



# Toronto 2015 BUDGET

## OPERATING ANALYST NOTES



## Office of the Chief Financial Officer 2015 OPERATING BUDGET OVERVIEW

The Office of the Chief Financial Officer ensures the effective use of the Corporation's financial resources by providing sound financial planning and management and advice; maintaining financial control; developing and implementing effective financial strategies and providing timely, accurate, and efficient services to Divisions, Agencies, Council and the public.

### 2015 Budget Highlights

The total cost to deliver this service to Toronto residents in 2015 is \$9.446 million as shown below.

(In \$000s)	Approved 2014 Budget	2015 Rec'd Budget	Change	
			\$	%
Gross Expenditures	16,202.5	16,226.5	24.0	0.1%
Gross Revenue	6,756.7	6,780.7	24.0	0.0
Net Expenditures	9,445.8	9,445.8	-	-

The 2015 Recommended Operating Budget for the Office of the Chief Financial Officer provides \$0.306 million to fund pressures arising mainly from inflationary and cost of living increases for staff. Through increased cost recoveries from internal and external sources, the Program was able to offset these pressures achieving 0% change, while maintaining the 2014 level of service.

## Contents

### Overview & Recommendations

I: 2015–2017 Service Overview and Plan	5
II: 2015 Recommended Budget by Service	13
III: Issues for Discussion	34

### Appendices:

1. 2014 Performance	41
2. 2015 Recommended Operating Budget by Expenditure Category	44
3. 2015 Organization Chart	45
4. Summary of 2015 Service Changes	N/A
5. Summary of 2015 New & Enhanced Service Changes	46
6. Inflows/Outflows to / from Reserves & Reserve Funds	47
7. 2015 User Fee Rate Changes	N/A

## Contacts

### Kenneth Quan

Manager, Financial Planning

Tel: (416) 392-8393

E-Mail: [kquan2@Toronto.ca](mailto:kquan2@Toronto.ca)

### Ron Budhu

Senior Financial Planning Analyst

Tel: (416) 397-4559

E-Mail: [rbudhu@Toronto.ca](mailto:rbudhu@Toronto.ca)

Fast Facts

The Office of the CFO:

- Manages the City’s investment portfolio totalling \$4.6 billion;
- Manages \$1.9 billion in sinking funds and supports the City's pension and trust funds.
- Insures \$15.0 billion worth of property.
- Recommends and provides financial oversight on a \$11.5 billion Operating Budget and a \$31.7 billion 10 - Year Capital Plan
- Maintain the City's fiscal health, by ensuring the debt servicing costs do not exceed 15% of property tax revenues.

Trends

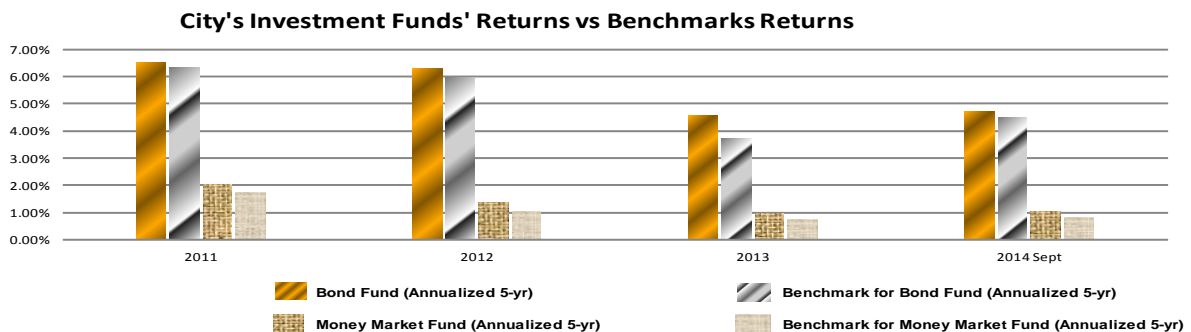
- The City's credit rating, which impacts its cost of borrowing continue to remain stable at AA+.
- Financial Planning will review and draft over 1,700 reports

Our Service Deliverables for 2015

The Office of the Chief Financial Officer provides quality financial and shared services; corporate strategic, financial and risk management expertise; and Corporate Financial Planning, Management, Reporting and Control services to ensure the fiscal sustainability of the City in delivering programs and services to the public.

- Deliver a Multi-Year Operating Budget and Plan that sets priorities and is service-based, balanced and sustainable.
- Deliver a 10-Year Capital Budget and Plan within the affordability guidelines of the City that addresses priorities and reduces the backlog of State of Good Repair.
- Process up to 7,000 insurance claims including managing the defense of up to 2,500 legal claims.
- Complete the development charge background study for Scarborough Subway and Portlands, and present revised by-laws for Council consideration and adoption.
- Insure \$15.0 billion worth of property.
- Deliver the first budget for the new term of Council.
- Pilot a Participatory Budget Process in conjunction with the City Manager's office.
- Provide financial advice on an estimated 1,700 reports to Standing Committees and Council.
- Review and revise the Financial Control By-Law.

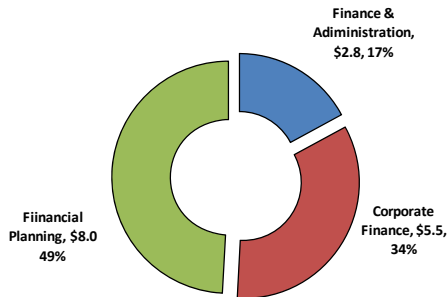
Key Performance Measure-Average Performance of City's Investment Funds



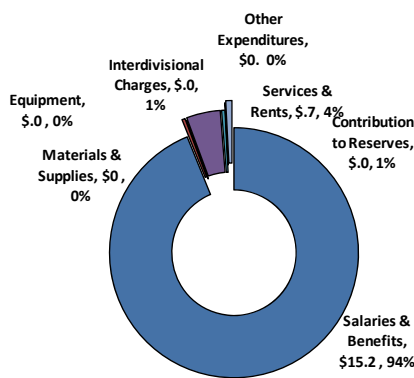
2015 Operating Budget Expenses & Funding

Where the money goes:

2015 Budget by Service  
\$16.227 Million

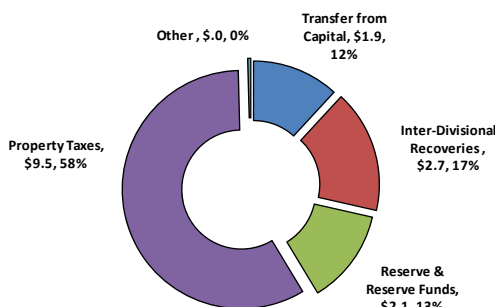


2015 Budget by Expenditure Category



Where the money comes from:

2015 Budget by Funding Source



Our Key Challenges & Priority Actions

- **Delivering a Long-Term Financial Plan** that provides for sustainable services and reliable infrastructure with modest impacts to tax payers.
- **Continuing to streamline and re-engineer service delivery processes** that will reduce the cost structure and maximize non-tax revenue sources.
  - The 2015 Recommended Operating Budget includes \$0.099 million to provide additional support for the Shared Services project.
- **Addressing capital funding challenges** from the rising state-of-good repair backlog and growth demands.
  - Continuing to leverage City assets and establish non-debt strategies to generate funding for unmet capital needs and help offset new debt requirements.
  - The 2015-2024 Recommended Capital Plan includes an additional \$1.6 billion over the 10 year period to address critical capital investments and SOGR backlog.
- **Enhancing transparency** and accountability of the City budget.
  - Continue implementing service-based and performance focused multi-year planning and budgeting so that residents will know City service costs, service levels and key deliverables.

2015 Operating Budget Highlights

The 2015 Recommended Operating Budget of \$16.227 million net provides funding for:

- Inflationary costs for salaries and benefits (\$0.356 million).

## Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2015 Recommended Operating Budget for the Office of the Chief Financial Officer of \$16.227 million gross, \$9.446 million net, for the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Finance & Administration:	2,771.9	2,585.6
Corporate Finance:	5,477.0	1,762.3
Financial Planning:	7,977.6	5,097.9
Total Program Budget	16,226.5	9,445.8

2. City Council approve the 2015 recommended service levels for the Office of the Chief Financial Officer as outlined on pages 16-17, 22-26 and 31 of this report, and associated staff complement of 114 positions.



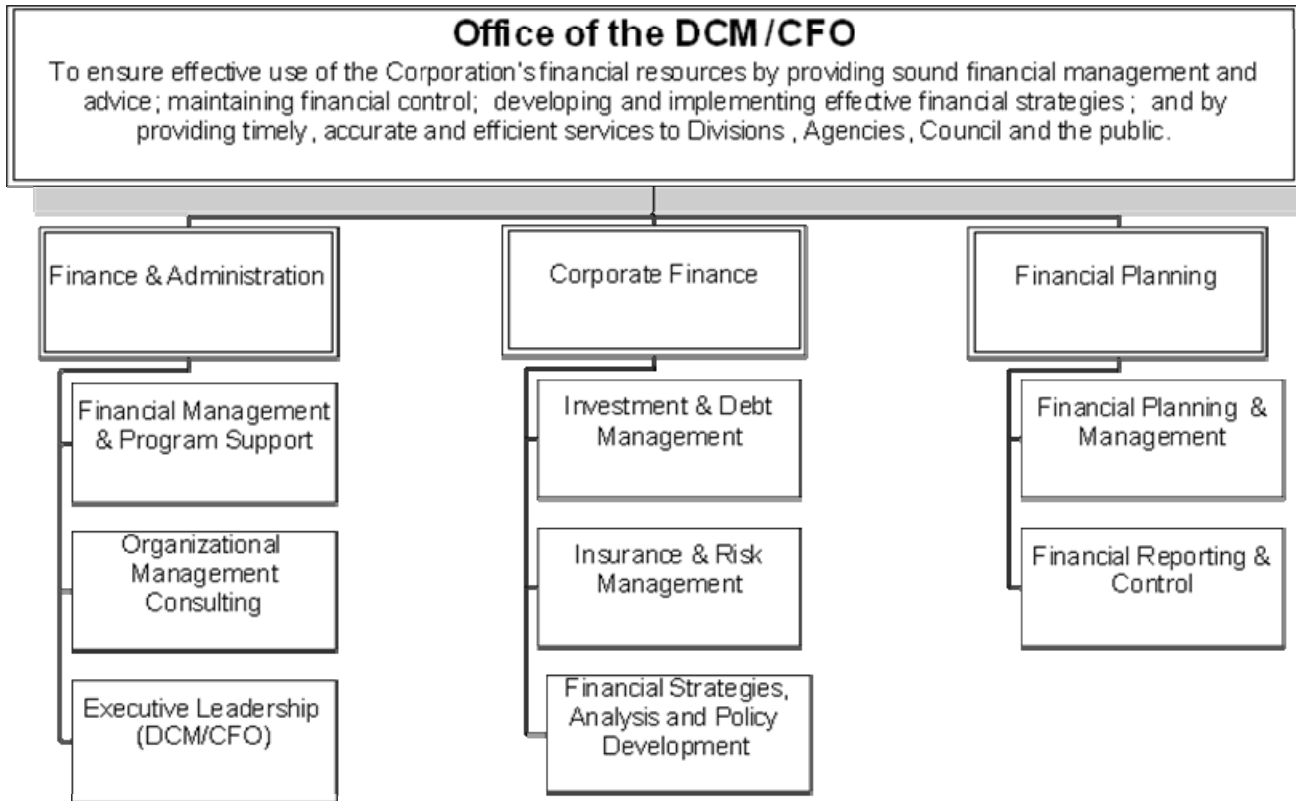
## **Part I:**

2015 – 2017

Service Overview and  
Plan

## Program Map

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



### 2015 Service Deliverables

The 2015 Recommended Operating Budget of \$16.227 million gross and \$9.446 million net for the Office of the Chief Financial Officer will fund:

- Recommend a new planning and budgeting process for the City of Toronto that establishes a multi-year plan of Council's priorities with an affordable framework.
- Deliver the first budget for the new term of Council.
- Pilot a Participatory Budget Process in conjunction with the City Manager's office.
- Provide financial advice on and review an estimated 1,700 reports to Standing Committees and Council for financial application.
- Review and revise the Financial Control By-Law.
- Coordinate and manage Internal Services operating and capital budget development that optimizes resources used to deliver services based on sound financial business analysis within corporate guidelines and directions.
- Provide oversight and quality assurance of financial and administrative controls to promote compliance with corporate policies and procedures.

- Deliver a Multi-Year Operating Budget and Plan that sets priorities and is service-based, balanced and sustainable.
- Deliver a 10-Year Capital Budget and Plan within the affordability guidelines of the City that addresses priorities and reduces the backlog of State of Good Repair.
- Provide consulting, project management and coordination to improve planning and promote continuous improvement within the cycle set by the DCM/CFO.
- Support the City's capital works program by issuing debentures and monetizing assets as necessary.
- Invest the City's funds to ensure that the investment earnings budget is achieved.
- Insure \$15.0 billion worth of property.
- Process up to 7,000 insurance claims including managing the defense of up to 2,500 legal claims.
- Review approximately 350 contract reports for award by Bid Committee and approximately 50 contract reports for award by Council.
- Complete development charge background study for Scarborough Subway and Portlands, and present revised by-law for Council consideration and adoption.
- Develop a policy on purpose built rental incentives.
- Review Municipal Land Transfer Tax policy.
- Review government business enterprises dividend policy.
- Develop a longer term financing strategy for Toronto Water capital projects.
- Update the City's Long Term Financial Plan.
- Provide project analysis, advisory, negotiation and research services for major corporate initiatives and multi-lateral projects – Toronto-York Spadina Subway Extension, Waterfront Revitalization, Pan Am Games, Scarborough Subway and other transportation/transit funding.

