

THE CORPORATION OF THE VILLAGE OF CUMBERLAND

BYLAW NO. 984

A Bylaw to adopt the 2013- 2017 Financial Plan.

The Council of the Corporation of the Village of Cumberland in open meeting assembled enacts as follows:

1. This Bylaw may be cited as “The Corporation of the Village of Cumberland 2013 - 2017 Financial Plan Bylaw No. 984, 2013”.
2. The financial plan attached as Schedule A to this Bylaw is hereby adopted as the financial plan for the municipality for the period commencing January 1, 2013 and ending December 31, 2017.
3. The objectives and policies attached as Schedule B to this Bylaw outlines the proportion of total revenue from different funding sources, the distribution of property taxes among the property classes and the use of permissive tax exemptions.
4. This Bylaw has full force and effect from January 1, 2013 until amended, repealed or replaced.

| | | | | |
|--------------------------------|------------------------|---------------|---------------|--------------|
| READ A FIRST TIME THIS | 8TH | DAY OF | APRIL, | 2013. |
| READ A SECOND TIME THIS | 22ND | DAY OF | APRIL, | 2013. |
| READ A THIRD TIME THIS | 22ND | DAY OF | APRIL, | 2013. |
| ADOPTED THIS | 13TH | DAY OF | MAY, | 2013. |

Mayor

Corporate Officer

Schedule A

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>Budget</u> | <u>Budget</u> | <u>Budget</u> | <u>Budget</u> | <u>Budget</u> |
| REVENUES | | | | | |
| Property taxes & payments in lieu | \$ (2,086,055) | \$ (2,128,850) | \$ (2,171,350) | \$ (2,214,860) | \$ (2,290,040) |
| Parcel taxes | (177,450) | (177,450) | (177,450) | (177,450) | (177,450) |
| Sale of services & fees | (1,371,900) | (1,400,320) | (1,422,780) | (1,453,180) | (1,467,980) |
| Transfers from other government | (995,455) | (505,920) | (491,880) | (492,890) | (493,950) |
| Other revenue | (459,940) | (300,670) | (300,670) | (290,670) | (290,670) |
| | <u>(5,088,800)</u> | <u>(4,513,210)</u> | <u>(4,564,130)</u> | <u>(4,629,050)</u> | <u>(4,720,090)</u> |
| EXPENSES | | | | | |
| Other municipal purposes | 4,030,110 | 3,605,820 | 3,700,320 | 3,772,480 | 3,855,020 |
| Debt interest | 126,800 | 141,940 | 151,120 | 198,320 | 207,240 |
| Amortization | 821,820 | 821,820 | 821,820 | 821,820 | 821,820 |
| | <u>4,972,730</u> | <u>4,569,580</u> | <u>4,673,260</u> | <u>4,792,620</u> | <u>4,884,080</u> |
| NET (REVENUES) EXPENSES | <u>(116,070)</u> | <u>56,370</u> | <u>109,130</u> | <u>163,570</u> | <u>163,990</u> |
| ADJUSTMENTS | | | | | |
| Acquisition of capital assets | 2,666,670 | 1,811,960 | 1,642,790 | 726,130 | 499,360 |
| Add back amortization | (821,820) | (821,820) | (821,820) | (821,820) | (821,820) |
| Proceeds from borrowing | (809,980) | (1,373,660) | (1,102,050) | (273,490) | (184,160) |
| Principal payments on debt | 231,810 | 242,830 | 237,680 | 314,560 | 333,690 |
| TOTAL ADJUSTMENTS | <u>1,266,680</u> | <u>(140,690)</u> | <u>(43,400)</u> | <u>(54,620)</u> | <u>(172,930)</u> |
| CHANGE IN CONSOLIDATED FUNDS | <u>\$ 1,150,610</u> | <u>\$ (84,320)</u> | <u>\$ 65,730</u> | <u>\$ 108,950</u> | <u>\$ (8,940)</u> |
| TRANSFER FROM RESERVES | | | | | |
| Reserves | (753,090) | (45,700) | (37,610) | (178,700) | (15,030) |
| Development cost charges | (649,530) | (5,440) | (101,160) | (44,830) | (57,210) |
| TRANSFER TO RESERVES | | | | | |
| Reserves | 248,010 | 135,460 | 73,040 | 114,580 | 81,180 |
| TRANSFER TO/(FROM) RESERVES | <u>(1,150,610)</u> | <u>84,320</u> | <u>(65,730)</u> | <u>(108,950)</u> | <u>8,940</u> |
| TRANSFER TO/(FROM) ACCUMULATED SURPLUS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Schedule B

Policies and Objectives

Pursuant to section 165 (3.1) of the *Community Charter*

Part A: Proportion of Total Revenue Proposed To Come From Each Funding Source

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2013.

