



CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT **Financial Planning and Policy Division**

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: April 11, 2011	
SUBJECT/REPORT NO: Tax and Rate Operating Budget Variance Report to December 31, 2010 (Unaudited) (FCS11032) (City Wide)	
SUBMITTED BY: Roberto Rossini, General Manager, Finance & Corporate Services	PREPARED BY: Tom Hewitson (905) 546-2424 x4159 Craig Webb (905) 546-2424 x1335
SIGNATURE:	

RECOMMENDATION:

- (a) That the 2010 Tax and Rate Operating Budget Variance Report to December 31, 2010 be received for information; and
- (b) That, subject to final audit, the Disposition of year-End Surplus/Deficit be approved as follows:

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DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)	\$	\$
Corporate Surplus from Tax Supported Operations		\$15,667,816
Less: Disposition to Self-Supporting Programs & Agencies		(\$1,238,777)
HECFI	(\$2,007,597)	
Police	\$453,489	
Library	\$315,330	
Balance of Corporate Surplus		\$14,429,039
Less: Transfer to Winter Control Reserve		(\$4,304,678)
Less: Transfer to Establish Commodity Stabilization Reserve		(\$1,500,000)
Less: Transfer Repayment to Intenal Debt - Operating		(\$2,083,395)
Less: Transfer to Destination Marketing Reserve		(\$50,000)
Less: Transfer to AODA WIP Account		(\$100,000)
Less: Transfer to Tax Stabilization Reserve		(\$6,390,966)
Balance of Tax Supported Operations		\$0
Corporate (Deficit) from Rate Supported Operations		(\$9,152,170)
Plus: Transfer from the Water/WasteWater Reserves		\$9,152,170
Balance of Rate Supported Operations		\$0

* - anomalies due to rounding

EXECUTIVE SUMMARY

Staff have committed to provide Council with three variance reports on the Rate and Tax Operating Budget during the fiscal year (Spring/Fall/Final). This is the final submission for 2010 based on the operating results as of December 31, 2010. Appendix A to report FCS11032 summarizes the tax supported budget year-end variances by department and division while Appendix B to report FCS11032 summarizes the year-end variances of the rate supported operations by program.

While the tax supported operations ended the year with a positive variance of \$14.4 million, the rate programs finished 2010 with a \$9.2 million deficit due to significant revenue shortfalls resulting in an overall corporate surplus of \$5.3 million. Additional details are presented in the Analysis section of this report.

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CONSOLIDATED CORPORATE SURPLUS/ (DEFICIT)	\$
Tax Supported Programs	
HECFI	(\$2,007,597)
Police	\$453,489
Library	\$315,330
Other Tax Supported Programs	\$15,667,816
Total Tax Supported Surplus	\$14,429,039
Rate Supported Programs	(\$9,152,171)
Consolidated Corporate Surplus/ (Deficit)	\$5,276,868

The year-end dispositions as suggested by staff through Recommendation “c” of Report FCS11032 support the 2011 recommended Tax-Supported Budget through risk mitigation or savings.

- The establishment of a commodity (fuel) reserve will provide some contingency towards the significant spike in fuel prices seen thus far in 2011. Budgeting fuel at \$0.92 / litre represents risk relative to current prices.
- The winter control budget has been proposed to be reduced by \$300,000 during Public Works deliberations. Providing additional funds to the winter control reserve provides insurance against a more active winter season.
- Using 2010 surplus to pay off internal debt reduces the annual repayment by \$321,500 annually for the balance of the internal loan period.

Alternatives for Consideration – Table One in the Analysis section identifies the recommended disposition of surplus/deficit. Council can provide alternative direction to staff, such as transferring the net tax supported surplus (after transfers to self-supporting reserves) to the Capital Reserve Fund or to support other one-time initiatives and priorities such as Transit or Social Services, for example.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: The financial information is provided in the analysis section of this report.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

Staff has committed to provide Council with three variance reports on the Rate and Tax Operating Budget during the fiscal year (Spring/Fall/Final). This is the final submission for 2010 based on the operating results as of December 31, 2010. Council approval is required to allocate year-end surplus/deficit to reserves.

POLICY IMPLICATIONS

N/A.

RELEVANT CONSULTATION

This report is based on information provided from all the departments.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The following provides an overview of the more significant issues affecting the 2010 operating surplus/deficit:

TAX SUPPORTED BUDGET

The following Table provides a summary of the departmental results as of December 31, 2010. The final corporate surplus amounts to \$14,429,000 or approximately 2.1% of the net levy. On a gross budget basis, the surplus represents a 1.2% variance.

