



Municipal Budgeting, Long-term Planning and Community Engagement

AMCTO Presentation

November 16th, 2018











What the GFOA Says A Good Budget Does

- Incorporates a long-term perspective
- Establishes linkages to broad organizational goals
- Focuses decisions on results and outcomes
- Involves and promotes effective communication with stakeholders
- Provides incentives to government management and employees

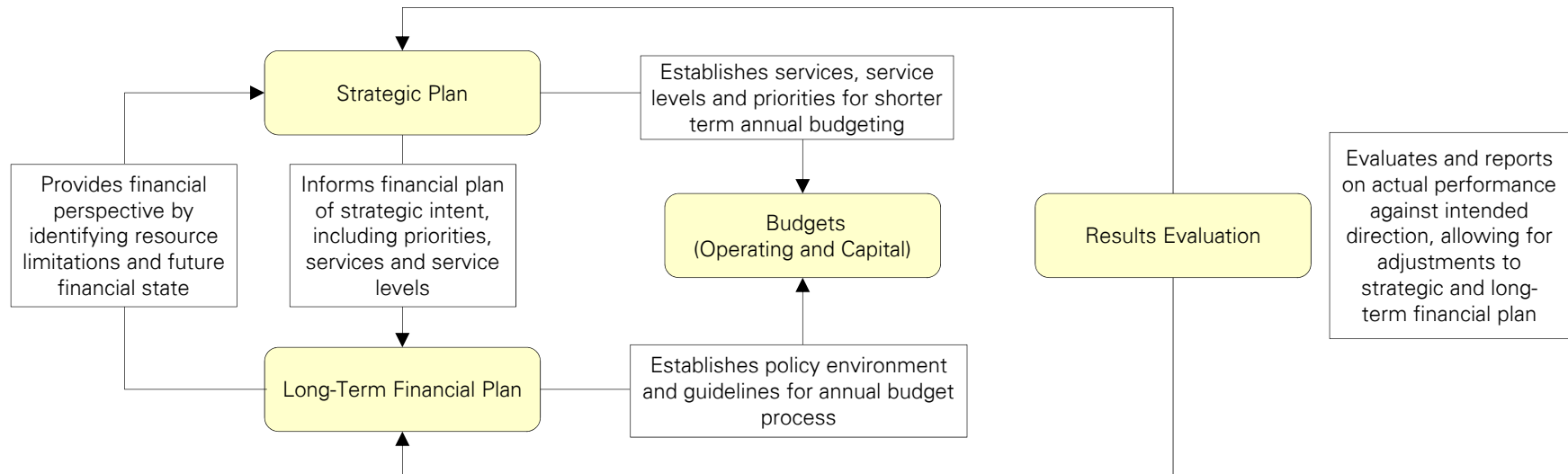


What the GFOA Says A Good Budget Does

Principles	Elements
A government should have broad goals that provide overall direction and serve as a basis for decision making	<ul style="list-style-type: none">• Assess community needs, priorities, challenges and opportunities• Identify opportunities and challenges for government services• Develop and disseminate goals
A government should have specific policies, plans, programs and strategies to define how to approach its goals	<ul style="list-style-type: none">• Adopt financial policies• Develop operating and capital policies and plans• Develop programs and services that are consistent with these plans• Develop management strategies
A financial plan and budget that moves forward towards the achievement of goals should be adopted	<ul style="list-style-type: none">• Develop a formal budget process• Develop and evaluate financial options• Make choices necessary to adopt a budget
Program and financial performance should be continually evaluated	<ul style="list-style-type: none">• Monitor, measure, and evaluate performance• Make adjustments as needed



Planning, Budgeting and Evaluation Cycle



	Strategic Plan	Long-Term Financial Plan	Budgets (Operating and Capital)
Organizational vision	●	○	○
Long-term forecasting (revenue, expenditures, capital, debt, reserves)	○	●	◐
General environmental scan	●	○	○
Fiscal environment analysis	○	●	○
Service demand planning	◐	◐	◐
Service prioritization	●	○	●
Resource allocation	○	○	●
Management planning	○	○	●

☐ Does not address

● Partially addresses

- Fully addresses

Long-Term Financial Planning

- Ten year planning horizon
- Operating and capital
- Design to run scenarios
- Demonstrate financial indicators
- Include comparative analysis
- Scale appropriately



Financial Indicators

Sustainability

- Financial assets to financial liabilities
- Reserves per household
- Operating expenses as a percentage of assessment
- Capital additions as a percentage of amortization expense



Financial Indicators

Flexibility

- Total debt per household
- Residential taxation as a percentage of household income
- Total taxation as a percentage of total assessment
- Debt servicing costs as a percentage of total revenues
- Net book value of TCA as a percentage of historical cost



Financial Indicators

Vulnerability

- Operating grants as a percentage of total revenues
- Capital grants as a percentage of total capital expenditures



Community Engagement

- State of the Town(ship) presentations
- Community information sessions
- Social media and hardcopy outreach
- Web-based tools
- Dry-runs



If I Were You...

