

Financial Update

Regular Council Meeting
March 25, 2025



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Goals and Objectives

The below are key objectives for today:

1. Provide Council with an assessment, tax, and 2024 financial update to support decisions regarding the 2025 Taxation Rates Bylaw.
2. Receive direction from Council on how to develop the 2025 Taxation Rates Bylaw.



Assessment Update

Inventory	2025 Budget	2025 Actual	Value Change	Percent Change	Notations
Designated Industrial Farmland	0.26	0.28	0.02	8%	Nominal growth from reclassification of some parcels based on their use.
Designated Industrial Machinery and Equipment	4,386.94	4,498.65	111.71	3%	Inflationary driven increase based on changes to assessment year modifier (AYM) communicated in Q4 2024.
Designated Industrial Non Residential	565.21	565.59	0.38	0%	Nominal change from addition of new structures.
Farmland	77.10	77.14	0.04	0%	NA
Linear	794.54	821.38	26.83	3%	Driven primarily by growth from new Pipelines (\$15M) and oil wells added to roll. Also, from inflationary increase from AYM update for rail (6%) and Pipelines (4%).
Machinery & Equipment (Local)	762.67	689.87	-72.80	-10%	Driven by reclassification of assets from M&E to B&S at a large local facility.
Non-Residential (Local)	1,150.63	1,253.19	102.56	9%	Driven by reclassification of assets from M&E to B&S at a large facility. Net positive change \$29.7 million.
Residential	4,412.16	4,490.87	78.71	2%	Driven primarily by growth from completed permits for new dwelling and structures finalized in Q4 2024.
Residential Reduced Land	12.08	4.38	-7.70	-64%	Normal decrease resulting from vacant parcels transitioning to improved residential parcels.
Residential Vacant	54.29	52.43	-1.86	-3%	Normal change as subdivisions older than two years transition to improved residential.
TOTALS	4,478.53	4,547.68	69.14	2%	

**Amount represented in millions*

Municipal Tax Update

The 2025 budgeted municipal tax revenue is \$103.6 million (\$102.9 million net of HIB reduction), based on a 1.66% tax rate increase, with a projected \$2.1 million increase from the 2024 assessment declaration.

Assessment Mapping	2025 Tax Budget	2025 Tax Actual	Value Change Taxation	Percent Change Taxation
Designated Industrial Farmland	2.65	2.87	0.22	8%
Designated Industrial Machinery and Equipment	48,685.87	49,925.60	1,239.73	3%
Designated Industrial Non Residential	6,272.63	6,276.81	4.18	0%
Farmland	788.19	788.58	0.39	0%
Linear	8,817.76	9,115.56	297.80	3%
Machinery & Equipment (Local)	8,464.03	7,656.06	- 807.97	-10%
Non-Residential (Local)	12,769.55	13,907.78	1,138.22	9%
Residential	17,359.41	17,669.32	309.91	2%
Residential Reduced	47.53	17.24	- 30.29	-64%
Residential Vacant	349.25	337.27	- 11.98	-3%
Totals	103,557	105,697,081	2,140,211	

Amounts represented in thousands.

Provincial Education Property Tax

Overview:

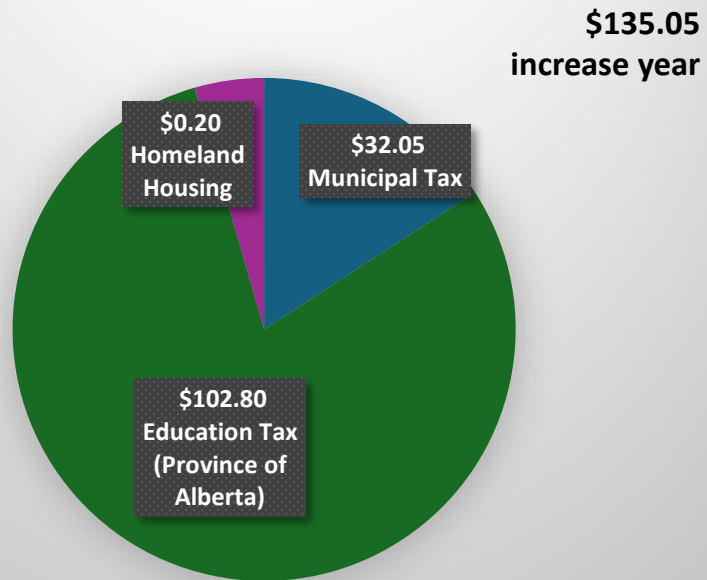
The education property tax provides Alberta's education system with a stable and sustainable source of revenue. The tax supports all public and separate school students and helps pay for basic instruction costs, including teacher salaries, textbooks and other classroom resources.

