



**TAX AND RATE OPERATING BUDGET  
VARIANCE REPORT AS OF  
JULY 31, 2017  
FCS17060(a)**

Audit, Finance & Administration Committee - October 5, 2017

# AGENDA

- 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	28,290	950	3.2%
PUBLIC HEALTH SERVICES	12,436	12,248	188	1.5%
COMMUNITY & EMERGENCY SERVICES	227,126	224,044	3,082	1.4%
PUBLIC WORKS	230,090	229,594	496	0.2%
LEGISLATIVE	4,875	4,875	0	0.0%
CITY MANAGER	8,949	8,944	5	0.1%
CORPORATE SERVICES	24,050	23,360	690	2.9%
CORP FINANCIALS/ NON PROG REVENUES	(16,118)	(11,667)	(4,451)	(27.6%)
HAMILTON ENTERTAINMENT FACILITIES	3,764	3,764	0	0.0%
<b>TOTAL CITY DEPARTMENTS</b>	<b>524,412</b>	<b>523,452</b>	<b>960</b>	<b>0.2%</b>
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>204,784</b>	<b>204,554</b>	<b>230</b>	<b>0.1%</b>
<b>CAPITAL FINANCING</b>	<b>116,196</b>	<b>111,196</b>	<b>5,000</b>	<b>4.3%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>845,392</b>	<b>839,202</b>	<b>6,190</b>	<b>0.7%</b>
<b>TOTAL RATE SUPPORTED</b>	<b>0</b>	<b>(2,900)</b>	<b>2,900</b>	<b>100.0%</b>

( ) Denotes unfavourable variance

# 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	28,290	950	3.2%
Public Health Services	12,436	12,248	188	1.5%
Community & Emergency Services	227,126	224,044	3,082	1.4%
Public Works	230,090	229,594	496	0.2%
Legislative	4,875	4,875	-	0.0%
City Manager	8,949	8,944	5	0.1%
Corporate Services	24,050	23,360	690	2.9%
Corporate Financials/ Non Program Revenues	(16,118)	(11,667)	(4,451)	(27.6)%
Hamilton Entertainment Facilities	3,764	3,764	-	0.0%
<b>TOTAL CITY EXPENDITURES</b>	<b>524,412</b>	<b>523,452</b>	<b>960</b>	<b>0.2%</b>

( ) Denotes unfavourable variance

# DEPARTMENT VARIANCES EXPLANATION SUMMARY

## Main Drivers for Variance:

### Planning and Economic Development:

- \$658 K combined favourable Growing Management, Planning, and Licensing & By-Law Services variance
  - § Mainly gapping related
- \$231 K favourable Tourism & Culture variance
  - § Gapping related and increased revenues, sponsorship and federal grants

### Community and Emergency Services:

- \$1.4 M favourable Housing Services variance
  - § Relates to Social Housing prior year end reconciliation adjustments for RGI subsidy and underspent CHPI program costs
- \$1.1 M favourable Recreation variance
  - § Due to temporary closures of recreational facilities
  - § \$571 K favourable Ontario Works variance
  - § Mainly due to maximizing additional available subsidies

# DEPARTMENT VARIANCES EXPLANATION SUMMARY

## Public Works:

- \$4.3 M favourable Operations variance
  - § Gapping (\$1.6M), de-icing materials usage reduced due to weather conditions (\$1M), snow disposal management savings in first part of 2017 (\$1.6M)
- (\$2.3 M) unfavourable Transit variance
  - § Employee related costs (Overtime)
  - § Reduced fare revenues
- (\$1.6 M) unfavourable Energy Fleet and Facilities variance
  - § Unfavourable variance largely driven by Central Utilities Plant capacity charge, central fleet recoveries, and unrealized golf revenue.

# DEPARTMENT VARIANCES EXPLANATION SUMMARY

## Corporate Services:

- \$556 K favourable Financial Services variance
  - § Due to favourable gapping and favourable projections for tax transfer revenues
- \$413 K favourable Information Technology variance
  - § Due to favourable gapping
- (\$243 K) unfavourable gapping in the Customer Services division

## Corporate Financials / Non Program Revenues:

- \$2.7 M unfavourable variance (Corporate Financials)
  - § Budget savings of \$4.5 M resides in the Corporate Financials and the \$2.7 M actual savings projection is identified within the department projections
- \$1.6 M unfavourable variance (Non Program Revenues)
  - § Unfavourable variance of (\$2.8 M) in Tax Remissions and Write-Offs
  - § Favourable variance in Penalties and Interest from several industrial properties in arrears



# SALARY/WAGE GAPPING

- For 2017, the City corporately budgets \$4.5 M in gapping savings related to expected staff vacancies.
- Currently, gapping savings of \$2.7 M are projected.
- The remaining amount required to achieve the target is \$1.8 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	\$ 875
Public Health Services	\$ (76)
Community & Emergency Services	\$ 1,268
Public Works	\$ 94
Legislative	\$ -
City Manager	\$ -
Corporate Services	\$ 505
<b>Consolidated Corporate Savings/ (Deficit)</b>	<b>\$ 2,666</b>

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# 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	12,788	12,788	-	0.0%
City Enrichment Fund	6,040	6,040	-	0.0%
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>204,784</b>	<b>204,554</b>	<b>230</b>	<b>0.1%</b>
<b>CAPITAL FINANCING</b>	<b>116,196</b>	<b>111,196</b>	<b>5,000</b>	<b>4.3%</b>
<b>TOTAL OTHER NON-DEPARTMENTAL</b>	<b>320,980</b>	<b>315,750</b>	<b>5,230</b>	<b>1.6%</b>

\* Anomalies due to rounding

( ) Denotes unfavourable variance

# 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)	
			\$	%
TOTAL EXPENDITURES	200,670	197,857	2,813	1.4%
TOTAL REVENUES	(200,670)	(200,792)	123	(0.1%)
NET	-	(2,936)	2,936	(1.5%)



THANK YOU