosophies, rate model and processes)
- Develop internal control review program
- Redevelop Chart of Accounts
- Continue corporate-wide integration of priority-based business planning and budgeting
- Promote awareness of the strategic plan and priorities to ensure a more informed public to support Council in future reviews
- Develop an improvement approach to enable the corporate execution of the County's strategy and business plans, by leveraging our Project Coordination Office (PCO) to increase corporate maturity related to Organizational Project Management (OPM) methodology and application
- Develop and implement multi-year budgeting

*\*Oblique imagery is aerial photography at an angle that allows viewers to see and measure not only the top of objects but the sides as well. It more closely resembles how people normally view their landscape compared to traditional orthogonal (straight down) imagery.*

## Overcoming challenges

The FSM Division has identified challenges ahead in 2018:

- Implementing legislative change arising from the Modernized Municipal Government Act (MMGA)
- Managing continued growth pressures related to number of properties, Assessment Review Board appeals and customer inquiries
- Managing changes and impacts on staff, systems and processes as the organization embraces business transformation
- Managing numerous priorities including development levy review, new business planning cycle, enterprise risk management program development, and grant coordination development with business transformation
- Prioritizing the large volume of outstanding projects through alignment with organizational priorities
- Developing the next version of business plans in 2018 competing with other corporate priorities
- Viewing corporate coordination activities as an investment in vision, conversation, process and culture that would lead to improvements and add value to business operations and corporate function silos



## Continuously improving

Opportunities identified through Priority-Based Budget (PBB) programs:

- Transferring the oil & gas drilling tax to TAS for better alignment, as the revenue is allocated to road maintenance
- Improving capacity challenges through ongoing efforts to prioritize outstanding projects in alignment with organizational priorities

Opportunities to enhance efficiency and effectiveness:

- Implement new technology and process for property data collection, allowing the department to release a truck back to the corporate fleet pool for other uses
- Review development levies, which should result in greater efficiencies and effectiveness
- Realign corporate financial planning functions and project management functions alongside corporate planning

# Financial and Strategic Management Division

## 2018 operating budget

Operating Revenue / Expense		2018 Budget	2017 Restated Budget*	\$ Change 2018-2017	% Change 2018-2017	Notes
<b>Revenues</b>	Government Grants	\$ -	\$ 8,000	\$ (8,000)	(100%)	
	User Fees & Charges	348,880	353,220	(4,340)	(1%)	
	Other Revenues	8,600	13,600	(5,000)	(37%)	
	<b>Total Revenues</b>	<b>357,480</b>	<b>374,820</b>	<b>(17,340)</b>	<b>(5%)</b>	
<b>Expenses</b>	Salaries & Wages	6,095,967	5,848,178	247,789	4%	Note 1
	Employee Benefits	1,495,097	1,437,279	57,818	4%	Note 1
	Training & Development	194,081	171,920	22,161	13%	Note 2
	Business Expenses	61,325	47,171	14,154	30%	Note 3
	Advertising & Printing	127,961	125,023	2,938	2%	
	Professional Services	480,465	625,255	(144,790)	(23%)	Note 4
	Rentals & Leases	200	600	(400)	(67%)	
	Contracted Services	426,432	360,974	65,458	18%	Note 5
	Supplies & Materials	81,695	58,093	23,602	41%	Note 6
	Repairs & Maintenance	1,039	1,039	-	0%	
	Equipment Purchases	34,550	27,450	7,100	26%	
	Telecommunications	23,430	23,980	(550)	(2%)	
	Other Expenses	52,178	99,766	(47,588)	(48%)	Note 7
	Interprogram	(568,019)	(556,174)	(11,845)	2%	
	<b>Total Expenses</b>	<b>8,506,401</b>	<b>8,270,554</b>	<b>235,847</b>	<b>3%</b>	
<b>Net Surplus/(Deficit)</b>		<b>(8,148,921)</b>	<b>(7,895,734)</b>	<b>(253,187)</b>	<b>3%</b>	
<b>Non-Operating Items</b>		<b>96,251</b>	<b>339,414</b>	<b>(243,163)</b>	<b>(72%)</b>	Note 8
<b>TOTAL Division Surplus/(Deficit)</b>		<b>\$ (8,052,670)</b>	<b>\$ (7,556,320)</b>	<b>\$ (496,350)</b>	<b>7%</b>	

\*The 2017 budget has been restated to reflect the realignment of certain cost centers in the current year

