Islands Trust

Financial Planning Committee
Agenda

Date:	Wednesday, May 27, 2020
Time:	10:30 am - 3:00 pm
Location:	Islands Trust Victoria Boardroom 200-1627 Fort Street, Victoria, BC

4.2 March 31, 2020 Audited Financial Statements - RFD 16 - 17

Note: the attachment to this RFD will be received as a late item subsequent to the close of the Audit Committee meeting.

That Financial Planning Committee receives the audited financial statements of the Islands Trust including the Statement of Financial Position, the Statement of Operations, the Statement of Changes in Net Financial Assets, and the Statement of Cash Flows for the year ended March 31, 2020, and forwards them to Trust Council for approval.

5. BUSINESS

5.1 2019/20 Financial Results - Briefing 18 - 25

Receive for information. Forward to Trust Council if desired.

5.2 March 31, 2020 Allocated Financial Statements - Briefing 26 - 29

Receive for information. Forward to Trust Council if desired.

5.3 2019/20 Annual Report: Approval of FPC Section - RFD 30 - 33

that the Financial Planning Committee approve the attached text for inclusion in the 2019/20 Annual Report for approval by Trust Council and submission to the Minister of Municipal Affairs and Housing.

6. NEW BUSINESS

6.1 Application Processing Procedures in Relation to Trust Council Policy - Briefing 34 - 36

Executive Committee has reviewed this report and forwarded to FPC and LPC. Receive for information and forward to Trust Council if desired.

7. TOWN HALL & DELEGATIONS

8. CLOSED MEETING

That the meeting be closed to the public in accordance with the Community Charter, and staff attend the meeting.

Recommendation
That the meeting be closed to the public in accordance with the Community Charter,

and staff attend the meeting.

9. RISE AND REPORT

10. NEXT MEETING

Wednesday, August 19, 2020

11. ADJOURNMENT

*Approximate time is provided for the convenience of the public only and is subject to change without notice.

Islands Trust

Financial Planning Committee
Minutes of Meeting

Date: February 19, 2020
Location: Islands Trust - Victoria
200 - 1627 Fort Street, Victoria, BC

Members Present:
Peter Grove, Chair
Paul Brent, Vice Chair
Tahirih Rockafella, Local Trustee
Peter Luckham, Executive Committee Rep (electronic)
Sue Ellen Fast, Executive Committee Rep (electronic)
Laura Patrick, Executive Committee Rep (electronic)
Dan Rogers, Executive Committee Rep (electronic)
Kate Louise Stamford, Islands Trust Conservancy Rep (electronic)
Laura Busheikin Local Planning Committee Rep (electronic)
Scott Colbourne, Trust Programs Committee Vice Chair (phone-in)

Staff Present:
Russ Hotsenpiller, Chief Administrative Officer
Julia Mobbs, Director, Administrative Services
Clare Frater, Director, Trust Area Services
Nancy Roggers, Finance Officer
Lori Foster, Recorder

1. CALL TO ORDER

Chair Grove call the meeting to order at 10:50 AM, noting the 20-minute delay in convening was due to technical difficulties with the Zoom meeting platform.

2. APPROVAL OF AGENDA

2.1 Introduction of New Items

For consideration to add the following late items to the agenda:
4.2 2019/20 Financial Forecast – Briefing
4.6.5 SSIWPA Tax Requisition - RFD
4.7.1 Financial Plan Bylaw 178

2.2 Approval of Agenda

By general consent the agenda was approved as amended.

3. ADOPTION OF MINUTES / COORDINATION

3.1 January 22, 2020 draft minutes

By general consent the minutes were adopted as presented.

3.2 Resolutions Without Meeting - None

3.3 Follow up Action List (FUAL)

Director of Administrative Services (DAS) Mobbs reviewed the FUAL items and their current status, most items were complete.

4. TRUST COUNCIL BUSINESS

4.1 December 31, 2019 Financial Report – RFD

DAS Mobbs referred the request for decision (RFD) report to Finance Officer (FO) Roggers who spoke to the report as presented.

FPC-2020-006
It was MOVED and SECONDED,
that the Financial Planning Committee forward the December 31, 2019 Financial Report to Trust Council as presented.

CARRIED

4.2 2019/20 Financial Forecast – Briefing

DAS Mobbs spoke to the briefing, addressing anticipated areas of overspending and the impact on the approved draw from surplus in the 2019/20 budget.

Highlighted items of review pertained to Trust Council meeting costs, legal costs, amortization expense, the Victoria office renovation project, and revising some language in the report for clarity on specific items.

FPC-2020-007
It was MOVED and SECONDED,
that Financial Planning Committee received the report for information and forward to Trust Council as amended.

CARRIED

Correspondence will be forwarded to Executive Committee to fulfil the policy obligation regarding this reporting.

4.3 2020/21 Budget: Draft 2, Version 2 – Briefing

Director of Administrative Services (DAS) Mobbs reviewed the briefing details and noted this report will not be forwarded to Trust Council, but that the information is incorporated in the budget highlights and overview briefing for Trust Council.

4.4 2020/21 Budget Public Consultation Feedback – Briefing

Director of Trust Area Services (DTAS) Frater spoke to the briefing noting that public feedback in the budget survey was the highest response ever received on a budget survey from Islands Trust. Feedback on the report was solicited from Financial Planning Committee (FPC) before going forward to Trust Council with the report.

Discussion was heard on communication with constituents and updating the report on general themes from the feedback.

Trustee Colbourne dropped off the call at 11:56 AM.

4.5 2020/21 Budget Discussion and Follow-up

Chair Grove called for discussion on the budget recommendation as presented.

4.6 2020/21 Budget Recommendation to Trust Council

DAS Mobbs presented the report and discussion ensued.

The meeting recessed for a lunch at 12:35 PM and reconvened at 12:55 PM.

Trustee Colbourne was back online.

Discussion continued on agenda item 4.6.

4.6.1 Draft 2020/21 Budget Session Outline
4.6.2 Draft 2020/21 Budget Assumptions and Principles
4.6.3 Draft 2020/21 Budget Overview
4.6.4 Draft 2020/21 Budget Funding Requests
4.6.5 SSIWPA Tax Requisition RFD

Noted that the request for decision in item 4.6.5 was received as a late item from the February 18th meeting of the Salt Spring Island Water Protection Alliance (SSIWPA).

FPC-2020-008
It was MOVED and SECONDED,
that the Financial Planning Committee forward all agenda items in 4.4 2020/21 Budget Public Consultation Feedback – Briefing, and 4.6 2020/21 Budget Recommendation to March Trust Council as amended.

CARRIED

4.7 Ministry Bylaws for Trust Council

4.7.1 Financial Plan Bylaw No. 178 - RFD

DAS Mobbs spoke to the bylaw, its amendments for late items, and the 5-year projections.

FPC-2020-009
It was MOVED and SECONDED,

that the Financial Planning Committee forward the Financial Plan Bylaw No. 178 to Trust Council for approval as amended.

CARRIED

4.7.2 Revenue Anticipation Bylaw No. 179 - RFD

FPC-2020-010
It was MOVED and SECONDED,
that the Financial Planning Committee forward the Revenue Anticipation Bylaw No. 179 to Trust Council for approval.

CARRIED

4.8 Financial Planning Committee Work Program

FPC-2020-011
It was MOVED and SECONDED,
that the Financial Planning Committee Top Priorities list be forwarded to Trust Council as presented.

CARRIED

5. BUSINESS

5.1 Property Tax Notice Insert – Briefing

Received for information and discussion. Trust Area Services will move forward as directed, for insertion in tax notices by April 1, 2020.

5.2 Groundwater Strategy Update – Briefing

Director of Local Planning Services (DLPS) Marlor spoke to the briefing.

FPC-2020-012
It was MOVED and SECONDED,
that the Financial Planning Committee forward the Groundwater Strategy Update – Briefing to Trustee Fenton in response to his correspondence.

