

# MUNICIPAL FINANCE BUDGET 2015

January 5, 2015

Township of  
**ESQUIMALT**

The logo for the Township of Esquimalt features the words "Township of" in a small, white, sans-serif font above the word "ESQUIMALT" in a large, white, serif font. Below the text is a white, stylized wave graphic that curves under the letters.

# FINANCIAL PLAN

## Community Charter (S.165)

- Adopted annually by bylaw, before tax rate bylaw
- For 5 years
- Sets out Objectives and Priorities
  - Funding Sources
  - Expenditures
  - Property Tax Distribution
  - Transfers to/or Between Funds
  - Use of Tax Exemptions



# FINANCIAL PLAN

## Community Charter (S.166)

- Council to undertake “a process of public consultation”
  - Proposed financial plan available for review
  - Reasonable review period provided
  - Specific form of consultation occurs
  - Consultation results are communicated to Council and are considered



# FINANCIAL PLAN PRINCIPLES

- **Long Term Financial Sustainability**
  - Ensure Adequate Funding for Services and Infrastructure
  - Efficient Management of Expenditures
  - Operate Prudently
  - Maintain Sufficient Future Reserves
  - Use Debt Strategically



# FUND ACCOUNTING

# FUND ACCOUNTING

- “Fund” = self balancing set of accounts, segregated for a specific purpose
- Emphasizes accountability rather than profitability
  - How money was spent, not how much profit was earned
- Expenditures not to exceed total funding sources
  - New or increased services or expenditures must have offsetting funding source



# FUND ACCOUNTING

- “Core”: necessary funding to maintain current service levels
- “Supplemental”: funding associated with providing increased service levels
- “Prior Year”: items approved in the previous year’s budget but were not fully completed at the end of the fiscal year



# FUND ACCOUNTING

- General - Operating & Capital
- Sewer - Operating & Capital
- Offset by Funding Sources
  - General Revenue/Property Taxes
  - PILT
  - Reserves
  - Accumulated Surplus
  - Grants/Donations
  - Borrowing (Debt)





# FUND ACCOUNTING

## General Operating Fund

- Expenditures
  - Wages & Benefits, Supplies, Services
  - Core and Supplemental Items
- Debt
  - Principal & Interest
- Transfers to Reserves



# FUND ACCOUNTING

## General Capital Fund

- Acquisition of Tangible Capital Assets
  - Use in production or supply of goods/services
  - Useful life extending beyond current period
  - Used on a continuous basis
  - Not for resale in ordinary course of business

# FUND ACCOUNTING

## Reserve Funds

- Established through bylaw
- May only be used for specific use
- Requires Council resolution to expend these funds
  - Typically through adoption of Financial Plan



# FUND ACCOUNTING

## Reserve Accounts

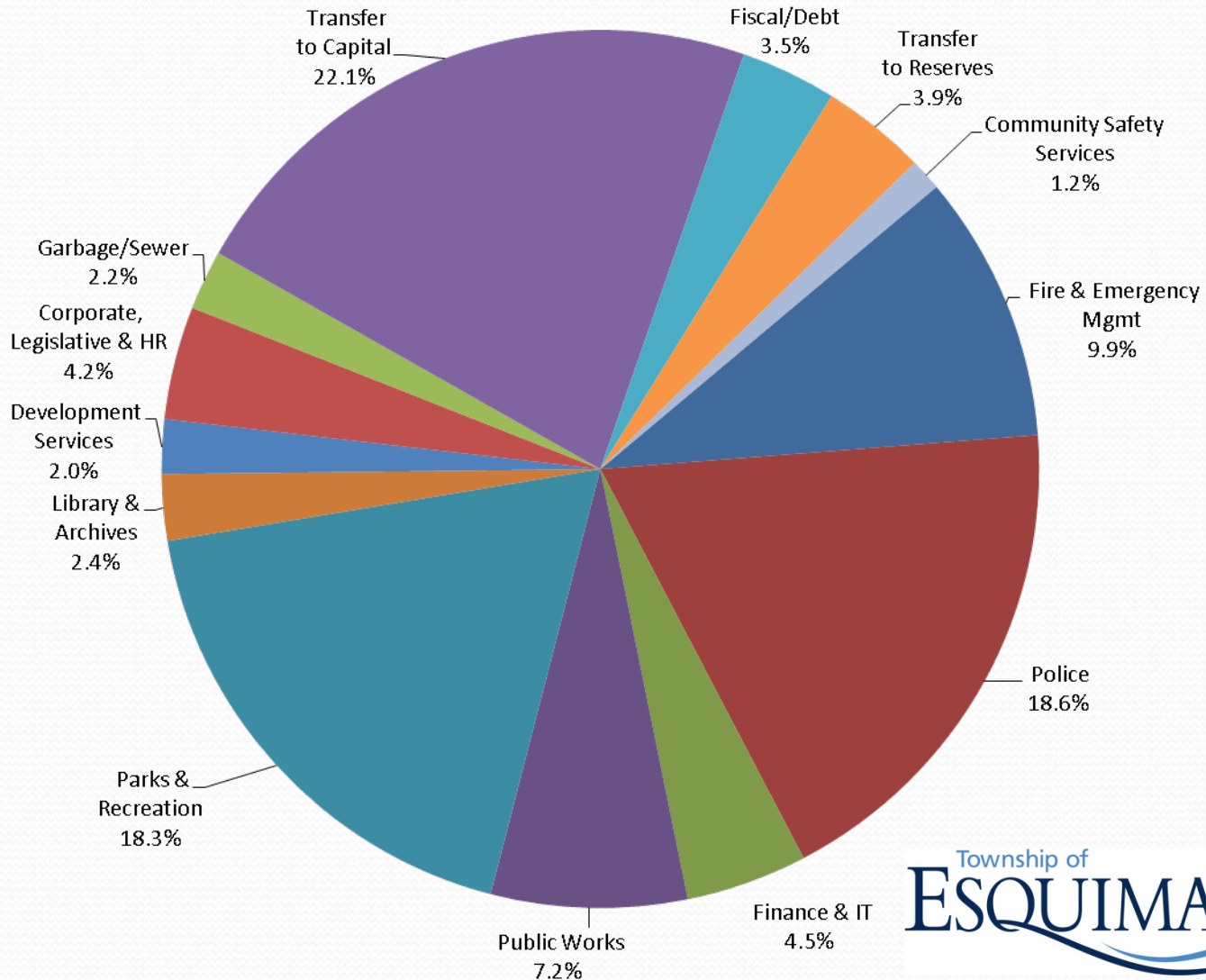
- Used to account for specific funds received from external sources
- If accounts were not used, any unexpended amounts would go into surplus each year

