

Municipality of Kincardine  
Statement of Operations



	September 2023 YTD Actuals	September 2023 YTD Budget	2023 Total Budget	YTD \$ Variance	YTD % Variance	September 2022 YTD Actuals	Comments
<b>Revenue</b>							
Taxation	17,121,711	16,541,892	22,055,825	579,819	3.5%	15,447,781	
User Fees & Charges	2,383,417	2,237,337	2,983,072	146,080	6.5%	1,966,260	
Water Charges	2,818,959	2,464,974	3,286,630	353,985	14.4%	2,476,174	Note 1
Sewer Charges	2,156,443	1,780,011	2,373,357	376,432	21.1%	1,739,979	Note 2
Grant Revenue	1,186,561	1,224,090	1,632,111	(37,529)	(3.1%)	1,246,184	
Other Income	3,236,069	2,572,155	3,429,462	663,914	25.8%	3,159,941	Note 3
Reserve Fund Contributions		821,586	1,085,458	(821,586)	(100.0%)	1,625	Note 4
<b>Total Revenue</b>	<b>28,903,160</b>	<b>27,642,045</b>	<b>36,845,915</b>	<b>1,261,115</b>	<b>4.6%</b>	<b>26,037,944</b>	
<b>Expenses</b>							
Salaries & Benefits	8,467,168	9,867,308	12,564,970	1,400,140	14.2%	7,705,960	Note 5
Interest & Debt Payments	986,080	1,326,492	1,768,659	340,412	25.7%	526,875	Note 6
Materials & Supplies	5,303,720	5,756,058	7,674,347	452,338	7.9%	5,104,148	Note 7
Contracted Services	4,390,739	4,249,956	5,656,565	-140,783	(3.3%)	4,141,151	Note 8
Other Transfers	477,817	558,495	744,657	80,678	14.4%	369,253	Note 9
Rents and Financial Expenses	305,681	234,621	312,800	-71,060	(30.3%)	291,315	Note 10
Reserve Fund Transfers	5,933,498	6,092,928	8,123,917	159,430	2.6%	5,671,270	
<b>Total Expenses</b>	<b>25,864,703</b>	<b>28,085,858</b>	<b>36,845,915</b>	<b>2,221,155</b>	<b>7.9%</b>	<b>23,809,972</b>	
<b>Surplus/(Deficit)</b>	<b>3,038,457</b>	<b>(443,813)</b>				<b>2,227,972</b>	

## Variance Explanations

### Note 1:

Water charges are \$354,000 (14.4%) higher than YTD budget. \$154,000 of this is due to accruals that were entered and will be reversed in October .

### Note 2:

Sewer charges are \$376,000 (21.1%) higher than YTD budget. \$128,000 of this is due to accruals that were entered and will be reversed in October. An adjustment billing of at the Bruce Energy Centre accounts for ~\$68,000 of this variance.

### Note 3:

Other income is \$664,000 (25.8%) higher than budget. This is due to the following factors:

Armow Wind payment is \$172,000 higher than YTD budget as the budget assumes the \$660,000 payment is distributed evenly throughout the year. The payment was received in June 2023 for a total of \$667,193.

Marina dockage fee revenue is \$54,000 higher than YTD budget as billing primarily occurs in Q1 whereas the budget assumes it is distributed evenly throughout the year. The total annual budget is \$214,000 and YTD actuals are \$214,638. Transient rentals are \$7,000 higher than YTD budget due to seasonality.

Marina fuel sales are \$46,000 higher than YTD budget. YTD actuals are \$121,000 whereas the total budget is \$100,000.

Dog license fee revenue is \$5,000 higher than YTD budget as they are billed in Q1 whereas the budget assumes it is distributed evenly throughout the year. September YTD actuals are \$20,331 compared to the annual budget of \$20,000.

Rental income for the operations of the Bluewater Trailer Park are \$8,500 higher than YTD budget due to timing of billing. The annual rent of \$33,140 is billed in May and June.

Bank interest is \$289,000 higher than YTD budget. Interest rates have increased from 4.84% in December 2022 to 5.7% in September 2023. The budget included a conservative estimate. One Investment interest is also \$16,000 higher than YTD budget due to rising interest rates.

The Westario dividend was not budgeted for in 2023, but \$53,907 was received in June.

Other revenue for the Bruce Power water supply is \$122,000 higher than YTD budget. This is offset by expenses.

The following are variances that offset the above:

Building permit revenues are \$111,000 less than YTD budget. The total annual budget is \$357,500 and thus far \$157,035 in permit revenues has been realized.

Sponsorship revenue is \$16,000 less than YTD budget as the sponsorship program only very recently been implemented. The annual sponsorship revenues are budgeted at \$25,000.

Airport fuel sales (Jet A, 100LL) are \$25,000 lower than YTD budget.

