



2013 Proposed Annual Budget

(2013-2017 Five-Year Financial Plan)

Public Consultation and Information Package

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- Building the Annual Budget – A Summary
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Community Charter s.166:

“A council must undertake a process of public consultation regarding the proposed financial plan before it is adopted.”

We Want Your Opinion!

You are entitled to know about our Annual Budget process and what we are proposing. The rest of this package provides more detail of what is involved in building the Annual Budget, important information to consider and understand, and what it may mean to you from a taxation perspective.



Council passed first reading of the Annual Budget (*Five Year Financial Plan Bylaw*) on February 19th. Now is your opportunity to give us feedback. Council plans to give 2nd reading to the bylaw on March 19th, allowing nearly a month to hear from you.

The deadline for public input will be 4:00pm, March 11th.

This will allow time for council to consider and discuss all comments prior to its March 19th meeting.

Getting the Information

This Budget Book is available:

- In print at Town Hall and the Okanagan Regional Library
- On our website at www.golden.ca
- On our facebook page “Town of Golden” 



How to Give Us Your Opinion

- Email us at clerk@golden.ca. Please title your email as “Comments on Annual Budget”
- Start a conversation on our facebook page
- Come to Council’s regular meeting at 7:00pm, Tuesday, March 5th where time will be set aside for any member of the public wanting to speak to the proposed Annual Budget.
- Write to us care of the Corporate Officer at Box 350, Golden, BC V0A 1H0

We look forward to hearing from you!

Sincerely,

Mayor Christina Benty

Councillor Connie Barlow

Councillor Chris Hambruch

Councillor Keith Hern

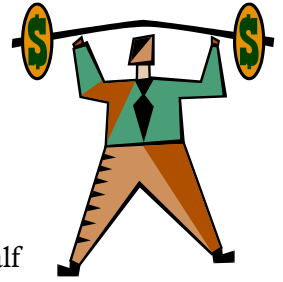
Councillor Caleb Moss

Councillor Ron Oszust

Councillor Mike Pecora

Building the Annual Budget – A Summary

Every year by law, we must prepare a *Five-year Financial Plan* bylaw which outlines revenues and expenses for the current year and following 4 years. While those last 4 years are very important to show our planning direction, most attention is paid to the first year which is more commonly known as the “**Annual Budget**”.



The Annual Budget contains both **operating** (annually recurring expenses to run the municipality) and **capital** (one-time only and typically larger project oriented) expenditures. The Annual Budget also shows the source of funds needed, with about half coming from local property taxes. The other sources may include:

- *Federal and Provincial government grants in lieu of taxes* (on lands they own in town)
- *Sales of Services* (utilities, recreation facility fees, property leases and rentals)
- *Developer Contributions* (Development and Building Fees, Permits, and Development Cost Charges)
- *Federal and Provincial Government Grants* (for specific projects we've applied and been approved for)
- *Investment Earnings* (from interest bearing accounts)

It is important to remember that the Annual Budget represents what the Town of Golden needs for the current year; almost half of your total tax bill actually goes to other authorities. We are just the tax collector for them. They include the school district, hospital district, regional district, police, and other provincial authorities.

Once the Annual Budget is finalized, Council then determines how much must come from taxation, including any increases. We determine how much each of the Tax Classes (i.e. business, residential, industrial, etc.) will contribute to it by setting Tax Rates. We consider our current policies, recent assessments, past Tax Rates, provincial rules, and local factors. Tax Rates are set by a different bylaw which must be adopted by May 15th.

Finally, the Annual Budget is understandably the basis for our annual Corporate Work Plan which is then given a “green light” by an approved Budget. The Corporate Work Plan is in turn driven by Council's annual Strategic Priorities and our Official Community Plan.

An Official Community Plan (OCP) provides the longer term vision for the community. Under the Local Government Act, an OCP is a statement of objectives and policies to guide decisions on planning and land use management, within the area covered by the plan, respecting the purposes of local government.

Local governments are encouraged to consider how the OCP can be integrated with other community strategies, including transportation plans, sustainability plans, and waste management plans. Approaching planning and development in an integrated way supports coordinated efforts.

If a local government chooses to prepare and adopt an OCP, there are requirements for statements and map designations for many purposes, restrictions, and locations. There are also optional policy statements that may be made concerning social needs, environmental initiatives, and other topics.

