

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

Item 4, Report No. 8, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on September 26, 2017.

#### **4 FISCAL HEALTH REPORT – YEAR TO DATE FOR PERIOD ENDING JUNE 30, 2017**

**The Finance, Administration and Audit Committee recommends:**

- 1) That 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 September 20, 2017, be approved; and**
- 2) That Communication C2 memorandum from the Chief Financial Officer and City Treasurer and the Deputy City Manager, Public Works, dated September 5, 2017, be received.**

#### **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 – Year to Date for the Period Ending June 30, 2017 be received.

#### **Contribution to Sustainability**

Periodic review of the corporation's fiscal health and financial position supports financial sustainability.

#### **Economic Impact**

The fiscal health report monitors actual spending performance to the City's calendarized financial plan. It provides a snapshot of the City's financial health at a point in time and indicates areas for closer monitoring.

The City's property tax based budget ended the second quarter in a favorable position of approximately \$5 million. This is mainly due to timing differences between actual and budgeted revenue/expenditures. Staff will continue to work with departments to monitor their budgets, identify potential pressures and determine a plan of action to mitigate downside risk. The water and wastewater gross margin ended the second quarter in a favourable position of \$1.4 million each; the stormwater gross margin ended the second quarter in an unfavourable position of \$8.9 million, mainly because Stormwater billing was planned to start in April, but did not start until mid-June. Further discussion regarding the contributing factors that resulted in these second quarter results is contained within the body of this report.

During the 2017 budget process, \$114.4 million in additional capital funding was approved. Combined with the remaining \$202.7 million in open capital project funding at the end of 2016, the City began 2017 with 738 open projects and \$317.1 million in capital funding. There has been \$33 million in capital expenditures on projects during the first half year, of which \$14 million was spent in the second quarter of 2017. As construction season proceeds through late spring, summer and fall, capital expenditures are expected to increase through the remainder of the year.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

Item 4, Finance Report No. 8 – Page 2

#### Communication Plan

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

#### Purpose

To report on the City's fiscal health for the year to date period ending June 30, 2017.

#### Background – Analysis and Options

The attached fiscal health report compares annual actual city operating, water, wastewater and stormwater operations and capital results as of June 30, 2017, relative to 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

