

# Financial Support

Led by: Director of Finance/City Treasurer

## Service 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.

## Service Updates

### Key Service Results

#### Awards

- The Canadian Award for Excellence in Financial Reporting
- Distinguished Budget Presentation Award

To provide The City of Calgary with an additional capital debt borrowing alternative by way of issuances of municipal bonds into the debt capital markets or private placement, Council approved the Corporate Borrowing Strategy and accompanying bylaw. The first issuance is anticipated in Q1 2024.

Financial Support provided Corporate Economic policy analysis related to the Municipal Fiscal Gap; Revenue Options for Calgary, and support for the Downtown Strategy and Affordable Housing Task Force. As well as consulting and advisory services regarding the economic impact for capital projects, Wholly-Owned Subsidiary alignment recommendation implementation, supply chain resilience framework and housing solution strategies.

### Service Challenges

The Financial Support service line's primary challenges faced in 2023 were:

- Increased complexity and volume of work coupled with limited resources required prioritization of projects and customer inquiries.
- Resources required to support yearend external audit procedures to verify the realigned structure disclosure requirements
- Self-supported business line reporting challenges due to service line reporting functionality limitations. System analysis is ongoing to identify requirements and possible solutions.
- Continuing sub-system interface errors requiring manual coding corrections. Subsystem coding corrections are in progress to correct data integrity at source.
- Competitive labour market conditions that could impact retention and recruitment of key positions.
- A lack of data available due to the postponement of Statistics Canada's population data.

### Trends & Potential Uncertainties

Financial Support service line monitored Federal and Provincial funding and legislative changes to ensure compliance and possible impact on City processes, ability to maintain infrastructure, services, and potential impacts to debt levels in addition to decisions of Central Banks in the United States and Canada related to short term interest rates. The team participated in the review of recent City Charter revisions to fully understand the implications to The City of Calgary, specifically the existing Off-Site Levy bylaw.



# Measuring Our Performance

### Legend

— Actuals

■ Expected Future Performance

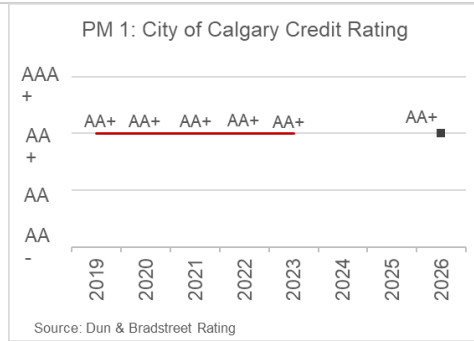
➔ Progressing as planned

⊖ Not progressing as planned

## Performance Measures

## Story behind the numbers

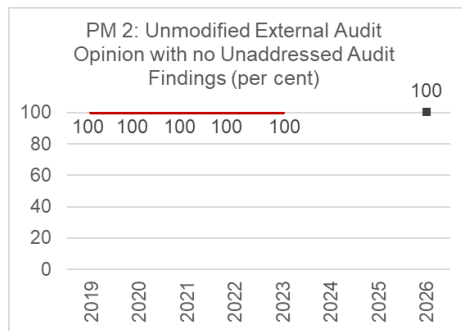
## Status



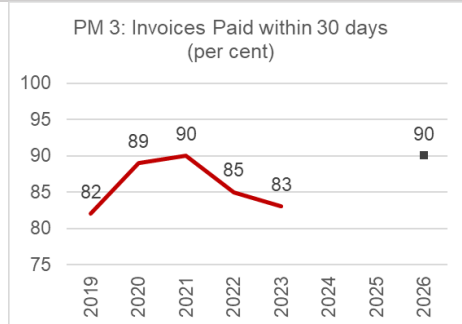
The City maintained its AA+ and AA (high) ratings with S&P Global Ratings and Morningstar DBRS respectively, with strong financial management practices and proven capacity to enact prudent fiscal policies and plans to respond to external risks cited as key contributors



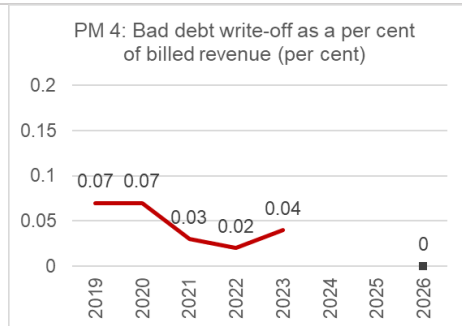
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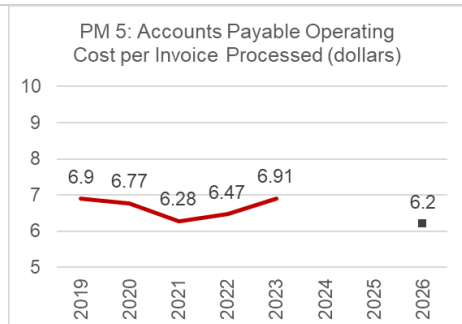
The City strives for an unmodified opinion issued annually by the external auditor, which was achieved with no unaddressed audit findings reported again this year. This is based on audit evidence obtained about the amounts and disclosures of the financial statements which are completed competently with a focus on implementation of new Public Sector Accounting Standards.



