

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 14, 2019

Item 4, Report No. 7, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on May 14, 2019.

4. FISCAL HEALTH REPORT – FOR THE YEAR ENDING DECEMBER 31, 2018

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Chief Financial Officer and City Treasurer, dated May 6, 2019, be approved;**
- 2) That the following be approved in accordance with communication C1, from the Chief Financial Officer and City Treasurer, dated May 6, 2019:**
 - 1. That Council authorize the City Treasurer to apply the required budget amendment to the 2019 capital budgets arising from the Federal Gas Tax one-time top-up funding allocation.**

Recommendations

- 1. That, the Fiscal Health Report for the Year Ending December 31, 2018 be received.**

Finance, Administration and Audit Committee Report

DATE: Monday, May 06, 2019

WARD(S): ALL

**TITLE: FISCAL HEALTH REPORT – FOR THE YEAR ENDING
DECEMBER 31, 2018**

FROM:

Michael Coroneos, Chief Financial Officer and City Treasurer

ACTION: FOR INFORMATION

Purpose

To report on the City's fiscal health for the year ending December 31, 2018.

Report Highlights

- The City's property tax supported operations ended 2018 in a surplus financial position of \$2.9 million.
- Transfers of \$0.5 million to the Year-End Expenditure Reserve and \$2.4 million to the Working Capital Reserve were made to bring the end financial position to balance.
- Combined, the rate supported operations ended 2018 in a favourable position of \$15.3 million, resulting in a transfer to the reserves that support the renewal of water, wastewater and stormwater infrastructure.
- During 2018, approximately \$131 million was spent on 348 capital projects.
- 160 capital projects were closed in 2018 and savings of \$27.2 million from the closed projects were returned to various originating reserves and reserve funds.

Recommendations

1. That, the Fiscal Health Report for the Year Ending December 31, 2018 be received.

Background

The fiscal health report tracks actual spending performance of the City's calendarized financial plan. This report provides the year-end financial position of the City as at December 31, 2018 on the same basis as the 2018 budget, with accompanying commentary on the contributing factors that have affected the City's fiscal health.

The year-end fiscal health report compares annual actual city operating, water and wastewater and stormwater operations and capital results as of December 31, 2018, versus the approved budgets and on the same basis as the budget. This differs from the basis of accounting in the City's audited financial statements in some important ways.

The full amortization of tangible capital assets and post-retirement benefits are excluded from this report while transfers to and from reserves and net debenture financing requirements are included. The City's draft audited financial statements are expected to be presented to Council in June 2019.

Previous Reports/Authority

FISCAL HEALTH REPORT – SEPTEMBER 30, 2018

Analysis and Options

Executive Summary

The City's property tax supported operations ended 2018, before year-end reserve transfers, in a surplus financial position of \$2.9 million, largely attributed to lower than anticipated overall city expenditures in utility costs, labour costs and contract services costs across various departments. Approximately \$0.5 million of the surplus was transferred to the Year-End Expenditure Reserve and the remaining \$2.4 million was transferred to the Working Capital Reserve to mitigate tax pressures in 2019 and beyond.

Combined, the rate supported operations ended 2018 in a favourable position. Prudent maintenance activities enabled water, wastewater and stormwater operations to contribute an additional \$15.3 million to the Water, Wastewater and Stormwater reserves. These reserve funds will assist in future infrastructure replacements as these assets near the end of their useful life.

During 2018, approximately \$131 million was spent on 348 open capital projects, an increase of 20 percent from 2017 capital spending of \$110 million. Departments closed a total of 160 capital projects in 2018 and savings of \$27.2 million from the closed projects were returned to various originating reserves and reserve funds.

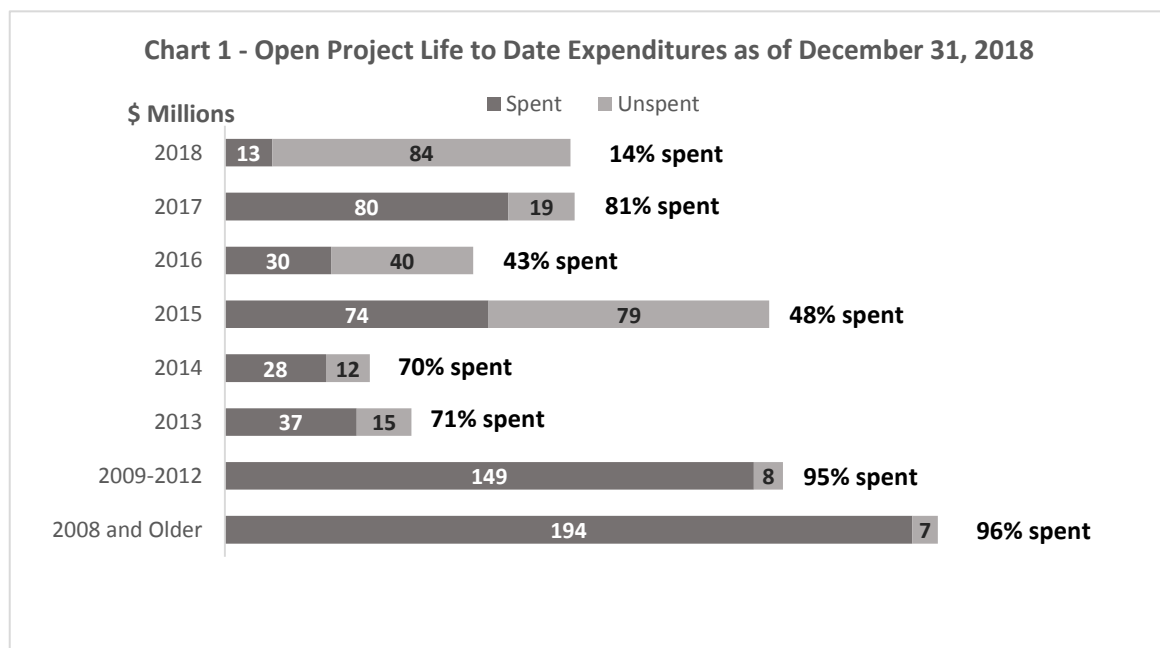
At December 31, 2018, there were 642 open capital projects with \$265 million of available budget remaining.

Attachment 1 provides the net position for all City departments.

Operating Results – Year ending December 31, 2018

	Budget \$million	Actual \$million	Variance \$million
Property Tax Based Budget			
Revenues	292.5	290.5	(2.0)
Expenditures	292.5	287.6	4.9
Year End Position	\$0.0	\$2.9	\$2.9
Reserve Transfer			
To Year- End Reserves		(0.5)	(0.5)
To Working Capital Reserve		(2.4)	(2.4)
Net		\$0.0	\$0.0
Water Rate Based Budget			
Revenues	21.2	26.5	5.3
Expenditures	21.2	26.5	(5.3)
Net	\$0.0	\$0.0	\$0.0
Wastewater Rate Based Budget			
Revenues	14.3	17.8	3.5
Expenditures	14.3	17.8	(3.5)
Net	\$0.0	\$0.0	\$0.0
Stormwater Charge Based Budget			
Revenues	9.7	9.5	(0.2)
Expenditures	9.7	9.5	0.2
Net	\$0.0	\$0.0	\$0.0

Capital Results – Year ending December 31, 2018



Discussion

OPERATING BUDGET RESULTS

Overall, City Revenues were \$2.0 million lower than the plan.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Department Revenues	56.3	52.7	(3.6)	(6.5%)
Corporate Revenues	20.3	24.2	3.9	18.9%
Reserve Transfers	18.3	15.3	(3.0)	(16.3%)
Taxation	197.6	198.3	0.7	0.4%
Total Revenues	\$292.5	\$290.5	(\$2.0)	(0.7%)

Note – numbers may not add due to rounding

- Department Revenues were 6.5 percent lower than planned. This negative variance was mainly driven by lower than budgeted recoveries of labour costs from capital funds. The lower recoveries were mainly as a result of vacancies and less time than budgeted spent on capital projects in Infrastructure Planning & Corporate Asset Management, Infrastructure Delivery, Policy Planning & Environmental Sustainability and Office of the City Solicitor. The negative revenue variance was also driven by the deferral of Development Planning fees received in 2018 for application reviews to be completed in 2019.
- Corporate Revenues were 18.9 percent higher than planned. This is mainly attributable to higher than expected dividends received from the City's investment holding company, Vaughan Holdings Inc. In addition, the supplementary taxes received in 2018 was higher than the normal level experienced in past years.
- Reserve transfers were 16.3 percent lower than planned. Transfers from the Building Standards Service Continuity Reserve and the Engineering Reserve were less than budgeted, as department expenditures were less than planned in 2018 as a result of lower labour costs mainly due to vacancies.

