

7.2.v Guideline

INCORPORATION STUDY COST ALLOCATIONS

Trust Council: September 18, 1998

Amended: December 4, 1998; December 6, 2012

A: PURPOSE:

To provide the methodology for providing information about planning costs for a Local Trust Committee (LTC), should an Incorporation Study Committee request such information within an Incorporation Study.

B: REFERENCES:

1. Detailed financial information used to create the most recent Islands Trust Financial Plan Bylaw;
2. Detailed financial information from prior years that were used to create audited financial statements for Islands Trust;
3. Prior years' Allocated Financial Statements for Islands Trust, including allocation of time to LTCs by planning staff;
4. Policy 7.2.vi Municipal Tax Requisition Calculation; and,
5. Policy 7.6.i Freedom of Information and Protection of Privacy.

C: POLICY:

1. Principles

- to provide relevant information to a community that is considering incorporation
- to ensure consistency of information for consideration by Incorporation Study Committees
- to ensure procedural certainty for dealing with Incorporation Study Committee requests for information

2. Information Sections and Related Methodologies

A. Cost to Islands Trust for Providing Planning Services

One of the primary goals of an Incorporation Study is to establish the current costs for providing planning services to the area that is considering incorporation. However, the implicit goal is also to provide typical or average costs to avoid variations in particular costs that may be affected by events in a particular fiscal year.

There are three planning offices in the Islands Trust organization. The current offices are listed below, along with the Local Trust Committees (LTCs) that are served by each:

- Southern Planning Office – Galiano, Mayne, North Pender, Saturna, South Pender
- Salt Spring Office – Salt Spring
- Northern Office – Denman, Gabriola, Gambier, Lasqueti, Hornby, Thetis, Executive (Ballenas-Winchelsea Islands)

The planning staff in each of the three offices uses the time collection system to record their work activities and to identify the LTC for whom the work was conducted. This information is used to allocate costs for staff and facilities to LTCs in the creation of the Allocated Financial Statements for a particular fiscal year.

To develop the costs for providing planning services as an input into an Incorporation Study, several methods are used depending on the cost item being considered:

- Direct budgeted costs – some costs are directly allocated to a LTC, for example, the LTC Local Expense budget.
- Allocated budgeted costs – costs that are provided through a planning office use this allocated approach. The budgeted amount is allocated to an LTC based on the time allocation from the most recent Allocated Financial Statements. For example, the staff salary and benefit costs would be allocated to an LTC in this manner.
- Five year average of actual costs – for costs that vary widely depending on the activity in a particular year, a five-year average of actual costs is used. Legal costs for bylaw litigation are an example of when this approach would be appropriate.
- Budget estimate – some costs that are recorded as Administrative costs in Islands Trust actually provide benefit to the planning offices, which in turn provide benefit to the LTCs. For example, furniture costs for planners would be estimated when detailing the costs to provide planning services to an LTC.

Appendix 1 itemizes the Islands Trust general ledger codes and the approach to be used in providing an Incorporation Study Committee with the cost of providing planning services for an LTC.

B. Estimated Municipal Contribution After Incorporation

The *Islands Trust Act* defines the framework for tax contributions by island municipalities. Policy 7.2.vi describes the detailed methodology for calculating the tax contribution from island municipalities in a particular year.

To provide an Incorporation Study Committee with a reasonable estimate of the tax contribution that would be payable by a new island municipality, the following approach will be taken:

- The current year Islands Trust budget detail will be restated to remove the budgeted costs and revenues that are attributable to the LTC that is the subject of the Incorporation Study.
- Other adjustments to the Islands Trust budget detail will be made to reflect potential impacts on other cost and revenue budget lines.
- The methodology in Policy 7.2.vi will be applied to the modified budget and the Incorporation Study Committee will be informed of the resulting municipal contributions for potential island municipalities.

3. Request Procedure

- i. The request for information must be made in writing to the attention of the Treasurer who will verify that the request is from an approved Incorporation Study Committee.
- ii. The information will be provided to the Incorporation Study Committee as well as to the Islands Trust's Financial Planning Committee, Executive Committee, relevant local trust committee and the Governance and Structure Branch of the Ministry of Community, Sport and Cultural Development.

4. Use of Information

Responses to requests, as provided under this policy, will indicate that:

- a) the information is intended for the convenience of an Incorporation Study Committee;
- b) the information is based on a Trust Council approved policy and the principles and methodology may be subject to revision from time to time and is therefore not intended to reflect a permanent or on-going allocation of resources; and
- c) the information is deemed to be in the public domain once provided to the Incorporation Study Committee.

Appendix 1**Method to Calculate Cost of Planning Services Provided by Islands Trust by General Ledger Code****Legend:**

- **Direct** – direct assignment of LTC budget
- **Allocation** – allocated amount from Local Planning staff time collection information and planning office budget line amounts
- **5 Yr Avg** – five year average of actual expenditures for an LTC for that budget line
- **Estimate** – budget estimate

General Ledger Account #	Account Description	Method
50900	Amortization	Estimate
52500	Board of Variance	5 Yr Avg
55100	Computer Non Capital H/W & S/W OVER \$150	Estimate
55105	Computer S/W License renewal & maintenance	Estimate
55200	Computer "Internet Charges"	Allocation
55400	Computer "Non Capital H/W & S/W UNDER \$150"	Estimate
55500	Computer "Technical Support"	Estimate
55600	Computer "Trustee Hardware & Internet"	5 Yr Avg
56500	Contract Services	Allocation
58000	Equipment Leases Supplies & Maintenance	Allocation
60000	Insurance	Estimate
62000	Land Title Registrations	5 Yr Avg
63000	Legal "General"	5 Yr Avg
63100	Legal "Bylaw Enforcement Litigation"	5 Yr Avg
63200	Legal "Litigation Defence"	5 Yr Avg
65000	LTC "Trustee Expenses"	Direct
65200	LTC Local Expenses	Direct
67500	Memberships	Estimate
68100	Notices Statutory & Non Statutory	5 Yr Avg
69000	Office "Rent & Services"	Allocation
69100	Office Non Capital Furniture & Equipment OVER \$150	Estimate
70000	Postage & Courier	Allocation
72001	Project Projects funded by grants	Estimate
72300	OCP or LUB Project	5 Yr Avg
73001	Program Current Fiscal	Estimate
76100	"Salaries Planners & RPM's"	Allocation
76110	"Benefits Planners & RPM's"	Allocation
77100	"Salaries Planning Support Staff"	Allocation
77110	"Benefits Planning Support Staff"	Allocation
78100	"Salaries Bylaw"	Allocation
78110	"Benefits Bylaw"	Allocation
79000	Stationery & Supplies	Allocation

80100	Telephone "Lease"	Allocation
80200	Telephone "Toll Charges"	Allocation
80300	Telephone "Cell Phones"	Allocation
81400	Training & Conferences "Planners/RPM's"	Allocation
81405	Travel for Training Planners/RPM	Allocation
81500	Training & Conferences "Planning Support"	Allocation
81505	Travel for Training Planning Support	Allocation
81600	Training & Conferences "Bylaw"	Allocation
81605	Travel for Training Bylaw	Allocation
82400	Travel "Planners/RPM's"	Allocation
82500	Travel "Planning Support"	Allocation
82600	Travel "Bylaw"	Allocation