



**DISTRICT OF WELLS
BYLAW NO. 163, 2018**

A BYLAW OF THE DISTRICT OF WELLS TO ESTABLISH THE FINANCIAL PLAN FOR THE YEARS 2018 to 2022.

WHEREAS Section 165 (1) of the Community Charter requires the District Council to have a financial plan that is adopted by bylaw; and

WHEREAS the District Council has undertaken a process of public consultation regarding the proposed financial plan in accordance with Section 166 of the Community Charter.

NOW THEREFORE the Council of the District of Wells, in open meeting assembled, enacts as follows:

1. That Schedule “A”, as attached hereto and made part of this bylaw, is hereby adopted as the 5-year Financial Plan of the District of Wells for the years 2018 to 2022.
2. That Schedule “B”, as attached and made part of this bylaw, is hereby adopted as the 5-year Capital Expenditure program of the District of Wells for the years 2018 to 2022.
3. That Schedule “C”, as attached and made part of this bylaw, is hereby adopted as the 5-year Financial Plan Statement of the District of Wells for the years 2018 to 2022.
4. This Bylaw may be cited for all purposes as the “District of Wells Financial Plan Bylaw No. 163, 2018”.

READ A FIRST TIME this	___ day of ___, 2018.
READ A SECOND TIME this	___ day of ___, 2018.
PUBLIC CONSULTATION HELD this	___ day of ___, 2018.
READ A THIRD TIME this	___ day of ___, 2018.
FINALLY READ AND ADOPTED this	___ day of ___, 2018.

Mandy Kilsby, Acting Mayor

Andrew Young, CAO

Certified that this is a true and correct copy of District of Wells Five Year Financial Plan Bylaw No. 163, 2018 as adopted by Council Resolution # ___ dated the ___ day of ___, 2018.

DISTRICT OF WELLS
Bylaw No. 163, 2018 Schedule "A"
FINANCIAL PLAN

REVENUES	2018	2019	2020	2021	2022
Property Taxation	\$ 174,548	\$ 179,784	\$ 185,178	\$ 190,733	\$ 196,455
Grants-in-Lieu of Taxes	\$ 8,411	\$ 8,579	\$8,751	\$8,926	\$9,104
Services for Other Governments	\$ 6,624	\$6,756	\$6,892	\$7,029	\$7,170
Other Revenues	\$ 130,859	\$ 77,659	\$ 79,212	\$ 80,796	\$ 82,412
Wells Community Forest Revenues	\$ 219,710	\$ -	\$ -	\$ -	\$ -
Government Grants	\$ 1,003,756	\$ 479,636	\$ 519,636	\$ 479,636	\$ 479,636
Other Grants	\$ 153,760	\$ 86,395	\$ 86,395	\$ 86,395	\$ 86,395
Transfers From Restricted Reserves	\$ -	\$ -	\$ -	\$ -	\$ 7,821
Utility Users fees	\$ 78,872	\$ 82,816	\$ 82,816	\$ 90,000	\$ 95,000
Borrowing	\$ 80,357	\$ -	\$ 11,200	\$ -	\$ -
Transfer From General Reserve	\$ -	\$ 67,855	\$ 103,474	\$ 89,182	\$ 134,210
Transfer From Previous Year Surplus	\$ 35,244	\$ 22,007	\$ (0)	\$ 0	\$ (0)
TOTAL	\$ 1,892,141	\$ 1,011,488	\$1,083,553	\$1,032,698	\$1,098,204
EXPENDITURES	2018	2019	2020	2021	2022
General Government Services	\$ 483,788	\$ 494,431	\$ 505,309	\$ 516,426	\$ 527,787
Protective Services	\$ 33,873	\$ 34,618	\$ 35,380	\$ 36,158	\$ 36,954
Public Works	\$ 178,039	\$ 181,956	\$ 185,959	\$ 190,050	\$ 194,231
Development Services & Planning	\$ 426,235	\$ 66,650	\$ 68,116	\$ 69,615	\$ 71,146
Water Utility Operations	\$ 88,851	\$ 90,806	\$ 92,803	\$ 94,845	\$ 96,932
Sewer Utility Operations	\$ 76,161	\$ 77,837	\$ 79,549	\$ 81,299	\$ 98,000
Debt Principal	\$ -	\$ 59,980	\$ 21,830	\$ -	\$ -
Debt Interest	\$ -	\$ 2,999	\$ 1,149	\$ -	\$ -
Capital	\$ 447,781	\$ -	\$ 91,200	\$ 42,000	\$ 70,800
Community Foundation Contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Charges	\$ 2,066	\$ 2,111	\$ 2,158	\$ 2,205	\$ 2,254
TOTAL	\$ 1,736,794	\$ 1,011,388	\$ 1,083,453	\$ 1,032,598	\$ 1,098,104
Balance	\$ 155,347	\$ 100	\$ 100	\$ 100	\$ 100
To Cemetary Restricted Reserve	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
To Fed Fuel Tax Restricted Reserve	\$ 2,246		\$ -	\$ -	\$ -
Accumulated Surplus (Gen Reserve)	\$ 130,994	\$ -	\$ -		\$ -
Surplus tranferred to Future Year	\$ 22,007	\$ (0)	\$ 0	\$ (0)	\$ 0
General Reserve at year end	\$586,339	\$518,484	\$415,010	\$325,828	\$191,618
Fed Fuel Tax Reserve at year end	\$0	\$0	\$0	\$9,779	\$1,958
Cemetary Reserve at year end	\$1,530	\$1,630	\$1,730	\$1,830	\$1,930
Jan 1, 2018 General Reserve:		\$455,345			
Jan 1, 2018 Restricted Reserve:	Fuel Tax	-\$2,246			
Jan 1, 2018 Restricted Reserve:	Cemetary	\$1,430			