**OPERATING**

Township of  
**ESQUIMALT**



# WHERE ARE FUNDS SPENT?



# CAPITAL

Township of  
**ESQUIMALT**



# CAPITAL EXPENDITURES

- **From Operating Fund**

- Funding derived from current year tax revenue unless grant or alternate funding identified

- **From Capital Fund**

- Funding is transferred from Reserve Funds and does not require direct taxation
- Annual contributions to Reserve Funds for future capital items will impact current year tax calculation





# FUNDING SOURCES

Township of  
**ESQUIMALT**

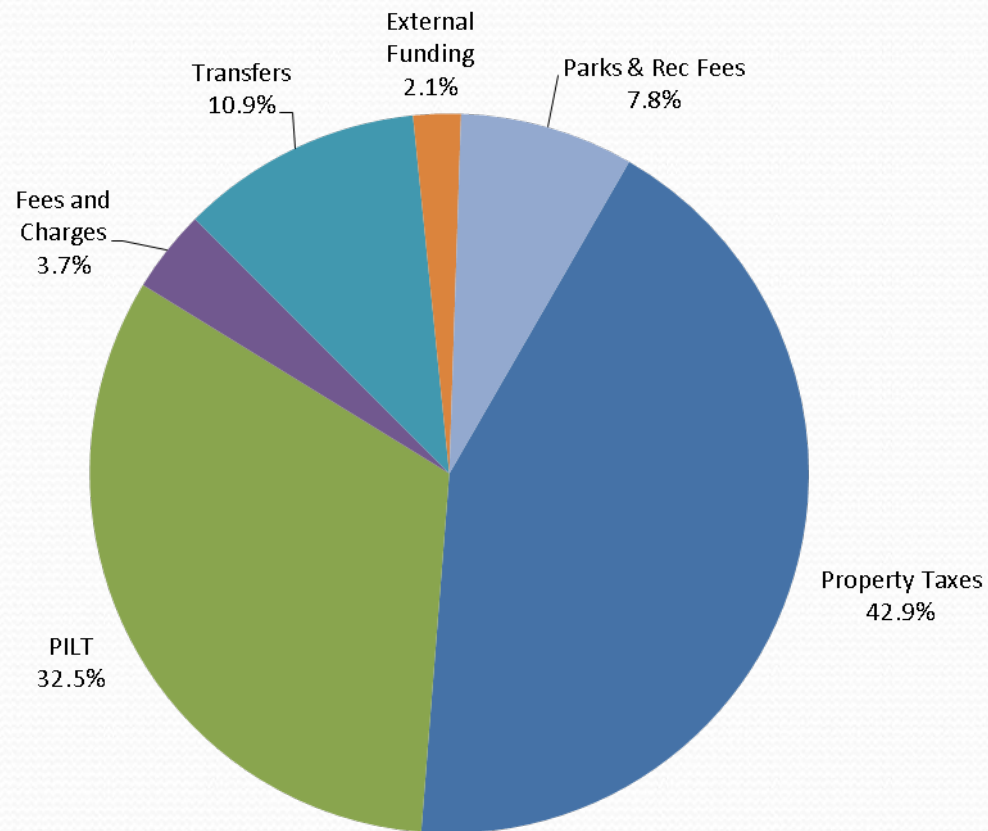
The logo for the Township of Esquimalt features the words "Township of" in a small, white, sans-serif font above the word "ESQUIMALT" in a large, white, serif font. Below the word "ESQUIMALT" is a decorative white wave-like flourish.

