Financial Planning Committee
Agenda

Date: Wednesday, August 24, 2016
Time: 10:00 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: May 31, 2016
Location: Islands Trust Victoria Boardroom
200-1627 Fort Street, Victoria, BC

Members Present
Peter Grove, Chair
Alison Morse, Vice-Chair (on phone)
George Harris, Local Trustee
Derek Masselink, TPC Rep (on phone)
Paul Brent, LPC Rep
Peter Luckham, EC Rep
Laura Busheikin, EC Rep
George Grams, EC Rep
Susan Morrison, EC Rep, TFB Rep

Staff Present
Cindy Shelest, Director Administrative Services
Nancy Roggers, Finance Officer
Russ Hotsenpiller, Chief Administrative Officer
David Marlor, Director Local Planning Services
Lisa Gordon, Director Trust Area Services

1. CALL TO ORDER

The meeting was called to order at 10:00 am

2. APPROVAL OF AGENDA

By general consent the Committee approved the agenda as presented.

3. ADOPTION OF MINUTES / COORDINATION

3.1 Minutes of Meeting - March 2, 2016

The minutes of March 2, 2016 were adopted by general consensus.

3.2 Follow up Action List

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

The Committee request that the KPMG report on Information technology be circulated now.

4. BUSINESS

4.1 Briefing Lasqueti Energy Project Grant Revenues

Director Shelest reviewed the briefing on the Lasqueti Energy Project grant revenues with the Committee.

Trustee Morse raised the concern about the potential need to adjust the financial plan with respect to increased expenditures on this project. Director Shelest and the remainder of the Committee have no concerns in this regard.

4.2 Victoria Office Lease

Director Shelest advised that the Victoria Office Lease has been renewed for an additional year at the same rates until September 30, 2017 and further advised that the Executive Committee had passed a resolution approving this renewal.

4.3 RFD 2015/16 Annual Report

The Committee reviewed the proposed wording for inclusion in the 2015/16 Annual Report.

The Committee requested the following:

- Seek clarity as to whether Derek Atha resigned or not and make changes if necessary to the FPC members list.
- Remove the word "significant" from the last paragraph

FPC-2016-015
It was MOVED and SECONDED
that the Financial Planning Committee approves the attached text for inclusion in the 2015-2016 Annual Report for approval by Trust Council and submission to the Minister of Community, Sport and Cultural Development.

CARRIED

4.4 Briefing 2015/16 Financial Results

Director Shelest reviewed the 2015/16 Financial Results with the Committee.

FPC-2016-016
It was MOVED and SECONDED
that the Financial Planning Committee send the briefing on the 2015/16 fiscal year financial results to Trust Council.

CARRIED

4.5 Briefing 2015/16 Allocated Financial Statements

Director Shelest reviewed the new format for the Allocated financial statements. She advised that some costs have been entered directly to the Local Trust Committee they apply to while operating costs have been allocated based on the percentage of assess values for that Local Trust Area. Expenditures relating to each planning group (eg: salaries and office expenses) have been allocated based on hours reported by planning staff.

Director Shelest will add the column for Net Surplus (Shortfall) together to show that it totals the total net surplus on the Financial Statements. Director Shelest will add a column on the right showing the totals for each row.

CAO Hotsenpiller commented that he supports this process and would like to see it continue.

FPC-2016-017
It was MOVED and SECONDED
that the Financial Planning Committee forward the 2015-16 allocated financial statement as amended to June, 2016 Trust Council.

CARRIED

4.7 FPC Report to Trust Council

FPC-2016-018
It was MOVED and SECONDED
that the Financial Planning Committee report be forwarded to Trust Council.

CARRIED

Adjourned at 10:55 a.m. for Audit Committee meeting and lunch

4.6 RFD March 31 2016 Audited Financial Statements

Reconvened at 12:17 p.m.

Chair Grove reported to the Committee on the audited financial statements and meeting with the auditors.

FPC-2016-019
It was MOVED and SECONDED
that the Financial Planning Committee forward the RFD and March 31, 2016 Audited Financial Statement to Trust Council.

CARRIED

5. NEW BUSINESS

None

6. NEXT MEETING - August 24, 2016

The next meeting will be take place on August 24, 2016.

7. ADJOURNMENT

BY GENERAL CONSENT, the meeting adjourned at 12:20 pm.

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Gary Steeves, Chair

/Certified Correct

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Nancy Roggers, Secretary and 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	16-Nov-2016	On Going

18-Nov-2015

Activity	Responsibility	Target Date	Status
2015-16 Allocated Financial Statements - Trustee Grove would like to spend more time on this with Trustee Morse and staff so that Trustees will understand it. A teleconference was held including Trustee Grove, Morse and Brent, CAO Hotsenpiller, DAS Shelest and Nancy Roggers.	Cindy Shelest	31-May-2016	Done

02-Mar-2016

Activity	Responsibility	Target Date	Status
FPC request staff to provide a report on the KPMG information technology report that provides comments and identifies measures being taken to address recommendations.	Cindy Shelest	19-Oct-2016	On Going
FPC asks that KPMG report on Information Technology be circulated by email to all trustees and staff	Cindy Shelest	24-Aug-2016	Done

BRIEFING

To:	Financial Planning Committee	**For the Meeting of:**	August 24, 2016
From:	Cindy Shelest, Director Administrative Services	**Date prepared:**	August 18, 2016

SUBJECT: REQUEST FOR PROPOSALS – AUDIT SERVICES

DESCRIPTION OF ISSUE:

Staff is preparing a Request for Proposals (RFP) related to a 5 year contract for Audit Services.

