

**Operating Variance Report for the Year Ended December 31, 2013**

<b>Date:</b>	June 4, 2014
<b>To:</b>	Budget Committee
<b>From:</b>	Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2014\Internal Services\Fp\Bc14014Fp (AFS #19102)

**SUMMARY**

The purpose of this report is to provide Council with the City of Toronto's Operating Variance for the year ended December 31, 2013 and allocation of the 2013 year-end surplus.

The preliminary 2013 year-end operating position for Tax Supported Operations resulted in a net favourable variance of \$168.084 million available for distribution after Council directions and legislative requirements are met. Consistent with City Council's approved Surplus Management Policy, at least 75 percent of the surplus or \$126.063 million of the 2013 final year-end operating results will be allocated to the Capital Financing Reserve and \$42.021 million will be allocated to underfunded liabilities and/or reserve funds. The 2013 Tax Supported Operating surplus represents only about 1.8% of the approved gross City Budget.

For the twelve-month period ended December 31, 2013, Tax Supported Operations are summarized in Table 1 below.

<b>Table 1</b>		
<b>Tax Supported Variance Summary (\$ Millions)</b>		
	Year-End 2013 Over/(Under)	
	\$	%
Gross Expenditures	(330.1)	-3.5%
Revenues	(98.1)	-1.7%
Net Expenditures	(232.0)	-6.2%
<b>Council Direction/Legislative Requirements</b>	<b>63.9</b>	<b>1.7%</b>
<b>Surplus Available for Distribution</b>	<b>(168.1)</b>	<b>-4.5%</b>

Under-spending was driven largely by savings from:

- Lower than budgeted Toronto Transit Commission Conventional Services' expenditures for various items such as depreciation on capital assets, diesel fuel, certain healthcare benefits, maintenance costs for buses and streetcars and vacancies;
- Lower than planned Tax Deficiencies (i.e. write-offs from assessment appeals); and,
- A reduction in caseload for Toronto Employment and Social Services.

In addition, higher than budgeted revenue realized from permit applications for Toronto Building, Payment in Lieu of Taxes and the Municipal Land Transfer Tax contributed to the favourable net variance.

One program area reported a significant unfavourable variances in 2013. Court Services ended 2013 with a deficit of about \$15.5 million net due to lower ticket issuance and resulting fine revenues.

Rate Supported Programs, excluding the Toronto Parking Authority, reported a year-end net favourable variance of \$62.956 million which will be returned to their respective program reserve funds. The Toronto Parking Authority reported an unfavourable variance of \$3.187 million net.

Table 2 below summarizes Rate Supported Program net variances:

<b>Table 2</b>	
<b>Rate Supported Variance Summary (\$ Millions)</b>	
	Year-End 2013 Over/(Under)
Solid Waste Management Services	(10.5)
Toronto Parking Authority	3.2
Toronto Water	(52.4)
<b>Total Variance</b>	<b>(59.8)</b>

The year-end favourable net variance of \$59.769 million was driven by Toronto Water's net under-spending of \$52.437 million, primarily due to:

- Over-achieved revenues of \$31.829 million from a less than expected decline in residential water consumption than originally forecasted;
- Higher than expected recoveries for new water and wastewater service connections; and,
- Lower gross expenditures of \$20.608 million below expectations primarily due to under-spending in salaries and benefits for vacant positions.

Table 3 below summarizes the vacancy rate for the twelve months ended December 31, 2013. For year-end, the City recorded a vacancy rate of 2.6% after approved gapping which forms part of 2013 Budget adopted by Council.

<b>Table 3</b>						
<b>Summary of Approved Complement</b>						
<b>(Includes Capital and Operating Positions)</b>						
	<b>Approved Complement</b>	<b>Strength</b>	<b>Over / (Under)</b>	<b>%</b>	<b>Gapping</b>	<b>After Gapping</b>
City Operations	22,623.5	21,310.5	(1,313.0)	-5.8%	-2.3%	-3.5%
Agencies	25,705.8	24,713.3	(992.5)	-3.9%	-2.8%	-1.1%
Corporate Accounts	394.0	413.0	19.0	4.8%	0.0%	4.8%
Total Levy Operations	48,723.3	46,436.8	(2,286.5)	-4.7%	-2.5%	-2.1%
Rate Supported Programs	3,141.2	2,781.7	(359.5)	-11.4%	-2.5%	-8.9%
<b>Total</b>	<b>51,864.6</b>	<b>49,218.5</b>	<b>(2,646.1)</b>	<b>-5.1%</b>	<b>-2.5%</b>	<b>-2.6%</b>

## RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council receive this report for information.

## FINANCIAL IMPACT

Table 4 below shows a breakdown of the City's \$168.1 million favourable variance by major Tax Supported Programs and for Agencies for the twelve-month period ended December 31, 2013.

<b>Table 4</b>		
<b>Tax Supported Expenditure Variance (\$ Millions)</b>		
	Year-End 2013 Over/(Under)	
	Gross	Net
Citizen Centred Services "A"	(190.9)	(7.6)
Citizen Centred Services "B"	(16.0)	(24.2)
Internal Services	(36.9)	(16.4)
City Manager	(7.8)	(6.8)
Other City Programs	0.5	(2.1)
<u>Council Appointed Programs</u>	<u>(0.4)</u>	<u>(0.4)</u>
Total - City Operations	(251.4)	(57.5)
Agencies	(66.5)	(51.9)
Corporate Accounts	(12.3)	(122.6)
Sub-Total	(78.8)	(174.5)
Total Variance	(330.1)	(232.0)
<b>Council Direction/Legislative Requirements</b>		<b>63.9</b>
<b>Surplus Available for Distribution</b>		<b>(168.1)</b>

- City Operations reported gross under-spending of \$251.358 million or 5.1% with a favourable net variance of \$57.490 million or 3.1% as of December 31, 2013.
- Agencies reported gross under-spending of \$66.515 million or 2.0% and \$51.944 million or 3.1% of planned net expenditures for the twelve months ended December 31, 2013.

- Corporate Accounts collectively were under-spent by \$12.267 million or 0.9% gross with a favourable net variance of \$122.577 million or 83.0% for the twelve months ended December 31, 2013.

After \$63.927 million is allocated to comply with approved Council directions and legislative requirements as outlined on pages 9 to 11, the 2013 year-end surplus available for distribution is \$168.084 million for Tax Supported Programs. The 2013 Tax Supported Operating surplus represents only about 1.8% of approved gross City budget.

In accordance with the City's Surplus Management Policy, \$126.063 million of the final year-end surplus available for distribution will be allocated 75% to the Capital Financing Reserve to fund the 2014 to 2023 Capital Plans which primarily fund the Toronto Transit Commission and Transportation Services. The remaining 25% or \$42.021 million will be allocated to underfunded liabilities and/or reserve funds. Table 5 below summarizes the allocations for Tax Supported Programs and Agencies and Rate Supported Programs.

<b>Table 5</b>	
<b>2013 Year-End Operating Results - Tax Supported Programs &amp; Agencies</b>	
<b>(\$ Millions)</b>	
<b>Preliminary Year-End Operating Results</b>	<b>232.011</b>
<b>Council Direction/Legislative Requirements:</b>	
Assessment Appeal Stabilization Reserve	(43.635)
Building Code Act Service Improvement Reserve Fund	(13.671)
Development Application Review Reserve Fund	(2.832)
Exhibition Place Conference Centre Reserve Fund	(1.736)
Development Application Review Fees Reserve Fund	(0.856)
Zoo Stabilization Reserve	(0.685)
Council Transition Reserve	(0.512)
Sub-Total	(63.927)
<b>Final Year-End Surplus Available for Distribution</b>	<b>168.084</b>
<b>Capital:</b>	
Capital Financing Reserve (at least 75% Allocation of the Year-End Surplus Available for Distribution)	(126.063)
<b>Remaining Final Year-End Surplus Available for Distribution</b>	<b>42.021</b>
<b>Operating Underfunded Liabilities and/or Reserve Funds:</b>	
Long-Term Liabilities Reserve Fund - TTC	(10.812)
Employee Benefits Reserve Fund	(10.000)
Insurance Reserve Fund	(7.000)
Major Special Event Reserve Fund - Pan/Parapan Am Games Host City Showcase	(4.570)
Sick Leave Reserve Fund - Toronto Police Service	(4.500)
Election Reserve Fund	(2.000)
Fleet Services Stabilization Reserve	(1.592)
Sinking Fund	(1.000)
Innovation Reserve Fund - Toronto Police Services Board	(0.300)
Innovation Reserve Fund - Service Efficiency Review Studies	(0.247)
Sub-Total	(42.021)
<b>Surplus Remaining/(Shortfall)</b>	<b>(0.000)</b>
<b>2013 Year-End Net Operating Results - Rate Supported Programs</b>	
<b>(\$ Millions)</b>	
<b>Toronto Water Final Year-End Surplus Available for Distribution</b>	<b>52.437</b>
Water and Wastewater Stabilization Reserves	(52.437)
<b>Surplus Remaining/ (Shortfall)</b>	<b>0.000</b>
<b>Toronto Solid Waste Management Services Final Year-End Surplus Available for Distribution</b>	<b>10.519</b>
Waste Management Reserve Fund	(10.519)
<b>Surplus Remaining/ (Shortfall)</b>	<b>0.000</b>

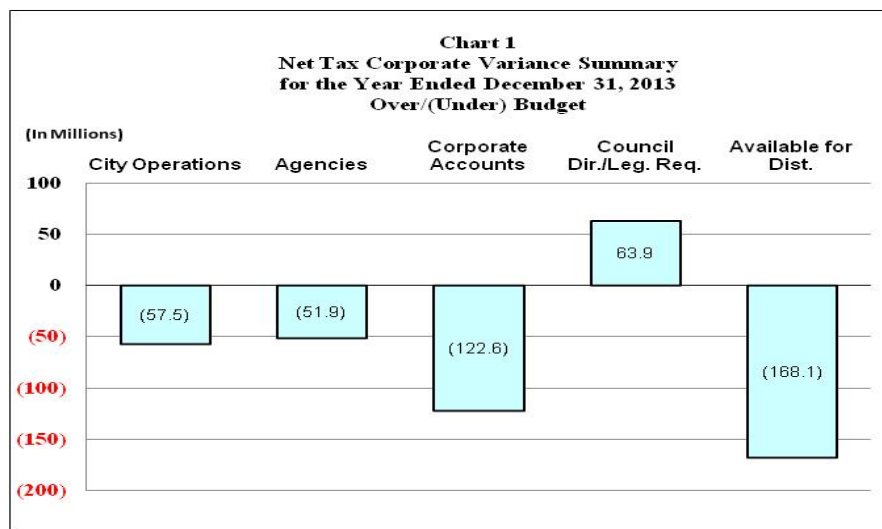
Appendices A, B and C attached summarize net expenditures, gross expenditures, and revenues, respectively. Appendix D sets out the year-end complement and strength. Appendix E provides detailed variance explanations for City Programs and Agencies for the twelve months ended December 31, 2013.

## ISSUE BACKGROUND

This report is provided pursuant to financial management and budgetary control best practices. 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 spent, and on an exceptions basis, to identify issues that require direction and/or decisions from City Council.

## COMMENTS

The graph below shows the City's final 2013 tax supported operating results by major component. As shown in Appendix A, a large majority of City Programs and Agencies reported favourable variances, which was indicative of staff commitment to effectively manage the City's financial and human resources. Once Council approved transfers for self sustaining Programs and other legislative requirements were completed, the final 2013 surplus was \$168.1 million.



## Tax Supported Programs

**City Operations** realized net under-spending of \$57.490 million or 3.1% of planned expenditures for the year ended December 31, 2013. Major contributors to the net under-expenditure included the following:

- Toronto Employment and Social Services' net under-spending of \$19.636 million or 10.4% was attributed to a lower average monthly caseload (98,077 actual versus 108,500 budgeted), change in caseload mix, lower special diet and Housing Stabilization Fund expenditures.
- Toronto Building's net revenue of \$13.671 million or 123.9% was primarily the result of higher than budgeted revenues of \$11.696 million or 20.1% due to increased permit intake volumes driven by a moderately high level of development across the City.

- City Manager's Office net under-spending of \$6.768 million or 15.1% was due largely to salary and benefit savings arising from vacant positions.
- Information and Technology's net under-spending of \$6.758 million or 10.0% was primarily driven by salaries and benefits savings as recruitment challenges delayed filling vacant positions and lower maintenance and telecommunication costs.
- City Planning's net revenue of \$4.136 million or 28.6% was primarily due to higher than anticipated development application revenues in the Community Planning and Committee of Adjustment units and savings arising from vacant positions.
- Officer of the Treasurer's net under-spending of \$3.348 million or 11.2% was largely due to vacant positions.

The year-end under-spending outlined above was partially offset by the following over-expenditures:

- Court Services' reported a net over-expenditure of \$15.488 million or 112.4% due to lower fine revenue of \$17.575 million resulting from a significant reduction of charges filed by the Toronto Police Service and other enforcement agencies. The total volume of tickets filed for 2013 was 467,565; 181,551 or 28% lower than 2012 (649,117) and 35% lower than 2011 (720,418).

**City Agencies** collectively contributed \$51.944 million or 3.1% to the 2013 final year-end positive position, primarily due to the following:

- Toronto Transit Commission's combined services (Conventional and Wheel-Trans) had a favourable net variance of \$47.688 million or 9.4% driven largely by;
  - Conventional Services' gross under-spending of \$55.869 million or 3.6% was due to lower costs for depreciation on capital assets, certain healthcare benefits, maintenance costs for buses and streetcars, lower diesel fuel prices and vacant positions.
  - These under-expenditures were partially offset by higher accident claim settlements and lower than planned revenues. Revenues for Conventional Services were \$9.914 million or 0.9% lower than budget due to lower ridership of 525 million rides compared to a budget of 528 million riders.
- Exhibition Place's net under-spending of \$1.636 million was largely attributed to lower gross expenditures for the BMO Field combined with better than planned parking revenues and recoveries from tenants.
- Toronto Public Health's net under-spending of \$1.312 million or 2.6% was primarily driven by salaries and benefits arising from vacant positions.

**Corporate Accounts'** net under-expenditure of \$122.577 million or 83.0% for the year ended December 31, 2013 was attributed to the following:

**Capital and Corporate Financing** was under-spent by \$7.323 million or 1.2% due to the deferral in debt issuance of \$300.00 million until 2014. For 2013, \$300.000 million of the \$600.000 million in budgeted debt was issued.

