

# 2017 Divisional Budget

## Chief Financial Officer's Division



**Becoming Canada's  
most livable community**

...focusing on priorities

# 2017 Divisional Budget

## Chief Financial Officer's Division

### Introduction to the Chief Financial Officer's Division

The services provided by the Chief Financial Officer's (CFO) Division significantly contribute to Strathcona County's financial sustainability. With a focus on excellence in customer service and exercising best practices in financial management, we support sound stewardship of the County's financial resources. We support other County departments and inform corporate decision making by offering fiscal leadership and guidance, administering effective financial controls and processes, and reporting on the County's overall financial position.

Through a variety of direct financial services, analysis and advice, we are involved in all facets of County operations. Our work touches the lives of citizens every day, whether it be through the wise investment of tax dollars, assessment of properties, planning for a financially secure future, facilitating the acquisition of goods and services or ensuring accountability and transparency. As safe-keepers of the County's financial future, our operations contribute to realizing Council's vision for the community. Our contributions help to ensure that the high quality programs and services our residents are accustomed to will enrich lives well into the future.

### Departments and their core functions



#### Assessment and Tax

Assessment | Taxation



#### Financial Services

Financial Planning | Financial Reporting | Treasury and Risk Management Services | Financial 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)

# Chief Financial Officer's 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 department annually prepares and communicates a legislative compliant assessment and tax roll that provides the distribution and collection of property taxes amongst residents, businesses, and industry. Assessment and Tax (A&T) is committed to clarifying the tax assessment process to its customers through stakeholder engagement and enhanced communication tools.

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### Financial Services (FIN)

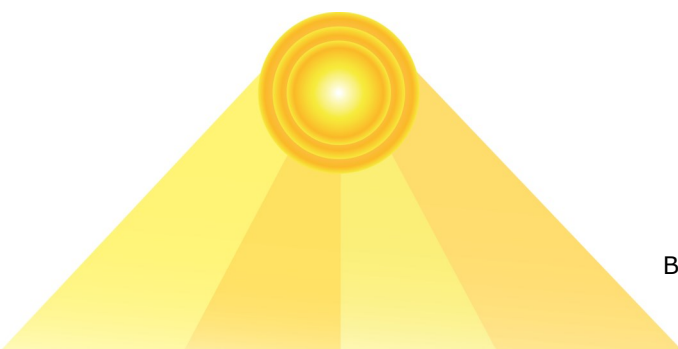
Financial Services (FIN) facilitates the County's operating and capital budgets and provides long-term financial planning and reporting for the organization. The department ensures internal control compliance, heads the annual audit program, and offers treasury and risk management services. Through business process management and improvements, financial training programs, advice and innovation, FIN serves as a support for all other departments.

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### Procurement Services Branch (PSB)

The Procurement Services Branch (PSB) facilitates the procurement functions for Strathcona County. PSB supports the organization's focus on effective, efficient and legislatively compliant policy and supporting procedures, practices and processes. This is accomplished through collaboration, training and program improvement.





Utilizing PBB tools and data to look at programs and budgets differently



Create a clear understanding of how programs align across priorities, as well as to individual priorities



Identify efficiencies and cost savings in program areas across all four quartiles



Reallocate operating dollars between programs and quartiles across the organization in support of priority results



Examine fees through a priority-based lens

## Chief Financial Officer's Division

### Applying a priority-based lens to decision making

Utilizing PBB tools and data has allowed the CFO Division to:

- Adjust fees related to two ASMTX program areas to reduce the burden to tax payers
- Review current program priority-based budgeting data in FIN with a focus on staff roles
- Implement and integrate PBB methodology and priority results in capital projects planning across the organization

### Overcoming challenges

The CFO Division has identified challenges ahead in 2017:

- Adapting to legislative changes arising from the modernization of the *Municipal Government Act* that will come into effect in 2017 / 2018—manage related workloads and deliver on requirements to support the organization
- Maintaining service levels in the face of increasing volume and complexity of property tax assessments required—parcel count has jumped 50% over the last 20 years, yet the ASMTX department FTE staff has remained virtually the same
- Gaining the most effective use of technological tools and systems to provide efficient business processes that meet the needs and expectations of the organization and reflect best practices and standards
- Managing increasing workloads resulting from increasing demand for procurement support services
- Educating, directing and effectively collaborating with clients on procurement options to mitigate risk

**Utilizing PBB tools and data to look at programs and budgets differently**

Enhance coordination and synergies for cross-departmental program areas



Inform decisions for new initiatives and staffing requests through alignment to PBB programs and quartiles



Implement and integrate the evaluation of capital projects



Identify program areas requiring future assessment and long-term study

**Focusing on priorities**

2017 initiatives and projects that align with community priorities:

