



Toronto 2015 BUDGET

OPERATING PROGRAM SUMMARY



Office of the Chief Financial Officer 2015 OPERATING BUDGET OVERVIEW

The Office of the Chief Financial Officer ensures the effective use of the Corporation's financial resources by providing sound financial planning and management and advice; maintaining financial control; developing and implementing effective financial strategies and providing timely, accurate, and efficient services to Divisions, Agencies, Council and the public.

2015 Budget Highlights

The total cost to deliver this service to Toronto residents in 2015 is \$9.446 million as shown below.

| (In \$000s) | 2014 Budget | 2015 Budget | Change | |
|--------------------|-------------|-------------|--------|------|
| | | | \$ | % |
| Gross Expenditures | 16,202.5 | 16,226.5 | 24.0 | 0.1% |
| Gross Revenue | 6,756.7 | 6,780.7 | 24.0 | 0.0 |
| Net Expenditures | 9,445.8 | 9,445.8 | - | - |

The 2015 Operating Budget for the Office of the Chief Financial Officer provides \$0.306 million to fund pressures arising mainly from inflationary and cost of living increases for staff. Through increased cost recoveries from internal and external sources, the Program was able to offset these pressures achieving 0% change, while maintaining the 2014 level of service.

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Overview & Recommendations

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Fast Facts

The Office of the CFO:

- Manages the City's investment portfolio totalling \$4.6 billion;
- Manages \$1.9 billion in sinking funds and supports the City's pension and trust funds.
- Insures \$15.0 billion worth of property.
- Recommends and provides financial oversight on a \$11.5 billion Operating Budget and a \$31.7 billion 10 - Year Capital Plan
- Maintain the City's fiscal health, by ensuring the debt servicing costs do not exceed 15% of property tax revenues.

Trends

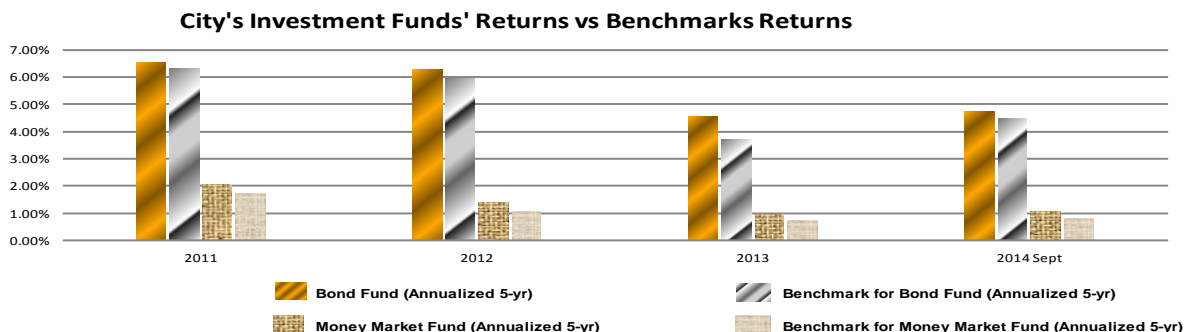
- The City's credit rating, which impacts its cost of borrowing continue to remain stable at AA+.
- Financial Planning will review and draft over 1,700 reports

Our Service Deliverables for 2015

The Office of the Chief Financial Officer provides quality financial and shared services; corporate strategic, financial and risk management expertise; and Corporate Financial Planning, Management, Reporting and Control services to ensure the fiscal sustainability of the City in delivering programs and services to the public.

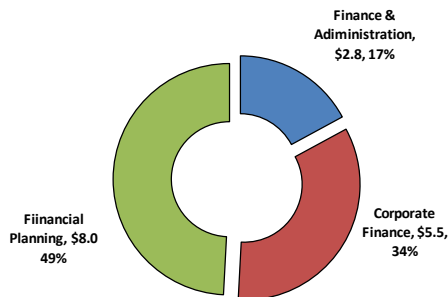
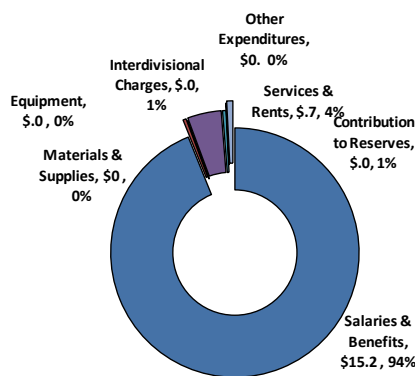
- Deliver a Multi-Year Operating Budget and Plan that sets priorities and is service-based, balanced and sustainable.
- Deliver a 10-Year Capital Budget and Plan within the affordability guidelines of the City that addresses priorities and reduces the backlog of State of Good Repair.
- Process up to 7,000 insurance claims including managing the defense of up to 2,500 legal claims.
- Complete the development charge background study for Scarborough Subway and Portlands, and present revised by-laws for Council consideration and adoption.
- Insure \$15.0 billion worth of property.
- Deliver the first budget for the new term of Council.
- Pilot a Participatory Budget Process in conjunction with the City Manager's office.
- Provide financial advice on an estimated 1,700 reports to Standing Committees and Council.
- Review and revise the Financial Control By-Law.

Key Performance Measure-Average Performance of City's Investment Funds



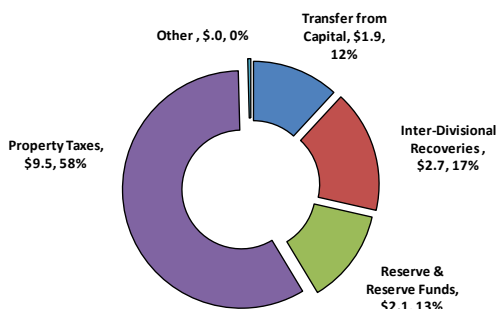
2015 Operating Budget Expenses & Funding

Where the money goes:

2015 Budget by Service
\$16.227 Million2015 Budget by
Expenditure Category

Where the money comes from:

2015 Budget by Funding Source



Our Key Challenges & Priority Actions

- **Delivering a Long-Term Financial Plan** that provides for sustainable services and reliable infrastructure with modest impacts to tax payers.
- **Continuing to streamline and re-engineer service delivery processes** that will reduce the cost structure and maximize non-tax revenue sources.
 - The 2015 Operating Budget includes \$0.099 million to provide additional support for the Shared Services project.
- **Addressing capital funding challenges** from the rising state-of-good repair backlog and growth demands.
 - Continuing to leverage City assets and establish non-debt strategies to generate funding for unmet capital needs and help offset new debt requirements.
 - The 2015-2024 Capital Plan includes an additional \$1.6 billion over the 10 year period to address critical capital investments and SOGR backlog.
- **Enhancing transparency** and accountability of the City budget.
 - Continue implementing service-based and performance focused multi-year planning and budgeting so that residents will know City service costs, service levels and key deliverables.

2015 Operating Budget Highlights

The 2015 Operating Budget of \$16.227 million net provides funding for:

- Inflationary costs for salaries and benefits (\$0.356 million).

COUNCIL APPROVED BUDGET

City Council approved the following recommendations:

1. City Council approve the 2015 Operating Budget for the Office of the Chief Financial Officer of \$16.227 million gross, \$9.446 million net, for the following services:

| | Gross | Net |
|---------------------------|-----------------|-----------------|
| <u>Service:</u> | <u>(\$000s)</u> | <u>(\$000s)</u> |
| Finance & Administration: | 2,771.9 | 2,585.6 |
| Corporate Finance: | 5,477.0 | 1,762.3 |
| Financial Planning: | 7,977.6 | 5,097.9 |
| Total Program Budget | <u>16,226.5</u> | <u>9,445.8</u> |

2. City Council approve the 2015 service levels for the Office of the Chief Financial Officer as outlined on pages 16-17, 22-26 and 31 of this report, and associated staff complement of 114 positions.



