

FINANCIAL AGREEMENT

THIS AGREEMENT is made effective January 1, 2022

BETWEEN:

The Rural Municipality of Meota No.468 (hereinafter called the "RM")

- and-

Days Beach (hereinafter called the "Hamlet")

WHEREAS:

The RM wishes to establish an agreement with the Hamlet to define the financial obligations and responsibilities of each party.

WHEREAS:

The Hamlet has no legal authority to hold title to land, to enter into a contract, nor to sue or be sued. The Hamlet cannot own property or hire employees for contract for services, except with or through the Council of the RM. The Hamlet remains part of the RM and the Council shall exercise these powers on their behalf as outlined in *The Municipalities Act*.

WHEREAS:

The voters residing within the boundaries of the Hamlet shall elect a three-person Hamlet Board. The Hamlet Board shall act in an advisory capacity to the Council and is also authorized under the Act to direct how a portion of the taxes levied for municipal purposes in the Hamlet are used.

WHEREAS:

The RM and Hamlet wish to enter into an agreement Subject to Part IV Division 6 of *The Municipalities Act*.

NOW THEREFORE:

THE PARTIES AGREE AS FOLLOWS:

1. General Government Services

The RM will provide general government services to the Hamlet as follows:

Collection of taxes and special levies for the Hamlet:

- a) Keeping the tax roll current with property titles, addresses, names;
- b) Sending out assessment notices and accepting assessment appeals;
- d) Coordinating with SAMA;
- e) Sending out tax notices;
- f) Collecting and remitting Provincial Sales Tax; and
- g) Taking the necessary steps to collect taxes in arrears.

Governance duties which include, but are not limited to:

- a) Council review of discretionary use development & subdivision applications;
- b) Council review of capital ballot requests and results;
- c) Bylaw development;
- d) Policy development;
- e) Ensuring compliance with provincial legislation and regulations, as well as the Official Community Plan (OCP) and Zoning Bylaw (ZB).

Administrative duties which include, but are not limited to:

- a) Providing the Hamlet with detailed financial Hamlet reports;
- b) Accepting correspondence on behalf of the Hamlet;
- c) Preparing the financial statements of the Hamlet for auditing;
- d) Reviewing Hamlet budgets to ensure that they conform to policy;
- e) Reviewing and storing Hamlet Board minutes, when requested;
- f) Submitting Annual Meeting minutes to Government Relations to maintain eligibility for receipt of revenue sharing grant;
- g) Posting minutes and other pertinent information on the RM website for the Hamlet, when requested;
- h) Providing the contact point for ratepayers of the Hamlet;
- i) Paying the Hamlet's bills;
- j) Performing Hamlet accounting duties;
- k) Posting notices of Hamlet Annual meetings;
- l) Providing a boardroom for Hamlet Board meetings when requested;
- m) Providing elections for division Councilor and Reeve, including: nominations, polling site, advanced polling, mail in ballot, election officers etc.;
- n) Keeping contact information of Board members;
- o) Accepting resignations of Hamlet Board members;
- p) Working with the Hamlet Board in obtaining estimates, quotes, and tenders;
- q) Working with the Hamlet Board in hiring contractors, and drafting permits, agreements and grants;
- r) Issuing building permits and development permits to Hamlet property owners;
- s) Issuing notices pursuant to the Development Notification Policy;
- t) Notifying property owners by letter when they are in contravention of RM bylaws;
- u) Assisting with the development and approval of Hamlet policies and amendments, when requested;
- v) Coordinating capital ballots; and
- w) Coordinating assessment and development appeals.

2. Taxation

Mill Rates

Subject to section 71 of *The Municipalities Act*, the RM may establish a mill rate for an Organized Hamlet that is different from the mill rate that applies to the rest of the RM by agreement.

Pursuant to section 283(2.1) of *The Municipalities Act*, the RM may establish a mill rate for an Unorganized Hamlet that is lower than the mill rate that applies to the rest of the RM.

