

<b>TO:</b>	<b>CHAIR AND MEMBERS FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING ON DECEMBER 12, 2011</b>
<b>FROM:</b>	<b>MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>2011 OPERATING BUDGET STATUS – THIRD QUARTER REPORT</b>

<b>RECOMMENDATION</b>
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1. That the 2011 Operating Budget Status – 3<sup>rd</sup> Quarter Report for the General (Property Tax Supported refer to **Appendix A**), Water and Wastewater Budgets **BE RECEIVED** for information, it being noted that Civic Administration is projecting:
  - a) a \$4.6 million in savings for the General (Property Tax Supported) budget, noting that the year end position could fluctuate significantly based on factors beyond the control of Civic Administration such as Ontario Works caseload and winter maintenance;
  - b) a \$0.1 million deficit in the Water rate supported budget; and
  - c) a \$1.0 million in net savings in the Wastewater & Treatment rate supported budget.

It being noted, consistent with Council resolution, the projected \$ 4.6 million in savings would be contributed to the Operating Budget Contingency Reserve at year end, the \$0.1 million deficit in the Water rate supported budget would be offset by a draw down from the Water Works Capital Reserve Fund, and that the \$1.0 million in net savings in the Wastewater & Treatment budget will be contributed to the Wastewater Rate Stabilization Reserve and/or the Sewer Works Reserve Fund.

2. That Civic Administration's contribution of \$959,433 (\$841,457 – property tax supported; \$101,331 – wastewater; and \$16,655 – water) to the Efficiency, Effectiveness, and Economy Reserve (formerly Vacancy Management Reserve) **BE RECEIVED** for information.
3. That with respect to the 2011 Transit Area Rate surplus, if any, Civic Administration **BE AUTHORIZED** to cancel authorized but unissued debt for transit purposes.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- **2011 Operating Budget Status – 2<sup>nd</sup> Quarter Report**  
(September 14, 2011 meeting of Finance and Administration Committee, Consent Item # 4)  
<http://council.london.ca/meetings/FAC%20Agendas/2011-04-13%20Agenda/Item%204.pdf>
- **World Figure Skating Championship** (August 17, 2011 meeting of Finance and Administration Committee, Agenda Item # 6)  
<http://council.london.ca/meetings/FAC%20Agendas/2011-08-17%20Agenda/Item%206.pdf>
- **Labatt Sanitary Siphon Cleaning & Inspection RFP No. 11-30** (September 26, 2011 meeting of Built and Natural Environment Committee, Agenda Item # 8 )  
<http://council.london.ca/meetings/BNEC%20Agendas/2011-09-26%20Agenda/Item%208.pdf>
- **Service London** (September 28, 2011 meeting of Finance and Administration Committee, Agenda Item #5 )

<b>BACKGROUND</b>
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The 2011 Operating Budget Status - Third Quarter Report provides a review and analysis of the general operating budget for the January 1<sup>st</sup> to September 30<sup>th</sup>, 2011 time period. **Appendix A** compares actual costs incurred as of September 30<sup>th</sup>, 2011 for the Property Tax Supported Budget. The comparison of actual costs incurred by Service Grouping to the annual budget can assist administration and Council in projecting the year end surplus/(deficit) positions and highlight any potential pressure points in future budgets.

**2011 GENERAL (PROPERTY TAX SUPPORTED) BUDGET**

Outlined in the table below is a comparison of net costs incurred as of September 30<sup>th</sup>, 2011 in comparison to costs incurred as of September 30<sup>th</sup>, 2010 for the property tax supported budget.

	<b>Net Budget</b> (\$ millions)	<b>As at September 30</b> (\$ millions)	<b>% Spent</b>
2011	\$462.7	\$296.6	64.1%
2010	\$456.4	\$300.8	65.9%

As of September 30, 2011, Civic Administration is projecting a savings in the in the property tax supported budget. Outlined below are some of the key items that are contributing to the projected year end position.

