

**DISTRICT OF LANTZVILLE
BYLAW NO. 120**

A BYLAW TO ESTABLISH A FIVE YEAR FINANCIAL PLAN

WHEREAS section 165 of the *Community Charter* stipulates that a municipality must have a financial plan that is adopted on an annual basis;

NOW THEREFORE the Municipal Council of the District of Lantzville in open meeting assembled hereby enacts as follows:

1. Schedules 'A' & 'B' attached hereto and forming part of this Bylaw is hereby adopted and is the Financial Plan of the District of Lantzville for the five year period from January 1, 2016 to December 31, 2020.
2. "District of Lantzville Financial Plan Bylaw No. 116, 2015, Amendment Bylaw 122, 2016", and any amendments thereto are hereby repealed.
3. This Bylaw may be cited for all purposes as "District of Lantzville 2016-2020 Financial Plan Bylaw No. 120, 2016" and shall become effective upon adoption.

READ A FIRST TIME this 11th day of April, 2016.

READ A SECOND TIME this 11th day of April, 2016.

READ A THIRD TIME this 11th day of April, 2016.

ADOPTED this 25th day of April, 2016.



Mayor



Director of Corporate Administration



Schedule "A"

	2016	2017	2018	2019	2020
Revenues					
Property Taxes	1,746,113	1,798,745	1,866,615	1,872,717	1,873,242
Parcel Taxes	514,688	540,313	659,323	659,323	659,323
User Fees and Charges	669,327	685,300	692,630	702,586	716,796
Government Grants	776,150	5,320,559	1,362,000	442,000	775,300
Other Sources	529,900	636,340	1,403,010	404,730	409,280
	4,236,178	8,981,257	5,983,578	4,081,356	4,433,941
Expenses					
General Operating	2,211,340	2,203,790	2,085,690	2,074,832	2,079,807
Sanitary Sewer Operating	216,511	212,100	218,030	224,330	230,840
Water Operating	529,142	1,768,289	442,000	446,090	450,290
Library Operating	171,109	174,500	178,000	181,600	185,200
Interest on Debt	1,875	27,500	64,094	64,094	64,094
Amortization	731,000	731,000	731,000	731,000	731,000
	3,860,977	5,117,179	3,718,814	3,721,946	3,741,231
Annual Surplus/(Deficit)	375,201	3,864,078	2,264,764	359,410	692,710
Add back: Unfunded Amortization	731,000	731,000	731,000	731,000	731,000
	1,106,201	4,595,078	2,995,764	1,090,410	1,423,710
Capital Expenditures					
General Capital	542,500	671,435	982,000	621,716	1,245,000
Sanitary Sewer Capital	500,000	5,000,000	1,380,000	-	-
Water Capital	382,000	793,000	1,280,000	325,000	425,000
	1,424,500	6,464,435	3,642,000	946,716	1,670,000
Capital Works Reserve Fund	138,125	(65,735)	(355,800)	(17,016)	234,700
Machinery and Equipment Reserve Fund	9,525	(13,575)	(36,575)	48,425	(21,575)
Fire Vehicle Replacement Reserve Fund	100,000	100,000	100,000	55,000	(300,000)
Parks Reserve Fund	(42,000)	-	(50,000)	(50,000)	(166,700)
Winter Road Maintenance Operating Reserve Fund	21,463	5,000	5,000	5,000	5,000
Property Tax Stabilization Operating Reserve Fund			15,000	15,000	15,000
Sewer Facilities Reserve Fund	26,000	26,000	26,000	26,000	26,000
Waterworks Replacement Reserve Fund	(145,700)	(176,700)	(43,700)	(88,700)	(188,700)
Transfers to/(from) Reserve Funds	107,413	(125,010)	(340,075)	(6,291)	(396,275)
Transfers to/(from) Accumulated Surplus	(423,581)	(242,216)	(93,146)	(97,000)	(97,000)
Proceeds from Borrowing	(166,700)	(1,666,700)	(460,000)	-	-
Internal Borrowing Repayment	164,569	164,569	164,569	164,569	164,569
Principal Payment on Debt	-	-	82,416	82,416	82,416
	(318,299)	(1,869,357)	(646,236)	143,694	(246,290)
Financial Plan Balance	-	-	-	-	-

“Schedule B”
District of Lantzville 2016-2020 Financial Plan Bylaw No. 120, 2016
For The Five Year Period 2016 To 2020

Section 165(3.1) of the *Community Charter*, requires the following discussion regarding the policies and objectives surrounding the District’s funding sources, distribution of property taxes among property classes, and permissive tax exemptions be provided as an addendum to the five year financial plan.

