

CITY OF VAUGHAN
EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 18, 2021

Item 2, Report No. 26, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on May 18, 2021.

2. 2020 YEAR END FISCAL HEALTH REPORT

The Committee of the Whole recommends approval of the recommendation contained in the report of the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer dated May 12, 2021.

Recommendation

1. That the 2020 Year End Fiscal Health report be received.

Committee of the Whole (2) Report

DATE: Wednesday, May 12, 2021

WARD(S): ALL

TITLE: 2020 YEAR END FISCAL HEALTH REPORT

FROM:

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

ACTION: FOR INFORMATION

Purpose

To report on the City's fiscal health for the year ending December 31, 2020.

Report Highlights

- The City's property tax supported operations ended 2020 with a surplus of \$3.1 million, largely attributed to lower than budgeted labour costs and receipt of Federal-Provincial COVID emergency assistance funding.
- Transfers of \$0.5 million to the Year-End Expenditure Reserve and \$2.6 million to the Tax Stabilization Reserve were made to bring the ending financial position to balance.
- Combined, the rate supported operations ended 2020 in an unfavourable position of \$1.5 million, resulting in a lower than expected transfer to the reserves that support the renewal of water, wastewater, and stormwater infrastructure.
- Total capital spending in 2020 was \$119.3 million, including \$1.7 million on projects that were closed during the year, and \$4.6 million on new capital projects approved in 2020.
- In 2020, 200 capital projects were closed and \$31.8 million was returned to various originating reserves and reserve funds.

Recommendation

1. That the 2020 Year End Fiscal Health report 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, 2020 on the same basis as the 2020 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, wastewater and stormwater operations, and capital results as of December 31, 2020, 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 Audit Committee and approved by Council in June 2021.

Previous Reports/Authority

[2020 Mid-Year Fiscal Health Report - June 30, 2020](#)

Analysis and Options

Executive Summary

In March 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 a Global Pandemic. The City of Vaughan followed by declaring a state of emergency and implemented measures to ensure safety and support, residents, businesses, and employees. These measures included, but were not limited to:

- Closure of all City facilities and park amenities including refunds issued without penalty for all cancelled camps, programs and permits.
- Additional safety measures and protocols in all aspects of the City's operations and service delivery.
- Financial assistance with respect to deferral of property taxes (waived late payment penalty on the Interim billing until July 1st, 2020).
- Deferred renewals of Business Licenses for existing businesses by up to 90 days.
- Suspension of collection of Municipal Accommodation Tax until September 1st, 2020.
- Deferral of the annual Stormwater Charge for 60 days.
- Cancellation of the planned 2020 Water and Wastewater rate increases; and

- Implemented workforce re-balancing measures, including temporary layoffs for non-essential staff who are unable to work from home, redeployments, and organizational re-alignments.

The COVID-19 pandemic and measures taken by the City have had significant financial impacts to the City's Tax and Rate Supported Operating Budgets.

The City's property tax supported operations ended 2020, before year-end reserve transfers, in a surplus financial position of \$3.1 million, due to mainly to receiving \$6.15 million in Phase 1 Safe Restart Agreement funding from the Federal and Provincial Governments to support COVID-19 operating costs and pressures in 2020. This funding helped mitigate net pressures from foregone revenues and incremental costs with savings from avoided expenses due to closures and workforce re-balancing across various departments. Approximately \$0.5 million of the surplus was transferred to the Year-End Expenditure Reserve and the remaining \$2.6 million was transferred to the Tax Rate Stabilization Reserve to mitigate tax pressures in 2021 and beyond.

Combined, the water, wastewater and stormwater rate supported operations ended 2020 with reserve contributions below budget. Lower commercial water sales were offset with reduced water purchases from York Region and lower than expected spending on maintenance and installations. Lower commercial wastewater billings were offset by reduced York Region treatment costs and lower than expected spending on maintenance and installations. Both the City and the Region cancelled the 2020 rate increases for water and wastewater, which is impacting both sales and purchase variances. These result in reserve contributions higher than budget in water and lower than budget in wastewater. Lower sales in stormwater were offset by favourable variances in maintenance and administrative costs resulting in a favourable reserve contribution.

Overall, the rate supported operation ended the year with combined contributions to reserves of \$22.2 million which was \$1.5 million less than expected. These reserve funds are necessary for future infrastructure replacements as these assets near the end of their useful life.

During 2020, approximately \$119.3 million was spent on 419 capital projects, an increase of 42.7 percent from 2019 capital spending of \$83.6 million. Departments closed a total of 200 capital projects in 2020 and \$31.8 million from the closed projects were returned to various originating reserves and reserve funds.

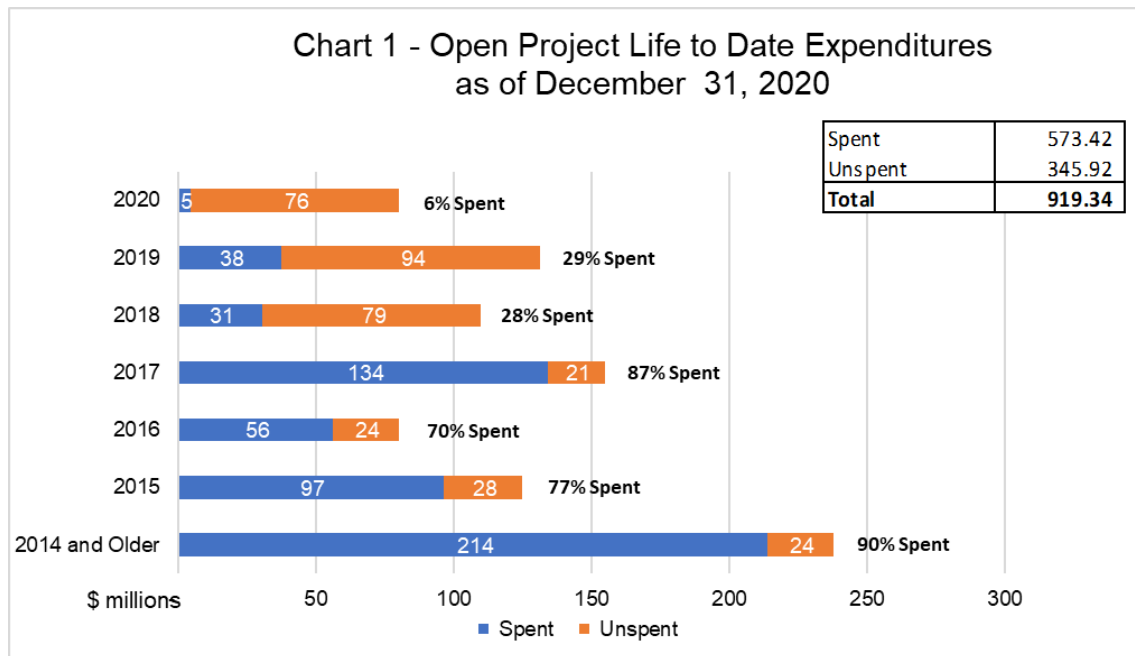
At December 31, 2020, there was a total of 620 open capital projects with total budget remaining of \$345.9 million.

Attachment 1 provides the Operating financial results for all City departments.

Operating Results – Year-Ending December 31, 2020

Table 1			
\$ million	Budget	Actual	Variance
Property Tax Based Budget			
Revenues	320.8	313.6	(7.2)
Expenditures	320.8	310.5	10.3
Year End Position	\$ 0.0	\$ 3.1	\$ 3.1
Reserve Transfer			
TO Year-End Expenditure Reserve		0.5	
TO Tax Stabilization Reserve'		2.6	
Net		\$ 3.1	
Water Rate Based Budget			
Revenues	80.9	75.7	(5.2)
Expenditures	70.1	63.2	6.9
Lifecycle Contribution	10.8	12.5	1.7
Wastewater Rate Based Budget			
Revenues	102.9	90.9	(12.0)
Expenditures	91.7	84.8	6.9
Lifecycle Contribution	11.2	6.1	(5.1)
Stormwater Charge Based Budget			
Revenues	11.2	9.8	(1.4)
Expenditures	9.5	6.2	3.3
Lifecycle Contribution	1.7	3.6	1.9
Note - numbers may not add due to rounding			

Capital Expenditure Results as of December 31, 2020



DISCUSSION

Operating Budget Results

Total City revenues at year-end were \$7.2 million or 2.2% lower than planned.

