

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 20, 2016**

Item 7, Report No. 9, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on September 20, 2016.

#### **7      FISCAL HEALTH REPORT – YEAR TO DATE FOR PERIOD ENDING JUNE 30, 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 September 6, 2016:

##### **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. It provides a snapshot of the City's financial health at a point in time and indicates areas for closer monitoring.

##### **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, 2016.

##### **Background – Analysis and Options**

The attached fiscal health report compares year to date actual city operating, water and wastewater operations and capital results as of Jun 30, 2016, 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.

The revised *Fiscal Health Report* was introduced with the reporting of the City's financial results for the period ending March 31, 2016. The revised report incorporates the following updates:

- New sections: Risks and Pressures, Operating Transfers Authorized by the Chief Financial Officer/City Treasurer
- Capital Project financial status available on-line
- Financial Summary illustrates the Net Impact

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### Item 7, Finance Report No. 9 – Page 2

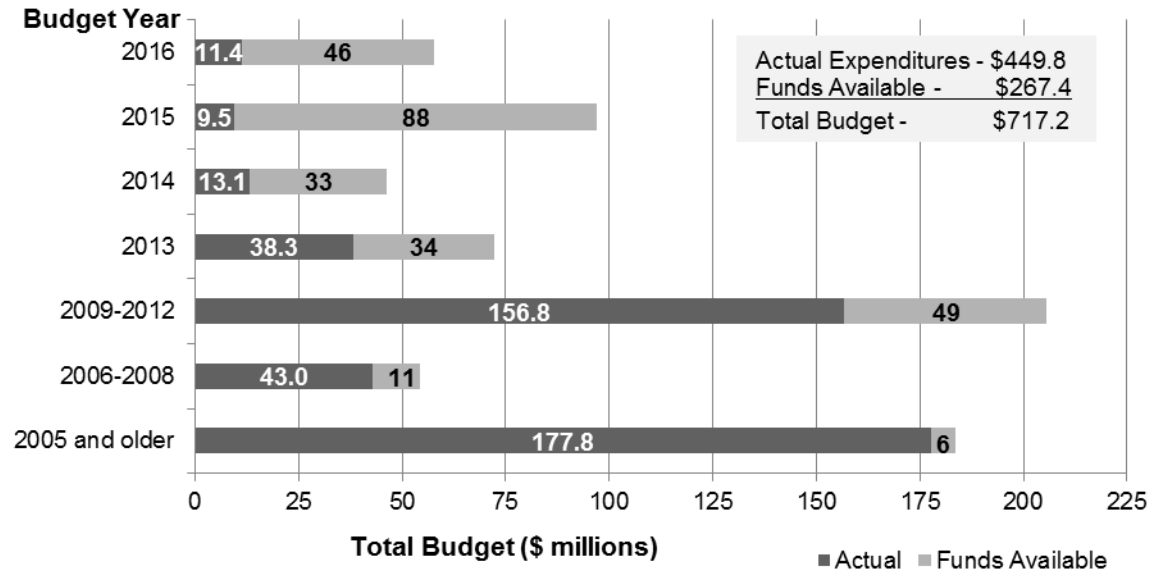
The intent of these changes is to simplify and streamline the report with an increased use of tables and graphs to assist Council in carrying out their fiscal oversight accountability.

### Summary

#### **Operating Results – Year to Date period ending June 30, 2016**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Property Tax Based Budget</b>			
Revenues	195.4	195.3	-0.1
Expenditures	140.3	137.3	3.0
<b>Net</b>	<b>55.1</b>	<b>58.0</b>	<b>2.9</b>
<b>Water Rate Based Budget</b>			
Revenues	24.0	25.0	1.0
Expenditures	21.6	21.5	0.1
<b>Net</b>	<b>2.4</b>	<b>3.5</b>	<b>1.1</b>
<b>Wastewater Rate Based Budget</b>			
Revenues	31.8	32.1	0.3
Expenditures	28.1	28.2	-0.1
<b>Net</b>	<b>3.7</b>	<b>3.9</b>	<b>0.2</b>

#### **Capital Results – Year to Date period ending June 30, 2016**



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**Discussion**

**Operating Budget Results**

**Overall, City Revenues were On Target with the Plan**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Department Revenues	21.3	21.6	0.3
Corporate Revenues	21.2	20.8	-0.4
Taxation	152.8	152.8	0.0
<b>Total Revenues</b>	<b>195.4</b>	<b>195.3</b>	<b>-0.1</b>

Note – numbers may not add due to rounding

- Department Revenues were 1% greater than planned. These revenues were primarily a result of better than anticipated registrations for aquatic programmes and fitness memberships in Recreation, increased sponsorship dollars and City Playhouse revenues in Community Development and Events, and better than expected administration recovery revenues for service connections in Development Engineering and Infrastructure Planning. Although fines and revenues in By-Law, Compliance, Licensing and Permit Services were below plan, the previously mentioned departmental revenues were sufficient to offset this shortfall.
- Corporate Revenues were 2% less than plan. Planned reserve transfers to Building Standards and Development Engineering and Infrastructure Planning from reserves were not required as these department's expenditures were less than planned, primarily due to vacancies. Offsetting this was higher dividends payments from PowerStream being received.

**City expenditures were \$3.0 million less than planned**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Service Contracts & Materials	17.0	15.5	1.4
Other	22.0	20.9	1.1
Labour	77.5	77.1	0.5
Utilities & Fuel	5.0	4.5	0.4
Capital Related	12.4	12.4	0.1
Professional Fees	1.1	1.1	0.0
Insurance	5.4	5.8	-0.4
<b>Total Expenditures</b>	<b>140.3</b>	<b>137.3</b>	<b>3.0</b>

- Service contracts and materials were 8.3% less than budget. This is primarily attributable to a delay in invoicing for maintenance and contract work within Parks and Forestry and Facility Maintenance Services, which will correct itself throughout the year. Also there has been an increase in recovery for service connections that will be invoiced out by year end. These savings have helped to offset the additional costs for service contracts associated with software platforms throughout the City.
- Other expenditures were 5.0% less than budget due to several factors:
- Timing delay for YRT ticket purchases from York Region
- Election tabulator lease that was budgeted, however contract was not renewed

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- Corporate Reorganization funds that have not yet been used or allocated to specific initiatives
- Timing delay relating to the Mayor's Gala/Golf Classic event expenses which have been realized. These expenses would be fully offset at year end with revenue generated by these events.
- Labour costs were less than 1% of budget. This was primarily attributable to general turnover vacancies and new complement positions that were not filled from January to June 2016. Departments will continue to work with Human Resources to recruit and fill the vacant headcount. Partially offsetting these savings are increased expenditures in overtime and part time.
- Utilities & Fuel were 9% less than budget. The milder winter in the first half of the year has resulted in less than planned expenditures for fuel. This is helping to offset increased hydro costs that are largely due to rising utility rates.
- Insurance was 8% greater than budget as a result of more OMEX claims at the maximum deductible and reaching settlement in the first half of the year.

Attachment 2 provides commentary at the Portfolio/Office level.

#### **Risks and Pressures**

Some revenues have been identified in the section above as below plan at the end of the second quarter. Staff will continue to monitor these revenues and report back to Council if corrective action is required.

At the time that this report was prepared, two areas have been identified where there are potential risks and pressures for the City:

- Office of the Chief Information Officer – Service contracts are trending \$264K above plan and it is anticipated that this trend will continue for the remainder of the year. The department has been able to offset this with reduced spending in other areas, but this is not sustainable for the remainder of the year. It is anticipated that this pressure can be offset by expenditure savings in other areas.
- Transportation Services and Parks and Forestry Operations – Service contracts are trending \$1.2 million below plan primarily attributable to decreased contract costs associated with the milder winter in the first half of the year. If there is a weather event in the latter half of the year this could reduce these savings. These savings, if they continue, will be available to offset overall pressures or replenish the Winterization Reserve.

Staff will continue to monitor and report back to Council as new information comes to light.

#### **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, Rpt 16, Item 1):

*That the Chief Financial Officer/City Treasurer be authorized 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*

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*That the Chief Financial Officer/City Treasurer be authorized to approve any fiscally neutral transfers between corporate contingency and departments and a summary of these changes be incorporated into the quarterly reporting process*

<b>Departments</b>		<b>Description</b>	<b>Amount transferred between Departments</b>	<b>Reference #</b>
<b>From:</b>	<b>To:</b>			
Contingency	Fire and Rescue Services	To correctly account for previous costs of severance	175,188	1
Contingency	Integrity Commissioner	Finance, Administration and Audit Committee (Rpt 6, No.5)	26,000	2
Corporate Communications	Environmental Services	To reallocate the budget for communication initiatives to facilitate WDO grant reporting	77,500	3
Contingency	Various	To reallocate the budget to departments for job evaluations	153,242	4
Recreation	DCM Community Services	To transfer 1 FTE for the position of Manager, Special Projects	118,930	5

A summary of the net impact of these transactions is included with Attachment 1. The reference number on the table corresponds to the reference number on the financial summary table.

**City's net position was \$2.9 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. There are no current indications that the year will end in a deficit position.

