



TOWN OF SIDNEY

REPORT TO COUNCIL

TO: Council

FROM: Troy Restell, Manager of Finance

DATE: August 6, 2013 **FILE NO.:** Quarterly Financial Reports

SUBJECT: BUDGET VARIANCE REPORT – FIRST HALF OF 2013

PURPOSE:

To provide an update to Council on the financial results for the first half of the 2013 fiscal year.

DISCUSSION:

Attached is a copy of the Budget Variance Report covering roughly the first half of 2013. As per Council Policy FN-008, this is the first of three regular financial reports to be brought forward to Council. A similar report will follow after the three-quarter mark of the year. The year end report is presented following each year's audit, along with the financial statements.

Year to date results for both revenues and expenditures are presented up to the date of this report, rather than merely to the 6-month mark, in order to present Council with the most up to date information on financial results. While some revenues and expenditures follow a regular pattern throughout the year, some do not. Care should be taken in interpreting the "% of Budget" column, which has been provided as a rough indicator of results to date.

Financial results for the year are fairly sound, with expenses being roughly on target. Most revenues are also coming in as expected. More detailed comments follow. Please refer to the Note #'s on the attached variance report.

General Operating Fund Revenue

1. Property taxes make up 91% of this total budget, and these revenues are recognized in the first half of the year. Collections for the year have followed trends established in recent years. Approximately 97% of taxes have now been paid. Investment revenues are on track to meet budgeted expectations, with the majority being generated in the latter half of the year.

2. Revenue seems higher than expected under the Bylaw Enforcement function; however, business and dog licence revenues are recognized early in the year, which serves to distort these figures. Building permit revenues are on target for the year to date. Some of these revenues will likely be deferred at the end of the year if the associated construction projects are not completed.
3. Most of the revenue in these areas is related to the reimbursement of Town expenses associated with third party events and infrastructure works related to development. This is seasonal in nature and linked to particular development projects. The revenue is offset by corresponding expenses.
4. Most of the revenues in Dock & Port Facilities are collected early in the year. This includes the recovery of Crown licence fees for Port Sidney, and the annual rent payment from Washington State Ferries (\$110,000 this year).
5. The number of rezoning and development permits issued to date is lower than anticipated.
6. Most of the activity in Transfers and Other Revenue happen closer to or at the end of the year.
7. Total revenue for the year reflects the timing of property tax collections, which represents the majority of this total.

General Operating Fund Expenses

8. General Administration is slightly higher than the year-to-date personnel expenses of 57%. However, this is due to annual insurance and association memberships having been paid for the full year.
9. Police expenses have been paid to the end of June and actual expenses are lower than budgeted. Looking forward to the end of the fiscal year, it is expected that policing contract expenses will be less than budget.
10. Payment to Central Saanich for administration of the Peninsula Emergency Measures Organization (PEMO) happens near the end of the year.
11. Expenses pertaining to the replacement of the bus shelter on 5th street were higher than expected due to the provided structure plans being incorrect.
12. Parking lot maintenance expenses greater than budget, but offset by parking revenues.
13. The Crown licence fee for Port Sidney is paid early in the year. See also #4 above for offsetting revenue implications.

14. Much of the Parks budget is seasonal; additionally, this has been a longer than normal growing season, with above average water use. For the Library, Senior's Centre and Museum, more than half a year's payments have been made; no variance is expected for the year in these functions.
15. The majority of Fiscal Services entries for the year have been completed. Transfers of note include \$105k to the computer replacement reserve, \$110k to the Ferry Terminal reserve, \$105k to the vehicle replacement reserve and \$829k to the infrastructure replacement reserve.
16. The Grants in Aid have been distributed and 3 of 4 installments to the Mary Winspear Centre have been paid.
17. Year-to-date expenses are tracking budget and there are no areas of significant concern in General Operating Expenses at this time. As previously noted, personnel expenses are 57% year to date.

Water and Sewer Operating Funds

18. Parcel taxes for both Water and Sewer are collected in the first half of the year, making the total revenues appear more favourable than they are. Water User fees are at 46% for the first half, but the last 2 quarters produce more of the total revenues. Sewer User fees are at 49%, with less of a second half variation.
19. Bulk water purchases from CRD have been billed to the end of June. Most of this budget will be consumed later in the year, as the summer months show more significant volume.
20. Transfers to reserves and capital are done at varying times during the year. No variances are expected in these line items.
21. Transfers to CRD for costs associated with the joint Sewer System have been completed for the year.
22. Although Water Operating currently indicates a deficit of \$15,698, and Sewer Operating a deficit of over \$410k (mainly due to the CRD transfers), these variances are largely due to the timing of certain revenues and expenditures. We do expect budget will be achieved in both the Water and Sewer funds at fiscal year end.

