



SUBJECT: Financial highlights for the period ended March 31, 2022

TO: Audit Committee

FROM: Finance Department

Report Number: F-18-22

Wards Affected: not applicable

File Numbers: 440-01

Date to Committee: June 8, 2022

Date to Council: June 21, 2022

Recommendation:

Receive and file finance department report F-18-22 providing financial highlights as at March 31, 2022.

PURPOSE:

Vision to Focus Alignment:

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

Background and Discussion:

The Audit Committee's terms of reference indicate that it will review and recommend for approval the annual audited consolidated financial statements of the City and will review quarterly financial performance throughout the year. To assist the Audit Committee with this responsibility report F-18-22 will present key financial highlights for the quarter ended March 31, 2022. Given the significant impact from the Covid-19 pandemic in the last 2 years, monitoring of financial performance has become increasingly important.

On an annual basis the Consolidated Financial Statements of the City of Burlington are presented to the Audit Committee for their recommendation to Council to approve. The City's financial statements are prepared in accordance with Canadian public sector accounting standards. These standards in some instances differ with the way the City reports on its daily operations which can make review of the financial statements

challenging. This report will present financial results from an operational perspective for the period ended March 31, 2022.

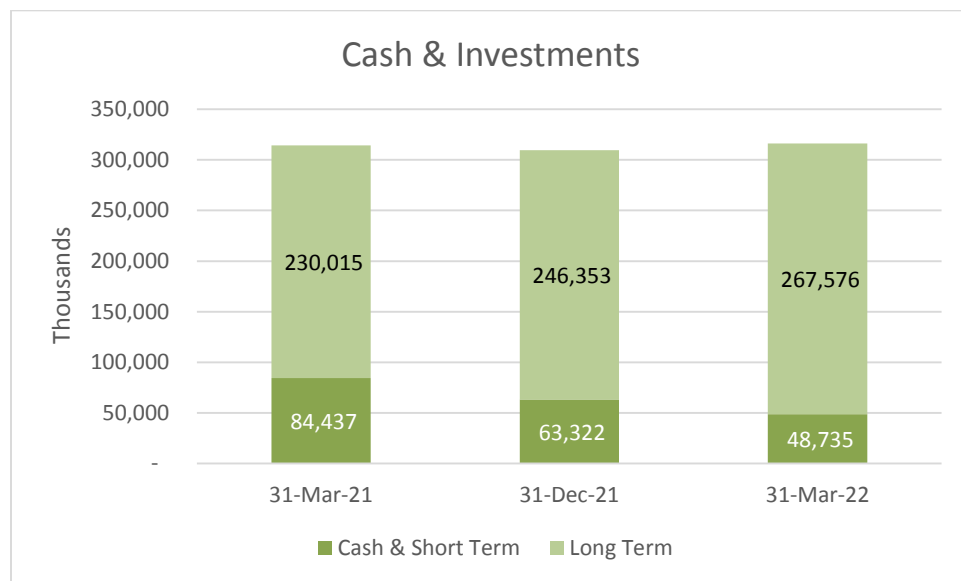
Statement of Financial Position

The statement of financial position is the City's balance sheet. It presents information on the assets, liabilities, and the accumulated surplus of the City.

Assets

Key assets for the City include cash and investments, accounts receivable and taxes receivable.

Cash and investment holdings reflect the City's cash flow position and investment strategy given current market conditions. Funds are allocated to maximize investment income, retain an appropriate level of liquidity, and respond to economic forces that influence the investment environment while maintaining a balanced portfolio in line with the City's investment policy. The following chart breaks down the balances of these categories as at December 31, 2021 (unconsolidated), March 31, 2021, and March 31, 2022:



Accounts receivable as at March 31, 2022 was approximately \$18.7 million. The equivalent accounts receivable balance as at March 31, 2021 was comparable at approximately \$20.3 million.

Taxes represent the key revenue source the City uses to fund its service delivery. Taxes receivable are recorded when billed. The City issues bills twice a year, in

January and May. These bills represent four installments which are due in February, April, June, and September. Taxes receivable due at March 31, 2022, were approximately \$103.9 million as compared to \$103.3 million reported at March 31, 2021.

