



Village of Lytton

Agenda
Special Council Meeting
Council Chamber, 380 Main Street, Lytton, BC
at 5:00pm, Monday, April 25, 2016

1) **CALL TO ORDER** – Mayor Lightfoot at ____ pm

2) **ADOPTION OF AGENDA**

Moved, Seconded by Councillors _____ that the agenda be adopted as presented or as amended.

3) **CORRESPONDENCE FOR INFORMATION**

(a) Chris Murdy, Murdy & McAllister re: Legal Opinion about structure of Bylaw

Moved, Seconded by Councillors _____ that Correspondence for Information be received and filed.

4) **ADMINISTRATIVE MATTERS**

(a) Village of Lytton 2016 Provisional Budget (DRAFT) Financial Plan/Budget Report – Ken Bjorgaard

Moved, Seconded by Councillors _____ that Village of Lytton 2016 Provisional Budget (DRAFT) Financial Plan/Budget Report be adopted as presented.

5) **BYLAWS/POLICIES**

(a) Village of Lytton Bylaw 680 Financial Stabilization Reserve Fund Establishment
RECOMMENDATION: "THAT Village of Lytton Financial Stabilization Reserve Fund Establishment Bylaw 680 be given first, second and third readings."

5) **ADJOURNMENT**

Moved by Councillor _____ that the meeting adjourn at ____ pm

Keir Gervais

From: Chris Murdy [csm@murdymcallister.com]
Sent: April-13-16 3:07 PM
To: cao@lytton.ca
Subject: RE: Bylaw Question

Hi Keir – Thank you for your email – I also look forward to meeting and working with you.

With respect to the reserve funds, I am not sure there is an absolute right or wrong approach on the issue raised by Councillor Hay as to whether terms such as “emergent” and “intermittent” should be defined in the bylaw.

Certainly if putting some limits on those terms was Council’s desire, then any definition, in our view, should be included within the bylaw for certainty of legal effect, as there may be some issue regarding whether a policy document legally restricts or applies to the bylaw.

In this case however, there may well be a valid rationale for defining the terms by way of a policy rather than the bylaw.

The legislation is quite clear that money used in a reserve fund must not be used for any purpose other than the reserve fund and there are very significant penalties, including the potential for personal liability, for expenditures that are contrary to the bylaw.

Therefore, particularly in a situation where there is a desire to deal with emergency situations or one off matters, it may well be desirable to allow Council, including future Councils, some flexibility towards use of the reserve funds if such a situation arises.

Obviously, defining what may or may not constitute an emergency at some unspecified future date would be very difficult and it would be a potential concern if a definition was overly restrictive and therefore precluded Council from dealing with a situation which it felt was an emergency, but which fell outside the definition.

Given the purpose of the bylaw, and the nature of this non-statutory reserve fund, in this particular instance, we believe that unless Council is particularly concerned about what it might consider an inappropriate potential use in the future, that it may be best to simply utilize the policy document approach, given the flexibility that would provide.

Chris Murdy

Murdy & McAllister
Barristers & Solicitors
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From: Keir Gervais [mailto:cao@lytton.ca]
Sent: April-13-16 1:12 PM
To: Chris Murdy
Subject: Bylaw Question

Hello Chris,

I am the new CAO for the Village. I look forward to connecting with you in person at some point.

The Village currently has a very experienced municipal CFO under contract to provide us with financial management services; Ken Bjorgaard. Ken recently recommended to Mayor & Council that the Village create a series of financial reserves. At an initial meeting, Ken provided a Report on the topic that explained the application of various types of reserves as well as seven sample bylaws that are currently used by numerous other municipalities. I've attached the report. Council agreed with the recommendation and directed staff to prepare the seven bylaws for reading at the upcoming Council Meeting.

At the next Regular Council meeting all but one of the seven bylaws passed first, second and third readings. There was one Bylaw (680) that Councillor Hay asked if it should include a "Definitions" section – specific to the words "*emergent*" and "*intermittent*" found within Section 4. (a) and (b) respectively. My response to Council was that definitions don't normally exist in the bylaw itself but instead in a related policy document. I've attached the draft bylaw for your reference. I've also attached a sample policy document that could be adapted to serve the Village's purposes. Nonetheless, Council has asked me to inquire with you for a legal opinion; whether these two words should be defined in the bylaw, or in a policy document similar to the sample provided.

I appreciate your assistance with this matter.

Regards,

Keir Gervais
Chief Administrative Officer
Village of Lytton
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VILLAGE OF LYTTON REPORT TO COUNCIL

TO: COUNCIL **DATE:** April 21, 2016

FROM: KEN BJORGAARD, LOCAL
GOVERNMENT CONSULTANT

SUBJECT: VILLAGE OF LYTTON 2016 PROVISIONAL (DRAFT) FINANCIAL
PLAN/BUDGET REPORT

PURPOSE: The purpose of this report is to update Council on the status of the Village of Lytton's 2016 Provisional (Draft) Financial Plan/Budget and to provide information so that Council can make their final budget decisions before proceeding to public budget consultation.