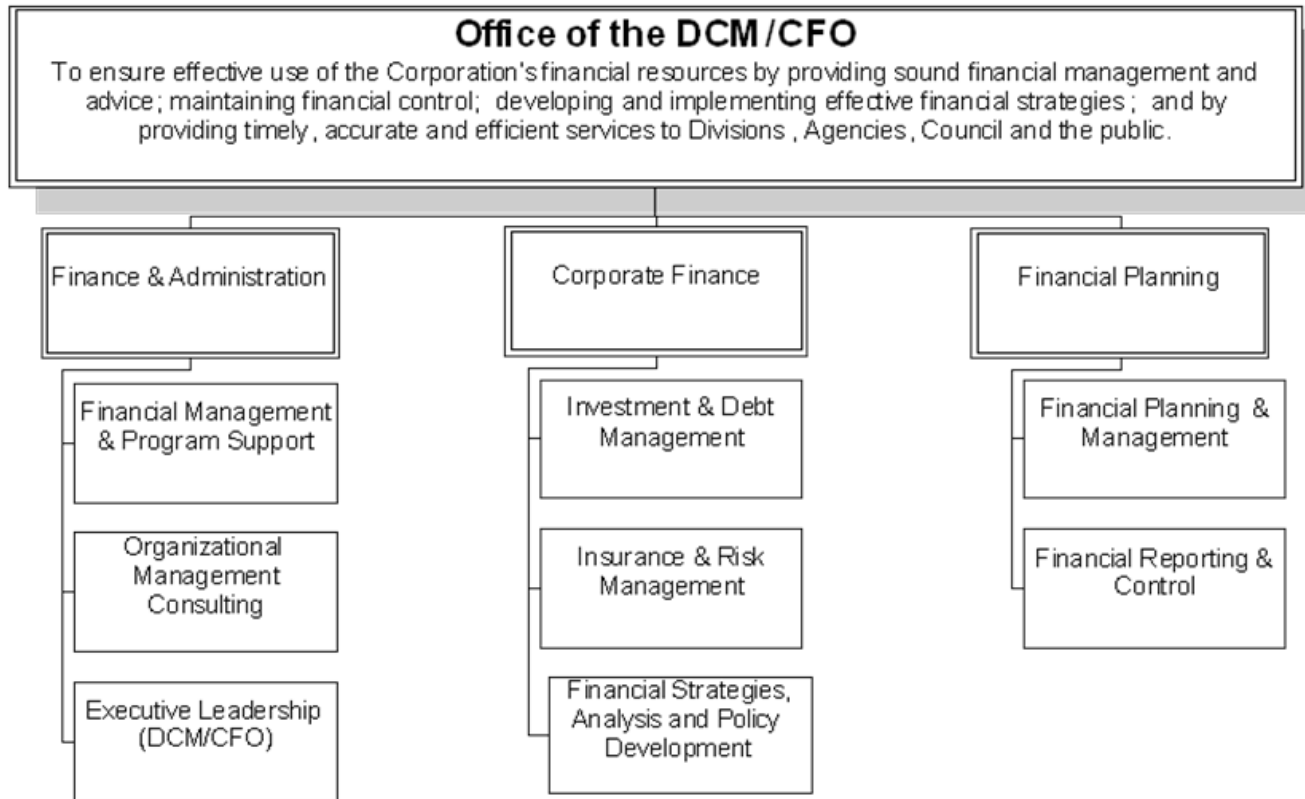
Part I:

2015 – 2017

Service Overview and
Plan

Program Map

The Office of the Chief Financial Officer delivers 3 main services, Finance & Administration, Corporate Finance and Financial Planning as detailed in the following Program Maps:



2015 Service Deliverables

The 2015 Operating Budget of \$16.227 million gross and \$9.446 million net for the Office of the Chief Financial Officer will fund:

- Recommend a new planning and budgeting process for the City of Toronto that establishes a multi-year plan of Council's priorities with an affordable framework.
- Deliver the first budget for the new term of Council.
- Pilot a Participatory Budget Process in conjunction with the City Manager's office.
- Provide financial advice on and review an estimated 1,700 reports to Standing Committees and Council for financial application.
- Review and revise the Financial Control By-Law.
- Coordinate and manage Internal Services operating and capital budget development that optimizes resources used to deliver services based on sound financial business analysis within corporate guidelines and directions.
- Provide oversight and quality assurance of financial and administrative controls to promote compliance with corporate policies and procedures.

- Deliver a Multi-Year Operating Budget and Plan that sets priorities and is service-based, balanced and sustainable.
- Deliver a 10-Year Capital Budget and Plan within the affordability guidelines of the City that addresses priorities and reduces the backlog of State of Good Repair.
- Provide consulting, project management and coordination to improve planning and promote continuous improvement within the cycle set by the DCM/CFO.
- Support the City's capital works program by issuing debentures and monetizing assets as necessary.
- Invest the City's funds to ensure that the investment earnings budget is achieved.
- Insure \$15.0 billion worth of property.
- Process up to 7,000 insurance claims including managing the defense of up to 2,500 legal claims.
- Review approximately 350 contract reports for award by Bid Committee and approximately 50 contract reports for award by Council.
- Complete development charge background study for Scarborough Subway and Portlands, and present revised by-law for Council consideration and adoption.
- Develop a policy on purpose built rental incentives.
- Review Municipal Land Transfer Tax policy.
- Review government business enterprises dividend policy.
- Develop a longer term financing strategy for Toronto Water capital projects.
- Update the City's Long Term Financial Plan.
- Provide project analysis, advisory, negotiation and research services for major corporate initiatives and multi-lateral projects – Toronto-York Spadina Subway Extension, Waterfront Revitalization, Pan Am Games, Scarborough Subway and other transportation/transit funding.

Table 1
2015 Operating Budget and Plan by Service

| (In \$000s) | 2014 | | 2015 Operating Budget | | | | Incremental Change 2016 and 2017 Plan | | | | |
|-------------------------------------|--------------------|----------------|-----------------------|----------------------|----------------|--|--|--------------|-------------|---------------|----------------|
| | Approved Budget | Actual | 2015 Base | 2015 New/Enhanced | 2015 Budget | 2015 vs. 2014 Budget Approved Changes | | 2016 | | 2017 | |
| | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | % | \$ | % |
| By Service | | | | | | | | | | | |
| Finance & Administration | | | | | | | | | | | |
| Gross Expenditures | 2,672.9 | 2,591.2 | 2,672.9 | 99.0 | 2,771.9 | 99.0 | 3.7% | 53.7 | 1.9% | 26.5 | 0.9% |
| Revenue | 87.3 | 87.3 | 87.3 | 99.0 | 186.3 | 99.0 | 113.4% | 31.4 | 16.9% | 3.2 | 1.5% |
| Net Expenditures | 2,585.6 | 2,503.9 | 2,585.6 | | 2,585.6 | | | 22.3 | 0.9% | 23.3 | 0.9% |
| Corporate Finance | | | | | | | | | | | |
| Gross Expenditures | 5,217.9 | 4,749.0 | 5,407.5 | 69.5 | 5,477.0 | 259.1 | 5.0% | 74.7 | 1.4% | 6.9 | 0.1% |
| Revenue | 3,455.6 | 3,053.2 | 3,645.2 | 69.5 | 3,714.7 | 259.1 | 7.5% | 55.6 | 1.5% | 5.4 | 0.1% |
| Net Expenditures | 1,762.3 | 1,695.8 | 1,762.3 | | 1,762.3 | | | 19.1 | 1.1% | 1.5 | 0.1% |
| Financial Planning | | | | | | | | | | | |
| Gross Expenditures | 8,311.7 | 7,286.2 | 7,977.6 | | 7,977.6 | (334.1) | (4.0%) | (192.2) | (2.4%) | (1,528.1) | (19.6%) |
| Revenue | 3,213.8 | 2,799.4 | 2,879.7 | | 2,879.7 | (334.1) | (10.4%) | (306.0) | (10.6%) | (1,601.3) | (62.2%) |
| Net Expenditures | 5,097.9 | 4,486.8 | 5,097.9 | | 5,097.9 | | | 113.8 | 2.2% | 73.2 | 1.4% |
| Total | | | | | | | | | | | |
| Gross Expenditures | 16,202.5 | 14,626.4 | 16,058.0 | 168.5 | 16,226.5 | 24.0 | 0.1% | (63.8) | (0.4%) | (1,494.7) | (9.2%) |
| Revenue | 6,756.7 | 5,939.9 | 6,612.2 | 168.5 | 6,780.7 | 24.0 | 0.4% | (219.0) | (3.2%) | (1,592.7) | (24.3%) |
| Total Net Expenditures | 9,445.8 | 8,686.5 | 9,445.8 | | 9,445.8 | | | 155.2 | 1.6% | 98.0 | 1.0% |
| Approved Positions | 112.0 | 100.0 | 112.0 | 2.0 | 114.0 | 2.0 | 1.8% | | | (12.0) | (10.5%) |

The Office of the Chief Financial Officer's 2015 Total Operating Budget is \$16.227 million gross and \$9.446 million net, reflecting 0% increase over the 2014 Approved Net Operating Budget.