**Water Operating Results**

**Water Operations gross margin was \$0.4 million greater than budget**

	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance</b></u>
Residential Billings	14.1	14.7	0.6
Commercial Billings	9.3	9.6	0.3
Other	0.1	0.3	0.2
Less Metered Water Purchases	-14.5	-15.1	-0.6
Less Unmetered Water	-2.3	-2.4	-0.1
<b>Gross Margin</b>	<b>6.7</b>	<b>7.1</b>	<b>0.4</b>
<b>Other Revenues</b>	<b>0.5</b>	<b>0.4</b>	<b>-0.1</b>

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- Residential and commercial sales for the second quarter are trending higher than budget by 4% and 3% respectively. The increase in consumption is largely attributed to warmer and drier weather Vaughan has experienced over the last three months. Regional water purchases are higher than budgeted as a direct cost.

**Water Operations City expenditures were \$0.8 million less than planned**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Maintenance and Installation Cost	2.8	2.4	0.4
General Administration	1.7	1.3	0.4
Joint Service Costs	0.3	0.3	0.0
<b>Total Expenses</b>	<b>4.8</b>	<b>4.0</b>	<b>0.8</b>

- Maintenance and Installation costs are trending lower than budget with the savings mainly attributed to:
  - vacancy of one (1) operator position with recruitment underway; and
  - a milder than normal winter reduced reactionary expenses associated with activities such as hydrant daylighting and pipe thawing.
- Planned expenses are expected to increase throughout the year resulting in a net neutral position.
- General Administration costs are trending lower than budget with savings mainly attributed to several vacancies, including a Purchasing Analyst, Water/Wastewater Modeller and Manager of Water (position has since been filled). Recruitment is underway with the expectation that the positions will be filled in the 3rd quarter.

The Water Operations net lifecycle contribution is trending \$1.1 million favourable at the end of second quarter.

**Wastewater/Stormwater Operating Results**

**Wastewater/Stormwater Operations gross margin was \$0.8 million lower than budget**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Residential Billings	18.5	19.1	0.6
Commercial Billings	12.8	12.6	-0.2
Other	0.2	0.2	0.0
Less Regional Treatment Charges	-23.2	-24.4	-1.2
<b>Gross Margin</b>	<b>8.3</b>	<b>7.5</b>	<b>-0.8</b>
<b>Other Revenues</b>	<b>0.3</b>	<b>0.2</b>	<b>-0.1</b>

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- Residential sales for the second quarter are trending 3.2% higher than budget while commercial sales for the second quarter are trending 1.5% lower than budget. Regional treatment charges are higher than budget as a direct cost.

**Wastewater/Stormwater Operations City expenditures were \$1.1 million less than planned**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Maintenance and Installation	1.5	1.1	0.4
General Administration	1.4	1.2	0.2
Storm Sewer Maintenance	1.7	1.2	0.5
Joint Services	0.3	0.3	0.0
<b>Total Expenditures</b>	<b>4.9</b>	<b>3.8</b>	<b>1.1</b>

- Various maintenance costs (flushing, flow monitoring, inflow & infiltration, repairs) are trending lower than budgeted but are expected to return to normal levels in Q3, Q4 and be on target for year end.
- General Administration costs are trending lower than budget with savings mainly attributed to several vacancies including Stormwater Coordinator, Sewer Use Compliance & By-law Coordinator and a Water/Wastewater Modeller.

The Wastewater/Stormwater Operations net lifecycle contribution is trending \$0.2 million favourable at the end of the second quarter.

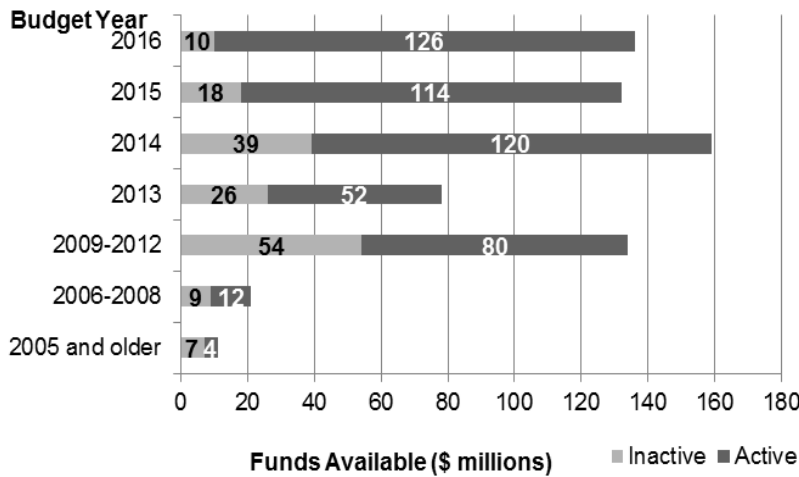
**Capital Budget Results**

At March 31, 2016, there were 671 open capital projects with \$267.4 million of available budget remaining. The open projects are made up of 508 annual and active programs and 163 inactive projects.

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	Inactive	Active
2016	10	126
2015	18	114
2014	39	120
2013	25	52
2009-2012	54	80
2006-2008	9	12
2005 and older	7	4
<b>Total # Projects</b>	<b>162</b>	<b>508</b>
<b>Total Project \$</b>	<b>69.4</b>	<b>197.9</b>

The semi-annual Term of Council Service Excellence Strategy Map Progress Report that is on the agenda for this Finance, Administration and Audit Committee meeting will report 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 163 Inactive Projects**

Of the 670 open capital projects, there are 163 projects that are considered inactive; 70 of the projects have been open since 2012 or earlier. 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 163 open inactive projects is as follows:

Classification	#	\$M
Completed - to be closed in Q3	4	10.7
Completed - Under Warranty/Maintenance	59	9.8
Completed - Waiting for final invoices	7	1.9
Completed - Waiting for Regional invoices	3	5.0
DC repayment agreement in place	36	39.9
Project on Hold	11	2.2
<b>Grand Total</b>	<b>163</b>	<b>69.4</b>

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

### **Departments closed 48 projects in the Quarter, Returning \$3.4 million to Reserves**

The table below summarizes the number of projects closed in each Portfolio/Office:



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Portfolio/Office	# Closed	% Spend	\$M to Reserves
Community Services	11	93	0.1
Human Resources and Legal	1	*	0.0
Library	1	100	0.0
Office of the Chief Financial Officer	1	*	0.0
Office of the Chief Information Officer	1	99	0.0
Planning & Growth Management	7	98	0.1
Public Works	26	54	3.2
<b>Grand Total</b>	<b>48</b>		<b>3.4</b>

\*The projects under Human Resources and Legal and Office of the Chief Financial Officer were consolidated into projects associated with the Service Excellence Initiatives.

In Public Works, the maintenance periods for five projects ended, returning \$2.7 million to reserves; as well, a capital project for a multi-use pathway was closed as this work is to be incorporated in future Regional works, returning \$1.3 million to reserves.

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

### **Capital Budget Amendments**

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

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

Departments			Original Budget	Amend- ment	Revised Budget
From:	To:				
Engineering DC's	1582-0-06 Engineering Design Criteria Study	CoW R43, I9	100,800	10,435	111,235
BF-8345-12 Garnet A. Williams Replace Arena Chiller and Brine Pump	BF-8472-15 Garnet A. Williams C.C. - Upgrade option study	FAA R5, I3	56,650	51,050	107,700
Fire Equipment Reserve	FR-3610-16 Replace Aerial 7968 - Smeal 32m	FAA R5, I6	1,540,874	136,066	1,676,940
PL-9024-11 Concord Centre Secondary Plan	PL-9027-12 Centre Street West Gateway Secondary Plan	FAA R7, I18	67,400	17,669	85,069
	PL-9547-14 Land Use Study-Kipling/HWY7		57,657	17,669	75,326
Fleet DC's and Taxation	BY-9540-16 Animal Control Vehicle	CoW R28, I2		70,000	70,000
	BY-9541-16 Wildlife Intake and Holding			43,000	43,000

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Departments			Original Budget	Amend-ment	Revised Budget
From:	To:				
CM-2526-16 Service Excellence Strategic Initiative	SE-0076-16 Job Description & Evaluation Process	FAA R5, I5		50,000	50,000
HR-9533-14 Attendance Management	SE-0077-16 Digital Strategy			55,000	55,000
Automation	SE-0078-16 Procurement Modernization			381,313	381,313
PU-2524-15 E-Procurement	SE-0079-16 Workforce Management System Bu			118,050	118,050
	SE-0080-16 Service Excellence Leads Program			213,750	213,750
City Manager Operating Budget and Year End Reserve Transfer (\$306,000)	SE-0081-16 Recognition Program for Service Excellence			15,000	15,000
	SE-0082-16 Leadership Alignment			75,000	75,000
	SE-0083-16 Service Excellence Communication Plan			25,000	25,000
	SE-0088-16 Service Vaughan Phase I			512,000	512,000
Woodlot Reserve	CO-0052-16 Woodlot Acquis -Block 18	Woodlot Repayment Agreement		368,730	368,730
CIL Parkland Reserve	Block 18 Land Purchase	Closed Report		10,453,153	10,453,153

