

2023 Mid-Year Financial Forecast – City of Saskatoon’s Business Plan and Budget

ISSUE

This report presents the mid-year forecast for the City of Saskatoon’s (City) 2023 Business Plan and Budget.

BACKGROUND

Each year, the Administration provides mid-year, third quarter and year-end reports to the Standing Policy Committee on Finance on the fiscal performance of the City’s Business Plan and Budgets. The objective is to keep City Council and residents informed on expenditure and revenue variances from the budget estimates as the fiscal year progresses.

CURRENT STATUS

This forecast is based on the most current information known to the Administration at the time of preparing this report. It uses the June 2023 actual revenues and expenditures as well as any other significant known budget changes to date. Based on the mid-year forecast, the Administration estimates that at the end of the fiscal year, the 2023 operating budget will be balanced (0% deviation). The City’s Utilities are expected to realize a \$5.3M surplus (1.3% deviation).

DISCUSSION/ANALYSIS

General City Operations:

At mid-year the Administration is projecting to deliver a balanced budget for 2023. The 2023 budget included targeted savings of \$5.7 million in addition to structural budget challenges such as \$2.6 million in Information Technology Structural Budget Issues and various other post pandemic revenue challenges as previously reported. Between these two items alone, \$8.3 million in favorable budget variances would be needed and are projected to be achieved in 2023 to deliver the balanced operating result.

Details of the variances to the 2023 budget are included in Appendix 1. Each of these items are based on projections and estimates, and some have a high degree of volatility. While these figures are preliminary and are based on data available at this time, Administration will continue to follow existing fiscal restrictions to minimize the potential for a year-end deficit. These include discretionary spending and hiring restrictions which have been in place since 2020, balanced with the need to continue providing all civic services.

More specifically, the Administration forecasts that \$4.9 million in expenditures will be avoided through the Administrative discretionary hiring and spending restrictions. These savings, combined with a projected \$3.5 million favorable variance in snow and ice and \$2.3 million in Transit/Access Transit operating results, have largely offset the

2023 budget known financial pressures and any other forecasted negative variances detailed in Appendix 1.

Other key information or results from mid-year:

- The City has \$1.64 million within the Fiscal Stabilization Reserve. A balanced year-end budget in 2023 would result in this reserve balance being carried over into 2024.
- Utilities are projecting a \$5.3 million net surplus at mid-year. Any utility variance are offset through transfers to or from the applicable stabilization reserves, if this surplus is realized, contributions will be made to the respective reserves.

Forecasts for the City’s controlled corporations (SaskTel Centre, TCU Place, and Remail Modern), are not included in the analysis, a brief summary is outlined below:

- SaskTel Centre has an agreement with the Saskatoon Entertainment Group whereby it is guaranteed to be profitable for 2023.
- TCU Place is projecting a deficit of approximately \$419,000 in 2023, compared to a budgeted deficit of \$507,000. Increased revenues and focused spending are helping to rebuild operations post pandemic. The deficit for TCU Place will be covered by its Stabilization Reserve and/or transfers from its Equipment Replacement Reserve.
- Remail Modern is forecasting to break even for 2023. In order to offer a world-class museum experience accessible to everyone, their focus is on generating revenue while keeping expenses in line with budgets.

FINANCIAL IMPLICATIONS

The financial implications are outlined in this report.

OTHER IMPLICATIONS

There are no privacy, legal, social, or environmental implications identified.

NEXT STEPS

Administration will report the third-quarter projections in November. As Administration closely monitors the 2023 budgetary forecasts, it will continue to seek additional cost saving measures, such as spending and hiring freezes that do not impact service levels, to potentially expand the already \$4.9 million in administrative savings.

APPENDICES

1. 2023 Year-End Projection by Business Line

REPORT APPROVAL

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