

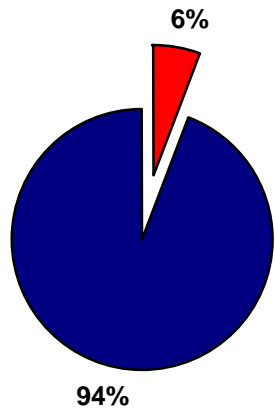
GENERAL FUND

FINANCIAL SERVICES

Paul Macklem - Director of Financial Services

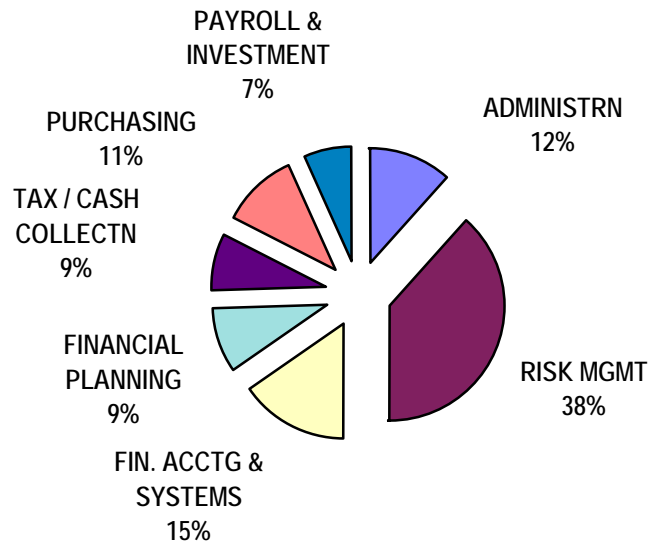
Percent of General Fund Operating

Financial Services = \$4.6 Million



General Fund Operating = \$81.3 Million

Division Summary

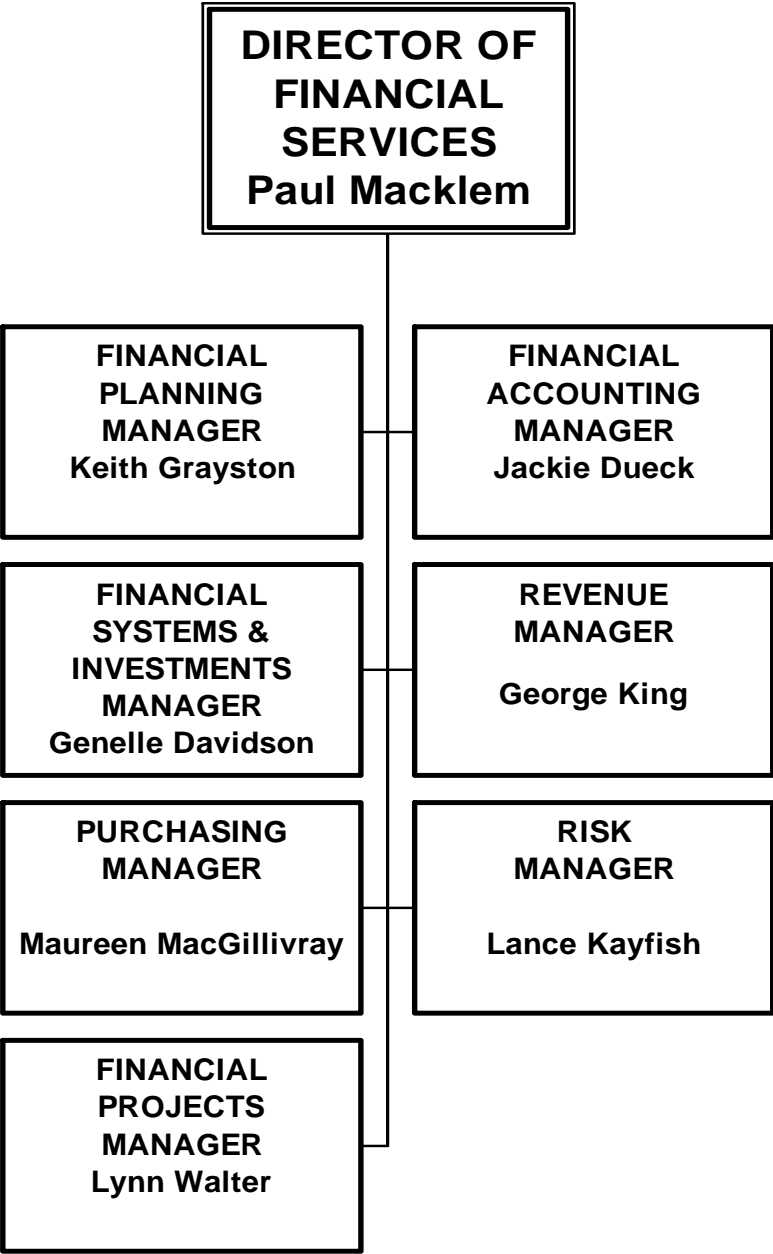


Department Overview

	Revised Adopted 2008	Financial Plan 2009	Change from Prior Year	Percent Change
Taxation Expenditures				
Net Operating	4,297,411	4,738,754	441,343	10.3%
Capital	0	0	0	0.0%
Total Taxation Expenditure	4,297,411	4,738,754	441,343	10.3%
Authorized Positions	51.7	51.1	-0.6	-1.3%

FINANCIAL SERVICES

ORGANIZATIONAL CHART



FINANCIAL SERVICES

DEPARTMENT GOALS

To provide excellence in customer service to meet the needs of the citizens of Kelowna, Council, City Management, administrative and operating staff of all City departments, external agencies and the Ministry of Community Services.

To provide financial advice and guidance on day-to-day operational matters to Council, the City Manager and management staff that will assist them in the decision-making process to the extent that the best overall decisions are made on behalf of the citizens of Kelowna.

To provide the vision to achieve the department mission statement, "Together, we are dedicated to provide quality service", and assist in the development of both short and long term growth management plans for the provision of services to both existing and new citizens.

To participate as a corporate team member in identifying and developing partnerships and alternative service delivery method opportunities that are consistent with corporate strategies.