CARRIED

6. NEW BUSINESS - None

7. CLOSED MEETING - None

8. RISE AND REPORT – None

9. CORRESPONDENCE

9.1 Trustee Morrison re: FPC decision and risky precedent email dated January 25, 2020

Received for information.

10. NEXT MEETING

The next meeting of the Financial Planning Committee is May 27, 2020 at 10:30 AM

11. ADJOURNMENT

FPC-2020-013
It was MOVED and SECONDED,
that the Financial Planning Committee February 19th meeting be adjourned at 1:25 PM.

CARRIED

____
Peter Grove, Chair

Certified Correct

____
Lori Foster, Recorder

Financial Planning Committee
Minutes of Meeting

Date: **April 14, 2020**
Location: **Electronic meeting**
Islands Trust - Victoria
200 - 1627 Fort Street, Victoria, BC

Members Present: Peter Grove, Chair (electronic)
Paul Brent, Vice Chair (electronic)
Peter Luckham, Executive Committee Rep (electronic)
Sue Ellen Fast, Executive Committee Rep (electronic)
Laura Patrick, Executive Committee Rep (electronic)
Dan Rogers, Executive Committee Rep (electronic)
Kate Louise Stamford, Islands Trust Conservancy Board Rep (electronic)
Laura Busheikin, Local Planning Committee Rep (electronic)
Scott Colbourne, Trust Programs Committee Alternate Rep (phone-in)

Members Absent: Tahirih Rockafella, Local Trustee

Staff Present: Russ Hotsenpiller, Chief Administrative Officer
Julia Mobbs, Director, Administrative Services
Clare Frater, Director, Trust Area Services
David Marlor, Director, Local Planning Services
Robert Barlow, Recorder

1. CALL TO ORDER

Chair Grove called the meeting to order at 10:00 a.m.

2. APPROVAL OF AGENDA

2.1 Introduction of New Items

None

2.2 Approval of Agenda

By general consent, the agenda was approved.

3. ADOPTION OF MINUTES / COORDINATION

3.1 Minutes of Meetings

3.1.1 Financial Planning Committee Minutes of February 19, 2020

The minutes were not reviewed.

3.2 Resolutions Without Meeting

None

3.3 Follow up Action List (FUAL)

The FUAL was not provided and not discussed.

4. TRUST COUNCIL BUSINESS

None

5. BUSINESS

5.1 2020-21 Financial Plan Considerations re: COVID-19 – Request for Decision

Director Mobbs indicated that the Executive Committee had requested that the Financial Planning Committee discuss the possibility of amending the 2020/21 budget to provide a measure of relief to island property owners in light of financial difficulties arising from the COVID-19 pandemic. Director Mobbs highlighted key options for budget amendment to affect taxation changes as outlined in the report in the agenda.

FPC-2020-014
It was MOVED and SECONDED,
that the Financial Planning Committee recommend that Trust Council reduce the property tax requisition to a 0% increase from last year.

CARRIED

Discussion followed in regards to clarifying what method would be used to reduce the property tax requisition in the 2020/21 Financial Plan Bylaw given a number of options presented in the report. Options discussed included reducing planned expenditures and/or drawing additional funds from surplus to reduce taxation.

FPC-2020-015
It was MOVED and SECONDED,
that the Financial Planning Committee rescind resolution FPC-2020-014.

CARRIED

FPC-2020-016
It was MOVED and SECONDED,
that the Financial Planning Committee recommend that Trust Council amend the 2020/21 Financial Plan Bylaw to reduce the property tax requisition to a 0% increase from last year and that this be achieved through reducing planned expenditures.

CARRIED

Discussion followed in regards to the historical purpose and current use of surplus funds held by the Islands Trust, and if current surplus fund levels are appropriate.

FPC-2020-017
It was MOVED and SECONDED,
that the Financial Planning Committee direct staff to prepare a report on the history, intended use and future possibilities for use of the Surplus Fund and additionally that the Financial Planning Committee work with the Local Planning Committee in regards to Islands Trust application fees structure.

CARRIED

FPC-2020-018
It was MOVED and SECONDED,
that the Financial Planning Committee advise Executive Committee to convene an electronic meeting of Trust Council to consider Financial Planning Committee's recommendation for a budget adjustment.

CARRIED

6. NEW BUSINESS
None

7. TOWN HALL & DELEGATIONS
None

8. CLOSED MEETING
None

9. RISE AND REPORT
None

10. NEXT MEETING

The next scheduled meeting of the Financial Planning Committee is May 27, 2020, at 10:30 AM.

11. ADJOURNMENT

By general consent the meeting was adjourned at 11:04 a.m.

____
Peter Grove, Chair

Certified Correct

____
Robert Barlow, Recorder

Islands Trust

Follow Up Action Report

Financial Planning Committee

21-Jan-2019

Activity	Responsibility	Dates	Status
1 That staff prepare a presentation on property values and provincial land assessment for Financial Planning Committee.	Julia Mobbs	Target: 31-Oct-2019	In Progress

29-May-2019

Activity	Responsibility	Dates	Status
1 that Financial Planning Committee direct staff to consider including note disclosure highlighting the importance of natural assets to the mandate of Islands Trust and the services they provide for island communities, in next fiscal year's annual financial reporting.	Julia Mobbs	Target: 04-May-2020	Completed

19-Feb-2020

Activity	Responsibility	Dates	Status

Follow Up Action Report

Financial Planning Committee

19-Feb-2020

Activity	Responsibility	Dates	Status
1 That the following items be forwarded to March Trust Council: ·December 31, 2019 Financial Report to Trust Council as presented. ·2019/20 Financial Forecast - Briefing as amended. ·All agenda items in 4.42020/21 Budget Public Consultation Feedback - Briefing, and 4.6 2020/21 Budget Recommendation to March Trust Council as amended. ·Financial Plan Bylaw No. 178 RFD as amended. ·Revenue Anticipation Bylaw No. 179 as presented. ·FPC Work Program as presented.		Target: 27-Feb-2020	Completed
2 The the Financial Planning Committee forward the Groundwater Strategy Update - Briefing to Trustee Fenton in response to his correspondence.	Julia Mobbs	Target: 26-Feb-2020	Completed

10-Mar-2020

Activity	Responsibility	Dates	Status
1 That Trust Council request FPC to provide a report detailing the full staff costs associated with processing land-use applications, by application type.	David Marlor Julia Mobbs	Target: 27-May-2020	In Progress

14-Apr-2020

Activity	Responsibility	Dates	Status

Follow Up Action Report

Financial Planning Committee

14-Apr-2020

Activity	Responsibility	Dates	Status
1 that the Financial Planning Committee recommend that Trust Council amend the 2020/21 Financial Plan Bylaw to reduce the property tax requisition to a 0% increase from last year and that this be achieved through reducing planned expenditures.	Julia Mobbs	Target: 27-May-2020	Completed
2 that the Financial Planning Committee direct staff to prepare a report on the history, intended use and future possibilities for use of the Surplus Fund and additionally that the Financial Planning Committee work with the Local Planning Committee in regards to Islands Trust application fees structure.	Julia Mobbs	Target: 27-May-2020	In Progress
3 that the Financial Planning Committee advise Executive Committee to convene an electronic meeting of Trust Council to consider Financial Planning Committee's recommendation for a budget adjustment.	Julia Mobbs	Target: 27-May-2020	Completed

Islands Trust

Print Date: May 22, 2020

Top Priorities Report

Financial Planning Committee

1. *March 31, 2020 Allocated Financial Statements (AFS)*	Responsible	Dates
Staff to prepare the March 31, 2020 Allocated Financial Statements (AFS) from the audited Financial Statements. FPC will review the AFS at their next meeting.	Julia Mobbs	Rec'd: 22-May-2020 Target: 27-May-2020

2. *Review Trust Council Policy 7.2.1 Trustee Remuneration*	Responsible	Dates
Review Trust Council Policy 7.2.1 Trustee Remuneration against recently released UBCM 'Council and Board Remuneration Guide' to ensure best practices are being followed with regard to elected official compensation.	Julia Mobbs	Rec'd: 06-Nov-2019 Target: 22-Jan-2020

3. *Budget 2021/22: Draft 1, V1*	Responsible	Dates
Prepare budget assumptions and principles for review and discussion at the August 2020 FPC meeting.	Julia Mobbs	Rec'd: 27-May-2020 Target: 26-Aug-2020

REQUEST FOR DECISION

To:	Financial Planning Committee	**For the Meeting of:**	May 27, 2020
From:	Audit Committee	**Date Prepared:**	May 22, 2020

SUBJECT: MARCH 31, 2020 AUDITED FINANCIAL STATEMENTS

RECOMMENDATION:
That Financial Planning Committee receives the audited financial statements of the Islands Trust including the Statement of Financial Position, the Statement of Operations, the Statement of Changes in Net Financial Assets, and the Statement of Cash Flows for the year ended March 31, 2020, and forwards them to Trust Council for approval.

