TORONTO

STAFF REPORT
ACTION REQUIRED

Operating Variance Report for the Year Ended December 31, 2011

Date:	April 27, 2012
To:	Budget Committee Executive Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2012\Internal Services\Fp\Bc12014Fp (AFS #13132)

SUMMARY

The purpose of this report is to provide Council with the City of Toronto Operating Variance for the year ended December 31, 2011 and to seek approval to allocate the 2011 year-end surplus. In addition, Council's approval is sought for amendments to the 2011 Operating Budget between Programs to ensure accurate reporting and financial accountability with no increase to the 2011 Approved Net Operating Budget.

The preliminary 2011 year-end operating results are $292.741 million for Tax Supported Operations, of which $285.134 million is available for distribution after Council/legislative requirements are met and $35.728 million is allocated to Rate Supported Programs. Consistent with the City's Surplus Management Policy, this report recommends that $213.850 million or 75% of the 2011 final year-end operating results be allocated to the Capital Financing Reserve and $71.284 million or 25% be allocated to underfunded liabilities and/or reserve funds.

It should be noted that the audit of the 2011 financial statements is not complete. As a result, there is a possibility that changes to the final surplus amount could occur but staff anticipate that any further adjustments will be minor.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. City Council approve the allocation of $7.607 million of the preliminary 2011 year-end operating results for Tax Support Operations to the following Council/Legislative requirements:

    a) $1.320 million to the Exhibition Place Stabilization Reserve for the purpose of assisting the Canadian National Exhibition Association (CNEA) Program to become independent from the Board and the City in 2013;
    b) $1.729 million to the Conference Reserve Fund to finance shortfalls in loan payments to the City from Exhibition Place for the new conference centre; and,
    c) $4.558 million to the Building Code Act Services Improvement Reserve Fund in compliance with Section 7 of the Building Code Act.

2. City Council approve the allocation of the 2011 final year-end surplus available for distribution for Tax Supported Operations of $285.134 million, based on the City's Surplus Management Policy which requires 75% of surplus funds be allocated to capital and 25% to operating , as follows:

    a) $213.850 million be contributed to the Capital Financing Reserve to assist in funding the Toronto Transit Commission’s 2012 to 2021 Capital Budget and Plan.

    b) $71.284 million to fund operating, including the following:

        (i) $18.799 million be contributed to the Tax Rate Stabilization Reserve to partially fund the 2012 Operating Budget;

        (ii) $52.485 million be allocated to Underfunded Liabilities and/or Reserve Funds, which includes:

            i. $31.470 million be contributed to the Tax Rate Stabilization Reserve to maintain a 1% contribution of the property tax base;
            ii. $6.858 million be contributed to the Social Housing Stabilization Reserve to ensure funding for future Shelter, Support and Housing Administration programs;
            iii. $6.500 million be contributed to the Sick Leave Reserve Fund to mitigate future funding pressures from the Toronto Police Service on this reserve;
            iv. $5.500 million be contributed to the Employee Benefits Reserve Fund to reduce future funding pressures for the benefit costs of employees and retirees;
            v. $1.195 million be contributed to the City Council Severance Reserve to fund future severance costs for City Council staff; and,

vi. $0.962 million be contributed to the Innovation Reserve Fund to fund future efficiency studies.

3. City Council approve the allocation of Solid Waste Management Services' 2011 operating surplus of $37.236 million to the Waste Management Reserve Fund to fund future Solid Waste Management Services' general capital program and operation stabilization.

4. City Council approve that Toronto Water's operating deficit of $2.755 million be offset by a $2.755 million withdrawal from the Wastewater Stabilization Reserve.

5. City Council approve the budget adjustments detailed in Appendix D to amend the 2011 Approved Operating Budget between Programs with no net impact on the 2011 Council Approved Net Operating Budget.

FINANCIAL IMPACT

Net expenditures for the year ended December 31, 2011 were lower than budget by $292.741 million or 8.2% for Tax Supported Operations. The following table compares the year-end results projected at the third quarter to the 2011 preliminary year-end operating results. As outlined in the table, the 2011 preliminary year-end operating results reflect an increase of $138.697 million compared to the results projected in the third quarter.

2011 Year-End Variance Compared to 2011 Q3 Variance Report

$Million	Projected Year-End as at Q3	Year-End as at Dec. 31	Change
Favourable Changes:			
Revenue Driven:			
Toronto Police Services	(2)	(23)	(21)
Parking Tag Enforcement	4	(8)	(12)
Investment earnings	(15)	(22)	(7)
Court Services	(1)	(7)	(6)
Parking Authority Revenue	3	(1)	(4)
Municipal Land Transfer Tax	(97)	(99)	(2)
Payment in Lieu of Taxes	(3)	(5)	(2)
Legal Services	(0)	(2)	(2)
Technical Services	(0)	(1)	(1)
Supplementary Taxes	(31)	(31)	0
	(141)	(198)	(57)
Expense Driven:			
Other Corporate Expenditures	19	(10)	(29)
Capital and Corporate Financing	(6)	(21)	(15)
Parks, Forestry, & Recreation	(5)	(14)	(9)
Tax Deficiencies/Write-offs	32	24	(8)
TTC	(14)	(22)	(8)
Shelter, Support and Housing Administration	(2)	(7)	(5)
Toronto Building	0	(5)	(5)
City Planning	(0)	(5)	(5)
Information & Technology	(3)	(6)	(3)
Exhibition Place	(1)	(3)	(2)
Office of Treasurer	(2)	(4)	(2)
Municipal Licensing & Standards	(1)	(2)	(1)
Transportation Services	(5)	(6)	(1)
Toronto Employment & Social Services	(7)	(7)	0
City Manager's Office	(3)	(3)	0
Solid Waste Management Rebates	(3)	(3)	0
Other	(12)	(13)	(1)
	(13)	(106)	(93)
Total Favorable Changes	**(154)**	**(304)**	**(150)**
Unfavourable Changes:			
Third Party Sign Tax	7	12	5
Tax Penalties	0	3	3
Vacancy Rebate Program	(3)	(1)	2
Street & Expressway Lighting Services	(4)	(3)	1
Total Unfavorable Changes	**0**	**11**	**11**
Year-end Results	**(154)**	**(293)**	**(139)**

The 2011 year-end surplus available for distribution, after the Council/legislative requirements for Exhibition Place and Toronto Building, was lower than budget by $285.123 million for Tax Supported Programs. In compliance with the City's Surplus Management Policy, 75% or $213.850 million of the final year end surplus available for distribution will be allocated to the Capital Financing Reserve to fund the Toronto Transit Commission's (TTC) 2012 to 2021 Capital Budget and Plan. The remaining 25% or $71.284 million will be allocated to operating underfunded liabilities and/or reserve funds. Table 1 below summarizes the recommended allocations for Tax Supported Programs.

Table 1
2011 Year-End Net Operating Results ($ Millions)

Recommended Allocations	
Preliminary Year-End Operating Results - Tax Supported Programs	**292.741**
Council/Legislative Requirements	
Exhibition Place Stabilization Reserve	(1.320)
Conference Centre Reserve Fund	(1.729)
Building Code Act Services Improvement Reserve Fund	(4.558)
Sub-Total	(7.607)
Final Year-End Surplus Available For Distribution - Tax Supported Programs	**285.134**
Capital	
Capital Financing Reserve (75% Allocation of Final Year-End Surplus Available for Distribution)	(213.850)
Fund the TTC's 2012 to 2021 Capital Budget and Plan.	
Operating (25% Allocation of Final Year-End Surplus Available for Distribution)	
Tax Rate Stabilization Reserve - Fund the 2012 Operating Budget	(18.799)
Underfunded Liabilities And/Or Reserve Funds:	
Tax Rate Stabilization Reserve - Meet The 1% Property Tax Base Threshold	(31.470)
Sick Leave Reserve Fund - Mitigate Future Funding Pressures For Toronto Police Service	(6.500)
Employee Benefits Reserve Fund - Ensure Funding For Future Liabilities	(5.500)
Council Severance Cost Reserve - Fund Future Severance Costs For City Council Staff	(1.195)
Innovation Reserve Fund - Fund Future Efficiency Studies	(0.962)
Social Housing and Stabilization Reserve - Mitigate Future Funding Pressures	(6.858)
Total Allocations to Operating	(71.284)
Surplus (Remaining)/Shortfall	**(0.000)**

Altogether, Rate Supported Programs were under-spent by $35.728 million comprised of $37.236 million from Solid Waste Management Services, an over expenditure of $2.755 million for Toronto Water and a favourable variance of $1.246 million for the Toronto Parking Authority.

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

ISSUE BACKGROUND

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

Council approval is required to allocate the 2011 final year-end surplus and to amend the 2011 Council Approved Operating Budget between Programs to ensure accurate reporting and financial accountability in accordance with the Financial Control By-law and financial management principles.

COMMENTS

In 2011, the City Manager continued his cost containment and hiring slowdown initiative in order to generate savings to be used as a funding source in the 2012 Operating Budget. City Tax Supported Programs and Agencies complied with this initiative and realized savings estimated at $61.912 million and $18.335 million for Rate Supported Programs, without negatively impacting services or service levels. As shown in Appendix A, a majority of City Programs and Agencies reported favourable variances, which was indicative of staff commitment to effectively manage the City's resources. The key drivers contributing to the 2011 final year-end surplus include:

- The Municipal Land Transfer Tax (MLTT) was the most significant favourable variance reported. The incremental revenue of $98.672 million was generated by higher than anticipated home sales and average home prices.

- Investment and financing strategies implemented by City staff which resulted in substantial debt servicing cost savings of $21.304 million and higher than forecasted interest and investment earnings of $22.108 million.

