



SMOKY LAKE COUNTY

2024 BUDGET

Budget Summary

Operating Revenue	16,794,869
Capital Funding	5,629,595
Total Revenue	22,424,464
Operating Expenses	16,781,043
Capital Expenses	7,687,721
Total Expenses	24,468,764
Net deficit	-2,044,300
Remove Amortization	2,044,300
Cash deficit	-0

The 2024 balanced budget was compiled based on the following

- ✓ No change in service levels
- ✓ Planned transfers to reserves have been removed
- ✓ Equipment replacement has been deferred
- ✓ Maintenance costs will increase as a result of above
- ✓ The Road Plan is based on feedback from Council and Management
- ✓ The assumption that the LGF grant will be equal to the MSI grant received in 2023
- ✓ The predicted increase in policing costs of 50% (from \$191,242 to \$255,000)
- ✓ Escalation of costs due to inflation
- ✓ Crush Gravel for \$450,000
- ✓ Interest rates earned on funds will be approximately 5%



OPERATIONS

Operational Revenue



Operating Revenues

Operating Revenues will increase by \$525,460

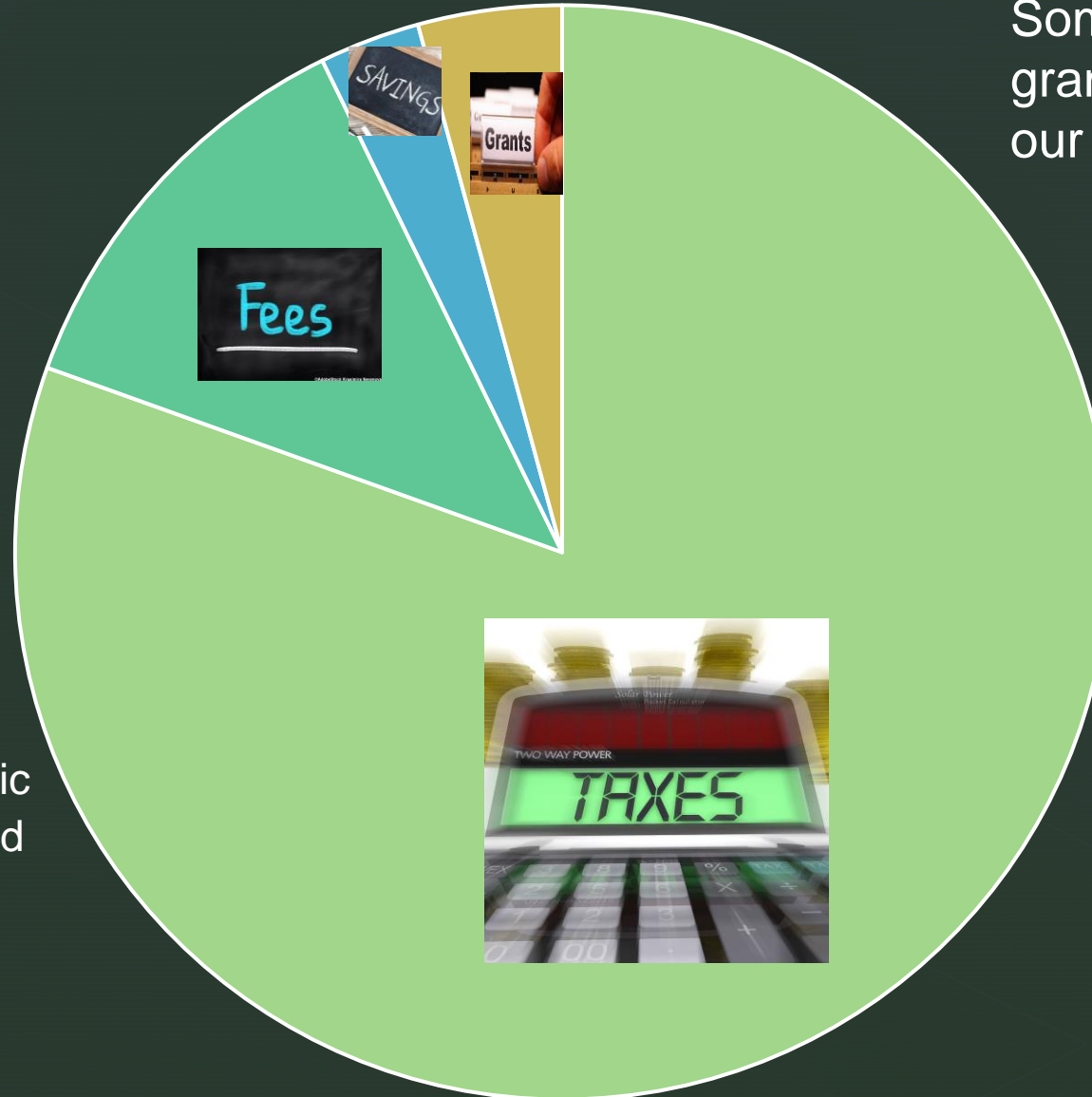
- **Tax revenue increase \$642,000 (5%)**
- **User fee increase \$60,000**
- **Investment Income increase \$344,000**
- **Provincial grant decrease \$107,000**
- **Transfer from Operating Reserve decrease \$414,000**

	BUDGET 2023	BUDGET 2024	Change %
OPERATING REVENUE			
Taxes			
Farmland & Residential	\$4,112,277	\$4,307,447	4.75%
Machinery & Equipment	1,380,287	1,324,157	(4.07%)
Non - Residential	1,304,804	1,432,764	9.81%
Linear	5,998,187	6,429,717	7.19%
Provincial Government	68,756	12,978	(81.12%)
Sewer Levy	9,040	9,040	0.00%
Other Income			
Well Drilling/Drill Rigs	5,500	5,500	0.00%
Penalties	85,300	85,200	(0.12%)
User Fees and Sales of Goods	595,709	641,450	7.68%
Investment Income	350,000	693,998	98.29%
Development Levies	58,500	69,000	17.95%
Licenses and Permits	224,500	224,000	(0.22%)
Sales to Other Governments	342,135	346,635	1.32%
Grants			
Provincial Conditional - Operating	707,215	599,753	(15.20%)
CLC	113,230	113,230	0.00%
Transfer from Operating Reserve	913,969	500,000	(45.29%)
TOTAL OPERATING REVENUE	16,269,409	16,794,869	3.23%

Where do County revenues come from?

