Islands Trust

# Financial Planning Committee
# Agenda

Date: Wednesday, May 31, 2017
Time: 10:30 am - 2:00 pm
Location: Islands Trust Victoria Boardroom
200-1627 Fort Street, Victoria, BC

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*Approximate time is provided for the convenience of the public only and is subject to change without notice.

# Financial Planning Committee Minutes of Meeting

**Date:** **February 28, 2017**

**Location:** **Islands Trust Victoria Boardroom**
**200-1627 Fort Street, Victoria, BC**

**Members Present**
**Peter Grove, Chair**
**Alison Morse, Vice-Chair (by phone)**
**Paul Brent, LPC Rep (by phone)**
**Peter Luckham, EC Rep**
**Laura Busheikin, EC Rep**
**George Grams, EC Rep**
**Susan Morrison, EC Rep**
**Brian Crumblehulme, TPC Rep**
**George Harris, Local Trustee (by phone)**

**Staff Present**
**Cindy Shelest, Director Administrative Services**
**David Marlor, Director Local Planning Services**
**Clare Frater, Director Trust Area Services**
**Robert Barlow, Recorder**

## 1. CALL TO ORDER

The meeting was called to order at 10:01 a.m.

## 2. APPROVAL OF AGENDA

**By general consent** the agenda was approved.

## 3. ADOPTION OF MINUTES / COORDINATION

### 3.1 Minutes of Meetings - January 17, 2017

**By general consent** the Financial Planning Committee minutes of January 17, 2017 were adopted as presented.

### 3.2 Follow up Action List

Director Shelest provided an update on each of the items in the follow up action list.

## 4. TRUST COUNCIL BUSINESS

### 4.1 RFD – December 31, 2016 Quarterly Financial Report

**FPC-2017-007**
**It was MOVED and SECONDED,**
that the Request for Decision “December 31, 2016 Quarterly Financial Report” as presented be forwarded to the March 2017 Trust Council meeting .

**CARRIED**

## 4.2 Briefing - 2016-17 Financial Forecast

The Committee requested an amendment to the explanation related to statutory notices in the Expenditures section of the briefing.

**FPC-2017-008**
**It was MOVED and SECONDED,**
that the Briefing “2016-17 Financial Forecast for the year ended March 31, 2017, based on actual results to December 31, 2106” as amended be forwarded to the March 2017 Trust Council meeting.

**CARRIED**

## 4.3 Finalize 2017/18 Proposed Budget

4.3.1 Briefing Changes since November FPC meeting

The briefing was reviewed by the Committee.

4.3.2 Review Public Feedback Received

The feedback was reviewed by the Committee.

4.3.3 Briefing Trustee Remuneration

**FPC-2017-009**
**It was MOVED and SECONDED,**
that there are no changes to be made to the 2017/18 budget for Trustee Remuneration prior to forwarding to the March 2017 Trust Council meeting. A recommendation to amend Trust Council Policy 7.2.i to indicate that base rates will be adjusted according to the Victoria Consumer Price Index on an annual basis will be forwarded to the June 2017 Trust Council meeting. Furthermore, any resulting adjustments to remuneration will be retroactive to June 2017.

**CARRIED**

4.3.4 General Revenue Surplus Fund Policy

**FPC-2017-010**
**It was MOVED and SECONDED,**
that the Request For Decision “Revisions to Trust Council Policy 6.5.i General Revenue Fund Surplus Policy and Rename to Reserves and Surplus Policy” not be forwarded to the March 2017 Trust Council meeting and that staff are instructed to discuss this policy with the auditors and return to the next Financial Planning Committee with a revised Request For Decision.

**CARRIED**

4.3.5 TPC Water and Marine Conservation Project

The Briefing was received for information.

4.3.6 Bylaw Enforcement Officer Training

The Business Case was received for information.

4.3.7 Discussion and Follow up

None.

The meeting was recessed from 11:30 to 12:30.

**4.4 2017/18 Budget Recommendation to Trust Council**

4.4.1 Budget Session Outline

Accepted as is.

4.4.2 Budget Overview

The Committee requested amendments to the Highlights section of the Overview:

- add information in regards to the net increase in expenditures over the forecasted budget;
- adjust percentage increase to Trustee remuneration based on earlier discussion at agenda item 4.3.3.

4.4.3 Budget Assumptions and Principles

The Committee requested an amendment to Section F. Trustee Remuneration of the Assumptions and Principles to reflect earlier discussion at agenda item 4.3.3.

4.4.4 Budget Detail

Accepted as is.

4.4.5.1 Summary of 2017/18 Projects

Accepted as is.

4.4.5.2 RFD SSI LTC Special Property Tax Requisition

The Committee requested to remove this Request for Decision as it has already been reviewed and approved by Trust Council.

4.4.5.3 LTC Expenses and Projects

Accepted as is.

4.4.6.1 Temporary Senior Freshwater Specialist

**FPC-2017-011**
**It was MOVED and SECONDED,**
that the Request For Decision "Senior Freshwater Specialist – Temporary Proposal" as presented be forwarded to the March 2017 Trust Council meeting.

**CARRIED**

### 4.5 Ministry Bylaws

4.5.1 RFD - Financial Plan Bylaw No. 167

**FPC-2017-012**
**It was MOVED and SECONDED,**
that the Request for Decision "Financial Plan Bylaw No. 167" as presented be forwarded to the March 2017 Trust Council meeting.

**CARRIED**

4.5.2 RFD - Borrowing Anticipation Bylaw No. 168

**FPC-2017-013**
**It was MOVED and SECONDED,**
that the Request for Decision "Revenue Anticipation Borrowing Bylaw" as presented be forwarded to the March 2017 Trust Council meeting.

**CARRIED**

### 4.6 Financial Planning Committee Work Program

**FPC-2017-014**
**It was MOVED and SECONDED,**
that the Top Priorities list as presented be forwarded to the March 2017 Trust Council meeting.

**CARRIED**

## 5. NEW BUSINESS

### 5.1 Virtual Meeting Participation Administration Procedure

The purpose of this briefing is to inform the Financial Planning Committee of the draft procedure.

The Briefing was received for information.

### 5.2 Northern LTCs 2016-17 Budget Revisions

The purpose of this briefing is to advise the Financial Planning Committee of re-allocations within the Gambier and Thetis Island Local Trust Committee (LTC) budgets.

The Briefing was received for information.

### 5.3 SSI LTC Project Budget 2016/17 Change

The briefing informs the Financial Planning Committee of budget changes within an operational unit for Salt Spring Island Local Trust Committee.

The Briefing was received for information.

## 6. NEXT MEETING - May 31, 2017

The next meeting will be held Wednesday, May 31, 2017.

