

2026 - 2030

Financial Plan

PRESENTATION | JANUARY 29, 2026 | 12:30PM + 6:30PM

Government Budgets

**Municipalities Must
Balance Their Budgets
Every Year**



**Province of BC Can
Choose to Run a Deficit**



**Federal Government
Can Choose to Run a
Deficit**

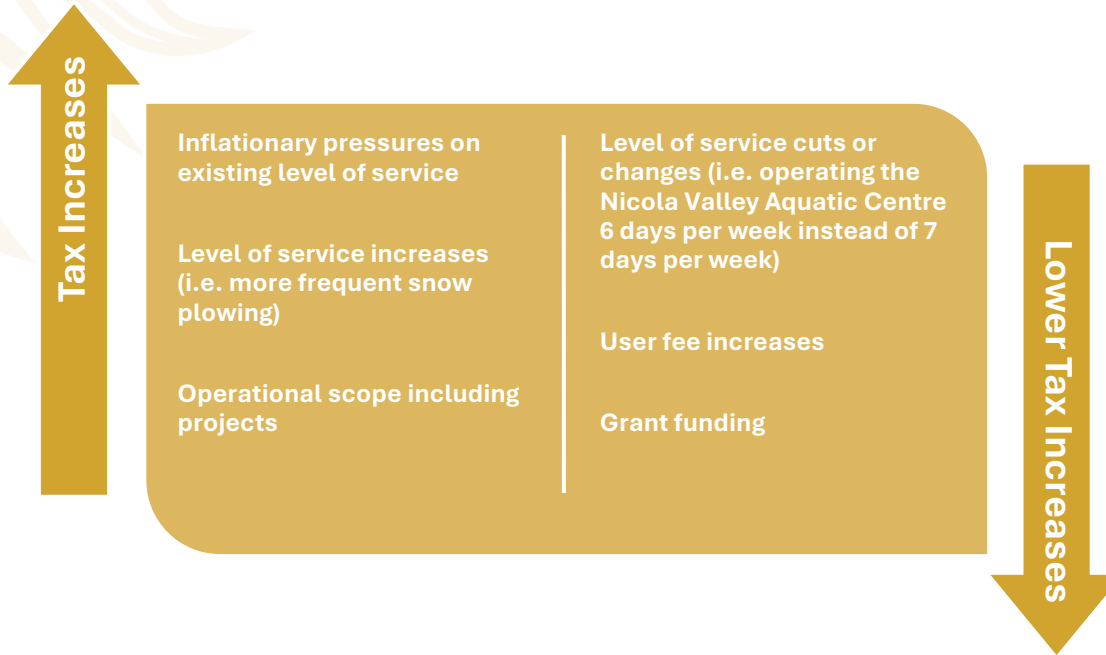


Sources and Uses of Funds for Governments

	Municipalities	Province of BC	Federal Government
Sources of Funds for Operating Budgets	Property Taxation User Fees Transfers/Grants	Personal Income Tax Corporate Income Tax Provincial Sales Tax Motor Fuel Tax Carbon Tax Property Tax Property Transfer Tax Employer Health Tax Natural Resource Revenue Fees and Licenses Federal Government Transfers Crown Corporations (BC Hydro, BC Liquor, BCLC, ICBC)	Personal Income Tax Corporate Income Tax Non-resident Income Tax Goods and Services Tax Energy Taxes Customs Import Duties Employment Insurance Premiums Pollution Pricing Proceeds Crown Corporations (VIA Rail, Telefilm Canada, Royal Canadian Mint, Canada Post, etc.)
Uses of Funds in Operating Budgets	Water Sewer Public Works Parks Planning & Development Fire Police Bylaw Recreation Emergency Management Economic Development Transit Council and Administration Debt	Healthcare Education Social Services Public Safety Housing Transportation Emergency Management and Climate Readiness BC Public Service Debt	Elderly Benefits Employment Insurance and Support Measures Children's Benefits Transfers to Other Levels of Government Transfers to Indigenous Peoples Assistance to Farmers, Students, and Businesses Support for Research and Development International Assistance Departments, Agencies, and Crown Corporations Debt

