



STAFF REPORT ACTION REQUIRED

Operating Variance Report for the Year Ended December 31, 2010

Date:	June 1, 2011
To:	Budget Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2011\Internal Services\Fp\Bc11011Fp (AFS#13443)

SUMMARY

The purpose of this report is to provide Council with the City of Toronto Operating Variance for the year ended December 31, 2010 and to seek approval to allocate the 2010 year-end operating surplus. In addition, Council's approval is sought for amendments to the 2010 Operating Budget between Programs to ensure accurate reporting and financial accountability with no increase to the 2010 Approved Net Operating Budget.

The year-end operating surplus is \$367.466 million for Tax Supported Operations and \$63.990 million for Rate Supported Programs of the 2010 Council Approved Net Operating Budget. At its meeting of February 23 and 24, 2011, City Council approved the use of the 2010 preliminary operating surplus of \$268.0 million as well as \$7 million from the sale of air rights and dividends from Toronto Parking Authority to fund the 2011 Operating Budget. After adjusting to reflect these decisions of Council, the remaining 2010 year-end operating surplus is \$92.466 million.

It should be noted that the audit of the 2010 financial statements is not complete. As a result, there is a possibility that changes to the final surplus amount could occur.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. City Council approve the allocation of the remaining 2010 Year-end Operating Surplus of \$92.466 million as follows:
 - i. \$2.739 million to the Building Code Act Services Improvement Reserve Fund in compliance with section 7 of the Building Code Act;
 - ii. \$1.298 million to the Exhibition Place Conference Centre Reserve Fund to guarantee repayment of a loan for a new conference centre; and
 - iii. the remaining unapplied balance of \$88.430 million to the Tax Rate Stabilization Reserve.
2. City Council approve the allocation of Solid Waste Management Services 2010 net operating surplus of \$18.265 million as follows:
 - i. \$11.472 million to the Waste Management Reserve Fund to fund future SWMS general capital program and operation stabilization;
 - ii. \$5.0 million to the Perpetual Care Reserve Fund to fund future perpetual care costs for closed landfills; and
 - iii. \$1.793 million to the Green Lane Reserve Fund to fund Green Lane capital commitments.
3. City Council approve the allocation of Toronto Water's 2010 year-end operating surplus of \$21.923 million to the Water Capital Reserve Fund.
4. City Council approve the budget adjustments including the approved position transfers mainly IT staff from Programs to Corporate detailed in Appendix D to amend the 2010 Approved Operating Budget between Programs with no net impact on the 2010 Council Approved Net Operating Budget.

FINANCIAL IMPACT

Net expenditures for the year ended December 31, 2010 were lower than budget by \$367.466 million or 10.4% under the 2010 Approved Net Operating Budget. Below table outlines the year-end operating surplus projected at the third quarter versus the actual results at year-end. This variance report was prepared based on audited accounting information for the year ended December 31, 2010.

\$ Million	Projected Year-End as at Q3	Final Year-End	Difference
Favourable Variances:			
Municipal Land Transfer Tax	90	104	14
Toronto Transit Commission	59	59	0
Investment Earnings	30	49	19
Hiring Slow-down	39	43	4
Supplementary Tax	40	40	-0
Ontario Works Caseload	21	27	6
Toronto Parking Authority's Sale of Air Rights and Dividend	0	20	20
Debt Charges	26	10	-16
Winter Maintenance Costs	18	13	-5
Police	0	16	16
Toronto Hydro Note	0	15	15
Payment In Lieu of Taxes (PILs)	0	15	15
Court Services	-5	7	12
Solid Waste Rebate Program	11	9	-2
Heritage Rebate Program	0	5	5
	329	432	103
Unfavourable Variances:			
Shelter, Housing, Support Administration	0	-16	-16
Vacancy Rebate Program	-10	-10	-0
Tax Deficiencies	-8	-10	-2
Personal Vehicle Tax Refund	-14	-7	7
Street and Expressway Lighting Services	-6	-6	-0
Emergency Medical Services	-4	-5	-1
Other	-19	-11	8
	-61	-65	-4
Net Favourable Variance:	268	367	99

Table 1 below also summarizes the recommended allocation of the 2010 year-end operating surplus as follows:

Table 1 2010 Year-End Net Operating Surplus (\$ Millions)	
Operating Surplus - Tax Supported Programs	367.466
Surplus Carry Forward to 2011 Operating Budget	(268.000)
2011 Non-Program Revenue Budget (approved by Council EX3.4 at its meeting Feb 23 & 24, 2011)	(7.000)
	92.466
Recommended Allocation:	
Building Code Act Services Improvement Reserve Fund	(2.739)
Exhibition Place Conference Centre Reserve Fund	(1.298)
Unapplied - Tax Rate Stabilization Reserve	88.430

Altogether, Rate Supported Programs were under-spent by \$63.990 million comprised of \$18.265 million from Solid Waste Management Services; \$21.823 million from Toronto Water; and \$23.801 million from Toronto Parking Authority (TPA).

The attached Appendices A, B, and C summarize net expenditures, gross expenditures, and revenues, respectively and Appendix E provides explanations of significant variance by City Program and Agency.

ISSUE BACKGROUND

This report is provided pursuant to financial management practices and budgetary control. As part of the City of Toronto's accountability framework, quarterly and year-end operating variance reports are submitted to Committees and Council, to provide information on how the approved operating funds are being spent, and on an exceptions basis, to identify issues that require direction and/or decisions from Council.

Council approval is required to allocate the 2010 Year-End Operating surplus and to amend the 2010 Council Approved Operating Budget between Programs to ensure accurate reporting and financial accountability in accordance with the Financial Control By-law and financial management principles.

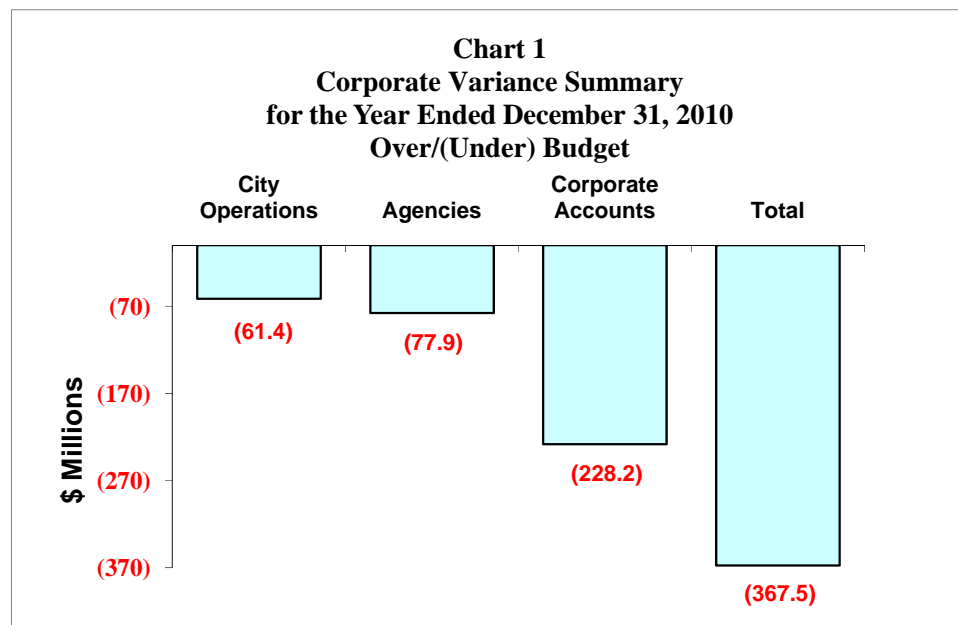
COMMENTS

In 2010, the City Manager continued his cost containment and hiring slowdown initiative in order to generate savings to be used as a funding source in the 2011 Operating Budget. City Programs complied with this initiative and realized savings totalling \$43 million, without negatively impacting services or service levels. As shown in Appendix A, majority of City Programs reported favourable variances, which was indicative of staff commitment to effectively manage the City's resources. Other significant accomplishments include the following:

- The Municipal Land Transfer Tax (MLTT) was the most significant variance reported. The incremental revenue of \$103.718 million was generated by a significant sales spike in May and June of 2010 as home buyers rushed to beat the HST on certain new home purchases. An expected fall off in sales after July did not occur and in fact sales spiked again unexpectedly in December 2010.
- Cautious investment and financing strategies implemented by City staff which resulted in substantial debt servicing cost savings of \$10.287 million and higher than forecasted interest and investment earnings of \$48.654 million.
- Diligent work with Municipal Property Assessment Corporation (MPAC) to aggressively reduce the backlog in property assessments resulted in approximately \$40 million higher than anticipated Supplementary Taxes at year-end.

- Toronto Transit Commission (TTC) ridership increased significantly despite the economic challenges of 2010, generating a surplus of \$59.152 million.
- The Ontario Works average monthly caseload was 94,635 in 2010, 10,365 cases lower than the budgeted caseload of 105,000 cases, reflecting Toronto Employment and Social Services' case management and individual employment services which helped secure jobs for 27,500 clients under severe economic conditions and high unemployment, resulting in savings of \$26.525 million.

