

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 19, 2017

Item 2, Report No. 4, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on April 19, 2017.

2 FISCAL HEALTH REPORT – YEAR ENDING DECEMBER 31, 2016

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Chief Financial Officer/City Treasurer, the Director of Financial Planning and Development Finance/Deputy City Treasurer and the Director of City Financial Services/Deputy Treasurer, dated April 3, 2017:

Recommendation

The Chief Financial Officer/City Treasurer, the Director of Financial Planning and Development Finance/Deputy City Treasurer and the Director of City Financial Services/Deputy Treasurer recommend:

1. That the Fiscal Health Report be received.

Contribution to Sustainability

Not applicable.

Economic Impact

The fiscal health report monitors actual spending performance to the City's calendarized financial plan. This report provides the year-end financial position of the City as at December 31, 2016, with accompanying commentary on the contributing factors that have affected the City's financial health.

The City's property tax based budget ended 2016 in a deficit position of \$1.4 million which was offset by reserve draws from the Winterization Reserve and the Working Capital Reserve, as per the Consolidated Reserve Policy. Combined, the rate based budgets ended 2016 in a favourable position of \$7.5 million, resulting in a transfer to the reserves that support these activities. Further discussion regarding the contributing factors that resulted in these year-end positions is contained within the body of this report.

At December 31, 2016, there were 565 open capital projects with \$201.0 million of available budget remaining. During 2016, \$77.7 million was spent on 331 capital projects and departments closed a total of 157 capital projects.

Communication Plan

The report and all attachments are available publicly on the Agenda, Minutes & Extract page of the City's website (www.vaughan.ca).

Purpose

To report on the City's fiscal health for the year ending December 31, 2016.

Background – Analysis and Options

The attached fiscal health report compares annual actual city operating, water and wastewater/stormwater operations and capital results as of December 31, 2016, relative to

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approved budgets and on the same basis as the budget. It should be noted, the full amortization of tangible capital assets and post-retirement benefits are excluded while transfers to and from reserves and net debenture financing requirements are included.

Summary

The City's property tax based budget ended 2016 in a deficit position of \$1.4 million primarily as a result of uncontrollable winter activities. This was offset by reserve transfers from the Winterization Reserve and the Working Capital Reserve as per the Consolidated Reserve Policy. The balance in the Winterization Reserve was insufficient to fund the deficit position, resulting in a draw from the Working Capital Reserve for the balance required. Combined, the rate based budgets ended 2016 in a favourable position of \$7.5 million, resulting in a transfer to the reserves that support these activities. Further discussion regarding the contributing factors that resulted in these year-end positions is contained within the body of this report. At December 31, 2016, there were 565 open capital projects with \$201.0 million of available budget remaining. The open projects are made up of 465 annual and active programs and 100 inactive projects. During 2016, \$77.7 million was spent on 331 capital projects, an increase of 39 percent from 2015 spending of \$55.8 million. Departments closed a total of 157 capital projects, an increase of 34% from 2015 closings of 117 projects.

Operating Results – Year ending December 31, 2016

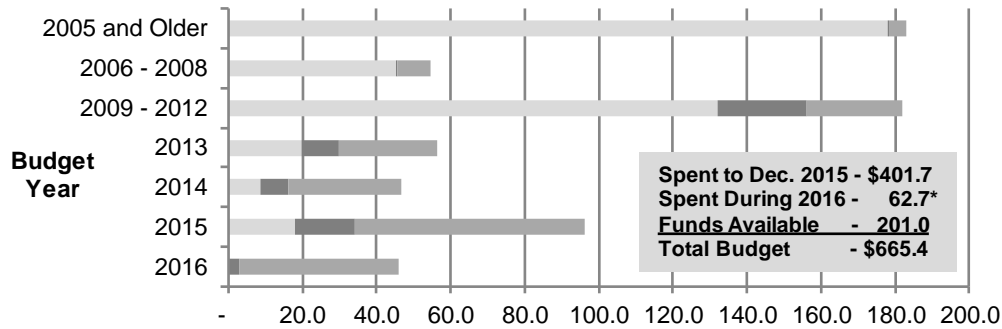
	Budget	Actual	Variance
Property Tax Based Budget			
Revenues	265.2	272.3	7.1
Expenditures	265.2	273.7	-8.5
Net	0.0	-1.4	-1.4
Reserve Transfers			
Winterization Reserve		0.7	0.7
Working Capital Reserve		0.7	0.7
Year End Position	0.0	0.0	0.0
Water Rate Based Budget			
Revenues	56.1	57.3	1.2
Expenditures	49.0	46.6	2.4
Net	7.1	10.7	3.6
Wastewater/Stormwater Rate Based Budget			
Revenues	74.9	75.3	0.4
Expenditures	65.7	62.2	3.5
Net	9.2	13.1	3.9

