Detailed Overview of Preliminary Year-End Financial Results

City of Saskatoon General Fund – 2024 Summary				
	2024 Budget	**2024 Actuals**	**Variance**	**Percentage**
Revenues	626,182,850	650,737,278	(24,554,428)	(3.92%)
Expenditures	626,182,850	638,464,963	12,282,113	1.96%
(Surplus)/Deficit	**-**	**(12,272,315)**	**(12,272,315)**	**(1.96%)**

2024 YEAR-END MILL RATE RESULTS

The preliminary surplus for the year ended December 31, 2024, is $12.27 million equivalent to a 1.96% variance from budget. Included in these totals is:

- $951,989 transfer to the Parks Division Grounds Maintenance Stabilization Reserve as per Council Policy No. C03-003, Reserve for Future Expenditures;
- $1,631,168 transfer to the Saskatoon Police Service Fiscal Reserve and $90,000 transfer to the Saskatoon Police Service Capital Reserve; and
- $71,722 transfer to the Internal Audit Program Reserve.

The Administration is recommending that the surplus of $12.27 million be allocated as follows:

- $158,798 of the year-end surplus be transferred to the Printing and Mail Equipment Replacement Reserve. This will require City Council approval for an exception to Bylaw No. 6774, The Capital Reserve Bylaw, 1993 as noted in the recommendation.
- $414,528 of the year-end surplus be transferred to the Self-Insured Retention Reserve.
- The remaining $11.70 million of the civic surplus be allocated to the Fiscal Stabilization Reserve which will bring the balance to approximately $17.04 million which will be available to offset future operating budget deficits or challenges.

More information surrounding these recommendations can be found in the following sections of the appendix.

Stabilization Reserves

Even though the Snow and Ice Management program experienced a deficit of $6.48 million as outlined under the “Transportation” section of this appendix, Administration is recommending leaving the Snow and Ice Management Contingency Reserve balance with the existing funds of $6.90 million due to the overall Civic Budget surplus. If the recommendation is approved, this means that less money will go into the Fiscal Stabilization Reserve than if a transfer was made from the Snow and Ice Management Contingency Reserve but would allow both reserves to have funds to offset future unforeseen challenges and/or potential deficits.

The Snow and Ice Management Contingency Reserve was fully depleted as of December 31, 2022. In 2023 as part of the regular operating budget an amount of $488,500 was put into this reserve, as well as the one-time allocation from the 2023 year-end of $5.7 million to help to build this funding for future snow events. In addition to this one-time allocation, within the 2024 and 2025 budget a total of $175,400 and $166,800, respectively was approved to start building additional ongoing annual funding into this reserve for response to future emergency snow events. This has increased the annual contribution to this reserve from $488,500 in 2023 to $830,700 in 2025.

The Fiscal Stabilization Reserve was also fully depleted as of December 31, 2022. As part of the 2023 Preliminary Business Plan and Budget meeting held on November 28 2022, City Council transferred an amount of $1.6 million from the Reserve for Capital Expenditures into the Fiscal Stabilization Reserve. The 2023 year-end transfer of an additional $4.2 million and, if approved, the 2024 year-end transfer of $11.70 million transfer in this report will bring the balance to $17.04 million within the Fiscal Stabilization Reserve as of December 31, 2024, which will be available for future years to address unforeseen budget challenges and/or deficits.

As presented in the Financial Review Audit Report the City's Fiscal Stabilization and Snow and Ice Management Contingency Reserves are underfunded and the Fiscal Stabilization Reserve fails to meet the minimum target balance of 5% of the current year's tax-supported expenditures as outlined in Council Policy No. C03-003 Reserves for Future Expenditures. For 2024, 5% of the budgeted tax-supported expenditures would be approximately $31.3 million. If the recommendations in this report are approved, the 2024 year-end balance in the Fiscal Stabilization Reserve would be equivalent to approximate 2.72% of the current year's tax supported expenditures.

It is important to note that if City Council approves the transfer into the Fiscal Stabilization Reserve, and a priority project were to arise within 2025 or beyond, City Council could request an exception to the Council Policy No. C03-003 to transfer funds from the Fiscal Stabilization to another reserve or to a capital project.

