

MUNICIPAL FINANCE BUDGET 2018

January 22, 2018



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 – February 5**
- **Department Core Presentations – February 5**
- **Local Grant Approvals – February 26**
- **Policy and Objectives Review – March 5**
- **Consideration of Operating and Capital Requests & Public Input Opportunity – March 13**
- **Tax Rate Scenarios & Final Public Input Opportunity – April 9**
- **Updated Tax Rate Scenarios (if necessary) – April 23**
- **Financial Plan and Tax Rate Bylaws – adoption May 14**



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

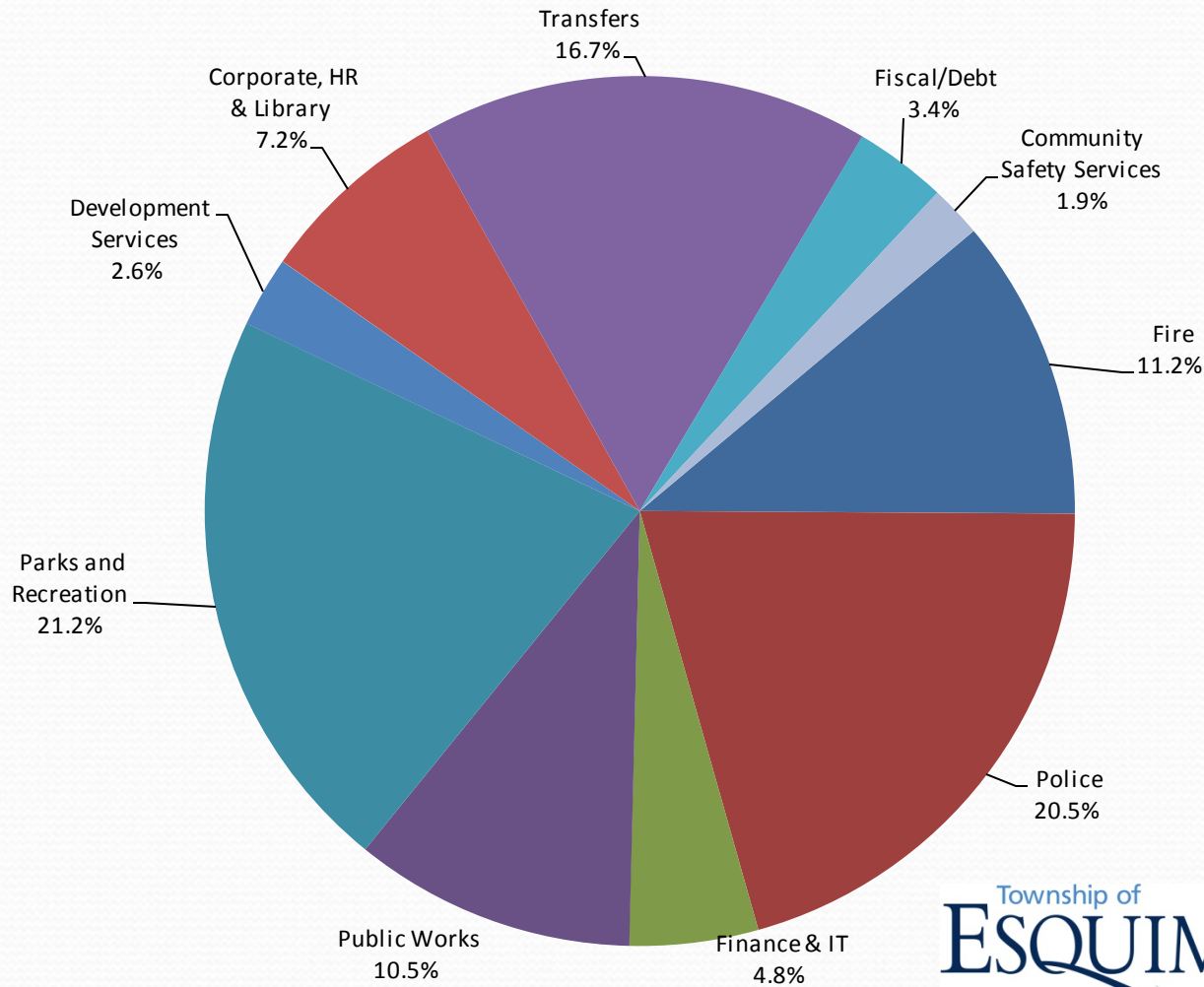
- Expenditures
 - Wages & Benefits, Supplies, Services
 - Core and Supplemental Items
- Debt
 - Principal & Interest
- Transfers to Reserves
 - Capital and Statutory Funds