Multi-year budgeting

- Multi-year user fee bylaws
- Start early
- Get Council to commit
- Get your policies in place
- Don't budget for amortization



Sustainability Indicators

FINANCIAL ASSETS TO FINANCIAL LIABILITIES

This financial indicator provides an assessment of the Township's solvency by comparing financial assets (including cash, investments and accounts receivable) to financial liabilities (accounts payable, deferred revenue and long-term debt). Low levels of financial assets to financial liabilities are indicative of limited financial resources available to meet cost increases or revenue losses.

TYPE OF INDICATOR

Sustainability ✓
Flexibility
Vulnerability

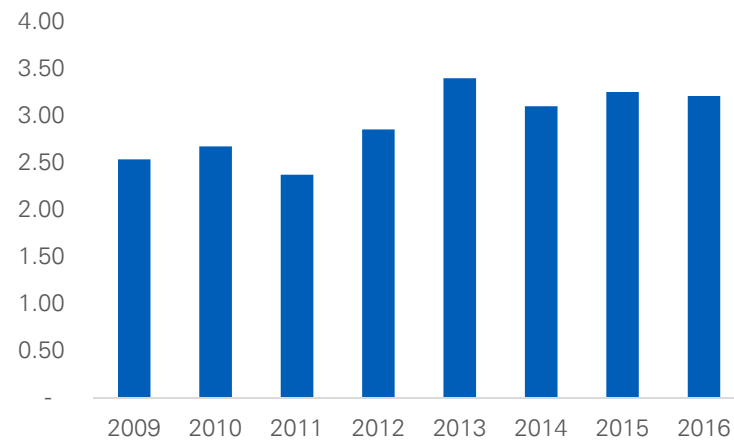
FORMULA

FIR Schedule 70, Line 9930,
Column 1 divided by FIR
Schedule 70, Line 9940,
Column 1

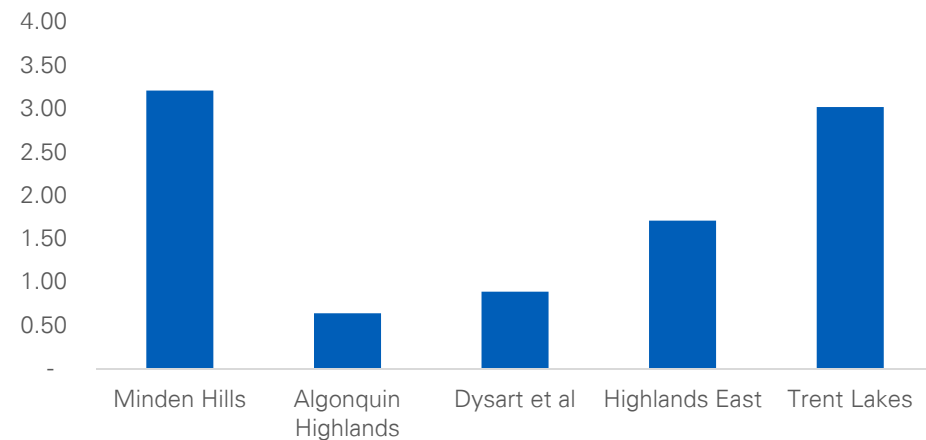
POTENTIAL LIMITATIONS

- Financial assets may include investments in government business enterprises, which may not necessarily be converted to cash or yield cash dividends
- Financial liabilities may include liabilities for employee future benefits and future landfill closure and post-closure costs, which may (i) not be realized for a number of years; and/or (ii) may not be realized at once but rather over a number of years

