

DISTRICT OF WEST KELOWNA

BYLAW NO. 0137, 2012

A BYLAW TO ADOPT THE 2012 - 2021 FINANCIAL PLAN

WHEREAS the Council shall, by bylaw, pursuant to Section 165 of the *Community Charter*, adopt in each year a five year financial plan; and

WHEREAS Council deems it desirable to adopt, in each year, a ten year financial plan; 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;

THEREFORE BE IT RESOLVED THAT the Municipal Council of the District of West Kelowna in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. Title

This bylaw may be cited as the 2012 -2021 FINANCIAL PLAN BYLAW NO. 0137, 2012

2. Schedule "A" attached hereto and forming part of this Bylaw shall be the Financial Plan of the District of West Kelowna for the period January 1, 2012 to December 31, 2021.

PASSED FIRST READING, FEBRUARY 14TH 2012
PASSED SECOND READING AS AMENDED, MAY 8, 2012
PASSED THIRD READING, MAY 8, 2012
ADOPTED, MAY 14, 2012

MAYOR

CITY CLERK

District of West Kelowna 2012 - 2021 Financial Plan											
Consolidated Totals - Revenues Schedule "A"											
Description	Financial Plan 2011	Financial Plan 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021
Property Taxes	22,300,421	23,259,339	24,189,712	25,157,301	26,163,593	27,210,137	28,298,542	29,430,485	30,607,702	31,832,008	33,105,286
Property Tax Exemption	454,851	462,826	469,769	476,815	483,967	491,227	498,595	506,074	513,665	521,370	529,191
Utility Companies	421,572	454,127	460,939	467,853	474,871	481,994	489,224	496,562	504,011	511,571	519,244
Local Improvements	-	-	-	-	-	-	-	-	-	-	-
Grants-in-Lieu	308	308	313	317	322	327	332	337	342	347	352
Sales of Service	24,015,850	22,718,411	22,512,802	23,164,773	23,687,146	24,081,204	24,357,054	24,910,453	25,291,551	25,590,499	26,167,457
Other Revenue from Own Sources	2,213,249	2,442,796	2,412,108	2,447,813	2,452,179	2,488,962	2,526,297	2,564,191	2,602,653	2,641,693	2,681,317
Government Transfers	2,265,225	2,265,225	673,182	277,280	282,825	288,482	294,251	300,137	306,139	312,262	318,507
Government Grants	11,075,253	6,221,717	800,876	800,875	800,876	800,876	20,939	20,940	20,939	70,939	20,939
Transfer from Own Reserves	4,627,431	9,671,926	2,659,660	2,999,721	2,669,131	1,878,057	1,735,641	1,677,946	2,026,444	1,757,500	1,638,000
Transfer from Sewer Utility	-	-	-	-	-	-	-	-	-	-	-
Transfer from Water Utility	-	-	-	-	-	-	-	-	-	-	-
Transfer from Surplus to fund Capital	-	-	-	-	-	-	-	-	-	-	-
Transfers from Statutory Reserves											
Development Cost Charges	-	1,210,180	400,000	-	-	-	525,000	875,000	1,103,000	334,000	-
Equipment Replacement Fund	1,027,200	793,146	545,967	1,043,967	170,520	1,264,335	113,967	480,520	143,967	1,009,333	305,520
Capital Reserve	2,046,836	2,944,200	3,858,000	2,729,200	2,135,500	2,778,000	2,497,100	1,739,000	1,671,900	2,871,350	2,587,025
Local Improvement Reserve	-	129,532	-	-	-	-	-	-	-	-	-
Water Capital Reserve	-	-	-	-	-	-	-	-	-	-	-
Borrowing Proceeds	9,880,330	1,376,276	-	-	-	-	-	-	-	-	-
Sub-total	80,328,526	73,950,010	58,983,327	59,565,916	59,320,930	61,763,600	61,356,942	63,001,644	64,792,313	67,452,872	67,872,839
Collections for Other Governments	21,153,738	21,367,808	21,795,164	22,231,067	22,675,689	23,129,202	23,591,786	24,063,622	24,544,895	25,035,792	25,536,508
TOTAL REVENUES	101,482,264	95,317,817	80,778,491	81,796,983	81,996,619	84,892,802	84,948,729	87,065,267	89,337,207	92,488,664	93,409,348