Overall, City expenditures were \$4.9 million lower than plan.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Labour	185.5	183.3	2.2	1.2%
Utilities & Fuel	12.9	10.8	2.1	16.3%
Service Contracts & Materials	35.1	34.2	0.9	2.5%
Capital Related	30.2	30.2	-	-
Other	23.4	23.6	(0.2)	(0.9%)
Insurance	5.4	5.5	(0.1)	(1.9%)
Total Expenditures	\$292.5	\$287.6	\$4.9	1.7%

Note – numbers may not add due to rounding

- Labour costs were 1.2 percent lower than plan. This is primarily attributable to vacancies across the organization and for positions approved in 2018 that are still in

the recruitment process and that have not yet been filled. Departments will continue to work with Human Resources to complete the recruitment of vacant positions.

- Utilities & Fuel were 16.3 percent lower than budget mainly due to lower than expected hydro and gas costs resulting in part from reduced consumption achieved through implementation of energy savings initiatives.
- Approximately \$1.0 million of excess funds were transferred to the Insurance Reserve to mitigate any future insurance related expenses due to lower than budgeted insurance premiums and deductibles, partially offset by higher than budgeted insurance claims.
- Service contracts and materials were 2.5 per cent lower than budget. Savings from contract services were experienced across departments in 2018, notably in areas such as maintenances of facilities, roads, trees, and parks; winter control costs came in over budget moderately and was offset by savings in other service areas.

Attachment 2 provides commentary at the Portfolio/Office level.

Water, Wastewater and Stormwater Results

Fourth Quarter Water Operating Results

Water Operations gross margin was \$4.9 million greater than budget.

	Budget \$million	Actual \$million	Variance \$million	Variance %
Residential Billings	40.4	38.1	(2.3)	(5.7%)
Commercial Billings	26.7	25.2	(1.5)	(5.6%)
Other	0.4	0.4	0.0	0.0%
Purchases/Treatment Charges	41.8	37.0	4.8	11.5%
Non-Revenue Water	6.2	2.3	3.9	62.9%
Gross Margin	19.5	24.4	4.9	24.5%
Other Revenues	1.7	2.1	0.4	23.5%

- Residential and commercial water sales for the fourth quarter ended lower than budget by 5.7% and 5.6% respectively due to wetter than normal weather.
- As a result of decreased sales, Regional water purchases (direct cost) were lower than budgeted.
- York Region deviated from the posted budgeted wholesale rates for water and wastewater, increasing the treatment costs for wastewater and decreasing the costs for water resulting in lower than expected water purchase costs.

- 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.

Water Operations expenditures before Lifecycle Contributions were \$3.3 million less than budgeted.

	Budget \$million	Actual \$million	Variance \$million	Variance %
Maintenance and Installation Cost	6.7	4.4	2.3	34.3%
General Administration	5.7	4.7	1.0	17.5%
Joint Service Costs	0.7	0.7	0.0	0.0%
Lifecycle Contribution	8.1	16.7	(8.6)	(106.2%)
	21.2	26.5	(5.3)	(25.0%)

- Maintenance and Installation Costs ended lower by 34.3% due to contract interruptions (hydrant maintenance and main repair), timing of work for activities such as water service repairs and meter installations. New contracts were awarded late in 2018, with work ramping up in 2019.
- General Administration costs were lower by 17.5% due to position vacancies to be filled in 2019 and position gapping, professional fees savings resulting from archive initiative rescheduled to 2019, and a savings in operator training.

City's net lifecycle contribution was \$8.6 million greater than budgeted at the end of the fourth quarter.

Fourth Quarter Wastewater Operating Results

Wastewater Operations gross margin was \$3.0 million greater than budget.

	Budget \$million	Actual \$million	Variance \$million	Variance %
Residential Billings	48.5	45.4	(3.1)	(6.4%)
Commercial Billings	32.7	31.2	(1.5)	(4.6%)
Other	0.4	0.4	(0.0)	(0.0%)
Purchases/Treatment Charges	59.3	57.5	1.8	3.0%
Non-Revenue Water	8.9	3.1	5.8	65.2%
Gross Margin	13.4	16.4	3.0	22.4%
Other Revenues	0.9	1.4	0.5	55.6%

- Residential and commercial billings for the fourth quarter are trending 6.4% and 4.6% respectively lower than budget due to wetter than normal weather.

Wastewater billing is based on water consumption and therefore trends similar to water consumption.

- As a result of decreased sales, treatment charges (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

Wastewater Operations expenditures before Lifecycle Contributions were \$0.3 million less than budgeted.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Maintenance and Installation Cost	4.0	3.7	0.3	7.5%
General Administration	2.9	2.6	0.3	10.3%
Joint Service Costs	0.4	0.7	(0.3)	(75.0%)
Lifecycle Contribution	7.0	10.8	(3.8)	(54.3%)
	14.3	17.8	(3.5)	(24.5%)

- General Administration costs were lower by 10.3% due to timing delay in planned training and professional fees.

City's net lifecycle contribution was \$3.8 million greater than budgeted at the end of the fourth quarter.

Fourth Quarter Stormwater Operating Results

Stormwater Operations gross margin was \$0.2 million less than budgeted.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Residential Billings	4.0	4.0	0.0	0.0%
Commercial Billings	5.2	5.0	(0.2)	(3.8%)
Other	0.0	0.0	0.0	0.0%
Purchases/Treatment Charges	0.0	0.0	0.0	0.0%
Non-Revenue Water	0.0	0.0	0.0	0.0%
Gross Margin	9.2	9.0	(0.2)	(2.2%)
Other Revenues	0.5	0.5	0.0	0.0%

- Total annual billing for stormwater charges was completed in the third quarter.

- Total billing revenues are slightly 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 \$3.1 million less than budgeted.