Table 2						
	Total Operating		Variance			
\$ million	Budget \$	Actual \$	Operating (non-COVID) \$	COVID-19 \$	Total	
					\$	%
Fees and Charges Revenue	63.9	50.6	3.8	(17.1)	(13.3)	(20.8%)
Corporate Revenues	23.9	36.6	7.6	5.0	12.7	53.1%
Reserve Transfers	17.2	10.8	(6.4)		(6.4)	(37.2%)
Taxation	215.8	215.6	(0.1)		(0.2)	(0.1%)
Total Revenues	\$320.8	\$313.6	\$ 4.9	\$ (12.1)	(7.2)	(2.2%)

Note - numbers may not add due to rounding

Non-COVID-19 Operating Revenue Variances:

Fees and Charges Revenue – favourable variance of \$3.8 million was due mainly to higher than planned volumes of Building Standards and Development Application Fees.

Corporate Revenues – favourable variance of \$7.6 million was due mainly to timing of maturity of investments, benefiting from pre-COVID rates, investing at higher yields at non-traditional regulated financial institutions and higher than budgeted dividends received from Vaughan Holdings Incorporated (Alectra).

Reserve Transfers - unfavourable variance of \$6.4M represents lower than budgeted transfers from Development Engineering and Building Standard reserves due to higher fee collection and lower overall costs of the programs.

Taxation – unfavourable variance of \$0.1 million is due mainly to lower assessment growth than anticipated (1.45% actual vs. budget of 1.7%).

COVID-19 Related Revenue Variances:

Fees and Charges Revenue – unfavourable variance of \$17.1 million was due mainly to lower recreation user fee as a result of the closure of recreation facilities and the cancellation of programs, and lower parking fee revenues as a result of fewer vehicles using paid parking spaces and reduced collections of licensing fees.

Corporate Revenues – favourable variance of \$5.0 million was due mainly to receiving \$6.2 million in Safe Restart Agreement funding, partially offset by lower Municipal Accommodation Tax revenues.

Total City expenditures at year-end were \$10.3 million or 3.2% lower than planned.

Table 3						
	Total Operating		Variance			
\$ million	Budget \$	Actual \$	Operating (non-COVID) \$	COVID-19 \$	Total	
					\$	%
Departmental	283.6	268.7	(5.5)	20.4	\$ 14.9	5.3%
Reserve Contrib. & Corp. Exp.	14.0	22.6	(9.6)	1.0	\$ (8.6)	(61.4%)
Long Term Debt	10.5	10.5			\$ -	-
Contingency	4.8	0.7	4.1		\$ 4.1	85.4%
Capital from Taxation	7.9	7.9			\$ -	-
Total Expenditures	\$ 320.8	\$ 310.5	\$ (11.0)	\$ 21.4	\$ 10.3	3.2%
Note - numbers may not add due to rounding						

Non-COVID-19 Operating Expenditure Variances:

Departmental – unfavourable variance of \$5.5 million consists mainly of higher than budgeted transfer to Building Standards (\$6.6 million) and Development Planning (\$2.4

million) reserves due to higher than budgeted revenue, partially offset by natural gapping of positions (e.g. turnover, vacancies) throughout 2020.

Reserve Contributions & Corporate Expenses – unfavourable variance of \$9.6 million was due mainly to labour gapping budgeted in Corporate (\$5.5 million), but realized in departments, and contributions to Insurance and Winter Reserves (\$4.1 million) recommended by the respective consultants.

Contingency - favourable variance of \$4.1M was due to a conscientious effort to manage costs; under-spending in Contingency helped offset pressures arising from COVID-19.

COVID-19 Related Expenditure Variances:

Departmental – favourable variance of \$20.4 million was due mainly to workforce re-balancing which includes temporary layoffs and current staff vacancies; reduced operating costs due to facility closures (e.g. contracts, materials, supplies); and cancelled/deferred discretionary spending such as conferences, training and education and professional fees.

Reserve Contributions & Corporate Expenses – favourable variance of \$1.0 million was due mainly to lower MAT Contributions, partially offset by additional COVID-19 expenses (personal protection equipment, additional cleaning, overtime).

Attachment 2 provides commentary at the Portfolio/Office level.

Water, Wastewater, and Stormwater Results

Water Operations gross margin was \$0.6 million less than budget.

Table 4				
\$ million	Budget	Actual	Variance	
			\$	%
Residential Billings	46.7	47.2	0.5	1.1%
Commercial Billings	31.3	26.5	(4.8)	(15.3%)
Other	0.4	0.5	0.1	25.0%
Purchases/Treatment Charges	49.1	43.3	5.8	11.8%
Non-Revenue Water	7.3	8.3	(1.0)	(13.7%)
Gross Margin	22.0	22.6	0.6	2.7%
Other Revenues	\$ 2.5	\$ 1.5	\$ (1.0)	(40.0%)
Note - numbers may not add due to rounding				

Residential water sales for the 4th quarter ended higher than budget by 1.1% whereas commercial water sales ended lower than budget by 15.3%. These results are a combination of the impact of COVID-19 and the 2020 rate freeze directed by Council to provide relief to businesses and citizens.

- As a result of decreased sales, Regional water purchases (direct cost) were lower than budgeted. Further, York Region cancelled the 2020 water and wastewater rate increases resulting in lower than expected water purchase costs.
- Non-Revenue Water (NRW) was higher than budgeted. Several initiatives, including meter replacements, are underway to find and reduce NRW.

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

Table 5				
\$ million	Budget	Actual	Variance	
			\$	%
Maintenance and Installation Cost	7.1	5.6	1.5	21.1%
General Administration	5.9	5.3	0.6	10.2%
Joint Service Costs	0.7	0.7	0.0	.0%
Total Expenditures	13.7	11.6	2.1	15.3%
Lifecycle Contribution	\$ 10.8	\$ 12.5	\$ 1.7	15.7%
Note - numbers may not add due to rounding				

- Maintenance and Installation Costs ended lower by 21.1%. Federal and Provincial grants for meter installations and temporary vacancies resulted in lower expenses.
- General Administration costs were lower by 10.2% mainly due to postponed hiring while assessing vacancies against needs and lower than expected training due to COVID-19 and limited availability of Ministry of Environment, Conservation and Parks (MECP) compliant virtual training.

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

Wastewater Operations gross margin was \$7.0 million less than budget.

Table 6					
\$ million	Budget Actual		Variance		
			\$	%	
Residential Billings	59.6	56.3	(3.3)	(5.5%)	
Commercial Billings	40.7	32.7	(8.0)	(19.7%)	
Other	0.5	0.5	0.0	.0%	
Purchases/Treatment Charges	71.7	65.8	(5.9)	(8.2%)	
Non-Revenue Water	10.7	12.3	1.6	15.0%	
Gross Margin	18.4	11.4	(7.0)	(38.0%)	
Other Revenues	\$ 2.1	\$ 1.4	\$ (0.7)	(33.3%)	
Note - numbers may not add due to rounding					

- Residential and commercial billings for the fourth quarter are trending 5.5% and 19.7% respectively lower than budget. These results are a combination of the impact of COVID-19 and the 2020 rate freeze directed by Council to provide relief to businesses and citizens.
- Wastewater billing is based on water consumption and therefore trends similar to water consumption. As a result of decreased billings, treatment charges (direct cost) were lower than budgeted. Further, York Region cancelled the 2020 water and wastewater rate increases resulting in lower than expected wastewater treatment charges.

- Non-Revenue Water (NRW) was higher than budgeted. Since wastewater collection and treatment are based on water volumes, these costs are affected by NRW. Several initiatives, including meter replacements, are underway to find and reduce NRW.

