

2015-2018 Corporate Business Plan and 2017 Budget

**Council Budget Meeting
November 18, 2016**

Presentation outline

2017 Consolidated Budget:

- Budget overview
- Operating budget highlights
- Capital budget highlights
- Summary

What is a budget?

Budget

- a) A statement of the financial position of an administration for a definite period of time based on estimates of expenditures during the period and proposals for financing them;
- b) a plan for the coordination of resources and expenditures and;
- c) the amount of money that is available for, required for, or assigned to a particular purpose.

(Miriam-Webster's Collegiate Dictionary, Ninth Edition. 1983)

2017 consolidated budget

Budget creation fundamentals

- Financial manifestation of Council priorities as reflected in:
 - Council's Strategic Plan
 - Corporate Business Plan
 - Departmental Business Plans
- 2017 budget process
- Re-alignment to historic spending patterns
- Re-distribution of freed up resources using PBB lens

Key recommendations

2017 operating budget

- Services and service delivery are **maintained** at current Council approved service levels
- Municipal tax dollar **decrease** of **2.17%**
 - Reduction of (\$41.73) per year for the sample single family residential property (assessed at \$450,000)
 - where 1% municipal tax dollar increase ~ \$2.154 million
- Utility rate **increase** of **0.17%**
 - Increase of \$0.21 per month (\$2.52 per year) for the average urban customer
 - where 1% utility rate increase ~ \$440 thousand
- Library tax dollar **no change** or **0.0%**
 - where 1% library tax dollar increase ~ \$94 thousand

Key recommendations

2017 operating budget

Strathcona County delivers a **balanced** and **fiscally responsible budget** that identifies the costs and resources required to continue with the provision of quality municipal, utility and library program and service delivery.

\$Millions	Municipal Operations	Utility Operations	Strathcona County Library	2017 Strathcona County
Revenues	\$ (273.7)	\$ (56.3)	\$ (10.5)	\$ (340.5)
Expenses	281.3	57.3	10.4	349.0
Net Revenues	7.6	1.0	-0.1	8.5
Non-Operating Items*	38.4	6.3	1.5	46.2
Non-Cash Adjustment (offset to amortization)	-46.0	-7.3	-1.4	-54.7
Net Impact for Budget	0.0	0.0	0.0	0.0

* Non-operating items include transfers to/from reserve, debt repayment, and amortization expense.

