



REPORT TO COUNCIL

DATE: October 22, 2024
TO: Mayor and Council
FROM: Chief Financial Officer
SUBJECT: **September 30, 2024 Financial Update**

Request for: Direction Decision Information

Recommendation:

THAT Council receive the September 30, 2024, Financial Report for Information.

Background:

The Village of Lytton (VOL) staff have prepared a financial report for Council’s information. The report includes transactions for the first three quarters of the fiscal year – from January 1, 2024, to September 30, 2024. In addition to the results in the Core operating budget, there is a summary of the Recovery funding received and spent to date.

Discussion

Core Budget

The budget was prepared and incorporated into the 5-year Financial Plan adopted by Council in May 2024 and subsequently amended in June and August 2024. The actual results compared to budget are presented in the table below.

Revenue

	September 30, 2024 Actual	2024 Budget, as amended	Variance
Government Transfers – surge funding	\$ 0	\$ 0	\$ 0
Other Government Transfers	649,247	652,581	(3,334)
Property Taxes	344,713	343,805	908
Sale of Services	185,971	175,294	10,677
Investment Income	400,290	250,000	150,290
Other Revenue	2,829,500	100,000	2,729,500
Total Revenue	\$4,409,721	\$1,521,680	\$2,888,041

Key Variances:

Government Transfers – surge funding – As has been reported in previous financial updates, the \$700,000 of surge funding provided by the Ministry of Municipal Affairs was recorded in revenue when it was received and as a result, the current year amount will be transferred from the accumulated surplus.

Other Government transfers – The Small Communities Grant budgeted at \$344,000 has been received at \$408,000 and the \$50k for Community Works was received this quarter.

Sale of Services – The variance is made up of the following items:

- A deposit that had been held by the Village of Lytton’s solicitors since 2018 was returned to the Village and recorded as miscellaneous revenue;
- The budget contemplates revenue generated from providing fire protection services to surrounding communities, which was not required this past season;
- Building permit fees are ahead of budget for the year;
- There is approximately \$17,000 in bulk water sales and greywater dumping fees that have been collected but were not initially budgeted.

Investment Income – Continues to run ahead of budget as balances remain fairly high in the Village Bank accounts. The Village is earning to 3 – 4% on the bank balance.

Other Revenue – An initial insurance payment was received from MIABC for the cash value of the buildings and pool lost in the fire.

Expenses

	June 30, 2024 Actual	2024 Budget	Variance
General Government	\$ 760,748	\$ 1,169,986	\$ 409,238
Protective Services	82,830	312,706	229,876
Solid Waste	0	800	800
Planning Services	0	32,350	32,350
Public Works	136,602	364,059	227,457
Parks, Rec, Community Culture	943	4,837	3,894
Water	160,829	151,791	(9,038)
Sewer	86,306	95,354	9,048
Fiscal	1,869	204,500	202,631
Special Projects	0	175,000	175,000
Total Expenses	\$ 1,230,127	\$ 2,511,383	\$ 1,281,256

Key Variances:

Overall Comment – most expenses are incurred throughout the year and as a result, there should be a positive variance in all categories to cover the expenses of the 4th quarter.

Key Variances, other than timing differences, are described below:

General Government – There are currently variances relating to the following items:

- Costs budgeted for Council training have not all been spent, a provision for \$20,000 for election costs have not been recorded and transferred to a reserve.
- A budget for \$45,000 for external accounting assistance has not been required;
- IT costs are running over budget, costs for computer acquisitions to be transferred to Tangible Capital Assets.

Protective Services – Turn-out gear budget not fully spent yet, budget for temporary fire hall added to budget (\$142k) but not completely spent yet, there are more costs coming. Amounts included for training covered by grants not fully incurred.

Planning - Positive variance generated in Planning by not hiring a Grant Writer – still looking for someone to assist the Village in sourcing grants;

Public Works – The amount added to the budget for replacement of items lost in the fire has not been fully spent, savings in training budget, street lighting and vehicle expenses.

Water / Sewer – Water salaries are over budget due to several water projects undertaken by staff, due to timing and availability of grant funding, training costs under budget as VOL searches for water operator to add to the team. Sewer monitoring costs over budget as supplies purchased for monitoring are expensed however budget is included in Sewer Equipment Capital Budget.

Fiscal expenses are recorded at year end as part of the audit and will continue to show as a positive variance until that time.

Recovery Expenses

The 4 main grants received for recovery funding are the \$6.26 million from Municipal Affairs, the \$23.4 million from Emergency Management and Climate Readiness (EMCR), \$3.4 million from EMCR and the most recent agreement for \$17.5 million from EMCR. A brief summary of each is provided below.

\$6.26 million from Municipal Affairs – this grant was given to the VOL to assist with recovery expenditures, following the fire. It has been used to pay additional salaries, legal fees, Council remote meeting expenditures, housing consultants, rebuild of the Village's corporate and financial records, project management from late 2021 to June 2023, equipment acquisition and

some of the initial security / clean-up costs. Since 2021, the following expenditures have been incurred:

Wages and Benefits	\$ 217,627
Materials and Supplies	266
Consultants and Contract Employees	2,177,015
Initial Clean-up and Security	766,638
Project Manager	1,148,064
Professional Services	136,042
Council Expenses	103,564
Other Expenses	95,410
Fire Truck, Snow Plow, Dump Truck, Generators	<u>658,131</u>
Total	<u>\$ 5,302,757</u>

\$23.4 million from EMCR – this grant was provided to cover the costs of debris removal (for uninsured and underinsured properties), remediation and testing of contaminated soils and archaeology costs. The funds spent from 2022 to September 30, 2024, are:

Initial Clean-up Security	\$ 181,417
Remediation	18,325,913
Environmental	3,166,149
Archaeology	3,076,762
Other	130,241
Total	\$ 24,880,482

Although the total costs exceed the grant of \$23.4 million, the insurance proceeds received for debris removal and remediation of \$1.6 million cover the shortfall.

\$3.4 million from EMCR – the Province of BC announced an additional \$21 million for the recovery costs in Lytton. The first contribution of \$3.4 million has been received to cover the costs of additional salaries and contract employees required to continue with the project. Many of the costs that were originally covered in the \$6.26 grant have moved over to this grant as of January 1, 2023. The following costs have been incurred to September 30, 2024:

Wages and Benefits	\$ 273,078
Office / Admin	7,480
Consultants and Contract Employees	1,619,197
Professional Services	4,417
Council Expenses	2,455
Total	\$ 1,906,627

\$17.5 million from EMCR – the remainder of the \$21 million committed to the Village is covered under a Contribution Agreement that provides for the reimbursement of costs to the Village, after they have been incurred and reports are filed with the Province. The agreement includes

maximums for each category funded by the agreement. To September 30th, the following costs have been incurred and billed to the Province for reimbursement under the following categories.

Category	Actual – September 30 th	Agreement Allocation
Site Readiness	\$ 6,160,543	\$ 9,895,000
Recovery Support	643,275	3,500,000
Public Works Building	3,412	1,000,000
Essential Staff Accommodation		3,100,000
Total	\$ 6,807,230	\$ 17,495,000

These costs are reported to the Province on a monthly basis along with copies of all supporting invoices and contracts.

Financial Impact:

There is no direct financial impact of this report.

Communications to Staff and the Public:

Council meetings open to the public, live streamed on You Tube and highlights appear in the Village newsletter and on the Village website.

Respectfully submitted,

Diane Mombourquette
CFO

CAO Comments: I concur with this report.