**Non-Program Expenditures** were under-spent by \$59.254 million or 12.1% at year-end. The key contributors to the favourable variance included the following:

- Tax Deficiencies: Under-spending of \$43.635 million or 60.6% largely the result of:
  - \$40.4 million reduction in the provision for assessment and tax appeals adjustments due to a large number of pending appeals being resolved in 2013;
  - \$2.9 million from change in the at-risk percentage used to calculate appeal provisions;
  - \$0.6 million in costs to defend the City's assessment base; and,
  - Partially offset by \$0.3 million from TIEG grants exceeding budget.
- Other Corporate Expenditures: Under-expenditure of \$17.513 million or 60.5% arising primarily from lower than planned negotiated wage settlement funding requirements.
- Assessment Function: Savings for Municipal Property Assessment Corporation charges of \$1.080 million or 2.7%.
- Heritage Property Tax Rebate Program: Under-spending of \$0.938 million or 46.9% from lower than anticipated program uptake, which included adjustments of approximately \$0.700 million for the tax years 2006 to 2009 and \$0.200 million for the 2013 tax year.

The favourable year-end result noted above for Non-Program Expenditures were partially offset by over-spending for the Vacancy Rebate Program of \$4.007 million or 18.2%. Vacancy Rebates processed/provided for exceeded the budget for 2012 and 2013 by approximately \$2.000 million in each year.

**Non-Program Revenues** were \$56.000 million or 5.8% higher than planned. The positive year-end variance was attributed to the following:

- Municipal Land Transfer Tax: Higher than budgeted revenue of \$39.564 million was realized due to stronger than expected average home prices and sales combined with savings of \$2.164 million largely from lower Teranet fees resulted in a favourable year-end variance of \$41.728 million or 13.2%.
- Payments in Lieu of Taxes: Revenues were \$17.744 million or 19.3% higher than planned primarily as a result of lower than anticipated appeals in addition to higher assessment, heads and beds and acreage based revenues.
- Parking Tag Enforcement and Operations: Revenues were \$7.455 million or 9.1% above planned due to the introduction of Fixed Fines and the Habitual Offender Program in the fourth quarter of 2013. As a result of Fixed Fines, offenders paid their fines with fewer disputes while the Habitual Offender Program introduced additional charges for repeat offenders.
- Woodbine Racetrack Slots Revenue: Revenues were higher by \$2.563 million or 17.2% due to a new Ontario Lottery and Gaming hosting fee formula that was effective April 1, 2013. Future year revenue will be unaffected by the new hosting fee formula.

The favourable year-end net revenues noted above were partially offset by:

- A decline in Supplementary Taxes of \$9.368 million or 18.7%. The number of properties and assessed values anticipated on the omitted supplementary rolls did not generate the budgeted revenues;
- Toronto Hydro Dividend Income was \$2.005 million or 4.5% below planned due to lower than originally forecasted Toronto Hydro net income for 2012;
- Toronto Parking Authority revenue was lower by \$2.198 million or 4.5% driven by higher rental costs for managed lots and unbudgeted contribution for the replacement/redevelopment of Carpark 217 and Carpark 655; and,

- Tax Penalties were \$1.655 million or 5.7% below planned revenue due to higher than expected write-offs for the outstanding taxation interest receivable.

## **Rate Supported Programs**

**Rate Supported Programs** were under-spent by \$59.769 million compared to budgeted net expenditures for the twelve-month period ended December 31, 2013.

**Toronto Water** reported net under-spending of \$52.437 million primarily due to over-achieved revenues of \$31.829 million from a lower decline in residential water consumption than originally forecasted and higher than expected recoveries for new water and wastewater service connections. In addition, gross expenditures were \$20.608 million below budget primarily arising from under-spending in salaries and benefits due to vacant positions

**Solid Waste Management Services** reported a favourable net variance of \$10.519 million primarily the result of lower than budgeted expenditures for salaries and benefits of \$6.908 million due to vacant positions; \$7.641 million in lower payments in lieu of taxes, consumption of utilities, supplies and equipment, inter-departmental charges, municipal hazardous and special waste and leaf and yard waste and durable goods processing contracts and lower than planned programming costs for communications and transfer station operations; and, \$4.079 million in savings in capital financing costs due to delayed issuance of debt and scheduling of debt charges. These savings were partially offset by \$8.109 million in higher costs for contracted processing of recycling material and organics and for fleet maintenance, and increased City tonnage disposal.

**Toronto Parking Authority** reported an unfavourable year-end net variance of \$3.187 million or 5.0% below the 2013 Approved Net Operating Budget of \$63.181 million. The unfavourable variance was driven by higher than anticipated rental costs for managed lots and unbudgeted contribution towards the replacement/redevelopment of Carpark 217 and Carpark 655.

## **Allocation of 2013 Surplus – Tax Supported Operations**

The 2013 preliminary year-end operating results for Tax Supported Operations of \$232.011 million is reduced for the following Council approved direct allocation items (i.e. self-sustaining programs) and other legislative requirements:

### Council Direction/Legislated Requirements:

#### 1. Assessment Appeal Stabilization Reserve:

City Council, at its meeting of June 11, 12 and 13, 2013, adopted a report entitled Settlement of Bank Towers Assessment Appeals, which among other things, directed that further contributions to the Assessment Appeal Stabilization Reserve will be made in any year, in an amount equal to the surplus in the Tax Deficiency Account resulting from unused assessment appeal provisions, subject to the approval of the Deputy City Manager & Chief Financial Officer. In accordance with City Council's direction, the operating under-expenditure for the Tax Deficiency Account of \$43.635 million will be transferred to the Assessment Appeal Stabilization Reserve. This strategy enabled a smoothing of



expenditures and a lower 2014 Budget for the Tax Deficiency Account which resulted in a lower/reduced tax impact to benefit taxpayers.

2. Building Code Act Service Improvement Reserve Fund:

In compliance with Section 7 of the Building Code Act, the net operating favourable variance of \$13.671 million for Toronto Building operations must be contributed to the Building Code Act Service 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. It also requires the establishment of an obligatory reserve fund 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.

3. Development Application Review Reserve Fund:

As part of the 2014 Approved Operating Budget for City Planning, City Council established the discretionary Development Application Review Reserve Fund to ensure that funds received in the current year but not applied would be available in future years to fund work required to deliver the development review process. In accordance with City Council's direction, City Planning's operating surplus of \$2.832 million from the development review services (Community Planning and Committee of Adjustment units) will be transferred to the Development Application Review Reserve Fund.

4. Exhibition Place Conference Centre Reserve Fund:

The 2013 Exhibition Place actuals of \$1.736 million will be contributed to the Exhibition Place Conference Centre Reserve Fund in accordance with the Exhibition Place - Disposal of Contaminated Soil on Hotel Site Report adopted by Council at its meeting of October 8, 2013. This report authorized Exhibition Place to borrow up to \$2.6 million from the Exhibition Place Conference Centre Reserve Fund for the purpose of disposing of contaminated soil and repay the Reserve Fund with any operating surpluses commencing in 2014 and future years.

5. Development Application Review Fees Reserve Fund:

As part of the 2012 Approved Operating Budget, City Council adopted a report entitled Development Application Review Fees, which among other things, increased development application fees to fully recover the City's cost of delivering this service. Included in these costs is an anticipated contribution to a capital reserve for capital assets that support the development application review activity. In accordance with City Council's direction, \$0.856 million of the operating surplus from development application review fees will be transferred to the Development Application Review Fees Reserve Fund.

6. Zoo Stabilization Reserve:

As part of the 2013 Approved Operating Budget, City Council directed that the Toronto Zoo be granted a 5 year exemption, starting in 2013, from the City's Surplus Management Policy. The Toronto Zoo's operating surpluses will be contributed to the Zoo Stabilization Reserve for unforeseen year-end deficits with the remaining balance transferred to the Zoo Animal Transaction Reserve Fund at the end of the 5 year period. In accordance with City Council's direction, Toronto Zoo's operating surplus of \$0.685 million will be transferred to the Zoo Stabilization Reserve.

7. Council Transition Reserve:

City Council, at its meeting of January 17, 2012, directed that any favourable variances of City Council's annual Operating Budget be contributed to the Council Transition Reserve to ensure adequate funding for future Council severance costs. In accordance with Council's direction, City Council's operating surplus of \$0.512 million will be transferred to the Council Transition Reserve.

Allocation of the 2013 Final Year-End Surplus Available for Distribution:

In accordance with the City's Surplus Management Policy, at least 75% of the 2013 final year-end surplus of \$168.1 million available for distribution will be allocated to the Capital Financing Reserve and the remaining 25% will be allocated to underfunded liabilities and/or reserve funds.

Capital Allocation:

Capital Financing Reserve:

1. \$126.063 million of the 2013 final year-end surplus available for distribution will be allocated to the Capital Financing Reserve to provide funding for the capital financing strategy used as a non-debt funding source for the Toronto Transit Commission and Transportation Services approved capital projects that total over \$2.0 billion.

Operating Allocation – Underfunded Liabilities and/or Reserve Funds:

2. The remaining \$42.021 million of the 2013 final year-end surplus available for distribution will be allocated to the following underfunded liabilities and/or reserve funds:

Long-Term Liabilities Reserve Fund – Toronto Transit Commission:

- a) The Toronto Transit Commission carries a long-term liability for unsettled accident claims to be funded by the City. The balance of this liability as at December 31, 2013 was \$156.4 million. Up to and including 2008, the City funded the accident claims liability each year; however in 2009 the City changed this practice by deferring payment to the Commission in the form of a long-term receivable. The unfunded portion of the Commission's long-term liability for unsettled accident claims (2009-2013) totals \$44.6 million. To ensure funding for the accident claims, \$10.812 million of the Toronto Transit Commission's operating surplus will be transferred to the newly created Long-Term Liabilities Reserve Fund.

- b) **Employee Benefits Reserve Fund:**  
In order to mitigate future funding pressures for the benefit costs of employees and retirees, \$10.000 million of the operating surplus available for distribution will be allocated to the Employee Benefits Reserve Fund.
- c) **Insurance Reserve Fund:**  
The Insurance Reserve Fund year-end balance for 2013 was \$23.0 million. In recent years, costs have risen significantly. The prudent target for this account is \$35.0 million (7 events of \$5 million each). To lessen the pressure of anticipated insurance liabilities on future operating budgets and to reach the target balance, \$7.000 million of the operating surplus available for distribution will be transferred to the Insurance Reserve Fund. This strategy was anticipated in the 2014 Budget and avoided an expenditure increase for the Risk Management Program which resulted in a lower/reduced tax impact to benefit taxpayers.
- d) **Major Special Event Reserve Fund:**  
At its meeting of July 16, 2013, City Council directed that the gross expenditure budget for the Pan/Parapan Am Games Host City Showcase Program be increased to \$20.000 million. In accordance with City Council's direction, \$4.570 million of the operating surplus available for distribution will be allocated to the Major Special Events Reserve Fund. This will ensure that the Council approved funding of \$20.000 million for the Pan/Parapan Am Games Host City Showcase Program is put into place. The purpose of the Reserve Fund is to fund components of the Host City Showcase Program for the Pan/Parapan Am Games and thereafter to provide funding and budget stabilization for non-recurring items, municipal service delivery and/or enhanced City programming costs associated with major special events.
- e) **Sick Leave Reserve Fund – Toronto Police Service:**  
The Sick Leave Reserve Fund is currently underfunded. Accumulated sick time credits payable to Toronto Police Service personnel upon retirement is a major pressure on the Reserve Fund and recent annual contributions have been significantly less than annual withdrawals, therefore \$4.500 million of the operating surplus available for distribution will be allocated to the Sick Leave Reserve Fund. This strategy was anticipated in the 2014 Budget and avoided an expenditure increase for the Police Budget which resulted in a lower/reduced tax impact to benefit taxpayers.
- f) **Election Reserve Fund:**  
To ensure the Reserve Fund is replenished to cover costs prior to the 2018 municipal election, \$2.000 million of the surplus distribution will be transferred to the Election Reserve Fund. Without this transfer, the balance in the Reserve Fund is anticipated to be only \$1.642 million at the start of 2015.
- g) **Fleet Services Stabilization Reserve:**  
Fleet Services' operating surplus of \$1.592 million will be transferred to the Fleet Services Stabilization Reserve. The Reserve was established to ensure deficits in Fleet Services operations are funded or transferred to the Fleet Services Vehicle Replacement Reserve to ensure funding for the backlog of vehicles requiring replacement.

h) Sinking Fund:

To ensure the Sinking Fund does not have a deficit due to current low interest rate earnings, \$1.000 million of the operating surplus available for distribution will be allocated to the Sinking Fund. This will relieve future debt charge funding/budgetary pressures.

i) Innovation Reserve Fund – Toronto Police Services Board:

The Toronto Police Services Board requires an external consultant with expertise in organizational change to undertake a review of the results of the Chief's Internal Organizational Review and to identify further measures to ensure delivery of policing services is adequate, effective as well as sustainable. To ensure funding for the review, \$0.300 million of the Toronto Police Service's operating surplus will be transferred to the Innovation Reserve Fund and subsequently provided to the Toronto Police Services Board to fund the review. In essence, the Toronto Police Service is self-financing the cost of the Board's review.

j) Innovation Reserve Fund – Service Efficiency Review Studies:

The 2013 Approved Operating Budget for Service Efficiency Review Studies was \$0.247 million below budget of \$0.450 million. To ensure adequate funding for future efficiency studies and in particular, to continue work on shared services review and implementation as well as other key initiatives, the unspent funds for Service Efficiency Review Studies of \$0.247 million will be transferred to the Innovation Reserve Fund.

### **Allocation of Surplus – Rate Supported Operations**

The 2013 final year-end operating results for Rate Supported Operations, excluding the Toronto Parking Authority, of \$62.956 million will be allocated based on the following:

Toronto Water:

To insure funding to offset unanticipated budget variance so as not to unduly impact the Water and Wastewater Operating and Capital Programs, Toronto Water's operating surplus of \$52.437 million will be transferred to the Water and Wastewater Stabilization Reserves. Following this transfer, any remaining surplus over the \$30.0 million stabilization reserve funding threshold will be transferred to Capital Reserve Funds for Water (43%) and Wastewater (57%).

