

2025 Budget Notes

Office of the CFO and Treasurer

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Description

The Office of the Chief Financial Officer (CFO) and Treasurer ensures the effective use of the Corporation's financial resources by providing sound financial planning management and advice; maintaining financial control; developing and implementing effective financial strategies; providing procurement and materials management services that meet the needs of City divisions; and by providing timely, accurate and efficient services to Programs, Agencies, Council and the public.

Why We Do It

- City services have sufficient operating and capital funds to address operational and infrastructure needs, while maintaining a balanced budget as legislatively required.
- The City's capital projects are financed at the lowest borrowing rate to reduce tax burden on Toronto residents and businesses, in consideration of the City's green and social debenture frameworks to promote sustainability, improve climate resiliency and enhance positive socioeconomic outcomes.
- The City's financial assets are invested responsibly to achieve superior [risk-adjusted] rate of returns to meet the City's cash flow requirements.
- The City of Toronto has sufficient financial protection from catastrophic financial loss through the insurance program.
- Torontonians receive timely and equitable resolutions to their claims against the City.
- Divisions receive timely and trusted independent assurance on their internal controls in order to mitigate risk. Risks are controlled to avoid unexpected events and costs that impede achievement of City outcomes.
- Procurement of goods and services is accessible, timely and consistent for City services and suppliers, which enables City divisions to deliver services as planned.
- City divisions and Council have access to accurate, compliant, relevant and complete financial information through an up-to-date financial system.

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.

For further information about the Office of the CFO and Treasurer, please visit: <https://www.toronto.ca/city-government/accountability-operations-customer-service/city-administration/staff-directory-divisions-and-customer-service/>

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What Service We Provide

Financial Planning

Who We Serve: Council, City divisions, agencies and corporations

What We Deliver: City of Toronto balanced budget; financial advice; financial policies and financial reports

How Much Resources (gross 2025 operating budget): \$10.4 million

Financial Strategy and Policy

Who We Serve: Council, City divisions, agencies and corporations

What We Deliver: Enhanced financial policies in support of achieving City objectives and priorities, comprehensive enterprise-wide strategic financial advice and analysis including funding strategies and corporate asset management

How Much Resources (gross 2025 operating budget): \$4.5 million

Internal Audit

Who We Serve: Council, City divisions, agencies and corporations

What We Deliver: Business and risk consulting on policies, processes and information systems; Assurance services including the performance of compliance, operational, financial, forensic and internal control reviews

How Much Resources (gross 2025 operating budget): \$3.1 million

Insurance and Risk Management

Who We Serve: Council, City divisions, agencies and corporations, Toronto residents

What We Deliver: Insurance and claims risk advice as well as risk mitigation strategies

How Much Resources (gross 2025 operating budget): \$2.1 million

Capital Markets

Who We Serve: Council, City divisions, agencies and corporations

What We Deliver: Investment and debt portfolio management

How Much Resources (gross 2025 operating budget): \$2.0 million

Purchasing and Materials Management

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 2025 operating budget): \$22.5 million

Strategic Enterprise Integration and Modernization

Who We Serve: Council, City divisions, agencies and corporations

What We Deliver: Assessment, planning, management and implementation of industry leading business processes and technology, by collaborating with other corporate partners across the City

How Much Resources (gross 2025 operating budget): \$14.2 million

Budget at a Glance

2025 OPERATING BUDGET

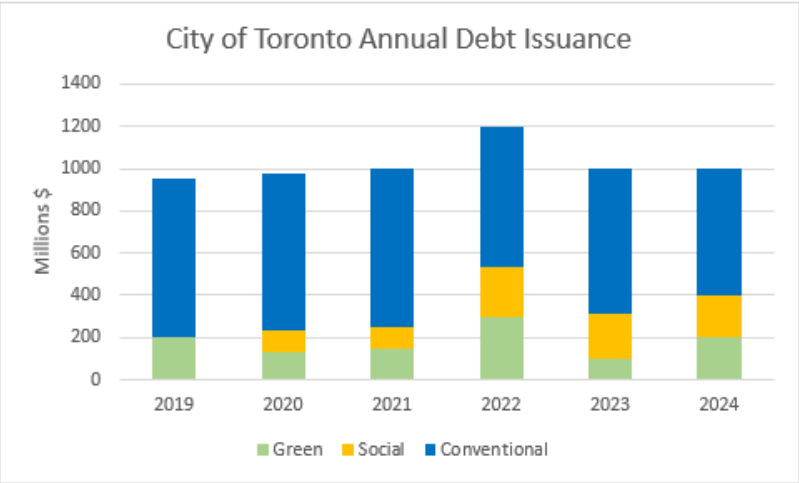
\$Million	2025	2026	2027
Revenues	\$25.4	\$24.9	\$24.2
Gross Expenditures	\$58.7	\$60.8	\$60.5
Net Expenditures	\$33.3	\$35.9	\$36.3
Approved Positions	423.0	415.0	408.0

2025 - 2034 10-YEAR CAPITAL PLAN

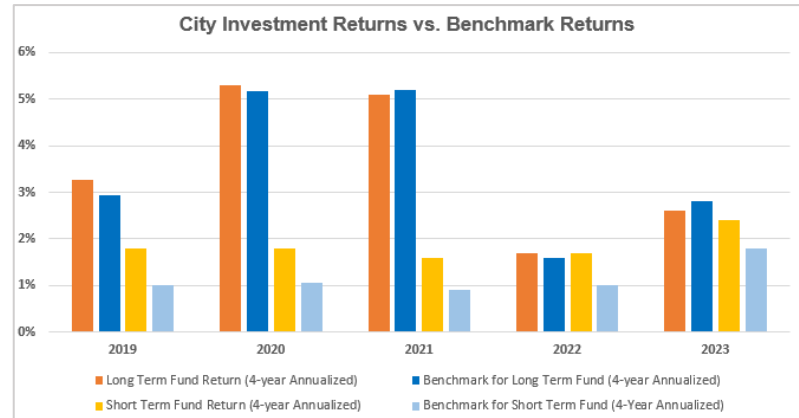
\$Million	2025	2026-2034	Total
Gross Expenditures	\$5.9	\$20.0	\$25.9
Debt	\$5.9	\$19.0	\$24.9

