

Budget 2024

Budget Adoption





Agenda



Setting the Stage

Budget Overview

Financial Forecasts

Key Takeaways



**SETTING THE
STAGE**



**BUDGET
OVERVIEW**

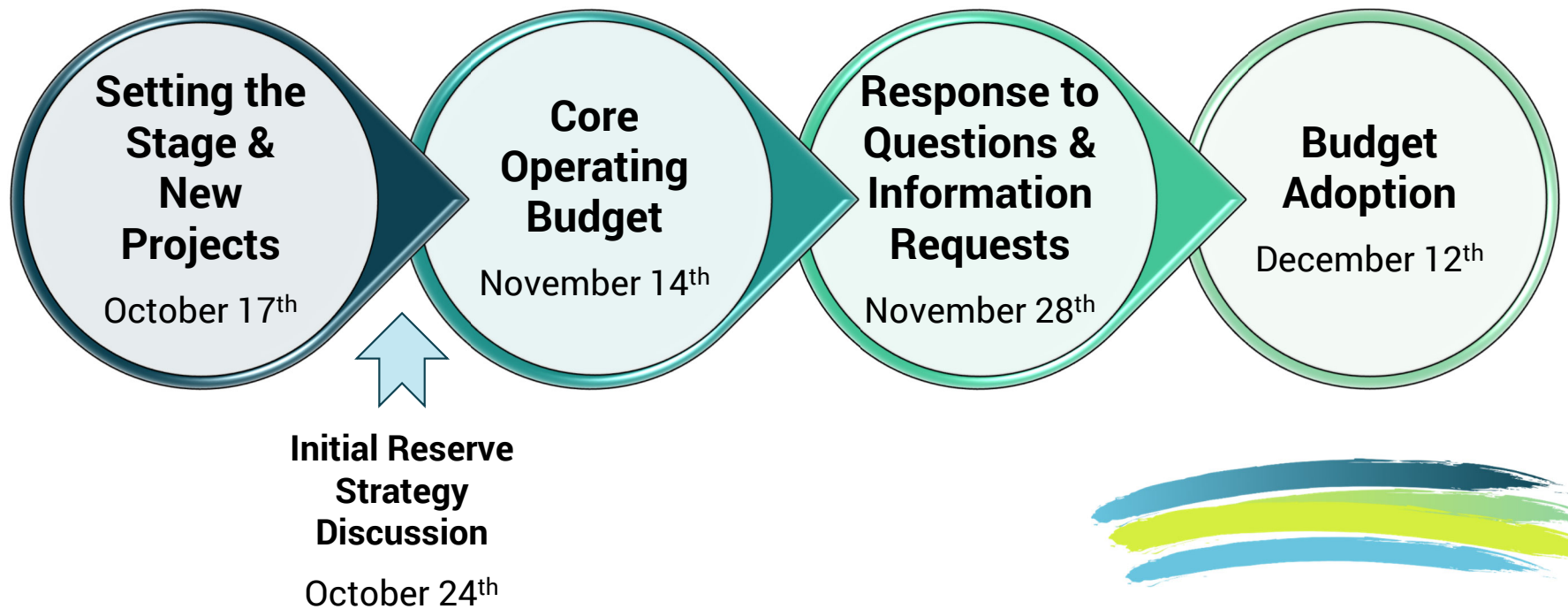


**FINANCIAL
FORECASTS**



**KEY
TAKEAWAYS**

Budget 2024 Schedule



Budget Guidelines | Budget 2024

Advancement of Council's Strategic Plan

Maintain existing service levels

Improve customer service

Keep tax rates competitive

Incorporate a proactive infrastructure renewal plan

Identify and incorporate efficiencies

Ensure rates and fees for services are appropriate



Situational Recap

Challenges

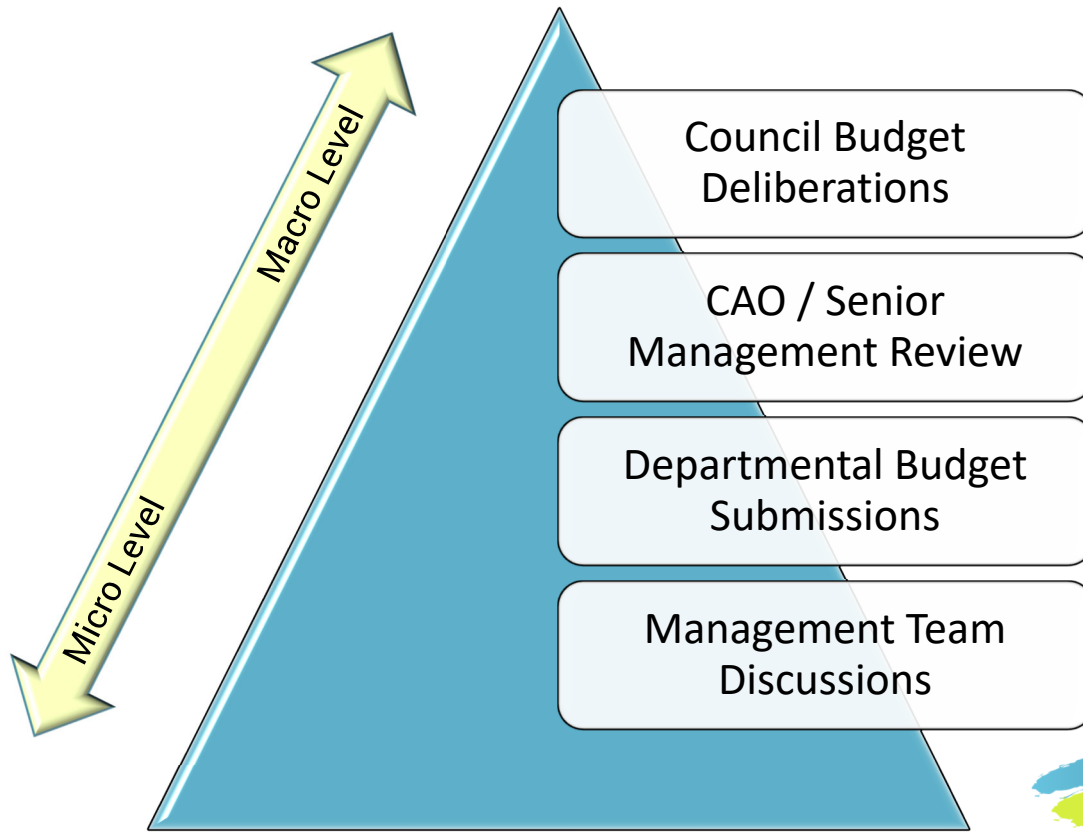
- Maintaining service levels with minimal tax burden impacts
- Minimal new assessment growth
- Provincial/Federal support lacking
- High rates of inflation