	<b>\$ millions</b> <b>3<sup>rd</sup> Quarter</b> <b>Forecast</b>	<b>\$ millions</b> <b>2<sup>nd</sup></b> <b>Quarter</b> <b>Forecast</b>
<ul style="list-style-type: none"> <li>Planned Savings – anticipated net savings in Social &amp; Health Services (\$1.6 m), Planning &amp; Development Services (\$0.1 million), Protective Services (\$ 0.2 million), Transportation Services (\$0.8 million), Corporate, Operational and Council Services (\$ 1.7 million) due to personnel gapping and cost containment initiatives.</li> </ul>	4.5	2.4
<ul style="list-style-type: none"> <li>Increase in Ontario Works funding model implemented in April 2011 resulting in additional funding to the City.</li> </ul>	4.0	3.8
<ul style="list-style-type: none"> <li>Anticipated revenue from supplementary taxes greater than anticipated based on billings to date.</li> </ul>	3.0	1.0
<ul style="list-style-type: none"> <li>Higher than anticipated revenue in Long Term Care Services, Parking Services, Finance, Realty and DABU service fees is expected if trend continues.</li> </ul>	1.0	0.9
<ul style="list-style-type: none"> <li>Ontario Works caseload savings based on lower than anticipated number of cases to date and case cost.</li> </ul>	1.0	0.5
<ul style="list-style-type: none"> <li>Net savings in Social Housing costs resulting from mortgage renewal interest savings and reconciliations or prior year subsidies partially offset by higher costs experienced at the London &amp; Middlesex Housing Corporation. These reduced costs are partially offset by a reduction in county revenue.</li> </ul>	0.8	0.4
<ul style="list-style-type: none"> <li>Lower than anticipated Building Permit revenue anticipated based on trends to date offset by a draw down from the Building Permit Reserve.</li> </ul>	-	(0.5)
<ul style="list-style-type: none"> <li>Higher than anticipated winter maintenance costs experienced in the first part of the year than anticipated.</li> </ul>	(1.3)	(1.3)
<ul style="list-style-type: none"> <li>Reduction in draw required from Operating Budget Contingency Reserve and required contributions to the Unfunded Liability Reserve and an increase in allowance for tax appeal expense accounts.</li> </ul>	(5.2)	(3.4)
<ul style="list-style-type: none"> <li>Increase in capital financing (2011 capital levy) to fund 2013 World Figure Skating Championship (\$2.1m) and future industrial land acquisition (\$1.1m).</li> </ul>	(3.2)	
<b>Projected Year End Position</b>	<b><u>\$4.6</u></b>	<b><u>\$3.8</u></b>

\*Figures subject to rounding

### 3<sup>rd</sup> Quarter Projected Year End Position by Service Program

Outlined in the table below is a breakdown of the contributing factors provided by Service Programs identifying projected savings and/or deficits.

