FINANCIAL LITERACY: WHAT YOU NEED TO KNOW ABOUT THE CRD BUDGET PROCESS

TOPICS

- Regional Districts
- Budget Cycle
- Budget Basics
- Operating Budget
- Reserve Guidelines
- Capital Plan
- Reserves

What are Regional Districts?

- Regional Districts are unique to British Columbia
  - Regional Districts were first established in the mid-1960s as a means to better enable municipalities and rural areas to work together at a regional level
  - There are 27 Regional Districts in British Columbia
  - The CRD is the second largest Regional District in the province
- Types of services provided by the CRD are:
  - Region-wide services such as regional parks, emergency services such as 911, Solid Waste/Hartland Landfill
  - Inter-municipal or sub-regional services
  - Provision of some municipal services acting as the general local government to unincorporated communities such as Salt Spring

Budget Cycle

Planning Framework and Financial Planning

Key Dates:

August
LCC
Preliminary Approval

September
Board
Preliminary Approval

January
LCC Final
Approval

March
Board final approval
and Bylaw.

Fiscal year is
Jan 1 – Dec 31

The financial planning process lasts the entire year:

Plan:
May – August

Prepare:
Aug – Oct

Review:
Nov – Jan

Finalize:
Feb – Mar

Report:
Mar - Apr

Why Are There so Many Budgets?

- There is a budget, also referred to as an Annual Financial Plan, for **every service** as required by **legislation**
  - There are 20 budgets managed by the Salt Spring Island Electoral Area
  - A **bylaw** must be established in order to provide a service

- Legislation requires **separate financial records** for each service
  - Surpluses and deficits cannot be shifted to other services
  - On Salt Spring we only pay for the services that we use or regional services, such as the Regional Parkland Acquisition Fund, that we have opted in to

What are the Components of the Budget?

- **Operating Budget**
  - Planned, recurring revenues and expenses needed to operate the service
- **Capital Plan**
  - Planned investment in buildings, equipment, land, engineered structures, vehicles or other assets
- **Reserve Schedules***
  - Cash flow and balances of reserve funds
  - A single service may have multiple reserve schedules for different purposes as dictated by bylaw

***Reserves** are like savings accounts and are used to pay for non-recurring expenses that are not funded by other sources.

Operating Budget

CRD

1.45X - Salt Spring Island Parks and Rec Services	2026 BOARD BUDGET	2026 ESTIMATED ACTUAL	BUDGET REQUEST 2027 CORE BUDGET	2027 ONGOING	2027 ONE-TIME	2027 TOTAL	FUTURE PROJECTIONS 2028	2029	2030	2031
OPERATING COSTS										
Community Parks & Administration	1,797,023	1,785,578	1,837,410	27,350	25,000	1,889,760	1,909,424	1,944,871	1,986,005	2,031,587
Rainbow Recreation Centre	1,231,116	1,223,610	1,281,586	51,995	25,000	1,358,581	1,360,183	1,387,288	1,414,915	1,443,111
Community Recreation & SIMS	752,556	758,168	735,400	25,000	-	760,400	814,582	830,776	847,294	864,179
TOTAL OPERATING COSTS	**3,780,695**	**3,767,356**	**3,854,396**	**104,345**	**50,000**	**4,008,741**	**4,084,189**	**4,162,935**	**4,248,214**	**4,338,877**
*Percentage Increase			1.9%	2.8%	1.3%	6.0%	1.9%	1.9%	2.0%	2.1%
CAPITAL / RESERVES										
Transfers to Capital Reserve Funds	148,000	148,000	150,000	-	-	150,000	170,000	200,000	220,000	235,000
Transfers to Operating Reserve Funds	27,500	62,217	40,000	-	-	40,000	40,000	42,000	43,000	45,000
Transfers to Equipment Replacement Fu[nd]	96,000	96,000	100,000	-	-	100,000	106,000	106,000	109,000	109,000
TOTAL CAPITAL / RESERVES	**271,500**	**306,217**	**290,000**	**-**	**-**	**290,000**	**316,000**	**348,000**	**372,000**	**389,000**
DEBT CHARGES - PLANNED	33,000	-	38,719	-	-	38,719	118,497	122,947	132,139	132,139
TOTAL COSTS	**4,085,195**	**4,073,573**	**4,183,115**	**104,345**	**50,000**	**4,337,460**	**4,518,686**	**4,633,882**	**4,752,353**	**4,860,016**
*Percentage Increase			2.4%	2.6%	1.2%	6.2%	4.2%	2.5%	2.6%	2.3%
Internal Recoveries	(62,260)	(48,122)	(63,560)	-	-	(63,560)	(64,830)	(66,120)	(67,440)	(68,790)
OPERATING LESS RECOVERIES	**4,022,935**	**4,025,451**	**4,119,555**	**104,345**	**50,000**	**4,273,900**	**4,453,856**	**4,567,762**	**4,684,913**	**4,791,226**
FUNDING SOURCES (REVENUE)										
Transfer from Operating Reserve	(43,604)	(43,604)	-	-	(50,000)	(50,000)	(5,000)	-	-	(5,000)
Program Fees	(601,795)	(578,453)	(608,940)	(38,515)	-	(647,455)	(660,400)	(673,610)	(687,080)	(700,830)
Federal & Provincial Grant	-	(21,998)	-	-	-	-	-	-	-	-
Lease & Rental Income	(204,020)	(203,930)	(216,595)	(7,700)	-	(224,295)	(228,790)	(233,380)	(238,050)	(242,820)
Payments in Lieu	(2,141)	(2,141)	(2,140)	-	-	(2,140)	(2,180)	(2,220)	(2,260)	(2,310)
Revenue - Other	(11,680)	(15,630)	(14,860)	(5,900)	-	(20,760)	(21,080)	(21,410)	(21,740)	(22,080)
TOTAL REVENUE	(863,240)	(865,756)	(842,535)	(52,115)	(50,000)	(944,650)	(917,450)	(930,620)	(949,130)	(973,040)
REQUISITION	**(3,159,695)**	**(3,159,695)**	**(3,277,020)**	**(52,230)**	**-**	**(3,329,250)**	**(3,536,406)**	**(3,637,142)**	**(3,735,783)**	**(3,818,186)**
*Percentage increase over prior year requisition			3.7%	1.7%	0.0%	5.4%	6.2%	2.8%	2.7%	2.2%

Expenditures

Reserve Transfers + Debt Servicing

This total must match revenue + requisition

Revenue

Tax

What are the Components of the Operating Budget?

