

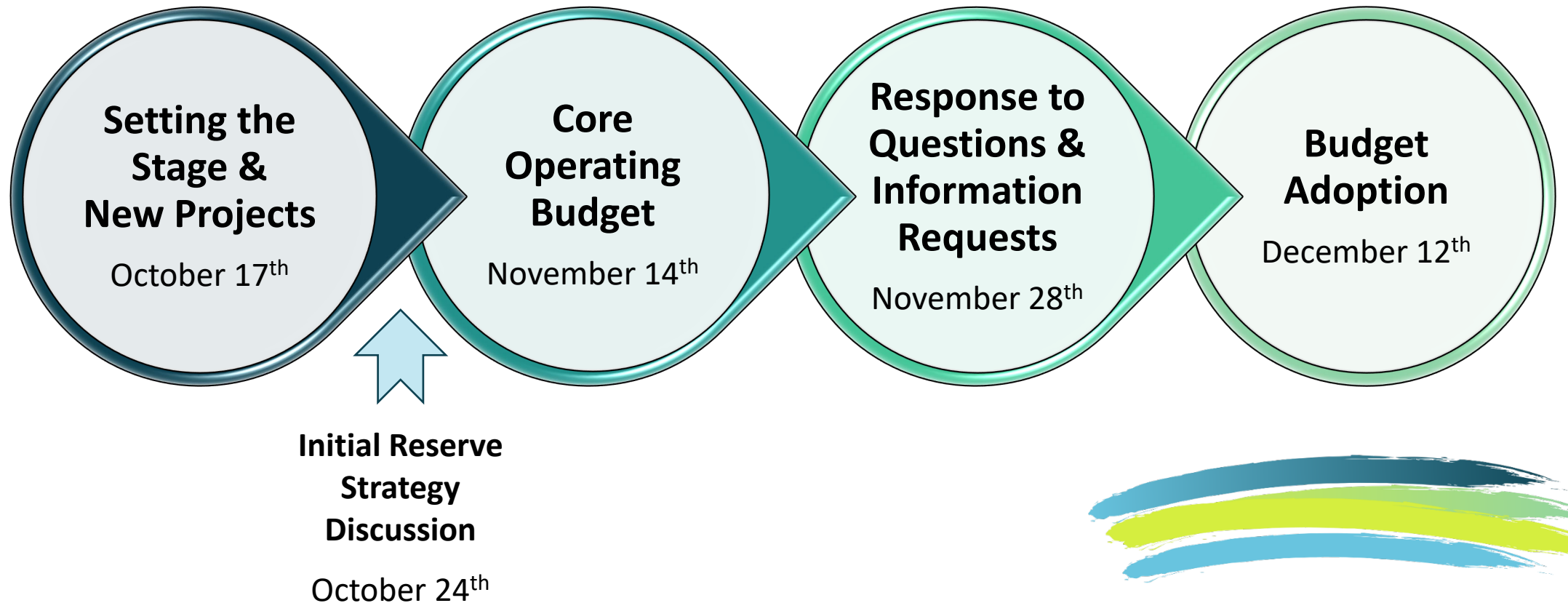


Budget 2024

Setting the Stage



Budget 2024 Schedule



Agenda



Environmental Scan

Assessment/Taxation

Fiscal Conditions and Comparators

Provincial and Economic Pressures

Project Introductions

Environmental Scan



SOCIAL & CULTURAL



ENVIRONMENTAL



ECONOMIC



Environmental Scan | Social & Cultural

- Population is aging but youth not significantly declining
- Volunteers are aging, and in some areas declining, and municipal units are seen as the default funder
- Public expectations are increasing
 - Cycle times for services
 - Need for traditional service delivery but increased demand for self service
 - Enhanced communication & participation
 - Options for services





Environmental Scan | Environmental

- Regulatory and environmental compliance and regulations are more complex and expensive
- Greater Awareness
 - Conservation
 - Recycling
 - Health & Well Being





Environmental Scan | Economic

- Projected improved cashflow for oil and gas industry
- Declines in Assessment
- Uncertainty surrounding provincial policy decisions and impact on municipal sector
- Inflation in excess of “normal” levels
- Supply chain issues





Environmental Scan | Economic

- Non controllable costs continue to be pressures in the budget (fuel, electricity, insurance, road materials)
- Our tax burden is competitive
- Aging infrastructure – balancing act
- Municipalities are more focused on investment attraction and retention



