
Subject: Second Quarter Results

Staff Report No. FI-011-24

**Department/
Commission:** Finance Services Commission

Date: September 25, 2024

1) That Council receive Report No. FI-011-24 for information.

Report Highlights

- Operating Results: Favourable variance in the tax-supported budget of \$603,000 as of June 30, 2024.
- Capital Program: Approximately \$4.2 million has been spent to June 30, 2024 towards the total capital program of \$65.3 million.
- Overall development charge activity has been lower than forecasted to June 30, 2024 but is expected to increase to be in line with forecast throughout the remainder of 2024.
- Most of the key activities from the 2022-2026 Strategic Plan are trending on track.

1. Purpose:

The purpose of this report is to provide Council with an update of the key operating results and the capital spending as of June 30, 2024.

2. Background:

This report is prepared pursuant to financial management best practices and budgetary control. Finance staff are committed to providing quarterly reporting on the financial results of the Town to provide increased transparency and to promote trust in the financial processes of the Town. Accordingly, this report includes reporting on the first and second quarter activity related to Town operations and the status of capital projects.

Where significant variances or events that impact 2024 operating revenues and expenditures are known, these have been identified.

3. Analysis and Options:

3.1 Q2 Operating Results

A review of the six months of 2024 operating activity shows a favourable variance in the tax-supported budget of \$603,000. Charts 1 and 2 represent the six-month actual expenses and revenues compared to the budget.