- Base pressures of \$0.306 million net were offset by base revenue adjustments of \$0.306 million bringing the 2015 Base budget to \$9.446 million net or 0% over the 2014 Approved Budget of \$9.446 million net.
- All three services in the Office of the Chief Financial Officer are experiencing inflationary and cost of living increases in salary and benefits totaling \$0.356 million net. The above pressures are reduced by internal and external recoveries to offset these costs.
- New and Enhanced Services in the 2015 Operating Budget include 1 new temporary Policy & Research Analyst position in Finance & Administration to support the Shared Services Project for \$0.099 million gross and \$0 net, funded from the Innovation Reserve Fund and 1 new Senior Investment Analyst in Corporate Finance for \$0.070 million gross and recovered from additional investment income generated and included in the Non-Program Revenue Budget for net \$0 cost to the Program.
- The 2016 and 2017 Plans reflect the inflationary cost increases for progression pay, step and annualization of 2015 new positions. No cost of living allowance is included in 2016 due to 2016 being the year in which the next cycle of collective bargaining begins.

Approval of the 2015 Operating Budget will result in the Office of the Chief financial Officer increasing its total staff complement by 2 positions from 112 to 114 as highlighted in the table below:

Table 2
2015 Total Staff Complement

| Changes | 2015 Budget | | | | Plan | |
|-----------------------------------|--------------------------|-------------------|--------------------|--------------|--------------|----------------|
| | Finance & Administration | Corporate Finance | Financial Planning | Total | 2016 | 2017 |
| 2014 Approved Opening Complement | 19.0 | 37.0 | 56.0 | 112.0 | 114.0 | 114.0 |
| In-year Adjustments | | | | | | |
| Adjusted 2014 Staff Complement | 19.0 | 37.0 | 56.0 | 112.0 | 114.0 | 114.0 |
| Capital Project Delivery | | | | | | (12.0) |
| New / Enhanced Service Requests | 1.0 | 1.0 | | 2.0 | | |
| Total | 20.0 | 38.0 | 56.0 | 114.0 | 114.0 | 102.0 |
| Pos Change over prior year | 1.0 | 1.0 | | 2.0 | | 12.0 |
| % Change over prior year | 5.3% | 2.7% | 0.0% | 1.8% | 0.0% | (10.5%) |

The Program's total staff complement will increase by 1.8% or 2 complement primarily as a result of the following changes:

- 1 new temporary position required to support the Shared Services Project in Finance & Administration, funded from the Innovation Reserve Fund.
- 1 new position required in Corporate Finance to provide in-depth investment analysis, funded from investment income generated and included in Non-Program.

The 2015 Operating Budget includes base expenditure pressures of \$0.306 million net, primarily attributable to salary inflationary increases which have offset by \$0.306 net in base revenue adjustments as detailed below:

Table 3
Key Cost Drivers

| (In \$000s) | 2015 Operating Budget | | | Total 2015 Base Budget |
|--|-----------------------------|----------------------|-----------------------|------------------------------|
| | Finance & Administration | Corporate Finance | Financial Planning | |
| Gross Expenditure Changes | | | | |
| Economic Factors | | | | |
| Corporate Economic Factors | | 0.5 | | 0.50 |
| COLA and Progression Pay | | | | |
| Salary & Fringe Benefits Adjustments | (51.2) | (54.5) | 2.8 | (102.9) |
| COLA | 51.1 | 47.6 | 124.9 | 223.6 |
| Progression Pay | 51.1 | 49.2 | 143.2 | 243.5 |
| Gapping | (1.0) | (1.9) | (5.8) | (8.7) |
| Other Base Changes | | | | |
| Changes in Inter-Divisional Charges | (50.0) | | | (50.0) |
| Total NET Gross Expenditure Changes | | 40.9 | 265.1 | 306.00 |
| Revenue Changes | | | | |
| Adjustments to Recovery from Rate Programs | | | 22.8 | 22.80 |
| Recovery from NonProgram | | | 242.3 | 242.30 |
| Adjustments to Recovery from Development Charges | | 9.9 | | 9.90 |
| Adjustments to Recovery from TTC | | 31.0 | | 31.00 |
| Total NET Revenue Changes | | 40.9 | 265.1 | 306.00 |
| Net Expenditure Changes | | | | 0.00 |

Key cost drivers for Office of the Chief Financial Officer are discussed below:

- Common for all 3 Services:
 - Cost of living adjustments of 2.25% applied to all staff, progression pay, gapping, adjustments to salaries to reflect actual rates and associated fringe benefit adjustments result in an increase of \$0.356 million.
- Corporate Finance:
 - Base pressure is reduced by \$0.010 million in increased recoveries from development charges for progression pay increases as approved by Council.
 - \$0.031 million in increased recoveries from the TTC for the time staff will be spending on the development of the Scarborough Subway project.
- Financial Planning:
 - Recoveries of \$0.023 million from Toronto Water and Solid Waste Management are required to offset increased salary and benefit costs of Financial Planning staff assigned to these Programs, to provide the same level of service as in 2014.
 - \$0.242 million in recoveries from Non Program budget required to offset inflationary salaries and benefits costs for Financial Planning staff responsible for capital budgets and funding oversight, to provide the same level of service as in 2014.

There is no 2015 service change for the Office of the Chief Financial Officer as the increased costs are offset by increased recoveries for a net \$0 increase over the 2014 Approved Operating Budget.

Table 5

2015 Total New & Enhanced Service Priorities Summary

| Description (\$000s) | New and Enhanced | | | | Total Service Changes | | | Incremental Change | | | |
|--|--------------------------|-----|-------------------|-----|-----------------------|-----|------|--------------------|------|-----------|------|
| | Finance & Administration | | Corporate Finance | | \$ | \$ | # | 2016 Plan | | 2017 Plan | |
| | Gross | Net | Gross | Net | Gross | Net | Pos. | Net | Pos. | Net | Pos. |
| Enhanced Services Priorities | | | | | | | | | | | |
| Policy & Research Analyst- Shared Services | 99.0 | | | | 99.0 | | 1.0 | | | | |
| Senior Investment Analyst | | | 69.5 | | 69.5 | | 1.0 | | | | |
| Sub-Total | 99.0 | | 69.5 | | 168.5 | | 2.0 | | | | |
| Total | 99.0 | | 69.5 | | 168.5 | | 2.0 | | | | |

New enhanced priorities and services representing no increase net are detailed below:

Enhanced Service Priorities (\$0.099 million gross & \$0.000 million net)

Policy & Research Analyst- Shared Services (\$0.099 million gross and \$0 million net)

- A new temporary Policy & Research Analyst position to provide support for the Shared Services project is beginning April 1st, 2015 at a cost of \$0.099 million gross in 2015 and annualized additional cost of \$0.031 million gross in 2016 will be recovered from the Innovation Reserve Fund at a net \$0 cost.

Senior Investment Analyst (\$0.070 million gross and \$ 0 million net)

- Effective June 1, 2015, a Senior Investment Analyst position is to improve risk-adjusted investment earnings, robust management of financial and operational risk and reducing the cost of capital. Funding of \$0.070 million is required in 2015 and an additional \$0.058 million in 2016, which will be recovered from additional investment income generated and included in Non Program for a net \$0 cost.

Table 6
2016 and 2017 Plan by Program

| Description (\$000s) | 2016 - Incremental Increase | | | | | 2017 - Incremental Increase | | | | |
|---|-----------------------------|----------------|--------------|-------------|-------------|-----------------------------|------------------|-------------|-------------|---------------|
| | Gross Expense | Revenue | Net Expense | % Change | # Positions | Gross Expense | Revenue | Net Expense | % Change | # Positions |
| Known Impacts: | | | | | | | | | | |
| Progression Pay & Salary & Benefits Adjustments | 162.0 | 6.8 | 155.2 | 1.6% | | 115.7 | 17.7 | 98.0 | 1.0% | |
| Capital Project Delivery | (314.9) | (314.9) | | | | (1,610.4) | (1,610.4) | | | (12.0) |
| Annualization | 89.1 | 89.1 | | | | | | | | |
| Sub-Total | (63.8) | (219.0) | 155.2 | 1.6% | | (1,494.7) | (1,592.7) | 98.0 | 1.0% | (12.0) |
| Total Incremental Impact | (63.8) | (219.0) | 155.2 | 1.6% | | (1,494.7) | (1,592.7) | 98.0 | 1.0% | (12.0) |

Approval of the 2015 Base Budget for the Office of the Chief Financial Officer will result in a 2016 net incremental increase of \$0.155 million and in 2017 net incremental increase of \$0.098 million respectively to maintain the 2015 service levels.