**Table 1**  
**2015 Recommended Operating Budget and Plan by Service**

(In \$000s)	2014		2015 Recommended Operating Budget					Incremental Change 2016 and 2017 Plan			
	Approved Budget	Projected Actual	2015 Rec'd Base	2015 Rec'd New/Enhanced	2015 Rec'd Budget	2015 Rec.d vs. 2014		2016		2017	
						Budget Approved Changes	%	\$	%	\$	%
<b>By Service</b>	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Finance &amp; Administration</b>											
Gross Expenditures	2,672.9	2,613.4	2,672.9	99.0	2,771.9	99.0	3.7%	53.7	1.9%	26.5	0.9%
Revenue	87.3	87.3	87.3	99.0	186.3	99.0	113.4%	31.4	16.9%	3.2	1.5%
<b>Net Expenditures</b>	<b>2,585.6</b>	<b>2,526.1</b>	<b>2,585.6</b>		<b>2,585.6</b>			<b>22.3</b>	<b>0.9%</b>	<b>23.3</b>	<b>0.9%</b>
<b>Corporate Finance</b>											
Gross Expenditures	5,217.9	4,863.9	5,407.5	69.5	5,477.0	259.1	5.0%	74.7	1.4%	6.9	0.1%
Revenue	3,455.6	3,153.4	3,645.2	69.5	3,714.7	259.1	7.5%	55.6	1.5%	5.4	0.1%
<b>Net Expenditures</b>	<b>1,762.3</b>	<b>1,710.5</b>	<b>1,762.3</b>		<b>1,762.3</b>			<b>19.1</b>	<b>1.1%</b>	<b>1.5</b>	<b>0.1%</b>
<b>Financial Planning</b>											
Gross Expenditures	8,311.7	7,362.9	7,977.6		7,977.6	(334.1)	(4.0%)	(192.2)	(2.4%)	(1,528.1)	(19.6%)
Revenue	3,213.8	3,047.6	2,879.7		2,879.7	(334.1)	(10.4%)	(306.0)	(10.6%)	(1,601.3)	(62.2%)
<b>Net Expenditures</b>	<b>5,097.9</b>	<b>4,315.3</b>	<b>5,097.9</b>		<b>5,097.9</b>			<b>113.8</b>	<b>2.2%</b>	<b>73.2</b>	<b>1.4%</b>
<b>Total</b>											
Gross Expenditures	16,202.5	14,840.2	16,058.0	168.5	16,226.5	24.0	0.1%	(63.8)	(0.4%)	(1,494.7)	(9.2%)
Revenue	6,756.7	6,288.3	6,612.2	168.5	6,780.7	24.0	0.4%	(219.0)	(3.2%)	(1,592.7)	(24.3%)
<b>Total Net Expenditures</b>	<b>9,445.8</b>	<b>8,551.9</b>	<b>9,445.8</b>		<b>9,445.8</b>			<b>155.2</b>	<b>1.6%</b>	<b>98.0</b>	<b>1.0%</b>
<b>Approved Positions</b>	<b>112.0</b>	<b>106.0</b>	<b>112.0</b>	<b>2.0</b>	<b>114.0</b>	<b>2.0</b>	<b>1.8%</b>			<b>(12.0)</b>	<b>(10.5%)</b>

The Office of the Chief Financial Officer's 2015 Recommended Total Operating Budget is \$16.227 million gross and \$9.446 million net, reflecting 0% increase over the 2014 Approved Net Operating Budget.

- Base pressures of \$0.306 million net were offset by base revenue adjustments of \$0.306 million bringing the 2015 Recommended Base budget to \$9.446 million net or 0% over the 2014 Approved Budget of \$9.446 million net.
- All three services in the Office of the Chief Financial Officer are experiencing inflationary and cost of living increases in salary and benefits totaling \$0.356 million net. The above pressures are reduced by internal and external recoveries to offset these costs.
- New and Enhanced Services recommended in the 2015 Operating Budget include 1 new temporary Policy & Research Analyst position in Finance & Administration to support the Shared Services Project for \$0.099 million gross and \$0 net, funded from the Innovation Reserve Fund and 1 new Senior Investment Analyst in Corporate Finance for \$0.070 million gross and recovered from additional investment income generated and included in the Non-Program Revenue Budget for net \$0 cost to the Program.
- The 2016 and 2017 Plans reflect the inflationary cost increases for progression pay, step and annualization of 2015 new positions. No cost of living allowance is included in 2016 due to 2016 being the year in which the next cycle of collective bargaining begins.

Approval of the 2015 Recommended Operating Budget will result in the Office of the Chief financial Officer increasing its total staff complement by 2 positions from 112 to 114 as highlighted in the table below:



**Table 2**  
**2015 Recommended Total Staff Complement**

Changes	2015 Budget			Plan		
	Finance & Administration	Corporate Finance	Financial Planning	Total	2016	2017
2014 Approved Opening Complement	19.0	37.0	56.0	112.0	114.0	114.0
In-year Adjustments						
Adjusted 2014 Staff Complement	19.0	37.0	56.0	112.0	114.0	114.0
Capital Project Delivery						(12.0)
New / Enhanced Service Requests	1.0	1.0		2.0		
<b>Total</b>	<b>20.0</b>	<b>38.0</b>	<b>56.0</b>	<b>114.0</b>	<b>114.0</b>	<b>102.0</b>
<b>Pos Change over prior year</b>	<b>1.0</b>	<b>1.0</b>		<b>2.0</b>		<b>12.0</b>
<b>% Change over prior year</b>	<b>5.3%</b>	<b>2.7%</b>	<b>0.0%</b>	<b>1.8%</b>	<b>0.0%</b>	<b>(10.5%)</b>

The Program's total staff complement will increase by 1.8% or 2 complement primarily as a result of the following changes:

- 1 new temporary position required to support the Shared Services Project in Finance & Administration, funded from the Innovation Reserve Fund.
- 1 new position required in Corporate Finance to provide in-depth investment analysis, funded from investment income generated and included in Non-Program.

The 2015 Recommended Operating Budget includes base expenditure pressures of \$0.306 million net, primarily attributable to salary inflationary increases which have offset by \$0.306 net in recommended base revenue adjustments as detailed below:

**Table 3**  
**Key Cost Drivers**

(In \$000s)	2015 Recommended Operating Budget			Total Rec'd 2015 Base Budget
	Finance & Administration	Corporate Finance	Financial Planning	
<b>Gross Expenditure Changes</b>				
<b>Economic Factors</b>				
Corporate Economic Factors		0.5		0.50
<b>COLA and Progression Pay</b>				
Salary & Fringe Benefits Adjustments	(51.2)	(54.5)	2.8	(102.9)
COLA	51.1	47.6	124.9	223.6
Progression Pay	51.1	49.2	143.2	243.5
Gapping	(1.0)	(1.9)	(5.8)	(8.7)
<b>Other Base Changes</b>				
Changes in Inter-Divisional Charges	(50.0)			(50.0)
<b>Total NET Gross Expenditure Changes</b>		<b>40.9</b>	<b>265.1</b>	<b>306.00</b>
<b>Revenue Changes</b>				
Adjustments to Recovery from Rate Programs			22.8	22.80
Recovery from NonProgram			242.3	242.30
Adjustments to Recovery from Development Charges		9.9		9.90
Adjustments to Recovery from TTC		31.0		31.00
<b>Total NET Revenue Changes</b>		<b>40.9</b>	<b>265.1</b>	<b>306.00</b>
<b>Net Expenditure Changes</b>				<b>0.00</b>

Key cost drivers for Office of the Chief Financial Officer are discussed below:

- Common for all 3 Services:
  - Cost of living adjustments of 2.25% applied to all staff, progression pay, gapping, adjustments to salaries to reflect actual rates and associated fringe benefit adjustments result in an increase of \$0.356 million.
- Corporate Finance:
  - Base pressure is reduced by \$0.010 million in increased recoveries from development charges for progression pay increases as approved by Council.
  - \$0.031 million in increased recoveries from the TTC for the time staff will be spending on the development of the Scarborough Subway project.
- Financial Planning:
  - Recoveries of \$0.023 million from Toronto Water and Solid Waste Management are required to offset increased salary and benefit costs of Financial Planning staff assigned to these Programs, to provide the same level of service as in 2014.
  - \$0.242 million in recoveries from Non Program budget required to offset inflationary salaries and benefits costs for Financial Planning staff responsible for capital budgets and funding oversight, to provide the same level of service as in 2014.

There is no 2015 recommended service change for the Office of the chief Financial Officer as the increased costs are offset by increased recoveries for a net \$0 increase over the 2014 Approved Operating Budget.

**Table 5**

**2015 Total Recommended New & Enhanced Service Priorities Summary**

Description (\$000s)	New and Enhanced				Total Rec'd Service Changes			Incremental Change				
	Finance & Administration		Corporate Finance		\$	\$	#	2016 Plan		2017 Plan		
	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.	
<b>Enhanced Services Priorities</b>												
Policy & Research Analyst- Shared Services	99.0				99.0		1.0					
Senior Investment Analyst			69.5		69.5		1.0					
<b>Sub-Total</b>	99.0		69.5		168.5		2.0					
<b>Total</b>	99.0		69.5		168.5		2.0					

New recommended enhanced priorities and services representing no increase net are detailed below:

**Recommended Enhanced Service Priorities** (\$0.099 million gross & \$0.000 million net)

*Policy & Research Analyst- Shared Services (\$0.099 million gross and \$0 million net)*

- A new temporary Policy & Research Analyst position to provide support for the Shared Services project is recommended beginning April 1st, 2015 at a cost of \$0.099 million gross in 2015 and annualized additional cost of \$0.031 million gross in 2016 will be recovered from the Innovation Reserve Fund at a net \$0 cost.

*Senior Investment Analyst (\$0.070 million gross and \$ 0 million net)*

- Effective June 1, 2015, a Senior Investment Analyst position is recommended to improve risk-adjusted investment earnings, robust management of financial and operational risk and reducing the cost of capital. Funding of \$0.070 million is required in 2015 and an additional \$0.058 million in 2016, which will be recovered from additional investment income generated and included in Non Program for a net \$0 cost.

**Table 6**  
**2016 and 2017 Plan by Program**

Description (\$000s)	2016 - Incremental Increase					2017 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
<b>Known Impacts:</b>										
Progression Pay & Salary & Benefits Adjustments	162.0	6.8	155.2	1.6%		115.7	17.7	98.0	1.0%	
Capital Project Delivery	(314.9)	(314.9)				(1,610.4)	(1,610.4)			(12.0)
Annualization	89.1	89.1								
<b>Sub-Total</b>	<b>(63.8)</b>	<b>(219.0)</b>	<b>155.2</b>	<b>1.6%</b>		<b>(1,494.7)</b>	<b>(1,592.7)</b>	<b>98.0</b>	<b>1.0%</b>	<b>(12.0)</b>
<b>Total Incremental Impact</b>	<b>(63.8)</b>	<b>(219.0)</b>	<b>155.2</b>	<b>1.6%</b>		<b>(1,494.7)</b>	<b>(1,592.7)</b>	<b>98.0</b>	<b>1.0%</b>	<b>(12.0)</b>

Approval of the 2015 Recommended Base Budget for the Office of the Chief Financial Officer will result in a 2016 net incremental increase of \$0.155 million and in 2017 net incremental increase of \$0.098 million respectively to maintain the 2015 service levels.

