

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Report No. 2, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 29, 2013.

1 ENDING SEPTEMBER 30, 2012 – CONSOLIDATED QUARTERLY REPORT

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Commissioner of Finance & City Treasurer, the Director of Budgeting and Financial Planning, and the Director of Financial Services, dated January 21, 2013:

Recommendation

The Commissioner of Finance & City Treasurer, the Director of Budgeting and Financial Planning, and the Director of Financial Services recommend:

That the 2012 Consolidated Third Quarter Variance Report be received.

Economic Impact

Not applicable

Communication Plan

Not applicable

Purpose

To report on 2012 actual third quarter results as at September 30, 2012, and compare them to the approved annual budgets. There is no economic impact as budgets and projects have been previously approved by Council. This information is intended for reporting and monitoring purposes only.

Background – Analysis and Options

The attached third quarter variance report compares actual operating and capital results for the period ending September 30, 2012, relative to approved budgets. It is important to note, the combined favourable variance is not directly indicative of the City's final year-end position; it simply compares the City's actual financial position to the approved budget at a point in time. At this stage in the process it is too early to determine if the City's position can be sustained, as a number of events such as a shifting of trends, timing differences, or unforeseen activities in the latter part of the year could easily erode the current position.

The actual balances presented include all necessary entries and accruals. However, it should be noted, the full amortization of tangible capital assets and post retirement employee benefits are excluded and presented differently from the City's financial statements.

Third Quarter Overview

The quarterly results for City Operations, Water and Wastewater Operations, and Capital are presented together in one consolidated report. This action is intended to provide stakeholders with a more fulsome and complete view of the City's financial results. The item will provide a brief executive summary followed by summaries for City Operations, Water and Wastewater Operations, and Capital. Additional detail will be provided as attachments.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 2

Ahead of Budget

Overall, the City's net financial performance is favourable. As illustrated in Table 1 the City has come in under budget by \$2.7M and Water and Wastewater Storm operations have also come in favourable resulting in additional reserve contributions which place them in an overall breakeven position. It is important to note, the City takes financial stewardship very seriously and has implemented policies and actions to best use surplus funds. These actions consist of:

- Applying a portion of any surplus to the next budget year to reduce pressure on the tax rate
- Allocating funds to Water & Wastewater infrastructure reserves to sustain the community's network
- Transferring remaining surplus funds to working capital, sustainability, innovation and infrastructure reserves, to help mitigate future tax implications, as per City policy.
- Releasing unused capital funds to their original source for future community projects

Table 1 below summarizes and illustrates the City's financial results, which is followed by a brief summary for each area.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 3

Table 1 - Summary of the City's Q3 2012 Financial Results

Operations

(In millions)

	City	Water	Wastewater/ Storm	Total
Revenue				
YTD Budget	198.1	34.3	36.5	268.9
YTD Actual	197.9	34.9	37.9	270.7
Variance	(0.2)	0.6	1.4	1.8
%	-0.10%	1.75%	3.84%	0.67%
Expenditure				
YTD Budget	165.4	34.2	36.5	236.1
YTD Actual	162.5	32.8	35.3	230.6
Variance	2.9	1.4	1.2	5.5
%	1.75%	4.09%	3.29%	2.33%
Net fav./(unfav.) variance	2.7	2.0	2.6	7.3
Add'l Resv. Contributions	0.0	2.0	2.6	4.6
Surplus/ (Deficit)	2.7	0.0	0.0	2.7

Note: Surplus is carried forward and applied to the future budgets to reduce tax rate pressures.

Capital

(In millions)

	2012 Budget Projects		Prior Budget Projects		Total
	Closed	Active	Closed	Active	
2012 Available Budget (A)	1.1	48.8	-3.0	143.6	190.5
Actual Spend	0.8	5.8	1.4	17.9	25.7
Variance/Unspent	0.3	43.1	-4.4	125.8	164.8
%	29%	88%	146%	88%	86%
Major Y/E Accrual Reversals (B)	0.0	0.0	8.5	8.9	17.4
Adjusted Variance Unspent	0.3	43.1	4.1	134.6	182.1

Note: A) Above available budget balance includes in-year budget amendments

B) Y/E audit accrual reversals illustrated separately to focus on actual unspent values

C) Capital project timing can span multiple years. The above chart aims to illustrate this occurrence and presents activity related to prior budgets separately