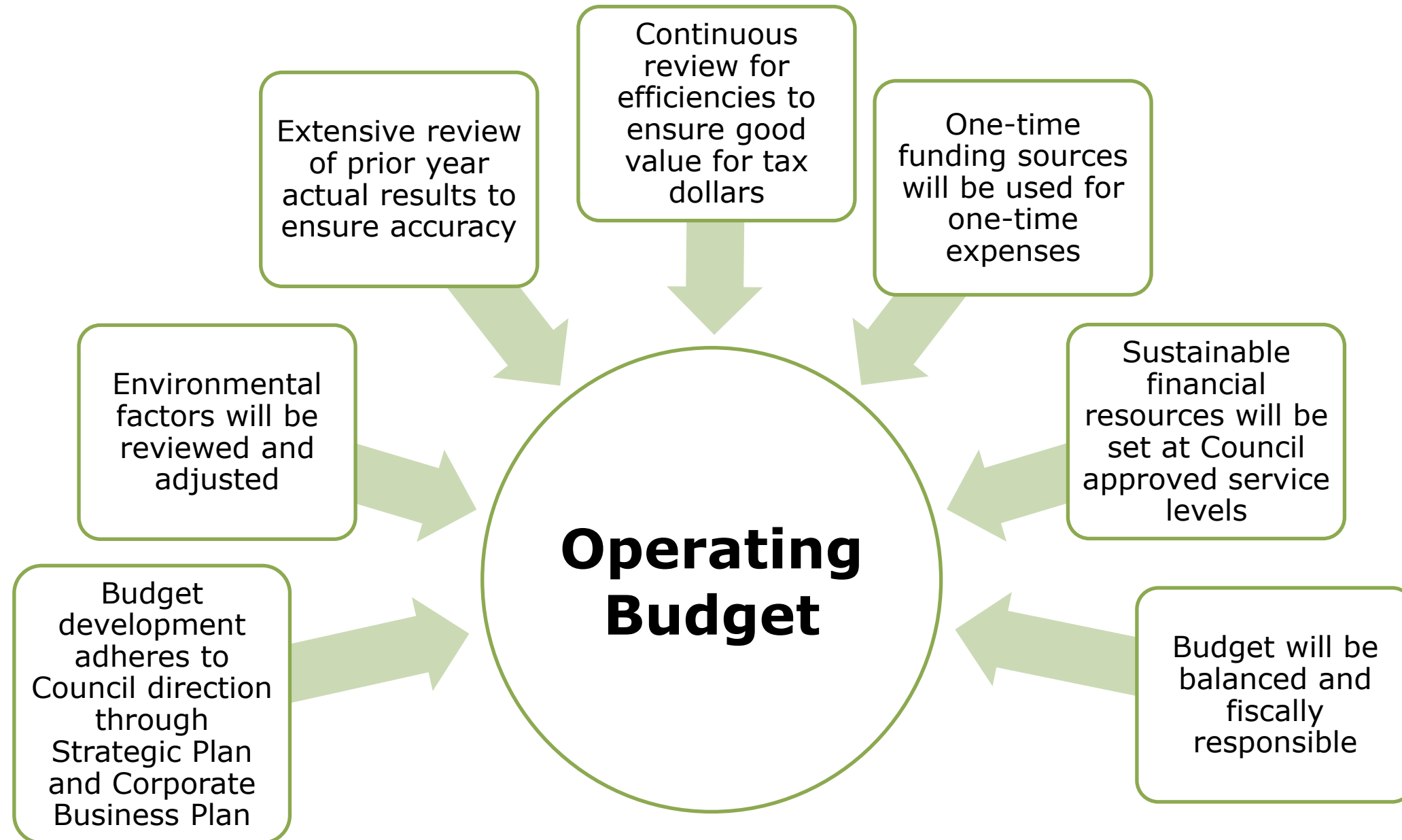
Key recommendations

2017 capital budget

- Recommended capital budget for 2017 is **\$65.6M**
 - Municipal operations = \$61.8M
 - Utility operations = \$3.1M
 - Library operations = \$0.7M
- The capital budget is **fully funded**
- The capital budget was considered in the context of the long-term financial outlook
- **Debt recommendation**
 - No new debt

Operating budget highlights

Operating budget principles



Consolidated operating budget

(millions)

Expenditures

(including transfers to reserves, excludes amortization expense)

✓ 2016 adjusted base	\$344.3
+ Inflation (MPI = 1.1%)	3.4
+ Growth	2.4
+ Changes in service levels (including new initiatives)	4.0
+ Priority management	(3.2)
+ Other	2.9
	\$353.8