To safeguard and administer the assets of the City through proper financial controls, insurance plans, accounting systems and policies in accordance with generally accepted accounting principles and statutory requirements.

CURRENT YEAR OBJECTIVES – LINK TO COMMUNITY STRATEGIC PLAN

GOAL 1 – OBJECTIVE 1 Conserve Kelowna's water resources.

1. Annual review of water rates to determine the best approach to encouraging a reduction of water consumption.

GOAL 2 – OBJECTIVE 4 Commit to continued sound fiscal management.

1. Update corporate financial strategies through Council consultation.
2. Preparation and adoption of a corporate debt policy.
3. To continue implementation of the action plan for efficient and cost effective operation of the City's stores inventory service.
4. To coordinate the completion of at least one Value for Money audit in a specific operational area yet to be determined.
5. Review and revise claim management and reporting practices and procedures.
6. Complete the review, started in 2008, of corporate security, safety and incident reporting at the City and report findings to the Senior Management Team.
7. Prepare an update to the 10 Year Capital Plan and review with Council. Also update all Utility Models including Landfill and Parking to reflect current conditions and future projections.
8. Implementation of the new core financial software system with a 'go live' date of January 1, 2009, for many of the modules.
9. Inventory and value the City's current capital assets in preparation for the 2009 Public Sector reporting requirements.
10. Conduct a customer satisfaction survey of all departments related to purchasing and stores services and develop an action plan based on feedback received.

GOAL 3 – OBJECTIVE 1 Promote health and wellness initiatives.