User Fees include:

- ✓ Penalties
- ✓ License Fees
- ✓ Interest Revenue
- ✓ Costs recovered from other Governments
- ✓ Fees for services provided by Fire, Public Works, Agriculture, and Parks and Recreation
- ✓ Water sold



Some revenues like grants are not within our control

Operating Grants:

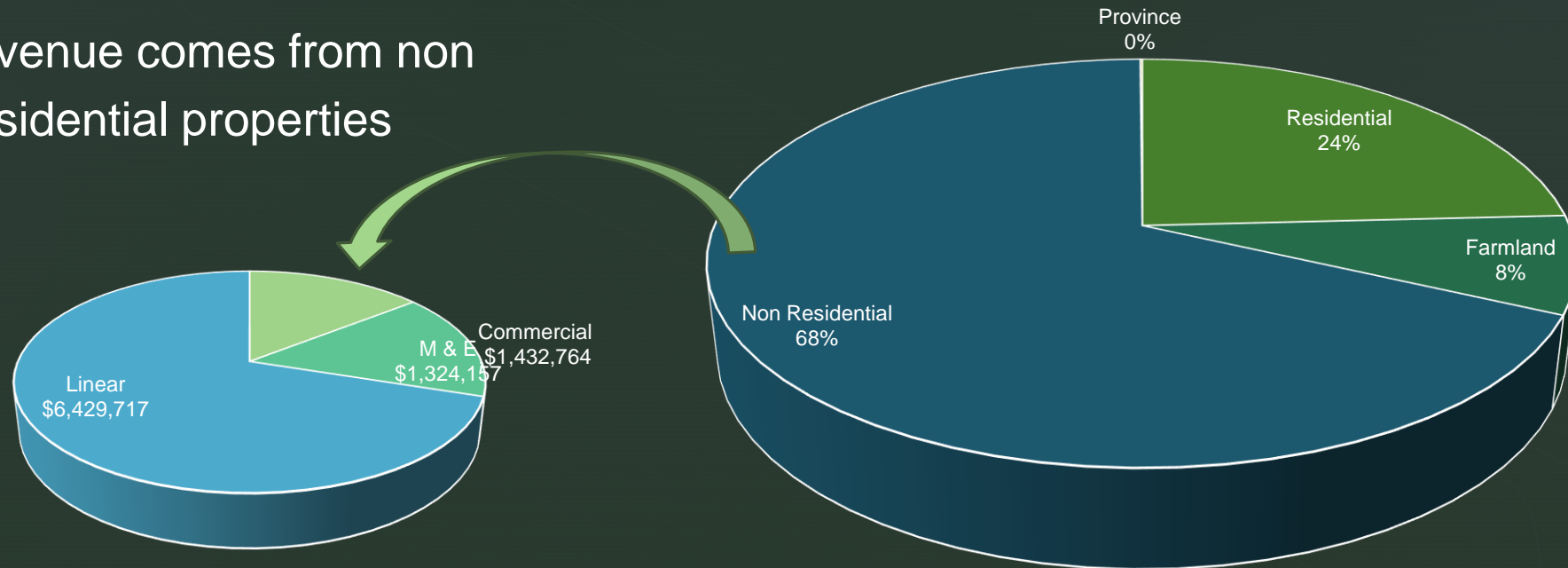
- ✓ Community Adult Learning
- ✓ Family and Community Social Services
- ✓ Alberta Community Partnership Grant
- ✓ Agriculture Services Grant
- ✓ Municipal Sustainability Operating Grant

Property Tax Revenue

The budget proposes tax revenue of \$13,516,103

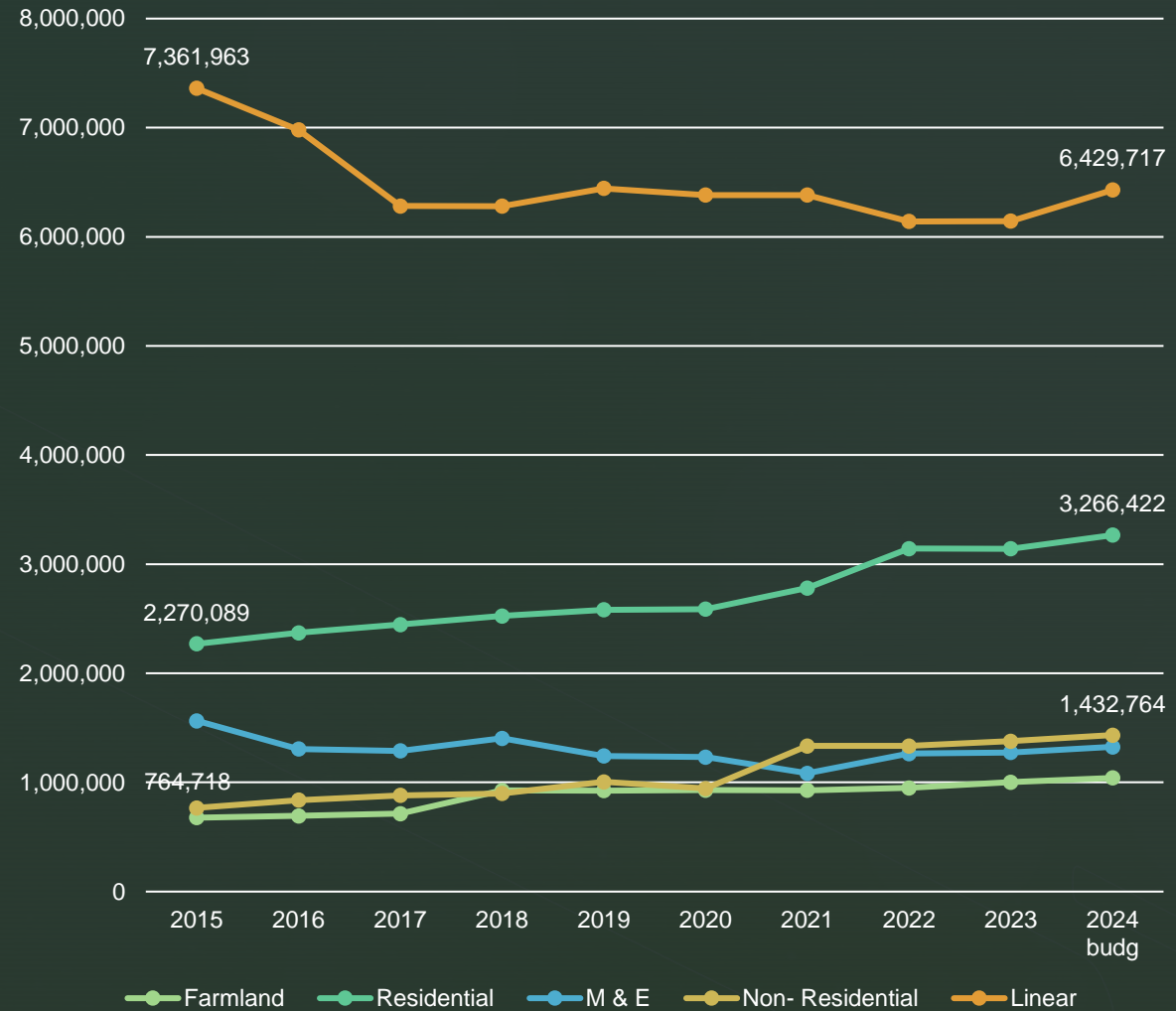
After requests, this provides the County with \$10,942,079 revenue

