



**2019 APPROVED OPERATING BUDGET
AND
2020-2021 FINANCIAL PLAN
(SUMMARY VERSION)**

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REGIONAL MUNICIPALITY
OF **WOOD BUFFALO**

2019 BUDGET DOCUMENT READER'S GUIDE (SUMMARY VERSION)

The budget document describes how the Regional Municipality of Wood Buffalo plans to meet the public service and infrastructure needs of its residents.

BUDGET AND FINANCIAL POLICIES

The Regional Municipality of Wood Buffalo's Budget and Financial Policies are intended to serve as a Council-approved set of values and expectations for residents, Council, Municipal staff, and other interested parties who may do business with the Municipality.

BASIS OF BUDGETING

The Regional Municipality of Wood Buffalo recognizes revenues in the period they are deemed available and measurable to meet or pay for liabilities and expenses in the period goods and services are received.

BALANCED BUDGET

A balanced budget for the Municipality means revenues equal expenses excluding amortization expense for each budget year.

BUDGET CYCLE

The Municipality's budget cycle follows the calendar year (January 1 through December 31). Administration submits annually for Council review and approval, one year operating and capital budgets, two years of operating plan and five years of capital plan.

2019 APPROVED BUDGET OVERVIEW

The 2019 budget of **\$754,649,733** consisting of **\$418,239,632** for operating needs, **\$276,410,101** for capital improvement program and **\$60,000,000** for undrawn debt reduction has been developed.

In the short term, several budget development principles and strategies influenced the 2019 Budget;

- Develop and recommend a balanced budget supported by current revenues.
- Align business plans and budget with Municipal Development Plan and 2018 – 2021 Strategic Plan.
- Maintain fiscal stability reserves and debt levels as per applicable policies.
- Provide funding for new infrastructure, maintenance and asset replacement.
- Maintain quality of life programs in place and identify increasing service levels based on benchmarks.
- Maintain competitive compensation and benefits package for municipal employees.

| | 2019 Budget | 2020 Plan | 2021 Plan | 2019 - 2020 Change | Change % | 2020 - 2021 Change | Change % |
|--------------------------------------------|-----------------------|-----------------------|-----------------------|------------------------|--------------|------------------------|--------------|
| Revenues | | | | | | | |
| Property Taxes | \$ 645,187,200 | \$ 622,930,231 | \$ 602,455,231 | \$ (22,256,969) | -3.4% | \$ (20,475,000) | -3.3% |
| Government Transfers | 16,466,234 | 16,466,234 | 16,466,234 | - | 0.0% | - | 0.0% |
| Sales and User Charges | 47,686,150 | 49,686,150 | 49,686,150 | 2,000,000 | 4.2% | - | 0.0% |
| Sales to Other Governments | 2,441,500 | 2,441,500 | 2,441,500 | - | 0.0% | - | 0.0% |
| Penalties and Costs on Taxes | 4,182,000 | 4,182,000 | 4,182,000 | - | 0.0% | - | 0.0% |
| Licenses and Permits | 2,193,108 | 2,193,108 | 2,193,108 | - | 0.0% | - | 0.0% |
| Fines | 3,048,145 | 3,048,145 | 3,048,145 | - | 0.0% | - | 0.0% |
| Franchise and Concessions | 8,300,000 | 8,300,000 | 8,300,000 | - | 0.0% | - | 0.0% |
| Returns on Investments | 23,432,000 | 23,432,000 | 23,432,000 | - | 0.0% | - | 0.0% |
| Rentals | 1,552,400 | 1,552,400 | 1,552,400 | - | 0.0% | - | 0.0% |
| Other Revenues | 160,996 | 160,996 | 160,996 | - | 0.0% | - | 0.0% |
| | \$ 754,649,733 | \$ 734,392,764 | \$ 713,917,764 | \$ (20,256,969) | -2.7% | \$ (20,475,000) | -2.8% |
| Expenses | | | | | | | |
| Salaries, Wages, & Benefits | \$ 224,776,794 | \$ 226,260,871 | \$ 228,365,788 | \$ 1,484,077 | 0.7% | \$ 2,104,917 | 0.9% |
| Contracted & General Services | 69,791,072 | 73,237,072 | 75,697,072 | 3,446,000 | 4.9% | 2,460,000 | 3.4% |
| Purchases from Other Governments | 25,266,500 | 25,266,500 | 25,266,500 | - | 0.0% | - | 0.0% |
| Materials, Goods, Supplies & Utilities | 33,874,566 | 34,198,420 | 34,525,513 | 323,854 | 1.0% | 327,093 | 1.0% |
| Provision for Allowances | 774,000 | 774,000 | 774,000 | - | 0.0% | - | 0.0% |
| Transfers to Local Boards and Agencies | 521,000 | 443,000 | 443,000 | (78,000) | -15.0% | - | 0.0% |
| Transfers to Individuals and Organizations | 33,643,200 | 31,866,400 | 31,866,400 | (1,776,800) | -5.3% | - | 0.0% |
| Bank Charges and Short Term Interest | 211,500 | 211,500 | 211,500 | - | 0.0% | - | 0.0% |
| Interest on Long Term Debt | 11,840,000 | 11,116,260 | 10,311,916 | (723,740) | -6.1% | (804,344) | -7.2% |
| Other Expenses | 15,000 | 15,000 | 15,000 | - | 0.0% | - | 0.0% |
| Debt Repayment | 17,526,000 | 17,890,273 | 16,568,799 | 364,273 | 2.1% | (1,321,474) | -7.4% |
| | \$ 418,239,632 | \$ 421,279,296 | \$ 424,045,488 | \$ 3,039,664 | 0.7% | \$ 2,766,192 | 0.7% |
| Transfer to Reserves | \$ 276,410,101 | \$ 278,113,468 | \$ 274,872,276 | \$ 1,703,367 | 0.6% | \$ (3,241,192) | -1.2% |
| Undrawn Debt Reduction | 60,000,000 | 35,000,000 | 15,000,000 | (25,000,000) | -41.7% | (20,000,000) | -57.1% |
| | \$ 336,410,101 | \$ 313,113,468 | \$ 289,872,276 | \$ (23,296,633) | -6.9% | \$ (23,241,192) | -7.4% |
| Surplus / (Deficit) | \$ - | \$ - | \$ - | \$ - | 0.0% | \$ - | 0.0% |

