

A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Municipal budgets are an expression of community aspirations as embodied in vision, mission and goal statements. As the level of government “closest to the people” the Municipality has responded with transparent processes allowing public interaction. Information collected is invaluable in developing meaningful planning and budget documents.

The approval of the 2012 Budget “**Investing in Sustainable Communities**” marked the culmination of major planning processes: Municipal Development Plan (MDP), Strategic Plan, and Business Plans. The Municipal Development Plan (MDP) is the foundation from which the strategic plan, business plans and related budget requests have been derived. The 2012 budget is the first budget following the approval of the current MDP. The MDP is a long term development plan that will guide cohesive development across the region.

The unique feature of the 2012 budget development process included conducting the major planning exercises in parallel. This required continuous communication to ensure alignment. Parallel processes were necessary in order to have all planning and budget approvals in place prior to the end of 2011. This aggressive approach provides a positive setting for 2012 as a year of action and delivery.

In the short term, several budget development principles and strategies influenced the approved 2012 Budget:

- Develop and recommend a balanced budget supported by current revenues
- Align business plans and budget with Municipal Development Plan and Strategic Plan
- Maintain approved fiscal stability reserves
- 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

A number of strategies have been used to address a number of fiscal opportunities for the municipality within the framework of achieving the fiscal goals in the 2011 – 2014 Fiscal Management Strategy:

- The Municipality has 1,373 approved personnel positions. Through the ongoing rationalization process, 124 positions have been defunded for the 2012 fiscal period. Requests for staffing 2012 have been partially funded based on hiring schedules. A 10% across the board vacancy adjustment has been applied.
- Reviewed and correlated studies across the corporation to balance internal staff and external delivery capacity.
- Reviewed capital project delivery capacity and adjusted cash flow estimates for 2012 accordingly. The majority of 2012 capital projects will be tendered early in 2012 to provide adequate time for resource mobilization in time for the 2012 construction season.



2012 APPROVED OPERATING BUDGET

The approved 2012 budget is balanced at **\$606,359,125**

	2010	2011	2011	2012	2013	2014
	Actual	Budget	Projection**	Budget	Financial Plan	Financial Plan
REVENUE						
Taxes	429,180,919	480,424,612	480,707,682	503,836,852	503,932,202	503,932,202
Grants in lieu-taxes	882,914	878,099	831,283	878,099	934,201	934,201
Sales to other Governments	1,690,034	3,089,435	2,914,945	4,397,954	4,581,134	4,772,328
Sales of goods/services	47,710,823	38,384,828	49,594,351	50,437,461	52,760,348	55,001,412
Other Revenue from own sources	38,819,530	31,854,388	59,554,499	32,940,558	32,259,741	32,600,577
Conditional Grants	16,832,414	9,797,332	10,313,285	12,777,485	12,423,585	12,693,585
Other Transfers	46,231,107	3,059,840	108,988,482	1,090,716	253,916	253,916
TOTAL	\$ 581,347,741	\$ 567,488,534	\$ 712,904,527	\$ 606,359,125	\$ 607,145,127	\$ 610,188,221
EXPENDITURE						
Salaries, Wages & Benefits	138,369,759	160,719,587	152,879,644	157,229,688	169,795,436	173,433,130
Contracted & General Services	83,829,946	105,962,548	108,983,366	116,783,611	116,736,195	118,929,617
Purchases from Other Government	17,576,918	21,937,136	19,464,305	19,778,452	20,386,805	20,954,198
Materials, Good, Supplies & Utilities	20,621,347	25,365,007	24,235,033	24,150,981	27,872,252	28,235,022
Fixed Asset Acquisition	4,727,236	6,629,200	6,471,353	5,827,297	4,794,190	4,926,938
Transfers & Grants	20,516,140	14,637,472	53,195,112	19,746,208	19,405,683	19,665,666
Financial Services Charges	89,593,480	35,183,143	34,965,703	32,333,407	31,636,015	31,027,814
Other Expenditures	5,589,271	2,135,782	2,380,591	275,235	227,172	227,414
TOTAL	\$ 380,824,097	\$ 372,569,875	\$ 402,575,107	\$ 376,124,878	\$ 390,853,748	\$ 397,399,799
Operating Surplus	200,523,644	194,918,659	310,329,420	230,234,247	216,291,379	212,788,422
Contribution to Capital	166,407,305	190,641,659	306,002,420	230,234,247	216,291,378	212,788,422
Transfer to Reserve	63,599,354	1,100,000	1,100,000	-	-	-
Pay-As-You-Go (PAYG)	5,685,388	3,177,000	3,227,000	-	-	-
Surplus/(Deficit) *	\$ (35,168,403)	-	-	-	-	-
* 2010 deficit due to unfunded amortization expense						
** Projections as of September 30, 2011						