1. Participate in City Wellness Program and other Financial Services initiatives to promote workplace wellness.

GOAL 3 - OBJECTIVE 2 Ensure the availability of fiscal and human resources to provide quality services.

1. Continue to implement strategies and action plans that support the 'Shared Vision for Financial Services'. The vision is intended to assist in enhancing customer service, job satisfaction and retention of employees through initiatives such as:
 - Development of training and education plans for departmental staff members
 - Development of strategies to address resourcing and education and experience qualifications
 - Creation of opportunities for cross-divisional work teams to address peak periods or major initiatives
2. Continue to provide risk management training to City staff groups.
3. Enhance customer service through process improvements facilitated by recent renovations in the Revenue Division.

GOAL 3 - OBJECTIVE 8 Provide meaningful opportunities for a broader range of input from residents and agencies on major directions taken by the city.

1. Prepare a consolidated budget summary for ease of understanding of the municipal budget by citizens, staff and other interested parties.



FINANCIAL SERVICES

Department ID Section Descriptions

ADMINISTRATION

Financial Services Administration is responsible for providing leadership and direction in the development, coordination and administration of departmental policies and procedures.

RISK MANAGEMENT

The Risk Management Division is responsible for the development, implementation, coordination and administration of the City's risk management programs. The program is designed to minimize the City's loss exposure and manage the claims process.

FINANCIAL ACCOUNTING

The Financial Accounting Division prepares annual financial statements, in addition to administering the payroll function, accounts payable and managing the City's debt.

FINANCIAL PLANNING

The Financial Planning Division prepares the Corporate Budget, manages reserve balances, develops financial models and long-range financial plans to support corporate and community needs (e.g. 20-Year Servicing Plan (DCC's) and 10 Year Capital Plan).

REVENUE

The Revenue Division is responsible for the administration of property taxes, general accounts receivable and cash collections. All payments, whether they be for taxes, parking and municipal tickets, or for invoices generated by other departments, are made through City Hall cashiers. The Revenue Division is also the liaison to the City's Utility Billing provider, Corix Utilities.

PURCHASING And Stores

The Purchasing and Stores Division is responsible for acquiring the materials, equipment and services required by all City departments, for disposing of surplus materials and equipment, and for controlling and maintaining adequate inventory levels.

SYSTEMS AND INVESTMENTS

The Systems and Investments Division develops and implements financial systems, is responsible for the investment of City funds and administers letters of credit, performance deposits and deferred revenue.

PERFORMANCE MEASURES

PROGRAM INPUT MEASURES	Actual 2007	Revised Adopted 2008	Financial Plan 2009
141 ADMINISTRATION	385,306	337,290	552,688
142 RISK MANAGEMENT	1,288,695	1,724,515	1,817,482
143 FINANCIAL ACCOUNTING	643,161	699,400	722,763
144/145 FINANCIAL PLANNING	363,618	399,056	440,573
146 REVENUE	328,579	373,743	371,670
147 PURCHASING & STORES	451,529	494,111	515,594
148/149 SYSTEMS & INVESTMENTS	267,934	269,296	317,984
Total Net Operating Expenditures	3,728,822	4,297,411	4,738,754

FINANCIAL SERVICES

PERFORMANCE MEASURES

	Actual 2007	Estimated 2008	Proposed 2009
PROGRAM OUTPUTS			
# of budget transfers and amendments processed	173	150	125
# of claims / significant incidents per year	237	270	300
Cost of risk per capita	\$12.04	\$15.64	\$16.15
# of payroll payments made	19,556	20,830	21,454
# of tenders / RFPs issued	141	154	170
# of written quotation requests issued	117	90	110
Value of purchase orders issued not including Blanket Purchase Orders (PO's)	\$70,758,300	\$40,383,000	\$50,000,000
# of purchase orders issued	1,423	1,652	1,800
# of blanket purchase orders	549	744	850
PROGRAM OUTCOMES			
% of monthly financial reports prepared by the 18th of the month following	80%	80%	100%
Inventory turns per year		3	4
EFFICIENCY MEASURES			
# of Financial Services staff per 1,000 population	0.41	0.46	0.44
Municipal Residential tax \$ requirement per capita	\$701.23	\$746.80	\$788.87
Average return on investment	4.43%	3.75%	3.40%
CUSTOMER SATISFACTION			
Consecutive years receiving:			
GFOA Budget Award	6	7	8
GFOA Financial Reporting Award	5	6	7
INNOVATION AND LEARNING			
Number of risk management training sessions per year	4	4	6
Number of policy development projects contributed to per year	2	2	4
% staff involved in at least one formal training session per year	75%	75%	100%

