

2024 Budget Notes

Office of the Controller

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Description

We provide effective financial and employee services to City Programs, Agencies and Corporations by establishing a robust internal control system with relevant processes and procedures to safeguard City assets; systematic and comprehensive recording of financial transactions following public sector accounting standards, along with timely and accurate reporting of financial information; accurate and efficient pension, payroll and benefit services and procurement and materials management services that meet the needs of City Divisions; and providing leadership in revenue billing and collection services. We also are the lead organization for the Financial Systems Transformation Project, a multi-year enterprise-wide financial transformation, which includes standardizing finance processes, modernizing the finance service operating model, and streamlining the underlying financial platform to ensure consistent access to timely financial information in an efficient and effective system.

Why We Do It

The purpose is to safeguard the City's assets, through a strong internal control framework, and to manage City resources effectively, efficiently and economically. The following outcomes contribute to this purpose:

- City Divisions and Council have access to accurate, compliant, relevant and complete financial information through an up-to-date financial system.
- City revenues are sustained through timely, accurate, reliable and flexible billing and collection for property taxes, water and sewer services, solid waste collection, parking tickets, Municipal Land Transfer Tax, Municipal Accommodation Tax and Vacant Home Tax.
- Toronto residents and businesses have access to reliable, secure and convenient payment options.
- Procurement of goods and services is accessible, timely and consistent for City services and suppliers, which enables City Divisions to deliver services as planned.
- Suppliers receive accurate and timely payments for the goods and/or services they provide the City.
- City employees and pensioners receive timely and accurate regular payments and benefits.
- City benefits are financially sustainable and meet the physical and mental health needs of employees.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

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What Service We Provide

Accounting Services

Who We Serve: City Divisions, Agencies and Corporations, Users, including City Council, of the City’s consolidated financial statements and Annual Financial Report.

What We Deliver: Sound accounting, commodity tax and Payment Card Industry (PCI) compliance policy and advice, Commodity Tax and Financial System support, Payment processing, timely financial and management reporting.

How Much Resources (gross 2024 operating budget): \$12.5 million

Pension, Payroll and Employee Benefits (PPEB)

Who We Serve: Elected Officials, City of Toronto Staff and Retirees, OMERS Pension Boards & Committees

What We Deliver: Payroll, employee benefits and pension services to City of Toronto employees and pensioners in an accurate, efficient, and timely manner.

How Much Resources (gross 2024 operating budget): \$19.4 million

Purchasing and Materials Management (PMMD)

Who We Serve: City Divisions, Agencies and Corporations, Suppliers

What We Deliver: Procurement of goods and services in excess of \$3 billion annually, with a focus on suppliers who support equitable and environmental outcomes.

How Much Resources (gross 2024 operating budget): \$20.3 million

Revenue Services

Who We Serve: Property Owners, Registered Utility Account Holder, Parking Ticket Recipients, Hotel and Short-Term Rental Operators, Development community, Staff - City Divisions, Business Improvement Area members.

What We Deliver: Property Tax & Utility Billing; Municipal Land Transfer Tax; Municipal Accommodation Tax (Hotel and Short-Term Rentals), Vacant Home Tax, Small Business Property Tax Subclass, Parking Ticket Operations; Development Charges and Community Benefits Charges, Customer Services; Revenue Accounting & Collection.

How Much Resources (gross 2024 operating budget): \$40.5 million

Financial Systems Transformation and Financial Control and Process Improvement

Who We Serve: City Divisions, Agencies and Corporations

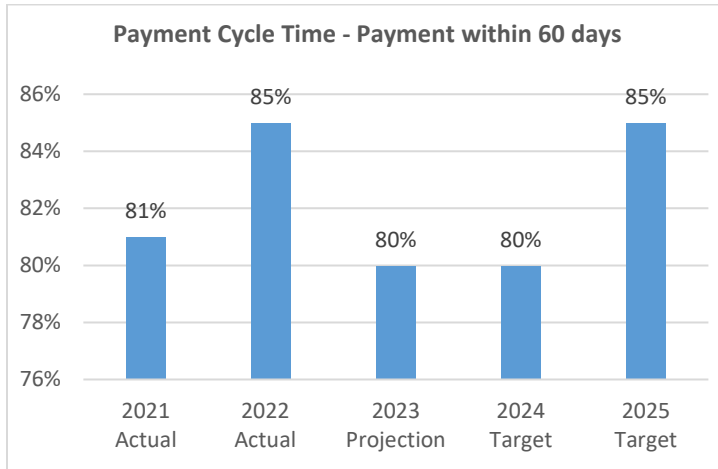
What We Deliver: Financial systems transformation, process improvement, financial control and policy review and renewal.

How Much Resources (gross 2024 operating budget): \$15.4 million

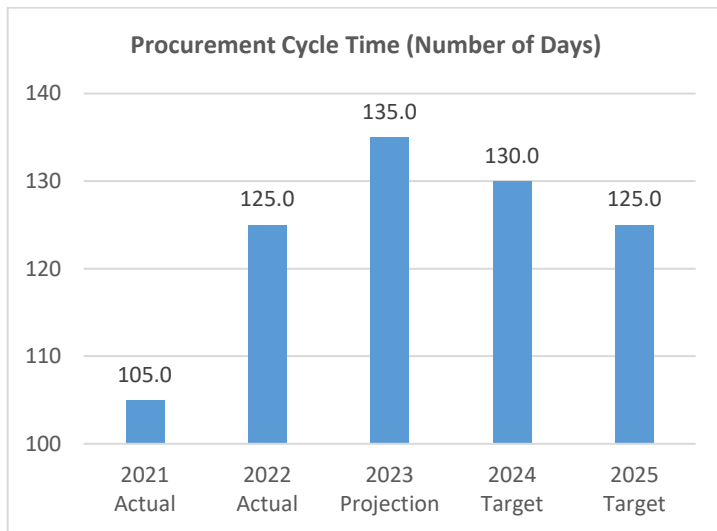
Budget at a Glance

2024 OPERATING BUDGET				2024 - 2033 10-YEAR CAPITAL PLAN			
\$Million	2024	2025	2026	\$Million	2024	2025-2033	Total
Revenues	\$62.6	\$60.1	\$46.4	Gross Expenditures	\$74.9	\$59.6	\$134.5
Gross Expenditures	\$108.1	\$114.4	\$104.1	Debt	\$40.0	\$55.7	\$95.7
Net Expenditures	\$45.5	\$54.3	\$57.7	Note: Includes 2023 carry forward funding			
Approved Positions	837.0	816.0	711.0				

How Well We Are Doing – Behind the Numbers

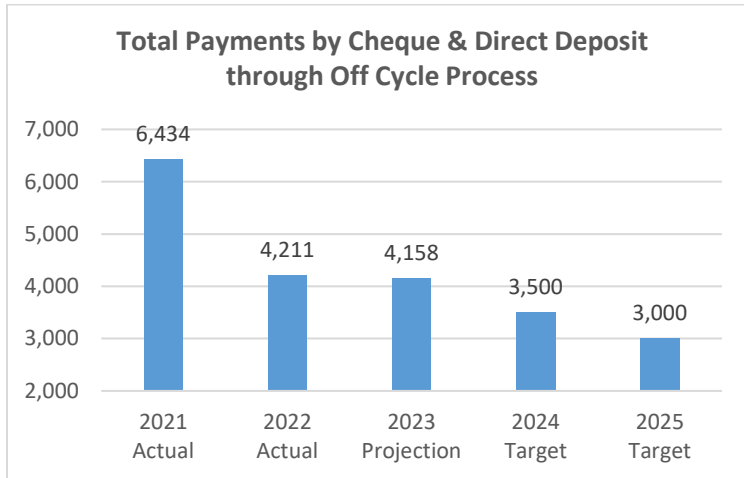


- Timely and accurate payment processing is an organizational responsibility and requires collaboration between suppliers, Divisions receiving goods and services, and managing contracts and Accounts Payable payment processing activities. Accounting Services continues to work with suppliers and Divisions to ensure that invoices are received and that internal processes allow for timely and accurate payments.
- This work includes ensuring invoices submitted have met the requirements of a complete 3-way match between order, receipt and invoice before payment can be made. As such, efforts continue within the Accounts Payable Unit and our partnership with Divisions to move towards the target for 2025 and beyond.

