



Squamish Nation 2020-2021 Budget Fact Sheet

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Introduction

On April 2, 2020, Council delayed approval of the budget. Staff prepared a revised budget that addresses the circumstances presented by the Coronavirus (COVID-19). The revised budget is due to changes in the assumptions of Own Source Revenue for 2020-2021.

Council approved many measures that would reduce operating costs, but the goal has always been to maintain a high level of programs and services for members. Measures approved by Council include:

- Council pay reduction of 10% for three months;
- Temporary three-month freeze on all travel allowances. (Travel allowance is for select staff and Council for travel between Squamish Nation offices on the North Shore and Squamish);
- Temporary employee layoffs (up to three months); and
- Temporary hiring freeze for all vacant and approved positions (three months)

On April 27, 2020, the Squamish Nation Council passed the Nation's budget for the fiscal year 2020-2021.

This Budget Fact Sheet is a summary of some key information for members from our 2020-2021 budget. The detailed budget (268-pages) is available for logged-in members to view online at www.squamish.net (Government > Financial Reports and Documents). This is the first time the Nation has shared this information with our people.

Policy Context

Significant transformation is underway on how the Nation manages its finances. The transformation started with Council's approval of the *Squamish Nation Financial Administration Bylaw* (FAB) in May 2019. The FAB is available online at www.squamish.net/governance-documents.

Examples of policies and changes implemented and underway since May 2019 include:

- *Budget and Planning Policy* (November 2019) – requiring, among other things, that all department budgets develop them from scratch (i.e., “zero-based budgeting”). This requires an in-depth review and justification for all expenditures incurred, assuming the budget starts at \$0;
- *Policy and Procedure Development Policy* (January 2020) – to guide responsibilities and procedures for creation, revision, and revocation of all new Finance policies;
- *Forensic Audit Participation Policy* (December 2019) – a temporary policy to provide safeguards for those participating in the forensic audit process;
- *Expenditures Policy* (June 2020) – to guide responsibilities, accountabilities, procedures, and processes for all expenditures incurred by the Nation; and
- *Purchasing Policy* (June 2020) – to guide responsibilities, accountabilities, procedures and processes required for the buying of all goods and services.

There are many more policies to come. Future policies will continue to enhance our financial management system, while also providing a high level of transparency and accountability.



Strengthening the Nation's Financial Position and Financial Management

Other steps that Council and staff have taken to further strengthen the Nation's financial position and financial management include:

Finance Department – Functional Restructure

The Director of Finance is making changes within the department as well to better align finance and accounting functions. The restructuring is also to make room for a new Financial Planning and Analysis team. By aligning certain teams in the department, we will meet a higher level of efficiency and the Department will have better oversight of major functions within the department. As part of this realignment, we will also be hiring a Financial Controller.

Creating a robust Financial Planning and Analysis team in the Finance Department will support Finance in providing decision makers with more detailed, quality, and timely information about resource use and allocation. This will also allow us to provide extra support to all departments during the creation of budgets and ongoing management. A Financial Planning and Analysis team is critical to:

- assist leadership in creating complete and detailed financial plans,
- analyzing the financial results,
- and ensuring that we're continuing to use resources in an efficient and effective manner.

Wealth Fund Advisor

The Nation will engage one or more investment advisors in 2020-2021. An investment advisor will assist the Nation to maximize returns while balancing risk, and aid in the growth of the Nation's Wealth Fund. During 2019-2020, the Finance department was able to find a very low risk investment for the Fund. The Fund doubled the financial return from \$1,000,000 in 2018-2019 to \$2,000,000 in 2019-2020; however, we still need to create our investment strategy and hire external advisors to grow our wealth.

10-Year Grant

The Government of Canada has started implementing policies to recognize Indigenous jurisdiction. The fiscal relationship between First Nations and the Government of Canada is changing. The opportunity from these changes is what they are calling 10-Year Grants.

The Squamish Nation meets most requirements for Indigenous Services Canada's 10-Year Grant. The grant would provide more flexibility in the use of funds. The grant would also support long-term certainty on federal government financial support, as well as lower the burden of external reporting. The Nation will need to enact a Financial Administration Law under the First Nations Fiscal Management Act to be eligible. This would be a simple process.

