



2010-2014 Five Year Financial Plan

Council authorized the Fiscal and Environmental Select Committee to prepare this summary of the District of Highlands 2010 Five Year Financial Plan (municipal budget). It provides Highlands property owners and residents with an overview of projected revenues and expenditures. This summary was prepared in conjunction with municipal staff. Additional information is available at the District Office, 1980 Millstream Road. Bylaw No.322 (Five Year Financial Plan for the Years 2010 to 2014) and Bylaw No.323 (Levying of Rates for Municipal, Hospital, Regional District and Specified Area Purposes for the Year 2010) were adopted by Council May 10, 2010, and can be viewed on the district's website: www.highlands.ca.

Council instructed staff to set tax rates for 2010 so that taxes collected from most properties for services provided by the District did not increase for the 13th consecutive year. The creation of new lots, new construction and completion of the Bear Mountain golf course in the Highlands resulted in an increase in the overall amount of taxes collected (see page 2). B.C. Assessment increased the 2010 assessed value of residential properties by approximately 1% compared to the 2009 assessment to reflect the increase in market value between July 1, 2008 and July 1, 2009. Property values are based on the average sale price of representative properties of comparable type on July 1 of the previous year. July 1 is the date each year when evaluations are made. For comparison, increases in 2010 municipal portion of property taxes in other West Shore municipalities range from 2.2% to 9%.

Tax rates set by other governments and agencies generally resulted in an increase in the taxes collected by the District of Highlands on their behalf. Consequently, the bottom line of your 2010 Property Tax Notice shows an increase in total taxes collected. The relative amounts are shown for a typical Highland residential property on page 4 of this leaflet. While the District of Highlands generally has little or no ability to control the amount of taxes collected by other agencies (School Districts, Regional Hospital District, B.C. Assessment, Victoria Regional Transit Authority, Municipal Finance Authority and taxes collected for policing, which are set by the Government of British Columbia), the District of Highlands did have a minor influence on the increase levied by the Capital Regional District. Council agreed to increase Highlands contributions to Capital Regional District Arts Development Service and to Capital Regional Housing Corporation, which are included in the Capital Regional District levy. The amount contributed by Highlands in 2010 was \$1,920 more than in 2009, an increase of approximately 1%. The increases set by the Greater Victoria Public Library system and the West Shore Parks and Recreation Society in their requisitions to the District of Highlands to pay the District of Highlands share of the services provided by these agencies are accommodated within the zero increase in taxes collected by the District for the provision of services within the Highlands.

