Minutes

Village of Tahsis

Meeting	**Committee of the Whole**
Date	**19 October, 2021**
Time	**1:00 p.m.**
Place	**Municipal Hall - Council Chambers and by electronic means**

Present

Mayor Martin Davis
Councillor Bill Elder
Councillor Sarah Fowler
Councillor Lynda Llewellyn — by video
Councillor Cheryl Northcott

Staff

Mark Tatchell, Chief Administrative Officer
Ian Poole, Director of Finance — by video
Janet St-Denis, Corporate Services Manager — by video

Public

No members of the public.

Call to Order

Mayor Davis called the meeting to order at 1:00 p.m.
Mayor Davis acknowledged and respected that Council is meeting upon Mowachaht/ Muchalaht territory

Introduction of Late Items

None.

Approval of the Agenda

Elder: COW 076/2021

THAT the Agenda for the October 19, 2021 Committee of the Whole meeting be adopted as presented. **CARRIED**

H. Business Arising

1 **2021 Q3 Budget Variance Report**

Elder: COW 077/2021

THAT the 2021 Q3 Budget Variance Report to Council, the Q3 Summary of Results, and the 9 month Water and Sewer Utility variance reports be received for presentation and discussion. **CARRIED**

The Director of Finance spoke to the year to date operating results and projections to year end, explaining the budget variances. Quarter 3 results showed much improvement over Quarter 2 owing to lower expenditures and higher revenues.
The water and sewer budget variances were reviewed in detail. It was noted that even with the water user rate increases a deficit is projected for the water and sewer utility budgets at year end.
A question and answer period followed.

Adjournment

Elder: COW 078/2021
THAT the meeting adjourn at 1:55 p.m. **CARRIED**

Certified correct this
2nd day of November, 2021

Corporate Officer

VILLAGE OF TAHSIS

Report to Council

To: Mayor and Council

From: Director of Finance

Date: October 1, 2021

Re: Q3 Operating Results to September 30, 2021

PURPOSE OF REPORT

To provide Council with information regarding the operating financial results to September 30, 2021.

BACKGROUND

The attached reports break down the following information to September 30, 2021:

Budget	Budgeted amounts to September 30 for expenses and revenue
Actual to Date	Actual amounts paid for salaries, labour, goods and services for Village programs
Budget Variance Fav (Unfavourable)	A budget variance is the difference between the budgeted amount of expense or revenue, and the actual amount. The budget variance is favorable when the actual r evenue is higher than the budget or when the actual expense is less than the budget. A budget variance is unfavourable when the actual revenue is less than budget or when the actual expense is greater than budget.
2021 Approved Budget	Per Schedule A of Bylaw No. 637, Amended 2021-2025 Financial Plan
Projected Actuals	Anticipated revenues and expenses to December 31 based on trends to date, assumptions and best judgement by the Director of Finance.
High Level Variance Explanation	Explanation of the major reason(s) for the budget variance

POLICY/LEGISLATIVE REQUIREMENTS

1. Community Charter (sec. 167)

FINANCIAL OVERVIEW

Overall financial operating results for the 9 months ending September 30th and the 12 month projections to yearend will produce small operating surpluses. At the 9 month period we are showing a surplus of $120,704 (line 26) however by year-end that surplus is projected to drop to $49,086 as expenses in Q4 will be higher than anticipated revenues. (Note – the projections based on the June results were that we anticipated small operating deficits – so we have experienced a turnaround in the third quarter 3Q).

Revenues to September 30th were $6,158 higher than budget (line 13) which is largely attributed to increases in government grants in Q3. Expenses to September 30th were $158,230 under budget (line 25) whereas at Q2 they were just $41,243 under budget. The positive change is largely due to savings in administrative and recreation salaries which were previously overbudget but are now under budget. Legal fees continue to be a driver to this category being overbudget (flood protection issues and bylaw enforcement).

The water and sewer utilities continue to show operating deficits, and have actually increased since June, due to high repair and maintenance costs. These deficits would have been much higher had we not increased our user fees. Water utility deficit at 9 mos. is $37,257 and the sewer utility deficit at 9 mos. is $18,468. (See attachments)

2021 Operating Results Year-to-Date September 30, 2021

Overall operating results to September 30, 2021 indicates a net operating surplus of $120,704. (Line 26) Total revenues from taxation, fees and other sources are $1,664,108 which is slightly higher than budget by $6,158 (Line 13) – essentially on budget. Operating expenditures for all programs/projects total $1,543,404 which is $158,230 lower than budget or 9.3% (Line 25). The combination of higher revenues and lower expenses results in the favourable variance to budget of $164,388 (line 26). A budget deficit for the 9 months was projected at $43,684 (Line 26).