The mill rate for the Hamlet must be approved at the previous year's Annual Meeting. The mill rate shall be set at the amount required to set the revenues identified in the annual budget for that fiscal year. The budget must be passed at the previous year's Annual Meeting in accordance with Section 4 of this agreement. The mill rate will be identified annually on the budget worksheet described in Section 4.

Minimum Taxes

Minimum taxes are set by the RM by property class and shall apply to the Hamlet. The Hamlet will retain the same percentage of the revenue accruing from the Minimum Tax as the percentage of mill rate revenue retained by the Hamlet per section 3 of this agreement.

Base Tax

The RM sets a base tax to recover costs associated with providing Protective Services. The revenues arising from the base tax levy within the Hamlets will accrue 100% to the RM.

Special Levy

The Hamlet may set a special levy to fund capital infrastructure and/or water utility costs. The Hamlet shall retain 90% of the revenues accruing from the special levy. The special levy shall apply to all properties within the Hamlet. The Hamlet is not authorized to set a different levy rate for seasonal properties. The special levy will be identified annually on the budget worksheet described in Section 4.

Hamlets using a special levy to fund water utility costs are required to obtain SMB approval for rates.

3. Mill Rate Revenue Retained by the Hamlet

Section 69 of *The Municipalities Act* requires that at least 40% but not more than 75% of the total taxation revenue generated in the Hamlet must accrue to a special Hamlet account.

The allocation will be determined annually.

- It is the intent of the RM to set the % of taxation revenue retained by the RM to cover the actual costs of providing General Government (GG) services in the previous fiscal year, allocated by total assessment, plus 3% of the Transportation Services (TS) in the previous fiscal year allocated by Total Assessment.

The following calculation will be used as a guide to assist both parties in determining a reasonable allocation while still being open to other factors or reasons that may speak to a different allocation:

General Government Services (GG)

- The portion of the costs attributable to the Hamlets will be determined by multiplying the Net Shareable General Government Services by the previous year Total Assessment of the Hamlet, divided by the previous year Total Assessment of the Municipality.

Net Shareable GG Services = The previous year expenses for the general ledger accounts that contribute to the Shareable Government Service costs identified in Appendix A less any revenue received by providing government services to third parties.

$$\text{Hamlet GG Services} = \text{Net Shareable GG Services} \times \frac{\text{Total Assessment (Hamlet)}}{\text{Total Assessment (Municipality)}}$$

Transportation Services (GG)

- The portion of the costs attributable to the Hamlets will be determined by multiplying the Net Shareable Transportation Services by 3% and the previous year Total Assessment of the Hamlet, divided by the previous year Total Assessment of the Hamlets.

Net Shareable TS Services = 3% of the previous year expenses for the general ledger accounts that contribute to the Shareable Transportation Service costs identified in Appendix B.

$$\text{Hamlet TS Services} = \text{Net Shareable TS Services} \times \frac{\text{Total Assessment (Hamlet)}}{\text{Total Assessment (All Hamlets)}}$$

The required % of taxation revenue retained by the RM to cover the Hamlet portion of the GG costs will be calculated by the RM on an annual basis, subject to the limits defined in *The Municipalities Act* as follows:

$$\% \text{ of Mill Rate Taxation (retained by the RM)} = \frac{\text{Hamlet GG Services} + \text{Hamlet TS Services (previous year actual)}}{\text{Hamlet Mill Rate Revenue (next year budget)}}$$

In the event that the shareable costs result in a % of taxation retained by the RM either higher or lower than the limits prescribed in Section 69 of the Municipalities Act the shareable costs assigned to the Hamlet will be decreased or increased accordingly.

4. Budget

The Chief Administrative Officer of the RM (CAO) shall provide to the Hamlet by March 31st of each year;

- ❖ A budget template; and
- ❖ A financial report outlining the revenues, expenditures and reserve balance as of the last day of the previous fiscal year.