D) Combined Active Adjusted Variance Unspent equals the Unspent Variance on Attachment 3, and combined Closed Adjusted Variance Unspent equals the combined Unspent Variance on Attachments 4 & 5.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 4

City Operating Budget Results

The annual Operating Budget for the City is \$225.8M, of which 28% remains to be realized. At the end of the third quarter, the City experienced a \$2.7M net favourable variance on the City's 2012 third quarter net operating budget. This favourable variance is comprised of a \$2.9M favourable expenditure variance and a \$0.2M unfavourable revenue variance. The main areas that contributed to the positive \$2.7M variance are summarized below;

City Revenue Variance Overview

Actual revenues were \$197.9M as of September 30, 2012, and represent a \$0.2M or a -0.1% unfavourable variance when compared to the year-to-date revenue budget of \$198.1M. This variance stems from the following:

Supplemental Taxation - There was an unfavourable \$1.6M variance as a result of delayed payment and MPAC's focus on re-assessment activities. The City received the final December instalment and it was approximately \$0.5M less than the \$4.0M budget.

Corporate Revenue - There was an unfavourable \$0.4M variance mostly generated by Investment income, \$680k unfavourable, due to lower than expected investment returns. The remainder of the variances were in:

- Fines and penalties which were favourable by \$159K due to a larger than typical 2011 supplemental run, which generated higher fines and penalties in 2012.
- Tax certificates which were favourable by \$136K due to higher volume for fees such as new accounts, owner change etc.
- The remainder were offsetting favourable and unfavourable variances less than \$100K.
- ***Reserves and Other Transfers*** – There was an unfavourable variance of \$54K made up of favourable and unfavourable variances. The unfavourable variances comprised of \$418k in the engineering reserve and 86k in the CIL recreation land reserve as a result of lower than anticipated spending within associated department accounts. In addition the Administration Recovery spend was lower then budget by \$168k resulting from capital project timing differences.

The above unfavourable variances were mostly offset by \$193K in unplanned election reserve transfers to cover election expenditures for administration and tabulator lease. There was also a combined \$345K favourable variance, greater than planned reserve withdrawals, from the Building Standards Continuity Reserve and Fleet Management Reserve as a result of lower than expected building standard revenues and automated fleet transfers, which may be reduced or reversed if the fleet department's variance remains favourable. The remainder of the variance was in small differences in Water Wastewater Recover, Insurance Reserve, etc.

- ***Fees and Service Charges*** – There was a favourable variance of \$1.7M largely a result of higher then planned revenues in Development Planning, Recreation & Culture and Enforcement Services. These favourable positions were partially offset by lower than anticipated Building Standards Revenue. Further explanation is provided in Attachment #2.

City Expenditure Variance Overview

Actual total expenditures were \$162.5M as of September 30, 2012, and represent a \$2.9M favourable variance to the year-to-date expenditure budget of \$165.4M. This variance stems from the following:

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 5

- **Department Expenses** - The largest component driving the City's favourable expenditure variance was a favourable position in total department expenses, approximately \$7.2M. Although variances can be found throughout most departments, the largest variances reside in Recreation, Building Standards, Libraries, Development Transportation and Public Works, etc.
 - Similar to the second quarter, the labour variance increased marginally from 5.0M to \$6.0M and was attributed to savings in salaries and benefits resulting from vacancies across many departments. A portion of this balance was expected given the number of vacancies reported in the first quarter plus new 2012 complements approved early in the year. A level of staffing vacancies are anticipated and planned for corporately, but actual department performance was \$2.0M greater than the \$4.0M corporate balance planned for third quarter due to higher vacancies.
 - The remaining \$1.4M variance is in multiple accounts with less than \$100k variances such as contracts, materials and supplies, professional fees, joint service charges and other accounts.
- **Corporate Expenses** - The above favourable variances were offset by a combined unfavourable variance of \$4.3M in corporate expenditures, mainly as a result of anticipated labour savings of \$4.0M. As illustrated in the above department expenses section, actual department performance was \$2.0M greater than the corporate balance planned for third quarter. The remaining variance consists of combined unfavourable variances in tax adjustments and election expenses which were partially offset by favourable variances in Major OMB hearings, professional fees, etc.