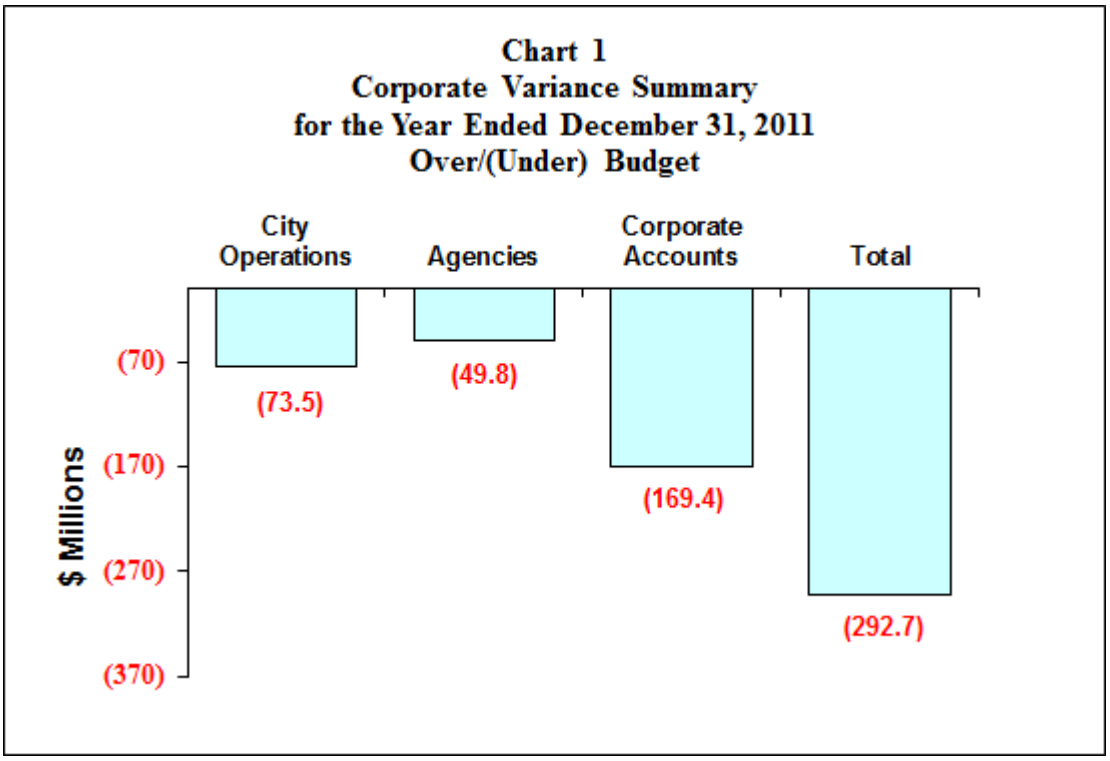
- Diligent work with Municipal Property Assessment Corporation (MPAC) to aggressively reduce the backlog in property assessments resulted in approximately $30.617 million higher than anticipated Supplementary Taxes at year-end.

- Toronto Transit Commission (TTC) ridership increased significantly despite the economic challenges of 2011, generating a surplus of $19.481 million.

- Savings of $80.247 million from the hiring slowdown and other cost containment measures implemented by City Programs and Agencies, with Parks, Forestry and Recreation contributing a 2011 year-end surplus of $13.804 million.

- Under-expenditures of $7.466 million in Toronto Employment and Social Services as a result of lower than budgeted Ontario Works caseload and increased Provincial funding.

Chart 1 below shows that City Programs and Agencies were under budget in 2011. A summary of the principal reasons for the surplus follows:



Corporate Accounts realized an under-expenditure net variance of $169.392 million for the year ended December 31, 2011. This was attributed to the following:

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

- $98.672 million in Municipal Land Transfer Tax (MLTT).
- $30.617 million in Supplementary Taxes.
- $22.108 million additional Interest and Investment Earnings.
- $7.114 million additional revenue from Parking Tags Operation.
- $4.870 million from higher Payment In Lieu of Taxes (PILs).
- $3.063 million higher than anticipated dividend from Toronto Hydro.
- These increased revenues, as noted above, were partially offset by underachieved Tax Penalties' revenue of $3.086 million.

Non-Program Budget Expenditure unfavourable variance of $5.655 million was comprised entirely of $23.922 million in Tax Deficiencies Assessment Appeals.

The over expenditure, as noted above, was offset by savings of $21.304 million in Capital and Corporate Financing due to delayed debt issuance and lower than forecasted interest rates, $9.982 million in Other Corporate Expenditures, $3.059 million in Street and Expressway Lighting expenses and $2.775 million in lower Solid Waste Management rebates.

City Agencies collectively contributed $49.806 million to the 2011 final year-end surplus mainly because of the following:

- $22.015 million in over-achieved TTC ridership revenues.

- $23.099 million from the Toronto Police Service attributed to $0.574 million lower than budgeted expenditures and $22.526 million higher than anticipated revenues. The favourable revenue variance is due mainly to the reversal of prior year contingencies, liabilities and unbudgeted grant funding.
- $3.096 million from Exhibition Place due to savings from lower utility costs and efficiencies resulting in $1.291 million as well as $1.805 million from increased revenue for events at BMO Field.

City Operations realized a $73.542 million or 4.0% favourable variance in 2011. Under-expenditures in the majority of City Programs were driven by continuation of the hiring slowdown initiative and cost containment measures which amounted to $56.392 million. Key contributors to the favourable variance include, but are not limited to, the following:

- Hiring slowdown and other cost containment measures implemented by Parks, Forestry and Recreation were the primary factors contributing to the 2011 year-end surplus of $13.804 million.
- Under-expenditures of $7.466 million in Toronto Employment and Social Services as a result of lower than budgeted Ontario Works caseload and increased Provincial funding.
- $7.363 million in Shelter, Support and Housing Administration driven largely by Social Housing savings from property taxes, provider settlements and garbage levy.
- $7.187 million for Court Services resulting primarily from increased revenues for fine collection.
- Savings of $5.585 million from Transportation Services primarily due to savings in salaries and benefits and various non-salary expenses resulting from cost containment measures and favourable utility cut and traffic management contract prices, as well as the relatively mild weather conditions in the past winter season.

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

- $3.745 million by Fire Services due primarily to fringe benefit pressures for OMERS and WSIB pension payments.
- $1.661 million by Emergency Medical Services primarily due to lower than budgeted Provincial funding for the Central Ambulance Communication Care (CACC) program.

Allocation of Surplus

The Deputy City Manager and Chief Financial Officer recommends the following allocations of the 2011 preliminary year-end operating results:

Council/Legislated Requirements:

1. Exhibition Place Stabilization Reserve – Council at its meeting of March 5, 2012 authorized the placement of any surplus in excess of the Council approved budget for the Canadian

National Exhibition Association (CNEA) Program, which forms part of the Exhibition Place Operating Budget, in 2011 and 2012 into the "Exhibition Place Stabilization Reserve" for the sole purpose of assisting the CNEA to become independent from the Board and the City in 2013, and authorize, for this purpose, a temporary exemption from the City's Surplus Management Policy. It is therefore recommended that $1.320 million of the Exhibition Place operating surplus be allocated to the Exhibition Place Stabilization Reserve.

2. Conference Centre Reserve Fund – Council at its meeting of January 17, 2012 reaffirmed the policy that Exhibition Place continue to contribute future operating budget surpluses (if any) to the Conference Reserve Fund. It is therefore recommended that $1.729 million of the Exhibition Place operating surplus be allocated to the Conference Centre Reserve Fund.

3. Building Code Act Services Improvement Reserve Fund – In accordance with Section 7 of the Building Code Act, the 2011 net operating surplus of $4.558 million from Toronto Building operations must be contributed to the Building Code Act Services Improvement Reserve Fund. Section 7 of the Act stipulates that the total amount of authorized fees collected must not exceed the anticipated reasonable costs to administer and enforce this Act; and requires the establishment of an obligatory reserve to manage fluctuations in volumes of permit activity and allow for investments in service delivery improvements to meet new legislative requirements of the Act regarding the collection of permit fees, expenditures and related reporting requirements. Therefore, it is recommended that the Toronto Building's operating surplus of $4.558 million be contributed to the Building Code Act Services Improvement Reserve.

Recommended Allocation of the 2011 Final Year-End Surplus Available for Distribution:

In accordance with the City's Surplus Management Policy, 75% of the 2011 final year-end surplus available for distribution will be allocated to the Capital Financing Reserve and 25% will be allocated to underfunded liabilities and/or reserve funds.

Capital Allocation:

1. Capital Financing Reserve – To provide funding for the Toronto Transit Commission's 2012 to 2021 Capital Budget Plan, it is recommended that $213.850 million of the 2011 final year-end surplus available for distribution be allocated to the Capital Financing Reserve. This contribution will ensure financing for approximately one-third of the $700 million in non-debt financing included in the Commission's five year capital program requirements.

Operating Allocation:

2. The remaining $71.284 million or 25% of the 2011 final year-end surplus available for distribution will be allocated to the following underfunded liabilities and/or reserve funds:

    a) Tax Rate Stabilization Reserve – At its meeting of January 17, 2012, City Council approved the use of the 2011 final year-end surplus available for distribution of $18.799 million to fund part of the 2012 Operating Budget.

    b) Tax Rate Stabilization Reserve –To ensure compliance with City policy, $31.470 million of the 2011 final year-end surplus available for distribution will be allocated to the Tax Rate Stabilization Reserve. This contribution, added to the balance of $5.396 million, will ensure that the reserve maintains the 1% of the property tax base benchmark.

    c) Social Housing and Stabilization Reserve – In order to mitigate the financial pressures for Shelter, Support and Housing Administration programs, it is therefore recommended that $6.858 million of the 2011 final year-end surplus available for distribution be allocated to the Social Housing and Stabilization Reserve.

    d) Sick Leave Reserve Fund – The Sick Leave Reserve Fund is currently under funded. In order to mitigate future funding pressures from the Toronto Police Service, it is therefore recommended that $6.500 million of the 2011 final year-end surplus available for distribution be allocated to the Sick Leave Reserve Fund. This is in addition to the $6.50 million which was contributed previously for 2011. The total contribution to the Sick Leave Reserve Fund will be $13.0 million.

    e) Employee Benefits Reserve Fund – In order to mitigate future funding pressures for the benefit costs of employees and retirees, it therefore recommended that $5.500 million of the 2011 final year-end surplus available for distribution be allocated to the Employee Benefits Reserve Fund.

    f) Council Severance Cost Reserve – Council at its meeting of January 17, 2012, eliminated future contributions to the Council Severance Cost Reserve through the annual Operating Budget process and instead would direct any favourable variances of City Council's annual Operating Budget to the Reserve. In order to ensure adequate funding for future severance costs, it is therefore recommended that $1.195 million of the 2011 final year-end surplus available for distribution be transferred to the Council Severance Cost Reserve.

    g) Innovation Reserve Fund – The 2012 budget for Core Service Review Studies was $0.962 million below the planned expenditure of $3.0 million for 2011. To ensure adequate funding for future efficiency studies, it is therefore recommended that $0.962 million from the 2011 final year-end surplus available for distribution be allocated to the Innovation Reserve Fund for future efficiency and core service review studies.

