

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 25, 2013

Item 12, Report No. 8, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on June 25, 2013.

12 ENDING DECEMBER 31, 2012 – CONSOLIDATED QUARTERLY REPORT

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Acting Commissioner of Finance & City Treasurer and the Director of Financial Services, dated June 10, 2013:

Recommendation

The Acting Commissioner of Finance & City Treasurer and the Director of Financial Services recommend:

1. That the 2012 Consolidated Fourth Quarter Variance Report be received.

Economic Impact

Not applicable

Communication Plan

Not applicable

Purpose

To report on 2012 actual year-end results and compare 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 fourth quarter variance report compares actual operating and capital results for the period ending December 31, 2012, relative to approved budgets.

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.

Fourth Quarter Overview

The quarterly results for City Operations, Water and Wastewater Storm 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 Storm Operations, and Capital. Additional details will be provided as attachments.

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 \$2.5M 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:

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- Applying a portion of any surplus to the next budget year to reduce pressure on the tax rate
- Allocating funds to reserves to sustain the community's infrastructure network & 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.

Table 1 - Summary of the City's Q4 2012 Financial Results

Operations

(In millions)

	City	Water	Wastewater/ Storm	Total
Revenue				
YTD Budget	225.8	46.3	49.6	321.7
YTD Actual	223.8	46.2	50.0	320.0
Variance	(2.0)	(0.1)	0.4	(1.7)
%	-0.89%	-0.22%	0.81%	-0.53%
Expenditure				
YTD Budget	225.8	41.5	44.4	311.7
YTD Actual	221.3	39.6	43.3	304.2
Variance	4.5	1.9	1.1	7.5
%	1.99%	4.58%	2.48%	2.41%
Net fav./(unfav.) variance	2.5	1.8	1.5	5.8
Add'l Resv. Contributions	2.5	1.8	1.5	5.8
Surplus/ (Deficit)	0.0	0.0	0.0	0.0

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)	1.5	48.5	6.8	133.8	190.7
Actual Spend	1.2	11.0	1.5	26.5	40.2
Variance/Unspent	0.4	37.5	5.3	107.3	150.4
%	23%	77%	78%	80%	79%
Major Y/E 2011 Accrual Reversals (B)	0.0	0.0	8.5	8.9	17.4
Major Y/E 2012 Accruals (C)	0.0	0.0	0.0	15.1	15.2
Adjusted Variance Unspent	0.4	37.4	13.8	101.0	167.8

Note: A) Above available budget balance includes in-year budget amendments
 B) Y/E 2011 audit accrual reversals illustrated separately to focus on actual unspent values
 C) Y/E 2012 audit accruals are illustrated separately to focus on actual unspent values
 D) Capital project timing can span multiple years. The above chart aims to illustrate this occurrence and presents activity related to prior budgets separately
 E) 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.

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City Operating Budget Results

At the end of the fourth quarter, the favourable variance, before any carry forward or surplus transfers was \$4.2M representing a 1.8% variance on the City's 2012 Annual Operating Budget of \$225.8M. This favourable variance is comprised of revenues not meeting budget by \$1.9M and expenses falling below budget by a favourable \$6.1M variance. Of the \$4.2M favourable position, \$2.5M was carried forward to reduce the 2013 levy requirements and the remaining portion, per City's Reserve policy, was transferred to the general working capital (\$620K), tax rate stabilization reserves (\$537K) and \$517K to (employee benefits contribution).

The main areas that contributed to the positive \$4.2M variance are summarized below;

City Revenue Variance Overview

Actual revenues were \$223.8M as of December 31, 2012, and represent a \$1.9M or a -0.9% unfavourable variance when compared to the annual revenue budget of \$225.8M. This variance stems from the following:

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

Corporate Revenue - There was a favourable \$2.2M variance mostly generated by hydro dividends. The City received \$1.0M more than expected from PowerStream. Investment income was \$583K favourable as a result of larger than expected cash balances during the year available for short term investments. The remainder of the variances were in:

- Fines and penalties which were favourable by \$260K due to a larger than the typical 2011 supplemental run, which generated higher fines and penalties in 2012.
- Tax certificates which were favourable by \$154K due to higher volume for fees such as new accounts, owner change etc.
- Miscellaneous revenue was \$170K higher than anticipated mainly as a result of forfeiture of deposit for the sale of lands that were not settled.
- The remainder were offsetting favourable and unfavourable variances less than \$100K.