## 7. ADJOURNMENT

**By General consent,** the meeting adjourned at 1:24 p.m.

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Peter Grove, Chair

Certified Correct

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Robert Barlow, Recorder

# Follow Up Action Report

## Financial Planning Committee

### 21-Oct-2015

| Activity | Responsibility | Target Date | Status |
|---|---|---|---|
| FPC requested staff review Islands Trust Policy 6.5.iii Purchase Procedure in light of present practices and come back to the Committee with recommendations | Cindy Shelest | 23-Aug-2017 | On Going |

### 19-Oct-2016

| Activity | Responsibility | Target Date | Status |
|---|---|---|---|
| Staff to recommend changes to the general revenue fund surplus policy | Cindy Shelest | 31-May-2017 | Done |

### 17-Jan-2017

| Activity | Responsibility | Target Date | Status |
|---|---|---|---|
| Consider revisions to Trust Council Policy 7.2 vi Municipal Tax Requisition Calculation as part of new budget cycle. | Cindy Shelest | 18-Oct-2017 | On Going |

### 28-Feb-2017

| Activity | Responsibility | Target Date | Status |
|---|---|---|---|
| FPC requested staff provide amendments to Trust Council Policy 7.2.i Trustee Remuneration to indicate that base rates will be adjusted according to the Victoria CPI on an annual basis to be forwarded to June Trust Council meeting. | Cindy Shelest | 31-May-2017 | On Going |

Islands Trust

# REQUEST FOR DECISION

**To:** Trust Council **For the Meeting of:** June 20-22, 2017

**From:** Financial Planning Committee **Date:** May 31, 2017

**SUBJECT: REVISIONS TO TRUST COUNCIL POLICY 6.5.1 GENERAL REVENUE FUND SURPLUS POLICY AND RENAME TO RESERVES AND SURPLUS POLICY.**

**RECOMMENDATION:**

**That the Islands Trust Council amend *Policy 6.5.1* General Revenue Surplus Fund Policy as presented, including the creation of Specific Reserve Funds, and rename the policy Reserves and Surplus Policy.**

**That the Financial Planning Committee consider the creation of a specific reserve fund for Local Trust Committee Projects during the 2018/19 budget cycle.**

**CHIEF ADMINISTRATIVE OFFICER COMMENTS**: The proposed amendments will allow the creation of Specific Reserve Funds to assist Islands Trust in meeting its future obligations and operations needs while providing additional clarity and transparency around the use of surplus funds. The creation of Specific Reserve Funds also provides additional accountability with respect to future spending plans and smooths taxation over time. The result will be a more discreet reporting on funds held in reserve.

**IMPLICATIONS OF RECOMMENDATION**

**ORGANIZATIONAL**:
The proposed amendments will allow for the creation of Specific Reserve Funds and add additional information to certain procedural aspects of the policies. In addition, the Financial Planning Committee will consider the creation of a specific reserve for LTC Projects during the 2018/19 budget cycle.

**FINANCIAL**:
The proposed amendments will clarify the establishment and use of surplus funds during the budget process.

**POLICY:**
This recommendation would amend *Policy 6.5.1 General Revenue Fund Surplus* (proposed to be renamed Reserves and Surplus).

**IMPLEMENTATION/COMMUNICATIONS**:
The revised policies will be circulated to holders of the Islands Trust Policy Manual and placed on the Islands Trust website. The Financial Planning Committee will consider the creation of a specific reserve fund for LTC Projects during the 2018/19 budget cycle.

**OTHER**: None.

**BACKGROUND**

At its November 16, 2016 meeting, the Director of Administrative Services provided the Financial Planning Committee with a presentation on current local government reserves funds policies and practices and identified several potential Specific Reserve Funds that Islands Trust may wish to consider in the future. The Committee discussed the current policy with respect to Islands Trust's General Revenue Surplus Fund and the use of surplus funds. The Committee requested that Chair Grove and Vice Chair Morse work with staff to define a list of recommendations for further discussion.

At its January 17, 2017 meeting, staff provided the Financial Planning Committee with a Request for Decision to endorse amendments to the existing policy and the creation of Specific Reserve Funds. The motion carried and the Director of Administrative Services was requested to work with Trustees Grove and Morse to identify potential Specific Reserve Funds.

Staff returned to the Financial Planning Committee's meeting of February 28, 2017, recommending the creation of Specific Reserve Funds for Local Trust Committee Projects and Major Projects. These are two areas that are significant in value, difficult to forecast accurately too far into the future creating underspending in a given year, and sometimes are long-term in nature covering two or three fiscal years.

The Financial Planning Committee requested staff to discuss the topic further (including a discussion with the auditors). Staff returned to the May 31, 2017 meeting with a proposal to develop a Specific Reserve Fund for Local Trust Committee Projects. This resulted from significant discussion held organizationally and with the Executive Committee on the topic of Local Trust Committee project underspending in the past several years. An enhanced project management process (see Appendix A) is being developed for use in 2017/18 and the creation of a specific reserve fund would align with the goals of this initiative.

**REPORT/DOCUMENT**:

Policy 6.5.i General Revenue Fund Surplus (proposed to be renamed Reserves and Surplus) illustrating proposed amendments dated June 21, 2017.

**KEY ISSUE(S)/CONCEPT(S):**

Procedures related to the management of surplus funds.

**RELEVANT POLICY**:

Policy 6.5.1 General Revenue Fund Surplus (proposed to be renamed Reserves and Surplus).

**DESIRED OUTCOME**:

Clarify and streamline procedures related to surplus funds.

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**RESPONSE OPTIONS**

**Recommended**:

**That the Islands Trust Council amend *Policy 6.5.1* General Revenue Surplus Fund Policy as presented, including the creation of Specific Reserve Funds, and rename the policy Reserves and Surplus Policy.**

**That the Financial Planning Committee consider the creation of a specific reserve fund for Local Trust Committee Projects during the 2018/19 budget cycle.**

**Alternatives**:
Recommend different or additional revisions to the policy.
Recommend no changes to the policy at this time.
Request Financial Planning Committee return with further advice regarding the policy.

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**Prepared By:** C. Shelest, Director of Administrative Services

**Reviewed By/Date:** Financial Planning Committee/May 31, 2017
Executive Committee/June 7, 2017

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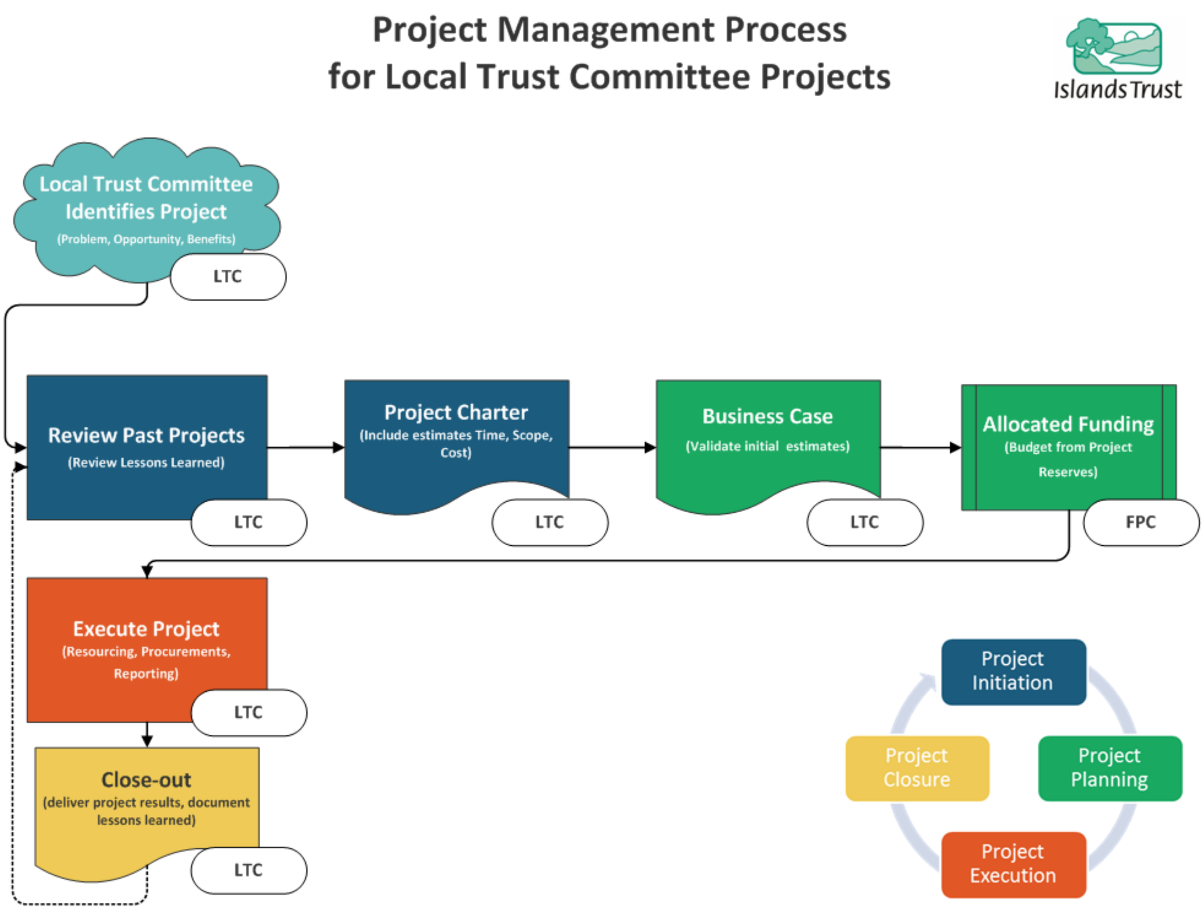
Russ Hotsenpiller, Chief Administrative Officer/May 24, 2017