	<b>SERVICE PROGRAM</b>	<b>\$ millions</b>
<b>CULTURE</b>		0.00
0.00	Cultural Services (including Museum London), Heritage, and London Public Library anticipate a break even position by year end based on experience to date.	
<b>ECONOMIC PROSPERITY</b>		0.05
0.05	Economic Development Services anticipates a minor savings at the London Convention Centre as 2011 revenue to date is trending higher than anticipated.	
<b>ENVIRONMENTAL SERVICES</b>		0.10
(0.25)	Higher than anticipated costs are being experienced in the Garbage, Collection, and Disposal Service related to higher equipment costs due to an increase in additional leachate and sludge expenses which have been partially offset by higher tipping fees.	
0.35	Recycling revenues are trending higher in the Recycling and Composting Service as result of higher commodity process which has offset lower than anticipated funding for household special waste.	
0.00	Environmental Stewardship and the Conservation Authorities all have reported an anticipated breakeven position for 2011 based on experience to date.	
<b>PARKS, RECREATION, &amp; NEIGHBOURHOOD SERVICES</b>		0.03
0.09	Neighbourhood & Recreation Services is anticipating an \$85,000 favourable year end position attributable to: <ul style="list-style-type: none"> <li>○ Community Centres, Leisure &amp; Recreation Programming, and East &amp; West Community Development are projecting favourable year end positions.</li> <li>○ Golf is anticipating a year end deficit of approximately \$160,000 prior to any contribution to the golf reserve fund due to a poor start to the season due to the wet and inclement weather resulting in 10,000 rounds less than business plan target.</li> <li>○ Aquatic Services is projecting a \$122,000 deficit due to reduced demand for children's lessons and admission swimming at indoor pools.</li> <li>○ Arenas are anticipating a \$52,000 deficit resulting from operational pressures such as snow removal partially offset by favourable summer and winter ice rentals.</li> </ul>	
(0.06)	Parks & Urban Forestry anticipates \$58,000 deficit as a result of increase costs related to the maintenance of additional subdivisions and parks to service level standards established in 2010. These cost pressures are partially offset by savings in personnel savings due to gapping.	
<b>PLANNING &amp; DEVELOPMENT SERVICES</b>		0.19
0.44	Building Control Services is anticipating net savings of \$44,000 primarily resulting from savings in personnel. This projected year end position assumes that the anticipated loss of building permit revenue of \$500,000 will be offset by a draw from the Building Permit Reserve.	
0.01	City Planning & Research anticipates minor savings of \$11,000 resulting from personnel gapping which offsets higher than anticipated office rental costs and lower than anticipated revenue from development applications.	
0.13	Development Approvals anticipates savings of \$135,000 resulting from development approval activity revenue trending higher than anticipated and savings in personnel due to gapping.	
<b>PROTECTIVE SERVICES</b>		(0.18)
(0.13)	Animal Services is anticipating a deficit resulting from higher than anticipated operational expenditures.	
(0.08)	By-Law Enforcement Services is anticipating a net deficit of \$84,000 by year end mainly due to revenue not materializing as a result of the	

	<b>SERVICE PROGRAM</b>	<b>\$ millions</b>
0.03	residential rental licensing revenue, a shortfall in business licencing revenue, and reduced revenue from the untidy lots. These shortfalls are partially offset by savings in personnel due to gapping.	
	Emergency & Security Management Services anticipates a savings due to personnel gapping.	
0.00	London Police Service anticipates a breakeven position at year end despite experiencing higher than anticipated WSIB expenses, fuel and propane costs. These higher costs are offset by lower than anticipated natural gas costs and net savings in personnel (gapping).	
0.00	Fire Services anticipate a breakeven position by year end.	
<b>SOCIAL &amp; HEALTH SERVICES</b>		<b>8.06</b>
0.83	Housing Services is projecting \$830,000 in net savings due to lower than anticipated subsidy costs resulting from prior year's recoveries and mortgage renewals at lower interest rates which are offset by increased costs within the various rent supplement programs. London & Middlesex Housing Corporation is also projecting a deficit at year end resulting from higher operational costs for expenditures such as pest control (bed bug treatments).  NOTE: London & Middlesex Housing Corporation (LMHC) had a 2010 surplus of \$139,272 which was returned to the City of London. LMHC does not expect their deficit, if any, to exceed this amount by year end.	
0.43	Long Term Care Services anticipates approximately \$430,000 in additional revenue related to an increase in funding from the Ministry of Health and Long Term Care.	
6.80	Social and Community Support Services anticipates \$6.8 million in savings by year end based on the following: <ul style="list-style-type: none"> <li>o \$4.0 million in increased subsidy for Ontario Works due to the new funding model implemented in April 2011.</li> <li>o \$1.7 million in personnel cost savings due to gapping, other administrative cost savings due to cost containment, and program savings.</li> <li>o \$1.0 million in Ontario Works caseload savings attributable to case cost and lower than anticipated amount of cases per month.</li> <li>o \$0.2 million in savings due to lower than budgeted occupancy at emergency shelters experienced to date.</li> <li>o OW Child Care participant net costs are expected to exceed budget by \$0.1 million.</li> </ul>	
<b>TRANSPORTATION SERVICES</b>		<b>(0.31)</b>
0.18	Parking Services anticipates a favourable year end position of \$184,000 resulting from higher than anticipated parking revenues, savings in contractual obligations for snow removal and winter grounds maintenance which offset increase costs for meter parts.	
0.00	London Transit anticipates a breakeven position by year end noting that favourable year end projections in personnel costs (vacancy management) and ridership and related revenue is projected to offset higher than anticipated fuel costs, unfavourable insurance claim deductible costs, and higher contributions made to the Public Liability Reserve.	
(0.49)	Roadway Services anticipates a net \$491,000 deficit at year end mainly due to severe weather activity experienced in the 1 <sup>st</sup> half of the year (\$1.3 million), and higher energy costs due to distribution costs. Partially offsetting these costs are planned savings predominantly due to personnel gapping.	
<b>CORPORATE, OPERATIONAL, &amp; COUNCIL SERVICES</b>		<b>(3.36)</b>
1.11	Corporate Services anticipates a savings of \$1.1 million mainly attributable to personnel savings due to gapping, net savings in facilities (lower natural gas costs partially offset by higher electricity costs and higher maintenance costs), legal service cost savings based on trends experienced to date, and savings in purchased services in fleet services.	
0.34	Corporate Planning and Administration Services anticipates \$340,000 in savings due to personnel gapping.	
0.1	Council Services anticipates one-time savings from the elimination of	