Currently, the Squamish Nation's *Financial Administrative Bylaw* exceeds many of the requirements for the Financial Administration Law. But, we also feel we must have more dialogue and direction from our people before making any decisions to move forward.

Extended Health Bene its Funding

The Squamish Nation Trust will usually provide approximately \$180,000 to the Nation to support extended health benefits provided to members not covered by the First Nations Health Authority; however, the Trust



has frozen all their spending for 2020-2021. The Squamish Nation Council supports the Trust's decision, but this has dropped the extended health benefits funding from the Trust to zero (as well as other funding provided to the Nation). The Nation has adjusted the budget and will provide the extra funds through our Own Source Revenue instead of relying on the Trust.

Discretionary Spending Freeze

The Nation has implemented a temporary spending freeze on several cost categories while we develop guiding principles/policies. The principles will be based on Squamish Nation values while working to ensure greatest impacts of resource allocations.

Cost categories frozen include:

- Office snacks
- Team meetings, lunches, snacks, coffees
- Team building events
- Birthdays
- Professional development and training
- Office supplies, furniture, and equipment
- Cultural artifacts/artwork

Impacts of COVID-19

The Coronavirus (COVID-19) pandemic has presented significant challenges for the Nation. We've worked very hard to cut the impact to service delivery while providing extra supports as much as possible. The Nation has received \$1.8 million in external funding from ISC to assist in our efforts to provide much needed support to our members during this pandemic. Also, Council announced a special distribution totalling \$1.3 million paid from OSR. As far as our businesses are concerned, unfortunately they are suffering the economic impacts of COVID-19. We're forecasting a drop in OSR from business ventures of approximately \$2.5 million. This has been offset by several cost cutting measures as noted in the introduction above. We will continue to provide the community updates as the situation unfolds.

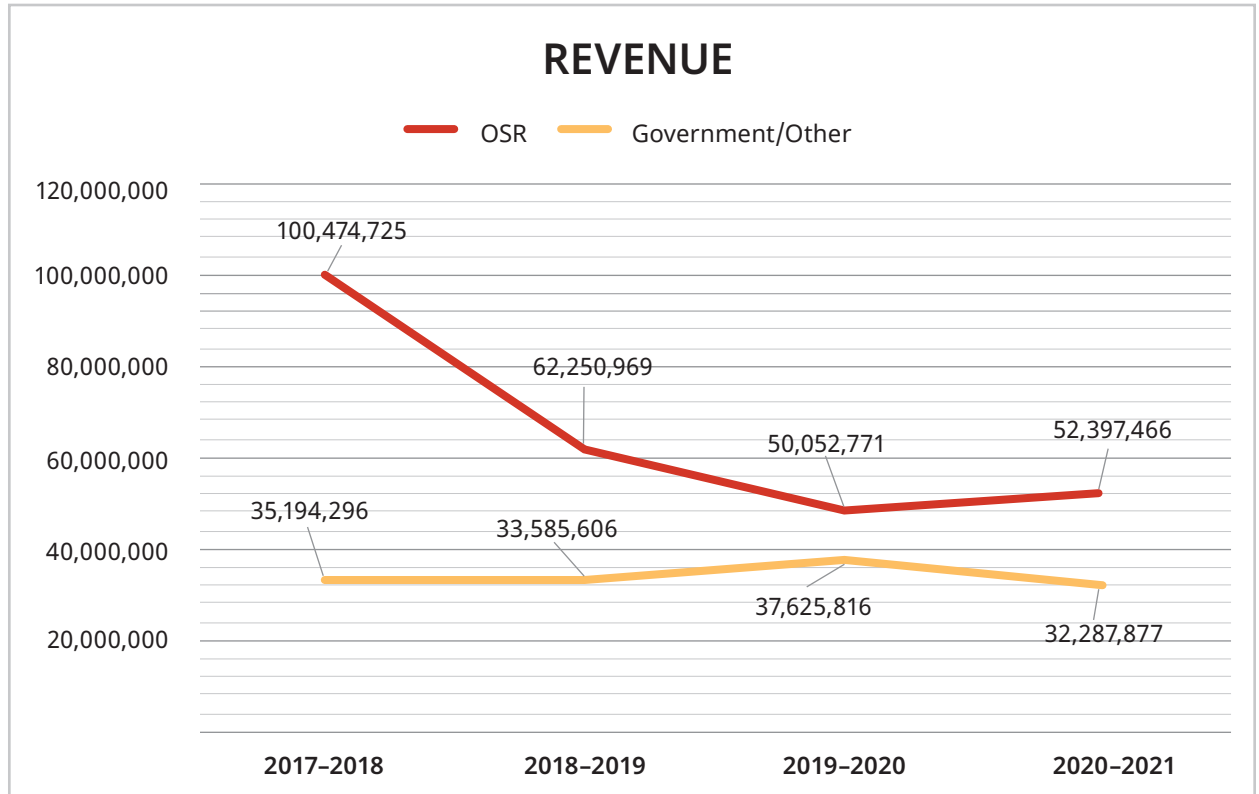
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Budget Highlights

