

## 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	
<b>SUBJECT/REPORT NO:</b> Tax and Rate Operating Budget Variance R (FCS12031) (City Wide)	eport to December 31, 2011 (Unaudited)
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department SIGNATURE:	<b>PREPARED BY:</b> 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:

#### SUBJECT: Tax and Rate Operating Budget Variance Report to December 31, 2011 (Unaudited) (FCS12031) (City Wide) - Page 2 of 15

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
	1	
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 Ioan of \$366,000. Council approved the annual levy amount, but took no action on the Ioan. 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 Ioan, 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	2011	Variar	nce
	Final	Year-End		
	Budget	Actuals	\$	%
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	Ó	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 underutilization 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	(\$0	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.

## RATE SUPPORTED BUDGET

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)

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.

#### SUBJECT: Tax and Rate Operating Budget Variance Report to December 31, 2011 (Unaudited) (FCS12031) (City Wide) - Page 11 of 15

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<sup>3</sup>, however, relative to 2009 this customer's water consumption is down by 42.5% or approximately 422,000m<sup>3</sup>. 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<sup>3</sup> from the 2010 budget assumption of 255m<sup>3</sup>. 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

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.

## Employee Related Costs

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.

## Materials & Supplies

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 yearend.

## 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		\$ O
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

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities. Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork

## **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)
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Economic Development GM, Finance & Support Services       967       1,042       (75)       Untrourable 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 gap and Material and Supply savings offset by reduced Parking Revenues. Favourable variance in discord and crossing Gaurd Saccins (\$190K) is due to favourable gap and Material and Supply savings offset by reduced Parking Revenues. Favourable variance in diminical Licensing Gaurd Saccins (\$190K) is due to favourable gap and Material and Supply savings offset by reduced Parking Revenues. Favourable variance in diminical Licensing Gaurd Saccins (\$190K) due to employee expenses and reduced / Tag Revenue, and undravurable variance in dumipal Law Enforcement (\$128K) due to reduced Licensing Revenue offset by favourable gapping.         Planning Strategic Services/Special Projects       1,306       1,078       228       17.4% Favourable variance in dumipal Law Enforcement (\$128K) due to reduced Licensing Revenue offset by favourable gapping.         Tortien Hamilton       1,415       1,347       68       4.8% Favourable variance due to net gapping of \$118K and lower Consulting and Contractual sp of \$90K.         Tortien Hamilton       1,6169       365       2.2%       Favourable variance in the CINOT expansion program due to vacancies/timing of hires, in addition to favourable variance in the CINOT expansion program due to lower than anticipated program usage.				(4.00		
PLANNING & ECONOMIC DEVELOPMENT           Building Services         967         716         251         26.0%         Favourable variance due to Lot Grading Fees of \$203K due to higher then anticipated actines are used as a gapping. Building Permit increase are subjected as well as higher Zoning Compliance revenues and salary gapping. Building Permit increase resulted in a transfer to the Building Permit Stabilization Reserve of \$2.2 million.           Economic Development         5,196         5,170         26         0.5%           Growth Management         (255)         (26,0%)         (7.7%)         Untervolute variance of higher then anticipated actine of \$190K is due to favourable gapping. Then anticipated parking System favourable variance of higher transfer to the Building Permit Stabilization Reserve of \$2.2 million.           Planning         4,942         5.075         (134)         (2.7%)         Harilton Municipal Parking System favourable variance of higher expines explanes and reduced Parking Favourable variance in huncipal Law Enforcement (\$128K) due to reduced Parking Services Special Projects         1,306         1,078         228         17.4%         Favourable variance on huncipal Law Enforcement (\$128K) due to reduced Parking Revenues (\$30K).         51.000 favourable variance on huncipal Parking System favourable variance on the CINOT reduced Parking Parking Size (\$200K)         500K         500K         Favourable variance on huncipal Parkin		-	-			
Building Services         967         716         251         26.0%         Favourable variance due to Lot Grading Fees of \$203K due to higher then anticipated activerease 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         (77)         Untervolume to the Building Permit Stabilization Reserve of \$2.2 million.           Growth Management         (55)         (556)         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 gaping.           Planning         2,266         2,266         0         0.0%         1.042         1.74           Strategic Services/Special Projects         1,306         1.078         228         17.4%         Favourable variance due to net gapping of \$118K and lower Consulting and Contractual sp of strategic Services/Special Projects         1.306         1.078         228         17.4%         Favourable gapping.           TOTAL PLANNING & ECONOMIC DEVELOPMENT         16.633         16.169         365         2.2%         Favourable gapping.           PUBLIC HEALTH SERVICES         Clinicial & Preventive Services         2,128		Budget	to Dec. 31	\$	%	Comments/Explanations
Economic Development       5,196       5,170       26       0.5%         GM, Finance & Support Services       967       1.042       (75)       (77)%       Unfavourable variance due to sick leave coverage.         Growth Management       (525)       (526)       0       0.0%         Parking & By-law Services       967       1.042       (75)       (77)%       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)%       Hamiton Muncipal Parking System favourable variance of \$190K is due to favourable gapping. There unfavourable variance in Aminic Control (\$390K], due to employee expresses and reduced 1         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 sp of \$05K.         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, analable Healthy Babies subsidy applied to leavy costa.         Health Protection	PLANNING & ECONOMIC DEVELOPMENT					
GM, Finance & Support Services       967       1,042       (77)%       Urtavourable variance due to sick leave coverage.         Growth Management       (525)       (526)       0.0%         Parking & By-law Services       4,942       5,075       (134)       (2.7)%       Hamilton Municiplael Parking System favourable variance of \$190K is due to favourable gap and Material and Supply savings offset by reduced Parking Revenues. Favourable variance in Animal Control (\$390K) due to renovorable gapping. There untavourable variance in Animal Control (\$390K) due to employee expenses and reduced / Tag Revenue, and an untavourable variance in Animal Control (\$390K) due to employee expenses and reduced / Tag Revenue, and an untavourable variance in Animal Control (\$390K) due to employee expenses and reduced / Tag Revenue, and an untavourable variance in Animal Control (\$390K) due to employee expenses and reduced / Tag Revenue, and an untavourable variance in Animal Control (\$390K) due to employee expenses and reduced / Tag Revenue, and an untavourable variance in the forcement (\$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 sp of \$80K.         Tourism Hamilton       1,415       1,347       68       4.8%       Favourable gapping.         Clinical & Preventive Services       2,128       2,008       119       5.6% <td>Building Services</td> <td>967</td> <td>716</td> <td>251</td> <td>26.0%</td> <td>levels as well as higher Zoning Compliance revenues and salary gapping. Building Permit revenue</td>	Building Services	967	716	251	26.0%	levels as well as higher Zoning Compliance revenues and salary gapping. Building Permit revenue
and Material and Supply savings offset by reduced Parking Revenues. Favourable variance in Animal Control (\$390K) is attributable to favourable gapping. There unfavourable variance in Animal Control (\$390K) is attributable to the optiopee expenses and reduced <i>I</i> Tag Revenue, and an unfavourable variance in Animal Control (\$390K) due to employee expenses and reduced <i>I</i> 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%         Tourism Hamilton       1.415       1.347       68       4.8%         Total PLANNING & ECONOMIC DEVELOPMENT       16.533       16.169       365       2.2%         PUBLIC HEALTH 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       4.5%       Gapping due to vacancies/timing of hires; available Healthy Babies subsidy applied to levy costs.         Health Protection       2.096       2.078       18       0.9%       Gapping due to vacancies/timing of hires; offset by increased costs in Vector Borne Diseas program due to extra round of treatment/surface water costs for mosquite control during hi period and lower than anticipated leaning/development costs due to late inperimentat	GM, Finance & Support Services	967	1,042	(75)	(7.7)%	Unfavourable variance due to sick leave coverage.
Strategic Services/Special Projects       1,306       1,078       228       17.4%       Favourable variance due to net gapping of \$118K and lower Consulting and Contractual sp of \$80K.         Tourism Hamilton       1,415       1,347       68       4.8%       Favourable variance due to net gapping of \$118K and lower Consulting and Contractual sp of \$80K.         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; offset by increased costs in Vector Borne Diseas program due to extra round of treatment/surface water costs for mosquito control during hig period and lower than budgeted Plesidential Care Facilities fees.         Healthy Living       1,809       1,746       63       3.5%       Gapping due to vacancies/timing in others.         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 crainperiod and lower than anticipated learning/development costs due to late implementation and facility rental savings.         Healthy Living       2,584       1,577	Parking & By-law Services		· · ·	(134)	(2.7)%	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
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 costs.         Health Protection       2,096       2,078       18       0.9%       Gapping due to vacancies/timing of hires.         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 lev funded cr 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.	Planning	2,266	2,266	0	0.0%	
Tourism Hamilton1,4151,347684.8%Favourable gapping.TOTAL PLANNING & ECONOMIC DEVELOPMENT16,53316,1693652.2%PUBLIC HEALTH SERVICESClinical & Preventive Services2,1282,0081195.6%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 Health1,001956454.5%Gapping due to vacancies/timing of hires; available Healthy Babies subsidy applied to levy costs.Health Protection2,0962,078180.9%Gapping due to vacancies/timing of hires; offset by increased costs in Vector Borne Diseas program due to extra round of treatment/surface water costs for mosquito control during hig period and lower than budgeted Residential Care Facilities fees.Healthy Living1,8091,746633.5%Gapping due to vacancies/timing of hires.Medical Officer of Health2,5841,5771,00739.0%Due to under spending in other subsidized programs, subsidy was applied to levy funded co allocations. In addition, lower than anticipated learning/development costs due to late implementation and facility rental savings.Planning & Business Improvement697651466.6%Gapping due to vacancies/fining of hires.	Strategic Services/Special Projects	1,306	1,078	228	17.4%	
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 costs.         Health Protection       2,096       2,078       18       0.9%       Gapping due to vacancies/timing of hires; offset by increased costs in Vector Borne Diseas program due to extra round of treatment/surface water costs for mosquito control during hig 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 or allocations. In addition, lower than anticipated learning/development costs due to late implementation and facility rental asvings.         Planning & Business Improvement       697       651       46       6.6%       Gapping due to vacancies/timing of hires.	Tourism Hamilton	1,415	1,347	68	4.8%	
Clinical & Preventive Services2,1282,0081195.6%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 Health1,001956454.5%Gapping due to vacancies/timing of hires; available Healthy Babies subsidy applied to levy costs.Health Protection2,0962,078180.9%Gapping due to vacancies/timing of hires; offset by increased costs in Vector Borne Diseas program due to extra round of treatment/surface water costs for mosquito control during hig period and lower than budgeted Residential Care Facilities fees.Healthy Living1,8091,746633.5%Gapping due to vacancies/timing of hires.Medical Officer of Health2,5841,5771,00739.0%Due to under spending in other subsidized programs, subsidy was applied to levy funded or allocations. In addition, lower than anticipated learning/development costs due to late implementation and facility rental savings.Planning & Business Improvement697651466.6%Gapping due to vacancies/timing of hires.	TOTAL PLANNING & ECONOMIC DEVELOPMENT	16,533	16,169	365	2.2%	
Family Health1,001956454.5%Gapping due to vacancies/timing of hires; available Healthy Babies subsidy applied to levy costs.Health Protection2,0962,078180.9%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 hig period and lower than budgeted Residential Care Facilities fees.Healthy Living1,8091,746633.5%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 hig period and lower than budgeted Residential Care Facilities fees.Healthy Living1,8091,746633.5%Gapping due to vacancies/timing of hires.Medical Officer of Health2,5841,5771,00739.0%Due to under spending in other subsidized programs, subsidy was applied to levy funded control allocations. In addition, lower than anticipated learning/development costs due to late implementation and facility rental savings.Planning & Business Improvement697651466.6%Gapping due to vacancies/timing of hires.	PUBLIC HEALTH SERVICES					
Family Health1,001956454.5%Gapping due to vacancies/timing of hires; available Healthy Babies subsidy applied to levy costs.Health Protection2,0962,078180.9%Gapping due to vacancies/timing of hires; offset by increased costs in Vector Borne Diseas program due to extra round of treatment/surface water costs for mosquito control during hig period and lower than budgeted Residential Care Facilities fees.Healthy Living1,8091,746633.5%Gapping due to vacancies/timing of hires; offset by increased costs in Vector Borne Diseas program due to extra round of treatment/surface water costs for mosquito control during hig period and lower than budgeted Residential Care Facilities fees.Medical Officer of Health2,5841,5771,00739.0%Due to under spending in other subsidized programs, subsidy was applied to levy funded car implementation and facility rental savings.Planning & Business Improvement697651466.6%Gapping due to vacancies/timing of hires.	Clinical & Preventive Services	2,128	2,008	119	5.6%	
Health Protection       2,096       2,078       18       0.9%       Gapping due to vacancies/timing of hires; offset by increased costs in Vector Borne Diseas program due to extra round of treatment/surface water costs for mosquito control during hig 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; offset by increased costs in Vector Borne Diseas program due to extra round of treatment/surface water costs for mosquito control during hig 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 conclusions. 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.	Family Health	1,001	956	45	4.5%	Gapping due to vacancies/timing of hires; available Healthy Babies subsidy applied to levy funded
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 control 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.	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
Planning & Business Improvement       697       651       46       6.6%       Gapping due to vacancies/timing of hires.		1,809	1,746	63		Gapping due to vacancies/timing of hires.
Planning & Business Improvement697 651 46 6.6% Gapping due to vacancies/timing of hires.	Medical Officer of Health	2,584	1,577	1,007	39.0%	allocations. In addition, lower than anticipated learning/development costs due to late
TOTAL PUBLIC HEALTH SERVICES 10.314 9.016 1.298 12.6%	Planning & Business Improvement	697	651	46	6.6%	
	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)	(\$	00	0's)	
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2011 Approved	2011 Actuals	vs. Approv	ed Budget	Comments (Tomburgtions
Budget	to Dec. 31	\$	%	Comments/Explanations
0.070	0.070	_	0.00/	
)	) = -		• • = / •	Gapping due to vacancies/timing of hires and variances in Special Supports benefits based on
- ,	.,	-		demand.
- 5.671	- 5.600	- 72	0.0% 1.3%	Gapping due to vacancies/timing of hires partially offset by unfavourable variance in Arts Awards
,	,	(107)		(as per CS10058) and repairs/maintenance costs on heritage sites.
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.
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.
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.
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.
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.
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.
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.
135,086	134,125	961	0.7%	
	Approved Budget 2,378 7,210 5,671 27,896 46,507 5,492 27,345 7,355 1,449 3,784	Approved Budget         Actuals to Dec. 31           2,378 7,210         2,373 7,119           5,671         5,600           27,896         28,033           46,507         46,379           5,492         5,033           27,345         26,787           7,355         7,239           1,449         1,359           3,784         4,204	Approved Budget         Actuals to Dec. 31         vs. Approved \$           2,378 7,210         2,373 7,119         5 91           5,7,210         7,119         91           5,671         5,600         72           27,896         28,033         (137)           46,507         46,379         128           5,492         5,033         459           27,345         26,787         557           7,355         7,239         115           1,449         1,359         90           3,784         4,204         (420)	Approved Budget         Actuals to Dec. 31         vs. Approved Budget \$           2,378 7,210         2,373 7,210         5 7,119         0.2% 91           -         -         0.0% 5,671         5,600         72         1.3%           27,896         28,033         (137)         (0.5)%           46,507         46,379         128         0.3%           5,492         5,033         459         8.4%           27,345         26,787         557         2.0%           7,355         7,239         115         1.6%           1,449         1,359         90         6.2%           3,784         4,204         (420)         (11.1)%