APPENDICES: Appendix "A" – Discretionary Spending Lists
Appendix "B" – Tracking of Core Operating Budget Changes
Appendix "C" – Draft 2016 – 2020 Financial Plan Bylaw

Recommended Resolution(s): No recommendations are provided in this report; however, Council needs to arrive at its final budget decisions so that the financial plan can be presented to the public.

BACKGROUND & DISCUSSION

2016 – 2020 Provisional (Draft) Financial Plan

The Discretionary or Non-Core Spending Lists (see attached Appendix "A") have been updated based on the previous budget discussion and the latest financial information. The recommended funding sources for these spending initiatives is now shown within Appendix "A". These items have been incorporated into an updated provisional financial plan.

A summary of the status, including the changes made to date, of the general, water and sewer operating budgets, for 2016 through 2020, is shown in attached Appendix "B" and Schedule A of Appendix "B". As noted in Appendix "B", the provisional property tax increase for 2016 is shown as being 1.5% presently. In addition, provisional tax increases of 1.5%, 2%, 2%, and 2%, have been built into the 2017, 2018, 2019 and 2020 years, respectively.

Surplus funds of \$9,338, \$4,422, and \$38,045 in 2016, for general, water and sewer, are shown as being transferred to the General Capital Reserve Fund, the Water Operating Surplus (to partially offset accumulated water operating deficit from prior years) and the Sewer Capital Reserve Fund, respectively, within Appendix "B". Similar transfers with different amounts are shown in 2017 – 2020. In the case of the general and sewer surplus transfers, these have been initiated as a means of building up important capital reserves. The water surplus will be used to partially offset the accumulated water operating deficit. The final transfers will of course be dependent upon final year-end results. The 2016 provisional operating budget status and changes are repeated below.

2016 Budget Changes

Description	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Explanation of Change/Notes
Net (Revenue)/Expense	(53,362)	(4,422)	(38,045)	As per initial draft budget
Non-Market Change Loss of Assessed Value	16,651			Loss of Property Tax Revenue due to Drop in Major Industry Assessment
Reserve Fund Transfers per Discretionary Spending List	20,000			\$5,000 ongoing contribution to each of four reserve funds
Establish Grants-In-Aid/Donation Budget as per Discretionary Spending List	4,000			
Other Core Budget Changes (see detailed schedule A)	8,479			See attached
Allowance for 1.5% Tax Increase for 2016	(5,106)			\$340,410 x 1.5%
(Surplus)/Deficit before Final Transfers	(9,338)	(4,422)	(38,045)	
Transfer to General Capital Reserve Fund	9,338			To balance Operating Fund
Transfer to Water Accumulated Surplus		4,422		To balance Operating Fund
Transfer to Sewer Capital Reserve Fund			38,045	To balance Operating Fund
Balanced Budget	-	-	-	

Based on the capital and/or reserve spending noted in Appendix "A", the transfers noted in Appendix "B", and the previously approved reserve consolidation/restructuring initiative, the Village's reserve and surplus balances are projected to be as follows over the next five years. The reserved transfers provided for in the provisional budget (see Discretionary Spending List) as well as the Community Works Gas Tax funds are allowing for the gradual build-up of reserves. The annual water operating surpluses are also drawing down the deficit in the water operating fund; however, presently there are no funds being directed to the Water Utility Reserve Fund for water infrastructure replacement/renewal. The Village will have to rely on Community Works Gas Tax funds for water infrastructure until the water operating deficit is eliminated.

Village of Lytton
(Projected Balances at Year-End)

RESERVES & SURPLUSES	2016	2017	2018	2019	2020	Notes
GENERAL FUND						
<u>Non-Statutory Reserve Funds</u>						
General Capital Reserve Fund	529,525	527,750	538,078	548,509	559,044	
General Stabilization Reserve Fund	188,928	195,887	202,876	209,955	217,105	
Legal & Insurance Reserve Fund	61,701	67,368	73,092	78,873	84,712	
Community Works Gas Tax Reserve Fund	459,483	520,817	597,936	669,766	742,315	<i>Approximately \$59,000 received annually</i>
Vehicle & Equipment Reserve Fund	46,551	52,067	57,638	63,264	68,947	
Total Reserve Funds	\$ 1,286,188	\$ 1,369,869	\$ 1,469,620	\$ 1,570,367	\$ 1,672,123	
<u>Trust Funds</u>						
Cemetery Perpetual Care Trust Fund	\$ 13,388	\$ 13,673	\$ 13,961	\$ 14,252	\$ 14,546	
General Fund Unrestricted Accumulated Surplus	\$ 324,615	\$ 327,760	\$ 331,038	\$ 334,348	\$ 337,691	<i>Increased by \$105,000 due to Community Wildfire Protection funds received in 2015 with corresponding expenses shown in prior year; \$85,000 provisional general surplus for 2015 also reflected</i>
TOTAL GENERAL FUND	\$ 1,624,091	\$ 1,711,302	\$ 1,814,619	\$ 1,918,967	\$ 2,024,360	
WATER UTILITY FUND						
<u>Non-Statutory Reserve Funds</u>						
Water Utility Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Unrestricted Accumulated Deficit</u>	<u>\$ (272,880)</u>	<u>\$ (260,068)</u>	<u>\$ (232,181)</u>	<u>\$ (219,282)</u>	<u>\$ (197,932)</u>	<i>Provisional 2015 deficit of \$4,551 reflected</i>
TOTAL WATER FUND	\$ (272,880)	\$ (260,068)	\$ (232,181)	\$ (219,282)	\$ (197,932)	
SEWER UTILITY FUND						
<u>Non-Statutory Reserve Funds</u>						
Sewer Utility Reserve Fund	\$ 38,425	\$ 80,893	\$ 127,481	\$ 178,342	\$ 233,762	
<u>Unrestricted Accumulated Surplus</u>	<u>\$ 116,508</u>	<u>\$ 117,673</u>	<u>\$ 118,650</u>	<u>\$ 120,039</u>	<u>\$ 121,239</u>	<i>Provisional 2015 surplus of \$58,806 reflected</i>
TOTAL SEWER FUND	\$ 164,933	\$ 198,566	\$ 246,311	\$ 298,381	\$ 366,001	
GRAND TOTALS	\$ 1,506,144	\$ 1,669,800	\$ 1,828,769	\$ 1,998,086	\$ 2,181,429	

