



Staff Report T2025-06

Committee 2025-05-12

Council 2025-05-26

Amendments ☐

Submitted To: Committee of the Whole | Council
Submitted By: Jennifer Graham, CPA CA, Director, Finance/Treasurer
Prepared By: Jennifer Graham, CPA CA, Director, Finance/Treasurer
Subject: 2024 Draft Financial Review

Recommendation

THAT Staff Report T2025-06, **2024 Draft Financial Review**, be received.

Amendments

None.

1. Executive Summary

The 2024 Year-end Audit is now in progress with our audit team from Baker Tilly. At this time, the fieldwork has been completed and audited statements are in the process of being prepared with the expected reporting date to be June 2025.

The following information is based on internal financial statements and will remain “unaudited” until the receipt of the auditor-prepared statements. The purpose of this report is to provide Council a review of the actual versus budget financial results for the year ending December 31st, 2024, for the tax-supported and non-tax-supported budgets.

Operating Budget Review

The operating budget review highlights variances between the budgeted and actual figures for various programs. Key points include:

- **Tax Supported Services:** The total annual surplus amounted to \$1,535,000 .

- **Non-Tax Supported Services:** The total annual surplus amounted to \$3,851,000.

Capital Budget Review

The capital budget review shows a significant underspend due to project deferrals and multi-year project timelines. Key points include:

- **Tax-Supported Capital:** Total budget was \$25.6M, with actual spend of \$13.4M, resulting in a \$12.2M underspend.
- **Non-Tax Supported Capital:** Total budget was \$45.5M, with actual spend of \$26.8M, resulting in an \$18.7M underspend

Where capital projects are not complete, the funds are placed in a reserve or reserve fund to be available to complete the planned projects (or other projects as directed by Council within the scope of the funding type).

Investment Review

As of December 31, 2024, the Town holds a diversified investment portfolio with a total book value of \$89.08 M and a market value of \$94.07 M, resulting in a net unrealized gain of \$4.98 M.

Grant Activity

In 2024, the Town secured approximately \$82 M in grant funding to support infrastructure, transit, public safety, and community services. Additional applications totaling \$1.4 M remain under review, while some were unsuccessful. Staff continue to pursue funding aligned with Council priorities.

Next Steps

Staff will continue to provide quarterly financial updates to Council. The 2025 quarterly financial reporting, and staff proposals for the 2026 budget will incorporate trends and learnings from the 2024 year end expenditures.

2. Analysis

OPERATING BUDGET REVIEW

2024 Year-End Financial Review – Tax-Supported Operations

The following summarizes key variances by revenue and expense category for tax-supported operations:

Revenues

- **Ice Rentals:** \$100,000 above budget – driven by higher-than-anticipated facility usage.
- **Investment Income:** \$223,000 above budget – reflects the Q4 sale of a principal-protected note. This income was expected in a future year.
- **Provincial Funding:** \$173,000 above budget – due to timing of Small Business Resource Centre funding (provincial year-end March 31) and receipt of the MCRT Police Grant.
- **Recoveries:** \$142,000 above budget – largely from Planning application fees, with approximately \$65,000 attributed to higher-than-expected activity.
- **Rentals:** \$101,000 above budget – from unbudgeted revenue at the Birch Street property, previously managed by the Rotary Club.
- **Transfer from DC Reserve Funds:** (\$307,000) below budget – partially related to the Master Transportation Study, which has been carried forward to 2025.
- **Transfer from Reserve:** (\$557,000) below budget – primarily due to reduced funding required for the Terminals project and year-end surplus position.

