

**The Corporation of the Village of Salmo**  
**2021-2025 Proposed**  
**Draft Financial Plan**  
**April 27, 2021**



# Agenda

1. Introduction
2. Quick Facts
3. 2021 – 2025 Financial Plan Process
4. 2021 Budget overview
5. Taxation & Operating Budget
6. Comments & Questions

*Presenter: Colin McClure, Chief Financial Officer*



## Quick Facts

- All Village Operational revenue is about \$3,451,000
- Total operational expenses about \$1,659,000
- Revenue over expenses pay down debt, fund capital purchases & flow into Operational and Capital reserves
- General Fund Operational expense (excluding \$155K in budgeted Covid grants to non-profits this year) is budgeted at \$1,156,000 in 2021, funded by \$404,000 in Taxation (approx. 2.9 to 1 ratio)
- A 1% increase in taxation produces about \$4,000 to cover operational expenditures
- Without the Small community grant, taxes would have to increase over 100% to cover current operational services



# **General Operating Budget Principles**

## ***Council's Direction to Staff***

- Support delivery of municipal services
- Maintain services delivered at 2020 levels
- Reduce costs of service delivery, where possible, while minimizing service impact levels
- Generate new revenue
- Minimize tax rate increase
- Long term planning as a focus
- Continue infrastructure program
- Implement sustainability principles

# Budget Overview - 2021

## Highlights:

- New market construction taxation revenue generation for 2021 is \$8,101
- Council has proposed a 2% tax increase for 2021
- Council previously approved increases to the utility rates
  - 1.5% increase to Water or \$5
  - 1.5% increase in Sewer or \$8
  - 6% or \$12 annual increase in garbage fees for a residence

## 2021 Capital Budget:

- \$1,710,000 in the General capital (1.35 mill is grant dependent)
- \$67,500 in Water capital
- \$27,000 in Sewer capital



# Tax Revenues: Growth – Where does it come from?

- New revenue only exists when there is new assessment
- Increase in “inventory” i.e. through subdivision or new construction
- General increases in market value do not generate more tax dollars
- Past couple of years has resulted in minimum new revenues from growth

# Effect of Assessments in 2021

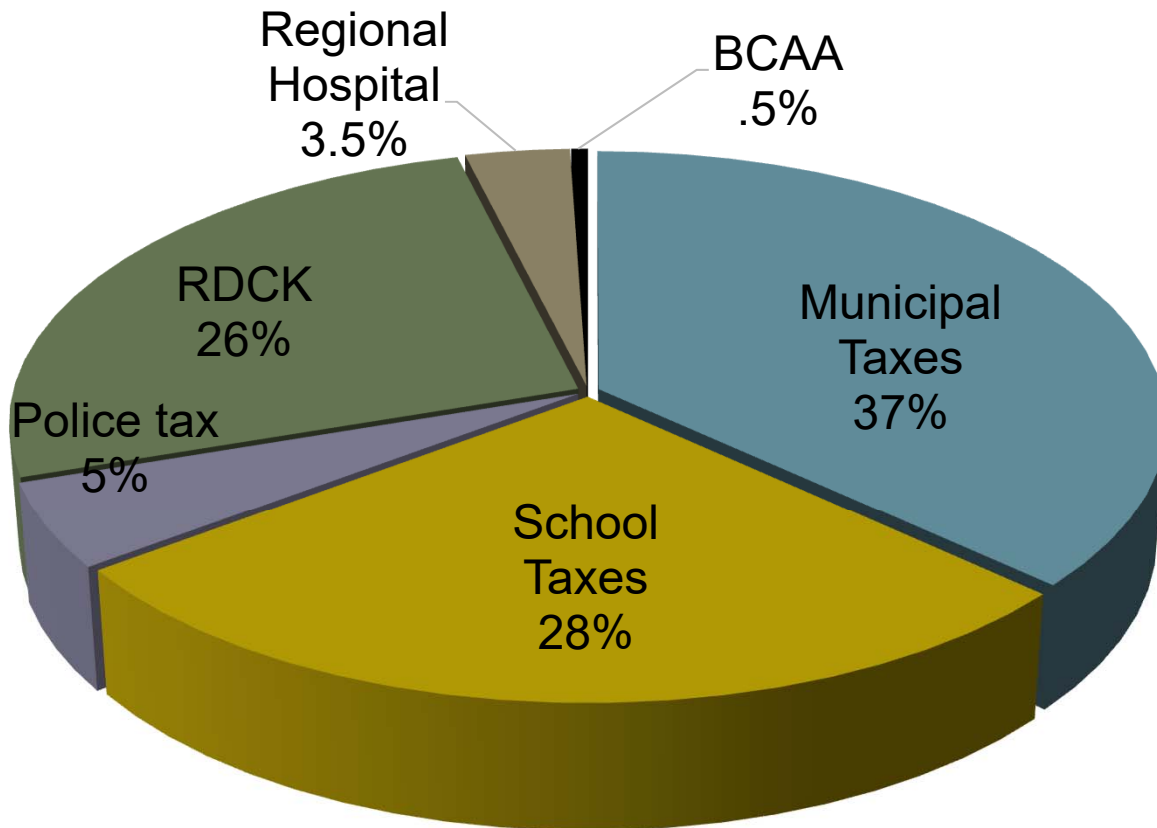
Average market changes:

- Residential up 16.35% from 2020 (3% of the increase is new construction)
- Commercial down by 1.15% from 2020
- Utility down by 1.29% from 2020

Council has directed staff to adjust the Business tax multiplier in order collect the same percentage in taxation from Commercial properties and Residential in the current year.

This will keep the tax burden consistent with prior year at approximately 81% of the total general tax collected from Residential & 11% from Commercial and the remaining comes from utilities.

# Allocation of 2020 Taxes on an average SFD



Municipal Taxes	\$615
School Taxes	467
RDCK	439
Police tax	85
Regional Hospital	56
BCAA & MFA	9
<b>Total</b>	<b>\$1,671</b>



# 2021 Proposed Budget

Estimated effect on \$255,887 Assessed Home

	2020 Actual	2021 Proposed	Net Annual Change	Net Monthly Change
Property Tax (municipal only)	615	628	\$ 13	\$1.08
Water Rates (before discount)	313	318	5	.42
Sewer Rates (before discount)	468	476	8	.67
Resource Recovery	193	205	12	1.00
<b>Overall</b>	<b>\$1,589</b>	<b>\$1,627</b>	<b>\$ 38</b>	<b>\$3.17</b>

- It is important to note that the utility rates are before the 10% discount that can be received

# 2021 TAX EFFECT ON AVERAGE SFD

	2020	2021	Net Change	% Change	% of \$ Change
Assessed Value	\$226K	\$256K	\$30K	13%	
Municipal Property Tax	615	628	13	2.0%	13%
RDCK tax requisition	439	482	43	10.0%	43%
West Kootenay Hospital tax	56	57	1	0.2%	1%
Police BC Asses/MFA tax	95	99	4	4.2%	4%
School Tax requisition	467	506	39	8.4%	39%
Less: Basic Home Owner Grant (HOG)	-770	-770	0.00		
<b>Total Tax</b>	<b>\$902</b>	<b>\$1,002</b>	<b>\$100</b>	<b>11%</b>	

# Overall Capital Plan – 2021 Highlights

## **General Capital asks - \$1,710,000**

- KP Park Community building - \$1 mil (Grant dependent)
- Recycling building infrastructure upgrades – \$358k (Grant dependent)
- New Public works truck
- Historical mining project (CBT Heritage grant funded)
- Paving & sidewalk upgrades
- Erie Dike improvements
- Firehall upgrades
- Lions Park playground

## **Water – \$67,000**

- Reservoir fence & security
- Waterline upgrade
- SCADA controls upgrade & Pump replacement

## **Sewer – \$27,000**

- Wastewater treatment plant upgrade

# Debt and Debt Servicing

- Major capital projects typically funded by using combination of existing reserves and by borrowing funds.
- Strategic decision when to borrow vs using reserves or taxation.
- At the Dec 31, 2020 year end the Village has long-term General debt of \$821,574 & no utility debt
- The Villages MFA loans interest rate was reset, which dropped interest expense by \$18k or 40%
- In 2020, the Sewer fund paid back \$60k from the \$120K borrowed from the Water fund reserve to fund the Village's portion of the \$2 million Wastewater treatment plant upgrades.
- In 2021, the Sewer fund is budgeted to repay the final \$60k borrowed from the Water reserve fund.



# Comments and Questions?

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