Reserves and Other Transfers – This category came in less than planned by \$5.2M, consisting of the following mixed variances:

- A \$2.8M unused tax rate stabilization reserve transfer which was planned but not necessary due to the City's overall favourable position.
- A \$2.6M unused debenture reserve transfer, resulting from recording the entry against the expense instead of the revenue account. There is a net offsetting favourable variance in the debenture expense account.
- The above was partially offset by \$984K greater than planned transfers from the Building Standards Continuity and Election Costs reserves due to unanticipated department pressures. Also, Insurance Reserve was higher due to deposits from City insurance claims.
- The administration recovery from capital projects was lower than planned by \$437K, as a result of less than planned capital project spending.
- Multiple reserve withdrawals of \$430K were lower than anticipated due to positive department positions and therefore requiring lower reserve transfers i.e. (Engineering, Fleet, etc.)

Fees and Service Charges – There was a favourable variance of \$1.4M largely as a result of higher than planned revenues in Development Planning, Recreation & Culture, Building & Facilities and Enforcement Services. These favourable positions were partially offset by lower than anticipated Building Standards Revenue. Further explanation is provided in Attachment #2.

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City Expenditure Variance Overview

Actual total expenditures were \$219.6M as of December 31, 2012, and represent a \$6.1M favourable variance to the year-to-date expenditure budget of \$225.8M. This variance stems from the following:

- **Department Expenses** - The largest component driving the City's favourable expenditure variance was a favourable position in total department expenses, approximately \$5.7M. Although variances can be found throughout most departments, the largest variances, over \$500K, reside in Fire and Rescue Services, Building Standards, Building and Facilities and Development Transportation etc.
 - The labour variance \$5.6M was attributable to savings in salaries and benefits resulting from vacancies across many departments. A level of staffing vacancies are anticipated and planned for corporately, but actual department performance was \$1.6M greater than the \$4.0M corporate balance planned for fourth quarter due to higher vacancies.
 - The remaining 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 \$3.0M 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 \$1.6M greater than the corporate balance planned for the year. The favourable variance was offset by a \$1.3M department surplus transfer from the Winter Division. This balance represents the Q4 contribution in excess of the established reserve target, which was treated as general surplus and allocated as per policy. The remaining variance consists of minor net unfavourable variances in tax adjustments, professional fees, etc.

Variance Summary:

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

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City of Vaughan 2012 OPERATING BUDGET FOURTH QUARTER VARIANCE REPORT

	Variance in \$mil (rounded)	
<u>Revenues</u>		
<i>Supplementals</i>		(0.4)
<i>Reserves and Other Transfers</i>		
Tax Rate Stabilization Reserve	(2.8)	
* Debenture Payment Reserve	(2.6)	
Building Std Continuity Reserve	0.6	
Administration Recovery from Capital	(0.4)	
Engineering Reserve	(0.4)	
Other (under \$150K var.)	0.4	(5.2)
<i>Fees & Service Charges</i>		
Development Planning	1.6	
Building Standards	(1.2)	
Recreation & Culture	0.6	
Other (under \$150K var.)	0.4	1.4
<i>Corporate Revenue</i>		
Hydro Dividends	1.0	
Investment Income	0.6	
Other (under \$260K var.)	0.6	2.2
<i>Other</i>		0.1
Total Revenues		(1.9)
<u>Expenditures</u>		
<i>Departmental Expenses</i>		
Building Standards	0.6	
Dev. & Trans Engineering	0.6	
Fire and Rescue	(0.6)	
Buildings & Facilities	0.5	
Information & Technology Management	0.5	
Engineering Services	0.3	
Recreation	0.3	
Clerks - Administration	0.3	
Other-(various departments under \$300k var.)	3.2	5.7
<i>Corporate Expenditures</i>		
Anticipated Labour Savings	(4.0)	
Tax Adjustments	(0.3)	
Major OMB Hearings - Professional Fees	0.3	
Election	(0.2)	
Transfer of Dept Surplus	1.2	(3.0)
* Long Term Debt		2.6
Contingency		0.8
Total Expenditures		6.1
Net Variance		\$ 4.2
Less:		
Carryforward to 2013		\$ 2.5
Transfer to		
Tax Rate Stabilization Reserve		\$ 0.5
General Working Capital Reserve		\$ 0.6
Employer Benefit Contribution		\$ 0.5
Surplus/Deficit		-

*Note: Debenture Payment Reserve transfer of \$2.6M unfavourable fully offsets Long Term Debt Payment \$2.6M favourable.

