



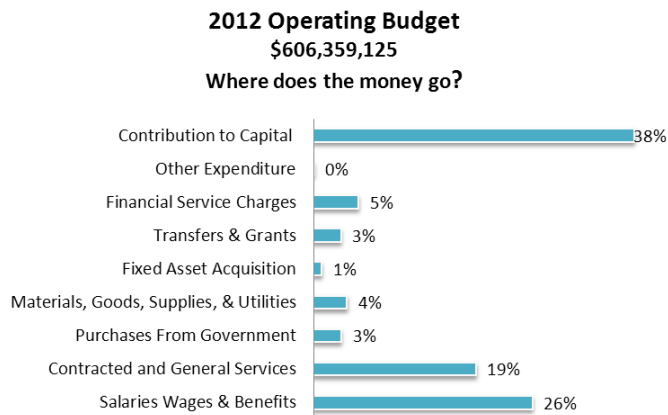
EXPENDITURE SUMMARIES 2008 - 2012



OPERATING EXPENDITURE SUMMARIES

The Regional Municipality of Wood Buffalo has eight expense categories: salaries, wages and benefits, contracted and general services, purchases from other governments, materials/goods/supplies, fixed asset acquisition, finance charges and other transfers/write-offs. The 2012 approved operating budget expenditure total is **\$376,124,878** net of **\$230,234,247** contribution to capital improvement program.

	2012 Budget
Salaries Wages & Benefits	157,229,688
Contracted and General Services	116,783,611
Purchases From Government	19,778,452
Materials, Goods, Supplies, & Utilities	24,150,981
Fixed Asset Acquisition	5,827,297
Transfers & Grants	19,746,207
Financial Service Charges	32,333,407
Other Expenditure	275,235
Contribution to Capital	230,234,247
Total	\$ 606,359,125



Comparatively, the total true operating budget increased from the 2011 approved budget to the 2012 approved budget by approximately 1%. To understand cost structure and behavior, the following pages review individual expense category budget performance from 2008 to 2011.

1. SALARIES WAGES AND BENEFITS

The 2012 salaries and benefits approved budget of **\$157,229,688** accounts for 26% of the total approved operating budget. This represents a 2% decrease over the 2011 approved budget.

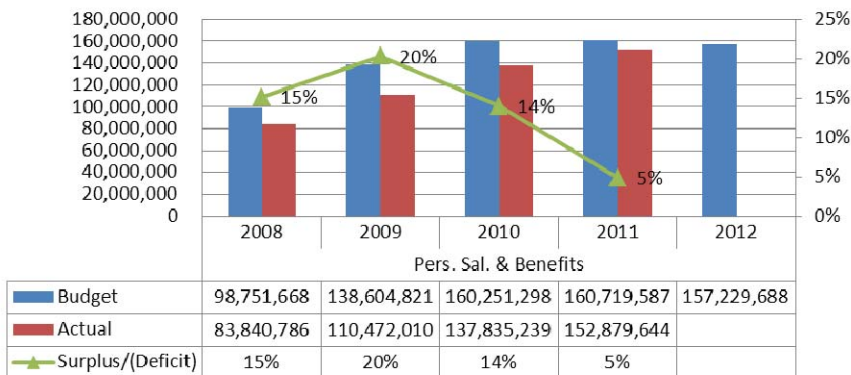
Included in this category are basic salaries and benefits.

Between 2008 and 2011, salaries and benefits have experienced an average positive variance position of at least 13% of approved budgets.

The 2012 approved personnel and benefits budget has been adjusted downwards by 10% to account for structural vacancies. Vacant positions that are in active recruitment have been partially funded in 2012 based on estimated hiring dates. Additional cost control is expected from the impact of changes in recruitment processes that are aimed at reducing the structural vacancy rate and recruitment lead times.

Salaries Wages & Benefits

2008-2012



In recent years, the Municipality increased staffing positions in response to increasing service and infrastructure demands related to the oil sands activity growth. However, as a public agency operating in a competitive labor environment, the Municipality could not attract the required staff complement. A review of salaries and benefits was undertaken coupled with changes to working culture, emphasizing work and life balance. The Municipality has become an employer of choice within the region.

