

Attachment 3

Supplemental Analysis

Corporation of the City of New Westminster
Statement of Financial Position Analysis
Year Ended December 31, 2023

1. Cash and Cash Equivalents

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 112,938,725	\$ 247,710,100	\$ (134,771,375)	-54%

The \$134.7M decrease in Cash and Cash Equivalents is primarily due to \$173.1M reclassified as investments (invested in Guaranteed Income Certificates). Cash generated from operating activities was \$119.0M in 2023 (2022 - \$110.9M). Cash used for capital activities was down by \$17.2M from \$93.6M in 2022 to \$76.4M in 2023 mainly due to completion of the Queensborough Substation project and timing of capital spending on t̄m̄s̄ēw̄tx̄w Aquatic & Community Centre (TACC) as the project is nearing completion. Details of cash flow changes could be found in the Statement of Cash Flows in the consolidated financial statements.

2. Property Taxes Receivable

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 6,109,855	\$ 4,088,524	\$ 2,021,331	49%

The \$2.0M increase in Property Taxes Receivable is \$1.6M year over year increase in current taxes receivable, offset by \$0.2M decrease in arrears taxes receivable. Remaining \$0.6M represents the upset component of the price paid by the purchaser at the 2023 annual tax sale.

3. Other Accounts Receivable

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 29,752,994	\$ 18,366,973	\$ 11,386,021	62%

The net \$11.3M increase in Other Accounts Receivable is mainly due to an increase of interest receivable of \$5.5M from investments, \$2.6M increase in Development Cost Charges (DCC) receivable and \$3.2M for Other Receivables including \$1.4M revenue share from casino and \$1.8M from accrual for billable police services rendered.

4. Due from Other Governments

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 1,287,644	\$ 1,539,618	\$ (251,974)	-16%

The net decrease of \$0.25M is mainly driven by \$1.2M government grants accrued at end of year offset by receipts of prior year's grant during the year.

Corporation of the City of New Westminster
Statement of Financial Position Analysis
Year Ended December 31, 2023

5. Investments

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 278,348,844	\$ 105,213,072	\$ 173,135,772	165%

The \$173.1M increase is investment in Guaranteed Income Certificates which was reclassified from Cash and Cash Equivalents to Investments.

6. Accounts Payable and Accrued Liabilities

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 54,407,285	\$ 49,599,959	\$ 4,807,326	10%

The 2022 Accounts Payable and Accrued Liabilities amount has been restated from \$37.2M to \$49.5M due to adoption of the public sector accounting standard PS 3280 Asset Retirement Obligations (ARO). Upon initial adoption, an estimated amount of \$12.3M ARO liability was added to accrued liabilities and the corresponding amounts were capitalized into the carrying value of tangible capital assets and a reduction to accumulated surplus. Aside from the 2022 ARO restatement, the net increase of \$4.8M in Accounts Payable and Accrued Liabilities is primarily due to approximately \$7.0M accrual of retro-pay from the new collective agreements and \$2.4M increase in holdbacks mainly related to TACC, offset by a net \$4.6M reduction in Trade Payables.

7. Due to Other Governments

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 11,606,493	\$ 4,023,787	\$ 7,582,706	188%

The \$7.5M increase is mainly due to a \$3.1M increase in DCC payable to GVRD & TransLink and \$4.1M increase in School Levies payable to the Province. DCCs and School Levies outstanding at year-end were remitted in Q1 2024.

8. Prepaid Taxes

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 12,314,362	\$ 11,656,505	\$ 657,857	6%

The \$0.6M increase in Prepaid Taxes is due to an increase in Pre-Authorized Pre-payment plan subscription. The 6% increase in tax pre-payment is consistent with the year over year increase in our tax base.

Corporation of the City of New Westminster
Statement of Financial Position Analysis
Year Ended December 31, 2023

9. Deferred Revenue and Deposits

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 35,786,577	\$ 42,805,785	\$ (7,019,208)	-16%

The \$7.0M decrease in Deferred Revenue and Deposits is mainly due to reclassifying \$3.6M BC Hydro Cost of Living credits and \$5.0M insurance proceeds received for the Pier Park Fire into 2023 Revenue, offset by \$1.6M net increase in Customer Deposits.

10. Deferred Development Cost Charges (DCC's)

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 21,455,928	\$ 21,406,086	\$ 49,842	0%

The DCC program brought in \$3.2M in contributions and interest in 2023. These contributions were offset by \$2.6M in DCC capital expenses and \$0.6M in DCC debt principal repayment for Waterfront Park Development.

11. Employee Benefit Plans

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 12,545,275	\$ 11,981,535	\$ 563,740	5%

The Employee Benefit Plan liability is determined by an actuarial valuation performed for the City by an independent Actuarial Consultant. A full actuarial valuation of Employee Benefit Plan liability was conducted for 2023. The next full valuation will be conducted for 2026.

12. Long-Term Debt

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 166,859,642	\$ 175,240,333	\$ (8,380,691)	-5%

There were no new long-term debt issued during the year. The \$8.4M reduction of long-term debt comprised of \$7.4M debt principal repayments and \$1.0M actuarial gain in sinking funds.

Corporation of the City of New Westminster
Statement of Financial Position Analysis
Year Ended December 31, 2023

13. Tangible Capital Assets

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 881,724,658	\$ 830,838,748	\$ 50,885,910	6%

Changes to the City's Tangible Capital Assets (TCA) are not consistent year over year. The \$50.9M net increase of tangible capital assets is due to addition of \$78.1M of new capital assets offset by \$25.8M of amortization expenses and \$1.4M disposal of assets mainly due to decommissioning of the Canada Games Pool.

