

2018 Proposed Budget and Plan

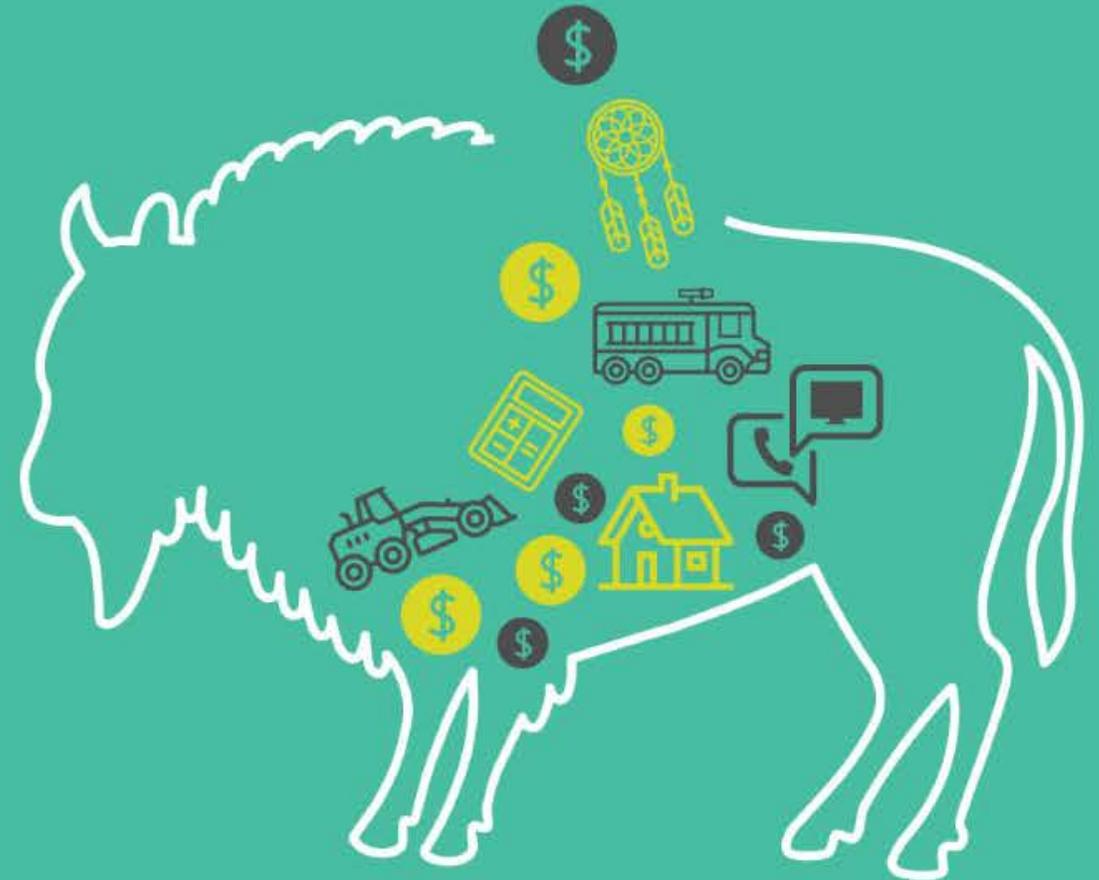
Presenters

Elsie Hutton,
Chief Financial Officer

Linda Ollivier,
Director of Financial Services

Date

February 7, 2018



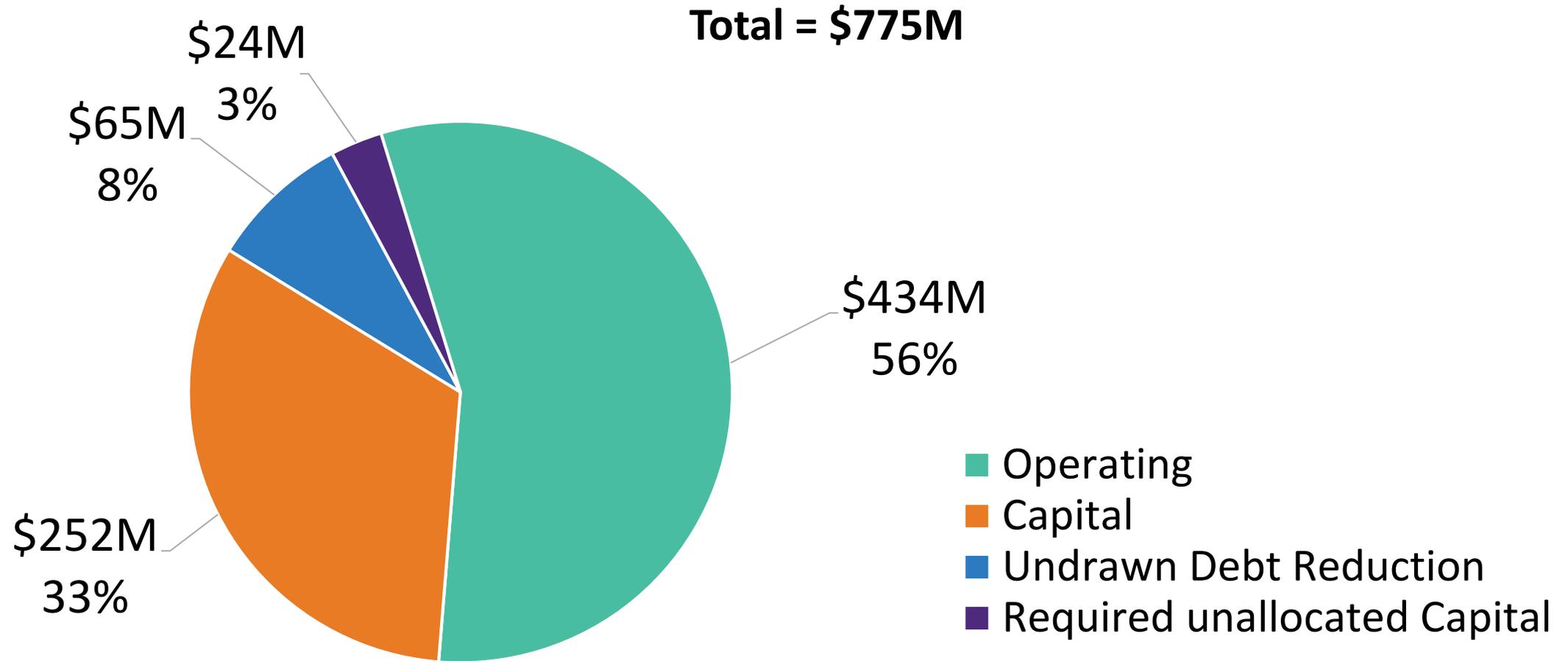
2018 Budgeting Process

- Oct – Nov/17 Internal reviews of proposed 2018 Budget
- Dec 12/17 2018 Interim Operating Budget presented to Council
- Feb 7/18 Proposed Operating and Capital Budgets and Financial Plan presented to Council
- Feb 7-10/18 2018 Proposed Budget workshops for Council (includes Community Investment Program presentations)
- Feb 27/18 Budget presented to Council for approval

