

# **FISCAL MANAGEMENT STRATEGY 2025 - 2027**

April 22, 2025



REGIONAL MUNICIPALITY  
OF WOOD BUFFALO

## Regional Municipality of Wood Buffalo

9909 Franklin Avenue

Fort McMurray | ᓂᓐᑕᓐᓴᓐᓂᓐ | Nistawâyâw | Ełı́dlı́ Kué

Alberta T9H 2K4

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***We humbly acknowledge that the land on which we live, learn, work and play is Treaty 8 Territory, the traditional lands of the Cree, Dene, and the unceded territory of the Métis.***

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# Executive Summary

The Fiscal Management Strategy (FMS) is prepared annually and presented to Council for approval. The purpose of the FMS is to provide a high-level overview of the Regional Municipality of Wood Buffalo's (the Municipality) operating and capital needs and provide context for setting property tax rates, user fees and other Municipal service charges.

In June 2022, Council approved a Strategic Plan which has guided the Municipality from 2022 – 2025. The Strategic Plan outlined five (5) key values with 28 milestones, each with specific tasks assigned to divisions. The Fiscal Management program has milestones which include the implementation of a community resiliency strategy, the confirmation and/or development of service standards through strategic budget workshops and ensuring government grants are fully utilized. Through the implementation of these actions, administration will focus on understanding the full cost of the programs and services it provides, while maintaining an emphasis on identifying further savings and efficiencies.

With a renewed focus on community resiliency, prioritized and fiscally responsible capital investment decisions will be made using a balanced approach of providing essential services to residents, while positioning the Municipality to be sustainable in the long term.

Key priorities aligning with the FMS are as follows:

## **Asset Management**

The Municipality relies on a large and diverse collection of assets to deliver core and essential services throughout the region. These assets require responsible acquisition, operation, maintenance, rehabilitation, and eventual replacement and/or disposal. Long term financial planning and visibility to the asset management life cycle are key components to maintaining healthy infrastructure for the region.

The Municipality has established a Corporate Asset Management team, under the Corporate Services division, taking a centralized approach to developing, training and implementing the Asset Management framework across the organization through divisional consultation with subject matter experts.

## **System Enhancement**

In alignment with improved asset management governance, is the development of a Computerized Maintenance Management System or CMMS. The goal is to implement a fully integrated asset management and preventative maintenance system. This system will enhance the management of RMWB assets using data – driven and proactive maintenance strategies to increase planned maintenance percentage; reduce downtime; increase efficiency through asset availability and reduce overall reactive maintenance costs.



Additional critical system enhancements planned include the federally mandated transition of the emergency communications network from the current network to an Internet Protocol based technology referred to as the Next Generation 911 solution. This modernization of the 911 network and infrastructure will lead to a safer, faster and more informed emergency response.

Cybersecurity is another area of focus for system enhancement and protection. A multifaceted, intelligent, and integrated response to the ever-evolving risk of cyber-attacks is critical to protect the Municipality. This includes many security measures, tools, and technologies to protect and mitigate risk to the Municipality from various types of attacks such as malware, viruses, and ransomware.

### **Taxation Stabilization**

Taxation stabilization determines the vulnerability of the assessment base to mitigate the impact on property tax revenue. Due to changes in the *Municipal Government Act* (MGA), s.358(1) Maximum Tax Ratio, limitations will impact the Municipality's ability to raise sufficient tax revenue. As a result, there will be an increased dependency on financial reserves to provide supplemental funding. Significant progress has been made though, to reduce the tax ratio in compliance with s.358. The initial tax ratio in 2016 was 18.3:1. Due to a combination of changes in the assessment base and aggressive budget reductions, the tax ratio at first reading of the 2025 Tax Rate Bylaw is 6.04:1.

## **Assumptions and Constraints**

The preparation of annual budgets is done in consultation with divisions to ensure the organization's goals and Council's directions are considered. Prioritization of capital requirements, long-term asset management planning, service level requirements and trend analysis of prior years are also factored into the calculations.

The following assumptions and constraints were considered in constructing the report:

- The Municipality will fund capital projects through tax revenue, user fees and charges, grants, and other government funding sources.
- Capital reserve funds will only be used where necessary.
- Debt will not be considered unless extraordinary circumstances occur.
- The Municipality will continue to look for efficiencies and savings to reduce operating expenses.



The strategy is guided by:

- *Municipal Government Act, RSA 2000, M26*
- 2022 – 2025 Strategic Plan
- Fiscal Responsibility Policy FIN-160
- Investment Policy FIN-140
- Approved 2025 Operating and Capital Budgets
- 2026 – 2027 Operating Financial Plan
- 2026 – 2030 Capital Plan

## 2022 – 2025 Strategic Plan

In June 2022, the Council of the Regional Municipality of Wood Buffalo approved the Strategic Plan to guide the Municipality from 2022 – 2025. Council's Strategic Plan was written collaboratively by Council and reflects its leadership, priorities, and language providing long-term focus and direction for municipal programs and services.

Council's Strategic Plan focuses on communities connected to the environment, the future, and each other to create enduring prosperity. Council's mission is to ensure communities continually grow more inclusive and embody a sustainable source of healthy living and enduring prosperity for residents, newcomers, and visitors alike. The plan identifies five (5) programs, with 28 milestones and actions.

The five (5) programs<sup>1</sup> are as follows:

- Fiscal Management
- Building Partnerships
- Rural and Indigenous Communities and Relationships
- Local Economy
- Downtown Visualization

The programs and milestones have an established framework towards meeting Council's stated mission and vision.

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<sup>1</sup> <https://myrmwb/Organization/Pages/2022-2025-Strategic-Plan.aspx>





## 2025 Operating Budget and 2026 – 2027 Plan

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Plan	2027 Plan
<b>Revenues</b>							
Property Taxes	\$ 467,368,726	\$ 466,727,899	\$ 446,521,777	\$ 487,233,814	\$ 505,840,997	\$ 505,840,997	\$ 505,840,997
Government Transfers	20,373,256	18,551,368	17,652,043	24,270,367	20,391,998	20,391,998	20,391,998
Sales and User Charges	45,126,531	48,901,202	55,008,658	60,938,970	61,644,929	61,644,929	61,644,929
Sales to Other Government	3,700,436	4,060,266	4,049,742	4,771,433	5,032,291	5,032,291	5,032,291
Penalties and Costs on Taxes	2,570,018	5,477,638	6,281,355	7,616,299	8,401,548	8,401,548	8,401,548
Licenses and Permits	2,406,319	2,043,515	2,178,923	2,115,736	2,118,007	2,118,007	2,118,007
Fines	2,976,732	2,890,690	3,178,913	348,662	1,210,000	1,210,000	1,210,000
Franchise and Concession Contracts	8,017,790	9,112,676	8,534,636	8,743,572	8,700,000	8,700,000	8,700,000
Returns on Investments	23,417,584	21,428,990	28,852,515	38,309,618	28,452,500	28,452,500	28,452,500
Rentals	2,070,550	1,236,017	1,269,930	992,375	1,143,352	1,143,352	1,143,352
Other Revenue	3,666,374	3,924,396	3,927,826	4,145,612	2,026,537	2,026,537	2,026,537
Transfers from Reserves for Operations	2,166,321	1,515,507	1,212,488	8,359,784	598,625	598,625	598,625
	\$ 583,860,637	\$ 585,870,164	\$ 578,668,806	\$ 647,846,242	\$ 645,560,784	\$ 645,560,784	\$ 645,560,784
<b>Expenses</b>							
Salaries Wages and Benefits	\$ 226,019,485	\$ 230,377,655	\$ 253,591,292	\$ 253,277,938	\$ 254,028,163	\$ 259,108,725	\$ 264,290,900
Contracted and General Services	72,590,900	71,195,148	101,410,966	92,003,589	85,928,462	87,647,031	89,399,972
Purchases from Other Governments	28,552,628	27,613,482	38,717,823	37,892,414	40,358,530	41,165,701	41,989,015
Materials Goods Supplies and Utilities	31,989,183	38,645,875	38,016,736	39,658,440	40,646,007	41,458,927	42,288,106
Provision for Allowances	4,806,063	4,520,461	6,771,822	2,580,069	8,991,600	9,171,432	9,354,861
Transfers to Local Boards and Agencies	2,723,433	4,622,854	38,912	2,600,925	80,000	81,600	83,232
Transfers to Individuals & Organizations	31,327,610	12,765,844	23,733,053	1,496	24,608,279	25,100,445	25,602,453
Transfers to Facilities	23,763,745	23,206,146	19,141,023	25,965,195	21,137,210	21,559,954	21,991,153
Bank Charges and Short-Term Interest	280,622	286,129	326,948	20,032,240	363,530	370,801	378,217
Other Expenditures	9,608	79,967	64,777	375,849	14,580	14,872	15,169
Transfers to Reserves for Operations	161,797,360	172,556,603	96,855,454	173,461,079	169,404,423	159,881,296	150,167,706
	\$ 583,860,637	\$ 585,870,164	\$ 578,668,806	\$ 647,846,242	\$ 645,560,784	\$ 645,560,784	\$ 645,560,784

Figure 1: 2025 Operating Budget and 2026 – 2027 Plan

Figure 1 above presents the Actual Results from 2021 - 2024, the Operating Budget for 2025, and the Plan for 2026 - 2027.



