

**City of Markham
2013 Year End Review of Operations**

General Committee

March 3, 2014

2013 Year End Review of Operations

The presentation provides a review of the 2013 actual results compared to the operating budget.

Council approved the 2013 annual operating budget on January 29, 2013 of \$294.500M which includes:

Budget	Annual Budget (in \$M)
Primary Operating Budget	180.811
Planning & Design	8.407
Engineering	6.467
Building Standards	9.026
Waterworks	89.790
Total	294.501

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

2013 Year End Results of Operations

Primary Operating Budget

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

	Favourable/ (Unfavourable)
1. City's surplus before winter maintenance, December ice storm and year end accounting adjustments	\$1.614M
2. Winter maintenance	(\$1.810M)
3. December ice storm	(\$1.090M)
4. Year end accounting adjustments	(\$1.895M)
Net Deficit	(\$3.181M)

2013 Year End Results of Operations

Primary Operating Budget

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

1. City's surplus before winter maintenance, December ice storm and year end accounting adjustments \$1.614M

Revenues
Unfavourable Variance
(\$1.056M)
(0.6%) of Budget

Personnel Expenditures
Favourable Variance
\$0.556M
0.5% of Budget

Non-Personnel Expenditures
Favourable Variance
\$2.114M
28.9% of Budget

Major drivers for revenue variance	Fav./ (Unfav.)
Theatre revenues (ticket sales, registration fees and rental)	0.483 M
Property tax interest and penalties	0.388 M
Federal and Provincial grants	0.225 M
Provincial Offences Act (POA) fines	0.174 M
Investment Income	0.114 M
Museum program revenues	0.152 M
Recreation revenue	(1.961) M
Supplemental Taxes	(0.776) M
Other	0.145 M
Total	(1.056) M

Major drivers for personnel variance	Fav./ (Unfav.)
Full time salaries net of vacancy backfills and part time salaries	1.279 M
Overtime & other personnel costs	(0.723) M
Total	0.556 M

Major drivers for non-personnel variance	Fav./ (Unfav.)
Street light hydro	(0.481) M
Theatre professional entertainment fees	(0.159) M
Property tax write-offs, vacancy tax rebate	(0.363) M
Non-Personnel Gapping	(0.341) M
Training/travel/promotion/advertising/professional fees	0.381 M
Corporate Contingency	0.438 M
Recreation Maintenance and Repairs	0.401 M
Waste collection	0.483 M
Transfer to Reserves	0.719 M
Contract service agreements	1.039 M
Other	(0.003) M
Total	2.114 M

2013 Year End Results of Operations

Primary Operating Budget

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

2. Winter maintenance unfavourable variance (\$1.810M)
 - Winter maintenance expenditures total \$8.363M compared to a budget of 6.553M, resulting in an unfavourable variance of (\$1.810M).

3. December ice storm unfavourable variance (\$1.090M)
 - Response costs from December 22-31 were \$1.090M.

4. Year end accounting adjustments (\$1.895M)
 - Year end accounting adjustments are not budgeted for by the City and include: vacation accruals, Firefighters sick leave payouts, 27th pay, severance and salary continuance, and post retirement benefits.

2013 Year End Results of Operations

Primary Operating Budget

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

City's Net Deficit (\$3.181M)
Funding Sources

LTD Reserve to fund:

1. City's Surplus	\$1.614M
4. Year end accounting adj.	<u>(\$1.895M)</u>
Total	(\$0.281M)

Corporate Rate Stabilization Reserve to fund:

2. Winter maintenance	(\$1.810M)
3. December ice storm	<u>(\$1.090M)</u>
Total	(\$2.900M)

2013 Year End Results of Operations Planning & Design Operating Budget

(\$ in millions)

Unfavourable Variance of (\$3.183M)

Revenues

Unfavourable Variance (\$3.207M)
38.1% of Budget

Personnel Expenditures

Favourable Variance \$0.072M
1.4% of Budget

Non-Personnel Expenditures

Unfavourable Variance (\$0.048M)
(2.7%) of Budget

Unfavourable variance of (\$3.183M) compared to budget is due to lower application revenues resulting from the deferral of 6 multi-residential and 7 low density developments.