Capital Expenditures

Only a handful of Capital projects have been entirely completed for the year, and there are several infrastructure projects that will see significant expenditures over the remainder of this year. Still others will likely be carried forward for completion in 2014. Much of the emphasis in the first half of the year was on completing the Roundabout and the Parks Building at the Public Yard Works, as well as completing the rollout of new computer workstations and printers.

There are no significant concerns regarding the overall capital budget, but comments on some capital projects will follow. More complete information will be available for the next quarterly report.

23. The original scope of replacing the Town's standby generator envisioned purchasing a previously used generator. However, a new generator was instead purchased given the small cost differential and future cost savings. The purchase of a new versus used generator has resulted in this capital projected exceeding budget.
24. The Town's replacement of computer equipment and printers has been completed. However, there is still some network related hardware that will be replaced within the scope of this project.
25. The Town began accepting credit cards at the Municipal Hall in June and is working towards accepting credit card payments through the Town's website in the Fall. This project is expected to remain within budget.
26. This project is underway and will provide Sidney residents and customers online access to information regarding their property taxes, utility, development, business and dog accounts. This project is expected to remain within budget.
27. This project represents the net cost, including installation, to the Town for the purchase of 3 Automated External Defibrillators (AEDs).
28. As the final part of the Public Works Reconstruction project, the Parks building is now complete. This work was over budget primarily due to relocating and upgrading the server room, which was not included in the original cost estimates of the project. This updated server room was deemed necessary for redundancy purposes as part of the Town's emergency planning.
29. The relocation of the Hydraulic Power Unit (HPU) at the ferry terminal is complete. This project was over budget due to inaccurate consultant estimates. There is no tax impact resulting from this project as it is funded from reserves. As well, cost savings are expected to be found with future capital remedial work at the Ferry Terminal.
30. The Roundabout is complete, but has some minor invoices that are still outstanding. This project will be completed under-budget.
31. The Third Street Parking lot is now complete. It is over-budget due to greater than expected landscaping costs.
32. The purchase and installation of 5 electrical vehicle charging stations is now complete.

33. The replacement of concrete sidewalks with brick pavers on Resthaven (Beacon to James White) is complete. It is over-budget due to delays accommodating access to businesses during business hours and replacing curbing that was not identified in the original scope of the project. This project will not result in a tax impact as it is funded from reserves. As well, it is expected that cost savings will be realized from other infrastructure projects that are scheduled during this year.
34. The installation of bollard lighting in Tulista Park is now complete. The project exceeded budget due to more than anticipated trenching and utility conflicts.

FINANCIAL IMPLICATIONS:

While several capital projects have been completed and year-to-date expenditures seem to be mostly in line, there are still many projects that remain. In particular, there are many infrastructure projects that are just getting underway. The next quarterly report, which will be distributed near the end of October, will provide a better indication of expected year-end results.

There are no areas of concern at this time. It is anticipated that any overages identified above will be covered through savings in other expenditure areas.

RECOMMENDATION:

That this report be received for information.

Respectfully submitted:

I concur:

I concur:

Troy Restell
Manager of Finance

Andrew Hicik
Director of Corporate
Services

Randy Humble
Chief Administrative Officer

**TOWN OF SIDNEY
2013 SEMI-ANNUAL BUDGET REPORT**

	YEAR TO DATE \$	ANNUAL BUDGET \$	VARIANCE \$	ACTUAL % OF BUDGET	Note
GENERAL OPERATING FUND REVENUE					
General Revenue					
Taxation, Transfers and Other	(10,506,660)	(11,079,203)	(572,543)	95%	1
General Government					
Council	(1,000)	0	1,000	0%	
Administration	(4,344)	(8,614)	(4,270)	50%	
Financial Management	(18,026)	(39,283)	(21,258)	46%	
Driver Services	(129,863)	(250,000)	(120,137)	52%	
Common Services	(1,254)	(2,100)	(846)	60%	
Other	(3,750)	(5,000)	(1,250)	75%	
Protective Services					
Police Protection	(168,404)	(329,399)	(160,995)	51%	
Court House	(8,102)	(22,969)	(14,867)	35%	
Fire Protection	(2,666)	(11,143)	(8,477)	24%	
Building Inspection & Bylaw Enforcement	(277,961)	(366,800)	(88,839)	76%	2
Transportation					
Common Services	(5,768)	(20,000)	(14,232)	29%	3
Road Transportation	(35,879)	(126,777)	(90,898)	28%	3
Bus Shelters	(2,657)	(4,500)	(1,843)	59%	
Parking Lots	(16,881)	(25,000)	(8,119)	68%	
Dock & Port Facilities	(234,315)	(266,031)	(31,716)	88%	4
Storm Drains	(12,138)	(27,414)	(15,276)	44%	
Environmental Health					
Solid Waste & Environmental Programs	(178,214)	(353,000)	(174,786)	50%	
Development Services					
Municipal Planning	(3,660)	(20,600)	(16,940)	18%	5
Recreation & Culture					
Parks	(38,948)	(73,461)	(34,513)	53%	
Library	(69,244)	(108,470)	(39,226)	64%	
Senior Citizens' Centre	(18,872)	(35,819)	(16,947)	53%	
Transfers and Other Revenue					
Transfers from Own Accounts & Funds	(13,958)	(459,518)	(445,560)	3%	6
Total Revenue	(11,752,562)	(13,635,101)	(1,882,539)	86%	7

