

2026 Budget Notes

Financial Operations and Control

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Description

Financial Operations and Control provides effective financial and employee services to City Programs, Agencies, and Corporations by establishing and providing a robust internal control system with relevant policies, processes, and procedures to safeguard City assets; systematic and comprehensive recording of financial transactions, along with timely and accurate reporting of financial information; accurate and efficient pension, payroll, and benefit services that meet the needs of City divisions; and leadership in revenue billing and collection services.

Why We Do It

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

- City divisions and Council have access to accurate, compliant, relevant, and complete financial information through an up-to-date financial system.
- City revenues are sustained through timely, accurate, reliable, and flexible billing and collection for property taxes, water and sewer services, solid waste collection, parking tickets, red-light camera violations, Municipal Land Transfer Tax, and the Municipal Accommodation Tax.
- Toronto residents and businesses have access to reliable, secure, and convenient payment options.
- Suppliers receive accurate and timely payments for the goods and/or services they provide the City.
- City employees and retirees receive timely, accurate, and regular payments and benefits.
- City benefits are financially sustainable and meet the physical and mental health needs of employees.
- City divisions abide by commodity tax legislative requirements, while maximizing rebates available.

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 individual divisions within the Financial Operations and Control, 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

Accounting Services (ASD)

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

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

Resources (gross 2026 operating budget): \$14.9 million

Pension, Payroll and Employee Benefits (PPEB)

Who We Serve: Elected Officials, City of Toronto Staff and Retirees, Toronto Fire Department Superannuation and Benefit Fund Committee, Ontario Municipal Employees Retirement System Pension Boards and Committees.

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

Resources (gross 2026 operating budget): \$21.1 million

Revenue Services (RSD)

Who We Serve: Property Owners, Utility Account Holders, Parking Ticket and Red-Light Camera Recipients, Hotel and Short-Term Rental Operators, Development community, City Divisions, Business Improvement Area Members

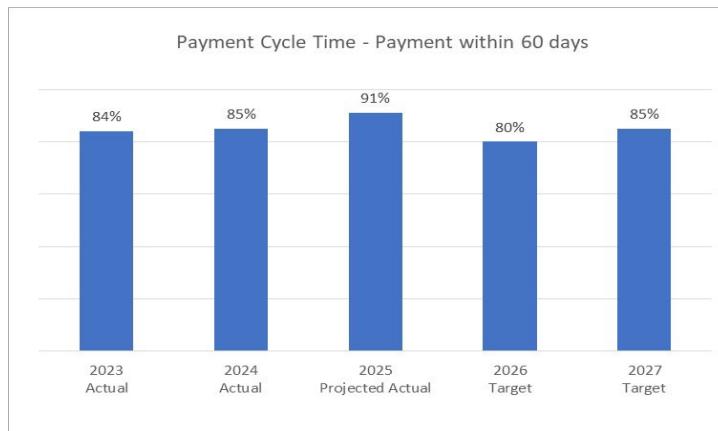
What We Deliver: Property tax and utility billing; administration of Municipal Land Transfer Tax; Municipal Accommodation Tax (hotel and in-coming short-term rentals); Municipal Non-Resident Speculation Tax; parking tickets (operations); tax, utility, and parking ticket and red-light camera client services; Vacant Home Tax, revenue accounting, and collection.

Resources (gross 2026 operating budget): \$41.3 million

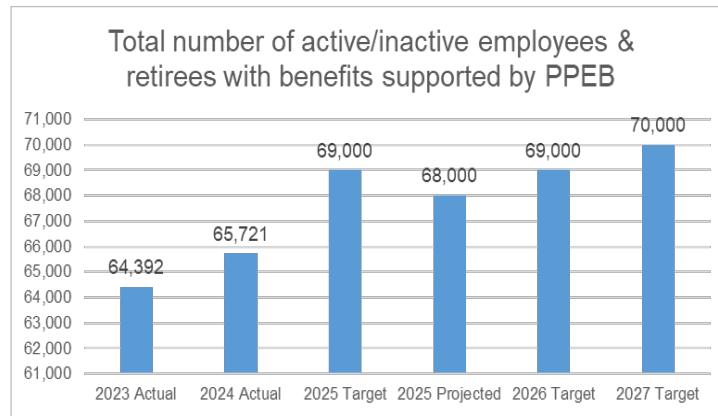
Budget at a Glance

2026 OPERATING BUDGET				2026-2035 10-YEAR CAPITAL PLAN			
In \$ Millions	2026	2027	2028	In \$ Millions	2026	2027-2035	Total
Revenues	\$46.4	\$47.6	\$48.3	Gross Expenditures	\$10.5	\$28.0	\$38.5
Gross Expenditures	\$77.3	\$80.2	\$82.2	Debt	\$ 9.9	\$21.5	\$31.4
Net Expenditures	\$30.9	\$32.6	\$33.9	Note: Includes 2025 carry forward funding			
Approved Positions	573.3	560.3	559.3				

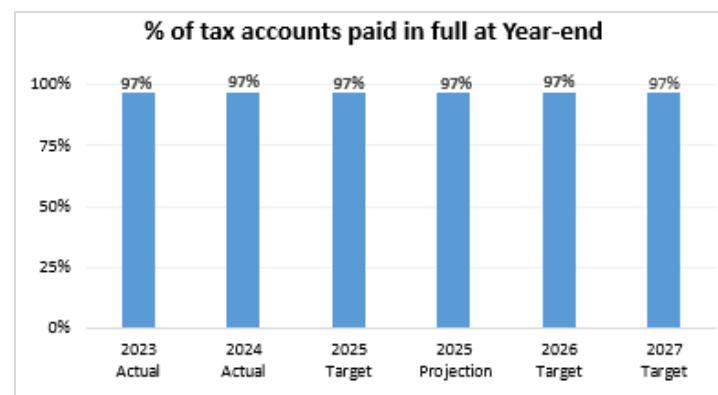
How Well We Are Doing – Behind the Numbers



- Timely and accurate payment processing is an organizational responsibility and requires collaboration between vendors, the City divisions responsible for receiving the goods and services and managing the vendor contracts, and the Corporate Accounts Payable processing unit.
- Accounting Services continues to work with vendors and divisions to ensure that internal processes support timely and accurate vendor payments.