2018 Proposed Budget

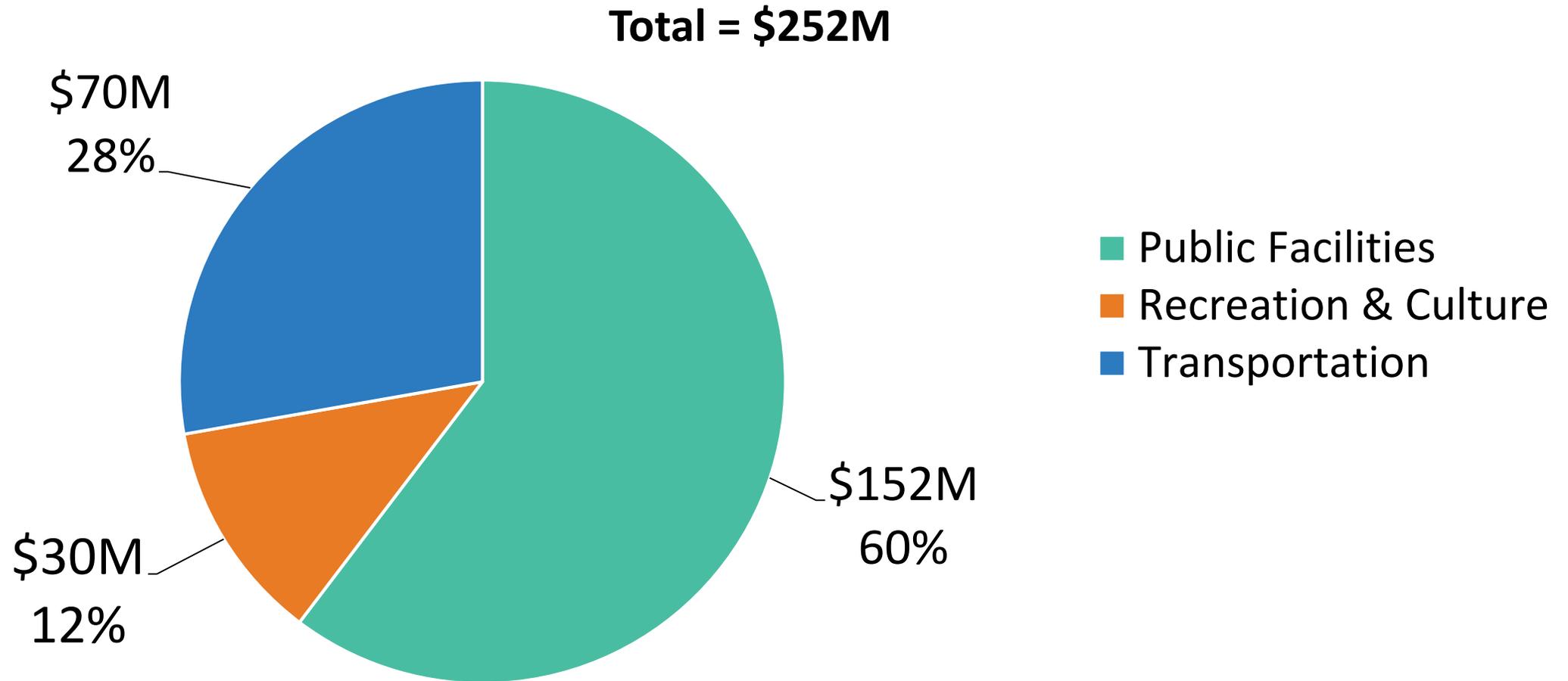
- Zero Based Budgeting (ZBB) approach
- Sustainment of existing programs/services
- Maintenance and rehabilitation of capital assets
- Benchmarking with other communities, where possible
- Updated population projections
- Undrawn debt reduction strategy