In the initial year of the agreement, 2022, the 2022 budget submitted by the Hamlet Board must be approved at the 2022 Annual Meeting. No changes to the submitted 2022 mill rate will be permitted and any changes to the submitted 2022 budget expenses that result in an unbalanced budget must be funded by the Hamlet’s reserve or special levy. In each subsequent year, the Hamlet Board shall submit, by March 1, a balanced budget for the year that has been presented and approved by the Hamlet’s voters. The budget submission must be signed by at least two members of the Hamlet Board.

The approval by the Hamlet's voters can consist of either:

- a) Approval of a budget at an Annual meeting or a Special Meeting open to all voters that specifically approves a mill rate, the special levy amount, if applicable, and the revenue and expenses of the Hamlet
or
- b) Approval of the budget that specifically approves a mill rate, the special levy amount, if applicable, and the revenue and expenses of the Hamlet obtained using the capital ballot procedures as outlined in section 10.

In recognition that the budget may be prepared and approved before the end of the previous year, the Hamlet Board can approve and submit a revised budget to incorporate changes that are individually each less than \$5,000 and in total are less than 10% of the Hamlet's municipal levy included in the previously approved budget. If a revised budget is submitted by the Hamlet Board it must be presented and approved at the next Annual Meeting. The Hamlet Board cannot make any changes to the mill rate without approval of the change at an Annual or Special Meeting.

The CAO shall review the submitted budget to ensure that funds will be available in the Hamlet account, and that the purposes indicated for expenditures from the account are authorized purposes under *The Municipalities Act*. The budget submission must identify the mill rate and special levy amount. Upon approval of the budget by Council the budget sheet will be signed by the Reeve and Division Councillor and provided to the Hamlet for their records. Once the budget is approved by Council, the budgeted expenditures may be incurred for that budget year.

5. Assignment of Revenues

The RM shall assign any revenue associated with each Hamlet to their appropriate revenue account.

Revenues include:

- Mill rate revenue
- Special levy revenue
- Provincial Revenue Sharing
- Grant revenue
- Revenue generated from services provided by the Hamlet to the resident with written agreement
- Rental revenue
- Sale of assets
- Fundraising
- Development permit fees

6. Assignment of Expenses

The RM shall assign the following expenses associated with each Hamlet to their appropriate expense account:

a. Purchase Orders

Invoices submitted to the RM from the Hamlet Board that have been purchased with a Hamlet purchase order must be submitted by 12:00 pm on the Wednesday preceding the Council meeting, and must be accompanied with a purchase order signed by at least two Board members. These expenses could include but are not limited to:

- Engineering
- Infrastructure costs
- Expenses arising from a service request described in Section 7

b. Standing Purchase Orders

Hamlets may submit standing purchase orders signed by at least two board members to the RM for expenses that occur on a regular basis. These expenses could include but are not limited to:

- Utilities
- Water Treatment Plant Salaries, Mileage, Training, Materials and Equipment

c. Assigned Costs

Hamlets will be required to pay miscellaneous costs associated with the Hamlet but not approved by purchase orders. These expenses could include but are not limited to:

- Insurance for building and equipment
- Planning Fees
- Board of Revision Fees
- Planning Appeal Fees
- Bylaw Enforcement (Legal and Surveys)

d. Pro-Rated Costs

Hamlets will be assigned a portion of administration costs on a pro-rated basis. These expenses could include but are not limited to:

Expense Type	Pro-rating Method
Asset Management	Hamlet Asset Value/Total Asset Value
Transfer Station Net Expenses Lakeland Library Requisition Meota Hall Grant	Population of Hamlet / Total Population
Jackfish Lake Water Association Levy Sewage Lagoon Fees	# of properties in Hamlet/ Total # of properties
Lake Study*	% of Hamlet Lake Frontage

*Lake study costs incurred in 2020 and 2021 will be applied to the hamlet expense account in a prorated manner upon signing of this agreement. Any future ongoing lake water quaility monitoring will be assigned to the hamlet based on % of Lakefront.

