

## 2013 Budget Deliberations Concluded

**PARKSVILLE, BC:** Each year, staff and Council work together to prepare a five-year financial plan which includes the current year's budget and projections for the next four years. Council and staff held three budget deliberation meetings to review the 2013-2017 financial plan.

The City's service priorities are grouped into seven categories with some examples of items from each category included:

1. Health and safety (RCMP, fire protection, clean drinking water)
2. Legislation (federal and provincial legislated requirements)
3. Development and maintenance of municipal infrastructure and assets
4. Protection of private property (building permits, sewer and water connections)
5. Organizational welfare (administration, HR, IT, payroll and revenue collections)
6. Economic welfare (part of community planning)
7. Community and social welfare (parks and streetscape, library)

In 2012, in addition to a hiring freeze on new positions, Council voted to keep 2013 spending on the bottom four service priorities which amount to just under half the operating budget, at 2012 levels. Staff expanded on this direction and delivered a 2013 operating budget with a total for all categories below 2012 expenditure levels.

Factoring in inflation and the need to absorb a 2.5% increase in wages and still keep spending at 2012 levels, this effectively amounted to \$275,000 being cut from the 2013 operating budget. At the first budget meeting, staff provided Council with these operating cuts plus a revised capital expenditure plan which included many new infrastructure replacement projects and left the City with accumulated deficits starting in 2016.

At the second budget meeting in order to eliminate the deficits, Council directed staff to provide options for further cost reductions which would result in about the same accumulated surplus balances for the years 2013 through 2017 as would have been provided by an additional 1% tax increase over and above the 3% tax increase already included in the financial plan.

On December 6, the options presented by staff provided a positive accumulated surplus balance through the twenty year financial plan. At this meeting, Council accepted all staff's options, approved the budget as presented and directed staff to prepare the required budget bylaw. It is expected this bylaw will be considered by Council at their next meeting on December 17.

Local governments are required by legislation to have balanced budgets regardless of the economy. This means no debt can be incurred to fund the basic annual operating expenditures. Debt can only be used to fund capital projects, such as buildings, road construction, water, sewer and drainage works. Municipal revenues are derived from property taxes, user fees/licensing and other sources of revenue. The City's water and sewer funds operate on a breakeven basis and are separate from general revenue.

More detailed information about the budget process including all presentations made to Council at the budget deliberation meetings and a copy of the draft 2013-2017 Provisional Financial Plan may be found on the website [*Quicklink Financial Reports*]. <http://www.parksville.ca/cms.asp?wpID=71>

The budget deliberation meetings have been archived and may be viewed from the City's website. <http://www.parksville.ca/cms.asp?wpID=445>. Comments may also be sent to [communications@parksville.ca](mailto:communications@parksville.ca)

**For more information:**

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