

TOWN OF LADYSMITH

BYLAW NO. 2172

Financial Plan Bylaw for the years 2024-2028

The Council of the Town of Ladysmith in open meeting assembled enacts as follows:

Administration

1. Schedule "A" attached to and forming a part of this bylaw is hereby adopted and shall be the Financial Plan for the Town of Ladysmith for the five years ending December 31, 2028.
2. Schedule "B" attached to and forming a part of this bylaw is hereby adopted and shall be the Statement of Objectives and Policies for the Town of Ladysmith for the five years ending December 31, 2028.

Repeal

3. The Town of Ladysmith "Financial Plan Bylaw 2023, No. 2141 bylaw" in its entirety is hereby repealed.

Citation

4. This bylaw may be cited for all purposes as "Financial Plan Bylaw 2024, No. 2172".

READ A FIRST TIME on the 20th day of February, 2024
READ A SECOND TIME on the 20th day of February, 2024
READ A THIRD TIME on the 20th day of February, 2024
ADOPTED on the 5th day of March, 2024



[Redacted Signature]

Mayor (A. Stone)

[Redacted Signature]

Corporate Officer (S. Bouma)

SCHEDULE “A”

2024 – 2028 Financial Plan

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
REVENUES:					
Revenue From Property Tax Values	10,191,552	10,561,939	11,083,689	11,642,598	12,290,337
Revenue From Grants In Lieu	189,549	191,634	193,742	195,873	198,028
Revenue From Parcel Taxes	3,261,583	3,277,963	3,335,976	3,396,889	3,460,848
Revenue From Fees & Charges	5,842,884	5,940,822	6,040,451	6,216,993	6,321,334
Revenue From Other Sources	24,670,460	5,913,026	7,902,432	3,916,426	3,938,748
	<u>44,156,028</u>	<u>25,885,384</u>	<u>28,556,290</u>	<u>25,368,779</u>	<u>26,209,295</u>
EXPENSES:					
General Operating Expenses	13,497,418	13,496,566	14,131,141	14,486,763	14,850,922
Sanitary Sewer Operating Expenses	1,842,234	1,891,477	1,952,046	2,004,035	2,057,323
Water Operating Expenses	1,979,988	2,041,300	2,116,714	2,181,444	2,247,793
Interest on Debt	1,204,987	1,399,123	1,274,123	1,274,123	1,274,123
Amortization	4,419,318	4,498,866	4,579,846	4,662,283	4,746,204
	<u>22,943,945</u>	<u>23,327,332</u>	<u>24,053,870</u>	<u>24,608,648</u>	<u>25,176,365</u>
Annual Surplus/Deficit	21,212,083	2,558,052	4,502,420	760,131	1,032,930
Add back: Unfunded Amortization	4,419,318	4,498,866	4,579,846	4,662,283	4,746,204
Capital Expenditures					
General Capital	26,506,616	2,485,323	3,801,999	3,415,092	2,354,240
Sanitary Sewer Capital	4,099,171	3,335,000	1,990,000	1,320,000	330,000
Water Capital	21,461,452	5,873,050	6,412,050	598,153	659,311
Proceeds from Borrowing	(17,588,725)	(3,549,275)	-	-	-
Principal Payments on Debt	1,174,842	1,250,706	1,250,706	1,525,220	1,799,734
Transfers to (from) Reserves Funds	(3,463,436)	(1,430,500)	(1,463,675)	(703,307)	(579,776)
Transfer to (from) Accumulated Surplus	(6,558,519)	(907,386)	(2,908,814)	(732,744)	1,215,625
Financial Plan Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SCHEDULE "B"
Town of Ladysmith 2024 - 2028 Financial Plan
Statement of Objectives and Policies

In accordance with the *Community Charter*, the Town of Ladysmith (Town) is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

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

Funding Sources

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2024. Table 2 shows a further breakdown of the funding proposed to come from reserves, Development Cost Charges and surpluses. Council currently has no specific policy surrounding the proportion of total revenue to come from each funding source.

