MARKHAM

Report to: General Committee Date of Meeting: September 23, 2013

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

PREPARED BY: Judy Rigby, Senior Manager of Financial Planning & Reporting
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RECOMMENDATION:

1) THAT the report dated September 23, 2013 entitled "2013 July 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 $180.810M, Planning & Design operating budget $8.407M, Engineering operating budget $6.467M, Building Standards operating budget $9.026M and Waterworks operating budget $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 July 31, 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 = $0.082M

At the end of seven months the actual operating results netted against budget is a favourable variance of $0.082M and consists of the following revenue and expenditure drivers:

Revenues	**Fav./ (Unfav.)**	
Theatre revenues (ticket sales, registration fees and rental)	0.344	M
Federal and Provincial grants	0.211	M
Property tax interest and penalties	0.201	M
Investment income	0.170	M
Provincial Offences Act (POA) fines	0.137	M
Snowplow recoveries from unassumed subdivisions	0.104	M
Recreation revenue	(0.961)	M
Other	0.104	M
Total	**0.310**	**M**

Expenditures	**Fav./ (Unfav.)**	
Salary & benefit costs	0.231	M
Winter maintenance	(1.125)	M
Non-personnel expenditure gapping	(0.341)	M
Theatre professional entertainment fees	(0.176)	M
Streetlight hydro	(0.104)	M
Property tax write-offs, vacancy tax rebate	(0.131)	M
Training/travel/promotion/advertising/ professional fees	0.155	M
Operation materials and supplies	0.191	M
Maintenance and repairs	0.260	M
Contract service agreements	0.565	M
Other	0.247	M
Total	**(0.228)**	**M**

The March YTD variance reported to Council on June 10th was an unfavourable variance of ($1.021M). In the four months from April to July, the unfavourable variance improved by $1.103M resulting in a favourable July YTD variance of $0.082M. The improvement was mainly due to the favourable variance in contract services agreements totalling $0.554M and personnel costs due to vacancies totalling $0.485M. 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 July 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). 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 ($0.650M) to ($0.680M) unfavourable mainly due to an under subscription in community centre programs offered by Recreation, offset by a favourable variance in Culture programs, POA fines, Government grants, investment income, property tax interest and penalties and snowplow recoveries for unassumed subdivisions.

The year-end expenditure variance will range from ($0.420M) unfavourable to $0.150M favourable mainly due to unfavourable variances in winter maintenance, streetlight hydro, non-personnel gapping, theatre professional entertainment fees and fire overtime, offset by favourable variances in net personnel costs, corporate contingency, and contract service agreements such as favourable pricing for asphalt repairs.

In 2012 the results from business operations before accounting adjustments was a surplus of $3.324M which offset year-end accounting adjustments of $2.454M, leaving a net surplus after accounting adjustments of $0.870M.

Staff has incorporated 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.

Historically the City does not budget for year-end accounting adjustments which include vacation accruals, Firefighters sick leave, 27th pay, severance and salary continuance, and post retirement benefits. Staff has developed strategies to reduce the year-end accounting adjustments in 2013 to $2.000M. Staff are recommending the year-end accounting adjustments be funded from the LTD reserve which based on an actuarial valuation is over contributed by $2.000M to $2.500M.

Planning & Design (Appendix 2)

YTD Variance:

Planning & Design net unfavourable variance = ($1.473M)

At the end of seven months the actual operating results against budget netted an unfavourable variance of ($1.473M) 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 activities in 2013. For the months April to July the department incurred an unfavourable variance of ($0.957M) due to lower than anticipated development activity.

Year-End Projection:
Planning & Design is projecting a year-end deficit range of ($0.500M) to ($0.700M) compared to a budgeted surplus of $1.333M. This will result in a draw from reserve of ($0.500M) to ($0.700M). 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. In 2012 the department ended the year with an operating surplus of $0.527M.

Engineering (Appendix 3)

YTD Variance:

Engineering net favourable variance = $0.165M

At the end of seven months the actual operating results against budget netted a favourable variance of $0.165M due to an average of five net vacancies.

For the months April to July the department incurred a favourable variance of $0.043M due to the continuation of five net vacancies offset by an unfavourable revenue variance due to lower than anticipated development activity.

