



Core Operating Budget



Budget 2025 Schedule





Agenda

Introduction

Core Operating Budget

Budget Overview

Three-Year Operating Forecast

Next Steps

Introduction



**GUIDING
PRINCIPLES**



**BUDGET
PROCESS**



**ASSESSMENT
AND
TAXATION**



**SITUATIONAL
RECAP**



Budget 2025 Guiding Principles



Alignment with Council's Strategic Plan



Sustain Existing Service Level



Maintain Competitive Tax Rates



Review and Recommend Adjustments to Service Fees and Rates as Necessary



Continue to Implement and Monitor a Proactive Infrastructure Renewal Strategy



Enhance the Customer Experience



Introduction



**GUIDING
PRINCIPLES**



**BUDGET
PROCESS**

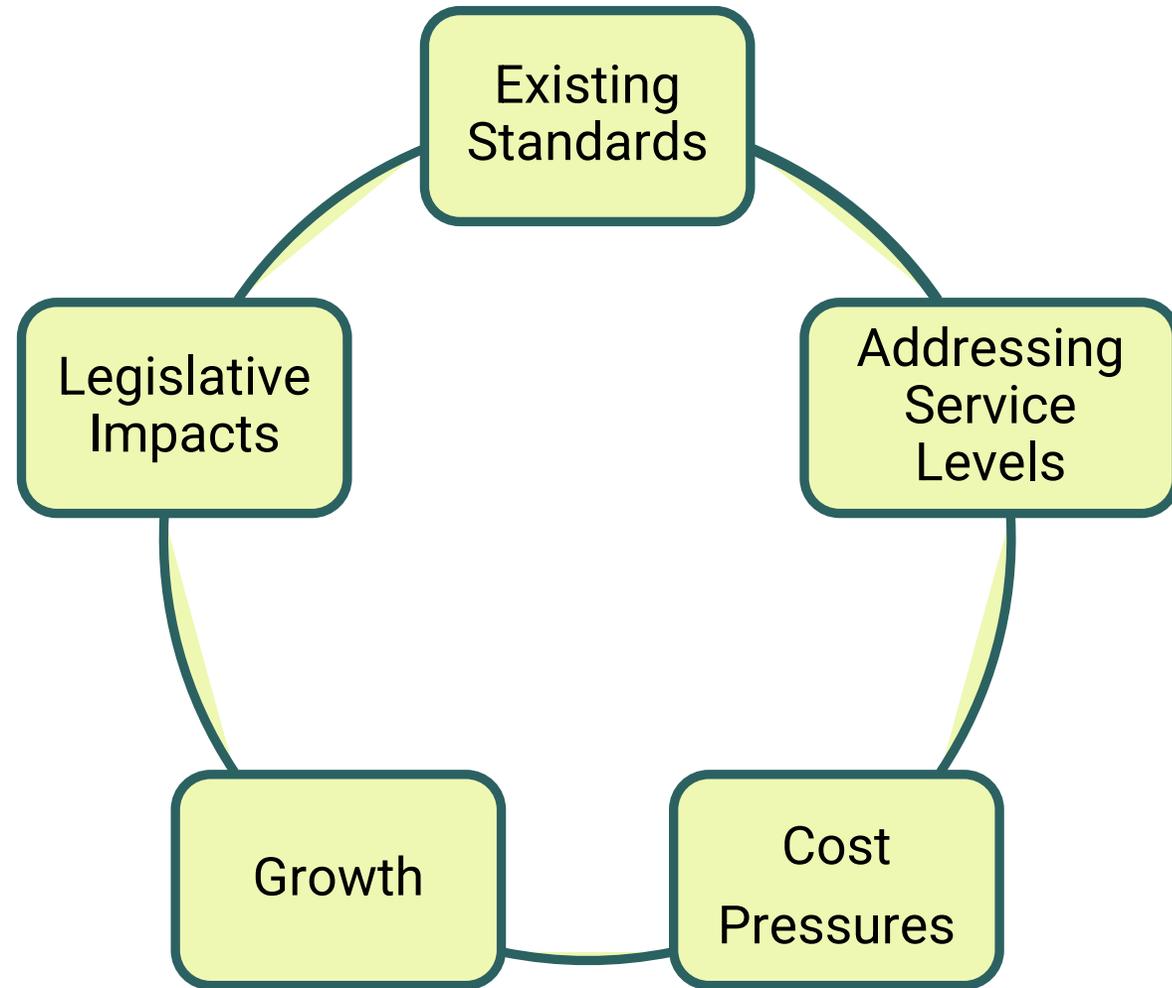


**ASSESSMENT
AND
TAXATION**

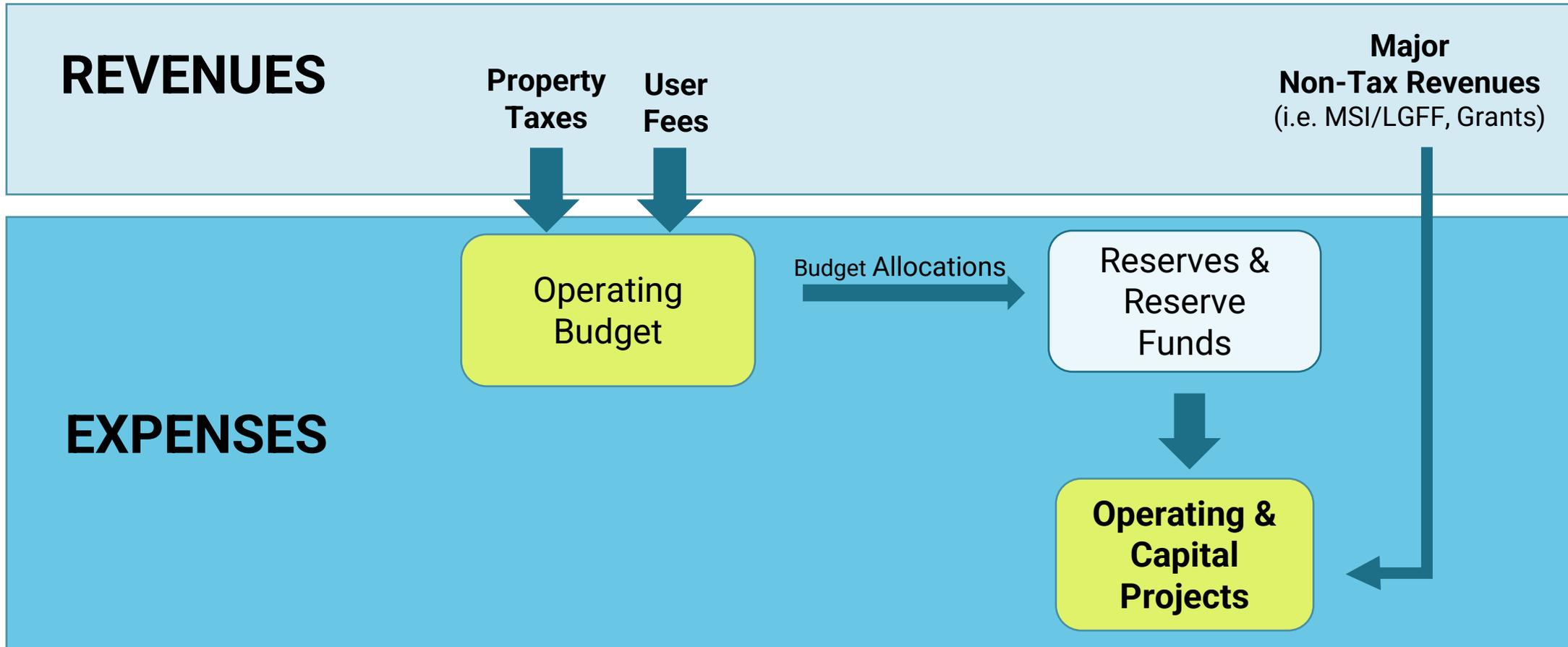


**SITUATIONAL
RECAP**

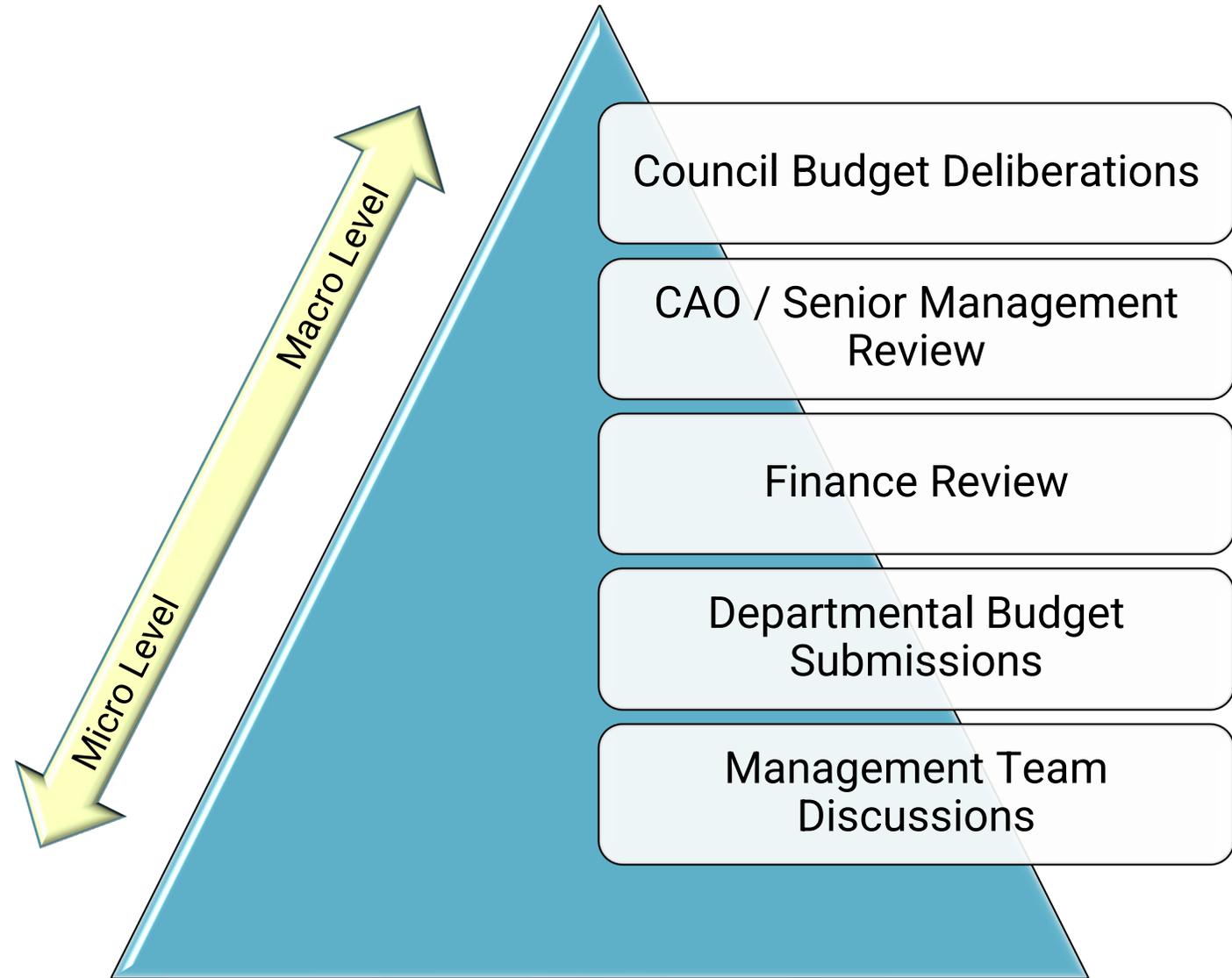
Operating Budget Inputs



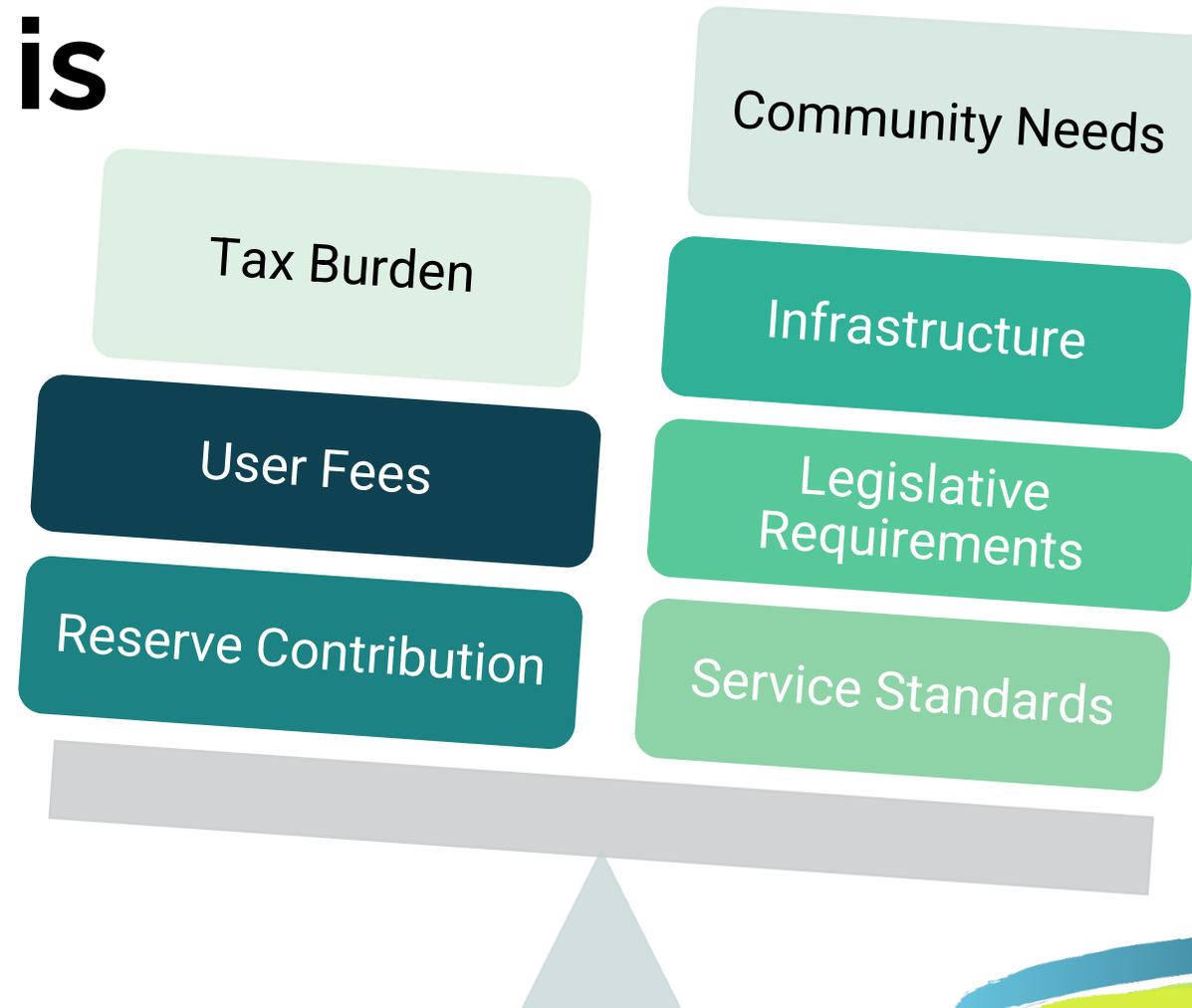
Funding & Allocations



The Budget Undergoes Multiple Layers of Review



The Budget is a Balancing Act



Introduction



GUIDING
PRINCIPLES



BUDGET
PROCESS



**ASSESSMENT
AND TAXATION**



SITUATIONAL
RECAP

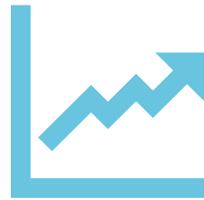


What Drives Assessment Change



Growth

New homes
Improvements
Wells and Pipelines