Municipalities have limited sources of revenue to fund the delivery of daily services

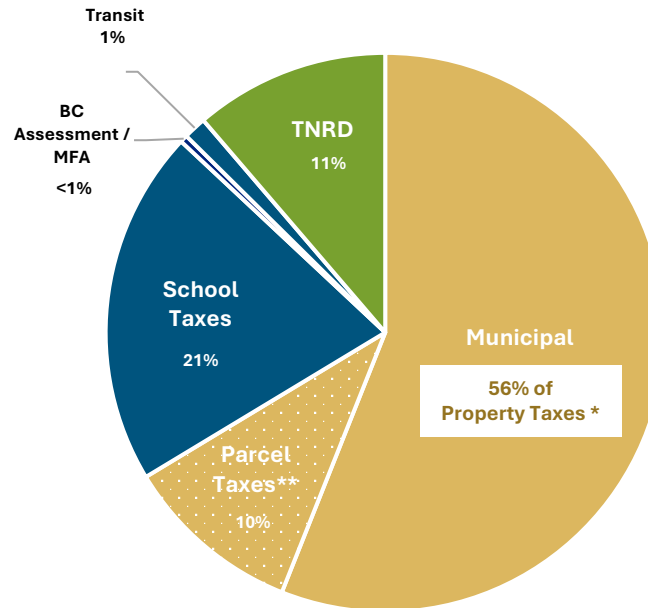
Level of Service and Tax Rates



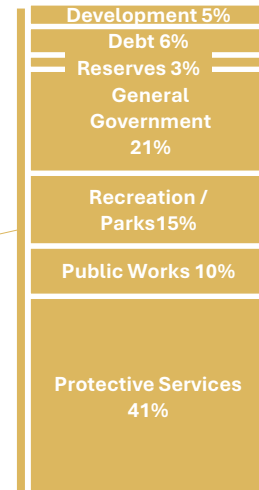
- Municipalities are required to live within their means and maintain a balanced budget every year (no deficits)
- Inflationary pressures and level of service increases place upward pressure on tax increases
- Tax increases can be mitigated with level of service decreases or through higher non-taxation revenue (user fees / grant funds)
- Based on 2025 levels, every \$125,418 in inflationary pressures or increases in level of service represents a 1% increase in municipal taxes

Property Tax Distribution

Combined Property Tax



2026 Municipal Portion



NOTE: Property Tax services a combination of Municipal, Regional, and Provincial Taxes

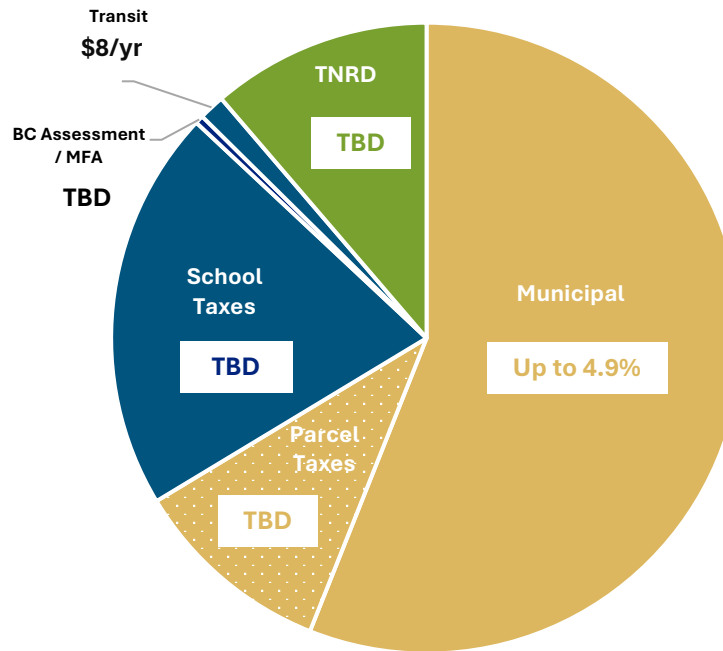
MUNICIPAL
REGIONAL
PROVINCIAL

• Calculation based on the average \$460,000 residential assessed value.

