



City Budget  
2013

Office of the Chief Financial  
Officer  
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 the City.

# 2013 Operating Budget

## 2013 OPERATING BUDGET ANALYST BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

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## PART I: RECOMMENDATIONS

2013 Recommended Operating Budget  
(In \$000s)

(In \$000s)	2012		2013 Recommended Operating Budget			Change - 2013 Recommended Operating Budget v. 2012 Appvd. Budget		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget	\$	%	2014	2015
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	16,436.7	14,067.9	15,526.4	0.0	15,526.4	(910.3)	(5.5)	(2,523.8)	(267.0)
REVENUE	7,599.9	5,532.9	6,699.6	0.0	6,699.6	(900.3)	(11.8)	(2,757.6)	(374.7)
NET EXP.	8,836.8	8,535.0	8,826.8	0.0	8,826.8	(10.0)	(0.1)	233.8	107.7
Approved Positions	134.0	109.0	125.0	0.0	125.0	(9.0)	(6.7)	(10.0)	(20.0)

## Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. City Council approve the 2013 Recommended Operating Budget for Office of the Chief Financial Officer of \$15.526 million gross and \$8.827 million net, comprised of the following services:

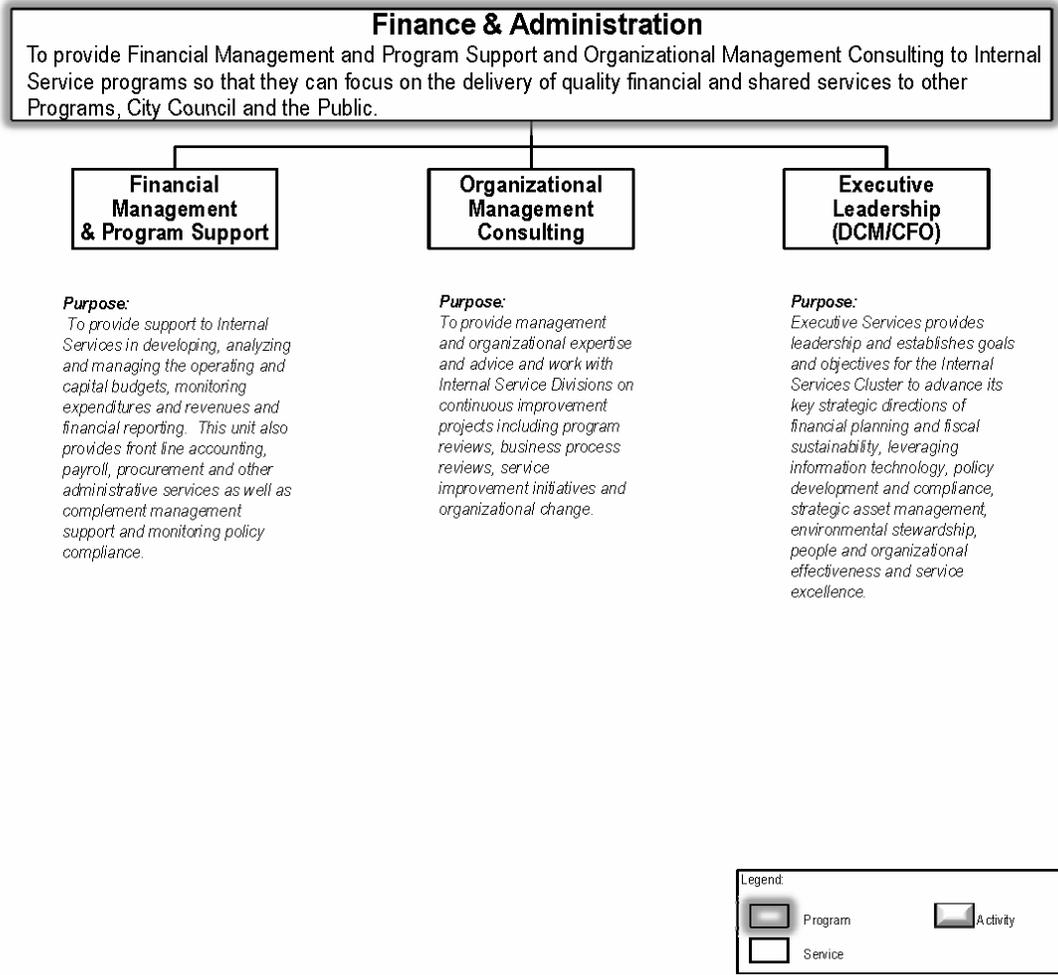
<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Finance & Administration	2,415.1	2,327.8
Corporate Finance	4,742.6	1,732.0
Financial Planning	8,368.7	4,767.0
Total Program Budget	<u>15,526.4</u>	<u>8,826.8</u>

2. The Office of the Chief Financial Officer's services and 2013 proposed service levels, as outlined on pages 4 through 14, and associated staff complement of 125 positions be approved.

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles

The Office of the Chief Financial Officer delivers 3 main services, Finance & Administration, Corporate Finance and Financial Planning as detailed in the following Program maps.



Service Customer

**Financial Management & Program Support**

- City Manager
- DCM/CFO
- Budget Committee
- Internal Services Divisions
- Other City Divisions

**Organizational Management Consulting**

- DCM/CFO
- Internal Services Divisions

**Executive Leadership (DCM/CFO)**

- City Manager and DCMs
- City Council and Committees
- Mayor and Councillors
- City Divisions and Agencies
- Property Owners/Taxpayers
- Media