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**CITY OF HAMILTON
2010 Year-End Variance (Unaudited)
(\$000's)**

	2010	2010	Variance	
	Final Budget	Year-End Actuals	\$	%
<u>TAX SUPPORTED</u>				
LEGISLATIVE	3,430	3,140	290	8.4%
CITY MANAGER	8,930	8,999	(70)	(0.8)%
CORPORATE SERVICES	19,376	18,734	642	3.3%
PLANNING & ECONOMIC DEVELOPMENT	16,663	16,314	349	2.1%
PUBLIC HEALTH SERVICES	10,885	9,808	1,078	9.9%
COMMUNITY SERVICES	153,747	149,947	3,800	2.5%
PUBLIC WORKS	176,195	170,409	5,786	3.3%
HAMILTON EMERGENCY SERVICES	88,275	88,461	(187)	(0.2)%
BOARDS & AGENCIES	42,996	44,684	(1,689)	(3.9)%
COMMUNITY PARTNERSHIP PROGRAM	3,286	3,286	0	0.0%
CAPITAL FINANCING	79,444	74,550	4,894	6.2%
CORPORATE FINANCIALS	4,416	7,950	(3,535)	(80.0)%
TOTAL CITY EXPENDITURES	607,641	596,283	11,358	1.9%
POLICE SERVICES	124,091	123,637	453	0.4%
TOTAL EXPENDITURES	731,732	719,920	11,812	1.6%
TOTAL NON PROGRAM REVENUES	(32,940)	(40,449)	7,509	22.8%
PROVINCIAL FUNDING / OMPF	(25,778)	(25,782)	4	0.0%
TRANSFER TO UNALLOCATED CAPITAL RES.				
Debt Charge Savings	-	4,895	(4,895)	(100.0)%
TOTAL TAX SUPPORTED	673,013	658,584	14,429	2.1%

As indicated above, there are significant departmental surpluses in Public Health, Community Services and Public Works. For Public Health and Community Services, there were higher than budgeted subsidies which contributed to the positive outcome as well as an OW caseload that was less than budgeted. Also, in Community Services there were savings in the operation of Recreation services that made a further contribution. In Public Works, the absence of major storm events for much of 2010 drove the favourable variance along with a rebound in commodity prices for recycled materials at the Municipal Recycling Facility (MRF). Corporate Financials had a significant shortfall (primarily due to \$4.14 million dollars in budgeted gapping savings that are actually realized in the operating departments). Increased revenues in the non-program revenue areas have also contributed to the surplus reported.

Highlights of the departmental results are included in the following sections:

Community Services

Community Services ended the year with a significant positive variance of \$3.8 million. The majority of the surplus is attributable to Ontario Works (OW) favourable variances. This is primarily due to savings in actual caseload levels being lower than budgeted (\$1.77 million), a favourable outcome in downloaded ODSP costs (\$138K), vocational training savings due to available subsidy (\$225K) and finally, net one-time funding for OW Administration (\$801K). Increased utilization in special support benefits (\$315K) and employment related costs (\$395K) combined to reduce the overall positive result in OW.

Further, in Recreation, the savings due to facilities closures (\$677K), contractual savings in snow removal (\$282K), Quad Pad operating surplus (\$102K) along with unbudgeted EPC grants (\$327K) contributed to the overall performance. Shortfalls in ice rentals (\$289K) and unbudgeted lease costs (\$126K) reduced the overall Recreation variance.

Other variances include deferred Culture maintenance/conservation projects and reduced operating expenditures (\$317K), Strategic Services unspent ergonomic program expenditures (\$127K) and work accommodation costs lower than expected at Macassa Lodge (\$150K).

Corporate Financials / Gapping

Two competing drivers are responsible for the almost \$3.3 million deficit in the financials. While gapping savings of \$4.1 million are budgeted in Corporate Financials, actual savings are reported in the operating departments. This is partially mitigated by a net positive variance of \$0.8 million in contingencies (such as those for Job Evaluations) budgeted in Corporate Financials with actual expenditures absorbed in operational areas.

As shown in the table below, a review of savings in the departments indicates the net savings from gapping in 2010 actually amounted to \$2.7 million, about \$1.4 million less than budgeted.

NET GAPPING BY DEPARTMENT	(\$000's)
Planning & Ec. Development	\$194
Public Health Services	\$96
Community Services	\$245
Hamilton Emergency Services	\$1,051
Public Works	\$460
City Manager	\$136
Corporate Services	\$562
Consolidated Corporate Savings/ (Deficit)	\$2,744

Non-Program Revenues

Two larger than anticipated supplementary tax billings (\$3.23 million), less than anticipated appeal amounts coupled with a year end allowance adjustment credit (\$2.39 million), favourable penalty and interest revenue (\$506K), a higher than budgeted Hydro dividend (\$300K), additional POA revenues (\$625K) and Heads and Beds PIL actual greater than budgeted all drove the \$7.5 million positive variance in Non-Program Revenues.

Public Works (PW) Department

The Public Works Department had an overall positive variance (\$5.8 million). This was due to a number of factors, the largest being surpluses in Winter Activities (\$4.6 million) due to fewer than anticipated major storm events during 2010, increased Fare Revenue (\$1.5 million) due to a rebound in ridership, increased traffic at Transfer Stations (\$841K), higher Recycling commodity prices (\$808K), lower Transit parts costs (\$967K) due to the 12 year bus life policy, a lower demand for pavement cuts (\$322K) and lower fuel costs (\$615K).

