



Hamilton

TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS OF

APRIL 30, 2018

FCS18067

Audit, Finance & Administration Committee – July 11, 2018

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

2018 PROJECTED YEAR END OPERATING BUDGET VARIANCES (\$000's)

	2018 Approved Budget	2018 Year-End Forecast	2018 Variance (Forecast vs Budget)	
			\$	%
PLANNING & ECONOMIC DEVELOPMENT	28,954	28,460	494	1.7%
HEALTHY & SAFE COMMUNITIES	240,103	234,851	5,252	2.2%
PUBLIC WORKS	231,558	233,798	(2,240)	(1.0%)
LEGISLATIVE	4,880	4,861	19	0.4%
CITY MANAGER	10,556	10,523	33	0.3%
CORPORATE SERVICES	28,474	28,788	(314)	(1.1%)
CORP FINANCIALS/ NON PROG REVENUES	(25,031)	(24,899)	(132)	(0.5%)
HAMILTON ENTERTAINMENT FACILITIES	3,618	3,618	0	0.0%
TOTAL CITY DEPARTMENTS	523,112	520,000	3,112	0.6%
TOTAL BOARDS & AGENCIES	209,346	209,130	216	0.1%
CAPITAL FINANCING	125,523	119,987	5,536	4.3%
TOTAL TAX SUPPORTED	857,981	849,117	8,864	1.0%
TOTAL RATE SUPPORTED	0	(4,322)	4,322	100.0%

() Denotes unfavourable variance

Tax Supported Operating Budget Variance Forecast

CITY DEPARTMENT VARIANCES

(\$000's)

	2018 Approved Budget	2018 Year-End Forecast	2018 Variance (Forecast vs Budget)	
			\$	%
<u>TAX SUPPORTED</u>				
Planning & Economic Development	28,954	28,460	494	1.7%
Healthy and Safe Communities	240,103	234,851	5,252	2.2%
Public Works	231,558	233,798	(2,240)	(1.0)%
Legislative	4,880	4,861	19	0.4%
City Manager	10,556	10,523	33	0.3%
Corporate Services	28,474	28,788	(314)	(1.1)%
Corporate Financials / Non Program Revenues	(25,031)	(24,899)	(132)	(0.5)%
Hamilton Entertainment Facilities	3,618	3,618	0	0.0%
TOTAL CITY EXPENDITURES	523,112	520,000	3,112	0.6%

() Denotes unfavourable variance

2018 INVESTMENTS – IMPACT ON PROJECTED SURPLUS

Planning & Economic Development	Public Works	Corporate Services	Corporate Financials / Non Program Revenue
Property Tax Budget for Parking Lots aligned with actuals for 2018	Transit revenue projection decreased by \$990K for the 10 year strategy	Software Budget aligned with actuals for 2018	Allocating budgeted gapping savings to departments
	Waste Diversion Ontario subsidy increased by \$430 K		Retiree benefits increased \$300K
			Reduce budgeted Payment-in-lieu revenue to reflect actuals \$400K

DEPARTMENT VARIANCES EXPLANATION SUMMARY

Main Drivers for Variance:

Planning and Economic Development:

\$0.5 M departmental surplus

- \$330 K in gapping savings across several divisions
- \$150 K favourable projected contractual revenues in Growth Management division

Healthy and Safe Communities:

\$5.3 M departmental surplus

- \$2.7 M favourable Housing Services variance
 - Relates to Social Housing prior year end reconciliation and adjustments related to property taxes, offset by for RGI pressures and unbudgeted staffing costs.
- \$743 K surplus in the Ontario Works (OW) division as a result of maximization of additional available subsidies and gapping.
- \$0.6 M favourable Recreation variance due to temporary closures of recreational facilities
- \$1.2 M favourable Public Health Services variance due to unbudgeted 2018 approved provincial subsidies increase and gapping.

DEPARTMENT VARIANCES EXPLANATION SUMMARY

Public Works:

(\$2.2 M) departmental deficit

- (\$2.5 M) unfavourable Transit variance
 - (\$1.6 M) DARTS contract variance
 - Reduced fare revenues of (\$750 K)
- (\$775 K) unfavourable Environmental Services variance
 - Decreasing recycling revenues due to market conditions as identified in the 2018 budget process and increased contractual annual escalation factor for the waste collection contract
 - Partially offset by favourable gapping
- (\$282 K) unfavourable in Energy, Fleet and Facilities mainly due to gapping.
- \$1.3 M favourable variance in Roads and Traffic due to gapping

DEPARTMENT VARIANCES EXPLANATION SUMMARY

Corporate Services:

(\$314 K) departmental deficit

- (\$211 K) unfavourable Financial Services variance
 - Deficit in tax registration revenue of (\$205 K) and tax certificate revenue of (\$58 K), offset by a gapping surplus and savings in software, contractual and advertising
 - \$413 K favourable Information Technology variance
- (\$80 K) unfavourable variance in Customer Service division due to gapping, and operating expenditures
- (\$40 K) in Information Technology negative variance of (\$40 K) due to operating expenditures, offset by favourable gapping

Corporate Financials / Non Program Revenues:

(\$132 K) departmental deficit

- (\$256 K) unfavourable variance (Corporate Financials)
 - Mainly due to insurance premiums in excess of budget
- \$124 K favourable variance (Non Program Revenues)
 - Penalties and Interest surplus as a result of realized revenues from the first half of 2018, expected to continue until year-end.

OTHER NON-DEPARTMENTAL VARIANCES (\$000's)

	2018 Approved Budget	2018 Year-End Forecast	2018 Variance (Forecast vs Budget)	
			\$	%
Hamilton Police Services	160,470	160,470	0	0.0%
Library	29,981	29,765	216	0.7%
Other Boards & Agencies	12,872	12,872	0	0.0%
City Enrichment Fund	6,023	6,023	0	0.0%
TOTAL BOARDS & AGENCIES	209,346	209,130	216	0.1%
CAPITAL FINANCING	125,523	119,987	5,536	4.4%
TOTAL OTHER NON-DEPARTMENTAL	334,869	329,117	5,752	1.7%

* Anomalies due to rounding

() Denotes unfavourable variance

Rate Supported Operating Budget Variance Forecast

2018 RATE OPERATING BUDGET PROJECTED YEAR-END VARIANCE (\$000's)

	2018 Approved Budget	2018 Projected To Year End	2018 Projected Variance	
			\$	%
TOTAL EXPENDITURES	210,863	206,567	4,297	2.0%
TOTAL REVENUES	(210,863)	(210,889)	25	(0.0%)
NET	-	(4,322)	4,322	(2.0%)



Hamilton

THANK YOU