



Staff Report T2025-08

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
Subject: Quarter One Financial Update

Recommendation

THAT Staff Report T2025-08, Quarter One Financial Update, be received;

Amendments

None.

1. Executive Summary

This report provides Council with a high-level review of the Town's financial results for the first quarter of 2025. As of March 31, overall financial performance remains on track, with no significant concerns identified.

- **Operating Budget:** Operating revenues and expenditures are largely in line with expectations, with most variances due to seasonal timing and delayed project starts. Taxation revenue is ahead of target due to interim billing, and most departments are underspent in Q1, particularly on salaries and contracted services.
- **Salaries and Benefits:** Year-to-date personnel costs are approximately 1.2% below budget, with minor variances reflecting staffing vacancies and seasonal hiring patterns. Overtime costs are slightly above Q1 expectations in some departments but remain within annual limits.

- **Capital Budget:** Capital expenditures are at 8% of the annual budget, consistent with prior years. Most capital projects are in early stages, with major activity expected to ramp up in Q2. The Water Treatment Plant Expansion accounts for the majority of Q1 capital spending.
- **Investments:** The Town realized \$4.16M in gains from maturing and repositioned investments in Q1. Proceeds were reinvested into a laddered GIC portfolio to preserve capital, and enhance predictability.
- **Grants:** Over \$19.3M in new funding applications have been submitted in 2025. To date, \$128,000 in new grants have been confirmed, and the Town continues to manage over \$83M in previously approved funding.

Staff will continue to monitor financial results and report back at mid-year to ensure ongoing alignment with the approved budget and strategic objectives.

2. Analysis

To purpose of this report is to provide Council with a high-level overview of actual revenues and expenditures for the first quarter of 2025, compared to the approved budget. As a general guideline, both revenues and expenditures would be expected to approximate 25% of the annual budget at this point in the year, subject to seasonal timing.

OPERATING BUDGET REVIEW

Operating Budget by Program	2025 Budget (in '000s)	2025 Q1 YTD (in '000s)	Variance (\$)	Variance (%)
Tax Supported				
Taxation Revenue	44,306	20,898	-23,408	-52.8%
Development and Growth	-4,073	-794	3,278	80.5%
Community Safety and Standards	-12,648	-2,975	9,673	76.5%
Community Health & Well-being	-6,503	-1,394	5,110	78.6%

Arts, Culture & Heritage	-2,340	-626	1,713	73.2%
Community Access & Mobility	-10,471	-2,833	7,638	72.9%
Municipal Governance & Civic Engagement	-2,190	-403	1,787	81.6%
Corporate & Customer Services	-6,082	2,567	8,649	142.2%
Total Tax Supported	0	14,440	14,440	
Building Department	-453	-106	347	76.6%
Parking Authority	130	149	19	14.7%
Business Licensing (Short Term Accommodations)	-48	-51	-3	-5.6%
Environmental/Wastewater Services	2,442	935	-1,507	-61.7%
Water Services	2,657	812	-1,845	-69.4%
Total Non-Tax Supported	4,728	1,740	-2,988	

As of March 31, 2025, overall financial results remain on track, with no significant concerns identified. Variances are largely attributed to timing differences, seasonal factors, and underspending on salaries and benefits (see Salaries Review section below).

Tax Supported Programs

- **Taxation Revenue** is ahead of expectations at 47% due to the interim billing cycle being completed; final billing will occur in June.

Most program areas show underspending, which is typical for Q1 due to delayed project starts, seasonality, and timing of contracted services. Notably:

- **Community Access & Mobility** reflects high winter maintenance activity in Q1 and transit revenues exceeding expectations.
- **Corporate & Customer Services** shows a positive variance due to investment income as the final allocation between operations and reserve funds occurs at year-end. Salaries remain under budget.

- Other service areas such as **Community Health & Well-being** and **Development & Growth** are under budget primarily due to seasonal fees and timing of studies or legal work.

Non-Tax Supported Programs

- **Water and Wastewater Services** show expenditures below expectations due to delayed projects and salaries and benefits.
- **Parking revenues** are performing above expectations in all areas (fines, meters and permits), while related expenses are low due to timing of hiring summer staff.
- **Building and Business Licensing revenues** are both trending below budget for revenue. Activity is expected to increase in Q2.

SALARIES ANALYSIS

	2025 Budget (in '000s)	2025 YTD (in '000s)	YTD Expectation (25%)	Variance (\$)	Variance (%)
Salaries	22,960	5,289	5,740	451	2.0%
Overtime	490	224	122	-101	-20.7%
Benefits	6,235	1,567	1,559	-9	-0.1%
Total	29,685	7,081	7,421	340	1.1%

As of March 31, 2025, total salaries, benefits, and overtime expenditures across all departments are generally tracking in line with expectations, with a combined YTD variance of +1.2% compared to the prorated budget. Most departments are operating within their quarterly allocations, with notable variances primarily tied to staffing transitions, vacant positions, or seasonal timing. Details can be found in Appendix A: Quarter One Salaries Analysis.

- **Development & Growth** is 1.6% under budget, primarily due to delayed hiring of infrastructure-related positions, including the Director, Infrastructure and Project Coordinator.
- **Environmental Management** shows a 7.0% variance below expectations, largely due to several vacancies including a Wastewater Operator and less time spent on

Environmental Management projects from Public Work staff (% of their time allocated to this program).