2018 Proposed Operating, Capital and Debt Reduction

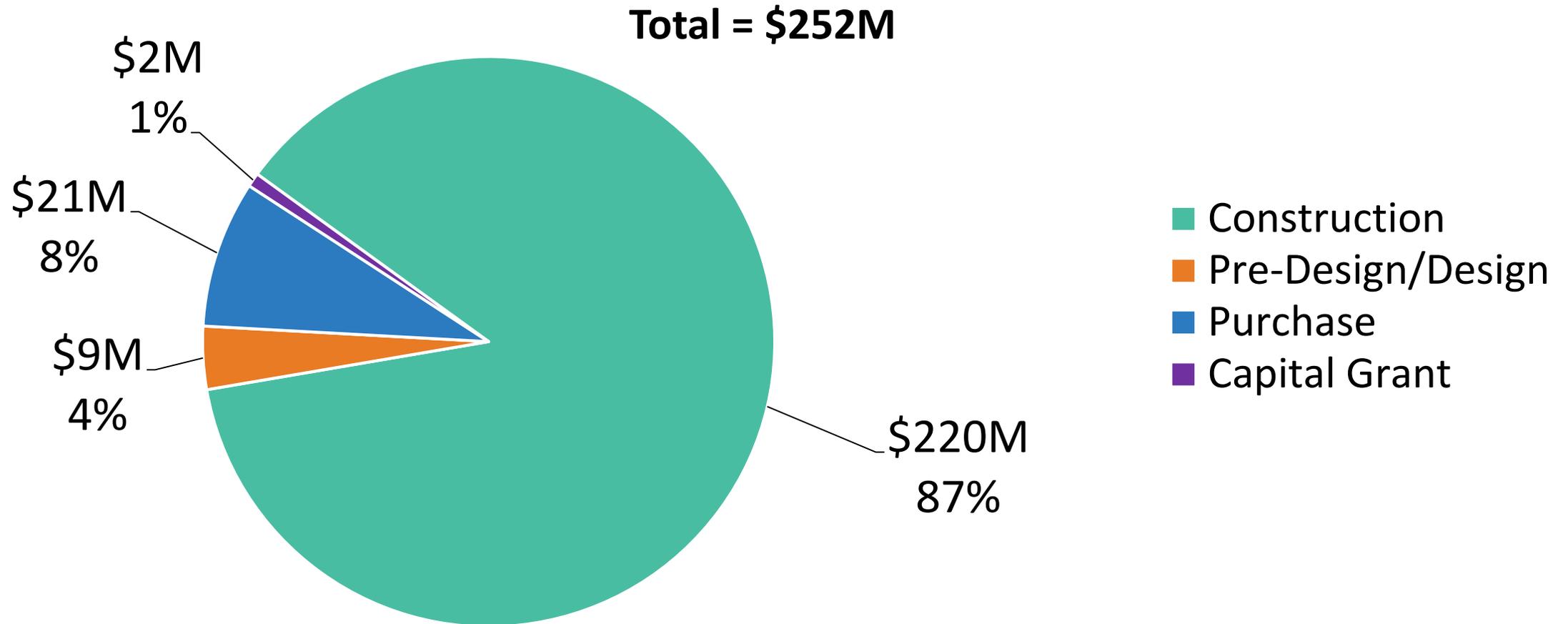


2018 Proposed Capital Budget

2018 Proposed Capital Budget, by Category



2018 Proposed Capital Budget, by Type



2018 Proposed Capital Budget & 2019 - 2023 Plan

Category	2018 (\$'M)	2019 (\$'M)	2020 (\$'M)	2021 & after (\$'M)	Total (\$'M)
First year of a pre-approved multi-year projects	-	10	12	-	22
Single year projects	59	53	7	16	135
First year of multi-year projects	22	89	52	86	249
Other than first year of a multi-year project	163	246	106	133	648
Equipment purchases	8	3	5	6	22
2018 Proposed Capital Budget/Plan	252	401	182	241	1,076

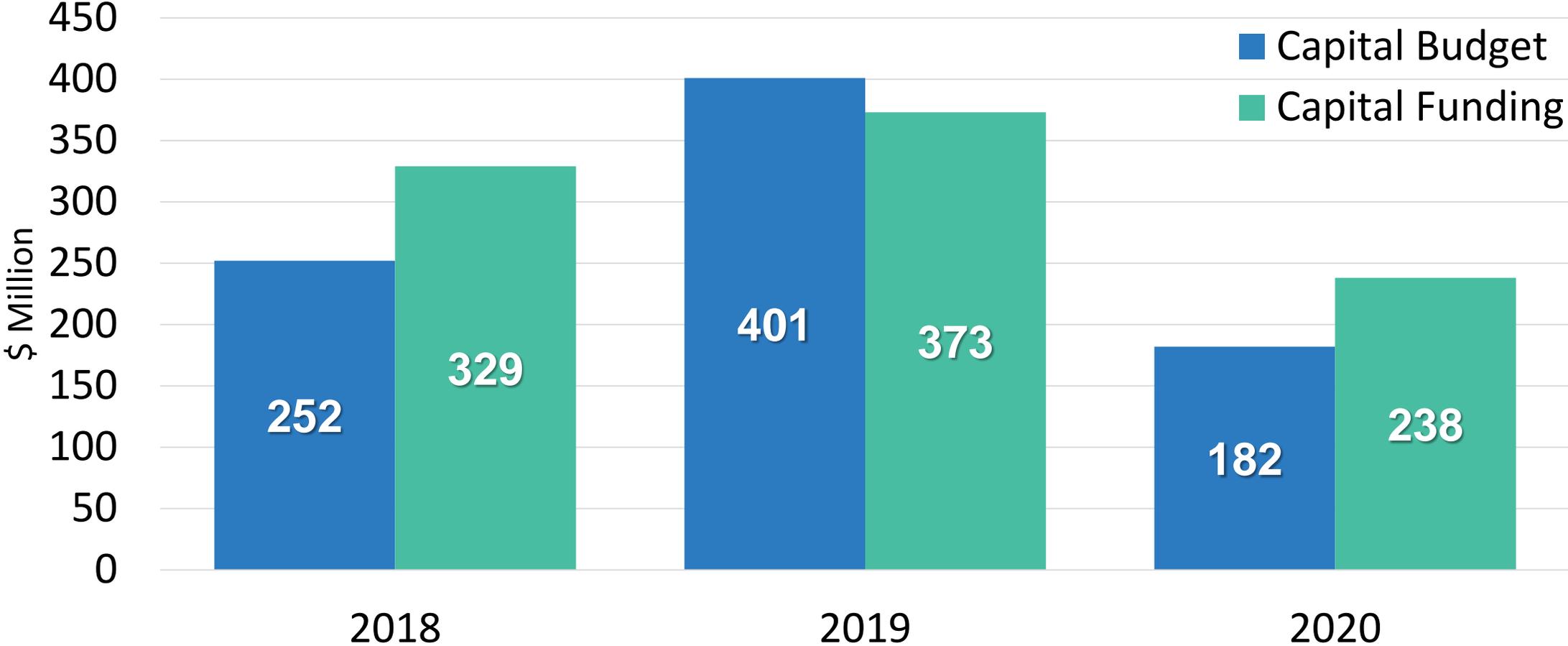
2018 Proposed Capital Funding Sources

	(\$'M)
Transfer from Operating Budget available for Capital	276
Debentures	-
Grants	32
Other Funding Sources	21
Total Funding Available for capital purposes	329

2018 Proposed Capital Budget & 2019 - 2020 Plan

Category	2018	2019	2020
	(\$'M)	(\$'M)	(\$'M)
Proposed Funding Available	329	296	266
2018 Proposed Capital Budget/Plan	252	401	182
Excess (Shortfall)	77	(105)	84
Carry Forward funding from prior year	-	77	(28)
Total Excess (Shortfall)	77	(28)	56

Capital Funding



Debt and Debt Service Legislation

- *Municipal Government Act* (MGA) Sections 251 through 274
- Alberta Regulation (AR) 255/2000
- Debt Management Policy FIN-120

Debt Definitions

Actual debt

- Debentures/debt drawn and outstanding by the Municipality

Undrawn debt

- Debt approved by Council to fund capital projects, where based on corporate cash flow/capital project progress, funds have not been borrowed to date, but will be required

Actual debt + Undrawn debt = Committed Debt

Debt Definitions

Debt service

- is the annual principal and interest amounts owing on outstanding loans made by the Municipality plus any loan guaranteed by the Municipality