- Over two thirds of the tax revenue comes from non residential properties

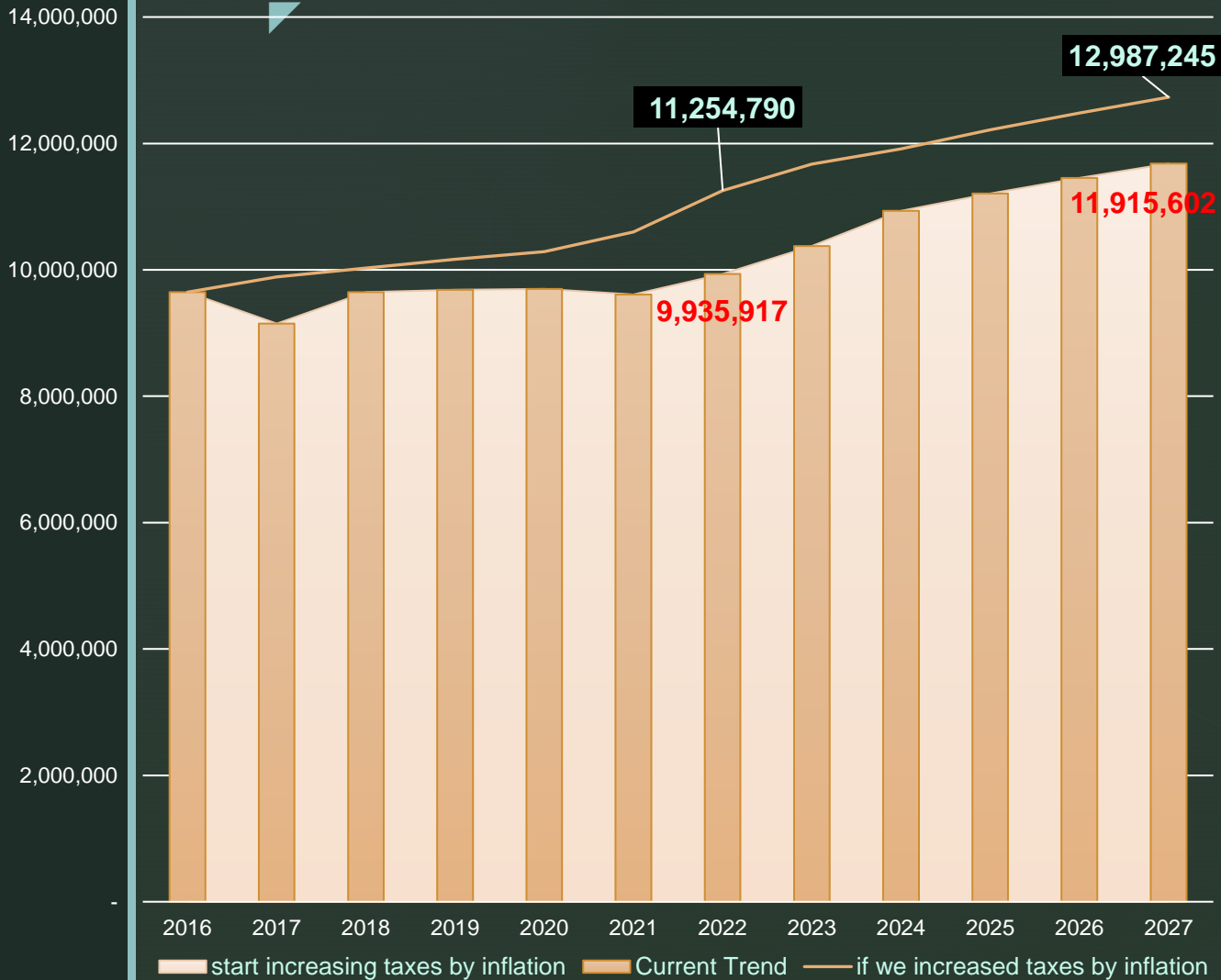


- Total tax revenue in 2015 was \$12,707,116
- Total budgeted tax revenue in 2024 is \$13,507,063
- This represents a 6% revenue increase over 9 years.

Tax Revenue Trend



Tax Revenue vs Inflation



In 2022 we quantified the revenue impact that previous 0% tax increases created on our revenue vs actual inflation.

- In 2022 the revenue lost per year was \$1.4 million
- In 2024 the gap will decrease to \$1 million
- This will improve our ability to maintain service going forward, however the lack of revenue previously has greatly affected our ability to replace capital as needed.

Operational Expenses



Operating Expenses

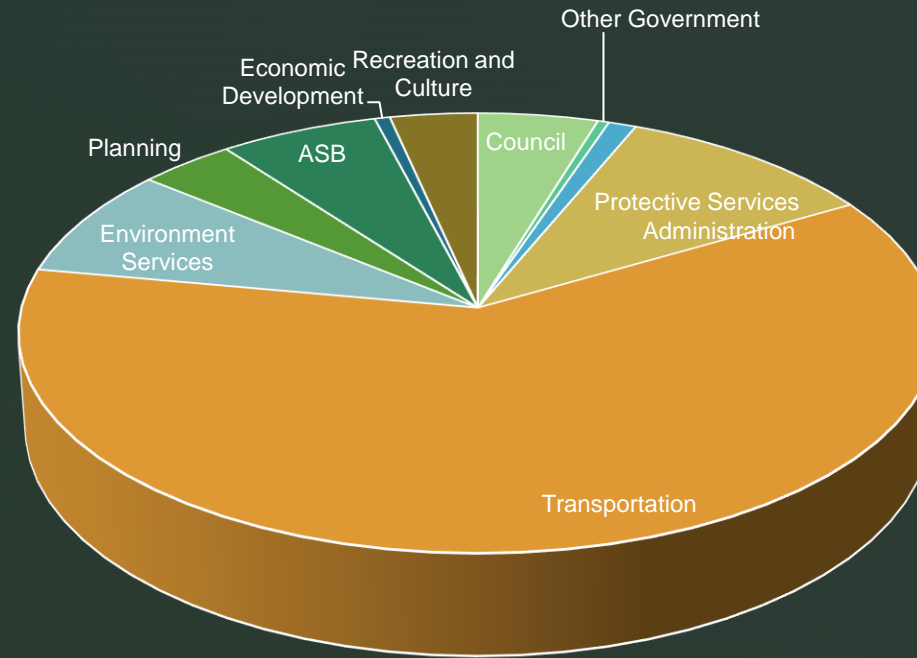
Once again, despite inflationary pressures, administration has decreased operating costs

- ✓ Conference and training expenses have been decreased
- ✓ Professional services (Engineering, Legal, and Consulting) have been decreased
- ✓ Inventory has been decreased
- ✓ Transfers to Local Boards & Agencies and contingency have been decreased.

