CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT

Financial Planning & Policy Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	April 16, 2014
SUBJECT/REPORT NO:	Tax and Rate Operating Budget Variance Report as of December 31, 2013 - Budget Control Policy Transfers (Unaudited) (FCS14026) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tom Hewitson (905) 546-2424, Extension 4159 Victoria Terella (905) 546-2424, Extension 4169
SUBMITTED BY: **SIGNATURE:**	Mike Zegarac General Manager Finance & Corporate Services Department

RECOMMENDATION

(a) That, in accordance with the "Budget Control Policy", the 2014 budget restatement, transferring budget from one department/division to another with no impact on the levy, as outlined in Appendix "C" to Report FCS14026 be approved;

(b) That, in accordance with the "Budgeted Complement Control Policy", the 2014 complement transfer, transferring complement from one department/division to another with no impact on the levy, as outlined in Appendix "D" to Report FCS14026 be approved;

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

DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)	**$**	**$**
Corporate Surplus from Tax Supported Operations		**$ 2,087,312**
Less: Disposition to Self-Supporting Programs & Agencies		**$ (957,809)**
Police (Transfer to Police Reserve)	$ (604,141)	
Library (Transfer to Library Reserve)	$ (353,668)	
Balance of Corporate Surplus		**$ 1,129,503**
Add: Transfer from Winter Control Reserve		$ 4,684,300
Less: Transfer for Ontario Summer Student Jobs Services		$ (5,240)
Less: Transfer of Flamboro Slot Revenues to Flamboro Capital Reserve		$ (371,819)
Less: Transfer to Unallocated Capital Levy Reserve		$ (5,421,735)
Less: Transfer to Tax Stabilization Reserve		$ (15,009)
Balance of Tax Supported Operations		**$ -**
Corporate Surplus from Rate Supported Operations		**$ 6,614,165**
Less: Transfer to the Rate Supported Reserves		$ (6,614,165)
Balance of Rate Supported Operations		**$ 0**

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 2013 based on the operating results as of December 31, 2013 (unaudited). Appendix “A” to Report FCS14026 summarizes the tax supported budget year-end variances by department and division while Appendix “B” to Report FCS14026 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 $2.1m and $6.6m respectively, resulting in an overall corporate surplus of $8.7m. Additional details are presented in the Analysis section of this report.

CONSOLIDATED CORPORATE SURPLUS/ (DEFICIT)	**$**
Tax Supported Programs	
Police	$ 604,141
Library	$ 353,668
Capital Financing	$ 5,421,735
Other Tax Supported Programs	$ (4,292,232)
Total Tax Supported Surplus	**$ 2,087,312**
Rate Supported Programs	**$ 6,614,165**
Consolidated Corporate Surplus/ (Deficit)	**$ 8,701,477**

Of note, the $2.1m tax supported surplus was largely attributable to Capital Financing savings of $5.4m, which is offsetting the department budgets overall deficit position of -$4.3m. The program deficit includes the approved use of reserves to mitigate some in-year Council approvals. As well, staff are recommending the additional use of program reserves to reduce the department shortfall, in order to allow the Capital Financing surplus to be transferred to the Unallocated Capital Levy Reserve to assist in providing funds for the capital budget priorities in the 2015 Tax Capital Budget & Financing Plan.

The year-end disposition of the $8.7m surplus identified above is outlined in Recommendation (c) of Report FCS14026 and is highlighted as follows:

- Year-end variances for Police and Library will be allocated to own source reserves.

- Winter Control Reserve - Staff are recommending that $4.7m be transferred from the Winter Control Reserve to fund the winter control program deficit. The reserve balance is currently at $7.6m and will be reduced to $3.0m once this reserve transfer is approved. Note that as per approved policy the reserve will be replenished when there is a surplus in the winter control operations.

- Ontario Summer Jobs Services - The Ontario Summer Jobs Service is a summer student wage subsidy program funded by the Ministry of Training, Colleges and Universities and administered by Mohawk College for Hamilton employers. It is recommended that the wage subsidy in the amount of $5,240 received by Human Resources in November of 2013 be transferred to a reserve account to be accessed between February and May of each year to coincide with the greatest needs for resources to manage the Summer Student Program.

