

# CITY OF VAUGHAN

## EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 23, 2019

Item 3, Report No. 32, of the Committee of the Whole which was adopted, as amended, by the Council of the City of Vaughan on October 23, 2019, as follows:

***By approving the following in accordance with Communication C22, from the Deputy City Manager, Corporate Services and Chief Financial Officer, dated October 18, 2019:***

- 1) ***That the following chart contained in the report of the Deputy City Manager, Corporate Services and Chief Financial Officer dated October 16, 2019, be replaced with the following:***

### **Operating Results – Year to Date Ending June 30, 2019**

	<b>Budget</b> \$million	<b>Actual</b> \$million	<b>Variance</b> \$million
<b>Property Tax Based Budget</b>			
Revenues	227.9	217.6	(10.3)
Expenditures	167.3	159.3	8.0
<b>Net</b>	<b>\$60.6</b>	<b>\$58.4</b>	<b>(\$2.2)</b>
<b>Water Rate Based Budget</b>			
Revenues	34.1	31.3	(2.8)
Expenditures	34.1	31.3	2.8
<b>Net</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Wastewater Rate Based Budget</b>			
Revenues	39.5	36.7	(2.8)
Expenditures	39.5	36.7	2.8
<b>Net</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Stormwater Charge Based Budget</b>			
Revenues	10.3	1.7	(8.6)
Expenditures	10.3	1.7	8.6
<b>Net</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

Note – numbers may not add due to rounding

### **3. FISCAL HEALTH REPORT – FOR THE YEAR TO DATE PERIOD ENDING JUNE 30, 2019**

**The Committee of the Whole recommends approval of the recommendation contained in the following report of the Deputy City Manager, Corporate Services and Chief Financial Officer, dated October 16, 2019:**

#### **Recommendations**

1. That the Fiscal Health Report for the year to date period ending June 30, 2019 be received.

## Committee of the Whole (2) Report

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**DATE:** Wednesday, October 16, 2019

**WARD(S):** ALL

**TITLE: FISCAL HEALTH REPORT – FOR THE YEAR TO DATE PERIOD  
ENDING JUNE 30, 2019**

**FROM:**

Michael Coroneos, Deputy City Manager, Corporate Services and Chief Financial Officer

**ACTION:** FOR INFORMATION

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**Purpose**

To report on the City's fiscal health for the year to date period ending June 30, 2019.

**Recommendation**

1. That the Fiscal Health Report for the year to date period ending June 30, 2019 be received.

**Report Highlights**

- The City's property tax supported operations ended the second quarter in an unfavourable position of approximately \$2.2 million.
- Combined, the rate supported operations ended the second quarter in an unfavorable position of \$8 million
- \$19.7 million has been spent on 222 capital projects during the first two quarters of the year.

## **Background**

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

The attached fiscal health report compares actual city operating, water, wastewater and stormwater operations and capital results as of June 30, 2019, 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.

## **Analysis and Options**

### **Executive Summary**

**City's property tax supported operations and rate supported operations both ended the second quarter in an unfavorable position.**

The City's property tax supported operations ended the second quarter in an unfavourable position of approximately \$2.2 million, largely attributed to lower than expected revenues, and in part due to timing differences between actual and budgeted expenditures.

Combined, the rate-based budgets ended the second quarter in a unfavourable position of \$8 million. Further discussion regarding the contributing factors that resulted in these third quarter results is contained within the body of this report.

During the 2019 budget process, \$166 million in additional capital funding was approved. Combined with the remaining \$265 million in open capital project funding at the end of 2018, the City began 2019 with 833 open projects and \$431 million in capital funding. There has been \$19.7 million spent on 222 capital projects during the first two quarters of the year.

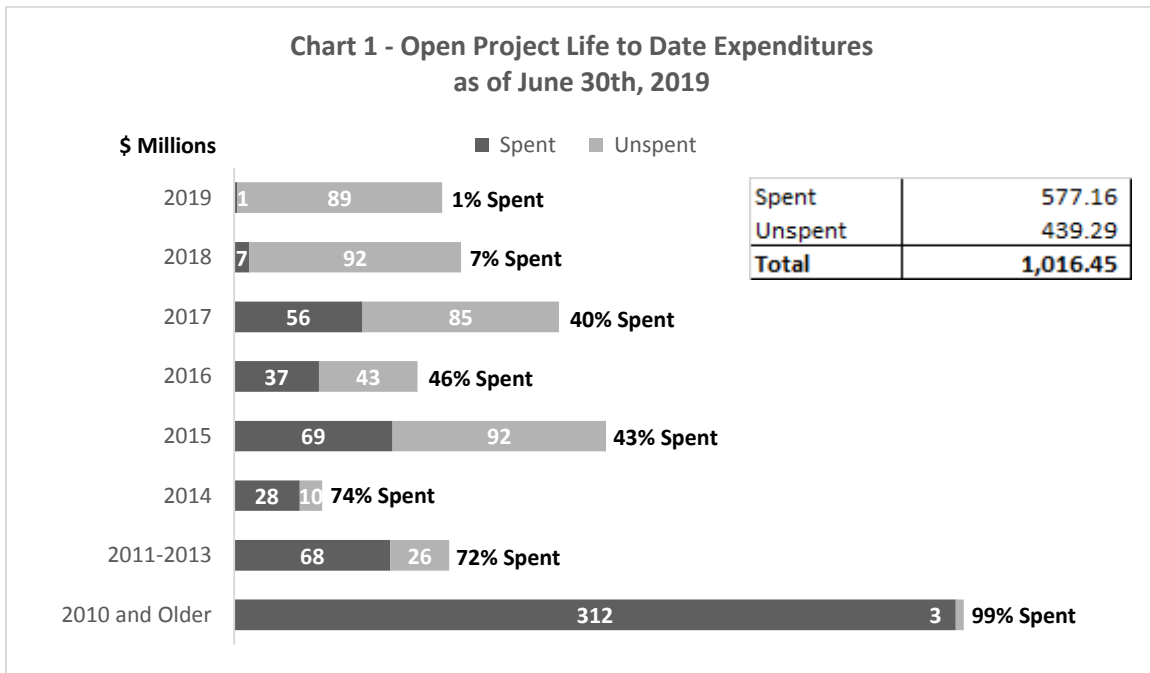
As of June 30, 2019, after all post-budget capital amendments and activity, there were 799 open capital projects with \$439 million of available budget remaining. As construction season proceeds through fall and early winter, capital expenditures are expected to increase through the remainder of the year.