Wastewater Operations expenditures before Lifecycle Contributions were \$2.6 million less than budgeted.

Table 7				
\$ million	Budget	Actual	Variance	
			\$	%
Maintenance and Installation Cost	4.8	2.8	2.0	41.7%
General Administration	3.8	3.2	0.6	15.8%
Joint Service Costs	0.7	0.7	0.0	.0%
Total Expenditures	9.3	6.7	2.6	28.0%
Lifecycle Contribution	\$ 11.2	\$ 6.1	\$ (5.1)	(45.5%)
Note - numbers may not add due to rounding				

- Maintenance and Installation Costs ended lower by 41.7% due to postponed hiring while assessing vacancies against needs, time to set up contracts for recurring work for flow monitoring activities, lower than expected CCTV work, lateral repairs and inflow and infiltration reduction activities.
- General Administration costs were lower by 15.8% mainly due to postponed hiring while assessing vacancies against needs and lower than expected training due to COVID-19 and limited availability of Ministry of Environment, Conservation and Parks (MECP) compliant virtual training.

City's net lifecycle contribution was \$5.1 million lower than budgeted at year-end.

Stormwater Operations gross margin was \$1.1 million less than budgeted.

Table 8				
\$ million	Budget Actual		Variance	
			\$	%
Residential Billings	4.2	4.2	0.0	.0%
Commercial Billings	6.3	5.2	(1.1)	(17.5%)
Gross Margin	10.5	9.4	(1.1)	(10.5%)
Other Revenues	0.7	0.4	(0.3)	(42.9%)
Note - numbers may not add due to rounding				

- Total annual billing for stormwater charges was completed in the third quarter.
- Total billing revenues are 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 \$3.3 million less than budgeted.

Table 9				
\$ million	Budget Actual		Variance	
			\$	%
Maintenance and Installation Cost	5.3	3.1	2.2	41.5%
General Administration	4.1	3.2	0.9	22.0%
Joint Service Costs	0.1	-0.1	0.2	200.0%
Total Expenditures	9.5	6.2	3.3	34.7%
Lifecycle Contribution	\$ 1.7	\$ 3.6	\$ 1.9	111.8%
Note - numbers may not add due to rounding				

- Maintenance and Installation costs were lower by 41.5% mainly due to delay in contract award for stormwater pond maintenance and cleaning and lower than expected street sweeping activities. Based on the findings of the stormwater main inspections, lower than expected repairs were required.
- General Administration costs were lower by 22.0% mainly due to lower than expected spending on professional fees and postponed hiring while assessing vacancies against needs.

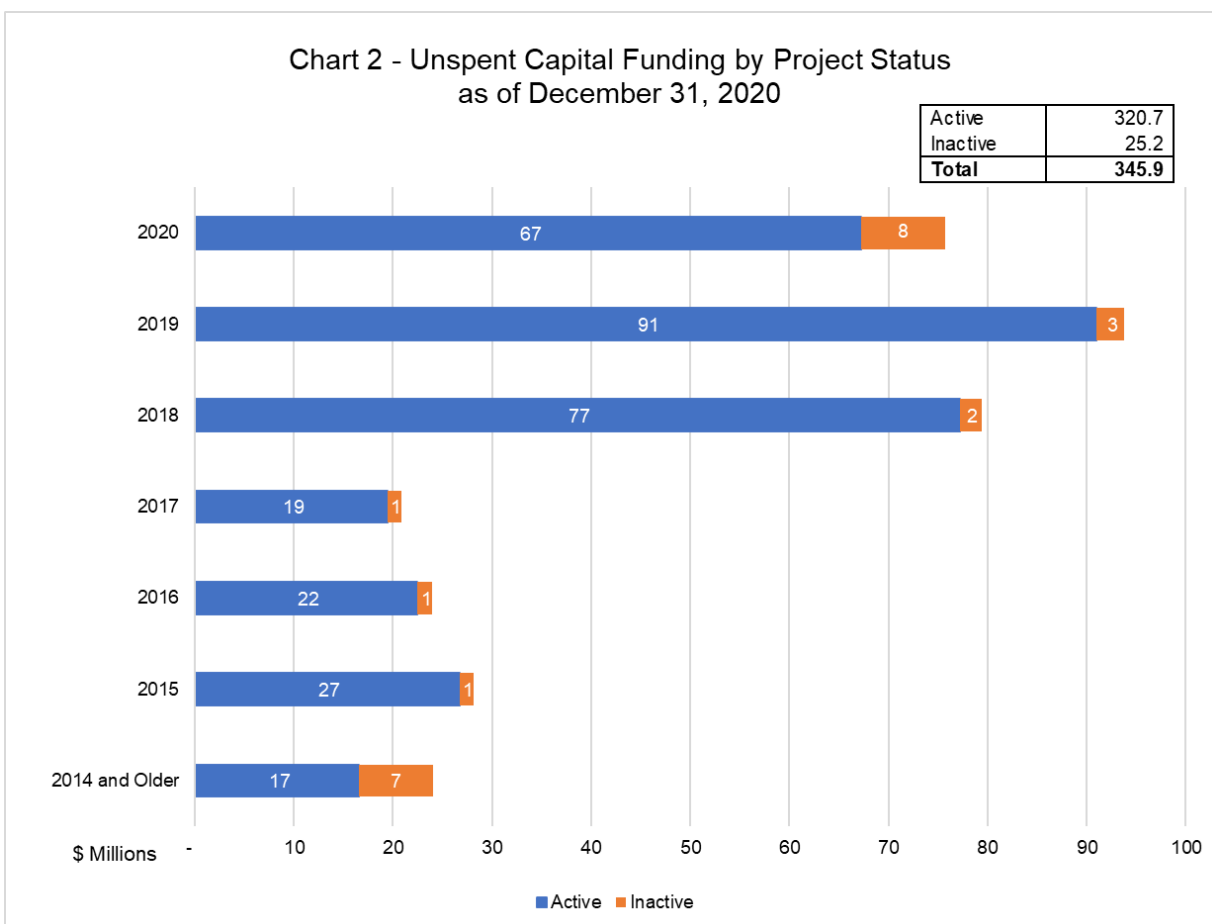
- Joint services fee with Alectra were lower than expected due to adjustment in previous year billing.

The City's net lifecycle contribution was \$1.9 million higher than budgeted at year-end.

Capital Budget Results

As at December 31, 2020, there was a total of 620 open capital projects with \$345.9 million of total budget remaining. The open projects were made up of 506 active projects and 114 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.



In the 2020 Budget, departments indicated that \$160 million in capital expenditures would be processed throughout 2020. At the end of 2020, approximately 73 percent of the forecasted amount was spent. Departments are continuing to enhance the robustness of their capital cash flow spend forecasts.

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

Inactive Projects and Closed Projects

Of the 620 open capital projects, there are 114 projects that are considered inactive. Inactive projects comprise 18 percent of the total number of open projects, equating to 7 percent of the \$345.9 million in unspent funds. Approximately 72 percent of the inactive projects are substantially complete but are required to remain open until a future event occurs, while 28 percent 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 114 open inactive projects is as follows:

Classification	Number of Projects	Unspent \$ million
Completed - to be closed	66	\$7.0
Completed - under warranty or maintenance	14	\$2.8
Completed - waiting for final invoices	2	\$0.4
Not Started	15	\$10.5
Project on Hold	17	\$4.5
Grand Total	114	\$25.2
Numbers may not add due to rounding.		

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 200 projects in 2020, returning \$31.8 million to Reserves

The table below provides a breakdown of projects closed during 2020.

Portfolios	Number of Projects Closed	Returned to Reserve (\$ million)
Infrastructure Development	104	\$16.6
Planning and Growth Management	20	\$12.3
Public Works	52	\$1.1
Community Services	11	\$0.5
Economic and Cultural Development	1	\$0.4
Corp. Serv., Library, City Treasurer/CFO	12	\$0.9
Grand Total	200	\$31.8
Numbers may not add due to rounding.		

