

Analyst Briefing Notes

Budget Committee

(February 10, 2009)

PART I: 2009 OPERATING BUDGET

Executive Summary	2
Recommendations.....	6

PART II: 3-YEAR SERVICE OVERVIEW AND PLAN

Service Challenges and Opportunities	8
Service Objectives	9
Priority Actions.....	10

PART III: 2008 BUDGET VARIANCE ANALYSIS

2008 Experience	11
Impact of 2008 Operating Variance on the 2009 Recommended Budget	11

PART IV: 2009 RECOMMENDED BASE BUDGET

2009 Recommended Base Budget	12
2009 Key Cost Drivers and Reduction Strategies.....	13

PART V: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

2009 Recommended New/Enhanced Service Priority Actions.....	14
---	----

PART VI: ISSUES FOR DISCUSSION

2009 Budget Issues	16
Issues Referred to the 2009 Operating Budget Process	N/A

Appendix A: 2009 Recommended Base Budget Changes vs. 2008 Approved Budget	17
--	----

Appendix B: Summary of Service Level Adjustments.....	18
--	----

Appendix C: Summary of 2009 Recommended New/Enhanced Service Priority Actions.....	19
---	----

Appendix D: Program Summary by Expenditure Category	20
--	----

Appendix E: Inflows/Outflows to/from Reserves and Reserve Funds.....	21
---	----

Contacts: Judy Broughton
 Manager, Financial Planning
 Tel: (416) 392-8393

Ron Budhu
 Senior Financial Planning Analyst
 Tel: (416) 397-4559

Executive Summary

- The Office of the Chief Financial Officer ensures the effective use of the Corporation's financial resources by providing sound financial management and advice; maintaining financial controls; developing and implementing effective financial strategies; and by providing timely, accurate and efficient services to Divisions, Agencies, Boards, Commissions and the public.
- The Office of the Chief Financial Officer faces the following service challenges and opportunities over the next 3 years:
 - Legislative changes to the City of Toronto Act two year review.
 - Full implementation of a service based, performance focused multi-year planning and budgeting process for the City.
 - The obligation to develop balanced budgets that meet Mayor/Council priorities in a severely constrained fiscal environment that has increased the demand for high quality business and financial analysis.
 - Increasing demands for communications support and web services.
 - Managing the increased service requests with high staff turnover that has resulted in staff shortages.
- The Office of the Chief Financial Officer has established the following service objectives to address the key challenges and opportunities:
 - Consolidate responses and initiate program specific changes to the City of Toronto Act, and review and update the City's Long Term Fiscal Plan in conjunction with the new term of Council.
 - Deliver an integrated multi-year planning and performance based budgeting system to meet the increased scrutiny of the City's budget and fiscal position.
 - Manage new funding tools and methodologies such as Tax Increment Financing, and the use of public-interest partnerships.
 - Continue to partner with City Programs to deliver excellent public service while continuing to ensure Toronto's financial sustainability.
 - Ensure effective use and oversight of the Corporation's financial resources and implementation of the City's new Development Charges By-Law.
- The 2009 Recommended Operating Budget includes funding for priority actions which addresses the challenges, opportunities and service objectives. Key priority actions include:

- Examine the sensitivity of City finances during the economic slowdown and monitor the effectiveness of business development and growth initiatives.
 - Continue to establish the Service Planning process City-wide (roll out to ABCs) while implementing the Financial Planning, Analysis Reporting System by June 2010 for the 2011 budget process including cost centre restructuring.
 - Seek funding sources to complete Transit City and support the launching of Build Toronto and Invest Toronto; serve on interim boards.
 - Develop preliminary financial plans and real estate transfer policies.
 - Establish a 3-year operating budget process for Council approval.
- For 2008, the Office of the Chief Financial Officer is projecting year-end net expenditures of \$9.349 million that is \$0.844 million or 8.3% below the 2008 Approved Budget of \$10.193 million. The projected year-end favourable variance is largely attributable to the following:
 - Unspent funds in salaries and benefits due to delays in filling vacant positions which are now filled.
 - The savings from cost containment in 2007 as a result of the hiring freeze are not sustainable for 2009. However, a further review of discretionary expenditures revealed efficiency savings of \$0.081 million in 2008 that have been reflected in the 2009 Recommended Base Budget.