## Operating Results – Year to Date Ending June 30, 2019

	<b>Budget</b> \$million	<b>Actual</b> \$million	<b>Variance</b> \$million
<b>Property Tax Based Budget</b>			
Revenues	227.9	217.6	(10.3)
Expenditures	167.3	159.3	8.0
<b>Net</b>	<b>\$60.6</b>	<b>\$58.4</b>	<b>(\$2.2)</b>
<b>Water Rate Based Budget</b>			
Revenues	34.1	31.3	(2.8)
Expenditures	34.1	31.3	2.8
<b>Net</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Wastewater Rate Based Budget</b>			
Revenues	35.9	36.7	(2.8)
Expenditures	35.9	36.7	2.8
<b>Net</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Stormwater Charge Based Budget</b>			
Revenues	10.3	1.7	(8.6)
Expenditures	10.3	1.7	8.6
<b>Net</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

Note – numbers may not add due to rounding

## Capital Results – Year to Date Ending June 30, 2019



Note – chart above includes active projects

## Discussion

### OPERATING BUDGET RESULTS

**Overall, City Revenues were \$10.3 million lower than budget.**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>\$million</b>	<b>\$million</b>	<b>\$million</b>	<b>%</b>
Department Revenues	29.1	23.2	(5.9)	(20%)
Corporate Revenues	8.5	8.1	(0.4)	(4%)
Reserve Transfers	9.7	5.8	(3.9)	(40%)
Taxation	180.6	180.5	(0.01)	0%
<b>Total Revenues</b>	<b>\$227.9</b>	<b>\$217.6</b>	<b>(\$10.3)</b>	<b>(5%)</b>

Note – numbers may not add due to rounding

- Department Revenues were 20 percent less than planned. Notable drivers in the second quarter that contributed to this result included lower than expected Development Planning revenues collected from site plan applications, subdivision applications and other related fees. The lower than planned revenue in licenses and permits from Building Standards have been mostly offset by a corresponding transfer to the Building Standards Reserve. The remainder of the variance is related to labour recoveries from capital due to position vacancies and the timing of the delivery of capital projects.
- Reserve transfers were 40 percent less than planned. Transfers from Engineering and Building Standards Reserves were less than budgeted, as their overall department expenditures were less than planned in the first two quarters of 2019.

**Overall, City expenditures were \$8.1 million lower than planned.**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>\$million</b>	<b>\$million</b>	<b>\$million</b>	<b>%</b>
Labour	97.4	94.0	3.3	3%
Service Contracts & Materials	18.9	19.7	(0.8)	(4%)
Capital Related	27.0	27.3	(0.3)	(1%)
Other	14.2	10.2	4.0	28%
Utilities & Fuel	5.6	4.6	1.0	18%
Insurance	4.3	3.4	0.9	21%
<b>Total Expenditures</b>	<b>\$167.3</b>	<b>\$159.3</b>	<b>\$8.0</b>	<b>5%</b>

Note – numbers may not add due to rounding

- Labour costs were 3 percent lower than planned. This is primarily attributable to vacancies for positions approved in 2019 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.
- Service Contracts & Materials were 4 percent higher than budget due to winter maintenance costs resulting from higher than average winter events in the beginning of 2019.

- Utilities & Fuel were 18 percent lower than budget mainly due to lower than expected hydro costs resulting in part from reduced consumption achieved through implementation of energy savings initiatives.
- Insurance costs were 21 percent lower than budget mainly due to lower than budgeted insurance premiums and deductibles.
- Other expenditures were 28 percent lower than budget partially driven by the timing of and magnitude of contracts, lower than anticipated utility expenses and computer software costs that are anticipated to be spent prior to the end of the year.

Attachment 2 provides commentary at the Portfolio/Office level.

### **Risks and Pressures**

The City's operating results for the two quarters ending June 30, 2019 were unfavorable but are expected to improve in the second half of the year. Staff will continue to monitor revenue performance during the remainder of the year.

The Development Planning and Building Standards department are experiencing lower than anticipated revenues which may be the result of several factors including the implementation of development charge pre-payment agreements in the latter half of 2018. The pre-payment agreements resulted in the City receiving an influx of applications at the end of 2018 as opposed to spread more evenly across the last quarter of 2018 and through 2019. Additionally, the introduction of Bill 108, which will impact the revenues that may be collected by municipalities for growth related development, has created uncertainty in the market as the development industry waits for clarity on the impact of the changes from the Province. This has contributed to lower than expected development related fee revenues but will most likely improve in the latter part of 2019 as the Province releases more information regarding Bill 108 and the development applications related to the pre-payment agreements are approved.

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

There were no operating budget transfers completed during the first and second quarter for which the Chief Financial Officer/City Treasurer has the delegated authority as granted by Council at the Special Council meeting of December 15, 2015 (Finance, Administration and Audit Committee, Report 16, Item 1).

## Water, Wastewater and Stormwater Results

### Year to Date Second Quarter Water Operating Results

**Water Operations gross margin was \$0.8 million less than budget.**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>\$million</b>	<b>\$million</b>	<b>\$million</b>	<b>%</b>
Residential Billings	19.8	18.3	(1.5)	(7.6%)
Commercial Billings	12.8	11.7	(1.1)	(8.6%)
Other	0.2	0.1	(0.1)	(50.0%)
Purchases/Treatment Charges	20.1	17.6	2.5	12.4%
Non-Revenue Water	3.0	3.6	(0.6)	(20.0%)
<b>Gross Margin</b>	<b>9.7</b>	<b>8.9</b>	<b>(0.8)</b>	<b>(8.2%)</b>
<b>Other Revenues</b>	<b>1.3</b>	<b>1.2</b>	<b>(0.1)</b>	<b>(7.7%)</b>

- Residential and commercial water sales for the second quarter ended lower than budget by 7.6% and 8.6% 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 higher than budgeted due to an increase in charges on the Region bill. The City and Region are investigating to determine reasons for the higher than expected NRW.

**Water Operations expenditures before Lifecycle Contributions were \$1.7 million less than budgeted.**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>\$million</b>	<b>\$million</b>	<b>\$million</b>	<b>%</b>
Maintenance and Installation Cost	3.5	2.2	1.3	37.1%
General Administration	2.9	2.5	0.4	13.8%
Joint Service Costs	0.4	0.4	0.0	0.0%
Lifecycle Contribution	4.2	5.0	(0.8)	(19.0%)
	<b>11.0</b>	<b>10.1</b>	<b>0.9</b>	<b>8.2%</b>

- Maintenance and Installation Costs ended lower by 37.1% due to timing of work for activities such as water service repairs, main repairs and meter installations.
- General Administration costs were lower by 13.8% due to position vacancies to be filled and professional fees savings and operator training.

City's net lifecycle contribution was \$0.8 million greater than budgeted at the end of the second quarter.

### Year to Date Second Quarter Wastewater Operating Results

Wastewater Operations gross margin was \$2.5 million less than budget.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Residential Billings	23.3	22.0	(1.3)	(5.6%)
Commercial Billings	15.1	14.2	(0.9)	(6.0%)
Other	0.3	0.1	(0.2)	(66.7%)
Purchases/Treatment Charges	28.2	27.0	1.2	4.3%
Non-Revenue Water	4.2	5.5	(1.3)	(31.0%)
<b>Gross Margin</b>	<b>6.3</b>	<b>3.8</b>	<b>(2.5)</b>	<b>(39.7%)</b>
<b>Other Revenues</b>	<b>0.8</b>	<b>0.4</b>	<b>(0.4)</b>	<b>(50.0%)</b>

- Residential and commercial billings for the second quarter are trending 5.6% and 6.0% respectively lower than budget due to wetter than normal weather.
- Wastewater billing is based on water consumption and therefore trends similar to water consumption.
- 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.
- As a result of decreased sales, treatment charges (direct cost) were lower than budgeted.
- Non-Revenue Water (NRW) was higher than budgeted due to an increase in charges on the Region bill. The City and Region are investigating to determine reasons for the higher than expected NRW.

Wastewater Operations expenditures before Lifecycle Contributions were \$1.2 million less than budgeted.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Maintenance and Installation Cost	2.4	1.4	1.0	41.7%
General Administration	1.6	1.4	0.2	12.5%
Joint Service Costs	0.3	0.3	0.0	(0.0%)
Lifecycle Contribution	2.8	1.1	1.7	60.7%
	<b>7.1</b>	<b>4.2</b>	<b>2.9</b>	<b>40.8%</b>

- Maintenance and Installation Costs ended lower by 41.7% due to timing of work for activities such as lateral repairs, flushing and cleaning, and flow monitoring



- General Administration costs were lower by 12.5% due to position vacancies to be filled and timing delay in planned training.