Excerpted from the Ministry of Community, Sport & Cultural Development's Local Government Department webpage at http://www.cscd.gov.bc.ca/lgd/planning/official_community_plans.htm

How We Build the Annual Budget (Financial Plan)

Step One: Choosing Annual Strategic Priorities

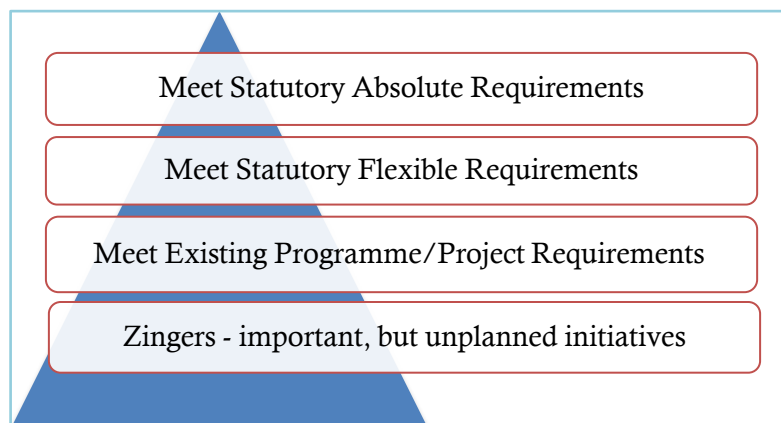
It starts in late spring of every year when council typically meets with a facilitator over a couple days. During this time, with reference to our Official Community Plan, and what we see as community trends, public wants, and broad reaching society expectations, we determine our Strategic Priorities for the following calendar year.

These Strategic Priorities need to mesh with the Corporate Priorities which capture the statutory and legal obligations we must meet as a municipality regardless of our political directives. Together, they give organization-wide guidance on what initiatives will be undertaken in the year following.

Council 2013 Strategic Priorities



Continuing Corporate Priorities



How We Build the Annual Budget (Financial Plan)

Step Two: Identifying Initiatives and their Legalities

Council, the public, staff, other governments, and even case law all play roles in coming up with desired initiatives for a given year. But to be successful, careful forethought is required. Usually starting in October of each year, staff compiles lists of possible initiatives for the following year.

Many initiatives may be very straight forward and logical extensions of continuing services; others may be entirely new and must be “filtered”.

Collection of all Desired Initiatives

Are they compliant with provincial and federal laws?

Do we have the legal authority to implement them?

Do they meet the spirit and intent of the Official Community Plan?

Do they meet Strategic Priorities and Corporate Priorities?

Step Three: Initiatives Become Projects

The initiatives that passed muster now become Projects with each one having two major components: capacity – the staff or contractor time required to complete it, and finances - taxes, grants, or other funds to pay for it. A risk factor is attached being 10, 15, or 20%.

Typically in November, the complete collection of draft Projects becomes the draft Corporate Work Plan.

Compile the ‘Legal’ Initiatives

Assign each one or more Council or Corporate Priorities

Develop each initiative into an individual Project

Assign capacity and finances to each Project

Assign each Project a risk factor

Step Four: Reconcile the Corporate Work Plan to Meet the Annual Budget

With a draft Corporate Work Plan in place, staff then prepare a draft Annual Budget (Financial Plan) to achieve it. At this point, the number of Projects likely exceeds what the eventual Annual Budget will bear.

In meetings held from late November and into January, Council and staff then work to balance the competing priorities between Projects and the money and time available to achieve them.

When Council is satisfied with both, including the required level of taxation required, it passes first reading of the Annual Budget and invites taxpayers to provide input. Council considers the public input, making changes it feels necessary before passing further readings and eventually adopting the Annual Budget as the Financial Plan Bylaw.

Discuss and debate the draft ‘Corporate Work Plan’

Do work plan costs equal most annual expenditures?

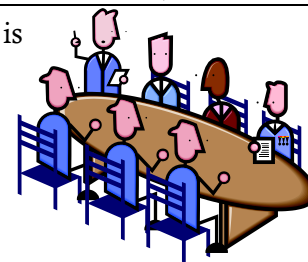
Add other costs apart from Projects (debt servicing, utilities, communications, vehicles, tax exemptions, salaries & wages, grants-in-aid, etc.)