FINANCIAL SERVICES SUMMARY

REVENUES / EXPENDITURES BY CATEGORY

	ACTUAL 2007	REVISED ADOPTED 2008	FINANCIAL PLAN 2009
<u>REVENUE</u>			
FEES AND CHARGES	(445,644)	(288,591)	(334,720)
OTHER REVENUE	(1,161,622)	(1,287,174)	(1,233,822)
TRANSFERS FROM FUNDS	(158,811)	(679,958)	(619,598)
Special (Stat Reserve) Funds			
Development Cost Charge Funds			
Accumulated Surplus	(158,811)	(679,958)	(619,598)
TOTAL REVENUE	(1,766,077)	(2,255,723)	(2,188,140)
<u>EXPENDITURES</u>			
SALARIES & WAGES	3,125,771	3,674,494	3,806,219
INTERNAL EQUIPMENT	9,957	10,634	11,686
MATERIAL & OTHER	1,275,253	1,833,080	1,931,715
CONTRACT SERVICES	947,035	1,034,926	1,177,274
DEBT	(1,672)		
INTERNAL ALLOCATIONS			
TRANSFERS TO FUNDS	138,555		
Special (Stat Reserve) Funds			
Development Cost Charge Funds			
Accumulated Surplus	138,555		
TOTAL EXPENDITURES	5,494,899	6,553,134	6,926,894
NET OPERATING EXPENDITURES	3,728,822	4,297,411	4,738,754
CAPITAL EXPENDITURES			
FROM TAX DEMAND			
OTHER FUNDING SOURCES			
GROSS CAPITAL EXPENDITURES			
NET OPERATING & CAPITAL EXP.	3,728,822	4,297,411	4,738,754

AUTHORIZED F.T.E. POSITIONS

	BUDGETED FTE'S 2007	ACTUAL 2007	REVISED ADOPTED 2008	FINANCIAL PLAN 2009
<i>Salaried</i>	43.0	39.0	49.6	49.0
<i>Hourly</i>	2.1	6.0	2.1	2.1

FINANCIAL SERVICES

Description of Program Changes	2009 Gross Cost Change	2009 Net Impact	2009 FTE
1) 2008 One-Time Supplementals	\$579,360	\$0	-5.60
2) Miscellaneous Adjustments	\$10,231	\$10,062	
3) Equipment Adjustments	\$876	\$876	
4) Salary Adjustments	\$325,117	\$325,117	0.75
5) Department Adjustments	\$10,575	\$4,928	
6) 2009 Supplementals	\$621,805	\$100,360	4.20
Total Changes for 2009	\$1,547,964	\$441,343	-0.65
Unfunded 2009 Requests			
1) 2009 Supplementals	\$58,000	\$58,000	
Total Unfunded Requests for 2009	\$58,000	\$58,000	0.00

