



Report to: **General Committee – Finance & Admin.** Date of Meeting: April 2, 2012

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**SUBJECT:** 2011 Year end Review of Operations

**PREPARED BY:** Andrea Tang, Manager Financial Planning

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**RECOMMENDATION:**

THAT the report dated April 2, 2012 entitled “2011 Year End Review of Operations” be received.

**EXECUTIVE SUMMARY:**

**Town**

At the end of December 2011, the operating budget results (excluding Planning & Design, Engineering, Building Services and Waterworks) reflected a favourable variance of \$3.972M. The \$3.972M favourable variance was comprised of favourable variances in revenues \$4.007M, partially offset by unfavourable variance in expenditures of (\$0.035M), as shown below:

<b>Revenues</b>	<b>Fav/ (Unfav.)</b>	
Taxation Revenues	3.460	M
User Fees & Service Charges - Theatre, Finance, Museum & Library	0.605	M
Financial Administrative Fees and Legal Fees from Developers	0.359	M
Tax Interest and Penalties	0.349	M
Investment Income	0.337	M
Provincial & Federal Grants	0.128	M
Parks Recoveries from Region of York	0.112	M
Recreation Revenue - lower fitness membership and gym & hall rentals	(0.324)	M
PowerStream Interest Income and Dividend	(1.000)	M
Other	(0.019)	M
<b>Total</b>	<b>4.007</b>	<b>M</b>

<b>Expenditures</b>	<b>Fav/ (Unfav.)</b>	
Salary & Benefit Costs	0.670	M
Winter Maintenance	(0.954)	M
Insurance Deductibles	(0.931)	M
Tax Write-offs	(0.311)	M
External Legal Fees	(0.268)	M
Non-personnel Expenditure Capping	(0.242)	M
Operating Materials/Car Rental/Botanical Supplies/Waste Collection	0.303	M
Contracted Services	0.687	M
Training/Travel/Promotion/Advertising/ Professional Fees	0.803	M
Other	0.208	M
<b>Total</b>	<b>(0.035)</b>	<b>M</b>

**Town's net favourable variance = \$3.972M**

It has been the Town's practice to include year end accounting adjustments in the results of operations. In 2011, these accounting adjustments totaled \$2.289M resulting in a net operating surplus of \$1.683M.

**Town's net favourable variance after year end accounting adjustments = \$1.683M**

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### **Planning & Design**

Planning & Design ended the year with an unfavourable variance of (\$1.832M) compared to the budget. The 2011 budget projected a surplus of \$1.003M, and the department ended the year with a deficit of (\$0.829M). This will require a draw from reserve of \$0.829M in order to achieve a balanced budget.

The unfavourable variance of (\$1.832M) was due to lower revenues of (\$2.023M) resulting from lower development application activities, partially offset by favourable variances of \$0.191M in personnel and non-personnel costs (see Appendix 2).

**Planning & Design Net Unfavourable Variance = (\$1.832M)**

### **Engineering**

Engineering ended the year with a favourable variance of \$1.183M compared to the budget. The 2011 budget projected a deficit of (\$1.035M), and the department ended the year with a surplus of \$0.148M. Hence, there will be a transfer to reserve of \$0.148M as compared to a budgeted draw from reserve of (\$1.035M).

This was due to a favourable variance of \$0.783M in personnel and non-personnel costs, and favourable variance of \$0.400M in revenues (see Appendix 3).

**Engineering Net Favourable Variance = \$1.183M**

The deficit in Planning & Design of (\$0.829M) and the surplus in Engineering of \$0.148M will require a net draw from reserve of \$0.681M which will bring the 2011 year end Planning & Engineering Development Fee reserve to a deficit balance of (\$2.463M) (see Appendix 4).

### **Building Services**

Building Services ended the year with a favourable variance of \$7.612M. The 2011 budget projected a deficit of (\$0.811M), and the department ended the year with a surplus of \$6.801M. Therefore, there will be a transfer to reserve of \$6.801M. The variance was due to higher building permit revenues of \$6.935M and favourable variances of \$0.677 in personnel and non-personnel costs (see Appendix 4).

The transfer of \$6.801M to the reserve will bring the 2011 year end reserve balance to \$6.630M (see Appendix 5).

