



City Budget 2012

Office of the Treasurer Operating Budget Analyst Notes

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

2012 Operating Budget

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

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PART I: RECOMMENDATIONS

2012 Recommended Operating Budget
(In \$000s)

(In \$000s)	2011		2012 Recommended Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget			2013	2014
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	74,752.5	68,124.8	73,154.0	189.3	73,343.3	(1,409.2)	(1.9)	1,267.2	(2,422.2)
REVENUE	44,562.4	40,360.8	46,214.8	1,268.8	47,483.6	2,921.2	6.6	1,150.9	(2,804.3)
NET EXP.	30,190.1	27,764.0	26,939.2	(1,079.5)	25,859.7	(4,330.4)	(14.3)	116.3	382.1
Approved Positions	789	693	763	7	770	(19)	(2)	760	742

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(2,963.4)	(3,872.6)	909.2	13.1%
2012 New Revenues	0.0	(1,145.8)	1,145.8	0.0%
2012 Reductions	(2,963.4)	(5,018.4)	2,055.0	16.9%

Recommendations

The City Manager and Chief Financial Officer recommend that:

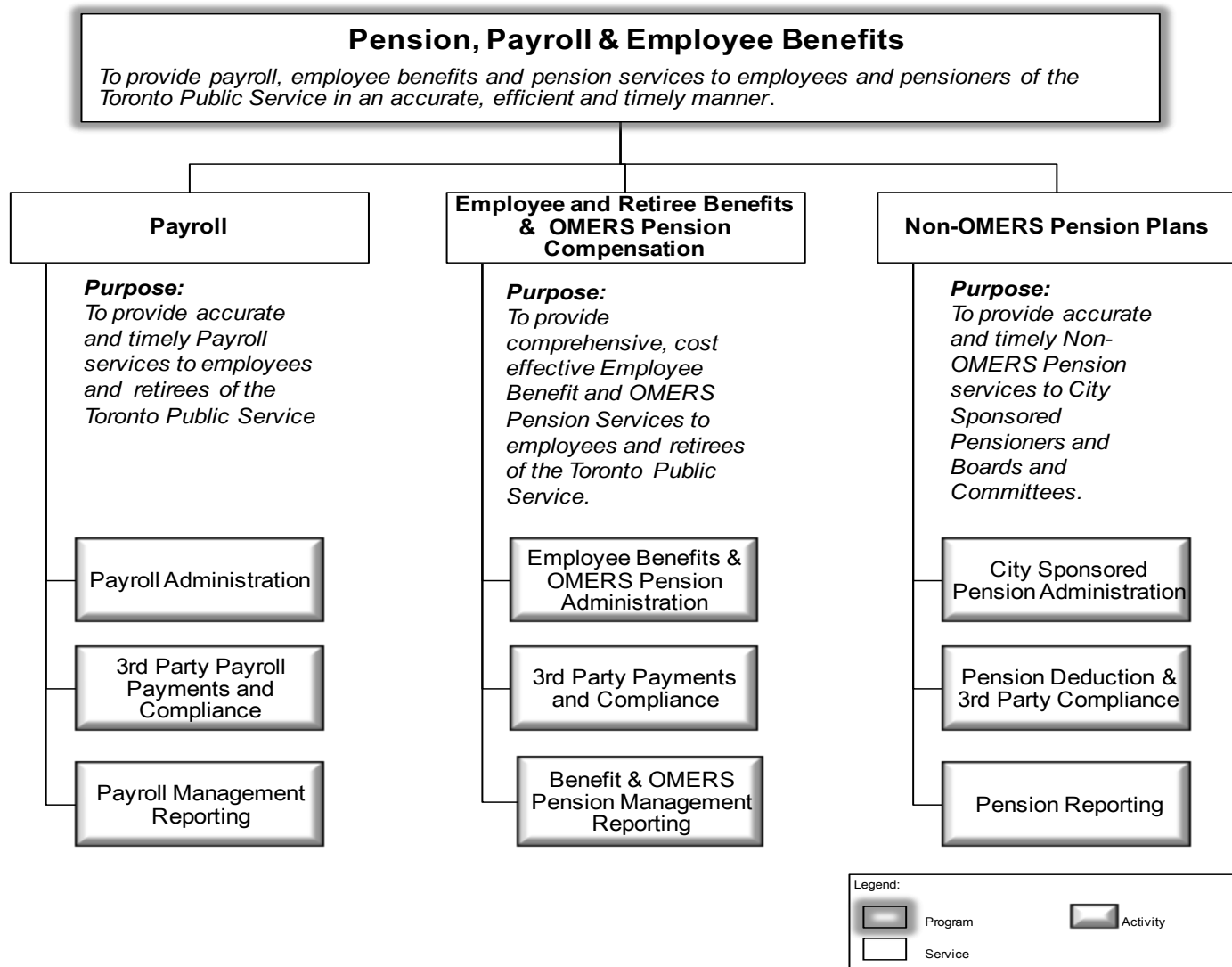
1. City Council approve the 2012 Recommended Operating Budget for the Office of the Treasurer of \$73.343 million gross and \$25.860 million net, comprised of the following services:

<u>Service(s):</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Pension, Payroll and Employee Benefits	13,502.4	9,438.8
Purchasing & Materials Management	10,129.5	6,772.0
Accounting Services	12,583.2	8,480.9
Revenue Services	37,128.2	1,168.0
Total Program Budget	73,343.3	25,859.7

PART II: 2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles

The Office of the Treasurer provides a broad range of internal financial and employee services to the corporation of the City of Toronto, including ABCs and supports the strategic priorities of Council by delivering four main services: Revenue Services, Accounting Services, Pensions, Payroll & Employee Benefits and Purchasing & Materials Management, as detailed in the following Program Maps:



Service Customer

Payroll

- City Divisions

Employee Benefits & OMERS Pension Administration

- City Divisions

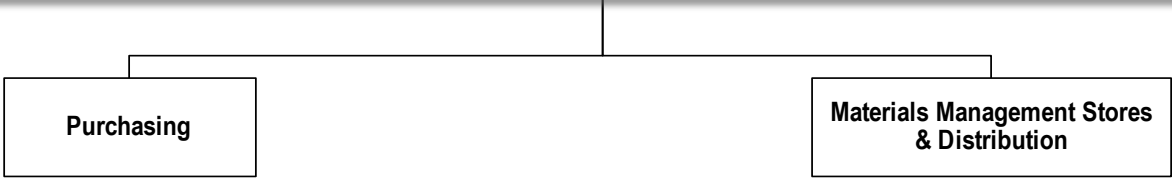
Non – OMERS Pension

- City of Toronto retired employees

Division	Service	Activity	Type	2011 Service Level	2012 Proposed Service Level
Pension Payroll & Employee Benefits	Employee & Retiree Benefit and Pension Compensation	3rd Party Payments & Compliance		Provided accurate 3rd party payments on time by due date 100% of the time with 100% accuracy	Provided accurate 3rd party payments on time by due date 100% of the time with 100% accuracy
		Benefit & OMERS Pension Management Reporting		Bi-weekly reports will be made available to management within 2 days of the pay date, with 100% accuracy. Monthly reports will be made available to management by the end of the following month, with 100% accuracy.	Bi-weekly reports will be made available to management within 2 days of the pay date, with 100% accuracy. Monthly reports will be made available to management by the end of the following month, with 100% accuracy.
		Employee Benefits & OMERS Pension Administration	Full-time	Provide accurate benefit plans to 33,000 full time active employees and retirees	Provide accurate benefit plans to 33,000 full time active employees and retirees
	Part-time		Provide accurate benefit plans to 3,946 part time employees. Provide accurate reporting and offer of OMERS enrollment as per requirements under the P&B act	Provide accurate benefit plans to 3,946 part time employees. Provide accurate reporting and offer of OMERS enrollment as per requirements under the P&B act	
	Recreation Worker		Provide accurate benefit plans to 47 recreation employees. Provide accurate reporting and offer of OMERS enrollment as per requirements under the P&B act	Provide accurate benefit plans to 47 recreation employees. Provide accurate reporting and offer of OMERS enrollment as per requirements under the P&B act	
	Non-OMERS Pension	City Sponsored Pension Administration	Metropolitan Toronto Pension Plan	Produce an accurate monthly pension or spousal pension on the first business day of each and every month	Produce an accurate monthly pension or spousal pension on the first business day of each and every month
			Metropolitan Toronto Police Benefit Plan	Produce an accurate monthly pension or spousal pension on the first business day of each and every month	Produce an accurate monthly pension or spousal pension on the first business day of each and every month
			The Corporation of the City of York Employee Pension Plan	Produce an accurate monthly pension or spousal pension on the first business day of each and every month	Produce an accurate monthly pension or spousal pension on the first business day of each and every month
			The Toronto Civic Employees' Pension Plan	Produce an accurate monthly pension or spousal pension on the first business day of each and every month	Produce an accurate monthly pension or spousal pension on the first business day of each and every month
			Toronto Fire Department Superannuation and Benefit Plan	Produce an accurate bi-monthly pension or spousal pension on the first and fifteenth day of each and every month	Produce an accurate bi-monthly pension or spousal pension on the first and fifteenth day of each and every month

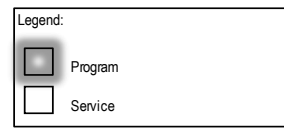
Division	Service	Activity	Type	2011 Service Level	2012 Proposed Service Level
Pension Payroll & Employee Benefits	Non-OMERS Pension	Pension Deduction & 3rd Party Compliance		Meet all regulatory filing requirements by prescribed dates	Meet all regulatory filing requirements by prescribed dates
		Pension Reporting		Financial statements filed by prescribed date (June 30)	Financial statements filed by prescribed date (June 30)
	Payroll	3rd Party Payroll Payments & Compliance		Provided accurate 3rd party payments on time by due date 100% of the time with 100% accuracy	Provided accurate 3rd party payments on time by due date 100% of the time with 100% accuracy
		Payroll Administration	Full-time	Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 25,120 employees biweekly, ie 26 pays	Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 25,120 employees biweekly, ie 26 pays
			Part-time	Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 3,680 employees biweekly, ie 26 pays	Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 3,680 employees biweekly, ie 26 pays
			Recreation Worker	Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 9,080 employees biweekly, ie 26 pays	Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 9,080 employees biweekly, ie 26 pays
	Payroll Management Reporting		Payroll reports will be made available to management within 2 days of the pay date with 100% accuracy. Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments.	Payroll reports will be made available to management within 2 days of the pay date with 100% accuracy. Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments.	

