

Corporate Report

REPORT NUMBER 252-2025-Corporate Services-Finance

DATE

PREPARED

July 25, 2025

FILE

MEETING DATE

August 25, 2025

SUBJECT

2025 Operating Budget Q2 Financial Status Update

RECOMMENDATION

For information only.

LINK TO STRATEGIC PLAN

The 2025 Operating Budget Q2 Financial Status Update 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 expenditures and completes a forecast of the City's financial position to year-end. The forecast is compared to the 2025 approved budget and presented to City Council.

Based on projections and assumptions through to the end 2025, Administration is not projecting a significant variance within overall tax-supported operations at this time.

Within rate-supported operations, Administration is projecting a favourable variance of \$0.8 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 2025 Budget.

DISCUSSION

At this time, Administration is not projecting a significant variance in the City's overall tax-supported operations for the 2025 year.

Variance reporting within each Department includes reviewing year-to-date actual results and projecting those results to year-end (December 31) with a focus on the impact of the cyclical nature of some business areas within the Corporation. The projected year-end revenues and expenses are compared to the approved 2025 Operating Budget and action plans are developed to deal with any significant unfavourable budget variances identified.

Vacancy Savings are being actively monitored and appear to be trending in line with the budgeted target. Potential impacts related to tariffs are also being monitored; however, they cannot be quantified at this time due to the limited information currently available.

Attachment 1 – Q2 Financial Status Update by Division presents the net budget, year-end forecast, and projected variances for the various Divisions. Explanations for significant variances, as noted in Attachment 1, are presented below:

Tax-Supported Operations

1. Revenue

Favourable variance of \$0.4 million forecasted in 2025, primarily in Personnel Services due to staff vacancies and higher than expected Fine Revenue.

2. Corporate Information Technology

Favourable variance of \$0.2 million forecasted in 2025, primarily in Personnel Services due to staff vacancies.

3. Licensing and Enforcement

Favourable variance of \$0.2 million forecasted in 2025, primarily in Personnel Services due to staff vacancies.

4. Long Term Care and Senior Services

Favourable variance of \$0.5 million forecasted in 2025, primarily in Personnel Services related to staff vacancies expected to persist throughout the year.

5. Superior North Emergency Medical Services (SNEMS)

Favourable variance of \$0.2 million forecasted in 2025 primarily in Personnel Services due to staff vacancies.

6. Engineering and Operations

Favourable variance of \$0.2 million forecasted in 2025, primarily in Personnel Services due to staff vacancies and Contracted Services due to the expiration of an agreement with Synergy North resulting in lower expenses.

7. Roads

Unfavourable variance of \$0.4 million forecasted in 2025, primarily in Rents and Financial Expense due primarily to higher than expected snow removal expenses

early in the year. This variance is partially offset by vacancy savings in Personnel Services.

8. Solid Waste

Favourable variance of \$0.2 million forecasted in 2025, primarily in Personnel Services due to staff vacancies.

9. Thunder Bay Fire Rescue

Unfavourable variance of \$0.2 million forecasted in 2025, primarily in Personnel Services due to WSIB and overtime costs.

10. Strategic Initiatives and Engagement

Favourable variance of \$0.2 million forecasted in 2025, primarily in Personnel Services due to staff vacancies.

11. Corporate Expenditures

An unfavourable variance of \$2.4 million is forecasted for 2025. Each year, Administration includes a vacancy allowance in the Budget based on historical trends. For 2025, a \$2.8 million allowance was budgeted at the Corporate Expenditure level, as it is not possible to predict which Divisions will experience vacancies. Since the actual vacancy savings are reflected within each Division's results as noted above, the Corporate Expenditure level allowance appears here as an unfavourable variance.

This unfavourable variance is partially offset by lower-than expected construction financing costs.

Agencies, Boards, and Commissions

For the period ending June 30, 2025, the following variance has been identified:

Thunder Bay Police Service

An overall favourable variance of \$0.3 million is projected, primarily due to Contracted Services and Materials. The favourable variance in Materials reflects cost reductions achieved through the insourcing of vehicle maintenance, while savings in Contracted Services are due to negotiated savings with a vendor. These favourable results are partially offset by an unfavourable variance in User Fees as a result of lower-than-anticipated paid-duty revenue.

Thunder Bay Police Service Board

An overall unfavourable variance of \$0.2 million is projected, primarily due to higher than anticipated Contracted Services costs.

Rate-Supported Operations

At this time, Administration is projecting a Favourable variance of \$0.8 million in the City's rate-supported operations for the 2025 year. Any under or over expenditure in these programs results in a transfer to or from their respective reserve funds.

Rate-Supported Variances (\$M)			
Program	Budget Surplus Transfer to Reserve Fund	Projected Surplus Transfer to Reserve Fund	Variance F/(U)
Waterworks	\$ 8.1	\$ 8.5	\$ 0.4
Wastewater (Sewer)	\$ 4.9	\$ 5.3	\$ 0.4
Solid Waste (Landfill)	\$ 0.9	\$ 1.5	\$ 0.6
Boaters' Services	\$ 0.2	\$ 0.2	\$ 0.0
Parking	\$ 0.6	\$ 0.0	(\$ 0.6)
Total	\$14.7	\$15.5	\$ 0.8

Explanations for significant variances are presented below:

- Waterworks**
 Favourable variance of \$0.4 million forecasted in 2025 primarily in Personnel Services due to temporary staff vacancies during the year, as well as favourable recoveries.
- Wastewater (Sewer)**
 Favourable variance of \$0.4 million forecasted in 2025 primarily in Personnel Services due to staff vacancies.
- Solid Waste (Landfill)**
 Favourable variance of \$0.6 million forecasted in 2025 primarily due to higher User Fee Revenues.
- Parking**
 Unfavourable variance of \$0.6 million is forecasted for 2025, primarily due to lower-than-anticipated revenues resulting from the new 2-hour free parking initiative.

FINANCIAL IMPLICATION

There are no direct financial implications associated with this report.

CONCLUSION

It is concluded that, at this time, Administration is not projecting a significant variance in the overall tax-supported operations for the 2025 year based on the results of Q2.

It is further concluded that, at this time, Administration is projecting an overall favourable variance of \$0.8 million in rate-supported operations for the 2025 year.

It is concluded that this Report should be received for information purposes and that Administration will continue to closely monitor operating results and develop action plans as required to achieve the Corporation's overall 2025 Budget targets.

BACKGROUND

The Operating Budget for the fiscal year January 1, 2025 to December 31, 2025 was approved by City Council on February 10, 2025.

REFERENCE MATERIAL ATTACHED

Attachment 1 – Q2 Financial Status Update by Division

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REPORT SIGNED AND VERIFIED BY

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08/17/2025 (MM/DD/YEAR)