



Rural Municipality of Ste. Anne

2021 FINANCIAL PLAN PRESENTATION

Rural Municipality of Ste. Anne

2021 Financial Plan

- ▶ Welcome to the 2021 Financial Plan hearing. Thank you for taking the time to attend and engage with us.
- ▶ We also want to take the time to thank Ernie Epp of Way-to-go Consulting who assisted Council and our staff members in preparing the 2021 Financial Plan and this Presentation.
- ▶ This presentation will provide you with the opportunity to learn more about the Municipality's responsibilities, assessment and taxation.
- ▶ This Hearing will also go over what plans are in store for 2021 and beyond by giving a general overview of the 2021 Financial Plan.
- ▶ If a more detailed explanation on any part of this presentation is required, please contact the municipal office during regular business hours.
- ▶ There will also be an opportunity for questions following the presentation.

Documents Available



- ▶ These documents are available on the Municipality's website, and can be picked up at the Municipal office
 - ▶ This 2021 Financial Plan Presentation
 - ▶ The 2021 Financial Plan By-law
 - ▶ The 2021 Financial Plan including
 - ▶ 2021 Annual Estimates
 - ▶ 2022 Proposed Estimates
 - ▶ 2021 Capital Estimates
 - ▶ 5 Year Capital Expenditure Program

Presentation Content



- ▶ Part 1
 - ▶ Background on Municipalities in Manitoba, Assessment and Taxation

- ▶ Part 2
 - ▶ 2021 Financial Plan

Part 1: Background on Municipalities in Manitoba

- ▶ The RM of Ste. Anne is one of 137 municipalities in Manitoba
- ▶ All municipalities are created and regulated by the Province through legislation known as Acts and Regulations
- ▶ These outline the roles and responsibilities of municipalities. Those that apply the most to regular municipal operations are as follows, among many others:
 - ▶ [The Municipal Act](#)
 - ▶ [The Planning Act](#)
 - ▶ [The Municipal Councils and School Boards Elections Act](#)
 - ▶ [The Municipal Council Conflict of Interest Act](#)
 - ▶ [The Municipal Assessment Act](#)

Municipal Responsibilities



- ▶ Through these Acts the Province of Manitoba has decided that municipalities are responsible for the following, among others:
 - ▶ Fire protection
 - ▶ Local transportation infrastructure (roads, bridges, pathways, etc.)
 - ▶ Drainage
 - ▶ Solid waste (garbage) and recycling
 - ▶ Planning and zoning
 - ▶ Water and wastewater
 - ▶ Economic development
 - ▶ Recreation

Additional Authorization

- ▶ Knowing *which* services a Municipality is responsible for providing its residents, *how* we provide for those services is up to the democratically elected Council you, the residents, have chosen to represent your interests. Examples of those choices are:
 - ▶ Paved versus gravel roads
 - ▶ How solid waste (garbage) and recycling is collected
 - ▶ Level of fire protection provided (whether this service is contracted from other Municipalities or from fire halls created within the municipality)
- ▶ Although the Municipality has some choice on how to provide these services, the Province has established certain processes and conditions that must be followed.

How can municipalities pay for it all?

- ▶ For some services, **user fees** can be charged to offset the cost of the service provided. For Example:
 - ▶ Planning permit application fees
 - ▶ Tipping fees for garbage disposal at the landfill
 - ▶ Unfortunately, for most municipal services, charging fees for actual usage isn't practical (can you imagine a toll fee on roads for example?)
- ▶ The Province also authorizes us to charge and collect property **taxes**
 - ▶ These levies can be applied on all properties generally or
 - ▶ These levies can also be applied on only those specific properties receiving the service
 - ▶ Curbside garbage pick-up is an example of this Special Service Levy

Taxes and Assessment



- ▶ In Manitoba, taxes are charged based on the market value (assessment) of the property
- ▶ This is a format used across Canada
- ▶ The Province tracks the sales of properties in each region, and the changes in property values based on these sales
- ▶ The Province then adjusts property assessments every other year based on these sales to keep up with the fluctuating market
- ▶ How does assessment impact taxes? In essence, the higher the value of the property, the larger the tax bill will be.
- ▶ Though it may not be a perfect system, it has been considered the most fair way to raise taxes, so until someone comes up with a better system, it is what we are generally required to use

Portioned Assessment

- ▶ In Manitoba, only a portion of the total property's value is subject to taxation. The Province ([*The Municipal Assessment Act Regulation 184/98*](#)) sets different portioning ratios for different types of properties. For example:
 - ▶ Residential properties - 45% of the total property value is taxable
 - ▶ Farm properties - 26% of the total property value is taxable
 - ▶ Commercial (retail, industrial, etc.) - 65% of the total value is taxable
- ▶ The Municipality then applies Mill Rates against these portioned assessment values to calculate the taxes payable for that property.
- ▶ That means that on properties assessed at \$250,000 they will only be taxed the following amounts:
 - ▶ Residential - \$112,500
 - ▶ Farm - \$65,000
 - ▶ Commercial - \$162,500

How are your property taxes calculated?

- ▶ The City of London Ontario came up with a great [video](#) that gives a simple explanation of how reassessments impact property taxes.
 - ▶ To note: Manitoba reassessment occurs every 2 years rather than 4 years now.
 - ▶ This year is an exception. Because of the pandemic related fluctuations in property market values, the Province has delayed the re-assessment by 1 year.
 - ▶ Also to note, this video does not address portioned assessed values as we explained earlier in this presentation.

What's an LUD?

- ▶ The Province also provides for a smaller “communities”, to become a Local Urban District (LUD) such as the town of Richer
- ▶ LUDs have a committee, elected by the residents of that town, which outlines the level of service it wants the community to have such as:
 - ▶ curbside garbage collection,
 - ▶ pathways,
 - ▶ street lighting,
 - ▶ mowing of boulevards
 - ▶ Community events, like Richer's annual Holiday Yard Decorating Contest
- ▶ Every LUD must also prepare a Financial and Service plan every year which outlines what projects to accomplish, and how to pay for them
- ▶ Richer makes up approximately 10% of the population of the Municipality and about 6% of the total assessment of the Municipality.

Part 1: conclusion



- ▶ This was a quick overview of what the Province has in place to authorize what municipalities can and must do and how they generally pay for it.
- ▶ Before getting into specifics of the 2021 financial plan, I'll provide opportunity for questions
 - ▶ Questions?

Part 2 : 2021 Financial Plan

- ▶ Disclaimer: This presentation is not intended to be a review of *everything* in the financial plan. The aim is to provide some analysis and to highlight the more significant items included in the financial plan. For more specific details, please see the information available on our website or contact the Municipal Office.