## CITY OF HAMILTON TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2011

APPENDIX "A" to Report FCS12031

(\$ 000's)

Budget         to Dec 31         S         Comments Explanations           Admit TON EMERGENCY SERVICES         Corporate Radio System         846         645         200         23.7%         Swings in Radio equipment Repairs and Maintenance, Data Ine, License Frees, 911 Phone Ines.           Emergency Management         318         224         7.4%         Gapping         Emergency Radio System         645         200         23.7%         Swings in Radio equipment Repairs and Maintenance, Data Ine, License Frees, 911 Phone Ines.           Emergency Services Admin         1,122         820         303         27.0%         Scopping Intent System Const Under Structer Sing, 62701 And Nationance Data Free / License Admit Sector Data Part Proces Rescipcion Intent System Const Under Structer Sing, 62701 And Nationance Baregency Services Admit Sector Data Part Part Part Part Part Part Part P		2011 Approved	2011 Actuals	2011 Year-En vs. Approve		
Corporate Radio System         846         645         200         23.7%         Savings in Radio equipment Repairs and Maintenanon, Data line, License Fees, 911 Phone lines.           Emergency Management         318         294         2.4         7.4%         Graphing           Emergency Mendeal Services         15,748         (200)         (210)         Unforwarde employee related costs of \$194K and increased human resource activity costs of \$200X is of breased human resource activity costs of \$200X is of breased human resource activity costs of \$200X is of breased human resource activity costs of \$200X is of breased human resource activity costs of \$200X is of breased human resource activity costs of \$200X is of breased human resource activity costs of \$200X is of breased human resource activity costs of \$200X is of breased human resource activity costs of \$200X is of breased human resource activity costs of \$200X is optimally due to her file Civite related in the Sector building \$200X is of breaked activity of the file Scivite Science human resource activity costs of \$200X is optimally due to her file Scivite Science human resource activity costs of \$200X is optimally due to her file Scivite Science human resource activity costs of \$200X is optimally due to her file Scivite Science human resource activity costs of \$200X is optimally due to her file Scivite Breaken human resource activity costs of \$200X is optimally due to her file Scivite Breaken human resource activity costs of \$200X is optimally due to her file Scivite Breaken human resource activity costs of \$200X is optimally due to her file Scivite Breaken human resource activity costs of \$200X is optimally due to her file Scivite Breaken human resource activity costs of \$200X is optimality due to her file Scivite Breaken human resource actin Scivite Br		Budget	to Dec. 31	\$	%	Comments/Explanations
Emergency Management Emergency Madical Services       318 15.744       15.948 15.948       (24) (1.3%       (1.4%) (1.4%       Undexcurble employee related costs of \$194K and increased base Funding SEXEK in electronic base of the fire Services SEXEK in electronic base of the fire Services SEXEK in electronic base of the fire Services Services Admin         Fire Services       73.924       73.923       (829)       (1.1%)       Undexcurble employee related costs of \$194K and increased base Funding SEXEK in electronic base of the Services Services Admin Section / 271 and increased base Funding Services Admin Section / 271 and forestated site fire Services Services Admin Section / 271 and forestated site fire Services Services Admin Section / 271 and forestated site fire Services Services Admin Section / 271 and forestated site fire Services Services Admin Section / 271 and forestated site fire Services Services Admin Section / 271 and forestated site fire Services Services Admin Section / 271 and forestated site fire Services Services Admin Section / 271 and forestated site fire Services Services Admin Section / 271 and forestated site fire Services Section Administration         TOTAL HES       91,124       91,631       (507)       (0.6)%         PUBLIC WORKS       110.816       6.483       5.5%       The ESM deviation realized savings primitily due to staff vacuately engling in the approximate of the sorula inclusion of the sorula inclusion engling contractual costs.         PW-General Administration Transportation, Energy & Facilities       61.348       0       (1.948)       0.00       12.49%         LEGISLATIVE       Legislative General May	HAMILTON EMERGENCY SERVICES					
Emergency Medical Services15,74415,948(204)(1.13)(1.15)(1.16)(1.15)(	Corporate Radio System	846	645	200	23.7%	Savings in Radio equipment Repairs and Maintenance, Data line, License Fees, 911 Phone lines.
Emigrancy Services Admin     1,122     820     322     22.0%     Edgebing, partially due to the Fire Chel belies folded built by Edgebing the History Edgebing History Edgebing the History Edgebing the History Edgebing th	Emergency Management	318	294	24	7.4%	Gapping
Emergency Services Admin1,12282030327.0%Gappin, partially due to the Fire Ohle being budgeted in this Section bud paid from Fire ServicesFire Services73,09473,983(829)(1.1)%Unlavourable employee related costs of SOGK are partially offset by S20K leavourable gapping in the Emergency Services Admin Section. The budget of the Fire Chain rediced in Energency Services Admin Section. The budget of the Fire Chain rediced in Energency Services Admin Section. The budget of the Fire Chain rediced in Energency Services Admin Section. The budget of the Fire Chain rediced in Energency Services Admin Section. The Society of the Chain rediced in Energency Services Admin Section. The Society of the Chain rediced in Energency Services Admin Section. The Society of the Chain rediced in Energency Services Admin Section. The Society of the Chain rediced in Energency Services Admin Section. The Society of the Chain rediced in Energency Services Admin Section. The Society of the Chain rediced in Energency Services Admin Section. The Society of the Chain rediced in Energency Services Admin Section. The Society of the Chain rediced in Education services administration Transportation. Energy & Facilities11,0406.886.5% Services Administration Services Administration Transportation. Energy & Facilities11,0490(1,049)100.0% Services Administration The approved budget reduction was administration budgets. Services Administration Transportation. Energy & Facilities176,556174,5554,0002.2%Campored budget reduction was administration energical discreter disc	Emergency Medical Services	15,744	15,948	(204)	(1.3)%	
Fire Services       73,094       73,923       (829)       (1.1)%       Untravouable employee related costs of \$3034 are partially offset by \$2204 (stouruble gapping in the Emergency Services Admin Section for 2011 as a General Manager position. The bodget for the Fire Chief relation and more of the Fire Services Section should whanger position. The bodget for unity fire 2012 (udget, Also contributing to the variance is increased Facilities. Recoveries of \$1034 and communication output the 2012 (udget, Also contributing to the variance is increased Facilities. Recoveries of \$1034 and communication output the 2012 (udget, Also contributing to the variance is increased Facilities. Recoveries of \$1034 and communication output the 2012 (udget, Also contributing to the variance is increased Facilities. Recoveries of \$1034 and communication output the 2012 (udget, Also contributing to the variance is increased facilities. Recoveries of \$1034 and communication output the 2011 with an overall surplus. Factors contributing the and the part of the part	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
TOTAL HES91,12491,631(607)(0.6)%PUBLIC WORKSEnvironment and Sustainable Infrastructure Operations and Waste Management1,1081,040686.2%The ES&I division realized savings primarily due to staff vacancies. Stewardship Ontario funding and tipping fees and how than avoid surplay. Factors contributing to this surplus include higher than anticipated revenues from recycling commodities, Stewardship Ontario funding and tipping fees and how than exceled contribution costs. Stewardship Ontario funding and tipping fees and how than exceled contributal costs.PW-General Administration Transportation, Energy & Facilities(1,049)0(1,049)100.0%The approved budget reduction was achieved in the divisional budgets. The main cost drivers attributable to the unfavourable variance are trafficistret lighting energy costs due to transmission and distribution bug global adjustment charge, while expenses and employee related costs. The Transportation, Energy & FacilitiesTOTAL PUBLIC WORKS178,556174,5564,0002.2%Legislative General Mayors Office(483)(579)96(19.8)% registrationMayors Office90781314.2% registrationVolunter Committee Ward Budgets907801314.2% registrationOTTAL LEGISLATIVE3,4002,61976022.9%CITY MANAGEF Administration - City Manager Administration - City Manager1,21099022.0Administration - City Manager Administration - City Manager6,7314,6061252.6%Engling and higher than anticipated rown	Fire Services	73,094	73,923	(829)	(1.1)%	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