Note: Includes 2024 carry forward funding

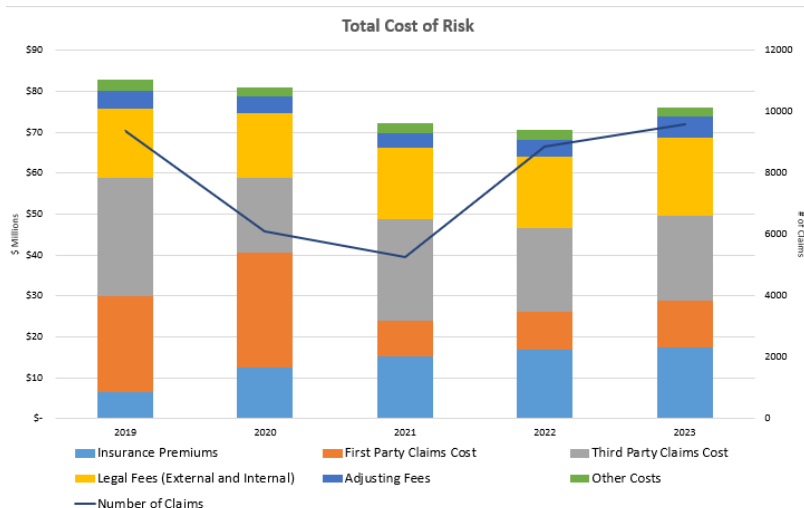
How Well We Are Doing – Behind the Numbers



- The City of Toronto is the largest municipal Green Bond Issuer in Canada with \$1.38 billion outstanding at the end of 2024, including \$200 million issued in 2024.
- The City was also the first public sector Social Bond Issuer in Canada with \$850 million outstanding at the end of 2024, including \$200 million issued in 2024.
- Debenture Frameworks developed, reviewed, and supported by independent opinion provider (Sustainalytics).
- Sustainable bond issuance (Green and Social) to continue in future years to finance capital projects with key metrics.
- Impact reporting on projects provided to investors via Annual Newsletters.
- Received international award for the Social bonds issued in 2020 and 2021 (Environmental Finance Social Bond of the Year - Local Municipality - 2021 and 2022 winner).

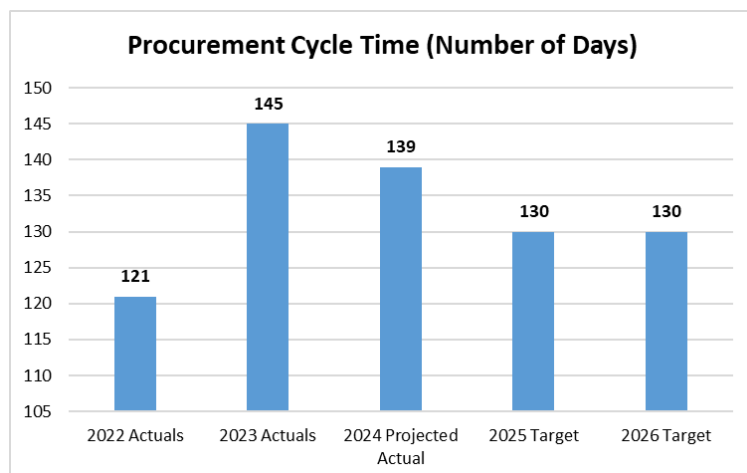


- This chart indicates the City’s actual investment returns for the Short-Term Fund and Long-Term Fund, in comparison to respective benchmarks.
- Since 2018, the City’s Long-Term Fund has been managed by the Toronto Investment Board under a Council-adopted Investment Policy which is based on the prudent investor standard. City staff continue to manage the Short-Term Fund.
- Investment returns for the Short-Term Fund, as measured by an annualized four-year period, have outperformed the benchmark in all five years (2019-2023), despite a prolonged period of volatile market conditions.
- Similarly, investment returns for the Long-Term Fund, also measured by an annualized four-year period, have outperformed the benchmark in three of the five years.
- The City uses the Financial Times Stock Exchange (FTSE) Canada 30-day T-bill as the benchmark for the Short-Term Fund and the FTSE Canadian bond Index as the benchmark for the Long-Term Fund.



Note: First Party Claims are claims for physical damage to City property and automobiles. Third Party Claims are made against the City by a third party.

- Total Cost of Risk describes the total annual cost of operating the City's insurance and risk management program over the previous 5 years. Costs are broken down to include insurance premiums, claims costs retained by the City, and other costs (including indirect costs of claims and administrative costs). The annual number of new claims received is also detailed.
- Claim volumes are unpredictable; however, claim-related expenses are relatively flat over the last 5 years.
- Severe weather and the potholes produced can negatively impact claim volumes leading to an increase in adjusting fees and other expenses.
- Insurance premiums are affected by the City's claims experience as well as external factors including industry claims experience, industry capacity and prevailing market rates.
- Insurance and Risk Management works with insured program areas and divisions on loss mitigation to manage the City's claim frequency and severity.



- The average procurement cycle time measures the average time taken to complete a procurement from initiation with Purchasing and Materials Management Division until the issuance of an SAP purchasing document.
- In 2023 this average was 145 working days, representing an increase of 24 days over 2022's average of 121 days. An increase in cycle time was primarily due to greater demand for procurement services coupled with staffing challenges. The number of days for the Divisional evaluation of bids/proposals received from the Client divisions also contributed to the increase.
- Purchasing and Materials Management Division, in collaboration with City divisions and through the resourcing strategy reflected in the 2025 Budget, is actively working to reduce procurement cycle times, with targets set at 130 days for 2025 and 2026, with longer-term plans to further reduce.

How Well We Are Doing

Service	Measure	2022 Actual	2023 Actual	2024 Target	2024 Projection	Status	2025 Target	2026 Target
Outcome Measures								
Financial Planning	Capital Funding Investment (Tax and Rate) in the State of Good Repair projects (\$ million)	\$1,842	\$2,286	\$2,724	\$2,350	●	\$3,328	\$2,885
Capital Markets	New debt issued as a percentage of the annual debt issuance target (\$1 billion in 2024)	100%	100%	100%	100%	●	100%	100%
Insurance and Risk Management	% of claim reports acted on within 15 days	89%	97%	95%	95%	●	95%	95%
Internal Audit	Ratio of engagements in Internal Audit workplan that cover Key Risks	81%	80%	75%	80%	●	80%	80%
Procurement	# of days from the requisition date to the Purchase Order/Blanket Contract date	121	145	130	139	●	130	130
Service Level Measures								
Materials Management Stores and Distribution	Material requests issued and delivered within 5 business days (or 7 calendar days)	89%	71.5%	95%	85%	●	90%	90%
Other Measures								
Materials Management Stores and 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

2024 Projection to 2024 Target Comparison

● 80-100% (MET TARGET) ● 70 - 79% (LOW RISK) ● 69% and Under (REQUIRES ATTENTION)

* For a complete list of services and service levels of Divisions within the Office of the Chief Financial Officer and Treasurer, please refer to [Appendix 1 to Briefing Note 10 - 2024 Service Levels in the Prepared Budget](#).