**2009 SUPPLEMENTAL REQUEST SUMMARY
PROVISIONAL BUDGET
BY DEPARTMENT**

<u>ACCOUNT NUMBER</u>	<u>DESCRIPTION</u>	<u>GROSS AMOUNT</u>	<u>REVENUE</u>	<u>FUNDING SOURCE</u>	<u>NET AMOUNT</u>	<u>ONE-TIME ONGOING</u>
<u>FINANCIAL SERVICES</u>						
XXX-10-142-0-001	INSURANCE PROGRAM	90,000			90,000	ON-GOING
252-10-145-0-325	DCC - PROFESSIONAL SERVICES	40,000	40,000	DCCADMIN	0	ON-GOING
XXX-10-146-0-XXX	FINANCE REVENUE AND EXPENDITURE CHANGE	8,960	35,000	REVENUE	(26,040)	ON-GOING
XXX-10-147-0-341	PURCHASING CLERK RELIEF	11,000	11,000	MC REBATE	0	ON-GOING
XXX-10-148-0-XXX	UTILITY BILLING CONTRACT	35,445	35,445	REVENUE	0	ON-GOING
XXX-10-149-0-3246	FINANCIAL SYSTEMS SUPPORT	436,400	436,400	RESERVE	0	ONETIME
	DEPARTMENT TOTALS	<u>621,805</u>	<u>557,845</u>		<u>63,960</u>	
<u>FINANCIAL SERVICES - PRIORITY 2</u>						
XXX-10-142-0-001	INSURANCE PROGRAM	58,000			58,000	ON-GOING
	DEPARTMENT TOTALS	<u>58,000</u>	<u>0</u>		<u>58,000</u>	



CITY OF KELOWNA

2009 SUPPLEMENTAL REQUEST DETAILS

DEPARTMENT: **RISK MANAGEMENT**

DEPT. ID: **RISK MANAGEMENT**

DESCRIPTION:	NEW or EXPANDED Program?	EXPANDED
INSURANCE PROGRAM		

JUSTIFICATION:

The City has modified its primary insurance program for 2009 and obtained a reduction in total premium costs by changing insurance companies and some coverage characteristics.

One change is that the City's deductible for liability claims increased from \$50,000 in the 2008 insurance term to \$100,000 for 2009. The result of increasing the deductible is that more costs can be expected to be borne directly by the City. In 2008 the City also changed its property deductible from \$15,000 to \$50,000 and its liability deductible from \$25,000 to \$50,000. The expected losses due the deductible changes in the 2008 insurance term were not funded. This budget proposal is intended to provide funding of expected losses resulting from deductible changes in the 2008 and 2009 insurance terms.

In addition, to funding of expected losses it is recommended the City carry increased, or excess, automobile liability coverage limits in the case of a catastrophic accident involving a City vehicle at fault for the accident. The City previously had this coverage through another non-automobile specific insurance policy, the majority of which was no longer needed and was not renewed. It is recommended an alternative be implemented.

An amount of \$20,000 has been included in this supplemental for the additional coverage recommended.

Base: \$1,436,020

STRATEGIC PLAN OBJECTIVE:

Goal 2, Objective 4 - Commit to continued sound fiscal management.

CONSEQUENCES OF NOT FUNDING:

Reduced insurance coverage scope or reduced amount of City property covered by insurance.

Acct-Fund-Dept-Prog-Class	DESCRIPTION	2009 AMOUNT	2010 AMOUNT	2011 AMOUNT
Priority 1				
382-10-142-0-001	Insurance	90,000	90,000	90,000
Priority 2				
382-10-142-0-001	Insurance	58,000	58,000	58,000
TOTAL COST ADDITION		90,000	90,000	90,000

FUTURE BUDGET IMPACT	ON-GOING ONE_TIME	X	
SPECIAL REMARKS	PRIORITY: 1/2		

CITY OF KELOWNA

2009 SUPPLEMENTAL REQUEST DETAILS

DEPARTMENT: FINANCIAL SERVICES

DEPT. ID: DEVELOPMENT COST CHARGES

DESCRIPTION:	NEW or EXPANDED Program?	NEW
DCC - PROFESSIONAL SERVICES		

JUSTIFICATION:

For the last three years there have been annual reviews of the 20 Year Servicing and Plan Financing Strategy. Each year there are requests from the operational groups for consulting support in the review of the cost estimates. For 2009 there will be a more extensive review required in conjunction with the Official Community Plan update and this request, funded from the DCC Administration Reserve, will provide the necessary funding towards that review.

