

Subject: Q2 2025 Financial Results and Variance Analysis

Report to: Niagara Transit Commission Board

Report date: **Tuesday, August 26, 2025**

Recommendations

1. That the June 30, 2025, Q2 Financial Results and Variance Analysis of the Niagara Transit Commission (NTC), as detailed in Appendix 1 of this Report, **BE RECEIVED** for information.

Key Facts

- The purpose of this report is to provide an overview of the year-to-date operating results and forecasted operating variances to year-end as of June 30, 2025.
- Quarterly financial results are provided as of June, September and December each year and include forecasted operating results in accordance with the Financial Reporting and Forecasting Policy.
- The NTC is projecting an overall operating surplus of \$267 thousand at year-end as the surplus revenue is adequate to fund the expenditure deficit as outlined in Appendix 2.
- Forecasts have been prepared using assumptions and estimates based on information available at the time of writing the quarterly financial update. All financial implications quantified in this report include estimates up to December 31, 2025, unless otherwise noted. Estimates in this report are fluid and changing and as a result, the forecasts contain inherent risks and actual results may differ.

Financial Considerations

As reflected in Appendix 1, the NTC is operating at a year-to-date operating surplus of \$2.2 million with a forecasted surplus at the end of the year of \$267 thousand. The 2025 budget was prepared using best estimates based on the actual January to June 2024 spend. NTC continues to review the variances and how the budget was allocated by object of expenditure line and adjust future budgets based on historical trends.

Quarterly updates reflect a fulsome review and analysis of the unaudited results and corresponding forecasts prepared by staff to account for timing of expenses and any changes in operations. The forecasted estimates included in the report are fluid and changing, and as a result contain inherent risks and actual results may differ.

This quarterly report will be included as part of the Niagara Region Q2 2025 Financial update. (<https://niagararegion.ca/government/budget/past-budgets/default.aspx>).

Analysis

The forecasted surplus of \$267 thousand is primarily the result of the following favourable variances:

- Higher than anticipated fare revenue of \$1.76 million due to increased ridership excluding UPASS.
- Lower than budgeted fuel costs of \$2.8 million due the removal of the carbon tax effective April 1, 2025, less fuel used by the City of Niagara Falls and Metrolinx as well as the actual average rate per litre of approximately \$1.23 (inclusive of non-recoverable HST) being less than the budgeted rate per litre of \$1.54 (inclusive of non-recoverable HST).
- Favourable variance in allocations of administrative costs (referred to as indirect allocations) of \$232 thousand due to less than anticipated self-insurance claims and lower than budgeted legal premium.

These favourable variances are offset by the following unfavourable variances:

- Not recognizing budgeted Provincial Gas Tax Revenues of \$1.3 million as NTC is in a forecasted surplus position. The unrecognized Provincial Gas Tax will be available for future capital and/or operating use.
- Higher than budgeted vehicle supply parts and repairs and maintenance due to the aging fleet and delay in receiving new buses of \$1.1 million.
- Less than budgeted fuel reimbursement from the City of Niagara Falls and Metrolinx of \$1.0 million.
- Less than budgeted revenues from the Niagara College UPASS agreement beginning September 1, 2025 and the 2024/2025 year-end reconciliation due to a decline in enrollment of \$516 thousand.
- Increased labour related costs due to higher than budgeted benefit and overtime costs of \$744 thousand.

Full analysis and explanation of the year-to-date actual and forecasted variances can be found in Appendix 2 to this report.

Alternatives Reviewed

Forecasts for the year are provided using the best information and estimates based on circumstances known at the time of the financial update.

Relationship to Niagara Transit Commission Strategic Priorities

Service Excellence: The quarterly update provides the Board with updated budget to actual variance analysis which is in alignment with the Service Excellence strategic priority.

Other Pertinent Reports

- [NTC 28-2024 2025 Operating Budget and Special Levy Requisition](https://pub-ntc.escribemeetings.com/FileStream.ashx?DocumentId=411)
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Appendices

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| Appendix 1 | Niagara Transit Commission - Statement of Operations |
| Appendix 2 | Variance Analysis |