Approved Positions

The City of Toronto budgets and monitors its staff complement based on Approved Positions. As at December 31, 2011, the City reported 45,092.6 full-time approved positions (42,761.3 permanent and 2,331.3 casual/seasonal) and 4,166.4 part-time approved positions (1,700.4 permanent and 2,466 casual/seasonal). This reflects a decrease of 2,098.9 positions or 4.1% lower than the 2011 Council Approved Positions and was primarily attributed to delays and hiring slowdown in filling vacant positions, as well as seasonal fluctuations.

Consulting Costs

The 2011 budget for consulting costs was $6.027 million gross. Actual consulting costs totalled $5.304 million gross, resulting in a favourable variance of $0.723 million gross or 12% as at December 31, 2011.

Utility Costs

As at December 31, 2011, tax and rate supported operations reported actual utility costs of $170.345 million gross compared to the planned expenditures of $188.290 million gross, resulting in a favourable variance of $17.945 million gross or 9.5%. The under-expenditure in utility costs is primarily the result of lower than planned distribution rates.

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Cam Weldon
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

Appendix A – Net Expenditures for Year Ended December 31, 2011
Appendix B – Gross Expenditures for Year Ended December 31, 2011
Appendix C – Revenues for Year Ended December 31, 2011
Appendix D – Budget Adjustments for the Fourth Quarter Ended December 31, 2011
Appendix E – Significant City Programs/Agencies Variance Explanations

Appendix A

TORONTO

CITY OF TORONTO
CONSOLIDATED NET EXPENDITURES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2011
($000s)

	December 31, 2011			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
Citizen Centred Services "A"				
Affordable Housing Office	1,278.7	1,219.0	(59.7)	-4.7%
Children's Services	74,272.7	74,279.7	7.1	0.0%
Court Services	(12,136.6)	(19,323.1)	(7,186.5)	59.2%
Economic Development & Culture	26,031.1	25,851.6	(179.5)	-0.7%
Emergency Medical Services	66,151.6	67,762.6	1,611.0	2.4%
Long Term Care Homes and Services	46,781.0	44,142.6	(2,638.4)	-5.6%
Parks, Forestry & Recreation	274,997.6	261,193.6	(13,804.0)	-5.0%
Shelter, Support & Housing Administration	292,419.2	285,055.8	(7,363.4)	-2.5%
Social Development, Finance & Administration	12,911.7	12,737.6	(174.1)	-1.3%
Toronto Employment & Social Services	200,674.9	193,209.1	(7,465.8)	-3.7%
311 Toronto	9,637.6	8,279.2	(1,358.5)	-14.1%
Sub-Total Citizen Centred Services "A"	993,019.5	954,407.7	(38,611.9)	-3.9%
Citizen Centred Services "B"				
City Planning	12,614.8	7,962.0	(4,652.8)	-36.9%
Fire Services	355,823.9	359,569.1	3,745.2	1.1%
Municipal Licensing & Standards	21,506.8	19,715.1	(1,791.7)	-8.3%
Policy, Planning, Finance and Administration	11,307.1	9,813.5	(1,493.5)	-13.2%
Technical Services	10,500.4	9,380.4	(1,120.1)	-10.7%
Toronto Building	(10,731.3)	(15,288.9)	(4,557.6)	42.5%
Toronto Environment Office	3,214.2	2,267.8	(946.4)	-29.4%
Transportation Services	173,769.1	168,184.6	(5,584.6)	-3.2%
Waterfront Secretariat	931.6	800.1	(131.5)	-14.1%
Sub-Total Citizen Centred Services "B"	578,936.6	562,403.6	(16,533.0)	-2.9%
Internal Services				
Office of the Chief Financial Officer	9,295.6	8,846.5	(449.1)	-4.8%
Office of the Treasurer	30,190.0	26,400.7	(3,789.3)	-12.6%
Facilities Management & Real Estate	54,242.9	52,113.0	(2,129.9)	-3.9%
Fleet Services	31.1	31.1	0.0	0.0%
Information & Technology	67,455.9	61,534.3	(5,921.6)	-8.8%
Sub-Total Internal Services	161,215.5	148,925.6	(12,289.9)	-7.6%
City Manager				
City Manager's Office	36,810.0	33,980.9	(2,829.1)	-7.7%
Sub-Total City Manager	36,810.0	33,980.9	(2,829.1)	-7.7%
Other City Programs				
City Clerk's Office	30,564.4	31,032.9	468.6	1.5%
Legal Services	19,553.7	17,901.6	(1,652.1)	-8.4%
Mayor's Office	2,011.1	1,585.1	(426.0)	-21.2%
City Council	19,145.3	17,950.7	(1,194.7)	-6.2%
Sub-Total Other City Programs	71,274.4	68,470.2	(2,804.2)	-3.9%
Accountability Offices				
Auditor General's Office	4,271.3	4,221.1	(50.2)	-1.2%
Integrity Commissioner's Office	202.0	185.2	(16.8)	-8.3%
Lobbyist Registrar's Office	1,039.0	699.3	(339.6)	-32.7%
Ombudsman's Office	1,409.6	1,341.6	(68.0)	-4.8%
Sub-Total Council Appointed Programs	6,921.9	6,447.3	(474.6)	-6.9%
TOTAL - CITY OPERATIONS	**1,848,178.0**	**1,774,635.3**	**(73,542.6)**	**-4.0%**

Appendix A

CITY OF TORONTO
CONSOLIDATED NET EXPENDITURES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2011
($000s)

	December 31, 2011			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
Agencies				
Toronto Public Health	44,777.2	42,902.4	(1,874.8)	-4.2%
Toronto Public Library	170,797.9	170,637.6	(160.3)	-0.1%
Association of Community Centres	7,270.1	7,345.9	75.8	1.0%
Exhibition Place	46.7	(3,049.6)	(3,096.3)	-6624.7%
Heritage Toronto	346.4	364.5	18.1	5.2%
Theatres	3,301.1	3,883.4	582.3	17.6%
Toronto Zoo	11,577.5	11,543.3	(34.2)	-0.3%
Arena Boards of Management	(5.4)	52.8	58.2	-1077.8%
Yonge Dundas Square	515.2	279.3	(235.9)	-45.8%
Toronto & Region Conservation Authority	3,206.3	3,206.3	0.0	0.0%
Toronto Transit Commission - Conventional	429,111.0	409,270.0	(19,841.0)	-4.6%
Toronto Transit Commission - Wheel Trans	91,011.5	88,837.7	(2,173.8)	-2.4%
Toronto Police Service	929,490.1	906,390.8	(23,099.3)	-2.5%
Toronto Police Services Board	2,351.8	2,327.0	(24.8)	-1.1%
TOTAL - AGENCIES	**1,693,797.5**	**1,643,991.4**	**(49,806.1)**	**-2.9%**
Corporate Accounts				
Community Partnership and Investment Program	47,197.1	47,132.2	(64.9)	-0.1%
Capital & Corporate Financing	609,149.1	587,845.1	(21,304.0)	-3.5%
Non-Program Expenditures				
- Tax Deficiencies/Write-offs	73,000.0	96,922.0	23,922.0	32.8%
- Assessment Function (MPAC)	36,600.0	36,594.1	(5.9)	0.0%
- Temporary Borrowing	50.0	0.0	(50.0)	-100.0%
- Funding of Employee Related Liabilities	47,467.3	47,439.6	(27.7)	-0.1%
- Contingency	0.0	0.1	0.1	n/a
- Other Corporate Expenditures	66,268.7	56,286.5	(9,982.2)	-15.1%
- Insurance Premiums & Claims	300.0	300.0	0.0	0.0%
- Parking Tag Enforcement & Oper.	56,068.5	55,479.5	(589.0)	-1.1%
- Vacancy Rebate Program	23,460.0	22,550.7	(909.3)	-3.9%
- Heritage Property Taxes Rebate	2,000.0	1,131.7	(868.3)	-43.4%
- Solid Waste Management Rebates	182,391.9	179,616.8	(2,775.1)	-1.5%
- Street & Expressway Lighting Services	42,518.7	39,459.5	(3,059.2)	-7.2%
- Pandemic Influenza Stockpiling	1,880.0	1,880.0	0.0	0.0%
Non-Program Expenditures	532,005.1	537,660.5	5,655.4	1.1%
Non-Program Revenue				
- Payments in Lieu of Taxes	(91,781.2)	(96,651.1)	(4,869.9)	5.3%
- Supplementary Taxes	(35,000.0)	(65,617.4)	(30,617.4)	87.5%
- Tax Penalties	(30,000.0)	(26,913.9)	3,086.1	-10.3%
- Interest/Investment Earnings	(105,058.2)	(127,166.0)	(22,107.8)	21.0%
- Prior Year Surplus	(345,531.3)	(345,530.0)	1.3	0.0%
- Other Corporate Revenues	(8,223.6)	(7,570.1)	653.5	-7.9%
- Toronto Hydro Revenues	(30,000.0)	(33,062.5)	(3,062.5)	10.2%
- Provincial Revenue	(91,600.0)	(91,600.0)	0.0	0.0%
- Municipal Land Transfer Tax	(220,500.0)	(319,171.6)	(98,671.6)	44.7%
- Personal Vehicle Tax	2,000.0	(353.2)	(2,353.2)	-117.7%
- Third Party Sign Tax	(8,790.4)	3,440.0	12,230.4	-139.1%
- Parking Authority Revenues	(44,315.2)	(45,193.8)	(878.6)	2.0%
- Administrative Support Recoveries - Water	(18,973.0)	(18,973.0)	0.0	0.0%
- Administrative Support Recoveries - Health & EMS	(16,327.0)	(16,327.0)	0.0	0.0%
- Parking Tag Enforcement & Oper.	(77,066.4)	(84,180.0)	(7,113.6)	9.2%
- Other Tax Revenues	(14,813.8)	(15,131.9)	(318.1)	2.1%
- Woodbine Slots	(15,500.0)	(15,156.9)	343.1	-2.2%
Non-Program Revenues	(1,151,480.1)	(1,305,158.4)	(153,678.4)	13.3%
TOTAL - CORPORATE ACCOUNTS	**36,871.2**	**(132,520.7)**	**(169,391.9)**	**-459.4%**
NET OPERATING TAX LEVY	**3,578,846.6**	**3,286,106.1**	**(292,740.6)**	**-8.2%**
RATE-SUPPORTED OPERATIONS				
Solid Waste Management Services	0.0	(37,236.3)	(37,236.3)	n/a
Toronto Parking Authority	(56,403.0)	(57,649.4)	(1,246.4)	2.2%
Toronto Water	0.0	2,754.6	2,754.6	n/a
NON LEVY OPERATING NET EXPENDITURES	**(56,403.0)**	**(92,131.1)**	**(35,728.1)**	**63.3%**

