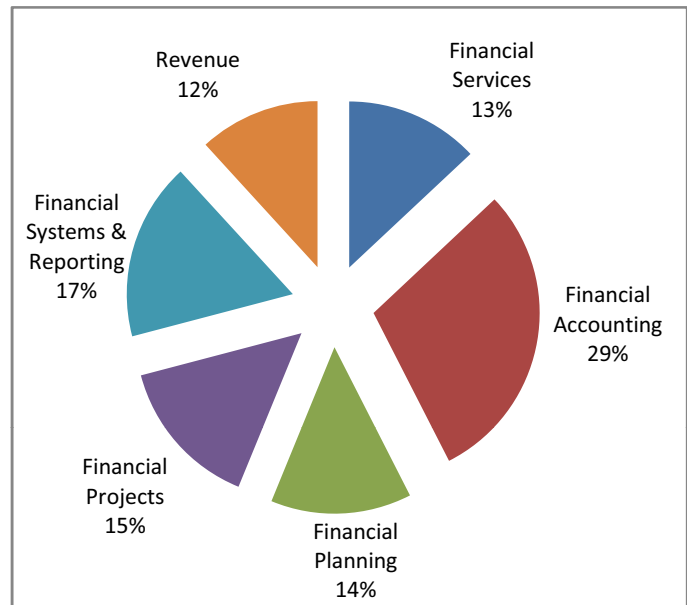
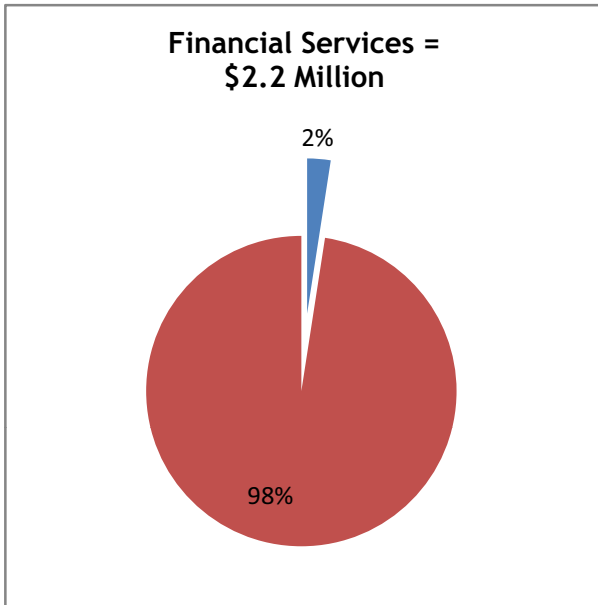