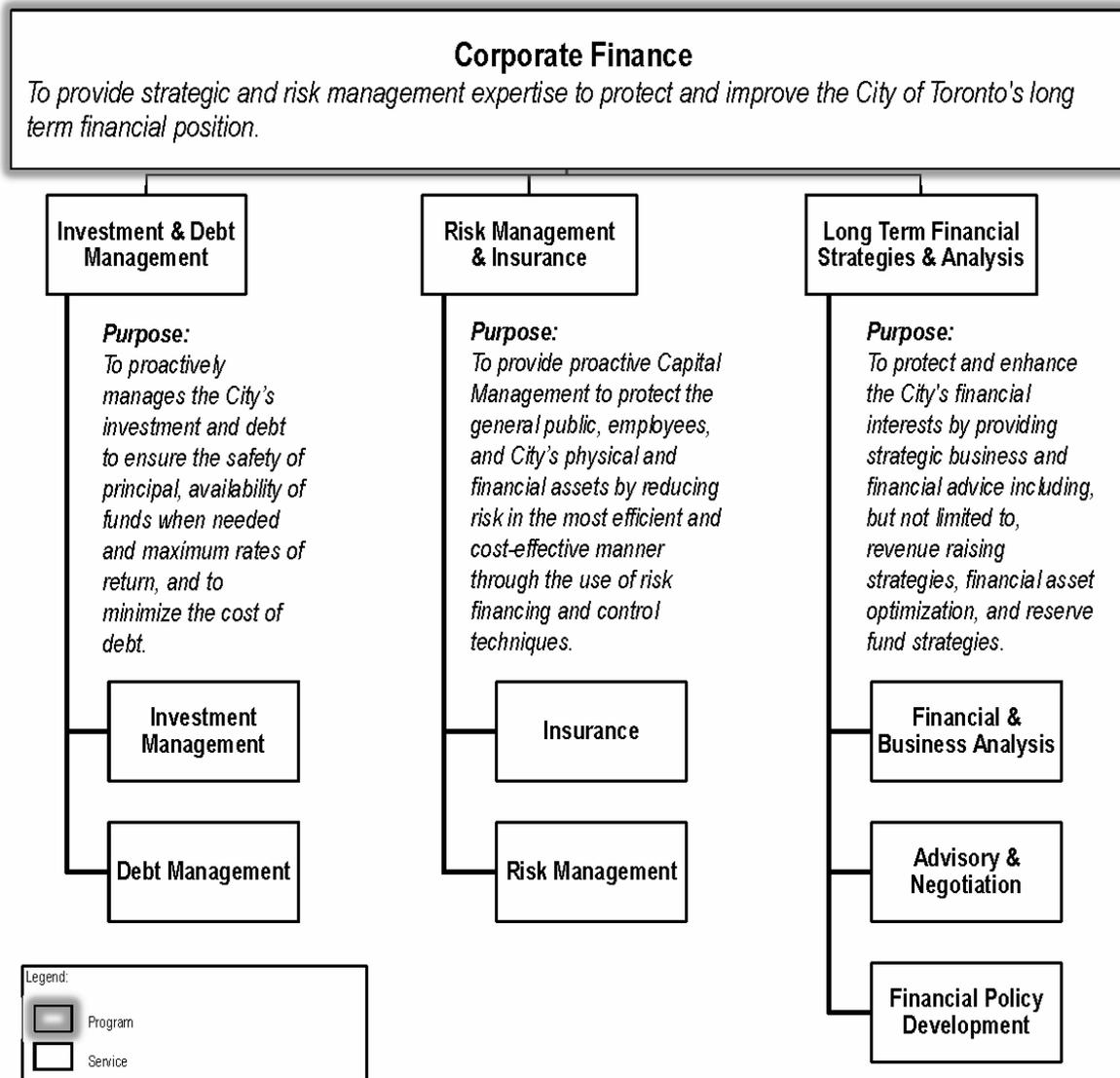
2013 Recommended Service Levels

Service Types and Service Levels

Service	Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
Financial Management & Program Support		Financial Control	Financial Oversight	review and coordination of cluster signing authorities completed annually	review and coordination of cluster signing authorities completed annually
				accounts analysis and journal entries reviewed monthly	accounts analysis and journal entries reviewed monthly
			Payroll Reports	Additional Cost, Bank Balance and Labour Distribution and Overtime Reports prepared and distributed bi-weekly	Additional Cost, Bank Balance and Labour Distribution and Overtime Reports prepared and distributed bi-weekly
				Management Reports	Attendance Management Reports prepared and distributed monthly
			Consultants' expenditure report prepared annually		Consultants' expenditure report prepared annually
			Statistics Canada Report on Capital Expenditures is prepared and submitted semi-annually		Statistics Canada Report on Capital Expenditures is prepared and submitted semi-annually
			DPO Activity Report, Blanket Contracts, PO Compliance and Parked Document reports reviewed and distributed monthly	DPO Activity Report, Blanket Contracts, PO Compliance and Parked Document reports reviewed and distributed monthly	
		Variance Reports	Capital and Operating Variance Reports and Cluster Performance Statistics are prepared and consolidated quarterly	Capital and Operating Variance Reports and Cluster Performance Statistics are prepared and consolidated quarterly	
		Program Support	Accounting	Pcard transactions are reviewed and approved monthly	Pcard transactions are reviewed and approved monthly
				Retention of accounting records on a daily basis	Retention of accounting records on a daily basis
				Cheque requisitions, goods receipt, new vendor accounts and petty cash reimbursements are processed within 3-5 business days of receipt	Cheque requisitions, goods receipt, new vendor accounts and petty cash reimbursements are processed within 3-5 business days of receipt
			Organizational Support	Cluster summary of Conferences/seminars is compiled annually for DCM's approval	Cluster summary of Conferences/seminars is compiled annually for DCM's approval
				Organizational change approval (OCA) requests are reviewed and processed within 10 business days of receipt	Organizational change approval (OCA) requests are reviewed and processed within 10 business days of receipt
				Organizational charts are revised as required	Organizational charts are revised as required
Staff requisition requests are reviewed and sent for DCM approval within 5-8 days of receipt	Staff requisition requests are reviewed and sent for DCM approval within 5-8 days of receipt				

**Service Types and Service Levels**

Service	Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels	
			Payroll	Reimbursement of employee expenses are processed bi-weekly	Reimbursement of employee expenses are processed bi-weekly	
				Retention of payroll records on a daily basis	Retention of payroll records on a daily basis	
				Time and attendance reporting and pay advice distribution are completed bi-weekly	Time and attendance reporting and pay advice distribution are completed bi-weekly	
				Benefit changes and employee payroll data updates are processed within 10 business days from date of notification	Benefit changes and employee payroll data updates are processed within 10 business days from date of notification	
			Purchasing	Corporate calls are managed within standards established by PMMD	Corporate calls are managed within standards established by PMMD	
				Retention of purchasing records on a daily basis	Retention of purchasing records on a daily basis	
				Contract release orders (CRO), corporate express requisitions, divisional purchase orders (DPO), material stores requisitions are processed within 3-5 business days	Contract release orders (CRO), corporate express requisitions, divisional purchase orders (DPO), material stores requisitions are processed within 3-5 business days	
				Purchase requisitions and sole source documentation are processed within 5-10 business days	Purchase requisitions and sole source documentation are processed within 5-10 business days	
			Capital & Operating Budget Support	Capital Budget	Capital Budget and 10 Year Plan of Capital Works prepared annually	Capital Budget and 10 Year Plan of Capital Works prepared annually
					Operating Budget	Operating Budget prepared annually
Organizational Management Consulting				Project specific	Project specific	
Executive Leadership (DCM/CFO)						



Service Customer

**Investment & Debt Management**

- Corporation
- Divisions
- Agencies
- Owned Subsidiaries
- Pension Funds
- Sinking Fund Committee
- Investment Advisory Committee

**Risk Management & Insurance**

- Claimants
- Insured Employees & Councillors
- Corporation
- Divisions
- Agencies (except Toronto Transit Commission, Toronto Community Housing Corporation, Toronto Parking Authority)

**Long Term Financial Strategies & Analysis**

- Council
- Mayor
- Divisions
- Agencies including Toronto Hydro, Toronto Community Housing Corporation, Enwave District Energy Corporation

2013 Recommended Service Levels

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels	
Investment and Debt Management	Investment Management		Money Market Funds		Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held	Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held	
			Sinking Funds		Funds are invested to return 100% of the principal to lenders at the time each debt tranche matures. Surplus funds may be returned to the City's accounts and used to offset new debt issuance, per Council approved policy	Funds are invested to return 100% of the principal to lenders at the time each debt tranche matures. Surplus funds may be returned to the City's accounts and used to offset new debt issuance, per Council approved policy	
			Bond Funds		Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held	Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held	
			City Owned Subsidiaries		Reviews of business plans and financial statements are completed within 1 week	For City GBEs (TPLC, IT, BT, TCHC, THC, TPA., and Enwave) Summaries of quarterly statements and subsidiary statements as available to CFO; Business Plans to CFO & CMO; Annual Financial Statements as attachment to CMO AGM reports.	
	Debt Management			Debentures		Spreads change on a daily basis based on capital markets. Credit ratings generally set once per year	Interest rates and issuings spreads change on a daily basis based on capital market conditions. Credit ratings are generally assessed and issued once per year
				Loan or line of credit agreements executed		Financial performance of recipient organizations is assessed at least annually, but more frequently if information is available or issues are identified	Work with Facilities and programs to update energy finance policies in respect of Sustainable Energy Funds and internal (recoverable) loans for positive NPV projects.
				Business Analysis ~ investment/debt strategy for owned subsidiaries		Issues are resolved in a timely manner and effort required is directly related to complexity of issue being resolved	Provide Cfo input into updating of shareholder directions for THC and TCHC; develop and get appCouncil approval of dividend policies for BT and TPLC.

