

Budget Frequently Asked Questions

How is the City's budget created?

Council's strategic plan sets the stage for budgets to be developed during their term of office. Amounts included for various operating and capital revenues and expenditures are based on analysis of prior years' amounts and forecasts of future years with consideration for inflation, contracts, and Council's direction regarding any changes to services provided. These amounts are combined into a balanced five-year budget bylaw for Council's approval.

What does the City's budget consist of?

The City's budget includes forecasted operating and capital amounts in the general revenue fund, water utility fund, sewer utility fund, and equipment replacement reserve.

Where does the money in the budget come from?

The money to fund the expenditures in the budget comes from a variety of revenue streams. Property taxes fund about half of the total budget and other sources of revenue include water and sewer fees, grants, investment income, fees for services such as licences and fines, development cost charges, and reserves (savings)

What is the general revenue fund?

The City's general revenue fund is funded mostly by taxation and includes expenditures are from a variety of departments such as general government, fire department, parks, roads and drainage, bylaw enforcement, and emergency services. The general revenue fund budget is broken down in the areas of revenues, expenses, capital projects, and other non-operating budget items such as transfers to and from reserves.

What is the capital plan?

Capital plans are a part of each of the general, water and sewer fund budgets and detail where the City will invest in infrastructure, parks, equipment, and facilities upgrades for the long-term.

What are the utility funds?

The City prepares budgets for the water and sewer utilities that we manage and operate. These services are funded through user rates and are not supported by property taxes.

How will my assessment affect by taxes?

A property's assessed value relative to the City's total assessed value determines its share of taxes. BC Assessment provides updated assessments for every property in the City each January which indicate how much a property's assessment value increased or decreased from the prior year. Properties whose value increased or decreased more than other typical properties of the same type will experience a tax rate change that differs from the average. E.g., if a property assessment increase is higher than the average increase of similar properties, the taxes on that property will likely increase more than others.

How does the City fund its operating and capital budgets?

Property taxes and other revenue sources such as user fees fund the City's operating budgets. These revenues, combined with grants, reserves and development cost charges, also fund capital expenditures and charges related to debt incurred for capital purchases.

What are reserves and reserve funds?

Reserves and reserve funds are monies set aside to fund future expenditures, similar to personal savings accounts. For example, the City has a general capital fund which will be used to fund specific infrastructure projects in coming years.

What are surpluses?

A surplus can be a one-year amount, i.e., the balance remaining after all expenditures are deducted from revenues in a given year, or it can be a cumulative amount, i.e., the accumulated balance of all of the individual year's surpluses. Council can redirect surplus to a reserve fund to be used for a specific purpose ("restricted surplus"). Unrestricted surpluses can be used to manage unanticipated expenses and to support the City's long-term financial stability.

What are the legal requirements related to a municipality's budget?

The *Local Government Act* and the *Community Charter* direct municipalities to adopt a five-year financial plan that must include proposed expenditures, funding sources and transfers to and from reserve funds and surplus. It must also include information regarding objectives and policies about the distribution of funding in the financial plan, analysis regarding distribution of property tax amongst the various classes, and the use of permissive tax exemptions. The financial plan cannot be in a deficit and must be adopted by May 15 of every year. Prior to adoption the municipality must provide opportunities for public consultation regarding the proposed financial plan, including any amendments that may be made during the year.

How much revenue is generated from a 1% increase in property taxes?

1% of property taxes is about \$160,000.