



## STAFF REPORT ACTION REQUIRED

### Operating Variance Report for the Year Ended December 31, 2014

<b>Date:</b>	April 23, 2015
<b>To:</b>	Budget Committee Executive Committee
<b>From:</b>	Deputy City Manager & Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2015\Internal Services\Fp\Bc15014Fp (AFS #20930)

#### SUMMARY

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The purpose of this report is to provide Council with the City of Toronto's operating variance for the year ended December 31, 2014 and the disposition of the 2014 year-end surplus.

The preliminary 2014 year-end operating position for Tax Supported Operations has resulted in a net favourable variance of \$190.592 million which is available for distribution after Council directions and legislative requirements are met. The surplus represents just under 2% of the gross tax-supported budget.

Consistent with City Council's approved Surplus Management Policy, at least 75 percent or \$142.944 million and an additional contribution of \$12.000 million from the Toronto Transit Commission will be allocated to the Capital Financing Reserve and \$35.648 million will be allocated to underfunded liabilities and/ or reserve funds. Effectively, all of the TTC surplus is being directed to capital which will enable the City to fund, in part, a portion of the cost over runs for the TYSSE project.

In addition, \$29.803 million of the 2014 surplus will be used to reduce the debt requirements related to the loss of the Toronto Pooling Compensation grant. The amount of short term borrowing will now be cut almost in half from the approved \$61 million in the 2015 Budget.

For the twelve-month period ended December 31, 2014, Tax Supported Operations are summarized in Table 1 below.

<b>Table 1</b>		
<b>Tax Supported Variance Summary (\$ Millions)</b>		
	Year-End 2014	
	Over/(Under)	
	\$	%
Gross Expenditures	(307.0)	-3.2%
Revenues	(88.1)	-1.5%
Net Expenditures	(218.9)	-5.8%
<b>Council Direction/Legislative Requirements</b>	<b>28.3</b>	<b>0.8%</b>
<b>Surplus Available for Distribution</b>	<b>(190.6)</b>	<b>-5.1%</b>

Under-spending was driven largely by:

- Lower than budgeted Toronto Transit Commission Conventional Services' expenditures such as healthcare benefits, maintenance costs for subway infrastructure, facilities and streetcars, fuel costs and accident claims;
- Lower than budgeted Tax Deficiencies (i.e. write-offs from assessment appeals);
- A lower than budgeted caseload for Toronto Employment and Social Services; and,
- Under-spending in purchased child care for Children's Services.

In addition, higher than budgeted revenue realized from permit applications for Toronto Building, Payment in Lieu of Taxes, Parking Tag Enforcement & Operations and the Municipal Land Transfer Tax contributed to the favourable net variance. Court Services ended 2014 with a net deficit of \$21.673 million due to lower traffic ticket issuance and resulting fine revenues.

Rate Supported Programs reported a year-end net favourable variance of \$16.409 million. Table 2 below summarizes Rate Supported Program net variances:

<b>Table 2</b>	
<b>Rate Supported Variance Summary (\$ Millions)</b>	
	Year-End 2014
	Over/(Under)
Solid Waste Management Services	(15.0)
Toronto Parking Authority	4.1
Toronto Water	(5.4)
<b>Total Variance</b>	<b>(16.4)</b>

The year-end favourable net variance of \$16.409 million was driven by Solid Waste Management Services' net under-spending of \$15.044 million, primarily due to:

- Over-achieved revenues of \$7.240 million mainly from increased funding for the Blue Box program, higher tonnage for Toronto waste disposal at the Green Land landfill, and tipping fees from higher tonnes at transfer stations.
- Lower gross expenditures of \$7.804 million due largely to under-spending in salaries and benefits, savings from capital financing as a result of delayed issuance of debt and scheduling of debt charges, and reduced alternate landfill disposal costs as more tonnes of residual waste were transferred to Green Lane.

Toronto Water reported a favourable net variance of \$5.443 million as at December 31, 2014.

- Gross expenditures were under-spent by \$10.112 million or 1.0% largely due to lower salaries and benefits.
- Under-achieved revenues of \$4.669 million were primarily from a decrease in the volume of water sales.

Toronto Parking Authority experienced lower than expected net revenue of \$4.078 million or 6.5% driven largely from increased road work City wide combined with the large number of snow days experienced from January and February and City events. The TPA still recorded positive Net Revenues of over \$58.2 million for 2014.

Table 3 below summarizes the staff vacancy rate for the twelve months ended December 31, 2014.

<b>Table 3 Summary of Approved Complement (Includes Capital and Operating Positions)</b>			
	<b>Vacancy %</b>	<b>Budgeted Gapping</b>	<b>Vacancy After Gapping</b>
City Operations	5.2%	2.3%	2.9%
Agencies	3.6%	2.7%	1.0%
Corporate Accounts	-1.3%	0.0%	0.0%
<b>Total Levy Operations</b>	<b>4.3%</b>	<b>2.5%</b>	<b>1.8%</b>
Rate Supported Programs	9.4%	2.3%	7.1%
<b>Grand Total</b>	<b>4.6%</b>	<b>2.5%</b>	<b>2.1%</b>

For the year-end, the City recorded a vacancy rate of 2.1% after budgeted gapping for an approved complement of 52,808.1 positions. A more detailed analysis is provided in the Approved Complement Section of this report.

## RECOMMENDATIONS

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The Deputy City Manager & Chief Financial Officer recommends that:

1. Council receive this report for information.

### Financial Impact

Table 4 below provides a breakdown of the City's \$190.592 million favourable net variance for City Operations and Agencies for the twelve-month period ended December 31, 2014.

<b>Table 4</b>		
<b>Tax Supported Expenditure Variance (\$ Millions)</b>		
	Year-End 2014 Over/(Under)	
	Gross	Net
Citizen Centred Services "A"	(199.4)	(11.6)
Citizen Centred Services "B"	(1.7)	(14.9)
Internal Services	(25.4)	(6.9)
City Manager	(4.0)	(3.7)
Other City Programs	(4.6)	0.5
Council Appointed Programs	(0.3)	(0.3)
Total - City Operations	(235.3)	(36.8)
Total - Agencies	(82.9)	(55.1)
Total - Corporate Accounts	11.1	(127.0)
Sub-Total	(307.0)	(218.9)
<b>Council Direction/Legislative Requirements</b>		<b>28.3</b>
<b>Surplus Available for Distribution</b>		<b>(190.6)</b>

- City Operations reported gross under-spending of \$235.286 million or 4.8% with a favourable net variance of \$36.802 million or 1.9% as of December 31, 2014.
- Agencies experienced gross under-spending of \$82.862 million or 2.4% and \$55.104 million or 3.1% of budgeted net expenditures for the twelve months ended December 31, 2014.
- Corporate Accounts collectively experienced an unfavourable variance of \$11.144 million or 0.8% gross spending. However, a favourable net variance of \$126.953 million for the twelve months ended December 31, 2014 was achieved, as this variance was primarily driven by higher than budgeted revenues.

After \$28.267 million is allocated to comply with approved Council directions and legislative requirements as outlined on pages 9 to 10, the 2014 year-end surplus available for distribution is \$190.592 million for Tax Supported Programs. The 2014 operating surplus for tax supported Programs represents only about 2% of the approved gross expenditure budget.

In accordance with the City's Surplus Management Policy:

- At least 75 percent or \$142.944 million and an additional contribution of \$12.000 million from the Toronto Transit Commission will be allocated to the Capital Financing Reserve; and,
  - \$35.648 million will be allocated to underfunded liabilities and/ or reserve funds.
- Table 5a below summarizes the allocations for Tax and Rate Supported Programs.

<b>Table 5a</b>	
<b>2014 Year-End Operating Results - Tax Supported Programs &amp; Agencies</b>	
<b>(\$ Millions)</b>	
<b>Preliminary Year-End Operating Results</b>	<b>218.859</b>
<b>Council Direction/Legislative Requirements:</b>	
Assessment Appeal Stabilization Reserve	(13.755)
Building Code Act Service Improvement Reserve Fund	(8.404)
Development Application Review Reserve Fund	(3.615)
Vehicle and Equipment Replacement - Corporate Fleet Reserve	(1.358)
CP Development Technology Reserve Fund	(0.697)
Council Transition Reserve	(0.196)
Exhibition Place Conference Centre Reserve Fund	(0.157)
Council Furniture and Equipment Reserve Fund	(0.085)
Sub-Total	<u>(28.267)</u>
<b>Final Year-End Surplus Available for Distribution</b>	<b>190.592</b>
<b>Capital:</b>	
Capital Financing Reserve (75% Allocation of the Year-End Surplus Available for Distribution)	(142.944)
Capital Financing Reserve - Toronto Transit Commission Capital Program	(12.000)
<b>Sub-Total - Capital Financing Reserve</b>	<b><u>(154.944)</u></b>
<b>Remaining Final Year-End Surplus Available for Distribution</b>	<b><u>35.648</u></b>
<b>Operating Underfunded Liabilities and/or Reserve Funds:</b>	
Child Care Capital Reserve Fund	(11.065)
Employee Benefits Reserve Fund	(8.933)
Insurance Reserve Fund	(7.000)
Sinking Fund	(5.000)
Innovation Reserve Fund - Service Efficiency/Shared Services Review Studies	(1.037)
Police Central Sick Pay Reserve Fund	(1.000)
Police Health Care Spending Reserve Fund	(1.000)
Ferry Replacement Reserve	(0.500)
Arena Boards Settlement of Operating Results for Year 2013	(0.097)
Association of Community Centres Settlement of Operating Results for Year 2013	(0.015)
Sub-Total	<u>(35.648)</u>
<b>Surplus Remaining/(Shortfall)</b>	<b>0.000</b>

<b>2014 Year-End Net Operating Results - Rate Supported Programs</b> (\$ Millions)	
<b>Toronto Water Final Year-End Surplus Available for Distribution</b>	<b>5.443</b>
Wastewater Capital Reserve Fund	(3.102)
Water Capital Reserve Fund	(2.340)
<b>Surplus Remaining/ (Shortfall)</b>	<b>0.000</b>
<b>Toronto Solid Waste Management Services Final Year-End Surplus Available for Distribution</b>	<b>15.044</b>
Waste Management Reserve Fund	(15.044)
<b>Surplus Remaining/ (Shortfall)</b>	<b>0.000</b>

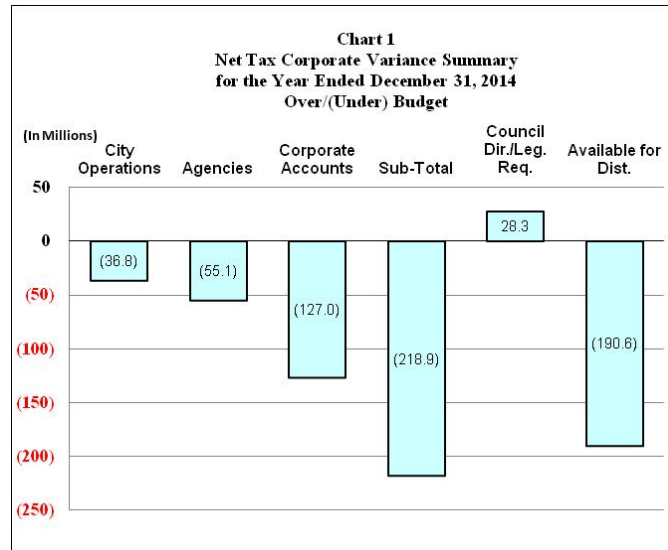
Appendices A, B and C attached summarize net expenditures, gross expenditures and revenues, respectively. Appendix D compares the approved complement to the year-end strength. Appendix E provides detailed variance explanations for City Programs and Agencies for the twelve months ended December 31, 2014.

### 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

Chart 1 below shows the City's final 2014 tax supported operating results by major Program area. As shown in Appendix A, a majority of City Programs and Agencies reported net favourable variances. Once Council approved transfers for self sustaining Programs and other legislative requirements were completed, the final 2014 surplus was \$190.592 million.



## Tax Supported Programs

*City Operations* realized net variance of \$36.802 million or 1.9% of budgeted net expenditures for the year ended December 31, 2014. Major contributors to the net under-expenditure included the following:

- Toronto Employment and Social Services' net under-spending of \$15.370 million or 8.9% was attributed to a lower average monthly caseload (92,500 actual versus budget of 101,000).
- Children's Services net favourable variance of \$11.065 million or 14.4% resulted in under-spending in purchased child care reflecting an actual child care mix that was different from the budget mix. This stemmed from a shortage of space in the system for toddlers and infants and a lower than projected per diem for children entering Full Day Kindergarten.
- Toronto Building's favourable variance of \$8.404 million or 76.8% was primarily from higher than budgeted revenues of \$7.734 million or 13.0%, mainly due to anticipated changes to Ontario's Building Code and sustained high volume of permit intake activity.
- City Planning's net variance of \$3.912 million or 25.1% was due to lower than budgeted gross expenditures of \$1.367 million or 3.3%, primarily from savings in salary and benefits, technical consulting and other expenses. The City also experienced higher revenues of \$2.545 million or 9.8% as a result of stronger than expected development application revenues in the Community Planning and Committee of Adjustment.
- City Manager's Office net favourable variance of \$3.687 million or 7.9% was due largely to salary and benefit under-spending arising from vacant positions.
- Office of the Treasurer's net favourable variance of \$3.110 million or 10.2% was the result of under-spending from vacant positions for capital and corporate initiatives.

The year-end under-spending outlined above was partially offset by the following unfavourable variances.

- Court Services' reported a net over-expenditure of \$21.673 million or 157.2% due to lower fine revenue of \$28.363 million resulting from a significant reduction of traffic charges filed by the Toronto Police Service. The total volume of tickets filed for 2014 (318,431) was 149,134 or 32% lower than 2013 (467,565) and 51% lower than 2012 (649,117).
- Transportation Services' unfavourable variance of \$4.887 million or 2.4% was mainly due to higher than budgeted winter maintenance expenditures (road and sidewalk ploughing, sanding and salting) from the harsh winter conditions.

*City Agencies* collectively contributed \$55.104 million to the 2014 final year-end positive position, primarily due to the following:

- Toronto Transit Commission's combined services (Conventional Service and Wheel-Trans) had a favourable net variance of \$50.854 million or 9.3% driven largely by:
  - Gross under-spending of \$57.020 million or 3.5% in TTC's Conventional Services primarily due to lower than budgeted healthcare benefits, maintenance costs for subway infrastructure, facilities and streetcars, fuel costs and accident claims.
  - This gross under-spending was partially offset by under-achieved passenger revenues of \$14.4 million or 1.3%. Severe cold temperatures experienced early in 2014 and the impact of budgeted system closures accounted for a ridership shortfall of 5 million from the 540 million budgeted rides. Additionally, higher than anticipated monthly Metropass sales continue to cause a slight decline in the average fare.

*Corporate Accounts'* net under-expenditure of \$126.953 million for the year ended December 31, 2014 was attributed to the following:

- ***Capital and Corporate Financing*** was over-spent by \$9.0 million (1.4%) due to higher than budgeted debt charges from loans, commission and legal cost of issuance and earlier than planned debt issuance during the year in order to take advantage of the lower than budgeted interest rates. While the earlier issuance caused higher than budgeted debt charges in 2014, over the term of the debentures, the City expects to save \$18 million in debt charges.
- ***Non-Program Expenditures*** were under-spent by \$18.715 million or 4.0% at year-end. The key contributors to the favourable variance included the following:
  - Tax Deficiencies: Under-spending of \$13.755 million or 26.5% as a result of:
    - \$50.36 million in appeals, other adjustments and provisions were lower than budgeted primarily from the Assessment Appeal Board clearing up their backlog;
    - As a result of the above, \$32.355 million contribution from the Assessment Appeal Stabilization Reserve was not required since total expenditures fell short of the overall budget;
    - \$0.69 million in lower than anticipated costs to defend the City's assessment base; and,
    - \$4.94 million from TIEG grants exceeding budget.
  - Other Corporate Expenditures: Favourable variance of \$6.735 million or 30.3% arising primarily from \$3.7 million due to reversal of accrued interest on the Provincial loan.