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

Capital 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 CFO authorized capital budget amendments were processed during 2020:

From	To	Amount
CD-1991-17 "Traffic Control Signals"	ID-2099-20 "Traffic Infrastructure Improv"	\$200,000.00
PU-2532-18 Implementation of Procurement Modernization Recommendations	SE-0078-16 Procurement Modernization	\$150,000.00
\$66,950 from BF-8522-17 "Maple CC Painting" and \$400,000 from BF-8483-19 "Maple CC Renov" and \$412,000 from BF-8541-19 "Maple CC-Pool & Fitness Chng Rm Renov"	ID-2055-18 "Maple CC-Feasibility Study/Office Renov"	\$878,950.00
BU-0011-16 Financial Master Plan and DI-0075-15 Financial Framework-DC study	BU-2551-18 Long Range Fiscal Planning and Forecast	\$194,992.06
ID-2073-20 Pedestrian and Cycling Infrastructure Implementation Program City Wide.	CD-1978-18 Sidewalk on Pine Valley Drive	\$600,000.00
CD-2001-16: 2018 Road Rehabilitation/Reconstruction (\$500,000) and CD-2018-15: 2017 Road/Reconstruction (\$500,000)	CD-2026-17: 2019 Road Rehabilitation/Reconstruction	\$1,000,000.00
SE-0091-19 Time and Attendance	IT-9550-18 Digital Strategy	\$270,000.00
FL-5353-16 PKS-Replace Unit #1608 with 16' large area mower	FL-5423-18 PW-RDS-Replace Unit #1297 with Backhoe	\$10,000.00
EN-1944-13:2014 Road Rehab & Watermain Rep	ID-2046-18: 2020 Watermain Replacement	\$100,000.00
IT-3012-16 Enterprise Telephone System Assets Renewal	IT-3011-16 Central Computing Infrastructure Renewal	\$412,136.91
PK-6632-18 Cherry Hills Slope Stabilization	PK-6651-19 Cherry Hills Slope Stabilization	\$22,550.25

EV-2542-20 SCADA, weather, AVL,traffic stations at JOC	PW-7223-19 JOC Space Design	\$80,000.00
VM-9573-20 Centre of Community Lobby Improvements	RE-9537-17 VMC Library, Recreation and YMCA Centre of Community	\$200,000.00
SE-0091-19 Time and Attendance (\$150,000) and IT-9550-18 Digital Strategy (\$120,000)	FI-2533-18 Finance Modernization	\$270,000.00
CD-2016-15: 2016 Watermain Replacement	EV-2125-18 Maplewood Booster Pumping Stn and WW-2541-17 Maplewood Booster Stn Contl Upgds	\$31,788.00
DE-7160-15 VCM Program	DE-7225-19 Hydro Transmission lines	\$66,825.73
EV-2542-20 SCADA, weather, AVL traffic stations at JOC	WW-2541-17 Maplewood Booster Stn Contl Upgds	\$15,000.00
ID-2032-17 Traffic Signal Installation	ID-2085-20 Traffic Signal Installation	\$70,000.00
ID-2096-20 Emergency Response Access Route	ID-2109-20 Emergency Response Access Route	\$60,000.00
LI-4530-14 Civic Centre Resource Library-Furniture and Equipment	LI-4519-09 Civic Centre Resource Library – Structure & Building	\$87,000.00
PK-6388-14 Pedestrian Bridge	PK-6534-16 King High Park Pedestrian Bridge	\$86,100.81
CD-1978-18 Sidewalk on Pinevalley	ID-2073-20 Pedestrian and Cycling Infrastructure	\$575,000.00
CD-2019-15: 2017 Watermain Replacement	CD-2002-16: 2018 Watermain Replacement	\$775,000.00
DT-7131-14 Clark Avenue West Cycle Facility	ID-2080-19 Clark Avenue West Cycling Facility	\$279,932.61
EN-1997-13 Implementation of Corporate Asset Management	EN-1958-13 Corporate Asset Management	\$146,639.00
FL-5430-19 PW-RDS-Replace Unit #1527 with ½ ton 4x4 Quad Cab pickup	FL-5326-18 PKS-Replace Unit #1446 with a ¾ ton crew cab pickup	\$1,500.00
IM-7218-19 Asset Management Plan Development	IM-7217-19 CAM Strategy Update and Roadmap	\$610,877.00
LI-4570-19 Vaughan Hospital Library Non-Building Capital Costs	LI-4530-14 Civic Centre Resources Library-Furniture and Equipment	\$5,750.00
PK-6570-16 Woodbridge Highlands Open Space	PK-6647-19 Woodbridge Highlands Open Space	\$9,328.13

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	473.3	21.2	37.9	456.5	207.2	249.4
Area Specific Development Charges	9.2	5.5	1.7	13.0	17.7	(4.7)

Restricted Grant	36.7	9.7	17.2	29.1	21.1	8.1
Other	100.0	26.4	5.2	121.3	5.1	116.2
Obligatory Subtotal	619.2	62.8	62.0	620.0	251.1	368.9
Discretionary Reserves						
Infrastructure	223.4	44.3	26.6	241.1	56.5	184.6
Capital from Taxation	21.6	8.2	6.3	23.5	16.5	7.0
Corporate	18.1	0.1	0.1	18.0	0.0	18.0
Special Purpose	8.2	1.0	0.2	8.9	14.3	(5.3)
Sustainability	49.4	21.0	4.8	65.7	1.2	64.5
Discretionary Subtotal	320.7	74.7	38.1	357.3	88.5	268.8
Grand Totals	\$939.9	\$137.5	\$100.1	\$977.3	\$339.6	\$637.7

At the end of 2020, the reserve balance before commitments was \$977.3 million. Net reserve activity of \$339.6 million is committed against these reserves and reserve funds. After this activity is accounted for, the total reserves and reserve fund balances as of December 31, 2020 was \$637.7 million, of which \$368.9 million was for obligatory reserves and \$268.8 million was in discretionary reserves.

Total Development Charges (DCs) revenues of \$26.7 million is comprised of \$21.2 million in DC collections and \$5.1 million investment income. Collections are lower than the historical average due to the continued impact of the 2018 DC pre-payment agreements. Compared to 2019, City-wide DC collections have increased 247% or by \$11.5 million because of new development applications outside of the DC pre-payment agreements.

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

Financial Ratios

Financial Ratios in alignment with Corporate Targets

Discretionary reserves provide the City with financial flexibility 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 2020.

Policy Ratio	2020	2019	Target
Discretionary Reserve	>50%	>50%	>50% of Own Source Revenues
Working Capital	11%	10%	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 – The calculated ratio of 11% includes the year-end balance of the Tax Rate Stabilization Reserve. Contributions to Working Capital Reserve and Tax Stabilization Reserve occur when the City achieves a surplus; these reserves can be sources of funding to address a year-end deficit position. In 2020, approximately \$2.6 million of the operating surplus from taxation was transferred to the Tax 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 the City's own-source revenue, which is significantly lower than the Province's 25 per cent maximum. Total debenture outstanding principal as of December 31, 2020 was approximately \$17 million (2019 - \$23 million). In 2020 the total debt repayment costs were \$6.3 million (2019 - \$7.4 million), \$5.7 million in principal and \$0.6 million in interest. Repayment costs of \$6.3 million represents approximately 2 percent of the City's own source revenues. The Debt Service Ratio continued to improve in 2020, this was achieved in part by looking for responsible and innovative ways to fund capital projects. It is worth noting however, that while debt financing can be an additional tool to fund infrastructure in the City, fiscal prudence and due diligence are 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 treasury management strategy. A Debt Management Policy was developed and introduced for 2021 which will compliment this long-term fiscal plan; recommendations resulting from the analysis will be considered in the City's multi-year financial plan to ensure financial decisions are mindful of short-term and long-term financial impacts from the City's growth and desired levels of services.