Solid Waste Management Services:

Solid Waste Management Services' operating surplus of \$10.519 million will be transferred to the Waste Management Reserve Fund. Solid Waste Management Services utilizes this Reserve Fund to finance capital projects which include waste diversion initiatives. This Reserve Fund also provides a contingency for operating program stabilization, as required.

## Toronto Parking Authority

The Toronto Parking Authority reported an unfavourable net variance of \$3.187 million for the year-end. The unfavourable net variance for the Authority will result in a lower than budgeted contribution to non-program revenues of \$2.198 million.

### Approved Positions

The City of Toronto budgets and monitors its staff complement based on Approved Positions. As at December 31, 2013, the City reported an approved complement of 51,864.6 including 49,146.0 operating positions and 2,718.6 capital positions with a strength of 49,218.5. These staffing levels are before Council-approved gapping which forms part of the annual budget and therefore effectively reduces the "true" complement levels that Divisions and Agencies can actually implement. After approved gapping, the vacancy rate was 2.6% or 1,327 full-time equivalent positions. Appendix D provides a detailed assessment of the approved complement and strength for twelve months ended December 31, 2013.

As set out in the Operating Variance Report for the Three-Month Period Ended March 31, 2014, variance reports beginning in 2014 will include a detailed discussion of the approved complement and strength.

<b>Program/Agency</b>	<b>Approved Complement</b>	<b>Strength</b>	<b>Over / (Under)</b>	<b>%</b>	<b>Gapping</b>	<b>After Gapping</b>
Citizen Centred Services "A"	12,187.4	11,774.6	(412.8)	-3.4%	-1.5%	-1.9%
Citizen Centred Services "B"	6,247.5	5,851.8	(395.7)	-6.3%	-2.8%	-3.5%
Internal Services	2,804.2	2,378.9	(425.3)	-15.2%	-3.0%	-12.2%
City Manager's Office	442.5	391.0	(51.5)	-11.6%	-4.0%	-7.6%
Other City Programs	891.6	862.0	(29.6)	-3.3%	-3.9%	0.6%
Accountability Offices	50.3	52.2	1.9	3.7%	-4.8%	8.6%
<b>TOTAL - CITY OPERATIONS</b>	<b>22,623.5</b>	<b>21,310.5</b>	<b>(1,313.0)</b>	<b>-5.8%</b>	<b>-2.3%</b>	<b>-3.5%</b>
Agencies	25,705.8	24,713.3	(992.5)	-3.9%	-2.8%	-1.1%
Corporate Accounts	394.0	413.0	19.0	4.8%	0.0%	4.8%
<b>TOTAL - LEVY OPERATIONS</b>	<b>48,723.3</b>	<b>46,436.8</b>	<b>(2,286.5)</b>	<b>-4.7%</b>	<b>-2.5%</b>	<b>-2.1%</b>
Rate Supported Programs	3,141.2	2,781.7	(359.5)	-11.4%	-2.5%	-8.9%
<b>GRAND TOTAL</b>	<b>51,864.6</b>	<b>49,218.5</b>	<b>(2,646.1)</b>	<b>-5.1%</b>	<b>-2.5%</b>	<b>-2.6%</b>

### Consulting Costs

As at December 31, 2013, Tax and Rate Supported Operations reported actual consulting costs of \$3.980 million resulting in over-spending of \$1.308 million or 44.8% of the \$2.919 million in planned expenditures. City Planning reported an over expenditure for consulting costs of \$1.359 million due to advancing work program priorities as directed by City Council. It is important to note that the Billy Bishop Toronto City Airport Review of \$1.035 million (which accounted for most of this higher spending) is 100% recovered from the Toronto Port Authority and/or Porter Airlines and therefore did not have an impact on taxpayers nor the budget variance.

## **The December 21 and 22, 2013 Ice Storm**

The December 21 and 22, 2013 ice storm has had an ongoing impact on the City, as reported to Committees and Council on a number of occasions, most recently to the March 19, 2014 Executive Committee and April 1, 2 and 3, 2014 City Council. The preliminary estimates for City Divisions are \$83.2 million and \$3.2 million for Agencies and Corporations. As at December 31, 2013 \$44.5 million was expensed, representing costs to address hazards created by the storm, which were incurred up to February 28, 2014. It is the City's understanding that storm costs will be funded 100% from the Provincial Ice Storm Relief program announced in February. Work continues, particularly in Parks, Forestry and Recreation, regarding hidden hazards, which are anticipated to be addressed by November 30, 2014.

However, on April 10, 2014 the Province provided summary guidelines to municipalities and a FAQ sheet, which provided that expenses must be incurred by June 22, 2014, (6 months after the storm), in order to be eligible for reimbursement. This mirrors a provision in the Federal Disaster Financial Assistance Arrangements (DFAA) Program, which provides a 6 month deadline, with exceptions to be reviewed on a case-by-case basis. The Province will be releasing detailed guidelines after the election.

Although there are risks that the City may not be able to get an extension to the June 22, 2014 deadline for expenditures or may incur costs that do not meet the detailed guidelines, the impact on the 2014 Budget cannot be determined at this time. An update will be provided to the Budget Committee in August of this year.

## Utility Costs

As at December 31 2013, Tax and Rate Supported Operations reported actual utility costs of \$179.701 million (compared to the planned expenditures of \$185.321 million) resulting in an under-expenditure of \$5.620 million or 3.0% compared to plan. The under-spending was largely driven by Toronto Water, Facilities Management, Toronto Transit Commission and Exhibition Place from a variety of factors including mild spring temperatures, energy efficiency measures and lower rates.

## CONTACT

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## SIGNATURE

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Roberto Rossini  
Deputy City Manager and Chief Financial Officer

## ATTACHMENTS

Appendix A – City of Toronto Net Expenditures for Year Ended December 31, 2013  
Appendix B – City of Toronto Gross Expenditures for Year Ended December 31, 2013  
Appendix C – City of Toronto Revenues for Year Ended December 31, 2013  
Appendix D – City of Toronto Complement and Strength for Year Ended December 31, 2013  
Appendix E – City of Toronto Significant City Programs/Agencies Variance Explanations

**CITY OF TORONTO**  
**CONSOLIDATED NET EXPENDITURES VARIANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(\$000s)**

	December 31, 2013			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
<b>Citizen Centred Services "A"</b>				
Affordable Housing Office	1,194.9	1,194.9	0.0	0.0%
Children's Services	76,716.5	76,716.5	0.0	0.0%
<b>Court Services</b>	<b>(13,783.2)</b>	<b>1,704.4</b>	<b>15,487.6</b>	<b>-112.4%</b>
Economic Development & Culture	45,401.9	45,321.5	(80.4)	-0.2%
Emergency Medical Services	68,575.6	68,517.5	(58.1)	-0.1%
Long Term Care Homes and Services	46,289.6	43,937.9	(2,351.7)	-5.1%
Parks, Forestry & Recreation	273,071.3	273,730.9	659.6	0.2%
Shelter, Support & Housing Administration	217,814.0	216,195.9	(1,618.1)	-0.7%
Social Development, Finance & Administration	28,513.3	28,481.3	(32.1)	-0.1%
Toronto Employment & Social Services	188,324.8	168,688.8	(19,636.0)	-10.4%
<b>Sub-Total Citizen Centred Services "A"</b>	<b>932,118.7</b>	<b>924,489.5</b>	<b>(7,629.3)</b>	<b>-0.8%</b>
<b>Citizen Centred Services "B"</b>				
<b>City Planning</b>	<b>14,447.4</b>	<b>10,311.2</b>	<b>(4,136.1)</b>	<b>-28.6%</b>
Fire Services	398,778.7	397,213.0	(1,565.7)	-0.4%
Municipal Licensing & Standards	20,214.5	18,714.2	(1,500.3)	-7.4%
Policy, Planning, Finance and Administration	10,544.2	9,887.1	(657.1)	-6.2%
Engineering and Construction Services	7,604.2	7,678.9	74.7	1.0%
Toronto Building	(11,031.3)	(24,702.3)	(13,671.0)	123.9%
Transportation Services	206,106.6	203,348.4	(2,758.2)	-1.3%
<b>Sub-Total Citizen Centred Services "B"</b>	<b>646,664.3</b>	<b>622,450.4</b>	<b>(24,213.9)</b>	<b>-3.7%</b>
<b>Internal Services</b>				
Office of the Chief Financial Officer	9,445.8	8,473.4	(972.4)	-10.3%
Office of the Treasurer	29,897.7	26,550.1	(3,347.6)	-11.2%
Facilities Management & Real Estate	63,046.4	60,784.3	(2,262.1)	-3.6%
Fleet Services	164.8	(1,427.3)	(1,592.1)	-966.1%
Information & Technology	67,846.4	61,088.3	(6,758.2)	-10.0%
311 Toronto	10,359.9	8,878.7	(1,481.2)	-14.3%
<b>Sub-Total Internal Services</b>	<b>180,761.0</b>	<b>164,347.5</b>	<b>(16,413.5)</b>	<b>-9.1%</b>
<b>City Manager</b>				
<b>City Manager's Office</b>	<b>44,810.8</b>	<b>38,043.2</b>	<b>(6,767.6)</b>	<b>-15.1%</b>
<b>Sub-Total City Manager</b>	<b>44,810.8</b>	<b>38,043.2</b>	<b>(6,767.6)</b>	<b>-15.1%</b>
<b>Other City Programs</b>				
City Clerk's Office	31,469.0	31,089.7	(379.3)	-1.2%
Legal Services	19,353.1	18,154.6	(1,198.5)	-6.2%
Mayor's Office	1,541.4	1,537.6	(3.9)	-0.2%
City Council	19,957.4	19,445.4	(512.0)	-2.6%
<b>Sub-Total Other City Programs</b>	<b>72,320.9</b>	<b>70,227.3</b>	<b>(2,093.6)</b>	<b>-2.9%</b>
<b>Accountability Offices</b>				
Auditor General's Office	4,177.7	4,020.6	(157.1)	-3.8%
Integrity Commissioner's Office	262.4	244.4	(18.0)	-6.9%
Lobbyist Registrar's Office	1,087.3	893.6	(193.7)	-17.8%
Ombudsman's Office	1,593.3	1,590.0	(3.3)	-0.2%
<b>Sub-Total Council Appointed Programs</b>	<b>7,120.7</b>	<b>6,748.6</b>	<b>(372.1)</b>	<b>-5.2%</b>
<b>TOTAL - CITY OPERATIONS</b>	<b>1,883,796.5</b>	<b>1,826,306.5</b>	<b>(57,490.0)</b>	<b>-3.1%</b>



**CITY OF TORONTO**  
**CONSOLIDATED NET EXPENDITURES VARIANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
 (\$000s)

	December 31, 2013			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
<b>Agencies</b>				
Toronto Public Health	50,406.5	49,094.3	(1,312.2)	-2.6%
Toronto Public Library	165,359.6	164,973.0	(386.6)	-0.2%
Association of Community Centres	7,004.1	7,035.4	31.3	0.4%
Exhibition Place	(100.0)	(1,736.3)	(1,636.3)	1636.3%
Heritage Toronto	311.8	311.8	0.0	0.0%
Theatres	4,329.2	4,359.2	30.0	0.7%
Toronto Zoo	11,648.3	10,963.7	(684.6)	-5.9%
Arena Boards of Management	(15.7)	159.2	174.9	-1111.9%
Yonge Dundas Square	436.6	430.1	(6.5)	-1.5%
Toronto & Region Conservation Authority	3,289.5	3,289.5	0.0	0.0%
Toronto Transit Commission - Conventional	410,951.0	364,996.0	(45,955.0)	-11.2%
Toronto Transit Commission - Wheel Trans	96,823.1	95,090.0	(1,733.1)	-1.8%
Toronto Police Service	928,589.7	928,138.7	(451.0)	0.0%
Toronto Police Services Board	2,275.9	2,260.8	(15.1)	-0.7%
<b>TOTAL - AGENCIES</b>	<b>1,681,309.6</b>	<b>1,629,365.5</b>	<b>(51,944.1)</b>	<b>-3.1%</b>
<b>Corporate Accounts</b>				
Capital & Corporate Financing	617,297.7	609,975.2	(7,322.5)	-1.2%
<b>Non-Program Expenditures</b>				
- Tax Deficiencies/Write-offs	72,000.0	28,364.7	(43,635.3)	-60.6%
- Assessment Function (MPAC)	39,820.0	38,739.9	(1,080.1)	-2.7%
- Corporate Contingency	0.0	1.2	1.2	n/a
- Funding of Employee Related Liabilities	75,947.2	75,897.3	(49.8)	-0.1%
- 2013 Ice Storm	0.0	0.0	0.0	n/a
- Other Corporate Expenditures	28,967.8	11,454.4	(17,513.4)	-60.5%
- Insurance Premiums & Claims	7,300.0	7,300.0	0.0	0.0%
- Parking Tag Enforcement & Oper.	59,137.1	59,090.7	(46.4)	-0.1%
- Programs Funded from Reserve Funds	0.0	0.0	0.0	n/a
- Vacancy Rebate Program	22,000.0	26,007.3	4,007.3	18.2%
- Heritage Property Taxes Rebate	2,000.0	1,062.2	(937.8)	-46.9%
- Tax Rebates for Registered Charities	0.0	0.0	0.0	n/a
- Solid Waste Management Rebates	182,391.9	182,391.9	0.0	0.0%
<b>Non-Program Expenditures</b>	<b>489,564.0</b>	<b>430,309.7</b>	<b>(59,254.3)</b>	<b>-12.1%</b>
<b>Non-Program Revenue</b>				
- Payments in Lieu of Taxes	(92,149.2)	(109,892.8)	(17,743.6)	19.3%
- Supplementary Taxes	(50,000.0)	(40,632.5)	9,367.5	-18.7%
- Tax Penalties	(29,000.0)	(27,345.3)	1,654.7	-5.7%
- Interest/Investment Earnings	(124,226.9)	(123,610.0)	616.9	-0.5%
- Prior Year Surplus	0.0	0.0	0.0	n/a
- Other Corporate Revenues	(7,514.0)	(9,319.3)	(1,805.3)	24.0%
- Toronto Hydro Revenues	(45,000.0)	(42,995.0)	2,005.0	-4.5%
- Provincial Revenue	(91,600.0)	(91,600.0)	0.0	0.0%
- Municipal Land Transfer Tax	(315,088.6)	(356,816.7)	(41,728.1)	13.2%
- Third Party Sign Tax	(9,555.4)	(10,355.3)	(799.8)	8.4%
- Parking Authority Revenues	(48,425.8)	(46,227.6)	2,198.2	-4.5%
- Administrative Support Recoveries - Water	(18,973.0)	(18,973.0)	0.0	0.0%
- Administrative Support Recoveries - Health & EMS	(16,326.7)	(16,326.7)	0.0	0.0%
- Parking Tag Enforcement & Oper.	(82,134.1)	(89,588.7)	(7,454.6)	9.1%
- Other Tax Revenues	(14,200.0)	(13,947.9)	252.1	-1.8%
- Woodbine Slots	(14,900.0)	(17,463.4)	(2,563.4)	17.2%
<b>Non-Program Revenues</b>	<b>(959,093.7)</b>	<b>(1,015,094.1)</b>	<b>(56,000.4)</b>	<b>5.8%</b>
<b>TOTAL - CORPORATE ACCOUNTS</b>	<b>147,768.0</b>	<b>25,190.8</b>	<b>(122,577.2)</b>	<b>-83.0%</b>
<b>NET OPERATING TAX LEVY</b>	<b>3,712,874.0</b>	<b>3,480,862.8</b>	<b>(232,011.2)</b>	<b>-6.2%</b>
<b>COUNCIL DIRECTION/LEGISLATIVE REQUIREMENTS</b>	<b>0.0</b>	<b>63,927.2</b>	<b>63,927.2</b>	<b>1.7%</b>
<b>SURPLUS AVAILABLE FOR DISTRIBUTION</b>	<b>3,712,874.0</b>	<b>3,544,790.0</b>	<b>(168,084.1)</b>	<b>-4.5%</b>
<b>NON LEVY OPERATIONS</b>				
Solid Waste Management Services	0.0	(10,519.0)	(10,519.0)	n/a
Toronto Parking Authority	(63,181.2)	(59,994.5)	3,186.7	-5.0%
Toronto Water	0.0	(52,436.7)	(52,436.7)	n/a
<b>NON LEVY OPERATING NET EXPENDITURES</b>	<b>(63,181.2)</b>	<b>(122,950.2)</b>	<b>(59,769.0)</b>	<b>n/a</b>

