



DISTRICT OF HOPE BYLAW NO. 1455, 2019

A bylaw to adopt the Financial Plan for the years 2019 - 2023

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 2019 – 2023 Financial Plan Bylaw No. 1455, 2019**”.

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, 2019 to December 31, 2023.
- Schedule “B”, attached to and forming part of this bylaw, outlines the Financial Plan for 2019 to 2023.

3. Consultation:

Pursuant to Section 166 of the *Community Charter*, a public consultation meeting was held on the 11th day of April, 2019.

Read a first time this 8th day of April, 2019

Read a second time this 8th day of April, 2019

Read a third time this 8th day of April, 2019

Public Consultation held this 11th day of April, 2019

Adopted this 23rd day of April, 2019.

Original Signed by Peter Robb
Mayor

Original Signed by Donna Bellingham
Director of Corporate Services

Schedule "A"

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 \$8,189,800 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	2019	Percent of total
Property taxes	8,189,800	54.07
Parcel taxes	237,100	1.57
Payments in lieu of taxes	93,900	0.62
Net collection of taxes for other authorities	42,300	0.28
1% Utility Revenue Taxes	108,400	0.72
Penalties and interest on taxes	95,500	0.63
Sale of goods and services	2,736,400	18.06
Investment income	163,300	1.08
Rents and Leases	20,100	0.13
Revenue from own sources	130,900	0.86
Transfers from other governments	3,329,800	21.98
Total Operating Revenues	15,147,500	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	3,474,100	213,600	1,244,100	4,931,800	1.00	60.22
Utilities	1,168,600	71,900	418,500	1,659,000	10.16	20.26
Supportive Housing	0	0	0	0	1.00	0
Major Industry	0	0	0	0	3.36	0
Light Industry	64,700	4,000	23,200	91,900	3.36	1.12
Business	1,041,800	64,100	373,100	1,479,000	2.61	18.06
Managed Forest	0	0	0	0	0.00	0
Recreational	16,400	1,000	5,900	23,300	1.53	.28
Farm	3,400	200	1,200	4,800	3.69	.06
Total	5,769,000	354,800	2,066,000	8,189,800		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.