

**City of Markham
2014 Year End Review of Operations**

General Committee

March 2, 2015

2014 Year End Results of Operations

Primary Operating Budget

(excluding Planning & Design, Engineering, Building Services & Waterworks)
(\$ in millions)

The presentation provides a review of the 2014 actual results compared to the operating budget.

Council approved the 2014 annual operating budget on February 11, 2014 of \$306.853M which includes:

Budget	Annual Budget (In \$M)
Primary Operating Budget	187.604
Planning & Design	7.829
Engineering	6.528
Building Standards	8.386
Waterworks	96.506
Total	306.853

Details of the YTD variance to budget are outlined in this presentation.

2014 Year End Results of Operations

Primary Operating Budget

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(\$ in millions)

	Favourable/ (Unfavourable)
1. City's surplus before year end accounting accruals and other adjustments and winter maintenance	\$3.078M
2. Year end accounting accruals and other adjustments	(\$2.262M)
3. Winter maintenance	(\$2.330M)
Net Deficit	(\$1.514M)
4. Projected Ontario Ice Storm Assistance Program Recovery net of 2014 ice storm related expenditures	\$0.166M
Total	(\$1.348M)

2014 Year End Results of Operations

Primary Operating Budget

(excluding Planning & Design, Engineering, Building Services and Waterworks)
(\$ in millions)

1. City's surplus before year end accounting accruals and other adjustments, winter maintenance \$3.078M

Revenues
Favourable Variance
\$0.460M
100.2% of Budget

Personnel Expenditures
Favourable Variance
\$1.865M
98.3% of Budget

Non-Personnel Expenditures
Favourable Variance
\$0.753M
98.9% of Budget

Major drivers for revenue variance	Fav./ (Unfav.)
Supplemental Taxes	0.625 M
Theatre revenues (ticket sales, registration fees and rental)	0.422 M
Investment Income	0.224 M
Federal and Provincial grants	0.164 M
Museum program revenues	0.113 M
Property Tax Interest and Penalties	(0.107) M
Recreation revenue	(1.277) M
Other	0.296 M
Total	0.460 M

Major drivers for personnel variance	Fav./ (Unfav.)
Full time salaries net of vacancy backfills and part time salaries	2.865 M
Overtime & other personnel costs	(1.000) M
Total	1.865 M

Major drivers for non-personnel variance	Fav./ (Unfav.)
Professional services/training/travel/ promotion/ advertising	0.765 M
Contract Service Agreements	0.485 M
Corporate Contingency	0.457 M
Waste Collection	0.212 M
External Legal Fees	0.180 M
Theatre professional entertainment fees	(0.275) M
Property taxwrite-offs	(1.278) M
Other	0.207 M
Total	0.753 M

2014 Year End Results of Operations

Primary Operating Budget

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(\$ in millions)

The City's 2014 net unfavourable variance of (\$1.348M) be funded from the Corporate Rate Stabilization Reserve as per the following breakdown:

a.	City's day-to-day operating surplus	\$3.078M
b.	Year end accounting accruals and other adjustments	(\$2.262M)
c.	Winter maintenance unfavourable variance	(\$2.330M)
d.	Projected Ontario Ice Storm Assistance Program recovery net of 2014 ice storm related expenditures	<u>\$0.166M</u>
	Total	(\$1.348M)

2014 Year-End Results of Operations

Planning & Design, Engineering, Building Services and Waterworks (\$ in millions)

	2014 Budget Transfer to/(Draw from) Reserves	2014 YE Transfer to/(Draw from) Reserves	Variance Fav./Unfav.)
Planning & Urban Design	(0.855M)	(1.721M)	(0.866M)
Engineering	(1.537M)	(2.103M)	(0.566M)
Building Services	(1.539M)	(0.715M)	0.824M
Waterworks	13.815M	12.695M	(1.120M)

Planning & Engineering Development Fee Reserve

(\$ in millions)

	2014 Budget	2014 Actual	Variance Fav./ (Unfav.)
Opening Balance at January 1, 2014	(3.959)	(3.959)	0.000
Transfer to Capital and Interest Income	(0.850)	(0.850)	0.000
Transfer to/(from) Reserves			
Planning & Design	(0.855)	(1.721)	(0.866)
Engineering	(1.537)	(2.103)	(0.566)
Planning & Engineering Reserve Ending Balance	(7.201)	(8.633)	(1.432)

1. The fee by-law update report presented to Council in December 2014 included a 5 year strategy staff developed to address the deficit balance of the Reserve
2. Staff will conduct a comprehensive review and update of the fee model and the City's Planning and Building fee by-laws in 2015

Building Fee Reserve

(\$ in millions)

	2014 Budget	2014 Actual	Variance Fav./ (Unfav.)
Opening Balance at January 1, 2014	13.846	13.846	0.000
Transfer to Capital and Interest Income	(1.236)	(1.236)	0.000
Transfer to/(from) Reserves	(1.539)	(0.715)	0.824
Building Reserve Ending Balance	11.071	11.895	0.824

Waterworks Reserve Balance

(\$ in millions)

	2014 Budget	2014 Actual	Variance Fav./(Unfav.)
Opening Balance - January 1, 2014	32.835	32.835	0.000
Transfer to Reserves at time of budget approval	13.815	13.815	0.000
Draw from Reserve for 2013 year end unfavourable variance	(1.515)	(1.515)	0.000
Transfer to 2014 Capital	(11.202)	(11.202)	0.000
Interest Income	0.390	0.390	0.000
One-time dispute settlement with York Region	0.000	3.112	3.112
Transfer to reserve from closed capital projects	0.000	2.702	2.702
Draw from Reserve for 2014 year end unfavourable variance	0.000	(1.120)	(1.120)
Waterworks Reserve Ending Balance	34.323	39.017	4.694

Next Steps

1. The 2014 unaudited draft financial statements will be presented to General Committee in April 2015.