**CITY OF TORONTO  
CONSOLIDATED GROSS EXPENDITURES VARIANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(\$000s)**

	December 31, 2013			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
<b>Citizen Centred Services "A"</b>				
Affordable Housing Office	2,682.1	2,379.8	(302.4)	-11.3%
Children's Services	402,335.5	383,976.0	(18,359.5)	-4.6%
Court Services	55,130.1	53,042.8	(2,087.3)	-3.8%
Economic Development & Culture	63,430.7	63,545.4	114.7	0.2%
Emergency Medical Services	181,367.5	177,116.4	(4,251.1)	-2.3%
Long Term Care Homes & Services	230,180.4	222,217.2	(7,963.2)	-3.5%
Parks, Forestry & Recreation	395,900.5	392,750.8	(3,149.7)	-0.8%
Shelter, Support & Housing Administration	689,231.8	682,149.5	(7,082.3)	-1.0%
Social Development, Finance & Administration	34,797.1	34,456.6	(340.6)	-1.0%
Toronto Employment & Social Services	1,242,692.3	1,095,171.3	(147,521.0)	-11.9%
<b>Sub-Total Citizen Centred Services "A"</b>	<b>3,297,748.2</b>	<b>3,106,805.8</b>	<b>(190,942.4)</b>	<b>-5.8%</b>
<b>Citizen Centred Services "B"</b>				
City Planning	40,783.3	39,099.6	(1,683.7)	-4.1%
Fire Services	413,130.7	414,617.0	1,486.3	0.4%
Municipal Licensing & Standards	49,298.4	46,298.3	(3,000.1)	-6.1%
Policy, Planning, Finance and Administration	22,056.5	19,682.5	(2,374.0)	-10.8%
Engineering and Construction Services	70,552.7	59,765.3	(10,787.4)	-15.3%
Toronto Buildings	47,090.6	45,115.4	(1,975.3)	-4.2%
Transportation Services	331,446.9	333,805.7	2,358.8	0.7%
<b>Sub-Total Citizen Centred Services "B"</b>	<b>974,359.1</b>	<b>958,383.7</b>	<b>(15,975.4)</b>	<b>-1.6%</b>
<b>Internal Services</b>				
Office of the Chief Financial Officer	16,254.4	14,188.9	(2,065.6)	-12.7%
Office of the Treasurer	73,759.9	67,921.5	(5,838.4)	-7.9%
Facilities Management & Real Estate	184,458.9	176,857.8	(7,601.0)	-4.1%
Fleet Services	47,265.8	50,258.1	2,992.3	6.3%
Information & Technology	106,815.0	85,456.7	(21,358.3)	-20.0%
311 Toronto	18,871.5	15,882.3	(2,989.2)	-15.8%
<b>Sub-Total Internal Services</b>	<b>447,425.5</b>	<b>410,565.3</b>	<b>(36,860.2)</b>	<b>-8.2%</b>
<b>City Manager</b>				
City Manager's Office	52,815.2	45,059.3	(7,755.9)	-14.7%
<b>Sub-Total City Manager</b>	<b>52,815.2</b>	<b>45,059.3</b>	<b>(7,755.9)</b>	<b>-14.7%</b>
<b>Other City Programs</b>				
City Clerk's Office	47,689.1	47,906.5	217.4	0.5%
Legal Services	45,430.9	46,162.9	732.0	1.6%
Mayor's Office	1,541.4	1,537.6	(3.9)	-0.2%
City Council	19,987.4	19,580.0	(407.4)	-2.0%
<b>Sub-Total Other City Programs</b>	<b>114,648.9</b>	<b>115,187.0</b>	<b>538.2</b>	<b>0.5%</b>
<b>Accountability Offices</b>				
Auditor General's Office	4,177.7	4,020.6	(157.1)	-3.8%
Integrity Commissioner's Office	262.4	244.4	(18.0)	-6.9%
Lobbyist Registrar's Office	1,087.3	893.6	(193.7)	-17.8%
Ombudsman's Office	1,593.3	1,600.0	6.6	0.4%
<b>Sub-Total Council Appointed Programs</b>	<b>7,120.7</b>	<b>6,758.6</b>	<b>(362.2)</b>	<b>-5.1%</b>
<b>TOTAL - CITY OPERATIONS</b>	<b>4,894,117.6</b>	<b>4,642,759.7</b>	<b>(251,358.0)</b>	<b>-5.1%</b>

**CITY OF TORONTO**  
**CONSOLIDATED GROSS EXPENDITURES VARIANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
 (\$000s)

	December 31, 2013			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
<b>Agencies</b>				
Toronto Public Health	243,501.5	235,749.9	(7,751.6)	-3.2%
Toronto Public Library	182,030.3	183,479.7	1,449.4	0.8%
Association of Community Centres	7,434.9	7,490.8	55.9	0.8%
Exhibition Place	43,650.7	42,811.6	(839.2)	-1.9%
Heritage Toronto	740.1	705.2	(34.9)	-4.7%
Theatres	23,609.3	20,096.8	(3,512.5)	-14.9%
Toronto Zoo	54,102.9	53,116.4	(986.5)	-1.8%
Arena Boards of Management	7,300.7	7,186.1	(114.6)	-1.6%
Yonge Dundas Square	2,069.2	2,305.9	236.7	11.4%
Toronto & Region Conservation Authority	38,356.0	37,055.1	(1,300.9)	-3.4%
Toronto Transit Commission - Conventional	1,540,948.4	1,485,079.0	(55,869.4)	-3.6%
Toronto Transit Commission - Wheel Trans	102,369.3	100,745.0	(1,624.3)	-1.6%
Toronto Police Service	1,019,725.3	1,023,509.9	3,784.6	0.4%
Toronto Police Services Board	2,775.9	2,768.6	(7.3)	-0.3%
<b>TOTAL - AGENCIES</b>	<b>3,268,614.6</b>	<b>3,202,099.9</b>	<b>(66,514.6)</b>	<b>-2.0%</b>
<b>Corporate Accounts</b>				
Capital & Corporate Financing	655,019.4	651,540.8	(3,478.6)	-0.5%
<b>Non-Program Expenditures</b>				
- Tax Deficiencies/Write-offs	72,000.0	28,364.7	(43,635.3)	-60.6%
- Assessment Function (MPAC)	39,820.0	38,739.9	(1,080.1)	-2.7%
- Corporate Contingency	0.0	1.2	1.2	n/a
- Funding of Employee Related Liabilities	75,947.2	75,901.0	(46.2)	-0.1%
- 2013 Ice Storm	0.0	44,537.3	44,537.3	n/a
- Other Corporate Expenditures	40,527.8	23,412.9	(17,114.9)	-42.2%
- Insurance Premiums & Claims	7,300.0	7,300.0	0.0	0.0%
- Parking Tag Enforcement & Oper.	59,137.1	59,090.7	(46.4)	-0.1%
- Programs Funded from Reserve Funds	132,094.5	137,346.4	5,251.9	4.0%
- Vacancy Rebate Program	22,000.0	26,007.3	4,007.3	18.2%
- Heritage Property Taxes Rebate	2,000.0	1,062.2	(937.8)	-46.9%
- Tax Rebates for Registered Charities	5,814.5	5,891.7	77.2	1.3%
- Solid Waste Management Rebates	182,391.9	182,391.9	0.0	0.0%
- Pandemic Influenza Stockpiling	0.0	0.0	0.0	n/a
<b>Non-Program Expenditures</b>	<b>639,033.0</b>	<b>630,047.2</b>	<b>(8,985.8)</b>	<b>-1.4%</b>
<b>Non-Program Revenue</b>				
- Interest/Investment Earnings	930.6	892.5	(38.1)	-4.1%
- Other Corporate Revenues	894.8	2,908.9	2,014.1	225.1%
- Municipal Land Transfer Tax	6,385.2	4,220.8	(2,164.4)	-33.9%
- Personal Vehicle Tax	0.0	0.0	0.0	n/a
- Third Party Sign Tax	925.2	734.9	(190.3)	-20.6%
- Other Tax Revenues	0.0	576.2	576.2	n/a
<b>Non-Program Revenues</b>	<b>9,135.8</b>	<b>9,333.2</b>	<b>197.5</b>	<b>2.2%</b>
<b>TOTAL - CORPORATE ACCOUNTS</b>	<b>1,303,188.2</b>	<b>1,290,921.2</b>	<b>(12,267.0)</b>	<b>-0.9%</b>
<b>LEVY OPERATING GROSS EXPENDITURES</b>	<b>9,465,920.4</b>	<b>9,135,780.8</b>	<b>(330,139.6)</b>	<b>-3.5%</b>
<b>NON LEVY OPERATIONS</b>				
Solid Waste Management Services	349,942.7	339,874.1	(10,068.6)	-2.9%
Toronto Parking Authority	72,216.9	78,498.3	6,281.4	8.7%
Toronto Water	940,797.2	920,189.6	(20,607.5)	-2.2%
<b>NON LEVY OPERATING GROSS EXPENDITURES</b>	<b>1,362,956.8</b>	<b>1,338,562.0</b>	<b>(24,394.7)</b>	<b>-1.8%</b>

**CITY OF TORONTO  
CONSOLIDATED REVENUES VARIANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(\$000s)**

	December 31, 2013			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
<b>Citizen Centred Services "A"</b>				
Affordable Housing Office	1,487.3	1,184.9	(302.4)	-20.3%
Children's Services	325,619.0	307,259.5	(18,359.5)	-5.6%
Court Services	68,913.3	51,338.4	(17,574.9)	-25.5%
Economic Development & Culture	18,028.9	18,223.9	195.1	1.1%
Emergency Medical Services	112,791.9	108,598.9	(4,193.0)	-3.7%
Long Term Care Homes and Services	183,890.8	178,279.3	(5,611.5)	-3.1%
Parks, Forestry & Recreation	122,829.2	119,019.9	(3,809.3)	-3.1%
Shelter, Support & Housing Administration	471,417.9	465,953.7	(5,464.2)	-1.2%
Social Development, Finance & Administration	6,283.8	5,975.3	(308.5)	-4.9%
Toronto Employment & Social Services	1,054,367.5	926,482.5	(127,885.0)	-12.1%
<b>Sub-Total Citizen Centred Services "A"</b>	<b>2,365,629.5</b>	<b>2,182,316.3</b>	<b>(183,313.2)</b>	<b>-7.7%</b>
<b>Citizen Centred Services "B"</b>				
City Planning	26,335.9	28,788.4	2,452.5	9.3%
Fire Services	14,352.0	17,404.0	3,052.0	21.3%
Municipal Licensing & Standards	29,083.9	27,584.1	(1,499.8)	-5.2%
Policy, Planning, Finance and Administration	11,512.3	9,795.4	(1,716.9)	-14.9%
Engineering and Construction Services	62,948.5	52,086.4	(10,862.1)	-17.3%
Toronto Building	58,121.9	69,817.7	11,695.8	20.1%
Transportation Services	125,340.4	130,457.3	5,117.0	4.1%
<b>Sub-Total Citizen Centred Services "B"</b>	<b>327,694.8</b>	<b>335,933.3</b>	<b>8,238.5</b>	<b>2.5%</b>
<b>Internal Services</b>				
Office of the Chief Financial Officer	6,808.7	5,715.5	(1,093.2)	-16.1%
Office of the Treasurer	43,862.2	41,371.4	(2,490.8)	-5.7%
Facilities Management & Real Estate	121,412.5	116,073.5	(5,339.0)	-4.4%
Fleet Services	47,101.0	51,685.4	4,584.4	9.7%
Information & Technology	38,968.6	24,368.4	(14,600.2)	-37.5%
311 Toronto	8,511.6	7,003.6	(1,508.0)	-17.7%
<b>Sub-Total Internal Services</b>	<b>266,664.5</b>	<b>246,217.8</b>	<b>(20,446.7)</b>	<b>-7.7%</b>
<b>City Manager</b>				
City Manager's Office	8,004.4	7,016.1	(988.3)	-12.3%
<b>Sub-Total City Manager</b>	<b>8,004.4</b>	<b>7,016.1</b>	<b>(988.3)</b>	<b>-12.3%</b>
<b>Other City Programs</b>				
City Clerk's Office	16,220.1	16,816.8	596.7	3.7%
Legal Services	26,077.9	28,008.4	1,930.5	7.4%
Mayor's Office	0.0	0.0	0.0	n/a
City Council	30.0	134.6	104.6	348.6%
<b>Sub-Total Other City Programs</b>	<b>42,328.0</b>	<b>44,959.7</b>	<b>2,631.8</b>	<b>6.2%</b>
<b>Accountability Offices</b>				
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	9.9	9.9	n/a
<b>Sub-Total Council Appointed Programs</b>	<b>0.0</b>	<b>10.0</b>	<b>10.0</b>	<b>n/a</b>
<b>TOTAL - CITY OPERATIONS</b>	<b>3,010,321.2</b>	<b>2,816,453.2</b>	<b>(193,868.0)</b>	<b>-6.4%</b>



