



REPORT FOR ACTION

Operating Variance Report for the Twelve Month Period Ended December 31, 2016

Date: May 25, 2017

To: Budget Committee and Executive Committee

From: Deputy City Manager & Chief Financial Officer

Wards: All

SUMMARY

The purpose of this report is to provide Council with the City of Toronto's Operating Variance for the year ended December 31, 2016 and the disposition of the 2016 year-end operating surplus. This report also requests Council's approval to transfer funds between Toronto Water's reserve/reserve funds with no impact to the 2016 Approved Net Operating Budget.

As noted in Table 1 below, the preliminary 2016 year-end operating surplus for Tax Supported Operations resulted in a net favourable variance of \$187.728 million available for distribution after Council directions and legislative requirements are met. This surplus represents 1.9 % of the gross Tax Supported budget. Excluding the \$114.190 million surplus due to the Municipal Land Transfer Tax, the 2016 surplus is only 0.7% of the Tax Supported Budget.

Consistent with City Council approved Surplus Management Policy, at least 75 percent or \$150.796 million will be allocated to the Capital Financing Reserve and \$36.932 million will be allocated to underfunded liabilities and/or reserve funds for replenishment.

Table 1: Tax Supported Variance Summary

	Year-End 2016 Variance Over/(Under)		
	\$	%	As % of Gross Budget
Gross Expenditures	(302.1)	-3.0%	-3.0%
Revenues	(89.2)	-1.4%	-0.9%
Net Expenditures	(212.9)	-5.4%	-2.1%
Council/Legislative Requirements	25.2	0.6%	
Surplus Available for Distribution	(187.7)	-4.8%	-1.9%
MLTT	(114.2)		
Surplus excluding MLTT	(73.5)	-1.9%	-0.7%

The 2016 net surplus was driven largely by:

- Higher than budgeted net revenue from the Municipal Land Transfer Tax (\$114.190 million), Supplementary Taxes (\$11.343 million) as a result of supplementary/omitted rolls exceeding expectations, Other Corporate Revenues (\$10.413 million) were higher than expected from other third party recoveries (HST and tax write-off recoveries), Payments in Lieu of Taxes (\$7.862 million) were stronger than forecast owing largely to lower than planned appeals and other budget adjustments, as well as Parking Tag (\$6.448 million) revenues were due to increased plate denial fees.
- The favourable net expenditure variances noted above were partially offset by higher than expected Tax Deficiencies/Write-Offs (\$21.630 million) largely from appeals posted and required provisions being more than budgeted and lower than expected dividends from Toronto Hydro (\$4.150 million) as a result of weaker than planned 2015 revenue. The dividend revenue for 2016 was based on 2015 Toronto Hydro actual income results. In addition, Toronto Fire Services reported an unfavourable net variance (\$7.540 million) as a result of higher WSIB charges.

Rate Supported Programs reported a year-end net favourable variance of \$105.623 million. Table 2 below summarizes the net variances for Rate Supported Programs:

Table 2: Rate Supported Variance Summary (Millions)

	Year End 2016 Over/(Under)	% of Gross Budget
	\$	
Solid Waste Management Services	(8.5)	-2.2%
Toronto Parking Authority	(6.4)	-7.5%
Toronto Water	(90.7)	-7.8%
Total Variance	(105.6)	-6.5%

- Solid Waste Management Services experienced a year-end net favourable variance of \$8.519 million mainly from under-spending on salaries and benefits, contracted services due to lower tonnage and lower haulage fuel costs. The under-spending was partially offset by under-achieved revenues from the yellow bag program, lower capital recoveries and lower collection and tipping volumes from agencies, boards, commissions and divisions and school boards.
- Toronto Parking Authority reported a net favourable variance of \$6.380 million as at December 31, 2016. The net variance was largely due to higher off-street parking revenues in downtown garages and surface carparks as a result of stronger than anticipated customer volume, as well as from the gain on sale of Carpark 650 (22 John Street).
- Toronto Water experienced a favourable net variance of \$90.724 million as at December 31, 2016. Lower spending of \$32.530 million was mainly due to under-spending in salaries and benefits from vacancies and lower than anticipated electricity rates and usage. Revenues were higher than budgeted by \$58.194 million primarily from stronger than anticipated volume of water sold, due to a dry, hot summer, increase in new water and sewer service connections and industrial waste agreements. Toronto Water's surplus will be contributed to the Wastewater (57%) and Water (43%) Stabilization Reserves.

Table 3 below, provides summarizes the staff vacancy for the twelve months ended December 31, 2016.

Table 3: Summary of 2016 Approved Complement and Strength

	Operating Positions	Capital Positions	Total Positions
Complement	51,281.1	3,332.0	54,613.1
Strength	48,986.3	2,779.8	51,766.0
Vacancies	(2,294.8)	(552.3)	(2,847.1)

For the year-end, the City reported an approved complement of 54,613.1 operating and capital positions and a strength of 51,766.0 positions, resulting in 2,847.1 vacant positions. The detailed overview of the fourth fiscal quarter complement is provided in the Approved Complement Section of this report.

RECOMMENDATIONS

The Deputy City Manager & Chief Financial Officer recommends that:

1. City Council approve the transfer of \$7.5 million from the Water (43%) and Wastewater (57%) Stabilization Reserves to Toronto Water's Vehicle and Equipment Replacement Reserve (XQ1012) to fund future year vehicle purchases.

FINANCIAL IMPACT

Table 4 below provides a breakdown of the City's \$187.728 million favourable net variance for City Operations and Agencies for the twelve-month period ended December 31, 2016.

Table 4: Tax Supported Expenditure Variance (Millions)

	Year-End 2016 Over/(Under)		
	Gross	Net	Alert
Citizen Centred Services "A"	(172.3)	(18.0)	Ⓞ
Citizen Centred Services "B"	(41.0)	(19.9)	Ⓞ
Internal Services	(31.2)	(8.7)	Ⓞ
City Manager	2.8	(0.4)	Ⓞ
Other City Programs	1.0	(2.7)	Ⓞ
Council Appointed Programs	(0.2)	(0.2)	Ⓞ
Total - City Operations	(241.0)	(49.8)	Ⓞ
Total - Agencies	(65.1)	(19.7)	Ⓞ
Total - Corporate Accounts	4.0	(143.4)	Ⓞ
Net Expenditure Variance	(302.1)	(212.9)	Ⓞ
Council Direction/Legislative Requirements		25.2	
Surplus Available for Distribution		(187.7)	Ⓞ
Year-End Net Variance	Ⓞ	<100%	Ⓡ >100%

After \$25.180 million is allocated to comply with approved Council directions and legislative requirements, the 2016 year-end surplus available for distribution is \$187.728 million for Tax Supported Programs. The 2016 operating surplus for Tax Supported Programs represents 1.9% of the approved gross expenditure budget or 0.7% when excess Municipal Land Transfer Tax revenues are excluded.

In accordance with the City's Surplus Management Policy:

- At least 75 percent or \$150.796 million will be allocated to the Capital Financing Reserve; and,
- \$36.932 million will be allocated to underfunded liabilities and/or reserve funds. Table 5 below summarizes the allocations for Tax Supported Programs.

Table 5: 2016 Year-end Operating Results – Tax Supported Programs and Agencies (Millions)

Preliminary Year-End Operating Results	212.908
Council Direction/Legislative Requirements:	
Building Code Act Service Improvement Reserve Fund	(15.348)
Development Application Review Reserve Fund	(6.541)
Council Transition Reserve	(0.905)
Exhibition Place Conference Centre Reserve Fund	(1.706)
Emergency Human Services Reserve	(0.310)
Zoo Stabilization Reserve	(0.371)
Sub-Total	(25.180)
Final Year-End Surplus Available for Distribution	187.728
Capital:	
Capital Financing Reserve (75% Allocation of the Year-End Surplus Available for Distribution)	(140.796)
Capital Financing Reserve - Short-Term Pooling Compensation Debt	(10.000)
Sub-Total - Capital Financing Reserve	(150.796)
Remaining Final Year-End Surplus Available for Distribution	36.932
Operating Underfunded Liabilities and/or Reserve Funds:	
Insurance Reserve Fund	(7.000)
Tax Rate Stabilization Reserve	(8.326)
Corporate Extreme Weather Reserve	(2.026)
Housing Stabilization Reserve	(3.800)
Long-Term Care Home and Services Reserve Fund	(1.000)
Toronto Police Services Vehicle and Equipment Reserve	(2.500)
Toronto Police Modernization Reserve	(3.500)
Innovation Reserve Fund	(1.750)
Fleet Services Stabilization Reserve	(0.054)
Ferry Replacement Reserve	(2.164)
Major Special Event Reserve Fund	(2.000)
Workforce Reduction Reserve Fund	(2.812)
Sub-Total	(36.932)
Surplus Remaining/(Shortfall)	(0.000)

The 2016 final year-end operating results for Rate Supported Operations, excluding the Toronto Parking Authority year-end positive variance, of \$99.243 million will be allocated based on the following as shown in Table 6 below:

Table 6: 2016 Year-End Net Operating Results – Rate Supported Programs (Millions)

Toronto Water Final Year-End Surplus Available for Distribution	90.724
Wastewater Stabilization Reserve	(51.713)
Water Stabilization Reserve	(39.011)
Surplus Remaining / (Shortfall)	<u>0.000</u>
Solid Waste Management Services Final Year-End Surplus Available for Distribution	8.519
Waste Management Reserve Fund	(8.519)
Surplus Remaining / (Shortfall)	<u>0.000</u>

- Appendices A, B and C summarize the year-end results for Tax and Rate Operating Programs and Agencies detailing the net expenditures, gross expenditures and revenues, respectively.
- Appendix D provides a detailed summary of the complement and strength for the twelve months ended December 31, 2016.
- Appendix E includes dashboards and respective narratives explaining individual variances for each City Program and Agency for the twelve months ended December 31, 2016.

The "trend" symbols: "R, Y, G" indicate whether the variance is either "over", "under" or "on budget" for year-to-date as well as for projected year-end gross and net expenditures. The "alert" indicators with Green, Yellow or Red colours are measured by the percentage with the criteria based in the Legend for City Programs and Agencies section.

DECISION HISTORY

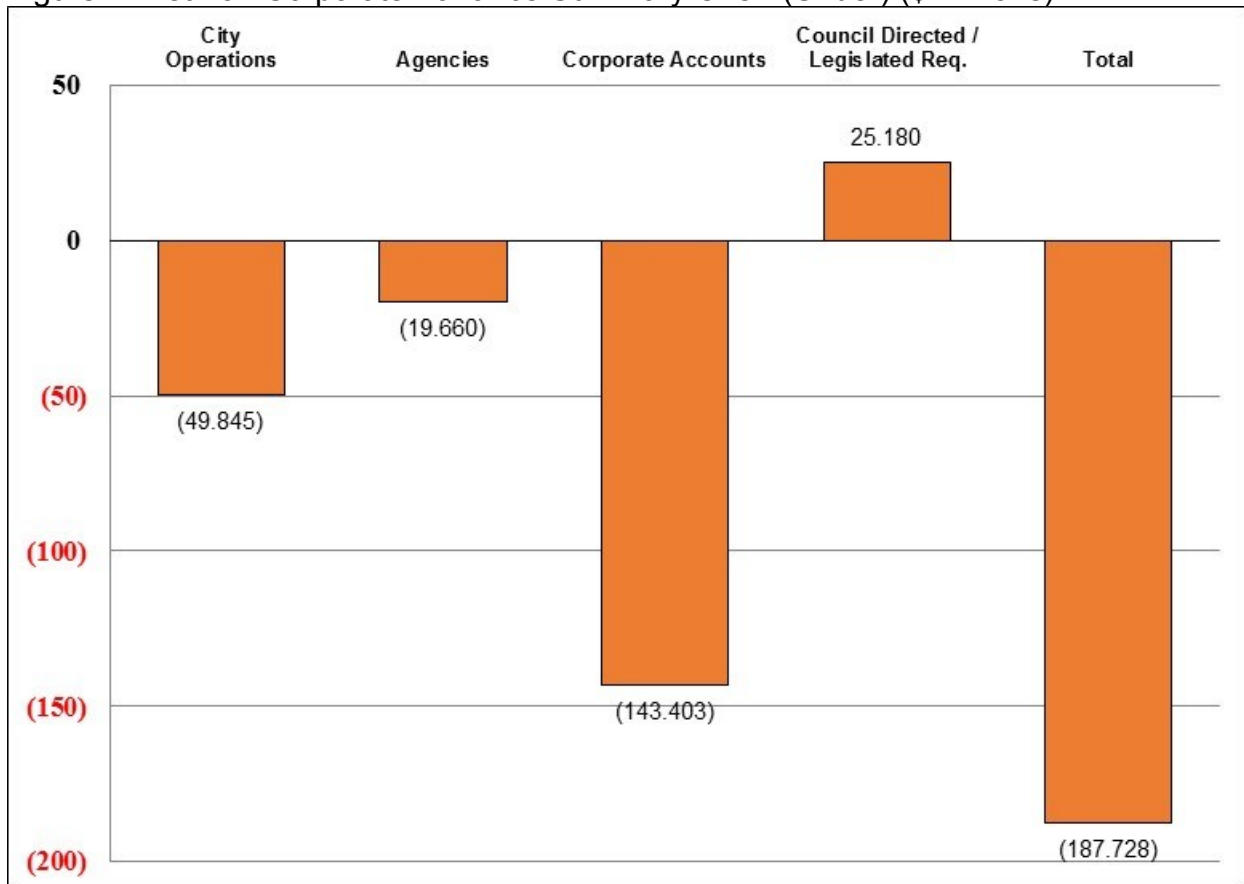
This report is provided pursuant to financial management best practices and budgetary control. As part of the City of Toronto's financial accountability framework, quarterly and year-end operating variance reports are submitted to Committees and City Council, to provide financial monitoring information on operating results to date and projections to year end, and on an exception basis, to identify issues that require direction and/or decisions from City Council. In addition, this report also requests Council's approval to

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transfer funds between Toronto Water's reserve/reserve funds with no impact to the 2016 Approved Net Operating Budget.

COMMENTS

Figure 1: Net Tax Corporate Variance Summary Over/ (Under) (\$ Millions)



Tax Supported Programs

City Operations reported gross under-spending of \$241.000 million or 4.7% combined with lower than planned revenue of \$191.155 million or 6.4% resulted in a favourable net variance of \$49.845 million or 2.4% for the year-ended December 31, 2016 primarily from the following:

- Toronto Building's favourable net variance of \$15.348 million or 142.7% was primary due over-achieved revenue of \$12.211 million due to higher than expected building permit applications combined with under-spending in salary and benefits (\$3.137 million).

- City Planning's favourable net variance of \$6.743 million or 43% was mostly from higher development application review fees and robust volumes in Committee of Adjustment Units.
- Toronto Employment and Social Services' net under-spending of \$3.829 million or 2.8% was attributed to lower than planned Ontario Works (OW) case load. The case load was 6,633 lower than the budget of 90,000. Note that the 2017 Budget was adjusted to a caseload of 84,000 based on this expenditure.
- Children's Services' net under-spending of \$3.771 million or 4.8% was due to case-mix differences from planned, delays in hiring staff and in opening two Toronto Early Learning Child Care Centres (TELCCS) centres, lower Wage Subsidy and Provincial Wage Enhancement payments, partially offset by an increase in fee subsidies.
- Court Services' favourable net variance of \$3.751 million or 43.9% was mainly due to under-spending in salary and benefits, resulting from delays in hiring, lower than planned non-payroll expenditures, and those related to lower volume of tickets filed and processed, as well as delay in implementation of the Toronto Local Appeal Body (TLAB) operations. The volume of tickets issued by the Toronto Police Service was 40,381 or 13% lower than planned.
- Municipal Licensing and Standards' favourable net variance of \$3.315 million or 16.7% was mainly from salaries and benefits under-spending which was primarily due to the phasing out of the Taxi Training Centre. General under-spending on non-labour accounts as well as over-achieved revenue mainly due to private transportation company fees also contributed to the favourable net variance.
- Engineering and Construction Services' net under-spending of \$3.272 million or 43.0% was largely attributed to lower than planned salaries and benefits and non-salary expenses from vacant positions.
- The above year-end under-spending was partially offset by Fire Services net over-expenditure of \$7.540 million or 1.8% as a result of higher WSIB charges. In addition, Transportation Services reported over-spending of \$2.081 million or 1.0% primary from under-achieved utility cut repair revenue and permit parking fees due to lower than expected volumes.

City Agencies

As of the twelve month period ended on December 31, 2016, City Agencies reported a favourable gross expenditure variance of \$65.134 million or 1.8%, and a revenue shortfall of \$45.475 million or 2.6%, which resulted in a favourable net variance of \$19.660 million or 1.0%.

- Toronto Police Service realized a net favourable variance of \$9.547 million or 1.0% of budgeted expenditures for the year-ended December 31, 2016. Net expenditures

were lower than budget primarily due to one-time unbudgeted revenues and reduced hiring as a result of the hiring moratorium implemented in 2016.

- Toronto Transit Commission - Conventional Service reported a favourable year-end net variance of \$7.722 million or 1.6%. The Commission attributed the net variance to under-spending for salary and employee benefits (\$41.7 million), lower diesel fuel consumption (\$7.5 million), depreciation (\$5.4 million) and leasing costs (\$4.0 million) partially offset by lower passenger and other revenues of \$45.8 million, accident claims (\$5.5 million) and other expenses (\$0.4 million).

Corporate Accounts

As of December 31, 2016, Corporate Accounts realized an over over-expenditure of \$4.006 million or 0.3% and over-achieved revenue of \$147.410 million or 10.3%, which resulted in a favourable net variance of \$143.403 million. The following are the key drivers which contributed to the year-end favourable surplus:

- Over-achieved Municipal Land Transfer Tax revenue primarily attributed to higher than expected sales revenue experienced during the year (\$114.190 million or 23.5%). It is important to note, that net revenue from the Municipal Land Transfer Tax accounts for 53.6% of the City's Tax Supported surplus for 2016.
- Higher than planned Supplementary Taxes (\$11.343 million or 27.9%) as a result of supplementary/omitted rolls exceeding expectations.
- Other Corporate Revenues (\$10.413 million or 81.9%) were higher than planned from HST and tax write-off recoveries.
- Payments in Lieu of Taxes (\$7.862 million or 7.6%) were stronger than forecast owing largely to lower than planned appeals and other budget adjustments.
- Parking Tag (\$6.448 million or 6.3%) revenues were higher primarily due to increased volume in plate denial fees.