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
Long Term Financial Strategies and Analysis	Financial & Business Analysis		Major City-Building Initiatives		Delivered within negotiated timelines 100% of the time	Delivered within negotiated timelines 100% of the time
			Real Estate/Land Development Transactions		Delivered within negotiated timelines 100% of the time	Delivered within negotiated timelines 100% of the time
			Public - Private Partnerships		Delivered within negotiated timelines 100% of the time	Delivered within negotiated timelines 100% of the time
			Business Analysis ~ RFP/RFQ evaluation		In accordance with each bid being reviewed	In accordance with each bid being reviewed
			Business Analysis ~ Major purchases and contract review	Cost sharing, fiscal arrangements	Comments provided with 48 hours for most documents. Each document is reviewed at the level of detail required based on its size and complexity. Turnaround times are generally established in consultation with the client divisions	Comments provided with 48 hours for most documents. Each document is reviewed at the level of detail required based on its size and complexity. Turnaround times are generally established in consultation with the client divisions
			Business Analysis ~ Revenue and economic competitiveness	Revenue sharing	Reports prepared in accordance with Council Committee deadlines	<b>Ongoing review of City's business competitiveness, including consideration of property taxes, water rates, and other fees and charges.</b>
	Advisory & Negotiation		Financial Advisory/Strategy ~ Long Term financial planning	Funding programs	Reports and presentations prepared in accordance with Council Committee deadlines and the timing of the budget process	Reports and presentations prepared in accordance with Council Committee deadlines and the timing of the budget process
			Financial Advisory/Strategy ~ Project Management	New Taxes	Responses to client divisions established based on their timing and requirements. Effort involved depends on size and complexity of issue. Timing for reports to Council is in accordance with Committee deadlines	<b>Monitor situation and provide support as required for Bag Fee related policy issues; Sign Tax Appeal related policy changes; MLTT administration and policy changes</b>

**Service Types and Service Levels**

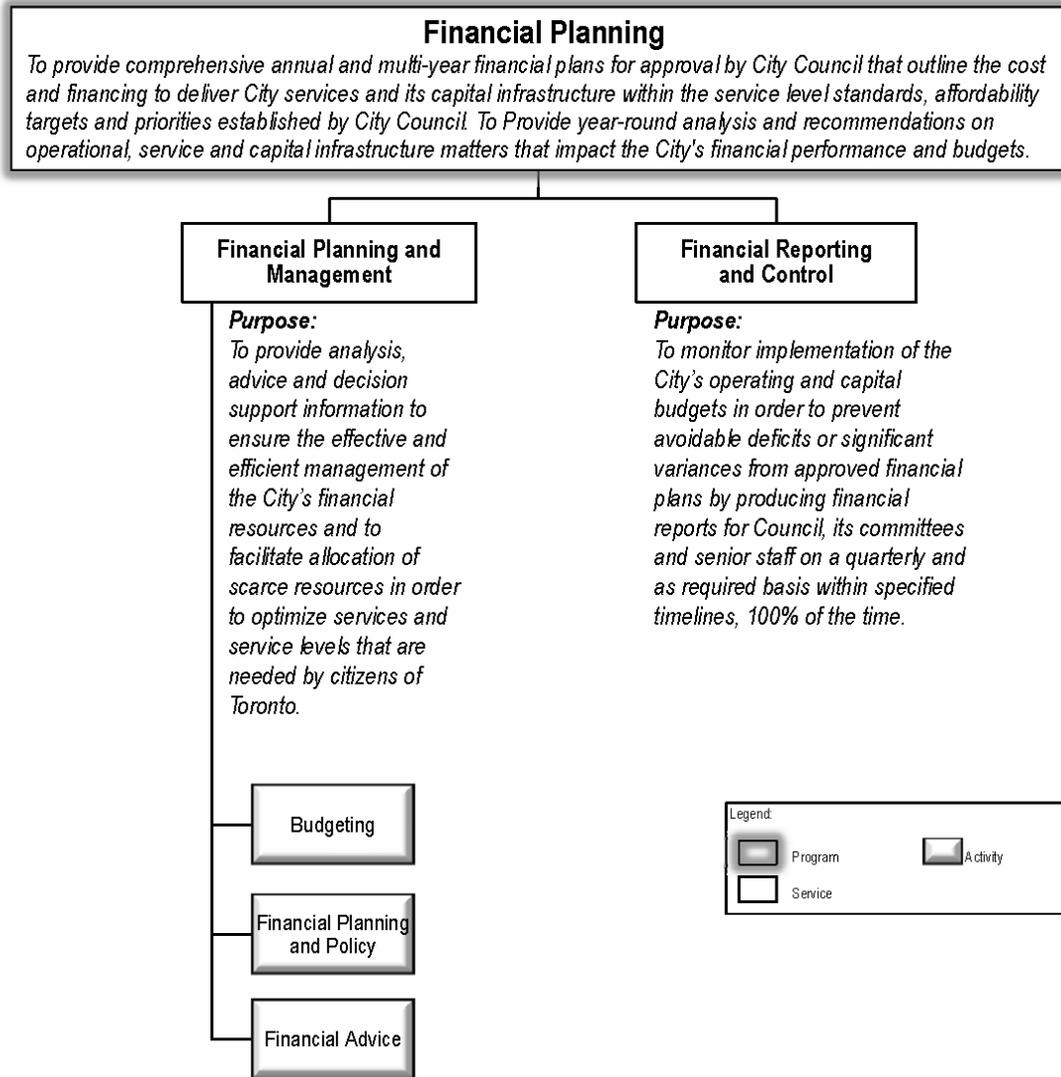
Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
			Financial Advisory/Strategy ~ Financial Analysis and Advice	Sponsorship	Responses are concluded as quickly as possible taking into consideration the nature of the request and time involved, along with the consideration of other priorities	<b>Provide advice to Support TOP as required re naming rights policy approval, and Bag Fee donations policy.</b>
			Financial Advisory/Strategy ~ Monitoring, compliance review and administration of funding and cost sharing agreements with Federal and Provincial governments	Tax implementation	Per turnaround, reporting and other requirements of each agreement	<b>Monitor and provide support for influencing and adapting to legislative changes related to MLTT, and PMFSDR uploads.</b>
			Financial Advisory/Strategy ~ Review of financial implications and opportunities in statutory and judicial matters, e.g. provincial legislation	Asset restructuring/sale	Responses prepared in accordance with source and nature of issue being addressed	<b>Monitor and provide support for influencing and adapting to legislative changes related to MLTT, PMFSDR uploads, BT loan guarantees and property tax exemptions, and THC transfer and departure taxes (on sale, share issuance, and/or activities outside Toronto.</b>
	Financial Policy Development		Development Charge By-law	Administration & Implementation	Provide assistance and advice to internal and external clients on timely basis 100% of the time	Provide assistance and advice to internal and external clients on timely basis 100% of the time
		Background Study & By-law		Reviewed and updated every 5 years (scheduled 2012-13); amendments to the by-law in the interim if necessary	<b>Bring forward updated background study and revised by-law for Council consideration and adoption.</b>	
		Capital Financing		Reviews and recommendations provided in accordance with budget process guidelines 100% of the time	Reviews and recommendations provided in accordance with budget process guidelines 100% of the time	
		Reporting		Meeting agenda closing deadlines 100% of the time	Meeting agenda closing deadlines 100% of the time	

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
			Capital Financing Tools		On-going discussion and negotiations with Province to implement a TIF scheme; City comments and responses provided to Province within negotiated timelines 100% of the time	On-going discussion and negotiations with Province to implement a TIF scheme; City comments and responses provided to Province within negotiated timelines 100% of the time
			Financial Policy ~ City of Toronto Act Taxes		Service levels dependent on source of report required, e.g. Council may request certain policy changes, with specified deadlines	<b>Provide advice on regard to application of Part X tax authorities re bag fee, MLTT, and new Metroinx/transit funding iniativies.</b>
			Financial Policy ~ Property tax	Service agreement negotiations	Reported to Committee in accordance with their deadlines and in conjunction with budget process. By-law is required to be approved by City Council, per COTA	<b>On going review of Property policy.</b>
			Financial Policy ~ Water rate	Investment financial oversight	Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process	<b>Ongoing review of City's business competitiveness, including consideration of property taxes, water rates, and other fees and charges.</b>
			Financial Policy ~ Garbage Rate	Public private partnerships		<b>Monitor and work with Solid Waste Management to review the rates and their implications as necessary.</b>
			Financial Policy ~ Capital financing	Right of way contributions	Report submitted as part of budget approval process to seek Council authority for borrowing requirements	<b>Monitor telecomm right of way legal intiatives in regard to charging for access to City rights of way.</b>
			Financial Policy ~ Reserve Funding		As required for each new reserve fund and in accordance with Committee schedules and deadlines	As required for each new reserve fund and in accordance with Committee schedules and deadlines
Risk Management and Insurance	Insurance		Insurance ~ Claims Management – General Liability		Claimants notified within 2 weeks. Resolution of claims is often outside of City control and timing can range from a matter of days to several years where there is litigation or complicating factors	<b>Claimants acknowledged upon receipt by City Clerk's Office via return email or Canada Post. City divisions return claim reports to adjuster within 30 days of receipt of request. Claim resolution timing is variable.</b>
			Insurance ~ Claims Management – Other Coverage		Claimants notified within 2 weeks. Resolution of claims is often outside of City control and timing can range from a matter of days to several years where there is litigation or complicating factors	<b>Claimants acknowledged upon receipt by City Clerk's Office via return email or Canada Post. City divisions return claim reports to adjuster within 30 days of receipt of request. Claim resolution timing is variable.</b>