	<b>SERVICE PROGRAM</b>	<b>\$ millions</b>
(5.31)	<p>Board of Control.</p> <p>Financial Management is anticipates a net \$ 5.3 million deficit at year end due to the following:</p> <ul style="list-style-type: none"> <li>○ Reduction in strategic draw from the Operating Budget Contingency Reserve (\$3.41 million) as draw is not anticipated to be required to balance the 2011 year end position;</li> <li>○ Increase in provision for tax allowance accounts (tax appeals) \$ 1.2 million; and</li> <li>○ Consistent with Council resolution, a \$ 0.6 million contribution to the Unfunded Liability Reserve is anticipated in order help to mitigate the growth in the unfunded liability in 2011, it being noted that Unfunded Liabilities per 2010 Financial Statements were \$98 million (\$96.3 million in 2009) net of reserve balances.</li> </ul> <p>Higher than anticipated financing costs (2011 capital levy) that were approved to fund 2013 World Figure Skating Championship Improvements (\$2.1 million) and to fund future industrial land acquisitions (\$1.1 million). These budgetary pressures have been partially offset by higher than anticipated supplementary tax revenue (\$3.0 million) and grants in lieu revenue (\$ 0.1 million).</p>	
0.4	<p>Public Support Services:</p> <ul style="list-style-type: none"> <li>○ Revenue from fees in taxation is trending higher than budget. If trends experienced in the 1<sup>st</sup> of 2011 continue, additional revenue of \$432,000 may be realized.</li> </ul>	
	<b>TOTAL PROJECTED YEAR END POSITION</b>	<b>\$ 4.58</b>

\*Figures subject to rounding

### Housekeeping Budget Transfers

As authorized by resolution of Council at the time of the adoption of the 2011 budget, Civic Administration will, throughout the year, approve transfers between accounts that are considered 'housekeeping' in nature.

"30. That the Civic Administration BE AUTHORIZED to accommodate 2011 budget transfers that are considered "housekeeping" in nature, and that do not impact the Corporate Net Operating Budget. (30/9/CW)"

'Housekeeping' adjustments primarily include items that are budgeted centrally at the time of adoption of estimates (budget) and during the year are distributed to various departments.

