



DISTRICT OF HOPE BYLAW NO. 1417, 2018

A bylaw to adopt the Financial Plan for the years 2018 - 2022

WHEREAS Section 165 of the Community Charter requires the District to annually prepare and adopt a 5 Year Financial Plan, by bylaw; and

WHEREAS expenditures not provided for in the financial plan or the financial plan as amended, are not lawful except in the event of an emergency;

NOW THEREFORE the Council of the District of Hope, in open meeting assembled, enacts as follows:

1. Citation:

This bylaw may be cited for all purposes as the “**District of Hope 2018 – 2022 Financial Plan Bylaw No. 1417, 2018**”.

2. Objectives and Policies:

Schedule “A”, attached to and forming part of this bylaw, sets out the objectives and policies for the period January 1, 2018 to December 31, 2022.

3. Consultation:

Pursuant to Section 166 of the *Community Charter*, a public consultation meeting was held on the 4th day of April, 2018.

Read a first time this 9th day of April, 2018

Read a second time this 9th day of April, 2018

Read a third time this 9th day of April, 2018

Adopted this 23rd day of April, 2018.

Original signed by Mayor Wilfried Vicktor
Mayor

Original signed by Donna Bellingham
Director of Corporate Services

Statement of Objectives and Policies

In accordance with Section 165(3.1) of the *Community Charter*, municipalities are required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

- (a) For each of the funding sources described in Section 165(7) of the *Community Charter*, the proportion of total revenue that is proposed to come from that funding source;
- (b) The distribution of property value taxes among the property classes that may be subject to taxes; and
- (c) The use of permissive tax exemptions.

Over the five-year period of the financial plan, the taxation requirement is estimated to increase annually by a growth factor of (2.0%) which includes increase in cost of living and increase to reserves.

The current financial plan provides for \$7,700,000 to be generated from District of Hope property tax base for General Government, Infrastructure Reserve and Policing purposes.

The District has various objectives or policies that govern and affect the budget process and include:

Revenue Objective

- (a) The District will review fees/charges annually to ensure that they keep pace with changes in the cost-of-living as well as changes in the methods or levels of service delivery;
- (b) The District will actively pursue alternative revenue sources to help minimize property taxes;
- (c) The District will consider market rates and charges levied by other public and private organizations for similar services in establishing rates, fees and charges;
- (d) The District will establish cost recovery policies for fee-supported services. The Policies will consider whether the benefits received from the service are public and/or private;
- (e) The District will establish cost recovery policies for services provided for other levels of government;
- (f) General Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting practices (GAAP); and
- (g) The District will develop and pursue new and creative partnerships with government, community institutions (churches, schools), and community groups as well as private and non-profit organizations to reduce costs and enhance service to the community.

Revenue Sources

Revenues	2018	Percent of total
Property taxes	7,700,000	54.77
Parcel taxes	230,400	1.64
Payments in lieu of taxes	92,200	0.66
Net collection of taxes for other authorities	42,500	0.30
1% Utility Revenue Taxes	101,000	0.72
Penalties and interest on taxes	91,000	0.65
Sale of goods and services	2,605,000	18.53
Investment income	109,200	.77
Rents and Leases	14,000	0.10
Revenue from own sources	26,600	0.19
Transfers from other governments	3,046,200	21.67
Total Operating Revenues	14,058,100	100.00

Surplus Funds

The *Community Charter* does not allow municipalities to plan an operating deficit (i.e. where expenditures exceed revenues). To ensure this situation does not occur, revenue projections are conservative and authorized expenditures are closely monitored. The combination of conservative revenue projections and controlled expenditures should produce a modest annual operating surplus.

Use of Surplus Funds

- (a) Council will review options and provide direction to staff regarding the allocation of any operating surplus prior to completion of the budget process for the following year.
- (b) To ensure the Accumulated Surplus is not excessive, the balance in the accumulated surplus account should not exceed a specific amount or guideline. The guideline is that Accumulated Surplus should not exceed 10% of the net operating budget.
- (c) Accumulated Surplus funds above the 10% guideline shall be used to:
 - i. fund capital expenditures or to increase reserves;
 - ii. pay off capital debt, including internal borrowings;
 - iii. stabilize District property tax and utility rate increases;
 - iv. fund other items as Council deems appropriate.
- (d) Staff will facilitate Council's review of the amount of Accumulated Surplus funds available on an annual basis.

Debt Objective

- (a) One-time capital improvements and unusual equipment purchases;
- (b) When the useful project life will exceed the term of financing;
- (c) Major equipment purchases;
- (d) Debt servicing is limited to no more than a 3% tax increase per year;
- (e) The maximum borrowing amount be limited to 25% (*Community Charter* allows for 25%) of the Districts revenues as defined by the *Community Charter*; and
- (f) Reserves are to be considered as a funding source before debt.

Reserve Funds

Reserve funds shall be set aside to:

- (a) Provide sources of funds for future capital expenditures;
- (b) Provide a source of funding for areas of expenditure that fluctuate significantly from year to year (equipment replacement, special building maintenance, etc.);
- (c) Protect the District from uncontrollable or unexpected increases in expenditures or unforeseen reductions in revenues, or a combination of the two; and
- (d) Provide for working capital to ensure sufficient cash flow to meet the District's needs throughout the year.

Proportion of Taxes Allocated to Classes

It is Council's goal to ensure that there is a fair and equitable apportionment of taxes to each property class. The apportionment to each class is calculated using the multipliers determined by Council prior to preparing the annual tax rate bylaw. The tax multipliers will be reviewed and set by Council annually.

	General Taxes	Infrastructure Levy	Policing Taxes	Total Taxes	Multiplier	Percent of Tax Revenue
Residential	3,316,000	154,400	1,190,700	4,661,100	1.00	60.53
Utilities	1,125,900	52,400	404,200	1,582,500	9.11	20.55
Supportive Housing	0	0	0	0	1.00	0
Major Industry	0	0	0	0	2.83	0
Light Industry	50,000	2,300	18,000	70,300	2.83	.91
Business	967,000	45,000	347,200	1,359,200	2.70	17.65
Managed Forest	0	0	0	0	3.00	0
Recreational	15,100	700	5,400	21,200	1.63	.28
Farm	4,000	200	1,500	5,700	3.91	.08
Total	5,478,000	255,000	1,967,000	7,700,000		100.00

Permissive Tax Exemptions

Permissive tax exemptions will be approved annually by Council. All applications for permissive tax exemptions will be considered in accordance with the Permissive Tax Exemption Policy.

Revitalization Tax Exemption

A revitalization tax exemption is available within a defined downtown area and provides a financial incentive to encourage development in the town centre. Details pertaining to the revitalization tax exemption are outlined in the District of Hope Revitalization Tax Exemption Bylaw.

Development Cost Charges

Development cost charges will be used to help fund capital projects deemed to be required in whole or in part due to development in the community. These charges will be set by bylaw and reviewed at a minimum every year to ensure that project estimates remain reasonable and the development costs charges are aligned with the strategic goals of Council.