The above favourable year-end net variance was partially offset by the following accounts:

- Tax Deficiencies/Write-Offs (\$21.630 million or 74.0%) largely from appeals posted and required provisions were higher than budgeted.
- The dividends from Toronto Hydro were \$4.150 million or 6.1% lower than budgeted as a result of weaker than planned 2015 revenue. The dividend budgeted revenue for 2016 was based on 2015 Toronto Hydro actual income results.

Rate Supported Programs

Rate Supported Programs reported a year-end net favourable variance of \$105.623 million, as outlined below:

Solid Waste Management Services experienced a stronger than expected year-end net variance (surplus) of \$8.519 million largely due to:

- Under-spending of \$12.367 million due to lower salaries and benefits, lower spending on contracted services and lower waste haulage costs from low fuel prices.
- Under-spending was partially offset by under-achieved revenues of \$3.503 million mainly including lower revenue collected for the yellow bag program and less capital recoveries due to project delays.
- Lower revenue was also due to lower collection volumes and tipping fees from agencies, boards commissions, divisions and school boards.

Toronto Parking Authority reported a net favourable variance of \$6.380 million as at December 31, 2016. The net variance was largely due to higher off-street parking revenues in downtown garages and surface carparks as a result of stronger than anticipated customer volume, as well as the gain from the sale of Carpark 650 (22 John Street).

Toronto Water experienced a favourable net variance of \$90.724 million as at December 31, 2016:

- Lower spending of \$32.530 million was mainly due to under-spending in salaries and benefits from vacancies and lower than anticipated electricity rates and usage.
- Revenues were higher than budgeted by \$58.194 million primarily from stronger than anticipated volume of water sold, due to a dry, hot summer, increase in new water and sewer service connections and industrial waste agreements.

Contribution to Toronto Water's Vehicle and Equipment Replacement Reserve

Toronto Water currently has almost 900 vehicles. According to the vehicle replacement schedule, Toronto Water will need to replace about 326 vehicles in 2018 (66 vehicles) and 2019 (260 vehicles) at a total cost of \$30 million. Transferring part of Toronto Water's 2016 surplus of \$7.5 million will provide additional funding for future year vehicle purchases which otherwise would not be sufficient based on the current vehicle and equipment reserve contribution levels.

Allocation of the 2016 Surplus - Tax Supported Operations

The 2016 year-end operating results for Tax Supported Operations is adjusted for the following Council directives, approved allocation items (i.e. self-sustaining programs), and other legislative requirements:

Building Code Act Service Improvement Reserve Fund:

- In compliance with Section 7 of the Building Code Act, the net operating favourable variance of \$15.348 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.

Development Application Review Reserve Fund:

- 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 \$6.541 million from its development review service (Community Planning and Committee Adjustment) will be transferred to the Development Application Review Reserve Fund.

Council Transition Reserve:

- City Council, at its meeting of July 11, 2012, directed that any favourable variances of City Council's annual Operating Budget be contributed to either the Council Transition Reserve or the Council Furniture and Equipment Reserve Fund. In accordance with Council's direction, City Council's operating budget surplus of \$0.905 million will be transferred to the Council Transition Reserve.

Exhibition Place Conference Centre Reserve Fund:

- At its meeting on October 8, 2013, City Council adopted EX34.34 "Exhibition Place- Disposal of Contaminated Soil on Hotel Site" authorizing Exhibition Place to borrow up to \$2.6 million from the Exhibition Place Conference Reserve Fund for the purpose of disposing of contaminated soil and repay the Reserve Fund with any surpluses commencing in 2014 and future years. The outstanding balance of the loan is \$0.621 million as of December 31, 2016. The 2016 Exhibition Place net operating surplus of \$1.706 million will be contributed to the "Exhibition Place Conference Centre Reserve Fund" where \$0.621 million will be allocated for the repayment the outstanding balance and the remaining amount of \$1.085 million will be contributed to the reserve fund for its established purpose.

Zoo Stabilization Reserve:

- As part of the 2013 Approved Operating Budget, City Council directed that the Toronto Zoo be granted a 5 year exemption, starting in 2013, from the City's Surplus Management Policy. The Toronto Zoo's operating surpluses will be contributed to the Zoo Stabilization Reserve for unforeseen year-end deficits with the remaining balance transferred to the Zoo Animal Transaction Reserve Fund at the end of the 5 year period. In accordance with City Council's direction, Toronto Zoo's operating surplus of \$0.371 million will be transferred to the Zoo Stabilization Reserve.

Emergency Human Services Reserve:

- Council at its meeting of May 11 and 12, 2010, directed that the year-end surpluses in the Emergency Human Services Non-Program Expenditure Budget be transferred to the Emergency Human Services Reserve. Consistent with Council direction, the 2016 year-end surplus of \$0.310 million will be contributed to the Emergency Human Services Reserve.

Allocation of the 2016 Final Year-End Surplus Available for Distribution

Capital Financing

\$140.796 million or 75% of the 2016 final year-end surplus available for distribution will be allocated to the Capital Financing Reserve in accordance with Council's Surplus Management Policy. This funding is dedicated to approved capital projects, primarily for TTC and Transportation Services in the 2017-2026 Approved Capital Budget and Plan.

In addition, \$10.0 million of the 2016 surplus available will be transferred to the Capital Financing Reserve to reduce the short-term pooling compensation debt which is the City's internal loan to address pooling compensation funding loss from the Province. This will lower the operating pressure from debt servicing costs in 2018.

Underfunded Liabilities and/or Reserve Funds

The remaining \$36.932 million of the 2016 final year-end surplus available for distribution will be allocated to the following underfunded liabilities and/or reserve funds:

Insurance Reserve Fund:

- The Insurance Reserve Fund year-end balance for 2016 was \$30.005 million. Insurance and claims costs fluctuate based on insurance market conditions, asset values and claims experience. In recent years, costs have risen significantly. The financial target set for this reserve requires the City 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, \$7.0 million of the operating surplus will be transferred to the Insurance Reserve Fund.

Tax Rate Stabilization Reserve:

- To ensure compliance with City policy, \$8.326 million of the 2016 final year-end surplus available for distribution will be allocated to the Tax Rate Stabilization Reserve. This contribution, added to the 2017 projected year-end balance of \$32.138 million, will ensure that the reserve maintains the 1% of the property tax base benchmark.

Corporate Extreme Weather Reserve:

- To help mitigate the expected financial impact from repairs at Toronto Island due to flooding, \$2.026 million of the 2016 final year-end surplus available for distribution will be transferred to the Corporate Extreme Weather Reserve.

Housing Stabilization Reserve:

- City Council at its meeting of December 13, 14 and 15, 2016 directed the Deputy City Manager & Chief Financial Officer to consider making a one-time contribution of up to \$3.8 million from the 2016 year-end surplus in accordance with the City's Surplus Management Policy to the Housing Stabilization Reserve to provide funding for time-limited housing allowances in accordance with the criteria set out by Council for this reserve. Consistent with the direction of Council, \$3.8 million of the 2016 final year-end surplus available for distribution will be transferred to the Housing Stabilization Reserve.

Long-Term Care Home and Services Reserve Fund:

- Long-Term Care Homes and Services is in the process of replacing an outdated electronic healthcare record system, which is a major divisional technology project approved under the City's IT Governance structure. In order to fully fund this project, LTCHS requires an additional \$1.0 million in capital funding over the next two years to acquire hardware. To provide funding for this project, \$1.0 million of the 2016 final year-end surplus available for distribution will be contributed to the Long-Term Care Home and Services Reserve Fund. The Electronic Health Care Record System Project has gross expenditure budget of \$3.152 million.

Toronto Police Service Modernization Reserve:

- In order to assist in implementing the Transformational Task Force's Final Recommendations which were approved by the Toronto Police Services Board on January 26, 2017, \$3.5 million of the 2016 final year-end surplus available for distribution will be contributed to the Toronto Police Service Modernization Reserve.

Toronto Police Services Vehicle and Equipment Reserve:

- This reserve is used to fund the lifecycle replacement of the Toronto Police Service's fleet of vehicles, information technology equipment and various other equipment items. The 2017 Approved Operating Budget contribution was limited to \$0.600 million. The limited increase in 2017 anticipated the ability to receive \$2.5 million of the 2016 final year-end surplus available for distribution. Without the added contribution, this reserve will be in a significant deficit starting in 2019.

Innovation Reserve Fund:

- To ensure adequate funding for efficiency studies and in particular to continue work on the Shared Services Review and implementation as well as other key modernization and transformation work, \$1.750 million of the 2016 final year-end surplus available for distribution will be transferred to the Innovation Reserve Fund.

Fleet Services Stabilization Reserve:

- Fleet Services' operating surplus of \$0.054 million will be transferred to the Fleet Services Stabilization Reserve. The Reserve was established to ensure deficits in Fleet Services operations are funded or transferred to the Fleet Services Vehicle Replacement Reserve to ensure funding for the backlog of vehicles requiring replacement.

Ferry Replacement Reserve:

- Parks, Forestry and Recreation achieved higher than budgeted ferry revenue in 2016. The overall objective of the Ferry Replacement Reserve is to minimize debt requirements. As a result, \$2.164 million of the 2016 final year-end surplus available for distribution will be allocated to the Ferry Replacement Reserve.

Workforce Reduction Reserve Fund:

- The Workforce Reduction Reserve Fund provides funding for the personnel costs resulting from downsizing and other exits. To ensure adequate funding is available to fund exits from position deletions arising from the 2017 Approved Operating Budget reductions, \$2.812 million of the 2016 final year-end surplus available for distribution will be transferred to the Workforce Reduction Reserve Fund.

Major Special Event Reserve Fund:

- To provide funding and budget stabilization for the non-recurring bidding, municipal service delivery and enhanced City programming costs associated with major special events, \$2.0 million of the 2016 final year-end surplus available for distribution will be contributed to the Major Special Event Reserve Fund.

Allocation of Surplus – Rate Supported Operations

The 2016 year-end operating results for Rate Supported Operations, excluding the Toronto Parking Authority of \$6.380 million, will be allocated based on the following:

Toronto Water:

- Toronto's Water's operating surplus of \$90.724 million will be transferred to the Water Stabilization Reserve (43%) and Wastewater Stabilization Reserve (57%). The Water and Wastewater Stabilization Reserves are used to offset unanticipated budget variances so as not to unduly impact the Wastewater and Water Operating and Capital Program.

Solid Waste Management Services:

- Solid Waste Management Services' operating surplus of \$8.519 million will be transferred to the Waste Management Reserve Fund. Solid Waste Management Services utilizes this Reserve Fund to finance capital projects which include waste diversion initiatives. This Reserve Fund also provides a contingency for operating program stabilization, as required.

Approved Complement

Table 7 provides a detailed overview of the approved complement and strength as at December 31, 2016 for both Tax and Rate Supported Programs. At year-end, the City reported vacancies of 2,847.1 for capital and operating positions. Appendix E provides a detailed overview of the approved operating and capital complement, and strength for the twelve months ended December 31, 2016.

Table 7: Summary of Approved Complement (Includes Capital and Operating Positions)

	Operating			Capital			Total Vacancies
	Approved Complement	Strength	Vacancies	Complement	Strength	Vacancies	
City Operations	22,820.1	21,587.6	(1,232.5)	1,109.6	885.0	(224.6)	(1,457.1)
Agencies	24,983.5	24,159.4	(824.1)	2,136.1	1,819.0	(317.1)	(1,141.2)
Corporate Accounts	394.0	368.0	(26.0)				(26.0)
Total Levy Operations	48,197.55	46,115.00	(2,082.6)	3,245.70	2,704.00	(541.7)	(2,624.3)
Rate Supported Programs	3,083.5	2,871.3	(212.2)	86.32	75.76	(10.6)	(222.8)
Grand Total	51,281.1	48,986.3	(2,294.8)	3,332.02	2,779.8	(552.3)	(2,847.1)

Table 8 sets out the after budgeted gapping operating position vacancy rate for the year-end. The City reported a strength of 48,986.3 operating positions, representing a vacancy rate, after budgeted gapping, of 2.2%.

Table 8: Summary of Approved Operating Complement

	Approved Complement	Strength	Over/(Under)	Vacancies	Budgeted Gapping	After Gapping
Citizen Centred Services "A"	12,964.7	12,319.2	(645.5)	5.0%	1.9%	3.0%
Citizen Centred Services "B"	5,812.5	5,577.4	(235.1)	4.0%	3.1%	1.0%
Internal Services	2,666.7	2,385.0	(281.7)	10.6%	3.7%	6.8%
City Manager's Office	412.0	398.0	(14.0)	3.4%	5.2%	0.0%
Other City Programs	909.4	855.0	(54.4)	6.0%	3.8%	2.2%
Accountability Offices	54.8	53.0	(1.8)	3.2%	0.0%	3.2%
Total City Operations	22,820.1	21,587.6	(1,232.5)	5.4%	2.6%	2.8%
Agencies	24,983.5	24,159.4	(824.1)	3.3%	2.2%	1.1%
Corporate Accounts	394.0	368.0	(26.0)	6.6%	0.0%	6.6%
Total Levy Operations	48,197.6	46,115.0	(2,082.6)	4.3%	2.3%	2.0%
Rate Supported Programs	3,083.5	2,871.3	(212.2)	6.9%	2.8%	4.0%
Grand Total	51,281.1	48,986.3	(2,294.8)	4.5%	2.3%	2.2%

City Operations

- As indicated in Table 8 above, City Operations collectively reported a strength of 21,587.6 operating positions, which was 1,232.5 positions below the approved complement of 22,820.1 positions for the twelve months ended December 31, 2016. The vacancy rate, after budgeted gapping, was 2.8%. Parks, Forestry and

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Recreation, Long Term Care Homes and Services and Facilities, Real Estate, Environment and Energy experienced the highest vacancy rates.

City Agencies

- As of December 31, 2016, the strength reported by City Agencies 24,159.4 positions which was 824.1 positions below the approved complement of 24,983.5 positions, representing a vacancy rate, after budgeted gapping, of 1.1%. The Toronto Police Service and Toronto Public Health were major contributors to the year-end rate.

Rate Supported Programs

- Rate Supported Programs reported an operating strength of 2,871.3 positions, representing 212.2 positions under the approved complement of 3,083.5, as of December 31, 2016. The vacancy rate, after budgeted gapping, was 4.0%, primarily driven by Toronto Water.

Utility Costs

As at December 31, 2016 Tax and Rate Supported Operations, including Agencies, reported actual utility costs of \$219.143 million resulting in an over-expenditure of \$2.443 million or 1.1% compared to budget mainly in Transportation Services, Facilities, Real Estate, Environment and Energy and Parks, Forestry and Recreation.

- Transportation Services reported an unfavourable variance for utility costs of \$4.066 million or 13.8%. The budget for street lighting hydro was insufficient and has been adjusted in the 2017 Approved Operating Budget.
- The over-spending on utilities costs of \$2.062 million or 7.3% for Facilities, Real Estate, Environment & Energy was primary due to higher hydro charges (\$1.9 million) and deep lake cool water charges (\$0.5 million) resulting from higher temperatures during the summer months. This was partially offset by under-spending in natural gas (\$0.6 million) from warmer winter conditions at the beginning of the year.
- For Parks, Forestry and Recreation utility expenditures were \$1.179 million or 5.5% over budget largely attributed to warm winter and hot summer of 2016 which lead to higher consumption for outdoor ice rinks in the winter and air conditioning of facilities in the summer months.

Consulting Costs

As at December 31, 2016, Tax and Rate Supported Operations, including Agencies, reported actual consulting costs of \$5.693 million resulting in under-spending of approximately \$0.855 million or 12.3% in planned expenditures. The under-expenditures were mainly driven by Toronto Transit Commission – Conventional

Service (\$0.443 million), Toronto Zoo (\$0.269 million), Toronto Police Service (\$0.276 million), Engineering and Construction Services (\$0.554 million) and Toronto Police Services Board (\$0.407 million).

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SIGNATURE

Roberto Rossini
Deputy City Manager & Chief Financial Officer

ATTACHMENTS

Appendix A – City of Toronto Net Expenditures for Twelve Months Ended Dec. 31, 2016
Appendix B – City of Toronto Gross Expenditures for Twelve Months Ended Dec. 31, 2016
Appendix C – City of Toronto Revenues for Twelve Months Ended Dec. 31, 2016
Appendix D – Approved Complement for Twelve Months Ended Dec. 31, 2016
Appendix E – Operating Dashboards for City Programs and Agencies

Appendix A

CITY OF TORONTO
CONSOLIDATED NET EXPENDITURES VARIANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
(\$000s)

	December 31, 2016			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
Citizen Centred Services "A"				
Affordable Housing Office	1,200.8	1,200.8	0.0	0.0%
Children's Services	78,122.3	74,351.1	(3,771.2)	-4.8%
Court Services	8,544.6	4,793.5	(3,751.1)	-43.9%
Economic Development & Culture	58,941.5	59,120.1	178.6	0.3%
Toronto Paramedic Services	78,921.5	77,326.7	(1,594.8)	-2.0%
Long Term Care Homes and Services	48,493.3	45,830.8	(2,662.5)	-5.5%
Parks, Forestry & Recreation	316,085.2	313,921.2	(2,164.0)	-0.7%
Shelter, Support & Housing Administration	348,414.6	348,111.0	(303.6)	-0.1%
Social Development, Finance & Administration	32,022.7	31,960.5	(62.2)	-0.2%
Toronto Employment & Social Services	137,743.3	133,914.6	(3,828.7)	-2.8%
Sub-Total Citizen Centred Services "A"	1,108,489.8	1,090,530.3	(17,959.5)	-1.6%
Citizen Centred Services "B"				
City Planning	15,693.9	8,951.4	(6,742.5)	-43.0%
Fire Services	418,652.8	426,192.7	7,539.9	1.8%
Municipal Licensing & Standards	19,893.1	16,578.0	(3,315.1)	-16.7%
Policy, Planning, Finance and Administration	9,759.3	8,921.6	(837.7)	-8.6%
Engineering and Construction Services	7,617.0	4,345.4	(3,271.6)	-43.0%
Toronto Building	(10,754.5)	(26,102.1)	(15,347.6)	142.7%
Transportation Services	207,642.4	209,723.2	2,080.8	1.0%
Sub-Total Citizen Centred Services "B"	668,504.0	648,610.2	(19,893.8)	-3.0%
Internal Services				
Office of the Chief Financial Officer	9,827.6	9,259.2	(568.4)	-5.8%
Office of the Treasurer	28,983.2	26,290.6	(2,692.6)	-9.3%
Facilities, Real Estate, Environment & Energy	69,325.7	65,070.7	(4,255.0)	-6.1%
Fleet Services	0.0	(53.7)	(53.7)	n/a
Information & Technology	74,248.8	73,786.5	(462.3)	-0.6%
311 Toronto	9,895.1	9,204.0	(691.1)	-7.0%
Sub-Total Internal Services	192,280.4	183,557.3	(8,723.1)	-4.5%
City Manager				
City Manager's Office	47,555.3	47,177.7	(377.6)	-0.8%
Sub-Total City Manager	47,555.3	47,177.7	(377.6)	-0.8%
Other City Programs				
City Clerk's Office	32,466.1	32,152.5	(313.6)	-1.0%
Legal Services	20,333.9	19,006.2	(1,327.7)	-6.5%
Mayor's Office	2,311.1	2,197.4	(113.7)	-4.9%
City Council	20,898.1	19,993.3	(904.7)	-4.3%
Sub-Total Other City Programs	76,009.2	73,349.4	(2,659.7)	-3.5%
Accountability Offices				
Auditor General's Office	5,033.3	5,012.0	(21.3)	-0.4%
Integrity Commissioner's Office	484.8	471.5	(13.3)	-2.7%
Lobbyist Registrar's Office	1,156.3	1,023.5	(132.8)	-11.5%
Ombudsman's Office	1,834.0	1,770.2	(63.7)	-3.5%
Sub-Total Council Appointed Programs	8,508.4	8,277.2	(231.1)	-2.7%
TOTAL - CITY OPERATIONS	2,101,347.0	2,051,502.1	(49,844.9)	-2.4%

Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

Appendix A

CITY OF TORONTO
CONSOLIDATED NET EXPENDITURES VARIANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
(\$000s)

	December 31, 2016			
	Year-End		Actual vs Budget	
	Budget	Actual	Over / (Under)	%
Agencies				
Toronto Public Health	58,922.8	56,687.1	(2,235.7)	-3.8%
Toronto Public Library	177,174.5	176,928.3	(246.2)	-0.1%
Association of Community Centres	7,696.5	7,721.7	25.2	0.3%
Exhibition Place	(157.0)	(1,862.9)	(1,705.9)	1086.6%
Heritage Toronto	306.3	308.9	2.6	0.8%
Theatres	5,496.5	5,885.5	389.0	7.1%
Toronto Zoo	11,885.0	11,513.7	(371.3)	-3.1%
Arena Boards of Management	(9.8)	120.1	129.9	n/a
Yonge Dundas Square	387.2	383.3	(3.9)	-1.0%
Toronto & Region Conservation Authority	3,474.3	3,474.3	0.0	0.0%
Toronto Transit Commission - Conventional	493,626.7	485,904.9	(7,721.8)	-1.6%
Toronto Transit Commission - Wheel Trans	116,712.4	118,447.2	1,734.8	1.5%
Toronto Police Service	1,004,744.5	995,197.8	(9,546.7)	-1.0%
Toronto Police Services Board	2,301.9	2,192.2	(109.7)	-4.8%
TOTAL - AGENCIES	1,882,561.8	1,862,902.1	(19,659.7)	-1.0%
Corporate Accounts				
Capital Financing - Capital from Current	212,607.1	212,607.1	0.0	0.0%
Technology Sustainment	17,911.6	17,911.6	0.0	0.0%
Debt Servicing	463,372.8	454,067.5	(9,305.3)	-2.0%
Capital & Corporate Financing	693,891.5	684,586.2	(9,305.3)	-1.3%
Non-Program Expenditures				
Tax Deficiencies/W riteoffs	29,215.6	50,846.0	21,630.4	74.0%
Assessment Function (MPAC)	40,670.0	40,698.5	28.5	0.1%
Funding of Employee Related Liabilities	65,875.4	65,825.0	(50.4)	-0.1%
Other Corporate Expenditures	44,285.5	41,458.8	(2,826.7)	-6.4%
Insurance Premiums & Claims	300.0	300.0	0.0	0.0%
Parking Tag Enforcement & Oper.	65,579.6	62,725.8	(2,853.8)	-4.4%
Programs Funded from Reserve Funds	0.0	12.6	12.6	n/a
Vacancy Rebate Program	23,000.0	22,475.1	(524.9)	-2.3%
Heritage Property Taxes Rebate	2,000.0	1,283.0	(717.0)	-35.9%
Tax Rebates for Registered Charities	0.0	0.0	0.0	n/a
Solid Waste Management Rebates	153,801.9	152,191.5	(1,610.4)	-1.0%
Pandemic Influenza Stockpiling	0.0	925.6	925.6	n/a
Non-Program Expenditures	424,728.0	438,741.8	14,013.8	3.3%
Non-Program Revenue				
Payments in Lieu of Taxes	(102,829.9)	(110,692.3)	(7,862.4)	7.6%
Supplementary Taxes	(40,700.0)	(52,042.7)	(11,342.7)	27.9%
Tax Penalty Revenue	(29,000.0)	(31,312.8)	(2,312.8)	8.0%
Interest/Investment Earnings	(116,862.9)	(115,323.3)	1,539.6	-1.3%
Other Corporate Revenues	(12,717.4)	(23,130.8)	(10,413.4)	81.9%
Dividend Income	(67,500.0)	(63,350.0)	4,150.0	-6.1%
Provincial Revenue	(91,600.0)	(91,600.0)	0.0	0.0%
Municipal Land Transfer Tax	(485,600.0)	(599,790.1)	(114,190.1)	23.5%
Third Party Sign Tax	(10,835.7)	(11,201.8)	(366.0)	3.4%
Parking Authority Revenues	(46,946.9)	(47,406.6)	(459.6)	1.0%
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 & Operations Rev	(102,413.5)	(108,861.6)	(6,448.1)	6.3%
Other Tax Revenues	(13,499.3)	(13,397.0)	102.3	-0.8%
Woodbine Slots Revenues	(15,500.0)	(16,008.6)	(508.6)	3.3%
Non-Program Revenues	(1,171,305.4)	(1,319,417.3)	(148,111.9)	12.6%
TOTAL - CORPORATE ACCOUNTS	(52,685.9)	(196,089.3)	(143,403.4)	272.2%
NET OPERATING TAX LEVY	3,931,222.9	3,718,314.9	(212,908.0)	-5.4%
COUNCIL DIRECTION/LEGISLATIVE REQUIREMENT	0.0	25,180.3	25,180.3	0.6%
SURPLUS AVAILABLE FOR DISTRIBUTION	3,931,222.9	3,693,134.6	(187,727.7)	-4.8%
NON LEVY OPERATIONS				
Solid Waste Management Services	0.0	(8,518.6)	(8,518.6)	n/a
Toronto Parking Authority	(52,245.7)	(58,625.6)	(6,379.9)	12.2%
Toronto Water	(0.0)	(90,724.0)	(90,724.0)	n/a
NON LEVY OPERATING NET EXPENDITURES	(52,245.7)	(157,868.2)	(105,622.5)	n/a

Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

Appendix B

CITY OF TORONTO
CONSOLIDATED GROSS EXPENDITURES VARIANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
(\$000s)

	December 31, 2016			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
Citizen Centred Services "A"				
Affordable Housing Office	3,019.8	2,744.9	(274.9)	-9.1%
Children's Services	473,539.1	455,558.4	(17,980.7)	-3.8%
Court Services	50,001.5	46,610.8	(3,390.7)	-6.8%
Economic Development & Culture	78,162.6	77,849.9	(312.7)	-0.4%
Toronto Paramedic Services	204,912.7	204,456.2	(456.5)	-0.2%
Long Term Care Homes and Services	254,570.0	236,434.7	(18,135.3)	-7.1%
Parks, Forestry & Recreation	451,957.5	433,259.8	(18,697.7)	-4.1%
Shelter, Support & Housing Administration	697,736.5	644,206.2	(53,530.3)	-7.7%
Social Development, Finance & Administration	54,159.1	43,100.7	(11,058.4)	-20.4%
Toronto Employment & Social Services	1,100,879.9	1,052,404.0	(48,475.9)	-4.4%
Sub-Total Citizen Centred Services "A"	3,368,938.7	3,196,625.6	(172,313.1)	-5.1%
Citizen Centred Services "B"				
City Planning	45,752.3	45,860.6	108.3	0.2%
Fire Services	433,981.5	443,646.6	9,665.1	2.2%
Municipal Licensing & Standards	50,734.6	47,658.2	(3,076.4)	-6.1%
Policy, Planning, Finance and Administration	22,207.7	20,324.0	(1,883.7)	-8.5%
Engineering and Construction Services	71,415.7	64,410.6	(7,005.1)	-9.8%
Toronto Building	53,825.4	50,688.9	(3,136.5)	-5.8%
Transportation Services	388,902.1	353,195.0	(35,707.1)	-9.2%
Sub-Total Citizen Centred Services "B"	1,066,819.3	1,025,783.9	(41,035.4)	-3.8%
Internal Services				
Office of the Chief Financial Officer	16,731.5	15,444.5	(1,287.0)	-7.7%
Office of the Treasurer	76,796.4	69,724.5	(7,071.9)	-9.2%
Facilities, Real Estate, Environment & Energy	194,264.4	187,332.9	(6,931.5)	-3.6%
Fleet Services	52,088.1	54,115.8	2,027.7	3.9%
Information & Technology	125,832.8	110,054.3	(15,778.5)	-12.5%
311 Toronto	18,975.2	16,788.0	(2,187.2)	-11.5%
Sub-Total Internal Services	484,688.4	453,460.0	(31,228.4)	-6.4%
City Manager				
City Manager's Office	55,308.9	58,063.0	2,754.1	5.0%
Sub-Total City Manager	55,308.9	58,063.0	2,754.1	5.0%
Other City Programs				
City Clerk's Office	50,279.1	51,566.8	1,287.7	2.6%
Legal Services	50,921.1	51,586.1	665.0	1.3%
Mayor's Office	2,311.1	2,197.4	(113.7)	-4.9%
City Council	20,938.1	20,116.3	(821.7)	-3.9%
Sub-Total Other City Programs	124,449.4	125,466.6	1,017.3	0.8%
Accountability Offices				
Auditor General's Office	5,033.3	5,048.6	15.3	0.3%
Integrity Commissioner's Office	484.8	471.5	(13.3)	-2.7%
Lobbyist Registrar's Office	1,156.3	1,023.5	(132.8)	-11.5%
Ombudsman's Office	1,834.0	1,770.2	(63.7)	-3.5%
Sub-Total Council Appointed Programs	8,508.4	8,313.8	(194.5)	-2.3%
TOTAL - CITY OPERATIONS	5,108,713.0	4,867,712.9	(241,000.1)	-4.7%

Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

Appendix B

CITY OF TORONTO
CONSOLIDATED GROSS EXPENDITURES VARIANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
(\$000s)

	December 31, 2016			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
Agencies				
Toronto Public Health	244,078.5	235,676.4	(8,402.1)	-3.4%
Toronto Public Library	194,767.5	197,249.2	2,481.7	1.3%
Association of Community Centres	7,969.9	8,032.5	62.6	0.8%
Exhibition Place	36,575.0	35,152.3	(1,422.7)	-3.9%
Heritage Toronto	765.8	731.3	(34.5)	-4.5%
Theatres	23,123.3	24,076.8	953.5	4.1%
Toronto Zoo	51,065.0	51,864.0	799.0	1.6%
Arena Boards of Management	8,641.9	8,680.5	38.6	0.4%
Yonge Dundas Square	2,332.4	2,912.2	579.8	24.9%
Toronto & Region Conservation Authority	43,044.0	44,403.9	1,359.9	3.2%
Toronto Transit Commission - Conventional	1,736,756.4	1,682,182.1	(54,574.3)	-3.1%
Toronto Transit Commission - Wheel Trans	123,665.9	125,566.6	1,900.7	1.5%
Toronto Police Service	1,132,208.4	1,123,841.0	(8,367.4)	-0.7%
Toronto Police Services Board	3,051.9	2,542.7	(509.2)	-16.7%
TOTAL - AGENCIES	3,608,045.9	3,542,911.5	(65,134.4)	-1.8%
Corporate Accounts				
Capital Financing - Capital from Current	212,607.1	212,607.1	0.0	0.0%
Technology Sustainment	17,911.6	17,911.6	0.0	0.0%
Debt Servicing	486,678.9	482,104.6	(4,574.3)	-0.9%
Capital & Corporate Financing	717,197.6	712,623.3	(4,574.3)	-0.6%
Non-Program Expenditures				
Tax Deficiencies/Writeoffs	61,419.6	83,050.0	21,630.4	35.2%
Assessment Function (MPAC)	40,670.0	40,698.5	28.5	0.1%
Funding of Employee Related Liabilities	65,875.4	65,825.0	(50.4)	-0.1%
Other Corporate Expenditures	53,631.5	46,698.8	(6,932.7)	-12.9%
Insurance Premiums & Claims	300.0	300.0	0.0	0.0%
Parking Tag Enforcement & Oper.	65,579.6	62,725.8	(2,853.8)	-4.4%
Programs Funded from Reserve Funds	130,434.7	132,417.5	1,982.8	1.5%
Vacancy Rebate Program	23,000.0	22,475.1	(524.9)	-2.3%
Heritage Property Taxes Rebate	2,000.0	1,283.0	(717.0)	-35.9%
Tax Rebates for Registered Charities	7,157.4	7,265.1	107.7	1.5%
Solid Waste Management Rebates	153,801.9	152,191.5	(1,610.4)	-1.0%
Pandemic Influenza Stockpiling	0.0	925.6	925.6	n/a
Non-Program Expenditures	603,870.2	615,855.9	11,985.7	2.0%
Non-Program Revenue				
Payments in Lieu of Taxes	0.0	0.0	0.0	n/a
Supplementary Taxes	0.0	0.0	0.0	n/a
Tax Penalty Revenue	0.0	0.0	0.0	n/a
Interest/Investment Earnings	1,132.4	1,170.3	38.0	3.4%
Other Corporate Revenues	2,800.7	5,475.8	2,675.1	95.5%
Dividend Income	0.0	0.0	0.0	n/a
Provincial Revenue	0.0	0.0	0.0	n/a
Municipal Land Transfer Tax	46,428.4	49,301.7	2,873.4	6.2%
Third Party Sign Tax	1,116.1	1,034.2	(81.9)	-7.3%
Parking Authority Revenues	9,380.0	0.0	(9,380.0)	-100.0%
Administrative Support Recoveries - Water	0.0	0.0	0.0	n/a
Administrative Support Recoveries - Health & EMS	0.0	0.0	0.0	n/a
Parking Tag Enforcement & Operations Rev	0.0	0.0	0.0	n/a
Other Tax Revenues	0.0	470.5	470.5	n/a
Woodbine Slots Revenues	0.0	0.0	0.0	n/a
Non-Program Revenues	60,857.5	57,452.4	(3,405.0)	-5.6%
TOTAL - CORPORATE ACCOUNTS	1,381,925.2	1,385,931.6	4,006.4	0.3%
LEVY OPERATING GROSS EXPENDITURES	10,098,684.1	9,796,556.0	(302,128.1)	-3.0%
NON LEVY OPERATIONS				
Solid Waste Management Services	388,938.4	376,916.7	(12,021.7)	-3.1%
Toronto Parking Authority	84,742.7	87,128.7	2,386.0	2.8%
Toronto Water	1,158,712.8	1,126,182.4	(32,530.4)	-2.8%
NON LEVY OPERATING GROSS EXPENDITURES	1,632,393.9	1,590,227.8	(42,166.1)	-2.6%

Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

Appendix C

CITY OF TORONTO
CONSOLIDATED REVENUE VARIANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
(\$000s)

	December 31, 2016			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	%
Citizen Centred Services "A"				
Affordable Housing Office	1,819.0	1,544.1	(274.9)	-15.1%
Children's Services	395,416.8	381,207.3	(14,209.5)	-3.6%
Court Services	41,456.9	41,817.3	360.4	0.9%
Economic Development & Culture	19,221.1	18,729.8	(491.3)	-2.6%
Toronto Paramedic Services	125,991.2	127,129.5	1,138.3	0.9%
Long Term Care Homes and Services	206,076.7	190,603.9	(15,472.8)	-7.5%
Parks, Forestry & Recreation	135,872.3	119,338.6	(16,533.7)	-12.2%
Shelter, Support & Housing Administration	349,321.9	296,095.2	(53,226.7)	-15.2%
Social Development, Finance & Administration	22,136.4	11,140.2	(10,996.2)	-49.7%
Toronto Employment & Social Services	963,136.6	918,489.4	(44,647.2)	-4.6%
Sub-Total Citizen Centred Services "A"	2,260,448.9	2,106,095.3	(154,353.6)	-6.8%
Citizen Centred Services "B"				
City Planning	30,058.4	36,909.2	6,850.8	22.8%
Fire Services	15,328.7	17,453.9	2,125.2	13.9%
Municipal Licensing & Standards	30,841.5	31,080.2	238.7	0.8%
Policy, Planning, Finance and Administration	12,448.4	11,402.4	(1,046.0)	-8.4%
Engineering and Construction Services	63,798.7	60,065.2	(3,733.5)	-5.9%
Toronto Building	64,579.9	76,791.0	12,211.1	18.9%
Transportation Services	181,259.7	143,471.8	(37,787.9)	-20.8%
Sub-Total Citizen Centred Services "B"	398,315.3	377,173.7	(21,141.6)	-5.3%
Internal Services				
Office of the Chief Financial Officer	6,903.9	6,185.3	(718.6)	-10.4%
Office of the Treasurer	47,813.2	43,433.9	(4,379.3)	-9.2%
Facilities, Real Estate, Environment & Energy	124,938.7	122,262.2	(2,676.5)	-2.1%
Fleet Services	52,088.1	54,169.5	2,081.4	4.0%
Information & Technology	51,584.0	36,267.8	(15,316.2)	-29.7%
311 Toronto	9,080.1	7,584.0	(1,496.1)	-16.5%
Sub-Total Internal Services	292,408.0	269,902.7	(22,505.3)	-7.7%
City Manager				
City Manager's Office	7,753.6	10,885.3	3,131.7	40.4%
Sub-Total City Manager	7,753.6	10,885.3	3,131.7	40.4%
Other City Programs				
City Clerk's Office	17,813.0	19,414.3	1,601.3	9.0%
Legal Services	30,587.2	32,579.9	1,992.7	6.5%
Mayor's Office	0.0	0.0	0.0	n/a
City Council	40.0	123.0	83.0	207.5%
Sub-Total Other City Programs	48,440.2	52,117.2	3,677.0	7.6%
Accountability Offices				
Auditor General's Office	0.0	36.6	36.6	n/a
Integrity Commissioner's Office	0.0	0.0	0.0	n/a
Lobbyist Registrar's Office	0.0	0.0	0.0	n/a
Ombudsman's Office	0.0	0.0	0.0	n/a
Sub-Total Council Appointed Programs	0.0	36.6	36.6	n/a
TOTAL - CITY OPERATIONS	3,007,366.0	2,816,210.8	(191,155.2)	-6.4%

Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

Appendix C

CITY OF TORONTO
CONSOLIDATED REVENUE VARIANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
(\$000s)

	December 31, 2016			
	Year-End Budget	Actual	Actual vs Budget Over / (Under)	Budget %
Agencies				
Toronto Public Health	185,155.7	178,989.3	(6,166.4)	-3.3%
Toronto Public Library	17,593.0	20,320.9	2,727.9	15.5%
Association of Community Centres	273.4	310.8	37.4	13.7%
Exhibition Place	36,732.0	37,015.2	283.2	0.8%
Heritage Toronto	459.5	422.4	(37.1)	-8.1%
Theatres	17,626.8	18,191.3	564.5	3.2%
Toronto Zoo	39,180.0	40,350.3	1,170.3	3.0%
Arena Boards of Management	8,651.7	8,560.4	(91.3)	-1.1%
Yonge Dundas Square	1,945.2	2,528.9	583.7	30.0%
Toronto & Region Conservation Authority	39,569.7	40,929.6	1,359.9	3.4%
Toronto Transit Commission - Conventional	1,243,129.7	1,196,277.2	(46,852.5)	-3.8%
Toronto Transit Commission - Wheel Trans	6,953.5	7,119.4	165.9	2.4%
Toronto Police Service	127,463.9	128,643.2	1,179.3	0.9%
Toronto Police Services Board	750.0	350.5	(399.5)	-53.3%
TOTAL - AGENCIES	1,725,484.1	1,680,009.4	(45,474.7)	-2.6%
Corporate Accounts				
Capital Financing - Capital from Current	0.0	0.0	0.0	n/a
Technology Sustainment	0.0	0.0	0.0	n/a
<u>Debt Servicing</u>	<u>23,306.1</u>	<u>28,037.1</u>	<u>4,731.0</u>	<u>20.3%</u>
Capital & Corporate Financing	23,306.1	28,037.1	4,731.0	20.3%
Non-Program Expenditures				
Tax Deficiencies/Writeoffs	32,204.0	32,204.0	0.0	0.0%
Assessment Function (MPAC)	0.0	0.0	0.0	n/a
Funding of Employee Related Liabilities	0.0	0.0	0.0	n/a
Other Corporate Expenditures	9,346.0	5,240.0	(4,106.0)	-43.9%
Insurance Premiums & Claims	0.0	0.0	0.0	n/a
Parking Tag Enforcement & Oper.	0.0	0.0	0.0	n/a
Programs Funded from Reserve Funds	130,434.7	132,404.9	1,970.2	1.5%
Vacancy Rebate Program	0.0	0.0	0.0	n/a
Heritage Property Taxes Rebate	0.0	0.0	0.0	n/a
Tax Rebates for Registered Charities	7,157.4	7,265.1	107.7	1.5%
Solid Waste Management Rebates	0.0	0.0	0.0	n/a
<u>Pandemic Influenza Stockpiling</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>n/a</u>
Non-Program Expenditures	179,142.1	177,114.0	(2,028.1)	-1.1%
Non-Program Revenue				
Payments in Lieu of Taxes	102,829.9	110,692.3	7,862.4	7.6%
Supplementary Taxes	40,700.0	52,042.7	11,342.7	27.9%
Tax Penalty Revenue	29,000.0	31,312.8	2,312.8	8.0%
Interest/Investment Earnings	117,995.2	116,493.6	(1,501.6)	-1.3%
Other Corporate Revenues	15,518.1	28,606.6	13,088.5	84.3%
Dividend Income	67,500.0	63,350.0	(4,150.0)	-6.1%
Provincial Revenue	91,600.0	91,600.0	0.0	0.0%
Municipal Land Transfer Tax	532,028.4	649,091.8	117,063.5	22.0%
Third Party Sign Tax	11,951.8	12,235.9	284.1	2.4%
Parking Authority Revenues	56,326.9	47,406.6	(8,920.4)	-15.8%
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 & Operations Rev	102,413.5	108,861.6	6,448.1	6.3%
Other Tax Revenues	13,499.3	13,867.5	368.2	2.7%
Woodbine Slots Revenues	15,500.0	16,008.6	508.6	3.3%
Non-Program Revenues	1,232,162.9	1,376,869.7	144,706.8	11.7%
TOTAL - CORPORATE ACCOUNTS	1,434,611.1	1,582,020.8	147,409.7	10.3%
LEVY OPERATING REVENUES	6,167,461.2	6,078,241.1	(89,220.1)	-1.4%
NON LEVY OPERATIONS				
Solid Waste Management Services	388,938.4	385,435.3	(3,503.1)	-0.9%
Toronto Parking Authority	136,988.4	145,754.3	8,765.9	6.4%
Toronto Water	1,158,712.8	1,216,906.4	58,193.6	5.0%
NON LEVY OPERATING REVENUES	1,684,639.6	1,748,096.0	63,456.4	3.8%

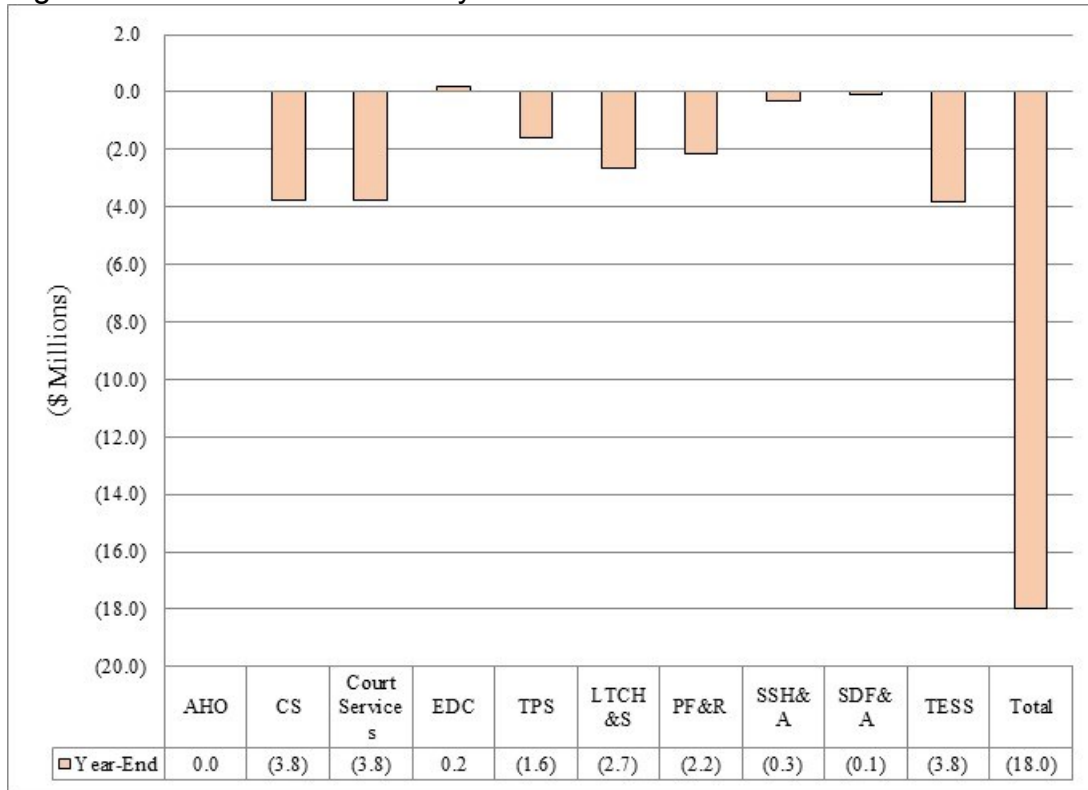
Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

Appendix E

Operating Variance Report for the Year Ended December 31, 2016 Operating Dashboards for City Programs and Agencies

Citizen Centred Services "A"

Figure 1: Net Variance Summary



As shown in Figure 1 above, Citizen Centred Services "A" reported a net under-expenditure of \$17.960 million or 1.6% of the 2016 Approved Net Operating Budget for the twelve-month period ended December 31, 2016.

Figure 2: Citizen Centred Services "A" Year-End Variance Summary (1/2)

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Affordable Housing Office	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	(0.1)	▼	(0.1)	▼	(0.0)	—	Ⓞ
	12-Month	(0.3)	▼	(0.3)	▼	0.0	—	Ⓞ
Children's Services	3-Month	(0.3)	▼	(0.3)	▼	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	(18.0)	▼	(14.2)	▼	(3.8)	▼	Ⓞ
Court Services	3-Month	(1.0)	▼	(0.6)	▼	(0.4)	▼	Ⓞ
	6-Month	(2.0)	▼	0.3	▲	(2.3)	▼	Ⓞ
	9-Month	(2.5)	▼	0.0	—	(2.6)	▼	Ⓞ
	12-Month	(3.4)	▼	0.4	▲	(3.8)	▼	Ⓞ
Economic Development & Culture	3-Month	(0.7)	▼	(0.7)	▼	0.0	—	Ⓞ
	6-Month	0.6	▲	0.6	▲	(0.0)	—	Ⓞ
	9-Month	(1.0)	▼	(1.2)	▼	0.1	▲	Ⓜ
	12-Month	(0.3)	▼	(0.5)	▼	0.2	▲	Ⓜ
Toronto Paramedic Services	3-Month	(1.2)	▼	(0.4)	▼	(0.8)	▼	Ⓞ
	6-Month	(0.7)	▼	0.1	▲	(0.8)	▼	Ⓞ
	9-Month	(1.2)	▼	0.1	▲	(1.3)	▼	Ⓞ
	12-Month	(0.5)	▼	1.1	▲	(1.6)	▼	Ⓞ
Long Term Care Homes and Services	3-Month	(4.7)	▼	(4.6)	▼	(0.1)	▼	Ⓞ
	6-Month	(10.1)	▼	(9.3)	▼	(0.8)	▼	Ⓞ
	9-Month	(16.3)	▼	(14.2)	▼	(2.0)	▼	Ⓞ
	12-Month	(18.1)	▼	(15.5)	▼	(2.7)	▼	Ⓞ




Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

Figure 2: Citizen Centred Services "A" Year-End Variance Summary (2/2)





City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Parks, Forestry & Recreation	3-Month	(2.8)	▼	(3.0)	▼	0.2	▲	Ⓜ
	6-Month	(6.9)	▼	(6.9)	▼	0.0	—	Ⓞ
	9-Month	(13.1)	▼	(12.2)	▼	(0.9)	▼	Ⓞ
	12-Month	(18.7)	▼	(16.5)	▼	(2.2)	▼	Ⓞ
Shelter, Support & Housing Administration	3-Month	(0.2)	▼	(0.2)	▼	0.0	—	Ⓞ
	6-Month	(3.6)	▼	(3.6)	▼	(0.0)	—	Ⓞ
	9-Month	(2.8)	▼	(2.8)	▼	0.0	—	Ⓞ
	12-Month	(53.5)	▼	(53.2)	▼	(0.3)	▼	Ⓞ
Social Development, Finance & Administration	3-Month	(5.5)	▼	(5.5)	▼	0.0	—	Ⓞ
	6-Month	(8.5)	▼	(8.3)	▼	(0.2)	▼	Ⓞ
	9-Month	(10.2)	▼	(10.0)	▼	(0.2)	▼	Ⓞ
	12-Month	(11.1)	▼	(11.0)	▼	(0.1)	▼	Ⓞ
Toronto Employment & Social Services	3-Month	(39.6)	▼	(38.4)	▼	(1.3)	▼	Ⓞ
	6-Month	(38.3)	▼	(38.3)	▼	(0.0)	—	Ⓞ
	9-Month	(43.1)	▼	(40.2)	▼	(2.8)	▼	Ⓞ
	12-Month	(48.5)	▼	(44.6)	▼	(3.8)	▼	Ⓞ
Total	3-Month	(56.0)	▼	(53.6)	▼	(2.4)	▼	Ⓞ
	6-Month	(69.6)	▼	(65.4)	▼	(4.2)	▼	Ⓞ
	9-Month	(90.3)	▼	(80.6)	▼	(9.7)	▼	Ⓞ
	12-Month	(172.3)	▼	(154.4)	▼	(18.0)	▼	Ⓞ
Year-End Net Variance		Ⓞ	<=100%	Ⓜ	>100%			

Citizen Centred Services "A"

Twelve Month Results

<p>Affordable Housing Office:</p> <ul style="list-style-type: none"> Year-end net zero variance. Under-spending in salaries and benefits arising from hiring delays as well as lower than planned non-payroll expenditures for professional and technical services and meterage have been offset by a corresponding reduction in Federal-Provincial revenue. 5.0 positions below approved complement, which after considering gapping, is equivalent to a 19.9% operating vacancy rate. 	
<p>Children's Services:</p> <ul style="list-style-type: none"> Children's Services' net under-spending of \$3.771 million or 4.8% was due to case-mix differences from planned, delays in hiring staff and in opening two Toronto Early Learning Child Care Centres (TELCCS) centres, lower Wage Subsidy and Provincial Wage Enhancement payments, partially offset by an increase in fee subsidies. 42.0 positions below the approved complement due to delays in opening new TELCCS and delays in hiring replacement staff, which after considering gapping, was equivalent to a 3.8% operating vacancy rate. 	
<p>Court Services:</p> <ul style="list-style-type: none"> Under-spending mainly due to savings in salary and benefits resulting from delays in hiring, lower than planned non-payroll expenditures, and those related to lower volume of tickets filed and processed as well as delay in implementation of the Toronto Local Appeal Body (TLAB) operations. Overall, over-achieved revenues due to the mix of charges filed and the varying average payment amount per charge filed. <ul style="list-style-type: none"> The volume of tickets issued by the Toronto Police Services was 40,381 or 13% lower than planned. 75.0 positions below the approved complement due to reduced staff requirements reflecting lower ticket volumes, which after considering gapping, is equivalent to a 10.5% operating vacancy rate. 	

Twelve Month Results

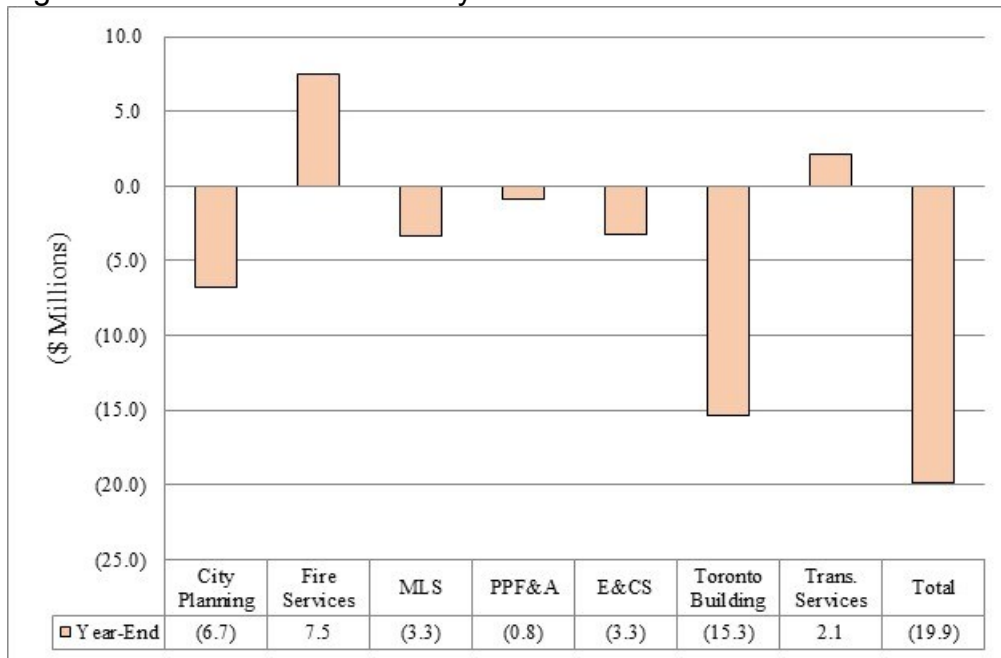
<p>Economic Development & Culture:</p> <ul style="list-style-type: none"> • Economic Development and Culture (EDC) reported a minor unfavourable net expenditure of \$0.179 million primarily driven by: • Loss of lead sponsor for Nuit Blanche and lower than budgeted donations, • Increased utilities expenses to support the unbudgeted Luminous Veil lighting and gas and heating costs driven by longer winter season, and • Feasibility study on Toronto's Bid for 2025 Expo and program evaluation of the Business Growth Services of EDC. • Expenditures were offset by underspent salaries and benefits for vacant positions and reduced scale for Nuit Blanche to partially offset the above variances. <hr/> <ul style="list-style-type: none"> • 5.0 positions below approved complement due to unexpected turnover of staff and staffing changes in anticipation of the impact arising from 2017 Budget process. After budgeted gapping, this represents a 0% operating vacancy rate. 	
<p>Toronto Paramedic Services:</p> <ul style="list-style-type: none"> • Favourable net year-end variance mainly due to under-spending in salaries and benefits and higher than expected cost of living increase for the Land Ambulance Grant, the Central Ambulance Communication Centre (CACC) grant and additional one-time grants from the Province. <hr/> <ul style="list-style-type: none"> • 11.8 positions below the approved complement, which after considering gapping, is equivalent to a 0% operating vacancy rate. 	
<p>Long Term Care Homes & Services:</p> <ul style="list-style-type: none"> • Under-spending in salary and benefits and other non-salary accounts primarily attributable to the delay in re-opening of Kipling Acres facility as well as a delay in provincial subsidy confirmation to long-term care homes and certain services and programs, such as high intensity needs and supporting housing which are claims based and 100% subsidized. • The underspending is offset by decrease in revenue as provincial funding is available as clients utilize the beds and services. <hr/> <ul style="list-style-type: none"> • 115.6 positions below approved complement, which after considering gapping, is equivalent to a 4.9% operating vacancy Rate. 	
<p>Parks, Forestry & Recreation:</p> <ul style="list-style-type: none"> • A positive net expenditure variance of \$2.164 million due to the delays in commissioning of new recreation facilities, delayed hiring for capital projects and operating initiatives approved in the 2016 operating budget. This underspending is partially offset by under-achieved user fee revenue for parks permits, recreational facilities, memberships and drop-in recreational programs. 	