**Building Services Net Favourable Variance = \$7.612M**

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## **Waterworks**

Waterworks ended the year with an unfavourable variance of (\$2.264M). This variance was due to an unfavourable variance of (\$2.731M) in the net water sales and purchases, partially offset by a favourable variance of \$0.085M in personnel and non-personnel costs, and a favourable variance of \$0.382M in other revenues.

The 2011 Waterworks budget included a surplus of \$11.825M that was transferred to the Waterworks Stabilization/Capital reserve at the time of budget approval which was necessary to fund the 2011 capital program.

The year ended with a surplus of \$9.561M which will require a draw from the reserve in the amount of \$2.264M to balance the budget ( $\$9.561\text{M} - \$11.825\text{M} = -\$2.264\text{M}$ ). This is offset by a transfer to reserve of \$2.092M from surplus funds when capital projects were closed in 2011. As well, the 2010 surplus and interest income of \$0.436M resulted in an additional net transfer of \$0.264M to the Waterworks Stabilization/Capital reserve (see Appendix 8).

Over the past years, there have been disputes between the Region and the Town on the quantum of water purchases. Waterworks staff is of the opinion that the water purchases are overstated resulting in higher non-revenue water losses, therefore \$3.12M in water invoices are being withheld. This is in addition to \$1.06M from 2010 resulting in a total of \$4.18M being withheld. The 2011 results reflected the impact of actual water purchases from the Region.

In order to address this matter, the Region will be hiring a consulting firm and the scope of work will include but not be limited to a detailed review of the billing process and metering technologies, as well as meter maintenance and calibration employed at the Region and the local municipalities. Staff will report back to General Committee on the results of the audit in Q1 2013.

<b>Waterworks Net Unfavourable Variance = (\$2.264M)</b>
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### **PURPOSE:**

To provide an overview of the year end financial results at the end of December 31, 2011.

### **BACKGROUND**

There are 5 operating budgets that are monitored on a monthly basis. The Town's primary operating budget (excluding Planning & Design, Engineering, Building Services and Waterworks) is to support the Town's day-to-day operations.

The remaining 4 budgets include Planning & Design, Engineering, Building Services and Waterworks Operating Budgets, and they are shown separate from the Town's Operating Budget as they are primarily user fee funded (e.g. planning and engineering fees, building

permit revenue and revenues based on water consumption, respectively) and separate reserves have been established for each.

Departments provide details of significant financial variances (actual to budget) in their areas. The variances are reviewed, substantiated and summarized by the Financial Planning department. Minor variances are reviewed by staff, but not discussed in detail in this report.

## **OPTIONS/ DISCUSSION**

### **YEAR END OPERATING BUDGET VARIANCES:**

#### **Town**

At the end of twelve months, the 2011 operating budget (excluding Planning & Design, Engineering, Building Services and Waterworks) results reflected an overall \$3.972M favourable variance.

The \$3.972M favourable variance was comprised of variances in three main areas of the Town's operating budget:

\$4.007M	favourable variance in Revenues
\$0.670M	favourable variance in Personnel Expenditures
<u>(\$0.705M)</u>	Unfavourable variance in Non-Personnel Expenditures
<u>\$3.972M</u>	

#### **REVENUES**

At the end of December 2011, revenues were favourable by \$4.007M due to the following:

<b>Revenue Items</b>	<b>Fav./ (Unfav.)</b>
Taxation Revenues	\$3.460 M
User Fees and Service Charges	\$0.220 M
Grant & Subsidy Revenues	\$0.128 M
General Revenues	(\$0.331) M
Other Income	\$0.530 M
<b>Net Favourable Variance</b>	<b>\$4.007 M</b>

#### **Taxation Revenues**

The favourable variance of \$3.460M for taxation revenue was due to supplementary tax revenue. The Town receives on average 3 supplementary assessment rolls in each calendar year from the Municipal Property Assessment Corporation (MPAC).

Each roll contains supplementary assessment and omitted assessment. Supplementary assessment relates to new properties that are included in the current year and is included

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as assessment growth in the following year (ie. new houses included by MPAC for taxation revenue).

The roll also includes omitted assessment which relates to properties that had been built and occupied or sold previously but not included by MPAC in previous assessment rolls. This delay in assessing these properties could be due to a variety of reasons, including MPAC resources or time lag. Omitted assessment can be included for two prior years and is one-time revenue for the Town in the year in which it is received. For example, MPAC may have included a house as a supplementary assessment in 2010 but, if it existed in 2008 and 2009, it would also be included as an omitted assessment for both years.