Identify sources of funding to pay for the Work Plan (taxation, charges & fees, borrowing, grants, etc.)

Ensure all funding combined with all expenditures equals the content of the Annual Budget

How We Build the Annual Budget (Financial Plan)

The discussion and debate over the Corporate Work Plan and the Annual Budget is actually done by the Mayor's *Standing Committee on Finance*. This committee essentially includes all Council members, but when convened, its mandate is purely based upon deliberating and recommending to Council the Annual Budget and tax rates as well as important corporate financial policies that will guide the organization into the future.



The subject matter of such policies to be developed includes reserve contribution amounts, debt and financial control, asset management and permissive tax exemption provisions, tax rate strategy, and auditor protocols. With these policies in place, Council's annual setting of Strategic Priorities can become more easily focused and based upon a framework of their own technical guidance.

The [Five Year Financial Plan] is adopted annually by bylaw each year prior to May 15 [for municipalities]. The current year of the plan becomes the annual budget. An expenditure not provided for in the plan or in an amended plan is unlawful. The plan may only be amended by bylaw.

The five-year plan contains both operating and capital expenditures.

The plan will show proposed sources of funds and their application for capital projects such as building construction or land and equipment purchases.

The current year of the plan is the operating plan for the year. It tells staff and the public what types and quality of services are to be provided. The capital expenditure program is council's plan for the development and improvement of municipal facilities.

Local governments cannot run a deficit in their current operating accounts. Each year they must balance their budget. They must also provide an annual report at the end of the year to the community on what they have done.

Excerpted from Local Government in British Columbia – A Community Effort

Prepared and published by the Union of BC Municipalities, the Local Government Management Association of BC, and the Ministry of Community, Sport & Cultural Development.

Prior to the end of June, Council will release its Corporate Annual Report for 2012. It will list our most significant accomplishments of last year, and review Council's Strategic Priorities, objectives, and goals for 2012-2014. The document will also include the audited financial statements for 2012, a list of major suppliers of goods and services, remuneration rates, and permissive tax exemptions given for the year.

The public will be invited to comment on the Corporate Annual Report before it is considered final by Council. This will include an invitation to attend a meeting of Council, or send correspondence via email, social media, or post.

Impacts of the 2013 Proposed Annual Budget

The proposed Annual Budget for this year includes a 2% general taxation increase with all proceeds to go into the *Asset Renewal Reserve* – a special account that funds important repairs and replacements to our major infrastructure such as the water and sewer systems, roads, and buildings.

Council has been sensitive to property tax increases for many years, with very few since 2007. We have made great steps in reducing energy consumption, improving our services, and consolidating our staff, but this is all too often tempered by the rising costs (inflation) we are all familiar with as individual tax payers.

Because the cost of living doesn't ever seem to stay constant, neither can our Annual Budget. Having said this, we have kept our base level spending apart from the proposed 2% increase virtually the same as last year, by making some adjustments to spending and services.