These positive factors were partially offset by increased maintenance costs of the Fleet (\$663K), a decrease in revenue from Outside Services (e.g. GO Transit) (\$725K), higher than anticipated rent and utilities costs (\$650K), an unrecovered risk claim (\$110K) and a Street Lighting variance that was heavily driven by uncontrollable distribution charges and the Provincial global adjustment (\$596K).

Corporate Services

Corporate Services finished 2010 with a positive variance (\$642K). A delay in AODA training and improvements during the year (\$100K), higher tax certificate and tax transfer fee revenues (\$34K), higher than budgeted interest income (\$102K) and fees (\$26K), savings in printing and advertising costs (\$14K), IP Telephony (\$121K) as well as higher revenues for purchasing fees (\$82K) and sub-division processing fees (\$28K) were major factors. Mitigating the positive result were increased software maintenance and licence costs in IS (\$339K), an unbudgeted external review of the Purchasing section and higher than budgeted Legal Fees in respect of ABCP lawsuit (\$117K). Also, the use of an unbudgeted temporary position and outside agency costs were incurred to cover STD and LTD absences (\$87K).

Public Health Services

Public Health experienced a positive variance in 2010 (\$1.08 million). This was a result of available subsidies applied to areas where none was budgeted (\$623K), an unanticipated subsidy for training (\$76K), deferred PHRED projects (\$51K) as well as CINOT expansion program savings due to under-utilization (\$60K). The excess cost necessary to deal with larviciding in Vector Borne Disease (\$9K) marginally reduced the overall variance.

Planning and Economic Development

Planning and Economic Development is reporting a favourable variance of \$349,000. This has been achieved due to higher than budgeted revenue for Lot Grading (\$313K), Hamilton International Airport rent revenue (\$57K), rent from the Hamilton Incubator of Technology (\$30K) and ticket sales in the Summit & Awards program (\$19K). Also adding to the result are savings in employee related costs such as training (\$167K), conferences (\$60K) and travel (\$163K).

Lower fees for Illegal Grow Operations (\$49K), lower recoveries for Cartographic and Graphic Services (\$43K), STD/LTD costs and unbudgeted manager position in Animal Control (\$68K) and reduced fees in Parking due to ImPark (\$300K) reduced the overall positive result.

Capital Financing

Debt financing savings of \$4.9 million is a result of the delay in issuance of debt. Staff expects to issue a debenture in 2011 of about \$80 million. As per current practices, the debt charge savings have been transferred to the unallocated capital reserve and will be used as a future source of capital financing.

CAPITAL FINANCING TRANSFER SUMMARY	(000's)
CAPITAL FINANCING	
Corporate Financials	\$ 831
HES	\$ (13)
Community Services	\$ (1,290)
Planning and Development	\$ (386)
Public Works - Tax	\$ (4,036)
TRANSFER TO UNALLOCATED CAPITAL RESERVE	\$ 4,895

Other Programs

In Boards & Agencies, there is a shortfall of (\$1.7 million) due to a negative variance in operations at HECFI (\$2.0 million).

RATE SUPPORTED BUDGET

The Rate supported budget is reporting an unfavourable variance of \$9.2 million for the 2010 fiscal year, representing 5.5% of the gross operating budget. This operating variance is \$600K lower than the \$9.8 million forecasted deficit that was communicated to Council on the August 2010 Budget Exception Report. Actual costs for materials and contractual services came in less than forecasted, accounting for the better than expected performance.

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Operating revenues collected during 2010 totalled \$149 million, translating into a \$17 million budget shortfall, and is the primary reason for the 2010 deficit in the Rate supported program. Program savings of \$7.8 million helped to lessen the overall operating deficit.

Revenues

The majority of the Rate supported program revenues, notably water and sewer billings are water consumption driven and directly impacted from year-to-year by climatic conditions, the local economy and conservation practices embraced by the community. In 2010, the variances of most significance originated from these water consumption based revenues:

Hauler / 3rd Party Sales	\$	221	
Wastewater Abatement Rebates	\$	170	
Permits / Leases / Agreements	\$	162	
General Fees and Recoveries	\$	35	
Back Flow Prevention Fees	\$	(261)	
Local Improvements / Development Fees	\$	(337)	
Overstrength / Sewer Surcharge Agreements	\$	(622)	
Water / Sewer Billings - Residential	\$	(7,629)	
Water / Sewer Billings - Non-Residential	\$	(8,804)	
Total	\$	(17,065)	Unfavourable

A year-end unfavourable variance to budget of \$16.4 million in water and sewer billings is being reported across both the Residential and Industrial / Commercial / Institutional sectors. Relatively normal precipitation and temperatures for the summer of 2010, in addition to declining demand for water, are contributing factors to a year-end unfavourable variance in the residential sector of \$7.6 million, comprising 10.2% of the total \$74.4 million residential revenue budget for 2010. The residential sector has experienced demand for water that is approximately 4.4 million m³ below budget for the year. As previously identified, the summer season has been relatively normal, for comparison purposes the extremely wet summer of 2009 reveals a 0.3% increase in consumption compared to 2010 during the same period. Seasonal consumption (June – August) in the residential sector was 14.6% lower than budgeted.

