



Report to: General Committee

Date of Meeting: November 18, 2013

SUBJECT: 2013 September Year-To-Date Review of Operations and Year End Projection

PREPARED BY: Andrea Tang, Manager of Financial Planning

RECOMMENDATION:

THAT the report dated November 18, 2013 entitled "2013 September Year-To-Date Review of Operations and Year End Projection" be received.

EXECUTIVE SUMMARY:

Council approved the 2013 annual operating budget on January 29, 2013 for \$294.500M which includes the City's primary operating budget of \$180.810M, Planning & Design operating budget of \$8.407M, Engineering operating budget of \$6.467M, Building Standards operating budget of \$9.026M and Waterworks operating budget of \$89.790M.

This report provides an overview of the year-to-date ("YTD") actual operating budget results versus the calendarized 2013 operating budget as of September 30, 2013, and a forecast of the year-end results against the annual operating budget.

Primary Operating Budget (Appendix 1)

(Excluding Planning & Design, Engineering, Building Standards and Waterworks)

YTD Variance excluding year-end accounting adjustments:

City's net favourable variance = \$0.190M
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At the end of nine months the actual operating results netted against budget is a favourable variance of \$0.190M and consists of the following revenue and expenditure drivers:

Revenues	Fav./ (Unfav.)	Expenditures	Fav./ (Unfav.)
Theatre revenues (ticket sales, registration fees and rental)	0.268 M	Salary & benefit costs	0.237 M
Property tax interest and penalties	0.251 M	Winter maintenance	(1.125) M
Federal and Provincial grants	0.203 M	Non-personnel expenditure gapping	(0.341) M
Provincial Offences Act (POA) fines	0.137 M	Property tax write-offs, vacancy tax rebate	(0.310) M
Museum program registration fees	0.119 M	Street light hydro	(0.238) M
Parks sports field rentals	0.106 M	Theatre professional entertainment fees	(0.108) M
Snowplow recoveries from unassumed subdivisions	0.104 M	External Legal costs	(0.107) M
Recreation revenue	(1.376) M	Maintenance and repairs	0.204 M
Other	0.496 M	Waste collection	0.306 M
		Operation materials and supplies	0.348 M
		Training/travel/promotion/advertising/professional fees	0.360 M
		Contract service agreements	0.810 M
		Other	(0.154) M
Total	0.308 M	Total	(0.118) M

The July YTD variance reported to Council on September 24th was a favourable variance of \$0.082M. In the two months from July to September, the favourable variance improved by \$0.108M resulting in a favourable September YTD variance of \$0.190M. The improvement was mainly due to the favourable variance in contract services agreements from favourable pricing in an asphalt repairs contract award and a concerted effort by the Recreation Department to reduce spending. Further details of the revenue, personnel and non-personnel variances are provided in the "Discussion" section of the report.

Year-End Projection including year-end accounting adjustments:

Based on the September year-to-date results from Operations, Staff is projecting the year-end results from business operations, before accounting adjustments, to be in the range of a net deficit of (\$0.500M) to (\$1.100M). This projection remains the same as the July year-end projection. The main driver of the year-end projected unfavourable variance is winter maintenance operations, which are in the range of (\$1.125M) to (\$1.525M).

It is expected that the year-end revenue variance will range from (\$1.000M) to (\$1.400M) unfavourable mainly due to an under subscription in community centre programs offered by Recreation and lower supplemental property taxes, offset by a favourable variance in Culture programs, POA fines, Government grants, property tax interest and penalties and snowplow recoveries for unassumed subdivisions.

The year-end expenditure variance will range from a favourable variance of \$0.300M to \$0.500M favourable mainly due to favourable variances in net personnel costs, corporate contingency, lower waste tonnage, and contract service agreements such as favourable pricing for asphalt repairs contract award, offset by unfavourable variances in winter maintenance, streetlight hydro, non-personnel gapping, theatre professional entertainment fees and fire overtime.

Staff has implemented mitigating strategies to reduce discretionary expenditures to partially offset unfavourable variances. Overall, a net balanced budget will be achieved save and except for winter maintenance operations and streetlight hydro. Staff recommends the year-end deficit before accounting adjustments be funded from the Corporate Rate Stabilization Reserve as previously presented.

Historically the City does not budget for year-end accounting adjustments which include vacation accruals, Firefighters sick leave, 27th pay accrual, severance and salary continuance, and post retirement benefits. The 2013 year-end accounting adjustments are estimated at \$2.000M to \$2.500M. An actuarial analysis of the LTD accrued benefit obligation has identified an over-contribution to the reserve by approximately \$2.000M to \$2.500M. Therefore, Staff is recommending the year-end accounting adjustments be funded from the LTD reserve.

