



Financial Summary

Year Ended December 31, 2023

This document is meant to be read in conjunction with the December 31, 2023 Financial Statements

GENERAL OPERATING FUND

The Town has an annual **SURPLUS** of **\$113,127**.

Capital From Operating & Reserves

Collectively, there were \$427,709 more funds allocated to these two funds, which resulted from an operating surplus in the year.

Council will recall that a motion was put forth at the December RCM to transfer \$2.3 million to the General Capital Reserve. This was above the budget amount of \$2.0 million. The \$300,000 will be a source of funding for general capital projects in the future therefore equating to less debt financing.

There was also an additional \$127,709 of funds allocated to pay Capital from Operating (Budget of \$4,509,960 vs actuals of \$4,637,669). These funds also resulted from an operating surplus and assisted as a welcoming source towards financing 2023 capital.

Debt Ratio:

The debt ratio ended in a strong position at 8.42% (2022: 8.50%), which is under the budget of 8.97%. The debt ratio represents the cost to service debt, which is expressed as cost of debt divided by total expenses. The ratio came in less than budget due the denominator (total expenses), coming in higher than budget (by \$563,720), and the cost of debt (interest and principal payments) ending slightly less than budget (by \$141,549). Debt issuance costs were less in the year since the Town borrowed less funds than originally intended due to grant funding that was approved in the year (Infrastructure Renewal Project). Also, the debt payments came in slightly below budgeted as well and corresponding interest due to the change in debt utilization, thereby resulting in savings.

This ratio cannot exceed 20% per Municipal Capital Borrowing Board standards. It is well below that which is healthy, as a ratio close to 20% is not ideal as it means 20% of expenses in a year purely go towards servicing debt. Therefore at 8.42%, this is a healthy position which is on par with other municipalities' ratio.



Budget vs Actuals

Fiscal 2023 saw costs fall more in line with budget compared to 2022 and the impact of inflation post-Covid on operational costs.

Costs continued to be monitored closely against budget every month to ensure the Town was on track to achieve close to budgeted results. The results reveal that those efforts were well translated, as the General Fund ended with a surplus of \$113,127 whilst delivering service excellence to residents in keeping true to our Strategic Plan. Our area has experienced significant growth, with some of the fastest population growth in Canada. This put pressure on staff and services to maintain current standards whilst also managing growth. The market is in a precarious time, and we must stay vigilant in tracking actuals vs budget, particularly for capital (which is discussed later). The results overall are a testament to strong monitoring and adjusting as needed to ensure the Town residents are taken care of.

In this report to Council for year-end, I will highlight the key variances where actuals had a notable difference from budget in both value and/or by percentage. I will review the General Fund first then the Utility Fund will follow.

GENERAL FUND

As noted, there was an overall surplus in the General Fund of \$113,127.

REVENUE

Revenues overall were higher than budget by \$676,847.

Variances from the revenue budget are noted as follows:

Revenue from Own Sources:

The main category for the overage is this one – at \$560,862 above budget.

Building Permit revenues were higher than budget by **\$18,515** reflecting more development activity in 2023 than anticipated.

Interest on Cash in the Bank was **\$79,186** higher than budgeted which is driven by the interest rates on cash the Town has in the bank; market driven and unpredictable, however a positive unanticipated outcome. Interest rates continue to remain strong and much higher than historical.

Proceeds on the Sale of Assets was **\$127,111** higher than budget. This is due to the sale of assets at higher cost than anticipated due to higher auction prices, and a few more end of life assets that were not known to be sold at the time of the budget.



Miscellaneous Revenue was **\$40,364** higher than budget. The insurance recovery for the Christmas lights damaged was coded here.

Sale of Empty Lots was **\$250,000** more than budget. This is entirely related to the unbudgeted \$250,000 received for the sale of land on Hillsborough Road as intended on. The Town purchased the land from the province for \$352,978 to then sell/swap. This sale was part of the cost received in the 2023 fiscal year and there are more arrangements that have and will occur in 2024.