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

**Year to Date Second Quarter Stormwater Operating Results**

**Stormwater Operations gross margin was \$8.6 million less than budgeted.**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>\$million</b>	<b>\$million</b>	<b>\$million</b>	<b>%</b>
Residential Billings	4.2	0.7	(3.5)	(83.3%)
Commercial Billings	5.8	0.7	(5.1)	(87.9%)
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%
<b>Gross Margin</b>	<b>10.0</b>	<b>1.4</b>	<b>(8.6)</b>	<b>(86.0%)</b>
<b>Other Revenues</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0%</b>

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

**Stormwater Operations expenditures before Lifecycle Contributions were \$1.5 million less than budgeted.**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>\$million</b>	<b>\$million</b>	<b>\$million</b>	<b>%</b>
Maintenance and Installation Cost	2.1	0.9	1.2	57.1%
General Administration	1.9	1.7	0.2	10.5%
Joint Service Costs	0.1	0.0	0.1	100.0%
Lifecycle Contribution	6.2	(0.9)	7.1	(114.5%)
	<b>10.3</b>	<b>1.7</b>	<b>8.6</b>	<b>83.5%</b>

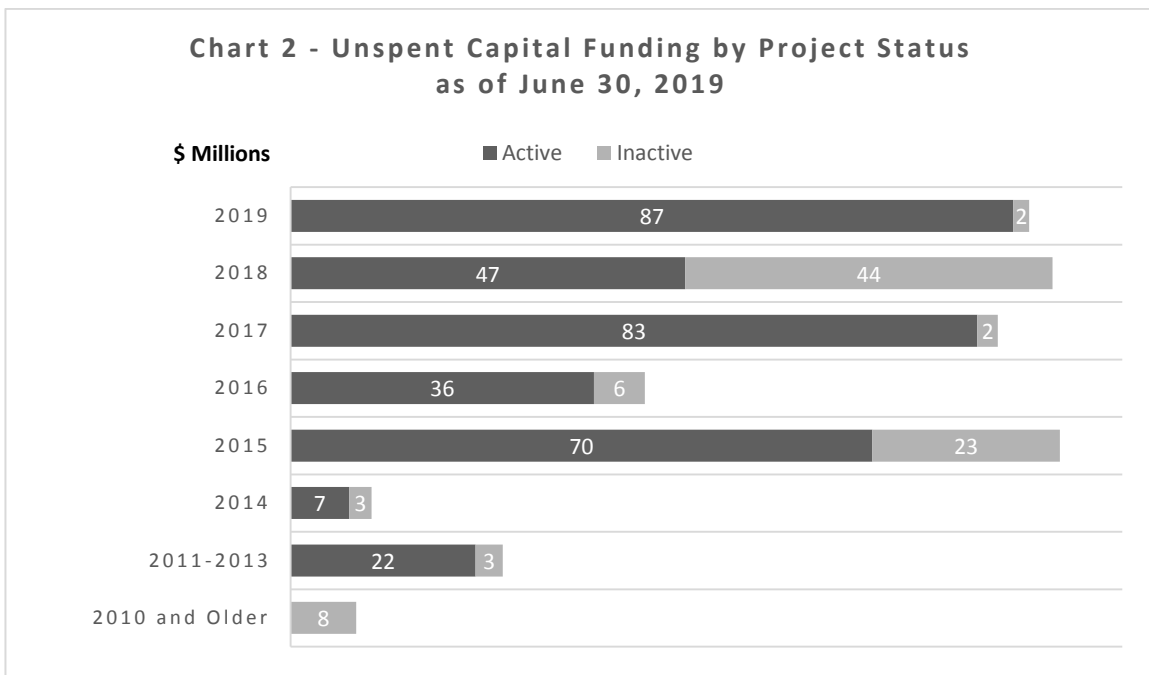
- Maintenance and Installation costs were lower by 57.1% mainly due to timing of stormwater pond and catch basin cleaning, and lower than expected street sweeping activities. A CCTV contract awarded in late 2018 has a lower than expected contract price also contributed to the lower than expected expenditures.
- General Administration costs were lower by 10.5% mainly due to deferral of debenture payment, timing of spending in professional fees and joint services fee with Alectra and gapping associated to a temporary vacancy.

City's net lifecycle contribution was \$7.1 million lower than budgeted at the end of the second quarter mainly related to timing of the stormwater billing that will be completed in the third quarter.

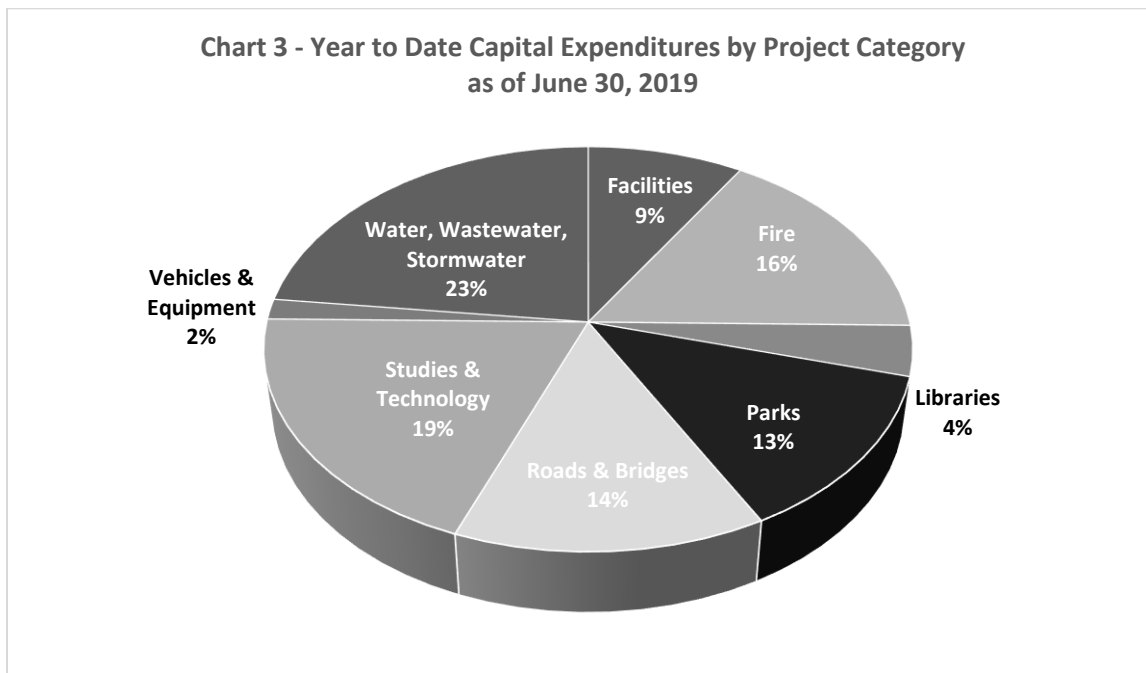
**Capital Budget Results**

As at June 30, 2019, there were 799 open capital projects with \$439 million of available budget remaining. The open projects were made up of 649 active projects and 150 inactive projects. The open project unspent funding breakdown by year is illustrated in the chart 2.

Further information about the inactive projects can be found in the next section of the report.