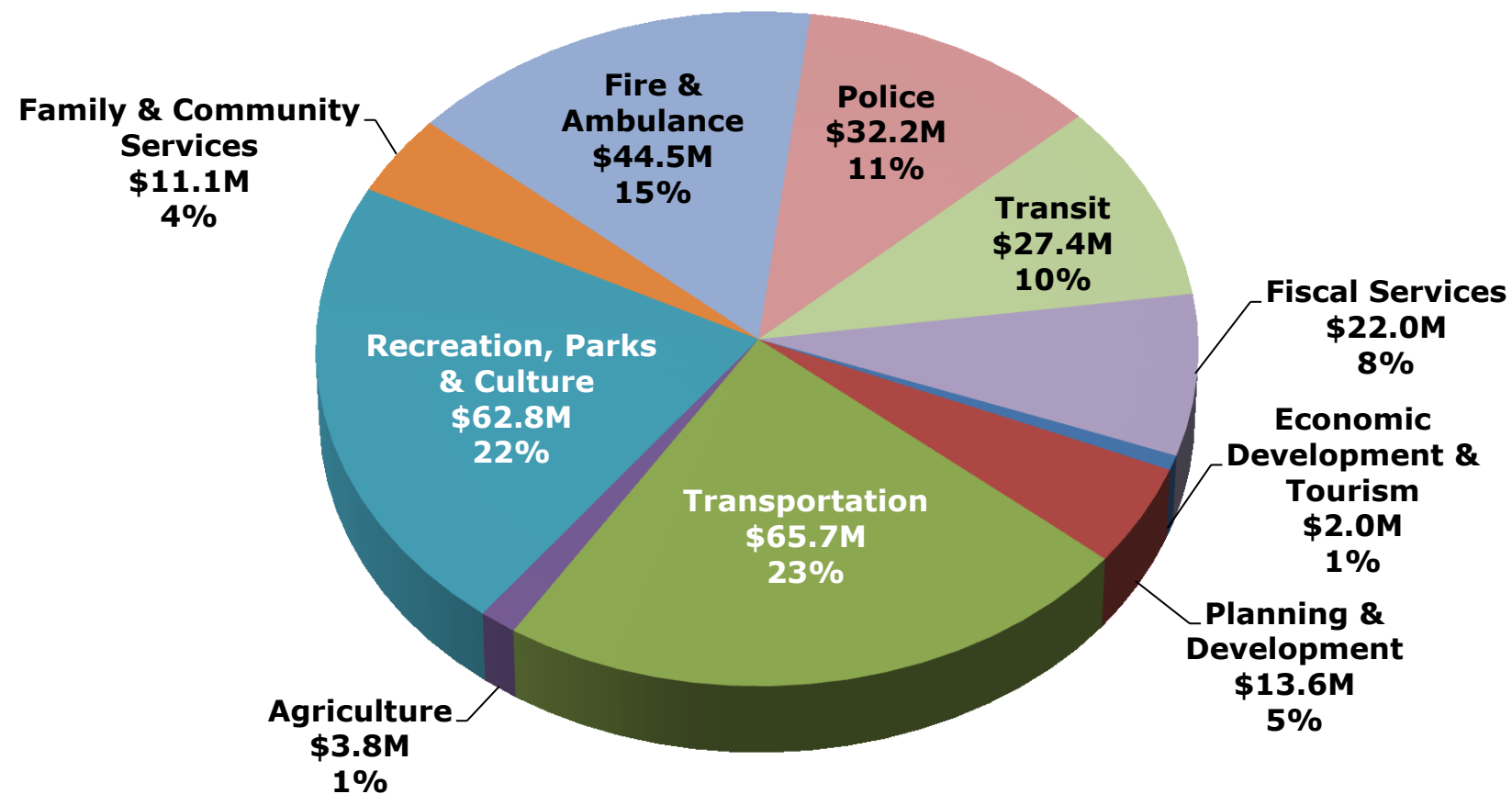
Revenues

(including transfers to reserves)

✓ Existing tax base	\$220.0
+ New tax base	0.5
+ User rates, fees and charges	40.1
+ Utility rate base	54.2
+ Operating grants	6.2
+ Reserves	13.3
+ Other and own sources	19.5
	\$353.8

What municipal services cost

2017 Municipal Operating Budget - \$285.1M



Recommended 2017 Municipal Operating Budget includes expenditures of \$235.4M (excluding amortization of \$45.9M) and non-operating items of \$49.7M; corporate support services and Council costs have been allocated.

Service delivery factors

Growth and inflation highlights

Growth:

- Green spaces – grass cutting, weed control
- Trails – maintenance
- Facilities – utilities, janitorial, maintenance

