

MUNICIPAL FINANCE BUDGET 2016

January 18, 2016

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 word "ESQUIMALT".

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



BUDGET TIMELINE

Key Dates

- Department Core Presentations & Public Input - Feb 22
- Early Budget Approvals – Feb 22
- PILT Property Valuations – Feb 29
- Policy and Objectives Review – March 21
- Consideration of Operating and Capital Requests & Public Input Opportunity – March 22 (& 23 if required)
- Tax Rate Scenarios & Final Public Input Opportunity – April 4
- Updated Tax Rate Scenarios – April 18
- Financial Plan and Tax Rate Bylaws – adoption May 9



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 new or increased service levels
- “Prior Year”: items approved in the previous year’s budget but remains outstanding 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)



OPERATING FUND

Township of
ESQUIMALT

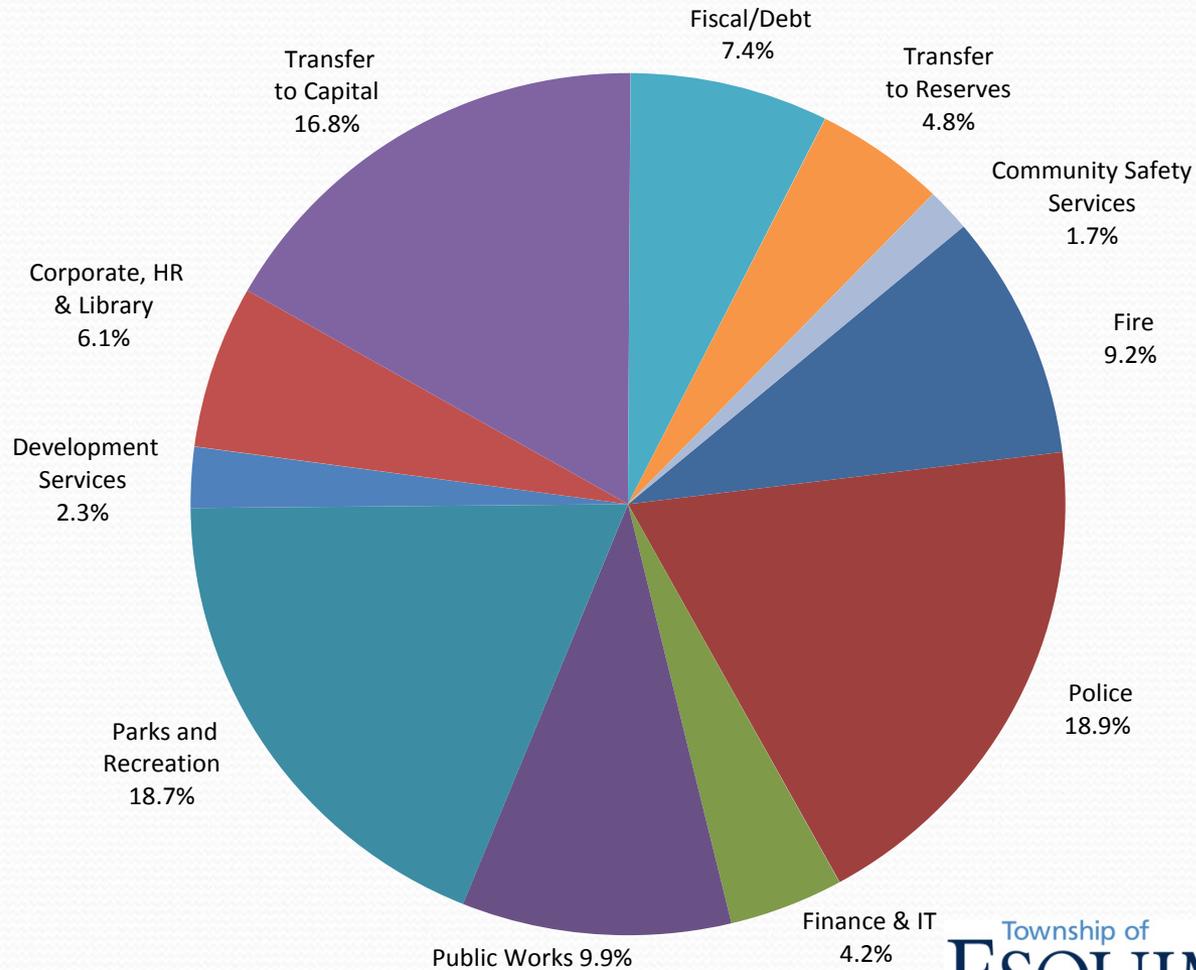
A decorative white wave graphic consisting of two curved lines that sweep under the word 'ESQUIMALT'.