DISTRICT OF WELLS 5 YEAR CAPITAL PLAN
Bylaw No. 163, 2018 Schedule "B"

REVENUES						
Revenues	2018	2019	2020	2021	2022	TOTAL
Gen. Operating Fund	\$22,200					\$22,200
Water Operating Fund						\$0
Sewer Operating Fund						\$0
Reserve Funds & Surplus	\$39,224				\$7,821	\$47,045
Project Grants	\$246,500		\$40,000			\$286,500
Local Improvement Levy						\$0
Short Term Borrowing	\$80,357		\$11,200			\$91,557
Long Term Borrowing						\$0
Federal Fuel Tax	\$59,500		\$40,000	\$42,000	\$62,979	\$204,479
Contributions	\$0					\$0
TOTAL REVENUE	\$447,781	\$0	\$91,200	\$42,000	\$70,800	\$651,781
EXPENDITURES						
Expenditures	2018	2019	2020	2021	2022	TOTAL
PLANNING & DEVELOPMENT						
Community Planning/Dev.						\$0
Community Forest						\$0
Water Utility						\$0
Sewer Utility						\$0
Land and Civic Buildings						\$0
Public Works						\$0
TOTAL PLANNING	\$0	\$0	\$0	\$0	\$0	\$0
LAND & BUILDINGS						
Civic Buildings	\$43,000					\$43,000
Fire Dept.& EOC	\$14,000					\$14,000
Public Works						\$0
Land						\$0
TOTAL BUILDINGS	\$57,000	\$0	\$0	\$0	\$0	\$57,000
ENGINEERING STRUCTURES						
Streets						\$0
Sidewalks						\$0
Water	\$373,181		\$40,000			\$413,181
Sewer			\$51,200	\$42,000	\$70,800	\$164,000
Storm Drainage						\$0
Misc. Public Works	\$5,000					\$5,000
Parks						\$0
TOTAL ENGIN. STRUCT.	\$378,181	\$0	\$91,200	\$42,000	\$70,800	\$582,181
SUBTOTAL PROJECTS	\$435,181	\$0	\$91,200	\$42,000	\$70,800	\$639,181
EQUIPMENT						
Public Works	\$6,500					\$6,500
Office/Recreation	\$6,100					\$6,100
Fire Department						\$0
SUBTOTAL EQUIPMENT	\$12,600	\$0	\$0	\$0	\$0	\$12,600
TOTAL EXPENDITURES	\$447,781	\$0	\$91,200	\$42,000	\$70,800	\$651,781

DISTRICT OF WELLS
Bylaw No. 163, 2018 Schedule "C"

2018 FINANCIAL PLAN STATEMENT

General Summary

For the past several years, the District of Wells has enjoyed a period of relative financial security resulting from a number of positive contributing factors. During those years, operational and capital costs were normally funded by current year revenues and producing a year-end surplus was the norm. In 2013 it was projected that current spending patterns and revenue projections would result in the District beginning to face a deficit by 2015 that would increase with each passing year thereafter. Although the District has a financial reserve which could be used to address such emerging contingencies, the magnitude of continuous and growing deficits over an extended period of years is not sustainable.

The current plan provides for the use of community forest revenues and municipal reserves to maintain operations. In the future several steps should be considered to reduce the need to access reserves and help maintain the long-term financial stability of the municipality:

1. In 2018 and thereafter continue the practice of implementing a 3% municipal tax increase;
2. Annually review the District's Water and Sewer Specified Area User Rates Bylaws in order to more accurately reflect the cost of providing those services;
3. Annually review the District's Comprehensive Fees and Charges Bylaw in order to more accurately reflect municipal costs for providing services;
4. Regularly review and amend the Garbage Collection Bylaw in order to more accurately reflect the cost of providing that service;
5. In 2018, and each year thereafter, secure revenues from the Wells-Barkerville Community Forest to support the operation of the District.

As the District strives for long-term financial sustainability future year cost reductions and revenue increases will be considered. Of particular importance is the continuation of the District's practice of undertaking capital projects only where substantial costs can be covered by external grants.