- Parking Tag Enforcement and Operations: Under-expenditures of \$1.936 million or 3.2% primarily as a result of rent savings from Parking Enforcement Headquarters reallocation.
  - Solid Waste Management Rebates: Under-spending of \$1.308 million or 0.7% from lower than anticipated rebates issued during the year.
  - Assessment Function: Lower Municipal Property Assessment Corporation charges of \$1.024 million or 2.5%.
- **Non-Program Revenues** were \$117.256 million or 11.7% higher than budgeted. The positive year-end net variance was attributed to the following:
    - Municipal Land Transfer Tax: Higher than budgeted revenue by \$82.208 million or 23.5% was realized due to stronger than expected average home prices and sales volumes.
    - Payments in Lieu of Taxes: Revenues were \$15.193 million or 16.1% higher than budgeted primarily as a result of lower than anticipated appeals and other adjustments.
    - Toronto Hydro Dividend Income: Revenues were higher by \$5.621 million or 10.2% as a result of better than budgeted 2013 operating results for Toronto Hydro. Toronto Hydro received a favourable ruling at the Ontario Energy Board which resulted in a one-time increase for 2013.
    - Parking Tag Enforcement and Operations: Revenues were \$21.265 million or 25.2% above budget as a result of fixed fines, increased rush-hour fines and the Habitual Offender Program.
    - Other Tax Revenues: Revenues were higher by \$1.061 million or 7.6% due to \$1.4 million resulting from appeals posted and required provisions being less than budgeted. This reflected the Assessment Board's efforts to eliminate its backlog of pending appeals. This was partially offset by the acreage level for Right-of-Way taxes being \$0.399 million lower than budgeted.

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

- A decline in Supplementary Taxes of \$4.383 million or 11.0%. The number of properties and assessed values anticipated on the omitted/ supplementary rolls did not generate the budgeted revenues.
- Toronto Parking Authority's income sharing revenue was \$3.001 million or 6.2% lower than budgeted due to increased road work City-wide combined with the large number of snow days experienced from January and February and City events that reduced on-street parking revenues.
- Lower than budgeted revenue from Interest and Investment Earnings of \$1.093 million or 0.9% primarily from lower than anticipated interest rates.

## Rate Supported Programs

*Rate Supported Programs* were under-spent by \$16.409 million compared to budgeted net expenditures for the twelve-month period ended December 31, 2014.

- **Toronto Water** reported a favourable net variance of \$5.443 million as at December 31, 2014. Gross expenditures were under-spent by \$10.112 million or 1.0% largely due to lower salaries and benefits (\$11.639 million), lower biosolids haulage costs (\$3.141 million), favourable pricing and lower usage of corrosion control chemicals (\$3.092 million), lower costs of materials and parts (\$0.682 million), lower payments in lieu of taxes and below anticipated bank charges, grants and other costs (\$1.253 million). This under-spending was partially offset by higher utility costs (\$0.609 million) in hydro use, as well as higher costs of utility cut repairs (\$3.670 million) and higher than expected change in the provision for doubtful accounts (\$5.387 million).

Under-achieved revenues of \$4.669 million primarily from a decrease in the volume of water sales (\$15.483 million) was partially mitigated by stronger than anticipated recoveries for new sewer connections (\$6.325 million), higher revenues from industrial waste and private water agreements (\$2.118 million), higher user fees and other recoveries (\$1.791 million) and revenues from the sale of water to the Region of York (\$0.580 million).

- **Solid Waste Management Services (SWMS)** reported a favourable year-end net variance of \$15.044 million. Gross expenditures were under-spent by \$7.804 million comprised of \$5.448 million in salaries and benefits, \$4.086 million in savings from capital financing due to delayed issuance of debt and scheduling of debt charges, and \$1.657 million less for alternate landfill disposal costs. Year-end revenues were \$7.240 million or 2.0% above budget due largely to \$7.524 million in increased funding for the Blue Box program, \$5.210 million from higher tonnage for Toronto waste disposal at Green Land landfill and \$3.002 million in incurred tipping fees for higher tonnes at transfer stations. Higher than budgeted revenues were offset by fewer tonnes of third party waste disposed at

Green Lane due to increased rates (\$5.965 million) and lower volume based user fees from residential clients (\$1.708 million).

- **Toronto Parking Authority** reported under-achieved net revenue of \$4.078 million or 6.5% driven largely from increased road work City wide combined with the large number of snow days experienced from January and February and City events. As a result, on-street parking revenue was lower than budgeted. The TPA still recorded positive Net Revenues of over \$58.2 million for 2014.

## **Allocation of 2014 Surplus – Tax Supported Operations**

The 2014 preliminary year-end operating results for Tax Supported Operations 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 \$13.755 million will be transferred to the Assessment Appeal Stabilization Reserve, given that 2017 will be a reassessment year.

2. Building Code Act Service Improvement Reserve Fund:

In compliance with Section 7 of the Building Code Act, the net operating favourable variance of \$8.404 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 \$3.615 million from the development review services (Community Planning and

- Committee of Adjustment) will be transferred to the Development Application Review Reserve Fund.
4. Vehicle and Equipment Replacement – Corporate Fleet Reserve:  
As part of the 2013 Approved Operating Budget for Fleet Services, City Council authorized the Deputy City Manager & Chief Financial Officer to apply savings realized from fluctuations in fuel prices annually to either the Corporate Vehicle Reserve or the Commodity Price Stabilization Reserve, as they deem appropriate. In compliance with City Council's direction, Fleet Services net operating surplus of \$1.358 million derived from fuel operations will be transferred to the Vehicle and Equipment Replacement – Corporate Fleet Reserve.
  5. CP Development Technology 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 the amortized capital cost for replacement for capital assets that support the development application review activity. In accordance with City Council's direction, \$0.697 million of the operating surplus from development application review fees will be transferred to the CP Development Technology Reserve Fund.
  6. Exhibition Place Conference Centre Reserve Fund:  
The 2014 Exhibition Place actuals of \$0.157 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.
  7. Council Transition Reserve & Council Furniture and Equipment Reserve Fund:  
City Council, at its meeting of July 11, 2012, directed that any favourable variances of City Council's annual Operating Budget be contributed to the Council Transition Reserve and the Council Furniture and Equipment Reserve Fund. In accordance with Council's direction, City Council's operating budget surplus of \$0.281 million will be transferred to the Council Transition Reserve (\$0.196 million) and the Council Furniture and Equipment Reserve Fund (\$0.085 million).

### Allocation of the 2014 Final Year-End Surplus Available for Distribution:

In accordance with the City's Surplus Management Policy, the 2014 final year-end surplus of \$154.944 million available for distribution will be allocated to the Capital Financing Reserve and the remaining \$35.648 million will be allocated to underfunded liabilities and/or reserve funds.

### **Capital Allocation**

#### Capital Financing Reserve:

- \$142.944 million or 75% of the 2014 final year-end surplus available for distribution will be allocated to the Capital Financing Reserve to fund the 2015-2024 Approved Capital Plan.
- To fund TTC's future capital program, an additional \$12.000 million of the operating surplus for TTC Conventional Services and Wheel-Trans will be transferred to the Capital Financing Reserve to further address TTC's unfunded capital needs. Effectively, all of the TTC surplus is being directed to capital which will enable the City to fund, in part, a portion of the cost over runs for the TYSSE project.

Table 5b below provides a reconciliation of the contributions to the Capital Financing Reserve.

<b>Table 5b</b>	
<b>Reconciliation of Contribution to the Capital Financing Reserve Schedule</b>	
<b>(\$ Millions)</b>	
75% Allocation of Year-End Operating Surplus Available for Distribution	142.944
Toronto Transit Commission Additional Contribution	12.000
<b>Total Contribution to the Capital Financing Reserve</b>	<b>154.944</b>
Minimum Required by the Non-Debt Capital Financing Strategy	75.000
<b>Remaining Contribution to the Capital Financing Reserve</b>	<b>79.944</b>
TTC & Wheel-Trans Year-End Operating Surplus Contributed to the Reserve	50.140
<b>To be used to reduce Debt due to the loss of Toronto Pooling Compensation Grant</b>	<b>29.803</b>

The non-debt Capital Financing Strategy approved in the 2015 Capital Budget requires an operating surplus contribution of \$75.000 million. The Toronto Transit Commission Combined Services' operating surplus contribution of \$50.140 million is being set aside for future capital requirements (particularly for the TYSSE project). The remaining contribution to the Capital Financing Reserve of \$29.803 million will be used to reduce required debt issuance from \$61 million to \$31 million to replace reduced capital-from-current funds necessary to help mitigate the pressure from the loss of Toronto Pooling Compensation grant for Social Housing. As a result of this action, the planned increase in debt issuance costs will be reduced by up to \$8 million per year in future years. The detailed strategies for managing the loss of Provincial funding can be found in the report

entitled: *Toronto Pooling Compensation for Social Housing – Follow Up* adopted by City Council at its meeting held on March 10, 2015.

## **Operating Allocation – Underfunded Liabilities and/or Reserve Funds**

1. The remaining \$35.648 million of the 2014 final year-end surplus available for distribution will be allocated to the following underfunded liabilities and/or reserve funds:
  - a) **Child Care Capital Reserve Fund:**

The transfer of Children's Services operating surplus of \$11.065 million to the Child Care Capital Reserve Fund will provide much needed funding support for the Child Care Service Plan priority of increasing the licensed child care capacity in Toronto over the next 5 years. The Service Plan Capital Strategy's primary focus will be on creating licensed spaces for infants and toddlers to respond to the growing demand and the system changes resulting from the implementation of Full Day Kindergarten.
  - b) **Employee Benefits Reserve Fund:**

In order to mitigate future funding pressures for employee and retiree benefit costs, \$8.933 million of the operating surplus available for distribution will be allocated to the Employee Benefits Reserve Fund. This strategy was anticipated in the 2015 Operating Budget and avoided an expenditure increase which resulted in a lower/ reduced tax impact to benefit taxpayers.
  - c) **Insurance Reserve Fund:**

The Insurance Reserve Fund year-end balance for 2014 was \$22.442 million. Insurance and claims costs fluctuate based on insurance market conditions, asset values and claims experience. In recent years, costs have risen significantly. The historic target for this account is to maintain a balance of \$35.0 million (7 events of \$5.0 million each). To lessen the pressure of anticipated insurance liabilities on future operating budgets and to close the gap on the target balance, \$7.0 million of the operating surplus available for distribution will be transferred to the Insurance Reserve Fund.
  - d) **Sinking Fund:**

To ensure the Sinking Fund does not have a deficit due to current low interest rate earnings, \$5.0 million of the operating surplus available for distribution will be transferred to the Sinking Fund. This will relieve future debt charge funding/ budgetary pressures and help avoid or mitigate potential tax impacts.
  - e) **Innovation Reserve Fund – Service Efficiency/Shared Services Review Studies:**

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, \$1.037 million of the operating surplus available for distribution will be transferred to the Innovation Reserve Fund.

- f) Police Central Sick Pay Reserve Fund:  
The Toronto Police Service operating surplus was \$4.555 million. As part of the 2015 Approved Operating Budget, the Board approved a reduction to the Police Central Sick Pay Reserve Fund of \$1.0 million to meet Budget Committee's request for an operating budget reduction of \$5.0 million. To mitigate the budget reduction, \$1.0 million of the Toronto Police Service's operating surplus will be transferred to the Police Central Sick Pay Reserve Fund.
- g) Police Health Care Spending Reserve Fund:  
As part of the 2015 Approved Operating Budget, the Board approved a reduction to the Police Health Care Spending Reserve Fund of \$1.0 million to meet Budget Committee's request for an operating budget reduction of \$5.0 million. To mitigate the budget reduction, \$1.0 million of the Toronto Police Service's operating surplus of \$4.555 million will be transferred to the Police Health Care Spending Reserve Fund.
- h) Ferry Replacement Reserve:  
The Parks, Forestry and Recreation Approved Capital Plan includes a replacement plan for 4 ferries over the next 20 years providing higher capacity passenger vessels constructed to meet the specific needs of transporting passengers to/ from the Toronto Island. It is anticipated that the ferries will be funded from the Ferry Replacement Reserve. In order to ensure adequate funding is in place for ferry replacement, \$0.500 million of Parks, Forestry and Recreation's operating surplus will be transferred to the Ferry Replacement Reserve.
- i) Arena Boards Settlement of Operating Results for Year 2013:  
The *Arena Boards of Management 2013 Operating Surpluses/ Deficits Settlement* report will be considered by Budget Committee at its meeting of May 19, 2015. The combined audited 2013 operating deficit for the Arena Boards is \$245,354, however the \$159,181 provision set aside on the basis of un-audited results in the 2013 year-end Operating Budget Variance, provides an offset and the 2012 settlement which was forwarded to the 2013 adds \$11,314, resulting in a current required provision of \$97,487.
- j) Association of Community Centres Settlement of Operating Results for Year 2013:  
Budget Committee at its meeting of May 19, 2015, will consider the report entitled *Association of Community Centres Settlement of Operating Results for Year 2013*. The operating expenditure payable to Community Centres of \$14,741 primarily related to unbudgeted expenditures for external services hired during the year will be funded from the year-end operating surplus.

## Allocation of Surplus – Rate Supported Operations

The 2014 final year-end operating results for Rate Supported Operations, excluding the Toronto Parking Authority, of \$20.487 million will be allocated based on the following:

### Toronto Water:

Toronto Water's operating surplus of \$5.443 million will be transferred to the Capital Reserve Funds for Water (43%) and Wastewater (57%). The Water and Wastewater Capital Reserve Funds are used to fund the future capital program.

### Solid Waste Management Services:

Solid Waste Management Services' operating surplus of \$15.044 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.

## Approved Positions

Table 6 outlines the approved complement and strength as at December 31, 2014. The City reported a strength of 50,365.4 positions representing a vacancy rate, after approved gapping, of 2.1%. Appendix D provides a detailed assessment of the approved complement and strength for the twelve months ended December 31, 2014.

<b>Table 6</b>					
<b>Summary of Approved Complement</b>					
<b>(Includes Capital and Operating Positions)</b>					
<b>Program/Agency</b>	<b>Year-End 2014</b>				
	<b>Approved Complement</b>	<b>Strength</b>	<b>Vacancies</b>	<b>Vacancy %</b>	<b>Vacancy After Gapping</b>
Citizen Centred Services "A"	12,436.5	11,988.7	(447.7)	3.6%	2.0%
Citizen Centred Services "B"	6,235.2	5,929.1	(306.1)	4.9%	2.0%
Internal Services	2,969.0	2,620.8	(348.2)	11.7%	8.0%
City Manager's Office	458.5	395.0	(63.5)	13.8%	9.8%
Other City Programs	930.9	901.3	(29.6)	3.2%	9.8%
Accountability Offices	50.8	46.0	(4.8)	9.4%	8.9%
<b>TOTAL - CITY OPERATIONS</b>	<b>23,080.9</b>	<b>21,880.9</b>	<b>(1,200.0)</b>	<b>5.2%</b>	<b>2.9%</b>
Agencies	26,181.4	25,230.0	(951.4)	3.6%	1.0%
Corporate Accounts	394.0	399.0	5.0	-1.3%	0.0%
<b>TOTAL - LEVY OPERATIONS</b>	<b>49,656.3</b>	<b>47,509.9</b>	<b>(2,146.4)</b>	<b>4.3%</b>	<b>1.8%</b>
Rate Supported Programs	3,151.8	2,855.4	(296.4)	9.4%	7.1%
<b>GRAND TOTAL</b>	<b>52,808.1</b>	<b>50,365.4</b>	<b>(2,442.8)</b>	<b>4.6%</b>	<b>2.1%</b>



### City Operations:

As indicated in Table 6 above, City Operations collectively reported a strength of 21,880.9 positions, which was 1,200.0 positions below the complement of 23,080.9 positions for the twelve months ended December 31, 2014. The vacancy rate, after approved gapping, was 2.9%.

### Agencies:

As of December 31, 2014, the combined strength reported by Agencies was 25,230.0 positions which was 951.4 positions below the approved complement of 26,181.4 positions representing a vacancy rate, after approved gapping, of 1.0%.

### Rate Supported Programs:

Rate Supported Programs reported a strength of 2,855.4 positions, representing 296.4 under the approved complement of 3,151.8 positions, as of December 31, 2014. The vacancy rate, after approved gapping, was 7.1%.

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

The City's costs related to the December 2013 ice storm were \$69.4 million (\$68.8 million for Divisions and \$0.6 million for Agencies and Corporations). A claim of \$64.3 million was submitted December 19, 2014, under the Provincial Ice Storm Assistance Program. Expenses that were not eligible under the program totalling \$5.1 million were not submitted, (salaries of \$4.1 million for Urban Forestry staff reassigned from their regular responsibilities and whose positions were not backfilled and \$1 million of HST). As a result, the 2014 results include \$5.1 million of costs for the ice storm, included in Non-Program Expenditure Budget.

A team of experienced professionals, under contract to the Province, is currently reviewing the City's claim. As the review process may be lengthy, the Province has provided an advance of 35% of the claim amount (\$22.5 million). Upon completion of the full review, the City will receive the remaining eligible funds, which are anticipated at this time to be substantially the same as the amounts submitted.