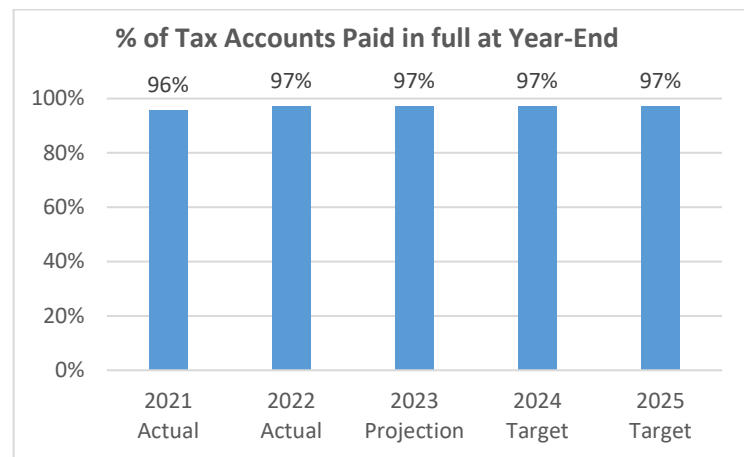


- Procurement cycle time is the time it takes to complete a procurement on average, from initiation of the procurement with PMMD until a purchasing document is issued. In 2022, the average procurement cycle time increased to 125 working days from 105 days in 2021, primarily due to an 18.6-day increase in the Average Number of Days from Bidding End Date to Approve Award Package Date. Efficiencies in the ARIBA Sourcing Module workflow reduced the Average Closing Date and Date the Summary is sent to Client Division from 4.9 days in 2021 to 1 day in 2022. PMMD, in collaboration with City Divisions, is actively working to reduce procurement cycle times, with targets set at 130 days in 2024 and 125 days in 2025. The implementation of ARIBA Contract Management, Supplier Lifecycle Performance, and Buying & Invoicing modules, along with continued collaboration with Divisions, is expected to contribute to these improvements.

How Well We Are Doing – Behind the Numbers



- The off-cycle payment process, commonly known as “cutting a cheque”, involves making ad-hoc payments to employees outside regular payroll schedule, due to delays and errors in time and attendance reporting.
- Despite earlier projection anticipating a significant decrease in off-cycle payments, corporate initiatives and resourcing challenges led to delays in time and attendance reporting. Pension, Payroll & Employee Benefits (PPEB) aims to onboard more Divisions to enterprise time and attendance system in 2024 and 2025, thereby improving reporting accuracy and timeline while reducing off-cycle payments.



- The percentage of tax accounts paid in full each year did experience a small reduction since 2019 as a direct result of economic pressures from COVID-19, but have since recovered with resumed collection processes.

How Well We Are Doing

Service	Measure	2021 Actual	2022 Actual	2023 Target	2023 Projection	Status	2024 Target	2025 Target
Outcome Measures								
Financial Reporting	Timely reporting of the City's consolidated, Sinking Fund and Consolidated Trust Fund statements to Committee and Council	June 30	June 30	June 30	June 30	●	June 30	June 30
Accounting Policy and Advice	Development and publication of accounting policies and training support	No policies completed	Two policies completed	Two policies before year end	Two policies before year end	●	Two policies before year end	Two policies before year end
3 rd Party Payroll Payments & Compliance	Provide accurate 3rd party payments by due date 100% of the time with 100% accuracy.	100%	100%	100%	100%	●	100%	100%
Employee Benefits & OMERS Pension Administration	Provide accurate benefit plans to full time active employees and retirees.	100%	100%	100%	100%	●	100%	100%
Benefit & Pension 3 rd Party Payments & Compliance	Provide accurate 3rd party payments on time by due date 100% of the time with 100% accuracy.	100%	100%	100%	100%	●	100%	100%

2023 Projection to 2023 Target Comparison

● 100% (MET TARGET) ● 70 - 99% (LOW RISK) ● 69% and Under (REQUIRES ATTENTION)

Service	Measure	2021 Actual	2022 Actual	2023 Target	2023 Projection	Status	2024 Target	2025 Target
Outcome Measures								
Procurement	# of days from the Requisition date to the Purchase Order/Blanket Contract Date	105	125	105	135	●	130	125
Category Management & Strategic Sourcing	Strategic Sourcing Benefits (\$ million)	Phase II \$17.4M	\$95.6M	\$40M	\$111.3M	●	\$40M	\$40M
City revenues are sustained through timely, accurate, reliable and flexible billing and collection for property taxes, water and sewer services, solid waste collection, parking tickets, Municipal Land Transfer Tax, Municipal Accommodation Tax and Vacant Home Tax	% of tax accounts paid in full at year-end	96%	97%	97%	97%	●	97%	97%
Toronto residents & businesses have access to reliable, secure & convenient payment options	% Electronic Payments (Tax, Utility & Parking Tickets)	96.2%	97.0%	97.0%	97.0%	●	97.0%	97.0%

2023 Projection to 2023 Target Comparison
 ● 100% (MET TARGET) ● 70 - 99% (LOW RISK) ● 69% and Under (REQUIRES ATTENTION)

Service	Measure	2021 Actual	2022 Actual	2023 Target	2023 Projection	Status	2024 Target	2025 Target
Service Level Measures								
Accounting Reconciliation	100% completion of monthly bank reconciliations 45 days after month end	100%	100%	100%	100%	●	100%	100%
Payment Card Industry (PCI) Organizational Compliance	Compliance of City to PCI standards by anniversary date	Deferred	Achieved	Achieved	Achieved	●	Achieved	Achieved
Payment Processing	80% of invoice payments are made in 60 days	81%	85%	80%	80%	●	80%	85%
Pension Deduction & 3rd Party Compliance	Meet all regulatory filing requirements by prescribed dates.	100%	100%	100%	100%	●	100%	100%
Pension Reporting	File financial statements by prescribed date (June 30).	100%	100%	100%	100%	●	100%	100%
Materials Management Stores & Distribution	Material requests issued and delivered within 5 business days (or 7 calendar days)	80%	89%	95%	90%	●	95%	95%
Other Measures								
Materials Management Stores & Distribution	Inventory Turnaround: Turn of inventory value at a rate of 4.25 times per year	4.1	4.1	4.5	4.5	●	4.5	4.5

2023 Projection to 2023 Target Comparison
 ● 100% (MET TARGET) ● 70 - 99% (LOW RISK) ● 69% and Under (REQUIRES ATTENTION)

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- Accounting Services Division developed and operationalized a new corporate policy on Asset Retirement Obligations and related ELI training module for City staff.
- Accounting Services Division successfully led a City-wide initiative to recertify the City PCI compliance requirements in collaboration with Technology Services Division and the Office of the Chief Information Security Officer.
- The Financial Systems Transformation Program (FSTP) team has successfully completed the Design Phase. The Build Phase was initiated in October 2022 and will extend through the end of 2024. This phase involves implementing redesigned business processes as the blueprint for the new SAP S4/HANA financial system.
- Revenue Services Division, in collaboration with Technology Services Division, launched an interactive Vacant Home Tax online portal. This portal facilitated over 820,000 status declarations, processed 47,000 assessment notices, and contributed to an annual revenue of approximately \$55 million.
- Revenue Services Division successfully developed and launched the new Small Business Property Tax subclass for over 29,000 properties which provides a 15% reduction in the municipal tax rate for eligible small business properties, with the Province of Ontario matching a 15% reduction in the provincial education portion of property taxes.
- Revenue Services Division, with Technology Services Division, launched new digital services: property tax and utility E-billing, plus online enrollment for pre-authorized utility payments on MyToronto Pay.
- Pension, Payroll & Employee Benefits Division successfully negotiated Request for Proposals and awarded contracts for the provision of administrative and underwriting services for employee benefit programs to Green Shield, Manulife and TELUS Health, securing approximately \$5.3 million (net of HST recoveries) in estimated savings for the 2024 budget year with a 5-year guaranteed rate for health and dental. Additionally, a comprehensive Employee Assistance Program (EAP) was launched to provide counselling and family assistance across the organization.
- Pension, Payroll & Employee Benefits Division successfully completed a dependent benefits verification based on audit recommendations, leading to a 3% voluntary removal of non-eligible dependents. This initiative enhances the financial sustainability and efficiency of the City's benefits program.
- Pension, Payroll & Employee Benefits Division successfully implemented the Fire Pay Harmonization initiative, ensuring Fire Services employees are accurately compensated for their service hours. The project will reduce processing time, work effort hours, off-cycle variances, and eliminate paper pay statements.
- Purchasing and Materials Management Division's Fair Wage Office, with Legal Services Division, compiled compelling evidence to defend the City's Fair Wage decision. Despite a Judicial Review, a panel of three judges recognized the Fair Wage Office's specialized and fact-driven approach, upholding their decision.
- Purchasing and Materials Management Division's Category Management & Strategic Sourcing team completed 14 strategic and very complex sourcing initiatives which delivered over \$111 million in financial benefits to the City.
- Purchasing and Materials Management Division's Policy and Program Planning Unit successfully completed the first phase of a review of the Toronto Municipal Code, Chapter 195, Purchasing by-law.