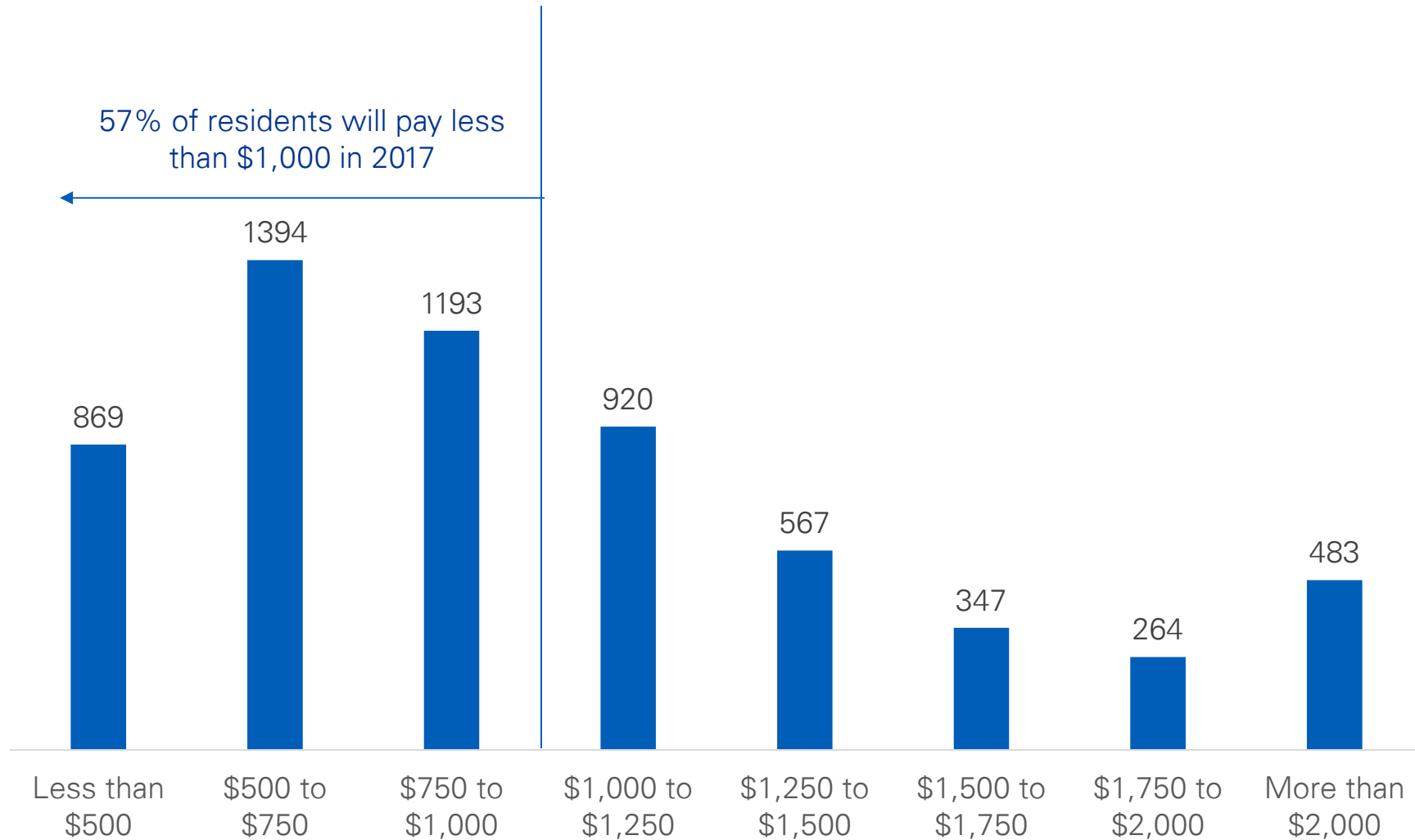
Financial Assets to Financial Liabilities