Businesses



Non-Residential

Business

Various Factors

DIP/Linear

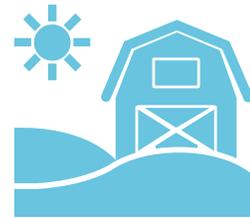
Age of Asset
Asset Characteristics

Depreciation Factors

Set by provincial policy

Assessment Modifiers

Set by Province



Farmland

Regulated

Provincial Policy



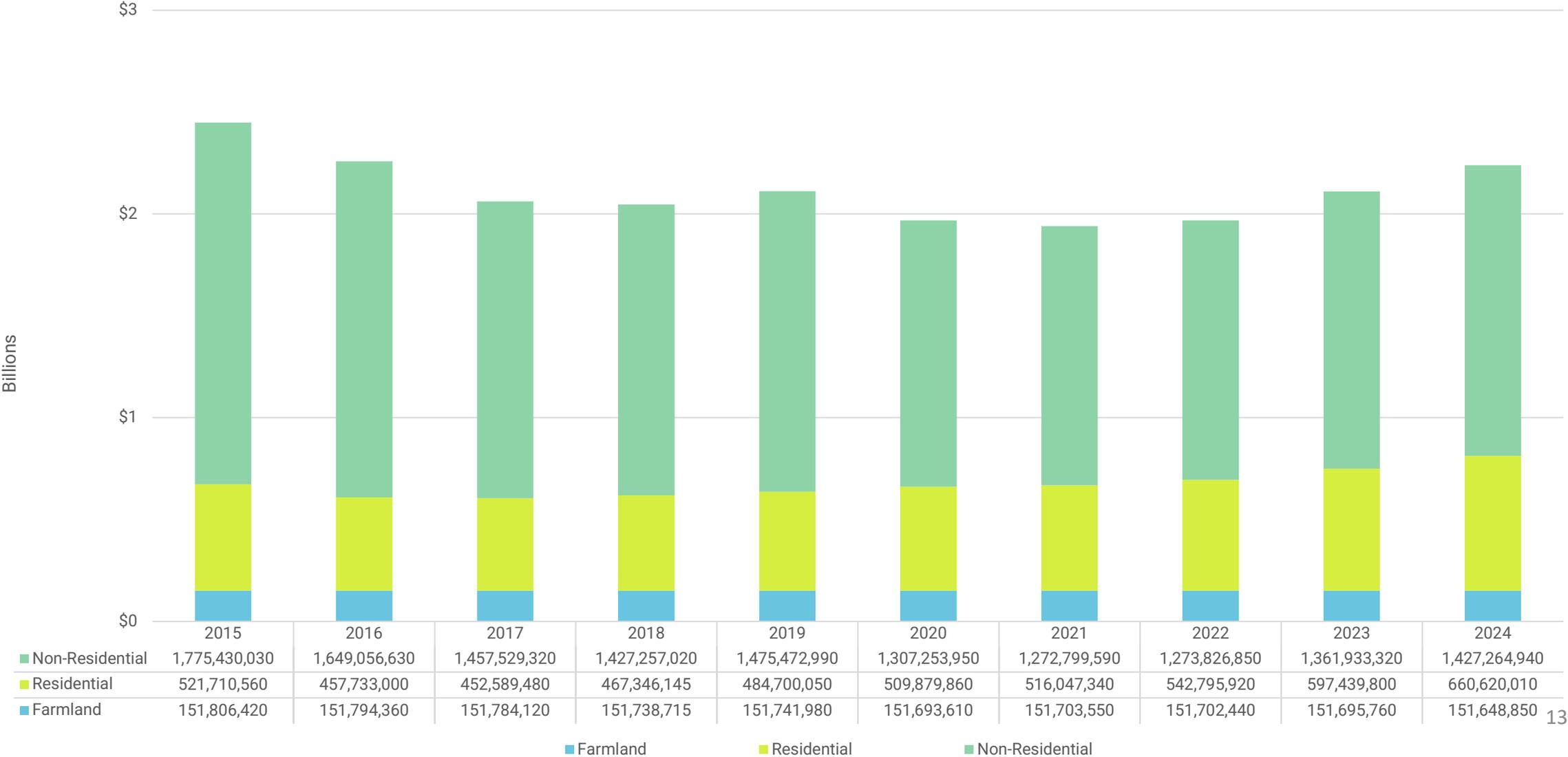
Housing

Market Demand



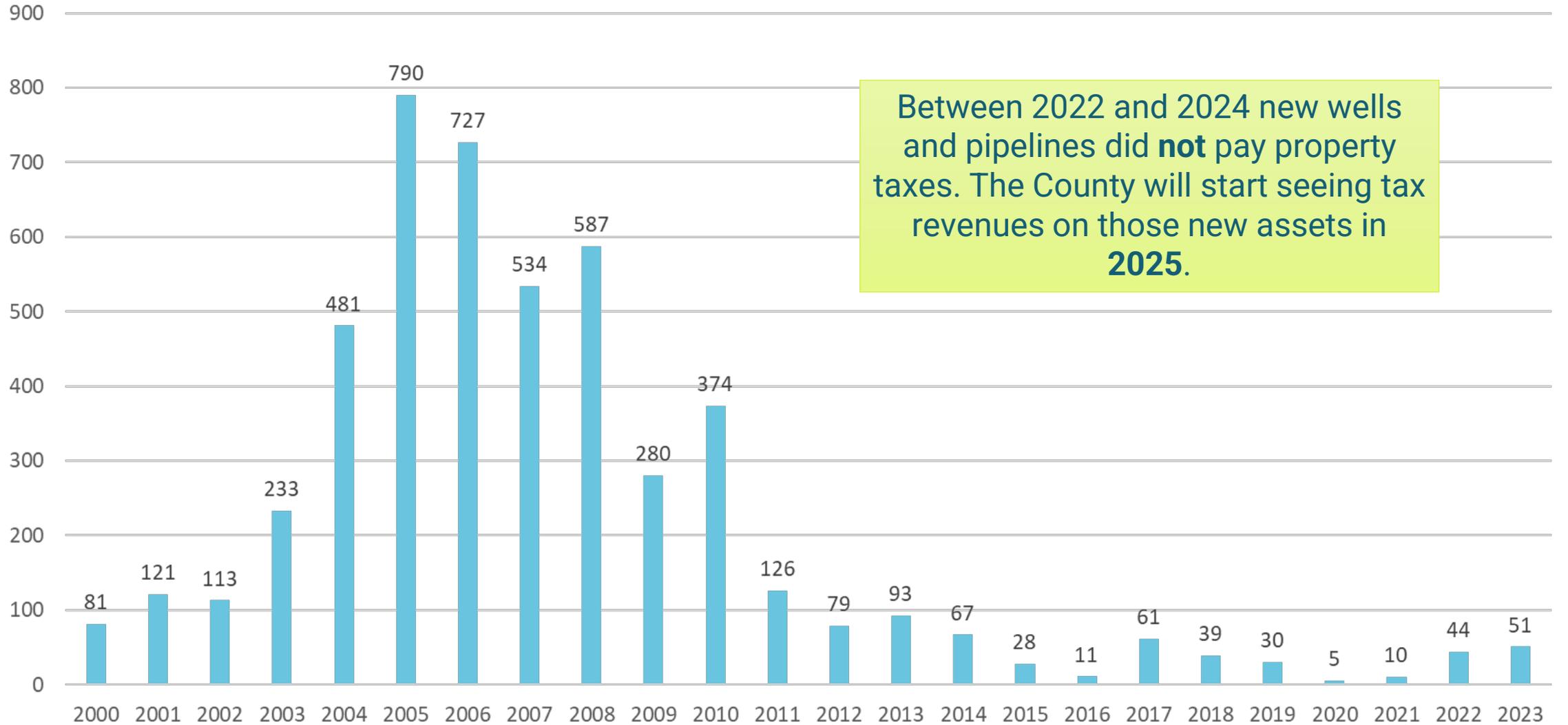


Assessment by Property Class 2015 – 2024





Number of New Wells 2000-2023



Between 2022 and 2024 new wells and pipelines did **not** pay property taxes. The County will start seeing tax revenues on those new assets in **2025.**