Financial Play Bylaw

Under section 165(3.1) of the Community Charter, the Village of Lytton is required to include in its Five-Year Financial Plan (2016 - 2020) bylaw objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the Community Charter;
2. The distribution of property taxes among the property classes; and,
3. The use of permissive tax exemptions.

These objectives and policies have not been included in the Village's prior years' financial plan bylaws. Based on the above noted budget changes, the Village's Provisional 2016 – 2020 Financial Plan Bylaw is shown in attached Appendix "C", Schedule A. Amortization expenses and debt actuarial revenue/principal draw down, which are non-cash items, are reflected in Schedule A of the Provisional Financial Plan, to coincide with the actual financial statements.

Generic objectives and policies have been included in the draft Financial Plan Bylaw as Schedule B for discussion purposes. These objective and policies need to be solidified for the final bylaw. A draft of Schedule A within the financial plan bylaw follows.

Schedule "A" of Bylaw No. xxxx - 2016

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Totals</u>
<u>REVENUES</u>						
Property Taxation & Grants-In-Lieu of Taxation	(371,593)	(377,204)	(384,650)	(392,240)	(399,977)	(1,925,664)
Sale of Services and Regulatory fees	(320,631)	(323,709)	(333,117)	(342,868)	(352,976)	(1,673,301)
Government Transfers	(542,803)	(352,681)	(352,697)	(355,794)	(355,810)	(1,959,785)
Investment Income	(17,721)	(18,640)	(19,602)	(20,607)	(21,658)	(98,228)
Revenue from Other Sources	(98,000)	(61,180)	(61,362)	(61,545)	(61,730)	(343,817)
TOTAL REVENUES	(1,350,748)	(1,133,414)	(1,151,428)	(1,173,054)	(1,192,151)	(6,000,795)
<u>EXPENSES</u>						
General Administration and Legislative Services	509,675	495,950	504,003	512,200	520,548	2,542,376
Protective Services	239,755	58,804	59,980	61,178	62,402	482,119
Public Works and Transportation Services	235,150	202,180	205,219	208,322	197,937	1,048,808
Environmental and Development Services	112,501	36,041	36,092	36,143	36,196	256,973
Recreation, Parks & Cultural Services	66,562	67,504	68,852	70,229	71,634	344,781
Interest Expense	7,200	7,200	7,200	7,200	7,200	36,000
Water Utility	118,040	111,850	113,415	115,011	116,639	574,955
Sewer Utility	118,094	99,214	100,535	101,884	103,257	522,984
TOTAL EXPENSES	1,406,977	1,078,743	1,095,296	1,112,167	1,115,813	5,808,996
Annual (Surplus)/Deficit	56,229	(54,671)	(56,132)	(60,887)	(76,338)	(191,799)
<u>RESERVES, CAPITAL & DEBT</u>						
Tangible Capital Assets Purchased	64,000	12,000	-	-	-	76,000
New Debt	-	-	-	-	-	-
Repayment of Debt & Actuarial	16,294	17,135	17,991	18,889	19,832	90,141
Amortization	(118,478)	(118,478)	(118,478)	(118,478)	(118,478)	(592,390)
Transfers to Reserves/Surplus	133,965	156,014	156,619	160,476	174,984	782,058
Reserves/Surplus Used for Capital Funding	(64,000)	(12,000)	-	-	-	(76,000)
Reserves/Surplus Used to Fund Operations	(88,010)	-	-	-	-	(88,010)
	(56,229)	54,671	56,132	60,887	76,338	191,799
Balanced Budget	-	-	-	-	-	-

Final Budget

Council now needs to make their final budget decisions so that the Village's provisional (draft) 2016 – 2020 Financial Plan can be presented to the public for comment and can subsequently be adopted, together with the tax rates bylaw, prior to the legislated deadline of May 15th, 2016.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ken", followed by a horizontal line that extends to the right and then curves downwards at the end.

