

The Regional Municipality of York

Committee of the Whole
Finance and Administration
September 9, 2021

Report of the Commissioner of Finance

2021 Operating and Capital Mid-Year Progress Report

1. Recommendations

1. Council approve changes to 2021 capital expenditures and Capital Spending Authority as well as associated funding sources, including an increase of \$0.4 million in Capital Spending Authority debt, \$2.8 million in 2021 budget, and \$0.7 million in Capital Spending Authority, as detailed in Attachments 3 and 4.
2. Council approve a draw of up to \$585,000 from the Cannabis Contingency Reserve Fund to fund unanticipated costs of cannabis-related investigations incurred by York Regional Police in 2021.

2. Summary

This report outlines mid-year financial results and provides an update on progress to date on expenditures and objectives outlined in the 2021 Budget. Regular performance monitoring helps ensure that York Region's 2021 service mandate of \$3.3 billion (operating and capital) will be delivered in a cost efficient and effective manner while managing the financial impacts of COVID-19.

This report also seeks Council's approval of reallocations between capital projects in a program group where there is a change in debt requirements, and approval of additional reallocations and expenditure requests that are beyond the scope of program group authority. Council approval is also requested to fund eligible expenses from the Cannabis Contingency Reserve.

Key points:

- Operating expenditures were 99% of the net operating budget at mid-year and are projected to be 96% of budget by year-end
- Capital expenditures were 79% of the capital budget at mid-year and are expected to reach 89% of the capital budget at year-end
- The total reprofiling request includes an increase of \$0.4 million in Capital Spending Authority debt, \$2.8 million in 2021 budget, and \$0.7 million in Capital Spending Authority

- York Regional Police expects to incur unbudgeted costs of \$585,000 due to cannabis-related investigations by year-end. Staff recommend that actual eligible expenses up to \$585,000 be funded by a draw from the Cannabis Contingency Reserve at year-end, to be reflected in the financial statements for 2021.

3. Background

On [March 25, 2021](#), Council approved the 2021 Budget. On [June 10, 2021](#), the Treasurer adjusted the capital budget to reflect new federal and provincial funding and on [June 24, 2021](#), Council approved further adjustments for capital reprofiling. This report provides a summary of 2021 budget-to-actual results as of June 30, 2021, and a 2021 year-end forecast for both operating and adjusted capital budgets.

To establish the anticipated spending profile over the year, departments allocate their budgets to the months in which the expenditures and revenues are expected to occur. The mid-year results included in this report are relative to this “calendarized” budget for the first six months of 2021.

While the 2021 budget included provisions for expected impacts of COVID-19, the mid-year results indicate that the timing of most of the net impacts was earlier than assumed in the budget calendarization process. As a result, most of the impact is expected to be resolved by year-end. Additional details on COVID-19 financial impacts were included in a Memorandum on Financial Impacts of COVID-19 to Council on [June 21, 2021](#). An update to the Memorandum, including results up to August 31, 2021, is planned for the September 23, 2021 Council meeting.

This report also seeks Council’s approval of additional reallocations between capital projects, which is an established practice. As the budget year progresses, the intent is to reallocate funding from projects that are progressing slower than anticipated, or where cost savings have been realized, to projects that are progressing faster than planned or experiencing cost pressures, thereby maximizing delivery of the capital plan.

4. Analysis

OPERATING MID-YEAR RESULTS

Regional net (tax levy) operating expenditures were 99% of the year-to-date budget at mid-year

For the first six months of 2021, net expenditures were \$632.7 million or \$6.3 million lower than the mid-year budget of \$639.0 million. The mid-year results are highlighted in Table 1 below and reflect the earlier timing of almost \$60 million in net impacts related to COVID-19 compared to the assumptions included as part of the budget calendarization process. Most of these impacts were driven by response efforts in Community and Health Services and are expected to be offset by Provincial funding that is expected to be received in the second half of the year. Net underspending in other areas more than offset this impact and resulted in

\$6.3 million in overall net underspending. Year-end net expenditures are projected to be at 95.8% of the budget, resulting in a potential surplus of \$51.4 million.

