



# TOWN OF SIDNEY

## REPORT TO COMMITTEE

**TO:** Audit and Finance Committee

**FROM:** Troy Restell, Manager of Finance

**DATE:** October 21, 2013                      **FILE NO.:** 1880-20

**SUBJECT:** BUDGET VARIANCE REPORT – 3<sup>RD</sup> QUARTER OF 2013

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### **PURPOSE:**

To provide an update to Audit and Finance Committee on the financial results for the first 3 quarters of 2013.

### **DISCUSSION:**

Attached is a copy of the Budget Variance Report covering roughly the first 3 quarters of 2013. As per Council Policy FN-008, this is the second of three regular financial reports to be brought forward to Council. The year end report is presented following the year end audit, along with the financial statements.

Year to date results for both revenues and expenses are presented up to the date of this report, rather than merely to the 9-month mark, in order to present Council with the most up to date information on financial results. While some revenues and expenses 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 sound, with expenses and revenues meeting budgeted expectations. More detailed comments follow. Please refer to the Note #'s on the attached variance report.

### General Operating Revenues

1. Property taxes make up 90% of the General Revenue budget and are recognized in the first half of the year. Collections for the year have followed trends established in recent years. Investment revenues are at 74% of budget and should at a minimum meet budget as a greater amount of interest income is recognized in the 2<sup>nd</sup> half of the year.
2. The Town's provider of liability insurance, Municipal Insurance Association (MIA), distributed to the Town a dividend of \$9,508. Dividends are not issued every year, and the amounts are unpredictable; therefore, the Town does not budget for these.

3. Police Protection revenues are tracking higher than budget, primarily due to fees and service charges at 95% of budget.
4. Revenue seems higher than expected under the Bylaw Enforcement function; this is principally due to business and dog licence fees being collected early in the year. Building and plumbing permit revenues are on target at 81% of budget year-to-date. However, some of these revenues will likely be deferred at the end of the year if the associated construction projects are not completed. Parking ticket revenue is below expectations, at only 53% of budget.
5. The majority of revenues in these areas are related to the reimbursement of Town expenses and related administration fees associated with third party infrastructure and other recoverable works. The reimbursements to the Town are offset by corresponding expenses which are only at 40% of budget. It is important to note that third party work is often seasonal in nature and linked to particular development projects, which are significantly lower than expectations for the year. As well, there is a timing difference with the reimbursement of the actual expenses.
6. Parking lot revenue is greater than budget mainly due to better than expected long term parking revenues for Lot A (Bevan & 2<sup>nd</sup> Street).
7. Most of the revenues in Dock & Port Facilities are collected early in the year. This includes the recovery of Crown licence fees from Port Sidney (\$77,000), and the annual rent from Washington State Ferries (\$110,000). The basic rent from the Port of Sidney is also paid up to the end of the year.
8. Revenues in these areas is lower than budget due to fewer than expected development projects during the year. This has resulted in fewer new storm sewer connections, and fewer rezoning and development permits being issued.
9. Most of the activity in Transfers and Other Revenue happens closer to or at the end of the year.
10. Total revenue for the year reflects the timing of property tax collections, which represents the majority of this total. Overall, revenue is on track to meet budget and there are no significant concerns.

#### General Operating Expenses

11. The majority of these expenses represent the Town's RCMP Policing contract, which has only been billed to the end of June. Looking forward to the end of the fiscal year, it is expected that policing contract expenses will be less than budget.
12. Payment to Central Saanich for administration of the Peninsula Emergency Measures Organization (PEMO) happens near the end of the year.