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- In October 2024, the City's credit rating was raised from AA to AA+ by Standard and Poor's (S&P) Global Ratings for the first time in over 20 years. This was attributed to the City's improved budget position, prudent financial management and actions undertaken as part of the Long-Term Financial Plan.
- Recognized as part of the first global cohort of cities certified in accordance with ISO 37125, a new international standard for Environmental, Social and Governance factors for cities.
- Received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for the 2024 City of Toronto Public Budget Book (14 years in a row).
- Delivered the 2024 Corporate Asset Management Plan, a strategic document to enable management of the City's infrastructure assets, in compliance with provincial regulations.
- Completed long-term financial arrangements with City agencies to promote financial sustainability, including an updated Income Sharing Agreement with the Toronto Parking Authority to address State of Good Repair needs, and an agreement with Toronto Hydro to support sustainable growth.
- Delivered the fourth Annual City of Toronto Environmental, Social and Governance Performance Report (January 2024). The City was the first public sector entity to provide a report like this in 2021 and remains one of the few to continue to provide this information.
- Successfully completed the implementation of Phase I of the Procurement Bylaw Review and updated the Fair Wage Bylaw and Schedule.
- Completed and launched TO Bids, a new online portal for suppliers to view upcoming, active, closed and cancelled procurements.
- Successfully renewed the City's corporate insurance program resulting in an overall premium increase of 6.4 percent, within the 2024 budget.
- Continued to advance the Financial Systems Transformation Project including the redesign of financial business processes, which will enable a large and complex corporate wide business and technology modernization transformation project.

Key Challenges and Risks

- The debt service cost as a percentage of property tax is approaching the City's threshold of 15% and will need to be effectively managed through the annual budgeting process.
- Enhancing financial sustainability through a multi-year budgeting approach aimed at reducing annual opening budget pressures while accounting for inflationary and growth-related demands on costs.
- The City's State of Good Repair backlog continues to grow, despite increased investments in capital repair work, due to aging infrastructure and growing requirements.
- Challenges attracting and retaining resources to support growing demands of City divisions' procurement activities.
- Internal Audit challenged to address significant risks through the audit plan, given the size and scope of the City.

Priority Actions

- Continued efforts to advance the City's intergovernmental funding arrangements to address current and long-term financial requirements.
 - Ensure a multi-year budgeting approach and long-term vision for financial policies and funding strategies to promote enhanced financial sustainability.
 - Advance review of funding strategies including comprehensive analysis of development charges and initiation of the next Development Charges Background Study.
 - In collaboration with Revenue Services, advance implementation plans for new revenue tools resulting from the Long-Term Financial Plan and monitor performance.
 - Continue to monitor the City's expenditures and revenues and ensure that future year operating budgets remain balanced.
 - Deliver the next phase of the Corporate Asset Management Plan by the provincial deadline of July 1, 2025.
 - Continue to support the City's priorities in budget modernization and transformation initiatives in developing Financial Transformation Planning Tools, building stronger funds management processes, and integrating the City's asset management process.
 - Complete new debt issuances to finance capital projects, including Green and Social bonds.
 - Continue with Environmental, Social and Governance (ESG) reporting – Green, Social, ESG Performance, and ESG Scoring on Investment Portfolios.
 - Develop an Information Technology audit framework/function within the Internal Audit Division to support Corporate and Divisional Information Technology from a risk and control perspective.
 - Distribute divisional claim dashboards and analytics to identify trends and opportunities for loss mitigation.
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CITY STAFF PREPARED BUDGET

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

1. The 2025 Operating Budget for the Office of the Chief Financial Officer and Treasurer of \$58.755 million gross, \$25.426 million revenue and \$33.329 million net for the following services:

Service:	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Financial Planning	10,388.2	2,178.8	8,209.4
Financial Strategy and Policy	4,505.2	1,213.2	3,292.0
Internal Audit	3,050.9	255.8	2,795.1
Insurance and Risk Management	2,130.8	2,130.8	0.0
Capital Markets	2,029.7	135.0	1,894.7
Purchasing and Materials Management	22,497.8	5,870.1	16,627.6
Strategic Enterprise Integration and Modernization	14,152.5	13,642.4	510.1
Total Program Budget	58,755.0	25,426.0	33,329.0

- The 2025 staff complement for the Office of the Chief Financial Officer and Treasurer of 423.0 positions comprised of 134.0 capital positions and 289.0 operating positions.
2. The 2025 Capital Budget for the Officer of the Chief Financial Officer and Treasurer with cash flows and future year commitments totalling \$24.921 million as detailed by project in [Appendix 5a](#).
 3. The 2026-2034 Capital Plan for the Office of the Chief Financial Officer and Treasurer totalling \$1.000 million in project estimates as detailed by project in [Appendix 5b](#).