Future year incremental costs are primarily attributable to the following:

**Known Impacts**

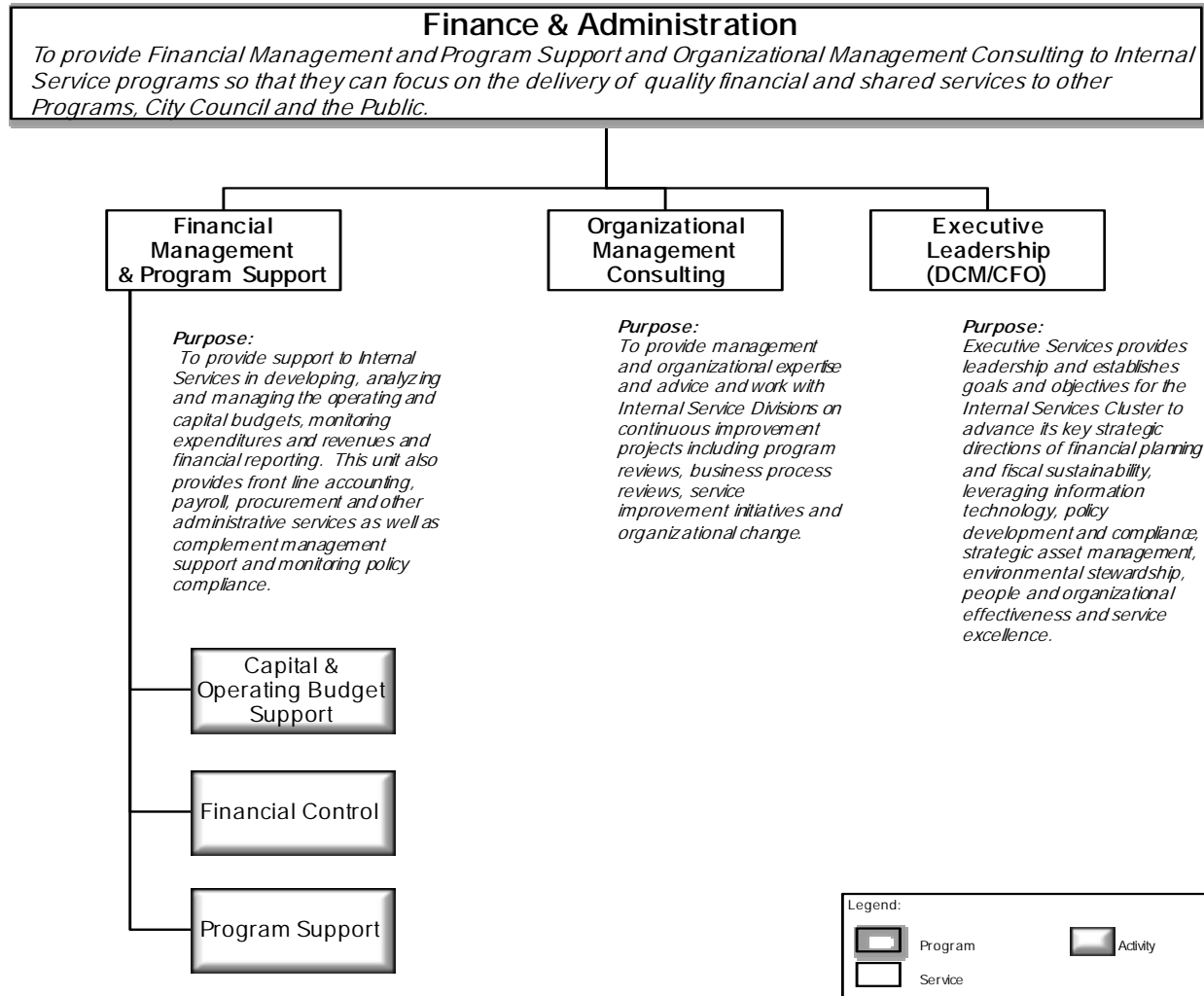
- Progression pay, and benefit increases will result in an increased pressure of \$0.155 million net in 2016 and \$0.098 million net in 2017. Since 2016 is a collective bargaining year, no estimate of costs of living is included.
- Adjustments to salaries and benefits for temporary positions pertaining to capital projects will result in a decrease of \$0.315 million gross and \$0 net in 2016 and \$1.610 million gross and \$0 million net in 2017.
- Annualization of new positions in 2015 will result in increases of \$0.089 million in 2016.



## **Part II:**

2015 Recommended  
Budget by Service

## Finance & Administration



Service Customer

**Financial Management & Program Support**

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

**Organizational Management Consulting**

- DCM/CFO
- Internal Services Divisions

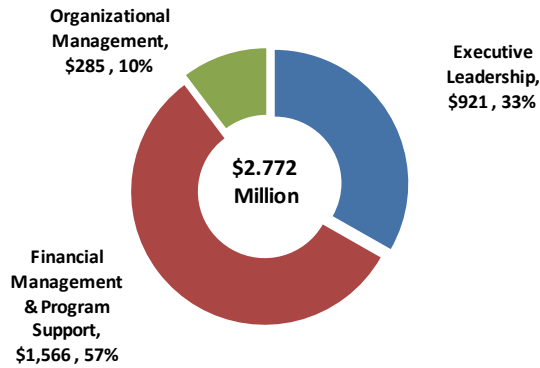
**Executive Leadership (DCM/CFO)**

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

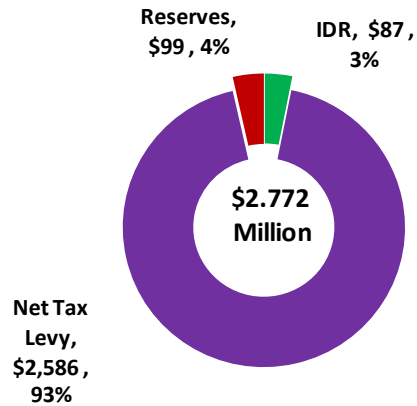
**What we do**

Provide Financial Management, Program Support and Organizational Management Consulting to Internal Service programs so that they can focus on the delivery of quality financial and shared services to other Programs, City Council and the Public.

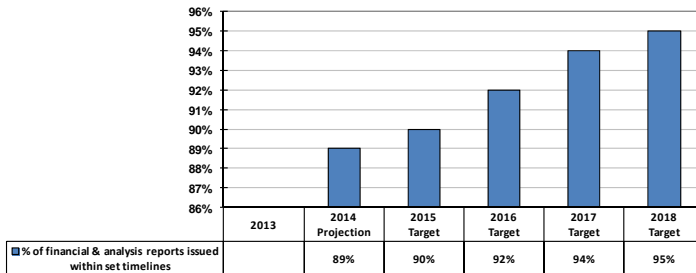
2015 Service Budget by Activity (\$000s)



Service by Funding Source (\$000s)



% of Financial & Analysis Reports Issued within set Timelines



- Tracking of actual data for issuing of financial and analysis reports began in 2014.
- In 2014, Finance & Administration will issue 89% of financial and analysis reports within set timelines.
- Finance & Administration staff will strive for 90% achievement in 2015 towards a goal of 95% in 2018.

## 2015 Service Levels

### Finance & Administration

Type	Sub-Type	Status	Approved Service Levels				Recommended
			2011	2012	2013	2014	2015
		Approved					
Capital & Operating Budget Support	Capital Budget	Approved	Capital Budget and 10 Year Plan of Capital Works prepared annually				Capital Budget and 10 Year Plan of Capital Works prepared annually
	Operating	Approved	Operating Budget prepared annually				Operating Budget prepared annually
Financial Control	Management Reports	Approved	Statistics Canada Report on Capital Expenditures is prepared and submitted semi-annually				Statistics Canada Report on Capital Expenditures is prepared and submitted semi-annually
		Approved	Consultants' expenditure report prepared annually				Consultants' expenditure report prepared annually
		Approved	DPO Activity Report, Blanket Contracts, PO Compliance and Parked Document reports reviewed and distributed monthly				DPO Activity Report, Blanket Contracts, PO Compliance and Parked Document reports reviewed and distributed monthly
		Approved	Attendance Management Reports prepared and distributed monthly				Attendance Management Reports prepared and distributed monthly
	Variance Reports	Approved	Capital and Operating Variance Reports and Cluster Performance Statistics are prepared and consolidated quarterly				Capital and Operating Variance Reports and Cluster Performance Statistics are prepared and consolidated quarterly
	Financial Oversight	Approved	accounts analysis and journal entries reviewed monthly				accounts analysis and journal entries reviewed monthly
		Approved	Review and coordination of cluster signing authorities completed annually				Review and coordination of cluster signing authorities completed annually
Payroll Reports	Approved	Additional Cost, Bank Balance and Labour Distribution and Overtime Reports prepared and distributed bi-weekly				Additional Cost, Bank Balance and Labour Distribution and Overtime Reports prepared and distributed bi-weekly	
Program Support	Accounting	Approved	Cheque requisitions, goods receipt, new vendor accounts and petty cash reimbursements are processed within 3-5 business days of receipt				Cheque requisitions, goods receipt, new vendor accounts and petty cash reimbursements are processed within 3-5 business days of receipt
		Approved	Pcard transactions are reviewed and approved monthly				Pcard transactions are reviewed and approved monthly
		Approved	Retention of accounting records on a daily basis				Retention of accounting records on a daily basis
	Purchasing	Approved	Contract release orders (CRO), corporate express requisitions, divisional purchase orders (DPO), material stores requisitions are processed within 3-5 business days				Contract release orders (CRO), corporate express requisitions, divisional purchase orders (DPO), material stores requisitions are processed within 3-5 business days
		Approved	Purchase requisitions and sole source documentation are processed within 5-10 business days				Purchase requisitions and sole source documentation are processed within 5-10 business days
		Approved	Corporate calls are managed within standards established by PMMD				Corporate calls are managed within standards established by PMMD
		Approved	Retention of purchasing records on a daily basis				Retention of purchasing records on a daily basis

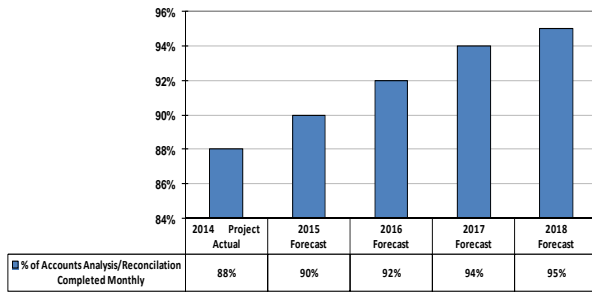


Type	Sub-Type	Status	Approved Service Levels				Recommended
			2011	2012	2013	2014	2015
	Payroll	Approved	Time and attendance reporting and pay advice distribution are completed bi-weekly				Time and attendance reporting and pay advice distribution are completed bi-weekly
		Approved	Reimbursement of employee expenses are processed bi-weekly				Reimbursement of employee expenses are processed bi-weekly
		Approved	Benefit changes and employee payroll data updates are processed within 10 business days from date of notification				Benefit changes and employee payroll data updates are processed within 10 business days from date of notification
		Approved	Retention of payroll records on a daily basis				Retention of payroll records on a daily basis
	Organizational Support	Approved	Organizational charts are revised as required				Organizational charts are revised as required
		Approved	Organizational change approval (OCA) requests are reviewed and processed within 10 business days of receipt				HR Organizational Management eRequests (HOMeR) are reviewed and processed within 10 business days of receipt
		Approved	Staff requisition requests are reviewed and sent for DCM approval within 5-8 days of receipt				Staff requisition requests are reviewed and sent for DCM approval within 5-8 days of receipt
		Approved	Cluster summary of Conferences/seminars is compiled annually for DCM's approval				Cluster summary of Conferences/seminars is compiled annually for DCM's approval
		Approved	Project specific				Project specific

The 2015 Recommended Service Levels are consistent with the approved 2014 Service Levels.

## Service Performance

Effectiveness Measure -% of Accounts Analysis/Reconciliation completed monthly



- Tracking of actual data for completed accounts analysis/reconciliation began in 2014.
- In 2014, Finance & Administration will complete 88% of accounts analysis/reconciliation monthly.
- Finance & Administration staff will strive for 90% in 2015 towards a goal of 95% in 2018.

Table 7

## 2015 Recommended Service Budget by Activity

	2014	2015 Recommended Operating Budget							2015 Rec'd Budget vs. 2014 Budget		Incremental Change			
	Approved Budget	Base Budget	Rec'd Service Changes	2015 Rec'd Base	Rec'd Base Budget vs. 2014 Budget	% Change	Rec'd New/Enhanced	2015 Rec'd Budget			2016 Plan		2017 Plan	
	(\$000s)	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
<b>GROSS EXP.</b>														
Executive Leadership	824.4	822.1		822.1	(2.3)	(0.3%)	99.0	921.1	96.7	11.7%	48.2	5.2%	21.2	2.2%
Financial Management & Program Support	1,573.7	1,565.9		1,565.9	(7.8)	(0.5%)		1,565.9	(7.8)	-0.5%	0.5	1.2%	1.2	0.1%
Organizational Management	274.8	284.9		284.9	10.1	3.7%		284.9	10.1	3.7%	5.0	4.1%	4.1	1.4%
<b>Total Gross Exp.</b>	<b>2,672.9</b>	<b>2,672.9</b>		<b>2,672.9</b>	<b>0.0</b>	<b>0.0%</b>	<b>99.0</b>	<b>2,771.9</b>	<b>99.0</b>	<b>3.7%</b>	<b>53.7</b>	<b>1.9%</b>	<b>26.5</b>	<b>0.9%</b>
<b>REVENUE</b>														
Executive Leadership	87.3	87.3		87.3			99.0	186.3	99.0	113.4%	31.4	16.9%	3.2	1.5%
Financial Management & Program Support														
Organizational Management														
<b>Total Revenues</b>	<b>87.3</b>	<b>87.3</b>		<b>87.3</b>			<b>99.0</b>	<b>186.3</b>	<b>99.0</b>	<b>113.4%</b>	<b>31.4</b>	<b>16.9%</b>	<b>3.2</b>	<b>1.5%</b>
<b>NET EXP.</b>														
Executive Leadership	737.1	734.8		734.8	(2.3)	(0.3%)		734.8	(2.3)	-0.3%	16.8	2.3%	18.0	2.4%
Financial Management & Program Support	1,573.7	1,565.9		1,565.9	(7.8)	(0.5%)		1,565.9	(7.8)	-0.5%	0.5	0.0%	1.2	0.1%
Organizational Management Consulting	274.8	284.9		284.9	10.1	3.7%		284.9	10.1	3.7%	5.0	1.8%	4.1	1.4%
<b>Total Net Exp.</b>	<b>2,585.6</b>	<b>2,585.6</b>		<b>2,585.6</b>	<b>(0.0)</b>	<b>(0.0%)</b>		<b>2,585.6</b>	<b>0.0</b>	<b>0.0%</b>	<b>22.3</b>	<b>0.9%</b>	<b>23.3</b>	<b>0.9%</b>
Approved Positions	19.0	19.0		19.0			1.0	20.0	1.0	5.3%		0.0%		

**Finance & Administration** provides Financial Management and Program Support and Organizational Management Consulting to Internal Service programs so that they can focus on the delivery of quality financial and shared services to other Programs, City Council and the Public.