Positives

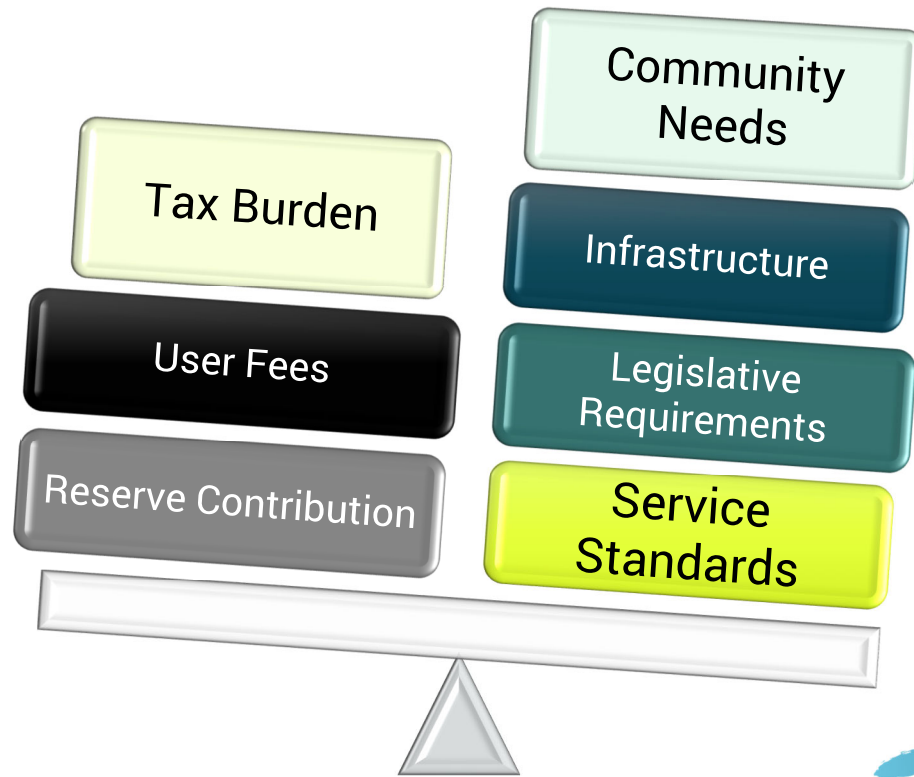
- Tax Collection success rates
- Reliance on borrowing
- Healthy Reserves
- Real Tax Increases (in dollars) not excessive



Review Process | Budget 2024



Balancing Act | Budget 2024



2023 Year-End Projections Appendix G | Budget 2024

Review year-to-date revenues/expenses

Compare to calendarized budget

Consider upcoming revenues/expenses outside of
calendarized budget

Estimate – variations can occur prior to Q4 Reporting

2023 Year-End Projections Appendix G cont. |

Budget 2024

Year-to-Date

- **October 31 Expected** – calendarized expectation of revenues/expenses
- **October 31 Actual** – actual revenues/expenses
- **October 31 Variance** – difference between calendarized expectation and actuals

Year-End Forecasting

- **2023 Budget** – adopted budget for revenues/expenses
- **Year-End Projected** – based on year-to-date amounts, and calendarized budget for remainder of the year, projected year-end balance
- **Projected Year-End Variance** – expected year-end variance to budget

Comparison 2023 to 2024

- **2024 Budget** – proposed budget
- **2023-2024 Budget variance** – difference between 2023 budget and 2024 budget
- **2023 Year-End Projected to 2024 Budget Variance** – difference between anticipated actuals for 2023 and the proposed 2024 budget

Forecasted Surplus Appendix G | Budget 2024



- \$2,923,560 including one-off variances

- \$1,199,378 if investment revenue surplus is removed, equates to 4.12% variance of actuals to budget

- \$113,279 if investment and salary surpluses are removed, equates to 0.39% variance of actuals to budget



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KEY
TAKEAWAYS

Budget by Function – Revenues | Budget 2024

	2023 Budget	2024 Budget	Budget Variance
Revenues			
Licenses and Permits	(99,100)	(89,100)	10,000
Operating Grants	(463,302)	(506,647)	(43,345)
Other Revenue	(60,000)	(85,000)	(25,000)
Sale of Goods and Services	(1,461,350)	(1,713,974)	(252,624)
Sales to Other Governments	(131,753)	(132,370)	(617)
Rental Income	(140,404)	(140,700)	(296)
Penalties and Fines	(121,000)	(92,000)	29,000
Property Taxes	(24,474,002)	(25,696,347)	(1,222,345)
Special Taxes and Frontage	(339,749)	(293,587)	46,162
Return on Investments	(766,784)	(766,784)	-
Transfer from Reserves	(932,000)	(880,904)	51,096
Capital Equipment Plan Sales	(100,000)	(100,000)	-
Total Revenues	(29,089,444)	(30,497,413)	(1,407,969)