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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 December 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 net 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 December 31, 2012 are favourable by \$175K, primarily due to favourable residential revenue of \$600K, other revenue \$58K, offset by unfavourable commercial revenue of \$480K.

Budgeted water billing revenues for residential includes a 2% growth factor which represents new account activity. In 2012 the residential growth rate came in slightly under budget at 1.95%. Average annual consumption per household has increased from last year resulting in favourable residential water billing revenue.

Budgeted commercial billing revenues included a 1% growth factor and new account activity came in slightly over budget at 1.24%. However, commercial consumption levels are lower than budgeted resulting in unfavourable billing revenue.

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 \$0.6M is a result of favourable water revenue of \$175K and favourable water purchases of \$435K primarily due to non-revenue water (NRW). The NRW was budgeted at 13% and actual NRW came in at 12.3% for a total of \$277K savings. Initiatives are currently in place to maintain and reduce non-revenue consumption levels such as the Industrial/Commercial/Institutional (ICI) meter calibration program and in the future, the City in partnership with York Region will be undertaking a leak detection program.

Other revenues consist primarily of installation and service fees and are unfavourable by \$253K; actual activity is based on demand. Water expenses are favourable by \$1.4M as a result of lower than budget spending of \$1.1M in maintenance and installations and \$313K in general administration. The favourable variance in maintenance is primarily due to **lower than expected work activity levels in contracted services**. The favourable variance in general administration relates to staffing vacancies and a timing delay in general discretionary spending.

The 2012 net water lifecycle contribution is \$4.8M and actual additional reserve contributions totals \$1.8M.

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City of Vaughan Statement of Operations Water Division For the period ending December 31, 2012

	2012 Budget	2012 Actual	2012 Variance
Water Revenues			
Residential Billings	27,057,540	27,654,972	597,432
Commercial Billings	17,679,720	17,199,806	(479,914)
Other	250,000	307,660	57,660
	\$44,987,260	\$45,162,438	\$175,178
Water Purchases			
Metered Water Purchases	27,497,440	27,339,415	158,025
Non-Revenue Water	4,100,470	3,823,355	277,115
	\$31,597,910	\$31,162,770	\$435,140
Gross Margin	\$13,389,350	\$13,999,668	\$610,318
Other Revenues	\$1,321,000	\$1,067,969	(\$253,031)
Expenses			
Maintenance and Installation	5,503,020	4,376,381	1,126,639
General Administration	3,626,000	3,313,352	312,648
Joint Service Costs	753,880	753,878	2
	\$9,882,900	\$8,443,611	\$1,439,289
Net Water Operations	\$4,827,450	\$6,624,026	\$1,796,576
Lifecycle Contribution	\$4,827,450	\$4,827,450	\$0
Additional Reserve Contribution	\$0	\$1,796,576	\$1,796,576
Surplus	\$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 revenues are favourable by \$325K for the period ending December 31, 2012 which is primarily due to favourable residential revenue of \$471K offset by unfavourable commercial revenue at \$146K. The favourable gross margin variance of \$903K is due to favourable treatment costs primarily a function of initiated leak detection programs and ICI meter calibration programs, which have reduced water loss and overall purchase requirements. This action has a favourable impact on wastewater treatment costs as charges are directly related to water purchase volume.

Other revenues are favourable by \$96K and wastewater expenses are favourable by \$521K primarily due to favourable storm sewer maintenance of \$496K with maintenance and installation slightly favourable at \$71K and general administration slightly unfavourable at \$47K. Actual

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storm sewer maintenance expenses are lower than budget as a result of less than expected work activity in contracted services related to repairs.

The 2012 net wastewater lifecycle contribution is \$5.1M and actual additional reserve contributions totals \$1.5M.