Printer Savings

In 2024, at the end of the five-year lease term, the City exercised the option to buy out 271 printers in the managed print fleet. Most of these printers remain in good working condition, providing the City with excellent value over the next few years. However, starting in 2025 and continuing annually, a portion of the fleet will need replacement. The option to buy out the leases resulted in savings of $158,798.02 in 2024. Administration is recommending the 2024 savings and 2025 expected savings of $286,800 due to the buyout of the leases be added to the Printing and Mail Equipment Replacement Reserve to fund ongoing printer replacements. As per Bylaw No. 6774, The Capital Reserve Bylaw, 1993, the targeted balance for the Printing and Mail Equipment Replacement Reserve is the estimated annual cash flow requirements projected for the next five-year period. The annual targeted amount based on the estimated five-year requirement is $350,000 to replace approximately 40 printers annually. Currently there is $45,693 within this reserve and the annual contribution for 2025 to the reserve is $23,500. As these funds were approved for printer expenditures within the current 2024 and 2025 budgets, Administration is recommending the funds remain within the printer replacement program. If these savings are not allocated to the Printing and Mail Equipment Replacement Reserve to fund future printer replacements, Administration would need to find and potentially report back to City Council an alternative funding source.

Insurance Savings

In 2024 the Risk Management program realized savings of $638,166 in insurance costs. Administration revised insurance contracts with insurance providers, including more self-insuring of various programs which resulted in these savings. Due to the increase in self-insured programs, Administration is recommending that a transfer of $414,528 be made into the Self-Insured Retention Reserve to bring the reserve balance to the maximum amount allowable amount of $2.50 million as per Council Policy C03-003, Reserves for Future Expenditures.

Preliminary Year-End Comparison to 3rd Quarter Forecast

The 2024 Financial Forecast presented to the Standing Policy Committee on Finance meeting on January 15, 2025, estimated a surplus of $5.2 million for the 2024 year-end civic operating results. The increased surplus at year end is due to many factors with some of the larger items being:

- Lower deficit than anticipated in the Snow and Ice Management Service Line of $1.00 million due to costs being lower than expected for the snow events that occurred later in 2024.
- Higher investment income by $600,000 due to lower-than-expected interest expenditures and higher interest rates.
- Higher surplus than anticipated in Transit and Access Transit of $3.74 million due in part to continued increases in revenue from higher than forecasted ridership and lower expenditures for fuel, technology and transit ticket sales commissions.
- At the 3rd quarter report Corporate Governance was expecting a $3.2 million deficit, however this Business Line ended the year at a $278,465 deficit. This is due to additional staff vacancies and savings in insurance, training, or office expenditures but also due to the corporate expenditures which are forecasted throughout the year in this Business Line but are realized within other Business Lines. For example, this Business Line will hold forecasts for contract settlements as an aggregate but at year end those amounts are dispersed throughout the appropriate Business Lines.

For further information, where applicable, explanations for the significant variances by business line, and service line are provided in greater detail below.

Arts, Culture and Events – Surplus of $33,572

The surplus in the Arts Culture and Events business line is $33,572. The surplus is due to lower-than-expected insurance costs which are covered by the City for the Remai Modern.

Community Support - Surplus of $453,483

Expenditure savings were realized due to savings from lower school usage of facilities per the reciprocal use agreement (offset by lower revenues in Leisure Facilities), lower uptake in waste as a utility subsidy, and recreation and sport facilities grants, and favorable variances in the City's property tax abatement and grant programs.

Corporate Asset Management – Surplus of $66,326

Energy management experienced a surplus due to natural gas and electrical rates lower than anticipated as well as lower electrical consumption. This was partially offset by a deficit within the Facilities Management group due to higher staffing, partially offset from reduced contractor costs, also an unbudgeted health and safety position and custodial costs supporting enhanced cleaning levels and expanded services, some of which are directly offset through cost recoveries.