TORONTO

CITY OF TORONTO
CONSOLIDATED GROSS EXPENDITURES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2011
($000s)

	December 31, 2011			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
Citizen Centred Services "A"				
Affordable Housing Office	2,886.5	2,576.6	(309.9)	-10.7%
Children's Services	387,902.3	371,537.4	(16,364.9)	-4.2%
Court Services	54,339.9	51,355.3	(2,984.6)	-5.5%
Economic Development & Culture	36,699.5	36,500.4	(199.1)	-0.5%
Emergency Medical Services	172,010.3	172,093.4	83.1	0.0%
Long Term Care Homes & Services	224,250.4	218,596.7	(5,653.7)	-2.5%
Parks, Forestry & Recreation	375,959.9	360,932.9	(15,027.1)	-4.0%
Shelter, Support & Housing Administration	922,946.3	835,372.2	(87,574.2)	-9.5%
Social Development, Finance & Administration	25,605.8	25,109.8	(496.0)	-1.9%
Toronto Employment & Social Services	1,208,370.3	1,134,185.5	(74,184.8)	-6.1%
311 Toronto	19,147.7	15,661.5	(3,486.1)	-18.2%
Sub-Total Citizen Centred Services "A"	3,430,119.0	3,223,921.7	(206,197.3)	-6.0%
Citizen Centred Services "B"				
City Planning	36,693.3	33,323.0	(3,370.3)	-9.2%
Fire Services	371,254.1	373,468.6	2,214.5	0.6%
Municipal Licensing & Standards	49,540.7	46,086.0	(3,454.7)	-7.0%
Policy, Planning, Finance and Administration	23,906.9	20,841.3	(3,065.6)	-12.8%
Technical Services	67,971.5	59,471.0	(8,500.5)	-12.5%
Toronto Buildings	46,756.9	43,535.0	(3,222.0)	-6.9%
Toronto Environment Office	11,529.0	8,801.4	(2,727.6)	-23.7%
Transportation Services	292,693.5	279,492.4	(13,201.1)	-4.5%
Waterfront Secretariat	1,531.6	1,244.8	(286.8)	-18.7%
Sub-Total Citizen Centred Services "B"	901,877.5	866,263.5	(35,614.0)	-3.9%
Internal Services				
Office of the Chief Financial Officer	15,761.4	13,354.1	(2,407.3)	-15.3%
Office of the Treasurer	74,752.4	66,885.4	(7,867.0)	-10.5%
Facilities Management & Real Estate	171,872.2	178,780.9	6,908.7	4.0%
Fleet Services	48,059.1	49,040.7	981.6	2.0%
Information & Technology	101,510.6	84,973.8	(16,536.8)	-16.3%
Sub-Total Internal Services	411,955.7	393,034.9	(18,920.8)	-4.6%
City Manager				
City Manager's Office	44,520.9	40,047.3	(4,473.6)	-10.0%
Sub-Total City Manager	44,520.9	40,047.3	(4,473.6)	-10.0%
Other City Programs				
City Clerk's Office	49,327.6	48,150.5	(1,177.1)	-2.4%
Legal Services	41,441.6	43,645.0	2,203.4	5.3%
Mayor's Office	2,011.1	1,585.1	(426.0)	-21.2%
City Council	19,145.3	18,020.2	(1,125.1)	-5.9%
Sub-Total Other City Programs	111,925.6	111,400.8	(524.8)	-0.5%
Accountability Offices				
Auditor General's Office	4,271.3	4,221.1	(50.2)	-1.2%
Integrity Commissioner's Office	202.0	185.2	(16.8)	-8.3%
Lobbyist Registrar's Office	1,039.0	699.3	(339.6)	-32.7%
Ombudsman's Office	1,409.6	1,341.6	(68.0)	-4.8%
Sub-Total Council Appointed Programs	6,921.9	6,447.3	(474.6)	-6.9%
TOTAL - CITY OPERATIONS	**4,907,320.5**	**4,641,115.4**	**(266,205.0)**	**-5.4%**

CITY OF TORONTO
CONSOLIDATED GROSS EXPENDITURES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2011
($000s)

	December 31, 2011			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
Agencies				
Toronto Public Health	238,122.9	222,569.5	(15,553.4)	-6.5%
Toronto Public Library	184,230.7	193,166.9	8,936.2	4.9%
Association of Community Centres	7,471.8	7,577.3	105.5	1.4%
Exhibition Place	64,271.8	62,980.8	(1,291.0)	-2.0%
Heritage Toronto	885.4	708.6	(176.8)	-20.0%
Theatres	26,947.9	19,155.2	(7,792.7)	-28.9%
Toronto Zoo	46,621.8	42,280.1	(4,341.7)	-9.3%
Arena Boards of Management	6,536.7	6,534.0	(2.7)	0.0%
Yonge Dundas Square	1,887.2	2,140.7	253.5	13.4%
Toronto & Region Conservation Authority	35,788.0	35,788.0	0.0	0.0%
Toronto Transit Commission - Conventional	1,435,892.0	1,435,462.0	(430.0)	0.0%
Toronto Transit Commission - Wheel Trans	96,622.4	93,950.2	(2,672.2)	-2.8%
Toronto Police Service	997,863.2	997,289.6	(573.6)	-0.1%
Toronto Police Services Board	2,962.4	2,491.5	(470.9)	-15.9%
TOTAL - AGENCIES	**3,146,104.3**	**3,122,094.4**	**(24,009.8)**	**-0.8%**
Corporate Accounts				
Community Partnership and Investment Program	49,038.7	49,018.1	(20.7)	0.0%
Capital & Corporate Financing	647,170.7	607,832.6	(39,338.2)	-6.1%
Non-Program Expenditures				
- Tax Deficiencies/Write-offs	73,000.0	96,922.0	23,922.0	32.8%
- Assessment Function (MPAC)	36,600.0	36,594.1	(5.9)	0.0%
- Temporary Borrowing	50.0	0.0	(50.0)	-100.0%
- Funding of Employee Related Liabilities	47,467.3	47,439.6	(27.7)	-0.1%
- Contingency	0.0	0.1	0.1	n/a
- Other Corporate Expenditures	68,074.6	56,102.5	(11,972.1)	-17.6%
- Insurance Premiums & Claims	300.0	300.0	0.0	0.0%
- Parking Tag Enforcement & Oper.	56,068.5	55,479.5	(589.0)	-1.1%
- Programs Funded from Reserve Funds	109,638.0	140,854.5	31,216.5	28.5%
- Vacancy Rebate Program	23,460.0	22,550.7	(909.3)	-3.9%
- Heritage Property Taxes Rebate	2,000.0	1,131.7	(868.3)	-43.4%
- Tax Rebates for Registered Charities	5,161.6	5,264.7	103.1	2.0%
- Solid Waste Management Rebates	182,391.9	179,616.8	(2,775.1)	-1.5%
- Street & Expressway Lighting Services	43,398.7	40,339.5	(3,059.2)	-7.0%
- Pandemic Influenza Stockpiling	1,880.0	1,880.0	0.0	0.0%
Non-Program Expenditures	649,490.6	684,475.7	34,985.1	5.4%
Non-Program Revenue				
- Interest/Investment Earnings	941.8	827.7	(114.2)	-12.1%
- Prior Year Surplus	0.0	110,732.0	110,732.0	n/a
- Other Corporate Revenues	768.0	3,492.8	2,724.8	354.8%
- Municipal Land Transfer Tax	5,707.8	4,906.2	(801.6)	-14.0%
- Personal Vehicle Tax	2,000.0	370.0	(1,630.0)	-81.5%
- Third Party Sign Tax	1,459.6	872.7	(586.9)	-40.2%
- Other Tax Revenues	0.0	280.2	280.2	n/a
Non-Program Revenues	10,877.2	121,481.6	110,604.3	1016.8%
TOTAL - CORPORATE ACCOUNTS	**1,356,577.4**	**1,462,807.9**	**106,230.6**	**7.8%**
LEVY OPERATING GROSS EXPENDITURES	**9,410,002.1**	**9,226,017.8**	**(183,984.3)**	**-2.0%**
RATE-SUPPORTED OPERATIONS				
Solid Waste Management Services	342,631.4	317,079.5	(25,551.9)	-7.5%
Toronto Parking Authority	70,894.6	69,820.7	(1,073.9)	-1.5%
Toronto Water	820,968.8	805,811.4	(15,157.4)	-1.8%
NON LEVY OPERATING GROSS EXPENDITURES	**1,234,494.8**	**1,192,711.6**	**(41,783.2)**	**-3.4%**

TORONTO

CITY OF TORONTO
CONSOLIDATED REVENUES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2011
($000s)