OPERATING EXPENSES			
Salaries, Wages, and Benefits			
Salaries & Wages	5,789,298	5,819,957	0.53%
Benefits	1,446,817	1,247,025	(13.81%)
WCB		85,000	#DIV/0!
Other Wages	10,000	10,000	0.00%
Contracted and General Services		0	
Mileage	56,350	45,700	(18.90%)
Meals and Lodgings	95,360	95,360	0.00%
Membership & Conference Fees	59,015	60,435	2.41%
Freight, Express, Postage	44,450	42,250	(4.95%)
Telephone & Communication	99,410	98,150	(1.27%)
Training	126,000	112,700	(10.56%)
Advertising, Printing, Subscriptions	70,050	60,550	(13.56%)
Accounting & Auditing	42,000	34,000	(19.05%)
Legal Fees	42,500	40,000	(5.88%)
Assessor Fees	142,800	146,000	2.24%
Engineering Fees	173,520	128,670	(25.85%)
Other Consulting	62,350	62,700	0.56%
Computer Programing	148,750	167,417	12.55%
Insurance	281,362	271,261	(3.59%)
Other Services	1,757,317	1,653,718	(5.90%)
Materials, Goods, and Utilities		0	#DIV/0!
Office/Food/Janitorial Supplies	104,237	90,330	(13.34%)
Fuel/Parts/ Etc	2,175,190	1,547,100	(28.88%)
Offset to Road Plan	-2,196,808	-1,618,946	(26.30%)
Gravel	0	455,000	#DIV/0!
Chemicals	50,000	40,000	(20.00%)
Computer Supplies	61,600	69,149	12.25%
Utilities	209,079	213,799	2.26%
Employee Recognition	26,000	40,000	53.85%
Other General Supplies	458,800	817,500	78.18%
Transfers to Local Boards & Agencies	784,865	318,794	(59.38%)
Write Offs	3,000	0	(100.00%)
Bank Charges & Interest	6,000	9,100	51.67%
Requisitions	2,574,024	2,574,024	0.00%
Contingency	174,526	70,000	(59.89%)
Amortization	2,020,300	2,044,300	1.19%
	16,898,162	16,851,043	(0.28%)

Operation Budget 2024 Department Summary

- 61% of taxes pay for roads and bridges
- 10% of taxes pay for protective services (fire, peace officer, policing, and disaster)



Operation Budget 2024 Department Summary

TAX



- The Assessors are predicting further market increases for residential properties
- The budget estimates a 4% increase in all assessment categories
- This assessment increase will provide an increase in revenue of \$642,000

	2023 Budget	2024 Budget
Taxes		
Farmland & Residential:		
Residential	3,131,475	3,266,422
Farmland	980,802	1,041,025
Machinery & Equipment:	1,380,287	1,324,157
Non - Residential:	1,304,804	1,432,764
Linear:	5,998,187	6,429,717
Provincial Government:	68,756	12,978
	<u>12,864,311</u>	<u>13,507,063</u>
Less Requisitions		
SL Foundation	510,942	510,942
ASFF - Residential	997,669	997,669
Lakeland - Res	1,044,761	1,044,761
DIP	20,652	20,652
	<u>2,574,024</u>	<u>2,574,024</u>
Net Municipal Taxes	<u>10,290,287</u>	<u>10,933,039</u>

Operation Budget 2024 Department Summary

COUNCIL

Council Department expenses are the costs of Council (salaries, benefits, conference and meeting expenses)

- Council chose not to increase their salary again.
- The budget will increase by 2.44% as a result of increased benefit, travel, and communication costs

	BUDGET 2023	BUDGET 2024	CHG %
Salaries, Wages, and Benefits			
Salaries & Wages	\$362,348	\$362,792	0.12%
Benefits	72,470	\$80,146	10.59%
Contracted and General Services			
Mileage	25,600	\$28,200	10.16%
Meals and Lodgings	20,110	\$23,770	18.20%
Membership & Conference Fees	15,215	\$15,185	(0.20%)
Telephone & Communication	5,000	\$6,100	22.00%
Other Services	1,500	\$1,500	0.00%
Materials, Goods, and Utilities			
Office/Food/Janitorial Supplies	3,000	\$3,000	0.00%
Computer Supplies	6,000	\$3,000	(50.00%)
	511,243	523,693	2.44%
Total Operations	-511,243	-523,693	2.44%

Operation Budget 2024 Department Summary

ADMINISTRATION



Administration Department expenses include the revenues and costs relating to the Finance, IT, GIS, Communication, and other Administration activities of the County.

The net revenue = \$281,740

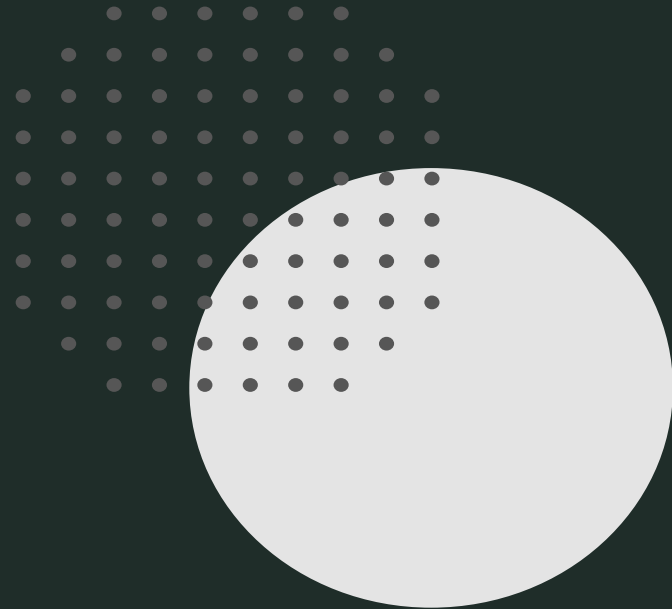
- \$300,000 increase in expected interest revenue
- \$141,000 decrease in consulting

No New 2024 initiatives

No Costs have been budgeted to advance the 2023 Strategic Plan

Operation Budget 2024 Department Summary

INTERGOVERNMENTAL RELATIONS



This Department expenses include costs for inter-governmental meetings, elections, promotional items, as well as contributions or grants to organizations

The net cost = \$48,740

- \$5,000 decrease in purchases of promotional items

No New 2024 initiatives

- No additional funds have been provided to fund halls and cemeteries. Volunteer organizations will not be able to rely on Smoky Lake County taxes to guarantee their ability to operate.