CHIEF ADMINISTRATIVE OFFICER COMMENTS:
The Independent Auditor's report indicates that, in their opinion, the financial statements present fairly, in all material aspects, the financial position of the Islands Trust as at March 31, 2020.

1 PURPOSE:
To forward the audited financial statements for Islands Trust to Trust Council for approval.

2 BACKGROUND:
The Audit Committee has reviewed the year-end audited financial statements and auditor's report with the external auditors, KPMG LLP, and has forwarded the information to Financial Planning Committee as attached.

3 IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: None**.**

FINANCIAL: None**.**

POLICY: None**.**

IMPLEMENTATION/COMMUNICATIONS:
Once approved by the Islands Trust Council, the year-end audited financial statements and auditor's report will be forwarded to the Minister of Municipal Affairs and Housing as required by the *Islands Trust Act, S. 19* and made available to the public via the Islands Trust website.

FIRST NATIONS: None.

OTHER: None.

4 RELEVANT POLICY(S):

Islands Trust Council Bylaw No. 176

Islands Trust Act S. 18 requires the Islands Trust appoint an auditor to audit the accounts and transactions of the Islands Trust Council and local trust committees, and requires that the auditor report to the Islands Trust Council and to the Minister.

5 ATTACHMENT(S):

- Islands Trust March 31, 2020 Audited Financial Statements and audit report

---

RESPONSE OPTIONS

Recommendation:
That Financial Planning Committee receives the audited financial statements of the Islands Trust including the Statement of Financial Position, the Statement of Operations, the Statement of Changes in Net Financial Assets, and the Statement of Cash Flows for the year ended March 31, 2020, and forwards them to Trust Council for approval.

Alternative: None.

Prepared By: Julia Mobbs, Director, Administrative Services

Reviewed By: Russ Hotsenpiller, Chief Administrative Officer

Islands Trust

BRIEFING

To:	Financial Planning Committee	**For the Meeting of:**	May 27, 2020
From:	Julia Mobbs, Director, Administrative Services	**Date Prepared:**	May 21, 2020

SUBJECT: **MARCH 31, 2020 FISCAL YEAR FINANCIAL RESULTS**

PURPOSE:
To provide an analysis of actual financial results versus approved budget for the fiscal year ending March 31, 2020.

BACKGROUND:
Islands Trust consolidated financial performance for the fiscal year ending March 31, 2020 resulted in an annual surplus of $11,654 for Islands Trust, which has resulted in a contribution to accumulated surplus for the same amount. The annual budget anticipated a total transfer from accumulated surplus of $156,000, of which $75,000 was for the LTC projects and $81,000 was for general operations. Details of actual activities and transfers between funds is outlined in this report.

The total accumulated surplus balance as of March 31, 2020 is $2,882,924. This accumulated surplus balance consists of the following (as noted in financial statement note 7 of the March 31, 2020 audited financial statement package):

	2020	2019
Invested in tangible capital assets	$ 457,554	$ 327,490
General Revenue Fund	2,218,841	2,477,152
Local Trust Committee Project Specific Reserve Fund	121,272	42,287
Special property tax requisition fund	85,256	24,341
Accumulated surplus	$ 2,882,924	$ 2,871,270

Amounts invested in tangible capital assets represent funds spent on capital assets that have not yet been fully amortized, and thus not fully expensed through the Statement of Revenues and Expenditures. This results in balances in accumulated surplus that are not readily accessible given they are tied up in non-financial assets. The change in this balance represents asset purchases in the year, less annual amortization expense, losses on disposal and amounts owing under capital lease.

The General Revenue fund decreased by $258,311 of which $150,000 relates to a transfer to the LTC Project specific reserve fund. The remaining $108,311 relates to activity associated with amounts invested in tangible capital assets, losses on asset disposals, and general operations excluding SSIWPA and LTC project activity.

The LTC Project Specific Reserve Fund balance increased by $78,985 due to an annual surplus of the same amount, which includes a transfer from the general fund of $150,000 minus spending on LTC projects of $71,015, which was $3,985 (-5%) below budget. Underspending was due to project delays resulting in incomplete projects at year-end.

The Special Property tax requisition Fund (SSIWPA) increased by $60,915 due to an annual surplus of the same amount. This was primarily due to underspending of requisitioned funds due to a delay in securing the SSIWPA coordinator for five months of the fiscal year.

Details of consolidated financial activity in the year and performance against budget are discussed as follows:

CONSOLIDATED REVENUES

Total Revenue is lower than budget by approximately $25,000 (-0%) due to the following:

Fees & Sales from land-use applications were approximately $58,000 (36%) lower than anticipated due to a slowing down in the rising application volumes anticipated at the time of budget development.

Investment Income was higher by approximately $22,000 (28%) as the secured yields on GIC investments were higher than anticipated due mainly to the timing of investment purchases.

Other Revenues was higher than anticipated by approximately $11,000 (7%) due mainly to an additional landlord contribution to the Victoria office renovation of $6,500 for flooring work, as well as higher than anticipated grant funds awarded throughout the year for SSIWPA projects, for First Nation's reconciliation initiatives on Galiano Island, for attendance at the Ocean Protection Plan Forum and Proactive Vessel management Framework, and for a climate change impact literature review.

CONSOLIDATED EXPENSES

Total expenses in the financial statements is reported at $7,672,618, which includes amortization expense and excludes capital spending that has been capitalized as tangible capital assets on the Statement of Financial Position, in accordance with Public Sector Accounting Standards. This is not the same methodology used to develop the budget, which includes capital spending amounts. To adjust actual reported expenses to reflect a proper basis of comparison, we add back actual capital purchases made in the year as follows:

Total expenses per March 31, 2020 audited financial statements	$7,672,619
Add back capitalized assets	288,451
Total for budget comparison purposes	$7,961,070
Vs. Total approved budget (incl. amortization + capital)	7,939,886
Over (under) approved budget	$ 21,184

Total actuals were higher than budget by approximately $21,000 (0%) due mainly to timing of expenses related to the Victoria office renovation, increased amortization expense based on increased renovation costs, and increased legal expenses. A breakdown of budget to actual analysis by functional area is as follows:

**denotes area where capital purchases are reflected in the budget.*

COUNCIL

Total Council expenses include costs related to three main areas: Trust Council; Executive Committee; and Trust Area Services; as well as an allocation of administrative expenses. In aggregate and inclusive of the admin allocation these expenses were lower than budget by approximately $88,000 (-7%).

Trust Council (TC) costs are comprised of TC meeting costs, Council committee costs (LPC, TPC, FPC), elections and by-elections costs, insurance premiums associated with Council work, general legal costs relating to Trust Wide issues, memberships and training for trustees associated with their Council work, Trust council portion of trustee remuneration and benefits. Trust Council spending was higher than budget by approximately $24,000 (8%) due mainly to TC meeting expenses being higher than planned, particularly the June 2019 TC meeting on Gabriola Island.

Executive Committee (EC) costs are comprised of applications sponsored by EC, EC meeting expenses, EC mobile device costs, training, travel and conferences for EC members, and the EC portion of trustee remunerations and benefits. Executive Committee costs were lower than budget by approximately $8,800 (-7%) due mainly to underspending in meeting expenses and fewer sponsored applications.