7. Service Request

The RM may provide services to the Hamlet upon written request by the Hamlet. The services provided directly from RM employees and equipment will be charged to the Hamlet at the current rates contained within the Custom Work Fee Policy of the RM.

Services provided by a third party and coordinated for the Hamlet by the RM will be expensed to the Hamlet account without mark up.

8. Reserves

At the end of each year, any funds that remain unexpended in a Hamlet account are placed into a reserve account in the RM’s accounting records in the name of the Hamlet, and accumulate from year to year.

If the Hamlet has a credit operating balance at the end of the fiscal year, the RM shall deposit a sum equal to the amount identified on the audited financial statement to the Hamlet Reserve account within 60 days of receiving the audited financial statement.

If the Hamlet has a debit operating balance at the end of the fiscal year, the RM shall transfer a sum equal to this amount from the Hamlet reserve account to the RM account to balance the Hamlet’s operating budget.

Interest accrued in the Hamlet reserve account will accrue to the reserve balance. Once the reserve balance is fully funded interest shall be assigned to each Hamlet on a prorated basis by the value of each Hamlet’s reserve amount at year end. Administration will provide an adjusted reserve balance to the Hamlet Board identifying the interest allocation on an annual basis.

9. Projects, Capital Purchases and Improvement Expenses

The Hamlet Board is authorized to approve expenses under \$5,000 in their annual budget submission to the RM Council.

The RM wishes to ensure that all Hamlet ratepayers have the opportunity to express their opinion on projects, capital purchases and improvements in their Hamlet. Improvements include any leases or new services.

Projects, capital purchases and improvements in excess of \$5,000 and valued at under 20% of the Hamlet reserve balance may be approved by the Hamlet Board subject to a vote in favor of the project by the majority of eligible voters in attendance at the Hamlet’s Annual Meeting. Notice of projects, capital purchases and improvements above \$5,000 and under 20% of the reserve balance must be provided to the Hamlet voters along with the expected cost, on the notice of the Annual Meeting. Projects, capital purchases and improvements in excess of 20% of the reserve balance or exceeding \$5,000 that were not identified at the Annual Meeting must adhere to the following procedure and be approved by the RM Council.

Amount	Approval
Less than \$5,000	Hamlet Board
Between \$5,000 and the lesser of 20% of Reserve Balance or \$20,000	Hamlet Board subject to vote at Annual Meeting
Over the lesser of 20% of Reserve Balance or \$20,000	RM Council reserves the right to approve or deny projects based on either: A) A vote in favor of the project at an Annual Meeting B) A capital ballot

A vote of this nature is not legal nor binding, but is rather an expression of interest designed to assist the RM Council in its decision to approve the expenditure.

10. Capital Ballot Procedure:

- a. The Hamlet Board shall approach the RM of Meota to organize and hold a vote; alternatively, Hamlet voters may pass a resolution at their Annual Meeting to move a considered project, capital purchase or improvement to a vote.
- b. The ballot question shall be accompanied with a cost estimate and the proposed funding plan (reserves, loan request, etc.). A letter of explanation shall accompany the ballot as provided by the Hamlet Board.
- c. The ballot will be provided by the RM of Meota via mail, or upon request, via email, to each ratepayer in the Hamlet.
- d. The ballot will contain the date, time and method, by which the ballot shall be returned to the RM of Meota. Options will include: return mail or scan and email the completed, signed and dated ballot, or, email clearly indicating their vote.
- e. There shall be one vote per lot.
- f. Each returned ballot, received by the date and time specified on the ballot, shall be tabulated as either: in favor / opposed / spoiled (missing information or late).
- g. The RM of Meota shall provide a summary of results to the RM Council and the Hamlet Board, including total ballots sent out, total ballots returned, number in favor, number opposed, and number spoiled or late, within 5 working days of a completed vote.
- h. 50%+1 of the ballots received by the RM must agree to the project, capital purchase or improvement before the Council of the RM of Meota will consider it for approval.
- i. The RM Council shall consider the outcome of the vote for discussion and decision at its next regular Council meeting. If the results of the ballot are favorable but less than 50% of eligible votes are cast, Council approval will be conditional on an additional and final approval by the Hamlet Board.
- j. The RM of Meota will not be held liable for any commitments, financial or contractual, made by the Hamlet Board, any individual representing the Hamlet, or any RM Council member, where this procedure is not followed.