Key Challenges and Risks

Fiscal and Technology Challenges

- Overall fiscal constraints experienced by the City including an underfunded operating model for procurement has resulted in reduced or deferred investment in staff capacity to meet increasing demand for services including procurement activities with Divisions, payroll, pension and benefits, proper accounting support and advice to Divisions.
- Pension, Payroll and Employee Benefits Division will continue to experience challenges with delivering timely pension, payroll and benefits information to 44,000 employees due to technology constraints (CRM and telephony tools).
- Difficulty in attracting qualified candidates reflecting a competitive labour market for top talents.

Compliance

- Implementation challenges during the adoption period of new and significant accounting standards to prevent compliance risk require broad and ongoing organization support.

- Ensuring PCI compliance is crucial to preventing penalties and actions from card brands: implementing new PCI standards by the 2024 audit is imperative.

Modernization

- Increased demand for automation, self-serve options and access via internet, social media and continuing demand from an aging customer base to maintain services via traditional in-person, counter operation.
- Maintenance of two legacy systems of human resources information (SAP and SuccessFactors) requires continuous synchronization to preserve data integrity, impacting modernization and efficiency.

Priority Actions

Policy and Program Requirements

- Deliver under the City's Long-Term Financial Plan
 - a new tier/graduated Municipal Land Transfer Tax (MLTT) structure for residential property sale transactions due on registration;
 - a new non-resident sales tax within MLTT registration/sale process; and
 - a new tax framework and implementation plan for the proposed commercial parking spot levy.
- Review and refine program criteria for the new Commercial Small Business Tax (sub-class), assess and evaluate how to incorporate strip mall properties within the new sub-class.
- Develop the Social and Sustainable Procurement Policy and Indigenous Procurement Policy in the Purchasing and Materials Management Division.
- Continue to implement new accounting standards and financial reporting requirements set by the Public Sector Accounting Board.

Modernization

- The Office of the Controller will continue to integrate divisional sub-systems into SAP S4/HANA as part of FSTP.
- Continue to implement a new procurement operating model and to fill vacant roles within Purchasing and Materials Management Division to help improve operational efficiency and service quality.
- Re-design and align Purchasing and Materials Management Division's Ariba Buying & Invoicing Project to the SAP S4/HANA implementation and approved business processes.
- Implement process innovation for the City's front-end invoice payment processing processes.
- Continue the modernization efforts required to transition Pension, Payroll & Employee Benefits Division from a back-office administrator to an enterprise enabler. Focus will be placed on realizing operational efficiencies and technology enhancements for TEAM Central, as well as progress towards implementing an enterprise time, attendance, and scheduling software to streamline end-to-end processes and optimize user experience through the E-Scheduling project.
- Plan for the transition to a new enterprise payroll application to ensure seamless continuity of enterprise operations as the legacy payroll application, SAP Enterprise Core Component (ECC), is near end of life.

Enhanced Digital Accessibility

- Update the Vacant Home Tax online portal to provide 24/7 public access to look up VHT declaration or notice of complaint status and launch a comprehensive media campaign to promote property owner awareness of the VHT program and the annual declaration requirement.
- Expand digital service options to allow online enrollment of pre-authorized tax payments through MyToronto Pay platform.
- Migrate the current parking ticket management and reporting systems to a new scalable platform to allow for new online products and services and efficiency improvements, as well as incorporate new functionality for Red Light Camera and Automated Speed Enforcement offences. Continue the deployment of Employee Self-Serve portal (ESS) across the organization to enhance user experience and satisfaction.

CITY STAFF PREPARED BUDGET

The City Manager and Chief Financial Officer and Treasurer have prepared the following budget:

1. The 2024 Operating Budget for Office of the Controller of \$108.069 million gross, \$62.571 million revenue and \$45.498 million net for the following services:

Service:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Controller	\$13,829.4	\$13,163.2	\$666.3
Financial Control Process Improvement	\$1,565.0	\$0.0	\$1,565.0
Accounting Services	\$12,451.4	\$2,242.0	\$10,209.4
Pension, Payroll & Employee Benefits	\$19,370.8	\$4,001.6	\$15,369.2
Purchasing & Materials Management	\$20,323.7	\$4,833.4	\$15,490.3
Revenue Services	\$40,528.2	\$38,330.7	\$2,197.5
Total Program Budget	\$108,068.5	\$62,570.8	\$45,497.7

- The 2024 staff complement for Office of the Controller of 837.0 positions comprised of 135.0 capital positions and 702.0 operating positions.
2. The 2024 Capital Budget for Office of the Controller with cash flows and future year commitments totaling \$123.594 million as detailed by project in [Appendix 5a](#).
 3. The 2025-2033 Capital Plan for Office of the Controller totalling \$10.950 million in project estimates as detailed by project in [Appendix 5b](#).

2024 OPERATING BUDGET

2024 OPERATING BUDGET OVERVIEW

Table 1: 2024 Operating Budget by Service

(In \$000s)	2022 Actual	2023 Budget	2023 Projection*	2023 Budget excl COVID	2024 Base Budget	2024 New / Enhanced	2024 Budget	Change v. 2023 Budget excl COVID	
By Service	\$	\$	\$	\$	\$	\$	\$	\$	%
Revenues									
Controllership	3,023.8	11,497.2	7,246.8	11,497.2	13,090.3	72.9	13,163.2	1,666.0	14.5%
Financial Control & Process Improvement									N/A
Pension, Payroll & Employee Benefits	2,077.3	4,586.9	3,115.7	4,586.9	4,001.6		4,001.6	(585.3)	(12.8%)
Purchasing & Materials Management	3,167.1	4,363.4	3,995.0	4,363.4	4,833.4		4,833.4	470.0	10.8%
Accounting Services Division	1,487.9	2,006.2	2,008.4	2,006.2	2,006.2	235.7	2,242.0	235.7	11.8%
Revenue Services	30,859.8	34,668.0	31,271.4	34,668.0	37,480.7	850.0	38,330.7	3,662.7	10.6%
Total Revenues	40,615.9	57,121.7	47,637.4	57,121.7	61,412.2	1,158.6	62,570.8	5,449.1	9.5%
Expenditures									
Controllership	4,177.0	12,212.6	8,300.9	12,212.6	13,756.6	72.9	13,829.4	1,616.8	13.2%
Financial Control & Process Improvement	786.3	1,565.0	1,275.4	1,565.0	1,565.0		1,565.0	0.0	0.0%
Pension, Payroll & Employee Benefits	15,555.3	20,023.6	18,884.1	20,023.6	19,370.8		19,370.8	(652.8)	(3.3%)
Purchasing & Materials Management	16,394.2	19,047.8	16,717.7	19,047.8	20,323.7		20,323.7	1,275.8	6.7%
Accounting Services Division	8,683.0	12,162.0	10,231.8	12,162.0	12,215.7	235.7	12,451.4	289.4	2.4%
Revenue Services	29,402.3	35,835.4	30,629.4	35,835.4	40,528.2		40,528.2	4,692.9	13.1%
Total Gross Expenditures	74,998.1	100,846.4	86,039.5	100,846.4	107,759.9	308.6	108,068.5	7,222.1	7.2%
Net Expenditures	34,382.1	43,724.7	38,402.1	43,724.7	46,347.7	(850.0)	45,497.7	1,773.0	4.1%
Approved Positions**	729.0	812.0	N/A	812.0	835.0	2.0	837.0	N/A	N/A

* 2023 Projection based on 9 Month Variance
 **YoY comparison based on approved positions

KEY DRIVERS

Total 2024 Budget expenditures of \$108.069 million gross reflects an increase of \$7.222 million in spending above 2023 budget, predominantly arising from:

- Increased salaries and benefits due to inflationary impacts and two extra payroll days in 2024, annualization of positions added in 2023 and vacancies filled in 2024, partially offset by anticipated challenges in hiring and staffing re-alignment (\$1.647 million);
- Increased temporary staff capacity to deliver capital projects (\$1.918 million), fully recoverable from Capital budget;
- Increased expenditures due to expansion of Administrative Penalty System (APS) for offenses from the Red Light Camera and Automated Speed Enforcement programs (\$1.979 million) (expenditures are fully offset by APS revenues budgeted in Court Services); and
- Increased expenditures for online bill payment platform service fees (\$1.700 million).