14. Inventory of Supplies

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 3,967,762	\$ 2,907,271	\$ 1,060,491	36%

The \$1.06M increase in Inventory of Supplies is primarily driven by stocking up of electrical supplies to alleviate impacts from longer than usual supply lead time recently experienced.

15. Prepaid Expenses

2023 Actual	2022 Actual	Y / Y variance	Y / Y % Change
\$ 3,749,444	\$ 3,184,829	\$ 564,615	18%

The \$306K of the \$564K increase in Prepaid Expenses is due to an increase in prepaid insurance.

Corporation of the City of New Westminster
Statement of Operations Analysis
Year Ended December 31, 2023

OPERATING BUDGET SUMMARY

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y / Y Variance
Revenue	301,504,399	350,317,638	48,813,239	16.2%	296,490,567	53,827,071
Expenses	235,384,096	244,548,419	9,164,323	3.9%	223,522,423	21,025,996
Annual Surplus	66,120,303	105,769,219	39,648,916	60.0%	72,968,144	32,801,075
Reconciliation to Financial Equity						
Amortization & Others	27,730,000	25,856,428	(1,873,572)	-6.8%	24,847,726	1,008,702
Capital	(173,237,487)	(77,621,989)	95,615,498	-55.2%	(94,805,711)	17,183,722
Contribution of TCA	0	(745,455)	(745,455)	0.0%	(7,087,759)	6,342,304
Increase (Decrease) in Net Financial Assets	(79,387,184)	53,258,203	132,645,387	-167.1%	(4,077,600)	57,335,803

The 2023 Statement of Operations and Change in Net Financial Assets reports an increase in net financial assets of \$53.2M, largely due to spend timing of significant capital works over multiple years of delivery. The 2023 Multi-Year Capital Budget was planned at \$173.2M and \$83.0M (include \$5.4M capital spending expended) was spent in 2023 with the balance carrying over into 2024 leaving a stronger net cash position in the City's reserves.

The City's operating revenue, including contributed Tangible Capital Assets (TCAs), is favorable to budget by \$48.8M* due to:

- Increase in Other Revenue (\$51.2M) due to insurance settlement proceeds from the Westminster Pier Park fire insurance claim (\$25.0M), increased investment and bank interest (\$13.1M), increased sales of BC Low Carbon Fuels credits (\$4.9M), and favorable building permit revenue (\$4.6M) from major developments; and
- Increase in Sales of Services (\$4.4M) with increased billable services from Police, Sewer and Water, and greater than anticipated revenue from parking as well as parks and recreation services.

**The City's revenue includes \$0.7M for tangible capital assets (TCA) that were contributed to the City as a result of various development projects. Contributions are recognized when the project is completed and when the rights and obligations are transferred to the City.*

Offset by:

- Decrease in Utilities Rates (\$1.7M) primarily from electrical utility (\$1.2M) due to lower overall consumption, reduction in commercial water billings (\$0.4M); sewer utility (\$0.3M); offset by higher than budgeted revenue in solid waste utility (\$0.1M) and BridgeNet (\$0.1M); and
- Decrease in Contribution Revenue (\$5.8M) primarily due to project delays. Third-Party Contribution Revenue is lower than budgeted (\$3.1M) due to delays in the West End Sewer Separation project delaying recognition of contributions from ICIP grant, and lower than budgeted recognition of DCC Revenue (\$1.3M) due to the deferral of

projects such as the Property Waterfront Greenway and McInnis Overpass Improvements into 2024.

City's operating expenses are higher than budget by \$9.2M due to:

- Higher than planned Contracted Services (\$5.9M) mainly due to reclassification of \$5.7M capital expenditures as department expenses. These expenditures were budgeted as part of the City's capital program, but do not qualify as capitalizable asset costs, as these expenditures do not meet the definition of TCA in accordance with Canadian Public Sector Accounting Standards;
- Higher than planned Salaries and Benefits (\$3.3M) mainly due to higher than anticipated settlement of a collective agreement, which followed the established wage pattern across the Metro Vancouver municipalities;
- Higher than planned capital loss (\$1.4M) from the recognition of the Canada Games Pool decommissioning;
- Higher than planned Supplies and Materials (\$0.6M) cost due to cost escalations in the current economic environment; and
- Higher than planned interest and bank charges (\$0.4M) due to elevated interest rates.

Offset by:

- Lower than planned Utility Purchases and Levies (\$1.0M) due to lower than expected consumptions; and
- Lower than planned Amortization expenses (\$1.6M) due to deferred capital programs.

ANALYSIS

The following analysis provides a summary of the City's 2023 revenues and expenses. It shows the budget to actual figures for the period and provides 2022 figures for comparison. The larger budget variances are discussed in the report below.

Revenues

Taxation Revenue

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y/Y Variance
Taxation	105,142,044	104,953,729	(188,315)	-0.2%	98,172,725	6,781,004

Taxation revenues include property taxation received from residents, businesses and industries in the City and payments in lieu of taxation received from other levels of government. Property taxes are recognized as revenue at the time of the levy. Payments in lieu of taxation are recognized as revenue when received.

Property taxes were levied in May and results are \$0.2M lower than budget due to Supplementary assessment adjustments. The year-over-year change reflects a 6.4% increase in tax rates.

