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 18, 2012	
SUBJECT/REPORT NO: Tax and Rate Operating Budget Variance Report to December 31, 2011 (Unaudited) (FCS12031) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department **SIGNATURE:**	**PREPARED BY:** Tom Hewitson (905) 546-2424 x4159 Victoria Terella (905) 546-2424 x4169

RECOMMENDATION

(a) That the 2011 Tax and Rate Operating Budget Variance Report to December 31, 2011 be received for information;

(b) That the 2011 Best Start Child Care fee subsidy pressure of $1,560,000 be funded from Best Start Reserve 112218;

(c) That, subject to final audit, the Disposition of Year-End Surplus/Deficit be approved as follows:

DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)	**$**	**$**
Corporate Surplus from Tax Supported Operations		**$ 6,150,762**
Less: Disposition to Self-Supporting Programs & Agencies		**$ (2,032,807)**
Police (Transfer to Police Reserves)	$ (320,411)	
Library (Transfer to Library Reserve)	$(1,712,396)	
Balance of Corporate Surplus		**$ 4,117,955**
Less: Transfer to AODA WIP Account		$ (87,777)
Less: Transfer to ISF Capital Projects		$ (250,000)
Less: Transfer to Theatre Aquarius		$ (253,000)
Less: Transfer to Hamilton Conservation Authority		$ (100,000)
Less: Transfer of Flamborough Slot Revenues to Flamborough Capital Reserve		$ (123,745)
Less: Transfer to Unallocated Capital Reserve		$ (3,237,989)
Less: Transfer to Tax Stabilization Reserve		$ (65,444)
Balance of Tax Supported Operations		**$ 0**
Corporate Surplus from Rate Supported Operations		**$ 8,880,000**
Less: Transfer to the Rate Supported Reserves		$ (8,880,000)
Balance of Rate Supported Operations		**$ 0**

(d) That any future year-end surplus in the budget for Flamborough Slot Revenues be transferred to the Flamborough Capital Reserve Fund 108032.

EXECUTIVE SUMMARY

Staff have committed to provide Council with three variance reports on the Tax and Rate Operating Budget during the fiscal year (Spring/Fall/Final). This is the final submission for 2011 based on the operating results as of December 31, 2011. Appendix A to report FCS12031 summarizes the tax supported budget year-end variances by department and division while Appendix B to report FCS12031 summarizes the year-end variances of the rate supported operations by program.

Both the Tax and Rate supported operations ended the year with positive variances of $6.15 million and $8.9 million respectively, resulting in an overall corporate surplus of $15.0 million. Additional details are presented in the Analysis section of this report.

CONSOLIDATED CORPORATE SURPLUS/ (DEFICIT)	**$**	
Tax Supported Programs		
HECFI	$	(291,189)
Police	$	320,411
Library	$	1,712,396
Other Tax Supported Programs	$	4,409,144
Total Tax Supported Surplus	**$**	**6,150,762**
Rate Supported Programs	**$**	**8,880,000**
Consolidated Corporate Surplus/ (Deficit)	**$**	**15,030,762**

During the budget process, staff submitted a draft variance (FCS12027) which forecasted the surplus for tax supported services at $5.6 million. Subject to final audit, the surplus stands at $6.15 million. The difference is largely attributable to increased surpluses in Library and Police operations, partially offset by a reduced surplus in Public Works.

The year-end disposition of the $15.0 million surplus identified above is outlined in Recommendation (c) of Report FCS12031 and is highlighted as follows:

- AODA Accessibility – It is recommended that the 2011 operating surplus of $87,777 for the AODA account within the Customer Service Division of Corporate Services be allocated to the AODA WIP account.

- ISF Projects – Currently staff project that there will be a funding shortfall of approximately $5.0 million for the ISF projects which were not completed within the prescribed deadline. Staff are proposing that the bulk of this shortfall be funded from an expected one-time HUC dividend surplus of $4.75 million. The remainder of the shortfall is recommended to be funded from the 2011 tax operating surplus ($250,000).

- Theatre Aquarius – On March 28, 2012, Council approved the allocation of $253,000 in one-time funding to Theatre Aquarius for their energy retrofit project.

- Hamilton Conservation Authority - On April 11, 2012, Council approved the allocation of $100,000 in one-time funding for the purpose of supporting land acquisition in the Cootes to Escarpment Eco-Park area.

- Flamborough Slots Revenue - Staff recommend that effective 2011 any year-end surplus in the budget for Flamborough Slot Revenues be transferred to the Flamborough Capital Reserve Fund.

- Unallocated Capital Reserve – The 2011 tax supported operating surplus includes $3.2 million in savings from delayed issuance of debt. Staff are recommending that this surplus be transferred to the unallocated capital reserve as a source of funding for the 2013 tax capital budget (Note – the 2013 capital financing projection included in the 2012 tax capital 10 year forecast assumes this item as a funding source).

- Tax Stabilization Reserve – After the above allocations, staff recommend that the remaining tax surplus ($65,444), be transferred to the tax stabilization reserve.

- Rate Supported – Staff recommend that the rate surplus of $8.9 million be transferred to the Rate Supported Reserves.

It should be noted that a deficit for HECFI operations has been absorbed within the tax supported surplus. The total deficit was $1.291 million, however, Council authorized a $1 million transfer from a HECFI capital account, resulting in a net deficit $291,000. Council will note that during 2011 budget presentations, HECFI indicated that, in light of the $2.0 million deficit in 2010, they would require a levy contribution of $3,247,000 (same as 2010) and a one-time Municipal Capital Facility loan of $366,000. Council approved the annual levy amount, but took no action on the loan. This additional amount is included in the deficit of $1.291 million noted above. A recent staff presentation at the HECFI board concerning 2011 operations indicates a deficit of $927,000. The difference between the City's calculation of the deficit and HECFI's is that HECFI has reflected the $366,000 as a Municipal Capital Facility in their 2011 budget. In the absence of direction from Council on the loan, staff are recommending the $366,000 be funded from the 2011 tax surplus.