Budget Variance Explanations | Revenues

2023 Budget - \$29,089,444 | 2024 Budget - \$30,497,413 | Increase \$1,407,969

ITEM	BUDGET VARIANCE	DESCRIPTION
Licenses and Permits	- \$10,000	Development and safety code permits
Operating Grants	+ \$43,345	Agricultural Services grants
Other Revenue	+ \$25,000	Oil and gas water agreements (+ \$25k)
Sales of Goods and Services	+ \$252,624	Bulk water (+ \$107k) Water lines (+ \$93k) Dust control (+ \$30k) Scrap metal (+ \$16k) Campgrounds (+ \$5k) Small adjustments across multiple revenues (+ \$1.7k)
Sales to Other Governments	+ \$617	Market increases
Rental Income	+ \$296	Market increases

2023 to 2024 Variances – Revenues | Budget 2024

Revenue	2023 to 2024 Budget Variance	2023 Year-End Projected to 2024 Budget Variance	Critical Factors
Other Revenue	+ \$25,000	- \$77,085	Relates to water licensing fees within transportation, only some of the revenue over budget in 2023 is anticipated to be an ongoing trend.
Sales of Goods and Services	+ \$252,624	+ \$72,278	Revenues in 2024 have been increased to align with 2023 trending; additional increase relates to increased rates for water.

Budget Variance Explanations | Revenues Cont'd

ITEM	BUDGET VARIANCE	DESCRIPTION
Penalties and Fines	- \$29,000	Penalties on tax revenues
Property Taxes	+ \$1,222,345	Increases in alignment with comparable municipalities and with consideration for the impact on ratepayers
Special Taxes and Frontage	- \$46,162	Expiry of one special levy
Return on Investment	-	No adjustment
Transfer from Reserves	- \$51,096	\$364,000 in funding for one-time operating projects \$516,804 drawn from the revenue stabilization reserve to balance the budget
Capital Equipment Plan Sales	-	No change from 2023 levels

2023 to 2024 Variances – Revenues | Budget 2024

Revenue	2023 to 2024 Budget Variance	2023 Year-End Projected to 2024 Budget Variance	Critical Factors
Special Taxes and Frontage	- \$46,162	- \$76,762	Decrease of budget relates to expiry of special levy. Remaining difference is water connection fees received in 2023 which are not budgeted in 2024.
Return on Investments	-	\$1,724,182	Investment revenues over budget are transferred into reserves to fund long-term initiatives.

Budget by Function – Expenses | Budget 2024

	2023 Budget	2024 Budget	Budget Variance
Expenses			
Contract and General Services	3,170,536	3,622,594	452,058
Materials, Goods, Supplies, and Utilities	3,835,936	4,509,479	673,543
Salaries, Wages and Benefits	10,239,050	10,516,141	277,091
Provision for Allowances	250,000	100,000	(150,000)
Purchases from Other Governments	749,498	746,220	(3,278)
Transfer to Other Governments	650,528	660,419	9,891
Transfer to Individuals and Organizations	288,900	310,450	21,550
Transfer to Local Boards and Agencies	120,852	120,852	-
Contributions to Reserves	8,352,144	8,832,158	480,014
Non TCA Operating Projects	732,000	364,100	(367,900)
Gravel (Inventory) Projects	700,000	715,000	15,000
Total Expenses	29,089,444	30,497,413	1,407,969

Budget Variance Explanations | Expenses

2023 Budget - \$ 29,089,444 | 2024 Budget - \$30,497,413 | Increase \$1,407,969

ITEM	BUDGET VARIANCE	DESCRIPTION
Contract, Goods, and Services	+ \$452,058	Ag Services Weed Control (+ \$180k) Professional fees – legal, engineering and audit (+ \$70k) Contract repairs and maintenance (+ \$54k) IT Service Contracts and software (+ \$48k) Training and development (+ \$38k) Insurance (+ \$30k) Inspection Services (+ \$13k) Enhanced Public Engagement (+ \$10k) Freight (+ \$5k) Advertising (+ \$4k)

2023 to 2024 Variances – Expenses | Budget 2024

Expense	2023 to 2024 Budget Variance	2023 Year-End Projected to 2024 Budget Variance	Critical Factors
Contract and General Services	+ \$452,058	+ \$535,089	Continued inflationary impacts on contracts and general services.



Budget Variance Explanations | Expenses Cont'd

ITEM	BUDGET VARIANCE	DESCRIPTION
Materials, Goods, Supplies, and Utilities	+ \$673,543	Shop supplies (+ \$201k) Road network supplies (+ \$140k) Weed control supplies (+ \$129k) Fuel (+ \$88k) General goods and supplies (+ \$72k) Water for resale (+ \$38k) Utilities (+ \$25k) Small tools and equipment (+ \$10k) Extension Ag Programming (- \$30k)
Salaries, Wages, and Benefits	+ \$277,091	Addition of two full time positions (+ \$184k) Benefits and government contributions (+ \$137K) Merit and market adjustments to 50 th percentile (+ \$27K) Seasonal support adjustments (- \$71k)
Provisions for Allowances	- \$150,000	Decreased in alignment with current tax collection trends
Purchases from Other Governments	- \$3,278	Commission requisitions

2023 to 2024 Variances – Expenses | Budget 2024

Expense	2023 to 2024 Budget Variance	2023 Year-End Projected to 2024 Budget Variance	Critical Factors
Materials, Goods, Supplies, and Utilities	+ \$673,543	+ \$103,857	Item over-budget in 2023, offset by surpluses in other line items. Continued inflationary impacts on materials and supplies in addition to increased service levels.
Salaries, Wages, and Benefits	+ \$277,091	+ \$1,363,190	2023 experienced significant unanticipated position vacancies. Budget includes staff at full complement.