**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.

Departments		Original Budget	Amendme nt	Revised Budget
From:	To:			
DT-7095-12 VMC Underground Pathway System Study	DT-7085-13 Parking Management Strategy Study	103,000	103,000	206,000
DT-7120-13 Black Creek Renewal	DT-7121-13 Vaughan Metropolitan Centre NE Storm Water Management Pond	1,130,360	1,736,897	2,867,257
PK-6269-10 UV1-N2 - Village Green Park	PK-6497-15 KA-S5 Block 51- Public Square- Design and Construction	289,151	40,552	329,703
PK-6270-10 UV2-N5 - Forest View Park	PK-6521-15 MS1 Block 19 Neighbourhood Park Design and Construction	402,138	128,807	530,945
PK-6273-10 UV2-N13 - Woodrose Park	PK-6522-15 MS2 Block 19 Neighbourhood Park Design and Construction	230,750	62,153	292,903
PK-6301-11 KP3 (Wishing Well Park)				
PK-6312-11 UV2-N15 (Pioneer Park - Block 11)				
PK-6313-11 UV2-N18 (Heritage Park - Block 11)				

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<b>Departments</b>		<b>Original Budget</b>	<b>Amendment</b>	<b>Revised Budget</b>
<b>From:</b>	<b>To:</b>			
PK-6489-14 Oak Bank Pond - Boardwalk Reconstruction	PK-6489-16 Oak Bank Pond - Boardwalk Recons	245,280	30,591	275,871
PK-6127-07 Walkway/Hard Surface Replacement PO-6702-10 Park Hard Surface/Walkway Repair	RP-6754-15 Parks Concrete Walkway Repairs/Replacements	692,160	77,756	769,916

**Continuity Schedule of Reserves and Reserve Funds**

	<b>Opening</b>	<b>Revenue</b>	<b>Spend</b>	<b>Closing</b>	<b>Future Activity</b>	<b>Open POs</b>	<b>After POs</b>
<b>Obligatory</b>							
City-Wide Development Charges	198.9	29.2	1.9	226.2	0.0	115.6	110.7
Areas Specific Development Charges	-5.1	0.9	-10.9	6.7	0.0	13.5	-6.8
Restricted Grant	0.1	0.1	0.0	25.5	8.3	31.5	2.4
Other	4.5	4.5	12.2	82.4	1.8	3.2	77.4
Sub-total	34.7	34.4	3.1	340.8	10.1	163.7	183.6
<b>Discretionary</b>							
Sustainability	36.0	2.3	3.3	35.1	4.2	0.1	30.8
Infrastructure	152.2	10.1	4.1	158.2	2.7	54.4	101.5
Capital from Taxation	0.0	25.3	2.4	22.8	0.0	22.5	0.5
Corporate	22.3	0.2	0.0	22.5	3.9	1.2	17.4
Special Purpose	6.4	0.1	0.0	6.5	0.0	13.5	-7.0
Sub-total	217.0	37.9	9.8	245.1	10.7	91.6	143.1
<b>Total</b>	<b>526.2</b>	<b>72.7</b>	<b>12.9</b>	<b>585.9</b>	<b>20.9</b>	<b>255.3</b>	<b>326.8</b>

Note – numbers may not add due to rounding

The reserve balance before commitments is \$585.9 million. There are \$255.3 million in funds that have been allocated to approved projects for which works are either underway or are planned to begin in 2016. After these commitments are accounted for, there is \$326.8 million in reserve funds available, \$183.6 million for obligatory reserves and \$143.1 million in discretionary reserves.

Development Charges collected in the first half of 2016 equate to \$29.0 million, with interest earned on reserve balances making up the difference. The large revenue in the Capital from Taxation reserve is a result of the establishment of the reserve, but as indicated by the \$22.5 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](#).

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

Overall, as of June 30, 2016 the City, Water and Wastewater/Stormwater operations are tracking slightly better than planned. 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 in an effort 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, 2016, the overall City position is favourable \$2.9 million. 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 – First Quarter Financial Summary
2. City Operating – Portfolio/Office Summary

##### **Report prepared by:**

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

Sean Skinkle  
Acting 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.)

**FISCAL HEALTH REPORT – YEAR TO DATE FOR PERIOD ENDING JUNE 30, 2016****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:

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**Contribution to Sustainability**

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**Communication Plan**

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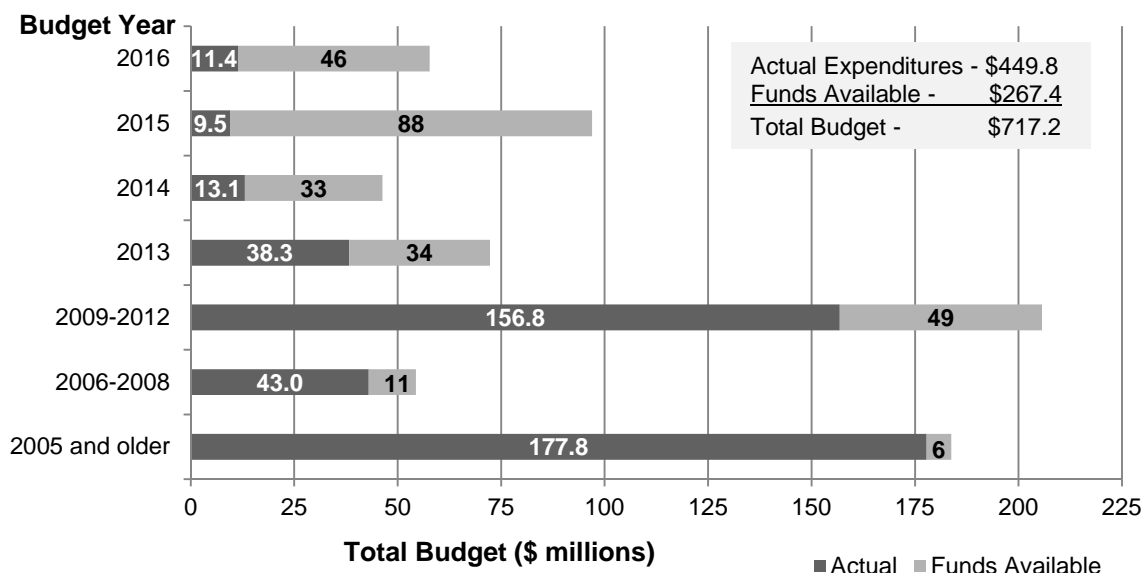
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<b>Property Tax Based Budget</b>			
Revenues	195.4	195.3	-0.1
Expenditures	140.3	137.3	3.0
<b>Net</b>	<b>55.1</b>	<b>58.0</b>	<b>2.9</b>

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Water Rate Based Budget</b>			
Revenues	24.0	25.0	1.0
Expenditures	21.6	21.5	0.1
<b>Net</b>	<b>2.4</b>	<b>3.5</b>	<b>1.1</b>
<b>Wastewater Rate Based Budget</b>			
Revenues	31.8	32.1	0.3
Expenditures	28.1	28.2	-0.1
<b>Net</b>	<b>3.7</b>	<b>3.9</b>	<b>0.2</b>

### Capital Results – Year to Date period ending June 30, 2016



### Discussion

#### Operating Budget Results

**Overall, City Revenues were On Target with the Plan**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Department Revenues	21.3	21.6	0.3
Corporate Revenues	21.2	20.8	-0.4
Taxation	152.8	152.8	0.0
<b>Total Revenues</b>	<b>195.4</b>	<b>195.3</b>	<b>-0.1</b>

Note – numbers may not add due to rounding

- Department Revenues were 1% greater than planned. These revenues were primarily a result of better than anticipated registrations for aquatic programmes and fitness memberships in Recreation, increased sponsorship dollars and City Playhouse revenues in Community Development and Events, and better than expected administration recovery revenues for service connections in Development Engineering and Infrastructure Planning. Although fines and revenues in By-Law, Compliance, Licensing and Permit Services were below plan, the previously mentioned departmental revenues were sufficient to offset this shortfall.
- Corporate Revenues were 2% less than plan. Planned reserve transfers to Building Standards and Development Engineering and Infrastructure Planning from reserves were not required as these department's expenditures were less than planned,

primarily due to vacancies. Offsetting this was higher dividends payments from PowerStream being received.

### City expenditures were \$3.0 million less than planned

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Service Contracts & Materials	17.0	15.5	1.4
Other	22.0	20.9	1.1
Labour	77.5	77.1	0.5
Utilities & Fuel	5.0	4.5	0.4
Capital Related	12.4	12.4	0.1
Professional Fees	1.1	1.1	0.0
Insurance	5.4	5.8	-0.4
<b>Total Expenditures</b>	<b>140.3</b>	<b>137.3</b>	<b>3.0</b>

Note – numbers may not add due to rounding

- Service contracts and materials were 8.3% less than budget. This is primarily attributable to a delay in invoicing for maintenance and contract work within Parks and Forestry and Facility Maintenance Services, which will correct itself throughout the year. Also there has been an increase in recovery for service connections that will be invoiced out by year end. These savings have helped to offset the additional costs for service contracts associated with software platforms throughout the City.
- Other expenditures were 5.0% less than budget due to several factors:
  - Timing delay for YRT ticket purchases from York Region
  - Election tabulator lease that was budgeted, however contract was not renewed
  - Corporate Reorganization funds that have not yet been used or allocated to specific initiatives
  - Timing delay relating to the Mayor's Gala/Golf Classic event expenses which have been realized. These expenses would be fully offset at year end with revenue generated by these events.
- Labour costs were less than 1% of budget. This was primarily attributable to general turnover vacancies and new complement positions that were not filled from January to June 2016. Departments will continue to work with Human Resources to recruit and fill the vacant headcount. Partially offsetting these savings are increased expenditures in overtime and part time.
- Utilities & Fuel were 9% less than budget. The milder winter in the first half of the year has resulted in less than planned expenditures for fuel. This is helping to offset increased hydro costs that are largely due to rising utility rates.
- Insurance was 8% greater than budget as a result of more OMEX claims at the maximum deductible and reaching settlement in the first half of the year.

