



COUNCIL INFORMATION ITEM

MEETING DATE: August 19, 2024

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REPORT TITLE: Second Quarter Financial Variance Report 2024

EXECUTIVE SUMMARY

It is imperative that Administration keeps Council informed of the financial health of the City throughout the year. This report outlines the second quarter operational variance report for the City of Leduc for the period January 1, 2024 to June 30, 2024. As of June 30, 2024, revenue streams are between 42% and 83% of budget and overall revenue is at 53% of budget. Expenditures are between 32% and 64% of budget with overall expenditures at 45% of budget. As a result, it is anticipated that both revenues and expenditures will be in line with budget at year-end.

RECOMMENDATION

That Council receives the Second Quarter Financial Variance Report 2024 as information.

BACKGROUND

OPERATIONAL REPORTING

The attached report outlines operational revenues collected and operational expenses incurred up to the end of June 2024 in contrast to the 2024 operational budget allocations and the previous year's actual operational revenues and expenses for the same period. Reports for individual Councillor's expenditures are also attached.

At this time, expectations are that revenue and expenses would be at approximately 50% by the end of June, representing two quarters of the fiscal year. However, certain factors can affect this such as seasonality or timing. Some of the areas that differ materially from budget either by dollar value or percentage will be discussed further below.

Revenue

Enforcement Services

At this time, Enforcement Services is at 60% of budget. This is due to inherent variability and collection of bylaw fines. Administration is expecting to be on budget at year-end.

Government Transfers

At this time, government transfers revenue is at 42% of budget due to the timing of when grant funding is received.

Other Income

Other income is at 83% of budget. Off-site levy revenue is the largest component which is at 84% of budget. It is anticipated that \$6.72M in off-site levy revenue will be collected by year-end compared to a budget of \$3.87M. This revenue will be fully transferred to reserves.

Sale of Services

Overall sale of services revenue is at 57% of budget. The material differences are due to admissions for recreation and other activities trending higher. Also more activity than expected for building development permits, installations and business licenses. Other variances are a result of timing of invoices for lease and sponsorship agreements and will be captured in later quarters. Administration is expecting to be slightly above budget by year-end.

Expenses

Salaries, Wages and Benefits

Overall, salaries, wages and benefits are at 47% of budget. It is lower than budget as there were vacancies for various positions.

Contract Services

Contract services is at 41% of budget. This is due to timing, seasonality and is comparable to the amount spent at this time in 2023. The material differences are the result of the following impacts. Enforcement services RCMP contract is lower than budget as a result of lower member utilization to date. Public services is trending lower than budget due to weather and seasonality. Snow clearing requirement was lower than expected in Q1. Utilities services is trending lower than budget due to timing of work performed in the later half of the year. Administration is expecting to be slightly under budget by year-end.

General Services

General services is at 32% of budget. Normalizing for one-time expenditures, general services is at 46% of budget and in line with expectations.

Grants to Organizations

Grants to organizations is at 64% of budget. This is due timing of payments made to organizations as majority of payments occurred in the first half of the year. Administration is expecting to be on budget by year-end.

Interest on Long Term Debt

Interest on long term debt is at 42% of budget. This is due to timing of new debentures issued and when payments begin. Administration is expecting to be slightly under budget by year-end.

Materials and Supplies

Materials and supplies is at 37% of budget. This is due to timing, seasonality, and is comparable to the amount spent at this time in 2023. The material differences are the result of the following impacts. Public services is trending lower than budget due to timing of supplies purchases in the later half of the year for fertilizers, trees, sand and various snow and ice control supplies. Recreation services is trending lower than budget due to timing of purchases occurring in the later half of the year for event and program supplies and promotional advertising. Utilities services is trending lower than budget due to timing of purchases for work occurring in the later half of the year. Administration is expecting to be slightly under budget by year-end.

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Repairs and Maintenance

Repairs and maintenance is at 42% of budget. This is due to timing, seasonality, and is comparable to the amount spent at this time in 2023. The material differences are the result of the following impacts. Public services is trending lower due to the timing of invoices and work performed for repairs on various buildings, equipment and vehicles. Administration is expecting to be on budget by year-end.

Telephone and Communications

Telephone and communications is at 57% of budget and is comparable to the amount spent at this time in 2023. The difference is due to timing of equipment purchases and replacement needs. Staff are utilizing more cell phone data for operations. Administration is expecting to be on budget by year-end.

Training and Development

Training and development is at 37% of budget due to timing of training opportunities. This is comparable to the amount spent at this time in 2023. Overall, we are expecting to come in slightly under budget at year-end.

Operational Closing Remarks

On closing, Administration feels that the overall variance between revenues (53% of budget) and expenses (45% of budget) is favorable and is what would be expected for the second quarter.

CAPITAL REPORTING

At the end of June 2024 capital expenditures compared to the capital budget is at 19% (11% if 65th Avenue Interchange project is excluded) for the City's capital program and 9% for the off-site levy capital program. The first and second quarter capital expenditures are typically low as this is the time when construction usually begins. Most invoices will be received for payment in the third and fourth quarters. A more detailed capital report will come forward in the Q3 financial reporting.

COUNCIL EXPENSES BY COUNCILLOR

At Council's direction, Council expense reports for the Mayor and each Councillor have been attached to this report. This is intended to create enhanced transparency for Council expenditures.

ATTACHMENTS

1. City of Leduc Operating Variance Report from January 1, 2024 to June 30, 2024
2. City of Leduc Capital Project Report from January 1, 2024 to June 30, 2024
3. City of Leduc Council Expenses by Council Member from January 1, 2024