**TOWN OF SIDNEY
2013 SEMI-ANNUAL BUDGET REPORT**

	YEAR TO DATE	ANNUAL BUDGET	VARIANCE	ACTUAL % OF BUDGET	Note
	\$	\$	\$		
GENERAL OPERATING FUND EXPENSES					
General Government					
Council	106,717	197,568	90,851	54%	
Committees	4,594	6,000	1,406	77%	
General Administration	1,140,210	1,908,609	768,399	60%	
	1,251,521	2,112,177	860,656	59%	8
Protective Services					
Police Protection	1,165,086	2,407,542	1,242,456	48%	9
Court House	29,186	47,508	18,322	61%	
Fire Protection	559,324	1,067,004	507,680	52%	
Emergency Measures	12,574	34,000	21,426	37%	10
Building Inspection & Bylaw Enforcement	236,954	412,423	175,469	57%	
	2,003,125	3,968,477	1,965,352	50%	
Transportation					
Common Services	574,082	914,008	339,926	63%	
Road Transport	460,758	989,937	529,179	47%	
Bus Shelters	17,800	13,459	(4,341)	132%	11
Parking Lots	6,965	5,659	(1,306)	123%	12
Dock & Port	105,416	134,363	28,947	78%	13
Storm Drains	133,970	216,872	82,902	62%	
	1,298,991	2,274,298	975,307	57%	
Environmental Health					
Solid Waste & Environmental Programs	257,876	495,462	237,586	52%	
Environmental Development					
Municipal Planning	209,872	365,867	155,995	57%	
Recreation & Culture					
Parks	734,734	1,256,886	522,153	58%	
Library	45,939	87,941	42,002	52%	
Senior Citizens' Centre	86,067	117,700	31,633	73%	
Museum & SODC	75,214	109,961	34,747	68%	
	941,953	1,572,488	630,535	60%	14
Fiscal Services					
Transfers to Reserves and Other Funds	1,377,730	1,428,350	50,620	96%	15
Community Support	284,479	409,732	125,253	69%	16
Debt Payments	223,276	384,187	160,911	58%	
Contingencies & Other	4,112	127,500	123,388	3%	
Union Negotiations	2,808	1,000	(1,808)	281%	
	1,892,404	2,350,769	458,365	81%	
Total Expenditures	7,855,743	13,139,538	5,283,795	60%	17

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	YEAR TO DATE \$	ANNUAL BUDGET \$	VARIANCE \$	ACTUAL % OF BUDGET	Note
WATER OPERATING FUND					
Revenue					
Fees and transfers	(1,111,558)	(1,948,578)	(837,020)	57%	18
Expenditures					
Administration	701,622	1,367,590	665,968	51%	19
Training	4,867	11,571	6,704	42%	
Operations	140,563	237,304	96,741	59%	
Transfer to CRD	6,619	0	(6,619)	0%	
Transfers to capital & reserves	254,900	287,700	32,800	89%	20
Connections	18,684	44,413	25,729	42%	
	1,127,256	1,948,578	821,322	58%	
	15,698	0	(15,698)		22
SEWER OPERATING FUND					
Revenue					
Fees and transfers	(1,435,486)	(2,323,026)	(887,382)	62%	18
Expenditures					
Administration	82,206	161,281	79,075	51%	
Training	8,270	11,657	3,387	71%	
Operations	135,853	294,041	158,188	46%	
Transfer to CRD	1,445,394	1,507,363	61,969	96%	21
Transfers to capital & reserves	165,500	333,500	168,000	50%	20
Connections	7,276	12,123	4,847	60%	
Summergate Lift Station	1,147	3,061	1,914	37%	
	1,845,645	2,323,026	477,381	79%	
	410,159	0	(410,001)		22