Purchasing & Materials Management
To provide purchasing and materials management services, at best value, in support of public program and service delivery through the application of open, fair, equitable and accessible procurement processes and practices.



Purpose:
 To provide purchasing services at best value in support of public programs and service delivery through the application of open, fair, equitable and accessible procurement processes and practices.

Purpose:
 To provide materials management and warehousing services in support of public programs and service delivery.



Service Customer

Purchasing

- City Divisions
- Toronto Atmospheric Fund (TAF)
- Exhibition Place (> 100k)
- Toronto Police (upon request)
- Suppliers

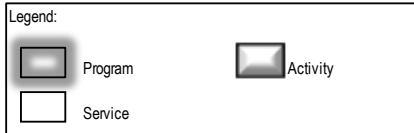
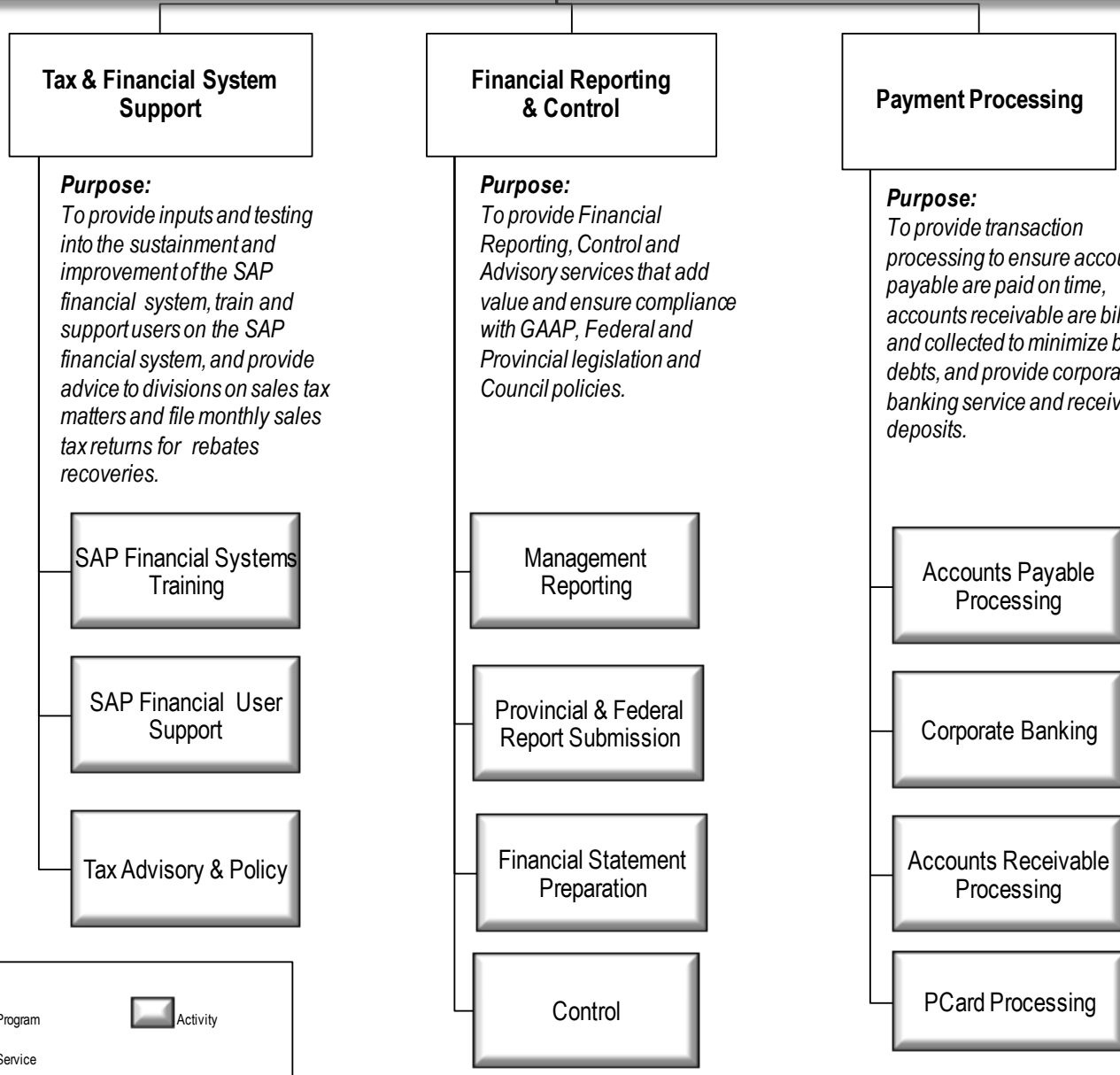
Materials Management Stores & Distribution

- City Divisions
- Toronto Police
- Toronto Library
- Association of Community Centres (AOCCs)
- Arenas Board
- Exhibition Place

Division	Service	Activity	Type	2011 Service Level	2012 Proposed Service Level
Purchasing & Materials Management	Materials Management Stores & Distribution		Inventory	Turn inventory value at rate of 5.7 times per year	Turn inventory value at rate of 5.0 times per year
			MSDS (Materials Safety Data Sheet)	Providing city staff with 24/7 online access 100% of the time	Providing city staff with 24/7 online access 100% of the time
			Operational Supplies	Material requests issued and delivered within 5 calendar days	Material requests issued and delivered within 7 calendar days
			Stores Catalogue	Providing 24/7 online access to Catalogue details current to one business day 100% of the time	Providing 24/7 online access to Catalogue details current to one business day 100% of the time
	Purchasing		Asset Disposal	100% of all obsolete assets being disposed of on a timely basis	100% of all obsolete assets being disposed of on a timely basis
			General Inquiries & Interpretation of Policies & Procedures	100% of inquiries responded to within 48 hours	100% of inquiries responded to within 48 hours
			Online Call Document Distribution	To provide vendors with 24/7 online access 100% of the time	To provide vendors with 24/7 online access 100% of the time
			Purchase Order / Blanket Contract Issued	Issuing within 2-5 days of time of receipt of final approved document 100% of time	Issuing within 2-5 days of time of receipt of final approved document 100% of time
			Request for Expression of Interest (REOI)	Issuing within 2-5 days of time of receipt of final approved document 100% of time	Issuing within 2-5 days of time of receipt of final approved document 100% of time
			Request for Information (RFI)	Issuing within 2-5 days of time of receipt of final approved document 100% of time	Issuing within 2-5 days of time of receipt of final approved document 100% of time
			Request for Proposals (RFP)	Issuing within 2-5 days of time of receipt of final approved document 100% of time	Issuing within 2-5 days of time of receipt of final approved document 100% of time
			Request for Quotations (RFQ)	Issuing within 2-5 days of time of receipt of final approved document 100% of time	Issuing within 2-5 days of time of receipt of final approved document 100% of time
			Sole Source Procurement	100% compliance with Council Policy on Sole Source	100% compliance with Council Policy on Sole Source
	Tenders	Issuing within 2-5 days of time of receipt of final approved document 100% of time	Issuing within 2-5 days of time of receipt of final approved document 100% of time		
	Training	100% of training sessions being held per year	100% of training sessions being held per year		

Accounting Services

To provide Payment Processing and Financial Reporting & Control services to City Programs, Council and the public in compliance with Generally Accepted Accounting Principles (GAAP), Federal and Provincial Legislation and Council policies.