The first supplementary assessment roll in 2011 was larger than previous rolls. The roll included both residential (60%) and non-residential (40%) properties. Approximately 35% of the first roll billed in 2011 was one-time omitted assessment which contributed to the favourable variance in supplementary tax revenue.

#### User Fees and Service Charges

The favourable variance of \$0.220M was primarily due to the favourable revenues from Theatre (rentals, camps, and ticket sales from the professional entertainment series), Finance (new tax account setup fees, ownership change fees and tax certificates), Library (program registration fees) and Museum (program registration fees) totaling \$0.605M; which is partially offset by the unfavourable Recreation revenues in fitness membership and gym & hall rentals (\$0.324M).

Recreation staff identified that the unfavourable fitness revenue was associated with an overall decline in fitness centre participation (both new and renewal memberships have declined significantly) which corresponds with an overall industry decline in fitness participation, increased competition and a natural decline post construction of our fitness facilities. A comprehensive marketing plan is being developed to further promote fitness memberships. This plan will be brought forward to General Committee in the 2<sup>nd</sup> quarter of 2012.

Recreation revenues were unfavourable by \$0.324M out of a total budget at \$14.192M which represented 2.3% of the total revenue budget. This figure excluded the new infrastructure projects (Angus Glen tennis facility, Civic Centre Ice Rink and St. Robert's soccer facility) which will be discussed below.

The consolidated operating results for the three facilities (Angus Glen tennis facility, Civic Centre ice rink and St. Robert's artificial turf) were on budget. The St. Robert's soccer facility was on budget while the Civic Centre ice rink was favourable by \$0.144M as the budget included expenses for the full skating season (January to March and October to December) compared to the actual opening in December. The Angus Glen tennis facility was unfavourable by (\$0.132M) due to the fact that the facility was opened in June and the budget included net revenues for the full year.

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Grants & Subsidy Revenues

Additional one-time grants were received during the year totaling \$0.128M which were used to support unbudgeted programs.

General Revenues

The overall general revenues had an unfavourable variance of (\$0.331M). The 2011 operating budget included \$1.000M of interest and dividend income from PowerStream and due to the favourable operating results, this amount was transferred to the Life Cycle Replacement and Capital reserve.

There was a favourable variance of \$0.349M in tax interest and penalty revenue. At the end of the year, there were 8,300 tax accounts in arrears out of the total 91,500, equivalent to 9% which was consistent with the 2009 and 2010 accounts in arrears.

Further, investment income was favourable by \$1.692M of which \$1.256M was due to higher interest rates and \$0.434M was due to higher portfolio balances. As per the report dated February 6, 2012 entitled “2011 Investment Performance Review”, \$1.355M will be transferred to the Capital Gains reserve, leaving a favourable variance of \$0.337M in the Operating budget.

Other Income

The favourable variance of \$0.530M was primarily from higher financial services administrative fees and legal fees from developers totaling \$0.359M and additional park maintenance recoveries in the amount of \$0.112M from the Region of York which was partially offset by the unfavourable variance of (\$0.115M) in the Fire Department revenues from attending vehicle incidents.

PERSONNEL EXPENDITURES

The December year end personnel expenditure variance was \$0.670M favourable:

<b>Salary Expenditures Items</b>	<b>Fav./(Unfav.)</b>
Full Time net of vacancy backfills & Part Time Salaries	\$1.203 M
Overtime	(\$0.375) M
Other Personnel Costs	(\$0.158) M
<b>Salaries &amp; Benefits Favourable Variance</b>	<b>\$0.670 M</b>

During 2011, there was an average of 23 net full-time vacancies and 11 temporary full-time vacancies resulting from approved leaves of absence and secondments. As a result, the full time salaries net of vacancy backfills and part time salaries had a favourable variance of \$1.203M which included annual salary gapping of \$0.455M.

As of the end of December, there were 20 net vacancies and there were 10 temporary vacancies.

The unfavourable variance of (\$0.375M) in overtime was mainly incurred in the Fire Department.

### NON-PERSONNEL EXPENDITURES

At the end of December, Non-Personnel expenditures were (\$0.705M) unfavourable.