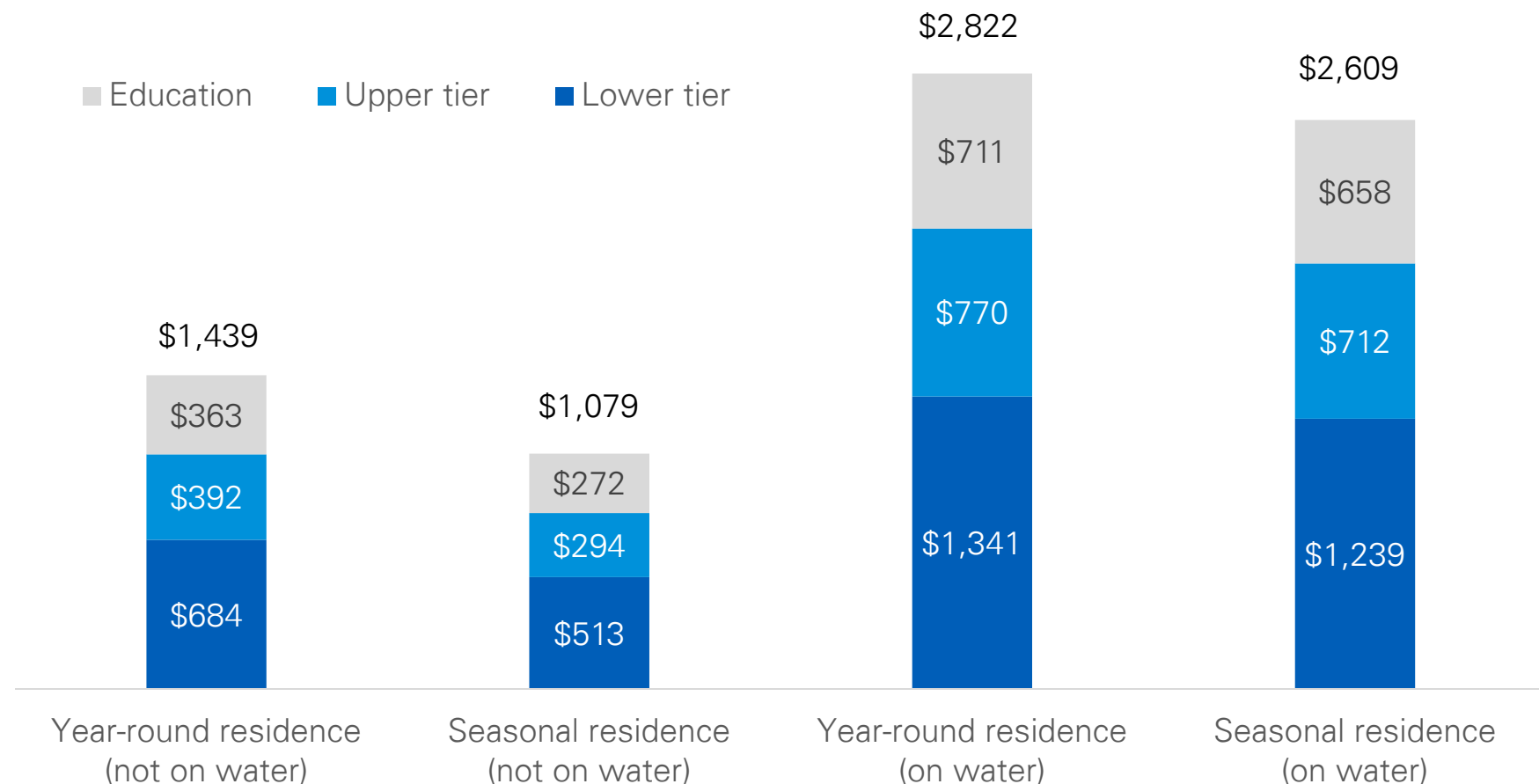
Financial Assets to Financial Liabilities