Year-End Projection:
Engineering is projecting a year-end deficit range of ($0.600M) to ($0.800M) compared to a budgeted deficit of ($0.649M). This will result in a draw from reserve of ($0.600M) to ($0.800M). 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 results at the year-ended December 31, 2012 was an operating surplus of $1.463M.

Based on the above year end projection range in Planning, Design and Engineering, the reserve is anticipated to be in a deficit position from ($1.987M) to ($2.387M) at year-end (see Appendix 4).

<u>Building Standards (Appendix 5)</u>

YTD Variance:

Building Standards net unfavourable variance = ($0.824M)

At the end of seven months the actual operating results against budget netted an unfavourable variance of ($0.824M) due to lower number of permits issued than budgeted.

For the months April to July the department incurred an unfavourable variance of ($0.379M) due to lower revenues.

Year-End Projection:
Staff is projecting a year-end deficit of ($0.524M) to $0.976M favourable compared to a budgeted surplus of $1.248M. This will result in a range of a draw from reserve of ($0.524M) to a transfer to reserve of $0.976M. The change is due to lower permit activities partially offset by 7 average net full-time vacancies. The upper end of the year-end forecast assumes one of Upper Unionville (next phase) or Market Village materializing by year-end.

Based on the above year end projection in Building Services, the balance of the reserve is anticipated to be in a range of $11.308M to $12.808M at year-end (see Appendix 6). In 2012 the department ended the year with an operating surplus of $5.185M.

<u>Waterworks (Appendix 7)</u>

YTD Variance:

Waterworks net unfavourable variance = ($1.438M)

At the end of seven months the actual operating results against budget netted an unfavourable variance of ($1.438M), the main drivers of which are:

1. Lower than budgeted water sales of ($0.840M) and higher than budgeted water purchases ($1.011M) resulted in a “net sales and purchases” variance of ($1.851M), of which ($1.584M) is due to higher than budgeted non-revenue water and ($0.267M) is due to lower than budgeted net sales. The year to date rolling 6-month actual non-revenue water was 15.1% compared to a budget of 11% (12 month average is 10.7%);

2. Higher than budgeted other revenue totaling a favourable variance of $0.135M from service to developers such as the provision of construction water;

3. Lower than budgeted personnel costs totaling a favourable variance of $0.159M due to an average of five net vacancies; and,

4. Lower than budgeted non-personnel costs totaling a favourable variance of $0.119M due to timing of expenditures such as repairs, water/sewer materials and other operating supplies.

The Region of York (the "Region") has issued the consultants draft report in August 2013 on the detailed audit of the billing and metering processes undertaken to understand the higher billed volume and to determine if corrections are required. Comments to this report are being provided to the Region by the Area Municipalities. The Steering Committee for water audit consisting of representatives from Area Municipalities and the Region are meeting in September to review the report findings and comments. Area Municipality CAO's will be updated on the consultants findings before the report is finalized and released. Further, a meeting will take place with the Region and the City of Markham by the end of the year to address the outstanding non-revenue water billing issues.

Year-End Projection:
Upon budget approval the projected surplus of $13.784M was transferred to the Waterworks reserve. Based on the July 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 higher than budgeted non-revenue water.

The year-end Waterworks reserve balance is projected to be between $21.663M and $22.163M (see Appendix 8).

The July 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 July 31, 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 $180.810M, Planning & Design operating budget $8.407M, Engineering operating budget $6.467M, Building Standards operating budget $9.026M and Waterworks operating budget $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, such as 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 seven months the 2013 July YTD actual results of operations, excluding Planning & Design, Engineering, Building Services and Waterworks, against the calendarized budget netted a favourable variance of $0.082M, an improvement of $1.103M from the March YTD unfavourable variance of ($1.021M).

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	$0.310M
Personnel Expenditures	$0.231M
Non-Personnel Expenditures	($0.459M)
	$0.082M

REVENUES

At the end of seven months, revenues were favourable by $0.310M, 0.2% higher than budget.

Revenues	**Fav./(Unfav.)**
General Revenues	$0.355 M
User Fees & Service Charges	($0.478) M
Grant & Subsidy Revenues	$0.210 M
Other Income	$0.223 M
Net Variance	**$0.310 M**

The increase in favourable variance of $0.096M from April to July is mainly due an increase in government grants, theatre program revenues, snowplow recoveries for unassumed subdivisions and sportsfield rentals.