This approved operating budget is indicative of choices that reflect:

- Low-Risk: Revenue neutral plus new construction growth taxation strategy approved by Council through the 2011 – 2014 Fiscal Management Strategy. This strategy limits property tax revenue increases to new development
- Debt and debt service limit of 75% of Alberta Regulation 255/2000 as set by Council
- Maintains Capital Infrastructure and Emerging Issues Reserves at or above the \$50 Million minimums. Excess reserves are drawn down in future years to support a predictable taxation strategy

OPERATING REVENUE

The approved 2012 operating revenue total represents a 7% increase over the 2011 approved budget and a 15% decrease from the 2011 year-end projections. The budgetary growth is a result of growth in property assessment base, changes in rates for Environmental Services as approved by Council, and general growth in service demand.

OPERATING EXPENDITURE

The approved 2012 expenditures total represents a 1% growth over the 2011 approved budget and a 7% decrease from the 2011 projected year-end. The 1% budgetary growth is in line with the assumptions in the 2011 – 2014 Fiscal Management Strategy.

Highlights in the approved 2012 operating budget include the following:

- A 2% decrease in personnel salaries and benefits. This number includes new union contracts for CUPE, IAFF and Exempt group. The average increase for each of these groups for 2012 is 3.5%. However, further adjustments to total costs have occurred due to ongoing staffing rationalization and cost containment strategies resulting in a decrease
- Funding to support enhanced Transit Services that commenced in the last half of 2011. The changes include: increased frequency, new services on statutory holidays, additional services for new schools, new routes including Sapræ Creek, airport, shuttles downtown, new industrial north route and new transfer hubs
- Focused road maintenance and increases in costs in related contracts
- Increases in grants to local community groups
- General increases in existing contracts for services provided to the Municipality

2012 APPROVED CAPITAL BUDGET

The approved 2012 capital budget is balanced at **\$376,854,951**. The approved 2012 capital budget comprises 77 projects: which consists of 39 new single year projects, 15 new multi-year projects and 23 continuing multi-year projects. The same list consists of 41 Public Facilities projects, 22 Recreation and Culture projects and 14 Transportation projects.



Capital Budget Funding Sources	2012	2013	2014
Grants	33,692,796	30,500,000	33,650,000
Capital Infrastructure Reserve	262,181,355	303,423,560	249,053,800
Debentures	56,480,800	54,100,000	109,450,000
Other	24,500,000	-	-
Total	\$ 376,854,951	\$ 388,023,560	\$ 392,153,800

Capital Budget Uses of Funds	2012	2013	2014
Public Facilities	212,769,781	268,605,000	320,573,800
Recreation & Culture	80,813,240	72,730,000	54,090,000
Transportation	83,271,930	46,688,560	17,490,000
Total	\$ 376,854,951	\$ 388,023,560	\$ 392,153,800

The Regional Municipality of Wood Buffalo's planning processes monitor the impact of oil sands development, the main driver of growth in the region. Current forecasts of oil prices per barrel appear adequate for continued investment in the region as indicated by new investments announced or planned. As a result, there will be continued pressure for municipal services and infrastructure.

New enterprise resource planning systems continue to be leveraged to position the organization for the next wave of growth. The economic downturn during the latter part of 2008 provided a unique opportunity for the municipality to aggressively rebuild and realign functions, processes and infrastructure to respond to future demands. Using lessons learned from the last explosive growth cycle has created wisdom to manage and respond to future challenges.

The Municipality remains challenged in attracting and retaining employees. The region has remained at full-employment throughout the last economic downturn. This requires employers in the region to innovatively attract potential employees. Recruitment campaigns and changes in processes and service delivery models have been included within the 2012 budget.

In closing, it is with great pleasure that we present the 2012 Budget - a document that would not have been possible without the dedication and support of the entire Municipal team.



Sincerely,

*Elsie Hutton, CMA
Chief Financial Officer,
Regional Municipality of Wood Buffalo*

FUND DESCRIPTION & FUND STRUCTURE

The Regional Municipality of Wood Buffalo operates one General Fund. The sources of funding are listed in the revenue summaries. The general fund is appropriated on the basis of Operating and Capital expenditures across all business units as illustrated below.

Operating expenditures comprise of expenditures for general government operating expenditures (like human resources, planning and development, general services, public safety, roads, bridges, parks, library, and other Community initiatives) account for most of the annually appropriated budget. The balance is used to partially fund projects which produce assets with useful lives longer than one year and may require the purchase of land, site development, engineering and design fees, construction, and equipment (Capital Projects).

