

Staff Report

Financial Services Department



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REPORT TO: Committee of the Whole

DATE OF MEETING: August 25, 2025

SUBMITTED BY: Ryan Hagey, Director of Financial Planning & Asset Management,
519-904-9347

PREPARED BY: Debbie Andrade, Manager of Budgets, 519-904-9344

WARD(S) INVOLVED: All Wards

DATE OF REPORT: August 20, 2025

REPORT NO.: FIN-2025-365

SUBJECT: 2025 June Variance Report

RECOMMENDATION:

For information.

REPORT HIGHLIGHTS:

- The purpose of this report is to provide an update on financial results for City operations.
- Tax supported operations are projecting a positive variance of \$326,000.
- All enterprise operations (non-tax supported business lines) are projecting positive variances.
- This report supports the delivery of core services.

EXECUTIVE SUMMARY:

This is the first variance report to Council regarding the City's financial performance versus the 2025 budget. The report and attached schedules include information regarding:

- Tax supported operations
- Rate supported enterprises/utilities, and
- Supplementary information related to investment income

REPORT:

Overall staff is projecting the City's tax supported results for 2025 will be a positive variance to budget of \$326,000. The major contributors to the overall positive variance are Gapping savings and higher than usual accounts receivable balances in Penalties and Interest which is offset in part by negative variances in Engineering and Planning, which have seen

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revenue shortfalls due to slower than budgeted development. More details about each of the City's tax supported divisions are provided in the report below and in Schedule 1.

The City's enterprise (non-tax supported business lines) results to the end of June show all of the enterprises are projecting results that are better than budgeted. More details about each of the City's enterprises are provided in the report below and in Schedules 2-8.

Operating Fund – Tax Base (Schedule 1)

Staff is projecting the City's tax supported results for 2025 will be a positive variance of \$326,000. Significant projected tax supported variances (over \$200,000) are summarized below. Additional details are provided in Schedule 1 for projected variances that exceed \$100,000.

Significant Projected Variances (over \$200,000)

Community Services Department:

- **Neighborhood Programs and Services** is projecting a negative variance of \$230,000 due to higher than budgeted Leisure Access fee assistance.
- **Sport** is projecting a negative variance of \$267,000 due to higher than budgeted snow removal charges.

Development Services Department:

- **Engineering** is projecting a negative variance of \$767,000 due to lower than anticipated site plan and new subdivision revenue.
- **Planning** is projecting a negative variance of \$883,000 due to lower than anticipated site plan revenue as many large projects are on hold with the current residential housing market slowdown, increased cost of materials, and global economic uncertainty of supply chains and tariffs.

General Expense:

- **Gapping** is projecting a positive variance of \$1,800,000 due to staff savings resulting from regular vacancies.

General Revenue:

- **Penalties and Interest** is projecting a positive variance of \$1,111,000 due to increased property tax receivable balances.

Infrastructure Services Department:

- **Parks and Cemeteries** is projecting a negative variance of \$201,000 due to increased costs in the downtown core and maintenance of playgrounds.

Enterprises – (Schedules 2 to 8)

All of the City's enterprises are projecting year-end positive variances to budget. Details of each enterprise are noted below.

Building Enterprise (Schedule 2)

The Building Enterprise is projecting a positive variance to budget of \$677,000 due to an increase in new single detached dwelling permits and staff vacancies.

Golf Enterprise (Schedule 3)

The Golf Enterprise is projecting a positive variance to budget of \$112,000 due to higher than anticipated revenues with a successful start to the golf season.

Parking Enterprise (Schedule 4)

The Parking Enterprise is projecting a positive variance to budget of \$328,000 due to better than anticipated monthly and daily parking demand.

Water Utility (Schedule 5)

The Water Utility is projecting a positive variance to budget of \$2,472,000 due to increased volume of water sold as a result of the warmer weather.

Sanitary Sewer Utility (Schedule 6)

The Sanitary Sewer Utility is projecting a positive variance to budget of \$5,340,000 due to higher than budgeted revenues, which is consistent with increased volume sales also noted in the Water utility.

Stormwater Utility (Schedule 7)

The Stormwater Utility is projecting a positive variance to budget of \$30,000 due to higher revenues from increased development offset in part by increased maintenance costs.

Gas Utility (Schedule 8)

The Gas Utility (Total) is projecting a positive variance to budget of \$1,160,000.

- Gas Delivery is projecting a positive variance to budget of \$1,405,000 due to higher volumes of gas sold because of the colder winter.
- Other Programs (Rental Water Heaters and KU Dispatch) is projecting a positive variance to budget of \$372,000 due to higher rental revenues.
- Gas Supply is projecting a negative variance to budget of \$617,000 due to higher volumes of gas purchased.

Investment Report (Schedule 9)

All investments made were in accordance with the City's investment policy. Short-term investment yields to date have averaged 4.29% which is lower than the average interest rate of 5.84% for all of 2024.

STRATEGIC PLAN ALIGNMENT:

This report supports the delivery of core services.

FINANCIAL IMPLICATIONS:

Financial implications are discussed above and detailed in the attached schedules.

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

PREVIOUS REPORTS/AUTHORITIES:

There are no previous reports/authorities related to this matter.

APPROVED BY: Jonathan Lautenbach, Chief Financial Officer

ATTACHMENTS:

- Schedule 1: Statement of Operations – Tax Supported Services
- Schedule 2: Statement of Operations – Building
- Schedule 3: Statement of Operations – Golf
- Schedule 4: Statement of Operations – Parking
- Schedule 5: Statement of Operations – Water
- Schedule 6: Statement of Operations – Sanitary Sewer
- Schedule 7: Statement of Operations – Stormwater
- Schedule 8: Statement of Operations – Gas
- Schedule 9: Investment Report