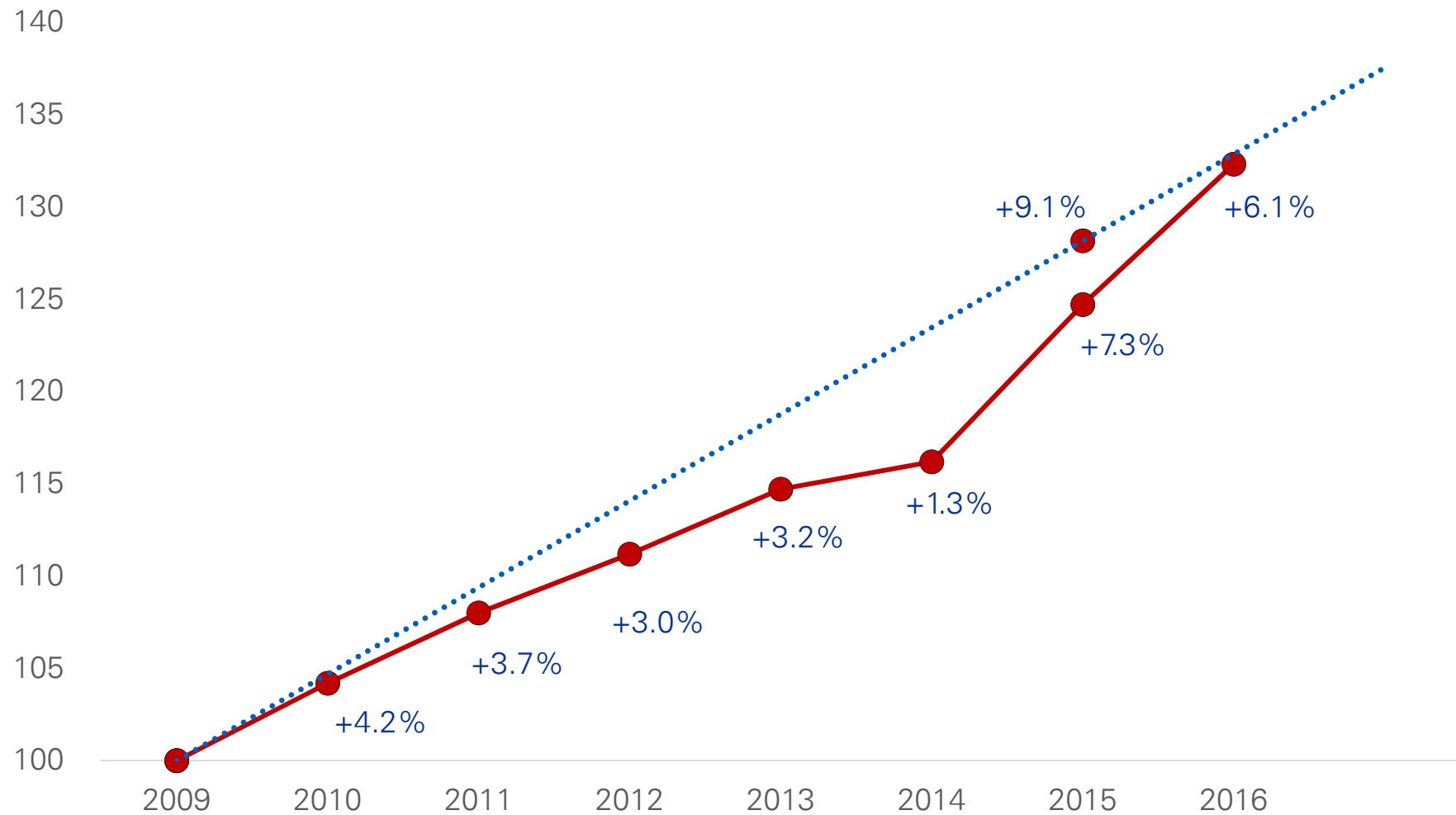
Residential Taxes (Lower Tier)



Residential Taxes By Property Type



Income and Municipal Burden (2009 = 100)



Long-Term Financial Planning

CITY OF GREATER SUDBURY Long-Term Financial Plan


Forecasted Operating Budget
(In thousands of dollars)
(Unaudited - See Notice to Reader)

	Budgeted 2017	2018	2019	2020	2021	2022	Forecasted 2023	2024
Revenues:								
Levies	10,453	10,662	10,875	11,092	11,314	11,540	11,771	12,006
Provincial grants and subsidies	125,009	126,009	126,009	126,009	126,009	126,009	126,009	126,009
Federal grants and subsidies	893	893	893	893	893	893	893	893
User fees	114,288	120,776	127,682	135,041	142,882	151,237	160,144	169,642
Licensing and lease revenues	5,327	5,487	5,651	5,821	5,995	6,176	6,362	6,553
Investment earnings	10,553	10,553	10,553	10,553	10,553	10,553	10,553	10,553
Contributions from reserves and capital	7,019	7,159	7,302	7,445	7,596	7,749	7,903	8,062
Other revenues	14,722	15,165	15,621	16,090	16,574	17,070	17,582	18,113
	288,264	296,704	304,586	312,944	321,816	331,227	341,217	351,831
Expenses:								
Salaries and benefits	238,778	245,828	253,070	260,507	268,146	275,998	284,061	292,343
Materials - operating expenses	49,147	50,131	51,131	52,155	53,199	54,264	55,350	56,458

Long-Term Financial Planning

CITY OF GREATER SUDBURY Long-Term Financial Plan

Key Assumptions

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Expense growth projections:										
Salaries and benefits	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Materials - operating expenses	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Energy costs	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Rent and financial expenses	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Purchased and contracted services	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Grants - transfer payments	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Contributions to reserves and capital	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Internal recoveries	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
OMPF guaranteed level of support	92%	92%	92%	92%	92%	92%	92%	92%	92%	91%
Social assistance upload benefit (in thousands)	1,000									
Water and wastewater rate increase	7.4%	7.4%	7.4%	7.4% 	7.4%	7.4%	7.4%	7.4%	2.0%	2.0%
Capital inflation/capital envelope rate					2%	2%	2%	2%	2%	2%