### Notes for Changes

- Note 1:** Salaries & wages, and employee benefits changed due to changes in standard salaries, grid movement, changes in benefit rates, staff reclassifications and annualization. Proposed 2018 staff additions.
- Note 2:** Training & development increased due to taxation conference, inflation, and additional costs for proposed staff additions. Reallocations from other areas.
- Note 3:** Business expenses increased due to Council & Executive strategic planning retreat, reserve funded for nil tax impact.
- Note 4:** Professional services decreased due to elimination of consulting fees for linear tax assessments from the Province, cost reductions for annual Payment Card Industry (PCI) data security standard compliance, reductions in graphic design work for annual reports, reallocation of municipal collaboration resources to Intergovernmental Affairs branch (nil corporate tax impact).
- Note 5:** Contracted services increased due to temporary contracted procurement specialist support, partially offset by reallocation of resources for County Connect support to ITS department.
- Note 6:** Supplies & materials increased due to new licenses for procurement document management software and process management software. Reallocation of costs between supplies & materials and other expense (nil net impact).
- Note 7:** Other expenses decreased due to reallocation of annual licensing costs for Online Research Panel to Communications department. Reallocation of costs between supplies & materials and other expenses, both for nil net impact.
- Note 8:** Non-operating items changed due to increase in the amount of funding for BPBI work for multi-year budgeting. Removal of one time reserve and capital funding. Funding for Council/Executive planning activities.

## Fiscal Services

### 2018 operating budget

Operating Revenue / Expense		2018 Budget	2017 Restated Budget*	\$ Change 2018-2017	% Change 2018-2017	Notes
<b>Revenues</b>	Property Taxes	\$ 211,872,298	\$ 211,058,348	\$ 813,950	0%	Note 1
	Government Grants	812,000	-	812,000	100%	Note 2
	User Fees & Charges	3,821,000	3,471,000	350,000	10%	Note 3
	Penalties & Fines	1,300,000	1,300,000	-	0%	
	Investment Income	5,640,552	4,662,360	978,192	21%	Note 4
	Other Revenues	1,157,353	1,127,009	30,344	3%	Note 5
	<b>Total Revenues</b>	<b>224,603,203</b>	<b>221,618,717</b>	<b>2,984,486</b>	<b>1%</b>	
<b>Expenses</b>	Salaries & Wages	904,205	(553,371)	1,457,576	(263%)	Note 6
	Employee Benefits	1,033,628	889,104	144,524	16%	Note 6
	Training & Development	210,082	(92,282)	302,364	(328%)	Note 7
	Business Expenses	(225,000)	(225,000)	-	0%	
	Advertising & Printing	(330,000)	(330,000)	-	0%	
	Professional Services	1,491,309	549,749	941,560	171%	Note 8
	Insurance	1,836,121	2,024,334	(188,213)	(9%)	Note 9
	Rentals & Leases	(100,000)	(100,000)	-	0%	
	Contracted Services	(1,153,168)	(1,190,000)	36,832	(3%)	Note 10
	Supplies & Materials	(1,000,000)	(1,000,000)	-	0%	
	Utilities	-	150,000	(150,000)	(100%)	Note 11
	Telecommunications	(50,000)	(50,000)	-	0%	
	Interest on Debt	3,357,001	3,572,462	(215,461)	(6%)	Note 12
	Grants & Requisitions	750,258	1,114,858	(364,600)	(33%)	Note 13
	Other Expenses	699,115	640,655	58,460	9%	Note 14
	Interprogram	(1,161,183)	(1,336,848)	175,665	(13%)	Note 15
	Amortization Expense	50,506,729	45,928,733	4,577,996	10%	Note 16
	<b>Total Expenses</b>	<b>56,769,097</b>	<b>49,992,394</b>	<b>6,776,703</b>	<b>14%</b>	
<b>Net Surplus/(Deficit)</b>		<b>167,834,106</b>	<b>171,626,323</b>	<b>(3,792,217)</b>	<b>(2%)</b>	
<b>Non-Operating Items</b>		<b>(8,005,319)</b>	<b>(11,261,380)</b>	<b>3,256,061</b>	<b>(29%)</b>	Note 17
<b>Non-Cash Adjustment</b>		<b>50,584,278</b>	<b>46,002,850</b>	<b>4,581,428</b>	<b>10%</b>	Note 16
<b>TOTAL Division Surplus/(Deficit)</b>		<b>\$ 210,413,065</b>	<b>\$ 206,367,793</b>	<b>\$ 4,045,272</b>	<b>2%</b>	

\*The 2017 budget has been restated to reflect the realignment of certain cost centers in the current year