Mission Statement:

“ *The Rural Municipality of Ste. Anne’s mission is to provide an environment for safe, affordable, diverse lifestyles, while ensuring sustainability for future generations.* ”

All of the Municipality’s decisions are based on this credo

A Quick Look Back at 2020


- ▶ COVID-19 certainly impacted our operations, even with this situation the Municipality was able to accomplish some important projects such as:
 - ▶ New Public Works Shop – with our continued growth along with the age of the previous building, this was seen as an important item to ensure the sustainability of the Municipality
 - ▶ Drainage improvement were completed along Road 41E to North of Hwy. #1 and also to the North of PR #311
 - ▶ Drainage improvement were completed along Kropp Road

End Result of 2020

- ▶ Some projects were not undertaken as planned but rather were delayed to 2021
- ▶ Some unexpended funding meant to offset the impacts of COVID-19 were provided from upper levels of government
- ▶ Mostly because of these, our 2020 pre audit surplus is estimated to be over \$400,000
- ▶ For projects delayed to 2021, some of these 2020 surplus dollars will be used to ensure property owners are not taxed a second time for the same project
- ▶ Some of the surplus is being used in 2021 to pay for one time expenses, for example FleetNet radios for the Fire Department, in order to stabilize the mill rate
- ▶ The remaining surplus will be placed in reserves (savings accounts) to be used in future years on larger purchases
 - ▶ By using these reserve funds, we can slowly save up for larger projects and keep your annual tax bill as consistent as possible.

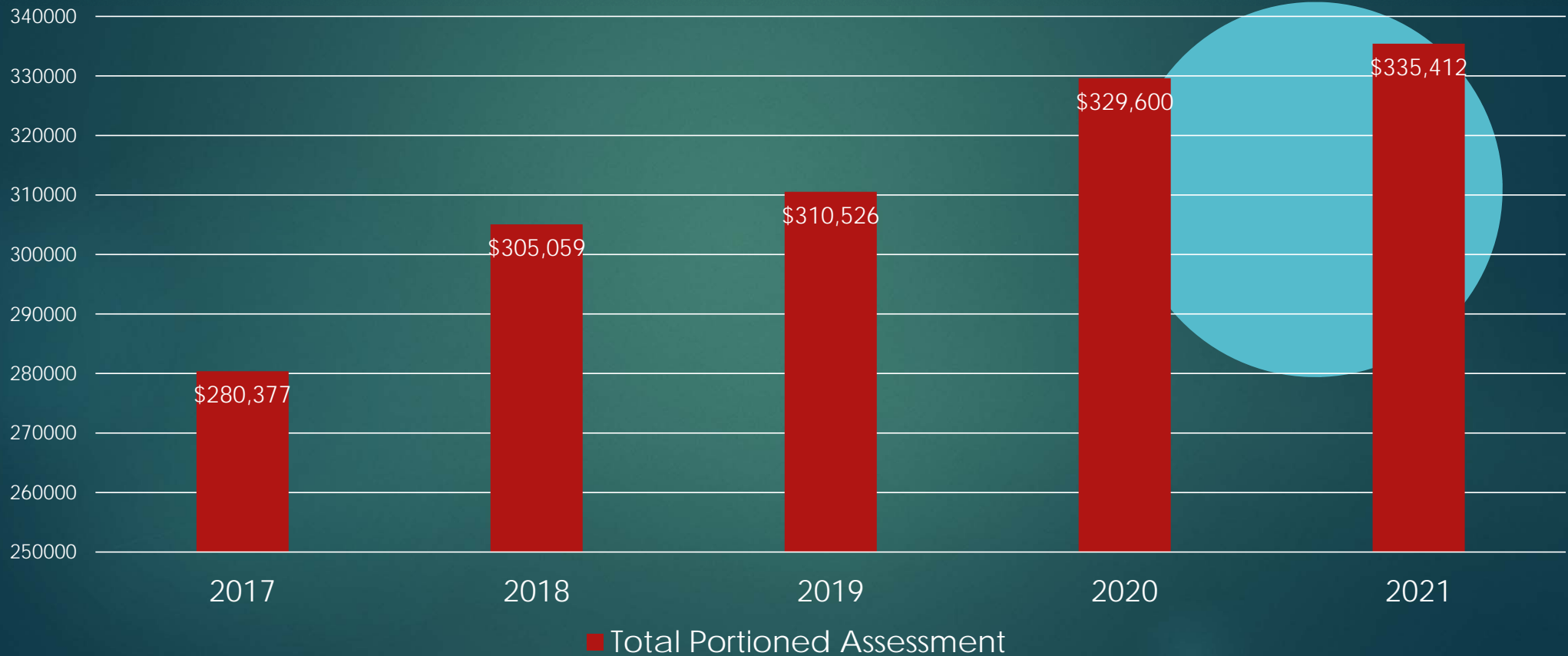
Assessment Totals for 2021



- ▶ Actual assessment of all properties in the Municipality now exceeds \$856,784,100
 - ▶ After portioning is done, the portioned assessment the municipal wide (at large) mill rate ends up being applied to is \$335,411,910
 - ▶ 2021 taxable assessment has increased from 2020 by 1.75%, mainly through new construction
- 

Assessment Growth over 5 years

Assessment by Year (in thousands)



Growth Impacts

- ▶ New assessment provides new tax dollars
 - ▶ In 2021, the 1.7% assessment increase provides us with roughly \$50,000 in new taxes
- ▶ An increase in assessment provides for greater distribution of some costs
- ▶ As we grow we are able to improve services, example of new public works shop and equipment

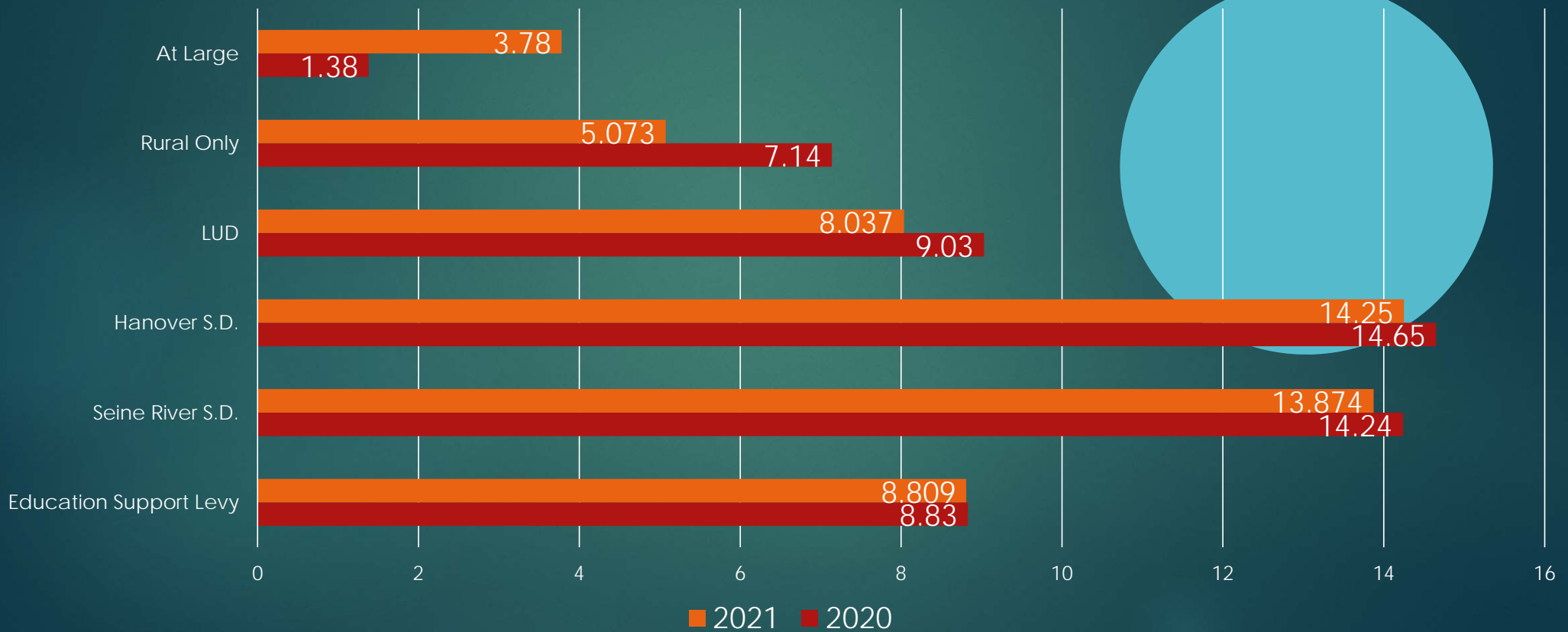
At Large vs. Rural vs. LUD

The Municipality applies mill rates (in other words, we charge taxes) based on 3 different categories of properties:

- ▶ At Large
 - ▶ Mill rates applied At Large are charged to **all** properties in the Municipality for those services which are provided to all properties
 - ▶ Examples are: fire protection, administration
- ▶ Rural
 - ▶ These mill rates are charged only to rural properties, meaning all those outside of the LUD of Richer boundaries
 - ▶ Most public works costs are charged to Rural properties only
 - ▶ as the LUD does not benefit from those services, they are not taxed for them
- ▶ LUD
 - ▶ The LUD of Richer mill rate is determined by the LUD Committee for services provided to only those properties within their boundaries

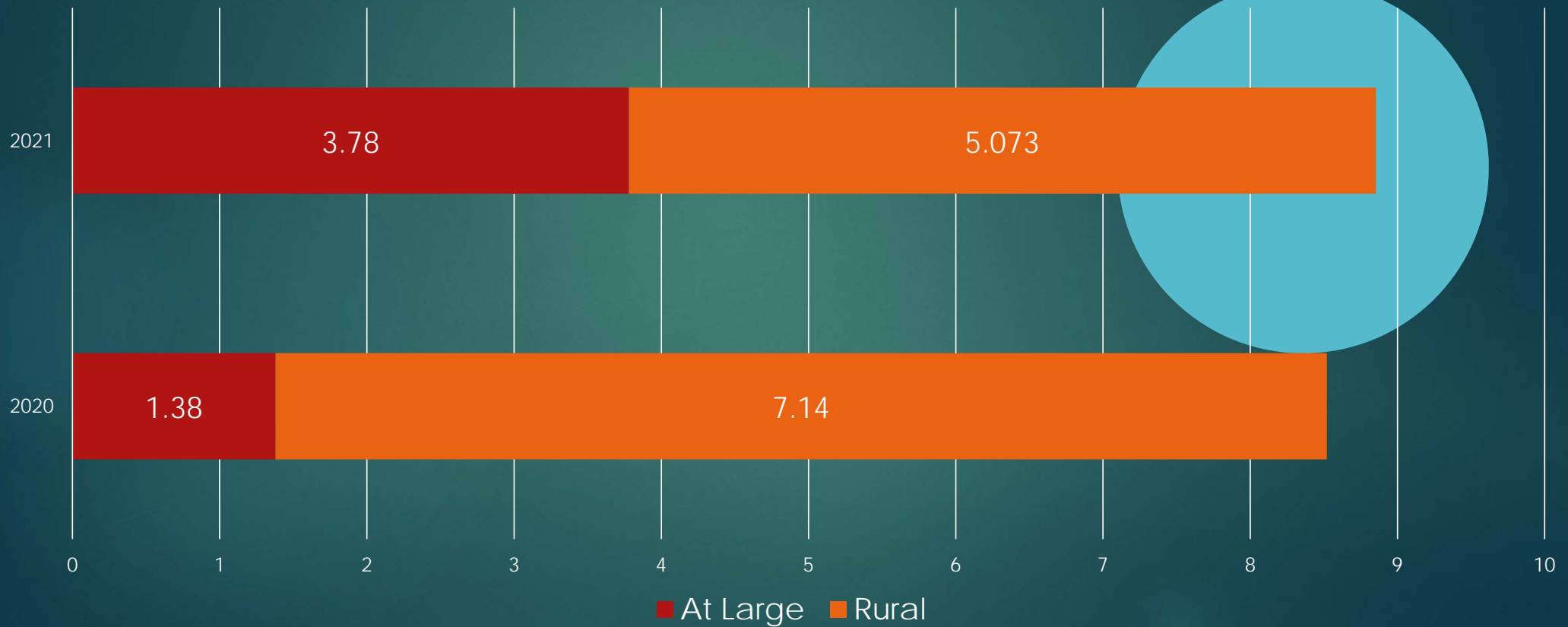
Mill Rates for 2021

Mill Rates



Rural Properties: Mill Rate Change

Rural + At Large Mill Rates

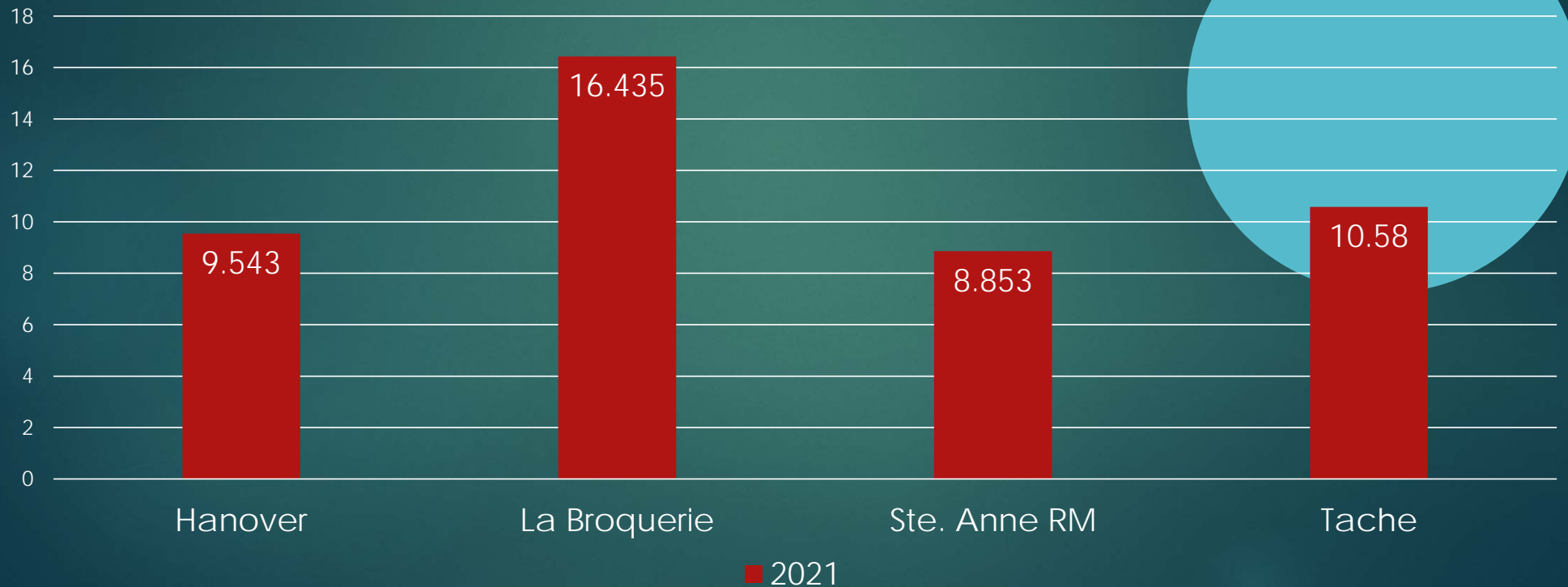