Attachment 2 provides commentary at the Portfolio/Office level.

### Risks and Pressures

Some revenues have been identified in the section above as below plan at the end of the second quarter. Staff will continue to monitor these revenues and report back to Council if corrective action is required.

At the time that this report was prepared, two areas have been identified where there are potential risks and pressures for the City:

- Office of the Chief Information Officer – Service contracts are trending \$264K above plan and it is anticipated that this trend will continue for the remainder of the year. The department has been able to offset this with reduced spending in other areas, but this is

not sustainable for the remainder of the year. It is anticipated that this pressure can be offset by expenditure savings in other areas.

- Transportation Services and Parks and Forestry Operations – Service contracts are trending \$1.2 million below plan primarily attributable to decreased contract costs associated with the milder winter in the first half of the year. If there is a weather event in the latter half of the year this could reduce these savings. These savings, if they continue, will be available to offset overall pressures or replenish the Winterization Reserve.

Staff will continue to monitor and report back to Council as new information comes to light.

### **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, Rpt 16, Item 1):

*That the Chief Financial Officer/City Treasurer be authorized 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*

*That the Chief Financial Officer/City Treasurer be authorized to approve any fiscally neutral transfers between corporate contingency and departments and a summary of these changes be incorporated into the quarterly reporting process*

Departments		Description	Amount transferred between Departments	Reference #
From:	To:			
Contingency	Fire and Rescue Services	To correctly account for previous costs of severance	175,188	1
Contingency	Integrity Commissioner	Finance, Administration and Audit Committee (Rpt 6, No.5)	26,000	2
Corporate Communications	Environmental Services	To reallocate the budget for communication initiatives to facilitate WDO grant reporting	77,500	3
Contingency	Various	To reallocate the budget to departments for job evaluations	153,242	4
Recreation	DCM Community Services	To transfer 1 FTE for the position of Manager, Special Projects	118,930	5

A summary of the net impact of these transactions is included with Attachment 1. The reference number on the table corresponds to the reference number on the financial summary table.

### **City's net position was \$2.9 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. There are no current indications that the year will end in a deficit position.



## Water Operating Results

Water Operations gross margin was \$0.4 million greater than budget

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Residential Billings	14.1	14.7	0.6
Commercial Billings	9.3	9.6	0.3
Other	0.1	0.3	0.2
Less Metered Water Purchases	-14.5	-15.1	-0.6
Less Unmetered Water	-2.3	-2.4	-0.1
<b>Gross Margin</b>	<b>6.7</b>	<b>7.1</b>	<b>0.4</b>
<b>Other Revenues</b>	<b>0.5</b>	<b>0.4</b>	<b>-0.1</b>

- Residential and commercial sales for the second quarter are trending higher than budget by 4% and 3% respectfully. The increase in consumption is largely attributed to warmer and drier weather Vaughan has experienced over the last three months. Regional water purchases are higher than budgeted as a direct cost.

Water Operations City expenditures were \$0.8 million less than planned

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Maintenance and Installation Cost	2.8	2.4	0.4
General Administration	1.7	1.3	0.4
Joint Service Costs	0.3	0.3	0.0
<b>Total Expenses</b>	<b>4.8</b>	<b>4.0</b>	<b>0.8</b>

- Maintenance and Installation costs are trending lower than budget with the savings mainly attributed to:
  - vacancy of one (1) operator position with recruitment underway; and
  - a milder than normal winter reduced reactionary expenses associated with activities such as hydrant daylighting and pipe thawing.
- Planned expenses are expected to increase throughout the year resulting in a net neutral position.
- General Administration costs are trending lower than budget with savings mainly attributed to several vacancies, including a Purchasing Analyst, Water/Wastewater Modeller and Manager of Water (position has since been filled). Recruitment is underway with the expectation that the positions will be filled in the 3rd quarter.

The Water Operations net lifecycle contribution is trending \$1.1 million favourable at the end of second quarter.

## Wastewater/Stormwater Operating Results

Wastewater/Stormwater Operations gross margin was \$0.8 million lower than budget

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Residential Billings	18.5	19.1	0.6
Commercial Billings	12.8	12.6	-0.2
Other	0.2	0.2	0.0
Less Regional Treatment Charges	-23.2	-24.4	-1.2
<b>Gross Margin</b>	<b>8.3</b>	<b>7.5</b>	<b>-0.8</b>
<b>Other Revenues</b>	<b>0.3</b>	<b>0.2</b>	<b>-0.1</b>

- Residential sales for the second quarter are trending 3.2% higher than budget while commercial sales for the second quarter are trending 1.5% lower than budget. Regional treatment charges are higher than budget as a direct cost.

Wastewater/Stormwater Operations City expenditures were \$1.1 million less than planned

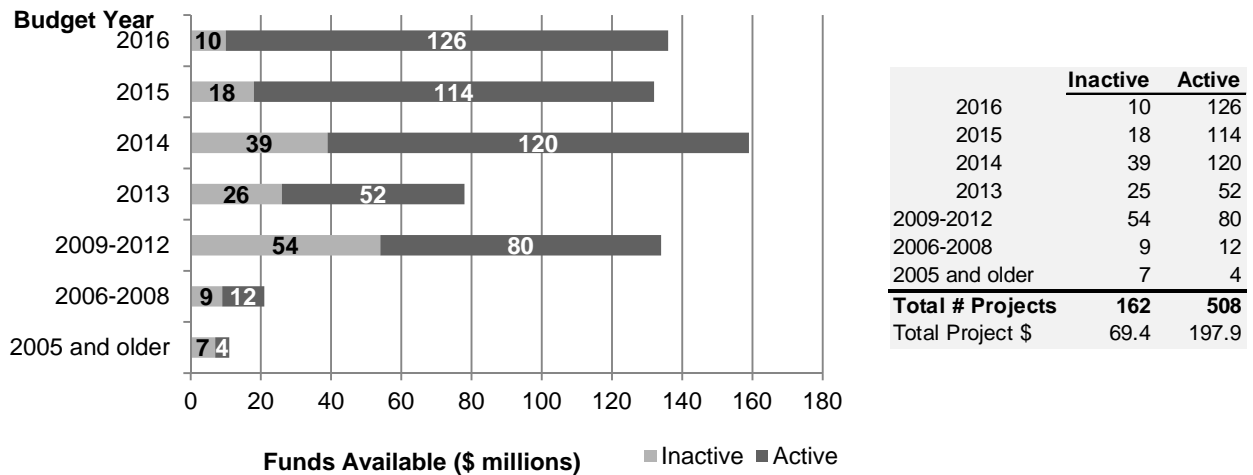
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Maintenance and Installation	1.5	1.1	0.4
General Administration	1.4	1.2	0.2
Storm Sewer Maintenance	1.7	1.2	0.5
Joint Services	0.3	0.3	0.0
<b>Total Expenditures</b>	<b>4.9</b>	<b>3.8</b>	<b>1.1</b>

- Various maintenance costs (flushing, flow monitoring, inflow & infiltration, repairs) are trending lower than budgeted but are expected to return to normal levels in Q3, Q4 and be on target for year end.
- General Administration costs are trending lower than budget with savings mainly attributed to several vacancies including Stormwater Coordinator, Sewer Use Compliance & By-law Coordinator and a Water/Wastewater Modeller.

The Wastewater/Stormwater Operations net lifecycle contribution is trending \$0.2 million favourable at the end of the second quarter.

## Capital Budget Results

At March 31, 2016, there were 671 open capital projects with \$267.4 million of available budget remaining. The open projects are made up of 508 annual and active programs and 163 inactive projects.