Trust Area Services (TAS) costs are comprised of grants in aid for history and heritage, trust-wide communications costs, contracted TAS services, memberships, subscriptions, mobile devices, training, travel, salaries and benefits for TAS staff, TPC project costs, Islands Trust Act amendment project costs, a share of the website renewal project costs, and costs associated with the photo management project. TAS expenses were lower than budget by approximately $99,000 (-17%) due primarily to underspending on TPC programs (-$19,000) as the committee did not undertake all planned program work due to a heavy focus on the Policy Statement Amendment Project, underspending on communications funds (-$14,000) as a result of reduced contractor oversight capacity from vacant staff positions, underspending on the Islands Trust Act amendment project (-$15,000) as a result of not requiring planned contract or legal advice on the project, underspending on the website renewal project (-$12,000) as a result of project delays, and underspending on TAS salaries and benefits (-$19,000) as a result of staff vacancies.

LOCAL PLANNING SERVICES (LPS)

Total LPS expenses include costs related to five main areas: Local Trust Committees (LTCs); LPS Projects; LPS Staff; LPS facilities; and Bylaw enforcement; as well as an allocation of administrative expenses. In aggregate and inclusive of the admin allocation, these expenses were lower than budget by approximately $72,000 (-1%).

Local Trust Committee costs are comprised of the LTC-engaged First Nation protocol funds, rent, utilities and office services for on-island trustee offices, general legal costs, bylaw enforcement legal costs, legal litigation costs, trustee expenses, LTC and APC meeting expenses, LTC communications and special project expenses, and the LTC portion of trustee remuneration and benefits. Local Trust Committee expenses were higher than budget by approximately $81,000 (12%) due primarily to increased legal action for bylaw enforcement ($21,000) as well as increased legal defense costs for litigation against LTCs ($64,000).

LPS Projects costs are comprised of all LTC projects and related protocol funds, cultural working group funds, a share of the website renewal project costs, LPC program costs, water aquifer mapping costs, and includes all SSIWPA expenses. This area of spending was lower than budget by approximately $101,000 (-34%) due mainly to underspending by SSIWPA (-$61,000) as a result of a delay in securing the contracted SSIWPA coordinator for the year, project delays associated with the website renewal project (-$33,000), and underspending on LTC projects (-$7,000) as a result of project delays.

Planning staff costs are comprised of all salaries, benefits, training, and travel costs associated with LPS staff or contractors used to cover staff vacancies. Planning staff costs were higher than budget by approximately $5,000 (0%) which is not considered significant for reporting purposes.

**LPS facilities* costs are comprised of expenses associated with board of variance activities, land titles registrations, LPS staff meeting expenses, memberships, subscriptions, mobile devices, office rent and supplies for the Gabriola Island and the Salt Spring Island offices, as well as a portion of the Southern office. Total spending in the year related to LPS facilities was approximately $456,000, which is $50,000 (12%) above budget. This is due primarily to increased cost associated with the Victoria office renovation. Of this total spending, approximately $110,000 in costs were capitalized as tangible capital assets (i.e.: removed from the statement of revenue and expenditure), and as such the final reported expense for this area is $346,000 which is $59,000 (-15%) below reported budget.

Bylaw enforcement costs are comprised of all salaries, benefits, training, and travel costs associated with LPS staff or contractors used to cover staff vacancies or collect on fines. Bylaw enforcement expenses were under budget by approximately $25,000 (-8%) due primarily to staff vacancies.

TRUST CONSERVANCY (ITC)

Total ITC expenses include costs related to three main areas: Board expenses; Operations expenses; and Property management expenses; as well as an allocation of administrative expenses. In aggregate and inclusive of the admin allocation, these expenses were lower than budget by approximately $107,000 (-12%).

ITC Board costs are comprised of ITC board meeting expenses, honoraria and training for board members. Board expenses were under budget by approximately $9,000 (-33%) due to reduced meeting expenses as a result of electronic meeting implementation, and underspending on honoraria funds for meeting attendance by appointed board members.

Operations costs are comprised of ITC communications, ecosystem mapping, photo management work, ITC legal costs, mobile devices, training, travel, salaries and benefits for ITC staff. These expenses were under budget by approximately $92,000 (-17%) due to underspending on communications (-$4,500), ecosystem mapping (-$13,500), legal (-$8,500), and ITC salaries and benefits (-$58,500) all as a result of staff vacancies during the year. Underspending on photo management work (-$7,000) is due to project delays.

Property Management costs are comprised of property management and conservation planning and land securement. These expenses were under budget by approximately $10,000 (-12%) due to less completed work on property management and conservation as a result of staff vacancies during the year.

GENERAL ADMINISTRATION

Total general administrative expenditures include costs related to six main areas: Executive office; Administrative services; Office Operations; Information systems; Computer, Furniture and Equipment; and Amortization expense. General administration costs are allocated to the three functional areas of the Trust (Council, LTC Services, and ITC) based on their relative expenses for the period.

Executive office costs are comprised of contract services for executive-related work, electronic data management costs, and the mobile devices, training, travel, salaries and benefits for Executive office staff. Executive office expenses were under budget by approximately $16,000 (-4%) due mainly to unspent contingency funds (-$11,000), less EDM contractor time required (-$2,000) and salaries and benefits coming in slightly below budgeted (-$2,500).

Administrative services costs are comprised of third party contracted support services, training, travel, salaries and benefits for administrative services staff. Administrative services expenses were under budget by approximately $17,000 (-3%) due underspending on contracted support services for ACCPACC (-$12,000), lower payroll processing transaction fees, and a reduction in salaries and benefits costs (-$5,000) due to less overtime worked by union staff.

Office operations costs are comprised of audit fees, bank charges, carbon offset purchases, internet, insurance premiums associated with office operations, office rent, utilities and outside services, office supplies and postage, human resources costs associated with recruitment, organization-wide training, organization-wide staff meetings, safety and staff recognition costs. Office operations were higher than budget by approximately $25,000 (8%) due to: increased rent costs to relocate staff and files to new working spaces during the office renovation plus higher than anticipated rental adjustments for property taxes and common area fees for the Victoria office ($15,000); higher than anticipated expenditures for offsite file storage as a significant volume of paper files were shipped offsite ($10,000), as well as increased parking and maintenance cost associated with the office parking lot ($7,000), increased costs for phone and legal ($10,0000), offset by underspending in audit fees, supplies and postage, safety and recruitment (-$17,000).

Information Systems costs are comprised of software licensing, third party technical support, computer supplies, mobile devices, and all salaries, benefits, training, and travel costs associated with Information Systems staff. Information systems expenses were under budget by approximately $2,000 (-0%) due mainly to decreased costs for software support & licensing (-$16,000) offset by increased costs in staff salaries and benefits expense ($14,000) which points to greater reliance on in-house technical support versus third party technical support.

**Computer, Furniture and Equipment* costs are comprised of hardware, software, furniture, equipment, and leasehold improvements. Total spending in year for this area was $245,000 which is $179,000 (53%) above budget. This is due primarily to increased hardware and furniture costs associated with the Victoria office renovation. Of this total spending, approximately $179,000 in costs were capitalized as tangible capital assets (i.e.: removed from the statement of revenue and expenditure), and as such the final reported expense for this area is $66,000 which is $64,000 (-49%) below reported budget.

Amortization expense is an estimation of the use/wear and tear on capital assets in use for Islands Trust and Islands Trust Conservancy operations. Amortization expense was over budget by approximately $100,000 (230%) due to a delay in amortization of the office renovation assets (due to project completion delay) putting more amortization expense into a shorter time frame, as well as the fact that budgeted amortization expense was not appropriately updated for the total value of the office renovation project to be capitalized.