Municipal Mill Rates Shifts

- ▶ Rural and At Large mill rates have seen a significant shift this year from 2020
 - ▶ Rural goes down from 7.14 to 5.073
 - ▶ At Large goes up from 1.38 to 3.78
- ▶ In 2021 the distribution of revenues such as grants and reserve dollars have been appropriately applied to the two areas prior to the mill rates being determined
- ▶ While for rural properties this shift doesn't really matter because rural properties pay both, for the LUD the shift is significant
- ▶ To help offset this impact to the LUD, they were able to drop their mill rate from 9.03 to 8.037 with the help of Council providing funds from the Gas Tax Reserve fund to pay for capital projects in the LUD

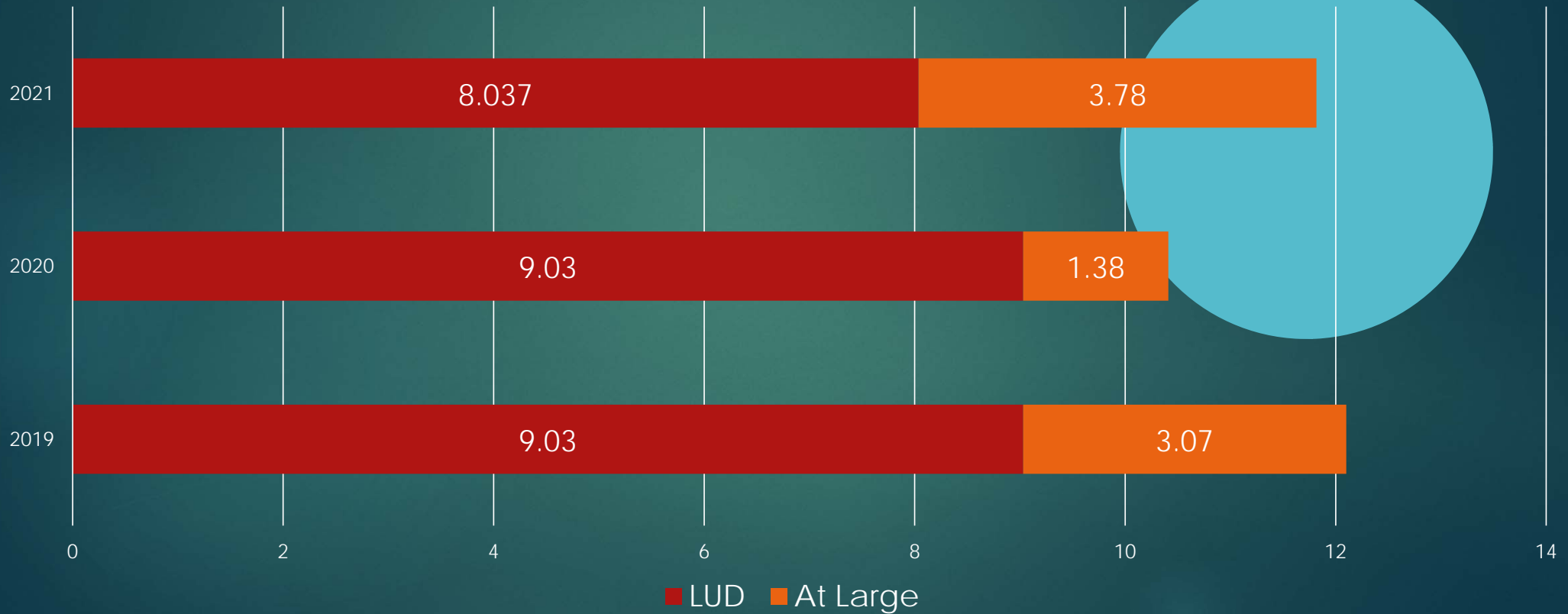
Municipal Mill Rate Comparison with Neighbouring Municipalities