- The number of employees and retirees receiving benefits by the end of 2025 is projected to be 3.5% higher than in 2024.
- Looking ahead, targets for 2026 and 2027 assume an annual growth rate of about 1.5%, driven by an increasing number of retirements with continued eligibility for retiree benefits.
- This growth rate remains subject to change based on factors such as City-wide hiring policies, employee turnover and retirement trends.
- Despite the rising volume of individuals served, the PPEB team has maintained a stable headcount. This has been made possible through ongoing process improvements and workflow efficiencies.



- The percentage of tax accounts paid in full each year from 2023 to 2024 has remained constant at approximately 97%.
- This trend is expected to continue through 2027.
- Toronto's collection rates are high in comparison to global cities, attributed to reliable billing and various payment options.

How Well We Are Doing

Service	Measure	2024 Actual	2025 Target	2025 Projection	2026 Target	2027 Target
Outcome Measures						
ASD - Financial Reporting	Timely reporting of the City's consolidated, Sinking Fund, and Consolidated Trust Fund statements to Committee and Council	June 30	June 30	June 30	June 30	June 30
ASD - Accounting, Financial and Operating Policy and Advice	Development and publication of policies and training support	Two policies	Two policies before year end			
PPEB - Payroll Administration	Payroll cheque and direct deposits made available to all employees by close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments	100%	100%	100%	100%	100%
PPEB - Benefit and Pension Third-Party Payments and Compliance	Provide accurate 3rd party payments on time by due date 100% of the time with 100% accuracy	100%	100%	100%	100%	100%
RSD - Toronto residents and businesses have access to reliable, secure, and convenient payment options	% electronic payments (tax, utility, and parking tickets)	97%	97%	96%	96%	96%

Service	Measure	2024 Actual	2025 Target	2025 Projection	2026 Target	2027 Target
Outcome Measures						
RSD - City revenues are sustained through timely, accurate, reliable and flexible billing and collection of property taxes, water and sewer services, solid waste collection, parking tickets, Municipal Land Transfer Tax, Municipal Accommodation Tax, and Vacant Home Tax	% of tax accounts paid in full at year-end	97.1%	97%	97%	97%	97%
Key Service Level Measures						
ASD - Accounting Reconciliation	100% completion of monthly bank reconciliations 30 days after month end	100%	100%	100%	100%	100%
ASD - Payment Card Industry (PCI) Organizational Compliance	Compliance of City to PCI standards by anniversary date	Achieved	Achieved	Achieved	Achieved	Achieved
ASD - Payment Processing	80% Payments made in 60 days	85%	80%	91%	80%	85%
ASD - Analysis and Compliance Journal Entry Processing	Completion of General Ledger activities within posted deadlines and ensuring timely reporting of financial information	Posting within 48 hours of correct entry	Posting within 48 hours of correct entry	Posting within 48 hours of correct entry	Service transferred to City Divisions	Service transferred to City Divisions
ASD - Analysis and Compliance General Ledger Accounts Analysis	Provide deep analytics into reconciliation processes to ensure the integrity of account balances on the City's general ledger	Not applicable	In Progress	In Progress	In Progress	In Progress

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

Accounting Services

- Enhanced operational efficiency within the Accounts Payable unit resulted in 91% of invoices being paid within 60 days—an increase of 6% over 2024, surpassing the 80% target by 11%, and contributing to a 25% reduction in parked documents.
- Successfully completed the annual Payment Card Industry (PCI) Organizational Compliance assessment, meeting all compliance requirements.
- Identified over \$6 million additional tax recoveries for the City.
- In partnership with Purchasing and Materials Management Division (PMMD), launched two initiatives to advance actions in response to the City's Reconciliation Action Plan. This included enabling the use of the City's "rush payment" process to expedite payments to Indigenous vendors and an interim process to facilitate cash payments for honoraria provided to Indigenous Peoples, while a longer-term permanent approach is developed.

Pension, Payroll and Employee Benefits

- Negotiated two new benefit offerings advancing the City's Diversity, Equity and Inclusion goals, funded through savings from reduced drug and paramedical fees.
- Revamped TEAM Central operations by setting productivity targets, adjusting staff schedules to reduce backlog, launching a Quality Assurance Program, streamlining retirement planning, and improving escalation tracking for faster resolutions.
- Modernized the WSIB (non-Toronto Fire) process, reducing manual work and improving data accuracy and timeliness.
- For the 2025 tax season, a system upgrade streamlined the T2200 form process, enabling PPEB to validate and distribute 13,000 forms with 24/7 on-demand employee access.
- Successfully implemented the PPEB Training Curriculum, significantly enhancing workforce capabilities, optimizing the onboarding process, and strengthening the foundation for effective strategic program execution.

Revenue Services

- Successfully implemented the new temporary Municipal Accommodation Tax rate increase from 6% to 8.5% on applicable hotels and short-term rental stays from June 1, 2025, to August 31, 2026, with additional revenues allocated to support FIFA World Cup 2026 related costs in 2025 and 2026.
- Successfully transitioned from the external third-party supported PayIT payment platform, off-boarding over 35,000 (tax, utility and parking tag) clients to internal city supported payment infrastructure.
- Launched and operationalized the Municipal Non-Resident Speculation Tax program, within the municipal branch of the Municipal Land Transfer Tax.
- Continue to support Toronto Water in the Metering Transmission Unit (MTU) replacement project (over the next 3 years).
- Successfully executed the redesigned Vacant Home Tax Program and achieved over 99% compliance in declarations, with the goal of increasing housing supply in Toronto.