Major Budget Variance Explanation – Favorable (Unfavourable)

Revenues

- Grants in lieu of taxes exceed budget by $22,231 (Line 2). Higher Coast Guard contributions).
- Water revenues exceed budget by $10,235 (Line 4) due to higher commercial billings.
- Sewer revenues exceed budget by $8,022 (Line 5) due to higher commercial billings.
- Environmental Health revenues (Line 6) - Landfill fees recovered from the SRD)are at budgeted levels.
- Interest and penalties are $5,893 favourable to budget (Line 8) due to higher taxpayer late payment on taxes.
- Investment income is currently $38,451 below budget (Line 10) as the Q3 investment results were not yet posted at the time of writing this report.

Expenditures

- General Government – Council expenses are $3,319 below budget (Line 14) (favourable) due to ongoing conference and travel savings due to Covid. Virtual conferences continue this year.
- General Government – Admin expenses are $17,829 higher than budget (Line 15) (previously $66,335 higher than budget) or unfavourable by 3.6% (previously 19.5%). This is due to lower admin salary costs but higher legal fees due to bylaw infractions/enforcement, the sale of surplus property and property negotiations with a flood grant property owner. The flood grant related legal costs are not recoverable from the grant.

- Protective Services are $26,100 under budget (Line 16) (unfavourable) (18.2%). Note previously this line was $4,522 over budget. The change is due to tighter control on administrative salaries associated with the relocation of the fire operations. This change in variance was anticipated.
- Public works is $79,508 under budget (Line 18) (favourable) (28.5%) primarily due to manpower savings. Staff are spending increased hours attending to water and sewer R&M activities therefore their timesheets are coded to utility labour accounts rather than PW labour.
- Recreation, Cultural & Development is $8,866 under budget (Line19) (Previously $3,992 over budget (unfavourable) . The change being lower staffing costs with reduced pool activities - an operational adjustment. This change in variance was anticipated.
- General Government – Projects are $81,120 under budget (Line 20) (favourable) (38.5%) due to some of the planned project work not yet having been either started nor completed
- Water Services is $28,601 over budget (Line 21) (Previously $22,735 over budget (unfavourable) (19.7%) due to higher staffing costs and high R&M due to aging infrastructure. This unfavourable variance will likely continue to yearend.
- Sewer Services fared somewhat better being $4,184 over budget (Line 22) (Previously $7,065 over budget) (unfavourable) (2.5%) due to higher R&M costs but less a result of higher manpower costs.

Operating Result Projections to December 31 Year End

Management is projecting a net operating surplus at yearend of $49,086 (Line 26) (Previous projection was $2,525 deficit). This number is *before* the standard year-end adjustments for actual amortization of tangible capital assets and transfers to reserves. This surplus is a result of a combination of higher than budgeted revenues and lower than budgeted expenditures.

Projected revenues are anticipated to be $2,415,672 which is $33,586 (1.4%) higher than budget (Line 13). Projected expenditures are projected to be $2,366,585 which is $15,500 (0.65%) lower than budget. (Line 25) – resulting in a net operating surplus of $49,086 (Line 26)

Major Budget Variance Explanation – Favorable (Unfavorable)

Revenues

- Grants in lieu of taxes exceed budget by $29,641 (Line 2) due to higher than anticipated taxation from the CG facility.
- User fees revenue are not expected to achieve budget being lower by $7,700 (Line 3) (6.02%) (unfavourable) due to lower concession and program revenues (Covid) of the Rec. Centre and lower Daycare revenues (less attendance).
- Water and Sewer revenues (Lines 4 and 5) are expected to exceed budget which will help offset higher operating costs.
- Interest and penalties are projected to exceed (favourable) budget by $10,018 (Line 8) due to higher than anticipated late penalties and interest.
- Grants re other governments are anticipated to be slightly less than budget by $5,000 (Line 9)or essentially on budget.
- Investment income is projected to be $20,000 below budget (Line 10) due to the low interest rate environment (budgeting error?).

