

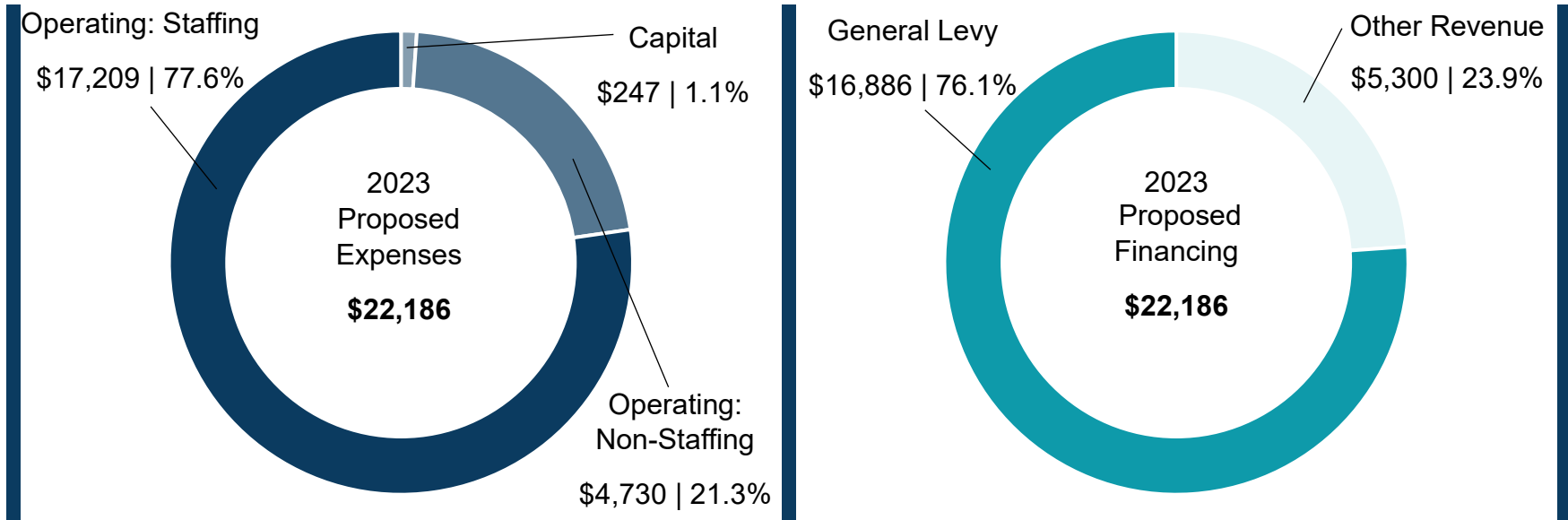


Durham Budget

2023

FINANCE DEPARTMENT

Provide financial stewardship and policy advice to guide business decisions so that resources are invested in the Regional programs and services the community values



Amounts are in \$,000's



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Major Programs and Services

Finance Department

Business Planning and Budgeting

Lead the annual business planning and budget process including the development of the annual Strategic Property Tax Study and the Water Supply and Sanitary Sewerage User Rate Study. The business planning and budget process ensures resource allocations are aligned with Regional Council's strategic objectives and meet service, infrastructure and legislative requirements. This is achieved through the delivery of Business Plans and Budgets, the Multi-Year Economic and Financial Forecast, the Ten-Year Capital Plan, and the Asset Management Plan.

Risk Management, Economic Studies and Procurement

Oversee and coordinate risk management to minimize the adverse effects of risk on the Region and members of the Durham Municipal Insurance Pool. Provide long term strategic, financial and economic advice, analysis and strategies, including business case development, development charges, credit rating reviews and performance measurement to Regional Council and Regional Departments. Obtain goods and services on behalf of the Region through a fair and open competitive centralized procurement process that promotes value-for-money, and the provision of mail, postage, courier, inventory, disposal of assets, centralized high speed print services and shipping/receiving at Regional Headquarters.

Administration

Ensure that the statutory duties and responsibilities of the Treasurer are carried out to promote and maintain the financial strength, stability and accountability of the Region including providing advice to Regional Council, the Finance and Administration Committee, and the Corporation more broadly.

Internal Audit

Promote accountability of the Regional Corporation for the quality and value of its stewardship over public funds, support best practices in the Corporation through risk and business consulting services, independent and objective assurance services, and business process reviews to strengthen internal controls, streamline processes and continuously improve financial activities to manage business risks.

Financial Services

Provide innovative and effective centralized financial management, reporting and accounting services to the Regional Corporation, including Durham Region Transit, the Durham Regional Local Housing Corporation, and Durham Regional Police Services.