Corporate Governance & Finance – Deficit of $278,465

This business line contains the budget for $3.75 million of global reduction or targeted savings. Many of these savings are recognized in various other business lines and summarized in the Overall Saving section of this Appendix. This business line also contains the budget for overall staffing payroll costs/benefits, CBA increases, etc. which would also be recognized throughout the various other business lines. Some of the other key variances in this Business Line include:

- Human Resources related expenditures were favourable by a variance of $1.09 million due to staffing vacancies, targeted training and office expenditure savings.
- Information Technology (IT) related expenditures were favourable by a variance of $952,900 million due to savings realized for software licensing, and lower equipment maintenance than expected.
- City Solicitor's realized a favourable variance of $947,986 due in large part to the savings in insurance costs from revised insurance contracts and staffing vacancies. Administration is recommending that a portion of these savings be moved into the Self-Insured Retention Reserve.
- As per Policy, any unexpended funds, if applicable, in the Independent Office of the City Auditor program (Office) would get transferred to the Internal Audit Program Reserve or over expenditures would be funded from the reserve. During 2024, the Internal Audit program was underspent by $71,722 largely due to staff vacancies which was transferred to the Internal Audit Program Reserve. Following the transfer to reserve, the Internal Audit Program Reserve has a balance of $470,280 as of December 31, 2024.

Environmental Health – Surplus of $1.48 million

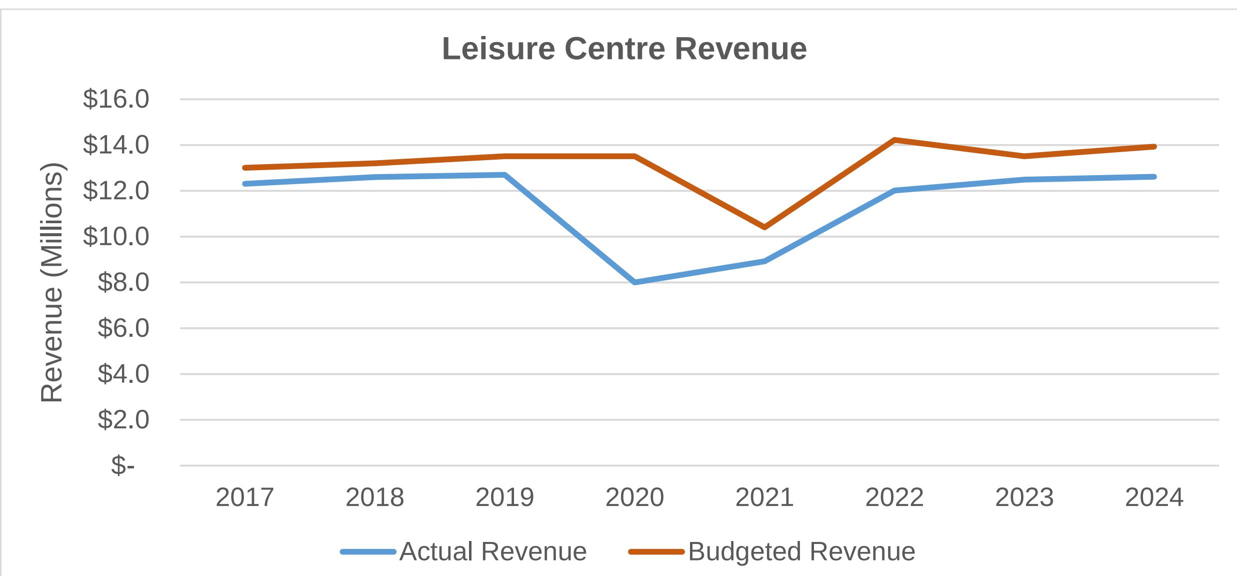
The service line of Waste Handling Services, which includes Landfill Operations, had a favourable revenue variance of approximately $336,000 due to overall garbage collection volumes at the landfill exceeding budget as well as additional revenue through the Sort & Go Facility. Within the multi-unit and commercial collection programs expenditures were favourable due to lower tonnage, as well as lower volumes than expected resulting in lower costs for material diversion at the landfill.

Sustainability had a favourable variance due to staff vacancies and savings in training and office related expenditures. Urban Biological Services also had a favourable variance mostly due to reduced purchase of chemicals, and staff vacancies.

