

MUNICIPAL FINANCE BUDGET 2017

January 23, 2017

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

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



FINANCIAL PLAN

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



BUDGET TIMELINE

Key Dates

- **Early Budget Approvals – Feb 6**
- **Policy and Objectives Review – March 6**
- **Local Grants – March 6**
- **Department Core Presentations – Mar 13**
- **Consideration of Operating and Capital Requests & Public Input Opportunity – March 14**
- **Tax Rate Scenarios & Final Public Input Opportunity – April 3**
- **Updated Tax Rate Scenarios (if necessary) – April 24**
- **Financial Plan and Tax Rate Bylaws – adoption May 8**



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 remain 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 & CAPITAL

Township of
ESQUIMALT



OPERATING

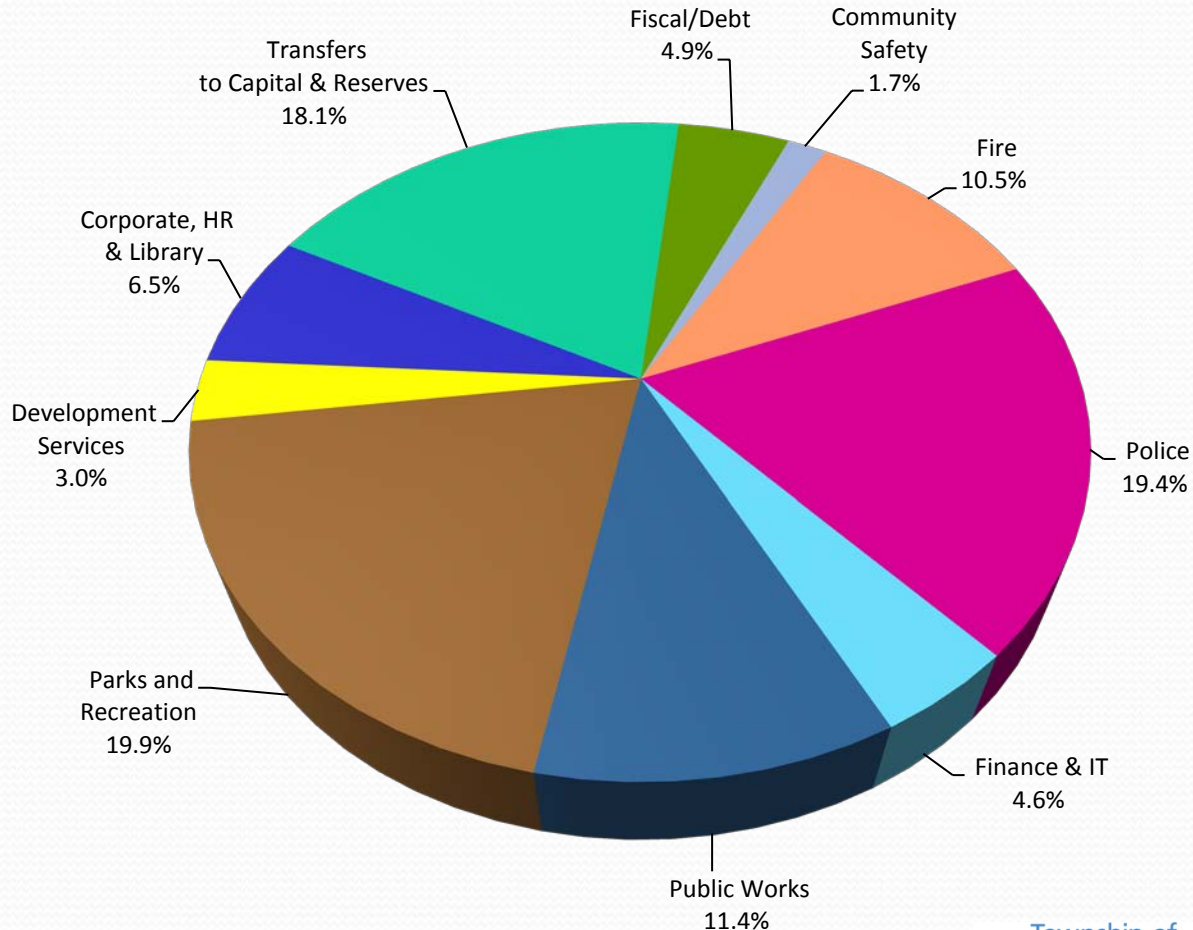
- Expenditures
 - Wages & Benefits, Supplies, Services
 - Core and Supplemental Items
- Debt
 - Principal & Interest
- Transfers to Reserves
 - Capital and Statutory Funds

CAPITAL

- 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



WHERE ARE FUNDS SPENT?



