



City of
Courtenay

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2026-2030 Financial Plan Committee of the Whole Follow Up Information

Presented by:
City of Courtenay Staff
January 14, 2026 – Financial Plan



2026-2030 Financial Plan

Overview

At the November 26th and 27th Committee of the Whole the following direction was given:

THAT the Committee of the Whole direct staff to return with information on financial plan tax change scenarios based on 5, 6, and 7% tax change options for 2026, using a \$6 to \$8.8 million minimum surplus balance target, and with excess surplus being used to smooth tax increases over the 2026-2030 Financial Plan.

THAT the Committee of the Whole endorse the 2026-2030 Operating plan as presented;

THAT the Committee of the Whole endorse the 2026-2030 Capital plan as presented;

THAT the Committee of the Whole endorse the 2026-2030 Financial plan as presented;

AND THAT the Committee of the Whole direct staff to prepare the 2026-2030 Financial Plan bylaw for Council's consideration in 2026.

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Taxation Change Scenario - \$6M Surplus Target

	2026	2027	2028	2029	2030
Total Tax Revenue	\$ 39,173,500	\$ 45,735,666	\$ 52,032,200	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 2,103,500	\$ 6,562,166	\$ 6,296,534	\$ 2,000,000	\$ 1,636,100
Annual % Change	5.0%	16.8%	13.8%	3.8%	3.0%
Additional surplus utilized	\$ 3,756,666	\$ 2,377,334	\$ -	\$ -	\$ -
Surplus balance	\$ 8,377,334	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Target variance	\$ 2,377,334	\$ -	\$ -	\$ -	\$ -
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Total Tax Revenue	\$ 39,544,200	\$ 45,364,966	\$ 52,032,200	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 2,474,200	\$ 5,820,766	\$ 6,667,234	\$ 2,000,000	\$ 1,636,100
Annual % Change	6.0%	14.7%	14.7%	3.8%	3.0%
Additional surplus utilized	\$ 3,385,966	\$ 2,748,034	\$ -	\$ -	\$ -
Surplus balance	\$ 8,748,034	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Target variance	\$ 2,748,034	\$ -	\$ -	\$ -	\$ -
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Total Tax Revenue	\$ 39,914,900	\$ 44,994,266	\$ 52,032,200	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 2,844,900	\$ 5,079,366	\$ 7,037,934	\$ 2,000,000	\$ 1,636,100
Annual % Change	7.0%	12.7%	15.6%	3.8%	3.0%
Additional surplus utilized	\$ 3,015,266	\$ 3,118,734	\$ -	\$ -	\$ -
Surplus balance	\$ 9,118,734	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Target variance	\$ 3,118,734	\$ -	\$ -	\$ -	\$ -
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Total Tax Revenue	\$ 40,285,600	\$ 44,623,566	\$ 52,032,200	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 3,215,600	\$ 4,337,966	\$ 7,408,634	\$ 2,000,000	\$ 1,636,100
Annual % Change	8.0%	10.8%	16.6%	3.8%	3.0%
Additional surplus utilized	\$ 2,644,566	\$ 3,489,434	\$ -	\$ -	\$ -
Surplus balance	\$ 9,489,434	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Target variance	\$ 3,489,434	\$ -	\$ -	\$ -	\$ -
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Total Tax Revenue	\$ 40,656,300	\$ 44,315,367	\$ 51,969,699	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 3,586,300	\$ 3,659,067	\$ 7,654,332	\$ 2,062,501	\$ 1,636,100
Annual % Change	9.0%	9.0%	17.3%	4.0%	3.0%
Additional surplus utilized	\$ 2,273,866	\$ 3,797,633	\$ 62,501	\$ -	\$ -
Surplus balance	\$ 9,860,134	\$ 6,062,501	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Target variance	\$ 3,860,134	\$ 62,501	\$ -	\$ -	\$ -
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Total Tax Revenue	\$ 41,027,000	\$ 45,129,700	\$ 50,784,666	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 3,957,000	\$ 4,102,700	\$ 5,654,966	\$ 3,247,534	\$ 1,636,100
Annual % Change	10.0%	10.0%	12.5%	6.4%	3.0%
Additional surplus utilized	\$ 1,903,166	\$ 2,983,300	\$ 1,247,534	\$ -	\$ -
Surplus balance	\$ 10,230,834	\$ 7,247,534	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Target variance	\$ 4,230,834	\$ 1,247,534	\$ -	\$ -	\$ -

