

This is a response to the CAO's letter for my presentation on Nov 28/23. This response combines my presentation, the CAO's response and a rebuttal. The rebuttal is in BLACK font. A box is put around each item for clarification

*Addition
handled
out at
mtg
femo*

In BLUE font is my submission and is an OCR (Optical character Recognition) rendition with some formatting changes and grammar changes

In RED font is the CAO's response is an OCR (Optical character Recognition) rendition with some formatting changes and grammar changes

- as noted at the meeting, your presentation documents will be attached to the meeting agenda package, both in our agenda binder and on the website (not detailed in the minutes)

I was hoping that the Income and Expense Statements would have been from January to now for 2023. I would like to request that information now, so we can see monthly how our Revenue and Expense changes over the year.

- what we will now be attaching to the monthly agendas will be the income and expense statement for the period January 1 to the end of the month, the month prior to the meeting (example: November council meeting had the income and expense statement for the period January 1 to October 31). As Councillor Benning requested the monthly financial reports be presented to Council each month for the entire year 2023, we believe this comment in your letter has now been addressed

The information requested in my presentation was to have the Income and Expense reports provided to me for the 12 Months of 2023. This has not occurred! All of the monthly Income and Expense reports should be made available on the Website for the calendar year 2023. As per requested by Councillor Benning all monthly reports be presented to Council. This has not occurred for the month of November as the document is not included on the January Agenda. To conclude there are several errors from my first item in the response and thus not all has "been addressed".

I would like to first talk about Item 6 Business c) Alberta Municipal Affairs Annual Performance Measures. From the Income and Expense statement for the period ending October 31, 2023, the information presented has tax collection at 99%. Congratulations on the improvement from 2022 which the tax collection was at 89% according to Alberta Municipal Affairs Annual Performance Measures. What I do not see is the 11 % not collected in 2022 in the 2023 budget. When was it collected? Wendy, great job in getting the 2023 taxes in as in one Council meeting you said this was a tough year getting our funds in, so 99% is great.

Item 6 Business c) Alberta Municipal Affairs Annual Performance Measures, as noted in your letter for 2022 our tax collection rate was 89% which is what triggered the performance measure which is set at 90%. Unfortunately, we do not have a 99% tax collection rate for 2023 as noted in your letter, although I understand why you would think that when looking at our income and expense statements. Unfortunately, the financial software the Summer Village owns and uses does not show on the year-to-date number the true collection for the 2023 taxes- it shows what has been levied for taxes. Previous year tax collection numbers are not reflected in subsequent year budgets, while some of the tax accounts that made up that 11% have been collected not all have. I can advise that out of the 14 tax accounts that did not pay their 2022 taxes in the 2022 year 8 have now been paid, I can not speak to the specifics of any of those tax accounts.

It is unfortunate that the Muniware software used by the Summer Village does not show on the year-to-date number the true collection. And by not correcting the number to reflect the true tax collected, the Income and Expense Report is incorrect. Providing the tax collection numbers were correct the Previous years tax collection numbers should be reflected in subsequent year budgets. Thus, not following Financial Administration, definitions MGA 241 (a) "accounting standards" means the Canadian generally accepted accounting principles and financial records and receipts, MGA 268.1 (a, b &c). Council has accepted the numbers as correct. To conclude, when the tax revenue on the Income and Expense Reports is inaccurate, what other items on the report might be wrong? As well what is the true financial position of Sunrise Beach for 2022? Is council in any legal violation for accepting information that is inaccurate?

Next is Item 6 Business e) and f). You are suggesting an Interim 2024 Operating Budget be passed at ½ the 2023 Approved Operating Budget. This to get us to the end of June 2024. When we consider that our taxes are due at July 31 you need to take out the tax revenue which when added up is \$132,424.01 from the first 6 lines of the half budget + line 1-99-750 Requisition - School Res at \$36,647.47 (= \$169,071.48) leaving \$54,662.96 total revenue for the 6 months not \$223,734.43 as half the budget would show. When half the expenses are taken into consideration there is a deficit of \$172,071.48. The Requisition – School Res of \$36,647.47 is to be paid out in March and June. Do we have funds in the bank to cover the amount? Without removing the revenue numbers the half 2023 budget numbers show a surplus of \$3,000.00.