City of Vaughan
Statement of Operations
Wastewater/Storm Division
For the period ending December 31, 2012

	2012 Budget	2012 Actual	2012 Variance
Wastewater Revenues			
Residential Billings	29,179,250	29,650,203	470,953
Commercial Billings	19,694,070	19,548,220	(145,850)
	\$48,873,320	\$49,198,423	\$325,103
Wastewater Expense			
Regional Treatment Charges	\$36,437,860	\$35,860,077	\$577,783
Gross Margin	\$12,435,460	\$13,338,346	\$902,886
Other Revenues	\$653,200	\$749,269	\$96,069
Expenses			
Maintenance and Installation	3,491,115	3,419,748	71,367
General Administration	1,909,665	1,956,193	(46,528)
Storm Sewer Maintenance	2,059,505	1,563,626	495,879
Joint Service Costs	502,580	502,585	(5)
	\$7,962,865	\$7,442,152	\$520,713
Net Wastewater Operations	\$5,125,795	\$6,645,463	\$1,519,668
Lifecycle Contribution	\$5,125,795	\$5,125,795	\$0
Additional Reserve Contribution	\$0	\$1,519,668	\$1,519,668
Surplus	\$0	\$0	\$0

Capital Budget Results

Overall, the Capital Budget performance is favourable, with the majority of projects coming in 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.

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- As of Year-End, 409 projects with a budgeted valued of \$554M are open. At third quarter, 448 projects were open, out of which 41 projects were closed in the fourth Quarter. In addition, 1 capital project, BF-8438-12 Accessibility Renovation – Garnet A. Williams C.C. was added as per post-budget Council Approval, and 1 capital project, 1332-0-00 Bass Pro Mills, was re-opened as it was closed prematurely in Q2.
 - The above open projects were approved as follows
 - ✓ 27% 2012
 - ✓ 52% 2009-2011
 - ✓ 15% 2006-2008
 - ✓ 6% 2005 and older approvals
 - As of December 31, 2012, 79% of the available budgets were spent
 - Capital projects substantially complete and nearing closing
 - ✓ 42 projects are substantially complete
 - 20 open projects are complete and should be closed in next quarter; potential to free up commitments in the original funding sources of \$670,000
 - 16 open projects are complete, awaiting final invoicing and approval;
 - ✓ 6 Engineering projects are complete and awaiting outstanding invoices from the Region.
 - ✓ 38 open engineering projects are substantially complete and on maintenance. Closing is contingent on a timeframe to determine outstanding invoices and settlement issues. Once closed, commitments will be reduced, freeing up unused project funding in the original funding source. Based on current figures there is the potential for these projects to come in under budget returning approximately \$9.3M.
 - Unfavourable variances (> \$10K) from budget include:
 - ✓ OPA 620 East West Collector EA (Capital Project DT-7011-07) is over budget by \$149K 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.
 - ✓ Block 11 Valley Crossing (Capital Project DT-7045-11) is over budget by \$4.5M due to the year-end audit accrual of the full amount owing to the developer, a percentage of which has not been budgeted. The City entered into agreements with developers to pay for the construction of Block 11 Valley Crossings as development charges are collected. There is no impact anticipated as capital budget requests will be made for repayments when significant development charges are collected.
 - ✓ McNaughton Road Extension (Capital Project 1414-2-03) is over budget by \$165K due to year-end accrual of legacy costs owing to developer. A capital budget request for 2014 is anticipated.
 - ✓ Animal Shelter Leasehold Improvement (Capital Project BY-2508-10) is over budget by \$341K due to a year-end audit accrual for the full amount owing. The animal shelter was developed through leasehold improvements. The landlord financed the cost, and the City has entered into a 5 year promissory note. Additional funds will be approved annually in the capital budget to pay the promissory note.

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:

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- 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. In the 4th Quarter, the City has received the debenture request of \$22,446,975 which was made by the Region of York through Infrastructure Ontario. This has a term of 10 years with semi-annual repayments.
- Capital work is continuously underway and current information will vary from this report.