##### **OPERATING RESULTS – YEAR TO DATE PERIOD ENDING JUNE 30, 2017**

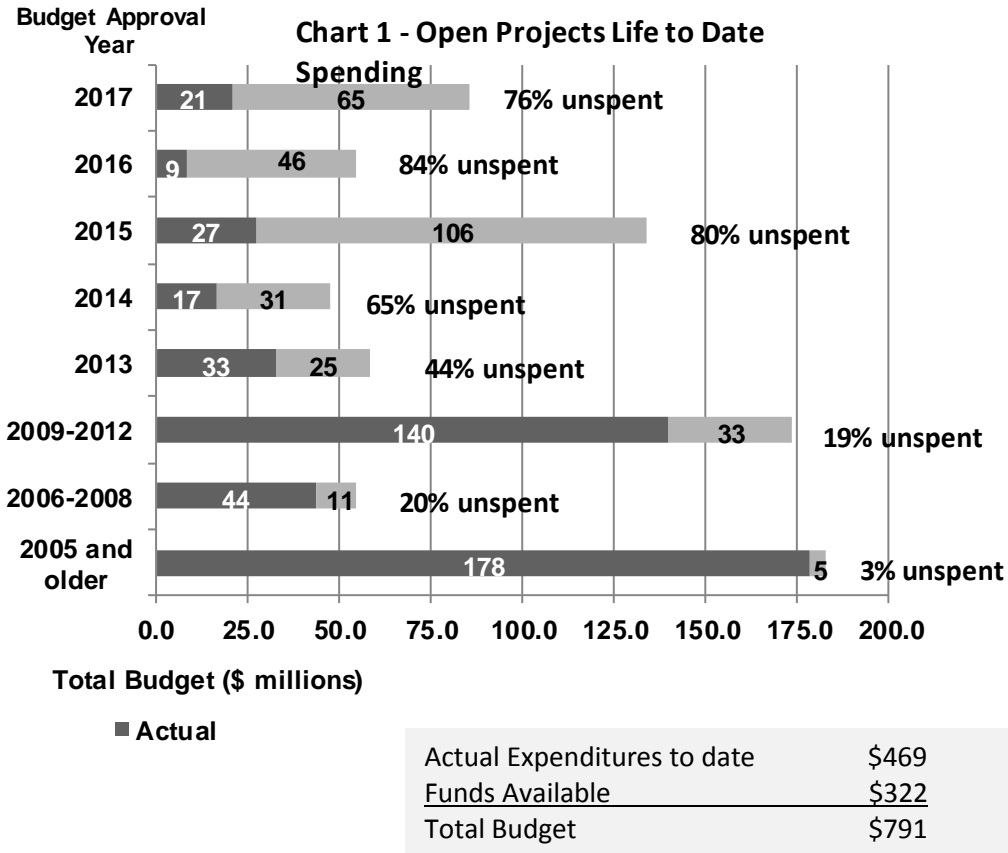
|                                       | <b>Budget</b> | <b>Actual</b> | <b>Variance</b> |
|---------------------------------------|---------------|---------------|-----------------|
|                                       | \$million     | \$million     | \$million       |
| <b>Property Tax Based Budget</b>      |               |               |                 |
| Revenues                              | 197.7         | 197.0         | (0.7)           |
| Expenditures                          | 148.0         | 142.3         | 5.7             |
| <b>Net</b>                            | <b>\$49.7</b> | <b>\$54.7</b> | <b>\$5.0</b>    |
| <b>Water Rate Based Budget</b>        |               |               |                 |
| Revenues                              | 27.6          | 25.8          | (1.8)           |
| Expenditures                          | 27.6          | 25.8          | 1.8             |
| <b>Net</b>                            | <b>\$0.0</b>  | <b>\$0.0</b>  | <b>\$0.0</b>    |
| <b>Wastewater Rate Based Budget</b>   |               |               |                 |
| Revenues                              | 34.1          | 32.4          | (1.7)           |
| Expenditures                          | 34.1          | 32.4          | 1.7             |
| <b>Net</b>                            | <b>\$0.0</b>  | <b>\$0.0</b>  | <b>\$0.0</b>    |
| <b>Stormwater Charge Based Budget</b> |               |               |                 |
| Revenues                              | 12.3          | 3.3           | (9.0)           |
| Expenditures                          | 12.3          | 3.3           | 9.0             |
| <b>Net</b>                            | <b>\$0.0</b>  | <b>\$0.0</b>  | <b>\$0.0</b>    |

# CITY OF VAUGHAN

## EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

Item 4, Finance Report No. 8 – Page 3

### CAPITAL RESULTS – OPEN PROJECTS LIFE TO DATE ENDING JUNE 30, 2017



### Discussion

#### OPERATING BUDGET RESULTS

Overall, City Revenues were under budget by \$0.7 million

|                       | Budget<br>\$million | Actual<br>\$million | Variance<br>\$million | %<br>Change |
|-----------------------|---------------------|---------------------|-----------------------|-------------|
| Department Revenues   | 23.5                | 24.3                | 0.8                   | 3.4%        |
| Corporate Revenues    | 8.7                 | 9.0                 | 0.3                   | 3.4%        |
| Reserve Transfers     | 7.7                 | 5.9                 | (1.8)                 | (23.4%)     |
| Taxation              | 157.9               | 157.9               | 0.0                   | 0%          |
| <b>Total Revenues</b> | <b>\$197.7</b>      | <b>\$197.0</b>      | <b>(\$0.7)</b>        |             |

Note – numbers may not add due to rounding

- Department Revenues were 3 per cent greater than budget, primarily because of higher than expected volume of development applications.
- Corporate Revenues were 4 per cent higher than budgeted revenues, this is mainly due to a higher than budgeted shareholder dividend from Vaughan Holdings investment in Alectra Inc.
- Reserve transfers for Building Standards and Development Engineering & Infrastructure Planning were 23% less than budgeted, as these department expenditures were less than planned due to vacancies.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

#### Item 4, Finance Report No. 8 – Page 4

#### **City expenditures were \$5.7 million less than planned**

|                               | <b>Budget</b>    | <b>Actual</b>    | <b>Variance</b>  | <b>%</b>      |
|-------------------------------|------------------|------------------|------------------|---------------|
|                               | <b>\$million</b> | <b>\$million</b> | <b>\$million</b> | <b>Change</b> |
| Service Contracts & Materials | 18.0             | 16.2             | 1.8              | 10.0%         |
| Labour                        | 83.1             | 81.8             | 1.3              | 1.6%          |
| Insurance                     | 5.4              | 3.5              | 1.9              | 35.2%         |
| Utilities & Fuel              | 5.3              | 4.6              | 0.7              | 13.2%         |
| Other                         | 15.3             | 13.8             | 1.5              | 10.5%         |
| Capital Related               | 20.9             | 22.5             | (1.6)            | (11.9%)       |
| <b>Total Expenditures</b>     | <b>\$148.0</b>   | <b>\$142.3</b>   | <b>\$5.7</b>     |               |