	December 31, 2011			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
Citizen Centred Services "A"				
Affordable Housing Office	1,607.8	1,357.6	(250.2)	-15.6%
Children's Services	313,629.6	297,257.7	(16,371.9)	-5.2%
Court Services	66,476.6	70,678.4	4,201.8	6.3%
Economic Development & Culture	10,668.4	10,648.8	(19.6)	-0.2%
Emergency Medical Services	105,858.7	104,330.8	(1,527.9)	-1.4%
Long Term Care Homes & Services	177,469.5	174,454.1	(3,015.3)	-1.7%
Parks, Forestry & Recreation	100,962.3	99,739.3	(1,223.0)	-1.2%
Shelter, Support & Housing Administration	630,527.1	550,316.4	(80,210.7)	-12.7%
Social Development, Finance & Administration	12,694.1	12,372.2	(321.9)	-2.5%
Toronto Employment & Social Services	1,007,695.3	940,976.4	(66,719.0)	-6.6%
311 Toronto	9,510.0	7,382.4	(2,127.7)	-22.4%
Sub-Total Citizen Centred Services "A"	2,437,099.4	2,269,514.0	(167,585.4)	-6.9%
Citizen Centred Services "B"				
City Planning	24,078.5	25,361.0	1,282.5	5.3%
Fire Services	15,430.2	13,899.5	(1,530.7)	-9.9%
Municipal Licensing & Standards	28,033.9	26,370.9	(1,663.0)	-5.9%
Policy, Planning, Finance and Administration	12,599.8	11,027.7	(1,572.0)	-12.5%
Technical Services	57,471.1	50,090.7	(7,380.4)	-12.8%
Toronto Building	57,488.3	58,823.9	1,335.6	2.3%
Toronto Environment Office	8,314.8	6,533.6	(1,781.2)	-21.4%
Transportation Services	118,924.3	111,307.8	(7,616.5)	-6.4%
Waterfront Secretariat	600.0	444.7	(155.3)	-25.9%
Sub-Total Citizen Centred Services "B"	322,940.8	303,859.8	(19,081.0)	-5.9%
Internal Services				
Office of the Chief Financial Officer	6,465.7	4,507.5	(1,958.2)	-30.3%
Office of the Treasurer	44,562.4	40,484.7	(4,077.7)	-9.2%
Facilities Management & Real Estate	117,629.3	126,667.9	9,038.6	7.7%
Fleet Services	48,028.0	49,009.7	981.6	2.0%
Information & Technology	34,054.7	23,439.5	(10,615.2)	-31.2%
Sub-Total Internal Services	250,740.2	244,109.3	(6,631.0)	-2.6%
City Manager				
City Manager's Office	7,710.8	6,066.4	(1,644.4)	-21.3%
Sub-Total City Manager	7,710.8	6,066.4	(1,644.4)	-21.3%
Other City Programs				
City Clerk's Office	18,763.2	17,117.6	(1,645.7)	-8.8%
Legal Services	21,887.9	25,743.4	3,855.5	17.6%
Mayor's Office	0.0	0.0	0.0	n/a
City Council	0.0	69.6	69.6	n/a
Sub-Total Other City Programs	40,651.2	42,930.6	2,279.4	5.6%
Accountability Offices				
Auditor General's Office	0.0	0.0	0.0	n/a
Integrity Commissioner's Office	0.0	0.0	0.0	n/a
Lobbyist Registrar's Office	0.0	0.0	0.0	n/a
Ombudsman's Office	0.0	0.0	0.0	n/a
Sub-Total Council Appointed Programs	0.0	0.0	0.0	n/a
TOTAL - CITY OPERATIONS	**3,059,142.5**	**2,866,480.1**	**(192,662.4)**	**-6.3%**

TORONTO

CITY OF TORONTO
CONSOLIDATED REVENUES VARIANCE
FOR THE YEAR ENDED DECEMBER 31, 2011
($000s)

	December 31, 2011			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
Agencies				
Toronto Public Health	193,345.7	179,667.1	(13,678.6)	-7.1%
Toronto Public Library	13,432.8	22,529.3	9,096.5	67.7%
Association of Community Centres	201.7	231.4	29.7	14.7%
Exhibition Place	64,225.1	66,030.4	1,805.3	2.8%
Heritage Toronto	539.0	344.1	(194.9)	-36.2%
Theatres	23,646.8	15,271.8	(8,375.0)	-35.4%
Toronto Zoo	35,044.3	30,736.8	(4,307.5)	-12.3%
Arena Boards of Management	6,542.1	6,481.2	(60.9)	-0.9%
Yonge Dundas Square	1,372.0	1,861.4	489.4	35.7%
Toronto & Region Conservation Authority	32,581.7	32,581.7	0.0	0.0%
Toronto Transit Commission - Conventional	1,006,781.0	1,026,192.0	19,411.0	1.9%
Toronto Transit Commission - Wheel Trans	5,610.9	5,112.5	(498.4)	-8.9%
Toronto Police Service	68,373.1	90,898.8	22,525.7	32.9%
Toronto Police Services Board	610.6	164.5	(446.1)	-73.1%
TOTAL - AGENCIES	**1,452,306.8**	**1,478,103.0**	**25,796.2**	**1.8%**
Corporate Accounts				
Community Partnership and Investment Program	1,841.6	1,885.9	44.3	2.4%
Capital & Corporate Financing	38,021.7	19,987.5	(18,034.1)	-47.4%
Non-Program Expenditures				
- Other Corporate Expenditures	1,805.9	(184.0)	(1,989.9)	-110.2%
- Programs Funded from Reserve Funds	109,638.0	140,854.5	31,216.5	28.5%
- Tax Rebates for Registered Charities	5,161.6	5,264.7	103.1	2.0%
- Street & Expressway Lighting Services	880.0	880.0	0.0	0.0%
Non-Program Expenditures	117,485.5	146,815.2	29,329.6	25.0%
Non-Program Revenue				
- Payments in Lieu of Taxes	91,781.2	96,651.1	4,869.9	5.3%
- Supplementary Taxes	35,000.0	65,617.4	30,617.4	87.5%
- Tax Penalties	30,000.0	26,913.9	(3,086.1)	-10.3%
- Interest/Investment Earnings	106,000.0	127,993.7	21,993.7	20.7%
- Prior Year Surplus	345,531.3	456,262.0	110,730.7	32.0%
- Other Corporate Revenues	8,991.6	11,062.9	2,071.3	23.0%
- Toronto Hydro Revenues	30,000.0	33,062.5	3,062.5	10.2%
- Provincial Revenue	91,600.0	91,600.0	0.0	0.0%
- Municipal Land Transfer Tax	226,207.8	324,077.8	97,870.0	43.3%
- Personal Vehicle Tax	0.0	723.2	723.2	n/a
- Third Party Sign Tax	10,250.0	(2,567.3)	(12,817.3)	-125.0%
- Parking Authority Revenues	44,315.2	45,193.8	878.6	2.0%
- Administrative Support Recoveries - Water	18,973.0	18,973.0	0.0	0.0%
- Administrative Support Recoveries - Health & EMS	16,327.0	16,327.0	0.0	0.0%
- Parking Tag Enforcement & Oper.	77,066.4	84,180.0	7,113.6	9.2%
- Other Tax Revenues	14,813.8	15,412.1	598.3	4.0%
- Woodbine Slots	15,500.0	15,156.9	(343.1)	-2.2%
Non-Program Revenues	1,162,357.3	1,426,640.0	264,282.7	22.7%
TOTAL - CORPORATE ACCOUNTS	**1,319,706.2**	**1,595,328.6**	**275,622.4**	**20.9%**
LEVY OPERATING REVENUES	**5,831,155.4**	**5,939,911.7**	**108,756.3**	**1.9%**
RATE-SUPPORTED OPERATIONS				
Solid Waste Management Services	342,631.4	354,315.8	11,684.4	3.4%
Toronto Parking Authority	127,297.6	127,470.1	172.5	0.1%
Toronto Water	820,968.8	803,056.8	(17,912.0)	-2.2%
NON LEVY OPERATING REVENUES	**1,290,897.8**	**1,284,842.7**	**(6,055.1)**	**-0.5%**

Appendix D

CITY OF TORONTO
BUDGET ADJUSTMENTS
FOR THE FOURTH QUARTER ENDED DECEMBER 31, 2011

	Gross Expenditure	Revenue	Net Expenditure	Position
Citizen Centred Service "A"				
Economic Development, Culture & Tourism				
The Tower Renewal Donation Reserve was established to receive donations for the development of community projects known as Recipe for Community in the St. James community. The project estimates have now been finalized for 2011 at $0.236M gross, and $0 net through the transfer of funding from the Tower Renewal Donation Reserve to the appropriate programs.	31.9	31.9	0.0	0.0
Total Economic Development, Culture & Tourism	31.9	31.9	0.0	0.0
Parks, Forestry & Recreation				
Transfer of funding from the Tower Renewal Donation Reserve, as noted above	130.2	130.2	0.0	0.0
Total Parks, Forestry & Recreation	130.2	130.2	0.0	0.0
Social Development Finance & Administration				
Transfer of funding from the Tower Renewal Donation Reserve, as noted above	54.9	54.9	0.0	0.0
Total Social Development Finance & Administration	54.9	54.9	0.0	0.0
Toronto Employment & Social Services				
Transfer of funding from the Tower Renewal Donation Reserve, as noted above	13.5	13.5	0.0	0.0
Total Toronto Employment & Social Services	13.5	13.5	0.0	0.0
Total Citizen Centred Service "A"	**230.5**	**230.5**	**0.0**	**0.0**
Citizen Centred Service "B"				
Toronto Environment Office				
Transfer of funding from the Tower Renewal Donation Reserve, as noted above	1.6	1.6	0.0	0.0
Total Toronto Environment Office	1.6	1.6	0.0	0.0

CITY OF TORONTO Appendix D
BUDGET ADJUSTMENTS
FOR THE FOURTH QUARTER ENDED DECEMBER 31, 2011

	Gross Expenditure	Revenue	Net Expenditure	Position
Transportation Services				
Reallocation of budget from Hydro to increase contribution to the Vehicle & Equipment Reserve in Roadway Services based on actual lifecycle requirements from Fleet Services	879.1	0.0	879.1	0.0
Reallocation of budget from Hydro in Traffic & Safety Services to increase contribution to the Vehicle & Equipment Reserve	(879.1)	0.0	(879.1)	0.0
Total Transportation Services	0.0	0.0	0.0	0.0
Total Citizen Centred Service "B"	**1.6**	**1.6**	**0.0**	**0.0**
Internal Services				
Facilities Management & Real Estate				
Excess draw from Conservation Management Reserve Fund (XR3029) to provide payment of financial incentives to projects completed in late 2010 as part of the Energy Efficiency Office (EEO) Incentive Payment Program. These grants are issued once the EEO receives funding from the Ontario Power Authority (OPA).	10,051.3	10,051.3	0.0	0.0
Total Facilities Management & Real Estate	10,051.3	10,051.3	0.0	0.0
Total Internal Services	**10,051.3**	**10,051.3**	**0.0**	**0.0**
Agencies				
Toronto Public Health				
Transfer of funding from the Tower Renewal Donation Reserve, as noted above	4.7	4.7	0.0	0.0
Total Toronto Public Health	4.7	4.7	0.0	0.0
Total Agencies	**4.7**	**4.7**	**0.0**	**0.0**
Total	**10,288.1**	**10,288.1**	**0.0**	**0.0**

Appendix E

Operating Variance Report
For Year Ended December 31, 2011
Significant Variance by Program and Agency

City Operations

Citizen Centred Services "A"

As shown in Table 2 below, Citizen Centred Services "A" Programs reported a favourable net variance of $38.612 million or 3.9% below the 2011 Approved Net Operating Budget for year ended December 31, 2011. The reasons for significant variances are discussed below.