## **Consulting Costs**

As at December 31, 2014, Tax and Rate Supported Operations reported actual consulting costs of \$3.665 million resulting in under-spending of \$1.770 million or 32.6% of the \$5.436 million in budgeted expenditures. The under-expenditure was mainly driven by Toronto Employment and Social Services, Children Services, Toronto Zoo, City Planning and the Toronto Police Services Board.

## Utility Costs

As at December 31 2014, Tax and Rate Supported Operations reported actual utility costs of \$189.838 million (compared to the budgeted expenditures of \$186.806 million) resulting in an over-expenditure of \$3.032 million or 1.6% compared to budget. Several Programs reported higher than budgeted utility costs, most notably Toronto Water, Transportation Services and Facilities Management and Real Estate Services.

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## SIGNATURE

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Roberto Rossini  
Deputy City Manager & Chief Financial Officer

## ATTACHMENTS

- Appendix A – City of Toronto Net Expenditures for Year Ended December 31, 2014
- Appendix B – City of Toronto Gross Expenditures for Year Ended December 31, 2014
- Appendix C – City of Toronto Revenues for Year Ended December 31, 2014
- Appendix D – City of Toronto Complement and Strength for Year Ended December 31, 2014
- Appendix E – City of Toronto Significant City Programs/ Agencies Variance Explanations



**CITY OF TORONTO  
CONSOLIDATED NET EXPENDITURES VARIANCE  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(\$000s)**

	December 31, 2014			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
<b>Citizen Centred Services "A"</b>				
Affordable Housing Office	1,194.8	1,194.8	0.0	0.0%
Children's Services	76,716.4	65,651.3	(11,065.1)	-14.4%
Court Services	(13,783.2)	7,889.6	21,672.7	-157.2%
Economic Development & Culture	48,692.9	48,685.7	(7.3)	0.0%
Toronto Paramedic Services	69,108.7	68,024.9	(1,083.8)	-1.6%
Long Term Care Homes and Services	45,789.7	42,371.9	(3,417.8)	-7.5%
Parks, Forestry & Recreation	288,917.2	286,785.9	(2,131.3)	-0.7%
Shelter, Support & Housing Administration	197,515.8	197,515.8	(0.0)	0.0%
Social Development, Finance & Administration	29,919.4	29,747.5	(171.9)	-0.6%
Toronto Employment & Social Services	172,364.3	156,994.0	(15,370.3)	-8.9%
<b>Sub-Total Citizen Centred Services "A"</b>	<b>916,436.1</b>	<b>904,861.3</b>	<b>(11,574.7)</b>	<b>-1.3%</b>
<b>Citizen Centred Services "B"</b>				
City Planning	15,608.3	11,696.3	(3,912.1)	-25.1%
Fire Services	410,901.3	407,838.1	(3,063.2)	-0.7%
Municipal Licensing & Standards	21,077.3	18,091.6	(2,985.7)	-14.2%
Policy, Planning, Finance and Administration	9,884.8	8,626.1	(1,258.7)	-12.7%
Engineering and Construction Services	7,604.3	7,482.3	(122.1)	-1.6%
Toronto Building	(10,943.8)	(19,347.8)	(8,403.9)	76.8%
Transportation Services	206,106.5	210,993.0	4,886.5	2.4%
<b>Sub-Total Citizen Centred Services "B"</b>	<b>660,238.8</b>	<b>645,379.6</b>	<b>(14,859.2)</b>	<b>-2.3%</b>
<b>Internal Services</b>				
Office of the Chief Financial Officer	9,445.8	8,686.5	(759.3)	-8.0%
Office of the Treasurer	30,372.9	27,263.2	(3,109.7)	-10.2%
Facilities Management & Real Estate	65,319.1	65,341.7	22.6	0.0%
Fleet Services	0.0	(1,358.2)	(1,358.2)	n/a
Information & Technology	68,539.2	66,875.7	(1,663.5)	-2.4%
311 Toronto	10,285.0	10,281.4	(3.6)	0.0%
<b>Sub-Total Internal Services</b>	<b>183,962.0</b>	<b>177,090.2</b>	<b>(6,871.7)</b>	<b>-3.7%</b>
<b>City Manager</b>				
City Manager's Office	46,651.9	42,965.3	(3,686.6)	-7.9%
<b>Sub-Total City Manager</b>	<b>46,651.9</b>	<b>42,965.3</b>	<b>(3,686.6)</b>	<b>-7.9%</b>
<b>Other City Programs</b>				
City Clerk's Office	32,410.6	32,635.6	225.0	0.7%
Legal Services	19,193.2	19,828.0	634.8	3.3%
Mayor's Office	1,088.5	1,008.9	(79.6)	-7.3%
City Council	19,957.4	19,676.2	(281.2)	-1.4%
<b>Sub-Total Other City Programs</b>	<b>72,649.7</b>	<b>73,148.7</b>	<b>499.0</b>	<b>0.7%</b>
<b>Accountability Offices</b>				
Auditor General's Office	4,685.1	4,385.1	(300.0)	-6.4%
Integrity Commissioner's Office	299.1	347.9	48.8	16.3%
Lobbyist Registrar's Office	1,087.4	1,028.9	(58.5)	-5.4%
Ombudsman's Office	1,635.8	1,636.8	1.0	0.1%
<b>Sub-Total Council Appointed Programs</b>	<b>7,707.4</b>	<b>7,398.7</b>	<b>(308.7)</b>	<b>-4.0%</b>
<b>TOTAL - CITY OPERATIONS</b>	<b>1,887,645.8</b>	<b>1,850,843.8</b>	<b>(36,802.0)</b>	<b>-1.9%</b>



**CITY OF TORONTO**  
**CONSOLIDATED NET EXPENDITURES VARIANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(\$000s)**

Appendix A

	December 31, 2014			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
<b>Agencies</b>				
Toronto Public Health	54,982.2	54,660.0	(322.2)	-0.6%
Toronto Public Library	167,637.4	167,611.1	(26.3)	0.0%
Association of Community Centres	7,169.8	7,253.3	83.5	1.2%
Exhibition Place	(100.0)	(156.5)	(56.5)	56.5%
Heritage Toronto	311.8	311.8	(0.0)	0.0%
Theatres	4,757.4	5,238.2	480.8	10.1%
Toronto Zoo	11,443.4	11,443.4	0.0	0.0%
Arena Boards of Management	(95.8)	106.4	202.2	-211.1%
Yonge Dundas Square	392.9	389.3	(3.6)	-0.9%
Toronto & Region Conservation Authority	3,372.0	3,372.0	(0.0)	0.0%
Toronto Transit Commission - Conventional	440,081.0	392,985.8	(47,095.2)	-10.7%
Toronto Transit Commission - Wheel Trans	106,823.1	103,064.1	(3,759.0)	-3.5%
Toronto Police Service	957,661.2	953,106.3	(4,554.9)	-0.5%
Toronto Police Services Board	2,358.2	2,305.5	(52.7)	-2.2%
<b>TOTAL - AGENCIES</b>	<b>1,756,794.6</b>	<b>1,701,690.7</b>	<b>(55,103.9)</b>	<b>-3.1%</b>
<b>Corporate Accounts</b>				
Capital & Corporate Financing	652,139.7	661,158.2	9,018.5	1.4%
<b>Non-Program Expenditures</b>				
- Tax Deficiencies/Write-offs	52,000.0	38,244.9	(13,755.1)	-26.5%
- Assessment Function (MPAC)	40,370.0	39,345.8	(1,024.2)	-2.5%
- Corporate Contingency	0.0	3.9	3.9	n/a
- Funding of Employee Related Liabilities	75,902.6	75,871.3	(31.3)	0.0%
- 2013 Ice Storm	0.0	5,147.9	5,147.9	n/a
- Other Corporate Expenditures	22,252.7	15,517.5	(6,735.2)	-30.3%
- Insurance Premiums & Claims	7,300.0	7,300.0	0.0	0.0%
- Parking Tag Enforcement & Oper.	61,383.2	59,446.8	(1,936.4)	-3.2%
- Programs Funded from Reserve Funds	0.0	270.3	270.3	n/a
- Vacancy Rebate Program	22,000.0	22,578.7	578.7	2.6%
- Heritage Property Taxes Rebate	2,000.0	2,073.6	73.6	3.7%
- Tax Rebates for Registered Charities	0.0	0.0	0.0	n/a
- Solid Waste Management Rebates	181,391.9	180,084.3	(1,307.6)	-0.7%
Non-Program Expenditures	464,600.4	445,885.0	(18,715.4)	-4.0%
<b>Non-Program Revenue</b>				
- Payments in Lieu of Taxes	(94,653.1)	(109,845.8)	(15,192.7)	16.1%
- Supplementary Taxes	(40,000.0)	(35,617.0)	4,383.0	-11.0%
- Tax Penalties	(29,000.0)	(28,265.4)	734.6	-2.5%
- Interest/Investment Earnings	(124,254.487)	(123,161.7)	1,092.8	-0.9%
- Prior Year Surplus	0.0	0.0	0.0	n/a
- Other Corporate Revenues	(7,074.1)	(7,711.0)	(636.9)	9.0%
- Toronto Hydro Revenues	(55,000.0)	(60,620.5)	(5,620.5)	10.2%
- Provincial Revenue	(91,600.0)	(91,600.0)	0.0	0.0%
- Municipal Land Transfer Tax	(349,800.9)	(432,008.7)	(82,207.8)	23.5%
- Personal Vehicle Tax	0.0	(0.1)	(0.1)	n/a
- Third Party Sign Tax	(10,725.6)	(10,264.3)	461.4	-4.3%
- Parking Authority Revenues	(48,425.8)	(45,424.8)	3,001.0	-6.2%
- 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.	(84,380.2)	(105,644.9)	(21,264.7)	25.2%
- Other Tax Revenues	(13,877.0)	(14,938.0)	(1,061.0)	7.6%
- Woodbine Slots	(15,000.0)	(15,945.2)	(945.2)	6.3%
Non-Program Revenues	(999,090.9)	(1,116,347.0)	(117,256.1)	11.7%
<b>TOTAL - CORPORATE ACCOUNTS</b>	<b>117,649.2</b>	<b>(9,303.7)</b>	<b>(126,953.0)</b>	<b>-107.9%</b>
<b>NET OPERATING TAX LEVY</b>	<b>3,762,089.7</b>	<b>3,543,230.8</b>	<b>(218,858.9)</b>	<b>-5.8%</b>
<b>COUNCIL DIRECTION/LEGISLATIVE REQUIREMENTS</b>	<b>0.0</b>	<b>28,267.3</b>	<b>28,267.3</b>	<b>0.8%</b>
<b>SURPLUS AVAILABLE FOR DISTRIBUTION</b>	<b>3,762,089.7</b>	<b>3,571,498.1</b>	<b>(190,591.6)</b>	<b>-5.1%</b>
<b>NON LEVY OPERATIONS</b>				
Solid Waste Management Services	0.0	(15,044.0)	(15,044.0)	n/a
Toronto Parking Authority	(62,329.8)	(58,251.9)	4,077.9	-6.5%
Toronto Water	(0.0)	(5,442.8)	(5,442.8)	n/a
<b>NON LEVY OPERATING NET EXPENDITURES</b>	<b>(62,329.8)</b>	<b>(78,738.7)</b>	<b>(16,408.9)</b>	<b>n/a</b>



**CITY OF TORONTO  
CONSOLIDATED GROSS EXPENDITURES VARIANCE  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(\$000s)**

	December 31, 2014			
	Budget	Actual	Over / (Under)	%
<b>Citizen Centred Services "A"</b>				
Affordable Housing Office	2,743.2	2,693.1	(50.0)	-1.8%
Children's Services	421,733.2	395,796.7	(25,936.5)	-6.1%
Court Services	53,814.3	47,123.7	(6,690.5)	-12.4%
Economic Development & Culture	72,394.1	68,928.3	(3,465.7)	-4.8%
<b>Toronto Paramedic Services</b>	187,182.5	183,748.4	(3,434.1)	-1.8%
Long Term Care Homes & Services	231,799.5	226,525.6	(5,273.9)	-2.3%
Parks, Forestry & Recreation	413,044.8	402,006.8	(11,038.0)	-2.7%
Shelter, Support & Housing Administration	647,384.0	623,573.9	(23,810.1)	-3.7%
Social Development, Finance & Administration	40,776.8	35,609.6	(5,167.2)	-12.7%
Toronto Employment & Social Services	1,172,327.6	1,057,833.8	(114,493.8)	-9.8%
<b>Sub-Total Citizen Centred Services "A"</b>	<b>3,243,200.0</b>	<b>3,043,840.0</b>	<b>(199,360.0)</b>	<b>-6.1%</b>
<b>Citizen Centred Services "B"</b>				
City Planning	41,607.4	40,240.7	(1,366.7)	-3.3%
Fire Services	425,534.8	422,897.0	(2,637.8)	-0.6%
Municipal Licensing & Standards	50,046.0	46,171.3	(3,874.7)	-7.7%
Policy, Planning, Finance and Administration	22,062.9	19,438.8	(2,624.1)	-11.9%
Engineering and Construction Services	65,601.9	62,789.7	(2,812.2)	-4.3%
Toronto Buildings	48,409.0	47,738.7	(670.3)	-1.4%
Transportation Services	340,201.7	352,525.2	12,323.5	3.6%
<b>Sub-Total Citizen Centred Services "B"</b>	<b>993,463.6</b>	<b>991,801.4</b>	<b>(1,662.3)</b>	<b>-0.2%</b>
<b>Internal Services</b>				
Office of the Chief Financial Officer	16,202.5	14,626.4	(1,576.1)	-9.7%
Office of the Treasurer	74,386.7	68,121.8	(6,264.9)	-8.4%
Facilities Management & Real Estate	188,746.9	184,950.6	(3,796.3)	-2.0%
Fleet Services	47,788.9	52,978.5	5,189.6	10.9%
Information & Technology	110,433.4	92,667.9	(17,765.5)	-16.1%
311 Toronto	17,800.6	16,624.6	(1,176.0)	-6.6%
<b>Sub-Total Internal Services</b>	<b>455,359.0</b>	<b>429,969.8</b>	<b>(25,389.2)</b>	<b>-5.6%</b>
<b>City Manager</b>				
City Manager's Office	55,401.7	51,400.9	(4,000.7)	-7.2%
<b>Sub-Total City Manager</b>	<b>55,401.7</b>	<b>51,400.9</b>	<b>(4,000.7)</b>	<b>-7.2%</b>
<b>Other City Programs</b>				
City Clerk's Office	60,475.1	58,440.3	(2,034.8)	-3.4%
Legal Services	47,044.5	44,860.1	(2,184.4)	-4.6%
Mayor's Office	1,088.5	1,008.9	(79.6)	-7.3%
City Council	22,287.4	22,015.6	(271.8)	-1.2%
<b>Sub-Total Other City Programs</b>	<b>130,895.5</b>	<b>126,324.9</b>	<b>(4,570.6)</b>	<b>-3.5%</b>
<b>Accountability Offices</b>				
Auditor General's Office	4,685.1	4,385.1	(300.0)	-6.4%
Integrity Commissioner's Office	299.1	347.9	48.8	16.3%
Lobbyist Registrar's Office	1,087.4	1,028.9	(58.5)	-5.4%
Ombudsman's Office	1,635.8	1,642.6	6.8	0.4%
<b>Sub-Total Council Appointed Programs</b>	<b>7,707.4</b>	<b>7,404.5</b>	<b>(302.9)</b>	<b>-3.9%</b>
<b>TOTAL - CITY OPERATIONS</b>	<b>4,886,027.2</b>	<b>4,650,741.6</b>	<b>(235,285.6)</b>	<b>-4.8%</b>

**CITY OF TORONTO**  
**CONSOLIDATED GROSS EXPENDITURES VARIANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
(\$000s)