Utility Rates

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y / Y Variance
Electrical Utility	59,787,718	58,555,183	(1,232,535)	-2.1%	56,782,477	1,772,706
Water Utility	17,261,000	16,884,444	(376,556)	-2.2%	16,129,792	754,652
Sewer Utility	28,307,000	28,019,592	(287,408)	-1.0%	26,457,860	1,561,732
Solid Waste Utility	5,005,000	5,094,551	89,551	1.8%	4,240,675	853,876
BridgeNet Utility	191,800	299,125	107,325	56.0%	225,161	73,964
Total	110,552,518	108,852,895	(1,699,623)	-1.5%	103,835,965	5,016,930

Utility Rates revenue is \$1.7M lower than budget due to:

- The Electrical Utility primarily comprised of utility revenue generated from billing residential and commercial customers. The \$1.7M unfavorable budget variance is due to lower electrical demand and consumption for the year across both residential and commercial customers.
- Revenue for the water utility is \$376K lower than budgeted due to lower than planned commercial water consumption.
- Revenue for the sewer utility is \$287K lower than budgeted due to lower than budgeted utility rate collection, particularly among commercial users and multi-unit apartments.
- The year-over-year change reflect annual utility rate increases which were 7% for Water, 7% for Sewer and 14% for Solid Waste.

Sale of Services

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y / Y Variance
Anvil Centre & Art Services	61,030	192,120	131,090	214.8%	123,523	68,597
Climate Action Planning & Development(CAPD)	16,993	129,481	112,488	662.0%	69,177	60,304
Electrical Services	44,440	123,255	78,815	177.4%	79,213	44,042
Engineering Services	4,507,157	5,701,864	1,194,707	26.5%	5,044,775	657,088
Fire	13,100	70,028	56,928	434.6%	0	70,028
General Government	158,845	205,580	46,735	29.4%	190,084	15,496
Human Resources	5,000	0	(5,000)	-100.0%	655	(655)
Library	31,200	37,714	6,514	20.9%	32,139	5,575
Parks and Recreation	3,430,820	4,508,742	1,077,922	31.4%	3,921,417	587,325
Police	5,957,800	6,461,378	503,578	8.5%	6,233,195	228,184
Utility Operations	573,957	1,748,286	1,174,329	204.6%	922,647	825,639
Total	14,800,342	19,178,447	4,378,105	29.6%	16,616,825	2,561,622

Sale of services revenue are from fees charged by departments offering cultural, recreation, library, towing, parking, cemetery and parkade services. This revenue category also includes 3rd party recoveries for some police, recreation, engineering, and electrical services.

In Sale of Services, revenue is \$4.4M over budget. Major factors are:

- Engineering Services: \$1.2M favorable budget variance primarily due to an increase in parkade, towing, and parking revenues (\$1.1M).
- Parks and Recreation revenues: \$1.1M favorable budget variance primarily due to an increase in program registration and memberships such as swimming, gymnastics, skating, and day camps (\$0.7M), increase in rentals such as grass and turf field (\$0.2M), and increase in concessions sales (\$0.1M). This coincides with increased operating costs.
- Police: \$0.5M favorable budget variance primarily due to an increase in third party billings and increases in seconded salaries and benefits.
- Utility Operations: \$1.2M favorable budget variance primarily due to an increase in Sewer and Water third party work.

Grants from Other Governments

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y / Y Variance
Anvil Centre & Art Services	35,000	170,755	135,755	387.9%	168,882	1,873
Climate Action Planning & Development(CAPD)	567,575	589,135	21,560	3.8%	217,813	371,322
Engineering Services	902,660	1,400,515	497,855	55.2%	869,836	530,679
Fire	20,000	19,091	(910)	-4.5%	22,000	(2,910)
Funding for Capital	4,981,557	4,353,691	(627,866)	-12.6%	2,748,199	1,605,491
General Government	16,497,590	16,301,444	(196,146)	-1.2%	0	16,301,444
Library	150,340	159,743	9,403	6.3%	144,046	15,697
Parks and Recreation	21,000	33,182	12,182	58.0%	34,246	(1,064)
Police	1,711,100	2,039,016	327,916	19.2%	1,793,714	245,302
Total	24,886,822	25,066,571	179,749	0.7%	5,998,736	19,067,835

Grants from Other Governments include conditional and unconditional grants from senior levels of government and other government agencies that are to assist with the construction of capital projects and the provision of City services such as the municipal traffic fines grant which is for public safety, the major road network (MRN) grant which is for road maintenance and the annual library grant.

The favorable budget variance (\$0.2M) is primarily due to grants for capital projects, such as the receipt of major road network (MRN) grants (\$2.8M), and recognition of a structural flood mitigation grant (\$0.5M), which are partially offset by the deferred timing of recognizing the grant for the childcare facility in the təməsewtxw Aquatic & Community Center (\$3.0M). Grant funding for capital projects is highly dependent on timing of project spend. Changing of project schedules could lead to a delay of receipt/recognition of the related grants.

Other operating grants for city services such as the library grant, were received in full. The \$0.2M favorable variance in Anvil Centre and Art Services is from the Canadian Heritage grant (\$0.1M) and the BC Arts Council operating grant (\$0.1M). The (\$0.3M) net favorable budget variance in Police is attributed to special projects funded by the province, including the Provincial Tactical Enforcement Priority grant (\$0.2M) and other smaller grants.