Accounts Payable's standard is to pay invoices on time and not within a set number of days. While a payment term of 30 days is common, there are often other payment terms attached to invoices. For example, since the introduction of provincial Prompt Payment legislation in Alberta in 2022 standard invoice terms are net 28 days. Other contracts are created with terms of net 45 days. Per cent of invoices paid within 30 days should be viewed as a guide to the magnitude and direction of timely payments made by Accounts Payable but it does not completely reflect The City's commitment to timely payment.



The collaborative and solutions-focused approach to managing financial and reputational risk associated with outstanding corporate receivables continues to be effective. Total write-offs of approximately \$197 thousand were recognized against total billed revenue of approximately \$452 million.



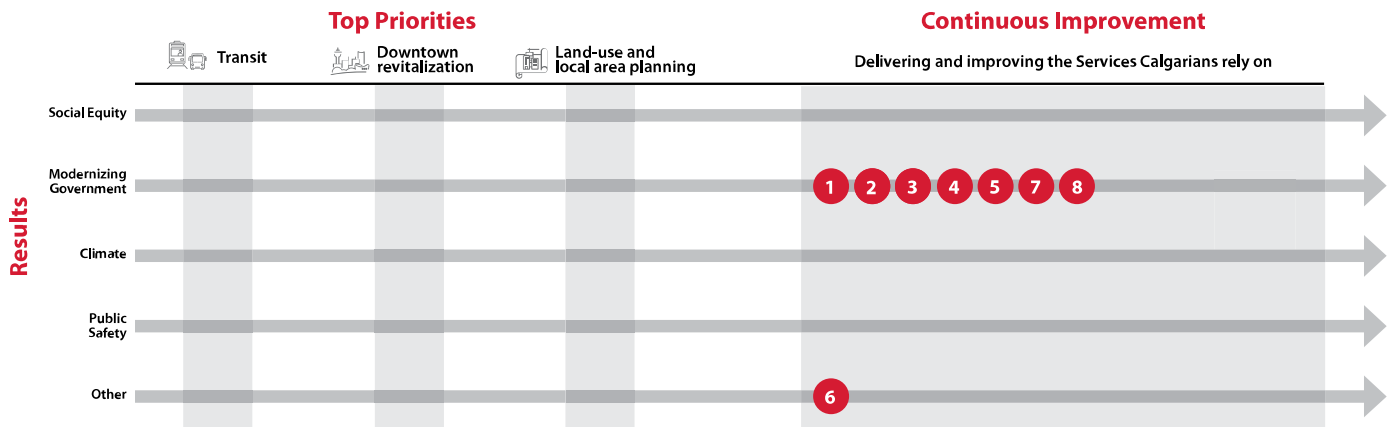
Performance results for accounts payable are materially consistent with those of recent years. An increase in cost was realized in 2023 due to overtime incurred to cover project work and short-term vacancies created by staff turnover. High volumes of transactions and high priority project work to improve processes and the customer experience resulted in remaining staff having to work extra hours until hiring could be prioritized.








# Progress on Service Delivery

## Alignment with Council Refined Priorities and Result Areas



- Legend**
- Completed
  - Progressing as planned
  - Not progressing as planned
  - Not started
  - Initiative number

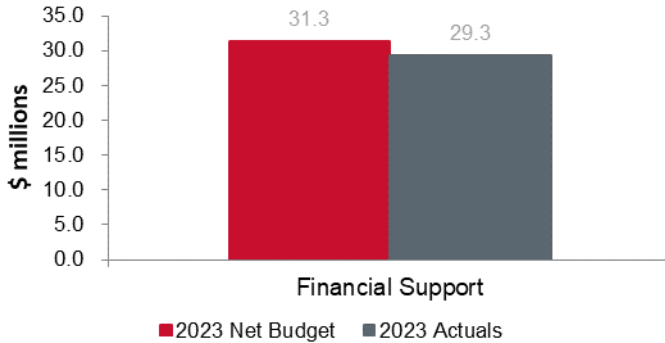
Initiative	Initiative Update	Status
1 Implementation of prudent investment strategies and preventative internal controls to mitigate risk to ensure The City's economic assets are safeguarded for long-term sustainability.	Financial Support continues to evaluate investment policies and strategies to ensure economic assets are safeguarded and sustainable through the long term. The Annual Control Environment reporting of findings to Audit Committee strives to identify and resolve processes further minimizing risk to The City.	
2 Support The City's financial sustainability by monitoring and responding to the changing economic and political environment.	Through the Corporate Economics and Regulatory Affairs team, constant monitoring and updates were provided on changing economic, market and political environments, and insights on key economic indicators, including inflation, employment, and housing activities, through monthly and quarterly reports. Financial Support led and delivered the Citywide Growth Strategy-New Community Incremental Operating Cost Model Inputs and Assumptions, which identifies any financial risks associated with building out communities and the cost of services that will need to be provided.	
3 Ensure Finance support can be efficient and effective now and in the future by prioritizing process and system improvements.	Ongoing evaluation of current systems and processes to further enhance ability to support the organization and automate tasks enabling more effective and efficient service delivery. Accounts Payable is prioritizing the implementation of electronic workflow for approval of expenses incurred on Corporate Credit Cards. Implementing innovative technology and solutions will stream-line the approval process for credit card users and supporting staff across the Corporation. This functionality is expected to go-live in the second quarter of 2024.	
4 Minimize The City's financial risk by providing analysis, preparing reports, and make recommendations to operations that support decision-making.	Implementation of the new monthly Executive Information Report (EIR) format will commence in March 2024 reporting February's results. This updated reporting format creates a high-level financial report that highlights the financial position for The City. An additional outcome of the revised EIR is the development of a financial report that could be distributed in a timelier manner to support financial decision making within the current year of reporting.	
5 Support and inform the Executive Leadership Team and Council decision-making by preparing a comprehensive suite of financial reports.	Financial Support continues to provide analysis and reports, such as the Operating and Capital Budgets, financial analysis of Major Capital Projects, Long Range Financial Plan, Municipal Fiscal Gap, and reporting The City's Reserve activities to inform Executive Leadership Team and Council decision making with an ongoing focus to develop a suite of financial reports.	