The 2015 Recommended Operating Budget for Finance & Administration of \$2.772 million gross and \$2.586 million net is \$0 or 0% over the 2014 Approved Net Budget.

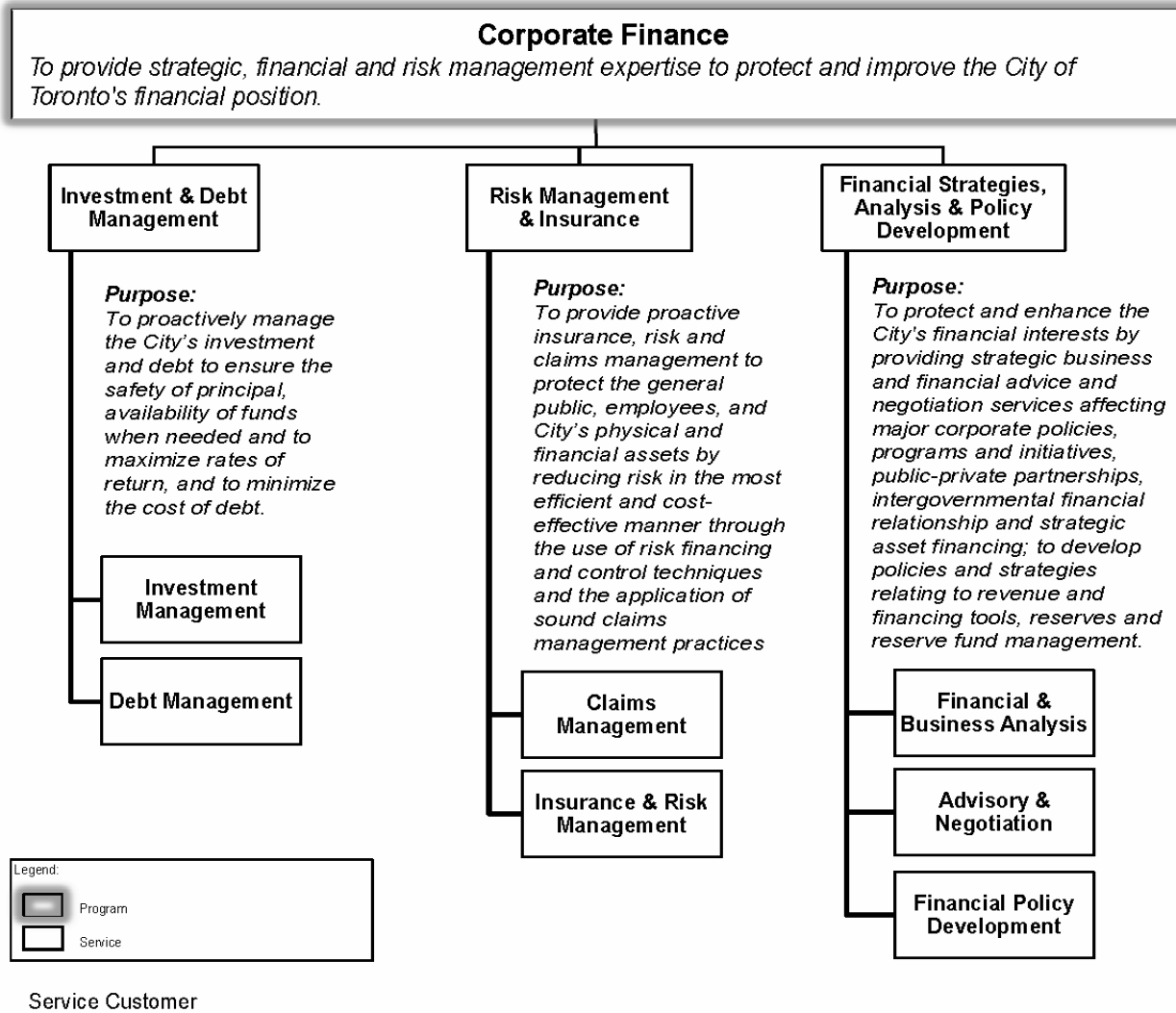
- Base Budget pressures are primarily attributable to salary and benefit increases for COLA, step increases, and progression pay.
  - The contractually obligated increases of 2.25% cost of living allowance, progression pay, step adjustments and maintaining gapping rate common among all activities result in an increase of \$0.050 million in salaries and benefits.
- The base pressures are offset by a reduction in interdivisional charges from Internal Audit of \$0.050 million in Financial Management & Program Support.

#### *New Request*

Funding of \$0.099 million gross and \$0 net in 2015, with an additional \$0.031 million gross and \$0 net in 2016 is recommended for a new temporary Policy & Research Analyst position:

- The Policy & Research Analyst position will provide support to the Shared Services project by performing research, developing policy and providing advice on various aspects of shared services. The position will also assist the subject matter working groups with the assessment and redesign of business processes, the development of service level agreements and the creation of governance structures under an adopted shared services model.
- Funding for this program will be recovered from the Innovation Reserve Fund at a net \$0 cost to Finance and Administration.

# Corporate Finance



Service Customer

**Investment & Debt Management**

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

**Risk Management & Insurance**

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

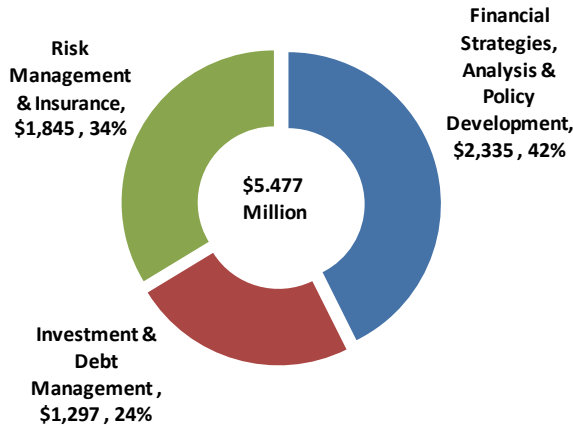
**Financial Strategies, Analysis & Policy Development**

- Council
- Mayor
- Divisions
- Agencies including Toronto Hydro, Toronto Community Housing Corporation, Toronto Portlands Corporation, Build Toronto, Invest Toronto
- Other orders of Government
- Public
- City Affiliated organizations

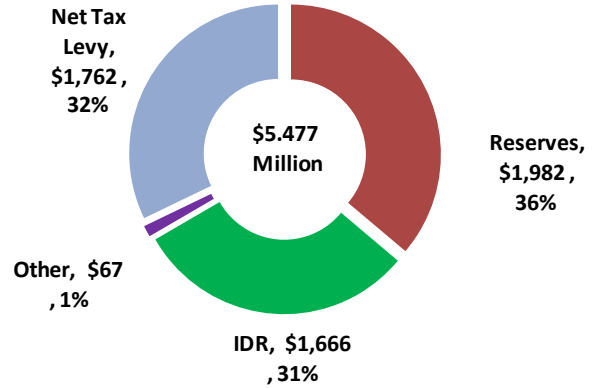
## What we do

Provide strategic, financial and risk management expertise to protect and improve the City of Toronto's financial position.

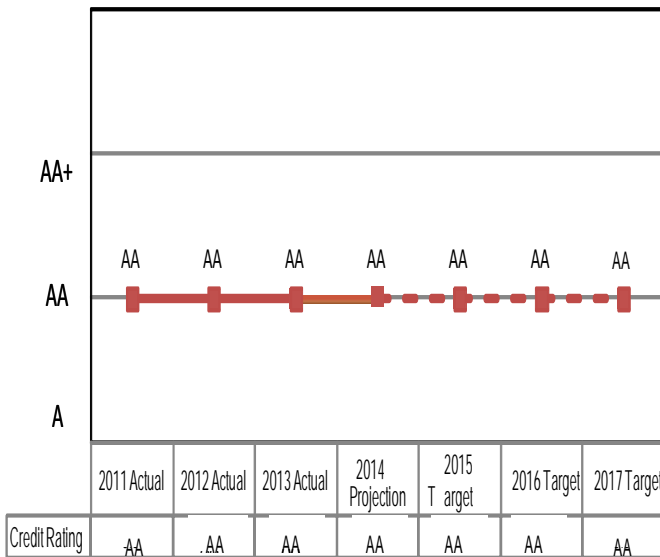
2015 Service Budget by Activity (\$000s)



Service by Funding Source (\$000s)



Credit Rating



- The City's credit rating has maintained a stable outlook during difficult economic times due to:
  - Interest rate spreads remain stable in relation to the underlying Province of Ontario bonds and in relation to other municipalities.
  - The City has strong credit ratings of AA+ from Moody's, and AA from Standard and Poor's and DBRS. These ratings are based on Toronto's wealthy and diversified economy, low debt burden, very positive liquidity and positive financial management.
- These excellent ratings reflect the expectation that the City's economy will continue to generate taxable assessment growth.

2015 Service Levels

Corporate Finance

Activity	Type	Sub-Type	Approved Service Levels				Recommended
			2011	2012	2013	2014	2015
Investment Management	Money Market Funds		Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held				Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held
	Sinking Funds		Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held				Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held
	Bond Funds		Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held				Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held
	City Owned Subsidiaries		Shareholder oversight/review of financial performance of Government Business Enterprises (Toronto Portland Corp., Invest Toronto, Build Toronto, Toronto Community Housing Corp, Toronto Hydro Corporation, and Toronto Parking Authority) as reported in financial statements and business plans, and implemented through shareholder directions		Shareholder oversight review of City Government Business Enterprises. Summaries of quarterly statements and subsidiary statements as available to CFO; Business Plans to CFO & CMO; Annual Financial Statements as attachment to CMO annual shareholder reports.		Shareholder oversight review of City Government Business Enterprises. Summaries of quarterly statements and subsidiary statements as available to CFO; Business Plans to CFO & CMO; Annual Financial Statements as attachment to CMO annual shareholder reports.
	Investment strategy for owned subsidiaries		Asset monetization strategy review	Enwave Energy Corp sale process	Asset monetization	strategy review	Asset monetization strategy review
Debt Management	Debentures		Interest rates and issuings spreads change on a daily basis based on capital market conditions. Credit ratings are generally assessed and issued once per year				Interest rates and issuings spreads change on a daily basis based on capital market conditions. Credit ratings are generally assessed and issued once per year
	Loans					N/A in 2014	none
	Third party loan or line of credit agreements executed		Financial performance of recipient organizations is assessed at least annually, but more frequently if information is available or issues are identified		Work with Facilities and programs to update energy finance policies in respect of Sustainable Energy Funds and internal (recoverable) loans for positive present value projects.	Provide corporate oversight	Provide corporate oversight
	Debt strategy for owned subsidiaries		resolved in a timely manner and effort required is directly related to complexity of issue being resolved	into updating of shareholder directions for THC and TCHC; develop and get Council approval of dividend	into updating of shareholders directions for THC and TCHC; develop and get Council approval of dividend policies for BT and		Develop and get Council approval of dividend policies for BT and TPLC.

Activity	Type	Sub-Type	Approved Service Levels				Recommended
			2011	2012	2013	2014	2015
	Credit Rating					Maintain existing credit ratings from the three credit rating agencies with the possibility of increasing the rating.	Maintain existing credit ratings from the three credit rating agencies with the possibility of increasing the rating.
	Investor Relations					Attend 3 investor conferences, give presentations and meet upon request with investors.	Attend 3 investor conferences, give presentations and meet upon request with investors.
Claims Management	Claims Management – General Liability		Claimants notified within 2 weeks. Resolution of claims is often outside of City control and timing can range from a matter of days to several years where there is litigation or complicating factors			Claimants acknowledged upon receipt by City Clerk's Office via return email or Canada Post. City divisions return claim reports to adjuster within 30 days of receipt of request. Claim resolution timing is variable.	Claimants acknowledged upon receipt by City Clerk's Office via return email or Canada Post. City divisions return claim reports to adjuster within 30 days of receipt of request. Claim resolution timing is variable.
	Claims Management – Other Coverage		Claimants notified within 2 weeks. Resolution of claims is often outside of City control and timing can range from a matter of days to several years where there is litigation or complicating factors			Claimants acknowledged upon receipt by City Clerk's Office via return email or Canada Post. City divisions return claim reports to adjuster within 30 days of receipt of request. Claim resolution timing is variable.	Claimants acknowledged upon receipt by City Clerk's Office via return email or Canada Post. City divisions return claim reports to adjuster within 30 days of receipt of request. Claim resolution timing is variable.
Claims Management	Insurance ~ Risk Financing – insurance policies, self insured funding		Coverage through external insurers is contracted annually and supplements internally funded levels. Deductible levels are approved by City Council and the upside limit of policy coverages are secured through the insurance markets and approved by Council.			Coverage through external insurers is contracted annually and supplements internally funded levels. Deductible levels are approved by City Council and the upside limit of policy coverages are secured through the insurance markets and approved by Council.	
	Insurance ~ Insurance Consulting		In accordance with each contract being reviewed			In accordance with each contract being reviewed	
	Insurance ~ Performance Bonds		In accordance with each issue being reviewed			In accordance with each issue being reviewed	
	Risk Management ~ Consultation and Advice		In accordance with each issue being reviewed			In accordance with each issue being reviewed	
	Risk Management ~ Strategies and Policies		In accordance with each issue being reviewed			In accordance with each issue being reviewed	
	Risk Management ~ Letters of Credit		In accordance with each security being reviewed			In accordance with each security being reviewed	
Financial and Business Analysis	Business Analysis ~ Major purchases and contract review	Cost sharing, fiscal arrangements	Comments provided within 48 hours for most documents. Each document is reviewed at the level of detail required based on its size and complexity. Turnaround times are generally established in consultation with the client divisions			Comments provided within 48 hours for most documents. Each document is reviewed at the level of detail required based on its size and complexity. Turnaround times are generally established in consultation with the client divisions	
	Business Analysis ~ Revenue and economic competitiveness	Revenue sharing	Reports prepared in accordance with Council Committee deadlines	Ongoing review of City's business competitiveness, including consideration of property taxes, water rates, and other fees and charges.		Ongoing review of City's business competitiveness, including consideration of property taxes, water rates, and other fees and charges.	