**CITY OF TORONTO**  
**CONSOLIDATED REVENUES VARIANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
(\$000s)

	December 31, 2013			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
<b>Agencies</b>				
Toronto Public Health	193,095.0	186,655.6	(6,439.4)	-3.3%
Toronto Public Library	16,670.7	18,506.7	1,836.0	11.0%
Association of Community Centres	430.8	455.4	24.6	5.7%
Exhibition Place	43,750.7	44,547.8	797.1	1.8%
Heritage Toronto	428.3	393.4	(34.9)	-8.1%
Theatres	19,280.1	15,737.5	(3,542.6)	-18.4%
Toronto Zoo	42,454.6	42,152.7	(301.9)	-0.7%
Arena Boards of Management	7,316.4	7,026.9	(289.5)	-4.0%
Yonge Dundas Square	1,632.6	1,875.8	243.2	14.9%
Toronto & Region Conservation Authority	35,066.5	33,765.6	(1,300.9)	-3.7%
Toronto Transit Commission - Conventional	1,129,997.4	1,120,083.0	(9,914.4)	-0.9%
Toronto Transit Commission - Wheel Trans	5,546.2	5,655.0	108.8	2.0%
Toronto Police Service	91,135.6	95,371.2	4,235.6	4.6%
Toronto Police Services Board	500.0	507.8	7.8	1.6%
<b>TOTAL - AGENCIES</b>	<b>1,587,305.0</b>	<b>1,572,734.4</b>	<b>(14,570.6)</b>	<b>-0.9%</b>
<b>Corporate Accounts</b>				
Capital & Corporate Financing	37,721.7	41,565.6	3,843.9	10.2%
<u>Non-Program Expenditures</u>				
- Funding of Employee Related Liabilities	0.0	3.6	3.6	n/a
- 2013 Ice Storm	0.0	44,537.3	44,537.3	n/a
- Other Corporate Expenditures	11,560.0	11,958.5	398.5	3.4%
- Programs Funded from Reserve Funds	132,094.5	137,346.4	5,251.9	4.0%
- Tax Rebates for Registered Charities	5,814.5	5,891.7	77.2	1.3%
<b>Non-Program Expenditures</b>	<b>149,469.0</b>	<b>199,737.4</b>	<b>50,268.4</b>	<b>33.6%</b>
<u>Non-Program Revenue</u>				
- Payments in Lieu of Taxes	92,149.2	109,892.8	17,743.6	19.3%
- Supplementary Taxes	50,000.0	40,632.5	(9,367.5)	-18.7%
- Tax Penalties	29,000.0	27,345.3	(1,654.7)	-5.7%
- Interest/Investment Earnings	125,157.5	124,502.5	(655.0)	-0.5%
- Prior Year Surplus	0.0	0.0	0.0	n/a
- Other Corporate Revenues	8,408.8	12,228.2	3,819.4	45.4%
- Toronto Hydro Revenues	45,000.0	42,995.0	(2,005.0)	-4.5%
- Provincial Revenue	91,600.0	91,600.0	0.0	0.0%
- Municipal Land Transfer Tax	321,473.8	361,037.5	39,563.7	12.3%
- Third Party Sign Tax	10,480.6	11,090.1	609.5	5.8%
- Parking Authority Revenues	48,425.8	46,227.6	(2,198.2)	-4.5%
- Administrative Support Recoveries - Water	18,973.0	18,973.0	0.0	0.0%
- Administrative Support Recoveries - Health & EMS	16,326.7	16,326.7	0.0	0.0%
- Parking Tag Enforcement & Oper.	82,134.1	89,588.7	7,454.6	9.1%
- Other Tax Revenues	14,200.0	14,524.1	324.1	2.3%
- Woodbine Slots	14,900.0	17,463.4	2,563.4	17.2%
<b>Non-Program Revenues</b>	<b>968,229.5</b>	<b>1,024,427.3</b>	<b>56,197.8</b>	<b>5.8%</b>
<b>TOTAL - CORPORATE ACCOUNTS</b>	<b>1,155,420.2</b>	<b>1,265,730.4</b>	<b>110,310.2</b>	<b>9.5%</b>
<b>LEVY OPERATING REVENUES</b>	<b>5,753,046.3</b>	<b>5,654,918.0</b>	<b>(98,128.4)</b>	<b>-1.7%</b>
<b>NON LEVY OPERATIONS</b>				
Solid Waste Management Services	349,942.7	350,393.0	450.3	0.1%
Toronto Parking Authority	135,398.1	138,492.8	3,094.7	2.3%
Toronto Water	940,797.2	972,626.3	31,829.2	3.4%
<b>NON LEVY OPERATING REVENUES</b>	<b>1,426,137.9</b>	<b>1,461,512.2</b>	<b>35,374.2</b>	<b>2.5%</b>

**CITY OF TORONTO  
CONSOLIDATED APPROVED COMPLEMENT AND STRENGTH  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Program/Agency	Operating Positions		Capital Positions		Total Positions				Budget Gapping %	Vacancy after Gapping
	Approved Complement	Strength	Approved Complement	Strength	Approved Complement	Strength	Over / (Under)	%		
<b>Citizen Centred Services "A"</b>										
Affordable Housing Office	19.0	17.0	0.0	0.0	19.0	17.0	(2.0)	-10.5%	-1.8%	-8.7%
Children's Services	922.4	922.4	9.0	9.0	931.4	931.4	0.0	0.0%	-0.1%	0.1%
Court Services	282.0	260.0	0.0	0.0	282.0	260.0	(22.0)	-7.8%	-2.3%	-5.5%
Economic Development & Culture	264.8	262.8	9.0	9.0	273.8	271.8	(2.0)	-0.7%	-3.4%	2.7%
Emergency Medical Services	1,264.0	1,211.0	0.5	0.5	1,264.5	1,211.5	(53.0)	-4.2%	-1.4%	-2.8%
Long Term Care Homes & Services	2,151.3	2,151.3	0.0	0.0	2,151.3	2,151.3	0.0	0.0%	0.0%	0.0%
Parks, Forestry & Recreation	4,192.0	3,956.4	33.0	33.0	4,225.0	3,989.4	(235.6)	-5.6%	-2.0%	-3.6%
Shelter, Support & Housing Administration	723.4	718.4	0.5	0.5	723.9	718.9	(5.0)	-0.7%	-3.2%	2.5%
Social Development, Finance & Administration	127.5	124.5	0.0	0.0	127.5	124.5	(3.0)	-2.4%	-3.6%	1.3%
Toronto Employment & Social Services	2,186.0	2,095.8	3.0	3.0	2,189.0	2,098.8	(90.2)	-4.1%	-1.6%	-2.5%
<b>Sub-Total Citizen Centred Services "A"</b>	<b>12,132.4</b>	<b>11,719.6</b>	<b>55.0</b>	<b>55.0</b>	<b>12,187.4</b>	<b>11,774.6</b>	<b>(412.8)</b>	<b>-3.4%</b>	<b>-1.5%</b>	<b>-1.9%</b>
<b>Citizen Centred Services "B"</b>										
City Planning	339.0	323.0	12.5	9.5	351.5	332.5	(19.0)	-5.4%	-3.7%	-1.7%
Fire Services	3,170.8	3,109.8	0.0	0.0	3,170.8	3,109.8	(61.0)	-1.9%	-2.0%	0.1%
Municipal Licensing & Standards	452.6	432.0	0.0	0.0	452.6	432.0	(20.6)	-4.6%	-2.4%	-2.2%
Policy, Planning, Finance and Administration	199.1	171.1	0.0	0.0	199.1	171.1	(28.0)	-14.1%	-4.0%	-10.1%
Engineering and Construction Services	139.8	114.0	414.3	372.1	554.1	486.1	(68.0)	-12.3%	-4.1%	-8.2%
Toronto Buildings	425.0	413.0	6.0	4.0	431.0	417.0	(14.0)	-3.2%	-2.9%	-0.4%
Transportation Services	1,032.4	847.3	56.0	56.0	1,088.4	903.3	(185.1)	-17.0%	-5.1%	-11.9%
<b>Sub-Total Citizen Centred Services "B"</b>	<b>5,758.7</b>	<b>5,410.3</b>	<b>488.8</b>	<b>441.6</b>	<b>6,247.5</b>	<b>5,851.8</b>	<b>(395.7)</b>	<b>-6.3%</b>	<b>-2.8%</b>	<b>-3.5%</b>
<b>Internal Services</b>										
Office of the Chief Financial Officer	96.0	91.0	31.0	20.0	127.0	111.0	(16.0)	-12.6%	-1.6%	-11.0%
Office of the Treasurer	682.0	642.3	43.0	25.0	725.0	667.3	(57.7)	-8.0%	-2.3%	-5.7%
Facilities Management & Real Estate	770.2	675.6	78.0	58.0	848.2	733.6	(114.6)	-13.5%	-3.1%	-10.4%
Fleet Services	174.0	154.0	0.0	0.0	174.0	154.0	(20.0)	-11.5%	-3.5%	-8.0%
Information & Technology	587.0	478.0	161.0	78.0	748.0	556.0	(192.0)	-25.7%	-3.7%	-21.9%
311 Toronto	154.0	142.0	28.0	15.0	182.0	157.0	(25.0)	-13.7%	-1.9%	-11.9%
<b>Sub-Total Internal Services</b>	<b>2,463.2</b>	<b>2,182.9</b>	<b>341.0</b>	<b>196.0</b>	<b>2,804.2</b>	<b>2,378.9</b>	<b>(425.3)</b>	<b>-15.2%</b>	<b>-3.0%</b>	<b>-12.2%</b>
<b>City Manager</b>										
City Manager's Office	406.5	366.0	36.0	25.0	442.5	391.0	(51.5)	-11.6%	-4.0%	-7.6%
<b>Sub-Total City Manager</b>	<b>406.5</b>	<b>366.0</b>	<b>36.0</b>	<b>25.0</b>	<b>442.5</b>	<b>391.0</b>	<b>(51.5)</b>	<b>-11.6%</b>	<b>-4.0%</b>	<b>-7.6%</b>
<b>Other City Programs</b>										
City Clerk's Office	402.8	382.0	9.8	8.0	412.6	390.0	(22.6)	-5.5%	-4.2%	-1.3%
Legal Services	294.0	287.0	0.0	0.0	294.0	287.0	(7.0)	-2.4%	-5.8%	3.4%
Mayor's Office	9.0	9.0	0.0	0.0	9.0	9.0	0.0	0.0%	0.0%	0.0%
City Council	176.0	176.0	0.0	0.0	176.0	176.0	0.0	0.0%	0.0%	0.0%
<b>Sub-Total Other City Programs</b>	<b>881.8</b>	<b>854.0</b>	<b>9.8</b>	<b>8.0</b>	<b>891.6</b>	<b>862.0</b>	<b>(29.6)</b>	<b>-3.3%</b>	<b>-3.9%</b>	<b>0.6%</b>
<b>Accountability Offices</b>										
Auditor General's Office	29.0	27.0	0.0	0.0	29.0	27.0	(2.0)	-6.9%	-7.7%	0.8%
Integrity Commissioner's Office	2.0	2.0	0.0	0.0	2.0	2.0	0.0	0.0%	0.0%	0.0%
Lobbyist Registrar's Office	8.3	8.0	0.0	0.0	8.3	8.0	(0.3)	-3.6%	0.0%	-3.6%
Ombudsman's Office	11.0	15.2	0.0	0.0	11.0	15.2	4.2	38.0%	0.0%	38.0%
<b>Sub-Total Accountability Offices</b>	<b>50.3</b>	<b>52.2</b>	<b>0.0</b>	<b>0.0</b>	<b>50.3</b>	<b>52.2</b>	<b>1.9</b>	<b>3.7%</b>	<b>-4.8%</b>	<b>8.6%</b>
<b>TOTAL - CITY OPERATIONS</b>	<b>21,692.9</b>	<b>20,584.9</b>	<b>930.6</b>	<b>725.6</b>	<b>22,623.5</b>	<b>21,310.5</b>	<b>(1,313.0)</b>	<b>-5.8%</b>	<b>-2.3%</b>	<b>-3.5%</b>
<b>Agencies</b>										
Toronto Public Health	1,837.7	1,694.9	37.5	29.0	1,875.2	1,723.9	(151.3)	-8.1%	-4.1%	-4.0%
Toronto Public Library	1,713.4	1,653.4	0.0	0.0	1,713.4	1,653.4	(60.0)	-3.5%	-2.7%	-0.8%
Association of Community Centres	77.4	76.7	0.0	0.0	77.4	76.7	(0.8)	-1.0%	0.0%	-1.0%
Exhibition Place	392.5	392.5	5.0	5.0	397.5	397.5	0.0	0.0%	-0.6%	0.6%
Heritage Toronto	6.0	6.0	0.0	0.0	6.0	6.0	0.0	0.0%	0.0%	0.0%
Theatres	165.2	163.8	0.0	0.0	165.2	163.8	(1.4)	-0.9%	0.0%	-0.9%
Toronto Zoo	419.4	405.4	0.0	0.0	419.4	405.4	(14.0)	-3.3%	-2.4%	-0.9%
Arena Boards of Management	68.2	67.2	0.0	0.0	68.2	67.2	(1.0)	-1.5%	0.0%	-1.5%
Yonge Dundas Square	6.5	6.5	0.0	0.0	6.5	6.5	0.0	0.0%	0.0%	0.0%
Toronto & Region Conservation Authority	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%
TTC - Conventional & WT	11,413.0	11,285.0	1,688.0	1,518.0	13,101.0	12,803.0	(298.0)	-2.3%	-1.1%	-1.2%
Toronto Police Service	7,868.0	7,402.0	0.0	0.0	7,868.0	7,402.0	(466.0)	-5.9%	-4.8%	-1.1%
Toronto Police Services Board	8.0	8.0	0.0	0.0	8.0	8.0	0.0	0.0%	0.0%	0.0%
<b>TOTAL - AGENCIES</b>	<b>23,975.3</b>	<b>23,161.3</b>	<b>1,730.5</b>	<b>1,552.0</b>	<b>25,705.8</b>	<b>24,713.3</b>	<b>(992.5)</b>	<b>-3.9%</b>	<b>-2.8%</b>	<b>-1.1%</b>
<b>Corporate Accounts</b>										
Parking Tag Enforcement & Oper.	394.0	413.0	0.0	0.0	394.0	413.0	19.0	4.8%	0.0%	4.8%
<b>TOTAL - CORPORATE ACCOUNTS</b>	<b>394.0</b>	<b>413.0</b>	<b>0.0</b>	<b>0.0</b>	<b>394.0</b>	<b>413.0</b>	<b>19.0</b>	<b>4.8%</b>	<b>0.0%</b>	<b>4.8%</b>
<b>TOTAL LEVY OPERATIONS</b>	<b>46,062.2</b>	<b>44,159.2</b>	<b>2,661.1</b>	<b>2,277.6</b>	<b>48,723.3</b>	<b>46,436.8</b>	<b>(2,286.5)</b>	<b>-4.7%</b>	<b>-2.5%</b>	<b>-2.1%</b>
<b>Non Levy Operations</b>										
Solid Waste Management Services	1,091.7	931.5	27.0	19.5	1,118.7	951.0	(167.7)	-15.0%	-1.9%	-13.1%
Toronto Parking Authority	295.7	296.7	0.0	0.0	295.7	296.7	1.0	0.3%	0.0%	0.3%
Toronto Water	1,696.3	1,503.5	30.5	30.5	1,726.8	1,534.0	(192.8)	-11.2%	-2.8%	-8.3%
<b>TOTAL NON LEVY OPERATIONS</b>	<b>3,083.7</b>	<b>2,731.7</b>	<b>57.5</b>	<b>50.0</b>	<b>3,141.2</b>	<b>2,781.7</b>	<b>(359.5)</b>	<b>-11.4%</b>	<b>-2.5%</b>	<b>-8.9%</b>
<b>GRAND TOTAL</b>	<b>49,146.0</b>	<b>46,890.9</b>	<b>2,718.6</b>	<b>2,327.6</b>	<b>51,864.6</b>	<b>49,218.5</b>	<b>(2,646.1)</b>	<b>-5.1%</b>	<b>-2.5%</b>	<b>-2.6%</b>