Recreation & Culture – Surplus of $2.24 million

- Outdoor Pools had a surplus of $173,998 due to increased admissions and a large uptake in the summer registrations.
- Outdoor Sports Fields realized a surplus of $116,386 due to higher external rental revenues as well as savings in electrical, maintenance and fuel expenditures.
- Golf Courses ended 2024 with a surplus of $430,316 which was transferred to the Golf Course Stabilization Reserve, Golf Course Capital Reserve and Holiday Park Redevelopment Reserve to balance the service line to $0. This was a result of favourable revenues, partially offset by additional maintenance costs and increased contractual staff.
- Gordie Howe Campsite realized a deficit of $16,020 due to lower rental revenue offset by savings in utilities and maintenance. The deficit was balanced through a decreased contribution to the Campsite Reserve.
- Leisure Centres had a surplus of $1.82 million. Overall revenues for leisure centres are below budget by $1.32 million as shown in Chart 1. However, this revenue deficit includes reduced revenues due to the temporary closure of the Harry Bailey Aquatic Centre, starting April 1, 2023, for a major upgrade. These unfavourable revenue variances are offset, by reduced expenditures at Harry Bailey Aquatic Centre, reduced training, staff vacancies and lower utility expenditures resulting in an overall surplus for the Leisure Centres of $1.82 million.

Chart 1 – Leisure Centre Revenue



- Parks Maintenance & Design operations had a surplus of $951,989 due to global reduction in staffing and staff vacancies, lower irrigation requirements and changes to the greenhouse short-term operating model as approved at the [June 28, 2023 City Council meeting](). In accordance with

Council Policy No C03 003, the unexpended funds in Parks Maintenance & Design are to be transferred to the Parks Division Grounds Maintenance Stabilization Reserve or taken from the reserve in years of deficit to stabilize the program. A contribution of $951,989 was transferred to the reserve resulting in a December 31, 2024, balance of $1.43 million remaining in the Parks Grounds Maintenance Stabilization Reserve.

- River Landing is a service line which is balanced to $0 with a transfer to (or from) the Reserve of Capital Expenditures (RCE). Lower than expected parking revenue was partially offset by savings in salaries, lower property taxes than expected and reduced advertising and training costs resulting in an overall surplus of $87,565 which was transferred to RCE to balance this service line to $0.

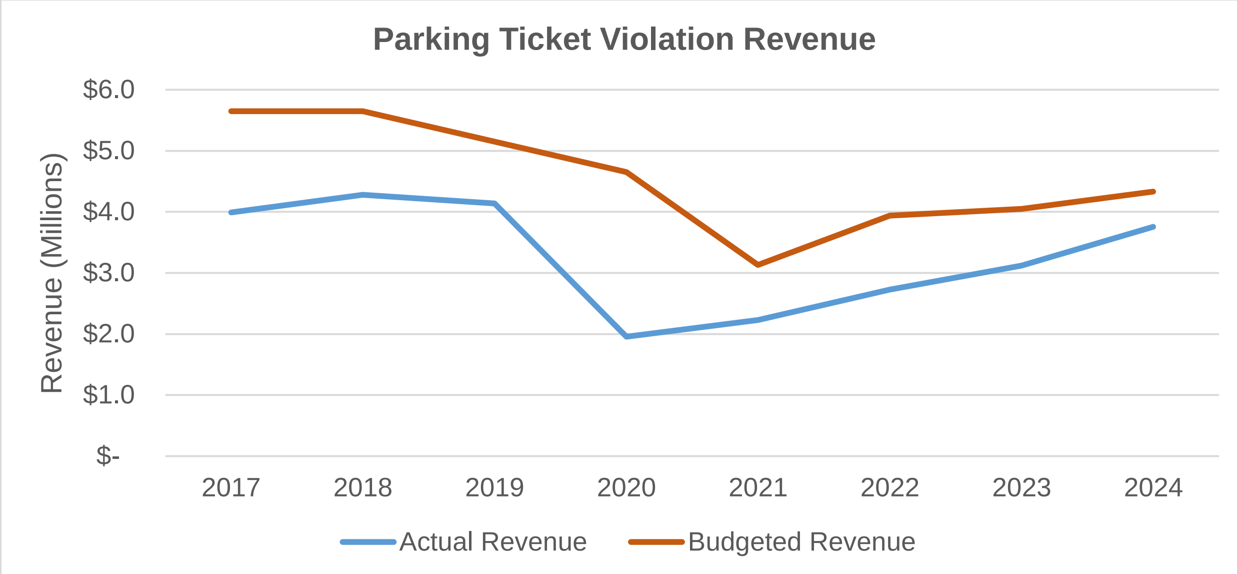
<u>Saskatoon Fire – Deficit of $603,536</u>
The deficit for Saskatoon Fire is partially due to an estimated amount for contract settlement which would be offset, in part, by the organizational contingency which was held in Corporate Governance and Finance and savings from staff vacancies. Additional expenditures for apparatus maintenance due to older apparatus, and building maintenance also contributed to the deficit.