- Flamboro Slot Revenues – As directed by Council at its meeting of April 25th, 2012 (Report 12-010), any year-end surplus in the budget for Flamboro Slot Revenues be transferred to the Flamboro Capital Reserve Fund.

- Unallocated Capital Levy Reserve – The 2013 tax supported operating budget surplus includes $5.4m in savings from delayed issuance of debt. Staff are recommending that this capital financing surplus be transferred to the Unallocated Capital Levy Reserve as a source of funding for the 2015 tax capital budget (Note: The capital financing surplus is allocated to the year 2015 in the 2014 Tax Capital Budget's financing plan 10 year forecast).

- Tax Stabilization Reserve – After the above allocations, staff recommend that the remaining tax surplus of $15k, be transferred to the tax stabilization reserve.

- Rate Supported – Staff recommend that the rate surplus of $6.6m be transferred to the Rate Supported Reserves. There are separate Rate Supported Reserves for each of the water, wastewater and storm water programs. The surpluses in each program have been transferred to their respective reserves, the water, wastewater and storm water reserve transfers are $984k, $2.7m and $2.9m respectively.

2014 Budget Transfers

In accordance with the "Budget Control Policy" & "Budgeted Complement Control Policy", approved by Council in February 2012, staff are submitting two items recommended for transfer. The tax operating budget restatement, identified in Appendix "C" to Report FCS14026, simply moves budget from one department/division to another. Completing these transfers simplifies the budget review process for the following year by ensuring comparable budget data. The complement transfer, identified in Appendix "D" to Report FCS14026, moves budgeted complement from one department/division to another to accurately reflect where the staff complement is allocated within the department/division for the purpose of delivering programs and services at desired levels. The budget restatement and complement transfer identified were not realized at the time of 2014 budget submission. However, these transfers will amend the 2014 operating budget once approved with no impact on the levy.

Alternatives for Consideration – See Page 14

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

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

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

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 2013 based on the operating results as of December 31, 2013. Council approval is required to allocate year-end surplus/deficit to/from reserves.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

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

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The following provides an overview of the more significant issues affecting the 2013 operating surplus:

TAX SUPPORTED BUDGET

The following Table provides a summary of the departmental results as of December 31, 2013. The final tax-supported surplus amounts to $2.1 million or approximately 0.3% of the net levy. On a gross budget basis, the surplus represents a 0.2% variance.

CITY OF HAMILTON
2013 Draft Year-End Variance (Unaudited)
($000's)

	2013 Final Budget	2013 Year-End Actuals	Variance $	Variance %
TAX SUPPORTED				
Planning & Economic Development	22,731	24,927	(2,196)	**(9.7)%**
Public Health Services	10,500	10,144	356	**3.4%**
Community & Emergency Services	224,772	225,803	(1,031)	**(0.5)%**
Public Works	194,449	191,959	2,490	**1.3%**
Legislative	4,096	3,453	643	**15.7%**
City Manager	9,798	9,746	52	**0.5%**
Corporate Services	20,160	18,004	2,156	**10.7%**
Corporate Financials/ Non Program Revenues	(37,002)	(30,588)	(6,414)	**17.3%**
Hamilton Entertainment Facilities	3,247	3,593	(346)	**(10.6)%**
TOTAL CITY EXPENDITURES	**452,750**	**457,041**	**(4,291)**	**(0.9)%**
Hamilton Police Services	**139,702**	**139,098**	**604**	**0.4%**
Library	**28,039**	**27,685**	**354**	**1.3%**
Other Boards & Agencies	**13,398**	**13,400**	**(2)**	**(0.0)%**
Community Grants	**3,212**	**3,212**	**0**	**0.0%**
TOTAL BOARDS & AGENCIES	**184,351**	**183,395**	**956**	**0.5%**
CAPITAL FINANCING	**90,177**	**84,755**	**5,422**	**6.0%**
TOTAL TAX SUPPORTED	**727,278**	**725,191**	**2,087**	**0.3%**

As indicated above, the main driver for the surplus was capital financing savings of $5.4m as a result of the delay in issuance of debt. The department budgets ended 2013 in an unfavourable position of -$4.3m. There were significant deficits in Corporate Financials/Non Program Revenues and Planning & Economic Development. The Corporate Financials/Non Program Revenues deficit was mainly a result of continued shortfalls in Risk Management claim costs and high write-offs from unfavourable assessment decisions and allowances. Planning & Economic Development also had an overall deficit due to revenue shortfalls and unbudgeted Council Approved items. Partially offsetting the deficits were departmental surpluses in Public Works and Corporate Services. Contributing to the overall surplus in the Public Works departmental budget were the savings from gapping, lower than anticipated tonnages resulting in waste processing contractual savings and a surplus in provincial grants. Gapping due to vacancies and timing of hires was highlighted as the driver for the positive variance in Corporate Services.

