

**ATTACHMENT A**  
**Variance Analysis of the Operating Results**  
**for the Nine Months Ending 2019-SEP-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 includes an explanation for significant variances over \$100,000.

**City Administration**

The City Administration division shows year-to-date total revenues at 122% and expenditures at 66%. Based on the analysis of these accounts, at 2019-SEP-30, a net surplus of \$117,300 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 63% and expenditures at 72%. Based on the analysis of these accounts, at 2019-SEP-30, a net surplus of \$944,300 is projected. The majority of the surplus is outlined below:

- Financial Services and Purchasing – \$256,800 – 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 the bulk of the surplus.
- Information Technology – \$296,300 – Savings in software and hardware contracts including a lower rate for the ongoing Microsoft contract along with a tech support vacancy have resulted in this surplus.
- Police Services – \$391,200 – Vacancies including the Manager of Police Support Services and case file specialist position have resulted in this surplus.

**Development Services**

The Development Services division shows year-to-date total revenues at 97% and expenditures at 63%. Based on the analysis of these accounts, at 2019-SEP-30, a net surplus of \$699,300 is projected. Areas with variances exceeding \$100,000 are outlined below:

- Building Inspections – \$437,500 – The volume of building inspections has exceeded expectations and is projected to exceed budget by \$437,500 for the year excluding all permit revenues expected to carry over into 2020.
- Development Services Administration – (\$166,100 deficit) – This deficit reflects restructuring changes in cost tracking and is offset by surpluses being carried in other Development Services' departments.

- Permit Centre & Business Licencing – \$120,900 – Business License revenue is forecasted to exceed budget by approximately \$90,000 which when combined with some wage and expense savings is resulting in a projected surplus.
- Real Estate – \$120,300 – This surplus largely reflects restructuring changes in cost tracking and is offset by the deficit shown above in Development Services Administration.

### Parks, Recreation and Culture

The Parks, Recreation and Culture division shows year-to-date total revenues at 74% and expenditures at 70%. Based on the analysis of these accounts, at 2019-SEP-30 there is a projected year-end surplus of \$74,400. The key variance over \$100,000 is:

- Facilities Planning and Maintenance – (\$182,100 deficit) – This deficit is the result of additional vandalism repair costs projected to be \$200,000 over budget offset somewhat by higher than budgeted Power Smart rebate revenue.

### Engineering and Public Works

The Engineering and Public Works division shows year-to-date total revenues at 82% and expenditures at 72%. Based on the analysis of these accounts, at 2019-SEP-30, a net surplus of \$52,000 is projected. Areas with variances exceeding \$100,000 are outlined below:

- Engineering Services – \$171,000 – The projected surplus is due largely to three ongoing position vacancies in traffic and transportation offset by some additional consulting costs.
- Storm Drainage – \$157,100 – This surplus reflects reduced costs for catch basin/ditch cleaning due to wetter summer weather and reduced brush cutting expenditures.
- Transportation – (\$275,200 deficit) – The larger than anticipated snow event earlier in the year resulted in significantly higher snow clearing costs in both wages and contracted services. The projected deficit for snow and ice control (dependent on weather) is \$294,000.

### Fire Rescue

The Fire Rescue division shows year-to-date total revenues at 119% and expenditures at 73%.

Based on the analysis of these accounts, at 2019-SEP-30, there is a projected year-end surplus of \$192,700. The key variance over \$100,000 is:

- Nanaimo Fire Rescue – \$188,300 – This projected surplus is due to higher than anticipated revenue for wage recoveries, additional fine revenue and additional training revenue which are projected to be \$132,000 over budget for 2019. Operating costs are expected to be \$60,000 underspent across a number of sections.

## Utilities

The Utilities departments show year-to-date total revenues at 87% and expenditures at 87%. Based on the analysis of the water and sewer accounts, at 2019-SEP-30 there is a projected combined year-end surplus of \$828,900. The key variances over \$100,000 from budget are:

- Sewer – \$102,500 – There are \$71,000 of sewer contingency funds which are not expected to be used. Revenues are trending high by \$30,000 and there are some savings in operating costs.
- Water – \$726,400 – Revenues are expected to exceed budget by \$500,000. There are \$115,000 of water contingency funds which are not expected to be used. Various cost savings including a vacant water resources position make up the remaining balance.

## Other (VICC and Corporate Facilities)

The Other category shows year-to-date total revenues at 63% and expenditures at 75%. Based on the analysis of these accounts, at 2019-SEP-30, there is a projected year end deficit of \$71,900. There are no departments with variances exceeding \$100,000 in this area.

## General Revenue

The General Revenue department shows year-to-date total revenues at 99% and expenditures at 79%. The majority of revenues in this department relate to property taxation, which are recorded in May and June of each year. Correspondingly, the majority of expenditures relate to tax pay overs and transfers to reserve.

Based on the analysis of these accounts, at 2019-SEP-30 an estimated surplus of \$793,200 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 – \$625,000 – 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.