Grant Activity Update

Since 2017, all grant activity is centrally tracked by the Municipal Partnership Office in Economic and Cultural Development. Keeping city-wide priorities in mind, this office identifies and communicates funding opportunities, supports applications, and ultimately reports on the outcomes in partnership with the Financial Planning and Development

Finance Department. The data below reflects both the actual cash flow received in 2020 from grant sources of ongoing projects.

In 2020, the City received approximately \$24.8 million in grant revenues, inclusive of the City's Gas Tax revenues of \$16.3 million.

The table below summarizes the grants revenues received in 2020. These figures exclude the Federal Gas Tax received in 2020.

Grant Classification	Capital Grants	Operating Grants
Clean Water and Wastewater Fund	1,246,043	
Green Municipal Fund	89,969	
Rail Safety Improvement Program	154,644	
Canada Summer Jobs		115,640
Public Library Operating, Pay Equity and First Nations Salary Supplement Grant		154,023
Fire Prevention Grant		2,650
VBEC - Core Funding		227,436
VBEC – Starter Company Plus		107,647
Tourism Vaughan – Ontario Grant		217,425
Safe Restart Agreement – Phase 1		6,152,800
Total by Grant Type	1,490,656	6,977,621
Total Grants Received in 2020	8,468,277	

Approximately \$0.2 million was received from Transport Canada for the rail improvement work to enhance the safety of railways in 2020.

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 fifty (50) 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; Distribution Watermain Conditional Assessments; Repair and Rehabilitation of Pumping Stations; Smart Water Metering; and Development of a Corrosion Control Strategy. 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 2020, two expense claims totaling \$0.8 million were submitted to Infrastructure Ontario for processing, which are expected to be received in 2021.

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 2020 in a surplus financial position of \$3.1 million, of which \$0.5 million was transferred to the Year-End Expenditure Reserve and \$2.6 million was transferred to the Tax Rate Stabilization Reserve, consistent with the Consolidated Reserve Policy.

Combined, the water, wastewater and stormwater rate supported operations ended 2020 with reserve contributions of \$22.2 million which was \$1.5 million less than expected, resulting in a lower than expected transfer to the infrastructure reserves that support these activities.

During 2020, approximately \$119.3 million was spent on 419 capital projects. Departments closed a total of 200 capital projects in 2020 and \$31.8 million from the closed projects were returned to various originating reserves and reserve funds.

For more information, please contact:

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Dean Ferraro, Director, Financial Services, Ext. 8272

Attachments

1. City Operating – 2020 Financial Summary
2. City Operating – Portfolio/Office Summary

Prepared by

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Approved by

A handwritten signature in blue ink, appearing to read "Michael Coroneos".

Michael Coroneos, DCM, Corporate
Services, City Treasurer and CFO

Reviewed by

A handwritten signature in blue ink, appearing to read "Jim Harnum".

Jim Harnum, City Manager



CITY OF VAUGHAN

2020 City Operating Budget

Property Tax Based Budget

**Fiscal Position as of
December 31, 2020**

CITY OF VAUGHAN
2020 City Operating Budget
Fiscal Position as of December 31, 2020

REVENUE / EXPENDITURE SUMMARY

\$M	2020 ANNUAL BUDGET	December 31 2020			
		YTD BUDGET	YTD ACTUAL	VARIANCE FAV (UNFAV)	
				\$	%
REVENUES:					
TAXATION	209,880,682	209,880,682	209,691,725	(188,957)	(0.1%)
SUPPLEMENTAL TAXATION	3,200,000	3,200,000	3,248,772	48,772	1.5%
PAYMENT IN LIEU	2,580,000	2,580,000	2,636,576	56,576	2.2%
RESERVES AND OTHER TRANSFERS	17,214,740	17,214,740	10,790,685	(6,424,055)	(37.3%)
FEES AND SERVICE CHARGES	63,898,578	63,898,578	50,563,352	(13,335,226)	(20.9%)
CORPORATE	24,063,735	24,063,735	36,630,189	12,566,454	52.2%
TOTAL REVENUES	320,837,735	320,837,735	313,561,298	(7,276,437)	(2.3%)
EXPENDITURES:					
DEPARTMENTAL	283,592,809	283,592,809	268,701,489	14,891,320	5.3%
RESERVE CONTRIB. & CORP. EXP.	13,978,193	13,978,193	22,593,725	(8,615,532)	(61.6%)
LONG TERM DEBT	10,523,420	10,523,420	10,523,330	90	0.0%
CONTINGENCY	4,800,000	4,800,000	701,221	4,098,779	85.4%
CAPITAL FROM TAXATION	7,943,313	7,943,313	7,943,313	0	0.0%
TOTAL EXPENDITURES	320,837,735	320,837,735	310,463,077	10,374,658	3.2%
TOTAL NET	0	0	3,098,221	3,098,221	

CITY OF VAUGHAN
2020 City Operating Budget
Fiscal Position as of December 31, 2020
December 31, 2020

REVENUE BY MAJOR SOURCE

	2020 ANNUAL BUDGET	Q4 2020 YTD		VARIANCE	
		BUDGET	ACTUAL	FAV. / (UNFAV.) \$ %	
TAXATION					
Tax Levy	209,880,682	209,880,682	209,691,725	(188,957)	(0.1%)
Supplementals	3,200,000	3,200,000	3,248,772	48,772	1.5%
PAYMENT IN LIEU / OTHER					
Payment In Lieu / Other	2,580,000	2,580,000	2,636,576	56,576	2.2%
RESERVES AND OTHER TRANSFERS					
Engineering Reserve	8,447,021	8,447,021	4,216,715	(4,230,306)	(50.1%)
CIL Recreation Land Reserve	1,082,000	1,082,000	1,082,000	-	0.0%
Administrative Recovery from Capital	1,500,000	1,500,000	2,508,441	1,008,441	67.2%
Building Standards Service Continuity Reserve	5,037,807	5,037,807	2,628,838	(2,408,969)	(47.8%)
Tax Rate Stabilization Reserve	(45,561)	(45,561)	138,944	184,505	(405.0%)
Innovation Reserve	351,410	351,410	215,747	(135,663)	(38.6%)
Insurance Reserve	842,063	842,063	-	(842,063)	(100.0%)
TOTAL RESERVES	17,214,740	17,214,740	10,790,685	(6,424,055)	(37.3%)
FEES/SERVICE CHARGES					
ECONOMIC & CULTURE DEVELOPMENT	737,537	737,537	156,292	(581,245)	(78.8%)
OFFICE OF TRANSFORMATION & STRATEGY	162,621	162,621	468,033	305,412	187.8%
Deputy City Manager Corporate Services & Chief Financial Officer				-	0.00%
Financial Planning & Development Finance	506,239	506,239	372,005	(134,234)	(26.5%)
Financial Services	1,205,281	1,205,281	1,069,100	(136,181)	(11.3%)
Office of the Chief Human Resources Officer	-	-	333	333	0.00%
Office of the Chief Information Officer	316,263	316,263	273,291	(42,972)	(13.6%)
Procurement Services	100,000	100,000	213,869	113,869	113.9%
TOTAL DEPUTY CITY MANAGER CORPORATE SERVICES & CHIEF FINANCIAL OFFICER	2,127,783	2,127,783	1,928,598	(199,185)	(9.4%)
Deputy City Manager Administrative Services & City Solicitor				-	0.00%
Legal Services	713,761	713,761	160,614	(553,147)	(77.5%)
Office of the City Clerk	1,377,429	1,377,429	672,575	(704,854)	(51.2%)
TOTAL ADMINISTRATIVE SERVICES & CITY SOLICITOR	2,091,190	2,091,190	833,189	(1,258,001)	(60.2%)
Access Vaughan	-	-	3,656	3,656	0.00%
Recreation Services	20,263,542	20,263,542	5,952,989	(14,310,553)	(70.6%)
Community Development & Events	941,972	941,972	375,803	(566,169)	(60.1%)
Fire and Rescue Service	1,079,440	1,079,440	560,131	(519,309)	(48.1%)
By-Law, Compliance, Licensing and Permits	6,119,763	6,119,763	4,888,125	(1,231,638)	(20.1%)
TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES	28,404,717	28,404,717	11,780,703	(16,624,014)	(58.5%)
Deputy City Manager Infrastructure Development				-	0.00%
Infrastructure Delivery	1,151,152	1,151,152	735,733	(415,419)	(36.1%)
Infrastructure Planning and Corporate Asset Management	2,230,623	2,230,623	1,773,112	(457,511)	(20.5%)
Parks Delivery	217,105	217,105	220,062	2,957	1.4%
Real Estate	142,381	142,381	17,805	(124,576)	(87.5%)
Facilities Management	477,975	477,975	949,229	471,254	98.6%
TOTAL DEPUTY CITY MANAGER INFRASTRUCTURE DEVELOPMENT	4,219,236	4,219,236	3,695,941	(523,295)	(12.4%)
Deputy City Manager Planning & Growth Mgmt	39,842	39,842	90,510	50,668	127.2%
Development Planning	10,305,397	10,305,397	11,182,777	877,380	8.5%
Development Engineering	520,996	520,996	468,676	(52,320)	(10.0%)
Policy Planning & Environmental Sustainability	488,587	488,587	200,452	(288,135)	(59.0%)
Parks Planning	223,213	223,213	82,143	(141,070)	(63.2%)
Building Standards - Licenses/Permits	9,943,325	9,943,325	14,765,090	4,821,765	48.5%
- Plumbing Permits	834,432	834,432	863,616	29,184	3.5%
- Service Charges	709,821	709,821	648,621	(61,200)	(8.6%)
Vaughan Metropolitan Centre Program	227,676	227,676	102,507	(125,169)	(55.0%)
TOTAL DEPUTY CITY MANAGER PLANNING & GROWTH MANAGEMENT	23,293,289	23,293,289	28,404,392	5,111,103	21.9%
Deputy City Manager Public Works				-	0.0%
Environmental Services	1,589,780	1,589,780	1,709,349	119,569	7.5%
Transportation & Fleet Management Services	353,566	353,566	678,078	324,512	91.8%
Parks, Forestry & Horticulture Operations	335,639	335,639	631,024	295,385	88.0%
TOTAL DEPUTY CITY MANAGER PUBLIC WORKS	2,278,985	2,278,985	3,018,451	739,466	32.4%
VAUGHAN PUBLIC LIBRARIES	583,220	583,220	277,753	(305,467)	(52.4%)
TOTAL FEES / SERVICE CHARGES	63,898,578	63,898,578	50,563,352	(13,335,226)	(20.9%)
TOTAL CORPORATE REVENUES	24,063,735	24,063,735	36,630,189	12,566,454	52.2%
TOTAL REVENUE	320,837,735	320,837,735	313,561,298	(7,276,437)	(2.3%)