Variance Summary:

For quick reference purposes, a summary of the variances by major category is provided below. An Operating Third Quarter Variance Report is provided as Attachment #1. Further explanations on specific variances are provided within Attachment #2.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 6

**City of Vaughan
2012 OPERATING BUDGET
THIRD QUARTER VARIANCE REPORT**

<u>Revenues</u>	Variance in \$mil (rounded)	
<i>Supplementals</i>		(1.6)
<i>Reserves and Other Transfers</i>		
Building Std Continuity Reserve	0.3	
Election Cost	0.2	
Administration Recovery from Capital	(0.2)	
Engineering Reserve	<u>(0.4)</u>	(0.1)
<i>Fees & Service Charges</i>		
Development Planning	1.4	
Recreation	0.7	
Cultural Services	0.2	
Enforcement Services	0.2	
Building Standards	(0.7)	
Other (under \$100K var.)	<u>(0.1)</u>	1.7
<i>Corporate Revenue</i>		
Fines And Penalties	0.2	
Tax Certificates	0.1	
Investment Income	<u>(0.7)</u>	(0.4)
<i>Other</i>		<u>0.2</u>
Total Revenues		(0.2)
<u>Expenditures</u>		
<i>Departmental Expenses</i>		
Recreation	0.9	
Building Standards	0.8	
Libraries	0.7	
Dev. & Trans Engineering	0.6	
Public Works - Operations	0.5	
Buildings & Facilities	0.3	
City Clerk - Admin	0.3	
Engineering Services	0.3	
Parks & Forestry Operations	(0.3)	
Other-(various departments under \$300k var.)	<u>3.1</u>	7.2
<i>Corporate Expenditures</i>		
Major OMB Hearings - Professional Fees	0.2	
Professional Fees	0.2	
Election	(0.2)	
Tax Adjustments	(0.6)	
Anticipated Labour Savings	(4.0)	
Other	<u>0.1</u>	(4.3)
Total Expenditures		<u>2.9</u>
Net Favourable Variance		<u>\$ 2.7</u>

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 7

Water and Wastewater/Storm Operating Budget Results

Following are the financial operating results and analysis for both the water and wastewater/storm operations from January 2012 to September 2012. The variance analysis is a comparison of the year to date budget to the year to date actual results.

The water/wastewater system in York Region operates as a two-tier system. The Region of York is responsible for the supply of water and wastewater services and the lower tier municipalities are responsible for the water distribution and wastewater collection systems within the local municipality. The revenues that are generated annually by the City of Vaughan from the operations of the water and wastewater/storm utilities fund costs associated with the purchase of water supply and wastewater services from the Region of York, as well as the City's administration, financing costs, system operational and maintenance costs and most importantly funding to build the reserves for future infrastructure renewal.

Water Operations

Year to date (YTD) actual water revenues for the period ending September 30, 2012 are favourable by \$925K, primarily due to favourable residential revenue of \$1.2M, other revenue \$19K, offset by unfavourable commercial revenue of \$269K. Residential and commercial revenues include higher billing accruals in September which adjusts in the next quarter. Residential also includes higher than budgeted consumption for this quarter at \$600K however, commercial consumption remains under budget. New account activity for both residential and commercial is trending on budget.

The Gross Margin indicates the net funding available to the City after the Region of York has been paid for the water supply. The favourable gross margin variance of \$1.0M is a result of favourable water revenue of \$925K and favourable water purchases of \$106K. Non-revenue water is favourable and trending slightly below seasonal values. It is anticipated that the level of non-revenue water will continue to decline over the next few months and should be on budget at the end of the year. Water purchases are unfavourable by \$330K due to higher than budgeted net consumption revenues for residential and commercial billings.

Other revenues consist primarily of installation and service fees and are unfavourable by \$263K; actual activity is based on demand. Water expenses are favourable by \$1.2M as a result of lower than budget spending of \$917K in maintenance and installations and \$294K in general administration. The favourable variance in maintenance is due to lower than expected work activity levels in contracted services related to repairs during the first nine months of the year. The favourable variance in general administration relates to staffing vacancies and a timing delay in general discretionary spending.

