

MANAGEMENT REPORT

Date: May 20, 2025
To: Finance and Labour Relations Sub-committee
From: Michael Koktan, Manager of Financial Services/Deputy Treasurer
Report Number: FIN25-013
Attachments: Q1 2025 Variance Report

Title: Operating Budget Variance Report as of March 31, 2025

Objective: To analyze variances between operating results and the budget as of March 31, 2025 (Quarter 1), and report to Council on any known significant factors expected to impact the annual outcome.

Background: Regular monitoring of budgetary performance provides early warnings of potential problems and flags in areas requiring attention, allowing decision-makers time to address significant budget deviations. As such, the Finance Division is required to prepare regular updates on budget performance, including variances from approved budgets.

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

The City's 2025 budget was approved on February 10, 2025, so aside from day-to-day planned activities there was nothing notable undertaken until after that date.

In the first quarter of 2025, there were notable impacts in divisional cost centres including City Buildings, Roads, and Fire due to higher-than-expected winter maintenance requirements. These increased costs are expected to be mitigated later in the year through strategic management of other operating expenses.

Overall, departments are expected to remain aligned with budgetary plans for the rest of the year, as the majority of their scheduled activities are set to take place. At this time, no significant variances are anticipated.

Financial Implications:

Financial impact to current year operating budget:

Year-end forecasts, as noted in the attached, currently indicate that no surplus or deficit is expected at this time.

Alignment with Strategic Priorities:

Not applicable: This report is a summary financial report for informational purposes and does not directly align with any specific Strategic Priority. It does however provide benefit by offering insight into overall operational performance and 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, "Operating Budget Variance Report as of March 31, 2025" (FIN25-013), be received for information.

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Recommended by: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
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