During the first two quarters of 2019, \$19.7 million was spent on 222 capital projects. Chart 3 illustrates the breakdown of funds spent by project category as of Q2 2019.



In the 2019 capital budget, departments indicated that \$208 million in capital expenditures would be processed throughout 2019. At the end of the second quarter, approximately 9 percent of the forecasted spend was accomplished. As construction season continues through the fall and winter months, and more billing from the summer is processed, it is expected that capital expenditure will rise. Departments are continuing to enhance the robustness of their capital cash flow spend forecasts which will improve the tracking of future results.

There were no projects considered substantially completed as of June 30, 2019 which had budget overages as permitted under Section 8 of the Capital Project Financial Administration and Reporting policy.

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

Of the 799 open capital projects, there are 150 projects that are considered inactive. Inactive projects comprise 19 per cent of the total number of open projects, equating to 21 per cent of the total unspent funds of \$439 million. Approximately 67 per cent of the inactive projects are considered near completion but are required to remain open until a future event occurs. 13 per cent of the inactive projects are on hold or have not started for a variety of reasons such as project scopes changes, estimated project costs being reevaluated, and project reprioritization due to limited resource capacity. The breakdown of project classifications of the 150 open inactive projects is as follows:

Classification	Number of Projects	Amount (\$million)
Completed-to be closed	62	\$3.6
Completed-Under Warranty or Maintenance	29	\$5.4
Completed-Waiting for final invoices	10	\$3.9
DC Repayment in place	26	\$34.3
Not Started	8	\$1.5
Project Deferred	1	\$0.6
Project on Hold	11	\$40.4
Work Ongoing	3	\$1.5
<b>Total</b>	<b>150</b>	<b>\$91.1</b>

Of the total \$91.1 million in unspent funds from inactive projects, \$34.3 million (representing 38%) 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 31 projects in the second quarter of 2019, returning \$3.7 million to reserves.**

During the second quarter, departments closed 31 capital projects, bringing the total capital projects closed in 2019 to 34 projects. The table below provides a breakdown of projects closed during the third quarter.

Portfolios	Number of Projects Closed in Q2 2019	Amount Returned to Reserve (\$million)
Community Services	10	\$1.1
Corporate Services	1	\$0.3
Planning and Growth Management	3	\$0.0
Public Works	17	\$2.3
<b>Total</b>	<b>31</b>	<b>\$3.7</b>

## 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 capital budget amendments were processed during the first two quarters of 2019:

<b>From</b>	<b>To</b>	<b>Supporting Document/Report</b>	<b>Amount</b>
Vehicle Reserve	FL-5425-18 - PW-RDS- Replace Unit #1094 with tandem dump truck	May 01, 2019 FAA R6 I3	\$67,790.00
Vehicle Reserve	FL-5427-18 - PW-RDS- Replace Unit #1159 with tandem dump truck	May 01, 2019 FAA R6 I3	\$17,790.00
City Wide DC - Fleet	BY-9548-18 - VMC Enforcement Officers Vehicles	May 01, 2019 FAA R6 I3	\$5,000.00
Vehicle Reserve	FL-5411-18 - PKS- FORESTRY-Replace Unit #1519 with Bucket chipper truck	May 14, 2019 FAA R7 I8	\$46,000.00

## 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 first two quarters of 2019:

From	To	Amount
RP-6764-17 - Beautification strategy - Enhanced garden displays	FL-5333-18 - PKS-HORT- Replace Unit#1352 with 1 ton reg. cab 4x4 dump truck	\$79,000.00
IT-9546-17 - AV Infrastructure Renewal	IT-9542-16 - City Hall A.V. Equipment	\$15,653.00
PK-6438-17 - Marco Park-Tennis Court Redevelopment	PK-6461-17 - Marco Park- Playground Replacement and Safety Surfacing	\$210,866.00
RP-6739-15 - Tree Replacement Program-EAB	RP-6700-15 - Tree Planting Program-Regular	\$256,212.60
PK-6503-18 - Tennis Court Reconstruction	PK-6461-17 - Marco Park- Playground Replacement and Safety Surfacing	\$65,000.00
DP-9537-14 - Islington Avenue Streetscape Tree Planting Partnership with KARA and KBIA	DP-9542-15 - Islington Avenue Streetscape Phase 1	\$29,970.91
EN-1906-12 - Islington Avenue Streetscape - Gateway Features	DP-9542-15 - Islington Avenue Streetscape Phase 1	\$29,610.97
PK-6376-13 - Bridge ID# MS29: Pedestrian Bridge Replacement	PK-6533-17 - West Don Valley- Pedestrian Bridge Replacement	\$38,099.28
PK-6397-13 - VMC23-2 - Vaughan Metropolitan Centre Black Creek Park Design and Construction	PK-6319-12 - Vaughan Metropolitan Centre (V.M.C.)- Millway/Applewood Park Design	\$42,000.00
RL-0005-12 - Land Acquisition Fees	RL-0009-13 - Real Estate Acquisition Strategy	\$30,000.00
RP-6775-18 - Traffic Signs Reflectivity Inspection and Testing	RP-6756-15 - Traffic Signs Reflectivity Inspection and Testing	\$23,000.00

## Continuity Schedule of Reserves and Reserve Funds

\$ million	Opening Balance	Year to Date Revenues	Year to Date Expenses	Closing Balance Before Commitments	Commitments	Closing Balance After Commitments
<b>Obligatory Reserves</b>						
City-Wide Development Charges	484.28	7.41	3.68	488.01	180.94	307.07
Area Specific Development Charges	8.76	0.08	-0.18	9.01	17.14	-8.13
Restricted Grant	30.15	0.32	0.00	30.47	48.88	-18.41
Other	93.81	3.75	3.05	94.51	4.91	89.60
<b>Obligatory Subtotal</b>	<b>617.01</b>	<b>11.55</b>	<b>6.56</b>	<b>622.00</b>	<b>251.87</b>	<b>370.13</b>
<b>Discretionary Reserves</b>						
Infrastructure	216.38	18.71	8.10	226.99	72.60	154.39
Capital from Taxation	18.64	8.42	2.75	24.31	21.05	3.26
Corporate	17.37	0.27	0.00	17.64	0.12	17.52
Special Purpose	7.09	0.23	0.04	7.28	12.88	-5.60
Sustainability	42.71	2.30	3.67	41.35	0.87	40.48
<b>Discretionary Subtotal</b>	<b>302.20</b>	<b>29.93</b>	<b>14.56</b>	<b>317.57</b>	<b>107.52</b>	<b>210.05</b>
<b>Grand Totals</b>	<b>\$919.21</b>	<b>\$41.48</b>	<b>\$21.12</b>	<b>\$939.57</b>	<b>\$359.39</b>	<b>\$580.18</b>

Note – numbers may not add due to rounding.

At the end of the second quarter, the reserve balance before commitments was \$940 million. A net reserve activity of \$360 million is committed against these reserves and reserve funds; after this activity is accounted for, the total reserves and reserve funds balances as of June 30, 2019 was \$580 million, of which \$370 million was for obligatory reserves and \$210 million was in discretionary reserves.

Development Charges (DCs) collected in the first two quarters of 2019 equated to \$4 million, with interest earned on reserve balances making up the difference in revenues. These collections are lower than typical due to a decrease in development applications most likely resulting from the DC Pre-payment agreements that were offered in September 2018 and the uncertainty in the market created by the introduction of Bill 108.

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

## **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 tax and rate based operating results are tracking negatively comparing to the budget. Staff is forecasting 2019 year-end actual results to be on budget, however winter events in late 2019 are uncertain and will need to be monitored for their potential impact on the final year end position of the City.