Keith Grayston - Director

Percent of General Fund Operating

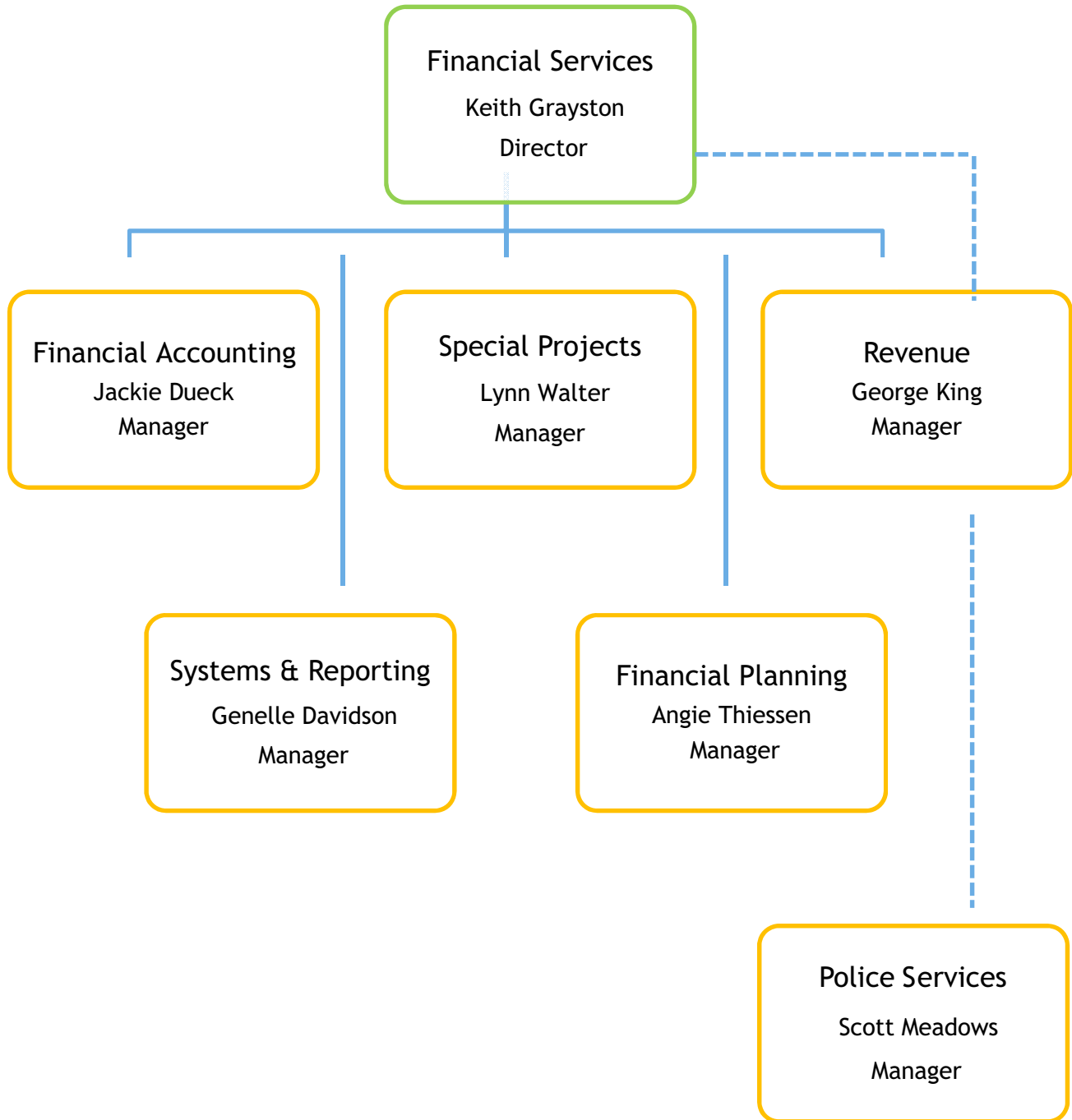
Division Summary



General Fund Operating = \$88.6 Million

Department Overview

	Revised Adopted 2009	Financial Plan 2010	Change from Prior Year	Percent Change
Taxation Expenditures				
Net Operating Capital	2,130,497	2,156,475	25,978	1.2%
	0	0	0	0.0%
Total Taxation Expenditure	2,130,497	2,156,475	25,978	1.2%
Authorized Positions	44.3	36.1	(8.2)	-18.4%





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 and Rural Development.

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

Diverse and Sustainable Infrastructure

- ▶ Participate in the development of the 20 Year Servicing Plan and Financing Strategy required alongside the Official Community Plan update.
- ▶ Update all Utility Models including Landfill to reflect current conditions and future projections.
- ▶ Annual review of water rates to determine the best approach to encouraging a reduction of water consumption along with a healthy Water Utility.

Strong Innovative Leadership

- ▶ 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.
 - ▶ Hire and cross train Financial Planning staff to ensure an ongoing knowledge base so that work productivity and quality is not severely impacted by absence or staff turnover.
 - ▶ Create new and update existing work instructions and/or procedure manuals for Financial Planning job responsibilities so as to better ensure the continuity and accuracy of tasks assigned to staff and prepare for absences and/or staff changeover.

Sound Fiscal Management

- ▶ Complete integration of TCA values into the redesigned Financial Statements.
- ▶ Implement Payroll Agresso Module.