Assessment/Taxation



ASSESSMENT DRIVERS



WELL DRILLING ACTIVITY



ASSESSMENT TRENDS



What Drives Assessment Change



Growth

New homes

Improvements

Wells and Pipelines

Businesses



Non-Residential

Business

Various Factors

DIP/Linear

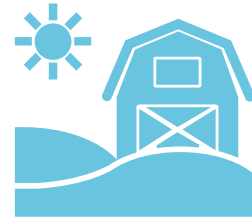
Age of Asset
Asset Characteristics

Depreciation Factors

Set by provincial policy

Assessment Modifiers

Set by Province



Farmland

Regulated

Provincial Policy



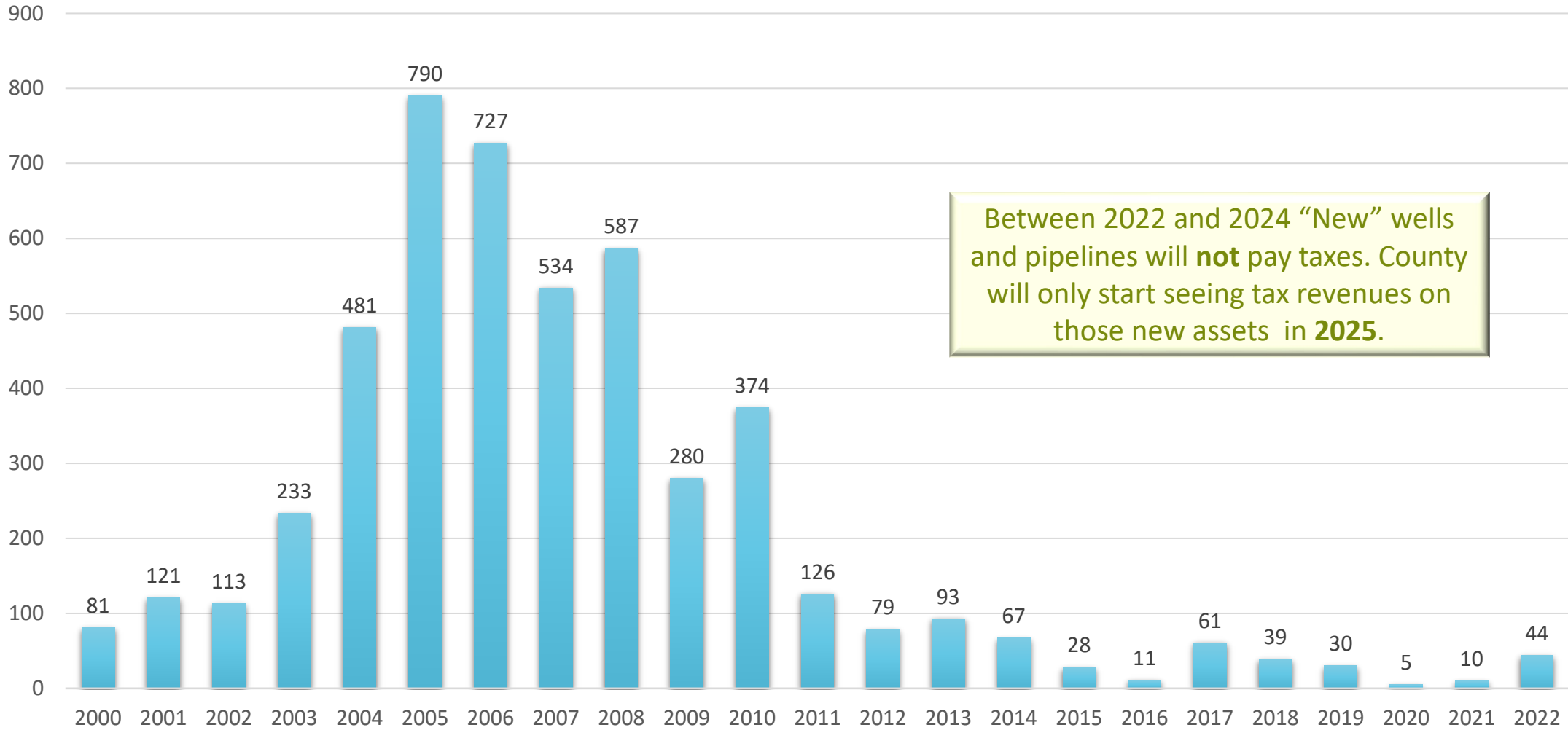
Housing

Market Demand





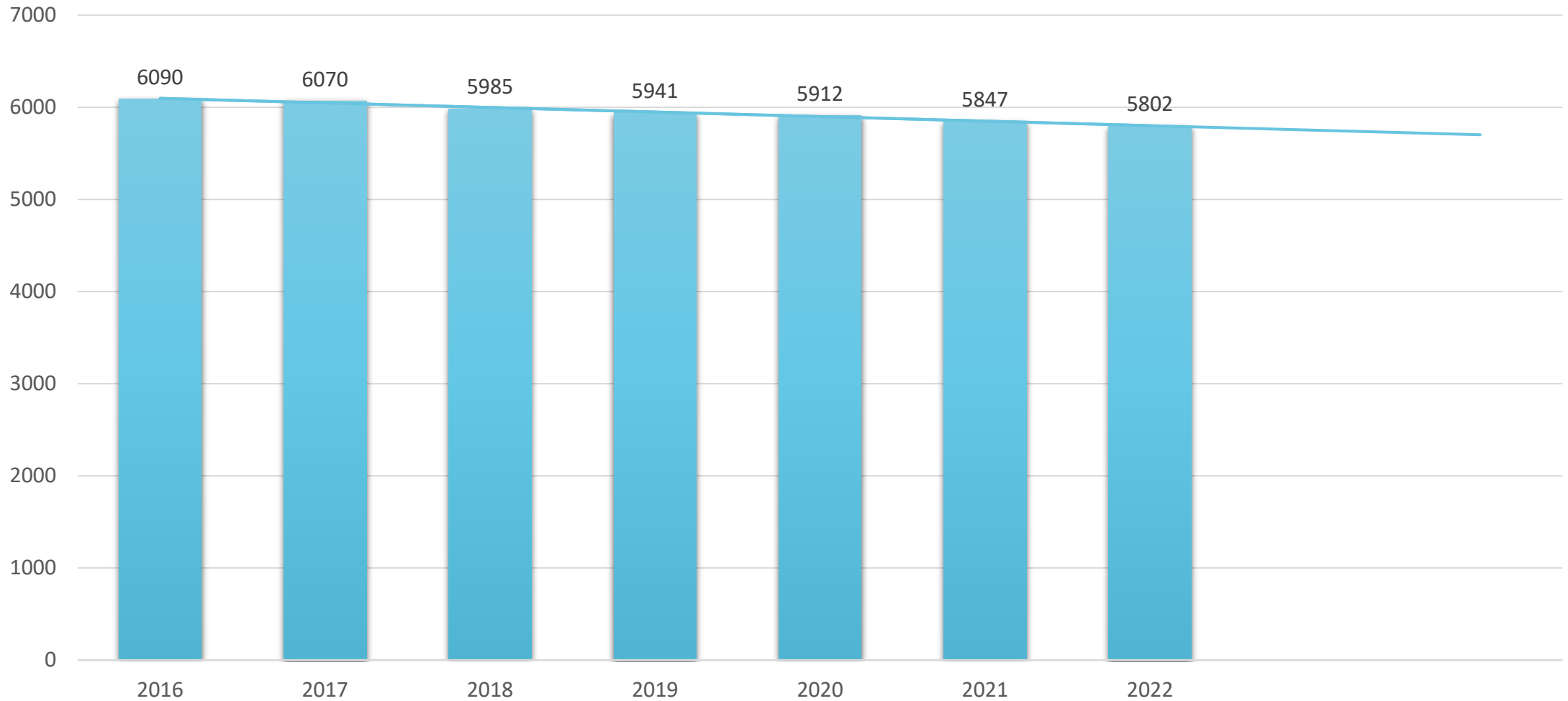
Number of New Wells | 2000-2022



Between 2022 and 2024 “New” wells and pipelines will **not** pay taxes. County will only start seeing tax revenues on those new assets in **2025**.