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

Planning & Economic Development

Planning & Economic Development reported an unfavourable variance of -$2.2m. The main drivers behind the deficit were revenue shortfalls of -$1.0m, lower than budgeted recovery from capital of -$680k, and lower than budgeted Subdivision Fees were -$657k due to prepayment of applications prior to the 2013 fee increase and a decrease in the number of approvals. Additionally, there was an unfavourable variance of -$662k that was attributed to the following unbudgeted Council approved items: business licenses of -$338k, on-street parking of -$262k and tow truck licensing of -$62k. These Council referred items were absorbed by the corporate surplus which has benefited the Tax Stabilization Reserve. Partially offsetting the deficit was gapping savings of $700k across the department.

Public Health Services

Public Health Services experienced a positive variance in 2013 of $356k. This was a result of underspending in other subsidized programs from gapping, allowing subsidies to be applied to levy funded cost allocations.

The positive variance was offset by increased unbudgeted employee related costs, communications to support tobacco by-law implementation, increased demand for needles and disposal and costs for an Administrative Review.

Community & Emergency Services

Community Services had an overall unfavourable variance of -$1.0m for 2013. The main driver was the deficit in Recreation of -$1.6m as a result of increased facility maintenance costs, revenue shortfalls (e.g. ice rentals) and increased utility costs. Hamilton Paramedic Services also had a deficit of -$505k mainly due to overtime costs, increased vehicle maintenance and inventory write-offs.

Partially offsetting these deficits was the surplus in Housing Services of $1.2m as a result of lower than budgeted Housing Stability Benefit uptake, as well as, favourable mortgage renewals, prior year adjustments for social housing and rent supplement costs.

Unfavourable variances in costs of Discretionary Benefits of -$950k and OW administration of -$1.3m were offset by transfers from reserve as pre-approved by Council.

Public Works

The Public Works department had an overall surplus of $2.5m for 2013 year-end. There were a number of contributors across the divisions that lead to the overall surplus.

Corporate Assets and Strategic Planning had a deficit of -$804k. The overall variance was due to an unfavourable variance in Facilities of -$1.5m as a result of insufficient funding for inspection and critical maintenance of old and deteriorating infrastructure. This was offset by a favourable variance of $700k in Strategic Planning due to gapping, postage, printing and advertising savings. Energy, Fleet and Traffic had a minimal favourable variance of $46k as a result of gapping savings in Traffic and energy savings in the Central Utilities Plant, offset by the unfavourable variance in Fleet due to lower than budgeted billable hours due to vacancies.

Engineering Services was over budget by -$455k due to the street lighting energy program costs. The total deficit in the street lighting program was -$755k which necessitated the use of the budgeted contribution from the Energy Conservation Initiatives Reserve of $300k.

Contributing to the overall surplus in Environmental Services of $2.4m was gapping savings of $1.9m, surplus in contractual services of $1.1m caused by reduced tonnages processed and a surplus in provincial grants in $1.0m. These surpluses were partially offset by an overspending in storm related costs of -$1.0m and less than budgeted reserve withdrawals of -$700k.

Operations had an overall negative variance of -$483k. The Roads Winter program saw an overall deficit of -$5.8m due to program demands coupled with enhanced service levels as directed by Council. This was offset by positive variances in Summer programs of $5.3m from higher than normal vacancies and savings in costs of materials and vehicles.

Transportation (Transit/ATS) finished the year with a surplus of $1.8m. Fleet parts continue to have a positive effect due to a much newer fleet and the 12-year bus life policy. Also, fuel costs were better than anticipated, with both price and consumption below expected amounts. Enhancements, including AODA requirements, continue to be phased-in which resulted in projected favourable variances in employee related costs, contractual and other fees and services. The overall Transit favourable variance has resulted in a reduced requirement for 2013 Provincial Gas Tax (PGT) transfer from reserve to operating budget. The PGT transfer was budgeted for $11.2m but only $8.9m was required.