Future year incremental costs are primarily attributable to the following:

Known Impacts

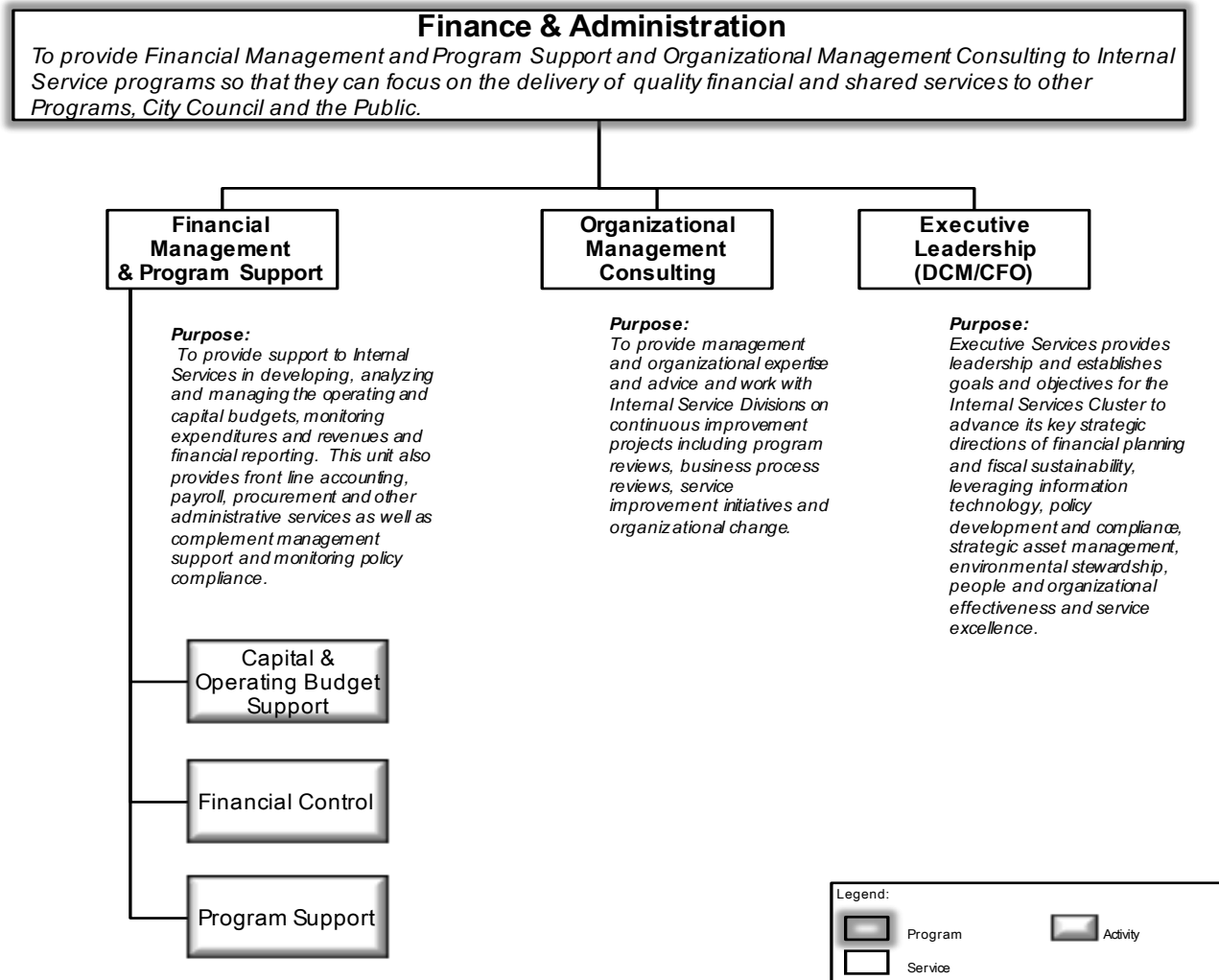
- Progression pay, and benefit increases will result in an increased pressure of \$0.155 million net in 2016 and \$0.098 million net in 2017. Since 2016 is a collective bargaining year, no estimate of costs of living is included.
- Adjustments to salaries and benefits for temporary positions pertaining to capital projects will result in a decrease of \$0.315 million gross and \$0 net in 2016 and \$1.610 million gross and \$0 million net in 2017.
- Annualization of new positions in 2015 will result in increases of \$0.089 million in 2016.



Part II:

2015
Budget by Service

Finance & Administration



Service Customer

Financial Management & Program Support

- City Manager
- DCM/CFO
- Budget Committee
- Internal Services Divisions
- Other City Divisions

Organizational Management Consulting

- DCM/CFO
- Internal Services Divisions

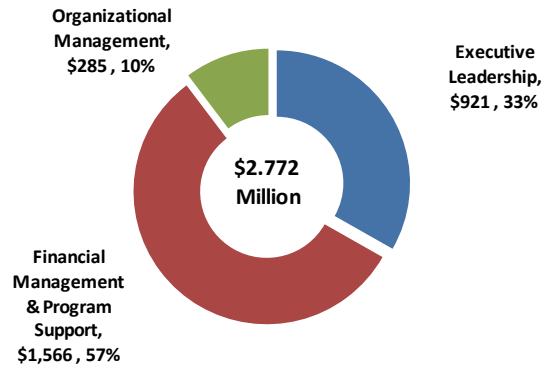
Executive Leadership (DCM/CFO)

- City Manager and DCMs
- City Council and Committees
- Mayor and Councillors
- City Divisions and Agencies
- Property Owners/Taxpayers
- Media

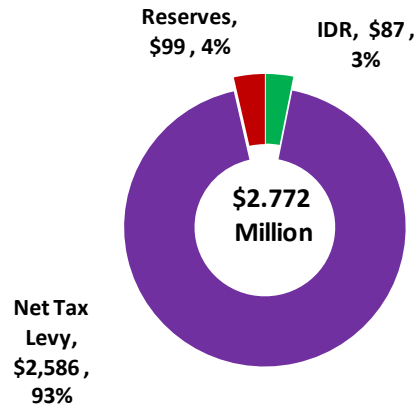
What we do

Provide Financial Management, Program Support and Organizational Management Consulting to Internal Service programs so that they can focus on the delivery of quality financial and shared services to other Programs, City Council and the Public.

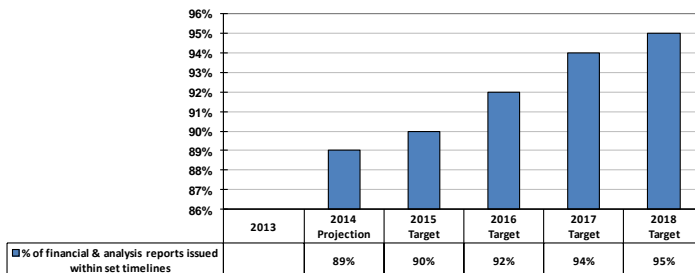
2015 Service Budget by Activity (\$000s)



Service by Funding Source (\$000s)



% of Financial & Analysis Reports Issued within set Timelines



- Tracking of actual data for issuing of financial and analysis reports began in 2014.
- In 2014, Finance & Administration will issue 89% of financial and analysis reports within set timelines.
- Finance & Administration staff will strive for 90% achievement in 2015 towards a goal of 95% in 2018.