Note – numbers may not add due to rounding

- Service contract and material costs were 10 per cent less than budget. This is primarily attributed to timing delays in Development Engineering & Infrastructure Planning relating to service connection contractor services. It is expected that this will gradually increase to be back on budget throughout the year.
- Utilities and fuel costs were 13 per cent less than budget, primarily due to timing differences of invoices that have not yet come in for the quarter. Utility and fuel remains forecasted to end on budget for 2017.
- Capital related operating expenditures were 12 per cent greater than budget because the majority of debenture principal and interest payments were incurred in the first half of the year.
- Labour costs were 2 per cent less than budget as the savings from vacancies exceeded the corporate vacancies target. This was primarily attributable to general turnover vacancies and new complement positions that were not yet filled. Departments will continue to exercise prudent vacancy management while working with Human Resources to recruit and fill the vacant positions. Partially offsetting these savings were increased expenditures in overtime and part time labour.
- Insurance was 35 per cent less than budget due to savings realized from an RFP that was awarded towards the end of 2016 (Finance, Administration and Audit Committee, Report 10, Item 2). At year-end, any insurance related savings will be allocated to the insurance reserve to mitigate future volatility in insurance related costs.
- Other expenditures were 10 per cent less than budget. Staff is forecasting this savings will be reversed as more invoices are expected to come in the second half of the year.

Attachment 2 provides commentary at the Portfolio/Office level.

#### **Risks and Pressures**

While the City's own source revenue is on track to be on budget for 2017, some internal reserve transfers were not realized as budgeted due to lower related expenditures. Staff will continue to monitor revenue performance during Q3 and Q4.

Winter maintenance costs, specifically salt usage, may add pressure on the City's 2017 operating budget in Q4 based on recent trends experienced in the number and severity of salting events in the 4th quarter of previous years. Staff will be monitoring operating results and are implementing a salt management plan to help address potential future forecasted cost pressures driven by salt usage.

# CITY OF VAUGHAN

## EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

### Item 4, Finance Report No. 8 – Page 5

#### **Operating Transfers Authorized by the Chief Financial Officer/City Treasurer**

The following table summarizes the operating budget transfers for which the Chief Financial Officer/City Treasurer has the delegated authority as granted by Council at the Special Council meeting of December 15, 2015 (Finance, Administration and Audit Committee, Report 16, Item 1):

| <b>Departments</b> |   | <b>Description</b>   | <b>Amount transferred between Departments (\$)</b> |
|--------------------|---|--|--|
| <b>From:</b>       | <b>To:</b>  |  |  |
| Contingency        | Office of the Chief Corporate Initiatives & Intergovernmental Affairs | To reallocate the budget to facilitate a due diligence review on the proposed amalgamation of the OSA and OSC. | \$30,828   |
| Contingency        | Lobbyist Registrar  | To reallocate the budget associated with the implementation of the Lobbyist Registrar.                         | \$250,000  |

A summary of the net impact of these transactions is included with Attachment 1.

#### **City's net position was approximately \$5 million favourable at the end of the second quarter.**

Attachment 1 provides the net position for all City departments. Staff will continue to work with departments to monitor their position throughout the year. The City's year end net expenditure is forecasted to be on budget, however winter events in late 2017 are uncertain and will need to be monitored for their potential impact on the final year end position of the City.