Ken Bjorgaard, MBA, CPA-CGA

Appendix "A" – Discretionary Spending List General Fund

Insert

APPENDIX "A" - DISCRETIONARY OR NON-CORE BUDGET SPENDING INITIATIVES - GENERAL FUND

Initiative Description	Ongoing Cost (\$ per year)	One-Time Cost (\$ per year)	Classification (see below)	Whether Recommended (R) and Year	Notes/Comments	To be Included in Budget (Yes) (No)	General Operations	Steadfastness Reserve Fund	Capital Reserve Fund	Community Works Gas Tax Reserve Fund	Vehicle & Equipment Reserve Fund	Grants/Contributions	Total Funding
Council, Committees & Grants-in-Aid													
Meals for Council (5) and training		\$5,000	8	R 2018	Council priority	Yes		\$5,000					\$5,000
UBCM CTC Forum	\$10,000		9	R 2018	1 year program budget: \$10,000; Eligible MDIT contribution: up to \$5,000; Required Village contribution: up to \$5,000; Council priority	Yes	\$5,000					\$5,000	\$10,000
Grants-in-Aid/Donations	\$4,000			R 2018	Per driveway expenditures, new by-law required	Yes	\$4,000						\$4,000
Info Center printing and hours		\$4,000	5	R 2018		Yes		\$4,000					\$4,000
Council Governance Session		\$5,000		R 2018	Council priority	Yes	\$5,000						\$5,000
Corporate Services													
Computer replacement for Village Office (4)		\$12,000	6	R 2017	Replacement plan should be in place to renew every 4 years	Yes		\$12,000					\$12,000
DCP events and permits byes in RSP (Council Priority)	\$20,000		3	R 2016/2017	Needs to be investigated, could use gas tax fund to fund	Yes			\$20,000				\$20,000
Phone system replacement	To be determined	To be determined	5 & 6	R 2017	Needs to be investigated	Yes							\$0
Economic Development													
Northern Lane Community Champions Conference, April 27 & 28, Prince George		\$500	9	R 2018	Local 1, travel paid for MDIT, incidental expenses to be paid for by Village; for one attendee, to be paid out of existing budget	Yes							\$0
Northern Development Involves Trust (MDIT) Business Facade Improvement Program	\$40,000		6 & 9	R 2018	Total program budget: \$40,000; Eligible MDIT contribution: up to \$20,000; Required contribution from business/organization (matching fund of up to \$20,000)	Yes			\$40,000			\$40,000	\$40,000
Protective Services - Fire & Emergency Services													
Supplies & Equipment Maintenance & Replacement	\$5,010		1	R 2018	Repair MSA Network (1500), E1 rear ends replacement (900), 3 tires set Adjustable handle for fire truck (200), 2 fire truck tires (200), 611 ICR (145), 6 hat one others (183), AED replacement battery (225)	Yes	\$5,010						\$5,010
Used replacement for 1998 Ford F150 Rescue Truck		\$75,000 \$80,000	2	R 2018	There seems to be strong feelings that the Rescue Truck needs to be replaced, sooner rather than later. As I am told, depending on use, it may not last another year. I would like to ensure with the local shop that provides commercial vehicle inspections to get his input. I search as through, ultimately, the fire truck may need to be replaced in the next 1-2 years. CAAD is looking into the statutory obligations for	No							\$0
Replacement for Engine 1		\$300,000 \$400,000	2	R 2018		No							\$0

APPENDIX "A" - DISCRETIONARY OR NON-CORE BUDGET SPENDING INITIATIVES - GENERAL FUND

Ongoing Cost (Operating)	One-Time Cost (Operating)	One-Time Cost (Capital)	Classification (see below)	Whether Recommended (R) and Year	Notes/Comments	To be Included in Budget (Yes) (No)	Funding Sources						Total Funding
							General Operations	Stabilization Reserve Fund	General Capital Reserve Fund	Community Works Gas Tax Reserve Fund	Vehicle & Equipment Reserve Fund	Grants/Contributions	
Public Works													
	\$10,000		5	R 2017	Per quote, Council priority	Yes			\$10,000				\$10,000
		\$15,000	6	R 2017	Costs needs to be investigated	Yes				\$15,000			\$15,000
		To be determined	8	R 2017	Costs needs to be investigated	Yes							0
	\$5,500		1 & 2	R 2018	Per quote, Council priority	Yes				\$5,500			\$5,500
		\$18,000		R 2018	Council approved expense to match \$18,000 USCA grant, cost funding could come from Gas Tax \$20,000 project	Yes			\$18,000				\$18,000
	\$20,000		5	R 2018		Yes			\$10,000		\$10,000		\$20,000
Recreational Services													
		\$20,000	4, 5 & 8	R 2018	Request for 100% funding already submitted to TRPD, to address non-complaint issue raised by SIA & Estero Health	Yes					\$20,000		\$20,000
Capital Contributions & Transfers to Reserves													
	\$5,000		8 & 7	R 2018	Reserve needs to be build up to achieve financial sustainability and to prevent spikes in taxation	Yes							\$5,000
	\$3,000		5 & 7	R 2018	Reserve needs to be build up to achieve financial sustainability and to prevent spikes in taxation	Yes							\$3,000
	\$5,000		8 & 7	R 2018	Reserve needs to be build up to achieve financial sustainability and to prevent spikes in taxation	Yes							\$5,000
	\$3,000		5 & 7	R 2018	Reserve needs to be build up to achieve financial sustainability and to prevent spikes in taxation	Yes							\$3,000
	\$3,000		5 & 7	R 2018	Reserve needs to be build up to achieve financial sustainability and to prevent spikes in taxation	Yes							\$3,000
Totals	\$24,000	\$118,010							\$40,000	\$41,000	\$75,000		\$215,010

