

Information Report

Title: 2024 6-Month Financial Report

Report Number: Financial Services-2024-16

Director: Corporate Services

Manager: Financial Services

Meeting Date:

Wednesday, August 14, 2024

Executive Summary:

The purpose of this report is to provide an update on the financial status of the Municipality and current capital projects as of June 30, 2024. Overall, the operating expenses are under budget by \$3,707,000 (19.4%) and the operating revenues are over budget by \$610,000 (3.2%). The following report summarizes the year-to-date (YTD) operating variances in comparison to the budget.

The 2024 capital projects have been reviewed for the period ending June 30, 2024 and a brief summary and status update is presented in the attached schedule.

Context and Background Information:

A review of the operating budget has been performed and significant variances are explained below.

Revenue:

Taxation: Taxation revenue is \$16,600 (0.1%) less than YTD budget. This is due to the timing of supplementary bills being issued throughout the year.

Fees & User Charges: Fees and user charges are \$46,000 (3.1%) higher than YTD budget due to the following factors:

- Landfill tipping fees are \$18,000 (8.1%) higher than YTD budget. Bag tag sales are \$322,000 and are in line with the YTD budget of \$325,000.
- Registration fees are \$40,000 higher than YTD budget including: Children's swimming lessons by \$9,000, school break activities by \$8,000 and pickleball fees by \$4,000 higher than YTD budget.
- Rental fee including ice and gym rentals are \$31,000 higher than YTD budget. Pool admission fees are \$16,000 (64.6%) higher than YTD budget and health club memberships are \$17,000 (40.1%) higher than YTD budget.
- Cemetery interments and cremations are \$13,000 higher than YTD budget.

- Wastewater revenues from Huron Kinloss are \$12,000 (13.6%) higher than YTD budget due to an increase in fees and a slight increase in the number of units.
- Arrears notice fees are \$6,000 (27.9%) higher than YTD budget due to a higher amount of unpaid property tax accounts.

This is offset by day camp registration fees which are \$102,000 less than YTD budget as the revenue is recorded throughout the summer months when the program occurs, whereas the budget is distributed evenly throughout the year.

Sewer Revenue: Sewer revenue is \$116,000 (9.7%) higher than YTD budget. Residential sewer charges are 6% higher than the previous year, which aligns with the increase to the rates in 2024.

Grant Revenue: Grant revenue is \$19,000 less than YTD budget. The majority of this variance is due to the timing of receiving the municipal drainage superintendent grant, which is calculated at year end.

Other Income: Other Income is \$1,004,000 (565.6%) higher than YTD budget. This is primarily due to the following:

- Armow Wind annual payment has been received in the amount of \$672,000. This is \$337,500 higher than YTD budget as the budget distributes the amount equally throughout the year. This amount will be transferred to the Community Benefits Reserve Fund 75 for future community projects.
- Dog license fees are \$12,000 higher than YTD budget as they are billed in Q1.
- Building permits are \$20,000 (12.2%) higher than YTD budget. As of June 30, 2024 permit revenues were \$182,000, whereas as June 30, 2023 they were \$83,000.
- Parks rental revenue is \$17,000 (98.9%) higher than YTD budget as the Bluewater Trailer Park revenue is 100% billed in the first half of the year.
- Marina dockage fees are \$115,000 higher than YTD budget as these are billed in Q1, whereas the budget assumes they are distributed equally throughout the year. Revenues are \$233,000 compared to \$213,000 at this time last year (fee was increased 10% for 2024).
- Penalty/interest on taxes is \$38,000 higher than YTD budget due to higher receivables. Taxes receivable at June 30, 2024 were \$1.3M, whereas the same time in the prior year it was \$930,000.
- Bank interest income is \$300,000 higher than YTD budget as the estimates were very conservative. The current bank interest rate is 5.49%
- The Bruce Power Water supply agreement is \$198,000 higher than YTD revenues. These revenues offset the expenses incurred by the Municipality.

Reserve Fund Contributions: Reserve fund contributions are \$473,000 (100%) less than YTD budget. The majority of these contributions are calculated at year end and transferred at that time.