Liabilities

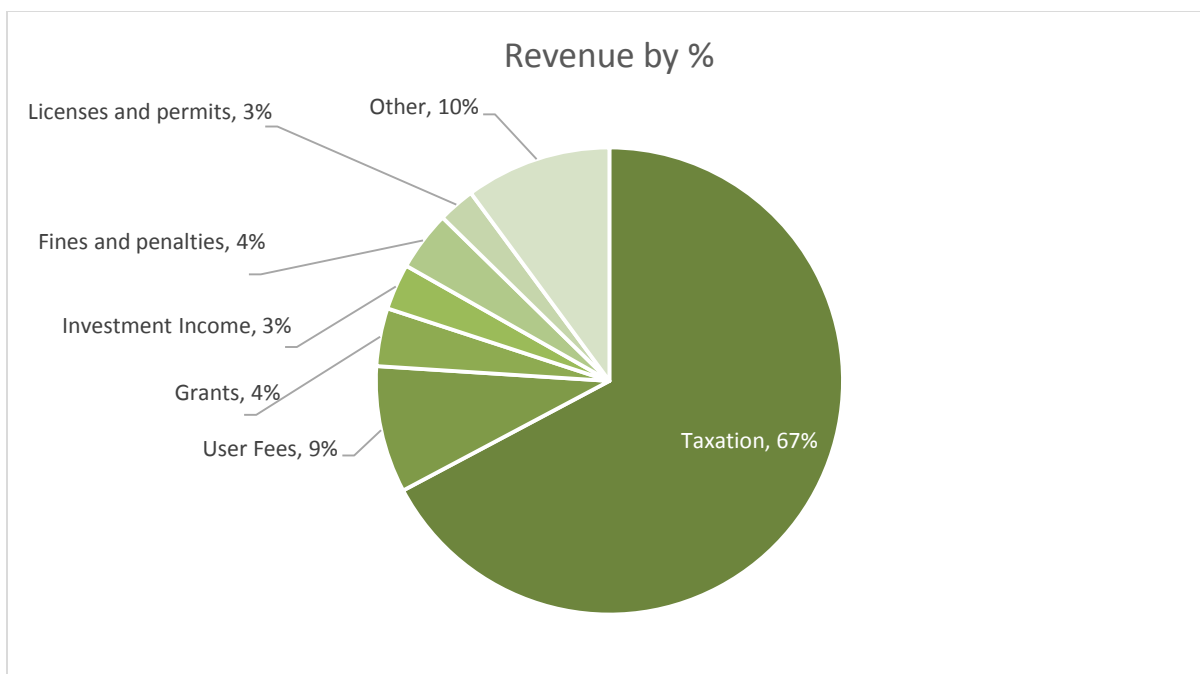
The balance of accounts payable and accrued liabilities at March 31, 2022, is approximately \$12.2 million compared to the balance at March 31, 2021, of \$11.2 million. The consolidated balance at December 31, 2021, of \$32.2 million reflects accruals including certain payroll accruals only recorded at year end.

One of the City's greatest liabilities is derived from the issuance of long-term debt. The balance as at December 31, 2021, was \$74.8 million. Debt principal payments in 2021 were \$13.8 million while new debt approved and issued in 2021 was \$6.7 million. Debt is used to fund capital expenditures. The new debt issued was primarily for road and recreational facilities projects.

Statement of Operations

Revenues

The Statement of Operations provides information on the City's revenues and expenses combining the information from both the operating and capital perspectives. Although taxation revenue is the largest component of the City's revenues, user fees and charges, investment income and funds from senior levels of government all contribute to enabling the City to deliver services to the community. The following chart is provided as a reference point and provides information of the various components of the City's revenues based on revenues reported in the consolidated financial statements as at December 31, 2021:



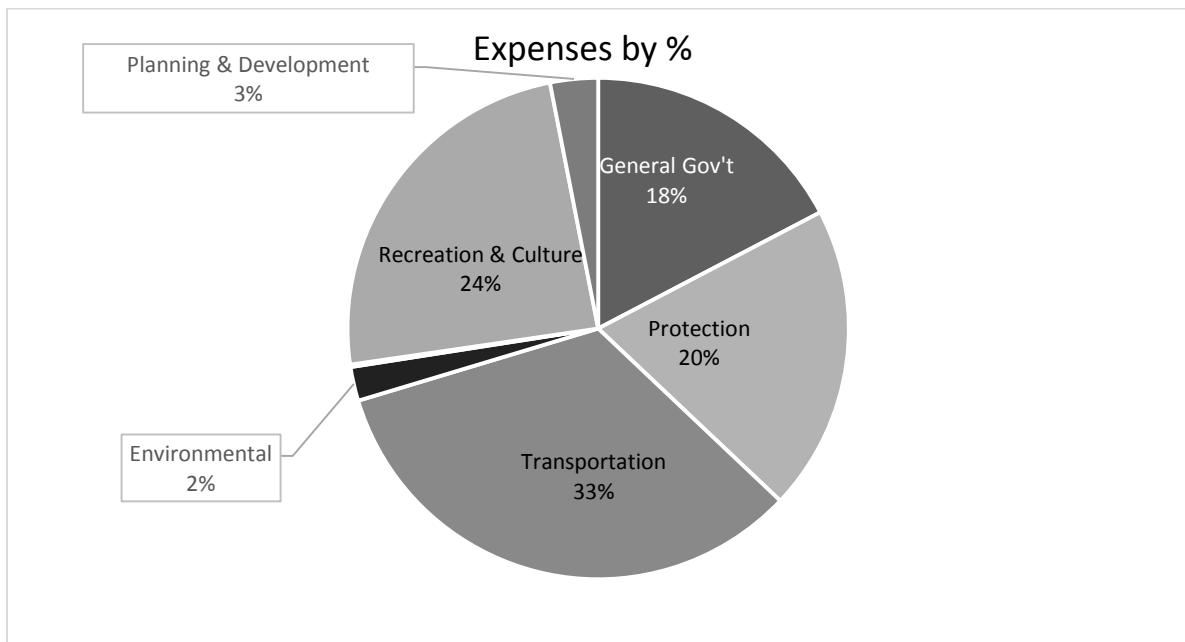
Although a meaningful comparison cannot be made between current operations and the financial statements due to the adjustments that are made for financial statement purposes, some revenue items as of March 31st compared between current year and prior year are presented for information:

	2022	2021
General Tax Levy	\$151,593	\$150,293
User fees and charges	4,131	2,867
Grants	2,607	9,800
Investment income	106	109
Penalties and interest on taxes	443	584
Hydro dividends and interest	-	1,076

It should be noted that tax revenue includes taxes billed but not yet due. Also, the difference in Hydro dividends and interest from March 2021 to March 2022 is the result of a timing difference.

Expenses

The City's expenses are reported during the year on a cash basis categorized by service while the financial statements report expenses on an accrual basis by category. Certain components that are not part of operational reporting such as post-employment benefits and amortization are added to the expenses reported in the financial statements. The following chart shows the breakdown of expense attributed to the categories as reported in the 2021 financial statements:



The adjustments needed to report expenses in the financial statements are extensive including allocating post-employment benefit expense, interest expense on debt, depreciation expense and non-capital information captured in capital projects. Information extracted from the City's financial system as of March 31st provides a comparison between 2022 and 2021 with the noted adjustments excluded:

	2022	2021
General government	\$ 12,592	\$ 8,524
Protection to persons and property	10,459	9,952
Transportation services	13,295	11,652
Environmental services	86	113
Health services	82	71
Recreation and cultural services	10,774	8,584
Planning and development	1,404	1,369
Total Expenses	\$48,692	\$40,265

Other Financial Information

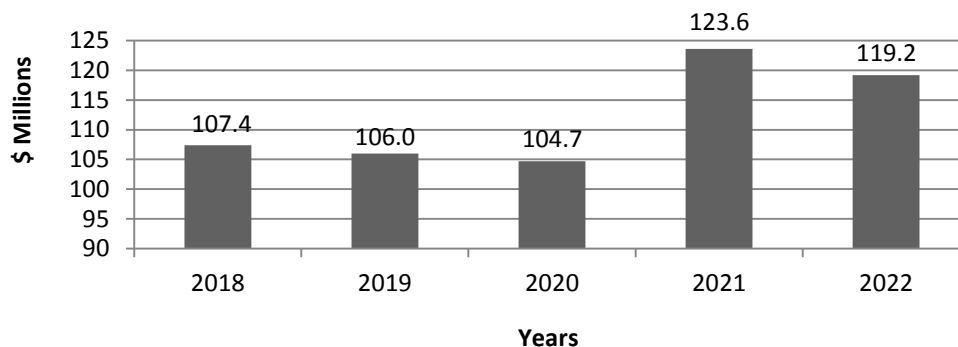
Reserve Funds

Reserve funds are a critical component of a municipality's long-term financing plan. They provide:

- stability to the tax rate in the face of variable circumstances,
- funding for one-time expenditures,
- the ability to make provisions for the replacement and/or acquisition of infrastructure, and
- flexibility to manage debt levels to protect the municipality's financial position.

The uncommitted balance of the City's reserve and reserve funds as at March 31 are presented for the last five years:

Uncommitted Reserve and Reserve Fund Balances as at March 31



Financial Matters:

Not applicable.

Total Financial Impact

Not applicable.

Source of Funding

Not applicable.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable.

Conclusion:

A report of the quarterly financial highlights is presented for Audit Committee's information.

Respectfully submitted,

Michelle Moore

Controller and Manager of Financial Services

(905) 335-7600 ext. 7535

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.