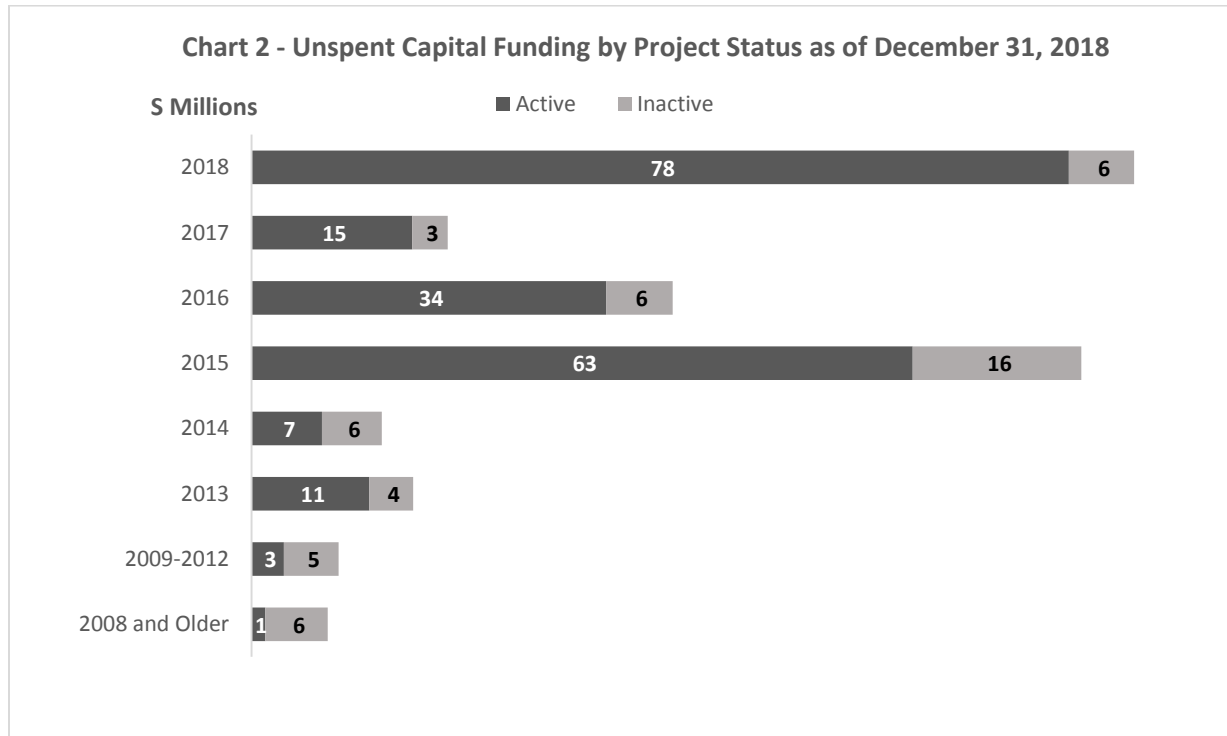
	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Maintenance and Installation Cost	4.0	2.5	1.5	37.5%
General Administration	4.0	2.8	1.2	30.0%
Joint Service Costs	0.5	0.1	0.4	80.0%
Lifecycle Contribution	1.2	4.1	(2.9)	(241.6%)
	9.7	9.5	0.2	2.1%

- Maintenance and Installation costs were lower by 37.5% due to lower than expected street sweeping activities. A new CCTV contract was awarded in October and most of the work will start at the beginning of 2019. The CCTV work for capital program is yet to be scheduled. Also contributing to the positive variance are the lower than expected repair activities.
- General Administration costs were lower by 30% mainly due to deferral of debenture payment, timing of spending in professional fees and gapping associated to a temporary vacancy.

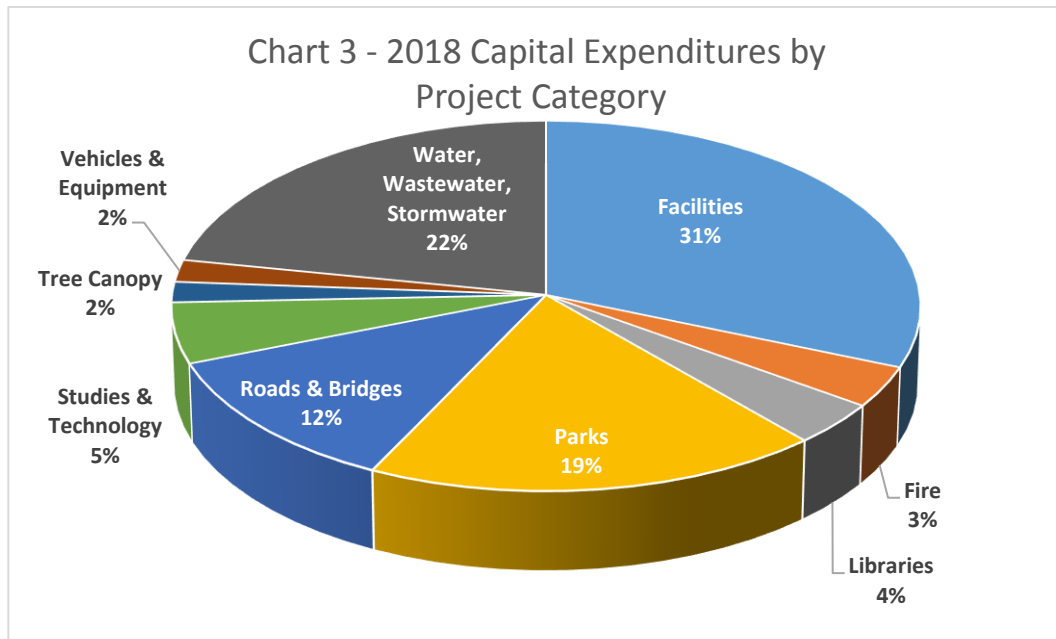
City's net lifecycle contribution was \$2.9 million higher than budgeted at the end of the fourth quarter due to lower than expected expenditures.

Capital Budget Results

As at December 31, 2018, there were 642 open capital projects with \$265 million of available budget remaining. The open projects were made up of 528 active projects and 116 inactive projects. The open project unspent funding breakdown by year is illustrated in Chart 2 below. Further information about the inactive projects can be found in the next section of the report.



During 2018, \$131 million was spent on 348 open capital projects. By comparison, the 2017 and 2016 capital project spending were \$110 million and \$77 million respectively. Chart 3 below illustrates the breakdown of funds spent by project category during 2018.



In the 2018 Budget, departments indicated that \$157 million in capital expenditures would be processed throughout 2018. At the end of 2018, approximately 84 percent of the forecasted amount was spent. Departments are continuing to enhance the robustness of their capital cash flow spend forecasts which will improve tracking of future results.

The following projects were considered substantially completed as of December 31, 2018 with budget overages as permitted under Section 8 of the Capital Project Financial Administration and Reporting policy.

Project # & Title	Budget	Actual	Variance (\$)	Variance (%)
BF-8588-17 Various Community Centres - Roof Repairs & Replacement	123,600	126,165	(2,565)	-2%
BU-2551-18 Growth Related Financial Analysis and Long Range Fiscal Planning	173,667	181,499	(7,832)	-5%
EN-1965-14 Sidewalk and Street Lighting on Major Mackenzie Drive by York Region	927,000	929,594	(2,594)	-0%

A complete list of open projects can be found [online](#).

Inactive Projects and Closed Projects

Of the 642 open capital projects, there are 116 projects that are considered inactive. Inactive projects comprise 18 percent of the total number of open projects, equating to 20 percent of the \$265 million in unspent funds. Approximately two thirds of the inactive

projects are substantially complete but are required to remain open until a future event occurs, while one third of the inactive projects are on hold or have not started for a variety of reasons such as project scope and estimated costs being reevaluated, project reprioritization, and insufficient resources to advance the project. The breakdown of the classification of the 116 open inactive projects is as follows:

Classification	Number of Projects	Amount (\$million)
Completed - to be closed	26	\$8.8
Completed - Under Warranty or Maintenance	35	\$6.5
Completed - Waiting for final invoices	8	\$3.4
DC repayment in place	28	\$30.3
In-progress	3	\$0.7
Not Started	5	\$1.8
Project on Hold	11	\$1.5
Grand Totals	116	\$53.0

Of the total \$53.0 million in unspent funds from inactive projects, \$30.3 million (representing 57%) 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 continue to review 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 160 projects in 2018, returning \$27.2 million to Reserves

During the fourth quarter, departments closed 48 capital projects, bringing the total capital projects closed in 2018 to 160 projects. The table below provides a breakdown of projects closed during 2018.