## Consolidated Summary

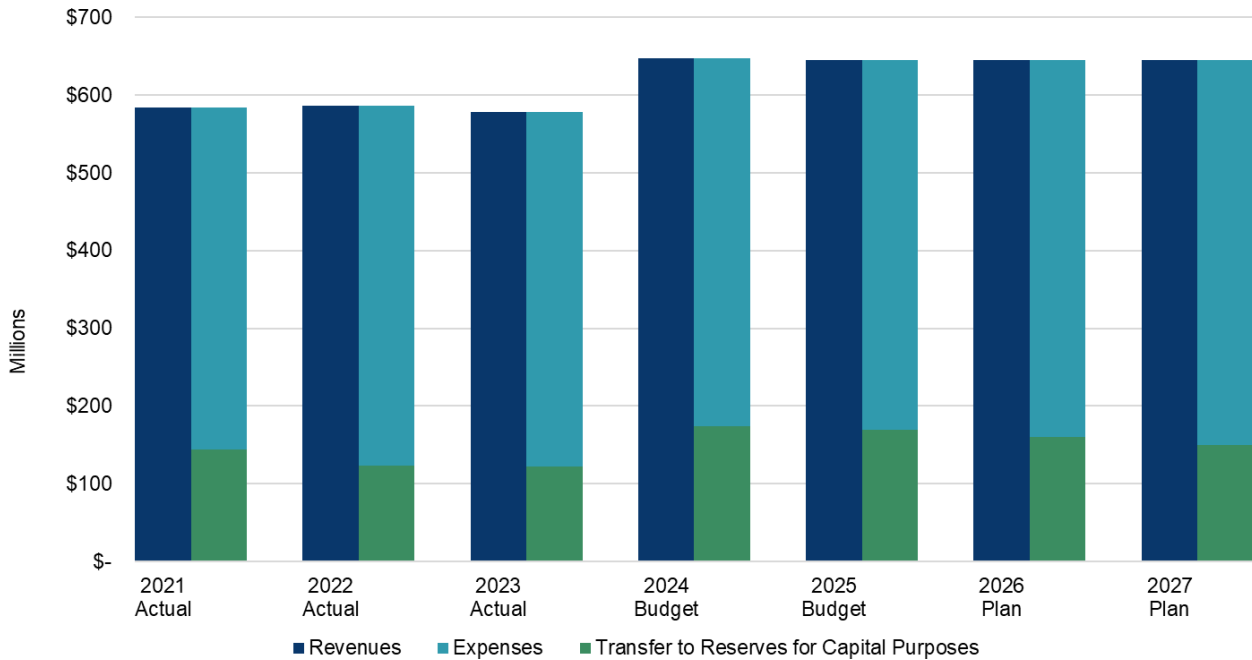


Figure 2: Consolidated Summary

Figure 2 above demonstrates the actual results, budget, and plan years from Figure 1: 2025 Operating Budget and 2026 – 2027 Plan.

The amount available to fund Transfer to Reserves for Capital Purposes decreased from 2021 to 2023. In 2024 additional capital funding requirements were identified. Several strategies were necessary to accommodate the increased funding requirements, including prioritization of capital projects, the use of other reserves to fund operations, and identifying efficiencies to reduce operating expenses.

Overall, the projected revenue in 2025 has been budgeted to decrease, by \$2.3 million compared to 2024. A conservative inflation projection of 2% was included in the planned expenses for 2026 through 2027. However, Canada recorded a 2.6% inflation rate in February of 2025. This inflation factor could be further exacerbated by the recent trade war and tariff discussions with the United States of America.



# Revenue Strategy

The Municipality's revenue strategy is based on the programs and services provided to the community. Part of this strategy is to continuously evaluate the individual revenue streams to assess the continued viability and sustainment of these revenue sources.

As assessments have increased for the rural non-residential in 2025, the tax rate bylaw will require further discussion to ensure an appropriate ratio is applied for the necessary tax revenue required by the Municipality.

The Municipality continues to pursue grant funding opportunities from other levels of government. However, these opportunities are expected to be limited as both the Federal and Provincial governments have recently made announcements indicating fiscal restraint.

As required by the Fees Rates and Charges Bylaw, where individuals receive a direct service, the associated fees should be cost neutral. Accordingly, an annual increase of 5-15% is applied to all applicable rates in 2025.

The higher returns on investments experienced in 2024 are not projected to continue in 2025 or beyond, as interest rates are expected to decline. The Municipality intends to mitigate this impact with a focus on strengthening treasury strategies, to actively manage cash flows and take advantage of short-term investment opportunities.

## Revenue Trend Analysis 2021 – 2027

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Plan	2027 Plan
<b>Revenues</b>							
Property Taxes	\$ 467,368,726	\$ 466,727,899	\$ 446,521,777	\$ 487,233,814	\$ 505,840,997	\$ 505,840,997	\$ 505,840,997
Government Transfers	20,373,256	18,551,368	17,652,043	24,270,367	20,391,998	20,391,998	20,391,998
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Fines	2,976,732	2,890,690	3,178,913	348,662	1,210,000	1,210,000	1,210,000
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Returns on Investments	23,417,584	21,428,990	28,852,515	38,309,618	28,452,500	28,452,500	28,452,500
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Other Revenue	3,666,374	3,924,396	3,927,826	4,145,612	2,026,537	2,026,537	2,026,537
Transfers from Reserves for Operations	2,166,321	1,515,507	1,212,488	8,359,784	598,625	598,625	598,625
	\$ 583,860,637	\$ 585,870,164	\$ 578,668,806	\$ 647,846,242	\$ 645,560,784	\$ 645,560,784	\$ 645,560,784
Percentage Change	-6.58%	0.34%	-1.23%	11.95%	-0.35%	0.00%	0.00%

Figure 3: Revenue Trend Analysis 2021 – 2027

Figure 3 above demonstrates the Revenue Trend of the Municipality with the actual results for 2021 through 2024, the 2025 Budget, and the plans for 2026 through 2027.