**Operating Variance Report  
For Twelve-Month Period Ended December 31, 2013  
Significant Variance by Program and Agency**

**City Operations**

Citizen Centred Services "A"

As shown in Table 7 below, Citizen Centred Services "A" reported a net under-expenditure of \$7.629 million or 0.8% of budgeted expenditures for the twelve-month period ended December 31, 2013. The reasons for these variances are discussed below.

<b>Table 7 Citizen Centred Services "A" Net Expenditure Variance (\$ Million)</b>	
	Year-End 2013 Over/(Under)
Affordable Housing Office	0.0
Children's Services	0.0
Court Services	15.5
Economic Development and Culture	(0.1)
Emergency Medical Services	(0.1)
Long Term Care Homes and Services	(2.4)
Parks, Forestry & Recreation	0.7
Shelter, Support & Housing Administration	(1.6)
Social Development, Finance & Administration	(0.0)
Toronto Employment & Social Services	(19.6)
<b>Total</b>	<b>(7.6)</b>

**Affordable Housing Office** was on net budget for the year ended December 31, 2013. The Affordable Housing Office achieved a favourable year-end gross expenditures variance of \$0.302 resulting from vacant positions and non-salary expenditures with a corresponding reduction in revenues.

**Children's Services (CS)** was on net budget for the year ended December 31, 2013. Gross expenditures were \$18.360 million or 4.6% lower than budget, offset by reduced revenue of \$18.360 million or 5.6%. The gross under-spending was attributed to the following: a) reduced spending of \$14.000 million in Purchased Child Care Services primarily due to a difference in actual age-mix from the budget as a result of lower take-up for toddlers and infants; under-spending of \$3.200 million in Health and Safety Program reflecting the non receipt of Provincial funding and delays in the delivery of the Minor Capital Program; and, b) under-spending of \$4.360 million in Municipal Child Care due to savings in salaries and benefits arising from increased reliance on part-time staff, and saving in dietary services, as the Program continues to move to a catering service model, replacing the delivery of "in-house" food services. These under-expenditures were offset by lower than planned reserve funding, and the family contribution to the cost of child care was greater than expected.

**Court Services** reported a net unfavourable variance of \$15.488 million or 112.4% for the year ended December 31, 2013. The variance was entirely due to under-realized revenues that were lower than budget by \$17.575 million due to reduced volume of charges filed by Toronto Police Service and other enforcement agencies in Toronto which was partially offset by under-expenditures of \$2.087 million from vacant positions and court related costs due to the reduced number of tickets processed. The total volume of tickets filed for 2013 was 467,565, 181,551 or 28% lower than to 2012 (649,117) and 35% lower than 2011 (720,418).

**Emergency Medical Services (EMS)** reported a favourable net variance of \$0.058 million or 0.1% for the year ended December 31, 2013. The variance was mainly due to under-spending of \$4.259 million in salaries and benefits arising from vacant positions, higher than anticipated attrition across all services and a hiring freeze implemented in the Central Ambulance Communication Centre (CACC) due to an anticipated Provincial funding shortfall combined with under-expenditures in non-payroll items such as medical and dental supplies, uniforms and protective clothing due to vacant paramedic positions. The under-expenditures were partially off-set by lower than budgeted revenues of \$4.193 million, primarily attributed to a 2012 Provincial subsidy "claw back" for Land Ambulance Services and a subsidy shortfall in CACC that has been historically funded at 100% by the Province.

**Long-Term Care Homes and Services (LTCH&S)** reported a favourable net variance of \$2.352 million or 5.1% for the year ended December 31, 2013. The variance reflected lower than budgeted gross expenditures of \$7.963 million or 3.5% and under-achieved revenues of \$5.612 million or 3.1%. This favourable variance was primarily due to a decrease in claim-based program expenditures such as high intensity needs and supportive housing which are 100% Provincially funded services. The decreased program activity resulted in reduced costs, with a corresponding reduction in Provincial subsidies. Additional savings as a result of early implementation of operating efficiencies approved in the 2013 Operating Budget, as well as receipt of one-time Provincial subsidies and grants also contributed to the favourable variance.

**Parks, Forestry and Recreation (PF&R)** reported an over-expenditure of \$0.660 million or 0.2% compared to the 2013 Approved Net Operating Budget of \$273.071 million. The variance consisted of lower than budgeted gross expenditures of \$3.150 million or 0.8% which was attributed to under-spending for cost recovery programs (Asian Long Horn Beetle Program) and salaries and benefit savings from unfilled seasonal and permanent positions which were partially offset by the unbudgeted July storm damage clean-up costs. A revenue shortfall of \$3.809 million or 3.1% was due to under-achieved permits and lease agreements as well as reduced recoveries for the Federally funded Asian Long Horn Beetle Program.

**Shelter, Support and Housing Administration (SS&HA)** reported a net favourable variance of \$1.618 million or 0.7% for the year ended December 31, 2013. The variance was comprised of lower than planned gross expenditures of \$7.082 million or 1.0%, with a reduction in revenue of \$5.464 million or 1.2%.

Social Housing reported an unfavourable net variance \$6.076 million. The savings of \$13.719 million in social housing cost drivers including property tax subsidy, settlements, operating cost subsidy (cost factor index) and mortgage renewals combined with other administrative savings were offset by a reduction in reserve contributions of \$20.257 million.



Hostels Services reported net under-spending of \$6.970 million, with bed nights 6% higher than budget primarily in City operated shelters. The net under-spending was primarily due to receipt of \$3.000 million in one-time provincial transitional funding under the newly created CHPI funding model that was used to partially offset the increased shelter volume impacts; Provincial settlement of \$2.500 million reflecting the final distribution from the program model in place prior to CHPI and operational savings of \$0.540 million (including salaries and benefits).

Other operational services reported one-time savings of \$0.724 million net, due in part to delays in hiring qualified staff. As well, the program received unanticipated funding of \$8.400 million through the Federal Homelessness Partnering Strategy grant (HPI) program, which fully funded third party grants for 2012 projects.

***Social Development, Finance and Administration (SDF&A)*** reported a year-end favourable net variance of \$0.032 million or 0.1%, reflecting gross under-spending of \$0.341 million or 1.0%, with a corresponding reduction in revenue of \$0.309 million or 4.9%. Gross under-expenditures and the associated reduction in revenue mainly resulted from under-spending for the Tower Renewal Energy Efficiency Initiative, as the agreement with the Ontario Power Authority was not executed.

***Toronto Employment and Social Services (TESS)*** reported a favourable net variance of \$19.636 million or 10.4% for the year ended December 31, 2013. The variance was mainly attributed to a lower Ontario Works average monthly caseload (98,077 actual vs 108,500 budgeted), change in caseload mix (higher proportion of singles as compared to families), lower special diet expenditures and Housing Stabilization Fund expenditures as well as salary savings from caseload contingent staff as the division only hires if warranted by the actual caseload. The caseload will continue to be closely monitored in relation to the current labour market, economic conditions and recent Provincial policy changes which took effect in October of 2013.

#### Citizen Centred Services “B”

As indicated in Table 8 below, Citizen Centred Services “B” Programs collectively reported net under-spending of \$24.214 million or 3.7% for the twelve months ended December 31, 2013. Major causes of the variances are discussed below.

<b>Table 8</b>	
<b>Citizen Centred Services "B"</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2013 Over/(Under)
City Planning	(4.1)
Fire Services	(1.6)
Municipal Licensing & Standards	(1.5)
Policy, Planning, Finance & Administration	(0.7)
Engineering & Construction Services	0.1
Toronto Building	(13.7)
Transportation Services	(2.8)
Total	(24.2)

**City Planning** reported a favourable year-end variance of \$4.136 million or 28.6% of planned net expenditures. Gross expenditures reflected a favourable variance of \$1.684 million or 4.1%, primarily due to savings in salaries and benefits of \$1.716 million from higher than expected staff turnover and requirements related to the hiring process. Savings in non-payroll expenditures of \$1.327 million were due primarily to lower than expected external technical and legal support and other accounts. This under-spending was partially offset by higher spending in consulting services of \$1.359 million due to advancing Council directed work program priorities such as the Billy Bishop Toronto City Airport Review (100% recoverable from Toronto Port Authority/Porter Airlines), Heritage District Studies and Transportation Studies. Revenues were higher than budget by \$2.452 million or 9.3%, primarily due to higher than anticipated development application revenues in the Community Planning and Committee of Adjustment units.

In accordance with City Council's direction, City Planning's operating surplus of \$2.832 million from the development review services (Community Planning and Committee of Adjustment units) will be transferred to the Development Application Review Reserve Fund.

**Toronto Fire Services (TFS)** reported a favourable net variance of \$1.566 million or 0.4% for the year ended December 31, 2013. The net under-spending was primarily due to higher than planned revenues from false fire alarm user fees of \$2.485 million resulting from processing a backlog of invoices from the previous year as a result of staff vacancies combined with an increase in one-time revenues of \$0.567 million mainly from the sale of scrap parts, late payment charges and insurance loss recoveries. The favourable year-end revenue was partially offset by over-spending of \$1.485 million mainly in salaries and benefits as budgeted gapping was not achieved (Toronto Fire Services initiated 3 recruitment classes when vacancies for firefighter operations reached 40 positions as part of an agreement with Local Union 3888).

**Municipal Licensing and Standards (MLS)** reported net under-spending of \$1.5 million or 7.4% for the year-ended December 31, 2013. Year-end gross expenditures were \$3.0 million or 6.1% below budget primarily due to salary and benefit savings of \$2.875 million from vacant positions. The Program is actively addressing the vacancy issue, with all vacancies anticipated

to be filled by June 2014. Non-salary accounts experienced the remaining savings of \$0.125 million reflecting various under-spending within the Program's materials and supplies budget.

Year-end revenues were under-achieved by \$1.5 million or 5.2% primarily due to lower than planned revenues generated from licenses and permits (\$0.481 million or 16%); Toronto Animal Services (\$0.471 million or 19%); and for fees and service charges from property standards and by-law enforcement (\$1.106 million or 37%), with the reduced revenue the result of the lower than planned volume of fees, licenses and permits. The unfavourable revenue variance was partially offset by an increase in the volume of business licenses, generating revenue of \$0.558 million or 3% above plan.

MLS will be conducting a comprehensive operational and user fee review in 2014 to identify any corrective actions for consideration as part of the 2015 Budget process, to mitigate ongoing revenue variances.

***Policy, Planning, Finance and Administration (PPF&A)*** reported net under-spending of \$0.657 million or 6.2% for the year-ended December 31, 2013. The favourable variance reflected lower than planned gross expenditures of \$2.374 million or 10.8%, mainly due to savings of \$2.002 million in salaries and benefits arising from vacant positions. The remaining savings of \$0.372 million primarily resulted from restraints in spending in non-labour accounts, offset by increased inter-departmental charges for postage and couriers costs due to requirements for the City Clerk's Office. Revenues were lower than planned by \$1.717 million or 14.9%, offsetting most of the expenditure savings. The revenue variance was primarily due to lower inter-divisional recoveries from Solid Waste Management Services and Toronto Water and reflected the impact of lower gross expenditures for services delivered to these client Programs.

