



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: October 11, 2011	
SUBJECT/REPORT NO: Tax and Rate Operating Budget Variance Report to August 31, 2011 (FCS11088) (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:

That FCS11088 “Tax and Rate Operating Budget Variance Report to August 31, 2011”, be received for information.

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/Year-End). This is the second submission for 2011 based on the operating results as of August 31, 2011.

Tax supported operations are projecting a favourable variance of \$6.6 million. This is primarily a result of debt charge savings and higher than anticipated supplementary tax revenue. **Rate supported operations** are projecting a favourable variance of \$1.47 million for the 2011 fiscal year. An unfavourable variance in operating revenues of \$3.34 million is being forecasted based on current 2011 water consumption trends.

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This is fully mitigated by a projected annual savings in program expenditures of \$4.81 million.

The following table summarizes the projected corporate results:

**CITY OF HAMILTON
2011 Projected Year-End Variance**

Department	2011 Final Budget	2011 Year End Forecast	Variance (\$'000)	
			\$	%
<u>TAX SUPPORTED</u>				
Legislative	3,400	3,120	280	8.2%
City Manager	8,842	9,086	(244)	(2.8)%
Corporate Services	18,620	17,907	713	3.8%
Planning & Economic Development	16,533	16,765	(232)	(1.4)%
Public Health Services	10,314	10,091	224	2.2%
Community Services	135,086	133,673	1,412	1.0%
Public Works	178,556	178,186	369	0.2%
Hamilton Emergency Services	91,718	91,371	347	0.4%
Community Partnership Program	3,286	3,286	-	0.0%
Corporate Financials	6,033	10,930	(4,897)	(81.2)%
TOTAL CITY EXPENDITURES	472,388	474,415	(2,027)	(0.4)%
<u>BOARDS & AGENCIES</u>				
Police Services	130,752	130,752	-	0.0%
Other	45,086	45,395	(309)	(0.7)%
TOTAL BOARDS & AGENCIES	175,838	176,147	(309)	(0.2)%
TOTAL NON PROGRAM REVENUES	(36,773)	(40,724)	3,951	10.7%
Capital Financing	84,939	79,939	5,000	5.9%
Provincial Funding / OMPF	(4,000)	(4,000)	-	0.0%
TOTAL TAX SUPPORTED	692,391	685,777	6,614	1.0%
Total Rate Supported	-	(1,472)	1,472	n/a
TOTAL CITY	692,391	684,305	8,086	1.2%

() - Denotes unfavourable variance

Appendix A to report FCS11088 summarizes the projected tax supported budget year-end variances by department and division and Appendix B to report FCS11088 summarizes the projected rate budget results by program.

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Alternatives for Consideration – Departments will continue to monitor the operating results and will report any significant changes in the year end variance report.

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 second submission for 2011 based on the operating results as of August 31.

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 2011 operating surplus/deficit:

TAX SUPPORTED BUDGET

The tax supported budget is forecasting a favourable variance of \$6.6 million for year-end. Departmental details are as follows:

Hamilton Emergency Services

Overall the department is projecting a favourable variance of \$347,000. Driving this is gapping offset by costs of \$302,000 for a land ambulance pilot project approved in-year. Funding for this project is to first come from operating departmental funds in Emergency Medical Services. Where operating sources are not available, the funds will be sourced from the Tax Stabilization Reserve.

Community Services Department

The department is forecasting a favourable variance of \$1.4 million. Gapping due to vacancies and timing of hires is highlighted as it is a common driver amongst the majority of divisions in the department. Further, in the Administration division, a favourable variance in unbudgeted provincial subsidy recovery for staffing costs that were originally not thought to attract subsidy, added to the overall favourable variance.

The Benefit Eligibility division is forecasting a positive variance of \$298,000 to date, driven by gapping and other savings derived from Special Supports benefits being projected at a lower than budgeted demand.

Culture is expecting a favourable variance of \$36,000 due to gapping and the six month closure of Battlefield House offset by an unfavourable variance in Arts Awards, as indicated in report CS10058.

Employment and Income Support Division (EIS) is projecting an unfavourable variance of -\$192,000 due to Ontario Works Shelter Subsidy/Basic Needs caseload being 3.4% higher than projected and a cost per case being \$3/case more than budgeted. This is partially mitigated by gapping and Special Diet expenditures being projected as less than budgeted due to MCSS (Ministry of Community and Social Services) implemented changes.