The following housekeeping budget adjustments were processed in 2011 up to the end of the second quarter:

- Adjustments to reflect the recent corporate re-alignment, revised structure in the City Manager's Department, Community Services Department, Planning, Environmental and Engineering Services Department and the Finance Department.
- Allocation of budget dollars from Corporate Revenues & Expenditures to the appropriate Civic Departments and/or Boards and Commissions to allocate Position Management savings, contingencies, and the net increase in fringe benefit costs related the 2011 OMERS rate increase net of budget reduction in the 2011 group benefit plans.
- Transfer of Upper Thames River Conservation Authority 2011 budget for the funding of London's share of the costs of the new UTRCA administration building.
- Allocation of computer and telephone budgets from various departments to the Technology Services Division.

### Emerging Issues

Several civic departments/boards and commissions have advised Civic Administration of program service delivery pressures that will likely impact 2011 expenditures/revenues and 2012 budget. These issues include:

- **Personnel/Collective Agreements** – Outstanding arbitrations with the corporation’s unions may have significant cost implications depending on the outcome of the grievance/arbitration process. It should also be noted that the following labour agreements expired on December 31, 2010; London Police Association, London Professional Fire Fighters’ Association.
- **Ontario Municipal Employees Retirement System (OMERS)** – On September 8, 2010, the OMERS Sponsors Corporation approved a three-year contribution rate increase beginning in 2011. Contribution rates for the employer and employee will increase on average as a percentage of a member’s earnings as follows; 1% in 2011, 1% in 2012, and 0.9% in 2013. This announcement puts pressure on future property tax supported budgets, water rate supported budgets, and wastewater & treatment rate supported budgets in 2011, 2012, and 2013.
- **PSAB** (Public Sector Accounting Board) - PSAB 3150 requires changes in standards for tangible capital asset accounting.
- **Ontario Works Caseload** - London’s economic recovery is lagging other areas of the province. The City of London unemployment rate reached 9.2% in October 2011. The Ministry of Community and Social Services is forecasting a 2.8% growth in London caseload in 2012 over 2011; therefore any caseload surplus in 2011 is not anticipated to continue in 2012.
- **Childcare** – Increasing number of children waiting for child care subsidy due to the need to support the increase in OW child care costs.
- **Building Permit Revenue** – Activity levels are lower than expected due to the economic downturn. A review of Building Permit fees is being conducted and will be reported to Council in late 2011.
- **Social Housing Major Repairs Stabilization Reserve Fund** – As indicated in the Social Housing Building Condition Assessment and Capital Reserve Fund Study and report to Council in 2010, the existing contribution levels to the Social Housing reserve funds should be reviewed in order to determine the adequacy of whether or not current contributions will be able to meet future capital repairs necessary for non-profit and Co-op housing properties.

Civic Administration is aware of these issues and is taking steps to mitigate and accommodate these costs within the approved 2011 budget and/ or in the development of the 2012 budget.

## **2011 WATER AND WASTEWATER & TREATMENT BUDGET**

### **Water Budget**

As of September 30, 2011, the Water rate supported budget anticipates a \$0.1 million deficit to be by year end. The continued decrease in water consumption is being experienced and once again this trend negatively impacts consumption based revenues with net billing expecting decrease in consumption of 1.5 million m<sup>3</sup> from 45.5 million m<sup>3</sup> to 44.0 million m<sup>3</sup> by year end. It should be noted that the 2011 Water budget already included a consumption reduction of 0.8 million m<sup>3</sup> (46.3 million m<sup>3</sup> to 45.5 million m<sup>3</sup>).

Partially offsetting the projected revenue loss are savings anticipated from the purchase of water, planned savings from personnel gapping and operating supply savings due to cost containment and the delay in commissioning the Southeast Reservoir. Consistent with past practice, Civic Administration will look at further cost containment measures to balance the year end position, but may need to draw down from the Water Capital Reserve Fund to offset the deficit which would require a re-evaluation of the Water Capital plan.