2015 Service Levels

Finance & Administration

| Type | Sub-Type | Status | Approved Service Levels | | | | |
|------------------------------------|---------------------|----------|--|------|------|--|--|
| | | | 2011 | 2012 | 2013 | 2014 | 2015 |
| | | Approved | | | | | |
| Capital & Operating Budget Support | Capital Budget | Approved | Capital Budget and 10 Year Plan of Capital Works prepared annually | | | | Capital Budget and 10 Year Plan of Capital Works prepared annually |
| | Operating | Approved | Operating Budget prepared annually | | | | Operating Budget prepared annually |
| Financial Control | Management Reports | Approved | Statistics Canada Report on Capital Expenditures is prepared and submitted annually | | | Statistics Canada Report on Capital Expenditures is prepared and submitted semi-annually | Statistics Canada Report on Capital Expenditures is prepared and submitted semi-annually |
| | | Approved | Consultants' expenditure report prepared annually | | | | Consultants' expenditure report prepared annually |
| | | Approved | DPO Activity Report, Blanket Contracts, PO Compliance and Parked Document reports reviewed and distributed monthly | | | | DPO Activity Report, Blanket Contracts, PO Compliance and Parked Document reports reviewed and distributed monthly |
| | | Approved | Attendance Management Reports prepared and distributed monthly | | | | Attendance Management Reports prepared and distributed monthly |
| | Variance Reports | Approved | Capital and Operating Variance Reports and Cluster Performance Statistics are prepared and consolidated quarterly | | | | Capital and Operating Variance Reports and Cluster Performance Statistics are prepared and consolidated quarterly |
| | Financial Oversight | Approved | accounts analysis and journal entries reviewed monthly | | | | accounts analysis and journal entries reviewed monthly |
| | | Approved | Review and coordination of cluster signing authorities completed annually | | | | Review and coordination of cluster signing authorities completed annually |
| | Payroll Reports | Approved | Additional Cost, Bank Balance and Labour Distribution and Overtime Reports prepared and distributed bi-weekly | | | | Additional Cost, Bank Balance and Labour Distribution and Overtime Reports prepared and distributed bi-weekly |
| Program Support | Accounting | Approved | Cheque requisitions, goods receipt, new vendor accounts and petty cash reimbursements are processed within 3-5 business days of receipt | | | | Cheque requisitions, goods receipt, new vendor accounts and petty cash reimbursements are processed within 3-5 business days of receipt |
| | | Approved | Pcard transactions are reviewed and approved monthly | | | | Pcard transactions are reviewed and approved monthly |
| | | Approved | Retention of accounting records on a daily basis | | | | Retention of accounting records on a daily basis |
| | Purchasing | Approved | Contract release orders (CRO), corporate express requisitions, divisional purchase orders (DPO), material stores requisitions are processed within 3-5 business days | | | | Contract release orders (CRO), corporate express requisitions, divisional purchase orders (DPO), material stores requisitions are processed within 3-5 business days |
| | | Approved | Purchase requisitions and sole source documentation are processed within 5-10 business days | | | | Purchase requisitions and sole source documentation are processed within 3-5 business days |
| | | Approved | Corporate calls are managed within standards established by PMMD | | | | Corporate calls are managed within standards established by PMMD |
| | | Approved | Retention of purchasing records on a daily basis | | | | Retention of purchasing records on a daily basis |
| | | | | | | | |

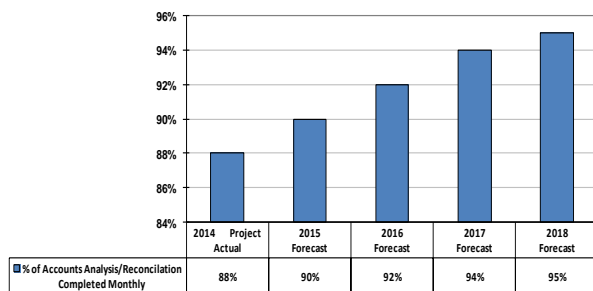
| Type | Sub-Type | Status | Approved Service Levels | | | | |
|------|------------------------|----------|---|------|------|------|--|
| | | | 2011 | 2012 | 2013 | 2014 | 2015 |
| | Payroll | Approved | Time and attendance reporting and pay advice distribution are completed bi-weekly | | | | Time and attendance reporting and pay advice distribution are completed bi-weekly |
| | | Approved | Reimbursement of employee expenses are processed bi-weekly | | | | Reimbursement of employee expenses are processed bi-weekly |
| | | Approved | Benefit changes and employee payroll data updates are processed within 10 business days from date of notification | | | | Benefit changes and employee payroll data updates are processed within 5-7 business days from date of notification |
| | | Approved | Retention of payroll records on a daily basis | | | | Retention of payroll records on a daily basis |
| | Organizational Support | Approved | Organizational charts are revised as required | | | | Organizational charts are revised as required |
| | | Approved | Organizational change approval (OCA) requests are reviewed and processed within 10 business days of receipt | | | | HR Organizational Management eRequests (HOMeR) are reviewed and processed within 5-7 business days of receipt |
| | | Approved | Staff requisition requests are reviewed and sent for DCM approval within 5-8 days of receipt | | | | Staff requisition requests are reviewed and sent for DCM approval within 5-7 days of receipt |
| | | Approved | Cluster summary of Conferences/seminars is compiled annually for DCM's approval | | | | Cluster summary of Conferences/seminars is compiled annually for DCM's approval |
| | | Approved | Project specific | | | | Project specific |

The 2015 Service Levels are consistent with the approved 2014 Service Levels.

Service Performance

Effectiveness Measure -% of Accounts

Analysis/Reconciliation completed monthly



- Tracking of actual data for completed accounts analysis/reconciliation began in 2014.
- In 2014, Finance & Administration will complete 88% of accounts analysis/reconciliation monthly.
- Finance & Administration staff will strive for 90% in 2015 towards a goal of 95% in 2018.

Table 7
2015 Service Budget by Activity

| (\$000s) | 2014 | 2015 Operating Budget | | | | | | | 2015 Budget vs. 2014 Budget | | Incremental Change | | | |
|--|-----------------|-----------------------|-----------------|----------------|-----------------------------|---------------|--------------|----------------|-----------------------------|---------------|--------------------|--------------|-------------|-------------|
| | Approved Budget | Base Budget | Service Changes | 2015 Base | Base Budget vs. 2014 Budget | % Change | New/Enhanced | 2015 Budget | | | 2016 Plan | | 2017 Plan | |
| | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ | \$ | % | \$ | % | \$ | % |
| GROSS EXP. | | | | | | | | | | | | | | |
| Executive Leadership | 824.4 | 822.1 | | 822.1 | (2.3) | (0.3%) | 99.0 | 921.1 | 96.7 | 11.7% | 48.2 | 5.2% | 21.2 | 2.2% |
| Financial Management & Program Support | 1,573.7 | 1,565.9 | | 1,565.9 | (7.8) | (0.5%) | | 1,565.9 | (7.8) | -0.5% | 0.5 | 1.2% | 1.2 | 0.1% |
| Organizational Management | 274.8 | 284.9 | | 284.9 | 10.1 | 3.7% | | 284.9 | 10.1 | 3.7% | 5.0 | 4.1% | 4.1 | 1.4% |
| Total Gross Exp. | 2,672.9 | 2,672.9 | | 2,672.9 | 0.0 | 0.0% | 99.0 | 2,771.9 | 99.0 | 3.7% | 53.7 | 1.9% | 26.5 | 0.9% |
| REVENUE | | | | | | | | | | | | | | |
| Executive Leadership | 87.3 | 87.3 | | 87.3 | | | 99.0 | 186.3 | 99.0 | 113.4% | 31.4 | 16.9% | 3.2 | 1.5% |
| Financial Management & Program Support | | | | | | | | | | | | | | |
| Organizational Management Consulting | | | | | | | | | | | | | | |
| Total Revenues | 87.3 | 87.3 | | 87.3 | | | 99.0 | 186.3 | 99.0 | 113.4% | 31.4 | 16.9% | 3.2 | 1.5% |
| NET EXP. | | | | | | | | | | | | | | |
| Executive Leadership | 737.1 | 734.8 | | 734.8 | (2.3) | (0.3%) | | 734.8 | (2.3) | -0.3% | 16.8 | 2.3% | 18.0 | 2.4% |
| Financial Management & Program Support | 1,573.7 | 1,565.9 | | 1,565.9 | (7.8) | (0.5%) | | 1,565.9 | (7.8) | -0.5% | 0.5 | 0.0% | 1.2 | 0.1% |
| Organizational Management Consulting | 274.8 | 284.9 | | 284.9 | 10.1 | 3.7% | | 284.9 | 10.1 | 3.7% | 5.0 | 1.8% | 4.1 | 1.4% |
| Total Net Exp. | 2,585.6 | 2,585.6 | | 2,585.6 | (0.0) | (0.0%) | | 2,585.6 | 0.0 | 0.0% | 22.3 | 0.9% | 23.3 | 0.9% |
| Approved Positions | 19.0 | 19.0 | | 19.0 | | | 1.0 | 20.0 | 1.0 | 5.3% | | 0.0% | | |

Finance & Administration provides Financial Management and Program Support and Organizational Management Consulting to Internal Service programs so that they can focus on the delivery of quality financial and shared services to other Programs, City Council and the Public.

The 2015 Operating Budget for Finance & Administration of \$2.772 million gross and \$2.586 million net is \$0 or 0% over the 2014 Approved Net Budget.