Debt/Debt Service Limit

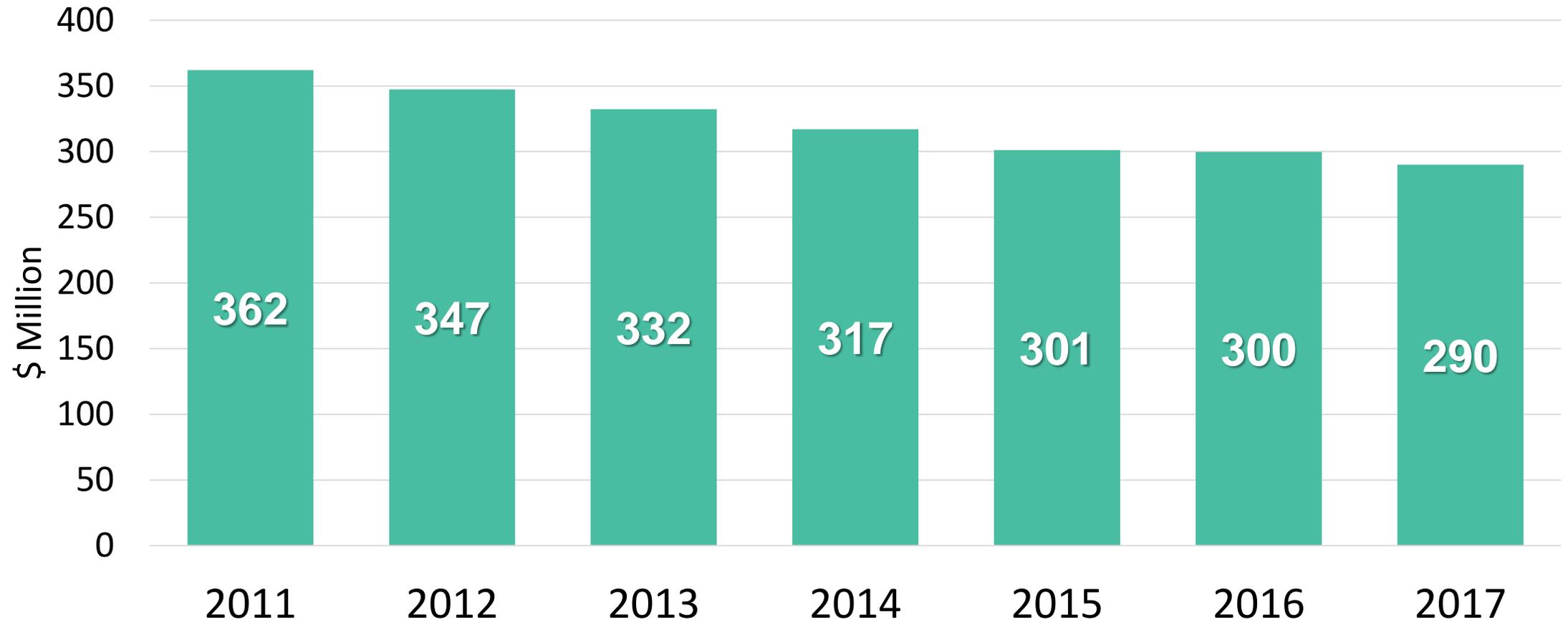
- Debt Limit = $2.0 \times \text{Revenue}$
- Debt Limit per Debt Management Policy
 - $2.0 \times \text{Revenue} \times 85\%$

- Debt Service Limit = $0.35 \times \text{Revenue}$
- Debt Service Limit per Debt Management Policy
 - $0.35 \times \text{Revenue} \times 85\%$