Introduction



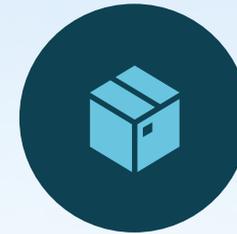
**GUIDING
PRINCIPLES**



**BUDGET
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**SITUATIONAL
RECAP**



Situational Recap

Challenges

- Maintaining service levels with minimal tax burden impacts
- Provincial policy uncertainty
- Provincial/Federal support lacking

Positives

- Tax collection success rates
- Reliance on borrowing
- Healthy reserves
- Real tax increases (in dollars) not excessive



2024 Budget to Actuals at Q2



1.5% variance on the core operating budget



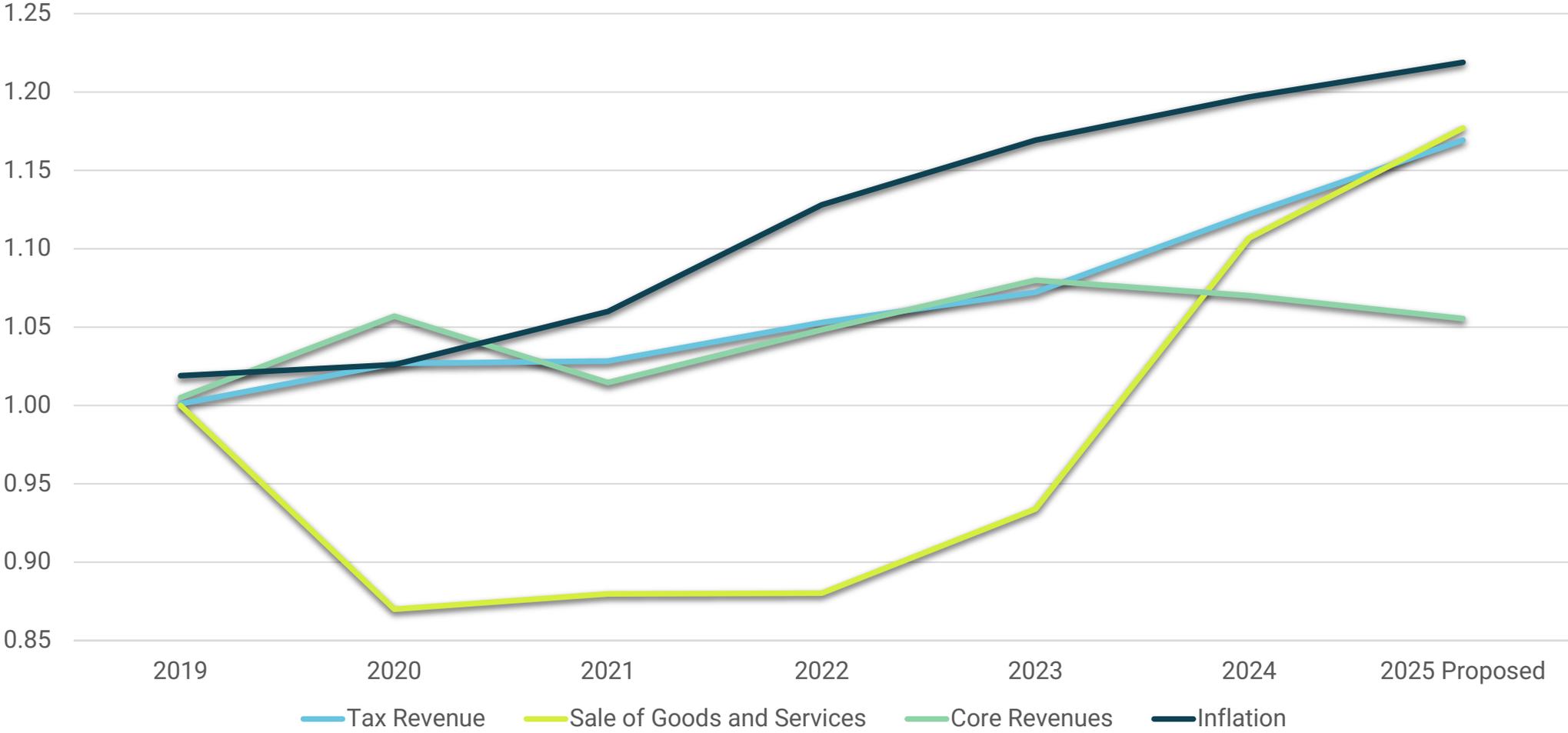
Favourable revenue variances



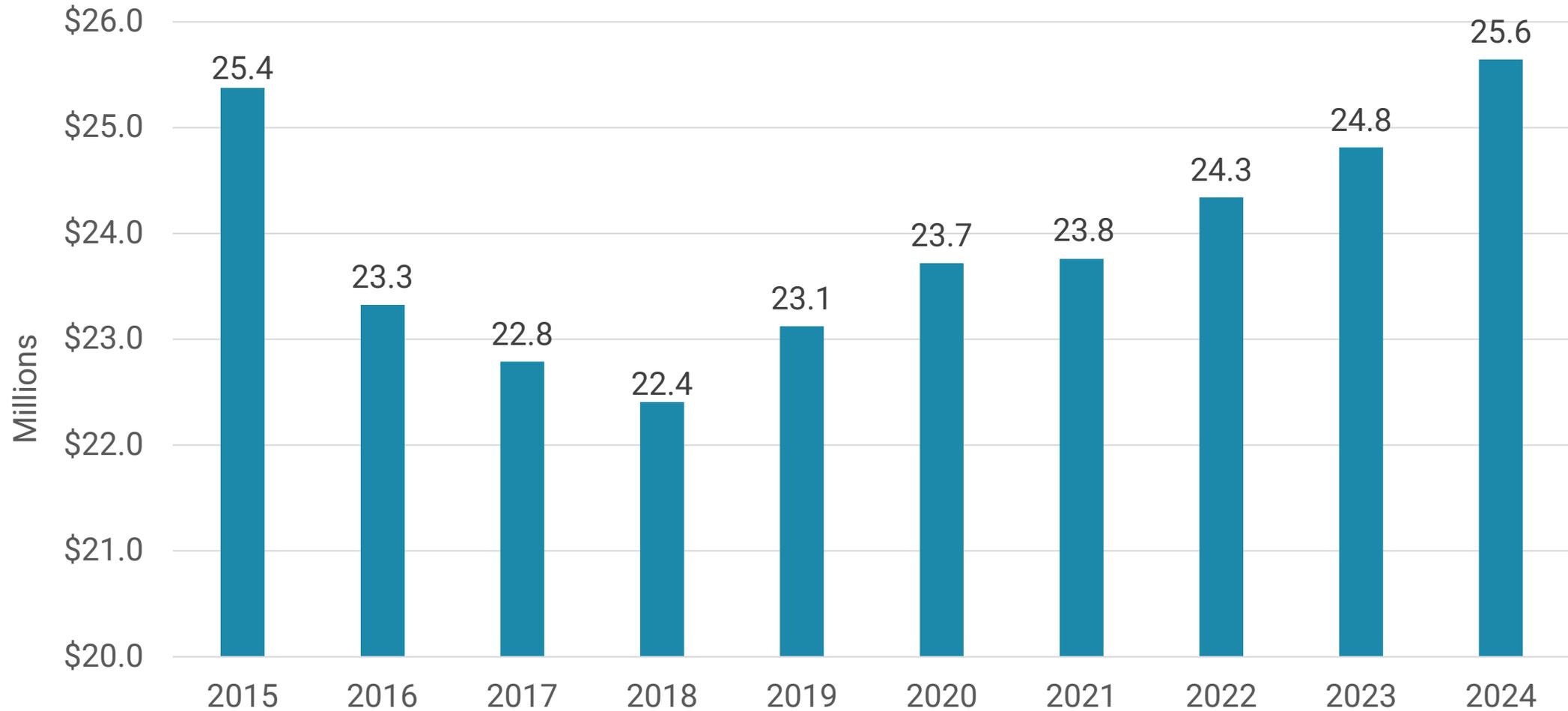
Expenditures less than 1% variance forecasted