Chart 1: Q2 Budget vs. Actuals Expenses

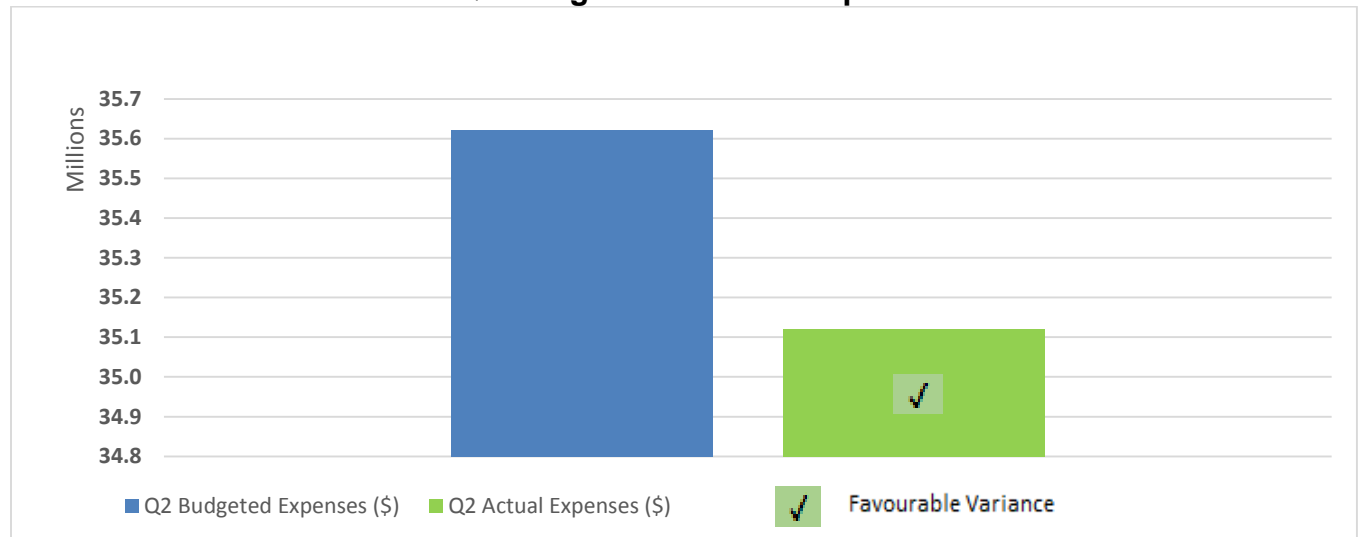
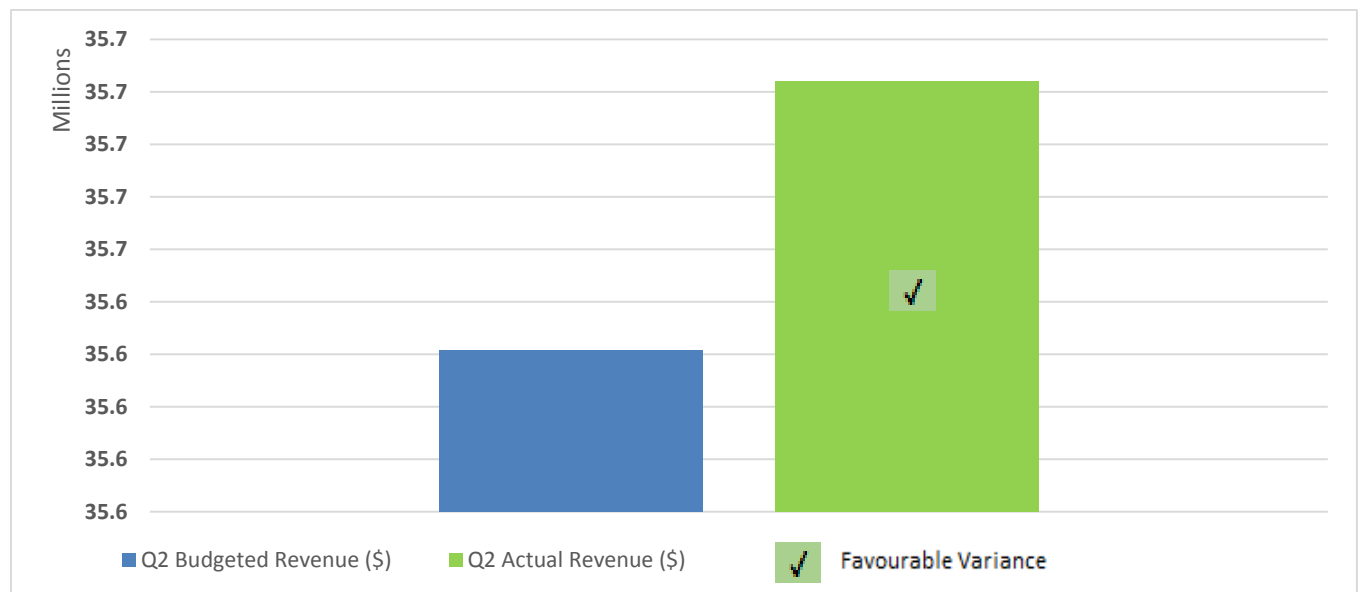
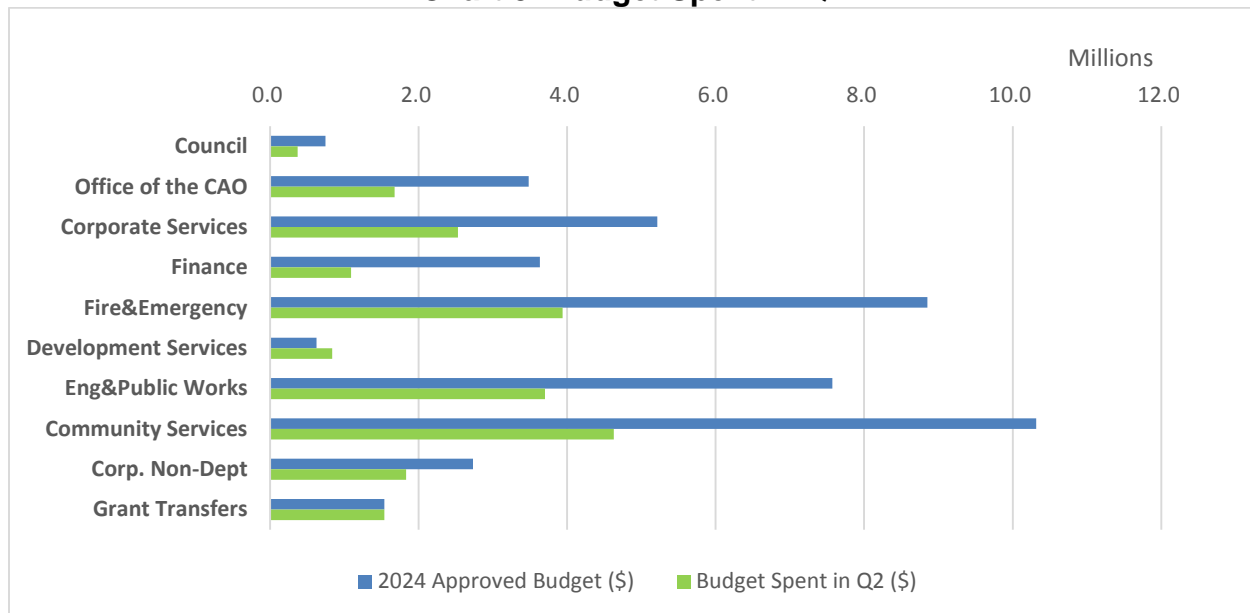