Please refer to Attachment 1 for the Consolidated 2021 Mid-Year Operating Summary.

Table 1
2021 Mid-Year Results - Operating

Department	Mid-Year Budget \$ Millions	Mid-Year Variance ¹ \$ Millions	Expended % Mid-Year	Expended % Year-End Forecast	Expended % Year-End 2020 Actual
NET EXPENSE VARIANCES					
Transportation Services	184.6	10.8	94.2%	95.3%	93.2%
Environmental Services (excluding Water and Wastewater)	30.6	2.3	92.4%	100.0%	99.5%
Community and Health Services	122.5	(16.4)	113.4%	86.3%	86.5%
Corporate Services	21.3	5.4	74.8%	95.1%	81.8%
Finance	25.8	1.3	94.8%	96.6%	90.0%
Court Services ²	(0.4)	(2.0)	n/a	n/a	n/a
York Region Rapid Transit Corporation	2.9	(0.3)	110.4%	100.0%	100.3%
YorkNet	1.0	(0.1)	106.8%	100.0%	100.0%
York Regional Police	180.3	(4.3)	102.4%	100.7%	101.2%
Other ³	70.5	9.7	86.3%	94.3%	74.9%
Total (Expenditures less Revenues)	639.0	6.3	99.0%	95.8%	92.6%

¹ Variances without brackets indicate an expense that is under-budget; brackets indicate over-budget expenditures

² Court Services net budget reflects an expected net recovery (i.e., budgeted revenues exceed budgeted expenditures). At mid-year, Court Services did not achieve a net recovery, resulting in a variance of (\$2.0M). Similar results are expected for year-end, with a projected variance of (\$6.2M).

³ Other budget includes contributions to reserves as part of the Fiscal Strategy (\$33.9M), External Partners (\$18.5), smaller departments (\$5.7) and corporately budgeted items in Financial Initiatives (\$12.5M)

Mid-year impacts of COVID-19 in Community & Health Services are expected to be managed within budget by year-end

Community and Health Services net expenditures were 113% or \$16.4 million higher than budget at mid-year. This was primarily due to higher than expected expenditures to support the pandemic response. Areas contributing to the higher costs included municipal, partner-led and mobile clinics, agency staffing, additional temporary resources and support for contact tracing. Additional technology needs and staff overtime in Access York also contributed to the net results to date.

Earlier this year, the Provincial Ministry of Health committed to funding extraordinary expenses related to the Public Health response in 2021. As a result, all associated expenses incurred by year-end are expected to be accommodated within the Public Health cost-shared budget and through expected funding for extraordinary expenses. However, funding was not realized by the end of the second quarter and therefore not reflected in the results to date.

Senior government funding helped to offset other response initiatives to date, including the self-isolation and transitional shelter costs that were supported by the Social Services Relief Fund, expenses related to Childcare Funding Reinvestment and Emergency Child Care and increased costs in long-term care for outbreak containment and prevention measures.

At year-end, Community and Health services is projecting lower than budget net spending by \$34 million, representing a net budget that will be 86% spent. Key drivers include higher than expected revenues for long-term care infection prevention and control measures, PPE and COVID-19 isolation units. Higher revenues are also expected for Homelessness Community Programs through the Social Services Relief Fund and Paramedic Services, including support to accommodate the recent Provincial Incident Management System and vaccination revenues. Lower spending is expected from the deferral of expenditures in non-essential areas, including hiring and the implementation of new programs.

Net expenditures in Public Health are also projected to be below budget at year-end. This is primarily due to expected Provincial support for a portion of costs related to permanent staffing supporting the COVID-19 response that were previously expected to be tax levy-funded. Public Health also anticipates lower than planned spending due to the redeployment of tax levy-funded resources to the COVID-19 response.

Housing Services, Integrated Children's Services, and Integrated Financial and Employment services are projecting lower than budget expenditures resulting from the deferral of expenditures in non-essential areas and lower than expected Ontario Works caseloads.

