

Operating Variance Report for the Year-Ended December 31, 2023

Date: July 2, 2024

To: Executive Committee

From: Chief Financial Officer and Treasurer

Wards: All

SUMMARY

The report provides City Council with the Operating Variance for the year-ended December 31, 2023. This report also requests City Council's approval for recommended expenditure authority allocations that have no impact on the City's Net Budget.

The following table summarizes the year-end financial position of the City's Tax-Supported Operations as of December 31, 2023.

Table 1: Tax-Supported Operating Variance Summary

Variance (\$Millions) Favourable / (Unfavourable)	2023 December Year-End		
Tax Supported Operating Variance Summary	Budget	Actual	Var
City Operations	3,066.6	2,972.2	94.3
Agencies	2,899.3	2,839.0	60.3
Corporate Accounts	(1,057.8)	(311.4)	(746.4)
Total Variance	4,908.1	5,499.8	(591.7)
<i>Less: Toronto Building and City Planning</i>	(6.2)	(25.1)	18.9
<i>Less: Obligations and Reserve Allocations</i>		(128.6)	128.6
Total Adjusted Variance (Prior to Backstop Funding)			(739.3)

Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

As noted in Table 1 above, for the 2023 year-end, Tax-Supported Operations experienced an unfavourable net variance of \$739.3 million or 15% of planned expenditures adjusted for Toronto Building, City Planning, obligations and reserve allocations, and prior to backstop funding.

The unfavourable variance is driven entirely by the sustained COVID-19 impacts as a result of lower than budgeted intergovernmental funding support.

Table 2: 2023 COVID-19 Financial Impacts and Intergovernmental Funding Support

COVID-19 Impacts (\$Millions)	2023 Budget	Fed/Prov Funding	Internal Offsets / Savings	Remaining 2023 Shortfall
Transit	366.4		13.2	353.2
Shelters	317.2	22.6	46.6	247.9
Other Municipal Pressures	161.8	18.8	4.8	138.2
Public Health	87.4	68.5	18.9	0
Total COVID-19 Impacts	932.8	109.9	83.6	739.3

In 2023, the City continued to experience significant financial impacts, both in the form of added costs and revenue losses due to sustained impact of the COVID-19 pandemic. As a result, the 2023 Operating Budget was balanced based on the expectation of continued support funding from the Government of Canada and Province of Ontario with a total budget amount of \$932.8 million.

At the end of 2023, the City received \$109.9 million in intergovernmental funding support, which included \$68.5 million specific to Public Health, \$18.8 million for Seniors Services and Long-Term Care and \$22.6 million for Toronto Shelter and Support Services. In addition to the intergovernmental funding support, the City achieved \$83.6 million in offsets associated with projected COVID-19 impacts compared to budgeted estimates, leaving a \$739.3 million shortfall in intergovernmental funding.

As a result of the intergovernmental funding shortfall, the City's backstop strategy will be used to offset the COVID-19 related 2023 operating budget deficit. This includes a \$739.3 million draw from the COVID-19 backstop that will leave the backstop fully depleted by the end of 2024.

Table 3: Rate-Supported Operating Variance Summary

Variance (\$Millions) Favourable / (Unfavourable)	2023 December Year-End		
Rate Supported Operating Variance Summary	Budget	Actual	Var
Solid Waste Management Services	0.0	(19.2)	19.2
Toronto Parking Authority	(25.4)	(38.0)	12.6
Toronto Water	0.0	(20.9)	20.9
Total Variance	(25.4)	(78.1)	52.7

The favourable year-end variance is driven by all three Rate-Supported Programs: Solid Waste Management, Toronto Parking Authority, and Toronto Water. Solid Waste Management have primarily reported underspending for the year-end, while Toronto Parking and Toronto Water have realized favourable revenues.

Rate-Supported Programs are funded entirely by the user fees that are used to pay for the services provided and the infrastructure to deliver them. Solid Waste Management Services and Toronto Water's respective year-end surpluses, if any, must be transferred to the Waste Management Reserve Fund and the Wastewater and Water Stabilization Reserves respectively, to finance capital investments and ongoing capital repairs and maintenance.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. Due to the absence of any further 2023 intergovernmental funding support, City Council approve the one-time withdrawal of \$739.3 million COVID-19 backstop funding from the Tax Rate Stabilization Reserve to offset the remaining unfavourable variance to the 2023 operating year-end results.
2. City Council direct that \$200 million generated from the 2023 operating year-end Toronto Shelter and Support Services one-time underspending, as a result of New Deal intergovernmental funding support, to be transferred to the Working Capital Reserve for addressing expected future shelter demand requirements.

3. City Council approve the recommended expenditure authority as detailed in Appendix D to the report from the Chief Financial Officer and Treasurer.

FINANCIAL IMPACT

For the year-ended December 31, 2023, the City experienced an unfavourable net variance in Tax-Supported programs of \$739.9 million when adjusted for Toronto Building, City Planning, obligations and reserve allocations.

Table 3: Tax-Supported Operating Variance by Key Drivers

Variance (\$M) Favourable / (Unfavourable)	Budget	Actual	Var
COVID-19 Funding Support	(932.8)	(109.9)	(822.8)
Toronto Shelter and Support Services	492.9	425.4	67.5
<i>COVID-19</i>	317.2	270.6	46.6
<i>Refugee Response</i>	0	10.8	(10.8)
<i>Emergency Shelters</i>	175.7	144.0	31.7
All Other Programs and Agencies	5,348.0	5,184.3	163.6
Total Variance	4,908.1	5,499.8	(591.7)
<i>Less: Toronto Building and City Planning</i>	(6.2)	(25.1)	18.9
<i>Less: Obligations and Reserve Allocations</i>		(128.6)	128.6
Total Adjusted Variance (Prior to Backstop Funding)			(739.3)

The Key Drivers for the year-end variance are split into three main categories: COVID-19, Toronto Shelter and Support Services and remaining City Programs and Agencies.

- 1) Due to the absence of further intergovernmental COVID-19 funding support, a one-time withdrawal from the City's COVID-19 Backstop of \$739.3 million is required to ensure the City maintains a balanced 2023 Operating Budget while addressing the sustained financial impacts that continued to arise from the pandemic.

2) Toronto Shelter & Support Services has experienced favourable net expenditure variance of \$67.5 million or 13.7%. The favourable net variance is primarily driven by:

- Lower than anticipated COVID-19 expenditures as a result of the reduction in physical distancing requirements in the City's shelter system and the closure of five temporary hotel sites by moving clients from the closed sites to base shelters.
- The total cost for Refugees using dedicated shelters as well as hotels and the emergency base shelter system is \$203.2 million. Funding support from the IHAP covered 95% of eligible costs incurred on refugee claimants in the shelter system, resulting in a net variance cost of \$10.8 million.
- Emergency base shelter additional costs were more than offset by higher recoveries from funding under the Interim Housing Assistance Program (IHAP).