## Revenue Profile 2021 – 2027

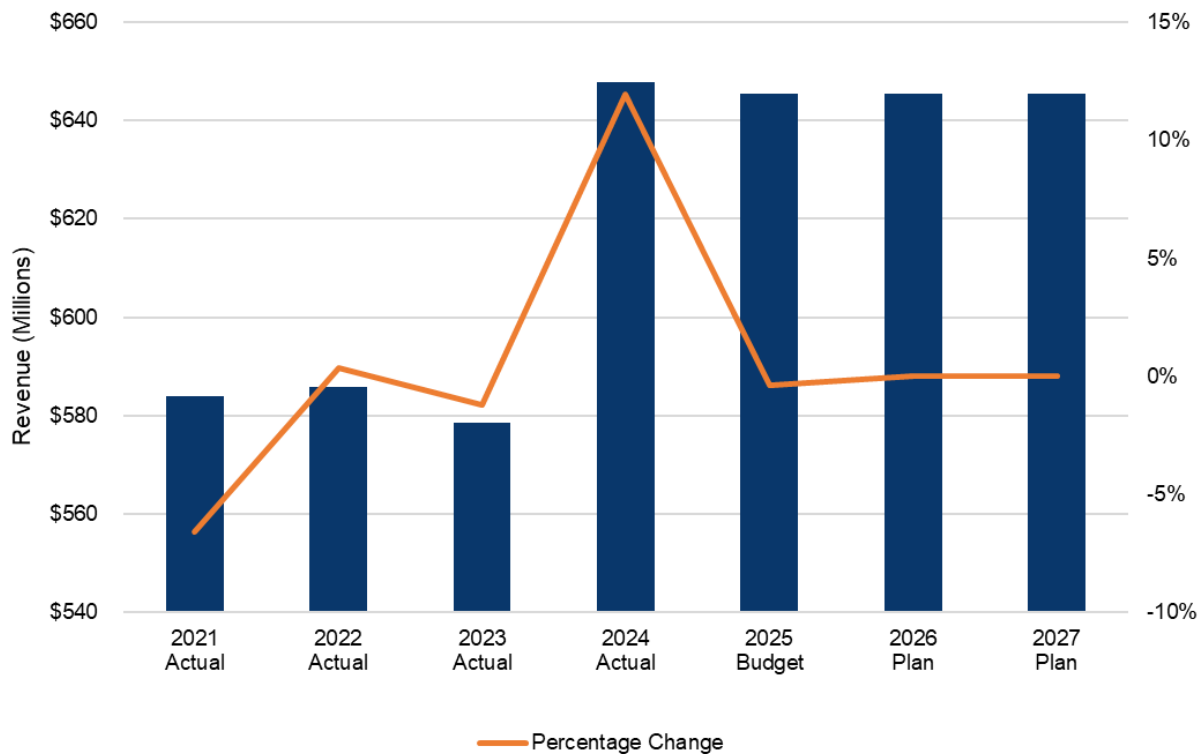


Figure 4: Revenue Profile 2021 – 2027

Figure 4 above presents the actual expenditure results from prior years, the 2025 budget, and the plan years for 2026 through 2027. (Cross reference with Figure 3).



# Property Tax

Property taxes represent the single largest source of revenue for the Municipality. The 2025 Approved Budget for property taxes is \$505,840,997. *(Note: this amount does not include Special Assessment and Local Improvement Taxes or Well Drilling Equipment Taxes and budget for Assessment Corrections).*

The proposed tax rates will generate \$518,666,000, accounting for a budgeted loss of \$12,825,003 attributed to assessment corrections. This approach strikes a balance between fiscal responsibility and the needs of our community.

Property Tax Revenue	\$505,840,997
Assessment Corrections	\$12,825,003
Total	\$518,666,000

The 2025 projected tax revenue represents 78% of the Municipality's revenue, which is comprised of:

- Rural Residential Class: 0.14%
- Rural Non-Residential: 93.30%
- Urban Residential Class: 3.80%
- Urban Other-Residential Class: 0.42%
- Urban Non-Residential Class: 2.34%

Property taxes are not a fee for service, but rather a method of distributing the cost of municipal services and programs fairly throughout the Municipality.

The MGA provides direction to Alberta municipalities for assessment and taxation through legislation. The legislation's purpose is to establish and maintain a property assessment system that fairly distributes taxes and promotes transparency, predictability and stability for municipalities and taxpayers. Assessment and taxation are distinct and independent processes, although assessment impacts taxation. Property assessment is the method used to distribute the tax burden across property tax classes, as presented above.

Increases or decreases in municipal tax rates will not necessarily result in corresponding increases or decreases in municipal taxes paid. The reason for this is that increases or decreases in municipal taxes are equally dependent on the year-over-year assessment change of a property.



The formula for calculating municipal taxes is as follows:

$$\text{Assessment} \times \text{Municipal Tax Rate} = \text{Municipal Tax Levy}$$

For years 2010 to 2024, the following occurred:

- Urban residential rates decreased by 13% from 2.663 in 2010 to 2.315 in 2024.
- Multi-residential rates increased by 8% from 5.743 in 2010 to 6.221 in 2024.
- Rural-residential rates decreased by 1% from 1.577 in 2010 to 1.566 in 2024.
- Urban non-residential rates decreased by 33% from 6.764 in 2010 to 4.544 in 2024.
- Rural non-residential rates decreased by 46% from 18.034 in 2010 to 9.720 in 2024.

For the 2025 Budget, revenue from property taxes has increased as the total assessment for the region, has increased;

### Tax Rate vs. Tax Dollars 2024 – 2025

Property Class	Mill Rate			Tax Dollars		
	2024	2025	% Change	2024	2025	\$ Change
Rural Residential	1.5663	1.5663	0.00%	\$727,728	\$738,119	\$10,391
Rural Non Residential	9.7202	9.4624	-2.65%	\$424,398,475	\$483,938,807	\$59,540,332
Urban Residential	2.3152	2.3152	0.00%	\$20,963,533	\$19,712,074	(\$1,251,459)
Urban Other Res (Apartments)	6.2212	6.2212	0.00%	\$2,510,723	\$2,159,515	(\$351,208)
Urban Non Residential	4.5448	4.5448	0.00%	\$11,784,341	\$12,117,485	\$333,144
Tax Ratio	6.21	6.04	-2.72%	\$460,384,800	\$518,666,000	\$58,281,200

Figure 5: Tax Rate vs. Tax Dollars 2024 – 2025

Figure 5 demonstrates the difference between the Tax Rate and the budgeted Tax Dollars from 2024 to 2025.

The property assessment for Designated Industrial Properties (DIP) is under the responsibility of the Provincial Assessor (Province of Alberta). The centralization of DIP assessments leads to improved consistency and equity for industrial taxpayers and lowers administrative costs for municipalities. Costs associated with these property assessments are borne by the industry. A Provincial requisition is applied to every DIP owner's municipal tax notice.

The municipality collects DIP taxes to pay for requisitions. The assessments of machinery and equipment may decrease further due to a recent tribunal decision by the Land and Property Rights Tribunal. This decision affects the assessment of 22 Designated Industrial Properties and linear properties, with a total assessment risk of \$10.24 billion from 2019 to 2024. Additionally, the impact of this decision on 2025



assessments and future assessments is also unknown at this point. Beginning on January 1, 2018<sup>2</sup>, the responsibility of preparing and defending DIP assessments became the Province of Alberta's (Assessment Services Branch of Municipal Affairs).

Designated Industrial Properties include:

- Properties regulated by the Alberta Energy Regulator, National Energy Board, and Alberta Utilities Commission.
- Linear Property (wells, pipeline, railways, telecommunications, and electric power systems) assessed by the Province.
- Property designated as a “major plant” by regulation, for example large refineries, upgraders, or pulp and paper mills.
- Land and improvements associated with property regulated by the Alberta Energy Regulator, Alberta Utilities Commission or National Energy Board and major plants.
- Machinery and equipment on a site not classified as a DIP will continue to be assessed by the Regional Assessor (with the Municipality).
- In addition, based on the MGA section 297(3.1), the Municipality can create a sub-class for either the urban or rural service areas entitled “small business property” sub-class. In 2018, the Regional Municipality of Wood Buffalo Council approved the creation of a rural non-residential small business property sub-class. The tax rate of this sub-class is 25% lower than the rural non-residential tax rate. The criteria of this sub-class required that the business:
  - must apply online and meet all criteria to be taxed at the rural non-residential small business tax rate; and
  - must be operated under a business license or that is otherwise identified in a municipal bylaw; and
  - have fewer than 50 employees across Canada; and
  - must hold a Municipal business license as of December 31 of the preceding year.
- The inclusion of a small business tax rate within the 2025 Tax Rate Bylaw will be

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<sup>2</sup> Government of Alberta Regional Dashboard information about municipal mill rates and comparative data can be found here: <https://regionaldashboard.alberta.ca/#!/explore-an-indicator?i=municipal-mill-rate&d=CalculatedValue>





subject to Council approval.

The calculation of the taxes levied is a combination of assessed value and tax rate. Property assessments in which construction had occurred in 2024 were excluded from the median calculation as the calculation was intended to capture market changes in the assessed values. Tax rates for 2025, as proposed in the first reading of the 2025 Property Tax Rate Bylaw, indicate the following changes in comparison to 2024:

- There will be no change to the Urban Residential tax rate. The total assessment has decreased by 5.97%. For the urban residential tax class, the median change in municipal taxes is a decrease of \$97, assuming no improvements were made to the home in 2024.
- There will be no change to the Other Residential tax rate. Although the market value of rental apartments has increased by 7%, the total assessment has decreased by 13.99%. This decrease is due to Ministerial Order No. 2024-011, which exempted \$78.8 million in assessments to support affordable housing accommodations. This information was presented to Council on December 10, 2024. As a result, the median municipal tax change in the Other Residential tax class reflects an increase of \$814, assuming no improvements were made in 2024.
- There will be no change to the Rural Residential tax rate. However, the total assessment has increased by 1%. As a result, the median municipal tax change for the rural residential tax class is an increase of \$5.92, assuming no improvements are made to the home in 2024.
- There will be no change to the urban non-residential tax rate. The total assessment for the urban non-residential class increased by 2.83%. However, individual properties may see different tax increases due to factors such as sales, vacancy rates, availability, and rents. As a result, a median tax change was not calculated.
- The rural non-residential tax rate has decreased by 2.65%, while the overall assessment for the rural non-residential class has seen an increase of 17.14%. It's important to note that the three-year property tax holiday for new wells and pipelines, which was in effect from 2022 to 2024, has now concluded. As a result, those assessments have been added to the property tax roll. Due to the significant variation in assessed values within this tax class, a median tax change was not calculated.