11. Project Execution

The procurement for projects, capital purchases and improvements referenced in Section 9 must adhere to the following procedures:

- a. The RM Council expresses its authority by making resolutions, bylaws and policies. The Hamlet Board may pass a resolution requesting authority for the Hamlet Board, a Hamlet Committee or an individual to act on behalf of the Hamlet. This authority may be granted by a Council resolution.
- b. Any person, or Hamlet Committee granted the authority as described in Section 11.a of this agreement reports to the Hamlet Board. Contract awards must follow the RM Purchasing Policy.

12. Borrowing

Hamlets may make a request to the RM Council to approve borrowing for projects, capital purchases and improvements that exceed the funds in the Hamlets reserve under the following conditions:

- a. Completion of a capital ballot approving the project, capital purchase or improvement;
- b. Funds will be withdrawn from the Hamlet Reserve bank account.
- c. The repayment of the principal loan amount to the Hamlet Reserve bank account will be financed by 85% of a special levy over a mutually agreeable term.
 - i. The RM will retain 10% of the special levy
 - ii. 5% of the special levy will accrue to the Hamlet Reserve bank account as interest on the borrowing.

13. Financial Accountability

The Hamlet Board shall present a list of any funds paid to Hamlet Board Members or residents within the Hamlet over the fiscal year of January 1st – December 31st at the Annual Meeting.

14. Dispute Resolution

If a dispute arises between a Hamlet Board and Council where both parties have overlapping jurisdiction, the dispute is settled by an appeal board, pursuant to section 77 of *The Municipalities Act*.

The Appeal Board will hold a hearing at which both Council and the Hamlet Board may present evidence, cross-examine witnesses, and present arguments.

The Appeal Board must provide a written decision on the issue referred to it, and apportion the cost of the hearing between Council and the Hamlet Board. The decision of the Appeal Board is binding.

The Chairperson of the Appeal Board is required to send a copy of the decision to Council and the Hamlet Board.

15. Agreement Term

The agreement will be continuous. The Hamlet Board may terminate this agreement with 30 days' notice. The RM may terminate this agreement only if the Hamlet Board does not comply with the terms and conditions. The RM will provide the Hamlet Board with a notice of default and the Hamlet Board shall have 60 days to rectify the default. In the event the Hamlet Board does not rectify the default within 60 days the agreement will terminate. The budget is the annual working document in accordance with Section 4 of the agreement.

16. Agreement Amendments

Either party may request amendments to the agreement on an annual basis prior to the anniversary date of signing.

Signed this __ day of _____, 2022.

On behalf of the Rural Municipality of Meota No. 468:

[Seal]

Reeve

Administrator

Signed this __ day of _____, 2022.