#### **Water, Wastewater and Stormwater Results**

##### **Second Quarter Water Operating Results**

**Water Operations gross margin was \$1.4 million greater than budget.**

|                                   | <b>Budget</b>    | <b>Actual</b>    | <b>Variance</b>  |
|-----------------------------------|------------------|------------------|------------------|
|                                   | <b>\$million</b> | <b>\$million</b> | <b>\$million</b> |
| Residential Billings              | 16.1             | 14.9             | (1.2)            |
| Commercial Billings               | 10.4             | 10.0             | (0.4)            |
| Other                             | 0.2              | 0.3              | 0.1              |
| Less: Purchases/Treatment Charges | 16.5             | 15.0             | 1.5              |
| Less: Non-Revenue Water           | 2.5              | 1.1              | 1.4              |
| <b>Gross Margin</b>               | <b>\$7.7</b>     | <b>\$9.1</b>     | <b>\$1.4</b>     |
| <b>Other Revenues</b>             | <b>\$0.9</b>     | <b>\$0.6</b>     | <b>(\$0.3)</b>   |

- Residential and commercial water sales for the second quarter ended lower than budget by 7.5% and 3.8% respectively due to wetter than normal weather.
- As a result of decreased sales, Regional water purchases (direct cost) were lower than budgeted.
- Non-Revenue Water (NRW) was lower than budgeted due to a decrease in charges on the Region bill. The City and Region are investigating to determine reasons for the lower than expected NRW.

# CITY OF VAUGHAN

## EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

### Item 4, Finance Report No. 8 – Page 6

**Water Operations expenditures before Lifecycle Contributions were \$1.0 million less than budgeted. Lifecycle Contributions were \$2.1 million greater than budgeted.**

|                                   | <b>Budget</b><br>\$million | <b>Actual</b><br>\$million | <b>Variance</b><br>\$million |
|-----------------------------------|----------------------------|----------------------------|------------------------------|
| Maintenance and Installation Cost | 2.3                        | 1.7                        | 0.6                          |
| General Administration            | 2.6                        | 2.2                        | 0.4                          |
| Joint Service Costs               | 0.3                        | 0.3                        | 0.0                          |
| Lifecycle Contribution            | 3.4                        | 5.5                        | (2.1)                        |
|                                   | <b>\$8.7</b>               | <b>\$9.8</b>               | <b>(\$1.1)</b>               |

- Maintenance and Installation Costs ended lower by 26.1% due to timing of work for activities such as main repairs, hydrant inspections, water service repairs and meter installations and lower than expected water main breaks to date.
- General Administration costs were lower by 15.4% due to timing delay in planned training, professional fees, gapping associated with the Backflow Prevention Coordinator position and vehicle lease expenses.

**City's net lifecycle contribution was \$2.1 million greater than budgeted at the end of the second quarter.**

### Second Quarter Wastewater Operating Results

**Wastewater Operations gross margin was \$1.4 million greater than budget.**

|                                   | <b>Budget</b><br>\$million | <b>Actual</b><br>\$million | <b>Variance</b><br>\$million |
|-----------------------------------|----------------------------|----------------------------|------------------------------|
| Residential Billings              | 20.2                       | 18.8                       | (1.4)                        |
| Commercial Billings               | 13.3                       | 13.1                       | (0.2)                        |
| Other                             | 0.2                        | 0.2                        | 0.0                          |
| Less: Purchases/Treatment Charges | 23.3                       | 22.5                       | 0.8                          |
| Less: Non-Revenue Water           | 3.5                        | 1.3                        | 2.2                          |
| <b>Gross Margin</b>               | <b>\$6.9</b>               | <b>\$8.3</b>               | <b>\$1.4</b>                 |
| <b>Other Revenues</b>             | <b>\$0.4</b>               | <b>\$0.3</b>               | <b>(\$0.1)</b>               |

- Residential Billings for the first quarter are trending 6.9% lower than budget due to wetter than normal weather. Wastewater billing is based on water consumption and therefore trending is very similar to water consumption.
- As a result, treatment charges (direct cost) were lower than budgeted. The City and Region are investigating to determine reasons for the lower than expected Non-Revenue Water.

**Wastewater Operations expenditures before Lifecycle Contributions were \$0.4 million less than budgeted. Lifecycle Contributions were \$1.7 million greater than budgeted.**

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

Item 4, Finance Report No. 8 – Page 7

|                                   | <b>Budget</b><br>\$million | <b>Actual</b><br>\$million | <b>Variance</b><br>\$million |
|-----------------------------------|----------------------------|----------------------------|------------------------------|
| Maintenance and Installation Cost | 1.8                        | 1.7                        | 0.1                          |
| General Administration            | 1.3                        | 1.0                        | 0.3                          |
| Joint Service Costs               | 0.2                        | 0.2                        | 0.0                          |
| Lifecycle Contribution            | 4.0                        | 5.7                        | (1.7)                        |
|                                   | <b>\$7.3</b>               | <b>\$8.6</b>               | <b>(\$1.3)</b>               |

- General Administration costs were lower by 23.1% due to timing delay in planned training and professional fees.

