

**To:** COUNCIL

**Meeting Date:** 7/22/2025

**Subject:** 2025 Operating Financial Update – April Forecast

**Submitted By:** Sheena Pawliwec, CPA, CGA, Acting Chief Financial Officer

**Prepared By:** Victoria Terella, CPA, CMA, Manager of Financial Planning

**Report No.:** 25-025-CRS

**File No.:** C11

**Wards Affected:** All Wards

### **RECOMMENDATION(S):**

THAT Report 25-025-CRS 2025 Operating Financial Update – April Forecast be received;

AND THAT operating forecast changes for the April 2025 reporting period that are reportable to Council under the Budget Control By-Law be approved;

AND FURTHER THAT transfers to and from reserve and reserve funds as identified in report 25-025-CRS be approved.

### **EXECUTIVE SUMMARY:**

#### **Purpose**

As per the City's budget control by-law, Council is to be provided with regular updates related to operating budget variances. This report is an update on the City's operations for 2025 based on information as of April 30, 2025, for both tax-supported and the water utility budgets.

#### **Key Findings**

The tax-supported operations are currently forecasting a year-end surplus for 2025 of \$70,097 based on information to date. This variance may continue to be impacted by fluctuations in revenues and expenditures throughout the year; therefore, this preliminary figure is not a certain indication of what may be expected as the year progresses. The April surplus is primarily driven by a notable increase in investment income of \$248,600, which is partially offset by an expected rise in planning fees waived for Core Areas, estimated at \$175,000.

The water utility operations are projecting a year-end surplus of \$7,000 for this reporting period, driven by salary savings and higher interest revenue, which offsets a \$45,000 consultant expense related to evaluating a shift in water billing responsibilities.

## Financial Implications

The following tables summarize the forecasts in tax-supported operations and the water utility operations.

The tax-supported operations are forecasting a year-end surplus of \$70,097 as seen in the table below.

Department	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Mayor and Council	\$1,340,700	\$0	\$1,340,700	\$430,488	32.1%
Office of the City Manager	\$3,082,500	\$0	\$3,082,500	\$1,025,142	33.3%
Corporate Services	\$54,556,700	(\$53,700)	\$54,503,000	\$18,759,902	34.4%
Corporate Enterprise	\$7,747,200	\$0	\$7,747,200	\$2,196,262	28.3%
Community Development	\$9,615,700	\$164,303	\$9,780,003	\$2,541,413	26.0%
Infrastructure Services	\$28,981,500	\$6,600	\$28,988,100	\$13,940,511	48.1%
Corporate Expenditures	(\$114,485,300)	(\$187,300)	(\$114,672,600)	(\$58,738,760)	51.2%
Cambridge Public Library	\$9,161,000	\$0	\$9,161,000	\$3,565,131	38.9%
<b>Total Tax Supported</b>	<b>\$0</b>	<b>(\$70,097)</b>	<b>(\$70,097)</b>	<b>(\$16,279,911)</b>	<b>N/A</b>

The water utility operations are projecting a year-end surplus of \$7,000, as shown in the table below.

Department	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Water Expenses	\$42,986,400	\$8,000	\$42,994,400	\$18,291,836	42.5%
Water Revenues	(\$42,986,400)	(\$15,000)	(\$43,001,400)	(\$9,758,564)	22.7%
<b>Total Water</b>	<b>\$0</b>	<b>(\$7,000)</b>	<b>(\$7,000)</b>	<b>\$8,533,272</b>	<b>N/A</b>
Wastewater Expenses	\$41,084,900	\$0	\$41,084,900	\$13,845,753	33.7%
Wastewater Revenues	(\$41,084,900)	\$0	(\$41,084,900)	(\$10,558,736)	25.7%
<b>Total Wastewater</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,287,017</b>	<b>N/A</b>
<b>Total City of Cambridge Water Utility</b>	<b>\$0</b>	<b>(\$7,000)</b>	<b>(\$7,000)</b>	<b>\$11,820,289</b>	<b>N/A</b>

## STRATEGIC ALIGNMENT:

☐ Strategic Action

**Objective(s):** Not Applicable

**Strategic Action:** Not Applicable

OR

☒ Core Service

**Program: Finance**

**Core Service:** Financial Planning

Providing updates to Council on operating budget variances supports responsible oversight of financial resources. It also ensures program managers and departments are accountable for the programs they manage and provide transparency as to where public dollars are spent.