Activity	Type	Sub-Type	Approved Service Levels				Recommended
			2011	2012	2013	2014	2015
	Business Analysis ~ RFP/RFQ evaluation		In accordance with each bid being reviewed				In accordance with each bid being reviewed
	Major City-Building Initiatives		Delivered within negotiated timelines 100% of Time		Reports and presentations prepared in accordance with Council Committee deadlines and the timing of the budget process	Reports and presentations prepared in accordance with Council Committee deadlines and the timing of the budget process	
	Public-Private partnerships		Lead/support P3 screening for applications for Federal P3 funding on time minimizing capital costs and optimizing Federal contributions				Lead/support P3 screening for Federal P3 funding on time minimizing capital costs and optimizing Federal contributions potentially solid waste, transportation infrastructure
	Asset Optimizing and Financing		Delivered within negotiated timelines 100% of Time				Delivered within negotiated timelines 100% of time
	Real Estate/Land Development Transactions		Delivered within negotiated timelines 100% of Time		Responses are concluded as quickly as possible taking into consideration the nature of the request and time involved, along with the consideration of other priorities	Responses are concluded as quickly as possible taking into consideration the nature of the request and time involved, along with the consideration of other priorities	
Advisory and Negotiation	Financial Advisory/Strategy ~ Long Term financial planning	Funding programs	Reports and presentations prepared in accordance with Council Committee deadlines and the timing of the budget process		Monitor and provide support for funding arrangements for social housing funding and transit	Monitor and provide support for funding arrangements for social housing funding and transit. Update the City's Long Term Financial Plan	
	Financial Advisory/Strategy ~ Project Management and Capital Financing				Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process	Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process	
	Financial Advisory/Strategy ~ finance analysis and advice		Delivered within negotiated timelines 100% of Time				Delivered within negotiated timelines 100% of time
	Financial Advisory/Strategy ~ Negotiating Intergovernmental financing agreements				Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process	Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process	
	Financial Advisory/Strategy ~ Monitoring, compliance review and administration of intergovernmental funding agreements		Per turnaround, reporting and other requirements of each agreement	Monitor and provide support for influencing and adapting to legislative changes related to Provincial Municipal Financial Service Delivery Review (PMFSDR) uploads and other funding arrangements (gas tax, etc.)	Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process	Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process	



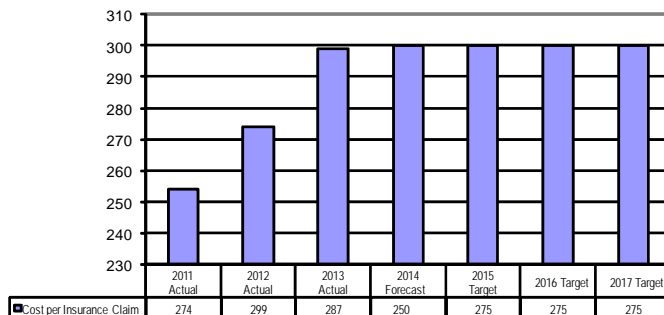
Activity	Type	Sub-Type	Approved Service Levels				Recommended
			2011	2012	2013	2014	2015
	Financial Advisory/Strategy ~ Review of financial implications and opportunities re regulatory and legislative amendments		Monitor and provide support for influencing legislative changes related to City of Toronto Act, esp MLTT, Government Business Enterprises			Monitor and work with Solid Waste Management to review the rates and their implications as necessary. Monitor and provide support for influencing and adapting to legislative changes related to Build Toronto regulations, social housing funding and Metrolinx allocation of revenues	Monitor and work with Solid Waste Management to review the rates and their implications as necessary. Monitor and provide support for influencing and adapting to legislative changes related to Build Toronto regulations, social housing funding and Metrolinx allocation of revenues
Financial Policy Development	Financial Policy ~ City of Toronto Act Taxes		Service levels dependent on source of report required, e.g. Council may request certain policy changes, with specified deadlines		Provide advice on regard to application of Part X tax authorities re bag fee, MLTT, and new Metrolinx/transit funding initiatives.		Provide advice on regard to application of Part X tax authorities re bag fee, MLTT, and new Metrolinx/transit funding initiatives.
	Financial Policy ~ Municipal Land Transfer Tax		Monitor situation and provide support as required for Municipal Land Transfer Tax administration and policy changes				Monitor situation and provide support as required for Municipal Land Transfer Tax administration and policy changes
	Financial Policy ~ Property tax		Reported to Committee in accordance with their deadlines and in conjunction with budget process. By-law is required to be approved by City Council, per City of Toronto Act	On going review of Property policy.	On going review of Property policy.		On going review of Property policy.
	Financial Policy ~ Water rate	Investment financial oversight	Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process		Ongoing review of City's business competitiveness, including consideration of property taxes, water rates, and other fees and charges.		Ongoing review of City's business competitiveness, including consideration of property taxes, water rates, and other fees and charges.
	Financial Policy ~ Garbage Rate	Public private partnerships	Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process		Monitor and work with Solid Waste Management to review the rates and their implications as necessary.	Provide assistance and advice to internal and external clients on timely basis 100% of the time	Provide assistance and advice to internal and external clients on timely basis 100% of the time
	Financial Policy ~ Capital financing	Right of way contributions	Report submitted as part of budget approval process to seek Council authority for borrowing requirements		Monitor telecomm right of way legal initiatives in regard to charging for access to City rights of way.	Reviews and recommendations provided in accordance with budget process guidelines 100% of the time	Reviews and recommendations provided in accordance with budget process guidelines 100% of the time
	Financial Policy ~ Reserve Funding		As required for each new reserve fund and in accordance with Committee schedules and deadlines				As required for each new reserve fund and in accordance with Committee schedules and deadlines
	Intergovernmental funding, cost allocation and legislative frameworks					Meeting agenda closing deadlines 100% of the time	Meeting agenda closing deadlines 100% of the time
	Development Finance					Delivered within negotiated timelines 100% of the time	Delivered within negotiated timelines 100% of the time

Activity	Type	Sub-Type	Approved Service Levels				Recommended
			2011	2012	2013	2014	2015
	Development Charge By-law	Background Study & By-law	Reviewed and updated every 5 years (scheduled 2012-13); amendments to the by-law in the interim if necessary		Bring forward updated City wide background study and revised by-law for Council consideration and adoption.	Bring forward area specific background study and revised by-law for Scarborough transit and port lands area	Bring forward area specific background study and revised by-law for Scarborough transit and port lands area
		Administration & Implementation	Provide assistance and advice to internal and external clients on timely 100% of the time			Delivered within negotiated timelines 100% of the time. On-going discussion and negotiations with Province regarding legislative reform	Delivered within negotiated timelines 100% of the time. On-going discussion and negotiations with Province regarding legislative reform
		Capital Financing	Reviews and recommendations provided in accordance with budget process guidelines 100% of the time				Reviews and recommendations provided in accordance with budget process guidelines 100% of the time
		Reporting	Meeting agenda closing deadlines 100% of the time			Delivered within negotiated timelines 100% of the time	Delivered within negotiated timelines 100% of the time
	Capital Financing Tools		On-going discussion and negotiations with Province to implement a Tax Increment Financing; City comments and responses provided to Province within negotiated timelines 100% of the time			Delivered within negotiated timelines 100% of the time	Delivered within negotiated timelines 100% of the time

The 2015 Recommended Service Levels are consistent with the 2014 Approved Service Levels.

## Service Performance

### Costs per Insurance Claim



- The costs per claim have increased in 2012 with the new 5 year agreement with the service provider. However, the increase was balanced by an improved client service agreement and improved focus on cost control.

**Table 7**  
**2015 Recommended Service Budget by Activity**

	2014	2015 Recommended Operating Budget							2015 Rec'd Budget vs. 2014 Budget		Incremental Change				
	Approved Budget	Base Budget	Rec'd Service Changes	2015 Rec'd Base	Rec'd Base Budget vs. 2014 Budget	% Change	Rec'd New/Enhanced	2015 Rec'd Budget			2016 Plan		2017 Plan		
	(\$000s)	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%	
<b>GROSS EXP.</b>															
Financial Strategies, Analysis & Policy Development	2,281.7	2,334.9		2,334.9	53.2	2.3%		2,334.9	53.2	2.3%	25.4	1.1%	1.6	0.1%	
Investment & Debt Management	1,197.7	1,237.3		1,237.3	39.6	3.3%	60.1	1,297.4	99.7	8.3%	48.1	3.7%	3.2	0.2%	
Risk Management & Insurance	1,738.5	1,835.3		1,835.3	96.8	5.6%	9.4	1,844.7	106.2	6.1%	1.2	0.1%	2.1	0.1%	
<b>Total Gross Exp.</b>	<b>5,217.9</b>	<b>5,407.5</b>		<b>5,407.5</b>	<b>189.6</b>	<b>3.6%</b>	<b>69.5</b>	<b>5,477.0</b>	<b>259.1</b>	<b>5.0%</b>	<b>74.7</b>	<b>1.4%</b>	<b>6.9</b>	<b>0.1%</b>	
<b>REVENUE</b>															
Financial Strategies, Analysis & Policy Development	484.9	532.3		532.3	47.4	9.8%		532.3	47.4	9.8%	4.5	0.8%	0.1	0.0%	
Investment & Debt Management	1,175.4	1,217.1		1,217.1	41.7	3.5%	62.8	1,279.9	104.5	8.9%	51.8	4.0%	3.4	0.3%	
Risk Management & Insurance	1,795.3	1,895.8		1,895.8	100.5	5.6%	6.7	1,902.5	107.2	6.0%	(0.7)	0.0%	1.9	0.1%	
<b>Total Revenues</b>	<b>3,455.6</b>	<b>3,645.2</b>		<b>3,645.2</b>	<b>189.6</b>	<b>5.5%</b>	<b>69.5</b>	<b>3,714.7</b>	<b>259.1</b>	<b>7.5%</b>	<b>55.6</b>	<b>1.5%</b>	<b>5.4</b>	<b>0.1%</b>	
<b>NET EXP.</b>															
Financial Strategies, Analysis & Policy Development	1,796.8	1,802.6		1,802.6	5.8	0.3%		1,802.6	5.8	0.3%	20.9	1.2%	1.5	0.1%	
Investment & Debt Management	22.3	20.2		20.2	(2.1)	(9.4%)	(2.7)	17.5	(4.8)	(21.5%)	(3.7)	(21.1%)	(0.2)	(1.4%)	
Risk Management & Insurance	(56.8)	(60.5)		(60.5)	(3.7)	6.5%	2.7	(57.8)	(1.0)	(1.8%)	1.9	3.3%	0.2	0.3%	
<b>Total Net Exp.</b>	<b>1,762.3</b>	<b>1,762.3</b>		<b>1,762.3</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0</b>	<b>1,762.3</b>	<b>0.0</b>	<b>0.0%</b>	<b>19.1</b>	<b>1.1%</b>	<b>1.5</b>	<b>0.1%</b>	
<b>Approved Positions</b>	<b>37.0</b>	<b>37.0</b>		<b>37.0</b>			<b>1.0</b>	<b>38.0</b>	<b>1.0</b>	<b>2.7%</b>		<b>0.0%</b>			

**Corporate Finance** provides strategic, financial and risk management expertise to protect and improve the City of Toronto's financial position.

The 2015 Recommended Operating Budget for Corporate Finance of \$5.477 million gross and \$1.762 million net is \$0 or 0% over the 2014 Approved Net Budget.

- Base Budget pressures are primarily attributable to salary and benefit increases for COLA, step increases, and progression pay.
  - The contractually obligated increases of 2.25% cost of living allowance, progression pay, step adjustments and maintaining gapping rate common among all activities result in an increase of \$0.040 million in salaries and benefits.
- The base pressures in Financial Strategies, Analysis and Policy Development are offset by increased recoveries from development charges of \$0.010 million to cover progression pay increases as approved by Council and increased recoveries from TTC of \$0.031 million for the time staff will be spending on the development of the Scarborough Subway project.

