

INFORMATION REPORT TO THE COMMITTEE OF THE WHOLE

Report Prepared By: Erin Anderson, Director of Financial Services
Meeting Date: July 14, 2020
File No:
RE: 2020 Q1 & Q2 (JANUARY – JUNE) FINANCIAL UPDATE

RECOMMENDATION:

That the Committee receive the January to June, 2020 Financial Update report from the Director of Financial Services.

EXECUTIVE SUMMARY:

Even though recreation revenue budgets were reduced due to COVID-19, the Town is still not expected to meet projected revenue. To offset this, there are anticipated surpluses due to unexecuted debt payments for the water supply project, savings in municipal payments for the RCMP, and savings from cancelled solid waste annual clean up and recycling initiatives. Overall, the Town is expected to be in a surplus position.

PREVIOUS DIRECTION

n/a

INTRODUCTION/BACKGROUND:

Normally, the quarterly report would be provided for the period January - March, though the financial picture changed drastically at the end of March due to COVID-19 making the three month report irrelevant. Even now, many of the projected balances are 'best estimates' as past trends cannot be relied upon.

Operating Budget

The total operational activities, with projections to December 31st show an overall projected surplus as seen in Table 1 titled "Operations to June 30, 2020". Overall, there is an anticipated surplus at the end of the year, due to unexecuted debt payments for the water supply project as the grant was denied, savings in municipal payments for the RCMP, as well as cost savings from cancelled solid waste annual clean up and the postponed recycling initiatives programs.

Table 1: Operations to June 30, 2020

	Actuals			Forecast		
	Actuals to 30-JUN-20	Approved Budget 2020	Actual Variance %	Year-End Forecast	Year-End Forecast Variance	Forecast Variance %
REVENUES						
Taxes	11,928,000	11,944,000	100%	11,964,000	20,000	0%
Sale of Services	1,908,000	4,049,000	47%	3,911,000	- 139,000	-3%
Licence, Permits, Rentals & Penalties	452,000	798,000	57%	729,000	- 69,000	-9%
Development Fees	-	43,000	0%	43,000	-	0%
Donations	3,000	-	0%	-	-	0%
Grants	539,000	702,000	77%	720,000	19,000	3%
Investment Income	140,000	267,000	52%	218,000	- 48,000	-18%
REVENUES Total	14,970,000	17,803,000	84%	17,585,000	- 217,000	-1%
EXPENSES						
General Government Services	1,104,000	2,398,000	46%	2,398,000	-	1%
Protective Services	551,000	2,129,000	26%	1,882,000	247,000	5%
Transportation Services	778,000	1,479,000	53%	1,478,000	1,000	0%
Garbage Services	169,000	527,000	32%	430,000	98,000	-1%
Cemetery Operations	14,000	37,000	38%	24,000	13,000	4%
Development Services	215,000	483,000	45%	448,000	35,000	0%
Parks	309,000	733,000	42%	709,000	24,000	-1%
Recreation & Cultural Services	1,230,000	2,720,000	45%	2,619,000	101,000	0%
Sewer Services	740,000	1,615,000	46%	1,568,000	47,000	2%
Water Services	645,000	1,527,000	42%	1,618,000	- 91,000	3%
Debt Payments	646,000	1,645,000	39%	1,249,000	396,000	25%
Transfers	2,007,000	2,510,000	80%	2,510,000	-	0%
EXPENSES Total	8,408,000	17,803,000	47%	16,933,000	871,000	5%
Surplus/(Deficit)	6,562,000	-		652,000		

Revenue – Taxes & Parcel Taxes	Projected to be \$20k above budget
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Assessment based taxes are expected to be as budgeted. No supplementary adjustments have been received to date. The additional funds come from new properties charged water and sewer parcel taxes as well as a slight increase in Payments in Lieu of taxation for federal and provincial agency properties.

Revenue – Sale of Services (Fees & Charges)	Projected to be 139k less than budget
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- Water, Sewer & Solid Waste fees for the first and second quarter of 2020 were levied:
 - Water consumption is lower in 2020 compared to 2019 as it was a wetter spring. Water revenues are not expected to meet revenue targets by year-end. Water revenues were 46% of budget (2019 – 45%).
 - Sewer charges were 51% of budget (2019 – 49%).
 - Solid Waste fees were 49% of budget (2019 – 50%).
- Cemetery revenue was 32% of budget (2019 – 43%) and is projected to be below budget by \$8k at year-end. Interments were put on hold for a period during COVID-19.