Appendix A – Project Management Process for LTC Projects



| | |
|---|---|
| **Policy:** | 6.5.1 |
| **Approved By:** | Trust Council |
| **Approval Date:** | December 5, 1992 |
| **Amendment Date(s):** | September 14, 2001; December 5, 2003; September 17, 2004; December 9, 2005; December 12, 2008; September 11, 2013; June 21, 2017 |
| **Policy Holder:** | Director of Administrative Services |

# RESERVES AND SURPLUS

**Purpose**

To establish the framework for the use of reserves and managing annual year-end operating surpluses.

**A. Definitions**

**Reserve –** Funds set aside for a specified purpose.

**General Revenue Surplus Fund** – The accumulated excess of revenue over expenditures from the operations of the Trust, excluding transfers to Specific Reserve Funds.

**Specific Reserve Fund** – A fund established for a specific purpose.

**Surplus** – Unappropriated funds in a Reserve Fund.

**B. Policy**

1. All Reserve Funds must be established, maintained and used for a specified purpose.

2. Islands Trust will strive to develop appropriate reserves to meet future obligations and operating needs. Reserves may be established to (1) ensure predictable and stable taxation; (2) provide for operating emergencies; (3) finance new capital assets; and (4) safeguard and maximize existing assets.

3. General Revenue Surplus Fund

   a. The General Revenue Surplus Fund is created through a transfer of excess revenue over expenditures from the operations of the Trust. In addition, the annual budget may include a line item “Contribution to Surplus” to deliberately increase the amount in the General Revenue Surplus Fund.
   b. The General Revenue Surplus Fund may be used to fund significant and/or unanticipated general expenditures, for major emergent operating issues and for one-time and intermittent projects that would create a potential deficit situation at year-end. Trust Council must approve the amount of surplus to be used.
   c. The recommended minimum amount of money to be contained within the General Revenue Surplus Fund is three months of expenses net of three months of revenue, excluding revenue from property taxes or the provincial grant.
   d. Contributions to or withdrawals from the General Revenue Surplus Fund are approved through the annual Financial Plan Bylaw.

4. Specific Reserve Funds

   a. In addition to the General Revenue Surplus Fund, Trust Council may approve the establishment of specific reserve funds, as recommended by the Chief Administrative Officer and approved by the Financial Planning Committee.
   b. Specific Reserve Funds are established for a specific purpose and are created through a transfer from the General Revenue Surplus Fund.
   c. These funds will be reviewed by the Financial Planning Committee on an annual basis during the budget process.

5. Special Property Tax Requisitions

   a. Any funds generated through a special tax requisition within a local trust area which are unspent at the conclusion of the fiscal year will be held in reserve for the use of the relevant local trust committee in the subsequent fiscal year, as indicated in section B.6(c) and (d) of Islands Trust Council Policy 6.3.2.

6. Reporting

   a. The balance in each of the funds identified in Sections 3., 4., and 5. will be reported to the Financial Planning Committee along with quarterly financial reports

**C. Legislated References**

*Islands Trust Act* Regulations, s.13

<u>Policy and Procedures Manual</u>:

Replaces Policy 6.5.1 (General Reserve), 6.5.2 (Capital Reserve), and 6.5.3 (Legal Reserve)

Policy 6.3.2 Special Property Tax Requisition

**D. Links to Supporting Forms, Documents, Websites, Related Policies and Procedures**

n/a

| | |
|---|---|
| **Policy:** | 6.5.1 |
| **Approved By:** | Trust Council |
| **Approval Date:** | December 5, 1992 |
| **Amendment Date(s):** | September 14, 2001; December 5, 2003; September 17, 2004; December 9, 2005; December 12, 2008; September 11, 2013; June 21, 2017 |
| **Policy Holder:** | Director of Administrative Services |

# ~~GENERAL REVENUE FUND~~ RESERVES AND SURPLUS

**Purpose**

To establish the framework for the use of reserves and managing annual year-end operating surpluses.

**A. Definitions**

**Reserve –** Funds set aside for a specified purpose.

**General Revenue Surplus Fund** – ~~The General Revenue Fund holds~~ T~~t~~he accumulated excess of revenue over expenditures from the operations of the Trust, excluding transfers to Specific Reserve Funds.~~the capital fund.~~

**Specific Reserve Fund** – A fund established for a specific purpose.

**Surplus** – ~~The Surplus represents all~~ U~~u~~nappropriated funds in a Reserve ~~the General Revenue~~ Fund.

~~**Reserve** – A Reserve is a vehicle for appropriating a portion of the General Revenue Fund for future use. General Revenue Fund Reserves are established for specific and identified future uses.~~

**B. Policy**

1. All Reserve Funds must be established, maintained and used for a specified purpose.

~~1.~~2. Islands Trust will strive to develop appropriate reserves to meet future obligations and operating needs. Reserves may be established to (1) ensure predictable and stable taxation; (2) provide for operating emergencies; (3) finance new capital assets; and (4) safeguard and maximize existing assets.~~The Islands Trust will endeavour to balance its annual budget. The *Islands Trust Act* requires that a deficit that is incurred must be carried forward as an expenditure in the next year, or funded through additional revenue.~~

3. General Revenue Surplus Fund

   a. The General Revenue Surplus Fund is created through a transfer of excess revenue over expenditures from the operations of the Trust ~~a reduction in budgeted operating expenditures or by increasing revenues above the budgeted amount~~. In addition, ~~Also~~ the annual budget may ~~can~~ include a line item "Contribution to Surplus" to deliberately increase the amount in the General Revenue Surplus Fund.

   b. The General Revenue Surplus Fund may be used to fund significant and/or unanticipated general expenditures, for major emergent operating issues and for one-time and intermittent projects that would create a potential deficit situation at year-end. Trust Council must approve the amount of surplus to be used.

c. The recommended minimum amount of money to be contained within the General Revenue Surplus Fund is three months of expenses net of three months of revenue, excluding revenue from property taxes or the provincial grant.

~~a.~~d. Contributions to or withdrawals from the General Revenue Surplus Fund are approved through the annual Financial Plan Bylaw.