## BACKGROUND:

### Economic Outlook

The Bank of Canada, in its June 2025 policy interest rate announcement, held its target for the overnight rate at 2.75%, reporting that the United States' tariffs on Canada are well above levels seen at the start of the year and new tariffs continue to be threatened.<sup>1</sup> The Bank of Canada's policy rate drives Canadian banks' prime rates, which impact the City's investment opportunities on cash and reserve balances.

The Canadian economy grew 2.20% in the first quarter of the year, boosted by exports to the US.<sup>1</sup> However, the higher tariffs currently in place bring uncertainty to the Canadian economy, specifically the risks of a decrease in demand for Canadian exports, impacting business investment, employment, and household spending in Canada.<sup>1</sup>

In May 2025, the labour market in Ontario, measured by unemployment, weakened to 7.90%.<sup>2</sup> Nationally, unemployment was 7.00%, the highest level since 2016, excluding 2020 and 2021 pandemic years.<sup>2</sup>

Overall, the economic outlook includes uncertainty in the short to medium term. US tariffs could restrict economic growth, push prices up, and hamper the labour market.

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<sup>1</sup> <https://www.bankofcanada.ca/2025/06/fad-press-release-2025-06-04/>

<sup>2</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/250606/dq250606a-eng.htm>

## ANALYSIS:

### Tax-Supported Operating Variance

The City is forecasting a year-end surplus of \$70,097 for 2025 based on April year to date information. This variance may continue to be impacted by fluctuations in revenues and expenditures throughout the year, therefore this preliminary figure is not a certain indication of what may be expected as the year progresses.

Department	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Mayor and Council	\$1,340,700	\$0	\$1,340,700	\$430,488	32.1%
Office of the City Manager	\$3,082,500	\$0	\$3,082,500	\$1,025,142	33.3%
Corporate Services	\$54,556,700	(\$53,700)	\$54,503,000	\$18,759,902	34.4%
Corporate Enterprise	\$7,747,200	\$0	\$7,747,200	\$2,196,262	28.3%
Community Development	\$9,615,700	\$164,303	\$9,780,003	\$2,541,413	26.0%
Infrastructure Services	\$28,981,500	\$6,600	\$28,988,100	\$13,940,511	48.1%
Corporate Expenditures	(\$114,485,300)	(\$187,300)	(\$114,672,600)	(\$58,738,760)	51.2%
Cambridge Public Library	\$9,161,000	\$0	\$9,161,000	\$3,565,131	38.9%
<b>Total Tax Supported</b>	<b>\$0</b>	<b>(\$70,097)</b>	<b>(\$70,097)</b>	<b>(\$16,279,911)</b>	<b>N/A</b>

Further explanation of variances in spending to date and forecast changes are provided in the following sections by department.

### Mayor & Council

Division	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Mayor and Council	\$1,340,700	\$0	\$1,340,700	\$430,488	32.1%
<b>Total Mayor and Council</b>	<b>\$1,340,700</b>	<b>\$0</b>	<b>\$1,340,700</b>	<b>\$430,488</b>	<b>32.1%</b>

The Office of the Mayor and Council is not projecting a year-end surplus or deficit for this reporting period.

## Office of the City Manager

Division	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Office of the City Manager Administration	\$571,100	\$0	\$571,100	\$202,649	35.5%
Corporate Communications	\$1,072,000	\$0	\$1,072,000	\$323,265	30.2%
Legal and Realty Services	\$1,439,400	\$0	\$1,439,400	\$499,228	34.7%
<b>Total Office of the City Manager</b>	<b>\$3,082,500</b>	<b>\$0</b>	<b>\$3,082,500</b>	<b>\$1,025,142</b>	<b>33.3%</b>

The Office of the City Manager is on budget for this reporting period.

