

Long Term Financial Plan Update

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2019-2027 Strategic Plan Priorities

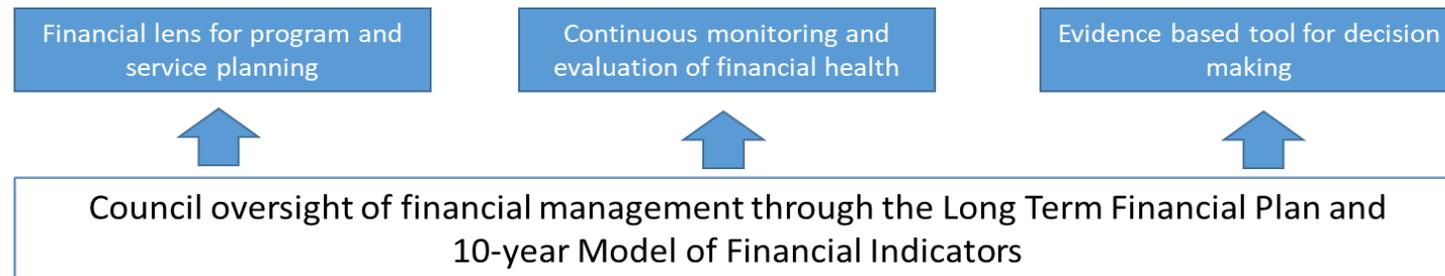
In summary

- Continued financial strength, flexibility and strong financial policies and strategies
- 10-year projections to 2030:
 - Property tax increases in the 2.2% - 3.9% range
 - Low cost financing allowing for significant asset reinvestment
 - Debt levels are manageable and within a typical range
 - Action needed on asset reinvestment and renewal and levels of reserves
- Asset needs will be in sharp focus over the plan period



Long Term Financial Planning Framework

Use of the Long Term Financial Plan



Supporting Policy and Legislative Framework



Long Term Financial Planning

- Purpose: Ensure the long term financial sustainability of municipal services
- Outcome: City services are financially sustainable at desired levels into the future
- Financial Principles:
 1. Long Term Sustainability
 2. Respect for the Taxpayer
 3. Appropriate Funding for Services
 4. Planning for Infrastructure



Financial Strategies and Policies

Policy Recommendation	Status
Operating Budget Policy:	Complete – 2019-2020
Capital Budget Policy:	Complete - 2017 for 2018 budget process
Reserve and Reserve Fund Management Policy:	Complete - 2020
Development Charges By-law:	Complete - 2019
Debt Management Policy:	Complete - 2018



