

**CITY OF BURLINGTON**  
**2023 YEAR END OPERATING BUDGET PERFORMANCE REPORT**  
**VARIANCE ACCOUNTABILITY REPORT**

Outlined in the table below are the explanations of the major Year End variance drivers

Major drivers	December 31st Variance	F / (U)	Explanation of Variance
<b>Tax Supported Revenues</b>	<b>\$ 1,130,396</b>	<b>F</b>	
Recreation, Community and Culture	\$ 852,447	F	Recreation, Community and Culture saw significant uptake in registered programs in 2023, especially in Music, Student Theatre, Learn to Swim and Camp programs. Additionally, despite a significant user group's decision to no longer operate a major tournament, RCC recognized a healthy increase in ice rentals for an overall favourable outcome. Drop-in Programs and memberships sales were positive specifically in aquatics and skating. Lastly, while there was a slower uptake in facility rentals, there is continued improvement over 2022.  Overall, there have been a few areas of reduced revenues, however 2023 has been a very positive year resulting in net favourable revenues of \$852,447.
Bus Shelters - Advertising Revenue	\$ 397,468	F	Changing advertising opportunities and negotiation of a new contract resulted in increased advertising revenue opportunities.
Transit Fare Revenue	\$ 139,540	F	Increased ridership, change in payment options and the current fare structure resulted in higher than planned revenue.
Parking By Law Fines	\$ (259,059)	U	Unfavourable variance in Parking By Law revenues as exemption extensions are required in the absence of city-wide paid permit system. This exemption program reduces the issuance of tickets for certain timed offences. In addition, changes to Provincial license plate renewal delay payment from uncontested tickets registered with the Ministry.
<b>Non-Tax Supported Revenues</b>	<b>\$ 190,940</b>	<b>F</b>	
Parking District Revenue	\$ 494,696	F	A return to normal conditions over the course of the year and a number of special events held in the downtown resulted in favourable revenues. As the downtown parking district is a net zero operation; favourable revenues and savings in purchased services increased the amount of the provision to the parking reserve.
Provision to Reserve Fund - Parking District	\$ (555,738)	U	
Planning Fee Revenue	\$ (1,290,289)	U	High interest rates, market conditions and other external factors led to a significant reduction in application volume in 2023. In addition, instability in terms of the legislative and regulatory environment contributed to application reduction. Homeowners opted to re-invest in their homes through renovations, additions, creation of Additional Residential Units. Despite this, there were relatively high numbers of OPA & ZBA pre-consultations processed in 2023 which could result in an uptick in application volumes in 2024, subject to improvement in the external and regulatory factors. The unfavourable variance in revenues was offset with a draw from the Planning Fee Reserve Fund.
Draw from the Planning Fee Reserve Fund	\$ 1,290,288	F	
Building Permit Revenue	\$ 1,325,379	F	Building experienced higher than budgeted revenues as a result of record high permit activity for new townhouse blocks compared to previous years. In addition, there were several other construction projects that contributed to these sustained revenues such as: multiple large industrial new builds, a new 5 storey long-term care facility, two high-rise condominium buildings, and a new place of worship. Building provided to the Building Reserve Fund as per the Bill 124 Model.
Provision to the Building Fee Reserve Fund	\$ (1,073,397)	U	
Investment Income	\$ 2,183,832	F	The increasing interest rate environment that persisted through 2023 allowed staff to take advantage of high interest short term investments on a continual basis. These investments led to higher interest income in 2023 put less reliance on trading for capital gains. The surplus investment income was allocated to identified Reserve Funds as per Interest Allocation Policy.
Provision to Tax Rate Stabilization Reserve Fund	\$ (966,916)	U	
Provision to Infrastructure Renewal Reserve Fund	\$ (966,916)	U	
Provision to Green Initiatives Reserve Fund	\$ (250,000)	U	

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<b>Other Operational Impacts</b>	<b>\$ (769,151)</b>	<b>U</b>	
Human Resources	\$ 3,637,280		Gapping savings realized from the full year cost of vacant new positions approved in the 2023 Budget and other temporary vacancies. These savings were partially offset with higher than budgeted overtime costs in Transit and Fire.
Contracted Services	\$ (1,928,484)	U	The city is experiencing significant increasing costs for contracted services due to high inflation rates. Unfavourable variances are seen across City Services but particularly in Urban Forestry, due to reactive maintenance along municipal roadways and within manicured parks, ash removals within woodlots and ROW. As reported in June, Traffic Management has overexpeditures in this area as a result of increased contract costs for pavement marking retracing which is required for traffic safety, liability and regulatory purposes. Investments were made across a number of Services in the 2024 budget to address these increased costs.
Fuel and Commodities	\$ (1,634,020)	U	Higher than budgeted fuel prices per liter contributed to this unfavourable variance. In addition, there was a discrepancy within the fuel inventory system which required an adjustment to expense fuel costs not fully recognized during part of 2022 and 2023. This unfavourable variance was partially offset with savings in Hydro costs.
Equipment Repair and Building Maintenance	\$ (837,243)	U	Both Transit and Fleet have reported an approximately 15% increase in the cost of parts, resulting in higher than anticipated expenses in equipment maintenance. Building maintenance is over budget due to preventative maintenance costs to manage aging facilities in RCC and Sims Square. Funding is provided in a multiyear phased approach to close this funding gap.
Vehicle & Equipment Rentals	\$ (249,917)	U	Unfavourable variance primarily in Roadway Maintenance due to increased use of rental vehicles for leaf collection, pot hole repair and road sweeping. Road sweeping is now done by the City as vendor quotes were cost prohibitive.
Recovery from the Region	\$ 247,183	F	Increased work performed for the Region resulted in higher recoveries
Other - various	\$ (3,949)	U	Miscellaneous variances
<b>Corporate Revenues</b>	<b>\$ 584,318</b>		
Payments in Lieu of Taxes	\$ 485,579	F	Higher than anticipated payment in lieu resulted in a favourable variance. This is primarily attributable to the collection of unpaid prior year senior government payment in lieu requirements.
Penalty and Interest on Taxes	\$ 794,387	F	Collections for the 2023 taxation year were 92.8%, which is slightly lower than prior years. This resulted in a higher than anticipated penalty and interest on taxes .
Supplementary Taxes	\$ 566,221	F	The city collected higher than anticipated supplementary taxes for current and prior years leading to a favourable variance. This is mainly attributable to completed and assessed condo developments.
Transfer from Hydro Reserve Fund	\$ (231,550)	U	Given many pressures on the Hydro Reserve Fund and the favorable City's Year End position, the recovery from this Reserve Fund to the Operating Budget was not made for 2023.
Transfer from the Tax Rate Stabilization Reserve Fund	\$ (1,030,320)	U	As a result of the City's favourable Year End position, the one time funding for COVID revenue losses included in the 2023 Budget was not required from the Tax Rate Stabilization Reserve Fund. Additionally one time funded project expenses were only partially expensed in 2023 to recognize those which started later in the year.
<b>Year Position</b>	<b>\$ 1,136,503</b>		