**2025
OPERATING BUDGET**

2025 OPERATING BUDGET OVERVIEW

Table 1: 2025 Operating Budget by Service

(In \$000s)	2023 Actual	2024 Budget	2024 Projection*	2025 Base Budget	2025 New / Enhanced	2025 Budget	Change v. 2024 Budget	
By Service	\$	\$	\$	\$	\$	\$	\$	%
Revenues								
Financial Planning	1,323.5	1,995.0	1,726.4	2,178.8		2,178.8	183.7	9.2%
Financial Strategy and Policy	231.2	1,086.5	670.7	1,213.2		1,213.2	126.7	11.7%
Internal Audit	235.8	255.8	255.8	255.8		255.8		
Insurance and Risk Management	1,886.6	2,051.7	1,983.7	2,130.8		2,130.8	79.0	3.9%
Capital Markets	135.0	135.0	135.0	135.0		135.0		
Purchasing and Materials Management	3,847.0	4,536.5	3,651.9	4,904.6	965.5	5,870.1	1,333.6	29.4%
Strategic Enterprise Integration and Modernization	7,665.3	13,524.4	7,943.9	13,642.4		13,642.4	118.0	0.9%
Total Revenues	15,324.4	23,585.0	16,367.4	24,460.5	965.5	25,426.0	1,841.1	7.8%
Expenditures								
Financial Planning	8,692.6	10,204.5	9,665.3	10,388.2		10,388.2	183.7	1.8%
Financial Strategy and Policy	2,976.8	4,130.7	3,599.2	4,505.2		4,505.2	374.5	9.1%
Internal Audit	2,058.1	3,042.1	2,381.1	3,050.9		3,050.9	8.8	0.3%
Insurance and Risk Management	1,886.6	2,051.7	1,983.7	2,130.8		2,130.8	79.0	3.9%
Capital Markets	1,701.3	1,948.1	1,826.9	2,029.7		2,029.7	81.6	4.2%
Purchasing and Materials Management	16,436.3	20,727.8	16,987.3	21,532.2	965.5	22,497.8	1,770.0	8.5%
Strategic Enterprise Integration and Modernization	7,814.2	13,935.5	8,559.2	14,152.5		14,152.5	217.0	1.6%
Total Gross Expenditures	41,565.9	56,040.4	45,002.7	57,789.5	965.5	58,755.0	2,714.7	4.8%
Net Expenditures	26,241.5	32,455.4	28,635.3	33,329.0		33,329.0	873.6	2.7%
Approved Positions**	386.0	409.0	N/A	413.0	10.0	423.0	N/A	N/A

*2024 Projection based on 9 Month Variance

**YoY comparison based on approved positions

KEY DRIVERS

Total 2025 Budget expenditures of \$58.755 million gross reflect an increase of \$2.715 million in spending above 2024 budget, predominantly arising from:

- Increased salaries and benefits including step, progression and benefits adjustments (\$1.273 million);
- Annualization of positions budgeted part-year 2024 (\$0.456 million); and
- Addition of 10 new Corporate Buyers in Purchasing and Materials Management Division due to a significant increase in service demands, to support faster procurement turnaround times and enhanced customer service, and to increase the City's ability to deliver capital projects (\$0.966 million).

EQUITY IMPACTS OF BUDGET CHANGES

The 2025 Operating Budget for the Office of the Chief Financial Officer and Treasurer includes a request from the Purchasing and Materials Management Division to add 10 Corporate Buyers. This initiative aims to enhance the City's ability to address service gaps and improve access to City services for underrepresented and underserved populations. By strategically aligning resources where they are most needed, the City can strengthen its commitment to equity and inclusion. This proposal also integrates with broader initiatives such as the Poverty Reduction Strategy, which focuses on improving housing stability, increasing service access, enhancing transit equity, ensuring food access, providing quality jobs and livable wages, and driving systemic change.

2025 OPERATING BUDGET KEY COST DRIVERS

The 2025 Net Operating Budget for the Office of the Chief Financial Officer and Treasurer of \$33.329 million is \$0.874 million or 2.7% greater than the 2024 Net Budget. Table 2 below summarizes the key cost drivers for the 2025 Budget.

Table 2: 2025 Key Cost Drivers

(In \$000s)	2025				2026 Annualized impact (Net)
	Revenues	Gross	Net	Positions**	
2024 Projection*	16,367.4	45,002.7	28,635.3	N/A	N/A
2024 Budget	23,585.0	56,040.4	32,455.4	409.0	N/A
Key Cost Drivers:					
Prior Year Impacts					
Annualization of positions budgeted part-year 2024	109.5	455.6	346.1		
Annualized impact of organization changes		240.9	240.9	1.0	0.6
Operating Impacts of Capital					
Sustainment of Asset Management project					684.0
Salary & Benefits					
Salary and benefits adjustments	903.1	1,273.4	370.3		119.6
Capital delivery position reclassifications	(426.8)	(426.8)			
Capital positions to support Enterprise Work Management Solution project	289.7	289.7		3.0	
Aligning salary and benefits budget with expected actuals		(56.3)	(56.3)		1,577.7
Revenue Change					
Reversal of temporary reserve funding					183.3
Other Changes		10.3	10.3		
Sub Total Key Cost Drivers	875.5	1,786.8	911.2	4.0	2,565.2
Affordability Measures		(37.7)	(37.7)		
Total 2025 Base Budget	24,460.5	57,789.5	33,329.0	413.0	2,565.2
2025 New / Enhanced	965.5	965.5		10.0	
2025 Budget	25,426.0	58,755.0	33,329.0	423.0	2,565.2
Change from 2024 Budget (\$)	1,841.1	2,714.7	873.6	14.0	N/A
Change from 2024 Budget (%)	7.8%	4.8%	2.7%	3.4%	N/A

*Based on 9 Month Variance

**YoY comparison based on approved positions

Key Base Drivers:**Prior Year Impacts:**

- Annualization of positions approved for partial year 2024 to provide increased capacity for enterprise-wide strategic financial advice and analysis will contribute to an increase of \$0.456 million gross in 2025, partially offset by \$0.110 million in recoveries from capital projects and reserves/reserve funds;
- Annualized impact of organization changes of \$0.241 million.

Salaries and Benefits:

- Salary and benefits adjustments of \$1.273 million;
- Decrease in salaries and benefits due to position reclassifications of \$0.427 million;
- Three temporary capital positions to support Technology Services Division's Enterprise Work Management Solution project of \$0.290 million.

Affordability Measures:**Table 3: Offsets and Efficiencies**

(In \$000s)									
Recommendation	Savings Type	Equity Impact	2025				2026 (Incremental)		
			Revenue	Gross	Net	Positions	Gross	Net	Positions
Line-by-line review of non-salary expenses to align to expected actuals. No service level reductions.	Line By Line	No Equity Impact		(37.7)	(37.7)				
Total Affordability Measures				(37.7)	(37.7)	-			-

New and Enhanced Service Priorities:**Table 4: New / Enhanced Requests**

New / Enhanced Request	2025				2026 Annualized Gross	Equity Impact	Supports Key Outcome / Priority Actions
	Revenue	Gross	Net	Positions			
In \$000s							
New Corporate Buyers for Purchasing Client Service	965.5	965.5		10.0	997.3	Medium - Positive	Improve capital spend rates and enhance customer service due to a significant increase in service demands and the need for faster turnaround times to meet Divisional and Industry expectations.
Total New / Enhanced	965.5	965.5		10.0	997.3		

Note:

- For additional information, please refer to [Appendix 3](#) for the 2025 New and Enhanced Service Priorities.