Contribution Revenue

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y / Y Variance
Anvil Centre & Art Services	10,030	56,019	45,989	458.5%	9,633	46,386
Climate Action Planning & Development(CAPD)	700	50,000	49,300	7042.9%	37,500	12,500
Engineering Services	25,758	45,792	20,034	77.8%	95,753	(49,961)
Fire	0	0	0	0.0%	(24,102)	24,102
Funding for Capital	6,468,084	3,914,176	(2,553,908)	-39.5%	1,154,028	2,760,148
General Government	708,275	712,582	4,307	0.6%	632,060	80,522
Library	38,500	0	(38,500)	-100.0%	79,934	(79,934)
Parks and Recreation	6,800	2,970	(3,830)	-56.3%	2,107	864
Utility Operations	9,221,887	5,929,840	(3,292,047)	-35.7%	2,949,336	2,980,504
Reserves	6,200,000	6,183,066	(16,934)	-0.3%	6,651,271	(468,205)
Total	22,680,034	16,894,445	(5,785,589)	-25.5%	11,587,519	5,306,925

Contributions include gaming revenues, DCC's, and 3rd party funding for capital projects, as well as contributions for operating programs such as library, special projects, the youth center, and the museum. Capital contributions are not expected to be consistent year over year and funding is recorded as projects progress.

The \$5.8M unfavorable variance in contributions primarily relates to a \$5.3M variance in Utility Operations, due to less than planned contributions received from senior governments, and 3rd party contributions due to delays in the West End Sewer Separation project, and delayed recognition of ICIP grant funding, as well as shortfalls in DCCs. The General Fund capital program contributions are also unfavorable (\$0.5M), as we continued to experience supply chain issues in 2023, where many capital projects funded by grants were delayed or deferred. Differences between Capital Budgeting and Capital Spending will continue to be a cause for variances, as a budget must be established and approved before entering the market to issue contracts or purchase orders, in order to commit the spending.

Contributed Tangible Capital Assets

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y / Y Variance
Climate Action Planning & Development(CAPD)	0	0	0	0.0%	495,900	(495,900)
Engineering Services	0	390,880	390,880	0.0%	1,965,142	(1,574,262)
Parks and Recreation	0	0	0	0.0%	0	-
Utility Operations	0	354,575	354,575	0.0%	4,626,717	(4,272,142)
Total	-	745,455	745,455	0.0%	7,087,759	(6,342,304)

Tangible capital assets (TCA) were contributed to the City as a result of various development projects, which includes in new transportation and road infrastructure (\$0.4M), new water infrastructure (\$0.1M), and new sewer infrastructure (\$0.2M). Contributions are recognized when the project is completed and when the rights and obligations are transferred to the City. Contributed assets are not budgeted due to the unpredictable nature of the contributions.

Other Revenue

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y / Y Variance
Anvil Centre & Art Services	2,450,619	2,786,009	335,390	13.7%	1,883,137	902,873
Climate Action Planning & Development(CAPD)	4,135,877	9,230,186	5,094,309	123.2%	8,099,815	1,130,371
Engineering Services	3,064,075	3,379,800	315,725	10.3%	2,742,730	637,070
Fire	39,431	53,347	13,916	35.3%	41,059	12,288
General Government	12,300,839	57,593,720	45,292,881	368.2%	38,750,494	18,843,226
Library	0	233	233	0.0%	309	(76)
Parks and Recreation	337,600	170,847	(166,753)	-49.4%	447,587	(276,740)
Police	22,500	23,959	1,459	6.5%	39,092	(15,134)
Utility Operations	1,091,698	1,387,994	296,296	27.1%	1,186,815	201,179
Total	23,442,639	74,626,095	51,183,456	218.3%	53,191,038	21,435,057

Revenues in this category include permits, business licenses, animal licenses, investment revenues, filming, penalties and interest charges, rental income, fines, conference centre revenues, low carbon fuel credits sale, gain on tangible capital asset disposals, and other miscellaneous fees and charges.

The favorable budget variance (\$51.2M) are primarily from the following areas:

- General Government: \$45.3M higher than planned from receipt and recognition of insurance proceeds (\$25.0M) for the settlement of the Westminster Pier Park fire insurance claim, favorable sales proceeds from additional sales of BC Low Carbon Fuel credits (\$4.9M), and favorable investment and bank interest income (\$13.1M) due to higher interest rates. The net insurance proceeds from the Westminster Pier Park fire insurance claim and the sales proceeds from carbon credits have been placed in the Parks Reserve Fund and Climate Action Reserve Fund respectively in accordance with the reserve fund bylaws.

- Climate Action Planning & Development (CAPD): \$5.1M higher than planned primarily due to the increase in planning permits (\$0.3M) and issuance of building permits (\$4.6M) for major developments.
- Anvil Centre & Art Services: \$0.3M higher than planned due to favorable Conference Centre bookings, catering sales, and audio visual equipment rentals, and increased theatre ticket sales and room booking revenue in Theatre & Arts Services.
- Engineering Services: \$0.3M higher than planned primarily due to favorable parking permits and fines (\$0.3M), higher than anticipated development fees (\$0.1M) and favorable ticket sales from Q to Q Ferry (\$0.1M), which are partially offset by lower Street Occupancy Permit (SOP) fees (\$0.2M).
- Parks and Recreation: \$0.2M lower than planned primarily due to lower than anticipated filming activity impacted by the strike action in the filming industry.
- Utilities: \$0.3M higher than planned primarily due an increase in MMBC Rebate from recycling.