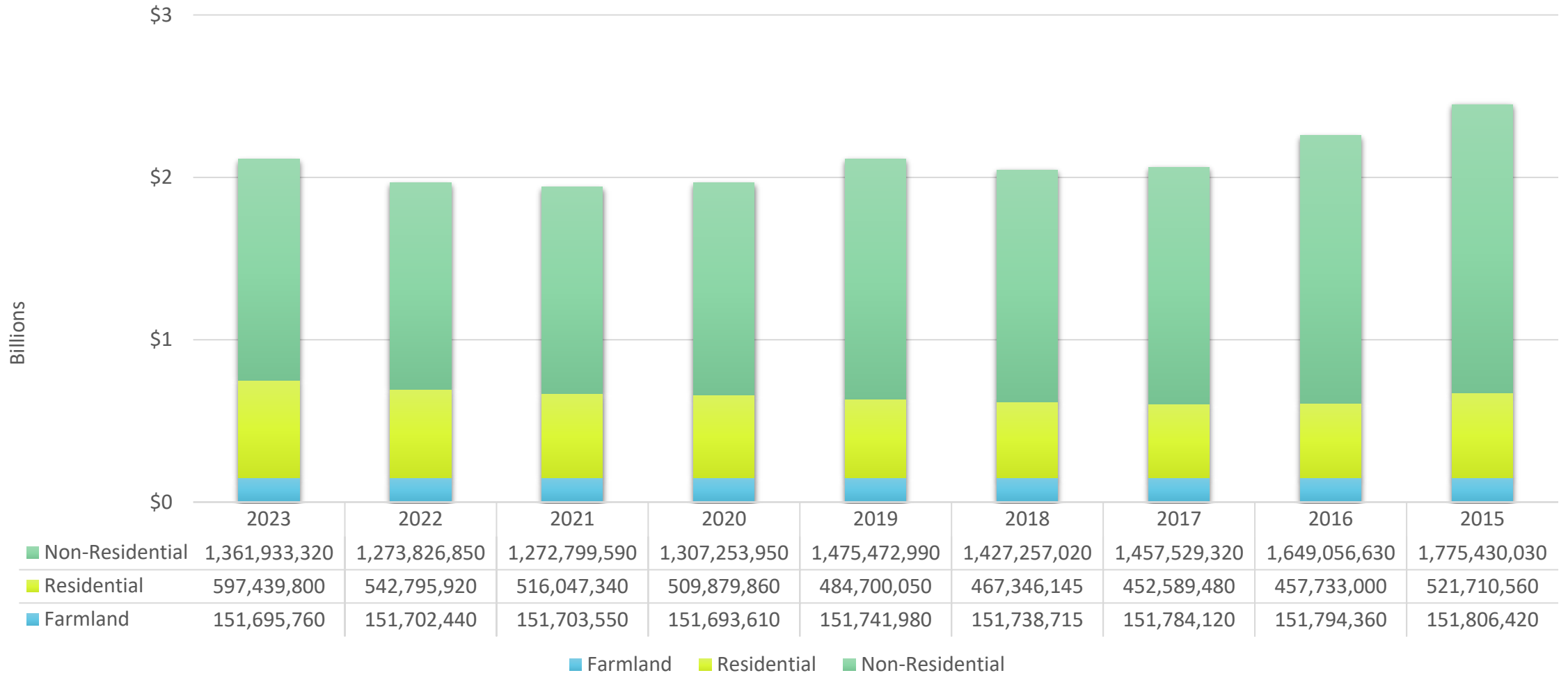


Total Well Count | 2016-2022





Assessment by Property Class | 2015 – 2023



Fiscal Condition and Comparators



MEASURES OF
FINANCIAL CONDITION



LONG-TERM FINANCIAL
FORECAST



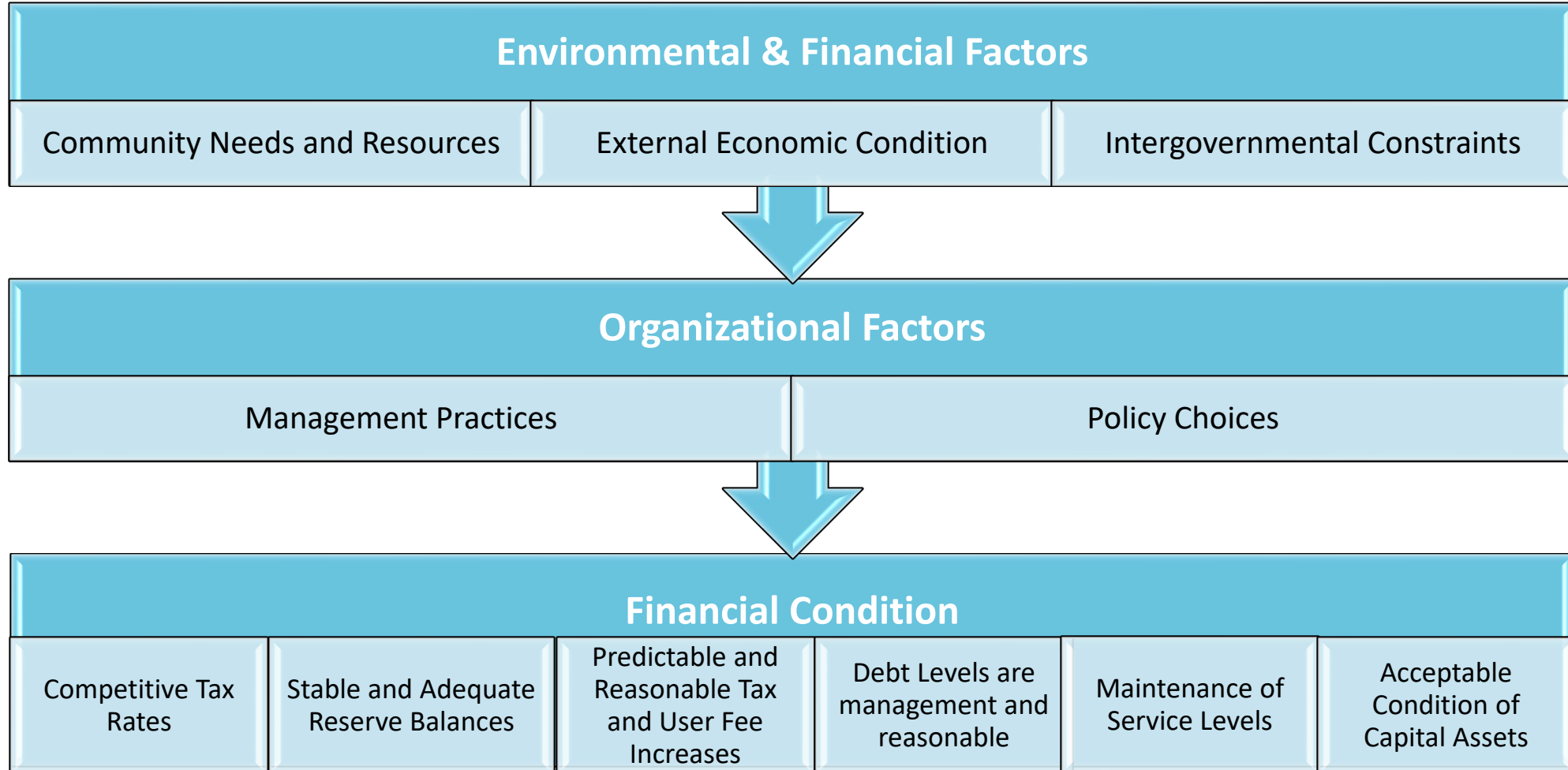
MUNICIPAL
COMPARATORS



MUNICIPAL ASSETS



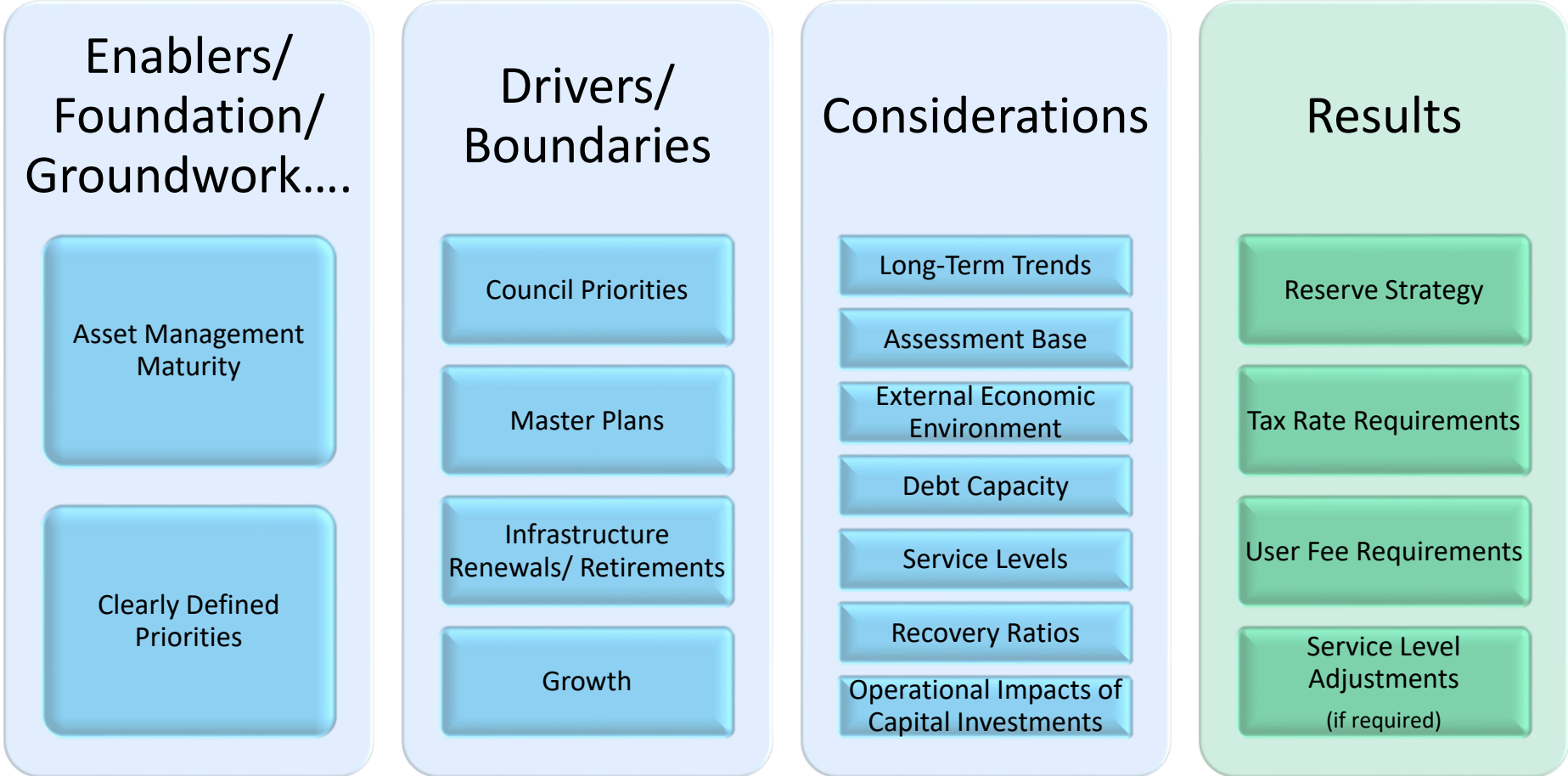
Measures of Financial Condition



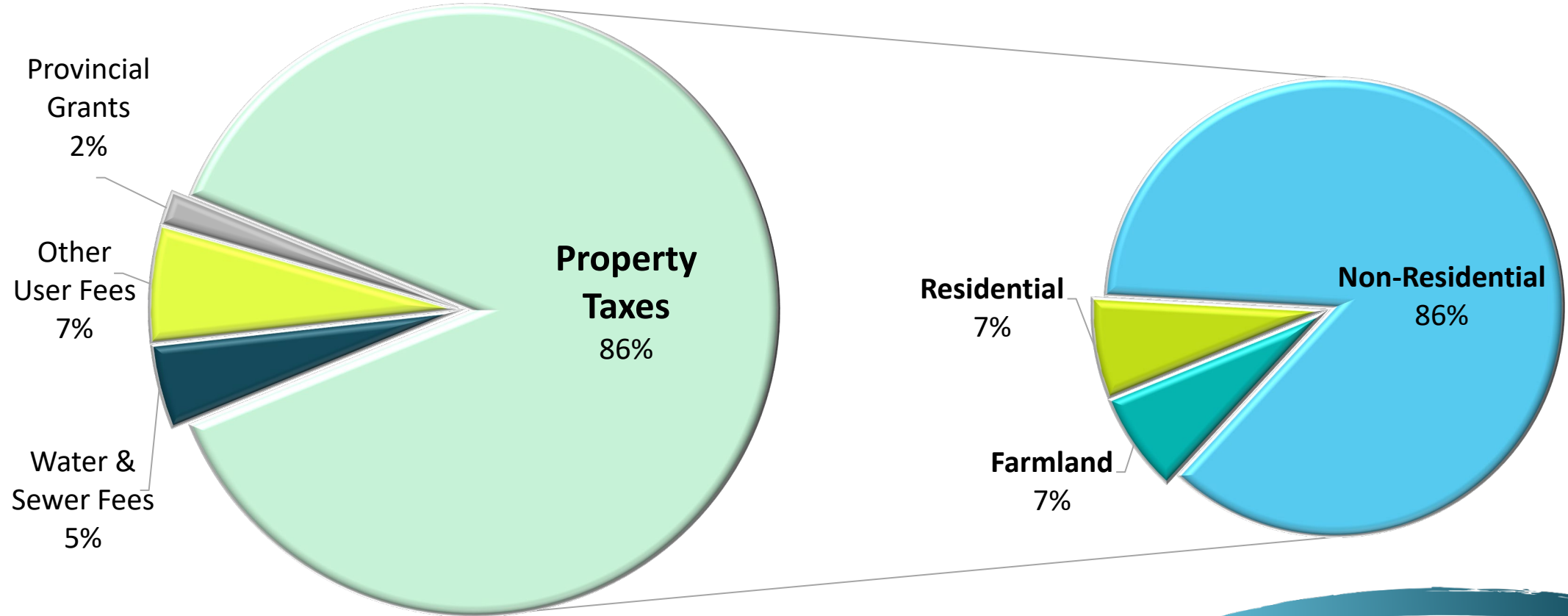


Long Term Financial Forecasting

Long Term (10+ years) Capital & Operating Needs & Financing Strategy

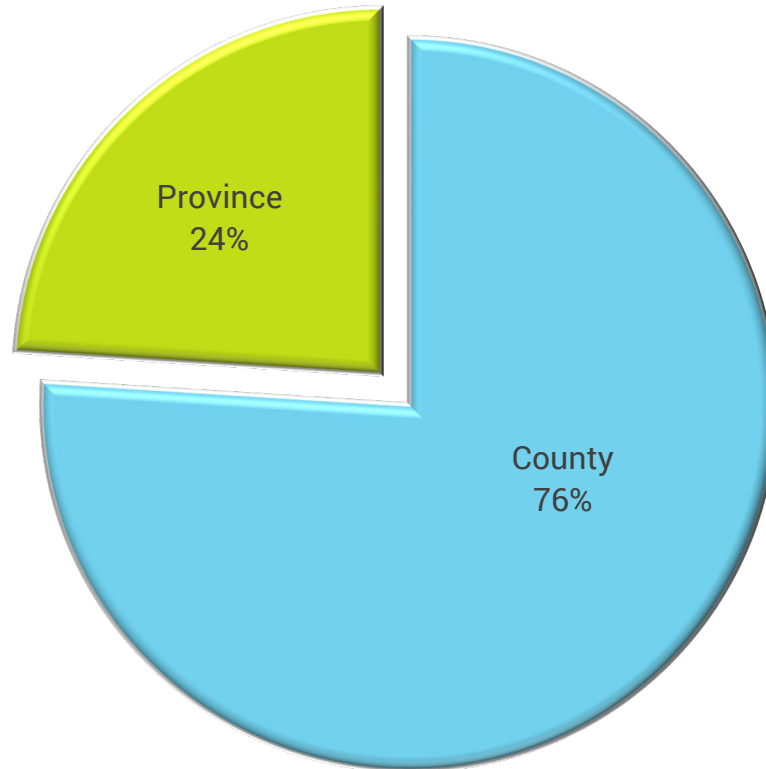


Revenue Sources

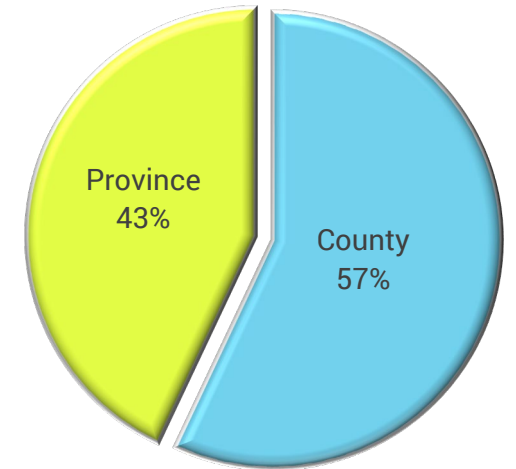


Who Gets What Share of the Property Taxes

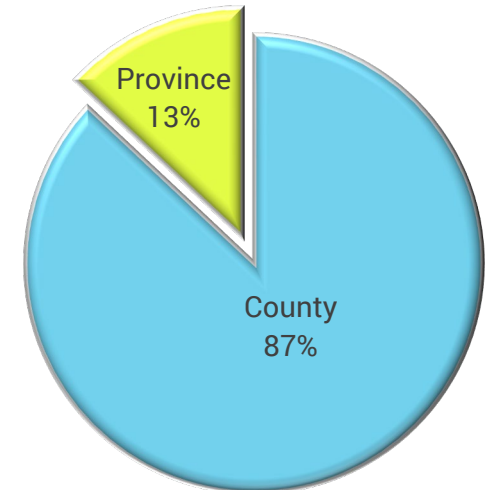
All Property Taxes:



Residential:

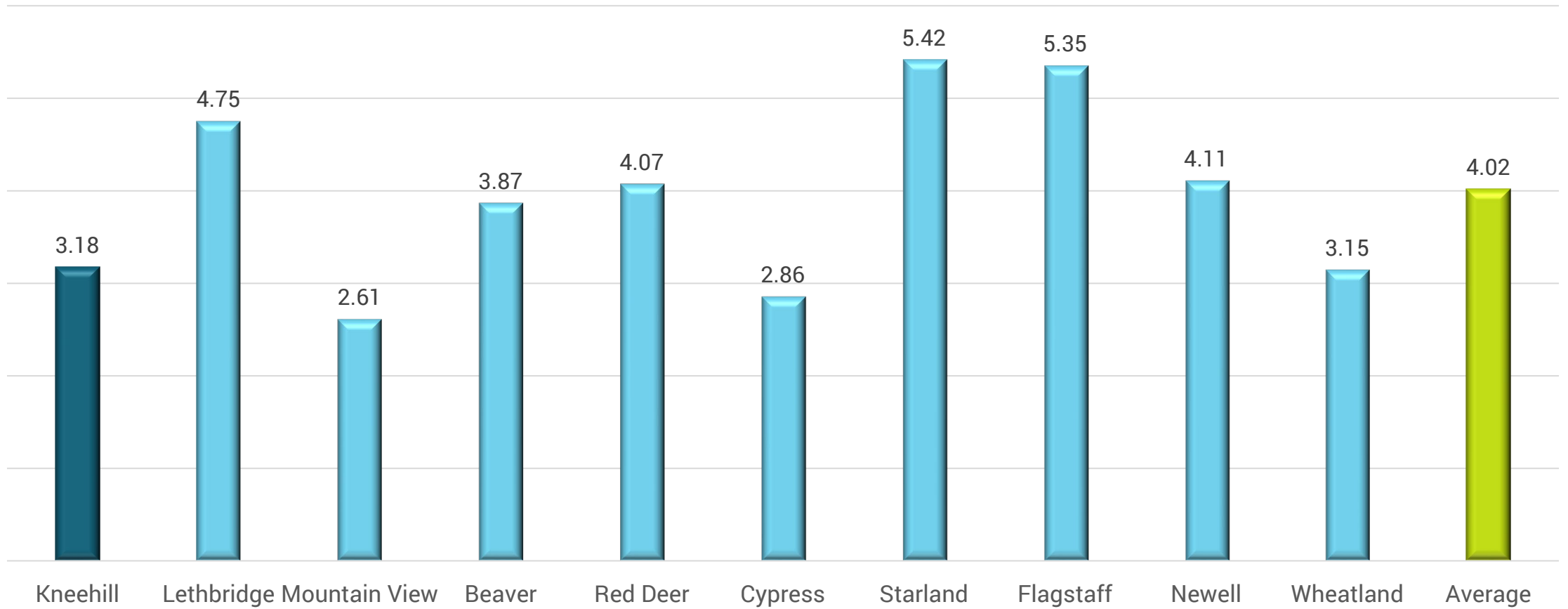


Non-Residential:

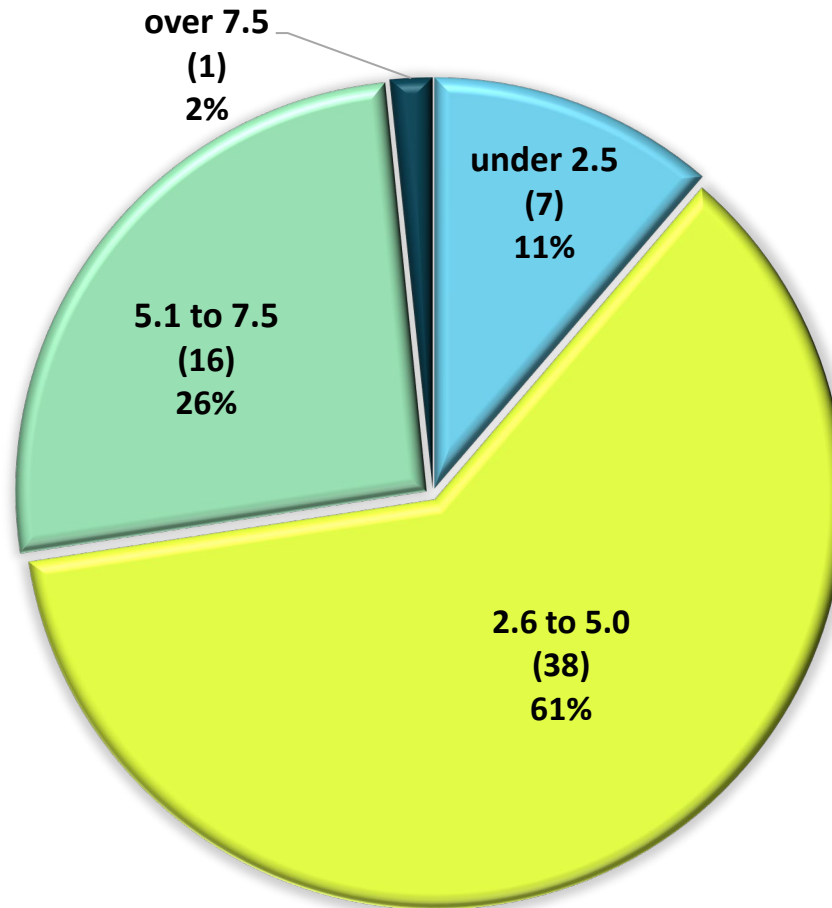


How Do We Compare?

2023 Residential Tax Rates (Counties)



Residential Tax Rate Distribution 2023 | (MD/Counties)

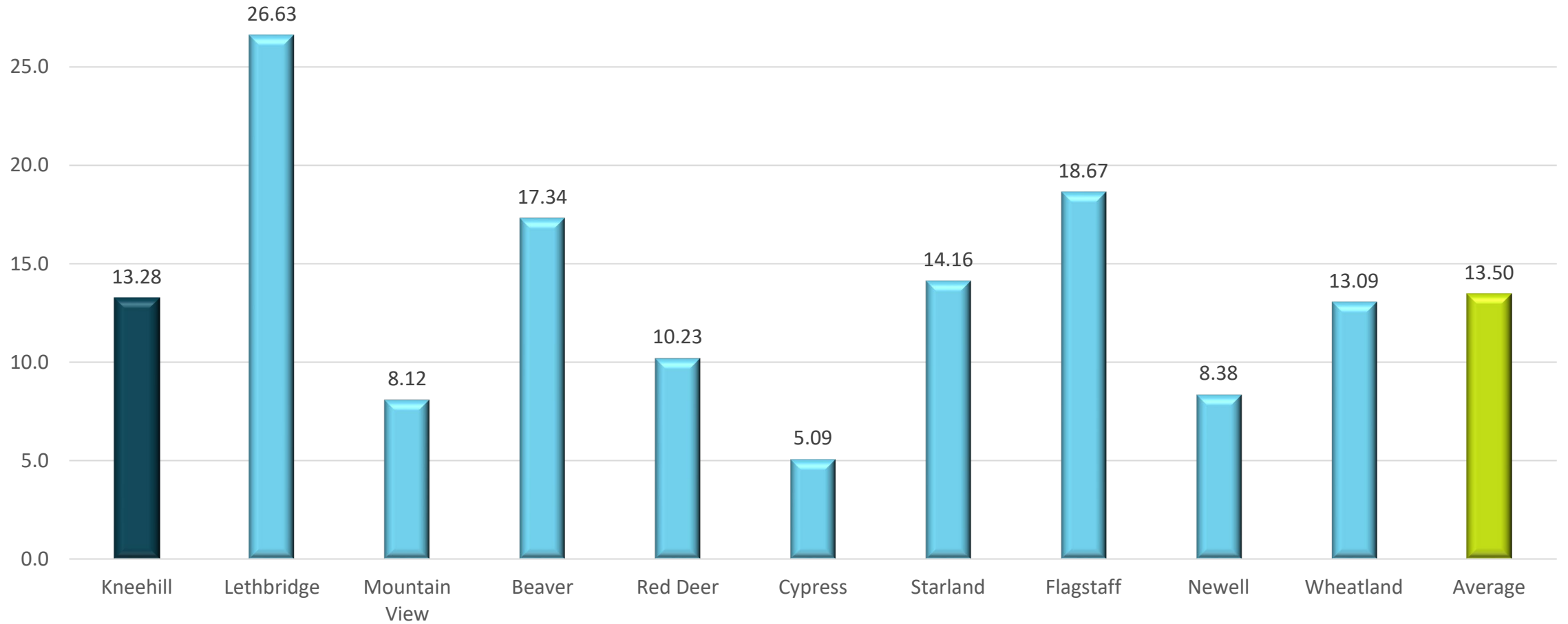


Kneehill Rate = 3.18

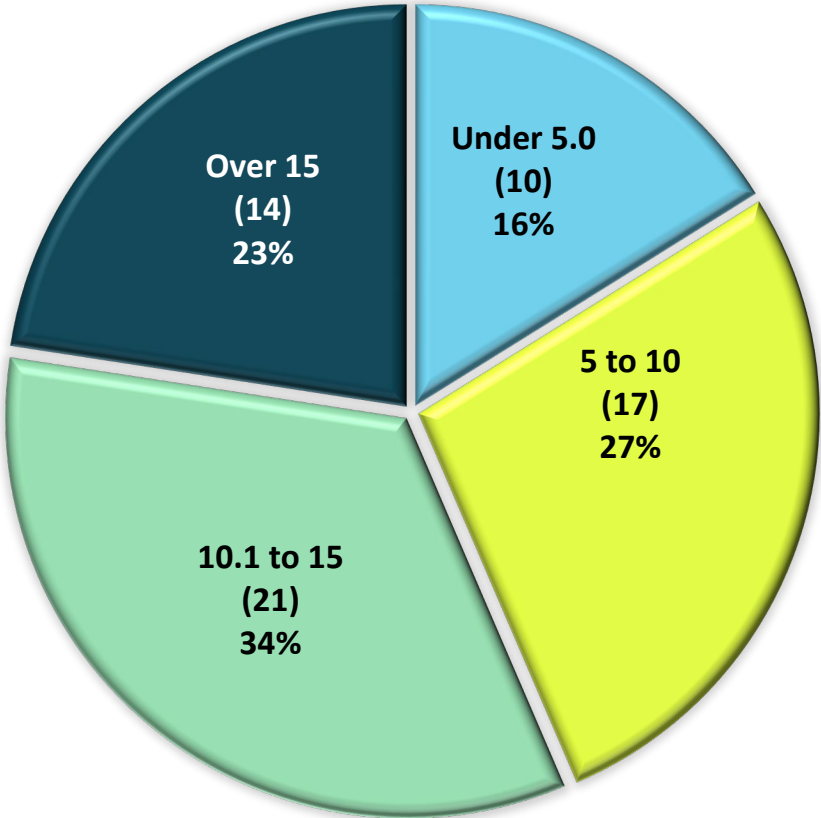
Average Rate = 4.34

How Do We Compare?

