



## City Budget 2012

## Court Services Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for City services.

# 2012 Operating Budget

## 2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

### TABLE OF CONTENTS

<b>PART I: RECOMMENDATIONS</b> .....	3
<b>PART II: 2012 SERVICE OVERVIEW AND PLAN</b>	
Program Map and Service Profiles.....	4
2012 Recommended Service Levels .....	5
2012 Service Deliverables .....	5
<b>PART III: 2012 RECOMMENDED BASE BUDGET</b>	
2012 Recommended Base Budget .....	6
2012 Recommended Service Changes .....	8
2013 and 2014 Outlook .....	9
<b>PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS</b>	
2012 Recommended New/Enhanced Service Priority Actions .....	N/A
<b>PART V: ISSUES FOR DISCUSSION</b>	
2012 and Future Year Issues .....	10
Issues Referred to the 2012 Operating Budget Process .....	N/A
<b>APPENDICES</b>	
<b>Appendix 1: 2011 Performance</b> .....	15
<b>Appendix 2: 2012 Recommended Operating Budget by Expenditure Category         and Key Cost Drivers</b> .....	18
<b>Appendix 3: Summary of 2012 Recommended Service Changes</b> .....	19
<b>Appendix 4: Summary of 2012 Recommended New/Enhanced Service Priority Actions</b> .....	N/A
<b>Appendix 5: Inflows / Outflows to/ from Reserves and Reserve Funds</b> .....	21
<b>Contacts:</b>	
<b>Alan Cohen</b>	<b>Jeff Leung</b>
Manager, Financial Planning	Financial Planning Analyst
Tel: (416) 392-3740	Tel: (416) 397-4531

## PART I: RECOMMENDATIONS

### 2012 Recommended Operating Budget (In \$000s)

(In \$000s)	2011		2012 Recomm'd Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget			2013	2014
	\$	\$	\$	\$	\$			%	\$
<b>GROSS EXP.</b>	54,340.0	53,308.5	52,262.2	-	52,262.2	(2,077.8)	(3.8)	688.1	435.2
<b>REVENUE</b>	66,476.6	66,395.2	66,229.0	-	66,229.0	(247.6)	(0.4)	426.1	315.9
<b>NET EXP.</b>	(12,136.6)	(13,086.6)	(13,966.9)	-	(13,966.9)	(1,830.3)	15.1	261.9	119.3
<b>Approved Positions</b>	290.0	290.0	284.0	-	284.0	(6.0)	(2.1)	-	-

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
<b>2012 Reductions</b>	(1,220.9)	(1,660.9)	<b>440.0</b>	<b>13.6%</b>

## Recommendations

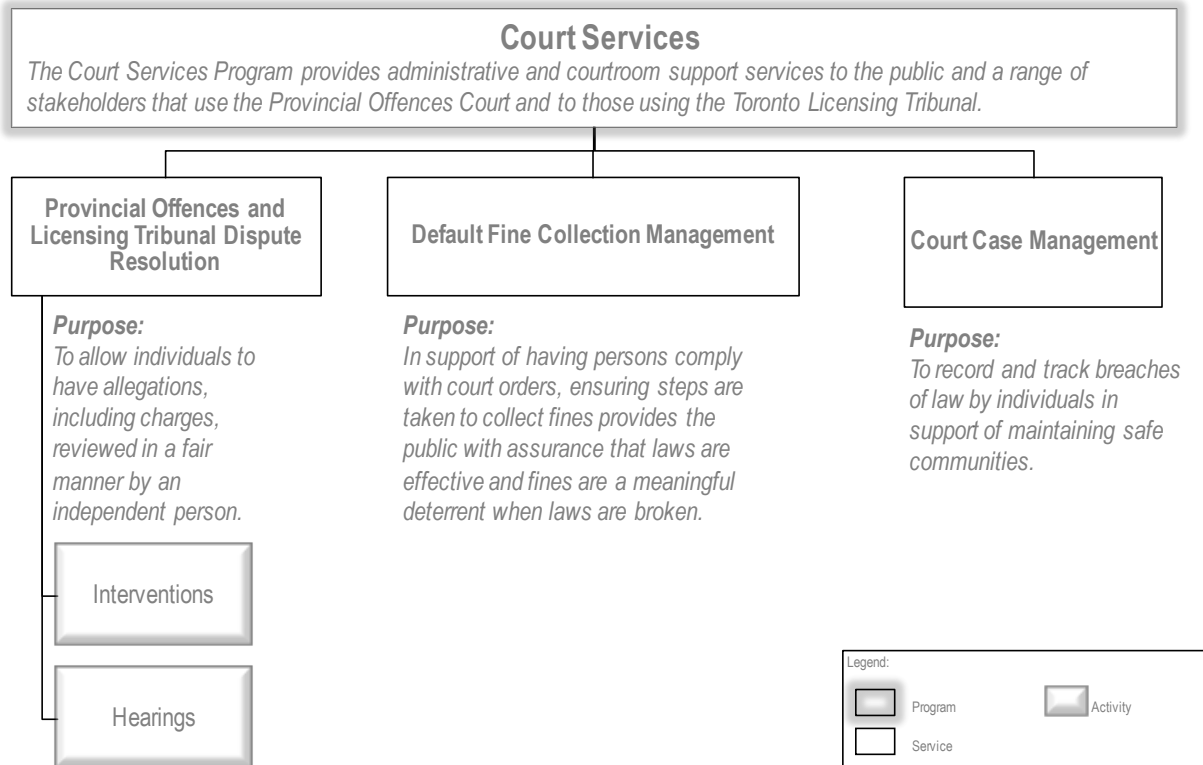
The City Manager and Chief Financial Officer recommend that:

- 1) City Council approve the 2012 Recommended Operating Budget for Court Services of \$52.262 million gross and \$(13.967 million) net, comprised of the following services:

<u>Service(s)</u>	<u>Gross</u> (\$000s)	<u>Net</u> (\$000s)
Finance & Administration	31,173.8	25,795.8
Court Administration	10,933.4	(49,398.7)
Court Support	5,922.8	5,922.8
Planning & Liason	3,713.2	3,713.2
Licensing Tribunal	519.0	0
<b>Total Program Budget</b>	<u>52,262.2</u>	<u>(13,966.9)</u>

## PART II: 2012 SERVICE OVERVIEW AND PLAN

### Program Map and Service Profiles



Service Customer

**Provincial Offences and Licensing Tribunal Dispute Resolution**

- Persons alleged to have behaved in a manner that are in conflict with the law (Defendant)
- Prosecutors
- Paralegal representatives
- Witnesses
- Enforcement officers
- Judicial officers
- Interpreters

**Default Fine Collection Management**

- Persons who are required to pay a court imposed fine
- The City- who must offset program costs from fine revenue collected
- The public who benefit from the anticipated change in behaviour by those who have had to pay fines.

**Court Case Management**

- Persons alleged to have behaved in a manner that are in conflict with the law (Defendant)
- Prosecutors
  - Paralegal Representatives
  - Witnesses
  - Enforcement officers
  - Judicial officers
  - Interpreters

## 2012 Recommended Service Levels

There are no proposed changes to the 2011 Service Levels for Court Services' Services and Activities in 2012.

Service	Activity	Type	2011 Current Service Level	2012 Proposed Service Level
Provincial Offences and Licensing Tribunal Dispute Resolution	Hearings	Trial Court	7 - 16 months time to trial	7 - 16 months time to trial
	Interventions	Intake Court	1 - 3 days of receipt of application	1 - 3 days of receipt of application
		Appeals Court	60 - 120 days of appeal notification	60 - 120 days of appeal notification
		Licensing Tribunal	Hearing held within 30 days of request	Hearing held within 30 days of request
Default Fine Collection Management		Processing Payments	24 hours of receipt	24 hours of receipt
Court Case Management		Provincial Offences – non-parking	Receive incoming charges within 5-7 days	Receive incoming charges within 5-7 days
		Provincial Offences – parking	Receive incoming charges within 60 - 75 days	Receive incoming charges within 60 - 75 days

## 2012 Service Deliverables

The 2012 Operating Budget of \$(13.967 million) net will provide funding for Court Services to continue to support efficient court administration and services to the public using the Provincial Offences Courts in City of Toronto, namely:

- Continue to work towards addressing trial delays and reduce wait times from 12 months to the Provincial average of 9 months, by fully utilizing all 30 courtrooms and 10 intake rooms;
- Continue to manage court cases, resulting in over 750,000 new yearly charges processed in accordance with Provincial legislation;
- Process over 400,000 trials regarding Provincial Offences matters and 300,000 other hearings;
- Continue to process payments from fines within 24 hours of receipt, with over 400,000 payments processed annually;
- Continue to support Toronto Licensing Tribunal, resulting in over 500 applications filed each year; and
- Continue to provide counter service in French, English, as well as over 40 other languages providing interpretation services during a hearing.