Legislative

Legislative reported a favourable variance of $643k. A major contributor to this positive variance was the surplus in the Mayor's Office of $318k as a result of gapping, savings in consulting and office supplies. In addition, unspent Wards Budgets contributed another $266k to the surplus.

City Manager

City Manager had a favourable variance of $52k with the main drivers being gapping and recoveries from reserves. These were offset by the unfavourable variances in legal fees (HR) and mediation/arbitration costs, contractual obligations and employee related expenses. Legal, mediation and arbitration costs in Human Resources totalling $1.3m against a budget of $580k offset the overall favourable variance as HR retained costs of $608k and departments were allocated the balance.

Corporate Services

Corporate Services finished 2013 with a positive variance of $2.2m. Gapping accounted for $1.5m of the total favourable amount, attributable to staff vacancies. Below budgeted spending for mileage, travel, conferences and training of $163k represented the second largest variance driver. Other significant expenditure and revenue variances that were favourable included: registration/licenses revenues, consulting services, tender/proposal process fees, cash discounts, office/operating supplies, the Tax registration program and Tax Certificate revenues.

Corporate Financials

Several drivers were responsible for the deficit of -$6.3m in Corporate Financials.

Corporate Pensions, Benefits & Contingency

The favourable variance in the Corporate Pensions/Benefits and Contingency of $468k was a result of contingency savings.

Gapping

While gapping savings of $4.54m are budgeted in Corporate Financials, actual savings are reported in the operating departments resulting in an unfavourable balance in the corporate financials of -$4.54m. As shown in the table below, a review of savings in the departments indicates the net savings from gapping in 2013 actually amounted to $6.1m or about $1.6m more than budget.

NET GAPPING BY DEPARTMENT	($000's)	
Planning & Economic Development	$	700
Public Health Services	$	91
Community & Emergency Services	$	(585)
Public Works	$	4,161
Legislative	$	260
City Manager	$	35
Corporate Services	$	1,454
Consolidated Corporate Savings/ (Deficit)	**$**	**6,116**

Risk Management

An adverse variance of -$2.3m in Risk Management was caused by claims significantly exceeding budget. This matter has been addressed in the 2014 budget.

Hamilton Entertainment Facilities

Hamilton Entertainment Facilities ended the year with an unfavourable variance of -$346k. HECFI transition severance costs were -$2.6m. In addition, there were unforeseen transition costs of -$160k including extended work assignments for some HECFI financial staff, moving expenses, facility maintenance costs, and a small number of write off of bad debts. The transitions costs were offset by an approved transfer from reserve of $2.4m leaving a deficit of -$346k.

Non-Program Revenues

The Non Program Revenues show an unfavourable variance of -$149k.

The general revenues show a favourable variance of $2.0m driven by a higher HUC dividend of $2.1m and higher slot revenues of $372k, offset by POA revenue shortfall of -$480k. The POA shortfall results from a decrease in large fine payments and the need for an additional courtroom which has resulted in delaying the hearings and case resolutions.

The tax revenues show a deficit of -$2.1m as a result of higher write-offs based on the Assessment Review Board decisions and a reduction of -$126k on account of lower Payment in Lieu charges recovery. This was offset by higher collections of $646k from penalties and interest and Supplementary Taxes of $875k.

Capital Financing

Capital financing savings of $7.4m resulted from the delay in issuance of debt. Normally, fifty percent of this savings (about $3.7m for 2013) are transferred to the Unallocated Capital Levy Reserve to fund future infrastructure requirements. However, the reserve transfer of $2.0m is reflected in the variance reported in Report FCS14026 as it aligns with the capital forecast for 2015). Recommendation (c) of Report

FCS14026 proposes that the remaining $5.4m also be transferred to the Unallocated Capital Levy Reserve.

Boards & Agencies

In Boards & Agencies, there was a surplus of $956k attributable to the favourable variances in Police and Library. The Hamilton Police Services had a favourable year-end variance of $604k which was primarily attributed to higher than anticipated Police clearance revenue (Police checks) and paid duty revenue. The favourable variance in Library of $354k is primarily due to gapping.