Long-Term Financial Planning

CITY OF GREATER SUDBURY Long-Term Financial Plan

Model Outputs (in thousands except per household amounts)

	Budgeted 2017	Forecasted									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	
Total levy	\$ 248,810	\$ 255,180	\$ 263,784	\$ 272,714	\$ 282,366	\$ 292,261	\$ 300,953	\$ 310,317	\$ 319,994	\$ 330,851	
Annual levy increase	3.6%	2.6%	3.4%	3.4%	3.5%	3.5%	3.0%	3.1%	3.1%	3.4%	
Total operating costs	\$ 537,074	\$ 551,884	\$ 568,722	\$ 593,046	\$ 611,570	\$ 630,876	\$ 649,558	\$ 669,536	\$ 690,484	\$ 706,671	
Total capital expenditures	\$ 222,601	\$ 162,950	\$ 192,332	\$ 95,465	\$ 104,894	\$ 122,422	\$ 130,624	\$ 138,620	\$ 147,191	\$ 149,743	
Total reserves and reserve funds	\$ 202,245	\$ 198,892	\$ 204,260	\$ 213,864	\$ 226,761	\$ 222,510	\$ 220,082	\$ 217,694	\$ 214,867	\$ 211,745	
Total financial assets	\$ 426,023	\$ 422,670	\$ 428,038	\$ 437,642	\$ 450,539	\$ 446,288	\$ 443,860	\$ 441,472	\$ 438,645	\$ 435,523	
Total financial liabilities	\$ 355,681	\$ 372,298	\$ 470,261	\$ 467,849	\$ 458,410	\$ 447,371	\$ 436,525	\$ 425,754	\$ 415,206	\$ 404,146	
Total long-term debt	\$ 76,393	\$ 93,010	\$ 190,973	\$ 188,561	\$ 179,122	\$ 168,083	\$ 157,237	\$ 146,465	\$ 135,917	\$ 124,858	
Total households	\$ 75,000	\$ 75,470	\$ 75,940	\$ 76,410	\$ 76,880	\$ 77,350	\$ 77,820	\$ 78,290	\$ 78,760	\$ 79,230	
Total assessment	\$ 20,354,241	\$ 20,517,075	\$ 20,681,212	\$ 20,846,662	\$ 21,013,435	\$ 21,181,542	\$ 21,350,994	\$ 21,521,802	\$ 21,693,976	\$ 21,867,528	

Long-Term Financial Planning

FINANCIAL INDICATORS

Financial assets to financial liabilities		1.20		1.14		0.91		0.94		0.98		1.00		1.02		1.04		1.06
Reserve and reserve funds per household	\$	2,697	\$	2,635	\$	2,690	\$	2,799	\$	2,950	\$	2,877	\$	2,828	\$	2,781	\$	2,728
Operating expenses as a percentage of taxable assessment		2.64%		2.69%		2.75%		2.84%		2.91%		2.98%		3.04%		3.11%		3.18%
Capital additions as a percentage of amortization expense		292%		201%		227%		110%		118%		135%		140%		144%		148%
Residential taxes per household	\$	2,405	\$	2,468	\$	2,553	\$	2,641	\$	2,736	\$	2,834	\$	2,920	\$	3,012	\$	3,108
Total debt per household	\$	1,019	\$	1,232	\$	2,515	\$	2,468	\$	2,330	\$	2,173	\$	2,021	\$	1,871	\$	1,726
Residential taxation as a percentage of household income		3.91%		3.90%		3.92%		3.93%		3.96%		3.98%		3.98%		3.99%		3.99%
Total taxation as a percentage of total assessment		1.2%		1.2%		1.3%		1.3%		1.3%		1.4%		1.4%		1.4%		1.5%
Debt servicing costs as a percentage of total revenues		1.49%		1.45%		1.55%		2.73%		2.65%		2.57%		2.27%		2.05%		1.85%
Net book value of tangible capital assets as a percentage of historical cost		51.5%		51.8%		50.7%		49.7%		48.9%		48.3%		47.8%		47.4%		47.1%
Operating grants as a percentage of total revenues		23.4%		23.0%		22.3%		21.7%		21.0%		20.4%		19.8%		19.2%		18.6%



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