**Parcel Taxes are used for water and sewer infrastructure

PROPOSED 2026 Tax Increase

(Calculation based on average \$460,000 Residence)



NOTE: Tax on the average \$460,000 Residence in 2025 was \$3,842.07, of which, \$2152.66 (56%) was allocated to municipal levies. The remaining \$1,689.41 (44%) was allocated to other levies including regional and provincial levies.

A proposed tax increase for 2026 — on the municipal portion only — would be up to 4.9%. For the average \$460,000 property, this will likely be about \$100 per year, depending on the path selected by Council.

For BC Transit, transit levies will increase about \$8/year for the average \$460,000 residence.

At this time, the City does not know what tax increases are being implemented from the remaining levels of government.

PROPOSED 2026 Tax Increase



Fleet Timing (i.e. Engine 2)
Fees and Charges Updates
Property Insurance Savings
Extended Pool Shutdown



Inflationary Pressures (i.e. RCMP)
Projects (i.e. Records Mgmt.)
Levels of Service (Tourism)



Proposed 2026 municipal tax increase [up to 4.9%] is lower than what was premised in the previous financial plan [6.9%].

Average Municipal Taxes

(Calculation based on average \$460,000 Residence)

Monthly Cost



2026 Municipal Levy Allocation



NOTE: 2025 annual property taxes for the average residence valued at \$460,000 was \$3,842.07.

Approximately 56% of the full Property Tax was allocated to Municipal levies.

Proposed tax increase for 2026 is up to 4.9%. For the average homeowner, this will likely translate into just a few dollars more per month.