The semi-annual Term of Council Service Excellence Strategy Map Progress Report that is on the agenda for this Finance, Administration and Audit Committee meeting will report 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 163 Inactive Projects

Of the 670 open capital projects, there are 163 projects that are considered inactive; 70 of the projects have been open since 2012 or earlier. 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 163 open inactive projects is as follows:

Classification	#	\$M
Completed - to be closed in Q3	4	10.7
Completed - Under Warranty/Maintenance	59	9.8
Completed - Waiting for final invoices	7	1.9
Completed - Waiting for Regional invoices	3	5.0
DC repayment agreement in place	36	39.9
Project on Hold	11	2.2
<b>Grand Total</b>	<b>163</b>	<b>69.4</b>

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

### Departments closed 48 projects in the Quarter, Returning \$3.4 million to Reserves

The table below summarizes the number of projects closed in each Portfolio/Office:

Portfolio/Office	# Closed	% Spend	\$M to Reserves
Community Services	11	93	0.1
Human Resources and Legal	1	*	0.0
Library	1	100	0.0
Office of the Chief Financial Officer	1	*	0.0
Office of the Chief Information Officer	1	99	0.0
Planning & Growth Management	7	98	0.1
Public Works	26	54	3.2
<b>Grand Total</b>	<b>48</b>		<b>3.4</b>

\*The projects under Human Resources and Legal and Office of the Chief Financial Officer were consolidated into projects associated with the Service Excellence Initiatives.

In Public Works, the maintenance periods for five projects ended, returning \$2.7 million to reserves; as well, a capital project for a multi-use pathway was closed as this work is to be incorporated in future Regional works, returning \$1.3 million to reserves.

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

### Capital Budget Amendments

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

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

Departments			Original Budget	Amend-ment	Revised Budget
From:	To:				
Engineering DC's	1582-0-06 Engineering Design Criteria Study	CoW R43, I9	100,800	10,435	111,235
BF-8345-12 Garnet A. Williams Replace Arena Chiller and Brine Pump	BF-8472-15 Garnet A. Williams C.C. - Upgrade option study	FAA R5, I3	56,650	51,050	107,700
Fire Equipment Reserve	FR-3610-16 Replace Aerial 7968 - Smeal 32m	FAA R5, I6	1,540,874	136,066	1,676,940
PL-9024-11 Concord Centre Secondary Plan	PL-9027-12 Centre Street West Gateway Secondary Plan	FAA R7, I18	67,400	17,669	85,069
	PL-9547-14 Land Use Study-Kipling/HWY7		57,657	17,669	75,326
Fleet DC's and Taxation	BY-9540-16 Animal Control Vehicle	CoW R28, I2		70,000	70,000
	BY-9541-16 Wildlife Intake and Holding			43,000	43,000
CM-2526-16 Service Excellence Strategic Initiative	SE-0076-16 Job Description & Evaluation Process	FAA R5, I5		50,000	50,000
HR-9533-14 Attendance Management	SE-0077-16 Digital Strategy			55,000	55,000
Automation	SE-0078-16 Procurement Modernization			381,313	381,313
PU-2524-15 E-Procurement	SE-0079-16 Workforce Management System Bu			118,050	118,050
City Manager Operating Budget and Year End Reserve Transfer (\$306,000)	SE-0080-16 Service Excellence Leads Program			213,750	213,750
	SE-0081-16 Recognition Program for Service Excellence			15,000	15,000
	SE-0082-16 Leadership Alignment			75,000	75,000
	SE-0083-16 Service Excellence Communication Plan			25,000	25,000
	SE-0088-16 Service Vaughan Phase I			512,000	512,000
Woodlot Reserve	CO-0052-16 Woodlot Acquis -Block 18	Woodlot Repay-ment Agreement		368,730	368,730

Departments			Original Budget	Amend-ment	Revised Budget
From:	To:				
CIL Parkland Reserve	Block 18 Land Purchase	Closed Report		10,453,153	10,453,153

### 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.

Departments		Original Budget	Amendment	Revised Budget
From:	To:			
DT-7095-12 VMC Underground Pathway System Study	DT-7085-13 Parking Management Strategy Study	103,000	103,000	206,000
DT-7120-13 Black Creek Renewal	DT-7121-13 Vaughan Metropolitan Centre NE Storm Water Management Pond	1,130,360	1,736,897	2,867,257
PK-6269-10 UV1-N2 - Village Green Park	PK-6497-15 KA-S5 Block 51- Public Square- Design and Construction	289,151	40,552	329,703
PK-6270-10 UV2-N5 - Forest View Park	PK-6521-15 MS1 Block 19 Neighbourhood Park Design and Construction	402,138	128,807	530,945
PK-6273-10 UV2-N13 - Woodrose Park	PK-6522-15 MS2 Block 19 Neighbourhood Park Design and Construction	230,750	62,153	292,903
PK-6301-11 KP3 (Wishing Well Park)				
PK-6312-11 UV2-N15 (Pioneer Park - Block 11)				
PK-6313-11 UV2-N18 (Heritage Park - Block 11)				
PK-6489-14 Oak Bank Pond - Boardwalk Reconstruction	PK-6489-16 Oak Bank Pond - Boardwalk Recons	245,280	30,591	275,871
PK-6127-07 Walkway/Hard Surface Replacement	RP-6754-15 Parks Concrete Walkway Repairs/Replacements	692,160	77,756	769,916
PO-6702-10 Park Hard Surface/Walkway Repair				

### Continuity Schedule of Reserves and Reserve Funds

	Opening	Revenue	Spend	Closing	Future Activity	Open POs	After POs
<b>Obligatory</b>							
City-Wide Development Charges	198.9	29.2	1.9	226.2	0.0	115.6	110.7
Areas Specific Development Charges	-5.1	0.9	-10.9	6.7	0.0	13.5	-6.8
Restricted Grant	0.1	0.1	0.0	25.5	8.3	31.5	2.4
Other	4.5	4.5	12.2	82.4	1.8	3.2	77.4
Sub-total	34.7	34.4	3.1	340.8	10.1	163.7	183.6
<b>Discretionary</b>							
Sustainability	36.0	2.3	3.3	35.1	4.2	0.1	30.8

	Opening	Revenue	Spend	Closing	Future Activity	Open POs	After POs
Infrastructure	152.2	10.1	4.1	158.2	2.7	54.4	101.5
Capital from Taxation	0.0	25.3	2.4	22.8	0.0	22.5	0.5
Corporate	22.3	0.2	0.0	22.5	3.9	1.2	17.4
Special Purpose	6.4	0.1	0.0	6.5	0.0	13.5	-7.0
Sub-total	217.0	37.9	9.8	245.1	10.7	91.6	143.1
<b>Total</b>	<b>526.2</b>	<b>72.7</b>	<b>12.9</b>	<b>585.9</b>	<b>20.9</b>	<b>255.3</b>	<b>326.8</b>

Note – numbers may not add due to rounding

The reserve balance before commitments is \$585.9 million. There are \$255.3 million in funds that have been allocated to approved projects for which works are either underway or are planned to begin in 2016. After these commitments are accounted for, there is \$326.8 million in reserve funds available, \$183.6 million for obligatory reserves and \$143.1 million in discretionary reserves.

Development Charges collected in the first half of 2016 equate to \$29.0 million, with interest earned on reserve balances making up the difference. The large revenue in the Capital from Taxation reserve is a result of the establishment of the reserve, but as indicated by the \$22.5 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](#).

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

Overall, as of June 30, 2016 the City, Water and Wastewater/Stormwater operations are tracking slightly better than planned. 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 in an effort 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, 2016, the overall City position is favourable \$2.9 million. 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 – First Quarter Financial Summary
2. City Operating – Portfolio/Office Summary

**Report prepared by:**

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Senior Manager, Corporate Financial Planning & Analysis

Sean Skinkle  
Acting Finance Manager, Water & Wastewater

Respectfully submitted,

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Laura Mirabella-Siddall, CPA, CA  
Chief Financial Officer and City Treasurer

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Lloyd Noronha, CPA, CMA  
Director, Financial Planning and Development Finance/Deputy City Treasurer

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Dean Ferraro, CPA, CA  
Director, City Financial Services/Deputy Treasurer



# **CITY OF VAUGHAN**

## **2016 City Operating Budget**

### **Property Tax Based Budget Fiscal Position as of June 30, 2016**



**CITY OF VAUGHAN**  
**2016 City Operating Budget**  
**Fiscal Position as of June 30, 2016**

**REVENUE / EXPENDITURE SUMMARY**

	2016	2016 YTD		VARIANCE		2016 BUDGET REMAINING	
	ANNUAL BUDGET	BUDGET	ACTUAL	FAV. / (UNFAV)		\$	%
				\$	%		
TAXATION	174,788,711	152,842,512	152,842,512	(0)	0.0%	21,946,199	12.6%
SUPPLEMENTAL TAXATION	3,200,000	0	0	0	0.0%	3,200,000	100.0%
GRANT / PAYMENT IN LIEU	2,725,200	1,830,000	1,878,056	48,056	2.6%	847,144	31.1%
RESERVES AND OTHER TRANSFERS	20,213,368	7,259,362	5,484,052	(1,775,310)	-24.5%	14,729,316	72.9%
FEES AND SERVICE CHARGES	45,515,258	21,333,481	21,591,843	258,362	1.2%	23,923,415	52.6%
CORPORATE	18,736,735	12,149,964	13,472,859	1,322,895	10.9%	5,263,876	28.1%
<b>TOTAL REVENUES</b>	<b>265,179,272</b>	<b>195,415,319</b>	<b>195,269,323</b>	<b>(145,996)</b>	<b>-0.1%</b>	<b>69,909,949</b>	<b>26.4%</b>
<b>EXPENDITURES:</b>		166,822,476					
DEPARTMENTAL	234,879,530	119,316,502	113,614,349	5,702,153	4.8%	121,265,181	51.6%
RESERVE CONTRIB. & CORP. EXP.	6,924,430	8,176,573	11,291,587	(3,115,014)	-38.1%	(4,367,157)	-63.1%
LONG TERM DEBT	13,144,068	5,633,388	5,572,354	61,034	1.1%	7,571,714	57.6%
CONTINGENCY	3,450,895	381,404	0	381,404	100.0%	3,450,895	100.0%
CAPITAL FROM TAXATION	6,780,349	6,780,349	6,780,349	0	0.0%	0	0.0%
<b>TOTAL EXPENDITURES</b>	<b>265,179,272</b>	<b>140,288,216</b>	<b>137,258,640</b>	<b>3,029,576</b>	<b>2.2%</b>	<b>127,920,632</b>	<b>48.2%</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>0</b>	<b>55,127,103</b>	<b>58,010,683</b>	<b>2,883,580</b>	<b>5.2%</b>		