Table 2
Citizen Centred Services "A"
Net Expenditure Variance ($ Million)

	Year-End 2011 Over/(Under)
Affordable Housing Office	(0.1)
Children's Services	0.0
Court Services	(7.2)
Economic Development and Culture	(0.2)
Emergency Medical Services	1.6
Long Term Care Homes and Services	(2.6)
Parks, Forestry & Recreation	(13.8)
Shelter, Support & Housing Administration	(7.4)
Social Development, Finance & Administration	(0.2)
Toronto Employment & Social Services	(7.5)
311 Customer Service Strategy	(1.4)
Total	(38.6)

Court Services reported a year-end favourable net variance of $7.187 million or 59.2% over the 2011 Approved Operating Budget. This favourable variance is primarily due to increased revenues of $4.202 million, based on estimated revenue accrual. Savings of $2.985 million, primarily from salaries and benefits as a result of delayed hiring, also contributes to the favourable variance.

Emergency Medical Services (EMS) reported an unfavourable net variance of $1.611 million or 2.4% over the 2011 Approved Operating Budget of $66.151 million net. The net over expenditure is mainly due to unrealized Provincial grants of $2.142 million, partially offset by an increase in other revenues of $0.535 million resulting from the sale of surplus vehicles and unbudgeted one-time funds for a Primary Care Paramedic Training Program. The revenue shortfall is largely attributed to insufficient Provincial funding for the Central Ambulance

Communication Centre (CACC) which has been historically funded at 100% by the Province. In late 2011, EMS successfully negotiated additional funding of $0.912 million which reduced the revenue shortfall from $3.054 million to $2.142 million.

Long-Term Care Homes and Services reported a year-end net favourable variance of $2.638 million or 5.6% under the 2011 Approved Operating Budget of $46.781 million net. This favourable variance is primarily due to a decrease in claim-based program expenditures. Certain program expenditures, such as Supportive Housing, are claims-based type services that are 100% subsidized when they are required by individual residents or clients. This decreased program activity resulted in reduced costs of $3.015 million, with a corresponding decrease in Provincial subsidies. Additional savings as a result of a hiring slowdown and early implementation of service level changes in the 2012 Approved Operating Budget, also contributed to the favourable variance.

Parks, Forestry and Recreation (PF&R) reported a favourable net variance of $13.804 million or 5% under the 2011 Approved Net Operating Budget at year-end. The variance consisted of a favourable gross expenditure variance of $15.027 million or 4.4% and an unfavourable revenue variance of $1.223 million or 1.2%. The favourable gross expenditure variance was achieved through savings of $7.4 million as a result of 12 permanent and 84 seasonal positions remaining unfilled, savings of $4.7 million due to cost containment for materials, supplies and equipment as a result of introducing new criteria for replacement of existing supplies and equipment, savings of $0.9 million due to reduced rental payments as a result of lower usage of Toronto District School Board (TDSB) sites, and savings of $2.0 million for janitorial services, repairs and staff training. The unfavourable revenue variance is primarily due to under-achieved Golf and permit fee revenues for parks and facilities.

Shelter, Support and Housing Administration (SSHA) reported a year-end favourable variance of $7.363 million or 2.5 % of the 2011 Approved Operating Budget of $292.419 million net. The favourable variance is the result of the following:

- Hostels Services experienced an unfavourable net of $2.815 million, reflecting a decrease of 47,453 bed nights, or 3.3% of budgeted bed nights (1,371,398 actual bed nights compared to budgeted volumes of 1,418,851). The decrease in bed nights results in a decrease in provincial subsidy that was not accompanied by a corresponding decrease to the fixed costs in the directly operated shelters. As well, the unfavourable variance reflects salary and benefit costs that exceeded budget, as the Program was required to rely on part-time staff to manage an outbreak of infectious disease.

- Social Housing experienced a favourable net variance of $9.042 million, with operational savings of $15.215 million, reflecting under spending in a number of cost drivers, including: $9.005 million in property taxes (primarily for the TCHC), $3.503 million in provider settlements, $2.320 million in reduced garbage levies, and $1.197 million in lower debentures. These savings were offset by $1.077 million in cost factor indices that exceeded the budget. As well, $0.292 million in salary cost savings were realized due to the hiring slowdown. The net under spending is offset by reduced revenues of $6.465 million, as the under spending has allowed the deferral of the budgeted reserve withdrawal in 2011.

- Other service units reported savings of $1.136 million, primarily related to salary and benefit savings resulting from the hiring slowdown.

In order to mitigate the financial pressures for Shelter, Support and Housing Administration programs, it is therefore recommended that $6.858 million of Shelter, Support and Housing Administration's final 2011 year-end operating surplus be allocated to the Social Housing and Stabilization Reserve.

Toronto Employment and Social Services (TESS) reported a year-end favourable net variance of $7.466 million from the 2011 Approved Operating Budget of $200.674 million net. This favourable variance is primarily due to actual year-end average monthly caseload of 100,013 cases compared to a budgeted caseload of 101,000 cases; caseload mix – high proportion of singles as compared to families; and unbudgeted provincial subsidy from the new cost of administration funding implemented by the Province on April 1, 2011.

Citizen Centred Services "B"

As indicated in Table 3 below, Citizen Centred Services "B" Programs collectively reported a favourable net expenditure variance of $16.533 million or 2.9% of the 2011 Approved Net Operating Budget for year ended December 31, 2011. Major causes of the variances are discussed below.

Table 3
Citizen Centred Services "B"
Net Expenditure Variance ($ Million)

	Year-End 2011 Over/(Under)
City Planning	(4.7)
Fire Services	3.7
Municipal Licensing & Standards	(1.8)
Policy, Planning, Finance and Administration	(1.5)
Technical Services	(1.1)
Toronto Building	(4.6)
Toronto Environment Office	(0.9)
Transportation Services	(5.6)
Waterfront Secretariat	(0.1)
Total	(16.5)

City Planning reported a favourable year-end net variance of $4.653 million from the 2011 Approved Net Operating Budget of $12.615 million.

Gross expenditures reflect a favourable variance of $3.370 million or 9.2%, primarily due to savings in salaries and benefits of $2.291 million resulting from vacant positions and savings in non-payroll expenditures of $1.079 million from cost containment and restraint, as well as deferrals for several third-party funded projects. The Program is committed to bringing staffing levels up to more sustainable levels in order to address workload pressures in 2012.

In addition, revenues exceeded budget by $1.282 million or 5.3%, due primarily to higher than expected development application revenues experienced in the fourth quarter ($1.765 million), driven by the planned increases in development related fees for 2012. This is partially offset by $0.476 million in lower than anticipated recovery revenues related to the deferred third party funded projects.

Fire Services reported a year-end unfavourable net variance of $3.745 million or 1.1% over the 2011 Approved Operating Budget of $355.823 million net. This is primarily the result of higher than budgeted gross expenditures of $4.708 million for fringe benefits due to OMERS costs and WSIB claims and non-salary unbudgeted spending of $0.427 million for demolition of the old Empress Hotel on Yonge Street after the January 2011 fire. These variances were partially offset by under-spending of $1.976 million in salaries savings due to the number of firefighter vacancies and $0.944 million under-spending from material, supplies, equipment and contracted services expenditures.

In addition, revenue was 10% or $1.531 million lower than planned mainly due to unrealized revenue of $3.130 million from chargeable false alarms which was generally offset by increased revenue of $0.452 million from inspections and elevator and highway responses; additional Provincial funding of $0.186 million for HUSAR/CBRN activities and other unplanned revenue of $0.846 million mainly including recoveries of $0.166 million from EMAT(Emergency Medical Assistance Team) for HUSAR assistance during Northern Ontario wild fires, other recoveries of $0.238 million including sales of scrap vehicles and recovery of $0.419 million for demolition costs received from the Yonge St. building owner.

Municipal Licensing and Standards (MLS) was under-spent by $1.792 million net for the 2011 Approved Net Operating Budget as of December 31, 2011. This is primarily the result of savings of $2.315 million in salaries and benefits due to staff vacancies from the hiring slowdown. Non-salary accounts were under-spent by $1.139 million mainly due to cost containment measures implemented in 2011 for material and supplies, equipment and contracted services.

Revenues for 2011 were under-achieved by $1.663 million or 5.9% mainly due to unrealized revenue of $1.924 million for Re-Inspection Fees, the volume of Permits for Signs, Dog & Cat Licenses, staff cost recoveries from SWMS and Right-of-Way permit fees. This under-achieved revenue was partially offset by increased revenue of $0.261 million for Business Licenses.

Technical Services reported a favourable year-end net variance of $1.120 million or 10.7% of the 2011 Approved Net Operating Budget of $10.500 million.

Gross expenditures were under budget by $8.501 million or 12.5%, mainly due to savings in salaries and benefits resulting from unfilled positions ($6.281 million), advanced payments of

Bentley software licenses in the prior year ($0.552 million), savings in professional and other services ($0.906 million), various materials and supplies ($0.237 million), equipment ($0.087 million) and interdepartmental costs ($0.456 million) due to existing vacancies.

The Program experienced an unfavourable revenue variance of $7.380 million or 12.8%. This was mainly due to under-achieved revenues from client recoveries for work on capital projects, including Transit Expansion projects ($8.135 million) and Transportation Services' state of good repair and TTC track replacement projects ($1.432 million), largely attributed to unfilled vacancies. The unfavourable variance was partially offset by additional revenues from engineering drawings review, construction inspection and other fees of $2.231 million, which were mostly realised in October and November following a detailed reconciliation of accounts.

Toronto Building experienced a favourable year-end net variance of $4.558 million from the 2011 Approved Net Operating Budget, mainly due to $3.1 million savings in gross expenditures from 61 unfilled vacancies and revenues which exceeded budget by $1.3 million due to record permit intake volumes. The permit intake volume is driven by the sustained, high level of development across the City, particularly in Toronto & East York District and North York.

In accordance with Section 7 of the Building Code Act, the 2011 net operating surplus of $4.558 million must be contributed to the Building Code Act Services Improvement Reserve. Section 7 of the Act stipulates that the total amount of authorized fees collected must not exceed the anticipated reasonable costs to administer and enforce this Act; and requires the establishment of an obligatory reserve to manage fluctuations in volumes of permit activity and allow for investments in service delivery improvements to meet new legislative requirements of the Act regarding the collection of permit fees, expenditures and related reporting requirements. Therefore, it is recommended that Toronto Building's operating surplus of $4.558 million be contributed to the Building Code Act Services Improvement Reserve.