Twelve Month Results

<ul style="list-style-type: none"> • 289.2 positions below approved complement due to delays in the opening of parks recreational facilities as well as hiring challenges with "hard-to-fill" classifications. After considering budgeted gapping, this represents the equivalent of a 3.7% operating vacancy rate. 	
<p>Shelter, Support & Housing Administration:</p> <ul style="list-style-type: none"> • Favourable net year-end variance resulting from lower than planned expenditures offset by reduction in federal-provincial revenues and lower than planned reserve draw. Underspending resulted from savings in salaries and benefits due to vacant positions, savings in social housing provider subsidies and project delays in the implementation of the Social Infrastructure Fund (SIF) and Social Housing Apartment Retrofit Program (SHARP). 	●
<ul style="list-style-type: none"> • 54.0 positions below approved complement, which after considering gapping, is equivalent to a 3.3% operating vacancy rate. 	
<p>Social Development, Finance & Administration:</p> <ul style="list-style-type: none"> • Favourable gross variance was mainly attributed to lower than expected spending for the Tower Renewal Hi-RIS Retrofit Improvement Program, which is funded from the Local Improvement Charge Energy Works Reserve, the Provincially funded Healthy Kids Community Challenge initiative; and under-spending in salary and benefits. 	●
<ul style="list-style-type: none"> • 16.0 positions below the approved complement due to delays in hiring new and replacing existing staff, which after considering gapping, is equivalent to a 7.9% operating vacancy rate. 	
<p>Toronto Employment & Social Services:</p> <ul style="list-style-type: none"> • Favourable year-end net variance due to Ontario Works (OW) caseload 6,633 lower than budget of 90,000. Consequently, financial, employment and medical benefits for clients and staff salaries were lower than budget. 	●
<ul style="list-style-type: none"> • 56.0 positions below approved complement, which after considering gapping, is equivalent to a 1.0% operating vacancy rate. 	

Citizen Centred Services "B"

Figure 3: Net Variance Summary



As indicated in Figure 3 above, Citizen Centred Services "B" collectively reported a net under-expenditure of \$19.894 million or 3.0% of the 2016 Approved Net Operating Budget for the twelve-month period ended December 31, 2016.

Figure 4: Citizen Centred Services "B" Year-End Variance Summary (1/2)




City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
City Planning	3-Month	0.0	—	2.6	▲	(2.6)	▼	Ⓞ
	6-Month	0.0	—	4.4	▲	(4.4)	▼	Ⓞ
	9-Month	0.0	—	6.0	▲	(6.0)	▼	Ⓞ
	12-Month	0.1	▲	6.9	▲	(6.7)	▼	Ⓞ
Fire Services	3-Month	3.2	▲	0.0	—	3.2	▲	Ⓜ
	6-Month	4.7	▲	(0.0)	—	4.8	▲	Ⓜ
	9-Month	7.4	▲	0.7	▲	6.6	▲	Ⓜ
	12-Month	9.7	▲	2.1	▲	7.5	▲	Ⓜ
Municipal Licensing & Standards	3-Month	(0.2)	▼	(1.1)	▼	0.9	▲	Ⓜ
	6-Month	1.4	▲	(1.6)	▼	2.9	▲	Ⓜ
	9-Month	(0.2)	▼	(1.3)	▼	1.2	▲	Ⓜ
	12-Month	(3.1)	▼	0.2	▲	(3.3)	▼	Ⓞ
Policy, Planning, Finance and Administration	3-Month	(0.4)	▼	(0.3)	▼	(0.2)	▼	Ⓞ
	6-Month	(0.6)	▼	(0.3)	▼	(0.3)	▼	Ⓞ
	9-Month	(1.1)	▼	(0.7)	▼	(0.4)	▼	Ⓞ
	12-Month	(1.9)	▼	(1.0)	▼	(0.8)	▼	Ⓞ
Engineering and Construction Services	3-Month	(4.0)	▼	(4.0)	▼	0.0	—	Ⓞ
	6-Month	(5.8)	▼	(2.2)	▼	(3.6)	▼	Ⓞ
	9-Month	(6.5)	▼	(3.0)	▼	(3.5)	▼	Ⓞ
	12-Month	(7.0)	▼	(3.7)	▼	(3.3)	▼	Ⓞ

Figure 4: Citizen Centred Services "B" Year-End Variance Summary (2/2)



City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Toronto Building	3-Month	(1.0)	▼	5.0	▲	(6.0)	▼	Ⓞ
	6-Month	(1.8)	▼	5.0	▲	(6.8)	▼	Ⓞ
	9-Month	(1.8)	▼	5.0	▲	(6.8)	▼	Ⓞ
	12-Month	(3.1)	▼	12.2	▲	(15.3)	▼	Ⓞ
Transportation Services	3-Month	(15.0)	▼	(16.3)	▼	1.3	▲	Ⓡ
	6-Month	(10.0)	▼	(13.2)	▼	3.2	▲	Ⓡ
	9-Month	(18.5)	▼	(18.2)	▼	(0.3)	▼	Ⓞ
	12-Month	(35.7)	▼	(37.8)	▼	2.1	▲	Ⓡ
Total	3-Month	(17.4)	▼	(14.1)	▼	(3.3)	▼	Ⓞ
	6-Month	(12.1)	▼	(8.0)	▼	(4.1)	▼	Ⓞ
	9-Month	(20.7)	▼	(11.5)	▼	(9.2)	▼	Ⓞ
	12-Month	(41.0)	▼	(21.1)	▼	(19.9)	▼	Ⓞ
Year-End Net Variance		Ⓞ	<=100%	Ⓡ	>100%			

Citizen Centred Services "B"



Twelve Month Results

<p>City Planning:</p> <ul style="list-style-type: none"> Higher expenditures of \$0.108 million due to higher requirements (postage, copying, printing, HR, merchant fee costs) for increased development review and study activity, offsetting savings from vacant positions. Higher revenues of \$6.851 million was mostly due to higher development application review fees and robust application volumes in Committee of Adjustments Units. 	
<ul style="list-style-type: none"> 22.0 positions below approved complement, which after considering gapping, is equivalent to a 1.8% operating vacancy rate. 	
<p>Fire Services:</p> <ul style="list-style-type: none"> Unfavourable net variance of \$7.540 million primarily due to work related WSIB claims for cancer higher than the budget as well as non-salary related expenditures, including mechanical maintenance costs associated with the aging fleet. Over-achieved revenues due to false alarm charges and the receipt of HUSAR funding deferred from prior years. 	
<ul style="list-style-type: none"> 25.0 positions below approved complement, which after considering gapping, is equivalent to a 0% operating vacancy rate 	
<p>Municipal Licensing & Standards:</p> <ul style="list-style-type: none"> Under-expenditures totaling \$3.655 million mainly from a combination of salaries and benefits under-spending (\$2.693 million) which were mainly due to processing time to fill vacancies as well as phasing out of the Taxi Training Centre. <ul style="list-style-type: none"> Other under-spending (\$0.962 million) comprised materials and supplies including the delayed procurement of new uniforms, lower amounts of taxi IDs, lower spending on contracted services for vet fees, external training, wireless communications, advertising, construction, printing and in-town meterage and parking. There are also lower than estimated inter-divisional charges from Legal Services, Paramedic Services and Information Technology. Over-expenditures totaled \$0.579 million and mainly include consultants related to the outcome of the GTR and Taxi Survey, general contracted services, medical/dental services and furnishings. Credit card discounts were overspent due to reduced budget. Higher than planned net revenue of \$0.239 million was driven by higher revenue of \$2.841 million mainly the result of Private Transportation Company applications and trip fees offset by lower revenue of \$2.602 due to the volume of business licenses, particularly for Toronto Taxicab Licence (TTL) and Taxi training influenced by the Ground Transportation Review (GTR). There was also under-achieved revenue from Toronto Animal Services. 	

Twelve Month Results

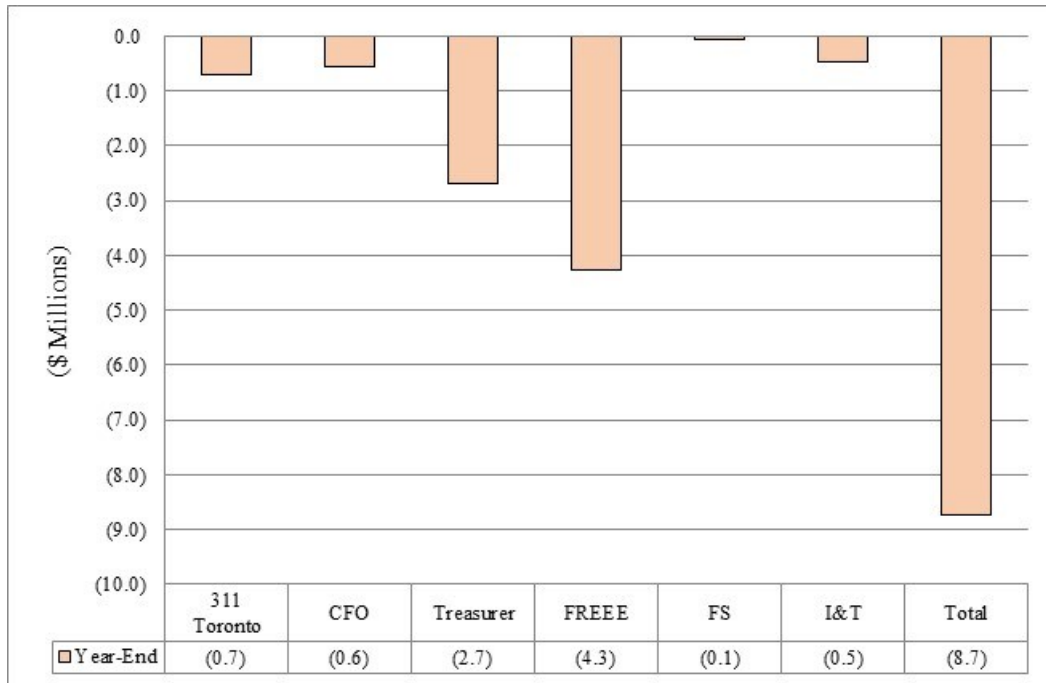
<ul style="list-style-type: none"> • 43.0 positions below approved complement due to an on-going recruiting process including positions re-purposed due to the closing of the Taxi Training Centre. After considering budgeted gapping, this is equivalent to a 6.9% operating vacancy rate. • The Program is continuing the process of recruiting qualified candidates and repurposing positions. Outstanding vacancies include Management (4); MSO Staff (8), Licensing and Compliance (4), Inspection and Enforcement (2) Animal Care and Control Officers (2); Training Staff (8) and Support Staff (15); comprised of (41) permanent and (2) temporary staff. 	
<p>Policy, Planning, Finance & Administration:</p> <ul style="list-style-type: none"> • Lower expenditures of \$1.492 million (excluding utilities) mainly due to under-spending in vacant positions, and lower professional services expenses as the work plan for the Regional Express Rail project is under review. In addition, there were lower requirements for equipment rental, reduced inter-divisional charges for postage, and reduced inter-divisional charges for I&T as a result of an I&T position being vacant until the third quarter. • Lower revenues mainly due to inter-divisional recoveries from Toronto Water and Solid Waste Management, reflecting lower gross expenditures for services provided to these clients. Recovery from ECS is also below budget due to 2.0 vacant positions in MCIC. In addition, lower recovery from the Regional Express Rail project due to work plan under review. 	
<ul style="list-style-type: none"> • 13.4 positions below approved complement, which after considering gapping, is equivalent to a 2.8% operating vacancy rate. 	
<p>Engineering and Construction Services:</p> <ul style="list-style-type: none"> • Under-spending in salaries and benefits and related non-salary expenses due to vacant positions. • Lower costs due to delay of the Capital Works Procedure Manual update project (to reflect all Auditor General's recommendations, Purchasing By-Law changes, etc.). • Lower recoveries from client capital projects resulting from vacant positions. • Partially offset by higher development and full stream application fees due to higher volume of applications. 	
<ul style="list-style-type: none"> • 47.0 positions below the approved complement due to a combination of challenges, namely exits (retirements and transfers to other Divisions) and internal promotions which result in no net change to the vacancy rate, lack of success attracting and recruiting senior technical professionals, and a limited supply of top calibre talent in key business areas (e.g., bridge engineers). • After considering budgeted gapping, it is equal to a 0.7% operating vacancy rate. 	

Twelve Month Results

<p>Toronto Building:</p> <ul style="list-style-type: none"> • Positive net expenditures of \$15.348 million, gross expenditures were under-budget by \$3.137 million mainly due to vacant positions. Revenue was over-achieved by \$12.211 million due to higher than expected building permit applications. • Positive variance in salaries and benefits was related to over-achieving gapping resulting from vacancies. Budgeted gapping rate was 2.9% equivalent to 13.0 full time equivalent positions versus the actual gapping rate of 8.0%, equivalent to 36.0 full time equivalent positions. • \$15.348 million surplus will be contributed to the Building Code Act Service Improvement Reserve Fund (XR1305) that creates and maintains systems and processes which enable service delivery timelines and reporting requirements of the Province's Bill 124, Building Code Statute Law Amendment Act, and 2002 Legislation to be met. <hr/> <ul style="list-style-type: none"> • 40.0 positions below approved complement, which after gapping is equivalent to a 6.0% operating vacancy rate. 	
<p>Transportation Services:</p> <ul style="list-style-type: none"> • Lower costs in the winter maintenance program due to mild winter conditions, and under-spending in road / bridge repair contracts due to lower than expected utility cut repair volumes. • Partially offset by higher costs for traffic signal maintenance contracts due to demand related to Ontario One Call, etc. and higher street lighting hydro costs. • Under-achieved utility cut repair revenue and permit parking fees due to lower than expected volumes. • Partially offset by higher permit / application revenues due to higher than expected lane occupancy fees, DARP revenue, and Right-of-Way permit fees as a result of increased construction activity. <hr/> <ul style="list-style-type: none"> • 95.9 positions below the approved complement due to a combination of events that result in a 'domino effect' within the Program (i.e. retirements and transfers to other Divisions are often then filled through internal promotions which result in no net change to the vacancy rate while the hiring process proceeds). • After considering budgeted gapping, it is equal to a 2.1% operating vacancy rate. 	

Internal Services

Figure 5: Net Variance Summary



As outlined in Figure 5 above, during the twelve months ended December 31, 2016 Internal Services' Programs collectively reported a net under-expenditure of \$8.723 million or 4.5% of the 2016 Approved Net Operating Budget

Figure 6: Internal Services Year-End Variance Summary (1/2)




City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Office of the Chief Financial Officer	3-Month	(0.6)	▼	(0.3)	▼	(0.2)	▼	Ⓞ
	6-Month	(1.1)	▼	(0.5)	▼	(0.6)	▼	Ⓞ
	9-Month	(1.2)	▼	(0.6)	▼	(0.6)	▼	Ⓞ
	12-Month	(1.3)	▼	(0.7)	▼	(0.6)	▼	Ⓞ
Office of the Treasurer	3-Month	(2.4)	▼	(1.5)	▼	(0.9)	▼	Ⓞ
	6-Month	(5.1)	▼	(3.7)	▼	(1.4)	▼	Ⓞ
	9-Month	(6.7)	▼	(4.4)	▼	(2.3)	▼	Ⓞ
	12-Month	(7.1)	▼	(4.4)	▼	(2.7)	▼	Ⓞ
Facilities, Real Estate, Environment & Energy	3-Month	(1.0)	▼	(0.5)	▼	(0.5)	▼	Ⓞ
	6-Month	(0.6)	▼	(0.2)	▼	(0.4)	▼	Ⓞ
	9-Month	(2.1)	▼	(2.0)	▼	(0.2)	▼	Ⓞ
	12-Month	(6.9)	▼	(2.7)	▼	(4.3)	▼	Ⓞ
Fleet Services	3-Month	1.5	▲	1.5	▲	(0.1)	▼	Ⓞ
	6-Month	2.7	▲	1.8	▲	0.9	▲	Ⓜ
	9-Month	1.7	▲	1.6	▲	0.2	▲	Ⓜ
	12-Month	2.0	▲	2.1	▲	(0.1)	▼	Ⓞ
Information & Technology	3-Month	(7.7)	▼	(7.6)	▼	(0.2)	▼	Ⓞ
	6-Month	(12.6)	▼	(12.1)	▼	(0.5)	▼	Ⓞ
	9-Month	(14.9)	▼	(13.8)	▼	(1.1)	▼	Ⓞ
	12-Month	(15.8)	▼	(15.3)	▼	(0.5)	▼	Ⓞ

Figure 6: Internal Services Year-End Variance Summary (2/2)

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
311 Toronto	3-Month	(1.4)	▼	(1.3)	▼	(0.2)	▼	Ⓞ
	6-Month	(1.6)	▼	(1.3)	▼	(0.2)	▼	Ⓞ
	9-Month	(1.7)	▼	(1.5)	▼	(0.2)	▼	Ⓞ
	12-Month	(2.2)	▼	(1.5)	▼	(0.7)	▼	Ⓞ
Total	3-Month	(11.7)	▼	(9.7)	▼	(2.0)	▼	Ⓞ
	6-Month	(18.4)	▼	(16.1)	▼	(2.2)	▼	Ⓞ
	9-Month	(24.8)	▼	(20.6)	▼	(4.2)	▼	Ⓞ
	12-Month	(31.2)	▼	(22.5)	▼	(8.7)	▼	Ⓞ
Year-End Net Variance		Ⓞ ≤100%		Ⓜ >100%				

Internal Services

Twelve Month Results

<p>Office of the Chief Financial Officer:</p> <ul style="list-style-type: none"> • Delays in filling operating positions resulted in under-spending. • 15.0 vacant positions below the approved complement, 11.0 operating and 4.0 capital. After considering budgeted gapping, the current operating vacancies represent an 8.5% vacancy rate. 	
<p>Office of the Treasurer:</p> <ul style="list-style-type: none"> • Delays in filling vacancies were partially offset by lower recoveries from capital/reserve/reserve funds and from other divisions. • Non-salary expenditures increased mainly due to bank service charges, credit card processing fees and internal charges for dedicated HR support. • Under-achieved internal revenues due to vacancies were offset by higher than anticipated external revenues. 	
<ul style="list-style-type: none"> • 71.0 vacant positions below the approved complement, 49.0 operating and 22.0 capital. After considering budgeted gapping, the vacant operating positions represent the equivalent of a 4.4% operating vacancy rate. 	
<p>Facilities, Real Estate, Environment & Energy:</p> <ul style="list-style-type: none"> • Under-spending was mainly driven by a large number of vacancies across the division with 45% of the total vacancies coming from Facilities Management (FM) due to restructuring. In addition, there was under-spending in energy programs administered by Environment & Energy (E&E) due to slower uptake and participation, and under-spending in Real Estate Services (RES) for operating and common area maintenance (CAM) costs related to rental properties, property management fees and professional / technical services supporting various activities. • The under-spending above was partially offset by over-spending in utilities, driven primarily by a hotter than anticipated summer, and over-spending on contracted services due to demand maintenance requests, enhanced security measures and use of external service providers to perform work in the absence of internal resources. A portion of these costs were recovered through inter-departmental revenues and other revenue sources from internal and external clients. • Under-collection of revenues is attributed to the under-spending in the E&E programs, and the vacant positions that would be recovered from these initiatives. In addition, there was a reduction in capital recovery from vacant capital-funded positions held, as well as lower than planned recovery from the Union Station reserve as a result of lower operating expenditures incurred. • These under-collections were partially offset by higher than planned demand maintenance requests and utility chargebacks to divisional clients through interdepartmental recoveries and third party tenants. 	