In Housing Services, there has been a decrease in the demand for domiciliary hostels and emergency shelters. Combined with expected social housing mortgage renewal savings due to lower negotiated rates, this section is expecting to show savings of \$175,000 to the department.

In Recreation, a favourable variance of \$786,000 is expected due to gapping and as a result of the final phases of the re-organization implementation. These are partially offset by a reduction in revenues in both aquatics (due to planned ISF and RINC facility closures) and ice rentals (due to a shift in demand in minor hockey ice programming).

Social Development & Early Childhood Services is projecting a favourable variance of \$118,000. Contributing to this result are gapping, Ontario Works subsidies that were able to be applied to SDECS and a higher number of enrolled individuals paying parent fees.

Macassa Lodge is showing a positive variance of \$174,000 to year-end as a result of gapping, delayed implementation of Food Services workers enhancement, favourable work accommodation and hand sanitizing program costs as well as lower utilities costs based on actual usage. Wentworth Lodge is projecting a -\$49,000 unfavourable variance due to higher than anticipated employee related expenses (overtime, shift premiums, benefits, and sick time) and increasing building maintenance costs.

Public Health Services Department

Public Health is projecting an annual positive variance of \$224,000. In the Office of the Medical Officer of Health (OMOH), opportunities have been identified to apply subsidies budgeted but not fully expended in other divisions, to the levy funded departmental cost allocations in the OMOH budget, resulting in a net levy savings and a divisional positive projection of \$166,000.

Clinical and Preventive Services have expected savings to report due to a favourable variance in the CINOT (Children in Need of Treatment) expansion program because of lower than anticipated program usage. Inclusive of gapping, this divisional projected year end is favourable by \$50,000

Health Protection gapping savings are offset by increased costs in the Vector Borne Disease program due to extra rounds of treatment and surface water costs for mosquito control during high risk periods. The net result is an unfavourable projected variance of -\$17,000.

In Healthy Living, the positive variance projected to year end is \$17,000. This will be achieved through gapping being partially offset due to the secondment of a position to the CMO for the Neighbourhood Development Strategies project.

Corporate Services

The Corporate Services Department is forecasting a positive variance for 2011 of \$713,000. Projections of gapping savings of about \$629,000, AODA consulting and supplies savings, transferring service centre fax lines to IP Telephony and image processing savings all contribute to this projected result. These savings are partially offset by the \$90,000 cost to support Wireless Hamilton as well as lower than budgeted revenues for tax registrations and fees.

Public Works

Based on activity to date, Public Works is forecasting a favourable variance of \$369,000 for the department.

The Operations & Waste Management division is projecting to have a positive variance of \$582,000. This positive expected result is driven by an expectation that the number of plowing events and extensive use of de-icing materials during the first two months of the year is not expected to continue at the same level as the winter season begins late in the year. If an unfavourable variance is realized at year-end, there is an option to fund it from the winter control reserve. Also, gapping in this division is occurring as the Roads sections continue to work through the hiring process for approved positions. A favourable variance of \$100,000 is expected due to higher than anticipated recycling revenues in Waste Management.

Transportation, Energy and Facilities is projecting a -\$256,000 unfavourable variance. Transit is forecasting a balanced budget for 2011. Fuel is projected at an unfavourable variance of \$1.1 million offset by a \$600,000 favourable revenue variance and cost savings in other areas of expenditure. Fare revenue should continue to grow throughout the balance of 2011. Fleet, Energy and Facilities is showing an unfavourable variance due largely to higher than budgeted outside services cost (repairs that are contracted out).

Planning & Economic Development

Overall, the department is projected to have an unfavourable variance of -\$232,000 for year-end.

Building Services is showing a favourable variance of \$120,000 due to positive results in lot grading administration fees. These are partially offset by sick pay as well as lower inspection fees from Illegal Grow-Ops and zoning compliance report fees.

The Economic Development division is showing a projected variance of -\$17,000. This unfavourable projected result is due to unfavourable gapping in the Small Business Enterprise area; offset by higher rental fees at the Hamilton Incubator of Technology.

The Planning division is forecasting an unfavourable variance of -\$436,000. This is primarily due to Legal Services Recoveries related to OMB hearings. At year end, this expense will be reviewed to determine if it is to be funded from departmental surplus, corporate surplus or reserves.

The Strategic Services / Special Services division is projected to be in a positive year end position of \$65,000. This is entirely due to gapping.

