

TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS OF JUNE 30, 2018 FCS18067(a)

Audit, Finance & Administration Committee – September 24, 2018

- 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	28,343	611	2.1%
HEALTHY & SAFE COMMUNITIES	240,103	234,812	5,291	2.2%
PUBLIC WORKS	231,558	233,382	(1,824)	(0.8%)
LEGISLATIVE	4,880	4,875	5	0.1%
CITY MANAGER	10,556	10,551	5	0.0%
CORPORATE SERVICES	28,474	28,439	35	0.1%
CORP FINANCIALS/ NON PROG REVENUES	(25,031)	(24,585)	(446)	(1.8%)
HAMILTON ENTERTAINMENT FACILITIES	3,618	3,618	0	0.0%
TOTAL CITY DEPARTMENTS	523,112	519,435	3,677	0.7%
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	848,552	9,429	1.1%
TOTAL RATE SUPPORTED	0	(1,020)	1,020	100.0%
TOTAL	857,981	847,532	10,449	1.2%

() Denotes unfavourable variance

Tax Supported Operating Budget Variance Forecast

CITY DEPARTMENT VARIANCES

(\$000's)

TAX SUPPORTED

	2018 Approved Budget	2018 Year-End Forecast	2018 Variance (Forecast vs Budget)	
			\$	%
Planning & Economic Development	28,954	28,343	611	2.1%
Healthy and Safe Communities	240,103	234,812	5,291	2.2%
Public Works	231,558	233,382	(1,824)	(0.8)%
Legislative	4,880	4,875	5	0.1%
City Manager	10,556	10,551	5	0.0%
Corporate Services	28,474	28,439	35	0.1%
Corporate Financials / Non Program Revenues	(25,031)	(24,585)	(446)	(1.8)%
Hamilton Entertainment Facilities	3,618	3,618	0	0.0%
TOTAL CITY EXPENDITURES	523,112	519,435	3,677	0.7%

() Denotes unfavourable variance

DEPARTMENT VARIANCES EXPLANATION SUMMARY

Main Drivers for Variance:

Planning and Economic Development:

\$0.6 M departmental surplus

- \$279 K in gapping savings across several divisions
- \$150 K favourable projected contractual revenues in Growth Management division
- \$91 K favourable in Transportation, Planning, and Parking due to higher than budgeted revenues and contractual service savings

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.
- \$792 K surplus in the Ontario Works (OW) division as a result of maximization of additional available subsidies and gapping.
- \$0.5 M favourable Recreation variance due to temporary closures of recreational facilities
- \$0.9 M favourable Public Health Services variance due to unbudgeted 2018 approved provincial subsidies increase and gapping.

DEPARTMENT VARIANCES EXPLANATION SUMMARY

Public Works:

(\$1.8 M) departmental deficit

- (\$2.3 M) unfavourable Transit variance
 - (\$1.6 M) DARTS contract variance
 - Reduced fare revenues of (\$754 K)
- (\$656 K) unfavourable Environmental Services variance
 - The Central Composting Facility (CCF) closure resulted in increased contractual costs of \$305K
 - The cost to send a portion of the City's organic material to another composting plant will cost approximately \$750K
 - The Mixed Fibre revenues are also estimated to be \$1.2M below budget due to the world-wide collapse of fibre commodities
 - Partially offset by favourable gapping
- (\$852 K) unfavourable in Energy, Fleet and Facilities mainly due to gapping and unfavourable fleet recoveries.
- \$1.4 M favourable variance in Roads and Traffic due to gapping

DEPARTMENT VARIANCES EXPLANATION

SUMMARY

Corporate Services:

\$35 K departmental surplus

- \$286 K combined favourable variance in Financial Services and City Clerk's Office due to gapping
- (\$252 K) combined unfavourable projected variance in the Customer Service, Financial Planning, Administration and Policy and Information Technology divisions
 - Mainly a result of gapping in Customer Service and Financial Planning, Admin, and Policy
 - The Information Technology division has an unfavourable variance of -\$124K due to contractual fees, training and consulting costs slightly offset by favourable gapping due to vacancies.

Corporate Financials / Non Program Revenues:

(\$446 K) departmental deficit

- (\$256 K) unfavourable variance (Corporate Financials)
 - Mainly due to insurance premiums in excess of budget
- (\$189 K) unfavourable variance (Non Program Revenues)
 - Unfavourable variance of (\$859K) expected in POA Revenues based on the average change over last 4 years and the declining trend in fines
 - \$600K in Penalties and Interest as a result of revenues forecasted to exceed budget

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%

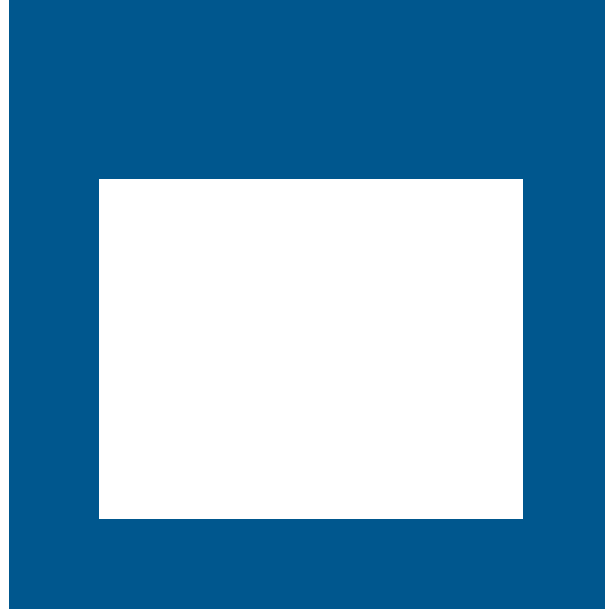
* Anomalies due to rounding

() 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	206,943	3,920	1.9%
TOTAL REVENUES	(210,863)	(207,963)	(2,900)	1.4%
NET	-	(1,020)	1,020	(0.5%)



THANK YOU