

MANAGEMENT REPORT

Date: September 17, 2024
To: Finance and Labour Relations Sub-committee
From: Michael Koktan, CPA, CA, Manager of Financial Services
Report Number: FIN24-027
Attachments: Second Quarter 2024 Operating Variance Report

Title: Second Quarter 2024 Operating Variance Report

Objective: To provide Committee and Council with a summary and analysis of variances to date, and preliminary projections to year-end.

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 if major deviations in budget to actual results become evident.

Analysis: As this data represents the first six months of the year, the attached variance summary is preliminary. The overall projected operating deficit for the year is \$165,500 (less than 1% of total budgeted expenditures) which would customarily be covered from the budgeted transfer from the tax stabilization reserve if required. Overall corporate variances and departmental analysis and notes support this on the report attachment. No concerns have been identified to date.

The forecasted variance from budget includes planned adjustments relating to year-end and represents department and finance staff's best preliminary estimate of the final financial position.

Detailed commentary on each of the departments' variances is in the attachment with this report. A high-level departmental overview is discussed below.

Mayor, Council, Committees

A surplus may occur in the operating division depending on strategic priority plan implementation. However, certain budgeted expenses such as special events and strategic priorities will not occur until Q3 and Q4 of 2024. A significant variance is not anticipated.

Chief Administrative Officer

Department is tracking close to budget. A significant variance is not anticipated.

Human Resources

The surplus resulting from staffing vacancies will be offset by payroll costs related to the newly approved roles in the department which are expected to commence in September 2024. No significant variances are anticipated in 2024.

Corporate Services (including Finance, Taxation, Clerks, Information Technology)

Overall, there is a projected surplus of about \$54,000. This is due to a timing difference related to the legislative support position that is currently posted.

Infrastructure and Development Services

Financial record-keeping continues to organize both Infrastructure Services and Building and Planning Services within a single file hierarchy.

Building and Planning Services

Building Division permit revenue is tracking higher than budget but any surplus or deficit is managed through the reserve fund so there will be no levy impact.

In the Planning Division, salaries are tracking below budget, but consulting costs are above budget, so this is expected to result in nominal overall variances at year-end.

The By-law Division is currently tracking well below budget due to year-end entries for wages and other administrative overhead.

Infrastructure Services

The Infrastructure Services Department as whole, is reasonably close to budget with a slight deficit expected due to a delay in delivery of fleet purchases which has resulted in higher than anticipated repairs and maintenance costs.

Fire and Airport

No variances are anticipated currently for the fire or airport.

Community Services

As of Q2, a significant year-end variance is not anticipated.

Social Services

Currently projecting a deficit of \$40,000 resulting from unbudgeted City homelessness response costs.

Conclusion

Year-end forecasts as noted in the attached. As there is still half of the year remaining, these estimates are preliminary. The key takeaway is that expenses and revenues are tracking reasonably close to budgeted, and the overall projected surplus/deficit is considered manageable at \$165,500.

Financial Implications:

Financial impact to current year operating budget:

There are no impacts to the 2024 or subsequent operating budgets because of this report as this report is for information only.

Alignment with Strategic Priorities:

Not applicable: This report does not align with one of the Strategic Priorities as it is a summary financial report for information only to meet legislative requirements and best practices.

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 report titled, "Second Quarter 2024 Operating Variance Report" (FIN24-027) dated September 17, 2024, be received for information.

Prepared by: Michael Koktan, CPA, CA, Manager of Financial Services
Recommended by: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Joan Thomson, Chief Administrative Officer