Tourism Hamilton is expected to achieve a \$17,000 positive year end variance due to gapping and offset by less than anticipated advertising revenues.

Capital Financing

Due to delays in debt issuance, interest savings of \$5.0 million are projected.

Non-Program Revenues

Supplemental Tax Revenues continue to be strong. A projected positive position of \$2.45 million dollars is expected as staff in Taxation continues to identify all land activities and ensure that MPAC is notified about commercial and industrial developments so that the properties are added to the assessment roll immediately. Penalties and Interest is expected to be \$800,000 better than anticipated. The Heads and Beds payment-in-lieu revenue is projected to have a \$400,000 positive variance at year end and Tax Capping is expected to attain a \$656,000 surplus primarily due to the clawing back of previous year capping credits as a result of significant successful appeals by golf courses. Tax Remissions/Write Offs; however, are looking like they will have an unfavourable variance of -\$353,000 at year end.

Other

In Boards and Agencies, HECFI has indicated a projected deficit for 2011 of about \$309,000 due to revenue shortfalls (decreased attendance/bookings).

Staff have previously identified an issue related to job evaluations which may impact costs in 2011. At this time, staff are assuming these costs will be mitigated and an update with further information will be submitted to Council.

This report assumes that there will be no variance as a result of any negotiated settlement. Also, the 2011 budget includes a savings target of \$1.0 million which staff are projecting to achieve.

Corporate Gapping

For 2011, the City has budgeted \$4.14 million in gapping savings corporately. As of August, departments have identified \$4.5 million in projected savings for the year. The following table summarizes the projection by department.

NET GAPPING BY DEPARTMENT	(\$000's)
Planning & Ec. Development	\$274
Public Health Services	\$150
Community Services	\$2,020
Hamilton Emergency Services	\$55
Public Works	\$891
Legislative	\$280
City Manager	\$199
Corporate Services	\$629
Consolidated Corporate Savings / (Deficit)	\$4,498

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Council will note that the budget savings of \$4.14 million resides in the Corporate Financials and the \$4.5 million actual savings projection is identified within the department projections.

RATE SUPPORTED BUDGET

The Rate supported budget is projecting a favourable variance of \$1.472 million for the 2011 fiscal year, representing 0.9% of the gross operating budget. An unfavourable variance in operating revenues of \$3.341 million is forecasted based on current 2011 water consumption trends. Projected savings in program expenditures of \$4.813 million by year-end is expected, which should mitigate the expected shortfall in revenues.

Revenues

The projected unfavourable variance in revenues is the result of a declining trend in water and sewer billing revenue collected from the Institutional/Commercial/Industrial (ICI) sector.

Summarized below are the major revenue variances.

Revenues	(\$000's)
General Fees and Recoveries	-\$7
Local Improvement / Development Charges	\$4
Permits / Leases / Agreements	\$11
Water / Sewer Billings	-\$3,349
Total - Unfavourable	-\$3,341

The consumption of the Institutional / Commercial / Industrial (ICI) sector has not fully rebounded to pre-recession levels, particularly with the loss of large users such as Lakeport Breweries and Stoney Creek Dairy last year. In general, the ICI sector's water consumption is 8.8% below budget for a shortfall of 1.96 million cubic meters relative to budget. The impact of labour disruptions in the manufacturing sector has impacted consumption relative to budget. This impact extends to suppliers of the affected manufacturers as well. Contributing to lower than forecast ICI consumption is ongoing efforts made by the sector to improve efficiencies in the utilization of water. Should the YTD consumption trend continue to the balance of the year, a potential \$6.0 million deficit in ICI revenues could be realized. This deficit would be offset in part by the budgeted \$2.9 million reserve contribution per the 3 year phase-in of reduced budgeted ICI consumption levels.

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In the residential sector, water revenues are approximately \$184,000 below budget, which equates to 1.8% below budget as of August 31. Continued conservation efforts on the part of property owners are a contributing factor to the reduced consumption. The current year-end forecast for residential rate revenues is in an unfavourable position and can largely be attributed to the delay of implementing the 2011 increased rates until January 27, 2011. The actual precipitation and temperature conditions experienced this summer have had a modest positive impact on the rate revenues in the residential sector.

The 2011 Rate supported revenue projections herein are based on prevailing economic conditions and climate norms. There is always a risk that these two factors could change in a significant way which would have a corresponding impact the Water / Wastewater budget variance projections.