**Service Types and Service Levels**

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
			Insurance ~ Risk Financing – insurance policies, self insured funding		Coverage through external insurers is contracted annually and supplements internally funded levels. Deductible levels are approved by City Council and the upside limit of policy coverages are secured through the insurance markets and approved by Council.	Coverage through external insurers is contracted annually and supplements internally funded levels. Deductible levels are approved by City Council and the upside limit of policy coverages are secured through the insurance markets and approved by Council.
			Insurance ~ Letters of Credit		Letters of credit are generally released within 3 days. Turnaround time for each transaction is recorded but not currently summarized	Letters of credit are generally released within 3 days. Turnaround time for each transaction is recorded but not currently summarized
			Insurance ~ Insurance Consulting		In accordance with each contract being reviewed	In accordance with each contract being reviewed.
	Risk Management		Risk Management ~ Consultation and Advice		In accordance with each issue being reviewed	In accordance with each contract being reviewed.
			Risk Management ~ Strategies and Policies		In accordance with each issue being reviewed	In accordance with each contract being reviewed.
			Risk Management ~ Performance Bonds		In accordance with each security being reviewed	In accordance with each contract being reviewed.



Service Customer

**Financial Planning and Management**

- Corporation
- Taxpayer/Stakeholders (Bond rating Agencies, etc.)

**Financial Reporting and Control**

- Corporation
- Taxpayer/Stakeholders (Bond rating Agencies, etc.)

2013 Recommended Service Levels

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels	
Financial Planning and Management	Budgeting		Operating	Analysis/ Recommendation provided	Balanced Operating budget approved annually by end of year	<b>Balanced Operating Budget approved annually by end of year in accordance with Council's mandates within the first month of the fiscal year.</b>	
				Decision Support	Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time	Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time	
				Process Management	Process updated and delivered 6 weeks in advance of submission guidelines	Process updated and delivered 6 weeks in advance of submission guidelines	
			Capital	Analysis/ Recommendation provided	a recommended Capital budget and plan, annually, in accordance with council's mandates	A recommended Capital budget and plan, annually, in accordance with council's mandates within the first month of the fiscal year.	
				Decision Support	Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time	Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time	
				Process Management	Process updated and delivered 6 weeks in advance of submission guidelines	Process updated and delivered 6 weeks in advance of submission guidelines	
	Financial Advice			Decision Support	Reports	Meeting agenda closing deadlines 100% of the time	Meeting agenda closing deadlines 100% of the time
					Council Support	Meeting agenda closing deadlines 100% of the time	Meeting agenda closing deadlines 100% of the time
					Initiatives	Meeting agenda closing deadlines 100% of the time	Meeting agenda closing deadlines 100% of the time
					Issues Management	Responses released within prescribed timelines 100% of the time	Responses released within prescribed timelines 100% of the time
				State of Financial Affairs	Issues Management	Responses released within prescribed timelines 100% of the time	Responses released within prescribed timelines 100% of the time
					Intergovernmental	Provided necessary information to support negotiated stance, 100% of the time	Provided necessary information to support negotiated stance, 100% of the time
Financial Planning & Policy			Service Planning	Analysis/ Recommendation provided	A recommended Service Plan annually by end of year, in accordance with council's priorities and directions	A recommended Service Plan annually by end of year, in accordance with council's priorities and directions	
				Decision Support	Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time	Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time	

## Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
				Process Management	Process updated and delivered 6 weeks in advance of submission guidelines	Process updated and delivered 6 weeks in advance of submission guidelines
			Program/ Service Review	Analysis/ Recommendation provided	Analysis provided within (turnaround time) 100% of the time	Analysis provided within (turnaround time) 100% of the time
				Decision Support	Inquiries addressed/ Responses released within prescribed timelines 100% of the time	Inquiries addressed/ Responses released within prescribed timelines 100% of the time
				Process Management	Process updated and delivered 6 weeks in advance of submission guidelines	Process updated and delivered 6 weeks in advance of submission guidelines
			Policy Development and Review		Review policies one per year, 100% of the time	Review policies one per year, 100% of the time
Financial Reporting & Control			Budget Monitoring & Control	Operating - Variance	Quarterly within 45 days of quarterly closing	Quarterly within 45 days of quarterly closing
				Capital - Variance	Quarterly within 45 days of quarterly closing	Quarterly within 45 days of quarterly closing
				Ad hoc (request)	Responses released within prescribed timelines 100% of the time	Responses released within prescribed timelines 100% of the time
				Active Monitoring	Once per month	Once per month
				In-Year Adjustments	Operating/ Capital budget adjustment requests reviewed in advance of Agenda closing deadlines 100% of the time	Operating/ Capital budget adjustment requests reviewed in advance of Agenda closing deadlines 100% of the time
			Complement Management Control		Reviewing submitted OCA forms for Financial Implications within 7 days upon receipt from Divisions 75% of the time	Reviewing submitted OCA forms for Financial Implications within 7 days upon receipt from Divisions 75% of the time

## 2013 Service Deliverables

The 2013 Recommended Operating Budget of \$15.526 million gross provides funding to:

- Manage the City's \$2.6 billion net debt portfolio.
- Invest the City's \$4.6 billion investment portfolio.
- Insure \$13.6 billion worth of property and process approximately 11,000 insurance claims annually.
- Review City's policies with respect to business competitiveness and rate payer equity, including consideration of property taxes, water rates, and other fees and charges.
- Review approximately 330 contract reports for award by Bid Committee and approximately 50 contract reports for award by Council.
- Manage the City's development charges system, which yields over \$100 million annually.
- Provide financial analytical support to senior management, Committees and Council on large complex City projects (e.g. Transit, Portlands, Enwave Sale).
- Implement modifications to the City's insurance program through insurance licensing and consolidation of shared services among eligible City entities.
- Participate, support or lead corporate and program-specific initiatives to provide sound financial strategies, analysis and advice that meet corporate financial management needs and address business/City-wide matters.
- Continue progress on FPARS Business Transformation deliverables for the City and implement FPARS Public Budget Formulation (PBF) Go-live to support service-based and performance-focused multi-year planning and budgeting.
- Review, analyze and make recommendations on the 2013-2022 Capital Budget and Plan totalling approximately \$3.0 billion (tax and rate supported) by January.
- Review, analyze and make recommendations on the 2013 Operating Budget totalling approximately \$10.7 billion (tax and rate supported) by January.
- Review all staff reports, recommendations and Notices of Motions (average of 1,203 in 2012) for financial implications to ensure Council is fully informed prior to decision-making.
- Deliver Capital and Operating Quarterly Variance reports and recommend mitigating strategies if necessary.
- Provide financial advice and support to Budget Committee, Senior Management and Council on budgetary/funding matters.
- Continue civic engagement on the budget – Councillor Town Hall meetings, forums, website improvement and publication development, etc.

## PART III: RECOMMENDED BASE BUDGET

**2013 Recommended Base Budget  
(In \$000s)**

(In \$000s)	2012 Approved Budget	2013 Rec'd Base	Change 2013 Recommended Base vs. 2012 Appvd. Budget		FY Incremental Outlook	
			\$	%	2014	2015
	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	16,436.7	15,526.4	(910.3)	(5.5)	(2,523.8)	(267.0)
<b>REVENUE</b>	7,599.9	6,699.6	(900.3)	(11.8)	(2,757.6)	(374.7)
<b>NET EXP.</b>	8,836.8	8,826.8	(10.0)	(0.1)	233.8	107.7
<b>Approved Positions</b>	134.0	125.0	(9.0)	(6.7)	(10.0)	(20.0)

### 2013 Recommended Base Budget

The 2013 Recommended Base Budget of \$15.526 million gross and \$8.827 million net is \$0.010 million or 0.1% below the 2012 Approved Budget of \$8.837 million net. The 2013 Recommended Base Budget provides \$0.152 million in funding for base budget increases, representing an increase of 1.7% over the 2012 Approved Budget, offset by \$0.162 million net in recommended service budget reductions bringing the Program's base budget to \$0.010 million net or 0.1% below the budget target of a 0% increase.