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Capital Results – Year ending December 31, 2016



\$ Millions	2016	2015	2014	2013	2009 - 2012	2006 - 2008	2005 and Older
Spent to Dec 2015		18.1	8.6	19.8	132.0	45.2	178.1
Spent During 2016	3.0	15.8	7.6	10.1	24.3	0.5	0.3
2016 Remaining	43.1	62.1	30.5	26.5	25.5	8.7	4.6

*\$62.7 million represents the amount of capital spending associated with those capital projects that are open as of December 31, 2016. The remaining \$15.0 million of capital spending is associated with projects that have been closed over 2016. (\$62.7+15.0=\$77.7 million)

Discussion

Winter control activities were the largest uncontrollable pressure contributing to the deficit position

Winter events in the last quarter of the year resulted in \$2.5 million higher costs than planned for winter operations in the Transportation Service and Parks and Forestry Operations (TSPFO) department. The number of salting and plowing events in Q4 2016 were 19 and 4 respectively, compared to the prior 4 year average of 9 and 2 respectively. The significantly higher number of salting events in Q4 2016 resulted in higher contractor services costs and higher salt usage. Although winter activities resulted in higher than anticipated costs, the new winter contract resulted in savings of \$0.5 million compared with what it would have cost previously.

Greater than anticipated revenues, such as investment revenues, have helped to offset these pressures, resulting in a net deficit position of \$1.4 million. To achieve a balanced year end position, the remaining balance in the Winterization Reserve has been drawn down with an additional \$0.7 million draw required from the Working Capital Reserve.

Operating Budget Results

Overall, City Revenues were \$7.1 million greater than plan

	Budget	Actual	Variance
Department Revenues	45.5	52.7	7.2
Corporate Revenues	39.1	39.6	0.5
Taxation	180.6	180.0	-0.5
Total Revenues	265.2	273.7	7.1

Note – numbers may not add due to rounding

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- Department Revenues were 15.8 per cent greater than planned. Almost 11.1 per cent is attributed to better than anticipated building permit revenue due to an unplanned increase in applications for licenses and permits received in December 2016, in advance of an expected increase in education development charges and new requirements for Ontario Building Code energy efficiencies. These additional revenues have been completely offset by a corresponding higher transfer to the Building Standard Continuity Reserve. Increased Recreation revenues contribute an 2.4 per cent to the favourable revenue variance as a result of higher than expected registrations for aquatic programmes and summer camps, in Recreation. The remaining 2.3 per cent of the departmental revenue variance was spread over 23 departments.
- Corporate Revenues were 4.6 per cent greater than planned, primarily a result of higher than planned dividend income from the City's investment holdings company, Vaughan Holdings Inc. (VHI). The higher dividends were made possible by better than expected dividends received from PowerStream. The variance includes the required transfers from the Winterization and Working Capital reserves.
- Taxation revenues were slightly less than expected as a result of lower than budgeted supplemental taxation revenue.