Tax Change Scenario

\$6M Surplus target

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- 9% Tax change scenario results in an equal tax change for 2026 (9%) and 2027 (9%)
- 9% Tax change scenario results in average home impact of \$197.01 for 2026

Taxation Change Scenario - \$8.8M Surplus Target

	2026	2027	2028	2029	2030
Total Tax Revenue	\$ 39,173,500	\$ 48,535,666	\$ 52,032,200	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 2,103,500	\$ 9,362,166	\$ 3,496,534	\$ 2,000,000	\$ 1,636,100
Annual % Change	5.0%	23.9%	7.2%	3.8%	3.0%
Additional surplus utilized	\$ 3,756,666	\$ (422,666)	\$ -	\$ -	\$ -
Surplus balance	\$ 8,377,334	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000
Target variance	\$ (422,666)	\$ -	\$ -	\$ -	\$ -
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Total Tax Revenue	\$ 39,544,200	\$ 48,164,966	\$ 52,032,200	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 2,474,200	\$ 8,620,766	\$ 3,867,234	\$ 2,000,000	\$ 1,636,100
Annual % Change	6.0%	21.8%	8.0%	3.8%	3.0%
Additional surplus utilized	\$ 3,385,966	\$ (51,966)	\$ -	\$ -	\$ -
Surplus balance	\$ 8,748,034	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000
Target variance	\$ (51,966)	\$ -	\$ -	\$ -	\$ -
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Total Tax Revenue	\$ 39,914,900	\$ 47,794,266	\$ 52,032,200	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 2,844,900	\$ 7,879,366	\$ 4,237,934	\$ 2,000,000	\$ 1,636,100
Annual % Change	7.0%	19.7%	8.9%	3.8%	3.0%
Additional surplus utilized	\$ 3,015,266	\$ 318,734	\$ -	\$ -	\$ -
Surplus balance	\$ 9,118,734	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000
Target variance	\$ 318,734	\$ -	\$ -	\$ -	\$ -
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Total Tax Revenue	\$ 40,285,600	\$ 47,423,566	\$ 52,032,200	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 3,215,600	\$ 7,137,966	\$ 4,608,634	\$ 2,000,000	\$ 1,636,100
Annual % Change	8.0%	17.7%	9.7%	3.8%	3.0%
Additional surplus utilized	\$ 2,644,566	\$ 689,434	\$ -	\$ -	\$ -
Surplus balance	\$ 9,489,434	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000
Target variance	\$ 689,434	\$ -	\$ -	\$ -	\$ -
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Total Tax Revenue	\$ 40,656,300	\$ 47,052,866	\$ 52,032,200	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 3,586,300	\$ 6,396,566	\$ 4,979,334	\$ 2,000,000	\$ 1,636,100
Annual % Change	9.0%	15.7%	10.6%	3.8%	3.0%
Additional surplus utilized	\$ 2,273,866	\$ 1,060,134	\$ -	\$ -	\$ -
Surplus balance	\$ 9,860,134	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000
Target variance	\$ 1,060,134	\$ -	\$ -	\$ -	\$ -
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Total Tax Revenue	\$ 41,027,000	\$ 46,682,166	\$ 52,032,200	\$ 54,032,200	\$ 55,668,300
Annual \$ Change	\$ 3,957,000	\$ 5,655,166	\$ 5,350,034	\$ 2,000,000	\$ 1,636,100
Annual % Change	10.0%	13.8%	11.5%	3.8%	3.0%
Additional surplus utilized	\$ 1,903,166	\$ 1,430,834	\$ -	\$ -	\$ -
Surplus balance	\$ 10,230,834	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000
Target variance	\$ 1,430,834	\$ -	\$ -	\$ -	\$ -

