



REPORT

CORPORATE SERVICES COMMITTEE

DATE: April 22, 2025

REPORT NO: T-08-2025

SUBJECT: **Quarter 1 Financial Update**

CONTACT: Katelyn Repovs, CPA, CA Director, Corporate Services/CFO

OVERVIEW:

- Presentation of operating and capital financial results, as of March 31, 2025.
- Summary of purchasing activity and budget amendments approved by the CAO.

RECOMMENDATION:

1. That, Information Report T-08-2025, titled “Quarter 1 Financial Update”, dated April 22, 2025, be received.

ALIGNMENT TO STRATEGIC PLAN:

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

BACKGROUND:

Administration has completed a review of operating and capital results up to the end of March 31, 2025.

Schedule A is a summary of the Operating Revenues and Expenditures up to March 31, 2025, on a net basis and by service area. It is important to note that the financial results presented are based on vendor invoices that have been received and processed to date. The analysis has taken into account the timing and seasonality of certain budget lines. The column titled “Budget” under the “Operating YTD” heading indicates the portion of the budget that would be expected to be expended as of March 31, 2025. Under the “Operating Total” heading, the “Budget” figure reflects the approved total 2025 budget.

Schedule B to this report is a presentation of financial results, up to March 31, 2025, by “object” code and includes capital expenditures. It is important to note that the funding of capital expenditures takes place as part of the Township’s year-end accounting processes. Once this happens, capital revenue will equal capital expenditures.

Schedule C to this report is a listing of the Township Reserve Fund and Reserve Balances, with estimated balances projected to December 31, 2025. These balances are unaudited and subject to change, as Administration continues to work on the 2024 year-end audit preparation.

CURRENT SITUATION:

Revenue Analysis:

All revenue items are currently on track. At the March 2025 Corporate Services Committee meeting, Council approved the final 2025 tax rates. With this, Administration plans to issue final property tax bills in June, with two instalment dates for the end of July and the end of September. The issuance of the final tax bills is of significance, as property tax revenue accounts for 69% of the Township's operating budget revenues (excluding fee-based water and wastewater budgets).

Administration processed the 2025 interim property tax bills in February. A total of \$15,843,750 was calculated on 5,755 roll numbers. Of this, \$5,101,170 represents the Township levy, with the remainder representing the Niagara Region and Education levies. Bills were mailed on February 4, 2025, three days earlier than the required legislated date, and a total of 596 bills were emailed.

Expenditure Analysis:

Administration has reviewed the first three months of 2025 financial operations. This review included a comparison of actual results to budget.

Administration has noted that the Winter Control service area has exceeded the allotted 2025 budget, by approximately \$38,000. This was due to the large number and severity of winter weather events this year, compared to prior years. The Township experienced many freezing rain, deep freeze, and heavy snowfall events, which resulted in increased sand and salt material usage and purchases.

The Township has a Winter Control Reserve, the purpose of which is to minimize the financial impact of extreme weather conditions, in the event of a shortfall in the Winter Control operating budget. The current reserve balance is \$653,520. If required, there is an opportunity to fund the 2025 shortfall in the Winter Control budget using the Winter Control Reserve. However, given that 2025 Winter Control activities will resume in November and December, Administration does not recommend use of the reserve to address the budget variance at this point. Later in the year, if it is determined that use of the reserve is necessary, Administration will make the request of Council.

Reserve Analysis:

Schedule C outlines the projected reserve balances up to December 31, 2025. These balances do not include any anticipated allocation from the 2024 year-end surplus. Based on information available at this time, Administration has forecasted that the following reserves would be in an overdrawn (deficit) position at the end of 2025:

1. Building Department reserve fund – this reserve is intended to be self-sustaining, and does not have an impact on the Township’s operating budget and levy. The reserve has been declining for the past few years, due to a decrease in permit activity. Further, a fee review is currently underway to ensure that the fees are appropriately covering the underlying costs of performing services by the Building Department. This fee review is expected to be completed later this year.
2. Contingency reserve – this reserve was established to fund tax revenue shortfalls and one-time operating expenditures. This reserve is under pressure, largely due to being the funding source for recent one-time expenditures. While work continues on the 2024 year-end audit, at this point, Administration is anticipating a surplus for the 2024 year. Therefore, Administration will be recommending that this surplus be used to replenish the Contingency Reserve, to ensure the reserve target balance is reasonably achieved. A future report will come to Council with this recommendation, once the year-end surplus value is finalized. It is important to note that the uncommitted balance presented on Schedule C does not reflect any anticipated allocation from the 2024 year-end surplus.
3. Equipment reserve – this reserve is used to fund purchase of vehicles and equipment for the Township. Through the 2025 budget process, Administration informed Council of this projected overdrawn reserve balance at the end of 2025. Depending on the results for the remainder of 2025, there may be an increased reserve contribution requirement as part of the 2026 budget.

Purchasing Activity:

The Township’s Purchasing and Tendering Policy (POL-T-01-2015) grants purchasing authority to the CAO up to \$100,000. This authority applies to the approval of quotes, requests for proposals, and 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 and Tendering Policy, is requested.

For those purchases made through negotiations, the CAO approved the following procurements between October 2024 to March 2025, in accordance with the Purchasing and Tendering Policy:

Vendor	Amount	Project
Agile Infrastructure Ltd.	\$ 50,000.00	Interim Wastewater Capacity Management Strategy
Ellis Engineering Inc.	\$ 15,600.00	Guiderail Replacement Program – Construction Administration and Inspection
Applied Research Associates Inc.	\$ 20,800.00	2024 Pavement Management System Update Inspections
Cimco Refrigeration	\$10,179.30/year	Arena Ice Making Compressor Service Agreement (January 2025 - December 2027)

AECOM	\$ 12,200.00	East Smithville Secondary Plan Hydraulic Analysis
BMA Management Consulting Inc.	\$ 20,500.00	Building User Fee Review
Cimco Refrigeration	\$ 7,900.00	Arena Compressor Room Computer Screens (2)
Evans Supply Limited	\$ 60,000.00	Neptune Water Meters
Nelson Aggregate Company	\$ 80,000.00	Aggregate Material for Gravel Roads and Parking Lots
Kilton Inc.	\$ 41,445.00	M365 Project Implementation Consultant

Budget Amendments:

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 2025 budget approval through Report T-04-2025, Council approved the following recommendation:

“6. That, Council delegate authority to the CAO to approve in year 2025 budget amendments up to \$20,000 per item and that the Chief Financial Officer report to Council on a quarterly basis regarding such amendments.”

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 or resolution number.

Number	Description	Report	Amount	Funding Source
BA2025-01	Parks and Recreation Master Plan	N/A	\$ 8,500.00	Development Charges / Transfer from Planning Reserve
BA2025-02	Trees for All Pilot Project	Resolution Item CS09-25	\$ 10,000.00	Wind Turbine Community Fund Reserve
BA2025-03	Silverdale Road Rehabilitation Project Tender	O-06-2025	\$(225,000.00)	Transfer from Capital Reserve
BA2025-04	Two Tandem Axle Dump Trucks with Plowing Equipment (Project 484 & 642)	O-11-2025	\$ 65,000.00	Transfer from Equipment Reserve

FINANCIAL IMPLICATIONS:

There are no financial implications as a result of this information report.

INTER-DEPARTMENTAL COMMENTS:

If any large variances exist between budget and actual results, the applicable departments are asked to provide feedback on the variance reasons.

CONCLUSION:

This report is to inform Council of the Township's operating and capital results up to March 31, 2025. This report also updates Council on the purchasing authority exercised by the CAO, along with approved budget amendments, up until the end of March 2025.

ATTACHMENTS:

SCHEDULE A	Operating Results by Service Area as of March 31, 2025
SCHEDULE B	Operating and Capital Results by Object as of March 31, 2025
SCHEDULE C	Reserve Balances Projected to December 31, 2025

Prepared & Submitted by:

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Approved by:

Truper McBride
CAO