



FINANCIAL SERVICE REPORT

To: Curtis Slingerland, Chief Administrative Officer
From: Ye-Ne Byun, Chief Financial Officer
Meeting Date: April 7, 2022
Subject: Budget vs Actual Variance Report January – March, 2022

Background:

Every quarter the Finance Department provides an update to the Board on the state of the Regional District's financial position in relation to the approved budget.

Q1 Updates:

Each year the Central Coast Regional District (CCRD) is required to undertake an external audit that requires an accounting firm to travel to Bella Coola to review all relevant records. This year the auditors from KPMG visited the Regional District's office during the week of February 14th. The final audited statements will be presented to the Board for approval in another report.

COVID-19 has the regional district continuing to operate in a context of uncertainty, and the pandemic continues to have a financial impact on the CCRD. The loss of variable revenue, especially user fee revenue at the Bella Coola Airport due to reduced transportation services has continued, and will continue in 2022.

Staff have identified a few services which will begin to run into significant budgetary challenges over the next few years and reports on the longer viability of the services are expected to be presented to the Board in the summer.

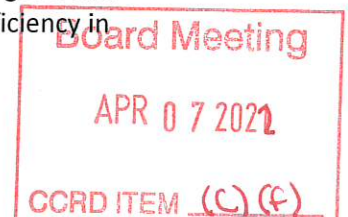
Grant Funded Projects Administered Under the Service:

Approximately 24 separate grants are under financial administration in 2022, representing 84% of total revenues. This is in addition to the 24 mandated functions and services already under financial administration.

Board Priorities - Service Specific Progress of CCRD Strategic Plan 2019 – 2022:

The Board began the process of re-imagining the strategic plan during a special workshop for the same on July 27 and 28, 2020. The Board adopted the CCRD 2019-2022 Strategic Plan amendments later in the October 8, 2021 meeting, arising from COVID-19 related resourcing and capacity constraints and therefore the 2022 annual budget aligns with the Board's updated priorities.

Financial service is a key support in moving the regional district forward in all strategic goals and priorities; In particular, Goal #1 – Good Governance and Administration – Fostering efficiency in Service Delivery.



Q1 Financials

Budget Variance Report for the period January to March, 2021 is attached as Schedule A.

REVENUE

Overall, revenues are at 41% of budget. This is deemed to be beyond expectations given that we are currently 1/4 of the way through the year as the deferred revenue for the grants consists of 30% of the budget.

Property taxation

Property taxation revenues are recorded, although the actual funds will not be transferred from the province until the end of July or early August.

Regional District Basic Grant

The Basic Grant (\$200,000) has not yet been received.

The Nuxalk Nation contributions to landfill operations

The Nuxalk Nation contributions reflect the period January to March, ¼ of the annual budget. The invoice was sent out but we have not yet received the first quarter contribution.

User fees

User fees are in line with projections.

- The user fee revenue for recreation programs have not yet incurred as we are early in the year.
- The airport user fee revenue is currently at 21% of budget.
- The user fees from landfill operations are at 11% of budget.
 - It is behind budget projections only temporarily since the entries for March landfill charges have not yet been made at the time of writing.
- The Hagensborg Waterworks and Bella Coola Townsite invoicing will not occur until July 1st.
 - The anticipated revenue for those services is \$154,000 budgeted but not yet received.
- The fire tolls billing for the Hagensborg Fire Protection and Bella Coola Townsite will take place along with the water tolls invoicing at the beginning of July. We anticipated \$41,000 revenue from both of the services.

Provincial/Federal/Other Grant revenue

Provincial/Federal Grant revenue is below budget due in part to annual contributions not yet being received from the Gas Tax Agreement for the Community Works Fund. We will receive the funding in July and November pursuant to our agreement with UBCM. There will a \$50,000 shortfall in grant revenue from UBCM for Indigenous Cultural Safety and Cultural Humility Training as the funding program was ended.

The following program actual revenue is in line with budget projections:

- Strategic Priority Funding for Denny Island Water (\$1.4 million) and for the Swimming Pool (\$2.7 million) has been deferred from 2021. Likewise, provincial grant for the Bella Coola Valley Risk Assessment and Flood Modeling (\$450,000) as also deferred and recorded a revenue in 2022. Funding for the Hagensborg Waterworks Potable Water project (\$1.45 million) has been deferred from 2021 and recorded as revenue in 2022.