<u>Saskatoon Police Service – Surplus of $1.72 million</u>
Saskatoon Police Service (SPS) had been projecting to be on budget on Q3 2024. This was due, in no small part, to the outstanding Binding Arbitration Decision between the Board and the Saskatoon Police Association.

In the end, the SPS ended 2024 with a $1.72 million surplus. The surplus has been placed in the SPS Capital Reserves ($90,000) and the SPS Fiscal Stabilization Reserve ($1.63 million). Those savings will help relieve pressure on the 2025 SPS Operating Budget which will not fully cover the expense arising from the Binding Arbitration Decision.

<u>Taxation & General Revenues – Surplus of $7.48 million</u>
- Fines & Penalties had a $1.50 million deficit due to parking ticket violation revenue which had an unfavourable variance of $573,000 (87% of budgeted revenue) as well as additional expenditures for provincial administrative fees and collections. The disparity between budget and actual revenue for parking tickets is a long-standing base budget issue as demonstrated in Chart 2, that shows the base budget for parking ticket violation revenue has been too high for normal operations.

Chart 2 – Parking Ticket Violation Revenue



- Other levies had a surplus of $596,710 due to additional Municipal Service Agreement revenue from the Urban Reserves as well as additional tax penalty revenue received throughout the year.
- General Revenues had a $8.01 million surplus mostly due to favourable amounts in investment income of $9.14 million due to stronger than anticipated interest rates. This was partially offset by lower-than-expected franchise fees from SaskEnergy.
- Grants-in-Lieu of Taxes (GIL) had a deficit of $803,803 from lower amounts received from Saskatoon Light and Power due to an expected rate increase which did not occur.
- Municipal Revenue Sharing (MRS) revenue is received from the provincial government and is based on Provincial Sales Tax revenue. The amount received was slightly lower than budgeted by $25,400.
- Additional supplementary assessments and supplementary property tax bills resulted in a surplus of $1.21 million.