Tax Increase Path Options

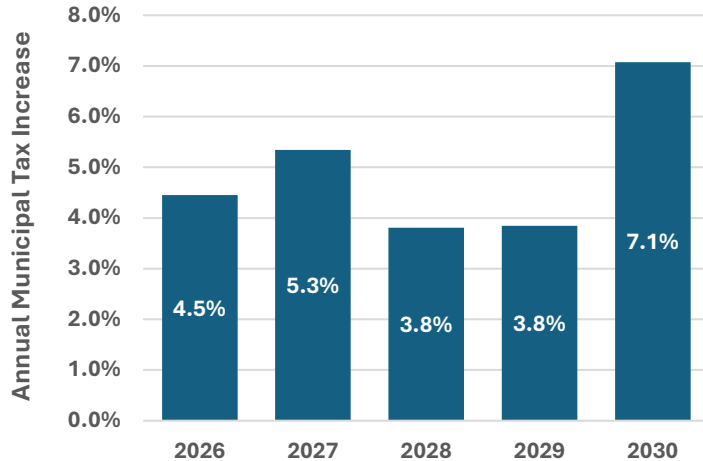
LUMPY

VS

BALANCED

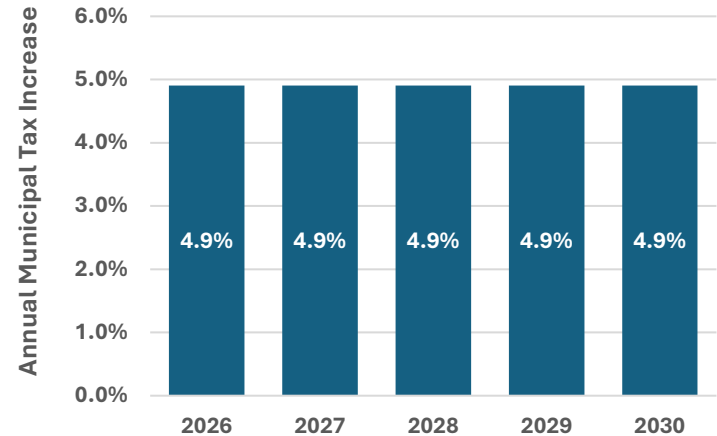
Municipal Tax Increase Path 1

Budget Requirements Taxed for in Year They Occur



Municipal Tax Increase Path 2

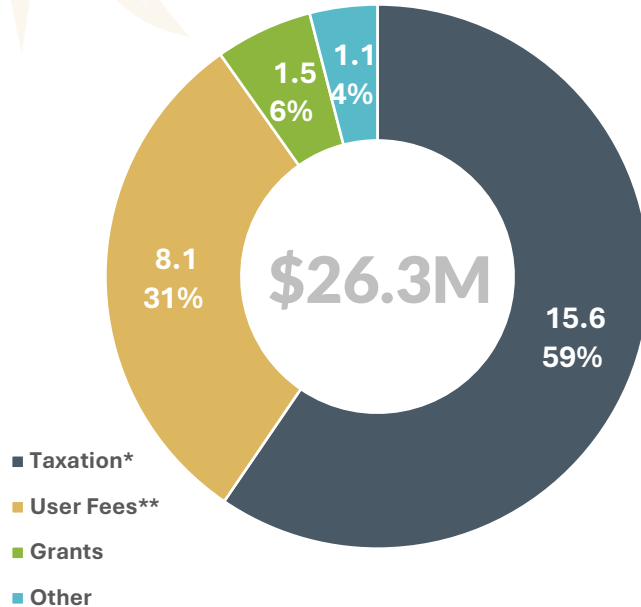
Smoothing Out / Averaging Budget Requirements over a Five-Year Period