Chart 1 below shows that City Programs and Agencies were under budget in 2010. A summary of the principal reasons for the surplus follows:



Corporate Accounts realized a favourable net expenditure variance of \$228.174 million for the year ended December 31, 2010. This was attributed to the following:

Non Program Revenues favourable performance was primarily due to the following:

- \$103.718 million revenue in Municipal Land Transfer Tax (MLTT)
- \$48.654 million additional Interest & Investment Earnings
- \$39.936 million in Supplementary Taxes
- \$20.387 million arising from the sale of air rights and the transfer of a special one-time dividend from the Toronto Parking Authority
- \$15.360 million capital gain arising from the sale of Toronto Hydro note
- \$14.854 million from higher Payment In Lieu of Taxes (PILs)
- \$5.737 million additional revenue from Parking Tags Operation
- These increased revenues, as noted above, were partially offset by underachieved Personal Vehicle Tax (PVT) revenue of \$6.974 million

Non Program Expenditure unfavourable variance was comprised of the following:

- \$10.327 million from the Vacancy Rebate Program
- \$10.038 million in Tax Deficiencies Assessment Appeals
- \$6.006 million in electricity, bus shelter lighting and contact voltage mitigation costs required by Ontario Energy Board for street lighting services
- \$10.896 million in Other Non-Program Expenditures including the provision for the purposes of compliance of the Employment Standards Act (ESA) related to the approved 2009 non-union compensation policy

These over expenditures, as noted above, were offset by savings of \$10.287 million in Capital & Corporate Financing due to delay debt issuance; \$9.262 million from the Solid Waste Management Rebate Program; and \$4.550 from the Heritage Property Tax Rebate Program

City Agencies collectively contributed \$77.924 million to the 2010 year-end operating surplus mainly because of the following:

- over-achieved TTC ridership revenues resulting in a favourable variance of \$59.152 million
- \$16.177 million from Toronto Police Services attributed to a higher recovery of \$4.9 million service costs from the Federal Government for the G8/G20 Summits; and the post year-end analysis of the Toronto anti-Violence Intervention Strategy (TAVIS) and Police Officer Recruitment Fund (PORF) balances against the new PSAB guidelines concluded that the balances no longer meet the deferred revenue definition, therefore deferred revenue of \$11.3 million is taken into income for 2010
- \$1.298 million from Exhibition Place due to energy savings from management energy initiatives and energy retrofit projects

City Operations realized a \$61.369 million or 3.3% favourable variance in 2010. Under-expenditures in the majority of City Programs were driven by the implementation of the 2010 hiring slow-down initiative, which resulted in \$43.0 million net savings. Other contributors to the favourable variance included the following:

- Under-expenditures of \$26.525 million in Toronto Employment and Social Services as a result of lower than budgeted Ontario Works caseload and a higher proportion of singles compared to families in the caseload mix
- Savings of \$18.764 million from Transportation Services largely due to mild winter conditions in 2010

The savings, as noted above, were partially offset by the following:

- \$15.675 million by Shelter, Support and Housing Administration because the Program did not draw funds from the Social Housing Reserve as budgeted
- \$5.243 million by Emergency Medical Services primarily due to lower than budgeted provincial funding for the Central Ambulance Communication Care (CACC) program and unachieved gapping

- \$3.828 million by City Council due to higher than budgeted severance payments as a result of the 2010 Municipal Election
- \$1.736 million by Municipal Licensing Standards due to underachieved business and animal licensing revenues

Allocation of Surplus

At its meeting of February 23 and 24, 2011, City Council approved the use of the 2010 preliminary operating surplus of \$268.0 million as well as \$7 million from the sale of air rights and dividends from Toronto Parking Authority to fund the 2011 Operating Budget. After adjusting to reflect these decisions of Council, the remaining 2010 year-end operating surplus is \$92.466 million. The Deputy City Manager and Chief Financial Officer recommends the year-end operating surplus be allocated as follows:

1. Building Code Act Services Improvement Reserve Fund - In accordance with Section 7 of the Building Code Act, the 2010 net operating surplus of \$2.739 million must be contributed to the Building Code Act Services Improvement Reserve. Section 7 of the Act stipulates that the total amount of authorized fees collected must not exceed the anticipated reasonable costs to administer and enforce this Act; and requires the establishment of an obligatory reserve to manage fluctuations in volumes of permit activity and allow for investments in service delivery improvements to meet new legislative requirements of the Act regarding the collection of permit fees, expenditures and related reporting requirements. Therefore, it is recommended that the Toronto Building's operating surplus of \$2.739 million be contributed to the Building Code Act Services Improvement Reserve.

2. Exhibition Place Conference Centre Reserve Fund

The 2010 net operating surplus of \$1.298 million by Exhibition Place be allocated to the Exhibition Place Conference Centre Reserve Fund to help guarantee repayment of a loan for the new conference centre in accordance with the approved policy. At its meeting of December 11 – 13, 2007, City Council approved the following recommendations contained in the report entitled "Financial Assessment of Increased Loan for the Proposed Conference Centre at Exhibition Place": the 2007 – 2009 and any subsequent Operating Surplus for Exhibition Place be placed into the Exhibition Place Conference Centre Reserve Fund to provide a source of funding for any shortfalls in loan payments to the City from Exhibition Place for a new conference centre.

3. Tax Rate Stabilization Reserve - While staff would normally recommend the surplus be applied to the Capital Financing Reserve, it is recommended that the remaining unapplied balance of \$88.430 million be applied to the Tax Rate Stabilization Reserve due to the \$774 million in expenditure pressure forecasted for 2012 in compliance with the new City of Toronto Act 2006 Section 228 (5b).

Approved Positions

The City of Toronto budgets and monitors its staff complement based on Approved Positions. As at December 31, 2010, the City reported 47,870.2 full-time approved positions (45,042.8 permanent and 2,827.4 casual/seasonal) and 4,025.1 part-time approved positions (1,530.7 permanent and 2,494.4 casual/seasonal). This reflects a decrease of 1,333.4 positions or 2.5% lower than the 2010 Council Approved Positions and was primarily attributed to delays and slowdown in filling vacant positions, as well as seasonal fluctuations.

Consulting Costs

The 2010 budget for consulting costs was \$11,521.5 million gross. Actual consulting costs totalled \$7,272.1 million gross, resulting in a favourable variance of \$4,249.4 million gross or 36.9% as at December 31, 2010.

Utility Costs

As at December 31, 2010, tax and rate supported operations reported actual utility costs of \$164.640 million gross compared to the planned expenditures of \$165.063 million gross, resulting in a favourable variance of \$0.423 million gross or 0.3%. The under-expenditure in utility costs is primarily the result of lower than planned consumption, predominantly in Toronto Transit Commission (TTC), Facilities Management & Real Estate followed by Parks, Forestry and Recreation.

CONTACT

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SIGNATURE

Cam Weldon
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

Appendix A – Net Expenditures for Year Ended December 31, 2010
Appendix B – Gross Expenditures for Year Ended December 31, 2010
Appendix C – Revenues for Year Ended December 31, 2010
Appendix D – Budget Adjustments for the Fourth Quarter Ended December 31, 2010
Appendix E – Significant City Programs/Agencies Variance Explanations



CITY OF TORONTO
CONSOLIDATED NET EXPENDITURES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2010
(\$000s)