As part of the Toronto-Ontario New Deal agreement, the Province of Ontario agreed to provide funding support to the City of Toronto to partially offset costs related to non-refugee shelters and homelessness prevention of \$200 million annually for three years. Due to the fiscal timing difference of when the provincial government announced the three-year New Deal funding and when the funding could be recognized in the City's fiscal period, Toronto Shelter and Support Services realized a one-time underspending of \$200 million that will be used to address future shelter demand and changes to the level of intergovernmental funding support.

Recommendation number two noted above requests to transfer the \$200 million to a Working Capital Reserve on a temporary basis, so the funds can be used by Toronto Shelter and Support Services in future years as costs are incurred. A new dedicated reserve will be created for this funding as part of City of Toronto Reserve and Reserve Fund Balances as at December 31, 2023 report to isolate this available funding going forward.

3) The remaining favourable year-end variance of \$163.6 million was recognized across the other City Programs and Agencies, primarily within Corporate Accounts. Additional details by respective program can be found in appendices to this report.

Appendices

Appendices A, B and C provide a detailed summary of net expenditures, gross expenditures and revenue for the year-end results by City Program and Agency, respectively. Appendix D details the recommended expenditure authorities. Appendix E outlines donations provided to the City. Appendix F outlines sponsorship agreements with the City, and Appendix G provides a dashboard of information for each City Program and Agency.

Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

DECISION HISTORY

At its December 13, 2023 meeting, City Council approved recommendations in order to execute components of the Toronto-Ontario New Deal. Included among the new financial supports to be provided by the Province of Ontario to the City of Toronto is shelters and homelessness operating support of \$200 million annually for three years. The New Deal funding to be received in Year 1 was used to support base shelter and homelessness expenditures in the eligible period provided as part of the provincial funding agreement, which resulted in corresponding underspending within Toronto Shelter and Support Services. This underspending will provide the initial contribution for the new Toronto Shelter and Support Services Stabilization Reserve that is being requested as part of the City of Toronto Reserve and Reserve Fund Balances as of December 31, 2023 report.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.CC13.2.do>

The 2023 Rate-Supported Operating Budget of \$2.04 billion gross and the 2023 Tax-Supported Operating Budget of \$14.13 billion gross and \$4.9 billion net were adopted on February 15, 2023.

- The 2023 9-Month Operating Variance report was adopted by City Council on December 13 2023, (<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX10.9>) which included updates on COVID-19 funding committed from the Provincial and Federal Governments.

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.

COMMENTS

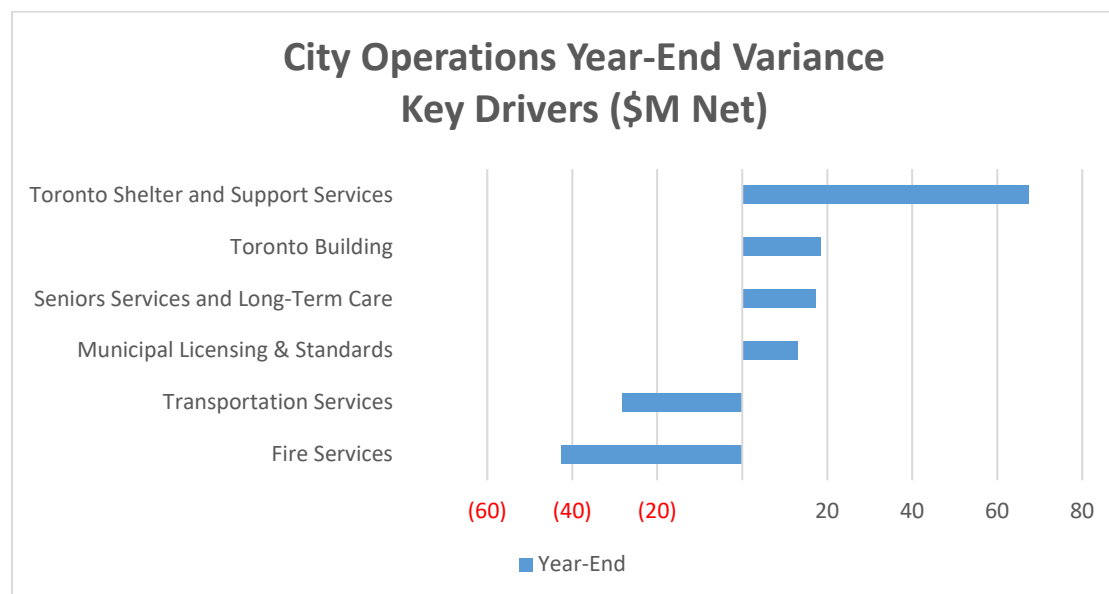
City Operations:

As of December 31, 2023, City Operations reported a favourable net variance of \$94.3 million (3%).

The key drivers of the favourable net variances are outlined in Figure 1 below:

Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

Figure 1: City Operations Variance Summary of Key Program Drivers



Toronto Shelter and Support Services

Toronto Shelter & Support Services has experienced favourable net expenditure variance of \$67.5 million or 13.7%. The favourable net variance is primarily driven within:

- COVID-19 expenditures as a result of the transition of clients to base shelters.
- The total Refugee Response costs were \$203.2 million broken down by:
 - \$103.5 million in dedicated Temporary Refugee Program,
 - \$99.7 million refugees in base shelters.
- The above total costs for Refugees were partially offset by the Interim Housing Assistance Program (IHAP) which covered 95% of the costs incurred in the shelter system.

Toronto Building

Favourable net variance of \$18.5 million or 114% of budget is driven by favourable gross expenditure variance of \$18.5 million mainly due to underspending in salaries and benefits (\$14.8 million) as a result of vacant positions and underspending in services and rents due to a delayed record centre renovation project. Revenues were on budget.

Seniors Services and Long-Term Care

Favourable net expenditure variance of \$17.2 million or 18.2% is a result of combined impacts including a sector wide staffing shortage causing recruitment delays and lower

than anticipated expenditures for COVID-19 response as the division transitioned back to pre-pandemic operating levels.

Municipal Licencing and Standards

Net favourable variance of \$12.9 million or 55% of budget mainly due to over-achieved revenues in the second half of the year from Accessibility fees, Private Transportation Company trip fees due to increased volumes as well as underspending in salaries and benefits and other planned expenditures due to timing, partially offset by higher than planned contributions to Vehicle-For-Hire Reserve.

Transportation Services

Unfavourable net variance of \$28.3 million or 12.1% of budget consisting of an unfavourable expenditure variance of \$13.7 million primarily due to higher number of winter events at the beginning of 2023 as well as increasing demand for maintenance needs for traffic signal and signs and pavement markings; in addition to an unfavourable revenue variance of \$14.6 million, primarily due to lower recoveries for utility cuts permanent restoration, lower capital recovery due to recruitment delays and lower volumes of applications for Development and Application Review Fees.

