



## MEMO TO COUNCIL

TO: Vancouver City Council

FROM: General Manager of Financial Services/Director of Finance

SUBJECT: 2011 Operating Budget and Capital Budget - 3<sup>rd</sup> Quarter Review

The purpose of this memo is to provide Council with:

1. A review of the Q3 results and variances from the Q3 Operating Budget, projections to 2011 year-end for revenues and expenditures, with identification of any significant variances from the approved 2011 Operating Budget.
2. A review of the Q3 year-to-date results and variances from the 2011 Capital budget, projected spending across all capital projects compared to the overall project budget, with identification of any significant project variances from the approved Capital Budget.

This memo is prepared in place of a Council report which will not be issued this quarter. As the quarter financial report is for information only, it will be provided to Council as a memo and be placed on the City of Vancouver external website at <http://vancouver.ca/fs/budgetServices/index.htm>. This will enable Council to focus on the 2012 preliminary estimates for their Council Agenda the week of December 13, 2011, with this memo as background information.

### COUNCIL POLICY

Council's standing instructions require that the Director of Finance report on the status of the Operating Budget as at September 30 each year. Since 2010, the Director of Finance has committed to report quarterly on the Operating Budget status, and beginning in 2011, to also report quarterly on the Capital Budget status. Council Policy regarding the Operating Budget, as per Vancouver Charter, is to ensure a balanced operating budget.

Policy governing the Capital budget requires that any projects with deviations > 15% and \$50,000 be reported to Council and Council approval is required for new capital projects.

### A) Q3 2011 OPERATING BUDGET RESULTS AND FULL YEAR 2011 PROJECTION:

This 3rd Quarter Budget Review provides Q3 actual results compared to the Q3 budget, as well as the projected 2011 year-end revenues and expenditures compared to the budget approved by Council. The year-end projections are based on actual results for the first nine months of the year and best estimates of revenues and expenditures over the remaining three months.

Since mid-2010, quarterly reporting frameworks, systems and processes have been developed and have been used to inform and support the year-end projections.

It should be noted that there are still some variances to budget on a quarterly basis due to seasonality issues within the budget and some accounting processes that take place on an annual rather than quarterly basis, but the significant work to date is being reflected in increasingly refined quarterly numbers. These variances are adjusted for in the year-end projections contained in this report, and continue to be addressed in our budget and reporting process to better align the accuracy of quarterly budget profiling. One of the adjustments undertaken this quarter is the realignment of revenue and expenditures budgets within the Park Board to better reflect their seasonal operations. The realignment had no net impact on the Park Board global budget position as previously approved by Council.

The approved 2011 contingency budget of \$4 million has a current unallocated balance of \$2 million, following draws of \$0.5M for January 2011 snow removal, \$0.4M funding for the Terry Salman Branch priority initiative, and \$1M for the Stanley Cup playoffs (RTS 9324). Further draws in the remainder of the year include potential December snow removal. Projections assume that the 2011 contingency will be fully expended by year-end.

This memo gives an indication of the financial status of City Departments and Boards looking forward to the end of 2011. In summary, the City is tracking towards a balanced budget, with a small surplus projected to year end. Balancing the budget will continue to require careful oversight by the Corporate Management Team across all Departments and Boards.

## Summary of Operating Budget Variances

### Q3 Results and Variances

Table 1 summarizes 2011 Q3 results vs. budget. Appendix A provides details of Q3 actual results and variance to budget.

Table 1 - 2011 Q3 Operating Budget Review Summary

\$ millions	Q3 Plan	Q3 Actuals	Q3 Variance \$	Q3 Variance %
TOTAL REVENUES	240.4	237.2	(3.2)	(1.3%)
TOTAL EXPENDITURES	292.9	288.9	4.0	1.4%
NET BUDGET POSITION	(52.5)	(51.7)	0.8	

Q3 actual results show a net budget position of (\$51.7) million, as expenditures exceeded revenues during the quarter. This result is as planned, with a minor variance of \$0.8 million, and is due to the fact that revenues and expenditures have different seasonality through the year.

