



SUBJECT: Operating budget performance as at December 31, 2020

TO: Corporate Services, Strategy, Risk & Accountability Cttee.

FROM: Finance Department

Report Number: F-07-21

Wards Affected: All

File Numbers: 100-01

Date to Committee: March 3, 2021

Date to Council: March 23, 2021

Recommendation:

Receive and file finance department report F-07-21 providing the financial performance of the 2020 operating budget as at December 31, 2020.

PURPOSE:

Address other areas of responsibility.

Background and Discussion:

In March, the City declared the state of emergency in response to the COVID-19 pandemic. This unprecedented pandemic and associated provincial restrictions has greatly impacted city service delivery resulting in significant financial impacts. This report outlines the financial variances realized during 2020.

Strategy/process

In order to be proactive in identifying issues and initiating actions to mitigate over expenditures and revenue shortfalls, an Expenditure Restraint Program was put in place. As well, budgetary performance is monitored regularly to provide an early indication of potential problems and gives management time to consider appropriate actions.

Since the onset of the pandemic, Council receives monthly financial updates on the impact COVID is having on the City’s financial position. The variances outlined in this report have been structured in a similar manner to the monthly financial updates.

The attached Appendix A provides a corporate summary of the 2020 Operating Budget Performance as at December 31, 2020 and highlights significant favourable or unfavourable variances (+/- \$100,000) at the “net service level”.

Appendix B provides explanatory notes for the cost elements with a significant favourable or unfavourable variance (+/- \$100,000).

Financial Matters:

The balanced year end position is outlined below. The revenue shortfall was fully mitigated from savings realized under the Expenditure Restraint Program, other operational savings not directly related to the pandemic and Safe Restart funding provided by senior levels of government.

(\$ Millions)	2020 Budget	2020 Actual (Unaudited)	Variance Fav./(Unfav.)
City Services	\$133.13	\$133.57	\$(0.44)
Corporate Expenditures	\$53.93	\$57.64	\$(3.72)
Corporate Revenues	\$(187.06)	\$(191.22)	\$4.15
Total			\$0

*Figures may not add due to rounding

Federal and Provincial Emergency Funding

In August 2020 the Province of Ontario announced Phase 1 funding under the federal-provincial Safe Restart Agreement providing \$4,470,700 to support municipal operating pressures and a further \$1,571,213 for public Transit pressures for Burlington. The city was also advised that we were allocated \$89,372 of funding under the Municipal Transit Enhanced Cleaning Program.

The city made application for Phase 2 Safe Restart funding and on December 17th was advised that we would receive a further \$7,302,000 to support municipal operating pressures and \$2,208,957 for Burlington Transit – totaling just over \$9.5 million in Phase 2 funding. Burlington was one of only 44 municipalities that received phase 2 safe restart funding for municipal operating pressures.

On January 26th, the province notified the city that we would receive an additional \$938,188 of “top up” funding for the Safe Restart public transit phase 1 allocation reflecting transit funding pressures for the period April – September 2020. This brings the total senior government funding support to \$16,580,430 to assist the city with 2020 as well as 2021 financial pressures.

A total of \$6,927,427 of this funding was used to offset 2020 variances. The remaining \$9,653,003 of funding will be used to mitigate 2021 COVID impacts.

Conclusion:

This report provides an overview of the financial performance of the 2020 Operating Budget and additional variance commentary for select services as at December 31, 2020.

The monitoring of corporate expenditures and revenues is a key component of the City’s financial management control system.

Our financial management goals and strategy are focused on offsetting COVID-related costs and revenue losses with the city’s Expenditure Restraint Program savings, other realized operating budget savings, prudent use of reserve funds established specifically for these types of unforeseen situations as well as Safe Restart funding.

Respectfully submitted,

Meri Gjeka

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Appendices:

- A. Summary of Operating Budget Performance as at December 31, 2020
- B. Spending and Revenue Analysis by Cost Element

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.