Portfolios	Number of Projects Closed in 2018	Amount Returned to Reserve (\$ million)
Planning and Growth Management	28	\$12.7
Public Works	54	\$11.2
Community Services	56	\$2.9
Library Services	6	\$0.1
Office Chief Information Officer	1	\$0.1
Corporate Services	1	\$0.1
Office Corp. Initiatives and Intergov. Relations	1	-
Human Resources & Legal Services	6	-
Office Chief Financial Officer	2	-
Office Transformation and Strategy	5	-
Grand Total	160	\$27.2

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

Capital Budget Amendments

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

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

From	To	Supporting Document/Report	Amount
DT-7121-13 VMC Edgeley Pond	DE-7175-17 Edgeley Pond and Park Construction	April 11, 2018, FAA R4 I7	\$1,179,538.27
Debenture Financing	RP-2058-15 LED Streetlight Conversion	June 19, 2018, FAA R6 I18	\$9,980,000.00

Capital Transfers Authorized by the Chief Financial Officer/City Treasurer

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

The following capital transfers were authorized by the CFO during the fourth quarter.

From	To	Amount
BF-8512-17 Al Palladini CC – Exterior Concrete Removal & Replacement	BF-8339-12 Maple CC – Arena Walls Siding	\$17,024.00
BF-8437-15 Bathurst Clark Library – Parking Lot Redesign & Resurface	ID-2042-17 Bathurst Clark Library – Main Entrance Improvements	\$385,185.75
CM-2526-16 Service Excellence Strategic Initiatives	SE-0083-16 Staff Forum	\$35,000.00
CM-2526-16 Service Excellence Strategic Initiatives	SP-0017-18 Citizen Engagement Study	\$382.44
DE-7189-18 Hwy 7 and Weston Road Secondary Plan Comprehensive Study	DE-7141-16 Transportation Master Plan Update	\$300,000.00

EN-1756-09 Sidewalk Construction Program	DP-9542-15 Islington Ave Streetscape Phase 1 Construction	\$100,000.00
EV-2106-17 – PW Portable Water Trailer Purchase	FL-5467-14 PW – Water – Replace Unit 1639 w/ ¾ Ton Cargo Van	\$1,393.63
FL-5531-14 PW – Water – 2 Pickup Trucks and 2 SUVs	FL-5467-14 PW – Water – Replace Unit 1639 w/ ¾ Ton Cargo Van	\$3,433.00
EV-2106-17 – PW Portable Water Trailer Purchase	FL-5466-17 PW – Water – Replace Unit 1655 w/ ¾ Ton Cargo Van	\$4,826.63
EV-2106-17 – PW Portable Water Trailer Purchase	FL-5468-16 PW – Water – Replace Unit 1563 w/ ¾ Ton Cargo Van	\$4,826.63
FL-5531-14 PW – Water – 2 Pickup Trucks and 2 SUVs	FL-5242-16 PW – Water – Replace Unit 1554 w/ ¾ Ton Cargo Van	\$4,826.63
FL-5532-17 PW – Water – Backflow Prevention Coordinator Vehicle	FL-5243-16 PW – Water – Replace Unit 1562 w/ ¾ Ton Cargo Van	\$4,826.63
PK-6501-16 Vaughan Crest Park – Tennis Court Reconstruction	PK-6322-14 Rose Mandarino Park – Basketball Court Reconstruction	\$32,000.00
PK-6501-16 Vaughan Crest Park – Tennis Court Reconstruction	PK-6562-17 Basketball Court Improvements – Various Locations	\$35,000.00
PO-6709-10 SWM Pond Life Saving Stations (Phase IV)	PW-2066-14 Yard Weigh Scale	\$7,000.00
RE-9531-16 Recreation and Culture Customer Service Review & Plan	RE-9527-18 Events Strategy	\$7,000.00

Continuity Schedule of Reserves and Reserve Funds

\$ million	Opening Balance	Revenues	Expenses	Closing Balance Before Commitments	Commitments	Closing Balance After Commitments
Obligatory Reserves						
City-Wide Development Charges	287.9	246.7	50.3	484.3	108.8	375.4
Area Specific Development Charges	1.9	1.4	(5.5)	8.8	15.4	(6.6)
Restricted Grant	27.8	10.9	8.6	30.1	27.9	2.3
Other	91.2	27.2	24.6	93.8	3.1	90.7
Obligatory Subtotal	408.9	286.2	78.0	617.0	155.2	461.8
Discretionary Reserves						
Infrastructure	193.2	51.7	28.5	216.4	37.1	179.3
Capital from Taxation	17.2	7.9	6.5	18.6	14.8	3.9
Corporate	15.1	2.5	0.3	17.4	0.1	17.3
Special Purpose	7.0	0.3	0.3	7.1	12.9	(5.8)
Sustainability	41.8	9.1	8.2	42.7	0.2	42.5
Discretionary Subtotal	274.4	71.6	43.8	302.2	65.1	237.1
Grand Totals	\$683.3	\$357.8	\$121.8	\$919.2	\$220.3	\$698.9

Note – numbers may not add due to rounding.

At the end of 2018, the reserve balance before commitments was \$919 million. A net reserve activity of \$220 million is committed against these reserves and reserve funds; after this activity is accounted for, the total reserves and reserve funds balances as of December 31, 2018 was close to \$700 million, of which \$462 million was for obligatory reserves and \$237 million was in discretionary reserves.

Development Charges collected in 2018 equated to \$240 million. Approximately \$185 million was collected from residential developments and approximately \$55 million was collected from non-residential developments. As part of the 2018 DC By-laws review, Council authorized delegated authority to the City Treasurer and City Solicitor to execute Development Charge Pre-Payment Agreements under Section 27 of the Development Charge Act. The City collected approximately \$175 million in DCs in the third quarter of 2018, of which \$167 million were directly related to the DC prepayment agreements. The City's draft Development Charge Fund Statement is expected to be presented to Council in June 2018.

The City contributed approximately \$46 million into various infrastructure reserves to fund future assets' state of good repair, of which close to \$14 million was contributed from taxation and approximately \$32 million was from rate supported revenues. The City is currently on its journey to develop a comprehensive asset management plan that will be rolling out into various phases. The Corporate Asset Management Strategic Policies were approved by Council in early 2019, the next phase of the journey includes activities to

improve asset management planning with accompanying strategies to establish mechanism to promote principle and evidence-based decision making. Asset management plans will inform future infrastructure planning and support asset management related budget and spending decisions.

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

Financial Ratios in alignment with Corporate Targets

Discretionary reserves provide the City with financial flexibility in order to safeguard against economic downturns and finance operations internally. To ensure the sustainability of these reserves, the City has adopted associated targets. The City also has a target ratio for debt services costs. The table below provides the status of these targets at the end of 2018.

Policy Ratio	2018	2017	Target
Discretionary Reserve	65%	65%	>50% Of Own Source Revenues
Working Capital	9%	8%	Up To 10% Of Own Source Revenues (tax only)
Debt Service	2%	2%	<10% Of Own Source Revenues

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

Working Capital Ratio – Contributions to Working Capital Reserve occur when the City achieves a surplus; this reserve can be a source of funding to address a year-end deficit position. In 2018, the operating surplus from taxation was transferred to this reserve. The calculated ratio of 6% include the year-end balance of the Tax Rate Stabilization Reserve; the consideration of consolidating the Working Capital Reserve and the Tax Rate Stabilization Reserve will be analyzed and discussed in an upcoming reserve policy review.

