



# City of Port Moody

## Report to Finance Committee

Date: October 15, 2024  
Submitted by: Finance and Technology Department – Financial Services Division  
Subject: 2024 Financial Plan Forecast – 2<sup>nd</sup> Trimester Update

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### Purpose

To provide an update on the 2024 Financial Plan that includes a review of the operating budget variances, current and projected expenses and revenues, labour vacancies, and major spending.

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### Recommended Resolution(s)

**THAT the report dated October 15, 2024, from the Finance and Technology Department – Financial Services Division regarding 2024 Financial Plan Forecast – 2<sup>nd</sup> Trimester Update be received for information.**

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### Background

City departments are required to prepare periodic budget forecasts, specifically every 4 months. These periodic forecasts involve a comprehensive analysis of actual revenues and expenses in relation to budgeted figures and provide projections for the remaining months to the end of the fiscal year. Financial Services provided each department with reports summarizing their operating activity for the first 8 months of the year, from January to August, and departments were directed to project their revenues and expenses for the remaining four months, through December 31, 2024.

The budget forecast process serves several important objectives:

- Coordinated review: facilitates a unified approach across all departments to review their financial activities, ensuring that the City is managing its overall budget effectively;
- Work plan adjustments: helps managers identify any potential financial issues and gives them the opportunity to adjust work plans for the rest of the year to address unexpected challenges and optimize resource allocation;
- Financial sustainability: supports Council and the Chief Financial Officer’s mandate to be fiscally responsible with taxpayer funds, ensuring that funds are used effectively; and
- Communication: provides a mechanism for departments to communicate to Council any unexpected events or challenges that could have an unfavourable financial impact.

# Discussion

## General Fund Operating Budget Forecast Summary

The General Fund anticipates a positive operating budget variance of \$1,191,289. This means that, overall, the City is expecting to spend less and generate more revenues than initially budgeted. The table below provides a summary of the forecast results, identifying significant variances compared to the Council approved 2024 operating budget by specific categories of revenues and expenses.

Description	Variance (\$)
<b>Revenues</b>	
Development fees and permits	1,656,935
Recreation services revenues	591,270
Licences and permits	368,350
Other revenues	159,931
<b>Total Revenues</b>	<b>2,776,486</b>
<b>Transfers to Reserves</b>	
Development Processing Reserve	(1,690,595)
Other Reserves	(204,533)
<b>Total Reserve Transfers</b>	<b>(1,895,128)</b>
<b>Net Revenues (after reserve transfers)</b>	<b>881,358</b>
<b>Expenditures</b>	
Salaries and benefits	526,289
Equipment expenses	106,502
Consulting and professional services	(246,241)
Supplies and materials	(124,504)
Other expenses	47,885
<b>Total Expenditures</b>	<b>309,931</b>
<b>Total</b>	<b>\$1,191,289</b>

Operating net revenues for the General Fund are projected to be \$881,358 higher than budgeted (after transfers to reserves). The primary sources for this positive variance include:

- Development related fees and permits are estimated to be \$1,656,935 over budget. To note that the anticipated revenue surplus is transferred to the Development Processing Reserve to fund resources related to development activities, ensuring that future development projects are adequately supported.
- Recreation and cultural services revenues are projected to be \$591,270 over budget indicating higher demand and community interest for recreation programs and activities, a significant recovery from the constrains imposed during the COVID-19 pandemic.
- Licences and permits are projected to exceed initial budget projections by \$368,350. Note that a portion of the surplus is allocated to designated reserves and earmarked for future financial needs.

- Various other revenues are projected to be \$159,931 higher than anticipated, which include miscellaneous income sources that are performing better than expected.

Operating expenses for the General Fund are expected to be \$74,032 under budget, and the main sources for this minor variance are:

- Salaries and benefits are projected to be \$526,289 lower than anticipated due to savings from vacant or unfilled positions in various divisions.
- Equipment related expenses are expected to be \$106,502 below budget. This is largely due to lower maintenance expenses and fewer small equipment purchases, caused by staffing challenges and delays in the equipment review and ordering process.
- Consulting and professional fees are projected to be \$246,241 higher than budget, primarily attributable to the necessity of covering vacant positions, or addressing specialized issues that require expert advise, such as legal matters.
- Supplies and materials are projected to be \$124,504 higher than anticipated due to increased prices and unexpected repairs.
- Various other expenses are projected to be \$47,885 lower than anticipated.

The table below summarizes the projected operating budget variances by department and the percentage variance for each department based on the approved budget.