**City's net lifecycle contribution was \$1.7 million greater than budgeted at the end of the second quarter.**

**Second Quarter Stormwater Operating Results**

**Stormwater Operations gross margin was \$8.9 million less than budgeted.**

|                       | <b>Budget</b><br>\$million | <b>Actual</b><br>\$million | <b>Variance</b><br>\$million |
|-----------------------|----------------------------|----------------------------|------------------------------|
| Residential Billings  | 4.0                        | 1.4                        | (2.6)                        |
| Commercial Billings   | 8.1                        | 1.8                        | (6.3)                        |
| <b>Gross Margin</b>   | <b>\$12.1</b>              | <b>\$3.2</b>               | <b>(\$8.9)</b>               |
| <b>Other Revenues</b> | <b>\$0.2</b>               | <b>\$0.1</b>               | <b>(\$0.1)</b>               |

- Stormwater billing was planned to start in April, but did not start until mid June. The stormwater billing cycle takes approximately 8 weeks and will be completed in August. As a result, revenue was lower than budgeted in the second quarter. Total billings are expected to be complete by the end of the third quarter.
- Total billing revenues are expected to be lower than budgeted due to changes that have occurred to assumptions originally used to build the stormwater charge.

**Stormwater Operations expenditures before Lifecycle Contributions were \$1 million less than budgeted. Due to the timing of billings noted above, Lifecycle Contributions were \$8.0 million lower than budgeted.**

|                                   | <b>Budget</b><br>\$million | <b>Actual</b><br>\$million | <b>Variance</b><br>\$million |
|-----------------------------------|----------------------------|----------------------------|------------------------------|
| Maintenance and Installation Cost | 1.2                        | 1.1                        | 0.1                          |
| General Administration            | 1.9                        | 1.1                        | 0.8                          |
| Joint Service Costs               | 0.3                        | 0.2                        | 0.1                          |
| Lifecycle Contribution            | 8.9                        | 0.9                        | 8.0                          |
|                                   | <b>\$12.3</b>              | <b>\$3.3</b>               | <b>\$9.0</b>                 |

- General Administration costs were lower by 42.1% due to gapping associated with new staff including a WWWW Enforcement Officer, Water Resource Analyst, Program Manager and Project Manager (all hired by the end of Q2).