2026 AND 2027 OUTLOOKS**Table 5: 2026 and 2027 Outlooks**

(In \$000s)	2025 Budget	2026 Incremental Outlook	2027 Incremental Outlook
Revenues			
Contribution from reserve/reserve fund		(310.1)	(20.0)
Completion of capital projects		(684.0)	(746.1)
Capital project delivery		427.2	
Other		40.3	74.9
Total Revenues	25,426.0	(526.6)	(691.2)
Gross Expenditures			
Salary and benefits pressure		1,577.7	389.9
Completion of capital projects		(684.0)	(746.1)
Capital project delivery		427.2	
Sustainment of Asset Management project		686.6	2.0
Other		31.1	98.7
Total Gross Expenditures	58,755.0	2,038.6	(255.6)
Net Expenditures	33,329.0	2,565.2	435.6
Approved Positions	423.0	(8.0)	(7.0)

Key Outlook Drivers

The 2026 Outlook with total gross expenditures of \$60.794 million reflects an anticipated \$2.039 million or 3.47% increase in gross expenditures above the 2025 Operating Budget. The 2027 Outlook expects a decrease of \$0.256 million or 0.42% below 2026 gross expenditures.

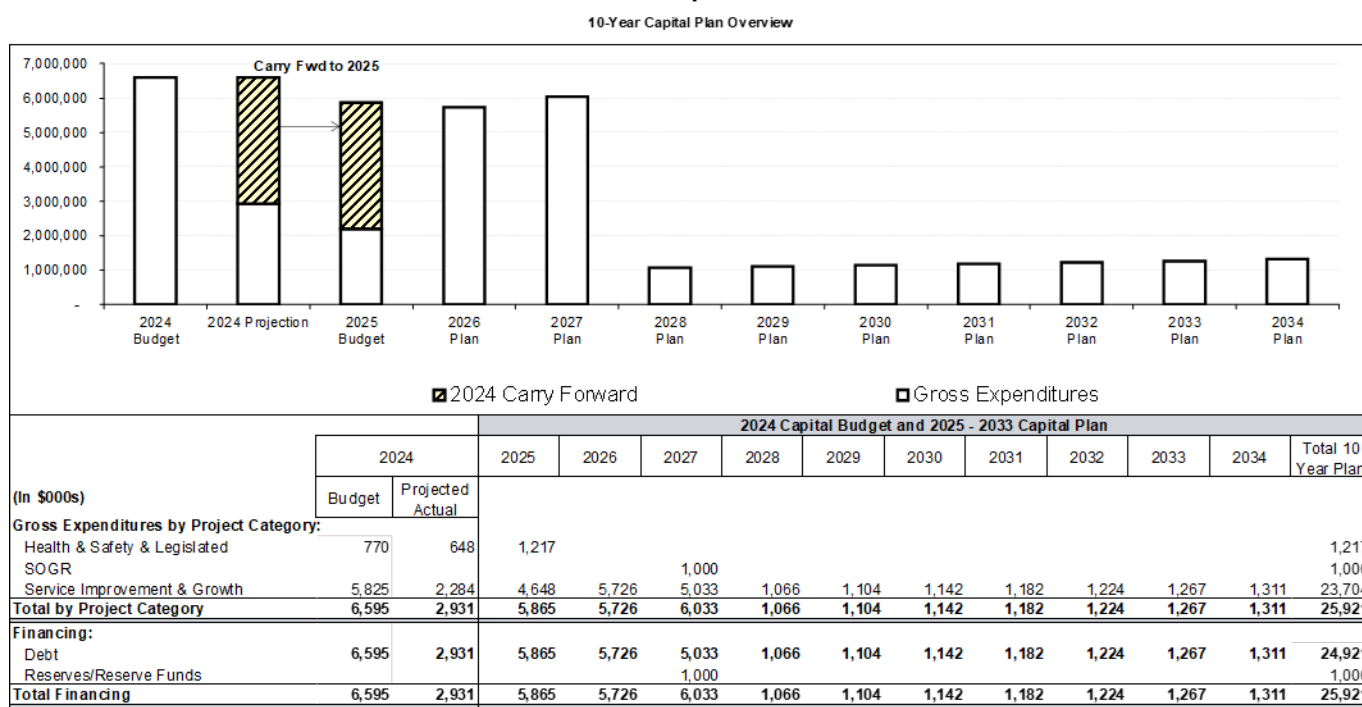
These changes arise from the following:

- Expected annualized impact of 2025 hiring strategies. Staff will continue to monitor vacancy rates and projected requirements to ensure future year budgets reflect realistic hiring timelines.
- Annualization of Financial Systems Transformation Project (FSTP) capital positions filled partially in 2025, offset by a reduction of 7 capital positions in Purchasing and Materials Management Division supporting projects in Technology Services Division, Transportation Services, and Housing Secretariat as funding commitments end in 2025.
- Sustainment required upon the planned completion of the Integrated Asset Planning Management capital project.
- Reduction of resources for Financial Modernization/Budget Tool Revitalization components of FSTP capital project due to the project's expected completion by April 2027.

2025 – 2034 CAPITAL BUDGET AND PLAN

2025 – 2034 CAPITAL BUDGET AND PLAN OVERVIEW

Chart 1: 10-Year Capital Plan Overview



Project Updates (\$0.2 Million)

The 2025-2034 Capital Budget and Plan reflects the following changes to existing projects over the nine common years (2025-2033):

- (\$0.2 million) – *Risk Management Information System Replacement* project deferred to 2027 from 2026, with a decrease in project cost of \$0.2 million.
- \$0.0 million – *Supply Chain Management Transformation* project deferred \$7.217 million of the previously committed capital spending for 2025 to 2026-2027 to align with the revised timelines.

New Projects (\$11.3 Million)




The 2025-2034 Capital Budget and Plan includes a new project. Key project is as follows:

- \$11.3 million – *Corporate Buyer Program*, a multi-year project, to be initiated in early 2025, to ensure all purchases assist in delivering City services at the best value possible through open, fair, competitive, and transparent municipal procurement processes.

Note:

For additional information, please refer to [Appendix 5](#) for a more detailed listing of the 2025 and 2026-2034 Capital Budget and Plan by project and [Appendix 7](#) for Capacity to Deliver Review, respectively.

