



The Corporation of the Municipality of Arran-Elderslie

Information Report

Report From: Tracey Neifer, Treasurer

Meeting Date: June 13, 2022

Subject: SRFIN.22.19 Financial Report April 30, 2022

Attachments:

- A. Financial Report -- Municipal Services Summary by Service Area
- B. Financial Report – By Service by Area and Department
- C. Financial Report – By Service Area and Account Type
- D. Financial Report – Protective Services - Fire
- E. Financial Report – Protective Services – by Fire Station
- F. Protective Services – Fire – Fire Calls
- G. Building Services – Building Permits
- H. Capital Financial Report

Report Summary

The purpose of this report is to provide Council with a financial review of the departmental results for the four months of operations, covering the period of January to April 2022.

The report has been prepared based on the following structure:

- ✓ Building Services, representing the Building Department which is self-funded through the issuance of permit fees,
- ✓ Municipal Services, representing the various service departments that are funded by taxation and user fees,
- ✓ Water and Sewer Services, representing the Water and Sewer Divisions that are funded by the respective property owners through user fees.
- ✓ Protective Services – Fire, representing the consolidation of the three fire stations operating as the Arran-Elderslie Fire Department.

The attachments include detailed departmental reports, separated for each of the three key areas, Building, Municipal and Water/Sewer Services.

The report format mirrors what was presented with the 2022 Budget, with data presented for the 2022 Annual Budget, 2022 Year-to-date (YTD) Budget, 2022 Year-to-date (YTD) Actuals, Year-to-date (YTD) Budget to Actual Variance, and the 2021 Actuals. With the implementation of the new budget and reporting software, the 2022 budget distribution across the months of January to December has been prepared to reflect the services provided by each department in each of those months. Monthly budgets are based on a mix of the following methodologies:

- ✓ Equal monthly distribution
- ✓ % Distribution based on prior year actuals
- ✓ Manually allocated across the months of service

The budget distribution is reflected in the reports, which now include a 2022 YTD Budget. An accurate distribution methodology becomes important in variance analysis in area such as the pools, recreation facilities and winter road maintenance.

The 2021 Actuals are based on the report SRFIN.22.18 Financial Report, December 31, 2021, as presented to Council on May 24, 2022. This report includes both operating and capital results.

The body of the report is intended to highlight significant variances on operating and capital results.

Background

This is the first financial report for the 2022 operating year. Supporting schedules can be found in the operating and budget reports presented to Council:

- ✓ SRFIN.21-47 Draft Operating and Capital Budget (December 13, 2021)
- ✓ SRFIN.22-05 2022 Operating and Capital Budget – Update (January 31, 2022)
- ✓ SRFIN.22-07 2022 Operating and Capital Budget – Update #2 (February 14, 2022)
- ✓ SRFIN.22-18 Financial Report, December 31, 2021 (May 24, 2022)

Analysis

Building Services

On May 24th, Council received the Chief Building Official's quarterly update which indicated that the first four months of the year has been average with 36 permits in total, of which 34 are related to building. Schedule G provides a historical overview of the number of building permits issued from 2018 to 2021, plus the first four months of 2022.

Financial results are best reflected in Schedule C, which provides a departmental breakdown by account type for revenues and expenses. Most noticeably, is the decrease in revenue and expenses, compared to budget.

User fee revenue is directly related to the issuance of building permits, which has seen a slower start than expected, with budgeted fees of \$45,704 compared to actual of \$24,255. Grant revenue, however, is higher as some of the funds have been received for the Municipal Modernization Program Intake 3 grant for the service delivery review of the Building Department. Staff are working on the Request for Proposal document to secure the consultant. As a result, there is an offsetting decrease in expenses (non-TCA capital projects) as no costs have been incurred on this initiative to date.

Municipal Services

An overview of municipal services is reflected in Schedule A, which is exclusive of Building, Water and Sewer Services. In total, year-to-date net expenses are favorable with a \$305,739 savings compared to budget. The majority, 70.4% is attributed to General Government. A review of Schedule C shows that there is an increase in revenues of \$175,117 and a decrease in expenses of \$130,622.

Revenue:

- ✓ The OMPF grant payment is received quarterly, with 2 payments being reflected in this period, which accounts for the increase.