Combined Rural + At Large



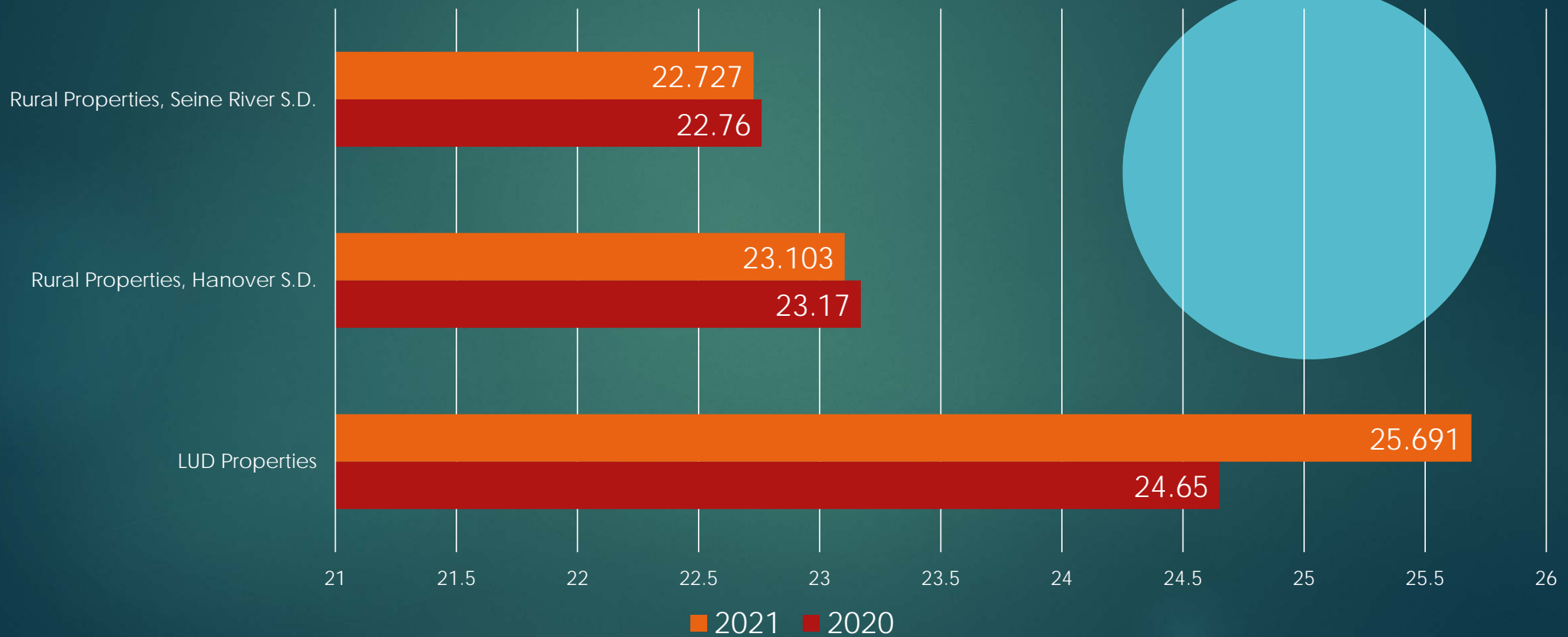
LUD Properties: Mill Rate Change

LUD + At Large Mill Rates

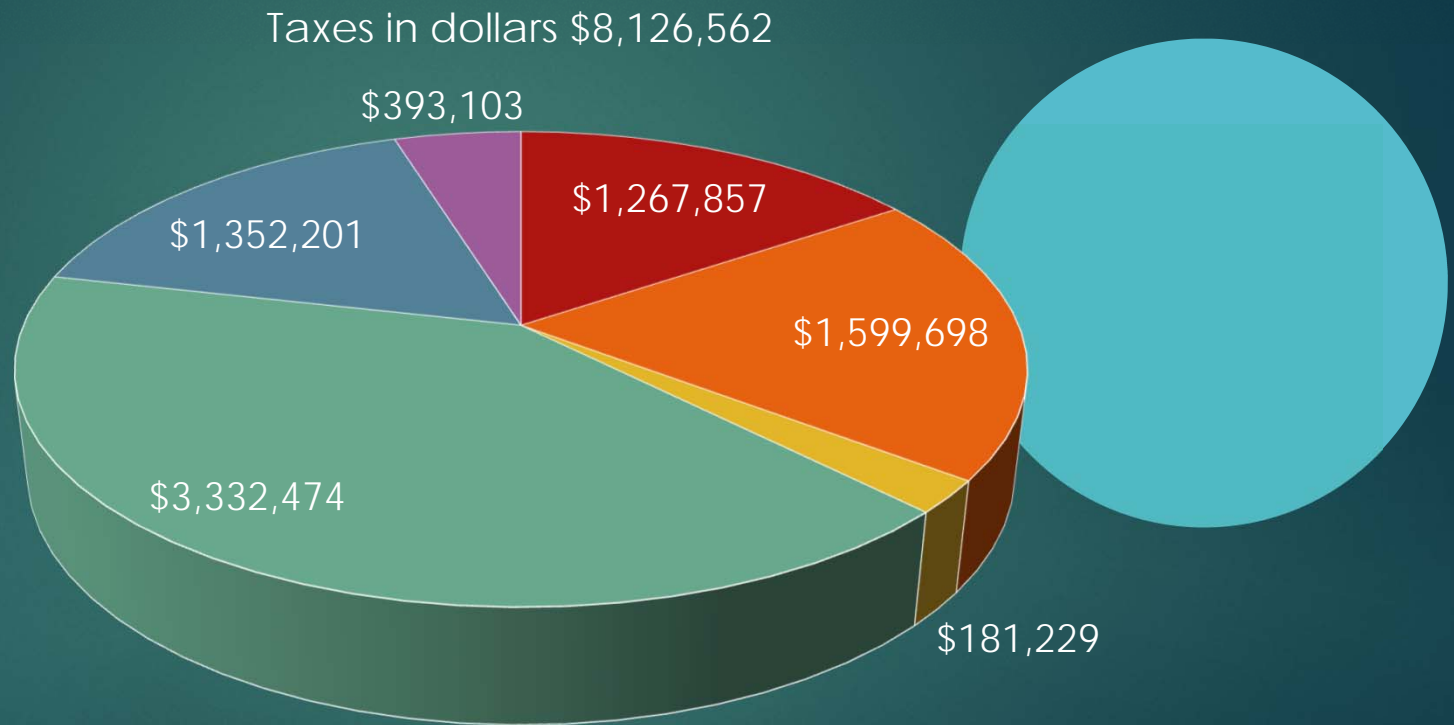


Total Mill Rates Including Education

Total Mill Rates



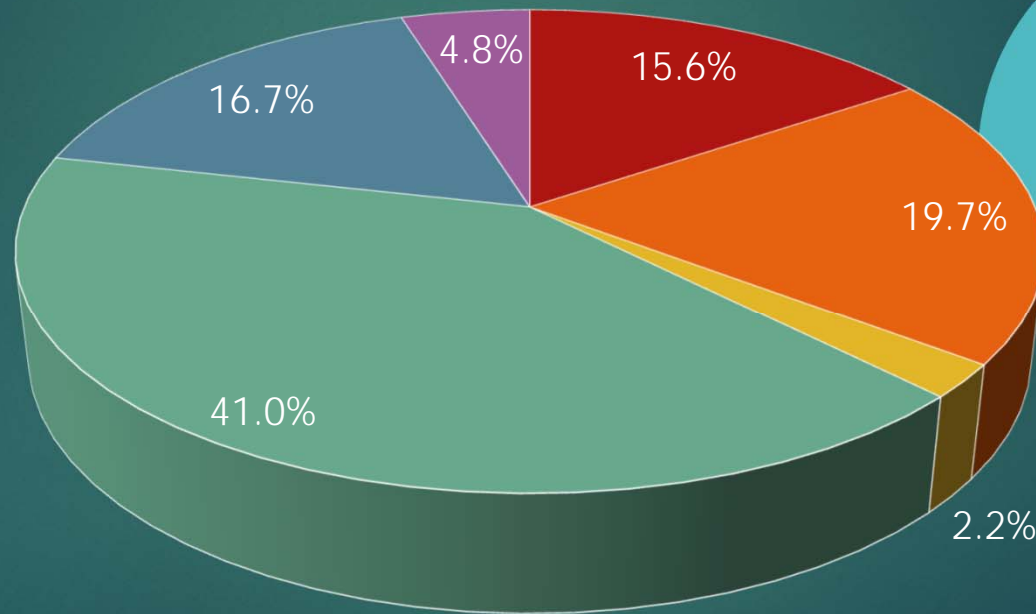
Taxes distribution



■ At Large ■ Rural ■ LUD ■ Seine River S.D. ■ Hanover S.D. ■ Education Support Levy