	December 31, 2014			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
<b>Agencies</b>				
Toronto Public Health	247,632.2	240,950.6	(6,681.6)	-2.7%
Toronto Public Library	184,220.1	185,343.8	1,123.7	0.6%
Association of Community Centres	7,792.5	7,790.4	(2.1)	0.0%
Exhibition Place	44,438.1	34,069.4	(10,368.7)	-23.3%
Heritage Toronto	774.5	770.5	(4.0)	-0.5%
Theatres	22,161.3	20,384.4	(1,776.9)	-8.0%
Toronto Zoo	51,755.9	48,868.4	(2,887.5)	-5.6%
Arena Boards of Management	8,167.6	8,005.5	(162.1)	-2.0%
Yonge Dundas Square	2,215.6	2,284.3	68.7	3.1%
Toronto & Region Conservation Authority	38,906.0	38,987.9	81.9	0.2%
Toronto Transit Commission - Conventional	1,606,559.1	1,549,539.3	(57,019.8)	-3.5%
Toronto Transit Commission - Wheel Trans	112,561.9	108,842.1	(3,719.8)	-3.3%
Toronto Police Service	1,085,551.1	1,084,194.2	(1,356.9)	-0.1%
Toronto Police Services Board	3,158.2	3,001.5	(156.7)	-5.0%
<b>TOTAL - AGENCIES</b>	<b>3,415,894.1</b>	<b>3,333,032.2</b>	<b>(82,861.8)</b>	<b>-2.4%</b>
<b>Corporate Accounts</b>				
Capital & Corporate Financing	688,334.4	704,161.5	15,827.2	2.3%
<u>Non-Program Expenditures</u>				
- Tax Deficiencies/Write-offs	52,000.0	38,244.9	(13,755.1)	-26.5%
- Assessment Function (MPAC)	40,370.0	39,345.8	(1,024.2)	-2.5%
- Corporate Contingency	0.0	3.9	3.9	n/a
- Funding of Employee Related Liabilities	75,902.6	75,871.3	(31.3)	0.0%
- 2013 Ice Storm	29,719.9	24,668.3	(5,051.6)	-17.0%
- Other Corporate Expenditures	64,021.9	60,678.4	(3,343.5)	-5.2%
- Insurance Premiums & Claims	7,300.0	7,300.0	0.0	0.0%
- Parking Tag Enforcement & Oper.	61,383.2	59,446.8	(1,936.4)	-3.2%
- Programs Funded from Reserve Funds	136,384.2	146,198.4	9,814.2	7.2%
- Vacancy Rebate Program	22,000.0	22,578.7	578.7	2.6%
- Heritage Property Taxes Rebate	2,000.0	2,073.6	73.6	3.7%
- Tax Rebates for Registered Charities	6,579.5	6,644.5	65.0	1.0%
- Solid Waste Management Rebates	181,391.9	180,084.3	(1,307.6)	-0.7%
- Pandemic Influenza Stockpiling	0.0	0.0	0.0	n/a
<b>Non-Program Expenditures</b>	<b>679,053.1</b>	<b>663,138.9</b>	<b>(15,914.3)</b>	<b>-2.3%</b>
<u>Non-Program Revenue</u>				
- Interest/Investment Earnings	978.0	950.5	(27.5)	-2.8%
- Other Corporate Revenues	894.8	1,699.9	805.1	90.0%
- Municipal Land Transfer Tax	6,497.2	17,664.1	11,166.9	171.9%
- Personal Vehicle Tax	0.0	0.0	0.0	n/a
- Third Party Sign Tax	896.1	920.1	23.9	2.7%
- Other Tax Revenues	0.0	(737.8)	(737.8)	n/a
<b>Non-Program Revenues</b>	<b>9,266.1</b>	<b>20,496.7</b>	<b>11,230.7</b>	<b>121.2%</b>
<b>TOTAL - CORPORATE ACCOUNTS</b>	<b>1,376,653.6</b>	<b>1,387,797.1</b>	<b>11,143.5</b>	<b>0.8%</b>
<b>LEVY OPERATING GROSS EXPENDITURES</b>	<b>9,678,574.9</b>	<b>9,371,570.9</b>	<b>(307,003.9)</b>	<b>-3.2%</b>
<b>NON LEVY OPERATIONS</b>				
Solid Waste Management Services	354,025.8	346,221.9	(7,804.0)	-2.2%
Toronto Parking Authority	76,106.0	75,711.5	(394.5)	-0.5%
Toronto Water	1,022,086.5	1,011,974.6	(10,111.8)	-1.0%
<b>NON LEVY OPERATING GROSS EXPENDITURES</b>	<b>1,452,218.3</b>	<b>1,433,908.0</b>	<b>(18,310.3)</b>	<b>-1.3%</b>

**CITY OF TORONTO**  
**CONSOLIDATED REVENUES VARIANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
 (\$000s)

	December 31, 2014			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
<b>Citizen Centred Services "A"</b>				
Affordable Housing Office	1,548.4	1,498.3	(50.0)	-3.2%
Children's Services	345,016.8	330,145.4	(14,871.4)	-4.3%
Court Services	67,597.5	39,234.2	(28,363.3)	-42.0%
Economic Development & Culture	23,701.2	20,242.7	(3,458.5)	-14.6%
<b>Toronto Paramedic Services</b>	118,073.8	115,723.5	(2,350.3)	-2.0%
Long Term Care Homes and Services	186,009.8	184,153.7	(1,856.1)	-1.0%
Parks, Forestry & Recreation	124,127.6	115,220.9	(8,906.7)	-7.2%
Shelter, Support & Housing Administration	449,868.2	426,058.1	(23,810.1)	-5.3%
Social Development, Finance & Administration	10,857.4	5,862.1	(4,995.3)	-46.0%
Toronto Employment & Social Services	999,963.3	900,839.8	(99,123.5)	-9.9%
<b>Sub-Total Citizen Centred Services "A"</b>	<b>2,326,763.9</b>	<b>2,138,978.7</b>	<b>(187,785.2)</b>	<b>-8.1%</b>
<b>Citizen Centred Services "B"</b>				
City Planning	25,999.0	28,544.4	2,545.4	9.8%
Fire Services	14,633.5	15,058.9	425.4	2.9%
Municipal Licensing & Standards	28,968.7	28,079.7	(889.1)	-3.1%
Policy, Planning, Finance and Administration	12,178.0	10,812.7	(1,365.4)	-11.2%
Engineering and Construction Services	57,997.6	55,307.4	(2,690.2)	-4.6%
Toronto Building	59,352.8	67,086.5	7,733.6	13.0%
Transportation Services	134,095.1	141,532.2	7,437.1	5.5%
<b>Sub-Total Citizen Centred Services "B"</b>	<b>333,224.8</b>	<b>346,421.8</b>	<b>13,196.9</b>	<b>4.0%</b>
<b>Internal Services</b>				
Office of the Chief Financial Officer	6,756.8	5,939.9	(816.8)	-12.1%
Office of the Treasurer	44,013.8	40,858.6	(3,155.2)	-7.2%
Facilities Management & Real Estate	123,427.8	119,608.9	(3,818.9)	-3.1%
Fleet Services	47,788.9	54,336.7	6,547.8	13.7%
Information & Technology	41,894.2	25,792.2	(16,102.0)	-38.4%
311 Toronto	7,515.6	6,343.2	(1,172.4)	-15.6%
<b>Sub-Total Internal Services</b>	<b>271,397.1</b>	<b>252,879.6</b>	<b>(18,517.5)</b>	<b>-6.8%</b>
<b>City Manager</b>				
City Manager's Office	8,749.8	8,435.7	(314.1)	-3.6%
<b>Sub-Total City Manager</b>	<b>8,749.8</b>	<b>8,435.7</b>	<b>(314.1)</b>	<b>-3.6%</b>
<b>Other City Programs</b>				
City Clerk's Office	28,064.5	25,804.7	(2,259.8)	-8.1%
Legal Services	27,851.3	25,032.1	(2,819.2)	-10.1%
Mayor's Office	0.0	0.0	0.0	n/a
City Council	2,330.0	2,339.4	9.4	0.4%
<b>Sub-Total Other City Programs</b>	<b>58,245.8</b>	<b>53,176.2</b>	<b>(5,069.6)</b>	<b>-8.7%</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	5.8	5.8	n/a
<b>Sub-Total Council Appointed Programs</b>	<b>0.0</b>	<b>5.8</b>	<b>5.8</b>	<b>n/a</b>
<b>TOTAL - CITY OPERATIONS</b>	<b>2,998,381.4</b>	<b>2,799,897.8</b>	<b>(198,483.6)</b>	<b>-6.6%</b>

**CITY OF TORONTO**  
**CONSOLIDATED REVENUES VARIANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
 (\$000s)

	December 31, 2014			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
<b>Agencies</b>				
Toronto Public Health	192,650.0	186,290.6	(6,359.4)	-3.3%
Toronto Public Library	16,582.7	17,732.7	1,150.0	6.9%
Association of Community Centres	622.7	537.1	(85.6)	-13.7%
Exhibition Place	44,538.1	34,225.9	(10,312.2)	-23.2%
Heritage Toronto	462.7	458.7	(4.0)	-0.9%
Theatres	17,403.9	15,146.2	(2,257.7)	-13.0%
Toronto Zoo	40,312.5	37,425.0	(2,887.5)	-7.2%
Arena Boards of Management	8,263.4	7,899.0	(364.4)	-4.4%
Yonge Dundas Square	1,822.7	1,895.0	72.3	4.0%
Toronto & Region Conservation Authority	35,534.0	35,615.9	81.9	0.2%
Toronto Transit Commission - Conventional	1,166,478.1	1,156,553.5	(9,924.6)	-0.9%
Toronto Transit Commission - Wheel Trans	5,738.8	5,778.0	39.2	0.7%
Toronto Police Service	127,889.9	131,087.9	3,198.0	2.5%
Toronto Police Services Board	800.0	696.0	(104.0)	-13.0%
<b>TOTAL - AGENCIES</b>	<b>1,659,099.5</b>	<b>1,631,341.5</b>	<b>(27,758.0)</b>	<b>-1.7%</b>
<b>Corporate Accounts</b>				
Capital & Corporate Financing	36,194.7	43,003.3	6,808.7	18.8%
<u>Non-Program Expenditures</u>				
- 2013 Ice Storm	29,719.9	19,520.4	(10,199.5)	-34.3%
- Other Corporate Expenditures	41,769.2	45,160.9	3,391.7	8.1%
- Programs Funded from Reserve Funds	136,384.2	145,928.0	9,543.9	7.0%
- Tax Rebates for Registered Charities	6,579.5	6,644.5	65.0	1.0%
<b>Non-Program Expenditures</b>	<b>214,452.7</b>	<b>217,253.8</b>	<b>2,801.1</b>	<b>1.3%</b>
<u>Non-Program Revenue</u>				
- Payments in Lieu of Taxes	94,653.1	109,845.8	15,192.7	16.1%
- Supplementary Taxes	40,000.0	35,617.0	(4,383.0)	-11.0%
- Tax Penalties	29,000.0	28,265.4	(734.6)	-2.5%
- Interest/Investment Earnings	125,232.5	124,112.2	(1,120.3)	-0.9%
- Prior Year Surplus	0.0	0.0	0.0	n/a
- Other Corporate Revenues	7,968.8	9,410.8	1,442.0	18.1%
- Toronto Hydro Revenues	55,000.0	60,620.5	5,620.5	10.2%
- Provincial Revenue	91,600.0	91,600.0	0.0	0.0%
- Municipal Land Transfer Tax	356,298.1	449,672.8	93,374.7	26.2%
- Third Party Sign Tax	11,621.8	11,184.3	(437.4)	-3.8%
- Parking Authority Revenues	48,425.8	45,424.8	(3,001.0)	-6.2%
- 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.	84,380.2	105,644.9	21,264.7	25.2%
- Other Tax Revenues	13,877.0	14,200.2	323.2	2.3%
- Woodbine Slots	15,000.0	15,945.2	945.2	6.3%
<b>Non-Program Revenues</b>	<b>1,008,356.9</b>	<b>1,136,843.7</b>	<b>128,486.7</b>	<b>12.7%</b>
<b>TOTAL - CORPORATE ACCOUNTS</b>	<b>1,259,004.3</b>	<b>1,397,100.8</b>	<b>138,096.5</b>	<b>11.0%</b>
<b>LEVY OPERATING REVENUES</b>	<b>5,916,485.2</b>	<b>5,828,340.1</b>	<b>(88,145.1)</b>	<b>-1.5%</b>
<b>NON LEVY OPERATIONS</b>				
Solid Waste Management Services	354,025.8	361,265.9	7,240.1	2.0%
Toronto Parking Authority	138,435.8	133,963.4	(4,472.4)	-3.2%
Toronto Water	1,022,086.5	1,017,417.4	(4,669.1)	-0.5%
<b>NON LEVY OPERATING REVENUES</b>	<b>1,514,548.1</b>	<b>1,512,646.7</b>	<b>(1,901.4)</b>	<b>-0.1%</b>