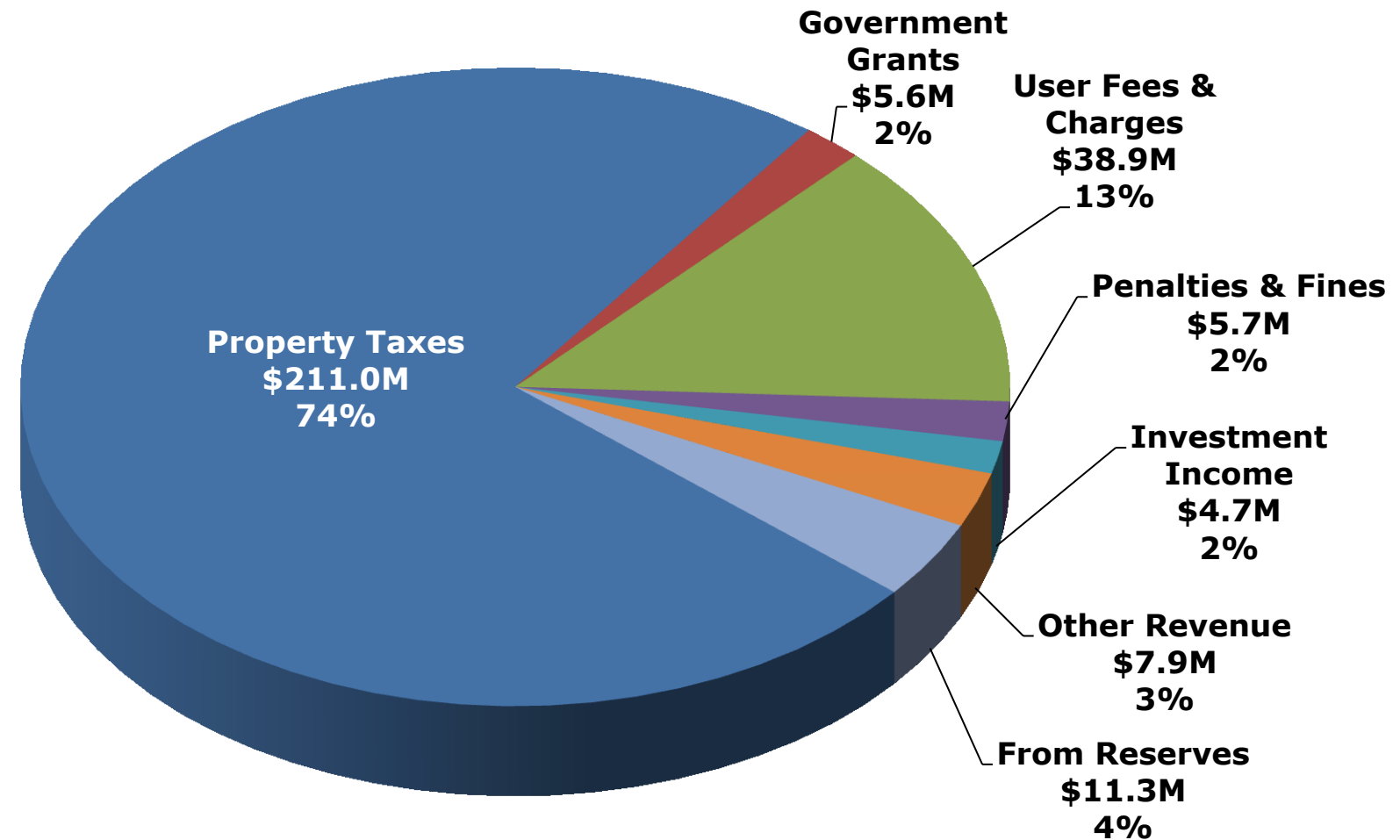
Inflation/Deflation:

- Supplies – fuel & road oil deflation (14%), expendable supplies 3%, Tires 5%
- Insurance – deflation (5%)
- Utilities Supplies – water purchased for resale 3%, sewer treatment for resale 6%
- Employee Benefits – 2%
- Utilities – electricity 5%, natural gas 18%, community energy 3%
- Contracts – RCMP contract 6%