Twelve Month Results

<ul style="list-style-type: none"> • 154.7 positions below the approved complement. Vacancy drivers include staff turnover from retirements, staff taking on new opportunities across the City, as well as general delays in hiring relating to implementation of the new FM structure. After considering budgeted gapping, current vacancies represent the equivalent of a 10.6% operating vacancy rate. • The division is expecting the vacancy rate to decrease in 2017. As the new FM structure is implemented over the coming months, a number of these positions will be posted. FREEE is working with corporate HR to ensure vacant positions are filled as soon as possible. 	
<p>Fleet Services:</p> <ul style="list-style-type: none"> • Unfavourable gross expenditures of \$2.028 million was due to increased maintenance costs for vehicles that have passed their optimum life, partially offset by vacancy savings and lower fuel costs resulting from lower spot prices in the commodity market. • Increased recoveries from client divisions was due to higher expenditure for maintenance costs. 	●
<ul style="list-style-type: none"> • 30.0 positions below the approved complement. After considering budgeted gapping, this represents the equivalent of a 10.4% operating vacancy rate. • Service levels were maintained through increased overtime and contract work. 	
<p>Information & Technology:</p> <ul style="list-style-type: none"> • Under-spending from operating vacancies was partially offset by student /co-op recruitments, office renovations to accommodate the increasing staff resources and technological requirements and unfunded dedicated HR team for IT recruitment. • Underspending from capital vacancies were offset by corresponding lower recoveries from capital. • Overtime was used to maintain service levels to clients. 	●
<ul style="list-style-type: none"> • 141.0 vacant positions below approved complement, 59.0 operating and 82.0 capital, which after considering budgeted gapping, is equivalent to a 4.0% operating vacancy rate. • I & T continues to work closely with a dedicated team of HR professionals to fill capital positions as per I & T Division priorities and project schedules. • Hiring activities for operating positions were curtailed as vacant positions were considered for reduction in the 2017 operating budget. 	

Twelve Month Results

311 Toronto:

- Under-spending was mainly due to efficient scheduling practices implemented within the 311 Contact Centre and vacancies within the Project Management Office resulting from delays of enterprise-wide capital projects (Payment Module and Online Booking).
 - Additional factors included lower than expected Contact Centre infrastructure support and maintenance costs, as well as under-spending in training and conference-related expenditures.
 - Revenues were under-collected as a result of labour cost under-spending on capital projects and lower than budgeted inter-divisional recovery from Toronto Public Health, as the Division began managing some of their Tier 1 calls internally.
 - Achieved 81% of calls answered within 75 seconds, compared to the 80% Council approved service level
-
- 16.25 positions (4.0 operating and 12.25 capital) below the approved complement due to gapping as the 4.0 operating positions were kept vacant to meet the divisional gapping target, and deferral of I&T related capital projects resulted in several capital positions not being filled during the year.
 - No service level impacts resulted from these vacancies. After considering budgeted gapping, this represents the equivalent of a 0% operating vacancy rate.



City Manager's Office

The City Manager's Office reported net under-spending of \$0.378 million or 0.8% of planned expenditures for the twelve months ended December 31, 2015.

Figure 7 City Manager's Office Year-End Variance Summary

City Program/Agency	Quarter	Year-End Results						
		Gross Expenditures		Revenue		Net Variance		Alert
		\$	trend	\$	trend	\$	trend	
City Manager's Office	3-Month	0.3	▲	1.9	▲	(1.6)	▼	Ⓞ
	6-Month	0.7	▲	2.5	▲	(1.8)	▼	Ⓞ
	9-Month	0.4	▲	2.2	▲	(1.8)	▼	Ⓞ
	12-Month	2.8	▲	3.1	▲	(0.4)	▼	Ⓞ
Year-End Net Variance		Ⓞ	<=100%	Ⓡ	>100%			

Twelve Month Results

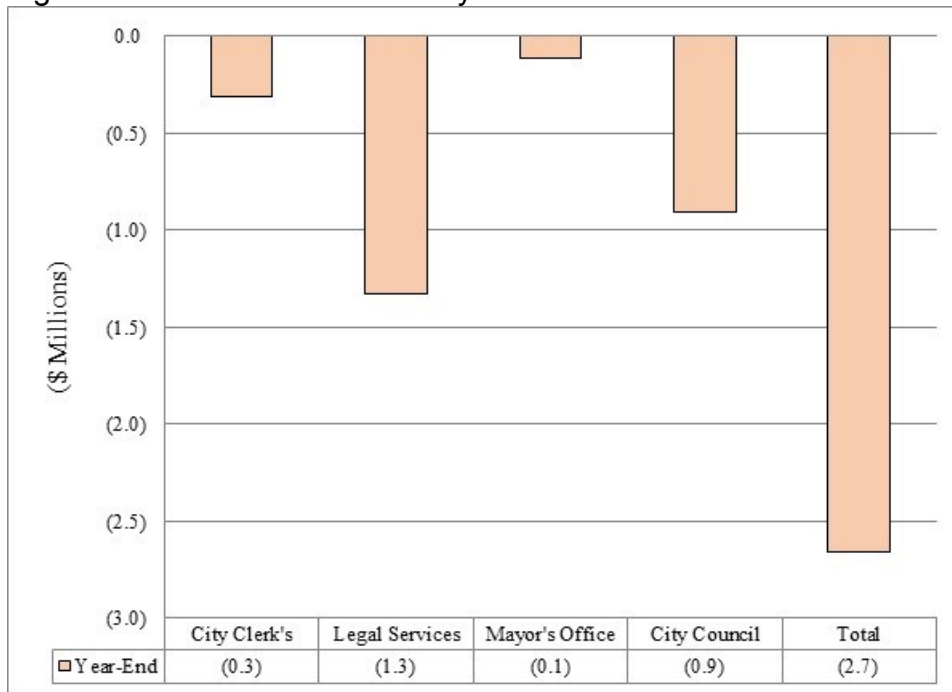
City Manager's Office:

- Slightly favourable variance was mainly due to higher inter-divisional recoveries offset by higher spending in salaries and benefits on delegated authority positions.
- 17.0 positions below the approved complement, and after considering budgeted gapping, this represents the equivalent of a 0% operating vacancy rate.



Other City Programs

Figure 8: Net Variance Summary



Other City Programs (refer to Figure 8 above) reported a net under-expenditure of \$2.660 million or 3.5% for the 2016 Approved Net Operating Budget for the twelve months ended December 31, 2016.





Figure 9: Other City Programs Year-End Variance Summary

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
City Clerk's Office	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	(0.9)	▼	(0.6)	▼	(0.3)	▼	Ⓞ
	12-Month	1.3	▲	1.6	▲	(0.3)	▼	Ⓞ
Legal Services	3-Month	(0.9)	▼	(0.5)	▼	(0.4)	▼	Ⓞ
	6-Month	(7.3)	▼	(6.8)	▼	(0.5)	▼	Ⓞ
	9-Month	(2.5)	▼	(2.3)	▼	(0.2)	▼	Ⓞ
	12-Month	0.7	▲	2.0	▲	(1.3)	▼	Ⓞ
Mayor's Office	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	(0.1)	▼	0.0	—	(0.1)	▼	Ⓞ
City Council	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	(0.8)	▼	0.1	▲	(0.9)	▼	Ⓞ
Total	3-Month	(0.9)	▼	(0.5)	▼	(0.4)	▼	Ⓞ
	6-Month	(7.3)	▼	(6.8)	▼	(0.5)	▼	Ⓞ
	9-Month	(3.4)	▼	(2.9)	▼	(0.5)	▼	Ⓞ
	12-Month	1.0	▲	3.7	▲	(2.7)	▼	Ⓞ
Year-End Net Variance		Ⓞ	<=100%	Ⓡ	>100%			

Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

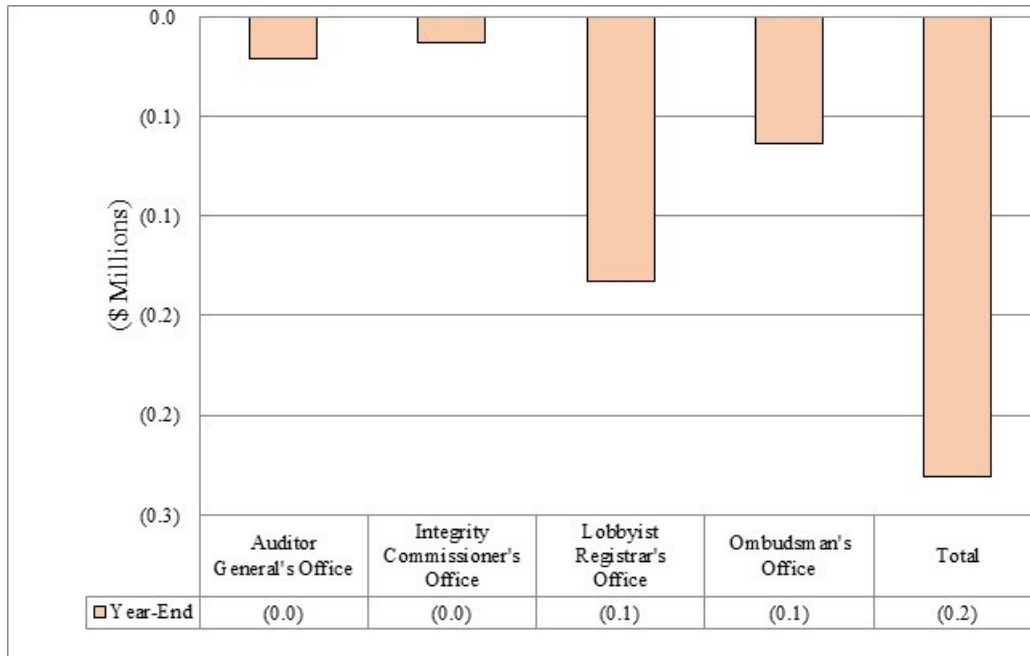
Other City Programs

Twelve Month Results

<p>City Clerk's Office:</p> <ul style="list-style-type: none"> Favourable net expenditures was mainly due to higher revenues for internal mailing, printing and copying services, and lower spending in contracted services and in salaries and benefits, due to delay in filling vacancies. Favourability was partially offset by higher spending in postage, paper and third party printing, and lower revenues from external printing and external planning notices. 19.0 positions below the approved complement, and after considering budgeted gapping, this represents the equivalent of 0% operating vacancy rate 	
<p>Legal Services:</p> <ul style="list-style-type: none"> Unfavourable gross expenditures of \$0.665 million was due to increased outside professional fees, court officer costs, survey fees and online search costs, partially offset by vacancy savings. Increased recoveries from client divisions due to higher expenditure for the above-mentioned expenditures. Down 34.4 positions or 8.6% below the approved complement after budgeted gapping. 	
<p>Mayor's Office:</p> <ul style="list-style-type: none"> Favourable variance was mainly due to lower spending in salaries and benefits. 1.0 positions or 5.0% below the approved complement. 	
<p>City Council:</p> <ul style="list-style-type: none"> Favourable variance was mainly due to under-spending in Councillors' constituency services and office budgets and in Councillors' and staff salaries and benefits as a result of different staffing strategies adopted by various Councillors, partially offset by higher spending in the Council general expense budget. On budget. 	

Accountability Offices

Figure 10: Net Variance Summary



As noted in Figure 10 above, Accountability Offices collectively realized net underspending of \$0.231 million or 2.7% below planned expenditures for the twelve months ended December 31, 2016.





Figure 11: Accountability Offices Year-End Variance Summary

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Auditor General's Office	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	(0.0)	—	Ⓞ
	12-Month	0.0	—	0.0	—	(0.0)	—	Ⓞ
Integrity Commissioner's Office	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	(0.0)	—	0.0	—	(0.0)	—	Ⓞ
	12-Month	(0.0)	—	0.0	—	(0.0)	—	Ⓞ
Lobbyist Registrar's Office	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	(0.1)	▼	0.0	—	(0.1)	▼	Ⓞ
	9-Month	(0.1)	▼	0.0	—	(0.1)	▼	Ⓞ
	12-Month	(0.1)	▼	0.0	—	(0.1)	▼	Ⓞ
Ombudsman's Office	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	(0.0)	—	0.0	—	(0.0)	—	Ⓞ
	12-Month	(0.1)	▼	0.0	—	(0.1)	▼	Ⓞ
Total	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	(0.1)	▼	0.0	—	(0.1)	▼	Ⓞ
	9-Month	(0.1)	▼	0.0	—	(0.1)	▼	Ⓞ
	12-Month	(0.2)	▼	0.0	—	(0.2)	▼	Ⓞ
Year-End Net Variance		Ⓞ	<=100%	Ⓡ	>100%			

Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

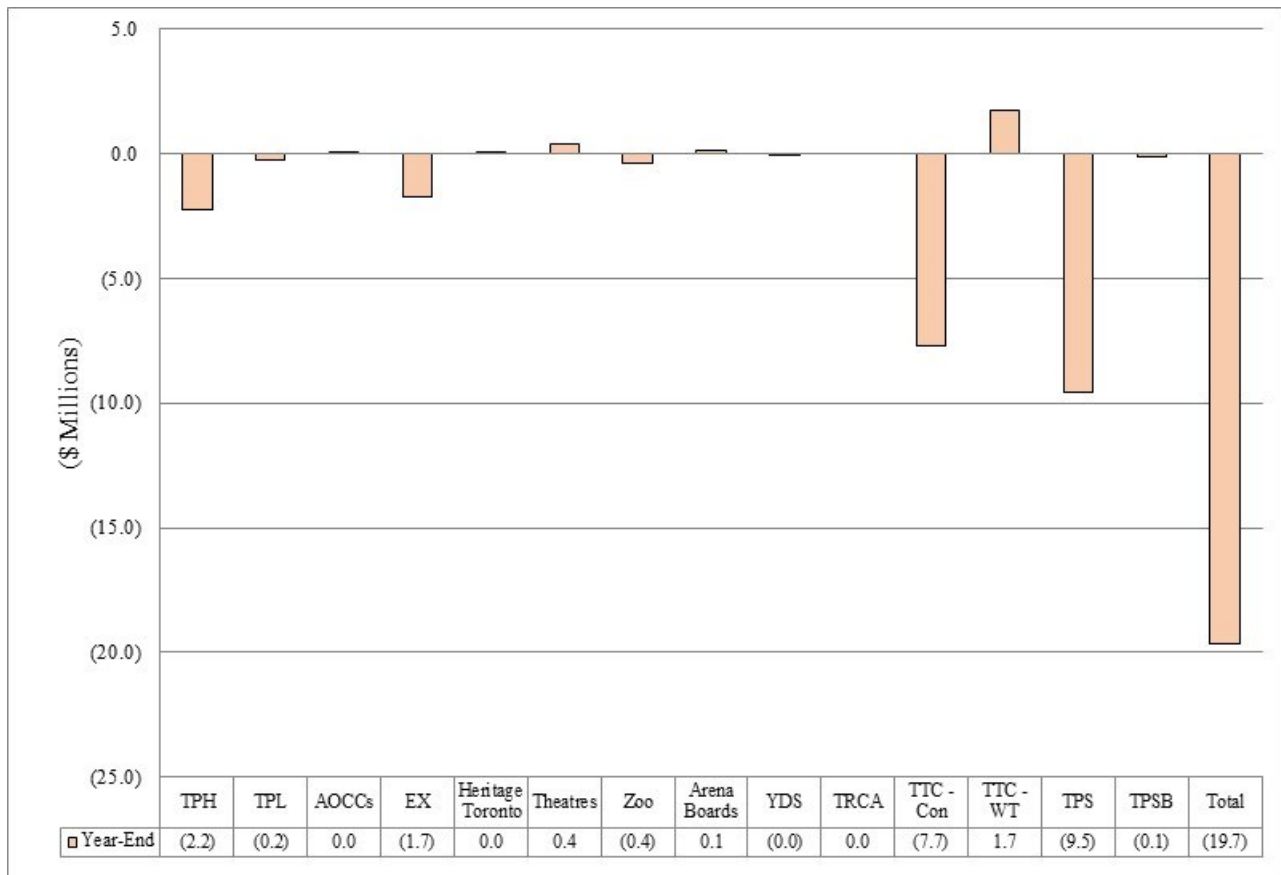
Accountability Offices

Twelve Month Results

<p>Auditor General's Office:</p> <ul style="list-style-type: none"> Favourable net expenditure was due to net impact of higher spending for specialized IT consulting work and capital cost recovery for staff working on the Auditor General's Audit, Complaint and Investigation Management System (ACIMS). <hr/> <ul style="list-style-type: none"> 2.5 positions or 7.9% below the approved complement. Service pressures were managed through the hiring of 3.0 temporary staff to manage workload. 	
<p>Integrity Commissioner's Office:</p> <ul style="list-style-type: none"> Slightly favourable variance was due to lower-spending in salaries and benefits and services and rents. <hr/> <ul style="list-style-type: none"> Full complement. 	
<p>Lobbyist Registrar's Office:</p> <ul style="list-style-type: none"> Favourable variance was mainly due to lower-spending in salaries and benefits as a result of a staff vacancy during the year, as well as lower spending in services and rents. <hr/> <ul style="list-style-type: none"> 0.3 position or 3.0% below the approved complement. This reflects one temporary position which is only filled if required when operational needs arise. The Office is at full complement in terms of the 8 permanent positions. 	
<p>Ombudsman's Office:</p> <ul style="list-style-type: none"> Favourable variance was mainly due to lower-spending in services and rents. <hr/> <ul style="list-style-type: none"> 1.0 position over the approved complement of 12.0. As of December 31, 2016, complement consisted of 10.0 permanent staff and 3.0 temporary staff to help with investigative requirements of the Office. 	

Agencies

Figure 12: Net Variance Summary



Agencies collectively report under-expenditures of \$19.960 million or 1.0% below planned net expenditures for the twelve month period end December 31, 2016, as outlined in Figure 12.

