2011 Third Quarter Year-to-date Results of Operations

General Committee Meeting

November 14, 2011

MARKHAM

Third Quarter Year-to-date Results of Operations

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

Town's Q3 Year-to-date (YTD) Results of Operations
Favourable Variance of $4.927M vs. Budget

Revenues
Favourable variance of $4.480M

Personnel
Favourable variance of $0.570M

Non-Personnel
Unfavourable variance of ($0.123M)

Revenues	Fav./ (Unfav.)	
Tax Revenue	3.040	M
Finance, Theatre, Museum	0.403	M
Tax Interest and Penalties	0.273	M
Investment Income	0.235	M
Financial Administrative Fees and Legal Fees from Developers	0.205	M
Provincial & Federal Grants	0.153	M
Parks Recovery from the Region	0.112	M
Recreation Revenue - lower fitness membership	(0.211)	M
Other	0.270	M
Total	**4.480**	**M**

Personnel	Fav./ (Unfav.)	
Full time Salaries	0.986	M
Overtime	(0.333)	M
Other	(0.083)	M
Total	**0.570**	**M**

Non-Personnel Expenditures	Fav./ (Unfav.)	
Training/Travel/Promotion/Advertising/ Professional Fees	0.668	M
Operating Material & Supplies and Maintenance Repairs	0.280	M
Contracted Services	0.243	M
Non-personnel Expenditure Gapping	(0.242)	M
Tax Write-offs	(0.262)	M
Winter Maintenance	(0.969)	M
Other	0.159	M
Total	**(0.123)**	**M**

Town's Year End Projection

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

Town's Year End Projection
Favourable variance of $0.500M to $2.000M

Revenues
Favourable variance of $4.000M to $4.500M

<u>Main drivers are:</u>

Favourable variance due to the following:

- **Supplemental tax revenue**
- **Tax interest and penalties**
- **Financial services administration fees and legal fees from developers**
- **Investment income**

Offset by:

- **Recreation revenues (primarily fitness membership revenue)**

Expenditures
Unfavourable variance of ($3.500M) to ($2.500M)

<u>Main drivers are:</u>

Favourable variance due to the following:

- **Personnel expenditures resulting from vacancies**
- **Lower professional services and advertising & promotion costs**
- **Lower contracted services**
- **Lower operating materials and supplies**

Offset by:

- **Unbudgeted year-end accounting accruals**
- **Higher winter maintenance costs**

MARKHAM

Planning & Design Operating Budget

($ in millions)

Q3 YTD Results
Unfavourable Variance of ($1.605M) vs Budget

Revenues	Personnel	Non-Personnel
Unfav. var. of ($1.805M)	Fav. var. of $0.173M	Fav. var. of $0.027M

Unfavourable variance of ($1.605M) compared to budget is due to the delay in servicing allocation from the Region partially offset by personnel savings from 3 average net vacancies

Year End Projection:

Budgeted surplus	$1.003M
Projected deficit	($0.655M)
Unfavourable Variance	($1.658M)
Reserve Impact	
Draw from Reserves	($0.655M)

Engineering Operating Budget

($ in millions)

Q3 YTD Results
Favourable Variance of $0.377M vs Budget

Revenues	Personnel	Non-Personnel
Unfav. var. of ($0.269M)	Fav. var. of $0.602M	Fav. var. of $0.044M

Favourable variance of $0.377M compared to budget due to personnel savings from 6 average net vacancies offset by lower development fee application activity

Year End Projection:

Budgeted deficit	($1.035M)
Projected deficit	($0.060M)
Favourable Variance	$0.975M
Reserve Impact	
Draw from Reserves	($0.060M)

Planning & Engineering Reserve Balance

($ in millions)

	2011 Budget	2011 Projection	Variance Fav./(Unfav.)
Opening Balance - January 1, 2011	(1.476)	(1.476)	0.000
Transfer from/(to) Capital and Interest	(0.233)	(0.233)	0.000
Transfer to/(from) Reserves:			
Planning & Design	1.003	(0.655)	(1.658)
Engineering	(1.035)	(0.060)	0.975
Planning & Engineering Reserve Ending Balance	**(1.741)**	**(2.424)**	**(0.683)**

Building Standards Operating Budget

($ in millions)

Q3 YTD Results
Favourable Variance of $5.084M vs Budget

Revenues
Fav. var. of $4.515M

Personnel
Fav. var. of $0.571M

Non-Personnel
Unfav. var. of ($0.002M)

Favourable variance of $5.084M compared to budget due to personnel savings from 9 average net vacancies as well as higher development fee permit activity

Year End Projection:

Budgeted deficit	**($0.811M)**
Projected surplus	**$4.858M**
Favourable variance	**$5.669M**
Reserve Impact	
Transfer to Reserves	**$4.858M**

Building Reserve Balance

($ in millions)

	2011 Budget	2011 Projection	Variance Fav./(Unfav.)
Opening Balance - January 1, 2011	(0.090)	(0.090)	0.000
Transfer from/(to) Capital and Interest	(0.081)	(0.081)	0.000
Transfer to/(from) Reserves	(0.811)	4.858	5.669
Building Reserve Ending Balance	**(0.982)**	**4.687**	**5.669**

Waterworks Operating Budget

($ in millions)

Q3 YTD Results
Unfavourable variance of ($2.136M) vs. Budget

Sales & Purchases	Revenues	Personnel	Non-Personnel
Unfav. var. of ($2.649M)	Fav. var. of $0.092M	Fav. var. of $0.244M	Fav. var. of $0.177M

Unfavourable variance of ($2.136M) due to unfavourable variance in the net sales and purchases of water partially offset by lower personnel costs as a result of 8 average net vacancies and savings in materials and supplies.

Year End Projection:

Budgeted Surplus	**$11.825M**
Projected Surplus	**$9.325M to 9.825M**
Unfavourable variance	**($2.50M) to ($2.00M)**

Reserve Impact

$11.825M 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)

	2011 Budget	2011 Projection	Variance Fav./(Unfav.)
Opening Balance - January 1, 2011	10.003	10.003	0.000
Transfer to/(from) Reserves at time of budget approval	11.825	9.325 to 9.825	(2.000) to (2.500)
Transfer to Capital	(9.054)	(9.054)	0.000
Transfer from Interest Income and 2010 year end surplus[1]	0.479	0.479	0.000
Waterworks Reserve Ending Balance	**13.253**	**10.753 to 11.253**	**(2.000) to (2.500)**

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

Next Steps

- Staff will continue to monitor the results of Operations each month and identify strategies, where necessary, to mitigate the unfavourable variance from winter maintenance