Public Works Revenue was **\$37,599** above budget resulting from each of the four revenue GL lines coming in a bit higher than expected. Namely, **Traffic Lanemarking** was **\$11,054** above budget due to the Province updating their unit rates after the budget process. And **Miscellaneous Income** was **\$17,562** above budget due to new service request (revenue is shown here with an offsetting expense. The department is unable to predict new service requests; projects needing done are not known during the budget process. More service requests equals more revenue which equals more expense; the two offset each other.

Parks and Recreation revenues were **\$77,363** overall above budget. The Town saw some revenue accounts land above or below budget mostly balancing. **Aquatic Centre** revenue was below budget of **\$30,896** due mostly to credits being adjusted to deferred revenue to account for classes not yet taken (accounting made an adjustment at YE to account for the credits properly, therefore the amount hit this GL line). The **Lions Pool** revenue however was **\$24,490** above budget, due to a budgeting error. The department budgeted for swim lessons at the Lions Pool to the Aquatic Center but recorded the revenue to the correct account. Therefore, this revenue offset most of the Aquatic Center revenue shortfall. Rinks (Arenas) revenue was \$22,099 below budget due to unfulfilled revenue assumptions (less ice being rented). This shortfall as well as some other small ones were offset by a \$73,186 overage in Other Parks Revenue GL's. In those GL's, **Recreation Programs** was **\$19,741** above budget due to additional revenues from the Horse Carriage Ride Program, several fitness activities, and the new Horizon Seniors Grant. And **Grants** were **\$39,696** above budget due to the department applying for and receiving more grants that became available. And there was a Stantec expenditures that was covered by an Environmental Trust Fund grant for an energy consumption audit.

EXPENDITURES

Expenditures overall were \$563,720 above budget thereby offsetting the overall revenue figure above of \$676,847 and resulting in the overall general surplus of \$113,127.

Administration

Overall, this section of the budget is under budget by \$228,360 which is the result of a combination of savings offset by additional expenditures as follows:

Administrative Services was **\$148,479** above budget. There were **\$139,876** expenses to **Other Expenses** causing most of the variance. This is the cost related to the sale of the land on Hillsborough Road (related to the above noted revenue of \$250,000)



Salaries had various accounts with overages in accounts were offset by savings in other accounts. This is largely due to the reorganization the Town had for staffing/departments, which saw employees shift to a new department. To recap:

- **Accounting & Information Technology:** Over budget in total by **\$98,145** (Salaries & Benefits). The primary cause being the IT Manager moving from Corporate Services into this department, and hence, Corporate Services is well below budget (discussed below).
- **Human Resources:** Over budget in total by **\$95,781** (Salaries & Benefits). The majority of the overage is also due to the re-organization whereby Corporate Services staff were moved to the newly expanded Human Resources and Corporate Communications department.
- **Corporate Services:** Under budget overall by **\$225,055**. Continuing with the theme above, the vast majority of this was due to salaries and benefits (re-organization), where the above noted employees were moved from this department to others.

Economic Development expenses were overall below budget by **\$54,205**. Salaries and benefits were \$32,869 below budget due to the exit and then replacement of that ED Manager (the duration the position was vacant led to savings). The remaining savings were scattered throughout several GL accounts, with small savings of \$3-5 thousand for items such as less office expenses required, savings in promotion and design costs, savings on advertising, which is due to savings related to cost and or volume of items/services used (position being vacant led to less costs; re: office supplies and travel).

Property Taxes were **\$35,218** lower than budget due to a decrease in the provincial tax rate.

Building Repairs & Maintenance (Fundy Station) was **\$13,318** above budget (budget = \$2,500). This was to repair the boardwalk deck boards. The boards were deemed unsafe and normal budgeted repairs were not enough to cover the required cost.

Other Expenses – Civic Relations was higher than budget by **\$14,840**. There was a \$19,463 cost charged to Public Receptions, which was \$10,463 above the \$9,000 budget. This was an unbudgeted cost for the Tri-Community receptions.

3+ Corporation saw a savings for the entire budgeted amount of **\$56,068**. The economic development services previously offered in Greater Moncton by 3+ were transitioned to the Southeast Regional Service Commission. There was grant funding received that cover these costs for 2023, which was not known at budget time.