Key Challenges and Risks

Accounting Services

- Transition challenges following the FSTP go live impacting financial reporting until processes and systems are fully stabilized.
- Increasingly complex commodity tax and PCI standards dictate that maintaining compliance is crucial to ensure business continuity, avoidance of penalties and actions from the Canada Revenue Agency, card brands, and maximization of tax credits and rebates for the City.
- Challenges in attracting qualified candidates reflect a competitive labour market for top talent.

Pension, Payroll and Employee Benefits

- The SAP Enterprise Central Component (SAP-ECC) is nearing its end of life. The Payroll Modernization project design and implementation commenced in the second quarter of 2025, requiring significant support from PPEB.
- Maintaining two human resource legacy systems requires continuous synchronization to preserve data integrity, impacting modernization and efficiency.

Revenue Services

- Meeting people resources demands – understanding and defining new skill sets for new service models – facilitating transformation of staff to new service delivery methods.
- Changing customer demographic and service delivery channels – increased demand for automation, self-serve options, and access via internet, social media and continuing demand from an aging customer base to maintain services via traditional models (in-person, counter operations).

Priority Actions

Accounting Services

- Develop a multi-year roadmap to establish a Centre of Excellence for accounting / controllership / financial management with continued emphasis on policy development and internal capacity.
- Ensure the successful implementation of the Financial System Transformation Project (FSTP) to achieve a modern financial control and accounting platform that facilitates all financial operations of the City by leading and developing required policy development, supporting the testing, training and implementation of the new S/4 Hana system.
- Continue to identify efficiency gains through policy and process changes to support a shorter fiscal year-end season, enabling resources to be realigned to other City priorities.
- Develop and report on KPIs and benchmarks for all core Accounting Services functions and create service level agreements where necessary to define expectations for staff and clients.
- Continue to leverage Harmonized Sales Tax (HST) unit expertise to maximize savings for the City while ensuring compliance.

Pension, Payroll and Employee Benefits

- Develop an employee portal to enable direct provider interaction and real-time claim tracking, reducing administrative burden, improving data quality, and mitigating risk. Support updates to benefits programs driven by collective bargaining agreements and changes to non-union policies. Continuously monitor and adopt industry best practices to enhance the employee benefits experience.
- While awaiting the implementation of the Client Relationship Management (CRM) tool, enhancements to Inquiry Management System (IMS) and SAP systems will be prioritized to improve integration and performance. Simultaneously, an employee knowledge base will be launched to support self-service and faster response times from TEAM Central. These efforts will lay the groundwork for improved ticket transparency, real-time reporting, and overall service efficiency.

Revenue Services

- Continue to refine and execute the redesigned existing Vacant Home Tax Program, using lessons learned and actual data from the prior year successes to support further enhancements.
- Transform/migrate current parking ticket management/reporting systems from Parking Tag Management System to the new Case Management System scalable platform, consistent to the Red-Light Camera program.
- In preparation for a potential provincial property re-assessment, model long-term property tax class ratios, thresholds and rate structures, focusing on multi-residential, new multi-residential and the new multi-residential (municipal reduction) property tax sub-class.
- Continue to support Toronto Water for the complete Metering Transmission Unit (MTU) replacement initiative and automated re-integration of the new MTU components with the existing utility billing system.

CITY STAFF PREPARED BUDGET

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

1. The 2026 Operating Budget for Financial Operations and Control of \$77.312 million gross, \$46.378 million revenue and \$30.934 million net for the following services:

Service:	Gross Expenditures (\$000s)	Revenues (\$000s)	Net Expenditures (\$000s)
Accounting Services	14,946.3	1,969.8	12,976.5
Pension, Payroll and Employee Benefits	21,102.4	1,045.5	20,056.9
Revenue Services	41,262.9	43,362.8	(2,099.9)
Total Program Budget	77,311.6	46,378.1	30,933.5

- The 2026 staff complement for Financial Operations and Control of 573.3 positions comprised of 38.0 capital positions and 535.3 operating positions.
- 2. The 2026 Capital Budget for Financial Operations and Control with cash flows and future year commitments totaling \$27.564 million as detailed by project in [Appendix 5a](#).
- 3. The 2027-2035 Capital Plan for Financial Operations and Control totalling \$10.950 million in project estimates as detailed by project in [Appendix 5b](#).

2026

OPERATING BUDGET

2026 OPERATING BUDGET OVERVIEW

Table 1: 2026 Operating Budget by Service

(In \$000s)	2024 Actual	2025 Budget	2025 Projection*	2026 Base Budget	2026 New/ Enhanced	2026 Budget	Change vs. 2025 Budget
By Service	\$	\$	\$	\$	\$	\$	\$
Revenues							
Accounting Services	2,117.6	1,890.0	1,655.1	1,969.8		1,969.8	79.8 4.2%
Revenue Services	35,875.7	40,843.1	40,960.9	43,362.8		43,362.8	2,519.7 6.2%
Pension, Payroll & Employee Benefits	554.5	1,310.0	521.9	1,045.5		1,045.5	(264.5) (20.2%)
Total Revenues	38,547.7	44,043.1	43,137.9	46,378.1		46,378.1	2,335.0 5.3%
Gross Expenditures							
Accounting Services	11,389.0	14,179.7	12,774.2	14,946.3		14,946.3	766.5 5.4%
Revenue Services	33,885.5	46,165.3	39,225.8	41,263.0		41,263.0	(4,902.4) (10.6%)
Pension, Payroll & Employee Benefits	17,551.4	19,339.9	20,031.1	21,102.4		21,102.4	1,762.5 9.1%
Total Gross Expenditures	62,825.9	79,685.0	72,031.2	77,311.6		77,311.6	(2,373.4) 3.0%
Net Expenditures	24,278.2	35,641.9	28,893.3	30,933.5		30,933.5	(4,708.3) 13.2%
Approved Positions**	584.0	590.0	N/A	573.3	0.0	573.3	(16.7) 2.8%