## Maximum Tax Ratio

Prior to the changes to s.358(1)<sup>3</sup> of the MGA, municipalities established non-residential and residential tax rates independent of one another. There was no limit on how much a municipality's tax rate could differ for the taxation of non-residential and residential property. The MGA was amended to ensure that the highest non-residential tax rate can be no more than five times the lowest residential tax rate. In addition, the tax rate ratio cannot increase from the previous year.

With the 2016 change, the MGA defines a "non-conforming municipality" as a municipality that has a tax ratio greater than 5:1. The Municipality's tax ratio calculation is based on the rural non-residential tax rate and the rural residential tax rate.

The proposed 2025 Property Tax Rate Bylaw suggests a 2.65% decrease in the tax ratio, reducing it from 6.21 in 2024 to 6.04 in 2025. Reducing the tax ratio aligns with the Municipal Affairs request to continuously decrease the tax ratio until it reaches a 5 to 1 ratio. Achieving a 5:1 ratio is becoming more feasible due to the increase in the assessed values of rural non-residential properties.

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[Municipal Government Act](#)



## Tax Rate Model 2006 - 2025

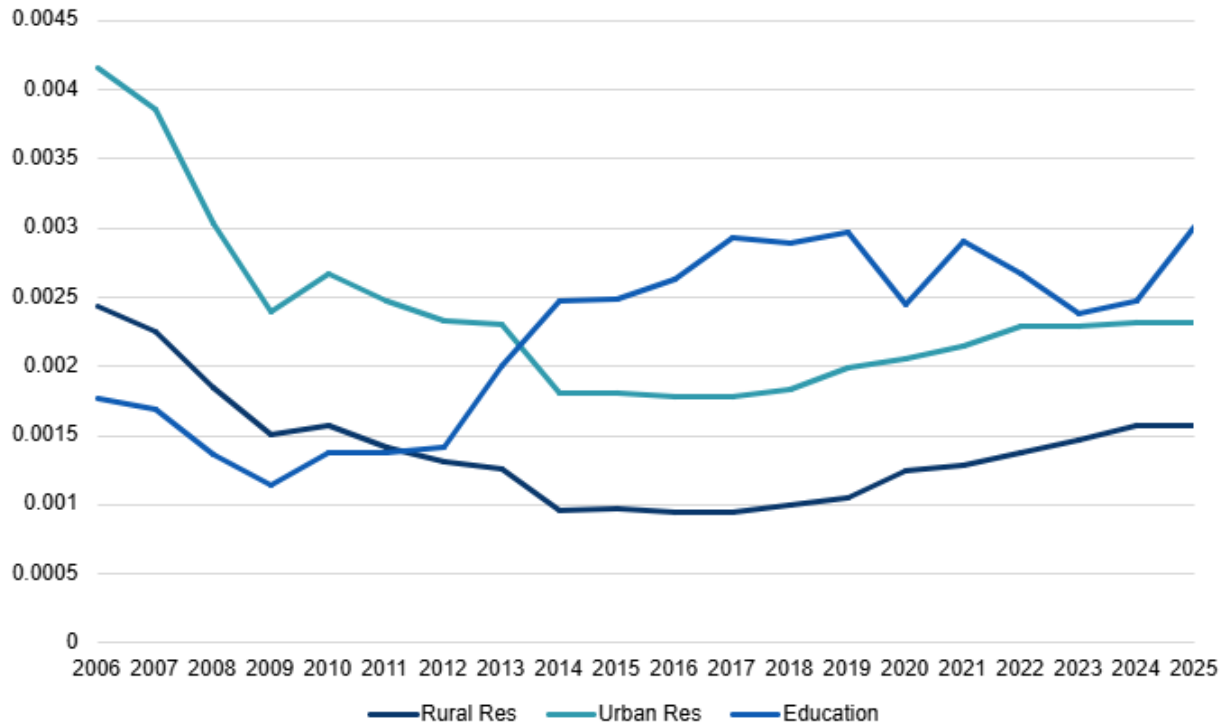


Figure 6: Tax Rate Model 2006 – 2025

Figure 6 above illustrates that the current residential tax rates of the Municipality are lower than they were in 2006.

Prior to 2016, the Municipality followed a revenue-neutral plus new construction growth taxation methodology whereby any increase in municipal revenue over the prior year was generated by new growth only. The 2016 changing economic climate in the region, coupled with the wildfire, resulted in a move away from the revenue-neutral plus new construction methodology to a budget driven process not dependent on assessment growth.



## Municipal Residential Property Tax Rates 2010 – 2025

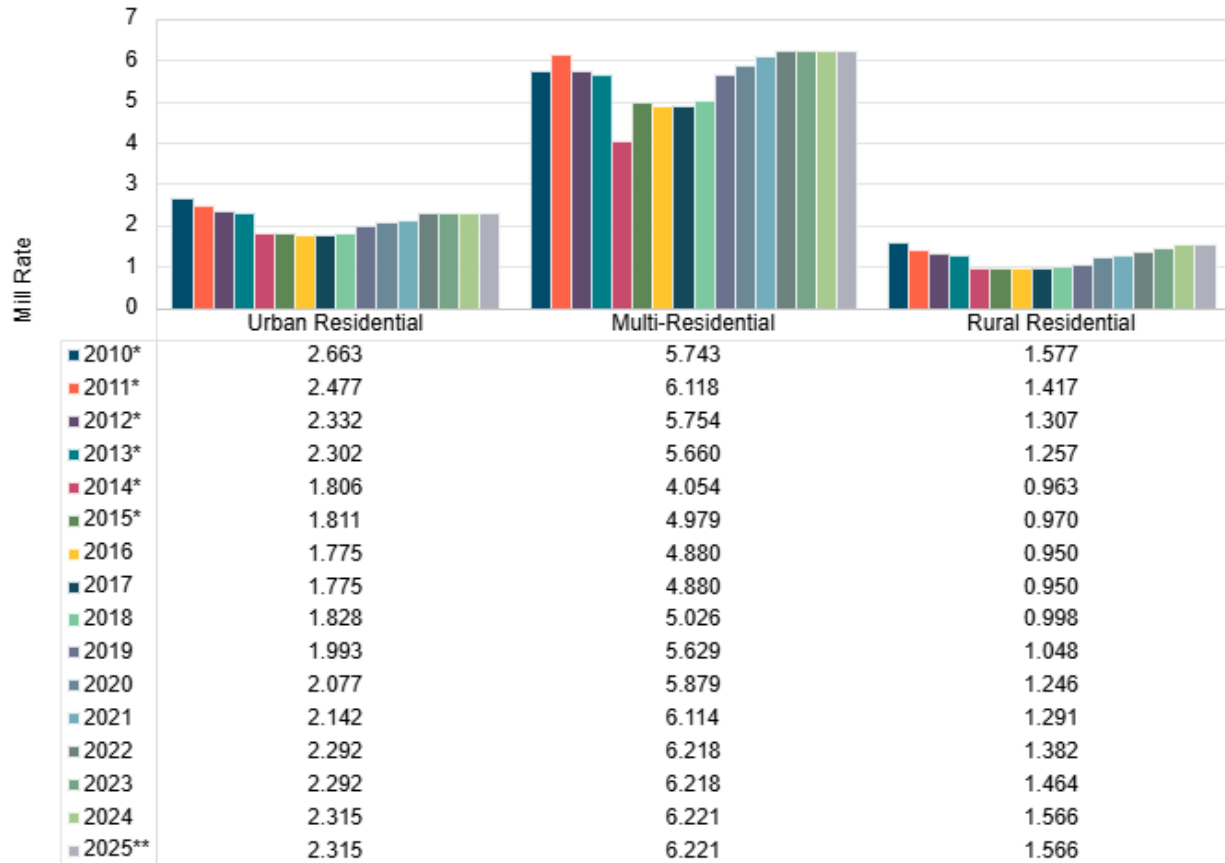


Figure 7: Municipal Residential Property Tax Rates

- \* Revenue neutral plus new construction methodology was in place from 2010 to 2015 inclusive.  
 \*\* Rates are based on information available at the time of publication and are subject to change until the Property Tax Bylaw has been approved by Council. Mill rates are levied per \$1,000 of assessed value.