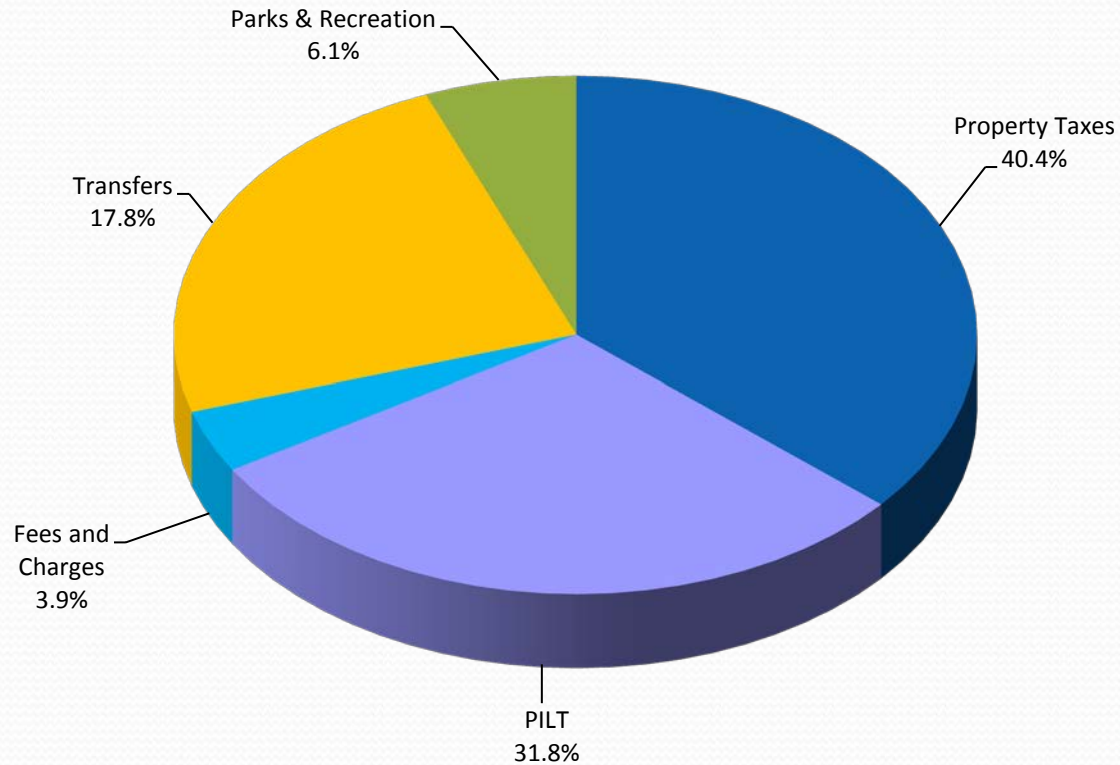
FUNDING SOURCES

REVENUE

- Property Taxes
- Payment in Lieu of Taxes (PILT)
- Fees & Charges
 - Includes cost recoveries, licences & permits
- Parks & Recreation Fees
- Other Revenue - Casino, Community Works, donations
- Transfers - Small Community & Traffic Fine Revenue, grants



SOURCES OF REVENUE



MUNICIPAL DEBT

Sewers I&I Program	1,129,000	Matures 2024
	2,353,000	Matures 2025
	1,256,000	Matures 2026
	<u>2,012,000</u>	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 Façade	550,000	Matures 2019
Fraser Park Development	750,000	Matures 2021
	<u>\$16,050,000</u>	



MUNICIPAL DEBT

ANNUAL DEBT COSTS

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</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	120,000	130,000	130,000		
Fraser Park Development	150,000	150,000	150,000	150,000	150,000
	<u>270,000</u>	<u>280,000</u>	<u>280,000</u>	<u>150,000</u>	<u>150,000</u>
Total Annual Cost	<u><u>\$1,216,444</u></u>	<u><u>\$1,226,444</u></u>	<u><u>\$1,226,444</u></u>	<u><u>\$1,096,444</u></u>	<u><u>\$1,096,444</u></u>
Unutilized Liability Servicing Capacity at December 31, 2016	6,746,962				



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. \$1.3MM)
 - Additional allocation for any retired debt payments
 - Can be used for any capital expenditures
- **Machinery & Equipment Depreciation (M&E)**
 - Annual contributions made based on useful life and replacement cost of capital items
 - Used to replace existing fleet and equipment



