



3 Year Financial Plan

2022-2025

SPECIAL COUNCIL MEETING

NOVEMBER 22-23 & DECEMBER 2, 2021

LEGISLATED REQUIREMENTS

Section 283.1 of the MGA

1. **Annual Budget** requirements for operating and capital budgets are **unchanged**.
2. At a minimum must prepare a “written” three year financial plan and a “written” five year capital plan.
3. Multi year plans **do not** include the **year in which** they are prepared.
4. Council must **review and update** the plans annually.

LONG TERM FINANCIAL PLANNING BENEFITS & DRIVERS

Primary Benefit:

Identifies future financial challenges and opportunities, allowing the leadership group to plan ahead and develop “a roadmap” to minimize/eliminate challenges and take full advantage of opportunities.



FINANCIAL PLAN – MINIMUM STANDARDS

1. In addition to section 283.1 of the MGA, the Municipal Corporate Planning Regulation establishes a minimum standard for the content of financial and capital plans.
2. The regulation provides that the **three-year financial plan** must include, at a minimum
 - *anticipated total revenues and total expenses by major category*
 - *anticipated annual surplus or deficit*
 - *anticipated accumulated surplus or deficit.*
3. To meet the minimum legislated requirement for a **3 year forecast must be completed.**
4. The intent is to **develop a plan** – not a **multi year budget**

Forecast Drivers

2022 Budget

Inflation

Growth

Service Changes

2023 Plan

2023 Plan

Inflation

Growth

Service Changes

2024 Plan

2024 Plan

Inflation

Growth

Service Changes

2025 Plan

- Budget Approved in the 2021 Calendar Year (November/December 2021) – Develop 2022 Annual Budget + 2 Year Plan
- Final Budget Approved in the 2022 Calendar Year (April/May 2022) – Develop 2022 Annual Budget + 3 Year Plan

THREE YEAR PLAN ASSUMPTIONS

1. With unstable and rising inflation currently – inflation projected cautiously at 3% for 2023, 2.5% for 2024 and 2.5% for 2025
2. Growth at 2% per year for certain items such as wages on top of inflation
3. Operating Provincial Grant funding assumptions for 2021 budget carried forward for 2022 - 2025
4. Provincial Police allocations included at rising rates
5. Reserve allocations have been allowed for future capital
6. Utility consumption rates increased by inflation - continue to review annually based on comparisons and break even point of budgets
7. No additional borrowing included for 3 Year Plan
8. Fortis Franchise Fee to gradually increase by 2% per year from 2023-2025 until reaching cap of 20%. Tax minimization strategy with depleting Provincial grants
9. Continued recreational funding from County rising with inflation
10. No major development anticipated at this time
11. No major changes predicted in service levels



THREE YEAR PLAN BUDGET CHANGE SUMMARY

2023

- Increase \$143,976
- 4.51%

2024

- Increase \$144,683
- 4.34%

2025

- Increase \$140,715
- 4.05%

2023 MAJOR ANNUAL SERVICE CHANGES

REMOVED ITEMS – COMPLETED IN 2022 BUDGET

- Water Distribution Condition Assessment
- Sewer Geotech investigation & lift station repairs
- Gas utility right of way consulting fees
- Golf lounge flooring
- Bridge inspection
- Motorized shop door
- Town Manager consulting fees
- Town Office complex duct cleaning
- Pump jack relocation
- Bridal Expo attended every 2 years

ADDED ITEMS FOR 2023

- Increase Fortis Franchise Fee from 8% to 10%
- Assume rentals back to normal pre-COVID levels
- Annual computer changes
- Community Services booking software
- Fitness Centre rental partial year
- Consulting to address cost of liability for asbestos abatement from facilities
- LED lights for fire bays
- Economic Development GAP analysis
- Municipal Development Plan & Land Use Bylaw Update
- Derrick inspection
- Pool epoxy basin repairs
- Potential bridge repairs after 2022 inspection
- Economic Development – addition of GAP analysis \$25,000 (moved from 2022)



THREE YEAR PLAN BY OBJECT 2023

	Budget			Service	Budget
	Operating 2022	Inflation \$	Growth \$	Changes \$	Operating 2023
Revenue:					
TAXATION (EXCLUDING REQUISITIONS)	3,189,791	-	-	143,976	3,333,767
USER FEES	3,799,686	107,843	865	49,650	3,958,044
RESERVE TRANSFER	83,813	45	-	- 35,313	48,545
GRANTS	465,033	11,187	-	-	476,220
Total Revenue	7,538,323	119,075	865	158,313	7,816,576