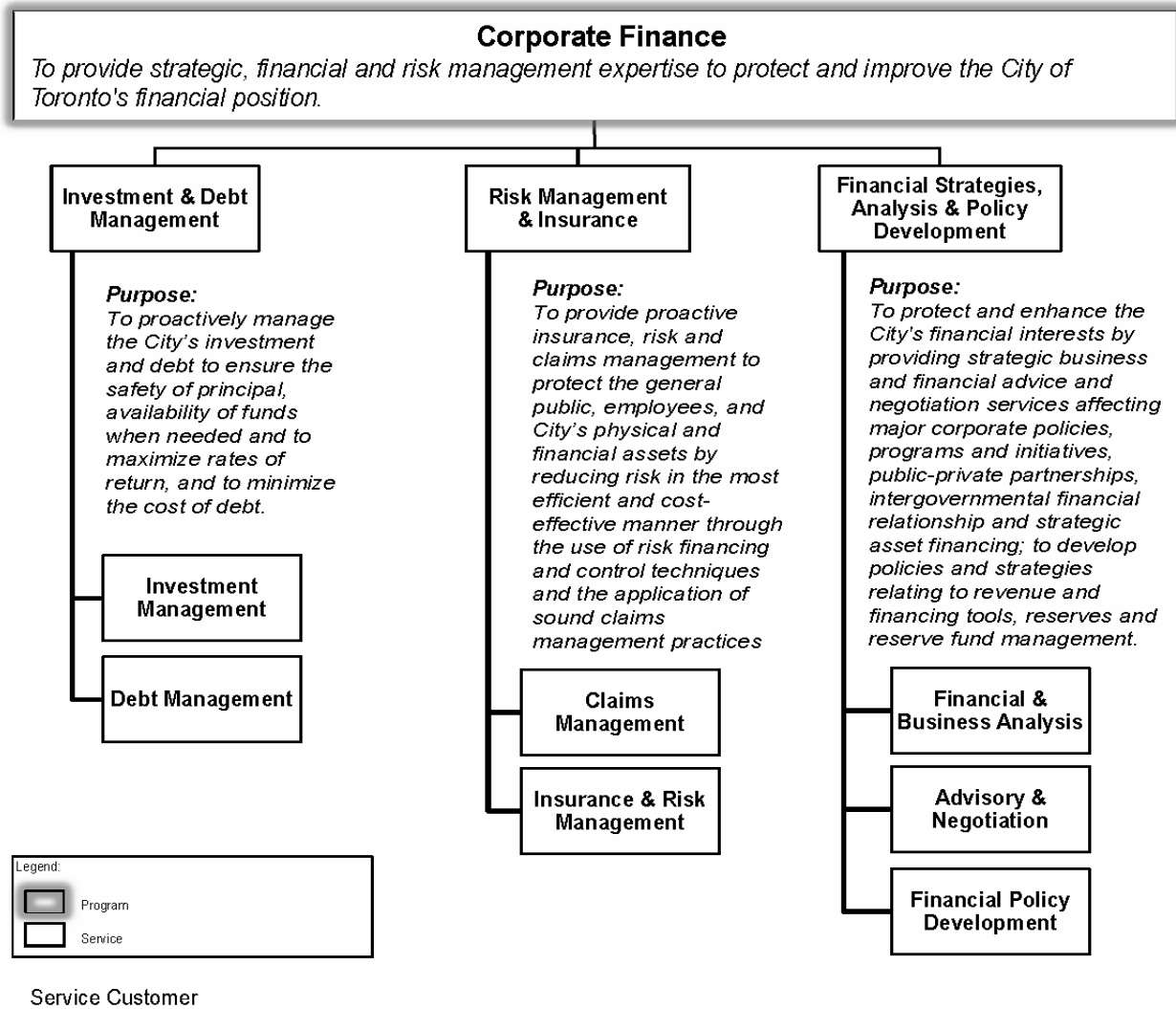
- Base Budget pressures are primarily attributable to salary and benefit increases for COLA, step increases, and progression pay.
 - The contractually obligated increases of 2.25% cost of living allowance, progression pay, step adjustments and maintaining gapping rate common among all activities result in an increase of \$0.050 million in salaries and benefits.
- The base pressures are offset by a reduction in interdivisional charges from Internal Audit of \$0.050 million in Financial Management & Program Support.

New Request

Funding of \$0.099 million gross and \$0 net in 2015, with an additional \$0.031 million gross and \$0 net in 2016 is for a new temporary Policy & Research Analyst position:

- The Policy & Research Analyst position will provide support to the Shared Services project by performing research, developing policy and providing advice on various aspects of shared services. The position will also assist the subject matter working groups with the assessment and redesign of business processes, the development of service level agreements and the creation of governance structures under an adopted shared services model.
- Funding for this program will be recovered from the Innovation Reserve Fund at a net \$0 cost to Finance and Administration.

Corporate Finance



Investment & Debt Management

- Corporation
- Divisions
- Agencies
- Owned Subsidiaries
- Pension Funds
- Investment Advisory Committee

Risk Management & Insurance

- Claimants
- Insured Employees & Councillors
- Corporation
- Divisions
- Agencies (except Toronto Transit Commission, Toronto Community Housing Corporation, Toronto Parking Authority)

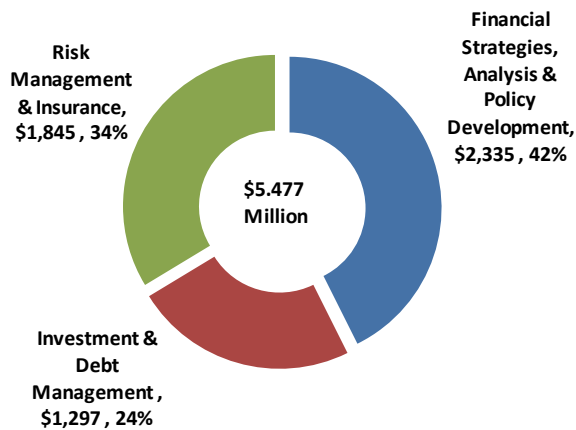
Financial Strategies, Analysis & Policy Development

- Council
- Mayor
- Divisions
- Agencies including Toronto Hydro, Toronto Community Housing Corporation, Toronto Portlands Corporation, Build Toronto, Invest Toronto
- Other orders of Government
- Public
- City Affiliated organizations

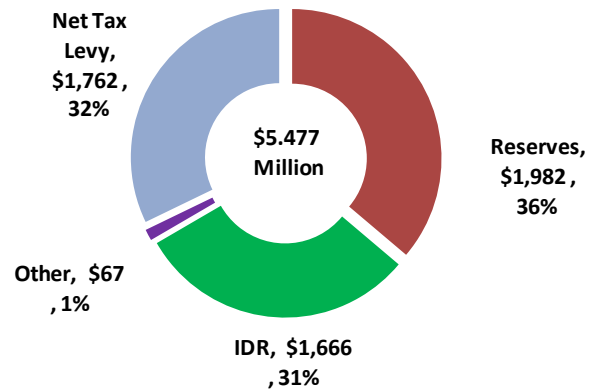
What we do

Provide strategic, financial and risk management expertise to protect and improve the City of Toronto's financial position.

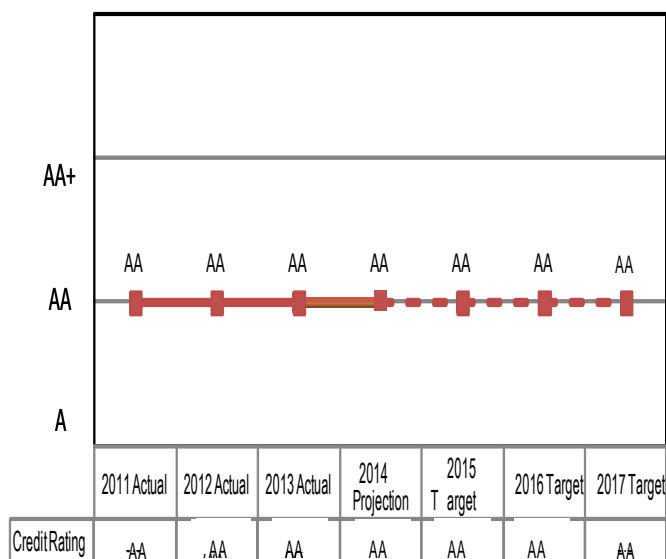
2015 Service Budget by Activity (\$000s)



Service by Funding Source (\$000s)



Credit Rating



- The City's credit rating has maintained a stable outlook during difficult economic times due to:
 - Interest rate spreads remain stable in relation to the underlying Province of Ontario bonds and in relation to other municipalities.
 - The City has strong credit ratings of AA+ from Moody's, and AA from Standard and Poor's and DBRS. These ratings are based on Toronto's wealthy and diversified economy, low debt burden, very positive liquidity and positive financial management.
- These excellent ratings reflect the expectation that the City's economy will continue to generate taxable assessment growth.