Expenses

- **Contracted Services:** \$377,000 under budget – largely due to reduced contracted services for the Terminals project and Community Access and Mobility various projects \$268,000.
- **Court of Revision:** \$281,000 under budget – fewer adjustments required due to MPAC settlements.
- **Salaries and Benefits:** \$685,000 under budget – see detailed analysis in the salaries and benefits section below.
- **Overtime:** (\$283,000) over budget – see detailed analysis in the salaries and benefits section below.
- **Materials:** \$193,000 under budget – mainly attributable to reduced winter maintenance costs in early 2024.
- **Repairs & Maintenance – Buildings:** (\$106,000) over budget – various with largest being (\$40,000) related to social housing subsidies provided at 145 High Street.
- **Studies – Transportation:** \$114,000 under budget – related to delay of the Master Transportation Study.
- **Transfer to Capital:** \$409,000 under budget – reflects budgeted tax-supported capital work not completed in 2024. See detailed Capital analysis below.

2024 Year-End Financial Review – Tax-Supported Operations by Program

The following summarizes key year-end variances by program area (rounded to the nearest \$1,000):

Operating Budget by Program	2024 Budget (in '000s)	2024 Actual (in '000s)	Variance (\$)	Variance (%)
Tax Supported				
Taxation Revenue	42,074	42,331	257	0.6%
Development and Growth	-3,392	-2,922	470	13.9%

Operating Budget by Program	2024 Budget (in '000s)	2024 Actual (in '000s)	Variance (\$)	Variance (%)
Community Safety and Standards	-11,534	-11,729	-195	-1.7%
Community Health & Well-being	-4,848	-4,666	182	3.8%
Arts, Culture & Heritage	-3,324	-3,138	186	5.6%
Community Access & Mobility	-7,711	-6,677	1,034	13.4%
Municipal Governance & Civic Engagement	-2,596	-2,421	175	6.7%
Corporate & Customer Services	-8,669	-9,244	-575	-6.6%
Total Tax Supported	0	1,535	1,535	
Non-Tax Supported				
Building Department	-315	-446	-131	-41.5%
Parking Authority	201	533	332	165.3%
Business Licensing	-255	-209	46	18.2%
Environmental/Wastewater Services	2,259	3,459	1,200	53.1%
Water Services	697	3,100	2,403	344.8%
Total Non-Tax Supported	2,587	6,438	3,851	
Non-Tax Supported Adjustments	-2,587	-6,438	-3,851	
Grant Total	0	1,535	1,535	

Taxation Revenue

- **\$257,000 surplus**
- Court of Revision final costs came in under budget by \$281,000.
- Charity land tax rebates for 2024 were \$13,450 (2023 \$13,104).

Development and Growth

- **\$470,000 surplus**
- Revenues exceeded budget by \$185,000:
 - Provincial grant for Small Business Enterprise Centre (SBEC): \$92,000 (timing difference – provincial year-end March 31).
 - Rental revenue from Birch Street Apartments: \$78,000 (previously operated by Rotary).
- Expenses under budget by \$285,000:
 - DAP Review implementation costs deferred to 2025: \$80,000.
 - Portion of Master Transportation Plan carried forward to 2025: \$150,000.

Community Safety and Standards

- **\$195,000 deficit**
- Expenses over budget by \$235,000:
 - 2023 OPP year-end adjustment posted in 2024: \$275,000.
 - Offset by Salaries and Benefits under budget by \$195,000.
 - Overtime over budget by \$101,000 (Fire suppression)

Community Health & Well-being

- **\$182,000 surplus**
- Revenues exceeded budget by \$100,000 – primarily higher-than-expected ice rental revenue.
- Expenses under budget by \$85,000:
 - Salaries and Benefits accounted for \$66,000 of this variance.

Arts, Culture & Heritage

- **\$186,000 surplus**
- Revenues over budget by \$157,000:
 - Included an unbudgeted \$36,000 grant for the library.
- Expenses under budget by \$27,000, nothing significant to note.