Water Budget (\$ 000's)					
	2011 Revised Budget	Actual as at September 30, 2011	Actual % Spend/ Realized	3 <sup>rd</sup> Quarter Projected Year End Position	Projected Year End Savings/ (Deficit)
Expenditures	56,747	37,165	65.5%	54,855	1,892
Revenues	(56,747)	(35,894)	63.2%	(54,730)	(2,017)
Net	-	1,270	N/A	1,216	(125)

## Wastewater and Treatment Budget

The Wastewater and Treatment budget anticipates \$1.0 m in savings by year end based on experience and trends as of September 30, 2011. This favourable net position is the result of savings in personnel due to gapping, reduced use of operating supplies (chemicals) and utilities resulting from decreased storm water flows due to a dry summer. These savings are partially offset by an increased contribution to the Sewage Works Reserve Fund which was used to finance the Labatt Sanitary Cleaning & Inspection project (ES1825) as well as reduced sanitary sewer revenues due to decreased sanitary sewer billing volumes. Sanitary sewer billing volumes are 3.4% below budgeted volumes.

Wastewater & Treatment Budget (\$ 000's)					
	2011 Revised Budget	Actual as at September 30, 2011	Actual % Spend/ Realized	3 <sup>rd</sup> Quarter Projected Year End Position	Projected Year End Savings/ (Deficit)
Expenditures	71,364	35,833	50.2%	70,113	1,251
Revenues	(71,364)	(46,863)	65.7%	71,096	(268)
Net	-	(11,029)	N/A	-	983

## Emerging Issues - Water and Wastewater

- Ongoing issues with billed flow volumes will impact the revenue derived from these volumes (sanitary surcharge and water billings). The continued impacts of weather conditions, conservation efforts by end users and the economic downturn could result in reduced revenues over this year and possibly next year.
- Impact of full cost accounting under the Sustainable Water and Sewage Systems Act, Public Sector Accounting Board changes for tangible capital assets and Ontario Regulation 453/07 Financial Plans.
- Impact of lead mitigation activities to comply with anticipated corrosion control regulations (Ont. Reg.399/07 amending 170/03).
- Enhanced legislative requirements under the Safe Drinking Water Act and Clean Water Act.
- Final decisions in the electrical industry that will have impacts on the water meter reading and billing services currently contracted with London Hydro.
- It is anticipated that there will be a greater focus on inflow and infiltration and resulting bypasses and overflows for municipalities across Canada. This is likely to become a more significant and costly issue in years to come as a result of Canadian Council of Ministers of the Environment (CCME) guidelines.
- Impact of full cost accounting under the Sustainable Water and Sewage Systems Act, PSAB changes for tangible capital assets and Ontario Regulation 453/07 financial plans.
- If enacted, enhanced legislative requirements under the proposed Water Opportunities and Water Conservation Act, 2010.

## **EFFICIENCY, EFFECTIVENESS, and ECONOMY RESERVE (formerly Vacancy Management)**

All positions that become vacant within the year (with some exceptions) are subject to 90 days of savings (vacancy management). The 90 day savings from these positions are contributed to the Efficiency, Effectiveness, and Economy Reserves to be used as a one-time funding source supported by business case and recommended by the Senior Management Team to fund strategic investments that promote efficiency, effectiveness, and economy. Any savings due to vacancies longer than 90 days accrue to departments and are included in the planned savings identified above. To date, planned savings (vacancy management) have been used to fund \$2.6 million of capital works with emphasis on the City's portion of Infrastructure Stimulus Projects (ISF) and \$ 2.3 million has been committed to be used as a source of funding for the Service London initiative subject to the approval of a three-year implementation plan.

As of September 30, 2011, the Corporation realized \$959,443 (\$841,457 – property tax supported; \$101,331 – wastewater; and \$16,655 – water). During the same period in 2010, the Corporation realized \$1,059,649 (\$792,545 – property tax supported; \$249,329 – wastewater; and \$17,775 – water).