Impacts of COVID-19 in Court Services are expected to result in a budget pressure by year-end

Court Services reported higher than budgeted net expenditures of \$2.0 million largely due to the ongoing impacts of the COVID-19 pandemic, including limited access to courts and a reduction in tickets issued under the Provincial Offences Act. Reduced revenues of \$3.3 million were partially offset by lower spending of \$1.3 million in staffing and in professional contracted services.

The department's year-end projection assumes a continuation of the current, limited court operations for the remainder of 2021 and a resulting \$6.2 million shortfall compared to the budget amount.

A draw from the Cannabis Reserve would help address unexpected costs in 2021

At mid-year, York Regional Police reported net expenditures that were \$4.3 million higher than budget, representing 102.4% of the budget. This was primarily driven by higher than budget benefits due to the timing of Canada Pension Plan and Employment Insurance expenses, partially offset by lower than budget salaries due to delays in hiring civilian personnel, a net impact of \$3.0 million. Costs related to large scale investigations also contributed to higher than planned expenditures at mid-year. The mid-year results reflect the ongoing impacts of the COVID-19 pandemic, which contributed to lower revenues of approximately \$1.0 million compared to budget at mid-year, including \$0.8 million in reduced revenues from fees and paid duty services.

At year-end, York Regional Police expects to incur net expenses of \$2.4 million higher than budget. The projection is based on the expected ongoing impacts of COVID-19 on revenues and costs, including costs for personal protective equipment and cleaning. Ongoing uncertainty regarding Provincial revenues through the Guns and Gangs Special Investigation Fund is also contributing to the lower revenue projection. The year-end projection also reflects reduced spending measures implemented by York Regional Police to help minimize the expected variance.

The expenditure projections include unanticipated costs related to cannabis investigations totaling \$585,000. Expenses include overtime costs and equipment purchases. A funding offset for these costs is recommended through a draw from the Cannabis Contingency Reserve. The Reserve was established in 2019 for unanticipated cannabis related expenses. As of June 2021, the Cannabis Contingency Reserve balance was \$3.4 million.

Water and Wastewater expenditures were below budget and revenues were above budget at mid-year

User rates fund Water and Wastewater expenditures. This service has no tax levy impact. Any operating variances are addressed by contributions to or draws from water and wastewater reserves. The results included in this report incorporate Council's deferral of two previously approved rate increases of 9% and 2.9% that would have taken effect on April 1, 2020 and on April 1, 2021 respectively. The figures in this report include the impact of both revenue and expenditure changes. Table 2 outlines mid-year results for Water and Wastewater.

Table 2
Mid-Year Results – Water and Wastewater

Water and Wastewater	Budget \$ Thousands	Actuals \$ Thousands	Variance \$ Thousands
Expenditures			
Expenditures*	232,178	222,431	9,747
Contributions to reserves	83,056	99,200	(16,145)
Gross Expenditures	315,234	321,631	(6,397)
Revenues			
Revenues*	(315,234)	(320,438)	5,204
Draws from reserves	-	(1,193)	1,193
Total Revenues	(315,234)	(321,631)	6,397
TOTAL (After contributions to reserves)	-	-	-

* Excluding corporate allocations recovered from user rates

Water and wastewater expenditures were \$9.7 million lower than budget mainly due to recruitment delays resulting from the later budget approval and reduced reliance on temporary resources. Lower expenditures related to the Duffin Creek Wastewater Treatment Facility costs also contributed to the below budget results. These savings were partially offset by higher purchased water and wastewater costs due to higher flow volumes.

Revenue was \$5.2 million over budget primarily as a result of higher-than-budgeted water consumption volumes.

To ensure water and wastewater operations are fully supported by user rates, with no impact to the net tax levy, draws from and contributions to water and wastewater reserves are made, as required. To address the variances in water and wastewater operations at midyear, reserve contributions and draws were higher than budget by \$16.1 million and \$1.2 million, respectively.