- ▶ Program, test and implement HST.
- ▶ Accounts Payable workflow implementation.
- ▶ Preparation for implementation of Agresso Payroll module by reviewing and updating business processes.
- ▶ Continued development of sound credit management practices for the city's unsecured loans to general accounts receivable customers.
- ▶ Complete required 5 year review of all Permissive Tax Exemption applicants that are church's, private schools and hospitals along with the regularly scheduled annual review of all other nonprofit organizations.
- ▶ Contract review of the City's utility billing provider. Contract ends January 2011.
- ▶ Support Payroll and Human Resource's software implementation while ensuring full integration with implemented ERP systems.
- ▶ Modify and create business financial reports for internal and external stakeholders to reflect Corporate Reorganization.
- ▶ Prepare for contract review of Investment Servicing Agreement.
- ▶ Update corporate financial strategies through Council consultation.
- ▶ To support the completion of at least one Value for Money Audit in a specific operational area yet to be determined.
- ▶ Prepare an RFP for Banking Services Agreement and award the contract.
- ▶ Review the administration support provided to the city utilities and determine the appropriate formula for an annual chargeback.
- ▶ Support the preparation of a Development Cost Charge handbook for policies regarding the administration and understanding by staff and the public of DCC requirements.
- ▶ Review Budget Transfer and Budget Amendment policies to provide Council with recommendations to update these policies to current best practices.
- ▶ Work with Information Services to design and implement a Budget Capture tool to automate the budget preparation and reporting process. This would include a user friendly mechanism for end user data entry for Operating and Capital requests as well as changes to operating base budgets. The database will provide Financial Planning with the ability to load all three budget versions into the Aresso Planner Module and to easily and efficiently consolidate the information and produce reports. This project will be designed and implemented in phases with the first being ready in October 2009.
- ▶ Implement sustainable practices within the Financial Planning area by providing budget information on-line so as to reduce the number of hard copy information in binder format. Other sustainable practices will be utilized in the production of budget information through double sided printing and the gathering of information with the use of the Budget Capture system.
- ▶ Establish standards, documenting the intent of use for the General Ledger (GL) Account string and Categories within.
- ▶ Perform several audits for review of specific Business Area's use of the GL Account string as it adheres to the established standards while considering best use for that business area. (Proposed audit/review business areas: Airport; Civic Operations; Design & Construction or Recreation & Culture). Prepare recommended changes, if any, for 2011. Output of audit/review to be a document that outlines the intent and use of the GL Account string for that business area. This document will aid users in their management and financial analysis of that specific business area.
- ▶ Ensure formal approval process in Financial Services for control of new (city-wide) GL account string categories on an ongoing basis.





Department ID Section Descriptions

Financial Accounting

The Financial Accounting Branch prepares annual financial statements, administers the payroll function, and administers accounts payable.

Special Projects

The Special Projects Branch administers Deferred Revenue and Performance Deposits, Letters of Credit and Corporate Reserve Funds. The branch also assists in the administration of accounts payable and the preparation of annual financial statements, including changes related to the reporting of Tangible Capital Assets.

Revenue

The Revenue Branch 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. This branch is also the liaison to the City's Utility Billing provider, Corix Utilities.

Systems & Reporting

Design, develop, implement and manage dynamic Financial Systems and Reporting to internal and external stakeholders in accordance with generally accepted accounting principles (GAAP) and system design standards. Administer the Treasury, cash flow and investment portfolios to maximize returns and minimize risk ensuring adequate funding for ongoing City business requirements. Business process review, development, and internal audit reviews and control.

Financial Planning

The Financial Planning Branch is responsible for Budget preparation, reserve projections and administers reserve funding, 20 Year Servicing Plan, development cost charges, and 10-Year Capital Plan and manages the City's debt.

PERFORMANCE MEASURES

<i>PROGRAM INPUT MEASURES</i>		Revised Adopted 2009	Financial Plan 2010
124	Financial Services	280,506	280,436
125	Financial Accounting	633,889	635,700
126	Financial Planning	239,000	295,763
127	Financial Projects	314,734	316,906
128	Financial Systems & Reporting	372,494	373,088
130	Revenue	289,874	254,582
Total Net Operating Expenditures		2,130,497	2,156,475



