



## DISTRICT OF HOPE BYLAW NO. 1480, 2020

### *A bylaw to adopt the Financial Plan for the years 2020 - 2024*

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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 2020 – 2024 Financial Plan Bylaw No. 1480, 2020**”.

**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, 2020 to December 31, 2024.
- Schedule “B”, attached to and forming part of this bylaw, outlines the Financial Plan for 2020 to 2024.

**3. Consultation:**

Pursuant to Section 166 of the *Community Charter*, a public consultation meeting was held on the 20<sup>th</sup> day of April, 2019.

Public Consultation held this 20<sup>th</sup> day of April, 2020

Read a first time this 27<sup>th</sup> day of April, 2020

Read a second time this 27<sup>th</sup> day of April, 2020

Read a third time this 27<sup>th</sup> day of April, 2020

Adopted this 27<sup>th</sup> day of April, 2020.

*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 (3 - 4%) which covers increases in cost of living expenses and increases to contributions to reserves.

The current financial plan provides for \$8,515,400 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	2020	Percent of total
Property taxes	8,515,400	57.45
Parcel taxes	236,100	1.59
Payments in lieu of taxes	134,300	0.91
Net collection of taxes for other authorities	(25,000)	(0.17)
1% Utility Revenue Taxes	108,800	0.73
Penalties and interest on taxes	104,600	0.71
Sale of goods and services	3,098,600	20.91
Investment income	228,500	1.54
Rents and Leases	22,300	0.15
Revenue from own sources	32,200	0.22
Development Cost Charges	177,500	1.19
Transfers from other governments	2,188,500	14.77
<b>Total Operating Revenues</b>	<b>14,821,800</b>	<b>100.00</b>

## 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.

	<b>General Taxes</b>	<b>Infrastructure Levy</b>	<b>Policing Taxes</b>	<b>Total Taxes</b>	<b>Multiplier</b>	<b>Percent of Tax Revenue</b>
Residential	3,600,000	221,400	1,289,200	5,110,600	1.00	60.02
Utilities	1,243,100	76,600	445,200	1,764,900	9.88	20.73
Supportive Housing	0	0	0	0	1.00	0
Major Industry	0	0	0	0	3.06	0
Light Industry	64,500	3,900	23,100	91,500	3.06	1.07
Business	1,071,100	65,900	383,600	1,520,600	2.41	17.86
Managed Forest	0	0	0	0	0.00	0
Recreational	16,500	1,000	5,900	23,400	1.50	.27
Farm	3,100	200	1,100	4,400	3.62	.05
<b>Total</b>	<b>5,998,300</b>	<b>369,000</b>	<b>2,148,100</b>	<b>8,515,400</b>		<b>100.00</b>

## 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 was available within a defined downtown area and provided a financial incentive to encourage development in the town center. The current bylaw has expired, however there are some active agreements still in effect until they expire.

## 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.

**Schedule "B"**

**2020 - 2024 Financial Plan Bylaw No. 1480, 2020**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Revenues</b>					
Property Taxes - Residential	\$ 5,110,600	\$ 5,861,000	\$ 5,978,000	\$ 6,098,000	\$ 6,220,000
Property Taxes - Utilities	1,764,900	1,800,000	1,836,000	1,873,000	1,910,000
Property Taxes - Light Industry	91,500	93,600	95,100	97,000	98,900
Property Taxes - Business	1,520,600	1,551,300	1,582,000	1,613,000	1,645,500
Property Taxes - Rec / Non Profit	23,400	24,000	24,400	24,800	25,300
Property Taxes - Farm	4,400	4,500	4,600	4,700	4,800
Parcel Taxes	236,100	211,000	211,000	211,000	211,000
Payments in Lieu of Taxes	134,300	125,000	127,300	129,800	132,400
Collections/Remittances - Other Governments	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
1 % Revenue Taxes	108,800	111,000	114,000	118,000	122,000
Penalties and Interest on Taxes	104,600	105,000	107,500	109,900	111,500
Sale of Goods and Services	3,098,600	3,145,100	3,155,700	3,190,500	3,217,700
Investment Income	228,500	228,500	218,500	223,500	233,500
Rents and Leases	22,300	20,000	20,000	20,000	20,000
Revenues from Own Sources	32,200	34,200	32,000	34,000	84,000
Development Cost Charges	177,500	-	-	-	-
Transfers from Other Governments	<u>2,188,500</u>	<u>1,048,200</u>	<u>1,024,200</u>	<u>1,047,200</u>	<u>1,051,200</u>
<b>Total Revenues</b>	<b><u>\$14,821,800</u></b>	<b><u>\$14,337,400</u></b>	<b><u>\$14,505,300</u></b>	<b><u>\$ 14,769,400</u></b>	<b><u>\$15,062,800</u></b>
<b>Expenditures</b>					
General Government	\$ 1,837,700	\$ 1,850,400	\$ 1,879,600	\$ 1,904,700	\$ 1,938,300
Community Services	489,900	256,600	259,600	263,900	266,200
Protective Services	2,972,600	2,968,000	2,999,900	3,094,200	3,153,300
Public Works	1,027,600	989,900	1,003,500	1,031,000	1,055,500
Transportation Services	947,400	952,200	971,200	1,008,700	1,041,500
Flood Protection Services	167,500	3,500	3,700	3,800	5,000
Community Development	746,400	706,100	716,300	722,000	733,700
Sewer System	499,300	496,800	511,800	526,300	517,000
Water System	535,900	531,400	539,000	548,000	571,500
Environmental and Public Health	1,660,600	1,669,800	1,682,300	1,695,500	1,719,000
Parks, Recreation and Culture	935,100	871,100	868,500	896,200	900,700
Debt Financing	144,400	131,800	131,800	131,800	111,900
Amortization of Tangible Capital Assets	<u>1,780,000</u>	<u>1,805,000</u>	<u>1,825,000</u>	<u>1,850,000</u>	<u>1,900,000</u>
<b>Total Expenditures</b>	<b><u>\$13,744,400</u></b>	<b><u>\$13,232,600</u></b>	<b><u>\$13,392,200</u></b>	<b><u>\$ 13,676,100</u></b>	<b><u>\$13,913,600</u></b>
<b>Surplus (Deficit)</b>	<b><u>\$ 1,077,400</u></b>	<b><u>\$ 1,104,800</u></b>	<b><u>\$ 1,113,100</u></b>	<b><u>\$ 1,093,300</u></b>	<b><u>\$ 1,149,200</u></b>

**Capital, Debt and Reserve Transfers**

Capital Expenditures	\$ (3,810,500)	\$ (1,824,000)	\$ (1,584,000)	\$ (1,680,000)	\$ (1,463,000)
Repayment of Debt	(154,200)	(116,600)	(116,600)	(116,600)	(100,800)
Contributions to Reserves	(1,066,300)	(1,148,200)	(1,393,300)	(1,331,900)	(1,680,000)
Transfer from Prior Years Surplus	638,600	179,000	155,800	185,200	194,600
Equity in tangible capital assets	1,780,000	1,805,000	1,825,000	1,850,000	1,900,000
Reserves used for capital financing	<u>1,535,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (1,077,400)</u>	<u>\$ (1,104,800)</u>	<u>\$ (1,113,100)</u>	<u>\$ (1,093,300)</u>	<u>\$ (1,149,200)</u>

**Surplus (Deficit) plus Capital, Debt and Reserve Transfers**

<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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