



MANAGEMENT REPORT

Date: November 19, 2024
To: Finance and Labour Relations Sub-committee
From: Michael Koktan, CPA, CA, Manager of Financial Services
Report Number: FIN24-034
Attachments: Third Quarter 2024 Operating Variance Report

Title: Third Quarter (Q3) 2024 Operating Variance Report as at September 30, 2024

Objective: To provide 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 nine months of the year, the attached variance summary is preliminary. Currently, a surplus is being projected for the year end. Overall corporate variances and departmental analysis and notes support this on the report attachment. It should be noted that while most divisional reviews are not anticipating significant variances from budget, when a corporate lens is applied, it is likely that small divisional surpluses will result in an overall corporate surplus, due in part to supplementary taxation revenues and staffing vacancies.

The forecasted variance of actual expenses and revenues from budgeted expenses and revenues includes planned journal entries that are typically performed at year-end and represents department and a 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 cost centre depending on strategic priority plan implementation. However, certain budgeted expenses such as special events and strategic priorities will not occur until Q4 of 2024. A significant variance is not anticipated.

Chief Administrative Officer

Department is tracking close to budget. A significant variance is not anticipated. Projects not started will result in a transfer to reserves to be completed in 2025.

Human Resources

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

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

Overall, there is a projected surplus due to later than anticipated hiring of the legislative support position, and higher than expected supplementary tax revenues. Based on the early estimates, it is not likely that the planned reliance on the tax stabilization reserve will be required to the full extent, if at all.

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.

A significant variance is not anticipated for the By-law Division at year-end.

Infrastructure Services

The Infrastructure Services Department as a 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 significant variances are anticipated currently for Fire or Airport.

Community Services

Current variances are expected to reduce by year-end in this cost centre, but wages and interfunctional transactions are still anticipated to result in a surplus of \$400,000.

Social Services

A variance of approximately \$40,000 is expected for 2024, because of unbudgeted City homelessness response costs.

Police

The Police Service is expected to track to budget as any surplus or deficit is balanced via the Police reserve fund.

Library

The Library is expected to track to budget as any surplus or deficit is balanced via the Library reserve fund.

Conclusion

Year-end forecasts as noted in the attached. The key takeaway is that while individual departments are projecting to remain near budget, the organization as a whole is forecasting a year-end surplus.

Financial Implications:

Financial impact to current year operating budget:

There are no impacts to the 2024 or subsequent operating budgets. This report is for information only.

Alignment with Strategic Priorities:

Not applicable: This report does not directly align with any one Strategic Priority as it is a summary financial report for information purposes. It does however provide benefit by offering insight into overall operational performance and it also supports informed decision-making.

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 "Third Quarter (Q3) 2024 Operating Variance Report as at September 30, 2024" (FIN24-034) dated November 19, 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