



Town of Erin

Corporate Report

Department: Corporate Services	Report Number: F2024-16
Business Unit: Finance	Meeting Date: 6/13/2024
Presented/ Prepared By: Wendy Parr, Director of Finance & Treasurer	

Subject

Quarter 4 Variance Report Ending December 31, 2023

Recommendation

Be it resolved that Council hereby receives report number F2024-16 “Quarter 4 Variance Report Ending December 31, 2023” for information;

And that the operating surplus of \$8,216 be transferred to the Tax Stabilization Reserve.

Highlights

This report is to provide Council with 4th quarter financial results for 2023 of the Operating Budget compared to Actual, in summary and by department, which had a surplus of \$8,216 (As shown in Appendix A). As per the Annual Surplus Policy, staff recommend that the operating surplus of \$8,216 be transferred to the Tax Stabilization Reserve. The annual Surplus Stabilization Policy deems that the surplus be utilized in a manner which contributes to long term financial health and stability. Moreover, Appendix B includes the 2023 4th quarter results for the Capital Budget report on actual spending. Reserves and Reserve Fund schedule is included in Appendix C with comments of how the reserves were used.

Background

The overall financial results for the Town of Erin is a surplus of \$8,216 for the year ended December 31, 2023. Town staff have been sound fiscal stewards, demonstrating strong financial management as evidenced by the unqualified annual auditor’s Report and the past six years of annual surplus. Prior year Capital Projects that were delayed due to COVID 19 and supply chain shortages were carried forward to 2023 with many completed and the balance transferred to 2024.

Discussion

Operating Results by Department

Council is provided with a financial summary by department and account groupings of the Operating Budget, as well as a breakdown for each department/program results in

Appendix A. The Capital budget expenditure results for the year ending December 31, 2023 are included in Appendix B. Appendix C provides a list of Reserves and Reserve Funds additions and disbursements throughout 2023 with comments.

Total program net results were on target at an average 100% with variances of note in Building, Planning, By-Law, Fire, Parks, and Water

Building – Net Operations Result 357,727 or 2%

Net variance of 2% is due to an increase in construction and grading fees. Full-time positions were filled with less reliance on consultants.

Planning – Net Operations Result \$283k or 129%

Net negative variance is mainly due to consulting fees. This should improve in 2024 with Full-time positions filled late in 2023 and continuing throughout 2024.

By-Law Enforcement/Crossing Guards - Net Operations Result \$39k or 80%

Revenue increase over budget is due to increased Dog Tag Licence collections. Net result variance is due to reduced training and set up fees as the By-Law Officer is now in the second year, and lower legal fees.

Fire – Net Operations Result - \$286k or 137%

Net result variance is due to major maintenance on the Fire vehicles in order to pass Safety Certification required by the Ministry of Transportation.

Parks and Recreation \$299k or 140%

Net result variance is due to the changeover to new software purchase and implementation mid-season. Expenses are high due to repairs and maintenance of arenas and equipment. Upgrades that started in 2023 will continue into 2024.

Water – Net Operations Result is Nil

Revenue for Water Systems were at 86% of Budget. This was mostly due to older meters that have planned replacement, that started in 2023 and continues in 2024.

For expenses, the largest variance was in General Maintenance and Repairs due to unexpected Watermain repairs and service connections.

Capital Budget Results for the 4th Quarter

The total planned capital spending for 2023 included projects from the 2023 Capital budget and prior years carried forward. For the period ending December 31, 2023,

\$2.9m was spent (excludes Waste Water) and some projects were not completed. Appendix B provides a summary and status updates for all capital projects.

The following is a status summary of Appendix B.

- Corporate Services project Electronic Records Management is a 5 year project with year 3 to 5 to be transferred to future year years. The new server will be transferred to 2024.
- For Fire and Emergency services, the balance of the Electronic Messaging signs were delivered and installed early in 2023. Flooring for Station 50 and Station 50 exterior painting were completed.
- For the Roads Department, several pieces of equipment were purchased including a trackless side walk plow, a loadstar trailer, and a snow plow.
- For the Water Program, all capital projects are underway. Water meters are being replaced and upgraded. The ICIP Green Grant for the Watermain project was approved with the project to be completed by April 2027.
- The Waste Water plant and the associated Linear Works were awarded in 2022 and construction is underway. All costs associated with this project will be recovered from developers.
- The majority of Parks and Recreation Capital Projects are underway with the balance to be transferred to 2024. Completed purchases include a Tractor, 2 Mowers and a Pick Up Truck.
- Planning, Building and By-Law completed the purchase of a Pickup truck. Cloud Permit was purchased in 2022 with ongoing annual fees.

Reserves and Reserve Funds for the 4th quarter

Reserves and Reserve Funds decreased by \$922k per the summary below. There was a \$370k increase to Reserves and a \$1,3m decrease in Reserve funds. Appendix C lists all reserves and reserve funds with additions, disbursements and comments.

	Reserves	Reserve Funds	Total
Opening Balance	12,003,179	25,031,147	37,034,326
Additions	948,054	78,435,238	79,383,292
Disbursements	577,251	79,728,855	80,306,106
Balance	12,373,982	23,737,530	36,111,512

For Reserves, the majority of the increases were transfers to fund future capital projects, and disbursements were a use of reserves for approved capital projects and grants according to Council approval.

For Reserve Funds, the most significant increase was \$75m from developers' front ending agreements related to the wastewater plant and collection system. Also, \$1.1m was collected from development charges. Disbursements were to fund eligible projects funds by development charges, loan payments and from grants.

Strategic Pillar

Service Excellence & Good Governance

Financial Impact

In summary, the total operating budget surplus of \$8,216, is recommended to be disbursed to the Tax Stabilization Reserve.

Conclusion

The Quarter 4 Variance Financial Report ending December 31,2023 provides Council with operating and capital spending for the Town of Erin. There was an operating surplus that is recommended to be dispersed to the Tax Stabilization Reserve.

Attachments

Appendix A – Budget vs Actuals Quarter 4, 2023

Appendix B – Capital Projects 2023 and Prior

Appendix C – Reserves and Reserve Funds 2023

Wendy Parr

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Rob Adams

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