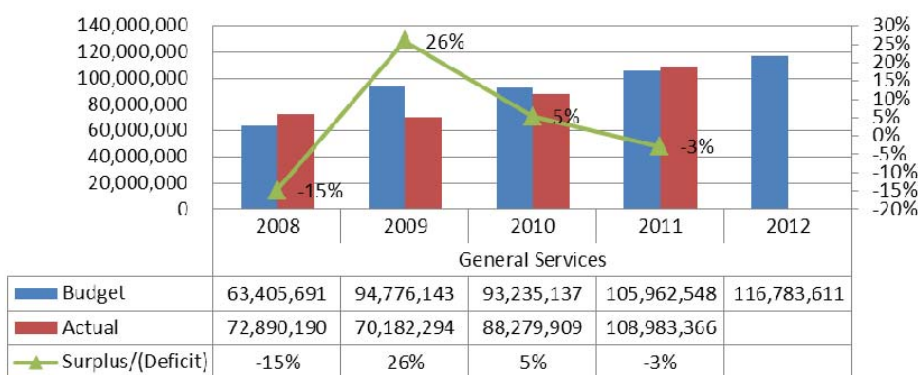
The region has remained at full employment through the recession. This has become tradition for employers in the region; recruitment drives outside the region have become a major source for new employees.

Detailed discussion of the changes in personnel, recruitment processes are in the personnel summaries section of this budget overview.

2. CONTRACTED AND GENERAL SERVICES

Contracted & General Services

2008 - 2012



The 2012 contracted and general services approved budget is **\$116,783,611**. This is an increase of 10% over the 2011 approved budget and an increase of 7% increase over the 2011 projection.

General services category comprises expenses such as recruitment, training, travel, telephones and internet, professional services, contracts, legal fees, insurance and a plethora of minor expense lines.

General services budget performance has swung from significant deficit position to significant surplus between

2008 and 2009. This expense category is subject to allocation swings influenced by planned operating projects.

The 2012 recommended budget on General and Contracted services covers incremental costs driven by the following major elements:

- Increase in road maintenance for road sealing, repair of sidewalks, curbs and gutters, snow removal as additional costs arising for new traffic signals installed in 2011
- Service improvements in Transit
- Contractual increases on existing contracts



3. PURCHASES FROM GOVERNMENTS

Purchases from governments comprise transactions between the Municipality and other public agencies. A significant portion of these costs relate to the RCMP contract.

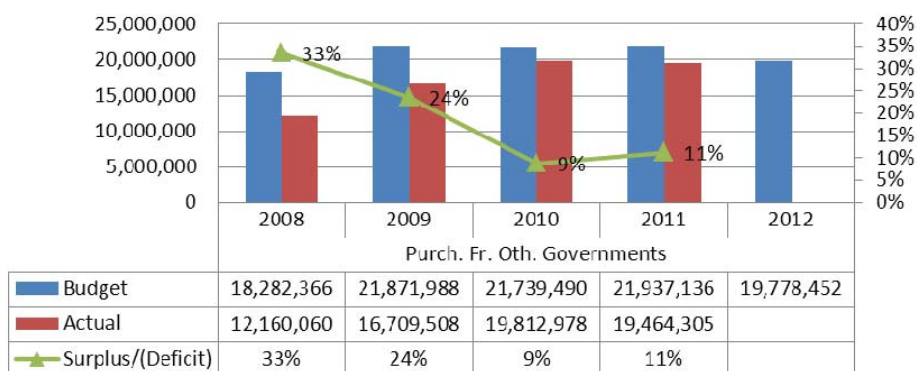
The 2012 approved budget of **\$19,778,452** represents a 10% decrease from the 2011 approved budget.

Budget variances experienced in recent years were related to personnel vacancies within the sworn officers.

RCMP / Bylaw department continues to monitor these vacancies but to a large extent this is outside of the Municipality's control. An additional 11 officers will be secured beginning 2012 to meet required ongoing services as well as manning the new police facility that is expected to be completed in 2013.