Transportation Services reported a year-end favourable net variance of $5.585 million or 3.2% of the 2011 Approved Operating Budget of $173.769 million net.

Gross expenditures were under budget by $13.201 million or 4.5%, due to savings in salaries and benefits resulting from vacant positions ($7.571 million), utility costs from retroactive credits for the hydro savings generated through the LED traffic lights conversion project ($1.758 million), winter maintenance savings as a result of mild weather in the past winter season ($5.669 million), road operations and traffic signal contract savings ($2.814 million), favourable contract prices for utility cut repairs ($0.386 million), and various materials and supplies ($1.511 million) and computer hardware and software expenses ($0.450 million) attributed to cost containment measures. This favourable variance was partially offset by increased expenditures of $5.227 million for de-icing salt arising from the winter conditions characterised by low snow accumulations requiring frequent salt application, as well as salt price increase across North America, and higher contributions to the Vehicle Reserve to accommodate fleet replacement requirements of $0.900 million.

The Program reported an unfavourable revenue variance of $7.616 million or 6.4%. This was mainly due to under-achieved revenues from the recovery of utility cut and surface repair costs of $16.826 million resulting from delays in receiving authorisations from clients and lower than

anticipated volumes, which was partially offset by additional capital recoveries arising from a higher than originally anticipated volume of client work of $10.528 million.

Internal Services

Internal Services Programs collectively reported a favourable net expenditure variance of $12.290 million or 7.6% of the 2011 Approved Net Operating Budget due to the following:

Table 4
Internal Services
Net Expenditure Variance ($ Million)

	Year-End 2011 Over/(Under)
Office of the Chief Financial Officer	(0.4)
Office of the Treasurer	(3.8)
Facilities Management & Real Estate	(2.1)
Fleet Services	0.0
Information & Technology	(5.9)
Total	(12.3)

The ***Office of the Treasurer*** (inclusive of Revenue Services, Accounting Services, Pensions, Payroll and Employee Benefits and Purchasing and Materials Management Divisions) reported a favourable net expenditure variance of $3.789 million or 12.6% of the 2011 Approved Net Operating Budget for the year ended December 31, 2011. The favourable variance was primarily due to savings of $6.606 million in salary and benefits resulting from delays in filling vacant positions (operational, capital and corporate initiatives). In addition, non-salary savings of $1.3 million resulted from changes in the operational activities for MLTT, and no pandemic spending as well as a result of curtailing other discretionary spending.

The savings were partially offset by underachieved revenues of $4.078 million, mainly due to lower recoveries for dedicated initiatives ($2.8 million) and reduced transfers from capital and reserves due to start-up delays in various projects ($2.6 million). These reduced recoveries were slightly offset by higher than budgeted user fee revenue of $1.3 million as a result of higher volume of user fee transactions as well as revenue earned through the late payment and volume rebate programs.

Facilities Management & Real Estate reported a favourable net expenditure variance of $2.130 million or 3.9% of the 2011 Approved Net Operating Budget of $54.243 million. This favourable variance is primarily due to lower than anticipated utility costs and salary savings from a high number of vacant positions due to the hiring slowdown which was partially offset from higher contracted service costs for the completion of maintenance requests and payment and collection of property taxes.

Grants issued from the Energy Efficiency Office (EEO) Incentive Payment Program were higher than budgeted by $10.051 million due to the Ontario Power Authority (OPA) being delayed in processing 2010 applications. This has resulted in an unfavourable year-end variance for gross expenditures and a favourable year-end variance for revenues. However, the net expenditure impact is $0 million.

Information & Technology reported a favourable year-end net variance of $5.922 million or 8.8% of the 2011 Approved Net Operating Budget. The favourable variance was primarily due to lower salaries and benefits attributed to vacancies resulting from resignations, retirements, the hiring slowdown and recruitment challenges faced by the Division. In addition, lower software and hardware maintenance and telephone costs were achieved through better pricing and terms from effective contract negotiations on contract renewals. Conscious efforts to control discretionary expenses also contributed to the under-expenditure.

Revenues were under-achieved primarily due to the current level of vacant capital positions resulting in lower recoveries from the Capital Budget.

City Manager's Office

The ***City Manager's Office*** reported a favourable net expenditure variance of $2.829 million or 7.7% of the 2011 Approved Net Operating Budget for the year ended December 31, 2011. This was due to savings in salaries of $3.416 million as a result of hiring delays and savings in non-labour expenditures of $1.060 million due to the implementation of cost containment measures. This also includes a decrease in recoveries of $1.644 million as a result of hiring delays for Capital projects.

Table 5
City Manager Office
Net Expenditure Variance ($ Million)

	Year-End 2011 Over/(Under)
City Manager's Office	(2.8)

Other City Programs

Other City Programs (see Table 6 below) reported a favourable variance of $2.804 million or 3.9% of the 2011 Approved Net Operating Budget for the year ended December 31, 2011. The favourable year-end variance was largely attributed to under expenditures in the Legal Services, City Council and the Mayor's Office Operating Budgets, offset by the over expenditures in the City Clerk's Office.

Table 6 Other City Programs Net Expenditure Variance ($ Million)	
	Year-End 2011 Over/(Under)
City Clerk's Office	0.5
Legal Services	(1.7)
Mayor's Office	(0.4)
City Council	(1.2)
Total	(2.8)

The ***City Clerk's Office*** reported an unfavourable year-end variance of $0.469 million or 1.5% of the 2011 Approved Net Operating Budget. This is mainly due to recoveries being below budget by $1.646 million or 8.8% due to lower recoveries generated from design, print and high speed photocopying services as a result of reduced volumes than budgeted by City Divisions. This significant shortfall was partially offset by under spending in salaries and benefits of $0.911 million or 2.4% due to staff vacancies as a result of the hiring slowdown, and under spending of $0.407 million in reduced advertising for public notices and third party printing.

Legal Services reported a favourable net expenditure variance of $1.652 million or 8.4% of the 2011 Approved Net Operating Budget for the year ended December 31, 2011. This was primarily due to higher than expected recoveries from insurance claim matters, disbursements, Third Party legal fees and service fees relating to Building, Licensing and Planning related matters.

The ***Mayor's Office*** reported a favourable variance of $0.426 million or 21.2% of the 2011 Approved Net Operating Budget. This is due largely to under spending in salaries and benefits of $0.240 million arising from staff vacancies and under spending of $0.155 million in non-salary expenditures, mainly in professional / technical services.

City Council reported a favourable net variance of $1.195 million or 6.2% of the 2011 Approved Net Operating Budget. This favourable net variance is mainly attributable to under spending of $0.368 million in Council's Office Budget as some Council Members did not fully expend their office budgets for the year, and under spending of $1.214 million in staff salaries and benefits due to different staffing strategies adopted by various Councillors.

Council at its meeting of January 17, 2012, eliminated future contributions to the Council Severance Cost Reserve through the annual Operating Budget process and instead would direct any favourable variances of City Council's annual operating budget to the Reserve. In order to ensure adequate funding for future severance costs, it is therefore recommended that $1.195 million of the 2011 final year-end surplus be transferred to the Council Severance Cost Reserve.

Accountability Offices

Accountability Offices collectively realized a net under expenditure of $0.475 million or 6.9% of the 2011 Approved Net Operating Budget for the twelve-month period ended December 31, 2011.

Table 7
Accountability Offices
Net Expenditure Variance ($ Million)

	Year-End 2011 Over/(Under)
Auditor General's Office	(0.1)
Integrity Commissioner's Office	(0.0)
Lobbyist Registrar's Office	(0.3)
Ombudsman's Office	(0.1)
Total	(0.5)

The ***Office of the Lobbyist Registrar*** has a favourable variance of $0.340 million or 32.7% below the 2011 Approved Operating Budget, mainly due to under spending in salaries & benefits related to the delay in staff hiring and staff vacancies and under spending in non-salary expenditures related to professional / technical services.

Agencies

Agencies collectively reported a favourable variance of $49.806 million or 2.9% of the 2011 Approved Net Operating Budget for the year ended December 31, 2011. As outlined in Table 8 below, the favourable year-end variance was largely attributed to Toronto Transit Commission – Conventional, Toronto Police Service and Exhibition Place.

Table 8 Agencies Net Expenditure Variance ($ Million)	
	Year-End 2011 Over/(Under)
Toronto Public Health	(1.9)
Toronto Public Library	(0.2)
Association of Community Centres	0.1
Exhibition Place	(3.1)
Heritage Toronto	0.0
Theatres	0.6
Toronto Zoo	(0.0)
Arena Boards of Management	0.1
Yonge Dundas Square	(0.2)
Toronto & Region Conservation Authority	0.0
Toronto Transit Commission - Conventional	(19.8)
Toronto Transit Commission - Wheel Trans	(2.2)
Toronto Police Service	(23.1)
Toronto Police Services Board	(0.0)
Total	(49.8)

Toronto Public Health (TPH) reported a year-end net favourable variance of $1.871 million or 4.2 % under the 2011 Approved Net Operating Budget of $44.777 million net. The favourable net variance is primarily attributable to under spending in salaries and benefits as a result of the City's hiring slow down.

Exhibition Place reported a favourable net variance of $3.096 million, in contrast to the Approved Net Operating Budget of $0.047 million year ended December 31, 2011. This favourable variance is attributed to lower direct costs in BMO Field and reduced utilities costs in other facilities as a result of energy efficiencies resulting in a $1.291 million gross expenditure reduction, and $1.805 million increase in revenue due to good weather resulting in greater than budgeted revenues for events and BMO Field.

Exhibition Place's operating surplus, amounting to of $3.096 million, will be allocated as follows:

a) Council at its meeting of March 5, 2012 authorized the placement of any surplus in excess of the Council approved budget for the Canadian National Exhibition Association (CNEA) Program, which forms part of the Exhibition Place Operating Budget, in 2011 and 2012 into the “Exhibition Place Stabilization Reserve” for the sole purpose of assisting the CNEA to become independent from the Board and the City in 2013, and authorize, for this purpose, a temporary exemption from the City’s Surplus Management Policy. It is therefore

recommended that $1.320 million of the Exhibition Place operating surplus be allocated to the Exhibition Place Stabilization Reserve.

b) Council at its meeting of January 17, 2012 reaffirmed the policy that Exhibition Place continue to contribute future operating budget surpluses (if any) to the Conference Reserve Fund. It is therefore recommended that $1.729 million of the Exhibition Place operating surplus be allocated to the Conference Centre Reserve Fund.

c) $0.047 million Net Operating Budget which was not advanced during the year will be reallocated according to the City's Surplus Management Policy.