Table 1: 2009 Recommended Budget

	2008		2009 Recomm'd Operating Budget			Change - 2009 Recommended Operating Budget v. 2008 Appvd. Budget		FY Incremental Outlook	
	2008 Appvd. Budget	2008 Projected Actual	2009 Base	2009 New/Enhanced	2009 Operating Budget			2010	2011
(In \$000s)	\$	\$	\$	\$	\$	%	\$	\$	
GROSS EXP.	14,248.4	13,356.0	14,063.7	321.1	14,384.8	136.4	1.0	1,033.0	813.0
REVENUE	4,055.4	4,006.9	4,074.7	321.1	4,395.8	340.4	8.4	104.7	25.9
NET EXP.	10,193.0	9,349.1	9,989.0	0.0	9,989.0	(204.0)	(2.0)	928.3	787.1
Approved Positions	128.0	128.0	128.0	4.0	132.0	4.0	3.1		
TARGET			9,989.1		9,989.1				
\$ Over / (Under) Program Target			(0.1)		(0.1)				
% Over / (Under) Program Target			0.0%		0.0%				

- The 2009 Recommended Operating Budget for the Office of the Chief Financial Officer is \$9.989 million net and has met the 2009 target of \$9.989 million or 2% less than the 2008 Approved Operating Budget of \$10.193 million.

- The 2009 Recommended Operating Budget is comprised of base funding of \$14.064 million gross and \$9.989 million net and new/enhanced service priorities of \$0.321 million gross and \$0.0 million net. Approval of the 2009 Recommended Operating Budget will result in the Program's staff complement increasing by 4 positions to 132 approved positions.
 - The 2010 Outlook anticipates a net increase of \$0.928 million in operating costs which includes ongoing merit and step adjustments and the reversal of the 2009 impact of hiring delays combined with the annualized impact of the new insurance claim position to begin in 2009, operating impacts of capital projects and an increase in inter-program recoveries.
 - The 2011 Outlook includes a projection for merit and step adjustments to staff compensation as well as the operating impact of capital projects.
- The 2009 Recommended Base Budget incorporates the Program's key cost drivers including annualized cost of living adjustments for 2008(COLA), merit and step increases, reversal of an additional working day in 2008 and other non-discretionary expenditures that total \$0.118 million net. These are partially offset by service efficiencies of \$0.087 million net and savings of \$0.236 million from the delays in hiring staff until later in 2009. Service reductions and associated savings include the following:
 - Reduction in fringe benefits based on historical experience - savings of \$0.056 million net.
 - Reduction for postage costs based on current experience - savings of \$0.012 net.
 - Reduction in supplies and equipment expenditures due to actual experience - savings of \$.013 million net.
 - Reduction in salaries and benefits based on hiring staff later in 2009 to fill vacancies resulted in savings of \$0.236 million.
- Funding for the 2009 Recommended New / Enhanced Service Priority actions totaling \$0.321 million gross and \$0.0 million net support the objectives in maintaining service delivery, and addressing Council's priorities. These include:
 - Reducing claims management costs paid to an external adjuster by assigning the task internally;
 - Managing the roll-out of the new FPARS project city-wide; and
 - Supporting and maintaining the building security infrastructure and Fleet Management application.
- The 2009 Recommended Operating Budget provides funding to maintain the existing service level with limited resources:
 - Managing specific initiatives including new revenue and related policies; annual long term financial policy and planning; property tax policy, water rate policy, capital financing policies and Development Charges (DC) policy.

- Examining alternatives and improving ways of protecting the City's physical and financial assets through improved insurance and risk management strategies, internal funding strategies and investment enhancements.
- Maintaining and improving the City's financial assets while establishing a fiscal framework in 2009 that supports service priority setting by 2010 by providing information, analysis and recommendations to implement a performance based, service-based multi-year operating budgets by 2011 to deliver Council/Mayor's priorities efficiently and effectively.
- Providing research and support for new financial partnerships and continued negotiation of mid and longer-term funding partnerships with other orders of government (such as Spadina Subway, Union Station, etc.).
- Providing negotiation, assessments and advisory services on major ongoing site-specific projects.
- Developing financial policies related to the new Development Charges By-Law.
- Providing timely financial and management reporting through variance monitoring and control to ensure that expenditures and revenues are managed within approved allocations. Timely and accurate reports and objective advice to support informed decision making that contributes to the financial sustainability of the City.