Figure 7 demonstrates the changes to Municipal Residential Property Tax Rates from 2010 through 2025.



## Municipal Non-Residential Property Tax Rates 2010 – 2025

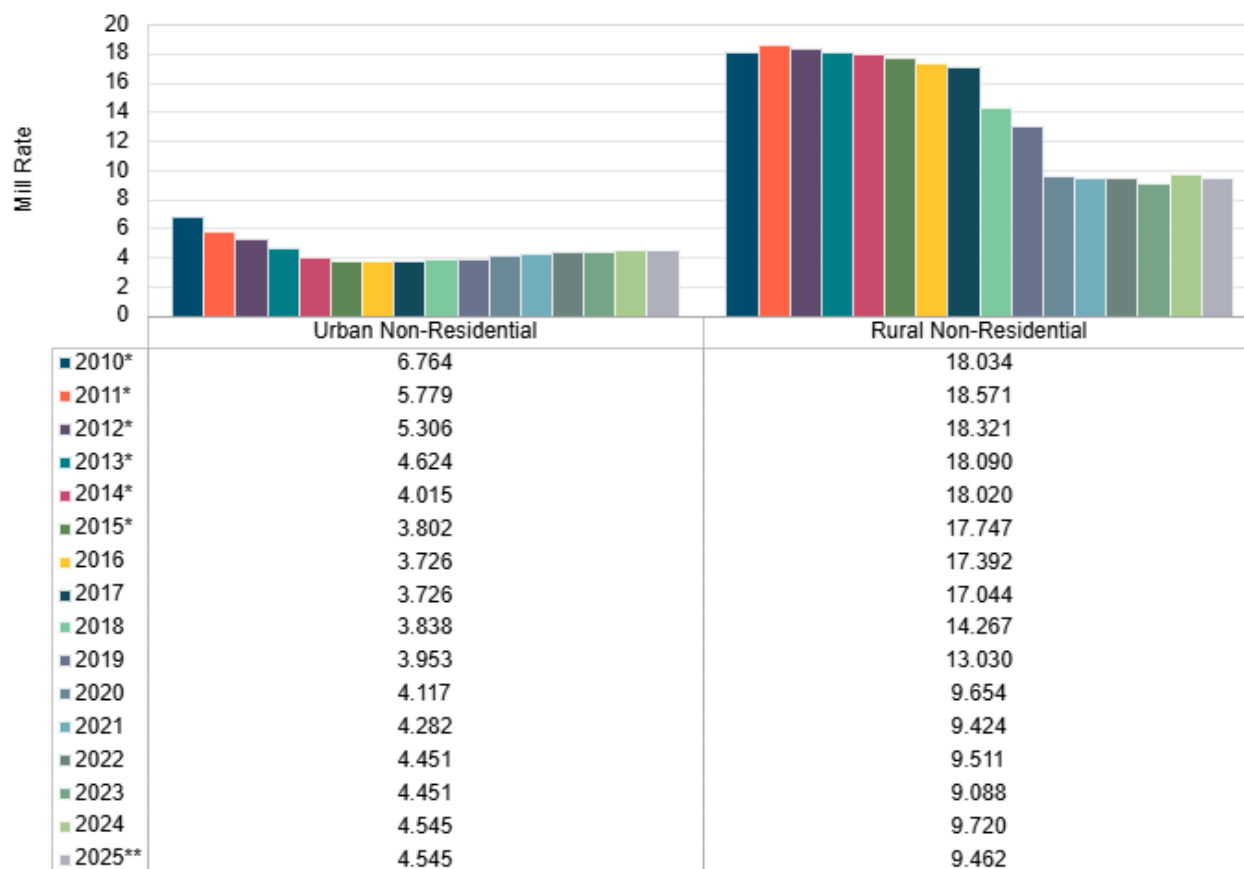


Figure 8: Municipal Non-Residential Property Tax Rates

- \* Revenue neutral plus new construction methodology was in place from 2010 to 2015 inclusive.  
 \*\* Rates are based on information available at the time of publication and are subject to change until the Property Tax Bylaw has been approved by Council. Mill rates are levied per \$1,000 of assessed value.

Figure 8 demonstrates the changes to Municipal Residential Property Tax Rates from 2010 through 2025.



## Tax Rate Benchmark – Residential

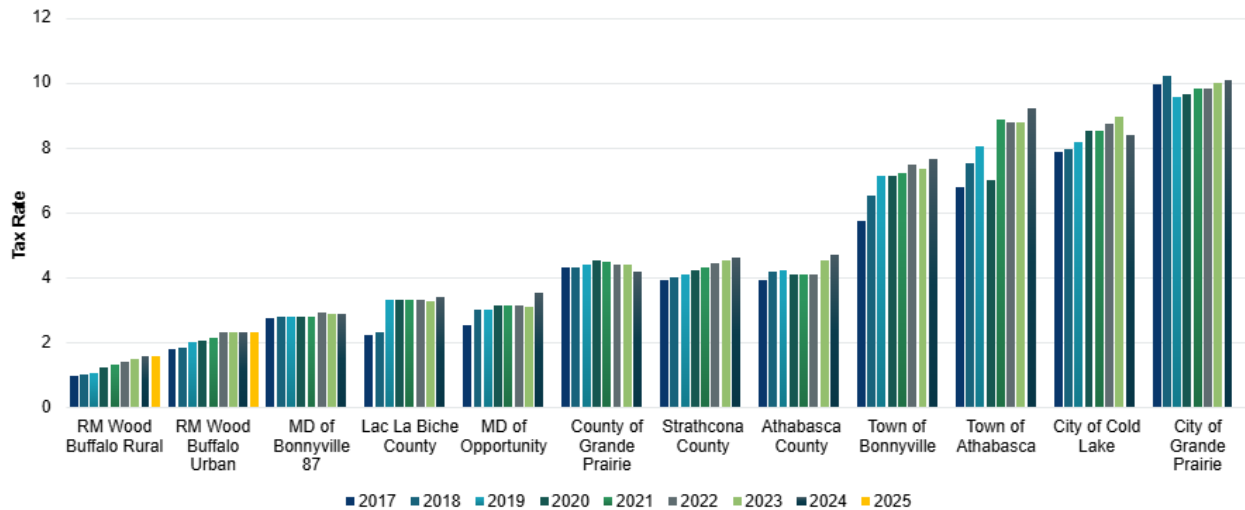


Figure 9: Tax Rate Benchmark – Residential

## Tax Rate Benchmark - Non-Residential

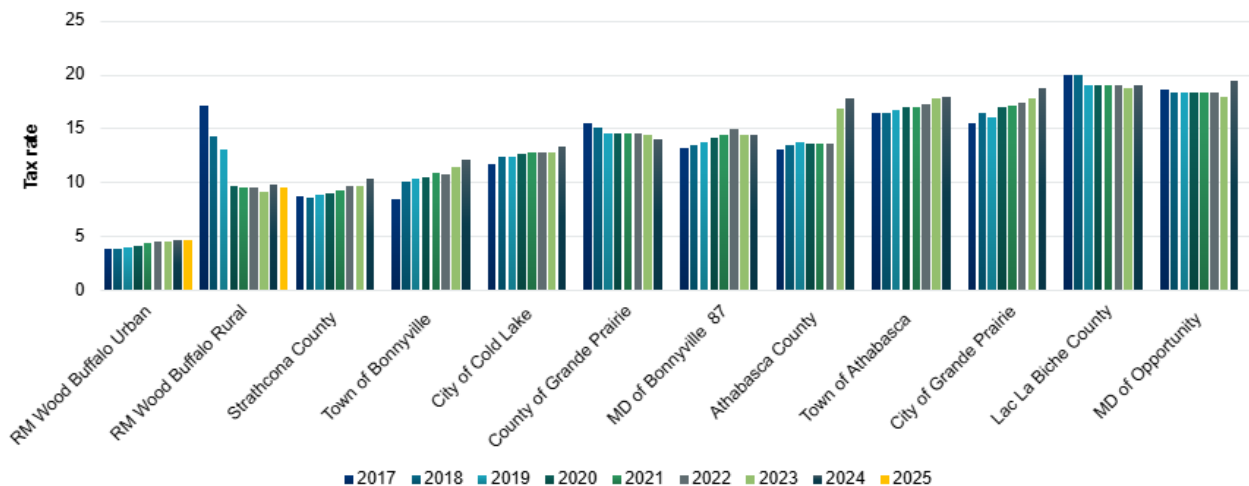


Figure 10: Tax Rate Benchmark – Non-Residential

Although every municipality is unique, the Municipality benchmarks with other municipalities. Based on the information illustrated in figures 9 and 10, the Municipality continues to have competitive tax rates that support affordability.