EQUITY IMPACTS OF BUDGET CHANGES

The Office of the Controller has implemented the following key programs with **medium positive equity impacts**: The Social Procurement Program, active since 2017, has facilitated over \$19 million in spending with diverse suppliers, directly and through subcontracts, and has resulted in over 90 new jobs being created on City projects for Indigenous, Black, and Equity-Deserving communities. The Property Tax Relief Program, running since 2015, provided \$7.9 million in relief to over 8,000 households in 2022, supporting seniors and individuals with low incomes and disabilities. In 2023, the Small Business Property Tax Subclass Program offered substantial tax relief of up to 15% (approximately \$31.5 million) to approximately 29,000 eligible commercial properties occupied by small businesses, fostering economic growth in targeted areas (i.e. downtown and central waterfront, growth centres, Main Street) and throughout the City while proceeds from the Vacant Home Tax recently introduced in 2022 are used to support affordable housing initiatives such as the Multi-Unit Residential Acquisition (MURA) Program. Collectively, these initiatives underscore the City’s commitment to economic inclusivity, job creation, and essential support for marginalized groups, ensuring a more equitable and vibrant Toronto.

2024 OPERATING BUDGET KEY COST DRIVERS

The 2024 Net Operating Budget for the Office of the Controller of \$45.498 million is \$1.773 million or 4.1% greater than the 2023 Net Budget. Table 2 below summarizes the key cost drivers for the 2024 Budget.

Table 2: 2024 Key Cost Drivers

(In \$000s)	2024				2025 Annualized impact (Net)
	Revenues	Gross	Net	Positions**	
2023 Budget	57,121.7	100,846.4	43,724.7	812.0	N/A
2023 Projection*	47,637.4	86,039.5	38,402.1	N/A	N/A
2023 Budget (excl. COVID)	57,121.7	100,846.4	43,724.7	812.0	N/A
Key Cost Drivers:					
Impacts of Capital Projects					
Delivery of ongoing capital projects	1,815.2	1,715.0	(100.3)	11.3	(0.2)
Salary & Benefits					
Inflationary Salaries & Benefits and extra payroll days		4,737.2	4,737.2	(0.3)	508.7
Union COLA and step increase		810.5	810.5		
Annualization of positions budgeted part-year 2023		408.0	408.0		
Revenue Changes					
User Fees - Inflationary and above-CPI adjustments	2,124.0		(2,124.0)		(477.4)
Incremental VHT revenues due to volume increase for outstanding tax statement	215.4		(215.4)		(5.0)
Other Changes					
APS expansion to RLC and ASE		1,978.6	1,978.6	13.0	4,432.0
Online bill payment platform service fees		1,700.0	1,700.0		150.0
Other Miscellaneous Changes	135.9	65.2	(70.7)	1.0	(311.2)
New and Enhanced					
New VHT fee for failure to declare occupancy status	850.0		(850.0)		170.0
Process Innovation Project	308.6	308.6		2.0	235.8
Sub-Total - Key Cost Drivers	5,449.1	11,723.1	6,274.0	27.0	4,702.8
Affordability Measures:					
Salary and Benefit adjustment		(4,140.0)	(4,140.0)		4,123.5
Staffing re-alignment		(274.3)	(274.3)	(2.0)	(0.5)
Line-by-Line Review		(86.7)	(86.7)		
Sub-Total - Affordability Measures		(4,501.0)	(4,501.0)	(2.0)	4,123.0
Total 2024 Budget	62,570.8	108,068.5	45,497.7	837.0	8,825.9
Change from 2023 Budget (excl. COVID) (\$)	5,449.1	7,222.1	1,773.0	N/A	N/A
Change from 2023 Budget (excl. COVID) (%)	9.5%	7.2%	4.1%	N/A	N/A

*Based on 9 Month Variance

**YoY comparison based on approved positions

Key Base Drivers:

Impacts of Capital Projects:

- Increase in temporary staff complement of 11.3 positions and capacity to deliver capital projects including *Financial Systems Transformation*, fully recoverable from capital budget.

Salaries & Benefits:

- Increased salaries and benefits due to cost-of-living adjustments and two extra payroll days in 2024, annualization of various positions added in 2023 for PMMD and PPEB to advance creation of Sustainable Procurement policy and the establishment of a new Executive Service unit respectively, and vacancies filled in 2024.

Revenue Changes:

- Inflationary and above-CPI adjustments to user fees, and volume-related revenue increase for Vacant Home Tax.

Other Changes:

- Added staff complement of 13.0 permanent positions to support the expansion of Administrative Penalty System (APS) for offenses associated with Red Light Camera (RLC) and Automated Speed Enforcement (ASE) (expenditures fully offset by APS revenues budgeted in Court Services), and online bill payment platform service fees.

New and Enhanced:

- New user fee revenue related to introduction of new Vacant Home Tax (VHT) fee for failing to declare occupancy status by due date effective January 1, 2024 ([2023.EX8.7](#));
- Implementation of “*Process Innovation*” capital project to improve the City’s front-end payment processing processes.

Affordability Measures:

Table 3: Offsets and Efficiencies

(\$000s)									
Recommendation	Savings Type	Equity Impact	2024				2025 (Incremental)		
			Revenue	Gross	Net	Positions	Gross	Net	Positions
Salary and Benefit adjustment	Base Savings	No Impact	(4,140.0)	(4,140.0)			4,123.5	4,123.5	
Staffing re-alignment	Base Savings	No Impact	(274.3)	(274.3)	(2.0)		(0.5)	(0.5)	
Align expenses to expected actuals	Line-by-Line Review	No Impact	(86.7)	(86.7)					
Total Affordability Measures			(4,501.0)	(4,501.0)	(2.0)		4,123.0	4,123.0	

- **Salary and Benefit adjustment** – Align the budget with actual experience/anticipated hiring plans that result in less than full year salaries and benefits budget.
- **Staffing re-alignment** – Reduction of 2.0 staff complement through re-alignment of staff responsibilities.
- **Line-by-Line Review** – Align non-salary expenses to expected actuals upon review of base expenditures.

New and Enhanced Service Priorities:

Table 4: New / Enhanced Requests

New / Enhanced Request	2024				2025 Annualized Gross	Equity Impact	Supports Key Outcome / Priority Actions
	Revenue	Gross	Net	Positions			
In \$ Thousands							
1 New User Fee - Notice of Failure to Declare VHT Status	850.0		(850.0)			Low - Positive	The goal of the City's Vacant Home Tax is to increase the supply of housing by discouraging owners from leaving their residential properties unoccupied, and to reinvest revenues gained into affordable housing initiatives.
2 Process Innovation Project	308.6	308.6		2.0	465.3	None	The Process Innovation Project aligns with the City's Financial Sustainability Program by modernizing the invoice payment process.
Total New / Enhanced	1,158.6	308.6	(850.0)	2.0	465.3		

Note:

- For additional information on 2024 New and Enhanced Service Priorities, please refer to [Appendix 3](#).