<b>Expenditures</b>	<b>Fav./ (Unfav.)</b>	
Winter Maintenance	(0.954)	M
Insurance Deductibles	(0.931)	M
Tax Write-offs	(0.311)	M
External Legal Fees	(0.268)	M
Non-personnel Expenditure Gapping	(0.242)	M
Operating Materials/Car Rental/Botanical Supplies/Waste Collection	0.303	M
Contracted Services	0.687	M
Training/Travel/Promotion/Advertising/ Professional Fees	0.803	M
Other	0.208	M
<b>Total</b>	<b>(0.705)</b>	<b>M</b>

### Winter Maintenance

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

- 1) Supply and operation of tandem/single combination plow to sand and plow the Town'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 Town's local road networks as well as for windrow snow clearing services and;
- 4) Sidewalk snow removal

The four winter maintenance contracts have both fixed (34%) and variable (66%) components. The fixed component (standby costs) is charged throughout the winter months notwithstanding whether services are rendered in order to cover the contractor's capital costs. The variable component is based on service hours provided.

The winter maintenance ended the year with an unfavourable variance of (\$0.954M) (January to March - unfavourable variance of (\$1.383M), November and December – favourable variance of \$0.429M). The unfavourable variance is due to the following components:

- additional 100 contracted hours of sidewalk winter maintenance (\$0.438M)
- additional 115 contracted hours of loader snow removal operations (\$0.323M)
- additional 4,000 tonnes of salt applied on the roads due to increased frequency and severity of freezing rain events in the last quarter requiring (\$0.198M)

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Insurance

The Town pays for insurance deductibles when the claims are settled. As a result of the change in the Town's insurance provider, an accrual was setup for the deductible liability on all outstanding claims that are currently handled by the previous insurance provider in the amount of \$0.931M.

Tax Write-offs

The Municipal Property Assessment Corporation (MPAC) assesses property values. Residents can submit a Request for Reconsideration to MPAC for reconsideration of property values. If residents do not agree with the outcome of the reconsideration, they can submit an assessment appeal to the Assessment Review Board.

Tax write-offs resulted from revised property assessments that led to changes in property taxes. The unfavourable variance in tax write-offs was (\$0.311M).

Other Purchased Services Accounts

- (\$0.268M) unfavourable variance in external legal fees;
- (\$0.242M) non-personnel gapping was included in the Operating Budget;
- \$0.803M favourable variance in training, travel, promotion & advertising, and professional services;
- \$0.687M favourable variance in ITS contracted services due to a one-time accounting adjustment and Roads primarily related to street cleaning. Funds were reallocated in the 2012 operating budget from street cleaning to winter maintenance accounts;
- \$0.303M favourable variances in operating accounts such as operating materials, car rentals, botanical supplies and waste collection

Further details on the Town's Operating results are provided in Appendix 1.

**FINANCIAL CONSIDERATIONS:**

The 2011 unaudited statements excluding Markham Enterprise Corporation (MEC) will be presented to General Committee in May/June 2012.

In accordance to the Town's reserve policy, any year-end operating surpluses will be used first to top-up the Corporate Rate Stabilization Reserve to a level equivalent to 15% of the 2011 local tax revenues and secondly to replenish the expenditures in the Environmental Land Acquisition Reserve Fund, and finally transferred to the Life Cycle Replacement and Capital Reserve Fund. Hence, the 2011 Operating Surplus of \$1.683M will be as be transferred as follows:

\$0.686M of the Town's 2011 operating surplus will be transferred to the Corporate Rate Stabilization reserve to attain a reserve balance of \$17.098M or 15% of the local tax levy;

Since there was no purchase of environmental land during 2011, the remaining surplus of \$0.997M will be transferred to the Life Cycle Replacement and Capital Reserve.



The deficit in Planning & Design and surplus in Engineering will require a net draw from the Planning & Engineering Reserve while the surplus in Building Standards will be transferred to the Building Standards reserve. Also, the unfavourable variance in Waterworks will require a draw from the Waterworks Stabilization/Capital reserve.