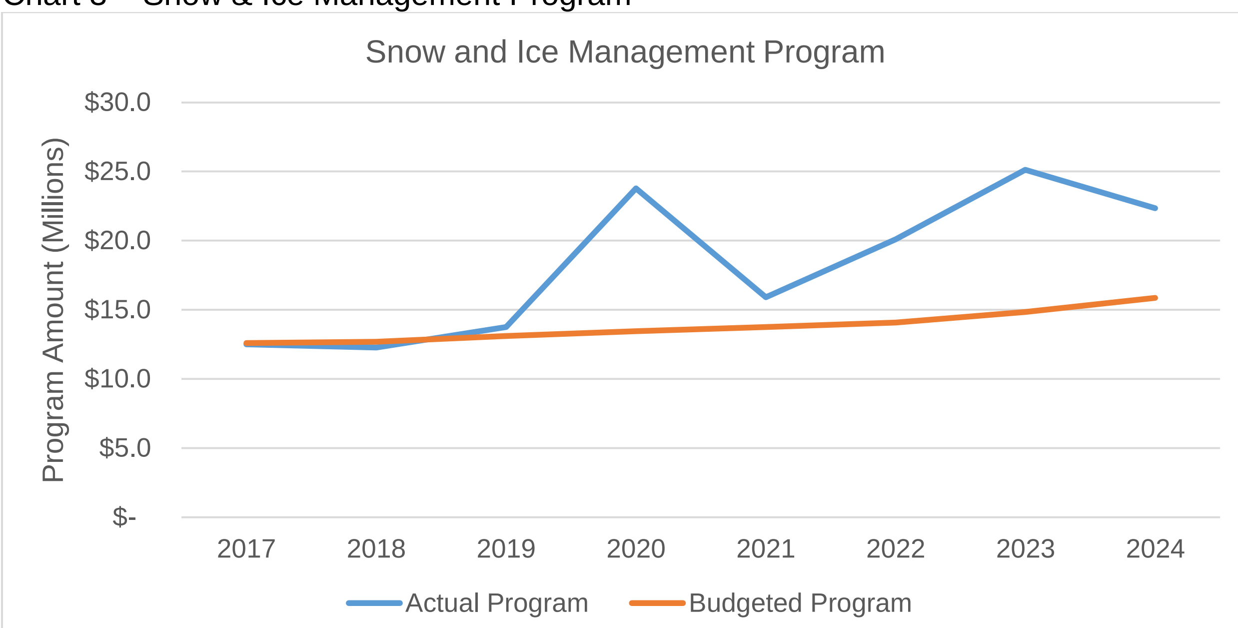
Transportation – Surplus of $712,751

- Road Maintenance had a deficit of $227,781 tied to an increase in the number of potholes reported through the app which were then inspected and repaired. These increased expenditures were partially offset through deferred hiring, and fuel savings.
- Access Transit had a surplus of $457,745 due mostly to salary, training and fuel savings.
- Transit Operations had a surplus of $4.96 million. Revenues were $2.10 million favourable due to increased ridership and higher than expected UPass revenue. Expenditure savings of $2.86 million were primarily due to fuel, salary savings and vacant positions, uniform and license expenditures partially offset by higher fleet maintenance expenditures.

- Street Lighting experienced a surplus of $936,793 due to an expected rate increase that did not occur in 2024.
- Parking experienced a deficit of $578,501. Revenues were under budget by $914,600 due to parking revenue achieving only 86% of the budgeted revenue partially offset by higher late ticket fees. The deficit in revenues was partially offset by reduced commissionaire costs in the residential parking permit program, reduced terminal maintenance, storage and bus barn rental costs and inversely offset by higher bank charges and software licensing charges. The deficit in this service line is partially offset by the reduced transfer to the Streetscape BID Reserve in the Urban Planning and Development service line.
- Snow & Ice Management experienced a deficit of $6.48 million. The Emergency Response Plan (ERP) activation in March 2024 resulted in an unfavourable variance of $5.50 million deficit and additional snow events in the remainder of the year are causing the additional overage. A total of nine snow events occurred in 2024 compared to the budgeted number of events of five to six annually. Administration is recommending that no transfer take place from the Snow and Ice Management Contingency Reserve leaving $6.90 million within this reserve for future years.

  Chart 3 shows the variability in a program which is weather dependant and the fluctuations that can occur.

Chart 3 – Snow & Ice Management Program



- Transportation Services had a favourable variance of $1.30 million due to additional external rental revenue and permit fees. Staffing vacancies, lower external contracted services and high capital work also contributed to the overall surplus.

Urban Planning & Development – Surplus of $685,928

- Urban Design had a surplus of $392,915 due to the reduced transfer to the Streetscape Reserve because of the reduced parking revenue as well as savings from staff vacancies.
- Attainable Housing had a surplus of $235,219 mostly due to savings from the Pleasant Hill revitalization project and the Public Housing Subsidy. The surplus was transferred to the Attainable Housing Reserve.
- Building and Plumbing Permits & Standards is a self-balancing program which had a $4.03 million surplus that was transferred to the Building Standards Stabilization Reserve mostly due to increased building and plumbing permit revenues, and savings in training and software expenditures.
- Long Range Planning, Neighbourhood Planning, Planning Project Services, Regional Planning, and Research and Mapping had a combined surplus of $320,953 due to savings in salaries, engagement, car allowance, travel and training and office expenditures.

Training and Discretionary Spending Savings

As part of a corporate-wide objective to help offset the budgetary pressures, Administration realized savings, in staff training and travel, staff vacancies, materials, office supplies and other expenditures, of approximately $4.87 million in 2024 amongst the Civic Operating or Property Tax supported Business Lines.

The savings are due to approximately $217,700 in savings from training, $2.66 million savings from deferred hiring and $2.00 million from office, maintenance or other expenditure deferrals. These savings are split amongst the business lines and are already included in the numbers mentioned in this report.