2015 Service Levels

Corporate Finance

| Type | Sub-Type | Approved Service Levels | | | | 2015 |
|--|----------|---|--|--|--|--|
| | | 2011 | 2012 | 2013 | 2014 | |
| Money Market Funds | | Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held | | | | Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held |
| Sinking Funds | | Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held | | | | Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held |
| Bond Funds | | Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held | | | | Available funds are invested in either the money market or bond funds based on management's assessment of the duration for which the investments should be held |
| City Owned Subsidiaries | | Shareholder oversight/review of financial performance of Government Business Enterprises (Toronto Portland Corp., Invest Toronto, Build Toronto, Toronto Community Housing Corp, Toronto Hydro Corporation, and Toronto Parking Authority) as reported in financial statements and business plans, and implemented through shareholder directions | | | Shareholder oversight review of City Government Business Enterprises. Summaries of quarterly statements and subsidiary statements as available to CFO; Business Plans to CFO & CMO; Annual Financial Statements as attachment to CMO annual shareholder reports. | Shareholder oversight review of City Government Business Enterprises. Summaries of quarterly statements and subsidiary statements as available to CFO; Business Plans to CFO & CMO; Annual Financial Statements as attachment to CMO annual shareholder reports. |
| Investment strategy for owned subsidiaries | | Asset monetization strategy review | Enwave Energy Corp sale process | Asset monetization strategy review | | Asset monetization strategy review |
| Debentures | | Interest rates and issuings spreads change on a daily basis based on capital market conditions. Credit ratings are generally assessed and issued once per year | | | | Interest rates and issuings spreads change on a daily basis based on capital market conditions. Credit ratings are generally assessed and issued once per year |
| Loans | | | | | N/A in 2014 | none |
| Third party loan or line of credit agreements executed | | Financial performance of recipient organizations is assessed at least annually, but more frequently if information is available or issues are identified | | Work with Facilities and programs to update energy finance policies in respect of Sustainable Energy Funds and internal (recoverable) loans for positive present value projects. | Provide corporate oversight | Provide corporate oversight |
| Debt strategy for owned subsidiaries | | | Issues are resolved in a timely manner and effort required is directly related to complexity of issue being resolved | Provide CFC input into updating of shareholder directions for THC and TCHC; develop and get Council approval of dividend policies for BT and TPLC. | Provide CFO input into updating of shareholders directions for THC and TCHC; develop and get Council approval of dividend policies for BT and TPLC. | Develop and get Council approval of dividend policies for BT and TPLC. |

| Type | Sub-Type | Approved Service Levels | | | | |
|---|-----------------------------------|--|--|--|---|--|
| | | 2011 | 2012 | 2013 | 2014 | 2015 |
| Credit Rating | | | | | Maintain existing credit ratings from the three credit rating agencies with the possibility of increasing the rating. | Maintain existing credit ratings from the three credit rating agencies with the possibility of increasing the rating. |
| Investor Relations | | | | | Attend 3 investor conferences, give presentations and meet upon request with investors. | Attend 3 investor conferences, give presentations and meet upon request with investors. |
| Claims Management – General Liability | | Claimants notified within 2 weeks. Resolution of claims is often outside of City control and timing can range from a matter of days to several years where there is litigation or complicating factors | | Claimants acknowledged upon receipt by City Clerk's Office via return email or Canada Post. City divisions return claim reports to adjuster within 30 days of receipt of request. Claim resolution timing is variable. | | Claimants acknowledged upon receipt by City Clerk's Office via return email or Canada Post. City divisions return claim reports to adjuster within 30 days of receipt of request. Claim resolution timing is variable. |
| Claims Management – Other Coverage | | Claimants notified within 2 weeks. Resolution of claims is often outside of City control and timing can range from a matter of days to several years where there is litigation or complicating factors | | Claimants acknowledged upon receipt by City Clerk's Office via return email or Canada Post. City divisions return claim reports to adjuster within 30 days of receipt of request. Claim resolution timing is variable. | | Claimants acknowledged upon receipt by City Clerk's Office via return email or Canada Post. City divisions return claim reports to adjuster within 30 days of receipt of request. Claim resolution timing is variable. |
| Insurance ~ Risk Financing – insurance policies, self insured funding | | Coverage through external insurers is contracted annually and supplements internally funded levels. Deductible levels are approved by City Council and the upside limit of policy coverages are secured through the insurance markets and approved by Council. | | | | Coverage through external insurers is contracted annually and supplements internally funded levels. Deductible levels are approved by City Council and the upside limit of policy coverages are secured through the insurance markets and approved by Council. |
| Insurance ~ Insurance Consulting | | In accordance with each contract being reviewed | | | | In accordance with each contract being reviewed |
| Insurance ~ Performance Bonds | | In accordance with each issue being reviewed | | | | In accordance with each issue being reviewed |
| Risk Management ~ Consultation and Advice | | In accordance with each issue being reviewed | | | | In accordance with each issue being reviewed |
| Risk Management ~ Strategies and Policies | | In accordance with each issue being reviewed | | | | In accordance with each issue being reviewed |
| Risk Management ~ Letters of Credit | | In accordance with each security being reviewed | | | | In accordance with each security being reviewed |
| Business Analysis ~ Major purchases and contract review | Cost sharing, fiscal arrangements | Comments provided within 48 hours for most documents. Each document is reviewed at the level of detail required based on its size and complexity. Turnaround times are generally established in consultation with the client divisions | | | | Comments provided within 48 hours for most documents. Each document is reviewed at the level of detail required based on its size and complexity. Turnaround times are generally established in consultation with the client divisions |
| Business Analysis ~ Revenue and economic competitiveness | Revenue sharing | Reports prepared in accordance with Council Committee deadlines | Ongoing review of City's business competitiveness, including consideration of property taxes, water rates, and other fees and charges. | | | Ongoing review of City's business competitiveness, including consideration of property taxes, water rates, and other fees and charges. |

| Type | Sub-Type | Approved Service Levels | | | | 2015 |
|--|------------------|---|---|------|--|---|
| | | 2011 | 2012 | 2013 | 2014 | |
| Business Analysis ~ RFP/RFQ evaluation | | In accordance with each bid being reviewed | | | | In accordance with each bid being reviewed |
| Major City-Building Initiatives | | Delivered within negotiated timelines 100% of Time | | | Reports and presentations prepared in accordance with Council Committee deadlines and the timing of the budget process | Reports and presentations prepared in accordance with Council Committee deadlines and the timing of the budget process |
| Public-Private partnerships | | Lead/support P3 screening for applications for Federal P3 funding on time minimizing capital costs and optimizing Federal contributions | | | | Lead/support P3 screening for Federal P3 funding on time minimizing capital costs and optimizing Federal contributions potentially solid waste, transportation infrastructure |
| Asset Optimizing and Financing | | Delivered within negotiated timelines 100% of Time | | | | Delivered within negotiated timelines 100% of time |
| Real Estate/ Land Development Transactions | | Delivered within negotiated timelines 100% of Time | | | Responses are concluded as quickly as possible taking into consideration the nature of the request and time involved, along with the consideration of other priorities | Responses are concluded as quickly as possible taking into consideration the nature of the request and time involved, along with the consideration of other priorities |
| Financial Advisory/Strategy ~ Long Term financial planning | Funding programs | Reports and presentations prepared in accordance with Council Committee deadlines and the timing of the budget process | | | Monitor and provide support for funding arrangements for social housing funding and transit | Monitor and provide support for funding arrangements for social housing funding and transit. Update the City's Long Term Financial Plan |
| Financial Advisory/Strategy ~ Project Management and Capital Financing | | | | | Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process | Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process |
| Financial Advisory/Strategy ~ finance analysis and advice | | Delivered within negotiated timelines 100% of Time | | | | Delivered within negotiated timelines 100% of time |
| Financial Advisory/Strategy ~ Negotiating Intergovernmental financing agreements | | | | | Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process | Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process |
| Financial Advisory/Strategy ~ Monitoring, compliance review and administration of intergovernmental funding agreements | | Per turnaround, reporting and other requirements of each agreement | Monitor and provide support for influencing and adapting to legislative changes related to Provincial Municipal Financial Service Delivery Review (PMFSDR) uploads and other funding arrangements (gas tax, etc.) | | Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process | Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process |

