



SUBJECT: Financial highlights for the period ended September 30, 2024

TO: **Audit Committee**

FROM: **Finance Department**

Report Number: F-14-24

Wards Affected: not applicable

Date to Committee: December 4, 2024

Date to Council: December 10, 2024

Recommendation:

Receive for information finance department report F-14-24 providing financial highlights as at September 30, 2024.

PURPOSE:

Vision to Focus Alignment:

- Designing and delivering complete communities
- Providing the best services and experiences
- Protecting and improving the natural environment and taking action on climate change
- Driving organizational performance

Executive Summary:

A financial update on the City's third quarter of 2024 presenting key financial highlights.

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

the quarterly financial performance throughout the year. To assist the Audit Committee with these responsibilities, report F-14-24 will present preliminary key financial highlights for the period ending September 30, 2024.

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 consolidated statements include the financial results for the City along with several of its local boards (Burlington Public Library, Burlington Economic Development, Burlington Museums Board, Burlington Theatre Board, Burlington Downtown BIA, and Aldershot Village BIA). The City and local boards had their 2023 audits performed by Deloitte LLP.

The City's consolidated 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. This can make the review of the financial statements challenging. This report will present preliminary financial results from an operational perspective for the period ending September 30, 2024.

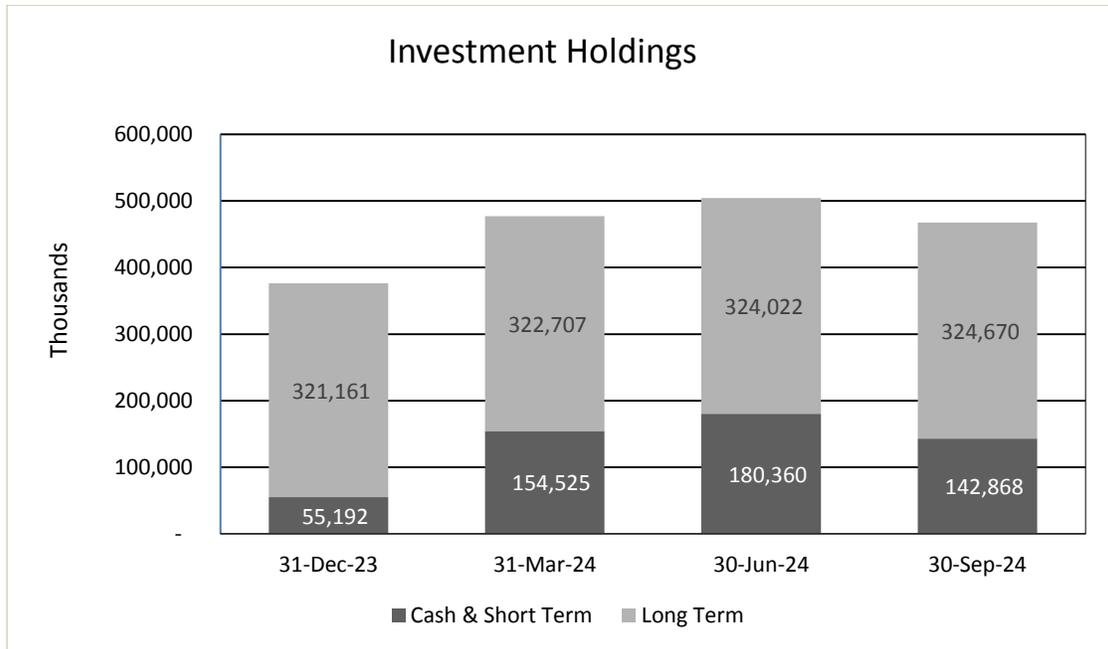
Statement of Financial Position

The statement of financial position is the equivalent of a 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 on an unconsolidated basis for the last four quarters:



Accounts receivable as at September 30, 2024, were approximately \$16.1 million. In comparison the accounts receivable balance as at September 30, 2023, was approximately \$14.4 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 balance at September 30, 2024, was approximately \$47.2 million as compared to \$39.1 million reported at September 30, 2023.

Liabilities

The unconsolidated balance of accounts payable and accrued liabilities at September 30, 2024, is approximately \$21.2 million compared to the balance at September 30, 2023, of \$13.9 million. Accounts payable balances fluctuate throughout the year and are heavily dependent on capital project timelines and scope.

The consolidated balance in the December 31, 2023, financial statements, of \$43.6 million includes accruals only recorded as part of the year end audit.