Expenses

The following table shows the **Operating Expenses by Account Category**

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y / Y Variance
Salaries, Benefits and Training	110,632,744	113,963,570	3,330,826	3.0%	102,677,913	(11,285,657)
Contracted Services	15,623,244	15,768,737	145,493	0.9%	14,138,904	(1,629,833)
Supplies and Materials	11,796,844	12,399,639	602,795	5.1%	11,792,712	(606,926)
Interest and Bank Charges	6,763,495	7,118,321	354,826	5.2%	3,240,335	(3,877,986)
Cost of Sales	1,669,662	2,064,910	395,248	23.7%	1,331,325	(733,585)
Grants	1,222,550	976,840	(245,710)	-20.1%	1,036,836	59,996
Insurance and Claims	4,235,583	4,203,766	(31,817)	-0.8%	4,073,599	(130,168)
Utility Purchases and Levies	55,709,974	55,191,315	(518,659)	-0.9%	53,865,074	(1,326,241)
Amortization	27,730,000	26,084,924	(1,645,076)	-5.9%	24,679,419	(1,405,505)
Loss on Disposals	0	1,373,613	1,373,613	0.0%	279,039	(1,094,574)
TCA Adjustments- Contracted Svcs	0	5,736,246	5,736,246	0.0%	6,407,267	671,021
TCA Adjustments- Supplies & Materials	0	(333,462)	(333,462)	0.0%	0	333,462
Total	235,384,096	244,548,419	9,164,323	3.9%	223,522,423	(21,025,996)

Overall operating expenses are \$9.2M higher than planned. This includes a \$5.4M net reclassification of Tangible Capital Asset (TCA) expenditures as department expenses. The departments of which TCA adjustments related to are Engineering Services (\$2.2M), Parks and Recreation (\$1.6M), General Government (\$0.6M), CAPD (\$0.4M), Fire, and Utilities (\$0.9M). Library has a net reclassification of capitalizable operating purchases to TCA (\$0.3M).

Salaries, benefits and training are \$3.3M above budget and are detailed in a separate section. Other significant budget variances are explained by category below.

Contracted Services, excluding the net reclassification of TCA expenses, is \$0.1M higher than planned primarily due to the following notable variances:

- Higher legal services costs (\$0.4M) partially due to recoverable costs;
- Higher Electrical Utility billable third party services (\$0.1M) and subcontracts charges for Electrical Metering, New West substation, and Distributing Systems (\$0.2M);
- Higher Water and Sewer Utilities billable third party services (\$0.6M); and
- Higher Police billable third party services (\$0.2M)

Offset by:

- Lower Administration grant-funded spending (\$0.6M) due to timing of spend and actual spending incurred under supplies and materials;
- Lower Engineering Services expense primarily from Engineering Streets and Major Road Network (\$0.3M);
- Lower Parks and Recreation expense primarily due to lower than anticipated parks maintenance (\$0.1M); and
- Lower than anticipated Special Projects expense (\$0.2M),

Supplies and Materials, excluding the net reclassification of TCA expenses, is \$0.6M higher than planned primarily due to the following notable variances:

- Higher Engineering Department facilities and fleet maintenance cost (\$0.7M) due to cost escalation and volume of scheduled and unscheduled facilities maintenance work, primarily for HVAC, elevators, pest control, alarm systems, and fuel; and
- Higher Administration spending (\$0.2M) due to grant-funded spending budgeted under Contracted Services, and actual expenditures were incurred in Supplies and Materials.

Offset by:

- Lower supplies expenses incurred by Police (\$0.2M) and Water, Sewer, and Solid Waste Utilities (\$0.1M).

Interest and Bank Charges is \$0.4M higher than planned mainly due to elevated interest rates that negatively impacted interest expenses.

Cost of Sales is \$0.4M higher than planned primarily from additional audio/visual rentals (\$0.2M) and catering costs (\$0.1M) in Anvil Conference Centre, and higher Parks and Recreations purchases for resale (\$0.1M). This coincides with increased Sales of Services revenue.

Grants is under budget by \$0.3M primarily relates to city grants not fully utilized.

Insurance and Claims is on budget as an increase in property and liability insurance premiums is offset by lower than anticipated damage claims.

Utility Purchases and Levies is \$0.5M lower than planned. This is primarily due to a \$0.8M reduction in power purchase from BC Hydro due to lower electricity demand that led to lower electrical revenue during the year. This unfavorable variance is offset by savings in Water (\$0.2M) and Solid Waste (\$0.1M) due to decreases in disposal fees in the recycling program.

The following table shows the **Expenses by Department** which is a different view of the same information above that has already been explained.

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y / Y Variance
Administration	5,634,736	5,510,213	(124,523)	-2.2%	4,509,762	(1,000,452)
Anvil Centre & Art Svc	8,085,286	8,635,695	550,409	6.8%	7,246,378	(1,389,318)
Climate Action Planning & Development(CAPD)	7,853,813	7,718,819	(134,994)	-1.7%	7,636,049	(82,771)
Electrical Services	1,001,209	1,259,616	258,407	25.8%	1,091,053	(168,563)
Engineering Services	32,091,172	34,631,922	2,540,750	7.9%	32,229,075	(2,402,847)
Finance	8,534,855	8,314,166	(220,689)	-2.6%	8,019,066	(295,100)
Fire	18,796,522	19,135,714	339,192	1.8%	17,555,830	(1,579,884)
General Government	7,459,230	6,887,015	(572,215)	-7.7%	4,055,384	(2,831,631)
Human Resources & Information Technology	9,895,140	9,008,655	(886,485)	-9.0%	7,538,116	(1,470,539)
Library	5,143,555	4,364,484	(779,071)	-15.1%	4,522,490	158,007
Parks and Recreation	19,874,730	25,275,786	5,401,056	27.2%	22,035,220	(3,240,567)
Police	37,265,948	37,957,634	691,686	1.9%	35,027,650	(2,929,983)
Vacancy budget	(2,642,348)	0	2,642,348	-100.0%	0	-
Electrical Utility	44,583,212	43,301,957	(1,281,255)	-2.9%	41,900,683	(1,401,274)
Water Utility	9,744,997	10,004,023	259,026	2.7%	9,446,237	(557,787)
Sewer Utility	16,598,582	17,293,360	694,778	4.2%	16,371,960	(921,400)
Solid Waste Utility	4,337,841	4,321,594	(16,247)	-0.4%	3,528,834	(792,760)
BridgeNet Utility	1,125,616	927,765	(197,851)	-17.6%	808,637	(119,128)
Total	235,384,096	244,548,419	9,164,323	3.9%	223,522,423	(21,025,997)

