

# 2020 Budget Notes

## City Council

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### What we do

Toronto City Council is the governing body for the City and is comprised of 26 members: the Mayor, elected City-wide, and 25 Councillors who are elected in each of the City's wards.

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### Why we do it

Under the City of Toronto Act (COTA), section 131, it is the role of City Council to:

- represent the public and to consider the well-being and interests of the City;
- develop and evaluate the policies and programs of the City;
- determine which services the City provides;
- ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council;
- ensure the accountability and transparency of the operations of the City, including the activities of the senior management of the City;
- maintain the financial integrity of the City; and
- carry out the duties of council under this or any other Act.

## Budget at a glance

OPERATING BUDGET			
\$Million	2020	2021	2022
Revenues	\$0.1	\$0.1	\$0.1
Gross Expenditures	\$21.9	\$22.0	\$22.0
Net Expenditures	\$21.8	\$21.8	\$21.9
Approved Positions	25.0	25.0	25.0

## RECOMMENDATIONS

1. City Council approve the 2020 Operating Budget for City Council of \$21.9 million gross and \$21.8 million net:

	Gross (\$000s)	Revenue (\$000s)	Net (\$000s)
<b>Total Budget</b>	<b>21,888.7</b>	<b>107.5</b>	<b>21,781.2</b>

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# **2020 OPERATING BUDGET**

## 2020 OPERATING BUDGET OVERVIEW

**Table 1: 2020 Operating Budget**

(\$000s)	2018 Actual	2019 Projected Actual*	2020 Base Budget	2020 New / Enhanced	2020 Rec'd Budget	Change v. 2019 Projected Actual	
By Service	\$	\$	\$	\$	\$	\$	%
<b>Revenues</b>							
City Council	2,747.0	585.2	107.5	0.0	107.5	(477.7)	(81.6%)
<b>Total Revenues</b>	2,747.0	585.2	107.5	0.0	107.5	(477.7)	(81.6%)
<b>Expenditures</b>							
City Council	24,730.3	20,856.9	21,888.7	0.0	21,888.7	1,031.8	4.9%
<b>Total Gross Expenditures</b>	24,730.3	20,856.9	21,888.7	0.0	21,888.7	1,031.8	4.9%
<b>Net Expenditures</b>	21,983.3	20,271.7	21,781.2	0.0	21,781.2	1,509.5	7.4%
<b>Approved Positions</b>	25.0	25.0	25.0		25.0	0.0	

\*2019 Projected Actual is based on Q3 2019 Variance report.

### COSTS TO MAINTAIN EXISTING SERVICES

**Total 2020 Base Budget** expenditures of \$21.9 million gross reflecting an increase of \$1.032 million in spending above 2019 projected year-end actuals, predominantly arising from:

- Spending delays in 2019 associated with the transition to 25 wards.
- Inflationary adjustments for salaries and benefits and other budget items.

**2020 OPERATING BUDGET KEY DRIVERS**

The 2020 Operating Budget for City Council is \$21.9 million gross or 4.9% higher than the 2019 Projected Actuals. Table 2 below summarizes the key cost drivers for the base budget.

**Table 2: 2020 Key Drivers – Base Budget**

Key Cost Drivers (\$000)	2018 Actuals	2019 Proj. Actuals*	2020 Rec'd Base Budget	Year over Year Changes	
				\$	%
<b>Expenditures</b>					
1 Salaries and Benefits	22,842.7	18,107.8	19,151.3	1,043.5	5.8%
2 Materials & Supplies	92.2	794.8	822.3	27.5	3.5%
3 Equipment	123.6	256.8	137.5	(119.3)	-46.4%
4 Service and Rent	1,240.1	1,407.8	1,478.5	70.7	5.0%
5 Contribution To Capital					
6 Contribution To Reserves	105.4	81.6	84.8	3.1	3.9%
7 Other Expenditures	326.4	208.1	214.3	6.3	3.0%
<b>Total Expenditures</b>	<b>24,730.3</b>	<b>20,856.9</b>	<b>21,888.7</b>	<b>1,031.8</b>	<b>4.9%</b>
<b>Revenues</b>					
1 Provincial Subsidies					
2 Federal Subsidies					
3 User Fees & Donations	5.0	0.5		(0.5)	-100.0%
4 Transfers From Capital	0.5				
5 Other Revenues	2,741.5	584.7	107.5	(477.2)	-81.6%
<b>Total Revenues</b>	<b>2,747.0</b>	<b>585.2</b>	<b>107.5</b>	<b>(477.7)</b>	<b>-81.6%</b>
<b>Net Expenditures</b>	<b>21,983.3</b>	<b>20,271.7</b>	<b>21,781.2</b>	<b>1,509.5</b>	<b>7.4%</b>

\*2019 Projected Actual is based on Q3 2019 Variance report.

