

June 2012 YTD Review of Operations and Year End Projection

General Committee

September 24, 2012

June YTD Results of Operations

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

Markham's June YTD Results of Operations Favourable Variance of \$1.973M vs. Budget

Revenues
Favourable Variance
of \$0.400M

	Fav./(Unfav.)	
Financial services and legal administrative fees	0.335	M
Theatre revenues (ticket sales, registration fees and rental)	0.170	M
Investment income	0.158	M
Snowplow recoveries from unassumed subdivisions	0.100	M
Recreation revenue (fitness memberships -\$175k and gym/hall rental -\$144k)	(0.355)	M
Other	(0.008)	M

Personnel
Favourable Variance
of \$0.537M

	Fav./(Unfav.)	
Full time salaries net of vacancy backfills & part time salaries	0.511	M
Other	0.026	M

Non-Personnel
Favourable Variance
of \$1.036M

	Fav./(Unfav.)	
Winter maintenance	1.360	M
Training/travel/promotion/advertising/professional fees	0.275	M
Non-personnel expenditure gapping (full year)	(0.341)	M
Streetlight maintenance	(0.264)	M
Theatre professional entertainment fees	(0.190)	M
Other	0.196	M

Markham's Year End Projection

(excluding Planning & Design, Engineering, Building Services and Waterworks)

(\$ in millions)

**Markham's Year End Projection
Being on budget to \$1.500M favourable**

Revenues

\$0.500M favourable to \$1.000M favourable

Main drivers are:

Favourable variance due to the following:

- Supplemental tax revenue
- Financial services and legal administrative fees
- Investment income
- Snowplow recoveries from unassumed subdivisions

Offset by:

- Recreation revenues (primarily fitness membership revenue and gym/hall rental)

Expenditures

(\$0.500M) unfavourable to \$0.500M favourable

Main drivers are:

Favourable variance due to the following:

- Personnel expenditures resulting from vacancies
- Lower winter maintenance costs
- Lower professional services and advertising & promotion costs
- Lower contracted services

Offset by:

- Unbudgeted year-end accounting accruals
- Higher streetlight maintenance costs

Planning & Design Operating Budget

(\$ in millions)

June YTD Results Favourable Variance of \$1.167M vs Budget

Revenues
Fav. var. of \$1.160M

Personnel
Fav. var. of \$0.040M

Non-Personnel
Unfav. var. of (\$0.033M)

Favourable variance of \$1.167M compared to budget is due to higher development application activities resulting from the delay in servicing allocation from the Region of York in 2011 that led to higher development application activities in 2012.

Year End Projection:

Budgeted deficit	(\$0.517M)
Projected surplus	<u>\$0.487M</u>
Favourable Variance	\$1.004M
<u>Reserve Impact</u>	
Transfer to Reserves	\$0.487M

Engineering Operating Budget

(\$ in millions)

June YTD Results
Favourable Variance of \$1.338M vs Budget

Revenues
Fav. var. of \$1.058M

Personnel
Fav. var. of \$0.252M

Non-Personnel
Fav. var. of \$0.028M

Favourable variance of \$1.338M compared to budget due to higher development fee application activities resulting from the delay in servicing allocation in 2011 that led to higher development application activities in 2012 as well as an average of three net vacancies.

Year End Projection:

Budgeted deficit	(\$0.874M)
Projected surplus	<u>\$0.227M</u>
Favourable Variance	\$1.102M
<u>Reserve Impact</u>	
Transfer to Reserves	\$0.227M

Planning & Engineering Reserve Balance

(\$ in millions)

	2012 Budget	2012 Projection	Variance Fav./Unfav.)
Opening Balance at January 1, 2012	(2.455)	(2.455)	0.000
Transfer to Capital and Interest Income	(0.421)	(0.421)	0.000
Transfer to/(from) Reserves			
Planning & Design	(0.517)	0.487	1.004
Engineering	(0.874)	0.227	1.101
Planning & Engineering Reserve Ending Balance	(4.267)	(2.162)	2.105

Building Standards Operating Budget

(\$ in millions)

June YTD Results Favourable Variance of \$1.700M vs Budget

Revenues
Fav. var. of \$1.635M

Personnel
Fav. var. of \$0.042M

Non-Personnel
Fav. var. of \$0.023M

Favourable variance of \$1.700M compared to budget due to higher number of permits received to date (YTD received 3,426 - Residential 2,928, ICI 308 & Other 226, vs. full year budget 4,260).

Year End Projection:

Budgeted surplus	\$0.470M
Projected surplus	<u>\$3.343M</u>
Favourable variance	\$2.873M
<u>Reserve Impact</u>	
Transfer to Reserves	\$3.343M

Building Reserve Balance

(\$ in millions)

	2012 Budget	2012 Projection	Variance Fav./(Unfav.)
Opening Balance at January 1, 2012	6.630	6.630	0.000
Transfer to Capital and Interest Income	0.035	0.035	0.000
Transfer to/(from) Reserves	0.470	3.343	2.873
Building Reserve Ending Balance	7.135	10.008	2.873

Waterworks Operating Budget

(\$ in millions)

June YTD Results
Unfavourable Variance of (\$3.060M) vs. Budget

Sales & Purchases
Unfav. var. of (\$3.937M)

Revenues
Fav. var. of \$0.813M

Personnel
Fav. var. of \$0.034M

Non-Personnel
Fav. var. of \$0.030M

Unfavourable variance of (\$3.060M) mainly due to higher non-revenue water and lower sales volume, partially offset by higher revenues from water meter installations and other related services resulting from higher development activities and lower Personnel and Non-Personnel costs.

Year End Projection:

Budgeted Surplus	\$12.086M
Projected Surplus	<u>\$7.586M to \$8.486M</u>
Unfavourable variance	(\$4.500M) to (\$3.600M)

Reserve Impact

\$12.086M was transferred to the reserve at the time of budget approval. Adjustments to the reserve will be made based on the actual results at year-end.

Waterworks Reserve Balance

(\$ in millions)

	2012 Budget	2012 Projection	Variance Fav./Unfav.)
Opening Balance - January 1, 2012	13.098	13.098	0.000
Transfer to/(from) Reserves at time of budget approval	12.086	12.086	0.000
Transfer to Capital	(9.498)	(9.498)	0.000
Transfer from Interest Income	0.089	0.089	0.000
Transfer from Closed Capital Projects	0.000	2.764	2.764
Transfer from Reserve for year-end deficit	0.000	(4.500) to (3.600)	(4.500) to (3.600)
Waterworks Reserve Ending Balance	15.775	14.039 to 14.939	(1.736) to (0.836)

Next Steps

- Staff will continue to monitor the results of Operations each month and identify strategies, where necessary, to mitigate the unfavourable variances
- Staff will provide another year-end projection (including year-end accounting accruals) as part of the September 2012 year-to-date review of operations.