Debt Service Ratio - The City's policy limits debt to a maximum of 10 percent of total City revenue, which is significantly lower than the Province's 25 per cent maximum. Total debenture outstanding principal as of December 31, 2018 was approximately \$29 million (2017 - \$36 million). In 2018 the total debt repayment costs were \$7.5 million (2017 - \$9 million), \$6.6 million in principal and \$0.9 million in interest. Repayment costs of \$7.5 million represents approximately 2 percent of the City's own source revenues. The Debt Service Ratio continued to improve in 2018, this was achieved in part by looking for responsible and innovative ways to fund capital projects. It is worth noting however, that when debt financing can be an additional funding tool to finance infrastructures in the City, due diligence is necessary to ensure the City's long-term financial sustainability and flexibility.

The City is working to complete a long-term fiscal plan that would take into consideration the City's Term of Council strategic plan, growth plans, asset management plan, development charge study, and its treasury management strategy. A Reserve Policy and a Debt Management Policy review would be complimenting this long-term fiscal plan which include review of some key financial indicators; the resulting analysis and recommendation would be considered in the City's multi-year financial plan and to ensure financial decisions are mindful of short-term and long-term financial impacts from the City's growth and the City's desired levels of services.

Grant Activity Update

In 2018, the City received approximately \$25.5 million in grant revenues inclusive of the City's Gas Tax revenue of \$9.2 million.

The table below summarizes the grants revenues received in 2018. These figures exclude the Federal Gas Tax received in 2018.

Grant	Capital Grants	Operating Grants
Canada 150 Community Infrastructure Program	960,712	
Clean Water and Wastewater Fund	13,238,086	
Municipal Asset Management Program (MAMP)	50,000	
Age Friendly Grant		20,215
All our Kids (AOK)		9,346
Canada 150 Celebrate Canada Fund		1,263
Canada Summer Jobs		30,033
Canadian Heritage		2,268
Celebrate Canada		19,430
IESO Embedded Energy Manager Program		80,000
Ontario Libraries Capacity Fund-Information Technology Service Capacity		36,135
Public Library Operating, Pay Equity and First Nations Salary Supplement Grant		143,234
Resource Productivity and Recovery Authority		1,209,142
Safe Cycling Education Fund (SCEF)		7,500
VBEC - Core Funding		158,396
VBEC - Summer Company		61,610
VBEC Starter Company Plus		247,500
Young Canada Works in Heritage Organizations program		14,090
Total by Grant Type	14,248,798	2,040,161
Total Grants Received in 2018	16,288,959	

Approximately \$1 million fund was received from the Canada 150 Infrastructure Program in 2018. Projects include Rehabilitation of Oak Bank Pond, Improvement of Matthew Park, Improvement of North Thornhill District Park, Expansion of Maxey Park Playground, Renovation of Vellore Village Community Centre/ Dufferin Clark Community Centre/Father Ermanno Community Centre and Woodbridge Arena

The City received funding approval of \$21 million from the Clean Water and Wastewater Fund in 2017. This grant funding was planned to help offset costs for thirty-four (34) projects applied for, more notably including: VMC Edgeley Pond and Park, Centre Street Watermain Replacement, Stegman's Mill Watermain Replacement, Andrew Park/Button/Marilyn Place/ North Humber Road Watermain Replacement, Clarence Street Slope Stabilization, watermain condition assessments and various water metering related programs. Completion of these projects is essential to keeping our communities safe, healthy and livable. A task force was formed to facilitate a collaborative effort amongst various city departments and to address action items in a timely and appropriate manner. In 2018 the Task Force worked with Federal government and obtained a funding reallocation and scope expansion approval which provided the City with an opportunity to maximize potential grant funding. CWWF projects are progressing in accordance with the projects scheduled timelines; throughout 2018 five expense claims amounted to \$17 million were submitted to Infrastructure Ontario for process and \$13 million were received in 2018.

In 2018 the Government of Canada launched the Disaster Mitigation and Adaptation Fund (DMAF), a national merit-based program that will invest \$2 billion to support large-scale infrastructure projects to help communities better manage the risks of disasters triggered by natural hazards. DMAF projects will support the Government of Canada's objectives laid out in the Pan-Canadian Framework on Clean Growth and Climate Change. Given the significant funding potential and the DMAF's long term positive impact on our community, the Corporate Leadership Team responded to this opportunity strategically including advocacy effort through strategic alignment of the Federal government's mandate and Vaughan's strategic priorities and prioritizing potential candidate programs for grant application submission. In March 2019, funding of \$16 million was approved in principle for City's "From Average to Awesome – Implementation Vaughan Stormwater Flood Mitigation Project". The approved fund will help offset a portion of the costs, already committed to improve water quality of the creek system and minimize erosion and flooding of areas that currently have no or limited stormwater controls in urbanized areas of Vaughan.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

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

The City's property tax supported operations ended 2018 in a surplus financial position of \$2.9 million, of which \$0.5 million was transferred to the Year-End Expenditure Reserve and \$2.9 million was transferred to the Working Capital Reserve, consistent with the Consolidated Reserve Policy.

Combined, the water, wastewater and stormwater rate supported operations ended 2018 in a favourable position of \$15.3 million, resulting in a transfer to the infrastructure reserves that support these activities.

During 2018, approximately \$131 million was spent on 348 capital projects. Departments closed a total of 160 capital projects in 2018 and savings of \$27.2 million from the closed projects were returned to various reserves and reserve funds.

The City is working to complete a long-term fiscal planning model that would take into consideration the City's 2019-2022 Term of Council strategic plan, growth plans, asset management plan, development charge study, and its treasury management strategy. The resulting model would be used to provide advice to Council on recommended funding strategies, spending capacities, tax levy implications and the City's financial resiliency; and would help ensure that as the City continues to grow and intensify, the City remains financially sustainable over the long term.

For more information, please contact:

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Attachments

1. City Operating – 2018 Financial Summary
2. City Operating – Portfolio/Office Summary

Prepared by

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CITY OF VAUGHAN

2018 City Operating Budget

Property Tax Based Budget Fiscal Position as of December 31, 2018

CITY OF VAUGHAN
2018 City Operating Budget
Fiscal Position as of December 31, 2018

REVENUE / EXPENDITURE SUMMARY

	2018	2018 YTD		VARIANCE	
	ANNUAL BUDGET	BUDGET	ACTUAL	FAV. / (UNFAV.) \$ %	
TAXATION	191,650,052	191,650,052	191,494,008	-156,044	-0.1%
SUPPLEMENTAL TAXATION	3,200,000	3,200,000	4,029,315	829,315	25.9%
GRANT / PAYMENT IN LIEU	2,725,200	2,725,200	2,800,503	75,303	2.8%
RESERVES AND OTHER TRANSFERS	18,304,415	18,304,415	15,315,222	-2,989,193	-16.3%
FEES AND SERVICE CHARGES	56,308,935	56,308,935	52,652,613	-3,656,322	-6.5%
CORPORATE	20,329,735	20,329,735	24,180,850	3,851,115	18.9%
TOTAL REVENUES	292,518,337	292,518,337	290,472,511	-2,045,826	-0.7%
EXPENDITURES:					
DEPARTMENTAL	263,509,237	263,509,237	254,151,214	9,358,023	3.6%
Other Reserves					
RESERVE CONTRIB. & CORP. EXP.	10,316,395	10,316,395	18,208,669	-7,892,274	-76.5%
LONG TERM DEBT	9,921,368	9,921,368	9,921,368	0	0.0%
CONTINGENCY	1,542,199	1,542,199	642,122	900,077	58.4%
CAPITAL FROM TAXATION	7,229,138	7,229,138	7,549,138	-320,000	-4.4%
TOTAL EXPENDITURES	292,518,337	292,518,337	290,472,511	2,045,826	0.7%
EXCESS OF REVENUES OVER EXPENDITURES	0	0	0	0	