Operation Budget 2024 Department Summary

PROTECTIVE SERVICIES



Protective Services includes the revenues and costs relating to policing, fire, and bylaw

	2023 Budget	2024 Budget	% Increase
Policing	\$192,000.00	\$255,000.00	33%
Fire	\$709,077.00	\$781,848.00	10%
Disaster	\$10,300.00	\$10,300.00	0%
Bylaw	\$210,978.00	\$200,484.00	-5%
	<u>\$1,122,355.00</u>	<u>\$1,247,632.00</u>	11%

The net cost = \$1,247,632

2024 initiatives

- ✓ In 2019, the Province began charging municipalities for policing. The Province has advised that the cost will increase by another 50% in 2024.
- ✓ The 2024 Fire budget is based on current practices, however additional funds have been budgeted to contract firefighters for the spring wildfire season.

Operation Budget 2024 Department Summary

PUBLIC WORKS



Public Works includes the revenues and costs relating to roads, bridges, sidewalks, etc.

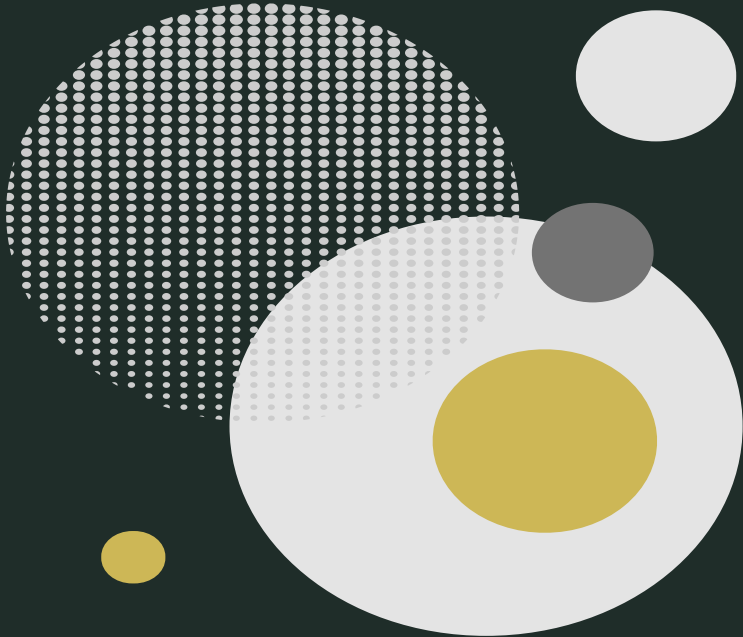
- The net cost of operations is \$6,566,788
- The net cost of bridge inspections is 68,670

2024 initiatives:

- ✓ **Crushing for 2024 has been budgeted to cost \$450,000**
- ✓ **Anticipate increased costs to maintain our aging fleet of equipment**

Operation Budget 2024 Department Summary

ENVIRONMENTAL SERVICES



- ✓ Water distribution to Warspite and the truck fills
- ✓ Sewer in Warspite and Bellis
- ✓ Spedden and Smoky Lake Landfill
- ✓ Bellis, Waskatenau (50%) and Vilna (50%) transfer sites
- ✓ Rural mini transfer sites

- The net cost of Water operations is \$445,909
- The net cost of Sewer operations is \$88,247
- The net cost of Landfill operations is \$541,347

Operation Budget 2024 Department Summary

FAMILY AND COMMUNITY SOCIAL SERVICES



- ✓ We receive a grant for \$97,506 to provide programing
 - ✓ Family School Liaison Program
 - ✓ Donations to local qualifying programs

The net cost = \$24,377

Operation Budget 2024 Department Summary

PLANNING SERVICES

Planning services provide building & development permits, compliance certificates, etc.

The department ensures there are Inter-municipal Development plans and Inter-municipal Collaboration Frameworks with all neighboring municipalities.

- The net cost of Planning is \$408,534

2024 initiatives:

- ✓ **Hanmore Lake Area Structure Plan**
- ✓ **Land use Bylaw/Municipal Development Plan Review**
- ✓ **ACP Grant**



Operation Budget 2024 Department Summary

AGRICULTURAL SERVICES



ASB provides pest control, weed inspection/spraying, roadside mowing, and support to the local agricultural industry.

- The net cost of Agricultural Services is \$748,647 which includes the following allocations
 - \$55,000 contribution to LARA
 - \$155,505 mowing
 - \$75,708 weed control
 - \$96,052 beaver control

Operation Budget 2024 Department Summary

ECONOMIC DEVELOPMENT



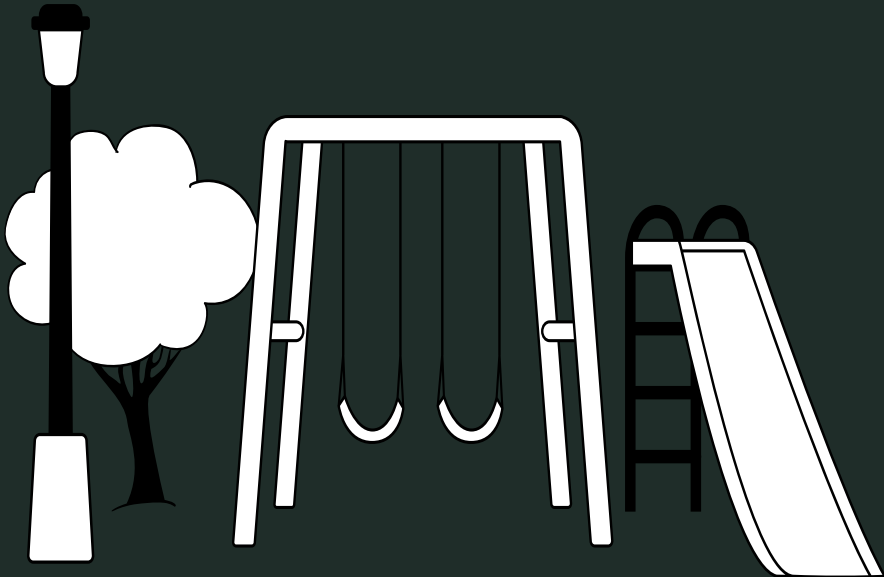
Economic Development includes

- ✓ Funding for county specific economic development programs and advertising
- ✓ \$20,000 for Doctor recruitment and retention
- ✓ \$38,750 for the Regional Community Development Committee