**Salaries & Benefits:**

- The transition to 25 wards and the staffing envelope changes caused a delay in hiring which resulted in lower spending on Councillor staff salaries in 2019.
- Budget pressures from inflationary adjustments for Councillor salaries, benefits, and one additional working day in 2020.

**Materials & Supplies:**

- Inflationary adjustment for office budgets in accordance with Council policy.

**Equipment:**

- Budget reduction to reflect reversal of equipment requirements in 2020 for constituency offices.

**Service and Rent:**

- Budget pressure due to inflationary increases in the Council General budget, partially offset by reversal of one-time set up costs for constituency offices in 2019.

**Revenues:**

- Lower revenues is mainly due to the reversal of funding from the Council Transition Reserves for one-time constituency offices set-up costs in 2019.

**Note:**

1. For additional information on 2020 key cost drivers refer to [Appendix 1](#) for a more detailed listing and descriptions of the 2020 Changes.

**2021 & 2022 OUTLOOKS****Table 3: 2021 and 2022 Outlooks**

<b>(\$000s)</b>	<b>2019 Projected Actual*</b>	<b>2020 Rec'd Budget</b>	<b>2021 Outlook</b>	<b>2022 Outlook</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	585.2	107.5	65.0	65.0
Gross Expenditures	20,856.9	21,888.7	21,889.3	21,960.6
<b>Net Expenditures</b>	<b>20,271.7</b>	<b>21,781.2</b>	<b>21,824.3</b>	<b>21,895.6</b>
<b>Approved Positions</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>

**Key 2021 drivers****Salaries and Benefits**

- Adjustments for salaries, benefits, and working days.

**Inflationary Impact**

- Inflationary increases for Constituency Services and Office budget in accordance with Council policy.

**Revenue Changes**

- Reduction in withdrawal from Furniture & Equipment Reserve.

**Key 2022 drivers****Salaries and Benefits**

- Adjustments for salaries, benefits, and working days.

**Inflationary Impact**

- Inflationary increases for Constituency Services and Office budget in accordance with Council policy.

# APPENDICES

## Appendix 1

## 2020 Operating Budget by Expenditure Category

Category (In \$000s)	2017 Actual	2018 Actual	2019 Budget	2019 Projected Actual *	2020 Total Recommended Budget	2020 Change from 2019 Projected Actual	
	\$	\$	\$	\$	\$	\$	%
Provincial Subsidies							
Federal Subsidies							
Other Subsidies							
User Fees & Donations	12.0	5.0		0.5		(0.5)	(100.0%)
Licences & Permits Revenue							
Transfers From Capital		0.5					
Contribution From Reserves/Reserve Funds	272.0	2,644.5	540.2	539.6	107.5	(432.1)	(80.1%)
Sundry and Other Revenues	157.3	89.8	45.0	45.1		(45.1)	(100.0%)
Inter-Divisional Recoveries	0.8	7.3					
<b>Total Revenues</b>	<b>442.1</b>	<b>2,747.0</b>	<b>585.2</b>	<b>585.2</b>	<b>107.5</b>	<b>(477.7)</b>	<b>(81.6%)</b>
Salaries and Benefits	18,992.7	22,842.7	19,107.8	18,107.8	19,151.3	1,043.5	5.8%
Materials & Supplies	89.4	92.2	794.8	794.8	822.3	27.5	3.5%
Equipment	203.0	123.6	256.8	256.8	137.5	(119.3)	(46.4%)
Service and Rent	1,241.7	1,240.1	1,709.4	1,407.8	1,478.5	70.7	5.0%
Contribution To Capital							
Contribution To Reserves/Reserve Funds	103.6	105.4	81.6	81.6	84.8	3.1	3.9%
Other Expenditures	1.6	3.4		1.6		(1.6)	(100.0%)
Inter-Divisional Charges	323.1	323.0	206.5	206.5	214.3	7.9	3.8%
<b>Total Gross Expenditures</b>	<b>20,955.0</b>	<b>24,730.3</b>	<b>22,156.9</b>	<b>20,856.9</b>	<b>21,888.7</b>	<b>1,031.8</b>	<b>4.9%</b>
<b>Net Expenditures</b>	<b>20,512.9</b>	<b>21,983.3</b>	<b>21,571.7</b>	<b>20,271.7</b>	<b>21,781.2</b>	<b>1,509.5</b>	<b>7.4%</b>
<b>Approved Positions</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>		

