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## 2023 BUDGET PHILOSOPHY AND 2024-2028 PLAN

JUNE 2022

# BUDGET PHILOSOPHY



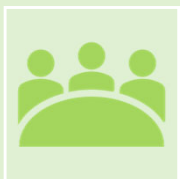
The budget philosophy is the framework upon which Administration will prepare the County's 2023 budget.



The Municipal Budget operationalizes:

The service levels set by Council, and;

The broad objectives outlined in Council's Strategic Plan.



Departments will provide proposed program changes and new projects for the 2024 - 2028 Operating Plan and the 2024 - 2028 Capital Plan.

# BUDGET PRESSURES

## External Pressures

- Inflationary Pressures
- Supply Chain Issues
- Provincial Election Impacts
- Tight Labor Market
- Interest Rate Increases

## Internal Pressures/ Opportunities

- Council's Strategic Plan
- Decreasing Linear Assessment
- Resident Service Level Expectations
- Cost Sharing Related Request

# BUDGETS IN THE CONTEXT OF A PLAN

Municipal Government Act	GFOA	Parkland County
<ul style="list-style-type: none"><li>• Duration - 3 years operating 5 years capital</li><li>• Scope - Expense and revenue by major categories</li><li>• Updates - Annually</li><li>• Content - Include values</li><li>• Communication - Council Presentation</li></ul>	<ul style="list-style-type: none"><li>• Duration - 5+ year</li><li>• Scope - Expense and revenue by major categories</li><li>• Updates - As Needed</li><li>• Content - Include values and narrative</li><li>• Communication - Public Presentation</li></ul>	<ul style="list-style-type: none"><li>• Duration - 5 years</li><li>• Scope - Expense and revenue by major categories</li><li>• Updates - Annually</li><li>• Content - Include values and narrative</li><li>• Communication - Council Presentation</li></ul>

# BUDGET PROCESS

- Administration will prepare a balanced budget.
- In order to include the finalized assessment and school requisition values, the budget is adjusted after the provincial budget is released.
- As part of the draft budget presentation, departments will explain
  - significant variances from the prior year;
  - service level changes;
  - New capital or operating projects;
  - and/or staffing requests.
- Administration will prepare an operating budget on the basis of maintaining service levels.

# BUDGET TOOLS

- Equipment Lifecycle Plans - provide a method for the County to set aside funds for the future replacement of existing equipment.
- Restricted Surplus Funds - are used by the County to stabilize the tax rate and to reduce reliance on debt borrowing.
- Debt Financing - is not a funding source but a financing vehicle and will be considered based on a pay as you go philosophy.
- Inflation - the Budget Team will work with departments to minimize the impacts of inflation.

# PRIORITY BASED BUDGETING (PBB)



Parkland County is in the final stages of PBB implementation. The County has identified PBB programs for each department, and the 2022 budget was prepared based on the new PBB programs