**CITY OF VAUGHAN**  
**2016 City Operating Budget**  
**Fiscal Position as of June 30, 2016**  
**FINANCIAL SUMMARY**

	Revenues			Expenditures			Net		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>COUNCIL</b>				857,418	664,627	192,791	857,418	664,627	192,791
<b>OFFICE OF THE INTEGRITY COMMISSIONER</b>				113,131	113,131	0	113,131	113,131	0
<b>INTERNAL AUDIT</b>				250,303	181,500	68,803	250,303	181,500	68,803
<b>CITY MANAGER</b>				395,130	210,041	185,089	395,130	210,041	185,089
Office of Deputy City Manager Community Services				293,011	140,356	152,655	293,011	140,356	152,655
Community Grants & Advisory Committees				45,014	28,232	16,782	45,014	28,232	16,782
Access Vaughan				556,000	565,764	-9,764	556,000	565,764	-9,764
Recreation Services	8,431,887	8,680,724	248,837	9,223,150	8,841,988	381,162	791,263	161,264	629,999
Community Development & Events	386,601	543,172	156,571	788,009	837,862	-49,853	401,408	294,690	106,718
Facility Maintenance Services	155,937	170,475	14,538	9,888,006	9,620,398	267,608	9,732,069	9,449,922	282,147
Fire and Rescue Services	351,898	284,028	-67,870	22,305,202	22,055,826	249,376	21,953,304	21,771,798	181,506
Emergency Planning				100,494	105,687	-5,193	100,494	105,687	-5,193
By-Law, Compliance, Licensing & Permits	1,896,130	1,675,390	-220,740	3,296,338	3,085,714	210,624	1,400,208	1,410,324	-10,116
<b>TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES</b>	11,222,453	11,353,790	131,337	46,495,224	45,281,827	1,213,397	35,272,771	33,928,037	1,344,734
Office of Deputy City Manager Legal & Human Resources	0	0	0	0	56,325	-56,325	0	56,325	-56,325
Office of the City Solicitor	30,258	61,177	30,919	1,280,388	1,386,688	-106,300	1,250,130	1,325,511	-75,381
Office of the Chief Human Resources Officer				2,163,023	2,309,865	-146,842	2,163,023	2,309,865	-146,842
<b>TOTAL DEPUTY CITY MANAGER LEGAL &amp; HUMAN RESOURCE</b>	30,258	61,177	30,919	3,443,411	3,752,878	412,948	3,413,153	3,691,701	-278,548
Office of Deputy City Manager Planning & Growth Management				205,865	195,833	10,032	205,865	195,833	10,032
Development Planning	2,676,272	2,672,338	-3,934	2,041,660	1,966,129	75,531	-634,612	-706,209	71,597
Development Eng & Infrastructure Planning	273,984	448,725	174,741	2,735,906	2,004,437	731,469	2,461,922	1,555,712	906,210
Economic Development & Culture Services	6,000	26,080	20,080	991,189	904,793	86,396	985,189	878,713	106,476
Policy Planning & Environmental Sustainability	223,820	252,250	28,430	1,058,695	786,551	272,144	834,875	534,301	300,574
Parks Development	68,580	66,196	-2,384	825,853	723,491	102,362	757,273	657,295	99,978
Building Standards	4,620,962	4,582,359	-38,603	3,859,919	3,371,889	488,030	-761,043	-1,210,470	449,427
<b>TOTAL DEPUTY CITY MANAGER PLANNING AND GROWTH MANAGEMENT</b>	7,869,618	8,047,949	178,331	11,719,087	9,953,123	1,765,964	3,849,469	1,905,175	1,944,294
Office of Deputy City Manager Public Works				222,602	170,918	51,684	222,602	170,918	51,684
Corporate Asset Management				202,738	201,125	1,613	202,738	201,125	1,613
Fleet Management	0	81	81	1,359,770	1,130,175	229,595	1,359,770	1,130,094	229,676
Infrastructure Delivery	7,020	11,992	4,972	1,375,840	1,227,555	148,285	1,368,820	1,215,563	153,257
Environmental Services	684,745	681,620	-3,125	5,119,942	5,081,858	38,084	4,435,197	4,400,237	34,960
Trans Serv and Parks & Forestry Ops	292,898	273,514	-19,384	19,441,347	18,169,163	1,272,184	19,148,449	17,895,649	1,252,800
<b>TOTAL DEPUTY CITY MANAGER PUBLIC WORKS</b>	984,663	967,208	-17,455	27,722,239	25,980,794	1,741,445	26,737,576	25,013,586	1,723,990
<b>OFFICE OF THE CHIEF CORPORATE INITIATIVES &amp; INTERGOVERNMENTAL RELATIONS</b>	145,905	0	-145,905	321,980	239,112	82,868	176,075	239,112	-63,037
Office of the Chief Financial Officer/City Treasurer				258,310	243,673	14,637	258,310	243,673	14,637
Financial Services	345,305	447,264	101,959	1,728,858	1,584,428	144,430	1,383,553	1,137,164	246,389
Financial Planning & Development Finance	2,002	5,859	3,857	1,493,541	1,436,048	57,493	1,491,539	1,430,189	61,350
Procurement Services	26,506	32,233	5,727	1,070,924	900,138	170,787	1,044,418	867,904	176,514
<b>TOTAL OFFICE OF THE CFO/CITY TREASURER</b>	373,813	485,356	111,543	4,551,633	4,164,286	387,347	4,177,820	3,678,931	498,889
<b>OFFICE OF THE CHIEF INFORMATION OFFICER</b>				4,502,255	4,657,268	-155,013	4,502,255	4,657,268	-155,013
Office of the City Clerk	138,663	113,967	-24,696	2,554,294	2,560,769	-6,475	2,415,631	2,446,803	-31,172
City Clerk - Insurance				5,568,619	5,979,496	-410,877	5,568,619	5,979,496	-410,877
Committee of Adjustment	391,656	385,065	-6,591	305,722	298,897	6,825	-85,934	-86,169	235
Council Corporate				45,410	23,711	21,699	45,410	23,711	21,699
<b>TOTAL OFFICE OF THE CITY CLERK</b>	530,319	499,032	-31,287	8,474,045	8,862,873	-388,828	7,943,726	8,363,841	-420,115
<b>OFFICE OF CORPORATE COMMUNICATIONS</b>				606,336	686,441	-80,105	606,336	686,441	-80,105
<b>OFFICE OF TRANSFORMATION &amp; STRATEGY</b>				255,435	247,588	7,847	255,435	247,588	7,847
<b>VAUGHAN PUBLIC LIBRARIES</b>	176,452	196,838	20,386	9,608,875	8,618,859	990,016	9,432,423	8,422,021	1,010,402
<b>TOTAL DEPARTMENTAL EXPENDITURES</b>	<b>21,333,481</b>	<b>21,611,349</b>	<b>277,868</b>	<b>119,316,502</b>	<b>113,614,349</b>	<b>5,702,153</b>	<b>97,983,021</b>	<b>92,003,000</b>	<b>5,980,021</b>
<b>RESERVES ACTIVITY</b>	7,259,362	5,484,052	-1,775,310	8,017,364	8,017,364	0	758,002	2,533,312	-1,775,310
<b>CORPORATE ACTIVITY</b>	13,979,964	15,331,410	1,351,446	159,209	3,274,223	-3,115,014	-13,820,755	-12,057,186	-1,763,569
<b>LONG TERM DEBT</b>	0	0	0	5,633,388	5,572,354	61,034	5,633,388	5,572,354	61,034
<b>CONTINGENCY</b>				381,404	0	381,404	381,404	0	381,404
<b>CAPITAL FROM TAXATION</b>				6,780,349	6,780,349	0	6,780,349	6,780,349	0
<b>TAXATION REVENUE</b>	152,842,512	152,842,512	0				-152,842,512	-152,842,512	0
<b>TOTAL DEPARTMENTAL AND CORPORATE EXPENDITURES</b>	195,415,319	195,269,323	-145,996	140,288,216	137,258,640	3,029,576	-55,127,103	-58,010,683	2,883,580