PERFORMANCE MEASURES

	Actual 2008	Estimated 2009	Proposed 2010
PROGRAM OUTPUTS			
# of budget transfers and amendments processed	212	150	130
Payroll - Number of Direct Deposit payments made	21,886	22,439	22,500
# of citizens enrolled in the Pre-Authorized tax payment plan (2009 - 45,000 Residential Roll Count)	6,720	7,327	7,986
Amount of money collected monthly on the Pre-Authorized tax payment plan	\$1,436,138	\$1,623,218	\$1,834,236
Property Owners Deferring Taxes	589	652	724
Percentage of Taxpayers who pay prior to the 1 st penalty date	95%	95%	95%
PROGRAM OUTCOMES			
Consecutive years receiving:			
the GFOA Budget Award	7	8	9
the GFOA Financial Reporting Award	6	7	8
Customers Serviced by City Owned Utilities	22,500	23,400	24,220
EFFICIENCY MEASURES			
# of Financial Services Staff per 1,000 population	0.31	0.30	0.30
Municipal Residential tax \$ requirement per capita	\$767.17	\$796.90	\$785.88
Average return on investment	3.6%	2.0%	2.5%
CUSTOMER SATISFACTION			
INNOVATION AND LEARNING			
% of staff in at least one formal training session per year		75%	100%



REVENUES / EXPENDITURES BY CATEGORY

	Revised 2009	Provisional 2010
<u>REVENUE</u>		
PROPERTY TAX	0	0
PARCEL TAX	0	0
FEES AND CHARGES	(296,000)	(316,000)
OTHER REVENUE	(1,233,822)	(1,295,062)
TRANSFERS FROM FUNDS		
Special (Stat Reserve) Funds	0	0
Development Cost Charges	0	0
Accumulated Surplus	(826,100)	0
TOTAL REVENUE	(2,355,922)	(1,611,062)
<u>EXPENDITURES</u>		
SALARIES AND WAGES	3,131,080	2,525,578
INTERNAL EQUIPMENT	0	0
MATERIAL AND OTHER	172,005	158,705
CONTRACT SERVICES	1,183,334	1,083,254
DEBT	0	0
RCMP CONTRACT	0	0
INTERNAL ALLOCATIONS	0	0
TRANSFER TO FUNDS		
Special (Stat Reserve) Funds	0	0
Development Cost Charges	0	0
Accumulated Surplus	0	0
TOTAL EXPENDITURES	4,486,419	3,767,537
NET OPERATING EXPENDITURES	2,130,497	2,156,475
<u>CAPITAL EXPENDITURES</u>		
GROSS EXPENDITURES	0	0
OTHER FUNDING SOURCES	0	0
TAXATION CAPITAL	0	0
NET OPERATING & TAX CAPITAL EXP.	2,130,497	2,156,475



Description of Program Changes	2010 Gross Cost Change	2010 Net Impact	2010 FTE
1) 2009 One-time Supplementals	(\$793,600)		-8.9
2) Annualized 2009 Budget Costs			
3) Salary Adjustments	(\$42,492)	(\$42,492)	
4) Other Adjustments			
5) Departmental Adjustments	\$3,740	\$35,740	
6) 2010 Supplementals	\$121,150	\$32,730	0.8
7) 2010 Expensed Project Supplementals			
8) 2010 Expenditure Reductions			
Total Changes for 2010	(\$711,202)	\$25,978	-8.2

Unfunded 2010 Requests

1) 2010 Supplementals	\$42,980	\$42,980
2) 2010 Expensed Project Supplementals		
3) 2010 Expenditure Reductions	(\$16,850)	(\$16,850)
Total Unfunded Requests for 2010	\$26,130	\$26,130

Authorized F.T.E. Positions	Revised Adopted 2009	Financial Plan 2010
<i>Salaried</i>	35.7	34.60
<i>Hourly</i>	0.8	1.5
<i>Contract</i>		

2010 Supplemental Request Summary

PROVISIONAL Budget

General Fund Summary

Page	Description	Gross Amount	Revenue	Funding Source	Taxation	Category
<u>Financial Services - Priority 1</u>						
U11	Utility Billing Contract	68,920	68,920	REVENUE	-	ON-GOING
U12	Finance Revenue & Expenditure Change	5,180	19,500	REVENUE	(14,320)	ON-GOING
U13	Temporary Accounting Technician Position	47,050	-		47,050	ONE TIME
Department Priority 1 Totals		121,150	88,420		32,730	
<u>Financial Services - Priority 2</u>						
U14	Accounting Assistant Position	42,980	-		42,980	ON-GOING
Department Priority 2 Totals		42,980	0		42,980	