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

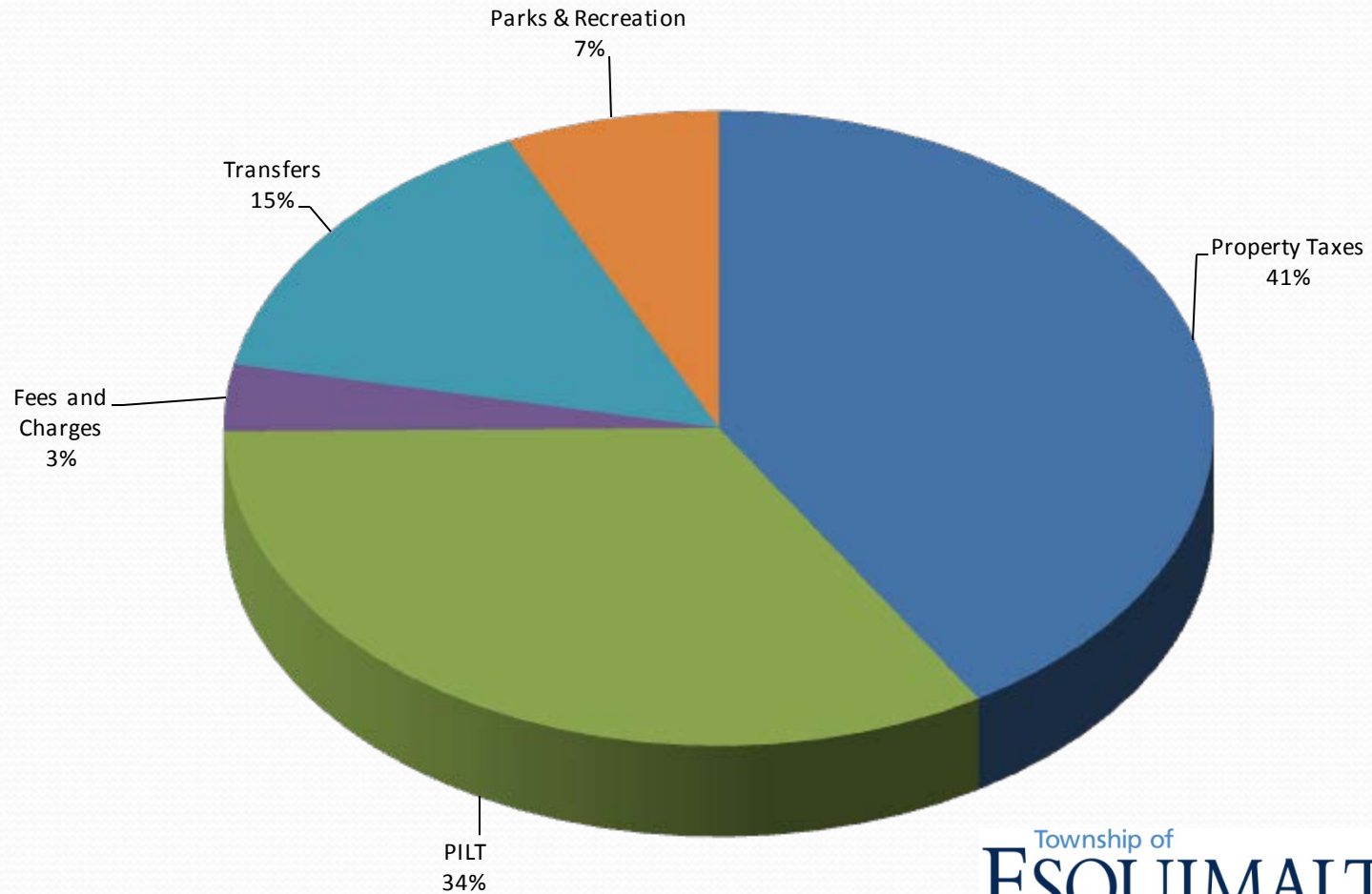


REVENUE

- 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 2026
	2,353,000	Matures 2027
	1,256,000	Matures 2024
	<u>2,012,000</u>	Matures 2025
	<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	200,000	Matures 2019
Fraser Park Development	600,000	Matures 2021
	<u>\$15,550,000</u>	