Where the money comes from

2017 Municipal Operating Budget - \$285.1M

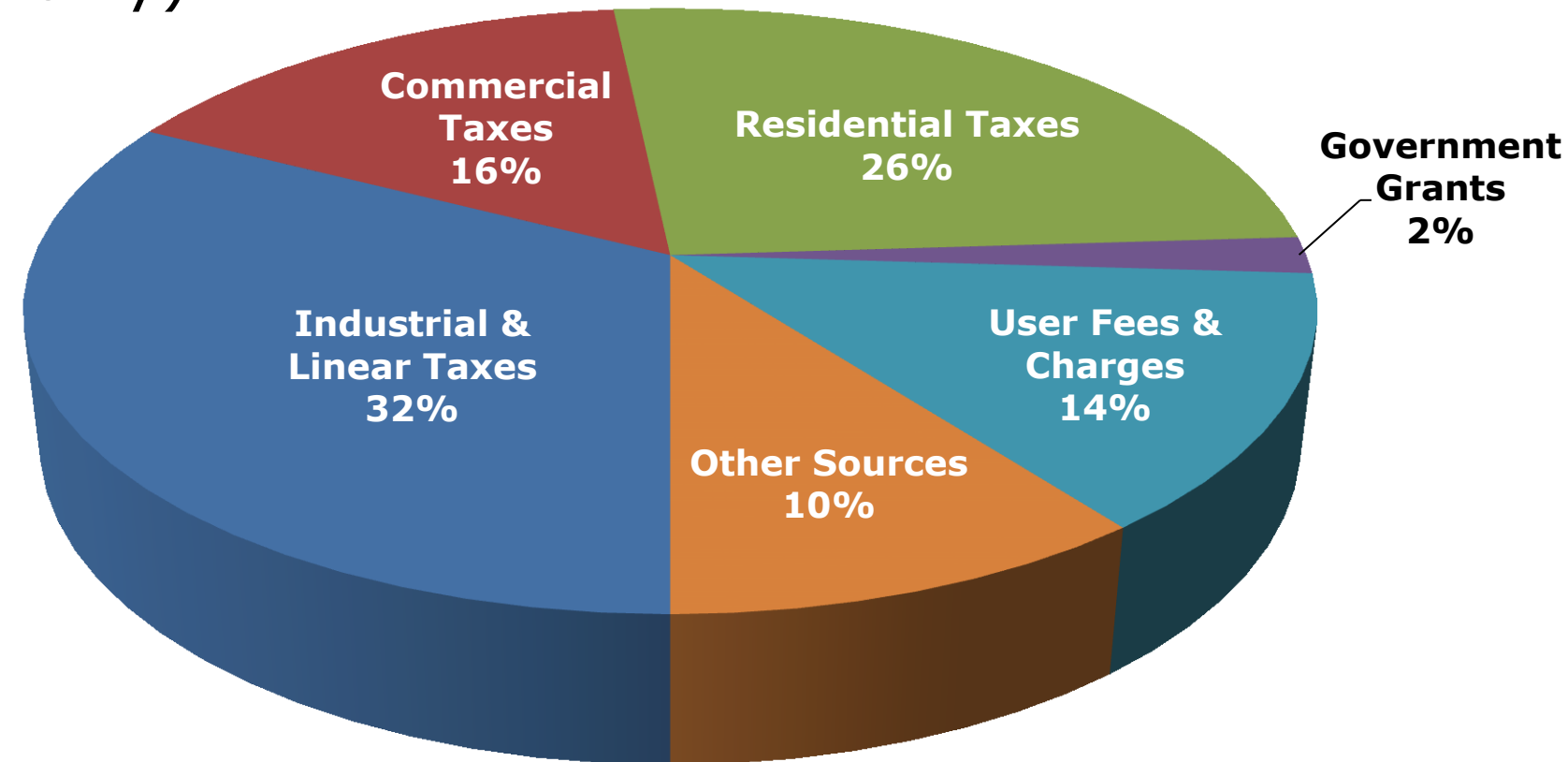
Recommended 2017
Municipal Operating Budget
includes revenues of
\$273.8M and reserve
transfers of \$11.3M.