*2025 Projection based on 9-Month Variance

**Year-over-year comparison based on approved positions

KEY DRIVERS

Total 2026 Budget expenditures of \$77.312 million gross reflect a decrease of \$2.373 million in spending below the 2025 Budget, predominantly arising from:

- Salary and benefits adjustments to reflect contractual obligations and annualizations of positions added in 2025, partially offset by a reduction to reflect staffing re-alignment;
- Increases in printing and postage costs mainly due to Canada Post's 2025 rate increase of 25%;
- Incremental charges from the 311 Contact Center to support the Vacant Home Tax Program, fully offset by Vacant Home Tax (VHT) revenues;
- Reductions resulting from line-by-line review to align budget to actuals and efficiency savings; and
- Discontinuation of Automated Speed Enforcement (ASE) Program (Provincial Legislated change, Bill 56 – Moving a More Competitive Economy Act, 2025).

EQUITY IMPACTS OF BUDGET CHANGES

The changes in the Financial Operations and Control 2026 Operating Budget do not have any significant equity impacts.

2026 OPERATING BUDGET KEY COST DRIVERS

The 2026 Net Operating Budget for Financial Operations and Control of \$30.934 million is \$4.708 million, 13.2% lower than the 2025 Net Budget. Table 2 below summarizes the key cost drivers for the 2026 Budget.

Table 2: 2026 Key Cost Drivers

(In \$000s)	2026				2027 Annualized Impact (Net)
	Revenues	Gross Expenditures	Net Expenditures	Positions**	
2025 Projection*	43,137.9	72,031.2	28,893.3	N/A	N/A
2025 Budget	44,043.1	79,685.0	35,641.9	590.0	N/A
Key Cost Drivers:					
Salaries and Benefits					
Salary and benefits adjustments		8,006.9	8,006.9	8.5	2,937.1
Aligning salary and benefits with expected actuals		(3,288.5)	(3,288.5)	0.0	
Capital delivery positions (with no operating impact)				(7.5)	
Non-Salary Changes					
Postage and printing cost increases		1,606.7	1,606.7	0.0	
Contracted Services		89.1	89.1	0.0	
Interdivisional Charges from 311 Call Center	786.5	786.5		0.0	57.4
Service Changes					
Legislative Change - Automatic Speed Enforcement Program		(5,822.1)	(5,822.1)	(9.0)	
Revenue Changes					
Interdivisional Recoveries	830.9		(830.9)	0.0	(799.2)
User Fee Inflationary Adjustment	471.9		(471.9)	0.0	(386.9)
Reserve	315.7		(315.7)	0.0	58.5
Other Revenues	(70.0)		70.0	0.0	(124.0)
Sub Total Key Cost Drivers	2,335.0	1,378.6	(956.4)	(8.0)	1,704.2
Affordability Measures		(3,751.9)	(3,751.9)	(8.7)	(0.0)
Total 2026 Base Budget	46,378.1	77,311.6	30,933.5	573.3	1,704.2
2026 New/Enhanced					
2026 Budget	46,378.1	77,311.6	30,933.5	573.3	1,704.2
Change from 2025 Budget (\$)	2,335.0	(2,373.4)	(4,708.3)	(16.7)	N/A
Change from 2025 Budget (%)	5.3%	(3.0%)	(13.2%)	(2.8%)	N/A

*Based on 9-Month Variance

**Year-over-year comparison based on approved positions

Key Base Drivers:

Salaries and Benefits:

- Salary and benefits adjustments resulting from cost-of-living (COLA), step increases, and pay for performance, as well as the annualization of eight positions added in 2025.

Non-Salary Changes:

- Incremental printing and mailing to support utility and property tax billings, and adjustments to other contracted services.

Service Changes:

- Provincial legislated discontinuation of the ASE program (Bill 56 – Moving a More Competitive Economy Act, 2025) resulted in the reduction of nine positions and elimination of remittance of late payment penalty to the Province for ASE tickets.

Revenue Changes:

- The base revenue reflects inflationary adjustment for user fees and incremental interdivisional recoveries as well as recoveries from reserve funds and other revenues.

Affordability Measures

Table 3: Affordability Measures

Recommendation	Savings Type	Equity Impact	(In \$000s)				2027 (Incremental)		
			Revenues	Gross Expenditures	Net Expenditures	Positions	Gross Expenditures	Net Expenditures	Positions
Limited use of external collection agencies	Efficiencies	None		(329.5)	(329.5)				
Line by Line review to align with actual experience	Line-by-line	None		(2,521.8)	(2,521.8)				
Ongoing review of staffing requirements	Efficiencies	None		(900.6)	(900.6)	(8.7)	(34.4)	(34.4)	-
Total Affordability Measures				(3,751.9)	(3,751.9)	(8.7)	(34.4)	(34.4)	

Affordability measures, as described below, are specific actions taken by Financial Operations and Control (FOC) that achieve cost reductions without impacting service levels for City Divisions and the public. For 2026, FOC has identified \$1.230 million in efficiency savings and \$2.522 million in line-by-line review through the following initiatives:

- **Limited Use of External Collection Agencies:** Revenue Services Division (RSD) reviewed the use of Collection Agencies and associated fees in respect of outstanding Parking Tickets and Utility balances. As a result of the review, RSD was able to substantially reduce the overall usage of Collections Agencies through enhanced internal collection processes, resulting in savings of \$0.329 million.
- **Ongoing Review of Staffing Requirements:** Following several key operational and strategic changes, 8.7 positions have been identified as no longer required, resulting in savings of \$0.901 million. There will be no impact on operational effectiveness.
- **Line by Line Review:** Detailed review of expenses comparing budgeted amounts with historical expenses and projected spending, resulted in reduction in operating budget by \$2.522 million, primarily due to a significant decrease in online bill payment platform service fees.