# REVENUE

- Municipal Property Taxes
- Payment in Lieu of Taxes (PILT)
- Sale of Services - cost recoveries, fees and charges, recreation program fees
- Revenue from Own Sources - business and dog licenses, building and development permits
- Other Revenue - Casino, Community Works, donations
- Unconditional Transfers - Small Community and Traffic Fine Revenue
- Conditional Transfers - grant funding



# SOURCES OF REVENUE



# 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>	
Admirals Road Corridor	1,200,000	Matures 2024
	<u>\$14,750,000</u>	



# MUNICIPAL DEBT

Long-term debt	2015	2016	2017	2018	2019
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
Admirals Road Corridor	135,949	135,949	135,949	135,949	135,949
	<u>1,222,419</u>	<u>1,222,419</u>	<u>1,222,419</u>	<u>1,222,419</u>	<u>1,222,419</u>
MFA lease payments					
Municipal Hall equipment	1,365	1,365	1,365	648	
Recreation Centre photocopier	2,432	2,432	218		
Eng./Dev. Services photocopier	3,124			-	-
	<u>6,921</u>	<u>3,797</u>	<u>1,583</u>	<u>648</u>	
<b>Total Annual Cost</b>	<u><u>\$1,229,340</u></u>	<u><u>\$1,226,216</u></u>	<u><u>\$1,224,002</u></u>	<u><u>\$1,223,067</u></u>	<u><u>\$1,222,419</u></u>

Liability Servicing Capacity  
at December 31, 2014

7,240,032



# RESERVE FUNDS

# RESERVE FUNDS

- **Capital Projects**
  - Fixed annual contribution (approx. \$1MM)
  - Additional allocation for any retired debt payments
  - Used for any item/project considered capital in nature
- **Machinery & Equipment Depreciation**
  - Internal contributions are made by each department based on useful life and replacement cost of their capital items (e.g. fleet vehicles and IT equipment)
  - Used to replace existing assets only if contributions made



# RESERVE FUNDS

- **Infrastructure & Revitalization**
  - Replacement of existing long-term infrastructure
  - Revitalization initiatives
  - Annual contribution (min: \$250,000)
- **Park Land Acquisition**
  - Funded from disposal or sale of park land and/or money received in lieu of park land





# RESERVE FUNDS

- **Municipal Archives Trust**
  - For acquisitions, restorations, reproductions and equipment for the Esquimalt Municipal Archives
- **Local Improvement**
  - To assist with local improvements such as sidewalks
  - Provides an alternative to borrowing funds



# RESERVE FUNDS

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



# RESERVE FUND BALANCES

M&E Reserve Fund	2,134,135
Capital Projects Reserve Fund	1,680,492
Infrastructure & Revitalization Reserve Fund	2,900,000
Park Land Acquisition Reserve Fund	82,982
Municipal Archives Trust Fund	5,781
Local Improvement Fund	136,938
Tax Sale Lands Reserve Fund	114,988
Sustainability Reserve Fund	200,119
Eva Chafe Reserve Fund	39,613
	<hr/>
	7,295,048
	<hr/> <hr/>

As at December 31, 2014



# RESERVE ACCOUNTS

# RESERVE ACCOUNTS

- **Casino**

- Payments (2014: \$320,000) received as part of Revenue Agreement
- Used for specific projects or one time purchases rather than for general or ongoing expenditures
- Township has an internal commitment to fund recreation revitalization project debt payments (\$275,000 annually) from this account
- Maintain a minimum account balance of \$100,000



# RESERVE ACCOUNTS

- **Community Works**
  - Direct allocation based on population to support local priorities (2014: \$701,000)
  - Prior to April 2014, potential projects had to satisfy strict criteria
  - Annual reporting to UBCM and verification with financial statements submitted to Province
  - Maintain a minimum account balance of \$250,000



# RESERVE ACCOUNT BALANCES

Casino Revenue	156,335
----------------	---------

Community Works	1,194,052
-----------------	-----------

	<u>1,350,387</u>
--	------------------

As at December 31, 2014



# BUDGET PROCESS

Township of  
**ESQUIMALT**

The logo for the Township of Esquimalt features the words "Township of" in a small, white, sans-serif font above the word "ESQUIMALT" in a large, white, serif font. Below the text is a white, stylized wave graphic that curves under the letters.



# TIMELINE

## October - December

- Rollover Prior Year & Distribution to Senior Staff
- Police & Library Preliminary Budgets
- Preliminary BC Assessment Data

## January - February

- Strategic Planning
- Early Budget Approvals
- Department Core Presentations & 1<sup>st</sup> Public Input Opportunity
- PILT Property Valuations



# TIMELINE

## March

- Policy and Objectives Review
- Consideration of Operating and Capital Requests & 2<sup>nd</sup> Public Input Opportunity
- Final BC Assessment Data

## April - May

- Initial Tax Rate Scenarios & Final Public Input Opportunity
- Updated Tax Rate Scenarios
- Financial Plan and Tax Rate Bylaws – adoption before May 15th