Planning & Design (Appendix 2)**YTD Variance:****Planning & Design net unfavourable variance = (\$2.143M)**

At the end of nine months, the actual operating results against budget netted an unfavourable variance of (\$2.143M) due to lower revenues resulting from timing of the development application submissions. Higher development application activities in the last quarter of 2012 were the result of agreements being submitted prior to the Regional deadline for Development Charge (DC) increases and resulted in lower activity in 2013.

For the months July to September, the department incurred an unfavourable variance of (\$0.670M) due to lower than anticipated development activity.

Year-End Projection:

Planning & Design is projecting a year-end deficit of (\$0.900M) compared to a budgeted surplus of \$1.333M. This will result in a draw from reserve of (\$0.900M). This projection has been revised by (\$0.200M) to (\$0.400M) from the July year-end projection of (\$0.500M) to (\$0.700M) due to continued year-to-date unfavourability. In 2012, the department ended the year with an operating surplus of \$0.527M.

Engineering (Appendix 3)**YTD Variance:****Engineering net unfavourable variance = (\$0.018M)**

At the end of nine months, the actual operating results against budget netted an unfavourable variance of (\$0.018M) due to lower revenues resulting from timing of the development application submissions offset by five net vacancies.

For the months July to September the department incurred an unfavourable variance of (\$0.183M).

Year-End Projection:

Engineering is projecting a year-end deficit of (\$0.450M) compared to a budgeted deficit of (\$0.649M). This will result in a draw from reserve of (\$0.450M). This projection has improved by \$0.150M to \$0.350M from the July year-end projection of (\$0.600M) to (\$0.800M) due to favourable results from August and September. Engineering results for the year-ended December 31, 2012 included an operating surplus of \$1.463M.

Based on the above year end projection in Planning, Design and Engineering, the reserve is anticipated to be in a deficit position of (\$2.267M) at year-end (see Appendix 4).

A consultant will be hired in Q4, 2013 to undertake a review of the fee model and City's fee by-laws to review, among other matters, recovery of direct and indirect costs, reserve policy for positive and negative reserve balances, distribution of costs across application

categories, transition from greenfield development to urban infill and comparison of fee structure to other urban municipalities. Following this review, Staff will report back to Development Services Committee by the end of Q1, 2014 with any structure model or by-law changes and will provide a future year forecast.

Building Standards (Appendix 5)

YTD Variance:

Building Standards net unfavourable variance = (\$0.978M)
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At the end of nine months, there was a net unfavourable variance of (\$0.978M) due to lower application revenues than budgeted.

For the months July to September, the department incurred an unfavourable variance of (\$0.154M) due to lower revenues.

Year-End Projection:

Staff is projecting a year-end surplus of \$0.190M compared to a surplus of \$1.248M that was projected in the 2013 budget. This will result in a transfer to reserve of \$0.190M. The year-end projection estimated in July ranged from a deficit of (\$0.524M) to a surplus of \$0.976M. The change is due to the partial issuance of the Upper Unionville permits in 2013.

Based on the above year end projection in Building Services, the balance of the reserve is anticipated to be \$12.081M at year-end (see Appendix 6). In 2012, the department ended the year with an operating surplus of \$5.185M.

Waterworks (Appendix 7)

YTD Variance:

Waterworks net unfavourable variance = (\$2.706M)
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At the end of nine months, the actual operating results against budget netted an unfavourable variance of (\$2.706M), the main drivers of which are:

1. Lower than budgeted water sales of (\$2.553M) and higher than budgeted water purchases (\$0.418M) resulted in a “net sales and purchases” variance of (\$2.971M), of which (\$2.279M) is due to higher than budgeted non-revenue water and (\$0.692M) is due to lower than budgeted net sales. The year to date rolling 8-month actual non-revenue water was 15.2% compared to a budget of 11% (12 month average is 11.2%);
2. Lower than budgeted other revenue totaling an unfavourable variance of (\$0.109M) from service to developers such as the provision of construction water;

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3. Lower than budgeted personnel costs totaling a favourable variance of \$0.210M due to an average of five net vacancies; and,
 4. Lower than budgeted non-personnel costs totaling a favourable variance of \$0.164M in repairs, water/sewer materials and other operating supplies.

In August, the Region of York (the “Region”) issued the final draft consultant’s report on the detailed audit of the billing and metering processes. The report examined both Regional and Municipal practices against industry best practices and made recommendations for improvement. Feedback on this report has been provided to the Region by the Area Municipalities. The final report has not yet been released, and meetings are currently taking place with the Region to address the outstanding disputed billing amount.