- The swimming pool also received \$991,000 from the Community Economic Recovery Infrastructure Program as it has not been expended and has been deferred from 2021.
- The CCRD was awarded a grant of \$563,000 from the province for Replacement of Gas Fuelling System at the Bella Coola Airport and \$51,000 was spent on professional fees for the project in 2021 and the remaining funds \$512,000 were deferred from 2021.
- Funding (\$40,000) has been received from the province for a study to assess options for governance of the converted services has not progressed since there was no response received to the Request for Proposals in 2021. It has been deferred from 2021 and recorded as revenue in 2022.
- \$176,000 grant funding was deferred from 2021 which includes funding from Rural Dividend for tourism and capacity development; from Rural Dividend for Regional Connectivity project; from NDI for Love Northern BC grants; from Vancouver Coastal Health for the Active Communities Project on Denny Island- We completed the project at the beginning of 2022.

Budget revenue not yet received includes:

- Great Bear Playground (\$613,810 of \$902,000);
- the Regional Air Transportation Initiative Program for Bella Coola Airport Terminal Renovation (\$328,000)
- Organics Infrastructure Program at the Thorsen Creek Waste and Recycling Centre (\$98,000);
- CRI Fire Smart Community (\$104,000);
- Centennial Pool Renewal grant from Northern Development Initiative Trust (NDIT) (\$250,000);

EXPENDITURES

Community Works Fund

There have been no funds expended so far this year.

\$777,500 has been set aside for:

- Centennial pool retrofit project
- Denny Island water system project
- 5-year effectiveness review of the CCRD Solid Waste Management Plan
- Updating Official Community Plan
- Asset management planning
- Implementing a new accounting standard (Asset Retirement Obligations)
- Advancing the groundwater monitoring portion of the Landfill Development, Operation and Closure Plan.

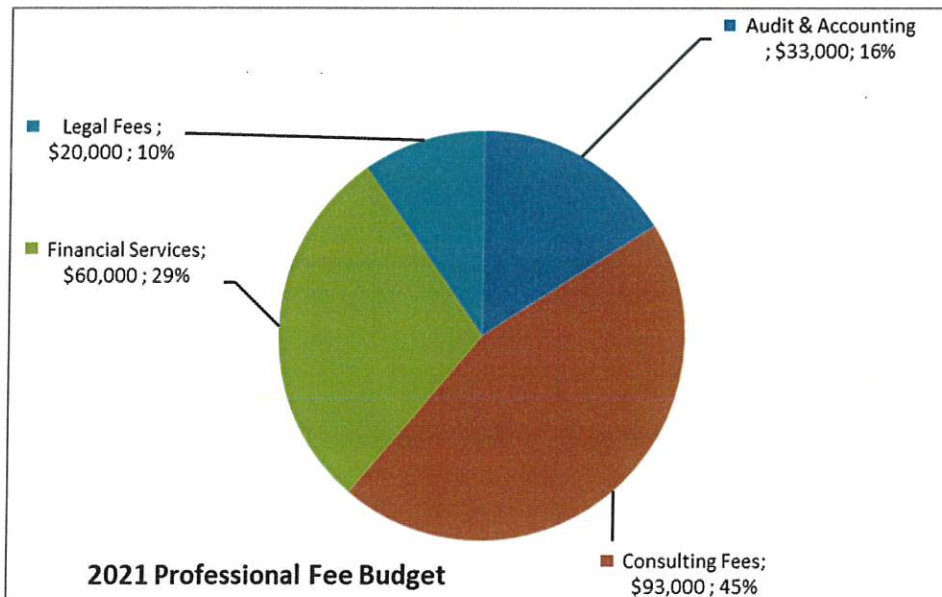
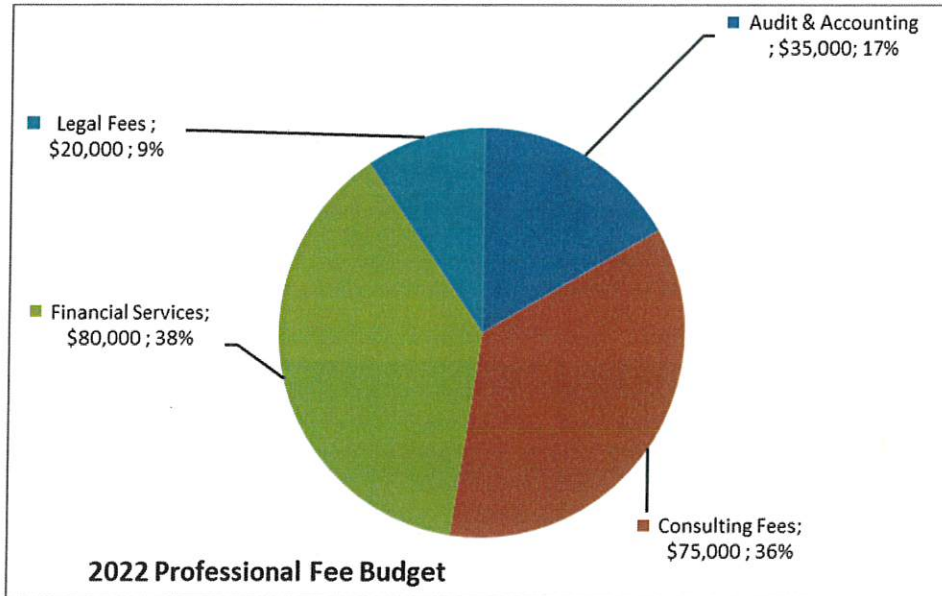
Feasibility Studies