Alternatives for Consideration – See Page 14

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 Tax and Rate Operating Budget during the fiscal year (Spring/Fall/Final). This is the final submission for 2011 based on the operating results as of December 31, 2011. 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 2011 operating surplus:

TAX SUPPORTED BUDGET

The following Table provides a summary of the departmental results as of December 31, 2011. The final corporate surplus amounts to $6.15 million or approximately 0.9% of the net levy. On a gross budget basis, the surplus represents a 0.5% variance.

CITY OF HAMILTON
2011 Draft Year-End Variance (Unaudited)
($000's)

	2011 Final Budget	2011 Year-End Actuals	Variance $	Variance %
TAX SUPPORTED				
Planning & Economic Development	16,533	16,169	365	**2.2%**
Public Health Services	10,314	9,016	1,298	**12.6%**
Community Services	135,086	134,125	961	**0.7%**
Hamilton Emergency Services	91,124	91,631	(507)	**(0.6)%**
Public Works	178,556	174,556	4,000	**2.2%**
Legislative	3,400	2,619	780	**22.9%**
City Manager	8,842	8,601	241	**2.7%**
Corporate Services	18,620	17,359	1,261	**6.8%**
Corporate Financials	6,627	8,864	(2,237)	**(33.8)%**
Non Program Revenues	(36,773)	(35,825)	(948)	**(2.6)%**
TOTAL CITY EXPENDITURES	**432,329**	**427,114**	**5,215**	**1.2%**
Hamilton Police Services	**130,752**	**130,432**	**320**	**0.2%**
HECFI	**3,247**	**3,538**	**(291)**	**(9.0)%**
Library	**27,565**	**25,853**	**1,712**	**6.2%**
Other Boards & Agencies	**14,273**	**14,316**	**(43)**	**(0.3)%**
Community Grants	**3,286**	**3,286**	**0**	**0.0%**
TOTAL BOARDS & AGENCIES	**179,124**	**177,426**	**1,698**	**0.9%**
CAPITAL FINANCING	**84,939**	**81,701**	**3,238**	**3.8%**
PROVINCIAL FUNDING / OMPF	**(4,000)**	**-**	**(4,000)**	**(100.0)%**
TOTAL TAX SUPPORTED	**692,391**	**686,241**	**6,151**	**0.9%**

As indicated above, there are significant departmental surpluses in Public Health Services, Public Works and Corporate Services, as well as Legislative. For Public Health Services and Corporate Services, gapping due to vacancies and timing of hires is highlighted as a common driver for the positive variances. Additionally, Public Health Services had higher than budgeted subsidies which contributed to the positive outcome. In Public Works, a rebound in commodity prices for recycled materials at the Municipal Recycling Facility (MRF), subsidy revenue through Waste Diversion Ontario (WDO) in support of the recycling program and contractual savings in Waste drove the favourable variance. Corporate Financials shows a significant shortfall (primarily due to $4.1 million dollars in budgeted gapping savings that are actually realized in the operating departments).

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

Planning & Economic Development

Planning & Economic Development is reporting a favourable variance of $365,000. This has been achieved through savings in Material and Supply, lower Consulting and Contractual spending ($80K) and higher than budgeted revenue for Lot Grading ($203K) due to higher than anticipated activity levels and Zoning Compliance revenues. Also, gapping was a common driver for favourable variances in many of the divisions. Unfavourable variances in Animal Control ($390K) due to employee expenses and reduced Animal Tag Revenue, Municipal Law Enforcement ($128K) due to reduced Licensing Revenue, sick leave coverage and Parking Revenues, reduced the overall positive result.

Public Health Services

Public Health Services experienced a positive variance in 2011 of $1.3 million. This was a result of gapping due to vacancies/timing of hires, under spending in subsidized programs allowing subsidies to be applied to levy funded costs, savings from under-utilization of the CINOT expansion program and lower than anticipated learning/development costs due to late implementation and facility rental savings.

The positive variance was modestly offset by increased costs in Vector Borne Disease program for an extra round of treatment/surface water costs for mosquito control during high risk period and lower than budgeted Residential Care Facilities fees.

Community Services

Community Services had an overall favourable variance of $961,000. The surplus is attributable to savings in employment expenses, expenditures coming in less than budgeted, increased subsidy funding and savings in training costs, work accommodations and hydro/water costs based on actual usage. Other positive variances include vacancies as a result of the final implementation phase of the reorganization in Recreation, lower than budgeted occupancy in Dom Hostels and Emergency Shelters, Special Diet expenditures less than budget, due to Ministry of Community and Social Services (MCSS) implemented changes, and savings in Social Housing mortgage renewals and Rent Geared to Income (RGI).

Reducing the overall surplus were unfavourable variances in repairs/maintenance costs, actual caseload levels higher than projected, higher costs per case than budgeted, vacation liabilities, severance costs, LTD benefit costs, bad debt expense adjustment, shortfall in ice rentals due to market demand shifts in minor league programming, increased program and survey costs and prior period recovery adjustment for 2007 annual return.

Hamilton Emergency Services

Overall Hamilton Emergency Services ended the year with an unfavourable variance of $507,000 as a result of increased Facilities Recoveries ($193K), communication equipment costs ($108K) and employee related costs ($350K). These were partially offset by savings in Radio equipment Repairs and Maintenance, Data line, License Fees, 911 phone lines, favourable Cross Border billings ($70K) and increased Base Funding.

Public Works
The Public Works Department had an overall positive variance of $4.0 million. This was due to a number of factors, including higher Recycling commodity prices ($1.5 million), Stewardship Ontario funding revenues ($1.5 million), lower than expected contractual costs ($1.7 million), increased Transit Fare Revenue ($1.8 million) driven by increased ridership and lower Transit part costs ($958K) due to the 12 year bus life policy.

These positive factors were partially offset by higher fuel costs ($1.1 million), employee related expenses and subsequent extraordinary fleet charges during the Winter Season ($1.3 million) and traffic/street lighting energy costs due to transmission and distribution plus global adjustment charges ($1.7 million).

Legislative
Legislative is reporting a favourable variance of $780,000. A major contributor to this positive variance is the $465,000 surplus in the Mayors Office as a result of gapping and savings in consulting.