BACKGROUND:

Islands Trust Council Policy 6.5.iii Purchasing Procedure under Section 4 establishes the terms whereby a competitive process is required:

> *An individual project with a total value greater than $25,000 that will be completed over two fiscal years will require a formal competitive process with an RFP.*

Under the same policy, the existing five-year contract with KPMG was extended for the past few years under the provision in Section 4 that "a competitive process for a particular business service can be delayed for up to one year at the discretion of the Chief Administrative Officer if high quality service is being provided at a reasonable price by the current service provider". Although, as an organization, Islands Trust has been very satisfied with the value we have received from KPMG and the effectiveness of their audit team, it is appropriate now, given the number of years' they have been contracted to provide this service, that we undertake a competitive process.

Prior to the 2016/17 Audit, staff is preparing to issue an RFP for audit services. The RFP will be issued in September 2016 and the results of the process will be communicated to the Audit Committee and to the Executive Committee for their appointment of an auditor for 2016/17.

The RFP will communicate the following requests:

1. Purpose of the Request for Proposals

   This Request for Proposals (RFP) invites audit firms to submit proposals for the performance of audit services with respect to the financial statements of Islands Trust and Islands Trust Fund.

2. Period of Service Agreement

   The selected Proponent will perform the audit services as described above for one year, commencing with the 2017 reporting year. The Islands Trust and Islands Trust Fund will retain the option to extend the Service Agreement for up to 5 additional years, in one-year increments, provided both parties agree to the renewal. The fiscal year of the Islands Trust and Islands Trust Fund is April 1 to March 31.

3. Type and Scope of Audit

   The audit of the Financial Statements of Islands Trust and Islands Trust Fund (the financial audit) must be conducted in accordance with Canadian Auditing Standards (CAS).

   The audit report should express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the entity, and the results of its operations, change in its net liabilities, and its cash flows for the year in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

ATTACHMENT(S):

None.

AVAILABLE OPTIONS:

Receive for information.

FOLLOW-UP:

The Director of Administrative Services will be proceed with issuing an RFP for audit services for the years ended 2016/17 to 2021/22.

Prepared By: Cindy Shelest,
Director Administrative Services

Reviewed By/Date: Russ Hotsenpiller,
Chief Administrative Officer
August 18, 2016

REQUEST FOR DECISION

To: Trust Council **For the Meeting of::** September 13-15, 2016

From: Financial Planning Committee **Date Prepared:** August 16, 2016

SUBJECT: JUNE 30, 2016 QUARTERLY FINANCIAL REPORT

RECOMMENDATION: That the Islands Trust Council approve the June 30, 2016 Quarterly Financial Report as presented.

CHIEF ADMINISTRATIVE OFFICER COMMENTS: The financial report indicates that Islands Trust is generally following the financial plan for 2016/17.

IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: There are no organizational implications to the recommendation.

FINANCIAL: Expenditures to June 30, 2016 are within approved budgets.

POLICY: There are no implications for existing policy.

IMPLEMENTATION/COMMUNICATIONS: Managers and Directors will receive ongoing reporting throughout the year.

OTHER: None.

BACKGROUND

Islands Trust Policy 2.3.iii. Financial Planning Committee Terms of Reference requires the Financial Planning Committee to report to Trust Council regarding the organization's financial management practices.

REPORT/DOCUMENT: Islands Trust Statement of Net Financial Position (Balance Sheet) and Consolidated Statement of Revenue and Expenditure to June 30, 2016 attached.

KEY ISSUE(S)/CONCEPT(S):

Statement of Net Financial Position
Differences are due to timing of expenditures, receipt of revenues, and reversal of accruals following fiscal year end.

Consolidated Statement of Revenue and Expenditure
The benchmark for revenues and expenditures after three months (first quarter) of operations is 25% of the annual budget. The revenue and expense areas that vary significantly from the 25% benchmark include:

REVENUE

- Fees and Sales are higher than budget in the first quarter of this year primarily due to an increase in zoning amendment applications received in the first quarter of this year as compared to last year's first quarter. It is difficult to say if this trend will continue through the fiscal year.
- The general property, special property and Bowen Island property tax requisitions will be received in the second quarter
- Investment income is below budget expectations due to draw down of invested funds. Interest will increase in the second quarter as the property tax requisition will be received and invested to maximize the interest income.
- Other Revenues are lower due to a decrease in grant revenue over prior year where grant revenue for the Lasqueti Community Integrated Energy Project was recognized and the project was completed.

EXPENSES

Council Expenses

- Trust Council expenses are lower than budget due to underspending on Strategic Plan projects.
- Trust Area Services expenses are lower than budget due to underspending of the Policy Statement Review Project which will occur later in the fiscal year.

Local Planning Services

- Projects are lower than budget due to timing of the projects anticipated to occur later in the fiscal year, as LTCs advance their project work.

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Trust Fund

- Board expenses are lower than budget due to the timing of meetings which will occur later in the fiscal year.
- Operations expenses are lower than budget due to spending on communications which will occur later in the fiscal year. There are also flexible working arrangements for staff that are making this lower than budget.
- Property management expenses are lower than budget due to the timing of property monitoring which will occur later in the fiscal year.

Administration

- Financial, HR and Admin Services expenses are lower than budget due to underspending of salaries.
- Office Operations are higher than budget. Further review will be conducted to assess the need for additional funding in this expenditure classification.
- Computer, Furniture & Equipment purchases are higher than budget due to the timing of purchases made at the beginning of the fiscal year to achieve the benefit of new equipment for the full fiscal period.

FINANCIAL PROJECTIONS TO March 31, 2015 FISCAL YEAR-END

A detailed forecast of the 2016/17 year-end results will be conducted in the fall for presentation to the Financial Planning Committee and to December Trust Council.