Municipal residential property taxes

Contribute 26% towards supporting municipal services

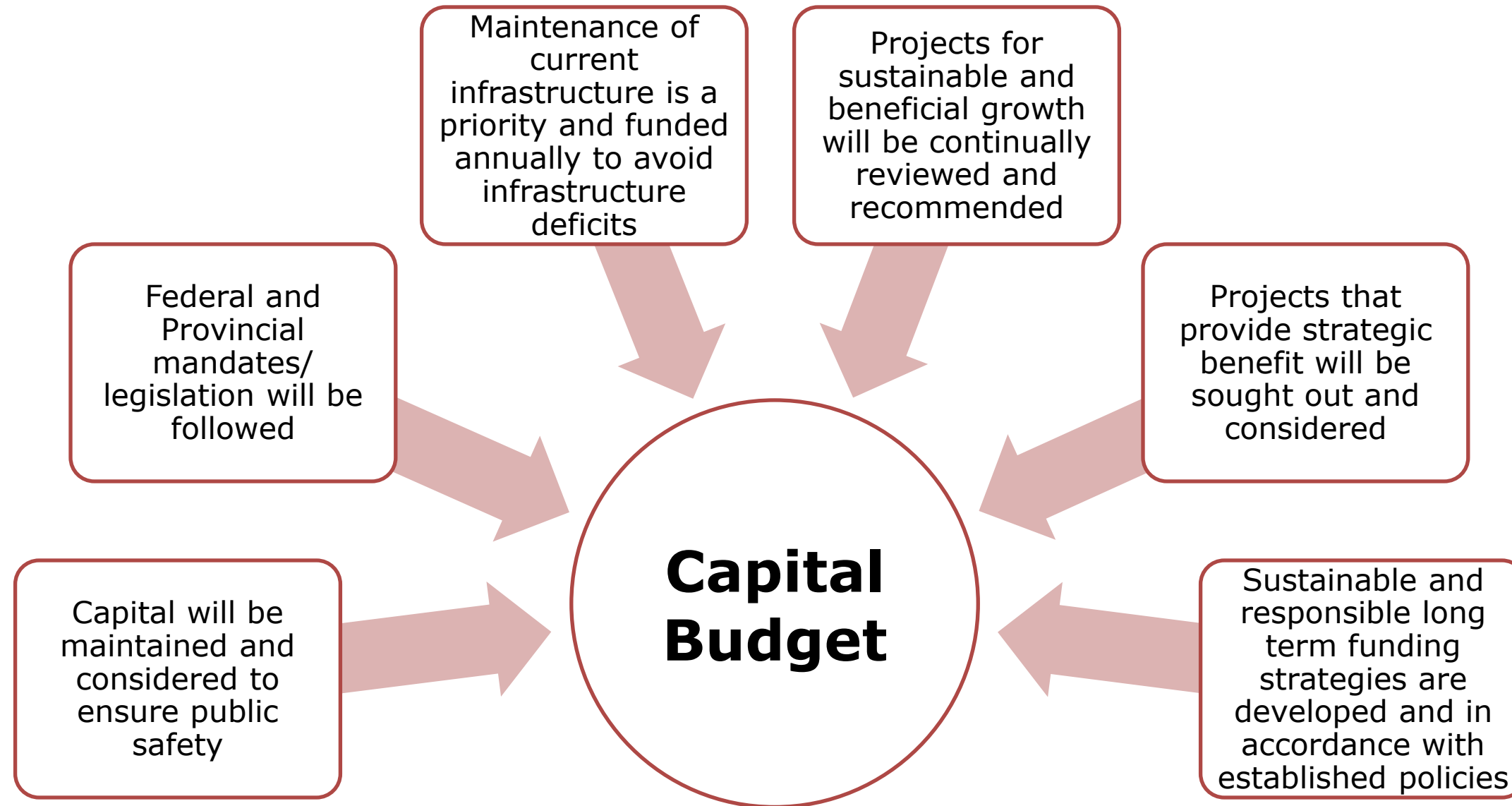
(Municipal operations only)



Other Sources includes local improvement charges, interest income, fines and penalties, transfers from reserves, interprogram revenues and other revenues.