Service Customer

Tax & Financial System Support

- City Divisions

Financial Reporting & Control

- City Divisions
- Agencies

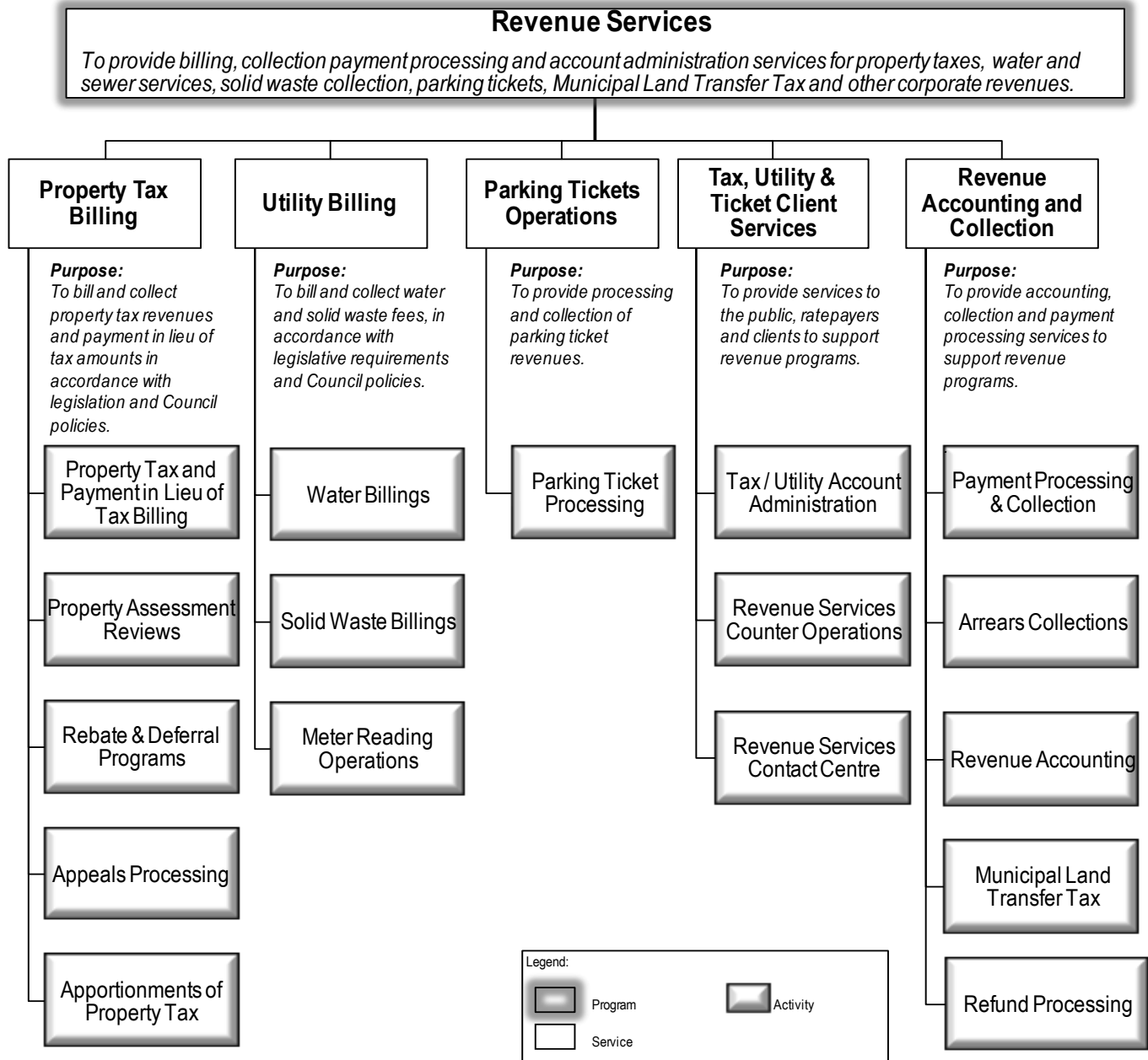
Payment Processing

- City Divisions

Division	Service	Activity	Type	Sub-Type	2011 Service Level	2012 Proposed Service Level	
Accounting Services	Financial Reporting & Control	Control	Accounting policy development		Produce and publish timely, relevant and comprehensive accounting policies on issues, prior to adoption of new standards or practices	Produce and publish timely, relevant and comprehensive accounting policies on issues, prior to adoption of new standards or practices	
			Ad hoc reporting		As required	As required	
			Advisory role re accounting controls, reporting and oversight		Provide advice on all material new areas of concern, prior top implementation, and oversight as requested	Provide advice on all material new areas of concern, prior top implementation, and oversight as requested	
			Capital projects review	Report	Monthly	Monthly	
				Variance	Quarterly	Quarterly	
			Journal entries		99% within 2 business days	99% within 2 business days	
			Month end and year end SAP processing		As scheduled	As scheduled	
			Operating review		Monthly	Monthly	
			Policies and procedures request for guidance		As requested	As requested	
			SAP Financial System Security	Access authorization, role creation, review and modification	As required	As required	
			SAP User Administration	Determining access by user	As requested	As requested	
			SAP Vendor Master Data maintenance		As required	As required	
			Financial Statement Preparation	Annual Audited Consolidated Financial Statements		Complete financial statements with draft audit report prior to June 30th	Complete financial statements with draft audit report prior to June 30th
				Sinking Fund Audited Financial Statements		Complete financial statements with draft audit report prior to June 30th	Complete financial statements with draft audit report prior to June 30th
				Trust Fund Audited Financial Statements		Complete financial statements with draft audit report prior to June 30th	Complete financial statements with draft audit report prior to June 30th
	Management Reporting	Consulting Report		Complete Consulting report for submission to GMC by June 30th	Complete Consulting report for submission to GMC by June 30th		
		Council Remuneration Report		Complete Council Remuneration Report for submission to EC by March 31	Complete Council Remuneration Report for submission to EC by March 31		
		Development Charges Report		Complete Development Charges report for submission to BC by August 31	Complete Development Charges report for submission to BC by August 31		
		Reserves and Reserve Funds Reports		Complete Reserves and Reserve Funds reports for submission to BC concurrent with Budget variance reports	Complete Reserves and Reserve Funds reports for submission to BC concurrent with Budget variance reports		
		Semi-annual Treasurer's report		Complete semi-annual Treasurer's Report for submission to GMC within 90 days	Complete semi-annual Treasurer's Report for submission to GMC within 90 days		
		Special reports, e.g. Deposits, G20		Complete special reports as required	Complete special reports as required		
	Provincial & Federal Report Submission	Annual Provincial Financial Information Return (FIR)		Completed by August 31st	Completed by August 31st		
		Infrastructure Funding Reports		As required	As required		
		MPMP Report		Completed by August 31st	Completed by August 31st		
		OMBI		Completed by September 30	Completed by September 30		
		Stats Canada		Semi-annually	Semi-annually		
		Toronto York Spadina Subway Extension		Perform banking services and reporting throughout the year	Perform banking services and reporting throughout the year		

Division	Service	Activity	Type	Sub-Type	2011 Service Level	2012 Proposed Service Level	
Accounting Services	Payment Processing	Accounts Payable Processing	A/P Transactions Processed		2011 - 90% of payments made within 60 days	2012 - 90% of payments made within 60 days	
			Alpha		2011 - 90% of payments made within 60 days	2012 - 90% of payments made within 60 days	
			Cheques issued		Cheques printed on a minimum of every Tuesday & Thursday	Cheques printed on a minimum of every Tuesday & Thursday	
			Direct deposit payments issued		Direct Deposits processed a minimum of once per day	Direct Deposits processed a minimum of once per day	
			Discounts desk		2011 - 81% of discounts captured	2012 - 85% of discounts captured	
			Interface files processing		Interface files processed within 1 business day of receipt	Interface files processed within 1 business day of receipt	
			Mailroom/ Scanned Images		Daily	Daily	
		Specialty	Hold Back Releases		Processed within 5 business days	Processed within 5 business days	
			Interface Payments		Processed within 5 business days	Processed within 5 business days	
			Sub Orders		Processed within 5 business days	Processed within 5 business days	
					2010 - 89% of payments made within 60 days	2010 - 89% of payments made within 60 days	
		Accounts Receivable Processing	Collection	Dunning Letters		Twice per week	Twice per week
						70% within 60 days	75% within 60 days
			Invoice		30% within 5 days	50% within 5 days	
	Payments			100% within 24 hours	100% within 24 hours		
	Write-offs		Items over \$50,000		Completed throughout the year, prepare report to GMC for April	Completed throughout the year, prepare report to GMC for April	
		Items under \$50,000		Completed throughout the year, prepare report to GMC for April	Completed throughout the year, prepare report to GMC for April		
	Corporate Banking	Bank Reconciliations			Completed monthly within 30 days	Completed monthly within 30 days	
			Cheque verification or certification		Daily	Daily	
			Cheque voiding, stale-dating, stop payments & corrections		Daily	Daily	
			confirmation of direct deposits		Daily	Daily	
			eCommerce Processing, POS administration		Daily	Daily	
			Electronic file of chqs		Daily	Daily	
			Exception resolution - Payee Match and others		Daily	Daily	
			Inter-bank transfers		As required	As required	
			RBC Express Administration		As required	As required	
			upload/download of cashed chqs		Daily	Daily	
			Wire / Draft payments		As required	As required	
	Pcard Processing	Pcard Compliance Review Forms			Within 90 days	Within 90 days	
		Pcard Issuance			2011 - Within 10 days of request of card from NBC	2012 - Within 10 days of request of card from NBC	
		Pcard transaction log forms			Within 90 days	Within 90 days	
	Tax & Financial Systems Support	SAP Financial Systems Training	Classroom Training Sessions		Classes scheduled based on minimum attendance based on business request	Classes scheduled based on minimum attendance based on business request	
			Develop course materials & quick reference guides		Prior to any Legislative changes.	Prior to any Legislative changes.	

Division	Service	Activity	Type	Sub-Type	2011 Service Level	2012 Proposed Service Level
Accounting Services	Tax & Financial Systems Support	SAP User Support	SAP Applications Support (Help desk inquiries)	Lock-unlock, SAP password re-set (includes TPS users)	Daily, as requested	Daily, as requested
				Troubleshooting, second level support	Daily, as requested	Daily, as requested
			SAP System Support	Functionality enhancements and business change requests - solution design,	Daily, as requested	Daily, as requested
				Report development, including creation of master data records, such as cost centre groups, project elements, internal orders, reporting	Daily, as requested	Daily, as requested
				Support stacks	Twice per year, 6 to 8 weeks duration each time	Twice per year, 6 to 8 weeks duration each time
				Troubleshooting issues escalated from Help desk, third level support	Daily, as issues arise	Daily, as issues arise
Tax Advisory & Policy	HST Remittance	Government Tax Return	File by mid-month, coincident with Payroll	File by mid-month, coincident with Payroll		
		Implication of tax changes	Providing information, responding to queries, preparing briefing notes, incorporating system impacts for various systems such as Telecom system, Hydro system, SAP System, Class system, Residential Permit Parking System, Museum	Implement changes to meet the legislated timelines	Implement changes to meet the legislated timelines	
		Issuance of donation income tax receipts - City Wide		Issue Tax Receipts within 4 calendar weeks upon receipt of proper documentation	Issue Tax Receipts within 4 calendar weeks upon receipt of proper documentation	
		Non-resident withholding tax remittance	Government Tax Return	File by mid-month	File by mid-month	
		Provision of sales tax advice	Liaison City Wide for tax issues. Reply to Divisional and ABC staff on determining HST and non-resident withholding tax status for purchase orders and invoices, through meetings and	As requested or required	As requested or required	
		Sales Tax recoveries	Retroactive sales tax recovery by utilizing outside consultants and also using SAP reports to recover it internally.	Throughout the year	Throughout the year	
		Sales Tax training and updating information on the Accounting Services Website	Prepare tax training materials through research and set up PowerPoint File. Arrange for CRA HST interpreters to conduct training to City Staff. Update information on the Accounting Services Website	As required	As required	