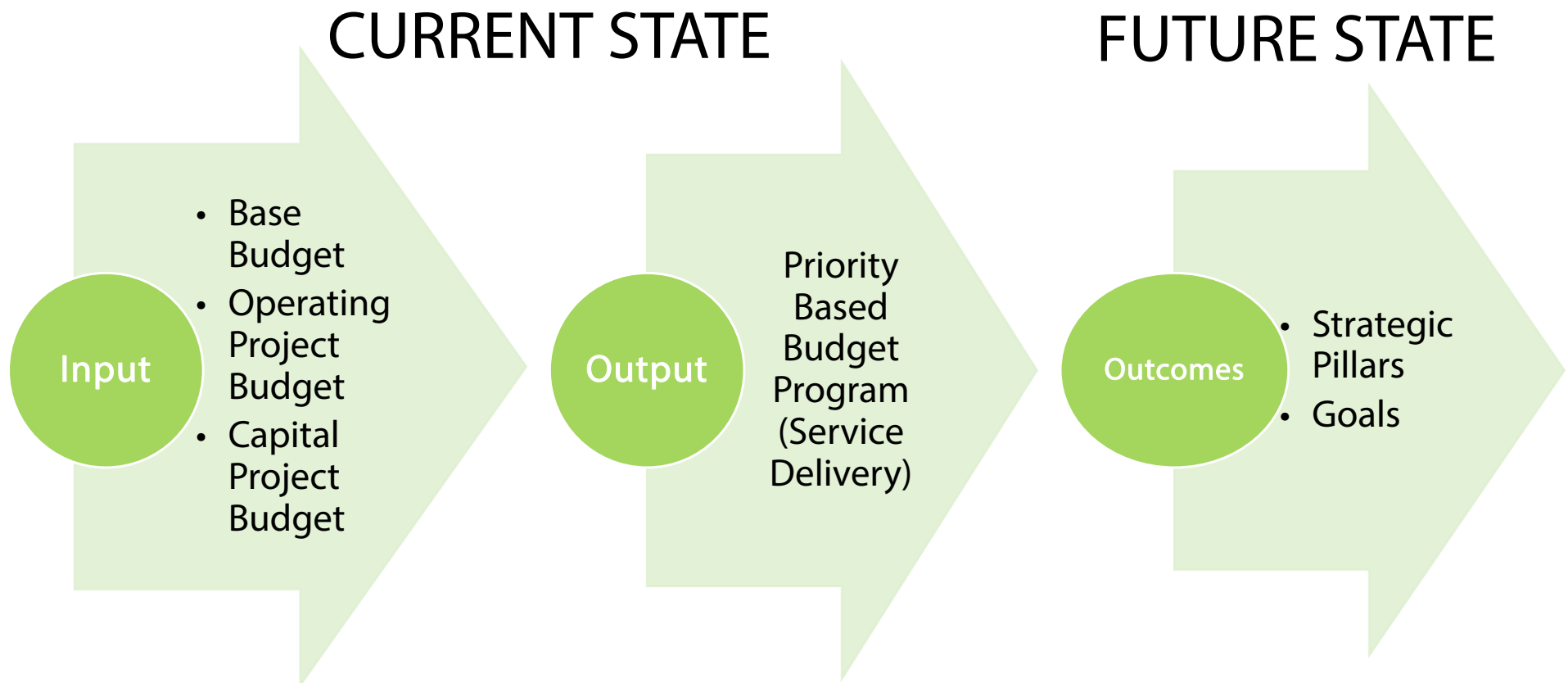


In 2022, the County will engage residents and other stakeholders to solicit their feedback on the PBB programs. The feedback will be incorporated in the County's 5-year plan



# OUTCOME BASED BUDGET REPORTING

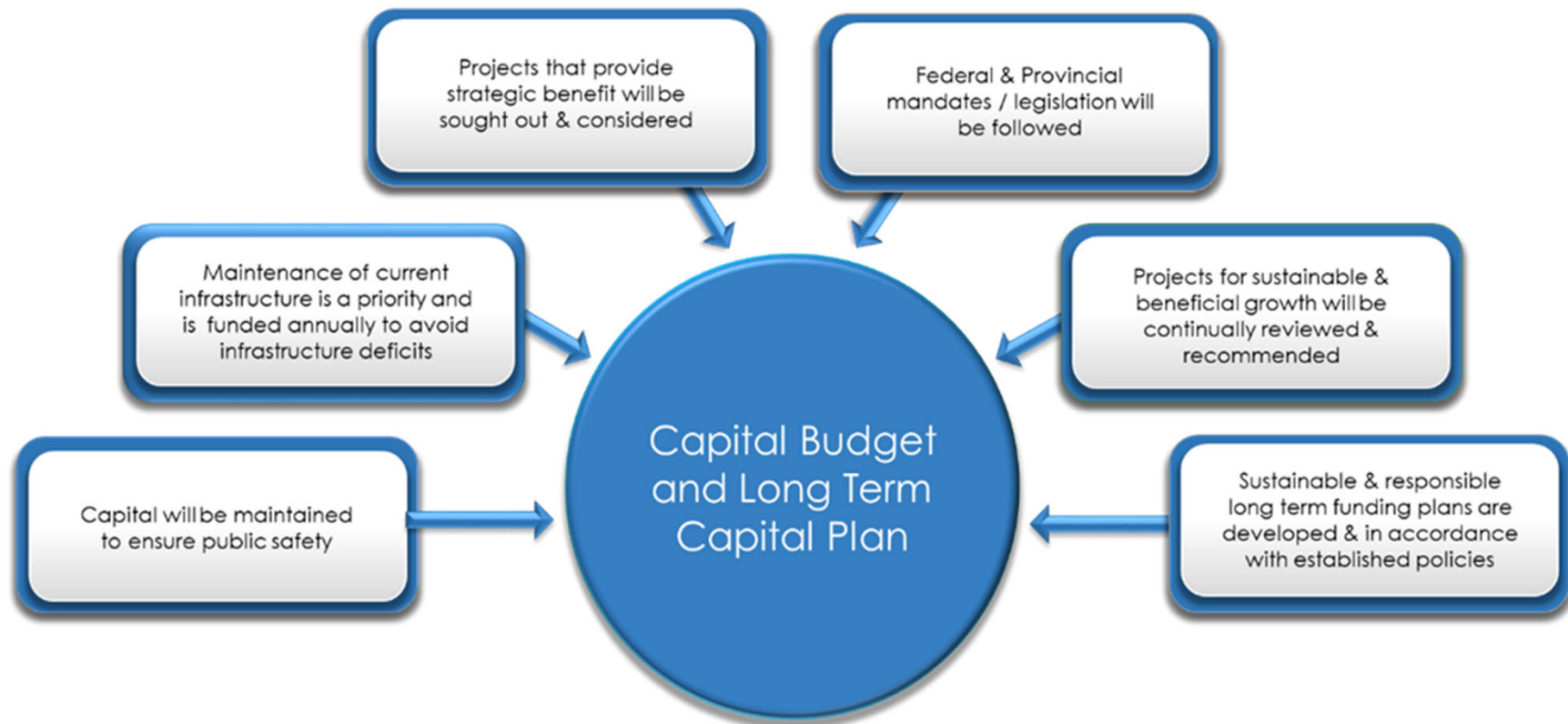
- A gradual phase in of budget reports that reflects the strategic pillars and goals.
- Shifting focus on outcomes, less emphasis on input.