Toronto Transit Commission (Conventional and Wheel-Trans) reported a favourable year-end net expenditure variance of $22.015 million or 4.2% below the 2011 Approved Net Operating Budget of $520.123 million for TTC Conventional and Wheel-Trans combined.

TTC Conventional experienced a favourable revenue variance of $19.411 million or 1.9% above the 2011 Approved Revenue Budget of $1,006.8 million for its conventional services mostly as a result of higher than budgeted ridership, with 500 million rides provided compared to a budget of 487 million riders; reflecting an unplanned increase of 13 million rides in 2011. TTC reported a favourable gross expenditure variance of $0.4 million or 0.03% from the 2011 Approved Gross Expenditure Budget of $1,435.9 million due to lower consumption of electricity and natural gas arising from milder weather.

Wheel-Trans experienced a favourable year-end net expenditure variance of $2.174 million or 2.4% from the 2011 Approved Net Operating Budget of $91.012 million due to a higher trip productivity rate associated with a reduction in the average trip length and diesel fuel savings stemming from a reduction in bus mileage.

Toronto Police Service reported a net favourable variance of $23.099 million or 2.5% of the 2011 Approved Net Operating Budget of $929.490 million. The year-end variance is comprised of $0.574 million from lower than budget expenditures and $22.526 million from higher than budget revenues. The favourable revenue variance is due mainly to reversal of prior years contingencies and liabilities and unbudgeted grant funding.

Significant revenue items include the reversal of the allowance for doubtful accounts related to the 2012 G20 of $8.000 million, reversal of medical/dental liabilities of $3.300 million, reversal of payroll liabilities of $2.400 million, and $4.100 million in additional one time Toronto Anti-Violence Intervention Strategy (TAVIS) and Youth In Policing Initiative (YIPI) grant funding.

The Sick Leave Reserve Fund is currently under funded. Accumulated sick time credits payable to Toronto Police Service personnel upon retirement is a major pressure on the reserve fund and recent contributions have been significantly less than draws, it is therefore recommended that $6.500 million of the Toronto Police Services' surplus be allocated to the Sick Leave Reserve Fund. This is in addition to the $6.50 million which was contributed previously for 2011.

Corporate Accounts

For the year ended December 31, 2011, ***Corporate Accounts*** had a favourable net expenditure variance of $169.391 million in the 2011 Approved Net Operating Budget, as shown in Table 9 below.

Table 9
Corporate Accounts
Net Expenditure Variance ($ Million)

	Year-End 2011 Over/(Under)
Community Partnership and Investment Program	(0.1)
Capital & Corporate Financing	(21.3)
Non-Program Expenditures	5.7
Non-Program Revenues	(153.7)
Total	(169.4)

Capital and Corporate Financing resulted in a favourable net expenditure variance of $21.304 million or 3.5% of the 2011 Approved Net Operating Budget. The savings were the result of delays in issuing new debt as well as interest rates being lower than forecasted for 2011.

Non-Program Expenditures overall resulted in an unfavourable net expenditure variance of $5.655 million or 1.1% of the 2011 Approved Net Operating Budget. The unfavourable variance was primarily attributed to higher than estimated Tax Deficiencies/Write-Offs in the amount of $23.922 million. The unfavourable variance in Tax Deficiencies/Write-Offs was due to higher than anticipated assessment and tax appeals of $26.2 million, TIEG grants were under budget by $1.7 million and costs to defend the City's assessment base were under budget by $0.650 million.

The over expenditure noted above, was partially offset by the unanticipated savings of $2.775 million due to lower than budgeted number of households and multi-residential units eligible for rebates under the Solid Waste Management Rebate Program and a $3.059 million savings in Street and Expressway Lighting due to lower than budgeted distribution rates. Other Corporate Expenditures savings of $9.982 million were also realized. Factors which contributed to the under expenditure include lower than anticipated cost of living allowances, G20 meeting expenses and Core Service Review Studies. As a result of the favourable variance for service efficiency studies of $0.962 million compared to the planned expenditures of $3.0 million, it is recommended that the savings be allocated to the Innovation Reserve Fund to ensure funding for future efficiency studies.

Non-Program Revenues realized a favourable variance of $153.678 million or 13.3% of the 2011 Approved Operating Budget for the year ended December 31, 2011 was attributed to the following drivers:

- Higher than budgeted Municipal Land Transfer Tax (MLTT) net revenue of $98.672 million resulting from much better than expected performance in average home price and sales activities during 2011.

- Increased Supplementary Taxes of $30.617 million due to higher than budgeted revenues from supplementary assessment rolls as a result of the Municipal Property Assessment Corporation (MPAC) continuing to reduce the backlog in property assessment.

- Capital gains ($12.6 million) were realized during the year due to capital market conditions and cash flows and reserve fund balances ($9.5 million) were also larger than anticipated which contributed to the Interest and Investment Earnings positive variance of $22.108 million.

- Higher than budgeted revenues generated by parking tags in the amount of $7.114 million due to more tickets issued in the month of December than planned, for approximately $1.3 million and the remainder from unpredictable consumer behaviour as more parking tickets were paid than anticipated.

- Higher Payment in Lieu of Taxes (PILs) in the amount of $4.870 million because of lower than anticipated levels of appeals and other billing adjustments, Heads of Beds revenues exceeded budget, actual tax rates were higher than those used to estimate the assessment based levies for budgeting purposes and payment from the University of Toronto.

- Higher than budgeted Toronto Hydro dividend of $3.063 million.

The above favourable revenues, however, were partially offset by the underachieved Tax Penalties revenue of $3.086 million due to lower than expected outstanding taxes resulting in lower interest rates. In addition, revenue from Woodbine Slots was $0.343 million lower than anticipated for 2011.

Rate Supported Programs

The Rate Supported Programs collectively reported a favourable variance of $35.728 million or 63.3% of the 2011 Approved Net Operating Budget for the year ended December 31, 2011. As outlined in Table 10 below, the favourable year-end variance was largely attributed to Solid Waste Management Services.

Table 10 Rate Supported Programs Net Expenditure Variance ($ Million)	
	Year-End 2011 Over/(Under)
Solid Waste Management Services	(37.2)
Toronto Parking Authority	(1.2)
Toronto Water	2.8
Total	(35.7)

Solid Waste Management Services (SWMS) reported a year-end favourable net expenditure variance of $37.236 as at December 31, 2011.

Gross expenditure savings of $25.552 million or 7.5% of the 2011 Approved Gross Operating Budget as of December 31, 2011, largely arising from lower collected tonnes driven by increased recycling compliance and a slower general economic recovery resulting in lower than budgeted expenditures for contracted collection, contracted processing of recyclables and lower tonnages of waste being transferred, hauled and disposed at Green Lane:

- Delays in capital expenditures and financing yielded savings due to postponement of debt charges of $15.437 million;
- Lower costs of $9.798 million primarily due to lower than expected tonnages including $2.702 million for contracted processing of recyclables; $3.139 million for contracted organics and leaf & yard waste processing; $2.057 million for contracted front-end collection and $1.899 for contracted collection in Etobicoke;
- Lower costs of $3.064 million for discretionary expenditures due to lower overall tonnages impacting expenditures at Collection Yards and Transfer Stations Operations including material & supplies, equipment and contracted services; and
- Lower expenditures of $2.020 million for transferring and disposal of City waste at the Green Lane landfill due to fewer tonnes being collected, (Transfer Cost).

These lower expenditures are partially offset by $6.236 million in higher salary & benefits costs mainly attributable to staff on modified duties and WSIB and the resultant temporary backfill of workers in collections. In addition, the provision for uncollectible volume based user fees increased expenditures for doubtful accounts by $0.380 million more than budgeted.

Year-end revenues indicate a favourable variance of $11.684 million or 3.4% primarily due to:

- Increased revenue of $8.950 million from the sale of materials including recyclables ($8.428 million) and durable (white) goods ($0.522 million);
- Increased funding of $5.093 million from Stewardship Ontario due to funding formula changes, increased electronics recycling, increased Municipal Hazardous or Special Waste (MHSW) and supplemental grant funding for implementation of the automated cart system for curbside collection;
- Higher than estimated revenue of $1.488 million from bin fees;

- Additional revenue of $0.400 million from the sale of transfer trailers; and,
- Offsetting lower revenue of $4.268 million due to lower City tonnes being received at Green Lane ($2.020 million), fewer tonnes of biosolids received from Toronto Water ($1.300 million), lower tonnes of paid waste at transfer stations ($0.448 million) and non-recovery of staff costs for litter crews used for winter maintenance by Transportation Services ($0.500 million).

It is recommended that Solid Waste Management Services operating surplus of $37.236 million be contributed to the Waste Management Reserve Fund in order to provide on-going funding for the SWMS capital program and operation stabilization.

Toronto Parking Authority reported a favourable year-end net variance of $1.246 million or 2.2% above the 2011 Approved Net Operating Budget of $56.403 million. The favourable variance was driven by lower than anticipated gross expenditures of $1.074 million or 1.5% in addition to higher than forecasted revenues of $0.173 million or 0.1%. The key factor contributing to the lower than budgeted gross expenditure was a $2.9 million property tax appeal reduction. The change in revenues was driven largely by higher than budgeted investment income.

Toronto Water reported a year-end unfavourable net expenditure variance of $2.755 million as at December 31, 2011.

Gross expenditure savings of $15.157 million or 1.8% were reported by Toronto Water, largely arising from unfilled vacancies ($10.011 million), lower inter-divisional costs, primarily for road repairs managed by Transportation Services ($4.129 million), and savings in utility expenses based on efficiencies in the use of electricity ($3.972 million). Gross expenditure savings were partially offset by $3.881 million in increased contributions to the Water Capital Reserve Fund following a legal settlement.

Toronto Water reported an unfavourable revenue variance of $17.912 million or 2.2% of the 2011 Budget of $820.969 million. This unfavourable revenue variance is the result of reduced water sales and sewer surcharge revenues that were $26.244 million below budget, reflecting lower consumption arising from water efficiency. This loss in revenue was somewhat offset by favourable revenue variances for industrial waste agreements ($1.949 million), sale of water to the Region of York ($1.124 million) and revenues arising from a legal settlement ($3.881 million).

It is recommended that the Program's operating deficit be offset by a $2.755 million withdrawal from the Wastewater Stabilization Reserve.