The 2012 actual YTD water lifecycle contribution is favourable by \$2.0M.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 8



City of Vaughan
Statement of Operations
Water Division
For the period ending September 30, 2012

	2012 Budget	2012 YTD Budget	2012 YTD Actual	2012 YTD Variance
Water Revenues				
Residential Billings	27,057,540	19,971,990	21,147,759	1,175,769
Commercial Billings	17,679,720	13,118,440	12,849,203	(269,237)
Other	250,000	187,560	206,216	18,656
	\$44,987,260	\$33,277,990	\$34,203,178	\$925,188
Water Purchases				
Metered Water Purchases	27,497,440	20,424,991	20,754,951	(329,960)
Non-Revenue Water	4,100,470	4,153,819	3,717,816	436,003
	\$31,597,910	\$24,578,810	\$24,472,767	\$106,043
Gross Margin	\$13,389,350	\$8,699,180	\$9,730,411	\$1,031,231
Other Revenues	\$1,321,000	\$990,720	\$727,405	(\$263,315)
Expenses				
Maintenance and Installation	5,503,020	4,060,760	3,143,761	916,999
General Administration	3,626,000	2,723,915	2,430,134	293,781
Joint Service Costs	753,880	565,425	565,409	16
	\$9,882,900	\$7,350,100	\$6,139,304	\$1,210,796
Net Water Operations	\$4,827,450	\$2,339,800	\$4,318,513	\$1,978,713
Budgeted Lifecycle Contribution	\$4,827,450	\$2,339,800	\$2,339,800	\$0
Additional Reserve Contribution	\$0	\$0	\$1,978,713	\$1,978,713
Surplus	\$0	\$0	\$0	\$0

Wastewater/Storm Operations

Wastewater revenue is based on water consumption; therefore trending is very similar to water revenue. In the same manner, regional wastewater treatment charges and regional water purchases are directly related. Wastewater is not a metered flow and is calculated on a one-to-one ratio to metered water with minimal adjustments/reductions for households not connected to the City's sewer system.

Wastewater YTD revenues are favourable by \$1.3K for the period ending September 30, 2012 which is primarily due to favourable residential revenue of \$1.2K and commercial revenue at \$100K. The favourable gross margin variance of \$200K is a combination of unfavourable water purchases resulting from higher than budgeted sales offset by favourable non-revenue wastewater costs.

Other revenues are favourable by \$66K and wastewater expenses are favourable by \$1.0M primarily attributable to favourable maintenance and installation at \$298K and storm sewer maintenance of \$705K. Actual expenses are lower than budget as a result of less than expected work activity in contracted services related to repairs. With ongoing planned activities taking place over the fall season, this favourable condition in storm sewer maintenance is expected to be closer to budget by year end. General administration is slightly favourable by \$29K due to timing in general discretionary spending.

The 2012 actual YTD wastewater/storm lifecycle contribution is favourable by \$2.6K.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 9



City of Vaughan
Statement of Operations
Wastewater Division
For the period ending September 30, 2012

	2012 Budget	2012 YTD Budget	2012 YTD Actual	2012 YTD Variance
Wastewater Revenues				
Residential Billings	29,179,250	21,434,350	22,610,034	1,175,684
Commercial Billings	19,694,070	14,546,120	14,690,012	143,892
	\$48,873,320	\$35,980,470	\$37,300,046	\$1,319,576
Wastewater Expense				
Regional Treatment Charges	\$36,437,860	\$28,261,500	\$28,097,139	\$164,361
Gross Margin	\$12,435,460	\$7,718,970	\$9,202,907	\$1,483,937
Other Revenues	\$653,200	\$543,170	\$609,645	\$66,475
Expenses				
Maintenance and Installation	3,491,115	2,580,590	2,282,584	298,006
General Administration	1,909,665	1,444,400	1,415,840	28,560
Storm Sewer Maintenance	2,059,505	1,525,925	820,601	705,324
Joint Service Costs	502,580	376,920	376,939	(19)
	\$7,962,865	\$5,927,835	\$4,895,964	\$1,031,871
Net Wastewater Operations	\$5,125,795	\$2,334,305	\$4,916,588	\$2,582,283
Budgeted Lifecycle Contribution	\$5,125,795	\$2,334,305	\$2,334,305	\$0
Additional Reserve Contribution	\$0	\$0	\$2,582,283	\$2,582,283
Surplus	\$0	\$0	\$0	\$0

Capital Budget Results

Overall, the Capital Budget performance is favourable, with the majority of projects coming in on target or under assigned budget. This section is intended to provide an update on quarterly activity for the following:

- *Open Capital Project Spend Performance*
- *Closed Capital Projects Budget vs. Actual*
- *Reserve and Reserve Fund positions*

Open Capital Project Spend Report (Attachment #3)

Staff reviewed the Open Capital Project Spend Report and general highlights are provided below.