Year-End Projection:

Based on the September year-to-date results, Waterworks is projected to be unfavourable by (\$1.000M) to (\$1.500M) at year end. This results in a net transfer to the reserve of \$12.784M to \$12.284M. This projection is consistent with the July year-end projection. The unfavourable year-end variance is mainly due to lower than budgeted water consumption in Markham and higher than budgeted non-revenue water.

The 2013 Waterworks annual budget projected a surplus of \$13.784M which was transferred to the Waterworks reserve at the time of budget approval to fund capital programs. A draw was made from the reserve of \$0.696M for the actual 2012 year end deficit to balance the 2012 budget. In addition, a draw of \$9.408M to fund 2013 capital projects was made against the reserve, and \$7.950M of surplus funds was returned to the Waterworks reserve when capital projects were closed in 2013. As well, a transfer from interest income of \$0.168M was made to the reserve.

The year-end Waterworks reserve balance is projected to be between \$30.158M and \$30.658M (see Appendix 8).

The September YTD operating results by commission and by department are outlined in Appendices 9-12.

PURPOSE:

To report on the YTD actual 2013 operating budget results versus the calendarized 2013 operating budget as at September 30, 2013 and forecast the year-end results to the annual plan.

BACKGROUND

Council approved the 2013 annual operating budget on January 29, 2013 for \$294.500M which includes the City’s primary operating budget of \$180.810M, Planning & Design operating budget of \$8.407M, Engineering operating budget of \$6.467M, Building Standards operating budget of \$9.026M and Waterworks operating budget of \$89.790M. The primary operating budget is mainly tax funded to support the City’s day-to-day operations.

The Planning & Design, Engineering, Building Standards and Waterworks operating budgets are primarily user fee funded, through planning and engineering fees, building permit fees and water billings. Separate reserves have been established to support the department's day-to-day operations and capital programs.

The YTD operating budget is calendarized based on available current year information, historical spending patterns and trends and future projections. The intent and focus of this report is to monitor and communicate actual performance to the annual plan, highlight trends and variances, and forecast the year-end results against the annual plan.

All budgets are monitored on a monthly basis and departments provide details of material variances (actual to budget). The variances are reviewed, substantiated and summarized by the Financial Planning department.

DISCUSSION:

YTD VARIANCE

At the end of nine months, the 2013 September YTD actual results of operations, excluding Planning & Design, Engineering, Building Services and Waterworks, against the calendarized budget netted a favourable variance of \$0.190M, an improvement of \$0.108M from the July YTD favourable variance of \$0.082M.

A summary of the YTD variances for the primary operating budget by major category is provided below, followed by an explanation of major variances.

Revenues	\$0.308M
Personnel Expenditures	\$0.237M
Non-Personnel Expenditures	<u>(\$0.355M)</u>
	<u>\$0.190M</u>

REVENUES

At the end of nine months, revenues were favourable by \$0.308M, 0.2% higher than budget.

Revenues	Fav./Unfav.)
General Revenues	\$0.725 M
User Fees and Service Charges	(\$0.533) M
Grant and Subsidy Revenues	\$0.203 M
Other Income	(\$0.087) M
Net Variance	\$0.308 M

The net change in the favourable variance from July to September was (\$0.002M).

General Revenues

General revenues incurred a favourable variance of \$0.725M, the main drivers of which were:

- Property tax interest and penalties of \$0.251M resulting from 8.78% of the total tax accounts in arrears (8,554 accounts in arrears out of a total of 97,371 accounts);
- Provincial Offences Act (POA) fines of \$0.137M resulting from a change in legislation that allows municipalities to add unpaid POA fines to the tax rolls;
- Snowplow recoveries from unassumed subdivisions of \$0.104M;
- Favourable variance of \$0.233M from various items such as marriage and business licences, parking permits, by-law infractions and streetlight pole recoveries.

User Fees and Service Charges

User fees and service charges incurred an unfavourable variance of (\$0.533M), the main drivers of which were:

Recreation Programs

The main drivers for the September YTD unfavourable variance of (\$1.376M) continued to be in program registration (\$0.403M), aquatics (\$0.380M), fitness class fees/membership (\$0.344M), gym and hall rentals (\$0.060M). The unfavourable variance increased by (\$0.415M) from July to September.

Recreation staff identified that the unfavourable variance in aquatic programs is due to cannibalization resulting from the opening of the Cornell Community Centre. Staff have implemented mitigating strategies by offering more private and semi private classes and managing associated expenses. The proposed mitigating strategies will take time to correct the situation, and will not fully offset the unfavourable expense in 2013.