Environment and Sustainable Infrastructure Operations and Waste Management1,108 117,0991,040 110,6166,83 6,836.2% 5.5%The ES&I division realized savings primarily due to staff vacancies. The Operations and Waste Management Division ended 2011 with an overall surplus. Factors contributing to this surplus included to the unstavourable variance and the overall surplus. Factors Stewardship Ontain funding and tipping fees and lower than expected contractual costs.PW-General Administration Transportation, Energy & Facilities(1,049) 	TOTAL HES	91,124	91,631	(507)	(0.6)%	
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 regional constructions on this surplus include higher than anticipated revenues from regional constructions on this surplus include higher than anticipated revenues from regional constructions on this surplus include higher 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 approved budget reduction was achieved in the divisional budgets.         Total PUBLIC WORKS       178,556       174,556       4,000       2.2%         Legislative General       (483)       (579)       96       (19.9)%         Mayors Office       975       510       465       47.7%         Volunteer Committee       90       78       11       206       7.3%         Volunteer Committee       90       78       13       14.2%       Favourable gapping and savings in Consulting.         OITY MANAGER       2.818       2.611       206       7.3%       Favourable says for which no base was provided (123K) until the 2012 budget, offset by savings in traini	PUBLIC WORKS					
PW-General Administration(1,049)0(1,049)100.0%The aproved budget reduction was achieved in the divisional budgets. Transportation, Energy & Facilities(1,049)0(1,049)100.0%The aproved budget reduction was achieved in the divisional budgets. 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 ransit program has finished the year on budget despite increased fuel costs due to higher than expected contract 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 riders high allower flee parts due to 12/year bus life policy. The overall Transit travurable variance has resulted in a decrease in a 2011 Provincial Gas Tax Reserve transfer to Operating.TOTAL PUBLIC WORKS178,556174,5564,0002.2%Legislative General Wayors Office(483)(579)96(19.8)% A 3Favorable gapping and savings in Consulting.Volunteer Committee Ward Budgets90781314.2% ValuaterFavorable gapping and savings in Consulting.CITY MANAGER Administration - City Manager Audit Services1,21099022018.2% CostGapping & unspent consulting budget.Human Resources4,7314,6061252.6% CostGapping & unspent consulting budget.Legal2,2432,24300.0% Cost	Environment and Sustainable Infrastructure	1,108	1,040	68	6.2%	The ES&I division realized savings primarily due to staff vacancies.
Transportation, Energy & Facilities61,39862,900(1,502)(2,4)%The main cost drivers attributable to the untavourable 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 desplie increased fuel costs due to higher than expected affects and divers the transful toors fue to bigher than expected affects and divers the transful toors fue to the higher than expected affects and divers the transful toors fue to the higher than expected affects and divers the transful toors fue to the higher than expected affects and divers fue to transmission and distribution plus global adjustment charges, vehicle expenses and employee related costs.TOTAL PUBLIC WORKS178,556174,5564,0002.2%Legislative General Mayors Office(483)(579)96(19.8)%Volunteer Committee90781314.2%Ward Budgets2,8182,6112067.3%ZOTAL LEGISLATIVE3,4002,61978022.9%CITY MANAGER Human Resources1,21099022018.2%Gapping & unspent consulting budget.Administration - City Manager Audit Services1,21099022018.2%Gapping & unspent consulting budget.Human Resources4,7314,6061252.6%Gapping, savings in contractual services and printers, unanticipated revenue (Student Subsidy), less spending in Special Project (Career Edge Interns).Legal2,2430.0%0.0%	Operations and Waste Management	117,099	110,616	6,483	5.5%	contributing to this surplus include higher than anticipated revenues from recycling commodities,
TOTAL PUBLIC WORKS     178,556     174,556     4,000     2.2%       TOTAL PUBLIC WORKS     178,556     174,556     4,000     2.2%       LEGISLATIVE     Legislative General     (483)     (579)     96     (19.8)%       Volunteer Committee     90     78     13     14.2%       Volunteer Committee     90     78     13     14.2%       TOTAL LEGISLATIVE     3,400     2,611     206     7.3%       CITY MANAGER     1,210     990     220     18.2%     Gapping & unspent consulting budget.       Administration - City Manager     1,210     990     220     18.2%     Gapping & unspent consulting budget.       Human Resources     4,731     4,606     125     2.6%     Gapping, savings in contractual services and printers, unanticipated orevone (Student Subsidy), less spending in Special Project (Career Edge Interns).	PW-General Administration	(1,049)	0	(1,049)	100.0%	The approved budget reduction was achieved in the divisional budgets.
TOTAL PUBLIC WORKS178,556174,5564,0002.2%LEGISLATIVELegislative General Mayors Office(483)(579)96(19.8)%Mayors Office97551046547.7%Volunteer Committee90781314.2%Ward Budgets2,8182,6112067.3%TOTAL LEGISLATIVE3,4002,61978022.9%CITY MANAGERAdministration - City Manager1,21099022018.2%Gapping & unspent consulting budget.Audit Services659763(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-compilant fair wage recoveries.Human Resources4,7314,6061252.6%Gapping, savings in contractual services and printers, unanticipated revenue (Student Subsidy), less spending in Special Project (Career Edge Interns).Legal2,2432,24300.0%	Transportation, Energy & Facilities	61,398	62,900	(1,502)	(2.4)%	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
Legislative General Mayors Office(483)(579)96(19.8)% 465Favourable gapping and savings in Consulting.Mayors Office97551046547.7%Favourable gapping and savings in Consulting.Volunteer Committee90781314.2%Ward Budgets2,8182,6112067.3%TOTAL LEGISLATIVE3,4002,61978022.9%CITY MANAGER4dministration - City Manager1,21099022018.2%Gapping & unspent consulting budget.Administration - City Manager1,21099022018.2%Gapping & unspent consulting budget.Human Resources659763(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 Resources4,7314,6061252.6%Gapping, savings in contractual services and printers, unanticipated revenue (Student Subsidy), less spending in Special Project (Career Edge Interns).Legal2,24300.0%	TOTAL PUBLIC WORKS	178,556	174,556	4,000	2.2%	
Mayors Office97551046547.7% 47.7%Favourable gapping and savings in Consulting.Volunteer Committee90781314.2%Ward Budgets2,8182,6112067.3%TOTAL LEGISLATIVE3,4002,61978022.9%CITY MANAGERAdministration - City Manager1,21099022018.2%Gapping & unspent consulting budget.Audit Services659763(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 Resources4,7314,6061252.6%Gapping, savings in contractual services and printers, unanticipated revenue (Student Subsidy), less spending in Special Project (Career Edge Interns).Legal2,2432,24300.0%	LEGISLATIVE					
Volunteer Committee Ward Budgets90781314.2% 2.8182.6112067.3% 7.3%TOTAL LEGISLATIVE2.8182.6112067.3% 	Legislative General	(483)	(579)	96	(19.8)%	
Ward Budgets TOTAL LEGISLATIVE2,8182,6112067.3% 22.9%CITY MANAGERAdministration - City Manager1,21099022018.2%Gapping & unspent consulting budget. 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 Resources4,7314,6061252.6%Gapping, savings in contractual services and printers, unanticipated revenue (Student Subsidy), less spending in Special Project (Career Edge Interns).Legal2,24300.0%	,	975				Favourable gapping and savings in Consulting.
TOTAL LEGISLATIVE3,4002,61978022.9%CITY MANAGERAdministration - City Manager1,21099022018.2%Gapping & unspent consulting budget.Audit Services659763(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 Resources4,7314,6061252.6%Gapping, savings in contractual services and printers, unanticipated revenue (Student Subsidy), less spending in Special Project (Career Edge Interns).Legal2,2432,24300.0%						
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       0       0.0%						
Administration - City Manager1,21099022018.2%Gapping & unspent consulting budget.Audit Services659763(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 Resources4,7314,6061252.6%Gapping, savings in contractual services and printers, unanticipated revenue (Student Subsidy), less spending in Special Project (Career Edge Interns).Legal2,24300.0%	TOTAL LEGISLATIVE	3,400	2,619	780	22.9%	
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       0       0.0%	CITY MANAGER					
Human Resources4,7314,6061252.6%Gapping, savings in contractual services and printers, unanticipated revenue (Student Subsidy), less spending in Special Project (Career Edge Interns).Legal2,24300.0%	, ,	,		-		
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%	Audit Services	659	763	(104)	(15.9)%	
Legal 2,243 2,243 0 0.0%	Human Resources	4,731	4,606	125	2.6%	Gapping, savings in contractual services and printers, unanticipated revenue (Student Subsidy),
TOTAL CITY MANAGER         8,842         8,601         241         2.7%				ů.		· · · · · · · · · · · · · · · · · · ·
	TOTAL CITY MANAGER	8,842	8,601	241	2.7%	

