

**DISTRICT OF LANTZVILLE  
BYLAW NO. 168**

**A BYLAW TO ESTABLISH A FIVE YEAR FINANCIAL PLAN**

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**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, 2019 to December 31, 2023.
2. This Bylaw may be cited for all purposes as “District of Lantzville 2019-2023 Financial Plan Bylaw No. 168, 2018” and shall become effective upon adoption.

**READ A FIRST TIME** this 26<sup>th</sup> day of November, 2018.

**READ A SECOND TIME** this 26<sup>th</sup> day of November, 2018.

**READ A THIRD TIME** this 26<sup>th</sup> day of November, 2018.

**ADOPTED** this 10th day of December, 2018.

*ORIGINAL SIGNED*

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Mark Swain, Mayor

*ORIGINAL SIGNED*

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Trudy Coates, Director of Corporate Administration

<b>Schedule "A"</b>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Revenues</b>					
Property Taxes	2,081,033	2,093,282	2,142,252	2,197,222	2,264,892
Parcel Taxes	387,977	524,487	524,487	524,487	524,487
User Fees and Charges	805,152	827,497	851,647	876,497	902,647
Government Grants	3,738,815	1,726,700	440,000	640,000	720,000
Other Sources	732,952	538,665	546,665	563,265	633,265
	7,745,930	5,710,631	4,505,051	4,801,471	5,045,291
<b>Expenses</b>					
General Operating	2,523,296	2,319,897	2,350,517	2,522,537	2,433,657
Sanitary Sewer Operating	250,772	359,500	268,900	278,900	289,500
Water Operating	433,625	442,400	452,700	462,900	473,700
Library Operating	193,098	197,000	200,900	204,900	209,000
Interest on Debt	10,000	64,094	64,094	64,094	64,094
Amortization	761,000	761,000	841,000	841,000	841,000
	4,171,791	4,143,891	4,178,111	4,374,331	4,310,951
<b>Annual Surplus/(Deficit)</b>	3,574,138	1,566,740	326,940	427,140	734,340
<b>Add back: Unfunded Amortization</b>	761,000	761,000	841,000	841,000	841,000
	4,335,138	2,327,740	1,167,940	1,268,140	1,575,340
<b>Capital Expenditures</b>					
General Capital	1,848,999	1,152,350	545,000	775,000	1,130,000
Sanitary Sewer Capital	4,744,815	1,780,000	-	-	-
Water Capital	243,750	-	434,454	-	374,000
	6,837,564	2,932,350	979,454	775,000	1,504,000
Capital Works Reserve Fund	(670,473)	(377,300)	104,600	308,600	28,600
Machinery and Equipment Reserve Fund	(22,600)	(98,600)	(37,600)	(46,600)	(145,600)
Fire Vehicle Replacement Reserve Fund	(208,900)	46,100	108,200	(189,600)	112,600
Parks Reserve Fund	(119,323)	(23,350)	5,000	5,000	5,000
Winter Road Maintenance Operating Reserve Fund	5,200	5,300	5,400	5,500	5,600
Property Tax Stabilization Operating Reserve Fund	63,171	23,100	23,100	(4,900)	23,100
Sewer Facilities Reserve Fund	(2,150)	42,400	43,200	44,100	45,000
Waterworks Replacement Reserve Fund	(7,450)	236,300	(198,154)	236,300	(137,700)
Transfers to/(from) Reserve Funds	(962,525)	(146,050)	53,746	358,400	(63,400)
Transfers to/(from) Accumulated Surplus	(31,667)	(7,000)	(7,000)	(7,000)	(7,000)
Proceeds from Borrowing	(1,567,065)	(593,300)	-	-	-
Internal Borrowing Repayment	58,832	59,324	59,324	59,324	59,324
Principal Payment on Debt	-	82,416	82,416	82,416	82,416
	(2,502,425)	(604,610)	188,486	493,140	71,340
<b>Financial Plan Balance</b>	-	-	-	-	-

**“Schedule B”  
District of Lantzville 2019-2023 Financial Plan Bylaw No. 168, 2018  
For The Five Year Period 2019 To 2023**

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 2019.

Revenue Source	% of Total Revenue
Property value taxes	27
Parcel taxes	5
User fees and charges	10
Other Sources	58
<b>Total</b>	<b>100</b>

*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 2019 the District will collect parcel taxes on capital costs related to Phase II Sewer Infrastructure and Knarston Creek Overflow Project (residents within the defined local area service), as well as for water.

**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. The District will be incurring external debt, obtained through the Municipal Finance Authority of British Columbia, to fund Sewer Phase III.

**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.

The Community Works Fund historically have been a significant source of funds for District operations. The grant amount and funding formula change periodically. The 2019 grant is estimated at \$439,000.

**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 2019 Total District Assessment	% of 2019 Property Tax Revenue
Residential	96.9	86.7
Utilities	0.2	3.1
Light Industry	0.2	1.1
Business and Other	2.3	8.3
Managed Forest Land	0.2	0.5
Recreation/Non-profit	0.2	0.3
Farm	0.0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

*Table 2*

Residential properties represent most of total assessed value of properties in the District. 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 property owners 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.