13. Expenses pertaining to the replacement of the bus shelter on 5<sup>th</sup> street were higher than expected due to the provided structure plans being incorrect and much of the work having to be redone.
14. Parking lot expenses are greater than budget due to new maintenance costs associated with parking lot F (3<sup>rd</sup> & Bevan). These expenses will be offset by parking revenues.
15. The Crown licence fee for Port Sidney is paid early in the year. See also #7 above for offsetting revenue implications.
16. It has been a longer than normal growing season, with above average water use. However, Parks has managed their budgets well and it is expected that overall expenses will meet budget.
17. For the Senior's Centre and Museum, expenses are tracking higher than budget due to 10 months of strata fees having been paid in full.
18. 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.
19. Grants in Aid have been distributed and 3 of 4 installments to the Mary Winspear Centre have been paid.
20. All annual debt payments have made for the year with some minor equipment lease payments remaining.
21. This is primarily the contingency budget for unforeseen events that occur during the year. To-date, no such events have taken place.
22. Year-to-date expenses are tracking budget and there are no areas of significant concern in General Operating Expenses at this time. Overall labour expenses for Public Works are tracking at 80% of budget and in Parks 83% of budget.

#### Water and Sewer Operating Funds

23. Parcel taxes for both Water and Sewer are collected in the first half of the year, making the total revenues appear better than budget. Overall, total revenues are on track to meet budget.
24. Bulk water purchases from the CRD have been billed to the end of September. A greater portion of this budget is consumed during the summer months and this is reflected in water purchases.
25. Transfers to reserves and capital are done at varying times during the year. No variances are expected in these line items.

26. Transfers to CRD for costs associated with the joint Sewer Treatment Plant have been completed for the year.
27. Although Water Operating currently indicates a deficit of \$32,644, and Sewer Operating a deficit of over \$77,498 (mainly due to the CRD transfers), these variances are largely due to the timing of certain revenues and expenses. It is expected budget will be achieved in both the Water and Sewer funds at fiscal year end.

### Capital Expenditures

The majority of Capital Projects have either started or been completed, and the remainder will be carried forward for completion in 2014. As such, most capital expenditures for 2013 have already occurred, with minor amounts expected in the last quarter of 2013. 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. The third quarter focused on completing the Town's many infrastructure projects.

There are no significant concerns regarding the overall capital budget, but comments on some capital projects follow.

28. 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.
29. 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.
30. The Town began accepting credit cards at the Municipal Hall in June and began accepting credit card payments through the Town's website in October. This project is now finished and was completed under budget.
31. Sidney residents and customers now have online access to information regarding their property taxes, utility, permit, business and dog accounts. The online access is called "MySidney" and was completed under budget.
32. This represents the gross cost, including installation, to the Town for the purchase of 3 Automated External Defibrillators (AEDs). Donations of \$3,000 were received to bring the net cost to \$2,176.
33. 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. As well, there were paving expenses that were not part of the original scope of the project.

34. The installation of flashing X walk lights on both Beacon and Ardwell are now complete and collectively met budget.
35. 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.
36. The Roundabout is now complete and under-budget.
37. The Third Street Parking lot is now complete. It is over-budget due to greater than expected landscaping costs.
38. The purchase and installation of 5 electrical vehicle charging stations is now complete
39. The paving of McDonald Park is now complete, but over budget due to the discovery of substandard base materials under the surface layer that was replaced. This project will not result in a tax impact as it is funded from reserves.
40. These infrastructure paving projects are complete.
41. 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.
42. 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:**

With more than three-quarters of the year complete, and most of the major capital projects completed, it appears that the financial results for 2013 will be in line with budgeted expectations. All relevant information has been included in this report; there are no areas of concern at this time.

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**RECOMMENDATION:**

That this report be received for information.

Respectfully submitted:

I concur:

I concur:

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Troy Restell  
Manager of Finance

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Andrew Hicik  
Director of Corporate  
Services

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Randy Humble  
Chief Administrative Officer