City Manager
City Manager had a favourable variance of $241,000 due to gapping and savings in consulting and contractual services.

Corporate Services
Corporate Services finished 2011 with a positive variance of $1.3 million. Major factors include; net savings in employee related costs ($987K) largely a result of gapping related to restructuring, higher than expected revenues ($72K) for Birth Registrations, Marriage Licenses and HRPI support, and under expenditure on consulting costs ($119K) primarily due to delays in Access & Equity/AODA projects.

Mitigating the positive results were below budgeted chargeback recoveries for image processing and postage ($175K) due to a reduction in job requests, unfavourable interest earned ($148K) due to lower investment expenditures, unbudgeted expenditures to support Wireless Hamilton ($96K) and office rent ($71K).

Corporate Financials
Several drivers are responsible for the $2.2 million deficit in Corporate Financials.

Corporate Pensions/Benefits & Contingency
The 2011 budget included a cost of living salary and wage contingency of $4.3 million. Actual settlements and accruals for potential settlements totalled approximately $2.3 million, but were charged to the departmental program areas. The remaining amount of

$2.0 million represents savings arising from the settled contracts and revised estimates. Therefore, in Corporate Financials the net savings is $4.3 million. This favourable variance is partially offset by an over expenditure of $358,000 for retiree benefits and $1.2 million due to an unbudgeted sick pay liability reserve contribution.

Gapping
While gapping savings of $4.1 million are budgeted in Corporate Financials, actual savings are reported in the operating departments resulting in an unfavourable balance in the financials of -$4.1 million. As shown in the table below, a review of savings in the departments indicates the net savings from gapping in 2011 actually amounted to $5.3 million, about $1.2 million more than budgeted.

NET GAPPING BY DEPARTMENT	**($000's)**	
Planning & Ec. Development	$	93
Public Health Services	$	178
Community Services	$	2,829
Hamilton Emergency Services	$	74
Public Works	$	604
Legislative	$	370
City Manager	$	352
Corporate Services	$	804
Consolidated Corporate Savings/ (Deficit)	**$**	**5,304**

Risk Management
Risk Management had an unfavourable variance of $632,000 attributable to Claim expenses ($1,088K), which was mitigated to an extent by savings in Premium ($361K) and Risk Management Administration ($95K) costs. Claim expenditures exceeded budget due to normal year-to-year fluctuation in claims processed, with the Premium and Administration favourable variances on account of a change in the City Insurer and gapping respectively.

Non-Program Revenues
Many large assessment appeals, high vacancy rebate costs, and allowance for known future write-offs are major contributors to the $948,000 unfavourable variance in Non-Program Revenues. Offsetting the unfavourable variance were higher penalty and interest charges, strong annual supplementary revenue, and major golfing course appeal capping claw backs.

Capital Financing
Debt financing savings of $6.5 million is a result of the delay in issuance of debt. As per current practices, fifty percent of the debt charge savings has already been transferred to the Unallocated Capital Reserve and will be used as a future source of capital financing. Recommendation (c) of Report FCS12031 proposes that the remaining $3.2 million be transferred to the unallocated capital reserve.

Boards & Agencies

In Boards & Agencies, there is a surplus of $1.4 million largely attributable to the $1.7 million favourable variance in Library from gapping, part time benefits and revenues where unbudgeted grant monies were received.

HECFI had a total deficit of $1.29 million; however as per Council approval, on December 14, 2011, $1 million was transferred from deferring "Capital Project-3720841802 Copps Coliseum Permanent Seating Refurbishment" to largely offset the deficit. The remaining $291,189 is being absorbed by the corporate surplus as an alternative to the request for a credit facility by the HECFI board during the 2011 Budget deliberations.

Provincial Funding / OMPF

The tax supported budget surplus of $6.15 million includes the shortfall in provincial special funding of $4.0 million for 2011.

<u>RATE SUPPORTED BUDGET</u>

The Rate supported budget is reporting a favourable variance of $8.9 million for the 2011 fiscal year, representing 5.6% of the gross operating budget.

Revenues

Operating revenues collected during the year totalled $156.5 million, translating into a $2.8 million budget shortfall. 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 2011, the variances of most significance originated from these water consumption based revenues.

Overstrength /Sewer Surcharge Agreements	$	656	
Hauler / 3rd Party Water Sales	$	614	
Wastewater Abatement Rebates	$	65	
Local Improvements / Development Fees	$	32	
Permits / Leases / Agreements	$	(20)	
General Fees and Recoveries	$	(103)	
Water / Sewer Billings - Residential	$	2,177	
Water / Sewer Billings - Non-Residential	$	(6,238)	
Total	**$**	**(2,817)**	**Unfavourable**

Overall 2011 Rate Revenues (Residential including non-metered, Institutional / Commercial / Industrial (ICI) and Haldimand/Halton) amounted to nearly $148 million which is approximately $4.1 million or 2.7% unfavourable to budget reflecting a shortfall of nearly 2.8 million cubic meters relative to budget.

Consistent with the Rate Revenue forecast Information Update provided to Council in November 2011, the ICI sector experienced a revenue shortfall for 2011 of $6.2 million or 7.7% unfavourable to budget. This Information Update noted that over the period of 2007-2009 the average year-end revenue shortfall averaged $14.5 million, ranging from $9.2 million to $18.8 million.

As a result of the above shortfall trend, for the 2011 Rate budget staff recommended and Council approved, a partial adjustment to water demand assumptions reducing the budgeted water and wastewater revenues. Similarly, staff advised Council that while the adjustments were not reflective of the declining trend in water consumption, water usage would continue to be monitored and contributions from reserves may be required until such time as it was clear what the ICI base water demand is post recession, inclusive of changing utilization of water in general.

The consumption of the ICI sector has not rebounded to pre-Recession levels as evidenced by reviewing the usage of a few select largest ICI customers. For example, US Steel's overall water consumption in 2011 was lower relative to 2010 by 3.9% representing approximately 40,000m^3, however, relative to 2009 this customer's water consumption is down by 42.5% or approximately 422,000m^3. Similar trends have been observed by many other ICI customers spanning several sectors (examples include Air Liquide, E.D. Smith, McMaster University and CityHousing Hamilton). Compounding the decline in water consumption of existing ICI customers has been the loss of large users such as Lakeport Breweries and Stoney Creek Dairy. Contributing to lower than forecast ICI consumption is ongoing efforts made by the sector to improve efficiencies in the utilization of water.