Table 1

| Revenue Source | % Total Revenue | Dollar Value |
|---|------------------------|---------------------|
| Property Value Taxes & Payments in Lieu | 35% | 2,086,055 |
| Sale of Services and Fees | 23% | 1,371,900 |
| Government Grants | 17% | 995,455 |
| Proceeds from Borrowing | 14% | 809,980 |
| Other Revenue | 8% | 459,940 |
| Parcel Taxes | 3% | 177,450 |
| Total | 100% | 5,900,780 |

Property value tax is the primary source of operating funds for general municipal purposes. Property taxation is simple to administer, and offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis.

Sale of services and fees form another significant portion of planned revenue. Many municipal services such as utilities and recreation lend well to a fee for service basis. Costs can be associated to a level of service provided, particularly where services are optional.

Grant funding is an integral funding source for major capital and operating projects due to the Municipality's limited tax base and borrowing authority. Due to the extensive use of Community Works Funds for many smaller projects and the Liquid Waste Management Plan along with the Gas Tax grant approved for the OCP review and revise project, grants form the third largest source of funding for the Municipality in the first year of the 2013-2017 Financial Plan. The Municipality also receives funds under the Strategic Community Initiative (Small Community grant) which provides a significant source of funds for operations and capital maintenance programs.

The Municipality leases vehicles and equipment and secures debenture financing for portions of large committed projects not funded by grants or development cost charges. The Municipality reviews all other funding options prior to financing recognizing that borrowing constitutes a long-term commitment and because borrowing authority is limited for an organization of this size.

Other revenue includes sources of funds which do not fit another category and include donations, grants from non-government sources, investment revenue, permits and licensing.

Parcel taxes were set up to fund the capital costs of providing water and sewer infrastructure. The intention is to use these taxes toward the maintenance and replacement of water and sewer infrastructure. This source of revenue is under review.

Objective and Policies

Over the next five years, the municipality has the following objectives and policies:

- to actively seek grants for major infrastructure repair and replacement;
- to annually review utility rates to ensure water and sewer operating and delivery costs are fully funded;
- to complete the implementation of water meters;
- to review all other services to determine optimal proportions of cost recovery from fees versus general revenues and taxation; and
- to establish reserve policies to assist in the funding of future capital replacements and to stabilize tax and utility rates.

Part B: Distribution of Property Taxes among Property Classes

Table 2 provides the distribution of property tax revenue among the property classes.

Table 2

| Property Class | Ratio | % Total Property Tax | Dollar Value |
|----------------------------|--------------|-----------------------------|---------------------|
| 1. Residential | 1.00 | 76% | 1,550,156 |
| 2. Utilities | 10.63 | 1.4% | 27,935 |
| 3. Supportive Housing | 1.00 | | |
| 4. Major Industry | 2.00 | | |
| 5. Light Industry | 2.00 | 3.5% | 69,162 |
| 6. Business and Other | 1.99 | 17% | 350,174 |
| 7. Managed forest | 2.60 | 2% | 41,314 |
| 8. Recreation & Non Profit | 1.00 | .1% | 2,377 |
| 9. Farm | 1.00 | | |
| Total | | 100% | 2,041,118 |

Tax rates are set in order to maintain tax stability and generally increases are apportioned equitably over the classes with only minor adjustments to ensure that Classes 3, 8 and 9 continue to receive a 1:1 ratio with Class 1. The Municipality recognizes the need to

attract and retain businesses and industry for economic development and to not rely heavily on any one industry as a tax source. Council believes that the non-residential rates reflect that philosophy.

Part C: The Use of Permissive Tax Exemptions

The Corporation of the Village of Cumberland Council does not generally support exemptions. Tax payers within the various property classes are treated equitably and policies are established for each class not individual property owners. There are two exceptions to this policy.

Parcels that qualify for partial statutory exemption, such as the grounds surrounding places of worship, are granted an exemption from taxes. These exemptions represent a very small dollar value which would not recover the associated costs of administering the taxes.

Permissive tax exemptions will also be provided for municipal properties occupied by a community group or partner agency where the group or agency has been granted a reduced or zero lease rate but may, under Section 229 of the Charter, be subject to property tax. This exemption recognizes that municipal buildings are not subject to property taxes when used for municipal purposes; the groups or agencies are deemed by Council to be providing a valuable community benefit or municipal service; that the group or agency may not be granted exclusive use of the building and/or that the space may be reclaimed by the Municipality as and when needed.