District of Highlands Five Year Financial Plan 2010-2014

		2009	2010	2011	2012	2013	2014
REVENUE	*	Actual	Budget	Projected	Projected	Projected	Projected
Municipal Property Taxes	1	949,206	998,000	1,018,000	1,038,000	1,058,000	1,079,000
Municipal Fire Taxes	2	271,121	289,000	294,700	300,600	306,600	312,700
Utilities - Grants in Lieu	3	27,712	26,475	27,400	28,400	29,500	30,600
Sale of Services	4	92,407	77,700	74,700	74,700	74,700	74,700
Other Revenue	5	174,748	119,600	49,600	50,600	51,600	52,600
Provincial Uncondit. Grant	6	361,277	315,000	300,000	300,000	300,000	300,000
Other Grants/Revenue	7	94,306	77,310	68,435	68,435	68,435	68,435
Gas Tax Revenue	8	224,220	178,126	100,000	100,000	100,000	100,000
TOTAL		2,194,997	2,081,211	1,932,835	1,960,735	1,988,835	2,018,035
From Reserves for Capital Financing	9	15,958	217,877	45,245	50,145	45,045	42,245
TOTAL REVENUE (incl. from Reserves)		2,210,955	2,299,088	1,978,080	2,010,880	2,033,880	2,060,280
EXPENDITURES							
General Govt. Services							
Legislative (Council expenses)	10	75,436	83,500	83,800	92,800	83,800	83,800
Admin.Salary/Benefits FT	11	221,485	228,600	235,000	242,000	249,000	256,000
Administrative Services	12	123,506	133,750	135,960	135,860	135,960	135,960
Financial Services	13	146,856	152,100	155,100	159,100	163,100	167,100
Office Building		17,267	19,250	19,250	19,250	19,250	19,250
TOTAL		584,550	617,200	629,110	649,010	651,110	662,110
Protective Services							
Fire Department	14	119,292	174,650	174,650	174,650	174,650	174,650
Bylaw enforcement	15	37,379	45,500	45,500	45,500	46,500	46,500
Emergency Program	16	46,330	34,000	34,000	34,000	34,000	34,000
Building Services/Approving Officer	17	99,336	103,700	105,500	107,500	111,500	114,500
TOTAL		302,337	357,850	359,650	361,650	366,650	369,650
Road Maintenance	18	186,407	221,750	214,000	214,000	219,000	219,000
Planning Services	19	198,058	204,850	96,900	98,900	100,900	102,900
Recreation/Cultural Services							
Library (operation)	20	86,250	91,822	96,400	101,200	106,200	111,600
Highlands Parks (maintenance)	21	12,862	24,000	10,000	10,000	10,000	10,000
W. Shore Parks and Recreation Society	22	158,380	166,000	170,000	174,000	178,000	183,000
TOTAL		257,492	281,822	276,400	285,200	294,200	304,600
Transfers to Reserves							
Fire Equipment Reserve Fund	23	229,956	109,420	47,000	47,000	47,000	47,000
Road Reserve Fund	24	65,647	70,000	80,000	80,000	80,000	80,000
Gas Tax Reserve Fund	25	101,944	101,166	100,000	100,000	100,000	100,000
TOTAL		397,574	280,586	227,000	227,000	227,000	227,000
Fire Debt Repayment	26	15,110	22,110	-	-	-	-
Bear Mountain Arena Debt Repayment	27	45,021	45,020	45,020	45,020	45,020	45,020
Capital Expenditures							
General Capital Equipment	28	8,680	20,000	-	-	-	-
Roads Capital	29	15,958	180,000	90,000	90,000	90,000	90,000
Recreation (Highlands)	30	93,508	10,000	-	-	-	-
Fire Capital	31	33,162	57,900	40,000	40,000	40,000	40,000
TOTAL		151,308	267,900	130,000	130,000	130,000	130,000
TOTAL REVENUE		2,210,955	2,299,088	1,978,080	2,010,880	2,033,880	2,060,280
TOTAL EXPENDITURES		2,137,887	2,299,088	1,978,080	2,010,880	2,033,880	2,060,280
Surplus	32	73,068	-	-	-	-	-

These notes refer to the 2010 Budget (column 2) on page 2 of the leaflet.