It is expected that ICI water/wastewater revenues will continue to remain at levels experienced in 2010 and 2011. This sector will continue to be closely monitored as continued large revenue shortfalls will negatively impact reserve levels requiring a re-evaluation of revenue and expenditure forecasts developed for the 2013 Rate Budget cycle.

In the residential sector, water revenues are approximately $2.1 million or 3.2% favourable to budget. The 2011 Rate budget reflected a sharp decrease in budgeted residential annual consumption to 220m^3 from the 2010 budget assumption of 255m^3. Additionally, the 2011 Rate budget assumed normal levels of precipitation during the summer months and the dry conditions that were experienced in summer 2011 resulted in an increase in seasonal water consumption reflected in the year end favourable variance. The seasonal usage experienced in 2011 is modestly higher than that experienced during 2008-2010, albeit, the seasonal usage experienced prior to 2008 was typically at usage levels of at least 20% higher.

The favourable variance of $656K in Overstrength/Sewer Surcharge Agreement revenues are as a result of a new Sewer Surcharge Agreement entered into with ArcelorMittal Hamilton East (former Stelwire).

Expenditures

Expenditures were under budget by $11.7 million, comprising 7.3% of the total $159.3 million budget. The driving factors behind this favourable expenditure variance are as follows:

Expenditure Type	(000's)		
Debt Charges	$	4,649	
Contractual Services	$	2,474	
Employee Related Costs	$	1,680	
Reserves / Capital Recoveries	$	1,249	
Materials & Supplies	$	873	
Financial Expenses	$	516	
Building & Grounds	$	300	
Environmental / Special Events	$	92	
Vehicle Expenses	$	46	
Corporate Cost Allocations	$	(182)	
Total	**$**	**11,697**	**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 2011 favourable variance in debt charges of $4.649 million 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. Also, staff have made a conscious decision to delay issuance to generate savings to offset the ICI revenue shortfalls noted previously.

Contractual Services
The favourable variance in contractual services of $2.474 million is mainly attributable to the following program areas or activities: Water Distribution and Wastewater Collection program $1.367 million; Woodward Treatment Plant and outstations $273K; Customer Service & Community Outreach $259K; Water & Wastewater Engineering $243K; Horizon Billing Contract $173K; Compliance and Regulations $159K.

The Water Distribution and Wastewater Collection program is responsible for inspecting, maintaining and replacing existing water and sewer infrastructure that

includes pipes, hydrants and manholes. A large part of the Sections operating costs are driven by factors such as water main breaks per year, severe rainfall events per year and the uptake to our water service replacement and sewer lateral replacement programs. In 2011, the number of severe rainfall events was very low and uptake to our programs was stable. In 2011 water main break volume was up but a larger proportion of the break repairs were paid through capital budget. In combination, the above factors resulted in a large positive variance to the Sections operating budget.
A favourable variance in the biosolids contract line is the major reason for the contractual savings of $273K in Plant Operations. The production of biosolids was budgeted at approximately 44,800 tonnes for 2011; however actual tonnage produced was 8.2% below budget at 41,128 tonnes. Population growth, stormwater volumes, industry discharges and reductions in concentration of the particles in the wastewater all have a bearing on the tonnage of biosolids produced.

<u>Employee Related Costs</u>
Staff gapping resulting from vacancies created through internal promotions, retirements and other employee departures accounted for $1.44 million of this favourable variance. A combination of travel, conferences and parking $170K, training $70K, comprised the remaining favourable variances in the employee cost category.

<u>Materials & Supplies</u>
The materials and supplies consumed in the course of operations came in under budget by $873K in 2011. Savings of $494K in Plant Operations; $193K in Customer Service & Community Outreach and $75K in Compliance & Regulations comprised the bulk of the favourable variance. In comparison to 2010, water production at the Woodward Plant decreased by 1,792.1 ML or 2.1% in 2011 (2010 = 85,384.6 ML, 2011 = 83,556.5 ML). The reduction in drinking water flows and lower biosolids production at the plants had a positive impact as fluids and chemical costs were under budget by $216K due to lower chemicals treatment and polymer usage. Less process and wet weather upsets, equipment breakdowns and lower generator fuel costs from minimal power interruptions during the year accounts for some of the other material and supply cost savings.

YEAR-END DISPOSITION OF TRANSFERS

The following Table identifies the recommended transfers as a result of the 2011 year-end.

Table 1 – Disposition of Year- End Surplus/Deficit

DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)	$	$
Corporate Surplus from Tax Supported Operations		**$ 6,150,762**
Less: Disposition to Self-Supporting Programs & Agencies		**$ (2,032,807)**
Police (Transfer to Police Reserves)	$ (320,411)	
Library (Transfer to Library Reserve)	$(1,712,396)	
Balance of Corporate Surplus		**$ 4,117,955**
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Less: Transfer to ISF Capital Projects		$ (250,000)
Less: Transfer to Theatre Aquarius		$ (253,000)
Less: Transfer to Hamilton Conservation Authority		$ (100,000)
Less: Transfer of Flamborough Slot Revenues to Flamborough Capital Reserve		$ (123,745)
Less: Transfer to Unallocated Capital Reserve		$ (3,237,989)
Less: Transfer to Tax Stabilization Reserve		$ (65,444)
Balance of Tax Supported Operations		**$ 0**
Corporate Surplus from Rate Supported Operations		**$ 8,880,000**
Less: Transfer to the Rate Supported Reserves		$ (8,880,000)
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 the surplus/deficit. Council can provide alternative direction to staff for the disposition of the surplus/deficit.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

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 FCS12031 Tax Operating Budget Variance Report to December 31, 2011

- Appendix B to report FCS12031Combined Water, Waste Water and Storm Systems Variance Report to December 31, 2011