Revenues are below budget by \$ 3.2 million due to:

- Utility revenue below budget due to lower than planned water consumption
- Municipal by-law revenue below budget as fewer parking tickets were issued
- Parks revenue below budget due to inclement weather in the early summer
- Revenues reductions are partially offset by higher than budgeted Service and Inspection fees

Expenditures are below budget by \$4 million in the quarter due to:

- Timing differences in recording of expenditures and quarterly budget
- Savings in a number of departments, including Business Planning, Fire, Library due to cost savings and strategic management of vacancies

## 2011 YEAR END PROJECTION

Table 2 summarizes the 2011 revenue and expenditure Year End projections. Appendix B provides additional detail of this projection.

Table 2 - 2011 Operating Budget Review Summary (Full Year Projection)

\$ millions	Annual Plan	Projected Year-End	Variance \$	Variance %
TOTAL REVENUES	1,037.9	1,033.7	(4.2)	-0.13%
TOTAL EXPENDITURES	1,037.9	1,031.9	6.0	0.27%
NET BUDGET POSITION	(0.0)	1.8	1.8	

Based on the results to date and initial projections for the remaining three months of the year, the Operating Budget is expected to be in a surplus position of \$1.8 million for the year. This position includes an estimate of year end transfers to reserves primarily in the area of debt, insurance and deferred payroll costs to provide for the City's unfunded liability.

Revenues are anticipated to be \$4.2 million lower than budget at year-end primarily due to Park Board revenue being impacted by inclement weather in the spring and early summer and Parking Meter Revenue below expected forecasted levels for 2011. These shortfalls are partially offset by stronger than budgeted Service and Inspection Fees.

Total expenditures are anticipated to be \$6.0 million less than budget at year-end, made up from a number of other variances, positive and negative across departments. These projections reflect the significant work by departments to meet the challenges of the 2011 budget. Specifically, departments are closely managing vacancies and spending. Ongoing review of revenues and monitoring of expenditures over the remaining months will take place.

### 1. Variances to Revenue Budget

There are several areas where revenues are expected to exceed budget and where shortfalls are anticipated.

#### Projected Year-End Variance as at 3<sup>rd</sup> Quarter

Payment in Lieu of Taxes \$0.4 million

Payments-in -Lieu-of-Taxes are expected to exceed budget by year-end due to higher than expected revenues from some large in-lieu properties.

License Fees \$0.6 million

License fees are tracking above budget mainly due to higher than anticipated Business License fees.

**Service and Inspection Fees** **\$4.7 million**

After the global economic decline that began in 2008, the development market showed significant signs of improvement throughout 2010. This trend is projected to continue through 2011, and although the operating budget for service and inspection fees was increased for 2011 to reflect the increasing activity in the market, Service and Inspection fees are forecasted to exceed this budget by \$4.7 million by year-end.

**Municipal By-Law Fines** **(\$1.6 million)**

Municipal By-Law Fines are forecasted to be lower than budgeted primarily due to a lower number of tickets issued.

**On-Street Parking Revenues** **(\$3.3 million)**

Although On-Street Parking meter revenue has increased over 2010 levels, the year-end revenues are projected to be lower than budget by \$3.3 million. This projection is based upon three quarters of 2011 parking revenue levels being below forecast, largely the result of decreased revenue from vehicles parking downtown.

**Miscellaneous Revenues** **\$0.3 million**

Service Agreement fees and Property Tax search fees are projected ahead of expectations and are anticipated to end the year with a slight surplus.

**Short-term Interest** **\$0.9 million**

Higher cash balances at the start of the year continue to offset lower than budgeted interest rates.

**Provincial Revenues** **(\$0.1 million)**

The City's share of Gaming revenue from the Edgewater and Hastings casino's is expected to be \$0.1 million lower than originally budgeted.

**Civic Theatres Revenues** **(\$0.7 million)**

The Civic Theatres department is projecting a shortfall of \$0.7 million mainly attributable to lower than anticipated show bookings and rental income.

**Park Board Revenue** **(\$1.5 million)**

The Park Board anticipates a revenue shortfall of \$1.5 million in areas impacted by unseasonably poor weather in the second and third quarters, such as parking, golf, pitch & putt and concessions.

**Utilities Revenue** **(\$3.9 million)**

Utilities Revenue, including both Water and Sewer, is projecting a shortfall of \$3.9 million mainly due to lower water consumption within the Water Utility. Any net operating surplus or deficit is offset by a transfer to or from the Rate Stabilisation Reserves at year end. (see Expenditures)

**Other Revenues/Transfers** **Balanced**

Revenues that are expected to be on budget, or with minor variances, by year-end include Property Taxation, Civic Property Rentals and Transfers.