Figure 13: Agencies Year-End Variance Summary (1/3)

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Toronto Public Health	3-Month	(2.4)	▼	(2.2)	▼	(0.3)	▼	Ⓞ
	6-Month	(9.2)	▼	(8.6)	▼	(0.6)	▼	Ⓞ
	9-Month	(7.4)	▼	(6.5)	▼	(0.9)	▼	Ⓞ
	12-Month	(8.4)	▼	(6.2)	▼	(2.2)	▼	Ⓞ
Toronto Public Library	3-Month	0.4	▲	0.4	▲	0.0	—	Ⓞ
	6-Month	1.1	▲	0.9	▲	0.2	▲	Ⓜ
	9-Month	2.1	▲	2.5	▲	(0.4)	▼	Ⓞ
	12-Month	2.5	▲	2.7	▲	(0.2)	▼	Ⓞ
Association of Community Centres	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	0.1	▲	0.0	—	0.0	—	Ⓞ
Exhibition Place	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	(0.3)	▼	0.2	▲	(0.5)	▼	Ⓞ
	12-Month	(1.4)	▼	0.3	▲	(1.7)	▼	Ⓞ
Heritage Toronto	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	(0.0)	—	0.0	—	Ⓞ
	12-Month	(0.0)	—	(0.0)	—	0.0	—	Ⓞ
Theatres	3-Month	0.3	▲	0.3	▲	(0.0)	—	Ⓞ
	6-Month	1.4	▲	1.1	▲	0.3	▲	Ⓜ
	9-Month	1.3	▲	0.8	▲	0.5	▲	Ⓜ
	12-Month	1.0	▲	0.6	▲	0.4	▲	Ⓜ

Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

Figure 13: Agencies Year-End Variance Summary (2/3)

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Toronto Zoo	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	(0.0)	—	0.6	▲	(0.7)	▼	Ⓞ
	9-Month	(0.2)	▼	0.5	▲	(0.7)	▼	Ⓞ
	12-Month	0.8	▲	1.2	▲	(0.4)	▼	Ⓞ
Arena Boards of Management	3-Month	0.0	—	0.0	—	(0.0)	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	(0.0)	—	0.0	—	(0.0)	—	Ⓞ
	12-Month	0.0	—	(0.1)	▼	0.1	▲	Ⓡ
Yonge Dundas Square	3-Month	0.2	▲	0.1	▲	0.1	▲	Ⓡ
	6-Month	0.2	▲	0.1	▲	0.1	▲	Ⓡ
	9-Month	0.4	▲	0.4	▲	(0.0)	—	Ⓞ
	12-Month	0.6	▲	0.6	▲	(0.0)	—	Ⓞ
Toronto & Region Conservation Authority	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	1.4	▲	1.4	▲	0.0	—	Ⓞ
Toronto Transit Commission - Conventional	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	(10.7)	▼	(25.7)	▼	15.0	▲	Ⓡ
	9-Month	(33.7)	▼	(38.8)	▼	5.1	▲	Ⓡ
	12-Month	(54.6)	▼	(46.9)	▼	(7.7)	▼	Ⓞ
Toronto Transit Commission - Wheel Trans	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	4.8	▲	0.2	▲	4.6	▲	Ⓡ
	9-Month	2.1	▲	0.1	▲	2.0	▲	Ⓡ
	12-Month	1.9	▲	0.2	▲	1.7	▲	Ⓡ






Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

Figure 13: Agencies Year-End Variance Summary (3/3)






City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Toronto Police Service	3-Month	(2.9)	▼	(1.3)	▼	(1.6)	▼	Ⓞ
	6-Month	(2.4)	▼	3.5	▲	(5.9)	▼	Ⓞ
	9-Month	(4.9)	▼	4.0	▲	(8.9)	▼	Ⓞ
	12-Month	(8.4)	▼	1.2	▲	(9.5)	▼	Ⓞ
Toronto Police Services Board	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	(0.0)	—	0.0	—	(0.0)	—	Ⓞ
	12-Month	(0.5)	▼	(0.4)	▼	(0.1)	▼	Ⓞ
Total	3-Month	(4.4)	▼	(2.6)	▼	(1.9)	▼	Ⓞ
	6-Month	(14.8)	▼	(27.8)	▼	13.0	▲	Ⓡ
	9-Month	(40.6)	▼	(36.8)	▼	(3.7)	▼	Ⓞ
	12-Month	(65.1)	▼	(45.5)	▼	(19.7)	▼	Ⓞ
Year-End Net Variance		Ⓞ	<=100%	Ⓡ	>100%			

City Agencies





Twelve Month Results

<p>Toronto Public Health:</p> <ul style="list-style-type: none"> Favourable net year-end variance primarily from under-spending in salaries and benefits due to unanticipated retirements, short term leave and vacancies, and from under-spending in 100% Provincially funded programs due to late receipt of funding from the Province. 150.6 positions below approved complement, which after considering gapping, is equivalent to a 2.9% operating vacancy rate. 	
<p>Toronto Public Library:</p> <ul style="list-style-type: none"> Unbudgeted expenditures related to specific library initiatives were funded by grants from the Toronto Public Library Foundation and other organizations. The net favourable variance of \$246.2 million arose from under-expenditures in salaries and benefits due to a high level of retirements and staff movement as well as a delay in the implementation of Sunday service at 6 additional Neighbourhood branches. 59.0 positions below approved complement. After budgeted gapping considerations this is an equivalent to a 0.7% vacancy rate. 	
<p>Association of Community Centres:</p> <ul style="list-style-type: none"> Unfavourable net year-end variance of \$0.025 million primarily from over-spending in salaries and benefits due to employment benefit adjustments. 0.0 positions below approved complement which after considering gapping is equivalent to a 0.0% vacancy rate. 	
<p>Exhibition Place:</p> <ul style="list-style-type: none"> Exhibition Place reported a year-end favourable net variance \$1.705 million due to implementation of management energy initiatives and under-spending in utility costs from Energy Retrofit Projects (ERP). Favourable revenues were realized as a result of higher than budgeted parking revenues from Ontario Place concerts and additional BMO Field events. Full complement. 	
<p>Heritage Toronto:</p> <ul style="list-style-type: none"> Planned revenues and sponsorship targets were not achieved in 2016. As a result, Heritage Toronto cancelled or reduced numerous programs and did not fill two positions (Executive Director and Manager of Marketing and Communications) for a significant portion of the year to achieve a minimal net variance. 1 position below approved complement of 7 positions. 	

Twelve Month Results

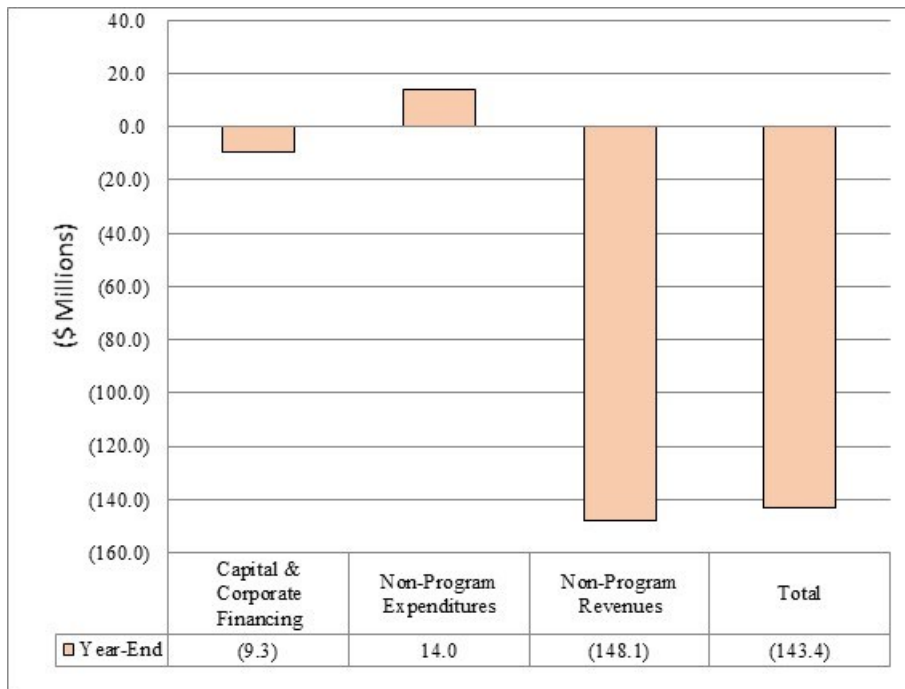
<p>Theatres:</p> <ul style="list-style-type: none"> • Civic Theatres Toronto reported net unfavourable variance driven by one-time restructuring costs, higher than budgeted utility expenses, and programming driven costs at Toronto Centre and St. Lawrence Centre for the Arts, and partially offset by increased revenues from higher volume of activities at both Centres. • Sony Centre reported a small favourable variance arising from higher than planned ancillary revenues and ticket rebates. • Leadership Development was underspent due to a very late invoice. <hr/> <ul style="list-style-type: none"> • 11.6 positions or 6.7% below approved complement due to volume of programming activities. There is no budgeted gapping for Civic Theatres Toronto. 	
<p>Toronto Zoo:</p> <ul style="list-style-type: none"> • Toronto Zoo reported net favourable variance primarily driven by favourable attendance revenues and retail sales per visitor attributable to the attraction of the pandas, polar bear cubs and other "zoo babies" exhibits. • The Zoo's favourable revenue variance was partially offset by overspending in utilities driven by higher volume and rates. Warmer than seasonal average temperatures throughout the year including numerous heat alerts resulted in significantly higher hydro usage due to volume. <hr/> <ul style="list-style-type: none"> • 13.0 positions below approved complement due to unexpected turnover. This represents a 1.0% operating vacancy rate after the budgeted gapping rate of 2.3%. 	
<p>Arena Boards of Management:</p> <ul style="list-style-type: none"> • Arena Boards collectively reported net unfavourable variance driven by overspending in utilities due to warmer than average winter season. Other minor variances arose from George Bell Arena's unexpected Zamboni maintenance costs, and lower than planned ice rental revenues from Leaside, Bill Bolton and Forest Hill Arenas. <hr/> <ul style="list-style-type: none"> • Full complement. 	
<p>Yonge Dundas Square (YDS):</p> <ul style="list-style-type: none"> • Yonge-Dundas Square reported a small net favourable variance driven by increased user activity and the larger scale of user events on the Square. <hr/> <ul style="list-style-type: none"> • Full complement. 	
<p>Toronto & Region Conversation Authority:</p> <ul style="list-style-type: none"> • Each year, TRCA receives the City of Toronto funding share which maintains the ratio between TRCA's other funding partner municipalities. In 2016, TRCA received the full funding amount as approved by Council, resulting in no year-end variance. 	

Twelve Month Results

<p>Toronto Transit Commission – Conventional:</p> <ul style="list-style-type: none"> Ridership fell by 15 million rides below the target of 553 million with corresponding passenger revenue shortfalls of about \$49.4 million. \$7.8 million (or 1.6%) year-end surplus. The Commission attributed the favourable variance to salary and employee benefits (\$41.7 million), diesel fuel consumption (\$7.5 million), depreciation (\$5.4 million) and leasing expense (\$4.0 million) partially offset by passenger and other revenues \$45.8 and accident claims (\$5.5 million) and other expenses (\$0.4 million). <hr/> <ul style="list-style-type: none"> Year-end strength of 13,629 positions reflects 346.0 less positions, after considering and achieving the gapping target throughout the year. 	
<p>Toronto Transit Commission – Wheel-Trans:</p> <ul style="list-style-type: none"> 239,000 (6.5%) more customer journeys are projected over the 3.7 million trips budgeted. \$1.7 million year-end shortfall largely attributed to the ever-increasing demand for service. The additional trips increased contracted taxi service expenses by \$5.7 million to mitigate under expenditures due to: lower than anticipated interviewing and appeals activity (\$1 million), lower employee benefits utilization (\$0.9 million), diesel fuel savings (\$0.8 million), lower bus and garage maintenance costs. <hr/> <ul style="list-style-type: none"> Year-end strength of 550.0 positions reflected full complement, after considering and achieving the budgeted gapping throughout the year 	
<p>Toronto Police Service:</p> <ul style="list-style-type: none"> Due to the hiring moratorium, expenditure reduction efforts, as well as one-time unbudgeted revenues, the Toronto Police Service reported a \$9.5 million favourable variance. The TPS has requested the City to contribute \$2.5 million to the Service's Vehicle and Equipment Reserve, and \$3.5 million to the Police Modernization Reserve from the 2016 year-end surplus. <hr/> <ul style="list-style-type: none"> Year-end strength of 7,337 positions was 544 positions below the approved complement of 7,881 positions. After budgeted gapping, this represents a 3.1% operating vacancy rate. 	
<p>Toronto Police Services Board:</p> <ul style="list-style-type: none"> Favourable net expenditures of \$0.109 million resulted from a staff resignation during 2016 and reduced legal costs incurred during the year. <hr/> <ul style="list-style-type: none"> 1.0 position below approved complement. This represents a 14.3% operating vacancy rate. 	

Corporate Accounts

Figure 14: Net Variance Summary



Corporate Accounts experienced a net favourable variance of \$143.403 million below the 2016 Approved Net Operating Budget for the twelve month period ended December 31, 2016 as indicated in Figure 14 above.

Capital & Corporate Financing




Capital and Corporate Financing reported net under-expenditures of \$9.305 million or 1.3% for the twelve month period ended December 31, 2016, as outlined in Figure 15 above.

Figure 15: Capital & Corporate Financing Year-End Variance Summary

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Capital Financing - Capital from Current	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	0.0	—	0.0	—	0.0	—	Ⓞ
Technology Sustainment	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	0.0	—	0.0	—	0.0	—	Ⓞ
Debt Servicing	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	(1.3)	▼	0.0	—	(1.3)	▼	Ⓞ
	12-Month	(4.6)	▼	4.7	▲	(9.3)	▼	Ⓞ
Total	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	(1.3)	▼	0.0	—	(1.3)	▼	Ⓞ
	12-Month	(4.6)	▼	4.7	▲	(9.3)	▼	Ⓞ
Year-end Net Variance		Ⓞ	<=100%	Ⓡ	>100%			

Capital & Corporate Financing

Twelve Month Results

Capital & Corporate Financing: <ul style="list-style-type: none">• On budget.	
Technology Sustainment: <ul style="list-style-type: none">• On budget.	
Debt Charges: <ul style="list-style-type: none">• Favourable variance was the result of under-spending in debt charges from lower than expected interest rates combined with higher recoveries for ABC loans.	

Non-Program Expenditures

Non-Program Expenditures reported over-spending of \$14.014 million or 3.3% of planned net expenditures for the twelve month period ended December 31, 2016

Figure 16: Non-Program Expenditures Year-End Variance Summary (1/3)

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Tax Deficiencies/Writeoffs	3-Month	3.6	▲	0.0	—	3.6	▲	Ⓜ
	6-Month	12.7	▲	0.0	—	12.7	▲	Ⓜ
	9-Month	12.8	▲	0.0	—	12.8	▲	Ⓜ
	12-Month	21.6	▲	0.0	—	21.6	▲	Ⓜ
Assessment Function (MPAC)	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	0.0	—	0.0	—	0.0	—	Ⓞ
Funding of Employee Related Liabilities	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	(0.1)	▼	0.0	—	(0.1)	▼	Ⓞ
	9-Month	(0.1)	▼	0.0	—	(0.1)	—	Ⓞ
	12-Month	(0.1)	▼	0.0	—	(0.1)	▼	Ⓞ
Other Corporate Expenditures	3-Month	2.0	▲	(0.2)	▼	2.2	▲	Ⓜ
	6-Month	2.3	▲	0.0	—	2.3	▲	Ⓜ
	9-Month	(1.9)	▼	(0.3)	▼	(1.7)	▼	Ⓞ
	12-Month	(6.9)	▼	(4.1)	▼	(2.8)	▼	Ⓞ
Insurance Premiums & Claims	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	0.0	—	0.0	—	0.0	—	Ⓞ

Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

Figure 16: Non-Program Expenditures Year-End Variance Summary (2/3)

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Parking Tag Enforcement & Oper.	3-Month	(0.5)	▼	0.0	—	(0.5)	▼	Ⓞ
	6-Month	(0.7)	▼	0.0	—	(0.7)	▼	Ⓞ
	9-Month	(1.1)	▼	0.0	—	(1.1)	▼	Ⓞ
	12-Month	(2.9)	▼	0.0	—	(2.9)	▼	Ⓞ
Programs Funded from Reserve Funds	3-Month	2.7	▲	2.7	▲	0.0	—	Ⓞ
	6-Month	(0.0)	—	0.0	—	(0.0)	—	Ⓞ
	9-Month	1.9	▲	1.9	▲	0.0	—	Ⓞ
	12-Month	2.0	▲	2.0	▲	0.0	—	Ⓞ
Vacancy Rebate Program	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.1	▲	0.0	—	0.1	▲	Ⓜ
	12-Month	(0.5)	▼	0.0	—	(0.5)	▼	Ⓞ
Heritage Property Taxes Rebate	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	(0.7)	▼	0.0	—	(0.7)	▼	Ⓞ
	12-Month	(0.7)	▼	0.0	—	(0.7)	▼	Ⓞ
Tax Rebates for Registered Charities	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	0.1	▲	0.1	▲	0.0	—	Ⓞ
Solid Waste Management Rebates	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	(1.6)	▼	0.0	—	(1.6)	▼	Ⓞ








Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016

Figure 16: Non-Program Expenditures Year-End Variance Summary (3/3)






City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Pandemic Influenza Stockpiling	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.9	▲	0.0	—	0.9	▲	Ⓡ
	12-Month	0.9	▲	0.0	—	0.9	▲	Ⓡ
Total	3-Month	7.8	▲	2.5	▲	5.2	▲	Ⓡ
	6-Month	14.2	▲	0.0	—	14.2	▲	Ⓡ
	9-Month	12.0	▲	1.6	▲	10.4	▲	Ⓡ
	12-Month	12.0	▲	(2.0)	▼	14.0	▲	Ⓡ
Year-End Net Variance		Ⓞ ≤100%		Ⓡ >100%				

Non-Program Expenditures

Twelve Month Results

<p>Tax Deficiencies/Write-Offs:</p> <ul style="list-style-type: none"> The unfavourable net variance realized was primarily a result of: 1) \$19.86 million unfavourable variance due to appeals posted and required provisions were more than budgeted, 2) \$2.70 million unfavourable variance from the eligibility of TIEG grants, offset by, 3) \$0.68 million favourable variance due to costs to defend the City's assessment base being less than budgeted and 4) \$0.25 million favourable variance as a result of inter-departmental administration charges being less than budgeted. 	
<p>Assessment Function (MPAC):</p> <ul style="list-style-type: none"> The unfavourable net variance of \$0.03 million was the result of MPAC fees being higher than budgeted. 	
<p>Funding Employee Related Liabilities:</p> <ul style="list-style-type: none"> The favourable net variance was due to under-spending for firefighters – surviving spouse and dependants. 	
<p>Other Corporate Expenditures:</p> <ul style="list-style-type: none"> The favourable year-end net variance was due to: <ul style="list-style-type: none"> Reversal of a liability created in 2015 for pending COLA adjustment. Under-spending in salary and benefits. The remaining amount was largely due to under-spending in various miscellaneous accounts, such as interest on tax refunds, corporate memberships, etc. The under-spending noted above was partially offset by \$3.3 million in contingency costs for the potential labour disruption earlier in the year. 	
<ul style="list-style-type: none"> As of December 31, 2016, the three positions for the OCTO were not filled. 	
<p>Insurance Premiums & Claims:</p> <ul style="list-style-type: none"> On budget. 	
<p>Parking Tag Enforcement & Operations:</p> <ul style="list-style-type: none"> Favourable gross expenditures of \$2.854 million was primarily due to savings from Parking Enforcement Officer vacancies and lower payments to the Province resulting from lower ticket issuance. 	
<ul style="list-style-type: none"> 26.0 vacancies or 6.6% below the approved complement. 	
<p>Programs Funded from Reserve Funds:</p> <ul style="list-style-type: none"> The small amount of net over-spending was due to higher than budgeted employee separation costs. 	