2027 AND 2028 OUTLOOK

Table 5: 2027 and 2028 Outlook

(In \$000s)	2026 Budget	2027 Incremental Outlook	2028 Incremental Outlook
Revenues			
Inflationary adjustment to user fees		445.0	453.9
Inter-divisional recoveries		799.2	298.4
Recovery from reserve funds		(58.5)	(108.7)
Other recoveries		66.0	14.1
Total Revenues	46,378.1	1,251.6	657.7
Gross Expenditures			
Salary and benefits changes		2,898.4	1,686.2
Operating impact of capital projects			153.9
Inter-divisional charges		57.4	49.1
Total Gross Expenditures	77,311.6	2,955.9	1,889.3
Net Expenditures	30,933.5	1,704.2	1,231.7
Approved Positions	573.3	(13.0)	(1.0)

Key Outlook Drivers

The 2027 Outlook with total gross expenditures of \$80.268 million reflects an anticipated \$2.956 million or 3.8% increase in gross expenditures above the 2026 Operating Budget. The 2028 Outlook expects a further increase of \$1.889 million or 2.3% above the 2027 Outlook.

These changes arise from the following:

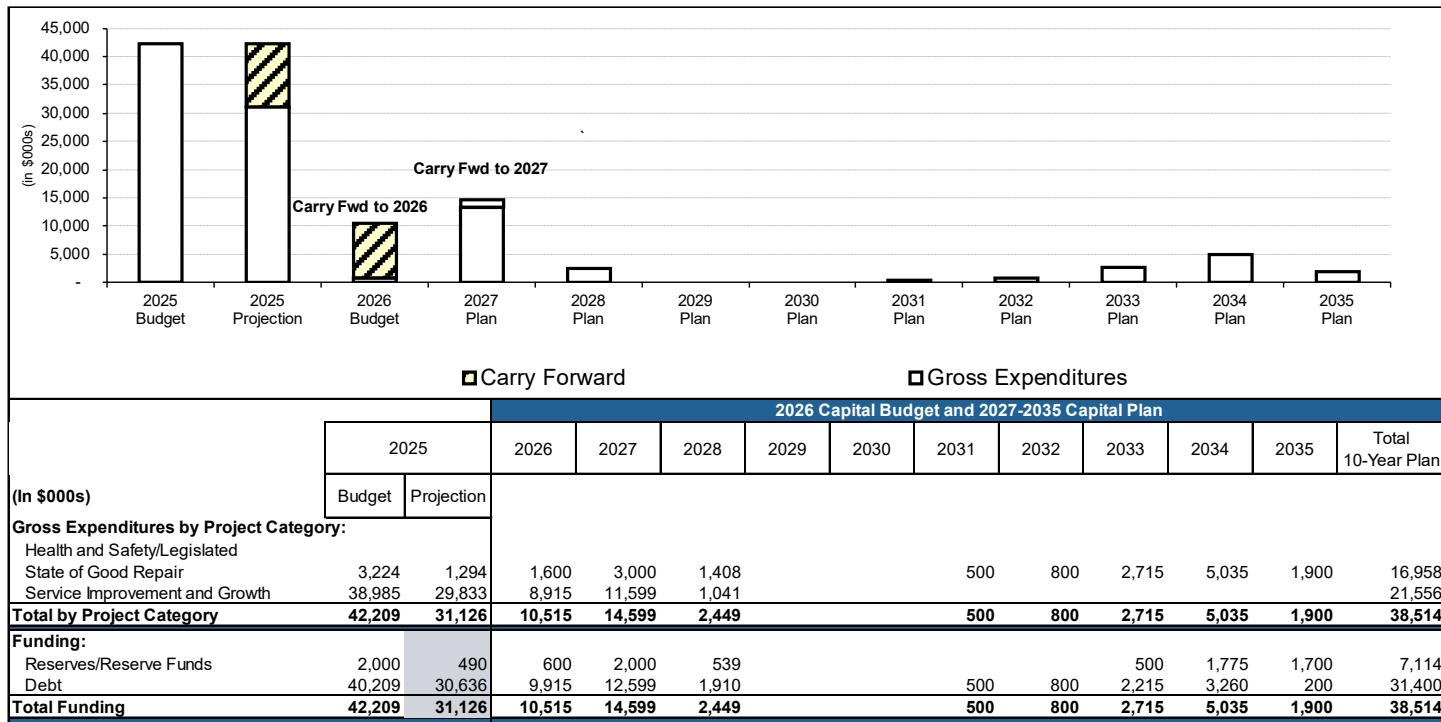
- Inflationary Adjustments to User Fees:** Anticipated inflationary increase in user fees (2027 and 2028).
- Inter-divisional Charges and Recoveries:** Incremental interdivisional recoveries for supporting Toronto Water, Solid Waste Management, and Toronto Paramedics Services.
- Salary and Benefits:** The increase in salary and benefits in both 2027 and 2028 are mainly due to contractual obligations.
- Operating Impact of Capital Project:** Anticipated costs of sustainment following completion of the Process Improvement Project in 2028 including software license fees.