Chart 2: Q2 Budget vs. Actuals Revenue



Most of the departments are currently tracking close to the budget, indicating that the spending is being well controlled for the first six months of 2024. Chart 3 shows that departments spent approximately 50% of the annual approved budget as at June 30, 2024.

Chart 3: Budget Spent in Q2

The following summarizes the key variances in the tax-supported budget:

- Professional & contracted services and Property Maintenance expenses are lower than budgeted amounts due to fewer winter weather events than expected in Q1.
- Collection of interest and penalties on overdue tax accounts and other receivables are trending higher than forecast.
- Sale of property is higher than forecast due to the sale of the 5982 Main Street Property.
- User fees were lower than budgeted amounts due to slower development activity in early 2024.

Building Services, Water and Wastewater and Cemetery are currently tracking close to budget indicating that the spending is being well controlled for the first six months of 2024.

Library and Latcham Art Centre have favourable budget to actual variances as at the end of Q2. This is primarily due to vacancies in full-time and part-time positions, as well as higher than budgeted program revenues for Latcham Art Centre.

Table 1 contains a summary of the six-month actual operating results compared to the six-month budget by Commission.

Table 1: Q2 Actuals (adjusted) to Budget – by Commission**

	June 30, 2024				Result *
	Year-To-Date		Q2 Budget vs Actual		
	6 Month Budget	Adjusted** 6 Month Actuals	Fav / (Unfav) \$	%	
TAX SUPPORTED					
Taxation Revenue	(22,682,900)	(22,752,000)	69,100	0.3	✓
Council	377,500	373,000	4,500	1.2	✓
Office of the CAO	1,747,200	1,675,800	71,400	4.1	✓
Corporate Services	2,748,600	2,528,400	220,200	8.0	✓
Finance	1,275,000	1,090,200	184,800	14.5	✓
Fire & Emergency Services	4,219,800	3,939,600	280,200	6.6	✓
Development Services	324,900	836,800	(511,900)	(157.5)	x
Public Works	3,984,500	3,701,900	282,600	7.1	✓
Community Services	4,811,800	4,630,200	181,600	3.8	✓
Corporate Non- Departmental	1,653,100	1,832,600	(179,500)	(10.9)	x
Grant Transfers to Library	1,540,500	1,540,500	-	-	✓
NET SURPLUS - TAX SUPPORTED	-	(603,000)	603,000		✓
RATE SUPPORTED AND LIBRARY					
Building Services	-	49,800	(49,800)		x
Wastewater	-	132,200	(132,200)		x
Water	-	106,400	(106,400)		x
Cemetery	-	(32,300)	32,300		✓
Library & Latcham Art Centre	-	(71,200)	71,200		✓
NET SURPLUS - OTHER FUNDS	-	184,900	(184,900)		x

* LEGEND

✓	Favourable Variance (Surplus)
×	Unfavourable Variance (Deficit)

**Table 1 contains a summary of the six-month actual operating results, adjusted for known and expected seasonal fluctuations, accruals, and other accounting entries, and compared to the six-month budget.

3.2 2024 Capital Program

The 2024 capital program is \$65.3 million composed of \$38.1 million in 2024 projects and \$27.3 million in budget remaining on projects being carried forward from prior years. About \$9.3 million of the carried forward projects are related to either front-ended agreements or outstanding payments for developers' claims.

As of June 30th, approximately, \$4.2 million has been spent to date; however, as outlined in Section 3.6 below, an additional \$6 million has been procured with several capital projects starting in the latter half of 2024.

Table 2 is a breakdown of the approved budget and amount spent to June 30th, 2024, by department.