2025 & 2026 OUTLOOKS**Table 5: 2025 and 2026 Outlooks**

(\$000s)	2024 Budget	2025 Incremental Outlook	2026 Incremental Outlook
Revenues			
Recovery from Capital		(2,470.6)	(14,395.2)
Other Revenues		(25.2)	682.4
Total Revenues	62,570.8	(2,495.9)	(13,712.8)
Gross Expenditures			
Completion of capital projects		(2,470.6)	(14,395.2)
Filling of vacancies		4,123.5	
APS Expansion into RCL and ASE		4,432.0	3,829.6
Other Expenditures		245.1	264.0
Total Gross Expenditures	108,068.5	6,330.0	(10,301.6)
Net Expenditures	45,497.7	8,825.9	3,411.2
Approved Positions	837.0	(21.0)	(105.0)

Key Outlook Drivers

The 2025 Outlook with total gross expenditures of \$114.399 million reflects an anticipated \$6.330 million or 5.9% increase in gross expenditures above the 2024 Operating Budget. The 2026 Outlook expects a decrease of \$10.302 million or 9.0% below 2025 gross expenditures.

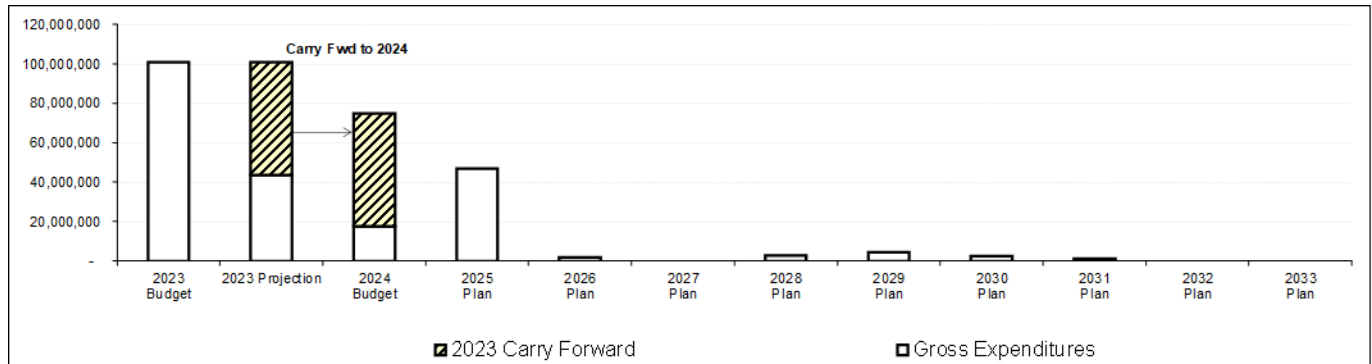
These changes arise from the following:

- Full year impacts of filled vacancies (2025);
- Completion of capital projects (2025 and 2026);
- Incremental impact of Administrative Penalty System (APS) expansion into Red Light Camera (RLC) and Automated Speed Enforcement (ASE) (2025 and 2026); and
- Realization of benefits from modernizing the invoice payment process (2026).

2024 – 2033 CAPITAL BUDGET AND PLAN

2024 2033 CAPITAL BUDGET & PLAN OVERVIEW

Chart 1: 10-Year Capital Plan Overview



In \$000's	2023		2024 Capital Budget and 2025 - 2033 Capital Plan										Total 10 Year Plan
	Budget	Projected Actual	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
	Gross Expenditures by Project Category:												
Health & Safety & Legislated													
SOGR	4,539	2,039	5,836					2,775	4,575	2,340	1,260		16,786
Service Improvement & Growth	96,474	41,561	69,048	46,896	1,814								117,758
Total by Project Category	101,013	43,600	74,884	46,896	1,814			2,775	4,575	2,340	1,260		134,544
Financing:													
Debt	32,981	6,975	40,050	46,896	1,814			2,275	2,800	640	1,260		95,735
Debt Recoverable													
Reserves/Reserve Funds	25,907	24,657	4,709					500	1,775	1,700			8,684
Development Charges													
Provincial													
Federal													
Other Revenue	42,125	11,969	30,125										30,125
Total Financing	101,013	43,600	74,884	46,896	1,814			2,775	4,575	2,340	1,260		134,544

Changes to Existing Projects
(\$11.9 Million)

The 2024-2033 Capital Budget and Plan reflects the following changes to existing projects over the nine common years (2024-2032):

- \$12.9 million – *Supply Chain Management Transformation (SCMT) Project* increase for Buying & Invoicing, Contracts and Supplier Lifecycle Performance alignment to S4/HANA (including the below reallocation from Tax Billing System Project).
- \$(1.0) million – Reallocation from *Tax Billing System Project* to *Supply Chain Management Transformation (SCMT) Project* to support the alignment to S4/HANA, resulting in a decrease of \$1.0 million in cash flow funding.
- Reallocation of \$0.5 million from *Payroll Platform Assessment Project* to *PPEB Transformation Program Project* to support the transformation of PPEB from a back-office administrator to an enterprise enabler (shared services) resulting in zero impact.

New Projects
(\$2.1 Million)

The 2024-2033 Capital Budget and Plan includes one new project. Key project is as follows:


- \$2.1 million - *Process Innovation Project* to implement process innovation that will improve the City's front-end payment processing processes.

Note:

For additional information, please refer to [Appendix 5](#) for a more detailed listing of the 2024 and 2025-2033 Capital Budget & Plan by project; [Appendix 6](#) for Reporting on Major Capital Projects – Status Update and [Appendix 7](#) for Capacity to Spend Review, respectively.

2024 – 2033 CAPITAL BUDGET AND PLAN

\$134.5 Million 10-Year Gross Capital Program


Information Technology
\$134.5 M 100%
<ul style="list-style-type: none"> • <i>Financial Systems Transformation</i> • <i>PPEB Transformation Program</i> • <i>Supply Chain Management Transformation</i> • <i>Parking Tag Management Software Update</i> • <i>Tax and Utility Billing Systems Modernization</i> • <i>Process Innovation Project</i> • <i>Parking Tag Management Software Replacement 2028</i> • <i>Tax Billing System Replacement 2028</i> • <i>Utility Billing System Replacement 2028</i>

How the Capital Program is Funded

City of Toronto		Provincial Funding	Federal Funding
\$134.5 M 100%		\$0 M 0%	\$0 M 0%
Debt	\$95.7 M		
Reserve / Reserve Fund	\$8.7 M		
Other*	\$30.1 M		

* Other funding: The unspent cash flow funding for the Financial Systems Transformation Project of \$30.125 million of Capital from Current budgeted in 2023 has been carried forward into 2024 to continue and complete the required capital work.

OPERATING IMPACT OF COMPLETED CAPITAL PROJECTS

Approval of the 2024 Capital Budget will impact the 2025 Operating Budget by a total of \$0.252 million net arising from completing the *Process Innovation Project*, as shown in Table 6 below.

Table 6: Net Operating Impact Summary

Projects	2024 Budget		2025 Plan		2026 Plan		2027 Plan		2028 Plan		2024-2028		2024-2033	
	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions
New Projects - 2024														
Process Innovation Project			252	2.0	197	(1.0)					449	1.0	449	1.0
Sub-Total: New Projects - 2024			252	2.0	197	(1.0)					449	1.0	449	1.0
Total (Net)			252	2.0	197	(1.0)					449	1.0	449	1.0

New project

- The *Process Innovation Project* will result in net operating costs of \$0.252 million in 2025 comprising of \$0.125 million for partial year software subscription fees and \$0.127 million for two staff resources. It will continue to impact the 2026 Operating Budget by a further increase of \$0.197 million expenditure to cover the full year software subscription fees and maintenance, partially offset by a decrease of one staff resource. In subsequent years, only one staff is required for sustainment of solution.