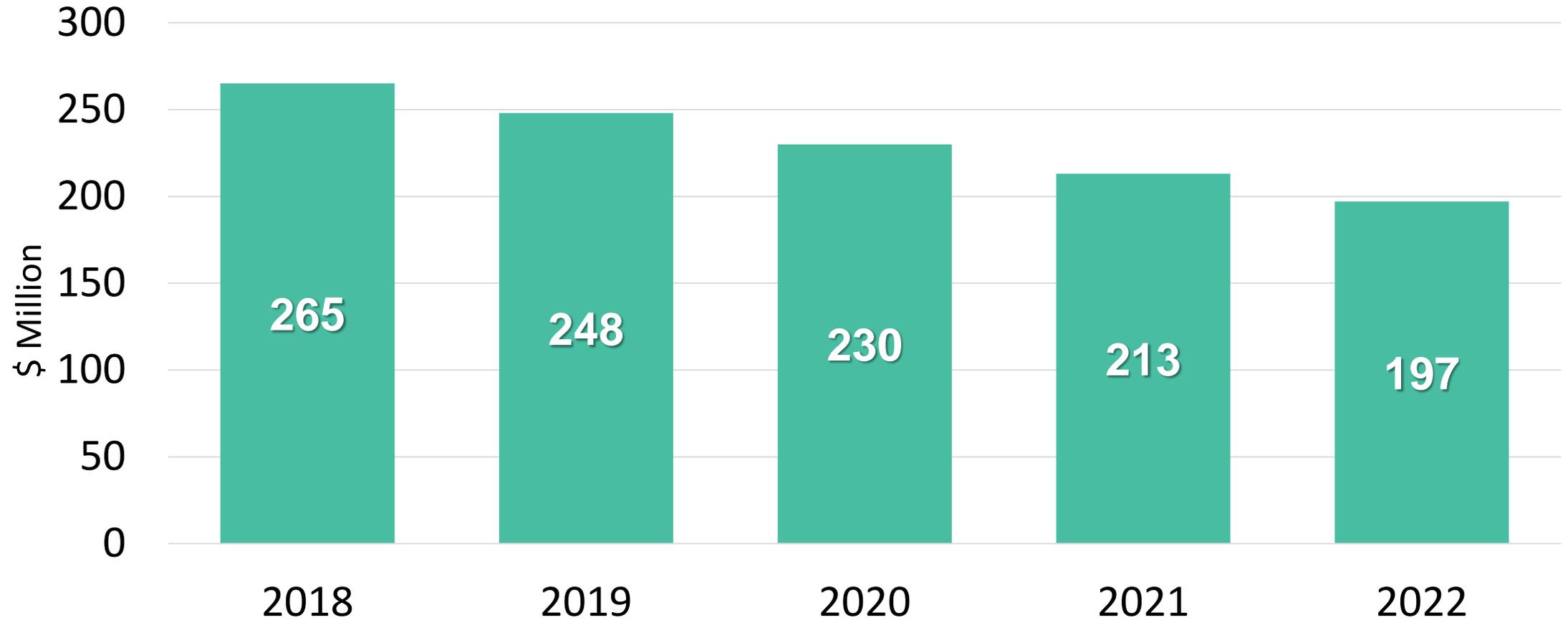
Debt

	(\$M)
Actual Debt	290
Undrawn Debt	304
Committed Debt	594

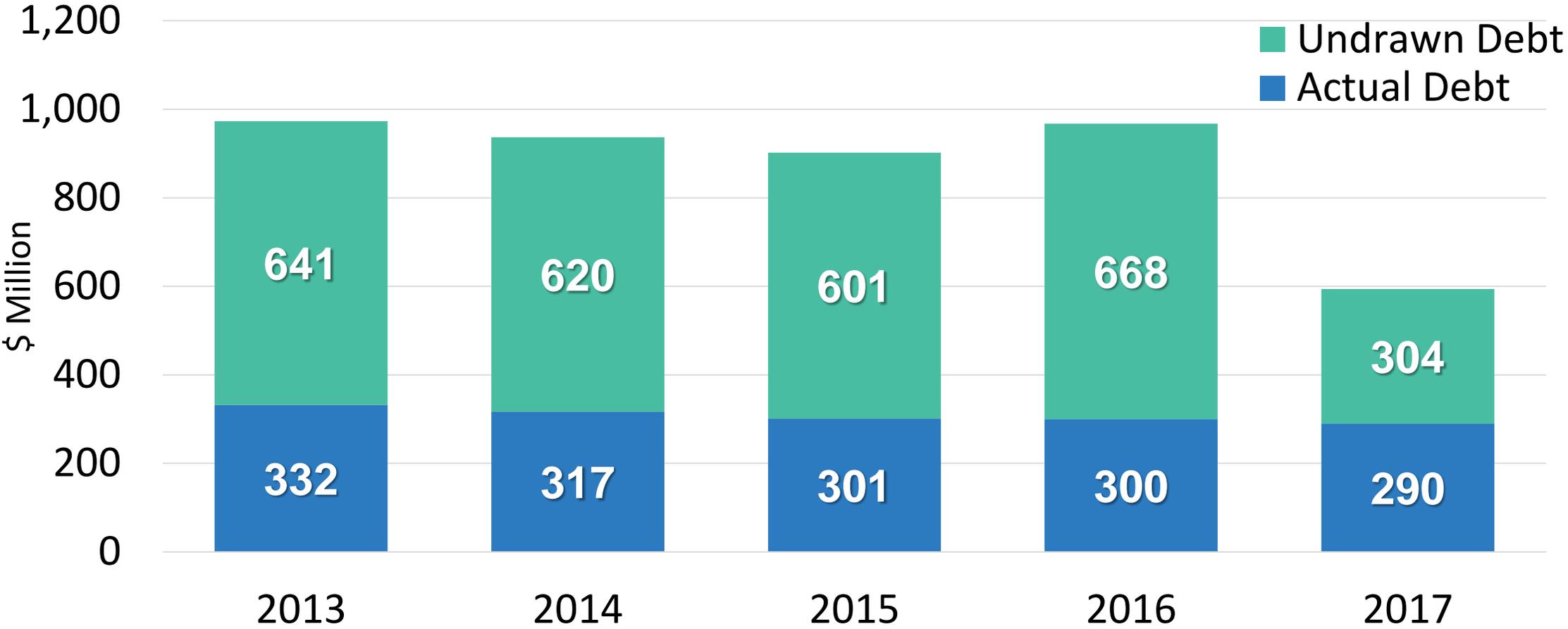
Actual Debt History



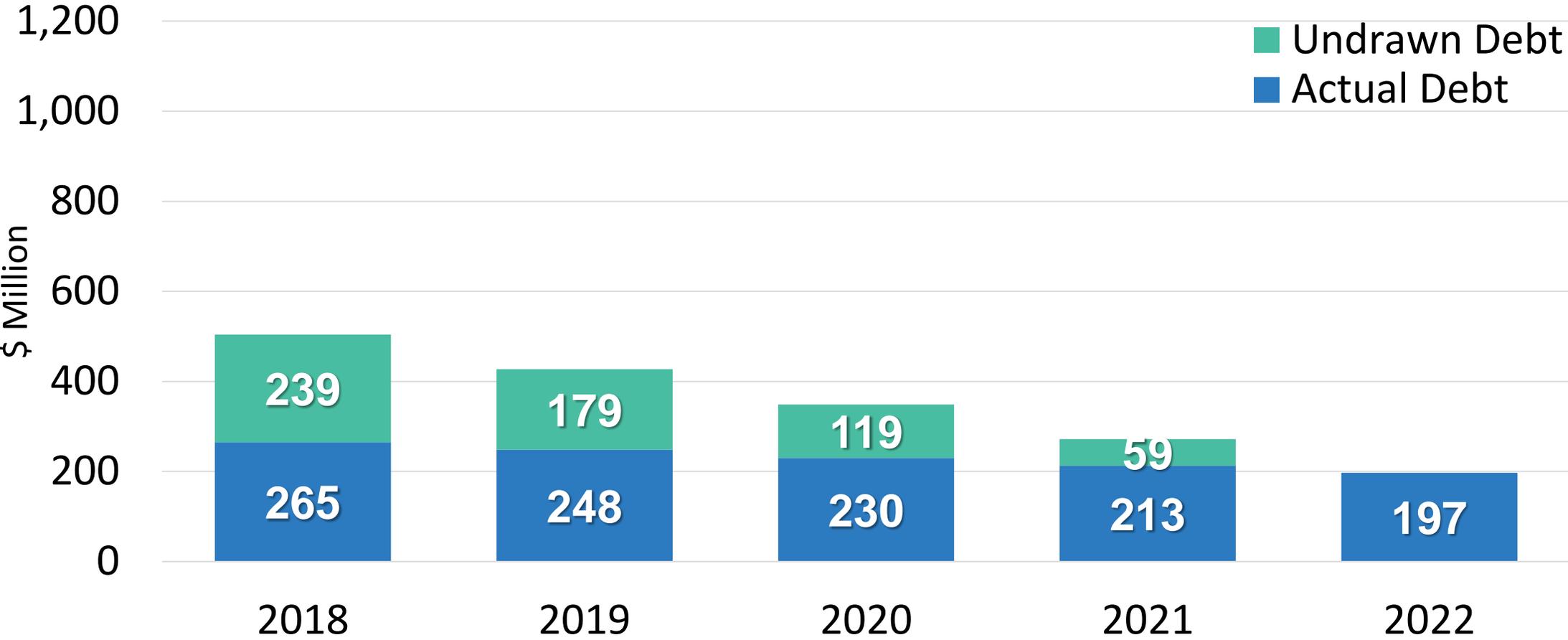
Actual Debt



Committed Debt History



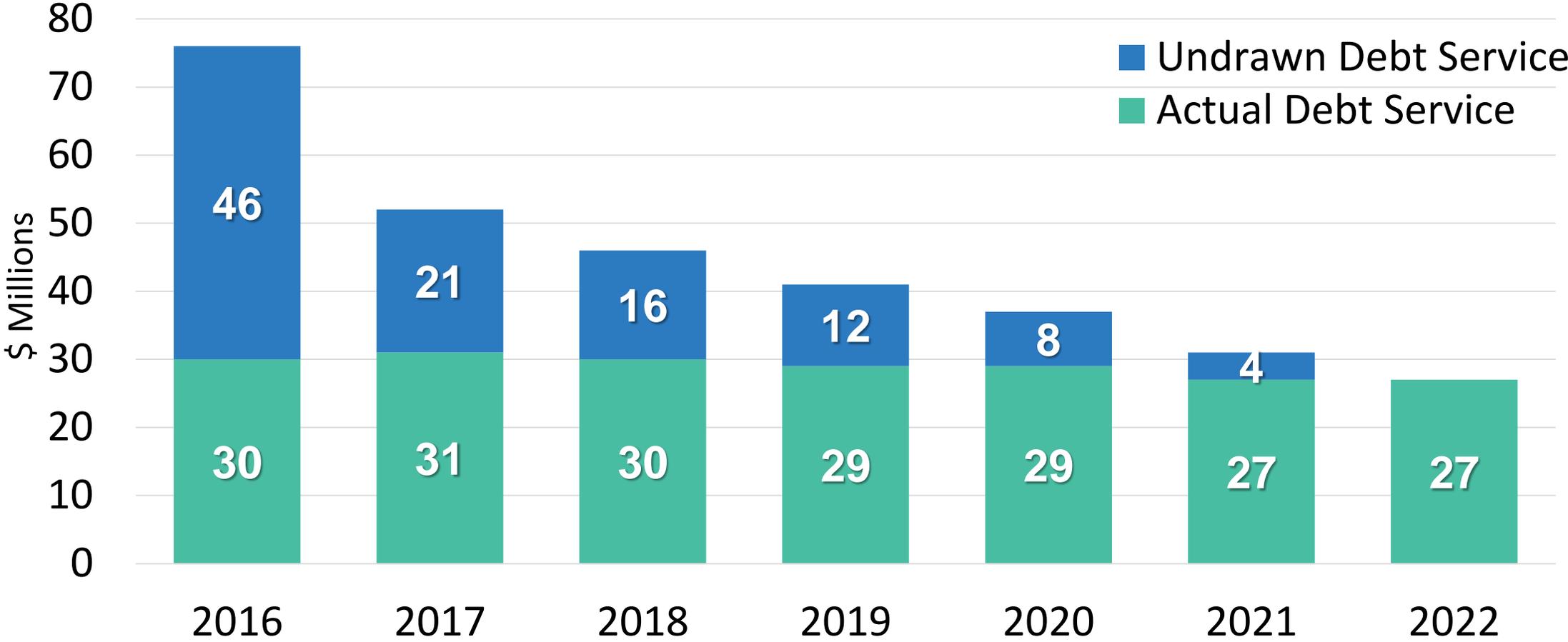
Committed Debt – Undrawn Debt Reduction Plan



Debt Service

- Represents debenture interest and principal payments
- 2018 Debt Service \$30M