2023 Farmland Tax Rates (Counties)



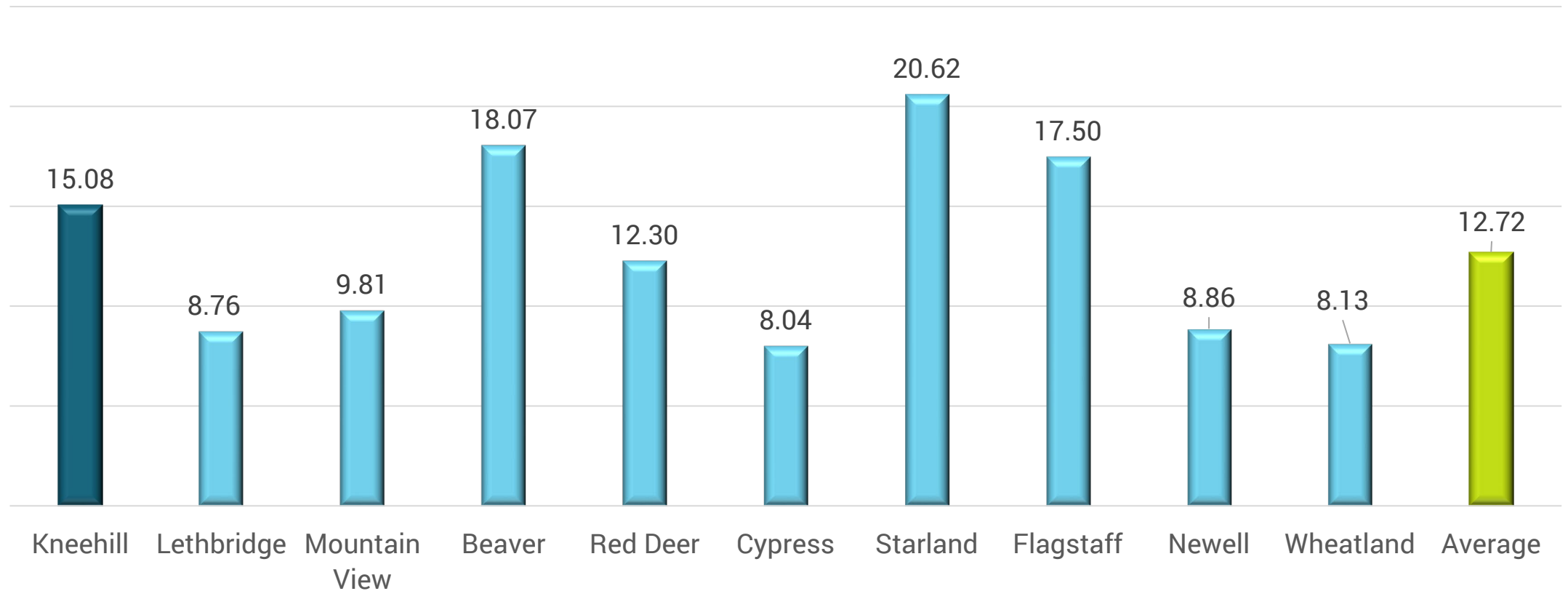
Farmland Tax Rate Distribution 2023 | (MD/Counties)



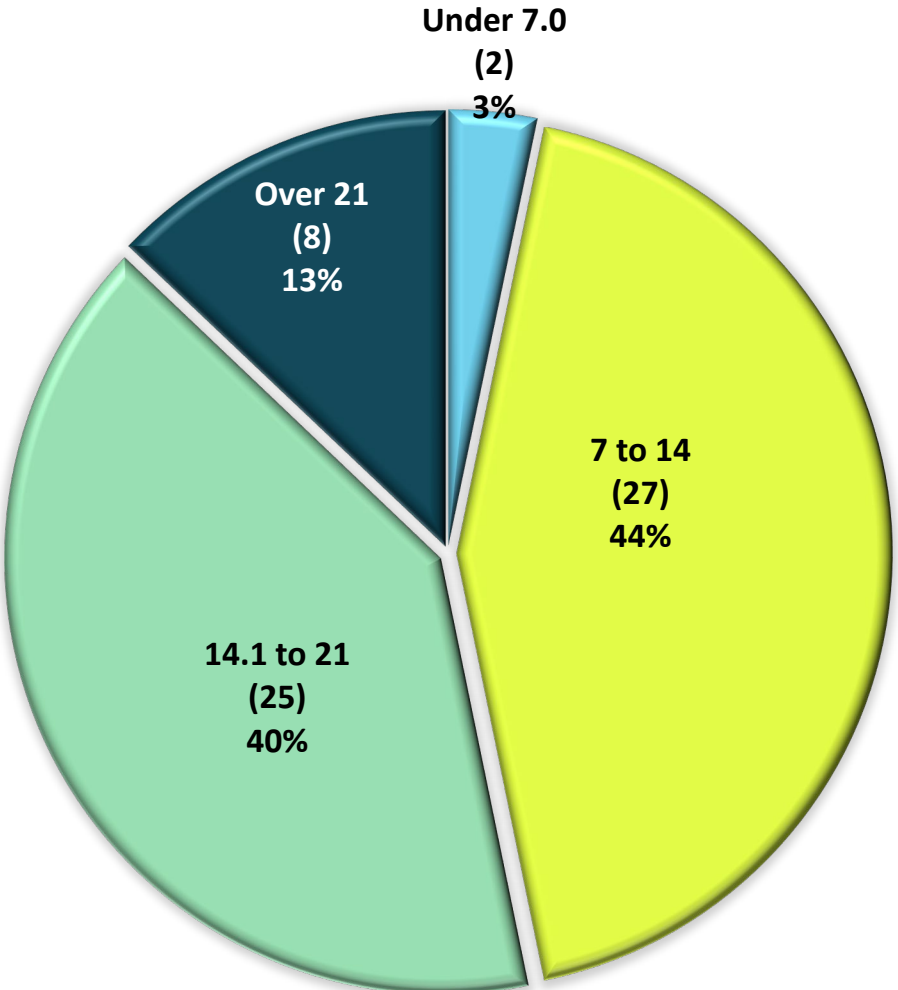
Kneehill Rate = 13.28
Average Rate = 11.29

How Do We Compare?

2023 Non-Residential Tax Rates (Counties)

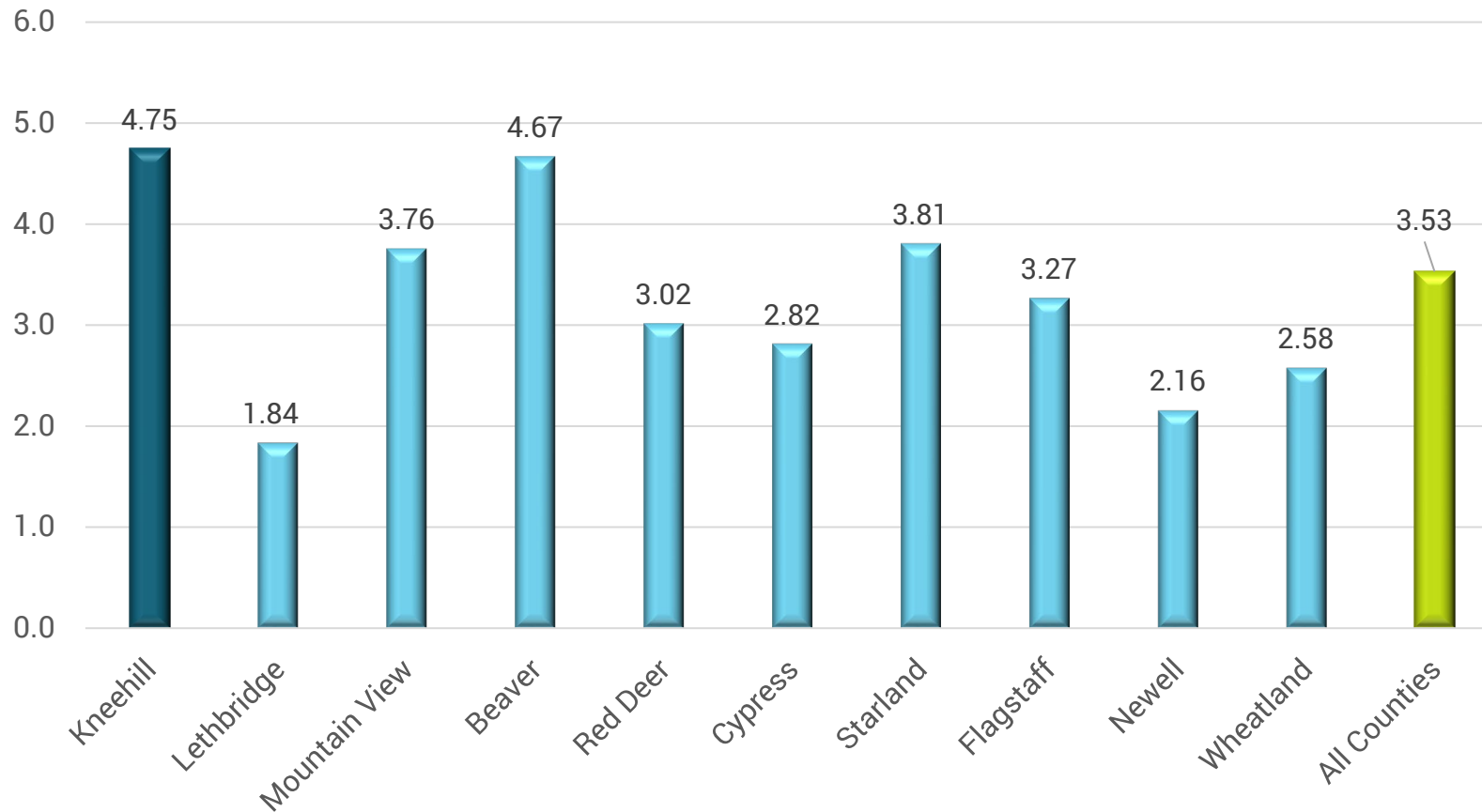


Non-Residential Tax Rate Distribution 2023 | (MD/Counties)