APPENDICES

Appendix 1

2024 Operating Budget by Category

Category (In \$000s)	2021 Actual	2022 Actual	2023 Budget	2023 Projection*	2024 Budget	2024 Change from 2023 Budget		2024 Change from 2023 Projection	
	\$	\$	\$	\$	\$	\$	%	\$	%
User Fees & Donations	18,985.3	19,318.1	18,631.6	16,178.7	21,821.0	3,189.4	17.1%	5,642.3	34.9%
Transfers From Capital	2,456.1	5,900.9	16,228.8	11,450.9	18,352.6	2,123.8	13.1%	6,901.8	60.3%
Contribution From Reserves/Reserve Funds	2,175.6	470.5	5,936.1	2,602.3	5,514.3	(421.8)	(7.1%)	2,912.1	111.9%
Sundry and Other Revenues	772.8	1,242.9	1,974.5	4,104.9	1,972.1	(2.4)	(0.1%)	(2,132.8)	(52.0%)
Inter-Divisional Recoveries	13,296.5	13,683.5	14,350.6	13,300.7	14,910.7	560.0	3.9%	1,610.0	12.1%
Total Revenues	37,686.3	40,615.9	57,121.7	47,637.4	62,570.8	5,449.1	9.5%	14,933.4	31.3%
Salaries and Benefits	58,694.9	63,417.1	88,915.4	74,307.5	93,268.9	4,353.5	4.9%	18,961.4	25.5%
Materials & Supplies	49.3	87.7	198.2	179.4	174.4	(23.8)	(12.0%)	(5.0)	(2.8%)
Equipment	278.5	346.4	288.4	307.0	332.0	43.5	15.1%	24.9	8.1%
Service and Rent	9,721.9	9,639.5	9,364.1	10,158.9	10,486.5	1,122.5	12.0%	327.6	3.2%
Contribution To Reserves/Reserve Funds	46.1	46.1	116.8	116.8	148.4	31.6	27.1%	31.6	27.1%
Other Expenditures	1,560.7	1,461.3	1,963.5	969.1	3,658.3	1,694.8	86.3%	2,689.2	277.5%
Inter-Divisional Charges				0.8				(0.8)	(100.0%)
Total Gross Expenditures	70,351.5	74,998.1	100,846.4	86,039.5	108,068.5	7,222.1	7.2%	22,029.0	25.6%
Net Expenditures	32,665.1	34,382.1	43,724.7	38,402.1	45,497.7	1,773.0	4.1%	7,095.6	18.5%

*Projection based on 9 Month Variance

*Tax Registration/Certification fees are included as User Fees

Appendix 2

Summary of 2024 Service Changes

N/A

Appendix 3

Summary of 2024 New / Enhanced Service Priorities Included in Budget

Category	Equity Impact	Form ID	Finance and Treasury Services Program - Office of the Controller	Adjustments				2025 Plan Net Change	2026 Plan Net Change
				Gross Expenditure	Revenue	Net	Approved Positions		
30895			Process Innovation Project - Controllership						
74	No Impact		Description:						
<p>The project seeks to implement process innovation that will improve the City's front-end payment processing processes. Process innovation will be implemented to improve the following areas of the City's payment processes; the quality of invoices received (i.e. reduce missing or incomplete information on submission of an invoice), enhance process efficiency for PO and Non PO invoices; improve supplier communications with respect to reviewing and notifying suppliers if information is missing or incomplete on an invoice so as to reduce the number of invoices parked, increase efficiencies with paying out resolved invoices, improve exception handling for more complex parked invoices to the accounts payable team and divisional stakeholders for resolution, prioritize payment processing to optimize the capture of early payment discounts, eliminate certain specialized processes such as vendor direct billings and the interface process that were put in place as a deviation from the three-way match process and overall, increase the speed at which approximately 49,000 active suppliers are paid improving the City's existing supplier relationships.</p> <p>Service Level Impact:</p> <p>The current state of the City's front- end invoice payment processing is very manual relying on staff to enter data/ information from invoices, payment requisitions and capital transmittal forms into the City's central portal to finalize invoice payments. Auxiliary processes, such as vendor direct billings and interfaces from auxiliary systems, have been implemented for exceptional instances where vendors provide high volume, generally low dollar value invoices by email outside the central email. As a result of the manual process noted above and the auxiliary systems, a significant backlog is created at the front end when invoices are first received. In addition, The City's external auditor identified concerns with the City's payment processing processes, including a persistently high volume of parked invoices, limited internal or supplier communications to resolve parked invoices proactively, and an extraordinary number of divergent processes invoices follow before they are ready to pay. Missed early payment discounts were also identified which exacerbate financial pressures. As such, Process innovation is proposed to address these issues and will result in a future state which aims to;</p> <ul style="list-style-type: none"> - Increase efficiency by speeding up invoice processing for early payment discounts and better supplier relationships. - Improve consistency, auditability, and reduce errors, minimizing the risk of overpayment and noncompliance. - Enhance invoice quality to decrease the number of parked invoices. - Boost workforce capacity for more value-added activities, leveraging financial expertise. - Improve the likelihood of capturing early payment discounts, potentially leading to negotiations for additional discounts. - Overall, accelerate the invoice processing speed, ensuring timely payments and better financial decision-making. <p>Equity Statement:</p> <p>There will be no equity impact.</p> <p>Service: TR-Office of the Controller</p>									
Total Staff Prepared Budget Changes:				72.9	72.9	0.0	0.00	0.0	0.0
Staff Prepared New/Enhanced Service Priorities:				72.9	72.9	0.0	0.00	0.0	0.0

Form ID		Finance and Treasury Services Program - Office of the Controller	Adjustments				2025 Plan Net Change	2026 Plan Net Change													
Category	Equity Impact		Gross Expenditure	Revenue	Net	Approved Positions															
30896		Process Innovation Project - ASD																			
74	No Impact	Description:																			
		<p>The project seeks to implement process innovation that will improve the City's front-end payment processing processes. Process innovation will be implemented to improve the following areas of the City's payment processes; the quality of invoices received (i.e. reduce missing or incomplete information on submission of an invoice), enhance process efficiency for PO and Non PO invoices, improve supplier communications with respect to reviewing and notifying suppliers if information is missing or incomplete on an invoice so as to reduce the number of invoices parked, increase efficiencies with paying out resolved invoices, improve exception handling for more complex parked invoices to the accounts payable team and divisional stakeholders for resolution, prioritize payment processing to optimize the capture of early payment discounts, eliminate certain specialized processes such as vendor direct billings and the interface process that were put in place as a deviation from the three-way match process and overall, increase the speed at which approximately 49,000 active suppliers are paid improving the City's existing supplier relationships.</p> <p>Service Level Impact:</p> <p>The current state of the City's front- end invoice payment processing is very manual relying on staff to enter data/ information from invoices, payment requisitions and capital transmittal forms into the City's central portal to finalize invoice payments. Auxiliary processes, such as vendor direct billings and interfaces from auxiliary systems, have been implemented for exceptional instances where vendors provide high volume, generally low dollar value invoices by email outside the central email. As a result of the manual process noted above and the auxiliary systems, a significant backlog is created at the front end when invoices are first received. In addition, The City's external auditor identified concerns with the City's payment processing processes, including a persistently high volume of parked invoices, limited internal or supplier communications to resolve parked invoices proactively, and an extraordinary number of divergent processes invoices follow before they are ready to pay. Missed early payment discounts were also identified which exacerbate financial pressures. As such, Process innovation is proposed to address these issues and will result in a future state which aims to;</p> <ul style="list-style-type: none"> - Increase efficiency by speeding up invoice processing for early payment discounts and better supplier relationships. - Improve consistency, auditability, and reduce errors, minimizing the risk of overpayment and noncompliance. - Enhance invoice quality to decrease the number of parked invoices. - Boost workforce capacity for more value-added activities, leveraging financial expertise. - Improve the likelihood of capturing early payment discounts, potentially leading to negotiations for additional discounts. - Overall, accelerate the invoice processing speed, ensuring timely payments and better financial decision-making. <p>Equity Statement:</p> <p>There will be no Equity impact.</p> <p>Service: ASD-Payment Processing</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 40%;">Total Staff Prepared Budget Changes:</td> <td style="text-align: right;">235.7</td> <td style="text-align: right;">235.7</td> <td style="text-align: right;">0.0</td> <td style="text-align: right;">2.00</td> <td style="text-align: right;">235.8</td> <td style="text-align: right;">(86.8)</td> </tr> </table> <p>Staff Prepared New/Enhanced Service Priorities:</p> <table border="0" style="width: 100%; border-top: 1px solid black;"> <tr> <td style="width: 40%;"></td> <td style="text-align: right;">235.7</td> <td style="text-align: right;">235.7</td> <td style="text-align: right;">0.0</td> <td style="text-align: right;">2.00</td> <td style="text-align: right;">235.8</td> <td style="text-align: right;">(86.8)</td> </tr> </table>						Total Staff Prepared Budget Changes:	235.7	235.7	0.0	2.00	235.8	(86.8)		235.7	235.7	0.0	2.00	235.8	(86.8)
Total Staff Prepared Budget Changes:	235.7	235.7	0.0	2.00	235.8	(86.8)															
	235.7	235.7	0.0	2.00	235.8	(86.8)															
29756		New User Fee - Notice of Failure to Declare VHT Status																			
75	Positive	Description:																			
		<p>New User Fee for Vacant Home Tax, for failing to provide a declaration of occupancy status by the due date. The proposed fee is \$21.24 effective January 1, 2024</p> <p>Service Level Impact:</p> <p>Currently costs of administering Vacant Home Tax are absorbed within existing operating costs. An administrative fee of \$21.24 will be charged to properties that do not submit an occupancy status declaration by the due date.</p> <p>Equity Statement:</p> <p>The goal of the City's Vacant Home Tax is to increase the supply of housing by discouraging owners from leaving their residential properties unoccupied, and to reinvest revenues gained into affordable housing initiatives.</p> <p>Service: RS-Revenue Accounting & Collection</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 40%;">Total Staff Prepared Budget Changes:</td> <td style="text-align: right;">0.0</td> <td style="text-align: right;">850.0</td> <td style="text-align: right;">(850.0)</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">170.0</td> <td style="text-align: right;">180.0</td> </tr> </table> <p>Staff Prepared New/Enhanced Service Priorities:</p> <table border="0" style="width: 100%; border-top: 1px solid black;"> <tr> <td style="width: 40%;"></td> <td style="text-align: right;">0.0</td> <td style="text-align: right;">850.0</td> <td style="text-align: right;">(850.0)</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">170.0</td> <td style="text-align: right;">180.0</td> </tr> </table>						Total Staff Prepared Budget Changes:	0.0	850.0	(850.0)	0.00	170.0	180.0		0.0	850.0	(850.0)	0.00	170.0	180.0
Total Staff Prepared Budget Changes:	0.0	850.0	(850.0)	0.00	170.0	180.0															
	0.0	850.0	(850.0)	0.00	170.0	180.0															
Summary:																					
Staff Prepared New/Enhanced Service Priorities:			308.6	1,158.6	(850.0)	2.00	405.8														
			93.2																		