OPERATING REVENUE

The approved 2019 operating budget revenue represents a 2.6% decrease over the 2018 approved budget. The Municipality has moved away from a revenue neutral plus new construction property tax methodology to a budget driven process not dependent on assessment growth. This change is being driven by the changing economic climate in the Municipality. Non- tax revenues have been increased to be more in line of direct costs to provide the applicable services and programs.

OPERATING EXPENSE

The approved 2019 operating expenses total represents a 3.4% decrease over the 2018 approved operating budget.

Highlights in the approved 2019 operating budget include the following;

- Centralization of some of the internal services to improve efficiencies and eliminate duplication of services, and
- General decreases in costs for programs and services provided to the Municipality.

CAPITAL BUDGET

The 2019 capital budget is balanced at \$256,680,449 representing 2.0% increase from the 2018 approved capital budget. This increase can be attributed to the continuous of construction of the Rural Water and Sewer Servicing Project. Council continues to prioritize projects based on resource capacity - internal, external and financial – to ensure neither is exceeded. The continued focus for the 2019 approved capital budget to limit new projects to core projects that meet Council’s priorities within the resource capacity.

| | 2019 Approved Budget | 2019 Category % | 2020-2023 Capital Plan |
|----------------------|----------------------|-----------------|------------------------|
| Public Facilities | 181,001,074 | 71% | 434,838,798 |
| Recreation & Culture | 26,179,375 | 10% | 11,426,750 |
| Transportation | 49,500,000 | 19% | 188,950,000 |
| TOTAL | 256,680,449 | 100% | 635,215,548 |

PERSONNEL SUMMARY OVERVIEW

The Regional Municipality of Wood Buffalo had 1,439.5 authorized Full Time Employee (FTE) positions at the end of 2018.

Of the authorized 1,439.5 FTEs, 1,380.8 FTEs are funded in 2019. This includes full funding for filled positions and partial funding for vacancies and reallocated positions. The budget includes funding for negotiated union agreements and annualized salaries, wages and benefits for all positions.

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------|---------|---------|---------|---------|---------|---------|
| APPROVED POSITIONS | 1,383.0 | 1,685.0 | 1,653.0 | 1,435.5 | 1,452.5 | 1,439.5 |
| FUNDED POSITIONS | 1,356.0 | 1,579.0 | 1,628.0 | 1,400.5 | 1,412.0 | 1,380.8 |
| FUNDING PERCENTAGE | 98% | 94% | 98% | 98% | 97% | 96% |

DEBT OVERVIEW

In discussing levels of debt and debt service for the Municipality, an understanding of two terms is imperative: *actual debt* and *committed debt*. *Actual debt* refers to amounts that the Municipality has borrowed and is now paying debt service for. *Committed debt* is a total of actual debt and amount of debt that Council has approved through the capital budget process but has not been drawn.

ACTUAL DEBT AND COMMITTED DEBT

(\$ in millions)

| YEAR | ACTUAL DEBT | ACTUAL DEBT %* | COMMITTED DEBT | PROVINCIAL LIMIT | COMMITTED %** |
|------|-------------|----------------|----------------|------------------|---------------|
| 2014 | 317.0 | 23.5% | 985.5 | 1,351.6 | 72.9% |
| 2015 | 301.2 | 20.0% | 969.7 | 1,509.4 | 64.2% |
| 2016 | 299.8 | 19.2% | 954.0 | 1,562.3 | 61.1% |
| 2017 | 282.7 | 16.2% | 586.9 | 1,746.8 | 33.6% |
| 2018 | 265.4 | 15.8% | 421.8 | 1,680.0 | 25.1% |
| 2019 | 247.9 | 15.6% | 344.3 | 1,584.4 | 21.7% |
| 2020 | 230.1 | 15.2% | 291.5 | 1,509.3 | 19.3% |
| 2021 | 213.5 | 14.5% | 259.9 | 1,468.8 | 17.7% |

* actual debt / provincial limit

** committed debt / provincial limit