Existing base budget is \$12,000.

STRATEGIC PLAN OBJECTIVE:

Goal 2, Objective 4 - Commit to continued sound fiscal management.

CONSEQUENCES OF NOT FUNDING:

Inability to provide any support to the OCP update in terms of reviewing potential opportunities to make changes to the existing DCC methodology.

Acct-Fund-Dept-Prog-Class	DESCRIPTION	2009 AMOUNT	2010 AMOUNT	2011 AMOUNT
311-10-145-0-001	Professional & Consulting Fees	40,000	13,000	13,000
731-10-145-0-R042	DCC Administration Reserve	(40,000)	(13,000)	(13,000)
TOTAL COST ADDITION		-	-	-

FUTURE BUDGET IMPACT	ON-GOING ONE_TIME	X	PRIORITY:	1
SPECIAL REMARKS				

CITY OF KELOWNA

2009 SUPPLEMENTAL REQUEST DETAILS

DEPARTMENT: FINANCIAL SERVICES

DEPT. ID: REVENUE

DESCRIPTION:	NEW or EXPANDED Program?	EXPANDED
FINANCE REVENUE AND EXPENDITURE CHANGE		

JUSTIFICATION:

This request is to adjust budget figures to reflect actual experience.

Revenues from the Residential Waste Collection Admin Fees to match actual experience.

Increase in Stationary and Supplies to account for specialized Micr coding printer cartridges for Tax Notice printing.

Increase in Debit Card Charges to be reflective of actual experience.

STRATEGIC PLAN OBJECTIVE:

Goal 2, Objective 4 - Commit to continued sound fiscal management.

CONSEQUENCES OF NOT FUNDING:

Financial plan will be understated in Revenue and Expenditures.

Acct-Fund-Dept-Prog-Class	DESCRIPTION	2009 AMOUNT	2010 AMOUNT	2011 AMOUNT
606-10-146-0-9112	Res. Waste Admin Fees	(35,000)	(35,000)	(35,000)
102-10-146-0-001	Stationery and Supplies	2,500	2,500	2,500
175-10-146-0-001	Postage and Freight	3,060	3,060	3,060
231-10-146-0-333	Purchased Services - Debit Card Chrgs	3,400	3,400	3,400
TOTAL COST ADDITION		(26,040)	(26,040)	(26,040)

FUTURE BUDGET IMPACT	ON-GOING ONE-TIME	X	PRIORITY:	1
SPECIAL REMARKS				

CITY OF KELOWNA

2009 SUPPLEMENTAL REQUEST DETAILS

DEPARTMENT: FINANCIAL SERVICES

DEPT. ID: PURCHASING

DESCRIPTION:	NEW or EXPANDED Program?	EXPANDED
PURCHASING CLERK RELIEF		

JUSTIFICATION:

The Purchasing Clerk position is a key position in the department. Requests for Purchasing are part of the workflow for this position and most of the duties for this desk are a centralized function of paper/work flows in the department. This position is the front line to serve all our customers - internal and external, whether the service is in person, telephone or email.

Base: \$123,454

STRATEGIC PLAN OBJECTIVE:

Goal 2, Objective 1 - Aid in the growth and progress of Kelowna as a desirable place to do business.

CONSEQUENCES OF NOT FUNDING:

Reduced customer service for this position and for the Buyer position as they would have to provide service to both positions.