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, we have spent 99% of the budget. The architect is resolving outstanding issues and reviewing deficiencies. We do not expect to be over budget. An official opening took place in Q4 2012 and included officials from AMO and the province to recognize the LEEDS silver portion funded through gas tax.
- BF-8114-07 North Thornhill Construction – Third party works to be completed before the walkway connecting park to community centre can be built. The walkway is expected to be completed for Spring 2013.
- PK-6352-11 Uplands Gold and Ski Centre – Chair Lift Replacement – General contractor commenced construction work in Q2-2012. Construction is completed and TSSA testing was completed before beginning of ski season. Work continues on outstanding warranty issues.
- 1421-3-04 Portage Parkway Extension – Project is complete, the bridge is open for use and the maintenance period ended October 2012, but the bridge is not commissioned. Our consultant is clearing up outstanding MTO deficiencies. Resolving the MTO deficiencies will allow us to commission the bridge and begin long term maintenance payments budgeted in EN-1696-08.
- 1332-0-00 Bass Pro Mills Interchange – Project was re-opened at the request of Development Transportation Engineering. The project was closed prematurely in Q2 as construction still needs to be completed to extend Bass Pro Mills Drive out to Jane Street. Design and construction is expected to begin Q3 of 2013.

Capital projects closed during the 3rd Quarter

Staff together with City departments reviewed all active capital projects listed as at December 31st, 2012 to determine which capital projects could be consolidated and/or closed. Overall, 41 capital projects totalling a budget of \$42M were closed in the 4th quarter of 2012. Total actual project costs came in at 73% of budget, freeing up \$11M in the original funding sources for future project consideration. The drivers behind the \$11M are as follows:

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- Approximately 97% or \$11M of the above project savings are related to Engineering Services. Eleven projects in total were closed, seven with surpluses greater than \$100,000
 - ✓ 2007 Pavement Management Program - \$215,435
 - ✓ ISF T09-285 Road Resurf Rehab East Vaughan* - \$505,352
 - ✓ ISF T09-246 Micro Surfacing Phase 1* - \$516,573
 - ✓ ISF T09-286 Road Resurf Rehab East Vaughan* - \$721,171
 - ✓ ISF T09-249 Micro Surfacing Phase 2* - \$1,437,878
 - ✓ ISF T09-271 Road Resurfacing Rehab Pt A West Vaughan* - \$2,288,249
 - ✓ ISF Road Recon Thornbank-Thornhill* - \$5,291,490
 - ✓ All Other (4 projects) - \$37,327

*Infrastructure Stimulus Fund Projects – projects came in under budget due to lower than anticipated contractor bids on projects. It is speculated this was a result of the 2008 recession and increased bid competition. Additional information regarding the above was provided in a recent Grant Update report provided to Council on April 23, 2013.

- Approximately \$189K of the above project savings are related to 9 Buildings & Facilities projects, which on average closed at 95% of the project budget.
- \$79K of the above project savings is related to Fire and Rescue Services project FR-3510-08 which closed at 90% of the project budget.
- The remaining balance of \$35K is spread over 5 departments and 19 projects.

A complete list of closed capital projects for Quarter 4 is provided as Attachment 4. It should be noted that these closed projects are in addition to the 118 projects closed in the first, second and third quarters valued at \$22.7M and returning \$2.8M funds to their original funding source. These projects are provided for reference as Attachment 5. For the year 2012, 159 projects were closed valued at \$53.5M with a total of \$14.2M returned to the original funding source for use in future capital projects.

Continuity Schedule of Reserves and Reserve Funds

A continuity schedule of reserves and reserve funds as at December 31, 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, but estimates will be incorporated in future reports.

Reserve positions before commitments are all in a positive position, with the exception of 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.

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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
- D18 PD#6 Maj., Mac Water
- D19 PD#6 E. Rutherford Water

Attachments

- Attachment 1: City Operating – Fourth Quarter Variance Report
- Attachment 2: City Operating – Q4 Specific Variance Explanations
- Attachment 3: Open Capital Project Spend Report as at December 31, 2012
- Attachment 4: Closed Capital Projects Report for 4th Quarter Ending December 31, 2012
- Attachment 5: Closed Capital Projects Report for 1st, 2nd & 3rd Quarter 2012
- Attachment 6: Continuity Schedule of Reserves & Reserve Funds as at December 31, 2012

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Ext. 8267

(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.)