<b>Net Revenue Deficit</b>	<b>(\$4.2 million)</b>
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## 2. Variances to Expenditure Budget

As indicated in Appendix B, several departments are projected to complete the year with expenditures close to the budgets approved by Council in December 2010. Below are explanations for any projected surplus or any shortfalls that have been identified based on the first nine months of the year's results and anticipated events for the remaining three months. It is the responsibility of departments to remain within budget by adjusting expenditures as necessary with the exception of expenses that are beyond their control. In the remaining months of the year, adjustments to expenditures through vacancy management and spending constraints will continue to be made as new information and estimates are developed.

Projected Year-End  
Variance as at 3<sup>rd</sup> Quarter

**Utilities Expenditures** **\$3.9 million**

Utilities expenditures are below budget in both Water and Sewer utilities, and are projected to have a net surplus of \$3.9 million, after transfers to the Rate Stabilisation Reserves. The lower expenditures are primarily due to reduced water purchases related to lower water consumption within the Water Utility. (see Revenues)

**Engineering Services** **(\$0.6 million)**

Engineering Services is projecting a shortfall of \$0.6 million, due in part to additional expenditures related to street lighting and road pavement maintenance.

**Business Planning** **\$1.6 million**

Business Planning is projecting a surplus of \$1.6 million due mainly to cost management for building services, including labor and related materials, as well as salary savings from strategic management of vacancies in other areas.

**Fire Department** **\$0.4 million**

Vancouver Fire and Rescue Services are anticipating a surplus of \$0.4 million. This variance is mainly related to vacancy savings and lower than budgeted communications equipment expenditures. This is partially offset by higher than anticipated facilities and fleet costs, and retirement payouts.

**Office of the City Manager** **\$0.3 million**

The Office of the City Manager is projecting to be under budget by \$0.3 million mainly due to vacancy savings.

**Civic Theatres** **\$0.2 million**

The Civic Theatres department is projecting lower than budgeted expenditures reflecting reduced costs associated with lower than anticipated show bookings (see Revenues).

**Library Board** **\$0.3 million**

The Library Board anticipates a \$0.3 million surplus at year end primarily from turnover and strategic filling of vacant positions.

**Community Services** **\$0.4 million**

Community Services (CSG) is anticipating a \$0.4 million surplus due to expected vacancy savings in the areas of Planning, Social Development, Development Services, and Licensing and Inspections, and savings in various non salary accounts. This is offset by increased bank charges for debit and credit card transactions.

**Debt Charges** **(\$0.7 million)**

Debt expenditures are forecasted to exceed budget by \$0.7 million mainly due to lower than anticipated investment income in the Sinking Fund.

**City Clerks** **(\$0.3 million)**

City Clerks is projecting a shortfall of \$.3 million, primarily due to additional Election costs from additional Advanced Voting days.

**Park Board** **(\$0.1 million)**

The Park Board is forecasting expenditures to exceed budget by \$0.1 million, primarily from increased park maintenance and arboriculture costs reflecting the cooler wetter weather during the year. This is partially offset by lower expenditures for revenue programs due to decreased activity.

**Financial Services** **\$0.2 million**

A surplus of \$0.2 million is expected for Financial Services mostly due to vacancies and reduced spending on training, consulting and IT expenses.

**Other Departmental Variances** **Balanced**

The remaining departments are projecting to be balanced, or with minor variances, by year-end. They include: Mayor and Council, Equal Employment Opportunity Program (EEO), Law, Britannia, Civic Grants, Human Resources, Vancouver Police Department and General Government.

<b>Net Expenditure Surplus</b>	<b>\$6.0 million</b>
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<b>Target Year-End Projection for Net Plan Position</b>	<b>\$1.8 million</b>
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**B) Q3 2011 CAPITAL BUDGET RESULTS AND FULL YEAR 2011 PROJECTION:**

In 2011, the finance organization initiated a project to develop Capital budget quarterly financial reporting for Management and Council. This is the third quarterly report on the Capital Budget, and reflects the continuing evolution of our financial reporting processes to improve transparency and accountability for the City's financial performance.