4. Specific Reserve Funds~~The General Revenue Fund may consist of Surplus and Reserves. Trust Council has decided (September 2005) that Reserves with specified purposes will not be created.~~

a. In addition to the General Revenue Surplus Fund, Trust Council may approve the establishment of specific reserve funds, as recommended by the Chief Administrative Officer and approved by the Financial Planning Committee.

b. Specific Reserve Funds are established for a specific purpose and are created through a transfer from the General Revenue Surplus Fund.

~~b.~~c. These funds will be reviewed by the Financial Planning Committee on an annual basis during the budget process.

~~2. A surplus can be used to fund significant and/or unanticipated general expenditures that would create a potential deficit situation at year-end. Trust Council must approve the amount of surplus to be used. Notwithstanding this, the Executive Committee may, where expediency is necessary, approve adjustments to the budget of up to $20,000 per instance. Any such adjustment must be reported to Trust Council at the next scheduled Trust Council meeting.~~

~~3. Surpluses shall be included and reported within the General Revenue Fund, and any changes to the surpluses will be indicated in the notes to the Financial Statements.~~

5. Special Property Tax Requisitions

a. ~~Despite sections B.3 and B.4 of this policy, a~~Any funds generated through a special tax requisition within a local trust area which are unspent at the conclusion of the fiscal year will be held in reserve for the use of the relevant local trust committee in the subsequent fiscal year, as indicated in section B.6(c) and (d) of Islands Trust Council Policy 6.3.2.

6. Reporting ~~The Financial Planning Committee recommends to Trust Council that the minimum amount of money that should be contained within the General Revenue Fund Surplus is three months of expenses net of three months of revenue, excluding revenue from property taxes or the provincial grant.~~

a. The balance in each of the funds identified in Sections 3., 4., and 5. will be reported to the Financial Planning Committee along with quarterly financial reports

## C. Legislated References

*Islands Trust Act* Regulations, s.13

Policy and Procedures Manual:

Replaces Policy 6.5.1 (General Reserve), 6.5.2 (Capital Reserve), and 6.5.3 (Legal Reserve)

Policy 6.3.2 Special Property Tax Requisition

## D. Links to Supporting Forms, Documents, Websites, Related Policies and Procedures

n/a

# REQUEST FOR DECISION

**To:** Trust Council **For the Meeting of:** June 20-22, 2017

**From:** Financial Planning Committee **Date:** May 31, 2017

**SUBJECT: REVISIONS TO TRUST COUNCIL POLICY 7.2.1. TRUSTEE REMUNERATION POLICY**

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**RECOMMENDATION: That the Islands Trust Council amend *Policy 7.2.1* Trustee Remuneration as presented.**

**CHIEF ADMINISTRATIVE OFFICER COMMENTS**: The proposed amendments clarify and more accurately reflect the intentions of the Trustee Remuneration Committee established in 2010.

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**IMPLICATIONS OF RECOMMENDATION**

**ORGANIZATIONAL**:
The proposed amendments will allow for the annual adjustment of defined annual compensation amounts for Trustee Remuneration as defined in section C.2 of the policy, based on the annual change in the Victoria Consumer Price Index (CPI). Such adjustments for CPI will be independent of any adjustments to remuneration based on updated census information received.

**FINANCIAL**:
The proposed amendments will clarify the calculation of Trustee Remuneration. The impact on the 2017/18 budget for Trustee Remuneration is an increase of $8,566 (budget included an increase of $10,657).

**POLICY:**
This recommendation would amend Trust Council *Policy 7.2.1 Trustee Remuneration*.

**IMPLEMENTATION/COMMUNICATIONS**:
The revised policies will be circulated to holders of the Islands Trust Policy Manual and placed on the Islands Trust website. Finance staff will be instructed to calculate trustee remuneration for the fiscal year 2017/18 based on the revised policy.

**OTHER**: None.

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**BACKGROUND**

In 2010 Trust Council directed the Financial Planning Committee to work with an independent consultant to report and make recommendations on the subject of trustee remuneration. In September 2010 Trust Council received the consultant's report and recommendations from the Financial Planning Committee and endorsed the principles for increasing remuneration. Trust Council endorsed the recommended changes at its December 2010 Trust Council quarterly meeting as part of the budget proposal for 2011-2012. Trustee Remuneration Policy 7.2.1 formalized the principles approved at that time.

Since that time Trustee Remuneration amounts have been reviewed on an annual basis. The historical amounts are shown in Appendix A attached.

In February 2017, after the first draft of the 2017/18 budget was reviewed by Trust Council, new census information was released. In reviewing the policy and how the new census data impacted the calculation of trustee remuneration, some ambiguity was noted by staff as to the intention of the policy. It presented that when factoring in a change in census data that there may be an unintended negative impact on previous years calculations. A briefing was presented to the Financial Planning Committee members at their February 28, 2017 meeting which resulted in direction to staff to adjust the policy in order to ensure that adjustments to trustee remuneration are aligned with the intentions of Trust Council when the policy was adopted. An excerpt of the draft minutes follows:

> **FPC-2017-009**
> It was MOVED and SECONDED,
> … A recommendation to amend Trust Council Policy 7.2.i to indicate that base rates will be adjusted according to the Victoria Consumer Price Index on an annual basis will be forwarded to the June 2017 Trust Council meeting. Furthermore, any resulting adjustments to remuneration will be retroactive to June 2017.
>
> CARRIED

Based on the proposed amendments to the policy, adjusted Trustee Remuneration amounts have been calculated (based on new folio numbers from the 2016 BC Assessment Reports, new population numbers based on the new census reports and an annual Consumer Price Index increase of 1.8%) and are presented in Appendix B attached.

**REPORT/DOCUMENT**:
Trust Council *Policy 7.2.1 Trustee Remuneration*.

**KEY ISSUE(S)/CONCEPT(S):**
Procedures related to the calculation of Trustee remuneration.

**RELEVANT POLICY**:
Policy 7.2.1 Trustee Remuneration

**DESIRED OUTCOME**:
Clarify and streamline procedures related to the calculation of trustee remuneration.

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**RESPONSE OPTIONS**

**Recommended**:
**That the Islands Trust Council amend *Policy 7.2.1* Trustee Remuneration as presented.**

**Alternatives**:
Recommend different or additional revisions to the policy.
Recommend no changes to the policy at this time.
Request Financial Planning Committee to return with further advice regarding the policy.

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**Prepared By:** C. Shelest, Director of Administrative Services

**Reviewed By/Date:** Financial Planning Committee, May 31, 2017
Executive Committee, June 7, 2017

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Russ Hotsenpiller, Chief Administrative Officer