Property taxes form the greatest proportion of revenue. As a revenue source, property taxation offers a number of advantages, for example, it is simple to administer and it is fairly easy for residents to understand. It offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis.

User fees and charges form a large portion of planned revenue. Many services can be measured and charged on a user-pay basis. Services where fees and charges can be easily administered include water and sewer usage, building permits, business licenses, and sale of services will be charged on a user-pay basis. User fees attempt to apportion the value of a service to those who use the service.

Objectives & Policies

- Use property taxes as the funding source for services that do not lend themselves to a user-pay approach;
- Review all user fee levels to ensure they are adequately meeting both the capital and delivery costs of the service and align with those who use them;
- Consider borrowing when a capital project will provide benefits to taxpayers over a long period;
- Seek other sources of revenue in order to reduce reliance on property taxes;
- Allocate a minimum of 10% prior year's municipal tax levy to General Capital projects and a further 5% of the prior year's municipal tax levy to an infrastructure deficit.

Table 1: Sources of Revenue

Revenue Source	Dollar (\$)	Percent (%)
Property value taxes	10,191,552	15%
Grants in Lieu	189,549	0%
Parcel Taxes	3,261,583	4%
User fees & charges	5,842,884	8%
Other Sources	5,242,172	7%
Borrowing	17,588,725	24%
Grants	19,428,288	26%
DCCs & Reserves	3,463,436	5%
Own Funds	8,272,883	11%

Table 2: Utilization of Reserves, Development Cost Charges and Surplus for 2024

Source	Dollar Value	% of Total
Development Cost Charges - Roads	1,603,317	14%
Development Cost Charges - Sewer	885,085	8%
Development Cost Charges - Water	600,663	5%
Cemetery Care Fund	3,660	0%
Canada Community Building Fund	374,371	3%
Carry-forward reserve	6,077,943	52%
Safe-restart funds	235,000	2%
Surplus & Appropriated Equity	1,325,194	11%
Real Property Reserve	367,471	3%
Growing Communities	267,275	2%
Total	\$11,739,979	

Distribution of Property Tax Rates

Table 3 outlines the distribution of property taxes among the property classes. The residential property class provides the largest proportion of property tax revenue. This is appropriate as this class also forms the largest portion of the assessment base and consumes the majority of Town services.

Objectives & Policies

- *Set tax rates and ratios that maintain tax stability between property classes while factoring in non-market growth within classes.*
- *Ensure the Class 4 (Major Industry) percentage is lower than the previous year with a target percentage of 10% of the total taxation.*
- *Ensure the Class 6 (Business/Other) percentage is lower than the previous year with a target percentage of 12% of the total taxation.*
- *Ensure the Class 5 (Light Industry) tax rate is not less than the Class 6 (Business/Other) rate.*
- *Set Class 8 (Recreation/non-profit) rate equal to the Class 1 (Residential) rate.*

Table 3: Distribution of 2024 Property Tax Rates

Property Class	2024
	% of Total Property Taxation
Residential (1)	73.725%
Utilities (2)	0.485%
Major Industry (4)	11.371%
Light Industry (5)	0.997%
Business and Other (6)	13.094%
Managed Forest Land (7), Recreation/Non-profit (8), and Farmland (9)	0.328%
Total	100.00%

Permissive Tax Exemptions & Revitalizations Tax Exemptions

The Town supports non-profit organizations through permissive tax exemptions. Permissive tax exemptions will be reviewed annually and considered in conjunction with:

- (a) other assistance being provided by the Town;
- (b) the potential demands for Town services or infrastructure arising from the property; and
- (c) the amount of revenue that the Town will lose if the exemption is granted.

The Town believes revitalizations tax exemptions are an appropriate tool to assist the Town to achieve its strategic objectives. The Town can exempt municipal taxes for up to ten years where the project meets specific criteria and objectives as defined by bylaw. Recipients of exemptions must enter into a Revitalization Tax Exemption Agreement with the Town.

Objectives & Policies

- The Town will continue to provide permissive tax exemptions to some non-profit societies.
- Continue the use of the revitalization tax exemption for economic revitalization in order to encourage the commercial and industrial redevelopment of specific areas.