Department	Approved Budget	Forecast Budget	Variance (\$)	Variance (%)
City Administration	1,515,406	1,602,497	(87,091)	-5.7%
Community Development	962,094	803,594	158,500	16.5%
Corporate Services	3,382,381	3,449,066	(66,685)	-2.0%
Community Services	12,874,523	12,239,976	634,547	4.9%
Engineering and Operations	3,120,091	3,183,318	(63,227)	-2.0%
Fire-Rescue	11,245,342	11,166,611	78,731	0.7%
Finance and Technology	4,427,861	4,353,193	74,668	1.7%
Library	2,272,417	2,224,253	48,164	2.1%
Police	14,879,623	14,363,122	516,501	3.5%
Fiscal Services	(54,679,738)	(54,576,919)	(102,819)	-0.2%
<b>Total</b>		<b>1,191,289</b>	<b>1,191,289</b>	

The following table provides additional explanations for the variances identified by departments.

<b>Department</b>	<b>Variance (\$)</b>	<b>Explanation</b>
<b>City Administration</b>	(87,091)	Projected deficit attributable to hiring of a new City Manager and the overlap of managerial salaries during the necessary transition period with the outgoing City manager. The overage is partially offset with savings from the vacant position of General Manager of Community Services.
<b>Community Development</b>	158,500	Projected positive budget variance primarily due to increased revenues from licences and permits, and salary savings due to vacancies, partially offset by higher consulting and professional services.
<b>Corporate Services</b>	(66,685)	Projected deficit due to unexpected costs to support new RTW legislation, higher costs for online learning services, increased labour hours to support recruitment workload, and increased legal fees related to employment matters.
<b>Community Services</b>	634,547	Projected surplus driven by higher than anticipated revenues from recreation programs, and salary savings from vacancies, partially offset with higher staffing cost to support increased program demand.
<b>Engineering and Operations</b>	(63,227)	Projected deficit mainly due to overtime cost for snow removal, and increased costs to address sidewalk trip hazards, signs replacements, and asphalt maintenance.
<b>Fire-Rescue</b>	78,731	Projected surplus mainly due to budget savings from incremental wage increases for new staff, partially offset with higher overtime costs.
<b>Finance and Technology</b>	74,668	Positive projected budget variance mainly due to vacancy savings in the Information Services division.
<b>Library</b>	48,164	Marginal projected surplus from salary savings due to vacancies, and higher than anticipated grant revenue, partially offset by unexpected costs with additional RFID tags and library cards.
<b>Police</b>	516,501	Projected surplus due to member vacancies and incremental wage differences, partially offset by overtime and higher recruiting and training costs.
<b>Fiscal Services</b>	(102,819)	Projected deficit mainly due to lower than anticipated tax revenue and higher banking fees due to an ongoing rise in online banking and electronic payments.
<b>Total</b>	<b>\$1,191,289</b>	

## Utility Funds Operating Budget Forecast Summary

The City's utility funds, which include the Solid Waste utility, Sewer and Drainage utility, and Water utility, are projected to have a combined operating budget surplus of \$1,105,197.

Department	Variance (\$)	Explanation
Solid Waste utility	252,897	Projected surplus primarily due to higher than expected annual user fees and lower fees for recycling depot and green waste.
Sewer and Drainage utility	285,202	Projected surplus primarily due to higher than expected revenues from sewer utility fees, and vacancy savings.
Water utility	567,098	Projected surplus primarily due to higher than expected revenues from water utility fees, lower cost for water purchases from Metro Vancouver, and vacancy savings, partially offset by higher than expected contracted responses to emergency water main repairs.
<b>Total</b>	<b>\$1,105,197</b>	

### Other Option(s)

This report is provided for information only. No other options are being presented.

### Financial Implications

The City is projecting a General Fund operating budget surplus of \$1,191,289 and a combined operating budget surplus of \$1,105,197 for the City's three utility funds. The anticipated surpluses demonstrate prudent budgeting practices and expenditure control.

The Financial Plan Forecast projections are based on preliminary calculations that include several assumptions and approximations about future revenues and expenses. While the surplus indicated in this report is a projection, it represents the professional opinion of the staff and should serve as a useful tool for Council when making future financial decisions.

### Communications and Public Engagement Initiatives

There are no communications or civic engagement initiatives associated with this report.

### Council Strategic Plan Goals

The recommendation in this report aligns with the following Council Strategic Plan Goal:

- Strategic Goal 1.2 – Ensure financial sustainability.

### Report Author

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Report Approval Details

Document Title:	2024 Financial Plan Forecast - 2nd Trimester Update.docx
Attachments:	
Final Approval Date:	Oct 7, 2024

This report and all of its attachments were approved and signed as outlined below:

Paul Rockwood, General Manager of Finance and Technology - Oct 3, 2024

Stephanie Lam, City Clerk and Manager of Legislative Services - Oct 4, 2024

Lindsay Todd, Manager of Communications and Engagement - Oct 6, 2024

Anna Mathewson, City Manager - Oct 7, 2024