

**YUULU?IL?ATH FIRST NATION GOVERNMENT
ANNUAL BUDGET ACT, 2014-2015**

YFNS 37/2014



This law enacted on May 5, 2014

Signed

Charles McCarthy, President of the
Yuulu?il?ath First Nation

DEPOSITED IN THE
REGISTRY OF LAWS

ON 05 / May / 2014

Signature of Law Clerk

TABLE OF CONTENTS

PART 1 - INTRODUCTORY PROVISIONS5

 Short title5

 Executive oversight.....5

 Adoption of annual budget.....5

 Commencement5

SCHEDULE 1 - ANNUAL BUDGET7

PART 1 - INTRODUCTORY PROVISIONS

Short title

1.1 This Act may be cited as the Annual Budget Act, 2014-2015.

Executive oversight

1.2 The member of the Executive holding the finance portfolio is responsible for the executive oversight of this Act.

Adoption of annual budget

1.3 The annual budget attached as Schedule 1 is adopted for the 2014-2015 fiscal year.

Commencement

1.4 This Act comes into force on the date it is enacted.

**SCHEDULE 1 - ANNUAL BUDGET
FOR THE YUULU?IL?ATH FIRST NATION
FOR THE 2014-2015 FISCAL YEAR**



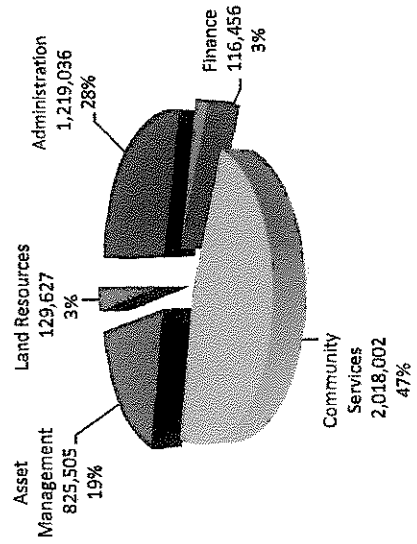
PRELIMINARY BUDGET SUMMARY

| | Forecast April 1, 2014 - March 31, 2015 | Forecast April 1, 2015 - March 31, 2016 | Forecast April 1, 2016 - March 31, 2017 | Forecast April 1, 2017 - March 31, 2018 | Forecast April 1, 2018 - March 31, 2019 |
|------------------------------|---|---|---|---|---|
| REVENUE | | | | | |
| Property value taxes | 27,000 | 50,000 | 75,000 | 75,000 | 75,000 |
| Fees | 292,000 | 322,000 | 322,000 | 322,000 | 322,000 |
| Grants | 7,775,576 | 7,695,691 | 7,841,276 | 7,965,864 | 7,968,800 |
| Contributions | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - |
| Other income | 2,000 | 1,500 | 1,500 | 1,500 | 1,500 |
| Total Revenue | 8,096,576 | 8,069,191 | 8,239,776 | 8,364,364 | 8,367,300 |
| EXPENSES | | | | | |
| Fiscal | | | | | |
| Interest payments | 346,148 | 375,495 | 348,276 | 321,584 | 293,708 |
| Fiscal other | 8,000 | 8,160 | 8,320 | 8,490 | 8,660 |
| Interfund Tsf | - | - | - | - | - |
| Amortization expense | - | - | - | - | - |
| Total fiscal expenses | 354,148 | 383,655 | 356,596 | 330,074 | 302,368 |
| Core Services | | | | | |
| Administration | 1,219,036 | 1,155,590 | 1,125,778 | 1,101,453 | 1,107,599 |
| Finance | 116,456 | 119,204 | 122,044 | 124,976 | 128,002 |
| Community Services | 2,018,002 | 1,997,946 | 2,001,575 | 2,006,642 | 2,013,162 |
| Asset Management | 825,505 | 834,805 | 846,507 | 858,440 | 870,638 |
| Land Resources | 129,627 | 116,814 | 119,137 | 121,495 | 123,910 |
| Total core services | 4,308,625 | 4,224,358 | 4,215,041 | 4,213,007 | 4,243,311 |
| Projects | | | | | |
| Administration | 1,775 | 35,000 | - | - | - |
| Finance | - | - | - | - | - |
| Community Services | 179,782 | 47,600 | 47,600 | 47,600 | 47,600 |
| Asset Management | - | - | - | - | - |
| Land Resources | - | - | - | - | - |
| Total projects | 181,557 | 82,600 | 47,600 | 47,600 | 47,600 |
| Total Expenses | 4,844,330 | 4,690,613 | 4,619,237 | 4,590,681 | 4,593,279 |
| Surplus (deficit) | 3,252,245 | 3,378,577 | 3,620,539 | 3,773,684 | 3,774,021 |