Expenses:					
TAXATION (REBATES & CONTINGENCY)	64,992	1,950	-	- 18,652	48,290
STAFFING - WAGES & CONTRIBUTIONS	2,765,518	82,966	55,310	-	2,903,794
STAFFING COSTS - TRAINING & OTHER	146,211	4,386	-	-	150,597
PROFESSIONAL FEES	789,461	19,812	-	30,383	839,656
LEASES	21,266	638	-	-	21,904
INSURANCE	169,217	5,077	-	-	174,294
GOODS & SUPPLIES	188,877	5,666	-	- 5,600	188,943
POSTAGE & COPIES	28,106	843	-	-	28,949
REPAIRS & MAINTENANCE	447,605	13,428	-	- 19,805	441,228
VEHICLE EXPENSE	85,400	2,562	-	-	87,962
UTILITIES	458,336	13,750	-	-	472,086
OTHER - FINANCE CHARGES / DEBENTURES	556,737	4,781	-	-	561,518
OTHER - PROGRAMS / EVENTS	127,332	3,820	-	- 200	130,952
OTHER - UTILITY SUPPLY PURCHASE	1,323,490	39,705	-	-	1,363,195
OTHER - LIBRARY GRANT & OTHER COMMUNITY GRAN	71,525	2,146	-	-	73,671
	-	-	-	-	-
RESERVE TRANSFERS	294,250	5,100	-	30,188	329,538
AMORTIZATION	1,161,045	-	-	- 15,512	1,145,630
Total Expenses	8,699,368	206,629	55,310	802	8,962,206

Balance after adjustments (Amortization)	- 1,161,045	- 87,554	- 54,445	157,511	- 1,145,630
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2024 MAJOR ANNUAL SERVICE CHANGES

REMOVED ITEMS

- Reduce booking software to annual contract (remove cost of purchase of software)
- Asbestos liability consulting
- LED lights for Fire Hall bays
- Economic Development GAP analysis reduced to complete project
- MDP and LUB update
- Derrick inspection
- Pool basin repairs
- Bridge repairs

ADDED ITEMS

- Increase Fortis Franchise Fee from 10% to 12%
- Fitness Centre full year rental
- Advertising campaign reboot
- Annual computer changes
- Bylaw uniforms
- Fire pumper test (every 3 years)
- Potential repairs for Derrick after inspection
- Bridal Expo added back



THREE YEAR PLAN BY OBJECT 2024

	Budget			Service	Budget
	Operating 2023	Inflation \$	Growth \$	Changes \$	Operating 2024
Revenue:					
TAXATION (EXCLUDING REQUISTIONS)	3,333,767	-	-	144,683	3,478,450
USER FEES	3,958,044	97,796	908	8,215	4,064,963
RESERVE TRANSFER	48,545	1,089	-	- 43,050	6,584
GRANTS	476,220	9,602	-	-	485,823
Total Revenue	7,816,576	108,487	908	109,848	8,035,819

Expenses:					
TAXATION (REBATES & CONTINGENCY)	48,290	1,207	80	-	49,577
STAFFING - WAGES & CONTRIBUTIONS	2,903,794	72,595	58,076	-	3,034,465
STAFFING COSTS - TRAINING & OTHER	150,597	3,765	-	-	154,362
PROFESSIONAL FEES	839,656	16,823	-	- 9,725	846,754
LEASES	21,904	548	-	-	22,452
INSURANCE	174,294	4,357	-	-	178,651
GOODS & SUPPLIES	188,943	4,724	-	15,000	208,667
POSTAGE & COPIES	28,949	724	-	-	29,673
REPAIRS & MAINTENANCE	441,228	11,031	-	- 3,000	449,259
VEHICLE EXPENSE	87,962	2,199	-	1,200	91,361
UTILITIES	472,086	11,802	-	-	483,888
OTHER - FINANCE CHARGES / DEBENTURES	561,518	4,104	-	-	565,622
OTHER - PROGRAMS / EVENTS	130,952	3,274	-	-	134,226
OTHER - UTILITY SUPPLY PURCHASE	1,363,195	34,080	-	-	1,397,275
OTHER - LIBRARY GRANT & OTHER COMMUNITY GRAN	73,671	1,842	-	-	75,513
	-	-	-	-	-
RESERVE TRANSFERS	329,538	4,378	-	- 19,839	314,076
AMORTIZATION	1,145,630	-	-	54,493	1,200,123
Total Expenses	8,962,206	177,451	58,156	38,129	9,235,942