RELEVANT POLICY: Bylaw No. 155, Islands Trust Financial Plan Bylaw 2016/17

DESIRED OUTCOME: Approval of the June 30, 2016 Quarterly Financial Report.

RESPONSE OPTIONS

Recommended: That the Islands Trust Council approve the June 30, 2016 Quarterly Financial Report as presented.

Alternative: None identified.

PREPARED BY: Nancy Roggers, Finance Officer

REVIEWED BY: Cindy Shelest, Director, Administrative Services
Financial Planning Committee, August 24, 2016
Executive Committee, August 31, 2016

Russ Hotsenpiller, Chief Administrative Officer

Islands Trust
Statement of Net Financial Position

	June 30 2016	Mar 31 2016
Financial Assets		
Cash & Short-term Investments	2,261,031	3,714,688
Accounts Receivable	122,630	358,102
Total Financial Assets	2,383,661	4,072,790
Liabilities		
Wages & benefits payable	1,071,222	931,366
Accounts payable & accrued liabilities	195,146	521,009
Development Application Deposits	42,038	29,038
Deferred Revenue	42,918	44,108
Employee Benefit Obligations	105,443	105,443
Capital Lease Obligations	82,569	93,776
Cost Recovery Deposits	5,977	6,642
Total Liabilities	1,545,312	1,731,382
Net financial assets	**838,349**	**2,341,409**
Non-Financial Assets:		
Tangible Capital Assets	121,738	137,397
Prepaid Expenses	97,288	40,913
Total Non-Financial Assets	**219,025**	**178,310**
General Revenue Surplus Fund	**1,057,374**	**2,519,719**

Islands Trust

Statement of Revenue and Expenditure

For The 3 Months Ending June 30, 2016

	Description	Prior YTD Actual	YTD Actual	Annual Budget	% of Budget
Revenue:					
	Fees & Sales	16,996	45,778	110,000	42%
	Provincial Grant	123,052	177,880	180,000	99%
	Property Tax Levy General	0	0	6,249,833	0%
	Special Property Tax Requisition	0	0	110,500	0%
	Property Tax Levy Bowen	0	0	223,418	0%
	Investment Income	3,653	735	50,000	1%
	Other Revenues	39,627	2,561	50,000	5%
Total Revenue		183,327	226,954	6,973,751	3%
Expenses					
Council					
	Trust Council	71,112	67,785	317,798	21%
	Executive and Council Committees	37,428	28,277	120,108	24%
	Trust Area Services	88,022	92,187	472,307	20%
	General Admin Allocation - 16%	57,550	76,740	317,849	24%
Total Council Expenses		254,112	264,989	1,228,062	22%
Local Planning Services					
	Local Trust Committees	182,987	188,705	726,000	26%
	Projects	104,630	37,107	322,600	12%
	Planning Staff	540,469	563,132	2,360,257	24%
	LPS Facilities	82,255	80,886	339,392	24%
	Bylaw Enforcement	70,427	75,692	299,581	25%
	General Admin Allocation - 74%	266,167	334,046	1,383,574	24%
Total Local Planning Services Expenses		1,246,936	1,279,569	5,431,404	24%
Trust Fund					
	Board	3,413	3,615	20,000	18%
	Operations	87,304	85,565	431,270	20%
	Property Management	32,226	14,934	78,000	19%
	General Admin Allocation - 10%	35,969	40,627	168,272	24%
Total Trust Fund Expenses		158,911	144,741	697,542	21%
General Admin					
	CAO Office	61,429	90,409	326,283	28%
	Financial, HR and Admin Services	164,661	175,398	870,712	20%
	Office Operations	104,188	85,660	311,200	28%
	Information Systems	61,318	59,314	200,000	30%
	Computer/Furniture & Equipment Purchases	19,645	24,974	96,500	26%
	Amortization Expense	9,763	15,659	65,000	24%
	General Admin Recovery	(359,685)	(451,414)	(1,869,695)	24%
Total General Admin Expenses		61,318	0	0	0%
Less Non-Cash Expenditures - Amortization				(65,000)	
Transfer from General Revenue Surplus Fund				(318,257)	
Total Expenses		1,721,277	1,689,299	6,973,751	24%
Surplus (Deficit) to date		(1,537,950)	(1,462,345)	0	
General Revenue Surplus Fund, beginning of the period		2,466,469	2,519,719		
General Revenue Surplus Fund, end of the period		928,519	1,057,374		

Islands Trust

BRIEFING

To: Trust Council

For the Meeting of: Sept. 13-15, 2016

From: Financial Planning Committee

Date prepared: August 24, 2016

SUBJECT: STATEMENT OF FINANCIAL INFORMATION (SOFI)

DESCRIPTION OF ISSUE:

The 2015/16 Statement of Financial Information (SOFI) is provided to Trust Council for information.

BACKGROUND:

Financial Information Regulation (B.C. Reg. 371/93, including amendments to B.C. Reg. 249/2002 approved September 6, 2002); Schedule 1, sections 1 to 4, requires that:

> For consistency with the Budget Transparency and Accountability Act respecting Public Accounts reporting, the FIA states that corporations must prepare …..
>
> > within six (6) months after the corporation's fiscal year end, a statement of financial information which includes:
> >
> > - a schedule showing remuneration and expenses paid to or on behalf of employees; and
> > - a schedule showing payments for suppliers of goods or services.

Under the direction of the Director of Administrative Services, Islands Trust's Finance Officer prepares this financial information annually and submits the Statement of Financial Information (SOFI) report to the Ministry.

It has been the practice at Islands Trust to provide the report to Trust Council prior to submitting the report by September 30.

ATTACHMENT(S):

2015/16 Statement of Financial Information.

AVAILABLE OPTIONS:

Receive for information.