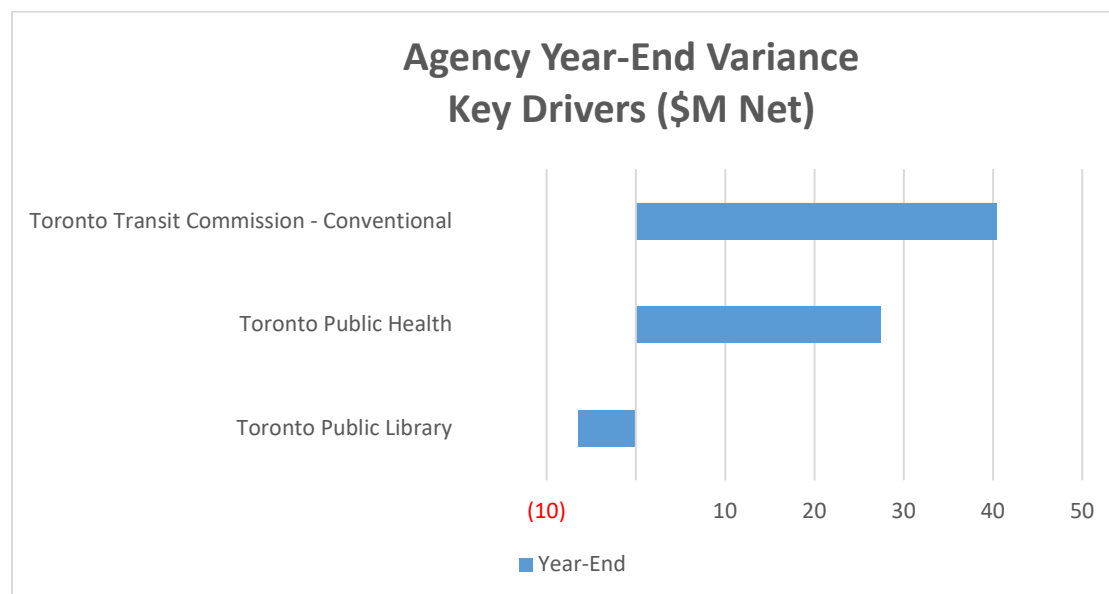
Fire Services

Fire Services reported an unfavourable year-end net expenditure variance of \$42.5 million or 8% of budget. It is primarily driven by greater-than-budgeted callback overtime to ensure fire stations are adequately staffed in light of higher-than-anticipated attrition and leave rates, as well as higher WSIB costs, primarily to address rising claims due to increased eligibility in provincially mandated Presumptive Cancer Legislation for firefighters. This is partially offset by salary and benefit savings and higher-than-anticipated False Alarm charge revenues. The greater-than-budgeted overtime expenditures are partially offset by a non-permanent overtime provision in the City's Corporate Accounts budget to risk manage staffing challenges.

City Agencies:

As of December 31, 2023, City Agencies collectively reported a favourable net variance of \$60.3 million (2%). The key drivers of the favourable net variances are outlined below.

Figure 2: Agencies Variance Summary of Key Program Drivers



Toronto Transit Commission (TTC) – Conventional

TTC Conventional Service experienced a net favourable variance of \$40.4 million. A favourable gross expenditure variance of \$69.7 million was due to the deferred opening of Line 5 and Line 6 and lower energy pricing, partially offset by the increase in unit cost and volume of bus and streetcar parts, TTC Conventional service levels operating approximately 3% above budgeted levels, additional Community Safety, Security and Well-being initiatives and higher employee benefit costs. The favourable expenditure variance was further offset by \$29.3 million in revenue shortfall due to forgone use of the Stabilization Reserve.

Toronto Public Health

Favourable net expenditure variance of \$27.4 million is primarily driven by underspending in cost-shared programs that have been paused or reduced, and lower than planned COVID-19 expenditures in support of the mass immunization clinics, case management and contact tracing which reflects that COVID-19 no longer constitutes a public health emergency as declared by the World Health Organization. Most of the favourable variance is offset by underachieved COVID-19 revenues budgeted in Non-Program.

Toronto Public Library

Toronto Public Library is reporting an unfavourable net variance of \$6.5 million as of December 31, 2023. Gross expenditures were \$8.8 million unfavourable mainly due to staffing costs, primarily driven by the return of terminated staff related to COVID-19 vaccination policy and their reinstatement at the end of 2022. Revenues were \$2.3 million favourable mainly due to supplementary grants from Toronto Public Library Foundation and others to fund the costs of specific library initiatives partly offset by

Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

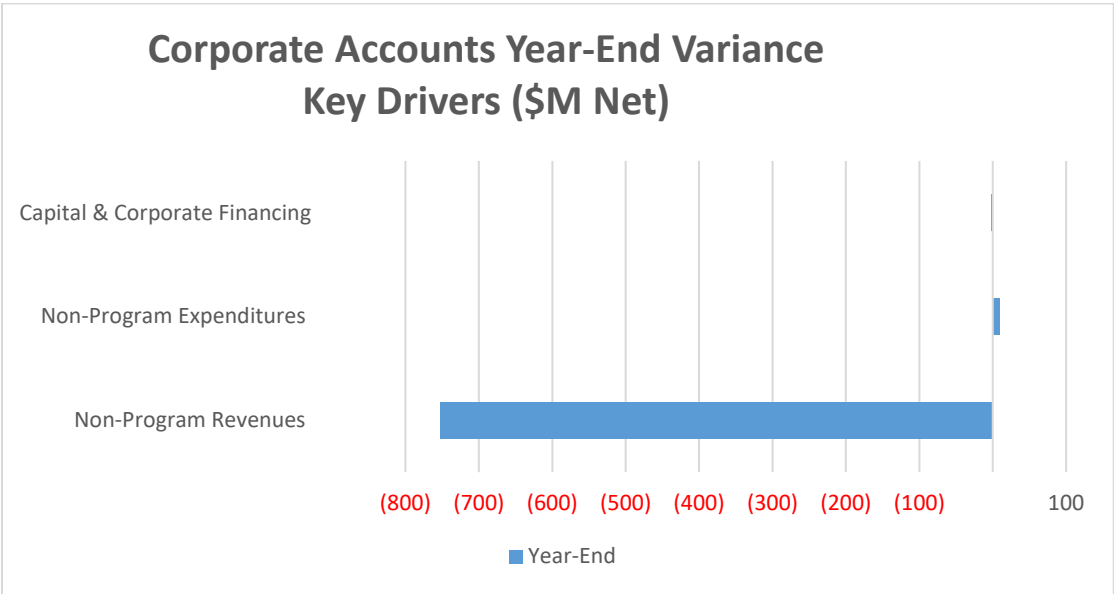
lower than budgeted revenues from public printing and venue rentals related to the delays in reopening of two library branches following renovations.

