

Staff Report



Financial Services Department

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REPORT TO: Committee of the Whole

DATE OF MEETING: December 15, 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: December 10, 2025

REPORT NO.: FIN-2025-495

SUBJECT: September 2025 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 surplus of \$110,000.
- 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 second 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 surplus of \$110,000. 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 September 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.

*** This information is available in accessible formats upon request. ***
Please call 519-741-2345 or TTY 1-866-969-9994 for assistance.

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.

Operating Fund – Tax Base (Schedule 1)

Staff is projecting the City's tax supported results for 2025 will be a positive variance of \$110,000. 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:

- Sport is projecting a negative variance of \$314,000 due to higher than budgeted facility maintenance costs and snow clearing expenses.

Development Services Department:

- Engineering is projecting a negative variance of \$913,000 due to lower than anticipated site plan and new subdivision revenue.
- Planning is projecting a negative variance of \$685,000 due to lower than anticipated site plan revenue.

General Expense:

- Contract Services is projecting a deficit of \$377,000 primarily due to reduced licensing revenue from the KW Humane Society.
- Gapping is projecting a surplus of \$1,800,000 due to staff savings resulting from regular vacancies.

General Revenue:

- Penalties and Interest is projecting a surplus of \$2,111,000 due to higher tax receivable balances.

Infrastructure Services Department:

- Facilities Management is projecting a negative variance of \$319,000 due to increased maintenance requirements at pools and critical facilities.
- Parks and Cemeteries is projecting a deficit of \$950,000 due to higher than budgeted wages and equipment charges for maintenance of playgrounds & trails and in the downtown core.

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 \$964,000 due to higher than expected residential building permit revenues and cost savings due to staff vacancies.

Golf Enterprise (Schedule 3)

The Golf Enterprise is projecting a positive variance to budget of \$651,000 due to higher than anticipated green fee and golf cart revenues from a very successful golf season.

Parking Enterprise (Schedule 4)

The Parking Enterprise is essentially on budget and is projecting a small positive variance to budget of \$10,000.

Water Utility (Schedule 5)

The Water Utility is projecting a positive variance to budget of \$1,717,000 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 \$5,215,000 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 \$124,000 due to higher revenues from increased development.

Gas Utility (Schedule 8)

The Gas Utility (Total) is projecting a positive variance to budget of \$1,506,000.

- Gas Delivery is projecting a positive variance to budget of \$1,765,000 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 \$11,000 due to higher rental revenues.
- Gas Supply is projecting a negative variance to budget of \$270,000 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 3.9% which is lower than the average interest rate of 5.68% 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