**CITY OF TORONTO  
CONSOLIDATED APPROVED COMPLEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Program/Agency	Operating Positions				Capital Positions				Total Positions				Budgeted Gapping	After Gapping
	Approved Complement	Strength	Over / (Under)	%	Approved Complement	Strength	Over / (Under)	%	Approved Complement	Strength	Over / (Under)	%		
<b>Citizen Centred Services "A"</b>														
Affordable Housing Office	19.0	19.0	0.0	0.0%	0.0	0.0	0.0	0.0%	19.0	19.0	0.0	0.0%	1.9%	0.0%
Children's Services	942.7	917.7	(25.0)	2.7%	13.0	13.0	0.0	0.0%	955.7	930.7	(25.0)	2.6%	0.1%	2.5%
Court Services	282.0	238.0	(44.0)	15.6%	0.0	0.0	0.0	0.0%	282.0	238.0	(44.0)	15.6%	8.5%	7.1%
Economic Development & Culture	296.0	284.7	(11.4)	3.8%	9.0	9.0	0.0	0.0%	305.0	293.7	(11.4)	3.7%	3.1%	0.6%
Toronto Paramedic Services	1,327.3	1,289.3	(38.0)	2.9%	1.5	0.5	(1.0)	66.7%	1,328.8	1,289.8	(39.0)	2.9%	1.3%	1.7%
Long Term Care Homes & Services	2,179.7	2,179.7	0.0	0.0%	0.0	0.0	0.0	0.0%	2,179.7	2,179.7	0.0	0.0%	0.0%	0.0%
Parks, Forestry & Recreation	4,331.2	4,131.3	(199.9)	4.6%	38.5	32.5	(6.0)	15.6%	4,369.6	4,163.8	(205.9)	4.7%	2.0%	2.7%
Shelter, Support & Housing Administration	717.6	684.6	(33.0)	4.6%	1.0	1.0	0.0	0.0%	718.6	685.6	(33.0)	4.6%	3.2%	1.4%
Social Development, Finance & Administration	126.5	123.5	(3.0)	2.4%	0.0	0.0	0.0	0.0%	126.5	123.5	(3.0)	2.4%	3.5%	0.0%
Toronto Employment & Social Services	2,148.5	2,062.0	(86.5)	4.0%	3.0	3.0	0.0	0.0%	2,151.5	2,065.0	(86.5)	4.0%	1.0%	2.4%
<b>Sub-Total Citizen Centred Services "A"</b>	<b>12,370.5</b>	<b>11,929.8</b>	<b>(440.7)</b>	<b>3.6%</b>	<b>66.0</b>	<b>59.0</b>	<b>(7.0)</b>	<b>10.6%</b>	<b>12,436.5</b>	<b>11,988.7</b>	<b>(447.7)</b>	<b>3.6%</b>	<b>1.6%</b>	<b>2.0%</b>
<b>Citizen Centred Services "B"</b>														
City Planning	352.0	337.0	(15.0)	4.3%	12.5	10.0	(2.5)	20.0%	364.5	347.0	(17.5)	4.8%	3.8%	1.0%
Fire Services	3,126.8	3,044.3	(82.5)	2.6%	0.0	0.0	0.0	0.0%	3,126.8	3,044.3	(82.5)	2.6%	2.0%	0.6%
Municipal Licensing & Standards	458.0	446.0	(12.0)	2.6%	0.0	0.0	0.0	0.0%	458.0	446.0	(12.0)	2.6%	2.3%	0.3%
Policy, Planning, Finance and Administration	202.4	180.4	(22.0)	10.9%	0.0	0.0	0.0	0.0%	202.4	180.4	(22.0)	10.9%	3.9%	7.0%
Engineering and Construction Services	133.8	127.1	(6.7)	5.0%	407.3	367.0	(40.3)	9.9%	541.1	494.1	(47.0)	8.7%	4.2%	4.5%
Toronto Buildings	425.0	411.0	(14.0)	3.3%	6.0	6.0	0.0	0.0%	431.0	417.0	(14.0)	3.2%	2.9%	0.3%
Transportation Services	1,955.4	1,947.9	(7.5)	0.4%	56.0	52.4	(3.6)	6.4%	1,955.4	1,900.3	(55.1)	2.8%	4.9%	5.1%
<b>Sub-Total Citizen Centred Services "B"</b>	<b>5,753.4</b>	<b>5,493.7</b>	<b>(259.7)</b>	<b>4.5%</b>	<b>481.8</b>	<b>435.4</b>	<b>(46.4)</b>	<b>9.6%</b>	<b>6,235.2</b>	<b>5,929.1</b>	<b>(306.1)</b>	<b>4.9%</b>	<b>3.0%</b>	<b>2.0%</b>
<b>Internal Services</b>														
Office of the Chief Financial Officer	100.0	92.0	(8.0)	8.0%	12.0	8.0	(4.0)	33.3%	112.0	100.0	(12.0)	10.7%	2.3%	8.4%
Office of the Treasurer	687.0	699.2	(12.2)	1.8%	56.0	30.0	(26.0)	46.4%	743.0	669.2	(73.8)	9.9%	3.0%	6.9%
Facilities Management & Real Estate	920.5	849.6	(70.9)	7.7%	84.0	69.0	(15.0)	17.9%	1,004.5	918.6	(85.9)	8.6%	3.4%	5.2%
Heat Services	174.0	158.0	(16.0)	9.2%	0.0	0.0	0.0	0.0%	174.0	158.0	(16.0)	9.2%	3.5%	5.7%
Information & Technology	582.0	517.0	(65.0)	11.2%	174.0	95.0	(79.0)	45.4%	756.0	612.0	(144.0)	19.0%	5.5%	13.5%
311 Toronto	158.0	153.0	(5.0)	3.2%	21.5	10.0	(11.5)	53.5%	179.5	163.0	(16.5)	9.2%	2.4%	6.8%
<b>Sub-Total Internal Services</b>	<b>2,621.5</b>	<b>2,408.8</b>	<b>(212.7)</b>	<b>8.1%</b>	<b>347.5</b>	<b>212.0</b>	<b>(135.5)</b>	<b>39.0%</b>	<b>2,969.0</b>	<b>2,620.8</b>	<b>(348.2)</b>	<b>11.7%</b>	<b>3.7%</b>	<b>8.0%</b>
<b>City Manager</b>														
City Manager's Office	421.5	385.0	(36.5)	8.7%	37.0	10.0	(27.0)	73.0%	458.5	395.0	(63.5)	13.8%	4.0%	9.8%
<b>Sub-Total City Manager</b>	<b>421.5</b>	<b>385.0</b>	<b>(36.5)</b>	<b>8.7%</b>	<b>37.0</b>	<b>10.0</b>	<b>(27.0)</b>	<b>73.0%</b>	<b>458.5</b>	<b>395.0</b>	<b>(63.5)</b>	<b>13.8%</b>	<b>4.0%</b>	<b>9.8%</b>
<b>Other City Programs</b>														
City Clerk's Office	429.7	407.7	(22.0)	5.1%	10.2	10.2	0.0	0.0%	439.9	417.9	(22.0)	5.0%	3.3%	1.7%
Legal Services	297.0	289.4	(7.6)	2.6%	0.0	0.0	0.0	0.0%	297.0	289.4	(7.6)	2.6%	2.2%	0.3%
Mayor's Office	18.0	18.0	0.0	0.0%	0.0	0.0	0.0	0.0%	18.0	18.0	0.0	0.0%	0.0%	0.0%
City Council	176.0	176.0	0.0	0.0%	0.0	0.0	0.0	0.0%	176.0	176.0	0.0	0.0%	1.3%	0.0%
<b>Sub-Total Other City Programs</b>	<b>920.7</b>	<b>891.1</b>	<b>(29.6)</b>	<b>3.2%</b>	<b>10.2</b>	<b>10.2</b>	<b>0.0</b>	<b>0.0%</b>	<b>930.9</b>	<b>901.3</b>	<b>(29.6)</b>	<b>3.2%</b>	<b>2.5%</b>	<b>0.7%</b>
<b>Accountability Offices</b>														
Auditor General's Office	29.5	27.0	(2.5)	8.5%	0.0	0.0	0.0	0.0%	29.5	27.0	(2.5)	8.5%	0.9%	7.6%
Integrity Commissioner's Office	2.0	2.0	0.0	0.0%	0.0	0.0	0.0	0.0%	2.0	2.0	0.0	0.0%	0.0%	0.0%
Lobbyist Registrar's Office	8.3	8.0	(0.3)	3.6%	0.0	0.0	0.0	0.0%	8.3	8.0	(0.3)	3.6%	0.0%	3.6%
Ombudsman's Office	11.0	9.0	(2.0)	18.2%	0.0	0.0	0.0	0.0%	11.0	9.0	(2.0)	18.2%	0.0%	18.2%
<b>Sub-Total Accountability Offices</b>	<b>50.8</b>	<b>46.0</b>	<b>(4.8)</b>	<b>9.4%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>50.8</b>	<b>46.0</b>	<b>(4.8)</b>	<b>9.4%</b>	<b>0.5%</b>	<b>8.9%</b>
<b>TOTAL - CITY OPERATIONS</b>	<b>22,138.4</b>	<b>21,154.4</b>	<b>(984.1)</b>	<b>4.4%</b>	<b>942.5</b>	<b>726.6</b>	<b>(215.9)</b>	<b>22.9%</b>	<b>23,080.9</b>	<b>21,880.9</b>	<b>(1,200.0)</b>	<b>5.2%</b>	<b>2.3%</b>	<b>2.9%</b>
<b>Agencies</b>														
Toronto Public Health	1,838.1	1,726.5	(111.6)	6.1%	38.9	29.0	(9.9)	25.4%	1,877.0	1,755.5	(121.5)	6.5%	5.1%	1.4%
Toronto Public Library	1,737.4	1,681.3	(56.1)	3.2%	0.0	0.0	0.0	0.0%	1,737.4	1,681.3	(56.1)	3.2%	2.7%	0.6%
Association of Community Centres	77.4	75.4	(2.0)	2.6%	0.0	0.0	0.0	0.0%	77.4	75.4	(2.0)	2.6%	0.0%	2.6%
Exhibition Place	379.0	379.0	0.0	0.0%	5.0	5.0	0.0	0.0%	384.0	384.0	0.0	0.0%	0.0%	0.0%
Heritage Toronto	7.0	7.0	0.0	0.0%	0.0	0.0	0.0	0.0%	7.0	7.0	0.0	0.0%	0.0%	0.0%
Theatres	156.5	158.7	2.2	1.4%	0.0	0.0	0.0	0.0%	156.5	158.7	2.2	1.4%	0.0%	0.0%
Toronto Zoo	410.2	398.2	(12.0)	2.9%	0.0	0.0	0.0	0.0%	410.2	398.2	(12.0)	2.9%	2.4%	0.5%
Arena Boards of Management	67.4	67.4	0.0	0.0%	0.0	0.0	0.0	0.0%	67.4	67.4	0.0	0.0%	0.0%	0.0%
Yonge Dundas Square	6.5	6.5	0.0	0.0%	0.0	0.0	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	0.0	0.0%	0.0%	0.0%
TTC - Conventional	11,179.0	11,190.0	11.0	0.1%	1,844.0	1,540.0	(304.0)	16.5%	13,023.0	12,730.0	(293.0)	2.2%	1.1%	1.1%
TTC - Wheel Trans	557.0	549.0	(8.0)	1.4%	0.0	0.0	0.0	0.0%	557.0	549.0	(8.0)	1.4%	0.7%	0.7%
Toronto Police Service	7,870.0	7,410.0	(460.0)	5.8%	0.0	0.0	0.0	0.0%	7,870.0	7,410.0	(460.0)	5.8%	5.0%	0.8%
Toronto Police Services Board	8.0	7.0	(1.0)	12.5%	0.0	0.0	0.0	0.0%	8.0	7.0	(1.0)	12.5%	0.0%	12.5%
<b>TOTAL - AGENCIES</b>	<b>24,293.5</b>	<b>23,656.0</b>	<b>(637.5)</b>	<b>2.6%</b>	<b>1,887.9</b>	<b>1,574.0</b>	<b>(313.9)</b>	<b>16.6%</b>	<b>26,181.4</b>	<b>25,230.0</b>	<b>(951.4)</b>	<b>3.6%</b>	<b>2.7%</b>	<b>1.0%</b>
<b>Corporate Accounts</b>														
Parking Tag Enforcement & Oper.	394.0	399.0	5.0	1.3%	0.0	0.0	0.0	0.0%	394.0	399.0	5.0	1.3%	0.0%	0.0%
<b>TOTAL - CORPORATE ACCOUNTS</b>	<b>394.0</b>	<b>399.0</b>	<b>5.0</b>	<b>1.3%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>394.0</b>	<b>399.0</b>	<b>5.0</b>	<b>1.3%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>TOTAL LEVY OPERATIONS</b>	<b>46,825.9</b>	<b>45,209.4</b>	<b>(1,616.6)</b>	<b>3.5%</b>	<b>2,830.4</b>	<b>2,300.6</b>	<b>(529.8)</b>	<b>18.7%</b>	<b>49,656.3</b>	<b>47,509.9</b>	<b>(2,146.4)</b>	<b>4.3%</b>	<b>2.5%</b>	<b>1.8%</b>
<b>Non Levy Operations</b>														
Solid Waste Management Services	1,075.7	927.7	(148.0)	9.6%	27.0	21.0	(6.0)	22.2%	1,102.7	948.7	(154.0)	9.9%	1.9%	8.0%
Toronto Parking Authority	297.4	285.0	(12.4)	4.2%	0.0	0.0	0.0	0.0%	297.4	285.0	(12.4)	4.2%	0.0%	4.2%
Toronto Water	1,710.3	1,545.3	(165.0)	9.6%	41.4	31.4	(10.0)	24.2%	1,751.7	1,576.7	(175.0)	10.0%	3.0%	7.0%
<b>TOTAL NON LEVY OPERATIONS</b>	<b>3,083.4</b>	<b>2,803.0</b>	<b>(280.4)</b>	<b>9.1%</b>	<b>68.4</b>	<b>52.4</b>	<b>(16.0)</b>	<b>23.4%</b>	<b>3,151.8</b>	<b>2,855.4</b>	<b>(296.4)</b>	<b>9.4%</b>	<b>2.3%</b>	<b>7.1%</b>
<b>GRAND TOTAL</b>	<b>49,909.4</b>	<b>48,012.4</b>	<b>(1,897.0)</b>	<b>3.8%</b>	<b>2,898.8</b>	<b>2,353.0</b>	<b>(545.8)</b>	<b>18.8%</b>	<b>52,808.1</b>	<b>50,365.4</b>	<b>(2,442.8)</b>	<b>4.6%</b>	<b>2.5%</b>	<b>2.1%</b>

**Operating Variance Report  
For Twelve-Month Period Ended December 31, 2014  
Significant Variance by Program and Agency**

**City Operations**

Citizen Centred Services "A"

As shown in Table 7 below, Citizen Centred Services "A" reported net under-spending of \$11.575 million or 1.3 % of budgeted expenditures for the twelve-month period ended December 31, 2014. The reasons for these variances are discussed below.

<b>Table 7 Citizen Centred Services "A" Net Expenditure Variance (\$ Million)</b>	
	Year-End 2014 Over/(Under)
Affordable Housing Office	0.0
Children's Services	(11.1)
Court Services	21.7
Economic Development and Culture	(0.0)
Toronto Paramedic Services	(1.1)
Long Term Care Homes and Services	(3.4)
Parks, Forestry & Recreation	(2.1)
Shelter, Support & Housing Administration	(0.0)
Social Development, Finance & Administration	(0.2)
Toronto Employment & Social Services	(15.4)
<b>Total</b>	<b>(11.6)</b>

*Affordable Housing Office (AHO)* was on net budget for the year ended December 31, 2014. The Program reported lower than budgeted gross expenditures of \$0.050 million or 1.8%, primarily due to savings in services and rents, with a corresponding reduction in reserve funding.

The Affordable Housing Office reported a full complement of 19.0 positions while achieving their budgeted gapping throughout the year.

*Children's Services (CS)* reported a net favourable variance of \$11.065 million or 14.4% for the year ended December 31, 2014. Gross expenditures were lower than budgeted by \$25.937 million or 6.1%, largely due to under-spending in purchased child care reflecting an actual child care mix that was significantly different from the budgeted mix. This stems from a shortage of space in the systems for toddlers and infants and from a lower than projected per diem for children entering Full Day Kindergarten in September 2014. These conditions which resulted in under-spending were not apparent until the last quarter of 2014, leaving the Division with limited opportunity to respond. Given the

under-spending in expenditures, the planned contribution of \$12.963 million from the reserves was not required at year-end.

At year-end, Children's Services reported a strength of 930.7 positions, 25.0 positions or 2.6% below the approved complement of 955.7 positions, which represented a vacancy rate of 2.5% for approved positions after considering gapping. The vacancy rate resulted from delay in opening one City-operated child care centre and lower complement in City operated centres, reflecting the difference in complement requirements with higher staff ratios budgeted for younger age children and the lack of system capacity to deliver the budgeted service levels.

**Court Services** reported an unfavourable net variance of \$21.673 million or 157.2% for the year ended December 31, 2014. The net variance consisted primarily of unfavourable revenues of \$28.363 million or 42.0% based on lower volumes of tickets issued and filed by enforcement agencies in Toronto, partially offset by savings of \$6.691 million or 12.4% mainly in salaries and benefits and other non-salary accounts. The total volume of tickets filed for 2014 was 318,431; 149,134 or 32% lower than 2013 (467,565) and 51% lower than 2012 (649,117).

At year-end, Court Services reported a strength of 238.0 positions, 44.0 positions or 15.6% below the approved complement of 282.0 positions which represented a vacancy rate of 7.1% after considering gapping. The 44.0 vacant positions at year-end exceeded the budgeted gapping of 8.5% or \$1.886 million by \$1.609 million. The high vacancy rate was primarily driven by lower processing of tickets. The high vacancy rate did not impact front line service levels and was a response to processing lower caseload (ticket) volumes.

**Economic Development and Culture (EDC)** reported a favourable net variance of \$0.007 million for the year ended December 31, 2014. The year-end expenditures were \$3.466 million or 4.8% below budget offsetting lower revenues of \$3.459 million or 14.6% mainly due to the combination of under-achieved revenues from third parties of \$2.5 million and to 2014 budgeted PanAm project expenditures that were delayed and re-budgeted in 2015. As a result, the contribution from reserves that would fund those expenditures was also re-budgeted in 2015.

At December 31, 2014, EDC reported a strength of 293.7 positions, down 11.4 positions or 3.7% from the approved complement of 305.0 positions, reflecting 5.0 permanent vacancies created since the last variance report due to retirements, transfers or promotions. The remaining 6.4 unfilled positions relate to PanAm projects and as noted above, are part of the expenditures re-budgeted in 2015. The 3.1% budgeted gapping rate for the year was achieved. While salaries were on budget, the lower positions by year-end resulted in a 0.6% after gapping rate.

**Toronto Paramedic Services (PS)** reported a favourable net variance of \$1.084 million or 1.6% of budgeted expenditures for the year ended December 31, 2014. The variance was primarily due to under-spending of \$3.434 million or 1.8% mainly in salaries and benefits resulting from delayed hiring of paramedics, hiring freeze implemented in the Central Ambulance Communication Centre (CACC) from an anticipated Provincial funding shortfall combined with under-expenditures in non-payroll items such as medical supplies

and uniforms owing to vacant paramedic positions. The under-expenditures were partially off-set by lower than budgeted revenues of \$2.350 million or 2.0%, primarily attributed to a subsidy shortfall in CACC.

At year-end, Toronto Paramedic Services reported a strength of 1,289.8 positions, 39.0 positions or 2.9% below the complement of 1,328.8 positions which represented a vacancy rate of 1.7% after considering gapping. Year-end savings in salaries and benefits of \$3.015 million exceeded the budgeted gapping of \$1.972 million or 1.3 % mainly due to the CACC vacancies to address the Provincial funding shortfall as well as phased hiring of 56.0 new paramedic positions over a six-month period.

***Long-Term Care Homes and Services (LTCHS)*** reported net under-spending of \$3.418 million or 7.5% for the year ended December 31, 2014. The variance reflected lower than budgeted gross expenditures of \$5.274 million or 2.3% and revenues of \$1.856 million or 1.0%. The net favourable variance was primarily due to strict expenditure controls as well as receipt of one-time subsidies and grants from the Ministry of Health and Long-Term Care (MOHLTC) and Local Health Integration Networks (LHIN).

Under-spending in certain Program services, such as high intensity needs and supportive housing that are claims-based and 100% subsidized resulted in reduced expenditures with a corresponding reduction in Provincial subsidies. The Program's on-going work and implementation of health and safety measures resulted in reduced costs generating savings of \$1.000 million in 2014.

Long-Term Care Homes and Services reported a full complement of 2,179.7 positions for the year-end.

***Parks, Forestry and Recreation (PF&R)*** reported net under-spending of \$2.131 million or 0.7% for the year-ended December 31, 2014. This variance reflected lower than budgeted gross expenditures of \$11.038 million or 2.7% and under-achieved revenue of \$8.907 million or 7.2%. The gross under-spending arose from the focus on ice storm clean-up, delays to planned hiring, as well as delays in the opening of new recreation facilities. Under-achieved revenues were due to lower than budgeted reserve fund contributions, grants and subsidies and capital recoveries from under-spending on Emerald Ash Borer and Asian Long-Horn Beetle work, capital projects and orphan spaces. User fee revenue was also under-budget from sports field and recreation facility permits and lower programming levels at recreation facilities.