CITY OF VAUGHAN
2018 City Operating Budget
Fiscal Position as of December 31, 2018
December 31, 2018

REVENUE BY MAJOR SOURCE

	2018 ANNUAL BUDGET	2018 YTD		VARIANCE	
		BUDGET	ACTUAL	FAV. / (UNFAV.) \$	%
TAXATION					
Tax Levy	191,650,052	191,650,052	191,494,008	-156,044	-0.1%
Supplementals	3,200,000	3,200,000	4,029,315	829,315	25.9%
GRANT					
Library Grant	145,200	145,200	209,344	64,144	44.2%
PAYMENT IN LIEU / OTHER					
Payment In Lieu / Other	2,580,000	2,580,000	2,591,159	11,159	0.4%
RESERVES AND OTHER TRANSFERS					
Engineering Reserve	8,769,988	8,769,988	6,758,197	-2,011,791	-22.9%
Election Cost	1,200,000	1,200,000	917,090	-282,910	-23.6%
CIL Recreation Land Reserve	1,281,000	1,281,000	1,281,000	0	0.0%
Administrative Recovery from Capital	1,500,000	1,500,000	3,434,758	1,934,758	129.0%
Building Standards Service Continuity Reserve	3,749,215	3,749,215	2,740,276	-1,008,939	-26.9%
Tax Rate Stabilization Reserve	1,289,948	1,289,948	0	-1,289,948	-100.0%
Other Reserves	514,264	514,264	183,901	-330,363	-64.2%
			0	0	0.00%
TOTAL RESERVES	18,304,415	18,304,415	15,315,222	-2,989,193	-16.3%
CITY MANAGER	0	0	0	0	0.00%
TOTAL OFFICE OF CHIEF CORPORATE INITIATIVES & INTERGOV. RELATIONS	88,725	88,725	56,449	-32,276	0.0%
OFFICE OF TRANSFORMATION & STRATEGY	141,732	141,732	316,738	175,006	123.5%
Chief Human Resources Officer	0	0	263	263	0.00%
Chief Information Officer	263,064	263,064	1,472	-261,592	-99.4%
Office of the City Clerk - Clerks	1,539,278	1,539,278	1,085,330	-453,948	-29.5%
TOTAL DEPUTY CITY MANAGER CORPORATE SERVICES	1,802,342	1,802,342	1,087,065	-715,277	-39.7%
Financial Services	1,097,445	1,097,445	1,298,515	201,070	18.3%
Financial Planning & Development Finance	518,517	518,517	377,736	-140,781	-27.2%
Procurement Services	58,200	58,200	106,376	48,176	82.8%
TOTAL OFFICE OF THE CFO/CITY TREASURER	1,674,162	1,674,162	1,782,627	108,465	6.5%
OFFICE OF THE CITY SOLICITOR	841,406	841,406	176,146	-665,260	-79.1%
Recreation Services	18,739,484	18,739,484	19,439,029	699,545	3.7%
Community Development & Events	700,000	700,000	895,629	195,629	27.9%
Facility Services	561,922	561,922	557,975	-3,947	-0.7%
Fire And Rescue Services	1,007,298	1,007,298	1,017,866	10,568	1.0%
By-Law, Compliance, Licensing and Permits	4,135,982	4,135,982	4,591,160	455,178	11.0%
TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES	25,144,686	25,144,686	26,501,659	1,356,973	5.4%
Development Planning	8,746,833	8,746,833	6,976,116	-1,770,718	-20.2%
Development Engineering	499,209	499,209	402,151	-97,058	-19.4%
Policy Planning & Environmental Sustainability	760,466	760,466	342,484	-417,982	-55.0%
Parks Development	453,453	453,453	219,871	-233,582	-51.5%
Building Standards - Licenses/Permits	9,372,538	9,372,538	9,349,167	-23,371	-0.2%
- Plumbing Permits	786,532	786,532	763,487	-23,045	-2.9%
- Service Charges	778,177	778,177	833,103	54,926	7.1%
TOTAL DEPUTY CITY MANAGER PLANNING & GROWTH MANAGEMENT	21,397,208	21,397,208	18,886,378	-2,510,830	-11.7%
Infrastructure Planning and Corporate Asset Management	1,305,756	1,305,756	710,952	-594,804	-45.6%
Infrastructure Delivery	1,208,803	1,208,803	661,005	-547,798	-45.3%
Environmental Services	1,472,464	1,472,464	1,457,144	-15,320	-1.0%
Trans Serv and Parks & Forestry Ops	804,301	804,301	633,970	-170,331	-21.2%
TOTAL DEPUTY CITY MANAGER PUBLIC WORKS	4,791,324	4,791,324	3,463,071	-1,328,253	-27.7%
VAUGHAN PUBLIC LIBRARIES	427,350	427,350	382,479	-44,871	-10.5%
TOTAL FEES / SERVICE CHARGES	56,308,935	56,308,935	52,652,613	-3,656,322	-6.5%
TOTAL CORPORATE REVENUES	20,329,735	20,329,735	24,180,850	3,851,115	18.9%
TOTAL REVENUE	292,518,337	292,518,337	290,472,511	-2,045,826	-0.7%