Notable departmental variances include:

- Administration: On budget as the lower than anticipated grant-funded spending and the timing of spend (\$0.6M) is partially offset by reclassification of TCA expenses (\$0.5M).
- Anvil Centre and Art Services: \$0.6M higher than planned primarily due to higher salaries and benefits cost (\$0.3M), and higher cost of sales and contracted services (\$0.2M) for event-related costs such as catering costs, direct event staffing, other programming costs, and theatre production and promotion costs, which corresponds to a higher Sales of Services revenue.
- Climate Action Planning (CAPD): \$0.1M lower than planned primarily due to savings in salaries and benefits (\$0.6M) due to vacancies. This is partially offset by reclassification of TCA expenses (\$0.4M) and higher legal costs (\$0.1M) which are mainly recoverable from developers.

- Engineering Services: \$2.5M higher than planned mainly due to \$2.2M reclassification of TCAs. Excluding this reclassification, salaries and benefits are higher by \$0.3M due to a higher than planned settlement of collective agreement and the current year portion of one-time payments.
- Finance: \$0.2M lower than planned due to savings in auxiliary, overtime, and unfilled vacant position (\$0.2M), and minimal savings from annual property insurance premium and damage claims experienced.
- Fire Services: \$0.3M higher than planned primarily due to higher salaries and overtime expenses (\$0.3M) which coincides with higher Sales of Services and reclassification of TCA expenses.
- Human Resource and Information Technology: \$0.9M lower than planned due to savings from unfilled vacant positions (\$0.5M) and favorable amortization expenses (\$0.4M).
- Library Services: \$0.8M lower than planned due to savings from unfilled vacant position (\$0.4M) and net reclassification of TCA expenses (\$0.3M).
- Police: \$0.7M higher than planned due to higher spending in salaries and benefits (\$0.3M). However, the majority of this spending was offset through grants and secondments, as detailed in the revenue section. Although collective agreement increases were higher than expected, vacancies within clerical staff helped mitigate the overage. Additionally, contracted services surpassed the budget by \$0.5M, primarily due to legal fees, unexpected E-Comm fees, and third-party costs for specialty files. Many of these additional costs were recovered via grants.
- Parks and Recreation: \$5.4M higher than planned, of which \$1.6M is attributed to reclassification of TCA expenses, and \$1.4M is due a capital loss recorded for the disposal recognition for the Canada Games Pool. Salaries and benefits is higher than budget by \$2.1M which coincides with the higher than anticipated collective agreement settlement and a higher sales of services than budget.
- Electrical Utility: \$1.2M lower than planned due to lower than budgeted utility purchases of \$0.8M from BC Hydro due to lower than planned electrical consumption, and savings in auxiliary, overtime, and unfilled vacant position of \$0.5M.
- Water Utility: \$0.3M higher than planned, of which \$0.1M is due to increases in the purchase of water and \$0.5M is due to increases in contracted services for billable third party work which are offset by savings in auxiliary, overtime, and unfilled vacant position of \$0.3M and lower than budgeted amortization expenses of \$0.1M due to delayed capital programming.
- Sewer Utility: \$0.7M higher than planned due to increase in contracted services for billable third party work of \$0.9M, offset by \$0.2M of savings in salaries and benefits.
- BridgeNet Utility: \$0.2M lower than planned primarily due to lower than budgeted amortization expenses of \$0.1M due to slowdown in capital build, and reductions in supplies and material expenses relative to budget of \$0.1M.

This table shows the **Salaries & Benefits Expenses by Department**.

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y / Y Variance
Administration	4,306,745	4,033,979	(272,766)	-6.3%	3,663,772	(370,207)
Anvil Centre & Art Svc	3,215,494	3,524,618	309,124	9.6%	2,875,121	(649,497)
Climate Action Planning & Development(CAPD)	6,438,478	5,862,565	(575,913)	-8.9%	5,652,833	(209,731)
Electrical Services	760,672	855,454	94,782	12.5%	717,417	(138,037)
Engineering Services	15,758,234	16,076,134	317,900	2.0%	14,024,715	(2,051,419)
Finance	3,992,207	3,810,860	(181,347)	-4.5%	3,637,907	(172,954)
Fire	16,982,210	17,300,353	318,143	1.9%	15,850,605	(1,449,749)
General Government	172,747	227,749	55,002	31.8%	187,633	(40,116)
Human Resources	6,414,916	5,875,408	(539,508)	-8.4%	4,935,762	(939,646)
Library	3,498,347	3,063,102	(435,245)	-12.4%	2,886,044	(177,058)
Parks and Recreation	13,849,383	15,953,081	2,103,698	15.2%	13,902,516	(2,050,565)
Police	30,747,705	31,173,836	426,131	1.4%	29,081,074	(2,092,762)
Vacancy budget	(2,642,348)	0	2,642,348	-100.0%	0	-
Electrical Utility	3,622,326	3,148,150	(474,176)	-13.1%	2,742,070	(406,081)
Water Utility	858,019	593,695	(264,324)	-30.8%	539,371	(54,324)
Sewer Utility	1,229,445	1,030,932	(198,513)	-16.1%	875,841	(155,091)
Solid Waste Utility	1,230,542	1,258,646	28,104	2.3%	946,233	(312,413)
BridgeNet Utility	197,622	175,006	(22,616)	-11.4%	159,000	(16,007)
Total	110,632,744	113,963,570	3,330,826	3.0%	102,677,913	(11,285,657)