## PART III: RECOMMENDED BASE BUDGET

### 2012 Recommended Base Budget (In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change 2012 Recommended Base v. 2011 Appvd. Budget		FY Incremental Outlook	
			\$	%	2013	2014
<b>GROSS EXP.</b>	54,340.0	52,262.2	(2,077.8)	(3.8)	688.1	435.2
<b>REVENUE</b>	66,476.6	66,229.0	(247.6)	(0.4)	426.1	315.9
<b>NET EXP.</b>	(12,136.6)	(13,966.9)	(1,830.3)	15.1	261.9	119.3
<b>Approved Positions</b>	290.0	284.0	(6.0)	(2.1)	-	-

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 Rec'd Reduction vs. 2012 10% Reduction Target	Target %
<b>2012 Reductions *</b>	(1,220.9)	(1,660.9)	<b>440.0</b>	<b>13.6%</b>

\* Reduction target based on net revenue budget

### 2012 Recommended Base Budget

- The 2012 Base Budget of \$52.262 million gross and \$(13.967 million) net represents a \$1.830 million or 15.1% decrease from the 2011 Operating Budget of \$(12.137 million) net.
- The 2012 Base Budget of \$(13.967 million) net includes Program budget reductions of \$1.661 million net, which is \$0.440 million or 13.6% in Program reductions greater than Court Services' 2012 reduction target of \$1.221 million net or 10.0% of the 2011 Approved Operating Budget.
- Recommended service changes of \$1.661 million include base budget savings of \$1.255 million net and savings from efficiencies of \$0.406 million.

- The 2012 Recommended Operating Budget for Court Services reflects the deletion of 6 permanent positions arising from the approval of 2012 Recommended Service Changes. The total staff complement will decrease from 290 to 284 positions as noted below:

**2012 Recommended Staff Complement – Base Budget Summary**

Changes	Staff Complement
<b>2011 Approved Positions</b>	290.0
- 2011 In-year Adjustments	
2011 Approved Staff Complement	<b>290.0</b>
<b>2012 Recommended Staff Complement Changes</b>	
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	(6.0)
<b>Total Recommended Positions</b>	<b>284.0</b>

## 2012 Recommended Service Change Summary

(In \$000s)

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
<b>Base Changes:</b>								
<b>Base Expenditure Changes</b>								
Reduction to Reflect Actual Experience		(1,255.1)	(1,255.1)	(10.3%)				
<b>Base Expenditure Changes</b>		(1,255.1)	(1,255.1)	(10.3%)				
<b>Base Revenue Changes</b>								
<b>Base Revenue Changes</b>								
<b>Sub-Total Base Budget Changes</b>		(1,255.1)	(1,255.1)	(10.3%)				
<b>Service Efficiencies</b>								
Realignment of back-office positions	(6.0)	(405.8)	(405.8)	(3.3%)				
<b>Sub-Total Service Efficiencies</b>	(6.0)	(405.8)	(405.8)	(3.3%)				
<b>Revenue Adjustments:</b>								
<b>Sub-Total Revenue Adjustments</b>								
<b>Minor Service Impact:</b>								
<b>Sub-Total Minor Service Impacts</b>								
<b>Major Service Impact:</b>								
<b>Sub-Total Major Service Impacts</b>								
<b>Total Service Changes</b>	<b>(6.0)</b>	<b>(1,660.9)</b>	<b>(1,660.9)</b>	<b>(13.6%)</b>				

## 2012 Recommended Service Changes

- The 2012 recommended service changes consist of base budget changes and service efficiencies that total \$1.661 million net. These changes will not impact 2011 approved service levels provided by Court Services.

**Base Expenditure Changes** (*savings of \$1.255 million gross and net*)*Reduction to Reflect Actual Experience*

- A detailed review of Court Services' actual expenditures will result in base budget savings of \$1.255 million for the following items:
  - Payments to the Province have been reduced, including courtroom-related costs such as Justice of the Peace and Provincial prosecutor costs and enforcement and



monitoring costs billed by the Province, to reflect historical under expenditures, resulting in a reduction of \$1.100 million;

- The Services & Rents budget has been reduced by \$0.094 million for lower transcript charges, construction costs, and collection agency software cost reductions to reflect historical under expenditures; and
- The Materials & Supplies and Equipment budget has been reduced in office materials and supplies, and general office equipment as a result of historical under expenditures, resulting in \$0.061 million of savings.

### **Service Efficiencies** (*savings of \$0.406 million gross and net*)

#### *Realignment of Back-Office Positions*

- Court Services reviewed its back office function and identified 6 support assistant positions that can be deleted effective January 1, 2012 without impacting service levels. The reduction in complement will result in \$0.406 million in savings in 2012.