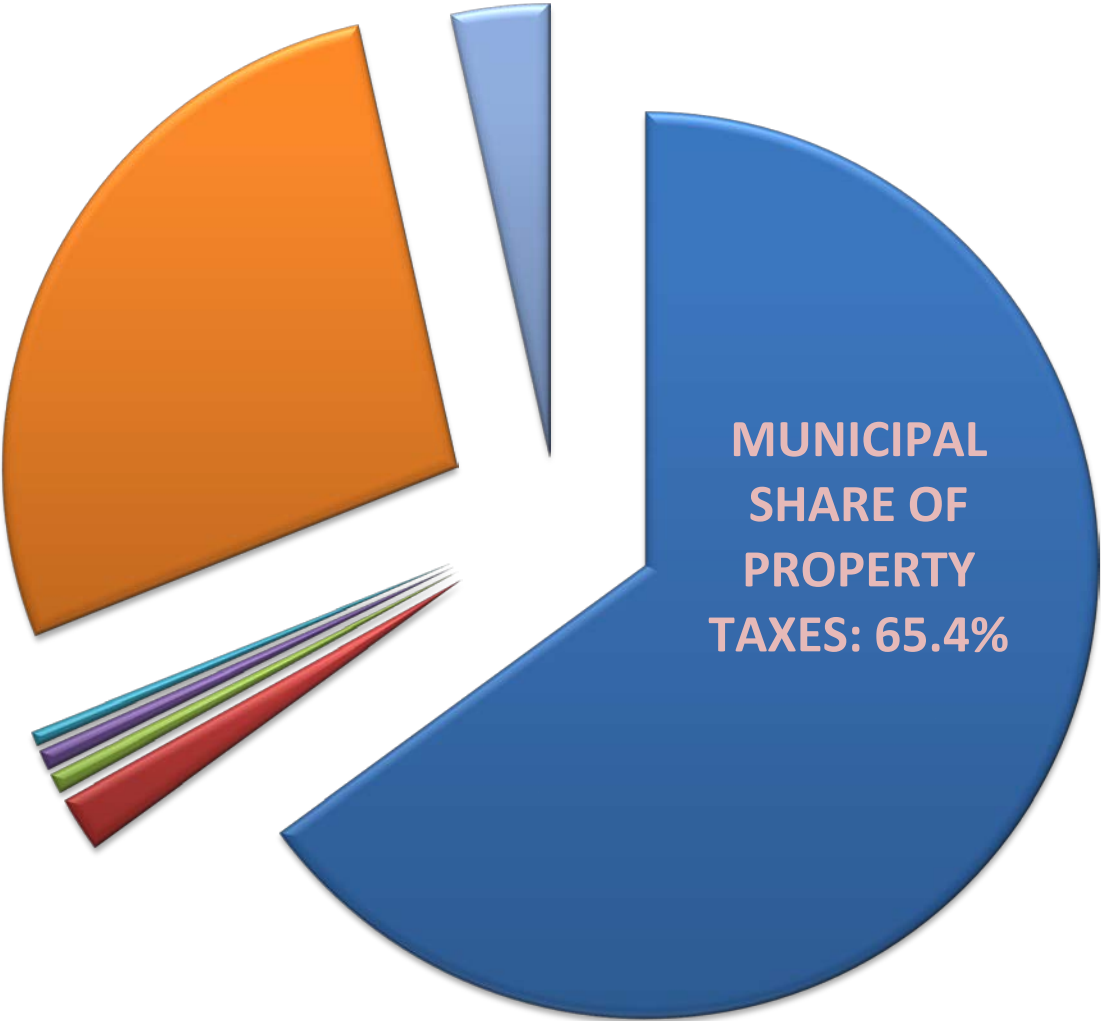
The charts on the following pages are a simple way of showing several important points as it relates to the proposed Annual Budget and its impacts to you and across the community.



In 2007, the Assessed Value of this modest single family home was \$215,000 and the Municipal Property Tax paid was \$1,035. **Over 7 years, the increase in Municipal Property Tax was just \$208.** When adjusted for inflation (7.59%), that increase was just \$78.55, or an average of \$11.22 per year – less than the price of one week of cell phone service.

