

SCHEDULE A

1. Financial Principles for Financial Sustainability

	Financial Principle	Meaning	Policy Alignment
1.	Respect the Tax and Utility Rate Payer	<ul style="list-style-type: none"> <li>Reasonable and responsible tax and utility rates, focusing on the single Tax payer</li> <li>Predictable and stable rate increases in current and future years</li> <li>All activities are reviewed in the context of affordability</li> <li>Affordability of a tax increase is first to be viewed in the context of general inflation and/or the growth in the economy, consistent with the changes in the costs of maintaining or enhancing existing service levels</li> <li>The property tax base is not to be used to fund any non-mandated income distributive programs</li> <li>The right generation pays the cost including Growth Pays for Growth</li> <li>Council's highest priority programs (both capital and operating) are maintained</li> </ul>	Budget Policy
2.	Ensure the Capital Plan is Sustainable	<ul style="list-style-type: none"> <li>Reserves and Reserve Funds should be funded to the levels required for their purposes</li> <li>Capital expenditures are reviewed in context of affordability</li> <li>Operating impact of capital is sustainable and affordable</li> </ul>	Reserve Policy
3.	Maintain Assets	<ul style="list-style-type: none"> <li>Infrastructure is replaced when it can be demonstrated that the replacement cost and subsequent maintenance cost are less expensive than maintaining the existing Asset in a state of good repair over the same period of time</li> </ul>	Asset Management Policy
4.	Provide Value for Money	<ul style="list-style-type: none"> <li>Efficiency and quality improvements in the way we manage and deliver services are continuously found</li> <li>Innovative approaches to financing services are considered before using property tax financing</li> <li>Consideration is given to outsourced and/or shared services to reduce costs where appropriate</li> <li>Decision making is evidence informed</li> <li>Performance management and measurement are utilized</li> <li>Program evaluation is utilized</li> <li>Process reviews are utilized</li> </ul>	Alternative Financing Policy

2. Financial Principles for Financial Vulnerability

	Financial Principle	Meaning	Policy Alignment
5.	Users pay where appropriate	<ul style="list-style-type: none"> <li>Growth pays for growth</li> <li>User fee increases are based on service level costs and provide flexibility for users with limited fixed incomes</li> <li>Pricing of user fees takes into consideration the full cost of the service (direct and indirect costs and the cost of capital)</li> </ul>	Development Charge By-Law User Fee Policy
6.	Work with partners, including Area Municipalities, to maintain economic viability of the community	<ul style="list-style-type: none"> <li>Reasonable targets for tax ratios are set and tax policies regarding budgetary levy increases and tax- ratio-related tax burden shifts between classes are made with a view to respecting and achieving these targets over a reasonable period of time</li> </ul>	Development Charge By-Law  Regional Official Plan
7.	Make Prudent Investments	<ul style="list-style-type: none"> <li>Cash balances are invested only in high-grade securities and to an extent that does not result in short term borrowing or bank overdraft situations</li> </ul>	Investment Policy

3. Financial Principles to Manage Financial Flexibility

	Financial Principle	Meaning	Policy Alignment
8.	Maintain Flexibility to Mitigate Volatility in tax and utility rates	<ul style="list-style-type: none"> <li>Reserves and Reserve Funds are used to fund unanticipated potential liabilities, stabilizing revenues and expenditures that are subject to cyclical fluctuations, extraordinarily large purchases, or self-financing on-going activities</li> <li>Any annual surplus is used to maintain the long term financial sustainability of Regional services</li> </ul>	Reserve Policy  Surplus Management Policy
9.	Borrow only for substantial long-term Assets at affordable levels	<ul style="list-style-type: none"> <li>Amount and cost of servicing new debt will not negatively affect the Region's credit rating</li> <li>Debt is used for specified capital programs at levels affordable to taxpayers</li> <li>Debt repayment period can not exceed the useful life of the Asset for which the debt is incurred</li> </ul>	Debt Policy