



Date: June 21, 2016

Report to: Board of Directors
CityHousing Hamilton Corporation

Submitted by: Tom Hunter
Chief Executive Officer/
Secretary

Prepared by: Rochelle Desouza
Chief Financial Officer

Subject: **Operating Variance Report for April 30, 2016
(Report #16022)**

RECOMMENDATION:

That Report #16022 be received for information

Tom Hunter
Chief Executive Officer/Secretary

BACKGROUND:

Summarized consolidation Operating results as at April 30, 2016 are shown below:

Consolidated	Budgeted	Actual	Variance	Annual Budget
	YTD Apr 2016	YTD Apr 2016	YTD Apr 2016	Actual 2016
REVENUE				
Operating Revenue	11,882,736	12,424,440	541,704	35,648,207
Government Subsidies	11,736,571	11,440,807	(295,764)	35,209,712
Other	315,949	381,791	65,842	947,848
TOTAL REVENUE	23,935,256	24,247,038	311,782	71,805,767

Consolidated	Budgeted	Actual	Variance	Annual Budget
	YTD Apr 2016	YTD Apr 2016	YTD Apr 2016	Actual 2016
EXPENSES				
Administration- Salaries/wages/benefits	3,872,077	3,503,180	368,897	11,616,231
Administration-Bad Debts	107,809	132,878	(25,069)	323,426
Administration- Insurance	359,440	388,061	(28,621)	1,078,320
Administration- Other	669,281	711,873	(42,592)	2,007,842
Materials and Services	3,804,000	3,866,657	(62,657)	11,411,999
Utilities	3,444,639	3,539,271	(94,633)	10,333,916
Property Taxes	4,788,387	4,709,498	78,890	14,365,162
Amortization and Mortgage Interest	4,149,181	4,182,152	(32,971)	12,447,544
Allocated to Capital Services	2,740,442	2,740,442	0	8,221,327
TOTAL EXPENSES	23,935,256	23,774,012	161,243	71,805,767
NET SURPLUS/(DEFICIT)	-	473,026	473,026	-

Appendix A displays the consolidated year-to-date operating results as at April 30, 2016 shows a favourable variance to budget of \$473,026. Details on significant variances are discussed below.

Revenue

Detailed revenue information is shown in the chart below:

REVENUE DETAILS	Budgeted	Actual	Variance	Annual Budget
	YTD Apr 2016	YTD Apr 2016	YTD Apr 2016	Actual 2016
Operating Revenue				
Residential Rent	11,453,820	12,106,203	652,383	34,361,459
Commercial Rent	428,916	318,237	(110,679)	1,286,748
Tenant Recoveries	164,328	258,060	93,732	492,985
Other	151,621	123,730	(27,891)	454,863
TOTAL OPERATING REVENUE	12,198,685	12,806,231	607,546	36,596,055
City of Hamilton Subsidy				
Rent/Operating Subsidy	11,389,979	11,116,380	(273,599)	34,169,936
Rent Supplement Subsidy	346,592	324,427	(22,165)	1,039,776
TOTAL CITY OF HAMILTON SUBSIDY	11,736,571	11,440,807	(295,764)	35,209,712
TOTAL REVENUE	23,935,256	24,247,038	311,782	71,805,767

Operating Revenue

Net operating revenue is showing a favourable variance to budget of \$311,782. Commercial rent is unfavorable due to vacancy loss on properties at 350 King and 162 King William.

Administration Salaries, Wages and Benefits

Staffing complements are being reviewed to ascertain staffing levels. In addition gapping positions has kept salaries in a favorable position.

Administration Other

Seasonal unfavorable variance. Management is working on strategies to reduce cost adopted in this area.

Materials and Services

Operating expenses relating to Materials and Services are showing an unfavourable variance to budget of (\$62,657). The chart below shows a distribution of total materials and services costs among the main cost categories:

Particulars	Budgeted	Actual	Variance	Annual Budget
	YTD Apr 2016	YTD Apr 2016	YTD Apr 2016	Actual 2016
Pest Control Operating	-	-	-	-
Pest Control Bed Bugs	3,900	6,763	(2,863)	11,700
Building Operating	917,607	965,021	(47,415)	2,752,820
Flooring	99,159	65,710	33,450	297,478
Unit Turnovers/ Vacancies	494,977	524,502	(29,525)	1,484,930
Painting Operating	125,609	77,867	47,742	376,828
Roofing Operating	47,189	33,273	13,916	141,568
Life System Operating	117,085	111,318	5,768	351,256
Elevators Operating	118,872	111,471	7,402	356,617
Equipment Operating	80,230	152,245	(72,014)	240,691
Plumbing Operating	253,419	240,734	12,685	760,257
Heating & Ventilation Operating	382,756	336,619	46,137	1,148,268
Grounds Operating	622,204	749,712	(127,508)	1,866,612
Electrical Operating	182,701	123,767	58,934	548,104
Building Security Operating	73,670	198,143	(124,473)	221,011
Waste Removal Operating	86,807	138,178	(51,372)	260,420
Safety Equipment Operating	2,161	349	1,812	6,483
Supplies -Pest Control	53,433	30,985	22,449	160,300
Supplies	84,232	-	84,232	252,697
HST Expenses-Materials & Services	57,986	-	57,986	173,959
	3,804,000	3,866,657	(62,657)	11,411,999

Unfavorable variance exists in Unit Turnovers – Unit Turnovers over \$5,000 will be reclassified to Replace and Reserve accounts.

Utilities

Budget estimated as per Ministry of Municipal Affairs and Housing (MMAH) benchmark Indices, actual rate for hydro in Hamilton higher than budgeted.

Replace & Reserve Expense Variance Statement

Appendix B details the Statement of Replace & Reserve income and expenses of CHH for the month ending April 30, 2016.

OPERATIONAL PLAN:

This report implements:

Goal 1: Create Financial Sustainability – *Ensure the integrity of the financial process, internal controls, disclosure of City Housing Hamilton Financial Statements*

TH/RD