## Education Tax

The province calculates, based on assessment value, the annual amount each municipality must collect towards the education system. Municipalities collect the education property tax from ratepayers and then forwards it to the province for deposit into the Alberta School Foundation Fund (ASFF). The ASFF was established by the Government of Alberta in 1994. This fund ensures that the education property tax is accounted for separately from provincial general revenues.

The money collected from the education property tax is pooled into the ASFF to fund priorities in education and then distributed among Alberta's public and separate school boards on an equal per student basis.

Although municipalities do not control the amount of education taxes requisitioned by the province, the amount increases the total property tax bill for applicable municipal property owners. The Provincial Budget for 2025 outlines an increase in education property taxes, rising from \$2.7 billion in 2024-25 to \$3.1 billion in 2025-26, following a freeze in 2024-25. For the Municipality, this will mean a \$5.3 million increase in education taxes, from \$70.5 million to \$75.8 million, in addition to a \$4.3 million under collection from 2024, bringing the total increase to \$9.6 million from 2024 to 2025. Specifically, residential properties will see a 21% increase in education tax rates, while non-residential properties will experience a 15% increase. For urban residential property owners, this represents 56% of their property tax bill in 2025 and 65% for rural residential property owners.

Residents are encouraged to contact the Government of Alberta Education Property Tax Line directly if they require any clarification.

## Senior Housing Requisitions

In 2002, Wood Buffalo Housing and Development Corporation (WBHDC) assumed responsibility from the Government of Alberta for all subsidized independent and supportive living seniors' housing. Ownership of Rotary House Lodge, which provides a supportive living environment to qualifying seniors, was transferred to WBHDC. For 2025, the Rotary House has issued a requisition to the Municipality in the amount of \$1.8 million.

## Upcoming Changes

Alberta Municipal Affairs is reviewing regulated assessment models. The current assessment models have not been updated since 2005. Preliminary indicators are that the review may reduce the assessment of linear properties such as Machinery and Equipment, Wells, and Pipelines. More information will be provided in 2026 by Municipal Affairs.



# Expense Strategy

The economic realities of the Region have created a financial landscape where strategic planning is essential to maintain long term fiscal sustainability. Accordingly, the 2025 budget and 2026 to 2027 plan were prepared with an emphasis on trend analysis.

The expenses related to Salaries, Wages and Benefits account for approximately 50% of the Municipality's tax revenue.

The 2026 - 2027 plan considers a 2% increase for inflationary considerations for operating expenses.

Transfers to Individuals, Organizations and Facilities decreased in 2025 with continued minor decreases to the 2026 - 2027 plan.

The overall impact of the above noted cost increases is offset by a reduction in the amount available to transfer to reserves for capital and asset life-cycling purposes.

## Expense Trend Analysis 2021 – 2027

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Plan	2027 Plan
<b>Expenses</b>							
Salaries Wages and Benefits	\$ 226,019,485	\$ 230,377,655	\$ 251,455,334	\$ 253,277,938	\$ 254,028,163	\$ 259,108,725	\$ 264,290,900
Contracted and General Services	72,590,900	71,195,148	79,351,139	92,003,589	85,928,462	87,647,031	89,399,972
Purchases from Other Governments	28,552,628	27,613,482	33,486,439	37,892,414	40,358,530	41,165,701	41,989,015
Materials Goods Supplies and Utilities	31,989,183	38,645,875	38,326,334	39,658,440	40,646,007	41,458,927	42,288,106
Provision for Allowances	4,806,063	4,520,461	6,771,822	2,580,069	8,991,600	9,171,432	9,354,861
Transfers to Local Boards and Agencies	2,723,433	4,622,854	38,912	2,600,925	80,000	81,600	83,232
Transfers to Individuals & Organizations	31,327,610	12,765,844	23,733,053	- 1,496	24,608,279	25,100,445	25,602,453
Transfers to Facilities	23,763,745	23,206,146	19,141,023	25,965,195	21,137,210	21,559,954	21,991,153
Bank Charges and Short-Term Interest	280,622	286,129	326,948	20,032,240	363,530	370,801	378,217
Other Expenditures	9,608	79,967	55,649	375,849	14,580	14,872	15,169
Transfers to Reserves for Operations	161,797,360	172,556,603	139,963,999	173,461,079	169,404,423	159,881,296	150,167,706
	\$ 583,860,637	\$ 585,870,164	\$ 592,650,652	\$ 647,846,242	\$ 645,560,784	\$ 645,560,784	\$ 645,560,784
Percentage Change	-6.58%	0.34%	1.16%	9.31%	-0.35%	0.00%	0.00%

Figure 11: Expense Trend Analysis 2021 – 2027

Figure 11 above presents the Expense Trend Analysis of the Municipal Operations with the actual results for 2021 through 2024, the 2025 Budget, as well as the 2026 and 2027 Plan Years.



## Expense Profile 2021 – 2027

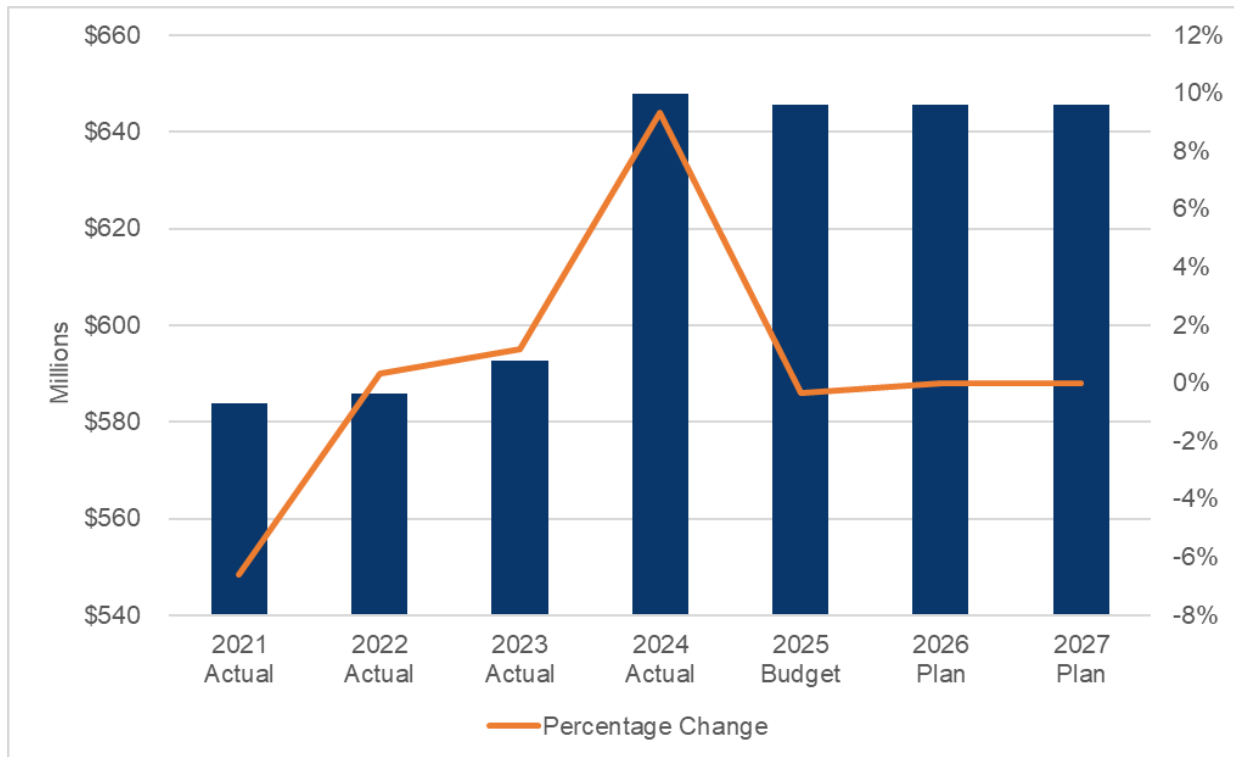


Figure 12: Expense Profile 2021 – 2027

Figure 12 above demonstrates the percentage change over the actual results, 2025 budget, and 2026-2027 plan years as shown provided in Figure 11.