-Item 6 Business e) - interim operating budget at 1/2 the previous operating budget. This is the standard motion that municipalities who do not approve their budgets in the prior year for the subsequent year, pass. This is the same motion SRB Council has passed for years, with previous Councils and previous Administrations. I appreciate where you are noting that SRB's taxes are not due until July 31, but while this motion speaks to 6 months of the previous operating budget it is only for an operating period of 4 months (January to April) because in April that year's Operating and Capital Budget is approved and then this interim budget ceases to have any effect. For the last few years SRB has been in a financially healthy position and has been able to cover their expenses for the first part of each calendar year (prior to that year's taxes being collected) with their funds in their bank accounts. In years prior to the last few, SRB has had years when we had to access our operating line of credit when we have utilized our cash in hand during these time periods (some other municipalities experience the same sort of cash fluctuations during this same or similar time period as well).

Why is an annual budget not passed by December 31 as per required by the MGA? An Interim budget is required by Dec 31 providing the annual budget is not passed. Thus, the interim budget appears to a "tick the box" process rather than any meaningful discussion on passing the annual budget on time. Is the interim budget not passed so Sunrise Beach can write checks starting January 1, 2024? Why can Edmonton pass their annual budget before December 31 and their budget is in the billions and not a few hundred thousand like Sunrise Beach's annual budget? And why does it take until the end of April to finalize the Sunrise Beach annual budget? Is it poor planning by management or lack of understanding what is entailed in developing a budget? What does a "financially healthy position" mean? From incorrect revenue information, from several months to do a few thousand-dollar budget, and from adding in expense items not thought of thru the budget development it seems more like Sunrise Beach is "living month to month" rather than a "financially healthy position"! To conclude, the annual budget, like the interim budget seems like a "tick the box" process rather than a well thought out budget development process which could put Sunrise Beach in a financial predicament well beyond the line of credit!

Next is Item 6 Business f). the 2024 Operating and Capital Budget. From the Dec 6, 2022 Agenda package is the 5 Year Operating and 5 Year Capital Plan. Was the 2023 draft budget used from the Dec 6 5 Year Operating Budget for 2023? Does the 2024 draft Budget come from the Dec 6 5 Year Operating Budget? Is the 5 Year Operating and 5 Year Capital Plan updated for 2024? Apparently, this is a mandatory document, but no mention of it in the agenda.

- Item 6 Business f) – 5-Year Operating and 5-year Capital Plan as presented to Council on December 6th, 2022. This multi year plans were brought in by Alberta Municipal Affairs a few years back and are intended to be a strategic planning guide to help municipalities plan better for their respective futures. So, yes, this was a consideration at the time the 2023 budget was being reviewed, along with many other considerations. Will this document be reviewed as part of the 2024 budget deliberations, yes, it will. This document will be coming to our January Council meeting, updated to add 2028 and remove 2022, and this will be on the agenda in conjunction with the 2nd review of our 2024 draft budget.

The CAO says the multi year plans are intended to be a strategic planning guide to help municipalities plan better. Please provide an example of how the multi year planning process for Sunrise Beach has been utilize? It appears to be another 'tick the box" item used to manage the affairs of Sunrise Beach? What are the actual considerations from the multi year plan that were used for the 2023 budget? What were the other actual considerations used to develop the 2023 budget? In the Dec 6, 2022 multi year plan was \$15000 for a lawnmower to be purchased in 2024. What financial actual considerations were put forth in 2023 to help with this purchase in 2024? Is the lawnmower an actual consideration for 2024 as for some unknown reason the residents are not privy to the 2024 budget? And most interesting is the CAO, "this document", presuming the multi year plan, would be on the January agenda. The document does not appear to be on the January (February or March) agendas. Like in the first item above, words are cheap and actions speak louder than words. To conclude, the CAO's words do not seem to carry any substantive weight?

Second last item for me is back to the Income and Expense Statement for the period ending Oct 31, 2023. I had mentioned earlier that according to the numbers 99% of the tax is in. The line item 1-00-193 under revenue is Taxes Improved Commercial is the only tax not collected for \$2176.98. Line 2-12-994 under expenses is Admin Assessment Review Board for \$854.30. Do these two items relate to the property just south of Hwy 642. Is this the same property that all the fuss was made over in the April Council Meeting? Was the assessment changed for line 1-00-193 and the taxes paid such that Sunrise Beach is at 100% tax collected for 2023?