Overall, City expenditures were \$8.5 million greater than plan

	Budget	Actual	Variance
Other, including reserve transfers	30.0	35.3	-5.3
Labour	158.0	161.1	-3.1
Service Contracts & Materials	33.3	34.2	-0.9
Utilities & Fuel	10.9	11.5	-0.6
Insurance	6.1	6.5	-0.5
Capital Related	26.9	25.1	1.8
Total Expenditures	265.2	273.7	-8.5

Note – numbers may not add due to rounding

- Other expenditures were 18 per cent greater than budget primarily due to an unplanned transfer to the Building Standards Reserve as a result of better than anticipated building permit revenue as noted in the revenue variance section above.
- Labour costs were 2% greater than budget as a result of increased part-time and over-time labour variances. The increase in part-time costs was primarily attributable to an increase in Transportation Services, Parks and Forestry Operations part-time labour due to an increase in the use of seasonal staff over the summer months to complete works in-house rather than through contracted labour. The increase in over-time costs are a result of higher than expected overtime and benefit costs related to Vaughan Fire and Rescue Services. These costs were greater than the favourable full-time labour variance due to vacancies.
- Service contracts and materials were 3 per cent greater than budget. This is primarily attributable to salt usage in the last quarter of 2016 as a result of an increase in the number of salting events due to the harsh weather experienced in December. As compared to last year, there was a 25 per cent increase in salting events in 2016, from 36 to 45, resulting in expenditures being \$2.5 million greater than planned. This variance has been partially offset from contract and material savings in other areas, such as parks operations for park and sports field maintenance.

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- Utilities & Fuel were 5% greater than budget. The City's overall electricity usage has remained relatively constant from 2015 to 2016, but increasing electricity costs have resulted in increased hydro costs. Increased water usage due to drier weather conditions over the summer months resulted in increased water costs. These increases are partially offset by less than planned expenditures in gas and fuel.
- Insurance was 8% greater than budget as a result of sixty-one claims reaching settlement during the year. These settlements total \$700,000 for 2016 and represent the settlement of claims from 2012 to 2016.
- Capital related expenditures, consisting of infrastructure reserve contributions and draws and principal and interest repayments to the Region, were 7% less than budget. This is due to the timing of the repayments of principal and interest for the new 2016 debt issuance, budgeted for in 2016 but will not commence until 2017.

Attachment 2 provides commentary at the Portfolio/Office level.

Operating Transfers Authorized by the Chief Financial Officer/City Treasurer

The following table summarizes the one operating budget transfer the Chief Financial Officer/City Treasurer approved during the quarter through the office's delegated authority as granted by Council at the Special Council meeting of December 15, 2015 (Finance, Administration and Audit Committee, Rpt 16, Item 1).

Departments		Description	Amount transferred between Departments
From:	To:		
Contingency	YEER Reserve	Q4 Job Evaluations	6,109

City's end net position was balanced for 2016.

Attachment 1 provides the net position for all City departments.

Water Operating Results

Water Operations gross margin was \$2.3 million favourable than budget

	Budget	Actual	Variance
Residential Billings	33.2	33.7	0.5
Commercial Billings	21.4	22.0	0.6
Other	0.3	0.6	0.3
Less Metered Water Purchases	-33.6	-34.2	-0.6
Less Unmetered Water	-5.0	-3.5	1.5
Gross Margin	16.3	18.6	2.3
Other Revenues	1.2	1.0	-0.2

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- Residential and commercial water sales for the fourth quarter ended higher than budget by 2% and 3% respectively.
- As a result of increased sales, Regional water purchases (direct cost) were higher than budgeted but are offset by a decrease in charges on the year-end Region bill. This is potentially due to a billing methodology change at the Region resulting in the total expense being lower than budget.
- Unmetered Water is favourable due to a decrease in charges on the year-end Region bill as noted above.

Water Operations City expenditures were \$1.5 million less than planned

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Maintenance and Installation Cost	6.3	5.3	1.0
General Administration	3.5	3.0	0.5
Joint Service Costs	0.6	0.6	0.0
Total Expenses	10.4	8.9	1.5

- Proactive, planned maintenance has resulted in fewer emergency and reactive repairs.

City's net lifecycle contribution is \$3.6 million favourable at the end of the fourth quarter.