Fiscal Services were lower than budget overall by **\$141,549** which was the result of \$94,413 in savings on long-term debt interest (more favorable interest rates), and there was \$46,536 savings in bank interest and charges. The Town ultimately took on less debt due to more grant funding secured in the year (namely, the Infrastructure Renewal Program), therefore requiring less borrowings and hence less debt issuance costs and related interest to accrue to YE.



Transfer to General Capital Reserves was over budget by **\$300,000**. See discussion above.

Capital from Operating was over budget by **\$127,709**. See discussion above.

Fire & Rescue

Overall department expenditures were over budget by \$172,901 (or 4.2% above)

Salaries, Wages, and Overtime were overall higher than budget by **\$69,891**. **Overtime Sickness** was **\$31,181** over budget. There were firefighters out sick (injury and sickness related), that had to be covered by full-time firefighters who were paid overtime. This overage was partially offset by a **\$8,413** savings in **Overtime Fire Calls** resulting largely from reduced overtime related to *call backs* (number is dependant on the number of fire calls, which is hard to predict). **Overtime Administration** was **\$44,342** above budget due various meetings (committees) requiring overtime due to volunteer availability of scheduling that does not line up to shift work. Overtime was also incurred while Engine 11 was out of service to ensure operational demands could be met. **Overtime Training** was **\$22,640** over budget for the renewal and recertification of speciality courses, new training to volunteers and training conferences (all which were higher than the department anticipated).

Fire Fighting Equipment was **\$83,693** over budget overall due largely to unexpected repairs and maintenance required to Engine 11. The account was over budget by \$69,921 and of that \$63,350 was due to Engine 11 (EGR Cooler, Turbo & Block Heater, Head Gasket replacement, complete engine replacement). **Medical Supplies** were also over budget by **\$11,155** due in large part to rising costs and an increase in medical calls year over year. There was also a new cylinder rental fee charge to this account that was new in the year.

Engineering & Public Works

Overall department expenditures were over budget by \$34,679 (or 0.73% above)

Overall, Engineering Services came in line with budget (**\$1,762 above**), however, within the GL lines there were variances where savings in one area recovered the overages in others. **Lane Marking** was **\$26,851** below budget due to Town performing all the line markings instead of contracting out this work. **Engineering Services** were **\$36,655** above budget due to traffic studies by Stantec which were unexpected and therefore unbudgeted (this was the environmental assessment done at the old Public Works site). **Street Electricity** saw small savings of **\$13,088** which was due to budgeting for a larger increase that did not occur; the improvements on Coverdale Rd took longer to implement than expected. NB Power took longer to implement changes to the streetlights which would have resulted in additional months of higher unit rate wattage). While **Decorative Light Repairs** were **\$13,480** over budget due to more streetlights related to the Kent building development, revenue of a similar amount is provided in the revenue section. The department also had to replace more deco lights than budgeted, and the costs of those replacement has gone up higher than expected.

Building Repairs & Maintenance (Workshops, Yards & Buildings) was **\$17,466** over budget. Some of this is related to the break and enter from November 2022. After the break, which occurred after the



budget process, the Town installed a new alarm system and new door locks, keypads, etc. Also, overhead doors have been an increasing problem, and the cost of maintenance has increased higher than anticipated.

Summer Maintenance GL's were overall **\$24,747** above budget. **Street Patching** was above budget by **\$13,829** due to the contract award unit price increasing above expectation. **Guard Rails & Parts** were **\$16,702** above budget due to having to perform an emergency repair to the Mitton Road culvert and road in January and replace a large amount of guard rails. There was a **\$12,439** overage for **Replacing Old Culverts** as well due to this same issue for Mitton Road. On the other side, **Storm Sewer Maintenance** was below budget by **\$7,051** since the department conducted fewer storm sewer repairs than expected.

Snow & Ice Removal was overall above budget by **\$32,365**. **Salaries** were above budget by **\$16,965** (about 5% above budget as a %). And **Overtime** was an additional **\$12,107** above budget both of which are due to busier January-February winter months than anticipated. **Vehicle Repairs & Maintenance** was also **\$13,690** above budget and **Snow Removal Blades** was **\$11,320** above budget (unexpected repairs and busier months meaning more use). The overages in these accounts were offset by savings as well. Of note was savings of **\$19,003** in **Gas, Oil and Diesel** due to diesel prices remaining stable throughout the year and thus not experiencing the fluctuations the Town saw in the previous few years. And **Sand and Tailings** was **\$7,309** below budget since the department salted more than sanded due to weather conditions. Lastly, **Other Expenses** for this category was over budget by **\$10,329** which was due to weight and management of salt inventory which was not properly budgeted for. This was corrected in the 2024 budget.