**CITY OF VAUGHAN**  
**2016 City Operating Budget**  
**Fiscal Position as of June 30, 2016**  
**FINANCIAL SUMMARY**

	Net			
	Original Budget	Transfers	Revised Budget	Ref #
<b>COUNCIL</b>	1,612,151	0	1,612,151	
<b>OFFICE OF THE INTEGRITY COMMISSIONER</b>	195,260	26,000	221,260	2
<b>INTERNAL AUDIT</b>	536,233	0	536,233	
<b>CITY MANAGER</b>	797,055	0	797,055	
Office of Deputy City Manager Community Services	412,978	118,930	531,908	4,5
Community Grants & Advisory Committees	80,854	0	80,854	
Access Vaughan	1,129,651	0	1,129,651	
Recreation Services	847,383	-106,242	741,141	4,5
Community Development & Events	992,075	0	992,075	
Facility Maintenance Services	20,984,205	0	20,984,205	
Fire and Rescue Services	44,490,616	175,188	44,665,804	1
Emergency Planning	203,994	0	203,994	
By-Law, Compliance, Licensing & Permits	2,996,797	69,642	3,066,439	4
<b>TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES</b>	72,138,553	257,518	72,396,071	
Office of Deputy City Manager Legal & Human Resources			0	
Office of the City Solicitor	2,454,288	35,524	2,489,812	4
Office of the Chief Human Resources Officer	4,075,817	0	4,075,817	
<b>TOTAL DEPUTY CITY MANAGER LEGAL &amp; HUMAN RESOURCES</b>	6,530,105	35,524	6,565,629	
Office of Deputy City Manager Planning & Growth Management	411,997	0	411,997	
Development Planning	-1,235,033	0	-1,235,033	
Development Eng & Infrastructure Planning	4,912,123	15,176	4,927,299	4
Economic Development & Culture Services	1,963,976	0	1,963,976	
Policy Planning & Environmental Sustainability	1,695,216	0	1,695,216	
Parks Development	1,517,366	0	1,517,366	
Building Standards	-1,691,226	0	-1,691,226	
<b>TOTAL DEPUTY CITY MANAGER PLANNING AND GROWTH MANAGEMENT</b>	7,574,419	15,176	7,589,595	
Office of Deputy City Manager Public Works	445,478	0	445,478	
Corporate Asset Management	409,110	0	409,110	
Fleet Management	2,654,350	0	2,654,350	
Infrastructure Delivery	2,941,987	0	2,941,987	
Environmental Services	9,180,708	77,500	9,258,208	3
Trans Serv and Parks & Forestry Ops	35,540,765	0	35,540,765	
<b>TOTAL DEPUTY CITY MANAGER PUBLIC WORKS</b>	51,172,398	77,500	51,249,898	
<b>OFFICE OF THE CHIEF CORPORATE INITIATIVES &amp; INTERGOVERNMENTAL RELATIONS</b>	358,406	0	358,406	
Office of the Chief Financial Officer/City Treasurer	514,458	0	514,458	
Financial Services	2,610,527	6,460	2,616,987	4
Financial Planning & Development Finance	2,994,807	3,157	2,997,964	4
Procurement Services	2,071,947	0	2,071,947	
<b>TOTAL OFFICE OF THE CFO/CITY TREASURER</b>	8,191,739	9,617	8,201,356	
<b>OFFICE OF THE CHIEF INFORMATION OFFICER</b>	9,549,296	0	9,549,296	
Office of the City Clerk	4,908,227	10,595	4,918,822	4
City Clerk - Insurance	6,393,214	0	6,393,214	
Committee of Adjustment	-112,554	0	-112,554	
Council Corporate	99,573	0	99,573	
<b>TOTAL OFFICE OF THE CITY CLERK</b>	11,288,460	10,595	11,299,055	
<b>OFFICE OF CORPORATE COMMUNICATIONS</b>	1,381,658	-77,500	1,304,158	3
<b>OFFICE OF TRANSFORMATION &amp; STRATEGY</b>	509,776	0	509,776	
<b>VAUGHAN PUBLIC LIBRARIES</b>	17,174,333	0	17,174,333	
<b>TOTAL DEPARTMENTAL EXPENDITURES</b>	<b>189,009,842</b>	<b>354,430</b>	<b>189,364,272</b>	
<b>RESERVES ACTIVITY</b>	-12,196,004		-12,196,004	
<b>CORPORATE ACTIVITY</b>	-22,554,869		-22,554,869	
<b>LONG TERM DEBT</b>	13,144,068		13,144,068	
<b>CONTINGENCY</b>	3,805,325	-354,430	3,450,895	
<b>CAPITAL FROM TAXATION</b>	6,780,349		6,780,349	
<b>TAXATION REVENUE</b>	-177,988,711		-177,988,711	
<b>TOTAL DEPARTMENTAL AND CORPORATE EXPENDITURES</b>	-	-	-	

Note: Ref # ties to the table in the section Operating Transfers Authorized by the Chief Financial Officer/City Treasurer

## Q2 Fiscal Health Report

### Portfolio: Community Services

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	11.22	11.35	0.13
Labour	37.03	36.80	0.27
Other Expenditures	9.47	8.48	0.94
Total Expenditures	46.50	45.28	1.21
<b>Net</b>	<b>35.27</b>	<b>33.93</b>	<b>1.34</b>

#### Capital Results (\$M):

Year (\$M)	Open		Closed	
	#	Unspent	#	Unspent
2016	37	6.26		
2015	21	3.72	2	0.00
2014	33	1.48	3	0.04
2013	14	0.62	3	0.02
2009-2012	19	1.04	3	0.00
2006-2008	4	1.60	0	0.00
<=2005	1	0.12	1	0.02
<b>Total</b>	<b>129</b>	<b>14.75</b>	<b>11</b>	<b>0.08</b>

- Revenues Q2 YTD were higher than anticipated largely driven by Recreation aquatic program revenues exceeding expectations. This positive variance was partially offset by lower than expected taxi and eating establishment license revenues due to timing of renewals
- The positive labour variance Q2 YTD is mainly due to vacancies, which are anticipated to be filled over the balance of the year
- Other expenditures were lower than budget Q2 YTD mainly due to the timing of invoices and also from lower utility costs as a result of a milder than anticipated winter
- Work continues to progress on open capital projects

### Portfolio: Legal and Human Resources

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.03	0.06	0.03
Reserve Revenues	0.10	0.10	0.00
Total Revenues	0.13	0.16	0.03
Labour	2.94	2.96	-0.02
Other Expenditures	0.50	0.79	-0.29
Total Expenditures	3.44	3.75	-0.31
<b>Net</b>	<b>3.31</b>	<b>3.59</b>	<b>-0.27</b>

#### Capital Results (\$M):

Year (\$M)	Open		Closed	
	#	Unspent	#	Unspent
2016	3	0.38		
2014	1	0.03	1	0.00
2013	3	0.13		
2009-2012	2	0.77		
<b>Total</b>	<b>9</b>	<b>1.31</b>	<b>1</b>	<b>0.00</b>

- The negative expenditure variance Q2 YTD is mainly due to higher than budgeted professional fees due to additional external legal advice requiring specialized knowledge.
- Most of capital project activity is tied to land acquisition activity which can result in unspent funds to vary by quarter and by year

## Q2 Fiscal Health Report

### Portfolio: Planning and Growth Management

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	7.87	8.05	0.18
Reserve Revenues	4.64	3.46	-1.17
Total Revenues	12.51	11.51	-1.00
Labour	11.06	9.82	1.24
Other Expenditures	0.66	0.13	0.53
Total Expenditures	11.72	9.95	1.77
<b>Net</b>	<b>-0.79</b>	<b>-1.56</b>	<b>0.77</b>

#### Capital Results (\$M):

Year (\$M)	Open		Closed	
	#	Unspent	#	Unspent
2016	35	17.50	0	0.00
2015	38	40.66	0	0.00
2014	39	7.59	3	0.03
2013	28	12.90	1	0.01
2009-2012	62	20.88	3	0.01
2006-2008	11	7.83	0	0.00
<=2005	7	5.52	0	0.00
<b>Total</b>	<b>220</b>	<b>112.88</b>	<b>7</b>	<b>0.05</b>

- The negative revenue variance Q2 YTD was mainly driven by lower than expected revenues transferred from reserves in Development Engineering & Infrastructure Planning Services. This negative variance is directly offset by a positive expenditure variance in the same department as a result of vacancies and timing of work completion.
- Labour expenditures were lower than budget Q2 YTD mainly as a result of vacancies in various departments. Some vacancies have since been filled and the balance are expected to be filled over the course of the year.
- Work continues to progress on open capital projects

### Portfolio: Public Works

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.98	0.97	-0.02
Labour	9.67	9.78	-0.11
Other Expenditures	18.05	16.20	1.85
Total Expenditures	27.72	25.98	1.74
<b>Net</b>	<b>26.74</b>	<b>25.01</b>	<b>1.72</b>

#### Capital Results (\$M):

Year (\$M)	Open		Closed	
	#	Unspent	#	Unspent
2016	39	17.24		
2015	68	41.32	3	0.00
2014	82	22.41	10	0.18
2013	29	19.01	2	0.09
2009-2012	43	24.64	9	2.66
2006-2008	6	2.01	2	0.28
<=2005	3	0.31		
<b>Total</b>	<b>270</b>	<b>126.93</b>	<b>26</b>	<b>3.22</b>

- Labour expenditures were more than budget Q2 YTD mainly as a result of timing of work requirements in Transportation Service and Parks and Forestry Operations
- Other expenditures were lower than budget Q2 YTD mainly related to:
  - timing of contracts under the procurement process that have not yet been awarded in Transportation Service and Parks and Forestry Operations
  - lower consumptions in fuel and hydro in Transportation Service and Parks and Forestry Operations as a result of milder winter temperatures
- Work continues to progress on open capital projects

## Q2 Fiscal Health Report

### Office: Corporate Initiative and Intergovernmental Relations

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.15	0.00	-0.15
Labour	0.27	0.22	0.05
Other Expenditures	0.05	0.02	0.03
Total Expenditures	0.32	0.24	0.08
<b>Net</b>	<b>0.17</b>	<b>0.24</b>	<b>-0.07</b>

- The unfavourable revenue variance is due to timing of the Innovation Reserve revenue to offset the expenses incurred for the Municipal Sponsorship.
- The Municipal Sponsorship office is fully funded from the Innovation Reserve, and this variance is anticipated to correct by year end.
- Project is for VMC Development; work continues to progress.