### **2013 and 2014 Outlook:**

- Approval of the 2012 Base Budget for Court Services will result in incremental costs of \$0.262 million in 2013 and \$0.119 million in 2014 to maintain the 2012 level of service. Future year costs are primarily attributable to the following:
  - The 2013 Outlook includes increases in expenditures primarily for step and progression pay totaling \$0.688 million, which are partially offset by increased net incremental fine revenues of \$0.197 million, based on anticipated improved fine collection and an increased upload of \$0.316 million to the Province for court security costs; and
  - For 2014, the net expenditure increases are projected to be \$0.435 million. The 2014 Outlook includes increases for step and progression pay totaling \$0.435 million, which are partially offset by an increased upload of \$0.316 million to the Province for court security costs.
- Although Court Services is anticipating reductions in expenditures of \$0.070 million and \$0.280 million in 2013 and 2014 onwards, and increases in revenues of \$0.300 million and \$1.200 million in 2013 and 2014 onwards, all due to the implementation of E-Ticketing, all net incremental savings will be used to recover debt servicing costs for the \$1.719 million Toronto Police Services (TPS) E-Ticketing capital project. Once repaid, Court Services' Operating Budget will reflect these savings permanently.
- There are no COLA increases in 2013 and 2014 since the Collective Agreement expires December 31, 2011.

## Part V: ISSUES FOR DISCUSSION

### 2012 and Future Year Issues

#### 2012 Issues

##### *Off-Duty Police Officer Trial Scheduling and Early Resolution*

- The Provincial Offences Act currently requires the scheduling of police officers in court as the chief witness. Besides staff salaries, one of the largest expenditures for Court Services is the cost of having police officers attend trials. With the number of trials increasing, more time is required to be spent in court by the police, as their absence at trial results in the charge being dismissed. To ensure police officers are present for a trial, City Council approved an initiative in 2006 to pay off-duty police officers overtime wages (time and a half) for their court attendance. This practice was established to address the problem that officers had difficulties appearing in court during on-duty hours due to more pressing priorities.
- The cost of having officers appearing in court on overtime wages has been steadily increasing. In 2008, actual police overtime costs were \$6.1 million, increasing in 2009 to \$6.9 million, increasing in 2010 to \$7.0 million, and projected to remain at \$7.0 million for 2011, compared to the 2011 budgeted amount of \$5.6 million. The over expenditures are a result of both police salary increases and a higher number of appearances due to a greater number of charges being scheduled for trials. Overtime costs are recommended to be budgeted for \$5.6 million in 2012, as consistent with the budgeted amount for 2011. The reduction for 2011 actual expenditures of \$7.0 million to \$5.6 million in the 2012 Recommended Budget will be made possible with the early resolution initiative, whereby defendants will meet with prosecutors prior to trials in an effort to settle charges. These actions are expected to reduce the number of court appearances for police officers.
- In a further effort to reduce overtime, Court Services will continue to optimize officers' time in court by adding additional charges to his or her trial appearance. In addition, as a result of legislative changes planned to be implemented in March 2012, it is expected that individuals who have been charged with an offence will be able to use a simpler process and arrange pre-trial meetings with prosecutors, thus reducing the number of trials and officers' appearances. The implementation of Bill 212 will assist in reducing overtime, as police officers will not be required to attend court trials in all circumstances. Court Services continues to work with the Toronto Police Services to identify any additional opportunities to reduce overtime. Bill 212 has the potential of reducing trials and associated costs, including time spent by individuals, court personnel, judiciary and having officers attend at trial.

*BILL 212*

- On October 27, 2009, the Attorney General tabled in the Legislature Bill 212, the Good Government Act, 2009. On December 15, 2009, The Good Government Act, 2009 received Royal Assent.
- This legislation includes some amendments to the Provincial Offences Act, including the Early Resolution initiative, which will become effective as of March 2012. These changes will have the potential to simplify many court processes, improve service to the public and administration of justice, enhance fine enforcement, and ensure more efficient use of court resources.
- One of the key amendments includes a provision that certain offences can proceed to court without the officer having to attend trial as a witness. This amendment will significantly lower the cost of officer attendance and reduce the number of trial requests in the future.
- Other changes include pre-trial administrative processes that can be conducted using electronic methods, fine increases, expansion of offences eligible for ticketing, and the collection of some fines through municipal taxes.
- The Director of Court Services will continue to work with the Province on implementing new legislation changes that will reduce the requirement of police officers having to attend trials.

*Red Light Camera and Fine Revenues*

- The 3<sup>rd</sup> quarter operating variance report for Court Services projects a revenue shortfall of \$1.286 million by the end of 2011 due to lower volumes of Red Light Camera tickets issued and tickets withdrawn in Court. The following table summarizes the 2011 Experience:

2011 Experience (amounts in \$000's)		
2011 Approved Revenue Budget	2011 Projected Revenues	Revenue Surplus / (Shortfall) in 2011
66,477	65,191	(1,286)

- The expansion of the Red Light Camera program has resulted in increased enforcement to levels previously estimated by Toronto Transportation. However, the increase in fine level to \$325 effective January 1, 2010 resulted in an increase in the number of charges proceeding to court where individuals seek relief from the fine either by pleading guilty and requesting the fine be reduced or contesting the charge at trial. In accordance with the Auditor General's recommendations in his report dated October 20, 2011, Court

Services is reviewing activities related to trial rates and will report in 2012 on possible changes to improve service delivery.