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

APPENDIX "A"
to Report FCS12031

	2011 Approved Budget	2011 Actuals to Dec. 31	2011 Year-End Actuals vs. Approved Budget $	2011 Year-End Actuals vs. Approved Budget %	Comments/Explanations
PLANNING & ECONOMIC DEVELOPMENT					
Building Services	967	716	251	26.0%	Favourable variance due to Lot Grading Fees of $203K due to higher then anticipated activity levels as well as higher Zoning Compliance revenues and salary gapping. Building Permit revenue increase resulted in a transfer to the Building Permit Stabilization Reserve of $2.2 million.
Economic Development	5,196	5,170	26	0.5%	
GM, Finance & Support Services	967	1,042	(75)	(7.7)%	Unfavourable variance due to sick leave coverage.
Growth Management	(525)	(526)	0	0.0%	
Parking & By-law Services	4,942	5,075	(134)	(2.7)%	Hamilton Municipal Parking System favourable variance of $190K is due to favourable gapping and Material and Supply savings offset by reduced Parking Revenues. Favourable variances in the Director and Crossing Guard Sections ($180K) is attributable to favourable gapping. There is an unfavourable variance in Animal Control ($390K) due to employee expenses and reduced Animal Tag Revenue, and an unfavourable variance in Municipal Law Enforcement ($128K) due to reduced Licensing Revenue offset by favourable gapping.
Planning	2,266	2,266	0	0.0%	
Strategic Services/Special Projects	1,306	1,078	228	17.4%	Favourable variance due to net gapping of $118K and lower Consulting and Contractual spending of $80K.
Tourism Hamilton	1,415	1,347	68	4.8%	Favourable gapping.
TOTAL PLANNING & ECONOMIC DEVELOPMENT	**16,533**	**16,169**	**365**	**2.2%**	
PUBLIC HEALTH SERVICES					
Clinical & Preventive Services	2,128	2,008	119	5.6%	Gapping due to vacancies/timing of hires, in addition to favourable variance in the CINOT expansion program due to lower than anticipated program usage.
Family Health	1,001	956	45	4.5%	Gapping due to vacancies/timing of hires; available Healthy Babies subsidy applied to levy funded costs.
Health Protection	2,096	2,078	18	0.9%	Gapping due to vacancies/timing of hires; offset by increased costs in Vector Borne Disease program due to extra round of treatment/surface water costs for mosquito control during high risk period and lower than budgeted Residential Care Facilities fees.
Healthy Living	1,809	1,746	63	3.5%	Gapping due to vacancies/timing of hires.
Medical Officer of Health	2,584	1,577	1,007	39.0%	Due to under spending in other subsidized programs, subsidy was applied to levy funded cost allocations. In addition, lower than anticipated learning/development costs due to late implementation and facility rental savings.
Planning & Business Improvement	697	651	46	6.6%	Gapping due to vacancies/timing of hires.
TOTAL PUBLIC HEALTH SERVICES	**10,314**	**9,016**	**1,298**	**12.6%**	

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

APPENDIX "A"
to Report FCS12031

	2011 Approved Budget	2011 Actuals to Dec. 31	2011 Year-End Actuals vs. Approved Budget		Comments/Explanations
			$	%	
COMMUNITY SERVICE DEPARTMENT					
Administration - Community Services	2,378	2,373	5	0.2%	
Benefit Eligibility	7,210	7,119	91	1.3%	Gapping due to vacancies/timing of hires and variances in Special Supports benefits based on demand.
CityHousing Hamilton	-	-	-	0.0%	
Culture	5,671	5,600	72	1.3%	Gapping due to vacancies/timing of hires partially offset by unfavourable variance in Arts Awards (as per CS10058) and repairs/maintenance costs on heritage sites.
Employment & Income Support	27,896	28,033	(137)	(0.5)%	Favourable variances in Special Diet expenditures less than budgeted due to MCSS implemented changes as well as savings in employment expenses due to demand; offset by unfavourable variances in Shelter Subsidy/Basic Needs due to actuals caseload levels higher than projected and higher cost per case than budgeted.
Housing Services	46,507	46,379	128	0.3%	Gapping due to vacancies/timing of hires; lower than budgeted occupancy in Dom Hostels and Emergency Shelters; savings in Social Housing mortgage renewals and Rent Geared to Income (RGI). Offset by unfavourable variances for vacation liability and Dom Hostels review costs.
Macassa Lodge	5,492	5,033	459	8.4%	Favourable variances due to vacancies/timing of hires including Food Services workers enhancement in addition to savings in work accommodation, accreditation costs, hand sanitizer program, hydro/water based on actual usage; and increased subsidy funding (2011 base increases). Unfavourable variances due to severance costs, LTD benefit costs, nursing benefits (casual backfill), bad debt expense adjustment and basic accommodation less than budgeted.
Recreation	27,345	26,787	557	2.0%	Favourable variance due to vacancies as a result of the final implementation phase of the reorganization (i.e. timing of new hires). Offset by an unfavourable variance in ice rentals (due to market demand shifts in minor league programming), greater than anticipated utilities (hydro, water & sewer), and emergency general repairs and maintenance at various facilities.
Social Development & Early Childhood Services	7,355	7,239	115	1.6%	Gapping due to vacancies/timing of hires as well as favourable variances due to increased subsidy recovery at Red Hill, and increase parent fee revenues due to higher number of enrolled fee payers. Offset by vacation liability and construction costs for Red Hill kitchen renovation.
Strategic Services	1,449	1,359	90	6.2%	Gapping due to vacancies/timing of hires in addition to favourable variances in training costs, MSD ergonomics offset by increased program and survey costs.
Wentworth Lodge	3,784	4,204	(420)	(11.1)%	Favourable variances in work accommodation, heating and water usage, and increased subsidy funding (2011 base increases). Unfavourable variance due to employee related costs (increased overtime, shift premium, benefits due to shortage of casual staff pool, sick), increased building maintenance costs, hydro, bad debt expense adjustment, basic accommodation and prior period recovery adjustment for 2007 annual return.
TOTAL COMMUNITY SERVICES DEPARTMENT	**135,086**	**134,125**	**961**	**0.7%**	