Feasibility studies have been put on hold due to the realignment of Board priorities in the October, 2021 amendment to the Strategic Plan arising from COVID-19 related resourcing and Capacity constraints. Remaining funds (\$18,000) will carry over and be available for the Planned studies in 2023.

General Operations

- Approximately, 10% of expenses have been expended to date.

- Directors’/Governance expenses are approximately 11% of budget. It is down from budget largely on account of convention and Board meeting travel costs not yet incurred.
- \$21,000 Professional Fees have been incurred to date. This is 10% of budget. Professions fees consist of the following areas: Audit expenses, Consulting fees, financial service fees, and Legal fees.



- \$3,000 of the budget \$73,000 for capital works has been spent on a new laptop and related accessories for the exclusive use of the CAO. The capital works budget includes purchase of I-Compass, an agenda management/records management software and a new laptop and related accessories for the staff, the main office building renovation, and Microsoft 365 conversion cost. It will take place later in the year.

- The bulk of the operating and maintenance expenditures are under budget due to it being early in the year.
- Payroll expenses are approximately 12% of budget which is on target for the year. Four vacant positions (Community Safety Coordinator, full time Accounting Clerk, Public Works Technician, and Recreation Coordinator) are anticipated to be filled in the second quarter.
- Most of professional development expenses have not yet incurred as many of the opportunities are scheduled for later in the year.
- \$40,000 has been granted from the province a study to assess options for governance of the converted services, Hagensborg Waterworks and Hagensborg Fire Protection and the funds have not yet been expended.

Grants in Aid

Remaining funds (\$272) was carried forward to 2022 and 2022 grants will be disbursed to community groups in August after the receipt of the annual tax requisition.

Economic Development

- There is no significant financial activity to date but \$127,500 was budgeted for Economic Development Initiatives projects and it has not yet been expended. The budget includes the grant funding from Rural Dividend for Rural and Remote Communications Connectivity and Bella Coola Airport Tourism and Capacity Enhancement.
- \$7,500 has been set aside for NDIT Community Promotion Video project and Love Northern BC Program funded by NDIT.
- \$10,000 was budgeted for Ocean Falls Revitalization Committee travel costs in case we cannot secure grant funds to offset the costs.
- \$79,000 has been set aside for a full time Economic Development Officer and a contract grant writer (primarily funded by NDIT).

Land Use Planning

- There has been no significant financial activity to date.
- \$3,500 grant funding from NDIT was deferred from 2021 and it will be spent on updating the Housing Needs Assessment in July with the new population and household data.
- Funds (\$7,000) have been earmarked for consulting fees for undertaking a Land Use Planning Needs Assessment and scoping study and the work was complete in the first quarter.