The fitness memberships continue to be unfavourable due to an overall decline in new and renewal fitness centre memberships, which corresponds with an overall industry decline in fitness participation and increased competition. New revenue initiatives such as personal training and a change to drop-in classes for fitness members have been implemented since the second half of the year, and implementation of a new corporate membership program is underway.

The unfavourable variance in program revenue was due to lower registration. The department continues to monitor the related program expenses and increase program promotion to the Markham residents, through engaging local community groups and increasing department profile at community events.

In addition, the Cornell Community Centre budgets were set in anticipation that the facility would operate at 100% in this first year of operation. This has not been the case. For all new centres, ramp up plans should include the opportunity for revenues to be fully realized gradually, over time.

A three-year plan is being developed with the objective of increasing participation and overall quality in recreational service provision to the Community. A report on the three-year plan will be brought forward to General Committee in early 2014.

To mitigate the unfavourable revenue variance, Recreation staff made concerted efforts to manage expenditures, resulting in the September YTD net unfavourable variance (revenues net of expenses) of (\$0.673M).

Theatre

The September YTD favourable variance of \$0.268M was mainly due to higher ticket sales, advertising and administrative fees totaling \$0.112M, camps and program registration fees totaling \$0.083M, and corporate sponsorships and federal grants totaling \$0.073M. The favourable variance decreased by (\$0.076M) from July to September.

Other drivers for user fees and service charges included Museum program registration fees of \$0.119M and Parks sportsfield rentals (including hydro recoveries) of \$0.106M.

Grants & Subsidy Revenues

The September YTD favourable variance of \$0.203M was due to the receipt of higher than budgeted federal and provincial grants received. The favourable variance decreased by (\$0.008M) from July to September.

PERSONNEL EXPENDITURES

At the end of nine months personnel expenditures were favourable by \$0.237M, 0.3% better than budget, a nominal improvement of \$0.006M from July to September mainly due to the continuation of existing net vacancies offset by unfavourable overtime costs.

Salary & Benefits	Fav./(Unfav.)	
Full time net of vacancy backfills and part time salaries	\$0.982	M
Overtime and other personnel costs	(\$0.745)	M
Net Variance	\$0.231	M

As at September 30, 28 net vacancies and 18 temporary vacancies from approved leaves of absence and secondments resulted in a favourable variance of \$1.737M. This was offset by full year budgeted salary gapping of (\$0.455M) and an unfavourable variance of (\$0.300M) for part-time salaries. The main driver of the unfavourable part-time salaries variance was in Culture for (\$0.278M) which was offset by increased ticket sales and camp revenues in the Theatre and Museum respectively.

Overtime was unfavourable by (\$0.665M) mainly due to coverage for absences in the Fire Department due to illness, bereavement or parental leaves (\$0.562M), and winter maintenance requirements (\$0.115M).

NON-PERSONNEL EXPENDITURES

At the end of nine months non-personnel expenditures were unfavourable by (\$0.355M), 0.7% worse than budget, an improvement of \$0.104M from July to September mainly due to additional savings from the favourable pricing on an asphalt repairs contract award.

Non-Personnel	Fav/ (Unfav.)	
Winter maintenance	(1.125)	M
Non-personnel expenditure gapping	(0.341)	M
Property tax write-offs, vacancy tax rebate	(0.310)	M
Street light hydro	(0.238)	M
Theatre professional entertainment fees	(0.108)	M
External Legal costs	(0.107)	M
Maintenance and repairs	0.204	M
Waste collection	0.306	M
Operation materials and supplies	0.348	M
Training/travel/promotion/advertising/ professional fees	0.360	M
Contract service agreements	0.810	M
Other	(0.154)	M
Net Variance	(0.355)	M

Winter Maintenance

The City's winter maintenance budget includes salt and sand purchases as well as four service contracts:

- 1) Supply and operation of tandem/single combination plow to sand and plow the City's primary road network;
- 2) Supply and operation of loaders to assist in the snow removal in cul-de-sacs, wide corners and rear lanes;
- 3) Grader rentals to remove snow on the City's local road networks as well as for windrow snow clearing services and;
- 4) Sidewalk snow removal

The four winter maintenance contracts have a fixed cost component of 34% and variable cost component of 66%. The fixed costs (standby costs) are charged throughout the winter months whether or not services are rendered in order to cover the contractor's capital costs. The variable costs are based on service hours provided.

The winter maintenance expenditures were unfavourable by (\$1.125M), unchanged from July YTD. The YTD variance is mainly due to the following components:

- 94 service hours for sidewalk snow clearing per unit of equipment in excess of the budget totalled (\$0.529M);
- 85 service hours for loader snow removal operation per unit of equipment in excess of the budget totalled (\$0.274M);
- 5,300 tonnes of salt applied on the roads in excess of the contract totalled (\$0.410M); and;

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- 12 service hours for tandem operation per unit of equipment in excess of the budget totalled (\$0.039M);
 - 28 service hours of grader snow removal operation per unit of equipment less than the budget totalled \$0.180M.