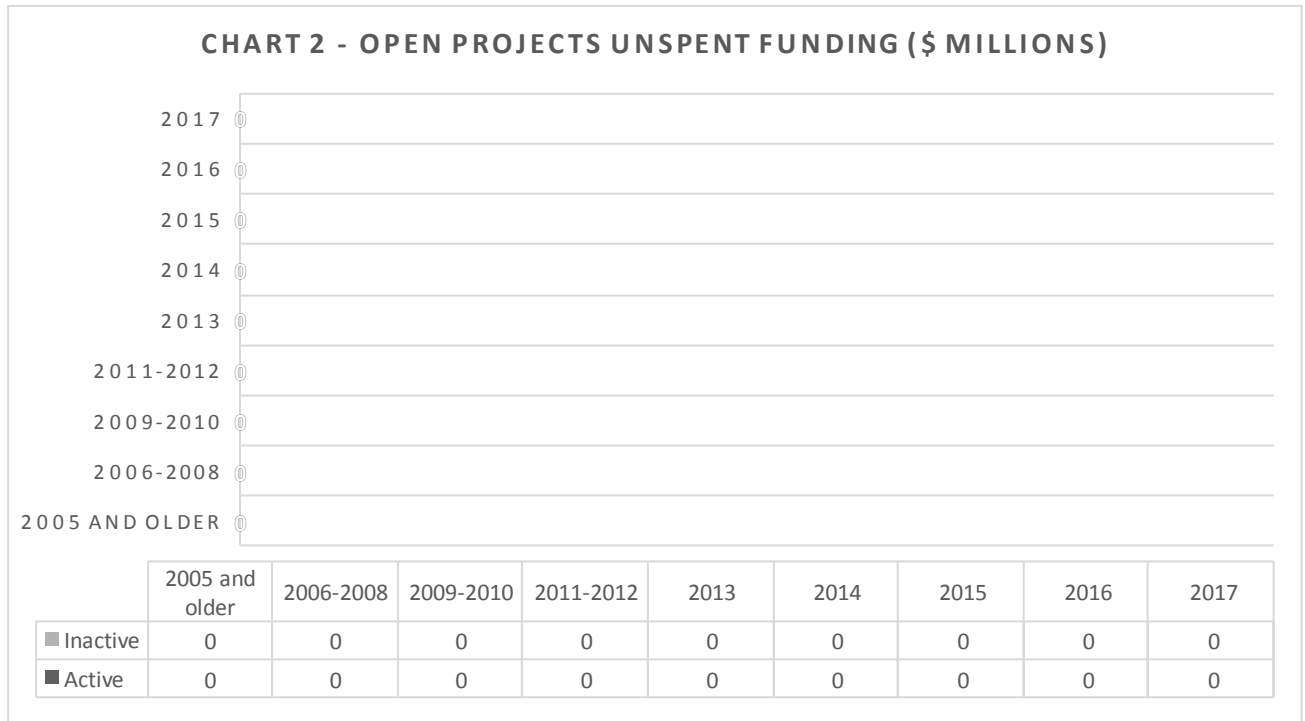
# CITY OF VAUGHAN

## EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

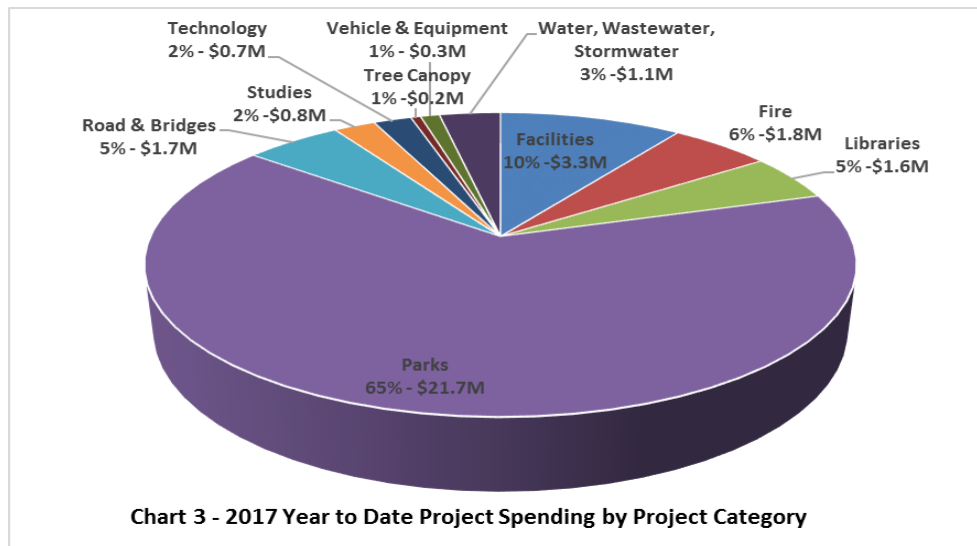
### Item 4, Finance Report No. 8 – Page 8

#### CAPITAL BUDGET RESULTS

As at June 30, 2017, there were 712 open capital projects with \$322 million of available budget remaining. The open projects were made up of 542 active projects and 170 inactive projects (refer to next page). The open project unspent funding breakdown by year is illustrated in the chart 2 below.



During the first half year of 2017, \$33.2 million was spent on capital projects, 58.5 per cent of which was for the purchase of parkland in Block 30 and Block 59. The chart 3 below illustrates the breakdown of funds spent by project category during the second quarter:



## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

#### Item 4, Finance Report No. 8 – Page 9

In the 2017 Budget, departments indicated that \$157 million in capital expenditures would be processed throughout 2017. At the end of the second quarter, approximately 11 per cent of this forecasted spend was accomplished. As construction season continues through the summer and fall months, and more billing from the spring is processed, it is expected that capital expenditure will rise.

The semi-annual Term of Council Service Excellence Strategy Map Progress Report will continue to provide an update on the status of key activities for the projects that have been identified as a key support to the initiatives in 2017.