Classifications

- 1 - Safety (public and/or employee) - real risk for harm to persons if spending does not occur
- 2 - Risk Mitigation - will reduce or eliminate costs that will result if situation or item is not resolved
- 3 - Statutory, Regulatory or Policy Requirement - non-compliance with the requirement represents a risk or liability
- 4 - Committed or Unavoidable - represents previous commitment or continuation of agreed upon action or program already in progress
- 5 - Investment Protection - protects existing municipal assets or resources
- 6 - Productivity Improvement - increases efficiency and/or effectiveness leading to cost savings
- 7 - Contributions to Reserves or Future Capital - contributions that lead towards greater future financial sustainability
- 8 - Grants - expense is partially or fully recoverable through grants
- 9 - Other

Appendix "A" – Discretionary Spending List Water and Sewer Funds

Insert

APPENDIX "A" - DISCRETIONARY OR NON-CORE BUDGET SPENDING INITIATIVES - WATER & SEWER FUNDS

Project Description	Ongoing Cost (Operating)	One-Time Cost (Operating)	One-Time Cost (Capital)	Classification (see below)	Whether Recommended (R)	Notes/Comments	To be Included in Budget (Y/N)	Funding Sources					Total Funding
								Stabilization Reserve Fund	Community Works Gas Tax Reserve Funds	Water Capital Reserve Fund	Street Capital Reserve Fund	Grants	
WATER FUND													
Water projects per Water Master Plan (March 31)	To be determined		To be determined	4 & 5	R	Project list will be available after master plan is completed	Yes						\$0
Water Treatment Plant facility - grant writing		\$7,500		8	R	Proposal from grant specialist; could fund from a Stabilization Reserve Fund; it may be possible to allocate some NDT grant funding money to this	Yes	\$7,500					\$7,500
Water Treatment Plant facility	To be determined		To be determined	2, 3, 4 & 5	R	Per on-going discussions	Yes						\$0
Totals	\$0	\$7,500	To be determined					\$7,500	\$0	\$0	\$0	\$0	\$7,500
SEWER OPERATING FUND													
Upgrade Sewer Master Plan		\$20,000		5	R	Should be completed to access infrastructure priorities; valid use of Gas Tax funds	Yes		\$20,000				\$20,000
Totals	\$0	\$20,000	\$0					\$0	\$20,000	\$0	\$0	\$0	\$20,000

Classifications

- 1 - Safety (public and/or employee) - real risk for harm to persons if spending does not occur
- 2 - Risk Mitigation - will reduce or avertable costs that will result in solution or item is not resolved
- 3 - Statutory, Regulatory or Policy Requirement - non-compliance with the requirement represents a risk of liability
- 4 - Committed or Unavoidable - represents previous commitment or continuation of agreed upon action or program already in progress
- 5 - Investment Protection - protects existing municipal assets or resources
- 6 - Productivity Improvement - increases efficiency and/or effectiveness leading to cost savings
- 7 - Contributions to Reserves or Future Capital - contributions that lead towards greater future financial sustainability
- 8 - Grants - expense is partially or fully recoverable through grants
- 9 - Other

Appendix "B" - Tracking of Core Operating Budget Changes

2016 Budget Changes				
Description	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Explanation of Change/Notes
Net (Revenue)/Expense	(53,362)	(4,422)	(38,045)	As per Initial draft budget
Non-Market Change Loss of Assessed Value	16,651			Loss of Property Tax Revenue due to Drop in Major Industry Assessment
Reserve Fund Transfers per Discretionary Spending List	20,000			\$5,000 ongoing contribution to each of four reserve funds
Establish Grants-in-Aid/Donation Budget as per Discretionary Spending List	4,000			
Other Core Budget Changes (see detailed schedule A)	8,479			See attached
Allowance for 1.5% Tax Increase for 2016	(5,106)			\$340,410 x 1.5%
(Surplus)/Deficit before Final Transfers	(9,338)	(4,422)	(38,045)	
Transfer to General Capital Reserve Fund	9,338			To balance Operating Fund
Transfer to Water Accumulated Surplus		4,422		To balance Operating Fund
Transfer to Sewer Capital Reserve Fund			38,045	To balance Operating Fund
Balanced Budget	-	-	-	

Appendix "B" - Tracking of Core Operating Budget Changes (continued)