## Appendix A – Historical Remuneration

| Reason for change/% increase | | | Remuneration Review | no change | Census Info | No change | 1% | 1.10% |
|---|---|---|---|---|---|---|---|---|
| | Per Trustee F2010-11 | Per Trustee Apr 1/11 to Nov 30/11 F2011-12 | Per Trustee starting Dec 1/11 F2011-12 | Per Trustee F2012-13 | Per Trustee F2013-14 | Per Trustee 2014/15 | Per Trustee 2015/16 | Per Trustee 2016/17 |
| Bowen Islands Municipality | 3,090.65 | 3,090.65 | 3,200.00 | 3,200.00 | 3,200.00 | 3,200.00 | 3,232.00 | 3,267.55 |
| Denman Island Trust Area | 7,480.26 | 7,480.26 | 9,971.40 | 9,971.40 | 9,899.90 | 9,899.90 | 9,998.90 | 10,108.89 |
| Gabriola Island Trust Area | 10,200.36 | 10,200.36 | 17,615.40 | 17,615.40 | 17,636.20 | 17,636.20 | 17,812.56 | 18,008.50 |
| Galiano Island Trust Area | 7,993.34 | 7,993.34 | 10,916.50 | 10,916.50 | 10,780.00 | 10,780.00 | 10,887.80 | 11,007.57 |
| Gambier Island Trust Area | 7,749.02 | 7,749.02 | 9,853.10 | 9,853.10 | 9,859.60 | 9,859.60 | 9,958.20 | 10,067.74 |
| Hornby Island Trust Area | 7,749.02 | 7,749.02 | 10,206.70 | 10,206.70 | 10,074.10 | 10,074.10 | 10,174.84 | 10,286.76 |
| Lasqueti Island Trust Area | 7,211.51 | 7,211.51 | 8,485.50 | 8,485.50 | 8,583.00 | 8,583.00 | 8,668.83 | 8,764.19 |
| Mayne Island Trust Area | 7,749.02 | 7,749.02 | 10,986.70 | 10,986.70 | 10,942.50 | 10,942.50 | 11,051.93 | 11,173.50 |
| North Pender Island Trust Area | 8,551.20 | 8,551.20 | 12,945.80 | 12,945.80 | 13,001.70 | 13,001.70 | 13,131.72 | 13,276.17 |
| Saturna Island Trust Area | 7,211.51 | 7,211.51 | 8,671.40 | 8,671.40 | 8,648.00 | 8,648.00 | 8,734.48 | 8,830.56 |
| Salt Spring Island Trust Area | 12,981.54 | 12,981.54 | 28,293.60 | 28,293.60 | 29,145.10 | 29,145.10 | 29,436.55 | 29,760.35 |
| South Pender Island Trust Area | 7,211.51 | 7,211.51 | 8,135.80 | 8,135.80 | 8,096.80 | 8,096.80 | 8,177.77 | 8,267.72 |
| Thetis Island Trust Area part A | 7,211.51 | 7,211.51 | 8,884.60 | 8,884.60 | 8,857.30 | 8,857.30 | 8,945.87 | 9,044.28 |
| | | | | | | | | |
| Vice Chair | 27,569.04 | 27,569.04 | 31,122.96 | 31,122.96 | 32,059.61 | 32,059.61 | 32,380.21 | 32,736.39 |
| Chair | 34,461.00 | 34,461.00 | 38,903.70 | 38,903.70 | 40,074.51 | 40,074.51 | 40,475.26 | 40,920.49 |
| | | | | | | | | |
| TOTAL TRUSTEE REMUNERATION PER YEAR | 321,949.00 | 321,949.00 | 428,605.58 | 428,605.58 | 433,701.74 | 433,701.74 | 438,038.76 | 442,857.19 |

## Appendix B – Trustee Remuneration 2017/18

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| | | BASE RATES | $ 1.35 | $ 1.35 | $ 4,366 | | $ 3,326 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | per folio | per person | | | Trust | | | | |
| | Updated Information | | Folios | Population | LTC Local | LTC | Council | New | Current | (Decrease) | |
| | Folios 2016 | Pop. 2017 | | | Base | Total | Base | Amount | Amount | Increase | % increase |
| | | | | | | | | | | | |
| Bowen Islands Municipality | | | $ - | $ - | $ - | $ - | $ 3,326 | $ 3,326 | $ 3,268 | $ 58 | 2% |
| Denman Island Trust Area | 938 | 1,165 | $ 1,266 | $ 1,573 | $ 4,366 | $ 7,205 | $ 3,326 | $ 10,531 | 10,108.89 | $ 422 | 4% |
| Gabriola Island Trust Area | 3,833 | 4,033 | $ 5,175 | $ 5,445 | $ 4,366 | $ 14,985 | $ 3,326 | $ 18,311 | 18,008.50 | $ 303 | 2% |
| Galiano Island Trust Area | 1,482 | 1,044 | $ 2,001 | $ 1,409 | $ 4,366 | $ 7,776 | $ 3,326 | $ 11,102 | 11,007.57 | $ 95 | 1% |
| Gambier Island Trust Area | 1,663 | 247 | $ 2,245 | $ 333 | $ 4,366 | $ 6,945 | $ 3,326 | $ 10,271 | 10,067.74 | $ 203 | 2% |
| Hornby Island Trust Area | 1,151 | 1,016 | $ 1,554 | $ 1,372 | $ 4,366 | $ 7,291 | $ 3,326 | $ 10,617 | 10,286.76 | $ 331 | 3% |
| Lasqueti Island Trust Area | 516 | 399 | $ 697 | $ 539 | $ 4,366 | $ 5,601 | $ 3,326 | $ 8,927 | 8,764.19 | $ 163 | 2% |
| Mayne Island Trust Area | 1,649 | 949 | $ 2,226 | $ 1,281 | $ 4,366 | $ 7,873 | $ 3,326 | $ 11,199 | 11,173.50 | $ 26 | 0% |
| North Pender Island Trust Area | 2,279 | 2,067 | $ 3,077 | $ 2,790 | $ 4,366 | $ 10,233 | $ 3,326 | $ 13,559 | 13,276.17 | $ 283 | 2% |
| Saturna Island Trust Area | 634 | 354 | $ 856 | $ 478 | $ 4,366 | $ 5,700 | $ 3,326 | $ 9,026 | 8,830.56 | $ 195 | 2% |
| Salt Spring Island Trust Area | 6,493 | 10,640 | $ 8,766 | $ 14,364 | $ 4,366 | $ 27,496 | $ 3,326 | $ 30,822 | 29,760.35 | $ 1,061 | 4% |
| South Pender Island Trust Area | 337 | 235 | $ 455 | $ 317 | $ 4,366 | $ 5,138 | $ 3,326 | $ 8,464 | 8,267.72 | $ 196 | 2% |
| Thetis Island Trust Area | 811 | 389 | $ 1,095 | $ 525 | $ 4,366 | $ 5,986 | $ 3,326 | $ 9,312 | 9,044.28 | $ 268 | 3% |
| Totals | 21,786 | 22,538 | | | $ 101,006 | $ 112,229 | | $ 155,467 | $ 151,864 | $ 3,604 | |

| | | | | | |
|---|---|---|---|---|---|
| Current Executive Compensation | | | # | Total | |
| Current | Chair | 40,920.49 | 1 | 40,920 | |
| | Vice-Chair | 32,736.39 | 3 | 98,209 | |
| | | | | | |
| New Executive Compensation | | | # | Total | |
| - Vice Chair is 10% more than SSI Trustee | | 33,903.71 | 3 | 101,711 | |
| - Chair is 25% more than Vice-Chair | | 42,379.63 | 1 | 42,380 | |
| | | | | 144,091 | Total |
| | | | | | |
| | (Decrease) Increase based on new amount | | | | |
| | Chair | 1,459.14 | | | |
| | Vice Chair | 1,167.32 | | | |

| | |
|---|---|
| **Policy:** | 7.2.1 |
| **Approved By:** | Trust Council |
| **Approval Date:** | December 8, 2010 |
| **Amendment Date(s):** | June 15, 2011; March 11, 2015; June 21, 2017 |
| **Policy Holder:** | Director of Administrative Services |

# TRUSTEE REMUNERATION

**Purpose**

To define the process for determining the remuneration and benefits received by trustees, Executive Committee members, and members of Trust Council Committees.

## A. Definitions

**Trustees**

a) Trustees are elected officials as defined in the *Islands Trust Act*, Sections 6 (local trustees) and 7 (municipal trustees).

**Population**

a) Population for local Trust Areas is determined by the most recent census conducted by Statistics Canada.

**Folios**

a) Folios are individual properties as defined by BC Assessment.

b) The number of folios in each local Trust Area is determined annually by BC Assessment and reported to the Islands Trust.