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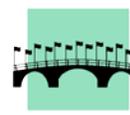
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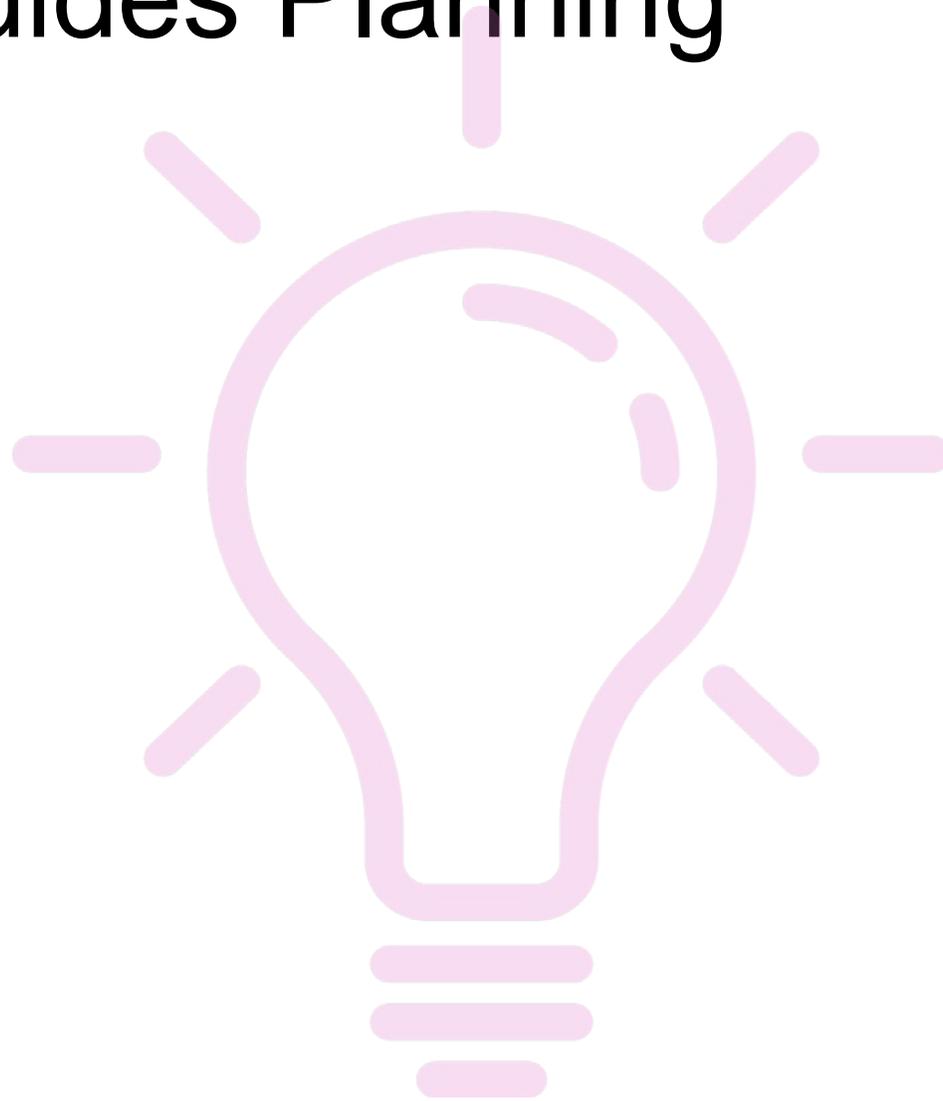
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Economic Condition

Economic Indicator	Rating
Population Growth	
Gross Domestic Product	
Employment	
Construction Activity	
Household Income	
Assessment Growth	



Financial Indicators: Sustainability

		2019	2018	2017	2016	2015
Sustainability Indicators	Target					
Financial assets to financial liabilities	0.75 to 1.50	1.66	1.66	1.66	1.67	1.62
Total reserves and reserve funds per household	\$2,000 to \$3,500	\$1,830	\$1,981	\$1,931	\$2,132	\$2,209
Total operating expenses as a percentage of taxable assessment	2.0% to 3.5%	2.4%	2.3%	2.3%	2.2%	2.2%
Capital additions as a percentage of amortization expense	150% to 250%	213.9%	111.4%	133.2%	95.2%	225.0%
Taxes receivable as a percentage of taxes levied	n/a	2.8%	2.7%	3.0%	2.4%	2.3%



Financial Indicators: Flexibility

		2019	2018	2017	2016	2015
Flexibility Indicators	Typical Range					
Residential taxes per household	\$3,000 to \$5,000	\$2,349	\$2,258	\$2,176	\$2,072	\$1,978
Debt per household	\$2,000 to \$3,500	\$927	\$1,012	\$1,027	\$1,096	\$1,178
Residential taxes as a percentage of household income	3.0 to 5.0%	3.79%	3.83%	3.85%	3.63%	3.76%
Total taxation as a percentage of total assessment	1.0% to 2.5%	1.27%	1.24%	1.22%	1.17%	1.18%
Debt servicing costs (interest and principal) as a percentage of net revenues	2.0% to 3.0%	1.98%	2.32%	2.19%	2.28%	1.90%
Net book value of tangible capital assets as a percentage of historical cost of tangible capital assets	40% to 60%	49.3%	48.8%	49.7%	50.3%	51.4%



Financial Indicators: Vulnerability

		2019	2018	2017	2016	2015
Vulnerability Indicators	Typical Range					
Ratio of government transfers to total revenue	n/a	0.28	0.29	0.30	0.25	0.27
Operating grants as a percentage of total revenues	10% to 25%	22.0%	23.2%	22.6%	22.9%	22.8%
Capital grants as a percentage of total capital expenditures	10% to 25%	26.0%	40.2%	45.3%	14.1%	14.8%