Wastewater/Stormwater Operating Results

Wastewater/Stormwater Operations gross margin was \$2.2 million favourable versus budget

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Residential Billings	43.6	44.3	0.7
Commercial Billings	30.2	30.0	-0.2
Other	0.3	0.4	0.1
Less Regional Treatment Charges	-55.2	-53.6	1.6
Gross Margin	18.9	21.1	2.2
Other Revenues	0.8	0.6	-0.2

- Residential sales for the fourth quarter are trending 2% higher than budget
- A corresponding increase in Regional treatment charges is offset by a decrease in charges on the year-end Region bill. This is potentially due to a billing methodology change at the Region resulting in the total expense being lower than budget.

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Wastewater/Stormwater Operations City expenditures were \$1.9 million less than planned

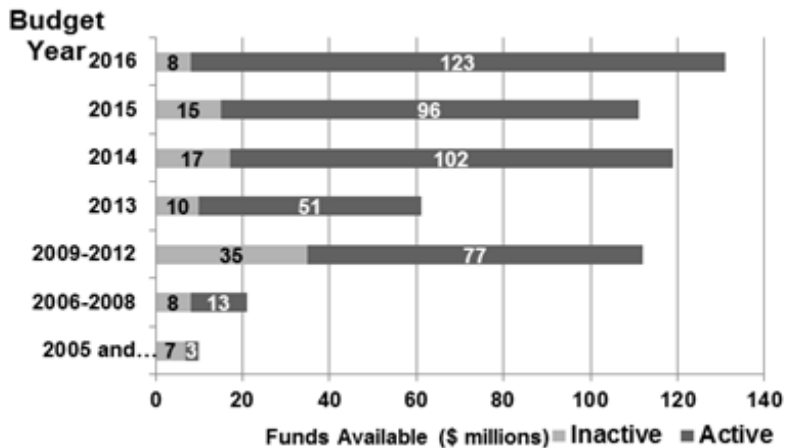
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Maintenance and Installation	3.3	2.4	0.9
General Administration	2.8	2.5	0.3
Storm Sewer Maintenance	3.9	3.2	0.7
Joint Services	0.5	0.5	0.0
Total Expenditures	10.5	8.6	1.9

- Proactive, planned maintenance has resulted in fewer emergency and reactive repairs.

City's net lifecycle contribution is \$3.9 million favourable at the end of the fourth quarter.

Capital Budget Results

At December 31, 2016, there were 565 open capital projects with \$201.0 million of available budget remaining. The open projects are made up of 465 annual and active programs and 100 inactive projects.



	<u>Inactive</u>	<u>Active</u>
2016	8	123
2015	15	96
2014	17	102
2013	10	51
2009-2012	35	77
2006-2008	8	13
2005 and older	7	3
Total # Projects	100	465
Total Project \$	39.1	164.6

During 2016, \$77.6 million was spent on 331 capital projects and departments closed a total of 157 capital projects. By comparison, the 2015 and 2014 capital project spend was \$61.3 million on 283 projects and \$46.3 million on 276 projects respectively. Below is an illustration of the types of projects that were delivered over 2016:

- Parkland acquisition in Block 18 (\$10.1 million)
- Construction of the roads, water, sewer and sanitary networks and storm water management facilities on the hospital lands to prepare for the construction of the new hospital, schedule to begin in the Fall of 2017 (\$17.6 million)
- Repair and rehabilitation of the roads and sidewalk network, libraries, community centres, parks and fleet vehicles (\$25.9 million)
- Construction of the new Fire Station 7-3 and the purchase of land for the new Fire Station 7-4 (\$5.0 million)

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The semi-annual Term of Council Service Excellence Strategy Map Progress Report for the period ending December 31, 2016 is on today's Finance, Administration and Audit agenda. That report provides an update on the status of key activities for the projects that have been identified as a key support to the initiatives in 2016.

Capital spending detail for all projects can be found [online](#).