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

Approved Budget         Actuals to Dec. 31         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 TE' adjustments, relimement payouts and temp agency costs, and boly budgeted chargeback recoveries for lineage processing (\$70K) and postage (\$77K) due to a reduction in job requests from user departments. These unfavourable variances were offset by higher than expected requeues \$72K for Bin Registrations, Marinage Lineases and HRP support, as well as above budgeted contributions from the Election Expense and Sick Law P Reserves \$70K           Corporate Services - Administration         235         204         31         13.1%         Bin Megistrations           Customer Service         4,367         3,872         495         11.3%         Favourable variance is mainly the result of savings in employee related costs \$272K due to gapting due to restructing of the resulting of the result of savings in employee related costs \$272K due to gapting due to restructing of the result of t	
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 lemp agency costs; and below budgeted chargeback recoveries for image processing (\$78K) and postage (\$87K) due to a reduction in job requests from user departments. These unfavourable variances were offset by higher than expected revenues \$72K for Birth Registrations, Mariage Licenses and HRPI support, as well as above budgeted contributions from the Election Expense and Sick Leave Reserves \$44K.         Corporate Services - Administration       235       204       31       13.1%       Below budgeted contributions from the Election Expense and Sick Leave Reserves \$44K.         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 restructing at the Customer Contact Centre; and from a \$140K under expenditure on Access & Equity / AODA consulting costs due to delays in projects (e.g. Barrier Free Design Guidelines updating, AODA Training, Equity & Inclusion Diety Tools develorment). Other significant contributors to the favourable variance include operating supplies \$33K (AODA program), office ent \$11K (Standard Life Bidg space vacetae), capital recoveries \$23K, telephones \$17K (transfer of MSC fax lines to IP Telephony), and Ricch printers \$15K.         Financial Planning & Policy       591       483       107       18.2%       Major 2011 variances: employee related costs \$137K (gapping); custodal / bark fees \$14K (new bank contraccl); debt issue? (more subdivision agreement by coverin	
<ul> <li>(\$51K) on account of Job "E" adjustments, retirement payouts and temp agency costs; and below budgeted chargeback recoveries for image processing (\$78K) and postage (\$78K)</li></ul>	CORPORATE SERVICES
Corporate Services - Administration2352043113.1%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 Service4,3673,87249511.3%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 Policy50148310718.2%Major 2011 variances: employee related costs \$137K (gapping); custodial / bank fees \$41K (new bank contract); debt issued frame of gines \$23K (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 & Policy59148310718.2%Major 2011 variances: employee related costs \$137K (gapping); custodial / bank fees \$41K (new bank contract); debt issue / credit rating fees \$23K (mode); legal fees \$21K; interest earned (\$148K) unfavourable due to lower investment expenditures; other expenditures (\$4K)Information Services7,2276,9762513.5%Sudget advings 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 for \$6%, computer software \$50K;	City Clerk
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;	Corporate Services - Administration
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) 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;	Customer Service
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;	Financial Planning & Policy
$r$ activities chargeback ( $\varphi(rrk)$ ), consulting services ( $\varphi(rrk)$ ).	Information Services
Treasury Services	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).	Financial Services
Taxation6795859313.8%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.	Taxation
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).	Other
Total Treasury Services 4,695 4,269 426 9.1%	Total Treasury Services
TOTAL CORPORATE SERVICES         18,620         17,359         1,261         6.8%	

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

	2011 Approved	2011 Actuals	2011 Year-E vs. Approve		
	Budget	to Dec. 31	\$		Comments/Explanations
	U		<u></u>		· · · ·
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. million due to an unbudgeted sick pay liability reserve contribution.
Corporate Reductions/Initiatives	(4,140)	-	(4,140)	100.0%	
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
	0.007	8,864	(2,237)	(33.8)%	extent by savings in Premium \$361K and Risk Management Administration \$95K costs.
TOTAL CORPORATE FINANCIALS	6,627	0,001	() - /	· · /	
TOTAL CORPORATE FINANCIALS TOTAL CITY EXPENDITURES	469,102	462,940	6,163	1.3%	
				· · /	
TOTAL CITY EXPENDITURES				· · /	
TOTAL CITY EXPENDITURES	469,102	462,940	6,163	1.3%	
TOTAL CITY EXPENDITURES CAPITAL FINANCING Community Services	<b>469,102</b> 6,561	<b>462,940</b> 5,561	<b>6,163</b> 1,000	<b>1.3%</b> 15.2%	
TOTAL CITY EXPENDITURES CAPITAL FINANCING Community Services Corporate Financials	<b>469,102</b> 6,561 35,157	<b>462,940</b> 5,561 35,157	<b>6,163</b> 1,000	1.3% 15.2% 0.0%	
TOTAL CITY EXPENDITURES CAPITAL FINANCING Community Services Corporate Financials HES Planning and Development Public Health	<b>469,102</b> 6,561 35,157 1,075 892 86	<b>462,940</b> 5,561 35,157 1,075	<b>6,163</b> 1,000 0	1.3% 15.2% 0.0% 0.0%	
TOTAL CITY EXPENDITURES  CAPITAL FINANCING Community Services Corporate Financials HES Planning and Development Public Health Public Works	<b>469,102</b> 6,561 35,157 1,075 892 86 41,167	<b>462,940</b> 5,561 35,157 1,075 892 86 38,929	<b>6,163</b> 1,000 0 - 0 0 2,238	1.3% 15.2% 0.0% 0.0% 0.0% 0.0% 5.4%	
TOTAL CITY EXPENDITURES  CAPITAL FINANCING Community Services Corporate Financials HES Planning and Development Public Health	<b>469,102</b> 6,561 35,157 1,075 892 86	<b>462,940</b> 5,561 35,157 1,075 892 86	<b>6,163</b> 1,000 0 - 0 0	1.3% 15.2% 0.0% 0.0% 0.0% 0.0%	
TOTAL CITY EXPENDITURES  CAPITAL FINANCING  Community Services Corporate Financials HES Planning and Development Public Health Public Works	<b>469,102</b> 6,561 35,157 1,075 892 86 41,167	<b>462,940</b> 5,561 35,157 1,075 892 86 38,929	<b>6,163</b> 1,000 0 - 0 0 2,238	1.3% 15.2% 0.0% 0.0% 0.0% 0.0% 5.4%	
TOTAL CITY EXPENDITURES         CAPITAL FINANCING         Community Services         Corporate Financials         HES         Planning and Development         Public Health         Public Works         TOTAL CAPITAL FINANCING         POLICE SERVICES	<b>469,102</b> 6,561 35,157 1,075 892 86 41,167 <b>84,939</b>	<b>462,940</b> 5,561 35,157 1,075 892 86 38,929 <b>81,701</b>	6,163 1,000 0 - 0 0 2,238 3,238	15.2% 0.0% 0.0% 0.0% 0.0% 5.4% <b>3.8%</b>	
TOTAL CITY EXPENDITURES         CAPITAL FINANCING         Community Services         Corporate Financials         HES         Planning and Development         Public Health         Public Works         TOTAL CAPITAL FINANCING	<b>469,102</b> 6,561 35,157 1,075 892 86 41,167	<b>462,940</b> 5,561 35,157 1,075 892 86 38,929	<b>6,163</b> 1,000 0 - 0 0 2,238	1.3% 15.2% 0.0% 0.0% 0.0% 0.0% 5.4%	

