

Subject: Comox Valley Regional District Financial Planning Policy	
Branch: Executive Management Branch	
Department: Financial Services	Policy Reference: 1700-00

Purpose

To establish a policy that guides the financial planning process and financial decision making for the Comox Valley Regional District (CVRD).

Scope

This policy provides a framework for the development, communication and approval process of the CVRD five year financial plan. The policy also guides the overall fiscal planning and management of the CVRD services.

Statement of purpose

The CVRD manages over 90 services on behalf of the residents of the Comox Valley. The CVRD is made up of three municipalities (Comox, Courtenay and Cumberland) and three electoral areas (Baynes Sound-Denman/Hornby Islands, (Area 'A'); Lazo North, (Area 'B'), & Puntledge-Black Creek, (Area 'C')). The municipalities and the electoral areas participate in a variety of services that are provided to residents in their areas. Each service includes a combination of participants depending on what the service is and where the service is provided. For example, regionally provided services such as Comox Valley Search and Rescue or Comox Valley Exhibition Grounds are paid for by residents in the three municipalities and the three electoral areas whereas localized services such as an electoral area fire service would be paid for by residents in a prescribed service area only.

The financial planning policy guides the budgeting process by determining the commitment of financial resources to services provided by the CVRD and to the achievement of board strategic priorities. Since economic circumstances and community needs can change from year to year, the financial planning policy is intended to guide financial decision making in any given budget cycle.

Guiding principles

The financial plan for the CVRD:

- a) Incorporates the priority objectives of the Comox Valley Regional District Strategic Plan. The CVRD strategic plan provides the goals and objectives of the board over the three year term of office and provides a level of continuity from board term to term.
- b) Considers the relevant policies as outlined in the CVRD regional growth strategy, the Comox Valley sustainability strategy and electoral area and member municipality official community plans.
- c) Provides resources to meet the board's priority objectives as directed through the strategic planning process.
- d) Provides financial information that enables the board to make informed decisions.
- e) Balances the community's economic environment with ensuring that there are adequate cash flows for service continuity and level of service commitments.

- f) Follows life cycle costing principles in budgeting for capital reserve contributions, asset replacement and asset maintenance costs.
- g) Builds trust through ongoing respect of the work performed by board members and staff.

Policy statement

1. Balanced budget
 - a) The financial plan must be balanced with revenues available to cover planned expenditures.
2. Five year plan
 - a) The financial plan is a five year plan as per section 815 of the *Local Government Act*.
 - b) The financial plan is intended as a means to manage resources and achieve board strategic goals in the most effective manner.
 - c) The financial plan determines the capacity to match community needs with available resources.
3. Establishment of new services
 - a) Ongoing funding obligations are considered for new services in context of those residents impacted by the establishment and ongoing revenue requirements for the service.
 - b) Jurisdictional responsibilities are determined prior to considering new service establishments.
4. Costs of services
 - a) Each service budget must include all projected costs related to providing that service including a share of general administration costs allocated as per board policy.
5. Reserve Funds
 - a) The financial plan considers reserve fund levels for those services that expose the CVRD to a level of risk and/or that require the ongoing replacement and acquisition of capital items. Budgeted reserve contributions strive to balance immediate service needs and tax payer impacts with longer term funding requirements.
 - b) The financial plan considers reserve contribution requirements of services where an asset management plan is an integral part of the service's long term fiscal management.
6. Borrowing
 - a) Borrowing is an appropriate method of financing projects (mostly capital) that have a useful life of at least the term of the debt. The term of the debt is determined by the lifespan of the asset and the capacity of the service to pay for the annual debt servicing costs.
7. Revenue and expenditures
 - a) Wherever possible, ongoing operations should be funded from ongoing revenue sources such as taxation and user fees. Reserve funds and/or long term debt are appropriate funding sources for capital expenditures and significant long term projects.
8. Legal obligations

- a) The CVRD financial plan is prepared in compliance with the relevant sections of the *Local Government Act*.
- b) The five year financial plan is required to be adopted by March 31st as per section 815(1) of the *Local Government Act*.

9. Strategic and regulatory alignment/compliance

- a) The financial plan contains resources necessary to meet regulatory requirements. The broad range of services provided by the CVRD necessitates compliance with a variety of legislative and regulatory requirements such as Vancouver Island Health Authority's (VIHA) *Drinking Water Protection Regulation* in the case of water supply systems or the BC Ministry of Environment requirement to complete and comply with a solid waste management plan.

10. Timeline and schedule

- a) All budgets are open for final discussion and revision based on approved board motion.
- b) The financial plan is presented to the CVRD board as per the following schedule:

Budget Type	Timeline	Time Period	Content
Preliminary (1yr) for selected budgets as per direction from CAO (i.e. 300, 335, 780, 512)	By December of the current budget year	1 year	<ul style="list-style-type: none"> • Budget Summary Year 1 • Capital Plan Details, as applicable
Proposed Consolidated	January of new budget year	Consolidated year 1	<ul style="list-style-type: none"> • Consolidated Budget Year 1
Proposed Service Budgets(5 year plan)	January to early March of new budget year	5 years	<ul style="list-style-type: none"> • Budget Summaries – 5 Years with prior year to date actuals • Staff reports for selected service budgets
Recommended	February/March of new budget year	5 years	<ul style="list-style-type: none"> • Budget Summaries – 5 Years with prior year to date actuals • Budget Summaries reflect changes made to proposed budgets
Recommended	March of new budget year with 1 st , 2 nd , 3 rd reading of budget bylaw	5 years	<ul style="list-style-type: none"> • Financial Plan and Capital Expenditure Program Bylaw and full 5 year service operating and capital budget summaries
Adopted	March of new budget year with final reading of budget bylaw	5 years	<ul style="list-style-type: none"> • Financial Plan and Capital Expenditure Program Bylaw and full 5 year service operating and capital budget summaries

11. Presentation of the financial plan

- a) The financial plan is provided to the CVRD board in open session.
- c) The five year proposed financial plan includes the five year line item budget for each service. See appendix ‘A’ for a sample of the financial plan format.
- d) The financial plan is presented in a format that enables the board to make informed decisions.
- e) The financial planning policy will be presented to the board for information purposes at the beginning of each annual financial planning cycle.

12. Public Access – Publication of Details

- a) As per 816(1) of the *Local Government Act*, “A board must undertake a process of public consultation regarding the proposed financial plan before it is adopted.” Financial plans are presented in open session at all relevant committee meetings throughout the budgeting process.
- b) Financial plan summaries and presentation materials are posted on the CVRD website throughout the proposed, recommended and adopted stages.
- c) Notice of meetings are posted and available to the public on the CVRD website.
- d) Meeting agendas and minutes are posted and available to the public on the CVRD website.

13. Approvals

- a) Service budgets are approved and/or amended throughout the financial planning cycle at the committee level through discussion and committee recommendations.
- b) The financial plan is adopted by the CVRD board by way of a budget bylaw in March and must be adopted prior to March 31st as per section 815(1) of the *Local Government Act*.

14. Amendments

- a) Budget amendment requests, that arise after the financial plan is adopted, are considered by the board throughout the budget year. During the year, budget amendments are considered by the relevant committee and if approved are consolidated into the financial plan and capital expenditure program bylaw amendment. This amendment is approved each year for that current financial plan at the November board meeting.

Approval History

Policy adopted:	September 18, 2012
Policy amended:	

Attachments: Appendix ‘A’ – Sample of the “Budget Report — budget summary level”

