

# **2008 Budget Document Guidelines**

The 2008 budget document has been presented in a format that will integrate the current and capital budget story for each Regional program. Each program document reintroduces the 2007 services and service levels. It continues to cover the additional cost required to provide the 2007 level of service in 2008 due to annualization, cost of living and inflation. It then identifies the cost of new pressures in 2008 related to program growth and service demand. Within the Region controlled program, there is a section on relevant benchmarking. The reporting on capital projects has been enhanced to provide a listing of existing approved capital projects in addition to the new capital being requested. Towards the completion of the document is a service contract which sets out the resources required to deliver the 2008 budget as well as the outputs and outcomes Council can expect to see in exchange for those resource allocations.

## **Section I. Existing Services and Service Levels**

Budget development starts with the review of current resources and deliverables. This section of the document outlines the responsibilities and existing services that the Program provides. Included is a brief description of some of the key initiatives undertaken by each of the program areas in 2007.

## **Section II. Resources to Deliver 2007 Services**

A review of the 2007 forecasted financial position guides budget decisions for 2008. This section outlines the financial and staffing resources that were required by the Program to provide services in 2007. Included in the discussion is the forecasted expenditure level to 2007 year end and an explanation of any variances.

As part of the yearly budget development each department identifies key outputs and outcomes that are tracked in order to measure performance and service effectiveness. These outputs and outcomes are specific, measurable and result-oriented. A chart of these measures with the expected results for 2007 is provided in this section.

## **Section III. Performance Measurement/Benchmarking**

Performance Measurement and Benchmarking provide taxpayers with a comparative evaluation of service delivery and gives municipalities a tool to improve those services over time. This section of the document discusses some of the metrics that are tracked and evaluated against other municipalities in order to measure program delivery. Details can be found in Appendix VI.

## **Section IV. 2008 Base Pressures**

To continue to support Regional programs at current service levels, the budgets for the delivery of these services will require increases in 2008. These figures appear in Appendix I. Under this heading the following factors are discussed.

- **Annualization:** These are the costs related to previously approved Council decisions.
- **Cost of living adjustments/Inflation:** Costs in this category are primarily related to inflationary pressures in the area of Salary and Wages which are due to cost of living and normal staff progression through the salary ranges and inflationary increases in the market place in acquiring services and supplies.

## **Section V. Cost Mitigation through Efficiencies & Recoveries**

To minimize the impact of increased costs for service delivery, programs identify areas where efficiencies can be realized. This section of the document highlights some of the costs that are mitigated through efficiencies or through recoveries (internal and/or external). These figures are itemized in Appendix I.

- **Efficiencies** – includes cost increases that are lessened through efficiencies implemented within the department.
- **Recoveries** – includes cost increases that are lessened through increased recoveries/revenue (both internal and/or external).

## **Section VI. Challenges & Emerging Trends**

All programs face continuing challenges in meeting staffing requirements, in funding shortfalls, in mitigating utility cost increases and serving the needs of a growing community. Presented in this section are some of the challenges and emerging trends that are affecting program responsibilities and service delivery.

## **Section VII. 2008 Program Pressures - Current**

The 2008 Program pressures to deliver the Current Budget are discussed under the following headings in Appendix I:

- **Growth** - is the increased demand (i.e. due to population growth) to provide the same service level as 2007. Some of these factors as they pertain to each program are presented under this heading.
- **Service Demand** -are the service level enhancements or new services required to support program delivery based on Council/Community needs. The resources required to meet these needs are discussed in this section of the document.
- **Subsidy Changes** - Some program budgets are largely funded by subsidies received from various levels of government. This section focuses on the changes in and expected levels of these subsidies for the 2008 fiscal year.
- **Other Pressures** - Programs face many challenges in maintaining service levels. This section of the document focuses on some of the other areas of pressure that affect service delivery, such as increased reserve contributions to support the Capital plan.

Some additional information under the following topics may be included:

**Staffing** - Acquiring and sustaining staff complement is an integral part of program delivery and budget development. Presented in this section is the current staffing complement and changes in staffing requirements for 2008 budget needs as detailed in Appendix VII.

**User Fees** - Wherever practical, user fees are charged for services provided. User fees are based on the true cost of the delivery of that service. Any changes to user fees are discussed in this section and also listed in Appendix VIII.

## **Section VIII. 2008 Program Pressures –Capital**

As part of budget development each program identifies the program’s capital requirements. This section of the document provides the go forward numbers on existing projects and identifies new capital initiatives for the 2008 budget cycle.