Budget Variance Explanations | Expenses Cont'd

ITEM	BUDGET VARIANCE	DESCRIPTION
Transfers to Other Governments	+ \$9,891	Inflationary growth on existing agreements
Transfers to Individuals and Organizations	+ \$21,550	Inflationary growth on existing agreements and increased community grant programming
Transfers to Local Boards and Agencies	-	No change from 2023 levels
Contributions to Reserves	+ \$480,014	Capital Equipment Plan (+ \$459k) Gravel strategy (+ \$100k) IT (+ \$1k) Water Reserve (- \$80k)
Operating Projects	- \$367,900	One-time operating projects
Gravel (Inventory) Projects	+ \$15,000	Gravel crushing price increases

Operating Projects | Budget 2024

PROJECT	BUDGET	FUNDING SOURCE
Growing Kneehill Event	\$66,000	\$51,000 Parks Reserve \$15,000 Sponsorships and Ticket Sales
Utility Master Plan – Torrington	\$105,600	\$105,600 Water Reserve
Concrete Crushing	\$55,000	\$55,000 Contingency Reserve
PSD Maintenance Manager Enhancements	\$22,000	\$22,000 Building Reserve
Pavement Condition Assessment Report	\$110,000	\$110,000 Roads Reserve
Water CAD Implementation	\$5,500	\$5,500 Water Reserve
	\$364,100	\$364,100

Capital Projects – Key Investments | Budget 2024



\$2.8 million in capital equipment replacements



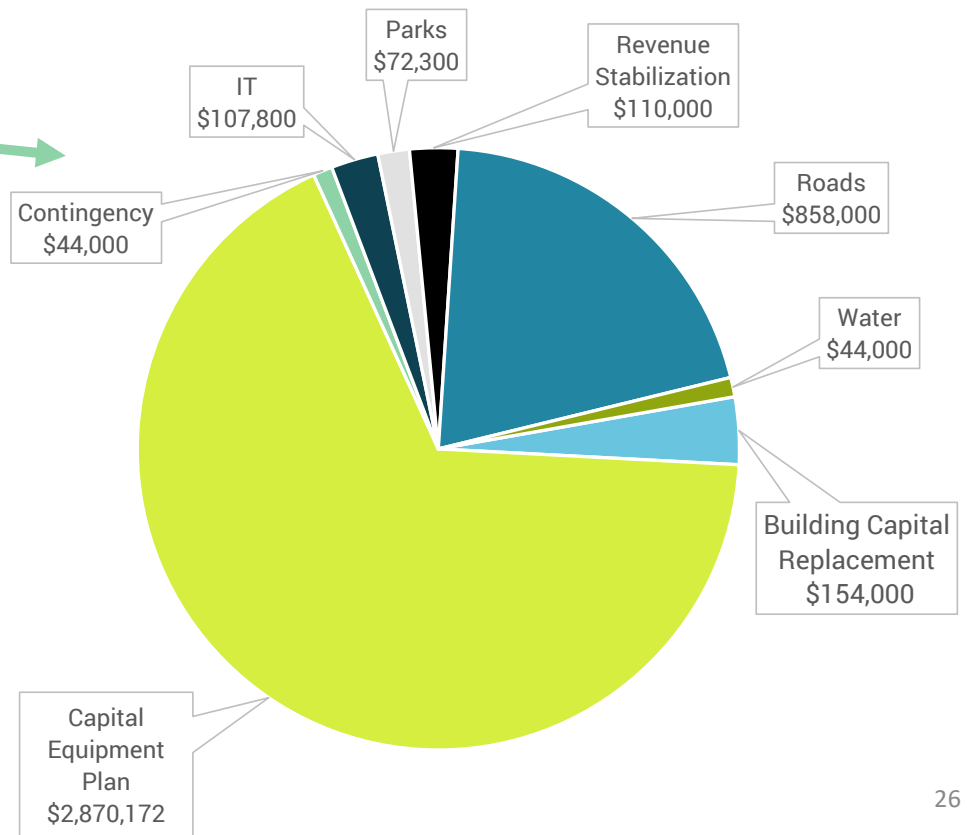
\$2.4 million to support the road network



\$620,000 for maintenance and various upgrades for facilities and park sites

Capital Projects Funding Sources | Budget 2024

FUNDING SOURCE	AMOUNT
Reserves	\$4,260,272
CCBF Grant	\$1,661,000
Community Grants	\$16,500
Community Fundraising	\$6,500
	\$5,944,272





SETTING THE
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**FINANCIAL
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Intent of Forecasts | Budget 2024

- 
- MGA Requirement to approve 3 Year Operating and 5 Year Capital forecasts annually
 - Provide a forward-looking view of upcoming financial trends and projects
 - Not budgets; do not provide administration with authority to spend forecasted funds