2010 Supplemental Request Details

Division:	Corporate Sustainability	Priority:	1
Department:	Financial Services		
Branch:	Revenue		ON-GOING
Description:	Utility Billing Contract		EXPANDED

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:

Sound Fiscal Management

Consequences of not funding:

Financial Plan will be understated in Expenditures

Account	2010	2011	2012
6260.130.1046.*.*.369.10.* Contract Services	6,780	6,780	6,780
6260.130.1046.*.*.000.10.* Contract Services	52,400	52,400	52,400
5210.130.1046.*.*.000.10.* Salaries - CUPE	2,060	2,060	2,060
4965.130.1046.*.*.900.10.* Cost Recovery - Water Utility	7,680	7,680	7,680
4970.130.1046.*.*.900.10.* Cost Recovery - Sewer Utility	(23,310)	(23,310)	(23,310)
4945.130.1046.*.*.900.10.* Cost Recovery - Electrical Utility	(45,610)	(45,610)	(45,610)
TOTAL COST ADDITION:	0	0	0

2010 Supplemental Request Details

Division:	Corporate Sustainability	Priority:	1
Department:	Financial Services		
Branch:	Revenue		ON-GOING
Description:	Finance Revenue & Expenditure Change		EXPANDED

Justification:

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

- 1) Increased revenues received from the School Tax Admin Fees.
- 2) Decreased revenues received from Tax Certificate User Fees.
- 3) Increased revenues received from Residential Waste Collection User Fees.
- 4) Increased expenses from Copier Usage Charges.
- 5) Increased expenses from Postage & Freight Charges.
- 6) Increased expenses from Reproduction Services.

Strategic Plan Objective:

Sound Fiscal Management

Consequences of not funding:

Financial Plan will be understated in Revenues and Expenditures.

Account	2010	2011	2012
4030.130.1045.s0251.*.000.10.* Admin Fee Revenue	(4,400)	(4,400)	(4,400)
4030.130.1045.S0252.*.000.10.* Admin Fee Revenue	14,200	7,000	3,500
4030.130.1045.S0255.*.000.10.* Admin Fee Revenue	(29,300)	(29,300)	(29,300)
6280.130.1045.*.*.000.10.* Copier Use Expense	1,580	1,580	1,580
7500.130.1045.*.*.000.10.* Postage & Freight	2,350	2,350	2,350
7620.130.1045.*.*.000.10.* Reproduction Services	1,250	1,250	1,250
TOTAL COST ADDITION:	(14,320)	(21,520)	(25,020)

2010 Supplemental Request Details

Division:	Corporate Sustainability	Priority:	1
Department:	Financial Services		
Branch:	Revenue		ONE-TIME
Description:	Temporary Accounting Technician Position		EXPANDED

Justification:

The request for a Temporary Accounting Technician is required for two main projects: Project 1-Permissive Tax Exemption: Based on Permissive Tax Exemption Policy 327 all Places of Worship, Private Schools and Hospitals will be required to complete & submit a new 5 year application in order to maintain their exempt status. This will require an individual to notify 100 applicants currently on file, review all applications and arrange site visits where it is deemed appropriate. This is in addition to the 110 Non-Profit Organizations who are required to apply annually which staff currently notifies, reviews applications, arranges site visits and prepares a report to Council. Project 2-Accounts Receivable Credit Management: Creating a strong collections branch is vital to the success of the City. This temporary position will be responsible for working with all departments that perform the invoicing function to develop clear policies and procedures that will eliminate ambiguity amongst both the collections staff and other city staff. This position will also be responsible for defining the proper protocols for handling new applicants, determining appropriate "Reminder Letters" based on the customer profile (e.g. Landfill Customer, Airport Customer, Commercial & Residential Lease Customer), handling of special loans, determining what information is required to move delinquent accounts to the collections agency, determining what actions to take if it is deemed uncollectible and finally training and troubleshooting problems for 25 plus Billing Reps across the City. Funding is for 9 months in 2010.