For 2021 year-end, the mid-year trend is expected to continue for the balance of the year. However, any unexpected variances in water and wastewater net expenditures will be offset by contributions to or draws from reserves, as required. There is no anticipated variance for year-end.

Variations reported in other areas are expected to be managed within 2021 budgets

At mid-year, Transportation Services reported lower than expected expenditures and lower revenues, resulting in net expenditures of 94.2%, or \$10.8 million below the budgeted amount. Lower than expected transit ridership contributed to lower transit revenues of \$2.6 million compared to budget. The reduction was offset by transit service adjustments. Further savings of \$7.1 million resulted from lower spending in transit facility maintenance, utility, general and administration expenses, and salaries and benefits-. Roads year-to-date net operating expenditures were under budget by \$3.7 million due to lower than expected snow removal operations, lower than budgeted sand and salt used for winter road maintenance, and other savings, including salaries and benefits, office expense, maintenance, and telecommunications.

Transportation Services projects overall net expenditures to be under budget by \$16.2 million by year end. The year-end projection assumes transit ridership and spending will follow the mid-year trend. Transit ridership is expected to be at 35% of pre-COVID levels compared to 40% reflected in the budget. The transit fare revenue loss due to reduced ridership is expected to be offset by transit service adjustments by year-end. The department expects ongoing savings from the deferral of non-essential hiring and lower general and administration expenses, including transit facility/garage maintenance and utility spending, PRESTO farecard commission, winter maintenance costs due to fewer snow removal operations required, consulting, telecommunications, office expenses, training and convention.

Environmental Services reported net expenditures of \$2.3 million lower than budget at mid-year, representing 92.4% of the budget. This was mainly because of higher blue box and other revenues, lower costs for salaries and benefits and reduced processing costs resulting from lower than expected yard waste tonnage. This was partially offset by higher than budgeted costs to manage increased tonnages for green bin, blue box and residual waste attributed to COVID-19.

Environmental Services does not expect any variations at year-end, as expenditures planned for the first half of the year are later realized and higher waste management processing costs expected by year-end are offset by anticipated increases in revenues from blue box materials and from the Resource Productivity and Recovery Authority (RPRA).

Corporate Services reported \$5.4 million in lower than budget net expenditures, representing 74.8% of the budget. The main drivers included lower salaries and benefits costs due to vacancies, timing of recruitment and higher than expected revenues related to the department's support for the Region's Public Health COVID-19 response efforts. Lower-than-expected spending in facilities operations also contributed to the lower spending at mid-year and resulted primarily from Regional facilities not operating at full capacity due to remote work and restrictions on in-person services provided to the public during the pandemic.

Corporate Services is expected to be closer to budget by year end as expenditures planned for the first half of the year are later realized.

Other areas reported below budget net spending due to lower spending in contracted services and due to the timing of recruitments. YRRTC reported net overspending at mid-year as a result of lower capital project recovery relative to budget that is expected to be resolved by year-end. Lower than expected spending in corporate areas was primarily due to savings in contingencies and other corporately managed budgets.

CAPITAL MID-YEAR RESULTS

As of June 30, 2021, the Region’s capital expenditures were \$233.5 million, or 79% of the year-to-date capital budget and are expected to reach 89% at year-end

On [June 24, 2021](#), Council approved the Mid-Year Capital Reprofitting report. As part of the report, changes to Capital Spending Authority (CSA) and the current year capital budget for reprofiled projects were approved by reallocating funding from capital projects that were progressing slower than anticipated, or where cost savings have been realized, to those progressing faster than expected, or experiencing cost pressures. Capital reprofiling helps departments maximize delivery of the capital plan.

The budget figures contained in this report reflect reallocations and adjustments approved in the Mid-Year Capital Reprofitting report in June, but do not reflect the additional capital reprofiling requests outlined later in this report.

At 79% spent, mid-year expenditures are in line with last year’s results of 82%

The mid-year underspending of \$62.4 million was mainly due to timing of project delivery in York Region Rapid Transit Corporation (YRRTC), Environmental Services, Community and Health Services (CHS), and Finance.