FOLLOW-UP:

The Director of Administrative Services will forward the complete Statement of Financial Information report to the Ministry by September 30, 2016.

Prepared By: Cindy Shelest,
Director Administrative Services

Reviewed By/Date: Russ Hotsenpiller,
Chief Administrative Officer
August 16, 2016

Financial Planning Committee
August 24, 2016

SCHEDULE OF REMUNERATION & EXPENSES FOR TRUSTEES

APRIL 1, 2015 TO MARCH 31, 2016

LAST NAME	FIRST NAME	POSITION	REMUNERATION including taxable benefits	TOTAL EXPENSES
Allen	Alexander	Trustee	$11,757.30	$1,694.92
Atha	Dereck	TFB	$1,800.00	$174.80
Barber	Diane	Trustee	$14,714.58	$1,396.94
Bertrand	Ronald	Trustee	$750.00	$1,134.11
Brent	Paul	Trustee	$10,316.94	$760.40
Busheikin	Laura	Trustee/Vice Chair	$43,300.92	$15,832.03
Critchley	David	Trustee	$11,581.50	$2,249.12
Crumblehulme	Brian	Trustee	$12,634.98	$1,144.71
Dodds	Jeanine	Trustee	$12,634.98	$732.05
Fast	Sue Ellen	Trustee	$3,231.96	$1,296.68
Glover	Julia	TFB	$600.00	$706.90
Grams	George	Trustee/Vice Chair	$63,399.30	$10,966.00
Grove	Peter	Trustee	$31,018.98	$3,207.28
Harris	George	Trustee	$10,317.34	$1,005.26
Hunter	Kenneth	Trustee	$10,528.02	$409.39
Law	Tony	Trustee/TFB Chair	$12,547.80	$3,784.78
Luckham	Peter	Trustee/TFB/Vice Chair/Council Chair	$51,598.80	$13,760.15
Mamoser	Melanie	Trustee	$18,812.28	$2,174.07
Masselink	Derek	Trustee	$14,878.08	$1,315.14
McConchie	Bruce	Trustee	$9,760.50	$1,555.72
Middleton	Lee	Trustee	$9,760.44	$919.17
Morrison	Susan	Trustee/TFB/Vice Chair	$42,949.08	$21,156.57
Morse	Alison	Trustee	$3,231.96	$2,034.92
O'Sullivan	Heather	Trustee	$19,558.32	$1,503.08
Peterson	Timothy	Trustee	$9,541.80	$1,219.41
Pottle	Sandy	Trustee	$11,887.80	$1,082.18
Rogers	Dan	Trustee	$10,958.52	$2,665.95
Scholefield	Wendy	Trustee	$9,760.50	$1,580.59
Stamford	Kate-Louise	Trustee/TFB	$12,604.56	$3,112.70
TOTAL 2015/16			**$476,437.24**	**$100,575.02**
TOTAL 2014/15			$471,310.63	$89,764.06

RECONCILIATION

Total Remuneration - Elected Officials	476,437.24
Reconciling Items - non-remuneration Council Services	543,642.76
Subtotal	1,020,080.00
Total per Statement of Operations - Council Services	1,020,080.00
Variance	0.00

Note: Trustee expenses are paid in accordance with Islands Trust policies (7.2.i. Trustee Remuneration and 7.2.iii Trustee Travel). The amount of expenses incurred reflects the number of activities a Trustee is involved in (eg: Executive Committee Member, Executive Chairs of Local Trust Committee, Committee involvement such as Financial Planning Committee, Local Planning Committee and Trust Programs Committee) and the distance traveled to attend Islands Trust activities. Expenses for travel vary year to year based on the locations of Executive Committee and quarterly Trust Council meetings. Remuneration includes taxable benefits.

SCHEDULE OF PAYMENTS TO SUPPLIERS

APRIL 1, 2015 TO MARCH 31, 2016

SUPPLIERS OVER $25,000	Aggregate amount paid to Supplier
AON REED STENHOUSE	$94,340.00
BC HYDRO CAD	$52,946.16
BLACKMAN SUPPORT SERVICES	$84,199.12
CHRISTINE FERRIS	$27,616.29
COLLIERS MACAULEY NICOLLS	$271,568.19
COMPASS RESOURCE MANAGEMENT LTD	$29,356.30
*DARING SKY SOLAR	$40,263.06
*DOUG HOPWOOD	$25,283.65
*FRASER BASIN COUNCIL	$47,796.61
GRAND & TOY	$26,545.15
*HAKAI ENERGY SOLUTIONS INC	$188,178.91
IPS ISLAND PLANNING SERVICES	$44,662.02
KPMG	$37,235.63
LINDA PROWSE	$25,902.42
MEADOWWOOD VILLAGE DEVELOPMENT	$42,063.00
MINISTER OF FINANCE - Employee Benefits	$802,365.37
MINISTER OF FINANCE - Trustee MSP	$27,514.60
OPEN STORAGE SOLUTIONS	$27,146.56
OPUS DAYTONKNIGHT CONSULTANTS LTD	$57,340.54
PACIFIC BLUE CROSS	$42,122.64
PEOPLE POWER PRODUCTIONS INC (SSIWPA Coordination)	$91,258.78
RECEIVER GENERAL - Trustee Remunerations	$88,623.15
SHAW BUSINESS SOLUTIONS	$33,015.78
TELUS	$37,246.87
TELUS MOBILITY	$39,487.78
YOUNG ANDERSON	$393,450.78
Total Aggregate Amount Paid to Suppliers over $25,000	**$2,677,529.36**
Total Consolidated Payments of $25,000 or less	**$48,663.20**
Total Expenditures for Goods & Services	**$2,726,192.56**