- The 2012 Recommended Operating Budget for Court Services includes a decrease in revenues of \$0.248 million compared to the 2011 Approved Operating Budget Revenues, as seen in the table below.

2012 Recommended Budget (amounts in \$000's)		
2011 Approved Revenue Budget	2012 Recommended Revenue Budget	Increase/(Decrease) Compared to 2011 Approved Revenue Budget
66,477	66,229	(248)

- Court Services is implementing the following initiatives to achieve the \$1.007 million revenue increase between the 2011 projected and 2012 Budgeted revenues:
  - Improved External Collections – Since November 1st, 2010, a total of six external collection agencies have been retained to collect outstanding fines, representing a total increase of three agencies. In addition, an enhanced defaulted fines assignment strategy will be introduced in 2012 in order to influence the volumes and frequency of accounts assigned to Collection Agencies. These actions are expected to result in increased revenues.
  - Improved Internal Collections – Collection methods involving City Legal and Court Services continue to yield positive results. Eligible unpaid fines can be added to the property tax accounts as of June 15, 2010, while staff are able to pursue the recovery of accounts as soon as the accounts default. As of October 2011, the tax roll measure has resulted in a collection of over \$2.05 million of outstanding fines (\$1.1 million in 2010 and \$0.950 million in 2011). Additionally, \$2.8 million has been recovered as of October 2011 from newly defaulted accounts by the division's collection officers.

## Future Year Issues

### *E-Ticketing*

- During the 2010 Budget process it was recommended that the Toronto Police Service and Court Services in consultation with the Deputy City Manager and Chief Financial Officer further review the capital and operating costs and the potential savings of an E-Ticketing Solution for Provincial Offence Notices prior to the 2011 Capital Budget process. The Toronto Police Service's 2012–2021 Recommended Capital Plan includes the E-Ticketing system project which will have projected significant savings in Court

Services through the elimination of data entry costs and increases for POA revenues otherwise lost due to illegible tickets resulting in cases thrown out of Court.

- The approval by the Toronto Police Services Board in October 2011 (following the review by the Auditor General of the TPS Records Management System project), provides a foundation to implement the E-Ticketing system. Since the E-Ticketing system is a component of the TPS Records Management System, the Records Management System must be operational prior to implementation of E-Ticketing. The capital costs of E-Ticketing are included in TPS' 2012 Recommended Capital Budget, as shown in the table below.

Total Project Impact	2012	2013	2014	2015	2016	2017	2018	Total
Total Capital Costs	1,719,486	-	-	-	-	-	-	1,719,486
Total Operating Costs	-	140,500	562,200	562,200	562,200	562,200	562,200	2,951,500
Total Operating Savings, TPS	-	(67,800)	(271,300)	(271,300)	(271,300)	(271,300)	(271,300)	(1,424,300)
Total Operating Savings, Courts	-	(370,000)	(1,480,000)	(1,480,000)	(1,480,000)	(1,480,000)	(1,480,000)	(7,770,000)
<b>Total cost / (savings)</b>	<b>1,719,486</b>	<b>(297,300)</b>	<b>(1,189,100)</b>	<b>(1,189,100)</b>	<b>(1,189,100)</b>	<b>(1,189,100)</b>	<b>(1,189,100)</b>	<b>(4,523,314)</b>
<b>Cumulative cost / (savings)</b>	<b>1,719,486</b>	<b>1,422,186</b>	<b>233,086</b>	<b>(956,014)</b>	<b>(2,145,114)</b>	<b>(3,334,214)</b>	<b>(4,523,314)</b>	

- Court Services and TPS operating savings will be used to recover the capital costs of the project until the debt servicing is fully recovered. At that time, TPS and Court Services will reduce their budgets to reflect ongoing savings and revenues of \$0.271 million for TPS and \$1.480 million for Court Services.
- As seen in the table above, capital costs for E-Ticketing are \$1.719 million, with ongoing annual operating costs of \$0.562 million to begin from 2014 onwards which are required for equipment lifecycle costs, equipment maintenance costs, and IT support. TPS operating savings will result from the deletion of 4 reproduction positions and associated overtime pay. The photocopying services will not be required with the implementation of the project due to the electronic nature of the tickets.
- Court Services operations contribute to the project and are summarized in the following table:

Court Services	2012	2013	2014	2015	2016	2017	2018	Total
<b>Operating Budget Savings</b>								
Data Entry Savings	-	(70,000)	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(1,470,000)
<b>Revenue Increase</b>								
Trial Disclosure	-	(150,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(3,150,000)
Improved Ticket Quality	-	(150,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(3,150,000)
<b>Sub-Total Revenue Increase</b>	-	(300,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(6,300,000)
<b>Total Operating Savings &amp; Revenue Increase</b>	-	<b>(370,000)</b>	<b>(1,480,000)</b>	<b>(1,480,000)</b>	<b>(1,480,000)</b>	<b>(1,480,000)</b>	<b>(1,480,000)</b>	<b>(7,770,000)</b>

- Court Services operating savings include \$0.210 million from reduced contracted data entry services and \$0.070 million from reduced internal court staff, resulting in \$0.280 million in savings.

- Increases in revenue of \$1.200 million are projected annually from 2014 onwards for Court Services which will result from improved trial disclosure and ticket quality. There are currently approximately 225,000 tickets where charges are withdrawn, which results in an average revenue loss of \$53 per ticket. A 5% reduction in revenue loss is assumed with the implementation of E-Ticketing, which translates to 11,250 tickets for a total of \$0.600 million. Also, a ticket spoilage rate of about 1%, or 6,000 tickets per year, due to illegible or inaccurate information recording that currently occurs will be avoided with the implementation of E-Ticketing. Approximately 6,000 tickets with a fine value of \$100 per ticket will result in \$0.600 million of additional fine revenue. This can be seen on the table on the following page.

*Increase in POA Transaction Fee*

- Currently, Court Services has POA Transaction Fee of \$3.00, which is levied for users that wish to pay for traffic fines online. The current fee does not recover the full cost of the service, inclusive of direct and indirect operating costs. It also does not include inflationary increases for salaries and bank transaction costs. Given the significant increase in the fee to full cost (25%) and the undetermined impact on fee revenue, further review will be undertaken in 2012 and revised if necessary as part of the 2013 Budget Process.

## Appendix 1

### 2011 Performance

#### 2011 Key Accomplishments:

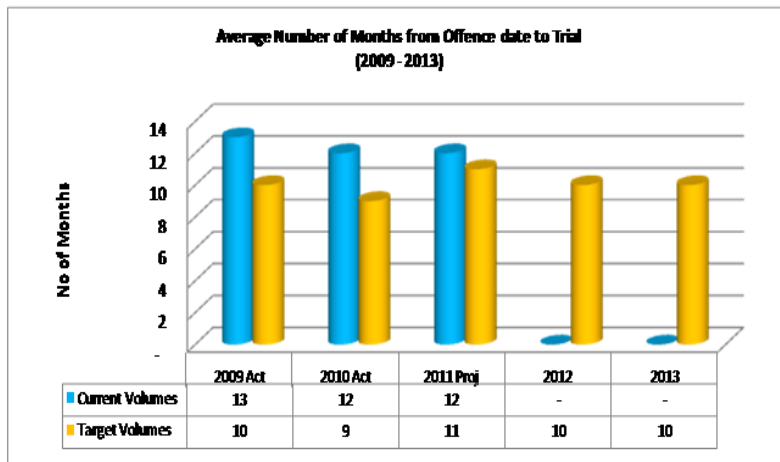
In 2011, Court Services' accomplishments included the following:

- Following extensive discussion with Ministry of Attorney General staff and various stakeholders, the Province passed the Good Government Act on December 15, 2009. This Act includes several amendments to the Provincial Offences Act that should assist in streamlining court operations providing better access to the public through the introduction of electronic processes to conduct a variety of transactions. During 2011, staff are working closely with other municipal and provincial staff to design processes that will meet several objectives including simplifying public access to courts, reducing program related costs and maximizing resource use.
- Defaulted fines are being added to property tax bills for individuals in default of offences as part of the Good Government Act amendment and as of October 2011 \$2.05 million for additional revenue has been recorded.
- Served about 70,000 individuals at Court Services' public counters and in trial courts each month, Court Services' public enquiry line answered over 8,500 phone calls and 1500 email enquiries per month. Court Services is working with 311 to develop a plan to migrate their tier one (basic enquiry) calls to the 311 program to provide the public with 24/7 access to general program information.