- 1) **Property Taxes** - revenues in 2010 are expected to increase by over \$48,000 due to the creation of new lots and new construction and because the Bear Mountain golf course in the Highlands has been completed and is now taxed. Highlands tax rates have been reduced to compensate for increased assessments, so that taxes collected for expenditures incurred for services provided by the District remain essentially unchanged.
- 2) **Fire Taxes** - revenues are expected to increase by nearly \$18,000 due to new lots, new construction and completion of the Bear Mountain golf course in the Highlands. Highlands fire tax rates have been reduced to compensate for increased assessments. Taxes levied for fire protection can only be used for firefighting expenditures.
- 3) **Utilities** - Hydro, Telus, Terrasen and Shaw pay grants in lieu of taxes.
- 4) **Sale of Services** - includes rezoning, subdivision and building permit fees; development, development variance, tree cutting, road access, soil deposit and blasting permits.
- 5) **Other Revenue** - bank interest, tax penalties, Highwest Recycling and other amenity funds, and miscellaneous receipts.
- 6) **Provincial Unconditional Grant** - funds provided by the Province to municipalities.
- 7) **Other Grants/Revenue** - funds from the View Royal Casino divided among West Shore communities (\$45,000); a rebate of \$23,435 has been arranged among West Shore municipalities to reduce payments on the debt incurred to build the arena.
- 8) **Gas Tax Revenue** - funds provided by the federal-provincial agreement.
- 9) **From Reserves for Capital Financing** - funds withdrawn from reserves to help finance capital projects.
- 10) **Legislative Services** - council expenses, including remuneration for mayor and councillors (\$47,000); newsletter (\$1,500); grants-in-aid (\$10,000).
- 11) **Administrative Staff Salaries and Benefits** – Full time staff: Deputy Corporate Officer, half the Chief Administrative Officer's and one-third of the Administrative Assistant's salaries and benefits.
- 12) **Administrative Services** - includes staff training, etc. (\$11,000); website maintenance (\$2,000); computer consultant (\$8,000); office equipment rental and supplies, stationery, postage and courier (\$23,000); publications and advertising (\$7,750); telephone (\$10,000); insurance (\$24,000); legal fees (\$25,000); vehicle lease, repairs, insurance (\$10,000); miscellaneous (\$13,000).
- 13) **Financial Services** - includes half CAO's and half Financial Clerk's salaries and benefits, financial consultant, computer software maintenance, supplies and programs; audit fees.
- 14) **Fire Department** - operations - includes cost for training; pagers; cell phones; radio licensing; fire hall operating costs; breathing apparatus maintenance; WorkSafeBC fees; Acting Fire Chief's and Acting Deputy Chief's honorariums; Fire Fighter's Stipends, Fighter's Association; vehicle expenses.
- 15) **Bylaw Enforcement** - CRD contract for bylaw enforcement and animal control; and salaries and benefits for part time Highlands staff.
- 16) **Emergency Program** - Capital Regional Emergency Services Telecommunications (CREST) levy (\$26,000); municipal emergency program (\$8,000).
- 17) **Building Services/Approving Officer** - salaries and benefits for part-time Building Inspection staff and part-time Approving Officer.
- 18) **Road Maintenance** - maintenance contract (\$85,000); supplies (\$70,000); consulting, road and bridge inspections (\$19,000); crack sealing (\$10,000); snow clearing contingency (\$30,000); trail planning (\$7,500).
- 19) **Planning Services** - planning staff salary and benefit, conference, membership (\$81,000); mapping (\$12,000) advertising, special projects, and groundwater monitoring (\$92,950); community centre planning (\$10,000).
- 20) **Library (operation)** – Highlands' share of Greater Victoria Public Library costs (mostly for the Juan de Fuca Branch).
- 21) **Highlands Parks (maintenance)** - maintenance of Twinflower and Eagles Lake Parks (includes washrooms).
- 22) **West Shore Parks and Recreation Society** – Highlands' share of Recreation Centre's operating and capital costs, including several major repairs and Weight Room maintenance and expansion.
- 23) **Fire Equipment Reserve Fund** - transfer of part of 2010 fire tax revenue to reserves for future expenditures.
- 24) **Road Reserve** - transfer of part of 2010 revenue to reserve fund for future road operation and capital expenditures.
- 25) **Gas Tax Reserve** - transfer of part of 2010 Gas Tax revenue to reserve fund for future projects.
- 26) **Fire Debt Repayment** - borrowing for fire trucks purchased in 1994 will be paid off this year; all future fire tax revenue will go to current operations and to reserves for future capital expenditures, such as new fire trucks and fire hall upgrades.
- 27) **Bear Mountain Arena Debt Repayment** - the rebate (note 7) effectively reduces this amount to \$21,585.
- 28) **General Capital Equipment** - for upgrading the Municipal Office Computer System.
- 29) **Roads Capital** - for bridge replacement (\$45,000); South Millstream Road upgrade (\$115,000); cul de sac construction (\$20,000).
- 30) **Recreation Capital (Highlands)** - for completion of Twinflower ball fields upgrading.
- 31) **Fire Capital** - SBCA's (\$14,500); pagers and turn out gear (\$13,400); IT upgrades (\$15,000) Halls (\$15,000).
- 32) **Surplus** - total revenue in 2009 exceeded expenditures by \$73,068, which was retained as operating surplus. Revenues and Expenditures in 2010 and later years are planned to balance with no surplus being budgeted.

Highlands Councils have rigorously controlled expenditures for services provided by the District over the past 13 years to avoid an increase in property taxes paid for District of Highlands expenditures. Increased revenues to meet additional costs for municipal services have come from new developments, amenity funds, and in 2010, an increase in Bear Mountain assessments due to completion of the golf course in the Highlands. During the past few years, the District has steadily improved reserve fund levels. By 2009 year end, Accumulated Surpluses and General Reserves had reached 38% of projected 2010 tax revenues. The generally accepted level is 25%. Continued careful budgeting of expenditures is anticipated so that a satisfactory level of reserve funds can be maintained. Active building of reserves will remain a financial priority. Highlands has the advantage of being a small community (less than 5,000 residents) because small communities generally receive proportionately higher Unconditional Provincial Grants than larger communities. Highland residents also pay only 50% of policing costs, which are up to 100% for larger communities.

