



MEMORANDUM

DATE: November 7, 2019
TO: Council
FROM: Michael Minchin, Director of Corporate Services
SUBJECT: 2019 3rd Quarter - Actual to Budget Expense Report

Attached are the following reports:

1. Actual to Budget Year to Date Expense Report Summary and
2. Actual to Budget Year to Date Expense Report by Department

These reports show results for the 3rd quarter of 2019 as of September 30th. October typically marks the start of winding down major outdoor activities for the year with the bulk of the County's expenses for things such as fuel, and operational wages being spent. In 2019, weather had a major impact on areas such as road construction which has influenced the results to date. The County's actual expenses are at 67% of budget as of September 30th.

The third quarter results also reflect the bulk of the County's 2019 revenues. With taxes now levied, the County's actual revenues are at 83% of budget estimates as of September 30th.

Other revenues items of note:

- Property tax levy amounts do not show the Shallow Gas Well Tax Program. The municipal portion will be reflected in the 4th quarter results.
- Drilling Tax revenue is already \$125,000 over budget. Any amount over \$50,000 will go to the Community Resource Reserve.
- At the same time, Community Aggregate Levy revenue is lagging budget expectations. As of September, the levy sits at 1/3 of budget total and is likely to finish at \$100,000 to \$150,000 below budget. There is no impact on operating results as the entire amount is transferred to reserves.
- Interest revenue remains strong. Even with lower interest rates, the County's investment income is ahead of last year's September 30th balance. The final balance will be influenced by final grant balances, as a portion of interest revenue generated by cash holdings of capital grants must be reported in the respective grant account.
- Grant Revenue. The County has received its annual MSI operating grant for 2019. The final amount is approximately \$9,000 less than budget. The remaining grant



revenue reported to date is related to the project grant for the Sylvan Lake IDP project and 80% of the annual FCSS grant.

- User fees, which include everything from weed spraying to water and sewer charges, are already at budget levels.
- Fines continue to be ahead of budget.
- Permits and license revenue is lagging budget estimates. Much of this revenue is related to development permits in the planning department and road permits issued through the TRAVIS provincial program in the enforcement department. Both areas trail their budget estimates so far this year (55% of budget estimate).
- Penalties on taxes are \$16,000 higher than at the same time last year. This is due in part to the outstanding taxes related to insolvent oil and gas companies.

Expense items of note include:

- Wages and benefits continue to track slightly below budget
- Fuel is significantly below forecast at 54%. This variation is due to poor weather conditions which continued throughout the summer and into September. The elimination of the carbon tax and lower fuel prices in general have also had positive effect on expenses to date.
- All other supplies and utilities budgets are at or below forecast so far for 2019.
- Transfers to Capital and Reserves are behind budget estimates. Many of these transactions will occur at budget levels and will take place as part of the year end process.
- The school requisition payment is being paid out based on last year's requisition rate. The County levied school taxes based on a forecast for 2019. As a result, payments are less than the taxes levied now. The Province released the 2019 requisition amount as part of its 2019 budget. Requisition payments will be adjusted in the 4th quarter and more closely match the 2019 levy.
- The Province's funding of the Shallow Gas Well Tax Program will also be reflected in the final payments paid to the Province's School Requisition program in the 4th quarter of 2019.