The overall salaries and benefits is \$3.3M higher than planned due to a higher than anticipated settlement of a collective agreement, and a \$2.6M budgeted vacancy to recognize savings from unfilled vacancies in the annual budget. The vacancy budget is budgeted based on projected salaries and benefits, and is shown separately due to the uncertainty of where vacancies may occur during the year.

The overall financial implication of the collective agreement settlement amounts to \$4.5M higher than budget, as it includes a higher than anticipated retroactive pay adjustment for the prior and current year, a one-time inflation support payment, and the current year portion of a retention payment to be paid in 2024.

Excluding the financial impacts of the collective agreement settlement, the salaries and benefits budget was on plan. Vacancy budget savings from vacant positions was met, primarily due to challenges in filling vacant positions and overall staff retention challenges. Detail analyses by department are included in the analysis by department above.

Legal Services

	2023 Budget	2023 Actuals	Budget Variance	Budget % Variance	2022 Actuals	Y / Y Variance
Administration	91,765	165,828	(74,063)	-80.7%	145,388	(20,440)
Anvil Centre & Art Services	3,105	(5,630)	8,735	281.3%	16,700	22,330
Climate Action Planning & Development(CAPD)	125,275	242,075	(116,800)	-93.2%	185,974	(56,101)
Electrical	30,000	36,151	(6,151)	-20.5%	13,080	(23,071)
Engineering Services	16,871	36,916	(20,045)	-118.8%	642	(36,273)
Finance	1,035	10,597	(9,562)	-923.9%	520	(10,077)
Fire	-	11,216	(11,216)	0.0%	20,754	9,538
General Government	103,500	82,123	21,377	20.7%	67,511	(14,611)
Human Resources	193,545	205,931	(12,386)	-6.4%	255,353	49,422
Library	-	-	-	0.0%	2,704	2,704
Parks and Recreation	15,525	-	15,525	100.0%	10,591	10,591
Police	72,450	231,946	(159,496)	-220.1%	133,455	(98,490)
Total	653,071	1,017,152	(364,081)	-55.7%	852,672	(164,480)

Legal Services are included in contracted services and are budgeted and expensed in various departments as shown in the table above. These costs are over budget due to several major issues that required external legal support. Approximately \$186,000 of legal costs were recovered through external billings.

Capital Program

The following table summarizes the 2023 Approved Multi-Year Capital Budget vs Actuals:

	2023 Budget	2023 Actuals
General Fund Capital Summary		
Land	733,800	4,800
Buildings	60,590,874	34,919,669
Vehicles/Equipment	12,381,534	4,272,334
Other Projects	6,222,645	2,165,335
Park Improvements	7,410,988	1,561,411
Engineering Structures	22,501,323	11,933,915
Total General Fund Capital	109,841,164	54,857,465
Electrical Capital Summary		
Land	-	-
Vehicles/Equipment	1,338,100	372,367
Other Projects	1,250,000	-
Electrical Distribution System	31,031,257	10,384,031
Total Electrical Fund Capital	33,619,357	10,756,398
Sewer Capital Summary		
Vehicles/Equipment	23,980	21,688
Other Projects	303,664	138,078
Sewer Infrastructure	22,896,792	11,876,980
Total Sewer Fund	23,224,436	12,036,745
Solid Waste Capital Summary		
Vehicles/Equipment	837,413	151,195
Total Solid Waste Fund	837,413	151,195
Water Capital Summary		
Vehicles/Equipment	324,625	79,210
Other Projects	509,590	154,085
Water Infrastructure	11,279,350	4,398,002
Total Water Fund	12,113,565	4,631,296
BridgeNet Capital Summary		
BridgeNet Infrastructure	706,817	540,837
BridgeNet Vehicles	-	-
BridgeNet Other	50,000	-
Total BridgeNet Fund	756,817	540,837
Total Consolidated Capital	180,392,752	82,973,936

The Approved Multi-Year Capital Budget was \$173.2M and at Q3 2023 Council approved a revised budget of \$180.4M. 2023 Capital spend was \$83.0M with the balance planned as a

carryover in spending to 2024 which formed part of the 2024 Approved Multi-Year Capital Budget of \$151.9M.

Major projects spend in 2023 includes:

- təməsewtx^w Aquatic & Community Centre (\$32.9M)
- Queensborough Substation (\$3.8M)
- Sewer Separation programs (\$5.0M)
- Pavement management Programs (\$4.6M)
- Watermain Replacement Program (\$3.0M)

General Fund Capital

The \$0.7M budget for **Land** in the general fund was for land acquisition to accommodate proposed greenway.