Staff will continue to monitor the financial health of the organization and provide advice and guidance to departments as necessary. The Fiscal Health Report will continue to evolve to ensure it continues to provide relevant information that assists in ensuring the financial sustainability of the City. Consistent with current practices, regular updates advising of changes in the City's financial landscape will be brought forth to Council.

**For more information**, please contact:

Michael Marchetti, Director, Financial Planning & Development Finance, Ext. 8271  
Dean Ferraro, Director, Financial Services, Ext. 8272

## **Attachments**

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

## **Prepared by**

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# **CITY OF VAUGHAN**

## **2019 City Operating Budget**

### **Property Tax Based Budget**

#### **Fiscal Position as of**

**June 30, 2019**

**CITY OF VAUGHAN**  
**2019 City Operating Budget**  
**Fiscal Position as of June 30, 2019**

**REVENUE / EXPENDITURE SUMMARY**

	2019 ANNUAL BUDGET	2019 YTD		VARIANCE	
		BUDGET	ACTUAL	FAV. / (UNFAV.) \$	%
TAXATION	200,661,820	179,858,736	179,858,736	-	0.0%
SUPPLEMENTAL TAXATION	3,200,000	-	-	-	0.0%
PAYMENT IN LIEU	2,580,000	750,000	635,278	(114,722)	-15.3%
RESERVES AND OTHER TRANSFERS	18,947,635	9,682,017	5,768,285	(3,913,732)	-40.4%
FEES AND SERVICE CHARGES	62,174,197	29,116,378	23,242,273	(5,874,105)	-20.2%
CORPORATE	22,769,735	8,503,459	8,142,769	(360,690)	-4.2%
<b>TOTAL REVENUES</b>	<b>310,333,387</b>	<b>227,910,590</b>	<b>217,647,341</b>	<b>(10,263,249)</b>	<b>-4.5%</b>
<b>EXPENDITURES:</b>					
DEPARTMENTAL	274,999,116	139,632,991	131,147,109	8,485,882	6.1%
RESERVE CONTRIB. & CORP. EXP.	13,104,736	15,800,234	15,768,280	31,954	0.2%
LONG TERM DEBT	10,023,360	3,842,325	4,186,037	(343,712)	-8.9%
CONTINGENCY	4,056,546	(154,104)	-	(154,104)	100.0%
CAPITAL FROM TAXATION	8,149,629	8,149,629	8,149,629	-	0.0%
<b>TOTAL EXPENDITURES</b>	<b>310,333,387</b>	<b>167,271,075</b>	<b>159,251,054</b>	<b>8,020,021</b>	<b>4.8%</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>60,639,515</b>	<b>58,396,287</b>	<b>(2,243,228)</b>	

**CITY OF VAUGHAN**  
**2019 City Operating Budget**  
**Fiscal Position as of June 30, 2019**  
**June 30, 2019**

**REVENUE BY MAJOR SOURCE**

	2019 ANNUAL BUDGET	2019 YTD		VARIANCE	
		BUDGET	ACTUAL	FAV. / (UNFAV.) \$	%
<b>TAXATION</b>					
Tax Levy	200,661,820	179,858,736	179,858,736	-	0.0%
Supplementals	3,200,000	-	-	-	0.0%
<b>GRANT</b>					
Library Grant	145,200	-	-	-	0.0%
<b>PAYMENT IN LIEU / OTHER</b>					
Payment In Lieu / Other	2,580,000	750,000	635,278	(114,722)	-15.3%
<b>RESERVES AND OTHER TRANSFERS</b>					
Engineering Reserve	8,034,313	4,017,151	2,242,364	(1,774,787)	-44.2%
CIL Recreation Land Reserve	1,352,000	676,000	676,000	-	0.0%
Administrative Recovery from Capital	1,500,000	750,000	(554,347)	(1,304,347)	-173.9%
Building Standards Service Continuity Reserve	5,503,371	2,751,684	2,011,033	(740,651)	-26.9%
Tax Rate Stabilization Reserve	2,312,490	1,487,182	1,388,390	(98,792)	-6.6%
Innovation Reserve	100,261	-	4,844	4,844	0.00%
<b>TOTAL RESERVES</b>	<b>18,802,435</b>	<b>9,682,017</b>	<b>5,768,285</b>	<b>(3,913,732)</b>	<b>-40.4%</b>
<b>FEES/SERVICE CHARGES</b>					
Economic Development & Culture Services	521,094	291,992	7,850	(284,142)	-97.3%
<b>TOTAL OFFICE OF CHIEF CORPORATE INITIATIVES &amp; INTERGOV. RELATIONS</b>	<b>521,094</b>	<b>291,992</b>	<b>7,850</b>	<b>(284,142)</b>	<b>-97.3%</b>
<b>OFFICE OF TRANSFORMATION &amp; STRATEGY</b>	<b>410,725</b>	<b>205,362</b>	<b>100,057</b>	<b>(105,305)</b>	<b>-51.3%</b>
Chief Human Resources Officer	-	-	40	40	0.00%
Chief Information Officer	265,443	132,720	74,819	(57,901)	-43.6%
Office of the City Clerk - Clerks	1,585,374	950,879	534,902	(415,977)	-43.7%
<b>TOTAL DEPUTY CITY MANAGER CORPORATE SERVICES</b>	<b>1,850,817</b>	<b>1,083,599</b>	<b>609,761</b>	<b>(473,838)</b>	<b>-43.7%</b>
Financial Services	1,258,769	595,882	810,312	214,430	36.0%
Financial Planning & Development Finance	447,619	223,812	145,222	(78,590)	-35.1%
Procurement Services	58,200	22,404	34,636	12,232	54.6%
<b>TOTAL OFFICE OF THE CFO/CITY TREASURER</b>	<b>1,764,588</b>	<b>842,098</b>	<b>990,169</b>	<b>148,071</b>	<b>17.6%</b>
<b>OFFICE OF THE CITY SOLICITOR</b>	<b>851,093</b>	<b>420,931</b>	<b>26,179</b>	<b>(394,752)</b>	<b>-93.8%</b>
Recreation Services	19,444,631	7,901,266	7,788,570	(112,696)	-1.4%
Community Development & Events	780,000	545,555	653,021	107,466	19.7%
Facility Maintenance Services	587,207	304,376	328,954	24,578	8.1%
Fire And Rescue Services	1,035,981	312,825	257,202	(55,623)	-17.8%
By-Law, Compliance, Licensing and Permits	5,345,393	2,597,080	2,233,124	(363,956)	-14.0%
<b>TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES</b>	<b>27,193,212</b>	<b>11,661,102</b>	<b>11,260,871</b>	<b>(400,231)</b>	<b>-3.4%</b>
Deputy City Manager Planning & Growth Mgmt	-	-	10,070	10,070	0.00%
Development Planning	9,917,983	4,962,347	3,702,998	(1,259,349)	-25.4%
Development Engineering	530,579	257,571	222,866	(34,705)	-13.5%
Policy Planning & Environmental Sustainability	924,016	462,011	53,594	(408,417)	-88.4%
Parks Development	416,733	208,368	-	(208,368)	-100.0%
Building Standards - Licenses/Permits	9,653,715	4,591,521	3,632,473	(959,048)	-20.9%
- Plumbing Permits	810,128	378,841	274,929	(103,912)	-27.4%
- Service Charges	882,034	452,099	364,807	(87,292)	-19.3%
<b>TOTAL DEPUTY CITY MANAGER PLANNING &amp; GROWTH MANAGEMENT</b>	<b>23,135,188</b>	<b>11,312,758</b>	<b>8,261,736</b>	<b>(3,051,022)</b>	<b>-27.0%</b>
Deputy City Manager Public Works	-	-	363	363	0.0%
Infrastructure Planning and Corporate Asset Management	2,192,179	1,096,096	523,631	(572,465)	-52.2%
Infrastructure Delivery	1,492,318	746,158	104,838	(641,320)	-85.9%
Environmental Services	1,534,917	760,396	765,593	5,197	0.7%
Trans Serv and Parks & Forestry Ops	794,568	480,375	353,921	(126,454)	-26.3%
<b>TOTAL DEPUTY CITY MANAGER PUBLIC WORKS</b>	<b>6,013,982</b>	<b>3,083,025</b>	<b>1,748,346</b>	<b>(1,334,679)</b>	<b>-43.3%</b>
<b>VAUGHAN PUBLIC LIBRARIES</b>	<b>433,500</b>	<b>215,511</b>	<b>237,303</b>	<b>21,792</b>	<b>10.1%</b>
<b>TOTAL FEES / SERVICE CHARGES</b>	<b>62,174,197</b>	<b>29,116,378</b>	<b>23,242,273</b>	<b>(5,874,105)</b>	<b>-20.2%</b>
<b>TOTAL CORPORATE REVENUES</b>	<b>22,769,735</b>	<b>8,503,459</b>	<b>8,142,769</b>	<b>(360,690)</b>	<b>-4.2%</b>
<b>TOTAL REVENUE</b>	<b>310,333,387</b>	<b>227,910,590</b>	<b>217,647,341</b>	<b>(10,263,249)</b>	<b>-4.5%</b>