- Continue to undertake accurate valuation analysis, leverage technology and best practices and ensure legislative compliance in order to enable the corporation as a whole to fulfill strategic goals
- Enhance and introduce new online self-serve tools—tax certificates, tax notice reprints and third party credit card service—to add valuable customer service opportunities and free up staff resources
- Define and develop components of the Long Term Financial Sustainability Plan, including policies, financial strategies and scenarios
- Continue to implement the Business Plan and Budget Implementation (BPBI) project with a focus on utilizing the priority based tools and developing the effectiveness and efficiency reviews
- Continue with the implementation and improvement of the county-wide Enterprise Resource Planning (ERP) system to modernize business processes and leverage other system capabilities
- Enhance financial communications to strengthen financial reporting, performance measurement and customer service including a focus on the Insider, the website and open data
- Manage workloads while refining the structure of PSB's programs
- Educate customers on the appropriate information required for inquiries and bids to reduce unnecessary workloads and create efficiencies

**Budgets highlights—operating budget**

The CFO Division's 2017 operating budget reflects the key services we provide to citizens and the organization's internal departments, as well as our initiatives that serve Council's strategic vision. We are responsible for guaranteeing rigorous internal controls, constructive and timely reporting, and managing risk and investment. These activities will continue to improve upon the County's commitment to effectively serving tax payers.

## Chief Financial Officer's Division

### 2017 divisional budget changes

Operating Revenue / Expense		2016 Budget	\$ Change 2016-2017	2017 Budget	% Change 2016-2017	Notes
<b>Revenues</b>	User Fees & Charges	\$ (310,449)	\$ (42,771)	\$ (353,220)	14 %	Note 1
	Other Revenues	(13,600)	-	(13,600)	0 %	
		<u>(324,049)</u>	<u>(42,771)</u>	<u>(366,820)</u>	13 %	
<b>Expenses</b>	Salaries & Wages	4,774,218	402,839	5,177,057	8 %	Note 2
	Employee Benefits	1,148,401	138,929	1,287,330	12 %	Note 2
	Training & Development	167,225	(23,741)	143,484	(14) %	Note 3
	Business Expenses	35,657	2,523	38,180	7 %	
	Advertising & Printing	105,224	(2,250)	102,974	(2) %	
	Professional Services	495,947	(96,692)	399,255	(19) %	Note 4
	Rentals & Leases	600	-	600	0 %	
	Contracted Services	291,178	15,431	306,609	5 %	Note 5
	Supplies & Materials	74,217	(22,764)	51,453	(31) %	Note 6
	Repairs & Maintenance	600	-	600	0 %	
	Equipment Purchases	38,800	(21,350)	17,450	(55) %	Note 7
	Telecommunications	17,390	(746)	16,644	(4) %	
	Other Expenses	58,555	1,211	59,766	2 %	
	Interprogram	(565,894)	9,720	(556,174)	(2) %	
	<u>6,642,118</u>	<u>403,110</u>	<u>7,045,228</u>	6 %		
<b>Net (Revenues)/Expenses</b>	<u>6,318,069</u>	<u>360,339</u>	<u>6,678,408</u>	6 %		
<b>Non-Operating Items</b>	<u>(326,969)</u>	<u>(37,445)</u>	<u>(364,414)</u>	11 %	Note 8	
<b>TOTAL DIVISIONAL BUDGET</b>	<u><b>\$ 5,991,100</b></u>	<u><b>\$ 322,894</b></u>	<u><b>\$ 6,313,994</b></u>	<b>5%</b>		

#### Notes for Changes

- Note 1:** Increase in fee revenue from growth and inflation, adjustment to fee schedules resulting from priority based review.
- Note 2:** New positions funded through PBB reallocations and new temp positions funded through reserve, increases from grid movement, benefits inflation, and annualization of 2016 positions, temporary buyer position approved in 2016 anticipated to terminate in July 2017.
- Note 3:** Completion of specialized procurement law training, completion of other one-time courses, other reductions to reflect revised professional development plans.
- Note 4:** Removal of one-time BPBI items, PBB reallocation to fund new positions, addition for BPBI policy writing (reserve funded), budget ledger account corrections (net-zero impact).
- Note 5:** Addition to support continued development and sustainment of Long Term Financial Plan (reserve funded).
- Note 6:** Removal of one-time items related to new positions in 2016, budget ledger account corrections (net-zero impact).
- Note 7:** Removal of one-time items related to new positions in 2016.
- Note 8:** Reduction in reserve funding proposed in conjunction with a requested Temp-to-Perm conversion, removal of one-time funding from 2016 budget, addition of new funding of BPBI work, addition of new funding for continued development of Long Term Financial Plan.