Recommendations

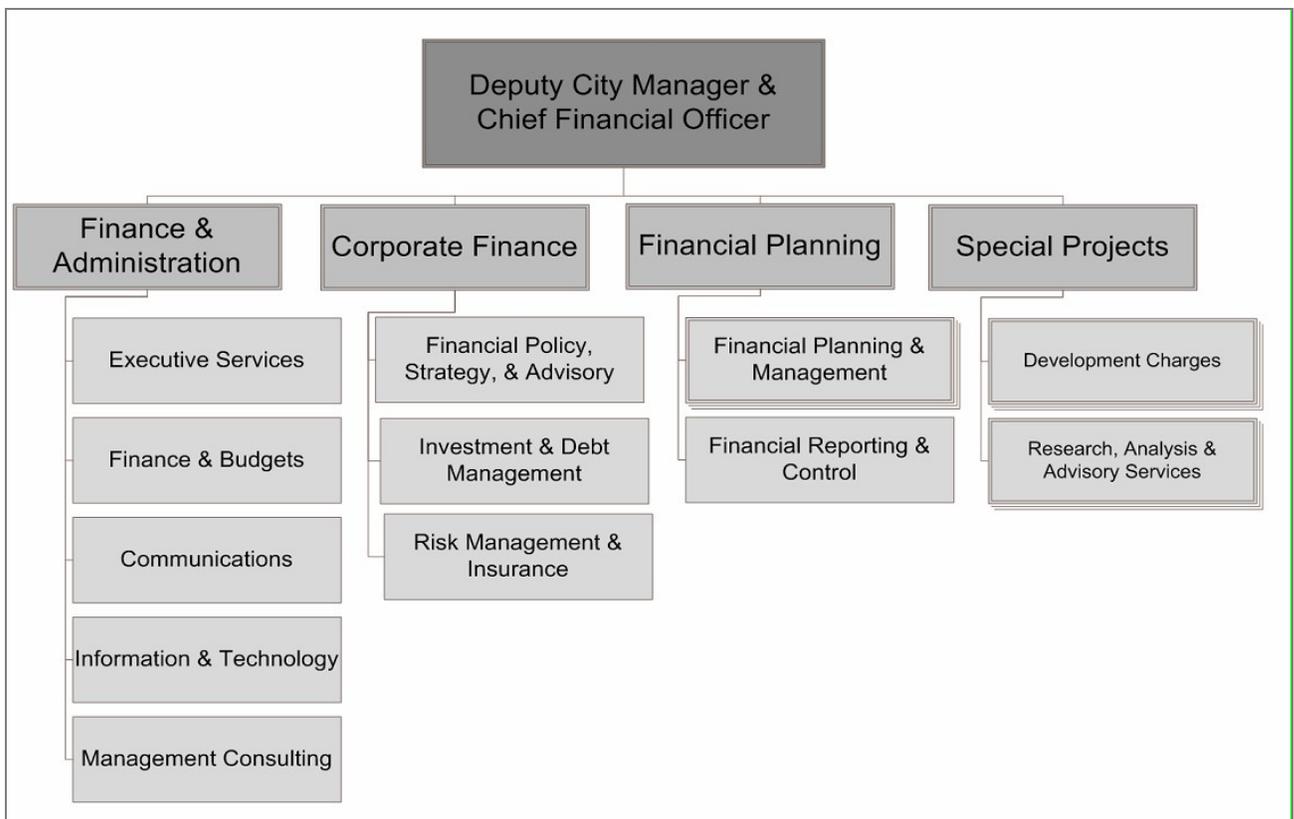
The City Manager and Acting Chief Financial Officer recommend that:

- 1. Council approve the 2009 Recommended Operating Budget for the Office of the Chief Financial Officer of \$14.385 million gross and \$9.989 million net, comprised of the following services:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Finance & Administration	4,863.4	4,071.4
Corporate Finance	3,868.9	1,396.0
Financial Planning	5,060.7	4,078.1
Special Projects	592.0	443.5
	<hr/>	<hr/>
Total Program Budget	<u>14,385.0</u>	<u>9,989.0</u>

- The Office of the Chief Financial Officer provides quality and responsive shared services through strategic and innovative leadership. It ensures the effective use of the Corporation’s financial resources by providing sound financial management and advice; maintaining financial controls; developing and implementing effective financial strategies and by providing timely, accurate and efficient services to the Divisions, Agencies, Boards and Commissions and the public.
- The Office of the Chief Financial Officer delivers services through four main service areas: Finance and Administration provides services to the Internal Services Cluster, supporting its day to day operations of delivering quality financial and shared services to other divisions, City Council and the Public. Corporate Finance provides strategic and risk management expertise to improve the City of Toronto's financial health. Financial Planning provides Corporate Financial Planning, Management, Reporting and Control services to achieve Fiscal sustainability of the City in order to deliver programs and services to the public. Special Projects provides financial analysis, negotiation, assessment and advisory services that allow the City to maximize public benefits by implementing various major corporate initiatives such as land development initiatives, major real estate transactions and public-private partnership proposals.

Program Map



Service Challenges and Opportunities

Divisions within the Office of the Chief Financial Officer will continue to provide sound financial advice to protect the City, consulting and management services to improve planning and promote continuous improvement, continue negotiations for funding partnerships with other orders of government and continue with plans to deliver a performance outcome-based framework that includes a multiyear service planning and budgeting process and system by 2010, evaluation and reporting capability by 2011. The Office will continue to work to sustain the City as a high performance organization, to support longer term financial planning and fiscal sustainability, improve accountability, increase stakeholder participation and encourage openness and priority setting delivering quality financial and shared services. It will continue to deliver effective financial and administrative services and advice to management to support divisional operations with limited resources available and an increasing demand for services. The Office of the Chief financial Officer has the following challenges and opportunities over the next 3 years:

Mayor/Council Priorities

- Alignment of limited resources to implement the Prosperity Plan and Climate Change, while addressing the City's fiscal constraints deficit.
- Full implementation of a service based, performance focused multi-year planning and budgeting process for the City. There is the need to build up the knowledge level for service planning/performance-based budgeting across the corporation, including designing meaningful performance metrics and using them to support decision-making on programs and city performance.
- Opportunity to negotiate with other orders of government for funding uploads and/or new revenue sources and to assess in detail a number of actions that can improve the City's long term financial position.
- Improve the City's Website due to increasing demands for communications support and web services. Web accessibility improvements planned by I & T will make it easier to navigate and take advantage of new technology.

Legislative Changes

- A two year review of the City of Toronto Act to examine opportunities for enhancing the City's authority regarding debt and investments, property tax policy and refined authority for other taxes. Required changes to the COTA will require legal support.
- New legislative and accountability requirements, including the potential impact of PSAB requirements for accrual-based budgeting, accounting and reporting will pose major challenges for the Program in ensuring that these new initiatives are managed effectively.
- Addressing the City's infrastructure financing needs that requires new funding sources and methodologies such as Tax Increment Financing.

Service Demands

- The obligation to develop balanced budgets that meet Council's priorities in a severely constrained fiscal environment has increased the demand for services from the general public, media, politicians and senior management for high quality business and financial analysis, financial information to support decision-making and complex issue resolution.
- Increased demand for more flexibility in capital planning and budgeting, in part driven by the emphasis on capital spending and project completion; in addition to pressures from debt affordability; meeting the SOGR backlog and addressing the service gaps; and the need to move to a 10-year capital plan.
- Providing Council with a range of required services for the financial assessment of unique capital assets proposed by the City's Boards and Corporations such as Exhibition Place and Build Toronto.

Human Resource

- High staff turnover rate has resulted in staff shortages. The turnover rate has the impact of increasing the workload of existing staff in order to achieve the objective of providing quality services on a timely basis. This results in lack of continuity and depth in knowledge of City priorities, business and financial issues and limits the number of initiatives that can be supported.