There are significant spending variances compared to budget on a quarterly basis due to the timing of project expenditures within the year. These variances are adjusted in the year-end projections contained in this report. As this is the first year of quarterly reporting, seasonality of the budget is still being developed and understood, and will continue to improve over time. Continued refinement of our processes will improve the visibility into our capital spend going forward.

**Capital Status as of September 30, 2011****Summary:**

Year-to-date capital expenditures are \$188 million as of September 30, 2011, compared to a full-year 2011 budget of \$330 million (excluding debenture and overhead costs). This represents 57% of the 2011 Capital Budget.

While the Operating Budget is built to reflect operating costs for one year only, the Capital budget reflects one year of what can be multi-year Capital projects. For this reason, Capital projects are viewed on both an annual budget basis, and a total project basis.

A review of project expenditures relative to the project budget (which may cross calendar years), identifies which projects will be completed on or under budget and which are projected to have variances above budget. As of September 30, 2011, Capital programs/projects underway at this time have budgets totaling \$1.055 billion, with actual expenditures to date of \$810.1 million and an unspent total balance of \$245.4 million, and are estimated to have a \$18.6 million projected positive variance relative to the total project budgets. A detailed analysis of projected expenditures and variances has been completed for all large projects, defined as projects with a total budget greater than \$0.5 million.

These results reflect the enhanced monitoring and oversight put in place through the Capital Program Review.

**Q3 YTD 2011 Expenditure vs. 2011 Budget:**

Table 2 below provides a summary of year-to-date capital expenditures as of September 30, 2011 compared to the full-year 2011 budget. When all projects are included, 57% of the 2011 budget has been spent by the end of the third quarter of 2011. Looking at just the large projects, 61% of the 2011 budget has been spent. Large projects account for 89% of the 2011 budget and 95% of the year to date expenditures in 2011.



TABLE 2: LARGE PROJECTS AS A PERCENT OF ALL PROJECTS

Expenditures to September 30 versus 2011 Budget All Projects versus Projects With Total Budget >= \$0.5M			
	YTD Expenditures to Sept 30, 2011	2011 Budget (\$M)	% of Total Spent YTD Q3
All Projects	\$187.9	\$329.3	57%
Large Projects*	\$178.0	\$292.1	61%
Large Projects as a % of Total Projects	95%	89%	

\* Large Projects are defined as those projects with a total budget >=\$0.5 Million

### Large Projects

The actual 2011 expenditures for large projects (projects with total project budgets greater than \$0.5 million) as of September 30, 2011 total \$178 million and the projected expenditures for the remainder of 2011 total \$83.6 million for a revised 2011 projection of \$262.6 million. This results in a projected positive variance of \$30.3 million for year-end when compared to the 2011 Capital Budget.

It is important to note that this projected variance is largely due to timing differences as budgeted 2011 expenditures have been shifted to 2012 due to delays (tenders & award delays, weather, shifting priorities). Projects are therefore also reviewed based on project budgets compared to forecast costs at completion to understand the actual project status.

Table 3 below shows a breakdown by department of the 2011 expenditures to date and the projected expenditures to year end compared to the 2011 Capital Budget..

TABLE 3: 2011 PROJECTED EXPENDITURES FOR PROJECTS &gt;= \$0.5 MILLION

2011 Projected Expenditures for Projects with Budgets >= \$0.5 Million (\$000's)					
Department/Area	2011 Capital Budget	Actual Expenditures to Sep 30, 2011	Projected Expenditures Oct to Dec 2011	2011 Projected Expenditures	2011 Projected Expenditure Variance to Year-End
Engineering Services - Public Works	51,273	47,684	10,535	58,219	(6,945)
Engineering Services - Utilities	75,061	54,070	20,903	74,973	89
Neighbourhood Energy Utility	4,960	2,144	2,360	4,504	456
Landfill	10,870	2,482	4,131	6,613	4,257
Parking Operations	1,082	1,247	158	1,405	(322)
Easy Park	2,735	759	1,901	2,660	75
Parks & Recreation	43,301	31,092	14,387	45,479	(2,178)
Community Services	38,964	3,434	10,042	13,476	26,238
Civic Property Management	17,294	7,921	4,775	12,776	4,518
Information Technology	18,469	6,082	4,851	11,216	7,253
Vancouver Police Department	11,577	15,717	5,654	21,371	(9,794)
Vancouver Fire & Rescue Services	7,668	3,405	2,235	6,279	1,389
Library	4,867	1,986	1,140	3,126	1,741
Other	4,000	0	500	500	3,500
<b>TOTAL</b>	<b>292,123</b>	<b>178,022</b>	<b>83,573</b>	<b>262,597</b>	<b>30,276</b>