2017 Budget				
Description	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Explanation of Change/Notes
Net (Revenue)/Expense	(61,653)	(6,357)	(41,667)	As per initial draft budget
Non-Market Change Loss of Assessed Value	16,651			Loss of Property Tax Revenue due to Drop in Major Industry Assessment
Reserve Fund Transfers per Discretionary Spending List	20,000			\$5,000 ongoing contribution to each of four reserve funds
Establish Grants-In-Aid/Donation Budget as per Discretionary Spending List	4,000			
Other Core Budget Changes (see detailed schedule A)	8,479			See attached
Allowance for 1.5% Tax Increase for 2016	(5,106)			\$340,410 x 1.5%
Allowance for 1.5% Tax Increase for 2017	(5,183)			
(Surplus)/Deficit before Final Transfers	(22,812)	(6,357)	(41,667)	
Transfer to General Capital Reserve Fund	22,812			To balance Operating Fund
Transfer to Water Accumulated Surplus		6,357		To balance Operating Fund
Transfer to Sewer Capital Reserve Fund			41,667	To balance Operating Fund
Balanced Budget	-	-	-	

Appendix "B" - Tracking of Core Operating Budget Changes (continued)

2018 Budget				
Description	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Explanation of Change/Notes
Net (Revenue)/Expense	(49,734)	(8,167)	(45,306)	As per initial draft budget
Non-Market Change Loss of Assessed Value	16,651			Loss of Property Tax Revenue due to Drop in Major Industry Assessment
Reserve Fund Transfers per Discretionary Spending List	20,000			\$5,000 ongoing contribution to each of four reserve funds
Establish Grants-In-Aid/Donation Budget as per Discretionary Spending List	4,000			
Other Core Budget Changes (see detailed schedule A)	8,479			See attached
Allowance of 1.5% Tax Increase for 2016	(5,106)			\$340,410 x 1.5%
Allowance of 1.5% Tax Increase for 2017	(5,183)			
Allowance for 2% Tax Increase 2018	(7,014)			
(Surplus)/Deficit before Final Transfers	(17,907)	(8,167)	(45,306)	
Transfer to General Capital Reserve Fund	17,907			To balance Operating Fund
Transfer to Water Accumulated Surplus		8,167		To balance Operating Fund
Transfer to Sewer Capital Reserve Fund			45,306	To balance Operating Fund
Balanced Budget	.	.	.	

Appendix "B" - Tracking of Core Operating Budget Changes (continued)

2019 Budget				
Description	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Explanation of Change/Notes
Net (Revenue)/Expense	(37,572)	(10,080)	(49,115)	As per initial draft budget
Non-Market Change Loss of Assessed Value	16,651			Loss of Property Tax Revenue due to Drop in Major Industry Assessment
Reserve Fund Transfers per Discretionary Spending List	20,000			\$5,000 ongoing contribution to each of four reserve funds
Establish Grants-in-Aid/Donation Budget as per Discretionary Spending List	4,000			
Other Core Budget Changes (see detailed schedule A)	8,479			See attached
Allowance of 1.5% Tax Increase for 2016	(5,106)			\$340,410 x 1.5%
Allowance of 1.5% Tax Increase for 2017	(5,183)			
Allowance for 2% Tax Increase 2018	(7,014)			
Allowance for 2% Tax Increase 2019	(7,154)			
(Surplus)/Deficit before Final Transfers	(12,899)	(10,080)	(49,115)	
Transfer to General Capital Reserve Fund	12,899			To balance Operating Fund
Transfer to Water Accumulated Surplus		10,080		To balance Operating Fund
Transfer to Sewer Capital Reserve Fund			49,115	To balance Operating Fund
Balanced Budget	-	-	-	

Appendix "B" - Tracking of Core Operating Budget Changes (continued)

2020				
Description	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Explanation of Change/Notes
Net (Revenue)/Expense	(38,706)	(12,102)	(53,106)	As per initial draft budget
Non-Market Change Loss of Assessed Value	16,651			Loss of Property Tax Revenue due to Drop in Major Industry Assessment
Reserve Fund Transfers per Discretionary Spending List	20,000			\$5,000 ongoing contribution to each of four reserve funds
Establish Grants-In-Aid/Donation Budget as per Discretionary Spending List	4,000			
Other Core Budget Changes (see detailed schedule A)	8,479			See attached
Allowance of 1.5% Tax Increase for 2016	(5,106)			\$340,410 x 1.5%
Allowance of 1.5% Tax Increase for 2017	(5,183)			
Allowance for 2% Tax Increase 2018	(7,014)			
Allowance for 2% Tax Increase 2019	(7,154)			
Allowance for 2% Tax Increase 2020	(7,297)			
(Surplus)/Deficit	(21,330)	(12,102)	(53,106)	
Transfer to General Capital Reserve Fund	21,330			To balance Operating Fund
Transfer to Water Accumulated Surplus		12,102		To balance Operating Fund
Transfer to Sewer Capital Reserve Fund			53,106	To balance Operating Fund
Balanced Budget	-	-	-	