Expenses:

- ✓ The savings in expenses is largely related to Salaries and Benefits, which spans across many departmental areas; the larger ones being \$67,849 in Recreation and \$26,363 in Protective Services.
- ✓ Non-TCA capital projects include the Building Condition Assessments which has not been secured at this time, as staff are reviewing procurement options with local buying groups.
- ✓ Contracted services are largely related to legal, asset management and GIS work that is just getting started.

A few areas are showing increases in expenses, namely gas/fuel, heat/hydro and rent and financial expenses. Gas/fuel is a factor of current market conditions and fuel prices. Staff will continue to monitor as we move through the summer months. Rent and financial expenses include the municipality's share of tax adjustments and write-offs, including farm tax program and vested properties. An adjustment will be reflected in the next quarter after a review of vested property adjustments to ensure School Board and County shares have been properly accounted for.

Water and Sewer Services

An overview of Water and Sewer Services on Schedule B shows a favorable position of \$73,991, which is largely attributed to Tara Sewage and both Water Systems. Looking at Schedule C, the increase is related to user fees of \$49,706, and net savings in expenses with Salaries & Benefits, \$30,336. General materials and supplies reflect an increase in supply needs for January to April, as compared to budget.

Protective Services – Fire

In keeping with the format of the 2022 budget, the Schedules D, E and F have been included to reflect the total operating costs of the Arran-Elderslie Fire Department, while also providing comparability between the three fire stations, Chesley, Paisley and Tara. Overall, the Fire Department reflects favorably compared to budget by \$14,782.

The budget was prepared including a \$25,000 Hydro One grant application for a Prevention Program; however, the Municipality was not successful in this initiative. An offsetting expense reduction will be noted as we progress through 2022.

The Fire Chief presented SRFIRE.22.03 1st Quarter Fire Report to Council on May 9th, 2022, which spoke to the training that had taken place, which supports the increase in Education and Training costs of \$3,505. The budget assumes equal distribution throughout 2022, whereas training sessions will vary depending on availability. Staff will continue to monitor costs moving forward. Additional training needs will be identified by the Fire Chief as planning and analysis continues for the new Mandatory Certification program.

Insurance for the Fire Department includes the respective share of the Municipality's corporate policy as well as the annual charge for the fire fighters VFIS coverage with AON Canada, which totals \$4,450.

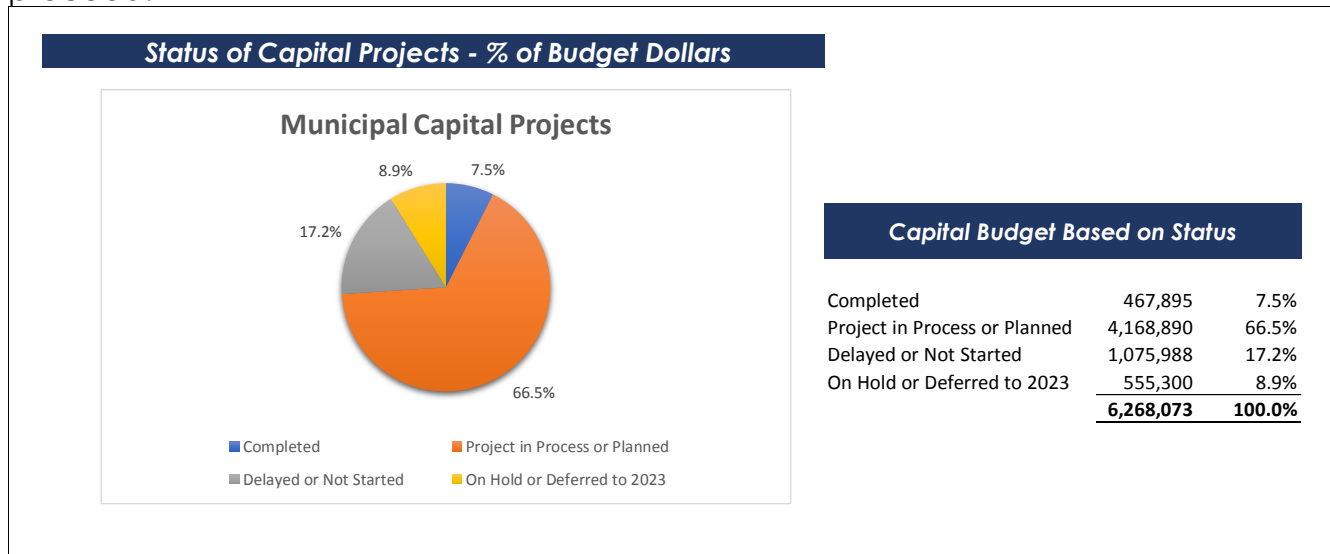
Telephone and Communications appear high compared to budget; however, this is attributed to the Owen Sound dispatch services being invoiced quarterly, with this report including 6 months coverage.