The new projects are listed in Appendix IV for 2008 Budget and Appendix V for the 10 year plan.

## **Section IX. 2008 Summary**

The 2008 Summary discusses the current position of the budget, as well as forecasts future needs. It also highlights some of the current outputs/outcomes and provides targets for these metrics into the coming year.

**Budget** - Under this topic, a chart is displayed presenting the budget allocation for the current year, the projected year end financial position, the 2008 proposed budget and the 2009 and 2010 forecasted budgets.

**Future Outlook** - This section addresses the needs for current and capital budgets. The current budget is presented with the requirements for the budget year with a forecast for next 2 years. The capital budget is presented for the budget year with a projection for the next 9 years. There is also some discussion regarding major challenges and projects for the forecasted future.

**Service Level Contract for 2008** - The resources required for the 2008 budget are presented under this topic. Included are the Total and Net Budget requirements for the Current Budget, the staffing needs and the 2008 Capital Budget requirements.

**Outputs/Outcomes** – As discussed in Section II, each department identifies specific outputs and outcomes that are tracked to measure the effectiveness of program delivery. Provided in this section are the outputs/outcomes each department will measure in 2008.

## **Section X. Pressures not included in 2008 Budget**

To meet financial guidelines some initiatives are delayed or postponed. This section describes some of the initiatives that fall into this category.

## **Appendices**

**Appendix I. 2008 Current Pressures:** This appendix itemizes the changes to the 2007 base budget and the new pressures for 2008 to arrive at the total 2008 request.

- The development of the 2008 base budget starts with the adjustment of the 2007 budget to maintain 2007 service levels as discussed in Sections IV and V.
- The second component in developing the 2008 budget is to address the new pressures the program is facing as outlined in Section VII. Both these factors are totalled to arrive at the 2008 Recommended Cost of Service.
- Total Expenditure is calculated by taking the program’s Gross cost, adding internal charges and deducting internal recoveries.
- Net Cost is calculated by taking the program’s Total Expenditure, deducting all external recoveries. (i.e. Grants & Subsidies, Fees & Charges, Supplementary Taxes, Reserve Contributions) to arrive at the property tax levy.

**Appendix II. 2008 Capital Overview:** Presented in this appendix are 3 charts.

- The first chart displays the existing capital in process at 2006 year end, adds the 2007 budget, and tracks the 2007 spending to arrive at a closing position for capital works in process at July 31, 2007. The spending that will occur during the remainder of 2007 is included in the column 2007 Projected Spending ( Includes Closed Projects). Note: The projects are broken down by the year initiated, although additional funds may have been added in subsequent years.  
Capital Budget - consists of the full cost being requested each year by Council.  
Cash Flow – consists of an estimate of the spending that will occur on approved capital projects. Depending upon the capital project, the budget may be spent over one or more years. Cash flow captures the spending by year.
- The second chart displays the carry forward balance of existing capital, adds the 2008 Capital Plan for a Total Capital Available. Also presented in this chart is the number of projects for 2008 and the total cost of the 9 year forecast.
- The third chart graphs the cash flow (capital spending) for years 2003- 2007 and forecasts the anticipated capital spending for 2008 and 2009.

**Appendix III. Existing Capital Projects:** Provided in this appendix is a listing of the existing capital works in process at July 31, 2007. Details provided include the gross and net budgets, gross and net expenditures, gross and net carry forward and the net per cent spent as at July 31, 2007.

**Appendix IV. 2008 New Capital Detail:** This appendix provides the detail of the 2008 Capital Budget. Included in the detail is the Project Number, the Project Description, Ward, Total Expense, and the Source of Funds; External (funded by an external body), Internal (Reserves), or DC (Development Charges). Projects identified by an “A” will proceed to Council for approval and those identified with “P” require further review and a subsequent Council Report before proceeding. Discussed in Section VIII.

**Appendix V. Ten Year Capital Plan:** This appendix provides the detail of the Ten Year Capital Plan for the program. Funding requirements are displayed in detail for the first five years and years 6 -10 are aggregated. Discussed in Section VIII.

**Appendix VI Benchmarks/OMBI Data:** This appendix displays the various metrics that the program tracks in order to measure performance and displays the results of this data. The information was discussed in Section III.

**Appendix VII Staffing Information:** Presented in this appendix is the current staff complement, the changes required for 2008 and a commentary to support the changes. Discussion is provided in Section VII.

**Appendix VIII User Fees:** The user fee detail for each program is presented in this appendix. The complete user fee schedule for the corporation is presented in the executive summary. Discussion is provided in Section VII.