- The net cost of Economic Development has been cut from \$106,265 to \$66,050
- **RCDC has not provided a plan or budget for 2024, therefore the allocated funding has been decreased**

Operation Budget 2024 Department Summary

RECREATION & CULTURE SERVICES



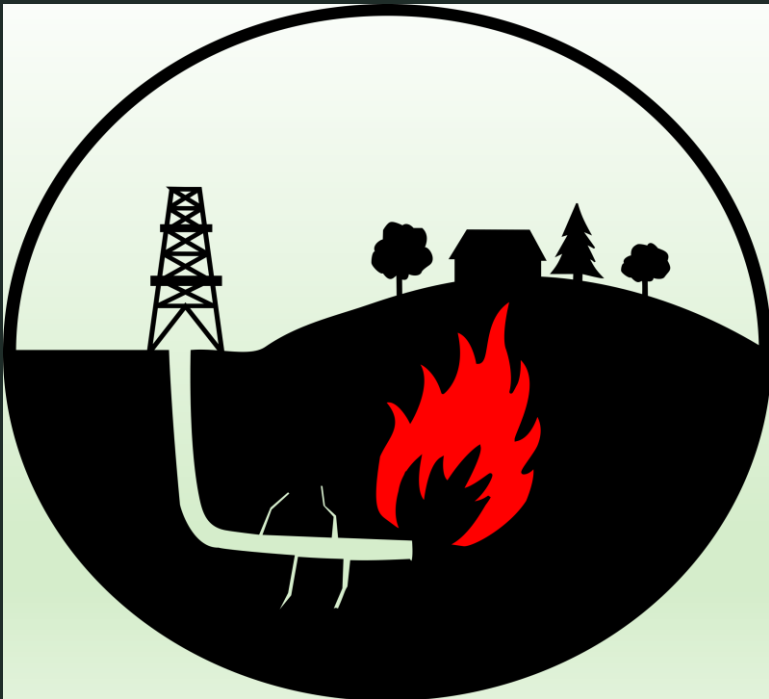
Includes

- ✓ \$15,700 for Heritage
- ✓ \$27,000 for Northern Lights Library
- ✓ \$357,463 for Parks and Recreation
 - ✓ Add two Summer Student positions

Parks and Recreation take care of all of the parks in the Hamlets and Lakes, as well as other County properties.

Operation Budget 2024 Department Summary

NATURAL GAS SERVICES



Distribute natural gas to County and Vilna Residents. The department also supplies odorant to other gas co-ops.

The Gas department operates financially independent of Smoky Lake County.

- Natural Gas Department is self funding therefore the net cost is \$0.00
- Bylaw 1448-23 was passed in June
 - Increased operations and maintenance charge from \$1.90 to \$1.94 to reflect the increased charge from Gas Alberta
 - Increased the Residential monthly service charge from \$25.00 to \$26.00 to cover increased operational costs

The Natural Gas budgeted is communicated separately because it is not funded through tax revenue.

	BUDGET	BUDGET
	2023	\$2,024
Operations		
Administration	-\$914,578	-\$921,212
Distribution	\$743,078	\$632,211
Oderant	\$96,000	\$94,000
CNG Trailer	\$15,500	\$0
Total Operations	-\$60,000	-\$195,000
Capital		
Capital Funding		
Sale of Capital Assets	\$10,000	\$0
Provincial Capital Grants	\$0	\$0
Transfer from Reserve	\$105,500	\$267,000
Capital Funding	\$115,500	\$267,000
Capital Expenses		
Buildings & Land	\$140,000	\$140,000
Transfer to Reserve	\$50,000	\$50,000
Equipment	\$22,000	\$60,000
Vehicles	\$73,500	\$67,000
Capital Expenses	\$285,500	\$317,000
Total Capital	-\$170,000	-\$50,000



CAPITAL

2024 CAPITAL BUDGET DETAILS

- To balance the budget without increasing taxes further, proposed capital purchases have been deferred, or are being funded from reserves.
- \$1 million Transfers to reserves for future capital purchases have also been removed

	2023	2024	VARIANCE	VAR %
Capital Funding				
Sale of Capital Assets	543,800	605,700		
Provincial Capital Grants	3,303,489	3,674,178		
Transfer from Reserve	1,903,159	1,419,717		
Capital Funding	5,750,448	5,699,595		
Capital Expenses				
Buildings & Land	0	0		
Transfer to Reserve	1,014,000	227,000		
Land Improvements	93,000	32,000		
Engineering Structure	0	0		
Engineering Structure - Road	2,421,877	1,843,946		
Engineering Structure - Bridge	1,659,659	4,167,529		
Equipment	1,443,155	829,827		
Vehicles	510,304	587,419		
Capital Expenses	7,141,995	7,687,721		
Total Capital	-1,391,547	-1,988,126	-596,579	8.47%

2024 CAPITAL BUDGET DETAILS BRIDGES

Funding will come from Alberta Transportation grant, the Federal Gas Tax Grant, and the Aggregate Reserve

2024 initiatives:

- ✓ **Replacement (based on approval of Local Bridge Funding)**

- ✓ BF 76552 RR132 north of Twp 610

- ✓ BF8200 Twp 590 east of RR 132

- ✓ **Repairs funded from the Aggregate Reserve**

- ✓ BF80532 Twp 604 west of RR 191

- ✓ BF74017 Twp 584 west of RR170

- ✓ **Repairs funded from the Federal Gas Tax Grant**

- ✓ BF8199 RR 133 south of highway 28

- ✓ **Applications for more grants for bridge work have been submitted, however we will not know if anything is approved until later in 2024**

Bridges will cost
\$4,167,529 funded from:

- ✓ Grants \$2,843,178

- ✓ Reserves \$508,756

- ✓ Taxes \$815,595



2024 CAPITAL BUDGET DETAILS

ROADS

2024 Road Projects				
OIL TREATMENT/PAVING				
Project Name	Code		Length/Miles	Estimate Costs
Twp 590 between RR 174(N)- RR 180(s)	P1813			\$ 150,000.00
				\$ 150,000.00
CHIP-SEAL				
Project Name	Code		Length/Miles	Estimate Costs
RR 170 between Hwy 28- Twp 600	FM2414			\$ -
				\$ -
MG30 BASE STABILIZATION				
Project Name	Code		Length/Miles	Estimate Costs
RR 130 between Twp 602- Twp 604	MG1841			\$ 125,000.00
Twp 590 between RR 143- RR 144	MG1822			\$ 10,000.00
RR 144 between Twp 590- Hwy 652	MG2412			\$ 80,000.00
RR 164 between Hwy 28- Twp 584A	MG2443			\$ 70,000.00
Twp 604 between RR 181- RR 183	MG2415			\$ 80,000.00
				\$ 365,000.00
MG HAUL ROADS-PW57				
Project Name	Code			Estimate Costs
Twp 584 between Hwy 855- RR 165	MG2413			\$ 121,000.00
				\$ 121,000.00
GRAVELLING				
Mile per Division	Code	Proposed Miles	Proposed Gravel	Actual Gravel Costs
144	PW45	38.5	6,517.50	\$ 189,007.50
218.5	PW46	79	12,851.00	\$ 346,977.00
159.5	PW47	36	5,817.50	\$ 145,437.50
167	PW48	41	6,659.50	\$ 159,828.00
219	PW49	58	9,296.00	\$ 241,696.00
908		252.5	41,141.5	\$ 1,082,946.00
Contingency:			5,000.00	\$ 125,000.00
Total			46,141.50	\$ 1,207,946.00
				\$ 1,843,946.00