***Engineering and Construction Services*** reported an unfavourable year-end net variance of \$0.075 million or 1.0% of the 2013 Approved Net Operating Budget of \$7.604 million. Gross expenditures were under-budget by \$10.787 million or 15.3%, mainly due to savings in salaries and benefits from vacant positions (\$5.433 million), lower than budgeted contracted services (\$4.309 million) as a result of delays in executing third party work, savings in materials and supplies (\$0.221 million) and lower costs for services and rents (\$0.699 million) for mileage, wireless devices, etc. The Program experienced an unfavourable revenue variance of \$10.862 million or 17.3%. This was mainly due to lower capital recoveries from Toronto Water and Transportation Services for work on capital projects (\$6.461 million), under-achieved third party and utility review fee revenue (\$1.733 million) that was offset by lower spending in the related contracted services and lower than budgeted administration fee revenue (\$1.806 million) due to the delayed implementation of the 18.3% fee collected for the management of contracts (i.e. TTC, etc.).

***Toronto Building*** reported net revenue of \$13.671 million or 123.9% of the 2013 Approved Net Operating Budget. Savings in salaries and benefits of \$1.617 million resulted from vacant positions mostly for permanent full time staff. There was also under-spending of \$0.091 million for general equipment and computer hardware and software and under-spending for contracted services of \$0.302 million mainly due to \$0.134 million for general kilometrage, \$0.067 for computer hardware maintenance and \$0.047 million from deferring the retainment of consultants to assess the efficiency of the Plan Review function to early 2014. These savings were partially offset by an over-expenditure of \$0.105 million in credit card service charges. Year-end

revenues exceeded the budget by \$11.696 million or 20.1% due to increased permit intake volumes driven by a moderately high level of development across the City.

In compliance with Section 7 of the Building Code Act, the net operating favourable variance of \$13.671 million for Toronto Building operations will be contributed to the Building Code Act Service Improvement Reserve Fund.

*Transportation Services* reported a year-end favourable variance of \$2.758 million or 1.3% of the 2013 Approved Net Operating Budget of \$206.107 million. Gross expenditures were over budget by \$2.359 million or 0.7%, primarily due to higher than expected costs in traffic signal maintenance (\$1.526 million) and the utility cut repair program (\$1.084 million) both due to unanticipated contract price increases. Higher expenditures also resulted from increased salt usage in the winter maintenance program (\$4.545 million) and utility costs for street lighting that were higher than budgeted (\$1.384 million). These increased expenditures were partially offset by savings in salaries and benefits from vacancies (\$6.231 million), lower than budgeted winter maintenance contract costs (\$5.593 million) and lower than expected road and sidewalk maintenance contracted work (\$4.721 million).

The Program reported a favourable revenue variance of \$5.117 million or 4.1%. This was mainly due to higher licenses and permits revenue due to a greater than expected volume of construction activity (\$2.715 million) and higher volumes for external projects related to the utility cut repair program (\$2.123 million). These favourable revenue variances were offset by a lower than expected volume of utility cut resulting in lower capital recoveries from Toronto Water (\$4.853 million) and lower than budgeted recoveries from reserve funds (i.e. transit shelter, road and sidewalk repair) based on reduced annual expenditures (\$3.963 million).

Included in the Program's expenditure and revenue variances was the impact of the Council approved plan to retain control of Bixi, with added expenditures of \$9.152 million for the Bixi bike loan repayment, fully funded through increased sundry revenue and reserve funding from the Bike Share Program Reserve.

### Internal Services

As shown in Table 9 below, during the twelve months ended December 31, 2013, Internal Services Programs collectively reported a net under-expenditure of \$16.414 million or 9.1% compared to the 2013 Approved Net Operating Budget as discussed below.

<b>Table 9</b>	
<b>Internal Services</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2013 Over/(Under)
311 Toronto	(1.5)
Office of the Chief Financial Officer	(1.0)
Office of the Treasurer	(3.3)
Facilities Management & Real Estate	(2.3)
Fleet Services	(1.6)
Information & Technology	(6.8)
Total	(16.4)

**311 Toronto** reported net under-spending of \$1.481 million or 14.3% of planned expenditures for the twelve-month period ended December 31, 2013. The favourable net variance was mainly attributed to vacant positions, which combined with the increase in weather related events, impacted the 311 Contact Centre's service levels. Approximately 77% of calls were answered within 75 seconds compared to the target rate of 80%.

The **Office of the Chief Financial Officer** reported a favourable variance of \$0.972 million or 10.3% of the 2013 Approved Net Operating Budget. Gross expenditures were under budget by \$2.065 million primarily due to vacant positions. The under-spending was partially offset by reduced capital revenues of \$1.093 million mainly due to unfilled capital project delivery positions.

The **Office of the Treasurer** reported a favourable variance of \$3.348 million or 11.2% of the 2013 Approved Net Operating Budget. Gross expenditures were lower than budget by \$5.838 million primarily due to under-spending in salary and benefits of \$4.911 million (\$2.800 million from vacant operational positions, \$1.400 million from vacant capital project delivery positions and \$0.711 million from delays in hiring for dedicated client staffing arrangements). Under-spending in non-salary expenditures of \$0.910 million included reduced operational requirements in MLTT and Utility Billing (\$0.500 million), savings in the Tenant Tax Notification Program and Pandemic Influenza Initiative (\$0.200 million) and reduced postage and printing costs due to fewer parking tickets issued than anticipated (\$0.210 million). Revenues were below budget by \$2.491 million due to lower than budgeted capital recoveries and reserve transfers due to delays or deferrals of capital projects (\$1.677 million), under-achieved inter-divisional recoveries of \$1.600 million, partially offset by higher than anticipated external revenues from late payment user fees and volume rebate programs of \$0.786 million.

**Facilities Management and Real Estate (FM&RE)** reported under-spending of \$2.262 million or 3.6% of planned expenditures for the twelve-month period ended December 31, 2013. Gross expenditures were below budget by \$7.601 million or 4.1% due to vacant positions (\$3.5 million) and lower than anticipated utility expenses resulting from the effects of warmer weather and energy efficiency measures implemented (\$1.4 million). In addition, the Environment and Energy service experienced reduced disbursement of grants for energy programs, including the Eco-Roof Program and Better Building Partnership Program for new construction where

applicants for both programs did not meet the criteria to qualify, as well as the Demand Response Program due to delays in processing applications by Ontario Power Authority and Toronto Hydro. Revenues were lower by \$5.339 million or 4.4% due to a corresponding decrease in inter-departmental recoveries from clients for Program services, decrease in recoveries from capital as a result of lower than expected capital project spending, and decrease in reserve contributions for the energy efficiency programs, as noted above.

**Fleet Services** reported net under-spending of \$1.592 million for the year ended December 31, 2013. The variance consisted of higher than budgeted gross expenditures of \$2.992 million or 6.3% mainly due to unplanned preventative maintenance work on off-road equipment for Parks, Forestry and Recreation and Toronto Water, and packers originally planned for disposal but retained by Solid Waste Management Services totalling \$4.222 million, partially offset by under-spending of \$1.445 million due to vacant positions. Revenues were over budget by \$4.584 million or 9.7%, mainly due to additional recoveries of \$4.364 million for the unplanned maintenance work on City equipment and vehicles mentioned above.

Feet Services' operating surplus of \$1.592 million will be transferred to the Fleet Services Stabilization Reserve.

**Information and Technology** reported a favourable variance of \$6.758 million or 10.0% of the 2013 Approved Net Operating Budget. Gross expenditures were under-spent by \$21.358 million, primarily due to unfilled vacancies resulting from hiring delays and recruitment challenges faced by the Program totalling \$19.696 million. In addition, non-salary savings of \$1.700 million were realized from lower software maintenance costs through contract negotiations and lower telephone costs as a result of the on-going implementation of the Unified Communications Project. Revenues were under-achieved by \$14.600 million primarily due to lower capital spending resulting in lower recoveries from the Capital Budget.

City Manager's Office

The **City Manager's Office** reported net under-spending of \$6.768 million or 15.1% of planned expenditures for the year ended December 31, 2013. The variance consisted of lower than budgeted gross expenditures of \$7.756 million or 14.7% mainly due to vacant positions. Revenues were under-achieved by \$0.988 million or 12.4% due to capital funding not recovered as a result of lower capital spending.

<b>Table 10</b>	
<b>City Manager's Office</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2013 Over/(Under)
City Manager's Office	(6.8)

## Other City Programs

Other City Programs (see Table 11 below) reported an under-expenditure of \$2.094 million or 2.9% for the twelve-month period ended December 31, 2013. The year-end favourable variance was largely attributed to under-spending in Legal Services, as outlined below.

<b>Table 11</b>	
<b>Other City Programs</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2013 Over/(Under)
City Clerk's Office	(0.4)
Legal Services	(1.2)
Mayor's Office	(0.0)
<u>City Council</u>	<u>(0.5)</u>
Total	(2.1)

The *City Clerk's Office* reported net under-spending of \$0.379 million or 1.2% of planned expenditures for the year ended December 31, 2013. Gross expenditures were over budget by \$0.217 million or 0.5% mainly due to higher than anticipated costs for postage and equipment, partially offset by under-spending in salaries and benefits due mainly to vacant positions during the year. Revenues were favourable by \$0.597 million or 3.7%, largely due to higher recoveries from City Divisions generated from Information Production Services.

*Legal Services* reported a favourable expenditure variance of \$1.198 million or 6.2% of the 2013 Approved Net Operating Budget for the year ended December 31, 2013. The variance consisted of higher than budgeted gross expenditures of \$0.732 million or 1.6%, mainly due to professional and consulting services and court expenses (litigation and mediators) attributed to an increase in Ontario Municipal Boardroom hearings. Revenues were over-achieved by \$1.931 million or 7.4% primarily due to additional recoveries of \$0.460 million from Insurance Risk Management for additional work by Legal Services on insurance claims (based on docketed hours), higher recoveries from Court Services of \$1.209 million (flow through from Toronto Police Services) and additional fees and service charges of \$0.255 million for municipal licensing, real estate transactions and development charges review.

The *Mayor's Office* reported a favourable year-end variance of \$0.004 million or 0.2% of the 2013 Approved Net Operating Budget, due to under-spending in office supplies and telephone expenses.

*City Council* reported a favourable year-end variance of \$0.512 million or 2.6% of the 2013 Approved Net Operating Budget, mainly due to some Council members not fully spending their Constituency Services and Office Budgets for the year.

In accordance with Council's direction, City Council's operating surplus of \$0.512 million will be transferred to the Council Transition Reserve.

## Accountability Offices

Accountability Offices collectively realized net under-spending of \$0.372 million or 5.2% below planned expenditures for the twelve-month period ended December 31, 2013, as noted in Table 12 below.

<b>Table 12</b>	
<b>Accountability Offices</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2013 Over/(Under)
Auditor General's Office	(0.2)
Integrity Commissioner's Office	(0.0)
Lobbyist Registrar's Office	(0.2)
Ombudsman's Office	(0.0)
<b>Total</b>	<b>(0.4)</b>

The *Office of the Auditor General* reported an under-expenditure of \$0.157 million or 3.8% of the 2013 Approved Net Operating Budget for the year ended December 31, 2013. This was mainly due to vacant positions during the year.

The *Office of the Integrity Commissioner* reported a favourable year-end variance of \$0.018 million or 6.9% of the 2013 Approved Net Operating Budget for the year ended December 31, 2013. This was primarily due to vacancies during the year.

The *Office of the Lobbyist Registrar* was under-spent by \$0.194 million or 17.8% compared to the 2013 Approved Net Operating Budget. The under-spending was mainly due to vacant positions during the year.

The *Office of the Ombudsman* reported a favourable year-end variance \$0.003 million or 0.2% of the 2013 Approved Net Operating Budget for the year ended December 31, 2013. This was mainly due to under-spending in investigative expenses and professional services.

## Agencies

Agencies collectively reported under-spending of \$51.944 million or 3.1% below planned expenditures for the twelve-month period ended December 31, 2013 compared to their combined 2013 Approved Net Operating Budget of \$1.681 billion, as outlined in Table 13 below.



<b>Table 13</b>	
<b>Agencies</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2013 Over/(Under)
Toronto Public Health	(1.3)
Toronto Public Library	(0.4)
Association of Community Centres	0.0
Exhibition Place	(1.6)
Heritage Toronto	0.0
Theatres	0.0
Toronto Zoo	(0.7)
Arena Boards of Management	0.2
Yonge Dundas Square	(0.0)
Toronto & Region Conservation Authority	0.0
Toronto Transit Commission - Conventional	(46.0)
Toronto Transit Commission - Wheel Trans	(1.7)
Toronto Police Service	(0.5)
Toronto Police Services Board	(0.0)
<b>Total</b>	<b>(51.9)</b>

**Toronto Public Health (TPH)** reported a favourable net variance of \$1.312 million or 2.6% for the year ended December 31, 2013. This variance was primarily attributed to lower than budgeted gross expenditures of \$7.752 million resulting primarily from under-spending of \$6.546 million in salaries and benefits due to vacant positions, offset by a corresponding reduction in revenues of \$6.439 million across various Provincially cost shared and fully funded programs. Staffing is expected to return to planned service levels in 2014, with salaries and benefits approaching budgeted levels.

**Toronto Public Library (TPL)** reported a favourable net variance of \$0.387 million or 0.2% for the year ended December 31, 2013. A favourable revenue variance of \$1.836 million or 11% reflected unbudgeted grants and donations received to offset the costs of specific library programs. The gross over-spending of \$1.449 million or 0.8% was primarily due to over-expenditures in materials, services and rents associated with specific library initiatives funded by grants and donations, partially offset by savings in salaries and benefits from the 2012 restructuring, temporary closure of the Fairview District Library for renovations and higher gapping due to high levels of staff movement.

The **Association of Community Centres (AOCCs)** reported a net unfavourable variance of \$0.031 million or 0.4% for the year ended December 31, 2013. The gross over-expenditure of \$0.056 million was mainly attributed to unexpected payment of post-employment and retiree benefits as well as increased utility costs and contracted services at several community centres, partially offset by over-achieved revenues of \$0.025 million from increased room rental revenues.

**Exhibition Place** reported a year-end under-spending of \$1.636 million compared to the 2013 Approved Net Operating Budget. This variance consisted of lower than budgeted gross

expenditures of \$0.839 million or 1.9% mainly attributed to BMO Field cost savings resulting from fewer Toronto FC and Canadian Soccer Association games, in spite of unexpected hotel soil contamination operating costs of \$2.334 million which were partially offset by a draw of \$1.634 million from the Conference Centre Reserve Fund; as well as revenues that exceeded budget by \$0.797 million or 1.8% due to better than planned parking revenues at Ontario Place and Ricoh Coliseum and additional cost recoveries from tenants.