Highlights of Other Expenditures

- (\$0.341M) non-personnel gapping unfavourable variance represents the annual non-personnel gapping budget;
- (\$0.310M) unfavourable variance in property tax write-offs due to assessment appeals and vacancy tax rebates for non-residential properties (commercial and industrial);
- (\$0.238M) unfavourable variance in streetlight hydro due to price, resulted from global adjustment which accounts for differences between market price and power generation contracts such as feed-in-tariff (FIT) programs;
- (\$0.108M) unfavourable variance in Theatre's professional entertainment fees which was offset by favourable revenues;
- (\$0.107M) unfavourable variance in external legal costs from unanticipated expenses for work related to the MSECC, and Ontario Municipal Board appeals;
- \$0.810M favourable variance in contract service agreements due to favourable pricing in asphalt repairs contract award and a concerted effort by the Recreation Department to reduce spending;
- \$0.360M favourable variance in training, travel, promotion & advertising and professional services;
- \$0.348M favourable variance in operating materials and supplies due to lower purchases of various recreation materials, supplies and fire uniforms;
- \$0.306M favourable variance in waste collection due to lower tonnage than budgeted;
- \$0.204M favourable variance in maintenance and repairs from recreation facility maintenance, streetlight maintenance and sportsfield maintenance;

The City's operating results against budget are provided in Appendix 1.

YEAR-END PROJECTION

Primary Operating Budget

Staff monitors the month and YTD results from operations closely to identify any risks to achieving a balanced budget, and opportunities for generating a surplus to offset the year-end accounting adjustments, which are not included in the 2013 budget.

Based on the September YTD results from operations, Staff is projecting the year-end results from business operations before accounting adjustments to be in the range of a net deficit of (\$0.500M) to (\$1.100M). This projection remains the same as the July year-end projection.

Year-End Accounting Adjustments

Historically the City does not budget for year-end accounting adjustments which include vacation accruals, Firefighters sick leave, 27th pay accrual, severance and salary continuance, and post retirement benefits. The 2013 year-end accounting adjustments are estimated at \$2.000M to \$2.500M.

Markham provides several employee benefits such as WSIB, long term disability benefits ("LTD"), post-retirement benefits and vested sick leave benefits for Firefighters, the future liability for which are determined through an actuarial valuation and reported on the financial statements, as recommended by the Public Sector Accounting Board ("PSAB"). Management, on approval from City Council, has set aside funds specifically for the financing of future costs.

An actuarial analysis of the LTD accrued benefit obligation has identified an over contribution to the reserve by approximately \$2.000M to \$2.500M. Therefore, Staff is recommending the year-end accounting adjustments be funded from the LTD reserve.

Planning & Design

Staff is projecting a year-end deficit of (\$0.900M) compared to a budgeted surplus of \$1.333M. This will result in a draw from reserve of (\$0.900M). The projected deficit is due to higher development application activities in 2012 which were the result of some agreements being submitted prior to the Regional deadline for Development Charge (DC) increases and resulted in lower activities in 2013.

Engineering

Staff is projecting a year-end deficit of (\$0.450M) compared to a budgeted deficit of (\$0.649M). This will result in a draw from reserve of (\$0.450M). The projected deficit is due to higher development application activities in 2012 which were the result of some agreements being submitted prior to the Regional deadline for Development Charge (DC) increases and resulted in lower activities in 2013.

Based on the above year end projection range in Planning, Design and Engineering, the reserve is anticipated to be in a deficit position of (\$2.267M) at year-end (see Appendix 4).

Building Services

Staff is projecting a year-end surplus of \$0.190M favourable compared to a budgeted surplus of \$1.248M. This will result in a transfer to reserve of \$0.190M. The change is due to lower permit activity partially offset by 7 average net full-time vacancies.

Based on the above year end projection in Building Services, the balance of the reserve is anticipated to be \$12.081M at year-end (see Appendix 6).

Waterworks

Upon budget approval the projected surplus of \$13.784M was transferred to the Waterworks reserve. Based on the September year-to-date results, Waterworks is projected to be unfavourable by (\$1.000M) to (\$1.500M) at year end. This results in a net transfer to the

reserve of \$12.784M to \$12.284M. The unfavourable year-end variance is mainly due to lower than budgeted net water sales and higher than budgeted non-revenue water.

The year-end Waterworks reserve balance is projected to be between \$30.158M and \$30.658M (see Appendix 8).