## Corporate Services

Division	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Corporate Services Administration	\$252,400	(\$84,100)	\$168,300	\$0	0.0%
Office of the City Clerk	\$4,235,400	\$109,300	\$4,344,700	\$1,477,926	34.0%
Financial Services	\$4,134,900	\$0	\$4,134,900	\$1,285,082	31.1%
Fire Services	\$32,356,700	(\$78,900)	\$32,277,800	\$10,031,125	31.1%
Human Resources	\$3,332,300	\$0	\$3,332,300	\$958,365	28.8%
Technology Services	\$10,245,000	\$0	\$10,245,000	\$5,007,404	48.9%
<b>Total Corporate Services</b>	<b>\$54,556,700</b>	<b>(\$53,700)</b>	<b>\$54,503,000</b>	<b>\$18,759,902</b>	<b>34.4%</b>

The Corporate Services department is forecasting a net surplus of \$53,700. Corporate Services Administration is recognizing \$84,100 in gapping savings. For Fire Services, workplans remain stable and largely on track. While certain areas, particularly station maintenance, are expected to exceed budget allocations, these pressures are anticipated to be offset by underspending in other cost centres and additional revenue from updated service agreements with nearby townships. As a result, Fire Services is projecting a year-end surplus of \$78,900. The Office of the Clerk is projecting a 2025 deficit of \$109,300, primarily due to increased Records Management costs for storage, shredding, and destruction, as part of efforts to address retention backlogs under the Records Information Management (RIM) strategy. The City Archives will replace an obsolete microfilm reader at a cost of \$21,900 fully funded by the Archives Reserve Fund. Additionally, Finance has forecasted \$25,000 to undertake a Development Charges Update Study specific to Parks & Recreation in response to Council's recent

adoption of the Parks Master Plan, which will be funded from the Development Charges Parks and Recreation Reserve.

### Corporate Enterprise

Division	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Corporate Enterprise Administration	\$423,300	\$0	\$423,300	\$139,581	33.0%
Corporate Strategy	\$484,200	\$0	\$484,200	\$151,149	31.2%
Economic Development	\$898,400	\$0	\$898,400	\$179,937	20.0%
Risk and Facilities	\$5,941,300	\$0	\$5,941,300	\$1,725,595	29.0%
<b>Total Corporate Enterprise</b>	<b>\$7,747,200</b>	<b>\$0</b>	<b>\$7,747,200</b>	<b>\$2,196,262</b>	<b>28.3%</b>

Corporate Enterprise not projecting a year-end surplus or deficit for this reporting period.

### Community Development

Division	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Community Development Administration	\$479,400	\$0	\$479,400	\$139,133	29.0%
Building Services	\$0	\$0	\$0	\$153,090	0.0%
Engineering and Transportation Services	\$2,785,200	\$0	\$2,785,200	\$925,896	33.2%
Planning Services	\$2,238,200	\$175,000	\$2,413,200	\$451,107	18.7%
Recreation and Culture	\$4,112,900	(\$10,697)	\$4,102,203	\$872,187	21.3%
<b>Total Community Development</b>	<b>\$9,615,700</b>	<b>\$164,303</b>	<b>\$9,780,003</b>	<b>\$2,541,413</b>	<b>26.0%</b>

The Community Development department is currently projecting a deficit of \$164,303 for 2025. The driver of this shortfall is within Planning Services, where the fees waived for Core Areas is anticipated to exceed budget by \$175,000 effectively reducing the revenue typically used to offset staff time associated with processing applications. Recreation and Culture is forecasting a surplus, supported by increased provincial funding for older adult programs and higher-than-expected revenue from the sports program. These positive results are being partially offset by planned increases in part-time staff hours, which are necessary to sustain expanded programming and service delivery.

The Building Services Division is fully funded through the Building Permit Stabilization Reserve. As per the reserve fund by-law, any year-end surplus or deficit will be transferred back to the reserve. Work in this division is well underway.

## Infrastructure Services

Division	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Infrastructure Services Administration	\$141,400	\$0	\$141,400	\$65,009	46.0%
Asset Management and Project Management	\$435,700	(\$56,800)	\$378,900	\$50,965	13.5%
Stormwater	\$4,120,000	\$0	\$4,120,000	\$4,869,786	118.2%
Operations	\$24,284,400	\$63,400	\$24,347,800	\$8,954,751	36.8%
<b>Total Infrastructure Services</b>	<b>\$28,981,500</b>	<b>\$6,600</b>	<b>\$28,988,100</b>	<b>\$13,940,511</b>	<b>48.1%</b>

The Infrastructure Services department is forecasting a deficit of \$6,600 for this reporting period, driven by the following impacts:

- Parks deficit of \$143,000 is primarily attributed to an increase in fleet recovery expense which is offset by an increase in fleet recovery revenue in Fleet Services. In addition, there was an increase in general maintenance contracts for Winter Sidewalk Community Support Connections services. This reflects one-time outstanding payments for services rendered in 2024, as well as commitments for 2025 services to ensure continued support. Further contributing to the deficit is an increase in program materials and supplies for community green clean-up initiatives. Other forecast changes net to zero and consist of a reallocation of professional services to general maintenance and a reallocation of Jump Start Funding within Parks;
- Fleet Services is projecting a surplus of \$79,600 which is driven by an increase in fleet recovery revenue offset by an increase in fleet recovery expense in Parks;
- Asset Management and Project Management is anticipating a surplus of \$56,800 due to the Climate Action Waterloo budget exceeding actuals per the terms of the current agreement; and
- Roads is not projecting a surplus or a deficit as all forecast changes net to zero. An increase in equipment renewal to pay for trailers and paving was offset by a reduction in general maintenance.
- Stormwater is tracking on budget; however, year-to-date actuals appear high compared to budget due to the timing of revenue collection with the introduction of a

dedicated stormwater rate effective July 1, 2025. Additionally, the capital reserve fund contribution was fully transferred at the beginning of the year to initiate capital project work.

## Corporate Expenditures

Category	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Corporate Financing	(\$864,000)	\$0	(\$864,000)	(\$128,138)	14.8%
Capital Levy	\$13,093,700	\$0	\$13,093,700	\$0	0.0%
External Funding	\$2,105,000	\$0	\$2,105,000	\$1,829,431	86.9%
Insurance	\$1,688,600	\$0	\$1,688,600	\$276,179	16.4%
Income From Investment	(\$4,847,500)	(\$248,600)	(\$5,096,100)	(\$1,535,980)	30.1%
Taxation Revenue	(\$126,164,400)	\$0	(\$126,164,400)	(\$60,084,917)	47.6%
Payment in Lieu	(\$1,124,400)	\$0	(\$1,124,400)	\$0	0.0%
Corporate Grants	(\$59,600)	\$0	(\$59,600)	(\$29,800)	50.0%
Corporate Allocations	(\$3,455,500)	\$0	(\$3,455,500)	(\$1,036,676)	30.0%
Capital Debt Finance	\$2,780,600	\$61,300	\$2,841,900	\$480,555	16.9%
Development Incentives	\$2,362,200	\$0	\$2,362,200	\$1,490,586	63.1%
<b>Total Corporate Expenditures</b>	<b>(\$114,485,300)</b>	<b>(\$187,300)</b>	<b>(\$114,672,600)</b>	<b>(\$58,738,760)</b>	<b>51.2%</b>

Corporate Expenditures are forecasting to be in a surplus position of \$187,300, primarily driven by increased investment income of \$248,600. This surplus is partially offset by a one-time contribution of \$61,300 to the Capital Works Debt Retirement reserve, addressing a required transfer related to the Blenheim Road Reconstruction project (A/00679-40). Additionally, an increased hydro dividend of \$74,800 is fully offset by a corresponding forecasted contribution to the Hydro Dividend Reserve Fund.

## Cambridge Public Library

Division	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Cambridge Public Library	\$9,161,000	\$0	\$9,161,000	\$3,565,131	38.9%
<b>Total Cambridge Public Library</b>	<b>\$9,161,000</b>	<b>\$0</b>	<b>\$9,161,000</b>	<b>\$3,565,131</b>	<b>38.9%</b>

The Cambridge Public Library is not projecting a surplus or deficit for this reporting period.



## Water Utility Variance

The following summary shows the variance between the annual Council approved budget and year to date actuals for each department, for water utility operations.

Department	Total Restated Budget	April Forecast Changes	Revised Forecast	YTD Actuals as of April 30th	% Spent
Water Expenses	\$42,986,400	\$8,000	\$42,994,400	\$18,291,836	42.5%
Water Revenues	(\$42,986,400)	(\$15,000)	(\$43,001,400)	(\$9,758,564)	22.7%
<b>Total Water</b>	<b>\$0</b>	<b>(\$7,000)</b>	<b>(\$7,000)</b>	<b>\$8,533,272</b>	<b>N/A</b>
Wastewater Expenses	\$41,084,900	\$0	\$41,084,900	\$13,845,753	33.7%
Wastewater Revenues	(\$41,084,900)	\$0	(\$41,084,900)	(\$10,558,736)	25.7%
<b>Total Wastewater</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,287,017</b>	<b>N/A</b>
<b>Total City of Cambridge Water Utility</b>	<b>\$0</b>	<b>(\$7,000)</b>	<b>(\$7,000)</b>	<b>\$11,820,289</b>	<b>N/A</b>

For the April 2025 reporting period, Water Utility operations are projecting a \$7,000 surplus. This is supported by salary savings from staff vacancies and higher interest revenue from outstanding water bills. These savings help offset \$45,000 in professional services expenses to engage a consultant to support the Water Billing Task Force.