RECONCILIATION

Total Expenditures by Object per Financial Statements	7,092,373.00
Less: Amortization	(49,688.00)
salaries and benefits	(4,003,460.00)
expenses paid to or on behalf of employees this fiscal year	(212,457.42)
expenses paid to or on behalf of trustees this fiscal year	(100,575.02)
Net expenditures to Suppliers	2,726,192.56

SCHEDULE OF REMUNERATION & EXPENSES FOR EMPLOYEES

APRIL 1, 2015 TO MARCH 31, 2016

Employees whose remuneration exceeds $75,000 (in alphabetical order)	POSITION	REMUNERATION including taxable benefits over $75K	EXPENSES
Adams, Linda	Chief Administrative Officer (to January 2016)	$130,761.06	$6,560.18
Beeston, David	Information Systems Coordinator	$77,146.37	$1,062.42
Brzozowski, Aleksandra	Island Planner	$80,014.74	$4,340.82
Cermak, Stefan	Island Planner	$88,997.65	$6,449.12
Eggen, Marnie	Acting Island Planner	$76,051.58	$4,434.02
Frater, Clare	Trust Area Policy Analyst	$79,855.86	$2,305.89
Gordon, Lisa	Director of Trust Area Services	$98,973.19	$9,226.13
Kojima, Robert	Regional Planning Manager	$93,437.48	$2,980.93
Marlor, David	Director of Local Planning Services	$103,352.33	$9,943.77
Milne, Robert	Island Planner	$80,032.86	$6,941.95
Richardson, Gary	Island Planner	$77,925.20	$7,411.08
Shelest, Cindy	Director of Administative Services	$103,545.60	$8,385.67
Starke, Justine	Island Planner	$79,393.64	$4,657.51
Thiel, Carmen	Legislative Services Manager	$89,809.37	$3,652.64
TOTAL		**$1,259,296.93**	**$78,352.13**
All Other Employees		**$2,003,881.40**	**$134,105.29**
TOTAL		**$3,263,178.33**	**$212,457.42**

RECONCILIATION

Total Remuneration - Employees	3,201,094.63
Plus taxable benefits	62,083.70
Subtotal	3,263,178.33
Plus non-taxable benefits	740,281.67
Total	4,003,460.00
Total per Statement of Revenue & Expenditure - Salaries & Benefits	4,003,460.00
Unreconciled Variance	0.00

Islands Trust

BRIEFING

To: Trust Council

For the Meeting of: September 13-15, 2016

From: Financial Planning Committee

Date prepared: **August 24, 2016**

SUBJECT: DRAFT BUDGET ASSUMPTIONS AND PRINCIPLES 2017/18 BUDGET PROCESS

DESCRIPTION OF ISSUE: Each year, budget assumptions and principles are developed for the next budget cycle. The assumptions and principles provide the underlying basis for developing many of the individual revenue and expense budget lines.

BACKGROUND: Policy 6.3.i Budget Process Policy, section C.2.d states "Budget Principles and Assumptions shall be addressed in December of each year". However, the issues are introduced in September to inform Trustees of the preliminary draft assumptions and principles that staff and the Financial Planning Committee will use in developing the first draft of the 2017/18 budget.

In some cases the assumptions are well-defined and unlikely to change during the budget development process. Other assumptions are less certain at this point, and will likely be amended during the budget development process.

ATTACHMENT(S):

Draft Budget Assumptions and Principles for the 2017/18 Budget Process.
Budget Timelines 2017/18

AVAILABLE OPTIONS:

Modify the assumptions and principles as presented.

FOLLOW-UP:

In an iterative process, as more information becomes available, the budget assumptions and principles will be updated and presented to the December 2016 Trust Council.

Prepared By: Cindy Shelest, Director Administrative Services

Reviewed By/Date: Russ Hotsenpiller, Chief Administrative Officer/August 17, 2016
Financial Planning Committee/August 24, 2016

ISLANDS TRUST
2017/2018 FINANCIAL PLAN
ASSUMPTIONS AND PRINCIPLES – Draft September 2016

PROCESS: Each line of the Detailed Budget is reviewed on a needs-basis by the responsible budget manager, giving consideration to previous years' spending and future work programs and services (including Trust Council's Strategic Plan initiatives). Local Trust Committees (LTCs) are asked to provide their project needs and review their LTC expense budgets, passing any resolutions required to adopt/modify their budget proposals. The Trust Fund Board requests budget changes to support the goals in its Regional Conservation Plan. Directors review their respective Committee work programs to ensure work plan activities are appropriately funded. The Director of Administrative Services reviews the detailed spending and projects costs on behalf of the organization with respect to completeness and accuracy and compiles the Detailed Budget for the year. The overall Detailed Budget is reviewed by Islands Trust Management Team prior to being submitted to the Financial Planning Committee for review and consideration. A first draft of the budget is forwarded to Trust Council in December.

A. Inflation

Assumption/Principle

- Where applicable, estimated general growth in expenditures will be based on the Consumer Price Index (CPI) for Victoria, as reported by Statistics Canada.

Status

- The proposed Detailed Budget for 2017/18 presented to Trust Council in December 2016 will reflect estimated growth in CPI based on Statistics Canada reported Victoria CPI in December 2016.

B. Non-market Growth in Property Taxes

Assumption/Principle

- The property tax base within the Islands Trust Area will grow by 1.0% due to new development activity.
- The Islands Trust uses a report from BC Assessment on non-market growth for the Southern Gulf Islands and Salt Spring to estimate the non-market growth for the Islands Trust Area as a whole, since the assessment value of this area represents approximately 65% of the total for the Islands Trust Area.

Status

- BC Assessment will provide the report on non-market growth for the Southern Gulf Islands in December 2016. Once received, data in the report will be used to adjust assumptions about non-market growth.