**TOWN OF SIDNEY  
2013 - 3RD QUARTER BUDGET TO ACTUAL REPORT**

	YEAR TO DATE \$	ANNUAL BUDGET \$	VARIANCE \$	ACTUAL % OF BUDGET	Note
<b>GENERAL OPERATING REVENUE</b>					
<b>General Revenue</b>					
Taxation, Transfers and Other	10,762,714	11,062,572	299,858	97%	1
<b>General Government</b>					
Council	1,000	0	(1,000)	0%	
Administration	6,085	8,614	2,529	71%	
Financial Management	26,949	39,283	12,334	69%	
Driver Services	211,146	250,000	38,854	84%	
Common Services	11,161	2,100	(9,061)	531%	2
Other	5,000	5,000	0	100%	
<b>Protective Services</b>					
Police Protection	30,008	32,264	2,256	93%	3
Court House	7,992	16,878	8,886	47%	
Fire Protection	3,235	6,384	3,149	51%	
Building Inspection & Bylaw Enforcement	304,188	366,800	62,613	83%	4
<b>Transportation</b>					
Common Services	5,862	20,000	14,138	29%	5
Road Transportation	27,464	131,536	104,072	21%	5
Bus Shelters	3,485	4,500	1,015	77%	
Parking Lots	23,394	25,000	1,606	94%	6
Dock & Port Facilities	259,033	266,031	6,998	97%	7
Storm Drains	9,250	27,414	18,164	34%	8
<b>Environmental Health</b>					
Solid Waste & Environmental Programs	266,407	353,000	86,593	75%	
<b>Development Services</b>					
Municipal Planning	6,398	20,600	14,203	31%	8
<b>Recreation &amp; Culture</b>					
Parks	31,676	40,738	9,062	78%	
Library	88,979	108,470	19,491	82%	
Senior Citizens' Centre	16,548	20,000	3,452	83%	
<b>Transfers and Other Revenue</b>					
Other	5,725	6,000	275	95%	
Transfers from Own Accounts & Funds	176,296	625,621	449,325	28%	9
<b>Total Revenue</b>	<b>12,289,994</b>	<b>13,438,805</b>	<b>1,148,811</b>	<b>91%</b>	<b>10</b>

**TOWN OF SIDNEY  
2013 - 3RD QUARTER BUDGET TO ACTUAL REPORT**

	YEAR TO DATE	ANNUAL BUDGET	VARIANCE	ACTUAL % OF BUDGET	Note
	\$	\$	\$		
<b>GENERAL OPERATING EXPENSES</b>					
<b>General Government</b>					
Council	153,076	197,568	44,492	77%	
Committees	2,276	3,000	724	76%	
General Administration	1,464,622	1,906,027	441,405	77%	
	1,619,973	2,106,595	486,622	77%	
<b>Protective Services</b>					
Police Protection	1,290,528	2,390,869	1,100,341	54%	11
Court House	37,408	47,508	10,100	79%	
Fire Protection	704,876	1,020,555	315,679	69%	
Emergency Measures	12,838	34,000	21,162	38%	12
Building Inspection & Bylaw Enforcement	324,180	412,423	88,243	79%	
	2,369,829	3,905,355	1,535,526	61%	
<b>Transportation</b>					
Common Services	736,717	914,008	177,291	81%	
Road Transport	725,279	1,036,386	311,107	70%	
Bus Shelters	17,404	13,459	(3,945)	129%	13
Parking Lots	9,985	5,659	(4,326)	176%	14
Dock & Port	112,546	134,363	21,817	84%	15
Storm Drains	166,686	216,872	50,186	77%	
	1,768,616	2,320,747	552,131	76%	
<b>Environmental Health</b>					
Solid Waste & Environmental Programs	387,850	495,462	107,612	78%	
<b>Environmental Development</b>					
Municipal Planning	285,042	365,867	80,825	78%	
<b>Recreation &amp; Culture</b>					
Parks	996,139	1,256,886	260,747	79%	16
Library	60,987	87,941	26,954	69%	
Senior Citizens' Centre	106,479	117,700	11,221	90%	17
Museum & SODC	94,395	109,961	15,566	86%	17
	1,258,001	1,572,488	314,487	80%	
<b>Fiscal Services</b>					
Transfers to Reserves and Other Funds	1,371,578	1,368,350	(3,228)	100%	18
Community Support	351,069	419,632	68,563	84%	19
Debt Payments	386,368	395,340	8,972	98%	20
Contingencies & Other	14,306	189,702	175,396	8%	21
	2,123,321	2,373,024	249,703	89%	
<b>Total Expenses</b>	<b>9,812,631</b>	<b>13,139,538</b>	<b>3,326,907</b>	<b>75%</b>	<b>22</b>