CONSOLIDATED EXPENSES BY OBJECT

Public Sector Accounting Standards determine that financial reporting for government entities be reported "by function" (i.e.: service area) in the Statement of Financial Operations as discussed in the earlier section of this report. Expenses "by object" (i.e.: type) are reported in accompanying financial statements notes. For purposes of great transparency and understanding of Islands Trust financial results, March 31, 2020 expenses by object are shown as follows:

Description	**Approved Budget**	**31-Mar-20**	*$ over (under) budget*	*% over (under) budget*
Traveling/training and recruitment	227,140	183,064	*(44,076)*	*-19%*
Council and trustee costs	893,561	892,660	*(901)*	*0%*
Office operations	938,912	976,907	*37,995*	*4%*
Programs	560,000	370,836	*(189,164)*	*-34%*
Legal	199,999	270,006	*70,007*	*35%*
Elections	7,000	61	*(6,939)*	*-99%*
Staff salaries and benefits	4,852,374	4,803,756	*(48,618)*	*-1%*
Amortization	75,000	174,759	*99,759*	*133%*
Loss on Disposal of Assets	-	570	*570*	*100%*
Total*	**7,753,986**	**7,672,619**	***(81,367)***	***-1%***

Capital Purchases	185,900	288,451	*102,551*	*55%*
Total including Capital	7,739,886	7,961,070	*21,184*	*0%*

**Excludes $185,900 in budgeted capital spending to align with March 31, 2020 actuals which capitalizes (removes) $288,451 of actual capital spending from expenses.*

Traveling/training and recruitment were under budget due to staff vacancies (respective areas noted in earlier section of the report) as well as increasing work volumes allowing for less time for staff training and development.

Council and trustee costs were almost exactly on budget. Higher than anticipated Council meeting costs were offset by lower than expected Committee meeting costs and trustee costs.

Office operations were over budget due mainly to increased rent costs to relocate staff and files to new spaces during the office renovation, higher than anticipated costs for offsite file storage and increased parking and parking lot maintenance expenses.

Programs were under budget due to LTC project delays and significant underspending on SSIWPA projects, discussed in earlier sections of this report.

Legal expenses were over budget due to increased legal action for bylaw enforcement and legal defense costs for litigations against LTCs, as discussed in earlier section of this report.

Elections expense was under budget due to no by-elections taking place in the year.

Staff salaries and benefits were under budget due mainly to staff vacancies in the year, discussed in earlier sections of this report, by area of function.

Amortization was over budget as discussed in earlier sections of this report.

Loss on Disposal of Assets relates to the disposal as capital assets that have not been fully amortized as at the date of their disposal. The loss relates to previously held leasehold improvements that were written off as part of the Victoria office renovation.

Capital spending was higher than budget due to increased costs in the year for the office renovation which were delayed from prior year, as well as increased costs of hardware for the renovated boardroom.

ATTACHMENT(S):

1. Consolidated Statement of Revenue and Expenditures for the Year Ending March 31, 2020

FOLLOW-UP: None identified.

Prepared By: Nancy Roggers, Finance Officer
Julia Mobbs, Director, Administrative Services

Reviewed By: Julia Mobbs, Director, Administrative Services
Russ Hotsenpiller, Chief Administrative Officer

Islands Trust

Statement of Revenue and Expenditure
For The Year Ending March 31, 2020

	Budget	2020	2019	$ Variance from Budget	% Variance from Budget
Revenue:					
Fees & Sales	160,000	102,051	166,154	*(57,949)*	*-36%*
Provincial Grant	180,000	180,000	180,000	-	*0%*
Property Tax Levy General	6,696,752	6,696,752	6,501,701	-	*0%*
Special Property Tax Requisition	98,500	98,500	98,500	-	*0%*
Property Tax Levy Bowen	329,634	329,634	293,933	-	*0%*
Investment Income	80,000	102,281	104,384	*22,281*	*28%*
Other Revenues	164,000	175,054	17,020	*11,054*	*7%*
Total Revenue	**7,708,886**	**7,684,272**	**7,361,692**	*(24,615)*	*0%*
Expenses					
Trust Council	294,979	318,740	484,514	*23,761*	*8%*
Executive Committee	120,084	111,246	144,169	*(8,838)*	*-7%*
Trust Area Services	571,210	472,608	397,844	*(98,602)*	*-17%*
General Admin Allocation - 16%	319,558	315,095	330,797	*(4,463)*	*-1%*
Total Council Expenses	**1,305,831**	**1,217,689**	**1,357,324**	*(88,142)*	*-7%*
Local Planning Services					
Local Trust Committees	655,563	736,929	698,093	*81,366*	*12%*
Projects (Note 1)	294,650	193,795	191,975	*(100,855)*	*-34%*
Planning Staff	2,689,221	2,694,069	2,427,400	*4,848*	*0%*
LPS Facilities*	405,776	346,473	345,786	*(59,303)*	*-15%*
Bylaw Enforcement	308,283	283,031	308,616	*(25,252)*	*-8%*
General Admin Allocation - 73%	1,410,555	1,437,619	1,341,568	*27,064*	*2%*
Total Local Planning Services Expenses	**5,764,048**	**5,691,915**	**5,313,437**	*(72,133)*	*-1%*
Trust Conservancy					
Board	28,250	19,043	18,409	*(9,207)*	*-33%*
Operations	545,852	454,100	385,231	*(91,752)*	*-17%*
Property Management	83,000	73,244	100,045	*(9,756)*	*-12%*
General Admin Allocation - 11%	212,905	216,627	165,399	*3,722*	*2%*
Total Trust Conservancy Expenses	**870,007**	**763,014**	**669,084**	*(106,993)*	*-12%*
General Admin					
Executive Office	389,694	373,718	388,039	*(15,976)*	*-4%*
Admin Services	499,436	482,716	450,712	*(16,720)*	*-3%*
Office Operations	314,340	339,635	336,085	*25,295*	*8%*
Information Systems	534,368	532,086	511,270	*(2,282)*	*0%*
Computer/Furniture & Equipment*	130,180	65,856	71,680	*(64,324)*	*-49%*
Amortization Expense and Loss on disposal	75,000	175,329	79,978	*100,329*	*134%*
General Admin Recovery	(1,943,018)	(1,969,341)	(1,837,765)	*(26,323)*	*1%*
Total General Admin Expenses	-	-	-	-	*0%*
Total Expenses	**7,939,886**	**7,672,619**	**7,339,845**	*(267,267)*	
Less Amortization	(75,000)	-			
Transfer to (from) from General Surplus Fund	(81,000)	(139,900)			
Transfer to (from) LTC Project Specific Reserve Fund	(75,000)	78,985			
Transfer to (from) Special Property Tax Fund	-	60,915			
	7,708,886	7,672,619	7,339,845		
Surplus (Deficit)	0	**11,653**	21,847		
Surplus Fund, beginning of the period		2,871,270	2,849,423		
Surplus Fund, end of the period		2,882,923	2,871,270		

Note 1:
Projects made up of:

SSIWPA		45,256	96,571	*(53,244)*	*-54%*
Project - Projects funded by grants		2,757	-	*(9,243)*	*-77%*
LTC Projects		71,015	90,226	*(3,985)*	*-5%*
We	0	48,658	-	*(32,992)*	*-40%*
First Nations Protocol Funds/Cultural Working Group Funds		808	-	*(1,692)*	*-68%*
LPC Projects		25,300	5,178	*300*	*1%*
		193,795	**191,975**	*(100,855)*	*-34%*

Islands Trust

BRIEFING

To:	Financial Planning Committee	**For the Meeting of:**	May 27, 2020
From:	Julia Mobbs, Director Administrative Services	**Date Prepared:**	May 20, 2020
SUBJECT:	**March 31, 2020 Allocated Financial Statements**		

PURPOSE:

To provide Financial Planning Committee with allocated Financial Statements for the fiscal year ending March 31, 2020.

BACKGROUND:

In 2006/07, Local Trust Committees (LTCs) had concerns about their ability to conduct business and to undertake community planning projects due to the amount of planning staff available. In response to these concerns Trust Council requested the Finance Department to develop a process to allocate revenues and expenditures to LTCs based on actual financial results for the fiscal period.