#### Capital Results (\$M):

Year (\$M)	Open		Closed	
	#	Unspent	#	Unspent
2015	1	0.6		
<b>Total</b>	<b>1</b>	<b>0.6</b>		

### Office: Chief Financial Officer

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.37	0.49	0.11
Labour	4.23	3.91	0.31
Other Expenditures	0.32	0.25	0.07
Total Expenditures	4.55	4.16	0.38
<b>Net</b>	<b>4.18</b>	<b>3.67</b>	<b>0.50</b>

- The positive revenue variance is due to timing for taxation fines and penalties, which is expected to even out by year-end
- The positive expenditure variance is due to temporary vacancies that are expected to be filled later in the year and timing of office expenditures

#### Capital Results (\$M):

Year (\$M)	Open		Closed	
	#	Unspent	#	Unspent
2016	1	0.36		
2015	1	0.06	1	0.00
2013	2	0.17		
2009-2012	2	0.06		
<b>Total</b>	<b>6.0</b>	<b>0.65</b>	<b>1</b>	<b>0.00</b>

- Three projects with \$0.8M in unspent funds are at early stages of work plan that will continue over the next two years
- Other projects are expected to be complete over the course of the next year

## Q2 Fiscal Health Report

### Office: Chief Financial Officer - Corporate Revenues and Expenditures

Operating Results (\$M):

(\$M)	Budget	Actuals	Variance
Revenues			
Mayor's Gala/Golf (net)	0.01	0.47	0.46
Investment Income & PowerStream			
Dividends	9.33	10.12	0.79
Fines and Penalties	2.41	2.28	-0.12
Taxation (net)	154.67	154.70	0.03
<b>Total Revenues</b>	<b>166.41</b>	<b>167.57</b>	<b>1.16</b>
Capital Related Expenditures	18.70	19.24	-0.54
Contingency	-2.62	0.00	-2.62
Other Expenditures (net)	1.12	0.29	0.20
<b>Total Expenditures</b>	<b>17.20</b>	<b>20.16</b>	<b>-2.96</b>
<b>Net</b>	<b>-149.22</b>	<b>-147.41</b>	<b>-1.80</b>

- The Mayor's Gala/Golf Classic had higher than budgeted revenues but this will be reconciled and fully offset with the expenditures at year end.
- PowerStream income is trending above plan due to increased dividend revenue
- Taxation is slightly higher than budget due to receipts of Payment in Lieu.
- Capital related expenditures are higher than budget due to the reversal of year end revenue accruals; this will reverse itself by year end
- Contingency includes Labour gapping.
- Other expenditures include professional fees, OMB and VMC expenditures offset by higher miscellaneous income.

### Office: Chief Information Officer

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Labour	3.22	3.25	-0.03
Other Expenditures	1.28	1.41	-0.13
<b>Total Expenditures</b>	<b>4.50</b>	<b>4.66</b>	<b>-0.16</b>
<b>Net</b>	<b>4.50</b>	<b>4.66</b>	<b>-0.16</b>

- The negative expenditure variance Q2 YTD is largely driven by timing of service contracts.

Capital Results (\$M):

Year (\$M)	Open #	Unspent	Closed #	Unspent
2016	4	2.24		
2014	1	0.39		
2009-2012	4	0.12		
2008`			1	0.01
<b>Total</b>	<b>9</b>	<b>2.75</b>	<b>1</b>	<b>0.01</b>

- Work continues to progress on annual IT infrastructure replacements
- Expenditures for larger IT capital replacements are expected over the next 12-18 months

## Q2 Fiscal Health Report

### Office: City Clerk

#### Operating Results (\$M):

<b>(\$M)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	0.53	0.50	-0.03
Labour	2.56	2.39	0.18
Other Expenditures	5.91	6.47	-0.57
Total Expenditures	8.47	8.86	-0.39
<b>Net</b>	<b>7.94</b>	<b>8.36</b>	<b>-0.42</b>

#### Capital Results (\$M):

<b>Year (\$M)</b>	<b>Open</b>		<b>Closed</b>	
	<b>#</b>	<b>Unspent</b>	<b>#</b>	<b>Unspent</b>
2016	1	0.09		
2009-2012	1	0.03		
<b>Total</b>	<b>2</b>	<b>0.12</b>		

- The negative revenue variance Q2 YTD is mainly driven by less than anticipated marriage licenses issued in the first half of the year
- The negative expenditure variance Q2 YTD is mainly driven by more than anticipated insurance claims reaching the maximum deductible amount or being settled in the first half of the year.
- Work is progressing on capital projects for the Claims Management System and Ward Boundary Review

### Office: Corporate Communications

#### Operating Results (\$M):

<b>(\$M)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Labour	0.57	0.58	-0.01
Other Expenditures	0.03	0.11	-0.07
Total Expenditures	0.61	0.69	-0.08
<b>Net</b>	<b>0.61</b>	<b>0.69</b>	<b>-0.08</b>

- The negative expenditure variance is due to timing of expenditures. This variance will be offset by year-end.



## Q2 Fiscal Health Report

### Office: Transformation and Strategy

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Labour	0.23	0.24	-0.01
Other Expenditures	0.03	0.01	0.02
Total Expenditures	0.26	0.25	0.01
<b>Net</b>	<b>0.26</b>	<b>0.25</b>	<b>0.01</b>

#### Capital Results (\$M):

Year (\$M)	Open		Closed	
	#	Unspent	#	Unspent
2016	11	1.6		
2015	1	0.2		
2011	1	0.0		
<b>Total</b>	<b>13</b>	<b>1.59</b>		

- The operating variance is on track.
- Work continues to progress on open capital projects

### Vaughan Public Libraries

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.18	0.18	0.00
Grant Revenues	0.00	0.02	0.02
Total Revenues	0.18	0.20	0.02
Labour	6.56	5.71	0.85
Other Expenditures	3.05	2.91	0.14
Total Expenditures	9.61	8.62	0.99
<b>Net</b>	<b>9.43</b>	<b>8.42</b>	<b>1.01</b>

#### Capital Results (\$M):

Year (\$M)	Open		Closed	
	#	Unspent	#	Unspent
2016	5	0.70		
2015	2	1.14		
2014	3	1.34		
2013	1	1.22		
2009	1	1.31	1	0.00
<b>Total</b>	<b>12</b>	<b>5.71</b>	<b>1</b>	<b>0.00</b>

- The positive expenditure variance Q2 YTD is primarily due to the later than anticipated opening of the Civic Centre Resource Library and from lower utility costs as a result of the milder winter conditions
- Progress in capital projects is continuing as expected.

## Q2 Fiscal Health Report

### City Council

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Labour	0.63	0.57	0.06
Other Expenditures	0.23	0.10	0.14
Total Expenditures	0.86	0.66	0.19
<b>Net</b>	<b>0.86</b>	<b>0.66</b>	<b>0.19</b>

### Integrity Commissioner

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Labour	0.09	0.10	-0.01
Other Expenditures	0.02	0.01	0.01
Total Expenditures	0.11	0.11	0.00
<b>Net</b>	<b>0.11</b>	<b>0.11</b>	<b>0.00</b>

- The operating variance is on track.

### Internal Audit

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Labour	0.22	0.16	0.05
Other Expenditures	0.03	0.02	0.01
Total Expenditures	0.25	0.18	0.07
<b>Net</b>	<b>0.25</b>	<b>0.18</b>	<b>0.07</b>

- Labour variance is due to vacancy for the Audit Project Manager; this position is expected to be filled in Q3.

### City Manager

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Labour	0.24	0.19	0.04
Other Expenditures	0.16	0.02	0.14
Total Expenditures	0.40	0.21	0.19
<b>Net</b>	<b>0.40</b>	<b>0.21</b>	<b>0.19</b>

- The positive expenditure variance Q2 YTD is largely due to staffing changes and an outstanding administrative entry to reallocate funds. This entry will be completed in Q3.