

City of Hamilton
2012 Budget
Executive Summary

In the absence of any significant motivating economic events, the City of Hamilton's 2012 Budget has been prepared using conservative assumptions coupled and an element of risk aversion in operations thereby producing a budget that will allow it to meet its financial obligations and achieve a satisfactory level of maintenance in the City.

Critical to this budget will be the economic outlook for Bermuda and the City's relationship with the Bermuda Government.

Regarding the economic outlook for Bermuda, there can be no assumptions made about improving economic conditions that would, in turn, be a catalyst for increased economic activity in the City. We have assumed that the status quo will remain for 2012, however should there be reduced income from tourism and declining activity from international business, our budget numbers will be at risk. With events in Europe souring economic activity worldwide, Bermuda cannot expect to escape the fallout from a worsening situation. The risks to our budget would therefore be to the downside.

With reference to the relationship with the Bermuda Government, it is too early to say whether any meaningful synergies can be achieved from comments made in the Throne Speech. Therefore, this budget has been prepared on the basis that it will be "business as usual" with the Government and that the current grants will continue.

The City has been in survival mode since 2010 and there does not appear to be any reason to change this approach going into 2012. As is the case with most local companies, revenues have declined. The City has experienced similar reduced revenues but has responded by reducing its costs. It will continue with this approach in 2012. It will not over-stretch itself and should therefore be able to meet its financial obligations which include loan repayments and retention payments. There is no intention to seek additional loan financing in 2012.

2012 Budget

The 2012 Budget has been prepared with “breakeven” as the key objective. Even though costs have been paired back there will be focus on maintaining service levels at today’s acceptable standards. If, during the year, savings are greater than expected, and there is increased cash available, it will be used on deferred maintenance or other improvements in the City.

This is a “safe haven” budget with low-key maintenance activity as the theme. Capital Expenditure is minimal, and at this level would not sustain a City into the future. However if economic conditions improve The City will be in a better position to take advantage of the changing circumstances.

Highlights of this budget are:

- Budget Surplus \$ 38,000
- Capital Expenditure \$900,000
- Loan Repayments \$543,000
- Final Retention – New Depot \$527,000
- Net Cash Flow (\$500,000)
- Loan Balance – Dec 2012 \$9,281,000

2012 Budget Summary

	2012 Budget \$'000	2011 Actual (Est) \$'000	2011 Budget \$'000
Revenue	21,883	22,517	23,113
Expenditure			
Finance	5,557	5,209	6,039
City Hall	556	563	431
Sanitation	3,405	3,507	3,835
Sewer	799	702	1,030
Streets	3,895	3,556	4,685
Parks	1,628	1,472	1,692
Works Yard	1,012	942	800
Unallocated	2,967	3,564	2,365
Car Parks	328	371	717
Wharf	1,288	1,058	1,281
Property	170	80	105
Development	240	75	80
Total Operating Expenses	21,845	21,099	23,060
Budget Surplus/(Deficit)	38	1,418	53
Capital Expenditure	(900)	\$ (2,091)	(3,236)
Add Back Depreciation	1,432	1350	1,423
Loan Repayments Retention	(543)	(593)	(1,017)
NET CASH FLOW	(500)	84	(2,777)
Opening Cash	\$ 1,733	1649	1649
Closing Cash	\$1,233	\$1,733	(\$1,128)
Loan Balance	(9,281)	(9,824)	(9,495)

Capital Expenditure Budget

2012

\$'s

Traffic Light Upgrade	Materials	315,000	
	Contractors	<u>230,000</u>	
			545,000
New Mechanical Sweeper			85,000
			Deposit \$40k Nov.11
Recycling Truck			70,000
Car Park Conversion - #5			100,000
Laffan Street Pump Station/ Roundabout			100,000
Total			<u><u>\$ 900,000</u></u>