The only long-term borrowing by the District of Highlands for services provided by the municipality was for the purchase of two small fire trucks in 1994, shortly after incorporation. This debt is retired this year. Since 1994, the Fire Reserve Fund has been sufficient for new trucks purchases without borrowing. The current Fire Reserve Fund, for which annual additions are projected, is considered sufficient to meet future purchases of new trucks without borrowing. The Road Reserve Fund, which is also projected to receive annual additions, and annual allocations for road maintenance are projected to be sufficient to maintain roads and bridges in satisfactory condition. The District has incurred long-term debt to pay Highlands share of the cost of constructing the Juan de Fuca Branch Library, the Bear Mountain Arena and the swimming pool at the Juan de Fuca Recreation Centre.

The Public Sector Accounting Board policy to account for depreciation of tangible assets (from computers to the land beneath roads) applies to BC local governments (municipalities) from 2010 forward. This results in a change to financial statements, including Five Year Financial Plans. The District is now required to indicate depreciation (referred to as amortization) of its capital assets. This requirement, which results in an accounting, but not actual deficit, is designed to assist longer term financial planning. The amortization exercise was not included in this leaflet because it does not affect the District's budget calculations. The District of Highlands Financial Plan continues to include additions to Reserve Funds to provide money for the long-term maintenance and renewal of assets.

Adding the increased levies by other agencies to the zero tax increase in Highlands taxes results in an average increase in the bottom line of Property Tax Notices of about 2%

	Notes	1997	2006	2009	2010	<i>Difference</i>	
						2009-2010	1997-2010
<u>Assessment of Typical Property</u>	1	\$ 230,000	\$ 398,300	\$ 528,030	\$ 533,310	+1%	+132%
Municipal Taxes							
General Property		\$ 939.21	\$ 924.24	\$ 918.72	\$ 922.09	+0.37%	-0.82%
Specified Area (Fire Protection)		\$ 233.82	\$ 251.02	\$ 264.01	\$ 259.35	-1.77%	+10.92%
Total		\$1,173.03	\$1,175.26	\$1,182.73	\$1,181.44	-1.29%	+0.72%
Tax Rate		5.1001	2.9501	2.2399	2.2153	-1.10%	-56.56%
<u>Property Taxes collected - Other Governments</u>							
School District 62, West Highlands.							
School		\$ 887.52	\$ 998.90	\$1,029.39	\$1,040.43	+0.07%	+17.29%
Capital Regional District	2	\$ 68.56	\$ 146.10	\$ 158.41	\$ 154.66	-2.37%	+125.58%
Regional Hospital		\$ 66.29	\$ 90.05	\$ 123.35	\$ 156.79	+27.10%	+136.52%
Regional Transit, BC Assess., MFA		\$ 55.29	\$ 84.54	\$ 120.60	\$ 129.01	+6.97%	+133.33%
Police Tax		\$ 0.00	\$ 0.00	\$ 96.79	\$ 106.66	+10.20%	-
Total Other Taxes (Distr.62)		\$1,077.66	\$1,319.59	\$1,528.54	\$1,587.55	+3.86%	+ 47.32%
School District 61, East Highlands							
School		\$ 788.76	\$ 917.27	\$ 954.41	\$ 962.30	+0.83%	+22.00%
Capital Regional District	2	\$ 68.56	\$ 146.10	\$ 158.41	\$ 154.66	-2.37%	+125.58%
Regional Hospital		\$ 66.29	\$ 90.05	\$ 123.35	\$ 156.79	+27.10%	+136.52%
Regional Transit, BC Assess. MFA		\$ 5.29	\$ 84.54	\$ 120.60	\$ 129.01	+6.97%	+133.33%
Police Tax		\$ 0.00	\$ 0.00	\$ 96.79	\$ 106.66	+10.20%	-
Total other Taxes (Distr. 61)		\$ 978.90	\$1,237.96	\$1,453.62	\$1,509.43	+3.84%	+54.20%
Total Property Taxes W. Highlands		\$2,250.69	\$2,494.85	\$2,711.27	\$2,768.99	+2.13%	+23.03%
Total Property Taxes E. Highlands		\$2,151.93	\$2,413.22	\$2,636.35	\$2,690.87	+2.01%	+25.04%

Notes:

- 1) In 1997, the average Highlands residential property was assessed at \$230,000. By 2010, the **same** property was assessed at \$533,310. Since 1997, new houses are generally larger than in earlier years: the **average** property is now assessed at \$640,936.
- 2) Includes taxes to pay down the debt for the JDF Branch Library and the Swimming pool at the JDF Recreation Centre.