Kneehill Rate = 15.08
Average Rate = 14.29

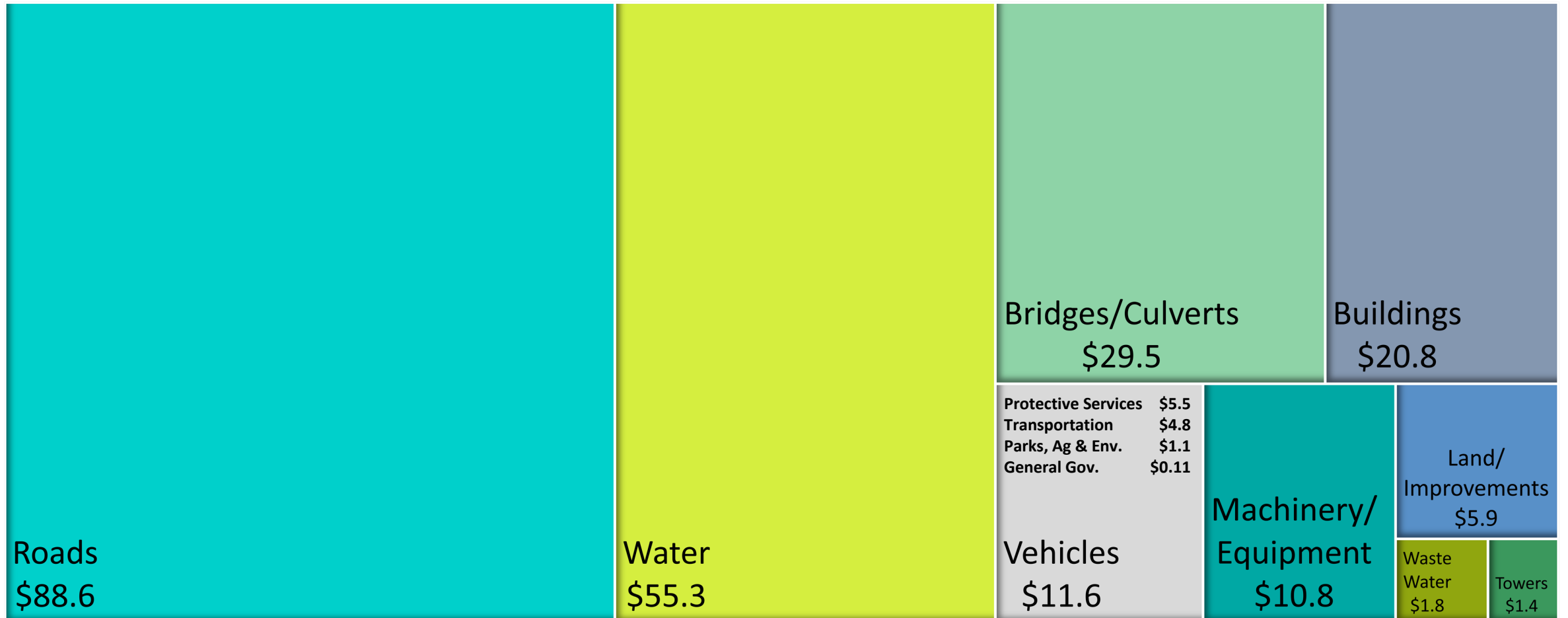
2023 Tax Rate Ratio | Non-Residential vs. Residential



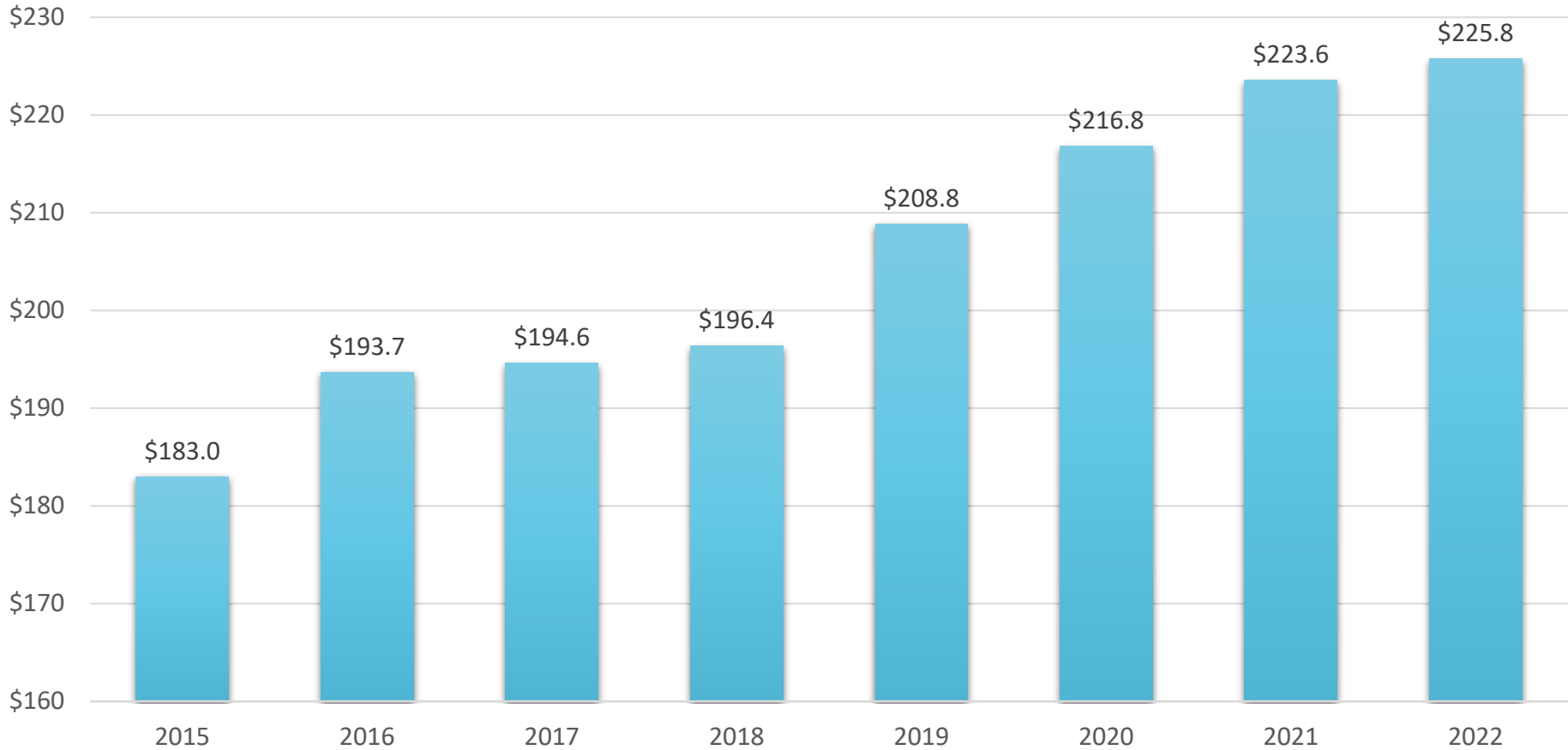
Kneehill Ratio = 4.75
Range = 1.73 to 11.25