**Trust Council Committees**

Trust Council Committees are the standing committees of Council as defined in Trust Council Policy 2.3.1, exclusive of the Executive Committee.

**Executive Committee**

a. Executive Committee means the committee referred to in section 20(1) of the *Islands Trust Act*, and is composed of the Chair and Vice-Chairs.

**Benefits**

a) Benefits are defined as:

   i. Premiums for Medical Services Plan (MSP)

   ii. Premiums for dental plans available through the Union of BC Municipalities (UBCM)

   iii. Premiums for extended health care available through the Union of BC Municipalities (UBCM)

## B. Policy

1. The Islands Trust endeavors to provide trustee remuneration that reflects the relative workload of individual trustees due to their membership on local trust committees (LTC), Trust Council and Trust Council Committees.

2. Trustee Remuneration will be calculated based on the sum of four factors:

   a) An amount for membership on Trust Council. This amount will be equal to the remuneration paid to municipal trustees and will be referred to as the "Trust Council Base Amount".

   b) An amount for participation in LTC business and LTC meetings. This amount shall be referred to as the "LTC Local Base Amount".

   c) An amount for the population within a Local Trust Area. This amount shall be referred to as the "Population Amount".

   d) An amount for the number of folios within a Local Trust Area. This amount shall be referred to as the "Folio Amount".

   e) The amounts for each of the above factors are defined in Section C: Implementation.

3. Additional Remuneration for the Executive Committee

   a) Members of the Executive Committee receive remuneration for carrying out their duties on the Executive Committee and their duties as chairs of LTCs.

   b) The vice-chairs' remuneration shall be defined as equal to the Salt Spring Trustee Remuneration amount, plus 10%.

   c) The chair's remuneration shall be defined as the vice-chair remuneration, plus 25%.

4. Payment of Benefit Premiums for Trustees

   a) Trustees will be offered the opportunity to have benefit premiums paid by the Islands Trust. Payments for trustee benefit premiums may be subject to income tax as defined by the Canadian Revenue Agency.

   b) Trustees who do not subscribe to benefit coverage through Islands Trust will receive an annual amount as defined in Section C: Implementation.

## C. Implementation

1. The implementation of this policy will commence with swearing in of trustees elected in November 2011.

2. The defined annual compensation amounts for the first implementation of this policy are the sum of:

   a) Trust Council Base Amount = $3,200.00

b) LTC Local Base Amount = $4,200.00

c) Population Amount = $1.30 per person

d) Folio Amount = $1.30 per folio

3. The defined annual compensation amounts in section C.2 of this policy, and the methodology for making adjustments as defined in sections C.4 and C.5 of this policy, will be incorporated into a Trust Council Trustee Remuneration Bylaw.

4. Overall Review of Trustee Remuneration

a) The Trustee Remuneration calculations will be reviewed when the results are available from the most recent census. Any adjustments based on changes in population or folios will be implemented on April 1st of the following year.

5. Annual Adjustments for Inflation

a) The defined annual compensation amounts in section C.2 of this policy ~~In fiscal years where census results are not available, the previous year's remuneration~~ will be adjusted on an annual basis, coinciding with the fiscal year, based on the annual change in the Victoria Consumer Price Index as reported by BC Statistics in December. Adjustments to Trustee Remuneration that result from inflation will be implemented on April 1st of the following year.

6. Payments to Trustees Who Do Not Register for Benefits Through Islands Trust

a) Local trustees who do not register for benefits through Islands Trust will receive an annual payment of $1,000.00, paid evenly over the fiscal year (i.e., $83.33 per month).

b) If local trustees take office part way through the fiscal year, this payment will be applied proportionately based on how many months are remaining in the fiscal year.

**D. Legislated References**

Annual Budget Document

*Islands Trust Act*

Report on Proposed Trustee Remuneration prepared by Paul McKivett of James R. Craven and Associates dated August 24, 2010

Trustee Remuneration Committee Report dated August 24, 2010

RFD on Trustee Remuneration approved by Trust Council September 15, 2010

Trust Council Policy 2.3.1 – Council Committee System

**E. Links to Supporting Forms, Documents, Websites, Related Policies and Procedures**

n/a

Islands Trust

Print Date: May 23, 2017

# Top Priorities

## Financial Planning Committee

| No. | Description | Activity | R/Initiated | Responsibility | Target Date |
|---|---|---|---|---|---|
| 1 | First draft of the 2018/19 Budget | Planned<br>Review budget assumptions and principles at FPC August 23, 2017 meeting. | 31-May-2017 | Cindy Shelest | 23-Aug-2017 |
| 2 | Complete the 2016/17 Year-End Audit | Completed<br>2016/17 audit completed and draft Audited Financial Statements and Audit Findings Report will be reviewed by Financial Planning Committee at their May 31 meeting and approved for presentation to Trust Council at their June meeting. | 28-Feb-2017 | Cindy Shelest | 20-Jun-2017 |
| 3 | 2016/17 Allocated Financial Statements | Planned<br>Review 2016/17 Allocated Financial Statements at the August 23, 2017 FPC meeting. | 31-May-2017 | Cindy Shelest | 23-Aug-2017 |

Islands Trust

# BRIEFING

**To:** Financial Planning Committee **For the Meeting of:** May 31, 2017

**From:** Nancy Roggers, Finance Officer **Date Prepared:** May 9, 2017

**SUBJECT: 2016/17 FISCAL YEAR FINANCIAL RESULTS**

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**DESCRIPTION OF ISSUE**: The information contained in this briefing provides an analysis of actual expenditures compared to budget for the fiscal year ended March 31, 2017.

**ATTACHMENT(S)**: Consolidated Statement of Revenue and Expenditures for the Year Ending March 31, 2017.

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Results for the fiscal year 2016/17 ending March 31, 2017 reflect a surplus of $400,768. There was no requirement for the budgeted transfer from the general revenue surplus fund of $318,257. However there was a transfer to the special property tax requisition fund of $7,106. This has resulted in a total accumulated surplus as of March 31, 2017 of $2,920,487.

Analysis is provided for each section on the Consolidated Statement of Revenues and Expenditures where the year to date actual expenditures vary significantly from the annual budget.

## REVENUES

The total Revenue is higher than budget by a total of $15,553 due to the following:

- Fees & Sales from applications were $27,000 higher than anticipated. The budget for 2017/18 does not provide for a continuation of this trend.
- Investment Income was higher by $13,000 as invested funds have earned a higher interest rates than anticipated.
- Other Revenues – grant income was lower than budget by $23,000.

## EXPENSES

### COUNCIL

#### Trust Council

Expenditures were lower than budget by $50,000 due to lower than anticipated expenditures primarily due to the decision on a potential office move being postponed into the next year ($32,000 unspent).

**Executive and Council Committees**

Expenditures were lower than budget by $4,500 due to lower than anticipated expenditures.

**Trust Area Services**

Expenditures were lower than budget by $76,000 primarily due to lower than anticipated expenditures related to the Policy Statement Review ($56,000) and a vacancy in the Policy Analyst position ($7,500).

**LOCAL PLANNINGSERVICES**

**Local Trust Committees**

Expenditures were lower than budget by $220,000 due to underspending in the following areas:

- Legal - costs from prior fiscal periods were recovered - $220,000.
- LTC Expenses underspent - $13,000.
- Offset by higher than anticipated expenditures for Statutory Notices - $13,000.

**Projects**

Overall projects were underspent against budget by $145,000 ($33,000 for expenditures funded by grants; $112,000 for LTC projects budgets).