Corporate Accounts:

As of December 31, 2023, Corporate Accounts reported an unfavourable net variance of \$746.4 million.

The following key drivers have contributed to the unfavourable net variances:

Figure 3: Corporate Accounts Variance Summary of Key Drivers



Capital and Corporate Financing

An unfavourable net variance of \$1.9 million at year-end related to debt charges due to higher than planned costs for debt issuances.

Non-Program Expenditures

A favourable variance at year-end of \$9.6 million is mainly related to Tax Increment Equivalent Grants, as a result of provisional estimates for eligible properties being updated to reflect the expected grants.

Non-Program Revenues

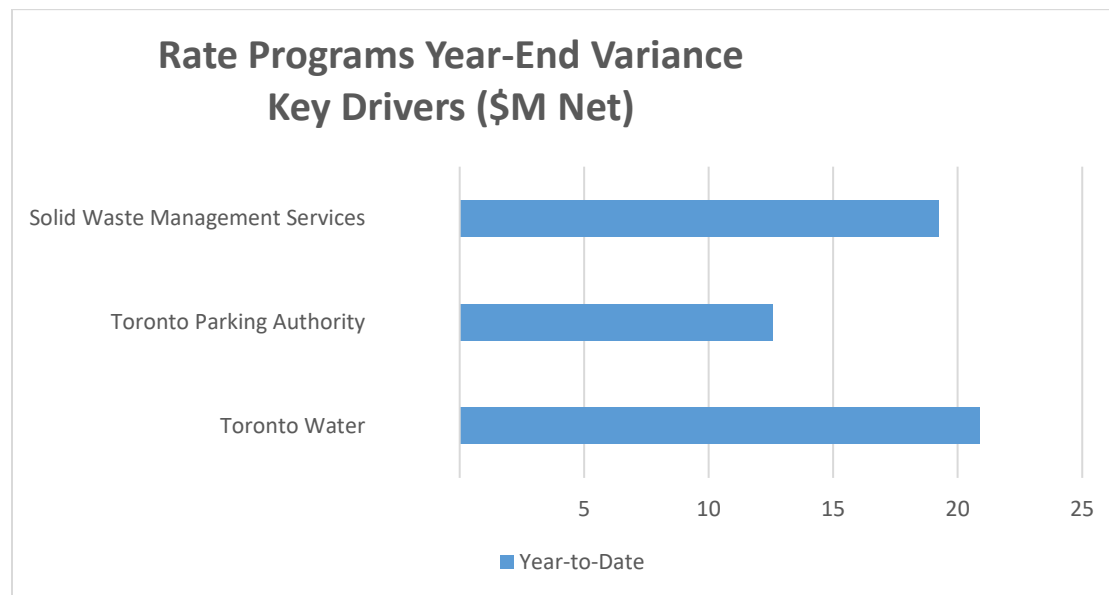
An unfavourable year-end variance of \$753.2 million mainly related to COVID-19 recovery due to lower than budgeted intergovernmental funding support as illustrated in Table 2. Lower than budgeted Municipal Land Transfer Taxes added further unfavourability by \$165.0 million. This was partially offset by a favourable result in Interest and Investment earnings by \$133.6 million.

Rate-Supported Programs:

As of December 31, 2023, Rate-Supported Programs reported a favourable net variance of \$52.7 million.

The following key drivers have contributed to the favourable net variances:

Figure 4: Rate-Supported Variance Summary of Key Drivers



Solid Waste Management Services

The favourable net expenditure variance is \$19.2 million. A favourable gross expenditure of \$23.5 million is mainly from underspending in services and rents, including lower collection and processing cost due to reduced volumes. Unfavourable revenue variance of \$4.3 million is primarily driven by adverse marketable rates for sale of recyclables and durable goods. This was partly offset by higher tipping revenue tonnage and higher recovery than expected as a result of the Extended Producer Responsibility transition. The resultant overall net favourable variance at year-end of \$19.2 million would increase the amount to be contributed to the Waste Management Reserve Fund from a budgeted \$10.4 million to \$29.7 million as of December 31, 2023.

Toronto Parking Authority

Toronto Parking Authority's (TPA) net expenditure variance for the year-ended December 31, 2023, was \$12.6 million. Gross expenditures were \$2.6 million lower than budget, driven by favourable salaries that were partially offset by other costs. Revenue was higher than budget by \$9.9 million, mainly due to \$8.0 million in Off-Street revenue, benefiting from pricing increase, as well as interest income earned on the cash balance.

Toronto Water

A year-end net favourable variance of \$20.9 million is due to favourable revenue and lower than budgeted gross expenditures. The favourable revenue variance of \$17.3 million was mainly due to higher than budgeted revenue from sale of water due to higher consumption. The favourable expenditure variance of \$3.6 million was mainly driven by underspending in contracted services due to fewer emergencies and lower than anticipated volume, as well as lower salary and benefits costs primarily due to vacancies, which were partially offset by higher inflationary expenses on chemicals.

CONTACT

Althea Hutchinson Executive Director, Financial Planning Division
Tel: 416-338-7840-, Email: Althea.Hutchinson@toronto.ca

Ilya Ganin, Manager, Financial Planning
Tel: 416-392-5380, Email: Ilya.Ganin@toronto.ca

SIGNATURE

Stephen Conforti
Chief Financial Officer and Treasurer

ATTACHMENTS

Appendix A- City of Toronto Net Expenditures for Year-Ended December 31, 2023
Appendix B- City of Toronto Gross Expenditures for Year-Ended December 31, 2023
Appendix C- City of Toronto Revenues for Year-Ended December 31, 2023
Appendix D- Authorized Spending on Obligations and Reserve Allocations
Appendix E- Donations
Appendix F- Sponsorships
Appendix G- Operating Variance Dashboard for City Programs and Agencies