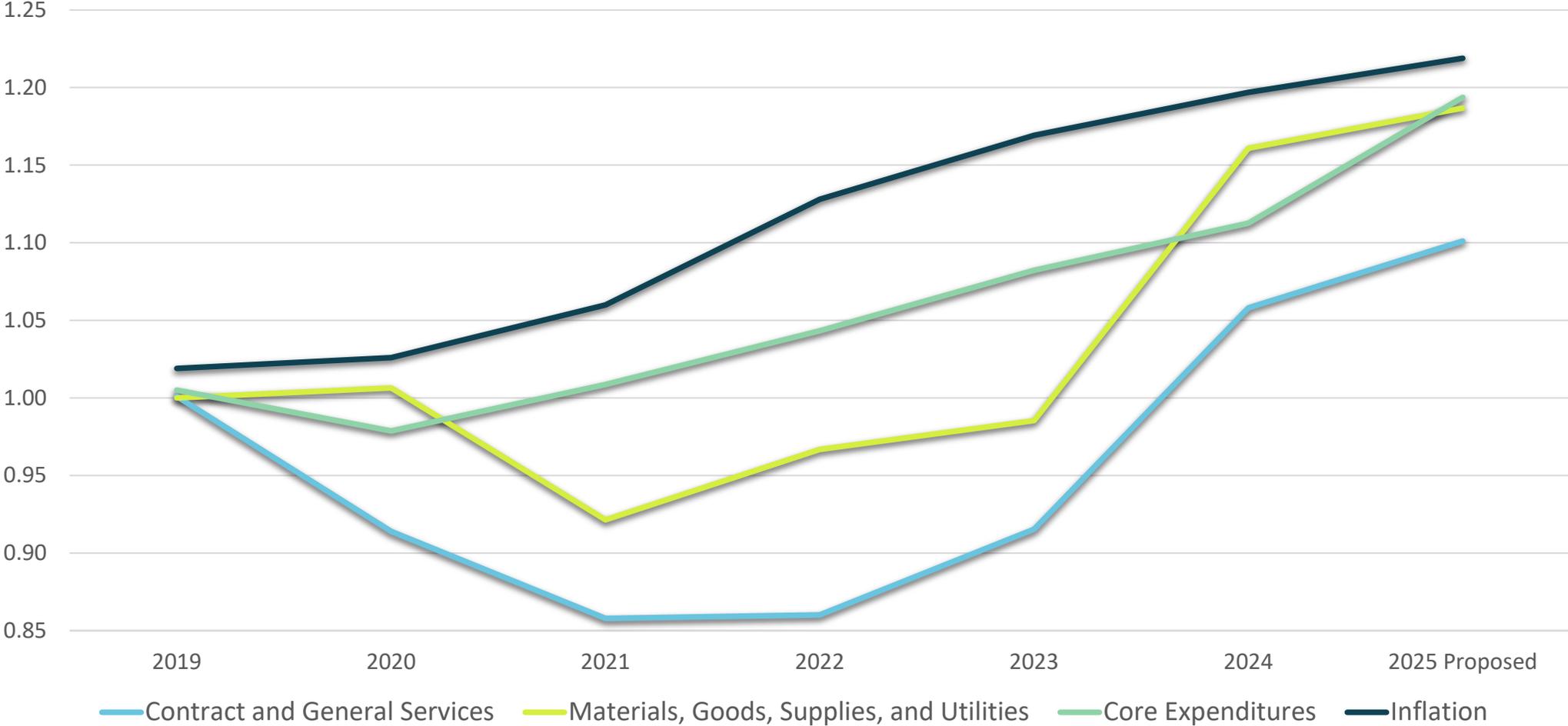
Inflation vs. Revenues | Cumulative Impact



Tax Levy 2015-2024 (Millions)



Inflation vs. Expenditures | Cumulative Impa



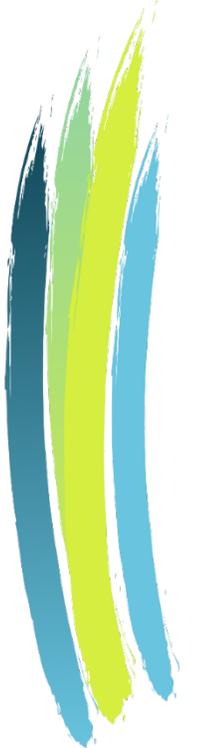
Core Operating Budget



Proposed Operating Budget Summary

Core/Base Budget - Revenues

REVENUES	2024 BUDGET	2025 BUDGET
Licenses and Permits	(89,100)	(120,100)
Operating Grants	(506,647)	(506,673)
Other Revenue	(85,000)	(81,100)
Sales of Goods and Services	(1,713,974)	(1,834,076)
Sales to Other Governments	(132,370)	(126,370)
Rental Income	(140,700)	(141,000)
Penalties and Fines	(92,000)	(83,000)
Property Taxes	(25,644,991)	(26,853,627)
Special Taxes and Frontage	(293,587)	(248,985)
Return on Investment	(766,784)	(766,784)
Transfer from Reserves	(568,160)	-
Capital Equipment Plan Sales	(100,000)	(100,000)
Total Revenues	(30,133,313)	(30,861,715)



Core Budget Variance Explanations | Revenues

2024 Budget \$30,133,313 | Proposed 2025 Budget \$30,861,715 | Increase \$728,402

CATEGORY	ITEM	2024 BUDGET	2025 BUDGET	BUDGET VARIANCE
Licenses and Permits	Development and safety code permits	(\$89,000)	(\$120,000)	+ \$31,000
Operating Grants	In alignment with 2024 actuals	(\$506,647)	(\$506,673)	+ \$26
Other Revenue	Water modeling fees	(\$10,000)	(\$6,100)	- \$3,900
Sales of Goods and Services	Dust control	(\$125,000)	(\$180,000)	+ \$55,000
	Bulk water	(\$267,292)	(\$304,703)	+ \$37,411
	Water distribution	(\$971,897)	(\$996,638)	+ \$24,741
	Small adjustments across multiple departments	(\$348,785)	(\$351,735)	+ \$2,950
Sales to Other Governments	Enforcement contracts	(\$26,000)	(\$20,000)	- \$6,000
Rental Income	Building, land and snowplowing	(\$50,700)	(\$51,000)	+ \$300

Core Budget Variance Explanations | Revenues cont'd

CATEGORY	ITEM	2024 BUDGET	2025 BUDGET	BUDGET VARIANCE
Penalties and Fines	Penalties on taxes	(\$75,000)	(\$70,000)	- \$5,000
	Peace officer fines	(\$11,000)	(\$7,000)	- \$4,000
Property Taxes	Expiration of oil and gas tax holiday	(\$21,261,385)	(\$22,470,021)	+ \$1,208,636
Special Taxes and Frontage	Trochu SP Levy	(\$58,264)	(\$71,000)	+ \$12,736
	Expiration of water SP levy	(\$235,323)	(\$177,985)	- \$57,338
Return on Investment	No change pending Council discussions	(\$766,784)	(\$766,784)	-
Transfer from Reserves	Budget balancing transfers	(\$568,160)	-	- \$568,160
Capital Equipment Plan Sales	Placeholder for sale of capital equipment	(\$100,000)	(\$100,000)	-