### Note 4:

Reserve Fund contributions are \$822,000 (100%) less than YTD budget. Reserve Fund contributions in the operating budget are primarily calculated at year end and transferred at that time, therefore this variance is expected.

**Note 5:**

Salaries and benefits are \$1,400,000 (14.2%) less than YTD budget. This is due to a number of factors: The vacation accrual reversal for 2022 accounts for \$770,000 (55%) of the variance. A vacation accrual must be recorded at year-end for financial statement purposes, and represents the amount owed to employees as at Dec. 31/2022 for vacation pay earned but not yet taken. This amount is then reversed at the beginning of 2023, resulting in a favourable variance as it reduces the overall wage expense. The amount is non-cash and is therefore not budgeted.

Councillor wages are \$21,000 less than YTD budget due to timing of payments.

Regular wages are \$255,000 less than YTD budget, primarily due to the timing of pay periods. PP#20-23 ended on September 23, 2023.

Part time wages are \$202,000 less than YTD budget. Volunteer firefighters are \$70,000 less than YTD budget (35% of the variance) due to timing of pay, as payments are made biannually. Davidson Centre and Tiverton Sports Centre P/T wages are \$28,000 less than budget due to seasonality, and swimming instructor P/T wages are \$16,000 less than budget based on timing of programs. Snow removal wages are \$26,000 less than YTD budget based on seasonality. Day camp wages are \$29,000 less than YTD budget.

The following are unfavourable variances that offset the above:

Overtime wages are \$9,500 higher than budget, which is largely attributed to winter maintenance, and parks and recreation due to staff shortages, special event assistance and emergency repairs.

**Note 6:**

Interest and debt payments are \$340,000 (25.7%) lower than YTD budget. This is largely due to the timing of payments for the Huron Terrace Forcemain and Queen St reconstruction projects. The first year of payments have been budgeted for the Queen St project, however the loan has not yet been finalized.

**Note 7:**

Materials and supplies are \$452,000 (7.9%) less than YTD budget. The variances are primarily due to timing of purchases, and include the following:

Hydro \$171,000, due to timing of billing

Interdepartmental water \$29,000, due to timing of invoicing

BEC water consumption purchases of \$55,000 as this is only billed twice per year

Sand purchases of \$56,000, which occurs in the fall. The annual budget is \$75,000 and \$0 has been incurred to date.

Firefighting supplies of \$8,000

Training of \$41,000, travel and conferences \$35,000

Phragmites project \$22,000

Vehicle maintenance of \$29,000

Environmental committee \$13,500

Advertising \$24,000

Diesel & fuel purchases \$41,000. Airport fuel \$21,000.

OMB Expenses of \$26,000.

Water equipment maintenance \$49,000

The following are unfavourable variances that offset the above:

Chemical purchases of \$33,000. The total chemicals budget is \$181,000 and thus far \$168,000 has been spent.

Salt purchases of \$11,000. The total annual budget is \$95,000 and YTD costs amount to \$82,000.

Cleaning supplies of \$26,000.

Loosetop maintenance \$70,000. Works are completed over the summer months. Total budget is \$312,000 and \$304,000 has been spent.

Bridges and culverts \$22,000

Building maintenance of \$96,000. The total budget for all facilities is \$621,000 and \$562,000 has been spent to date. Emergency repairs of the Tiverton Sports Centre were required in order to put the ice in for the winter season.

**Note 8:**

Contracted services are \$141,000 (3.3%) higher than YTD budget due to the following variances:

\$130,000 in engineering costs (Stantec and BM Ross) for the Bruce Power water project. The total budget is \$25,000 with actuals of \$154,000. All costs will be recovered from Bruce Power.

\$170,000 for legal fees

\$41,000 in recycling and cardboard collection, based on the timing of invoicing

\$16,000 in by-law enforcement

\$116,000 in municipal drain costs. These will be recovered through ratepayers when the projects are completed.

The following are favourable variances that offset the above:

\$42,000 for the Zoning by-law amendments; the project is ongoing.

\$47,000 for waste disposal monitoring at the municipal landfills

\$103,000 for dredging at the marina that is in progress

\$20,000 for landfill disposal costs not yet incurred (brush, shingle, drywall disposals)

\$75,000 in consulting fees for projects such as CLI implementation, Parks Master Plan update, CIP, etc. Work is ongoing.

**Note 9:**

Other transfers are \$81,000 (14.4%) less than YTD budget. This is primarily due to the timing of the nurse practitioner program and physician incentive payments.

**Note 10:**

Rents and financial expenses are \$71,000 (30.3%) higher than YTD budget. This is primarily due to property taxes (\$44,000) for municipally-owned commercial facilities (e.g. KWTP, Airport, KWMC, Marina, etc) which have been recorded for the year. Vehicle rentals are \$13,000 higher than YTD budget due to equipment breakdown. \$6,000 is for the tourism centre lease, which has since been terminated. Bank charges are \$9,000 higher than YTD budget which are dependent on overall revenues.