Appendix A

	December 31, 2010			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
Citizen Centred Services "A"				
Affordable Housing Office	1,334.5	1,334.5	0.0	0.0%
Children's Services	70,787.1	70,787.2	0.0	0.0%
Court Services	(10,325.2)	(17,684.0)	(7,358.8)	71.3%
Economic Development & Culture	26,485.8	26,195.5	(290.3)	-1.1%
Emergency Medical Services	65,660.7	70,903.2	5,242.5	8.0%
Long Term Care Homes and Services	46,783.2	45,454.4	(1,328.8)	-2.8%
Parks, Forestry & Recreation	261,671.2	252,666.2	(9,005.1)	-3.4%
Shelter, Support & Housing Administration	258,699.2	274,374.0	15,674.8	6.1%
Social Development, Finance & Administration	13,293.3	12,833.6	(459.7)	-3.5%
Toronto Employment & Social Services	270,598.1	244,073.5	(26,524.6)	-9.8%
311 Customer Service Strategy	9,272.3	8,672.5	(599.8)	-6.5%
Sub-Total Citizen Centred Services "A"	1,014,260.3	989,610.5	(24,649.8)	-2.4%
Citizen Centred Services "B"				
City Planning	13,223.2	12,029.4	(1,193.8)	-9.0%
Fire Services	359,189.2	358,977.8	(211.4)	-0.1%
Municipal Licensing & Standards	19,229.8	20,965.3	1,735.5	9.0%
Policy, Planning, Finance and Administration	12,031.1	10,663.1	(1,368.0)	-11.4%
Technical Services	10,773.7	10,358.3	(415.5)	-3.9%
Toronto Building	(10,778.0)	(13,517.0)	(2,739.0)	25.4%
Toronto Environment Office	3,373.2	3,337.4	(35.8)	-1.1%
Transportation Services	180,637.7	161,874.3	(18,763.5)	-10.4%
Waterfront Secretariat	957.1	849.7	(107.4)	-11.2%
Sub-Total Citizen Centred Services "B"	588,637.1	565,538.1	(23,099.0)	-3.9%
Internal Services				
Office of the Chief Financial Officer	8,928.5	8,357.1	(571.4)	-6.4%
Office of the Treasurer	30,209.0	25,539.1	(4,669.9)	-15.5%
Facilities Management & Real Estate	54,288.0	51,798.2	(2,489.8)	-4.6%
Fleet Services	1.3	(467.2)	(468.5)	-36630.9%
Information & Technology	63,328.4	60,105.1	(3,223.3)	-5.1%
Sub-Total Internal Services	156,755.2	145,332.3	(11,422.9)	-7.3%
City Manager				
City Manager's Office	37,367.4	37,102.7	(264.7)	-0.7%
Sub-Total City Manager	37,367.4	37,102.7	(264.7)	-0.7%
Other City Programs				
City Clerk's Office	36,657.1	35,999.7	(657.3)	-1.8%
Legal Services	19,994.2	16,863.6	(3,130.7)	-15.7%
Mayor's Office	2,560.8	2,305.8	(255.0)	-10.0%
City Council	19,637.8	22,121.5	2,483.7	12.6%
Sub-Total Other City Programs	78,849.9	77,290.6	(1,559.3)	-2.0%
Accountability Offices				
Auditor General's Office	4,283.2	4,189.4	(93.8)	-2.2%
Integrity Commissioner's Office	204.0	199.2	(4.8)	-2.4%
Lobbyist Registrar's Office	906.5	632.3	(274.2)	-30.3%
Ombudsman's Office	1,354.5	1,354.4	(0.1)	0.0%
Sub-Total Council Appointed Programs	6,748.2	6,375.3	(372.9)	-5.5%
TOTAL - CITY OPERATIONS	1,882,618.0	1,821,249.5	(61,368.6)	-3.3%
Agencies				
Toronto Public Health	44,167.6	43,380.9	(786.8)	-1.8%
Toronto Public Library	167,099.6	166,808.2	(291.4)	-0.2%
Association of Community Centres	7,240.5	7,228.0	(12.5)	-0.2%
Exhibition Place	35.1	(1,262.7)	(1,297.8)	-3698.9%



CITY OF TORONTO
CONSOLIDATED NET EXPENDITURES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2010
(\$000s)

Appendix A

	December 31, 2010			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
Heritage Toronto	365.7	365.7	0.0	0.0%
Theatres	3,488.5	3,708.7	220.2	6.3%
Toronto Zoo	11,388.3	11,360.8	(27.5)	-0.2%
Arena Boards of Management	(6.0)	(14.7)	(8.7)	143.8%
Yonge Dundas Square	543.8	367.6	(176.2)	-32.4%
Toronto & Region Conservation Authority	3,269.4	3,269.4	0.0	0.0%
Toronto Transit Commission - Conventional	429,805.0	369,761.0	(60,044.0)	-14.0%
Toronto Transit Commission - Wheel Trans	82,675.9	83,567.5	891.6	1.1%
Toronto Police Service	888,219.8	872,042.8	(16,177.0)	-1.8%
Toronto Police Services Board	2,347.8	2,133.6	(214.2)	-9.1%
TOTAL - AGENCIES	1,640,640.9	1,562,716.8	(77,924.1)	-4.7%
Corporate Accounts				
Community Partnership and Investment Program	46,714.2	46,574.7	(139.5)	-0.3%
Capital & Corporate Financing	585,037.0	574,749.7	(10,287.2)	-1.8%
Non-Program Expenditures				
- Tax Deficiencies/Write-offs	68,922.0	78,959.9	10,037.9	14.6%
- Assessment Function (MPAC)	35,100.0	35,081.5	(18.5)	-0.1%
- Temporary Borrowing	50.0	0.0	(50.0)	-100.0%
- Funding of Employee Related Liabilities	47,464.2	47,461.4	(2.8)	0.0%
- Contingency	0.0	8.8	8.8	n/a
- Other Corporate Expenditures	25,797.8	36,694.1	10,896.3	42.2%
- Insurance Premiums & Claims	380.0	380.0	0.0	0.0%
- Parking Tag Enforcement & Oper.	54,619.7	53,077.7	(1,542.0)	-2.8%
- Vacancy Rebate Program	23,460.0	33,786.5	10,326.5	44.0%
- Heritage Property Taxes Rebate	3,500.0	(1,050.1)	(4,550.1)	-130.0%
- Solid Waste Management Rebates	182,391.9	173,130.3	(9,261.7)	-5.1%
- Street & Expressway Lighting Services	28,329.2	34,334.9	6,005.7	21.2%
- Pandemic Influenza Stockpiling	3,000.0	3,000.0	0.0	0.0%
Non-Program Expenditures	473,014.8	494,864.9	21,850.2	4.6%
Non-Program Revenue				
- Payments in Lieu of Taxes	(92,281.2)	(107,135.6)	(14,854.4)	16.1%
- Supplementary Taxes	(30,000.0)	(69,936.0)	(39,936.0)	133.1%
- Tax Penalties	(30,000.0)	(29,708.1)	291.9	-1.0%
- Interest/Investment Earnings	(94,416.3)	(143,069.9)	(48,653.6)	51.5%
- Prior Year Surplus	(276,509.0)	(277,809.0)	(1,300.0)	0.5%
- Other Corporate Revenues	(9,693.9)	(11,843.1)	(2,149.2)	22.2%
- Toronto Hydro Revenues	(54,946.0)	(70,315.0)	(15,369.0)	28.0%
- Provincial Revenue	(91,600.0)	(91,600.0)	0.0	0.0%
- Municipal Land Transfer Tax	(170,495.0)	(274,212.5)	(103,717.5)	60.8%
- Personal Vehicle Tax	(47,999.3)	(41,025.1)	6,974.2	-14.5%
- Third Party Sign Tax	(3,512.0)	601.2	4,113.2	-117.1%
- Parking Authority Revenues	(44,315.2)	(64,702.5)	(20,387.3)	46.0%
- Administrative Support Recoveries - Water	(18,973.0)	(18,973.0)	0.0	0.0%
- Administrative Support Recoveries - Health & EMS	(16,326.7)	(16,315.6)	11.1	-0.1%
- Parking Tag Enforcement & Oper.	(80,898.6)	(86,635.9)	(5,737.3)	7.1%
- Other Tax Revenues	(15,081.8)	(15,017.3)	64.5	-0.4%
- Woodbine Slots	(16,500.0)	(15,447.8)	1,052.2	-6.4%
Non-Program Revenues	(1,093,548.0)	(1,333,145.1)	(239,597.1)	21.9%
TOTAL - CORPORATE ACCOUNTS	11,218.0	(216,955.7)	(228,173.7)	-2034.0%
NET OPERATING TAX LEVY	3,534,477.0	3,167,010.6	(367,466.4)	-10.4%
RATE-SUPPORTED OPERATIONS				
Solid Waste Management Services	0.0	(18,264.9)	(18,264.9)	n/a
Toronto Parking Authority (Note 1)	(55,684.6)	(79,486.1)	(23,801.5)	42.7%
Toronto Water	0.0	(21,923.3)	(21,923.3)	n/a
NON LEVY OPERATING NET EXPENDITURES	(55,684.6)	(119,674.3)	(63,989.7)	114.9%

Note:

1. Gain from the sale of air rights is transferred to the City under the income sharing agreement and reflected under Non-Program Revenues.