PRELIMINARY BUDGET SUMMARY

| | Forecast April 1, 2014 - March 31, 2015 | Forecast April 1, 2015 - March 31, 2016 | Forecast April 1, 2016 - March 31, 2017 | Forecast April 1, 2017 - March 31, 2018 | Forecast April 1, 2018 - March 31, 2019 |
|---|---|---|---|---|---|
| Surplus (deficit) from p. 1 | 3,252,245 | 3,378,577 | 3,620,539 | 3,773,684 | 3,774,021 |
| Add: | | | | | |
| Add back amortization expense | - | - | - | - | - |
| Proceeds of debt | 6,925,000 | - | - | - | - |
| Transfer from reserves | 3,794,186 | 860,175 | 860,175 | 860,175 | 860,175 |
| Total additions | 10,719,186 | 860,175 | 860,175 | 860,175 | 860,175 |
| Deduct: | | | | | |
| Principal payment on debt | 444,562 | 610,712 | 627,021 | 654,162 | 682,489 |
| Transfer to reserves | 6,797,920 | 3,628,040 | 3,853,693 | 3,979,697 | 3,951,707 |
| <u>Acquisition of tangible capital assets (TCA)</u> | | | | | |
| Administration | - | - | - | - | - |
| Finance | - | - | - | - | - |
| Community Services | - | - | - | - | - |
| Asset Management | 6,728,949 | - | - | - | - |
| Land Resources | - | - | - | - | - |
| Total acquisition of TCA | 6,728,949 | - | - | - | - |
| Total deduction | 13,971,431 | 4,238,752 | 4,480,714 | 4,633,859 | 4,634,196 |
| Surplus (deficit) | 0 | 0 | 0 | (0) | (0) |

2014 Core Services (operating budget)



NOTES TO BUDGET 2015

REVENUES:

- Revenues are presented by funding source. The major funding source is from grants, namely the Fiscal Financing Agreement which includes:
 - Fiscal Financing Agreement (FFA) funding:
 - \$3,556,681 – Core funding of including incremental implementation funding for the transition to governance of \$374,626 (intended to supplement the Implementation Investment returns in the initial years, see also Transfers to/from Reserves)
 - \$41,317 – BC Community Development funds for economic and social development
 - minimum of \$210,000 – Resource Revenue Sharing funds, to be calculated from previous years' stumpage/harvest in specified areas according to the Maa-nulth agreements
 - \$439,997 – Funds for the Implementation Investment of, which is invested and which is beginning to provide annual returns of about \$350,000 to support ongoing governance costs
 - \$3,063,118 – The grants include the Capital Transfer which is generally transferred into the Settlement Trust.

EXPENSES:

- Expenses are presented by:
 - Fiscal – including non-departmental costs including interest on loans, tax requisitions, etc.
 - Core Services by department – including the cost to operate government and its programmes
 - Projects – including one-time or non-core programmes which are funded with targeted grants from various funders

The above is based on accrual accounting. In order to calculate the cash implications of the budget the following is added:

- Proceeds of debt:
 - \$6,000,000 – Community Centre construction
 - \$750,000 – Social Housing – 7 single units
 - \$175,000 – Infrastructure – power to government lands at Wya
 - \$266,000 – Infrastructure – Lost Shoe development highway access
 - \$267,000 – Infrastructure – Lost Shoe development power
- Transfer from Reserves:
 - \$1,979,148 – unexpended AANDC 2014 flex funding for the water/sewer/reservoir capital project. It is recorded in surplus 2014 and expended in 2015.
 - \$100,000 – from previous surplus intended for unforeseen infrastructure costs for the new community building, namely Wya Road work.
 - \$510,175 – distribution from the Settlement Trust for repayment of the Maa-nulth Treaty negotiation loan which the government prepays each year. This is in accordance with the Maa-nulth Final Agreement Chapter 16.
 - \$356,025 – Implementation Investment returns in 2014, for use in the provision of ongoing government services.

- \$335,000 – from general reserves
- \$513,368 – from previous years' surplus to balance the budget. See note below.

The following is deducted for cash purposes:

- Principal payment on debt: this is primarily the Maa-nulth Treaty negotiation loan repayment of \$390,000. For the bank debt, it is based on the maximum loans being drawn out during fiscal 2015 and term loan payments beginning in 2016.
 - **NOTE:** it may be recommended to invest further funds from the Settlement Trust into the community centre building construction in order to reduce the debt burden on the government. This will be reviewed during the year and a recommendation presented to the Finance Committee. \$1,000,000 was distributed from the Settlement Trust in fiscal 2014 toward the community building construction.
- Transfers to Reserves:
 - \$750,000 plus interest – former Ottawa funds replaced as these were used to begin the community centre building pre-design and construction
 - \$3,063,118 – Settlement Trust
 - \$439,997 – Implementation investment
 - \$2,184,865 – replace reserves (surplus) used in the community building construction in fiscal 2014 from general accounts
 - \$25,000 – Tangible Capital Assets reserve as required by Financial Administration Act Part 10
 - \$335,000 – YFN Holdings Limited Partnership for investment on behalf of the Yuułu?if?atł government in the economic development partnerships

BALANCED BUDGET:

- The 2015 budget is balanced by drawing on reserves (prior years' surplus) of \$513,638. Core Service expenses exceed the sources of core funding by \$442,636, making up most of this deficit. This is unsustainable for government operations. New programming has been offered since April, 2011, but cannot continue unless other ongoing funding sources are found.
- In future years additional *ongoing* sources of funding which may support additional programmes will include:
 - Property taxes, which currently generate under \$30,000 but will grow as businesses occupy lands;
 - Land leases;
 - In 2020, about 95% of transaction taxes (PST, GST) generated in any business (whether or not related to this government) will be directed to this government;
 - Other government fees and permits.
- Whereas investments have also been drawn from the reserves, these are not intended as *ongoing* costs. The intent is that the investments will provide a return, whether on the direct investment or on taxes generated from the growth of businesses on Yuułu?if?atł lands