- Estimated annual future debt service on undrawn debt additional \$16M/year
- Undrawn debt reduction plan avoids future debt service increases

Committed Debt Service

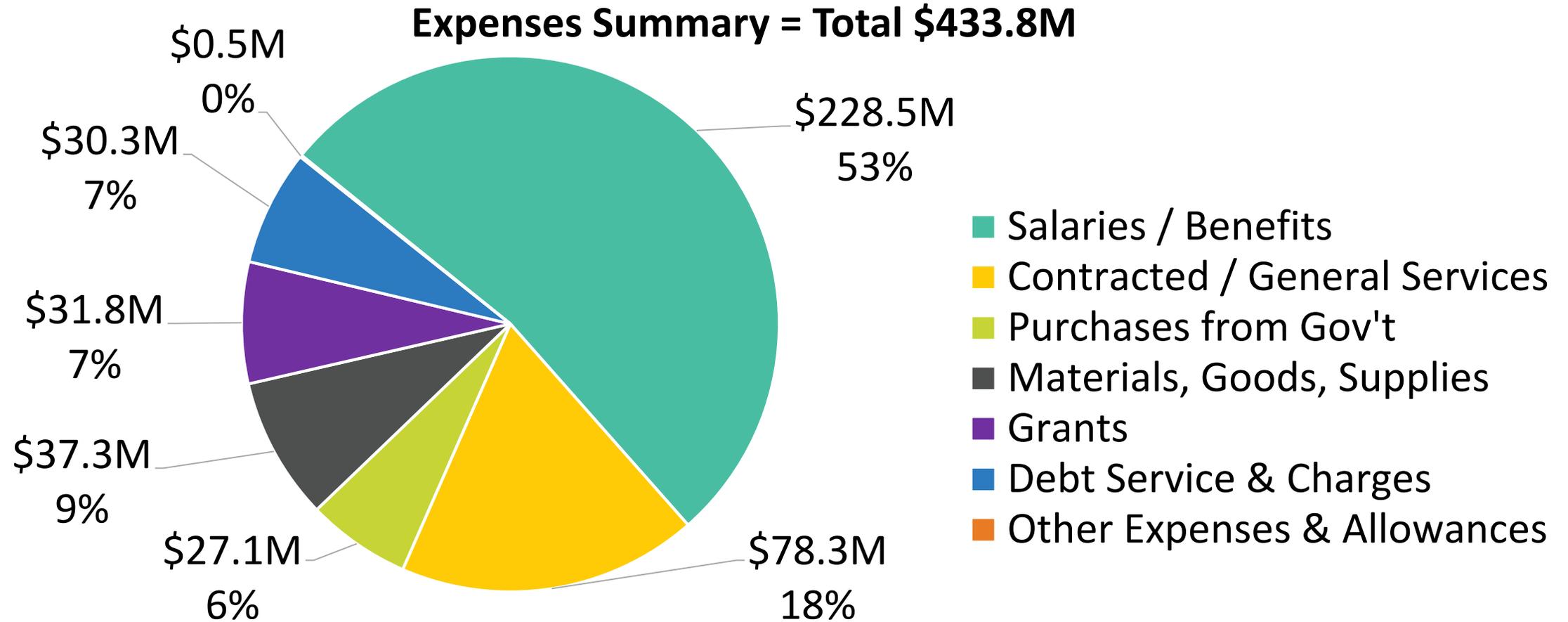


2018 Proposed Operating Budget

2018 Proposed Budget

- Continued focus on efficiencies
- Centralized oversight of certain expenses
- Business case reviews for staffing and training
- 1% assessment appeal loss contingency