The process of allocating revenues and expenses to Local Trust Committees was revised in 2015/16, and was further refined in 2017/18. The process is completed through three major steps:

1. Revenues and expenses directly attributed to Local Trust Areas

The Islands Trust financial system tracks most financial transactions by location code (among other segments) which enables such expenses to be reported by specific Local Trust Committee (and other work units). The first step in the process is to report this information.

Revenues received are allocated as follows:

- Fees and sales revenues – allocated by specific LTC, as tracked in the accounting system.
- Property tax revenues (LTAs) – allocated to LTCs based on net converted assessment values per BC Assessment.
- Special Property tax levies – allocated to the LTC for which it was levied.
- Property tax levy (BIM) – allocated to BIM.
- Provincial Grant/Interest and other income – allocated to LTCs and Island Municipalities based on net converted assessment values per BC Assessment.
- Grant Income – allocated by specific LTC, as tracked in the accounting system.

2. LPS Administration expenses allocated to Local Trust Committees

Planning staff and bylaw enforcement officers record their time in the Time Collection System. Time allocation options for planning and bylaw staff are limited to the following categories:

- LPS Admin Staff - where all LPS admin staff working and related travel time would be reported.

- LPS Planner Administration - where Planner time spent on LTC, council committee and trust council meeting attendance, preparation and travel would be recorded.
- LPS Planner Current Planning – where planner time for application processing would be recorded. This includes time spent at public meetings, travel for site visits, research and reporting, and general work associated with application processing.
- LPS Planner Projects – this includes planner time spent working on LTC work program items and Islands Trust wide planning projects, including related travel.
- LPS Project [specific project name] – these codes capture time spend on specific LTC planning projects.
- LPS Region Management – review and preparation of documents for meetings, staff support and mentoring, and related travel.
- LPS Cost Recovery – specific applications operating under cost-recovery agreements have time codes set up for staff time tracking.
- Bylaw Enforcement –BE time and related travel time worked by bylaw enforcement staff
- General Leave – paid time off for all staff who record time such as vacation time
- General Administration – staff meetings, training, conferences and related travel for all staff who record time

The data collected by staff in the time collection system is used to develop allocation percentages for each of the three planning office: Victoria, Salt Spring Island, and Gabriola Island. These percentages are used to allocate certain LPS-administrative expenses attributable to Local Planning Services, as follows:

- *Planning Costs, Northern Office* – allocated based on the percentage of planning time in the Northern office reported to specific Local Trust Committees.

- *Planning Costs, Southern Office* - allocated based on the percentage of planning time in the Southern office reported to specific Local Trust Committees.

- *Planning Costs, Salt Spring Island* – allocated 100% to Salt Spring Island Local Trust Committee.

- *Director LPS Costs* – allocated to each Local Trust Committee based on the percentage of total planning time reported to a specific Local Trust Committee by all offices.

- *LTC Executive Committee expenses* - allocated to each Local Trust Committee based on the percentage of total planning time reported to a specific Local Trust Committee by all offices.

- *Bylaw costs* – allocated based on the percentage of bylaw enforcement officer administrative assistant, and manager time reported to specific Local Trust Committees.

3. Non-LPS Administration expenses allocated to Local Trust Areas and Island Municipalities

Trust Council Expenses – allocated to each Local Trust Committee based on their percentage of assessed values in relation to all Local Trust Areas, including Island Municipalities.

Trust Conservancy Expenses – allocated to each Local Trust Area based on their percentage of assessed values in relation to all Local Trust Areas, including Island Municipalities.

General Administrative Expenses

- *Non-LPS related* – allocated to each Local Trust Area based on their percentage of assessed values in relation to all Local Trust Areas, including Island Municipalities.

- *LPS-related* – allocated to Local Trust Committees only (excludes Island Municipalities) based on their percentage of assessed values in relation to all Local Trust Committees.

The inclusion of Island Municipalities was new as of fiscal 2018. Previous year's statements will not show these separately.

Conclusions:

- The time collection system is only as reliable as the users of the system. It has been noted that there are some staff not using the system to record their time in a timely manner. As such, estimates of time allocations are made at the end of the year. Such estimates reduce the accuracy of the information used for allocation purposes in the allocated financial statements. Staff have been reminded that this information in important and should be input on a weekly basis. New processes requiring management tracking and follow-up are being implemented which should help increase the accuracy and usefulness of the data collected;

- The process to produce the Allocated Financial Statements remains an imperfect reflection of Local Trust Area resource use, due to the many services that are shared throughout the Islands Trust organization.

ATTACHMENT: March 31, 2020 Allocated Financial Statements

FOLLOW-UP:

Forward to Trust Council for information, if desired.