\* Year-End Projection Based on Q3 2019 Variance Report

## **Appendix 2**

### **Summary of 2020 Service Changes**

N/A

## **Appendix 3**

### **Summary of 2020 New / Enhanced Service Priorities Included in Budget**

N/A

## **Appendix 4**

### **Summary of 2020 New / Enhanced Service Priorities Not Included in Budget**

N/A

## **Appendix 5**

### **2020 Capital Budget; 2021 - 2029 Capital Plan Including Carry Forward Funding**

N/A

## **Appendix 6**

### **Reporting on Major Capital Projects: Status Update**

N/A

## **Appendix 7**

### **Summary of Capital Needs Constraints**

N/A

## **Appendix 8**

### **2020 User Fee Changes (Excludes User Fees Adjusted for Inflation)**

N/A

## Appendix 9

### Inflows and Outflows to/from Reserves and Reserve Funds 2020 Operating Budget

#### Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2019 *	Withdrawals (-) / Contributions (+)		
			2020	2021	2022
		\$	\$	\$	\$
<b>Beginning Balance</b>		1,834.6	1,659.4	2,859.4	2,859.4
Council Transition Reserve	XQ0010				
<i>Withdrawals (-)</i>		(475.2)			(2,400.0)
<i>Contributions (+)</i>		300.0	1,200.0		
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>1,659.4</b>	<b>2,859.4</b>	<b>2,859.4</b>	<b>459.4</b>
<b>Balance at Year-End</b>		<b>1,659.4</b>	<b>2,859.4</b>	<b>2,859.4</b>	<b>459.4</b>

\* Based on 9-month 2019 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2019 *	Withdrawals (-) / Contributions (+)		
			2020	2021	2022
		\$	\$	\$	\$
<b>Beginning Balance</b>		189.8	174.8	167.3	102.3
Council Furniture and Equipment Reserve	XQ0009				
<i>Withdrawals (-)</i>		(65.0)	(107.5)	(65.0)	(65.0)
<i>Contributions (+)</i>		50.0	100.0		
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>174.8</b>	<b>167.3</b>	<b>102.3</b>	<b>37.3</b>
<b>Balance at Year-End</b>		<b>174.8</b>	<b>167.3</b>	<b>102.3</b>	<b>37.3</b>

\* Based on 9-month 2019 Reserve Fund Variance Report

#### Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2019 *	Withdrawals (-) / Contributions (+)		
			2020	2021	2022
		\$	\$	\$	\$
<b>Beginning Balance</b>		34,554.0	29,462.4	26,435.5	23,283.0
Insurance Reserve Fund	XR1010				
<i>Withdrawals (-)</i>		(66,999.7)	(65,835.2)	(65,966.2)	(65,970.8)
<i>Contributions (+)</i>					
<i>Other Division/Agency Contributions</i>		61,908.1	62,808.3	62,813.7	62,823.0
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>29,462.4</b>	<b>26,435.5</b>	<b>23,283.0</b>	<b>20,135.1</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>29,462.4</b>	<b>26,435.5</b>	<b>23,283.0</b>	<b>20,135.1</b>

\* Based on 9-month 2019 Reserve Fund Variance Report

## Appendix 10

### Glossary of Terms

**Approved Position:** Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

**Actuals:** An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

**Complement:** Positions that support the delivery of City services and service levels as approved by Council.

**Operating Budget:** An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

**Recommended Operating Budget:** An operating budget recommended to City Council for consideration and approval.