General Revenues

General revenues represent a favourable variance of $0.355M, the main drivers of which are:

- Property tax interest and penalties of $0.201M resulting from 8.3% of the total tax accounts in arrears (approximately 8,000 accounts in arrears out of a total of 96,485 accounts).
- Investment income of $0.170M which is due to a higher rate of return from greater than expected capital gains.
- 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.
- Offset by an unfavourable variance of ($0.153M) from various items.

User Fees and Service Charges

User fees and service charges represent an unfavourable variance of ($0.478M), the main drivers of which are:

Recreation Programs (excluding Cornell Community Centre)

The July YTD unfavourable variance of ($0.449M) has increased by ($0.175M) from April to July and the main drivers of the YTD variance continue to be in aquatics ($0.201M), fitness class fees/membership ($0.100M) and program registration ($0.079M).

Recreation staff identified that the unfavourable variance in aquatic programs is due to cannibalization resulting from the opening of the Cornell Community Centre. Staff will mitigate the unfavourable variance by offering more private and semi private classes and manage associated expense. The proposed mitigating strategies will take time to correct and may not offset the unfavourable expense this year.

The fitness memberships continue to be unfavourable due to an overall decline in new and renewal fitness centre memberships, which correspond with an overall industry decline in fitness participation and increased competition. Staff has identified new revenue initiatives such as personal training and a change to drop-in classes for fitness members which will be implemented in the second half of the year. A new corporate membership program is being introduced in Q4 of this year.

The unfavourable variance in program revenue was due to lower registration. The department will continue 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. The department is re-evaluating current program offerings and exploring new revenue generating opportunities. Ongoing changes will be developed and implemented to ensure that the program mix meets the needs of our community. Particular focus will be placed on programming in the East area of Markham where the majority of the unfavourability exists.

The July YTD net variance is favourable by approximately $0.150M.

Recreation Programs, Cornell Community Centre

The July YTD unfavourable variance of ($0.512M) has increased by ($0.169M) from April to July and the main drivers of the YTD unfavourable variance continue to be in aquatics ($0.179M), fitness memberships ($0.150M) and program registration ($0.134M). Budgets were set in anticipation that Cornell 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 opportunity for revenues to gradually reach 100% capacity. Staff will continue to monitor these programs to develop strategies to mitigate the unfavourable variance.

The July YTD net variance is unfavourable by approximately ($0.533M).

Theatre

The July YTD favourable variance of $0.344M has increased by $0.253M from April to July, the main drivers of which are higher ticket sales, advertising and administrative fees totaling $0.145M, corporate sponsorships and federal grants totaling $0.073M, and camps and program registration fees totaling $0.047M.

The July YTD net variance is favourable by $0.071M an increase of $0.056M from March YTD.

Grants & Subsidy Revenues

The July YTD favourable variance of $0.211M has increased by $0.189M from April to July due to higher than budgeted federal and provincial grants received.

Other Income

The July YTD favourable variance of $0.223M has increase by $0.152M from April to July, and is mainly due to higher than budgeted cost recoveries from developers for snowplow services at unassumed subdivisions of $0.104M and recoveries of $0.065M for sportsfield rentals and related hydro usage.

PERSONNEL EXPENDITURES

At the end of seven months personnel expenditures were favourable by $0.231M, 0.4% better than budget, an improvement of $0.485M from April to July mainly due to an increase of 5 net vacancies and continuation of existing vacancies.

Salary & Benefits	**Fav./(Unfav.)**	
Full time net of vacancy backfills and part time salaries	$0.740	M
Overtime and other personnel costs	($0.509)	M
Net Variance	**$0.231**	M

As at July 31, 21 net vacancies and 15 temporary vacancies from approved leaves of absence and secondments resulted in a favourable variance of $1.491M. This was offset by full year budgeted salary gapping of ($0.455M) and an unfavourable variance of ($0.296M) for part-time salaries. The main driver of the unfavourable part-time salaries variance is in Culture for ($0.274M) which is offset by increased ticket sales and camp revenues in the Theatre and Museum respectively.

Overtime was unfavourable by ($0.437M) mainly due to coverage for absences in the Fire Department due to illness, bereavement or parental leaves ($0.324M), and winter maintenance requirements ($0.115M).