**Example *Residential* Property Tax Bill:
~ \$238,000 Assessed Value = Total Tax \$1,902**

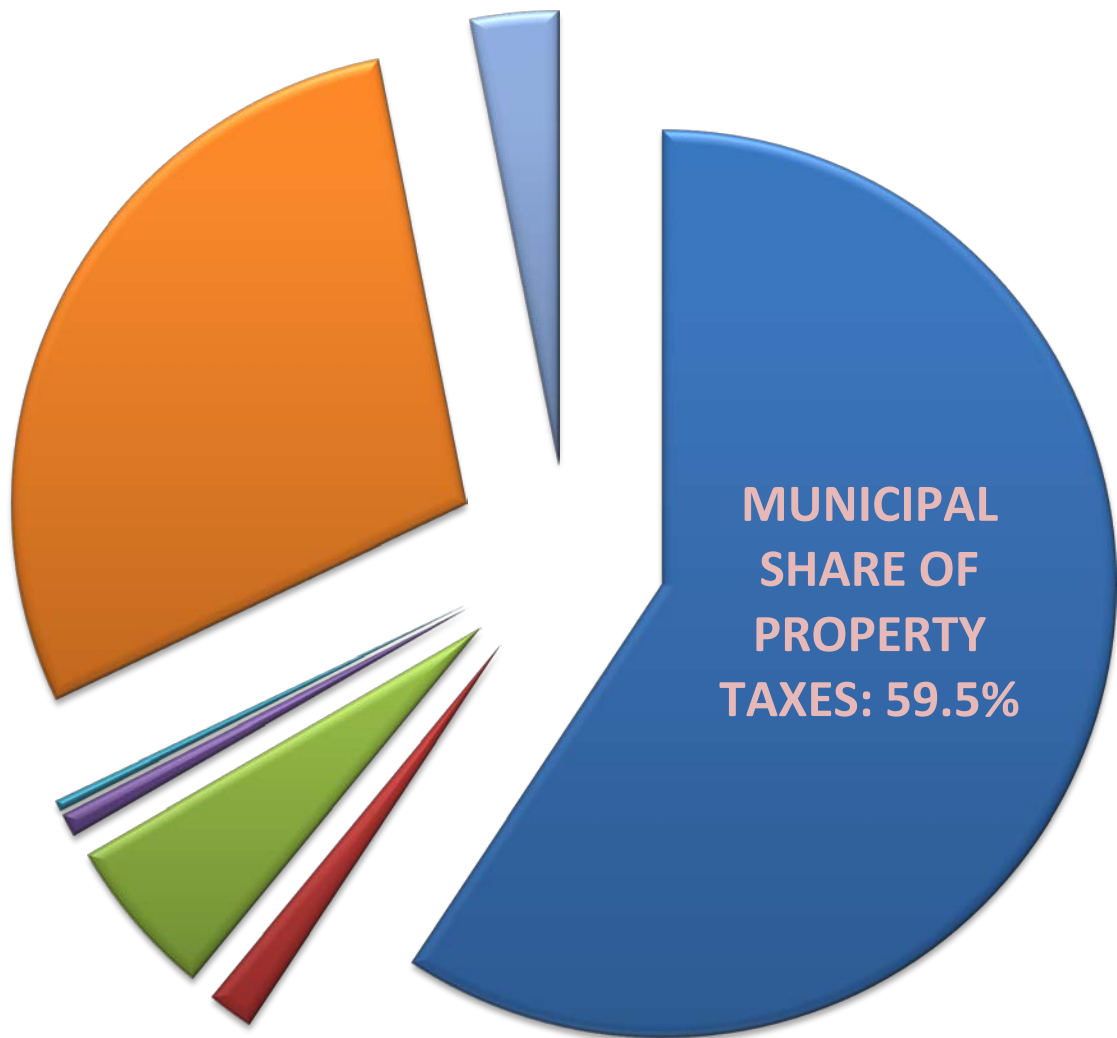
■ Town of Golden = \$1,244	■ Hospital = \$35
■ CSRD Shared Services = \$14	■ BC Assessment Authority = \$14
■ Municipal Finance Authority = \$0.05	■ School District No. 6 = \$528
■ Police Protection = \$67	



In 2007, the Assessed Value of this small business was \$145,900 and the actual Municipal Property Tax paid was \$2,073. **Over 7 years, the increase in Municipal Property Tax was just \$201.** When adjusted for inflation (7.59%), that increase was just \$28, or an average of \$4 per year – less than the cost of two cups of average quality latte.

**Example *Small Business* Property Tax Bill:
\$173,700 Assessed Value = Total Tax \$3,820**

■ Town of Golden = \$2,274	■ Hospital = \$63
■ CSRD Shared Services =\$220	■ BC Assessment Authority = \$32
■ Municipal Finance Authority = \$0.09	■ School District No. 6 = \$1112
■ Police Protection = \$119	





BYLAW RATIONALE STATEMENT

Town of Golden Bylaw 1316, 2013

“2013-2017 Five-Year Financial Plan”

Part 6, Division 1 of the *Community Charter* requires that a municipality must have a five-year financial plan that is adopted annually by bylaw prior to the annual property tax bylaw.

The financial plan must set out the proposed expenditures by the municipality, the proposed funding sources and the proposed transfers to or between funds.

Additionally, the financial plan must set out objectives and policies for the planning period in relation to each funding source, the distribution of property value taxes among the property classes and the use of permissive tax exemptions.

This bylaw, therefore, responds to and meets the requirements of the legislation.

TOWN OF GOLDEN

BYLAW NUMBER 1316, 2013

2013-2017 FIVE-YEAR FINANCIAL PLAN

Being a bylaw to adopt an annual financial plan

The Council of the Town of Golden, in open meeting assembled, **HEREBY ENACTS AS FOLLOWS:**

1. CITATION

- (a) This bylaw may be cited for all purposes as the “Town of Golden 2013-2017 Five-Year Financial Plan Bylaw No. 1316, 2013”.