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

#### **Inactive Projects and Closed Projects**

Of the 710 open capital projects, there are 170 projects that are considered inactive. Inactive projects comprise 24 per cent of the total open projects, equating to 20 per cent of the total unspent funds of \$322 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 170 open inactive projects is as follows:

| Classification                         | Number of Projects | Amount (\$million) |
|--|--------------------|--------------------|
| DC repayment agreement in place        | 23                 | 30.3               |
| Completed - Under Warranty/Maintenance | 45                 | 8.6                |
| Project on Hold                        | 29                 | 10.3               |
| Project Deferred                       | 26                 | 5.7                |
| Completed - Waiting for final invoices | 12                 | 3.4                |
| Completed - to be closed               | 33                 | 4.1                |
| Project cancelled                      | 2                  | 0.1                |
| <b>Grand Total</b>                     | <b>170</b>         | <b>\$62.5</b>      |

Of the total \$62.5 million unspent funds from inactive projects, \$30 million (representing 48%) is held for projects that have development charge repayment agreements in place and will be paid out and closed in accordance with those agreements. Staff will be analyzing the status of projects on hold and projects deferred, and accordingly will develop action plans to return funding commitments back to the funding sources, to repurpose the project scope, or to advance the project.

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

Departments closed 25 projects in the second quarter of 2017, returning \$0.7 million to reserves. The table below summarizes the number of projects closed in each Portfolio/Office:

# CITY OF VAUGHAN

## EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

### Item 4, Finance Report No. 8 – Page 10

| Portfolio/Office                   | Number of Closed Projects | Amount Returned to Reserves |
|------------------------------------|---------------------------|-----------------------------|
| Community Services                 | 3                         | \$38,027                    |
| Office Chief Financial Officer     | 1                         | \$0                         |
| Office City Clerk                  | 1                         | \$8,311                     |
| Office Transformation and Strategy | 1                         | \$1                         |
| Planning and Growth Management     | 12                        | \$478,939                   |
| Public Works                       | 7                         | \$210,058                   |
| <b>Totals</b>                      | <b>25</b>                 | <b>\$735,336</b>            |

A complete list of Closed Projects is enclosed as Attachment 3.

### **Capital Budget Amendments**

For capital projects for which a budget amendment was required, departments brought to Committee a report outlining the request for the amendment. There were also instances in which there was pre-existing Council approval to process repayments as funds became available in reserves.

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

| From   | To   | Supporting Document/Report | Amount    |
|--|--|----------------------------|-----------|
| <b>DC - City Wide Public Works</b>                     | BY-9540-16 Animal Control Vehicle                  | May 16 FAA R5 I5           | \$42,000  |
| <b>Special Area Charge - Woodlots</b>                  | DI-0018-17 SADC-D13 - Woodlot Acquisition Block 11 | Agreement                  | \$467,900 |
| <b>DC - City Wide Park Development</b>                 | PK-6305-15 North Maple Regional Park               | CW R15 I1                  | \$700,000 |
| <b>Contribution from Corporate Partnership Program</b> | PK-6305-15 Toril Park Improvement                  | May 1 FAA R5 I6            | \$50,000  |
| <b>Recreation Land Reserve</b>                         | RL-0019-17 Block 30 Parkland Acquisition           | Legal Agreement            | \$171,278 |

### **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 and a summary of these changes be incorporated into the quarterly reporting process.

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

Item 4, Finance Report No. 8 – Page 11

| <b>From</b>   | <b>To</b>  | <b>Amount</b> |
|---|--|---------------|
| <b>BF-8476-15 Building Upgrades to Meet AODA Requirements</b> | BF-8479-15 Restoration and Renovation of Kleinberg United Church | \$150,000.00  |
| <b>CM-2526-16 Service Excellence</b>                          | SE-0077-16 Digital Strategy                                      | \$114,355.57  |
| <b>CM-2526-16 Service Excellence</b>                          | SE-0083-16 Service Excellence Communication Plan                 | \$1,500.00    |
| <b>FL-5460-14 PKS-Additional Small Equipment</b>              | FL-5439-14 PKS-3/4 ton crew cab pickup                           | \$1,149.06    |
| <b>FL-5505-15 PW-RDS-Additional Small Equipment</b>           | FL-5463-14 PW-RDS-2 ton 4x4 dump truck                           | \$322.70      |
| <b>FR-3616-17 Fire Prevention Vehicle Replacement</b>         | FR-3589-17 Replace 7981 Training Van                             | \$6,540.00    |