It should be noted that development of this plan requires making assumptions regarding the stability of future municipal revenues and expenditures and most importantly, the continuation of the British Columbia Small Communities Protection Grant program. Should any of these inputs vary substantially it will be necessary to make corresponding changes to the plan in future years.

Proportion of Total Revenue from Each Funding Source

Table 1 below shows the proportion of total revenue to be raised under the Plan from each funding source in 2018. At 61.2 percent, grants continue to be the largest and most important source of revenue for the municipality. Comparatively, property value taxes, parcel frontage taxes, and grants in lieu of taxes in 2018 will account for a combined total of 9.7 percent of the District’s revenue requirements. User fees for municipal services such as water and sewer utilities will account for an additional 4.2 percent. There is short-term borrowing for Capital Projects in 2018 amounting to 4.3 percent. Transfers from Previous Year surplus amount to 1.9 percent of the District’s annual expenditure. Other revenue including revenues from the Wells-Barkerville Community Forest (\$219,710) as well as revenues from services provided to other levels of government, rentals and misc charges make up the remaining 18.8 percent.

The above combination of grants, property taxes, user fees, and other revenue together will provide stable funding for the District in 2018. For matters of capital funding, it should be noted that most District capital projects are based around external funding opportunities such as grant programs which minimize the impact of capital works on local taxpayers. This requires flexibility when planning projects and traditionally has allowed a small community like Wells to undertake major projects that could not otherwise be funded. An exception to the requirement for flexible planning is the Federal Fuel Tax Program which provides stable annual funding for allowable capital projects. Schedule “A” of this bylaw identifies these funds as annual transfers to Restricted Reserves where the funds reside until needed for allowable capital projects.

Table 1. Proportions of Total Revenue by Source

Revenue Source	% Total Revenue
Grants	61.2%
Property Value Taxes	4.5%
Parcel Frontage Taxes	4.7%
User fees and charges	4.2%
Grants in Lieu of Taxes	0.4%
Proceeds from borrowing	4.3%
Transfers from Previous Year Surplus	1.9%
Other Revenue	18.8%
TOTAL	100.0%

Distribution of Property Taxes among Property Classes

Table 2 illustrates the percentage of total property value tax revenue to be collected from each property class in 2018.

Table 2. Percentage of Total Property Value Tax by Property Class

Property Class	% Property Value Taxes
Residential (Class 1)	54.0%
Utilities (Class 2)	4.1%
Major Industry (Class 4)	0%
Business (Class 6)	41.5%
Recreation/Non-Profit (Class 8)	0.4%
TOTAL	100.0%

Use of Permissive Tax Exemptions

The Annual Municipal Report for 2017 contains a list of permissive exemptions granted for the previous taxation year and the amount of tax revenue foregone. The list demonstrates the policy of Council that permissive exemptions are granted to registered not-for-profit organizations that form a valuable part of our community. These include historical societies, recreational and service organizations and cultural institutions.

Tax Policy Statements

Policy Statement #1

Recognizing the fundamental requirement for the District of Wells to maintain a sustainable long term financial position it is the policy of the District that property tax increases over the span of the Five-Year Financial Plan should be the minimum necessary to meet that requirement.

Objective: The District of Wells will increase municipal taxes at the rate of 3% in each of the 5 years of the Financial Plan.

Policy Statement #2

Within the context of the Financial Plan, Council recognizes that the District of Wells, having one of the smallest municipal tax bases in British Columbia, cannot unilaterally support municipal operations without substantial external sources of revenue. Furthermore, without the annual unrestricted Provincial Small Community Protection Grant and other sources of external revenue (e.g. Wells-Barkerville Community Forest) the District of Wells will be unable to financially sustain itself in the long term. Therefore, in order to sustain the municipality, it is the policy of the District to be a strong proponent for the continuation of senior government funding programs such as the B.C. Small Communities Protection Grant.

Objective: Over the five-year period of this financial plan, the District will be a strong proponent for the continuation of senior government funding programs for small municipalities in British Columbia and in particular for continuation of the B.C. Small Communities Protection Grant.

Policy Statement #3

The District of Wells shall actively pursue external grants and sources of revenue to fund existing operational programs and capital projects to minimize property tax impacts.

Objective: Over the five-year period of this financial plan, the District will minimize new operational and capital programs and projects that cannot be funded in whole or substantially by external funding and grant programs.

Policy Statement #4

The District shall endeavor to minimize negative impacts arising from future changes to the proportional relationship between the property classes for tax purposes.

Objective: As a result of a dramatic change in the classification of a former major industrial property in the District in 2016 it was necessary to adjust the base year for this policy from 2013 to 2017.

Policy Statement #5

Council will continue to support permissive tax exemptions for eligible properties owned by local registered non-profit organizations.

Objective: Assist local registered non-profit organizations in the community through the administration of permissive tax exemptions for eligible properties.