Breakout of Asset Classifications

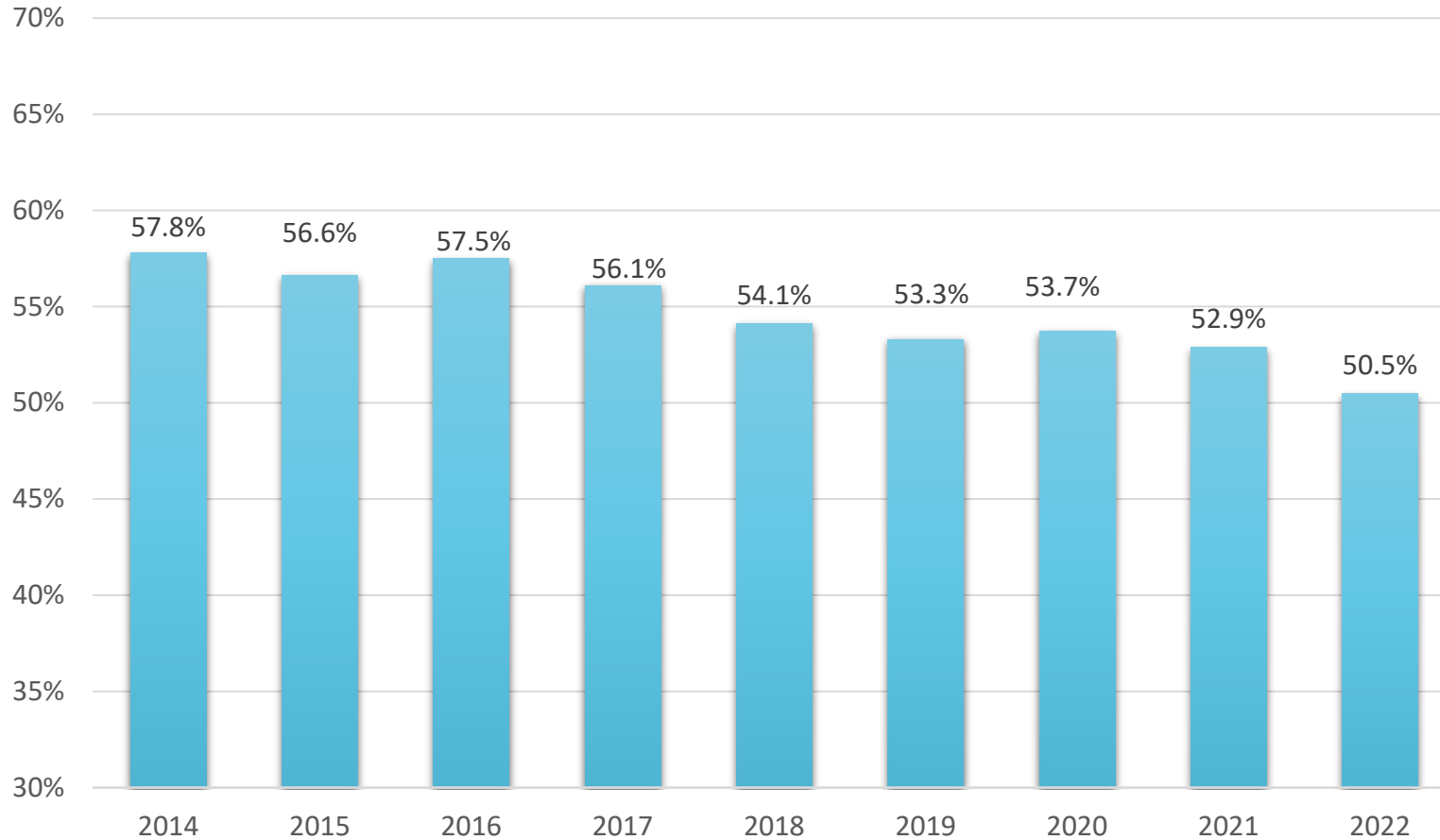
Total Original Cost \$225.8 Million



Tangible Capital Assets (Original Cost) | \$ Millions

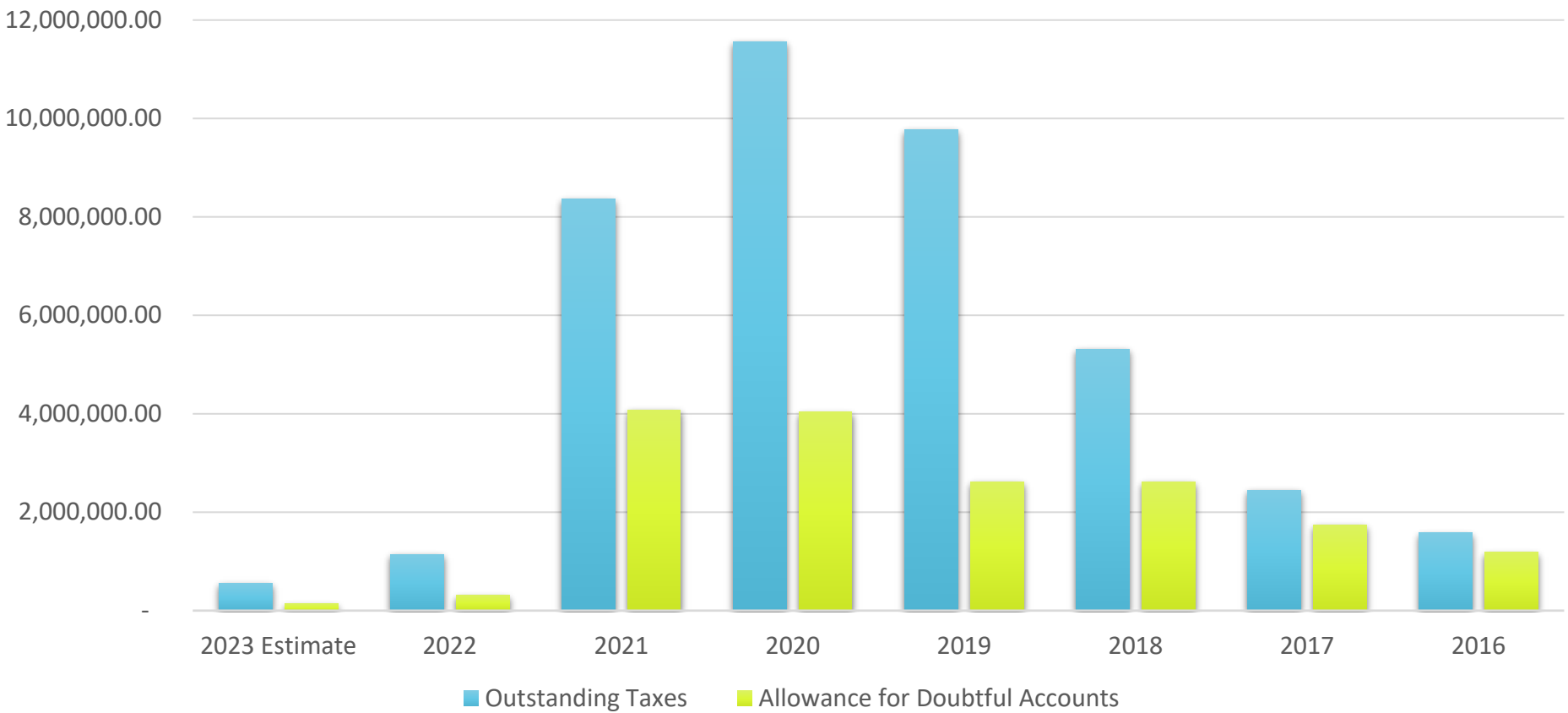


Percentage of Assets Remaining | Based on Original Cost

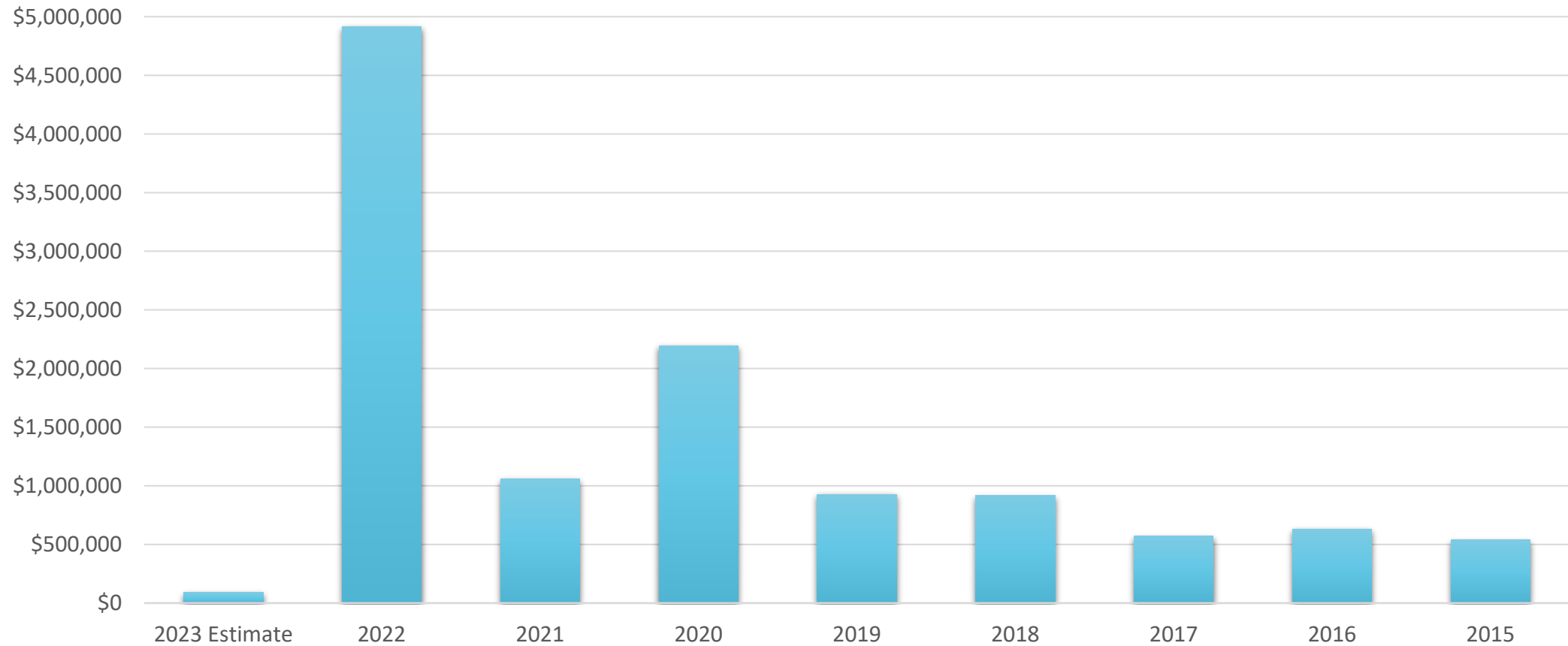


The County's average annual amortization is approximately \$6.1 million

Outstanding Taxes & Allowance for Doubtful Accounts | 2016 - 2023



History of Tax Write-Offs



* Tax write-offs in 2022 were fully funded, apart from accrued penalties in 2022.

Unrestricted Surplus/Reserves | Purpose

Reserves are a key tool in the development of any municipality's long-term financial plan. There are numerous purposes and objectives that reserves are intended to assist with such as:

- Support effective asset management planning and allow for long-term maintenance and repair and/or retirement of infrastructure assets to maintain adequate service levels. (Capital)
- Enable municipalities to plan for future operating and capital needs and lessen the reliance on long-term borrowing.
- Provide financial flexibility and ensure adequate cash flows (Working funds)
- Provide for future liabilities incurred but not funded (Sick leave, environmental)
- Provide stability for tax rate changes (Contingency).



Unrestricted Surplus/Reserves | Reserve Levels

The level of reserves required will vary by municipality for several reasons:



**Services Provided by
the Municipality**



**Age and Condition
of Infrastructure**
(roads, water, buildings,
equipment, vehicles)



**Economic
Conditions**



**Reserve Policies and
Targets**



**Tax Levy
Contributions to the
Capital Program**



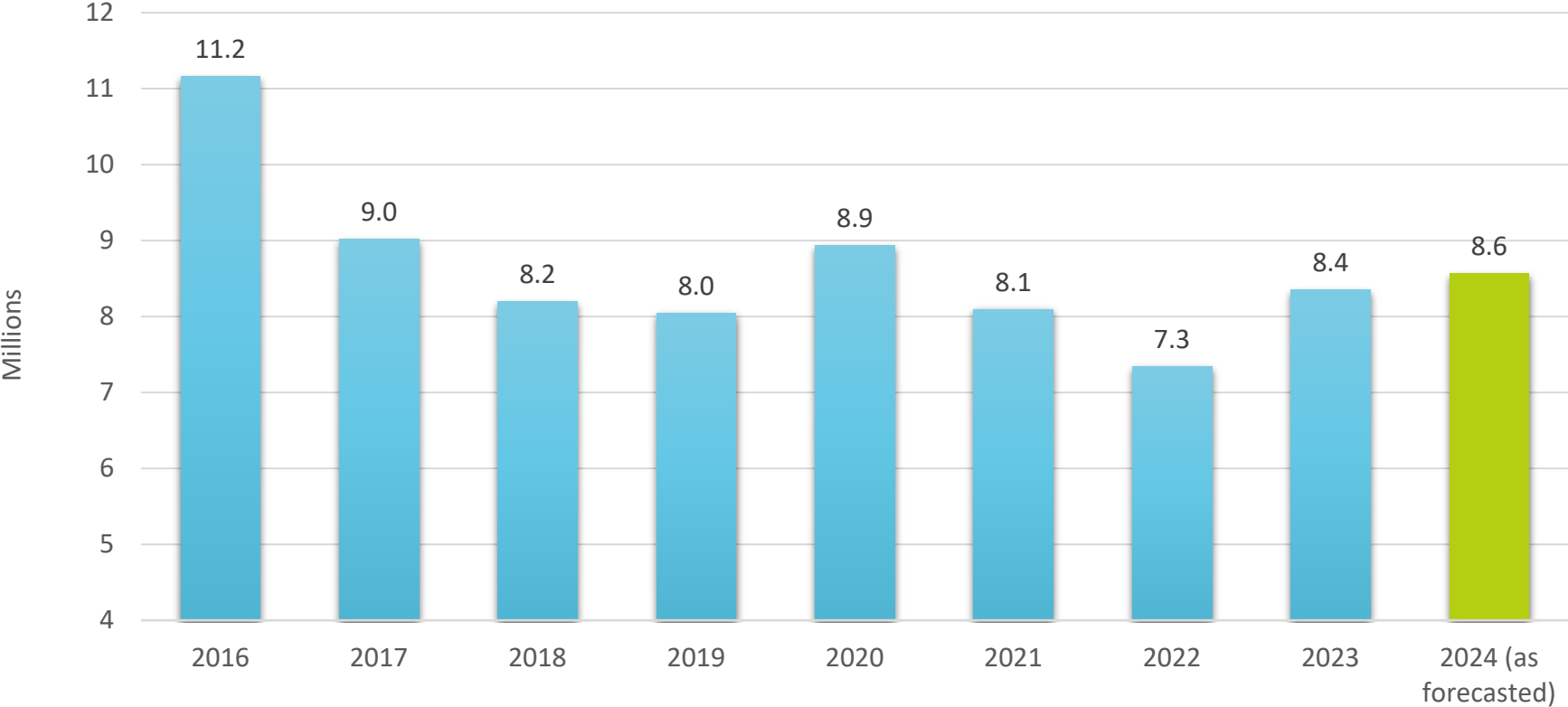
Reserves – TCA – Debt | 2022

County	Reserves (Millions)	Original Cost TCA (Millions)	% of TCA Remaining	Reserves % of TCA	% of Debt Limit Used
Kneehill	\$60.0	\$225.8	51%	27%	44%
Lethbridge	\$35.5	\$404.5	30%	9%	31%
Mountain View	\$77.9	\$480.7	33%	16%	21%
Beaver	\$36.5	\$121.0	38%	30%	9%
Red Deer	\$39.1	\$1,308.2	46%	3%	19%
Starland	\$7.7	\$112.5	49%	7%	16%
Cypress	\$107.1	\$374.0	44%	29%	12%
Flagstaff	\$55.2	\$183.8	43%	30%	0%
Wheatland	\$50.4	\$660.0	35%	8%	5%
Newell	\$124.1	\$292.7	65%	42%	6%