Proposed Operating Budget Summary

Core/Base Budget - Expenses

EXPENSES	2024 BUDGET	2025 BUDGET
Contract, Goods, and Services	3,407,094	3,554,017
Materials, Goods, Supplies, and Utilities	4,724,979	4,847,566
Salaries, Wages, and Benefits	10,516,141	11,410,541
Provisions for Allowances	100,000	100,000
Purchases from Other Governments	746,220	784,900
Transfers to Other Governments	660,419	763,346
Transfers to Individuals and Organizations	310,450	321,007
Transfers to Local Boards and Agencies	120,852	126,799
Contributions to Reserves	8,832,158	9,280,648
Gravel (Inventory) Projects	715,000	750,000
Total Expenses	30,133,313	31,938,824



Core Budget Variance Explanations | Expenses

2024 Budget \$30,133,313 | 2025 Proposed Budget \$31,938,824 | Increase \$1,805,511

CATEGORY	ITEM	2024 BUDGET	2025 BUDGET	BUDGET VARIANCE
Contract and General Services	Professional fees	\$619,836	\$574,211	- \$45,625
	Minor operating projects	\$62,780	\$44,600	- \$18,180
	Public land mowing	\$360,000	\$350,000	- \$10,000
	Inspection services	\$40,000	\$30,000	- \$10,000
	Contracted equipment and vehicle repairs	\$149,500	\$144,500	- \$5,000
	IT contracts	\$505,476	\$574,045	+ \$68,569
	Training and development	\$392,885	\$439,845	+ \$46,960
	Advertising and public relations	\$147,500	\$179,000	+ \$31,500
	Waste collection and urban site expenses	\$142,356	\$168,323	+ \$25,967
	Election expense	\$3,000	\$21,000	+ \$18,000
	Miscellaneous across departments	\$323,323	\$337,270	+ \$13,947
	Contracted building repairs	\$195,620	\$206,546	+ \$10,926
	Insurance	\$384,819	\$395,678	+ \$10,859
	Council training and development	\$65,000	\$74,000	+ \$9,000

Core Budget Variance Explanations | Expenses cont'd

CATEGORY	ITEM	2024 BUDGET	2025 BUDGET	BUDGET VARIANCE
Materials, Goods, Supplies, and Utilities	Shop supplies	\$816,000	\$777,500	- \$38,500
	Small tools and equipment	\$36,000	\$29,500	- \$6,500
	Water for resale	\$917,577	\$1,004,080	+ \$86,503
	General supplies	\$343,000	\$374,200	+ \$31,200
	Safety supplies	\$54,000	\$67,000	+ \$13,000
	Fuel	\$1,125,000	\$1,138,000	+ \$13,000
	Environmental services department supplies	\$103,000	\$115,000	+ \$12,000
	Utilities	\$445,402	\$457,286	+ \$11,884
Salaries, Wages, and Benefits	Seasonal support	\$344,804	\$323,513	- \$21,291
	Core wages; includes 2024 and 2025 50 th percentile market adjustments, and merit adjustments	\$7,974,424	\$8,610,387	+ \$635,962
	WCB, CPP, EI and group benefits	\$2,196,912	\$2,476,641	+ \$279,729

Core Budget Variance Explanations | Expenses cont'd

CATEGORY	ITEM	2024 BUDGET	2025 BUDGET	BUDGET VARIANCE
Provision for Allowances	Provision for uncollectable taxes	\$100,000	\$100,000	\$0
Purchases from Other Governments	Land titles	\$1,500	\$1,000	- \$500
	Drumheller Waste Commission	\$214,820	\$254,000	+ \$39,180
Transfer to Other Governments	Transfers to urban municipalities	\$552,155	\$642,346	+ \$90,191
	Trochu SP levy	\$58,264	\$71,000	+ \$12,736
Transfer to Individuals and Organizations	Contingency	\$50,000	\$0	- \$50,000
	Doctor Recruitment and Retention	\$10,250	\$10,000	- \$250
	Kneehill Regional Partnership	\$7,600	\$7,500	- \$100
	Medical clinic rent stabilization	\$0	\$50,807	+ \$50,807
	Fire hall transfers	\$25,000	\$30,000	+ \$5,000
	ASB community grants	\$6,500	\$11,000	+ \$4,500
	Community grants	\$165,600	\$166,200	+ \$600

Core Budget Variance Explanations | Expenses cont'd

CATEGORY	ITEM	2024 BUDGET	2025 BUDGET	BUDGET VARIANCE
Transfers to Local Boards and Agencies	Family and Community Support Services (FCSS)	\$67,141	\$71,860	+ \$4,719
	Marigold Library	\$53,711	\$54,939	+ \$1,228
Contributions to Reserves	SP levies	\$235,323	\$177,985	- \$57,338
	Capital equipment plan contributions	\$3,094,888	\$3,600,000	+ \$505,112
	IT contributions	\$79,647	\$80,363	+ \$716
Gravel (Inventory) Projects	Gravel crushing	\$715,000	\$750,000	+ \$35,000



Community Grant Programs | Built into Base Budget

ICF Recreation Funding \$346,945	Airport \$25,000	Junior Achievement \$3,000	STARS Air Ambulance \$3,000	Arena Funding \$30,000
Rural Community Hall Operating \$27,600	Youth Event Sponsorship \$10,000	Grant Writer \$15,500	Community Enrichment Support Program \$6,000	Grants to Community Non-Profits \$30,000
Rural Community Hall Capital \$20,000	Rural Resident Connection \$4,000	Scholarship Award \$4,000	Century Farm Award \$2,600	Council Contingency \$25,000
Marigold Library \$55,000	FCSS \$71,860	Kneehill Medical Services \$60,807	Kneehill Regional Partnership \$7,600	

Reserve Contributions | Built into Base Budget

RESERVE	CONTRIBUTION
IT	\$80,363
Capital Equipment Plan	\$3,600,000
Disaster Recovery	\$150,000
Building Replacement	\$481,500
Gravel	\$350,000
Road	\$2,890,800
Bridge	\$600,000
Infrastructure	\$850,000
Water	\$277,985
TOTAL	\$9,280,648



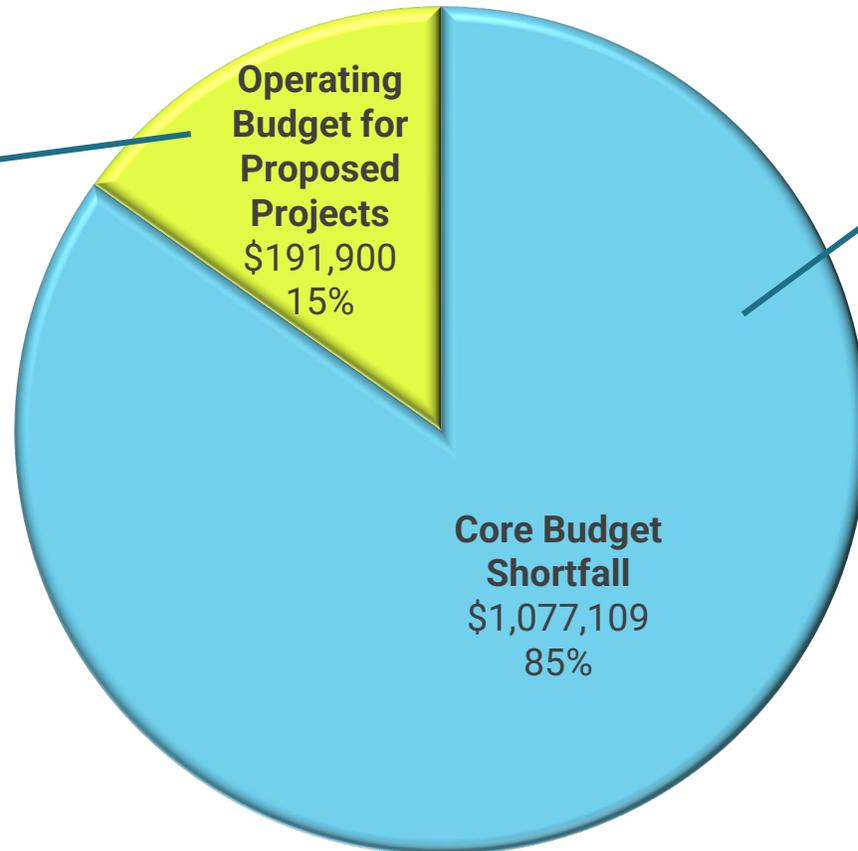
Budget Overview



Proposed Budget Summary | Operational Shortfall = \$1,269,009

2025 Operating Budget for Proposed Projects

Wimborne Groundwater Filtration Upgrade	\$26,000
Fourth CPO	\$150,900
Fuel Management System Replacement	\$15,000
Total	\$191,900