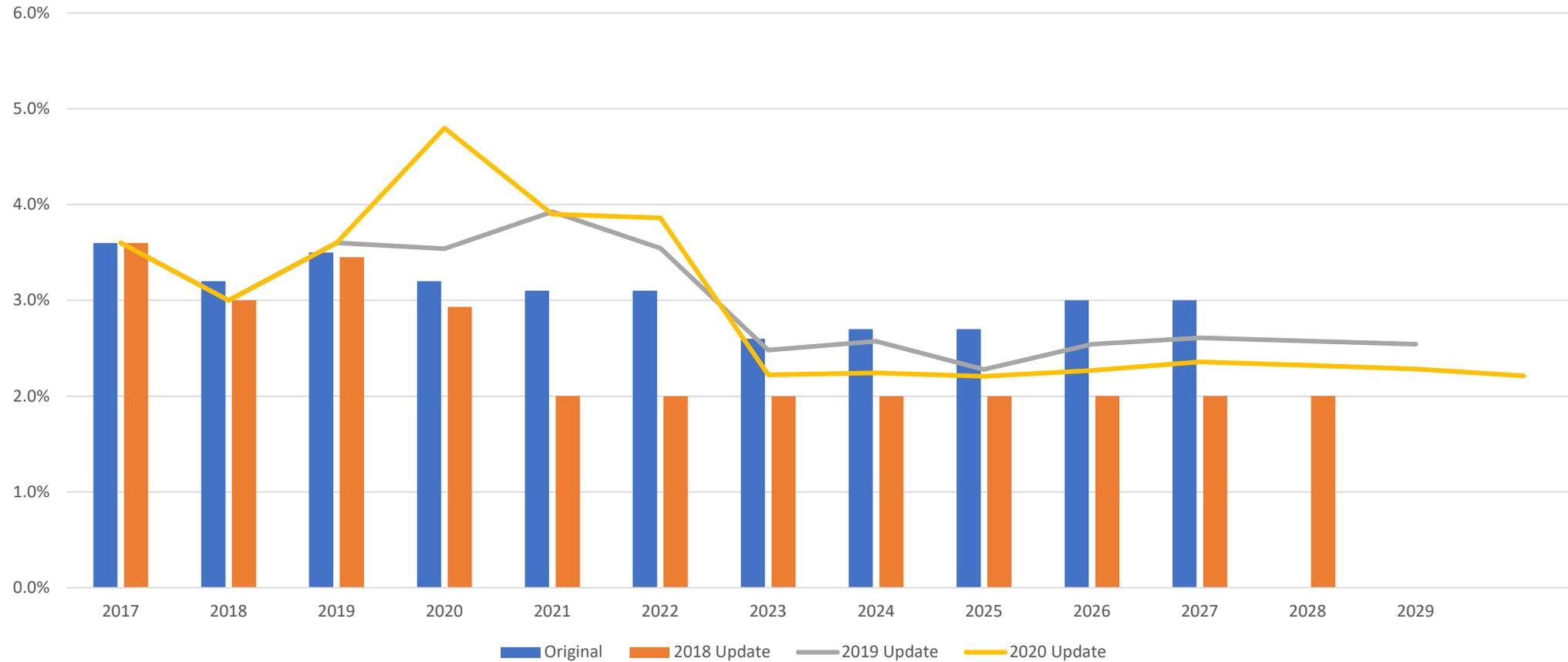
10-year Financial Model

- “Just a plan”, the model uses a variety of assumptions:
 - 2021 and 2022 matches the two year forecast on this agenda
 - Most operating expenses +2% per year
 - Contributions to capital and reserve +2.5% per year
 - Water / Wastewater rates +4.8% consistent with long term plan
 - All approved capital projects and related financing included
 - Assessment growth at +0.5% for 2021 and +1.0% thereafter
 - 1% of 2022 tax levy added to 2023 (currently applied to reserve)
- As in any planning exercise, there are risks that assumptions will be incorrect or the environment may change.