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

	2011 Approved Budget	2011 Actuals to Dec. 31	2011 Year-End Actuals vs. Approved Budget $	%	Comments/Explanations
HAMILTON EMERGENCY SERVICES					
Corporate Radio System	846	645	200	23.7%	Savings in Radio equipment Repairs and Maintenance, Data line, License Fees, 911 Phone lines.
Emergency Management	318	294	24	7.4%	Gapping
Emergency Medical Services	15,744	15,948	(204)	(1.3)%	Unfavourable employee related costs of $184K and increased human resource activity costs of $200K is offset by favourable Cross Border billings ($70K) and increased Base Funding.
Emergency Services Admin	1,122	820	303	27.0%	Gapping, partially due to the Fire Chief being budgeted in this Section but paid from Fire Services Section.
Fire Services	73,094	73,923	(829)	(1.1)%	Unfavourable employee related costs of $503K are partially offset by $220K favourable gapping in the Emergency Services Admin Section. The budget for the Fire Chief resides in Emergency Services Admin Section for 2011 as a General Manager position. This position was changed to a Fire Chief position and moved to the Fire Services Section during the 2012 budget. Also contributing to the variance is increased Facilities Recoveries of $193K and communication equipment of $108K
TOTAL HES	**91,124**	**91,631**	**(507)**	**(0.6)%**	
PUBLIC WORKS					
Environment and Sustainable Infrastructure	1,108	1,040	68	6.2%	The ES&I division realized savings primarily due to staff vacancies.
Operations and Waste Management	117,099	110,616	6,483	5.5%	The Operations and Waste Management Division ended 2011 with an overall surplus. Factors contributing to this surplus include higher than anticipated revenues from recycling commodities, Stewardship Ontario funding and tipping fees and lower than expected contractual costs.
PW-General Administration	(1,049)	0	(1,049)	100.0%	The approved budget reduction was achieved in the divisional budgets.
Transportation, Energy & Facilities	61,398	62,900	(1,502)	(2.4)%	The main cost drivers attributable to the unfavourable variance are traffic/street lighting energy costs due to transmission and distribution plus global adjustment charges, vehicle expenses and employee related costs. The Transit program has finished the year on budget despite increased fuel costs due to higher than expected fare revenue driven by increased ridership and lower fleet parts due to 12-year bus life policy. The overall Transit favourable variance has resulted in a decrease in a 2011 Provincial Gas Tax Reserve transfer to Operating.
TOTAL PUBLIC WORKS	**178,556**	**174,556**	**4,000**	**2.2%**	
LEGISLATIVE					
Legislative General	(483)	(579)	96	(19.8)%	
Mayors Office	975	510	465	47.7%	Favourable gapping and savings in Consulting.
Volunteer Committee	90	78	13	14.2%	
Ward Budgets	2,818	2,611	206	7.3%	
TOTAL LEGISLATIVE	**3,400**	**2,619**	**780**	**22.9%**	
CITY MANAGER					
Administration - City Manager	1,210	990	220	18.2%	Gapping & unspent consulting budget.
Audit Services	659	763	(104)	(15.9)%	Rent charges for which no base was provided (123K) until the 2012 budget, offset by savings in training and higher than anticipated non-compliant fair wage recoveries.
Human Resources	4,731	4,606	125	2.6%	Gapping, savings in contractual services and printers, unanticipated revenue (Student Subsidy), less spending in Special Project (Career Edge Interns).
Legal	2,243	2,243	0	0.0%	
TOTAL CITY MANAGER	**8,842**	**8,601**	**241**	**2.7%**	

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

APPENDIX "A"
to Report FCS12031

	2011 Approved Budget	2011 Actuals to Dec. 31	2011 Year-End Actuals vs. Approved Budget $	%	Comments/Explanations
CORPORATE SERVICES					
City Clerk	1,506	1,554	(48)	(3.2)%	Unfavourable variance is the result of expenditures exceeding budget for employee related costs ($51K) on account of Job "E" adjustments, retirement payouts and temp agency costs; and below budgeted chargeback recoveries for image processing ($78K) and postage ($97K) due to a reduction in job requests from user departments. These unfavourable variances were offset by higher than expected revenues $72K for Birth Registrations, Marriage Licenses and HRPI support, as well as above budgeted contributions from the Election Expense and Sick Leave Reserves $40K.
Corporate Services - Administration	235	204	31	13.1%	Below budgeted spending for employee related costs $17K (savings in temp agency, training and travel expenses), postage and printing services $8K, and office equipment rentals / repairs $6K.
Customer Service	4,367	3,872	495	11.3%	Favourable variance is mainly the result of savings in employee related costs $272K due to gapping related to restructuring at the Customer Contact Centre; and from a $104K under expenditure on Access & Equity / AODA consulting costs due to delays in projects (e.g. Barrier Free Design Guidelines updating, AODA Training, Equity & Inclusion Policy Tools development). Other significant contributors to the favourable variance include operating supplies $33K (AODA program), office rent $31K (Standard Life Bldg space vacated), capital recoveries $23K, telephones $17K (transfer of MSC fax lines to IP Telephony), and Ricoh printers $15K.
Financial Planning & Policy	591	483	107	18.2%	Major 2011 variances: employee related costs $137K (gapping); custodial / bank fees $41K (new bank contract); debt issue / credit rating fees $31K (less debt issued than originally planned); sub processing fees $29K (more subdivision agreement lot fees collected than budgeted); legal fees $21K; interest earned ($148K) unfavourable due to lower investment expenditures; other expenditures ($4K)
Information Services	7,227	6,976	251	3.5%	Budget savings in employee related costs $290K (gapping due to division restructuring) and unbudgeted expenditures to support Wireless Hamilton ($96K) are the two largest variances incurred in 2011. Other favourable and unfavourable variances that had a significant impact on the bottom line included: operating supplies & contractual services $67K; computer software $50K; Facilities chargeback ($17K); consulting services ($20K); Off Site Data Security rent ($23K).
Treasury Services					
Financial Services	*3,343*	*3,072*	*271*	*8.1%*	Favourable variance is attributable to the following cost drivers: employee related costs $217K (gapping); image processing $70K (fee for microfiche not required due to EDRMS implementation); postage and printing $38K (savings in Ricoh contract / accounts payable & payroll mailings); office rent ($71K).
Taxation	*679*	*585*	*93*	*13.8%*	Favourable variance is primarily the result of savings in employee related costs $51K (gapping) and higher than expected Tax Transfer fees $26K collected for adding water bill arrears to the Tax Roll.
Other	*673*	*611*	*61*	*9.1%*	Favourable variance is the result of the following driving factors: employee related costs $53K (gapping), contractual services $26K (temp agencies), consulting $19K, other expenditures and cost recoveries ($37K).
Total Treasury Services	4,695	4,269	426	9.1%	
TOTAL CORPORATE SERVICES	**18,620**	**17,359**	**1,261**	**6.8%**	

