

# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023



FCS23063(b)

*Audit, Finance, and Administration Committee*

# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Agenda

1. Summary of Tax and Rate Operating Budget Variances (Unaudited)
2. Recommendations
  - Surplus Disposition
  - Complement and Budget Control Policy



## 2023 Tax and Rate Budget Breakdown

### Tax Budget

- 2023 Gross Budget = \$1.829B
- 2023 Net Levy = \$1.070B
- Surplus for Tax = \$7.4M
  - 0.4% of Gross Budget
  - 0.7% of Net Levy

### Rate Budget

- 2023 Gross Budget = \$272.5M
- Surplus for Rate = \$3.3M (1.3%)



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## Contributing Factors

### 1. Inflation

- Materials
- Fuel
- Contractual
- Collective bargaining

### 2. Vacant Positions (Gapping)

### 3. Unbudgeted Revenues



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## Contributing Factors continued...

### 4. Development Charge Exemptions

- Historical year in development activity
  - Construction Value of \$2.6B as of December 2023
  - 120% Housing Target achieved in 2023
- Total value DC exemptions tax and rate in 2023 of \$78.3M
- Total budgeted DC exemptions tax and rate in 2023 of \$22.2M
- Budget shortfall of (\$56.1M)
- Amendments to DC policies and exemptions funding will be incorporated into multi-year financing planning (2025 Budget)

# Tax Operating Budget Variance





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## Tax Budget 2023 Year-End Variance

	2023 Approved Budget	2023 Year-End Actuals	2023 Variance (Actuals vs Budget)	
			\$	%
TOTAL CITY EXPENDITURES	663,487	658,244	5,244	0.8%
TOTAL BOARDS & AGENCIES	249,710	248,111	1,599	0.6%
CAPITAL FINANCING	156,410	155,813	597	0.4%
TOTAL OTHER NON-DEPARTMENTAL	406,120	403,924	2,196	0.5%
TOTAL TAX SUPPORTED	1,069,608	1,062,168	7,440	0.7%

See Appendix “A” to Report FCS23063(b) for detailed schedule

## Tax Variance - Revenues

- **Key highlights:**
  - Parking Revenues – return to Pre-COVID levels
  - Transit Revenues:
    - Slow recovery of farebox revenue
    - Claw back of Safe Restart Funding
  - Additional Grant Funding (Land Ambulance and Childrens Services Mitigation Grants)
  - Non-Program Revenues:
    - Slot revenues surplus of \$1.2M
    - Supplementary tax surplus of \$5.3M





## Tax Variance - Expenditures

- **Key highlights:**

- Net gapping savings of \$2.05M
- Employee Related Costs – Agreements
- Tax write-offs favourable variance of \$1.5M
- Contractual:
  - Transit - DARTS, Taxi Scrip and TransCab contract savings of \$857K
  - Additional security costs at civic facilities (\$857K), park washrooms (\$757K) and museums (\$610K)
- Materials/Supplies/Fuel
  - Continued supply chain and inflation issues for parks maintenance (\$709K deficit) and transit vehicle maintenance (\$1.6M unfavourable variance)
  - Positive variance in Transit fuel of \$853K

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## Gapping (\$000's)

Net Gapping by Department	Gapping Target (\$000's)	Actual Gapping (\$000's)	Variance (\$000's)
Planning & Economic Development	\$ 866	\$ 2,247	\$ 1,381
Healthy and Safe Communities	\$ 1,050	\$ (161)	\$ (1,211)
Public Works	\$ 2,247	\$ 2,663	\$ 416
Legislative	\$ 85	\$ (788)	\$ (873)
City Manager	\$ 229	\$ 242	\$ 13
Corporate Services	\$ 643	\$ 5,122	\$ 4,479
Corporate Financials (One-Time)	\$ 2,155	\$ -	\$ (2,155)
<b>Consolidated Corporate Savings</b>	<b>\$ 7,275</b>	<b>\$ 9,325</b>	<b>\$ 2,050</b>

# Rate Operating Budget Variance



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## 2023 Rate Operating Budget Forecasted Year-End Variance (\$000's)

	2023 Approved Budget	2023 Year-End Actuals	2023 Year-End Variance	
			\$	%
TOTAL EXPENDITURES	272,447	270,805	1,642	0.6%
TOTAL REVENUES	(272,447)	(274,147)	1,700	(0.6%)
NET	-	(3,342)	3,342	1.2%

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## Rate Revenues

- Surplus in total rate revenues of **\$1.7M**:
  - Surpluses in the residential sector of \$0.6M and \$0.8M in the Industrial, Commercial, and Institutional (ICI) sector



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## Rate Expenditures

- Overall program spending and capital financing for 2023 favourable variance of **\$1.6M:**
  - Capital Financing favourable variance of \$3.5M due to timing in the issuance of debt
  - Financial expenses – Unfavourable variance of \$3.5 M mainly due to the Ministry order and fine related to the Chedoke Creek sewage spill
  - Gapping surplus of \$809K
  - Building & Ground – surplus of \$416K due to decreased hydro consumption
  - Materials and supplies favourable variance of \$240K for 2023 due to inflationary impact on operating supply usage



# Recommendations



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## Year-End Surplus Recommendation

DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)		
<b>Corporate Surplus from Tax Supported Operations</b>		<b>\$ 7,440,069</b>
<b>Disposition to/from Self-Supporting Programs &amp; Agencies</b>		<b>\$ (1,598,974)</b>
Less: Police (Transfer to Police Reserve)	\$ (2,840,220)	
Add: Library (Transfer from Library Reserve)	\$ 1,299,228	
Less: Farmers Market (Transfer to Farmers Market Reserve)	\$ (57,982)	
<b>Balance of Corporate Surplus</b>		<b>\$ 5,841,095</b>
Less: To transfer Ward Office Budget surpluses to Ward Minor Maintenance Accounts		\$ (216,275)
Less: Transfer to fund shortfall in Development Charge Exemptions		\$ (596,810)
Less: Transfer to Flamborough Capital Reserve		\$ (1,160,967)
Less: Transfer to Tax Stabilization Reserve		\$ (3,867,043)
<b>Balance of Tax Supported Operations</b>		<b>\$ 0</b>
<b>Corporate Surplus from Rate Supported Operations</b>		<b>\$ 3,341,776</b>
Less: Transfer to the Rate Supported Water Reserve		\$ (2,921,351)
Less: Transfer to the Rate Supported Wastewater/Stormwater Reserve		\$ (420,425)
<b>Balance of Rate Supported Operations</b>		<b>\$ 0</b>

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## Other Recommendations

- Staff complement extensions (Appendix “C”)
- Staff complement transfers (Appendix “D”)



# THANK YOU