Appendix 4

Summary of 2024 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 5

2024 Capital Budget; 2025 - 2033 Capital Plan Including Carry Forward Funding

(In \$000s)	2024 Budget	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2024 - 2033 Total	Health & Safety & Legislated	SOGR	Growth & Improved Service
Parking Tag Mgmt Software Upgrade	2,000										2,000			2,000
Tax and Utility Billing Systems Modernization	5,836										5,836		5,836	
PPEB Transformation Program	2,369										2,369			2,369
Supply Chain Management Transformation	6,121	7,071	1,814								15,007			15,007
Financial Systems Transformation	57,315	38,970									96,285			96,285
Process Innovation Project	1,242	855									2,097			2,097
Tax Billing System Replacement 2028					1,775	2,000	200				3,975		3,975	
Utility Billing System Replacement 2028					500	1,775	1,700				3,975		3,975	
Parking Tag Mgmt Software Replacement 2028					500	800	440	1,260			3,000		3,000	
Total Expenditures	74,884	46,896	1,814		2,775	4,575	2,340	1,260			134,544		16,786	117,758

Appendix 5a

2024 Cash Flow and Future Year Commitments Including Carry Forward Funding

(In \$000s)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total 2024 Cash Flow & FY Commits	Previously Approved	Change in Scope	New w/ Future Year
Parking Tag Mgmt Software Upgrade	2,000										2,000	2,000		
Tax and Utility Billing Systems Modernization	5,836										5,836	6,836	(1,000)	
PPEB Transformation Program	2,369										2,369	1,887	482	
Payroll Platform Assessment												482	(482)	
Supply Chain Management Transformation	6,121	7,071	1,814								15,007	2,141	12,866	
Financial Systems Transformation	57,315	38,970									96,285	96,285		
Process Innovation Project	1,242	855									2,097			2,097
Total Expenditure (including carry forward from 2023)	74,884	46,896	1,814								123,594	109,631	11,866	2,097

Appendix 5b

2025 - 2033 Capital Plan

(In \$000s)	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2025 - 2033 Total	Health & Safety & Legislated	SOGR	Growth & Improved Service
Tax Billing System Replacement 2028				1,775	2,000	200				3,975		3,975	
Utility Billing System Replacement 2028				500	1,775	1,700				3,975		3,975	
Parking Tag Mgmt Software Replacement 2028				500	800	440	1,260			3,000		3,000	
Total Expenditures				2,775	4,575	2,340	1,260			10,950		10,950	

Appendix 6

Reporting on Major Capital Projects: Status Update

(\$000s)

Life to Date
↓ ↓

Division/Project name	2023 Cash Flow			Total Project		Status	Start Date	End Date		On Budget	On Time
	Appr.	YTD Spend	YE Projec Spend	Appr. Budget	Life to Date			Planned	Revised		
Office of the Controller											
Financial Systems Transformation Project (FSTP)	86,010	25,702	35,000	151,454	45,871	Significant Delay	Jan-21	Jun-24	Jan-25	Ⓡ	Ⓡ
Comments:	The project started Build Phase in early Fall 2022 and has been replanned in early Fall 2023 with timeline extension to Jan 2025 to reflect current program realities. Project underspending is primarily due to the forecasted contingency not actualized (which will be carried forward and distributed to outer years for offsetting the increased costs for replanning), and lower-than-planned salaries & benefits and computer software (SAP). However, hiring process will continue to accelerate and progress after replanning, salaries and benefits expenditure is expected to increase over the course of outer years.										
Explanation for Delay:	Delay is mainly due to project replanning in early Fall 2023 to reflect current program realities. The project completion is now projected to extend to Jan 2025.										

- Ⓢ >70% of Approved Project Cost
- Ⓢ Between 50% and 70%
- Ⓡ < 50% or > 100% of Approved

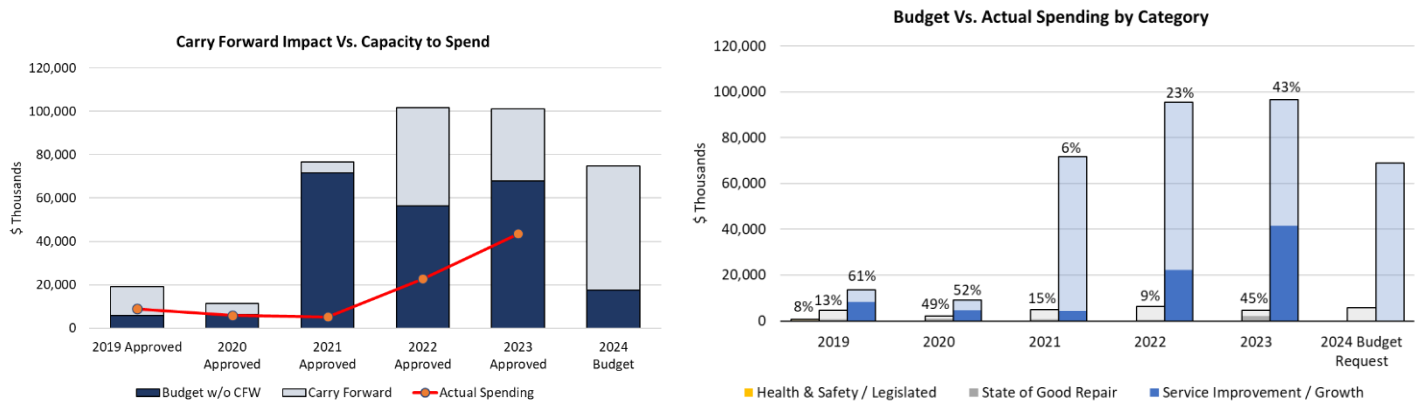
Appendix 7

Capacity to Spend Review

The 10-Year Capital Plan has been developed with consideration of historical demonstrated ability to spend within any given year of the ten-year capital plan. A review was undertaken to ensure budgets align with the Office of the Controller’s ability to spend and the markets capacity to deliver.

A key component in determining an appropriate level of annual cash flows includes historical capacity to spend reviews by project categories (Chart 3 below) as well as the level of projected 2023 underspending that will be carried forward into 2024 to complete capital work.