CITY OF VAUGHAN
2020 City Operating Budget

December 31, 2020

DEPARTMENTAL EXPENDITURES BY MAJOR CATEGORY

	2020 ANNUAL BUDGET	Q4 2020 YTD BUDGET	Q4 2020 YTD ACTUAL	VARIANCE FAV. / (UNFAV.) \$	VARIANCE %
COUNCIL	1,819,292	1,819,292	1,441,721	377,571	20.8%
OFFICE OF THE INTEGRITY COMMISSIONER	517,246	517,246	434,018	83,228	16.1%
INTERNAL AUDIT	947,340	947,340	881,133	66,207	7.0%
CITY MANAGER	642,125	642,125	1,058,383	(416,258)	(64.8%)
CORPORATE & STRATEGIC COMMUNICATIONS	2,373,683	2,373,683	2,359,728	13,955	0.6%
ECONOMIC & CULTURAL DEVELOPMENT	2,626,016	2,626,016	2,064,912	561,104	21.4%
OFFICE OF TRANSFORMATION & STRATEGY	1,829,669	1,829,669	1,878,844	(49,175)	(2.7%)
Office of the Chief Financial Officer/City Treasurer	577,775	577,775	598,799	(21,024)	(3.6%)
Financial Services	4,695,033	4,695,033	3,719,860	975,173	20.8%
Financial Planning & Development Finance	3,900,516	3,900,516	3,654,407	246,109	6.3%
Office of the Chief Human Resources Officer	3,439,894	3,439,894	3,773,457	(333,563)	(9.7%)
Office of the Chief Information Officer	13,980,056	13,980,056	13,789,667	190,389	1.4%
Procurement Services	2,777,421	2,777,421	2,700,839	76,582	2.8%
TOTAL DEPUTY CITY MANAGER CORPORATE SERVICES & CHIEF FINANCIAL OFFICER	29,370,695	29,370,695	28,237,029	1,133,666	3.9%
Deputy City Manager Administrative Services & City Solicitor	576,540	576,540	605,168	(28,628)	(5.0%)
Legal Services	3,989,081	3,989,081	4,626,663	(637,582)	(16.0%)
Office of the City Clerk	12,677,929	12,677,929	11,888,032	789,897	6.2%
TOTAL ADMINISTRATIVE SERVICES & CITY SOLICITOR	17,243,550	17,243,550	17,119,864	123,686	0.7%
Office of Deputy City Manager Community Services	638,063	638,063	428,453	209,610	32.9%
Community Grants & Advisory Committees	44,185	44,185	39,711	4,474	10.1%
Access Vaughan	1,402,121	1,402,121	1,393,715	8,406	0.6%
Recreation Services	30,686,391	30,686,391	18,906,013	11,780,378	38.4%
Community Development & Events	2,070,078	2,070,078	1,718,708	351,370	17.0%
Fire and Rescue Service	52,902,075	52,902,075	53,970,018	(1,067,943)	(2.0%)
Emergency Planning	229,346	229,346	204,154	25,192	11.0%
By-Law, Compliance, Licensing & Permits	8,735,265	8,735,265	8,537,259	198,006	2.3%
TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES	96,707,524	96,707,524	85,198,030	11,509,494	11.9%
Deputy City Manager Infrastructure Development	784,689	784,689	790,471	(5,782)	(0.7%)
Infrastructure Delivery	3,020,977	3,020,977	2,504,691	516,286	17.1%
Infrastructure Planning and Corporate Asset Management	3,257,059	3,257,059	2,416,647	840,412	25.8%
Parks Delivery	1,650,136	1,650,136	1,469,667	180,469	10.9%
Real Estate	738,195	738,195	702,698	35,497	4.8%
Facilities Management	14,682,873	14,682,873	16,120,809	(1,437,936)	(9.8%)
TOTAL DEPUTY CITY MANAGER INFRASTRUCTURE DEVELOPMENT	24,133,929	24,133,929	24,004,983	128,946	0.5%
Office of Deputy City Manager Planning & Growth Management	892,898	892,898	1,038,105	(145,207)	(16.3%)
Development Planning	6,210,915	6,210,915	8,060,185	(1,849,270)	(29.8%)
Development Engineering	5,131,040	5,131,040	4,690,879	440,161	8.6%
Policy Planning & Environmental Sustainability	2,947,395	2,947,395	2,486,340	461,055	15.6%
Parks Planning	1,077,400	1,077,400	1,113,873	(36,473)	(3.4%)
Building Standards	10,487,881	10,487,881	15,454,878	(4,966,997)	(47.4%)
Vaughan Metropolitan Centre Program	1,956,006	1,956,006	2,089,097	(133,091)	(6.8%)
TOTAL DEPUTY CITY MANAGER PLANNING & GROWTH MANAGEMENT	28,703,535	28,703,535	34,933,357	(6,229,822)	(21.7%)
Office of Deputy City Manager Public Works	298,158	298,158	272,377	25,781	8.6%
Transportation & Fleet Management Services	29,425,093	29,425,093	26,009,584	3,415,509	11.6%
Environmental Services	11,436,581	11,436,581	10,889,992	546,589	4.8%
Parks, Forestry & Horticulture Operations	14,763,601	14,763,601	15,026,079	(262,478)	(1.8%)
TOTAL DEPUTY CITY MANAGER PUBLIC WORKS	55,923,433	55,923,433	52,198,032	3,725,401	6.7%
VAUGHAN PUBLIC LIBRARIES	20,754,772	20,754,772	16,891,454	3,863,318	18.6%
TOTAL DEPARTMENTAL EXPENDITURES	283,592,809	283,592,809	268,701,489	14,891,320	5.3%
RESERVE CONTRIBUTIONS & CORP. EXP.	13,978,193	13,978,193	22,593,725	(8,615,532)	(61.6%)
LONG TERM DEBT	10,523,420	10,523,420	10,523,330	90	0.0%
CONTINGENCY	4,800,000	4,800,000	701,221	4,098,779	85.4%
CAPITAL FROM TAXATION	7,943,313	7,943,313	7,943,313	-	0.0%
TOTAL DEPARTMENTAL AND CORPORATE EXPENDITURES	320,837,735	320,837,735	310,463,077	10,374,658	3.2%