**CITY OF VAUGHAN  
2019 City Operating Budget**

June 30, 2019

**DEPARTMENTAL EXPENDITURES BY MAJOR CATEGORY**

	2019 ANNUAL BUDGET	2019 YTD		VARIANCE	
		BUDGET	ACTUAL	FAV. / (UNFAV.) \$	%
<b>COUNCIL</b>	<b>1,765,373</b>	<b>921,039</b>	<b>825,678</b>	<b>95,361</b>	<b>10.4%</b>
<b>OFFICE OF THE INTEGRITY COMMISSIONER</b>	<b>512,630</b>	<b>259,570</b>	<b>202,354</b>	<b>57,216</b>	<b>22.0%</b>
<b>INTERNAL AUDIT</b>	<b>721,005</b>	<b>335,619</b>	<b>309,062</b>	<b>26,557</b>	<b>7.9%</b>
<b>CITY MANAGER</b>	<b>708,318</b>	<b>356,076</b>	<b>263,673</b>	<b>92,403</b>	<b>26.0%</b>
<i>Corporate and Strategic Communications</i>	2,194,941	1,077,177	1,071,136	6,041	0.6%
<i>Economic &amp; Cultural Development</i>	2,542,912	1,184,490	1,140,302	44,188	3.7%
<i>Office of the Chief Corporate Initiatives &amp; Intergov Relations</i>	396,135	199,682	15,927	183,755	92.0%
<b>OFFICE OF THE CHIEF CORPORATE INITIATIVES &amp; INTERGOV. RELATIONS</b>	<b>5,133,988</b>	<b>2,461,349</b>	<b>2,227,365</b>	<b>233,984</b>	<b>96.3%</b>
<b>OFFICE OF TRANSFORMATION &amp; STRATEGY</b>	<b>2,074,287</b>	<b>1,036,378</b>	<b>670,969</b>	<b>365,409</b>	<b>35.3%</b>
<i>Office of the Chief Financial Officer/City Treasurer</i>	534,422	268,854	266,914	1,940	0.7%
Financial Services	4,671,401	2,576,785	1,839,277	737,508	28.6%
Financial Planning & Development Finance	3,746,787	1,882,076	1,799,885	82,191	4.4%
Procurement Services	2,600,513	1,300,640	1,033,986	266,654	20.5%
<b>TOTAL OFFICE OF THE CFO/CITY TREASURER</b>	<b>11,553,123</b>	<b>6,028,355</b>	<b>4,940,062</b>	<b>1,088,293</b>	<b>18.1%</b>
<b>TOTAL OFFICE OF THE CITY SOLICITOR</b>	<b>4,966,931</b>	<b>2,464,105</b>	<b>2,193,598</b>	<b>270,507</b>	<b>11.0%</b>
<i>Office of the Deputy City Manager Corporate Services</i>	589,276	294,098	279,931	14,167	4.8%
Office of the Chief Human Resources Officer	3,555,959	1,795,615	1,931,596	(135,981)	-7.6%
Office of the Chief Information Officer	13,213,940	6,577,525	6,405,996	171,529	2.6%
<i>Office of the City Clerk</i>	11,795,039	7,751,479	6,600,328	1,151,151	14.9%
<b>TOTAL DEPUTY CITY MANAGER CORPORATE SERVICES</b>	<b>29,154,214</b>	<b>16,418,717</b>	<b>15,217,852</b>	<b>1,200,865</b>	<b>7.3%</b>
<i>Office of Deputy City Manager Community Services</i>	632,670	334,003	287,701	46,302	13.9%
Community Grants & Advisory Committees	45,590	23,543	19,684	3,859	16.4%
Access Vaughan	1,402,200	697,651	574,130	123,521	17.7%
Recreation Services	29,486,249	13,440,647	13,095,005	345,642	2.6%
Community Development & Events	1,875,257	1,015,134	1,117,332	(102,198)	-10.1%
Facility Services	14,246,370	6,351,644	6,568,673	(217,029)	-3.4%
Fire and Rescue Services	51,472,420	25,543,497	25,520,660	22,837	0.1%
Emergency Planning	228,003	113,545	93,557	19,988	17.6%
By-Law, Compliance, Licensing & Permits	8,034,926	3,995,226	3,643,300	351,926	8.8%
<b>TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES</b>	<b>107,423,685</b>	<b>51,514,890</b>	<b>50,920,043</b>	<b>594,847</b>	<b>1.2%</b>
<i>Office of Deputy City Manager Planning &amp; Growth Management</i>	966,371	482,102	399,250	82,852	17.2%
Development Planning	6,234,449	3,122,343	2,266,020	856,323	27.4%
Development Engineering	5,710,724	2,849,177	2,419,141	430,036	15.1%
Policy Planning & Environmental Sustainability	2,884,248	1,447,946	1,146,745	301,201	20.8%
Parks Development	2,511,717	1,247,870	1,286,559	(38,689)	-3.1%
Building Standards	10,674,680	5,390,470	4,422,932	967,538	17.9%
<b>TOTAL DEPUTY CITY MANAGER PLANNING &amp; GROWTH MANAGEMENT</b>	<b>28,982,189</b>	<b>14,539,908</b>	<b>11,940,647</b>	<b>2,599,261</b>	<b>17.9%</b>
<i>Office of Deputy City Manager Public Works</i>	601,525	294,441	516,158	(221,717)	-75.3%
Infrastructure Planning and Corporate Asset Management	3,071,593	1,524,941	1,143,522	381,419	25.0%
Fleet Management	3,284,963	1,619,628	1,707,337	(87,709)	-5.4%
Infrastructure Delivery	3,607,779	1,629,566	1,347,887	281,679	17.3%
Environmental Services	11,247,280	5,539,612	5,163,169	376,443	6.8%
Trans Serv and Parks & Forestry Ops	40,680,313	21,788,390	21,353,472	434,918	2.0%
<b>TOTAL DEPUTY CITY MANAGER PUBLIC WORKS</b>	<b>62,493,453</b>	<b>32,396,578</b>	<b>31,231,545</b>	<b>1,165,033</b>	<b>3.6%</b>
<b>VAUGHAN PUBLIC LIBRARIES</b>	<b>19,509,920</b>	<b>10,900,407</b>	<b>10,204,261</b>	<b>696,146</b>	<b>6.4%</b>
<b>TOTAL DEPARTMENTAL EXPENDITURES</b>	<b>274,999,116</b>	<b>139,632,991</b>	<b>131,147,109</b>	<b>8,485,882</b>	<b>6.1%</b>
<b>RESERVE CONTRIBUTIONS &amp; CORP. EXP.</b>	<b>13,104,736</b>	<b>15,800,234</b>	<b>15,768,280</b>	<b>31,954</b>	<b>0.2%</b>
<b>LONG TERM DEBT</b>	<b>10,023,360</b>	<b>3,842,325</b>	<b>4,186,037</b>	<b>(343,712)</b>	<b>-8.9%</b>
<b>CONTINGENCY</b>	<b>4,056,546</b>	<b>(154,104)</b>	<b>-</b>	<b>(154,104)</b>	<b>100.0%</b>
<b>CAPITAL FROM TAXATION</b>	<b>8,149,629</b>	<b>8,149,629</b>	<b>8,149,629</b>	<b>-</b>	<b>0%</b>
<b>TOTAL DEPARTMENTAL AND CORPORATE EXPENDITURES</b>	<b>310,333,387</b>	<b>167,271,075</b>	<b>159,251,054</b>	<b>8,020,021</b>	<b>4.8%</b>