- Municipal Affairs sets the provincial mill rate to determine each municipality's share of the education tax, with 2023 property values used for the 2025-26 education property tax assessments.
- Education property tax rates will increase in 2025-26, raising the education requisition from \$2.7 billion to \$3.1 billion, while the share of education costs funded by property taxes will rise to 31.6%.

2024-2025 Tax Review

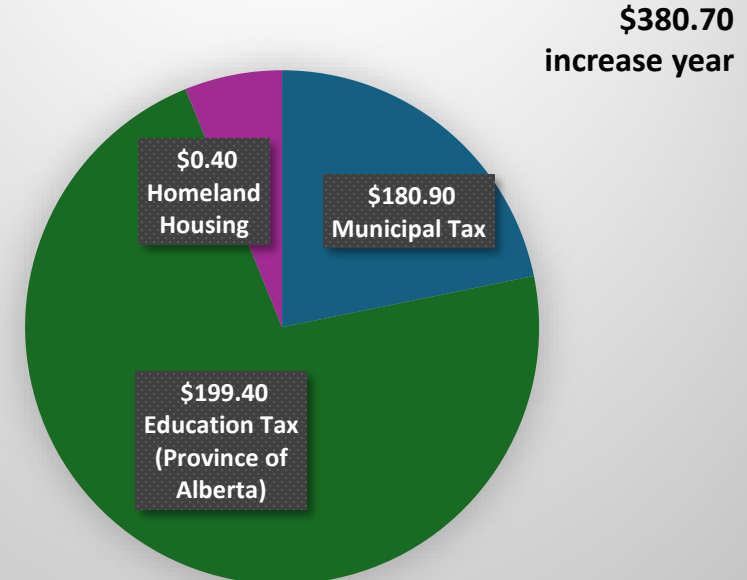
The charts below represent total property taxes for an average homeowner, including those collected on behalf of the Province for education amounts, and seniors housing. These are based on a 1.66% municipal tax rate change, as approved in the 2025 budget.

Residential Property Estimates



**The change from 2024-2025 based on a property valued at \$0.50 million.*

Non-Residential Property Estimates



**The change from 2024-2025 based on a property valued at \$1 million.*

Current Financial Levers

2024 Preliminary Financial Results

- \$7.3 million *(net of Motion 363/24 \$3.0 million transfer)*
 - Favorable investment income ~\$3.9 million
 - Disaster Recovery Program Funding ~\$3.7 million
 - Various revenue and expenditure related transactions, netting to the remainder of the surplus.

2025 Tax Revenue Projections

\$2.1 million *(at a 1.66% tax rate change, this would be the increase in tax revenue from assessment budget to declaration)*

Strategic Objectives

1. Reduce Debt

- The 2025 budget includes \$9.82M in tax-supported debt financing, with an additional \$6.8M approved for Broadband Phase 2 in March.
- Reducing other debt obligations is financially responsible, as it lowers the tax rate burden both in the short and long term.

2. Review Tax Rate Options

- The Province of Alberta announced significant increases in education levies for municipalities.
- The favorable 2025 assessment results provide an opportunity to offset the municipal tax rate using available revenue growth, counteracting provincial tax increases.

Options and Considerations

Option 1: Reduce Tax Rate	Option 2: Reduce Tax Rate	Option 3: Maintain Tax Rate
<u>Description:</u> Reduce 2025 municipal tax rate change to from 1.66% to 0%.	<u>Description:</u> Reduce the 2025 municipal tax rate change from 1.66% to 1.22%.	<u>Description:</u> Maintain 2025 municipal tax rate change at 1.66% as approved in budget.
<u>Financial:</u> Replace debt financing with 2024 surplus (\$5 million, 0.44% tax reduction). Replace remaining 1.22% with tax revenue from increased assessment.	<u>Financial:</u> Replace debt financing with surplus (\$5 million, 0.44% tax reduction).	<u>Financial:</u> No change.

Recommendation

OPTION 1:

That Council direct Administration to prepare the 2025 Taxation Rates Bylaw to reflect a municipal tax rate reduction from 1.66% to 0% by using the additional tax revenue anticipated from the annual assessment declaration in 2025 and by replacing new 2025 debt with \$5.0 million from the Municipal Tax Stabilization Reserve to be repaid by the 2024 operating surplus.

Next Steps:

The following are key milestones, including today's request for approval on the 2025 tax rate decision.:

1. Financial Update – Tax Rate Direction

- Regular Council Meeting on March 25, 2025

2. Tax Rate Bylaw Approval

- Regular Council Meeting on April 8, 2025

3. 2024 Financial Statements Approval

- Regular Council Meeting on April 29, 2025



Questions?

Thank you!