# CAPITAL BUDGET PRINCIPLES

- The budgeted amount for capital should be the planned spend for the fiscal year.
- All carry forwards will be added to the 2023 budget after year end close.
- The sustainable spending level for 2022 is estimated at \$23.8M.



# BUDGET INITIATIVES

- Budget initiatives provide the necessary information to enable decision makers to clearly understand new projects, as well as program and service level changes.

## 1. Imperative (Must Do)

- Initiatives that cannot be reasonably postponed in order to avoid harmful or otherwise undesirable consequences

## 2. Essential (Should Do)

- Initiatives that address clearly demonstrated needs or objectives

## 3. Important (Could Do)

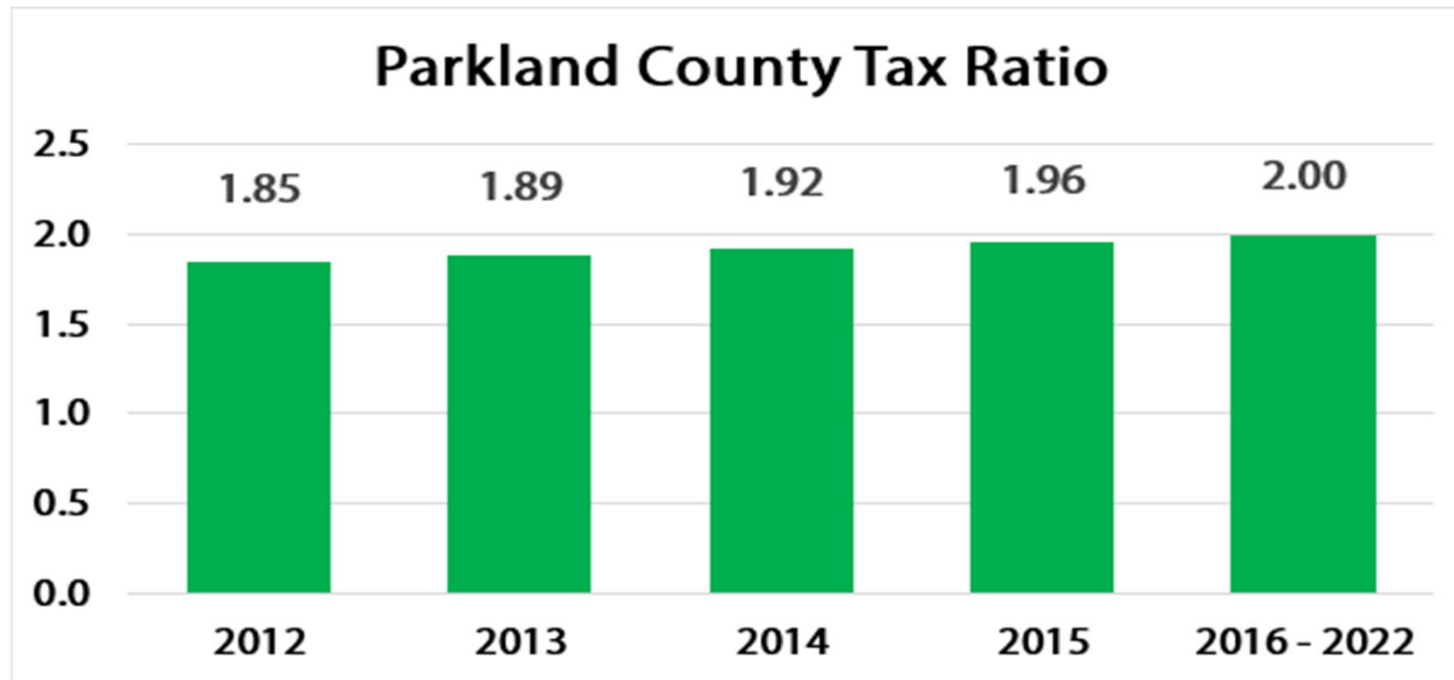
- Initiatives that benefit the community but may be delayed without detrimental effect to basic services

