

MUNICIPAL FINANCE BUDGET 2013

February 18, 2013



FUND ACCOUNTING

- Operating Funds
- Capital Funds
- Reserve Funds
- Reserve Accounts



MUNICIPAL BUDGET

Revenue and Expenditure Classifications:

- Core
- Supplemental
- Prior Year



CORE OR SUPPLEMENTAL?

- Core: necessary funding to maintain current service levels
- Supplemental: funding associated with providing increased service levels
 - Depending on its nature, supplemental items may or may not become part of the core budget for future years
- Prior Year: items approved in the previous year's budget but were not fully completed at the end of the fiscal year



CAPITAL EXPENDITURES

- Operating Fund (General or Sewer)
 - Funding comes from current tax revenue
- Capital Fund (General or Sewer)
 - Funding is from reserves or another revenue source and does not require direct taxation
 - Reserve contributions for future capital requirements are considered during tax calculation



REVENUE: OPERATING FUND

- Municipal property taxes including 1% utility taxes and PILT
- Sale of Services - cost recoveries, fees and charges, Parks and Recreation program fees
- Revenue from Own Sources – business and dog licenses, building and development permits
- Other Revenue - Casino, donations, Community Works
- Unconditional Transfers - Small Community and Traffic Fine Revenue
- Conditional Transfers - grant funding
- Transfers/Collections for Other Govts - future expenditures



RESERVE FUNDS

- **Capital Projects Reserve Fund**
 - Retired debt payments
 - Portion of HST/GST rebate
- **Machinery & Equipment Depreciation Reserve Fund**
 - Mostly internal allocation
 - Fixed amount contributed by each department based on useful life and replacement cost of capital items



RESERVE FUNDS (cont'd)

- **Park Land Acquisition Reserve Fund**
 - Funded from disposal or sale of park land and/or money in lieu of park land
- **Municipal Archives Trust Fund**
 - For acquisitions, acquisition restorations, acquisition reproductions and equipment for the Esquimalt Municipal Archives
- **Local Improvement Fund**
 - To assist with local improvements such as sidewalks



RESERVE FUNDS (cont'd)

- **Tax Sale Reserve Fund**
 - Funded from annual tax sale monies including administration fees collected
- **Sustainability Reserve Fund**
 - Funded by carbon tax grant program from the Province (Climate Action Revenue Incentive Program)
- **Eva Chafe Reserve Fund**
 - To assist in the maintenance of 398 Fraser Street property bequeathed to the Township in 2010



RESERVE FUND BALANCES

AT JANUARY 1, 2013

M&E Reserve Fund	2,626,490
Capital Projects Reserve Fund	3,127,412
Local Improvement Fund	129,098
Tax Sale Lands Reserve Fund	146,451
Park Land Acquisition Reserve Fund	81,078
Municipal Archives Trust Fund	5,493
Sustainability Reserve Fund	110,007
Eva Chafe Reserve Fund	38,683
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	6,264,712
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RESERVE ACCOUNTS

- **Casino Fund**
 - Annual reporting for gaming revenue to the Province
 - Township has an internal commitment to fund recreation revitalization project debt payments (\$275,000 annually)
 - Bylaw requires of a minimum balance of \$100,000



RESERVE ACCOUNTS (cont'd)

- **Community Works Fund**
 - Eligible projects must satisfy strict criteria
 - Annual reporting to UBCM and verification with audited financial statements submitted to Province
 - Bylaw requires of a minimum balance of \$250,000



RESERVE ACCOUNT BALANCES AT JANUARY 1, 2013

Casino Revenue	160,258.31
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Community Works Funding	914,542.65
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	1,074,800.96
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MUNICIPAL DEBT

ANNUAL MUNICIPAL DEBT COSTS

Long-term debt	2013	2014	2015	2016	2017
Rec Centre - principal & interest	\$554,150	\$554,150	\$554,150	\$554,150	\$554,150
Sewer - principal & interest	532,320	532,320	532,320	532,320	532,320
	<u>1,086,470</u>	<u>1,086,470</u>	<u>1,086,470</u>	<u>1,086,470</u>	<u>1,086,470</u>
MFA lease payments					
Municipal Hall equipment	2,840	-	-	-	-
Recreation Centre equipment	23,450	-	-	-	-
Recreation Centre photocopier	2,170	2,170	2,170	2,170	1,280
Engineering equipment	5,570	1,220	-	-	-
Eng./Dev. Services photocopier	3,520	3,520	660	-	-
	<u>37,550</u>	<u>6,910</u>	<u>2,830</u>	<u>2,170</u>	<u>1,280</u>
Total Annual Cost	<u>\$1,124,020</u>	<u>\$1,093,380</u>	<u>\$1,089,300</u>	<u>\$1,088,640</u>	<u>\$1,087,750</u>

Liability servicing capacity remaining at December 31, 2012: \$5,836,337



MUNICIPAL DEBT

Total debt issued (excluding leases):