Service Customer

Property Tax Billing

- Property owners
- City of Toronto Corporation

Utility Billing

- Property owners
- Registered Utility Account holder
- City of Toronto Corporation

Parking Tickets

- Parking ticket recipient
- City of Toronto Corporation

Tax, Utility & Parking Ticket Client Services

- Members of the public
- property tax/utility account holders
- legal community
- property owners
- parking ticket recipients
- Business Improvement Area members
- City of Toronto Corporation

Revenue Accounting & Collection

- Property owners
- Registered utility account holder
- Province of Ontario, School Boards
- City of Toronto Corporation

Service	Activity	Type	2011 Service Level	2012 Proposed Service Level	
Parking Ticket Operations	Parking Ticket Processing	Parking Ticket	99.5% of parking tickets processed w ithin legislated timeframes	99.5% of parking tickets processed w ithin legislated timeframes	
		Investigations	Complete all investigations w ithin 15 days	Complete all investigations w ithin 15 days	
		Notice of Fine and Due Date	99.5% of notices sent w ithin legislated time frame	99.5% of notices sent w ithin legislated time frame	
		Notice of impending Conviction	99.5% of notices sent w ithin legislated time frame	99.5% of notices sent w ithin legislated time frame	
		Pre-Court Filing	99.5% of all court filing documents prepared w ithin the 75 day legislated time frame from date of offence	99.5% of all court filing documents prepared w ithin the 75 day legislated time frame from date of offence	
		Refunds and adjustments	100% of refunds and adjustments processed w ithin 14 days	100% of refunds and adjustments processed w ithin 14 days	
Property Tax Billing	Appeals Processing	Assessment Appeals	Residential appeals processed w ithin 30 days follow ing receipt of ARB decision. Non-residential appeals processed w ithin 120 days follow ing receipt of ARB decision.	Residential appeals processed w ithin 30 days follow ing receipt of ARB decision. Non-residential appeals processed w ithin 120 days follow ing receipt of ARB decision.	
		Apportionm ents of Property Tax	Apportionment Billing	All Property Tax Bills are prepared and issued consistent w ith relevant legislation and by-law s, and w ithin legislated or Council-approved timeframes	All Property Tax Bills are prepared and issued consistent w ith relevant legislation and by-law s, and w ithin legislated or Council-approved timeframes
	Property Assessment Review			On average, 120 properties are appealed per year in accordance w ith council approved criteria and rules and practice of the Assessment Review Board (ARB), and in accordance w ith timelines set out by Assessment Review Board	On average, 120 properties are appealed per year in accordance w ith council approved criteria and rules and practice of the Assessment Review Board (ARB), and in accordance w ith timelines set out by Assessment Review Board
		Property Tax and Payment in Lieu of Tax Billing	Property Tax Billing (Interim & Final)	All Property Tax Bills and are prepared and issued consistent w ith relevant legislation and by-law s, and w ithin legislated or Council-approved timeframes	All Property Tax Bills and are prepared and issued consistent w ith relevant legislation and by-law s, and w ithin legislated or Council-approved timeframes
	Rebate & Deferral Programs	Vacancy Rebates		Vacancy rebates are processed w ithin legislated time frame.	Vacancy rebates are processed w ithin legislated time frame.
			Business Improvement Area (BIA) levies	All BIA levies are prepared and issued prior to final property tax billing, to ensure that tax bills include BIA levy.	All BIA levies are prepared and issued prior to final property tax billing, to ensure that tax bills include BIA levy.
		Charitable Rebates		Fully completed charity rebate applications processed w ithin 120 days of application deadline date.	Fully completed charity rebate applications processed w ithin 120 days of application deadline date.
			Golf Course deferrals	Golf course deferrals processed w ithin 60 days of receipt of information.	Golf course deferrals processed w ithin 60 days of receipt of information.
			Payment in Lieu of Taxes	All Payment in Lieu of Taxes are prepared and issued consistent w ith relevant legislation and by-law s, and w ithin legislated time frames	All Payment in Lieu of Taxes are prepared and issued consistent w ith relevant legislation and by-law s, and w ithin legislated time frames

Service	Activity	Type	Sub-Type	2011 Service Level	2012 Proposed Service Level
Property Tax Billing	Rebate & Deferral Programs	Property Tax Appeals		Aproximately 50% of the applications are returned from MPAC in time to be dealt by September 30 of the following year	Aproximately 50% of the applications are returned from MPAC in time to be dealt by September 30 of the following year
		Supplementary/Omitted Tax Billings		All Property Tax Bills are prepared and issued consistent with relevant legislation and by-laws, and within legislated or Council-approved timeframes	All Property Tax Bills are prepared and issued consistent with relevant legislation and by-laws, and within legislated or Council-approved timeframes
		Tax/Water Relief for Low -Income Seniors and Disabled		Fully completed applications processed within 60 days of application deadline date.	Fully completed applications processed within 60 days of application deadline date.
		Veterans Clubhouse, Ethno-cultural, Heritage Rebates		Fully completed applications processed within 60 days of application deadline date.	Fully completed applications processed within 60 days of application deadline date.
Revenue Accounting & Collection	Arrears Collections	Registration - Sale of Land		In excess of 4,000 accounts in arrear are included in this process annually. Two "Sale of Land by Public Tender" are conducted annually.	In excess of 4,000 accounts in arrear are included in this process annually. Two "Sale of Land by Public Tender" are conducted annually.
	Municipal Land Transfer Tax (MLTT)	MLTT Manual Notices of Assessment		100% of MLTT Notices of Assessments and Deferral Confirmations are issued and completed in accord to the legislated requirements	100% of MLTT Notices of Assessments and Deferral Confirmations are issued and completed in accord to the legislated requirements
	Payment Processing and Collection	Tax, Water, Parking Tickets and other payments		As a minimum 90% of all cheque payments received are processed within 3 days from date payment is received or on the date of the cheque for future dated payments (post dated cheques).	As a minimum 90% of all cheque payments received are processed within 3 days from date payment is received or on the date of the cheque for future dated payments (post dated cheques).
	Refund Processing	Refunds due to Over-Payments		To issue credit letters to property owner requesting required information and issue refunds within one year, over 90% of the time. Tax credit balances of \$500 or less without an ownership change are transferred to the next billing.	To issue credit letters to property owner requesting required information and issue refunds within one year, over 90% of the time. Tax credit balances of \$500 or less without an ownership change are transferred to the next billing.
	Revenue Accounting	Returned Cheques Processing		In 2010, 95% of Returned Payments received by Revenue Services were processed within 10 business days.	In 2010, 95% of Returned Payments received by Revenue Services were processed within 10 business days.
		Account Analysis / Reconciliation		In 2010, 95% of the monthly reconciliation and Statements were produced in the following month.	In 2010, 95% of the monthly reconciliation and Statements were produced in the following month.
		Automated MLTT land registration transactions		100% of MLTT Notices of Assessments and Deferral Confirmations are issued and completed in accordance with legislated requirements	100% of MLTT Notices of Assessments and Deferral Confirmations are issued and completed in accordance with legislated requirements
		Bailiff Warrants		5,125 accounts are issued to the bailiffs annually	5,125 accounts are issued to the bailiffs annually
		Internal Collections		100% of accounts in arrears were mailed Statement of Tax Account within Council-approved timelines (723,036 stmts/notices mailed in 2010).	100% of accounts in arrears were mailed Statement of Tax Account within Council-approved timelines (723,036 stmts/notices mailed in 2010).
		Refunds due to Appeals and Rebates		Over 90% of all refunds as a result of the processing of assessment appeals and rebate are processed within 120 days.	Over 90% of all refunds as a result of the processing of assessment appeals and rebate are processed within 120 days.

Service	Activity	Type	Sub-Type	2011 Service Level	2012 Proposed Service Level
Tax, Utility & Parking Ticket Client Services	Revenue Services Contact Centre	Customer Enquiry - Telephone		It is estimated that 40% of calls are answered with average wait time of 5 minutes;	It is estimated that 40% of calls are answered with average wait time of 5 minutes;
	Revenue Services Counter Operations	Customer Enquiry or transaction		All customers are served, with 100% completion of customer transactions, with average wait times of less than 10 minutes for tax/utility transactions, and 15 minute wait times for parking ticket transactions.	All customers are served, with 100% completion of customer transactions, with average wait times of less than 10 minutes for tax/utility transactions, and 15 minute wait times for parking ticket transactions.
	Tax/ Utility Account Administration	Tax certificate		Service Standards vary during the year. During peak period between May and September service standard is between 8 to 10 days, while non peak period service standard is between 5 to 7 days.	Service Standards vary during the year. During peak period between May and September service standard is between 8 to 10 days, while non peak period service standard is between 5 to 7 days.
		Customer Enquiry - Correspondence		All letters, faxes and e-mails are prepared and issued consistent with relevant legislation and by-laws.	All letters, faxes and e-mails are prepared and issued consistent with relevant legislation and by-laws.
		Designate/Agent Mailing Request		Service standards are met within 7 to 14 day timeframe, providing that all required documentation is received.	Service standards are met within 7 to 14 day timeframe, providing that all required documentation is received.
		Mortgage and PILT payment		All payments are processed within a 3 - 5 day window	All payments are processed within a 3 - 5 day window
		Ownership Update		Service standards are met within 7 to 14 day timeframe, providing that all required documentation is received.	Service standards are met within 7 to 14 day timeframe, providing that all required documentation is received.
		Payment Programs-Mortgages Company		All mortgage updates are processed within a 5 - 7 day window	All mortgage updates are processed within a 5 - 7 day window
		Pre-authorized Tax Payment		All PTP applications are processed within a 10 - 14 day timeframe.	All PTP applications are processed within a 10 - 14 day timeframe.
		Pre-authorized Utility Payment		All PUP applications are processed within a 3 - 5 day window	All PUP applications are processed within a 3 - 5 day window
Utility Billing	Meter Reading Operations	Meter Reading		Read 75% of meters (25% are outcalls ie: no answer at door)	Read 75% of meters (25% are outcalls ie: no answer at door)
	Solid Waste Billings			Mailing of all bills within cycle on schedule	Mailing of all bills within cycle on schedule
	Water Billings	Flat Rate Accounts		To issue 100% of utility flat rate billings within scheduled cycles (i.e. former Toronto flat rate billings twice per year and former Etobicoke three times per year)	To issue 100% of utility flat rate billings within scheduled cycles (i.e. former Toronto flat rate billings twice per year and former Etobicoke three times per year)
		Meter investigations		Complete all service orders	Complete all service orders
		Metered Accounts		25% of all meter readings for metered accounts are estimated readings.	25% of all meter readings for metered accounts are estimated readings.
	Water Relief Applications		92% of applications processed within first billing cycle	92% of applications processed within first billing cycle	