# Capital Strategy

The 2025 Capital Budget and the 2026 – 2030 Capital Plan was developed with a focus on sustaining the region. The focus in developing the Capital Budget was completing multi-year projects, with particular emphasis on critical infrastructure such as Flood Mitigation, building a delivery system for Rural Water and Sewer Servicing, and completion of the new Public Works North facility. Secondary to the development of the Capital Budget is the long-term planning of the asset management lifecycle for municipal infrastructure.

The major groupings or categories for the Capital Budget and plans are:

## Public Facilities

Public Facility projects include environmental systems such as solid waste, waste, wastewater, and storm water. Also included in this category are public land, land improvements, and machinery and equipment.

## Recreation and Culture

Recreation and Culture projects have two broad categories: parks/recreation and cultural/historical. Park and recreation projects include trails, playgrounds, parks, sports fields, rinks, and green spaces. Cultural and historical projects include museums, cemeteries, and other cultural facilities.

## Transportation

Transportation projects include Municipal transit systems, roadways including traffic signals and streetlights, and sidewalks.

## 2025 Capital Budget Spend by Category

	2025 Capital Budget	2025 Category %	2026 - 2030 Capital Plan
Public Facilities	\$117,593,938	71%	\$266,421,062
Recreation & Culture	24,771,977	15%	16,300,000
Transportation	24,097,000	14%	1,870,000
<b>Total</b>	<b>\$166,462,915</b>	<b>100%</b>	<b>\$284,591,062</b>

Figure 13: Capital Budget Spend by Category

Figure 13 above presents the 2025 Capital Budget and % of spend by category for Public Facilities, Recreation & Culture and Transportation as well as the future Capital plan for 2026-2030.



The approved 2025 Capital Budget is \$166,462,915 including \$252,750 to be funded from the Capital Infrastructure Reserve (CIR) for public art installation.

The Capital Budget is funded through the CIR and Provincial and Federal Grants; the CIR is comprised of property tax revenues.

## Fiscal Reserve Strategy

To ensure future fiscal sustainability, the Municipality has developed a reserve strategy. In compliance with the Fiscal Responsibility Policy FIN-160, the Municipality holds two (2) main reserves: Emerging Issues Reserve (EIR) and the Capital Infrastructure Reserve (CIR). Council approval is required to utilize funding from either of these reserves.

### Capital Infrastructure Reserve

The CIR was established to provide a source for capital project funding with a minimum uncommitted balance of \$50 million. This reserve is the main funding source for budgeted capital program requirements. The CIR is funded by tax revenue and used for current approved capital projects, asset life cycling and largescale infrastructure projects.

### Emerging Issues Reserve

The EIR was established by Council in 2002 to stabilize operating revenues in response to unanticipated loss of revenue as well as provide funding flexibility in responding to unplanned events and other initiatives. EIR funding occurs from the year end operating surplus, where applicable.

The EIR is governed as follows:

- Maximum EIR balance equivalent to 15% of the audited prior year's net property tax revenue and is subject to a minimum uncommitted balance of \$50 million.
- Council approval is required to utilize funding from the EIR.

### General Reserves

The Municipality established smaller reserves to meet future operations and capital expenses. These reserves are in place to fund specific initiatives.



# Investment Strategy

The Municipality's investment funds are governed by legal and regulatory considerations under the *Municipal Government Act, RSA 2000, c. M-26, as amended*, and the *Trustee Act, SA 2022, c. T-8.1, as amended*.

The Investment Policy FIN-140, adheres to the legal and regulatory requirements with general investment principles, rules, and delegated authority for managing and monitoring the Municipality's surplus cash position and reserve funds. Adherence to the Investment Policy ensures compliant and effective investment management while assisting in achieving the strategic goals and growth objectives of the Municipality. The general investment strategies adopted by the Municipality are to ensure the following objectives are adhered to:

## **Safety**

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital.

## **Liquidity**

The investment portfolio shall remain sufficiently liquid to meet all operating and capital cash requirements that may be reasonably anticipated.

## **Return**

Investments are structured with the objective of attaining returns commensurate with the respective portfolio benchmarks.

Most of the cash and fixed income portfolios are invested in investment grade securities. The investment type is restricted to fixed income securities that are of high credit rating quality and meet the following parameters:

- Minimum rating of R1 (low) for short term securities and single A for medium- and long- term securities.
- Maximum holdings by credit rating: maximum holdings of short, medium- and long-term investment portfolio by credit rating are 100% AAA, AA, or A rating.
- Maximum holdings by investment portfolio issuer: 100% for federal issues and guarantees. 100% for provincial issues and guarantees; 40% for short-term municipal guarantees; 50% for medium- and long-term municipal guarantees; and 60% for corporate issues.

The Investment funds are managed by 3 independent fund managers: RBC Dominion Securities, Bank of Montreal, and CIBC. Council approves the investment policy, and



the Investment Advisory Committee (IAC) provides oversight to the governance and management of the Municipality's investment. IAC is comprised of members of Administration.

## Investment Holdings by Type

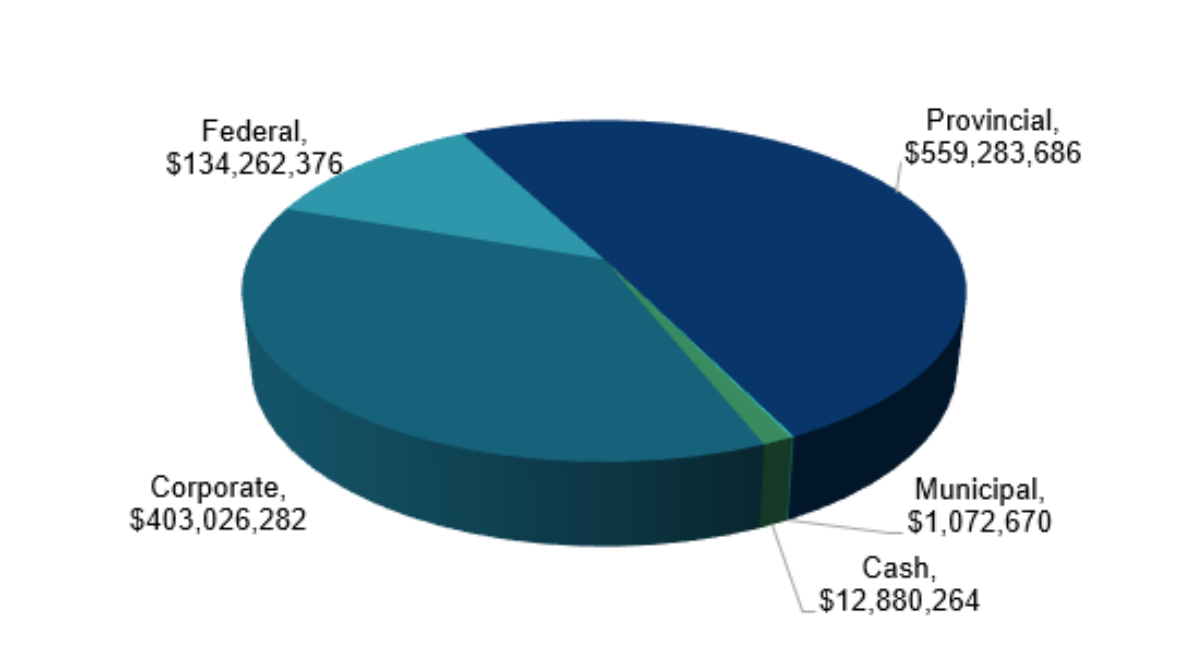


Figure 14: Investment Holdings by Type

Figure 14 presents the Investment Holdings, by type. As defined in the FIN-140 Investment Policy, all investments are in the form of bonds (Government and Corporate) including a minimal amount of GICs, as of December 31, 2024.



## Maturity of Investments – Liquidity

The investment portfolio is structured to maintain a proportionate ratio of short (under 1 year), medium (1 to 5 years), and long-term (over 5 years) maturities to meet current and future funding requirements.

A structured series of short-term Guaranteed Investment Certificates (GICs) maturing on a regular basis throughout the fiscal year is part of the short-term liquidity strategy. This enables sufficient liquidity within the investment portfolio to meet the Municipality's operating and capital cash flow requirements.