Street Lights

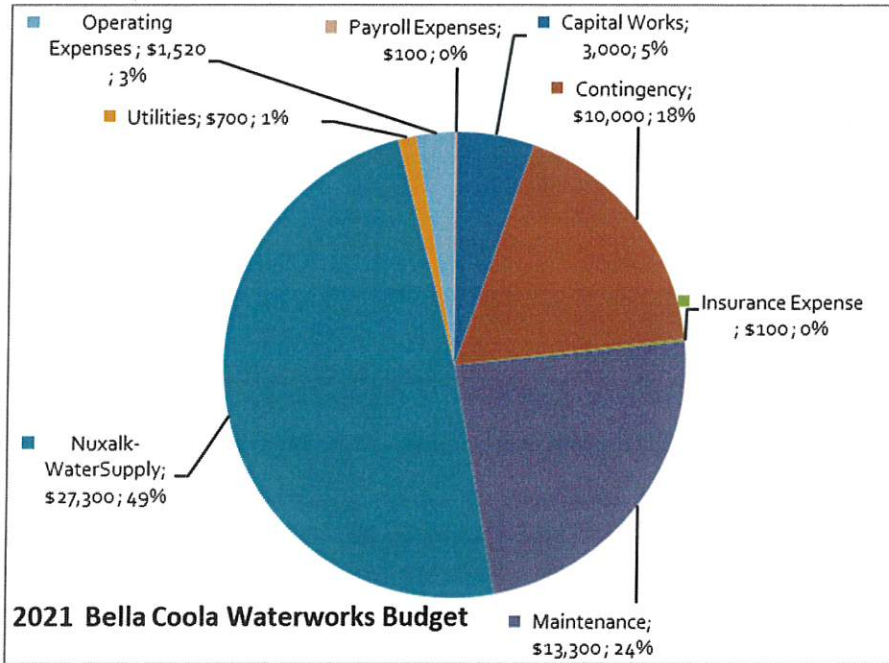
- Both Valley and town site street lights expenditures are in line with budget projections. Approximately, 24% of expenses have been expended to date.

Solid Waste Management

- \$7,000 remains unspent in the Solid Waste Management maintenance budget for mowing, weed eating contract, other building and equipment maintenance which will be undertaken later in the season.
- Approximately 22% of the total operating expenditures have been expensed which is commensurate with seasonal expectations.
- \$98,000 has been granted from the province for Organics Infrastructure composting project and it has not yet expended.

Bella Coola Waterworks

- Most of expenses not yet incurred due to only 1/4 of the year but the annual payment to the Nuxalk Nation for water supply (\$21,275) will be paid out in August after the receipt of the annual tax requisition.
- \$13,000 remains unspent in the maintenance budget for line flushing, installing hydrant flags, reinstalling new curb stop valves, fire hydrant and gate valve cycling, and water leak repairs.



Denny Island Waterworks

- \$600 of the \$1,453,000 budgeted has been spent on engineer services delivered by Urban System for the Denny Island Water System project.

Hagensborg Waterworks

- \$2,600 of the total special project budget (\$3,157,000) has been spent on Urban Systems Ltd’s professional services for Hagensborg Water System Upgrade project and Hagensborg water asset inventory.
- \$10,000 remains unspent in the maintenance budget for a service of all hydrants, trash pumps, generator and cleaning intake and other ground/site and building maintenance items.
- Audit expenses currently show a credit of \$4,000. This will disappear when the final billing for the 2021 audit is received upon adoption of the financial statements. The 2022 audit fees will be recorded in the general operations budget at the end of the year as the auditing of HWD conversion will be completed during the audit of the fiscal year of 2021.

Parks & Recreation – Bella Coola

- The remaining funds (\$17,000) for the trail construction and the bridge installation supervision project funded by Rural Dividend has not been expended.

- \$9,000 was budgeted for park maintenance contract, trail and ball field maintenance, ice rink repairs, and road maintenance in the Snootli Park.
- The CCRD was awarded a grant of \$902,655 from Ministry of Municipal Affairs and Housing for the Great Bear Playgrounds project and \$700 was spent in 2021 and the remaining funds \$901,900 were deferred from 2021 and it has not yet been expended this year.
- There is no expenditure to report.

Recreation – Denny Island

- The remaining funds (\$140) for initiatives associated with the Active Communities Project from Vancouver Coastal Health has been spent in the new scope of this project, trail construction in Denny Island. The project was complete in February.
- \$3,600 was budgeted for contingency and \$1,600 for supplies and small tools, neither of which was expended.
- \$3,500 remains unspent in the program expense budget for small allotments for Christmas gifts, Halloween fireworks, and Easter Supplies.

Swimming Pool

- There has been no significant financial activity so far as we are early in the year.
- \$23,000 was budgeted in capital works for a pool pump and sand filter units and \$3,000 was budgeted for contingency which includes provision for replacement of the hot water tank at the pool.
- \$14,000 remains unspent in the professional development budget which will be utilized for training expenses for new or returning staff at the pool.
- In Special Projects, three separate grant funds totalling \$3.9 million have been secured through the Community Economic Recovery Infrastructure Funding Program (\$990,840) and through the Strategic Priority Fund (Gas Tax) (\$2,690,991) and from NDIT (\$250,000) for the pool retrofit project. The expenditures have not yet occurred and the project is still in the planning stages.

Vancouver Island Library

- There is nothing significant to report financially, but 1st Quarter levy payment has been made directly to VIRL for 2022. Most of expenditures have not yet incurred.