The demand for water in the Industrial/Commercial/Institutional (ICI) sector has been relatively steady with that of demand in 2009. The positive trends in the return of production for some customers have been offset by the loss of a few larger customers early in 2010. Water consumption in the ICI sector was 6.5% below budget translating into a shortfall of 2.1 million m³ relative to budget, resulting in an ICI revenue shortfall of \$8.8 million for 2010. In addition to conservation efforts, seasonal demand similarly affects some ICI customers. For instance, condominium corporations are reported in

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the commercial sector and similar to residential users, consumption in the summer months have continued to decline relative to previous years.

Expenditures

As previously mentioned, expenditures were under budget by \$7.8 million, comprising 4.7% of the total \$166 million budget. The driving factors behind this favourable expenditure variance are as follows:

Expenditure Type	(000's)	
Debt Charges	\$ 4,165	
Contractual Services	\$ 1,485	
Reserves / Capital Recoveries	\$ 1,173	
Materials & Supplies	\$ 1,054	
Employee Related Costs	\$ 660	
Vehicle Expenses	\$ 170	
Environmental / Special Events	\$ 37	
Financial Expenses	\$ (85)	
Building & Grounds	\$ (265)	
Corporate Cost Allocations	\$ (481)	
Total	\$ 7,913	Favourable

Outlined below are some of the underlying reasons for the above expenditure variances.

Debt Charges

The Rate operating program budgets annually for debt servicing costs on new and existing debt based on debenture financing needs for approved capital projects. The 2010 favourable variance in debt charges of \$4,165K is due to no new debt being issued, given the partially debt financed capital projects are currently not under funded, based on the level of spending to-date.

Contractual Services

The favourable variance in contractual services of \$1,485K is mainly attributable to the following program areas or activities: Woodward Treatment Plant and outstations \$354K; Water Distribution and Wastewater Collection program \$573K; Horizon Billing Contract \$380K; Compliance and Regulations \$109K.

Materials & Supplies

The materials and supplies consumed in the course of operations came in under budget by \$1,054K in 2010. Budget savings of \$567K in Plant operations and \$336K in water / sewer infrastructure maintenance activities comprised the bulk of the favourable variance. In comparison to 2009, water production at the Plant increased by 2,317.5 ML or 2.6% in 2010 (2009 = 86,274.1, 2010 = ML to 88,591.6 ML), while wastewater

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treated decreased 8,465.8 ML or 7.9% (2009 = 115,688 ML, 2010 = 107,222.2 ML). The reduction in wastewater flows and biosolids production at the Plant had a positive impact as fluids and chemical costs were under budget by \$334K due to lower polymer costs. Less process upsets, equipment breakdowns and lower generator fuel costs from minimal power interruptions during the year explains some of the other Plant material and supply cost savings.

YEAR-END DISPOSITION OF TRANSFERS

The following Table identifies the recommended transfers as a result of the 2010 year-end.

Table 1 – Disposition of Year-End Surplus/Deficit

DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)	\$	\$
Corporate Surplus from Tax Supported Operations		\$15,667,816
Less: Disposition to Self-Supporting Programs & Agencies		(\$1,238,777)
HECFI	(\$2,007,597)	
Police	\$453,489	
Library	\$315,330	
Balance of Corporate Surplus		\$14,429,039
Less: Transfer to Winter Control Reserve		(\$4,304,678)
Less: Transfer to Establish Commodity Stabilization Reserve		(\$1,500,000)
Less: Transfer Repayment to Intenal Debt - Operating		(\$2,083,395)
Less: Transfer to Destination Marketing Reserve		(\$50,000)
Less: Transfer to AODA WIP Account		(\$100,000)
Less: Transfer to Tax Stabilization Reserve		(\$6,390,966)
Balance of Tax Supported Operations		\$0
Corporate (Deficit) from Rate Supported Operations		(\$9,152,170)
Plus: Transfer from the Water/WasteWater Reserves		\$9,152,170
Balance of Rate Supported Operations		\$0

ALTERNATIVES FOR CONSIDERATION:

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Table One in the Analysis section identifies the recommended disposition of surplus/deficit. Council provide alternative direction to staff, such as transferring the net tax supported surplus to the Capital Reserve Fund. There is no other viable alternative to fund the rate supported deficit.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Financial Sustainability

- ◆ Financially Sustainable City by 2020
- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

APPENDICES / SCHEDULES

- Appendix A to report FCS11032 Tax Operating Budget Variance Report to December 31, 2010
- Appendix B to report FCS11032 Combined Water, Waste Water and Storm Systems Variance Report to December 31, 2010

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2010
(\$ 000's)

