



2024 Budget

Discussion



AGENDA

- Reserve Funds
- Operating Budget
 - Revenue
 - Expenses
- Property Taxes
 - Assessment Values
 - Property Tax Scenario Increases
- Capital Projects

RESERVE FUNDS

Reserve and Surplus Policy 3.18

Purpose

- ❖ Provide guidance on the development, maintenance and use of financial reserve funds

Primary Objective

- ❖ Ensure adequate levels of reserve balances to mitigate current and future risks
- ❖ Ensure stable tax rates
- ❖ Demonstrate financial commitments to long range infrastructure and master plans

RESERVE FUNDS

Types of Reserves

Statutory Reserve Funds

- ❖ Funds set aside for specific purposes as required by legislation as per Section 188(2) of the *Community Charter*
 - ❖ *Parkland Reserve*

Reserve Funds

- ❖ Funds set aside for a specified purpose by Council pursuant to subsection 188(1) of the *Community Charter*

RESERVE FUNDS

Preliminary Reserve Balances

General Capital Reserve

- ❖ During the 2022 budget process, the annual transfer to general capital reserve was reduced to \$250,000
 - ❖ \$200,000 road paving
 - ❖ \$50,000 new projects

Capital Renewal Reserve

- ❖ Annual allocation equal to 2% increase in property taxes
 - ❖ Allocation does not include the annual budgeted amount

RESERVE FUNDS

Preliminary Reserve Balances

Reserve Name	2023 Annual Transfer to Reserve	How Annual Transfers Are Funded	Est. Value at Dec 31, 2023
<i>Operating Reserve Fund</i>			
Financial Stability			2,060,592
<i>Statutory Reserve Fund</i>			
Parkland Acquisition			43,556

RESERVE FUNDS

Preliminary Reserve Balances

Reserve Name	2023 Annual Transfer to Reserve	How Annual Transfers Are Funded	Est. Value at Dec 31, 2023
<i>Capital Reserve Funds</i>			
General Capital	250,000	property taxes	4,114,123
General Capital Renewal *allocation includes 2% capital levy and annual budgeted amount	432,808	property taxes	2,385,436
Vehicle & Equipment Replacement	399,928	property taxes/user fees	4,049,243
Fire Dept Vehicle & Equipment Replacement	167,000	property taxes	641,302
Water Capital	235,221	user fees	1,702,508
Sewer Capital	208,816	user fees	618,879

RESERVE FUNDS

Preliminary Reserve Balances

Reserve Name	2023 Annual Transfer to Reserve	How Annual Transfers Are Funded	Est. Value at Dec 31, 2023
<i>Capital Reserve Funds</i>			
Community Works Gas Tax	231,341	tri-party agreement	1,323,551
Climate Action	40,241	Provincial grant/property taxes	82,975
Northern Capital Planning Grant			1,512,613
Growing Communities Fund			1,764,866

OPERATING BUDGET

Revenue Considerations

Financial Stability Reserve

- ❖ \$2 million dollars in the reserve fund is to offset revenue loss due to economic downturn and mill closures
 - ❖ 2022 - \$322,100
 - ❖ 2023 - \$206,489
 - ❖ 2024 - \$103,244
 - ❖ Each subsequent year would reduce the amount to be funded by the Financial Stability Reserve and keep funds for any future economic instability

1%-of-Revenue-Grant

- ❖ BC Hydro grant 2024 - \$197,521 compared to 2023 - \$439,372, reduction of \$241,851
 - ❖ Previous years included a local mine's energy consumption in the District of Mackenzie's customer account when their electricity supply is outside municipal boundaries

OPERATING BUDGET

Revenue

- ❖ Allocation of \$103,244 from Financial Stability Reserve
- ❖ Estimate increase of \$78,000 from BC Hydro for their revenue generating facility (in-lieu of taxes)
- ❖ Increase budgeted amount of \$13,830 for other sales of service
 - ❖ Airport fuel sales
- ❖ Increase budgeted amount of \$38,000 for Recreation Centre

OPERATING BUDGET

Expense Considerations

- ❖ Focus on maintaining services and service levels
- ❖ Finding efficiencies and cost savings
- ❖ Operational projects funded by grants when possible
- ❖ Increase operational costs for utilities, insurance, consumables, collective agreement
- ❖ Capital Renewal Levy – amount equal to 2% of property tax revenue, compounded annually

- ❖ Estimated Levy \$103,000

- ❖ Budgeted Amount \$432,808

\$532,808 contribution to Capital Renewal Reserve

PROPERTY TAXES

BC Assessment

- ❖ Assessment values, as determined by BC Assessment, are used to determine the tax rates required to raise enough revenue to cover the annual operating budget
- ❖ Assessment values for Mackenzie increased overall by 6.52%
 - ❖ Class 1 Residential – 7.05% increase
 - ❖ Average residential assessment 2023 - \$154,321
 - ❖ Average residential assessment 2024 - \$165,200
 - ❖ Class 2 Utilities – 6.19% increase
 - ❖ Class 4 Major Industry – 5.56% increase
 - ❖ Class 5 Light Industry – 2.14 % increase
 - ❖ Class 6 Business & Other – 5.96 % increase

BC Assessment Video

* [Understanding Property Assessments & Property Taxes](#)

PROPERTY TAXES

Tax Rate Scenarios – Option #1

2024 Revenue \$12,325,667

2024 Expenses \$13,018,494

\$ (692,827) shortfall – to be funded by property taxes

12.76% property tax revenue increase

Impact on Property Classes

			2024	2023
Class 1 Residential	6.96%	rate increase	7.5615	7.0695
Class 2 Utilities	0.34%	rate increase	39.2132	39.0798
Class 4 Major Industry	7.52%	rate increase	53.1127	49.3992
Class 5 Light Industry	11.16%	rate increase	27.0793	24.3597
Class 6 Business/Other	7.59%	rate increase	9.5113	8.8405
Class 8 Recreation	13.5%	rate increase	6.4608	5.6923