There are 100 Inactive Projects

Of the 565 open capital projects, there are 100 projects that are considered inactive. Inactive projects comprise 17 per cent of the total open projects, equating to 19 per cent of the total unspent funds of \$201.0 million. Inactive projects are primarily made up of projects that are substantially complete but are required to remain open until a future event occurs. The breakdown of the classification of the 100 open inactive projects is as follows:

Classification	#	\$M
DC repayment agreement in place	34	24.3
Completed - Under Warranty/Maintenance	32	5.1
Completed - To be Closed in Q1-17	12	3.3
Completed - Waiting for final invoices	9	1.9
Project On Hold	10	1.5
Completed - Waiting for Regional invoices	1	1.2
Project Deferred	2	0.6
Grand Total	100	38.1

The majority, 63 per cent, of these unspent capital funds are related to development charge repayment agreements and will be paid out and closed in accordance with those agreements.

A complete list of Inactive Projects can be found [online](#).

Departments closed 157 projects in 2016, returning \$7.9 million to Reserves

During the fourth quarter, departments closed 78 capital projects, bringing the total capital projects closed in 2016 to 157. As a result, \$7.9 million has been returned to various reserves to fund other capital works. Of the total, \$6.2 million is a result of closing projects that were originally approved in 2012 or earlier. During the 2017 budget process, departments anticipated closing 77 capital projects in the last half of 2016. Departments actually closed 108 projects in this timeframe, an increase of 31 project closures. The table below provides a breakdown of projects closed during 2016 and the years in which the projects had been approved:

	# Projects, Jan 1, 2016	# Projects Closed	% of Total #	\$M to Reserves
2016	138	7	5%	0.1
2015	139	26	19%	0.1
2014	176	59	34%	0.5
2013	84	23	27%	1.0
2011 - 2012	92	23	25%	3.7
2009 - 2010	57	14	25%	2.2
2006 - 2008	24	3	13%	0.3
2005 and Older	12	2	17%	0.0
Total	722	157		7.9

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The majority of projects have an average life cycle of 7 years, from approval to close. Below are examples of the types of projects that were closed over 2016:

- 20 roads network projects comprised of works for roads resurfacing, sidewalk replacement and infill, watermain replacements, traffic safety initiatives and various bridge rehabilitation works (\$5.9 million returned to reserves). The average lifespan of these types of projects is 7 years, from design to construction to the end of the warranty period.
- 61 fleet purchases for the replacement of vehicles, mowers, trailers and a new showmobile (\$0.1 million returned to reserves)
- 31 facility related projects for the rehabilitation of libraries, community centres, fire stations and libraries (\$0.5 million returned to reserves)
- 16 parks projects for the rehabilitation of playgrounds, sports fields and walkways (\$0.2 million returned to reserves)

The table below summarizes the number of projects that have been closed over 2016 in each Portfolio/Office:

Quarter Close	Managing Portfolio	# Projects	\$M to Reserves
	Public Works	94	6.5
	Community Services	34	0.3
	Planning and Growth Management	19	0.3
	Office of the Chief Information Officer	4	0.0
	Human Resources and Legal	3	0.0
	Library Services	2	0.8
	Office of the Chief Financial Officer	1	-
2016 Total		157	7.9

A complete list of Closed Projects can be found [online](#).

Capital Budget Amendments

For capital projects where a budget amendment is required, departments are required to bring a report to Finance, Administration and Audit Committee outlining the request for the amendment.

The following table summarizes the budget amendments that were processed during the fourth quarter:

Departments			Amount of Amendment
From:	To:		
Library Development Charges and Capital from Taxation	LI-4539-14 Vellore Village South Design and Construction	FAA R10, I4	1,250,000
LI-4540-15 Vellore Village South Resources	Reduce funding from Library Development Charges and Capital from Taxation	FAA R10, I4	-450,000
Engineering Development Charges	DT-7085-13 Parking Management Strategy	FAA R11, I3,	60,000

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There were two capital budget amendments that were processed as a result of previous Council approved directives:

Departments			Amount of Amendment
From:	To:		
Woodlot Acquisition Reserve	CO-0052-16 Woodlot Acquis - Block 18	By-law 177-2009	270
Water Reserve	DT-7054-11 Water Loss Control System Feasibility/ Implementation Study	FCM funding not received	3,950

Capital Transfers Authorized by the Chief Financial Officer/City Treasurer

As outlined in the section above, *Operating Transfers Authorized by the Chief Financial Officer/City Treasurer*, the Chief Financial Officer/City Treasurer has the delegated authority to approve any operating or capital realignments between departments, provided they are fiscally neutral. A summary of these changes is incorporated into the quarterly reporting process.