Taxes distribution

Taxes as percentage of total



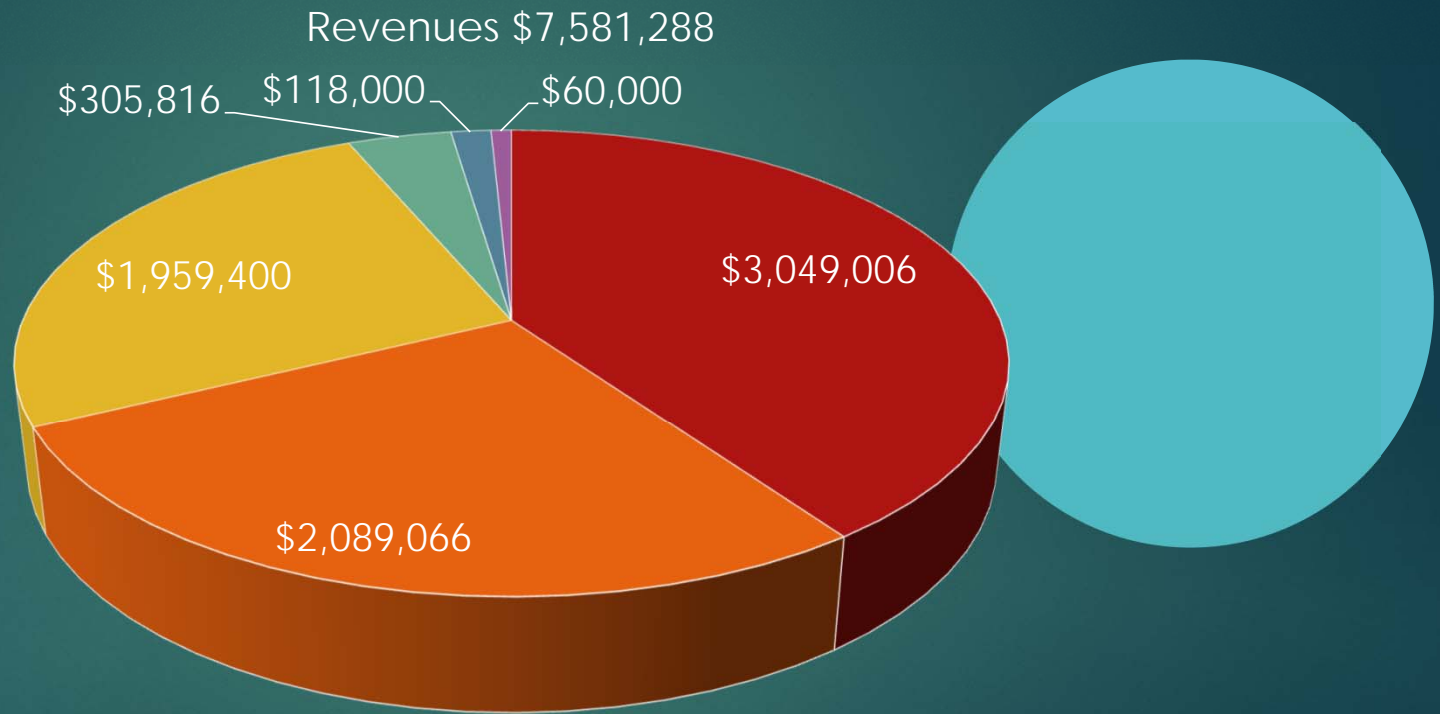
■ At Large ■ Rural ■ LUD ■ Seine River S.D. ■ Hanover S.D. ■ Education Support Levy

The Importance of Grants



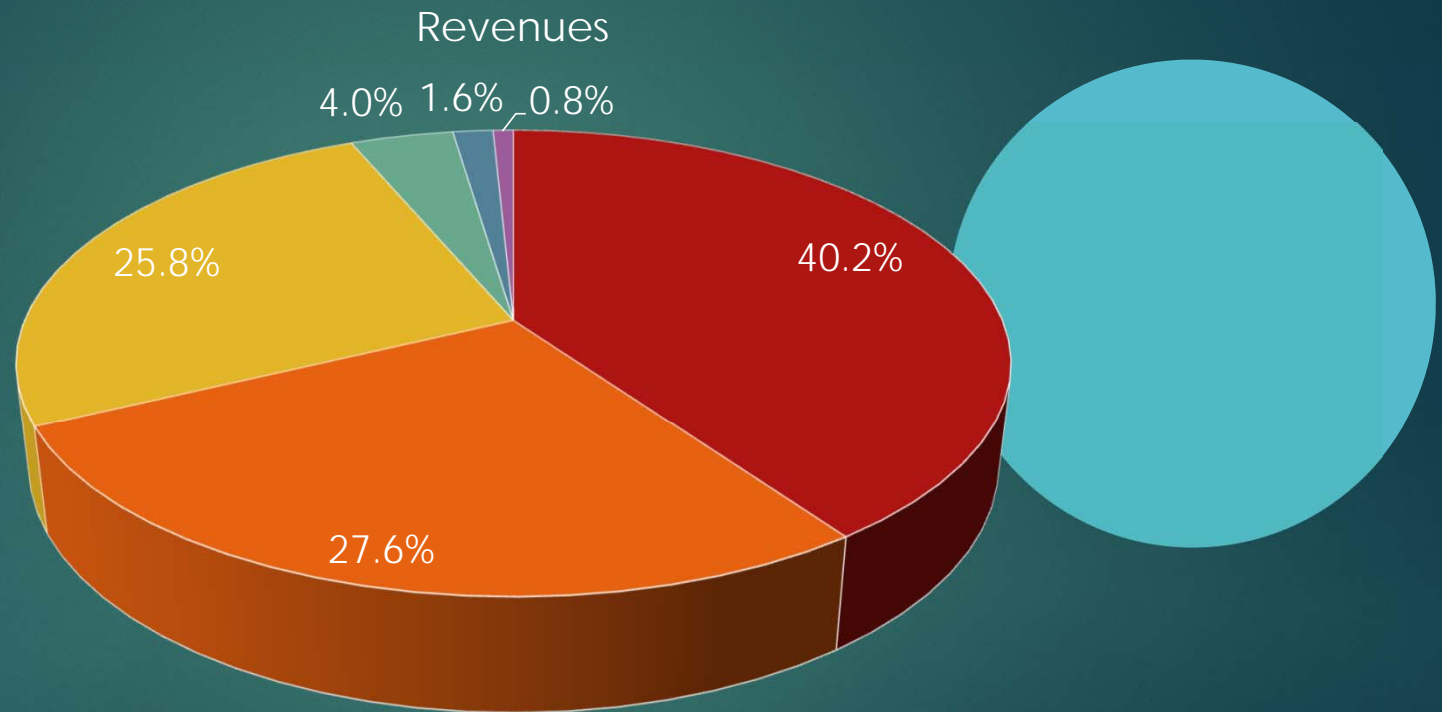
- ▶ The Municipality does not rely solely on taxation to fund our operations. Grants are also an important source of revenues.
- ▶ The Municipality is always searching for available grant dollars to help us fund various projects.
- ▶ In 2021 we expect to receive more than \$2,000,000 in grants, most of which has already been secured
 - ▶ \$1,000,000 from the Manitoba Restart Program for the expansion of our Lagoon
 - ▶ \$565,966 is expected from Federal Gas Tax Funding
 - ▶ \$401,600 is expected from the Provincial Government as our annual operating grant
 - ▶ \$118,000 is from the MB Hydro Bipole funding for Community Development Initiatives

Municipal Revenue Breakdown



- Taxes
- Government Grants
- Transfer from Reserves
- Fees, Permits & Misc.
- Transfer from 2020 Surplus
- Added Taxes