**Project Portfolio Review:**

Table 4 below shows a summary of the status of large projects as of September 30, 2011 by department. A Capital project is considered to be over or under budget when the final costs are 15% or more and a minimum of \$50,000 over/under budget. Of the 222 open large projects, 154 (69%) are projected to be finished on budget, 40 (18%) are projecting a variance between 5%-15%, and 28 (13%) are projecting a variance of greater than 15%, resulting overall in a \$18.6 million projected positive variance relative to the total project budgets. These projects have completion dates extending into 2012, with some extending into 2013.

TABLE 4: STATUS OF OUTSTANDING CAPITAL BUDGETS FOR PROJECTS &gt;= \$0.5 MILLION @ SEP 30, 2011

Outstanding Capital Programs/Projects with Budgets >= \$0.5 Million (\$000's)				
Department/Area	Project Budget	Actual Expended	Balance	Projected Variance
Engineering Services - Public Works	187,948	143,321	44,627	8,802
Engineering Services - Utilities	189,332	166,170	23,162	(85)
Neighbourhood Energy Utility	38,536	33,092	5,443	570
Landfill	28,643	21,568	7,075	819
Parking Operations	7,323	7,031	292	134
Easy Park	3,764	1,697	2,067	0
Parks & Recreation	177,452	149,015	28,437	2,353
Community Services	122,667	71,656	51,012	2,868
Civic Property Management	79,685	67,289	12,396	52
Information Technology	65,446	46,600	18,847	2,142
Vancouver Police Department	73,605	66,834	6,771	(73)
Vancouver Fire & Rescue Services	14,325	6,903	7,422	1,020
Library	8,128	5,141	2,986	20
Other	4,000	0	4,000	0
<b>TOTAL</b>	<b>1,000,853</b>	<b>786,315</b>	<b>214,537</b>	<b>18,622</b>

The total budget for these large projects is \$1.0 billion. As of September 30, 2011, \$786.3 million of this budget has been spent. The projected variance at completion is a \$18.6 million surplus projected on projects with completion dates to 2013.

Some of the major areas contributing to this surplus are:

- Engineering - Public Works - Reduced scope and deferral of some projects and contracts coming in under budget; (\$8.9 million)
- Parks and Recreation - Phase 2 of Emery Barnes Park came in under budget (\$1.7 million)
- Parks and Recreation - Tenders came in under budget for Synthetic Turf Fields (\$1.3 million) and Trout Lake Community Centre (\$0.8 million)
- Community Services - Reduced scope of Queen Elizabeth Theatre redevelopment (\$1.8 million)
- Vancouver Fire & Rescue - Construction costs for Fire Hall #15 replacement less than anticipated (\$1.0 million)
- Information Technology - The Access Vancouver 311 project component came in under budget as a result of more extensive use of internal resources. (\$1.0 million)

### Federal and Provincial Infrastructure Projects

In 2010, 31 capital projects with an overall budget of \$160 million received funding through the Infrastructure Stimulus programs, including \$53.5 million in Federal Infrastructure

Stimulus and Recreational Infrastructure Canada (RinC) funding and \$10 million in infrastructure funding through the Province. This funding contribution of \$63.5 million from senior government Infrastructure Stimulus Programs was included in the 2010 Capital Budget.

As of September 30, 2011, 24 projects were completed (22 ISF projects and 2 RinC projects), with substantial completion of the remaining 7 (ISF) projects expected in October. All of the City of Vancouver projects under the Infrastructure Stimulus programs met the completion deadline set by the Federal government.

Due to expansion in project scope for some ISF projects (e.g. Van Dusen Garden, NEU), additional funding was required and the total budget for all ISF and RinC projects was increased to \$161.5 million. As at the end of Q3 of 2011, the actual expenditure was \$146 million (91%), with \$48 million funding received from the senior governments.

Based on current estimates, the ISF projects are expected to be completed within the revised budget. However, due to the ineligibility of some project costs for Federal Infrastructure funding, some budget reallocations among projects and from the 2011 Capital Budget will be required to cover the additional City contribution and to maximize the Federal contribution. The major projects that require additional funding are: VPD Relocation, Van Dusen Garden New Visitor Centre, English Bay Seawall and the Sewer projects.