## 4. Desirable (Other Year)

- Desirable initiatives that are not included within the current year budget because of funding limitations

# ASSESSMENT AND TAXATION

- When setting the tax rate ratio, the County wants to ensure that the residential and non-residential taxation in the County remains competitive. Currently the tax ratio is 2:1.



# 2023 TAX INCREASE TARGET

	Tax Increase Target
<b>Budget Impacts</b>	
Inflationary Impact	2.15%
RCMP cost share	1.22%
Council Initiatives	1.43%
<b>Total budget impact</b>	<b>4.80%</b>
<b>Impacts on Average Rate Payer</b>	
Market Assessment Increase (Estimated)	2.00%
<b>Net Tax Rate Increase</b>	<b>2.80%</b>
Total Impact on Median Home-Owner	4.80%

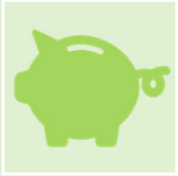
- Administration develops tax rate targets based on external factors, Council initiatives, and maintaining existing service levels.
- **The tax increase target for 2023 is 2.8%.**
- When both market changes and tax rate increases are combined, an average home-owner will see a 4.8% increase in municipal taxes.



## 2024 – 2028 FINANCIAL PLAN

JUNE 2022

# OPERATING AND CAPITAL 5-YEAR PLANNING



Parkland County has a strong history of prudent financial decision-making, balancing resident and business needs with acceptable tax rate increases.



As a result, the County has one of the lowest tax rates in the region while still maintaining the programs and services that residents value most.



In order to ensure that prudent financial management continues, the County has developed a long-term operating and a long-term capital plan.

# IMPORTANCE OF LONG-TERM PLANNING

- Long-term planning provides context to the Executive Team and Council. Long-term planning:
  - Combines financial realities with corporate strategies.
  - Uses assumptions based on operating practices and economic factors to forecast future years.
  - Identifies future financial capacities.
  - Encourages a long-range perspective to enable strategies that will achieve long term sustainability .
  - Helps mitigate the impact of negative future events.
  - Maximizes potential to seize future opportunities.

# FORECASTED TAX IMPACTS

- Forecasted budget years often have high tax rate impacts as they include all requested projects that the County could pursue.
- This is not a cause for concern, as financial plans are refined through the budget process.
- The primary benefit of long term planning is that it identifies future financial challenges and opportunities allowing the County to:
  - Plan and develop strategies
  - Minimize challenges and
  - Take advantage of opportunities.