Chart 3 – Capacity to Spend



Capacity to Spend Review Impact on the 10-Year Plan

- The Office of the Controller’s actual spending over the previous five years, from 2019 to 2023, has averaged \$17.302 million or 34% per year.
- The projected spending for 2023 is \$43.600 million or 43% of the 2023 Council Approved Capital Budget. Challenges in spending for projects are mainly due to project replanning, project scope change and delay in obtaining resource to support the projects. The unspent cash flow funding of \$57.270 million has been carried forward into 2024 to continue and complete the required capital work for various projects.
- The Office of the Controller reviewed its historical capital spending trends and capacity to deliver projects. Based on the review of historical capital spending constraints and a capacity to spend, \$57.270 million is carried forward from 2023 to 2024, and the *Financial Systems Transformation Project* defers the previously committed capital spending for 2024 of \$38.970 million to 2025.

Appendix 8

Summary of Capital Needs Constraints

N/A

Appendix 9

Capital Program Provincial/Federal Funding Streams by Project

N/A

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds

2024 Operating Budget

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2024	2025	2026
		\$	\$	\$
Beginning Balance		392.8	438.3	408.7
Vehicle Reserve - Purchasing & Materials Mgmt	XQ1204			
<i>Withdrawals (-)</i>				
<i>Contributions (+)</i>		148.4	148.4	148.4
Total Reserve / Reserve Fund Draws / Contributions		541.2	586.7	557.1
Other Program / Agency Net Withdrawals & Contributions		(102.9)	(178.0)	(108.2)
Balance at Year-End		438.3	408.7	448.9

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2024	2025	2026
		\$	\$	\$
Beginning Balance		10,668.6	10,385.0	10,097.7
Emergency Planning Reserve	XQ1406			
<i>Withdrawals (-)</i>		(179.6)	(183.3)	(186.1)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		10,488.9	10,201.7	9,911.6
Other Program / Agency Net Withdrawals & Contributions		(104.0)	(104.0)	(104.0)
Balance at Year-End		10,385.0	10,097.7	9,807.6

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2024	2025	2026
		\$	\$	\$
Beginning Balance		503,658.5	484,317.4	462,856.3
Employee Retirement Benefit Reserve Fund	XR1002			
<i>Withdrawals (-)</i>		(1,050.8)	(1,050.8)	(1,050.8)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		502,607.6	483,266.6	461,805.4
Other Program / Agency Net Withdrawals & Contributions		(18,290.2)	(20,410.3)	(22,106.7)
Balance at Year-End		484,317.4	462,856.3	439,698.8

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2024	2025	2026
		\$	\$	\$
Beginning Balance		45,738.9	80,231.1	90,916.1
Vacant Home Tax Reserve Fund	XR1733			
<i>Withdrawals (-)</i>		(3,168.6)	(3,180.8)	(3,202.5)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		42,570.3	77,050.3	87,713.6
Other Program / Agency Net Withdrawals & Contributions		37,660.9	13,865.7	19,950.7
Balance at Year-End		80,231.1	90,916.1	107,664.3

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2024	2025	2026
		\$	\$	\$
Beginning Balance		826,572.8	866,018.8	839,883.2
Development Charges RF - Transit	XR2109			
<i>Withdrawals (-)</i>		(91.5)	(92.8)	(93.2)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		826,481.3	865,926.0	839,790.0
Other Program / Agency Net Withdrawals & Contributions		39,537.5	(26,042.8)	(19,805.5)
Balance at Year-End		866,018.8	839,883.2	819,984.5

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2024	2025	2026
		\$	\$	\$
Beginning Balance		583,012.6	606,904.0	532,911.6
Development Charges RF - Roads & Related	XR2110			
<i>Withdrawals (-)</i>		(91.5)	(92.8)	(93.2)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		582,921.0	606,811.2	532,818.4
Other Program / Agency Net Withdrawals & Contributions		23,983.0	(73,899.5)	35,905.1
Balance at Year-End		606,904.0	532,911.6	568,723.5

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2024	2025	2026
		\$	\$	\$
Beginning Balance		159,323.1	138,731.8	138,096.6
Development Charges RF - Water	XR2111			
<i>Withdrawals (-)</i>		(94.3)	(95.7)	(96.1)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		159,228.7	138,636.1	138,000.6
Other Program / Agency Net Withdrawals & Contributions		(20,496.9)	(539.5)	77.0
Balance at Year-End		138,731.8	138,096.6	138,077.6

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2024	2025	2026
		\$	\$	\$
Beginning Balance		19,262.8	16,792.1	14,455.1
Development Charges RF - Development Studies	XR2120			
<i>Withdrawals (-)</i>		(326.4)	(326.7)	(328.3)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		18,936.4	16,465.4	14,126.8
Other Program / Agency Net Withdrawals & Contributions		(2,144.3)	(2,010.3)	(1,458.7)
Balance at Year-End		16,792.1	14,455.1	12,668.2

The 2024 Operating Budget of the Office of the Controller includes a one-time draw of \$0.511 million (for one-time costs) from funds available and set aside in the Tax Stabilization Reserve (XQ0703).

Inflows and Outflows to/from Reserves and Reserve Funds

2024 – 2033 Capital Budget and Plan

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Contributions / (Withdrawals)										Total
		2024 Budget	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	
XR6003 & XR6004 Toronto Water & Waste Water Capital Reserve Funds	Beginning Balance	1,224,797	1,325,208	961,878	533,962	96,128	(315,573)	(757,029)	(1,093,237)	(1,336,893)	(1,434,829)	
	Withdrawals (-)											
	Utility Billing System Replacement 2028	(2,583)										(2,583)
	Total Withdrawals	(2,583)	-	-	-	(392)	(1,393)	(1,334)	-	-	-	(3,119)
	Contributions (+)					(392)	(1,393)	(1,334)	-	-	-	(5,702)
Total Contributions		-	-	-	-	-	-	-	-	-	-	-
Other Program/Agency Net Withdrawals and Contributions		102,994	(363,330)	(427,916)	(437,835)	(411,308)	(440,064)	(334,874)	(243,655)	(97,936)	78,377	(2,575,546)
Balance at Year-End		1,325,208	961,878	533,962	96,128	(315,573)	(757,029)	(1,093,237)	(1,336,893)	(1,434,829)	(1,356,452)	(2,581,249)

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Contributions / (Withdrawals)										Total
		2024 Budget	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	
XR1404 Solid Waste Reserve Fund	Beginning Balance	84,718	84,742	74,769	68,067	65,078	69,636	76,284	78,761	81,721	79,137	
	Withdrawals (-)											
	Utility Billing System Replacement 2028	(708)										(708)
	Total Withdrawals	(708)	-	-	-	(108)	(382)	(366)	-	-	-	(856)
	Contributions (+)											-
Total Contributions		-	-	-	-	-	-	-	-	-	-	-
Other Program/Agency Net Withdrawals and Contributions		732	(9,973)	(6,702)	(2,989)	4,666	7,031	2,843	2,959	(2,584)	(14,538)	(18,556)
Balance at Year-End		84,742	74,769	68,067	65,078	69,636	76,284	78,761	81,721	79,137	64,598	(20,120)

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Contributions / (Withdrawals)										Total
		2024 Budget	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	
XR1734 Debt Servicing Reserve Fund	Beginning Balance	182,752	167,717	158,723	149,780	190,143	182,700	172,045	158,495	141,955	124,537	
	Withdrawals (-)											
	Financial Systems Transformaiton Project	(1,418)										(1,418)
	Total Withdrawals	(1,418)	-	-	-	-	-	-	-	-	-	(1,418)
	Contributions (+)											-
Total Contributions		-	-	-	-	-	-	-	-	-	-	-
Other Program/Agency Net Withdrawals and Contributions		(13,617)	(8,994)	(8,943)	40,363	(7,443)	(10,655)	(13,550)	(16,540)	(17,418)	(20,624)	(77,420)
Balance at Year-End		167,717	158,723	149,780	190,143	182,700	172,045	158,495	141,955	124,537	103,913	(78,838)

Appendix 11

Glossary

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).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget: A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

Capital Needs Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

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

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced Service Priorities: New and enhanced service changes resulting in an increase in service levels from what was previously 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.

Operating Impact of Completed Capital Projects: The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

Rate Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority.

State of Good Repair (SOGR): The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes.

Tax Supported Budget: Budget funded by property taxes.

User Fees: Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).