- Even though the recreation revenues budgets were reduced significantly in May, recreation revenues are still expected to be \$65k under budget at the end of the year due to COVID-19 facility closures.

Revenue – Licence, Permits, Rentals & Penalties

Projected to be \$69k below budget

- Licensing Revenue (Business, Pet, Vehicle) is at 93% (2019 – 96%) and is expected to be below budget by \$3,500.
- Overall, permit revenue is greater than this period last year 73% (2019 – 47%). Much of this increase is the result of subdivision approvals and building inspections. Permits are expected to exceed budget by \$28k.
- Rental revenues are at 53% (2019 – 63%). The Machine Shop project and COVID-19 will impact these revenues, with the largest expected loss to occur in the pool rentals. This area is expected to be below budget by \$79k.
- Interest on unpaid taxes is slightly greater than this period last year, though it is not expected to meet budget as the interest rate, which is set by the Province, was lowered from 6.95% to 5.95%. The tax penalty amount will not be levied until October 1st.

Revenue – Operating Grants

Projected to exceed budget by \$19k

Additional operating grants were provided to offset programs offered.

Revenue – Investment Income

Projected to be \$48k below budget

Investment revenue is not expected to make revenue projections as the Bank of Canada interest rates were lowered during the COVID-19 pandemic.

Expenses - General Government Services
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Projected to be on budget

Overall, General Government is expected to be on budget. Currently, due to a vacancy, there is a slight savings expected in the Administration area and Corporate Services, though Information Technology is expected to absorb these savings due to unexpected costs, such as remote licensing and online meetings.

Expenses - Protective Services

Projected to be \$247k under budget

Based on the January to March billing, the RCMP billing is expected to be under budget by \$135k. Additionally, due to COVID-19, the Fire Department was not able to complete all of its fire practices, resulting in a savings. There is also a vacancy in Building Inspection, which adds to this overall surplus.

<i>Expenses - Transportation/Public Works</i>

Projected to be on budget

The Transportation department operation budget is consistent with previous years: 2020 – 50% (2019 – 48%).

As employees are practicing social distancing and utilizing all vehicles within the Town's fleet, it is expected that there will be no reserve funding for vehicles and equipment at year-end.

<i>Expenses – Solid Waste</i>

Projected to be \$98k under budget

There will be a significant savings in the solid waste (garbage and recycling) service as the annual clean-up, ambassador program and the recycling reduction initiatives program were cancelled due to COVID-19.

<i>Expenses – Cemetery Operations</i>

Projected to be \$13k under budget

COVID-19 curtailed much of the cemetery operations in the second quarter. The cemetery services are at 39% of budget versus 58% of budget at this time last year. There is a corresponding decrease in revenue that offsets any department savings.

<i>Expenses –Development Services</i>

Projected to be \$35k under budget

Development Services is expected to be under budget due to operational savings and a partial vacancy later in the year.

<i>Expenses –Parks</i>

Projected to be \$24k under budget

Normally, students are hired to perform much of the parks maintenance during the spring and summer months. Due to COVID-19, the additional hires did not occur as the Town does not have an adequate supply of vehicles to transport workers individually. Instead, recreation workers were used to perform many of the parks duties.

<i>Expenses –Recreation & Culture Services</i>
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Projected to be \$101k under budget
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With many of the facilities closed due to COVID-19, some workers in this area continue to be utilized in other departments. The largest savings is in Aquatics and Recreation Programs, though there is a direct corresponding loss in revenues to offset this savings.

<i>Expenses –Sewer Services</i>

Projected to be \$47k under budget

Even with some of the operational issues with the Waste Water Treatment Plant, the sewer service is expected to be under budget. Much of this is due to staff being reallocated to the Water Filtration Plant as it works through its commissioning.

