



Three Year Financial Operating Plan 2023 - 2025

Town of Devon

TOWN OF DEVON

Three Year Financial Operating Plan

Vision Statement

Devon is a healthy, active, sustainable and inclusive community.

Mission Statement

Councils' mission is to build a responsive and viable community through collaborative and engaged leadership.

Administration's responsibility for the Operating Plan

The 2023 – 2025 Operating Plan is prepared and presented by Administration. Administration is responsible for its accuracy, objectivity and completeness. The preparation of financial information involved the use of estimates and judgements that were based on careful assessment of historical data, research and industry information. Administration is responsible for maintaining a system of internal controls designed to provide reasonable assurance as to the reliability of financial information. The Operating Plan is not audited, but will be compared to actual financial results in the annual audited financial statements. Council has the ultimate responsibility for the Financial Operating Plan.

"It's to get council to think about the long-term consequences of budget decisions made this year and to help them understand what's on the horizon so they can plan accordingly"—Municipal Affairs

Operating Plan

The Town manages its finances with a long-term view emphasizing affordability, a healthy financial position and sustainability. The Operating Plan demonstrates strong stewardship of the Town's financial management in support of providing services and programs to residents and businesses. While Council only approves a one-year budget, the goal of the Financial Operating Plan is to take a balanced approach across three-year period from 2023 to 2025, not to focus solely on the financial impacts of operations and projects in 2023. A good three-year plan levels out annual rate increases, maximizes the use of available grants and utilizes all potential sources of revenue and funding.

FINANCIAL ASSUMPTIONS

The following items list the factors staff incorporated in preparing the Operating Plan:

- Zero-based budgeting concept implemented
- Municipal Sustainability Initiative (MSI) Funding – Operations, held at 2022 approved level
- Requisition amounts held at 2022 Actual (i.e. ASFF, DIP, Leduc)
- Level of service maintained from 2022
- Examine three-year historical trending in all revenue and expenditure accounts
- Fund long term future obligations and designated reserve accounts
- Utilize stabilization reserve to offset increase in tax rate
- Review current and alternative revenue sources that promote long-term financial sustainability
- Reviewed adequacy and equity of fees and revenues for services and programs
- Implement the most cost-effective way of providing service and conducting business
- Where applicable, reduce redundancies in service provisions
- Utilize a preventative infrastructure maintenance program
- Hedging of energy pricing to offset rising energy costs

The following financial factors were implemented:

Parameter	2023	2024	2025
Inflation	3.00%	2.00%	2.00%
COLA	2.00%	2.00%	2.00%
Assessment growth	\$13.7M	\$13.7M	\$13.7M
Tax rate increase	5.67%	4.96%	3.96%
Franchise Fee %	15.00%	16.00%	17.00%
<u>Stabilization Reserve analysis:</u>			
Opening balance	\$419,465	\$160,221	\$34,892
Add: transfer in	0	25,000	299,511
Less: transfer out	(259,244)	(150,329)	0
Closing Balance	\$160,221	\$34,892	\$334,403

FINANCIAL STATEMENTS

Three Year Financial Operating Plan

	2023	2024	2025
REVENUES:			
Fines, licenses and permits	517,300	522,253	527,325
Government transfers	940,617	940,918	942,316
Investment income	91,000	69,000	65,000
Miscellaneous Revenue	78,320	78,915	79,520
Penalties and interest	65,000	65,000	65,000
Property taxes	9,245,994	9,690,264	10,089,615
Sales, rentals & User charges	11,194,872	11,727,323	12,205,615
Transfer from Reserve	708,794	160,329	10,000
Utility-Cost Recovery	1,515,054	1,537,779	1,559,925
Utility-Return on Investment	893,740	956,786	1,020,754
Total Revenues	25,250,691	25,748,567	26,565,070
EXPENSES:			
Contracted and general services	8,305,970	8,068,494	8,266,920
Grants to organizations	509,812	503,225	503,225
Materials, supplies and utilities	2,043,915	2,140,134	2,222,590
Other Expense	4,993,512	5,067,507	5,154,449
Principal & interest on long term debt	1,118,181	1,567,888	1,567,888
Salaries, wages and benefits	7,225,088	7,316,857	7,428,185
Transfer to reserves	1,054,213	1,084,461	1,147,303
Total Expenses	25,250,691	25,748,567	26,290,560
NET TOTAL	0	(0)	274,511
TAX RATE INCLUDED	5.67%	4.96%	3.96%
ACCUMULATED SURPLUS (DEFICIT)	\$0	\$0	\$274,511

Notice to Reader: Only the 2023 Budget is before Council for approval. Years 2024 and 2025 Forecasts are presented for information.