**SUMMARY**

Civic Administration anticipates a favourable \$4.6 million year end position in the 2011 Property Tax Supported budget if favourable trends experienced to date continue. The major factors contributing to this projected year position are additional revenues from Ontario Works (Cost of Administration Subsidy), Supplementary Tax revenue, Ontario Works caseload net expenditure savings, net savings in Housing and planned savings realized across the corporation attributable to personnel gapping. These savings have been partially offset by projected deficits in winter maintenance, a reduced strategic draw from the Operating Budget Contingency Reserve, funding initiatives for the 2013 World Figure Skating Championship, a required increase in tax appeal expense accounts, and a contribution to the Unfunded Liability Reserve. It is recommended at this time, that the \$4.6 million anticipated year end savings be contributed to the Operating Budget Contingency Reserve.

Consistent with prior year experience and adjustments made to budgets each year, Water and Wastewater & Treatment budgets continue to experience shortfalls in revenue due to lower than projected water consumption. As a result, the Water budget anticipates a year end deficit of \$0.1 million. Given this anticipated year end position, Civic Administration will continue to look at cost containment initiatives to offset this deficit, but may need to draw from the Water Works Capital Reserve Fund to balance its year end position.

Despite reduced water consumption, the Wastewater & Treatment budget anticipates year end savings of \$1.0 million resulting from cost containment measures such as personnel gapping. Consistent with past years, yearend savings will be contributed to the Wastewater Rate Stabilization Reserve (consistent with the 20 year sewer plan), and to the Sewage Works Reserve Fund to mitigate the use of debt to finance for sewer capital works.

<b>Prepared By:</b>	<b>Reviewed By:</b>
<b>Ian Collins Manager of Financial Planning &amp; Policy</b>	<b>Larry Palarchio Director of Financial Planning &amp; Policy</b>
<b>Recommended By:</b>	
<b>Martin Hayward City Treasurer, Chief Financial Officer</b>	