Community Access & Mobility

- **\$1,034,000 surplus**
- Revenues were under budget by \$140,000:

- Shortfalls in permit revenue (\$40,000) due to allocation of services and provincial funding (\$30,000).
- Expenses under budget by \$1,175,000:
 - Contracted Services: \$395,000 under budget – includes \$125,000 for reduced transit service (budgeted at higher service level).
 - Debenture principal and interest: \$335,000 under – Minnesota Storm Sewer project was budgeted for debenture but ultimately not required.
 - Fuel, Gas and Oil: \$80,000 under budget.
 - Materials: \$187,000 under – primarily due to reduced snowplowing needs from a light first quarter winter.
 - Studies: \$45,000 under - primarily due to Fleet Electrification Study carried forward.
 - Utilities: \$90,000 under.

Municipal Governance & Civic Engagement

- **\$175,000 surplus**
- Revenues exceeded budget by \$30,000 – largely from recovery of legal expenses.
- Expenses under budget by \$144,000:
 - Salaries and Benefits: \$47,000 under.
 - Integrity Commissioner services not required: \$43,000.
 - Legal: \$18,000 under.
 - Sundry expenses: \$25,000 under.

Corporate & Customer Services

- **\$575,000 deficit**
- Investment income exceeded budget by \$278,000. Sale of PPN in Q4 contributed to increase. See Investment Analysis below.
- Finance charges on overdue accounts receivable: \$25,000.
- Offset by decrease in Transfer from Reserves (not needed): (\$850,000)

2024 Year-End Financial Review – Self-Sustaining Operations

The following summarizes key year-end variances by non-tax supported program area (rounded to the nearest \$1,000):

Ontario Building Code

- **\$131,000 deficit**
- Building permit revenue was \$226,000 under budget (27% shortfall), due to lower-than-expected activity.
- Offset by \$62,000 savings in contracted services, which are budgeted to be used for complex projects and vary depending on demand. These costs are difficult to predict and were not required to the extent budgeted.

Parking Authority

- **\$332,000 surplus**
- Revenues exceeded budget by \$452,000 due to significantly higher-than-expected parking demand across all areas.
- Expenses over budget by \$118,000:
 - Salaries and Benefits are over \$55,000 due to extended summer coverage and allocation of staff (see offset in Business Licensing below).
 - Service charges are over \$30,000, primarily credit card processing fees tied to increased revenue volume.

Business Licensing (Short-Term Accommodations)

- **\$46,000 surplus**
- Revenues were \$30,000 under budget, reflecting lower licensing activity.
- Offset by under budget of \$78,000 for Salaries and Benefits.

Environmental / Wastewater Services

- **\$1,200,000 surplus**
- Revenues exceeded budget by \$500,000, primarily from public disposal fees (budgeted at \$425,000; actuals were \$945,000), which have shown a steady annual increase.
- Expenses under budget by \$700,000:
 - Contracted services: \$132,000 under – due to a negotiated reduction in Epcor fees for processing bills and budget was not adjusted.
 - Salaries and Benefits: \$225,000 under.

- Studies: \$165,000 under – force-main condition assessment deferred to 2025.
- Utilities: \$115,000 under – consistent with historical actuals.
- Repairs to buildings/equipment: \$95,000 under – variable by nature and less required in 2024.

Water Services

- **\$2,403,000 surplus**
- Revenues exceeded budget by \$588,000, including:
 - Rental income – Stewart Road: \$73,000 – shared costs.
 - Commercial water sales: \$112,000
 - Sales to New Tecumseth: \$78,000
 - Process water: \$79,000
 - Residential water: \$95,000
- Expenses under budget by \$1.8 M, due to:
 - Contracted services: \$625,000 under – major savings from the water intake pipe inspection not triggering anticipated repairs (\$400,000), electrical inspections, and distribution main work.
 - Salaries and Benefits: \$445,000 under.
 - Engineering: \$155,000 under – delays in Arc Flash Assessment and related engineering drawings.
 - Equipment purchases: \$182,000 under – new water meters deferred to 2025.
 - Rent: \$84,000 under – budgeted but not incurred.
 - Repairs & Maintenance – Vehicles: \$105,000 under – consistent with prior years.
 - Utilities: \$108,000 under.