## 2011 Performance

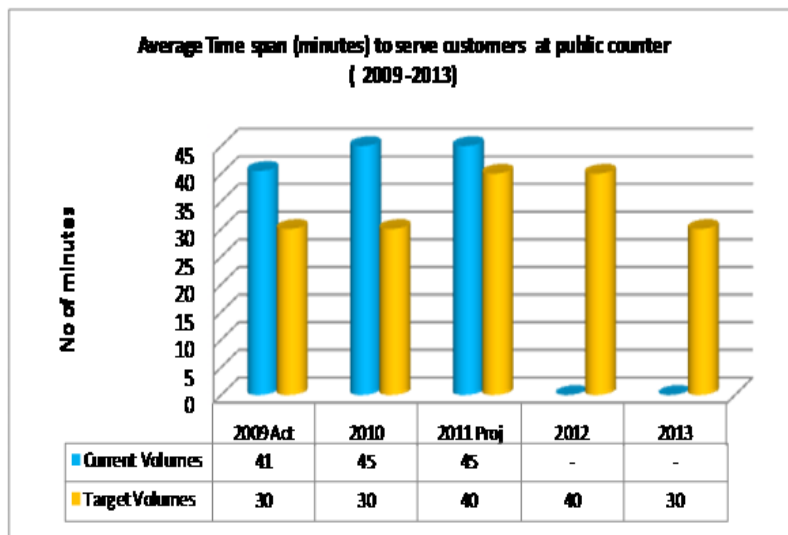
Service:

### Effectiveness



- At present time, the average number of months it takes to schedule a trial date is 12 months, which is a decrease of 1 month from 2009. Court Services has a target of 10 months in 2012.

### Efficiency



- The average number of minutes it takes to serve a customer at a counter has increased from 41 minutes in 2009 to 45 minutes in 2010 and 2011. This increase is as a result of a higher number of charges filed and trials requested. Court Services is working to reduce the wait time to 40 minutes in 2012 and 30 minutes in 2013.



## 2011 Budget Variance Analysis

**2011 Budget Variance Review**  
(In\$000s)

	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	(In \$000s)	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	44,529.9	48,248.0	54,340.0	52,082.3	(2,257.7)	(4.2)
<b>REVENUES</b>	54,189.8	65,932.0	66,476.6	65,191.1	(1,285.5)	(1.9)
<b>NET EXP.</b>	(9,659.9)	(17,684.0)	(12,136.6)	(13,108.8)	(972.2)	8.0
<b>Approved Positions</b>	293.0	293.0	290.0	290.0	-	-

\* Based on the Third Quarter Operating Budget Variance Report.

## 2011 Experience

- Court Services' projected year-end net favourable variance is anticipated to be \$0.972 million or 8.0% above the 2011 Approved Operating Budget of (\$12.137 million) net revenue.
- The favourable year-end variance is the result of lower than budgeted payments to the Province for courtroom related costs and savings in salary and benefits from delays experienced with filling vacant positions. This is partially offset due to lower volumes of Red Light Camera tickets issues and tickets withdrawn in court.

## Impact of 2011 Operating Variance on the 2012 Recommended Budget

- The 2012 Recommended Operating Budget for Court Services has been adjusted to reflect reduced payments to the Province of \$1.100 million which are expected to continue in 2012.

## Appendix 2

### 2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

#### Program Summary by Expenditure Category (In \$000s)

Category of Expense	2009 Actual	2010 Actual	2011 Budget	2011 Projected Actual	2012 Recommended Budget	2012 Change from 2011 Approved Budget		2013 Outlook	2014 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	15,262.8	18,021.8	21,417.8	20,225.9	21,058.7	(359.2)	(1.7%)	21,582.0	22,017.1
Materials and Supplies	200.4	159.9	253.3	205.3	206.3	(47.0)	(18.6%)	253.3	253.3
Equipment	277.2	145.2	152.0	153.2	91.7	(60.3)	(39.7%)	152.0	152.0
Services & Rents	9,135.9	9,383.3	11,876.3	10,678.4	10,115.9	(1,760.3)	(14.8%)	10,129.4	10,129.4
Contributions to Capital									
Contributions to Reserve/Res Funds	66.0	67.1	69.7	69.7	69.7	-	0.0%	67.1	67.1
Other Expenditures	1,522.7	1,627.7	2,255.5	2,282.5	1,989.5	(266.0)	(11.8%)	1,988.1	1,988.1
Interdivisional Charges	18,064.9	18,843.0	18,315.3	19,693.6	18,730.4	415.0	2.3%	18,778.4	18,778.4
<b>TOTAL GROSS EXPENDITURES</b>	<b>44,529.9</b>	<b>48,248.0</b>	<b>54,339.9</b>	<b>53,308.5</b>	<b>52,262.2</b>	<b>(2,077.8)</b>	<b>(3.8%)</b>	<b>52,950.2</b>	<b>53,385.4</b>
Interdivisional Recoveries	2,263.1	4,687.9	5,096.2	5,096.2	5,149.1	52.9	1.0%	5,165.4	5,165.4
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	365.7	407.3	432.0	432.0	432.0		0.0%	432.0	432.0
Transfers from Capital Fund									
Contribution from Reserve Funds			1,307.0	1,307.0	338.8	(968.2)	(74.1%)		
Contribution from Reserve									
Sundry Revenues	51,561.0	60,836.7	59,641.4	59,560.0	60,309.2	667.8	1.1%	61,057.8	61,373.7
<b>TOTAL REVENUE</b>	<b>54,189.8</b>	<b>65,932.0</b>	<b>66,476.6</b>	<b>66,395.2</b>	<b>66,229.0</b>	<b>(247.5)</b>	<b>(0.4%)</b>	<b>66,655.2</b>	<b>66,971.1</b>
<b>TOTAL NET EXPENDITURES</b>	<b>(9,659.9)</b>	<b>(17,684.0)</b>	<b>(12,136.6)</b>	<b>(13,086.6)</b>	<b>(13,966.9)</b>	<b>(1,830.3)</b>	<b>15.1%</b>	<b>(13,705.0)</b>	<b>(13,585.7)</b>
<b>APPROVED POSITIONS</b>	<b>293.0</b>	<b>293.0</b>	<b>290.0</b>	<b>290.0</b>	<b>284.0</b>	<b>(6.0)</b>	<b>(2.1%)</b>	<b>284.0</b>	<b>284.0</b>

