



Hamilton

2012 DRAFT TAX AND RATE OPERATING YEAR END VARIANCE

General Issues Committee

March 7, 2013

Item 5.1

FCS13025



2012 Year-End Forecast

- The 2012 year end process is well under way, providing staff with a good reference for projecting final variances.
- A final report to Council is expected in Mid-April.
- Forecasted year end operating surplus for all City services is **\$11.4 million**.
 - Tax supported services **\$2.7 million** (+0.4% of net levy)
 - Rate supported services **\$8.7 million**



2012 Draft Budget Variances by Department

	2012 Final Budget	2012 Year-End Actuals	Variance	
			\$	%
TAX SUPPORTED				
Planning & Economic Development	22,094	23,264	(1,170)	(5.3)%
Public Health Services	10,314	9,680	634	6.1%
Community Services	131,475	128,692	2,784	2.1%
Hamilton Emergency Services	94,523	94,323	200	0.2%
Public Works	182,033	176,988	5,046	2.8%
Legislative	3,947	3,251	696	17.6%
City Manager	9,784	9,789	(5)	(0.1)%
Corporate Services	19,417	17,724	1,693	8.7%
Corporate Financials/ Non Program Revenues	(35,961)	(21,619)	(14,342)	39.9%
TOTAL CITY EXPENDITURES	437,626	442,092	(4,466)	(1.0)%
Hamilton Police Services	135,642	135,951	(310)	(0.2)%
HECFI	3,247	3,556	(309)	(9.5)%
Library	28,039	26,830	1,208	4.3%
Other Boards & Agencies	14,377	14,309	68	0.5%
Community Grants	3,212	3,194	18	0.6%
TOTAL BOARDS & AGENCIES	184,516	183,841	675	0.4%
CAPITAL FINANCING	84,928	76,394	8,535	10.0%
PROVINCIAL FUNDING LOSS TRANSITION	(2,000)	0	(2,000)	(100.0)%
TOTAL TAX SUPPORTED	705,071	702,327	2,744	0.4%
TOTAL RATE SUPPORTED	0	(8,700)	8,700	0.0%
TOTAL CITY	705,071	693,627	11,444	1.6%

() - Denotes unfavourable variance

2012 Major Favourable Variances - Tax

- **Capital Financing \$8.5 million**
 - 50% of these savings (approx. \$5.0 million) are normally transferred to the unallocated capital reserve however this would put the tax budget into a deficit position only \$2.0 million has been transferred
 - **Public Works \$5.0 million**
 - Savings in the Winter Control program and lower than anticipated tonnages resulting in waste processing contractual savings
 - **Community Services \$2.8 million**
 - Reduction in Ontario Works caseload, social housing prior year subsidy adjustments and gapping due to various vacancies as well as delays in Recreation facility openings
 - **Corporate Services \$1.7 million**
 - Gapping due to vacancies and timing of hires
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2012 Major Unfavourable Variances - Tax

- Corporate Financials/Non Program Revenues **-\$14.3 million**
 - High write-offs from unfavourable assessment decisions and allowances (-\$12M)
 - Budgeted gapping savings resides in Corporate Financials while the actual savings are identified within the departments resulting in an unfavourable variance in Corporate Financials (-\$4.1M)
 - Partially offset by additional HUC dividend (\$4.5M)
- Planning **-\$1.2 million**
 - Business & Trade Licenses Revenue shortfall, On-street meter parking revenue shortfall and the loss of private lot enforcement



2012 Major Variances - Tax

- Absorbed approximately \$8.1 million from items to be funded from the Tax Stabilization Reserve
 - \$412K Licensing revenue shortfall
 - \$125K On-Street meter parking revenue shortfall
 - \$75K unbudgeted Animal Services Glanbrook contract
 - \$2.1M pressure for Forestry Building Renovations at 1301 Upper Ottawa Street
 - \$1.8M OW discretionary benefits
 - \$1.7M Waste Management Contract
 - \$2.0 Provincial Funding Transition



2007 - 2012 Year-End Variance History

	(\$ Millions)					
	2007	2008	2009	2010	2011	2012 Projected
Total Tax Supported	(2.0)	5.8	3.8	14.4	6.1	2.7
Total Rate Supported	7.4	1.6	(7.1)	(9.2)	8.9	8.7
Total City	5.4	7.4	(3.3)	5.2	15.0	11.4

() - denotes unfavourable variance

2007 - 2012 Tax Programs Net Gapping

	(\$ Millions)					
	2007	2008	2009	2010	2011	2012 Projected
Actuals	2.0	6.1	4.8	2.7	5.3	6.2
Budget	3.0	4.1	4.1	4.1	4.1	4.1
Variance	(1.0)	2.0	0.7	(1.4)	1.2	2.1

() - denotes unfavourable variance



Projected Disposition of Year-End Surplus

	(\$ Millions)	
Corporate Surplus from Tax Supported Operations		\$ 2,744
Less: Disposition to Self-Supporting Programs & Agencies		\$ (589)
Police (Transfer from Police Reserves)	\$ 310	
Library (Transfer to Library Reserve)	\$ (1,208)	
HECFI (Transfer from HECFI Reserve)	\$ 309	
Balance of Corporate Tax Surplus		\$ 2,155
Corporate Surplus from Rate Supported Operations		\$ 8,700
Less: Transfer to the Rate Supported Reserves		\$ (8,700)
Balance of Rate Supported Operations		\$ 0

Options for Disposition of Year-End Surplus

- Forecasted tax surplus balance after disposition to self-supporting programs and agencies is **\$2.155 million**
- Disposition options
 - Fund HECFI transition costs
 - Address deficiencies in some of the City’s liability accounts (retiree benefits, sick bank, WSIB), capital reserves and operational reserves (Fleet)
 - Remainder of the surplus is typically allocated to the Tax Stabilization Reserve or the Unallocated Capital Reserve

2012 Major Variances - Rate

- \$8.7 million surplus in Rate is a result of
 - Savings in program expenditures
 - Employee related costs
 - Materials and supplies
 - Contractual services
 - Capital financing costs
 - Offset by a shortfall in operating revenues from decreased consumption