\*Revenue is shown as a credit (in brackets)

# Chief Financial Officer's Division

## 2017 budget changes—Fiscal Services

Operating Revenue / Expense		2016 Budget	\$ Change 2016-2017	2017 Budget	% Change 2016-2017	Notes
<b>Revenues</b>	Property Taxes	\$ (210,785,648)	\$ (222,700)	\$ (211,008,348)	0 %	Note 1
	User Fees & Charges	(3,121,000)	(350,000)	(3,471,000)	11 %	Note 2
	Penalties & Fines	(1,300,000)	-	(1,300,000)	0 %	
	Investment Income	(4,737,311)	74,951	(4,662,360)	(2 )%	Note 3
	Other Revenues	(894,104)	(232,905)	(1,127,009)	26 %	Note 4
		<u>(220,838,063)</u>	<u>(730,654)</u>	<u>(221,568,717)</u>	0 %	
<b>Expenses</b>	Salaries & Wages	2,359,783	(1,640,182)	719,601	(70 )%	Note 5
	Employee Benefits	451,854	568,758	1,020,612	126 %	Note 5
	Training & Development	(77,082)	(4,800)	(81,882)	6 %	
	Business Expenses	(196,439)	(6,561)	(203,000)	3 %	
	Advertising & Printing	(325,500)	-	(325,500)	0 %	
	Professional Services	714,749	(102,500)	612,249	(14 )%	Note 6
	Insurance	2,136,269	(111,935)	2,024,334	(5 )%	Note 7
	Rentals & Leases	(42,400)	(57,600)	(100,000)	136 %	Note 8
	Contracted Services	(1,190,000)	-	(1,190,000)	0 %	
	Supplies & Materials	(1,000,000)	-	(1,000,000)	0 %	
	Utilities	-	150,000	150,000	100 %	Note 9
	Telecommunications	(49,100)	(300)	(49,400)	1 %	
	Interest on Debt	3,324,471	247,991	3,572,462	7 %	Note 10
	Grants & Requisitions	1,054,858	10,000	1,064,858	1 %	
	Other Expenses	637,793	2,862	640,655	0 %	
	Interprogram	(1,449,966)	113,118	(1,336,848)	(8 )%	Note 11
	Amortization Expense	43,990,044	1,938,689	45,928,733	4 %	Note 12
	<u>50,339,334</u>	<u>1,107,540</u>	<u>51,446,874</u>	2 %		
<b>Net (Revenues)/Expenses</b>	<u>(170,498,729)</u>	<u>376,886</u>	<u>(170,121,843)</u>	(0 )%		
<b>Non-Operating Items</b>	<u>9,653,861</u>	<u>1,507,834</u>	<u>11,161,695</u>	16 %	Note 13	
<b>Non-Cash Adjustment</b>	<u>(43,990,044)</u>	<u>(2,012,806)</u>	<u>(46,002,850)</u>	5 %	Note 12	
<b>TOTAL Fiscal Services Budget</b>	<u><u>\$ (204,834,912)</u></u>	<u><u>\$ (128,086)</u></u>	<u><u>\$ (204,962,998)</u></u>	<u><u>0%</u></u>		

### Notes for Changes

- Note 1:** Property tax growth and deflation.
- Note 2:** Increase in franchise fees revenue due to an increase in volume.
- Note 3:** Decrease in investments partially because of deflation.
- Note 4:** Increase due to interest payments made as a result of debenture borrowing for Heartland Housing Foundation.
- Note 5:** Removal of allowances for contracted negotiations, allowance to set up program for mandatory fitness for Firefighters (funded from reserve), removal of allowance for Employee Handbook changes from the 2016 budget - reallocated to departments, Corporate Learning Wellness & Health Care Spending reallocated from Human Resources, 2017 COLA Allowance.
- Note 6:** Removal of one time Asset Management consultant.
- Note 7:** Increase in insurance claims due to growth, reduction in insurance premiums, adjustment to Ex- Gratia insurance payments to align with historical actuals.
- Note 8:** Reallocate parking lot lease to Facility Services.
- Note 9:** Contingency for unknown effect of Carbon Tax on electricity.
- Note 10:** Increase due to interest on new debt borrowed on behalf of Heartland Housing Foundation offset in Other Revenue, combination of new debt interest less interest on existing debt & capital lease.
- Note 11:** Decrease to chargeback recoveries to Utilities for Support Services Allocation, decrease to insurance chargeback recoveries.
- Note 12:** Amortization increased for new assets, golf course amortization reallocated to Fiscal.
- Note 13:** Remove 2015 surplus funding of 2016 one time costs, remove capital lease funding (lease ended), remove one time reserve funding for 2016-EXCP-21 Business Process Review, increase for debentures reallocated from BPGC, increased Principal on Debentures for new borrowing, fund allowance for mandatory fitness for firefighters program.

