

SUBJECT: Operating budget performance as of June 30, 2025

TO: Committee of the Whole

FROM: Finance

Report Number: FIN-28-25

Wards Affected: All

Date to Committee: September 8, 2025

Date to Council: September 16, 2025

Recommendation:

Direct the Chief Financial Officer to report back on the City's 2025 year-end results upon completion of the 2025 year-end.

Executive Summary

As of June 30, 2025, the City is projecting a year-end surplus of \$2.13M or 0.5% of the gross operating budget. The main drivers of this surplus are projected savings in human resources costs due to vacancies, favourable investment income and higher than expected revenue in Recreation Community and Culture.

The City is projecting budget deficits in Winter Control operations due to extreme winter conditions in early 2025, in building maintenance as a result of addressing aging facilities and in equipment parts and supplies due to the trending high cost of vehicle parts.

Staff will report to Council in the new year once the final year-end results are quantified.

Purpose of report:

- To communicate expected year financial position.

Recommendation Report

Background

This report provides an update on the financial variances anticipated at year-end. The attached Appendix A highlights the significant spend and revenue category drivers that impact the 2025 year-end financial position. Appendix B provides a summary of projected year-end variances by City Department. In instances where the projected variances exceed +/- \$100,000, additional commentary is included to summarize the drivers of these variances.

Status

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

Formal budget performance reporting occurs as part of the quarterly Financial Status reports as well stand-alone reporting reflecting data as of June 30th and December 31st of each year.

Key Dates & Milestones

- This report reflects operating budget performance as of June 30th, 2025.
 - Full year results will be reported to Council in the new year once the final year-end close process is completed.
 - The year-end report will include a specific retained savings recommendation to address the year-end variance.
-

Implications

Financial Implications:

The table below summarizes the projected operating budget variances at year- end.

	2025 Budget	2025 Year End Projections	Variance	F/U*
City Services	\$179,912,733	\$179,015,457	\$897,275	F
Total Local Boards	\$17,290,890	\$17,290,890	\$0	
Corporate Expenditures	\$81,070,764	\$81,214,447	\$(143,683)	U
Corporate Revenues	\$(278,274,395)	\$(279,658,270)	\$1,383,875	F
Total			\$2,137,467	F

Numbers may not add due to rounding

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

Notable operational impacts include \$2.04M in anticipated human resource (HR) savings as a result of a significant number of vacancies as well as some newly approved positions from the 2025 budget still in the recruitment process; \$1.2M in favourable investment income expected for year-end as a result of higher interest rates on short-term deposits and bonds; an anticipated \$613K in additional revenue in Recreation, Community and Culture and a projected \$231K savings in commodities, mainly resulting from Skyway Arena's delayed opening and lower than expected fuel costs in Transit.

Offsetting the favourable variance noted above, the City projects an unfavourable variance of \$715K in contracted services. This is a result of extreme winter conditions in early 2025, requiring higher than anticipated usage of contractor hours for sidewalk and park parking lot winter maintenance. There is a projected \$332K unfavourable variance in Roads Stores materials due to the above-mentioned extreme winter conditions requiring more use of salt and sand as well as the additional cost of materials associated with an increase in traffic signal maintenance. Addressing aging facilities and equipment in Transit, Roadways, Recreation and Fire lead to a projected \$231K unfavourable variance in Building Maintenance. Lastly, an increase in overall Transit fleet size, an aging of the fleet and the trending higher costs for parts results in a projected \$240K unfavourable variance in equipment, parts and supplies.

Conclusion:

This report provides an overview of the performance of the 2025 Operating Budget and projections for the City's year-end financial position. It serves to highlight areas that will have a significant impact on the 2025 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 2025.

Staff will report to Council in the new year with a specific retained savings recommendation once the final year-end results are quantified. Staff continue to recommend contributions to Reserve and Reserve Funds to allow the city the financial flexibility to respond to uncontrollable factors (such as economic cycles, revenue fluctuations, severe weather events), short term and one-time needs, and sustainability to plan for today and the future.

Strategic Alignment

- Driving organizational performance

Author:

Name: Gurpinder Grewal & Meri Gjeka

Title: Financial Analyst Budgets & Policy

Contact Info: Gurpinder.Grewal@burlington.ca, Meri.Gjeka@burlington.ca

Appendices:

- A. Projected variances by major spend and revenue drivers
- B. Projected variances by City department

Report Approval:

All reports are reviewed and approved by the Commissioner, Head of Corporate Affairs, Chief Financial Officer, and Commissioner of Legal and Legislative Services/City Solicitor.