## RECOMMENDED

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Joel, Lustig  
Treasurer

X

Dennis Flaherty  
Acting Commissioner, Corporate Services

## ATTACHMENTS:

Appendix 1 – Operating Budget - Financial Results for the Twelve Months Ended December 31, 2011

Appendix 2 – Operating Budget for Planning & Design - Financial Results for the Twelve Months Ended December 31, 2011

Appendix 3 – Operating Budget for Engineering - Financial Results for the Twelve Months Ended December 31, 2011

Appendix 4 – Planning & Engineering Development Fee Reserve Balance as at December 31, 2011

Appendix 5 – Operating Budget for Building Services - Financial Results for the Twelve Months Ended December 31, 2011

Appendix 6 – Building Fee Reserve Balance as at December 31, 2011

Appendix 7 – Operating Budget for Waterworks - Financial Results for the Twelve Months Ended December 31, 2011

Appendix 8 – Waterworks Reserve Balance as at December 31, 2011



**TOWN OF MARKHAM**  
**Operating Budget**  
**(Excluding Planning & Design, Engineering, Waterworks and Building Standards)**  
**Financial Results for the Twelve Months Ended December 31, 2011**  
**(in millions of dollars)**

	<b>2011 Actual</b>	<b>2011 Budget</b>	<b>Variance fav./unfav.)</b>
<b>Revenues</b>			
Taxation Revenues	119.484	116.024	3.460
General Revenues	24.697	25.028	(0.331)
User Fees & Service Charges	18.783	18.563	0.220
Grant & Subsidy Revenues	1.601	1.473	0.128
Other Income	4.002	3.472	0.530
<b>Revenues Total</b>	<b>168.567</b>	<b>164.560</b>	<b>4.007</b>
<b>Expenditures</b>			
Salaries & Benefits	95.430	96.100	0.670
Material & Supplies	6.663	6.639	(0.024)
Purchased Services	34.109	33.978	(0.131)
Other Expenditures	28.393	27.843	(0.550)
<b>Expenditures Total</b>	<b>164.595</b>	<b>164.560</b>	<b>(0.035)</b>
<b>Net Revenues / (Expenditures)</b>	<b>3.972</b>	<b>0.000</b>	<b>3.972</b>
<b>Year End Accounting Adjustments</b>	<b>2.289</b>	<b>0.000</b>	<b>(2.289)</b>
<b>Net Revenues / (Expenditures)</b>	<b>1.683</b>	<b>0.000</b>	<b>1.683</b>
<b>Transfer to Reserves</b>	<b>1.683</b>	<b>0.000</b>	<b>1.683</b>
<b>Net Revenues / (Expenditures)</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.000)</b>

**TOWN OF MARKHAM**  
**Planning & Design Operating Budget**  
**Financial Results for the Twelve Months Ended December 31, 2011**  
(in millions of dollars)

	2011 Actual	2011 Budget	Variance fav./ (unfav.)
<b>Revenues</b>			
Planning & Design Fees	4.941	6.964	(2.023)
<b>Revenues Total</b>	<b>4.941</b>	<b>6.964</b>	<b>(2.023)</b>
<b>Expenditures</b>			
Salaries & Benefits	4.443	4.602	0.159
Material & Supplies	0.039	0.050	0.011
Purchased Services	1.288	1.309	0.021
<b>Expenditures Total</b>	<b>5.770</b>	<b>5.961</b>	<b>0.191</b>
<b>Surplus/(Deficit)</b>	<b>(0.829)</b>	<b>1.003</b>	<b>(1.832)</b>
Transfer to/(from) Reserve	(0.829)	1.003	(1.832)
<b>Net Revenues / (Expenditures)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

**TOWN OF MARKHAM**  
**Engineering Operating Budget**  
**Financial Results for the Twelve Months Ended December 31, 2011**  
(in millions of dollars)

	2011 Actual	2011 Budget	Variance fav./ (unfav.)
<b>Revenues</b>			
Engineering Fees	5.448	5.048	0.400
<b>Revenues Total</b>	<b>5.448</b>	<b>5.048</b>	<b>0.400</b>
<b>Expenditures</b>			
Salaries & Benefits	3.464	4.191	0.727
Material & Supplies	0.029	0.049	0.020
Purchased Services	1.807	1.843	0.036
<b>Expenditures Total</b>	<b>5.300</b>	<b>6.083</b>	<b>0.783</b>
<b>Surplus/(Deficit)</b>	<b>0.148</b>	<b>(1.035)</b>	<b>1.183</b>
Transfer to/(from) Reserve	0.148	(1.035)	1.183
<b>Net Expenditures</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

**TOWN OF MARKHAM**  
**Planning & Engineering Development Fee Reserve Balance**  
 As at December 31, 2011  
 (in millions of dollars)