**Planning Staff**

Expenditures were lower than budget by $43,000 due primarily to underspending in Salaries & Benefits ($85,000) due to vacancies which is offset by Contract Services where contractors were hired to assist when necessary ($52,000).

**LPS Facilities**

Expenditures were lower than budget by $24,000 due to underspending in the following areas:

- Telephone - $10,000 - new phone system was installed in Salt Spring reducing equipment leases and long distance charges.
- Office Services and Supplies underspent - $14,000.

**Bylaw Enforcement**

Expenditures were higher than budget by $3,500 due primarily to overspending on travel.

**TRUST FUND**

**Board**

Expenditures were lower than budget by $4,500 due to underspending on TFB honoraria and TFB training and conferences.

**Operations**

Expenditures were lower than budget by $53,000 due to underspending in Salaries and Benefits ($35,000) due to position incumbents working less than the full time hours budgeted for these positions.

**Property Management**

Expenditures were higher than budget by $3,000 due to overspending in conservation planning and land securement.

**GENERAL ADMINISTRATION**

**CAO Office**

Expenditures are higher than budget by $47,000 due to several factors related to staff changes during the year.

**Finance, HR & Admin Services**

Expenditures were lower than budget by $141,000 due to underspending in the following:

- Contract Services - $16,000. Payroll transactional cost reduction due to new time leave and absence management system.
- Salaries and Benefits - $118,000 – due to unspent reserves for leave coverages organizationally and unfilled positions in Information Systems during the year.

**Information Systems/ Computer Equipment**

Expenditures were lower than budget by $32,000 due underspending in the following areas:

- Internet - $4,000 – contract for reduced rates signed with service provider.
- Support costs (technical and software) - $28,000.
- Offset by an unplanned purchase of Windows Server 2016 software license - $18,000.

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**AVAILABLE OPTIONS**: Receive for information.

**FOLLOW-UP**: None identified.

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| | |
|---|---|
| **Prepared By:** | Nancy Roggers, Finance Officer |
| **Reviewed By/Date:** | Cindy Shelest, Director Administrative Services/May 19, 2017 |
| | Russ Hotsenpiller, Chief Administrative Officer/May 24, 2017 |

**Islands Trust**
**Statement of Net Financial Position**
**March 31, 2017**

| | March 31 2017 | March 31 2016 |
|---|---|---|
| **Financial Assets** | | |
| Cash & Short-term Investments | 4,391,127 | 3,714,688 |
| Accounts Receivable | 187,821 | 358,102 |
| Total Financial Assets | 4,578,948 | 4,072,790 |
| | | |
| **Liabilities** | | |
| Wages & benefits payable | 1,116,701 | 931,366 |
| Accounts payable & accrued liabilities | 270,151 | 521,009 |
| Development Application Deposits | 211,933 | 29,038 |
| Deferred Revenue | 29,983 | 44,108 |
| Employee Benefit Obligations | 138,864 | 105,443 |
| Capital Lease Obligations | 58,059 | 93,776 |
| Cost Recovery Deposits | 13,251 | 6,642 |
| Total Liabilities | 1,838,942 | 1,731,382 |
| | | |
| **Net financial assets** | **2,740,006** | **2,341,409** |
| | | |
| **Non-Financial Assets:** | | |
| Tangible Capital Assets | 123,111 | 137,397 |
| Prepaid Expenses | 57,370 | 40,913 |
| Total Non-Financial Assets | **180,481** | **178,310** |
| | | |
| **General Revenue Surplus Fund** | **2,920,487** | **2,519,719** |

# Islands Trust

**Statement of Revenue and Expenditure**
For The Year Ending March 31, 2017

| | | Description | Prior YTD Actual | YTD Actual | Annual Budget | % of Budget |
|---|---|---|---|---|---|---|
| **Revenue:** | | | | | | |
| | | Fees & Sales | 132,273 | 136,863 | 110,000 | 124% |
| | | Provincial Grant | 123,052 | 177,880 | 180,000 | 99% |
| | | Property Tax Levy General | 6,187,953 | 6,249,834 | 6,249,833 | 100% |
| | | Special Property Tax Requisition | 119,500 | 110,500 | 110,500 | 100% |
| | | Property Tax Levy Bowen | 213,766 | 223,418 | 223,418 | 100% |
| | | Investment Income | 55,976 | 63,629 | 50,000 | 127% |
| | | Other Revenues | 313,103 | 27,179 | 50,000 | 54% |
| **Total Revenue** | | | 7,145,623 | 6,989,304 | 6,973,751 | 100% |
| **Expenses** | | | | | | |
| | **Council** | | | | | |
| | | Trust Council | 271,459 | 267,531 | 317,798 | 84% |
| | | Executive and Council Committees | 137,950 | 115,604 | 120,108 | 96% |
| | | Trust Area Services | 360,581 | 396,444 | 472,307 | 84% |
| | | General Admin Allocation - 17% | 250,089 | 291,428 | 317,849 | 92% |
| **Total Council Expenses** | | | 1,020,080 | 1,071,007 | 1,228,062 | 87% |
| | **Local Planning Services** | | | | | |
| | | Local Trust Committees | 755,997 | 505,280 | 726,000 | 70% |
| | | Projects | 559,530 | 177,906 | 322,600 | 55% |
| | | Planning Staff | 2,385,003 | 2,317,389 | 2,360,257 | 98% |
| | | LPS Facilities | 330,540 | 315,555 | 339,392 | 93% |
| | | Bylaw Enforcement | 280,286 | 303,201 | 299,581 | 101% |
| | | General Admin Allocation - 74% | 1,156,663 | 1,268,570 | 1,383,574 | 92% |
| **Total Local Planning Services Expenses** | | | 5,468,019 | 4,887,902 | 5,431,404 | 90% |
| | **Trust Fund** | | | | | |
| | | Board | 15,155 | 15,566 | 20,000 | 78% |
| | | Operations | 363,030 | 378,852 | 431,270 | 88% |
| | | Property Management | 69,784 | 80,923 | 78,000 | 104% |
| | | General Admin Allocation - 9% | 156,306 | 154,286 | 168,272 | 92% |
| **Total Trust Fund Expenses** | | | 604,274 | 629,627 | 697,542 | 90% |
| | **General Admin** | | | | | |
| | | CAO Office | 292,091 | 372,837 | 326,283 | 114% |
| | | Financial, HR and Admin Services | 691,092 | 729,470 | 870,712 | 84% |
| | | Office Operations | 487,531 | 314,783 | 311,200 | 101% |
| | | Information Systems | 0 | 168,362 | 200,000 | 84% |
| | | Computer/Furniture & Equipment Purchases | 68,591 | 114,546 | 96,500 | 119% |
| | | Amortization Expense | 49,688 | 67,668 | 65,000 | 104% |
| | | General Admin Recovery | (1,563,058) | (1,714,284) | (1,869,695) | 92% |
| **Total General Admin Expenses** | | | 25,936 | 53,382 | 0 | 0% |
| | | | | | | |
| **Less Non-Cash Expenditures - Amortization** | | | | | (65,000) | |
| **Transfer from General Revenue Surplus Fund** | | | | | (318,257) | |
| **Transfer to Capital from Computer/Furtniture & Equipment** | | | (25,936) | (53,382) | | |
| **Total Expenses** | | | 7,092,374 | 6,588,536 | 6,973,751 | 94% |
| | | | | | | |
| **Surplus (Deficit) to date** | | | 96,231 | 400,768 | 0 | |
| | | | | | | |
| **Transfer to (from) Special Property tax requisition general revenue surplus fund** | | | (42,981) | 7,106 | | |
| **General Revenue Surplus Fund, beginning of the period** | | | 2,466,469 | 2,512,613 | | |
| **General Revenue Surplus Fund, end of the period** | | | 2,519,719 | 2,920,487 | | |