The \$60.6M budget for buildings in the general fund is used to maintain **Civic and Park Buildings**. Overall, capital expenses equaled \$34.9M which is \$25.7M below budget. Building projects consist of a few large projects and many relatively small projects. Large projects are comprised of \$42.8M təməsewtx^w Aquatic and Community Centre (TACC), \$12.5M Massey Theatre, and \$0.9M for EV infrastructure at Civic Buildings. Of the large projects, the continuation of work for TACC (\$9.9M) and Massey Theatre (\$11.9M) in 2024 account for the majority of the budget variance. Deferrals in smaller projects account for the remainder of the budget variance. Unspent funds from 2023 are carried forward to 2024.

The **Vehicle and Equipment** budget in the general fund is for vehicles, machinery and equipment maintained by either the Engineering Fleet division or the Information Technology division. The \$12.4M budget is comprised of \$7.0M for equipment and \$5.4M for vehicles. Expenses are \$3.6M for equipment \$0.7M for vehicles, which are under budget by \$3.4M and \$4.7M respectively. Most of the unspent funds are still needed to complete various vehicle/equipment projects due to prolonged lead times and will be carried forward to 2024.

The **Other Projects** budget of \$6.2M in the general fund includes funding for Affordable Housing (\$1.4M), Urban Reforestation and Tree Canada Initiative (\$1.3M), Climate Action (\$1.0M), Corporate Efficiencies and Strategies (\$1.0M), and other Feasibility and Sustainability Studies (\$0.6M). Capital expenses equaled \$2.0M which is \$4.2M below budget. The majority of the variance is due to ongoing efforts for Affordable Housing (\$1.3M) and Urban Reforestation (\$0.9M) with the remainder coming from smaller projects. The unspent funds are carried forward to 2024.

The \$7.4M budget in the general fund for **Park Improvements** is comprised of \$3.3M park development, \$2.4M parks infrastructure & furnishings, \$0.5M outdoor pools, and \$0.5M playgrounds. Park improvements expenses equal \$0.9M which is \$5.7M below budget, due

to the continuation of the WPP West Expansion project in 2024 (\$2.0M), the deferral of multiple planning and design projects (\$1.0M), deferral of the Sapperton Park field lights (\$0.5M), deferral of the Hume Park Tennis Courts replacement (\$0.5M), and other parks infrastructures and furnishing (\$0.5M). The unspent funds are carried forward to 2024.

There is \$22.5M in the general fund capital budget for **Engineering Structures**. These funds are used to build and maintain the City's transportation infrastructure, which includes managed roads, cycling and greenways, railway improvements, walking, major repairs and rehabilitation, livable neighborhoods, great streets, and transit. Large projects are comprised of \$4.9M pavement management, \$2.4M Crosstown Greenway, \$1.5M 4th St Feature Stairway, \$1.3M Improvement of Q to Q Ferry docks and passenger facilities, \$1.1M traffic signal improvements and installation, and \$0.9M railway crossing upgrades. Capital expenses equal \$11.9M with unspent funds for deferred projects carried forward to 2024.

Utility Funds Capital

The **Electric Utility** capital budget of \$33.6M provides funding for the new Queensborough Substation (\$8.9M), the Advanced Meter Infrastructure (AMI) program (\$13.8M), new electrical service connections (\$2.5M), work on the Sapperton District Energy System (\$2.3M), and Royal 2 Substation upgrades (\$1.1M). Total Electric Utility spending was \$10.7M, which was \$22.9M below budget. The variance is mostly related to the Queensborough substation and the AMI program. Overall, the Queensborough substation and related new services was \$4.0M under budget and is being carried forward to 2024. Electrical meter replacements was \$12.4M under budget as delays were experienced with the Advanced Metering Infrastructure project, due to supply chain issues delaying purchase of meters. The deferral of works on Sapperton District Energy System contributed to \$2.2M of the variance which are carried over to 2024.

The **Water Utility** capital budget of \$12.1M primarily provides for the major replacement and additions to the Utility's infrastructure to replace aging watermains and the associated trench restoration (\$10.7M). The Water Utility spent \$4.6M, which is \$7.5M below budget. The variance is mostly related to the delay of the West End watermain replacement program, which is \$5.0M under budget. Projects are anticipated to continue with majority of the underspent funds carried forward to 2024.

The **Sewer Utility** capital budget of \$23.2M primarily provides for the rehabilitation of existing sewers and sewer separation. The larger projects are the annual sewer separation and rehabilitation programs (\$15.0M), Boundary St. Pump Station (\$1.8M), and sanitary pump station upgrades (\$2.2M). Sewer Utility spending is \$12.0M, which is \$11.2M under budget. The variance is mainly attributed to the sewer rehabilitation and sewer separation programs, which are \$7.1M below budget, relating mostly to rehabilitation and separation works in the West-End, sewer pump upgrades, which are \$2.0M below budget, and Boundary Pump Station, which is \$0.8M below budget. All of these projects are anticipated to continue with majority of the unspent fund carried forward to 2024.

The **Solid Waste Utility** capital budget of \$0.8M is primarily the procurement of a vehicles (\$0.7M), Garbage/Recycle/Yard carts (\$0.1M), and Streetscape Receptacles. The Solid Waste utility spent \$0.2M, which is \$0.7M under budget mainly due to the deferral of the purchase of vehicles.

The **BridgeNet Utility** capital budget of \$0.8M is primarily for BridgeNet Infrastructure (\$0.5M) and Pattullo Bridge Fibre (\$0.2M). Capital spending is \$0.5M, which is \$0.2M under budget. The variance is mostly attributed to deferral of Pattullo Bridge Fibre which are continuing and remaining funds will be carried forward to 2024.