2025 – 2034 CAPITAL BUDGET AND PLAN**\$25.9 Million 10-Year Gross Capital Program**

		
Asset Planning	Information Technology / Risk Management	Service Improvement, Growth
\$1.2 M 5%	\$13.4 M 52%	\$11.3 M 43%
Integrated Asset Planning Management	Supply Chain Management Transformation Risk Management Information System Replacement 2027 Investment and Debt Management System Replacement 2027	Corporate Buyer Program

How the Capital Program is Funded

City of Toronto		Provincial Funding	Federal Funding
\$25.9 M 100%		\$0 M 0%	\$0 M 0%
Debt	\$ 24.9 M		
Reserve / Reserve Fund	\$ 1.0 M		

OPERATING IMPACT OF COMPLETED CAPITAL PROJECTS

Approval of the 2025 Capital Budget will impact the 2026 Operating Budget by a total of \$0.687 million net arising from completing the *Integrated Asset Planning Management* project, as shown in Table 6 below.

Table 6: Net Operating Impact Summary

Projects	2025 Budget		2026 Plan		2027 Plan		2028 Plan		2029 Plan		2025-2029		2025-2034	
	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions
Previously Approved														
Integrated Asset Planning Management			686.6	4.0	2.0						688.6	4.0	688.6	4.0
Sub-Total: Previously Approved			686.6	4.0	2.0						688.6	4.0	688.6	4.0
Total (Net)			686.6	4.0	2.0						688.6	4.0	688.6	4.0

Previously Approved projects

- The expected completion of the *Integrated Asset Planning Management* project will result in net operating costs of \$0.687 million in 2026 and an incremental \$0.002 million increase in 2027 for an additional 4 permanent positions required to sustain the system and associated initiative.

APPENDICES

Appendix 1

2025 Operating Budget by Category

Category (In \$000s)	2022 Actual	2023 Actual	2024 Budget	2024 Projection*	2025 Budget	2025 Change from 2024 Budget	
	\$	\$	\$	\$	\$	\$	%
User Fees & Donations	14.9	2.2		28.8			
Transfers From Capital	4,337.5	9,661.9	16,820.5	10,143.1	18,388.3	1,567.8	9.3%
Contribution From Reserves/Reserve Funds	1,862.1	2,571.0	3,563.7	3,175.1	3,900.9	337.1	9.5%
Sundry and Other Revenues	389.2	239.1	215.9	191.4	215.9		
Inter-Divisional Recoveries	2,686.0	2,850.2	2,984.9	2,829.0	2,921.0	(63.9)	(2.1%)
Total Revenues	9,289.7	15,324.4	23,585.0	16,367.4	25,426.0	1,841.1	7.8%
Salaries and Benefits	34,092.1	40,441.3	54,755.7	43,776.9	57,466.2	2,710.5	5.0%
Materials & Supplies	47.1	26.6	47.5	39.3	35.4	(12.2)	(25.6%)
Equipment	183.9	85.8	77.7	124.8	145.3	67.6	86.9%
Service and Rent	1,132.7	883.4	1,010.5	913.3	972.2	(38.3)	(3.8%)
Contribution To Reserves/Reserve Funds	46.1	116.8	148.4	148.4	135.5	(12.9)	(8.7%)
Other Expenditures	0.4	12.0	0.5		0.5		
Total Gross Expenditures	35,502.4	41,565.9	56,040.4	45,002.7	58,755.0	2,714.7	4.8%
Net Expenditures	26,212.7	26,241.5	32,455.4	28,635.3	33,329.0	873.6	2.7%

*Projection based on 9 Month Variance

Appendix 2

Summary of 2025 Service Changes

N/A

Appendix 3

Summary of 2025 New / Enhanced Service Priorities Included in Budget



2025 Operating Budget - New and Enhanced Service Priorities Summary by Service (\$000's)

Form ID		Finance and Treasury Services	Adjustments				2026 Plan Net Change	2027 Plan Net Change
Category	Equity Impact		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Office of the Chief Financial Officer and Treasurer						
31883		New Corporate Buyers for Purchasing Client Services- Purchasing and Materials Management Division						
74	Positive	Description: <p>The proposal requests the addition of ten (10) new staff members across Purchasing Client Services to manage the increased growing capital program and reduce procurement turnaround times. This enhancement also includes investment in training programs to equip the new hires with the necessary skills and competencies to meet the City's service standards and Council priorities. Furthermore, the training will emphasize social procurement initiatives, focusing on local suppliers and diverse workforce participation and continue to professionalize the procurement field.</p> <p>Service Level Impact:</p> <p>The proposed increase in staff will significantly enhance the City's procurement processes, resulting in faster procurement turnaround times and improved efficiency for service delivery, leading to increased capital spend rate. This means Torontonians can expect more timely completion of procurement projects, better value for public funds, and an increased emphasis on working with local and diverse suppliers. These improvements will contribute to higher satisfaction with City services and more effective use of resources to meet community needs.</p> <p>Equity Statement:</p> <p>The 2025 Operating Budget for the Office of the Chief Financial Officer and Treasurer includes a request from the Purchasing and Materials Management Division to add 10 Corporate Buyers. This initiative aims to enhance the City's ability to address service gaps and improve access to City services for underrepresented and underserved populations. By strategically aligning resources where they are most needed, the City can strengthen its commitment to equity and inclusion. This proposal also integrates with broader initiatives such as the Poverty Reduction Strategy, which focuses on improving housing stability, increasing service access, enhancing transit equity, ensuring food access, providing quality jobs and livable wages, and driving systemic change.</p> <p>Service: Purchasing and Materials Management</p>						
Total Staff Prepared Budget Changes:			965.5	965.5	0.0	10.00	0.0	0.0
Staff Prepared New/Enhanced Service Priorities:			965.5	965.5	0.0	10.00	0.0	0.0
Summary:								
Staff Prepared New/Enhanced Service Priorities:			965.5	965.5	0.0	10.00	0.0	0.0

Appendix 4

Operating Program Provincial/Federal Funding Streams by Program

N/A

Appendix 5

2025 Capital Budget; 2026 - 2034 Capital Plan Including Carry Forward Funding

Projects (In \$000s)	2025 Budget	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2025 - 2034 Total	Health & Safety & Legislated	SOGR	Growth & Improved Service
<i>Integrated Asset Planning Management</i>	1,217										1,217	1,217		
<i>Supply Chain Management Transformation</i>	3,682	4,729	4,003								12,414			12,414
<i>Corporate Buyer Program</i>	966	997	1,030	1,066	1,104	1,142	1,182	1,224	1,267	1,311	11,290			11,290
<i>Investment and Debt Management System Replacement 2027</i>			600								600		600	
<i>Risk Mgmt Information System Replacement 2027</i>			400								400		400	
Total Expenditures (including carry forward from 2024)	5,865	5,726	6,033	1,066	1,104	1,142	1,182	1,224	1,267	1,311	25,921	1,217	1,000	23,704