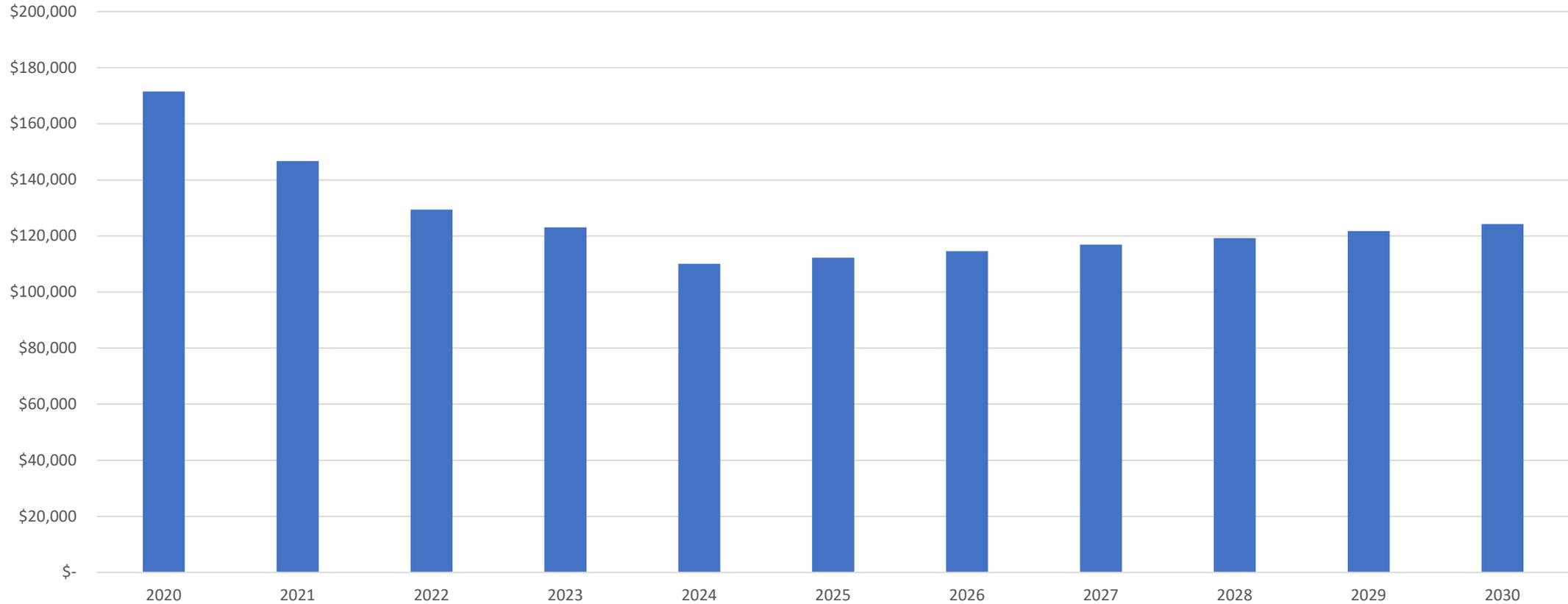
Operating Model

Comparison of Forecasted Tax Increases

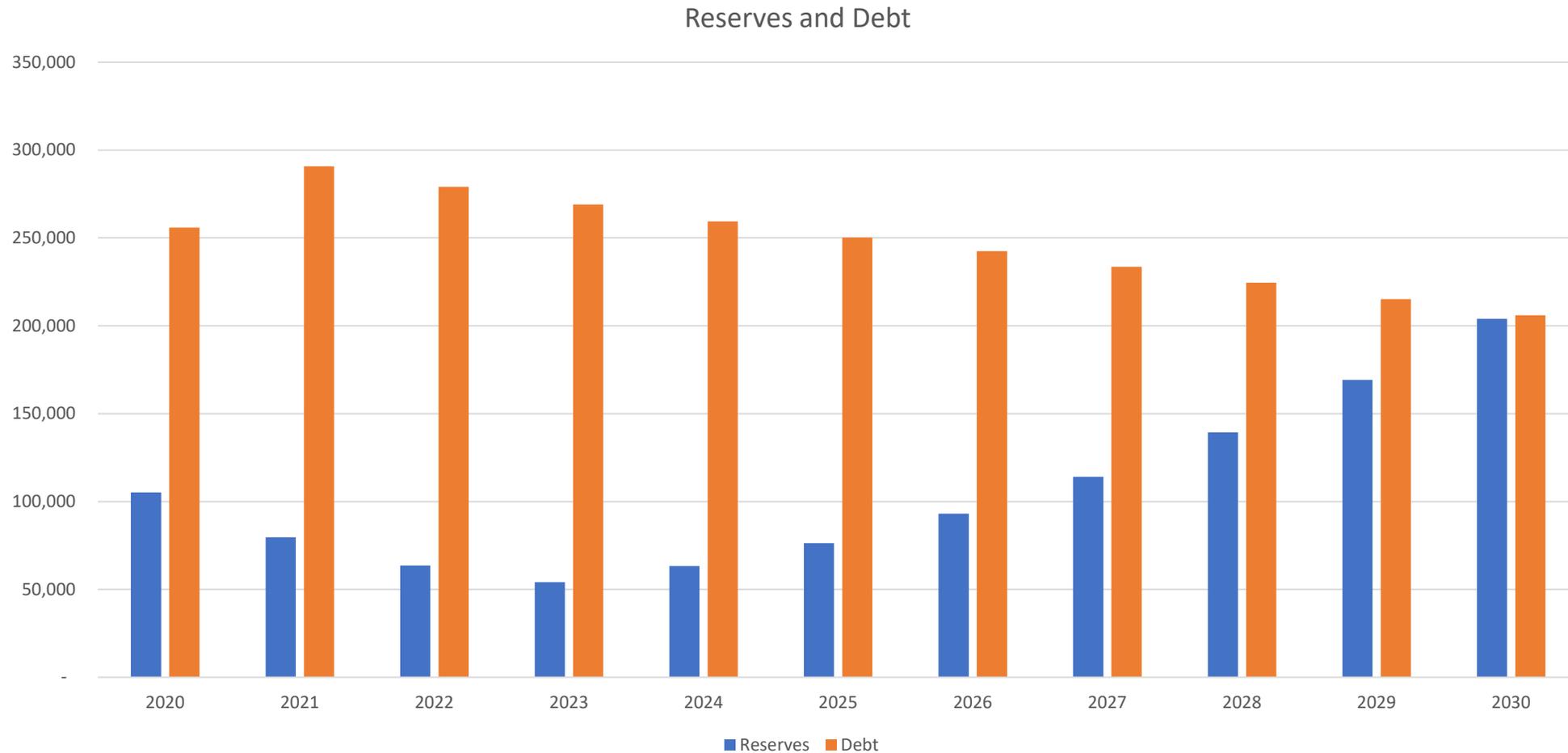


Capital Model

Capital Expenditures Per Year (000's)



Capital Expenditures and Reserve Levels



Financial Indicators: Sustainability

Indicator	Target	2020	2021	2022-2030
Total Reserves and Reserve Funds Per Household	\$2,000-\$3,500	\$ 1,384	\$ 1,043	\$674-\$943
Total Operating Expenses as a Percentage of Taxable Assessment	2.0% to 3.5%	2.62%	2.68%	2.80%-3.08%
Total debt per household	\$2,000-\$3,500	3,365	3,808	\$2,611-\$3,643



Financial Indicators: Flexibility

Indicator	Target	2020	2021	2022-2030
Debt to Reserve ratio	N/A	2.43	3.65	1.01 – 4.97
Residential taxes per household	N/A	\$ 2,714	\$ 2,823	\$2,950 – 3,704
Residential Taxation as a Percentage of Household Income *	3.0%-5.0%	2.59%	2.62%	2.73%-2.93%



Financial Indicators: Vulnerability

Indicator	Target	2020	2021	2022-2030
Operating Grants as a Percentage of Total Revenues	10%-25%	22.2%	21.9%	17.4%-20.7%
Capital Grants as Percentage of Total Capital Expenditures	10%-25%	17.8%	27.7%	14.9%-29.8%



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