



REQUEST FOR DECISION

Meeting: April 14, 2025

2025 Final Budget & Financial Plans

DESCRIPTION/BACKGROUND:

On December 9, 2024, Council adopted the 2025 interim operating and capital budgets. Every year prior to the presentation of the Property Tax Rate Bylaw Administration updates the budget for approval. Budget updates generally consist of items such as the requisitions and grants from the Province and the Porcupine Hills Lodge which aren't received until sometime in March. Also, the year-end audit is completed for the prior year, so we have better prior year actual figures to arrive at a more accurate budget for the upcoming year, including carryforward funding/project costs, especially for ongoing capital projects.

Attached is a report of the updated 2025 Final Budget detailing the budget changes since the interim budget was passed for Council's approval and adoption.

In addition to the 2025 Final Budget Report, both a 3-year operating and 5-year capital plan have been included for Council consideration and adoption.

DISCUSSION/OPTIONS:

The Audit and Finance Committee met on March 25 and April 3, 2025, to review and discuss the proposed final 2025 budget, the 3-year operating and 5-year capital budget plans and have recommended the budgets as presented for Council approval.

While there were a number of changes made between the interim and final budget being presented, the net change resulted in only a \$1,162 increase. Therefore, increasing the required 2025 tax support to \$4,117,177 from the interim amount of \$4,116,015.

A summary of the budget changes since the December Interim budget was approval has been included below. An increase adjustment to the insurance premiums was added based on the 2025 renewal of \$34,676. While this is a large increase, some of the cost has been offset by a \$16,944 decrease to the Provincial Policing and an anticipated surplus within the recycling program due to operational changes being implemented through the Extended Producer Responsibility (EPR) Program. Further adjustments have been made as updated costs came in with regards to items such as the computer hardware/software budget, various contracted services, and project requirements.

Operating Budget Changes include:

- Increased requisition amounts for Provincial Education (\$218,400) and Porcupine Hills Lodge (\$5,763), Decrease to Provincial Policing requisition (-\$16,944)
- General operational inflationary increases include items such as: Insurance Premium (\$34,676), Software licensing (\$4,670), Contracted Services (\$10,080), wages and benefit adjustments (\$4,965) and overall operational adjustments for items such as material and supplies (\$3,251).

- Landscape Design for the proposed Skatepark Pump Track. The total cost is \$5,800, the Town will use proceeds from the sale of the old skatepark equipment in the amount of \$3,200 to offset cost therefore only requiring \$2,800 in funding from taxation.
- FCSS funding adjustment decrease of \$1,171 due to 2024 surplus funds being carried forward.
- The Town was approved of the SCOP Grant which will aid in funding 90% of the Town's website upgrade. The grant is a two-year grant and therefore the budget was adjusted to reflect this change, adding a small increase to the budget of \$3,520).
- The Museum requested a third part-time summer position to help ensure the museum can be open 7 days a week through the summer months. Grants were applied for all 3 part time positions, however only one was approved therefore an increase of \$4,760 is required. Some utility cost adjustments were also made specific to the museum in the amount of \$1,920.
- Within the utility department budgets a reduction to the hydrant replacement program which created a decrease in budgeted (anticipated) expenses which was offset by an increase to the transfers to reserves for the year.
- Additional revenues are anticipated within the garbage and recycling function, due to the Extended Producer Responsibility (EPR) program coming into effect as of April 1, 2024, and a reduction to the landfill requisition. At this time a surplus is estimated for the department in the amount of \$71,642.

Operating Budget Changes that have zero net effect on taxes include:

- Administrative building HVAC repairs (\$10,000 funded from reserves)
- SCBA Cylinder Replacements (\$8,000 funded from reserves)

Capital Budget Changes

- The cemetery shed replacement project has been decreased from \$30,000 to \$10,000, as the Town determined that a prefabricated shed would meet the needs and be more cost effective. This project is fully funded by the cemetery reserve.
- The addition of the Arena Roof Repair has been added to the 2025 capital budget in the amount of \$30,000. This project will be fully funded from the recreation reserve.