C. Alternate Funding Through Grants

<u>Assumption/Principle</u>

- The Grants Administrator monitors grant programs to seek opportunities to obtain funding for local trust committees to cover the expense of their program items.
- Management provides the Grants Administrator with an outline of local trust committee proposed projects so specific funding opportunities can be explored.
- Funding of local trust committee programs by grants reduces the requirement for funding through other sources of revenue.
- The annual budget normally includes an estimated amount of contingent grant revenue, to allow for revenue not yet identified. This amount is offset by an equal expense budget for contingent grant expenses. The result is no net effect on the bottom line.

<u>Status</u>

- The Grants Administrator position is a .4 FTE and is focused on LTC projects only. As in previous years', the draft 2017/18 budget will include $50,000 in contingent grant revenue and offsetting expenses.

D. Staffing Levels

<u>Assumption/Principle</u>

- In most cases, current staffing levels are appropriate to carry out the existing level of services and functions provided by the Islands Trust.
- Decreased staffing levels would result in a reduced level of services or functions.
- New functions or services may require either additional staffing or the deletion of some existing functions or service levels.

<u>Status</u>

- In support of Trust Council resolution TC-2016-004 (March 22, 2016 TC meeting), it is proposed that the temporary, full-time Senior Intergovernmental Policy Advisor position continue to be funded for the period April 1, 2017 to March 31, 2018.

E. Staffing Costs

<u>Assumption/Principle</u>

- In accordance with the *Islands Trust Act*, staff members at the Islands Trust are appointed subject to the *Public Services Act* and the *Public Service Labour Relations Act*. Unionized staff members at the Islands Trust are members of the BCGEU. Their compensation and benefits are subject to union contracts negotiated between the Public Services Agency and BCGEU.
- Excluded (non-union) management staff members are also subject to the *Public Service Act.* They are compensated according to a salary grid approved by the Executive Committee and consistent with the Public Service Agency Policy on Salary Administration for Management Employees. Benefits and related costs are also defined by the Public Service Agency.

<u>Status</u>

- A BCGEU agreement for the period April 1, 2014 to March 31, 2019 is currently in effect. During the fiscal year 2017/18 two reviews are applicable: one on April 2, 2017 (.5% increase) and a further Economic Stability Dividend effective February 4, 2018 (potential 1.0% increase).

- BCGEU contract employees are also eligible for “step” increases as they progress in their positions. A review of eligibility will be undertaken and estimates provided within the budget (in most cases it is assumed that existing staff will have reached the top step during the 2017/18 budget cycle).
- Excluded staff within the Islands Trust received a wage increase in July 2016 (ranging from 2 – 4 %). This budget does not include a provision for an increase during 2017/18.

F. Trustee Remuneration

Assumption/Principle

- Trust Council’s Policy 7.2 Trustee Remuneration defines the process for determining the remuneration received by Trustees. As per Section D.2. remuneration is calculated based on four factors.
- The defined annual compensation amounts and the methodology for making adjustments are incorporated into a Trust Council Remuneration Bylaw.
- Section E.5.a) states that “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.”

Status

- A new census is not anticipated prior to the first draft of the 2017/18 budget.
- Any increases will be included in the budget once the Consumer Price Index (CPI) for Victoria is known for this budget cycle (see Section A).

G. Office facilities

Assumption/Principle

- The Islands Trust maintains office facilities for staff in Victoria, and on Salt Spring and Gabriola islands.
- The Islands Trust will continue to lease office space for trustees on Denman, Galiano and North Pender, subject to trustee needs, and subject to Policy 7.4.iv (On-Island Trustee Offices).
- No further increase in space requirements is anticipated at this time.

Status

- The Victoria office lease term expires in September 2017.
- The Northern office (Gabriola Island) lease term expires in November 2017.
- In June 2015, the Islands Trust Council approved the creation of a Select Committee to review the location of the Victoria office. Should the review being undertaken in 2016/17 result in recommendations to relocate the office, the related costs would be subject to Trust Council’s 2017/18 annual budget. In addition, an anticipated referendum on Salt Spring Island in March 2017 is expected to indicate whether Salt Spring Island will be incorporated as a municipality (potentially by late 2017). Both of these factors could impact future office needs and related leases.
- Should Salt Spring Island vote to incorporate, the Islands Trust expects to contract with the new municipality to provide planning services until 2020. The Salt Spring office lease term expires in February 2017. Future lease decisions will be guided by the Islands Trust Adaptation Strategy, should incorporation proceed.

H. General Revenue Fund Surplus

Assumption/Principle

- Trust Council's policy 6.5.i, section D.6, recommends a minimum level of Surplus as "three months of expenses net of three months of revenue, excluding revenue from property taxes or the provincial grant".
- The Islands Trust receives annual property tax funds in August of each year.

Status

- Based on the 2016/17 budget, the General Revenue Fund Surplus balance would be $2.1 million at March 31, 2017. As this amount represents 120% of the recommended minimum level of Surplus, no increase in the General Revenue Fund Surplus is required at this time.
- Islands Trust has not had to borrow funds in the last five years to fund operations prior to receiving the annual property tax funds.
- In the 2016/17 Budget several projects related to the Strategic Plan adopted by Trust Council in September 2015 were funded from the General Revenue Surplus Fund. It is anticipated that a similar request may be included in the 2017/18 budget.

I. Provincial Funding

Assumption/Principle

- The provincial government provides annual funding grants to the Islands Trust, consistent with funding levels provided to other small local governments

Status

- For the 2017/2018 fiscal year, the estimated grant amount provided by the Ministry of Community, Sport, and Cultural Development is $180,000.