Table 2: 2024 Capital Program by Department

Department	Carry-Forward Capital Budget (\$) from prior years (1)	2024 Approved Capital Budget (\$) (including in-year) (2)	Total Active Capital Projects Budget (\$) (1)+(2) = (3)	2024 Spending (\$) As of Jun 30, 2024 (4)	Remaining Budget (\$) (5)= (3) - (4)
Office of the CAO	10,481	97,271	107,752	-	107,752
Corporate Services	1,739,634	1,201,000	2,940,634	520,139	2,420,495
Finance	50,000	50,000	100,000	52,839	47,161
Fire & Emergency	162,300	1,992,619	2,154,919	341,448	1,813,471
Development Services	931,961	880,000	1,811,961	78,796	1,733,165
Public Works	19,591,461	19,668,734	39,260,195	1,034,327	38,225,868
Community Services	6,235,230	3,156,000	9,391,230	1,794,909	7,596,321
Library	64,440	200,000	264,440	29,427	235,013
Front-Ended & Developer Agreements	9,260,575	-	9,260,575	351,644	8,908,931
Total	38,046,082	27,245,624	65,291,706	4,203,529	61,088,177

3.3 Development Charges

Development activity is important to the Town's capital program as a primary funding source for development-driven capital projects. Year-to-date development results are presented in Table 3. As of June 30th, 2024, \$0.538 million in development charges have been collected. Development charges for non-residential is noted as 47,983 sq.ft. and this is expected to increase to be in line with the forecasted square footage for the remainder of 2024. Between July and September 2024, 31,965 sq. ft. of non-residential development charges were collected, with additional collections expected in Q3 and Q4 related to a new industrial building. Therefore, a total collection of over 200,000 sq. ft. is expected by the end of 2024. Development Charges for 10 new residential units have been collected as of June 30, 2024. The new residential housing market is cyclical, and modest growth is expected for the remainder of 2024. Development charges for 174 residential units were collected as part of a new condominium permit, with total expected residential units of approximately 200 by the end of 2024.

Table 3: Development Charges activity as at June 30, 2024

	Development Forecast in DC Background Study (Units)	2024 YTD Actual (Units)	2024 Development Forecast (\$ millions)	YTD Actuals (\$ millions)
Residential	578 units	10 units	14.728	0.160
Non-Residential	271,060 s.f.	47,983 s.f.	1.645	0.378
Total			16.373	0.538

* Reported in single residential unit equivalents

3.4 Economic Indicators and Inflation

The Non-Residential Building Construction Price Index (NRBCPI) produced by Statistics Canada is the benchmark the Town uses to track the inflationary impacts on the capital program, while the Consumer Price Index (CPI) is a good proxy for the inflationary pressures on most of the Town's operating costs.

Table 4: Second Quarter Inflation

	Q2 2023	Q1 2024	Q2 2024	Q2/23 to Q2/24 Change	Q1/24 to Q2/24 Change
CPI	156.4	159.9	160.8	2.8%	0.6%
NRBCPI	152.3	157.6	159.6	4.8%	1.3%

CPI: Consumer Price Index, Statistics Canada.

[Table 18-10-0006-01 Consumer Price Index, seasonally adjusted](#)

NRBCPI: Non-Residential Building Construction Price Index - Statistics Canada.

[Table 18-10-0276-01 Building construction price indexes, by type of building and division](#)

Inflation is an important benchmark, indicating the trend and expected pressures on the Town's operating and capital budgets. While the Town's own mix of expenses are different from the "typical basket of goods" referenced by Statistics Canada's CPI indicator, the trend is similar.

Similarly, the NRBCPI trend indicates the level of inflationary pressure on the Town's capital program. When inflation rates outpace increases in the Town's annual capital contribution rates and the Town's investment returns, the Town faces erosion in the purchasing power of our capital dollars. This means additional efficiencies are required to achieve the aim of the long-range Capital Plan.

3.5 Taxes Receivable as of June 30, 2024

Tables 5 and 6 outline the number of tax accounts with outstanding balances and the total taxes receivable as of June 30, 2024.