Appendix 5a

2025 Cash Flow and Future Year Commitments Including Carry Forward Funding

Projects (In \$000s)	2025 Budget	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	Total 2025 Cash Flow & FY Commits	Previously Approved	Change in Scope	New w/ Future Year
<i>Integrated Asset Planning Management</i>	1,217										1,217	1,217		
<i>Supply Chain Management Transformation</i>	3,682	4,729	4,003								12,414	12,414		
<i>Corporate Buyer Program</i>	966	997	1,030	1,066	1,104	1,142	1,182	1,224	1,267	1,311	11,290			11,290
Total Expenditure (including carry forward from 2024)	5,865	5,726	5,033	1,066	1,104	1,142	1,182	1,224	1,267	1,311	24,921	13,632		11,290

Appendix 5b

2026 - 2034 Capital Plan

Projects (In \$000s)	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2026 - 2034 Total	Health & Safety & Legislated	SOGR	Growth & Improved Service
<i>Investment and Debt Management System Replacement 2027</i>		600								600		600	
<i>Risk Mgmt Information System Replacement 2027</i>		400								400		400	
Total Expenditures		1,000								1,000		1,000	

Appendix 6

Reporting on Major Capital Projects: Status Update

N/A

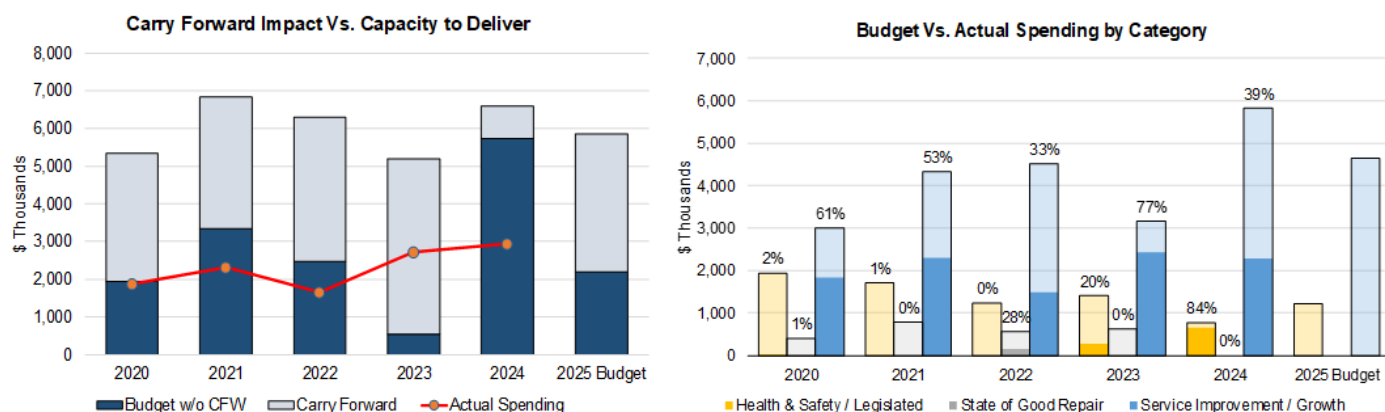
Appendix 7

Capacity to Deliver Review

The 10-year Capital Plan has been developed with consideration of historically demonstrated capacity to deliver within any given year of a 10-year plan. In addition, a review was undertaken to ensure budgets align with the capacity available in the market to deliver on capital projects and assets.

The key component in determining an appropriate level of annual cash flow includes evaluating historical capacity to deliver by project categories (Chart 3 below) and assessing projected 2024 underspending that will be carried forward into the 2025-2034 Capital Budget and Plan.

Chart 3 – Capacity to Deliver



Impact of Capacity to Deliver Review on the 10-Year Plan

- The Office of the Chief Financial Officer and Treasurer's actual spending over the previous five years, from 2020 to 2024, has averaged \$2.293 million per year or 38.3%. The projected spending for 2024 is \$2.931 million or 44.5% of the 2024 Capital Budget. Challenges in spending for projects are mainly due to coordination with other projects for *Supply Chain Management Transformation*.
- Based on the review of historical capital spending and an assessment of capacity to deliver, \$3.663 million in capital spending originally cash allocated for 2024 has been deferred to 2025. Adjustments to the Capital Plan are noted below:
 - Integrated Asset Planning Management* project carries forward \$0.122 million from 2024 to 2025 to align with the legislated timelines.
 - Supply Chain Management Transformation* project carries forward \$3.541 million from 2024 to 2025 and defers the previously committed capital spending for 2025 of \$7.217 million to 2026 (\$3.214 million) and 2027 (\$4.003 million) respectively to align with the revised timelines.
- While capital spending rates were lower than anticipated in recent years, the Office of the Chief Financial Officer and Treasurer is striving to improve spending rates in 2025 by enhancing alignment and coordination with supporting delivery partners.

Appendix 8

Summary of Capital Delivery 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

2025 Operating Budget

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals () / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
Beginning Balance		426,367.4	389,498.6	364,721.0
Capital Financing Reserve	XQ0011			
<i>Withdrawals (-)</i>		(168.2)	(30.9)	(4.0)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		(168.2)	(30.9)	(4.0)
Other Program / Agency Net Withdrawals & Contributions		(36,700.5)	(24,746.8)	1,809.6
Interest Income		-	-	-
Balance at Year End		389,498.6	364,721.0	366,526.5

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals () / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
Beginning Balance		471.7	506.5	528.5
Vehicle Reserve- Purchasing and Materials Management	XQ1204			
<i>Withdrawals (-)</i>				
<i>Contributions (+)</i>		135.5	135.5	135.5
Total Reserve / Reserve Fund Draws / Contributions		135.5	135.5	135.5
Other Program / Agency Net Withdrawals & Contributions		(100.7)	(113.5)	(74.1)
Interest Income		-	-	-
Balance at Year End		506.5	528.5	589.9

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals () / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
Beginning Balance		10,422.9	10,139.3	9,855.7
Emergency Planning Reserve	XQ1406			
<i>Withdrawals (-)</i>		(179.6)	(179.6)	(179.6)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		(179.6)	(179.6)	(179.6)
Other Program / Agency Net Withdrawals & Contributions		(104.0)	(104.0)	(104.0)
Interest Income		-	-	-
Balance at Year End		10,139.3	9,855.7	9,572.1