J. Local Planning Services

Assumption/Principle

- The Islands Trust Council provides sufficient funding for LTCs to carry out their primarily function, which is land use planning and regulatory activities within their local trust area as permitted by the *Islands Trust Act* and consistent with Islands Trust Council Policy 5.9.1. These activities include the development of Official Community Plans and land use regulations and the processing of development applications and referrals from other agencies. Other activities may be undertaken where the Islands Trust Council has delegated additional powers to an LTC.
- LTC development application fees are intended to partially fund the costs of development application processing.
- Local Planning Services' Planner positions are fully staffed to the levels approved by the Islands Trust Council following the 2007 Local Planning Services Review. The budget process may propose new or modified positions.
- Local Planning Services' Bylaw Enforcement positions are fully staffed to the levels approved by the Islands Trust Council following the 2008 Bylaw Enforcement Function Review. The budget process may propose new or modified positions.
- OCP and land use planning project budgets over the long-term will be distributed between LTCs based on their relative percentage of assessed value, per the resource allocation model.

Status

- All Local Planning Services positions will be fully staffed, with some minor fluctuations due to normal levels of turnover, leaves and workload variations.

K. Planner Resource Allocation

Assumption/Principle

- The current work program system which allocates planner time to LTCs will be maintained.
- Resources will continue to be fairly evenly distributed between the three planning regions (North, South, Salt Spring)

Status

- No updates at this time.

L. LTC Program and Strategic Plan Budget items in 2017/18 Proposed Budget

Assumption/Principle

- The Strategic Plan provides a framework to guide the overall direction of activities for the Islands Trust, to focus finite resources, and to achieve efficiencies where there are common LTC projects.
- Trust Council adopted a new Strategic Plan in September 2015. Estimated budget implications related to these strategies will be reviewed in the fall of 2016 for inclusion in the proposed 2017/18 budget.
- Early in the budget cycle (i.e. July-Sept) LTCs propose budget items for the next fiscal year on the basis of local priorities.
- Management evaluates initial LTC budget proposals against a number of criteria including: Does the proposal support work that is a provincial requirement?; Does the proposal directly support an activity identified in the Strategic Plan?; Does the proposal support work that is a continuation of a current OCP/LUB program?; and Does the proposal support recently adopted OCP policies? Management then prepares a draft budget for FPC discussion and consideration in November.
- FPC considers the draft budget prepared by management and evaluates all budget proposals, including those from LTCs, before recommending a draft budget to Trust Council in December.
- Trust Council provides FPC with direction regarding a further draft of the budget, to be released for public consultation in January and February. Following receipt of public comment and further recommendations from FPC, Trust Council makes the final decision on the overall budget and the individual components in March.
- LTCs have the option of requesting a Special Tax Requisition to raise funds for land use planning activities (or activities related to delegated powers) within their Local Trust Area that were not approved within the general Trust Council budget (see Trust Council Policy 6.3.ii).

Status

- Each LTC has been asked to identify LTC Budget requests for 2017/18, giving consideration to planning capacity to complete requests. In December, trustees will have an opportunity to review and suggest changes to the proposed budgets prior to final adoption of the budget in March 2017.
- It is anticipated that a Special Property Tax Requisition request will be received from the Salt Spring Island Local Trust Committee related to the delegated authority to coordinate watershed management through the Salt Spring Island Watershed Protection Authority.

M. Potential Salt Spring Island Incorporation

<u>Assumption/Principle</u>

- The current Salt Spring Island municipal incorporation process was initiated in 2012 when Salt Spring Island's elected officials requested a governance study from the MCSCD.
- The 2012 Governance Study was completed in 2013, its purpose being to identify, through public engagement and review, governance structures on the Island to see if there was support for proceeding to a full incorporation study. The Governance Study Committee recommended to the Minister that an incorporation study be undertaken and in 2015 the Ministry agreed to fund the study at a cost of $120,000. The purpose of the study was to examine the financial, governance and other implications of municipal incorporation for Salt Spring Island.
- The Incorporation Study Committee (ISC) received a preliminary Salt Spring Island Impact Study (SSIIS) in October 2015. In February of 2016, the ISC requested and received supplementary funding to aid in delivery of the final SSIIS with focus upon a road condition assessment, the hosting of public events, the updating of financial information and any further technical analysis that is required. The study is due in September of 2016
- Concurrent to the SSIIS, in 2015 the Ministry funded a companion report, that being the Islands Trust Impact Analysis (ITIA). The purpose of the ITIA was to 'examine the potential effect of Salt Spring Island incorporation on the Islands Trust in relation to fiscal stability and organizational adaptation.'
- In May 2016, Urban Systems was retained to update the ITIA to ensure that assessed valuations and underlying assumptions were compatible with the SSIIS and other resource documents.

<u>Status</u>

- A Transition Plan has been prepared by the CAO for Trust Council's consideration at September Trust Council. It is estimated that over the three year horizon of the adaption process the costs will be approximately $200-250,000.
- In order to lessen the financial and staff resource impacts to the Islands Trust through the transition period, application for a grant to the MCSCD is recommended for assistance with the delivery of a full Adaptation Plan and to fund a Transition Manager. Further, it is recommended that Trust Council create a contingency reserve for the Transition-Adaptation period, funded either through current taxation or reserves.