2018 Proposed Operating Budget



2018 Proposed Operating Budget Comparison

Expenses	2017 Budget (\$'M)	2017 Projection (\$'M)	2018 Proposed (\$'M)	Change (\$'M)	Change (\$'M)
Salaries, Wages & Benefits	242.4	236.0	228.5	(13.9)	(7.5)
Contracted & General Services	90.2	80.0	78.3	(11.9)	(1.7)
Purchases from Other Gov'ts.	29.1	26.2	27.1	(2.0)	0.9
Materials, Goods, Supplies	33.3	32.5	37.3	4.0	4.8
Grants	33.4	33.5	31.8	(1.6)	(1.7)
Debt Service and Charges	39.2	31.9	30.3	(8.9)	(1.6)
Other Expenses and Allowances	1.1	2.7	0.5	(0.6)	(2.2)
Total	468.7	442.8	433.8	(34.9)	(9.0)

2018 Salaries and Benefits Budget

- CUPE union increase budgeted as contingency
- IAFF union increase budgeted as contingency
- Exempt pay for Performance increase budgeted as contingency
- Continuation of Business Case review process for new/vacant positions
- \$3.5M budget reduction in overtime

2018 Proposed Operating Budget

	(\$M)
Total Operating expenses	433.8
Transfer for capital purposes	276.5
Undrawn debt reduction	65.0
Total operating and capital funding required	775.3
Less: Operating funding from sources other than taxation	(101.9)
Net taxation revenue required	<u>673.4</u>

2018 Proposed Operating Budget Comparison

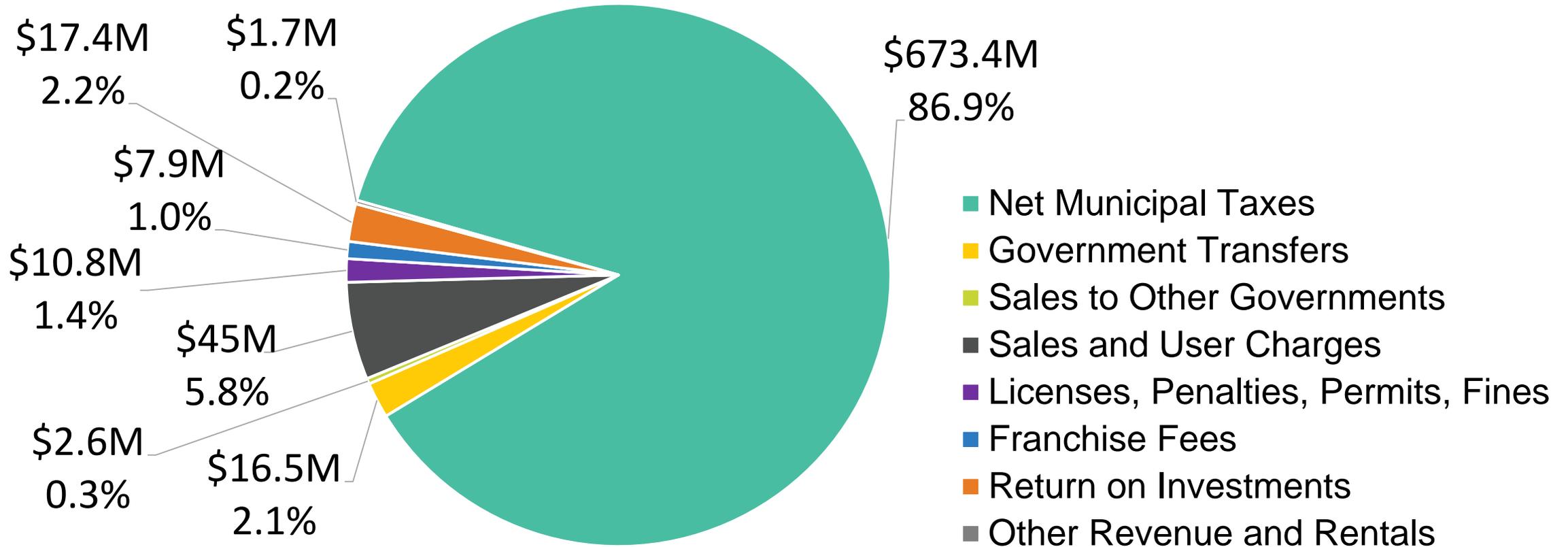
Expenses	2017 Budget (\$'M)	2017 Projection (\$'M)	Change (\$'M)	2018 Proposed (\$'M)	Change (\$'M)
Total Operating Expenses	468.7	442.8	(25.9)	433.8	(34.9)
Transfer to Capital	335.6	335.6	-	276.5	(59.1)
Undrawn Debt Reduction	-	-	-	65.0	65.0
Total Operating Budget	804.3	778.4	(25.9)	775.3	(29.0)