Service Objectives

The Office of the Chief Financial Officer has developed a 3-year plan that prioritizes and aligns strategic initiatives that directly address the challenges and opportunities outlined above. The service objectives are aligned with the services identified in the Program map:

- Review and update the City's Long Term Fiscal Plan. Develop a new Long-Term Fiscal Plan for the City that links key elements of the City's strategic agenda, results from the Provincial Municipal Fiscal and Services Delivery Review, the Official Plan growth forecasts and multi-year capital and operating budgets.
- Establish a fiscal framework by 2009 that supports service priority setting and to deliver an integrated multi-year performance based service planning and budgeting system by 2010 for the 2011 budget process and multi-year service-based budgeting by 2011.
- Implement the pilot Tax Increment Financing zones in the Waterfront and the Spadina Subway extension and prepare a policy for the broader application of Tax Increment Financing.
- Enhance capital financing and debt issuance policies.
- Implementation of a new Development Charges By-Law.
- Update tax policies that protect the City's most vulnerable citizens.

Priority Actions

The 2009 Recommended Operating Budget provides \$9.989 million net in base and new funding for a broad range of services and activities that address the challenges, opportunities and service objectives for the Office of the Chief Financial Officer. These include:

- Examine the sensitivity of City Finances to an economic slowdown.
- Support the development of Build Toronto and Invest Toronto.
- Implement the Financial Planning Analysis and Reporting System (FPARS) by June 2010 the 2011 budget process including cost centre restructuring. Continue with implementing a Service Planning process City-wide (roll out to ABCs) in time for the next term of Council.
- Improve the City's Website with Web accessibility improvements to make it easier to navigate and take advantage of new technology.
- Delivering City Building Projects - Deliver key projects critical to City Building such as the rejuvenation of Union Station and Nathan Phillips Square.
- Improved financial reporting through the implementation of capital assets (PSAB 3150) reporting and the financial statements.
- Tax Increment Financing (TIF) Approach with the implementation of the pilot TIF zones in the Toronto-York Spadina Extension and the Toronto Waterfront to increase service levels in public transit.
- Monitor the effectiveness of business development and growth based on initiatives to date including small business, financial incentives, Tax Increment Equivalent Grant (TIEGs.), Water rate structure and development fees.
- Obtain approval for and implement a User Fee Policy & Framework; produce multi-year revenue forecasts to maximize revenue base.
- Implement the new Development Charges By-Law.

Table 2: 2008 Budget Variance Review

(In \$000s)	2007 Actuals	2008 Approved Budget	2008 Projected Actuals*	2008 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	12,614.1	14,248.4	13,356.0	(892.4)	(6.3)
REVENUES	3,389.0	4,055.4	4,006.9	(48.5)	(1.2)
NET EXP.	9,225.1	10,193.0	9,349.1	(843.9)	(8.3)
Approved Positions	128.0	128.0	128.0	0.0	0.0

*Projected Actual based on September 30, 2008 Variance Report

2008 Experience

The Office of the Chief Financial Officer's (inclusive of Financial Planning, Special Projects, Corporate Finance and Finance & Administration Divisions) projected year-end net favourable variance is anticipated to be \$0.844 million or 8.3 % of the 2008 Approved Operating Budget. This is attributed to:

- The Office of the Chief Financial Officer is projecting its 2008 year-end gross expenditures at \$13.356 million. This is under the 2008 Approved Budget of \$14.248 million by \$0.892 million or 6.3%. The under expenditure is primarily in salaries and benefits and is the result of delays in filling vacant positions.
- The 2008 projected year-end actual revenue of \$4.007 million is under the 2008 Approved Budget of \$4.055 million by \$0.048 million or 1.2%. This is due to slightly lower transfers of salary costs from the capital budget due to unfilled vacant staffing positions.

The 2008 Operating Budget includes budgeted gapping of \$0.514 million which represents a rate of 3.7%. The Program is expected to achieve its 2008 budgeted gapping.