ANNEX A
to Report FCS11032

	2010 Approved Budget	2010 Actuals to Dec 31	2010 Projected Actuals vs Approved Budget		Comments/Explanations
			\$	%	
<u>PLANNING & ECONOMIC DEVELOPMENT</u>					
Building Services	1,086	759	327	30.1%	Favourable salary gapping as well as lot grading revenue due to record level of building activity in 2010, partially offset by lower fees from Illegal Grow Operations
Growth Management	(740)	(740)	-	0.0%	Favourable variance due to salary gapping as well as higher sub-division processing revenues and joint sewer water agreement fees due to increased building activity levels Fully offset by a lower than budgeted transfer from the Development Fee Reserve
Downtown & Community Renewal	1,170	1,169	1	0.1%	Program slightly under budget
Economic Development & Real Estate	2,435	2,286	149	6.1%	Favourable variance is due to salary gapping, higher than anticipated Hamilton International Airport (HIA) revenues and rent revenues from the Hamilton Incubator of technology (HIT)
GM, Finance & Support Services	2,690	2,862	(172)	(6.4)%	Deficit is mainly in employee related costs due to carrying unbudgeted positions and Long Term Disability costs As well, Cartographic and Graphic Services had less than budgeted sale of service recoveries from other departments and/or divisions within P & ED
Industrial Parks & Airport	113	105	8	7.2%	Favourable variance due to salary gapping
Parking & By-law Services	4,709	4,831	(123)	(2.6)%	Favourable variances in Hamilton Municipal Parking System & School Crossing are largely due to gapping The savings are offset by the unbudgeted Manager position and Short Term Disability costs in Animal Control & less than budget revenues in MLE
Planning	2,297	2,297	0	0.0%	Favourable gapping was offset by a unbudgeted transfer of the surplus to the Development Fee Reserve
Strategic Services/Special Projects	1,445	1,337	108	7.5%	Gapping resulted in savings in training, conferences, travel and other employee related costs In addition, there are favourable variances in computer software and data processing costs
Tourism Hamilton	1,457	1,407	50	3.4%	Surplus mainly due to salary gapping and surplus in Summit & Awards program arising from high ticket sales
TOTAL PLANNING AND ECONOMIC DEVELOPMENT	16,663	16,314	349	2.1%	
<u>PUBLIC HEALTH SERVICES</u>					
Clinical & Preventive Services	2,200	2,070	129	5.9%	Savings due to salary gapping and CINOT Expansion savings offset by CINOT Utilization pressures
Family Health	975	941	35	3.5%	Savings due to salary gapping and cost savings in various operating lines
Health Protection	2,150	2,083	67	3.1%	Savings due to salary gapping offset by Vector Borne Disease larviciding costs and other operating expenses increase
Healthy Living	1,822	1,786	36	2.0%	Savings due to salary gapping, VLOA and cost savings in various operating lines
Medical Officer of Health	2,756	2,037	719	26.1%	Due to underspending in other subsidized programs, subsidy was applied to areas where subsidy has not been budgeted, thus incurring levy savings as a result In addition, received unanticipated subsidy for one time training request secondment which resulted in backfill vacancy and savings in various operating lines
Planning & Business Improvement	983	891	92	9.4%	
TOTAL PUBLIC HEALTH SERVICES	10,885	9,808	1,078	9.9%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2010
(\$ 000's)

APPENDIX A
to Report FCS11032

	2010 Approved Budget	2010 Actuals to Dec 31	2010 Projected Actuals vs Approved Budget		Comments/Explanations
			\$	%	
<u>COMMUNITY SERVICE DEPARTMENT</u>					
Administration - Community Services	2,359	2,297	63	2.6%	Gapping
Benefit Eligibility	8,411	8,060	352	4.2%	Increased demand for special supports benefits offset by one time OW Admin funding and salary gapping due to vacancies
City/Housing Hamilton	-	-	-	0.0%	
Culture	5,571	5,181	390	7.0%	Gapping due to retirement and timing of hiring for vacancies. Deferred repair and maintenance costs due to timing of hiring of facilities supervisor. Overall spending reductions and unanticipated increase in revenues and provincial grants.
Employment & Income Support	50,286	48,735	1,550	3.1%	Savings due to actual caseload levels lower than budgeted, favourable variance for downloaded ODSP costs and vocational training savings due to available subsidy, offset by pressure for Employment Related transportation costs due to increased utilization.
Housing and Homelessness	43,986	44,195	(210)	(0.5)%	Rent Geared to Income (RGI) subsidy increases correlated to an increase of RGI units as social housing providers strive to meet targets. Gapping in salaries and savings in other employee related expenses as well as dom hostel expenditures lower than anticipated.
Macassa Lodge	5,207	4,964	244	4.7%	Savings from work accommodation, increased MOH subsidy revenues and accommodation fees, salary gapping in nursing/dietary/housekeeping, heating and water utilities savings, offset by nursing benefit pressures, mandatory training costs, unbudgeted LTD benefits, emergency building repairs and increased food costs.
Recreation	25,140	23,828	1,312	5.2%	Savings in Building and Grounds due to facility closures and capital funding for RINC and ISF projects, Contractual savings due to snow removal contract, New grants/subsidies for LHIN, After School and EPC programs.
Social Development & Early Childhood Services	7,346	7,435	(89)	(1.2)%	Savings from salary gapping and reduced rent costs, offset by pressure due to Red Hill casual backfill for sick coverage and reduced subsidy recoveries.
Strategic Services	1,730	1,586	145	8.4%	Savings due to salary gapping due to vacancies, reduced spending on training, and reduced ergonomic program, offset by lower capital contribution revenues.
Wentworth Lodge	3,710	3,666	44	1.2%	Savings from work accommodation, increased MOH subsidy revenues and accommodation fees, salary gapping in recreation, offset by nursing benefit pressures, mandatory training costs, LTD benefits, unscheduled building maintenance costs and hydro pressure.
TOTAL COMMUNITY SERVICES DEPARTMENT	153,747	149,947	3,800	2.5%	
<u>HAMILTON EMERGENCY SERVICES</u>					
Corporate Radio System	846	659	187	22.1%	Savings in radio equipment & repairs and Bell system rental costs.
Emergency Management	318	267	52	16.2%	Gapping, contractual services costs deferred in 2010.
Emergency Medical Services	15,706	15,534	172	1.1%	Gapping offset by increase in operating supplies, legal fees, building maintenance, facilities & server maintenance recoveries.
Emergency Services Admin	1,000	1,063	(63)	(6.3)%	Vacation pay, FDM Records Management annual maintenance & support.
Fire Services	70,404	70,938	(534)	(0.8)%	Salary gapping offset by increase in operating supplies/equipment and vehicle repairs.
TOTAL HES	88,275	88,461	(187)	(0.2)%	