Table 3 summarizes year-to-date results by department. Further details of mid-year departmental results and year-end forecasts are provided in Attachment 2.

**Table 3
Mid-Year Results – Capital**

Department	Mid-Year Budget \$ Millions	Mid-Year Variance \$ Millions	Expended % Mid-Year	Expended % Year-End Forecast	Expended % Year-End 2020 Actual
Transportation Services	118.4	3.0	97%	93%	67%
Environmental Services	82.5	15.1	82%	85%	85%
Community and Health Services	26.3	8.5	67%	77%	39%
Finance	14.3	7.0	51%	79%	38%

Department	Mid-Year Budget \$ Millions	Mid-Year Variance \$ Millions	Expended % Mid-Year	Expended % Year-End Forecast	Expended % Year-End 2020 Actual
Corporate Services	9.4	1.2	87%	75%	74%
Court Services	0	0	N/A	256%	148%
York Region Rapid Transit Corporation	26.6	23.6	11%	105%	68%
YorkNet	4.8	0.7	86%	96%	88%
York Regional Police	13.6	3.2	76%	89%	54%
TOTAL	295.9	62.4	79%	89%	68%

Note: numbers may not add due to rounding

Mid-year expenditures for Transportation Services reflected several projects proceeding faster than anticipated, including the asset management program. This was offset by other projects that experienced timing delays compared to the budget, mainly due to construction work on some projects not progressing as quickly as expected.

Environmental Services' mid-year underspending was mainly due to shifting of tender dates and tender results for a few water and wastewater projects, including 16th Avenue Phase 2 Sewer Rehabilitation, Keswick Sewage Pumping Station Upgrades, and South Maple Reservoir Upgrades. The portfolio underspending was partially offset by advancement and completion of the York Durham Sewage System Forcemain Twinning project.

Community and Health Services mid-year underspending was mostly the result of construction delays on the Unionville Seniors Affordable Housing project and pre-construction consulting work on two modular housing projects, as well as underspending on the Glen Cameron Paramedic Response Station following faster than expected progress in 2020.

Finance mid-year underspending was related to a variety of project delays including corporate departmental systems, finance management applications and network and data centre.

York Region Rapid Transit Corporation's mid-year underspending was primarily due to slower than expected receipt of invoices for the settlement of contractor claims and property matters on the Toronto York Spadina Subway Extension (TYSSE), and delays in the invoicing of preliminary design and engineering work for the Yonge North Subway Extension (YNSE). Additionally, procurement of a contractor to complete construction of Cornell Terminal has been delayed, with substantial completion now scheduled for Q4 2021.

Year-end Capital delivery is projected to be 89% of the approved 2021 capital budget

Capital expenditures at year-end are projected to be \$699.1 million, or 89% of the \$787.4 million 2021 budget. The projected 2021 year-end expenditures are slightly higher than the 2020 projected year-end expenditures of 85%. Actual expenditures at 2020 year-end were 68% of the budget. Given the nature of capital construction, some variance between actual and budgeted expenditures can be expected.

Transportation Services projects year-end underspending of \$25.0 million, or 7% of their capital plan in 2021. The 55 Orlando Garage Expansion is expected to be underspent \$19.9M in 2021 as a result of delays in the award of construction services. The total project cost remains on budget. The Mid Block Crossing of Highway 427, North of Langstaff Road, which is being managed by the City of Vaughan, has had some design changes leading to a reduction of \$2.0 million in the project budget. The road widening on Yonge Street (Davis Drive to Green Lane) is projected to be under budget by \$1.6 million due to delays in utility relocations and commencement of construction. Actual year-end expenditures on construction projects, which form the bulk of the capital plan, may change due to unexpected site conditions, unusual weather conditions or supply chain issues.