Balance after adjustments (Amortization)	-	1,145,630	-	68,964	-	57,248	71,719	-	1,200,123
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2025 MAJOR ANNUAL SERVICE CHANGES

REMOVED ITEMS

- Advertising reboot costs reduced – just actual advertising cost included
- Bylaw uniforms
- Remove final portion of GAP analysis
- Fire pumper test
- Derrick repairs
- Bridal Expo removed

ADDED ITEMS

- Pump test for Fire Pumper
- Potential Derrick Repair costs post inspection
- Annual computer changes
- Council election and electronic devices

THREE YEAR PLAN BY OBJECT 2025

	Budget Operating 2024	Inflation \$	Growth \$	Service Changes \$	Budget Operating 2025
Revenue:					
TAXATION (EXCLUDING REQUISITIONS)	3,478,450	-	-	140,715	3,619,165
USER FEES	4,064,963	96,356	949	3,278	4,165,546
RESERVE TRANSFER	6,584	40	-	-	6,623
GRANTS	485,823	9,842	-	-	495,665
Total Revenue	8,035,819	106,238	949	143,993	8,286,999

Expenses:					
TAXATION (REBATES & CONTINGENCY)	49,577	1,239	84	-	50,900
STAFFING - WAGES & CONTRIBUTIONS	3,034,465	75,862	60,689	-	3,171,016
STAFFING COSTS - TRAINING & OTHER	154,362	3,859	-	-	158,221
PROFESSIONAL FEES	846,754	16,975	-	- 22,481	841,248
LEASES	22,452	561	-	-	23,013
INSURANCE	178,651	4,466	-	-	183,117
GOODS & SUPPLIES	208,667	5,217	-	11,150	225,034
POSTAGE & COPIES	29,673	742	-	-	30,415
REPAIRS & MAINTENANCE	449,259	11,231	-	- 800	459,690
VEHICLE EXPENSE	91,361	2,284	-	- 1,200	92,445
UTILITIES	483,888	12,097	-	-	495,985
OTHER - FINANCE CHARGES / DEBENTURES	565,622	4,206	-	-	569,828
OTHER - PROGRAMS / EVENTS	134,226	3,356	-	200	137,781
OTHER - UTILITY SUPPLY PURCHASE	1,397,275	34,932	-	-	1,432,206
OTHER - LIBRARY GRANT & OTHER COMMUNITY GRAN	75,513	1,888	-	-	77,400
	-	-	-	-	-
RESERVE TRANSFERS	314,076	4,487	-	20,135	338,698
AMORTIZATION	1,200,123	-	-	40,000	1,240,123
Total Expenses	9,235,942	183,403	60,773	47,004	9,527,122

Balance after adjustments (Amortization)	- 1,200,123	- 77,165	- 59,824	96,989	- 1,240,123
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RESERVE OBJECTIVES

- Plan for future operating and capital needs
- Plan for contingencies
- Avoid debt and interest on capital projects
- Generate investment income
- Support strategic cash management
- Risk Management Planning



RESERVE STABILIZATION

- **Administration** – begin in 2023 with \$10,000 annually for future server and technology replacements (servers replaced 2020 – currently no reserves for future replacement), look at with potential 2021 surplus
- **Fire** – continue annual allocation per policy of sales less vehicle expense for future equipment. To address additional reserve transfer with potential 2021 surplus rather than additional budgeted amount due to constraints
- **Utilities** – continue with capital investment charge – opportunities to increase annually if Council desires, currently not increased. Garbage dividend strategy to continue to increase reserves
- **Pool** – begin in 2023 with reserve transfers of \$20,000 for future replacement of Pool or Spray Park
- **Pembina Place** – with new recreation agreement \$100,000 transferred to reserves annually (50/50 cost share Town & County)
- **Parks** - continue at \$8,000 for trails annually
- Fortis Franchise Fee - increase by 2% from 2023-2025 until reach maximum cap of 20%, utilization of this fee can change from current allocation to Policing costs and Pembina Place if desired by Council, instead for reserves
- Town needs to work towards more taxation strategies towards asset replacement as grants are diminishing
- This will be revisited in the annual budget process