Expenses – Water Services**Projected to be \$91k over budget**

As the Water Filtration Plant comes online, additional staff and materials were utilized to see it through the commissioning. The utility department is now fully staffed. Even though the water services is expected to be over budget, the water utility will not be over budget as there are unexecuted debt servicing funds.

Expenses – Debt Payments**Projected to be \$396k under budget**

Early in the year, the electors approved borrowing of \$6 million to fund the non-grant portion of the water supply projects. Debt payments were included in the budget. The project is on hold at this point as the grant was denied.

ALTERNATIVES:

Not applicable.

FINANCIAL IMPLICATIONS:

This report keeps Council informed of the financial state of the organization.

LEGAL IMPLICATIONS:

This is a snapshot of the Town's finances for a point in time. Payments and deposits continue to be received which will change the financial figures. These statements are not audited.

CITIZEN/PUBLIC RELATIONS IMPLICATIONS:

The public is encouraged to review the report and provide comments.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS:

n/a

ALIGNMENT WITH SUSTAINABILITY VISIONING REPORT:

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|--|--|
| <input type="checkbox"/> Complete Community Land Use | <input type="checkbox"/> Low Impact Transportation |
| <input type="checkbox"/> Green Buildings | <input type="checkbox"/> Multi-Use Landscapes |
| <input type="checkbox"/> Innovative Infrastructure | <input type="checkbox"/> Local Food Systems |
| <input type="checkbox"/> Healthy Community | <input checked="" type="checkbox"/> Local, Diverse Economy |
| <input type="checkbox"/> Not Applicable | |

ALIGNMENT WITH STRATEGIC PRIORITIES:

- | | |
|---|---|
| <input type="checkbox"/> Infrastructure | <input checked="" type="checkbox"/> Economy |
| <input type="checkbox"/> Community | <input type="checkbox"/> Not Applicable |
| <input type="checkbox"/> Waterfront | |

I approve the report and recommendation(s).

Erin Anderson, Acting Chief Administrative Officer

ATTACHMENT(S):

- Consolidated Statement of Operations June 30, 2020
- Consolidated Statement of Financial Position – as of June 30, 2020
- Listing of Vendor Payments over \$25,000 January 1 – June 30, 2020
- Jan – June 2020 Capital

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF OPERATIONS
AS AT Jun 30, 2020

	Actuals 2020	Budget 2020	% of Budget
Revenue			
Taxes:			
Municipal purposes taxation	7,406,123	7,406,415	100%
Policing taxation	1,316,019	1,315,963	100%
Parcel taxes	3,033,038	3,052,333	99%
Grants in Lieu	173,002	169,603	102%
Sale of Services:			
General - other	21,179	33,485	63%
Recreation	128,697	290,658	44%
Protective Services	-	88,504	0%
Cemetery	8,400	25,960	32%
Solid Waste	325,547	661,534	49%
Sewer	804,300	1,589,946	51%
Water	620,375	1,359,779	46%
Investment Income	150,012	266,600	56%
Licence, Permits, Rentals & Penalties	452,071	797,701	57%
Grants	1,700,379	23,831,866	7%
Donations and contributed property	132,865	2,284,044	6%
Gain (loss) on foreign exchange	-	-	
Gain (loss) on disposal of tangible capital asse	-	-	
Development Cost Charges utilized	78,447	939,850	8%
Gas tax funds utilized	45,374	1,418,286	3%
	<u>16,395,828</u>	<u>45,532,527</u>	36%
Expenses: (excluding amortization)			
General government services	1,114,097	2,738,636	41%
Protective services	512,007	1,973,812	26%
Transportation services	676,411	1,715,985	39%
Garbage services	169,364	527,487	32%
Cemetery services	14,452	37,165	39%
Development services	282,027	1,507,147	19%
Recreation and cultural services	1,269,515	3,025,859	42%
Parks operation services	327,231	785,781	42%
Sewer	768,012	2,103,703	37%
Water	1,011,762	2,535,786	40%
Operating Expenses	<u>6,144,877</u>	<u>16,951,361</u>	36%
General Capital Projects	876,917	13,569,849	6%
Water Capital Projects	1,220,335	26,480,519	5%
Sewer Capital Projects	207,558	1,091,310	19%
Proceeds from New debt (capital financing)	-	7,430,000	0%
Principal Payments	528,554	987,767	54%
Internal Funding	- 2,539,691	- 6,118,279	42%
	<u>9,957,277</u>	<u>-</u>	
BALANCE	<u>9,957,277</u>	<u>-</u>	