Initiative	Initiative Update	Status
<p>6 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.</p>	<p>In addition to the monthly lunch &amp; learn sessions hosted by the Finance Staff Development team, employees are encouraged to participate in courses offered by the Corporate Learning &amp; Development team. Finance coordinated a formal mentorship program within the business unit that paired a Manager/Leader with a Finance employee. Psychological Safety strategies and enhanced focus on Anti-Racism and Equity, Diversity, Inclusion and Belonging in our workplace is ongoing.</p>	
<p>7 Increase capacity and support employee growth by introducing cross-training, developing cross-functional positions, where possible and consolidating work functions to find efficiencies.</p>	<p>Cross training within the Finance Coordinator position was completed to ensure there is sufficient coverage and assistance with workloads associated with the various business units Finance supports. A review of the FSCM/HCM systems has commenced to identify optimization opportunities through the engagement of an external third party.</p>	
<p>8 Develop a Financial Support delivery model that aligns with the expectations of Council and our customers.</p>	<p>In response to customer feedback, Finance continues to evolve its service provision to ensure expectations of timely and meaningful information is delivered through the development of a comprehensive suite of financial reports and implementation of process efficiencies.</p>	



## Service Updates on Financial Performance

### Net Operating Budget and Actuals as of December 31, 2023



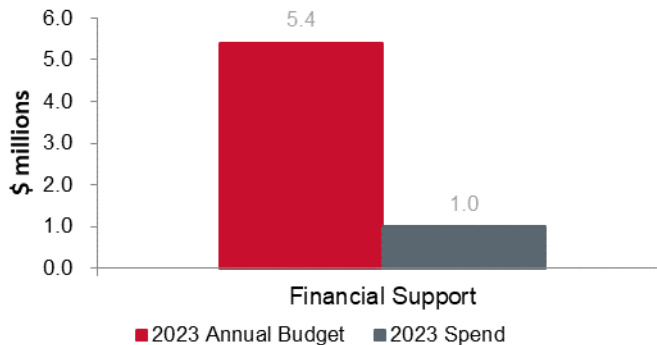
### Operating Budget Updates - 2023 net operating budget vs actuals:

Financial Support has a favourable variance of 2.0 million. The main reasons that have contributed to the variance are savings in salary & wages of \$2.3 million from intentionally managing the workforce, partially offset by unfavourable variance of (\$0.30) million due to higher contract and general services expenses as a result of higher communications, contract and business expenses.

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Service challenges resulting from increased complexity and volume of work coupled with limited resources required prioritization of projects and customer inquiries.

### Capital Budget and Spend as of December 31, 2023



### Capital Budget Updates - 2023 total capital budget vs 2023 spend:

The Financial Support service line capital spent on capital projects is at 19.2 per cent due to resource constraints, competing priorities and shift in deliverables from 2023 to 2024.

The Tangible Capital Asset (TCA) Re-design project has encountered a one-year delay, shifting its timeline to occur between 2024 and 2026. This redesign initiative aims to enhance processes and implement system solutions within the Finance TCA teams with the primary objective of ensuring optimal management and efficient delivery of TCA Reporting.

The Point of Sale (POS) System upgrade is awaiting demo and quote from vendor on additional modules is expected to pick up in 2024. The Treasury Management system (TMS) project is underway with no current spend in 2023; however, expected to be completed in 2024.

The implementation of Asset Retirement Obligation Accounting Standards experienced unexpected delays due to the current functionality of Oracle's ARO set up not meeting The City's needs. Oracle is adjusting functionality with work continuing in 2024.

Hyperion upgrade project phase 1 was successfully implemented at the end of November 2023. The journal workflow approval project has been scoped, and implementation will be staggered into 2024.