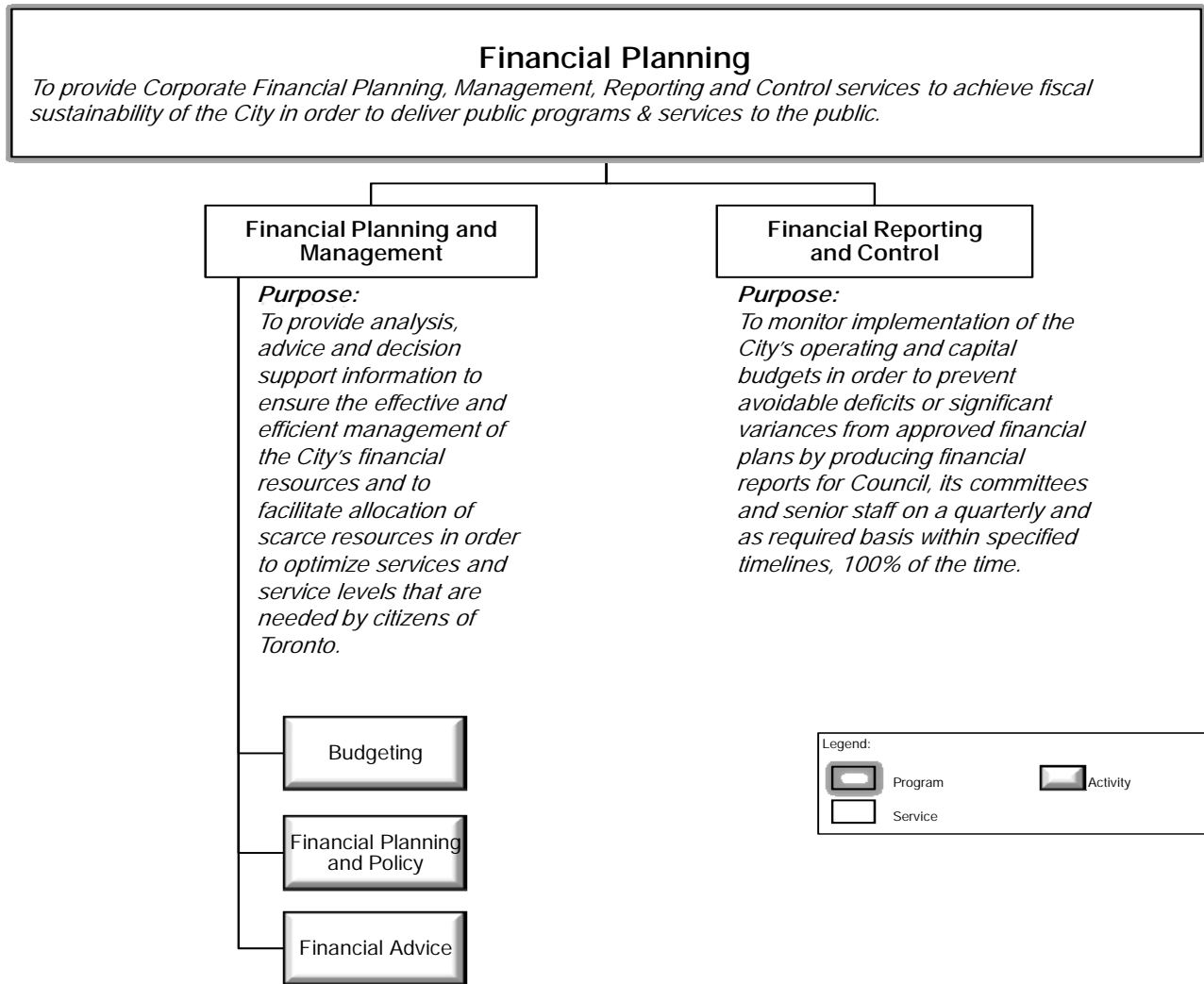
#### *New Request*

Funding of \$0.070 million gross and \$0 net in 2015, with an additional \$0.058 million gross and \$0 net in 2016 is recommended for a Senior Investment Analyst in Corporate Finance:

- Effective June 1, 2015 a Senior Investment Analyst position is recommended to support the City's strategic action outcomes of fiscal sustainability and good governance by improving risk-adjusted investment earnings, robust management of financial and operational risk and reducing the cost of capital.

- The nature of the investment environment, capital financing landscape and risk management standard has all become more complex and sophisticated. In addition, the number and size of the investment and debt portfolios have expanded significantly. As a result, the time and resources that are required to perform the necessary in-depth analysis and due diligence of various financial instruments and investments have grown beyond the capacity of the current staff resources. As well, there is a need for an additional person to manage the day to day operation of the new liquidity program (Promissory Note) which will enhance liquidity and investment earnings.
- Funding will be recovered from additional investment income generated and included in Non Program for a net \$0 cost.

## Financial Planning



Service Customer

**Financial Planning and Management**

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

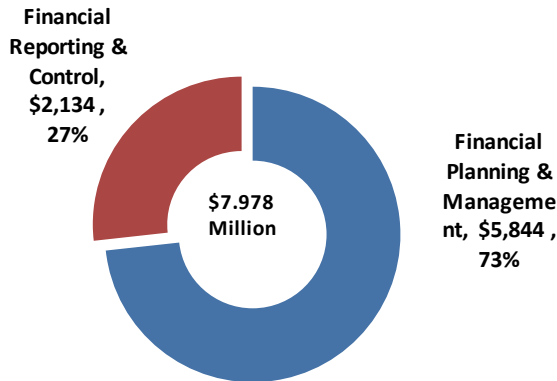
**Financial Reporting and Control**

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

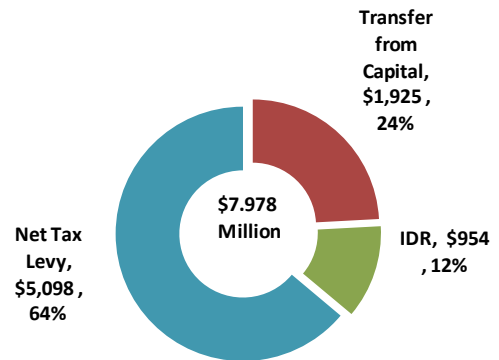
### What we do

Provide comprehensive annual and multi-year financial plans for approval by City Council that outline the cost and financing to deliver City services and its capital infrastructure within the service level standards, affordability targets and priorities established by City Council.

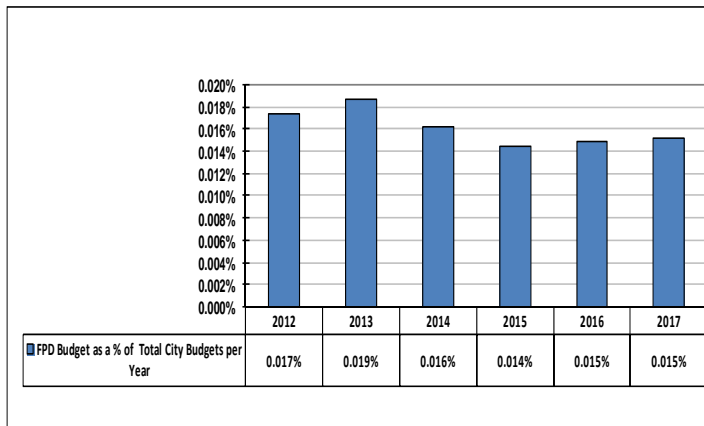
2015 Service Budget by Activity (\$000s)



Service by Funding Source (\$000s)



FPD Operating Budget as a % of Total City Operating and Capital Budget & Plan



- Financial Planning Division's Net Operating Budget was 0.019 % of the City's Total Operating and Capital Budgets in 2013 of \$27.4 billion.
- In 2014, FPD's Net Operating Budget was 0.016% of the City's Total Operating and Capital Budgets & Plan.
- The forecast is that FPD's Net Operating Budget as a percentage of the City's Total Operating and Capital Plan will decrease to 0.014% in the 2015 year and slightly increase to 0.015% in 2016 and 2017 based on a percentage of the City's Total Operating and Capital Plan.

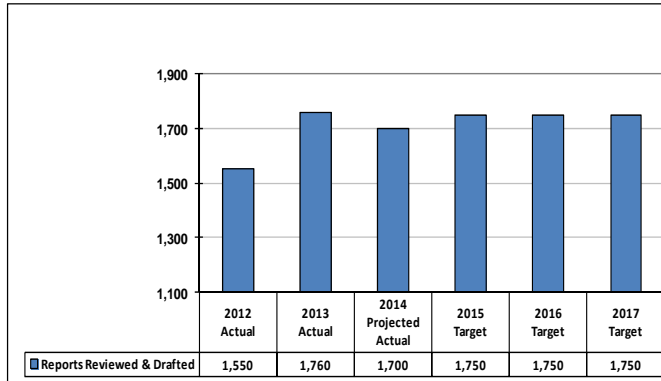
### 2015 Service Levels Financial Planning

Activity	Type	Sub-Type	Approved Service Levels				Recommended	
			2011	2012	2013	2014	2015	
Budgeting	Operating	Analysis/ Recommendation provided	Balanced Operating budget approved annually by end of year		Balanced Operating Budget approved annually in accordance with Council's mandates within the first month of the fiscal year.		Balanced Operating Budget approved annually in accordance with Council's mandates within the first month of the fiscal year.	
		Decision Support	Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time				Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time	
		Process Management	Process updated and delivered 6 weeks in advance of submission guidelines				Process updated and delivered 6 weeks in advance of submission guidelines	
	Capital	Analysis/ Recommendation provided	A recommended Capital budget and plan, annually, in accordance with Council's mandates		A recommended Capital budget and plan, annually, in accordance with council's mandates within the first month of the fiscal year.		A recommended Capital budget and plan, annually, in accordance with Council's mandates within the first month of the fiscal year.	
		Decision Support	Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time				Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time	
		Process Management	Process updated and delivered 6 weeks in advance of submission guidelines				Process updated and delivered 6 weeks in advance of submission guidelines	
Financial Advice	Decision Support	Reports	Meeting agenda closing deadlines 100% of the time				Meeting agenda closing deadlines 100% of the time	
		Council Support	Meeting agenda closing deadlines 100% of the time				Meeting agenda closing deadlines 100% of the time	
		Initiatives	Meeting agenda closing deadlines 100% of the time				Meeting agenda closing deadlines 100% of the time	
		Issues Management	Responses released within prescribed timelines 100% of the time				Responses released within prescribed timelines 100% of the time	
	State of Financial ..	Issues Management	Responses released within prescribed timelines 100% of the time				Responses released within prescribed timelines 100% of the time	
		Intergovernmental	Provided necessary information to support negotiated stance, 100% of the time				Provided necessary information to support negotiated stance, 100% of the time	
Financial Planning and Policy	Service Planning	Analysis/ Recommendation provided	A recommended Service Plan annually by end of year, in accordance with council's priorities and directions				A recommended Service Plan annually by end of year, in accordance with council's priorities and directions	
		Decision Support	Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time				Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time	
		Process Management	Process updated and delivered 6 weeks in advance of submission guidelines				Process updated and delivered 6 weeks in advance of submission guidelines	
	Program/ Service Review	Analysis/ Recommendation provided	Analysis provided within (turnaround time) 100% of the time				Analysis provided within (turnaround time) 100% of the time	
		Decision Support	Inquiries addressed/ Responses released within prescribed timelines 100% of the time				Inquiries addressed/ Responses released within prescribed timelines 100% of the time	
		Process Management	Process updated and delivered 6 weeks in advance of submission guidelines				Process updated and delivered 6 weeks in advance of submission guidelines	
	Policy Development and Review		Review policies once per year, 100% of the time				Review policies once per year, 100% of the time	
	Budget Monitoring & Control	Operating - Variance		Quarterly within 45 days of quarterly closing				Quarterly within 45 days of quarterly closing
			Capital - Variance	Quarterly within 45 days of quarterly closing				Quarterly within 45 days of quarterly closing
Ad hoc (request)			Responses released within prescribed timelines 100% of the time				Responses released within prescribed timelines 100% of the time	
Active Monitoring			Once per month				Once per month	
In-Year Adjustments		Operating/ Capital budget adjustment requests reviewed in advance of Agenda closing deadlines 100% of the time				Operating/ Capital budget adjustment requests reviewed in advance of Agenda closing deadlines 100% of the time		
Complement Management Control		Reviewing submitted OCA forms for Financial Implications within 7 days upon receipt from Divisions 75% of the time				Reviewing submitted Human Resources Organizational Management eRequests for Financial Implications within 7 days upon receipt from Divisions 75% of the time		

The 2015 Recommended Service Levels are consistent with the 2014 Approved Service Levels.

## Service Performance

Outcome Measures- Number of Reports Reviewed for financial Impacts and Advice



- Reports reviewed and drafted increased from 1,550 in 2012 to 1,760 in 2013.
- 1,700 reports are projected to be reviewed and drafted in 2014.
- The forecast for 2015, 2016, and 2017 to remain relatively stable at an average of 1,750 annually.



