



Subject: 2024 Third Quarter Operating Fund Variance Report

Department: Corporate Services

Division: Finance

Report #: CPS-2024-084

Meeting Date: 2024-12-16

Recommendations

That report CPS-2024-084 regarding the 2024 Third Quarter Operating Fund Variance be received.

Overview and Background

The purpose of this report is to provide Council with a summary of the operating financials and commentary relating to significant variances that have been identified for the period ending September 30, 2024. This report and the explanations provided are intended to highlight trends being monitored for Council’s information. The variances mentioned below may not be indicative of future trends or variances for the remainder of the year.

Analysis of Current Situation

The September YTD operating fund position currently shows a favourable variance of approximately \$4.9 million primarily resulting from higher than planned interest income and proceeds from the sale of land along with lower than planned expenditures across various divisions. Attachment 1 “2024 Third Quarter Operating Fund Variance by Division” provides a comparison of the actual operating results to the operating budget allocations as of September 30, 2024, by division.

Table 1 below summarizes the third quarter operating fund results by source. Significant divisional variances are highlighted below.

The consolidated YTD revenues were \$78,515 or 0.1% lower than the third quarter YTD budget forecast. Revenues to date represent approximately 85% of the annual budget and were 6% higher than the third quarter in 2023.

The consolidated YTD expenditures were \$4,950,288 or 11.1% lower than the third quarter YTD budget allocation. Expenditures to date represent approximately 67% of the annual budget and were 2% higher than the third quarter in 2023.

The consolidated YTD internal transfers were \$2,522 or 0.1% lower than the third quarter YTD budget allocation. Internal transfers to date represent approximately 54% of the annual budget and were 38% higher than the third quarter in 2023.

Table 1 – 2024 Q3 Operating Fund Variance by Source

\$ Millions	YTD Actuals	YTD Budget	YTD Variance \$	YTD Variance %	Annual Budget
Revenues	(\$57.32)	(\$57.40)	\$(0.08)	(0.1%)	(\$67.57)
Expenses	39.67	44.62	4.95	11.1	58.91
Internal Transfers	4.70	4.71	0.01	0.1	8.66
Total Operations	(\$12.95)	(\$8.07)	\$4.88	60.4%	\$0.00

For reference, revenues higher than budget and expenses less than budget result in a positive (+) or favourable variance, and revenues less than budget and expenses higher than budget result in a negative (-) or unfavourable variance.

Levy Funded variances that are greater than 15% or \$100K are highlighted below:

\$94,391 **Committees** – This favourable variance was due to lower levels of spending across all committee groups; 7 out of 10 had 90% or more of their budgets available for use at the end of the third quarter.

\$2,098,267 **Corporate Allocations** – While this variance is relatively minor at 5.6%, it is worth noting the following significant favourable variances:

- \$1.05M in additional interest income
- \$1.05M proceeds from the sale of land
- \$116K in penalties and interest on taxes
- \$91K lower compensation expenditure
- \$78K lower new debt servicing costs
- \$76K lower insurance expenses
- \$57K lower insurance deductibles/claim expenditures

These positive variances were partially offset by unfavourable variances of \$491K in supplementary taxes collected and other minor variances.

\$110,734	Finance – This favourable variance is primarily driven by an underspend of \$109K in compensation expenditure.
(\$162,919)	Information Technology – This unfavourable variance is attributable to higher spending of \$266K and \$55K for software agreements and fibre agreements respectively. This variance is partially offset by lower spending in compensation (\$81K) and fibre maintenance (\$28K), among others.
\$97,218	Crossing Guards – This favourable variance is primarily driven by lower compensation expenditure.
\$308,570	Facilities – This favourable variance is primarily due to higher than planned hourly ice rentals (\$96K), and lower expenditures for hydro and natural gas at the Alder Street Recreation Centre (\$59K), and lower than planned compensation costs(\$106K), among others. The division’s current position on hydro and natural gas will likely change as we head into the colder months of Q4.
\$271,349	Recreation and Events – This favourable variance is largely driven by additional aquatics revenue of \$52K and \$174K from Alder Street Recreation Centre and Tony Rose Memorial Sports Centre respectively combined with additional general program registration revenue across the division (56K).
\$379,371	Fire – This favourable variance is due to lower compensation (\$305K) and outside services (\$47K) expenditures and higher internal cost recoveries (\$55K).
\$137,140	Library – This favourable variance is driven by lower compensation (\$97K) and facility management expenses (\$24K) combined with additional non-resident fees (\$20K).
\$1,201,368	Public Works – This favourable variance was driven by higher external cost recoveries (\$96K) along with lower expenditures than planned in the following areas: <ul style="list-style-type: none">• \$335K for catch basins & storm sewers• \$297K for materials related to sanding & salting• \$232K for expenses related to sidewalks• \$169K in compensation expenditure• \$113K in expenses for resurfacing & patching

Much of the resurfacing, patch & sidewalk maintenance work is being completed in Q4 2024. Additionally, the deliveries for the division’s salt and sand inventories will also be arriving in Q4 2024.

\$83,544 **Capital Works** – This favourable variance is primarily driven by lower compensation expenditures (\$89K).

Non-Levy Funded variances that are greater than 15% or 100K are highlighted below:

(\$125,704) **Building** – This unfavourable variance was primarily due to lower than planned building permit revenue (\$152K) that was slightly offset by lower compensation costs (\$18K) and other minor variances.

Corporate Implications

There was a favourable variance of approximately \$4.9 million at the end of September 30, 2024. The third quarter variance is subject to change throughout the balance of the year due to factors such as weather-related activity, utility and fuel usage, tax write-offs, position vacancies, and development activity.

Reporting quarterly on the operating fund variance supports Council in achieving its fiduciary responsibilities to monitor and report on corporate performance in accordance with the Town's Strategic Plan. If achieved, any remaining surplus from the operating budget at year-end will be allocated based on the approved frameworks for reserves and reserve funds.

Strategic Alignment

Strategic Plan

Strategic Goal: Future-Readiness

Objective: Due Diligence – confirm applicable governance and policy regimes

Notice Provisions

Not Applicable

Respectfully submitted by

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Attachment(s): 1. 2024 Third Quarter Operating Fund Variance