2026-2035

CAPITAL BUDGET AND PLAN

2026-2035 CAPITAL BUDGET AND PLAN OVERVIEW

Chart 1: 10-Year Capital Plan Overview



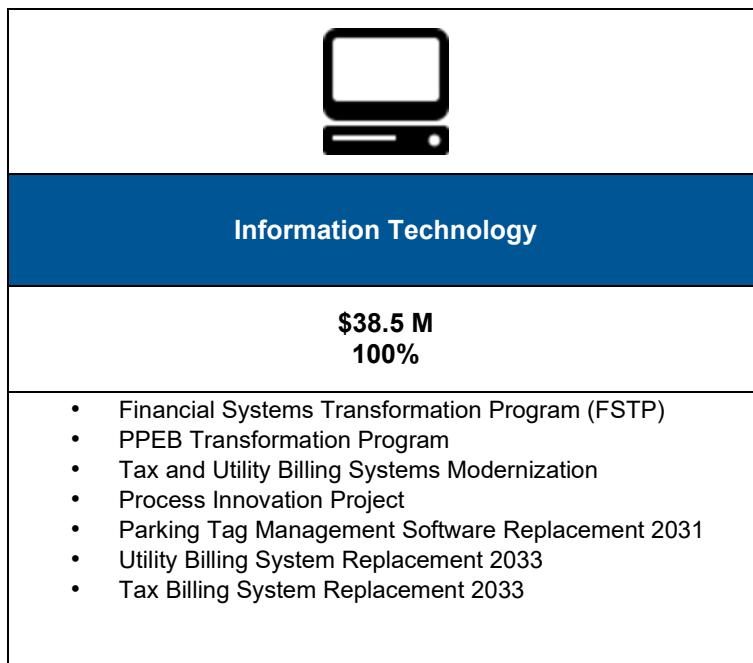
Project Updates

The 2026-2035 Capital Budget and Plan reflects the following changes to existing projects over the nine common years (2026-2034) to realign cash flows with the revised estimated delivery timelines and capacity:

- Financial Systems Transformation (FSTP) - Deferred \$9.550 million of the previously committed capital spending for 2026 to 2027. Budget Tool Revitalization is no longer part of the FSTP and it is a separate project included in the Budget Notes for the Office of the Chief Financial Officer and Treasurer.
- Tax and Utility Billing Systems Modernization - Deferred \$3.498 million of the previously committed capital spending for 2026 to 2027 (\$2.090 million) and 2028 (\$1.408 million).
- Process Innovation Project - Deferred \$2.097 million of the previously committed capital spending for 2026 to 2027 (\$1.056 million) and 2028 (\$1.041 million).
- Tax and Utility Billing Systems Replacement – Deferred \$7.950 million of the previously committed capital spending for 2028-2032 to 2033-2035.
- Parking Tag Management Software Replacement – Deferred \$3.000 million of the previously committed capital spending for 2028-2031 to 2031-2034.

Note:

For additional information, please refer to [Appendix 5](#) for a more detailed listing of the 2026 and 2027-2035 Capital Budget and Plan by project; and [Appendix 6](#) for Capacity to Deliver Review, respectively.

2026-2035 CAPITAL BUDGET AND PLAN**\$38.5 Million 10-Year Capital Program****How the Capital Program is Funded**

City of Toronto	Provincial Funding	Federal Funding
\$38.5 M 100%	\$0.0 M 0%	\$0.0 M 0%
Reserves/ Reserve Funds	\$ 7.1 M	
Debt	\$ 31.4 M	

OPERATING IMPACT OF COMPLETED CAPITAL PROJECTS

Approval of the 2026 Capital Budget will impact the 2028 Operating Budget by a total of \$0.154 million net arising from completing the Process Innovation Project, as shown in Table 6 below.

Table 6: Net Operating Impact Summary

Projects	2026 Budget		2027 Plan		2028 Plan		2029 Plan		2030 Plan		2026-2030		2026-2035	
	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions
Previously Approved														
Process Innovation Project					153.9	1.0	308.3				462.3	1.0	462.3	1.0
Sub-Total: Previously Approved					153.9	1.0	308.3				462.3	1.0	462.3	1.0
Total (Net)					153.9	1.0	308.3				462.3	1.0	462.3	1.0

Previously Approved projects:

- The Process Innovation Project will result in net operating costs of \$0.154 million in 2028 comprising \$0.100 million for partial-year software subscription fees and \$0.054 million for one staff resource partial year. It will continue to impact the 2029 Operating Budget by a further increase of \$0.308 million in expenditures to cover the full-year software subscription fees and one staff resource for the full year.
- Any future operating impacts will be reviewed each year and be considered as part of future year budget processes.

APPENDICES

Appendix 1

2026 Operating Budget by Category

Category (In \$000s)	2024 Actual	2025 Budget	2025 Projection*	2026 Budget	2026 Change from 2025 Budget	
	\$	\$	\$	\$	\$	%
User Fees and Donations	19,129.2	21,705.0	21,705.0	22,247.6	542.6	2.5%
Contribution From Reserves/Reserve Funds	3,290.2	6,482.2	4,613.7	7,584.5	1,102.3	17.0%
Sundry and Other Revenues	2,205.1	2,224.3	1,683.2	2,083.5	(140.8)	(6.3%)
Inter-Divisional Recoveries	13,923.3	13,631.6	15,136.0	14,462.5	830.9	6.1%
Total Revenues	38,547.7	44,043.1	43,137.9	46,378.1	2,335.0	5.3%
Salaries and Benefits	49,272.1	59,549.1	53,089.1	62,474.8	2,925.6	4.9%
Materials and Supplies	53.2	140.1	48.8	76.3	(63.7)	(45.5%)
Equipment	122.7	279.3	231.1	226.8	(52.5)	(18.8%)
Service and Rent	12,040.5	18,158.2	14,970.1	12,960.2	(5,198.0)	(28.6%)
Other Expenditures	1,337.5	1,558.3	2,251.6	787.0	(771.3)	(49.5%)
Inter-Divisional Charges			1,440.4	786.5	786.5	
Total Gross Expenditures	62,825.9	79,685.0	72,031.2	77,311.6	(2,373.4)	(3.0%)
Net Expenditures	24,278.2	35,641.9	28,893.3	30,933.5	(4,708.3)	(13.2%)

