

# Corporate Report

**REPORT NUMBER** 409-2024-Corporate Services-Finance

**DATE**

**PREPARED** November 7, 2024

**FILE**

**MEETING DATE** November 25, 2024

**SUBJECT** 2024 Operating Budget Q3 Financial Status Update

## **RECOMMENDATION**

For information only.

## **LINK TO STRATEGIC PLAN**

The 2024 Operating Budget Q3 Financial Status Update Report supports the strategic direction to plan and deliver cost-effective services, with a focus towards ensuring accountability of the City's financial resources.

## **EXECUTIVE SUMMARY**

On a quarterly basis, Administration reviews year-to-date revenues and expenses and completes a forecast of the City's financial position to year-end. The forecast is compared to the 2024 approved budget and presented at Committee of the Whole.

Based on projections and assumptions through to the end 2024, Administration is projecting a favourable variance of \$1.6 million for tax-supported operations, which represents 0.7% of the 2024 Municipal Tax Levy of \$231.3 million.

Within rate-supported operations, Administration is projecting a favourable variance of \$0.9 million to the end of the year. Any year-end variances within each rate program will be managed using the respective reserve funds in accordance with the Consolidated Reserve Fund By-law and the approved 2024 Budget.

## **DISCUSSION**

### **Tax-Supported Operations**

At this time, Administration is projecting a favourable variance of \$1.6 million in the City's tax-supported operations for the 2024 year. Attachment 1 – Q3 Financial Status

Update by Division presents the net budget, year-end forecast, and projected variances for the various Divisions (the 2024 Budget and Q3 Forecast presentation has not been updated to align with the recent organizational structure changes). Explanations for significant variances, as noted in Attachment 1, are presented below:

**1. Corporate Revenues**

Favourable variance of \$0.5 million forecasted in 2024 primarily due to higher Municipal Accommodation Tax (MAT) revenue collected. MAT revenue is distributed 50/50 between the Community Economic Development Commission and City-held MAT Reserve Fund.

**2. Office of the City Treasurer**

Unfavourable variance of \$0.2 million forecasted in 2024 primarily due to lower revenue in Printing and Graphics and additional contract services to support implementation of the Asset Retirement Obligation accounting standard.

**3. Revenue**

Favourable variance of \$0.9 million forecasted in 2024 primarily due to significant, and unexpected, Provincial Offences Act (POA) fine revenues net of distribution to District Municipalities.

**4. Corporate Information Technology**

Favourable variance of \$0.3 million forecasted in 2024 primarily in Personnel Services due to temporary staff vacancies during the year.

**5. Superior North Emergency Medical Services (SNEMS)**

Favourable variance of \$0.2 million forecasted in 2024 primarily in Personnel Services due to temporary staff vacancies during the year offset somewhat by higher WSIB compensation, health care, physician and administration fees. Vehicle repairs, maintenance and fuel costs are expected to be higher than budget.

**6. Licensing and Enforcement**

Favourable variance of \$0.3 million forecasted in 2024 primarily in Personnel Services due to temporary staff vacancies during the year.

**7. Child Care**

Favourable variance of \$0.2 million forecasted in 2024 primarily in Personnel Services due to temporary staff vacancies during the year and favourable revenues.

**8. Fleet**

Unfavourable variance of \$0.3 million forecasted in 2024 primarily due to cost of parts and purchased services for vehicle repair and maintenance. This variance will be flowed through inter-functional transfers to other Divisions at year-end.

**9. Recreation and Culture**

Unfavourable variance of \$0.3 million forecasted in 2024, primarily in Personnel Services and materials, due to several factors including wages for non-affiliate staff.

**10. Long Term Care and Senior Services**

Favourable variance of \$1.1 million forecasted in 2024 primarily due to higher than expected provincial grants.

**11. Thunder Bay Fire Rescue**

Unfavourable variance of \$1.0 million forecasted in 2024 primarily in Personnel Services due to higher WSIB compensation, health care, physician and administration fees.

**12. Development Services**

Unfavourable variance of \$0.2 million forecasted in 2024 primarily due to higher than expected tenant vacancies and lower than projected revenues.

**Rate-Supported Operations**

At this time, Administration is projecting a favourable variance of \$0.9 million in the City's rate-supported operations for the 2024 year. Any under or over expenditure in these programs results in a transfer to or from their respective reserve funds.

<b>Rate-Supported Variances (\$M)</b>			
<b>Program</b>	<b>Budget Surplus Transfer to Reserve Fund</b>	<b>Projected Surplus Transfer to Reserve Fund</b>	<b>Variance F/(U)</b>
Waterworks	\$ 8.3	\$ 8.2	(\$ 0.1)
Wastewater (Sewer)	\$ 4.7	\$ 4.9	\$ 0.2
Solid Waste (Landfill)	\$ 0.4	\$ 1.4	\$ 1.0
Boaters' Services	\$ 0.2	\$ 0.2	\$ 0.0
Parking	\$ 0.5	\$ 0.3	(\$ 0.2)
<b>Total</b>	<b>\$14.1</b>	<b>\$15.0</b>	<b>\$ 0.9</b>

Explanations for significant variances are presented below:

- **Wastewater (Sewer)**

Favourable variance of \$0.2 million forecasted in 2024 primarily in Personnel Services due to temporary staff vacancies during the year.

- **Solid Waste (Landfill)**  
Favourable variance of \$1 million forecasted in 2024 primarily due to higher user fee revenues.
- **Parking**  
Unfavourable variance of \$0.2 million forecasted in 2024 primarily in lower than forecasted revenues due to delayed implementation of new parking hours and construction zone exemptions.

### ***FINANCIAL IMPLICATION***

There are no direct financial implications associated with this Report. Administration will continue to monitor financial variances and report to Council.

### ***CONCLUSION***

It is concluded that, at this time, Administration is projecting a favourable variance of \$1.6 million in the City of Thunder Bay tax-supported operations for the 2024 year.

It is further concluded that, at this time, Administration is projecting an overall favourable variance of \$0.9 million in rate-supported operations for the 2024 year.

### ***BACKGROUND***

The Operating Budget for the fiscal year January 1, 2024 to December 31, 2024 was approved by City Council on February 12, 2024.

### ***REFERENCE MATERIAL ATTACHED***

Attachment 1 – Q3 Financial Status Update by Division

### ***REPORT PREPARED BY***

Andrea Morrison, CPA, CA, Director Finance – Corporate Services

### ***REPORT SIGNED AND VERIFIED BY***

Keri Greaves, CPA, Commissioner & City Treasurer – Corporate Services

15/11/2024