This is the fourth budget year since implementing the new Community Grants policy. As per the policy, community organizations that receive operational funding from the Town must submit an annual application with their funding request, by providing the town with background of the organization's operations and financial requirements.

The Town received 6 applications in February which were reviewed by Administration and the Audit and Finance Committee. Funding amounts as recommended by the committee have been included in the budget, and are unchanged from the 2024 amounts as follows:

- Claesholm Public Library - \$178,000
- Claesholm Golf Course - \$50,000
- Claesholm Child Care Society - \$25,000
- Claesholm Animal Rescue Society \$30,000
- Claesholm Community Centre - \$30,000
- Claesholm Transportation Society - \$15,000

In addition to the 2025 Operating and Capital Budgets, the 3-year Operating and 5-Year Capital Plans were also reviewed by the Audit and Finance Committee on April 3, 2025, both of which have been recommended for Council approval. These plans must not only detail expenditures but also revenues and how capital projects are to be funded.

The 3 Year Operating Plan is a projection based on the current operational requirements of the Town with adjustments for inflation and any known revenue or expense changes from year to year, such as anticipated loss or gain of grant funding, staffing changes, contractual changes, rate increases, etc.

As this is only a plan, numbers can, and will, shift as future budgets are prepared for and refined with the removal or addition of various revenues or expenditures that may become known or as opportunities such as new grant or cost savings present themselves.

Below is the projected change in tax support required over the next 3 years based on today's projections.

- 2026 plan has a 5.4% tax revenue increase.
- 2027 plan has a 3.5% tax revenue increase.
- 2028 plan has a 3.4% tax revenue increase.

The capital financial plan was prepared by looking at capital priorities of Council, plans and guiding documents approved by Council (e.g. Infrastructure Master Plan and Recreation Master Plan), and Administration analysis and recommendation on life or replacement needs of equipment and/or infrastructure. These are then prioritized and analyzed against available funding or possible conditional grants and community contributions.

The attached 5-year Capital Plan was approved in principle on December 9, 2024. The overall plan has not changed at this time except for two 2025 projects as outlined below.

- Cemetery Shed - A reduction of \$20,000 has been made as a cheaper solution of purchasing a prefabricated shed was determined, saving money and therefore allowing the whole project to be funded from the cemetery shed.
- Arena Roof Repair – Since the interim budget approval, it has been determined that the arena roof requires some repairs as leaks have been detected. This is a \$30,000 project with funding from the Recreation Reserve.

At this time, administration has not adjusted costs related to future capital projects (2026 -2030) with the exception of the PALL Rack Module Replacement project scheduled for 2027. Based on an updated quote that was recently provided to the Town this project has increased from \$365,000 to \$541,235.

Within the Capital Plan (2026-2030), there is an estimated total project costs of \$21,812,235. Of these costs, the Town is hoping to access \$9,919,460 in grants (approx. 45%), \$6,042,775 from reserves (27.7%), \$2,150,000 in debt (nearly 10%) with the balance of funding coming from outside in-kind funds or taxes.

While these project and funding amounts have been identified in the capital plan, Administration continually updates costs/quotes as project dates get closer to final approval. Staff continues to research and identify grant funding opportunities in an effort to not fully deplete reserves and limit potential debenture borrowing.

PROPOSED RESOLUTIONS:

Moved by Councillor _____ to adopt the 2025 Final Operating and Capital budget as presented.

Moved by Councillor _____ to adopt the 3 Year Financial Plan for 2026 through 2028.

Moved by Councillor _____ to adopt the 5 Year Capital Plan for 2026 through 2030.

ATTACHMENTS:

- 1.) 2025 Final Budget Report
- 2.) 2025 3 Year Financial Plan
- 3.) 2025 5 Year Capital Plan

APPLICABLE LEGISLATION:

- 1.) MGA Section 283.1 – Required Plans

PREPARED BY: Jennifer Place, Director of Corporate Services

APPROVED BY: Abe Tinney, CAO

DATE: April 11, 2025
