



## City of Hamilton

# AUDIT, FINANCE AND ADMINISTRATION COMMITTEE ADDENDUM

**Meeting #:** 24-011  
**Date:** June 6, 2024  
**Time:** 9:30 a.m.  
**Location:** Council Chambers  
Hamilton City Hall  
71 Main Street West

Tamara Bates, Legislative Coordinator (905) 546-2424 ext. 4102

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## 8. STAFF PRESENTATIONS

8.1 Tax and Rate Operating Budgets Variance Report as at December 31, 2023 – Budget Control Policy Transfers (FCS22063(b))

\*8.1.a Tax and Rate Operating Budgets Variance Report as at December 31, 2023 – Budget Control Policy Transfers (FCS22063(b)) - PRESENTATION



# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023



FCS23063(b)

*Audit, Finance, and Administration Committee*



# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Agenda

1. Summary of Tax and Rate Operating Budget Variances (Unaudited)
2. Recommendations
  - Surplus Disposition
  - Complement and Budget Control Policy



## 2023 Tax and Rate Budget Breakdown

### Tax Budget

- 2023 Gross Budget = \$1.829B
- 2023 Net Levy = \$1.070B
- Surplus for Tax = \$7.4M
  - 0.4% of Gross Budget
  - 0.7% of Net Levy

### Rate Budget

- 2023 Gross Budget = \$272.5M
- Surplus for Rate = \$3.3M (1.3%)



# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Contributing Factors

### 1. Inflation

- Materials
- Fuel
- Contractual
- Collective bargaining

### 2. Vacant Positions (Gapping)

### 3. Unbudgeted Revenues



## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

**Contributing Factors continued...****4. Development Charge Exemptions**

- Historical year in development activity
  - Construction Value of \$2.6B as of December 2023
  - 120% Housing Target achieved in 2023
- Total value DC exemptions tax and rate in 2023 of \$78.3M
- Total budgeted DC exemptions tax and rate in 2023 of \$22.2M
- Budget shortfall of (\$56.1M)
- Amendments to DC policies and exemptions funding will be incorporated into multi-year financing planning (2025 Budget)



# Tax Operating Budget Variance





## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

**Tax Budget 2023 Year-End Variance**

	2023 Approved Budget	2023 Year-End Actuals	2023 Variance (Actuals vs Budget)	
			\$	%
<b>TOTAL CITY EXPENDITURES</b>	<b>663,487</b>	<b>658,244</b>	<b>5,244</b>	<b>0.8%</b>
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>249,710</b>	<b>248,111</b>	<b>1,599</b>	<b>0.6%</b>
<b>CAPITAL FINANCING</b>	<b>156,410</b>	<b>155,813</b>	<b>597</b>	<b>0.4%</b>
<b>TOTAL OTHER NON-DEPARTMENTAL</b>	<b>406,120</b>	<b>403,924</b>	<b>2,196</b>	<b>0.5%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>1,069,608</b>	<b>1,062,168</b>	<b>7,440</b>	<b>0.7%</b>

See Appendix "A" to Report FCS23063(b) for detailed schedule

## Tax Variance - Revenues

- **Key highlights:**
  - Parking Revenues – return to Pre-COVID levels
  - Transit Revenues:
    - Slow recovery of farebox revenue
    - Claw back of Safe Restart Funding
  - Additional Grant Funding (Land Ambulance and Childrens Services Mitigation Grants)
  - Non-Program Revenues:
    - Slot revenues surplus of \$1.2M
    - Supplementary tax surplus of \$5.3M



## Tax Variance - Expenditures

- **Key highlights:**

- Net gapping savings of \$2.05M
- Employee Related Costs – Agreements
- Tax write-offs favourable variance of \$1.5M
- Contractual:
  - Transit - DARTS, Taxi Scrip and TransCab contract savings of \$857K
  - Additional security costs at civic facilities (\$857K), park washrooms (\$757K) and museums (\$610K)
- Materials/Supplies/Fuel
  - Continued supply chain and inflation issues for parks maintenance (\$709K deficit) and transit vehicle maintenance (\$1.6M unfavourable variance)
  - Positive variance in Transit fuel of \$853K

## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

**Gapping (\$000's)**

<b>Net Gapping by Department</b>	<b>Gapping Target (\$000's)</b>	<b>Actual Gapping (\$000's)</b>	<b>Variance (\$000's)</b>
Planning & Economic Development	\$ 866	\$ 2,247	\$ 1,381
Healthy and Safe Communities	\$ 1,050	\$ (161)	\$ (1,211)
Public Works	\$ 2,247	\$ 2,663	\$ 416
Legislative	\$ 85	\$ (788)	\$ (873)
City Manager	\$ 229	\$ 242	\$ 13
Corporate Services	\$ 643	\$ 5,122	\$ 4,479
Corporate Financials (One-Time)	\$ 2,155	\$ -	\$ (2,155)
<b>Consolidated Corporate Savings</b>	<b>\$ 7,275</b>	<b>\$ 9,325</b>	<b>\$ 2,050</b>

# Rate Operating Budget Variance



## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

# 2023 Rate Operating Budget Forecasted Year-End Variance

(\$000's)

	2023 Approved Budget	2023 Year-End Actuals	2023 Year-End Variance	
			\$	%
TOTAL EXPENDITURES	272,447	270,805	1,642	0.6%
TOTAL REVENUES	(272,447)	(274,147)	1,700	(0.6%)
NET	-	(3,342)	3,342	1.2%

## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Rate Revenues

- Surplus in total rate revenues of **\$1.7M**:
  - Surpluses in the residential sector of \$0.6M and \$0.8M in the Industrial, Commercial, and Institutional (ICI) sector





## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Rate Expenditures

- Overall program spending and capital financing for 2023 favourable variance of **\$1.6M:**
  - Capital Financing favourable variance of \$3.5M due to timing in the issuance of debt
  - Financial expenses – Unfavourable variance of \$3.5 M mainly due to the Ministry order and fine related to the Chedoke Creek sewage spill
  - Gapping surplus of \$809K
  - Building & Ground – surplus of \$416K due to decreased hydro consumption
  - Materials and supplies favourable variance of \$240K for 2023 due to inflationary impact on operating supply usage

# Recommendations



# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Year-End Surplus Recommendation

DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)		
<b>Corporate Surplus from Tax Supported Operations</b>		<b>\$ 7,440,069</b>
<b>Disposition to/from Self-Supporting Programs &amp; Agencies</b>		<b>\$ (1,598,974)</b>
Less: Police (Transfer to Police Reserve)	\$ (2,840,220)	
Add: Library (Transfer from Library Reserve)	\$ 1,299,228	
Less: Farmers Market (Transfer to Farmers Market Reserve)	\$ (57,982)	
<b>Balance of Corporate Surplus</b>		<b>\$ 5,841,095</b>
Less: To transfer Ward Office Budget surpluses to Ward Minor Maintenance Accounts		\$ (216,275)
Less: Transfer to fund shortfall in Development Charge Exemptions		\$ (596,810)
Less: Transfer to Flamborough Capital Reserve		\$ (1,160,967)
Less: Transfer to Tax Stabilization Reserve		\$ (3,867,043)
<b>Balance of Tax Supported Operations</b>		<b>\$ 0</b>
<b>Corporate Surplus from Rate Supported Operations</b>		<b>\$ 3,341,776</b>
Less: Transfer to the Rate Supported Water Reserve		\$ (2,921,351)
Less: Transfer to the Rate Supported Wastewater/Stormwater Reserve		\$ (420,425)
<b>Balance of Rate Supported Operations</b>		<b>\$ 0</b>

# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Other Recommendations

- Staff complement extensions (Appendix “C”)
- Staff complement transfers (Appendix “D”)



# THANK YOU