SALARIES AND BENEFITS ANALYSIS

	2024 Budget (in '000s)	2024 Actual (in '000s)	Variance (\$)	Variance (%)
Salaries	21,477	20,744	-732	-3.4%
Overtime	428	726	298	69.7%
Benefits	6,113	5,729	-384	6.3%
Total	28,018	27,199	-818	-2.9%

Note above includes \$390,000 salary reduction for naturally occurring attrition that was included in the 2024 budget. Detailed Salary Analysis by Program (Appendix A – Detailed Salary Analysis by Program) does not include the amount and as a result, shows a total variance of \$1,208,000.

2024 Year-End Salary and Benefits Summary by Program

Overall, salaries and benefits across tax and non-tax supported programs ended the year under budget. Several program areas experienced shortfalls in spending due to vacancies, delayed recruitment, and project deferrals. Overtime was over budget in some departments due to backfilling and increased operational demands. Detailed analysis can be found in Appendix A. Key highlights include:

- **Development & Growth:** \$171,000 under budget (5%) – primarily due to lower-than-expected benefits and overtime. Salary expenditures were close to target.
- **Environmental Management:** \$228,000 under budget (20%) – driven by delays in hiring a Project Engineer and Wastewater Operator and reduced Public Works staff time allocated to Water and Wastewater operations.
- **Community Safety & Standards:** \$148,000 under budget (3%) – despite overtime being 76% over budget due to Fire & Rescue backfilling of staff on sick leave and call backs due to multiple events, overall salary and benefit expenditures remained below budget due to staggered onboarding of new Fire Prevention and By-law positions.
- **Community Health & Well-being:** \$386,000 under budget (6%) – attributed to several positions being filled later in the year or deferred, including the

Compliance Officer and Forestry Coordinator. Overtime exceeded budget due to temporary management coverage needs.

- **Arts, Culture & Heritage:** \$20,000 under budget (1%) – salaries and benefits aligned closely with budget; minor overtime overruns were due to interim coverage for vacant roles.
- **Community Access & Mobility:** \$47,000 under budget (1%) – result of position vacancies and staff reallocations. Overtime was significantly over budget due to winter operations and CUPE staffing needs.
- **Municipal Governance & Civic Engagement:** \$50,000 under budget (3%) – slight shortfall in personnel expenditures and minimal overtime requirements.
- **Corporate & Customer Services:** \$157,000 under budget (4%) – under-expenditures reflect timing of hiring (e.g., IT Business Systems Analyst) and lower benefits costs and leadership vacancy in Finance. Overtime was modestly over budget due to interim coverage in Finance leadership.

In summary, the majority of programs experienced lower-than-budgeted personnel expenditures, with key drivers being delayed recruitment, staffing transitions, and operational reallocation.

CAPITAL BUDGET REVIEW

Capital Budget by Program	2024 Budget (in '000s)	2024 Actual (in '000s)	Variance (\$)	Variance (%)
Development and Growth	-	-	-	-
Community Safety and Standards	230	205	-25	-11.0%
Community Health & Well-being	8,664	4,260	-4,404	-50.8%
Arts, Culture & Heritage	176	7	-168	-95.8%
Community Access & Mobility	13,489	5,755	-7,734	-57.3%

Municipal Governance & Civic Engagement	1,385	2,439	1,054	76.1%
Corporate & Customer Services	1,634	716	-918	-56.2%
Total (Tax Supported)	25,577	13,382	-12,195	-47.7%
Building Department	65	58	-7	-10.1%
Parking Authority	-	-	-	-
Business Licensing	-	-	-	-
Environmental/Wastewater Services	9,158	2,700	-6,458	-70.5%
Water Services	36,268	24,042	-12,226	-33.7%
Total (Non-Tax Supported)	45,491	26,800	-18,691	-41.1%
Total	71,068	40,183	-30,886	-43%

2024 Capital Budget Year-End Summary by Program

The 2024 capital program had a total approved budget of \$71.1 M, with actual expenditures totaling \$40.2 M, resulting in an overall underspend of \$30.9 M (43%). The underspend is attributed primarily to project deferrals, multi-year project timelines, and capacity constraints. Key highlights by funding stream and program are summarized below.