- As of the third quarter in 2012, 448 projects with a budgeted valued of \$579M are open. As of the Second Quarter 512 projects were open, of which 65 projects were closed in the following quarter. In addition, 1 capital project, DT-7128-12 Block 12 Valley Crossings was added as per post-budget Council Approval.
- The above open projects were approved as follows
 - ✓ 26% 2012
 - ✓ 54% 2009-2011
 - ✓ 15% 2006-2008
 - ✓ 5% 2005 and older approvals

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 10

- As of September 30, 2012, 69% of the available budgets were spent
- Capital projects substantially complete and nearing closing
 - ✓ 19 projects are substantially complete
 - 10 open projects are complete and should be closed in next quarter
 - 9 open projects are complete, awaiting final invoicing and approval
 - ✓ The Block 11 Community Centre Land project with a budget value of \$12M is complete, of which \$1M is awaiting debt issuance. Debentures of \$1M representing the 10% co-funding on this growth project will be issued in Q4 2012 and the project will be closed subsequently.
 - ✓ 1 Engineering Services project budgeted \$0.7M is substantially complete and is awaiting debt issuance. The project will be closed in Q4 2012 subsequent to the 2012 debenture issuance.
 - ✓ 6 Engineering projects are completed and awaiting outstanding invoices from the Region.
 - ✓ 34 open engineering projects are substantially complete and potentially coming in under budget by \$14.2M. Once closed, commitments will be reduced freeing up unused project funding in the original funding source. These items are on maintenance and closing is contingent on a time frame to determine outstanding invoices and settlement issues.
- Unfavourable variances (> \$10K) from budget include:
 - ✓ OPA 620 East West Collector EA (Capital Project DT-7011-07) over budget by \$130K as a result of increase in scope of the project from the addition of work funded by the TTC regarding the extension of the Spadina Subway. This has a zero effect on the net budget and Committee/Council is advised of this change by way of this report.

Individual Capital Project Detail - In addition to the above, budget to actual financial status and comments for currently approved and open capital projects are provided in Attachment 3. It is important to note this information is compiled at a point in time and the reader is cautioned on the following:

- This information does not imply any work-in-progress percentage of completion, but rather a financial representation of capital spending for the period reported.
- A completed capital project will remain active or open until all invoices are paid and funding is complete. Projects are not closed until approved by the department. As a result, projects that are substantially funded will reside on the Open Capital Project Spend Report. It is important to note this report represents projects from current and prior budget years and total balances are the combined value.
- Projects that are debenture financed, as approved by Council, are not closed until debenture financing is acquired through the Region of York. Furthermore, project financing is not typically requested until the project is substantially complete, which is contingent on a timeframe to determine outstanding invoices and settlement issues. In the case of Engineering Projects, this may take up to several years.
- Capital work is continuously underway and current information will vary from this report.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 11

Further Detail on Status of Specific Capital Projects

- FR-3533-10 Build New Fire Station 7-10 – The construction of Fire Station 7-10 is complete. The occupancy permit was granted on May 7, 2012. As of September 30, 2012 99% of the budget was spent. The architect is resolving outstanding issue and reviewing deficiencies. Staff do not expect to be over budget. An official opening took place in November and included officials from AMO and the province to recognize the LEEDS silver portion funded through gas tax.
- BF-8114-07 North Thornhill Construction – This project is substantially complete, but there are outstanding issues regarding the water play, the mechanical room, a contractual issue regarding structural steel and deficiencies with respect to the daycare. Many of these issues were resolved by the architect and associated payments were released. The building of the walkway connecting the park to the community centre was rescheduled for the spring of 2013, due to a third party delay.
- PK-6352-11 Uplands Gold and Ski Centre – Chair Lift Replacement – General contractor commenced construction works in Q2-2012. Construction is expected to be completed in time for opening in January 2013 subject to Technical Standards and Safety Authority (TSSA) approval.
- 1421-3-04 Portage Parkway Extension – Project is complete, and the bridge is open for use and is on maintenance until October 2012. Our consultant is clearing up outstanding MTO deficiencies. Resolving the MTO deficiencies will allow the commissioning the bridge and begin long term maintenance payments budgeted in EN-1696-08.