On behalf of Hamlet

Board Chair

Board Member

Board Member

APPENDIX A

SHAREABLE GENERAL GOVERNMENT SERVICES GENERAL LEDGER ACCOUNTS

510-110-110	GG - Council - Indemnity
510-110-230	GG - Salaries - Administrator
510-110-330	GG - Salaries - Office Staff
510-120-110	GG - Council - Payroll Benefits
510-130-230	GG - Benefits - Administration - EI, CPP, WCB
510-150-530	GG - Admin Benefits - SARM/MEPP
510-200-110	GG - Cont. - Legal
510-200-130	GG - Cont. - Audit
510-200-150	GG - Cont. - Assessment - SAMA
510-200-160	GG - Cont. - Administration Services
510-200-170	GG - Cont. - Advertising
510-210-100	GG - Cont. - Council Travel
510-210-110	GG - Cont. - Office & Website
510-210-120	GG - Cont. - Council - Convention/Mtg/Travel
510-210-150	GG - Cont. - Council - Meals
510-210-170	GG - Cont. - Admin Training/Travel
510-220-100	GG - Cont. - Office Caretaking
510-230-100	GG - Cont. - Insurance - General & Bond
510-260-150	GG - Cont. - Elections
510-300-110	GG - Utility - Power & Energy
510-300-130	GG - Utility - Water
510-300-140	GG - Utility - Telephone
510-400-110	GG - Maint. - Stationery & Postage
510-410-140	GG - Maint. - Office Supplies
510-420-100	GG - Maint. - Janitor Supplies
510-490-100	GG - Maint. - Office Repairs & Maint.
510-490-110	GG - Maint. - Computer Expense
510-600-299	GG - Amort - Bldgs/Impr & Eng Structures
510-600-599	GG - Amort - Office & Information Tech

APPENDIX B

CONTRIBUTED TRANSPORTATION SERVICE ACCOUNTS (3%)

530-110-130	TS - Maint. - Salaries
530-120-120	TS - Maint. - Benefits - Transportation - EI
530-120-125	TS - Maint. - Benefits - Transportaion - SARM/M
530-120-126	TS - Maint. - Benefits - Other #2
530-130-235	TS - Maint. - Benefits - Vacation
530-140-140	TS - Maint. - Employee - Travel
530-140-150	TS - Maint. - Training/Development
530-200-110	TS - Maint. - Engineering
530-210-100	TS - Maint. - Contract - Dust Control
530-210-110	TS - Maint. - Contract - Survey's
530-210-120	TS - Maint. - Contract - RDS General
530-210-130	TS - Maint. - Contract - Bridge Repairs
530-260-100	TS - Maint. - Insurance/Vehicle Reg.
530-290-101	TS - Maint. - Equipment Rent
530-300-120	TS - Maint. - Utility - Power/energy
530-300-130	TS - Maint. - Utility - Water
530-300-140	TS - Maint. - Utility - Telephone
530-300-150	TS - Maint. - Utility - Septic
530-310-100	TS - Maint. - Street Lights - RM
530-400-110	TS - Maint. - Materials & Supplies
530-400-130	TS - Maint. - J.D. Tractor
530-400-150	TS - Maint. - Building Maint
530-410-100	TS - Maint. - Small Tools
530-410-120	TS - Maint. - Shop Supplies
530-410-130	TS - Maint. - Safety Equipment/Supplies
530-410-140	TS - Maint. - Office Supplies
530-420-100	TS - Maint. - Repair - 2006 Ford Truck
530-420-101	TS - Maint. - Repair - JD 770 Patrol
530-420-102	TS - Maint. - Repair - JD 772 Patrol
530-420-103	TS - Maint. - Repair - Backhoe
530-420-104	TS - Maint. - Repair - Mower
530-420-105	TS - Maint. - Grader Blades
530-420-106	TS - Maint. - Repair - Gravel Truck
530-420-107	TS - Maint. - Repair - Skid Steer
530-420-108	TS - Maint. - Repair - Trailer
530-420-110	TS - Maint. - Repair - Small Equipment
530-425-109	TS - Maint. - Oil & Gas
530-430-115	TS - Maint. - Repair- Reclaimer
530-430-120	TS - Maint. - Repair - Cat 140 Patrol
530-430-130	TS - Maint. - Repair - Mulcher

530-430-135	TS - Maint. - Repair - Snow Plow
530-440-100	TS - Maint. - Gravel
530-450-100	TS - Maint. - Culverts
530-450-200	TS - Maint. - Bridge Materials
530-470-100	TS - Maint. - Road/Street Signs
530-510-110	TS - Maint - Grader Lease
535-210-110	TS - Const. - Rd. Maint. Contracted
535-700-110	TS - Const - Interest