Schedule A for Appendix "B"

Budget Changes Based on New Information

Budget Item	Increase (Decrease) in Budget	Explanation of Change
Radio License	1,179	Unbudgeted - invoice just received
PEP reimbursements	(5,000)	Unbudgeted revenue historically received
Miscellaneous revenue	7,000	Budgeted revenue too high based on 2015 year-end
Staff training	5,300	To increase small budget
Cemetery restoration grant	(6,000)	Grant for project in deferred revenue at the end of 2015
Cemetery restoration project	6,000	
Total Adjustments	<u>8,479</u>	

APPENDIX "C"

VILLAGE OF LYTTON

BYLAW NO. XXX

**A bylaw to adopt the Financial Plan of the Village of
Lytton
For the years 2016 to 2020**

WHEREAS, pursuant to Section 165 of the Community Charter, the Council shall, before the 15th day of May in each year, before the annual property tax bylaw is adopted, adopt a financial plan;

NOW THEREFORE the Council of the Village of Lytton, in open meeting assembled, ENACTS AS FOLLOWS:

1. This Bylaw may be cited for all purposes as "Village of Lytton 2016-2020 Financial Plan Bylaw xxx-2016.
2. Those schedules marked as Schedule "A" and "B" attached hereto, and forming part of this bylaw, are hereby declared to be the Financial Plan for the Village of Lytton for the period January 1, 2016 to December 31, 2020.

READ A FIRST TIME on the XXth day of April, 2016.

READ A SECOND TIME on the XXth of April, 2016.

READ A THIRD TIME on the XXth day of April, 2016.

FINALLY PASSED AND ADOPTED on the XXth day of May, 2016.

Mayor

Corporate Officer

**Village of Lytton 2016 - 2020 Financial Plan
Schedule "A" of Bylaw No. xxx-2016
Summary Financial Plan**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Totals</u>
<u>REVENUES</u>						
Property Taxation & Grants-in-Lieu of Taxation	(371,593)	(377,204)	(384,650)	(392,240)	(399,977)	(1,925,664)
Sale of Services and Regulatory fees	(320,631)	(323,709)	(333,117)	(342,868)	(352,976)	(1,673,301)
Government Transfers	(542,803)	(352,681)	(352,697)	(355,794)	(355,810)	(1,959,785)
Investment Income	(17,721)	(18,640)	(19,602)	(20,607)	(21,658)	(98,228)
Revenue from Other Sources	(98,000)	(61,180)	(61,362)	(61,545)	(61,730)	(343,817)
TOTAL REVENUES	(1,350,748)	(1,133,414)	(1,151,428)	(1,173,054)	(1,192,151)	(6,000,795)
<u>EXPENSES</u>						
General Administration and Legislative Services	509,675	495,950	504,003	512,200	520,548	2,542,376
Protective Services	239,755	58,804	59,980	61,178	62,402	482,119
Public Works and Transportation Services	235,150	202,180	205,219	208,322	197,937	1,048,808
Environmental and Development Services	112,501	36,041	36,092	36,143	36,196	256,973
Recreation, Parks & Cultural Services	66,562	67,504	68,852	70,229	71,634	344,781
Interest Expense	7,200	7,200	7,200	7,200	7,200	36,000
Water Utility	118,040	111,850	113,415	115,011	116,639	574,955
Sewer Utility	118,094	99,214	100,535	101,884	103,257	522,984
TOTAL EXPENSES	1,406,977	1,078,743	1,095,296	1,112,167	1,115,813	5,808,996
Annual (Surplus)/Deficit	56,229	(54,671)	(56,132)	(60,887)	(76,338)	(191,799)
<u>RESERVES, CAPITAL & DEBT</u>						
Tangible Capital Assets Purchased	64,000	12,000	-	-	-	76,000
New Debt	-	-	-	-	-	-
Repayment of Debt & Actuarial	16,294	17,135	17,991	18,889	19,832	90,141
Amortization	(118,478)	(118,478)	(118,478)	(118,478)	(118,478)	(592,390)
Transfers to Reserves/Surplus	133,965	156,014	156,619	160,476	174,984	782,058
Reserves/Surplus Used for Capital Funding	(64,000)	(12,000)	-	-	-	(76,000)
Reserves/Surplus Used to Fund Operations	(88,010)	-	-	-	-	(88,010)
	(56,229)	54,671	56,132	60,887	76,338	191,799
Balanced Budget	-	-	-	-	-	-

Village of Lytton 2016 - 2020 Financial Plan
Schedule "B" of Bylaw No. xxx-2016
Statement of Objectives and Policies

In accordance with Section 165(3.1) of the Community Charter, the Village of Lytton is required to include in its Five-Year Financial Plan (2016 - 2020), objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the Community Charter;
2. The distribution of property taxes among the property classes; and
3. The use of permissive tax exemptions.

1. Funding Sources

Council's objectives and policies in regards to operating and capital revenue sources are provided below. Over the five-year plan, the proportion or percentage of total revenue from the various revenue sources as detailed in the Financial Plan is summarized in Table 1 below.