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

Budget         to Dec. 31         s'         %         Comments/Explanations           HECFI Library         3,247         3,538         (291)         (9,0)%         Favourable variances in gapping and part time benefits of \$1.2 million and revenues from includgeted grant monies.           ACH Boristion Back Rescue Unit         853         858         0         0.0%           Harrison Philinamonic Orchestra         114         114         0         0.0%           Harrison Philinamonic Orchestra         114         127         0         0.0%           Harrison Philinamonic Orchestra         114         127         0         0.0%           Horizon Autonitios         428         4.485         (3)         0.0%           Conservation Autonitios         4.482         4.485         (3)         0.0%           MPAC         Contract Services         916         915         0.0%           MPAC         Sobie         0.00%         0.0%         0.0%           TOTAL EXPENDITURES         733,165         722,066         11,099         1.5%           NON PROGRAM         3,286         3,286         0         0.0%           Payments in Lioon         (3,400)         (4,000)         0.0%           Investimet Income		2011 Approved	2011 Actuals	2011 Year-End Actuals vs. Approved Budget		
BOARDS & AGENCIES         Image: control of the second						Comments/Explanations
Lbrary         27,565         25,663         1,712         6.2%         Favourable variances in gapping and part time benefits of \$1.2 million and revenues from undepleted grant monies.           ACH         858         858         0         0.0%           Boris Broth Music Peetival         90         0         0.0%           Hamilton Deach Rescue Unit         127         127         -         0.0%           Hamilton Phalmamonic Orchestra         114         114         0         0.9%           MOKA - Festival of Friends         85         85         0         0.9%           Orgent Hamilton         127         127         0         0.9%           Royal Botanical Gardens         599         99         0         0.9%           Conservation Authonties         4.4216         4.483         1.378         3.1%           Conservation Authonties         4.4216         4.283         1.378         3.1%           Conservation Authonties         4.2,066         43.708         1.378         3.1%           Conservation Authonties         6,005         6.005         0.0%         7.20.66         11.099         1.5%           NON PROGRAM         3,266         3,286         0         0.0%         7.35         <	BOARDS & AGENCIES					
Library         27,565         25,663         1,712         6.25         Parourable variances in gapping and part time benefits of \$1.2 million and revenues from undigeted grant monies.           ACH         858         858         0         0.0%           Boris Broth Music Peetival         90         0         0.0%           Hamilton Phanmonic Orchestra         114         114         0         0.9%           Hamilton Music Peetival         127         127         0         0.9%           Open Hamilton         127         127         0         0.9%           Open Hamilton         127         127         0         0.9%           Open Hamilton         127         127         0         0.9%           Conservation Authotities         4.482         4.485         0         0.0%           MCA - Contract Services         916         915         0         0.0%           MCA - Contract Services         6,005         6,005         0         0.0%           Conservation Authotities         42,016         42,838         1,378         3.1%           Conservation Services         733,165         722,066         11,099         1.5%           NON PROORAM REVENUES         (14,200)         (14,200)<	HECEL	3 247	3 538	(291)	(9.0)%	
AGH         98         98         90         0         0.0%           Hamitton Bach Rescue Unit         112         7127         0.0%           Hamitton Philhammoin Orchestra         114         114         0         0.0%           Hamitton Philhammoin Orchestra         114         114         0         0.0%           Hamitton Philhammoin Orchestra         114         114         0         0.0%           Horse Statistical Gradens         485         85         0         0.0%           Opera Hamitton Musici Gradens         492         4.865         0         0.0%           Royal Dotanical Gradens         496         0         0.0%         0.0%           MPAC         Contract Services         6.005         6.005         0         0.0%           MPAC         Action Second Se		,			. ,	
Boris Broti Music Festival         90         90         0         0.0%           Hamilton Beck Rescue Unit         114         114         0         0.0%           Hamilton Philharmonic Orchestra         114         114         0         0.0%           Hamilton Philharmonic Orchestra         114         114         0         0.0%           Opera Hamilton         127         127         0         0.0%           Conservation Authorities         4.42         4.485         0         0.0%           Conservation Authorities         4.428         4.485         0         0.0%           Conservation Authorities         4.4216         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         0         0.0%         1.5%           NOT PROGRAM REVENUES         (5.300)         (5.300)         -         0.0%           Paraities & Inforet         (8.200)         (8.994)         75         Taxee Receivable continue to rise which leads to higher P & I charges.           Paraities & Inforet         (8.200)<	Library	27,000	20,000	1,712	0.270	
Hamilton Placin Rescue Unit       127       127       -       0.0%         Hamilton Mitharmonic Orchestria       114       114       0.0%         Hamilton Materfront Trust       -       40       (40)       0.0%         Opera Hamilton       127       127       0       0.0%         Opera Hamilton       127       127       0       0.0%         Consorvation Authonitias       4.482       4.485       (3)       0.0%         MCA - Contract Services       916       915       0       0.0%         MPAC - Contract Services       916       915       0       0.0%         MPAC - Contract Services       916       915       0       0.0%         MPAC - Services       916       13.78       3.1%       0       0.0%         Capital Financing       870       870       0       0.0%       0       0         TOTAL BOARDS & AGENCIES       45,086       13,708       1.378       3.1%       0       0.0%         NON PROGRAM       3,285       722,066       11,099       1.5%       Taxes Receivable continue to rise which leads to higher P & I charges.         Hydro Dividends       (5.300)       (5.300)       -       0.0%       Taxes Rece	AGH	858	858	0	0.0%	
Hamilton Philharmonic Orchestra       114       114       10       0.0%         Hamilton Valuerfront Tust       -       40       (40)       0.0%         Howard Statement Friends       85       85       0       0.0%         Dorar Hamilton       127       127       0       0.0%         Poyar Hamilton       127       127       0       0.0%         Conservation Authorities       4,482       4,485       (3)       0.0%         MPAC       6,005       6,005       0       0.0%         MPAC       6,005       6,005       0       0.0%         Total Operating       44,216       42,838       1,378       3,1%         Community Partnership Program       3,286       3,286       0       0.0%         Total Depring       44,016       42,038       1,378       3,1%         Community Partnership Program       3,286       0       0.0%       0.0%         Total Deprind Mamilion       1,200       1,1,099       1.5%       1.5%         Non Program Revenues       (4,000)       (4,000)       -       0.0%         Partiles & Interest       (8,200)       (8,994)       734       9.7%         Partiles &	Boris Brott Music Festival	90	90	0	0.0%	