2012 Service Deliverables

- The 2012 Recommended Operating Budget of \$73.343 million gross and \$25.860 million net enables the Office of the Treasurer to provide required internal financial and employee services to the City and its Programs and Agencies, including the following services and activities:
 - Provide financial reporting, control and advisory services that add value and ensure compliance with accounting standards, relevant legislation and Council policies.
 - Process financial transactions accurately and on a timely basis to ensure that the City's accounts payable are supported and paid on time; accounts receivable are billed and collected to minimize bad debts; and banking / deposit services are provided and reconciled on a timely basis.
 - Support the sustainment, improvement and protection of the integrity of the City's financial and payroll system (SAP), including testing, training, user support, and system upgrades.
 - Support and participate in the FPARs project.
 - Manage sales tax compliance and reporting, provide advice and support to Divisions on sales tax matters, and file monthly sales tax returns for rebates and recoveries.
 - Provide accurate and timely payroll, pension and benefit services to employees, retirees, and city-sponsored pension boards/committees and pensioners.
 - Support and participate on the City's bargaining team for collective bargaining with Local 3888, Local 79 and Local 416.
 - Implement electronic pay advices and T4s using Employee Self Serve for non-union employees.
 - Evaluate the feasibility and potential cost-benefit of: i) a merger of the City's five pre-OMERS pension plans with OMERS; and, ii) a wind-up of the pre-OMERS pension plans.
 - Implement best practice changes to service delivery as identified through a program review of the Pension, Payroll and Employee Benefits Division.
 - Provide purchasing services at best value in support of public programs and service delivery through the application of open, fair, equitable and accessible procurement processes and practices.
 - Enhance the City's purchasing process by the continued investigation of e-procurement opportunities.
 - Provide materials management and warehousing services in support of public programs and service delivery.
 - Continue to support the City's Pandemic Procurement initiative.

- Bill, collect and administer property tax and utility (water and solid waste) accounts in accordance with legislation and Council policies, including processing of assessment and tax appeals, property assessment review and initiation of assessment appeals, administration of tax and water relief, rebate and refund programs.
- Administer and process parking ticket revenues, Municipal Land Transfer Tax and other revenues in compliance with legislative requirements and Council policies.
- Improve and enhance customer service delivery in all service areas, including call centre and counter operations, and other customer-facing operations to better meet call demand and the development of additional self-serve options via electronic service delivery. Introduce electronic billings for property taxes using Canada Post's *E-post*™ service.
- In partnership with Toronto Water, continue the implementation of the City's Water Meter Replacement and Automated Meter Reading Program.

PART III: RECOMMENDED BASE BUDGET

2012 Recommended Base Budget (In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change 2012 Recommended Base v. 2011 Appvd. Budget		FY Incremental Outlook	
	\$	\$	\$	%	2013 \$	2014 \$
GROSS EXP.	74,752.5	73,154.0	(1,598.5)	(2.1)	1,267.2	(2,422.2)
REVENUE	44,562.4	46,214.8	1,652.4	3.7	1,150.9	(2,804.3)
NET EXP.	30,190.1	26,939.2	(3,250.9)	(10.8)	116.3	382.1
Approved Positions	789.0	763.0	(26.0)	(3.3)	760.0	742.0

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Reductions	(2,963.4)	(3,872.6)	909.2	13.1%

2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$73.154 million gross and \$26.939 million net represents a \$3.251 million or 10.8% decrease from the 2011 Approved Net Operating Budget of \$30.190 million net.
- The 2012 Recommended Base Budget of \$26.939 million net includes Program budget reductions of \$3.872 million net or 13.1% of the 2011 Approved Net Operating Budget. These reductions are \$0.909 million or 3.1% greater than the Office of the Treasurer's 2012 reduction target of \$2.963 million net.
- It should be noted that in addition to the base service changes, the 2012 Recommended Operating Budget includes new revenue of \$1.146 million that contributes to achieving the Program target. As a result, total program reductions are \$5.018 million net or 16.9%.
- Recommended service changes of \$3.872 million include base budget savings of \$1.003 million net, savings from efficiencies of \$2.630 million net, revenue changes of \$0.176 million net and minor service level changes of \$0.063 million net.
- The 2012 Recommended Base Budget for the Office of the Treasurer reflects the deletion of 18 vacant and 12 filled permanent positions which is partially offset by the

addition of 4 temporary capital project delivery positions. The total staff complement will decrease from 789 to 763 positions.

- Approval of the 2012 Recommended Operating Budget reflects the change from the 2011 approved staffing complement as highlighted below:

2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
2011 Approved Positions	789.0
- 2011 In-year Adjustments	
2011 Approved Staff Complement	789.0
2012 Recommended Staff Complement Changes	
- 2012 Temporary Positions - Capital Project Delivery	4.0
- 2012 Service Changes	(30.0)
Total Recommended Positions	763.0

2012 Recommended Service Change Summary
(In \$000s)

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
Base Changes:								
Base Expenditure Changes								
Adjustment to Non-Salary Based on Actual Experience		(285.2)	(128.0)	(0.4%)				
Reduction in Overtime		(25.4)	(25.4)	(0.1%)				
Base Expenditure Changes		(310.6)	(153.4)	(0.5%)				
Base Revenue Changes								
Volume Adjustment of Current User Fees			(850.0)	(2.8%)				
Base Revenue Changes			(850.0)	(2.8%)				
Sub-Total Base Budget Changes		(310.6)	(1,003.4)	(3.3%)				
Service Efficiencies:								
Efficiencies in Pension, Payroll and Employees Benefits	(2.0)	(154.9)	(154.9)	(0.5%)				
Efficiencies in Revenue Services	(5.0)	(490.4)	(184.8)	(0.6%)				
Attrition of 2 Meter Reader Positions	(2.0)	(154.6)	0.0	0.0%				
Closure of PMMD Stores located at 1026 Finch Ave West	(2.0)	(148.4)	(148.4)	(0.5%)				
Closure of PMMD Stores located at 149 River Street	(1.0)	(85.1)	(85.1)	(0.3%)				
Efficiencies in Materials Management & Stores	(1.0)	(76.5)	(76.5)	(0.3%)				
Re-organization of Accounts Payable Processing Unit	(4.0)	(297.1)	(297.1)	(1.0%)				
Review of Current Vacant MLTT positions	(2.0)	(219.4)	(219.4)	(0.7%)				
Efficiencies in Payment Processing Operations	(5.0)	(299.3)	(194.6)	(0.6%)				
Efficiencies in Utility Billing Unit	(1.0)	(89.8)	0.0	0.0%				
Efficiencies in Policy & Financial Analysis Unit	(1.0)	(98.9)	(84.1)	(0.3%)				
Efficiencies in Collections Unit	(2.0)	(159.3)	(79.7)	(0.3%)				
Efficiencies in Revenue Accounting Unit	(1.0)	(62.6)	0.0	0.0%				
Financial Support and Reporting Changes	(1.0)	(54.3)	(54.3)	(0.2%)				
Savings Achieved Through Contract With Benefit Carrier			(1,050.8)	(3.5%)				
Sub-Total Service Efficiencies	(30.0)	(2,390.6)	(2,629.7)	(8.7%)				
Revenue Adjustments:								
Annualization of 2011 Council Approved User Fees			(116.4)	(0.4%)				
Increased Volume - Late Payment Charges			(60.0)	(0.2%)				
Sub-Total Revenue Adjustments			(176.4)	(0.6%)				
Minor Service Impact:								
Elimination of summer student positions		(63.1)	(63.1)	(0.2%)				
Sub-Total Minor Service Impacts		(63.1)	(63.1)	(0.2%)				
Total Service Changes	(30.0)	(2,764.3)	(3,872.6)	(12.8%)				

2012 Recommended Service Changes

- The 2012 recommended service changes consist of base budget changes, service efficiency savings, revenue changes and minor service level changes that total \$3.872 million net. These changes will have minimal impact on 2011 approved service levels provided by the Office of the Treasurer.

Base Changes (*\$0.311 million gross, savings of \$1.003 million net*)

Adjustment to Non-Salary Expenses Based on Actual Experience

- Based on a detailed review of actual spending, various non-salary expenses were reduced by \$0.285 million gross and \$0.128 million net. These non-salary expenses include external printing, computer hardware & software, collection agency fees and software maintenance.