CITY OF TORONTO
CONSOLIDATED GROSS EXPENDITURES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2010
(\$000s)

Appendix B

	December 31, 2010			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
Citizen Centred Services "A"				
Affordable Housing Office	3,222.7	2,599.4	(623.3)	-19.3%
Children's Services	379,578.3	369,336.3	(10,242.0)	-2.7%
Court Services	51,836.6	48,248.0	(3,588.6)	-6.9%
Economic Development & Culture	37,093.6	36,313.6	(780.1)	-2.1%
Emergency Medical Services	174,008.2	171,859.3	(2,148.8)	-1.2%
Long Term Care Homes & Services	220,636.4	212,694.1	(7,942.3)	-3.6%
Parks, Forestry & Recreation	361,643.3	351,184.5	(10,458.7)	-2.9%
Shelter, Support & Housing Administration	925,695.4	834,109.5	(91,585.9)	-9.9%
Social Development, Finance & Administration	26,541.4	24,560.3	(1,981.1)	-7.5%
Toronto Employment & Social Services	1,358,116.7	1,156,629.5	(201,487.2)	-14.8%
311 Customer Service Strategy	17,620.3	15,051.9	(2,568.4)	-14.6%
Sub-Total Citizen Centred Services "A"	3,555,992.9	3,222,586.5	(333,406.4)	-9.4%
Citizen Centred Services "B"				
City Planning	36,368.5	32,210.6	(4,157.9)	-11.4%
Fire Services	374,433.9	371,445.8	(2,988.1)	-0.8%
Municipal Licensing & Standards	50,528.5	47,872.2	(2,656.3)	-5.3%
Policy, Planning, Finance and Administration	25,696.7	20,749.4	(4,947.3)	-19.3%
Technical Services	65,979.4	58,386.6	(7,592.8)	-11.5%
Toronto Buildings	45,852.3	42,444.3	(3,408.0)	-7.4%
Toronto Environment Office	14,609.5	10,021.3	(4,588.2)	-31.4%
Transportation Services	286,826.9	256,410.3	(30,416.6)	-10.6%
Waterfront Secretariat	1,547.1	1,250.6	(296.5)	-19.2%
Sub-Total Citizen Centred Services "B"	901,842.8	840,791.1	(61,051.7)	-6.8%
Internal Services				
Office of the Chief Financial Officer	15,511.9	12,169.8	(3,342.1)	-21.5%
Office of the Treasurer	75,767.4	66,654.1	(9,113.3)	-12.0%
Facilities Management & Real Estate	170,398.4	165,147.1	(5,251.3)	-3.1%
Fleet Services	48,078.1	50,810.2	2,732.1	5.7%
Information & Technology	89,131.5	76,368.7	(12,762.8)	-14.3%
Sub-Total Internal Services	398,887.4	371,149.9	(27,737.5)	-7.0%
City Manager				
City Manager's Office	42,882.5	41,436.7	(1,445.8)	-3.4%
Sub-Total City Manager	42,882.5	41,436.7	(1,445.8)	-3.4%
Other City Programs				
City Clerk's Office	59,924.7	56,514.4	(3,410.3)	-5.7%
Legal Services	39,539.4	41,459.2	1,919.8	4.9%
Mayor's Office	2,560.8	2,305.8	(255.0)	-10.0%
City Council	20,337.8	22,891.9	2,554.1	12.6%
Sub-Total Other City Programs	122,362.7	123,171.3	808.6	0.7%
Accountability Offices				
Auditor General's Office	4,283.2	4,197.8	(85.4)	-2.0%
Integrity Commissioner's Office	204.0	199.2	(4.8)	-2.4%
Lobbyist Registrar's Office	906.5	632.3	(274.2)	-30.3%
Ombudsman's Office	1,354.5	1,354.4	(0.1)	0.0%
Sub-Total Council Appointed Programs	6,748.2	6,383.7	(364.5)	-5.4%
TOTAL - CITY OPERATIONS	5,028,716.5	4,605,519.2	(423,197.3)	-8.4%



CITY OF TORONTO
CONSOLIDATED GROSS EXPENDITURES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2010
(\$000s)

Appendix B

	December 31, 2010			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
Agencies				
Toronto Public Health	225,597.2	215,554.7	(10,042.5)	-4.5%
Toronto Public Library	183,005.6	183,620.8	615.2	0.3%
Association of Community Centres	7,429.6	7,444.0	14.4	0.2%
Exhibition Place	62,936.9	62,571.0	(365.9)	-0.6%
Heritage Toronto	686.5	661.3	(25.2)	-3.7%
Theatres	20,618.1	20,927.2	309.1	1.5%
Toronto Zoo	45,328.3	42,282.0	(3,046.3)	-6.7%
Arena Boards of Management	6,395.7	6,401.8	6.1	0.1%
Yonge Dundas Square	1,762.8	2,321.7	558.9	31.7%
Toronto & Region Conservation Authority	34,744.5	34,364.8	(379.7)	-1.1%
Toronto Transit Commission - Conventional	1,370,920.0	1,357,136.0	(13,784.0)	-1.0%
Toronto Transit Commission - Wheel Trans	87,433.2	88,666.7	1,233.5	1.4%
Toronto Police Service	1,076,128.2	1,034,055.3	(42,072.9)	-3.9%
Toronto Police Services Board	2,947.8	2,597.2	(350.6)	-11.9%
TOTAL - AGENCIES	3,125,934.4	3,058,604.5	(67,329.9)	-2.2%
Corporate Accounts				
Community Partnership and Investment Program	49,585.2	49,506.8	(78.5)	-0.2%
Capital & Corporate Financing	615,454.6	1,185,619.5	570,164.8	92.6%
Non-Program Expenditures				
- Tax Deficiencies/Write-offs	68,922.0	78,959.9	10,037.9	14.6%
- Assessment Function (MPAC)	35,100.0	35,081.5	(18.5)	-0.1%
- Temporary Borrowing	50.0	0.0	(50.0)	-100.0%
- Funding of Employee Related Liabilities	47,464.2	47,461.4	(2.8)	0.0%
- Contingency	0.0	8.8	8.79	n/a
- Other Corporate Expenditures	27,432.8	39,248.8	11,816.1	43.1%
- Insurance Premiums & Claims	380.0	380.0	0.0	0.0%
- Parking Tag Enforcement & Oper.	54,619.7	53,077.7	(1,542.0)	-2.8%
- Programs Funded from Reserve Funds	135,886.8	137,764.9	1,878.2	1.4%
- Vacancy Rebate Program	23,460.0	33,786.5	10,326.5	44.0%
- Heritage Property Taxes Rebate	3,500.0	(1,050.1)	(4,550.1)	-130.0%
- Tax Rebates for Registered Charities	6,795.8	6,927.9	132.1	1.9%
- Solid Waste Management Rebates	182,391.9	173,130.3	(9,261.7)	-5.1%
- Street & Expressway Lighting Services	29,209.2	35,214.9	6,005.7	20.6%
- Pandemic Influenza Stockpiling	3,000.0	3,000.0	0.0	0.0%
Non-Program Expenditures	618,212.3	642,992.5	24,780.2	4.0%
Non-Program Revenue				
- Interest/Investment Earnings	583.7	724.6	140.9	24.1%
- Prior Year Surplus	0.0	83,088.0	83,088.0	n/a
- Other Corporate Revenues	778.8	3,694.8	2,916.0	374.4%
- Municipal Land Transfer Tax	5,616.3	4,574.1	(1,042.2)	-18.6%
- Personal Vehicle Tax	1,647.7	1,741.3	93.6	5.7%
- Third Party Sign Tax	4,288.0	1,437.6	(2,850.4)	-66.5%
- Parking Tag Enforcement & Oper.	0.0	0.3	0.3	n/a
- Other Tax Revenues	0.0	518.9	518.9	n/a
Non-Program Revenues	12,914.5	95,779.8	82,865.2	641.6%
TOTAL - CORPORATE ACCOUNTS	1,296,166.7	1,973,898.5	677,731.8	52.3%
LEVY OPERATING GROSS EXPENDITURES	9,450,817.6	9,638,022.1	187,204.6	2.0%
RATE-SUPPORTED OPERATIONS				
Solid Waste Management Services	319,923.8	294,165.8	(25,758.1)	-8.1%
Toronto Parking Authority	68,734.7	68,726.4	(8.3)	0.0%
Toronto Water	767,748.0	736,076.7	(31,671.3)	-4.1%
NON LEVY OPERATING GROSS EXPENDITURES	1,156,406.6	1,098,968.9	(57,437.7)	-5.0%



CITY OF TORONTO
CONSOLIDATED REVENUES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2010
(\$000s)