A. Funding Sources

Table 1 shows the proportion of total revenue proposed to be raised by each funding source in 2016.

Revenue Source	% of Total Revenue
Property value taxes	41
Parcel taxes	12
User fees and charges	16
Other Sources	31
Total	100

Table 1

1) Property Taxes

The District’s property tax base is largely residential. This provides a generally stable and consistent revenue source for the District to fund basic operational expenditures such as administration of the District, fire protection services, public works, and parks and recreation.

Council policy is to use the property tax levy to fund the operational expenditures of the District. The District expects this to continue to be the major source of municipal revenue.

2) Parcel Taxes

Parcel taxes are fees levied on a parcel of land without reference to the assessed value of that land. It is usually the same amount for every parcel within a defined area. Parcel taxes are generally used for specific purposes, like a local area service.

Council policy to date has been to use parcel taxes where the nature of the expenditure being funded is specific to the parcel, and not based on assessment of the property. In 2016 the District will collect parcel taxes on capital costs related to phase 1 and 2 sewer infrastructure (residents within the defined local area service), and capital costs related to the Knarston Creek Overflow Project.

3) User Fees and Charges

User fees attempt to fairly apportion the cost of some municipal services to those residents who actually use the service. The District currently collects user fees on a quarterly basis for water and sewer services as well as annually for waste collection.

Council policy is to recover 100% of costs related to the water distribution and sewer collection systems through user fees. User fees are reviewed each year as part of the financial planning process.

4) Proceeds from Borrowing

Council policy is to use long term debt only for significant capital projects that cannot be efficiently carried out on an incremental basis using internal reserves or current funding sources. The *Community Charter* limits the amount of debt the District can incur based on the District’s ability to pay which is a calculation based on continuing revenues. To date the District has not incurred any external debt.

5) Other Sources

Revenues in this category consist of appropriations from accumulated operating surplus, investment revenue, as well as insignificant miscellaneous revenues. These revenues vary from year to year.

Other sources includes grant revenue. Grants are funds received by the District usually from other governments or agencies for specific purposes. These grants usually involve some cost sharing between the funding agency and the District. Regarding optional grant funding available, Council policy is to consider applying for grants with funding arrangements that are affordable to the District.

Provincial Small Communities Protection Grant funds historically have been a significant source of funds for District operations. The grant amount and funding formula change periodically. The 2016 grant amount in the amount of \$426,000 has been confirmed by the Province.

Council established a Winter Road Maintenance Reserve in 2014 to offset higher than average operating expenses for snow clearing and other winter road maintenance expenditures.

B. Property Value Tax Distribution

Table 2 provides the proportionate distribution of property tax revenue and assessment value among the property classes.

Property Class	% of 2016 Total District Assessment	% of 2016 Property Tax Revenue
Residential	96.7	85.6
Utilities	0.2	3.4
Light Industry	0.2	1.2
Business and Other	2.5	8.9
Managed Forest Land	0.2	0.6
Recreation/Non-profit	0.2	0.3
Farm	0.0	0.0
Total	100.0	100.0

Table 2

Residential properties represent most of total assessed value of properties in the District. Thus taxing other classes at a high multiple of the residential rate would generate very little additional property tax revenue, while imposing a undue burden on non-residential residents of the District. Council has given consideration

to the location of various classes of properties within the District and the exposure and related benefit that one class may obtain from that location relative to other classes.

C. Permissive Tax Exemptions

Permissive tax exemptions are a way for the District to recognize the value of services provided to the community by non-profit organizations. The District's Annual Report provides a list of permissive exemptions granted each year and the amount of tax foregone.

Council policy is to review the one-year permissive tax exemptions granted in the prior year as well as any new requests for exemption prior to October 31 of each year. One ten-year permissive tax exemption has been granted to the Island Corridor Foundation.