Operating Revenue Sources Objective:

Over the five-year financial plan timeframe, it is Council's goal to diversify and expand its revenue base as much as possible with the goal of becoming less reliant on property taxes.

Policy:

Council recognizes that the Village of Lytton is reliant on property taxes to fund the majority of its services/programs. Council is committed, on an annual basis, to formally reviewing and adjusting, where possible, existing user fees and to examining and implementing new user fees where feasible, in order to minimize overall property tax increases. Council also recognizes that raising user fees beyond a certain point will actually result in less usage or demand and ultimately less revenue and that various services like recreation need to be subsidized to a certain level so that all citizens can partake. The Village of Lytton, like other local governments in B.C., also needs access to other sources of revenue to meet growing service demands and to stabilize property taxes.

Capital Revenue Sources Objective:

Over the five-year financial plan timeframe, it is Council's goal to build up its reserves to provide for greater internal capital funding/financing opportunities.

Policy:

Council sees the need to increase its internal capital funding capacity by building up its own reserves, to minimize future external debt/interest costs and to provide internal borrowing opportunities. Internal debt financing for capital projects will be utilized to the extent possible before resorting to external debt with the proviso that internal debt repayments need to take place as scheduled; however, external debt financing may be required for larger, high priority capital projects if sufficient reserves are not in place.

Table 1: Sources of Revenue

Revenue Sources	2016	2017	2018	2019	2020
Property Taxes	%	%	%	%	%
Parcel Taxes	0%	0%	0%	0%	0%
Fees & Charges	%	%	%	%	%
Other Revenue	%	%	%	%	%
Proceeds from Borrowing	0%	0%	0%	0%	0%
Transfers from Reserves	%	%	%	%	%
Transfers from Surplus	%	%	%	%	%
Total Revenue	100%	100%	100%	100%	100%

2. Distribution of Property Taxes

Council's objective and policy in regards to the distribution of property taxes are provided below. Table 2 below highlights the estimated municipal property tax dollars and the respective percentages to be collected from each of the tax classes in 2016.

Objective:

Over the five-year financial plan timeframe, it is Council's goal to diversify and expand its tax base so that all taxpayers are in a more favourable position.

Policy:

Council recognizes the need to rationalize its property tax distribution among the various tax classes; however, more importantly Council recognizes the need to diversify and expand its assessment/tax base. Council is committed to pursuing business/commercial economic development opportunities to achieve this. Council is also committed to comparing its assessment mix, property tax levels and property tax distribution with other B.C. communities on an annual basis.

Table 2: Approximate Distribution of 2016 Municipal Property Taxes

Property Class	Property Tax Dollars Raised	% of Total Property Taxation	Ratio
(1) Residential		%	
(2) Utility		%	
(3) Social Housing	\$0	0%	
(4) Major Industry		%	
(5) Light Industrial	\$0	0%	
(6) Business/Other		%	
(7) Municipal Forest	\$0	0%	
(8) Recreation/Non-Profit	\$0	0%	
(9) Farm	\$0	0%	
Totals		100%	

3. Permissive Tax Exemptions

Council’s objective and policy in regards to permissive tax exemptions are provided below.

Objective:

Over the five-year financial plan timeframe, Council will continue supporting worthy charitable/non-profit organizations that provide valuable services.

Policy:

Council chooses to support charitable/non-profit organizations (churches, social, and recreational) that provide valuable services to the community through permissive tax exemptions as allowed for by legislation. Council is committed to continuing with these tax exemptions and to treating all organizations with similar mandates equally when it comes to property tax exemptions.

THE CORPORATION OF THE VILLAGE OF LYTTON

BYLAW 680, 2016

A bylaw to establish a reserve fund for major emergent operating issues, one-time and intermittent projects, and to offset unrealized revenues.

WHEREAS, pursuant to section 188 of the *Community Charter*, council may, by bylaw, establish a reserve fund for a specified purpose;

NOW THEREFORE the council of the Village of Lytton, in open meeting assembled, ENACTS AS FOLLOWS:

1. This bylaw may be cited for all purposes as "Village of Lytton Financial Stabilization Reserve Fund Establishment Bylaw 680, 2016".
2. There shall be and is hereby established a reserve fund, under the provisions of section 188 of the *Community Charter*, to be known as the "Financial Stabilization Reserve Fund".
3. Monies from general operations, together with interest earned on the fund balance, or as otherwise provided in the *Community Charter* or *Local Government Act*, may from time to time be paid into the "Financial Stabilization Reserve Fund".
4. Monies in the "Financial Stabilization Reserve Fund" shall be used for:
 - (a) major emergent operating issues,
 - (b) one-time and intermittent projects,
 - (c) offsetting unrealized revenues, and
 - (d) any associated debt repayments.
5. This bylaw shall take effect on the ____ day of _____, 2016.

READ A FIRST TIME on this 25th day of April, 2016

READ A SECOND TIME on this 25th day of April, 2016

READ A THIRD TIME on this 25th day of April, 2016

ADOPTED on

Jesosa Lightfoot,
Mayor

Keir Gervais,
Corporate Officer