The Exhibition Place's year-end actuals of \$1.736 million will be contributed to the Exhibition Place Conference Centre Reserve Fund in accordance with the Exhibition Place - Disposal of Contaminated Soil on Hotel Site Report adopted by Council at its meeting of October 8, 2013.

**Theatres** reported over-spending of \$0.030 million or 0.7% above the 2013 Approved Net Operating Budget of \$4.329 million for the year ended December 31, 2013. The unfavourable variance was primarily attributed to revenue losses from show and booking cancellations at the St. Lawrence Centre for the Arts (\$0.116 million or 8.0%) and unrealized naming and sponsorship revenues at Toronto Centre for the Arts (\$0.144 million or 8.9%). Sony Centre for the Performing Arts reported a favourable variance of \$0.230 million or 18.2% arising from stronger than budgeted results for corporate events, catering, and concession revenues which partially offset the St. Lawrence Centre for the Arts and the Toronto Centre for the Arts unfavourable variance.

**Toronto Zoo** was under-spent by \$0.685 million or 5.9% of the 2013 Approved Net Operating Budget of \$11.648 million. This was driven by savings in utility costs from mild temperatures in early 2013, as well as lower than budgeted advertising costs due to media coverage for the Pandas and success working with media partners.

As directed by City Council, Toronto Zoo's operating surplus of \$0.685 million will be transferred to the Zoo Stabilization Reserve.

The **Arena Boards of Management** reported net over-spending of \$0.175 million for the year ended December 31, 2013. This was driven by the following:

Leaside Arena's net over-expenditure of \$0.073 million mainly resulted from construction of the new ice pad, including lower ice, snack bar and vending revenues, unexpected permitting costs for use of another arena during construction delays, and unexpected post-construction minor capital repairs to comply with safety standards. This was partially offset with debt repayment under-spending, as the final loan repayment schedule did not require the arena to make repayments during 2013.

Bolton Arena's net over-spending of \$0.035 million was mostly driven by higher than expected staffing costs arising from staff illness, as well as some unexpected minor ice-resurfacers and building maintenance and repairs, partly offset with higher than budgeted levels of programming revenue.

McCormick Arena's net over-spending of \$0.029 million resulted from lower than budgeted ice revenue and unanticipated hydro and benefit costs.

Moss Park Arena's net over-spending of \$0.022 million resulted from a write-down of insurance amounts receivable from a fire in 2006, as a result of the external auditor's 2013 review.

George Bell Arena's net over-spending of \$0.016 million resulted from a retroactive adjustment required for Energy Retrofit Repayments which arose as a result of the external auditor's 2013 review. This over-spending excluded \$0.011 million in under-spending of its City loan for the purpose of purchasing a dehumidifier. This amount will be paid to the City in 2014 to reduce the outstanding principal of the loan.

*Yonge-Dundas Square* was under-spent by \$0.006 million or 1.5% of the 2013 Approved Net Operating Budget of \$0.437 million. Revenue was \$0.243 million or 14.9% higher than budgeted, due to increased signage revenue and event support services, while gross expenditures were \$0.237 million or 11.4% higher than budgeted due to client expenditures on event support and contracted services.

*Toronto Transit Commission (TTC)* reported net under-spending of \$47.688 million or 9.4% for Conventional and Wheel-Trans Services. TTC Conventional Services experienced a favourable gross expenditure variance of \$55.869 million or 3.6% compared to budgeted expenditures of \$1.541 billion due to savings arising from hedges for diesel fuel, delays in filling budgeted positions and reduced maintenance costs for buses and streetcars. Also, expenses were lower as a result of reduced utilization of certain healthcare benefits and reduced depreciation expenses for capital assets. The reduced expenditures were partially offset by higher payouts than were originally expected to be settled in 2012. TTC Conventional Services reported an unfavourable revenue variance of \$9.914 million or 0.9% below budgeted revenues of \$1.130 billion mostly as a result of lower than planned ridership, with 525 million rides provided compared to a budget of 528 million riders. Key drivers to the 2013 variance are detailed in the table below:

<b>TTC Conventional</b>	<b>\$Millions</b>
Other Employee Costs	21.4
Non-labour Expenses	20.3
Workforce Gapping	9.9
Diesel Fuel	6.7
Utilities	3.6
Debit and Credit Card Fees	3.0
Depreciation	2.5
Accident Claim Settlements	-10.9
Other	-0.6
<b>Total Expenses</b>	<b>55.9</b>
Passenger Revenues	-12.4
Other Revenues	2.5
<b>Total Revenues</b>	<b>-9.9</b>
<b>Total Variance</b>	<b>46.0</b>

Wheel-Trans reported a favourable variance of \$1.733 million or 1.8% below the 2013 Approved Net Operating Budget of \$96.823 million. Wheel-Trans experienced slightly higher revenues as a result of stronger than expected customer journeys and expenditure savings from lower diesel fuel costs and workforce gapping.

**Toronto Police Service (TPS)** reported net under-spending of \$2.951 million at year-end. The year-end under-spending is comprised of \$1.285 million from higher than budgeted expenditures due to higher than planned premium pay costs as a result of several major crime-suppression initiatives which was offset by \$4.236 million from higher than budgeted revenues due to increased revenue for background checks and paid duty administrative fees, greater than budgeted recoveries for overseas secondments and additional grant funding. At year-end, the Toronto Police Service also made an additional contribution of \$2.5 million to the Vehicle and Equipment Reserve to ensure its adequacy and alleviate funding pressures. This additional contribution brings the final year-end under-spending in 2013 to \$0.451 million.

The Toronto Police Services Board requires an external consultant with expertise in organizational change to undertake a review of the results of the Chief’s Internal Organizational Review and to identify further measures to ensure delivery of policing services is adequate, effective as well as sustainable. To ensure funding for the review, \$0.300 million of the Toronto Police Service’s operating surplus will be transferred to the Innovation Reserve Fund and subsequently provided to the Toronto Police Services Board to fund the review.

### Corporate Accounts

**Corporate Accounts** net under-expenditure of \$122.577 million or 83.0% for the year ended December 31, 2013 was attributed to the following:

<b>Table 14</b>	
<b>Corporate Accounts</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2013 Over/(Under)
Capital & Corporate Financing	(7.3)
Non-Program Expenditures	(59.3)
Non-Program Revenues	(56.0)
Total	(122.6)

**Capital and Corporate Financing** was under-spent by \$7.323 million or 1.2% due to the deferral in debt issuance of \$300.00 million until 2014. For 2013, \$300.000 million of the \$600.000 million in budgeted debt was issued.

**Non-Program Expenditures** were under-spent by \$59.254 million or 12.1% at year-end. The key contributors to the favourable variance included the following:

- Tax Deficiencies: Under-spending of \$43.635 million or 60.6% largely the result of:
  - \$40.4 million reduction in the provision for assessment and tax appeals adjustments due to a large number of pending appeals being resolved in 2013;
  - \$2.9 million from change in the at-risk percentage used to calculate appeal provisions;
  - \$0.6 million in costs to defend the City's assessment base; and,

- Partially offset by \$0.3 million from TIEG grants exceeding budget. In accordance with City Council's direction, the operating under-expenditure for the tax deficiency account of \$43.635 million will be transferred to the Assessment Appeal Stabilization Reserve.
- Other Corporate Expenditures: Under-expenditure of \$17.513 million or 60.5% arising primarily from lower than planned negotiated wage settlement funding requirements.
- Assessment Function: Savings for Municipal Property Assessment Corporation charges of \$1.080 million or 2.7%.
- Heritage Property Tax Rebate Program: Under-spending of \$0.938 million or 46.9% from lower than anticipated program uptake, which included adjustments of approximately \$0.700 million for the tax years 2006 to 2009 and \$0.200 million for the 2013 tax year.

The favourable year-end result noted above for Non-Program Expenditures were partially offset by over-spending for the Vacancy Rebate Program of \$4.007 million or 18.2%. Vacancy Rebates processed/provided for exceeded the budget for 2012 and 2013 by approximately \$2.000 million in each year.

**Non-Program Revenues** were \$56.000 million or 5.8% higher than planned. The positive year-end variance was attributed to the following:

- Municipal Land Transfer Tax: Higher than budgeted revenue of \$39.564 million was realized due to stronger than expected average home prices and sales combined with savings of \$2.164 million largely from lower Teranet fees resulted in a favourable year-end variance of \$41.728 million or 13.2%.
- Payments in Lieu of Taxes: Revenues were \$17.744 million or 19.3% higher than planned primarily as a result of lower than anticipated appeals in addition to higher assessment, heads and beds and acreage based revenues.
- Parking Tag Enforcement and Operations: Revenues were \$7.455 million or 9.1% above planned due to the introduction of Fixed Fines and the Habitual Offender Program in the fourth quarter of 2013. As a result of Fixed Fines, offenders paid their fines with fewer disputes while the Habitual Offender Program introduced additional charges for repeat offenders.
- Woodbine Racetrack Slots Revenue: Revenues were higher by \$2.563 million or 17.2% due to a new Ontario Lottery and Gaming hosting fee formula that was effective April 1, 2013. Future year revenue will be unaffected by the new hosting fee formula.

The favourable year-end net revenues noted above were partially offset by:

- A decline in Supplementary Taxes of \$9.368 million or 18.7%. The number of properties and assessed values anticipated on the omitted supplementary rolls did not generate the budgeted revenues;
- Toronto Hydro Dividend Income was \$2.005 million or 4.5% below planned due to lower than originally forecasted Toronto Hydro net income for 2012;
- Toronto Parking Authority revenue was lower by \$2.198 million or 4.5% driven by higher rental costs for managed lots and unbudgeted contribution for the replacement/redevelopment of Carpark 217 and Carpark 655; and,
- Tax Penalties were \$1.655 million or 5.7% below planned revenue due to higher than expected write-offs for the outstanding taxation interest receivable.

## Rate Supported Programs

Rate Supported Programs, which include Solid Waste Management Services, Toronto Parking Authority and Toronto Water, collectively reported net under-spending of \$59.769 million for the twelve-month period ended December 31, 2013 as outlined in Table 15 below.

<b>Table 15</b>	
<b>Non Levy Operations</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
Year-End 2013	
Over/(Under)	
Solid Waste Management Services	(10.5)
Toronto Parking Authority	3.2
Toronto Water	(52.4)
Total	(59.8)

**Solid Waste Management Services (SWMS)** was under-spent by \$10.519 million net at year-end. This was primarily the result of lower than planned expenditures for salaries and benefits of \$6.908 million arising from vacant positions and \$4.079 million in savings from capital financing due to delayed issuance of debt and scheduling of debt charges. Additional non-salary savings of \$7.641 million primarily resulted from lower materials, supplies and equipment expenses; lower consumption of utilities; reduced property taxes due to lower assessment; and under expenditures in leaf and yard waste and durable goods processing contracts due to lower tonnages. These lower expenditures were partially offset by higher costs of \$3.624 million for processing of single stream recycling material and source separated organics (SSO) due to the delayed commissioning of the Disco SSO Processing Facility. Higher costs of \$3.676 million were also incurred for fleet maintenance and fuel, as well as \$1.416 million for increased City tonnage disposal at Green Lane.

Year-end revenues resulted in a favourable variance of \$0.450 million primarily from a combination of \$4.339 million in increased Provincial funding from Stewardship Ontario for the Blue Box Program; \$2.615 million in greater revenue from residential volume based user fees; and \$2.858 million in tipping fee revenues from higher tonnes at transfer stations and for Toronto waste disposal at Green Land Landfill. These higher revenues partially offset decreased revenues from the sale of recyclable materials as a result of lower commodity prices (\$4.273 million); from lower than planned tonnes of third party waste disposal at Green Lane Landfill (\$2.042 million); fewer tonnes of biosolids for disposal from Toronto Water (\$1.982 million); lower volume of yellow tag sales to residential customers (\$0.675 million); and, lower recoveries from the capital budget as a result of project delays (\$0.520 million).

Solid Waste Management Services' operating surplus of \$10.519 million will be transferred to the Waste Management Reserve Fund.

**Toronto Parking Authority (TPA)** reported an unfavourable year-end net variance of \$3.187 million or 5.0% below the 2013 Approved Net Operating Budget of \$63.181 million. The

unfavourable variance was driven by higher than anticipated rent costs for managed lots of \$2.422 million or 3.4%, which were partially offset by lower expenditures for parking facility repairs of \$0.921 million or 1.3%.

Higher than anticipated parking revenues of \$3.095 million or 2.3% were realized from the unbudgeted sale of air rights for Carpark 217 and Carpark 655 of \$4.769 million, which will be fully utilized for the redevelopment of off-street parking facilities at the same locations. Additional revenues from managed lots and off-street parking (\$1.487 million) were not sufficient to offset lower on-street parking revenues (\$3.027 million), resulting in a shortfall from parking and other revenues of \$1.647 million.

**Toronto Water** reported a year-end favourable net expenditure variance of \$52.437 million as at December 31, 2013, due to gross under-spending of \$20.608 million or 2.2% and over-achieved revenues of \$31.829 million. The gross under-spending was largely due to savings in salaries and benefits from vacant positions (\$14.096 million); energy and utility efficiencies (\$2.980 million); lower costs of chemicals and savings associated with lower part, machinery and contracted service costs in treatment facilities (\$8.521 million), as well as under-spending in inter-divisional charges for waste disposal, tree planting, road repairs, billing and collection activities (\$1.370 million). These savings were partially offset by a higher than expected change in the provision for doubtful accounts and other costs (\$6.089 million).

Toronto Water reported a favourable revenue variance of \$31.829 million or 3.4% of the 2013 Operating Budget of \$940.797 million. This favourable revenue variance was predominantly from a lower drop in residential water consumption than originally forecasted (2.0% actual decrease, versus budgeted decrease of 2.6%, both compared to 2012 actual consumption). As a result, the sale of water revenue was \$24.845 million higher than anticipated. In addition, there were higher than expected recoveries for new water and wastewater service connections (\$6.745 million), higher revenues associated with industrial waste and private water agreements and user fees (\$5.757 million), as well as energy efficiency credits (\$1.092 million). This was partially offset by lower water sales to the Region of York, as a result of the water main shutdown for construction of the Toronto York Subway extension (\$6.610 million).

Toronto Water's operating surplus of \$52.437 million will be transferred to the Water and Wastewater Stabilization Reserves.