Major Programs and Services Continued

Provincial Offences Act - Default Fine Collections

Collect outstanding Provincial Offences fines in default, and provide collection services.

Financial Solutions and Portfolio Management

Provide the Corporation with fully supported and secure financial applications and management of the Region's investment portfolio and debt issuance requirements.

COMRA/PARA

Funding of the COMRA Marine Rescue Association ("COMRA") and the Pickering Auxiliary Rescue Association ("PARA"), to provide marine search and rescue capability in Canadian waters of Lake Ontario adjacent to the Region of Durham.

Headquarters Shared Cost - Finance Portion

The allocated share of costs attributable to Finance Department for the operation of the Regional Headquarters facility.

Strategic Priorities

For 2023 some of the key priorities and planned actions focus on:

Service Excellence



Lead the updates to the Region's Development Charges by-law and related policies including changes announced by the Province in Bill 23, *More Homes Built Fast Act, 2022*



Implement substantive system upgrades to PeopleSoft Financial and Human Capital Management systems that drive enhanced reporting and leverage dashboards

Strategic Priorities Continued



Partner corporately to implement the Region's Cyber Security Program to ensure the continual delivery of services securely



Continue the implementation of the Region's modernized investment policy for optimizing returns under sound financial management of the Region's investment portfolio



Increase the Region's on-line payments program allowing residents to pay for more regional services online



Expand rollout of the WorkForce Management solution to the Oral Health Division providing management of scheduling, time and attendance for staff



Collaborate with Regional partners to further integrate climate change adaptation and mitigation measures into business planning processes



Continue to advance the multi-year review and modernization of the Region's business planning and budget function including embedding enhanced public engagement into the process

Key Targets for 2023

Finance Department

- \$396,000 dollars collected per POA staff member - a 5% increase from 2021 actuals
- Every dollar spent in the collection of POA defaulted fines is expected to result in \$2.23 recovered - consistent with 2021 budgeted levels
- 6,000 staff actively using the PeopleSoft Financials, Human Capital Management, Enterprise Learning Management, and Employee Portal applications including 4,600 Regional staff and 1,400 police staff
- Continue to innovate by modernizing financial applications in order to better serve our business partners and our community
- New opportunities are made available for residents to learn more about the Region's Budget and to provide their input
- Enhance opportunities for e-commerce across additional departments
- Work with Provincial agencies to reduce the number of reports required - in 2022 approximately 320 reports
- Continue support to transition residential water meters to remote frequency to move away from manual meter reads - 47% of approximately 179,000 meters complete


Financial Details: Summary by Account (\$,000's)

Provides the gross expenditures and revenues - including both operating and capital - and the resulting net property tax requirement

	2022 Estimated Actuals	2022 Approved Budget	2023 Proposed Budget	Variance	
				\$	%
Expenses					
Operating Expenses					
Personnel Expenses	21,262	21,329	22,585		
Personnel Related	215	223	236		
Communications	728	794	809		
Supplies	161	218	135		
Computer Maintenance & Operations	1,197	1,197	1,212		
Materials & Services	73	105	40		
Equipment Maintenance & Repairs	219	240	304		
Vehicle Operations	23	31	31		
Outside Agency Expenses	113	113	121		
Professional Services	515	715	850		
Financial Expenses	22	22	23		
Minor Assets & Equipment	5	11	121		
Contribution to Reserves / Reserve Funds	18	18	18		
Headquarters Shared Costs	699	699	830		
Operating Expenses Subtotal	25,250	25,715	27,315	1,600	6.2%
Internal Transfers & Recoveries					
Departmental Recoveries	(5,317)	(5,317)	(5,376)		
Internal Transfers & Recoveries Subtotal	(5,317)	(5,317)	(5,376)	(59)	(1.1%)
Gross Operating Expenses	19,933	20,398	21,939	1,541	7.6%
Capital Expenses					
New	9	9	17		
Replacement	184	184	230		
Capital Expenses Subtotal	193	193	247	54	28.0%
Total Expenses	20,126	20,591	22,186	1,595	7.7%

Financial Details: Summary by Account (\$,000's)

Provides the gross expenditures and revenues - including both operating and capital - and the resulting net property tax requirement