*Projection based on 9-Month Variance

Appendix 2

Summary of 2026 Service Changes

Category	Form ID	Finance and Treasury Services Program - Financial Operations & Control	Adjustments				2027 Plan Net Change	2028 Plan Net Change									
			Gross Expenditure	Revenue	Net	Approved Positions											
		2026 Staff Prepared Base Budget Before Service Changes:	83,133.8	46,378.1	36,755.7	582.30	1,742.9	1,160.7									
37335		Legislative Change - Automated Speed Enforcement Program															
59	No Impact	Description:															
Service Level Impact:																	
Equity Statement:																	
Service: RS-Revenue Accounting & Collection																	
Total Staff Prepared Budget Changes:			(5,822.1)	0.0	(5,822.1)	(9.00)	(38.7)	(29.1)									
Staff Prepared Service Changes:			(5,822.1)	0.0	(5,822.1)	(9.00)	(38.7)	(29.1)									
Summary:																	
Staff Prepared Service Changes:			(5,822.1)	0.0	(5,822.1)	(9.00)	(38.7)	(29.1)									
Staff Prepared Base Budget:			77,311.6	46,378.1	30,933.5	573.30	1,704.2	1,131.7									

Appendix 3

Summary of 2026 New/Enhanced Requests Included in Budget

N/A

Appendix 4a

Operating Program Provincial/Federal Funding Streams by Program

N/A

Appendix 4b

Capital Program Provincial/Federal Funding Streams by Project

N/A

Appendix 5

2026 Capital Budget; 2027-2035 Capital Plan Including Carry Forward

Projects (In \$000s)	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2035 Plan	2026-2035 Total	Health and Safety/ Legislated	SOGR	Service Improvement and Growth		
Parking Tag Mgmt Software Upgrade	689	400									1,089			1,089		
Tax and Utility Billing Systems Modernization	1,600	3,000	1,408								6,008		6,008			
PPEB Transformation Program	853	530									1,383			1,383		
Financial Systems Transformation Program (FSTP)	7,373	9,614									16,987			16,987		
Process Innovation Project		1,056	1,041								2,097			2,097		
Tax Billing System Replacement 2033								1,775	2,000	200	3,975		3,975			
Utility Billing System Replacement 2033							500	500	1,775	1,700	3,975		3,975			
Parking Tag Mgmt Software Replacement 2031						500	800	440	1,260		3,000			3,000		
Total Expenditures (including carry forward from 2025)	10,515	14,599	2,449					500	800	2,715	5,035	1,900	38,514		16,958	21,556

Appendix 5a

2026 Cash Flow and Future Year Commitments Including Carry Forward

Projects (In \$000s)	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2035 Plan	Total 2026 Cash Flow and FY Commitments	Previously Approved	Change in Scope	New with Future Year
Parking Tag Mgmt Software Upgrade	689	400									1,089			
Tax and Utility Billing Systems Modernization	1,600	3,000	1,408								6,008		6,008	
PPEB Transformation Program	853	530									1,383			1,383
Financial Systems Transformation Program (FSTP)	7,373	9,614									16,987			16,987
Process Innovation Project		1,056	1,041								2,097			2,097
Total Expenditure (including carry forward)	10,515	14,599	2,449								27,564			27,564

Appendix 5b

2027-2035 Capital Plan Including Carry Forward

Projects (In \$000s)	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2035 Plan	2027-2035 Total	Health and Safety/ Legislated	SOGR	Service Improvement and Growth	
Tax Billing System Replacement 2033								1,775	2,000	200	3,975		3,975	
Utility Billing System Replacement 2033							500	500	1,775	1,700	3,975		3,975	
Parking Tag Mgmt Software Replacement 2031					500	800	440	1,260		3,000			3,000	
Total Expenditures					500	800	2,715	5,035	1,900	10,950			10,950	

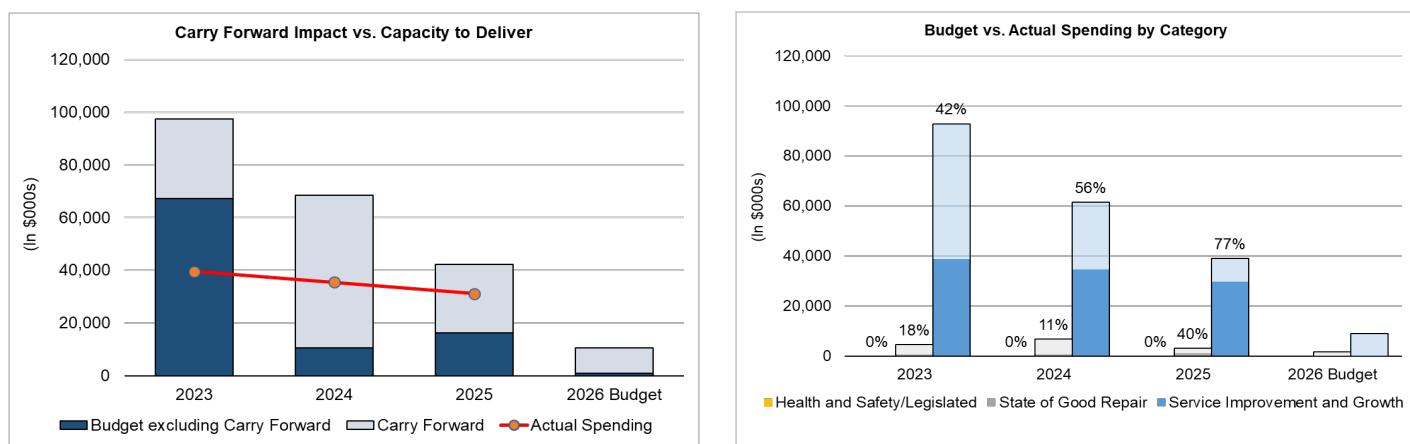
Appendix 6

Capacity to Deliver Review

The 10-Year 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.

A 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 2025 underspending that will be carried forward into the 2026-2035 Capital Budget and Plan.