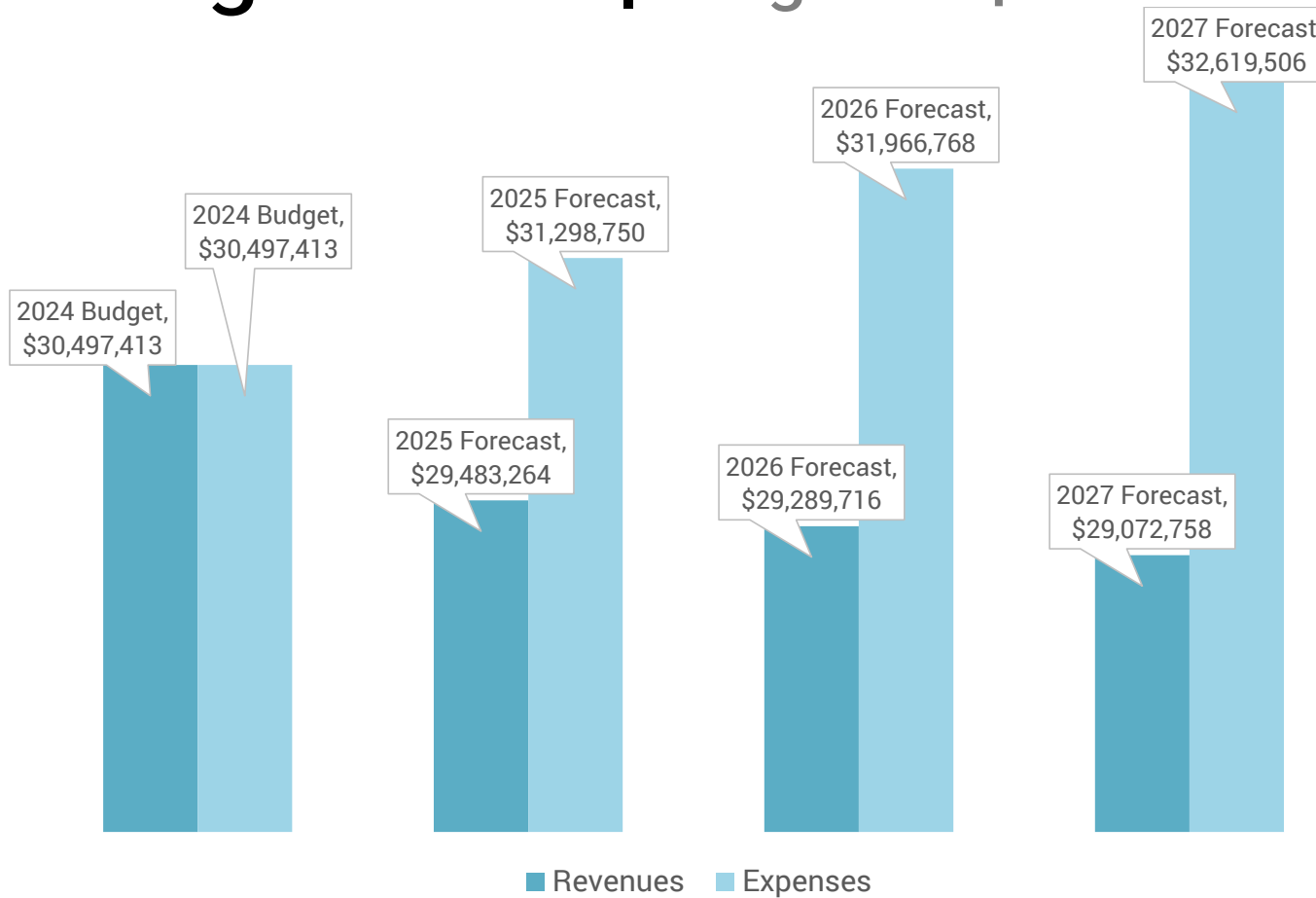
Operating Forecast | Budget 2024

Maintain existing service levels

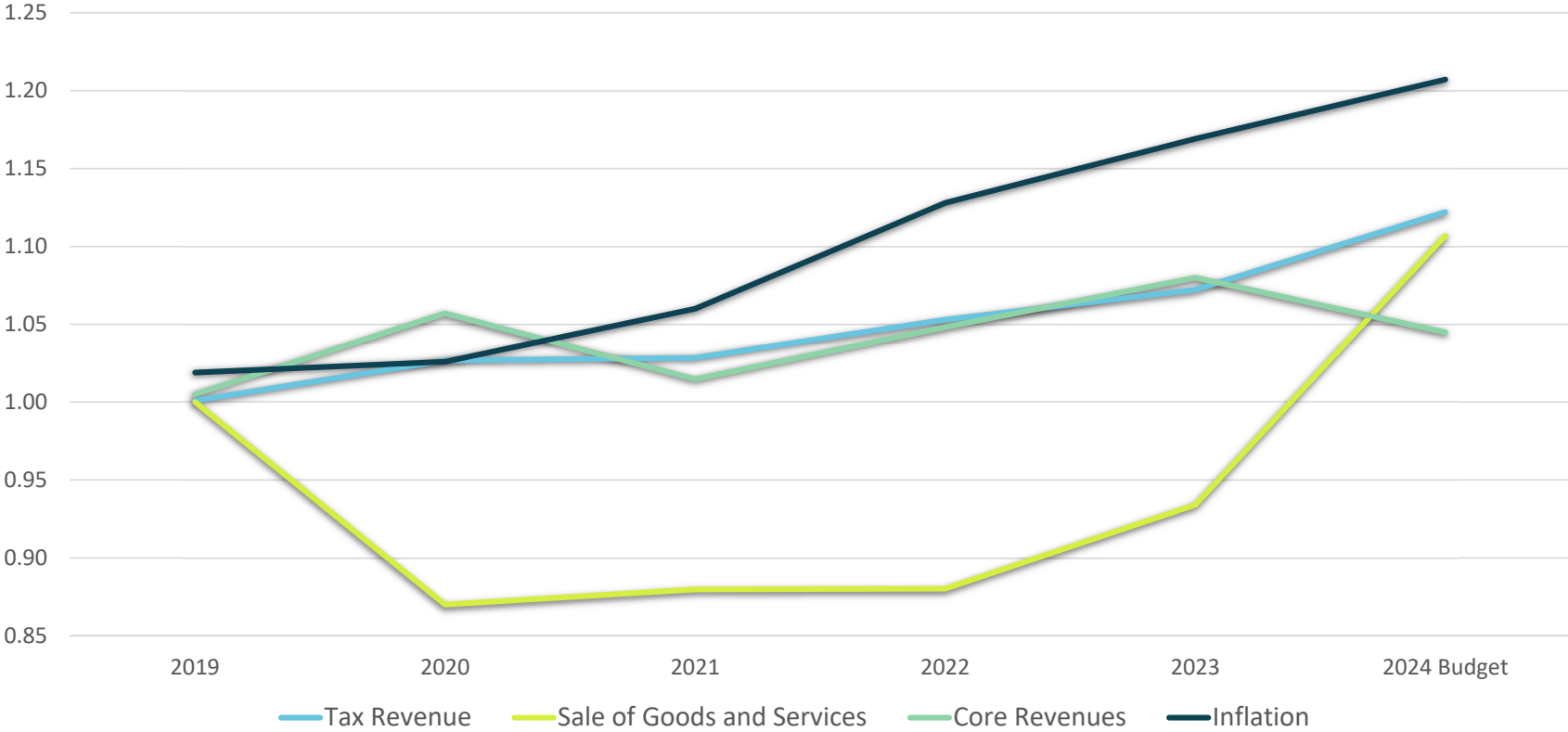
No revenue fluctuations for rate adjustments