	December 31, 2010			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
Citizen Centred Services "A"				
Affordable Housing Office	1,888.2	1,264.9	(623.3)	-33.0%
Children's Services	308,791.2	298,549.2	(10,242.0)	-3.3%
Court Services	62,161.8	65,932.0	3,770.2	6.1%
Economic Development & Culture	10,607.9	10,118.1	(489.8)	-4.6%
Emergency Medical Services	108,347.5	100,956.2	(7,391.3)	-6.8%
Long Term Care Homes and Services	173,853.2	167,239.8	(6,613.4)	-3.8%
Parks, Forestry & Recreation	99,972.0	98,518.4	(1,453.7)	-1.5%
Shelter, Support & Housing Administration	666,996.2	559,735.5	(107,260.7)	-16.1%
Social Development, Finance & Administration	13,248.0	11,726.7	(1,521.4)	-11.5%
Toronto Employment & Social Services	1,087,518.6	912,556.0	(174,962.6)	-16.1%
311 Customer Service Strategy	8,348.0	6,379.5	(1,968.5)	-23.6%
Sub-Total Citizen Centred Services "A"	2,541,732.6	2,232,976.0	(308,756.6)	-12.1%
Citizen Centred Services "B"				
City Planning	23,145.3	20,181.2	(2,964.1)	-12.8%
Fire Services	15,244.7	12,468.0	(2,776.7)	-18.2%
Municipal Licensing & Standards	31,298.7	26,907.0	(4,391.8)	-14.0%
Policy, Planning, Finance and Administration	13,665.6	10,086.3	(3,579.3)	-26.2%
Technical Services	55,205.7	48,028.4	(7,177.3)	-13.0%
Toronto Building	56,630.3	55,961.3	(669.0)	-1.2%
Toronto Environment Office	11,236.3	6,684.0	(4,552.4)	-40.5%
Transportation Services	106,189.2	94,536.0	(11,653.2)	-11.0%
Waterfront Secretariat	590.0	400.9	(189.1)	-32.0%
Sub-Total Citizen Centred Services "B"	313,205.7	275,253.0	(37,952.8)	-12.1%
Internal Services				
Office of the Chief Financial Officer	6,583.5	3,812.7	(2,770.7)	-42.1%
Office of the Treasurer	45,558.4	41,115.0	(4,443.4)	-9.8%
Facilities Management & Real Estate	116,110.4	113,348.9	(2,761.5)	-2.4%
Fleet Services	48,076.9	51,277.4	3,200.6	6.7%
Information & Technology	25,803.1	16,263.6	(9,539.5)	-37.0%
Sub-Total Internal Services	242,132.2	225,817.6	(16,314.6)	-6.7%
City Manager				
City Manager's Office	5,515.1	4,334.0	(1,181.1)	-21.4%
Sub-Total City Manager	5,515.1	4,334.0	(1,181.1)	-21.4%
Other City Programs				
City Clerk's Office	23,267.7	20,514.7	(2,753.0)	-11.8%
Legal Services	19,545.1	24,595.6	5,050.5	25.8%
Mayor's Office	0.0	0.0	0.0	n/a
City Council	700.0	770.4	70.4	10.1%
Sub-Total Other City Programs	43,512.8	45,880.7	2,367.9	5.4%
Accountability Offices				
Auditor General's Office	0.0	8.4	8.4	n/a
Integrity Commissioner's Office	0.0	0.0	0.0	n/a
Lobbyist Registrar's Office	0.0	0.0	0.0	n/a
Ombudsman's Office	0.0	0.0	0.0	n/a
Sub-Total Council Appointed Programs	0.0	8.4	8.4	n/a
TOTAL - CITY OPERATIONS	3,146,098.4	2,784,269.7	(361,828.7)	-11.5%



CITY OF TORONTO
CONSOLIDATED REVENUES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2010
(\$000s)

	December 31, 2010			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
Agencies				
Toronto Public Health	181,429.6	172,173.8	(9,255.7)	-5.1%
Toronto Public Library	15,906.0	16,812.6	906.6	5.7%
Association of Community Centres	189.1	216.0	26.9	14.2%
Exhibition Place	62,901.8	63,833.7	931.9	1.5%
Heritage Toronto	320.8	295.6	(25.2)	-7.9%
Theatres	17,129.6	17,218.5	88.9	0.5%
Toronto Zoo	33,940.0	30,921.2	(3,018.8)	-8.9%
Arena Boards of Management	6,401.7	6,416.5	14.8	0.2%
Yonge Dundas Square	1,219.0	1,954.1	735.1	60.3%
Toronto & Region Conservation Authority	31,475.1	31,095.4	(379.7)	-1.2%
Toronto Transit Commission - Conventional	941,115.0	987,375.0	46,260.0	4.9%
Toronto Transit Commission - Wheel Trans	4,757.3	5,099.2	341.9	7.2%
Toronto Police Service	187,908.4	162,012.5	(25,895.9)	-13.8%
Toronto Police Services Board	600.0	463.5	(136.5)	-22.7%
TOTAL - AGENCIES	1,485,293.4	1,495,887.7	10,594.2	0.7%
Corporate Accounts				
Community Partnership and Investment Program	2,871.0	2,932.1	61.1	2.1%
Capital & Corporate Financing	30,417.7	610,869.7	580,452.0	1908.3%
Non-Program Expenditures				
- Other Corporate Expenditures	1,635.0	2,554.8	919.8	56.3%
- Programs Funded from Reserve Funds	135,886.8	137,764.9	1,878.2	1.4%
- Tax Rebates for Registered Charities	6,795.8	6,927.9	132.1	1.9%
- Street & Expressway Lighting Services	880.0	880.0	0.0	0.0%
Non-Program Expenditures	145,197.5	148,127.6	2,930.0	2.0%
Non-Program Revenue				
- Payments in Lieu of Taxes	92,281.2	107,135.6	14,854.4	16.1%
- Supplementary Taxes	30,000.0	69,936.0	39,936.0	133.1%
- Tax Penalties	30,000.0	29,708.1	(291.9)	-1.0%
- Interest/Investment Earnings	95,000.0	143,794.5	48,794.5	51.4%
- Prior Year Surplus	276,509.0	360,897.0	84,388.0	30.5%
- Other Corporate Revenues	10,472.7	15,537.9	5,065.2	48.4%
- Toronto Hydro Revenues	54,946.0	70,315.0	15,369.0	28.0%
- Provincial Revenue	91,600.0	91,600.0	0.0	0.0%
- Municipal Land Transfer Tax	176,111.3	278,786.6	102,675.3	58.3%
- Personal Vehicle Tax	49,647.0	42,766.4	(6,880.6)	-13.9%
- Third Party Sign Tax	7,800.0	836.4	(6,963.6)	-89.3%
- Parking Authority Revenues	44,315.2	64,702.5	20,387.3	46.0%
- Administrative Support Recoveries - Water	18,973.0	18,973.0	0.0	0.0%
- Administrative Support Recoveries - Health & EMS	16,326.7	16,315.6	(11.1)	-0.1%
- Parking Tag Enforcement & Oper.	80,898.6	86,636.2	5,737.6	7.1%
- Other Tax Revenues	15,081.8	15,536.2	454.4	3.0%
- Woodbine Slots	16,500.0	15,447.8	(1,052.2)	-6.4%
Non-Program Revenues	1,106,462.5	1,428,924.8	322,462.3	29.1%
TOTAL - CORPORATE ACCOUNTS	1,284,948.7	2,190,854.2	905,905.5	70.5%
LEVY OPERATING REVENUES	5,916,340.6	6,471,011.6	554,671.0	9.4%
RATE-SUPPORTED OPERATIONS				
Solid Waste Management Services	319,923.8	312,430.7	(7,493.2)	-2.3%
Toronto Parking Authority	124,419.3	148,212.5	23,793.2	19.1%
Toronto Water	767,748.0	758,000.0	(9,748.0)	-1.3%
NON LEVY OPERATING REVENUES	1,212,091.2	1,218,643.2	6,552.0	0.5%

**CITY OF TORONTO
BUDGET ADJUSTMENTS
FOR THE FORTH QUARTER ENDED DECEMBER 31, 2010
(\$000s)**

Appendix D

	Gross Expenditure	Revenue	Net Expenditure	Position
Citizen Centred Service "A"				
Court Services				
Transfer divisional resources into IT Site Support Org Unit	(244.3)		(244.3)	(3.0)
Total Court Services	(244.3)		(244.3)	(3.0)
Economic Development, Culture & Tourism				
Transfer Downsview Park Arts Alliance Acct from Parks	48.1		48.1	
Transfer of Music Garden to Grants program	(12.5)		(12.5)	
One-time funding from OCAF for Nuit Blanche	250.0	250.0	0.0	
Celebrate Ontario funded by Ministry of Tourism	300.0	300.0	0.0	
One time contribution from Tourism Toronto	550.0	550.0	0.0	
Total Economic Development, Culture & Tourism	1,135.6	1,100.0	35.6	
Parks, Forestry & Recreation				
Transfer Downsview Park Arts Alliance Acct to EDC	(48.1)		(48.1)	
Total Parks, Forestry & Recreation	(48.1)		(48.1)	
Total Citizen Centred Service "A"	843.2	1,100.0	(256.8)	(3.0)
Citizen Centred Service "B"				
Policy, Planning, Finance & Administration				
Transfer of Support Asst B from Technical Services	66.9		66.9	
Total Policy, Planning, Finance & Administration	66.9		66.9	
Technical Services				
Transfer of Support Asst B to PPF&A	(66.9)		(66.9)	
Transfer the budget for 31 positions associated with Geospatial Competency Centre to Corp. IT	(2,689.2)	(269.1)	(2,420.1)	(31.0)
Establish Inter-divisional charges related to capital recovery by IT	1,050.7		1,050.7	
Total Technical Services	(1,705.4)	(269.1)	(1,436.3)	(31.0)
Total Citizen Centred Service "B"	(1,638.5)	(269.1)	(1,369.4)	(31.0)
Internal Services				
Office of the DCM and Chief Financial Officer				
Project Director position for FPARS, funded from Capital	62.7	62.7	0.0	1.0
Total Office of the DCM and Chief Financial Officer	62.7	62.7	0.0	1.0