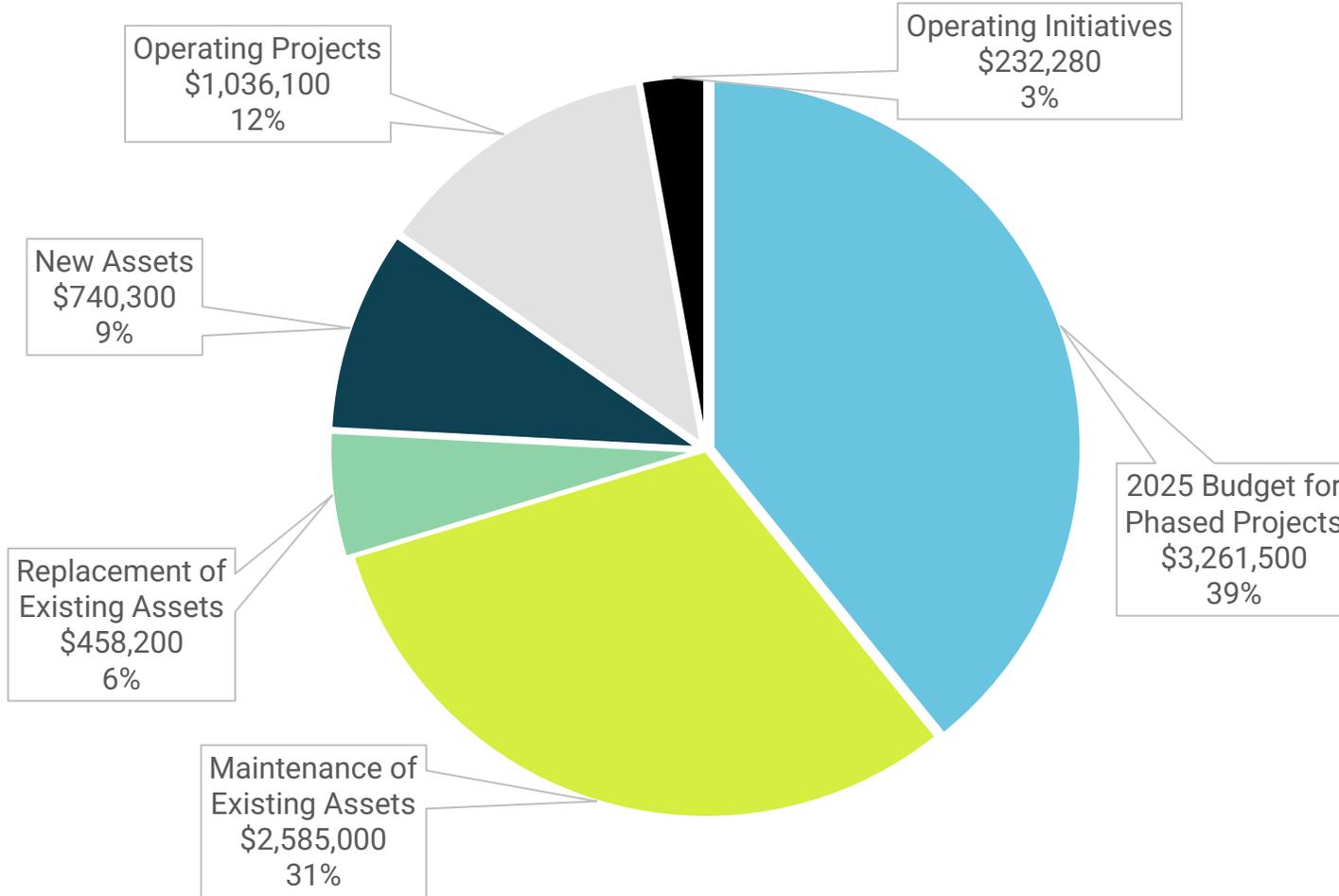


Core Budget Shortfall

Revenues	\$30,861,715
Expenses	\$31,938,824
Total Shortfall	\$1,077,109



Proposed Projects & Funding Sources



Funding Source	Amount
Reserves	\$6,630,380
LGFF Grant	\$1,683,000
Total	\$8,313,380

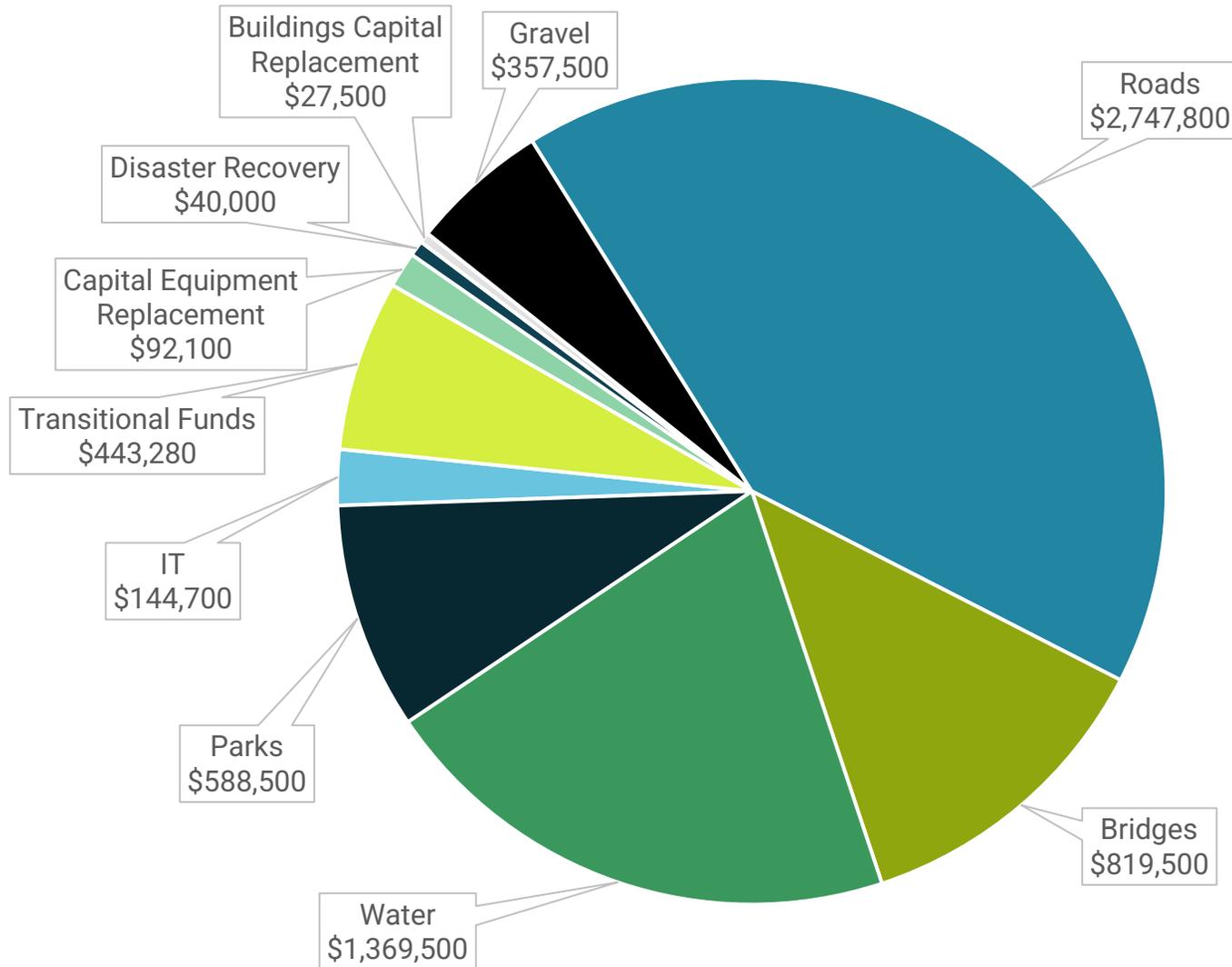
2025 Operating Budget Impact	\$191,900
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2025 Capital Equipment Plan	\$5,120,000
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Future Projected Project Costs	\$15,815,200
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2026 Projected Operating Budget Impact	\$247,940
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Proposed Reserve Draws