Hamilton Waterfront Trust       -       40       (40)       0.0%         HWCA Forkial of Friends       85       85       0       0.0%         Opera Hamilton       127       127       0       0.0%         Royal Bolancia Clardens       599       599       0       0.0%         Conservation Authonities       4.482       4.485       (3)       (0.1)%         MPAC       6.005       6.005       0       0.0%         Total Operating       44.216       42.638       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       (4.000)       (4.000)       -       0.0%       Taxes Receivable continue to rise which leads to higher P & I charges.         Paralties & Inferest       (6.200)       (6.300)       -       0.0%       Taxes Receivable continue to rise which leads to higher P & I charges.         Paralties & Inferest       (3.266)       (3.436)       (11)	Hamilton Beach Rescue Unit	127	127	-	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       42,388       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%         NON PROGRAM REVENUES       733,165       722,066       11,099       1.5%         Hydro Dividends       (5.300)       (5.300)       -       0.0%         Peratiles & Interest       (8,200)       (8.94)       74       9.7%         Payments in Lieu of Taxes       (3.266)       (14.200)       1.0%       Write-of sare Receivable continue to rise which leads to higher P & I changes.         Payments in Lieu of Taxes       (3.264)<	Hamilton Philharmonic Orchestra	114	114	0	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       42,538       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%         NON PROGRAM REVENUES       733,165       722,066       11,099       1.5%         Hydro Dividends       (5.300)       (5.300)       -       0.0%         Penalties & Interest       (8,200)       (8,994)       74       9.7%         Payments in Lieu of Taxes       (14,200)       (14,250)       11.99       1.5%         Supplementary Taxes       (3,264)       (101)       (2,8%       Anala say righ-ch-wa	Hamilton Waterfront Trust	-	40	(40)	0.0%	
Opera Hamilton         127         127         0         0.0%           Royal Bolancia Gardens         599         599         0         0.0%           Conservation Authonities         4.482         4.485         (3)         (0.1)%,           HCA - Contract Services         916         915         0         0.0%           MPAC         6.005         0         0.0%           Conservation Authonities         4.4216         42,838         1.378         3.1%           Capital Financing         870         870         0         0.0%           COTAL BOARDS & AGENCIES         45,086         43,708         1,378         3.1%           COMMUNITY PARTNERSHIP PROGRAM         3,286         3,286         0         0.0%           NON PROGRAM REVENUES         733,165         722,066         11,099         1.5%           Hydro Dividends         (5,300)         (5,300)         -         0.0%           Investment Income         (4,000)         -         0.0%         7axes Receivable continue to rise which faeds to higher P & I charges.           PoA         (3,569)         (3,468)         (101)         (2,8%         -           POA         (3,569)         (3,468)         (101)	HWCA - Festival of Friends	85	85		0.0%	
Bigual Botanical Gardenes         599         599         0         0.0%           Conservation Authorities         4.482         4.485         (3)         (0.1)%           MPAO         6.005         6.005         0         0.0%           MPAO         6.005         6.005         0         0.0%           Call 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         0         0.0%         0.0%           TOTAL EXPENDITURES         733,165         722,066         11.099         1.5%           NON PROGRAM REVENUES         11000         1.5%         1.5%           NON PROGRAM REVENUES         (8,200)         (8,994)         794         9.%         Taxes Receivable continue to rise which leads to higher P & 1 charges.           Polaties & Interest         (8,200)         (8,994)         794         9.%         Taxes Receivable continue to rise which leads to higher P & 1 charges.           POA         (3,569)         (3,468)         (10)         (2,89%         Fortastthigend conc		127	127	0	0.0%	
Conservation Authonities         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         44,215         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         0         0.0%         0.0%           TOTAL EXPENDITURES         733,165         722,066         11,099         1.5%           NON PROGRAM REVENUES         (5,300)         (5,300)         -         0.0%           Hydro Dividends         (5,300)         (5,300)         -         0.0%           Investment Income         (4,000)         (4,000)         -         0.0%           Poalties & Interest         (8,200)         (6,994)         734         9.7%           PoA         (3,569)         (3,468)         (101)         2.9%           POA         (3,269)         (3,468)         (101)         2.9%           POA <td>•</td> <td></td> <td></td> <td>0</td> <td></td> <td></td>	•			0		
HCA.       Contract Services       916       915       0       0.0%         MPAC       6.005       6.005       0       0.0%         Fotal Operating       44,216       42,838       1,378       3.1%         Capital Financing       870       870       0       0.0%         Community Partnership PROGRAM       3,286       43,708       1,378       3.1%         COMMUNITY PARTNERSHIP PROGRAM       3,286       3,286       0       0.0%         COLL EXPENDITURES       733,165       722,066       11,099       1.5%         NON PROGRAM REVENUES       40,000       (4,000)       -       0.0%         Hydro Dividends       (5.300)       (5.300)       -       0.0%         Investment Income       (4,000)       (4,000)       -       0.0%         Payments in Lieu of Taxes       (14,200)       (14,39)       158       1.1%       Write-offs vary each year which affects net balance. Actuals very close to budget.         POA       (3,569)       (3,468)       (101)       (2,89%       More openic appeads, high vacancy rebate costs, allowance for known future write-offs.         POA       (35,690)       (30,417)       1.567       20.7%       Annual supp. revenue still strong but less than 2010.						
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         13,061         1,030         -         0.0%           Hydro Dividends         (5,300)         (5,300)         -         0.0%           Penalties & Interest         (8,000)         (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 alfects net balance. Actuals very close to budget.           POA         (3,569)         (3,468)         (101)         (2,87%         Annual supp. revenue still strong but less than 2010.           Supplementary Taxes         (36,773)         (35,825)         (948)         (22,87%         Annual supp. revenue still s		· · · · · · · · · · · · · · · · · · ·			. ,	
Fotal 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         1,378         1,178         1.5%           NON PROGRAM REVENUES         (5,300)         -         0.0%           Hydro Dividends Investment Income         (5,300)         -         0.0%           Payments In Lieu of Taxes POA         (3,569)         (3,468)         11/99         1.5%           NOL         Gaspital Fays         (14,200)         (14,439)         158         1.1%           POA         (3,569)         (3,468)         (101)         (2.8%         Annual supp. revenue still strong but leads to higher P & I charges.           Right of Way Taxes         (3,269)         (3,468)         (101)         (2.8%         Annual supp. revenue still strong but leads than 2010.           Capping         250         (44.6)         656         (278.5%         Annual supp.						
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         1,000         1.0%         1.5%           Parentites & (14,000)         (4,000)         -         0.0%           Protation of Taxes         (14,200)         (14,359)         158         1.1%           POA         (3,569)         (3,468)         (101)         (2,8)%           POA         (3,204)         (3,203)         (1)         0.0%           Supplementary Taxes         (7,550)         (9,117)         1.567         20.7%         Taxes Receivable continue to rise which leads to higher P & 1 charges.           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%         Manual supp. revenue still strong but less than 2010.           Capping         250         (446)	-	,		-		