	<b>2011 Budget</b>	<b>2011 Actual</b>	<b>Variance Fav./Unfav.)</b>
Opening Balance at January 1, 2011	(1.476)	(1.476)	0.000
Transfer to Capital and Interest Income	(0.306)	(0.306)	0.000
Transfer to/(from) Reserves			
Planning & Design	1.003	(0.829)	(1.832)
Engineering	(1.035)	0.148	1.183
<b>Planning &amp; Engineering Reserve Ending Balance</b>	<b>(1.814)</b>	<b>(2.463)</b>	<b>(0.649)</b>

**TOWN OF MARKHAM**  
**Building Standards Operating Budget**  
**Financial Results for the Twelve Months Ended December 31, 2011**  
(in millions of dollars)

	<b>2011 Actual</b>	<b>2011 Budget</b>	<b>Variance fav./(unfav.)</b>
<b>Revenues</b>			
Building Permits	13.524	6.582	6.942
Other Revenues	0.023	0.030	(0.007)
<b>Revenues Total</b>	<b>13.547</b>	<b>6.612</b>	<b>6.935</b>
<b>Expenditures</b>			
Salaries & Benefits	4.540	5.236	0.696
Material & Supplies	0.075	0.065	(0.010)
Purchased Services	2.131	2.122	(0.009)
<b>Expenditures Total</b>	<b>6.746</b>	<b>7.423</b>	<b>0.677</b>
<b>Surplus/(Deficit)</b>	<b>6.801</b>	<b>(0.811)</b>	<b>7.612</b>
Transfer to/(from) Reserve	6.801	(0.811)	7.612
<b>Net Revenues / (Expenditures)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

**TOWN OF MARKHAM**  
**Building Standards Reserve Balance**  
**As at December 31, 2011**  
(in millions of dollars)

	<b>2011 Budget</b>	<b>2011 Actual</b>	<b>Variance Fav./Unfav.)</b>
<b>Opening Balance</b>	(0.090)	(0.090)	0.000
<b>Transfer to Capital and Interest Income</b>	(0.081)	(0.081)	0.000
<b>Transfer to Reserves</b>	(0.811)	6.801	7.612
<b>Building Standards Reserve Ending Balance</b>	<b>(0.982)</b>	<b>6.630</b>	<b>7.612</b>



**TOWN OF MARKHAM**  
**Operating Budget For Waterworks**  
**Financial Results for the Twelve Months Ended December 31, 2011**  
(in millions of dollars)

	<b>2011 Actual</b>	<b>2011 Budget</b>	<b>Variance fav./ (unfav.)</b>
<b>Sales &amp; Purchases of Water</b>			
<b>Water Revenue</b>			
Water & Sewer Billing	73.461	74.026	(0.565)
<b>Water Expenditure</b>			
Contracted Municipal Services	53.718	51.552	(2.166)
<b>Net Sales &amp; Purchases of Water</b>	<b>19.743</b>	<b>22.474</b>	<b>(2.731)</b>
<b>Operations</b>			
<b>Other Revenues</b>			
User Fees & Service Charges	1.330	0.948	0.382
<b>Other Revenues Total</b>	<b>1.330</b>	<b>0.948</b>	<b>0.382</b>
<b>Other Expenditures</b>			
Salaries & Benefits	5.343	5.663	0.320
Non Personnel Expenditures	6.169	5.934	(0.235)
<b>Expenditures Total</b>	<b>11.512</b>	<b>11.597</b>	<b>0.085</b>
<b>Surplus</b>	<b>9.561</b>	<b>11.825</b>	<b>(2.264)</b>
Transfer to Reserve	9.561	11.825	2.264
<b>Net Revenues / (Expenditures)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

**TOWN OF MARKHAM**  
**Waterworks Reserve Balance**  
 As at December 31, 2011  
 (in millions of dollars)

	<b>2011 Budget</b>	<b>2011 Actual</b>	<b>Variance Fav./Unfav.)</b>
<b>Opening Balance - January 1, 2011</b>	10.003	10.003	0.000
<b>Transfer to/(from) Reserves at time of budget approval</b>	11.825	9.561	(2.264)
<b>Transfer to Capital</b>	(9.054)	(9.054)	0.000
<b>Transfer from Interest Income and 2010 year end surplus<sup>1</sup></b>	0.060	0.496	0.436
<b>Return of surplus funds from closed capital projects</b>	0.000	2.092	2.092
<b>Waterworks Reserve Ending Balance</b>	<b>12.834</b>	<b>13.098</b>	<b>0.264</b>

1. Adjustments due to favourable variance based on previous year's actual operating results.