Total Draws	
Proposed Projects	\$6,630,380
Capital Equipment Plan	\$5,120,000
Total	\$13,433,380



Projected Reserve Balances

Reserve	2024 Projected Ending Balance	Proposed Budget Contributions	Proposed Projects Draws	Projected Available Balance
Information Technology	231,595	80,363	(144,700)	167,258
Transitional Funds	536,112	-	(443,280)	92,832
Capital Equipment Replacement	6,594,298	3,600,000	(5,212,100)	4,982,198
Disaster Recovery	836,024	150,000	(40,000)	946,024
Buildings Capital Replacement	2,164,386	481,500	(27,500)	2,618,386
Gravel	2,699,528	350,000	(357,500)	2,692,028
Roads	22,590,134	2,890,800	(2,747,800)	22,733,134
Bridges	1,787,211	600,000	(819,500)	1,567,711
Infrastructure	4,245,637	850,000	-	5,095,637
Water	5,250,867	277,985	(1,369,500)	4,159,352
Water Service Area	5,870,638	-	-	5,870,638
Environmental	1,950,541	-	-	1,950,541
Municipal	154,514	-	-	154,514
Parks	733,499	-	(588,500)	144,999
Contingency	1,510,746	-	-	1,510,746
Hamlet Infrastructure	3,305,609	-	-	3,305,609
Revenue Stabilization	6,635,760	-	-	6,635,760
Total	67,097,100	9,280,648	(11,750,380)	64,627,368

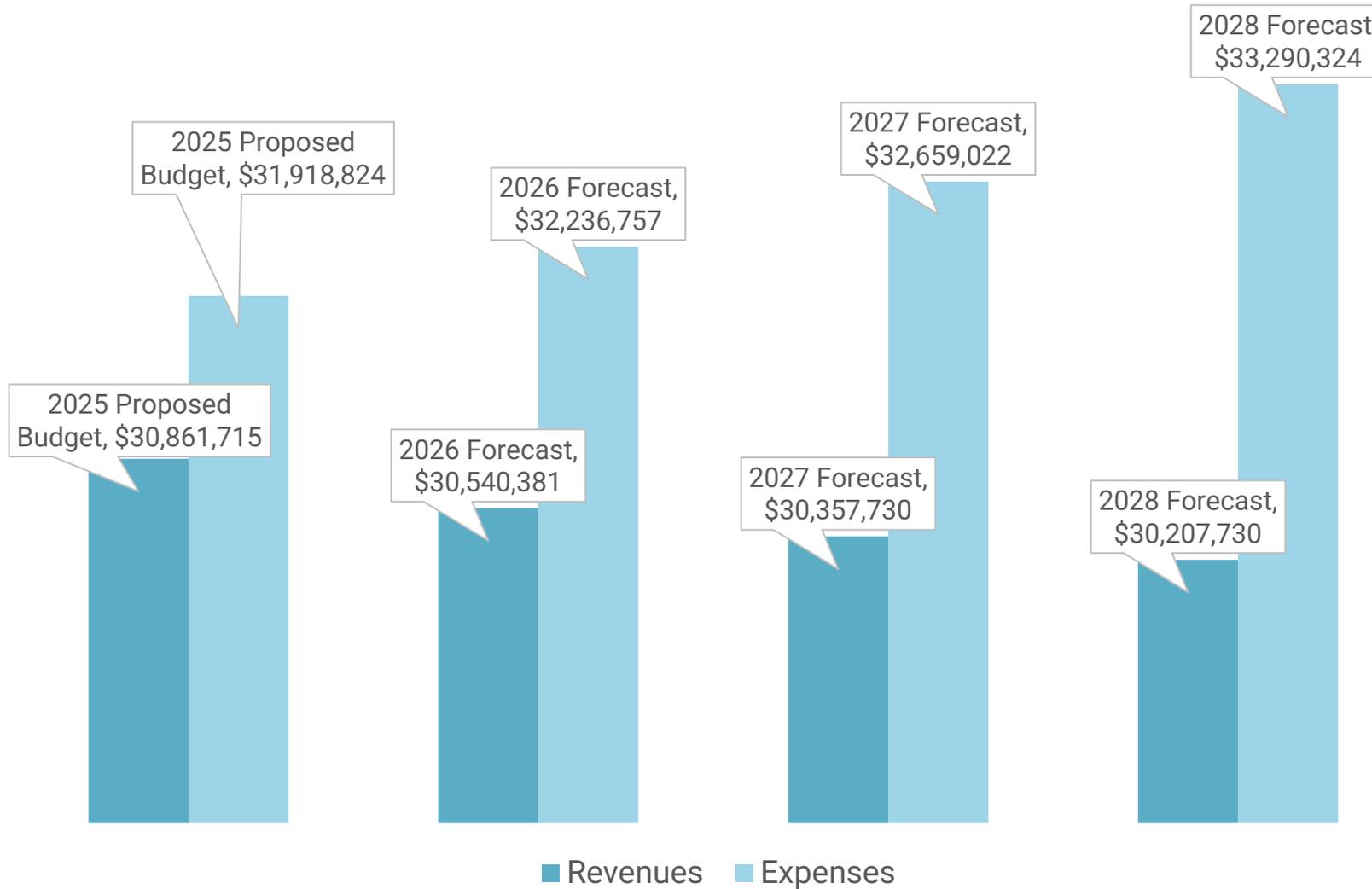
Three-Year Operating Forecast



Intent of Forecasts

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

Three Year Operating Forecast



Operating Forecast Trends – Revenues

Category	Variance	Description
Licenses and Permits	- 24.9%	2025 reflects an increase in this item for which there is uncertainty regarding sustaining that increase in revenues.
Special Taxes and Frontage	- 71.5%	Relates to the expiration of water frontage agreements related to original water system implementation.
Return on Investments	- 58.7%	This is in alignment with the recommended reserve funding strategy.

Operating Forecast Trends – Expenses

Category	Variance	Description
Contract and General Services	+ 12.8%	Includes increases for expenditures such as: insurance, major maintenance, professional contracts, and IT contracts.
Materials, Goods, Supplies, and Utilities	+ 2.8%	Includes increases for expenditures such as: fuel, equipment repair parts, water for resale, road maintenance supplies, and utilities.
Salaries, Wages, and Benefits	+ 7.9%	<p>This item has been subject to a flat percentage increase annually based on the average increase over the past five budget cycles.</p> <p>This represents an anticipation that this item will increase. A detailed analysis of salaries will be presented within each annual budget cycle.</p>
Contributions to Reserves	- 1.65%	Reflects decreases due to the expiration of special tax levies related to water systems. Administration anticipates recommending reserve contribution increases due to infrastructure requirements; details will be provided during future budget cycles.

Next Steps



Next Steps | Council Input & Decisions



Accept/Reject New Initiatives



Level of Service Reduction/Deferral



Other Service Fee Rate Adjustment(s)



Tax Rate Adjustment(s)



Combination of Measures