Twelve Month Results

<p>Vacancy Rebate Program:</p> <ul style="list-style-type: none"> The year-end favourable net variance of \$0.525 million was due to lower than budgeted rebates processed and pending to be processed. 	
<p>Heritage Property Tax Rebates:</p> <ul style="list-style-type: none"> Changes to the Heritage Rebate Program were approved by Council on July 8, 9, 10 and 11, 2014 to take effect for the 2015 tax year applications (which will be received and paid out in 2016 and later). The \$0.717 million favourable net variance was due to lower than budgeted uptake of the new program. 	
<p>Tax Rebates for Registered Charities:</p> <ul style="list-style-type: none"> On budget. 	
<p>Solid Waste Management Rebates:</p> <ul style="list-style-type: none"> The favorable net variance of \$1.610 million was realized as a result of lower than expected rebates issued during the year. 	
<p>Pandemic Influenza Stockpiling:</p> <ul style="list-style-type: none"> Unfavourable net variance was due to the write-off of relenza. 	

Non-Program Revenues

Non-Program Revenues realized a positive variance of \$148.112 million or 12.6% above the 2016 Approved Net Operating Budget for the period ended December 31, 2016.

Figure 3: Non-Program Revenues Year-End Variance Summary (1/4)

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Payments in Lieu of Taxes	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	6.0	▲	(6.0)	▼	Ⓞ
	12-Month	0.0	—	7.9	▲	(7.9)	▼	Ⓞ
Supplementary Taxes	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	(5.7)	▼	5.7	▲	Ⓜ
	9-Month	0.0	—	(1.6)	▼	1.6	▲	Ⓜ
	12-Month	0.0	—	11.3	▲	(11.3)	▼	Ⓞ
Tax Penalty Revenue	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	(0.0)	—	0.0	—	Ⓞ
	12-Month	0.0	—	2.3	▲	(2.3)	▼	Ⓞ
Interest/Investment Earnings	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	(0.0)	—	0.0	—	(0.0)	—	Ⓞ
	9-Month	0.0	—	0.1	▲	(0.1)	▼	Ⓞ
	12-Month	0.0	—	(1.5)	▼	1.5	▲	Ⓜ

Figure 4: Non-Program Revenues Year-End Variance Summary (2/4)

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Other Corporate Revenues	3-Month	0.7	▲	0.7	▲	(0.1)	▼	Ⓞ
	6-Month	0.0	—	0.2	▲	(0.2)	▼	Ⓞ
	9-Month	0.1	▲	(1.9)	▼	2.0	▲	Ⓡ
	12-Month	2.7	▲	13.1	▲	(10.4)	▼	Ⓞ
Dividend Income	3-Month	0.0	—	(4.2)	▼	4.2	▲	Ⓡ
	6-Month	0.0	—	(4.2)	▼	4.2	▲	Ⓡ
	9-Month	0.0	—	(4.2)	▼	4.2	▲	Ⓡ
	12-Month	0.0	—	(4.2)	▼	4.2	▲	Ⓡ
Provincial Revenue	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	0.0	—	0.0	—	0.0	—	Ⓞ
Municipal Land Transfer Tax	3-Month	0.0	—	17.5	▲	(17.5)	▼	Ⓞ
	6-Month	0.6	▲	55.0	▲	(54.4)	▼	Ⓞ
	9-Month	0.9	▲	106.0	▲	(105.0)	▼	Ⓞ
	12-Month	2.9	▲	117.1	▲	(114.2)	▼	Ⓞ
Third Party Sign Tax	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.5	▲	(0.5)	▼	Ⓞ
	12-Month	(0.1)	▼	0.3	▲	(0.4)	▼	Ⓞ

Figure 5: Non-Program Revenues Year-End Variance Summary (3/4)










City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Parking Authority Revenues	3-Month	0.0	—	2.3	▲	(2.3)	▼	Ⓞ
	6-Month	0.0	—	4.5	▲	(4.5)	▼	Ⓞ
	9-Month	0.0	—	3.3	▲	(3.3)	▼	Ⓞ
	12-Month	(9.4)	▼	(8.9)	▼	(0.5)	▼	Ⓞ
Administrative Support Recoveries - Water	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	0.0	—	0.0	—	0.0	—	Ⓞ
Administrative Support Recoveries - Health & EMS	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	0.0	—	0.0	—	0.0	—	Ⓞ
Parking Tag Enforcement & Operations Rev	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	12-Month	0.0	—	6.4	▲	(6.4)	▼	Ⓞ
Other Tax Revenues	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	9-Month	0.0	—	(0.0)	—	0.0	—	Ⓞ
	12-Month	0.5	▲	0.4	▲	0.1	▲	Ⓜ

Staff report for action on Operating Variance Report for the Twelve Month Period December 31, 2016







Figure 17: Non-Program Revenues Year-End Variance Summary (4/4)

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Woodbine Slots Revenues	3-Month	0.0	—	0.0	—	0.0	—	Ⓞ
	6-Month	0.0	—	0.4	▲	(0.4)	▼	Ⓞ
	9-Month	0.0	—	0.5	▲	(0.5)	▼	Ⓞ
	12-Month	0.0	—	0.5	▲	(0.5)	▼	Ⓞ
Total	3-Month	0.7	▲	16.3	▲	(15.7)	▼	Ⓞ
	6-Month	0.6	▲	50.3	▲	(49.6)	▼	Ⓞ
	9-Month	1.0	▲	108.6	▲	(107.6)	▼	Ⓞ
	12-Month	(3.4)	▲	144.7	▲	(148.1)	▼	Ⓞ
Year-End Net Variance		Ⓞ	<=100%	Ⓡ	>100%			

Non-Program Revenues

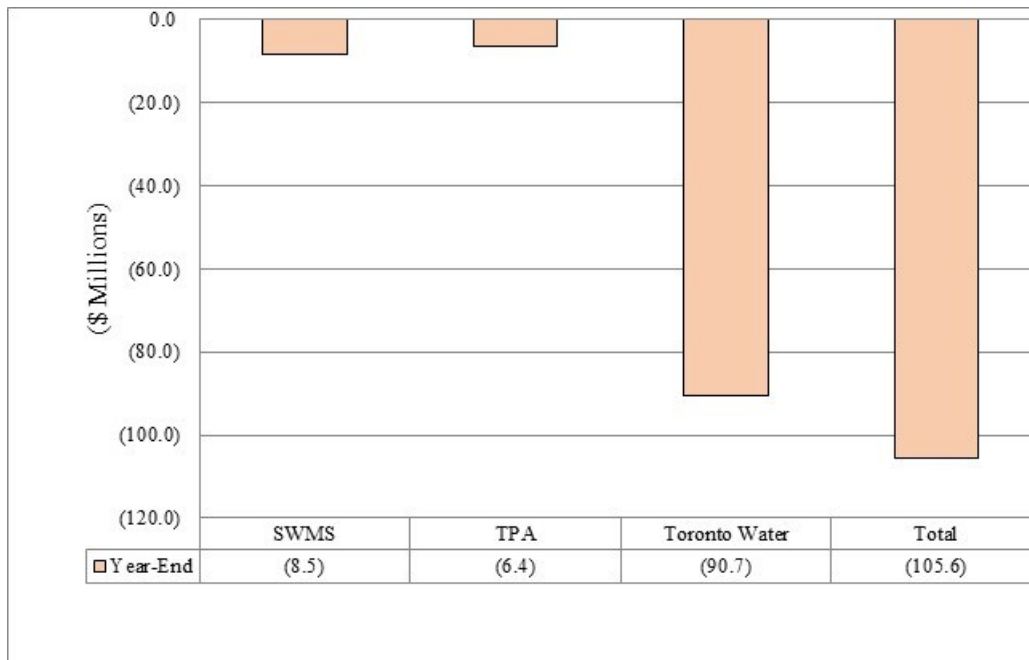
Twelve Month Results	
<p>Payments In Lieu of Taxes (PILs):</p> <ul style="list-style-type: none"> As at year-end, a \$7.8 million net favourable variance was reported, as a result of: 1) a favourable net variance of \$1.3 million was realized on assessment-based levies given that the actual 2016 assessment and rates differed from those used for budgeting purposes, 2) \$0.5 million favourable net variance from Heads and Beds levies being higher than budgeted, and 3) \$6.0 million favourable net variance from lower than budgeted appeals and other adjustments. 	
<p>Supplementary Taxes:</p> <ul style="list-style-type: none"> A favorable net variance of \$11.3 million was realized due to supplementary /omitted rolls exceeding projection. 	
<p>Tax Penalties:</p> <ul style="list-style-type: none"> The favorable net variance of \$2.3 million reported was due to higher interest charges than expected. 	
<p>Interest & Investment Earnings:</p> <ul style="list-style-type: none"> The unfavourable net variance was primarily due to lower than budgeted interest rates combined with lower interest recoveries from a new loan agreement with TCHC. 	
<p>Other Corporate Revenues:</p> <ul style="list-style-type: none"> The favourable net variance was largely the result of higher than budgeted other third party recoveries (HST and tax write-off recoveries) combined with stronger than anticipated registry and gaming revenue. 	
<p>Toronto Hydro Revenues:</p> <ul style="list-style-type: none"> The unfavourable net variance was driven by marginally lower than forecasted 2015 net income for Toronto Hydro (\$135.0 million planned versus \$126.7 million actual). The dividend revenue for 2016 is based on 2015 actual income results. 	
<p>Provincial Revenue:</p> <ul style="list-style-type: none"> On budget. 	
<p>Municipal Land Transfer Tax (MLTT):</p> <ul style="list-style-type: none"> The favourable net variance was due to higher than expected sales revenue experienced during the year. 	
<p>Third Party Sign Tax:</p> <ul style="list-style-type: none"> The positive net variance was mainly due to interest and penalties that were collected for late payments. 	

Twelve Month Results

<p>Parking Authority Revenues:</p> <ul style="list-style-type: none"> Revenues higher due to higher off-street parking revenues in downtown garages and surface carparks as a result of higher than anticipated customer volume. 	
<p>Administrative Support Recoveries – Toronto Water:</p> <ul style="list-style-type: none"> On budget. 	
<p>Administrative Support Recoveries – Health & EMS:</p> <ul style="list-style-type: none"> On budget. 	
<p>Parking Tag and Enforcement Operations:</p> <ul style="list-style-type: none"> Favourable revenue of \$6.448 million was due to increased plate denial fees. Starting 2016, municipalities were allowed to charge a plate denial fee of \$20 per parking ticket. 2.27 million tickets were issued by year-end which was slightly below the budget of 2.35 million tickets. 	
<p>Other Tax Revenues:</p> <ul style="list-style-type: none"> At year-end, an unfavourable net variance of \$0.1 million was realized, as a result of the following: 1) \$0.06 million favourable variance was due to higher than budgeted levies on Hydro properties, offset by 2) \$0.16 million unfavourable net variance resulting from appeals posted and required provisions being more than budgeted. 	
<p>Woodbine Slots Revenue:</p> <ul style="list-style-type: none"> The over-achieved net revenue of \$0.509 million was the result of higher than expected slot gaming revenue at Woodbine Slots. 	

Rate Supported Programs

Figure 18: Net Variance Summary



Rate Supported Programs reported a year-end net favourable variance of \$105.623 million. Figure 18 below summarizes the net variances for Rate Supported Programs.

Figure 19: Rate Supported Programs Year-End Variance Summary

City Program/Agency	Quarter	Year-End Results						Alert
		Gross Expenditures		Revenue		Net Variance		
		\$	trend	\$	trend	\$	trend	
Solid Waste Management Services	3-Month	(5.2)	▼	(2.6)	▼	(2.6)	▼	Ⓞ
	6-Month	(11.2)	▼	(6.2)	▼	(5.0)	▼	Ⓞ
	9-Month	(11.5)	▼	(2.4)	▼	(9.1)	▼	Ⓞ
	12-Month	(12.0)	▼	(3.5)	▼	(8.5)	▼	Ⓞ
Toronto Parking Authority	3-Month	0.0	—	3.0	▲	(3.0)	▼	Ⓞ
	6-Month	0.0	—	6.0	▲	(6.0)	▼	Ⓞ
	9-Month	2.9	▲	7.3	▲	(4.4)	▼	Ⓞ
	12-Month	2.4	▲	8.8	▲	(6.4)	▼	Ⓞ
Toronto Water	3-Month	(14.1)	▼	5.4	▲	(19.5)	▼	Ⓞ
	6-Month	(14.0)	▼	8.0	▲	(22.0)	▼	Ⓞ
	9-Month	(15.4)	▼	17.5	▲	(32.9)	▼	Ⓞ
	12-Month	(32.5)	▼	58.2	▲	(90.7)	▼	Ⓞ
Total	3-Month	(19.3)	▼	5.8	▲	(25.1)	▼	Ⓞ
	6-Month	(25.2)	▼	7.8	▲	(33.0)	▼	Ⓞ
	9-Month	(24.0)	▼	22.4	▲	(46.4)	▼	Ⓞ
	12-Month	(42.2)	▼	63.5	▲	(105.6)	▼	Ⓞ
Year-End Net Variance		Ⓞ	<=100%	Ⓜ	>100%			



Rate Supported Programs

Twelve Month Results

Solid Waste Management Services (SWMS):

- Under-expenditures totaling \$12.022 million mainly arise from a combination of salaries and benefits savings of \$5.227 million due to vacancies and lower expenditures for contracted services of \$9.245 million due to lower volumes. These savings were partially offset by adjustments for bad debts and accounts receivable. Inter-divisional charges for fleet maintenance were also overspent due to the aging fleet.
 - Contracted service under-spending includes Single Stream Recyclable Materials (SSRM), Organics (SSO), Glass, Yard and Hazardous Waste collection and processing; lower cost of hauling City waste to Green Lane as a result of lower fuel prices and delayed advertising/communications programs.
- Lower than planned net revenue of \$3.503 million was driven by lower capital recoveries of \$1.699 million due to delays in delivery of capital projects for the Long-Term Waste Management Strategy and corporate IT driven initiatives as well as lower revenue of \$7.649 million driven by lower volumes of waste, organics and recyclables collected from agencies, boards and commissions, school board haulage and tipping fees, contractor recoveries and lower commercial collection revenue due to lower volumes.
 - This was partially offset by revenue of \$5.845 million mainly from sales of recyclable materials, receipt of recyclables processing residue disposal fees, Provincial Stewardship funding for recycling, higher than planned residential collection revenue and higher transfer station tipping fee revenue due to higher tonnages.
- Combined, this results in a net under-expenditure (surplus) of \$8.519 million as of the year-end. This net surplus will be contributed to the Waste Management reserve fund to support the SWMS Capital program
- At year-end the Program is 94.0 positions below approved complement due to an on-going recruiting process which, after considering budgeted gapping, is equivalent to a 4.0% vacancy rate.
- Of this total variance, some positions are also being held vacant in order to facilitate backfilling for staff participating in the TMP (Talent Management Program).
- The Program continues to have difficulty recruiting qualified candidates for specific positions.

Twelve Month Results

<p>Toronto Parking Authority:</p> <ul style="list-style-type: none"> • Reported a net surplus of \$6.380 million as at December 31, 2016. • Lower expenditures of \$2.9 million were mainly due to lower depreciation costs as well as a deferral of maintenance work (such as fence and pavement repair work and parking equipment refurbishment). This under expenditure was offset by higher expenses for managed lots, higher than budgeted wages due to severance settlements and corporate restructuring, as well as higher property taxes since Carpark 15 (Yorkville) remained open in 2016, resulting in over expenditure of \$2.386 million. • Revenues higher by \$8.766 million due to higher off-street parking revenues in downtown garages and surface carparks as a result of higher than anticipated customer volume, as well as from the gain on sale of Carpark 650 (22 John Street). • In 2016, Toronto Dominion Bank discontinued its sponsorship of the Bike Share Program. Total operating costs of this program could not be offset by revenues generated from the program, resulting in a \$1.051 million previously unbudgeted shortfall that requires funding from the City owned reserve funds. <hr/> <ul style="list-style-type: none"> • 0.2 positions or 0.1% above approved complement. There is no budgeted gapping. 	
<p>Toronto Water:</p> <ul style="list-style-type: none"> • Reported net under-expenditure of \$90.724 million as at December 31, 2016. • Lower spending of \$32.530 million was mainly due to under-spending in salaries and benefits from vacancies, lower than anticipated demand for chemicals, electricity rates and usage, savings in parts, materials and professional and technical services, as well as lower payment in lieu of taxes as a result of property assessment adjustments. • Revenues are higher than budgeted by \$58.194 million primarily because of stronger than anticipated volume of water sold, due to a dry, hot summer, increase in new water and sewer service connections and industrial waste agreements. Other revenues and third party recoveries were also higher mainly due to incentive payouts received as a result of Toronto Water's energy efficiency initiatives and greater than expected recoveries from damaged watermains, sewers and fire hydrants. 	

Twelve Month Results

- | | |
|---|--|
| <ul style="list-style-type: none">• 129.0 positions below approved complement at year-end due to the aging workforce / retirements and extended recruitment period for certain positions such as skilled trades and certified operators. After considering budgeted gapping this equals to 4.6% operating vacancy rate.• As a result, Toronto Water has been unable to completely perform pro-active preventative maintenance resulting in emergency repairs and higher than normal overtime and repair costs.• The 2010-2020 Strategic Plan includes enhancement of recruiting strategies and development and implementation of an Enterprise Knowledge Retention Program. | |
|---|--|