- The recommended budget reduction arises from the implementation of an efficiency measure that results in costs savings of \$0.162 million.
- Approval of the 2013 Recommended Base Budget will decrease the Program's approved staff complement by 9 from 134 to 125 positions as highlighted in the table below:

**2013 Recommended Staff Complement  
Base Budget Summary**

Changes	Staff Complement
<b>2012 Approved Complement</b>	140.0
- 2012 In-year Adjustments	(6.0)
<b>2012 Approved Staff Complement</b>	<b>134.0</b>
<b>2013 Recommended Staff Complement Changes</b>	
- 2013 Temporary Complement - Capital Project Delivery	(8.0)
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Service Change Adjustments	(1.0)
<b>Total 2013 Recommended Complement</b>	<b>125.0</b>

- The 2013 Recommended Base Budget for the Office of the Chief Financial Officer includes the deletion of 8 capital positions that are no longer required for the Financial Planning, Analysis & Reporting System (FPARS) project.
- A recommended efficiency change resulted in the deletion of a vacant manager's position.

**2013 Recommended Service Change Summary  
(In \$000s)**

Description	2013 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% Change over 2012 Budget	2014		2015	
					Net Expenditure	Position Change	Net Expenditure	Position Change
<b>Efficiency Change</b>								
Delete a Manager's Position In Corporate Finance	(1.0)	(162.2)	(162.2)	(1.8)				
<b>Sub-Total Service Changes</b>	(1.0)	(162.2)	(162.2)	(1.8)				
<b>Total Service Changes</b>	(1.0)	(162.2)	(162.2)	(1.8)				

### 2013 Recommended Service Changes

The 2013 recommended service changes consist of an efficiency measure that will reduce the Operating Budget by \$0.162 million, representing a decrease of 1.8% from the 2012 Approved Budget, which offsets the Program's incremental base budget pressures of \$0.152 million or a 1.7% increase, bringing the 2013 Recommended Base Budget to \$0.010 million or 0.01% below the 2012 Approved Budget of \$8.837 million.

#### Service Changes: (savings of \$0.162 million gross and net)

##### *Delete a Manager's Position*

- In 2012, organizational restructuring consolidated the Special Projects Division within the Corporate Finance Division, resulting in the deletion of a permanent manager's position. Efficiencies from the re-organization of duties will have no impact on the 2012 approved service levels provided by the Office of the Chief Financial Officer.

### 2014 and 2015 Outlook (In \$000s)

Description	2014 - Incremental Increase					2015 - Incremental Increase					Total Net % Change from 2013
	Gross Expense	Revenue	Net Expense	% Net Change from 2013	# Positions	Gross Expense	Revenue	Net Expense	% Net Change from 2014	# Positions	
<b>Known Impacts</b>											
Progression Pay for Non-Union Staff	95.1		95.1	1.1		60.7		60.7	0.7		1.8
Step Increases for Union Staff	2.8	2.8	0.0	0.0		2.8	2.8	0.0	0.0		0.0
Cost of Living Increase for Union Staff	28.7	18.9	9.8	0.1		37.6	24.8	12.8	0.1		0.3
Maintain Current Gapping Rate	(1.9)	(0.8)	(1.1)	(0.0)		(2.1)	(0.9)	(1.2)	(0.0)		(0.0)
Increase for Credit Rating Services	29.9	29.9	0.0	0.0							0.0
Reduce Recovery from TTC for the Spadina Subway Project							(35.4)	35.4	0.4		0.4
Reduce Temporary Capital Positions in FPARS	(2808.4)	(2808.4)	0.0	0.0	(11)	(366.0)	(366.0)	0.0	0.0	(20)	0.0
Operating Impact from Capital Project	130.0	0.0	130.0	1.5	1						
<b>Sub-Total Known Impacts</b>	<b>(2523.8)</b>	<b>(2757.6)</b>	<b>233.8</b>	<b>2.6</b>	<b>(10)</b>	<b>(267.0)</b>	<b>(374.7)</b>	<b>107.7</b>	<b>1.2</b>	<b>(20)</b>	<b>3.9</b>
<b>Anticipated Impacts</b>											
<b>Sub-Total - Anticipated Additional Impacts</b>											
<b>Total Incremental Impacts</b>	<b>(2523.8)</b>	<b>(2757.6)</b>	<b>233.8</b>	<b>2.6</b>	<b>(10)</b>	<b>(267.0)</b>	<b>(374.7)</b>	<b>107.7</b>	<b>1.2</b>	<b>(20)</b>	<b>3.9</b>

Approval of the 2013 Recommended Base Budget for the Office of the Chief Financial Officer will result in a 2014 incremental cost increase of \$0.234 million and a 2015 incremental cost increase of \$0.108 million to maintain 2013 service levels.

Future year incremental costs are primarily attributable to the following:

#### *Known Impacts for 2014*

- Progression pay increases for non-union staff of \$0.095 million gross and net.
- Step increases for union staff of \$0.003 million gross and \$0.0 million net.
- Cost of living increases for union staff of \$0.029 million gross and \$0.010 million net based on the negotiated settlements.
- Increase gapping by \$0.001 million net to maintain the gapping rate at 2.3%.
- Increased fees for credit rating agency services of \$0.030 million to be recovered from Non-Program resulting in a \$0.0 million net impact.
- The deletion of 11 temporary capital positions in the FPARS project to reflect the final phase of the FPARS-PBF Implementation project requirements will reduce salaries and benefits by \$2.808 million recovered from capital for a net \$0.0 million impact.
- Operating impact of \$0.130 million for 1 permanent staff to sustain the FPARS project.

#### *Known Impacts for 2015*

- Progression pay increases for non-union staff of \$0.061 million gross and net.
- Step increases for union staff of \$0.003 million gross and \$0.0 million net.
- Cost of living increases for union staff of \$0.038 million gross and \$0.013 million net based on the negotiated settlements.
- Increase gapping by \$0.001 million net to maintain the gapping rate at 2.3%.

- Reduce recoveries of \$0.035 million from TTC for staff services no longer required on the Spadina Subway project.
- The deletion of 20 temporary capital positions with the completion of the FPARS project in 2014 will reduce salaries and benefits by \$0.366 million recovered from capital for a net \$0.0 million impact.

## Appendix 1

### 2012 Performance

#### 2012 Key Accomplishments

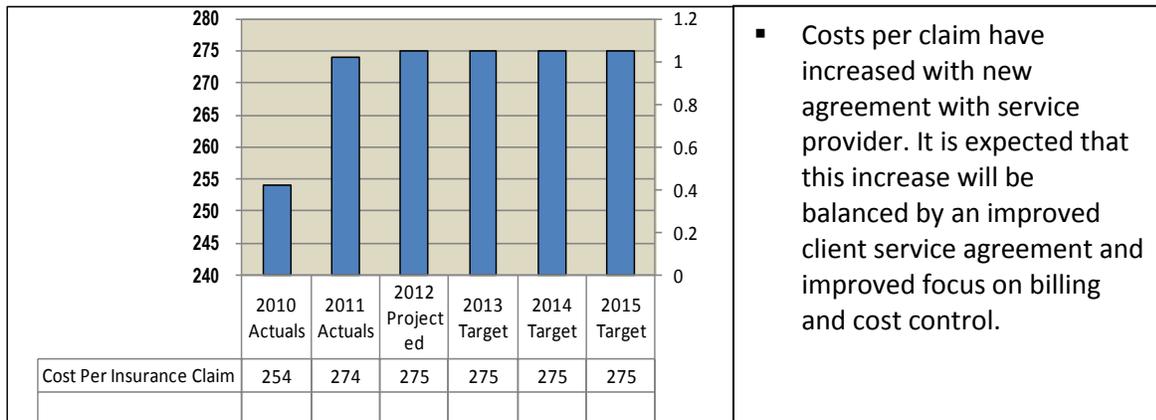
In 2012, the Office the Chief Financial Officer achieved the following results:

- ✓ Implemented public service standards for processing insurance claims.
- ✓ Initiated a development charge background study required to introduce a new Development Charge Bylaw.
- ✓ Monetized the City's investment in Enwave.
- ✓ Obtained Council approval for the 2012 Operating and 2012-2021 Capital Budget and Plan for Rate Supported and Tax Supported Budgets by mid January 2012. The delivery of a second Budget and Process was carried out within one calendar year.
- ✓ Provided project analysis, advisory, negotiation and research services for major corporate initiatives and multi-lateral projects – Toronto-York Spadina Subway Extension, Waterfront Revitalization, Pan Am Games, Sheppard Ave Subway.
- ✓ Supported the implementation of User Fee Review recommendations. As part of the Service Review Program, lead expanded, more comprehensive user fee review, utilizing work already completed to establish new user fee regimen for the City.
- ✓ Provided oversight of 2012 Operating (totaling \$411.1M gross and \$162.2M net) and Capital Budgets (totaling \$275.8M) for cluster divisions through monitoring, corrective action and variance reporting.
- ✓ Received the prestigious GFOA Award for Distinguished Budget Presentation for its budget. This is the highest award for budgeting in North America for the City's Annual Financial Report for year ended December 31, 2010.
- ✓ Continued implementation of Financial Planning, Budgeting and Reporting System (FPARS) for interim and long term deliverables:
  - Public Budget Formulation (PBF) activities: project preparation, implementation finalized and blueprint phases according to plan and begin realization phase for April 2013 Go-Live.
  - Finalized Program Map/Service Profiles for use in the 2012/2013 Multi Year Planning & Budgeting process and to form the service structure for financial and human resources data in SAP.
  - Began the development of a performance metric inventory.
  - Established Complement Management "To-Be" process.
  - Developed Change Management & Communications strategy and began Roll-out Plan for the City.
- ✓ Coordinated the preparation of contingency plans for potential 2012 Labour Disruption for cluster divisions.

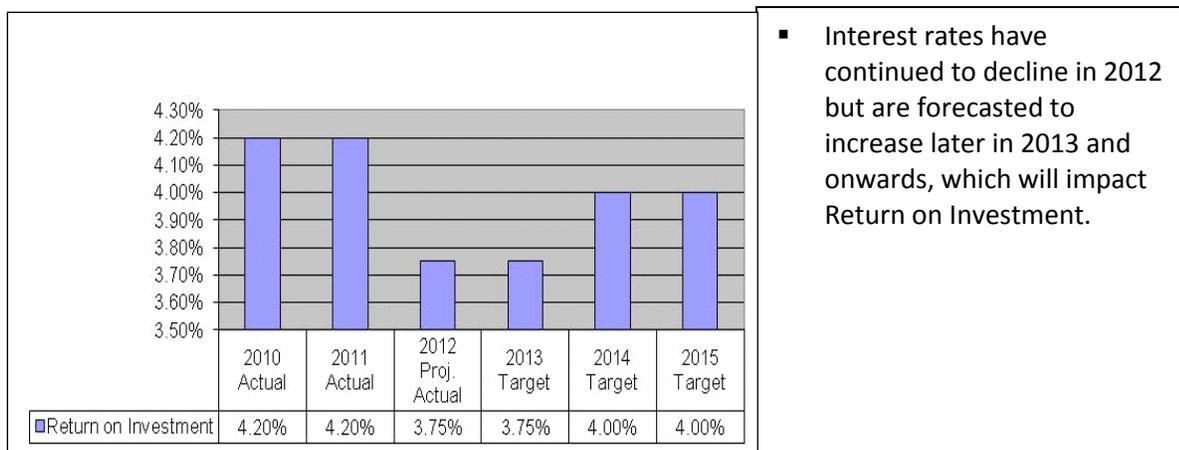
- ✓ Provided consulting, project management and coordination support to program reviews in Pension, Payroll and Employee Benefits and Revenue Services divisions.
- ✓ Reviewed approximately 300 contract reports for award by Bid Committee and approximately 40 contract reports for award by Council.
- ✓ Delivered 2013 Staff Recommended Operating Budget and 2013-2022 Staff Recommended Capital Plan to Budget Committee for consideration and recommendations to Executive Committee by year-end.
- ✓ Implemented City-wide priority-setting process for information technology investments that leverage existing IT investments and ensures integration with corporate priorities City-wide IT Portfolio established and recommended for consideration in the 2013 Budget process.
- ✓ Reviewed an average of 1,150 staff and 350 Bid Committee reports and drafted 60 reports annually for financial implications to ensure Council is fully informed, prior to decision-making.

2012 Performance

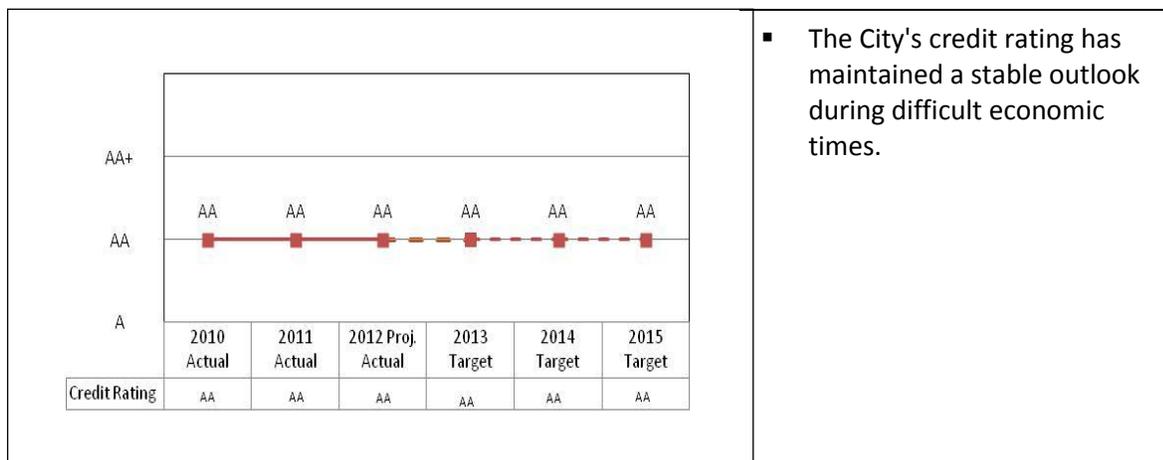
Efficiency Measure – Cost per Insurance Claim (\$)



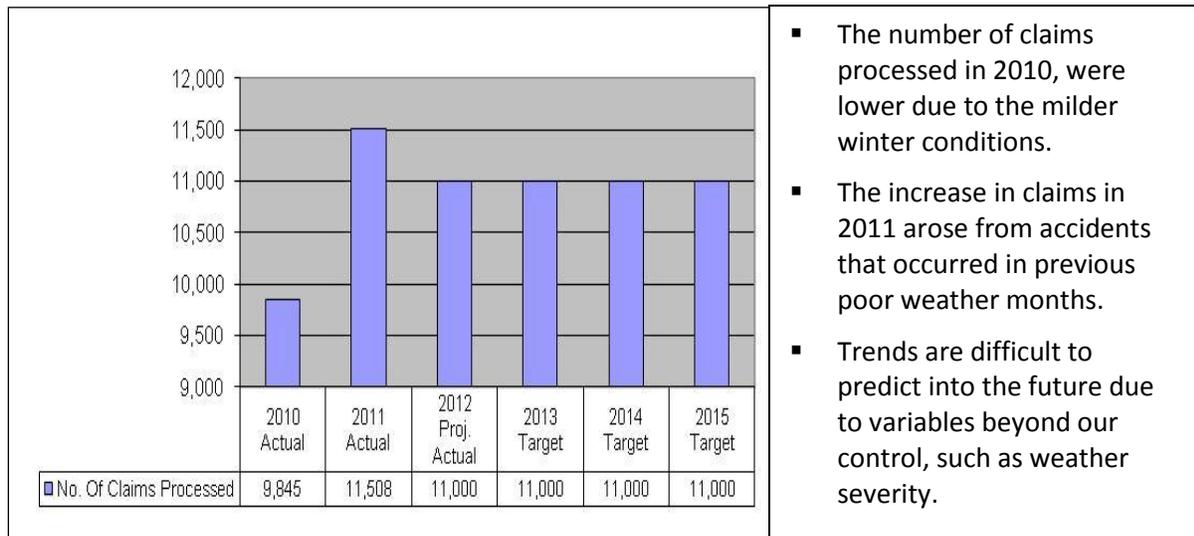
Effectiveness Measures - Return on Investment