\$0.500 million of the \$2.131 million under-spending for Parks Forestry and Recreation will be contributed to the Ferry Replacement Reserve to support replacement of the Toronto Island Ferries in future years according to the plan.

At year-end, Parks, Forestry and Recreation reported a strength of 4,163.8 positions, which was 205.9 positions or 4.7% less than its approved complement of 4,369.6 positions. With a budgeted gapping rate of 2.0%, this represented an after gapping vacancy rate of 2.7% of budgeted positions. The major factor causing this variance was the shortage of qualified arborists available to fill positions. Under-spending from these

vacancies were off-set by over-expenditures in contracted services used to deliver the required service level.

***Shelter, Support and Housing Administration (SSHA)*** reported a \$0 net variance for the year ended December 31, 2014. The variance was comprised of lower than budgeted gross expenditures of \$23.810 million or 3.7%, with an offsetting reduction in revenue of \$23.810 million or 5.3%. The gross under-spending was primarily the result of lower than budgeted salaries and benefits from vacant positions, savings in contracted services, under-spending in social housing costs (savings in property tax, mortgage rates and rent subsidies) and timing differences in grants to third parties, including delays in affordable housing projects. Revenues were lower than budgeted, primarily due to timing differences in grants to third parties and reduction in reserve contributions, which was offset by the receipt of unplanned Provincial revenues.

At year-end, SSHA reported strength of 685.6 positions, 33.0 positions or 4.6% below the approved complement of 718.6 positions. This represented a vacancy rate of 1.4% after considering the budgeted gapping rate of 3.2% (approximately 23.0 positions). Of these positions, 13.4 were reduced through the Hostel reorganization included in the 2015 Approved Operating Budget, with the recruitment of the remaining positions delayed due to the reorganization of SSHA's Human Service Unit.

***Social Development, Finance and Administration (SDFA)*** reported a year-end favourable net variance of \$0.172 million or 0.6% of budgeted expenditures for the year ended December 31, 2014. This reflected gross under-expenditures of \$5.167 million or 12.7% with a reduction in revenue of \$4.995 million or 46.0%. The gross and revenue variances were primarily attributed to under-spending in the Tower Renewal Energy Retrofit Program, as payments to participants will be made upon completion of the retrofit work in 2015. The remainder of the variance was due to delays in filling vacancies and general under-spending across the Program.

At year-end, SDFA reported a strength of 123.5 positions, 3.0 positions or 2.4% below the approved complement of 126.5 positions. The Program achieved its budgeted gapping target of 3.5% through savings realized throughout the year.

***Toronto Employment and Social Services (TESS)*** reported a favourable net variance of \$15.370 million or 8.9% for the year ended December 31, 2014. The variance was mainly attributed to a lower Ontario Works average monthly caseload (92,500 actual vs budget of 101,000), reflecting better than expected economic environment. As a result, financial, employment, and medical benefits for clients and staff salaries were lower than budget.

At year-end, TESS reported a strength of 2,065 positions, or 86.5 positions or 4.0% below the approved complement of 2,151.5 positions, which represented a vacancy rate of 2.4% after gapping. TESS budgets complement based on the budgeted caseload but only hires to the actual caseload. The lower than budgeted complement had no impact on service levels.

Financial, employment and medical benefits for clients are processed and paid through the Provincial Ontario Works technology. The Provincial reports used to enter these expenditures in the City's financial statements were not available for November and December due to the implementation of the Social Assistance Management System (SAMS) in November. For year- end closing purposes, TESS, in collaboration with SDF&A and Corporate Finance, accrued November and December payments from SAMS based on total draws from the City's Ontario Works bank account. TESS and SDF&A are working closely with the Province to resolve these reporting issues.

Citizen Centred Services “B”

As indicated in Table 8 below, Citizen Centred Services “B” Programs collectively reported net under-spending of \$14.859 million or 2.3% for the twelve months ended December 31, 2014. Major causes of the variance are discussed below.

<b>Table 8</b>	
<b>Citizen Centred Services "B"</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2014 Over/(Under)
City Planning	(3.9)
Fire Services	(3.1)
Municipal Licensing & Standards	(3.0)
Policy, Planning, Finance & Administration	(1.3)
Engineering & Construction Services	(0.1)
Toronto Building	(8.4)
Transportation Services	4.9
<b>Total</b>	<b>(14.9)</b>

*City Planning* reported net under-spending of \$3.912 million or 25.1% of budgeted expenditures. Gross expenditures were \$1.367 million or 3.3% below budget, primarily due to under-spending of \$0.746 million mainly from lower than expected technical consulting costs for four Heritage Conservation District Studies; full year salaries and benefit savings of \$0.449 million, which is lower than previous years as the Program was successful in filling vacancies throughout the year; and savings of \$0.132 million in external legal services for defence at the OMB resulting from the delay in approval of the new Zoning By-law. Revenues were higher than budget by \$2.545 million or 9.8%, mainly from stronger than anticipated development application revenues in the Community Planning and Committee of Adjustment, offset by lower reserve fund contributions reflecting lower expenditure for Heritage Conservation District Studies and other qualifying studies.

In accordance with City Council’s direction, City Planning's operating surplus of \$3.615 million from the development review services (Community Planning and Committee of Adjustment) will be transferred to the Development Application Review Reserve Fund.

As of year-end, City Planning reported a strength of 347.0 positions, which was 17.5 positions below the complement of 364.5 positions, including 3.5 positions that were

deleted as part of the 2015 Budget process. This represented a vacancy rate of 1.0% after considering gapping, as the budgeted gapping rate of 3.8% is equivalent to approximately 14.0 positions.

**Toronto Fire Services (TFS)** reported net under-spending of \$3.063 million or 0.7% for the year ended December 31, 2014. The gross under-spending in salaries and fringe benefits of \$3.531 million from delayed hiring of new Fire Prevention Officer positions approved in 2014 was partially offset by over-expenditures of \$0.893 million in various non-payroll accounts such as machinery and equipment and uniforms. Also contributing to the favourable net variance was higher than budgeted revenues from user fees of \$0.425 million mainly due to stronger than anticipated volume of false alarm incidents. At year-end, TFS reported a strength of 3,044.3 positions, 82.5 positions or 2.6% below the approved complement of 3,126.8 positions which represented a vacancy rate of 0.6% after considering gapping.

**Municipal Licensing and Standards (MLS)** reported net under-spending of \$2.986 million or 14.2% for the year ended December 31, 2014. Year-end gross expenditures were \$3.875 million or 7.7% below budget primarily attributed to salary and benefit savings of \$3.362 million arising from the full year impact of vacancies. MLS did make significant progress on filling vacancies by year-end. The remaining \$0.513 million in under-spending resulted from the net impact of various over and under-spending within non-salary accounts with savings primarily occurring within general contracted services (\$0.435 million).

Year-end revenues were lower than anticipated by \$0.889 million or 3.1% primarily due to the lower than budgeted volume of fees, licenses and permits. Revenue from fees and service charges from Property Standards and By-Law Enforcement was \$1.006 million or 33% less than budgeted. This under-achieved revenue was comprised of \$0.277 million for Sign Bylaw revenue and \$0.729 million for other fees and service charges including re-inspection fees. Also driving the revenue variance was lower than budgeted revenue of \$0.697 million from Toronto Animal Services where revenue from licences and permits was \$0.499 million or 22% lower than budgeted and draws from donations were \$0.207 million or 51% lower than budgeted, respective. The revenue variance included higher than budgeted revenue of \$0.814 million from Licensing Services primarily driven by increased volume of business licenses for Personal Service Settings and Toronto Taxicab Licence (TTL) plates.

The on-going, overall base revenue issue is currently being addressed by the Program with a comprehensive operational and user fee study with its findings to be considered during the 2016 Budget Process.

As of year-end, MLS reported a strength of 446.0 positions, which was 12.0 positions below the approved complement of 458.0 positions. This represented a vacancy rate of 0.3% after considering budgeted gapping of 2.3% which is equivalent to approximately 10.6 positions.

**Policy, Planning, Finance and Administration (PPF&A)** reported net under-spending of \$1.259 million or 12.7% for the year ended December 31, 2014. The variance reflected

lower than budgeted gross expenditures of \$2.624 million or 11.9%, mainly due to savings of \$1.569 million in salaries and benefits arising from vacant positions. The remaining savings of \$1.071 million primarily resulted from restraints in spending in non-labour accounts. Revenues were lower than budgeted by \$1.365 million or 11.2%, 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.

As of December 31, 2014, PPF&A reported a strength of 180.4 positions, which was 22.0 positions below the approved complement of 202.4 positions. This represented a vacancy rate of 7.0% after considering gapping, as the budgeted gapping rate of 3.9% is equivalent to approximately 8.0 positions.

**Engineering and Construction Services** reported under-spending of \$0.122 million or 1.6% of the 2014 Approved Net Operating Budget of \$7.604 million. Gross expenditures were lower than budgeted by \$2.812 million or 4.3%, mainly due to under-spending in salaries and benefits arising from vacant positions (\$4.101 million), lower than budgeted contracted services (\$0.519 million) as a result of reduced need for third party engineering review, savings in materials and supplies (\$0.238 million), lower inter-divisional costs primarily from vacant positions (\$0.353 million), and lower costs for services and rents (\$0.540 million) for mileage, external training, printing, etc. These lower expenditures were partially offset by higher than budgeted contracted services (\$3.282 million) primarily related to capital design and contract administration costs, which were fully funded through increased capital recoveries from Transportation Services and Toronto Water.

The lower expenditures were partially offset by under-achieved revenues of \$2.690 million or 4.6% mostly attributed to lower than expected project administration fees (\$2.212 million) due to lower volume of work undertaken on behalf of the TTC, lower than budgeted recoveries of engineering review/ construction inspection fees (lower volume of work) related to the TTC, Waterfront Toronto and Metrolinx (\$1.003 million), and under-achieved development application revenues due to fewer applications received (\$0.374 million). The under-achieved revenues were partially offset by higher than expected inter-divisional revenues (\$0.606 million) primarily from Legal Services and higher than budgeted capital recoveries (\$0.444 million) mainly related to capital design and contract administration costs for Transportation Services and Toronto Water.

As of December 31, 2014, Engineering and Construction Services reported a strength of 494.1 positions, which was 47.0 positions below the approved complement of 541.1 positions. This represented a vacancy rate of 4.5% after considering gapping, as the budgeted gapping rate of 4.2% is equivalent to approximately 22.7 positions.

**Toronto Building** was under-spent by \$8.404 million or 76.8% over the 2014 Approved Net Operating Budget as of December 31, 2014. The variance was driven by higher than budgeted revenues of \$7.734 million or 13.0%, arising from a higher volume of permit intake activity in anticipation of changes to Ontario's Building Code that become effective January 1, 2015.



Under-spending in gross expenditures of \$0.670 million or 1.4% was a result of savings in salaries and benefits due to vacancies (\$0.569 million), lower than expected vehicle purchase prices (\$0.139 million), savings from cellular phones (\$0.119 million) and savings in office supplies as the Division transitions to Electronic Service Delivery (\$0.109 million). These savings were offset by higher than expected overtime expenses (\$0.461 million) and credit card merchant fees (\$0.113 million) due to sustained high permit volumes.

In compliance with Section 7 of the Building Code Act, the net operating favourable variance of \$8.404 million for Toronto Building operations must be contributed to the Building Code Act Service Improvement Reserve Fund.

As of December 31, 2014, Toronto Building had a strength of 417.0 positions, which was 14.0 positions below the approved complement of 431.0 positions. This represented a vacancy rate of 0.3% after considering gapping, as the budgeted gapping rate of 2.9% is equivalent to approximately 12.5 positions.

**Transportation Services** reported over-spending of \$4.887 million or 2.4% of the 2014 Approved Net Operating Budget of \$206.107 million. Gross expenditures were higher than budgeted by \$12.324 million or 3.6%, mainly due to higher than expected costs for winter maintenance as a result of the harsh winter conditions (\$9.482 million), higher salt usage (\$6.224 million), utility costs for street lighting that were higher than budgeted (\$2.836 million), higher than budgeted costs in traffic signal maintenance (\$1.904 million), and higher than budgeted cell phone/ data channel costs (\$1.234 million) associated with the new traffic signal communication system. These higher expenditures were partially offset by under-spending in salaries and benefits arising from vacant positions (\$4.243 million), lower contractor costs for road and bridge repairs (\$3.193 million), materials and supplies (\$1.075 million) and equipment / other expenditures (\$0.957 million).

The higher expenditures were partially offset by over-achieved revenues of \$7.437 million or 5.5% mostly attributed to higher than expected permit fee revenue from greater construction activity (\$3.745 million), higher than budgeted parking permit fee revenue due to increased volume (\$3.536 million) and greater than expected third party/ developer recoveries (\$1.672 million). As well, higher than budgeted utility cut recoveries from Toronto Water due to contract price increases and volume of work (\$2.795 million), and higher administration fees for utility cut repair overhead costs (\$0.243 million) also related to contract price increases and volume of work. Other revenues/ recoveries were higher than budgeted (\$1.592 million) partially due to the increased use of salt within City Divisions. The higher revenues were partially offset by lower than budgeted recoveries (\$6.146 million) from reserve funds (i.e. Public Realm) and third parties (i.e. Metrolinx) as actual expenditures related to Public Realm were lower than budgeted and transit project related positions were vacant.

As of December 31, 2014, Transportation Services reported a strength of 1,000.3 positions, which was 111.1 positions below the approved complement of 1,111.4 positions. This represented a vacancy rate of 5.1% after considering gapping, as the budgeted gapping rate of 4.9% is equivalent to approximately 58.0 positions.

## Internal Services

As shown in Table 9 below, during the twelve months ended December 31, 2014, Internal Services Programs collectively reported a net under-expenditure of \$6.872 million or 3.7% compared to the 2014 Approved Net Operating Budget as discussed below.

<b>Table 9</b>	
<b>Internal Services</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2014 Over/(Under)
311 Toronto	(0.0)
Office of the Chief Financial Officer	(0.8)
Office of the Treasurer	(3.1)
Facilities Management & Real Estate	0.0
Fleet Services	(1.4)
Information & Technology	(1.7)
<b>Total</b>	<b>(6.9)</b>

**311 Toronto** was on budget with minimal net under-spending of \$0.004 million for the twelve-month period ended December 31, 2014. Under-expenditures in salaries and benefits resulted from the delayed hiring of temporary capital positions until the audit of the telephone system was completed. This was required to determine technical requirements prior to the Telephony upgrade. This under-expenditure was offset by lower corresponding recoveries from the Capital Budget for these positions.

As of December 31, 2014, the Program reported a strength of 163.0 positions which was 16.5 positions below the approved complement of 179.5 positions, and represented a vacancy rate of 6.8% for approved positions after considering gapping. Of the 16.5 vacancies, approximately 4.0 equivalent positions were held vacant in order to achieve the gapping target of 2.4%. The balance of the vacancies was largely attributed to delays in capital project delivery, as noted above.

311 Toronto was able to achieve a service level of 82% during the fourth quarter of 2014. Overall, 65% of calls were answered within 75 seconds compared to the target rate of 80% throughout the year. The service level was impacted by the extreme weather related events and increased service demand.

The **Office of the Deputy City Manager & Chief Financial Officer** reported net under-spending of \$0.759 million or 8.0% for the twelve-month period ended December 31, 2014. Gross expenditures were below budget by \$1.576 million or 9.7 % largely due to under-spending in salaries and benefits (\$1.228 million) attributed to delay in filling vacant positions, and lower than expected expenditures in professional services, conferences, training and advertising (\$0.233 million). Revenues were lower than budget by \$0.817 million or 12.1% mainly due to a corresponding decrease in recoveries from capital and reserve fund contributions due to these vacancies.

As at December 31, 2014, the Office of the Chief Financial Officer reported a strength of 100.0 positions, which is 12.0 positions below the complement of 112.0 positions. This represented a vacancy rate of 8.4% for approved positions after considering budgeted gapping. Of the 12.0 positions, 8.0 were operating vacancies including 2.0 held for gapping and 4.0 were capital positions, which were approved in the 2014 Capital Budget. There was no service level impact.

To mitigate potential impacts on service levels, overtime was used to offset the vacant positions. Both Corporate Finance and Financial Planning are currently working with Human Resources to fill the vacant positions.