Implementation of investment returns reserve funding strategy

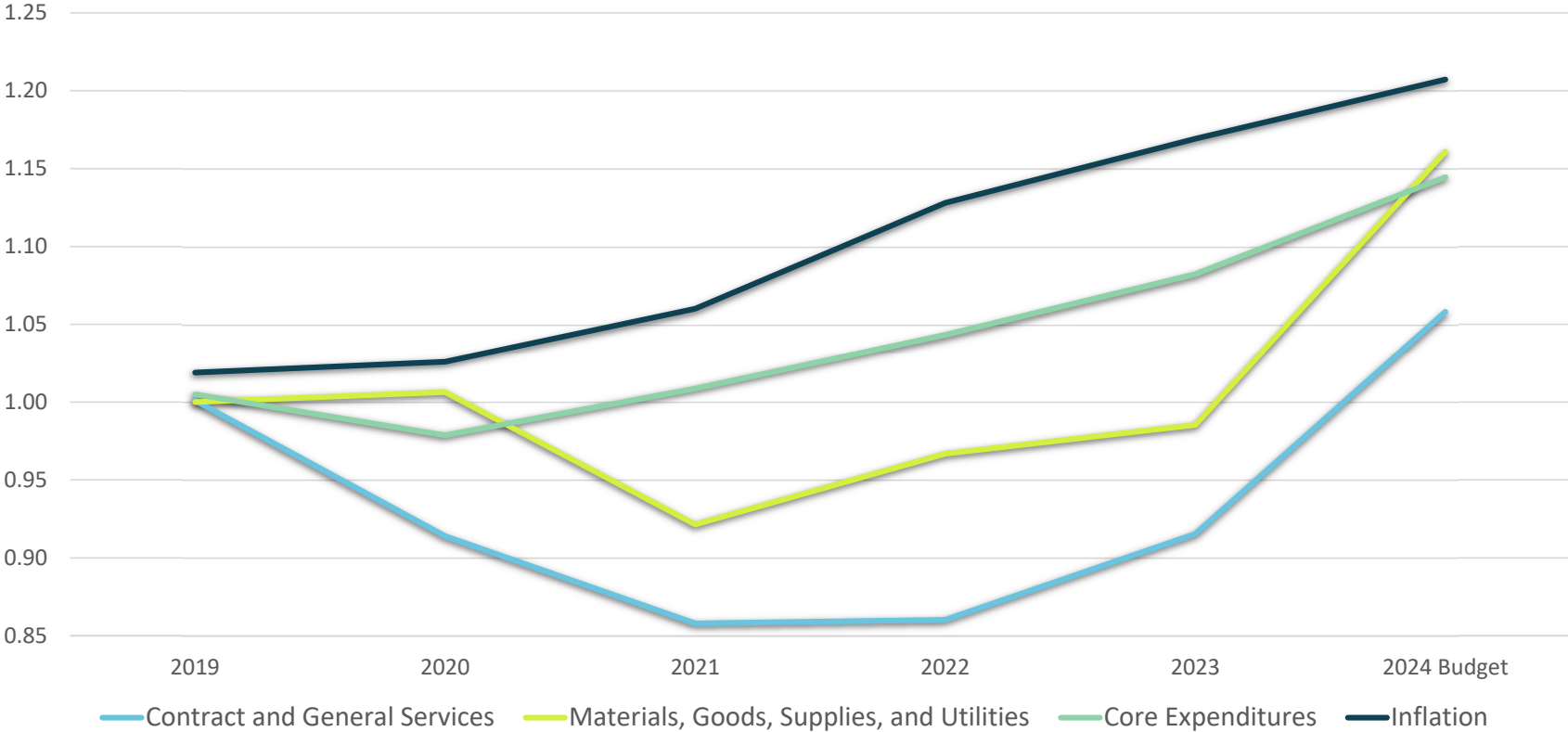
Operating Forecast | Budget 2024



Inflation vs. Revenues | Cumulative Impact



Inflation vs. Expenditures | Cumulative Impact



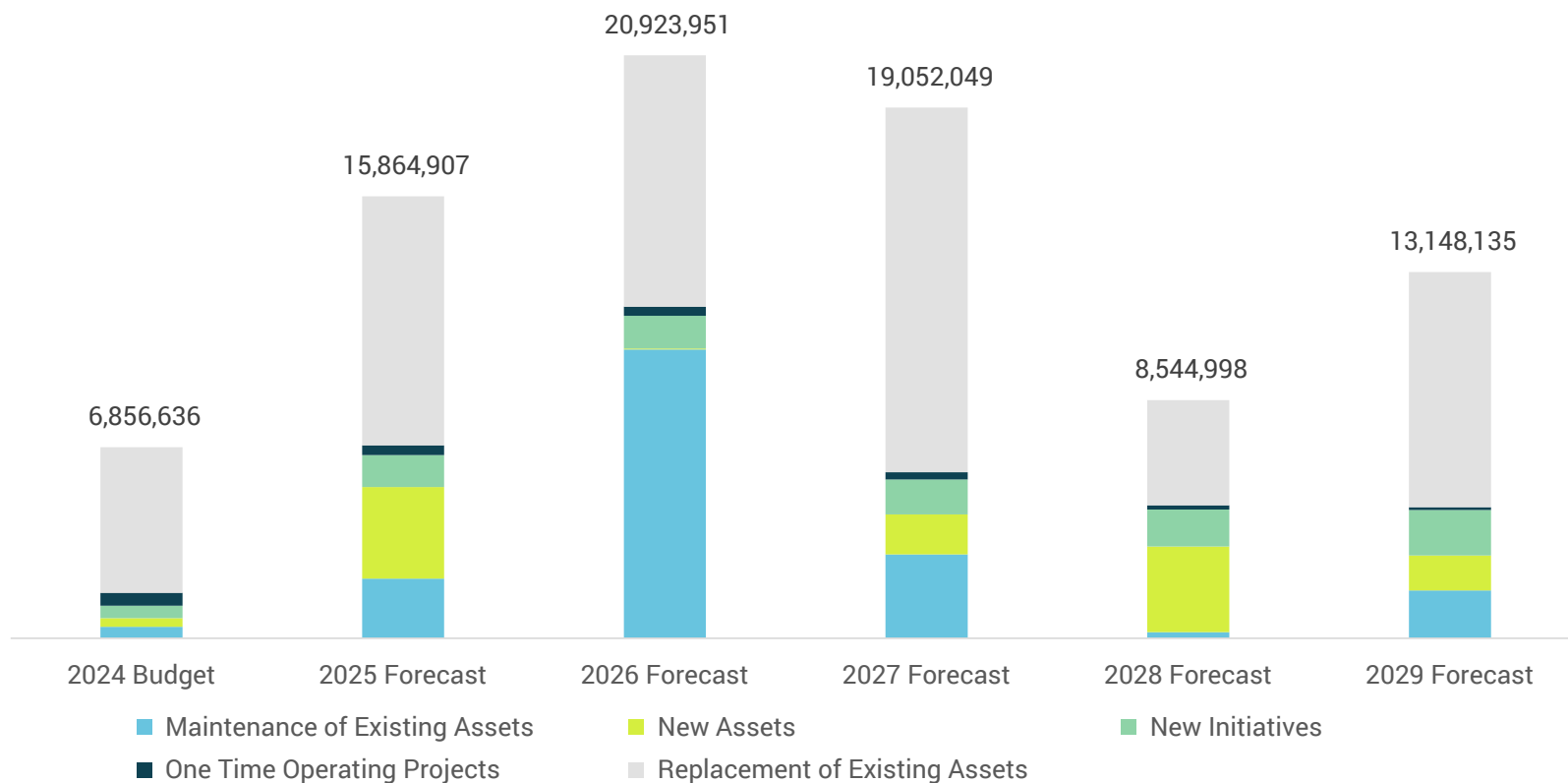
Operating Forecast Trends – Revenues | Budget 2024

Category	Variance	Description
Sale of Goods and Services	6.1%	Increases in bulk water and water distribution system revenues, as well as in dust control, and oilfield inspections.