Tax Change Scenario

\$8.8M Surplus target

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- \$8.8M surplus target does not result in a tax change scenario that smooths 2026 and 2027 to equal tax changes.
- 5% and 6% scenarios requires additional taxation in 2027 to maintain desired surplus target of \$8.8M
- \$8.8M surplus target represents 21% of total 2025 General Fund Spending

Surplus Balance Scenarios

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Surplus Scenarios

	Original	Revised
Total Budgeted Spend	2025	2025
Total operational	73,494,350	\$ 73,494,350
Add - General tax funded capital	2,569,000	2,569,000
Total spending	76,063,350	\$ 76,063,350
Less Expenditures with Reserves		
Solid waste	-	\$ (4,011,100)
RCMP contract only	-	(8,452,800)
Gaming	-	(1,250,000)
Sewer operations	(9,454,900)	(9,454,900)
Water operations	(10,684,200)	(10,684,200)
Total removed	(20,139,100)	\$ (33,853,000)
Total general fund spending	55,924,250	\$ 42,210,350
Monthly	4,660,354	\$ 3,518,000
Weekly	1,075,466	\$ 812,000
Daily	153,217	\$ 116,000
2026 Available surplus - est.	12,134,000	\$ 12,134,000

Surplus Balance Scenario

	Original	Revised
Reserve Detail	Reserve balance	Reserve balance
10% of annual spending	\$ 5,590,000	\$ 4,220,000
6.9 weeks of cash on hand		
1.6 months of cash on hand		
15% of annual spending	\$ 8,390,000	\$ 6,330,000
10.3 weeks of cash on hand		
2.4 months of cash on hand		
17% of annual spending	\$ 9,320,000	\$ 7,030,000
8.0 weeks of cash on hand		
2.0 months of cash on hand		
20% of annual spending	\$ 11,180,000	\$ 8,440,000
13.8 weeks of cash on hand		
3.2 months of cash on hand		
25% of annual spending	\$ 13,980,000	\$ 10,550,000
17.2 weeks of cash on hand		
4.0 months of cash on hand		

- Revised surplus target removes holdings for expenditures that the City already holds reserves
- Guidance on a surplus target provides certainty for future decision making
- 2026 Actual Available Surplus not available until Spring 2026
- Surplus balance of 15% is reasonable as the City has other cash reserves and access to other interim cash resources (MFA)

Tax Change Scenario and Surplus Balance Scenario

Recommendations

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Surplus Balance

Staff recommend that the City holds 15% (\$6,330,000) of the prior years budgeted total general fund spending in surplus.

- The rationale for this target is to ensure efficient use of City capital, as excess funds not actively in use do not further the priorities of the City.
- the City has other reserves on hand that could be accessed, if necessary, coupled with the City's ability to access short term financing through the Municipal Finance Authorities Revenue Anticipation borrowing program.
- The 15% surplus target blends efficient use of capital with adequate cash savings on hand.

Tax Change Scenario

Given the 15% surplus balance direction staff recommend that the 9% tax change scenario is adopted as it provides consistency in taxation change for 2026 (9%) and 2027 (9%).

- The rationale for this scenario is that it provides the 2026-2029 Council time to set strategic priorities and complete 1 full budget cycle (2027-2031) prior to the 2028-2032 Financial Planning process and the forecasted 17.3% tax increase.
- This allows for smooth and predictable taxation changes for the next 2 years and time for future decision makers to provide direction.
- Although the surplus balance is projected to be below the \$6.3M target in 2027 the balance is reasonable as the variance is less than 5% from the target (\$6.06M vs \$6.3M)