## APPENDIX 'A'

**2011 OPERATING BUDGET STATUS**  
**3<sup>rd</sup> QUARTER REPORT - STATUS**  
(\$ 000) <sup>(1)</sup>

	2011				3 <sup>rd</sup> QUARTER REPORT	
	COUNCIL APPROVED NET BUDGET	REVISED NET BUDGET <sup>(2)</sup>	ACTUALS AS AT Sept. 30, 2011	ACTUAL % SPENT	PROJECTED YEAR END POSITIONS	PROJECTED YEAR END SURPLUS/ (DEFICIT)
<b>Culture:</b>						
Cultural Services	3,702	3,711	3,127	84.3%	3,711	0
Heritage	90	90	59	65.6%	90	0
Libraries	17,714	17,794	13,340	75.0%	17,794	0
<b>Total Culture</b>	<b>21,506</b>	<b>21,595</b>	<b>16,526</b>	<b>76.5%</b>	<b>21,595</b>	<b>0</b>
<b>Economic Prosperity:</b>						
Economic Development	6,627	6,531	3,843	58.8%	6,481	50
<b>Total Economic Prosperity</b>	<b>6,627</b>	<b>6,531</b>	<b>3,843</b>	<b>58.8%</b>	<b>6,481</b>	<b>50</b>
<b>Environmental Services:</b>						
Conservation Authorities <sup>(3) (4)</sup>	4,103	2,903	887	30.6%	2,903	0
Environmental Stewardship	760	682	495	72.6%	682	0
Garbage Recycling & Composting	13,190	12,945	9,578	74.0%	12,845	100
<b>Total Environmental Services</b>	<b>18,053</b>	<b>16,530</b>	<b>10,960</b>	<b>66.3%</b>	<b>16,430</b>	<b>100</b>
<b>Parks, Recreation &amp; Neighbourhood Services:</b>						
Neighbourhood & Recreation Services	14,299	14,530	16,202	111.5%	14,445	85
Parks & Urban Forestry	9,841	9,613	7,580	78.9%	9,671	(58)
<b>Total Parks, Recreation &amp; Neighbourhood Services</b>	<b>24,140</b>	<b>24,143</b>	<b>23,782</b>	<b>98.5%</b>	<b>24,116</b>	<b>27</b>
<b>Planning &amp; Development Services:</b>						
Building Controls	(1,437)	(1,463)	(1,648)	112.6%	(1,507)	44
City Planning & Research	2,226	2,247	1,682	74.9%	2,236	11
Development Approvals	3,595	3,417	2,182	63.9%	3,282	135
<b>Total Planning &amp; Development Services</b>	<b>4,384</b>	<b>4,201</b>	<b>2,216</b>	<b>52.7%</b>	<b>4,011</b>	<b>190</b>
<b>Protective Services:</b>						
Animal Services	1,061	1,059	726	68.6%	1,186	(127)
By-Law Enforcement	720	713	631	88.5%	797	(84)
Emergency & Security Management	1,115	1,123	728	64.8%	1,091	32
Fire Services	51,060	51,402	33,743	65.6%	51,402	0
Police Services	81,987	84,910	61,619	72.6%	84,910	0
<b>Total Protective Services</b>	<b>135,943</b>	<b>139,207</b>	<b>97,447</b>	<b>70.0%</b>	<b>139,386</b>	<b>(179)</b>
<b>Social &amp; Health Services:</b>						
Housing	19,775	19,805	16,592	83.8%	18,976	829
Long Term Care	4,149	4,183	2,235	53.4%	3,753	430
Primary Health Care Services	16,215	16,215	11,475	70.8%	16,215	0
Social & Community Support Services	36,190	35,565	22,858	64.3%	28,765	6,800
<b>Total Social &amp; Health Services</b>	<b>76,329</b>	<b>75,768</b>	<b>53,160</b>	<b>70.2%</b>	<b>67,709</b>	<b>8,059</b>
<b>Transportation Services:</b>						
Parking	(2,119)	(2,144)	(2,174)	101.4%	(2,328)	184
Public Transit	22,905	22,905	17,437	76.1%	22,905	0
Roadways	32,000	31,781	21,702	68.3%	32,272	(491)
<b>Total Transportation Services</b>	<b>52,786</b>	<b>52,542</b>	<b>36,965</b>	<b>70.4%</b>	<b>52,849</b>	<b>(307)</b>
<b>Corporate, Operational &amp; Council Services:</b>						
Corporate Services <sup>(5)</sup>	46,023	44,282	21,483	48.5%	43,165	1,117
Corporate Planning & Administration	1,652	2,594	1,740	67.1%	2,254	340
Council Services	3,085	3,068	1,988	64.8%	2,968	100
Financial Management <sup>(6)</sup>	71,346	71,669	26,821	37.4%	76,984	(5,315)
Public Support Services	851	595	(350)	-58.8%	195	400
<b>Total Corporate, Operational &amp; Council Services</b>	<b>122,957</b>	<b>122,208</b>	<b>51,682</b>	<b>42.3%</b>	<b>125,566</b>	<b>(3,358)</b>
<b>Total Property Tax Requirements</b>	<b>462,725</b>	<b>462,725</b>	<b>296,581</b>	<b>64.1%</b>	<b>458,143</b>	<b>4,582</b>

1) Subject to rounding.

2) Includes housekeeping budget transfers. As authorized by Council's resolution at the time of the adoption of the 2011 budget, Civic Administration can approve transfers between accounts that are considered 'housekeeping' in nature. These adjustments primarily include items that are budgeted centrally, and during the year are distributed to various departments.

3) Kettle Creek Conservation Authority and Lower Thames Valley Conservation Authority have already received their 2011 appropriation.

4) Upper Thames River Conservation Authority 2011 budget transfer of \$1.2 million to reflect the funding of London's share of the costs of the new UTRCA administration building.

5) Actual expenditures for the Corporate Services Budget are low as of September 30th primarily as a result of accrued legal expenses.

6) Actual expenditure for the Financial Management Budget appears low as of September 30th since capital financing costs and contribution to reserves and reserve funds are not incurred until late October/ early November.