**CITY OF TORONTO
BUDGET ADJUSTMENTS
FOR THE FORTH QUARTER ENDED DECEMBER 31, 2010
(\$000s)**

Appendix D

	Gross Expenditure	Revenue	Net Expenditure	Position
Information & Technology				
Transfer divisional resources from Court Services	244.3		244.3	3.0
Transfer budget for 31 positions associated with Geospatial Competency Centre from Tech Services	2,689.2	269.1	2,420.1	31.0
Establish Inter-divisional recovery of capital costs from Technical Services		1,050.7	(1,050.7)	
Total Information & Technology	2,933.5	1,319.8	1,613.7	34.0
Total Internal Services	2,996.2	1,382.5	1,613.7	35.0
Agencies, Boards and Commissions				
Toronto Public Health				
Adjustment to Provincial funding (reduction) for Communicable Diseases	(70.2)	(70.2)	0.0	
Adjustment to Provincial funding (increase) for Preschool Speech & Language program	96.8	96.8	0.0	
One time provincial funding for the Safe Water Program	100.0	100.0	0.0	
Adjustment to Provincial funding (reduction) for Consolidated Heart Health Program	(290.3)	(290.3)	0.0	
Total Toronto Public Health	(163.7)	(163.7)	0.0	
Total Agencies, Boards and Commissions	(163.7)	(163.7)	0.0	
Corporate Accounts				
Community Partnership and Investment Program				
One time Section 37 funding related to Laskeshore Blvd. W. granted to Mimico Station Comm. Org. for capital improvements	75.0	75.0	0.0	
Transfer of Music Garden grant from Economic Dev. & Culture	12.5		12.5	
Total Community Partnership and Investment Program	87.5	75.0	12.5	
Total Corporate Accounts	87.5	75.0	12.5	
Total	2,124.7	2,124.7	0.0	1.0

**Operating Variance Report
For Year Ended December 31, 2010
Significant Variance by Program and Agency**

City Operations

Citizen Centred Services "A"

As shown in Table 2 below, Citizen Centred Services "A" Programs reported a favourable net variance of \$24.650 million or 2.4% below Approved Net Operating Budget for year ended December 31, 2010. The reasons for these variances are discussed below.

Table 2 Citizen Centred Services "A" Net Expenditure Variance (\$ Million)	
	Year-End 2010 Over/(Under)
Affordable Housing Office	0.0
Children's Services	0.0
Court Services	(7.4)
Economic Development and Culture	(0.3)
Emergency Medical Services	5.2
Long Term Care Homes and Services	(1.3)
Parks, Forestry & Recreation	(9.0)
Shelter, Support & Housing Administration	15.7
Social Development, Finance & Administration	(0.5)
Toronto Employment & Social Services	(26.5)
311 Customer Service Strategy	(0.6)
Total	(24.6)

Court Services reported a favourable operating variance of \$7.359 million. This was primarily due to hiring delays, which resulted in salary and benefit under-expenditures of \$3.59 million. Increased revenue of \$3.77 million also contributed to the favourable variance, of which \$1.4 million was from red light camera fines and \$2.37 million from the use of an increased number of collections agencies.

Emergency Medical Services (EMS) reported an unfavourable net variance of \$5.243 million or 8% of the 2010 Budget.

- Gross expenditures were \$2.149 million under budget mainly attributed to the following: an under expenditure in the 100% funded G8/G20 Summit of \$3.167 million partially offset by

over expenditure of \$1.018 million mainly in salaries and benefits. Gapping of \$3.7 million was only partially achieved.

- The over expenditure of \$1.018, mentioned above, combined with unrealized Provincial grants and other revenues of \$4.221 million resulted in an unfavourable net variance of \$5.243 million. The underachievement in revenue was largely attributed to a shortfall in Provincial cost-share funding of \$3.847 million for the Central Ambulance Communication Centre (CACC) currently funded at 87% as opposed to historical 100% funded, combined with lower than expected revenues of \$0.384 million primarily in the Safe City Program.

Parks, Forestry and Recreation (PF&R) reported a favourable net variance of \$9.005 million or 3.4% under the 2010 Approved Net Operating Budget at year-end. The variance consisted of a favourable gross expenditure variance of \$10.5 million or 2.9% due to savings in non-salary expenditures as a result of internal cost containment; and an unfavourable revenue variance of \$1.5 million or 1.5% due to shortfalls in Golf, Facility Permits and Leases and Agreements revenues.

Shelter, Support and Housing Administration (SSHA) reported a year-end unfavourable variance of \$15.7 million or 6.1% over the 2010 Approved Operating Budget. The unfavourable variance was the result of not drawing the budgeted social housing reserves as it was not required given the size of the City's operating surplus.

- Hostels Services reported an unfavourable net variance of \$0.830 million, reflecting a decrease of 106,489 bed nights, or 7.3% of budgeted bed nights (1,347,264 actual bed nights vs. budgeted volumes of 1,453,753). The decrease in bed nights results in a decrease in provincial subsidy not accompanied by a corresponding decrease of the fixed costs in the directly operated shelters.
- Social Housing reported an unfavourable variance of \$16.2 million. This service unit reported operational savings of \$11.9 million in total attributed to \$6.3 million (primarily for TCHC) in property taxes savings; \$1.8 million in RGI subsidy savings primarily due to delays in delivering new affordable housing; \$1.9 million in garbage levy savings; and \$1.6 million in cost-factor (CPI) adjusted subsidies savings. These savings, however, were eliminated by reduced revenues of \$28.1 million, primarily because reserve draws were not required given the size of the City's operating surplus.
- Other service units report savings of \$1.3 million, primarily related to salary savings resulting from the hiring slowdown.

Toronto Employment and Social Services' (TESS) favourable net variance of \$26.525 million or 9.8% under Approved Net Operating Budget without the withdrawals of \$7.3 million from the SAS Reserve Fund for the year ended December 31, 2010 was mainly attributed to the following:

- Ontario Works (OW) financial benefits were under-spent by \$27.7 million mainly due to a lower than budgeted OW caseload and a higher proportion of singles compared to families in the caseload. The Ontario Works average monthly caseload was 94,635 in 2010, 10,365 cases lower than the budgeted caseload of 105,000 cases, reflecting TESS's case management

and individual employment services which helped secure jobs for 27,500 clients under severe economic conditions and high unemployment;

- Cost containment measures, including net savings of \$0.9 million from lease negotiations and \$0.150 million in lower consulting costs; and,
- Unfavourable variance of \$0.919 million in the mandated Special Needs Program due to an increase in the number of requests for medically based items for Ontario Works and Ontario Disability Support Program's clients.

Citizen Centred Services “B”

As indicated in Table 3 below, Citizen Centred Services “B” Programs collectively reported a favourable net expenditure variance of \$23.099 million or 3.9% under Council Approved Net Operating Budget for year ended December 31, 2010. Major causes of the variances are discussed below.

Table 3 Citizen Centred Services "B" Net Expenditure Variance (\$ Million)	
	Year-End 2010 Over/(Under)
City Planning	(1.2)
Fire Services	(0.2)
Municipal Licensing & Standards	1.7
Policy, Planning, Finance and Administration	(1.4)
Technical Services	(0.4)
Toronto Building	(2.7)
Toronto Environment Office	(0.0)
Transportation Services	(18.8)
Waterfront Secretariat	(0.1)
Total	(23.1)

City Planning reported a favourable net variance of \$1.194 million or 9.0% under the 2010 Approved Operating Budget for year ended December 31st, 2010. Revenues were under realized by \$2.964 million or 12.8%, whereas expenditures were under-budget by \$4.158 million or 11.4%. The favourable expenditure variance was primarily related to savings in salaries & benefits, reflecting over-achievement in gapping and other expenditure savings, due to delay in commencing several third-party funded projects. Numerous job competitions are underway and the Division is committed to bringing staffing levels to more sustainable levels in order to address workload pressures. The 2010 realized revenues reflected a substantial increase over

2009 as a result of the increased volume in development approval applications (Community Planning and Committee of Adjustment).

Municipal Licensing and Standards (ML&S) reported an unfavourable net variance of \$1.736 million or 9% above the 2010 Approved Net Operating Budget at year-end. The unfavourable variance was primarily the result of underachieved Business License and Animal Services License revenues of \$4.392 million. This was partially offset by expenditure savings of \$2.656 million due to the over-achievement of gapping and non-salary expenditure savings.

Policy, Planning, Finance and Administration (PPF&A) reported a favourable variance for the year-ended December 31, 2010 of \$4.9 million in gross expenditures or 19.3% and a favourable variance of \$1.4 million in net expenditures or 11.4% under the 2010 Approved Operating Budget.

