



SUBJECT: Operating budget performance report as at June 30, 2021
TO: Corporate Services, Strategy, Risk & Accountability Cttee.
FROM: Finance Department

Report Number: F-27-21

Wards Affected: All

File Numbers: 435-06

Date to Committee: September 9, 2021

Date to Council: September 21, 2021

Recommendation:

Direct the Chief Financial Officer to report back on the city's year-end strategy upon confirmation of the 2021 year-end actual.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

The unprecedented COVID-19 pandemic and associated provincial restrictions have continued to greatly impact city service delivery resulting in significant financial impacts. This report will provide an update on the financial variances anticipated to year-end.

In addition to this report, Council continues to receive monthly financial updates on the impact COVID is having on the City's financial position.

Appendix A provides a corporate summary of the 2021 Operating Budget Performance and highlights significant year end projected favourable and unfavourable variances at the net service level.

Appendix B provides explanatory notes for each expense/revenue driver with a significant favourable or unfavourable variance.

Strategy/process

In order to be proactive in identifying issues and initiating actions to mitigate over-expenditure and revenue shortfalls, budgetary performance is monitored monthly to provide an early indication of potential problems and gives management time to consider appropriate actions.

Financial Matters:

Operating budget projections and variance analysis

The table below summarizes the corporate wide projected variances for the year- end.

This table also incorporates the impact resulting from several service redesign approved by Council to date.

	2021 Budget	2021 Year End Projections	Variance*	F/U*
City Services	\$148,286,562	\$148,332,692	\$(46,130)	U
Corporate Expenditures	\$47,335,263	\$48,404,252	\$(1,068,989)	U
Corporate Revenues	\$(195,579,100)	\$(195,196,213)	\$(382,887)	U
Total			\$(1,498,005)	U

***F = Favourable, U = Unfavourable**

Provincial restrictions and other responses to the COVID pandemic have significantly impacted city revenues. Partially offsetting these revenue losses are savings in Part-time staffing costs currently estimated at just over \$1.4M.

Furthermore, the city has experienced operational savings during the normal course of business such as reduced diesel and gasoline price savings, gapping savings realized from new positions included in the approved 2021 budget, and savings in winter maintenance activities for the first part of the year.

As the Province continues the planned reopening, and the City resumes services, there remains uncertainty regarding the timing for recovery. Staff will continue to monitor and update year end projections which will be reported to Committee on a monthly basis.

Similar to 2020, our financial management goals and strategies are focused on offsetting COVID-related costs and revenue losses with the budgeted one-time

discretionary expenditure savings, other realized operating budget savings and funding from senior levels of government under the Safe Restart Program.

Service Spending/Revenue Patterns

A brief synopsis of service-wide spending and revenue patterns that experienced significant variances is included for information (Appendix B). This analysis includes the preliminary year-end estimates.

Safe Restart Agreement Funding

The city has received substantial senior government support under the Safe Restart Agreement. This funding helps municipalities like Burlington protect the health and well-being of our residents, while continuing to deliver critical public services to our community and assist with economic recovery. It also provides immediate relief from transit pressures, such as lower ridership, reduced revenues as well as for new costs due to COVID-19, such as enhanced cleaning and personal protective equipment.

To date nearly \$19.8 million in funding has been announced under the Safe Restart Agreement and the municipal transit enhanced cleaning program. \$6.9M of this funding was used to offset the 2020 year-end position. The balance of this funding will be used to offset 2021 impacts and any funding not required in 2021 will be carried over into 2022 as per the letters from the Province.

2021 year-end position:

While a significant effort has been made to incorporate the impacts of COVID in the year-end projections, the overall financial position for the City will be contingent on the ability of Services to recover and especially on the public's willingness to participate in the City's offerings, as well as the economic situation of the City's residents and businesses.

It is critical that we continue to update these projections and alter assumptions where required. We will continue to provide financial updates to Council as part of our monthly reporting. Services will also continue to exercise their usual due diligence when authorizing large expenditures in order to ensure savings are realized in 2021.

Conclusion:

This report provides an overview of the performance of the 2021 Operating Budget and projections for the City's year-end financial position. It serves to highlight areas that may have a significant impact on the 2021 year-end financial position.

The monitoring of corporate and service expenditures and revenues, as part of the Operating Budget Performance policy, exists as a key component of the City's financial management control system. Staff will continue to scrutinize expenditure and revenue patterns for the balance of 2021.

Our intended outcome through these challenging times is to minimize a year-end unfavourable financial position. 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 and prudent use of reserve funds established specifically for these types of unforeseen situations.

Respectfully submitted,

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Appendices:

- A. Summary of the 2021 Operating Budget Performance as at June 30th
- B. Variance Accountability Report

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.