
MANAGEMENT REPORT

Date: May 16, 2023
To: Finance and Labour Relations Sub-committee
From: Spencer Steckley, Manager of Financial Services
Report #: FIN23-017
Attachments: Q1 Variance Report – 2023

Title: Q1 Operating Budget Variance Report at March 31, 2023

Objective: To identify variances in the operating results compared to budget at March 31, 2023 and advise Council of any known significant factors that may impact the annual actual versus budget results.

Background: Regular monitoring of budgetary performance provides both early warnings of potential problems and ongoing tools to flag areas requiring attention. It gives decision makers time to consider actions that may be needed if major deviations in budget to actual results become evident.

This has been especially important during the current economic climate as we try to mitigate revenue losses, inflationary pressures, and supply chain related issues while maintaining service delivery.

Analysis: As is typical, the first quarter results are not a reliable predictor for the remainder of the year, and the emphasis is on qualitative information to identify any areas of potential concern.

Detailed commentaries on each of the departments' variances have been included in the attachment with this report. A high-level early corporate overview has been provided below.

Overview

In the early stages of the operating year, significant variances have not been identified and the planned operating activities are still proceeding as identified in the budget process. There is still a considerable backlog in the financial processing, due to the year-end audit delays for 2021 and the upcoming 2022, however, as this backlog improves and clears, and the 2023 year progresses, it is expected that the second quarter report will have some further detail.

The year-to-date actual surplus of almost \$18 million is really a function of the tax billing timing. Revenues are recorded when the tax bills are issued, resulting in half of these relating to the subsequent quarter. When allowing for that item alone, the unadjusted surplus drops to approximately \$566,965.

Based on the information known at this time, there is a forecasted deficit of \$308,000. Note this forecast represents a preliminary estimate of the final surplus/deficit position and is almost certain to change as additional information becomes known.

CAO's Office

The forecasted surplus is \$20,000 and is due to a temporary staffing vacancy within the department. Management is endeavoring to hire for the position as quickly as possible.

Infrastructure and Development Services

Planning Services is forecasting a \$328,000 deficit as a result of two newly created positions – Director of Planning and an additional Planner, as well as additional consulting fees, to address remaining capacity pressures. A previous report was brought to council providing analysis around these additional unbudgeted expenses and the recommendation that if required, the shortfall could be funded from the tax stabilization reserve to minimize the effect to the bottom line.

Social Services

Subsequent to the reporting period January-March, 2023, an issue with one of the residential buildings in the Perth & Stratford Housing Corporation (which is a shared service) has been identified and has the potential to result in a deficit to budget at year end due to increased repairs and maintenance expenses and decreased rental revenue. At this time, staff are still investigating and are unable to quantify the financial impact however a report will be brought forward once more information becomes available.

Financial Implications:

Financial impact to current year operating budget:

Year-end forecasts as noted in the attached. Currently forecasting variance to budget (deficit) of \$308,000 for the 2023 year-end at this time.

Alignment with Strategic Priorities:

Strengthening our Plans, Strategies and Partnerships

Partnering with the community to make plans for our collective priorities in arts, culture, heritage and more. Communicating clearly with the public around our plans and activities.

Developing our Resources

Optimizing Stratford's physical assets and digital resources. Planning a sustainable future for Stratford's resources and environment.

Alignment with One Planet Principles:

Not applicable:

As this report is being prepared for informational purposes, the One Planet Principles do not apply.

Staff Recommendation: THAT the Q1 Operating Variance Report at March 31, 2023, attached to Report FIN23-017, be received for information.

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