This favourable variance was mainly attributed to the under-expenditure in salaries and benefits due to the hiring slowdown. In responding to the hiring slowdown, PPF&A had a high vacancy rate at the end of 2010. These vacancies included new positions approved in 2009 for the purpose of supporting Financial & Administrative enhancements in Toronto Water and recent retirements throughout PPF&A.

Toronto Building experienced a favourable net variance of \$2.739 million or 25.4% under the 2010 Approved Net Operating Budget at year-end. This favourable variance reflected savings in gross expenditures due to unfilled vacancies and savings from the implementation of the new Sign Unit, which resulted in a lower than anticipated recovery from the Third Party Sign Tax.

In accordance with Section 7 of the Building Code Act, the 2010 net operating surplus of \$2.739 million must be contributed to the Building Code Act Services Improvement Reserve. Section 7 of the Act stipulates that the total amount of authorized fees collected must not exceed the anticipated reasonable costs to administer and enforce this Act; and requires the establishment of an obligatory reserve to manage fluctuations in volumes of permit activity and allow for investments in service delivery improvements to meet new legislative requirements of the Act regarding the collection of permit fees, expenditures and related reporting requirements. Therefore, it is recommended that the Toronto Building's operating surplus of \$2.739 million be contributed to the Building Code Act Services Improvement Reserve.

Transportation Services reported a year-end favourable net variance of \$18.763 million or 10.4% under the 2010 Approved Net Operating Budget of \$180.638 million.

- Gross expenditures were under budget by \$30.417 million or 10.6%, primarily due to savings in salaries and benefits of \$8.876 million mainly influenced by the 2010 hiring slow down; under spending of \$12.618 million in the Winter Maintenance program as a result of the mild weather in the past winter season; and the Utility Cut Repair program because of lower utility cut contract bidding prices (\$5.418 million).
- This was partially offset by an unfavourable revenue variance of \$11.653 million or 11.0% mainly due to under achieved revenues from the recovery of utility cut costs (\$7.915 million) and surface repair recovery (\$2.648 million).

At the end of 2010 there were approximately 100 vacant positions resulting from the hiring slow down with savings in salaries in benefits of \$6.085 million mostly in Utility Cut Repair, Right-of-Way Management, Winter Maintenance and Public Realm programs.

Internal Services

Internal Services Programs collectively reported a favourable net expenditure variance of \$11.423 million or 7.3% under the 2010 Approved Net Operating Budget due to the following:

Table 4 Internal Services Net Expenditure Variance (\$ Million)	
	Year-End 2010 Over/(Under)
Office of the Chief Financial Officer	(0.6)
Office of the Treasurer	(4.7)
Facilities Management & Real Estate	(2.5)
Fleet Services	(0.5)
Information & Technology	(3.2)
Total	(11.4)

The **Office of the Treasurer** (inclusive of Revenue Services, Accounting Services, Pensions, Payroll & Employee Benefits and Purchasing & Materials Management Divisions) reported a favourable net expenditure variance of \$9.113 million or 12.0% under the Approved Net Operating Budget for the year ended December 31, 2010 and a favourable year-end net expenditure variance of \$4.670 million or 15.5%. The favourable variance was due to savings in salary and benefits resulting from delays in filling vacant positions. The year-end favourable gross expenditure variance of \$9.113 million included \$6.5 million in salary savings related to delays in filling vacant operating positions (\$2.0 million); delays in start-up of corporate initiatives (\$2.3 million) and delays in filling positions for capital initiatives (\$2.2 million). Non-salary savings of \$2.6 million was mainly due to hardware and software maintenance savings for the MLTT initiative (\$1.0 million); additional savings of (\$0.700 million) due to lower unit printing costs with a new vendor; deferral in start-up of program review initiatives (\$0.500 million) as well as savings of \$0.600 million as a result of cost containment.

Overall, revenues were underachieved by \$4.443 million, mainly due to lower recoveries for dedicated initiatives (\$3.7 million), reduced transfers from capital and reserves due to start-up delays in various projects (\$2.7 million). These reduced recoveries were slightly offset by higher than budgeted user fee revenue of \$2.0 million.

Facilities Management & Real Estate reported a favourable net expenditure variance of \$2.49 million or 4.6% under the 2010 Approved Net Operating Budget for the year ended Dec 31, 2010. This favourable variance was primarily due to lower than anticipated utility costs and salary savings arising from a high number of vacant positions which was partially offset by

lower client recoveries and the need to rely on contracted services to complete needed maintenance requests.

Information & Technology reported a favourable year-end net variance of \$3.223 million or 5.1% under the 2010 Approved Net Operating Budget. The favourable variance was primarily due to achieving higher than planned gapping and lower than budgeted on maintenance, equipment and supply costs. The rebate from the Harmonized Sales Tax, the mainframe decommissioning, server consolidations and price negotiations resulted in reduced spending on maintenance. Many positions remained vacant during the year due to the hiring slow-down initiative, and recruitment challenges faced by the Division. This resulted in reduced salary and benefit costs as well as conscious containment of discretionary expenses.

City Manager's Office

The **City Manager's Office** (CMO) reported a favourable net expenditure variance of \$0.265 million or 0.7% under the 2010 Approved Net Operating Budget for the year-ended December 31, 2010. This was primarily due to cost containment measures implemented to realize savings.

Table 5 City Manager Office Net Expenditure Variance (\$ Million)	
	Year-End 2010 Over/(Under)
City Manager's Office	(0.3)

Other City Programs

Other City Programs (see Table 6 below) reported a favourable variance of \$1.559 million or 2.0% under the 2010 Approved Net Operating Budget for the year ended December 31, 2010. The favourable year-end variance was largely attributed to under expenditures in the Legal Services and City Clerk's Office Operating Budgets, offset by the over expenditures in the City Council Operating Budget.

Table 6 Other City Programs Net Expenditure Variance (\$ Million)	
	Year-End 2010 Over/(Under)
City Clerk's Office	(0.7)
Legal Services	(3.1)
Mayor's Office	(0.3)
City Council	2.5
Total	(1.6)

Legal Services reported a year-end net favourable variance of \$3.131 million or 15.7% under the 2010 Approved Net Operating Budget primarily due to savings from vacant positions and higher than budgeted revenues from the recovery of work completed on insurance claims, planning fees, title searches and conveyance fees.

The **City Clerk's Office** reported a year-end favourable net variance of \$0.657 million or 1.8% under the 2010 Approved Net Operating Budget primarily due to lower payroll costs as a result of the hiring slowdown, planned vacancies and gapping, lower spending on third-party printing, postage, contracted services, and equipment rental because of reduced service demand from Program clients for printing, mail, and copying services, which resulted in lower revenues from these services.

City Council reported an unfavourable net variance of \$2.484 million or 12.6% of its 2010 Net Operating Budget for the year ended December 31, 2010. This unfavourable net variance was mainly attributable to overspending in the Council's General Budget of \$3.828 million mainly due to higher than expected severance payments to 69 individuals including the Mayor, Councillors and staff as a result of the 2010 Municipal Election. This unfavourable net variance was partially offset by under spending in the Councillors' Office Budget and Councillor Salaries and Benefits Budget.

Accountability Offices

Accountability Offices collectively realized a net under expenditure of \$0.373 million or 5.5% below the 2010 Approved Net Operating Budget for the twelve-month period ended December 31, 2010.

Table 7 Accountability Offices Net Expenditure Variance (\$ Million)	
	Year-End 2010 Over/(Under)
Auditor General's Office	(0.1)
Integrity Commissioner's Office	(0.0)
Lobbyist Registrar's Office	(0.3)
Ombudsman's Office	(0.0)
Total	(0.4)

Agencies

Agencies collectively reported a favourable variance of \$77.924 million or 4.7% below the 2010 Approved Net Operating Budget for the year ended December 31, 2010. As outlined in Table 8 below, the favourable year-end variance was largely attributed to Toronto Transit Commission – Conventional. The 2010 ridership reached a record high of 477.4 million rides representing an increase of 15.3 million over the budgeted ridership of 462 million.

Table 8 Agencies Net Expenditure Variance (\$ Million)	
	Year-End 2010 Over/(Under)
Toronto Public Health	(0.8)
Toronto Public Library	(0.3)
Association of Community Centres	(0.0)
Exhibition Place	(1.3)
Heritage Toronto	0.0
Theatres	0.2
Toronto Zoo	(0.0)
Arena Boards of Management	(0.0)
Yonge Dundas Square	(0.2)
Toronto & Region Conservation Authority	0.0
Toronto Transit Commission - Conventional	(60.0)
Toronto Transit Commission - Wheel Trans	0.9
Toronto Police Service	(16.2)
Toronto Police Services Board	(0.2)
Total	(77.9)

Exhibition Place reported a year-end \$1.298 million favourable variance due to continued energy savings and increased revenues from the G20 Summit. The Deputy City Manager and Chief Financial Officer recommends that the 2010 net operating surplus of \$1.298 million be allocated to the Exhibition Place Conference Centre Reserve Fund (XR3019) to help guarantee repayment of a loan for the new conference centre as approved by Council.