Roads will cost
\$1,843,946 funded
from:

- ✓ Grants \$831,000
- ✓ Reserves \$191,000
- ✓ Taxes \$821,946

FIVE YEAR CAPITAL REPLACEMENT

	Budget 2024	Budget 2025	Budget 2026	Budget 2027	Budget 2028
Expense Budget					
Natural Gas	317,000	66,000	110,000	50,000	50,000
Transfer to Reserve	227,000.00	227,000.00	870,000.00	789,000.00	465,000.00
Land Improvement	32,000.00	88,000.00	10,000.00	10,000.00	10,000.00
Equipment	829,827.00	2,631,000.00	1,479,694.00	1,319,472.00	795,588.00
Vehicle	587,419.04	208,000.00	339,500.00	69,000.00	-
Roads	1,843,946.00	2,185,794.00	2,105,669.00	1,774,529.00	1,774,529.00
Eng Structure - Bridge	<u>4,167,529.00</u>	<u>5,502,133.00</u>	<u>1,538,253.00</u>	<u>1,666,000.00</u>	<u>428,000.00</u>
Total Cost	8,004,721.04	10,907,927.00	6,453,116.00	5,678,001.00	3,523,117.00

Equipment replacement has been pushed out, so that next year we will need over \$10 million to cover purchases in 2025

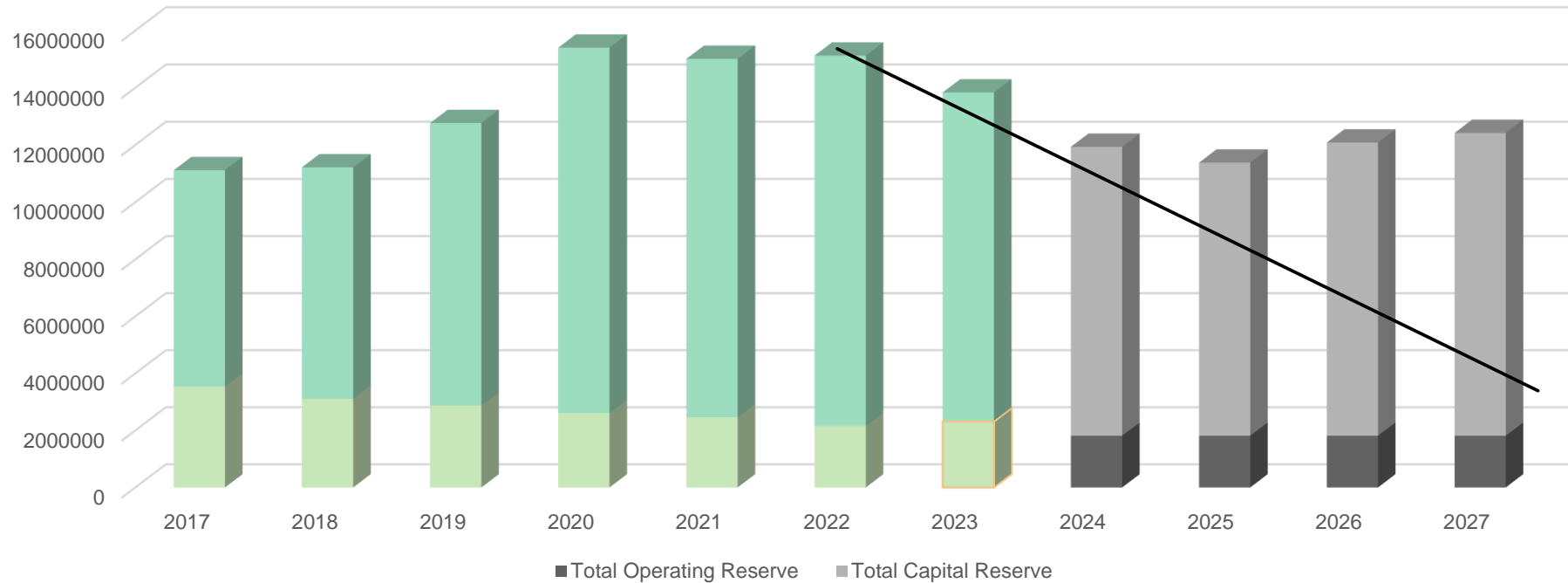
Restricted Surplus Accounts are Reserves set aside for specific future needs

We will transfer \$1.9 million from reserve and transfer \$227,000 to reserve

	Restricted Surplus	2023	2024	2025	2026	2027
Municipal Reserve	Funds collected in lieu of subdivision natural reserve	50,131	50,131	50,131	50,131	50,131
General Operating	Reserves not allocated to projects as well as reserves carried forward to the next year - funding source property taxes and fees	2,262,358	1,762,358	1,762,358	1,762,358	1,762,358
General Capital	Primarily for specific purchases and projects - funding source property taxes and fees	2,400,153	2,400,153	2,400,153	2,480,153	2,452,153
Building Reserve	Building repairs & rehabilitation - funding source property taxes and fees	1,189,721	1,189,721	1,189,721	1,239,721	1,289,721
Fire	For Fire equipment replacement and fire emergencies - funding source property taxes and fees	1,738,070	1,715,109	1,052,109	1,299,109	1,327,625
Landfill	For waste equipment and landfill improvements - funding source property taxes and fees	344,160	344,160	344,160	394,160	444,160
Transportation	For specific public works projects and equipment - funding source property taxes and fees	840,696	193,696	193,696	232,696	232,696
Road Development	For roads damaged by natural resource extraction - funding source aggregate license fee	1,407,269	907,513	942,513	1,021,513	1,100,513
Gravel Pit Reclamation	For the reclamation of gravel pits - funding source gravel sales	480,012	493,012	506,012	519,012	532,012
Gravel Pit Development	For the development of new gravel pits - funding source gravel sales	129,628	143,628	157,628	171,628	185,628
Connectivity	For the development or improvement of internet services - funding source was the sale of CCI shares in 2020	351,523	351,523	351,523	351,523	351,523
Street Sweeper	For the replacement of a regional street sweeper - funding source - fees charged for street sweeping services	61,060	61,060	61,060	61,060	61,060
Water	For water and sewer projects - funding source property taxes and fees	213,848	213,848	213,848	218,848	223,848
Agriculture Services	For Agricultural Equipment replacement - funding source property taxes	167,000	117,000	117,000	192,000	267,000
Gas Reserve	For natural gas projects - funding source gas, odorant.	2,199,473	1,990,473	2,040,473	2,090,473	2,140,473
Total Reserves		13,835,104	11,933,387	11,382,387	12,084,387	12,420,903