# PROCESS

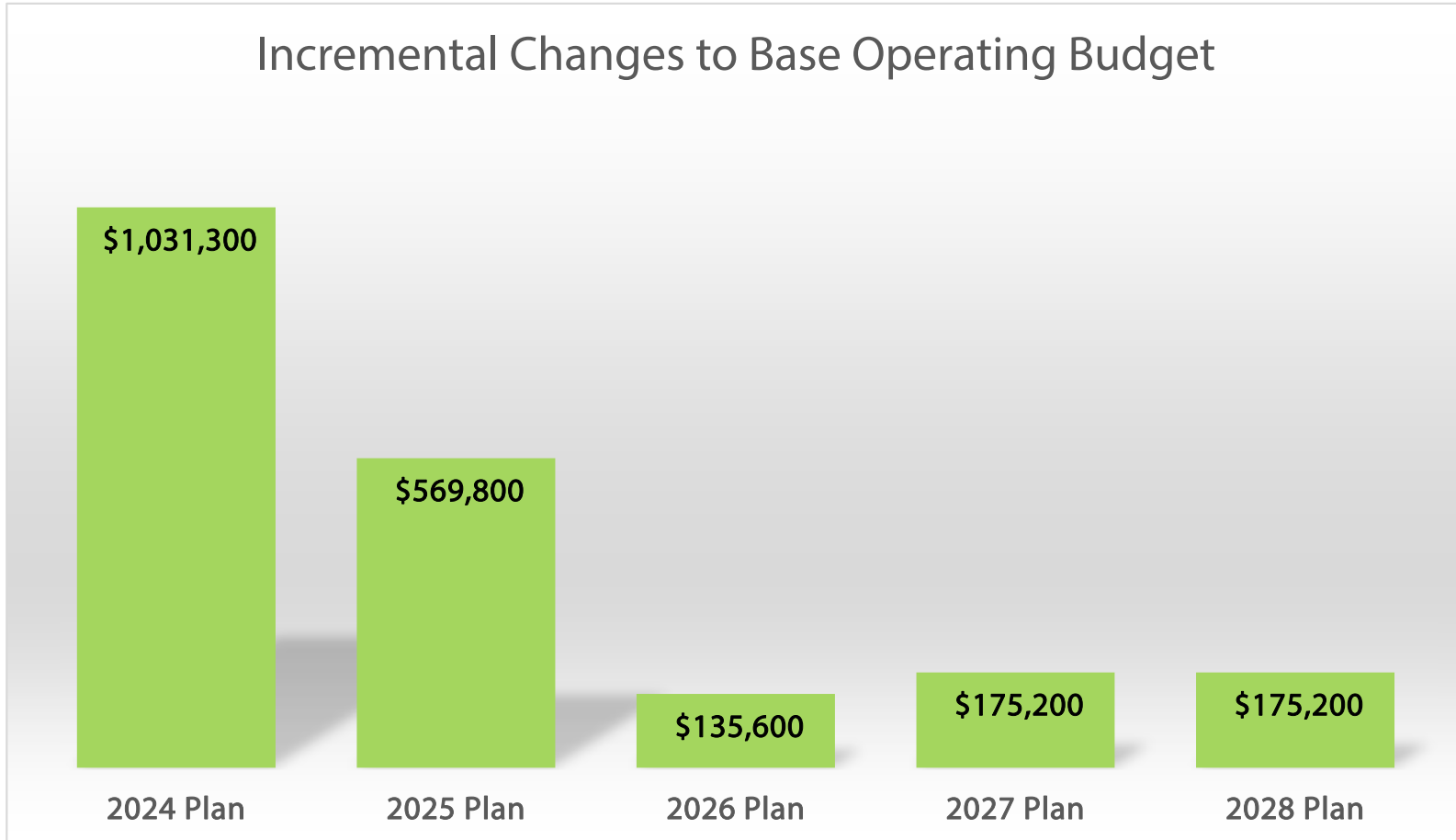
- The process involves department managers, front line staff, executive team members, and information from external sources.