Environmental Services is forecasting year-end underspending of \$31.5 million, or 15% of their 2021 budget, mainly due to the revised timeline for the 16th Avenue Phase 2 Sewer Rehabilitation, which is scheduled to start construction in the fall 2021, and ongoing negotiations with the vendor to finalize the pre-purchase agreement for Incinerators 1 and 2 at Duffin Creek Water Pollution Control Plant, which is targeted for execution at the end of Q3, 2021.

Community and Health Services projects year-end underspending of \$15.6 million, or 23% of its 2021 budget. Lower than expected spending is mostly due to construction delays on two affordable housing projects, delayed delivery of Paramedic Services vehicles resulting from a global microchip shortage and savings associated with the closure of the Adult Day Centre Expansion project following approval of the Unionville Seniors Hub

Finance projects year-end underspending of \$5.2 million, or 21% of its 2021 budget. The lower than expected spending is primarily related to project delays for corporate departmental systems, finance management applications, and end-user devices and network and data centre.

Corporate Services projects year-end underspending of \$9.4 million, or 25% of their 2021 budget, primarily due to supply chain, procurement and COVID-19 related scheduling delays in facilities rehabilitation, replacement and renovation projects.

York Region Rapid Transit Corporation (YRRTC) is forecasting overspending of \$2.5 million, or 5% of their 2021 budget, due to increased costs to complete the Cornell Terminal project. YRRTC has requested additional expenditure to address these costs, with additional CSA being fully offset from Rapid Transit Initiatives.

York Regional Police projects year-end underspending of \$3.9 million, or 11% of their 2021 budget, primarily due to project and procurement delays for investigation software and forensic lab equipment, as well as an anticipated delay in spending for the construction of the #1 District Headquarters that will be paid for in 2022.

CAPITAL REPROFILING

Council provided authority to departments to reallocate funding between capital projects

As part of the 2021 Budget, Council provided authority for departments to reallocate funding between capital projects in Category 1, where there is no change in a program group's 2021 budget, 10-year capital plan or Capital Spending Authority (CSA), and the reallocation is between projects with similar funding sources.

However, in cases where the reallocation within a program group would result in a change to a project's CSA debt authority, Council approval is required.

As of June 30, 2021, there are no Category 1 requests that require Council approval.

Council approval is required for capital reallocations in Attachment 3, including an increase of \$0.4 million in 2021 CSA debt

Attachment 3 provides details on the proposed reallocations in Category 2, where expenditures, funding, or CSA is being reallocated outside of a program group or with dissimilar funding sources. Both the expenditure requests (including changes to CSA) and associated changes in funding sources require Council approval as they fall outside of the authority provided under the budget approval.

The reallocations in Attachment 3 result in no change to 2021 expenditures or 2021 CSA, and an increase of \$0.4 million in 2021 CSA debt.

Council approval is required for projects noted in Attachment 4, to increase 2021 Capital Budget and CSA by \$2.8 million and \$0.7 million, respectively

In some cases, an increase to the budget or CSA may be requested where no offset is available within the capital budget. These Category 3 requests are outlined in Attachment 4 and are considered on an individual basis. They are reviewed in relation to the Region's fiscal strategy, particularly the impact on debt and reserve levels.

Community and Health Services is requesting an additional \$0.05 million in 2021 expenditure and \$0.4 million in CSA to expand the Region's Vaccine Depot in support of its participation in the COVID-19 vaccination program. The additional request will be funded through the Pandemic Management Reserve and the project has an estimated total cost of \$2.0 million.

Court Services is requesting an additional expenditure allocation and CSA of \$0.3 million to expand remote testimony equipment into additional court rooms at 17150 Yonge Street, Newmarket to fund this emergency COVID-19 related purchase.

York Region Rapid Transit Corporation (YRRTC) is requesting an additional \$6.1 million in expenditures and \$6.2 million in CSA for its Bus Rapid Transit Facilities and Terminals program to complete the Cornell Terminal project following a declaration of default against the original contractor. The expenditure increase is partially offset by a \$3.7 million reduction in the Rapid Transit Initiatives program and the CSA increase is fully offset from Rapid Transit Initiatives.