**TOWN OF SIDNEY  
2013 - 3RD QUARTER BUDGET TO ACTUAL REPORT**

	YEAR TO DATE	ANNUAL BUDGET	VARIANCE	ACTUAL % OF BUDGET	Note
	\$	\$	\$		
<b>WATER OPERATING FUND</b>					
<b>Revenue</b>					
User Fees	1,195,755	1,560,000	364,245	77%	
Parcel Taxes	341,125	339,000	(2,125)	101%	
Other	47,136	49,578	2,442	95%	
	1,584,016	1,948,578	364,562	81%	<b>23</b>
<b>Expenditures</b>					
Administration	1,144,840	1,367,590	222,750	84%	<b>24</b>
Training	5,308	11,571	6,264	46%	
Operations	181,614	237,304	55,690	77%	
Transfer to CRD	6,619	0	(6,619)	0%	
Transfers to capital & reserves	254,900	287,700	32,800	89%	<b>25</b>
Connections	23,379	44,413	21,034	53%	
	1,616,660	1,948,578	331,918	83%	
	<b>(32,644)</b>	<b>0</b>	<b>32,644</b>		<b>27</b>

**SEWER OPERATING FUND**

<b>Revenue</b>					
User Fees	1,304,249	1,730,000	425,751	75%	
Parcel Taxes	575,269	572,460	(2,809)	100%	
Other	15,450	20,566	5,116	75%	
	1,894,968	2,323,026	428,058	82%	<b>23</b>
<b>Expenditures</b>					
Administration	129,994	161,281	31,287	81%	
Training	8,410	11,657	3,247	72%	
Operations	212,837	294,041	81,204	72%	
Transfer to CRD	1,445,394	1,507,363	61,969	96%	<b>26</b>
Transfers to capital & reserves	165,500	333,500	168,000	50%	<b>25</b>
Connections	8,957	12,123	3,166	74%	
Summergate Lift Station	1,373	3,061	1,688	45%	
	1,972,465	2,323,026	350,561	85%	
	<b>(77,498)</b>	<b>0</b>	<b>77,498</b>		<b>27</b>

