



Edmonton

Financial and Corporate Services

**2023 Fall SOBA
Additional Information**

November 27, 2023

Risk Management

Financial Stabilization Reserve & Financial Strategies

Financial Stabilization Reserve (FSR)	Financial Strategies
<ul style="list-style-type: none">• Used to address unforeseen emergent budget pressures - revenue instability/unexpected costs	<ul style="list-style-type: none">• Used to manage volatility in budget line items over the 4 year budget cycle
<ul style="list-style-type: none">• One-time budget pressures	<ul style="list-style-type: none">• Ongoing budget pressures
<ul style="list-style-type: none">• Main funding source is tax-supported surplus	<ul style="list-style-type: none">• Funded through the tax-levy (Corporate Programs)
<ul style="list-style-type: none">• Minimum and target balances - risk based• If balance falls below minimum - strategy required to reach minimum balance within 3 years	<ul style="list-style-type: none">• Balance is based on:<ul style="list-style-type: none">○ volatility in budgeted items○ unknown factors impacting budgeted items

FSR Update

Q3 2023 (\$ millions)

Q3 Projected
Tax-Supported
Deficit
(\$52.0) M

**\$88.0M
Projected
(including
deficit)**

**\$140.0M
Projected (not
including deficit)**



● Above target balance

● Above minimum balance & below target balance

● Below minimum balance

■ ■ ■ ■ ■ Reserve Balance with current projected deficit

FSR

2023 Tax-Supported Deficit Impact

Financial Stabilization Reserve (\$ millions)	2023	2024	2025	2026	2027
FSR Balance	68.4	140.0	88.0	99.8	111.7
FSR Funded Expenses	(14.3)				
Year-End Surplus/(Deficit) from Prior Fiscal Year	81.6	(52.0)			
Releases	4.3				
Replenishment to minimum balance			11.8	11.8	11.8
FSR Closing Balance (estimated)	140.0	88.0	99.8	111.7	123.5
FSR Minimum Balance	123.5	123.5	123.5	123.5	123.5

Tax Levy Increase (%)	2023	2024	2025	2026	2027
Previously approved tax levy increase	4.96	4.96	4.95	4.39	TBD
2023 Fall SOBA Adjustments		2.13	0.09	0.14	
Proposed Tax Levy Increase -2023 Fall SOBA	4.96	7.09	5.04	4.53	TBD
Replenish FSR to minimum balance			0.56		
Revised Tax Levy Increase (including FSR replenishment)	4.96	7.09	5.60	4.53	TBD

Progress on 2023-2026 OP12 - \$60 Million Reduction

Savings (\$millions - annual dollars)		2023	2024	2025	2026	Total
Target		(\$15.0)	(\$15.0)	(\$15.0)	(\$15.0)	(\$60.0)
<u>Budget Reductions Identified</u>						
COVID Revenue Shortfalls	Ongoing	\$5.0	\$5.0	\$5.0	\$5.0	\$20.0
Assessment Growth	Ongoing	\$4.5	\$4.5	\$4.5	\$4.5	\$18.0
Senior Leadership Personnel	Ongoing	-	\$1.0	\$1.0	\$1.0	\$3.0
Adjustment to Fuel & Utilities	Multi-Year	\$0.2	\$0.9	\$0.2	(\$0.5)	\$0.8
Modified Encampment Response	One time	\$2.0	-	-	-	\$2.0
Restraint Measures	One time	\$16.2	TBD	TBD	TBD	\$16.2
Restrain Measures applied to Deficit	One time	(\$16.2)	TBD	TBD	TBD	(\$16.2)
Total Reductions Identified		\$15.0	\$11.4	\$10.7	\$10.0	\$47.1
Remaining Reductions		\$(3.3)	\$(3.6)	\$(4.3)	\$(5.0)	\$(12.9)