The ***Office of the Treasurer*** reported net under-spending of \$3.110 million or 10.2% for the twelve-month period ended December 31, 2014. Gross expenditures were lower than budgeted by \$6.265 million or 8.4%. The favourable variance was due to under-spending from vacant positions for capital and corporate initiatives (\$2.6 million), vacant operating positions (\$2.9 million), non-salary savings including the administration of the Municipal Land Transfer Tax (\$0.200 million), Tenant Tax Notification Program (\$0.100 million) and savings in printing contracts with new vendors (\$0.500 million). Revenues were lower than budgeted by \$3.155 million or 7.2% mainly due to a corresponding decrease in recoveries from capital and reserve fund contributions due to vacancies.

As of December 31, 2014, the Office of the Treasurer reported a strength of 669.2 positions which was 73.8 positions below the complement of 743.0 positions. This represented a vacancy rate of 6.9% for approved positions after considering budgeted gapping. There were 47.8 operating vacancies of which 20.0 were held to achieve the gapping rate, and 26.0 were capital positions approved in the 2014 Capital Budget. To mitigate potential impacts on service levels, the Division utilized part time staff and overtime to cover front-line services.

***Facilities Management and Real Estate*** experienced minimal net over-spending of \$0.023 million for the twelve-month period ended December 31, 2014. Gross expenditures were below budget by \$3.796 million or 2.0 % largely due to vacant positions above the gapping target as well low uptake, applications and milestones for various funded environment initiatives. The under-expenditures were partially offset by higher utility costs of \$1.4 million as a result of extreme weather conditions at the beginning of 2014 combined with an increase in the price for natural gas. In addition, the Program incurred higher than anticipated demand for maintenance work from clients in City owned buildings of \$4.0 million as well as higher security costs of \$0.2 million during the fourth quarter of 2014 as a result of elevated levels of security measures at City Hall and selected other locations (such as Civic Centres).

Revenues were lower than budget by \$3.819 million or 3.1% due to a corresponding decrease in recoveries from capital and reserve fund contributions resulting from lower than expected spending on capital projects and various energy efficiency programs respectively. In addition, Union Station operations generated a net surplus and therefore a budgeted recovery from the Union Station Reserve Fund was no longer required. However, increased inter-departmental recoveries from clients for Program services

related to demand maintenance work and higher utility costs as well as additional leasing revenues from various locations partially offset the lower revenues.

As of December 31, 2014, the Program reported a strength of 918.6 positions compared to an approved complement of 1,004.5 positions, which represented a vacancy rate of 5.2% for approved positions after considering budgeted gapping. Of the 85.9 vacancies, approximately 27.5 equivalent positions were held vacant to achieve the full year gapping target of 3.4%. The impact of vacancies was mitigated by having some of the critical work performed by existing staff members working extra hours to cover 24/7 operations and reliance on external contractors to support operations. Overall, the Program was able to mitigate these impacts from vacancies to meet service levels.

***Fleet Services*** reported net under-spending of \$1.358 million for the year ended December 31, 2014. The Program experienced higher than budgeted gross expenditures of \$5.190 million or 10.9% mainly due to unplanned preventative maintenance work for vehicles and equipment for Parks, Forestry and Recreation, Toronto Water, and Solid Waste Management Services and the impacts of the falling Canadian dollar as the majority of parts are purchased from American distributors (\$7.187 million). This over-expenditure was partially offset by savings from declining fuel prices of \$1.042 million and additional gapping and vacancies of \$0.864 million. Revenues were over budget by \$6.548 million or 13.7%, mainly due to additional recoveries of \$4.730 million for unplanned maintenance work on City equipment and vehicles mentioned above and a fuel charge of 10 cents per litre charged to Divisions and Agencies to fund fuel site closures and other corporate capital projects totalling \$1.471 million.

As of December 31, 2014, Fleet Services reported a strength of 158.0 positions which was 16.0 positions or 9.2% below the complement of 174.0 positions. This represented a vacancy rate of 5.7% for approved positions after budgeted gapping. Of the 16.0 vacancies, 7.0 positions were held vacant to achieve the full year gapping rate of 3.5%. The impact of vacancies resulted in overtime and external service contracts as short term measures.

***Information and Technology*** reported net under-spending of \$1.664 million or 2.4% for the twelve-month period ended December 31, 2014. Gross expenditures were lower than budgeted by \$17.766 million or 16.1%. The favourable variance was mainly due to under-spending from vacant positions. Savings in salaries, which will continue until the vacancies are filled, were utilized in part to fund additional Human Resource professionals who have been hired on a temporary basis to expedite the recruitment process. As a result, the number of vacant positions was reduced by 31% during 2014. Revenues were below budget by \$16.102 million or 38.4% as a result of lower recoveries from capital and the IT Sustainment Reserve due to the vacant capital positions.

As of December 31, 2014, Information and Technology reported a strength of 612.0 positions which was 144.0 positions below the approved complement of 756.0 positions. This represented a vacancy rate of 13.5% for approved positions after considering budgeted gapping. Excluding the 30.0 positions held (5.5%) to achieve its gapping rate, there were 110.0 vacant positions, of which 79.0 were capital positions.

Although the Program has filled in excess of 170 positions over the past year, the vacancy rate has not been reduced in similar proportions since most of these were internal promotions. The Information and Technology Division continues to face recruiting challenges, including intense competition for qualified IT resources.

Given the above, alternative measures were taken to address some of the recruitment challenges to ensure that services are maintained to a satisfactory level and the necessary IT support is provided to City Divisions in a timely manner. The overall delays in recruiting positions primarily impacts the delivery and support for IT business solution capital projects in progress or planned across the City and ongoing service sustainment and support. The City has a large number of business transformation projects that require significant resources from both client Divisions and Information and Technology. Information and Technology is continuing to implement resource planning for IT projects in partnership with its clients (assessing risks and reprioritizing work in alignment with business needs), enhancing IT programs and project management maturity and focussing on key opportunities for process and performance improvements.

City Manager's Office

The *City Manager's Office* reported a net under-expenditure of \$3.687 million or 7.9% for the year ended December 31, 2014. This was primarily due to under-spending in salaries and benefits from delays in filling vacant positions. Revenues were under-achieved by \$0.314 million or 3.6% mainly as a result of unfilled capital delivery positions for which funding is recovered from the Capital Budget.

As of December 31, 2014, the City Manager's Office reported a strength of 395.0 positions compared to approved complement of 458.5 positions, which represented a vacancy rate of 9.8% after budgeted gapping. There was no impact to service levels as the workload for active staff was increased.

<b>Table 10</b>	
<b>City Manager's Office</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2014 Over/(Under)
City Manager's Office	(3.7)

## Other City Programs

Other City Programs (see Table 11 below) reported an over-expenditure of \$0.499 million or 0.7% for the twelve-month period ended December 31, 2014.

<b>Table 11</b>	
<b>Other City Programs</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2014 Over/(Under)
City Clerk's Office	0.2
Legal Services	0.6
Mayor's Office	(0.1)
City Council	(0.3)
<b>Total</b>	<b>0.5</b>

The *City Clerk's Office* reported net over-spending of \$0.225 million or 0.7% for the year ended December 31, 2014. This was mainly due to emergency repairs and equipment replacement and increased cost for mailing and high-speed photocopying services in Information Production.

As at December 31, 2014, the City Clerk's Office reported a strength of 417.9 positions compared to a complement of 439.9 positions, which represented a vacancy rate of 1.7% after budgeted gapping. Of the 22.0 vacancies, 7.0 were held vacant to achieve the full year gapping rate of 3.3%.

*Legal Services* reported a net unfavourable variance of \$0.635 million or 3.3% for the year ended December 31, 2014. The variance consisted of lower than budgeted gross expenditures of \$2.184 million or 4.6%, mainly due to lower charges attributed to Police Officers attending court hearings, partially offset by additional costs incurred to attend Ontario Municipal Board (OMB) hearings. Revenues were under-achieved by \$2.819 million or 10.1% primarily due to lower recoveries from Court Services of \$2.658 million relating to the flow through from Toronto Police Services.

As of December 31, 2014, Legal Services reported a strength of 289.4 positions compared to a complement of 297.0 positions, which represented a vacancy rate of 0.3% for approved positions after budgeted gapping. Increased workload, primarily due to City Council requests to attend OMB hearings does not support maintaining vacant positions.

The *Mayor's Office* reported net under-spending of \$0.080 million or 7.3% for the year ended December 31, 2014. The 2014 Approved Operating Budget for the Mayor's Office comprised an 11-month budget for the former Mayor and a one-month budget for the present Mayor from December 1 to 31, 2014. Combining both periods, the under-spending was mainly attributed to services and rents and salaries and benefits.

The Mayor's Office reported a strength of 18.0 positions for the year ended December 31, 2014.

**City Council** reported a net favourable variance of \$0.281 million or 1.4% for the year ended December 31, 2014. This was mainly due to under-spending in the Councillors' Constituency Services and Office Budget as some Council Members did not fully expended their office budgets and in staff salaries and benefits due to different staffing strategies adopted by various Councillors.

City Council reported a strength of 176.0 positions for the year ended December 31, 2014, representing full complement.

Accountability Offices

Accountability Offices collectively realized net under-spending of \$0.309 million or 4.0% below budgeted expenditures for the twelve-month period ended December 31, 2014, as noted in Table 12 below.

<b>Table 12</b>	
<b>Accountability Offices</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2014 Over/(Under)
Auditor General's Office	(0.3)
Integrity Commissioner's Office	0.0
Lobbyist Registrar's Office	(0.1)
Ombudsman's Office	0.0
<b>Total</b>	<b>(0.3)</b>

The **Office of the Auditor General** reported an under-expenditure of \$0.300 million or 6.4% for the year ended December 31, 2014. This was mainly due to vacant positions during the year.

As of December 31, 2014, the Office of the Auditor General reported a strength of 27.0 positions or 2.5 positions below the approved complement of 29.5 positions. This represented a vacancy rate of 7.6% after considering gapping.

The **Office of the Integrity Commissioner** reported an unfavourable variance of \$0.049 million or 16.3% net for the year ended December 31, 2014. This was primarily due to external services required for litigation, complex investigations and external expertise and higher salary and benefit costs related to Council transition.

As of December 31, 2014, the Office of the Integrity Commissioner reported a strength of 2.0 positions representing full complement.

The *Office of the Lobbyist Registrar* was under-spent by \$0.059 million or 5.4% compared to the 2014 Approved Net Operating Budget. The favourable variance was mainly from under-expenditures in salaries and benefits during the year.

As of December 31, 2014, the Office of the Lobbyist Registrar reported a strength of 8.0 positions which was 0.3 positions below the approved complement of 8.3 positions. This represented a vacancy rate of 3.6% after considering gapping.

The *Office of the Ombudsman* reported an unfavourable variance of \$0.001 million or 0.1% net for the year ended December 31, 2014. This was mainly due to over-spending in professional services to support investigations.

As of December 31, 2014, the Office of the Ombudsman reported a strength of 9.0 positions or 2.0 positions below the approved complement of 11.0 positions. This represented a vacancy rate of 18.2% after considering gapping.

### Agencies

Agencies collectively reported net under-spending of \$55.104 million or 3.1% below budgeted expenditures for the twelve-month period ended December 31, 2014 compared to their combined 2014 Approved Net Operating Budget of \$1.757 billion, as outlined in Table 13 below.

<b>Table 13</b>	
<b>Agencies</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2014 Over/(Under)
Toronto Public Health	(0.3)
Toronto Public Library	(0.0)
Association of Community Centres	0.1
Exhibition Place	(0.1)
Heritage Toronto	(0.0)
Theatres	0.5
Toronto Zoo	0.0
Arena Boards of Management	0.2
Yonge Dundas Square	(0.0)
Toronto & Region Conservation Authority	(0.0)
Toronto Transit Commission - Conventional	(47.1)
Toronto Transit Commission - Wheel Trans	(3.8)
Toronto Police Service	(4.6)
Toronto Police Services Board	(0.1)
<b>Total</b>	<b>(55.1)</b>

*Toronto Public Health (TPH)* reported net under-spending of \$0.322 million or 0.6% for the year ended December 31, 2014. Under-expenditures of \$6.682 million gross were offset by a reduction in revenues of \$6.359 million. The gross under-expenditure of 2.7% was mainly attributed to the under-spending of \$2.918 million or 1.6% in salaries and benefits from vacant positions and budgeted benefits, and \$3.761 million or 5.4% in non



payroll expenditures across various Public Health programs. Revenues were under-achieved by \$6.539 million or 3.3% due to the corresponding under-spending across various Provincially cost-shared and fully funded programs.

At year-end, TPH reported a strength of 1,755.5 positions, which was 121.6 positions or 6.5% below the approved complement of 1,877.0 positions. This represented a vacancy rate of 1.4% after considering gapping as the budgeted gapping rate of 5.1% is equivalent to approximately 95.7 positions.

**Toronto Public Library (TPL)** reported a favourable net variance of \$0.026 million for the year ended December 31, 2014. The variance was primarily due to savings from salaries of \$0.558 million and other expenditures of \$0.045 million and additional revenue of \$0.272 million from public printing and photocopying services which offset a revenue loss of \$0.849 million from library fines.

At year-end, TPL reported a strength of 1,681.3 positions, which was 56.1 positions or 3.2% below the approved complement of 1,737.4 positions. This represented a vacancy rate of 0.6% after considering gapping. TPL's strength was below complement mainly to meet the budgeted gapping target rate of 2.7% or approximately 49.0 equivalent positions and an additional 7.1 positions remained vacant to help offset the revenue shortfall from library fines.

The **Association of Community Centres (AOCCs)** reported a net unfavourable variance of \$0.084 million or 1.2% for the year ended December 31, 2014. The variance reflected lower than budgeted gross expenditures of \$0.002 million offset by under-achieved revenues of \$0.086 million or 13.7%. The gross under-spending was primarily attributed to under-spending of Section 37 funds of \$0.107 million partially offset by over-expenditures of \$0.105 million mainly in salaries and benefits resulting from the unexpected payment of post-employment and retiree benefits, various emergency building repairs, as well as computer refresh costs in compliance with the City of Toronto IT standards. Revenues were lower than budget by \$0.086 million primarily due to under-spending of Section 37 funds partially offset by higher than budgeted revenues of \$0.022 million from increased room rentals. The unspent Section 37 funds, provided for capital improvements at Swansea Community Centre were returned back to the City at year-end.

At year-end, the Association of Community Centres reported a strength of 75.4 positions representing 2.0 positions or 2.6% below the approved complement of 77.4 positions.

**Exhibition Place** as directed by Council at its meeting of April 1, 2014, BMO Field revenues and expenditures have been replaced by a fee of \$0.450 million for 2014. As such, Exhibition Place reported a year-end under-spending of \$0.056 million compared to the 2014 Approved Net Operating Budget. The variance consisted of lower than budgeted gross expenditures of \$10.369 million of which \$10.699 million was due to the exclusion of BMO Field's actual expenses. Revenues were \$10.312 million lower than budgeted of which \$10.551 million was due to the exclusion of BMO Field's actual revenue.

Excluding the impact of removing BMO Field financial activity, there was a net under-spending of \$0.070 million or 31% due primarily to a net favourable variance in management energy initiatives and savings from energy retrofit projects after incentives (\$0.130 million) and additional parking revenue from Ontario Place, Ricoh, and BMO events (\$1.023 million), partially offset by lower than budgeted revenues at the Allstream Centre (\$0.932 million) and reduction of the naming fee (\$0.121 million).

At December 31, 2014, Exhibition Place reported full strength of 384.0 positions. Its budgeted gapping for the year of 0.6% was achieved through vacancies during the year.

***Heritage Toronto*** reported no net variance for the year ended December 31, 2014.

Heritage Toronto reported a strength of 7.0 positions, representing full complement for the year ended December 31, 2014. There was no budgeted gapping.

***Theatres*** reported an unfavourable variance of \$0.481 million or 10.1% over the 2014 Approved Net Operating Budget of \$4.757 million. This was driven by the following:

- Sony Centre for the Performing Arts reported an over-expenditure of \$0.521 million or 42.1% compared to the 2014 Approved Net Operating Budget of \$1.238 million. The Sony Centre hosted fewer performances and events scheduled than budgeted which resulted in lower revenue and the Centre incurred higher utility costs due to the cold winter.
- St. Lawrence Centre for the Arts reported an under-expenditure of \$0.160 million or 9.2% compared to the 2014 Approved Net Operating Budget of \$1.748 million, driven by higher than expected revenues from labour recoveries, rentals and ancillary revenues.
- Toronto Centre for the Arts reported over-spending of \$0.121 million or 6.8% above the 2014 Approved Net Operating Budget of \$1.772 million, driven by significantly higher contingent legal costs associated with various grievances connected to the Centre's new Collective Bargaining Agreement for stage labour.