NON-PERSONNEL EXPENDITURES

At the end of seven months non-personnel expenditures were unfavourable by ($0.459M), 1.0% worse than budget, an improvement of $0.522M from April to July mainly due to 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
Theatre professional entertainment fees	(0.176)	M
Street light hydro	(0.104)	M
Property tax write-offs, vacancy tax rebate	(0.131)	M
Training/travel/promotion/advertising/ professional fees	0.155	M
Operation materials and supplies	0.191	M
Maintenance and repairs	0.260	M
Contract service agreements	0.565	M
Other	0.247	M
Net Variance	**(0.459)**	**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), an increase of ($0.175M) from March YTD due to winter activity in the month of April. 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;
- 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;
- ($0.176M) unfavourable variance in Theatre's professional entertainment fees which is offset by favourable revenues;
- ($0.131M) unfavourable variance in property tax write-offs due to assessment appeals and vacancy tax rebates for non-residential properties (commercial and industrial) that meet the criteria;
- ($0.104M) unfavourable variance in streetlight hydro due to price;
- $0.565M 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;
- $0.260M favourable variance in maintenance and repairs from recreation facility maintenance, streetlight maintenance and sportsfield maintenance;
- $0.191M favourable variance in operating materials and supplies due to timing of the purchase of various recreation materials and supplies and fire uniforms;
- $0.155M favourable variance in training, travel, promotion & advertising and professional services;
- $0.088M favourable variance in facility maintenance, utility and operations material and supplies at the Cornell Community Centre;

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 July YTD results from operations Staff conducted a bottom up review of the operations to year-end and remaining budgets, projected the results and identified strategies to mitigate deficit budgets or generate a surplus.

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).

Below is a comparison of the 2013 year-end projected variance against the 2012 year-end actual variance, before year-end accounting adjustments.

	2013 Year-End Projection Fav./(Unfav.) Variance		2012 Year-End Actual Fav./(Unfav.) Variance	2013 YE Projection (Worst) vs. 2012 Actual Fav./(Unfav.) Variance
	Best	Worst	Final	Final
Revenue	(0.650)	(0.680)	1.984	(2.664)
Personnel Expenditures	0.730	0.730	1.370	(0.640)
Non-Personnel Expenditures	(0.580)	(1.150)	(0.030)	(1.120)
Net Surplus/ (Deficit)	**(0.500)**	**(1.100)**	**3.324**	**(4.424)**

Revenues:
The 2013 year-end projection (worst case) is unfavourable to the 2012 year-end actual results to budget by ($2.664M). This is mainly due to additional revenues for supplemental taxes, financial services and legal administrative fees for developer agreements, and user fees and service charges for new property tax account set up fees, utility permits, and Museum program fees totaling of ($1.572M) that are not expected to materialize in 2013. Staff is also projecting an incremental deficit of ($1.000M) in recreation program revenues as a result of enrolment targets in aquatics, fitness class fees/membership and program registration not being achieved.

Personnel:
The 2013 year-end projection (worst case) is unfavourable to the 2012 year-end actual results to budget by ($0.640M) which is mainly due a decrease in average net vacancies of 5 ($0.510M) and an increase for overtime in Fire and other personnel items of ($0.130M).

Non-Personnel:
The 2013 year-end projection (worst case) is unfavourable to the 2012 year-end actual results to budget by ($1.120M). This is mainly due to additional winter maintenance expenditures of ($3.157M) as a result of heavy snowfall in January through April which is offset by $1.000M for PowerStream hydro interest income (which will be retained in the operating budget), $0.544M for maintenance and repairs, and $0.508M for property tax write-offs and vacancy tax rebates. Staff is also projecting an incremental deficit of ($0.400M) for price escalations in streetlight hydro, mainly due to the Global Adjustment escalations. In 2012 increases for Global Adjustment were offset by a decrease in the commodity price.

Staff has incorporated 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 be funded from the Corporate Rate Stabilization Reserve.

Year-End Accounting Adjustments:

Historically the City does not budget for year-end accounting adjustments which include vacation accruals, Firefighters sick leave, 27th pay, severance and salary continuance, and post retirement benefits. Staff has developed strategies to reduce the year-end accounting adjustments in 2013 to $2.000M.