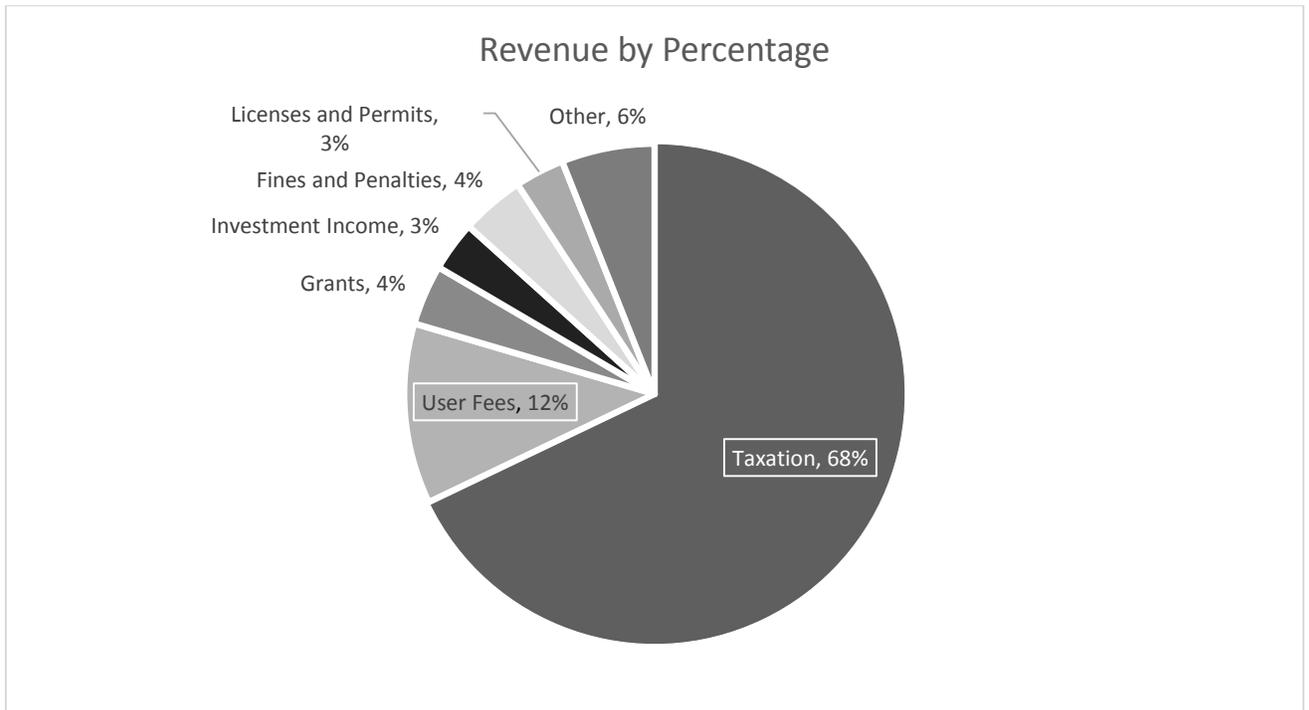
One of the City's largest liabilities is derived from the issuance of long-term debt. The City's debt balance as at December 31, 2023, was \$114.4 million. Debt is used to fund capital expenditures. New debt issued in 2024 totaled \$17 million.

This debt will be utilized for capital projects associated with roads, recreational facilities and to support a land purchase.

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 as reported in the consolidated financial statements as at December 31, 2023:



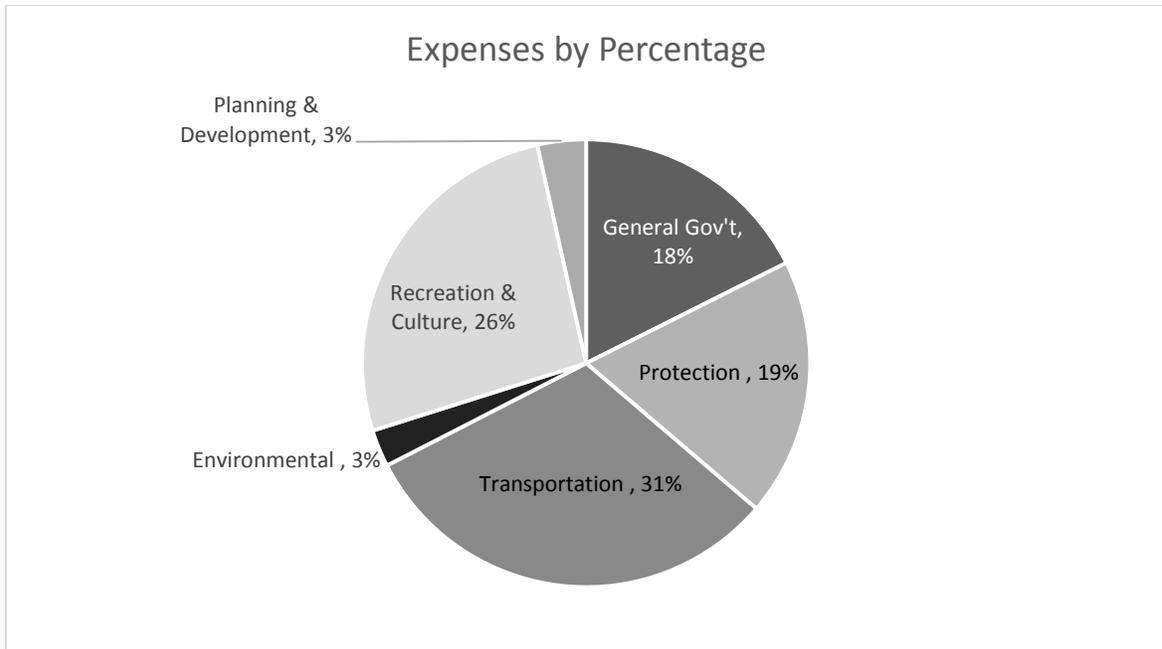
Although a meaningful comparison cannot be made between current operations and the consolidated financial statements due to the adjustments that are made for financial statement purposes, some revenue items as of September 30th compared between current year and prior year are presented for information:

	2024	2023
General Tax Levy	\$248,351	\$246,992
User fees and charges	23,218	18,964
Grants	11,813	6,165
Investment income	7,130	5,746
Penalties and interest on taxes	2,797	2,257
Hydro dividends and interest	2,273	2,747

The increase in the Grants year over year is due to receipt of the first installment of funding for the Housing Accelerator Fund grant.

Expenses

The City's operating expenses are reported during the year on a cash basis categorized by service while the consolidated 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 2023 consolidated 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 September 30th provides a comparison between 2024 and 2023 with the above noted adjustments excluded:

	2024	2023
General government	\$ 38,859	\$ 35,761
Protection to persons and property	35,296	35,128
Transportation services	49,320	44,038
Environmental services	1,853	718
Health services	482	412
Recreation and cultural services	55,885	44,423
Planning and development	7,118	6,411
Total Expenses	\$188,813	\$166,891

Other Financial Information

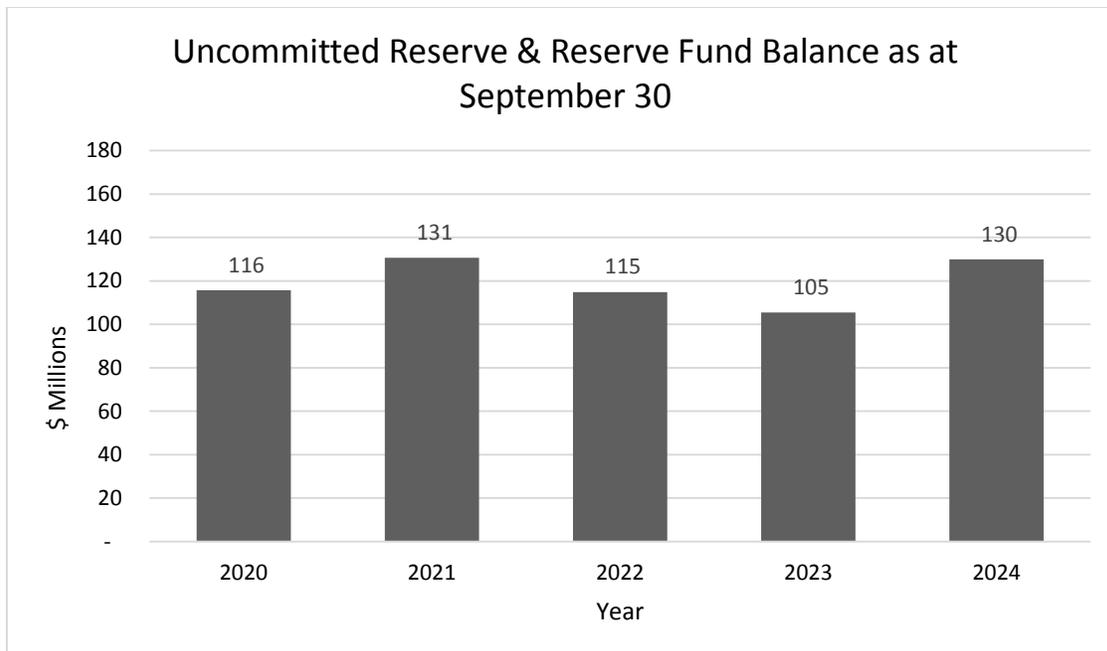
Reserve Funds

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.

Of the total Reserves and Reserve Funds \$105.0 million is committed for various projects leaving an uncommitted balance of \$129.9 million. The commitments represent expenditures approved by Council or funds held for specific future purposes. The increase in the total uncommitted reserve and reserve fund balance in 2024 is due to the receipt of funding for the Housing Accelerator Fund, a full year collection of the Municipal Accommodation Tax and the provision to the new Multi-Year Community Investment Plan reserve fund.

The uncommitted balance of the City's reserve and reserve funds as at September 30th are presented for the last five years:



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 on the quarterly financial highlights is presented for Audit Committee's information.

Respectfully submitted,

Michelle Moore

Controller & Manager, 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 Commissioner Legal and Legislative Services/City Solicitor.