Tax-Supported Capital

- Total Budget: \$25.6M
- Actual Spend: \$13.4M
- Variance: \$12.2M under budget (48%)

Key Program Highlights:

- **Community Health & Well-being:** \$4.4M under budget (51%) – major variances driven by delays in the Ste Marie St North Public Realm project, Wilson Sheffield Park, and the Pump Track. Some vehicle purchases were deferred.
- **Community Access & Mobility:** \$7.7M under budget (57%) – timing of large projects such as the Mountain Road widening, Minnesota Storm Sewer, and

Third Street Bridge rehabilitation contributed to the variance. Several projects are carried forward or reprofiled in the 2025 budget.

- **Arts, Culture & Heritage:** \$168K under budget – limited spending occurred, with most projects deferred or pending grant outcomes.
- **Municipal Governance & Civic Engagement:** \$1.1M over budget – due to the strategic land acquisition which exceeded budget by \$1.1M.
- **Corporate & Customer Services:** \$918K under budget – delays in accommodation planning and other facilities projects such as HVAC and Town Hall refurbishments.

Non-Tax Supported Capital

- Total Budget: \$45.5M
- Actual Spend: \$26.8M
- Variance: \$18.7M under budget (41%)

Key Program Highlights:

- **Water Services:** \$12.2M under budget (34%) – primarily due to project phasing on the Water Treatment Plant Expansion, and delays in several other major initiatives such as Carmichael Reservoir upgrades, watermain replacements, and various refurbishment projects, which have been carried forward to 2025.
- **Wastewater Services:** \$6.5M under budget (71%) – driven by deferrals of the Digester #2 Repairs and Boiler Replacement projects at the WWTP, with significant portions re-budgeted for 2025.
- **Building Department:** \$7K under budget – vehicle purchase. Actual less than amount budgeted.

Key Observations

- A number of projects had **no spending in 2024** despite being budgeted, often due to revised timing, capacity constraints, procurement delays, or dependencies on external funding. These include:
 - Infrastructure projects such as Simcoe Street Theatre Improvements, Water Meter Analytics, and various road and storm projects.
 - Facility and technology-related projects such as Procurement Software, HRIS, and GHG Reduction Design.

- **Carryforwards into 2025** have been incorporated where projects are actively planned or underway but not completed in 2024.

INVESTMENT REVIEW

As of December 31, 2024, the Town holds a diversified investment portfolio with a total book value of \$89.08 M and a market value of \$94.07 M, resulting in a net unrealized gain of \$4.98 M. Details of investment holdings and Portfolio statements are included in Appendix B: T2025-06 Investment Holdings at December 31, 2024.

Quarterly Investment Activity

In the fourth quarter, staff sold the BNS Canadian Banks Principal-Protected Note (PPN), which had a book value of \$8 M and a market value of \$9.152 M, realizing an overall return of 14.40% or 4.72% on an annualized basis. The proceeds from the sale were reinvested in a one-year Guaranteed Investment Certificate (GIC) with an interest rate of 3.91%, in alignment with the Town's investment strategy to optimize returns while maintaining capital preservation.

Investment Holdings

Investments are categorized by term to maturity and investment vehicle, as follows:

1. Short-Term Investments (Less than 2 years to maturity)

- Total Book Value: \$50.78 M
- Market Value: \$53.83 M
- Unrealized Gain: \$3.05 M
- Percentage of Portfolio: 57%

Holdings include:

- Guaranteed Investment Certificates (GICs) with fixed rates ranging from 2.91% to 5.80%.
- Principal-Protected Notes (PPNs) offering market exposure with varying levels of return of capital (ROC), autocall coupons, and participation rates at maturity.
- Three PPNs were sold or matured subsequent to year-end.