Preliminary Operating Budget

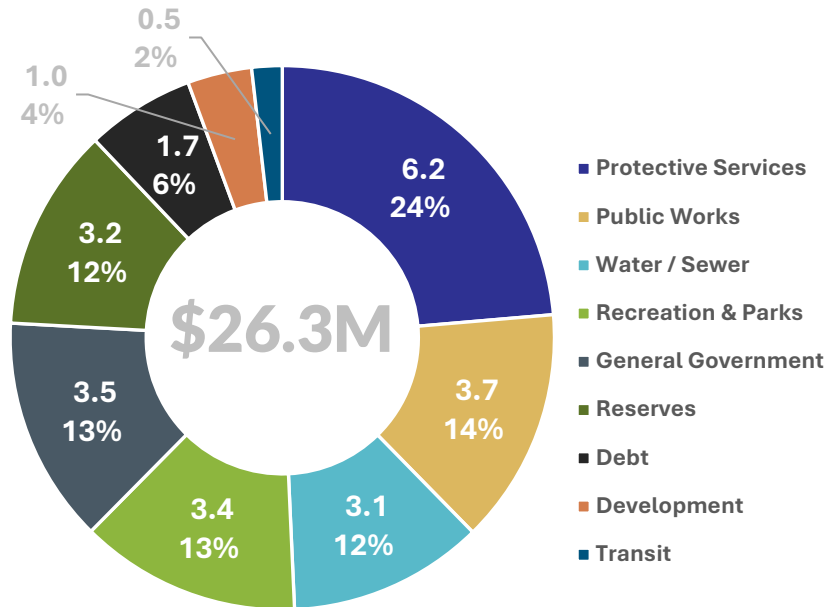
2026 Revenues

\$M Excl. Flood Recovery and Housing



2026 Costs

\$M Excl. Flood Recovery, Housing, and Amortization

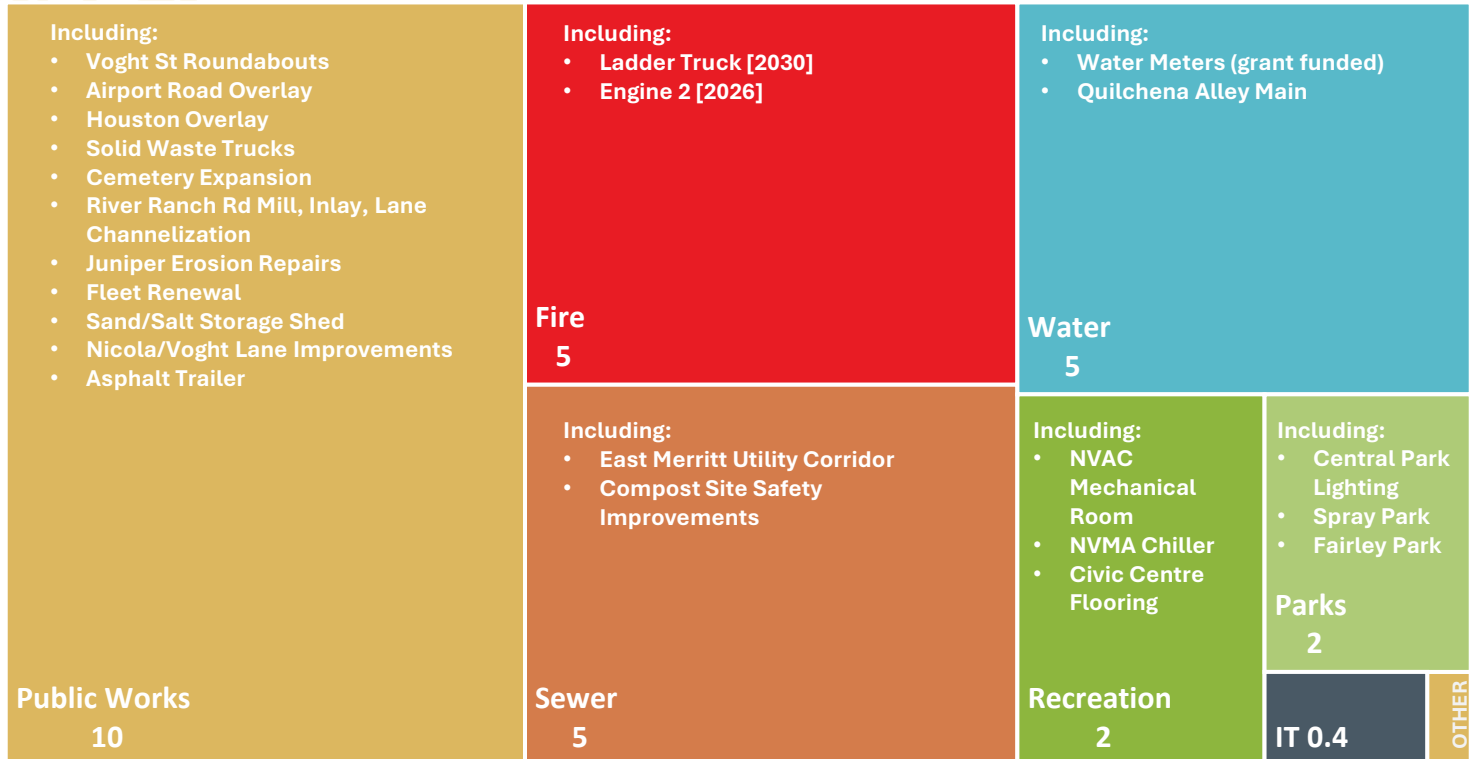


*Taxation Includes Property Tax, 1% Taxes, Taxes in Lieu, Parcel Taxes, and Penalties and Interest on Taxes

**User Fees includes Sale of Services and Licenses and Permits

Capital Five-Year \$29M Plan

\$M



Concluding Remarks



2023 – 2025 REVIEW

Accomplishments



- **Balanced the Budget**



- **No longer taking from reserves**



- **Now capable of saving for future capital investments**

STRATEGY TO ACHIEVE NEUTRALITY

- Cost Savings
- Critical Evaluation of Service and Community Support Levels
- Updated Decade-old Fees
- Advocacy to obtain funding
- Property tax increases
- Funding strategy for critical projects

LONG-TERM Financial Sustainability

With the current 2026-2030 *Financial Plan*, the City of Merritt is now in a better position to secure its long-term financial sustainability.