2013 Reserve Impacts

The 2013 forecasts for the Tax Stabilization Reserve, OW Stabilization Reserve and the Social Services Initiative Reserve Fund had included commitments of $2.7m that were conditional on the outcome of the 2013 Corporate Surplus. These commitments were as follows:

- $230k On-Street Parking (PED11104)
- $412k Business Licenses (PED01104)
- $726k Discretionary Benefits
- $1.231m OW Phase 2/3 Staffing
- $100k Centennial Parkway Transit Pilot
- $15.4k Cootes to Escarpment Park System PED08009(b)/PW12082

As the departmental/corporate surpluses were not able to absorb all of these commitments, draws on the reserves were processed. In addition, a number of additional budgeted reserve transfers were also required to improve the total operating budget position from a deficit to a surplus. Staff transferred a total of $3.3m from reserves in order to improve the total operating budget variance. The following reserve transfers of $3.3m were made:

- $1.3m from OW Stabilization Reserve to fund the OW Phase 2/3 Staffing
- $950k from a combination of the Tax Stabilization Reserve and the Social Services Initiative Reserve Fund in the amounts of $467k and $483k, respectively, to fund Discretionary Benefits
- $394k from the Development Fees Stabilization Reserve to fund the shortfall in the Growth division
- $386k from the Waste Management Recycling Program Reserve to fund the recycling/commodity shortfall
- $300k from the Energy Conservation Initiatives Reserve to fund the street lighting variance.

RATE SUPPORTED BUDGET

For 2013, the Rate supported operating budget finished the year with a favourable variance of $6.6m. Savings in overall program expenditures of $15.3m were offset by the shortfall in operating revenues of -$8.6m. In 2012, expenditure savings of $16.2m offset a revenue shortfall of -3.9m.

Expenditures

Overall Rate budget expenditure savings of $15.3m were reflected in five main areas which include Capital Debt Financing, Contractual, Employee Related, Materials and Supplies and Buildings and Grounds. In 2012, these five areas were also the major contributors for expenditure savings.

The Rate operating program budgets annually for debt servicing costs on new and existing debt based on debenture financing needs for approved capital projects. The favourable variance in net debt charges of $8.8m is reflective of debt not being issued in 2013 as the existing capital projects are adequately funded. In 2012, the net debt charges had a favourable variance of $6.7m.

Other expenditure categories showing savings included contractual at a positive variance of $2.6m due to contractual services for water distribution and wastewater collection and plant operations. Savings in employee related costs of $1.9m are mainly due to gapping realized from staff vacancies. Materials and supplies also contributed a savings of $1.7m due to lower fluids and chemicals, furniture and equipment purchases and operating supplies consumption. Buildings & grounds expenditures were also favourable at $1.2m due mainly to less hydro consumption at a savings of $1.0m.

The Protective Plumbing Program had a savings of $107k or 4.3% on a budget of $2.5m. The Share the Warmth Utility Arrears Program was equal to budget at $350k.

Revenues

Overall 2013 rate revenues (Non-metered, Residential, Institutional / Commercial / Industrial (ICI) and Haldimand / Halton) amounted to nearly $154m which was approximately -$9.5m or -5.8% unfavourable compared to budget. The projected unfavourable variance in revenues is the result of a declining trend in water and wastewater/storm billing revenue collected from all sectors. It should be noted that the "ICI" sector classification does include multi-residential customers with larger size meters exceeding 20mm.

The Residential sector ended the year with an unfavourable variance of -$4.6m or -6.0% to budget. Consumption trends over the last few years demonstrate that despite consistent new residential construction of approximately 1,500 homes each year, the new residential growth consumption is being offset by water efficiency measures undertaken by existing water customers.

Industrial/Commercial/Institutional (ICI) had an unfavourable variance of -$4.5m or -5.5% to budget for 2013. Consistent with the forecast provided during the 2014 Rate budget presentation, the ICI sector experienced a revenue shortfall for 2013 of nearly -$4.5m similar to the -$4.8m shortfall of 2012. Over the last several years, the ICI sector has experienced significant revenue shortfalls that resulted in staff recommending for the 2011 Rate budget with subsequent Council approval, that ICI budgeted consumption be reduced over a 3 year period (2011 to 2013) to consumption realized for the ICI sector in 2009 and 2010 as consumption has not rebounded to pre-recession levels. There has been wide spread increased water efficiency measures undertaken by major industrial and institutional customers, as well as, the loss of some large users. It was expected that by 2013, budgeted consumption would more closely reflect the actual consumption to be realized for the sector. However, the sector still has not rebounded to 2009/10 levels compounded by the new Maple Leaf Foods facility coming on-stream much later in the year than expected.