CITY OF MILTON
 TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2010
 (\$ 000's)

NDIX A
 to Report rCS11032

	2010 Approved Budget	2010 Actuals to Dec 31	2010 Projected Actuals vs Approved Budget		Comments/Explanations
			\$	%	
<u>PUBLIC WORKS</u>					
PW-General Administration	12	0	12	100.0%	
Environment and Sustainable Infrastructure	2,583	1,705	878	34.0%	Gapping along with lower demand for Pavement Cuts
Operations and Waste Management	113,072	105,771	7,301	6.5%	Winter Control savings along with increase in revenue at Transfer Stations and due to rebounding recycling commodity prices
Transportation, Energy & Facilities	60,528	62,933	(2,405)	(4.0)%	Transit on-budget due to higher than expected fare revenue, lower fleet parts due to 12-year bus life policy, and favourable fuel prices offset by a reduced contribution from Provincial Gas Tax Reserve Fleet unfavourable variance (\$663K) due to growing fleet program and no matching increase in maintenance budget, decreased revenues from outside services and unfavourable employee related expenses Facilities experienced higher than anticipated costs in rent and utility expenses (\$650K) that were unrecoverable coupled with revenue accrual which did not materialize (\$296K) Unrecovered facilities risk claim (\$110K) The unfavourable variance in Traffic (\$515K) is driven by streetlighting due to distribution & Provincial global adjustment increases
TOTAL PUBLIC WORKS	176,195	170,409	5,786	3.3%	
<u>LEGISLATIVE</u>					
Legislative Budget	(463)	(436)	(27)	5.8%	
Mayor	979	809	170	17.4%	
Volunteer Committee	88	78	10	11.7%	
Ward Budgets	2,826	2,690	136	4.8%	
TOTAL LEGISLATIVE	3,430	3,140	290	8.4%	
<u>CITY MANAGER</u>					
Administration - City Manager	777	887	(110)	(14.1)%	Increased employee expenses resulting from new org structure in CMO
Audit Services	635	658	(23)	(3.6)%	Gapping during the year was partially offset by unbudgetted office rental costs & no internal recoveries
Human Resources	4,297	4,234	63	1.5%	Gapping and unspent budgets in various areas partially offset by construction costs relating to the Return to Work relocation
Legal	3,221	3,221	-	0.0%	
TOTAL CITY MANAGER	8,930	8,999	(70)	(0.8)%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2010
(\$ 000's)

APPENDIX A
to Report FCS11032

	2010 Approved Budget	2010 Actuals to Dec. 31	2010 Projected Actuals vs Approved Budget		Comments/Explanations
			\$	%	
<u>CORPORATE SERVICES</u>					
City Clerk	1,342	1,401	(59)	(4.4)%	Increased revenues, savings in advertising & various budgets offset by increased postage costs, lower imaging recoveries & unused reserve funding
Corporate Services - Administration	238	228	10	4.1%	
Customer Service	4,379	3,967	413	9.4%	Gapping and delay in AODA training implementation
Financial Planning & Policy	953	837	116	12.2%	Gapping savings and higher than budgeted interest income and fees partially offset by legal fees in respect of ABCP
Information Services	7,583	7,515	68	0.9%	Gapping savings partially offset by increased software maintenance & licence cost and higher than budgeted consulting costs
Treasury Services					
<i>Finance and Administration</i>	421	600	(180)	(42.7)%	Unbudgeted temp positions and use of outside agencies to cover STD and LTD There was a severance payment as well as an overlap in a Manager position for transitional purposes
<i>Financial Services</i>	4,090	3,810	280	6.8%	Gapping and increased revenues from Purchasing fees
<i>Risk Management Administration</i>	(454)	(454)	-	0.0%	
<i>Taxation</i>	663	609	54	8.1%	Higher than budgeted tax certificate and tax transfer fee revenues as well as savings in printing and advertising costs
<i>Treasury Administration</i>	161	221	(60)	(37.6)%	Over-expenditure due to an external operational review of the Purchasing section
Total Treasury Services	4,880	4,786	94	1.9%	
TOTAL CORPORATE SERVICES	19,376	18,734	642	3.3%	
<u>COMMUNITY PARTNERSHIP PROGRAM</u>					
	3,286	3,286	(0)	(0.0)%	
<u>CORPORATE FINANCIALS</u>					
Corporate Pensions/Benefits and Contingency	8,056	7,426	630	7.8%	departments
Corporate Reductions/Initiatives	(4,140)	-	(4,140)	100.0%	Budgeted gapping savings realized in departmental budgets
Seniors Tax Credit	500	524	(24)	(4.9)%	
TOTAL CORPORATE FINANCIALS	4,416	7,950	(3,535)	(80.0)%	
<u>CAPITAL FINANCING</u>					
Debt-Corporate Financials	31,331	32,162	(831)	(2.7)%	
Debt-HES	1,075	1,062	13	1.2%	
Debt-PHCS	6,637	5,347	1,290	19.4%	
Debt-Planning and Development	895	509	386	43.2%	
Debt-PW-Tax	39,506	35,458	4,049	10.2%	
TOTAL CAPITAL FINANCING	79,444	74,537	4,908	6.2%	
TRANSFER TO UNALLOCATED CAPITAL RESERVE	-	4,909	(4,909)	(100.0)%	
TOTAL CITY EXPENDITURES	564,646	556,494	8,152	1.4%	