FINANCIAL RESULTS BY COMMISSION AND DEPARTMENT

The variances for the nine months ended September 30, 2013 by each Commission and Department, summarized by personnel expenditures, non-personnel expenditures and revenues, are provided in Appendices 9 to 12. Explanations for variances greater than \$0.250M are provided below.

Community and Fire Services (Appendix 10)

Fire Services (unfavourable variance of \$0.361M)

- Unfavourable variance in overtime due to coverage for absences from illness, bereavement or parental leaves of (\$0.562M)
- Favourable variance due to operating materials and supplies of \$0.096M, equipment maintenance of \$0.028M, and training \$0.022M

Library (favourable variance of \$0.277M)

- Favourable variance in personnel due to 6 net full-time vacancies and savings in part-time costs

Recreation Services (unfavourable variance of \$0.673M)

- Refer to Page 7 for variance explanations

Corporate Services (Appendix 11)

Financial Services (favourable variance of \$0.312M)

- Favourable variance mainly due to 3 average net full-time vacancies

FINANCIAL CONSIDERATIONS:

Staff will continue to monitor the results of Operations each month and identify strategies, to continue to mitigate the unfavourable variance from winter maintenance and year-end accounting adjustments.

RECOMMENDED

12/11/2013

12/11/2013

X 

Joel Lustig
Treasurer

X 

Trinela Cane
Commissioner of Corporate Services

ATTACHMENTS:

Appendices 1 to 12

Appendix 1 – Primary Operating Budget - Financial Results for the Nine Months Ended September 30, 2013

Appendix 2 – Planning & Design Operating Budget - Financial Results for the Nine Months Ended September 30, 2013

Appendix 3 – Engineering Operating Budget - Financial Results for the Nine Months Ended September 30, 2013

Appendix 4 – Planning & Engineering Development Fee Reserve Balance – Year-end Projection as at September 30, 2013

Appendix 5 – Building Standards Operating Budget - Financial Results for the Nine Months Ended September 30, 2013

Appendix 6 – Building Fee Reserve Balance – Year-end Projection as at September 30, 2013

Appendix 7 – Waterworks Operating Budget - Financial Results for the Nine Months Ended September 30, 2013

Appendix 8 – Waterworks Reserve Balance – Year-end Projection as at September 30, 2013

Appendix 9 – Variances by Commission and Department for the Nine Months Ended September 30, 2013– CAO's Office, Human Resources, Legal and Sustainability

Appendix 10 – Variances by Commission and Department for the Nine Months Ended September 30, 2013– Community and Fire Services

Appendix 11 – Variances by Commission and Department for the Nine Months Ended September 30, 2013– Corporate Services

Appendix 12 – Variances by Commission and Department for the Nine Months Ended September 30, 2013– Development Services

CITY OF MARKHAM
Operating Budget
(Excluding Planning & Design, Engineering, Waterworks and Building Standards)
Financial Results for the Nine Months Ended September 30, 2013
(in millions of dollars)

	2013 Actual	2013 YTD Budget	Variance fav./(unfav.)	Annual Budget	Variance as % of YTD Budget fav./(unfav.)	Year-end Variance Projection Range Fav./(Unfav) From To	
Revenues							
Taxation Revenues	122.991	122.991	0.000	125.975			
General Revenues	17.596	16.871	0.725	26.408			
User Fees & Service Charges	16.971	17.504	(0.533)	22.280			
Grant & Subsidy Revenues	1.343	1.140	0.203	1.547			
Other Income	3.506	3.593	(0.087)	4.600			
Revenues Total	162.407	162.099	0.308	180.810	0.2%	(1.400)	(1.000)
Expenditures							
Salaries & Benefits	79.582	79.819	0.237	107.573			
Material & Supplies	5.372	5.425	0.053	7.261			
Purchased Services	27.745	27.029	(0.716)	37.102			
Other Expenditures	21.774	22.082	0.308	28.874			
Expenditures Total	134.473	134.355	(0.118)	180.810	-0.1%	0.300	0.500
Surplus/(Deficit) before Year-end Accounting							
Adjustments	27.934	27.744	0.190	0.000		(1.100)	(0.500)
Year-end Accounting Adjustments				0.000		(2.500)	(2.000)
Surplus/(Deficit)	27.934	27.744	0.190	0.000		(3.600)	(2.500)

CITY OF MARKHAM
Planning & Design Operating Budget
Financial Results for the Nine Months Ended September 30, 2013
(in millions of dollars)