### 2012 Key Cost Drivers

- Recommended adjustments to expenditures and revenues by category in 2012 result in a new revenue increase of \$1.799 million and reflect recommended service changes. The following highlights the main variances between the 2012 Recommended Operating Budget and the 2011 Approved Operating Budget:
  - Salaries and Benefits decrease of \$0.359 million is due to increased gapping of \$0.071 million, a reduction of \$0.649 million to reflect correct budgeting for the division's positions, and realignment of back-office positions saving

\$0.406 million, which is partially offset by increases in COLA, and progression and step pay;

- Services and Rents decrease of \$1.760 million is primarily due to a reduction of \$1.100 million in payments for the Province due to a review of Court Services' historical under expenditures. This includes lower than expected recoveries by the Province for services offset by increased rent and payments to third parties for services including interpretation at court, transcript production and data entry. The state of good repair budget has been reduced by \$0.486 million due to revised estimates. This reduction is matched by a corresponding decrease in Contribution from Reserve Funds;
  - Other Expenditures decrease of \$0.266 million is due to a reduction of \$0.290 million in payments to external fine collections agencies due to Court Services' new fine collection strategy. This reduction is slightly offset by an increase of \$0.024 million due to increased bank charges for 2012; and
  - Contribution from Reserve Funds decrease of \$0.968 million is due to a reduction of \$0.486 million to fund state of good repair projects, and reduction of \$0.482 million in contributions from the Appeals Reserve Fund XQ1500.
- The key cost drivers are offset by increases in:
    - Sundry Revenues increase of \$0.668 million resulting additional collection initiatives; and
    - Interdepartmental Recoveries increase of \$0.053 million resulting from additional courtroom cost recoveries for courtrooms allocated to Parking Tag trials.

## **Appendix 3**

### **Summary of 2012 Recommended Service Changes**

## Appendix 5

### Inflows/Outflows to/from Reserves & Reserve Funds

#### Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2011	2012	2013	2014
			\$		\$	\$
POA Stabilization Reserve	XQ0704	Projected Beginning Balance	6,646.0	5,917.0	5,041.0	5,041.0
		Proposed				
		Adjustment from CTS003 project back to Reserve	22.0			
		Withdrawals - Operating (-)	(751.0)	(265.0)		
		Withdrawals - Capital (-)		(611.0)		(211.0)
		Withdrawals - Transfer to F&RE for St. Lawrence Market North move (-)				(400.0)
		Withdrawals - St Lawrence Market (-)				(4,000.0)
		Contributions (+)				
<b>Balance at Year-End</b>			<b>5,917.0</b>	<b>5,041.0</b>	<b>5,041.0</b>	<b>430.0</b>

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2011	2012	2013	2014
			\$		\$	\$
Appeals Reserve Fund	XQ1500	Projected Beginning Balance	629.8	73.8		
		Proposed				
		Withdrawals - Operating (-)	(556.0)	(73.8)		
		Contributions (+)				
<b>Balance at Year-End</b>			<b>73.8</b>	<b>-</b>		

#### Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2011 *	Proposed Withdrawals (-) / Contributions (+)		
			2012	2013	2014
			\$	\$	\$
Insurance Reserve Fund	XR1010	45,261.5	69.7	67.1	67.1
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>69.7</b>	<b>67.1</b>	<b>67.1</b>

\* Based on 3rd Quarter Variance Report