It is expected that the ICI water/wastewater/storm consumption will continue at levels experienced in the last few years with the 2014 budgeted consumption expected to more closely reflect the actual consumption to be realized for the sector. This sector will continue to be closely monitored.

The Private Fire Lines had a favourable variance of $168k or 42% to budget. This new fee applicable to ICI customers with non-metered water supply lines dedicated to private fire protection systems was approved by Council during the 2012 Rate budget with an effective date of July 1, 2012. The annual budget of $400k was based on the private fire line data available at that time. A subsequent data integrity review that has recently been completed has resulted in identifying a much higher number of dedicated unmetered fire lines for which the new fee is applicable. The 2014 budget has been set at $600k.

Revenue variances also included Hauler / third party revenues were positive by $307k or 30%, Sewer Surcharge Agreements were favourable by $560k or 18% and Overstrength Agreements were favourable by $208k or 13%.

General Fee revenues were unfavourable by -$243k or -10.3% with the main drivers being shortfalls in New Construction Permits at -$75k or -38%, Backflow Prevention Fees at -$55k or -37% and Other Recoverable Fees at -$52k or -39%.

ICE STORM OF DECEMBER 2013

Costs incurred in 2013 for the ice storm of December 22, 2013 have been reflected in the respective department/division operating budgets. Ice accumulation on hydro wires and trees caused power outages, downed trees and branches and unsafe roads. Incremental and extraordinary emergency response costs were incurred to respond to the event to ensure public safety, setting up warming centres, distributing gift cards, making our roads safe and clearing tree debris. The costs incurred in 2013 include Public Works roads operations of $1.36m, PW environmental services of $217k, PW facilities of $60k, PW fleet of $34k, PW water of $38k, Community and Emergency Services of $48k and other departments of $19k. Costs incurred by CityHousing Hamilton ($25k), Horizon Utilities Corporation ($700k) and Hamilton Conservation Authority ($90k) are not reflected in the City's financial results. Further, the City continues to expend resources in 2014 on the clean-up of downed trees and branches and replacement of the tree canopy.

On February 26, 2014, the Province announced that they were working with the federal government on a one-time ice storm assistance program to assist municipalities affected by the ice storm to fund 100% of eligible costs. As of March 24, 2014, the City has not been informed of funding decisions to assist with these costs.

YEAR-END DISPOSITION OF TRANSFERS

The following Table identifies the recommended transfers as a result of the 2013 year-end.

Table 1 – Disposition of Year- End Surplus/Deficit

DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)	$	$
Corporate Surplus from Tax Supported Operations		**$ 2,087,312**
Less: Disposition to Self-Supporting Programs & Agencies		**$ (957,809)**
Police (Transfer to Police Reserve)	$ (604,141)	
Library (Transfer to Library Reserve)	$ (353,668)	
Balance of Corporate Surplus		**$ 1,129,503**
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Less: Transfer for Ontario Summer Student Jobs Services		$ (5,240)
Less: Transfer of Flamboro Slot Revenues to Flamboro Capital Reserve		$ (371,819)
Less: Transfer to Unallocated Capital Levy Reserve		$ (5,421,735)
Less: Transfer to Tax Stabilization Reserve		$ (15,009)
Balance of Tax Supported Operations		**$ -**
Corporate Surplus from Rate Supported Operations		**$ 6,614,165**
Less: Transfer to the Rate Supported Reserves		$ (6,614,165)
Balance of Rate Supported Operations		**$ 0**

ALTERNATIVES FOR CONSIDERATION

Table 1 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.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.
2.2 Improve the City's approach to engaging and informing citizens and stakeholders.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES AND SCHEDULES ATTACHED

- Appendix “A” to Report FCS14026 Tax Operating Budget Variance Report as of December 31, 2013

- Appendix “B” to Report FCS14026 Combined Water, Wastewater and Storm Systems Variance Report as of December 31, 2013

- Appendix “C” to Report FCS14026 Budget Restatement Schedule

- Appendix “D” to Report FCS14026 Budgeted Complement Transfer Schedule