Sales to Other Governments	35.2%	Primarily relates to agreements with urban municipalities for the provision of enforcement services.
Special Taxes and Frontage	-79.4%	Relates to the expiration of water frontage agreements related to original water system implementation.
Return on Investments	-60.5%	In alignment with the recommended reserve funding strategy.
Transfers from Reserves	-100%	No reserve transfers forecasted, as these are a component of annual budget deliberations.

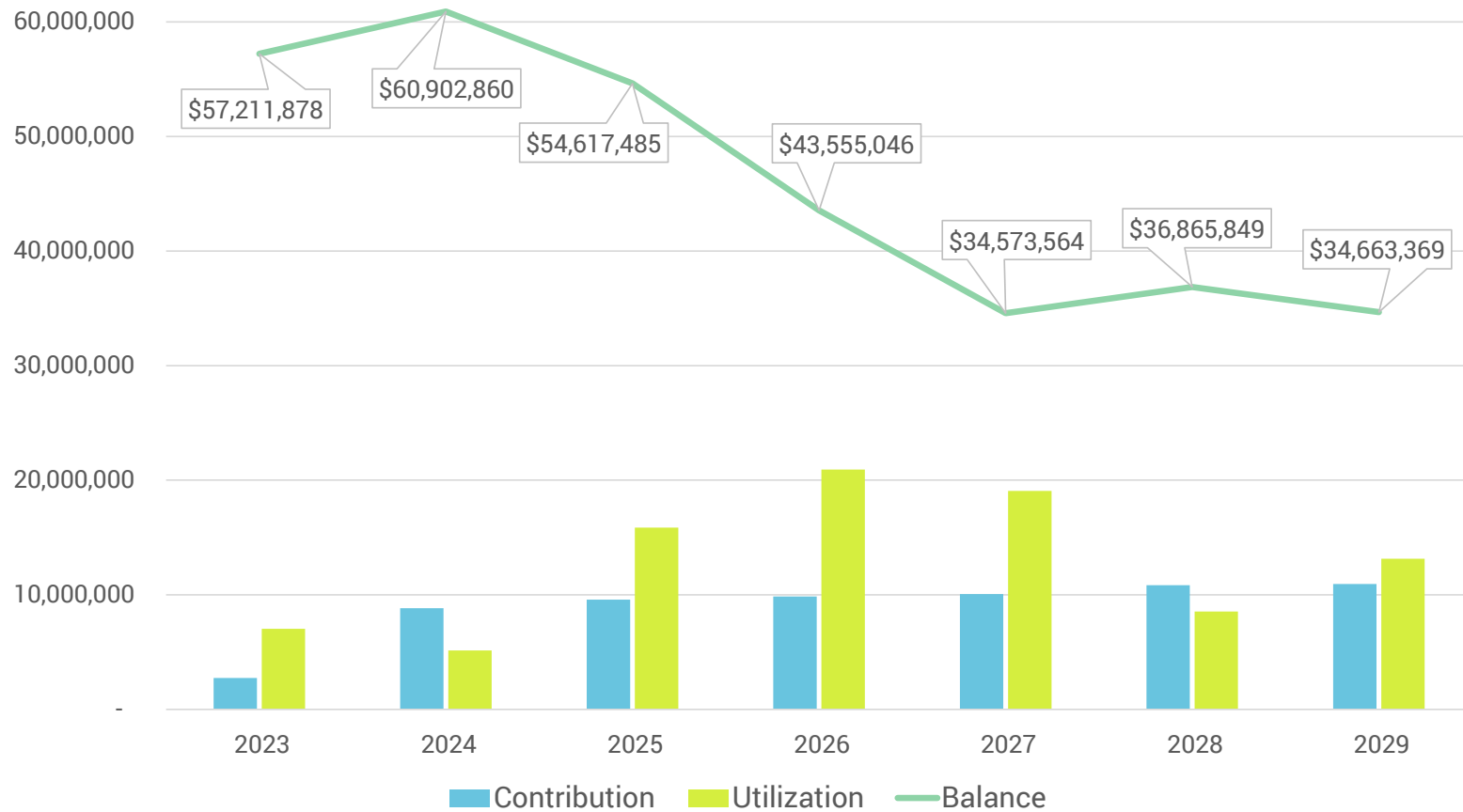
Operating Forecast Trends – Expenses | Budget 2024