PROPERTY TAXES

Tax Rate Scenarios – Option #1

Tax Revenue Comparison

	2024	2023	Increase
Class 1 - Residential	2,104,334	1,838,287	266,047
Class 2 - Utilities	930,680	873,474	57,206
Class 4 – Major Industry	2,144,537	1,889,460	255,077
Class 5 - Light Industry	309,086	272,222	36,864
Class 6 – Business & Other	631,938	554,332	77,606
Class 8 - Recreation	223	196	27
Total	6,120,798	5,427,971	692,827

PROPERTY TAXES

Tax Rate Scenarios – Option #1

Impact on the average assessed single-family residence

	2024 (165,200)	2023 (154,321)	Increase
Property Tax	1,249.16	1,090.97	158.19
Water	457.11	408.13	48.98
Sewer	290.54	266.55	23.99
Garbage*	199.75	187.56	12.19
Total	2,196.56	1,953.21	243.35

* water, sewer and garbage bylaw rates 1st 3 readings Jan 22, 2024

** weekly garbage

Approximate increase of \$20.27/month

PROPERTY TAXES

Tax Rate Scenarios – Option #2

2024 Revenue \$12,567,518 (\$241,851 BC Hydro revenue grant loss covered by Financial Stability Reserve)

2024 Expenses \$13,018,494

\$ (450,976) shortfall – to be funded by property taxes

8.31% property tax revenue increase

Impact on Property Classes

			2024	2023
Class 1 Residential	2.06%	rate increase	7.2148	7.0695
Class 2 Utilities	(2.01)%	rate increase	38.2927	39.0798
Class 4 Major Industry	3.25%	rate increase	51.0069	49.3992
Class 5 Light Industry	6.76%	rate increase	26.0057	24.3597
Class 6 Business/Other	2.87%	rate increase	9.0941	8.8405
Class 8 Recreation	9.00%	rate increase	6.2046	5.6923

PROPERTY TAXES

Tax Rate Scenarios – Option #2

Tax Revenue Comparison

	2024	2023	Increase
Class 1 - Residential	2,009,336	1,838,287	171,049
Class 2 - Utilities	908,833	873,474	35,359
Class 4 – Major Industry	2,059,512	1,889,460	170,052
Class 5 - Light Industry	296,831	272,222	24,609
Class 6 – Business & Other	604,221	554,332	49,889
Class 8 - Recreation	214	196	18
Total	5,877,940	5,427,971	450,976

PROPERTY TAXES

Tax Rate Scenarios – Option #2

Impact on the average assessed single-family residence

	2024 (165,200)	2023 (154,321)	Increase
Property Tax	1,191.88	1,090.97	100.91
Water*	457.11	408.13	48.98
Sewer*	290.54	266.55	23.99
Garbage**	199.75	187.56	12.19
Total	2,139.28	1,953.21	186.07

* water, sewer and garbage bylaw rates 1st 3 readings Jan 22, 2024

** weekly garbage

Approximate increase of \$15.50/month

PROPERTY TAXES

Tax Rate Scenarios – Option #3

2024 Revenue	\$12,567,518 (\$241,851 BC Hydro revenue grant loss covered by Financial Stability Reserve)
2024 Expenses	<u>\$12,968,494</u> (\$50,000 not transferred to reserves for new projects, funded by grants or other sources)
	\$ (400,976) shortfall – to be funded by property taxes
	7.36% property tax revenue increase

Impact on Property Classes		2024	2023
Class 1 Residential	1.21% rate increase	7.1554	7.0695
Class 2 Utilities	(2.01)% rate increase	38.2927	39.0798
Class 4 Major Industry	2.07% rate increase	50.4220	49.3992
Class 5 Light Industry	5.53% rate increase	25.7074	24.3597
Class 6 Business/Other	1.69% rate increase	8.9898	8.8405
Class 8 Recreation	7.75% rate increase	6.1335	5.6923

PROPERTY TAXES

Tax Rate Scenarios – Option #3

Tax Revenue Comparison

	2024	2023	Increase
Class 1 - Residential	1,993,290	1,838,287	155,003
Class 2 - Utilities	908,833	873,474	35,359
Class 4 – Major Industry	2,035,893	1,889,460	146,433
Class 5 - Light Industry	293,427	272,222	21,205
Class 6 – Business & Other	597,292	554,332	42,960
Class 8 - Recreation	212	196	16
Total	5,828,947	5,427,971	400,976

PROPERTY TAXES

Tax Rate Scenarios – Option #3

Impact on the average assessed single-family residence

	2024 (165,200)	2023 (154,321)	Increase
Property Tax	1,182.07	1,090.97	91.10
Water*	457.11	408.13	48.98
Sewer*	290.54	266.55	23.99
Garbage**	199.75	187.56	12.19
Total	2,129.47	1,953.21	176.26

* water, sewer and garbage bylaw rates 1st 3 readings Jan 22, 2024

** weekly garbage

Approximate increase of \$14.69/month

Capital Projects

- ❖ Focusing on aging infrastructure and vehicle/equipment replacement
- ❖ Building Condition Assessments to provide recommendations regarding infrastructure replacement
- ❖ New projects for 2024 include:
 - ❖ \$250,000 Purchase wildland fire truck
 - ❖ \$600,000 Grader #2 replacement
 - ❖ \$240,000 Replace pool tiles
 - ❖ \$677,000 Replace two pressure reduction valve stations



Discussion