Table 7

2015 Recommended Service Budget by Activity

(\$000s)	2014	2015 Recommended Operating Budget							2015 Rec'd Budget vs. 2014 Budget		Incremental Change				
	Approved Budget	Base Budget	Rec'd Service Changes	2015 Rec'd Base	Rec'd Base Budget vs. 2014 Budget	% Change	Rec'd New/Enhanced	2015 Rec'd Budget			2016 Plan		2017 Plan		
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%	
<b>GROSS EXP.</b>															
Financial Planning & Management	6,227.1	5,844.0		5,844.0	(383.1)	(6.2%)		5,844.0	(383.1)	-6.2%	(172.5)	(3.0%)	(1,304.9)	(23.0%)	
Financial Reporting & Control	2,084.6	2,133.6		2,133.6	49.0	2.4%		2,133.6	49.0	2.4%	(19.7)	(0.9%)	(223.2)	(10.6%)	
<b>Total Gross Exp.</b>	<b>8,311.7</b>	<b>7,977.6</b>		<b>7,977.6</b>	<b>(334.1)</b>	<b>(4.0%)</b>		<b>7,977.6</b>	<b>(334.1)</b>	<b>-4.0%</b>	<b>(192.2)</b>	<b>(2.4%)</b>	<b>(1,528.1)</b>	<b>(19.6%)</b>	
<b>REVENUE</b>															
Financial Planning & Management	2,676.6	2,371.4		2,371.4	(305.2)	(11.4%)		2,371.4	(305.2)	-11.4%	(260.8)	(11.0%)	(1,361.8)	(64.5%)	
Financial Reporting & Control	537.2	508.3		508.3	(28.9)	(5.4%)		508.3	(28.9)	-5.4%	(45.2)	(8.9%)	(239.5)	(51.7%)	
<b>Total Revenues</b>	<b>3,213.8</b>	<b>2,879.7</b>		<b>2,879.7</b>	<b>(334.1)</b>	<b>(10.4%)</b>		<b>2,879.7</b>	<b>(334.1)</b>	<b>-10.4%</b>	<b>(306.0)</b>	<b>(10.6%)</b>	<b>(1,601.3)</b>	<b>(62.2%)</b>	
<b>NET EXP.</b>															
Financial Planning & Management	3,550.5	3,472.6		3,472.6	(77.9)	(2.2%)		3,472.6	(77.9)	-2.2%	88.3	2.5%	56.9	1.6%	
Financial Reporting & Control	1,547.4	1,625.3		1,625.3	77.9	5.0%		1,625.3	77.9	5.0%	25.5	1.6%	16.3	1.0%	
<b>Total Net Exp.</b>	<b>5,097.9</b>	<b>5,097.9</b>		<b>5,097.9</b>	<b>(0.0)</b>	<b>(0.0%)</b>		<b>5,097.9</b>	<b>(0.0)</b>	<b>0.0%</b>	<b>113.8</b>	<b>2.2%</b>	<b>73.2</b>	<b>1.4%</b>	
<b>Approved Positions</b>	<b>56.0</b>	<b>56.0</b>		<b>56.0</b>				<b>56.0</b>					<b>(12.0)</b>	<b>(21.4%)</b>	

**Financial Planning** provides comprehensive annual and multi-year financial plans for approval by City Council that outline the cost and financing to deliver City services and its capital infrastructure within the service level standards, affordability targets and priorities established by City Council.

The 2015 Recommended Operating Budget for Financial Planning of \$7.978 million gross and \$5.098 million net is \$0 million or 0% over the 2014 Approved Net Budget.

- Base Budget pressures are primarily attributable to salary and benefit increases for COLA, step increases, and progression pay.
  - The contractually obligated increases of 2.25% cost of living allowance, progression pay, step adjustments and maintaining gapping rate common among all activities result in an increase of \$0.265 million in salaries and benefits.
- The base pressures are offset by:
  - Interdivisional recoveries from Toronto Water and Solid Waste were increased by \$0.023 million to offset salary and benefits pressures for Financial Planning staff assigned to these Programs, to provide the same level of service as in 2014.
  - Increased recoveries of \$0.242 million from the Non Program budget to offset increased salary and benefits costs increases for Financial Planning staff that have capital budgeting, management and oversight to provide the same level of service as in 2014.



## **Part III:**

Issues for Discussion

## Issues for Discussion

### Issues Impacting the 2015 Budget

#### *Service-Based, Performance-Focussed Budgeting and the New Budget Process*

Governments are increasingly being called upon to make difficult decisions among competing priorities and to deliver and demonstrate value in services they provide. As part of efforts to continuously improve services and ensure they provide value and are sustainable, the City is in the process of making major changes to the way it plans for, delivers and monitors services provided to its residents, businesses and the community.

#### Service-Based Budgeting

The launch of the Financial Planning Analysis and Reporting System (FPARS) Project and the Public Budget Formulation (PBF) tool provides the City with the capacity to transform how it develops and evaluates the annual multi-year budgets. The FPARS project's major goal is to strengthen the foundational elements of sound financial planning, budgeting and performance management and establish principles and best practices that will support the City's transition towards a service-based and performance focussed organization. The project provides systems and processes to link strategic directions to service objectives, support service focused, performance-based budgeting and provide tools for planning, analyzing, evaluating and reporting financial and service performance information based on the services the City delivers to the public.

Beginning in the 2014 Budget process, the City moved away from the traditional organizational view of presenting budgets (i.e. based on allocating budgets to programs within each Program / Division) to presenting them in service view (i.e. based on services provided to the public and internal clients). City Council approved its first multi-year service-based operating budget based on the allocation to the program maps established for each City Program in 2014.

The City's Service Inventory is comprised of 155 distinct City services offered to the public to support direct service delivery and good governance. The City's Service Inventory, complete with qualitative and quantitative service profile information for City Divisions was expanded during 2013 to include program maps; service profiles; and service levels for all City Agencies except TTC and Police Services. The FPARS Business Transformation team staff continued to work with TTC and Police Services to finalize their program maps and associated service information and with a few City Divisions that refined or reflect service changes in time for the 2015 Budget process. Essentially, investments are made to services such as Transit, Police, Child Care, Community Recreation, Fire Rescue and Emergency Response, Road and Sidewalk Maintenance, and Solid Waste Collection and Transfer, etc.

Service-based budgeting also enables the evaluation of the use of human resources. A new complement planning and management process has been created that links positions, people and their budget according to the services provided by each City Division.

As the FPARS tools continue to evolve and add functionality, the 2015 Budgets have taken the presentation of the budgets in service view a step further. Changes to each service including key cost drivers, service efficiencies and other reductions are now presented by service and activity in the 2015 Operating Analyst Notes. For more information on added functionality of FPARS to support service-

based budgeting, please see the *Issues for Discussion* section of the 2015 Capital Budget Analyst Notes for Financial Services.

Each year, Council, staff and the public are able to see exactly how much money has been invested into each service, how much of that service has been delivered, and compare with the previous year(s). This will help with the difficult decisions around increasing or decreasing service levels and how much to invest in each service.

### *Shared Services*

Shared Services is the consolidation of administrative services in order to reduce duplication and allow the divisions and agencies to focus on delivering their core services.

The City uses a shared services model to deliver administrative services through Cluster C divisions. The City agencies, however, continue to manage and deliver their own administrative services and share services with the City through methods, processes and technologies that are not standard across agencies. The Shared Services Project aims to standardize this by expanding the shared services model to the City agencies.

The goal of the Shared Services Project is for the City and the agencies to work collaboratively to identify and implement shared services opportunities that will achieve cost savings and service improvements.

#### Background

In 2012, The City Manager identified eight corporate support services to review as a part of a Shared Service Study and retained KPMG LLP (KPMG) to undertake the assignment. The corporate support services included were: information technology, internal audit, insurance and risk management, legal services, human resources/labour relations, procurement & materials management, real estate, and records management.

KPMG's study focused on the City's six largest agencies with a view to expanding any resulting opportunities to additional City agencies, where appropriate. The agencies included were: Exhibition Place, Toronto Parking Authority, Toronto Police Service, Toronto Public Health, Toronto Public Library, and Toronto Transit Commission.

At its meeting on June 11, 12, and 13, 2013, in consideration of [EX32.3 \(Results of the Shared Services Study – Agencies\)](#), City Council approved the implementation of eighteen opportunities and no further action on two opportunities. Eleven opportunities were recommended to be implemented in the shorter term and reported out as required through the City's 2014/2015 budget process or to a standing committee or specific agency board. The remaining seven opportunities were broad transformational directions to the City and its agencies that require significant business process re-engineering, organizational change, and information technology investment to successfully implement. The City Manager referred these opportunities to the Deputy City Manager & Chief Financial Officer, in consultation with City agencies, for further due diligence, planning, and the development of a five-year shared service implementation plan.

Based on the direction to accelerate the implementation of the shared services opportunities given by Council on January 29, 2014, the Deputy City Manager & Chief Financial Officer implemented the

creation of a temporary project team that facilitated the creation of an Executive Steering Committee and 13 working groups, which have started analysing options to accelerate implementation.

The Executive Steering Committee provides leadership and strategic direction to the Shared Services Project Team and the working groups. Membership includes senior executives from the in-scope agencies, the Deputy City Manager & Chief Financial Officer, and the City division heads for the in-scope functions.

Working Groups consists of staff from both the City and agencies, and are responsible to further analyze the opportunities, determine their feasibility, and recommend the strategy to move forward to the Executive Steering Committee.

Expected Cost Savings

As described in [EX32.3 \(Results of the Shared Services Study – Agencies\)](#), KPMG quantified the financial benefits for four opportunities with a high-level estimate of potential cost savings \$58.8 to \$65.3 million per year with up-front investments of between \$3.5 and \$10.5 million. Of this \$58.8 to \$65.3 million per year in cost savings, KPMG estimated:

- \$47 million from pursuing a joint labour relations and collective bargaining strategy; and
- \$10 million from sharing common procurement and implementing strategic sourcing.

While there are potential cost savings in these areas, actual savings will be highly dependent on the viability of the opportunities as determined by more detailed review, due diligence, and implementation planning, and may be significantly lower than KPMG's estimates.

Current Status

Following the successful launch of the project, ensuring working groups were formed with appropriate representation from the agencies and senior City staff members were engaged, the Project Director and one of the Policy and Research Analyst positions have ended and the incumbents returned to their home positions.

In order for the Shared Services Project Team to continue to provide leadership and coordinate the implementation of the Council approved recommendations of the KPMG study, additional resources are required. As such, a request for a Policy Research Analyst position and funding of \$0.099 million was included in the 2015 Budget submission to continue to work. Any additional resources required will be addressed in 2015 or in a future year budget submission.

Agencies and Divisions Involved

Toronto Community Housing Corporation and the Toronto Zoo have been added to the project scope.

City Divisions involved include:

City Clerk's Office	Information & Technology	Toronto Zoo
Corporate Finance	Internal Audit	TCHC
Facilities Management	Pension, Payroll & Employee Benefits	

Fleet Services                      Procurement & Materials  
 Management  
 Human Resources                Real Estate Services

Implementation of Recommendations

During the review, additional shared services opportunities that could potentially achieve cost savings without service reductions were identified and pursued. These opportunities involved creating functional centres of excellence and incorporating agencies into the Facilities Transformation Project.

The chart below is a summary of the status of the shared services recommendations. Further details are can be accessed in the report [EX43.21 \(Update on the Shared Services Project\)](#).

Recommendation	Status
<b>Implement and Report as Required</b>	
Share generic training and learning functions	In Progress
Coordinate and standardize common Health and Safety functions	In Progress
Enhance the use of the City’s Internal Audit by agencies	Complete
Establish a Quality Assurance Centre of Excellence	In Progress
Continue to rationalize City Stores and automate P2P processes	In Progress
Provide the City’s application for FOI submission to agencies	In Progress
Expand the City’s provision of lessor services to TTC and TPA	Complete
Insure TTC and TPA under the City’s insurance	In Progress
<b>Implement Pending Further Due Diligence and Planning</b>	
Develop a labour relations and collective bargaining strategy	In Progress
Share procurement of common goods and implement strategic sourcing	In Progress
Standardize human resource systems and share payroll administration	In Progress
Share common information technology infrastructure	In Progress
Rationalize information technology applications	In Progress
Coordinate real estate contract and vendor management	In Progress

Recommendation	Status
Establish a Change Management Centre of Excellence	In Progress
Include the agencies in a plan to transition to digital records	In Progress
<b>Additional Shared Services Opportunities</b>	
Incorporate the agencies in the Facilities Transformation Project	In Progress
Create a Fleet Management Centre of Excellence	Complete
Establish an IT Contract Management Centre of Excellence	In Progress
Create an Internal Audit Centre of Excellence	Complete
Create a Real Estate Centre of Excellence	Complete

Next Steps

Implementing a shared services delivery model requires leadership, careful planning, strategic technology investments, and good governance. It often involves a multi-year and multi-phase transformation to effect technology investments and business re-engineering across multiple organizations.

The Shared Services Project team is developing a five-year shared services implementation plan that outlines the steps to implement shared services opportunities between the City and the Agencies. This plan will include expanding the scope of the project to examine functions not included in the KPMG study. The Project Team will report to the agency boards in June 2015 and Council in July 2015 with a report that outlines the approved recommendations and a five-year, high-level implementation plan.

Financial impacts of recommended shared service models, including investments and/or savings will be reported through future years' budget submissions as required.