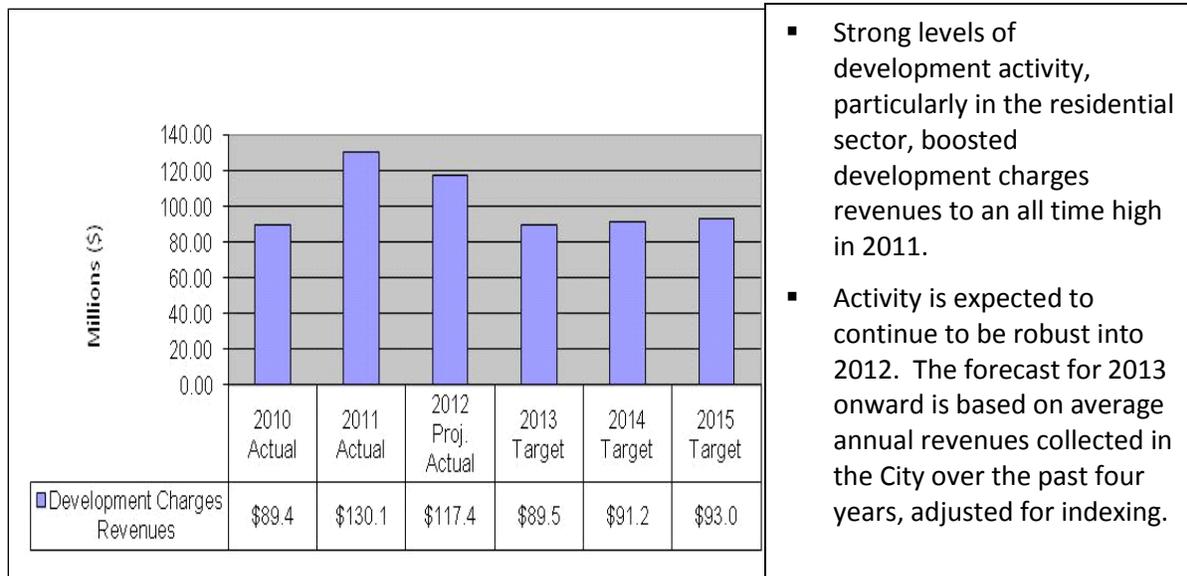
Effectiveness Measures - Credit Rating



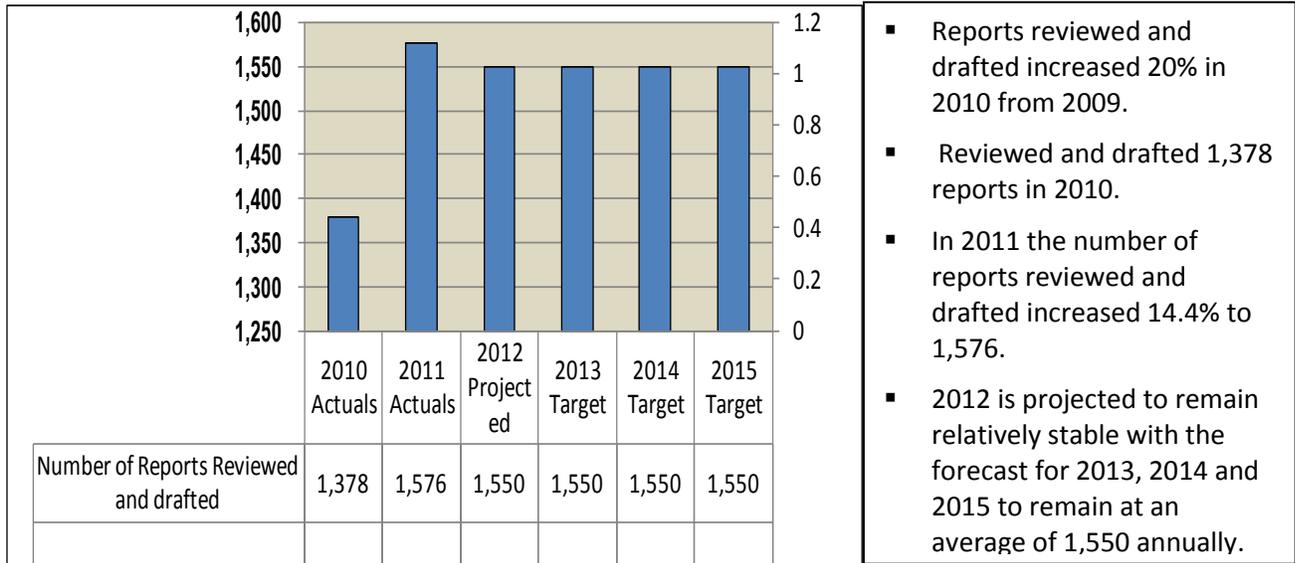
Outcome Measures - Number of Insurance Claims Processed



Outcome Measures – City-Wide Development Charges Revenues



Outcome Measures – Number of Reports Reviewed (FPD)



- Reports reviewed and drafted increased 20% in 2010 from 2009.
- Reviewed and drafted 1,378 reports in 2010.
- In 2011 the number of reports reviewed and drafted increased 14.4% to 1,576.
- 2012 is projected to remain relatively stable with the forecast for 2013, 2014 and 2015 to remain at an average of 1,550 annually.

## 2012 Budget Variance Analysis

### 2012 Budget Variance Review (In \$000s)

(In \$000s)	2010	2011	2012	2012	2012 Approved Budget vs Projected Actual Variance	
	Actuals	Actuals	Approved Budget	Projected Actuals*	\$	%
	\$	\$	\$	\$	\$	%
<b>Gross Expenditures</b>	11,585.6	12,752.4	16,436.7	14,067.9	(2,368.8)	(14.4)
<b>Revenues</b>	3,812.7	4,424.4	7,599.9	5,532.9	(2,067.0)	(27.2)
<b>Net Expenditures</b>	7,772.9	8,328.0	8,836.8	8,535.0	(301.8)	(3.4)
<b>Approved Positions</b>	97.0	101.0	134.0	109.0	(25.0)	(18.7)

\* Based on the 3rd Quarter Operating Budget Variance Report.

### 2012 Experience

The Office of the Chief Financial Officer's year-end favourable variance is projected to be \$0.302 million or 3.4% below the 2012 Approved Operating Budget of \$8.837 million net.

- The projected favourable variance of \$2.369 million gross is mainly attributed to the deferral of filling vacant positions for the FPARS capital project until the completion of the blueprinting phase. Work is underway to begin the second wave of planned recruitment for the project.
- The \$2.067 million in projected unfavourable revenues is directly related to the non-recovery of capital funding for salary costs due to the unfilled positions for the FPARS project.

### Impact of 2012 Operating Variance on the 2013 Recommended Budget

- There are 25 vacant positions in the Office of the Chief Financial Officer, of which 20 are temporary capital funded positions for the FPARS project.
- The favourable variance is not expected to carry over to 2013 as 11 of the vacant capital positions will be filled in 2013 and 8 will be eliminated in 2013 and accordingly the 2013 Recommended Operating budget includes a \$1.042 million reduction in gross salaries and benefit costs, offset by a reduced capital recovery for a \$0 net impact.