Expenditures

- General Government – Council expenses are projected at $3,000 below budget (Line 14) (8.0%).
- General Government – Admin expenses are anticipated to exceed budget by $45,000 (Line 15) (6.4%) (unfavourable) due to higher legal and bylaw related infraction costs. Note at June this line item was $55,000 over budget.
- Protective Services are $15,000 under budget (Line 16)(favourable) (7.8%). This favourable variance is due to lower training costs and lower volunteer turnouts.
- Public works is expected to be $30,000 under budget (Line 18) (favourable) (9.3%) due to increased time spent, and therefore charged to, water and sewer operations.
- Recreation, Cultural & Development is predicted to be $10,000 less than budget (Line 19)(favourable) (3.2%) due to lower staffing costs and related expenses due to the ongoing reduced operations of the facility due to Covid-19.
- General Government – Projects are anticipated to be $30,000 under budget (Line 20) (favourable) (13.6%) due to some projects not occurring this year (savings) such as the municipal wharf demoltion project. (taken over by DFO).
- Water Services is anticipated to exceed budget at $30,000 (Line 21) (unfavourable) (17.8%) due to higher staffing costs and R&M costs. (Water breaks and power outages). Note this was previously expected to exceed budget by $20,000.
- Sewer Services is projected to exceed budget by $5,000 (Line 22) (unfavourable) (2.6%) due to higher maintenance costs.

Respectfully submitted,

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Ian C. Poole, CPA, CA
Director of Finance

Village of Tahsis
2021 Operating Results
For the Nine Months Ending September 30, 2021

		Line #	Year-to-Date Budget adjusted	Year-to-Date Actual to September 30th	Year-to-Date Budget Variance Fav (Unfav)	Projections to Year End 2021 Approved Budget	Projections to Year End Projected Actuals	Projections to Year End Budget Variance Fav (Unfav)	High Level Variance Explanation
Operating Revenues									
Taxatior	Property taxes	1	594,612	594,153	(459)	792,815	792,203	(612)	
	Grants in lieu of taxes	2	17,418	39,649	22,231	23,224	52,865	29,641	Higher taxation from CG facility
Fees	User fees and charges	3	46,613	46,624	12	127,700	120,000	(7,700)	Lower daycare revenues and dev. permits
	Water	4	126,263	136,498	10,235	168,350	181,147	12,797	Higher commerical utility billings
	Sewer	5	140,250	148,272	8,022	187,000	197,696	10,696	Higher commerical utility billings
	Environmental Health	6	106,640	108,430	1,790	154,240	155,959	1,719	
	Protective Services	7	2,250	750	(1,500)	3,000	1,500	(1,500)	Lower building permit fees
Other	Interest and penalties on taxes	8	20,625	26,518	5,893	22,500	32,518	10,018	Higher penalties and late interest on taxes
	Grants re other governments	9	565,030	559,887	(5,143)	678,003	673,003	(5,000)	Timing on grants will likely even out over year
	Investment income	10	38,250	-201	(38,451)	51,000	31,000	(20,000)	Lower returns on investments
	Other	11	-	3,528	3,528	-	3,528	3,528	Gain on sale of used asserts
	Transfer from reserves	12			0	174,253	174,253	0	To fund operational deficit
Total Operating Revenue		13	1,657,950	1,664,108	6,158	2,382,086	2,415,672	33,586	
Operating Expenditures									
	General Government - Council	14	28,282	24,963	3,319	37,359	34,359	3,000	Reduced travel (COVID)
	General Government - Admin	15	492,591	510,419	(17,829)	701,374	746,374	(45,000)	Higher legal fees re bylaw and flood project
	Protective Services	16	143,539	117,439	26,100	190,552	175,552	15,000	Reduced training and lower work force
	Environmental Health	17	43,811	33,880	9,930	106,414	98,914	7,500	Savings on op supplies, reduced time recyling
	Public Works Services	18	279,209	199,701	79,508	321,279	291,279	30,000	Lower manpower see water and sewer
	Recreation, Cultural & Dev.	19	196,078	187,212	8,866	311,522	301,522	10,000	Savings on staff and reduced programing (COVID)
	Projects	20	210,415	129,295	81,120	220,141	190,141	30,000	Budget savings and deferred projects
	Water Services	21	145,154	173,755	(28,601)	168,381	198,381	(30,000)	Higher manpower and R&M
	Sewer Services	22	162,556	166,740	(4,184)	186,888	191,888	(5,000)	Higher R&M
	Transfer to reserve funds	23	-	-	-	138,176	138,176	0	
	Amortization	24	-	-	-	-	-	-	
Total Operating Expenditures		25	1,701,634	1,543,404	158,230	2,382,085	2,366,585	15,500	
Net Operating Surplus before Year End		26	(43,684)	120,704	164,388	0	49,086	49,086	