Expenditures

Program spending for 2011 should be in a \$4.813 million favourable position by year-end. The driving factors behind this favourable expenditure variance are as follows:

Expenditures	(000's)
Debt Charges	\$ 4,204
Employee Related Costs	\$ 407
Utilities Arrears Program	\$ 200
Materials & Contractual Costs	\$ 100
Buildings and Grounds	\$ (62)
Other Miscellaneous	\$ (36)
Total - Favourable	\$ 4,813

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 favourable variance in debt charges of \$4.204 million is due to no new debt issues being planned in 2011 given the existing capital projects are adequately funded.

Savings in employee related costs of \$407,000 are due to gapping realized from staff vacancies.

The Utilities Arrears program assists low income families or individuals, Ontario Works and Ontario Disability Support Program participants with the payment of their water, sewer and hydro bills. This program has a \$500,000 budget and is expected to be under spent by \$200,000 due to increased Ontario Works subsidies received from the Province.

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The reported unfavourable variance of -\$62,000 in the Buildings and Grounds cost category is attributable to hydro, building repairs and heating fuel costs.

ALTERNATIVES FOR CONSIDERATION:

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

N/A

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 FCS11088 Tax Operating Budget Variance Report to August 31, 2011
- Appendix B to report FCS11088 Rate Operating Budget Variance Report to August 31, 2011

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO August 31st, 2011
(\$ 000's)

	2011 Approved Budget	2011 Actuals to Aug. 31	Projected Actuals to Dec. 31	2011 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
<u>PLANNING & ECONOMIC DEVELOPMENT</u>						
Building Services	967	(1,294)	847	120	12.4%	Favourable gapping and higher than budgeted administration fee lot grading revenue is partially offset by sick pay and lower revenues from Illegal Grow-Op inspection fees and zoning compliance report fees. Building Permit revenue increase results in a forecasted transfer to the reserves of \$1.5 million.
Economic Development	5,196	3,246	5,214	(17)	(0.3)%	Higher rental fees at Hamilton Incubator of Technology offset by unfavourable gapping in Small Business Enterprise.
GM, Finance & Support Services	967	663	959	8	0.8%	
Growth Management	(525)	(375)	(527)	1	(0.2)%	Favourable gapping and higher than budgeted sub-processing fees of \$1.0 million is offset by lower than budgeted transfer from the Development Fee
Parking & By-law Services	4,942	3,139	4,931	10	0.2%	
Planning	2,266	1,327	2,702	(436)	(19.2)%	Unfavourable variance due to Legal Services Recoveries no longer being funded from the reserve.
Strategic Services/Special Projects	1,306	712	1,240	65	5.0%	Gapping.
Tourism Hamilton	1,415	1,191	1,399	17	1.2%	Gapping offset by less than anticipated advertising revenues.
TOTAL PLANNING AND ECONOMIC DEVELOPMENT	16,533	8,610	16,765	(232)	(1.4)%	
<u>PUBLIC HEALTH SERVICES</u>						
Clinical & Preventive Services	2,128	1,293	2,077	50	2.4%	Gapping due to vacancies/timing of hires in addition to favourable variance in CINOT expansion program due to lower than anticipated program usage.
Family Health	1,001	642	1,001	(0)	(0.0)%	
Health Protection	2,096	1,326	2,113	(17)	(0.8)%	Gapping due to vacancies/timing of hires offset by increased costs in Vector Borne Disease program due to extra round of treatment and surface water costs for mosquito control during high risk periods.
Healthy Living	1,809	1,134	1,792	17	0.9%	Gapping due to vacancies/timing of hires, partially offset by secondment of Manager to Neighbourhood Development Strategies in City Manager's Office.
Medical Officer of Health	2,584	1,773	2,418	166	6.4%	Gapping due to vacancies/timing of hires in addition to lower than anticipated learning and development costs due to late implementation. In addition, as a result of lower spending in various departmental subsidized programs, subsidy was applied to levy funded cost allocations. The result is levy savings in this
Planning & Business Improvement	697	403	689	8	1.2%	Gapping due to vacancies/timing of hires
TOTAL PUBLIC HEALTH SERVICES	10,314	6,572	10,091	224	2.2%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO August 31st, 2011
(\$ 000's)