Impact of 2008 Operating Variance on the 2009 Recommended Budget

While the gapping for 2008 is projected to be on target, based on year-to-date actual expenditures, savings realized during that period will not continue in 2009. The 2009 Recommended Budget includes a reduction strategy to delay hiring (\$0.236 million) that is equivalent to increasing the gapping rate from 3.7% in 2008 to 5.5% in 2009. City financial constraints are impacting the Program's ability to address service demands.

Table 3: 2009 Recommended Base Budget

(In \$000s)	2008 Appvd. Budget	2009 Recommended Base	Change		FY Incremental Outlook	
			2009 Recommended Base v. 2008 Appvd. Budget		2010	2011
	\$	\$	\$	%	\$	\$
GROSS EXP.	14,248.4	14,063.7	(184.7)	(1.3)	973.0	813.0
REVENUE	4,055.4	4,074.7	19.3	0.5	44.7	25.9
NET EXP.	10,193.0	9,989.0	(204.0)	(2.0)	928.3	787.1
Approved Positions	128.0	128.0	0.0	0.0	0.0	0.0
NET TARGET		9,989.1				
\$ Over / (Under) Program Target		(0.1)				
% Over / (Under) Program Target		0.0%				

2009 Recommended Base Budget

The 2009 Recommended Operating Budget for the Office of the Chief Financial Officer is \$9.989 million net and meets the 2009 target of \$9.989 million which is 2% less than the 2008 Approved Operating Budget.

The 2009 Recommended Base Budget of \$9.989 million net represents a decrease of \$0.204 million (2.0%) from the Office of the Chief Financial Officer's 2008 Approved Operating Budget. The 2009 Recommended Base Budget will largely serve to maintain service levels offered in 2008.

- The increase in gross expenditures is required to continue the current service level into 2009. The base pressures are mainly attributable to merit & step increases, and the annualized impacts of 2008 COLA and wage harmonization. These increases are offset by the recommended reduction options of \$0.324 million. These savings will primarily be realized by delaying hiring, reducing fringe benefits and non-salary expenditures. In total, recommended budgeted gross expenditures for 2009 are \$0.185 million lower than in 2008.
- The \$0.019 million increase in revenues recommended in the 2009 Recommended Base Budget is due to increased inter-program recoveries to cover 2009 merit and step increases for services provided.
- The 2009 Recommended Base Budget includes 128 approved positions, which is unchanged from the staff complement level in 2008.

2009 Key Cost Drivers and Reduction Strategies

The following is a summary of the key cost drivers and reduction strategies in 2009:

- The annualization of 2008 Cost-Of-Living Adjustments (COLA) and wage harmonization are non-discretionary expenditures that have increased the 2009 Operating Budget by \$0.133 million. In addition, the cost of providing the current level of service requires \$0.175 million for merit and step increases and an associated increase in benefits, non-labour inflationary increases of \$0.012 million and year-over-year salary adjustments to reflect staff changes of \$0.207 million.
- The 2009 Recommended Base Budget includes the following service efficiencies, which generate aggregate savings of \$0.322 million net:
 - Efficiency measures to reduce discretionary expenditures for a savings of \$0.087 million.
 - Delayed hiring of vacant positions to achieve additional savings of \$0.236 million.

2010 and 2011 Outlook: Net Incremental Impact

The net incremental increase of \$0.928 million in 2010 is as a result of:

- Staffing costs (merit and step increases) of \$0.195 million, operating impact of the Financial Planning Analysis and Reporting System capital project for storage and maintenance in the amount of \$0.542 million, the reversal of the hiring delays in 2009 of \$0.235 million and reduced by inter-program recoveries.

The net incremental increase of \$0.787 million in 2011 is as a result of:

- Staffing costs (merit and step increases) of \$0.152 million, operating impact of the Financial Planning Analysis and Reporting System capital project for storage and maintenance in the amount of \$0.661 million reduced by inter-program recoveries.

These Outlooks do not include any provisions for COLA which is subject to future negotiations.