Emergency Management

- \$27,000 was budgeted for contingency and it has not yet expended.
- There has been no significant financial activity to date.

Emergency Management Initiatives

- The regional district has been approved for grant funding (in 2018) for a Bella Coola Valley Risk Assessment and Flood Modeling project in the amount of \$500,000 and the remaining funds \$446,000 were deferred from 2021. The completion date of the project has been extended to September 2022. This funding stream will allow us to move to the next phases of the Bella Coola Valley Flood Risk Assessment and Modeling project after wrapping up of Phase 1 funded through UBCM Community Emergency Preparedness Fund (\$150,000). We are currently in Phase III of the project. The \$1,300 spent this year to date was for professional services to incorporate the topographic survey fieldwork into the model and prepare hydraulic modelling input parameters.

- The CCRD was awarded a grant of \$50,000 from UBCM for Indigenous Cultural Safety and Cultural Humility Training in 2020 and no expenditures have been made to date. The project has been cancelled as the funding program was ended in 2022.
- \$104,000 has been granted from UBCM for CCRD Coastal Wildfire Protection Plan (CWPP) project and the funds has not yet been expended. Discussions with the Heiltsuk Tribal Council for developing a scope of work are still pending for this project and the completion date of the project has been extended to March, 2022 and Administration will undertake conversations with UBCM to extend the grant.
- The CCRD was awarded a grant of \$25,000 from UBCM for Denny Island Sea-Can and supplies project and no expenditures have been made to date. The project completion date per the grant agreement is May 31, 2022. A kick-off meeting commenced to roll out the project in March.

Fire Protection- Bella Coola

- \$5,000 budgeted for capital works (an electric door opener at the fire hall) has not occurred.
- \$7,000 remains unspent in the maintenance budget for Self Contained Breathing Apparatus maintenance, commercial vehicle and pumper truck inspections and furnace maintenance at the fire hall including other ground/site maintenance item.
- There is no expenditure to report.

Fire Protection- Hagensborg

- There is nothing significant to report financially but \$5,000 was budgeted for 2 sets of turnout gears including helmet lights and \$5,000 has been set aside for Firemen's honorariums neither of which was expended.
- \$11,000 was budgeted for land scaping, fire truck inspection, and fire extinguishers maintenance.
- \$11,000 remains unspent in the supplies and small tools budget which includes 4 sets of SCBA masks and SCBA tanks.
- Audit expenses currently show a credit of \$4,000. This will disappear when the final billing for the 2021 audit is received upon adoption of the financial statements. The 2022 audit fees will be recorded in the general operations budget at the end of the year as the auditing of HWD conversion will be completed during the audit of the fiscal year of 2021.

Bella Coola Airport

- \$15,000 budgeted for capital works (field site preparation, seeding and the local contribution towards the Regional Air Transportation Initiatives program for Bella Coola Airport Terminal Renovation) has not occurred.
- \$22,000 remains unspent in the maintenance budget for brush removal, mowing weed eating contract, refuse pick up and disposal contract, and other building and equipment maintenance.
- Operating expenses are about 26% expended, leaving \$58,000 available which is on target for the year.
- The remaining funds (\$30,210) from Rural Dividend for Bella Coola Airport Tourism and Capacity Enhancement has not been expended. This project which involves surveying and appraisal of airport lands has not been completed.

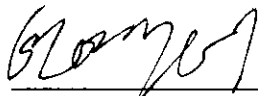
**Central Coast Regional District
Financial Variance Report
January – March 2022**

- The CCRD was awarded a grant of \$563,000 from Ministry of Transportation and Infrastructure for replacement of JET A and LL100 AV gas fueling system at Bella Coola airport. \$51,000 was spent in 2021 and the remaining funds \$512,000 were deferred from 2021. \$5,000 of the total special project budget (512,000) has been expended.
- \$328,000 has been granted from Western Economic Diversification Canada for Bella Coola Airport terminal renovation project and the funds has not yet been expended.

Denny Island Airport

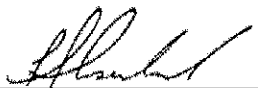
- \$14,000 was budgeted in capital works for terminal roof repair at Denny Island airport and this has not been spent, nor has the \$8,000 budgeted for maintenance.
- There has been no significant financial activity to date.

Respectfully Submitted by:



Ye-Ne (Sandra) Byun, Chief Financial Officer

Reviewed by:



Curtis Slingerland, Chief Administrative Officer

Enclosure: Schedule A – Actuals