#### Notes for Changes

- Note 1:** Property taxes increased due to property tax growth partially offset by deflation.
- Note 2:** Government grants increased due to MSI operating grant revenues added in 2018.
- Note 3:** User fees & charges increased due to increased volume in natural gas Franchise Tax.
- Note 4:** Investment income increased due to increase of 9% in effective yield for monies invested, as well as a 5% increase in the volume of monies invested.
- Note 5:** Other revenues increased due to increased reimbursement for borrowings for Heartland Housing Foundation.
- Note 6:** Salaries & wages, and employee benefits changed due to allowance for COLA (prior to allocation to departments), partially offset by the removal of allowance for Strategic compensation.
- Note 7:** Training & development increased due to allowance for corporate development.
- Note 8:** Professional services increased due to business transformation component of ERP approved by Council on May 23, 2017, this amount is fully offset by a transfer from reserve. To develop an Enterprise Risk Mgmt. program within the County and conduct a review and update of the current developer levy model. This is partially offset by a reduction of funds from the Contracted Technical and Professional Services allowance.
- Note 9:** Insurance decreased due to 30% decrease in property premiums due to property reclassifications & premium rebates, partially offset by modest increase in liability premiums.
- Note 10:** Contracted services increased due to Corporate Asset Management initiative.
- Note 11:** Utilities decreased due to removal of allowance for electricity carbon tax.
- Note 12:** Interest on debt decreased due to reductions in anticipated new borrowings as well as a reduced interest costs on aging debt.
- Note 13:** Grants & requisitions decreased due to transfer of grant requisition for the Information and Volunteer Center to Family & Community Services.
- Note 14:** Other expenses increased due to fees for agreement with Alberta Industrial Heartland increased due to industrial tax growth.
- Note 15:** Interprogram recoveries decreased due to decrease in chargebacks to other municipal departments resulting from decreased insurance premiums. Adjustment in chargebacks between Municipal and Utilities for various support services and recycling costs. Priority Management changes to chargebacks, net zero corporately, are due to previous years priority changes.
- Note 16:** Amortization increased for addition of fixed assets, offset by non cash adjustment.
- Note 17:** Non-operating items changed due to decrease in Internal Borrowing as projects are completed. Reduction in principal repayments resulting from reduced volumes of outstanding debentures. Increase in transfer to reserve resulting from increased investment revenue and increase in transfer from reserves to fund the Business Transformation component of the ERP (See Note 8). Reserve Transfer for Industrial Heartland Infrastructure.



## Assessment & Tax

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Revenues & Transfers	\$ 356,880
Less Expenses & Transfers	1,928,451
<b>Total Department Surplus/(Deficit)</b>	<b>\$ (1,571,571)</b>

## Corporate Planning

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Revenues & Transfers	\$ 226,405
Less Expenses & Transfers	2,951,836
<b>Total Department Surplus/(Deficit)</b>	<b>\$ (2,725,431)</b>

## Financial Services

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Revenues & Transfers	\$ 600
Less Expenses & Transfers	3,068,158
<b>Total Department Surplus/(Deficit)</b>	<b>\$ (3,067,558)</b>

## Procurement Services Branch

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Revenues & Transfers	\$ -
Less Expenses & Transfers	688,110
<b>Total Branch Surplus/(Deficit)</b>	<b>\$ (688,110)</b>
<b>TOTAL DIVISION SURPLUS/(DEFICIT)</b>	<b>\$ (8,052,670)</b>

## Fiscal Services

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Revenues & Transfers	\$ 231,947,613
Less Expenses & Transfers	72,118,826
Plus Non Cash Adjustments	50,584,278
<b>NET BUDGET</b>	<b>\$ 210,413,065</b>
<b>TOTAL FISCAL SERVICES SURPLUS/(DEFICIT)</b>	<b>\$ 210,413,065</b>



## Financial and Strategic Management Division

### 2018 proposed staff additions

Change Request Number	Change Request Name	F.T.E.	Temporary or Overtime Hours
<b>Financial and Strategic Management Division</b>			
2018-SIR-4	ASMTX - Assessor I - Increase from .6 to 1 FTE	0.4	
2018-SIR-27	PS - Buyer (Temp in Place)		1,820
2018-SIR-39	FIN - Sr. Financial Advisor	1.0	
2018-SIR-3	CP - Temporary Projects Support		1,064
<b>Total 2018 Proposed Staff Additions</b>		<b>1.4</b>	<b>2,884</b>

### 2018 proposed initiatives

Change Request Number	Change Request Name	F.T.E.	Temporary or Overtime Hours	2018 Cost	Total Cost (excluding ongoing)
<b>Financial and Strategic Management Division</b>					
2018-INIT-16	PS - Contracted Buyer			\$135,000	\$135,000
<b>Total Initiatives</b>		<b>0.0</b>	<b>0</b>	<b>\$ 135,000</b>	<b>\$ 135,000</b>