	2011 Approved Budget	2011 Actuals to Aug. 31	Projected Actuals to Dec. 31	2011 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
<u>COMMUNITY SERVICE DEPARTMENT</u>						
Administration - Community Services	2,378	1,568	2,349	29	1.2%	Gapping due to vacancies/timing of hires as well as favourable variances in unbudgeted provincial subsidy recoveries for staffing costs.
Benefit Eligibility	7,210	4,495	6,913	298	4.1%	Gapping due to vacancies/timing of hires; Special Supports benefits favourable variance as a result of lower than budgeted demand.
CityHousing Hamilton	(0)	(4)	(0)	-	0.0%	
Culture	5,671	3,773	5,635	36	0.6%	Gapping due to vacancies/timing of hires; favourable variance due to six month closure of Battlefield House offset by unfavourable variance in Arts Awards (as per CS10058).
Employment & Income Support	27,896	18,599	28,088	(192)	(0.7)%	Gapping due to vacancies/timing of hires; favourable variances in Special Diet expenditures less than budgeted due to MCSS implemented changes; offset by unfavourable variances in Shelter Subsidy/Basic Needs caseload due to 3.4% higher than projected actual caseload and due to cost per case being \$3 more than budgeted.
Housing Services	46,507	32,692	46,332	175	0.4%	Favourable variances due to lower than budgeted demand for Domiciliary Hostels and Emergency Shelters. Additionally, there are projected to be social housing mortgage renewal savings realized.
Macassa Lodge	5,492	2,176	5,318	174	3.2%	Gapping due to vacancies/timing of hires and implementation of Food Services workers enhancement, favourable variances in work accommodation, hand sanitizer program and hydro/water based on actual usage.
Wentworth Lodges	3,784	1,833	3,833	(49)	(1.3)%	Favourable variances in work accommodation and hydro/water based on actual usage, offset by unfavourable variances in Employee Related costs (increased overtime, shift premium, benefits due to shortage of casual staff pool, sick time) and increased building maintenance costs.
Recreation	27,345	17,048	26,558	786	2.9%	Gapping due to vacancies/timing of hires as a result of final phases of implementation of re-org offset by unfavourable revenues in aquatics due to planned facility closures and a reduction in ice rentals due to a shift in demand in minor hockey ice programming.
Social Development & Early Childhood Services	7,355	5,153	7,237	118	1.6%	Gapping due to vacancies/timing of hires; favourable variance due to unbudgeted provincial subsidy and due to a higher number of enrolled individuals paying parent fees.
Strategic Services	1,449	883	1,409	39	2.7%	Gapping due to vacancies/timing of hires
TOTAL COMMUNITY SERVICES DEPARTMENT	135,086	88,216	133,673	1,412	1.0%	
<u>HAMILTON EMERGENCY SERVICES</u>						
Corporate Radio System	846	853	821	24	2.9%	
Emergency Management	318	192	312	5	1.7%	Gapping
Emergency Medical Services	16,338	9,531	16,493	(155)	(4.8)%	Gapping offset by costs of an approved in-year pilot project.
Emergency Services Admin	1,122	601	856	266	23.7%	Gapping offset by reallocation of costs for 2 positions to Fire
Fire Services	73,094	47,298	72,887	207	0.3%	Gapping
TOTAL HES	91,718	58,474	91,371	347	0.4%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO August 31st, 2011
(\$ 000's)