**Continuity Schedule of Reserves and Reserve Funds**

| <b>\$ millions</b>                       | <b>Opening Balance</b> | <b>Revenues</b> | <b>Expenses</b> | <b>Closing Balance Before Commitments</b> | <b>Commitments</b> | <b>Closing Balance After Commitments</b> |
|--|------------------------|-----------------|-----------------|---|--------------------|--|
| <b>Obligatory Reserves</b>               |                        |                 |                 |   |                    |  |
| <b>City-Wide Development Charges</b>     | \$247.8                | \$48.5          | \$3.2           | \$293.2                                   | \$136.5            | \$156.7                                  |
| <b>Area Specific Development Charges</b> | \$1.2                  | \$0.7           | (\$6.4)         | \$8.3                                     | \$15.1             | (\$6.8)                                  |
| <b>Restricted Grant</b>                  | \$27.1                 | \$0.3           | (\$0.0)         | \$27.4                                    | \$30.9             | (\$3.5)                                  |
| <b>Other</b>                             | \$95.5                 | \$10.7          | \$21.9          | \$84.4                                    | \$3.4              | \$81.0                                   |
| <b>Subtotal</b>                          | <b>\$371.6</b>         | <b>\$60.2</b>   | <b>\$18.6</b>   | <b>\$413.3</b>                            | <b>\$185.8</b>     | <b>\$227.5</b>                           |
| <b>Discretionary Reserves</b>            |                        |                 |                 |   |                    |  |
| <b>Infrastructure</b>                    | \$170.8                | \$11.8          | \$6.1           | \$176.6                                   | \$69.4             | \$107.2                                  |
| <b>Sustainability</b>                    | \$34.5                 | \$7.6           | \$3.1           | \$39.0                                    | \$0.3              | \$38.7                                   |
| <b>Capital from Taxation</b>             | \$17.2                 | \$7.5           | \$1.8           | \$22.9                                    | \$22.1             | \$0.8                                    |
| <b>Corporate</b>                         | \$17.4                 | \$0.2           | \$0.2           | \$17.5                                    | \$0.5              | \$17.0                                   |
| <b>Special Purpose</b>                   | \$6.7                  | \$0.1           | \$0.1           | \$6.7                                     | \$13.4             | (\$6.8)                                  |
| <b>Subtotals</b>                         | <b>\$246.7</b>         | <b>\$27.2</b>   | <b>\$11.2</b>   | <b>\$262.7</b>                            | <b>\$105.8</b>     | <b>\$156.9</b>                           |
| <b>Totals</b>                            | <b>\$618.3</b>         | <b>\$87.5</b>   | <b>\$29.8</b>   | <b>\$676.0</b>                            | <b>\$291.7</b>     | <b>\$384.3</b>                           |

Note – numbers may not add due to rounding

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

#### **Item 4, Finance Report No. 8 – Page 12**

At the end of the second quarter, the reserve balance before commitments was \$676.0 million. A net reserve activity of \$291.7 million is committed against these reserves and reserve funds; after this activity is accounted for, the total reserves and reserve funds balances as of June 30, 2017 was \$384.3 million, of which \$227.5 million was for obligatory reserves and \$156.9 million was in discretionary reserves.

Development Charges collected in the first half of 2017 equated to \$47.2 million, with interest earned on reserve balances making up the difference in revenues. Future Development Charge collections are not included in the above forecast. As part of the Financial Sustainability project, staff will be working with consultants to develop a Development Charge forecast for future collections. As this information becomes available, it will be incorporated into the reserves forecast.

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

#### **Comments from the Chief Financial Officer/City Treasurer**

The City's tax and rate based operating results are tracking positively comparing to the budget. Staff is forecasting 2017 year-end actual to be on budget, however winter events in late 2017 are uncertain and will need to be monitored for their potential impact on the final year end position of the City.

As at June 30, 2017, the City's discretionary reserve ratio was 0.86 which exceeds the internal policy mandate of 0.50. Staff will continue to monitor the financial health of the organization and provide advice and guidance to departments as necessary. The Fiscal Health Report will continue to evolve to streamline the report and provide information that assists with ensuring the financial sustainability of the City.

#### **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**

At June 30, 2017, the City was in an overall favourable position. This position will continue to be monitored closely by staff to determine if it is anticipated to maintain itself or reverse. Consistent with current practices, quarterly updates advising of changes in the City's financial landscape will be brought forth to Council.

#### **Attachments**

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

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017**

Item 4, Finance Report No. 8 – Page 13

**Report prepared by:**

Maggie Wang, MBA, CPA, CGA, A.I.M.A.  
Manager, Corporate Financial Planning & Analysis

Sean Skinkle  
Finance Manager, Water & Wastewater

(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.)