

ATTACHMENT A
Variance Analysis of the Operating Results
for the Six Months Ending 2019-JUN-30 & Projections for the Year Ending 2019-DEC-31

On a monthly basis, each City department monitors its actual financial results as compared to the Financial Plan. The following section provides a summary of the projected surplus (deficit) by department for 2019, and also includes an explanation for significant variances over \$100,000.

City Administration

The City Administration division shows year-to-date total revenues at 86% and expenditures at 43%. Based on the analysis of these accounts, at 2019-JUN-30, a net surplus of \$44,200 is projected made up of small surpluses and deficits in the various departments with no specific variances over \$100,000.

Corporate Services

The Corporate Services division shows year-to-date total revenues at 51% and expenditures at 48%. Based on the analysis of these accounts, at 2019-JUN-30, a net surplus of \$696,600 is projected. The majority of the surplus is outlined below:

- Financial services and purchasing - \$379,600 – The elimination of the Deputy Director position and vacancies in the Manager of Accounting Services and other positions offset by the addition of a Financial Analyst and a Buyer position account for approximately \$323,500 of the projected surplus.
- RCMP and Police Services – \$312,500 – A one-time \$205,600 rebate for the 2018/19 final reconciliation of costs has been received from the RCMP which is a major contributor to the surplus. As well, the Support Services manager position and other vacancies account for approximately \$200,600 of the projected surplus, which is partially offset by additional costs across multiple sections, including \$55,000 for snow and ice clearing.

Development Services

The Development Services division shows year-to-date total revenues at 83% and expenditures at 41%. Based on the analysis of these accounts, at 2019-JUN-30, a net surplus of \$1,040,400 is projected. Areas with variances exceeding \$100,000 are outlined below:

- Building Inspections – \$837,500 – The volume of building inspections has exceeded expectations in the first two quarters of 2019 and is projected to exceed budget by \$870,000 for the year. Additionally there are wage savings for a vacant position.
- Business Licenses – \$100,700 – The volume of business licenses issued has also exceeded expectations in the first two quarters and this trend is anticipated to continue throughout the year, resulting in a projected surplus.

Parks and Recreation

The Parks and Recreation division shows year-to-date total revenues at 45% and expenditures at 46%. Based on the analysis of these accounts, at 2019-JUN-30 there is a projected year end deficit of \$154,000.

There is no single service area with a variance exceeding \$100,000; the total is the result of multiple smaller variances across the department's services. Overall the deficit can be attributed to additional costs for vandalism repairs and snow and ice removal which has been offset by costs savings resulting from position vacancies.

Engineering and Public Works

The Engineering and Public Works division shows year-to-date total revenues at 51% and expenditures at 47%. Based on the analysis of these accounts, at 2019-JUN-30, a net deficit of \$242,300 is projected. Areas with variances exceeding \$100,000 are outlined below:

- Engineering Services – \$166,700 – The projected surplus is due largely to three position vacancies expected to be filled by September.
- Transportation – (\$406,700 deficit) – The higher than anticipated snow event earlier in the year resulted in significantly higher snow clearing costs in both wages and contracted services.

Fire Rescue

The Fire Rescue division shows year-to-date total revenues at 89% and expenditures at 48%.

Based on the analysis of these accounts, at 2019-JUN-30, there is a projected year end surplus of \$98,800 made up of multiple small variances across the Fire Services Department sections.

Utilities

The Utilities departments show year-to-date total revenues at 63% and expenditures at 73%. Based on the analysis of these accounts, at 2019-JUN-30 there is a projected year end surplus of \$73,000 in the sewer fund and \$268,100 in the water fund. The key variances over \$100,000 from budget are:

- Water – \$268,100 – There is \$115,000 of water contingency funds that are not anticipated to be required. Water main flushing work is lower than planned (\$66,000 savings) and various cost savings including a vacant water tech position make up the remaining balance.

Other (VICC, Economic Development, and Corporate Facilities)

The Other category shows year-to-date total revenues at 42% and expenditures at 42%.

Based on the analysis of these accounts, at 2019-JUN-30, there is a projected year end deficit of \$65,300. There are no departments with variances exceeding \$100,000 in this area.

General Revenues

The General Revenues department shows year-to-date total revenues at 96% and expenditures at 65%. The majority of revenues in this department relate to property taxation which are all recorded in May and June of each year. Correspondingly, the majority of expenditures relate to tax payovers and transfers to reserve.

Based on the analysis of these accounts, at 2019-JUN-30 an estimated surplus of \$727,400 is expected. Comments on the variances from budget are as follows:

- Grants in Lieu of Taxes – \$172,700 – Monies received from a variety of other government organizations were higher than anticipated, resulting in a surplus.
- Investment Income – \$550,000 – A surplus is projected due to the Bank of Canada interest rate increases in the last year and a competitive investment environment with banks and other institutions actively seeking investments.