	2011 Approved Budget	2011 Actuals to Aug. 31	Projected Actuals to Dec. 31	2011 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
<u>PUBLIC WORKS</u>						
PW-General Administration	(1,049)	241	(1,049)	-	0.0%	The identified budget reduction will be realized in divisional budgets through attrition and departmental restructuring.
Environment and Sustainable Infrastructure	1,108	412	1,065	43	3.9%	Gapping savings.
Operations and Waste Management	117,099	70,991	116,517	582	0.5%	Operations and Waste Management is projecting a surplus due to gapping as the division continues to work through the hiring process for approved positions throughout the roads section and a favourable variance in recycling revenues. The May report reflected a small deficit due to greater accumulations of snow resulting in increased plowing events and extensive use of de-icing materials during the winter season. Upon further analysis assuming fewer major storm events in the latter half of the year, the projection for August shows a slight surplus. Higher than anticipated projected recycling revenues are also contributing to the favourable variance in O&WM.
Transportation, Energy and Facilities	61,398	43,391	61,654	(256)	(0.4)%	The TEF division is forecasting an unfavourable variance of \$256K. Transit is forecasting a balanced budget for 2011. Fuel is projected at an unfavourable variance of \$1.1 million offset by a \$600,000 favourable revenue variance and cost savings in other areas of expenditure. Fare revenue should continue to grow throughout the balance of 2011. Fleet unfavourable variance of \$256K is a result of higher than budgeted unrecoverable expenses.
TOTAL PUBLIC WORKS	178,556	115,035	178,186	369	0.2%	
<u>LEGISLATIVE</u>						
Legislative Budget	(483)	(353)	(483)	-	0.0%	
Mayor	975	326	695	280	28.7%	Gapping
Volunteer Committee	90	11	90	-	0.0%	
Ward Budgets	2,818	1,693	2,818	-	0.0%	
TOTAL LEGISLATIVE	3,400	1,677	3,120	280	8.2%	
<u>CITY MANAGER</u>						
Administration - City Manager	1,210	682	1,085	125	10.3%	Gapping
Audit Services	659	525	784	(126)		Unbudgeted rental and facility costs at City Centre.
Human Resources	4,731	3,149	4,724	7	0.1%	Increased rental costs (\$62.5K) offset by gapping.
Legal	2,243	2,188	2,493	(250)	(11.1)%	Unbudgeted Expert Witness Fees for Planning matters
TOTAL CITY MANAGER	8,842	6,544	9,086	(244)	(2.8)%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO August 31st, 2011
(\$ 000's)

	2011 Approved Budget	2011 Actuals to Aug. 31	Projected Actuals to Dec. 31	2011 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
<u>CORPORATE SERVICES</u>						
City Clerk	1,506	982	1,571	(65)	(4.3)%	Image processing revenues less than budgeted; partially offset by gapping
Corporate Services - Administration	235	132	226	8	3.6%	
Customer Service	4,367	2,523	4,063	304	7.0%	Gapping savings of \$215K combined with AODA consulting and supplies savings. Savings due to vacating 35 King St and due to Service Centre fax lines transfer to IP Telephony.
Financial Planning & Policy	591	1,718	487	104	17.6%	Gapping
Information Services	7,227	2,909	7,102	125	1.7%	Gapping partially offset by the cost to support Wireless Hamilton (\$90K).
Treasury Services - Financial Services	3,343	2,077	3,141	202	6.0%	Gapping savings of \$82K, image processing savings of \$66K and other savings in printing, training and postage.
Treasury Services - Taxation	679	459	678	1	0.1%	Gapping and postage savings offset by lower than budgeted revenues for tax registration and fees.
Treasury Services - Other Services	673	2,029	639	34	5.0%	Savings in temporary agency costs, training and consulting.
TOTAL CORPORATE SERVICES	18,620	12,828	17,907	713	3.8%	
<u>COMMUNITY PARTNERSHIP PROGRAM</u>						
	3,286	2,066	3,286	-	0.0%	
<u>CORPORATE FINANCIALS</u>						
Corporate Pensions/Benefits and Contingency	9,673	3,643	10,430	(757)	(7.8)%	Additional cost of labour disruption planning, transit retiree benefits, and HECFI Operational Review
Corporate Reductions/Initiatives	(4,140)	-	(27)	(4,113)	99.4%	Actual gapping savings realized in program budgets.
Seniors Tax Credit	500	621	526	(26)	(5.3)%	
TOTAL CORPORATE FINANCIALS	6,033	4,265	10,930	(4,897)	(81.2)%	
<u>CAPITAL FINANCING</u>						
Debt-Corporate Financials	35,157	20,788	30,157	5,000	14.2%	Projected savings due to delay in Debt issuance.
Debt-HES	1,075	(105)	1,075	-	0.0%	
Debt-Public Health	86	57	86	-	0.0%	
Debt-Community Services	6,561	311	6,561	-	0.0%	
Debt-Planning and Development	892	(41)	892	-	0.0%	
Debt-PW-Tax	41,167	(1,768)	41,167	-	0.0%	
TOTAL CAPITAL FINANCING	84,939	19,242	79,939	5,000	5.9%	
TOTAL CITY EXPENDITURES	557,326	323,529	554,354	2,972	0.5%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO August 31st, 2011
(\$ 000's)