Reduction in Overtime

- A reduction of \$0.025 million for overtime and shift bonus is recommended with no impact on service levels. This brings the overtime and shift bonus in line with actual experience.

Volume Adjustment of Current User Fee

- An increase to the budgeted user fee volume for existing user fees will result in additional revenues of \$0.850 million. These include:
 - Fees charged to produce a statement of tax account. Based on actual volume experience, the volume for statement of tax account will be increased by 31,250 generating additional revenue of \$0.500 million in 2012.
 - Fees charged to add Utility charges in arrears to the tax roll are expected to increase by 2,857 that would generate an additional \$0.100 million.
 - New tax account setup volume increase of 7,500 will generate additional revenues of \$0.150 million.
 - An increased volume of 2,000 for charges added to the tax roll will generate additional revenues of \$0.100 million.

Service Efficiencies (*savings of \$2.391 million gross and \$2.630 million net*)

Efficiencies in Payroll & Benefits Processing and Pensions Units

- Efficiencies achieved from eliminating 2 permanent positions effective January 1, 2012 with net savings of \$0.155 million are recommended. These positions are currently filled but will become vacant through attrition. Staff assignments will be reallocated among remaining staff.

Efficiencies in Revenue Services

- Efficiencies will be achieved by eliminating 5 permanent positions effective January 1, 2012 with net savings of \$0.185 million. These positions are currently filled but it is anticipated

that the savings will be realized through attrition. Staff assignments will be reallocated among current staff.

Attrition of 2 Meter Reader positions

- Due to the installation of new automated meters under the Water Meter Program, the need for manual water meter readings will no longer be required. For 2012, this will result in the reduction of 2 positions for savings of \$0.155 million. Savings will be effective from January 1, 2012 and will be realized through attrition.

Closure of PMMD Stores located at 1026 Finch Avenue West

- Due to the closure in 2011 of the Materials Management and Stores unit located at 1026 Finch Avenue West, 2 permanent vacant positions will be deleted, resulting in savings of \$0.148 million, effective January 1, 2012. The primary users will purchase general materials from the Brant Street location or have them delivered through the PMMD stores delivery program with minimal service impact.

Closure of PMMD Stores located at 149 River Street

- Due to the closure in 2011 of the Materials Management and Stores unit located at 149 River Street, it is recommended that 1 permanent vacant position be deleted with savings of \$0.085 million, effective January 1, 2012. The primary users will purchase general materials from the Brant Street location or have them delivered through the PMMD stores delivery program with minimal service impact.

Efficiencies in Materials Management & Stores

- It is recommended that 1 permanent position effective January 1, 2012 be deleted, resulting in savings of \$0.076 million due to the continued utilization of drop shipments. Through the continuous use of drop shipping directly from vendors to City clients as well as centralizing the storage and distribution of wearing apparel and high visibility traffic wear to the Brant Street location, materials management has become more efficient. The Materials Management and Stores unit will be able to maintain current service levels without this position. The position is currently filled but it is anticipated that the savings will be realized through attrition.

Re-Organization of Accounts Payable Processing Unit

- It is recommended that 4 permanent positions be deleted effective January 1, 2012 from re-organizing the accounts payable activities. Savings of \$0.297 million will arise from deleting these positions through attrition. Continued support of the AP Improvements project will provide the technology that will allow for these efficiencies. Work will be reallocated among existing staff.

Review of Current Vacant Municipal Land Transfer Tax (MLTT) Positions

- A review of the Municipal Land Transfer Tax (MLTT) operations staffing was undertaken that will result in the elimination of 2 vacant permanent positions, effective January 1, 2012, with savings of \$0.219 million without affecting service levels.

Efficiencies in Payment Processing Operations

- A review of the Payment Processing Centre Operations within Revenue Services results in the elimination of 5 vacant permanent positions effective January 1, 2012 that will realize net savings of \$0.195 million. The current service levels will be maintained as existing staff have been performing the payment processing functions.

Efficiencies in Utility Billing Unit

- A review of the Utility Billing Unit within Revenue Services resulted in the elimination of 1 vacant permanent position, effective January 1, 2012 with no net savings to the program as this position was funded by the Water and Solid Waste programs (resulting in savings of \$0.090 million for rate supported programs). The current capacity is sufficient to meet demands without impact on current service levels.

Efficiencies in Policy & Financial Analysis Unit

- The elimination of a vacant permanent position effective January 1, 2012 will result in net savings of \$0.084 million. There will be no impact on the service levels as currently all reports and analyses are prepared on schedule.

Efficiencies in Revenue Services Collection Unit

- A review of the positions within the unit, indicated that efficiency savings can be achieved by eliminating 2 vacant permanent positions effective January 1, 2012 with savings of \$0.159 million gross and net savings of \$0.080 million. One position was funded by the Utility Program. It is anticipated that service levels will be maintained with existing staff levels.

Efficiencies in Revenue Accounting Unit

- A review of the Revenue Accounting Unit within Revenue Services results in the elimination of 1 vacant permanent position effective January 1, 2012 with gross savings of \$0.063 million and \$0 net savings to the Program as this position was funded by the Water and Solid Waste programs. The current staffing levels are sufficient to meet demands without impacting current service levels.

Financial Support and Reporting Changes

- It is recommended that changes to the General Ledger support group be made to provide more capacity to provide additional guidance and support, and increased control to ongoing operating and capital projects. The change includes the deletion of 3 vacant positions and

creation of 1 Analyst position and 1 Accounting Assistant position. The net reduction of 1 position and savings of \$0.054 million will impact accounting controls.

Savings Achieved Through Contract with Benefit Carrier

- City Council approved a new contract for the City, including the TTC and Toronto Police Services, with the benefits carrier Manulife Financial for the provision of administrative and underwriting services for employees benefit plans for the period January 1, 2012 through December 31, 2016. Savings to be achieved over the five-year period are expected to be \$22.1 million or \$4.42 million per year to the City. It is recommended that \$1.051 million be provided from the Employee Benefits Reserve Fund from the annual savings achieved to partially offset the cost to administer employee benefits.

Revenue Adjustments (savings of \$0.176 million net)

Annualization of 2011 Council Approved User Fees.

- City Council approved 2 new user fees on February 24, 2011. These fees are in effect for 2011 and the annualization of these fees in 2012 is \$0.116 million. These include fees for refunds of overpayment on property tax accounts that are older than two years and that are due to taxpayer errors, and fees for processing manual MLTT refund applications on electronically registered conveyances.

Increased Volume –Late Payment Charges

- An Increase in volume for late payment charges applied to accounts receivable debtors' overdue accounts based on 2011 experience will realize an increase in revenue of \$0.060 million effective January 1, 2012.

Minor Service Impact (savings of \$0.063 million gross and net)

Reduction of Summer Student Positions

- Effective January 1, 2012, 50% of the summer students employed in Accounting Services, will be eliminated for savings of \$0.063 million. The Accounts Payable Unit will experience operational issues as the reduced number of summer students coupled with position reductions will impact service levels during the summer.

2013 and 2014 Outlook

- Approval of the 2012 Recommended Base Budget for the Office of the Treasurer will result in 2013 incremental costs of \$0.116 million net and 2014 incremental costs of \$0.382 million net to maintain the 2012 level of service. Future year costs are primarily attributed to the following:

- The 2013 Outlook anticipates incremental gross expenditures of \$1.267 million, which includes salaries and benefits for staff on approved capital projects of \$0.922 million, \$0.150 million for operating impact to maintain capital projects, \$0.195 million for progression pay and step increases. This is mostly offset by a recovery from capital of \$0.922 million and annualization of 2012 user fees of \$0.229 million.
- The 2014 Outlook anticipates a gross expenditure reduction of (\$2.422 million). This reflects the decrease of 19 temporary capital staff (reduction of \$2.804 million) working on capital projects in 2013, offset by an equivalent reduction in recoveries from capital. Also included are \$0.177 million for step and progression pay increases and \$0.205 million for operating impact to maintain capital projects.
- These Outlooks do not include any provisions for COLA, which is subject to future negotiations.

PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

2012 Recommended New/Enhanced Service Priority Actions
(In \$000s)

Description	2012 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Position	2013		2014	
	\$	\$	#	\$	# Pos	\$	# Pos
Enhanced Services:							
Staff Pool of Customer Service Representatives	189.3	66.3	7.0				
Sub-Total Enhanced Services	189.3	66.3	7.0				
New Services:							
(a) New Services							
(b) New Fees							
New user fee on Ownership Update/Account Administration Fee		(1,145.8)		(229.2)			
Sub-Total New Services	0.0	(1,145.8)	0.0	(229.2)			
Total Enhanced/New Services	189.3	(1,079.5)	7.0	(229.2)			

2012 Recommended New / Enhanced Service Priority Actions

Enhanced Services

Staff Pool of Customer Service Representatives in Revenue Services

- It is recommended that the existing pool of 11 trained part-time staff that work 4-5 hours per day to cover busy periods as needed, for up to 175 days per year be increased by 7 part-time staff at a net cost of \$0.066 million. Revenue Services' pool of Customer Service Representatives provide short-term staff coverage on an as-needed basis for the Call Centre and Counters in order to meet fluctuating demand, minimize wait times and to maintain consistently high levels of customer service to the public.

New Fees

New User Fee for Ownership updates and Property Tax/Utility Accounts

- Effective March 1, 2012, it is recommended that a new user fee of \$35 apply for each ownership change on a property tax account. Additional revenues of \$1.146 million will be generated from this new fee for ownership updates on property tax accounts.

The existing \$35 fee for ownership/billing changes on utility accounts (approved by Council in 2011) will continue to apply where the ownership change only applies to the utility account. However, when an ownership change is made to both the tax account and the utility account, a single combined fee of \$50 will apply to process the ownership change on both accounts.

