

Financial Support

Led by: Director of Finance/City Treasurer

Description

This service provides sound leadership in financial planning & budgeting, reporting, cash-flow forecasting, measuring services' financial performance and monitoring adherence to financial plans.

This service also provides investment management, non-tax revenue billing and collection, and payments for goods and services provided to The City.

Value and benefits

A strategic financial partner that ensures The City's financial position is stewarded, economic assets are safeguarded for long-term sustainability, financial risks are monitored and mitigated, and finance related Municipal Government Act and legislative requirements are met. Financial Support provides a disciplined and responsive fiscal framework including guidance, advice, systems, tools and standards to maintain a financially resilient and healthy organization.

Customers

Financial Support provides service to many different customer groups:

Members of the public, Council, Service Owners, City employees, various levels of government, vendors, banking and investment partners, and external parties that hold financial information.

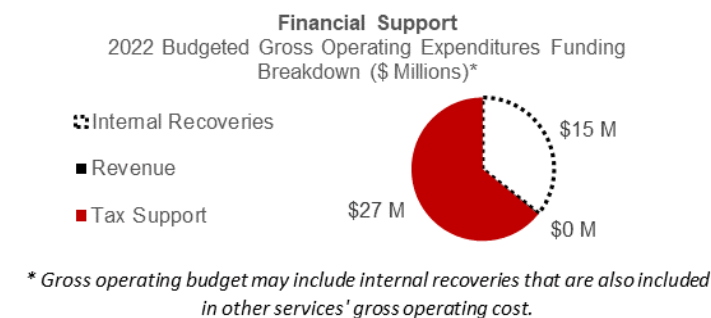
What we deliver

A financially well managed City as demonstrated by the preparation of comprehensive annual Financial and Investment reports that evidence transparency and full disclosure for Calgarians. Finance also provides financial expertise and analysis to inform decision support, budget recommendations and strategic planning.

Partners

Financial Support's primary partners include: Service Owners, Executive Leadership Team, Infrastructure Calgary, Audit Committee, Investment Advisory Committee, Pension Governance Committee, Information Technology, Communications, Law and Internal and External Reporting agencies

\$325 million	Revenue billed on behalf of BUs
4,689,300	Number of payments received & processed
528,164	Number of invoices paid
46 out of 46	Number of Business Units supported



Note: Internal recoveries is how The City accounts for the costs of goods or services between services

Key assets

Key assets utilized by Financial Support include the following software and programs:

- Hyperion
- FSCM PeopleSoft
- HCM PeopleSoft
- PSAM PeopleSoft
- PTWeb
- CIAO
- iNovah Cashiering system

What we have heard & what we are watching

What we have heard

Through ongoing interaction with our customers and collaborators, Finance understands there are ever-increasing expectations for timely and meaningful information to support analytics, drive performance and inform decision-making.

This has been especially prevalent as we worked to support our customers through the Corporate Realignment. This process has highlighted a growing need for financial and related information that will support the organization's successful transition from the previous state to the recently realigned state. Service and deptid owners have identified partnering with Finance will be critical to enable them to fulfill the expectations and accountabilities that accompany those roles.

Finance will continue to evolve its service provision to ensure expectations of timely and meaningful information are delivered.

What Council has directed

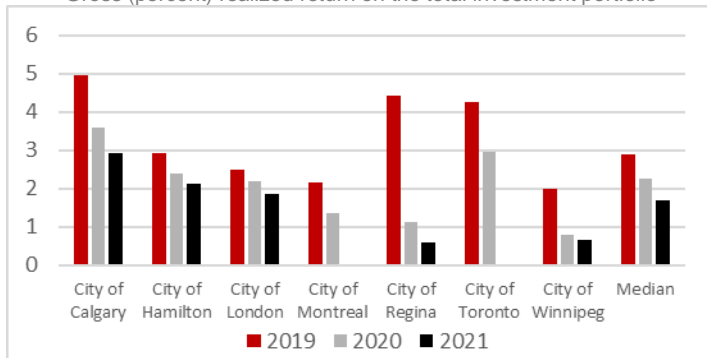
The Financial Support service aligns primarily with Council's goal of achieving "Economic Resilience" which notes "A city where everyone participates in a strong, diverse economy. We remove barriers for business success, enabling businesses to start, grow and invest in our city". The guiding principles "Finance our Future" and "Strengthen Relationships with Calgarians" align with the key deliverables provided by Financial Support.

What we are watching

There are a number of trends Financial Support is monitoring:

- The economic environment impacting The City's finances, and long range financial planning and resilience, including operating and capital budgets;
- Future provincial capital funding and its implications to The City's debt financing and ability to maintain infrastructure;
- New funding agreements with the Provincial Government (City Charter);
- Council decisions and service level changes that impact operating and capital budgets;
- Changes in legislative requirements (Municipal Government Act, Public Sector Accounting Standards) impacting City compliance, processes and systems;
- Increasing demand for financial leadership and information to minimize risks to financial sustainability and resilience;
- Evolving customer expectations of the services offered by Finance and the way in which they are delivered;
- Attraction, retention, and succession management of key talent as a major contributor to service success.

