



The Corporation of the Municipality of Arran-Elderslie

Information Report

Report From: Tracey Neifer, Treasurer

Meeting Date: October 11, 2022

Subject: SRFIN.22.23 Financial Report – January 1 to August 31, 2022

Attachments:

- A. Financial Report -- Summary by Service Area
- B. Financial Report – Services by Department Group
- C. Financial Report – Services by Department Group Detail
- D. Financial Report – Services by Department/Object
- E. Financial Report – Protective Services - Fire
- F. Capital Financial Report

Report Summary

The purpose of this report is to provide Council with a financial review of the departmental results for the last eight (8) months of operations, covering the period of January to August 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 of the Public Works Department that are funded by the respective property owners through user fees.
- ✓ **Protective Services** – Fire Services, representing the consolidation of the three (3) fire stations operating as the Arran-Elderslie Fire Department.

The attachments include detailed departmental reports, separated for each of the three (3) key areas: Building, Municipal and Water/Sewer Services.

The report format aligns with 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 and 2020 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 dated 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 second 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

Municipal Services

An overview of municipal services is reflected in **Schedule A**, which is exclusive of Building, Water and Sewer Services as they have been presented separately within the schedule.

In total, year-to-date net expenses are favorable with a \$337,642 savings compared to budget. While there are savings noted in Protection Services and Recreation and Culture, there is an overage in Transportation Services.

Supporting schedules have been provided to further analyze the results of each service area:

- **Schedule B** provides the departmental groupings that supports each of the service areas, for example:
 - Protective Services includes:
 - Conservation Authorities
 - Fire Protection
 - Other Services
 - Policing
- **Schedule C** provides each of the departments results
- **Schedule D** provides a summary by service area, with the key financial statement areas that make up the departmental revenues and expenses.

Protection Services

The positive results, as identified in **Schedule B** is largely attributed to Fire Protection, with net savings of \$159,636. A more detailed review of **Schedule C**, the savings are related to Chesley and Paisley Fire Stations. Staff are working with the changes that were implemented in the 2022 Fees & Charges By-Law for billing of incident related costs; currently, wages are under budget which contributes to the year-to-date savings.

Recreation and Culture

Positive results of \$204,537 are primarily administrative savings of \$99,158, \$40,524 Pools and \$35,702 Programs, as noted in **Schedule B**. Administrative costs include the Facility Condition Assessments of \$37,500 with the work expected to begin shortly, as recently presented to Council. Programs includes the Day Camp programs that are provided in the summer, which generated an increase in user fees of \$23,866. Further savings are noted in wages and benefits in administrative and pools, which requires a more detailed analysis to explain how this has occurred.

Transportation Services

Transportation Services are summarized as representing two areas: Roads and Winter Control. **Schedule C** shows an increase in Roads of \$123,907 and Winter Control \$53,102. Most notable is:

- Admin – includes the fees received under the Aggregate Resources Act, and these fees were expected to be \$35,000 and had not been received on August 31st. Funds have not been received and will be reflected in the next report, \$24,690.
- Gravel – includes dust control and resurfacing costs, of which dust control contracts were higher than expected causing an overage of \$24,103.

- Vehicles – includes parts, repairs, licensing, grease, oil, and fuel, with a significant increase in fuel costs, current fuel costs have exceeded budget by \$69,404 regardless of the fuel saving measures that have been implemented.
- Winter Control – costs are directly impacted by the winter season and staff time. Annual costs will be reviewed and are offset by the Winter Control Reserve.

Building Services

Building Services includes the operations of the Building Department (Inspections) and Property Standards (Standards), with Inspections seeing positive results of \$34,120. On July 11th, Council received the Chief Building Official's update for May and June which indicated that the past two months have been stronger than expected, however less than last year (76 permits issued compared to 99 in total for 2021).

Financial results are best reflected in **Schedule D**, which provides a departmental breakdown by account group for revenues and expenses. Most noticeably, is the decrease in expenses, \$20,000, which is the cost of the Third-Party Review that is funded under the Municipal Modernization Program. Staff are in the process of finalizing the RFP for this initiative.

Water and Sewer Services

An overview of Water and Sewer Services on **Schedule A** shows a favorable position of \$123,417. This service area has been updated to include Storm, as per discussion with Council.

Savings are noted in Tara Sewer, Chesley/Paisley Water and Tara Water. The tax bills, as issued in July, includes the collection of the water and sewer fees for 2022, which exceeded budget by \$20,189 in Chesley/Paisley Water, plus an increase in connection fees of \$29,240. Similarly, Tara Water had an increase of \$16,658 for water billings. The Tara Sewer system has an increase in metered fees of \$20,230 and an increase in connection fees of \$24,049.

Protective Services – Fire

In keeping with the format of the 2022 budget, **Schedules E** has been included to reflect the total operating costs of the Arran-Elderslie Fire Department, while also providing comparability between the three (3) fire stations, Chesley, Paisley and Tara. Overall, the Fire Department reflects favorably compared to budget by \$159,636.

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.

Collectively, year-to-date wages and benefits are under budget by \$33,9678, which is directly related to variations in service calls year-over-year and the type of call. The service calls on August 31, 2022, are:

- Chesley 45, Annual Budget 80
- Paisley 40, Annual Budget 58
- Tara 35, Annual Budget 44

Capital Report

Capital expenditures have been included in **Schedule F**, with a comparison to Budget. On a budget of \$8,658,963, the year-to-date expenses represent only 26.5% or \$2,291,985. 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 78% either completed or in process or planned to proceed.

Status of Capital Projects - % Completed



Capital Budget Based on Status

Completed	636,595	7.4%
Project in Process or Planned	6,083,890	70.3%
Delayed or Not Started	1,265,178	14.6%
On Hold or Deferred to 2023	673,300	7.8%
	8,658,963	100%

The projects on hold or deferred is largely attributed to the Roads project on Brook St. West in Tara, \$555,300, as the tendered results were higher than planned.

Link to Strategic/Master Plan

Arran-Elderslie 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 eight (8) months of operations, the financial results are favorable for moving forward into the next quarter. Almost 80 % of planned projects are either completed or underway. The projected workplan shall address how the remaining capital projects are planned to proceed subject to timing and financial commitments.

Approved By: Sylvia Kirkwood, CAO