

Councilor Benning's April 23, 2024 report:

1. I would like to add the auditors and CAO's answers to my concerns from the March meeting about the audited financial statements 2023.
2. Thank you to Wendy and the council for taking the time to sit down on April 16th with Sal, Richard and John and attempt to answer some of their questions. Where are we at with getting the answers in writing? Were there any minutes taken? In the future I would like to have an agenda, I would recommend that the questions be answered the week before and a rebuttal also given to both parties so that when we do meet it is an efficient use of time for everyone. It appeared to be "a free for all type of meeting" that had very little structure to it. The spirit of this meeting was to answer questions from the past and move forward as a community.
3. Who gave the authority to use capital grant money for the road project that went under operational expenses? Need more details from questions 5 and 6. If there are any supporting documents that support the auditors' answers on 5&6 please provide me with them.
4. Our development officer Tony provided a letter for the April 16th meeting, he makes comments on page 2, question 3 (a) about "council and ratepayers have been strong supporters of RV use within the community", and (d) "some 20 SRB landowners wrote letters to the SDAB in support of RV use upon residential properties within the community". I would like a copy of all supporting documents that support these thoughts. Does the CAO and Council support the development officer's opinion? There are documents that show otherwise and going forward must have the correct data that reflects the spirit of our community.

Brian Benning

April 14, 2024

Brian and Council – further to Brian’s April 8th, 2024 email, the comments below in red are from the auditor. Comments in green are from Admin.

2023 audit questions. Some for auditor and some for Wendy.

1. Under expenses under road, street, walkway, lights: give me a breakdown of what specific categories fall under this area. Breakdown of category is attached. This should be in the regular reporting to council as it is simply the “2-32” accounts. I can confirm these same g/l numbers show on the income and expense statements that are provided to Council and now in the agenda packages.
2. Same category, what is the difference between the April 2023 draft budget and the audited statement. Dollar and percentage amounts? Same as above
3. Same category, how were these expenses paid. Grant money (capital or operating) bank account or borrowed? Not sure I understand the question as the village does not have debt. All expenses are paid out of bank accounts. These expenses are covered by a combination of tax revenue, capital grant funds, and then operating grant funds and general revenues are used as required.
4. Wendy, can you get the motion or resolution number and dates of the road work and mulching work done?

Road Work:

Motion 68-22, June 28, 2002 MOVED by Mayor Ethier that the Summer Village of Sunrise Beach approve the road rehabilitation quotes from Spectre Systems for hot pour crack sealing in the estimated amount of \$12,500.00 and asphalt patching in the estimated amount of \$29,500.00 for work on Sheddon Drive and Victory Road, with funds being covered through grant dollars.

Motion 227-23, October 24th, 2023 MOVED by Deputy Mayor Benson that the Summer Village of Sunrise Beach Council ratify the completion of the road rehabilitation work (of which part was a carry forward of 2022 approved work) on Victory Road and Sheddon Drive as outlined in the July 8th, 2023 quote, with the total costs expended to Spectre Systems in the amount of \$179,211.50, costs to be covered through grant funds.

Mulching:

Motion 110-23, June 13th, 2023 MOVED by Deputy Mayor Benson that the Mulching Project and Burn Pit Estimate from Pentagon Earthworks at the estimated cost of \$16,275.00 including GST be approved pending approval of applicable grant funding.

Motion 145-23, July 24th, 2023 MOVED by Mayor Ethier that the Summer Village of Sunrise Beach proceed with the mulching work as noted in the Pentagon Earthworks proposal as follows:

- 1) Mulching areas nearest Leisure Land and Boat Launch - \$10,850.00 est
- 2) Mulching near South Powerlines and Path to Lake - \$2,400.00 est, costs to be covered from reserve funds or unrestricted surplus.

5. **Can you explain the differences between an operational and capital grant ? Explain your reasoning that you categorized it as an expense?** Grant revenue is categorized as operating, or capital revenue based on the nature of the costs it funded. If the grant funded operational expenses, it is an operating grant. If it funded capital additions it is classified as a capital grant. The main purpose of breaking them apart is operating expenses show up on the statement of operations while capital expenditures do not as they are added to TCA on the balance sheet. In order to qualify as a capital asset, it must be an entirely new asset (brand new road, building, vehicle or equipment) or a substantial change resulting a significant improvement (an example is a gravel road is paved for the first time). In this case the roadwork was patching and crack filling which is not a new road but repairs to an existing road.
6. **Can you use capital grant money for an operational project?** Each grant is different and how funding can be spent is based on that specific grant agreement or approved project list. During our audit we verify and review each grant and the applicable spending each year to ensure compliance. The Village has two annual and consistent grant sources in MSI and CCBF provincial grants. Both of which get specific projects approved with the provincial funding body prior to spending.
7. **Can you use operational grant money for a capital budget?** See above

Thanks for answering my questions as I am trying to understand how as the village goes from 68K in April 2023 draft budget to 60+8k, to a road project that balloons to 180K (Dec) and then other stuff is added to 258K in the audited statement. The original road project was budgeted based on the grant funds available at the time of drafting. When more funding became available the scope of the project was increased to utilize the additional funding approved. The attached 2-32 report will show the g/l lines in the 32 (public works) function that totals this 258K, this 258K totals all the public works lines not just the road project.

Summer Village of Sunrise Beach
Year End: December 31, 2023
Roads, streets, walks, lighting

Account	Prelim	Adj's	Reclass	Rep	Rep 12/22 %Chg	Budget 12/23 %Chg
2-32-110 P/W - Salaries Wages (Incl. Step)	34,166.98	0.00	0.00	34,166.98	39,448.61 (13)	42,000.00 (19)
2-32-111 Roads - Contract Workers-Burn Pit	2,500.00	0.00	0.00	2,500.00	1,552.50 61	2,000.00 25
2-32-113 P/W - Mulching	13,000.00	0.00	0.00	13,000.00	0.00 0	6,000.00 117
2-32-115 P/W - Contract Workers	2,110.79	0.00	0.00	2,110.79	2,910.96 (27)	5,000.00 (58)
2-32-130 P/W - Revenue Canada - Employer Share	2,592.23	0.00	0.00	2,592.23	2,975.96 (13)	3,500.00 (26)
2-32-250 Roads - Grading/Gravel (Operating)	0.00	0.00	0.00	0.00	25,446.39 (100)	8,000.00 (100)
2-32-260 Roads - Road Construction (Capital)	180,676.50	(1,465.00)	0.00	179,211.50	0.00 0	60,000.00 199
2-32-270 P/W - General Services/Repairs	3,640.49	0.00	0.00	3,640.49	894.38 307	900.00 304
2-32-510 P/W - Goods & Supplies	925.41	0.00	0.00	925.41	831.00 11	1,500.00 (38)
2-32-520 P/W - Equip Parts & Fuel	6,287.24	0.00	0.00	6,287.24	8,842.74 (29)	5,000.00 26
2-32-540 P/W - Electrical Street Lights	11,995.34	0.00	0.00	11,995.34	11,418.33 5	12,000.00 0
2-32-900 P/W - Special Projects/Sustain.(Reserve)	1,725.00	0.00	0.00	1,725.00	0.00 0	5,000.00 (66)
	<u>259,619.98</u>	<u>(1,465.00)</u>	<u>0.00</u>	<u>258,154.98</u>	<u>94,320.67</u> <u>174</u>	<u>150,900.00</u> <u>71</u>

Metrix Group LLP
Chartered Professional Accountants

Prepared by	Reviewed by	Reviewed by
AA 2/5/2024	SDW 2/10/2024	

4/9/2024
2:32 PM