Capital projects closed during the 3rd Quarter

Staff together with City departments reviewed all active capital projects listed as at September 30th, 2012 to determine which capital projects could be consolidated and/or closed. Overall, 65 capital projects totalling a budget of \$16M were closed in the 3rd quarter of 2012. Total actual project costs came in at 87% of budget, freeing up \$2M in the original funding sources for future project consideration. The drivers behind the \$2M are as follows:

- Approximately 51% or \$1.1M of the above project savings are related to Engineering Services. Overall 14 projects were closed, which on average closed at 26% of budget resulting from a recent review and housekeeping exercise.
 - ✓ 5 projects had funds repurposed to other projects and were closed with a zero budget and balance. These projects were EN-1761-10, EN-1876-12, EN-1897-12, EN-1889-12, EN-1905-21)
 - ✓ Projects EN-1838-11 and EN-1901-12, totalling \$412k, will be resubmitted as part of a future budget process and therefore closed with zero spend.
 - ✓ The remaining projects were closed with varying degrees of percentage spent (e.g. 19% to 88%). The scope of four of these projects changed from the original plan resulting in lower than anticipated spend.
- Approximately \$258K of the above project savings are related to 15 Fleet Management projects, which on average closed at 80% of the project budget.
- Approximately \$631K of the above project savings are related to 2 Public Works projects which on average closed at only 7% of the project budget. Project 1614-0-06 for the Rehabilitation of Hillside Hwy was closed because the City has no easement over the watercourse. Since the

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 12

watercourse runs through private property, the City of Vaughan has no jurisdiction over it and cannot continue with the project. PW-2001-08 Storm Water Pond Aeration Devices has been closed because no decision has been made to proceed with the project due to ongoing costs and upkeep of the aeration devices. If a decision is made to proceed, funding can be requested in future capital budgets.

- The remaining balance of \$111K is spread over 9 departments and 34 projects.

A complete list of closed capital projects for Quarter 3 is provided as Attachment 4.

Continuity Schedule of Reserves and Reserve Funds

A continuity schedule of reserves and reserve funds as at September 30, 2012 is provided as Attachment 6. This schedule provides information on the individual and aggregate reserve balances. It also provides information on outstanding financial commitments, payment estimates required in future periods, to fund approved projects. Forecasting commitments is intended to provide a proactive view of the reserve position and should not be interpreted as the year-end position due to the fact that commitments are not incorporated into financial statements until the actual expenses have incurred. In addition, reserve revenues are not included in the continuity forecast, due to variability and changing economic conditions.

Reserve positions before commitments are all in a positive position, with exception for development charge management studies and fire. Adding commitments to the schedule reveals that 8 reserves are in a future negative position. Below is a brief description for positioning of these 8 reserves:

Sale of Public Lands – Future obligations are currently greater than the balance on hand. Dedicated surplus land is authorized for sale to cover this obligation but is pending.

Uplands Capital Improvement – A commitment to replace the uplands chairlift was recently approved by Council. As a result, the future position of this reserve will be in a negative position and replenished over time through Uplands revenue received.

CWDC Fire – A Council commitment to move forward with fire station 7-10 will temporarily place this reserve into a negative position, which will be replenished through future growth based development charges. This position may impact the timing of future projects.

CWDC Management Studies – Due to timing of events, this reserve is permitted to be in a deficit position. Growth related studies are incurred in advance of growth and recovered through subsequent development charges.

Special Charges and Area Development Charges (Developer Build Reserves) – These reserves relate to projects generally built by developers. Essentially, the developer has agreed to develop a structure, which will be funded by the City once funds are collected and available. Although, the continuity schedule illustrates a negative position after commitments, these reserves will never be in a deficit cash position as payments will only occur when funds are on hand. Reserves with a negative balance after commitments in this category are as follows:

- | | |
|-----------------------------|--------------------------------|
| ➤ D15 PD#5 Woodbridge Water | ➤ D19 PD#6 E. Rutherford Water |
| ➤ D18 PD#6 Maj., Mac Water | ➤ D19 PD#6 E. Rutherford Water |

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Finance Report No. 2 – Page 13

Attachments

- Attachment 1: City Operating – Third Quarter Variance Report
- Attachment 2: City Operating – Q3 Specific Variance Explanations
- Attachment 3: Open Capital Project Spend Report as at September 30, 2012
- Attachment 4: Closed Capital Projects Report for 3rd Quarter Ending September 30, 2012
- Attachment 5: Closed Capital Projects Report for 1st & 2nd Quarter 2012
- Attachment 6: Continuity Schedule of Reserves & Reserve Funds as at September 30, 2012

Report prepared by:

Ursula D'Angelo, CGA
Manager of Operating Budgets
Ext. 8401

Greenidge, Carey, CMA
Finance Manager (Water & Wastewater)
Ext. 8486

Nancy Yates, CA
Manager of Capital & Asset Management
Ext. 8984

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)