Purchases from Governments

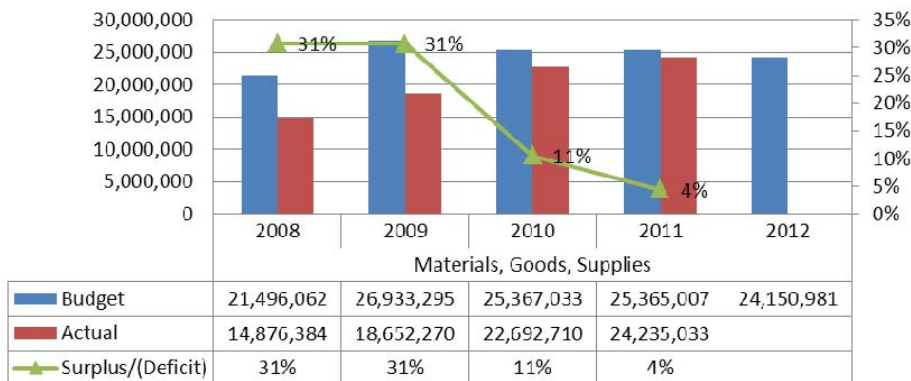
2008 - 2012



4. MATERIALS, GOODS, SUPPLIES AND UTILITIES

Materials, Goods, Supplies and Utilities

2008 - 2012



The materials, goods, supplies and utilities category consists of items required to operate and maintain the Municipality on a daily basis.

The major items include fuels & lubes, chemicals and salts, natural gas and electricity.

The 2012 approved budget of **\$24,150,981** shows a decrease of 5% from the 2011 approved budget. This is in keeping with ongoing review on actual needs and tying that to budget requests.

A 4% positive variance is projected in this expense category in 2011.



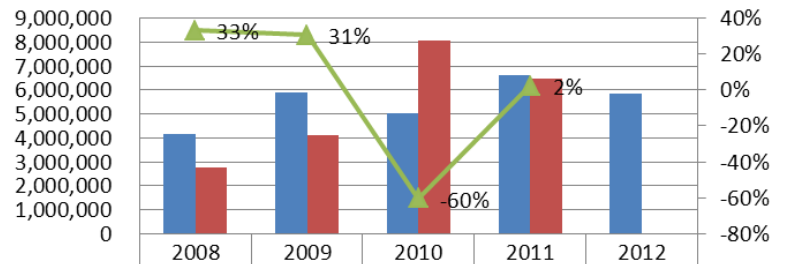
5. FIXED ASSET ACQUISITION

Acquisition of office furniture and small equipment is included in this expense category.

A 60% negative variance in 2010 was due to curb recycling pilot project undertaken. A 2% positive variance is projected 2011. At each year end most of the small tools and office equipment are expensed. However, for control purposes, the items are still tracked for accountability.

Fixed Asset Acquisition

2008 - 2012

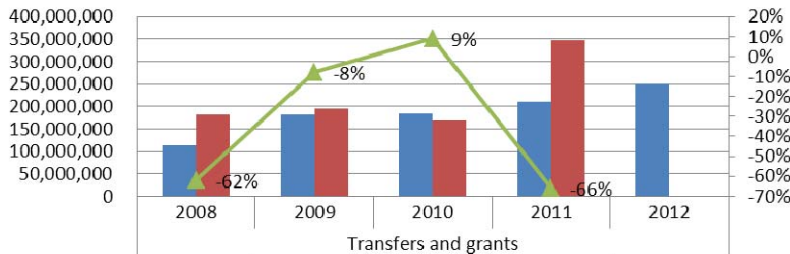


	2008	2009	2010	2011	2012
Fixed Asset Acquisition					
Budget	4,153,022	5,912,785	5,030,108	6,629,200	5,827,297
Actual	2,773,332	4,104,968	8,072,844	6,471,353	
Surplus/(Deficit)	33%	31%	-60%	2%	

6. TRANSFERS AND GRANTS

Transfers and Grants

2008 - 2012



	2008	2009	2010	2011	2012
Transfers and grants					
Budget	112,268,829	180,840,616	184,258,221	209,556,131	249,980,455
Actual	182,001,217	194,901,281	167,666,030	347,988,947	
Surplus/(Deficit)	-62%	-8%	9%	-66%	

Transfers to capital, reserves, internal charges and write-offs are recorded in this expense category.