Appendix A

CITY OF TORONTO CONSOLIDATED NET EXPENDITURES VARIANCE FOR THE YEAR ENDED DEC 31, 2023 (\$000s)				
	Year-End		Actual vs Budget	
	Budget	Actual	Favourable / (Unfavourable)	%
Community and Social Services				
Housing Secretariat	421,624	421,638	(15)	0%
Children's Services	91,421	88,302	3,120	3%
Court Services	(54,645)	(64,331)	9,686	-18%
Economic Development & Culture	81,136	78,430	2,706	3%
Fire Services	503,563	546,016	(42,453)	-8%
Toronto Paramedic Services	109,738	108,457	1,281	1%
Seniors Services and Long-Term Care	94,605	77,366	17,239	18%
Parks, Forestry & Recreation	340,154	342,149	(1,995)	-1%
Toronto Shelter and Support Services	492,893	425,402	67,492	14%
Social Development, Finance & Administration	84,920	83,916	1,004	1%
Toronto Employment & Social Services	79,048	75,071	3,977	5%
Sub-Total Community and Social Services	2,244,458	2,182,415	62,043	3%
Infrastructure and Development Services				
City Planning	9,951	9,465	486	5%
Toronto Emergency Management	4,720	4,517	202	4%
Municipal Licensing & Standards	23,507	10,595	12,911	55%
Policy, Planning, Finance & Administration	5,495	4,687	808	15%
Engineering & Construction Services	1,224	2,550	(1,326)	-108%
Toronto Building	(16,147)	(34,605)	18,459	-114%
Transportation Services	233,595	261,907	(28,312)	-12%
Transit Expansion	2,426	252	2,174	90%
Sub-Total Infrastructure and Development Services	264,771	259,369	5,402	2%
Finance and Treasury Services				
Office of the Chief Financial Officer and Treasurer	13,715	13,245	470	3%
Office of the Controller	43,725	37,446	6,279	14%
Sub-Total Finance and Treasury Services	57,440	50,691	6,749	12%
Corporate Services				
Corporate Real Estate Management	111,678	106,844	4,833	4%
Environment & Climate	13,864	15,780	(1,916)	-14%
Fleet Services	32,899	34,846	(1,947)	-6%
Office of the Chief Information Security Officer	35,704	29,699	6,005	17%
Technology Services	111,033	110,899	135	0%
Customer Experience	13,917	13,856	61	0%
Sub-Total Corporate Services	319,096	311,925	7,171	2%
City Manager				
City Manager's Office	64,165	62,425	1,740	3%
Sub-Total City Manager	64,165	62,425	1,740	3%
Other City Programs				
City Clerk's Office	36,123	33,916	2,207	6%
Legal Services	39,419	36,100	3,319	8%
Mayor's Office	2,979	2,505	474	16%
City Council	24,836	21,345	3,491	14%
Sub-Total Other City Programs	103,358	93,866	9,491	9%
Accountability Offices				
Auditor General's Office	7,619	6,705	914	12%
Integrity Commissioner's Office	681	681	0	0%
Office of the Lobbyist Registrar	1,313	1,116	197	15%
Office of the Ombudsman	3,651	3,030	621	17%
Sub-Total Accountability Offices	13,264	11,533	1,732	13%
TOTAL - CITY OPERATIONS	3,066,552	2,972,223	94,328	3%

Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

Appendix A

	Year-End		Actual vs Budget	
	Budget	Actual	Favourable / (Unfavourable)	%
Agencies				
Toronto Public Health	161,005	133,643	27,361	17%
Toronto Public Library	213,559	220,039	(6,480)	-3%
Exhibition Place	2,200	(1,817)	4,017	183%
Heritage Toronto	575	593	(18)	-3%
TO Live	6,172	5,692	480	8%
Toronto Zoo	14,665	16,203	(1,538)	-10%
Yonge-Dundas Square	1,298	924	374	29%
CreateTO	0	0	0	100%
Toronto & Region Conservation Authority	5,545	5,545	0	0%
Toronto Transit Commission - Conventional	1,189,272	1,148,862	40,410	3%
Toronto Transit Commission - Wheel Trans	136,323	138,762	(2,440)	-2%
Toronto Police Service	1,166,526	1,168,349	(1,822)	0%
Toronto Police Service Board	2,177	2,177	0	0%
TOTAL - AGENCIES	2,899,317	2,838,972	60,345	2%
Corporate Accounts				
Capital From Current	194,720	194,720	0	0%
Technology Sustainment	21,297	21,297	0	0%
Debt Charges	704,186	706,112	(1,925)	0%
Capital & Corporate Financing	920,203	922,128	(1,925)	0%
Non-Program Expenditures				
Tax Deficiencies / Write Offs	30,475	32,599	(2,124)	-7%
Tax Increment Equivalent Grants (TIEG)	50,015	30,368	19,647	39%
Assessment Function (MPAC)	46,365	46,365	0	0%
Funding of Employee Related Liabilities	70,782	70,936	(154)	0%
Other Corporate Expenditures	25,235	41,198	(15,964)	-63%
Insurance Contributions	51,413	51,413	0	0%
Parking Tag Enforcement & Operations Exp	62,515	58,188	4,326	7%
Programs Funded from Reserve Funds	(0)	0	(0)	100%
Heritage Property Taxes Rebate	1,870	790	1,079	58%
Solid Waste Management Services Rebate	75,371	72,569	2,802	4%
Tax Increment Funding (TIF)	7,231	7,231	0	0%
Non-Program Expenditures	421,271	411,659	9,612	2%
Non-Program Revenue				
Payments in Lieu of Taxes	(96,238)	(106,096)	9,858	-10%
Supplementary Taxes	(40,000)	(61,699)	21,699	-54%
Tax Penalty Revenue	(41,000)	(47,660)	6,660	-16%
Interest/Investment Earnings	(143,149)	(276,708)	133,560	-93%
Other Corporate Revenues	(4,385)	(5,243)	858	-20%
COVID -19 recovery	(932,777)	(109,998)	(822,779)	88%
Dividend Income	(95,400)	(98,340)	2,940	-3%
Provincial Revenue	(91,600)	(91,600)	0	0%
Municipal Land Transfer Tax	(725,023)	(560,009)	(165,014)	23%
Third Party Sign Tax	(10,512)	(10,455)	(57)	1%
Parking Authority Revenues	(16,466)	(27,278)	10,812	-66%
Admin Support Recoveries - Water	(18,973)	(18,973)	0	0%
Admin Support Recoveries - Health & EMS	(11,856)	(11,856)	0	0%
Parking Tag Enforcement & Operations Rev	(94,626)	(127,242)	32,616	-34%
Other Tax Revenues	(10,580)	(10,044)	(535)	5%
Municipal Accommodation Tax (MAT)	(41,637)	(66,324)	24,687	-59%
Casino Woodbine Revenues	(34,756)	(26,299)	(8,457)	24%
Vacant Home Tax	0	25	(25)	0%
Non-Program Revenues	(2,408,978)	(1,655,801)	(753,177)	31%
Association of Community Centres	9,793	10,083	(290)	-3%
Arena Boards of Management	(66)	550	(615)	936%
TOTAL - CORPORATE ACCOUNTS	(1,057,777)	(311,381)	(746,396)	71%
TOTAL TAX SUPPORTED PROGRAMS / AGENCIES	4,908,091	5,499,814	(591,723)	-12%
Less Toronto Building	(16,147)	(34,605)	18,459	-114%
Less City Planning	9,951	9,465	486	5%
Less Obligations and Reserve Allocations		(128,633)	128,633	
TOTAL ADJUSTED TAX SUPPORTED PROGRAMS/AGENCIES	4,914,287	5,524,954	(739,300)	-15%
RATE SUPPORTED PROGRAMS				
Solid Waste Management Services	0	(19,243)	19,243	100%
Toronto Parking Authority	(25,444)	(38,028)	12,584	-49%
Toronto Water	0	(20,869)	20,869	100%
TOTAL RATE SUPPORTED PROGRAMS	(25,444)	(78,140)	52,696	-207%

Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

Appendix B

CITY OF TORONTO CONSOLIDATED GROSS EXPENDITURES VARIANCE FOR THE YEAR ENDED DEC 31, 2023 (\$000s)				
December 31, 2023				
	Year-End		Actual vs Budget	
	Budget	Actual	Favourable / (Unfavourable)	%
Community and Social Services				
Housing Secretariat	865,809	750,551	115,259	13%
Children's Services	1,109,491	1,032,176	77,314	7%
Court Services	36,246	31,563	4,683	13%
Economic Development & Culture	107,605	98,121	9,485	9%
Fire Services	524,440	573,749	(49,308)	-9%
Toronto Paramedic Services	329,509	310,482	19,027	6%
Seniors Services and Long-Term Care	375,495	355,718	19,777	5%
Parks, Forestry & Recreation	498,326	496,342	1,984	0%
Toronto Shelter and Support Services	710,783	978,556	(267,773)	-38%
Social Development, Finance & Administration	104,969	104,056	913	1%
Toronto Employment & Social Services	1,155,023	1,047,117	107,906	9%
Sub-Total Community and Social Services	5,817,696	5,778,432	39,264	1%
Infrastructure and Development Services				
City Planning	69,252	64,724	4,527	7%
Toronto Emergency Management	6,016	5,270	746	12%
Municipal Licensing & Standards	68,085	68,136	(52)	0%
Policy, Planning, Finance & Administration	18,809	17,343	1,466	8%
Engineering & Construction Services	80,931	80,896	34	0%
Toronto Building	81,594	63,118	18,476	23%
Transportation Services	459,094	472,800	(13,706)	-3%
Transit Expansion	10,632	7,885	2,747	26%
Sub-Total Infrastructure and Development Services	794,413	780,173	14,241	2%
Finance and Treasury Services				
Office of the Chief Financial Officer and Treasurer	19,354	17,711	1,643	8%
Office of the Controller	100,846	86,246	14,601	14%
Sub-Total Finance and Treasury Services	120,200	103,957	16,243	14%
Corporate Services				
Corporate Real Estate Management	207,028	220,882	(13,853)	-7%
Environment & Climate	19,469	19,756	(287)	-1%
Fleet Services	73,733	74,565	(832)	-1%
Office of the Chief Information Security Officer	38,704	29,698	9,006	23%
Technology Services	148,232	144,033	4,200	3%
Customer Experience	23,981	22,982	999	4%
Sub-Total Corporate Services	511,148	511,916	(768)	0%
City Manager				
City Manager's Office	89,852	81,957	7,894	9%
Sub-Total City Manager	89,852	81,957	7,894	9%
Other City Programs				
City Clerk's Office	66,237	62,772	3,465	5%
Legal Services	66,771	58,877	7,893	12%
Mayor's Office	2,979	2,505	474	16%
City Council	26,049	22,825	3,224	12%
Sub-Total Other City Programs	162,036	146,979	15,057	9%
Accountability Offices				
Auditor General's Office	7,619	6,705	914	12%
Integrity Commissioner's Office	991	913	78	8%
Office of the Lobbyist Registrar	1,313	1,116	197	15%
Office of the Ombudsman	3,651	3,030	621	17%
Sub-Total Accountability Offices	13,574	11,764	1,810	13%
TOTAL - CITY OPERATIONS	7,508,920	7,415,178	93,742	1%

Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

Appendix B

	Year-End		Actual vs Budget	
	Budget	Actual	Favourable / (Unfavourable)	%
Agencies				
Toronto Public Health	372,456	297,250	75,206	20%
Toronto Public Library	234,610	243,452	(8,841)	-4%
Exhibition Place	62,535	63,004	(470)	-1%
Heritage Toronto	1,445	1,238	207	14%
TO Live	44,160	35,819	8,342	19%
Toronto Zoo	58,713	63,375	(4,662)	-8%
Yonge-Dundas Square	3,248	3,529	(281)	-9%
CreateTO	17,947	16,646	1,300	7%
Toronto & Region Conservation Authority	11,148	11,148	0	0%
Toronto Transit Commission - Conventional	2,254,544	2,184,800	69,744	3%
Toronto Transit Commission - Wheel Trans	143,409	145,716	(2,307)	-2%
Toronto Police Service	1,330,626	1,363,787	(33,161)	-2%
Toronto Police Service Board	3,252	2,712	541	17%
TOTAL - AGENCIES	4,538,094	4,432,475	105,619	2%
Corporate Accounts				
Capital From Current	344,720	344,720	0	0%
Technology Sustainment	21,297	21,297	0	0%
Debt Charges	838,836	845,673	(6,836)	-1%
Capital & Corporate Financing	1,204,853	1,211,689	(6,836)	-1%
Non-Program Expenditures				
Tax Deficiencies / Write Offs	30,475	32,599	(2,124)	-7%
Tax Increment Equivalent Grants (TIEG)	50,015	30,368	19,647	39%
Assessment Function (MPAC)	46,365	46,365	0	0%
Funding of Employee Related Liabilities	70,782	70,936	(154)	0%
Other Corporate Expenditures	86,613	71,203	15,410	18%
Insurance Contributions	51,413	51,413	0	0%
Parking Tag Enforcement & Operations Exp	62,515	58,188	4,326	7%
Programs Funded from Reserve Funds	166,705	173,309	(6,604)	-4%
Heritage Property Taxes Rebate	1,870	790	1,079	58%
Solid Waste Management Services Rebate	75,371	72,569	2,802	4%
Tax Increment Funding (TIF)	7,231	7,231	0	0%
Non-Program Expenditures	649,355	614,973	34,381	5%
Non-Program Revenue				
Payments in Lieu of Taxes	0	0	0	n/a
Supplementary Taxes	0	0	0	n/a
Tax Penalty Revenue	0	0	0	n/a
Interest/Investment Earnings	9,702	7,870	1,832	19%
Other Corporate Revenues	67	5,885	(5,818)	-8690%
COVID -19 Recovery	0	0	0	n/a
Dividend Income	0	0	0	n/a
Provincial Revenue	0	0	0	n/a
Municipal Land Transfer Tax	222,667	194,357	28,311	13%
Third Party Sign Tax	0	0	0	n/a
Parking Authority Revenues	0	0	0	n/a
Admin Support Recoveries - Water	0	0	0	n/a
Admin Support Recoveries - Health & EMS	0	0	0	n/a
Parking Tag Enforcement & Operations Rev	0	0	(0)	n/a
Other Tax Revenues	154	638	(485)	-315%
Municipal Accommodation Tax (MAT)	27,700	27,878	(178)	-1%
Casino Woodbine Revenues	134	134	0	0%
Vacant Home Tax	55,000	96,069	(41,069)	-75%
Non-Program Revenues	315,425	332,832	(17,407)	-6%
Association of Community Centres	10,189	10,621	(432)	-4%
Arena Boards of Management	10,228	10,124	104	1%
TOTAL - CORPORATE ACCOUNTS	2,190,049	2,180,239	9,810	0%
TOTAL TAX SUPPORTED PROGRAMS / AGENCIES	14,237,063	14,027,892	209,171	1%
RATE SUPPORTED PROGRAMS				
Solid Waste Management Services	410,380	386,868	23,512	6%
Toronto Parking Authority	116,686	114,059	2,627	2%
Toronto Water	1,486,076	1,482,487	3,589	0%
TOTAL RATE SUPPORTED PROGRAMS	2,013,142	1,983,414	29,728	1%

Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

Appendix C

CITY OF TORONTO CONSOLIDATED REVENUE VARIANCE FOR THE YEAR ENDED DEC 31, 2023 (\$000s)				
December 31, 2023				
	Year-To-Date		Actual vs Budget	
	Budget	Actual	Favourable / (Unfavourable)	%
Community and Social Services				
Housing Secretariat	444,186	328,913	(115,273)	-26%
Children's Services	1,018,069	943,875	(74,194)	-7%
Court Services	90,891	95,894	5,004	6%
Economic Development & Culture	26,469	19,691	(6,778)	-26%
Fire Services	20,877	27,733	6,856	33%
Toronto Paramedic Services	219,771	202,025	(17,746)	-8%
Seniors Services and Long-Term Care	280,890	278,352	(2,538)	-1%
Parks, Forestry & Recreation	158,172	154,193	(3,979)	-3%
Toronto Shelter and Support Services	217,890	553,155	335,265	154%
Social Development, Finance & Administration	20,049	20,140	91	0%
Toronto Employment & Social Services	1,075,975	972,047	(103,928)	-10%
Sub-Total Community and Social Services	3,573,238	3,596,017	22,779	1%
Infrastructure and Development Services				
City Planning	59,301	55,259	(4,042)	-7%
Toronto Emergency Management	1,297	753	(544)	-42%
Municipal Licensing & Standards	44,578	57,541	12,963	29%
Policy, Planning, Finance & Administration	13,314	12,656	(658)	-5%
Engineering & Construction Services	79,706	78,346	(1,360)	-2%
Toronto Building	97,741	97,723	(18)	0%
Transportation Services	225,499	210,893	(14,607)	-6%
Transit Expansion	8,206	7,633	(573)	-7%
Sub-Total Infrastructure and Development Services	529,643	520,804	(8,839)	-2%
Finance and Treasury Services				
Office of the Chief Financial Officer and Treasurer	5,639	4,466	(1,172)	-21%
Office of the Controller	57,122	48,800	(8,322)	-15%
Sub-Total Finance and Treasury Services	62,760	53,266	(9,494)	-15%
Corporate Services				
Corporate Real Estate Management	95,351	114,037	18,686	20%
Environment & Climate	5,605	3,976	(1,628)	-29%
Fleet Services	40,834	39,718	(1,115)	-3%
Office of the Chief Information Security Officer	3,000	(1)	(3,001)	-100%
Technology Services	37,199	33,134	(4,065)	-11%
Customer Experience	10,064	9,126	(938)	-9%
Sub-Total Corporate Services	192,053	199,991	7,939	4%
City Manager				
City Manager's Office	25,687	19,532	(6,155)	-24%
Sub-Total City Manager	25,687	19,532	(6,155)	-24%
Other City Programs				
City Clerk's Office	30,114	28,855	(1,258)	-4%
Legal Services	27,352	22,777	(4,575)	-17%
Mayor's Office	0	0	0	n/a
City Council	1,213	1,480	267	22%
Sub-Total Other City Programs	58,678	53,113	(5,566)	-9%
Accountability Offices				
Auditor General's Office	0	0	0	n/a
Integrity Commissioner's Office	310	232	(78)	-25%
Office of the Lobbyist Registrar	0	0	0	n/a
Office of the Ombudsman	0	0	0	n/a
Sub-Total Accountability Offices	310	232	(78)	-25%
TOTAL - CITY OPERATIONS	4,442,369	4,442,955	586	0%

Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

Appendix C

	Year-To-Date		Actual vs Budget	
	Budget	Actual	Favourable / (Unfavourable)	%
Agencies				
Toronto Public Health	211,452	163,607	(47,845)	-23%
Toronto Public Library	21,051	23,413	2,361	11%
Exhibition Place	60,335	64,822	4,487	7%
Heritage Toronto	870	645	(225)	-26%
TO Live	37,988	30,127	(7,861)	-21%
Toronto Zoo	44,048	47,171	3,124	7%
Yonge-Dundas Square	1,950	2,604	655	34%
CreateTO	17,947	16,646	(1,300)	-7%
Toronto & Region Conservation Authority	5,603	5,603	0	0%
Toronto Transit Commission - Conventional	1,065,272	1,035,938	(29,334)	-3%
Toronto Transit Commission - Wheel Trans	7,087	6,954	(132)	-2%
Toronto Police Service	164,100	195,438	31,338	19%
Toronto Police Service Board	1,076	535	(541)	-50%
TOTAL - AGENCIES	1,638,777	1,593,504	(45,274)	-3%
Corporate Accounts				
Capital From Current	150,000	150,000	0	0%
Technology Sustainment	0	0	0	n/a
Debt Charges	134,650	139,561	4,911	4%
Capital & Corporate Financing	284,650	289,561	4,911	2%
Non-Program Expenditures				
Tax Deficiencies / Write Offs	0	0	0	n/a
Tax Increment Equivalent Grants (TIEG)	0	0	0	n/a
Assessment Function (MPAC)	0	0	0	n/a
Funding of Employee Related Liabilities	0	0	0	n/a
Other Corporate Expenditures	61,378	30,005	(31,373)	-51%
Insurance Contributions	0	0	0	n/a
Parking Tag Enforcement & Operations Exp	0	0	0	n/a
Programs Funded from Reserve Funds	166,705	173,309	6,604	4%
Heritage Property Taxes Rebate	0	0	0	n/a
Solid Waste Management Services Rebate	0	0	0	n/a
Tax Increment Funding (TIF)	0	0	0	n/a
Non-Program Expenditures	228,083	203,314	(24,769)	-11%
Non-Program Revenue				
Payments in Lieu of Taxes	96,238	106,096	9,858	10%
Supplementary Taxes	40,000	61,699	21,699	54%
Tax Penalty Revenue	41,000	47,660	6,660	16%
Interest/Investment Earnings	152,851	231,221	78,370	51%
Other Corporate Revenues	4,452	11,128	6,676	150%
COVID -19 Recovery	932,777	109,998	(822,779)	-88%
Dividend Income	95,400	98,340	2,940	3%
Provincial Revenue	91,600	91,600	0	0%
Municipal Land Transfer Tax	947,691	754,366	(193,325)	-20%
Third Party Sign Tax	10,512	10,455	(57)	-1%
Parking Authority Revenues	16,466	27,278	10,812	66%
Admin Support Recoveries - Water	18,973	18,973	0	0%
Admin Support Recoveries - Health & EMS	11,856	11,856	0	0%
Parking Tag Enforcement & Operations Rev	94,626	127,242	32,616	34%
Other Tax Revenues	10,734	10,683	(51)	0%
Municipal Accommodation Tax (MAT)	69,337	94,203	24,866	36%
Casino Woodbine Revenues	34,890	26,433	(8,457)	-24%
Vacant Home Tax	55,000	96,044	41,044	75%
Non-Program Revenues	2,724,403	1,935,275	(789,128)	-29%
Association of Community Centres	397	538	142	36%
Arena Boards of Management	10,294	9,575	(719)	-7%
TOTAL - CORPORATE ACCOUNTS	3,247,826	2,438,263	(809,564)	-25%
TOTAL TAX SUPPORTED PROGRAMS / AGENCIES	9,328,972	8,474,721	(854,251)	-9%
RATE SUPPORTED PROGRAMS				
Solid Waste Management Services	410,380	406,111	(4,269)	-1%
Toronto Parking Authority	142,129	152,086	9,957	7%
Toronto Water	1,486,076	1,503,356	17,280	1%
TOTAL RATE SUPPORTED PROGRAMS	2,038,586	2,061,554	22,968	1%

Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

Appendix D - Authorized Spending on Obligations and Reserve Allocations

Legislative / Council Directed 2023 Year-End Adjustments:	
XR1305- Building Code Act Service Improvement Reserve Fund	18.5
XR1307- City Planning Development Application Review Reserve Fund	0.5
<i>Sub-Total</i>	<i>19.0</i>
Authorized Spending:	
XQ0703 - Tax Rate Stabilization Reserve – Housing Secretariat Pilot Project	0.5
XQ0703 - Tax Rate Stabilization Reserve - Corporate Budget Initiatives	11.3
XQ1018 - Vehicle Reserve - Toronto Paramedic Services	1.0
XQ1201 - Vehicle Reserve - Parks, Forestry and Recreation	6.5
XQ0010 - Council Transition Reserve	1.5
XQ0009 - Council Furniture and Equipment Reserve	0.5
XR1017 - Election Reserve Fund	2.0
XQ0703 - Tax Rate Stabilization Reserve - Shelter support for Churches	4.5
XR3019 - Exhibition Place Conference Centre Reserve Fund	1.8
XR1735 - Budget Bridging and Balancing Reserve	99.1
<i>Sub-Total</i>	<i>128.6</i>
Total Tax Supported Programs 2023 Year-End Adjustments	147.6

Allocation Commentary

Legislative / Council Directed Requirements

Building Code Act Service Improvement Reserve Fund:

In compliance with Section 7 of the Building Code Act, the net operating favourable variance of \$18.5 million from 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.

City Planning 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 the continuation of work required to deliver the development review process for those applications. In accordance with City Council's

Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

direction, it is recommended that City Planning's operating surplus of \$0.5 million be transferred to the Development Application Review Reserve Fund.

Authorized Spending:

Tax Rate Stabilization Reserve – Housing Secretariat Pilot Project – To contribute \$0.5 million to Tax Rate Stabilization reserve for Housing Secretariat's pilot of an on-site Anchor Agency support services for a period of six months. This includes three to five high needs TCHC/TSHC or non-profit buildings, positively impacting over 500 households in three communities. The enhancement will support the increasing number of tenants with complex medical and social needs who may be at risk of higher 911 use, eviction and homelessness by offering direct case management supports, community and social supports through teams of case managers and mental health case managers, community administrators and through program/operational funding.

Tax Rate Stabilization Reserve (TRSRF) - Corporate Budget Initiatives - To contribute \$11.3 million to replenish the TRSRF from 2023 year-end Supplementary Taxes results as it was drawn down to fund additional investments in 2024 Mayor's proposed Budget.

Vehicle Reserve - Toronto Paramedic Services -To contribute \$1.0 million to Toronto Paramedic Services vehicle reserve in light of the electrification of the fleet and cost escalation of about \$24.9 million for 292 Electric vehicles over 10 years (2024-2033). The Sustainable City of Toronto Fleets Plan requires Net Zero by 2040 with a transition of 20% of Paramedic Services' fleet to zero-emission vehicles by 2025, and 50% by 2030.

Vehicle Reserve – Parks, Forestry and Recreation (PFR) - To contribute \$6.5 million to PFR's Vehicle Reserve for strategic investments in new vehicles to support year-round operations, optimize corporate fleet, and reduce the need to rent vehicles.

Council Transition Reserve – City Council - This reserve fund is used to address the end of Council term costs including severance for Members of Council and their staff, costs related to transition team, and other requirements related to Council transition. An allocation of \$1.5 million is proposed to ensure adequate funding is available for the 2026 Council transition.

Council Furniture and Equipment Reserve – City Council and Mayor's Office - This reserve fund is related to furniture and equipment requirements of Councillors' and Mayor's Office to meet health and safety and operational requirements. An allocation of \$0.5 million is proposed to ensure adequate funding is available for future needs.

Election Reserve Fund - City Clerk's Office - This reserve fund is for municipal elections and by-elections, the operating and capital budget needs of City Clerk's Office Election Services, the Council-approved candidate contribution rebate program, and Staff report for action on Operating Variance Report for the Year-Ended December 31, 2023

compliance audits. An allocation of \$2.0 million is proposed to ensure an adequate reserve balance to deliver the 2026 and future municipal elections and by-elections.

Tax Rate Stabilization Reserve - Shelter Support for Churches and Community Organizations – To contribute \$4.5 million to this reserve which will support City Council's approved recommendation in EC11.7 Reimbursement for Churches and Community Organizations Supporting Refugee Claimants to ensure that remaining 2023 reimbursement payments to approved churches and community organizations will not result in a net pressure to the City in 2024 if Federal Funding is not sufficient to cover these costs.

Exhibition Place Conference Centre Reserve Fund – Exhibition Place – To contribute to the Exhibition Place based on City Council's decision, on January 17, 2012, reaffirming the policy that Exhibition Place continue to contribute future operating budget surpluses (if any) to the Exhibition Place Conference Centre Reserve Fund. The Reserve Fund provides financing for shortfalls in loan payments to the City from Exhibition Place for a new conference centre. In accordance with Council's direction, \$1.8 million of the Exhibition Place operating surplus will be allocated to the Exhibition Place Conference Centre Reserve Fund and \$2.2 million will be paid back to the City.

Budget Bridging and Balancing Reserve Corporate– To contribute \$99.1 million to Budget Bridging and Balancing Reserve, which is used to hold funds to support operational bridging strategies from the 2025 budget year onward.