### EXISTING POLICY / BY-LAW(S):

The Budget Control By-Law 152-14 identifies roles, responsibilities, and spending authorities for accountability around the City's financial management. It also identifies reporting requirements to ensure both accountability and transparency around the City's finances. Under the By-law, Council approval is required for the following operating spending deviations:

- Transfers between divisions exceeding the lesser of 10% or \$100,000;
- Any net overall deficit within a department.

The Reserve Fund By-Law 2-17, as amended by By-law 19-144, and corporate policy COR-260.010 identify how tax-supported operating surpluses are to be treated.

### FINANCIAL IMPACT:

This report provides a comprehensive financial update on the City's operations as of April 30, 2024, for both tax-supported and water utility operations.

The tax-supported operations are currently forecasting a surplus of \$70,097 driven by increased investment income offset by increased volume of planning fees waived for Core Areas. This variance may continue to be impacted by fluctuations in revenues and

expenditures throughout the year, therefore this preliminary figure is not a certain indication of what may be expected as the year progresses. Any realized surplus/deficit at year-end it will be addressed according to the reserve fund by-law.

The water utility operations are projecting a year end surplus of \$7,000 for the reporting period.

Certain forecast changes result in impacts to reserve and reserve funds; these are reported in Appendix A.

## Restatements

Changes in operations have resulted in restatements of the 2025 approved budget for comparative purposes. The changes reallocate certain costs and revenues between accounts and/or divisions and have no net effect on the total approved budget for 2025. The restatements for the 2025 April forecast period include:

- The transfer of Association of Municipalities of Ontario (AMO) annual corporate membership fee payment from Human Resources to the Office of the City Manager;
- The reallocation of the elevator safety inspections contract from Realty to Facilities;
- The transfer of the patio program garbage pickup from the BIA to Operations;
- The transfer of the Engage WR platform from Corporate Communications to Inclusion Services.

Division	Original Budget	In Year Changes	Total Restated Budget
Mayor and Council	\$1,340,700	\$0	\$1,340,700
Office of the City Manager	\$3,132,700	(\$50,200)	\$3,082,500
Corporate Services	\$54,561,500	(\$4,800)	\$54,556,700
Corporate Enterprise	\$7,707,200	\$40,000	\$7,747,200
Community Development	\$9,615,700	\$0	\$9,615,700
Infrastructure Services	\$28,966,500	\$15,000	\$28,981,500
Corporate Expenditures	(\$114,485,300)	\$0	(\$114,485,300)
Cambridge Public Library	\$9,161,000	\$0	\$9,161,000
<b>Total Tax Supported</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**PUBLIC VALUE:****Sustainability and Transparency:**

This work supports the financial sustainability of the City by ensuring appropriate oversight and governance towards the City's financial resources. It also provides transparency as to where public dollars are spent.

**ADVISORY COMMITTEE INPUT:**

Not Applicable.

**PUBLIC INPUT:**

Posted publicly as part of the report process.

**INTERNAL / EXTERNAL CONSULTATION:**

Staff delegated with budget responsibility have been consulted with respect to their budget variances in the writing of this report.

**CONCLUSION:**

The report provides a comprehensive financial update on the City's operations as of April 30, 2025, for both the tax-supported and water utility operations. Tax-supported operations are currently forecasting a net year-end deficit of \$70,097 for 2025 and the water utility operations is projecting a year-end surplus of \$7,000.

**REPORT IMPACTS:**

Agreement: **No**

By-law: **No**

Budget Amendment: **No**

Policy: **No**

**APPROVALS:**

**This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:**

**Director**

**Deputy City Manager**

**Chief Financial Officer**

**City Solicitor**

**City Manager**

**ATTACHMENTS:**

1. 25-025-CRS Appendix A – Impacts to Reserve and Reserve Funds