Capital Report

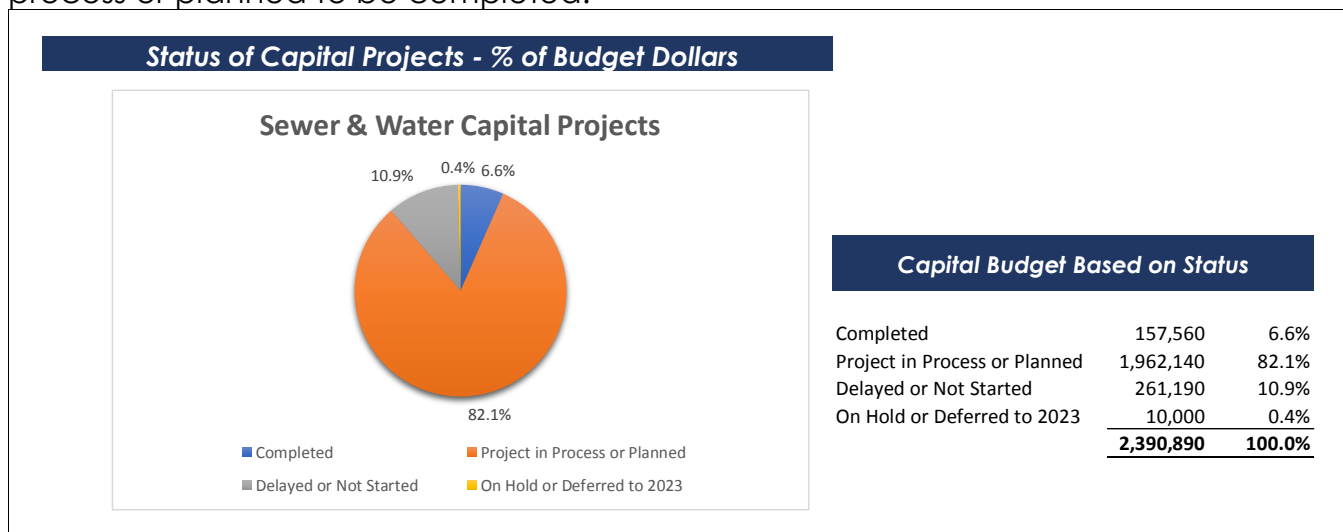
Capital expenditures have been included in Schedule H, with a comparison to Budget. On a budget of \$8,258,963, the year-to-date expenses represent only 5.65% or \$466,467. Some of the expenses will be understated for invoices that are pending from project vendors. The schedule includes comments from each of the respective managers as well as a status update that has been used to prepare the subsequent charts. Based on project status, the capital projects are in a good position moving forward to the next quarter of 2022.

The following analysis is a portrayal of the capital budget based on the status of the project and the dollars committed at each level.

The municipal capital projects are 74% either completed or in process or planned to proceed.



Similarly, capital projects for sewer and water divisions are 88.7% completed or in process or planned to be completed.



Link to Strategic/Master Plan

Arran-Elderslie's Corporate Strategic Plan

6.1 Protecting Infrastructure, Recreation and Natural Assets

6.4 Leading Financial Management

Municipal Budgets and Financial Plans as adopted by Council.

Financial Impacts/Source of Funding

After four months of operations, the financial results are favorable for moving forward into the next quarter. The assessment of capital projects indicates that management expects projects to proceed as planned.

Approved By: Sylvia Kirkwood, CAO