	2013 Actual	2013 YTD Budget	Variance fav./(unfav.)	Annual Budget	Variance as % of YTD Budget fav./(unfav.)	Year-end Variance Projection Range Fav./(Unfav) From To	
Revenues							
Planning & Design Fees	3.819	5.933	(2.114)	8.407			
Revenues Total	3.819	5.933	(2.114)	8.407	-35.6%		
Expenditures							
Salaries & Benefits	3.779	3.768	(0.011)	5.284			
Material & Supplies	0.033	0.027	(0.006)	0.050			
Purchased Services	1.323	1.311	(0.012)	1.740			
Expenditures Total	5.135	5.106	(0.029)	7.074	-0.6%		
Surplus/(Deficit) Before Transfer to Reserve	(1.316)	0.827	(2.143)	1.333		(0.900)	(0.900)
Transfer to/(from) Reserve	0.000	0.000	0.000	1.333		(0.900)	(0.900)
Surplus/(Deficit) After Transfer to Reserve	(1.316)	0.827	(2.143)	0.000		0.000	0.000

CITY OF MARKHAM
Engineering Operating Budget
Financial Results for the Nine Months Ended September 30, 2013
(in millions of dollars)

	2013 Actual	2013 YTD Budget	Variance fav./(unfav.)	Annual Budget	Variance as % of YTD Budget fav./(unfav.)	Year-end Variance Projection Range Fav./(Unfav) From To	
Revenues							
Engineering Fees	2.489	2.971	(0.482)	5.818			
Revenues Total	2.489	2.971	(0.482)	5.818	-16.2%		
Expenditures							
Salaries & Benefits	2.941	3.379	0.438	4.455			
Material & Supplies	0.016	0.034	0.018	0.046			
Purchased Services	1.472	1.480	0.008	1.966			
Expenditures Total	4.429	4.893	0.464	6.467	9.5%		
Surplus/(Deficit) Before Transfer to Reserve	(1.940)	(1.922)	(0.018)	(0.649)		(0.450)	(0.450)
Transfer to/(from) Reserve	0.000	0.000	0.000	(0.649)		(0.450)	(0.450)
Surplus/(Deficit) After Transfer to Reserve	(1.940)	(1.922)	(0.018)	0.000		0.000	0.000

CITY OF MARKHAM
Planning & Engineering Development Fee Reserve Balance
 As at September 30, 2013
 (in millions of dollars)

	2013 Budget	2013 Projection
Opening Balance at January 1, 2013	(0.907)	(0.907)
Transfer to Capital and Interest Income	(0.010)	(0.010)
Transfer to/(from) Reserves		
Planning & Design	1.333	(0.900)
Engineering	(0.649)	(0.450)
Planning & Engineering Reserve Ending Balance	(0.233)	(2.267)

CITY OF MARKHAM
Building Standards Operating Budget
Financial Results for the Nine Months Ended September 30, 2013
(in millions of dollars)

	2013 Actual	2013 YTD Budget	Variance fav./(unfav.)	Annual Budget	Variance as % of YTD Budget fav./(unfav.)	Year-end Variance Projection Range Fav./(Unfav) From To	
Revenues							
Building Permits	5.023	6.311	(1.288)	8.996			
Other Revenues	0.044	0.023	0.021	0.030			
Revenues Total	5.067	6.334	(1.267)	9.026	-20.0%		
Expenditures							
Salaries & Benefits	3.592	3.869	0.277	5.452			
Material & Supplies	0.051	0.049	(0.002)	0.065			
Purchased Services	1.685	1.699	0.014	2.261			
Expenditures Total	5.328	5.617	0.289	7.778	5.1%		
Surplus/(Deficit) Before Transfer to Reserve	(0.261)	0.717	(0.978)	1.248		0.190	0.190
Transfer to/(from) Reserve	0.000	0.000	0.000	1.248		0.190	0.190
Surplus/(Deficit) After Transfer to Reserve	(0.261)	0.717	(0.978)	0.000		0.000	0.000

CITY OF MARKHAM
Building Reserve Balance
 As at September 30, 2013
 (in millions of dollars)

	2013 Budget	2013 Projection
Opening Balance at January 1, 2013	11.887	11.887
Transfer to Capital and Interest Income	0.004	0.004
Transfer to/(from) Reserves	1.248	0.190
Building Reserve Ending Balance	13.139	12.081

CITY OF MARKHAM
Waterworks Operating Budget
Financial Results for the Nine Months Ended September 30, 2013
(in millions of dollars)