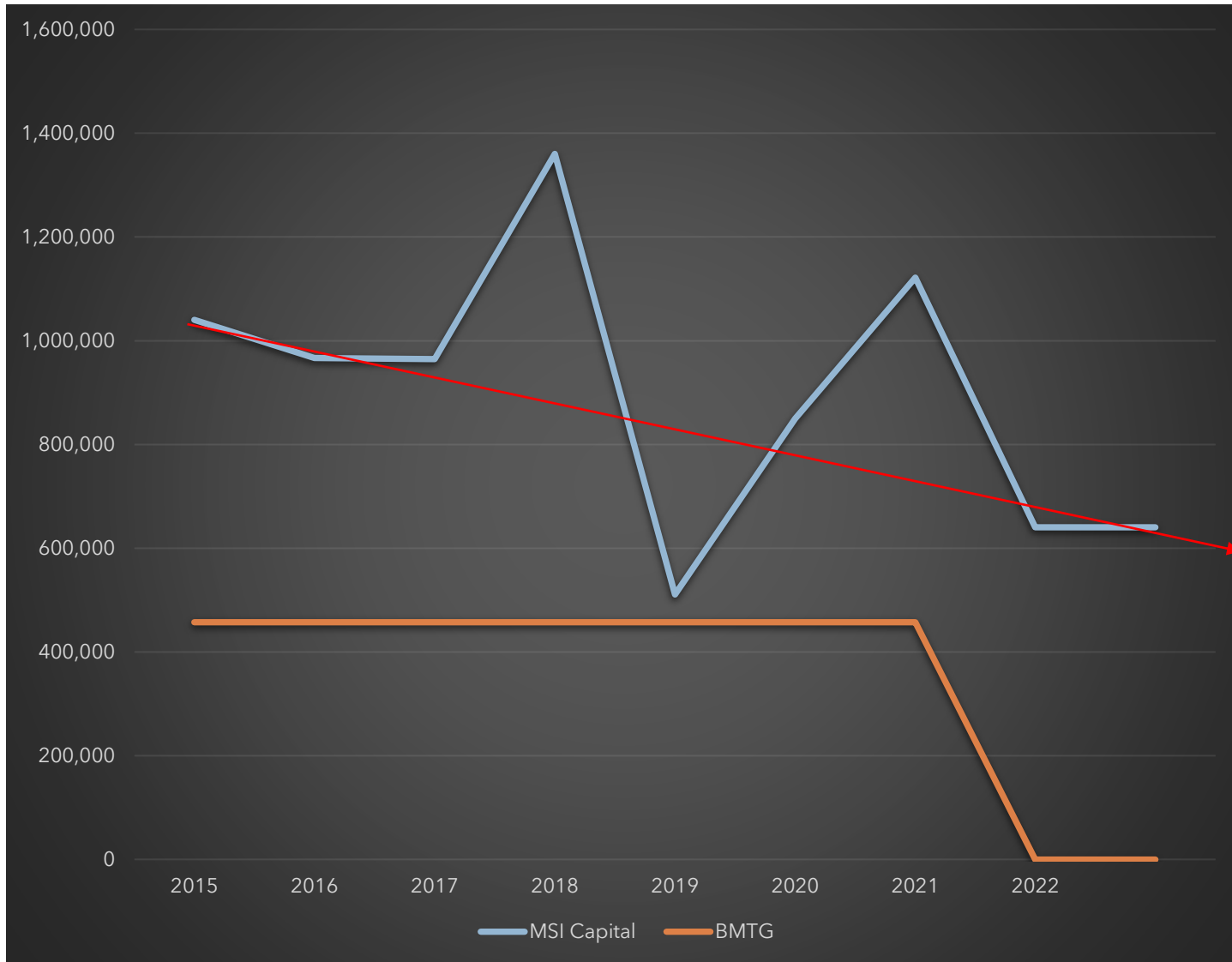


10 Year Change in Reserves



We have been using reserves to make up for the loss in tax revenue. If we continue with this policy, the reserves will be gone in 5 years.

To prevent this in 2024 we will be working first on a plan to bring our revenues in line with our expenses and capital needs followed by a plan to begin replenishing reserves in the future



The MSI has been key to funding the grader purchases as well as the road program

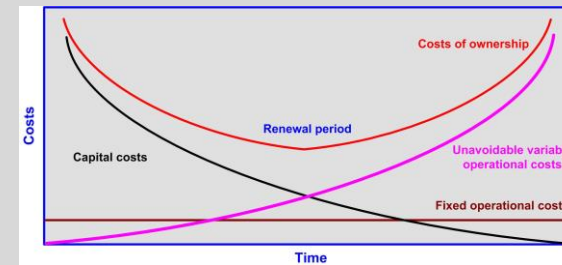
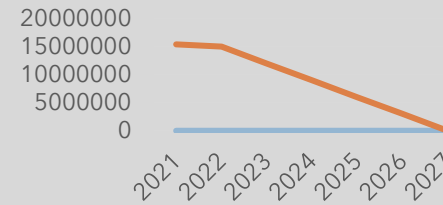
- Until 2022 we received an average of \$1m in MSI capital grant. This was used to purchase the graders and fund the road plan
- In 2022 the allocation dropped by 40% to 640,000
- In 2024 the program changes to the LGFF. We have been assured that the new funding will be at least \$640,000, therefore that is what has been budgeted.



Becoming Sustainable

It is important to the future sustainability of Smoky Lake County to solve the 2024 budget while understanding how decisions today will affect the future

1. Using reserves will deplete our ability to meet future needs. If we continue to use reserves to cover capital, we will be out of savings
2. Cutting all capital purchases will increase maintenance costs throughout the future. We will need to have a strategy to identify how we will eventually replace equipment
3. Increasing taxes at the level that is needed to fund the Capital needs going forward would increase tax property taxes by an unacceptable amount



To be sustainable we need to find new revenue. Development will provide new tax revenue and will alleviate the pressure to increase residential taxes.

QUESTIONS