**TOWN OF SIDNEY  
2013 - 3RD QUARTER BUDGET TO ACTUAL REPORT**

	YEAR TO DATE	ANNUAL BUDGET	VARIANCE	ACTUAL % OF BUDGET	Note
	\$	\$	\$		
<b>GENERAL CAPITAL FUND</b>					
<b>General Government</b>					
Financial Software Replacement	0	35,000	35,000	0%	
Admin Copier/Printer	8,600	8,600	0	100%	
Town Hall Standby Generator	28,355	20,000	(8,355)	142%	28
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%	29
Computer Equipment Fund	9,632	10,000	368	96%	
Online Credit Card Payment	5,466	10,000	4,534	55%	30
Tempest MyCity Module	13,205	15,000	1,795	88%	31
	165,632	224,600	58,968	74%	
<b>Protective Services</b>					
<b>RCMP</b>					
RCMP Furnishings	7,533	7,500	(33)	100%	
RCMP Civilian Finger Printing System	0	20,000	20,000	0%	
PRIME Prisoner Booking System	0	38,000	38,000	0%	
<b>Fire Department</b>					
Fire Equipment	5,176	0	(5,176)	0%	32
Fire Vehicle Replacement	48,834	55,000	6,166	89%	
	61,543	120,500	58,957	51%	
<b>Transportation</b>					
Engineering Equipment	0	4,500	4,500	0%	
Public Works Equipment	7,145	10,000	2,855	71%	
Green Technology Applications	2,420	5,000	2,580	48%	
Street Amenities Program	0	20,000	20,000	0%	
Works Yard Reconstruction	181,993	116,500	(65,493)	156%	33
Beacon Avenue Revitalization	25,593	40,000	14,407	64%	
Galaran Landscaping and Signage	0	7,000	7,000	0%	
PW Vehicle Replacement	29,965	30,000	35	100%	
Portable Solar Speed Reader	4,178	22,500	18,322	19%	
Beacon Ave Flashing X Walk Lights	26,731	25,000	(1,731)	107%	34
Ardwell Ave Flashing X Walk Lights	13,241	15,000	1,759	88%	34
Beacon Hydro Box Revitalization	4,378	8,350	3,972	52%	
Underground Wiring	4,334	20,000	15,666	22%	
Ferry Terminal Site Improvements	5,493	50,000	44,507	11%	
Ferry Terminal HPU Relocation	99,373	55,000	(44,373)	181%	35
Ferry Terminal Remedial Works	0	145,000	145,000	0%	
Ocean & Fifth Roundabout	813,638	991,000	177,362	82%	36
Decorative Street Lighting	0	30,000	30,000	0%	
Seawall Repairs	3,149	5,000	1,851	63%	
Bevan & Third Parking Lot	9,524	6,700	(2,824)	142%	37
Electric Vehicle Charging Station	33,974	32,000	(1,974)	106%	38
Sign Lettering Machine	9,576	15,000	5,424	64%	
Infra Plan - Ardwell Storm Drain	0	148,000	148,000	0%	
Infra Plan-McDonald Park Paving-Ardwell to Me	103,214	79,620	(23,594)	130%	39
Infra Plan-Second St Paving-Ocean to Orchard	0	50,600	50,600	0%	
Infra Plan-Bevan Ave Paving-Fifth to Third	116,525	123,600	7,075	94%	40
Infra Plan-Bowerbank Rd Paving Ardwell-Resth:	91,899	88,770	(3,129)	104%	40
Infra Plan-Fifth St Paving-Henry-Malaview	204,577	198,630	(5,947)	103%	40
Infra Plan-Resthaven Beacon-Jameswhite	53,122	26,250	(26,872)	202%	41
	1,844,041	2,369,020	524,979	78%	

**TOWN OF SIDNEY  
2013 - 3RD QUARTER BUDGET TO ACTUAL REPORT**

	YEAR TO DATE	ANNUAL BUDGET	VARIANCE	ACTUAL % OF BUDGET	Note
	\$	\$	\$		
<b>Recreation &amp; Culture</b>					
Parks Equipment	877	10,000	9,123	9%	
Tulista Playground Equipment	0	168,000	168,000	0%	
Beacon (Wanda) Sign Replacement	11,544	10,000	(1,544)	115%	
Tulista Park Bollard Lighting	21,614	9,500	(12,114)	228%	42
Parks Vehicles	88,120	99,000	10,880	89%	
Resthaven by the Sea Tennis Courts	15,730	25,000	9,270	63%	
Melissa Park Path	9,530	12,000	2,470	79%	
Ferry Terminal Entrance Signage	0	10,000	10,000	0%	
Sculpture Walk Bases	0	24,500	24,500	0%	
Seniors Centre Dust Collection System	0	2,500	2,500	0%	
Library Renovations	0	28,200	28,200	0%	
	<b>147,415</b>	<b>398,700</b>	<b>251,285</b>	<b>37%</b>	
<b>Total General Capital</b>					
	<b>2,218,631</b>	<b>3,112,820</b>	<b>894,189</b>	<b>71%</b>	
<b>WATER CAPITAL FUND</b>					
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	7,201	17,800	10,599	40%	
	<b>11,908</b>	<b>154,400</b>	<b>142,492</b>	<b>8%</b>	
<b>SEWER CAPITAL FUND</b>					
Sewer Equipment	7,201	10,000	2,799	72%	
SCADA Upgrade	57,701	70,000	12,299	82%	
Infra Plan-Second St. Sewer	18	73,200	73,182	0%	
Sewer Vehicles	27,474	25,000	(2,474)	110%	
	<b>92,395</b>	<b>178,200</b>	<b>85,805</b>	<b>52%</b>	