## Appendix 2

## 2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

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

Category of Expense	2010 Actual	2011 Actual	2012 Budget	2012 Projected Actual	2013 Recommended Budget	2013 Change from 2012 Approved Budget		2014 Outlook	2015 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	10,871.3	12,008.9	15,529.4	13,160.6	14,553.2	(976.2)	(6.3%)	11,999.5	11,732.5
Materials and Supplies	38.2	37.9	63.2	63.2	64.6	1.4	2.2%	64.6	64.6
Equipment	4.2	4.0	6.5	6.5	7.0	0.5	7.7%	7.0	7.0
Services & Rents	442.6	433.8	583.8	583.8	649.2	65.4	11.2%	679.1	679.1
Contributions to Capital									
Contributions to Reserve/Res Funds	69.0	71.7	72.6	72.6	72.6	0.0	0.0%	72.6	72.6
Other Expenditures	0.2	0.2	0.5	0.5	0.5	0.0	0.0%	0.5	0.5
Interdivisional Charges	160.1	195.9	180.7	180.7	179.3	(1.4)	(0.8%)	179.3	179.3
<b>TOTAL GROSS EXPENDITURES</b>	<b>11,585.6</b>	<b>12,752.4</b>	<b>16,436.7</b>	<b>14,067.9</b>	<b>15,526.4</b>	<b>(910.3)</b>	<b>(5.5%)</b>	<b>13,002.6</b>	<b>12,735.6</b>
Interdivisional Recoveries	1,872.9	1,909.7	1,847.7	1,847.7	1,965.5	117.8	6.4%	1,999.9	2,005.9
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	1.2			1.2					
Transfers from Capital Fund	428.9	942.5	4,165.1	2,097.0	3,174.4	(990.7)	(23.8%)	366.0	0.0
Contribution from Reserve Funds	1,215.9	1,255.2	1,268.4	1,268.4	1,275.5	7.1	0.6%	1,291.9	1,312.6
Contribution from Reserve	169.5	190.5	190.5	190.5	215.6	25.1	13.2%	215.6	215.6
Sundry Revenues	124.3	126.5	128.2	128.1	68.6	(59.6)	(46.5%)	68.6	33.2
<b>TOTAL REVENUE</b>	<b>3,812.7</b>	<b>4,424.4</b>	<b>7,599.9</b>	<b>5,532.9</b>	<b>6,699.6</b>	<b>(900.3)</b>	<b>(11.8%)</b>	<b>3,942.0</b>	<b>3,567.3</b>
<b>TOTAL NET EXPENDITURES</b>	<b>7,772.9</b>	<b>8,328.0</b>	<b>8,836.8</b>	<b>8,535.0</b>	<b>8,826.8</b>	<b>(10.0)</b>	<b>(0.1%)</b>	<b>9,060.6</b>	<b>9,168.3</b>
<b>APPROVED POSITIONS</b>	<b>97.0</b>	<b>101.0</b>	<b>134.0</b>	<b>109.0</b>	<b>125.0</b>	<b>(9.0)</b>	<b>(6.7%)</b>	<b>115.0</b>	<b>95.0</b>

### 2013 Key Cost Drivers

*Salaries and Benefits* is the largest expenditure category and accounts for 93.7% of the Program's gross expenditures.

- The 2013 recommended budget for *Salaries and Benefits* of \$14.553 million is \$0.976 million or 6.3% lower than the 2012 Approved Operating Budget.
  - In 2013, the Program will delete 8 temporary capital positions which will no longer be required for the FPARS project based on the resource plan finalized by the vendor in the blueprinting phase project, thus lowering its salaries and benefits budget by approximately \$1.042 million. A manager's position in the Corporate Finance unit will be deleted due to a reorganization of that unit, further lowering salaries and benefits by \$0.162 million.

- This latter measure assisted the Program in offsetting pressures from major cost drivers such as cost of living increases, progression pay and step increases for eligible non-union and union positions (\$0.153 million), fringe benefits adjustments (\$0.101 million) and year over year salary changes of (\$0.050 million).
- The 2013 recommended budget for services and rents of \$0.649 million is \$0.065 million or 11.2% higher than the 2012 Approved Operating Budget.
  - This is mainly attributable to an increase of \$0.053 million for credit rating services provided by all three credit rating agencies. This amount is recovered from the Non-Program Budget.
- The 2013 Recommended Budget for *Transfers from Capital Fund* of \$3.174 million or 47.4% of the Program's Operating Budget reflects a net decrease of \$0.991 million, of which (\$1.042 million) is related to the reduction of the 8 temporary capital positions for the Financial Services' FPARS Capital project reduced for progression pay recovery of \$0.051 million.
- Approximately \$1.966 million or 29.3% of the Program's gross operating budget is funded through interdepartmental recoveries.
  - In 2013, the budget increased by \$0.118 million over the 2012 budget of \$1.848 million.
- Approximately \$1.275 million or 19% of the Program's gross operating budget is funded through contribution from reserves for insurance claims, which increased in 2013, by \$0.007 million over the 2012 budget of \$1.268 million.
- Approval of the 2013 Recommended Operating Budget for the Office of the Chief Financial Officer reflects the deletion of 8 temporary capital positions and one permanent position. The total staff complement will decrease from 134 to 125.

The 2013 Recommended Base Budget provides funding for the following:

#### *Prior Year Impacts*

- Reversal of \$0.028 million from the non-recurring deferred hiring of a Financial Planning Manager in 2012.

#### *Economic Factors*

- COLA, step and progression pay increments coupled with salary adjustments and fringe benefit cost increases will result in a net cost increase of \$0.169 million.
- Non-labour economic factors adjustments will increase cost by \$0.005 million.

#### *Other Base Changes*

- Maintaining the current gapping rate at 2.3%, will increase salary cost by \$0.002 million net.
- Year over year adjustments will reduce salaries and benefits by \$0.047 million.

- Salaries and benefits will also be reduced by \$1.042 million for 8 temporary staff no longer required for the FPARS project with a corresponding reduction in capital recoveries resulting in a net \$0 budget change.
- Increased fees for credit agency rating services of \$0.053 million to be recovered from Non-Program result in a \$0 net impact.

*Revenue Changes*

- An increased contribution from Development Charges funding reserve to cover salary and benefits increases of \$0.023 million reduced by \$0.059 million in recoveries from 100% to 50% for time staff will be spending on the TTC Spadina Subway Project.
- It is estimated that the City will receive an increase of \$0.035 million in annual revenues in 2013 from the \$0.150 million included in the 2012 Operating Budget for the Group Personal Insurance program.

**Appendix 3**

**Summary of 2013 Recommended Service Changes**



## 2013 Operating Budget - Recommended Service Change Summary of Administrative Review

TYPE	PRIORITY	INTERNAL FOCUSED SERVICES Office of the Chief Financial Officer	Recommended Adjustments				2014 Net Incremental Outlook (\$000s)	2015 Net Incremental Outlook (\$000s)
			Change in Gross Expenditure (\$000s)	Change in Revenue (\$000s)	Net Change (\$000s)	Change in Approved Positions		
<b>2013 Recommended Base Budget Before Service Change:</b>			15,688.6	6,699.5	8,989.1	126.0	233.8	107.7
Z1	1	<b>Delete one Manager's Position in Corporate Finance</b>	(162.2)	0.0	(162.2)	(1.0)	0.0	0.0
<i>(CO-Z001)</i> Service / Activity: Corporate Finance / N/A								
<b>Description:</b>								
A permanent manager's position will be deleted as a result of the consolidation in 2012 of the Corporate Finance and Special Projects Divisions. The amalgamated Corporate Finance Division will continue to provide a broad range of financial services.								
<b>Service Level Change:</b>								
There will be no change to the current service levels.								
<b>ADMIN:</b> Recommended			(162.2)	0.0	(162.2)	(1.0)	0.0	0.0
<b>Total Recommended Service Level Reductions:</b>			(162.2)	0.0	(162.2)	(1.0)	0.0	0.0
<b>Total Recommended Base Budget:</b>			15,526.4	6,699.5	8,826.9	125.0	233.8	107.7

**Category Legend - Type**

- Z1 - Efficiency Change
- Z2 - Revenue Change
- Z3 - Service Change

## Appendix 5

Inflows / Outflows to / from Reserves & Reserve Funds  
(In \$000s)

## Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2012 *	Proposed Withdrawals (-) / Contributions (+)		
			2013	2014	2015
			\$	\$	\$
<b>Insurance Reserve Fund</b>	XR1010	21,130.4	72.6	72.6	72.6
<b>Development Charges Reserve</b>	XR2120	5,587.8	(215.6)	(215.6)	(215.6)
<b>Insurance Reserve Fund</b>	XR1010	21,130.4	(1,275.5)	(1,291.9)	(1,312.6)
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>(1,418.5)</b>	<b>(1,434.9)</b>	<b>(1,455.6)</b>

\* Based on 3rd Quarter Variance Report