Departments		Amount transferred between Departments
From:	To:	
BU-0006-13 Citywide Capital Planning Module RI-0056-10 Implementation of Corporate Asset Management System (Quesitca/Citywide requirements)	BU-0002-11 Questica Budget Software License for City Departments	74,138
PK-6504-15 Hefhill Pk-Tennis Court Redevelopment	PK-6410-14 Joey Panetta Park - Tennis Court Reconstruction	9,067
PK-6487-14 Bob O Link Parkette - Walkway Lighting	PK-6488-14 King High Park - Pathway Lt	35,000

Continuity Schedule of Reserves and Reserve Funds

	Opening	Revenue	Spend	Closing	Spend Remaining*	Balance Available
Obligatory						
City-Wide Development Charges	198.9	62.6	13.7	247.8	102.0	145.9
Areas Specific Development Charges	-5.1	1.8	-4.5	1.2	7.1	-5.9
Restricted Grant	25.4	9.0	7.3	27.1	23.8	3.3
Other Statutory Reserves**	90.0	20.0	14.5	95.5	2.2	93.3
Sub-total	309.2	93.4	31.0	371.6	135.0	236.6

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Discretionary						
Sustainability	36.0	6.4	7.9	34.5	0.3	34.2
Infrastructure	152.2	37.3	18.8	170.8	45.5	125.3
Capital from Taxation	0.0	25.4	8.2	17.2	16.5	0.7
Corporate	22.3	0.5	5.3	17.4	0.7	16.7
Special Purpose	6.4	0.3	-	6.7	13.5	-6.8
Sub-total	217.0	69.8	40.1	246.7	76.5	170.1
Total	526.2	163.2	71.1	618.3	211.6	406.7

Note – numbers may not add due to rounding

*This represents the funds from reserves that are committed to complete open projects. Not all projects are funded from reserves, such as those projects that are funded through debenture financing or cost sharing agreements with other municipalities. The funding for these projects is not recognized until the funds are received.

**Includes: Building Continuity Reserve and Cash-in-Lieu Parkland Reserve

The reserve balance before commitments is \$618.3 million. There are \$211.6 million in funds that have been allocated to approved projects for which works are either underway or are planned to begin. After these commitments are accounted for, there is \$406.7 million in reserve funds available, \$236.6 million for obligatory reserves and \$170.4 million in discretionary reserves.

Development Charges collected in 2016 were \$62.6 million, an increase of 75% from 2015 largely due to registered subdivision agreements in Blocks 11, 12, 40 and 61. The large revenue in the Capital from Taxation reserve is a result of the establishment of the reserve, but as indicated by the \$16.5 million in outstanding commitments, the majority of these funds are already committed to ongoing capital works.

The Detailed Reserve Continuity Schedule can be found [online](#).

Financial Ratios in alignment with Corporate Targets

Discretionary reserves provide the City with financial flexibility in order to safeguard against economic downturns and finance operations internally. To ensure the sustainability of these reserves, the City has adopted associated targets. The City also has a target ratio for debt services costs. The table below provides the status of these targets at the end of 2016:

Policy Ratio	2016	Target
Discretionary Reserve	62%	>50% Of Own Source Revenues
Working Capital	6%	Up To 10% Of Own Source Revenues
Debt Service Costs	5%	<10% Of Own Source Revenues

Discretionary Reserve Ratio - The greatest pressure on discretionary reserves is largely due to funding infrastructure replacement as the City's initial stock of infrastructure assets begin to reach the end of their useful lives.