Islands Trust

# REQUEST FOR DECISION

**To:** Financial Planning Committee **For the Meeting of:** May 31, 2017

**From:** C. Shelest, Director of Administrative Services **Date Prepared:** May 24, 2017

**SUBJECT: 2016-2017 ANNUAL REPORT – APPROVAL OF FINANCIAL PLANNING COMMITTEE SECTION**

**RECOMMENDATION: That the Financial Planning Committee approves the attached text for inclusion in the 2016-2017 Annual Report for approval (as amended) by Trust Council and submission to the Minister of Community, Sport and Cultural Development.**

## IMPLICATIONS OF RECOMMENDATION

**ORGANIZATIONAL**:
Preparation of the Islands Trust Annual Report is undertaken by Trust Area Services Communications staff, reporting to the Executive Committee and consistent with Trust Council's Annual Report Policy 6.10.i. To comply with the schedule indicated in the policy, the Executive Committee has adopted the following schedule for preparation of individual committee reports:

| Committee reports: | Reports to be approved on the following dates: |
|---|---|
| TPC | May 29 |
| LPC | May 24 |
| FPC | May 31 |
| TFB | May 30 |
| EC | June 7 |
| Denman | May 2 /June 6 |
| Gambier | April 27/ May 25 |
| Gabriola | May 11/ June 8 |
| Galiano | May 1/ June 5 |
| Hornby | May 5 |
| Lasqueti | April 24 |
| Mayne | April 25/ May 15 |
| North Pender | May 25 |
| Salt Spring Island | May 4/ June 1 |
| Saturna | April 20 |
| South Pender | April 11/ June 5 |
| Thetis | April 25 |
| Ballenas-Winchelsea | April 5 |
| Executive Islands | |

Under Trust Council's Policy, all LTCs and Council committees are expected to review and approve their sections at regular meetings listed above.

**FINANCIAL**: None

**POLICY**: No implications for existing policy

**IMPLEMENTATION/COMMUNICATIONS**: The process for development of the Annual Report is outlined in Trust Council's Annual Report policy 6.10.i. Once each committee has approved its section, staff will create a draft Annual Report for review by the Executive Committee and consideration of Trust Council in June. Upon approval by Trust Council, staff will send the Annual Report to the Minister of Community Sport and Cultural Development and circulate it as indicated in Trust Council's policy.

**OTHER**: n/a

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**BACKGROUND**

- The Executive Committee approved the format and outline of the 2016-2017 Annual Report at its meeting on February 15, 2017.

**REPORT/DOCUMENT**: Financial Planning Committee input to Annual Report (draft)

**KEY ISSUE(S)/CONCEPT(S)**: Consistent Annual Report sections from each committee

**RELEVANT POLICY**: This approach complies with Section 19 of the *Islands Trust Act and* Trust Council's Annual Report Policy 6.10.i.

**DESIRED OUTCOME**: Trust Council is able to easily approve its annual report in June 2017 without further editing from staff or trustees at the Trust Council meeting.

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**RESPONSE OPTIONS**

**Recommended**: **That the Financial Planning Committee approves the attached text for inclusion in the 2016-2017 Annual Report for approval (as amended) by Trust Council and submission to the Minister of Community, Sport and Cultural Development.**

**Alternative**: None

**Prepared By:** Cindy Shelest, Director Administrative Services

**Reviewed By/Date:** Russ Hotsenpiller, Chief Administrative Officer/May 24, 2017

## Role (Trust Council Policy 2.3.iii FPC Terms of Reference)

The Financial Planning Committee is responsible for facilitating Trust Council's involvement in the annual budget process; facilitating the linkage of the annual strategic planning process with the annual budget process; reporting and making recommendations to Trust Council regarding the organization's financial management practices; reviewing audit reports and recommendations; providing advice to the Trust Fund Board on financial services and support; and monitoring and reviewing the organization's financial management, budget and financial practices .

## Members:

The committee is comprised of ten trustees from across the Islands Trust Area: the Chair (or an appointee) from each of the other standing committees (2), members of the Executive Committee (4), a member chosen by the Trust Fund Board (1), and three other locally-elected or municipal trustees(3). The Chair of the Committee is elected by the committee from amongst the three other trustees. The Committee Members include:

| Position | April 1, 2015 to March 31, 2016 (ongoing with the exception of Dereck Atha – see note below) |
|---|---|
| Chair | Peter Grove<br>Salt Spring Island |
| Vice-Chair | Alison Morse<br>Bowen Island |
| Trust Programs Committee | April 1 – May 31, 2016 – Derek Masselink, North Pender Island<br>May 31 – March 31, 2017 - Brian Crumblehume, Mayne Island |
| Local Planning Committee | Paul Brent<br>Saturna Island |
| Trust Fund Board | April 1 – May 31, 2016 Dereck Atha Trust Fund Board appointee (resigned)<br>April 4, 2017 Robin Williams - Salt Spring Island was appointed by the Trust Fund Board to replace the vacancy created with Dereck Atha's resignation. (In the interim Susan Morrison represented the Trust Fund Board). |
| Member | George Harris<br>Galiano Island |
| Executive Committee | Laura Busheikin<br>Denman Island |
| Executive Committee | George Grams<br>Salt Spring Island |
| Executive Committee | Peter Luckham<br>Thetis Island |
| Executive Committee | Susan Ann Morrison<br>Lasqueti Island |

The Audit Committee is a sub-committee of the Financial Planning Committee that includes all members with the exception of the Executive Committee. The Audit Committee meets at least twice per year to meet with the external auditors and review the year end audit work program, the final report and the management letter recommendations and to determine necessary actions.

## 2016-2017 Highlights

As part of its ongoing responsibilities, the Financial Planning Committee oversaw the completion of the 2015/16 financial audit for Islands Trust and Islands Trust Fund, through its Audit Committee. The Audit Committee met the external auditors, KPMG, to review their audit findings report. Planning for the 2016/17 financial audit was also initiated.

The Financial Planning Committee facilitated Trust Council's involvement in the 2017/18 budget, recommending that Trust Council adopt a budget with no tax increase to taxpayers, with the exception of residents of the Salt Spring Island Local Trust Area where the Salt Spring Island Local Trust Committee had requested a Special Property Tax Requisition for coordination of the Salt Spring Island Watershed Protection Authority and Bowen Island Municipality where the municipal contribution increased due to higher assessed values in comparison to the rest of the trust area.

Quarterly financial updates on actual results, as well as forecasts based on the 2nd and 3rd quarter results, were provided to the Committee for information and review.

During the 2016-2017 fiscal period, the Financial Planning Committee contributed to several Trust Council Strategic Plan initiatives including:

***Strategic Plan Objective 7. Improve organizational cost-effectiveness and resilience***
***T.7.1.3 Undertake Information Technology system audit and performance review***

The Committee provided input into staff's response to the review by KPMG and forwarded to Trust Council.

The Financial Planning Committee provided input to the Executive Committee on updates to the 2014-18 Strategic Plan.

The Financial Planning Committee also worked on several Trust Council policy changes supporting Streategic Plan Objective 6. Improve organizational cost and operational effectiveness, including:

- Revised Purchasing Procedure Policy 6.5.iiii – estimated completion date September 2017
- Revised Trustee Remuneration Policy 7.2.i – estimated completion date June 2017
- Revised General Revenue Fund Surplus Policy 6.5.i – estimated completion date June 2017
- Revised Municipal Tax Requisition Calculation Policy 7.2.vi – estimated completion date December 2017