The Nation is forecasting total revenues of \$84.7 million, of which \$52.4 million is Own Source Revenue. With forecasted cash expenditures totaling \$81.7 million, the Nation is budgeting a real cash surplus of approximately \$2.9 million (an accounting deficit of \$2.3 million). The following chart illustrates the total OSR and external revenue over the past four fiscal years:

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OSR – It should be noted that OSR is impacted by significant one-time payments and will vary from year to year.

Extended Health Benefits Funding – the 2020-2021 figures are based on facts available at the time the budget is approved. It's not uncommon to see the amounts increase throughout the year, especially for service based funding.



The table below outlines the major categories of budgeted revenues for 2020-2021 compared to 2019-2020:

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ANTICIPATED REVENUE CHANGES			
Major Category	2020-2021	2019-2020	% Change
Indigenous Services Canada	17,411,369	16,021,661	8.67%
Province of British Columbia	5,401,224	4,508,781	19.79%
First Nations Health Authority	4,008,689	3,167,734	26.55%
Lands and Resource Accommodation	4,945,372	4,776,714	3.53%
Taxation	11,054,300	11,079,422	-0.23%
Cigarettes, Gasoline, Retail	3,523,079	3,882,829	-9.27%
Marina's	1,885,850	1,413,718	33.40%
Squamish Valley Gas Bar	16,560	515,000	-96.78%
Capilano River RV & Mobile Park	851,652	1,721,735	-50.54%
Interest and Other	1,005,000	2,513,651	-60.02%
<i>Leases:</i>			
Department of Environment	13,820,267	12,860,000	7.47%
Park Royal	4,190,000	3,659,264	14.50%
Park Royal Towers	895,000	829,891	7.85%
CAP REIT (Plaza)	1,000,000	1,000,000	0.00%
Billboards	1,740,000	2,305,900	-24.54%
Greater Vancouver Sewer and Drainage District	1,995,079	1,931,397	3.30%
Loblaws	1,400,000	1,400,000	0.00%



Priority Areas

The tables below outline the resources allocated to each of the Nation’s priorities. The tables have been separated out to highlight recurring priority expenditures and new priority expenditure amounts for the 2020-2021 fiscal year:

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RECURRING EXPENDITURES		
Priority	Government & Other	Own Source Revenue
Education, Employment & Training	7,387,556	3,130,700
Business Revenue & Services	496,094	9,564,430
Finance & Administration	1,045,470	7,436,101
Child and Family Services	7,197,556	1,242,979
Health & Wellness	3,095,330	1,421,623
Distribution	-	4,116,000
Squamish Valley Operations	1,007,683	2,759,467
Council	21,906	3,619,306
Community Operations	804,529	2,628,418
Member Services	52,212	3,178,744
HR&IT	137,494	2,535,278
Planning & Capital Projects	619,212	1,807,549
Language & Cultural Affairs	-	782,813
Managing Directors Office	11,100	692,894
Rights & Title	220,286	127,913