MUNICIPAL DEBT

Long-term debt (principal & interest)	2018	2019	2020	2021	2022
Rec Centre	\$362,850	\$362,850	\$362,850	\$362,850	\$362,850
Sewer	361,918	361,918	361,918	361,918	361,918
Admirals Road Corridor	135,950	135,950	135,950	135,950	135,950
	<u>860,718</u>	<u>860,718</u>	<u>860,718</u>	<u>860,718</u>	<u>860,718</u>
Short Term Debt (principal & interest)					
Archie Browning Façade	100,000	100,000			
Fraser Park Development	150,000	150,000	150,000	150,000	
	<u>250,000</u>	<u>250,000</u>	<u>150,000</u>	<u>150,000</u>	
Total Annual Cost	<u>\$1,110,718</u>	<u>\$1,110,718</u>	<u>\$1,010,718</u>	<u>\$1,010,718</u>	<u>\$860,718</u>
Unutilized Liability Servicing Capacity at December 31, 2017	5,969,402				



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. \$1,300,000)
 - 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 (2018: \$280,000)
- **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
- **Eva Chafe**
 - For maintenance of 398 Fraser Street property



RESERVE FUNDS

- **Tax Sale**
 - Funded from annual tax sale monies including any administration fees collected
- **Sustainability**
 - Funded by Provincial carbon tax grant program (CARIP)
- **Public Art**
 - For the selection, acquisition, maintenance and de-accession of Public Art



RESERVE FUND BALANCES

M&E Reserve Fund	\$2,375,444
Capital Projects Reserve Fund	2,758,770
Infrastructure & Revitalization Reserve Fund	750,437
Park Land Acquisition Reserve Fund	85,104
Municipal Archives Trust Fund	3,690
Local Improvement Fund	164,196
Eva Chafe Reserve Fund	33,587
Tax Sale Lands Reserve Fund	116,195
Sustainability Reserve Fund	14,411
Public Art Reserve Fund	24,874
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	\$6,326,708
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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 (2017: \$320,000) 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 (2017: \$745,000)
 - Annual reporting to UBCM and verification with financial statements submitted to Province
 - Maintain a minimum account balance of \$250,000



RESERVE ACCOUNTS

Casino Revenue	\$436,265
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Community Works	2,096,156
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	<u>\$2,532,421</u>
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As at December 31, 2017



BUDGET CHALLENGES

BUDGET CHALLENGES

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



SERVICE COMPARISON

	POLICE		FIRE		RECREATION		LIBRARY	
		COST				COST		COST
	OWN	SHARED	OWN	VOLUNTEER	OWN	SHARED	OWN	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



FISCAL CHALLENGES

	2018 Budget	2017 Budget	Tax Increase	
			Revenue	%
Victoria-Esquimalt Police Services	\$8,019,245	\$7,707,017	\$312,228	1.12%
Wages & Benefits-CUPE, Fire & Exempt	\$14,878,780	\$14,587,039	\$291,741	1.04%
Greater Victoria Public Library	\$939,519	\$908,695	\$30,824	0.11%
Budget Commitments	\$0	\$34,621	-\$34,621	-0.12%
	<u>\$23,837,544</u>	<u>\$23,237,372</u>	<u>\$600,172</u>	<u>2.14%</u>

****1% tax increase = \$280,000 based on 2017 actual**



ASSESSED VALUES

	2017 Revised Roll \$	2018 Completed Roll \$	Increase/ (Decrease) \$	Increase/ (Decrease) %
Class 1 Residential	2,747,553,605	3,271,653,305	524,099,700	19.08%
Class 2 Utilities	1,281,000	1,382,800	101,800	7.95%
Class 4 Major Industry	32,086,700	36,568,400	4,481,700	13.97%
Class 5 Light Industry	8,335,300	9,707,100	1,371,800	16.46%
Class 6 Business/Other	182,992,751	213,415,451	30,422,700	16.63%
Class 8 Recreation/Non-Profit	13,562,200	15,324,400	1,762,200	12.99%
	<u>2,985,811,556</u>	<u>3,548,051,456</u>	<u>562,239,900</u>	<u>18.83%</u>

COUNCIL DIRECTION

- Staff are looking for direction regarding the desired range of 2018 tax revenue increase scenarios
- Staff will present various scenarios to Council in March once the draft 2018-2022 Financial Plan has been fully compiled



PUBLIC INPUT

Township of
ESQUIMALT

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