Sewers I&I Program	1,129,000	Matures 2022
	2,353,000	Matures 2022
	1,256,000	Matures 2024
	2,012,000	Matures 2025
	<u>6,750,000</u>	
Revitalization Project	4,000,000	Matures 2022
	2,800,000	Matures 2023
	<u>6,800,000</u>	
	<u><u>\$13,550,000</u></u>	



BUDGET CHALLENGES

	<u>Budget</u>	<u>Budget</u>	<u>Revenue</u>	<u>%</u>
Victoria-Esquimalt Police Services	\$6,783,595	\$7,055,504	\$271,909	1.19%
Wages & Benefits-CUPE, Fire & Exempt	\$12,655,187	\$13,078,578	\$423,391	1.85%
Greater Victoria Public Library	\$775,715	\$804,386	\$28,671	0.13%
Budget Commitments	\$180,730	\$5,000	-\$175,730	-0.77%
	<u>\$20,395,227</u>	<u>\$20,943,468</u>	<u>\$548,241</u>	<u>2.39%</u>

****1% tax increase = \$229,000 based on 2012 actual**



BUDGET CHALLENGES

SERVICE COMPARISON

	POLICE		FIRE		RECREATION		LIBRARY	
	OWN	COST	OWN	VOLUNTEER	OWN	COST	OWN	COST
		SHARED				SHARED		SHARED
Esquimalt	X		X		X		X	
Oak Bay	X		X		X		X	
Saanich	X		X		X		X	
Victoria	X		X		X		X	
Central Saanich	X			X		X		X
Colwood		X		X		X		X
Highlands		X		X		X		X
Langford		X		X		X		X
Metchosin		X		X		X		X
North Saanich		X		X		X		X
Sidney		X		X		X		X
View Royal		X		X		X		X



GRANT FUNDING

CAPITAL PROJECT CONTRIBUTIONS

<u>PROJECT</u>	<u>FUNDING</u>	<u>FUNDING SOURCE</u>	<u>TAX IMPACT</u>
Craigflower Road	\$12,014	General Strategic Priorities Grant	\$0
Esquimalt Village Plan - remediation	\$50,000	Grant - Provincial	\$0
Recreation Centre upgrades	\$400,000	Grant - Provincial	\$0
	\$100,000	Capital Projects Reserve Fund	\$0
Electric Charging Station	\$16,000	Sustainability Fund	\$0
	\$8,000	Grant - Provincial	\$0
Bus shelters	\$9,000	Community Works Fund	\$0
Bus stop structure at Lampson	\$20,000	Community Works Fund	\$0
Lighting upgrades Municipal Facilities	\$41,000	Community Works Fund	\$0
Sewer manhole separation program	\$174,965	Community Works Fund	\$0
Solar hot water conversion at Recreation Centre	\$91,000	Community Works Fund	\$0
Install HVAC/Exhaust fans- RC and SC	\$58,635	Community Works Fund	\$0
Energy reduction project at Recreation Centre	\$153,179	Community Works Fund	\$0
	<u>\$1,133,793</u>		<u>\$0</u>

OPERATING CONTRIBUTIONS

Improvements in Recreation & Sports Centres	\$9,062	Grant - Risk Management (MIA)	\$0
Fire Underwriters Survey	\$5,000	Grant - Risk Management (MIA)	\$0



FACTORS AND ASSUMPTIONS

- Factors for Years Two through Five
 - 102% Revenue percentage per annum
 - 102% Expenditure percentage per annum
 - 102% Management/CUPE pay increase per annum
 - 103% Fire Department pay increase per annum
- Assumptions
 - Average interest rate of 1.5% for all investments
 - Transfers to/from reserves occur at December 31



CORE TO CORE BUDGET 2012 - 2013

	<u>2012 Budget</u>	<u>2013 Budget</u>	<u>Difference</u>	<u>Factors</u>
General Government	\$2,740,511	\$2,937,821	\$197,310	
CUPE and Exempt wage increases				\$133,847
Protective Services	\$10,446,233	\$10,855,694	\$409,461	
Policing				\$271,909
CUPE, Fire & Exempt wage increases				\$103,981
Transportation & Health Services	\$2,311,142	\$2,365,414	\$54,272	
CUPE and Exempt wage increases				\$65,694
Development Services	\$463,663	\$456,301	(\$7,362)	
Recreation & Cultural Services	\$7,963,591	\$8,203,287	\$239,696	
CUPE and Exempt wage increases				\$162,492
Fiscal Services	\$2,969,258	\$2,970,012	\$754	
	<u>\$26,894,398</u>	<u>\$27,788,529</u>	<u>\$894,131</u>	



NEXT STEPS

- 2013 Budget Overview
 - Budget Timeline
 - Early Approvals
- Departmental Presentations
 - Core Activities and Service Levels