Prepared By: **Julia Mobbs, Director, Administrative Services**

Reviewed By: **David Marlor, Director, Local Planning Services**

ISLANDS TRUST March 31, 2020 Allocated Financial Statements	LTC Bal/Win	LTC Denman	LTC Gabriola	LTC Galiano	LTC Gambier	LTC Hornby	LTC Lasqueti	LTC Mayne	LTC N. Pender	LTC Salt Spring	LTC Saturna	LTC S. Pender	LTC Thetis	BIM	Total
Direct Revenue															
Fees & Sales	4,629	6,650	15,596	17,700	3,091	8,822	117	5,335	4,707	29,985	(1,350)	(270)	7,040	-	**102,051**
Property Tax Levy - General	5,346	248,309	907,566	445,776	439,682	362,184	101,064	445,277	664,346	2,658,086	167,907	105,305	145,904	329,634	**7,026,386**
Special LTC Tax Requisition	-	-	-	-	-	-	-	-	-	98,500	-	-	-	-	**98,500**
Grant income for projects	-	-	-	3,476	-	-	-	-	-	7,672	-	-	-	-	**11,148**
Total Direct Revenue	**9,975**	**254,959**	**923,162**	**466,952**	**442,773**	**371,006**	**101,181**	**450,612**	**669,053**	**2,794,243**	**166,557**	**105,035**	**152,944**	**329,634**	**7,238,085**
LTC Direct Expenses - Operating															
Computer - internet charges	-	-	-	1,091	-	-	-	-	-	-	-	-	-	-	**1,091**
FN Protocol Funds	-	-	75	-	-	-	-	-	109	-	-	-	43	-	**227**
Legal - general	-	13,087	6,885	5,239	138	-	-	90	6,343	20,380	-	-	5,639	-	**57,801**
Legal - bylaw enforcement litigation	-	10,826	6,124	9,806	4,984	-	796	7,103	10,458	27,341	3,408	-	960	-	**81,806**
Legal - litigation	-	11,873	41,851	3,899	-	-	-	-	25,459	2,168	-	3,452	-	-	**88,702**
LTC Trustee Expenses	-	504	-	473	685	1,113	58	-	55	1,182	144	43	489	-	**4,745**
LTC Meeting Expenses	164	2,897	3,737	4,059	3,018	3,102	2,366	1,549	3,503	8,614	3,287	1,046	1,809	-	**39,150**
LTC Local Exp APC Meeting Expenses	-	1,118	1,296	790	-	301	68	52	700	2,613	24	864	271	-	**8,097**
LTC Local Exp Communications	-	500	530	2,329	-	503	-	1,090	100	44	-	-	70	-	**5,166**
LTC Local Exp Special Projects	-	-	-	4,000	-	-	-	-	580	68	-	-	-	-	**4,648**
Notices - Statutory & Non-Statutory	-	214	373	2,170	-	535	68	352	3,392	9,050	1,663	124	143	-	**18,085**
Office - Lease costs	-	1,445	-	7,523	-	-	-	1,000	6,196	-	1,650	-	-	-	**17,814**
Office - outside services	-	-	-	1,705	-	-	-	-	458	-	-	-	-	-	**2,163**
Telephone - lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Trustee Remuneration	-	15,040	31,312	19,702	14,495	15,221	11,686	16,438	21,373	57,477	11,892	14,185	12,491	-	**241,313**
Trustee Remuneration - Benefits	-	6,626	5,706	3,798	6,893	6,634	6,087	5,491	7,123	8,020	6,791	3,386	6,076	-	**72,629**
LTC Operating Subtotal	**164**	**64,131**	**97,889**	**66,585**	**30,212**	**27,409**	**21,129**	**33,164**	**85,848**	**136,956**	**28,859**	**23,100**	**27,990**	**-**	**643,437**
Direct Expenses - Projects															
Project - Funded by Grants		-	-	2,757	-	-	-	-	-	7,672	-	-	-	-	**10,429**
Project - Funded by Special requisition		-	-	-	-	-	-	-	-	37,584	-	-	-	-	**37,584**
Projects - Trust Wide	109	5,381	19,890	9,683	9,167	7,476	2,203	9,957	15,199	57,448	3,463	2,215	3,160	-	**145,349**
LTC Projects - LTC Specific	-	182	6,321	977	5,543	582	-	-	904	9,368	1,713	5,851	1,582	-	**33,023**
LTC Projects - Southern Islands Only				9,119				9,324	14,232		3,243	2,074		-	**37,992**
LTC Projects Subtotal	**109**	**5,563**	**26,211**	**22,537**	**14,710**	**8,058**	**2,203**	**19,280**	**30,335**	**112,072**	**8,419**	**10,140**	**4,742**	**-**	**264,378**
Total Direct Expenses (Operating + Projects)	**273**	**69,694**	**124,100**	**89,122**	**44,922**	**35,467**	**23,332**	**52,445**	**116,183**	**249,028**	**37,278**	**33,240**	**32,732**	**-**	**907,815**
Direct Revenues less Direct Expenses	**9,702**	**185,265**	**799,062**	**377,830**	**397,851**	**335,539**	**77,849**	**398,167**	**552,870**	**2,545,215**	**129,279**	**71,795**	**120,212**	**329,634**	**6,330,270**
Indirect Planning Expenses															
Allocate Planning Costs - Northern	6,199	196,084	263,173	-	132,762	176,035	35,421	-	-	1,963	-	-	64,134	-	**875,771**
Allocate Planning Costs- Southern	-	1,355	33,198	290,607	1,389	1,491	913	155,385	241,603	16,192	73,940	84,680	1,694	-	**902,448**
Allocate Planning Costs - SSI	-	-	-	-	-	-	-	-	-	740,430	-	-	-	-	**740,430**
Allocate Director LPS	1,413	44,885	64,747	41,721	30,458	40,335	8,204	22,308	34,686	196,312	10,615	12,157	14,860	-	**522,700**
Allocate LTC Executive expenditures	249	7,914	11,416	7,356	5,370	7,111	1,446	3,933	6,116	34,612	1,872	2,143	2,620	-	**92,159**
Allocate Bylaw	-	9,659	68,408	21,218	875	5,780	304	16,921	25,667	129,940	2,700	1,255	304	-	**283,031**
Total Indirect Planning Expenses	**7,861**	**259,896**	**440,941**	**360,903**	**170,853**	**230,751**	**46,289**	**198,548**	**308,072**	**1,119,450**	**89,127**	**100,236**	**83,612**	**-**	**3,416,539**
Net surplus (shortfall) before Administrative	**1,841**	**(74,630)**	**358,121**	**16,927**	**226,998**	**104,788**	**31,560**	**199,620**	**244,798**	**1,425,765**	**40,152**	**(28,441)**	**36,600**	**329,634**	**2,913,731**
Administrative Expenses															
Allocate Trust Council	508	25,141	92,935	45,245	42,832	34,930	10,294	46,522	71,014	268,422	16,180	10,349	14,764	155,805	**834,943**
Allocate Trust Conservancy	332	16,452	60,817	29,608	28,030	22,858	6,736	30,444	46,472	175,656	10,588	6,772	9,661	101,959	**546,387**
Allocate Net Administration	1,079	53,408	197,425	96,115	90,990	74,202	21,867	98,827	150,858	570,216	34,372	21,984	31,363	78,040	**1,520,748**
Total Administrative Allocation	**1,920**	**95,002**	**351,177**	**170,969**	**161,852**	**131,990**	**38,897**	**175,793**	**268,344**	**1,014,295**	**61,140**	**39,105**	**55,788**	**335,804**	**2,902,077**
Net Surplus (Shortfall) incl. Special Taxes	**(79)**	**(169,632)**	**6,944**	**(154,042)**	**65,146**	**(27,203)**	**(7,337)**	**23,827**	**(23,546)**	**411,470**	**(20,988)**	**(67,546)**	**(19,188)**	**(6,170)**	**11,654**
<u>Made up of:</u>															
Surplus from SSIWPA										60,916					60,916
Other Surplus (Shortfall)	(79)	(169,632)	6,944	(154,042)	65,146	(27,203)	(7,337)	23,827	(23,546)	350,554	(20,988)	(67,546)	(19,188)	(6,170)	(49,262)
	(79)	**(169,632)**	**6,944**	**(154,042)**	**65,146**	**(27,203)**	**(7,337)**	**23,827**	**(23,546)**	**411,470**	**(20,988)**	**(67,546)**	**(19,188)**	**(6,170)**	**11,654**

REQUEST FOR DECISION

To:	Financial Planning Committee	**For the Meeting of:**	May 27, 2020
From:	Julia Mobbs, Director, Administrative Services	**Date Prepared:**	May 8, 2020

SUBJECT: **2019-20 ANNUAL REPORT – APPROVAL OF FINANCIAL PLANNING COMMITTEE SECTION**

RECOMMENDATION:
That Financial Planning Committee approve the attached text for inclusion in the 2019-2020 Annual Report for approval by Trust Council and submission to the Minister of Municipal Affairs & Housing.

CHIEF ADMINISTRATIVE OFFICER COMMENTS: N/A

---

1 PURPOSE:
Approval of annual report sections by committees so that Trust Council is able to easily approve its annual report in June 2020 without further editing from staff or trustees at the Trust Council meeting.

2 BACKGROUND:
Preparation of the Islands Trust Annual Report is undertaken by Trust Area Services communications staff, reporting to Executive Committee and consistent with Trust Council's Annual Report Policy 6.10.1.

Few changes from last year have been made to FPC's section of the annual report in the current year. Changes that have been incorporated include the following:
~ Changes to dates to reflect activities for fiscal 2019/20;
~ Updates to member names and dates of service;
~ Amendments to the budget section to remove specifics of FPC budget recommendations, as these recommendations were subsequently changed due to the COVID-19 pandemic (ie: the recommended 2% tax increase). Details of these subsequent changes were excluded from the annual report at the recommendation of the Trust Area Services director as they did not take place in the 2019/20 year.

3 IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: None. Timely approval of committee text will ensure smooth delivery of the Islands Trust annual report, in compliance with the *Islands Trust Act*, Section 19.

FINANCIAL: No implications for existing policy

POLICY: No implications for existing policy

IMPLEMENTATION/COMMUNICATIONS: The process for development of the Annual Report is outlined in Trust Council's Annual Report Policy 6.10.1. Once each committee has approved its section, staff will create a draft Annual Report for review by Executive Committee and consideration of Trust Council in June. Upon approval by Trust Council, staff will send the Annual Report to the Minister of Municipal Affairs and Housing and circulate it as indicated in Trust Council's policy.

FIRST NATIONS: None.

OTHER: N/A

4 **RELEVANT POLICY(S):** This approach complies with Section 19 of the *Islands Trust Act and* Trust Council's Annual Report Policy 6.10.1.

5 **ATTACHMENT:** Financial Planning Committee input to Annual Report (draft)

RESPONSE OPTIONS

Recommendation: That Financial Planning Committee approve the attached text for inclusion in the 2019-2020 Annual Report for approval by Trust Council and submission to the Minister of Municipal Affairs & Housing.

Alternative: None

Prepared By: Clare Frater, Director Trust Area Services
Julia Mobbs, Director, Administrative Services

Financial Planning Committee

Role

The Financial Planning Committee (FPC) is responsible for facilitating Trust Council's involvement in the annual budget process. This includes aligning the annual strategic planning process with the annual budget process, monitoring, reviewing, and making recommendations on the organization's financial management, budget, and financial practices to Trust Council, and reviewing audit reports and recommendations. The committee also provides advice to the Islands Trust Conservancy Board on financial services and support.