	2013 Actual	2013 YTD Budget	Variance fav./(unfav.)	Annual Budget	Variance as % of YTD Budget fav./(unfav.)	Year-end Variance Projection Range Fav./(Unfav) From To	
Sales & Purchases of Water							
Water Revenue							
Water & Sewer Billing	63.190	65.743	(2.553)	88.461			
Water Expenditure							
Contracted Municipal Services	47.023	46.605	(0.418)	62.737			
Net Sales & Purchases of Water	16.167	19.138	(2.971)	25.724	-15.5%		
Other Revenues Total	0.776	0.885	(0.109)	1.329	-12.3%		
Other Expenditures							
Salaries & Benefits	4.803	5.013	0.210	6.757			
Non Personnel Expenditures	4.826	4.990	0.164	6.512			
Expenditures Total	9.629	10.003	0.374	13.269	3.7%		
Surplus/(Deficit) Before Transfer to Reserve	7.314	10.020	(2.706)	13.784		(1.500)	(1.000)
Transfer to Reserve	5.177	5.177	0.000	13.784		(1.500)	(1.000)
Surplus/(Deficit) After Transfer to Reserve	2.137	4.843	(2.706)	0.000		0.000	0.000

CITY OF MARKHAM
Waterworks Reserve Balance
 As at September 30, 2013
 (in millions of dollars)

	2013 Budget	2013 Projection From	2013 Projection To
Opening Balance - January 1, 2013	19.860	19.860	19.860
Transfer to/(from) Reserves at time of budget approval	13.784	13.784	13.784
Transfer from Reserve for 2012 year-end unfavourable variance	(0.696)	(0.696)	(0.696)
Transfer to Capital	(9.408)	(9.408)	(9.408)
Transfer from Interest Income	0.168	0.168	0.168
Transfer from closed capital projects	0.000	7.950	7.950
Transfer from Reserve for year-end deficit	0.000	(1.500)	(1.000)
Waterworks Reserve Ending Balance	23.708	30.158	30.658

CITY OF MARKHAM
Variances by Commission and Department
CAO'S Office, Human Resources, Legal Services and Sustainability Office
For the Nine Months Ended September 30, 2013
(in millions of dollars)

Department	Personnel	Non-Personnel	Revenue	Total
CAO'S OFFICE	0.013	0.055	0.000	0.068
HUMAN RESOURCES	(0.004)	(0.104)	0.021	(0.088)
LEGAL DEPT.	0.029	0.021	0.000	0.050
SUSTAINABILITY OFFICE	0.017	(0.005)	0.000	0.013
Total	0.055	(0.033)	0.021	0.043

CITY OF MARKHAM
Variances by Commission and Department
Community and Fire Services
For the Nine Months Ended September 30, 2013
(in millions of dollars)

Department	Personnel	Non-Personnel	Revenue	Total
ARTS CENTRES	(0.094)	(0.051)	0.082	(0.064)
MUSEUM	(0.193)	0.054	0.154	0.014
THEATRE	(0.126)	(0.108)	0.268	0.034
CULTURAL SERVICES	0.009	0.020	-	0.030
FLEET	(0.009)	(0.054)	-	(0.063)
PARKS	0.097	0.021	0.099	0.217
ROADS	0.075	(0.171)	0.115	0.019
TRAFFIC OPERATIONS	0.014	0.050	-	0.063
OPERATIONS ADMIN	0.028	0.022	-	0.049
ASSET MANAGEMENT	0.002	(0.128)	0.153	0.027
FIRE SERVICES	(0.517)	0.185	(0.029)	(0.361)
LIBRARY	0.182	0.013	0.083	0.277
RECREATION SERVICES	0.442	0.261	(1.376)	(0.673)
WASTE	(0.053)	0.285	(0.010)	0.222
COMMISSIONER'S OFFICE	(0.005)	0.042	-	0.036
Total	(0.148)	0.441	(0.461)	(0.173)

CITY OF MARKHAM
Variances by Commission and Department
Corporate Services
For the Nine Months Ended September 30, 2013
(In millions of dollars)

Department	Personnel	Non-Personnel	Revenue	Total
LEGISLATIVE SERVICES	(0.013)	(0.067)	0.155	0.075
FINANCIAL SERVICES	0.223	0.068	0.020	0.312
ITS DEPARTMENT	0.007	(0.051)	(0.004)	(0.048)
CORPORATE COMMUNICATIONS & COMMUNITY ENGAGEMENT	0.042	0.026	0.043	0.110
COMMISSIONER'S OFFICE	0.009	0.001	-	0.009
Total	0.268	(0.023)	0.214	0.458

CITY OF MARKHAM
Variances by Commission and Department
Development Services
For the Nine Months Ended September 30, 2013
(in millions of dollars)

Department	Personnel	Non-Personnel	Revenue	Total
ECONOMIC DEVELOPMENT	(0.002)	(0.034)	0.061	0.025
COMMISSIONER'S OFFICE	(0.010)	0.020	-	0.010
Total	(0.012)	(0.014)	0.061	0.035