- **Community Safety & Standards** is on target, with minor variances offsetting each other. Overtime is slightly above expected Q1 levels due to coverage needs but within budget overall.
- **Community Health & Well-being** is 2.9% under budget, with multiple positions scheduled to start in Q2 including seasonal staff.
- **Community Access & Mobility** is 4.1% over budget, mainly due to higher-than-expected winter control overtime costs.
- **Arts, Culture & Heritage, Municipal Governance, and Corporate & Customer Services** are all operating within reasonable variance thresholds. Vacancies in several roles (e.g., Accessibility Coordinator, Purchasing Coordinator) contributed to lower Q1 expenditures.

Staff will continue to monitor and report on year-to-date trends throughout the year to ensure alignment with the approved budget.

INVESTMENT ANALYSIS

During the first quarter of 2025, the Town strategically managed maturing and market-sensitive investments to optimize returns, preserve capital, and reduce risk exposure amid ongoing economic uncertainty. Appendix B Investment Holdings at March 31, 2025, details the investment portfolio including investment statements. Appendix C Quarter One Investment Activities summarized the actions taken as detailed below:

Investment Maturities

Two investments matured during the quarter, generating total proceeds of \$24.76 million and realized gains of \$757,696:

- A \$15M GIC issued by Canadian Western Bank matured at a yield of 2.91% per annum, returning \$15.44M
- A \$9M Principal-Protected Note (PPN) issued by National Bank returned \$9.32 million, generating a gain of \$320,000 and an annualized return of 1.7%.

Investment Sales and Market Repositioning/Purchases

The Canadian economy continues to experience heightened uncertainty due to political pressures and external economic instability, including tariff developments. These pressures have contributed to increased market volatility, slower economic growth, and the likelihood of further interest rate reductions. In response, staff have taken proactive steps to mitigate risk and stabilize investment income while remaining aligned with the Town's long-term financial planning goals.

Four Principal-Protected Notes (PPNs) with a total book value of \$22.5M were sold in Q1, resulting in proceeds of \$25.90M and realized gains of \$3.40M. The average annualized return from these investments combined averaged approximately 4.03%, which outperformed typical deposit returns and kept pace with inflation over the investment horizon.

To maintain stable returns and ensure liquidity, \$25M from the sales were reinvested in a ladderred Guaranteed Investment Certificate (GIC) portfolio. This strategy ensures \$5M matures annually over five years, supporting both reinvestment flexibility and cash flow needs.

- GIC rates secured: 3.90% – 4.15%
- Average annual yield: 3.99%
- Projected annual interest income: ~\$997,500 (*excluding* reinvestment gains from future maturities)

The ladderred GIC strategy enhances income predictability, reduces exposure to equity market volatility, and supports the Town's commitment to prudent financial stewardship.

CAPITAL BUDGET REVIEW

As of March 31, 2025, year-to-date capital expenditures total \$9.6M, representing approximately 8% of the total approved capital budget of \$123.8M. This spending level is typical for the first quarter, as most capital projects remain in the procurement, tendering, or design stages, with physical work scheduled to begin in Q2 and beyond. The largest portion of spending to date relates to the Water Treatment Plant Expansion, as expected, which accounts for over \$8.3M of Q1 capital expenditures. Other capital activity includes early-stage work on infrastructure renewal, facility improvements, and

equipment procurement across various departments. Detailed Capital spend by project included in Appendix D Quarter One Capital Detail.

Staff continue to monitor the capital program closely to ensure alignment with delivery timelines, available resources, and approved funding. A more detailed update will be provided at mid-year once a greater portion of projects are underway.

GRANT ANALYSIS

As of Q2 2025, the Town continues to actively pursue external funding opportunities to support key infrastructure, recreation, cultural, transit, and public safety projects. The following provides a summary of recent grant activity and detail can be found in Appendix E Quarter One Grant Detail:

Applications Submitted

Grant applications totaling over \$19.3M have been submitted in 2025 to support major initiatives, including:

- Stewart Road Reservoir and Booster Pumping Station – \$16.7M (Canadian Housing Infrastructure Fund)
- Wilson Sheffield Park improvements – \$1.76M (Community Sport and Recreation Infrastructure Fund)
- Pedestrian crossovers and traffic calming, specialized transit vehicle, and enhancement to the Mobile Crisis Response Team are among other key funding requests currently under review.

Funding Approved in 2025

Over \$128,000 in new grant funding has been confirmed, including:

- County of Simcoe – Trails Grant (\$100,000)
- Celebrate Canada – Indigenous Peoples Day (\$6,000)
- 2025 Art Crawl and Encampment Response initiatives

Previously Approved Funding

The Town continues to manage and implement projects supported by over \$83M in previously secured grants, including:

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

- Over \$9.7M from ICIP and Canada Community Building Fund for roads, transit, and infrastructure renewal
- Multiple smaller grants supporting transit studies, public safety, trails, community events, staffing, and accessibility improvements

Applications Not Approved

Two recent applications were unsuccessful:

- Short-Term Rental Enforcement Fund – \$1.35M
- Experience Ontario – Art Crawl – \$20,000

Staff will continue to monitor funding announcements and pursue opportunities aligned with Council priorities and the Town's Strategic Plan.

3. Input from Other Sources

Reviewed by Department Heads on May 6, 2024.

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:

Continue to pursue and implement grants.

6. Appendices and Other Resources

Appendix A: Quarter One Salaries Analysis

Appendix B: Investment Holdings at March 31, 2025

Appendix C: Quarter One Investment Activities

Appendix D: Quarter One Capital Detail

Appendix E: Quarter One Grant Detail

7. Approval

Prepared By:

Jennifer Graham, CPA CA, Director, Finance/Treasurer

CAO Comments:

☒ Endorsed by CAO Skinner on May 7, 2025 to proceed to COW.