CITY OF VAUGHAN
2018 City Operating Budget

December 31, 2018

DEPARTMENTAL EXPENDITURES BY MAJOR CATEGORY

	2018	2018 YTD		VARIANCE	
	ANNUAL BUDGET	BUDGET	ACTUAL	FAV. / (UNFAV.) \$ %	
COUNCIL	1,729,291	1,729,291	1,492,996	236,295	13.7%
OFFICE OF THE INTEGRITY COMMISSIONER	509,944	509,944	419,084	90,860	17.8%
INTERNAL AUDIT	690,746	690,746	607,851	82,895	12.0%
CITY MANAGER	608,108	608,108	361,968	246,140	40.5%
<i>Corporate and Strategic Communications</i>	1,390,469	1,390,469	1,489,481	-99,012	-7.1%
<i>Economic & Cultural Development</i>	2,129,475	2,129,475	1,976,077	153,398	7.2%
<i>Office of the Chief Corporate Initiatives & Intergov Relations</i>	860,557	860,557	606,029	254,528	29.6%
OFFICE OF THE CHIEF CORPORATE INITIATIVES & INTERGOV. RELATIONS	4,380,501	4,380,501	4,071,587	308,914	29.7%
OFFICE OF TRANSFORMATION & STRATEGY	853,029	853,029	1,028,035	-175,006	-20.5%
<i>Office of the Chief Financial Officer/City Treasurer</i>	555,189	555,189	500,729	54,460	9.8%
Financial Services	3,883,015	3,883,015	3,323,968	559,047	14.4%
Financial Planning & Development Finance	3,802,696	3,802,696	3,162,766	639,930	16.8%
Procurement Services	2,666,366	2,666,366	2,083,515	582,851	21.9%
TOTAL OFFICE OF THE CFO/CITY TREASURER	10,907,266	10,907,266	9,070,977	1,836,289	16.8%
TOTAL OFFICE OF THE CITY SOLICITOR	4,517,628	4,517,628	3,720,150	797,478	17.7%
Other Reserves					
<i>Office of the Deputy City Manager Corporate Services</i>	716,013	716,013	378,853	337,160	47.1%
Office of the Chief Human Resources Officer	3,489,753	3,489,753	3,745,177	-255,424	-7.3%
Office of the Chief Information Officer	12,091,628	12,091,628	11,931,966	159,662	1.3%
Office of the City Clerk	12,296,512	12,296,512	11,827,820	468,692	3.8%
TOTAL DEPUTY CITY MANAGER CORPORATE SERVICES	28,593,906	28,593,906	27,883,817	710,089	2.5%
<i>Office of Deputy City Manager Community Services</i>	616,510	616,510	581,015	35,495	5.8%
Community Grants & Advisory Committees	45,004	45,004	38,861	6,143	13.7%
Access Vaughan	1,280,368	1,280,368	1,267,915	12,453	1.0%
Recreation Services	28,554,733	28,554,733	28,813,880	-259,147	-0.9%
Community Development & Events	1,910,649	1,910,649	1,954,919	-44,270	-2.3%
Facility Services	14,576,030	14,576,030	14,755,656	-179,626	-1.2%
Fire and Rescue Services	50,148,529	50,148,529	51,408,448	-1,259,919	-2.5%
Emergency Planning	224,621	224,621	230,021	-5,400	-2.4%
By-Law, Compliance, Licensing & Permits	7,775,980	7,775,980	7,169,061	606,919	7.8%
TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES	105,132,424	105,132,424	106,219,776	-1,087,352	-1.0%
<i>Office of Deputy City Manager Planning & Growth Management</i>	587,089	587,089	565,700	21,389	3.6%
Development Planning	5,444,394	5,444,394	4,461,587	982,807	18.1%
Development Engineering	5,314,809	5,314,809	4,226,765	1,088,044	20.5%
Policy Planning & Environmental Sustainability	2,659,853	2,659,853	2,386,917	272,936	10.3%
Parks Development	2,367,364	2,367,364	2,278,927	88,437	3.7%
Building Standards	9,947,112	9,947,112	9,295,533	651,579	6.6%
TOTAL DEPUTY CITY MANAGER PLANNING & GROWTH MANAGEMENT	26,320,621	26,320,621	23,215,430	3,105,191	11.8%
<i>Office of Deputy City Manager Public Works</i>	513,561	513,561	573,860	-60,299	-11.7%
Infrastructure Planning and Corporate Asset Management	2,772,881	2,772,881	2,174,620	598,261	21.6%
Fleet Management	3,249,303	3,249,303	3,081,945	167,358	5.2%
Infrastructure Delivery	3,516,984	3,516,984	2,856,646	660,338	18.8%
Environmental Services	10,554,981	10,554,981	10,301,302	253,679	2.4%
Trans Serv and Parks & Forestry Ops	39,500,588	39,500,588	38,600,273	900,315	2.3%
TOTAL DEPUTY CITY MANAGER PUBLIC WORKS	60,108,298	60,108,298	57,588,647	2,519,651	4.2%
VAUGHAN PUBLIC LIBRARIES	19,157,475	19,157,475	18,470,896	686,579	3.6%
TOTAL DEPARTMENTAL EXPENDITURES	263,509,237	263,509,237	254,151,214	9,358,023	3.6%
RESERVE CONTRIBUTIONS & CORP. EXP.	10,316,395	10,316,395	18,208,669	-7,892,274	-76.5%
LONG TERM DEBT	9,921,368	9,921,368	9,921,368	0	0.0%
CONTINGENCY	1,542,199	1,542,199	642,122	900,077	58.4%
CAPITAL FROM TAXATION	7,229,138	7,229,138	7,549,138	-320,000	-4%
TOTAL DEPARTMENTAL AND CORPORATE EXPENDITURES	292,518,337	292,518,337	290,472,511	2,045,826	0.7%

Portfolio: Community Services

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	25.14	26.50	1.36
Labour	85.11	85.86	(0.75)
Other Expenditures	20.03	20.36	(0.33)
Total Expenditures	105.13	106.22	(1.08)
Net	79.99	79.72	0.27

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	35	9.99
2017	36	(22.68)
2016	19	2.60
2015	8	2.56
2014	11	0.58
2004-2013	11	0.81
Total	120	(\$6.15)

Community Services has a favourable variance at Q4 driven mainly by:

- Greater than anticipated revenues from program registrations and sponsorship revenues generated from City-wide events (Recreation Services)
- Greater than expected revenue due to an increase in fines & penalties and license fees (By-Law & Compliance, Licensing & Permit Services)
- Lower than budgeted hydro costs due to energy saving initiatives and lower gas costs from reduced consumption (Facility Services)
- Lower than budgeted labour expenditures as a result of vacancies (By-Law & Compliance, Licensing & Permit Services)

These were partially offset by higher than budgeted expenditures in:

- Overtime for coverage of long-term absences (Fire and Rescue Service)
- Vehicle repair expenses due to major engine repairs on fire trucks (Fire and Rescue Service)
- Part-time staffing required to support higher program registrations (Recreation Services)
- General Maintenance due to emergency repairs (Facility Services)

Work continued in Q4 on numerous capital projects including implementation of energy conservation improvements to multiple City-owned facilities, as well as renovations and replacements at the City's Community Centres.

There were 28 project closures across Community Services during the quarter.

2018 Q4 Fiscal Health Report

Portfolio: Corporate Services

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	1.80	1.09	(0.72)
Labour	16.35	15.57	0.78
Other Expenditures	12.25	12.31	(0.06)
Total Expenditures	28.59	27.88	0.71
Net	26.80	26.79	0.01

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	2	0.25
2017	2	0.70
2016	7	1.56
2014	1	0.34
Total	12	\$3.86

Corporate Services' has a favourable variance at Q4 driven mainly by:

- Lower than budgeted labour costs as a result of vacancies during the year.
- Lower negotiated Insurance Premiums and Deductibles (Office of the City Clerk)
- Deferred office space renovations (Deputy City Manager Corporate Services and Office of the Chief Human Resources Officer)
- Lower than anticipated spending on Professional Fees and Computer Software due to timing of approvals for projects (Office of the Chief Information Officer)

These were partially offset by higher than budgeted expenditures in:

- Communications (Office of the Chief Information Officer),
- Professional Fees for legal and human resources' related issues (Office of the Chief Human Resources Officer), and
- internal and external city claims (Office of the City Clerk).

Work continued in Q4 on several large ongoing capital projects such as Central Computing Infrastructure, Personal Computer (PC) Assets Renewal and Audio/Visual Infrastructure renewal. (Office of the Chief Information Officer).

For Q4, the project to enhance the City's agenda management system is substantially complete (Office of the City Clerk).

2018 Q4 Fiscal Health Report

Portfolio: Planning and Growth Management

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	21.40	18.89	(2.51)
Labour	25.02	22.10	2.91
Other Expenditures	1.30	1.11	0.19
Total Expenditures	26.32	23.22	3.11
Net	4.92	4.33	0.59

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	34	19.41
2017	30	14.94
2016	27	14.03
2015	24	21.74
2014	19	2.35
2013	19	7.64
2011-2012	20	4.48
2003-2010	21	9.00
Total	194	\$93.61

Planning and Growth Management has an overall positive operating variance for the year driven mainly by:

- Revenues that were below budget due to 1) the deferral of Development Planning fees received in 2018 for applications to be reviewed in 2019, and 2) lower than budgeted labour cost recoveries from capital funds due to vacancies in Parks Development, Policy Planning & Environmental Sustainability and Development Planning.
- A positive labour variance attributed mainly to vacancies and timing in recruitment in Building Standards, Development Engineering, Development Planning and Policy Planning & Environmental Sustainability. The positions are being actively recruited. The positive labour variance contributed to the lower than expected labour cost recoveries from capital funds.

Work progressed on open capital projects with some of the more significant expenditures in the year related to North Maple Regional Park Phase I construction, Block 41 Chatfield District Park Construction and Block 55 PD-KN Watermain Servicing.

There was a total of 23 projects closed during the year.