2. FINANCIAL PLAN

- (a) The Town of Golden Five-Year Financial Plan for the period January 1st, 2013 to and including December 31st, 2017 is set out as Schedule “A” attached hereto and forming a part of this Bylaw.

3. FINANCIAL OBJECTIVES AND POLICIES

- (a) The Town of Golden Financial Objectives and Policies for the period January 1st 2013 to and including December 31st, 2013 are set out as Schedule “B” attached hereto and forming a part of this Bylaw.

4. SEVERABILITY

- (a) The provisions of this Bylaw are severable and the invalidity of any part of this Bylaw shall not affect the validity of the remainder of this Bylaw.

5. REPEAL

- (a) *Town of Golden Five-Year Financial Plan Bylaw 1306, 2012*, and any amendments thereto, are hereby repealed in their entirety.

6. TERMINATION

- (a) This bylaw shall have no further force or effect after December 31st, 2013.

READ A FIRST TIME THIS DAY OF , 2013.

READ A SECOND TIME THIS DAY OF , 2013.

READ A THIRD TIME THIS DAY OF , 2013.

ADOPTED THIS DAY OF , 2013, BY A UNANIMOUS
DECISION OF ALL MEMBERS OF TOWN COUNCIL PRESENT AND ELIGIBLE TO
VOTE

MAYOR

CORPORATE OFFICER

**Town of Golden - Financial Plan
For The 5 Year Period 2013 to 2017**

SCHEDULE 'A'

	2013 Budget	2014 BUDGET	2015 BUDGET	2016 BUDGET	2017 BUDGET
REVENUES					
Property Taxes					
Municipal property tax	4,333,301	4,415,801	4,498,301	4,580,801	4,663,301
Frontage taxes - water and sewer	205,000	205,000	205,000	205,000	205,000
Grants in lieu and 1% utility tax	132,968	132,968	132,968	132,968	132,968
	<u>4,671,269</u>	<u>4,753,769</u>	<u>4,836,269</u>	<u>4,918,769</u>	<u>5,001,269</u>
Other government requisitions	2,812,598	2,812,598	2,812,598	2,812,598	2,812,598
Less: other government tax transfers	<u>(2,812,598)</u>	<u>(2,812,598)</u>	<u>(2,812,598)</u>	<u>(2,812,598)</u>	<u>(2,812,598)</u>
Net property taxes	4,671,269	4,753,769	4,836,269	4,918,769	5,001,269
Sales of Services	642,028	597,540	591,062	591,595	592,138
Licences, permits, fines	106,000	106,000	106,000	106,000	106,000
Interest & Penalties	93,705	93,705	93,705	93,705	93,705
Grants - Conditional	586,222	958,084	1,167,240	464,442	140,436
Grants - Unconditional	118,850	464,000	464,000	464,000	464,000
Transfers from Other Governments/Agencies	550,526	357,505	336,045	337,106	338,188
Other Contributions	74,237	80,485	91,122	39,611	46,186
Total	<u>6,842,836</u>	<u>7,411,088</u>	<u>7,685,443</u>	<u>7,015,228</u>	<u>6,781,922</u>
Arena Sale of Services	129,033	131,613	134,246	136,931	139,669
Arena Transfer from Other Government	302,251	308,296	314,462	320,751	327,166
Shared Emergency Services Government Transfers	89,400	91,188	93,012	94,872	96,769
Water User Fees	617,337	647,328	678,820	711,386	746,105
Sewer User Fees	688,397	722,517	758,343	795,960	835,458
Total Consolidated Revenue	<u>8,669,254</u>	<u>9,312,031</u>	<u>9,664,325</u>	<u>9,075,127</u>	<u>8,927,090</u>
EXPENSES					
General government services	2,167,298	2,174,083	2,208,199	2,213,255	2,193,064
Protective services	361,921	327,110	332,253	337,754	343,658
Transportation services	1,148,463	1,138,965	1,160,699	1,223,249	1,295,456
Airport services	85,771	86,564	88,296	90,061	91,863
Economic development services	426,973	426,973	426,973	426,973	426,973
Broadband services	27,500	27,500	-	-	-
Planning & Development services	311,774	274,441	282,837	287,830	292,924
Recreation and cultural services	670,763	671,743	656,106	678,760	703,979
Environmental services	346,801	342,473	343,159	343,858	344,571
Cemetery services	37,004	38,369	39,136	39,919	40,718
Loss on disposal of assets	-	-	-	-	-
Fiscal Services	185,836	185,744	181,440	151,635	144,397
Total General Operations	<u>5,770,105</u>	<u>5,693,966</u>	<u>5,719,097</u>	<u>5,793,295</u>	<u>5,877,601</u>
Arena Expenses	431,284	439,909	448,707	457,682	466,835
Shared Emergency Service Expenses	89,400	91,188	93,012	94,872	96,769
Water Services Expenses	501,222	504,146	503,761	520,100	538,403
Sewer Services Expenses	541,319	483,450	492,274	503,414	522,540
Total Operations	<u>7,333,330</u>	<u>7,212,659</u>	<u>7,256,852</u>	<u>7,369,362</u>	<u>7,502,149</u>
Surplus (Deficit)	<u>1,335,924</u>	<u>2,099,371</u>	<u>2,407,473</u>	<u>1,705,765</u>	<u>1,424,941</u>