- Again, unfortunately our software system for the purpose of the income and expense statement shows the taxes levied not collected within the time period. While we prepare and approve a budget and tax rate bylaws based on assessment, budgets and required tax rates/minimum amount payable known at the time, all property owners have the opportunity to appeal their assessment after tax notices are mailed. And there are times when the Assessor may approve an assessment adjustment within the taxation year, which then triggers a tax adjustment (usually reduction) in the amount of taxes we collect. While I can not speak to specific properties, I can advise the Summer Village had some assessment adjustments in 2023 (thereby reduction in taxes collected) and these revisions are reflected in the actual column of this report.

From the Oct 31/23 income and expense statement line 1-00-193 (in revenue) Taxes Improved Commercial for \$2176.98 is not collected. In expenses line 2-12-994 Admin Assessment Review Board has the amount \$854.30. In the April council meeting there was a great push to have a bylaw passed to add "tax improved Commercial" and to name a new assessor. The bylaw was passed prior the tax notices being sent out leading to a belief that the new assessor assessed the property in question before their appointment thus administration utilized a 2023 assessment when that goes against the MGA 289(2)(a) as an assessment has to be as of Dec 31 of the prior year. As well, apparently there has been no commercial activity for the new assessment regarding the property for a couple of years thus administration is changing an assessment without due diligence. There was also a special council meeting called for Apr 28/23 to rescind and change the wording. Bylaw 194-2024 (previously bylaw 162-2020, now 195-2024) states: "a Bylaw unanimously passed at a regular or special meeting of the Council at which all members thereof are present". The minutes from the Apr 28/23 special meeting states that Councillor Everett Steenbergen was absent.

- Has any tax been received regarding the property?
- Has the property owner appealed the new assessment?
- Is the new assessment in violation of MGA 289?
- Why was there a rush to pass bylaw?
- Does an absent councillor violate bylaw 194-2024 (previously 162-2020 now 195-2024), in that it was passed incorrectly?

Last item is in regards to the Road Work and the Mulching. Both items were not in the budget or were grossly under funded. Therefore, under the *Municipal Government Act* Expenditure of money, Section 248 (2) Each Council must establish procedures to authorize and verify expenditures that are not included in a budget. Does Sunrise Beach have such established procedures and verifiable expenditures in place? Were they followed in the case of the exorbitant road expenditure and the controversial mulching?

- Section 248 (2) Expenditure of Money: as noted previously, yes, the 2023 road project and the 2023 mulching project were both over budget but both projects were as discussed and directed by Council by motion. Also as previously advised, the 2023 road project rehab work and the way in which this work took place (project expanded as additional deficient locations were identified) and part of this project was a carryover of work that was anticipated to be completed in 2022 but was not. In consideration of this, the decision was made by the municipality to expand the project in 2023 as required to address the additional deficient areas with the contractor already on site (because of the carryover of work from 2022). With respect to your inquiry of Section 248 (2) of the MGA, each Council must establish procedures to authorize and verify expenditures that are not included in the budget. Attached is the Summer Village's policy C-FIN-BUD-1, Expenditures not included in Annual Budgets. For those expenditures not covered in the approved annual budget, a Council motion is required and that motion should note how the cost of this expenditure will be covered (ex: grant funds, reserves, unrestricted surplus).

As noted above, the Income and Expense reports for the full 2023 year were not forwarded to me, therefore the passed budget is not available to confirm how much the road work and the mulching were budgeted for. Please forward all Income and Expense reports for 2023. The road work commenced in July 2023. But the budget was passed in April and you say the decision to do more road work was arrived at when the contractor was on site with the quote having the date of July 8, 2023? These two dates of passing the budget and contractor onsite do suggest that at the budget passing the additional work was not identified and thus the extra work is not a budgeted item. With this confusion and the work done some time after or in July could you please provide the invoice with the date, and amount that was paid Thank you for attaching C-FIN-BUD-1. The form says a resolution is required, not a motion. The form also says 'the requirement of the MGA that a Council must put in place procedures dealing with expenditures not included in the annual budget'. The written procedures do not seem to be attached. Please provide a copy of the procedures. The procedures would or should go a long way passed how the expenditure will be covered (ex; grant funds, reserves, unrestricted surplus).

Thank you for your time and consideration

Again, thank-you for attending our meeting and presenting your inquiries/comments. Your engagement is appreciated. if you have further inquiries. please feel free to give me a call.