

Item 7.1

# **Tax and Rate Operating Budget Variance Report as of April 30, 2017 (FCS17060)**

**Audit, Finance & Administration  
Committee**

**July 12, 2017**



**Hamilton**

- 1. Summary of Tax and Rate Operating Budget Variance Forecasts**
- 2. Tax Supported Operating Budget Variance Forecast**
- 3. Rate Supported Operating Budget Variance Forecast**



# 2017 Projected Year End Operating Budget Variances (\$000's)

	2017 Approved Budget	2017 Year-End Forecast	2017 Variance (Forecast vs Budget)	
			\$	%
PLANNING & ECONOMIC DEVELOPMENT	29,240	28,164	1,076	3.7%
PUBLIC HEALTH SERVICES	12,436	12,446	(10)	(0.1%)
COMMUNITY & EMERGENCY SERVICES	239,723	238,849	874	0.4%
PUBLIC WORKS	230,090	230,330	(241)	(0.1%)
LEGISLATIVE	4,875	4,875	0	0.0%
CITY MANAGER	8,949	8,846	103	1.2%
CORPORATE SERVICES	24,050	23,637	413	1.7%
CORP FINANCIALS/ NON PROG REVENUES	(28,715)	(26,878)	(1,837)	(6.4%)
HAMILTON ENTERTAINMENT FACILITIES	3,764	3,764	0	0.0%
<b>TOTAL CITY DEPARTMENTS</b>	<b>524,412</b>	<b>524,033</b>	<b>379</b>	<b>0.1%</b>
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>204,785</b>	<b>204,558</b>	<b>227</b>	<b>0.0%</b>
<b>CAPITAL FINANCING</b>	<b>116,196</b>	<b>111,195</b>	<b>5,000</b>	<b>4.3%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>845,392</b>	<b>839,786</b>	<b>5,606</b>	<b>0.7%</b>
<b>TOTAL RATE SUPPORTED</b>	<b>0</b>	<b>(1,670)</b>	<b>1,670</b>	<b>100.0%</b>

( ) Denotes unfavourable variance



Hamilton

# **Tax Supported Operating Budget Variance Forecast**



# City Department Variances (\$000's)

## CITY OF HAMILTON 2017 Projected Year-End Variance (\$000's)

	2017 Approved Budget	2017 Year-End Forecast	Variance	
			\$	%
<b><u>TAX SUPPORTED</u></b>				
Planning & Economic Development	29,240	28,164	1,076	3.7%
Public Health Services	12,436	12,446	(10)	(0.1)%
Community & Emergency Services	239,723	238,849	874	0.4%
Public Works	230,090	230,330	(240)	(0.1)%
Legislative	4,875	4,875	-	0.0%
City Manager	8,949	8,846	103	1.2%
Corporate Services	24,050	23,637	413	1.7%
Corporate Financials/ Non Program Revenues	(28,715)	(26,878)	(1,837)	(6.4)%
Hamilton Entertainment Facilities	3,764	3,764	0	0.0%
<b>TOTAL CITY EXPENDITURES</b>	<b>524,412</b>	<b>524,033</b>	<b>379</b>	<b>0.1%</b>

( ) Denotes unfavourable variance

## Main Drivers for Variance:

- **Planning and Economic Development:**
  - \$675 K favourable Licensing & By-Law Services variance
    - Mainly gapping related
- **Community and Emergency Services:**
  - \$774 K favourable Recreation variance
    - Due to temporary closures of recreational facilities and gapping.
  - \$282 K favourable Ontario Works variance
    - Due to maximizing additional available subsidies.

# Department Variances Explanation Summary

- **Public Works:**
  - **\$3.7 M favourable Operations variance**
    - **Gapping (\$1M), de-icing materials usage reduced due to weather conditions (\$1M), snow disposal management savings in first part of 2017 (\$1.6M)**
  - **(\$2.5 M) unfavourable Transit variance**
    - **Employee related costs (Overtime)**
    - **Reduced fare revenues**
  - **(\$870 K) unfavourable Environmental Services variance**
    - **Storm impacts , waste collection contractual costs, shortfalls in cemeteries and commodity revenues**
  - **(\$575 K) unfavourable Energy Fleet and Facilities variance**
    - **Central Fleet Recoveries are lower than expected due to mechanics not being at full complement.**

# Department Variances Explanation Summary

- **City Manager's Office:**
    - **\$96 K favourable Audit Services Variance**
      - **Due to favourable gapping**
  - **Corporate Services:**
    - **\$298 K favourable Financial Services variance**
      - **Due to favourable gapping**
    - **\$275 K favourable Information Technology variance**
      - **Due to favourable gapping**
    - **(\$229 K) unfavourable gapping in the Customer Services division**
  - **General: 2017 reductions were budgeted at full savings. Some costs will be incurred and projected variance assumes funding. Full review is pending.**
-



# Salary/Wage Gapping

- For 2017, the City corporately budgets \$4.5 M in gapping savings related to expected staff vacancies.
- Currently, gapping savings of \$1.1 M are projected.
- The remaining amount required to achieve the target is \$3.4 M.
- This report assumes target will be met. If the gapping savings does not materialize, a year end variance could result.
- **Gapping to date:**

<b>NET GAPPING BY DEPARTMENT</b>	<b>(\$000's)</b>
Planning & Economic Development	\$ 756
Public Health Services	\$ 87
Community & Emergency Services	\$ 842
Public Works	\$ (1,045)
Legislative	\$ -
City Manager	\$ 88
Corporate Services	\$ 414
<b>Consolidated Corporate Savings/ (Deficit)</b>	<b>\$ 1,142</b>



# Other Non-Departmental Variances (\$000's)

## CITY OF HAMILTON 2017 Projected Year-End Variance (\$000's)

	2017 Approved Budget	2017 Year-End Forecast	Variance	
			\$	%
Hamilton Police Services	156,617	156,617	-	0.0%
Library	29,339	29,109	230	0.8%
Other Boards & Agencies	12,789	12,792	(3)	(0.0)%
City Enrichment Fund	6,040	6,040	-	0.0%
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>204,785</b>	<b>204,558</b>	<b>227</b>	<b>0.1%</b>
<b>CAPITAL FINANCING</b>	<b>116,196</b>	<b>111,195</b>	<b>5,000</b>	<b>4.3%</b>
<b>TOTAL OTHER NON-DEPARTMENTAL</b>	<b>320,981</b>	<b>315,753</b>	<b>5,228</b>	<b>1.6%</b>

\* Anomalies due to rounding

( ) Denotes unfavourable variance



Hamilton

# **Rate Supported Operating Budget Variance Forecast**



# 2017 Rate Operating Budget Projected Year-End Variance (\$000's)

	2017 Approved Budget	2017 Year-End Forecast	2017 Variance (Forecast vs Budget)	
			\$	%
<b>TOTAL EXPENDITURES</b>	<b>200,670</b>	<b>199,195</b>	<b>1,475</b>	<b>0.7%</b>
<b>TOTAL REVENUES</b>	<b>(200,670)</b>	<b>(200,865)</b>	<b>195</b>	<b>0.1%</b>
<b>NET</b>	<b>-</b>	<b>(1,670)</b>	<b>1,670</b>	<b>0.8%</b>



Hamilton

**END**