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals () / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
Beginning Balance		49,056.8	35,116.6	19,252.1
Insurance Reserve Fund	XR1010			
<i>Withdrawals (-)</i>		(2,130.8)	(2,141.4)	(2,148.2)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		(2,130.8)	(2,141.4)	(2,148.2)
Other Program / Agency Net Withdrawals & Contributions		(12,228.2)	(13,993.6)	(16,103.1)
Interest Income		418.8	270.5	101.3
Balance at Year End		35,116.6	19,252.1	1,102.0

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals () / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
Beginning Balance		177,972.8	158,378.0	152,680.3
Debt Servicing Reserve Fund	XR1734			
<i>Withdrawals (-)</i>		(769.1)	(769.1)	(769.1)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		(769.1)	(769.1)	(769.1)
Other Program / Agency Net Withdrawals & Contributions		(20,499.1)	(6,476.2)	(6,938.1)
Interest Income		1,673.4	1,547.6	1,488.3
Balance at Year End		158,378.0	152,680.3	146,461.4

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals () / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
Beginning Balance		802,455.0	816,040.8	910,229.5
Development Charges Reserve Fund - Transit	XR2109			
<i>Withdrawals (-)</i>		(52.9)	(52.9)	(52.9)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		(52.9)	(52.9)	(52.9)
Other Program / Agency Net Withdrawals & Contributions		5,586.6	85,653.2	46,393.1
Interest Income		8,052.2	8,588.4	9,334.0
Balance at Year End		816,040.8	910,229.5	965,903.7

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals () / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
Beginning Balance		636,130.1	656,325.1	475,421.1
Development Charges Reserve Fund - Roads & Related	XR2110			
<i>Withdrawals (-)</i>		(52.9)	(52.9)	(52.9)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		(52.9)	(52.9)	(52.9)
Other Program / Agency Net Withdrawals & Contributions		13,817.8	(186,481.6)	(166,886.4)
Interest Income		6,430.1	5,630.6	3,919.5
Balance at Year End		656,325.1	475,421.1	312,401.4

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals () / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
Beginning Balance		144,076.2	141,421.8	142,774.7
Development Charges Reserve Fund - Water	XR2111			
<i>Withdrawals (-)</i>		(54.5)	(54.5)	(54.5)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		(54.5)	(54.5)	(54.5)
Other Program / Agency Net Withdrawals & Contributions		(4,020.3)	(6.5)	472.3
Interest Income		1,420.4	1,413.9	1,429.8
Balance at Year End		141,421.8	142,774.7	144,622.3

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals () / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
Beginning Balance		18,167.5	15,823.8	14,305.3
Development Charges Reserve Fund - Development Studies	XR2120			
<i>Withdrawals (-)</i>		(281.5)	(281.5)	(281.5)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		(281.5)	(281.5)	(281.5)
Other Program / Agency Net Withdrawals & Contributions		(2,231.4)	(1,386.9)	(829.4)
Interest Income		169.1	149.9	137.5
Balance at Year End		15,823.8	14,305.3	13,331.8

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals () / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
Beginning Balance		568,650.7	542,555.3	478,791.5
Community Benefits Charges - Original Section 37 Reserve Fund	XR3026			
<i>Withdrawals (-)</i>		(28.0)	(28.0)	(28.0)
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		(28.0)	(28.0)	(28.0)
Other Program / Agency Net Withdrawals & Contributions		(31,595.8)	(68,817.2)	(38,604.3)
Interest Income		5,528.4	5,081.3	4,594.8
Balance at Year End		542,555.3	478,791.5	444,753.9

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals () / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
Beginning Balance		110,077.5	103,255.5	96,549.6
Housing Accelerator Reserve Fund	XR3101			
<i>Withdrawals (-)</i>		(183.3)	-	-
<i>Contributions (+)</i>				
Total Reserve / Reserve Fund Draws / Contributions		(183.3)		
Other Program / Agency Net Withdrawals & Contributions		(7,700.0)	(7,700.0)	(7,700.0)
Interest Income		1,061.4	994.1	927.0
Balance at Year End		103,255.5	96,549.6	89,776.6

Inflows and Outflows to/from Reserves and Reserve Funds**2025 – 2034 Capital Budget and Plan****Corporate Reserve / Reserve Funds**

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Contributions / (Withdrawals)									
		2025 Budget	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan
XQ0011 Capital Financing Reserve	Beginning Balance	426,367	389,499	364,721	366,527	320,195	266,704	215,033	178,550	128,742	128,291
	Total Withdrawals	-	-	(600)	-	-	-	-	-	-	-
	Total Contributions	-	-	-	-	-	-	-	-	-	-
Other Program/Agency Net Withdrawals and Contributions		(36,869)	(24,778)	2,406	(46,332)	(53,491)	(51,670)	(36,483)	(49,808)	(451)	-
Interest Income		-	-	-	-	-	-	-	-	-	-
Balance at Year End		389,499	364,721	366,527	320,195	266,704	215,033	178,550	128,742	128,291	128,291

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Contributions / (Withdrawals)									
		2025 Budget	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan
XR1010 Insurance Reserve Fund	Beginning Balance	49,057	35,117	19,252	1,102	1,113	1,124	1,135	1,147	1,158	1,170
	Total Withdrawals	-	-	(400)	-	-	-	-	-	-	-
	Total Contributions	-	-	-	-	-	-	-	-	-	-
Other Program/Agency Net Withdrawals and Contributions		(14,359)	(16,135)	(17,851)	-	-	-	-	-	-	-
Interest Income		419	270	101	11	11	11	11	11	12	12
Balance at Year End		35,117	19,252	1,102	1,113	1,124	1,135	1,147	1,158	1,170	1,181

Appendix 11

Glossary

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels in annual budget.

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 Deliver: Ability to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget and Plan: A Capital Budget and Plan is the City's 10-year strategy to acquire/build assets or extend the useful lives of existing assets. The Capital Budget is the first year of approved cash flows and future year's commitments and the remaining nine years include project estimates.

Capital Delivery 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 provide services.

Operating Impact of Completed Capital Projects: The Operating Budget Impact of Capital is the change in operating expenditure and / or revenue, which is projected to occur during the implementation of a capital project and / or when a capital project is completed. These changes should be documented on a Business Case Form in the appropriate category.

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

Salary and Benefits Adjustment: General increases related to contractual obligations, such as cost of living, step increases, performance for pay and progression pay.

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

Tax Supported Budget: Budget funded by property taxes.

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