

2024/2025 Budget Information Update

ISSUE

Since the June 2023 report to the Governance and Priorities Committee (Committee) on the 2024/2025 Budget Status Update, Administration has been working through the detailed budget calculations and budget entry which have impacted the originally presented funding gap.

BACKGROUND

At the June 14, 2023, Governance and Priorities Committee, the Administration presented a report entitled [2024/2025 Budget Status Update](#).

CURRENT STATUS

The original presentation in June 2023 was based on information that was known at the time and forecasted the 2024/2025 budgetary pressures. While the special budget meetings are occurring, Administration continues to refine and update these forecasts for the 2024/2025 budget as more information becomes available.

DISCUSSION/ANALYSIS

A revised estimate for the tax increase that would be required if no mitigation methods were introduced has resulted in a new starting point of 17.87% and 6.69% to fill the \$52.4 million and \$23.2 million funding gap for 2024 and 2025, respectively. This revised calculation factors in the prior year assessment growth into the denominator of the calculation, consistent with past practices and was originally excluded from the June report.

Additionally, now that the Province has finalized their year-end financial results for fiscal year 2022/2023, which include significant surpluses on many of their revenues including the Provincial Sales Tax (PST), the City has a better estimate of what Municipal Revenue Sharing (MRS) will be in 2024. The Administration had originally been forecasting a \$5.7 million increase to MRS grant in 2024 based off estimated PST revenue in the 3rd Quarter forecast for the 2022/2023 provincial budget. However, given the year-end results, the City estimates its MRS grant will be \$62.5 million, which is an increase of approximately \$7.8 million relative to 2023. The 2024 budget assumptions have been revised to reflect this new estimate. For 2025, originally projected increases of \$2.1 million for Municipal Revenue Sharing have also been increased to \$3.0 million.

The SaskEnergy rate decrease in 2023 which will impact utility charges and Provincial Franchise Fees have been adjusted for in 2024 as well as other levies, Provincial Grants-in-lieu, addition of Waste Utility Low-Income Subsidy, cybersecurity and Leisure Centre revenue for 2025 as these detailed calculations are completed. Overall, these additional adjustments increase the 2024 funding gap by \$573,800 and decrease 2025 by \$628,700.

The net impact of all the adjustments above can be seen below

	2024 (in millions)	2025 (in millions)
Original Budgetary Gap	\$52.4	\$23.2
Municipal Revenue Sharing	(\$2.1)	(\$0.9)
Other Adjustments	\$ 0.6	(\$0.6)
Revised Budgetary Gap	\$50.9	\$21.7

This reduces the estimate for the tax increase that would be required if no mitigation methods were introduced to a new starting point of 17.33% and 6.25% in 2024 and 2025 respectively.

FINANCIAL IMPLICATIONS

The financial implications are included in the body of this report.

OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications identified.

NEXT STEPS

Administration will continue to refine and adjust numbers for the budget book that will be presented at the November 28, 2023 2024/2025 Business Plan and Budget meeting. Any significant changes to the funding gap will be brought forward as part of the 2024/2025 budget discussions.

REPORT APPROVAL

Written by: Kari Smith, Director of Finance
Reviewed by: Clae Hack, Chief Financial Office
Approved by: Jeff Jorgenson, City Manager