Historical Funding Level |

Tax Levy Contribution to Capital, Reserves and Projects



Provincial and Economic Pressures



Notable Budget Pressures

- Higher than normal Inflationary Impacts

Global



- Infrastructure Funding (MSI to LGFF)
- Assessment Model Review

Provincial

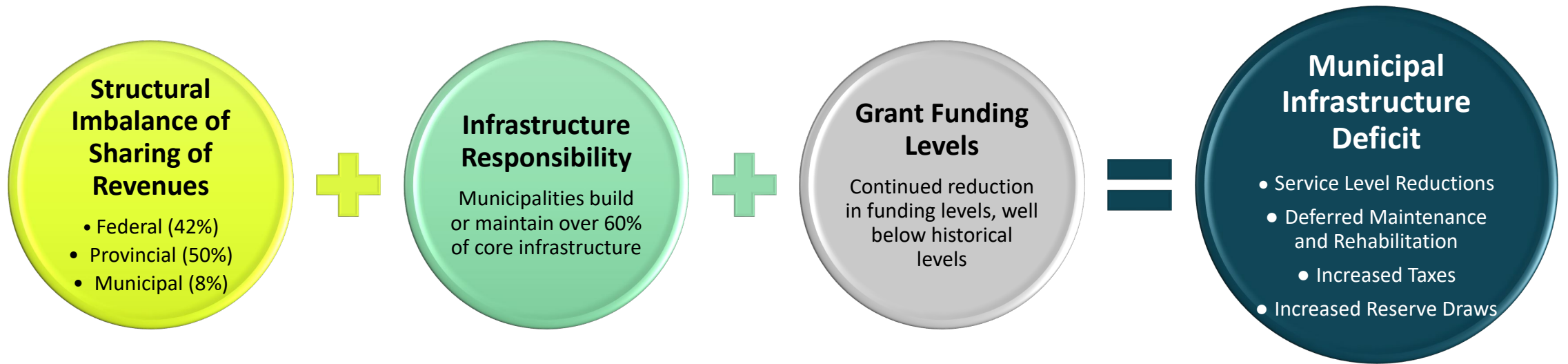


- Growth Trends
- Infrastructure Deficit (TBD)

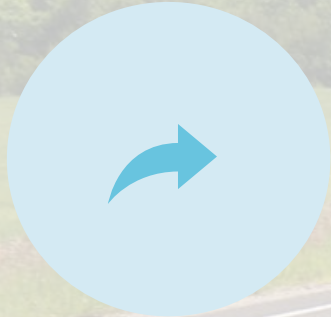
Local



Roots of the Municipal Infrastructure Deficit



Project Introductions



**2023
PROJECTS**

**WITH 2024 BUDGET
REQUIREMENTS**



**EXISTING
ASSETS**



NEW ASSETS



**OPERATING
PROJECTS**



**NEW
INITIATIVES**



2024 Budget Requirements | 2023 Projects

Lead Department	Project Name	2023 Budget	2024 Costs	Future Project Costs	Recommended Funding Source
Transportation	Rural Road Construction	\$ 200,000	\$ 22,000	\$ 3,740,000	Roads Reserve
Transportation	BF 13477 (SW 18-33-23-W4M)	\$ 50,000	\$ 550,000		Roads Reserve
Total Costs		\$ 250,000	\$ 572,000	\$ 3,740,000	



Replacement of Existing Assets

Lead Department	Project Name	2024 Costs	Future Costs	2024 Operating Budget Impact	Recommended Funding Source
Ag Services, Parks & Cemeteries	Light-duty Pickup (U0417)	\$ 82,965			CEP Reserve
Ag Services, Parks & Cemeteries	Light-duty Pickup (U0517)	\$ 82,965			CEP Reserve
Ag Services, Parks & Cemeteries	Sub-compact Utility Tractor (P7220)	\$ 38,500			CEP Reserve
Ag Services, Parks & Cemeteries	Front Mount Mower, AWD (P7819)	\$ 59,797			CEP Reserve
Ag Services, Parks & Cemeteries	Zero-Turn Mower, Keivers (P7417)	\$ 57,698			CEP Reserve
Ag Services, Parks & Cemeteries	Informational Sign Replacement (HSC)	\$ 9,900			Parks Reserve
Ag Services, Parks & Cemeteries	Playground Replacement	\$ 33,000	\$ 132,000		Community Fundraising, Community Programs, and Parks Reserve
Corporate Services	IT Capital Plan Purchases	\$ 63,800			IT Reserve
Corporate Services	Council Room Video Wall	\$ 44,000			IT Reserve
Protective Services	Acme Tender Replacement	\$ 715,000	\$ 10,000		CEP Reserve
Transportation	Calcium Applicator/Water Truck (M3793)	\$ 330,000			CEP Reserve
Transportation	End Dump Gravel Trailer (G4416)	\$ 110,200			CEP Reserve



Replacement of Existing Assets cont'd

Lead Department	Project Name	2024 Costs	Future Costs	2024 Operating Budget Impact	Recommended Funding Source
Transportation	Heavy Duty 1-ton Pickup with dump box (M1214)	\$ 135,750			CEP Reserve
Transportation	Heavy Duty ³ / ₄ ton Pickup (G0115)	\$ 82,965			CEP Reserve
Transportation	Heavy Duty ³ / ₄ ton Pickup (M0317)	\$ 82,965			CEP Reserve
Transportation	Heavy Duty ³ / ₄ ton Pickup (M0717)	\$ 82,965			CEP Reserve
Transportation	Heavy Duty Pickup (O0214)	\$ 82,965			CEP Reserve
Transportation	Pup Trailer Gravel Dump Trailer (M4312)	\$ 87,500			CEP Reserve
Transportation	Rough Terrain Fork Lift (S5218)	\$ 197,800			CEP Reserve
Transportation	Tracked Dozer D5 (R5911)	\$ 640,137			CEP Reserve
Transportation	BF 70576 (SW 25-32-25 W4M)	\$ 847,000	\$ 55,000		CCBF Grant
Transportation	BF 70988 (NW-15-28-24-W4M)	\$ 66,000	\$ 440,000		Roads Reserve
Transportation	BF 72256 (SW 1-32-25-W4M)	\$ 715,000	\$ 55,000		CCBF Grant
Total Costs		\$ 4,648,872	\$ 692,000	-	



Maintenance of Existing Assets

Lead Department	Project Name	2024 Costs	Future Costs	2024 Operating Budget Impact	Recommended Funding Source
Transportation	Major Bridge Maintenance	\$ 220,000			Roads Reserve
Facilities	Administration and FCSS Parking Lot Design, Assessment and Repair	\$ 22,000	\$ 330,000		Building Reserve
Facilities	Administration Protective Service Office Renovation	\$ 49,500			Building Reserve
Facilities	Public Works Renovations	\$ 82,500			Building Reserve and CCBF Grant
Facilities	Three Hills Transfer Station Improvements	\$ 44,000			CCBF Grant
Total Costs		\$ 418,000	\$ 330,000		



New Assets

Lead Department	Project Name	2024 Costs	Future Costs	2024 Operating Budget Impact	Recommended Funding Source
Ag Services, Parks & Cemeteries	Event/Market Space Development	\$ 38,500			Parks Reserve
Ag Services, Parks & Cemeteries	Horseshoe Canyon Shade Structures	\$ 13,900			Parks Reserve
Ag Services, Parks & Cemeteries	Horseshoe Canyon Interpretive Center/ Washroom	\$ 110,000	\$ 3,080,000		Revenue Stabilization Reserve
Facilities	Swalwell Site Fencing	\$ 44,000			Water Reserve
Protective Services	Fencing of Wimborne and Linden Towers	\$ 44,000			Buildings Capital Replacement
Protective Services	Burn Structure Addition	\$ 55,000			CCBF Grant
Total Costs		\$ 305,400	\$ 3,080,000		



Operating Projects

Lead Department	Project Name	2024 Costs	Future Costs	2024 Operating Budget Impact	Recommended Funding Source
Ag Services, Parks & Cemeteries	Growing Kneehill Event	\$ 66,000			Parks Reserve and Ticket Sales
Environmental Services	Utility Master Plan - Torrington	\$ 105,600			Water Reserve
Environmental Services	Concrete Crushing (Kneehill County Solid Waste Site)	\$ 55,000			Contingency Reserve
Facilities	PSD Maintenance Manager Enhancements	\$ 22,000	\$ 44,000		Buildings Capital Replacement
Transportation	Pavement Condition Assessment Report	\$ 110,000			Roads Reserve
Total Costs		\$ 358,600	\$ 44,000	-	



New Initiatives

Lead Department	Project Name	2024 Costs	Future Costs	2024 Operating Budget Impact	Recommended Funding Source
Ag Services, Parks & Cemeteries	Cemetery Community Grant			\$ 4,000	Operating Budget
Ag Services, Parks & Cemeteries	Ag Services Seasonal Support Strategy			\$ 9,392	Operating Budget
Ag Services, Parks & Cemeteries	Environmental Technician			\$ 95,869	Operating Budget
Ag Services, Parks & Cemeteries	Roadside Weed Control	\$ 77,000		\$ 30,000	Parks Reserve, and Operating Budget
Corporate Services	IT Technician			\$ 105,000	Operating Budget
Corporate Services	WaterCAD Software License Purchase	\$5,500	\$5,500	\$ 11,569	Water Reserve, and Operating Budget
Planning & Development	Enhanced Public Engagement			\$ 30,000	Operating Budget
Protective Services	Protective Services Administrative Support			\$ 100,000	Operating Budget
Transportation	FT Equipment Operator			\$ 71,547	Operating Budget
Transportation	Shop Position			\$ 101,330	Operating Budget
Total Costs		\$ 82,500	\$ 5,500	\$ 558,707	