ISLANDS TRUST

TIMELINE FOR 2017/18 BUDGET PROCESS

Date	Activity
Fri June 24/16	Budget sheets for LTCs distributed to Director LPS and RPMs
July/Aug/1st part Sept	Planners to put Budget topic on first available LTC agenda LTCs and Trustees discuss 2017/18 budget requests and work programs with Planning Staff
Wed Aug 24/16	**FPC reviews draft budget principles**
Fri Aug 26/16	Budget documents distributed to all Managers for development of departmental budgets. Managers review requests with Staff for input and feedback into the budget process. Director Admin Services begins consutation with Bowen Island and Trust Fund Board
Tues Sept 13/16	All LTC budget requests forwarded to the Director LPS. Director LPS discusses budget requests with Grants Administrator to review for available grants/funding.
Fri Sept 16/16	**All budget requests forwarded to Director, Admin Services**
Fri Oct 7/16	Management finalizes budget recommendation to FPC
Wed Oct 12/16	Draft 1 of Budget submitted to FPC
Wed Oct 19/16	**FPC reviews and discusses first draft of the Budget**
Oct 19-Nov 4/16	Staff make revisions to draft budget as directed by FPC
Wed Nov 16/16	**FPC approves the Draft Budget and budget principles to be submitted to December Trust Council**
Nov 2016	- continued research and planning to improve estimates for proposed operational changes - Planning staff develop "additional operations" budget proposals on behalf of LTCs to go to December Trust Council; preparation for potential local tax requisitions for individual LTCs (see policy 6.3.ii Special Property Tax Requisition)
Fri Nov 25/16	Draft Budget distributed to Trust Council Trustees
Tues Dec 6/16	**- Trust Council endorses budget principles and preliminary budget after debate** - Budget debate includes consideration of "additional operations" budgets from LTCs - Trust Council approves public consultation process
January 2017	- Consultation with Bowen Island and Trust Fund Board - Further refinement of 2017/18 Base Budget and discretionary spending requests - Public consultation on proposed budget conducted - LTCs who want to fund "additional operations" from special tax requisition pass a resolution to do so
February 2017	- LTCs proposing a special tax requisition hold public consultation meetings - Executive and FPC review of Proposed Budget and Program List - FPC recommendations on Property Tax Requistion and Bowen Island Municipality Tax Levy and LTC special tax requisitions - review public suggestions/comments regarding the budget
March 2017	- Trust Council approval of Base Budget and Program List, along with approval of bylaw for Property Tax Requisition, Bowen Municipality Tax Levy and LTC special tax requisitions - forward Budget Bylaw to the Minister - Budget information and news release prepared

BRIEFING

To:	Financial Planning Committee	**For the Meeting of:**	August 24, 2016
From:	Cindy Shelest, Director Administrative Services	**Date prepared:**	**August 18, 2016**

SUBJECT: SALT SPRING ISLAND LOCAL TRUST COMMITTEE REQUEST FOR INFORMATION

DESCRIPTION OF ISSUE:

The SSI LTC has requested information related to the Special Projects Budget.

BACKGROUND:

On Thursday June 29, 2016 the SSI LTC passed the following resolution:

> **SS-2016-126**
> **It was MOVED and SECONDED,**
> that the Salt Spring Island Local Trust Committee request the Financial Planning Committee to provide an explanation as to why the Special Projects Budget was emasculated without referral to the Salt Spring Island Local Trust Committee. **CARRIED**

DISCUSSION:

The resolution is in response to the LTC realizing that the SSI LTC special projects line item was reduced from $4,500 in 2015/16 to $1,000 in 2016/17.

ATTACHMENT(S):
none.

AVAILABLE OPTIONS:

1. Receive for information
2. Advise staff to draft a response to the SSI LTC
3. Pass a resolution with details as to a response to the SSI LTC

FOLLOW-UP:

To be determined based on FPC direction.

Prepared By:	Cindy Shelest, Director Administrative Services
Reviewed By/Date:	Russ Hotsenpiller, CAO/August 18, 2016

FINANCIAL PLANNING COMMITTEE REPORT

To: Trust Council **Date:** August 24, 2016

WORK PROGRAM

1. **First Draft of the 2017/18 Budget**

Current
Review budget assumptions and principles at FPC August 24, 2016 meeting.

Planned
Review first drafts with FPC at October 18 and November 16 meetings.
Prepare first draft of budget for December Trust Council.

2. **Review Purchasing Procedure Policy 6.5.iii**

Planned

Staff to review the existing Purchasing Procedure Policy 6.5.iii and recommend any changes in light of present practice to FPC at their August 24, 2016 meeting.

3. **Response to KPMG Information Technology Report**

Planned

Staff to provide comments and identify measures being taken to address recommendations to FPC at their October 19, 2016 meeting.

WORK PROGRAM STATUS *(Completed, Changed, and Future Priorities)*

The Financial Planning Committee has adopted the above noted priorities for the third quarter of fiscal 2016/2017. New work program items will be reviewed and assessed throughout the year.

UPDATE (*on Meetings, Agency Liaison, Resource Requirements, etc.)* The Financial Planning Committee met on August 24, 2016. The next meetings of the Financial Planning Committee are proposed to be held October 19 and November 16, 2016. The Committee's financial resources are sufficient at this time.

Cindy Shelest
Designate Staff

Peter Grove
Chair

Islands Trust			
Proposed FPC Dates for 2017			
	Proposed	**Associated**	**Trust Council**
Main FPC Tasks	**FPC Date**	**EC Date**	**Dates**
approve draft budget public	**Tues Jan 17**	n/a	n/a
consultation documents			
approve 2017/18 budget for March Trust Council	**Wed Feb 28**	Wed Mar 1	March 14-16
and preliminary Audit Committee Meeting			
approve 2016/17 audited financial statements	**Wed May 31**	Wed June 7	June 20-22
and Audit Committee Meeting			
approve allocated financial statements (if requested)	**Wed Aug 23**	Wed Aug 30	Sept 12-14
first consideration of 2018/19 budget	**Wed Oct 18**	n/a	n/a
approve 1st draft of 2018/19 budget	**Wed Nov 15**	Wed Nov 22	Dec 5-7