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.

Staff is also reviewing other opportunities to mitigate year-end accounting adjustments for 2014 and beyond.

Planning & Design

Staff is projecting a year-end deficit range of ($0.500M) to ($0.700M) compared to a budgeted surplus of $1.333M. This will result in a draw from reserve of ($0.500M) to ($0.700M). 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. In 2012 the department ended the year with an operating surplus of $0.527M.

Engineering

Staff is projecting a year-end deficit range of ($0.600M) to ($0.800M) compared to a budgeted deficit of ($0.649M). This will result in a draw from reserve of ($0.600M) to ($0.800M). 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 results at the year-ended December 31, 2012 was an operating surplus of $1.463M.

Based on the above year end projection range in Planning, Design and Engineering, the reserve is anticipated to be in a deficit position from ($1.987M) to ($2.387M) at year-end (see Appendix 4).

Building Services

Staff is projecting a year-end deficit of ($0.524M) to $0.976M favourable compared to a budgeted surplus of $1.248M. This will result in a range of a draw from reserve of ($0.524M) to a transfer to reserve of $0.976M. The change is due to lower permit activities partially offset by 7 average net full-time vacancies. The upper end of the year-end forecast assumes one of Upper Unionville (next phase) or Market Village materializing by year-end.

Based on the above year end projection in Building Services, the balance of the reserve is anticipated to be in a range of $11.308M to $12.808M at year-end (see Appendix 6). In 2012 the department ended the year with an operating surplus of $5.185M.

Waterworks:
Upon budget approval the projected surplus of $13.784M was transferred to the Waterworks reserve. Based on the July 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 higher than budgeted non-revenue water based on a 12-month rolling average of 10% to 11%.

The year-end Waterworks reserve balance is projected to be between $21.663M and $22.163M (see Appendix 8).

FINANCIAL RESULTS BY COMMISSION AND DEPARTMENT

The variances for the seven months ended July 31, 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 $0.200M are provided below.

Community and Fire Services (Appendix 10)
Recreation Services (unfavourable variance of $0.284M)

- Refer to Page 7 for variance explanations.

Roads (unfavourable variance of $0.534M)

- Unfavourable variance mainly due to higher than budgeted winter maintenance activities of ($1.125M)
- Favourable variance of $0.542M is due to savings in asphalt repairs from favourable contract pricing, higher than budgeted cost recoveries from developers for snowplow services at unassumed subdivisions and 2 average net full-time vacancies

Corporate Services (Appendix 11)
Financial Services (favourable variance of $0.208M)

- 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.

Further, Staff will provide an update of the year-end projection (including year-end accounting adjustments) as part of the September 2013 YTD review of operations which will be brought forward to General Committee in November 2013.

RECOMMENDED

19/09/2013

X

Joel Lustig
Treasurer

19/09/2013

X

Trinela Cane
Commissioner of Corporate Services

ATTACHMENTS:

Appendices 1 to 12:

Appendix 1 – Primary Operating Budget - Financial Results for the Seven Months Ended July 31, 2013

Appendix 2 – Planning & Design Operating Budget - Financial Results for the Seven Months Ended July 31, 2013

Appendix 3 – Engineering Operating Budget - Financial Results for the Seven Months Ended July 31, 2013

Appendix 4 – Planning & Engineering Development Fee Reserve Balance – Year-end Projection as at July 31, 2013

Appendix 5 – Building Standards Operating Budget - Financial Results for the Seven Months Ended July 31, 2013

Appendix 6 – Building Fee Reserve Balance – Year-end Projection as at July 31, 2013

Appendix 7 – Waterworks Operating Budget - Financial Results for the Seven Months Ended July 31, 2013

Appendix 8 – Waterworks Reserve Balance – Year-end Projection as at July 31, 2013

Appendix 9 – Variances by Commission and Department for the Seven Months Ended July 31, 2013– CAO's Office, Human Resources, Legal and Sustainability

Appendix 10 – Variances by Commission and Department for the Seven Months Ended July 31, 2013– Community and Fire Services

Appendix 11 – Variances by Commission and Department for the Seven Months Ended July 31, 2013– Corporate Services

Appendix 12 – Variances by Commission and Department for the Seven Months Ended July 31, 2013– Development Services