- Service is currently performed at no charge. Costs of providing this service are absorbed within existing operating costs.
- The recommended fee is in line with similar fees charged by other Ontario municipalities including Windsor: \$50.00; London: \$38.00; Hamilton: \$11.70; Burlington: \$35.00; Mississauga: \$25.00; Richmond Hill: \$30.00; Markham: \$26.90 and Ottawa: \$38.00.

PART V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

Core Service Review Approvals

- At its meeting of September 26 and 27, 2011 City Council approved the report 'Core Service Review – Final Report to Executive Committee' from the City Manager. The City Manager was directed to review efficiency related opportunities for various program areas to determine whether and in what manner implementation is appropriate through the 2012, 2013 and 2014 Operating Budgets.
- The following reviews were recommended for the Office of the Treasurer:
 - Consider increasing shared services approach in Accounting Services for accounts receivable (e.g. revenue services).
 - Consider shared services or outsourcing Payroll for divisions and ABCs.
 - Consider reducing number of pay runs per month from 22.
 - Continue pursuing outsourcing options for non-OMERS pension plans.
 - Consider recovering non-OMERS pension administration costs from pension plans.
 - Consider consolidating purchasing with ABCs to obtain greater purchasing power.
 - Evaluate if exceeding material issue and delivery standard (5 versus 7 days) has a significant associated cost.
 - Consider strategic sourcing of meter reading operations.
 - Consider strategic sourcing of payment processing.
 - Evaluate strategic sourcing of billing with Toronto Hydro.
 - Consider electronic payment options for utility payments (e.g. e-billing).
 - Consider online payment options for property tax (e.g. billing).
 - Consider combining Revenue Accounting with Accounting Services.
 - Evaluate if eliminating property assessment review is cost effective.
- These reviews are pending and the City Manager will be reporting, as appropriate, to Standing Committee and/or City Council or through the City's operating budget processes.
- In addition, the Core Service Review directed the City Manager to report to Budget Committee on options to add a voluntary contribution option to future property tax bills so taxpayers who are willing to make a larger contribution to fund City programs can easily do so. Council also directed that the City Manager in his consideration of voluntary donations by taxpayers,

allow taxpayers to make donations to specific services rather than donations being directed solely to general revenue. At its meeting held on November 9, 2011, Government Management Committee approved a voluntary contribution option to be offered on property tax bills. This item will be considered by City Council at its meeting on November 29, 2011.

- A City-wide Counter Service Review Efficiency Study is currently in process to determine options for public self-serve service including a City-wide counter service strategy and the installation of self-serve kiosks.

Appendix 1

2011 Performance

2011 Key Accomplishments:

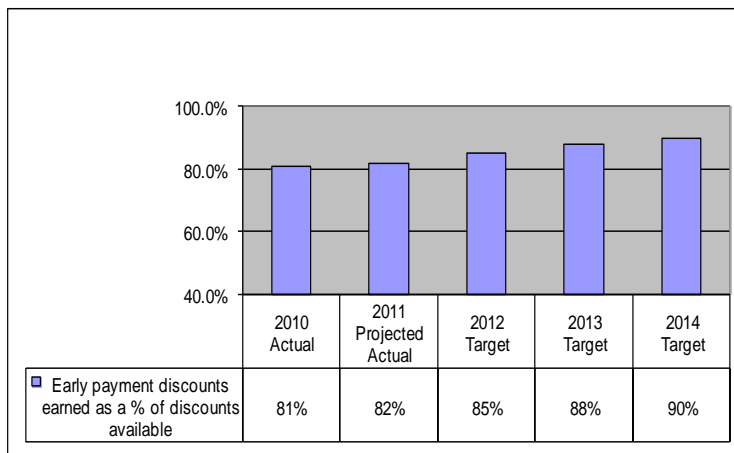
In 2011, the Office of the Treasurer achieved the following results:

- ✓ Provided financial reporting and accounting support services to key corporate projects including the Toronto York Spadina Subway Extension project (a Canada–Ontario–Municipal funded expansion project managed by the TTC), the 2009–2011 Federal Infrastructure Stimulus Fund (ISF) projects, and the Recreational Infrastructure Canada (RInC) program.
- ✓ Supported the corporate User Fees Review project and participated in the corporate work–group.
- ✓ Captured approximately \$6.1 million (city–wide) in discounts offered by City vendors since 2004 .
- ✓ Maintained a 89% payment cycle time for vendor invoices within 60 days, 74% within 30 days (2010: 60 days – 90%, 30 days – 71%). The 3% increase in payments within 30 days in 2011 can be directly attributed to the Imaging program implemented in late 2010.
- ✓ Fully implemented PCard program controls for an efficient, cost–effective procurement option for low dollar value supply–type purchases. Implemented an upgrade of the PCard system including functional upgrades and introduction of a Purchase Order module as well as the development of classroom training sessions.
- ✓ Developed and implemented a system for posting monthly Pcard transactions on the City's web–site.
- ✓ Received the prestigious GFOA Award for Financial Reporting for the fourth year in a row for the City's Annual Financial Report for year ended December 31, 2009. Submitted the Annual Financial Report for the year ended December 31, 2010 to GFOA for the Canadian Award for Financial Reporting Program.
- ✓ Successfully transitioned to the new external auditors, PricewaterhouseCoopers and ensured that 2010 year end timelines were met.
- ✓ Completed the full implementation of the SAP Accounting Asset module, including the design of customized SAP reports.
- ✓ Issued and awarded an RFP for a tax recovery consultant to review City transactions in HST, PST, fuel tax, customs duties, as well as an Accounts Payable review for duplicated payments.
- ✓ Assessed HST and claimed rebates on the unusually frequent expropriations of real properties for the ongoing subway and transit extension projects.

- ✓ Processed and mailed 148,900 cheques for Personal Vehicle Tax Refunds totalling over \$8.8 million.
- ✓ Issued and awarded a joint Benefits Carrier RFP with Toronto Police Services (TPS) and Toronto Transit Commission (TTC) and retained Manulife Financial for years 2012 – 2016 resulting in a savings of \$22.1M over the term of the contract for the City and additional savings for TPS and TTC.
- ✓ Jointly developed a new parking policy for City's controlled parking locations and implemented CRA rules.
- ✓ Fully implemented Illness or Injury Plan (IIP) for Locals 416 and 79.
- ✓ Developed and implemented an on-line Vendor Registration System to allow suppliers to self register to automatically receive email notices on calls posted on the City's purchasing website.
- ✓ Developed and launched the Call Document Purchaser's List which allows vendors to view the list of vendors that have purchased Call Documents.
- ✓ Completed Feasibility Review for SAP Material Receipt Inspection business process improvement.
- ✓ Launched a new on-line parking ticket dispute system to make it easier for members of the public to dispute parking tickets received for pay-and-display or parking meter violations.
- ✓ Replaced existing payment processing equipment with updated equipment and software needed to process over 1.2 million cheques per year for tax, utility and parking ticket payments.
- ✓ Procured cashiering software contract for Revenue Services counter operations utilizing integrated software to receive and record payments to be implemented in early 2012.
- ✓ Developed and reported on a fixed fine system for parking ticket offences with the aim of reducing the number of trial requests made by parking ticket recipients.
- ✓ Continued implementation of Toronto's Water Meter Program in partnership with Toronto Water, with the continued installation or replacement of new automated water meters across the City, with approximately 4,200 new large water meters and 22,600 small meters installed by August 2011. Since September 2010, Revenue Services has been issuing utility billings based on meter readings transmitted from the newly installed meters.

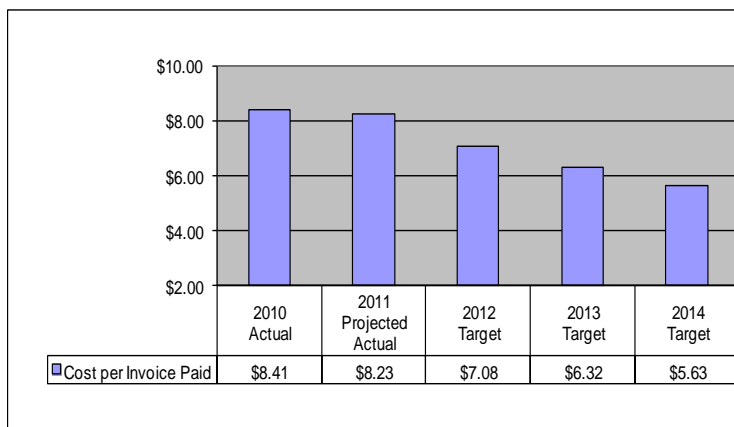
2011 Performance

Early Payment Discounts Earned as a % of Discounts Available



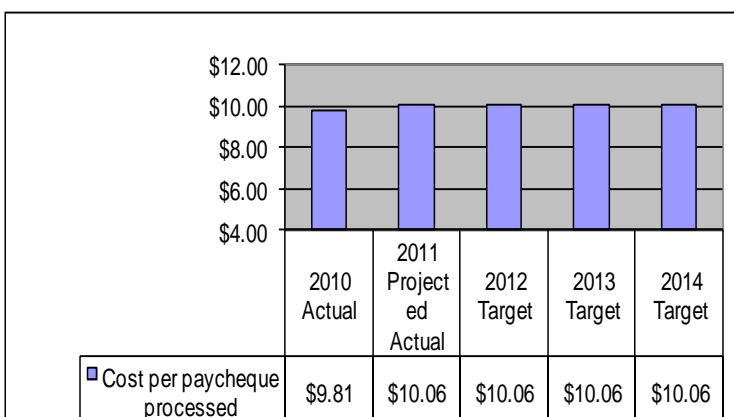
- Discounts earned have been consistent in 2010 and 2011 and will increase in 2012, 2013 and 2014.
- Discount invoices are now imaged (effective October 1, 2010 for 3-way match divisions and November 1, 2010 for 2-way match divisions) and faster follow up with divisions is in place to ensure a better take-up on discounts.