OPERATING FUND

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



WHERE ARE FUNDS SPENT?



CAPITAL

Township of
ESQUIMALT

A decorative white wavy line that curves under the word 'ESQUIMALT'.

CAPITAL

- 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

CAPITAL

- **From Operating Fund**

- Funding derived from current year tax revenue unless grants, donations or alternate funding is identified

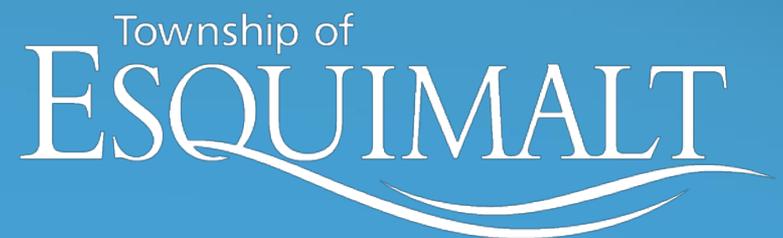
- **From Capital Fund**

- Funding is transferred out of the 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

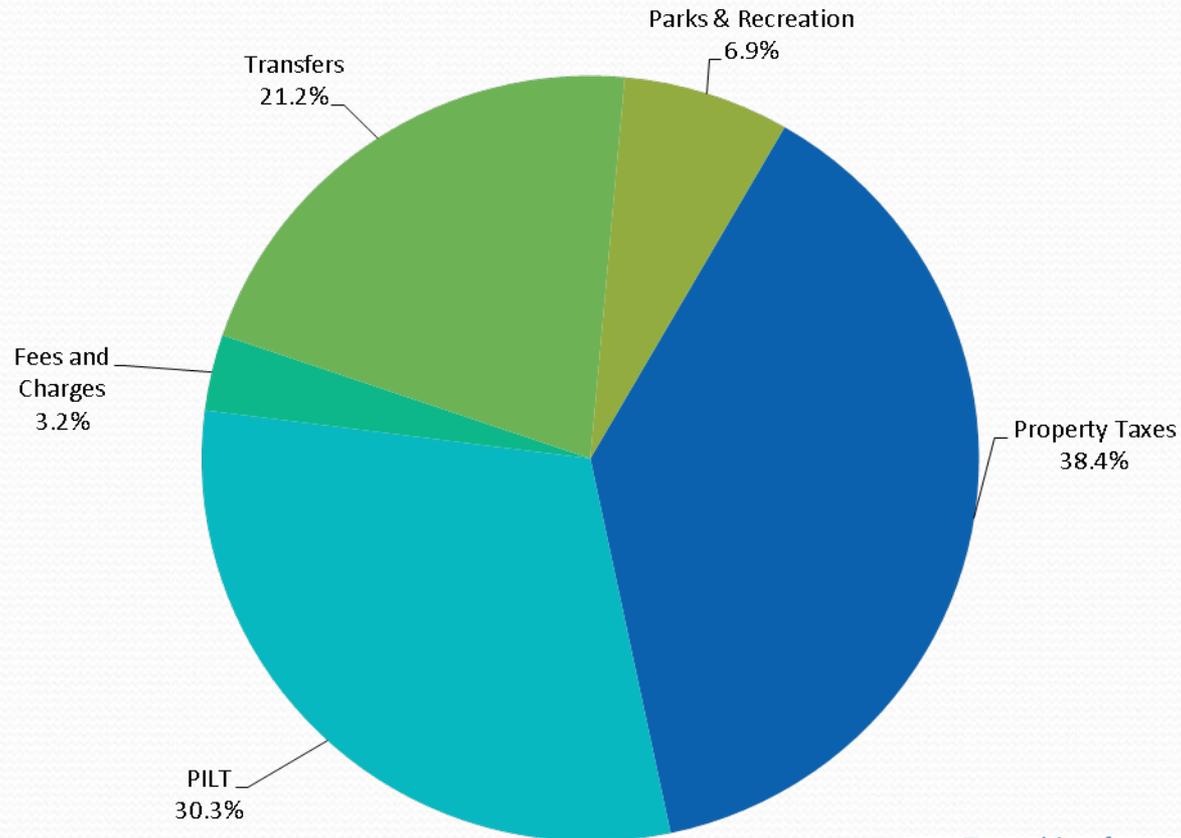
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REVENUE