**Portfolio: Community Services**

## Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	11.66	11.26	(0.40)
Labour	42.75	42.53	0.22
Other Expenditures	8.77	8.39	0.37
Total Expenditures	51.51	50.92	0.59
<b>Net</b>	<b>39.85</b>	<b>39.66</b>	<b>0.19</b>

## Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2019	52	13.87
2018	31	11.18
2017	31	8.39
2016	16	1.54
2015	8	2.85
2004-2014	21	1.28
<b>Total</b>	<b>159</b>	<b>\$39.11</b>

Community Services has a favourable variance at Q2 driven mainly by:

- Lower than budgeted labour expenditures as a result of vacancies and gapping (By-Law & Compliance, Licensing & Permit Services, Recreation Services),
- Lower than budgeted Other Expenses due to timing of invoices (Fire and Rescue Service, Recreation Services), and
- Lower than budgeted gas costs from reduced consumption (Facility Services)

These were partially offset by:

- Lower than budgeted revenues including user fees (By-Law & Compliance, Licensing & Permit Services, Recreation Services),
- Higher than budgeted labour expenditures, due to hiring of additional firefighters for coverage of long-term absences, partially offset by a positive impact to overtime costs (Fire and Rescue Service)
- Higher than anticipated General Maintenance expenditures due to a few large unplanned repairs (Facility Services)

Work continued in Q2 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 12 project closures across Community Services for the first half of the year.

## 2019 Q2 Fiscal Health Report

### Portfolio: Corporate Services

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

(\$M)	Budget	Actual	Variance
Revenues	1.08	0.61	(0.47)
Labour	8.61	8.58	0.03
Other Expenditures	7.83	6.66	1.18
Total Expenditures	16.44	15.24	1.20
<b>Net</b>	<b>15.36</b>	<b>14.63</b>	<b>0.73</b>

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

Year (\$M)	Open #	Unspent \$
2019	7	1.17
2018	2	0.25
2017	2	0.15
2016	6	2.66
2014	1	0.42
<b>Total</b>	<b>18</b>	<b>\$4.66</b>

Corporate Services' has a favourable variance at Q2 driven mainly by:

- Lower negotiated Insurance Premiums and Deductibles (Office of the City Clerk),
- Lower than anticipated spending on Professional Fees, Communications and Computer Software due to more projects scheduled in Q3 and Q4 (Office of the Chief Information Officer), and
- Lower than budgeted labour costs as a result of vacancies during the year.

These were partially offset by higher than budgeted expenditures in:

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

and lower revenues than budgeted from Committee of Adjustment fees (Office of the City Clerk),

Work continued in Q2 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).

## 2019 Q2 Fiscal Health Report

### Portfolio: Planning and Growth Management

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

<b>(\$M)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	11.31	8.26	(3.05)
Labour	13.78	11.62	2.17
Other Expenditures	0.76	0.32	0.43
Total Expenditures	14.54	11.94	2.60
<b>Net</b>	<b>3.23</b>	<b>3.68</b>	<b>(0.45)</b>

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

<b>Year (\$M)</b>	<b>Open #</b>	<b>Unspent \$</b>
2019	51	47.45
2018	33	19.61
2017	31	14.56
2016	26	14.38
2015	23	29.80
2014	18	2.20
2013	18	8.30
2011-2012	20	4.58
2003-2010	22	8.01
<b>Total</b>	<b>242</b>	<b>\$148.88</b>

Planning and Growth Management has an unfavourable variance at Q2 driven mainly by:

- lower than budgeted planning applications and building permits revenue caused by slower construction activities, and
- lower than budgeted labour cost recoveries from capital funds due to vacancies in Parks Development, Policy Planning & Environmental Sustainability and Development Planning.

These were partially offset by lower than budgeted expenditures in labour attributed mainly to vacancies 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 40 Chatfield District Park Construction and Block 55 PD-KN Watermain Servicing.

## 2019 Q2 Fiscal Health Report

### Portfolio: Public Works

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

(\$M)	Budget	Actual	Variance
Revenues	3.08	1.75	(1.33)
Labour	15.38	14.18	1.20
Other Expenditures	17.01	17.05	(0.04)
Total Expenditures	32.40	31.23	1.17
<b>Net</b>	<b>29.31</b>	<b>29.48</b>	<b>(0.17)</b>

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

Year (\$M)	Open #	Unspent \$
2019	70	23.05
2018	64	57.39
2017	64	61.81
2016	30	23.31
2015	38	59.44
2014	40	5.93
2013	15	6.06
2007-2012	25	0.01
<b>Total</b>	<b>346</b>	<b>\$237.02</b>

Public Works has an unfavourable variance at Q2 driven mainly by:

- Lower than budgeted labour cost recoveries from capital funds due to vacancies
  - Savings in contract & contractor materials in Solid Waste collection as a result of fewer than projected townhouse complexes receiving service from the City.
  - Lower than budgeted Contractor & Contractor Materials in the Transportation Services and Parks and Forestry Operations (TSPFO) department due to timing of expenses,
  - Lower than budgeted utility costs in TSPFO as a result of less than expected rate increases for hydro, and
  - Higher than budgeted winter maintenance costs due to higher than average occurrence of plowing events.
- These were partially offset by a favourable variance in labour mainly attributed to timing of expenses related to seasonal labour in TSPFO and vacancies in Infrastructure Planning and Corporate Asset Management, Infrastructure Delivery and TSPFO. Vacant positions are being actively recruited or have since been filled. The positive labour variance contributed to 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:

- Road rehabilitation and Watermain replacement
- Reposition Fire Station #7-4 Kleinburg Design & Construction
- Vaughan Hospital Precinct Development
- Concord GO Comprehensive Transportation Study
- Repair and Rehabilitation of Pump Stations and Booster Station

Several projects were completed and closed during Q1 and Q2 2019 in Environmental Services, TSPFO, Infrastructure Delivery, and Fleet Management Services.