The Treasurer has adjusted the Budget to reflect new or additional external funding

When Council approved the 2021 Regional Budget it authorized the Treasurer to adjust the Budget for any additional provincial and/or federal funding provided there is no tax levy impact.

Since the Budget was approved, the Region has received funding approval through the federal government’s Investing in Canada Infrastructure Program (ICIP) COVID-19 Resilience Stream and the provincial government’s Social Services Relief Fund (SSRF). Adjustments to the budget were made in June to reflect funding received through June 2, 2021. In July, the Region was notified of additional ICIP funding, resulting in \$3.67 million in funding adjustments to the capital plan for projects in Environmental Services, Transportation Services, and Corporate Services. The adjustments to the capital budgets for these departments are shown in Table 4.

Table 4
Budget adjustments to reflect new or additional external funding

Department	Project	External Funding Adjustment (\$ Millions)	Regional Funding Adjustment (\$ Millions)	Overall Adjustment (\$ Millions)
Corporate Services	14733: Development of New Facilities	0.6	(0.6)	-
Corporate Services	14703: Corporate Facilities Asset Renewal	0.5	(0.5)	-
Corporate Services	14855: Renovations of Existing Facilities	0.5	(0.5)	-
Environmental Services	14702: Energy Retrofit - Various Existing Buildings	0.24	(0.24)	-

Department	Project	External Funding Adjustment (\$ Millions)	Regional Funding Adjustment (\$ Millions)	Overall Adjustment (\$ Millions)
Transportation Services	TT82190: Bus Terminals, Loops & Stops – Replacement	0.1	(0.1)	-
Transportation Services	TT81589: YRT Garage Rehabilitation and Replacement	1.73	(1.73)	-
Total ICIP Funding Adjustments		3.67	(3.67)	-

There is no change to the Region’s 2021 capital expenditures as a result of these funding adjustments.

5. Financial

As of June 30, 2021, total net expenditures for Regional operations were \$632.7 million, or 99% of the year-to-date budget. Departmental year-end projections indicate that total net expenditures will be \$1,171.7 million or 96% of budget, representing a surplus of \$51.4 million, including the impacts of COVID-19.

As of June 30, 2021, total capital expenditures for the Region were \$233.5 million, or 79% of the year-to-date capital budget. Departmental year-end projections indicate that total capital expenditures will be \$699.1 million, or 89% of the 2021 capital budget, representing a surplus of \$88.3 million.

Reprofiling of the 2021 capital budget for reallocations with an expenditure offset as outlined in Attachments 3 will not result in a change to 2021 budgeted capital expenditures or CSA but will increase 2021 CSA debt by \$0.4 million. Reprofiling requests without offsets as outlined in Attachment 4 will result in an increase in 2021 capital budget of \$2.8 million and an increase in CSA of \$0.7 million.

6. Local Impact

There is no direct local municipal impact associated with this report. The Region’s budget funds essential services and capital infrastructure for residents and businesses in all local municipalities in the Region. The reprofiling changes outlined in this report help ensure that infrastructure delivery is maximized within the approved expenditures throughout the Region.

7. Conclusion

At mid-year, the Region has spent 99% of its year-to-date operating budget and 79% of its adjusted year-to-date capital budget. Departmental year-end projections indicate that total net expenditures will be 96% of the 2021 operating budget and 89% of the adjusted 2021 capital budget by year-end. Staff will continue to monitor the financial impacts of the COVID-19 pandemic and the expected impact on the budget.

Summaries of the 2021 operating and capital financial results and capital project reallocations have been appended to this report.

For more information on this report, please contact Kelly Strueby, Director, Office of the Budget at 1-877-464-9675 ext. 71611. Accessible formats or communication supports are available upon request.

Recommended by: **Jason Li**
Jason Li, CPA, CA
Acting Commissioner of Finance and Regional Treasurer

Approved for Submission: 
Bruce Macgregor
Chief Administrative Officer

August 26, 2021
Attachments (4)
eDOCS# 13106747