

Report

Date July 17, 2024
Subject Second Quarter of 2024 Financial Update

PURPOSE

To provide a financial update on the General Fund Statement of Operations and Capital for the period ending June 30, 2024.

BACKGROUND

In the second quarter, we typically gain valuable insights into our operational performance relative to the budget. All taxation levies are fully invoiced and accounted for in our annual revenues. The tax deadline in 2024 was July 2. Revenues appear to be returning to pre-pandemic levels, and the construction season has commenced during this quarter.

DISCUSSION

Statement of Operations (Attachment 1)

The Statement of Operations shows that revenues are at 81% and expenses are at 41% of the overall annual budget. Additionally, amortization shows zero, and this is due to the amount not being recorded till year-end. Principal debt payments will be 100% of the budget in October when the last billing occurs. Appropriated surplus will be recognized as revenue in the 3rd quarter when expenses align with the budgeted surplus utilization; of the \$6.8M budgeted from surplus, capital carry forwards account for \$5.7M. Transfer to reserves will be entered in the 3rd quarter and be 100% of the annual budget. Lastly, transfer to capital is brought in as revenue when expenses are incurred.

Operating Revenue (Attachment 2)

- Taxation revenue remains consistent with the 2024 budget. Although the attached report (Attachment 1) indicates 100% of taxes billed to date, as of June 30, 2024, we have collected 93.6% of these taxes which is the same percentage as last year for the same period.
- Currently, Sale of Service revenues account for 23% of the total annual budget. However, this percentage is lower than the 33% recorded at the same time last year. The decrease is primarily attributed to delayed Regional Recreation contributions for Fuller Lake Arena and Cowichan Aquatic Centre, which are expected in late July. Additionally, a Forestry Grant of \$200,000 received last year has not been received yet this year. Despite these factors, Sales of Service revenues remain on track to meet budget targets.
- The Cowichan Aquatic Centre's admission and program revenues, which contribute to the Sale of Service revenue, currently stand at approximately 65% of the budget (excluding Regional Recreation funding). Notably, this represents an increase of approximately \$96K compared to the same period last year. Additionally, Fuller Lake Arena revenue (excluding Regional Recreation funding) is at 54% of the budget and remains on track to meet the annual target.
- Return on Investments stands at 189% of the budget and is \$646K higher than this time last year.

- Other Revenue from Own Sources is currently 26% of the annual budget. Notably, Building Permit fees and Engineering fees have decreased compared to the same period last year. It is common for these revenues to fluctuate throughout the year due to the timing of development approvals. Business licenses are at 119% of the budget, and dog licenses are currently at 85% of the budget.

Operating Expenses (Attachment 3)

- General Government Services, which encompass Mayor and Council, Legislative, Finance, Information Technology, CAO and GM Offices, and Other Common Services, is 62% of the budget as of June 30, 2024.
- Protective Services expenses are 38% of the annual budget. Police is only 33%, and this is attributed to the municipality not yet being invoiced for the 2nd quarter. Fire Services are 51% of the budget and Other General Government, which consists of North Cowichan taxes, memberships and insurance premiums, is -37% of the annual budget. The negative value is due to the IT and Administration allocation not being charged to other departments when this report was written.
- Transportation Services, which includes Public Works and Roads and Street, is at 49% and in line to be on budget for the year.
- Environmental Services is 37% overall. Environment and Cemetery are both 49%, and Forestry is 35%. Waste management accounts for 32% of the annual budget because the purchase of garbage carts for automation hasn't occurred yet.
- Development Services, which encompass Planning and Building, is in line with the budget at 47%.
- Recreation and Culture, which encompasses administration, wharves, library, grants-in-aid, swimming pools, parks, and playgrounds, is at 53% and expected to be within budget for 2024. Grant-in-aid includes the UBCM Village grant of \$154K that gets paid to the Cowichan Housing Association.

In summary, as of the year's halfway point, operating expenses account for 41% of the annual budget, and North Cowichan is on track.

Capital (Attachment 4)

Municipal Owned Properties

- Parkside Child Care building is in the design stage;
- Crofton Fire Hall construction has commenced and is expected to be complete in mid-November 2024;
- Crofton Child Care building is in the design stage, the construction contract is expected to go out for tender by year-end;
- Duncan Curling Club siding replacement expected to start by the end of summer; and,
- Fire Hall Exhaust Systems going out to Request for Proposal (RFP).

Community Development

- Sportsplex Field House project is expected to be completed in mid-August 2024; and,

- Maple Bay Waterfront design to be tendered in August 2024 with construction expected to commence in summer 2025.

Information Technology

- Expensed and committed accounts for 79% of the annual budget. Projects underway include various software upgrades, telephone system replacement, server and (Geographic Information Systems) GIS upgrades.

Police and Fire

- The new RCMP Detachment is complete and came in slightly under budget. Occupancy took place on May 21, 2024; and,
- The new fire engine has been ordered and delivery is expected in late spring of 2025.

Transportation

- Menzies Road culvert complete;
- Canada Avenue Complete Streets in the design stage and expected to commence in 2025;
- Genoa Bay Road rebuild design almost complete with tendering in fall of 2024;
- Herd Road bridge rehabilitation design has been initiated with tendering expected to be in late fall of 2025;
- 75% of the design for Emily Street Storm main replacement is complete, and construction is expected to commence in 2025; and,
- Various road and drainage projects under \$100K are underway.

Recreation

- Cowichan Aquatic Centre Mechanical Upgrades and Reception Reconfiguration will be completed during the annual maintenance shutdown in September and October 2024;
- Art Mann Park playground upgrade project construction has commenced and is expected to be complete by the end of July 2024;
- Art Mann Park Dock replacement has been tendered, and installation is expected between August 15 and September 15, 2024; and,
- Fuller Lake Arena partial re-roofs are in the design stage, with construction expected to start in 2025.

Water Capital

- Bannon dredging is complete and came in slightly under budget;
- South End Hyprescon trunk main in the preliminary design stage;
- Fairview Way water main replacement design stage has been initiated;
- Beaumont Ave watermain replacement is complete and came in under budget;
- Kingsview Roundabout watermain has been completed; and,
- Various water projects under \$100K are in progress or complete.

Sewer Capital

- Various Chemainus Sewage Treatment Plant (STP) projects, including screen system replacement, solids handling, and thickener, have 90% of the detailed design complete and are expected to be tendered in the fall of 2024;

- Crofton Chemainus STP screen system replacement to be tendered in the fall of 2024;
- An RFP has been issued for design consultants for the Crofton STP clarifier; and,
- Joint Utility Board (JUB) diffusers have a detailed design at 80% complete, with tendering expected in the fall of 2024.

In summary, 29% (\$23.1M) of the capital budget has been spent or committed.

RECOMMENDATION

THAT Council receive the Second Quarter of 2024 Financial Update dated July 17, 2024 from the Director, Financial Services for information.

Report prepared by:



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Director, Financial Services

Report reviewed by:



Bill Corsan
General Manager, Corporate Services and
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Approved to be forwarded to Council:



Ted Swabey
Chief Administrative Officer

Attachments:

- (1) Statement of Operations
- (2) Revenue Details
- (3) Expense Details
- (4) Capital