Members

FPC consists of 10 trustees from across the Islands Trust Area: one member from the Trust Programs Committee (the chair, unless otherwise appointed), one member from the Local Planning Committee (the chair, unless otherwise appointed), the four members of the Executive Committee, one member from the Trust Conservancy Board, and three other trustees. The chair of the committee is elected from amongst the other trustees.

Members serving for the 2018–2022 term:
Peter Grove*, Salt Spring Island, Chair
Paul Brent*, Saturna Island, Vice-Chair
Deb Morrison*, North Pender Island, Trust Programs Committee (October 23, 2019)
Scott Colbourne, Gabriola Island, Trust Programs Committee alternate
Laura Busheikin*, Denman Island, Local Planning Committee
Peter Luckham, Thetis Island, Executive Committee
Sue Ellen Fast, Bowen Island, Executive Committee
Laura Patrick, Salt Spring Island, Executive Committee
Dan Rogers, Gambier Island, Executive Committee
Robin Williams, Islands Trust Conservancy Board (term ended December 31, 2019)
Kate-Louise Stamford*, Islands Trust Conservancy Board (appointed February 13, 2020)
Tahirih Rockafella, Galiano Island

The Audit Committee is a sub-committee of the Financial Planning Committee and includes all members with the exception of the four Executive Committee members. The Audit Committee convenes, at a minimum, twice annually to meet with the external auditors and review the year-end audit work program, the audit findings report and any management letter recommendations, and to determine follow-up actions if required.

* indicates current member of the Audit Committee

2019-2020 Highlights

As part of its ongoing responsibilities, FPC oversaw, through its Audit Committee, the completion of the annual financial statement audit for Islands Trust and Islands Trust Conservancy for the fiscal year ending March 31, 2019. The Audit Committee met with external auditors, KPMG LLP, to review their audit findings reports and initiated planning for the March 31, 2020 financial statement audit.

FPC facilitated Trust Council's development of the 2020/21 budget, including recommendations on the amount to draw from surplus funds, the amount of the property tax requisition to Trust Area landowners, and a review of the Bowen Island municipal tax levy which is based on Trust Council's Policy 7.2.6 Municipal Tax Requisition Calculation. Bowen Island Municipality's contribution experienced a net decrease in the 2020/21 budget due to an increased draw from surplus funds, as well as changes to approved spending in Trust-wide programs, the Islands Trust Conservancy, and related administration expenses. FPC also oversaw a public consultation on the draft budget. This year, thanks to increased promotion via social media, FPC saw record number of responses with 745 members of the public completing the survey, taking on average 11 minutes to contribute their thoughts.

The Salt Spring Island Local Trust Committee requested an additional Special Property Tax Requisition for co-ordination of the Salt Spring Island Watershed Protection Alliance, which was approved by Trust Council upon recommendation from FPC.

Quarterly financial updates on actual results, as well as financial forecasts based on the second and third quarter results, were provided to the committee for information and review.

BRIEFING

To:	Financial Planning Committee	**For the Meeting of:**	May 27, 2020
From:	David Marlor, MCIP, RPP Director, Local Planning Services	**Date Prepared:**	May 13, 2020

SUBJECT: **Application Processing Procedures in Relation to Trust Council Policy**

PURPOSE:

To provide an update on application processes in Local Planning Services.

BACKGROUND:

At its regular meeting in March 2020, Trust Council passed the following resolution:

> ***TC-2020-034***
>
> *Request that staff prepare a report for Executive Committee and Financial Planning Committee outlining the Trust Policies relating to processing planning applications and whether or not those are being followed.*

There are three Trust Council policies that guide staff in processing applications. They are:

5.6.1 Application Processing Services

5.6.2 Cost Recovery Agreements

5.6.3 Extraordinary Processing Services Guidelines

The Applications Processing Services policy outlines the work that will be undertaken for the application fee. These services are:

- comprehensive staff assessment
- staff referral to other agencies, advisory planning commissions, and analysis of their comments
- discussions between planners and applicant throughout process as required
- bylaw or resolution drafting, including review for compatibility with Trust Object and policies and the relevant Official Community Plan
- one community information meeting with planning staff present
- notification of public hearing, including cost of placing ad
- conducting one public hearing with staff present
- staff report with recommendation for local trust committee (LTC) approval consideration
- processing bylaws through Executive Committee for approval consideration, if necessary
- forwarding to Minister of Municipal Affairs and Housing for approval consideration, if necessary
- adoption of all bylaws or issuing of permits as required.

The Applications Processing Services policy establishes the following as extraordinary costs that are not covered by the fee:

- Covenant development

- Continuous dedicated staffing
- Additional public consultation including community information meetings, advisory planning commission meetings and public hearings
- Technical assessments or studies as required by the LTC
- Retaining special technical assistance required by the LTC
- Legal counsel services required for the application
- Process agreement negotiation
- Other resources and/or services required by the LTC to process the application
- Accelerated timeframe to process the application.

Policy 5.6.2 Cost recovery Agreements and Policy 5.6.3 Extraordinary Processing Services Guidelines outline the processes to undertake when using cost recovery agreements and extraordinary processing service fees.

Fee Bylaws:

All local trust committees have a fees bylaw. This bylaw establishes fees for each type of application and referral as permitted by legislation. The fee bylaws are based on a model that was created by Trust Council in the early 2000s.

The fee bylaws include a section on Extraordinary Cost Charges that states:

> *In the event the costs of processing, inspection, advertising and administration in respect of an application are estimated by the Islands Trust to exceed 150% (percent) of the applicable fee, the Applicant shall pay to the Islands Trust prior to the processing of the application the estimated actual costs of processing, site inspection, advertising and administration.*

This section can only be used at the start of the application process and requires a comprehensive understanding of the application and work required to be effective. It is not used mid-stream in applications, where circumstances require additional staff reports or additional staff time. Response back from the Regional Planning Managers on this clause in the bylaw is that it is impractical as there is no ability nor enough understanding of complexities for a comprehensive consideration of the work needed per application upon receipt. The application and fee is received and processed by the planning team assistants, who have very little discretion.

Without a clear understanding of what the expected costs of processing and inspection are, it is nearly impossible to estimate 150%. Moreover, monitoring staff time per application is generally not done; instead, processing of applications is lumped together when monitoring how staff time is spent.

It is virtually impossible at the beginning of processing an application to justify additional soft costs (staff processing time) to an applicant in any objective way. Most additional costs arise as the result of local trust committees imposing additional process mid-stream. Covenants, legal fees, extra hearings or community information meetings that arise in the course of processing are funded through cost recovery agreements.

Part of the Fee review being undertaken by the Local Planning Committee is to address this and propose a more robust approach to fee recovery.

Staff is following the polices in relation to application processing services and requiring cost recovery for those items identified as required to be funded by such. The Fee bylaw is being followed in relation to initial fee, but we are not reviewing the fee against the actual staff cost of processing at the start of the process for reasons provided above.

Staff has long recognized that the fees paid do not reflect the actual average cost to the organization. Work to review fees bylaws and options is underway by the Local Planning Committee.

FOLLOW-UP:

The Local Planning Committee is currently working on a new model fee bylaw and revisions to the application services processing, cost recovery and extraordinary application processing services guidelines policies. As this briefing is a result of a Trust Council request, reporting back to Trust Council on the outcome would be appropriate.

This report was presented to the Executive Committee on May 13, 2020, and amended to include a comment regarding reporting back to Trust Council following that meeting. Further follow-up as requested by the Financial Planning Committee.

Prepared By: David Marlor, MCIP, RPP, Director, Local Planning Services

Reviewed By/Date: Stefan Cermak, Regional Planning Manager/May 8, 2020
Robert Kojima, Regional Planning Manager/May 8, 2020
Heather Kauer, Regional Planning Manager/May 8, 2020
Executive Committee/May 13, 2020