The federal government requires an audit report to be submitted for individual projects before the final claim deadline of January 31, 2012. The audit process is currently underway. The federal funding for ISF and RinC projects will be finalized in early 2012.

## **CONCLUSION**

### **OPERATING BUDGET:**

Current estimates as at the end of 3<sup>rd</sup> Quarter project the Operating Budget to be in a surplus position of \$1.8 million by year-end, including estimated year-end adjustments to the Deferred Payroll Costs reserve and transfers to other reserves.

The projected year-end position will change given that the estimates are based on nine months of actual performance and that unanticipated items between now and year-end will impact the City's bottom line. For this reason, Departments and Boards will continue to monitor their budgets carefully and to adjust expenditures accordingly to ensure a balanced year-end position.

### **CAPITAL BUDGET:**

\$188 million in capital expenditures have been made as of the end Q3 of 2011 against an annual 2011 budget of \$329 million. On review of project portfolio performance, to date, it is estimated that of the 222 open projects with budgets of \$0.5 million or more, 154 (69%) are projected to finish on budget, 40 (18%) are projecting to finish under budget and 28 (13%) are projecting a deficit, with a total overall estimated surplus of \$18.6 million on a total project budget basis.

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*DEPARTMENTAL APPROVAL AND REPORT CONCURRENCES*

General Mgr./Dept. Head:

Report Date:

Author:

Date:

Phone No.:

This report has been prepared in consultation with the departments listed to the right, and they concur with its contents.

## Appendix A

## 2011 Operating Budget Q3 Plan to Actual Review Summary

\$ millions	Q3 Plan	Q3 Actuals	Q3 Variance \$	Q3 Variance %
<b>REVENUES</b>				
Taxation - Other Authorities	(3.9)	(4.3)	(0.3)	8.1%
Property Taxation	147.2	146.7	(0.5)	(0.3%)
Payments in Lieu (PIL)	13.9	14.7	0.9	6.2%
License Fees	0.6	0.6	0.1	9.8%
Service & Inspection Fees	7.0	9.9	2.8	40.0%
Municipal By-Law Fines	4.9	2.8	(2.2)	(44.1%)
Parking Meter Revenue	10.8	9.9	(0.9)	(8.3%)
Civic Property Rentals	0.3	0.2	(0.0)	(9.1%)
Miscellaneous Revenue	2.3	2.7	0.5	21.1%
Short-Term Interest	3.5	3.6	0.1	3.8%
Provincial Revenues	5.4	3.5	(1.9)	(34.6%)
Civic Theatres Revenue	1.2	1.2	0.0	0.9%
Park Board Revenue	16.4	16.7	0.2	1.3%
Utilities Revenue*	31.0	28.9	(2.0)	(6.6%)
Transfers	0.0	0.0	0.0	0.0%
<b>TOTAL REVENUES</b>	<b>240.4</b>	<b>237.2</b>	<b>(3.2)</b>	<b>(1.3%)</b>
<b>EXPENDITURES</b>				
Mayor	0.2	0.2	(0.0)	(0.6%)
Council	0.3	0.3	0.0	12.2%
Office Of the City Manager/Emergency Mgmt	2.3	2.0	0.3	13.6%
Equal Employment Opportunity	0.1	0.1	0.0	10.8%
Law Department	1.4	1.1	0.3	22.2%
Civic Theatres	1.1	1.2	(0.1)	(11.7%)
Britannia Community Services	0.9	0.8	0.0	5.4%
City Clerk's	1.2	1.3	(0.1)	(9.7%)
Community Services Group	12.1	12.5	(0.4)	(3.2%)
Civic Grants	2.4	3.0	(0.6)	(24.2%)
Business Planning & Services	10.0	8.9	1.1	10.7%
Engineering Public Works	15.7	16.5	(0.9)	(5.5%)
Utility Expenditures*	88.4	87.3	1.1	1.2%
Human Resources	2.2	2.1	0.1	4.0%
Fire Department	21.9	20.6	1.4	6.3%
Library Board	8.7	8.4	0.3	3.4%
Park Board	26.6	28.9	(2.3)	(8.5%)
Police Board	50.7	48.0	2.6	5.2%
General Government / Contingency	38.0	37.4	0.6	1.7%
Contingency Reserve	0.0	0.0	0.0	100.0%
Financial Services	8.3	7.9	0.4	5.3%
Total Debt Charges	0.3	0.4	(0.1)	(32.3%)
<b>TOTAL EXPENDITURES</b>	<b>292.9</b>	<b>288.9</b>	<b>4.0</b>	<b>1.4%</b>
<b>NET BUDGET POSITION</b>	<b>(52.5)</b>	<b>(51.7)</b>	<b>0.8</b>	

\*Other than Sewer expenditures covered by increased revenues, year-end surplus or deficit in the utilities are transferred to reserve.