APPENDIX "A"
to Report FCS12031

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

	2011 Approved Budget	2011 Actuals to Dec. 31	2011 Year-End Actuals vs. Approved Budget		Comments/Explanations
			$	%	
CORPORATE FINANCIALS					
Corporate Pensions/Benefits & Contingency	10,246	7,679	2,567	(25.1)%	Cost of living salary and wage contingency of $4.3 million. Actual settlements and accruals for potential settlements totalled approximately $2.3 million, but were charged to the program areas. The remaining amount of $2.0 million represents savings arising from the settled contracts and revised estimates. Partially offset by an over expenditure of $358,000 for retiree benefits and $1.2 million due to an unbudgeted sick pay liability reserve contribution.
Corporate Reductions/Initiatives	(4,140)	-	(4,140)	100.0%	Budgeted gapping savings realized in departmental budgets.
Senior Tax Credit	500	531	(31)	(6.3)%	
Risk Management	21	653	(632)	(3009.6)%	Unfavourable variance is attributable to Claim expenses ($1,088K), which was mitigated to an extent by savings in Premium $361K and Risk Management Administration $95K costs.
TOTAL CORPORATE FINANCIALS	**6,627**	**8,864**	**(2,237)**	**(33.8)%**	
TOTAL CITY EXPENDITURES	**469,102**	**462,940**	**6,163**	**1.3%**	
CAPITAL FINANCING					
Community Services	6,561	5,561	1,000	15.2%	
Corporate Financials	35,157	35,157	0	0.0%	
HES	1,075	1,075	-	0.0%	
Planning and Development	892	892	0	0.0%	
Public Health	86	86	0	0.0%	
Public Works	41,167	38,929	2,238	5.4%	
TOTAL CAPITAL FINANCING	**84,939**	**81,701**	**3,238**	**3.8%**	
POLICE SERVICES					
Operating	129,827	129,519	307	0.2%	
Capital Financing	926	912	13	1.4%	
TOTAL HAMILTON POLICE SERVICES	**130,752**	**130,432**	**320**	**0.2%**	

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

APPENDIX "A"
to Report FCS12031

	2011 Approved Budget	2011 Actuals to Dec. 31	2011 Year-End Actuals vs. Approved Budget $	%	Comments/Explanations
BOARDS & AGENCIES					
HECFI	3,247	3,538	(291)	(9.0)%	
Library	27,565	25,853	1,712	6.2%	Favourable variances in gapping and part time benefits of $1.2 million and revenues from unbudgeted grant monies.
AGH	858	858	0	0.0%	
Boris Brott Music Festival	90	90	0	0.0%	
Hamilton Beach Rescue Unit	127	127	-	0.0%	
Hamilton Philharmonic Orchestra	114	114	0	0.0%	
Hamilton Waterfront Trust	-	40	(40)	0.0%	
HWCA - Festival of Friends	85	85	0	0.0%	
Opera Hamilton	127	127	0	0.0%	
Royal Botanical Gardens	599	599	0	0.0%	
Conservation Authorities	4,482	4,485	(3)	(0.1)%	
HCA - Contract Services	916	915	0	0.0%	
MPAC	6,005	6,005	0	0.0%	
Total Operating	**44,216**	**42,838**	**1,378**	**3.1%**	
Capital Financing	**870**	**870**	**0**	**0.0%**	
TOTAL BOARDS & AGENCIES	**45,086**	**43,708**	**1,378**	**3.1%**	
COMMUNITY PARTNERSHIP PROGRAM	**3,286**	**3,286**	**0**	**0.0%**	
TOTAL EXPENDITURES	**733,165**	**722,066**	**11,099**	**1.5%**	
NON PROGRAM REVENUES					
Hydro Dividends	(5,300)	(5,300)	-	0.0%	
Investment Income	(4,000)	(4,000)	-	0.0%	
Penalties & Interest	(8,200)	(8,994)	794	9.7%	Taxes Receivable continue to rise which leads to higher P & I charges.
Payments in Lieu of Taxes	(14,200)	(14,359)	158	1.1%	Write-offs vary each year which affects net balance. Actuals very close to budget.
POA	(3,569)	(3,468)	(101)	(2.8)%	
Right of Way Taxes	(3,204)	(3,203)	(1)	(0.0)%	Hydro and Railway right-of-ways. Actuals usually very close to budget.
Supplementary Taxes	(7,550)	(9,117)	1,567	20.7%	Annual supp. revenue still strong but less than 2010.
Capping	250	(446)	696	(278.5)%	Major golf course appeal capping clawbacks in 2011.
Tax Remissions / Write Offs	9,000	13,061	(4,061)	45.1%	Many large appeals, high vacancy rebate costs, allowance for known future write-offs.
TOTAL NON PROGRAM REVENUES	**(36,773)**	**(35,825)**	**(948)**	**(2.6)%**	
PROVINCIAL FUNDING / OMPF	**(4,000)**	**-**	**(4,000)**	**(100.0)%**	
TOTAL LEVY REQUIREMENT	**692,391**	**686,241**	**6,151**	**0.9%**	

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT TO DECEMBER 31, 2011
($ 000's)