Administrative Services & City Solicitor

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	2.09	0.83	(1.26)
Labour	9.27	9.24	0.03
Other Expenditures	7.98	7.88	0.10
Total Expenditures	17.24	17.12	0.12
Net	15.15	16.29	(1.13)

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2020	2	0.46
2019	3	0.38
2018	1	0.00
Total	6	0.84

Administrative Services & City Solicitor has an unfavourable variance at Q4 driven mainly by:

- Substantially reduced revenues from Committee of Adjustment applications, marriage licenses and marriage ceremonies primarily attributable to the pandemic (Office of the City Clerk)
- Higher than budgeted spending in Professional Fees for complex legal issues and Local Planning Appeal Tribunal hearings that required external counsel expertise (Legal Services)
- Lower than budgeted labour cost recoveries from capital funds due to vacancies and lower than anticipated work on capital projects (Legal Services)

These were partially offset by:

- Lower than budgeted Insurance Premiums and Internal City Claims (Office of the City Clerk)

Work continued in Q4 on the Electronic Document Management System (Deputy City Manager, Administrative Services & City Solicitor) as well as the Internet Voting Assessment (Office of City Clerk).

Portfolio: Community Services

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	28.40	11.78	(16.62)
Labour	87.67	78.80	8.88
Other Expenditures	9.03	6.40	2.63
Total Expenditures	96.71	85.20	11.51
Net	68.30	73.42	(5.11)

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2020	16	1.15
2019	9	0.79
2018	10	1.15
2017	7	(40.02)
2016	5	0.71
2008-2015	5	0.15
Total	52	(36.07)

Community Services has an unfavourable variance at Q4 driven mainly by:

- Significantly reduced revenues due to the closure of community centers and the City Playhouse as a result of COVID-19 (Recreation Services)
- Decreased licensing, permit and parking enforcement revenues due to deferral of license renewals as a result of the pandemic (By-Law & Compliance, Licensing & Permit Services)
- Higher than budgeted labour expenditures due to the need to replace firefighters on long-term absences (Fire and Rescue Services)

These were partially offset by:

- Reduced expenses related to programming, events, and operations, including labour and other expenses (Recreation Services)
- The realignment of Recreation-Facilities to Facilities Management in Q4, with actuals flowing to Facilities Management, while budget remained in Recreation Services. The overall impact to the City is neutral
- Lower than budgeted labour expenditures as a result of vacancies (Deputy City Manager, Community Services and By-Law & Compliance, Licensing & Permit Services)

Work continued in Q4 on numerous capital projects including fire equipment and truck replacements, purchase of land for Station 7-11, CLASS system upgrade, as well as continued enhancements to Service Vaughan Citizen Service Standards.

There were 11 project closures across Community Services during the year.

Portfolio: Corporate Services & Chief Financial Officer

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	2.13	1.93	(0.20)
Labour	23.26	22.69	0.57
Other Expenditures	6.11	5.55	0.56
Total Expenditures	29.37	28.24	1.13
Net	27.24	26.31	0.93

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2020	3	1.21
2019	5	0.80
2018	5	1.96
2017	1	0.21
2016	5	2.50
2014	1	0.58
Total	20	7.26

Corporate Services & Chief Financial Officer has a favourable variance at Q4 driven mainly by:

- Lower than budgeted labour costs as a result of vacancies
- Lower than anticipated spending on Professional Fees, Computer Hardware, and Computer Software due to reprioritization and procurement delays as a result of the pandemic (Office of the Chief Information Officer)
- Higher than expected revenue from online services (Procurement Services)

These were partially offset by:

- Higher than budgeted Service Contracts for licenses due to architecture changes (Office of the Chief Information Officer)
- Lower than budgeted Taxation and Property Assessment Revenue due to extended deadlines and delays due to the pandemic (Financial Services)

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)
- New Property Tax System (Financial Services)
- Woodlot Acquisition – Block 40 (Financial Planning & Development Finance)
- Finance Software Program (Financial Planning & Development Finance)
- Finance Modernization – multiple projects (Deputy City Manager, Corporate Services, City Treasurer, and Chief Financial Officer)

Capital spend is on track across the Portfolio.

Portfolio: Infrastructure Development

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	4.22	3.70	(0.52)
Labour	15.57	16.10	(0.53)
Other Expenditures	8.56	7.91	0.66
Total Expenditures	24.13	24.00	0.13
Net	19.91	20.31	(0.39)

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2020	30	20.77
2019	53	29.22
2018	37	25.42
2017	34	55.65
2016	19	5.30
2003-2015	64	19.99
Total	237	156.35

Infrastructure Development has an unfavourable net variance at Q4 2020 driven by:

- Lower revenues as a result of lower labour recoveries driven by vacancies
- Higher labour costs were mainly driven by the realignment of Recreation-Facilities to Facilities Management in Q4, with actuals flowing to Facilities Management, while budget remained in Recreation Services. The overall impact to the City is neutral
- Those additional costs were partly offset by lower than budgeted costs in labour as a result of vacancies in approved positions in all departments
- Non labour savings, driven mainly by lower general maintenance, emergency repairs expenses and hydro as many facilities were closed due to COVID-19

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

- 2018-2020 Road Rehabilitation and Watermain Replacement
- LED Streetlight Conversion
- Block 11 Carrville District Park

Several projects were completed in Infrastructure Delivery, Facilities Management and Parks Delivery. Some of the works completed are related to:

- 2017 Road Rehabilitation and Watermain Replacement
- Vaughan Hospital Precinct Development
- Kleinburg United Church Renovations
- Fire Station # 7 - 4 Design and Construction
- Bass Pro Drive Mills Extension
- North Maple Regional Phase 1
- Block 40 Chatfield District Park
- Vaughan Grove Sport Park Artificial Turf Replacement

Portfolio: Planning and Growth Management

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	23.29	28.40	5.11
Labour	27.31	24.98	2.34
Other Expenditures	1.39	9.96	(8.57)
Total Expenditures	28.70	34.93	(6.23)
Net	5.41	6.53	(1.12)

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2020	16	36.68
2019	43	56.50
2018	19	6.79
2017	8	1.62
2016	10	14.09
2003-2015	29	17.17
Total	125	132.85

Planning and Growth Management has a favourable revenue and negative expenditure variance for FY20 mainly driven by:

Revenue \$5.1M:

- \$4.8M Higher than budgeted fees in Building Standards department
- \$0.9M higher than budgeted fees in Development Planning department
- (\$0.54M) lower than budgeted labour recoveries in Policy Planning and Environmental Sustainability and Vaughan Metropolitan Centre departments

Expenditures (\$6.2M):

- (\$6.6M) higher than budgeted transfer to Building Standards reserve due to revenue surplus
- (\$2.4M) higher than budgeted transfer to Development Planning reserve due to revenue surplus
- \$2.3M lower labour costs than budget in portfolio
- \$0.4M lower departmental discretionary spend due to the Covid-19 pandemic

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

- Baron street extension to Nashville
- Stegmans Mill sidewalk & intersection improvements
- Islington Ave streetscape
- VMC NE Quad – Portage Parkway extension

There were a total 20 projects closed during the year.