**Town of Golden - Financial Plan
For The 5 Year Period 2013 to 2017**

SCHEDULE 'A'

	<u>2013 Budget</u>	<u>2014 BUDGET</u>	<u>2015 BUDGET</u>	<u>2016 BUDGET</u>	<u>2017 BUDGET</u>
Proceeds from Borrowing	84,688	-	-	-	-
Principal Payments On Municipal Debt					
General	233,363	250,297	247,364	146,196	148,064
Water	16,319	16,972	17,650	18,356	19,091
Sewer	40,094	35,094	36,679	18,356	19,091
Total Principal Payments On Municipal Debt	<u>289,775</u>	<u>302,363</u>	<u>301,694</u>	<u>182,909</u>	<u>186,245</u>
Capital Expenditures					
General	852,321	1,181,259	1,543,484	561,539	264,500
Water	211,412	288,675	182,050	280,050	425,500
Sewer	474,760	339,250	122,050	380,050	554,250
Total Capital Expenditures	<u>1,538,494</u>	<u>1,809,184</u>	<u>1,847,584</u>	<u>1,221,639</u>	<u>1,244,250</u>
Transfer to / from Reserves					
Transfer from General Reserves	(544,876)	(151,734)	(250,125)	(50,125)	(100,000)
Transfer from Water Reserve	-	(59,597)	-	(12,868)	(141,902)
Transfer from Sewer Reserve	(132,173)	(6,817)	-	-	-
Transfer to General Reserves	233,643	205,973	202,031	197,240	236,348
Transfer to Water Reserve	33,473	-	68,904	-	-
Transfer to Sewer Reserve	2,275	-	237,384	166,970	-
Total Transfer to / from Reserves	<u>(407,658)</u>	<u>(12,175)</u>	<u>258,195</u>	<u>301,216</u>	<u>(5,554)</u>
Transfers to (from) Operating Surplus	-	-	-	-	-
Financial Plan Balance	<u><u>(0)</u></u>	<u><u>(0)</u></u>	<u><u>0</u></u>	<u><u>(0)</u></u>	<u><u>(0)</u></u>

Schedule B

Town of Golden 2013-2017 Financial Objectives and Policies

Community Charter Requirement #1: Funding Sources

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

Revenue Source	% of Total Revenue
Property Taxes	49.5%
User Fees and Charges	24.1%
Other Sources	0.8%
Proceeds from Borrowing	0.9%
Reserves	7.2%
Government Grants	17.5%
Total	100.0%

Table 1.

Community Charter Requirement #2: Distribution among Property Classes

Table 2 shows the distribution of property taxes among the property classes in 2013.

Property Class	% of Total Property Taxation
Class 1 – Residential	45.82%
Class 2 – Utilities	5.37%
Class 4 – Major Industry	5.00%
Class 5 – Light Industry	1.15%
Class 6 – Business	42.52%
Class 8 – Recreational/non-profit	0.14%
Total	100.00%

Table 2.

Community Charter Requirement #3: Use of Permissive Tax Exemptions

The Town will continue the practice of adopting an annual “Permissive Tax Exemption Bylaw” with total support in 2013 not to exceed \$56,667 from General Revenue for properties used for public worship, public athletic purposes and activities supporting not-for-profit societies.