	2011 Approved Budget	2011 Actuals to Dec. 31	2011 Year-End Actuals vs. Approved Budget $	2011 Year-End Actuals vs. Approved Budget %	2011 % Spent
EXPENDITURES:					
Environmental Services					
Divisional Administration & Support	2,627,600	2,065,668	561,932	21.4%	78.61%
Customer Service & Community Outreach	1,339,040	928,779	410,261	30.6%	69.36%
Service Co-ordination	2,867,220	2,482,712	384,508	13.4%	86.59%
Engineering Systems & Data Collection	1,179,360	1,089,125	90,235	7.7%	92.35%
Compliance & Regulations	705,490	629,357	76,133	10.8%	89.21%
Laboratory Services	2,803,650	2,737,752	65,898	2.4%	97.65%
Environmental Monitoring & Enforcement	1,511,710	1,356,020	155,690	10.3%	89.70%
Water Distribution & Wastewater Collection	15,838,040	14,145,634	1,692,406	10.7%	89.31%
Plant Operations & Maintenance	32,078,220	29,934,269	2,143,951	6.7%	93.32%
Water & Wastewater Engineering	2,155,120	1,852,945	302,175	14.0%	85.98%
Hydro Billing Contract	4,007,000	3,836,196	170,804	4.3%	95.74%
Corporate & Departmental Support Services	5,284,530	5,585,920	(301,390)	-5.7%	105.70%
Utilities Arrears Program	500,000	186,642	313,358	62.7%	37.33%
Hamilton Harbour Remedial Action Plan	210,000	206,606	3,394	1.6%	98.38%
Financial Charges	179,550	177,613	1,937	1.1%	98.92%
Capital and Reserve Recoveries	(3,842,820)	(3,700,450)	(142,370)	3.7%	96.30%
Sub-Total Environmental Services	**69,443,710**	**63,514,791**	**5,928,919**	**8.5%**	**91.46%**
Capital and Reserve Impacts on Operating					
Contributions to Capital					
Water Quality Initiatives	30,595,000	30,595,000	-	0.0%	100.00%
Wastewater	39,094,000	39,094,000	-	0.0%	100.00%
Sub-Total Contributions to Capital	**69,689,000**	**69,689,000**	**-**	**0.0%**	**100.00%**

APPENDIX "B"
to Report FCS12031

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT TO DECEMBER 31, 2011
($ 000's)

	2011 Approved Budget	2011 Actuals to Dec. 31	2011 Year-End Actuals vs. Approved Budget		2011 % Spent
			$	%	
Contributions for DC Exemptions					
Water Quality Initiatives	3,559,450	2,057,026	1,502,424	42.2%	57.79%
Wastewater	2,395,250	4,784,549	(2,389,299)	-99.8%	199.75%
Sub-Total Contributions for DC Exemptions	**5,954,700**	**6,841,576**	**(886,876)**	**-14.9%**	**114.89%**
Debt Charges					
Water Quality Initiatives	2,440,550	396,666	2,043,884	83.7%	16.25%
Wastewater	3,187,070	1,247,689	1,939,381	60.9%	39.15%
Debt Payment Recoveries	(116,730)	(116,726)	(4)	0.0%	N/A
Sub-Total Debt Charges	**5,510,890**	**1,527,629**	**3,983,261**	**72.3%**	**27.72%**
Sub-Total Water & Wastewater	**81,154,590**	**78,058,205**	**3,096,385**	**3.8%**	**96.18%**
Stormwater Management					
Storm Contribution to Capital	7,771,000	7,771,000	-	0.0%	100.00%
Contribution for DC Exemptions	3,045,300	914,587	2,130,713	70.0%	30.03%
Storm Debt Charges	1,159,750	493,725	666,025	57.4%	42.57%
Debt Payment Recoveries	(98,470)	(98,466)	(4)	0.0%	100.00%
Sub-Total Stormwater Management	**11,877,580**	**9,080,846**	**2,796,734**	**23.5%**	**76.45%**
Transfer to Reserves	**(3,208,200)**	**(3,083,466)**	**(124,734)**	**3.9%**	**96.11%**
Sub-Total Capital and Reserve Impacts on Operating	**89,823,970**	**84,055,585**	**5,768,385**	**6.4%**	**93.58%**
TOTAL EXPENDITURES	**159,267,680**	**147,570,376**	**11,697,304**	**7.3%**	**92.66%**

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT TO DECEMBER 31, 2011
($ 000's)

APPENDIX "B"
to Report FCS12031

	2011 Approved Budget	2011 Actuals to Dec. 31	2011 Year-End Actuals vs. Approved Budget		2011 % Spent
			$	%	
REVENUES:					
Rate Revenue					
Residential	68,660,270	70,836,777	(2,176,507)	-3.2%	103.17%
ICI	80,354,560	74,178,998	6,175,562	7.7%	92.31%
Haldimand / Halton	2,447,480	2,436,112	11,368	0.5%	99.54%
Non-Metered	569,690	518,480	51,210	9.0%	91.01%
Hauler / 3rd Party Sales	695,000	1,308,928	(613,928)	-88.3%	188.33%
Wastewater Abatement Program	(478,000)	(412,763)	(65,237)	13.6%	86.35%
Overstrength Agreements	1,900,000	1,719,197	180,803	9.5%	90.48%
Sewer Surcharge Agreements	2,500,000	3,336,818	(836,818)	-33.5%	133.47%
Sub-Total Utility Rates	**156,649,000**	**153,922,548**	**2,726,452**	**1.7%**	**98.26%**
Non-Rate Revenue					
Subdivider Contributions	122,000	156,103	(34,103)	-28.0%	127.95%
Local Improvement Recoveries	372,060	370,190	1,870	0.5%	99.50%
Permits / Leases / Agreements	1,097,160	1,076,839	20,321	1.9%	98.15%
General Fees and Recoveries	1,027,460	924,767	102,693	10.0%	90.01%
Sub-Total Non-Rate Revenue	**2,618,680**	**2,527,899**	**90,781**	**3.5%**	**96.53%**
TOTAL REVENUES	**159,267,680**	**156,450,447**	**2,817,233**	**1.8%**	**98.23%**
NET EXPENDITURES	**-**	**(8,880,071)**	**8,880,071**	**0.0%**	**N/A**