Budgeted surplus

\$1.333M

Actual deficit

(\$1.850M)

Unfavourable variance

(\$3.183M)

Reserve Impact

Draw from reserve

(\$1.850M)

2013 Year End Results of Operations

Engineering Operating Budget

(\$ in millions)

Unfavourable Variance of (\$0.575M)

Revenues

Unfavourable Variance (\$1.026M)

17.6% of Budget

Personnel Expenditures

Favourable Variance \$0.424M

9.5% of Budget

Non-Personnel Expenditures

Favourable Variance \$0.027M

1.3% of Budget

Unfavourable variance of (\$0.575M) compared to budget is due to lower application revenues resulting from the deferral of 6 multi-residential and 7 low density developments offset partially by five average net vacancies.

Budgeted deficit

(\$0.649M)

Actual deficit

(\$1.224M)

Unfavourable variance

(\$0.575M)

Reserve Impact

Draw from reserve

(\$1.224M)

Planning & Engineering Development Fee Reserve

(\$ in millions)

	2013 Budget	2013 Actual	Variance Fav./ (Unfav.)
Opening Balance at January 1, 2013	(0.907)	(0.907)	0.000
Transfer to Capital and Interest Income	0.024	0.024	0.000
Transfer to/(from) Reserves Planning & Design Engineering	1.333 (0.649)	(1.850) (1.224)	(3.183) (0.575)
Planning & Engineering Reserve Ending Balance	(0.199)	(3.957)	(3.758)

2013 Year End Results of Operations

Building Standards Operating Budget

(\$ in millions)

Favourable Variance of \$0.702M

Revenues

Favourable Variance \$0.287M
3.2% of Budget

Personnel Expenditures

Favourable Variance \$0.414M
7.6% of Budget

Non-Personnel Expenditures
Favourable Variance \$0.001M
0.0% of Budget

Favourable variance of \$0.702M compared to budget due to lower personnel expenditures resulting from seven average net vacancy and higher number of permits issued.

Budgeted surplus

\$1.248M

Actual surplus

\$1.950M

Favourable variance

\$0.702M

Reserve Impact

Transfer to reserve

\$1.950M

Building Fee Reserve

(\$ in millions)

	2013 Budget	2013 Actual	Variance Fav./(Unfav.)
Opening Balance at January 1, 2013	11.887	11.887	0.000
Transfer to Capital and Interest Income	(0.004)	(0.004)	0.000
Transfer to/(from) Reserves	1.248	1.950	0.702
Building Reserve Ending Balance	13.131	13.833	0.702

2013 Year End Results of Operations

Waterworks Operating Budget

(\$ in millions)

Unfavourable Variance of (\$1.515M)

Sales & Purchases (net)
Unfavourable Variance
(\$2.025M)
(7.9%) of Budget

Other Revenues
Unfavourable Variance
(\$0.099M)
(7.4%) of Budget

Personnel Expenditures
Favourable Variance
\$0.268M
4.0% of Budget

Non-Personnel Expenditures
Favourable Variance
\$0.341M
5.2% of Budget

Unfavourable variance of (\$1.515M) is mainly due to lower than budgeted water sales and higher than budgeted non-revenue water offset partially favourability from four average net vacancies and lower construction costs for watermain breaks.

Budgeted Surplus

Actual Surplus

Unfavourable variance

\$13.784M

\$12.269M

(\$ 1.515M)

Reserve Impact

\$13.784M was transferred to the reserve at the time of budget approval. A draw in the amount of (\$1.515M) will be made from the reserve to balance the budget.

Waterworks Reserve Balance

(\$ in millions)

	2013 Budget	2013 Actual	Variance Fav./Unfav.)
Opening Balance - January 1, 2013	19.860	19.860	0.000
Transfer to Reserves at time of budget approval	13.784	13.784	0.000
Transfer from Reserve for 2012 year end unfavourable variance	(0.696)	(0.696)	0.000
Transfer to 2013 Capital	(9.408)	(9.408)	0.000
Interest Income	0.195	0.195	0.000
Transfer from 2013 closed capital projects	0.000	8.906	8.906
Transfer from Reserve for 2013 year end unfavourable variance	0.000	(1.515)	(1.515)
Waterworks Reserve Ending Balance	23.735	31.126	7.391

Next Steps

- The 2013 unaudited draft financial statements, excluding Markham Enterprise Corporation (MEC), will be presented to General Committee in April 2014.