RESERVE FUNDS

- **Infrastructure & Revitalization**
 - Replacement of existing long-term infrastructure
 - Revitalization initiatives
 - Annual minimum contribution (2017: \$273,000)
- **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 Archives
- **Local Improvement**
 - To assist with local area service improvements
 - Alternative to borrowing



RESERVE FUNDS

- **Tax Sale**
 - Funded from annual tax sale monies including any administration fees collected
- **Sustainability**
 - Funded by Provincial carbon tax grant program (CARIP)
- **Eva Chafe**
 - For maintenance of 398 Fraser Street property



RESERVE FUND BALANCES

M&E Reserve Fund	\$2,323,966
Capital Projects Reserve Fund	2,058,356
Infrastructure & Revitalization Reserve Fund	3,478,095
Park Land Acquisition Reserve Fund	84,306
Municipal Archives Trust Fund	2,988
Local Improvement Fund	157,995
Tax Sale Lands Reserve Fund	115,025
Sustainability Reserve Fund	125,575
Eva Chafe Reserve Fund	33,249
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	\$8,379,555
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As at December 31, 2016



RESERVE ACCOUNTS

RESERVE ACCOUNTS

- Used to account for specific funds received from external sources
- Held for a future specified purpose
- Unexpended amounts may be transferred to surplus



RESERVE ACCOUNTS

- **Casino**

- Payments (2016: \$280,000) received as part of Revenue Agreement
- Used for specific projects or one time purchases rather than for general or ongoing expenditures
- Internal commitment to fund recreation revitalization project debt payments (\$275,000 annually)
- Maintain a minimum account balance of \$100,000



RESERVE ACCOUNTS

- **Community Works (CWF)**
 - Direct allocation based on population to support local priorities (2016: \$736,000)
 - Annual reporting to UBCM and verification with financial statements submitted to Province
 - Maintain a minimum account balance of \$250,000



RESERVE ACCOUNTS

Casino Revenue	\$378,609
Community Works	1,915,862
	<u>\$2,294,471</u>

As at December 31, 2016



BUDGET CHALLENGES

BUDGET CHALLENGES

- Infrastructure Renewal
- Esquimalt Town Square
- Balance Expectations and Township Resources



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>2016 Budget</u>	<u>2017 Budget</u>	<u>Increase</u>	<u>% Increase</u>
General Government	\$3,254,311	\$3,349,743	\$95,432	2.93%
Protective Services	\$11,906,952	\$12,120,035	\$213,083	1.79%
Public Works	\$3,415,299	\$3,495,836	\$80,537	2.36%
Development Services	\$632,325	\$638,783	\$6,458	1.02%
Parks & Recreation Services	\$8,167,696	\$8,416,215	\$248,519	3.04%
	\$27,376,583	\$28,020,612	\$644,029	2.35%



Financial Services

FISCAL CHALLENGES

	2016	2017	Tax Increase	
	<u>Budget</u>	<u>Budget</u>	<u>Revenue</u>	<u>%</u>
Victoria-Esquimalt Police Services	\$7,400,627	\$7,728,137	\$327,510	1.20%
Wages & Benefits-CUPE, Fire & Exempt	\$14,273,033	\$14,587,039	\$314,006	1.15%
Greater Victoria Public Library	\$886,293	\$908,695	\$22,402	0.08%
Budget Commitments	<u>\$20,356</u>	<u>\$34,621</u>	<u>\$14,265</u>	<u>0.05%</u>
	<u><u>\$22,580,309</u></u>	<u><u>\$23,258,492</u></u>	<u><u>\$678,183</u></u>	<u><u>2.48%</u></u>

****1% tax increase = \$273,000 based on 2016 actual**



ASSESSED VALUES

	2016 Revised Roll \$	2017 Completed Roll \$	Increase/ (Decrease) \$	Increase/ (Decrease) %
Class 1 Residential	2,367,034,105	2,750,190,205	383,156,100	16.19%
Class 2 Utilities	1,142,100	1,281,000	138,900	12.16%
Class 4 Major Industry	32,091,000	31,970,500	(120,500)	(-0.38%)
Class 5 Light Industry	8,251,100	8,335,300	84,200	1.02%
Class 6 Business/Other	171,602,451	182,905,451	11,303,000	6.59%
Class 8 Recreation/Non-Profit	12,921,500	13,562,200	640,700	4.96%
	<u>2,593,042,256</u>	<u>2,988,244,656</u>	<u>395,202,400</u>	<u>15.24%</u>

COUNCIL DIRECTION

- Staff are looking for direction regarding the desired range of 2017 tax revenue increases
- Staff will present various scenarios to Council in March once the draft 2017-2021 Financial Plan has been fully compiled



PUBLIC INPUT

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