Strategic Plan Objective:

Sound Fiscal Management

Consequences of not funding:

An inadequate review of Permissive Tax Exemptions applications could result in abuse of exemption policy. Additional staff overtime, loss of taxation revenue, and lack of taxpayer confidence in process could also result. An inadequate review of Accounts Receivable Credit Management process could result in potential increased customer complaints, additional overtime requirements, loss of city assets, and increased bad debt write-offs.

Account	2010	2011	2012
5210.130.1045.*.*.000.10.* Salaries - CUPE	47,050	0	0
TOTAL COST ADDITION:			47,050

2010 Supplemental Request Details

Division:	Corporate Sustainability	Priority:	2
Department:	Financial Services		
Branch:	Financial Accounting		ON-GOING
Description:	Accounting Assistant Position		EXPANDED

Justification:

1. Changed requirements for accounts payable staff with the new Agresso software, include: now providing scanning of all vendor invoices and backup to ensure user departments can view invoices on drill down; now entering high volume vendor purchases by invoice rather than by statement to provide better user info; entering and maintaining progress claim data formerly happening in the initiating department; Purchase Orders are now used, resulting in increased coding correcting journals to assist user groups; some of this effort will decline as users become more familiar with the new system; A/P staff testing requirements for upgrades and in-house enhancements are expected to be higher than the previous system and include Agresso 5.5 SP3, Hired Equipment changes to accommodate TRM/Agresso interface.

2. Other changed requirements for accounts payable staff include the updating and correcting of Telephone Bill Mgmt system with correct account codes at users requests, along with providing users training on this in-house sub-system.

An additional Accounting Assistant in Accounts Payable would allow Financial Services to bring Accounts Payable staff back into Account Analysis and Year End efforts. In the 10 years since there has been an addition to Accounts Payable staff members, workloads related to keeping vendors current have reduced staff ability to handle functions beyond vendor payments. As a result, the City faces higher overtime costs, higher temporary assistance cost and for 2008, audit costs were also higher.

Strategic Plan Objective:

Sound Fiscal Management

Consequences of not funding:

Increased costs for audit, vendor penalties, overtime, temporary staffing. Delayed system improvements related to A/P.

Account	2010	2011	2012
5210.125.1034.*.*.000.10.* Salaries - CUPE	42,980	57,300	57,300
TOTAL COST ADDITION:	42,980	57,300	57,300

2010 Expenditure Reduction Request Summary

PROVISIONAL Budget

General Fund Summary

Page	Description	Gross Amount	Revenue	Funding Source	Taxation	Category
	<u>Financial Services - Priority 2</u>					
U17	Miscellaneous Expenditures	(16,850)	-		(16,850)	ONE TIME
	Department Priority 2 Totals	(16,850)	0	0	(16,850)	

2010 Expenditure Reduction Request Details

Division:	Corporate Sustainability	Priority:	2
Department:	Financial Services		
Branch:	Financial Services		ONE-TIME
Description:	Miscellaneous Expenditure Reductions		

Justification:

This supplemental is to reduce operating budgets in the Financial Services department due to economic conditions.

Strategic Plan Objective:

Sound Fiscal Management

Consequences of not funding:

The development of an ongoing advertising campaign to encourage taxpayers to prepay their property tax will not proceed. Other advertising initiatives will also not occur. With the introduction of HST in July of 2010, requirements for consulting on related tax issues will not be able to proceed. A reduction of purchased services in the collections area means the collection of outstanding debt may exceed the budget.

Account	2010
7080.125.1034.*.*.000.10.* Legal Expense	(1,650)
7520.125.1034.*.*.000.10.* Professional & Consulting Services	(4,200)
7680.125.1034.*.*.000.10.* Subscriptions	(1,000)
7520.126.1037.*.*.000.10.* Professional & Consulting Services	(2,000)
6040.130.1045.*.*.000.10.* Advertising	(4,750)
7570.130.1045.*.*.000.10.* Repair Expense	(750)
7980.130.1045.*.*.000.10.* Telephone - Local / Fax	(250)
8000.130.1045.*.*.000.10.* Telephone - Long Distance	(250)
7540.130.1045.*.*.000.10.* Purchase Services	(2,000)
TOTAL COST REDUCTION:	(16,850)