Category	Variance	Description
Contract and General Services	2.5%	Includes increases for expenditures such as: insurance, major maintenance, IT contracts, and advertising and PR.
Materials, Goods, Supplies, and Utilities	11.5%	Includes increases for expenditures such as: fuel, equipment repair parts, water for resale, road maintenance supplies, and utilities.
Salaries, Wages, and Benefits	10.7%	A flat percentage increase has been applied annually to this item based on the average increase over the past four budget cycles. This represents an anticipation that this item will increase, however detailed analysis of salaries will be presented within each annual budget cycle.
Contributions to Reserves	8.2%	Represents additional reserve contributions to fund infrastructure.
Non-TCA Operating Projects	-100%	Potential operating projects are reflected in the Capital and Project Forecast.

Project Forecast Summary | Budget 2024



Projected Reserve Balance Trending | Budget 2024





SETTING THE
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FINANCIAL
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**KEY
TAKEAWAYS**

Council's Deliberation Considerations | Budget 2024

Alignment with adopted budget guidelines

Support long-term financial sustainability

Consideration for the impact on ratepayers



Key Operating Budget Decisions | Budget 2024



Transfer of \$516,804 from the revenue stabilization reserve to balance the budget



Increase of \$0.25 per cube of water for water distribution systems, including bulk water



Increase of \$1 monthly for the flat rate on water utility billing



Increase minimum tax rate from \$125 to \$150



Increase property tax revenues in alignment with comparable municipalities and with consideration for the impact to ratepayers



Deferral of \$333,965 of new initiatives



Delayed \$459,000 increase reserve contributions

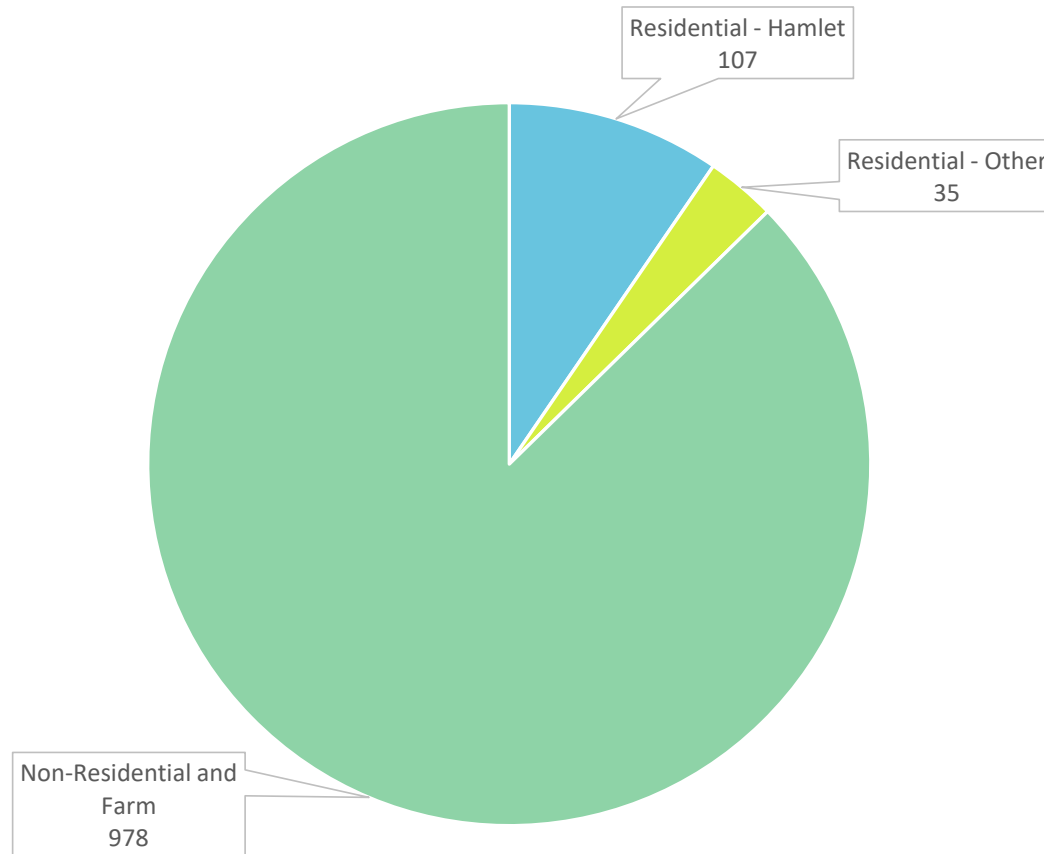


Reduced provision for allowances by \$150,000

Ratepayer Impact Tax and Water | Budget 2024



Properties Impacted by Minimum Tax | Budget 2024



Recommended Motions | Budget 2024

That the 2024 Operating Budget in the amount of \$30,497,413, as detailed in Appendix A, be approved.



That the transfers from reserves and contributions to reserves, as detailed in Appendix B, be approved.



That the 2024 Operating Projects and funding sources in the amount of \$364,100, as detailed in Appendix C, be approved.



That the 2024 Capital Budget and funding sources in the amount of \$5,944,272, as detailed in Appendix D, be approved.



That the 2025-2027 Operating Forecast (Appendix E) and 2025-2029 Capital and Project Forecast (Appendix F), be approved.