Municipal Revenue Breakdown



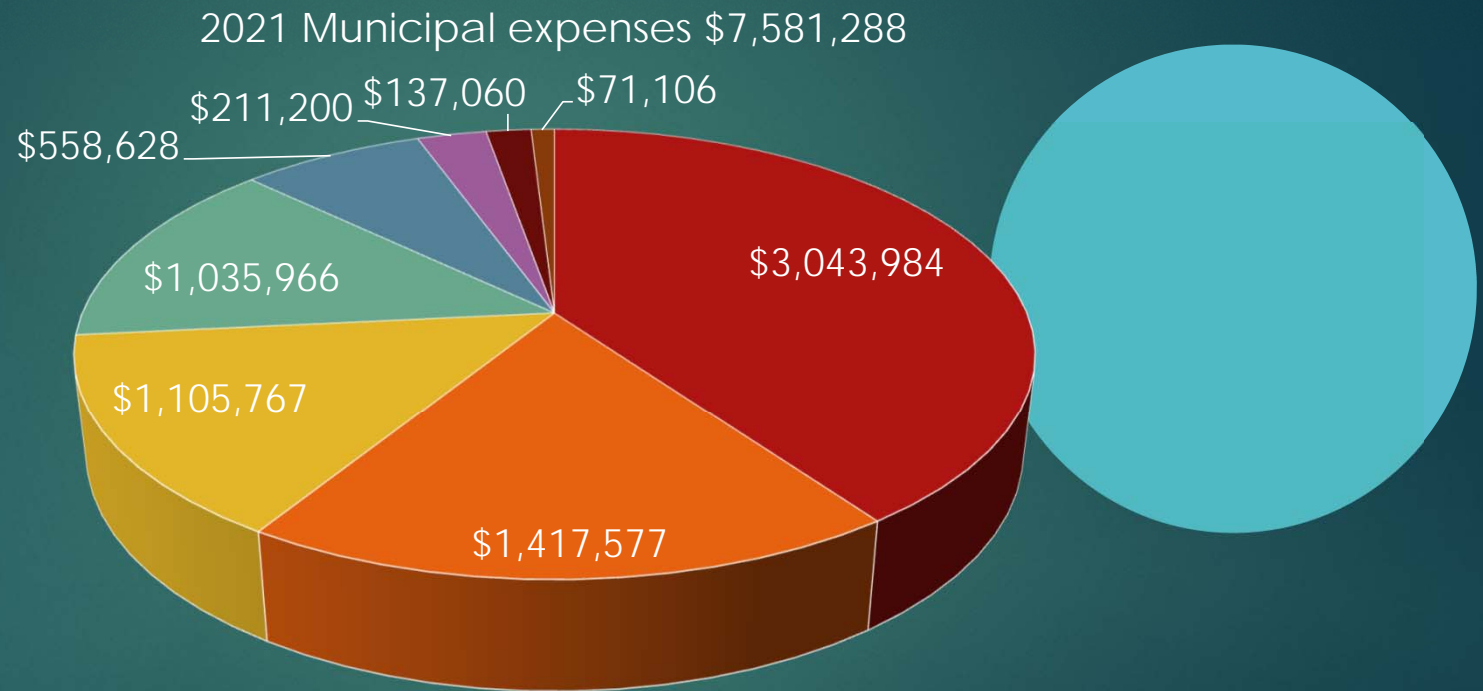
- Taxes
- Government Grants
- Transfer from Reserves
- Fees, Permits & Misc.
- Transfer from Surplus
- Added Taxes

Significant Changes for 2021 Municipal Revenues

- ▶ Municipal Taxes up \$188,756
- ▶ Added Taxes down \$30,000
- ▶ Transportation Sales up \$15,000
- ▶ Returns from Investments down \$12,000
- ▶ Gas Tax Grant up \$293,966
- ▶ Flood Grant down \$25,000
- ▶ MB Hydro Bipole Grant down \$96,000
- ▶ MB Restart Grant for lagoon \$1,000,000
- ▶ Sale of RM Property down \$50,000
- ▶ Transfer from surplus down \$82,000
- ▶ Transfer from reserves down \$18,600



Municipal expenses breakdown



■ Fiscal

■ Transportation

■ General Government ■ Transfer to Reserves

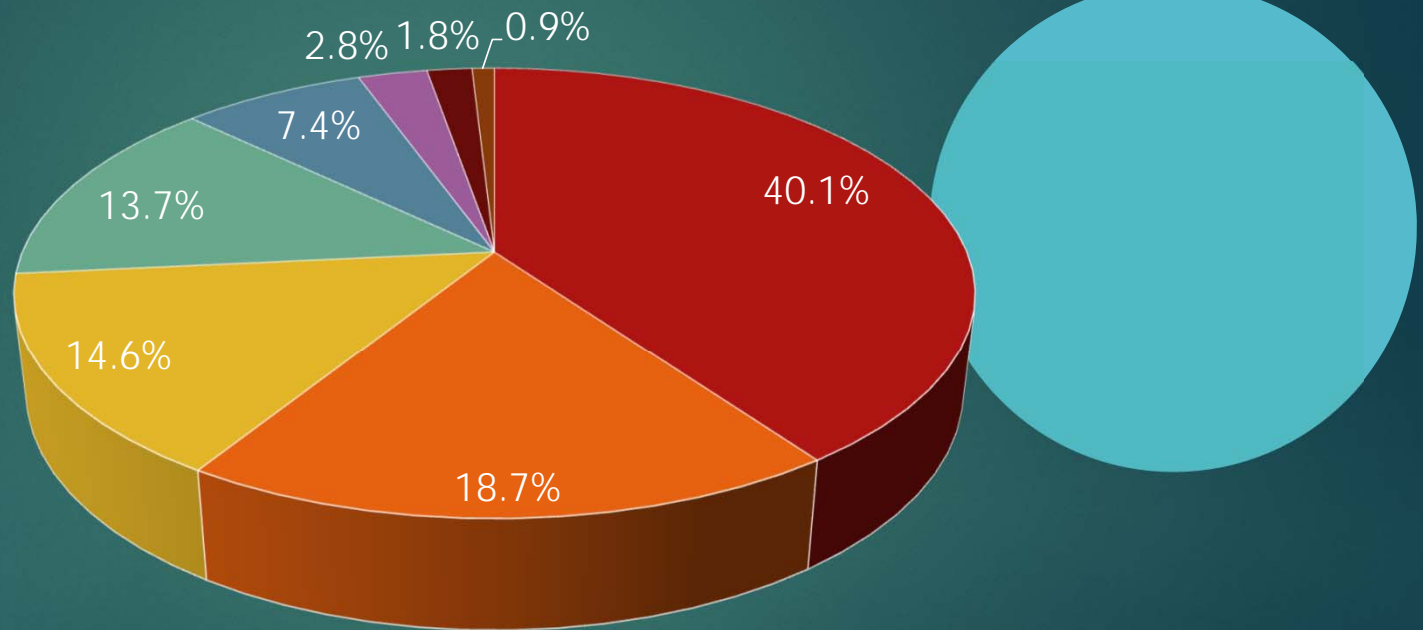
■ Protective

■ LUD of Richer

■ Environmental Health ■ Other

Municipal expenses breakdown

2021 Municipal expenses by percentage



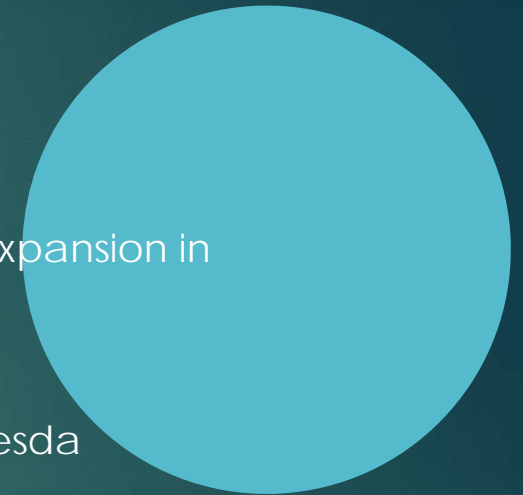
- Fiscal
- Transportation
- General Government
- Transfer to Reserves
- Protective
- LUD of Richer
- Environmental Health
- Other