- 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

Sewers I&I Program	1,129,000	Matures 2024
	2,353,000	Matures 2025
	1,256,000	Matures 2026
	2,012,000	Matures 2027
	<u>6,750,000</u>	
Revitalization Project	4,000,000	Matures 2022
	<u>2,800,000</u>	Matures 2023
	<u>6,800,000</u>	
Admirals Road Corridor	1,200,000	Matures 2024
Sports Centre	550,000	Matures 2019
	<u><u>\$15,300,000</u></u>	



MUNICIPAL DEBT

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Long-term debt (principal & interest)					
Rec Centre	\$356,850	\$356,850	\$356,850	\$356,850	\$356,850
Sewer	453,644	453,644	453,644	453,644	453,644
Admirals Road Corridor	<u>135,950</u>	<u>135,950</u>	<u>135,950</u>	<u>135,950</u>	<u>135,950</u>
	<u>946,444</u>	<u>946,444</u>	<u>946,444</u>	<u>946,444</u>	<u>946,444</u>
Short Term Debt (principal & interest)					
Archie Browning Façade	118,000	116,000	103,000	111,000	-
	<u>118,000</u>	<u>116,000</u>	<u>103,000</u>	<u>111,000</u>	<u>-</u>
Total Annual Cost	<u>\$1,064,444</u>	<u>\$1,062,444</u>	<u>\$1,049,444</u>	<u>\$1,057,444</u>	<u>\$946,444</u>
 Liability Servicing Capacity at December 31, 2015	 7,933,886				



RESERVE FUNDS

RESERVE FUNDS

- Established through bylaw
- May only be used for specified use
- Requires Council resolution to expend these funds



RESERVE FUNDS

- **Capital Projects (CPRF)**
 - Fixed annual contribution (approx. \$1MM)
 - Additional allocation for any retired debt payments
 - Can be used for any capital expenditures
- **Machinery & Equipment Depreciation (M&E)**
 - Annual internal contributions made based on useful life and replacement cost of capital items (e.g. fleet vehicles, IT equipment)
 - Used to replace existing assets only if contributions are made into the Fund



RESERVE FUNDS

- **Infrastructure & Revitalization**
 - Replacement of existing long-term infrastructure
 - Revitalization initiatives
 - Annual contribution (min: \$264,000)
- **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 area service improvements
 - Provides an alternative to borrowing funds



RESERVE FUNDS

- **Tax Sale**
 - Funded from annual tax sale monies including any 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	1,952,243
Capital Projects Reserve Fund	1,593,400
Infrastructure & Revitalization Reserve Fund	3,187,393
Park Land Acquisition Reserve Fund	83,601
Municipal Archives Trust Fund	2,969
Local Improvement Fund	152,011
Tax Sale Lands Reserve Fund	114,139
Sustainability Reserve Fund	193,926
Eva Chafe Reserve Fund	34,715
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	7,314,397
	<hr/> <hr/>