Gross (percent) realized return on the total investment portfolio



MBNCanada

Comparing our service

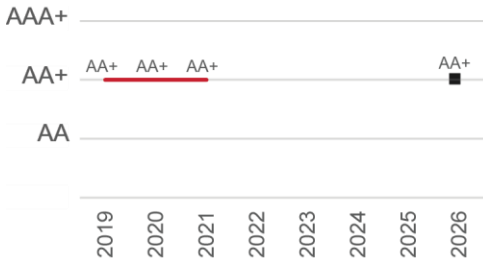
Compares the Gross Percent Realized Return on the Total Investment Portfolio of Municipalities. This benchmark is based on the Average Adjusted Book Value and refers to the General Investment Fund only (excluding sinking funds, pension funds and trust funds). The City of Calgary consistently realizes investment returns above comparable municipalities as a result of a longer-termed, proactive, balanced investment strategy.

Measuring performance & where we want to go

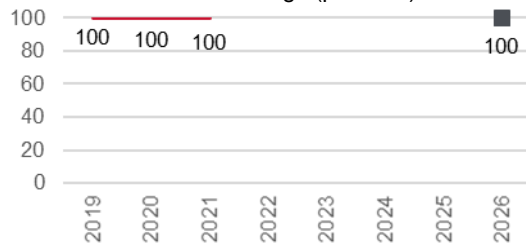
For Council Approval

— Actuals ■ Expected Future Performance

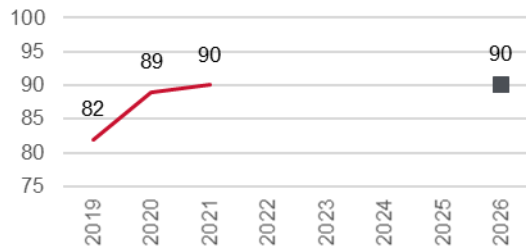
PM1: City of Calgary Credit Rating



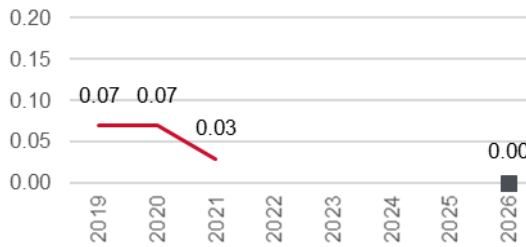
PM2: Unmodified External Audit Opinion with no Unaddressed Audit Findings (per cent)



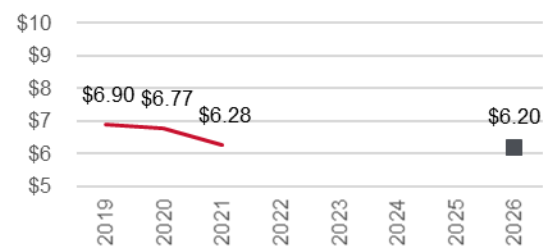
PM3: Invoices Paid within 30 days (per cent)



PM4: Bad debt write-off as a per cent of billed revenue (per cent)



PM5: Accounts Payable Operating Cost per Invoice Processed (dollars)



Story behind the curve

Credit ratings measure the credit worthiness and affect The City's ability to borrow. A higher rating translates into a lower cost of borrowing.

The City strives for an unmodified opinion issued annually by the external auditor. This is based on audit evidence obtained about the amounts and disclosures of the financial statements. Ongoing monitoring of new Public Sector Accounting Standards to be implemented in the future budget cycles is important so that there are sufficient financial and operational resources to implement internal controls and processes that enable The City to continue to achieve an Unmodified Audit Opinion.

The City prides itself on its reputation and the relationships it builds with vendors. Processing invoices is highly coordinated reaching many levels and across the entire organization. All invoices and billings issued to The City are centrally received by the Accounts Payable division for processing. This reflects The City's well managed cash flow and the priority with which it treats vendor payments.

Ensuring collections of The City's receivables is critical to managing The City's overall cash flow. The City of Calgary has consistently outperformed most of its Municipal Benchmarking Network Canada (MBNC) peers on this metric in recent years.

This measure represents the operating cost directly associated with the processing of accounts payable invoices. Invoices counted in this calculation include paper and electronic purchase orders and non-purchase orders. Through technology enhancements, training and improved customer communications, the ability to reduce costs and maintain an efficient invoicing workflow will be achieved in alignment with The City's focus to modernize government processes.

What we plan to do

Result for 2023-2026

Continue to provide financial expertise and analysis to inform decisions, budget recommendations and strategic planning. We will focus on the timely delivery of financial information through the development of a comprehensive suite of financial reports and implementation of process efficiencies.