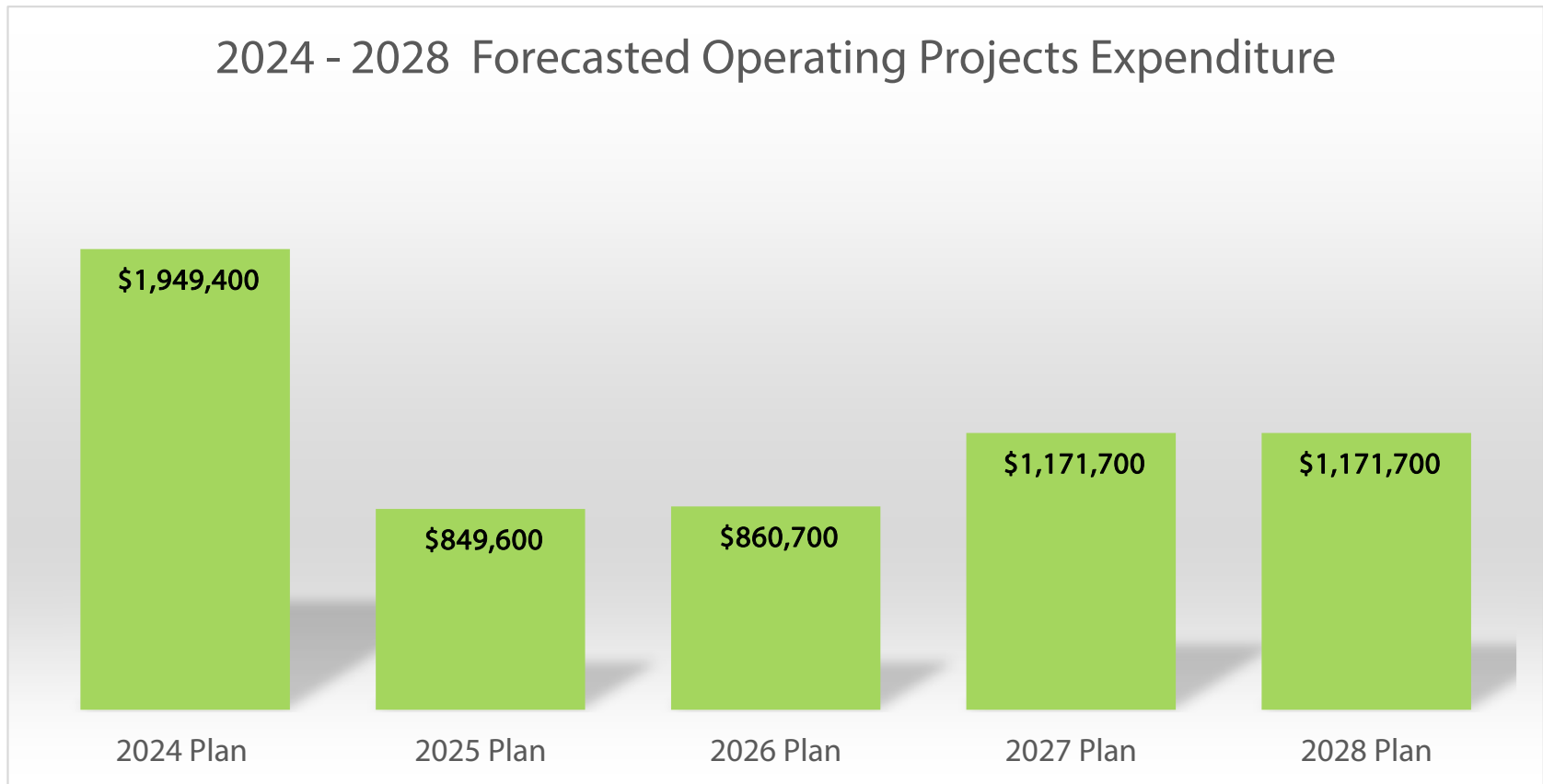
# METHOD



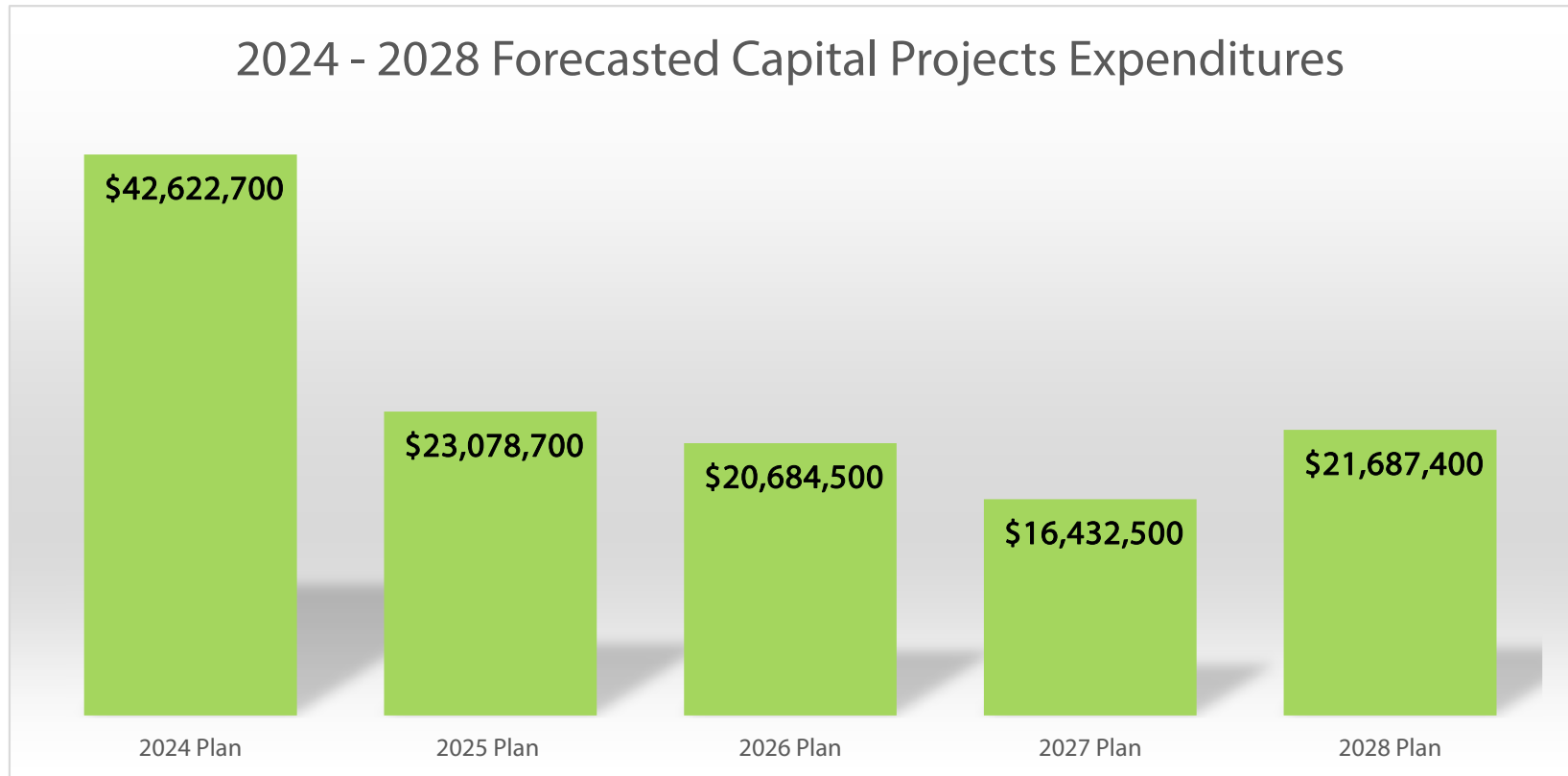
# BASE OPERATING FORECAST HIGHLIGHTS



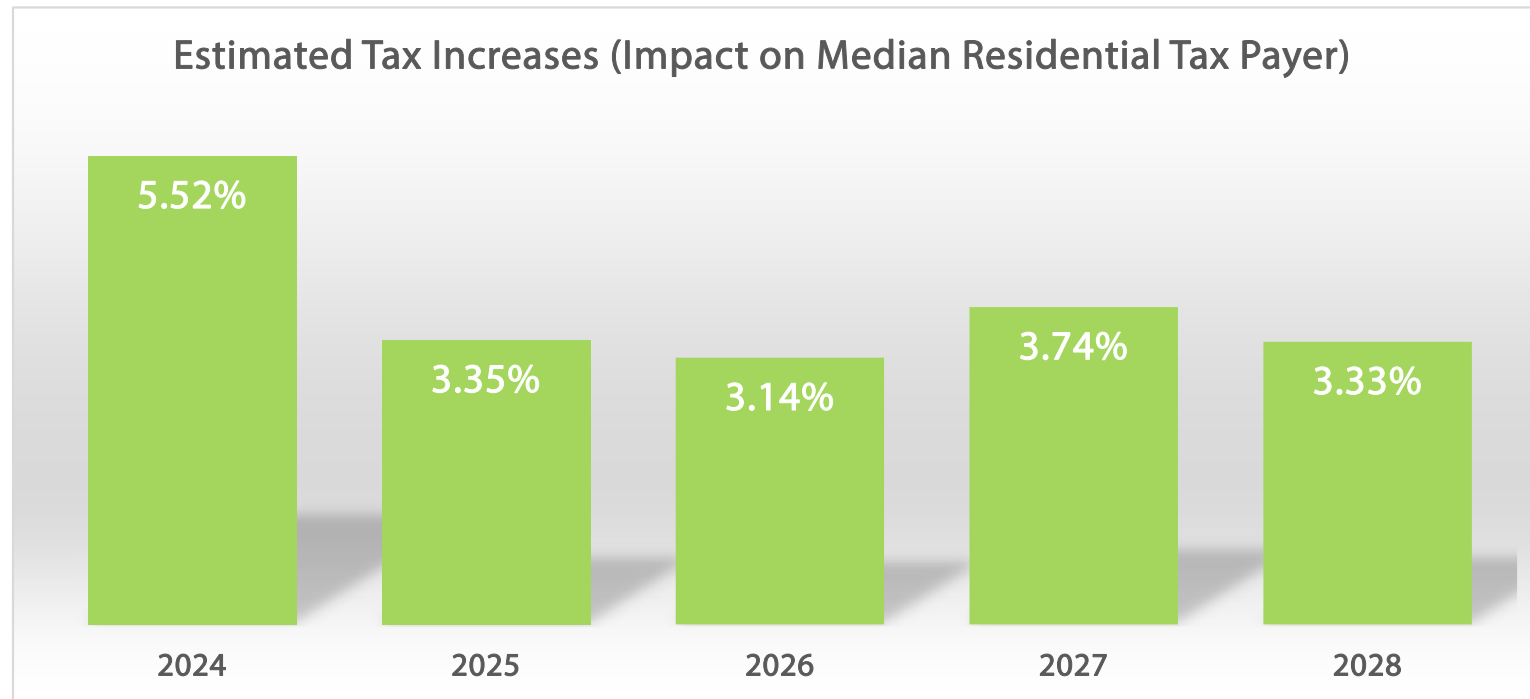
# OPERATING PROJECT FORECAST HIGHLIGHTS



# CAPITAL