**TOWN OF SIDNEY
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	YEAR TO DATE \$	ANNUAL BUDGET \$	VARIANCE \$	ACTUAL % OF BUDGET	Note
GENERAL CAPITAL FUND					
General Government					
Financial Software Replacement	0	35,000	35,000	0%	
Admin Copier/Printer	8,600	8,600	0	100%	
Town Hall Standby Generator	27,659	20,000	(7,659)	138%	23
Workspace Efficiency Upgrades	4,714	5,000	286	94%	
Council Chambers Technical Upgrade	0	11,000	11,000	0%	
Computer Replacement Plan	95,660	110,000	14,340	87%	24
Computer Equipment Fund	4,994	10,000	5,006	50%	
Online Credit Card Payment (Tempest)	5,609	10,000	4,391	56%	25
Tempest MyCity Module	13,348	15,000	1,652	89%	26
Protective Services					
RCMP					
RCMP Furnishings	6,441	7,500	1,059	86%	
RCMP Civilian Finger Printing System	0	20,000	20,000	0%	
PRIME Prisoner Booking System	0	38,000	38,000	0%	
Fire Department					
Fire Equipment	2,176	0	(2,176)	0%	27
Fire Vehicle Replacement	43,407	55,000	11,593	79%	
Transportation					
Engineering Equipment	0	4,500	4,500	0%	
Public Works Equipment	7,145	10,000	2,855	71%	
Green Technology Applications	0	5,000	5,000	0%	
Street Amenities Program	0	20,000	20,000	0%	
Works Yard Reconstruction	174,992	116,500	(58,492)	150%	28
Beacon Avenue Revitalization	0	40,000	40,000	0%	
Galaran Landscaping and Signage	0	7,000	7,000	0%	
PW Vehicle Replacement	29,884	30,000	116	100%	
Portable Solar Speed Reader	4,144	22,500	18,356	18%	
Beacon Ave Flashing X Walk Lights	0	25,000	25,000	0%	
Ardwell Ave Flashing X Walk Lights	841	15,000	14,159	6%	
Beacon Hydro Box Revitalization	1,276	8,350	7,074	15%	
Underground Wiring	4,208	20,000	15,793	21%	
Ferry Terminal Site Improvements	2,250	50,000	47,750	5%	
Ferry Terminal HPU Relocation	99,373	55,000	(44,373)	181%	29
Ferry Terminal Remedial Works	0	145,000	145,000	0%	
Ocean & Fifth Roundabout	804,835	991,000	186,165	81%	30
Decorative Street Lighting	0	30,000	30,000	0%	
Seawall Repairs	2,321	5,000	2,679	46%	
Bevan & Third Parking Lot	9,063	6,700	(2,363)	135%	31
Electric Vehicle Charging Station	33,974	32,000	(1,974)	106%	32
Sign Lettering Machine	5,515	15,000	9,485	37%	
Seniors Centre Dust Collection System	0	2,500	2,500	0%	
Infra Plan - Ardwell Storm Drain	0	148,000	148,000	0%	
Infra Plan-McDonald Park Paving-Ardwell to Melville	29,229	79,620	50,391	37%	
Infra Plan-Second St Paving-Ocean to Orchard	0	50,600	50,600	0%	
Infra Plan-Bevan Ave Paving-Fifth to Third	0	123,600	123,600	0%	
Infra Plan-Bowerbank Rd Paving Ardwell-Resthaven	39	88,770	88,731	0%	
Infra Plan-Fifth St Paving-Henry-Malaview	45,271	198,630	153,359	23%	
Infra Plan-Resthaven Beacon-Jameswhite	53,122	26,250	(26,872)	202%	33

**TOWN OF SIDNEY
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	YEAR TO DATE \$	ANNUAL BUDGET \$	VARIANCE \$	ACTUAL % OF BUDGET	Note
Recreation & Culture					
Parks Equipment	631	10,000	9,369	6%	
Tulista Playground Equipment	0	168,000	168,000	0%	
Beacon (Wanda) Sign Replacement	9,303	10,000	697	93%	
Tulista Park Bollard Lighting	21,614	9,500	(12,114)	228%	34
Parks Vehicles	86,905	99,000	12,095	88%	
Resthaven by the Sea Tennis Courts	15,730	25,000	9,270	63%	
Melissa Park Path	9,527	12,000	2,473	79%	
Ferry Terminal Entrance Signage	0	10,000	10,000	0%	
Sculpture Walk Bases	0	24,500	24,500	0%	
Library Renovations	0	28,200	28,200	0%	
Total General Capital	1,663,798	3,112,820	1,449,022	53%	
WATER CAPITAL FUND					
Infra Plan-Henry Ave Water Fourth-Third	0	66,600	66,600	0%	
Allbay Rd Replacement Study	0	60,000	60,000	0%	
Water Equipment	4,706	10,000	5,294	47%	
Backblow Preventers	6,476	17,800	11,324	36%	
	11,182	154,400	143,218	7%	
SEWER CAPITAL FUND					
Sewer Equipment	7,201	10,000	2,799	72%	
SCADA Upgrade	55,710	70,000	14,290	80%	
Infra Plan-Second St. Sewer	18	73,200	73,182	0%	
Sewer Vehicle/Equipment Replacement	27,474	25,000	(2,474)	110%	
	90,404	178,200	87,796	51%	