Table 4
2009 New / Enhanced Service Priority Actions: Summary
(In \$000s)

Description	2009 Recommended		Rec. New Positions	Net Incremental	
	Gross Exp.	Net Exp.		2010	2011
	\$	\$	#	\$	\$
Enhanced Services:					
(a) Enhanced Services - Council Approved					
(b) Enhanced Services - Program Initiated					
Sub-Total Enhanced Services	0.0	0.0	0.0	0.0	0.0
New Services:					
(a) New Services - Council Approved					
(b) New Services - Program Initiated					
Insurance Claims Management	60.0	0.0	1.0		
Communications Plan-FPARS Project	83.0	0.0	1.0		
IT Support for Facilities & Real Estate and Fleet Services	178.1	0.0	2.0		
Sub-Total New Services	321.1	0.0	4.0	0.0	0.0
Total New/Enhanced Services	321.1	0.0	4.0	0.0	0.0

2009 Recommended New / Enhanced Service Priority Actions**New Service Priority Actions – Program Initiated*****Insurance Claims Management***

A permanent Senior Claims Supervisor will be hired in July 2009 to oversee the management of claims and assign a quantity of litigation claims files to City staff is recommended. Currently insurance claims are contracted out to an external provider. Third party adjusters will continue to receive claims and conduct all required investigations.

The addition of an internal staff position is expected to improve control and management of insurance claims as well as provide greater opportunity for succession planning in the Corporate Finance Division. This change will reduce the claims management costs paid to the external provider by assigning litigated claim files to staff to examine and instruct legal defence counsel. Internal staff will retain knowledge in house and have the ability to provide details to city lawyers. It is projected that the City will save approximately \$0.100 million in 2009 by overseeing the management of claims in house. Funding in the amount of \$0.060 million gross will be recovered from the Insurance Reserve Fund for a \$0 net impact in 2009 and 2010.

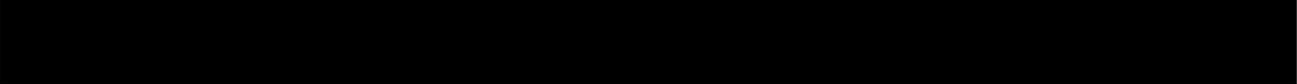
Communications Plan –FPARS project

The addition of a temporary Communication Consultant position to develop a communication and change management plan for the roll-out of the new Financial Planning, Analysis and Reporting System project is recommended. Funding in the amount of \$0.083 million gross will be recovered from the capital project resulting in a \$0 net impact to the Program. The position will be required for a period of 2 years until the roll-out of the new Financial Planning and Analysis Reporting System (FPARS) project is fully completed.

IT Support for Facilities & Real Estate and Fleet Services

A permanent Security System Administrator position is recommended to provide on-going support for Facilities & Real Estate's building security servers and maintenance of Security System Infrastructure implemented through various divisional capital projects. This position will also provide maintenance support, implement and upgrade the building security hardware and software systems at civic centres, water treatment and sewage facilities and recreation facilities. Funding in the amount of \$0.089 million gross is included in Facilities & Real Estate's 2009 Recommended Operating Budget resulting in \$0 net impact to the Office of the Chief Financial Officer.

A permanent Systems Integrator position is recommended to support and administer Fleet Management's new M5 application system and associated modules on behalf of Fire and Emergency Medical Services (EMS) and Fleet Services. This position will also provide centralized application administration of enhanced functionality of the M5 System implemented by Fire, EMS and Fleet. Funding in the amount of \$0.089 million gross is included in Fleet Services 2009 Recommended Operating Budget resulting in \$0 net impact to the Office of the Chief Financial Officer.



2009 Budget Issues

2009 Recommended Operating Budget vs. Guideline

The 2009 Recommended Operating Budget for the Office of the Chief Financial Officer is on target after recommended service reduction options of \$0.322 million, resulting in a net budget at 2% below the 2008 Approved Budget.

To offset significant increase in costs over the 2008 Operating Budget and the 2009 Target, the following Service Level Reductions are recommended:

- The Program will delay filling vacancies and will rely on existing staff to keep up with the workload. This is a short-term cost reduction measure that is not sustainable in the long-term resulting in savings of \$0.236 million in 2009.
- Efficiency measures to reduce discretionary expenditures for a savings of \$0.087 million.