Acct-Fund-Dept-Prog-Class	DESCRIPTION	2009 AMOUNT	2010 AMOUNT	2011 AMOUNT
531-10-147-0-341	Clerical Relief	11,000	11,000	11,000
630-10-147-0-95022	Misc. Revenue (from M/C program rebate)	(11,000)	(11,000)	(11,000)
TOTAL COST ADDITION		-	-	-

FUTURE BUDGET IMPACT	ON-GOING	X	
	ONE-TIME		
SPECIAL REMARKS	PRIORITY: 1		

CITY OF KELOWNA

2009 SUPPLEMENTAL REQUEST DETAILS

DEPARTMENT:

DEPT. ID: **UTILITY BILLING**

DESCRIPTION:	NEW or EXPANDED Program?	EXPANDED
UTILITY BILLING CONTRACT		

JUSTIFICATION:
 This request is to adjust budget to reflect utility billing contract and actual experience.
 Meter Readings: Fixed annual fee plus estimated costs above fixed meter readings.
 Utility Billing - Contract Services: Provision for annual contract increase plus estimate of new customers.

STRATEGIC PLAN OBJECTIVE:
 Goal 2, Objective 4 - Commit to continued sound fiscal management.

CONSEQUENCES OF NOT FUNDING:
 Financial plan will be understated in expenditures.

Acct-Fund-Dept-Prog-Class	DESCRIPTION	2009 AMOUNT	2010 AMOUNT	2011 AMOUNT
252-10-148-0-001	Meter Readings	6,192	6,192	6,192
252-10-148-0-00113	Utility Billing - Contract Services	28,956	28,956	28,956
7470-10-148-0-T7500	Transfer to Water Utility	(4,931)	(4,931)	(4,931)
7475-10-148-0-T7550	Transfer to Wastewater Utility	297	297	297
7460-10-148-0-T7600	Transfer to Electrical Utility	(30,514)	(30,514)	(30,514)
TOTAL COST ADDITION		-	-	-

FUTURE BUDGET IMPACT	ON-GOING	X	
	ONE-TIME		
SPECIAL REMARKS	PRIORITY: 1		

CITY OF KELOWNA

2009 SUPPLEMENTAL REQUEST DETAILS

DEPARTMENT: FINANCIAL SERVICES

DEPT. ID: SYSTEMS & INVESTMENTS

DESCRIPTION:	NEW or EXPANDED Program?	NEW
FINANCIAL SYSTEMS SUPPORT		

JUSTIFICATION:

January 1, 2009 is the Go Live date for the Accounts Receivable, Accounts Payable, General Ledger, Procurement and Inventory, Budget (limited), HR, and Project Cost and Billing Modules in the Agresso Software Implementation. The Payroll and Budget Module's are scheduled for a full Go Live in the first half of 2009.

This is an anticipated one-time request required to ensure that the Finance Department has adequate staffing and assistance to support the City's business requirements. The following factors support this request: the integrated functionalities of the software modules; the desired service levels to business branches within the City; anticipated system start-up challenges; implementing the City's re-organization structure changes and requirements; the requirement to run a financial accounting year-end with potential entry of items into two systems; troubleshooting and supporting users as they begin to use and then wish to make adjustments to the system.

This will also provide for completion of the Payroll and Budget modules in 2009.

STRATEGIC PLAN OBJECTIVE:

Goal 2, Objective 4 - Commit to continued sound fiscal management

CONSEQUENCES OF NOT FUNDING:

Potential failure and unacceptance of new software system. Unmet Financial Services Department goal of providing excellence in service delivery to their internal business clients.

Acct-Fund-Dept-Prog-Class	DESCRIPTION	2009 AMOUNT	2010 AMOUNT	2011 AMOUNT
511-10-149-0-3246	Backfilling staff and support	283,400		
252-10-149-0-3246	Consultant Training and support	153,000		
731-10-149-0-R043	Major Systems Reserve	(283,400)		
732-10-149-0-3246	General Reserves	(153,000)		

TOTAL COST ADDITION	-	-	-
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FUTURE BUDGET IMPACT	ON-GOING			
	ONE-TIME	X		
SPECIAL REMARKS			PRIORITY:	1