Table 5 Outstanding Taxes Receivables – Prior Years

	January 1, 2024		June 30, 2024		Collected*	
Year	# of Accounts	Taxes Receivable (\$)	# of Accounts	Taxes Receivable (\$)	# of Accounts Collected	Taxes Receivable Collected (\$)
2023	5,258	8,367,624	1,143	5,009,443	4,115	3,358,181
2022 and prior	519	8,920,597	348	7,504,055	171	1,416,542
Eligible for Tax Sale**			348	7,504,055		
Less: Payment Arrangements			144	995,124		
Collection in Progress			204	6,508,932		

* Number of accounts collected between January 1, 2024 and June 30, 2024.

** The Eligible for Tax Sale only includes the taxes receivable amount from 2022 and prior. The 2023 and 2024 amounts owing for these accounts is reflected in the 2023 and 2024 taxes receivable information.

Table 6 Outstanding Taxes Receivables – Current Year Only

	Current year		June 30, 2024		2024 Taxes Collected	
Year	# of Accounts	Total Billing (\$)	# of Accounts	Taxes Receivable (\$)	# of Accounts Paid in Full	Taxes Receivable Collected (\$)
Current Year*	18,861	131,772,270	18,161	68,892,869	700	62,879,401

*Current year represents 2024 levies billed along with tax appeal write-offs and additional fees added to the roll. As of June 30, 2024, the final tax instalments were issued with due dates of July 15 and September 13. Supplementary tax bills have not been issued at this time.

Taxes receivable amounts include tax levies, penalty charges incurred and adjustments to the tax roll.

3.6 Procurement Update - Q1 and Q2 Contract Awards

Procurement Services awarded 11 contracts for \$603,711.31 in Q1-2024 and 21 contracts for \$6,079,012.36 in Q2-2024 respectively. Detailed award information is outlined in Attachments 1 and 2.

3.7 2022-2026 Stouffville Strategic Plan Quarterly Snapshot (as of Q2 2024)

i. Background

The Strategic Plan focuses on key priorities derived through recommendations from master plans and studies, operating and capital planning processes, and consultation with internal and external stakeholders. Consisting of seven (7) strategic pillars the Town's Strategic Plan allows alignment with the Town's service-based budget approach. Following Council endorsement in June 2023, staff have committed to reporting on the success and completion of these key activities to ensure transparency, accountability and progress.

ii. Analysis

As outlined in Attachment 3, the Strategic Plan Quarterly Snapshot shows percentage of completion for each key activity. Each strategic pillar is broken down into 3 levels: (1) Goal, (2) Objective and (3) Key Activity. Under each goal there are 3-5 objectives, and each objective contains 3-5 key activities. Staff regularly complete status updates for the key activities and the completion of such filters up to provide the sum of the overall completion for the objectives. The sum of progress and completion of each objective populates the overall status of the main goal for each strategic pillar.

Accompanying percentage of completion, the snapshot provides a colour code to indicate status of the goals, objectives, and key activities at a glance. The period of reporting covers from Q1 2024 – Q2 2024. Most of the key activities are trending on track, with few reporting schedule delays. Some key activities are identified as not started, due to the project timelines and start date noted for the project.

Some highlights to note, include completed key activities, such as:

- Completion and endorsement of the Official Plan
- Implementation of CityView software
- Completion of overhead utility relocations and implementation of traffic calming features through the reconstruction of Edward Street
- Implementation of Administrative Money Penalty System (AMPS) Program
- Completion and endorsement of the Development Charge Background Study and By-law

- Completion and endorsement of the Information Technology (IT) Strategic Plan
- Procurement By-law update completed
- Procedural By-law update completed

Although the Memorial Park Multi-Purpose Trail (formerly identified as the outdoor skating trail) is showing as overdue, the trail has opened for public use and staff have utilized the opportunity to increase usage of this trail to include activities for the summer months. The construction of the fieldhouse is still underway and has experienced some delays due to supply chain and construction challenges.

There are a few Key Activities trending behind schedule but have not been identified as a significant delay concern. Conversely, there are also several Key Activities that are ahead of schedule.

4. Financial Implications:

There are no financial implications arising from this report.

5. Alignment with Strategic Plan:

1. Good Governance
Provide Good Governance
2. Organizational Effectiveness
To Elevate our Organizational Effectiveness

6. Attachments:

- FI-012-24 Attachment 1 – Q1 2024 Contract Awards
- FI-012-24 Attachment 2 – Q2 2024 Contract Awards
- FI-012-24 Attachment 3 – Strategic Plan Quarterly Snapshot-Q1-Q2 2024

7. Related Reports:

None

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