Consolidated Expenditures
Schedule "A" Continued

Description	Financial Plan 2011	Financial Plan 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021
Operating Expenditures											
General Government Services	6,340,321	6,331,312	6,262,048	6,386,809	6,513,649	6,643,450	6,775,859	6,911,916	7,049,675	7,190,188	7,334,512
Protective Services	9,837,637	10,462,988	10,720,879	11,100,452	11,473,518	11,738,970	12,010,990	12,289,748	12,575,417	12,868,176	13,168,208
Transportation Services	5,646,487	5,568,113	6,129,771	6,291,414	6,417,242	6,545,587	6,676,499	6,810,029	6,946,229	7,085,154	7,226,857
Environmental Health Services inc Storm Sewer	9,183,385	7,964,208	8,161,176	8,456,565	8,875,433	9,017,748	9,077,754	9,411,569	9,569,277	9,640,959	9,986,708
Storm Sewer Utility	-	145,887	149,534	153,272	157,104	161,032	165,058	169,184	173,414	177,749	182,193
Public Health Services	20,000	20,000	20,808	21,224	21,649	22,082	22,524	22,974	23,434	23,902	24,380
Environmental Development Services	3,024,840	3,001,400	2,714,770	2,743,416	2,738,301	2,793,037	2,848,866	2,905,813	2,963,898	3,023,145	3,083,577
Recreation & Cultural Services	5,287,269	5,511,119	5,426,731	5,534,766	5,644,961	5,757,360	5,872,007	5,988,947	6,108,226	6,229,891	6,353,989
Interest & Principal - Municipal Debt	6,447,563	6,479,235	6,506,332	5,746,383	5,679,545	5,560,750	5,426,158	5,497,218	5,569,700	5,643,632	5,719,042
Other Financial Fees	51,204	50,831	51,847	52,884	53,942	55,021	56,121	57,244	58,388	59,556	60,747
Transfer to Own Reserves	5,287,217	4,779,211	2,797,037	3,066,472	3,199,044	3,390,396	2,931,319	3,018,460	3,273,062	3,572,508	4,152,112
Transfer to Statutory Reserves											
Development Cost Charges Fund	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Equipment Replacement Fund	574,842	539,877	483,874	490,240	644,898	663,928	477,532	517,377	684,431	807,286	896,628
Off-Street Parking Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Local Improvements Fund	-	-	-	-	-	-	-	-	-	-	-
Capital Reserve Fund	2,317,806	2,765,529	996,545	1,518,764	1,556,600	1,976,582	2,471,689	2,786,045	2,835,948	2,910,011	2,762,376
Available for supplemental budget requests	-	-	56,123	178,124	307,402	444,293	589,161	747,988	910,016	1,081,166	1,261,857
Sewer Capital Reserve	-	80,000	80,000	81,600	83,232	84,897	86,595	88,326	90,093	91,895	93,733
Water Capital Reserve	235,842	354,000	362,225	370,643	379,259	388,077	397,102	406,339	415,794	425,470	435,375
Total Operating Expenditures	54,854,413	54,653,710	51,519,700	52,793,028	54,345,780	55,843,208	56,485,234	58,229,178	59,847,002	61,430,689	63,342,294
Capital Expenditures											
General Government Services	105,785	381,786	245,967	93,967	87,520	199,335	78,967	72,520	93,967	199,333	72,520
Protective Services	899,029	271,228	170,000	681,000	83,000	715,000	81,000	408,000	96,000	710,000	154,000
Transportation Services	3,890,107	8,158,650	3,830,000	3,314,500	3,567,000	2,965,000	3,908,000	3,098,000	3,283,000	3,251,000	3,051,000
Environmental Health Services	19,880,736	7,054,231	825,000	575,000	365,000	575,000	80,000	235,000	255,000	200,000	115,000
Public Health Services	-	-	-	-	-	-	-	-	-	-	-
Recreation & Cultural Services	698,454	2,909,054	2,342,660	1,191,371	501,131	728,057	451,641	290,696	776,694	1,148,750	583,250
Storm Sewer	-	521,351	50,000	917,050	371,500	738,000	272,100	668,250	440,650	513,100	554,775
Total Capital Expenditures	25,474,111	19,296,300	7,463,627	6,772,888	4,975,151	5,920,392	4,871,708	4,772,466	4,945,311	6,022,183	4,530,545
Transfers to Other Governments	21,153,738	21,367,808	21,795,164	22,231,067	22,675,689	23,129,202	23,591,786	24,063,622	24,544,895	25,035,792	25,536,508
TOTAL EXPENDITURES	101,482,263	95,317,817	80,778,491	81,796,983	81,996,619	84,892,803	84,948,729	87,065,266	89,337,207	92,488,665	93,409,348

Taxation is a major revenue source for the General Fund and accounts for 31.45% of the 2012 total revenue estimated at \$73,950,010, excluding collection for other governments. Over the ten-year period of the financial plan, the taxation requirement is estimated to increase annually by a growth factor of 1.00% and an additional increase of 3.00%, which includes increase in cost of living and increase to reserves.

The current financial plan provides that \$23,259,339 be generated from District of West Kelowna property tax base for General Government purposes.

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

1. Revenue Policy.
2. Surplus Funds Policy.
3. Debt Policy.
4. Reserve Fund Policy
5. Proportion of Taxes Allocated to Classes
6. Permissive Tax Exemptions
7. Development Cost Charges

Revenue Policy

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.

The District will actively pursue alternative revenue sources to help minimize property taxes.

The District will consider market rates and charges levied by other public and private organizations for similar services in establishing rates, fees and charges.

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.

The District will establish cost recovery policies for services provided for other levels of government.

General Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting practices (GAAP).

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.

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 City 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 Policy

1. One-time capital improvements and unusual equipment purchases.
2. When the useful project life will exceed the term of financing.
3. Major equipment purchases.
4. Debt servicing is limited to no more than a 3% tax increase per year.
5. The maximum borrowing amount be limited to 15% (*Community Charter* allows for 25%) of the Districts revenues as defined by the *Community Charter*.
6. 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.

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.

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.

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