### Percentage of Investment Holdings

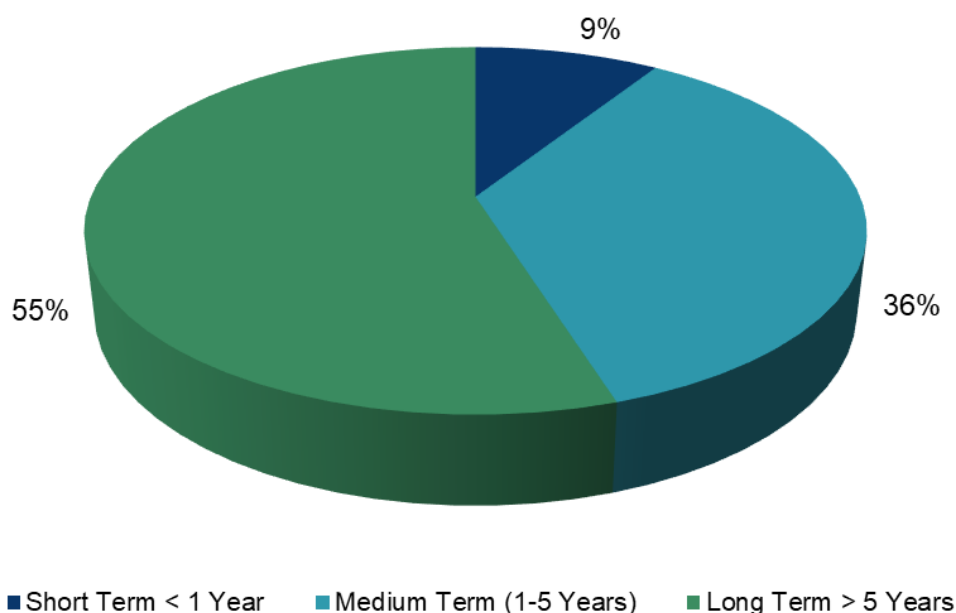


Figure 15: Percentage of Investment Holdings

Figure 15 presents the Investment Holdings, by Liquidity. The municipality will continue to ensure that the duration of the investment portfolio is structured to ensure funds are available as required, as of December 31, 2024.



# Financial Condition Indicators Strategy

## Sustainability

Sustainability refers to the Municipality's ability to maintain existing services and programs and meet creditor requirements without the need to take on debt.

The Municipality uses two financial condition indicators to measure its sustainability: Financial Assets to Financial Liabilities and Current Assets to Current Liabilities.

### Financial Assets to Financial Liabilities Ratio 2021 – 2027

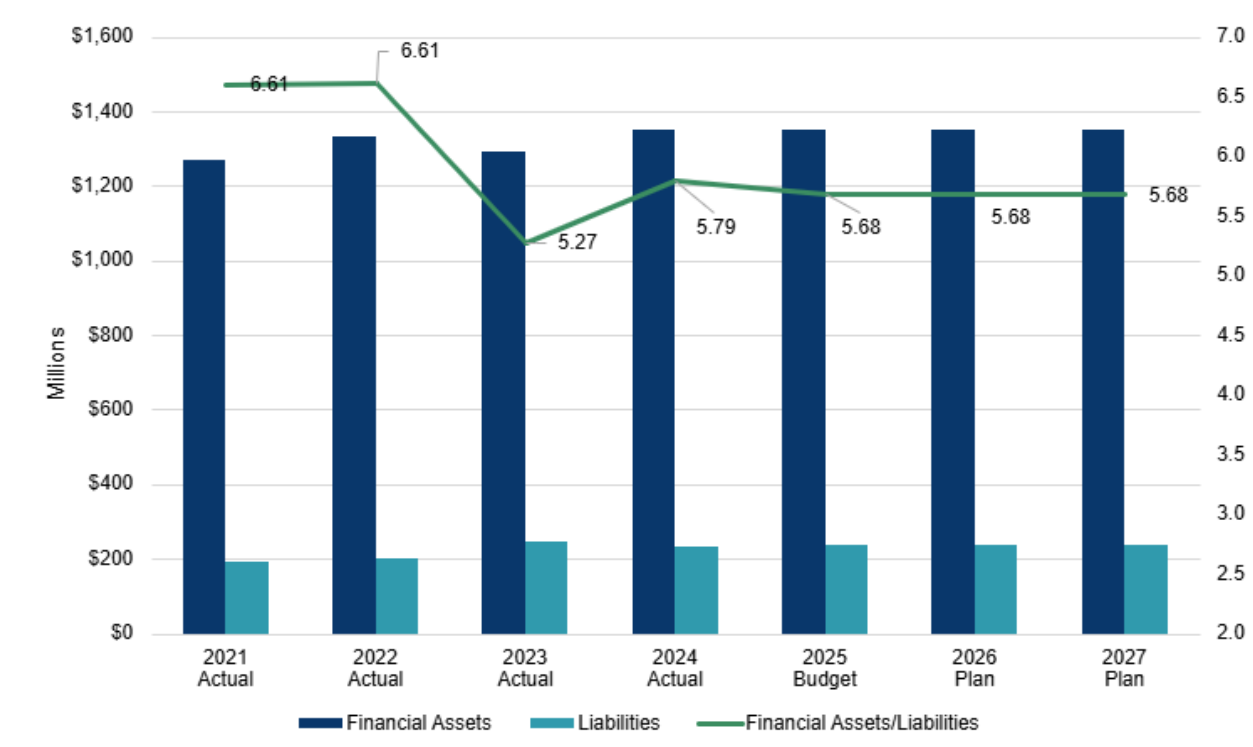


Figure 16: Financial Assets to Financial Liabilities Ratio 2021 – 2027

The Financial Assets to Financial Liabilities ratio measures whether the Municipality has adequate resources to pay its obligations due beyond one year. It is important that assets are higher than liabilities for the future resiliency of the Municipality. A ratio



above 2.00 is desirable, which is demonstrated in figure 16 above.

As liabilities related to industrial property tax appeals increase and financial assets remain stable, the ratio of assets to liabilities is expected to decrease until 2027. However, the Municipality still maintains a strong ratio of assets to liabilities, as demonstrated in Figure 16 above.

## Current Ratio

The Current Assets to Current Liabilities ratio measures whether the Municipality has adequate resources to pay its short-term obligations, those due within one year. A ratio above 1.00 is desirable.

As presented in figure 17 below, the ratio of current assets to current liabilities peaked in 2022 as cash balances were higher due to less capital activity. The cash balance decreased in 2023, as significant progress was made on several large capital projects and portfolio investments were increased. The ratio is expected to remain near 2025 levels for 2026 – 2027.

### Current Ratio 2021 – 2027

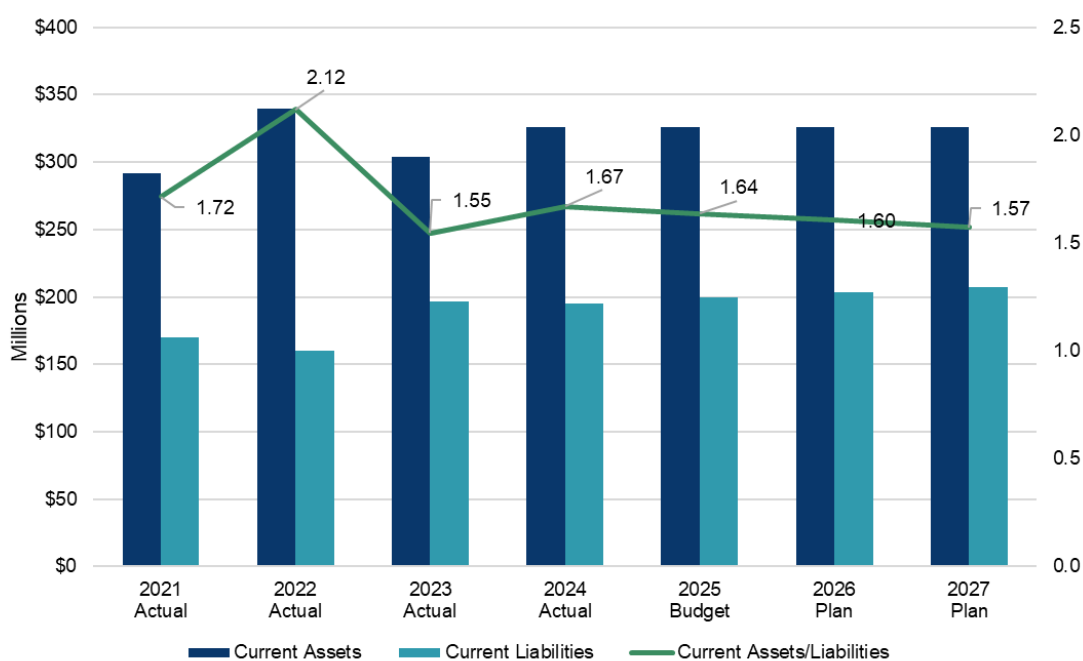


Figure 17: Current Ratio 2021 - 2027