Portfolio: Public Works

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	2.28	3.02	0.74
Labour	22.00	20.44	1.56
Other Expenditures	33.92	31.76	2.17
Total Expenditures	55.92	52.20	3.73
Net	53.64	49.18	4.46

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2020	27	11.31
2019	39	4.94
2018	33	43.16
2017	23	3.15
2016	4	0.99
2009-2015	25	5.67
Total	151	69.22

Public Works has a favourable variance at Q4 driven mainly by:

- Lower than budgeted labour as a result of vacancies including Seasonal and Crossing Guard Labour aligned to the staged Provincial Reopening plan for COVID-19 and deferrals in some operations, e.g. tree maintenance, sports fields, and parks maintenance and horticulture operations (Transportation & Fleet Management Services and Parks, Forestry & Horticulture Operations)
- Lower than budgeted Contractor & Contractor Materials due to deferral and renegotiation of contracts
- Optimized operational usage of Salt materials and supplies (Transportation & Fleet Management Services)
- Higher than expected Grant Funding (Environmental Services)
- Higher than expected revenues from recoverable expenses such as Road Occupancy Permits and Municipal Consents (Transportation & Fleet Management Services)

These were partially offset by:

- Higher than budgeted utility costs as a result of increased usage of lighting for parks/sports fields and water for splashpads and irrigation (PFHO)

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

- Curb and Sidewalk Repair and Replacement
- Installation of Water Sampling Stations
- Stormwater Pond cleanout – Aviva Park Pond
- Tree Planting Regular Program
- Maplewood Booster Pumping Station
- Pavement Crack and Seal program

A significant portion of the unspent amount was due to a planned reduction in spending from project rescoping of the Smart Water Metering pilot program. The project is on track.

Vaughan Public Libraries

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.58	0.28	(0.31)
Labour	15.86	12.33	3.53
Other Expenditures	4.90	4.57	0.33
Total Expenditures	20.75	16.89	3.86
Net	20.17	16.61	3.56

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2019	4	1.10
2018	1	0.90
2016	1	0.00
Total	6	1.99

Vaughan Public Libraries (VPL) has a favourable variance at Q4 driven by:

- Due to the impact of the COVID-19 pandemic, there were library branches that were either closed temporarily, or had reduced access for the public which caused significant savings to the budget in wages/benefits related to layoff of part-time and casual staff, security costs, hydro costs, and in furniture and equipment

This was partially offset by:

- Lower revenues than budget due to the adoption of a no-fee policy beginning in March 2020. In addition, due to COVID-19, revenues from service charges and room rentals were down significantly from budget
- Increased costs for cleaning and cleaning supplies, and for PPE supplies
- Increased costs for digitizing library materials to make available online to the public

Work continued in Q4 on several ongoing city-wide capital projects related to resource purchases, furniture, and equipment as well as technology upgrades. Capital projects for library services at the new Vaughan Hospital and the Vaughan Metropolitan Centre were also active and ongoing.

Transformation & Strategy

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.16	0.47	0.31
Labour	1.73	1.79	(0.06)
Other Expenditures	0.10	0.09	0.01
Total Expenditures	1.83	1.88	(0.05)
Net	1.67	1.41	0.26

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2020	4	0.79
2019	1	0.09
2017	1	0.19
2016	1	0.38
Total	7	1.45

Favourable variance primarily driven by higher-than-budgeted labour recovery, partially offset by unfavorable labour cost variance. Given COVID the department has been prudent in its spending and has refrained from incurring expenses at this time.

Corporate and Strategic Communications

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	-	-	-
Labour	2.26	2.25	0.01
Other Expenditures	0.12	0.11	0.00
Total Expenditures	2.37	2.36	0.01
Net	2.37	2.36	0.01

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	1	0.05
2016	1	0.03
Total	2	0.08

Overall, variance is almost nil, as favourable variances from departmental re-organization and COVID related savings were almost completely offset by increased spend on crisis communications and other COVID-19 related disruptions.

Citizen Engagement Study capital project has been deferred to 2023. Service Excellence Communications Plan project is to be re-named as Staff Forum, but the project is on hold till further notice.

Economic and Cultural Development

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.74	0.16	(0.58)
Labour	2.03	1.82	0.21
Other Expenditures	0.59	0.25	0.35
Total Expenditures	2.63	2.06	0.56
Net	1.89	1.91	(0.02)

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2020	1	1.44
2019	2	0.07
2017	1	0.03
2013	1	0.02
Total	5	1.56

The overall budget combines that of Municipal Partnership Office (MPO) and Economic and Cultural Development (ECD), which are funded from the Innovation Reserve and taxation, respectively. Overall variance is almost nil as shortage on revenue from MPO of \$337k and lower than budgeted recovery on expenses were almost completely offset by a reduction in discretionary spends (\$128k in MPO and \$138k in ECD) due to COVID-19 disruptions and favourable variance of \$212k on labour cost which was driven by vacancies throughout the year for budgeted positions.

ECD recognized the multi-year revenue forecast established in 2016 for the MPO program was not reflective of market pressures and opportunities and therefore the revenue forecast was not sustainable. Consequently, in 2019/2020 ECD management initiated a business program review process in association with the Financial Planning Department, that commenced with a third party peer review of the Sponsorship/Naming Right Program. This review was completed in conjunction with the 2021 corporate business plan and budget review approval process.

The Smart City project and the Feasibility Study on Economic Development Opportunities in the Vaughan Healthcare Centre Precinct are in progress. The Economic Prosperity and Investment project is being reviewed for a potential re-scoping for economic recovery.

Corporate Revenues & Expenditures

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Corporate Revenue	42.63	48.81	6.17
Reserve & Other Transfers	17.21	10.79	(6.42)
Taxation (net)	215.81	215.73	(0.07)
Total Revenues	275.65	275.33	(0.32)
Corporate Expenditures	26.72	31.24	(4.52)
Long Term Debt	10.52	10.52	0.00
Total Expenditures	37.24	41.76	(4.51)
Net	(238.41)	(233.57)	(4.84)

Corporate Revenues & Expenditures ended in 2020 with a negative variance 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 2020.
- Higher than budgeted Corporate Revenues, mainly attributable to higher than expected dividends received from the City's investment holding company, Vaughan Holdings Inc. Additionally, and Safe Restart Agreement (SRA) funding not budgeted.
- Taxation revenues reflects lower assessment growth (1.45% vs 1.7%).
- Corporate expenditures are higher than budgeted due mainly to contributions to the Winter and Insurance Reserves as recommended by consultants' reports.

City Council

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0	0.001	0.001
Labour	1.38	1.28	0.10
Other Expenditures	0.44	0.17	0.28
Total Expenditures	1.82	1.44	0.38
Net	1.82	1.44	0.38

Overall, favourable net expenditure variance as of Q4-YTD.

Favourable variance primarily driven by lower newsletters and publications vs. budget.

Integrity Commissioner & Lobbyist Registrar

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0	0	0
Labour	0.34	0.35	(0.01)
Other Expenditures	0.18	0.09	0.09
Total Expenditures	0.52	0.43	0.08
Net	0.52	0.43	0.08

Overall, favourable net expenditure variance as Q4-YTD is largely in line with the budget for 2020.

Internal Audit

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0	0	0
Labour	0.84	0.80	0.04
Other Expenditures	0.11	0.08	0.03
Total Expenditures	0.95	0.88	0.07
Net	0.95	0.88	0.06

Overall, favourable net expenditure variance as Q4-YTD is largely in line with the budget for 2020.

City Manager

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0	0	0
Labour	0.53	0.97	(0.43)
Other Expenditures	0.11	0.09	0.02
Total Expenditures	0.64	1.06	(0.42)
Net	0.64	1.06	(0.42)

Overall, unfavourable net expenditure variance at Q4-YTD, mainly driven by higher labour costs.