2. Medium-Term Investments (3 to 5 years to maturity)

- Total Book Value: \$26.30 M

- Market Value: \$27.89 M
- Unrealized Gain: \$1.59 M
- Percentage of Portfolio: 30%

Holdings include:

- One GIC maturing in 2027.
- Several PPNs with diverse call structures, maturity dates, and participation features. Notably, auto-call coupons range as high as 60%, offering enhanced upside potential tied to equity performance.
- One PPN was sold subsequent to year end.

3. Long-Term Investments (Greater than 5 years to maturity)

- Total Book Value: \$12.00 M
- Market Value: \$12.34 M
- Unrealized Gain: \$0.34 M
- Percentage of Portfolio: 13%

Holdings include:

- Two PPNs extending to 2031 and 2032 with high equity participation rates (up to 271%) and full principal protection.
- One PPN was sold subsequent to year end.

All investments are compliant with the Town's Investment Policy and meet the statutory requirements under the Municipal Act.

GRANT ACTIVITY

The Town continues to actively pursue grant opportunities to support infrastructure, programming, and community services. Full details of grant activity for 2024 is included in Appendix C: 2024 Grant Activity. The following summary outlines key applications processed in 2024 across all departments:

Funding Approved: The Town has secured approximately \$82 M in confirmed grant funding to support various initiatives. Key approvals include:

- **\$70 M** from the Housing Enabling Water Systems Fund for the Water Treatment Plant Expansion.

- Nearly **\$10 M** from provincial and federal programs such as ICIP (Transit and Connecting Links), the Rural Transit Solutions Fund, and the Canada Community Building Fund.
- Multiple smaller grants supporting transit planning, trails, community safety, culture, and staffing initiatives.

Applications Submitted: Applications totaling approximately \$1.4 M are under review. These include funding requests for emergency preparedness, accessible infrastructure, museum operations, and transit system enhancements.

Applications Not Approved: Despite significant efforts, the Town was not successful in securing funding for several initiatives in 2024, including:

- Housing Accelerator Fund (\$250,000)
- Inclusive Community and Accessibility Grants (\$120,000)
- Cultural and youth staffing programs (Young Canada Works, Experience Ontario)
- Emergency preparedness and capital enhancements in various service areas

Staff will continue to monitor opportunities and submit applications aligned with Council priorities and the Town's strategic goals. Where applications have been denied, projects will be reassessed for alternate funding sources or deferred as appropriate.

3. Input from Other Sources

Reviewed at Department Heads on May 6, 2025.

Internal staff consulted on program and service variances.

4. Applicable Policy or Legislation

5. Considerations

2024-2028 Community Based Strategic Plan: Progress towards achieving CBSP Goal

☐ Sustainable ☐ Connected ☐ Vibrant ☒ Responsible

- ☐ Services adjusted if any [Choose an item.](#)
- ☐ Climate Change / Sustainability: [Choose an item.](#)
- ☐ Communication / Engagement: [Choose an item.](#)
- ☐ Accessibility / Equity, Diversity, Inclusion: [Choose an item.](#)
- ☐ Registered Lobbyist(s) relating to content: [\[add content and meeting dates\]](#)

Next steps and future action required following endorsement:

Staff will continue to provide quarterly financial updates to Council.

6. Appendices and Other Resources

Appendix A: T2025-06 Detailed Salary Analysis by Program

Appendix B: T2025-06 Investment Holdings at December 31, 2024

Appendix C: T2025-06 2024 Grant Activity

7. Approval

Prepared By:

Jennifer Graham, CPA CA, Director, Finance/Treasurer

Reviewed By:

[Name, Title]

CAO Comments:

- ☒ Endorsed by CAO Skinner on May 9, 2025 to proceed to COW.