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT Jun 30, 2020

	2020
Financial Assets	
Cash and short term deposits	30,150,641
Accounts receivable:	
Property Taxes	10,332,785
User Fees	1,097,820
Other	478,280
	<u>42,059,525</u>
Liabilities	
Accounts payable and accrued liabilities	7,879,451
Taxes payable to other agencies	217,728
Post-employment benefits	262,400
Deferred revenue	119,060
Refundable deposits and other	916,507
Restricted reserves - other	481,389
Development cost charge reserve	3,892,287
Federal gas tax reserve	1,440,827
Obligations under capital lease	-
Equipment Financing	891,703
Short term debt (financing)	952,700
Debenture debt	16,457,816
	<u>33,511,868</u>
Net Financial Assets	8,547,657
Non-Financial Assets	
Tangible Capital Assets	110,605,787
Capital Projects in Current Year	2,304,810
Prepays	47,046
Inventory	69,672
	<u>113,027,315</u>
Accumulated Surplus	<u>121,574,972</u>

Listing of Vendor Payments over \$25,000 January 1 – June 30, 2020

Supplier Name	Total
BC HYDRO	329,658.59
MINISTER OF FINANCE	41,045.45
MUNICIPAL FINANCE AUTHORITY	46,708.61
MUNICIPAL PENSION FUND	416,947.68
RECEIVER GENERAL (Payroll only)	822,185.95
WORKSAFE BC	71,126.08
ICBC	58,922.00
MUNICIPAL INSURANCE ASSOCIATION OF BC	188,787.19
STEWART MCDANNOLD STUART	85,677.10
URBAN SYSTEMS LTD.	48,658.49
PACIFIC BLUE CROSS	109,796.11
RECEIVER GENERAL FOR CANADA	424,797.00
COLUMBIA FUELS A DIV OF PARKLAND FUEL CORP	52,210.79
WINDLEY CONTRACTING LTD	489,606.30
LADYSMITH & DISTRICT HISTORICAL SOCIETY	32,438.00
MINISTRY OF SMALL BUSINESS AND REVENUE	169,194.46
NIKO PROJECTS INC.	46,855.60
WESTBURNE	26,218.50
DAVID STALKER EXCAVATING LTD	504,339.18
AMMETER ELECTRIC 1998 INC	67,663.91
KOERS & ASSOCIATES ENGINEERING LTD	139,794.57
WASTE CONNECTIONS OF CANADA INC	150,209.87
ASSOCIATED ENGINEERING (BC) LTD	494,206.16
US BANK	121,132.49
RUSHWORTH ELECTRICAL SERVICES INC	25,802.68
BC LIFE & CASUALTY COMPANY	60,741.24
TROJAN UV	55,410.05
CLEARTECH INDUSTRIES INC	54,933.24
WESTERRA EQUIPMENT LP	67,798.97
CUPE LOCAL 401	41,897.64
COWICHAN VALLEY REGIONAL DISTRICT	784,184.62
DISTRICT OF NORTH COWICHAN	45,712.89
MASTERCRAFT FLOORING LTD	31,115.31
HEROLD ENGINEERING LTD	40,119.96
WSP CANADA GROUP LTD	78,254.93
F&M INSTALLATIONS LTD	39,849.48
IWC EXCAVATION LTD	297,726.79
VANCOUVER ISLAND REGIONAL LIBRARY	107,382.25
ANDREW SHERET LTD	50,614.50
RICOH CANADA INC	32,508.13
NAC CONSTRUCTORS LTD	487,611.56
ATS TRAFFIC BRITISH COLUMBIA LTD	26,028.34
SICOM INDUSTRIES LTD	41,300.00
ALTEC INDUSTRIES	166,088.16
WATERHOUSE ENVIRONMENTAL SERVICES CORPORATION	41,680.47
MILESTONE EQUIPMENT CONTRACTING INC	190,314.25