

Attachment D

Budget Update

This report outlines the actual results compared to the budget for operating and capital budgets and staffing levels for the second triannual period ending August 31, 2021.

Council approves a five-year financial plan bylaw annually in accordance with Section 165 of the *Community Charter*. The financial plan allocates the financial and human resources to deliver the City's numerous programs, services and capital projects, and to achieve the objectives of the City's Strategic Plan.

The City performs monthly variance analyses of the revenues and expenditures as they compare to the approved financial plan and for 2021 will be reporting the progress every four months to Council.

If unanticipated events occur during the year that impact the approved five-year financial plan, staff recommend amendments to the financial plan bylaw to authorize the changes. All budgetary amendments require Council's approval.

Operating Budget

As of August 31, 2021, the overall operating revenues/funding sources and expenditures/transfers are 85% and 55% respectively, of the annual budgeted amount. This compares to 78% and 50% to the prior fiscal period. A summary of the actual operating revenues and expenditures/transfers compared to the budget is attached.

Due to the COVID-19 pandemic, revenues are not expected to meet budget in some areas. The Victoria Conference Centre closure has resulted in all bookings for 2021 either being cancelled or re-booked for future years with the exception of the Vancouver Island Health Authority booking. The City continues to expect lower seasonal revenues from special events. The Crystal Pool and Fitness Centre revenue is trending slightly lower as it opened in February, though there will be some offsetting lower expenditures. Seasonal recreation programs: youth summer camps and outdoor recreation programs have increased revenues, though offset by increased expenditures. Property lease revenues are trending higher, as well gas tax revenue doubled due to an additional one-time payment.

With mitigation strategies such as vacancy management to offset revenue shortfalls and additional expenses due to the COVID-19 pandemic, the overall expenditures spent to date is trending lower. Additionally, seasonal variations in municipal operations and accounting processes that occur outside the triannual basis affect the proportion of revenues received or expenditures incurred to August 31, 2021. Seasonal impacts are reflected in Parks and Corporate budgets due to work programs that will commence in the third quarter, such as the Parks boulevard maintenance program. In addition, for Sustainable Planning and Community Development, implementation of the Official Community Plan, Downtown Area Core Plan and Victoria Housing Strategy have varying timelines.

We continue to improve our accounting processes to better align the triannual actual to budget reporting.

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Capital Budget

As of August 31, 2021, the actual capital expenditures are at 25% spent of total budgeted expenditures for the year, the same percentage as the prior year. Capital projects have varying schedules and the majority of the work planned for 2021 is scheduled to start in Q2 and Q3. Capital projects are expected to be completed according to schedule. Should adjustments be required, reports providing details and options will be brought to Council for consideration.

Staff are working diligently to complete the capital work plan according to schedule, however unplanned or unforeseen factors could arise and delay the completion date. Requests to move the budget forward into next year can be made as part of the regular year-end budget process.

Staff Levels

The City's full-time equivalent employees for 2021 is 900.05 as attached.