



TOWN OF MINTO

DATE: May 9, 2017
REPORT TO: Mayor and Council
FROM: Gordon Duff, Treasurer
SUBJECT: March 31, 2017 Financial Review

STRATEGIC PLAN:

Manage Town finances in a transparent and fiscally responsible manner using a wide variety of accepted methods such as maintaining healthy reserves, investing conservatively, sensible user fees, property tax control, and responsible borrowing.

BACKGROUND:

The winter was relatively normal although February was warmer than March. Machine time has only been partially entered so winter control expenses will end up being higher than indicated in the attached figures. This will affect individual departments although there will be no effect on overall results. Two fire vehicles and engineering work accounted for the bulk of capital spending in this quarter. No reserve transfers have been entered at this time. Most online payments such as hydro bills have been entered covering the bills paid by March 31st. The operating budget shows a positive variance of \$287,802 while the capital budget shows a negative variance of \$1,210,201.

COMMENTS:

OPERATING

Admin

- budgeted reserve transfers have not yet been entered; in general, this makes expenditures seem understated on a YTD basis;
- first quarter's OMPF payment has been received;
- Council expenses are running slightly over budget trend but should level out following winter/spring conference season;
- total budgeted cash and facility donations are \$49,000 with approximately \$13,010 granted to date;
- the annual insurance premium of \$257,000 has been paid, and has been allocated to various departments;
- computer maintenance costs are lower to date, although this could change as the year progresses;
- other interdepartmental allocations to be made later in the year;

Fire

- inter-municipal services fees have not yet been received;
- most wages to firefighters have not yet been paid as at March 31, 2017;
- Volunteer firefighter accident insurance has been paid for the year;
- a few public education/fund-raisers took place during this quarter;
- other expenses on track;

People and Property

- most dog licence revenue is not yet posted and will be included in next quarter's report;
- fortunately no major emergency expenses have been incurred to date in this quarter with minimal generator maintenance costs incurred;
- most of the Conservation Authority levies have been paid and this leads to the usual up front YTD variance;

Public Works

- gravel pit royalties and fees for service are generally not received until later in the year so YTD revenue variances are still yet to be realized;
- overall public works wages are within budget; water and sewer trending 5% and 2% under budget, while winter control 80% of 2017 wages spent; leaves 20% for November and December
- through first quarter salt and sand expenses totaled \$75,000 or 52% of the total annual budget; late billing may add to this expense in next quarter, but \$20,000 added to this line item in 2017 should ensure it remains within budget;
- Overall winter so far in 2017 has been expensive from a wages perspective as heavier snow events were prolonged over a few days resulting in some overtime;
- road loose top and hardtop maintenance expenses not usually incurred until the summer season;
- equipment & vehicle repairs and fuel & maintenance costs are also up this year; for example general equipment repairs are \$10,000 over budget due to un-expected repairs for minor accidents
- a small amount of tree-cutting work was performed this winter during the milder times;
- more work on the Asset Management Road-Map continued in this quarter with costs being shared between the primary departments affected;

Sewer

- sewer revenue is running close to forecast based on the revised rates;
- the bulk of the debt payments are not be expensed in budget until last quarter of the year;
- annual reserve transfers, which are the largest expense in department, not yet entered;
- other expenses running close to forecasts;

Water

- water revenue has improved over the previous two years, thanks to the new rate schedule;
- other operating expenses have been in line to date;
- the large budgeted reserve transfers have not yet been made;

Cemeteries

- as expected, cemetery revenue is normally very low during the first quarter;
- expenses are also minimal until warmer weather arrives;

Recreation

- recreation ice time revenues are running as expected with another busy winter season;
- licensed events in Clifford and Harriston during the first quarter trending below budget;
- this will pick up in the second and third quarter;
- most hall rentals are usually booked and/or invoiced later in the last quarters;
- events in Clifford (Homecoming) and Palmerston (Canadian Championship) should increase rentals later in the year;
- overall recreation YTD wages are a bit below budget as staffing levels are lower until summer staff are hired;
- annual debt servicing costs will be incurred later in the year;
- the Norgan Theatre is on track for another positive year, with good attendance for many features and expenses in line;
- other small facilities running as expected;

Building

- the department is off to a busy start on both the residential and non-residential side; revenues are trending well above budget; fee increase will help decrease net taxpayer subsidy to this areas
- training and further source water plan implementation continued in the winter months;
- staffing of maternity leave will be addressed later in the year which may result in some salary savings

Economic Development

- economic development busy with Committee meetings and public engagement;
- significant activity in the industrial parks also occurred in the first quarter;
- the business incubator contribution was made and the focus is now on outreach programs;
- most costs inline although large debt servicing payments will not be incurred until late in the year;

Tourism

-fairly minimal activity in this department during the winter except for planning for Farmers' markets, advertising campaigns and signage projects;

CAPITAL

Admin

- expenditures for the expanded work order and service request system amounted to about \$13,000 in the first three months of the year;
- no other expense was incurred during the quarter;

Fire

- the tanker truck and SUV were both received in this quarter;
- this accounts for approximately 85% of budgeted capital expenditures for 2017;
- the Town's share of the bunker gear washer was also incurred in February;
- approximately \$2,200 in revenue from various fund-raisers were received during this quarter;

Emergency Measures

- no expenditures as at March 31, 2017;

Public Works

- formula-based OCIF funding of \$74,000 was received – this money is earmarked for various road projects including Ann Street in Clifford and George Street in Harriston;
- \$967,000 in Connecting Link funding for the final phase of the Clifford project was received in January;
- the Roads share of the Works system was \$4,200 for this quarter;
- over \$18,000 in engineering and design work paid in this quarter;
- other than the above there were very few capital expenditures in the first part of the year;

Sewers

- the Roads share of the Works system was \$4,200 for this quarter;
- some engineering and design work for the George Street project of about \$6,000 was carried out;
- inflow and infiltration work on manholes in Harriston and sewer lining in Clifford also took place during the mild spells; inspection of contractor's work to date is complete and being reconciled with invoicing; successful test of alternate supplier successful and RFP for this work could result in more competitive pricing

Waterworks

- a few small equipment purchases amounting to under \$3,000 were made;

- an upgrade to Well #4 in Clifford for \$8,400 was spent;
- as with sewers and roads, the Water department had expenses relating to the Works software and engineering design work which account for the remaining expenditures;

Cemeteries

- minimal engineering costs spent during this period;

Recreation

- galvanized eliminators for \$5,300 were installed at the Harriston arena;
- about \$31,000 in costs related to the replacement of the Palmerston pedestrian trail bridge have been incurred;
- all but \$10,000 of the costs will be covered by insurance;
- no other capital expenditures in this quarter;

Economic Development

- the only capital expenditures during this quarter were for engineering work for both the Harriston and Palmerston Industrial Parks;

FINANCIAL CONSIDERATIONS:

Budget variances as indicated above will continue to be monitored during the rest of 2017.

RECOMMENDATION:

THAT Council receive the Treasurer's March 31, 2017 Financial Review report as information.

Gordon Duff
Treasurer