## **Appendices:**



## Appendix 1

### 2014 Service Performance

#### 2014 Key Service Accomplishments

In 2014, the Office of the Chief Financial Officer accomplishments included the following:

- ✓ Established and delivered the 2015 Budget process that accommodated the 2014 Municipal Election and accelerated approval timelines for City Council.
- ✓ Delivered the City's first service based operating budget in 2015.
- ✓ Reviewed and drafted over 1700 reports for financial implications and advice.
- ✓ Supported the election transitions, providing information and advice on the city's fiscal health, financial planning and management matters to prepare the Mayor-elect for the 2014-2018 terms of council.
- ✓ Coordinated the development of cluster 2015 Operating Budgets in accordance with divisional and cluster priorities and corporate guidelines and timelines.
- ✓ Coordinated the development of cluster 2015 Capital Budgets and 2016 to 2024 Capital Plans in accordance with corporate debt targets.
- ✓ Provided oversight of 2014 Operating (totaling \$453M gross and \$182M net) and Capital Budgets (totaling \$467M) for cluster divisions through monitoring, corrective action and variance reporting and prepared performance statistics summary for Divisions.
- ✓ Coordinated and managed organizational and complement changes for cluster divisions through, oversight, tracking and reporting.
- ✓ Provided consulting, project management and coordination support to program reviews in Pension, Payroll & Employee Benefits and Corporate Finance – Insurance & Risk Management; and implementation of customer service strategy in Revenue Services Division.
- ✓ Timely preparation and distribution of financial and management reports to cluster divisions.
- ✓ Provision of accounting, payroll and purchasing services to support divisional operations.
- ✓ Produced Quarterly Management Information Dashboard for Deputy City Manager & Chief Financial Officer and senior management.
- ✓ Issued \$600 million worth of debentures and managed principal and interest payments to support the City's capital works program.
- ✓ Managed the City's \$4.6 billion investment portfolio.
- ✓ Managed the \$1.9 billion in the sinking funds and supported the management of the City's pension fund and trust funds.
- ✓ Managed and administered a letter of credit portfolio of \$100 million that provides security for the City in the event of non-performance by its vendors and other parties.
- ✓ Insured \$15.0 billion worth of property.

- ✓ Processed up to 8,000 insurance claims including managing the defense of up to 2,500 legal claims.
- ✓ Reviewed approximately 370 contract reports for award by Bid Committee and approximately 40 contract reports for award by Council.
- ✓ Undertook a comprehensive review of all the City's credit and guarantee facilities.
- ✓ Contributed to the reform of the Taxi Cab Industry, and to the amendment of the Toronto's Imagination, Manufacturing, Innovation & Technology (IMIT) Financial Incentives Program to address the loss of smaller office buildings in the core.
- ✓ Contributed to the Special Purpose Business Assessment review undertaken by the Minister of Finance and Municipal Property Assessment Corporation.
- ✓ Provided support to Downsview Park funding strategy, Transit Task Force strategy, and Toronto Transit Commission life cycle cost review.
- ✓ Contributed to the City's response to the Provincial review of the Development Charges Act.
- ✓ Provided project analysis, advisory, negotiation and research services for major corporate initiatives and multi-lateral projects – Toronto-York Spadina Subway Extension, Waterfront Revitalization, Pan Am Games , Scarborough Subway, and other transportation/transit funding including reviewing new revenue tools for Metrolinx funding,. Lawrence Heights Revitalization, Gardiner expressway rebuild, review of taxi industry, independence of the Toronto Zoo, Seaton House, North St. Lawrence Market.

**2014 Financial Performance**

**2014 Budget Variance Analysis**

	2012 Actuals	2013 Actuals	2014 Approved Budget	2014 Projected Actuals*	2014 Approved Budget vs. Projected Actual Variance	
	\$	\$	\$	\$	\$	%
<b>Gross Expenditures</b>	14,042.8	14,188.9	16,202.5	14,840.2	(1,362.3)	(8.4)
<b>Revenues</b>	5,582.4	5,715.5	6,756.7	6,288.3	(468.4)	(6.9)
<b>Net Expenditures</b>	8,460.4	8,473.4	9,445.8	8,551.9	(893.9)	(9.5)
<b>Approved Positions</b>	109.0	111.0	112.0	106.0	(6.0)	(5.4)

\* Based on the 3rd quarter Operating Budget Variance Report

**2014 Experience**

The Office of the Chief Financial Officer's year-end favourable variance is projected to be \$0.894 million or 9.5% below the 2014 Approved Operating Budget of \$9.446 million net.

- The favourable variance was mainly due to under-expenditures in salaries and benefits for vacant positions. As the vacancies were gradually filled during the remainder of the year, the projected net favourable variance at year-end is \$0.894 million or 9.5% due to under-spending already realized from the vacant positions.

- To mitigate potential impacts on service levels, overtime has been used to offset the vacant positions. Both Corporate Finance and Financial Planning have been working with Human Resources to fill the vacant positions.

**Impact of 2014 Operating Variance on the 2015 Recommended Budget**

At September 30, 2014 there were 11 vacant positions in the Office of the Chief Financial Officer, of which 4 are capital funded positions and 7 are operating positions. The favourable variance from vacant positions is not expected to carry over to 2015, as vacant positions will be reduced to 6 at year end.

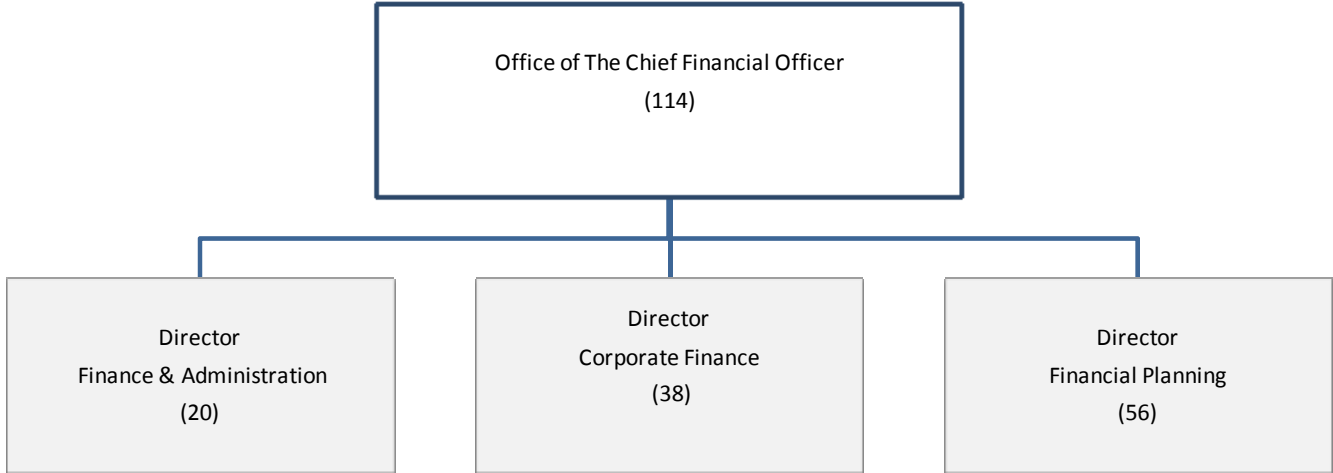
## Appendix 2

**2015 Recommended Operating Budget by Expenditure Category**  
**Program Summary by Expenditure Category**

Category of Expense	2012	2013	2014	2014	2015	2015 Change from		Plan	
	Actual	Actual	Budget	Projected	Rec'd	2014 Approved		2016	2017
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	13,253.5	13,458.0	15,171.8	13,944.0	15,236.4	64.6	0.4%	15,176.6	13,681.8
Materials and Supplies	36.6	31.7	65.7	47.7	66.0	0.3	0.5%	66.0	66.0
Equipment	2.8	10.8	18.7	3.0	9.2	(9.5)	(50.8%)	6.7	6.7
Services & Rents	502.1	431.7	694.4	593.6	713.0	18.6	2.7%	711.5	711.6
Contributions to Reserve/Res Funds	72.6	72.6	72.6	72.6	72.6			72.6	72.6
Other Expenditures	0.2	0.2	0.5	0.5	0.5		0.0%	0.5	0.5
Interdivisional Charges	175.0	183.9	178.8	178.8	128.8	(50.0)	(28.0%)	128.8	128.8
<b>total Gross Expenditures</b>	<b>14,042.8</b>	<b>14,188.9</b>	<b>16,202.5</b>	<b>14,840.2</b>	<b>16,226.5</b>	<b>24.0</b>	<b>0.1%</b>	<b>16,162.7</b>	<b>14,668.0</b>
Interdivisional Recoveries	1,849.9	1,921.8	2,117.3	2,079.3	2,707.5	590.2	27.9%	2,778.7	2,791.5
User Fees & Donations	1.2								
Transfers from Capital Fund	2,163.6	2,314.5	2,524.5	2,358.2	1,925.3	(599.2)	(23.7%)	1,610.3	
Contribution from Reserve/Reserve Funds	1,458.9	1,433.1	2,078.8	1,850.8	2,080.8	2.0	0.1%	2,105.6	2,110.4
Sundry Revenues	108.8	46.1	366.1		67.1	(299.0)	(81.7%)	67.1	67.1
<b>total Revenues</b>	<b>5,582.4</b>	<b>5,715.5</b>	<b>6,756.7</b>	<b>6,288.3</b>	<b>6,780.7</b>	<b>(306.0)</b>	<b>(4.5%)</b>	<b>6,561.7</b>	<b>4,969.0</b>
<b>total Net Expenditures</b>	<b>8,460.4</b>	<b>8,473.4</b>	<b>9,445.8</b>	<b>8,551.9</b>	<b>9,445.8</b>	<b>330.0</b>		<b>9,601.0</b>	<b>9,699.0</b>
<b>Approved Positions</b>	<b>109.00</b>	<b>111.00</b>	<b>112.00</b>	<b>106.00</b>	<b>114.00</b>			<b>114.00</b>	<b>102.00</b>

### Appendix 3

#### 2015 Organization Chart



#### 2015 Recommended Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	4.00	17.00	64.00	18.00	103.00
Temporary			11.00		11.00
<b>Total</b>	4.00	17.00	75.00	18.00	114.00

## Appendix 5

### Summary of 2015 Recommended New / Enhanced Service Priorities



**2015 Operating Budget - Staff Recommended New and Enhanced Services**  
**Summary by Service**  
(\$000s)

Form ID		Internal Focused Services Program: Office of the Chief Financial Officer	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		

4920 CFO - New - Policy & Reserach Analyst - Shared Services

72 1 Description:

Effective March 1, 2015, one temporary Policy and Research Analyst position is recommended at an annual cost of \$0.130 million (\$0.099 million in 2015 and \$0.031 million in 2016) to assist the Shared Service Project Team.

**Service Level Impact:**

There is no service level impact from this recommendation.

Service: F&A-Executive Leadership

Total Staff Recommended:	99.0	99.0	0.0	1.0	0.0	0.0
<b>Staff Recommended New/Enhanced Services:</b>	<b>99.0</b>	<b>99.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>

**Category:**

- 71 - Operating Impact of New Capital Projects      74 - New Services
- 72 - Enhanced Services-Service Expansion      75 - New Revenues

**2015 Operating Budget - Staff Recommended New and Enhanced Services**  
**Summary by Service**  
(\$000s)

Form ID		Internal Focused Services Program: Office of the Chief Financial Officer	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
5768		<b>Sennior Investment Analyst</b>						
74	0	<b>Description:</b>						
<p>Effective June 1, 2015 a Senior Investment Analyst is recommended to support the City's strategic action outcomes of fiscal sustainability and governance by improving risk-adjusted investment earnings, robust management of financial and operational risk and reducing cost of capital.</p> <p><b>Service Level Impact:</b></p> <p>An additional person to manage the day to day operation of the new liquidity program (Promissory Note) will enhance liquidity and investment earnings. Without the new person the new liquidity program will be under utilized.</p> <p>Service: CPF-Investment &amp; Debt Management</p>								
Total Staff Recommended:			60.0	62.8	(2.8)	1.0	(3.5) (0.1)	
Service: CPF-Risk Management & Insurance								
Total Staff Recommended:			9.4	6.7	2.7	0.0	3.5 0.2	
<b>Staff Recommended New/Enhanced Services:</b>			<b>69.5</b>	<b>69.5</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0 0.0</b>	

**Category:**

71 - Operating Impact of New Capital Projects      74 - New Services  
72 - Enhanced Services-Service Expansion      75 - New Revenues





**2015 Operating Budget - Staff Recommended New and Enhanced Services  
Summary by Service  
(\$000s)**

Form ID		Internal Focused Services Program: Office of the Chief Financial Officer	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
<b>Summary:</b>								
		<b>Staff Recommended New/Enhanced Services:</b>	<b>168.5</b>	<b>168.5</b>	<b>0.0</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>

## Appendix 6

### Inflows/Outflows to/from Reserves & Reserve Funds

Table 1

#### Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2014 \$	Proposed Withdrawals (-) / Contributions (+)		
			2015 \$	2016 \$	2017 \$
<b>Projected Beginning Balance</b>			<b>5,367.0</b>	<b>5,126.0</b>	<b>4,884.7</b>
Development Charges	XR2120	5,367.0	(241.0)	(241.3)	(241.3)
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>5,367.0</b>	<b>5,126.0</b>	<b>4,884.7</b>	<b>4,643.4</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>5,367.0</b>	<b>5,126.0</b>	<b>4,884.7</b>	<b>4,643.4</b>

Table 2

#### Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2014 \$	Proposed Withdrawals (-) / Contributions (+)		
			2015 \$	2016 \$	2017 \$
<b>Projected Beginning Balance</b>			<b>25,075.8</b>	<b>23,308.6</b>	<b>21,516.9</b>
Insurance Reserve Fund	XR1010	21,364.0	(1,740.8)	(1,733.9)	(1,735.4)
Insurance Reserve Fund	XR1010		72.6	72.6	72.6
Innovation Reserve Fund	XR1713	3,711.8	(99.0)	(130.4)	(133.7)
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>25,075.8</b>	<b>23,308.6</b>	<b>21,516.9</b>	<b>19,720.4</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>25,075.8</b>	<b>23,308.6</b>	<b>21,516.9</b>	<b>19,720.4</b>