Some of the works completed are related to:

- Tree Replacement Program-EAB
- Storm Pond Cleaning - Audia Pond
- SCADA System Implementation Phase 1
- Traffic Signs Reflectivity Inspection and Testing



## 2019 Q2 Fiscal Health Report

### Office: Corporate Initiatives and Intergovernmental Relations

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

(\$M)	Budget	Actual	Variance
Revenues	0.29	0.01	(0.28)
Labour	2.08	1.8	0.28
Other Expenditures	0.38	0.42	(0.05)
Total Expenditures	2.46	2.23	0.23
<b>Net</b>	<b>2.17</b>	<b>2.22</b>	<b>(0.05)</b>

Corporate Initiatives and Intergovernmental Relations has an unfavourable variance at Q2 driven mainly by lower than budgeted revenues for Municipal Sponsorships, offset by labour savings due to vacancies.

Work continued in Q2 on various capital projects, including the Smart City Study, and the Economic Development & Employment Strategy (EDES Study).

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

Year (\$M)	Open #	Unspent \$
2019	2	0.37
2017	1	0.05
2016	1	0.04
<b>Total</b>	<b>4</b>	<b>\$0.46</b>

### Office: Chief Financial Officer

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

(\$M)	Budget	Actual	Variance
Revenues	0.84	0.89	0.05
Labour	5.51	4.71	0.80
Other Expenditures	0.52	0.23	0.29
Total Expenditures	6.03	4.94	1.09
<b>Net</b>	<b>5.19</b>	<b>4.05</b>	<b>1.14</b>

The Office of Chief Financial Officer has a favourable variance at Q2 driven mainly by higher than budgeted taxation and property assessment revenues and labour savings due to vacancies.

Work continued in Q2 on various capital projects, including Growth Related Financial Analysis and Long-Range Fiscal Planning.

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

Year (\$M)	Open #	Unspent \$
2019	1	0.93
2018	5	1.46
2017	1	0.34
2016	3	0.17
2011	1	0.09
<b>Total</b>	<b>9</b>	<b>\$1.55</b>

## 2019 Q2 Fiscal Health Report

### Office: Chief Financial Officer – Corporate Revenues & Expenditures

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

(\$M)	Budget	Actual	Variance
Corporate Revenue	8.50	8.14	(0.36)
Reserve Transfers	9.68	5.77	(3.91)
Taxation (net)	180.49	180.49	0.00
Total Revenues	198.79	194.41	4.39
Corporate Expenditures	23.80	23.92	(0.12)
Long Term Debt	3.84	4.19	(0.34)
Total Expenditures	27.64	28.10	(0.47)
<b>Net</b>	<b>\$171.16</b>	<b>\$166.30</b>	<b>(\$4.86)</b>

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 the first two quarters of 2019.

### Office: City Solicitor

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

(\$M)	Budget	Actual	Variance
Revenues	0.42	0.03	(0.39)
Labour	1.82	1.47	0.35
Other Expenditures	0.56	0.67	(0.11)
Total Expenditures	2.38	2.14	0.23
<b>Net</b>	<b>1.96</b>	<b>2.12</b>	<b>(0.16)</b>

The Office of the City Solicitor has an unfavourable variance at Q2 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, and
- lower than budgeted labour cost recoveries from capital funds due to vacancies and lower than anticipated work on capital projects.

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

Year (\$M)	Open #	Unspent \$
2013	2	0.09
2012	1	1.12
<b>Total</b>	<b>3</b>	<b>\$1.21</b>

These were partially offset by lower than budgeted labour expenditures as a result of vacancies. The positive labour variance contributed to the lower than expected labour cost recoveries from capital funds.

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.

## 2019 Q2 Fiscal Health Report

### Office: Transformation & Strategy

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

(\$M)	Budget	Actual	Variance
Revenues	0.21	0.10	(0.11)
Labour	0.98	0.55	0.42
Other Expenditures	0.06	0.12	(0.06)
Total Expenditures	1.04	0.67	0.37
<b>Net</b>	<b>0.83</b>	<b>0.57</b>	<b>0.26</b>

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

Year (\$M)	Open #	Unspent \$
2019	1	0.29
2017	1	0.20
2016	1	0.38
<b>Total</b>	<b>3</b>	<b>\$0.87</b>

The Transformation & Strategy Office is trending favourably to budget driven primarily by new, vacant roles that are currently in the recruitment process. As a result of these vacancies, labour expenditures are currently under budget as are the associated labour recoveries. As the positions are filled, Transformation & Strategy will trend closer to budget.

### Office: Vaughan Public Libraries

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

(\$M)	Budget	Actual	Variance
Revenues	0.22	0.24	0.02
Labour	7.41	7.19	0.22
Other Expenditures	3.49	3.01	0.48
Total Expenditures	10.90	10.20	0.70
<b>Net</b>	<b>10.68</b>	<b>9.97</b>	<b>0.72</b>

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

Year (\$M)	Open #	Unspent \$
2019	4	1.68
2018	2	1.22
2016	2	0.12
2013-2015	4	1.01
<b>Total</b>	<b>12</b>	<b>\$4.04</b>

**Vaughan Public Libraries** has a favourable variance at Q2 driven mainly by:

- Lower than budgeted labour costs as a result of vacancies,
- Delays in delivery of furniture and timing of new subscriptions, and
- Reduced expenses for utilities.

These were partially offset by increases in expenditures related to data processing, service programming, and technological service contracts.

Work continued in Q2 on several ongoing city-wide capital projects related to resource purchases, furniture and equipment as well as technology upgrades.

## 2019 Q2 Fiscal Health Report

### City Council

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

(\$M)	Budget	Actual	Variance
Revenues	-	-	-
Labour	0.67	0.71	(0.04)
Other Expenditures	0.25	0.11	0.14
Total Expenditures	0.92	0.82	0.10
<b>Net</b>	<b>0.92</b>	<b>0.82</b>	<b>0.10</b>

The City Council operating budget is on track for 2019.

### Integrity Commissioner & Lobbyist Registrar

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

(\$M)	Budget	Actual	Variance
Revenues	-	-	-
Labour	0.17	0.16	0.01
Other Expenditures	0.09	0.05	0.04
Total Expenditures	0.26	0.20	0.06
<b>Net</b>	<b>0.26</b>	<b>0.20</b>	<b>0.06</b>

The Office of the Integrity Commissioner & Lobbyist Registrar is currently tracking positive to budget largely driven by unspent Computer Software and professional fees funds which are expected to be spent before the end of the year.

### Internal Audit

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

(\$M)	Budget	Actual	Variance
Revenues	-	-	-
Labour	0.30	0.29	0.01
Other Expenditures	0.04	0.02	0.02
Total Expenditures	0.31	0.31	0.03
<b>Net</b>	<b>0.49</b>	<b>0.46</b>	<b>0.03</b>

The Internal Audit operating budget is on track for 2019.

### City Manager

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

(\$M)	Budget	Actual	Variance
Revenues	-	-	-
Labour	0.26	0.18	0.08
Other Expenditures	0.09	0.08	0.04
Total Expenditures	0.36	0.26	0.09
<b>Net</b>	<b>0.36</b>	<b>0.26</b>	<b>0.09</b>

The City Manager's operating budget is on track for 2019.