Working Capital Ratio - Contributions to this reserve occur only when the City achieves a surplus, which are not planned or forecasted. The working capital reserve is a source of funding to address the year end deficit position.

Debt Service Ratio - The City's policy limits debt to a maximum of 10 per cent of total City revenue, which is significantly lower than the Province's 25 per cent maximum. Total debt outstanding in 2016 was \$44.6 million with debt repayment costs of \$9.3 million principal and \$2.8

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million interest, totaling \$12.1 million. The principal and interest payments for a 2006 debenture issue have been completed in 2016 and the issue has been retired.

Grant Activity Update

In 2016, the City received approval of \$11.1 million in grant revenues inclusive of the City's Gas Tax revenue of \$8.8 million.

The table below summarizes the grants revenues received in 2016, these figures exclude Gas Tax:

Grant	Capital Grants	Operating Grants
Canada 150 Community Infrastructure Program	300,300	
Waste Diversion Ontario (WDO)		1,287,756
VBEC - Core Funding		281,273
Public Library Operating, Pay Equity and First Nations Salary Supplement Grant		143,234
Canada 150 Celebrate Canada Fund		70,250
IESO Embedded Energy Manager Program		57,720
Age Friendly Grant		35,000
Ontario Libraries Capacity Fund-Information Technology Service Capacity		29,831
VBEC - Summer Company		28,800
Multi-Sensory Program		25,291
Vaughan International Commercialization Centre		25,000
Innovation, Science and Economic Development Canada's Youth Internship program		17,273
Invest Canada Community Initiative		15,065
Municipal Energy Plan Program		12,865
Swim to Survive		6,982
Seniors Community Grant program		3,200
Young Canada Works in Heritage Organizations program		3,044
Canada Summer Jobs		1,182
Literacy Readings program		1,000
Ontario's Shared Services		327
Total by Grant Type	300,300	2,045,093
Total Grants Received	2,345,393	

Notification pending for additional 2016 Grant Application

In October of 2016 the City submitted a grant application to the Clean Water Wastewater Fund for the amount of \$20.8 million. The Clean Water and Wastewater Fund (CWWF) is a federal program designed to accelerate short-term community investments, while supporting the rehabilitation and modernization of drinking water, wastewater and stormwater infrastructure, and the planning and design of future facilities and upgrades to existing systems. It is anticipated that notification will be received in early 2017.

Comments from the Chief Financial Officer/City Treasurer

Although 2016 ended in a deficit position, largely due to the uncontrollable winter activities, the organization remains in a fiscally healthy position as indicated by the City's reserve balances and

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associated guiding ratios. Were it not for higher than expected winter related expenditures, the year would have ended in a surplus. Moving forward, finance with work with Transportation Service and Parks and Forestry Operations staff to increase their analytical capacity (e.g. availability and quality of data) to help forecast winter control costs to plan, on a reserve basis, for future weather fluctuations.

The combination of increased sales and prudent maintenance activities enabled Water, Wastewater and Stormwater operations to contribute an additional \$7.5 million as compared to budget to Water, Wastewater and Stormwater reserves. The funds will assist in future infrastructure replacements as these assets near the end of their useful life.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

The report is consistent with the priorities set in the Service Excellence Strategic Initiatives under Operational Performance: Financial Sustainability.

Regional Implications

None

Conclusion

The City's property tax based budget saw the year end in a deficit position, largely due to uncontrollable winter activities, but through prudent financial management of reserves funds was available to offset this deficit to balance. Combined, the rate based budgets ended 2016 in a favourable position of \$7.5 million, resulting in a transfer to the reserves that support these activities. During 2016, \$76.7 million was spent on 331 capital projects and departments closed a total of 159 capital projects returning \$7.9 million to reserves for fund capital programs.

Attachments

1. City Operating – Third Quarter Financial Summary
2. City Operating – Portfolio/Office Summary

Report prepared by:

Jackie Macchiusi, CPA, CGA
Senior Manager, Corporate Financial Planning & Analysis

Sean Skinkle
Finance Manager, Water & Wastewater/Stormwater

(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.)