The transfer for 2011 includes \$290 Million to capital program. This amount has been committed to future capital requirements as identified in the 2011 – 2014 Fiscal Management Strategy. The funds will also allow the Municipality to keep property tax levels through 2012 save for additional costs that might arise.

Included in the 2012 approved budget is a transfer of \$230 Million to the capital program as planned in the 2011 – 2014 Fiscal Management Strategy.



7. FINANCIAL SERVICE CHARGES

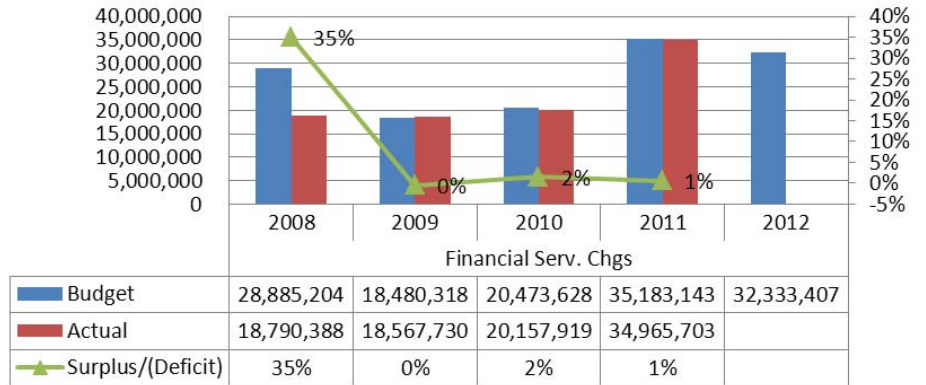
Bank charges, debenture principle and interest and amortization are recorded in this expense category.

Debt service budget provisions are based on actual drawn debt. Each debenture would have an associated payment schedule that indicates annual payments.

The variance in 2008 was due to the budget based on what had been projected to be drawn based on capital projects delivery. With a huge backlog in capital delivery, that model of budgeting was adjusted and now the Municipality only budgets for drawn debt.

Finance Charges

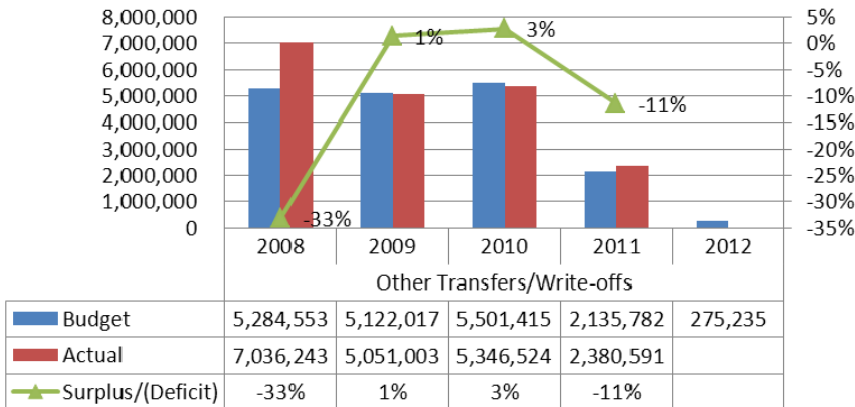
2008 - 2012



8. OTHER TRANSFERS

Other Transfers

2008 - 2012



Allowance for bad debts, inventory shrinkage, and internal charges are recorded in this category.

The line item had a negative variance of 33% in 2008 due to a review of several years' accounts that were unlikely going to be collected.

A project to begin to review cost allocation methods for internal services is planned for 2013. At the end of the review, internal charges will be based on best practices and also better reflect the true cost of providing services by including some costs incurred in support by other departments.