Chart 3 – Capacity to Deliver



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

- Financial Operations and Control actual spending over the previous five years, from 2021-2025, has averaged \$26.089 million or 38.5% per year. The Budget Tool Revitalization (BTR) program has been transferred from Financial Operations and Control to the Office of the Chief Financial Officer and Treasurer in the 2026 budget. All prior-year budgets and actuals have been retroactively restated to exclude BTR. Financial Operations and Control experienced relatively low spending mainly due to project replanning, coordination with other projects, and delays in obtaining resources to support project delivery.
- The projected spending for 2025 is \$31.126 million or 73.7% of the 2025 Capital Budget. Spending challenges were primarily due to alignment with revised project milestones and deliverables.
- Based on the review of historical capital spending and an assessment of capacity to deliver, \$9.709 million in capital spending originally cash allocated for 2025 has been deferred to 2026, with an additional \$1.373 million deferred to 2027. Adjustments to the 10-Year Capital Plan are noted below:
 - Financial Systems Transformation Program carries forward \$7.437 million from 2025 to 2026 (\$7.373 million) and 2027 (\$0.064 million), respectively, and defers the previously committed capital spending for 2026 of \$9.550 million to 2027.
 - Tax and Utility Billing Systems Modernization Project carries forward \$1.930 million from 2025 to 2026 (\$1.021 million) and 2027 (\$0.909 million) respectively and defers the previously committed capital spending for 2026 of \$3.498 million to 2027 (\$2.090 million) and 2028 (\$1.408 million) respectively.
 - Parking Tag Management Software Upgrade Project carries forward \$1.089 million from 2025 to 2026 (\$0.689 million) and 2027 (\$0.400 million) respectively.
 - PPEB Transformation Program carries forward \$0.626 million from 2025 to 2026.

- Process Innovation Project defers the previously committed capital spending for 2026 of \$2.097 million to 2027 (\$1.056 million) and 2028 (\$1.041 million) respectively as the project start is deferred to 2027 due to the service area's higher prioritization on delivery of its major project – Financial Systems Transformation Project.

Appendix 7

Summary of Capital Delivery Constraints

N/A

Appendix 8

Inflows and Outflows to/from Reserves and Reserve Funds

2026-2035 Capital Budget and Plan

Program Specific Reserve/Reserve Funds

Reserve Account	Reserve/Reserve Fund Name	Inflow/Outflow/Balance	2026	2027	2028
XR6003	Water Capital (\$000)	Opening Balance	1,257,049.3	1,405,291.0	1,475,923.5
		*Contributions (+)			
		Toronto Water	478,040.4	489,970.0	501,548.2
		Total Contributions	478,040.4	489,970.0	501,548.2
		*Withdrawals (-)			
		Operating Budget			
		Non-Program Revenues	(4,300.0)	0.0	0.0
		Sub-Total Operating Withdrawals	(4,300.0)	0.0	0.0
		Capital Budget and Plan			
		Financial Operations & Control	(236.0)	(785.0)	(212.0)
		Technology Services	(268.0)	(268.0)	0.0
		Toronto Water (*)	(338,240.2)	(432,618.9)	(475,096.5)
		Sub-Total Capital Budget and Plan Withdrawals	(338,744.2)	(433,671.9)	(475,308.5)
		Total Withdrawals	(343,044.2)	(433,671.9)	(475,308.5)
		Interest Income	13,245.5	14,334.4	14,890.4
		Closing Balance	1,405,291.0	1,475,923.5	1,517,053.7

(*Toronto Water has been modified with a spend rate of 82.00% from 2026 to 2028 and Operating Contributions to tie directly to the Rate Model

Reserve Account	Reserve/Reserve Fund Name	Inflow/Outflow/Balance	2026	2027	2028
XR6004	Wastewater Capital (\$000)	Opening Balance	628,040.8	733,923.7	569,307.0
		*Contributions (+)			
		Toronto Water	633,681.4	649,495.1	664,843.0
		Total Contributions	633,681.4	649,495.1	664,843.0
		*Withdrawals (-)			
		Operating Budget			
		Non-Program Revenues	(5,700.0)	0.0	0.0
		Sub-Total Operating Withdrawals	(5,700.0)	0.0	0.0
		Capital Budget and Plan			
		Financial Operations & Control	(236.0)	(785.0)	(212.0)
		Toronto Water (*)	(528,638.4)	(819,810.6)	(1,025,455.1)
		Sub-Total Capital Budget and Plan Withdrawals	(528,874.4)	(820,595.6)	(1,025,667.1)
		Total Withdrawals	(534,574.4)	(820,595.6)	(1,025,667.1)
		Interest Income	6,775.9	6,483.7	3,888.9
		Closing Balance	733,923.7	569,307.0	212,371.9

(*Toronto Water has been modified with a spend rate of 82.00% from 2026 to 2028 and Operating Contributions to tie directly to the Rate Model

Reserve Account	Reserve/Reserve Fund Name	Inflow/Outflow/Balance	2026	2027	2028
XR1404	Waste Management (\$000)	Opening Balance	93,999.2	85,332.6	62,375.9
		*Contributions (+)			
		Solid Waste Management Services	11,829.3	8,569.6	4,339.8
		Total Contributions	11,829.3	8,569.6	4,339.8
		*Withdrawals (-)			
		Operating Budget			
		Sub-Total Operating Withdrawals	0.0	0.0	0.0
		Capital Budget and Plan			
		Financial Operations & Control	(128.0)	(430.5)	(115.0)
		Solid Waste Management Services (*)	(19,820.2)	(31,230.6)	(24,613.7)
		Technology Services	(1,440.0)	(600.0)	(106.0)
		Sub-Total Capital Budget and Plan Withdrawals	(21,388.2)	(32,261.2)	(24,834.7)
		Total Withdrawals	(21,388.2)	(32,261.2)	(24,834.7)
		Interest Income	892.2	734.9	521.3
		Closing Balance	85,332.6	62,375.9	42,402.4

(*Solid Waste Management Services has been modified with a spend rate of 75.00% and Operating Contributions to tie directly to the Rate Model

Appendix 9

Glossary

Approved Position: Permanent or temporary position 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 has 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 Benefit Adjustments: General increases related to contractual obligations, such as cost of living, step increases, pay for performance 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).