Garbage Collection (Garbage Pickup – Regular) was lower than budget by **\$35,139** due to price inputs remaining stable throughout the year (diesel prices stabilizing equated to savings here).

Parks, Recreation & Community Relations

Overall department expenses below budget by \$185,593 (or 3.25% above).

Salaries, Wages and Benefits were overall in line with budget at just 0.02% above, however, there were some overages in some accounts offset by budget savings in other accounts. **Salaries & Wages** were **\$35,900** above budget (1.6% above). This was due to one position not being properly budgeted for (aquatic coordinator - replacement position). Of note though, there was **\$26,455** more **Overtime** than budget which was offset by a savings of **\$20,036** for **Casual Wages** and **\$20,630** in **Student Wages**. The reason is due to unfulfilled recruitment in both areas which lead to general savings but impacted Overtime to the extend noted above. **Winter Program Salaries** were also **\$18,588** below budget due to a change in operations for the arena canteen from direct staffing to a third-party operator.

Community & Special Events accounts were overall below budget by **\$49,583**. There were savings of **\$25,390** in **Community Relations** as well as savings of **\$9,392** for **Sunfest** both due to unfulfilled initiatives to counteract budget pressures in other areas.



Building Repairs & Maintenance was **\$35,831** above budget due to a water leak/repair for the air handling system as well as needed repairs to the Dectron unit. **Pool Chemicals** were **\$12,266** above budget due to an increased number of pool fouling indoors, increases in industry rates because of U.S chlorine shortages in 2021 and 2022, and also a necessity to drain and re-balance the Lions Pool this past season which required an additional order due to a poor paint performance. **Electricity & Heating (Pool)** also saw an overage of **\$8,122** due to natural gas for the Lions Pool being higher than budget by \$6,500. There were more lower than seasonal average temperature days which required unpredicted supplemental heating.

Rinks & Arenas was overall above budget by **\$75,478**. **Water & Sewer** was **\$12,381** above budget due to an unknown consumption issue linked to older hot water systems scheduled for replacement. **Building Repairs & Maintenance** were **\$49,975** above budget due to heating and cool repairs, unforeseen bleacher modifications for accessibility and components related to hot water tanks. There was \$23,575 incurred related to relief piping, seals, and hot water tank repairs. **Electricity** was **\$21,296** above budget as consumption was way up compared to prior year (consumption was generally higher due to a season extension of both surfaces through to May 1, as well as an unpredicted NB Power rate increase amount on April 1, 2023).

Parks & Playgrounds expenses were **\$23,629** overall above budget. **Machinery and Equipment repair** was **\$14,566** above budget, and **Lawn Equipment Repair** was **\$4,161** above budget. The cost of parts was up, as the assets were reaching their end of life, therefore requiring more repairs to keep operational. **Land Develop & Parking Lots** was **\$18,896** above budget due to increased salt consumption and installation of a required maintenance pad at the Operations Centre for over \$14k. **Gas, Oil and Diesel** was **\$22,811** above budget due to increased costs of fuel coupled with 2 unplanned fleet vehicles. There were also savings that offset these expenses. Namely, **\$38,667** in **Other Expenses/Master plans** due to deferred initiatives to offset overruns in this section (Greenspace and Naturalization Plans).

Recreation Operating Expenses actuals were **\$47,829** higher than budget. There was an overage of **\$7,788** for **mobile equipment** for additional equipment in fleet vehicles as well as a change in the account some Town-issued cell phones are allocated to. **Vehicle Leasing** was **\$10,108** more than budget due to a vehicle needed for the addition of a new employee in that department (Martin Dube), and **Snow Removal** was **\$19,095** above budget due to a significant unbudgeted rate increase by the Town's snow removal provider.