Toronto Transit Commission (Conventional and Wheel Trans) reported a favourable preliminary year-end net expenditure variance of \$59.152 million or 11.5% below the 2010 Approved Net Operating Budget of \$512.481 million for TTC Conventional and Wheel-Trans combined. The favourable variance was primarily the result of increased ridership of 15.3 million, a higher average fare for TTC passengers, and lower diesel fuel costs.

Wheel Trans reported an unfavourable year-end net expenditure variance of \$0.892 million mainly attributed to the need to accommodate an increased level of demand for trips.

Toronto Police Services (TPS) reported a favourable year-end net expenditure variance of \$16.177 million or 1.8% below the 2010 Council Approved Net Operating budget. TPS had an unfavourable variance of \$7.8 million in salaries and benefits due to fewer than anticipated separations, additional premium pay required for Court Services and Communications, as well as higher employee health costs and OMERS contributions. This was offset by a favourable variance of \$8.3 million for materials, equipment and services as a result of lower than budgeted fuel prices, savings in several computer maintenance agreements, caretaking and utilities, and other services such as contracted services, public relations and HST rebate and the recovery of \$4.4 million for salary and benefit expenditures from the G8/G20 Summits. In addition, the post year-end analysis of the Toronto anti-Violence Intervention Strategy (TAVIS) and Police Officer Recruitment Fund (PORF) balances against the new PSAB guidelines concluded that the balances no longer meet the deferred revenue definition; therefore deferred revenue of \$11.3 million is taken into income for 2010.

Corporate Accounts

For the year ended December 31, 2010, **Corporate Accounts** had a favourable net expenditure variance of \$228.174 million below the 2010 Operating Net Budget, as shown in Table 9 below:

Table 9 Corporate Accounts Net Expenditure Variance (\$ Million)	
	Year-End 2010 1 Over/(Under)
Community Partnership and Investment Program	(0.1)
Capital & Corporate Financing	(10.3)
Non-Program Expenditures	21.9
Non-Program Revenues	(239.6)
Total	(228.2)

Capital and Corporate Financing resulted in a favourable net expenditure variance of \$10.28 million or 1.8% under the 2010 Approved Net Operating Budget. The savings were the result of delays in issuing new debt as well as interest rates being lower than forecasted during 2010.

Non-Program Expenditures overall resulted in an unfavourable net expenditure variance of \$21.850 million or 4.6% higher than the 2010 Approved Net Operating Budget. The unfavourable net result was primarily attributed to the following:

- Higher than planned spending of \$10.327 million due to increased vacancy rebate applications under the Vacancy Rebate Program.
- Higher than estimated Tax Deficiencies Assessment Appeals in the amount of \$10.038 million.
- \$6.006 million overspending due to regulated increase in hydro costs by Ontario Energy Board for street lighting and higher than budgeted contact voltage mitigation costs and bus shelter lighting.
- The over expenditures noted above, were partially offset by the unanticipated savings of \$9.262 million due to lower than budgeted number of households and multi-residential units eligible for rebates under the Solid Waste Management Rebate Program; and a \$4.550 million in the Heritage Property Tax Rebate Program to reflect the lower than budgeted uptake.

Non-Program Revenues realized a favourable variance of \$239.597 million above the 2010 Approved Operating Budget for the year ended December 31, 2010 attributed to the following drivers:

- Higher than budgeted Municipal Land Transfer Tax (MLTT) revenue of \$103.718 million resulting from much better than expected performance in average home price and sales activities during 2010. Significant home sales spiked in May and June of 2010 as home buyers rushed to beat the HST on certain new home purchasers. An expected fall off in sales after July did not occur and in facts sales spiked again unexpectedly in December 2010.

- Higher than forecasted rate of return and a lower than forecasted interest rate used to allocate investment earnings to the City reserve funds contributed to the Interest and Investment Earnings positive variance of \$48.654 million.
- Increased Supplementary Taxes of \$39.936 million because of higher than budgeted revenues from supplementary assessment rolls as a result of Municipal Property Assessment Corporation (MPAC) continuing to reduce the backlog in property assessment.
- Sale of air rights and higher than budgeted special dividend by Toronto Parking Authority (TPA) resulting in additional revenue of \$20.387 million to the City.
- Higher than budgeted Hydro dividend and interest revenues of \$15.360 million capital gain arising from the sale of Toronto Hydro note.
- Higher Payment in Lieu of Taxes (PILs) in the amount of \$14.854 million because of lower than anticipated levels of appeals and other billing adjustments. This was primarily the result of a payment received from the Canadian Broadcasting Corporation in the first quarter of 2011 for levies issued in 2010 and prior years, which were deemed to be uncollectable.
- Higher than budgeted revenues generated by parking tags in the amount of \$5.737 million.
- The above favourable revenues, however, were partially offset by the underachieved Personal Vehicle Tax (PVT) revenue estimate of \$6.974 million in which the provision of \$14.0 million was made in anticipation of the 2011/12 refunds for the PVT program termination effective January 1, 2011.

Rate Supported Programs

Table 10 Rate Supported Programs Net Expenditure Variance (\$ Million)	
	Year-End 2010 Over/(Under)
Solid Waste Management Services	(18.3)
Toronto Parking Authority	(23.8)
Toronto Water	(21.9)
Total	(64.0)

Solid Waste Management Services (SWMS) was under spent by \$25.8 million gross or 8.1% of Approved Operating Budget as of December 31, 2010. This was mainly driven by:

- Lower debt charges of \$10 million (principal and interest) due to deferrals in capital expenditures including capital improvement projects at Green Lane;
- Lower costs of \$7.7 million for contracted processing source separated organics due to lower tonnage caused by delayed implementation of the multi-residential green bin operations and of \$1.8 million for the contracted processing of Leaf & Yard Waste due to lower than anticipated tonnages;
- Lower costs of \$1.2 million for contracted processing recyclables and of \$2.4 million for contracted collection due to lower tonnage;
- Lower costs of \$1.7 million for haulage and disposal of waste in Michigan due to lower tonnage mainly caused by multi-residential opt outs and a lower residual waste generation rate;
- Lower discretionary spending of \$5.0 million due to delayed implementation of multi-residential waste diversion programs including bins, advertising and public relations for organics, slowdown in the durable goods and reuse centre programs as well as deferred purchase of equipment; and,
- Savings of \$1.3 million realized through the property tax reassessments of former landfills, rationalization of volume-based user fee administration and lower charge-backs for bylaw enforcement due to the hiring slowdown.

These under-expenditures were offset by higher costs of \$6.3 million mainly attributed to higher salaries & benefits, specifically for modified duties and due to the need for temporary backfill of workers. Also offsetting year-end expenditure savings were higher than budgeted costs of \$1.6 million for Fleet charges including \$1.3 million for lease and maintenance and \$ 0.3 million for fuel.

Year-end revenues resulted in an unfavourable variance of 2.3% or \$7.5 million due to reduced revenues from lower tonnage of biosolids from Toronto Water for \$2.5 million and of paid waste at transfer stations for \$3.3 million. Lower revenue was also incurred due to delayed sales of multi-unit residential SSO toters of \$2 million and lower residential bin fee revenue of \$1.9 million. Increased revenue of \$2.9 million from sales of materials including recyclables and whitegoods partially offset the year-end revenue losses.

As a result, Solid Waste Management Services favourable variance at year-end was \$18.265 million. It is recommended that this net surplus be allocated as follows:

- a) \$1.793 million to the Green Lane Reserve Fund (XR1408) to fund Green Lane capital commitments;
- b) \$5.000 million to the Perpetual Care Reserve Fund (XR1013) to fund future perpetual care costs for closed landfills; and,
- c) \$11.472 million to the Waste Management Reserve Fund (XR1404) to fund the SWMS general capital program and operating stabilization.

Toronto Parking Authority reported a favourable year-end net variance of \$23.802 million or 42.7% above the 2010 Approved Net Budget of \$55.685 million. The Authority sold the air rights over an existing surface car park at 30 Roehampton Avenue to a private developer resulting in a gain on the sale of approximately \$24 million. Under the income-sharing arrangement, a part of the gain was transferred to the City and reflected in the Non-Program Revenues.

Toronto Water reported a year-end favourable net expenditure variance of \$21.923 million as at December 31, 2010. The surplus was due to gross expenditure savings of \$31.671 million largely from unfilled vacancies (\$11.617 million), lower cost for road repairs managed by Transportation Services (\$6.600 million), and a one-time reversal of bad debt expenses (\$5.600 million). Savings were partially offset by \$4.0 million in increased Hydro costs arising from rate changes as well as lower than budgeted revenue of \$9.748 million mainly from lower water sales revenue and sewer surcharges. The projected decline in water sales and sewer surcharge revenue can be attributed to lower consumption because of the lack of extended dry period throughout the summer months. It is recommended that the Program's operating surplus of \$21.923 million be contributed to the Water Capital Reserve Fund.