Appendix A

2009 Recommended Base Budget Changes vs. 2008 Approved Budget

(In \$000s)	Summary of 2009 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2010	2011
		\$	\$	\$	\$	\$
2008 Council Approved Operating Budget	128.0	14,244.4	4,055.4	10,189.0		
In-year approvals and technical adjustments						
Corporate adjustments		4.0		4.0		
2008 Approved Operating Budget	128.0	14,248.4	4,055.4	10,193.0	0.0	0.0
Prior year impacts		334.6	26.8	307.8	195.5	152.0
Zero base items						
Economic factors		20.9	8.5	12.4		
Adjusted Base Budget	128.0	14,603.9	4,090.7	10,513.2	195.5	152.0
Other base changes		(216.1)	(4.3)	(211.8)	542.0	661.0
Base revenue changes			(9.8)	9.8	(44.7)	(25.9)
Recommended Service Level Adjustments:						
Base changes						
Service efficiencies		(88.6)	(1.9)	(86.7)		
Revenue adjustments						
Minor service impact						
Major service impact		(235.5)		(235.5)	235.5	
Total Recommended Base Adjustments	0.0	(540.2)	(16.0)	(524.2)	732.8	635.1
2009 Recommended Base Budget	128.0	14,063.7	4,074.7	9,989.0	928.3	787.1
2009 Program Operating Target				9,989.1		
% Over (Under) Program Target				0.0%		
% Over (Under) 2008 Appvd. Budget				(2.0%)		

Appendix B

Summary of Service Level Adjustments

Appendix C

**Summary of 2009 Recommended New/Enhanced
Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

CLUSTER: INTERNAL SERVICES							
PROGRAM: OFFICE OF THE CHIEF FINANCIAL OFFICER							
	2008 Approved Budget	2008 Projected Actuals	2009 Recommended Budget	Change from 2008 Approved Budget		2010 Outlook	2011 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	13,141.0	12,302.2	13,287.3	146.3	1.1%	13,778.3	13,930.3
Materials and Supplies	110.7	96.0	104.1	(6.6)	(6.0%)	104.1	104.1
Equipment	48.0	42.5	45.4	(2.6)	(5.4%)	45.4	45.4
Services & Rents	675.8	655.6	686.8	11.0	1.6%	1,228.8	1,889.8
Contributions to Capital							
Contributions to Reserve/Res Funds	27.7	27.7	27.7	0.0	0.0%	27.7	27.7
Other Expenditures	2.0	0.8	2.0	0.0	0.0%	2.0	2.0
Interdivisional Charges	243.2	231.2	231.6	(11.6)	(4.8%)	231.6	231.6
TOTAL GROSS EXPENDITURES	14,248.4	13,356.0	14,384.9	136.5	1.0%	15,417.9	16,230.9
Interdivisional Recoveries	2,188.9	2,189.4	2,293.0	104.1	4.8%	2,305.2	2,316.0
Provincial Subsidies							
Federal Subsidies							
Other Subsidies							
User Fees & Donations							
Transfers from Capital Fund	484.1	435.1	637.1	153.0	31.6%	646.1	654.7
Contribution from Reserve Funds	1,107.3	1,107.3	1,185.9	78.6	7.1%	1,264.4	1,270.9
Contribution from Reserve	145.1	145.1	148.5	3.4	2.3%	153.5	153.5
Sundry Revenues	130.0	130.0	131.2	1.2	0.9%	131.2	131.2
TOTAL REVENUE	4,055.4	4,006.9	4,395.7	340.3	8.4%	4,500.4	4,526.3
TOTAL NET EXPENDITURES	10,193.0	9,349.1	9,989.2	(203.8)	(0.1)	10,917.5	11,704.6
APPROVED POSITIONS	128.0	128.0	132.0	4.0	3.1%	132.0	132.0

Appendix E
Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2008	Proposed Withdrawals (-) / Contributions (+)		
			2009	2010	2011
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010	27,774.8	27.7	27.7	27.7
Insurance Reserve Fund	XR1010		(1,185.9)	(1,264.4)	(1,270.9)
Development Charges Reserve	XR2030	1,815.7	(148.5)	(153.5)	(153.5)
Total Reserve / Reserve Fund Draws / Contributions		29,590.5	(1,306.7)	(1,390.2)	(1,396.7)