The **Youth Center** was pretty much in line with budget overall at **\$7,903** above (2.9% above budget). There were some accounts within this category that require explanation. First, **Causal Wages** were **\$13,533** below budget due to unfulfilled recruitment and a change to staff schedules. This was offset by an overage of **\$28,524** for **Building Repairs and Maintenance** due various unplanned expenditures (mould testing, paint canopy, walkway repairs). In particular, the daycare tenant unit suffered many unplanned critical failures throughout 2023, including 2 leaks (one overhead and one ground water), as well as vandalism to exterior doors and a failed electrical heating system and operational challenges with several interior doors.



And, lastly, the **Operations Center Allocation** overall was **\$12,058** above budget. This is largely due to a **\$11,417** overage in **Building Repairs and Maintenance** for repairs to the exterior gate system and operational costs related to repairing break-in damage alongside with new alarm systems (all note above).

UTILITY FUND (WATER & SEWER)

The Town has an annual **SURPLUS** of **\$10,537**.

REVENUES

Overall Utility Revenue was higher than budget by \$674,552.

Of this, **\$283,545** of the overage is attributed to **Commercial Metered** customers. They are higher due to business development, growth, and higher usage, mainly at Trans Aqua. Accordingly, **Commercial Sewer** saw a **\$109,552** amount above budget, and **Sewer Treatment** at **\$148,884**, which trends the same as water.

Connection & Service Charges were **\$69,893** higher than budget due to services being installed on streets that are unpredictable and difficult to budget for. The corresponding revenue is housed and noted above in the General Fund.

Similar to the General Fund, **Interest on Cash in the Bank** was **\$79,186** higher than budget, due to a more favorable interest rate than expected, which is market driven.

Development Cost Recovery was \$13,768 below budget. When developers develop certain parts of the Town, they need to pay a fee to recover fees associated with the development. This account is hard to predict; it is uncertain when fees will be collected. There were projects anticipated to be done by year end that were not.

EXPENDITURES

Overall expenses were higher than budget by \$664,015.

Many of the expenditures in the Utility Fund are allocations from the General Fund, therefore the explanations provided above for accounts noted here also apply. The most significant line-item variances include:

Capital from Operating: The Town was able to use a higher than budgeted amount from this source of capital financing because of the extra cash on hand resulting from the above noted higher than budget revenues. The total budget for capital financing from the operating budget for water and sewer projects was \$1,369,480 but the Town was able to use \$1,820,636 to pay for the capital. It was a strong positive to see that the additional revenue generated was able to absorb higher costs in capital projects (such as the watermain replacements on Yale and on Hillsborough Road). There was also grant funding from the Infrastructure Renewal Program which was a significant source of financing to fund 2023 projects, and therefore push out borrowing (such as the Canada Community Building Fund) and not requiring the Town to borrow.



Billing & Collection Charges were **\$16,282** above budget. This is based on dollar value and the number of transactions which were more than usual/anticipated.

Water Purchase Cost (*from City of Moncton*) was over budget by **\$57,508** or 4.17% on a budget of \$1,380,050, therefore comparatively small given the large dollar value. This increase is mostly due to the increased usage by TransAqua (which equated to more revenue as noted above).

Bank Interest & Charges for both Water and Sewer were below budget in total by **\$32,185**. This is due to no debt being drawn down, and thus no issuance costs or interest related to that debt.

Water Labour Costs were overall **\$34,979** over budget. **Salaries** was over budget by **\$9,067**, **Overtime** by **\$14,362** and **Employee Benefits** by **\$13,547**. As noted above, these accounts are allocations from the General Fund, therefore refer to the explanations above for relevant accounts (there were more water breaks than usual, this causes more overtime). We saw comparative increases in **Sewer Labour Costs**, which was **\$9,556** above budget in total for the same reasons.

Water Operating Costs were overall **\$152,052** above budget. There were two primary accounts that caused the bulk of the overage. First, **Water Maintenance**, which was **\$81,244** above budget. This account correlates with the connection charges revenue noted above. Then second, **Water Pavement Patching** was **\$72,256** above budget primarily due to a very destructive water break on Rivercrest.

This concludes the end of this report.

If you have any questions, please do not hesitate to contact me.

**Thank you kindly,
Shannon Parlee, CPA
Director of Finance & Information Technology**