2018 Q4 Fiscal Health Report

Portfolio: Public Works

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	4.79	3.46	(1.33)
Labour	28.13	27.60	0.54
Other Expenditures	31.97	29.99	1.98
Total Expenditures	60.11	57.59	2.52
Net	55.32	54.13	1.19

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	65	53.28
2017	67	25.00
2016	31	20.84
2015	41	54.27
2014	42	7.60
2007-2013	42	7.51
Total	288	\$168.52

The overall positive operating budget variance within the Public Works Portfolio was mainly driven by:

- Lower than budgeted revenues, mainly due to lower labour recoveries from capital funds as a result of vacancies in the year. This was offset by a favourable variance in labour. The vacant positions have since been filled or are currently in recruitment.
- Savings in contract & contractor materials in the Transportation Services and Parks and Forestry Operations (TSPFO) department as a result of bringing work in-house. This was partly offset by higher than budgeted cost in part-time labour to execute these works internally.
- Lower than budgeted utility costs as a result of less than expected rate increases for hydro.

Work progressed on open capital projects during 2018 with some of the more significant expenditures in the year related to:

- Public Works Operation Yards upgrade and expansion
- Road rehabilitation and Watermain replacement
- Vaughan Hospital Precinct Development
- Kleinburg United Church Renovation
- New Vellore Village Community Library
- Fire Station 7-4 Reposition
- VMC Edgeley Pond Construction
- Tree plantings

A number of projects were completed and closed during the year in Infrastructure Delivery, Fleet Management Services, Environmental Services and TSPFO. Some of the works completed during the year related to:

- Portage Parkway Extension
- Sidewalk Construction on Regional Roads
- North Thornhill Branch Library (Block 10)
- Keele Street Watermain Relocation - Design
- North Maple Bridge - north of Major Mackenzie over Hwy 400
- Al Palladini CC-Roof Replacement

2018 Q4 Fiscal Health Report

Office: Corporate Initiatives and Intergovernmental Relations

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.09	0.01	(0.08)
Labour	3.69	3.45	0.24
Other Expenditures	0.69	0.62	0.07
Total Expenditures	4.38	4.07	0.31
Net	4.29	4.06	0.23

Corporate Initiatives and Intergovernmental Relations has a favourable variance at Q4 driven mainly by lower than budgeted labour expenditures as a result of vacancies.

Work continued in Q4 on various capital projects, including Economic Development & Employment Strategy (EDES Study).

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2017	1	0.10
Total	1	\$0.10

Office: Chief Financial Officer

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	1.67	1.78	0.11
Labour	10.52	8.89	1.63
Other Expenditures	0.39	0.18	0.21
Total Expenditures	10.91	9.07	1.84
Net	9.23	7.29	1.94

The Office of Chief Financial Officer has a favourable variance at Q4 driven mainly by higher than budgeted taxation and property assessment revenues and labour savings due to vacancies.

Work continued in Q4 on various capital projects, including Growth Related Financial Analysis and Long-Range Fiscal Planning.

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	4	0.37
2017	1	0.39
2016	1	0.09
2011	1	0.09
Total	8	\$0.94

2018 Q4 Fiscal Health Report

Office: Chief Financial Officer – Corporate Revenues & Expenditures

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Corporate Revenue	20.34	24.18	3.85
Reserve & Other			
Transfers	18.30	15.32	(2.99)
Taxation (net)	197.58	198.32	0.75
Total Revenues	236.21	237.82	1.61
Corporate Expenditures	19.09	24.00	(4.92)
Long Term Debt	9.92	9.92	0.00
Total Expenditures	29.01	33.92	(4.92)
Net	(207.2)	(203.9)	(3.31)

Net results are tracking negative to budget driven mainly by:

- Lower than budgeted transfers from the Engineering and Building Standards Reserves as their overall department expenditures were less than planned in 2018, as these department expenditures were less than planned in 2018.
- Higher than budgeted Corporate Revenues, mainly attributable to revenue recognition timing differences caused by a transition from annual dividend declaration to a quarterly based dividend declaration from the City's investment holding company, Vaughan Holdings Inc. (VHI). The 2017 fourth quarter dividend was declared and received in 2018.
- Taxation revenues came in higher than budget which was mainly due to higher than anticipated supplemental taxation revenue.
- Corporate expenditures are higher than budget as it included corporate labour gapping.

Office: City Solicitor

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.84	0.18	(0.67)
Labour	3.87	0.49	3.37
Other Expenditures	0.65	0.23	0.42
Total Expenditures	4.52	0.72	3.80
Net	3.68	0.54	3.14

The Office of the City Solicitor has an unfavourable variance at Q4 driven mainly by higher than budgeted spending in Professional Fees for complex legal issues and Local Planning Appeal Tribunal hearings that required external counsel expertise.

These were partially offset by lower than budgeted labour expenditures as a result of vacancies. The positive labour variance was offset by lower than budgeted revenues as a result of lower than anticipated labour recovery from capital projects.

The majority of capital project activity is related to real estate; specifically land acquisition activities which can result in varied spending from quarter to quarter.

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	1	0.00
2013	1	0.03
2012	1	1.16
Total	3	\$1.19

2018 Q4 Fiscal Health Report

Office: Transformation & Strategy

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.14	0.32	0.18
Labour	0.77	0.75	0.02
Other Expenditures	0.09	0.28	(0.19)
Total Expenditures	0.85	1.03	(0.18)
Net	0.71	0.71	0.00

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2017	1	0.21
2016	1	0.39
Total	2	0.60

The Office of the Transformation and Strategy would have a surplus of \$250K mainly due to vacancies within the department and delayed projects on Service Excellence Initiatives. This surplus was transferred to the Year End Reserve to account for funding needs for the delayed projects to be spent and delivered in 2019.

Work continues to progress well on open capital projects.

Office: Vaughan Public Libraries

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.43	0.38	(0.04)
Labour	14.45	13.80	0.65
Other Expenditures	4.71	4.67	0.04
Total Expenditures	19.16	18.47	0.69
Net	18.73	18.09	0.64

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	2	0.44
2016	2	0.16
2013-2015	4	1.02
Total	8	\$1.62

Vaughan Public Libraries has a favourable variance at Q4 driven mainly by:

- Lower than budgeted labour costs as a result of vacancies,
- Reduced expenses for utilities, and
- Higher than budgeted Provincial grants received for technology spend

These were partially offset by increases in expenditures related to furniture refresh for Bathurst Clark Library, computer hardware and same-day courier services.

Work continued in Q4 on several ongoing city-wide capital projects related to resource purchases, furniture and equipment as well as technology upgrades. In addition, furniture and equipment and communications and hardware project activity continued for Vellore Village South Library.

There were 4 project closures during the quarter.

2018 Q4 Fiscal Health Report

City Council

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	-	-	-
Labour	1.32	1.24	0.08
Other Expenditures	0.40	0.25	0.16
Total Expenditures	1.72	1.49	0.24
Net	1.72	1.49	0.24

The City Council net expenditure is positive to budget.
No material variance.

Integrity Commissioner & Lobbyist Registrar

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	-	-	-
Labour	0.33	0.33	0.01
Other Expenditures	0.18	0.09	0.09
Total Expenditures	0.51	0.42	0.09
Net	0.51	0.42	0.09

The Integrity Commissioner net expenditure result is on budget.
No material variance.

Internal Audit

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	-	-	-
Labour	0.60	0.59	0.01
Other Expenditures	0.09	0.02	0.07
Total Expenditures	0.69	0.61	0.08
Net	0.69	0.61	0.08

The Internal Audit operating financial result is on budget.
No material variance.

City Manager

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	-	-	-
Labour	0.51	0.16	0.35
Other Expenditures	0.10	0.20	(0.10)
Total Expenditures	0.61	0.36	0.25
Net	0.61	0.36	0.25

The City Manager operating financial result is on budget.
No material variance.