Significant items to 2021 expenditures

- ▶ General Government
 - ▶ Have provided \$30,000 towards consulting services to assist with CAO absence, significant projects
 - ▶ An extra \$21,000 in place this year for the purchase of two computers as well as outsourcing IT services
 - ▶ Grants have been increased by \$15,000 from 2020
- ▶ Protection
 - ▶ Flood control costs are down by \$20,000 due to the limited snow in ditches this spring and negligible runoff issues

Significant items to 2021 expenditures

- ▶ Transportation
 - ▶ Public Works Management costs are reduced by \$24,600
 - ▶ Public Works employees cost increases by \$52,700 due to expansion in the workforce
- ▶ Public Health
 - ▶ The long-term commitment of \$25,000 per year to the Bethesda Foundation came to an end in 2020.
- ▶ Planning & Development
 - ▶ The budget in this area decreases by \$22,000



Significant items to 2021 expenditures

- ▶ Recreation & Cultural
 - ▶ This area is down by \$135,200 due to a one time significant contribution in 2020
- ▶ Fiscal Services
 - ▶ Repayment of the debenture for the public works building begins in 2021 at an annual amount of \$80,286
- ▶ Transfers to Reserves
 - ▶ MB Hydro Bipole – the grant provided in 2021 is down by \$96,000 because in 2020, 2 years worth of contributions had been budgeted.
 - ▶ Machinery Replacement – this contribution is increased by \$105,000 based on a 20 year projection
 - ▶ Federal Gas Tax – the amount of \$562,966 provided in 2021 will be twice what was originally proposed

2021 Capital Projects



- ▶ Lagoon Expansion - \$2,800,000
 - ▶ Tenders have already closed and are \$500,000 lower than estimated
 - ▶ MB Restart grant funds of \$1,000,000 are secured to cover a significant portion of costs
 - ▶ RM portion will be partly reserve funds and partly borrowing
- ▶ Council Audio-visual System - \$28,000
 - ▶ Deferred due to COVID, funds coming from surplus dollars as this was budgeted in 2020
- ▶ LUD Sidewalk and Pathway - \$30,000
 - ▶ Gas Tax Reserve funds are being provided to the LUD towards this project

2021 Capital Projects

- ▶ The following are all funded with reserve dollars
 - ▶ Johnson Drain - \$60,000
 - ▶ Road 45E drainage - \$60,000
 - ▶ Lilac Lane asphalt, delayed due to COVID - \$240,000
 - ▶ Thurston Drive Park development - \$100,000
 - ▶ Road 30E reconstruction - \$50,000
 - ▶ Owens Road Bridge - \$58,000
 - ▶ Skidsteer and trailer - \$113,000
 - ▶ Truck - \$56,000
 - ▶ Grader, delayed due to COVID - \$334,400



LUD of Richer 2021 Financial Plan

- ▶ The LUD of Richer's 2021 budget expenditures amount to \$218,700 and can be broken down as follows:
 - ▶ \$24,500 for the three elected official's wages and benefits for the year
 - ▶ \$64,000 for Transportation Services including road grading and plowing, dust control, street lighting, and the rebuilding of Southeast and Southwest Drives
 - ▶ \$22,700 for curb-side garbage collection, and the annual spring and fall clean-ups
 - ▶ \$13,000 for Grass and brush cutting and larviciding against West Nile Virus
 - ▶ \$14,500 towards recreation and cultural services
 - ▶ \$50,000 debenture payment for the 2017 aphalting project
 - ▶ \$30,000 towards sidewalk construction on the south side of Dawson Road from the Fire Hall onto Forsythe Road, and the asphalt the walking path linking Therrien Drive to Dawson Road

LUD of Richer 2021 Financial Plan



- ▶ The LUD of Richer's 2021 budget expenditures are proposed to be funded as follows:
 - ▶ \$161,323 to be raised by taxation
 - ▶ \$19,878 to be used by a \$86.80 special service levy applied on every non-vacant property for curbside garbage pick-up
 - ▶ \$30,000 to be provided from the Municipal Gas Tax Reserve Fund for the sidewalk and pathway capital projects
 - ▶ \$7,500 to be taken from the LUD of Richer Reserve Fund to help balance the budget and keep the mill rate at 8.037
- ▶ In 2020 the LUD ended up with a pre-audit surplus of \$28,370. This amount is being transferred into the LUD reserve fund for projects in future years.

Impact on Properties

Total Tax Comparison on Property Assessed at \$250,000



Impact from School Tax and Rebate Changes

- ▶ The Province recently announced changes to education tax rebates:
 - ▶ In 2021 the Education Property Tax Credit Advance, which is applied directly against the taxes for certain properties, will decrease from the usual maximum of \$700 down to a maximum of \$525; and
 - ▶ To compensate, a 25% reduction of the school taxes is to be rebated per property.
 - ▶ This will not be applied directly against your property taxes, nor will it be a credit to claim on your income taxes (not to our knowledge)
 - ▶ This reduction is supposed to come by cheque from the Province mailed shortly before the tax due date (October 29, 2021 in the RM of Ste. Anne)
 - ▶ We urge everyone to ensure the Province has the correct mailing address on record to ensure you receive your rebate in a timely fashion
- ▶ For a \$250,000 home in the Seine River S.D., the 2021 net tax bill
 - ▶ would have been \$1,856, with no cheque provided under the old system
 - ▶ will be \$2,031, with a cheque of \$390 mailed to you by the Province.
- ▶ So although total (municipal and school taxes) actually drop by \$215 (including mailed and directly applied rebates and credits), the amount required to be paid to the Municipality will actually be increasing by roughly \$175 for properties where the credit has been directly applied against the total bill in years past.

Challenges Ahead



▶ Debt Servicing

- ▶ In order to accommodate growth and to continue to improve the levels of service to residents, 2022 will see the debt repayment for the **lagoon** expansion begin. The annual amount for the next 15 years is estimated at \$65,000. The last debenture payment for the **office** in the amount of \$61,770. is in 2022 so we will have one year where these two debentures are required. After that the addition of the lagoon and dropping off of the office debenture almost offset each other.

▶ Reassessment

- ▶ 2022 is scheduled to be a reassessment year in Manitoba, which always brings uncertainty with how these new values will impact specific types of properties

Challenges Ahead

▶ Election

- ▶ A general election takes place October 2022 which could result in different individuals elected to the Council and LUD Committee. With a change in members there is always some expectation to changes in priorities, governance format, etc.

▶ Future Capital Planning

- ▶ Our five year capital plan has now become an expected plan. We've also begun work on expanding those projections as far ahead as 20 years to help ensure we have the funds available for when significant purchases, such as graders and fire trucks, are required. Some projects that we anticipate for 2022 are:
 - ▶ A new Tanker truck for the Richer Fire Department
 - ▶ A new mower for the Public Works department
 - ▶ Drainage project on Road 45E north of HWY#1E with the Northeast Red Watershed District
 - ▶ More Sidewalk construction/reconstruction in the LUD of Richer with new crosswalks

Conclusion

- ▶ This Council has worked to create a financial plan which
 - ▶ Maintains and/or improves the level of service residents have come to expect,
 - ▶ helps prepare the Municipality for the future,
 - ▶ And balances the mill rate to maintain some stability and predictability without overburdening our residents
- ▶ Thank you for your involvement in this presentation.

Questions?