As of December 31, 2014, Theatres reported a strength of 158.7 positions, which is 2.2 positions higher than the approved complement of 156.5 positions. There was no budgeted gapping and the variance was driven by the following:

St. Lawrence Centre for the Arts reported a strength of 33.9 positions, 2.8 positions higher than the approved complement of 31.1 positions supporting higher than expected show and performances volume. Toronto Centre for the Arts reported a strength of 62.2 positions, which was 2.4 positions higher than its approved complement of 59.8 positions reflecting higher recoverable crew costs. These were partially offset by Sony Centre for the Performing Arts' strength of 4.6% below its complement of 65.6 positions. The Sony Centre generated fewer performances and events, resulting in lower supporting positions needed for events.

**Toronto Zoo** reported net over-spending of \$0.904 million for the year ended December 31, 2014. The variance consisted of lower than budgeted gross revenues of \$3.792 million due to lower attendance trends that began early in the year with 34 extreme cold weather alerts issued by the City. This decrease was only partially offset by lower than budgeted gross expenditures of \$2.888 million or 5.6% due to implementation of cost containment/ holdback measures throughout the year.

Pursuant to Council direction, the reported net deficit of \$0.904 million will be funded from the Zoo Stabilization Reserve. The transfer is included in Appendices A, B, and C.

At December 31, 2014, the Toronto Zoo reported a strength of 398.2 positions compared to an approved complement of 410.2 positions. The 12.0 vacancies results from timing in the recruitment process as well as a hiring freeze to assist in addressing the revenue shortfall and achieve the budgeted gapping rate of 2.4%. Through savings realized during the year, the after gapping rate was 0.5%.

The **Arena Boards of Management** reported net over-expenditure of \$0.202 million for the year ended December 31, 2014. Leaside Gardens and Bill Bolton Arenas were the significant drivers of the net over-expenditures totalling \$0.253 million, offset by small under-expenditures at Forest Hill, McCormick, Moss Park and North Toronto Memorial.

Leaside Gardens Arena's net over-expenditure of \$0.158 million was primarily attributed to completion of the onsite construction related to the new ice pad negatively affecting the ice revenue, sundry revenue and banquet hall usage in the first half of the year. These net over-expenditures were partially offset by under-spending of \$0.066 million on snack bar and materials purchases, and utilities.

Bill Bolton Arena's net over-expenditure of \$0.095 million is driven by lower than expected ice program revenue and sundry revenue which are partially offset by lower materials and snack bar purchases. Bill Bolton Arena incurred unanticipated expenses of \$26,000 for emergency building repairs, and \$30,000 related to one-time human resources costs.

The Arena Boards of Management reported a strength of 67.4 positions, representing full complement for the year ended December 31, 2014. There is no budgeted gapping.

**Yonge-Dundas Square** reported under-spending of \$0.004 million or 0.9% below the 2014 Approved Net Operating Budget of \$0.393 million. Revenue was \$0.072 million or 4.0% higher than budgeted due to sponsorship, tour bus kiosk, signage agreement, permit and event support revenues. Gross expenditures were \$0.069 million or 3.1% higher than budgeted mostly due to the costs of programming, events, contracted services and maintenance.

The Yonge-Dundas Square reported a strength of 6.5 positions, representing full complement for the year ended December 31, 2014. There was no budgeted gapping.

**Toronto Transit Commission (TTC)** reported a 2014 year-end net under-spending of \$50.854 million or 9.3%.

TTC Conventional Services reported net under-spending of \$47.095 million or 10.7%. Gross under-spending of \$57.020 million or 3.5% from the 2014 budgeted expenditures of \$1.607 billion was primarily due to the reduction in healthcare benefits being utilized, reduced maintenance costs for subway infrastructure, facilities and streetcars, lower fuel costs and lower accident claims. The under-spending of budgeted expenditures was offset with a shortfall in budgeted revenues of \$9.925 million primarily arising from lower than anticipated passenger revenues (\$14.4 million or 1.3%). Severe cold temperatures experienced in January, February and March and the impact of planned system closures particularly for the Automatic Train Control Resignalling work on Line 1 (Yonge-University-Spadina) and the Union Station project accounted for a ridership shortfall of 5 million rides from the 540 million budgeted rides. Additionally, higher than anticipated monthly Metropass sales continue to cause a slight decline in the average fare.

Wheel-Trans reported a favourable year-end net expenditure of \$3.759 million or 3.5% below the 2014 budgeted net expenditures of \$106.823 million. The under-spending is primarily from savings achieved through the recently signed Collective Bargaining Agreement that led to budgeted bus trips being shifted to less-expensive taxi trips, lower fuel costs, and lower utilization of health care benefits.

As of December 31, 2014, TTC reported a 2014 year-end strength of 13,279 positions.

- TTC Conventional Services had a strength of 12,730.0 positions, which is 293.0 positions below the approved complement of 13,023.0 positions. This includes 1,540.0 capital positions which were 304.0, or 16.5% below the capital complement of 1,844.0 positions. This represents a vacancy rate of 1.1% after considering gapping, as the budgeted gapping rate of 1.1% is equivalent to approximately 143 positions.
- Wheel-Trans had a strength of 549.0 positions, which is 8.0 positions below the approved complement of 557.0 positions. This represents a vacancy rate of 0.7% after considering gapping, as the budgeted gapping rate of 0.7% is equivalent to approximately 4.0 positions.

The ***Toronto Police Service (TPS)*** reported under-spending of \$4.555 million or 0.5% at year end. The year-end under-spending is comprised of \$3 million lower than budgeted spending on materials and equipment, largely driven by lower gasoline prices and smaller favourable variances in other consumption areas, as well as \$3.3 million of under-spending on services arising from efforts to curb costs wherever possible. These were offset by smaller over-budget variances in premium pay and reserve contribution items. The later arose from a \$1.5 million over budget expenditure to cover reserve funded items directly from current resources, rather than making additional draws from reserves, given that overall favourable variance was anticipated.

Contributions totalling \$2.0 million divided equally between the Police Central Sick Pay Reserve Fund and the Police Health Care Spending Reserve Fund are included in the distribution of the year-end surplus funds to underfunded reserve funds made in this report. These allocations bring the final Police Service net surplus to \$2.6 million.

The Toronto Police Service reported a 2014 year-end strength of 7,410 uniform and civilian positions which is 460 or 5.8% under its approved complement of 7,870. Contrasted to its budgeted gapping of 5% or approximately 390 positions, this reflects 0.8% in additional gapping. Year-end gapping was driven by higher than budgeted uniform separation and slower than budgeted staffing increases on the civilian side after the hiring freeze was lifted at the end of 2013.

The **Toronto Police Services Board (TPSB)** reported under-spending of \$0.053 million or 2.2% at the 2014 year-end. Salaries were under-spent by \$0.126 million as a result of the elimination of the Chauffeur position at the beginning of the year and net savings from members on maternity leave. The non-salary budget was overspent by \$0.073 million driven by legal costs exceeding budget by \$0.277 million even after \$0.153 of those costs were covered by a reduction in contributions to the Police Legal Liabilities Reserve.

The Toronto Police Services Board reported strength of 7 positions at December 31, 2014, one position (12.5%) lower than it approved complement of 8, as a result of the elimination of the Chauffeur position early in 2014. The Police Services Board has no budget for gapping.

#### Corporate Accounts

**Corporate Accounts'** net under-expenditure of \$126.953 million for the year ended December 31, 2014 was attributed to the following:

<b>Table 14</b>	
<b>Corporate Accounts</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2014 Over/(Under)
Capital & Corporate Financing	9.0
Non-Program Expenditures	(18.7)
Non-Program Revenues	(117.3)
<b>Total</b>	<b>(127.0)</b>

**Capital and Corporate Financing** was over-spent by \$9.0 million (1.4%) due to higher than budgeted debt charges from loans, commission and legal cost of issuance and earlier than planned debt issuance during the year in order to take advantage of the lower than budgeted interest rates. While the earlier issuance caused higher than budgeted debt charges in 2014, over the term of the debentures, the City expects to save \$18 million in debt charges.

**Non-Program Expenditures** were under-spent by \$18.715 million or 4.0% at year-end. The key contributors to the favourable variance included the following:

- Tax Deficiencies: Under-spending of \$13.755 million or 26.5% as a result of:

- \$50.36 million in appeals, other adjustments and provisions were lower than budgeted primarily from the Assessment Appeal Board clearing up their backlog;
  - as a result of the above, \$32.355 million contribution from the Assessment Appeal Stabilization Reserve was not required since total expenditures fell short of the overall budget;
  - \$0.69 million in lower than anticipated costs to defend the City's assessment base; and,
  - \$4.94 million from TIEG grants exceeding budget.
- Other Corporate Expenditures: Favourable variance of \$6.735 million or 30.3% arising primarily from \$3.7 million due to reversal of accrued interest on the Provincial loan.
  - Parking Tag Enforcement and Operations: Under-expenditures of \$1.936 million or 3.2% primarily as a result of rent savings from Parking Enforcement Headquarters reallocation.
  - Solid Waste Management Rebates: Under-spending of \$1.308 million or 0.7% from lower than anticipated rebates issued during the year.
  - Assessment Function: Lower Municipal Property Assessment Corporation charges of \$1.024 million or 2.5%.

**Non-Program Revenues** were \$117.256 million or 11.7% higher than budgeted. The positive year-end net variance was attributed to the following:

- Municipal Land Transfer Tax: Higher than budgeted revenue by \$82.208 million or 23.5% was realized due to stronger than expected average home prices and sales volumes.
- Payments in Lieu of Taxes: Revenues were \$15.193 million or 16.1% higher than budgeted primarily as a result of lower than anticipated appeals and other adjustments.
- Toronto Hydro Dividend Income: Revenues were higher by \$5.621 million or 10.2% as a result of better than budgeted 2013 operating results for Toronto Hydro. Toronto Hydro received a favourable ruling at the Ontario Energy Board which resulted in a one-time increase for 2013.
- Parking Tag Enforcement and Operations: Revenues were \$21.265 million or 25.2% above budget as a result of fixed fines, increased rush-hour fines and the Habitual Offender Program.
- Other Tax Revenues: Revenues were higher by \$1.061 million or 7.6% due to \$1.4 million resulting from appeals posted and required provisions being less than budgeted. This reflected the Assessment Board's efforts to eliminate its backlog

of pending appeals. This was partially offset by the acreage level for Right-of-Way taxes being \$0.399 million lower than budgeted.

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

- A decline in Supplementary Taxes of \$4.383 million or 11.0%. The number of properties and assessed values anticipated on the omitted/ supplementary rolls did not generate the budgeted revenues.
- Toronto Parking Authority' income sharing revenue was \$3.001 million or 6.2% lower than budgeted due to increased road work City-wide combined with the large number of snow days experienced from January and February and City events that reduced on-street parking revenues.
- Lower than budgeted revenue from Interest and Investment Earnings of \$1.093 million or 0.9% primarily from lower than anticipated interest rates.

Rate Supported Programs

Rate Supported Programs, which include Solid Waste Management Services, Toronto Parking Authority and Toronto Water, collectively reported net under-spending of \$16.409 million for the twelve-month period ended December 31, 2014 as outlined in Table 15 below.

<b>Table 15</b>	
<b>Non Levy Operations</b>	
<b>Net Expenditure Variance (\$ Million)</b>	
	Year-End 2014 Over/(Under)
Solid Waste Management Services	(15.0)
Toronto Parking Authority	4.1
Toronto Water	(5.4)
<b>Total</b>	<b>(16.4)</b>

**Solid Waste Management Services (SWMS)** was under-spent by \$15.044 million net of the 2014 Approved Operating Budget. This resulted from lower than budgeted expenditures in addition to higher than anticipated revenues. Gross expenditure savings of \$7.804 million primarily resulted from \$5.448 million in salaries and benefits savings arising from vacancies; \$4.086 million in savings from capital financing due to delayed issuance of debt and scheduling of debt charges; and \$1.657 million less for alternate landfill disposal costs as more tonnes of residual waste are transferred to Green Lane.

Year-end revenues had a favourable variance of \$7.240 million or 2.0% primarily from \$7.524 million in increased funding for the Blue Box program due to efficiencies; \$5.210 million due to higher tonnage for Toronto waste disposal at Green Land landfill; and \$3.002 million in tipping fees for higher tonnes at transfer stations. Higher than budgeted

revenues were offset by fewer tonnes of third party waste disposed at Green Lane due to increased rates (\$5.965 million) and lower volume based user fees from residential clients (\$1.708 million).

As of December 31, 2014, Solid Waste Management Services reported a strength of 993.7 positions which was 109.0 positions below the approved complement of 1,102.7 positions. This represented a vacancy rate of 8.0% after considering gapping, as the budgeted gapping rate of 1.9% is equivalent to approximately 21.0 positions.

**Toronto Parking Authority (TPA)** reported an unfavourable year-end net variance of \$4.078 million or 6.5% below the 2014 Approved Operating Budget of \$62.330 million in net revenue. The variance consisted of lower than budgeted gross expenditures of \$0.394 million or 0.5% and under-achieved revenues of \$4.472 million or 3.2%. Gross expenditure savings totalling \$2.087 million were mostly due to lower than anticipated salaries and benefits for part time cashiers, and lower depreciation and maintenance costs as some maintenance work/ projects were deferred to future years. These savings were partially offset by increased utility costs (\$0.222 million), higher municipal taxes (\$0.409 million) and insurance expenses for settlement of claims from previous years (\$0.161 million) and higher rent expenses for managed lots (\$0.829 million).

The unfavourable revenue variance is primarily due to lower revenues from on-street parking (\$3.738 million) and off-street parking (\$0.952 million) as a result of increased road work levels and events City wide, in addition to the impact of the large number of snow days experienced during the first three winter months. The under-achieved revenues were partially offset by unbudgeted income from managed lots and Bike Share Program.

As of December 31, 2014, Toronto Parking Authority reported 12.4 vacant positions representing 4.2% of its total complement of 297.4 positions. These positions are vacant cashiers positions which will be required for monitoring cameras located at various automated carparks and are anticipated to be filled in 2015.

**Toronto Water** reported a year-end favourable net expenditure variance of \$5.443 million as at December 31, 2014. The variance consisted of lower than budgeted gross expenditures of \$10.112 million or 1.0%, and under-achieved revenues of \$4.669 million or 0.5%.

Gross expenditure savings were largely due to lower than anticipated spending in salaries and benefits (\$11.639 million) due to vacant positions, lower haulage costs of biosolids at Ashbridges Bay Treatment Plant (\$3.141 million), favourable pricing and lower usage of corrosion control chemicals (\$3.092 million), lower costs of materials and parts (\$0.682 million), lower payments in lieu of taxes arising from lower property assessment values and lower than anticipated bank charges, grants and other costs (\$1.253 million). Gross expenditure savings were partially offset by higher utility costs (\$0.609 million) associated with colder than expected winter period and fluctuations in hydro use in treatment plants, as well as higher costs of utility cut repairs (\$3.670 million) and higher than expected change in the provision for doubtful accounts (\$5.387 million).



Lower than expected revenues (\$4.669 million) were related to a decrease in volume of the sale of water of as a result of higher than normal rainfall during summer months, as well as colder temperatures (\$15.483 million). This unfavourable revenue variance was partially offset by higher than anticipated recoveries for new sewer connections due to higher economic activity (\$6.325 million), higher revenues associated with industrial waste and private water agreements (\$2.118 million), higher than expected revenues from user fees and other recoveries (\$1.791 million), and revenues from the sale of water to the Region of York (\$0.580 million).

As of December 31, 2014, Toronto Water reported a strength of 1,576.7 positions which was 175.0 positions below the approved complement of 1,751.7 positions. This represented a vacancy rate of 7.0% after considering gapping, as the budgeted gapping rate of 3.0% is equivalent to approximately 51.0 positions.

Toronto Water continues to experience a high rate of vacancies predominately related to the aging workforce/ retirements; vacancies resulting from staff promotions and transfers; extended recruitment period for screening and testing prospective candidates for certain positions such as skilled trades and certified operators, and difficulty attracting qualified candidates for key senior positions. As a result, Toronto Water has been unable to completely perform pro-active preventative maintenance which has led to higher than normal overtime and repair costs.

In order to address the above challenges and to ensure continued compliance with legislative requirements, Toronto Water identified and included in its Strategic Plan (2010-2020) two specific strategies: (i) enhance recruiting strategies and improve the ability to fill key vacancies; and (ii) develop and implement an Enterprise Knowledge Retention Program. To achieve these strategies, Toronto Water has a number of key initiatives in place such as: "On the Job" Training Program, Workforce Development Program and a Leadership Training Program, Career Edge, Career Bridge programs and University Mentorship Programs.