\*Revenue is shown as a credit (in brackets)



## DEPARTMENT OPERATING BUDGETS

### Assessment & Tax

Revenues	\$	(366,220)
Expenses		1,893,911
Non-Operating Items		-
<b>NET REQUIREMENT</b>	<b>\$</b>	<b>1,527,691</b>

### Financial Services

Revenues	\$	(600)
Expenses		4,645,390
Non-Operating Items		(364,414)
<b>NET REQUIREMENT</b>	<b>\$</b>	<b>4,280,376</b>

### Procurement Services Branch

Revenues	\$	-
Expenses		505,927
Non-Operating Items		-
<b>NET REQUIREMENT</b>	<b>\$</b>	<b>505,927</b>

<b>TOTAL DIVISION</b>	<b>\$</b>	<b>6,313,994</b>
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### Fiscal Services

Revenues	\$	(221,568,717)
Expenses		51,446,874
Non-Operating Items		(34,841,155)

<b>TOTAL FISCAL SERVICES</b>	<b>\$</b>	<b>(204,962,998)</b>
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Program	2017 FEE before GST	2016 FEE before GST	Date of Implementation	GST Exempt
<b>ASSESSMENT AND TAX</b>				
Property Assessment and Tax Search	\$20.00	\$20.00	Jan. 15	Exempt
Tax Certificates	\$40.00	\$40.00	Jan. 15	Exempt
Tax Account History	\$50.00	\$50.00	Jan.01	Exempt
Tax Roll Account Corrections (per roll number)	\$25.00	\$25.00	Jan.08	Exempt
Payment Corrections Per occurrence	\$5.00	\$5.00	Jan.11	Exempt
Mortgage Company Payment Processing (per property)	\$20.00	\$17.00	Jan. 17	Exempt
<b>Tax Recovery (per property) Div. 8 and 8.1 Municipal Government Act</b>				
Registration of Tax Recovery Notification / Lien	\$200.00	\$100.00	Jan. 17	Exempt
Properties Advertised for Public Auction	\$100.00	\$75.00	Jan. 17	Exempt
Reserve Bids Prepared	\$300.00	\$150.00	Jan. 17	Exempt
Reproduction of Assessment & Tax Notice (unrelated to payment of property tax)	\$20.00	\$10.00	Jan.17	Exempt
Previous Years Assessment and / or Tax Levy (per year)	N/A	\$15.00	Jan.17	Exempt

Program	2017 FEE before GST	2016 FEE before GST	Date of Implementation	GST Exempt
<b>ASSESSMENT AND TAX</b>				
Assessment Summary Requests (Section 300, MGA) Per Roll Number	\$25.00	\$25.00	Jan.11	Exempt
Request for Miscellaneous Assessment and Tax Information Charge per hour: \$60.00 Minimum fee: \$30.00	\$60.00	\$60.00	Jan.11	Exempt
Edmonton Real Estate Board Assessment and Tax Data - quarterly charge	\$1,800.00	\$1,800.00	Jan.11	Exempt
Fees for Filing Complaints to Assessment Review Board (ARB) Per Roll Number: <i>(Moved to Legislative and Legal Services)</i>				
Tax Instalment Payment Plan (TIPP) Administrative fee for applications received after Dec. 15th deadline	\$25.00	N/A	Jan.17	Exempt

<b>Program</b>	<b>2017 FEE before GST</b>	<b>2016 FEE before GST</b>	<b>Date of Implementation</b>	<b>GST Exempt</b>
<b>FINANCIAL SERVICES</b>				
NSF / Returned Cheque Charge - per item Applicable to all County departments, Utilities and Strathcona County Library	\$25.00	\$25.00	Jan.10	Exempt
Payment Corrections				
First occurrence	Fee Waived	Fee Waived	Jan.11	Exempt
2nd and subsequent occurrence	\$5.00	\$5.00	Jan.11	Exempt

Program	2017 FEE before GST	2016 FEE before GST	Date of Implementation	GST Exempt
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**FISCAL SERVICES**
**Franchise Fees**

Natural Gas Franchise Agreement Residential / Commercial Billing in the Urban Service Area	22.0%	22.0%	Sept.12	
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**Interest Charges**

General Accounts Receivable - per month	1.5%	1.5%	Jan.79	Exempt
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**Water/Sewer/Refuse Management Penalty Charges**

Commercial per Month On monthly outstanding balance	1.5%	1.5%	Jul.11	Exempt
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Industrial Per Month On monthly outstanding balance	1.5%	1.5%	Jul.11	Exempt
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Residential per Month On monthly outstanding balance	1.5%	1.5%	Jul.11	Exempt
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