	2011 Approved Budget	2011 Actuals to Aug. 31	Projected Actuals to Dec. 31	2011 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
<u>HAMILTON POLICE SERVICES</u>						
Operating	129,827	81,849	129,827	-	0.0%	
Capital Financing	925	925	925	-	0.0%	
HAMILTON POLICE SERVICES	130,752	82,774	130,752	-	0.0%	
<u>BOARDS & AGENCIES</u>						
Library	27,565	17,016	27,565	-	0.0%	
AGH	858	750	858	-	0.0%	
Boris Brott Music Festival	90	56	90	-	0.0%	
Conservation Authorities	4,482	4,279	4,482	-	0.0%	
Hamilton Beach Rescue Unit	127	61	127	-	0.0%	
Hamilton Philharmonic Orchestra	114	85	114	-	0.0%	
HCA Contract Services	916	914	916	-	0.0%	
HECFI	3,247	2,995	3,556	(309)	0.0%	
HWCA - Festival of Friends	85	64	85	-	0.0%	
MPAC	6,005	4,504	6,005	-	0.0%	
Opera Hamilton	127	127	127	-	0.0%	
Royal Botanical Gardens	599	449	599	-	0.0%	
Waterfront Pier 8 Rink	-	-	-	-	0.0%	
Total Operating	44,216	31,300	44,525	(309)	(0.7)%	Per HECFI Estimates
Capital Financing	870	335	870	-	0.0%	
TOTAL BOARDS & AGENCIES (including Police)	175,838	114,409	176,147	(309)	(0.2)%	
<u>TOTAL EXPENDITURES</u>						
	733,164	437,938	730,501	2,663	0.4%	
<u>NON PROGRAM REVENUES</u>						
Hydro Dividends & Interest	(5,300)	(3,689)	(5,300)	-	0.0%	
Investment Income	(4,000)	(1,848)	(4,000)	-	0.0%	
Penalties and Interest	(8,200)	(5,814)	(9,000)	800	9.8%	Due to continuing economic conditions, projected taxpayer arrears will result in higher than budgeted revenues
PIL	(14,200)	(15,067)	(14,600)	400	2.8%	Higher than anticipated Heads and Beds revenue
POA	(3,569)	(2,509)	(3,569)	-	0.0%	
Right of Way Taxes	(3,204)	(3,203)	(3,202)	(2)	(0.1)%	Shortfall in Ontario Hydro Acre Levy Billing
Supplementary Taxes	(7,550)	-	(10,000)	2,450	32.5%	Supplemental tax collections significantly higher than budgeted
Tax Capping	250	(319)	(406)	656	262.4%	Significant capping credits processed to date slightly offset by actual capping adjustments.
Tax Remissions/Write Offs	9,000	7,183	9,353	(353)	(3.9)%	
TOTAL NON PROGRAM REVENUES	(36,773)	(25,265)	(40,724)	3,951	10.7%	
PROVINCIAL FUNDING / OMPF	(4,000)	(1,848)	(4,000)	-	0.0%	Potential shortfall to be offset from non-levy source. Issue referred to Fairness to Hamilton Committee
<u>TOTAL LEVY REQUIREMENT</u>						
	692,391	410,825	685,777	6,614	1.0%	

City of Hamilton
Water and Wastewater Budget Variance Report to August 31st, 2011
(\$000)

2011 APPROVED BUDGET	2011 YTD ACTUAL	2011 PROJECTED ACTUAL	2011 PROJECTED VARIANCE	2011 PROJECTED SPENT
\$	\$	\$	\$	%

EXPENDITURES:

Environmental Services

Divisional Administration & Support	2,627,600	1,015,465	2,569,399	58,201	97.79%
Customer Service & Community Outreach	1,339,040	468,768	1,315,806	23,234	98.26%
Service Co-ordination	2,867,220	1,370,836	2,745,909	121,311	95.77%
Engineering Systems & Data Collection	1,179,360	664,623	1,193,059	(13,699)	101.16%
Compliance & Regulations	705,490	359,643	686,930	18,560	97.37%
Laboratory Services	2,803,650	1,585,646	2,836,083	(32,433)	101.16%
Environmental Monitoring & Enforcement	1,511,710	790,208	1,524,250	(12,540)	100.83%
Water Distribution & Wastewater Collection	15,838,040	7,498,904	15,559,353	278,687	98.24%
Plant Operations & Maintenance	32,078,220	16,868,911	32,035,982	42,238	99.87%
Water & Wastewater Engineering	2,155,120	991,064	2,134,625	20,495	99.05%
Hydro Billing Contract	4,007,000	2,222,210	4,007,000	-	100.00%
Corporate & Departmental Support Services	5,284,530	3,244,793	5,428,903	(144,373)	102.73%
Utilities Arrears Program	500,000	100,383	300,000	200,000	60.00%
Hamilton Harbour Remedial Action Plan	210,000	130,000	210,000	-	100.00%
Financial Charges	179,550	5,750	127,183	52,367	70.83%
Capital and Reserve Recoveries	(3,842,820)	(66,828)	(3,839,909)	(2,911)	99.92%
Sub-Total Environmental Services	69,443,710	37,250,376	68,834,573	609,137	53.64%