PROJECT FORECAST HIGHLIGHTS

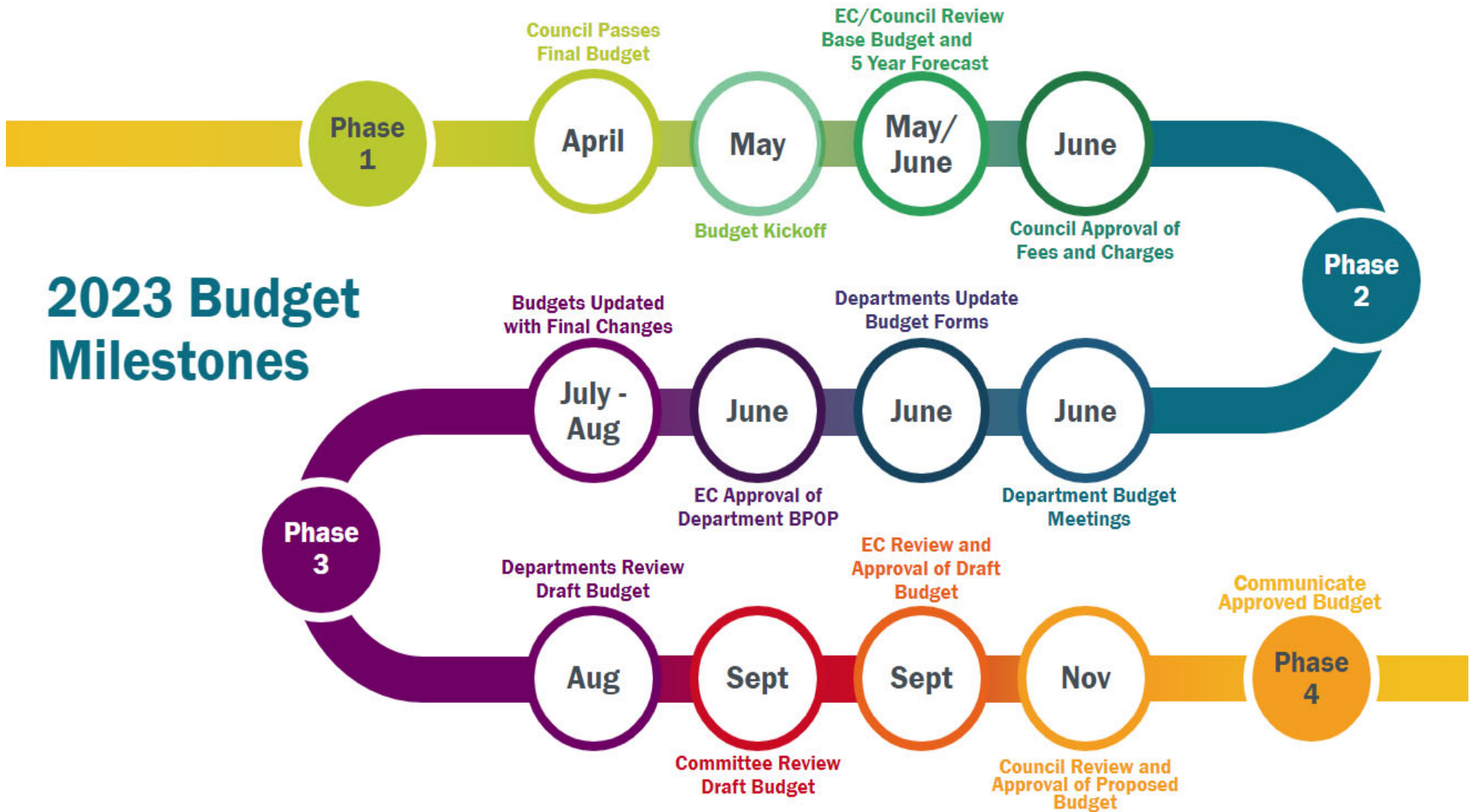


# FORECASTING INTO THE FUTURE



Note: The tax rate indicated, is based on all project and program changes that were requested by Departments. These will be reviewed and prioritized based on Council's Priority Themes through the budget process to ensure a balance between tax elasticity and Council priorities.

# BUDGET 2023 MILESTONE TIMELINE



## 2023 Budget Milestones

