

DATE: November 18, 2024

REPORT NO: T-23-2024

SUBJECT: **Quarter 3 Financial Update September 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 September 30, 2024.
- At this point in time, staff are projecting a 2024 surplus of approximately \$400,000, based on departmental budgets remaining within budget. This surplus is attributable to higher than budgeted returns on investments.

RECOMMENDATION:

- 1) That, Recommendation Report T-23-2024, titled “Quarter 3 Financial Update September 2024” , dated November 18, 2024 , be received; and,
- 2) That, Council approve the funding of the 2020 Smithville North Drain assessment update of \$5,088 through the operating fund.

ALIGNMENT TO STRATEGIC PLAN:

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

BACKGROUND:

The Finance Department has completed a review of operating results up to the end of September 30, 2024. **Schedule “A”** is a summary of the Operating Revenues and Expenditures up to September 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 September 30, 2024. This report summarizes the actual operating expenditures up to September 30, 2024 by service area. **Schedule “B”** to this

report is a presentation of September 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:

Staff is projecting that investment revenue will exceed the 2024 budget, resulting in a projected surplus of \$400,000. 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, staff have locked in funds into the future in order to provide income as interest rates fall. The Township has approximately \$5 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%. Staff do not budget for these investment returns, as doing so would result in large fluctuations in the tax levy. Staff do take into account this additional revenue when recommending reserve transfers to Council.

Drainage Act Item:

In 2020, an outside engineering firm was contracted to prepare a new maintenance schedule and plan for the Smithville North Drain. The Smithville North Drain is located in the urban area of West Lincoln and has a catchment area that includes properties and subdivisions along Station Street, north of West Street to just past Spring Creek Road. The resulting report was a Section 65 reapportioning of the assessment under the Drainage Act, to take into account severances that had taken place after the original drainage assessment was completed. The costs of these works was \$5,088 and was expensed in 2020.

According to the Drainage Act, the costs incurred in 2020 were recoverable from property owners. Administration has recently investigated this matter and have concluded that notification of the assessment update for the Smithville North Drain was never provided to the property owners. There are 294 properties on the assessment schedule. The Township would be responsible for \$389 of the cost as Township roads are in the catchment area. The remaining amount to be billed out to other property owners would be \$4,699. The average billing amount would be \$16.00 per property owner, with 241 of the properties receiving invoices of less than \$10 each. Due to the fact that notice was not provided to the property owners on a timely basis and the fact that the majority of the invoices would be for small amounts, Administration is recommending that the cost of the 2020 assessment not be billed out to the property owners. There would be no impact to the 2024 budget, as the item was expensed in 2020. In order to comply with Section 65 of the Drainage Act we are requesting that Council provide direction to Administration to approve the funding of this work through the operating fund.

Administration now ensures that all new severance applications that are in the

catchment area of a municipal drain include as a condition of approval, the requirement that the property owner pays for the section 65 re-assessment. This practice has been in place for several years.

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 October 2024, in accordance with the purchasing policy:

Vendor	Amount	Project
The Watering Can	\$ 12,000.00	Harvest Routes Workshop
Shear Display	\$ 11,520.00	Christmas Pole Lights- extension of contract
Capitivate Cinema	\$ 12,100.00	LAM grant project- Township promotional video
Great Canadian Holidays and Coaches	\$ 6,860.00	Senior's Community Grant program event
Robin's Electric	\$ 6,921.31	Emergency repair at Leisureplex
Jannatec Technologies	\$ 7,690.00	Antenna replacement for two way radio system
Cimco	\$ 5,776.19	Ice Making Service Agreement extension to December 31, 2024
Canada Clean Fuels Inc.	\$ 20,000.00	Covers October and November, report to Council for balance of contract

FINANCIAL IMPLICATIONS:

Amendments to the approved budget are requested by staff 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 staff report number.

Budget amendment BA2024-09 was approved by the CAO over the past quarter. A grant opportunity through the Niagara Region was presented to Administration. Administration submitted a successful application requesting that funds be provided to purchase promotional items that would be used at the 2025 IPM (International Plowing Match) that will take place in West Lincoln in September 2025. As the host municipality, the Township will be requested to have a display tent at the event. The grant application outlined \$19,100 in projected costs, with funding through the grant of \$7,833.33 and the remainder of the funding from the contingency reserve. The \$19,100 will be used to produce promotional products, including a video, that will be used beyond the IPM event.

BA2024-11, which is a reallocation budget amendment was approved by the Library Board.

Number	Description	Report	Amount	Funding Source	Amount
BA2024-01	Parks and Recreation Master Plan	T-08-2024	30,000.00	Development Charges	(22,500.00)
				Transfer from Planning Reserve	(7,500.00)
BA2024-02	Road Rehab Project	PW-13-2024	reallocation	reallocation only	n/a
BA2024-03	Barbara, Brooks, Killins Watermain/Road/Sidewalk	PW-14-2024	reallocation	reallocation only	n/a
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 Fire 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)
BA2024-08	By-Election	C-04-2024	\$ 30,000.00	Transfer from Contingency Reserve	(30,000.00)
BA2024-09	LAM Grant Application - International Plow Match	N/A	\$ 19,100.00	LAM Grant	(7,833.33)
				Transfer from Contingency Reserve	(11,266.67)
BA2024-10	Guiderail Replacement Program Tender	PW-24-2024	\$ 20,000.00	Transfer from Bridge Reserve	(20,000.00)
BA2024-11	Reallocation between Library Strategic Plan & Logo/Branding Projects	N/A	\$ 8,763.82	reallocation only	n/a

INTER-DEPARTMENTAL COMMENTS:

This report was discussed with the Senior Leadership Team.

CONCLUSION:

This report is to inform Council of the Township’s operating and capital results up to the

end of September 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 October 2024. Finally, this report requests that Council approve funding from the operating fund to cover the costs related to the Smithville North Drain reapportionment that took place in 2020

ATTACHMENTS:

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

Prepared & Submitted by:

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Director of Finance/Treasurer**

Approved by:

**Truper McBride
CAO**