	2022 Estimated Actuals	2022 Approved Budget	2023 Proposed Budget	Variance	
				\$	%
Operating Revenue					
Fees & Service Charges	(766)	(766)	(784)		
Sundry Revenue	(38)	(26)	(27)		
Revenue from Municipalities	(150)	(150)	(150)		
Investment & Interest Income	(1,075)	(1,075)	(1,490)		
Recoveries from Reserve and Reserve Funds	(326)	(370)	(383)		
Revenue from Related Entities	(2,333)	(2,333)	(2,416)		
Operating Revenue Subtotal	(4,688)	(4,720)	(5,250)	(530)	(11.2%)
Capital Financing					
Recoveries from Reserve	-	-	(50)		
Capital Financing Subtotal	-	-	(50)	(50)	(100%)
Total Revenues and Financing	(4,688)	(4,720)	(5,300)	(580)	(12.3%)
Property Tax Requirement Finance Department	15,438	15,871	16,886	1,015	6.4%


Financial Details: Summary by Program (\$,000's)

Provides the total operating expense, capital expense, subsidy, other revenue and the resulting property tax requirement for each major program and service

	2022 Projected Actuals	2022 Approved Budgets					2023 Proposed Budgets					Variance	
		Operating Expenses	Gross Capital	Subsidy Funding	Other Funding	Approved Budget	Operating Expenses	Gross Capital	Subsidy Funding	Other Funding	Proposed Budget	\$	%
Finance Department													
1 Business Planning and Budgeting	2,146	2,290	-	-	-	2,290	2,368	-	-	-	2,368	78	
2 Risk Management, Economic Studies and Procurement	3,303	5,115	-	-	(1,597)	3,518	5,247	50	-	(1,681)	3,616	98	
3 Administration	40	1,299	-	-	(1,020)	279	1,477	-	-	(1,435)	42	(237)	
4 Internal Audit, Compliance and Controls	499	645	-	-	(170)	475	953	-	-	(174)	779	304	
5 Financial Services	5,721	6,240	4	-	(689)	5,555	6,608	-	-	(700)	5,908	353	
6 POA - Default Fine Collections	(22)	251	8	-	(280)	(21)	251	8	-	(280)	(21)	-	
7 Financial Solutions and Portfolio Management	2,939	3,746	181	-	(964)	2,963	4,084	189	-	(1,030)	3,243	280	
8 COMRA/PARA	113	113	-	-	-	113	121	-	-	-	121	8	
9 Headquarters Shared Cost - Finance Portion	699	699	-	-	-	699	830	-	-	-	830	131	
Finance Department Subtotal	15,438	20,398	193	-	(4,720)	15,871	21,939	247	-	(5,300)	16,886	1,015	6.4%
Finance Department	15,438	20,398	193	-	(4,720)	15,871	21,939	247	-	(5,300)	16,886	1,015	6.4%

Financial Details: Summary of Capital (\$,000's)

Provides a summary of the current year capital budget, nine-year capital forecast and proposed financing summarized by asset type. See Appendices for specific capital projects

 Durham Budget	2023	2022 Approved Budget	2023 Proposed Budget	Forecast					Forecast Total
				2024	2025	2026	2027	2028-2032	
Finance Department									
Capital Expenditures									
Machinery & Equipment		-	-	-	-	-	-	40	40
Information Technology		193	197	112	112	111	112	556	1,003
Vehicles		-	50	-	50	-	55	165	270
Capital Expenditure Subtotal		193	247	112	162	111	167	761	1,313
Capital Financing									
General Levy		193	197	112	112	111	112	596	1,043
Reserve Fund		-	50	-	50	-	55	165	270
Capital Financing Subtotal		193	247	112	162	111	167	761	1,313
Total Capital Finance Department		193	247	112	162	111	167	761	1,313

Details of Budget Changes

Strategic Investments: Finance Department

2023 Impact
(\$ 000's)

New positions – details of the 6.0 FTEs are provided in Staffing Details. Annualized impact of (\$717k)	402
Temporary staffing resources to support internal audit projects related to cyber security and risk management and audit policy	268
Advance the use of Bloomberg to support the implementation of the Region's modernized investment policy	80
Operational resilience software to support information technology risk management	30
Net investment in capital – see Appendix A for detailed project listing	3
Strategic Investments: Finance Department Subtotal	783

Base Adjustments: Finance Department

2023 Impact
(\$ 000's)

Economic increases	199
Annualization of 4.0 FTEs approved in the 2022 budget	229

Details of Budget Changes Continued

Inflationary increases	55
Line-by-line savings	(381)
Increase in Finance's share of costs for the operation and maintenance of Regional Headquarters	131
Base Adjustments: Finance Department Subtotal	233