It should be noted that there are still a number of variances to budget on a quarterly basis due to seasonality issues within the budget and some accounting processes that take place on an annual rather than quarterly basis. Significant work on moving from annual to quarterly reporting processes is being reflected in increasingly refined quarterly numbers. These variances are adjusted for in the year-end projections contained in this report, and continue to be addressed in our budget process to better align the quarterly budgets to expected quarterly results.

## Appendix B

## 2011 Operating Budget - Full Year Projection

\$ millions	Annual Plan	Projected Year-End	Variance \$	Variance %
<b>REVENUES</b>				
Property Taxation	585.7	585.7	0.0	0.0%
Payments in Lieu (PIL)	37.7	38.0	0.4	1.0%
License Fees	15.7	16.3	0.6	3.8%
Service & Inspection Fees	28.7	33.4	4.7	16.5%
Municipal By-Law Fines	19.8	18.2	(1.6)	-8.0%
Parking Meter Revenue	42.1	38.8	(3.3)	-7.8%
Civic Property Rentals	1.0	1.0	(0.0)	0.0%
Miscellaneous Revenue	7.5	7.8	0.3	4.4%
Short-Term Interest	11.8	12.7	0.9	7.4%
Provincial Revenues	21.7	21.6	(0.1)	-0.5%
Civic Theatres Revenue	8.5	7.8	(0.7)	-8.1%
Park Board Revenue	47.4	45.9	(1.5)	-3.2%
Utilities Revenue*	199.7	195.8	(3.9)	-2.0%
Transfers	10.7	10.7	0.0	0.0%
<b>TOTAL REVENUES</b>	<b>1,037.9</b>	<b>1,033.7</b>	<b>(4.2)</b>	<b>-0.4%</b>
<b>EXPENDITURES</b>				
Mayor	0.9	0.9	0.0	1.8%
Council	1.3	1.2	0.1	6.0%
Office of the City Manager	7.9	7.6	0.3	3.6%
Equal Employment Opportunity	0.6	0.6	(0.0)	0.0%
Law Department	4.7	4.5	0.2	3.6%
Civic Theatres	6.0	5.8	0.2	4.2%
Britannia Community Services	3.4	3.3	0.0	1.2%
City Clerk's	5.0	5.3	(0.3)	-6.6%
Community Services Group	47.6	47.2	0.4	0.9%
Civic Grants	16.5	16.5	0.0	0.0%
Business Planning & Services	40.3	38.7	1.6	4.0%
Engineering Public Works	64.9	65.5	(0.6)	-0.9%
Utility Expenditures*	228.2	222.3	5.9	2.6%
Human Resources	8.3	8.3	0.0	0.0%
Fire Department	87.7	87.3	0.4	0.5%
Library Board	37.8	37.5	0.3	0.8%
Park Board	103.0	103.1	(0.1)	-0.1%
Police Board	204.5	204.5	0.0	0.0%
General Government / Contingency	76.8	76.8	0.0	0.0%
Financial Services	34.2	34.0	0.2	0.5%
Total Debt Charges	57.5	58.2	(0.7)	-1.2%
<b>TOTAL EXPENDITURES</b>	<b>1,037.2</b>	<b>1,029.2</b>	<b>7.9</b>	<b>0.8%</b>
Transfer to/from Utilities Reserve*	0.7	2.7	(2.0)	
<b>REVISED ESTIMATED EXPENDITURES</b>	<b>1,037.9</b>	<b>1,031.9</b>	<b>6.0</b>	
<b>NET BUDGET POSITION</b>	<b>(0.0)</b>	<b>1.8</b>	<b>1.8</b>	

\*Other than Sewer Utilities, year-end surplus or deficit in the utilities are transferred to reserve.