

LONG-RANGE FINANCIAL PROJECTION

In 2016, MNP LLP prepared a long-range financial plan. Click [here](#) to view the report.

MNP's report included a five-year budget projection. In conjunction with preparation of the 2017 municipal budget, administration updated the budget projection for the next five years (2018-2022). These projections indicate that large shortfalls are expected. Click [here](#) to view the five-year budget projection.

There are many factors that affect the County's financial position over the next five years. Some of these factors are beyond Council's control; others can be foreseen and planned for.

These factors include the following:

Property Assessment Base

Administration's best estimate at this time is that the County's assessment base will experience another substantial decrease in 2018 followed by a slow recovery.

Over the five year period, farmland assessment is expected to remain steady with a minimal decrease in the farm residence assessment. Vacant acreage assessments will likely decline with a corresponding increase in the occupied acreages.

In 2018, the machinery and equipment assessment is expected to decrease by 5% (\$4.37 million) and the linear assessment will decrease by 10% (\$28 million).

In 2019, a similar decrease in the linear assessment (\$25 million) is expected, however this may be offset by an increase in the non-residential assessment.

For the period 2020-2022, the non-residential assessment is expected to remain stable, the machinery & equipment assessment will decrease by 5% per year, and the linear assessment base will increase by 5% per year.

Overall, it is predicted that the total assessment base in 2022 will be 1% higher than the 2017 level. For a graphic representation of the changes in the County's assessment base, click [here](#).

Municipal Sustainability Plan

In 2016, the County undertook a significant project to develop a Municipal Sustainability Plan. The Plan is near finalization and initiatives arising from it may have financial impacts on future budgets. Click [here](#) to view the Plan.

Intermunicipal Cooperation

The County has established successful partnerships with its urban neighbours and shares the operating cost of recreation, cultural, and library facilities in the Region. Looking to the future, the Recreation and Culture Services Master Plan recommendations have yet to be thoroughly explored and the Provincial Government, via the *Modernized Municipal Government Act*, will require intermunicipal collaboration frameworks between the County and each of its urban and rural neighbours. These projects may result in long-term financial implications (positive or negative) for the County.

Provincial Grants

The Provincial Government annually prepares three-year business plans. A key component of Alberta Municipal Affairs' business plan is the grant funding provided to municipalities. Municipalities rely on these grants to fund both operating and capital expenses.

Beaver County receives approximately \$2.5 million each year and over 90% is directed to gravelling, road construction, and capital projects. Municipal Affairs has committed its financial support to municipalities in its 2017-2020 Business Plan, however should these programs be discontinued, the County will be significantly impacted.

Beaver Municipal Solutions Dividend

As the region's waste authority (Beaver Municipal Solutions) continues to grow, all of the region's municipalities benefit from receiving surplus funds. The County uses its funds (approximately \$1 million) to provide community grants and fund special projects or infrastructure improvements.

The Provincial Government authorizes the release of the surplus and the latest approval expires in 2017. While there is no indication that the surplus will not continue, in the event that the funding is reduced or discontinued, the County will be significantly impacted.

Beaver Emergency Services Commission Long-Range Capital Plan

The Beaver Emergency Services Commission is developing its long-range capital plan which may have significant financial impact on the member municipalities. No details are available at this time.

Asset Management

The County's long-range financial plan includes the development of a long-term infrastructure plan and asset management plan in 2017. Click [here](#) to review the Long-Range Financial Plan Projects. Included in the work plan are a long-term capital and infrastructure replacement plan and funding model. The results and recommendations of these plans may create additional financial requirements for annual budgets.

2016 Surplus

The 2016 financial audit has been completed and the County was under budget by approximately \$2 million. This is not the norm for the County, however in 2016 with the mild winter, reduced road construction, wet fall, and an adjustment to the gravelling schedule, certain expenses were under budget. Council will take advantage of this one-time cash surplus to buffer the mill rate increases that are expected over the next five years.

What's Next?

Unfortunately, factors beyond the control of the County have potential to derail Council's careful planning efforts. As Council considers its long-term financial viability and sustainability, it will be scrutinizing budgets carefully, examining levels of service, exploring economic opportunities, and optimizing revenue sources.

Throughout this process, there will be opportunities for public input. We encourage your participation and look forward to working with residents, ratepayers, and other stakeholders in designing the County into a viable and sustainable place to call home.