

DATE: August 12, 2024

REPORT NO: T-16-2024

SUBJECT: **Quarter 2 Financial Update June 2024**

CONTACT: Donna DeFilippis, CPA, CA Director of Finance and Treasurer
Katelyn Repovs, CPA, CA Manager of Finance and Deputy Treasurer

OVERVIEW:

- Presentation and analysis of operating and capital expenditures as of June 30, 2024.
- At this point in time, Administration is projecting a 2024 surplus, attributable to favourable returns on Township investments. If departmental budgets perform within budget, the projected overall operating surplus for 2024 is estimated at \$450,000.

RECOMMENDATION:

That, Information Report T-16-2024, titled “Quarter 2 Financial Update June 2024”, dated August 12, 2024, be received for information.

ALIGNMENT TO STRATEGIC PLAN:

- **Strategic Priority #4 – ADVANCE** organizational capacity and effectiveness

BACKGROUND:

Administration has completed a review of operating results up to the end of June 30, 2024. Schedule “A” is a summary of the Operating Revenues and Expenditures up to June 30, 2024. The analysis has taken into account the timing and seasonality of certain budget lines. The column titled “Budget” under the “Operating YTD” heading on the attached analysis indicates the portion of the budget that would be expected to be expended as of June 30, 2024. This report summarizes the actual operating expenditures up to June 30, 2024 by service area. Schedule “B” to this report is a presentation of June 30, 2024 results by “object” code and includes capital expenditures. Schedule “C” to this report is a listing of the Township Reserve Balances projected to December 31, 2024.

CURRENT SITUATION:

Council has approved the final 2024 tax rates and final property tax bills were issued in late June, with two instalment dates for the end of July and the end of September. The issuance of the final tax bills are of significance as Property Tax accounts for 71% of the Township's operating budget revenue (excluding fee-based water and wastewater budgets). Administration is continually monitoring the operating expenses, and at this point, there is nothing that requires Council's attention. Administration is projecting that investment revenue will exceed the 2024 budget, resulting in a projected surplus of \$450,000. This projected surplus is contingent on all other departments performing within their approved budgets.

Investment income has been a key tool that the Township has had the ability to manage in order to provide favourable returns. Where possible, Administration has locked in funds into the future in order to provide income as interest rates fall. The Township has approximately \$4 million invested over 2026 and 2027, earning an average return of 5%. Approximately another \$7 million is invested for 2025, earning an average return of 5.5%. Administration does not budget for these investment returns, as doing so would result in large fluctuations in the tax levy. Administration does take into account this additional revenue when recommending reserve transfers to Council.

Purchasing Activity:

The Township's purchasing policy grants the CAO purchasing authority up to \$100,000. This authority applies to the approval of quotes/RFPs/tenders. In addition, the CAO has authority to approve up to \$100,000 in instances where prices are not obtained through a competitive process, and a request to purchase by way of negotiation, as outlined in Section 10 of the purchasing policy, is requested. The CAO approved the following procurements as of the end of July 2024, in accordance with the purchasing policy:

Vendor	Amount	Project
Beam Power and Utilities Ltd.	\$19,000/annually	Streetlight Maintenance Program-3 year Term
Directworx	\$ 12,392.59	Outsourced Printing and Production of Tax & Water Bills and Inserts
Harco	\$ 13,968.00	Station 2 Bunker Gear Washer
Associated Engineering Ltd./Thuber Engineering Ltd.	\$ 35,000.00	Killins, Barbara and Brooks Ct. Watermain replacement and road rehabilitation :Testing and preparation of planning documents with regards to the Excess Soils Regulation
Practically Hip	\$ 5,700.00	Entertainment for Canada Day Event
Garden City Display Fireworks	\$ 8,500.00	Fireworks for Canada Day Event
Guardian International Security Systems	\$ 4,558.00	Alarm response services
LAS/AMO Business Services	\$ 7,200.00	Corporate Energy Management Plan Update
Advantage Data Collection Ltd.	\$ 41,640.00	Cost over 3 years to conduct sign retro-reflectivity Inspections
Grimsby Ford Motors Holding	\$ 52,900.00	Half ton 4x4 extended cab pickup truck
WSP Canada Inc.	\$ 7,000.00	Decommission existing ground water monitoring wells at the former Rock Street Landfill
Applied Research Associates Inc.	\$ 20,800.00	Update pavement surface conditions for 1/3 of road network
Nelson Aggregate Company	\$ 80,000.00	Purchase of aggregate for road and shoulder maintenance and Township parking lots
ASI Fluid Management	\$ 4,325.00	Upgrade to fuel system software
Uline	\$ 6,568.00	Furniture for Station 2
AJ Stone Co.Ltd.	\$ 8,379.00	Gas Detection Equipment
Everest Masonry Group	\$ 28,000.00	Silverdale Hall Siding Replacement
Premier Equipment Ltd.	\$ 85,560.00	Sidewalk Tractor Replacement

FINANCIAL IMPLICATIONS:

Amendments to the approved budget are requested by Administration when they become aware of changes to the original Council approved budget. As part of the 2024 budget approval, Council approved the following recommendation as part of report T-05-2024:

- “8. *That, Council delegate authority to the CAO to approve in year 2024 budget amendments up to \$20,000 per item and that the Treasurer report to Council on a regular basis regarding such amendments; and,*”

Any amounts over \$20,000 would go directly to Council for approval. The chart below provides details as to all approved budget amendments. Any amounts that exceed \$20,000 have been approved by Council and are denoted with the appropriate Report to Council report number.

Number	Description	Report	Amount	Funding Source	Amount
BA2024-01	Parks and Recreation Master Plan	T-08-2024	\$ 22,500	Development Charges	(22,500.00)
			\$ 7,500	Transfer from Planning Reserve	(7,500.00)
BA2024-02	Road Rehab Project Barbara, Brooks, Killins	PW-13-2024	reallocation	reallocation only	22,000.00
BA2024-03	Watermain/Road/Sidewalk	PW-14-2024	reallocation	reallocation only	(30,700.00)
BA2024-04	Cap Project 1039 - Pick-up Truck	N/A	\$ 10,000.00	Transfer from Equipment Reserve	(10,000.00)
BA2024-05	Cap Project 168 - Tractor w/ Mowers and Brusher Arm	PW-18-2024	\$ 84,000.00	Transfer from Equipment Reserve	(84,000.00)
BA2024-06	Gas Detection Equipment	N/A	\$ 8,600.00	Transfer from Equipment Reserve	(8,600.00)
BA2024-07	Lincoln St., Welland St., & Niagara St., Reconstruction Detail Design	PW-19-2024	\$ 80,000.00	Transfer from Capital Reserve	(80,000.00)

INTER-DEPARTMENTAL COMMENTS:

This report was reviewed by the CAO.

CONCLUSION:

This report is to inform Council of the Township’s operating and capital results up to the end of June 30, 2024. This report also updates Council on the purchasing authority exercised by the CAO, along with approved budget amendments, up until the end of July 2024.

SCHEDULE(S):

- SCHEDULE A** **Operating Results by Service Area as of June 30, 2024**
- SCHEDULE B** **Operating and Capital Results by Object as of June 30, 2024**
- SCHEDULE C** **Reserve Balances Projected to December 31, 2024**

Prepared & Submitted by:

Approved by:


 Donna DeFilippis, CPA, CA
 Director of Finance/Treasurer


 Truper McBride
 CAO