Village of Tahsis
Water Utility Operational Statement
Dept. # Various
For the Period ending 30-Sep-21

Account	Description	YTD Actual	YTD Budget	Period Variance (unfav.) / Fav.
Revenues				
30-1-030-1350	Water-User Rates	(135,860.03)	(126,262.50)	9,597.53
30-1-030-1935	Other Sources	(637.50)	0.00	637.50
	Total	(136,497.53)	(126,262.50)	10,235.03
Expenses				
30-2-200-2025	Water admin - Admin support	31,350.00	31,350.00	0.00
30-2-200-2315	Water - Asset Replacement	32,000.00	32,000.00	0.00
30-2-200-2320	Water - Vehicle Ops	2,000.00	2,000.00	0.00
30-2-210-2242	Insurance-Water	10,556.94	10,125.00	(431.94)
30-2-212-2080	Water-Payroll Benefits	8,129.28	7,241.25	(888.03)
30-2-212-2105	Dues and permits	947.18	0.00	(947.18)
30-2-212-2110	Water-Salaries	46,016.62	30,000.00	(16,016.62)
30-2-212-2111	Courses & Seminars	0.00	750.00	750.00
30-2-212-2112	Travel	268.98	187.50	(81.48)
30-2-212-2205	Water Supplies Freight	224.73	0.00	(224.73)
30-2-212-2235	Contract Services	981.90	750.00	(231.90)
30-2-212-2245	Water-Utilities	15,970.22	16,500.00	529.78
30-2-212-2250	Water-Alarm Monitoring	896.23	1,125.00	228.77
30-2-212-2260	Water-Chlorine	3,646.93	3,750.00	103.07
30-2-212-2270	Water-Supplies	4,306.63	3,750.00	(556.63)
30-2-212-2300	Water-Repairs & Maintenance	16,458.87	5,625.00	(10,833.87)
	Total expenses	173,754.51	145,153.75	(28,600.76)
	Surplus / (Deficit)	(37,256.99)	(18,891.25)	(18,365.74)

Village of Tahsis
Sewer Utility Operational Statement
Dept. # Various
For the Period ending 30-Sep-21

Account	Description	YTD Actual	YTD Budget	Period Variance (unfav.) / Fav.
Revenues				
20-1-035-1350	Sewer - User Rates	(148,272.23)	(140,250.00)	8,022.23
	Total	(148,272.23)	(140,250.00)	8,022.23
Expenses				
20-2-200-2025	Sewer Admin - Admin support	35,000.00	35,000.00	0.00
20-2-200-2235	Consulting Services	272.90	0.00	(272.90)
20-2-200-2242	Insurance - Sewer	16,817.03	17,560.00	742.97
20-2-200-2315	Sewer - Asset Replacement	36,000.00	36,000.00	0.00
20-2-200-2320	Sewer- Vehicle Ops	1,000.00	1,000.00	0.00
20-2-202-2010	Sewer - Salaries	10,381.10	15,000.00	4,618.90
20-2-202-2080	Sewer - Payroll Benefits	1,870.85	3,621.00	1,750.15
20-2-202-2105	Permits	2,027.65	375.00	(1,652.65)
20-2-202-2230	Contract Services	4,800.00	9,000.00	4,200.00
20-2-202-2241	Sewer - Repairs & Maintenance	25,065.98	11,250.00	(13,815.98)
20-2-202-2245	Sewer - Utilities	29,883.60	27,750.00	(2,133.60)
20-2-202-2250	Sewer - Alarm Monitoring	1,293.75	1,875.00	581.25
20-2-202-2260	Sewer - Waste Water Testing & Tre	1,923.72	1,875.00	(48.72)
20-2-202-2270	Sewer - Supplies	94.94	1,875.00	1,780.06
20-2-212-2205	Sewer Supplies- Freight	308.79	375.00	66.21
	Total expenses	166,740.31	162,556.00	(4,184.31)
	Surplus / (Deficit)	(18,468.08)	(22,306.00)	3,837.92