- The Operating Budget sets out 5 years of proposed expenditures, funding sources, transfers to and from reserves
- Budget columns are divided into four sections showing the current budget, estimated expenditures for the current year, the proposed budget, and the five year financial plan
  - New expenditures are separated out into one time or recurring (ongoing) expenses
  - A five year financial plan is required by bylaw
- The budget rows are divided into four major sections
  - The first two sections show money that will be spent or saved
    - This includes operating costs as well as debt servicing costs and transfers to reserves (or savings)
  - The second two sections show where this money will come from and can include internal recoveries (resources that are also used by and paid for by other services), revenue from service provision and requisition (taxes)

Operating Budget

What Can be Done if There is a Budget Deficit?

- Reduce service
- Reduce transfers to reserves; this may impact the capital plan
- Carry forward a one time deficit to be paid for in the following year. This may require an increase to the tax requisition the following year or require service cuts.

Balanced budgets are required by law: Deficit spending is prohibited

Reserve Guidelines

Purpose:

- CRD is updating and consolidating operating and capital reserve guidelines into one corporate Reserve Guideline Framework
- Framework will support consistent reserve planning across all CRD Services including SSI

Why Reserves Matter

- Maintain service levels over time
- Manage financial risk and uncertainty
- Fund infrastructure renewal and major maintenance
- Reduce reliance on unplanned borrowing
- Mitigate sudden tax rate or fee increase

Key Framework Elements

- **Capital Reserves**: Support renewal and replacement of infrastructure, facilities and equipment
- **Operating Reserves:** Support financial resiliency, emergencies, cyclical maintenance and revenue stabilization
- Reserve targets are based on service risks, operating needs and long-term financial sustainability

Capital Plan

The **capital plan** is a budgeting **tool** for the long term **investment** in infrastructure and assets such as equipment, buildings, technology, sports fields, parks, pathways, etc.

Res = Reserve Funding
Cap = Capital Funds on Hand
ERF = Equipment Replacement Fund
Grant = CWF or other grant funding

CAPITAL REGIONAL DISTRICT

5 YEAR CAPITAL PLAN

2027 - 2031

Service #: 1.238A

Service Name: Community Transit (SSI)

				PROJECT BUDGET & SCHEDULE									
Project Number	**Capital Expenditure Type**	**Capital Project Title**	**Capital Project Description**	**Total Project Budget**	**Asset Class**	**Funding Source**	**Carryforward**	**2027**	**2028**	**2029**	**2030**	**2031**	**5 - Year Total auto-populates**
26-01	New	Bus Shelters	Bus Shelter program. Location TBA. Construction. (MoTI Transit Minor Betterments Grant)	$ 620,000	S	Grant	$ -	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 500,000
26-01	New	Bus Shelters	CWF to support project 26-01		S	Grant	$ -	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 75,000
26-01	New	Bus Shelters	Reserve Funding for CRD Project Management to support project 26-01.		S	Res	$ -	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 75,000
													$ -
23-02	New	Bus Storage	Bus parking located at Kanaka Rd. (CX.170.2101)	$ 70,000	S	Cap	$ 30,000	$ 30,000	$ -	$ -	$ -	$ -	$ 30,000
23-02	New	Bus Storage			S	Res	$ -	$ 20,000	$ -	$ -	$ -	$ -	$ 20,000
													$ -
27-01	New	Bus Charging Stations	Bus - Parking and Electric charging (Grant)	$ 1,000,000	S	Grant	$ -	$ -	$ 1,000,000	$ -	$ -	$ -	$ 1,000,000
													$ -
													$ -
			Grand Total	**$ 1,690,000**				**$ 180,000**	**$ 1,130,000**	**$ 130,000**	**$ 130,000**	**$ 130,000**	**$ 1,700,000**

How are Capital Projects Funded?

- Debt (borrowing)
- Grants (Federal, Provincial or Local)
- Reserve Funds (savings)
  - Reserve funds also include a special type of Reserve Fund called an Equipment Replacement Fund (ERF) that is used specifically to replace equipment
- Capital Funds on hand
- Other means such as donations or third party funding

Reserves

Community Transportation (SSI)						
Reserve Summary Schedule						
2027 - 2031 Financial Plan						
Reserve/Fund Summary						
	Estimated	**Budget**				
	2026	**2027**	**2028**	**2029**	**2030**	**2031**
Operating Reserve Fund	16,338	19,338	22,338	25,338	28,338	31,338
Pathways Capital Reserve Fund	152,884	127,884	62,909	59,189	66,749	125,609
Sidewalks Capital Reserve Fund	-	-	-	-	-	-
Total	**169,222**	**147,222**	**85,247**	**84,527**	**95,087**	**156,947**

- Funds transferred into reserves are raised in the operating budget; or through borrowing
- Planned expenditures from reserves are recorded as 'Planned Purchases'

Questions?