CITY OF MILTON
 TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2010
 (\$ 000's)

NDIX A
 to Report FCS11032

	2010 Approved Budget	2010 Actuals to Dec. 31	2010 Projected Actuals vs Approved Budget		Comments/Explanations
			\$	%	
<u>HAMILTON POLICE SERVICES</u>					
Operating	123,169	122,716	453	0.4%	
Capital Financing	921	921	-	0.0%	
HAMILTON POLICE SERVICES	124,091	123,637	453	0.4%	
<u>BOARDS & AGENCIES</u>					
Library	27,124	26,809	315	1.2%	
AGH	825	825	-	0.0%	
Boris Brott Music Festival	90	90	-	0.0%	
Conservation Authorities	4,331	4,328	2	0.1%	
GO Transit	-	-	-	0.0%	
Hamilton Beach Rescue Unit	127	127	-	0.0%	
Hamilton Philharmonic Orchestra	114	114	-	0.0%	
HCA Contract Services	916	915	-	0.0%	
HECFI	2,790	4,798	(2,008)	(72.0)%	To be funded from HECFI reserve
HWCA - Festival of Friends	85	85	-	0.0%	
MPAC	5,798	5,798	0	0.0%	
Opera Hamilton	127	127	-	0.0%	
Royal Botanical Gardens	599	599	(0)	(0.0)%	
Total Operating	42,926	44,616	(1,690)	(3.9)%	
Capital Financing	70	69	1	1.5%	
TOTAL BOARDS & AGENCIES	42,996	44,684	(1,689)	(3.9)%	
<u>TOTAL EXPENDITURES</u>					
	731,732	724,815	6,916	0.9%	
<u>NON PROGRAM REVENUES</u>					
Hydro Dividends & Interest	(5,000)	(5,300)	300	6.0%	Dividend from Hydro exceeded budget by approx \$300K
Investment Income	(4,000)	(4,000)	-	0.0%	
Penalties and Interest	(7,700)	(8,206)	506	6.6%	Past due tax balance continue to rise
PIL	(14,000)	(14,231)	231	1.6%	Heads and Beds actual greater than budget
POA	(2,730)	(3,355)	625	22.9%	Increase in volume of tickets
Right of Way Taxes	(3,204)	(3,205)	1	0.0%	
Supplementary Taxes	(6,300)	(9,530)	3,230	51.3%	Two larger than anticipated supplementary billings MPAC still picking up new or renovated properties, some going back two years
Tax Capping	450	223	227	50.4%	A number of tax appeals processed in 2010 lead to the clawing back of previous capping credits
Tax Remissions/Write Offs	9,544	7,155	2,389	25.0%	Less than anticipated appeal amounts were processed Many appeals not yet returned by MPAC/ARB Also, processed a year end 'allowance adjustment' credit
TOTAL NON PROGRAM REVENUES	(32,940)	(40,449)	7,509	22.8%	
PROVINCIAL FUNDING / OMPF	(25,778)	(25,782)	4	0.0%	
<u>TOTAL LEVY REQUIREMENT</u>					
	673,013	658,584	14,429	2.1%	

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CITY OF HAMILTON
COMBINED WATER, WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT TO DECEMBER 31, 2010
(\$000's)

APPENDIX B
to report FCS11032

2010 APPROVED BUDGET	2010 YEAR-END ACTUAL	2010 BUDGET VARIANCE	2010 % SPENT
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\$ \$ \$ %

EXPENDITURES:

Environmental Services

Divisional Administration & Support	2,578,484	2,785,251	(206,767)	108 02%
Customer Service & Community Outreach	1,070,270	1,092,823	(22,553)	102 11%
Service Co-ordination	2,713,303	2,522,869	190,434	92 98%
Engineering Systems & Data Collection	973,973	924,232	49,741	94 89%
Compliance & Regulation	651,269	712,802	(61,533)	109 45%
Laboratory Services	2,788,048	2,707,939	80,109	97 13%
Environmental Monitoring & Enforcement	1,484,980	1,320,203	164,777	88 90%
Water Distribution & Wastewater Collection	16,537,531	15,182,252	1,355,279	91 80%
Plant Operations & Maintenance	30,628,142	29,268,518	1,359,624	95.56%
Water & Wastewater Engineering	1,887,271	2,118,321	(231,050)	112 24%
Hydro Billing Contract	4,007,000	3,632,217	374,783	90 65%
Corporate & Departmental Support Services	5,542,606	5,856,929	(314,323)	105 67%
Utilities Arrears Program	500,000	267,330	232,670	53 47%
Hamilton Harbour Remedial Action Plan	50,000	180,000	(130,000)	360 00%
Financial Charges	601,947	416,419	185,528	69 18%
Capital and Reserve Recoveries	(3,183,486)	(3,849,098)	665,612	120 91%
Sub-Total Environmental Services	68,831,338	65,139,008	3,692,330	94.64%

Capital and Reserve Impacts on Operating

Contributions to Capital

Water Quality Initiatives	51,300,000	51,300,000	-	100 00%
Wastewater	23,450,000	23,450,000	-	100 00%
Sub-Total Contributions to Capital	74,750,000	74,750,000	-	100.00%

**CITY OF HAMILTON
 COMBINED WATER, WASTEWATER AND STORM SYSTEMS
 BUDGET VARIANCE REPORT TO DECEMBER 31, 2010
 (\$000's)**

APPENDIX B
 to report FCS11032

	2010 APPROVED BUDGET	2010 YEAR-END ACTUAL	2010 BUDGET VARIANCE	2010 % SPENT
	\$	\$	\$	%
<u>Contributions for DC Exemptions</u>				
Water Quality Initiatives	1,506,300	1,506,300	-	100.00%
Wastewater	3,643,700	3,643,700	-	100.00%
Sub-Total Contributions for DC Exemptions	5,150,000	5,150,000	-	100.00%
<u>Debt Charges</u>				
Water Quality Initiatives	2,540,540	396,401	2,144,139	15.60%
Wastewater	2,890,680	1,249,400	1,641,280	43.22%
Debt Payment Recoveries	(116,720)	(116,726)	6	N/A
Sub-Total Debt Charges	5,314,500	1,529,075	3,785,425	28.77%
Sub-Total Water & Wastewater	85,214,500	81,429,075	3,785,425	95.56%
<u>Stormwater Management</u>				
Storm Contribution to Capital	7,579,000	7,579,000	-	100.00%
Contribution for DC Exemptions	1,144,500	1,144,500	-	100.00%
Storm Debt Charges	874,020	494,286	379,734	56.55%
Debt Payment Recoveries	(98,260)	(98,260)	-	
Sub-Total Stormwater Management	9,499,260	9,119,526	379,734	96.00%
Transfer to Reserves	2,487,210	2,487,210	-	N/A
Sub-Total Capital and Reserve Impacts on Operating	97,200,970	93,035,811	4,165,159	95.71%
TOTAL EXPENDITURES	166,032,308	158,174,820	7,857,488	95.27%

**CITY OF HAMILTON
 COMBINED WATER, WASTEWATER AND STORM SYSTEMS
 BUDGET VARIANCE REPORT TO DECEMBER 31, 2010
 (\$000's)**

APPENDIX B
 to report FCS11032

	2010 APPROVED BUDGET	2010 YEAR-END ACTUAL	2010 BUDGET VARIANCE	2010 % SPENT
	\$	\$	\$	%
<u>REVENUES:</u>				
<u>Rate Revenue</u>				
Residential	74,419,235	66,790,460	(7,628,775)	89.75%
ICI	80,984,133	71,870,478	(9,113,655)	88.75%
Haldimand / Halton	2,341,466	2,369,994	28,528.04	101.22%
Non-Metered	292,884	573,901	281,017	195.95%
Hauler / 3rd Party Sales	625,000	845,482	220,482	135.28%
Wastewater Abatement Program	(700,000)	(529,659)	170,341	75.67%
Overstrength Agreements	2,100,000	1,669,211	(430,789)	79.49%
Sewer Surcharge Agreements	2,600,000	2,408,983	(191,017)	92.65%
Sub-Total Utility Rates	162,662,718	145,998,850	(16,663,868)	89.76%
<u>Non-Rate Revenue</u>				
Subdivider Contributions	631,000	417,858	(213,142)	66.22%
Local Improvement Recoveries	687,600	563,868	(123,732)	82.01%
Permits / Leases / Agreements	1,081,230	1,243,053	161,823	114.97%
Miscellaneous Revenue	969,760	743,696	(226,065)	76.69%
Sub-Total Non-Rate Revenue	3,369,590	2,968,475	(401,115)	88.10%
TOTAL REVENUES	166,032,308	148,967,326	(17,064,982)	89.72%
NET EXPENDITURES	-	9,207,494	(9,207,494)	N/A

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