Capital budget highlights

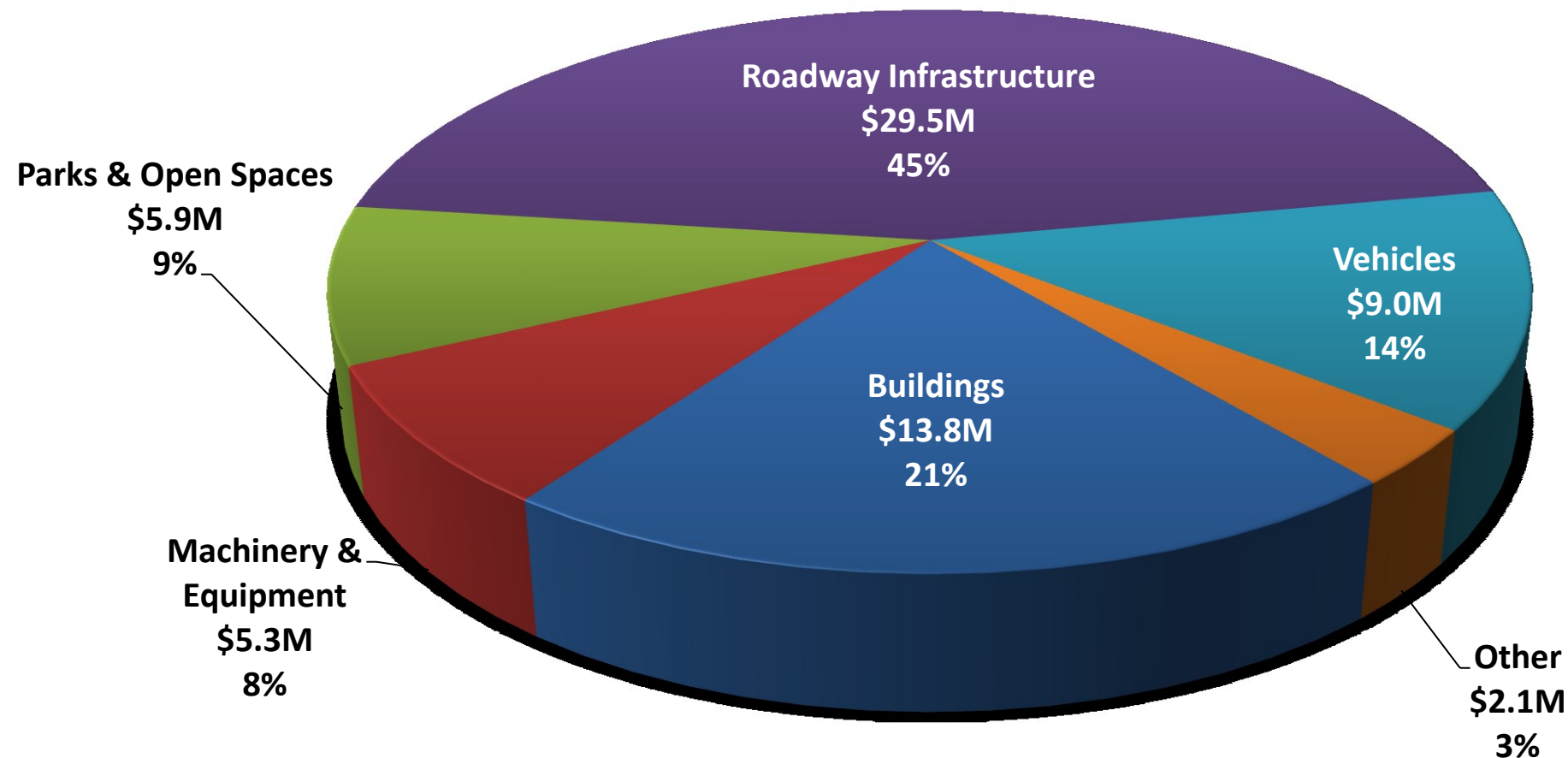
Capital principles



Capital budget by asset type

Municipal, Utility, Library operations

2017 Capital Budget by asset type - \$65.6M

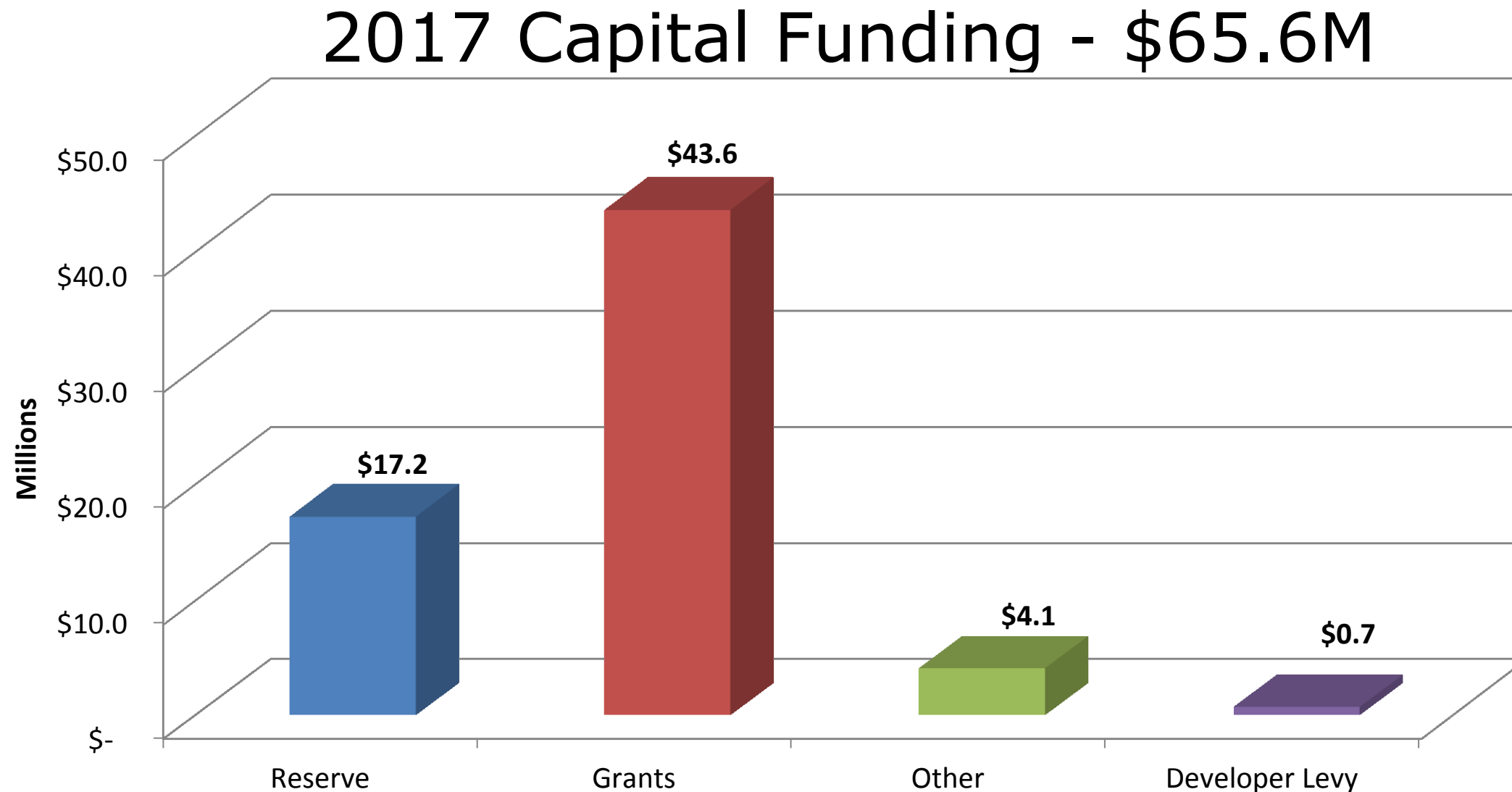


The 2017 budget balances the County's broad capital needs to maintain services.

Capital budget funding

Municipal, Utility, Library operations

No new debt
is required.



* Includes developer contributions and contribution in aid of construction

Thank you