Capital and Reserve Impacts on Operating

Contributions to Capital

Water Quality Initiatives	30,595,000	13,597,778	30,595,000	-	100.00%
Wastewater	39,094,000	17,375,111	39,094,000	-	100.00%
Sub-Total Contributions to Capital	69,689,000	30,972,889	69,689,000	-	100.00%

City of Hamilton
Water and Wastewater Budget Variance Report to August 31st, 2011
(\$000)

Contributions for DC Exemptions

Water Quality Initiatives	3,559,450	-	3,559,450	-	100.00%
Wastewater	2,395,250	-	2,395,250	-	100.00%
Sub-Total Contributions for DC Exemption	5,954,700	-	5,954,700	-	100.00%

Debt Charges

Water Quality Initiatives	2,440,550	-	633,692	1,806,858	25.97%
Wastewater	3,187,070	-	1,448,636	1,738,434	45.45%
Debt Payment Recoveries	(116,730)	(68,090)	(116,730)	-	N/A
Sub-Total Debt Charges	5,510,890	(68,090)	1,965,598	3,545,292	35.67%

Sub-Total Water & Wastewater	81,154,590	30,904,799	77,609,298	3,545,292	95.63%
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Stormwater Management

Storm Contribution to Capital	7,771,000	3,453,778	7,771,000	-	100.00%
Contribution for DC Exemptions	3,045,300	-	3,045,300	-	100.00%
Storm Debt Charges	1,159,750	-	500,895	658,855	43.19%
Debt Payment Recoveries	(98,470)	(57,439)	(98,470)	-	-
Sub-Total Stormwater Management	11,877,580	3,396,339	11,218,725	658,855	94.45%

Transfer to Reserves	(3,208,200)	-	(3,208,200)	-	100.00%
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Sub-Total Capital and Reserve Impacts on Operating	89,823,970	34,301,138	85,619,823	4,204,147	95.32%
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TOTAL EXPENDITURES	159,267,680	71,551,514	154,454,396	4,813,284	96.98%
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City of Hamilton
Water and Wastewater Budget Variance Report to August 31st, 2011
(\$000)

	2011 APPROVED BUDGET	2011 YTD ACTUAL	2011 PROJECTED ACTUAL	2011 PROJECTED VARIANCE	2011 PROJECTED SPENT
	\$	\$	\$	\$	%
<u>REVENUES:</u>					
<u>Rate Revenue</u>					
Residential	68,660,270	29,063,324	68,474,887	(185,383)	99.73%
ICI	80,354,560	35,278,852	77,090,755	(3,263,805)	95.94%
Haldimand / Halton	2,447,480	1,186,742	2,402,446	(45,034)	98.16%
Non-Metered	569,690	283,659	595,896	26,206	104.60%
Hauler / 3rd Party Sales	695,000	675,644	813,554	118,554	117.06%
Wastewater Abatement Program	(478,000)	(213,561)	(478,000)	-	100.00%
Overstrength Agreements	1,900,000	705,802	1,900,000	-	100.00%
Sewer Surcharge Agreements	2,500,000	1,392,321	2,500,000	-	100.00%
Sub-Total Utility Rates	156,649,000	68,372,782	153,299,538	(3,349,462)	97.86%
<u>Non-Rate Revenue</u>					
Subdivider Contributions	122,000	25,183	127,183	5,183	104.25%
Local Improvement Recoveries	372,060	370,190	370,699	(1,361)	99.63%
Permits / Leases / Agreements	1,097,160	506,877	1,108,141	10,981	101.00%
General Fees and Recoveries	1,027,460	563,605	1,020,580	(6,880)	99.33%
Sub-Total Non-Rate Revenue	2,618,680	1,465,855	2,626,603	7,923	100.30%
TOTAL REVENUES	159,267,680	69,838,637	155,926,141	(3,341,539)	97.90%
NET EXPENDITURES	-	1,712,877	(1,471,745)	1,471,745	N/A