Cost per Invoice Paid in (\$) (Net)



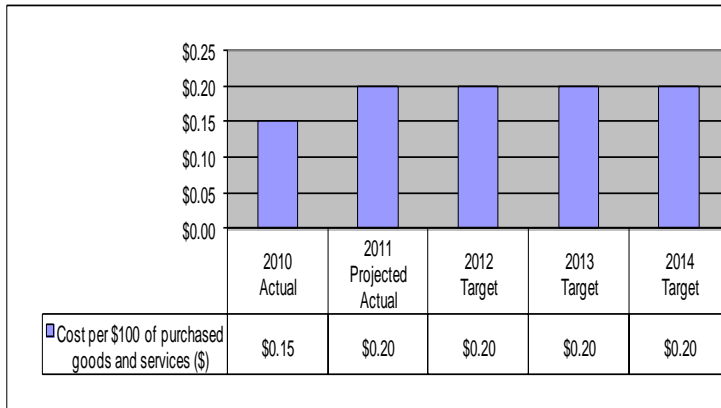
- Costs will decrease in future years due to increasing volumes, reaping the benefits of imaging invoices (implemented late 2010) and continued efficiencies including staffing reductions in 2011 and anticipated future year reductions through attrition.

Cost per Paycheque Processed (\$)



- Staff reductions in 2010 resulted in cost savings (7 positions deleted). There is a slight increase in costs due to mandated salary increases. It is anticipated that staff levels and number of pay cheques will remain static during 2012–2014.

Cost to Purchase \$100 of Goods and Services (\$)



- In 2010, the cost to purchase \$100 of goods and services was \$0.15. It is anticipated that the average cost to purchase \$100 of goods and services will be maintained at \$0.20 in 2011 and beyond.

Cost to Maintain Tax Accounts (\$)



- It is anticipated that in 2010–2014 the number of tax accounts added each year will remain constant at approximately 7,500/year, and will be serviced and maintained within existing resources as a result of operational efficiencies. This will produce a declining cost to maintain a tax account, as the annual percentage increase in the number of tax accounts is greater than the annual percentage

2011 Budget Variance Analysis

2011 Budget Variance Review

(In \$000s)

	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	(In \$000s) \$	\$	\$	\$	\$	%
GROSS EXP.	64,856.4	66,654.3	74,752.5	68,124.8	(6,627.7)	(8.9)
REVENUES	37,315.5	41,114.9	44,562.4	40,360.8	(4,201.6)	(9.4)
NET EXP.	27,540.9	25,539.4	30,190.1	27,764.0	(2,426.1)	(8.0)
Approved Positions	727.0	707.0	789.0	693.0	(96.0)	(12.2)

* Based on the Third Quarter Operating Budget Variance Report.

- The Office of the Treasurer's year-end favourable variance is projected to be \$2.426 million or 8.0% below the 2011 Approved Operating Budget of \$30.190 million.
- The projected favourable gross expenditures of \$6.628 million includes \$5.700 million in salary savings related to delays in filling positions for capital initiatives (FPARS, e-Procurement of \$2.300 million); delays in hiring for MLTT and Utility Billing (\$2.100 million) and savings arising from the corporate hiring slowdown (\$1.300 million). Non-salary expenditures are expected to be under-spent by \$0.900 million, mainly due to reduced operational requirements for the MLTT initiative and Pandemic Influenza Initiative.
- Overall revenues are expected to be under achieved by \$4.202 million mainly due to delays in FPARS and e-Procurement capital projects of \$2.300 million and the Pandemic Influenza Initiative of \$0.200 million; overall interdivisional recoveries are anticipated to be under achieved by approximately \$2.600 million. Under-achieved revenues are slightly offset by higher than budgeted user fee revenues as well as late payment and volume rebates of \$0.900 million.

Impact of 2011 Operating Variance on the 2012 Budget

- The favourable variance is not expected to carry over to 2012, as the capital positions are anticipated to be filled in early 2012.

Appendix 2

2012 Operating Budget by Expenditure Category and Key Cost Drivers

Program Summary by Expenditure Category

(In \$000s)

Category of Expense	2009 Actual	2010 Actual	2011 Budget	2011 Projected Actual	2012 Recommended Budget	2012 Change from 2011 Approved Budget		2013 Outlook	2014 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	50,249.7	55,225.1	62,364.4	56,632.2	61,298.7	(1,065.7)	(1.7%)	62,565.9	60,143.7
Materials and Supplies	1,296.0	1,177.1	1,488.0	1,186.9	1,389.7	(98.3)	(6.6%)	1,389.7	1,389.7
Equipment	121.8	73.3	201.3	62.5	115.0	(86.3)	(42.9%)	115.0	115.0
Services & Rents	6,240.5	6,207.7	6,929.0	6,210.2	6,753.7	(175.3)	(2.5%)	6,753.7	6,753.7
Contributions to Capital	500.0	500.0							
Contributions to Reserve/Res Funds	239.4	284.7	287.3	287.3	286.9	(0.4)	(0.1%)	286.9	286.9
Other Expenditures	1,544.4	1,655.7	1,390.6	1,712.6	1,340.6	(50.0)	(3.6%)	1,340.6	1,340.6
Interdivisional Charges	4,664.6	1,530.7	2,091.9	2,033.1	2,158.7	66.8	3.2%	2,158.7	2,158.7
TOTAL GROSS EXPENDITURES	64,856.4	66,654.3	74,752.5	68,124.8	73,343.3	(1,409.2)	(1.9%)	74,610.5	72,188.3
Interdivisional Recoveries	27,174.3	27,354.4	30,177.4	27,604.2	30,801.2	623.8	2.1%	30,801.2	30,801.2
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	6,854.1	9,103.2	8,119.8	8,791.5	10,232.0	2,112.2	26.0%	10,461.2	10,461.2
Transfers from Capital Fund	720.3	1,353.9	2,691.5	375.5	3,144.4	452.9	16.8%	4,066.1	1,261.8
Contribution from Reserve Funds	111.6	206.6	632.7	489.4	304.9	-327.8	(51.8%)	304.9	304.9
Contribution from Reserve									
Sundry Revenues	2,455.2	3,096.8	2,941.0	3,100.2	3,001.1	60.1	2.0%	3,001.1	3,001.1
TOTAL REVENUE	37,315.5	41,114.9	44,562.4	40,360.8	47,483.6	2,921.2	6.6%	48,634.5	45,830.2
TOTAL NET EXPENDITURES	27,540.9	25,539.4	30,190.1	27,764.0	25,859.7	(4,330.4)	(14.3%)	25,976.0	26,358.1
APPROVED POSITIONS	727.0	707.0	789.0	693.0	770.0	(19.0)	(2.4%)	760.0	742.0

2012 Key Cost Drivers

- *Salaries and Benefits* is the largest expenditure category and accounts for 83.6% of the Program's gross expenditures, followed by *Services and Rents* at 9.2%.
- The 2012 recommended budget for *Salaries and Benefits* of \$61.299 million is \$1.066 million or 1.7% lower than the 2011 Approved Operating Budget.
 - In 2012, the Program will delete 30 and add 7 permanent part time new positions for delivery of capital projects and 4 permanent staff to maintain capital projects, thus lowering its salaries and benefits budget by approximately \$2.290 million.
 - These measures assisted the Program in offsetting pressures from major cost drivers such as progression pay and step increases for eligible non-union and union positions (\$0.094 million), fringe benefits adjustments (\$0.581 million), an additional working day in 2012

(\$0.248 million) and annualized impact of the FPARS project (\$0.316 million).

- The *Salaries and Benefits pressure* from 2011 to 2012 is due to mandatory salary changes and capital-funded positions required for various projects included in the Financial Services Capital Budget, which continues in the 2012 Recommended Budget.
- The 2012 Recommended Budget for *Interdivisional Recoveries* of \$30.801 million or 64.9% of the Program's operating revenues reflects an increase of \$0.624 million. This includes \$1.051 million recovery from Non-Program for savings achieved from contract with benefit carrier Manulife Financial and reduction in recoveries due to efficiency savings totalling \$0.427 million.
- The 2012 Recommended Budget for *User Fees and Donations* of \$10.232 million or 21.5% of the Program's operating revenues reflects an increase of \$2.112 million. This includes annualization of 2011 user fees for increases in current user fees totalling \$0.966 million and new 2012 user fees of \$1.146 million.
- The 2012 Recommended Budget for *Transfers from Capital Fund* of \$3.144 million or 6.6% of the Program's operating revenues reflects an increase of \$0.453 million, which is directly related to the Financial Services' capital budget.
- The reduction of \$0.307 million in the 2012 Recommended Budget for *Contribution from Reserve Funds* reflects a reduction of \$0.250 million from the Innovation Reserve for completion of the organizational service review of the Pension, Payroll and Employees Benefits division and a reduction of \$0.057 million from the Emergency Reserve Fund for reversal of one-time costs associated with the Pandemic Influenza Preparedness Strategy.

Appendix 3

Summary of 2012 Recommended Service Changes

Appendix 4
Summary of 2012 Recommended New/Enhanced Service Priority
Actions

Appendix 5

Inflows / Outflows to / from Reserves & Reserve Funds

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2011 *	Proposed Withdrawals (-) / Contributions (+)		
			2012	2013	2014
		\$	\$	\$	\$
Emergency Reserve Fund	XQ1406	8,459.1	(304.9)	(304.9)	(304.9)
Insurance Reserve Fund	XR1010	31,346.0	116.3	116.3	116.3
Vehicle Reserve	XQ1204	167,567.0	51.9	51.9	51.9
Vehicle Reserve	XQ1600	240,682.0	118.7	118.7	118.7
Total Reserve / Reserve Fund Draws / Contributions			(18.0)	(18.0)	(18.0)

* Based on 3rd Quarter Variance Report