Expenses:

Salaries & Benefits: Salaries and benefits are \$1,441,000 (21.7%) less than YTD budget. This is due to a number of factors:

- The vacation accrual credit for 2023 accounts for \$699,000 (49%) of the variance¹.
- Full time wages are \$390,000 (10%) less than budget primarily due to the timing of pay periods. Wages are posted up to Pay Period #13, which ends June 15th. Other minor variances include staff vacancies for positions in GIS, horticulture and treasury.
- Part time wages are \$165,000 (17.8%) less than YTD budget. Of this amount, \$133,000 (81%) is due to the timing of pay for the volunteer firefighters, which are paid in July and January.
- Council wages are \$20,000 (16.7%) less than YTD budget due to the timing of the monthly payments.

Materials & Supplies: Materials and supplies are \$909,000 (21.8%) less than YTD budget. This is due to a number of factors:

- Firefighting gear \$12,000 (100%) as this has not been purchased
- \$33,000 for pilot programs with the water department and the Walkerton Clean Water Centre (100%)
- Safety devices and signs \$39,000 (97.5%)
- Sand/salt purchases \$57,000 (61.4%)
- Loosetop maintenance \$181,000 (98.1%)
- Fuel purchases \$117,000 (40%)
- Hydro \$95,000 (15.7%), mostly due to timing of invoicing
- Purchase of BEC water from Bruce Power \$65,000 (100%), entry occurs twice per year
- Training, conferences and mileage \$59,000 (28.3%)
- Hydrant maintenance/painting \$25,000 (64.2%)
- Parts/vehicle maintenance \$82,000 (35.5%)
- Equipment maintenance \$35,000 (37.5%)
- Grounds maintenance \$45,000 (47.6%)
- Building maintenance \$32,000 (10.0%)
- Beach/boardwalk maintenance \$22,000 (97.7%)
- Write-offs \$55,000 (100%) as these are performed at year-end

Offset by software contracts \$64,000 (35.1%) as most of these are prepaid expenses and this entry is performed at the beginning of the year.

¹ A vacation accrual is the amount of vacation time that an employee has earned but not yet used or paid. The total vacation accrual as at December 31, 2023 amounted to \$699,000, which was reversed in January 2024 and is reflected as a credit in each home department's budget.

Contracted Services: Contracted services are \$308,000 (9.9%) higher than YTD budget. This is due to the following:

- Dredging \$119,000 (74.9%) as this project was completed in the spring, whereas the budget distributes the amount evenly throughout the year
- Legal fees \$113,000
- Audit fees \$17,000, based on timing of the audit
- Engineering \$159,000, mainly due to the Bruce Power water agreement, which is recovered by Bruce Power
- Registry fees for Resource Productivity and Recovery Authority of \$12,000

These are offset by the following favourable variances:

- Waste disposal monitoring \$29,000
- Grass cutting contracts \$17,000
- Garbage and recycling \$29,000 – due to timing of invoicing
- By-law contract \$26,000, based on timing of a seasonal position

Other Transfers: Other transfers are \$81,000 (18.4%) less than YTD budget. This is due to timing of physician recruitment payments as well as CIP initiatives.

Rent & Financial Expenses: Rent and financial expenses are \$82,000 (56.6%) less than YTD budget. This is primarily due to property taxes for municipal facilities of \$87,000. This entry is performed at year-end. This is offset by bank charges which are \$5,000 higher than YTD budget (primarily fees associated with the Active Net software for recreation programs).

Reserve Fund Transfers: Reserve Fund transfers are \$1,508,000 (40.0%) less than YTD budget due to timing. Reserve fund transfers are performed in June, September and at year end.

Consultation Overview:

Departmental staff were consulted regarding project status and reasons for cost savings or overages.

Origin:

Staff Report

Attachments: Statement of Operations for the period ending June 30 2024;
Capital Variance Report to June 30 2024

Prepared by: Shelby Clancy, Manager of Financial Services

Submitted by: Shelby Clancy, Manager of Financial Services