2018 Operating Budget Revenue Analysis

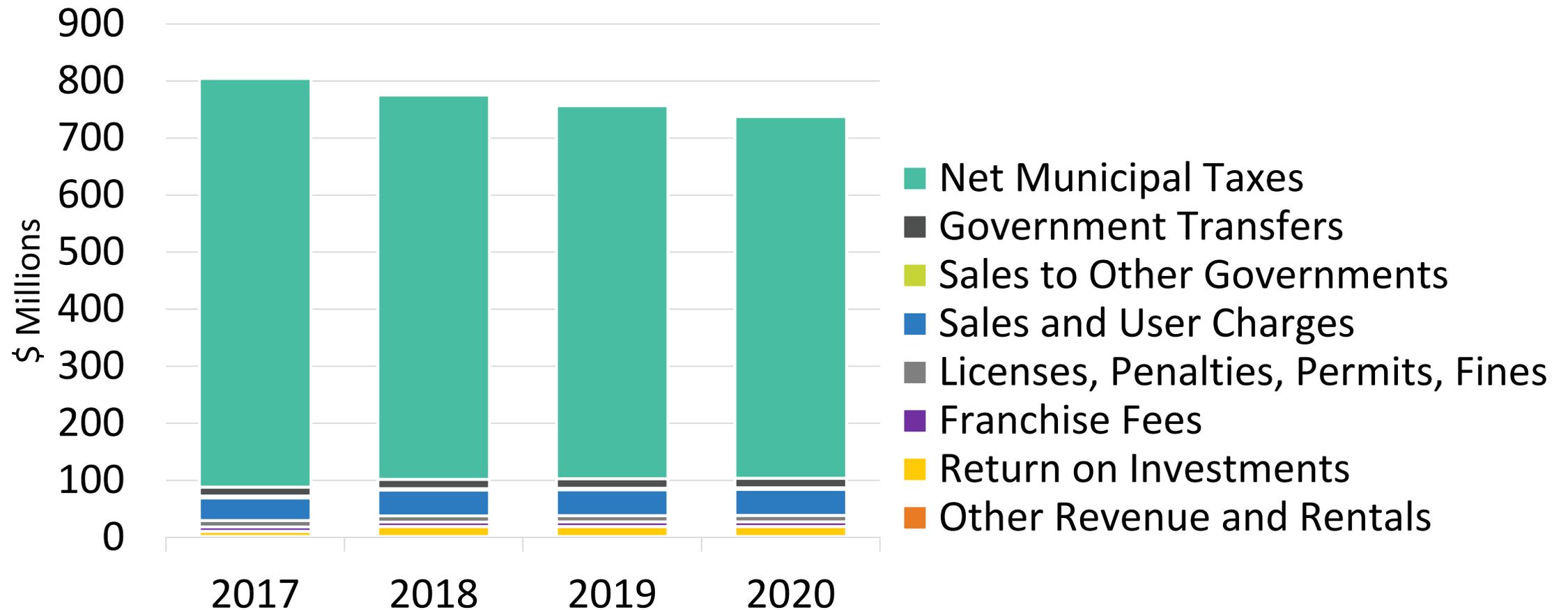
Revenue	2017 Budget (\$'M)	2017 Projection (\$'M)	2018 Proposed (\$'M)	2018 Change (\$'M)
Net Taxes Available – Municipal	716.0	712.6	673.4	(42.6)
Government Transfers	15.5	17.0	16.5	1.0
Sales to Other Governments	3.3	2.6	2.6	(0.7)
Sales and User Charges	39.9	44.0	45.0	5.1
Licenses, Penalties, Permits, Fines	10.9	10.5	10.8	(0.1)
Franchise Fees	7.9	7.9	7.9	-
Return on Investments	9.1	12.2	17.4	8.3
Other Revenue and Rentals	1.6	2.1	1.7	0.1
Total	804.2	808.9	775.3	(28.9)

2018 Proposed Operating Budget

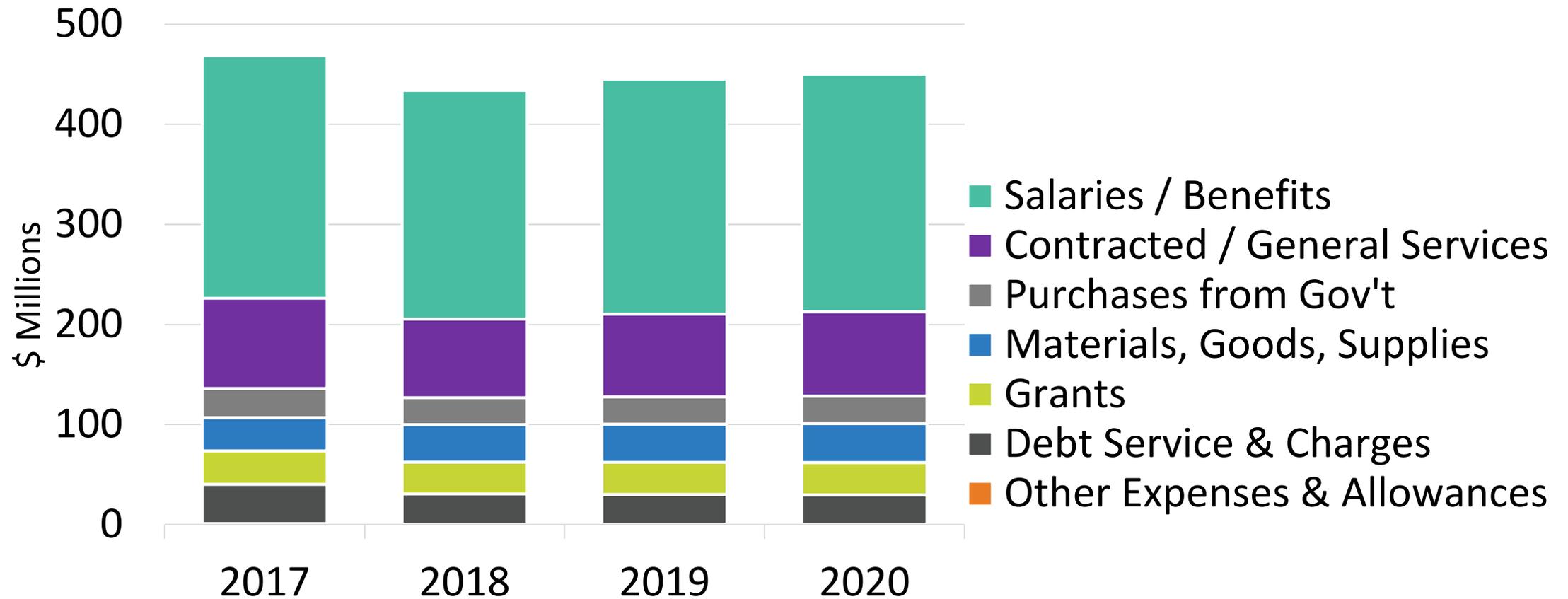
Revenue Summary = Total \$ 775.3M



Operating Budget & Financial Plan Trend - Revenue



Operating Budget & Financial Plan Trend - Expense



Next Steps

- Capital Project Budget Presentations
- Operating Budget Departmental Presentations
- Council Deliberations
- Council Resolution for Budget Approval

Questions?