As at December 31, 2015



RESERVE ACCOUNTS

RESERVE ACCOUNTS

- Used to account for specific funds received from external sources
- Could be appropriations held for a future specified purpose
- Any unexpended amounts would be transferred to surplus



RESERVE ACCOUNTS

- **Casino**

- Payments (2015: \$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 (CWF)**
 - Direct allocation based on population to support local priorities (2015: \$712,000)
 - 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 ACCOUNTS

Casino Revenue	123,654
Community Works	1,469,862
	<hr/>
	1,593,516
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As at December 31, 2015



BUDGET CHALLENGES

BUDGET CHALLENGES

- Infrastructure Renewal
- Assessment Base Constraints
- Economic Sustainability of the Township
- Balance Expectations with Available Resources



SERVICE COMPARISON

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



CORE EXPENDITURES

	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>Increase</u>	<u>% Increase</u>
General Government	\$3,123,478	\$3,254,311	\$130,833	4.19%
Protective Services	\$11,321,767	\$11,906,952	\$585,185	5.17%
Public Works	\$3,414,398	\$3,415,299	\$901	0.03%
Development Services	\$621,685	\$632,325	\$10,640	1.71%
Parks & Recreation Services	\$8,167,696	\$8,416,215	\$248,519	3.04%
	<hr/> \$26,649,024	<hr/> \$27,625,102	<hr/> \$976,078	<hr/> 3.66%



Financial Services

FISCAL CHALLENGES

	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>Tax Increase</u>	
			Revenue	%
Victoria-Esquimalt Police Services	\$7,332,628	\$7,442,478	\$109,850	0.42%
Wages & Benefits-CUPE, Fire & Exempt	\$13,787,466	\$14,273,033	\$485,567	1.84%
Greater Victoria Public Library	\$853,589	\$877,251	\$23,662	0.09%
Budget Commitments	<u>\$6,000</u>	<u>\$20,356</u>	<u>\$14,356</u>	<u>0.05%</u>
	<u><u>\$21,979,683</u></u>	<u><u>\$22,613,118</u></u>	<u><u>\$633,435</u></u>	<u><u>2.40%</u></u>

*****1% tax increase = \$264,000 based on 2015 actual***



NEW GROWTH

	2015	2016	Increase/	% Increase/
Property Class	Revised	Completed	(Decrease)	(Decrease)
01 Residential	2,251,984,705	2,369,555,205	117,570,500	5.22%
02 Utilities	1,113,200	1,142,100	28,900	2.60%
04 Major Industry	26,483,900	27,479,400	995,500	3.76%
05 Light Industry	8,244,300	8,251,100	6,800	0.08%
06 Business/Other	178,401,202	171,938,051	- 6,463,151	-3.62%
08 Recreation Non-Profit	11,603,700	12,980,500	1,376,800	11.87%
	2,477,831,007	2,591,346,356	113,515,349	

Property Class	New	New	2015	
	Incr/(Decr)	% Incr/(Decr)	Tax Rate	
01 Residential	19,263,100	0.30%	5.01609	96,625
02 Utilities	-	0.00%	22.69072	-
04 Major Industry	- 699,000	24.67%	32.91671	- 23,009
05 Light Industry	-	0.00%	17.41464	-
06 Business/Other	481,249	-0.46%	12.50032	6,016
08 Recreation Non-Profit	- 54,000	1.20%	4.92856	- 266
	18,991,349			79,366

Property Class	Existing	Existing
	Incr/(Decr)	% Incr/(Decr)
01 Residential	98,307,400	4.92%
02 Utilities	28,900	2.60%
04 Major Industry	1,694,500	-20.91%
05 Light Industry	6,800	0.08%
06 Business/Other	- 6,944,400	-3.16%
08 Recreation Non-Profit	1,430,800	10.67%
	94,524,000	

COUNCIL DIRECTION

- Staff are looking for direction regarding the desired range of 2016 tax revenue increases
- Staff will present various scenarios to Council in March once the draft 2016-2020 Financial Plan has been fully compiled