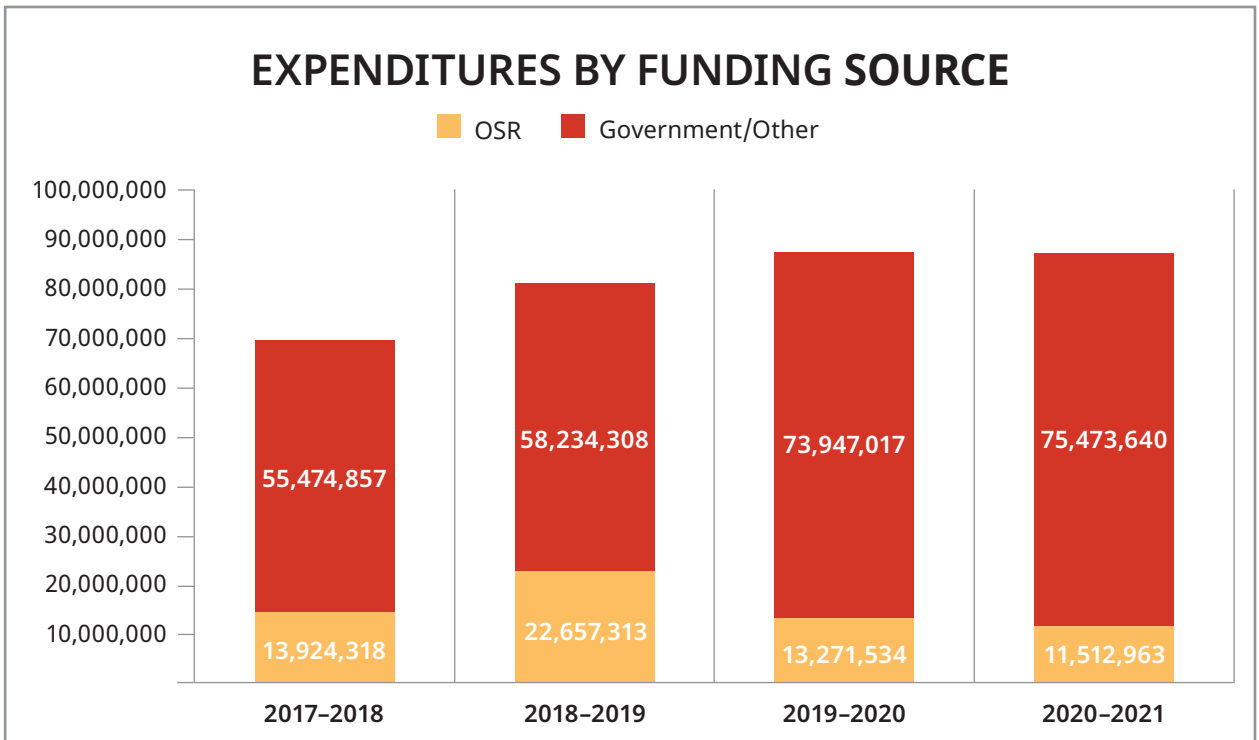
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NEW EXPENDITURES		
Priority	Government & Other	Own Source Revenue
Child and Family Services	3,020,168	-
Education, Employment & Training	1,952,238	487,201
Health & Wellness	1,451,603	461,366
Rights & Title	1,407,939	-
Language & Cultural Affairs	151,000	1,040,254
Managing Directors Office	- 5,100	1,051,918
Council	67,475	953,072
Member Services	889,866	-
Business Revenue & Services	773,310	-
Squamish Valley Operations	84,758	520,177
Community Operations	37,011	420,312
HR&IT	34,759	233,779
Planning & Capital Projects	45,405	220,677
Finance & Administration	245,670	-
Distribution	-	23,000



The following chart outlines the proportion of expenditures funded by Own Source Revenue and Government/Other revenues:

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Wealth Fund Update

Total Amount as of April 2020: \$81,220,000

Beginning in 2018, the Squamish Nation Council has set aside all one-time revenue sources. Previous to this, one-time revenues were not specifically set aside and were therefore added to all other sources of revenue available for allocation to programs or services. Council recognizes the importance of building a long-term wealth fund to support the Nation for future generations and therefore felt it was prudent to immediately start setting aside as much of the one-time revenues received as possible.

Council has mandated staff to begin development of an Investment Policy Statement and to hire external investment managers to develop and execute a long-term investment strategy to guide the growth of the fund and the utilization of financial returns. Work on this initiative began late last year and will continue in fiscal 2020-2021, including community engagement to help guide the strategy and investment properties.