Net Changes: Finance Department **1,016**

Staffing Details

Finance Department	Full Time Equivalents (FTE's)
2022 Approved Complement	<u>152.5</u>
Positions Approved In-Year	
New Clerk 2 position to provide additional support to the Finance Department (as per Section 8.1 of the Budget Management Policy)	1.0
Total Positions Approved In-Year	<u>1.0</u>
Proposed New Positions	
Supervisor Accounting Service to improve the timeliness and responsiveness to internal customers, provide better reporting and support transparency and accountability by providing clear and consistent communication and sharing of results with internal customers, members of the Durham Municipal Insurance Pool, and external legacy housing providers	1.0
Financial Analyst 2 to handle payroll processing for a growing workforce	1.0
Senior Accounting Clerk to address the timeliness of processing of the increasing workload volume and enhance reporting to operational areas	1.0
Senior Financial Analyst 2 to address the timeliness and accuracy of processing of the increasing workload volume	1.0
PeopleSoft Administrator in Application Services	1.0
Total Proposed New Positions	<u>5.0</u>
Finance Department Subtotal	6.0
Total Complement: Finance Department	158.5

Looking Forward

As part of the Region's commitment to provide exceptional value to Durham taxpayers through responsive and effective customer service delivery the Finance Department is - led by a clear vision, modernized technologies and streamlined organizational structures – committed to providing exceptional value to Durham taxpayers through the delivery of a series of transformations. These transformations include:

- Implement substantive system enhancements that drive enhanced transparency in the Region's financial outlook and leverages dashboards and other innovative reporting mechanisms;
- Advance the Region's Long-Term Financial Planning Framework – through a focus on policy development and performance measurement – to deliver on a commitment to financial sustainability, flexibility and affordability;
- Champion the multi-year business planning and budget process review and modernization project that will:
 - Review and streamline business planning and budget processes;
 - Procure and implement a new integrated business planning, budget and forecast system with robust financial reporting that will support and automate the Region's renewed business planning and budget process; and
 - Embed enhanced public engagement in the Region's business planning and budget process;
- Advance investment opportunities and returns in alignment with the updated Statement of Investment Policy and Goals to improve the financial sustainability of the Region; and
- Leverage a modernized internal audit function to provide value added consulting and assurance services to the Corporation.

These transformations will ensure the Corporation - and the Region as a whole - continues to the benefit from economic and financial expertise that effectively translates data-driven insights and best practices into timely and viable advice.

Appendix A: 2023 Finance Department Capital Projects (\$,000's)

Provides financing details for capital project proposed in 2023. See Appendix B for the comprehensive capital 2023 budget and 2024-2032 forecast

Durham Budget 2023		Quantity	New / Replacement	2023 Proposed Financing								2023 Proposed Budget	Approved Funding Prior to 2023	Forecast 2024-2032	Total Project to 2032	
				Other	Reserve/ Reserve Funds	Industrial DCs	Institutional DCs	Commercial DCs	Residential DCs	Subsidy /Grant	Debenture					General Levy
Finance Department																
Information Technology																
2	Standard Laptop	8	New	-	-	-	-	-	-	-	-	17	17	-	17	
2	Standard Laptop	80	Replacement	-	-	-	-	-	-	-	-	152	152	-	152	
3	Power Laptop	7	Replacement	-	-	-	-	-	-	-	-	22	22	-	22	
4	Mobile Laptop	2	Replacement	-	-	-	-	-	-	-	-	6	6	-	6	
Information Technology Subtotal				-	-	-	-	-	-	-	-	197	197	-	-	197
Vehicles																
5	Courier vans	1	Replacement	-	50	-	-	-	-	-	-	-	50	-	270	320
Vehicles Subtotal				-	50	-	-	-	-	-	-	-	50	-	270	320
Total Capital Finance Department				-	50	-	-	-	-	-	-	197	247	-	270	517

Appendix B: 2023-2032 Finance Department Capital Forecast (\$,000's)

Provides a listing for all projects within the 2023 budget and nine-year capital forecast. See Appendix A for financing details for capital projects proposed in 2023

Durham Budget 2023	2023 Proposed Budget	Forecast					Forecast Total
		2024	2025	2026	2027	2028-2032	
Finance Department							
Machinery & Equipment							
1 Postage/Mail Machine	-	-	-	-	-	40	40
Machinery and Equipment Subtotal	-	-	-	-	-	40	40
Information Technology							
2 Standard Laptop	169	103	93	105	103	498	902
3 Power Laptop	22	6	16	3	6	44	75
4 Mobile Laptop	6	3	3	3	3	14	26
Information Technology Subtotal	197	112	112	111	112	556	1,003
Vehicles							
5 Courier vans	50	-	50	-	55	165	270
Vehicles Subtotal	50	-	50	-	55	165	270
Total Capital Finance Department	247	112	162	111	167	761	1,313