How we are going to get there

Implementation of prudent investment strategies and preventative internal controls to mitigate risk to ensure The City's economic assets are safeguarded for long-term sustainability.

Support The City's financial sustainability by monitoring and responding to the changing economic and political environment.

Ensure Finance support can be efficient and effective now and in the future by prioritizing process and system improvements.

Minimize The City's financial risk by providing analysis, preparing reports, and make recommendations to operations that support decision-making.

Support and inform the Executive Leadership Team and Council decision-making by preparing a comprehensive suite of financial reports.

Attract and retain staff to make Finance with The City a long-term career choice by creating a rewarding, respectful environment that fosters career development, learning opportunities and team collaboration.

Increase capacity and support employee growth by introducing cross-training, developing cross-functional positions, where possible and consolidating work functions to find efficiencies.

Develop a Financial Support delivery model that aligns with the expectations of Council and our customers.

Operating budget needed to achieve results

For Council Approval

Breakdown of net operating budget (\$000s)

	2023		2024		2025		2026	
	Base	One-time	Base	One-time	Base	One-time	Base	One-time
Previous Year's Net Budget	25,784		26,952		26,971		26,991	
Previously approved One-time budget		-		-		-		-
2022 One-time carry forward		125		-		-		-
Revenue Changes	-	-	-	-	-	-	-	-
Internal Recoveries Changes	(405)	-	-	-	-	-	-	-
Inflation	15	-	19	-	21	-	19	-
Operating Impact of Previously Approved Capital	-	-	-	-	-	-	-	-
Operating Impact of New Capital (Incremental)	-	-	-	-	-	-	-	-
Service Reductions	-	-	-	-	-	-	-	-
Service Increases	1,288	3	-	-	-	-	-	3
Transfers (to)/from services**	270	-	-	-	-	-	-	-
Total net budget*	26,952	128	26,971	-	26,991	-	27,010	3

* The previous year's One-Time Budget is not carried forward to the following year.

** Base budget transfer from Corporate Programs.

Total Operating Budget (\$000s) for Approval

	2022 Budget	2023			2024			2025			2026		
	At April 30	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total
Expenditures	42,227	42,484	128	42,612	42,503	-	42,503	42,524	-	42,524	42,543	3	42,546
Recoveries	(15,025)	(15,430)	-	(15,430)	(15,430)	-	(15,430)	(15,430)	-	(15,430)	(15,430)	-	(15,430)
Revenue	(102)	(102)	-	(102)	(102)	-	(102)	(102)	-	(102)	(102)	-	(102)
Net	27,099	26,952	128	27,080	26,971	-	26,971	26,991	-	26,991	27,010	3	27,013
Base	25,784												
One-Time	1,315												

* Note: Figures may not add up due to rounding.

Capital budget needed to deliver service

For Council Approval

Activity	Investment Name	2023 Request (\$000s)	2024 Request (\$000s)	2025 Request (\$000s)	2026 Request (\$000s)	2027+ Request (\$000s)	Total Request (\$000s)
Annual Investment Program(s)							
		-	-	-	-	-	-
Program(s)							
480201	Modernize Financial Systems	1,050	1,350	-	-	-	2,400
480202	Financial Reporting	1,858	1,965	3,672	1,250	-	8,745
480203	Modernizing Commerce	770	420	140	140	-	1,470
Projects(s)							
480204	Capital Deposit Reporting	500	1,200	1,200	1,100	-	4,000
Sub-Total (New Budget Requests)		4,178	4,935	5,012	2,490	-	16,615
Previously Approved Budget Remaining		-	-	-	-	-	-
Total Capital Investment		4,178	4,935	5,012	2,490	-	16,615

Explanation of capital budget requests

Program(s)

Activity 480201: Modernize Financial Systems

Sustainment of the City's financial systems to ensure the organization can track all aspects of financial activities. Upgrades for various financial systems to meet business and legislative needs while maintaining transparency and accountability.

Funding From: Pay-As-You-Go (\$2,400 thousand)

Contributing Services: None

Operating Impact: None

Activity 480202: Financial Reporting

TCA Modernization and Sustainment, Accounting Standard Implementation and Sustainment, and the Control Environment Tracking and Reporting Tool. The requested funding will advance, improve and ensure compliance for the organizations systems and processes that support financial reporting.

Funding From: Pay-As-You-Go (\$8,745 thousand)

Contributing Services: None

Operating Impact: None

Activity 480203: Modernizing Commerce

Corporate eCommerce solution to enhance and standardize the payment experiences. Systems upgraded to meet industry compliance and standards while mitigating reputation risk.

Funding From: Pay-As-You-Go (\$1,470 thousand)

Contributing Services: None

Operating Impact: None

Projects(s)

Activity 480204: Capital Deposit Reporting

Create a comprehensive Capital Deposit tracking system to enhance transparency and accountability of reporting.

Funding From: Capital Reserves (\$4,000 thousand)

Contributing Services: to be determined

Operating Impact: None