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         11,009         1.5%         1.5%           Hydro Dividends Investment Income         (4,000)         -         0.0%           Panilies & Interest         (8,200)         (8,394)         794         9.7%           Payments in Lieu of Taxes         (14,200)         (14,359)         158         1.1%           POA         (3,569)         (3,468)         (101)         (2.8%           Right of Way Taxes         (3,204)         (3,203)         (1)         (0.0)%           Supplementary Taxes         (7,550)         (9,117)         1.567         20.7%         Annual supp. revenue still strong but less thai 2010.           Capping         250         (446)         696         (278.5)%         Major golf course appeals, high vacancy rebate costs, allowance for known future write-offs.           OTAL NON PROGRAM REVENUES         (36,773)         (35,825)         (948)         (2.6)%		44,210	42,050	1,570	5.1 /0	
COMMUNITY PARTNERSHIP PROGRAM3,2863,28600.0%COTAL EXPENDITURES733,165722,06611,0991.5%COMPROGRAM REVENUESHydro Dividends Investment Income(5,300)(5,300)-0.0%Panities & Interest(8,200)(8,94)7949.7%Payments in Lieu of Taxes(14,200)(14,359)1581.1%POA(3,569)(3,468)(101)(2.8)%Right of Way Taxes(3,204)(3,203)(1)(0.0)%Supplementary Taxes(7,550)(9,117)1.567Capping250(446)696(278.5)%Tax Remissions / Write Offs9.00013.061(4,061)45.1%Manu Isupport(10,00)-(10,00)PROVINCIAL FUNDING / OMPF(4,000)-(4,000)(100,0%	Capital Financing	870	870	0	0.0%	
FOTAL EXPENDITURES733,165722,06611,0991.5%NON PROGRAM REVENUESHydro Dividends(5,300)(5,300)-0.0%Investment Income(4,000)(4,000)-0.0%Penalties & Interest(8,200)(8,994)7949.7%Taxes Receivable continue to rise which leads to higher P & I charges.Payments in Lieu of Taxes(14,200)(14,359)1581.1%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(3,203)(1)(0.0)%Hydro and Railway right-of-ways. Actuals usually very close to budget.Supplementary Taxes(7,550)(9,117)1,56720.7%Annual supp. revenue still strong but less than 2010.Capping250(446)696(278.5)%Major golf course appeal capping clawbacks in 2011.Tax Remissions / Write Offs9.00013,061(4,061)45.1%PROVINCIAL FUNDING / OMPF(4,000)-(4,000)(100.0)%	TOTAL BOARDS & AGENCIES	45,086	43,708	1,378	3.1%	
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%         PROVINCIAL FUNDING / OMPF       (4,000)       -       (4,000)       (100.0)%	COMMUNITY PARTNERSHIP PROGRAM	3,286	3,286	0	0.0%	
Hydro Dividends Investment Income(5,300)(5,300)-0.0%Penalties & Interest(4,000)(4,000)-0.0%Penalties & Interest(8,200)(8,994)7949.7%Taxes Receivable continue to rise which leads to higher P & I charges.Payments in Lieu of Taxes(14,200)(14,359)1581.1%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)%Supplementary Taxes(7,550)(9,117)1,56720.7%Capping250(446)696(278.5)%Tax Remissions / Write Offs9,00013,061(4,061)45.1%May large appeals, high vacancy rebate costs, allowance for known future write-offs.TOTAL NON PROGRAM REVENUES(4,000)-(4,000)PROVINCIAL FUNDING / OMPF(4,000)-(4,000)(100.0)%	TOTAL EXPENDITURES	733,165	722,066	11,099	1.5%	
Hydro Dividends Investment Income(5,300)(5,300)-0.0%Penalties & Interest(4,000)(4,000)-0.0%Penalties & Interest(8,200)(8,994)7949.7%Taxes Receivable continue to rise which leads to higher P & I charges.Payments in Lieu of Taxes(14,200)(14,359)1581.1%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)%Supplementary Taxes(7,550)(9,117)1,56720.7%Capping250(446)696(278.5)%Tax Remissions / Write Offs9,00013,061(4,061)45.1%May large appeals, high vacancy rebate costs, allowance for known future write-offs.TOTAL NON PROGRAM REVENUES(4,000)-(4,000)PROVINCIAL FUNDING / OMPF(4,000)-(4,000)(100.0)%	NON PROGRAM REVENUES					
Investment Income(4,000)(4,000)-0.0%Penalties & Interest(8,200)(8,994)7949.7%Taxes Receivable continue to rise which leads to higher P & I charges.Payments in Lieu of Taxes(14,200)(14,359)1581.1%Write-offs vary each year which affects net balance. Actuals very close to budget.POA(3,569)(3,468)(101)(2.8)%Write-offs vary each year which affects net balance. Actuals very close to budget.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)1,56720.7%Annual supp. revenue still strong but less than 2010.Capping250(446)696(278.5)%Major golf course appeal capping clawbacks in 2011.Tax Remissions / Write Offs9,00013,061(4,061)45.1%TOTAL NON PROGRAM REVENUES(36,773)(35,825)(948)(2.6)%PROVINCIAL FUNDING / OMPF(4,000)-(4,000)-						
Penalties & Interest(8,200)(8,994)7949.7%Taxes Receivable continue to rise which leads to higher P & I charges.Payments in Lieu of Taxes(14,200)(14,359)1581.1%Write-offs vary each year which affects net balance. Actuals very close to budget.POA(3,569)(3,468)(101)(2.8)%Hydro and Railway right-of-ways. Actuals usually very close to budget.Supplementary Taxes(3,204)(3,203)(1)(0.0)%Hydro and Railway right-of-ways. Actuals usually very close to budget.Capping250(446)696(278.5)%Major golf course appeal capping clawbacks in 2011.Tax Remissions / Write Offs9,00013,061(4,061)45.1%Many large appeals, high vacancy rebate costs, allowance for known future write-offs.PROVINCIAL FUNDING / OMPF(4,000)-(4,000)(100.0)%-						
Payments in Lieu of Taxes(14,200)(14,359)1581.1%Write-offs vary each year which affects net balance. Actuals very close to budget.POA(3,569)(3,468)(101)(2.8)%Hydro and Railway right-of-ways. Actuals usually very close to budget.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)1,56720.7%Annual supp. revenue still strong but less than 2010.Capping250(446)696(278.5)%Major golf course appeal capping clawbacks in 2011.Tax Remissions / Write Offs9,00013,061(4,061)45.1%May large appeals, high vacancy rebate costs, allowance for known future write-offs.FOTAL NON PROGRAM REVENUES(4,000)-(4,000)(100.0)%-		,	,			
PÓA(3,569)(3,468)(101)(2.8)%Right of Way Taxes(3,204)(3,203)(1)(0.0)%Supplementary Taxes(7,550)(9,117)1,56720.7%Capping250(446)696(278.5)%Tax Remissions / Write Offs9,00013,061(4,061)45.1%TOTAL NON PROGRAM REVENUES(36,773)(35,825)(948)(2.6)%PROVINCIAL FUNDING / OMPF(4,000)-(4,000)(100.0)%		,				
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%         TOTAL NON PROGRAM REVENUES       (36,773)       (35,825)       (948)       (2.6)%         PROVINCIAL FUNDING / OMPF       (4,000)       -       (4,000)       (100.0)%		,				
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%         TOTAL NON PROGRAM REVENUES       (36,773)       (35,825)       (948)       (2.6)%	-	,		( )	. ,	
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)%						
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)%	Supplementary Taxes	(7,550)	(9,117)	1,567	20.7%	Annual supp. revenue still strong but less than 2010.
TOTAL NON PROGRAM REVENUES         (36,773)         (35,825)         (948)         (2.6)%           PROVINCIAL FUNDING / OMPF         (4,000)         -         (4,000)         (100.0)%	Capping	250	(446)		(278.5)%	Major golf course appeal capping clawbacks in 2011.
TOTAL NON PROGRAM REVENUES         (36,773)         (35,825)         (948)         (2.6)%           PROVINCIAL FUNDING / OMPF         (4,000)         -         (4,000)         (100.0)%	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.
		(36,773)	(35,825)		(2.6)%	
TOTAL LEVY REQUIREMENT 692 391 686 241 6 151 0 9%	PROVINCIAL FUNDING / OMPF	(4,000)	-	(4,000)	(100.0)%	
	TOTAL LEVY REQUIREMENT	692,391	686,241	6,151	0.9%	

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	2011 Actuals	2011 Year-End Actuals vs. Approved Budget		2011 %
	Budget	to Dec. 31	\$	%	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%

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

	2011 2011 Approved Actuals		2011 Year-End Actuals vs. Approved Budget		2011 %
	Budget	to Dec. 31	\$	%	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%

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	2011 Actuals	2011 Year-End Actuals vs. Approved Budget		2011 %
	Budget	to Dec. 31	\$	%	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	<u> </u>	(8,880,071)	8,880,071	0.0%	<u>N/A</u>