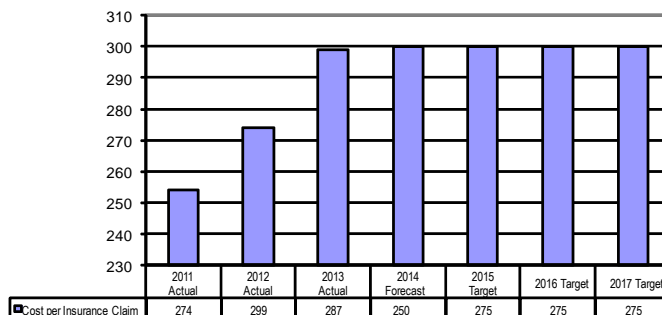
| Type | Sub-Type | Approved Service Levels | | | | |
|---|--------------------------------|---|------|--|---|---|
| | | 2011 | 2012 | 2013 | 2014 | 2015 |
| Financial Advisory/Strategy ~ Review of financial implications and opportunities re regulatory and legislative amendments | | Monitor and provide support for influencing legislative changes related to City of Toronto Act, esp MLTT, Government Business Enterprises | | | Monitor and work with Solid Waste Management to review the rates and their implications as necessary. Monitor and provide support for influencing and adapting to legislative changes related to Build Toronto regulations, social housing funding and Metrolinx allocation of revenues | Monitor and work with Solid Waste Management to review the rates and their implications as necessary. Monitor and provide support for influencing and adapting to legislative changes related to Build Toronto regulations, social housing funding and Metrolinx allocation of revenues |
| Financial Policy ~ City of Toronto Act Taxes | | Service levels dependent on source of report required, e.g. Council may request certain policy changes, with specified deadlines | | Provide advice on regard to application of Part X tax authorities re bag fee, MLTT, and new Metrolinx/transit funding initiatives. | | Provide advice on regard to application of Part X tax authorities re bag fee, MLTT, and new Metrolinx/transit funding initiatives. |
| Financial Policy ~ Municipal Land Transfer Tax | | Monitor situation and provide support as required for Municipal Land Transfer Tax administration and policy changes | | | | Monitor situation and provide support as required for Municipal Land Transfer Tax administration and policy changes |
| Financial Policy ~ Property tax | | Reported to Committee in accordance with their deadlines and in conjunction with budget process. By-law is required to be approved by City Council, per City of Toronto Act | | On going review of Property policy. | On going review of Property policy. | On going review of Property policy. |
| Financial Policy ~ Water rate | Investment financial oversight | Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process | | Ongoing review of City's business competitiveness, including consideration of property taxes, water rates, and other fees and charges. | | Ongoing review of City's business competitiveness, including consideration of property taxes, water rates, and other fees and charges. |
| Financial Policy ~ Garbage Rate | Public private partnerships | Analysis completed and reports prepared and signed by Committee deadline in accordance with budget process | | Monitor and work with Solid Waste Management to review the rates and their implications as necessary. | Provide assistance and advice to internal and external clients on timely basis 100% of the time | Provide assistance and advice to internal and external clients on timely basis 100% of the time |
| Financial Policy ~ Capital financing | Right of way contributions | Report submitted as part of budget approval process to seek Council authority for borrowing requirements | | Monitor telecomm right of way legal initiatives in regard to charging for access to City rights of way. | Reviews and recommendations provided in accordance with budget process guidelines 100% of the time | Reviews and recommendations provided in accordance with budget process guidelines 100% of the time |
| Financial Policy ~ Reserve Funding | Service agreement negotiations | As required for each new reserve fund and in accordance with Committee schedules and deadlines | | | As required for each new reserve fund and in accordance with Committee schedules and deadlines | As required for each new reserve fund and in accordance with Committee schedules and deadlines |
| Intergovernmental funding, cost allocation and legislative frameworks | | | | | Meeting agenda closing deadlines 100% of the time | Meeting agenda closing deadlines 100% of the time |
| Development Financing | | | | | Delivered within negotiated timelines 100% of the time | Delivered within negotiated timelines 100% of the time |

| Type | Sub-Type | Approved Service Levels | | | | |
|---------------------------|---------------------------------|--|------|---|---|---|
| | | 2011 | 2012 | 2013 | 2014 | 2015 |
| Development Charge By-law | Background Study & By-law | Reviewed and updated every 5 years (scheduled 2012-13); amendments to the by-law in the interim if necessary | | Bring forward updated City wide background study and revised by-law for Council consideration and adoption. | Bring forward area specific background study and revised by-law for Scarborough transit and port lands area | Bring forward area specific background study and revised by-law for Scarborough transit and port lands area |
| | Administration & Implementation | Provide assistance and advice to internal and external clients on timely 100% of the time | | | Delivered within negotiated timelines 100% of the time. On-going discussion and negotiations with Province regarding legislative reform | Delivered within negotiated timelines 100% of the time. On-going discussion and negotiations with Province regarding legislative reform |
| | Capital Financing | Reviews and recommendations provided in accordance with budget process guidelines 100% of the time | | | | Reviews and recommendations provided in accordance with budget process guidelines 100% of the time |
| | Reporting | Meeting agenda closing deadlines 100% of the time | | | Delivered within negotiated timelines 100% of the time | Delivered within negotiated timelines 100% of the time |
| Capital Financing Tools | | On-going discussion and negotiations with Province to implement a Tax Increment Financing; City comments and responses provided to Province within negotiated timelines 100% of the time | | | Delivered within negotiated timelines 100% of the time | Delivered within negotiated timelines 100% of the time |

The 2015 Service Levels are consistent with the 2014 Approved Service Levels.

Service Performance

Costs per Insurance Claim



- The costs per claim have increased in 2012 with the new 5 year agreement with the service provider. However, the increase was balanced by an improved client service agreement and improved focus on cost control.

Table 7
2015 Service Budget by Activity

| (\$000s) | 2014 | 2015 Operating Budget | | | | | | | Incremental Change | | | | | |
|---|-----------------|-----------------------|-----------------|----------------|-----------------------------|-------------|--------------|----------------|-----------------------------|-------------|-------------|-------------|------------|-------------|
| | Approved Budget | Base Budget | Service Changes | 2015 Base | Base Budget vs. 2014 Budget | % Change | New/Enhanced | 2015 Budget | 2015 Budget vs. 2014 Budget | | 2016 Plan | | 2017 Plan | |
| | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ | \$ | % | \$ | % | \$ | % |
| GROSS EXP. | | | | | | | | | | | | | | |
| Financial Strategies, Analysis & Policy Development | 2,281.7 | 2,334.9 | | 2,334.9 | 53.2 | 2.3% | | 2,334.9 | 53.2 | 2.3% | 25.4 | 1.1% | 1.6 | 0.1% |
| Investment & Debt Management | 1,197.7 | 1,237.3 | | 1,237.3 | 39.6 | 3.3% | 60.1 | 1,297.4 | 99.7 | 8.3% | 48.1 | 3.7% | 3.2 | 0.2% |
| Risk Management & Insurance | 1,738.5 | 1,835.3 | | 1,835.3 | 96.8 | 5.6% | 9.4 | 1,844.7 | 106.2 | 6.1% | 1.2 | 0.1% | 2.1 | 0.1% |
| Total Gross Exp. | 5,217.9 | 5,407.5 | | 5,407.5 | 189.6 | 3.6% | 69.5 | 5,477.0 | 259.1 | 5.0% | 74.7 | 1.4% | 6.9 | 0.1% |
| REVENUE | | | | | | | | | | | | | | |
| Financial Strategies, Analysis & Policy Development | 484.9 | 532.3 | | 532.3 | 47.4 | 9.8% | | 532.3 | 47.4 | 9.8% | 4.5 | 0.8% | 0.1 | 0.0% |
| Investment & Debt Management | 1,175.4 | 1,217.1 | | 1,217.1 | 41.7 | 3.5% | 62.8 | 1,279.9 | 104.5 | 8.9% | 51.8 | 4.0% | 3.4 | 0.3% |
| Risk Management & Insurance | 1,795.3 | 1,895.8 | | 1,895.8 | 100.5 | 5.6% | 6.7 | 1,902.5 | 107.2 | 6.0% | (0.7) | 0.0% | 1.9 | 0.1% |
| Total Revenues | 3,455.6 | 3,645.2 | | 3,645.2 | 189.6 | 5.5% | 69.5 | 3,714.7 | 259.1 | 7.5% | 55.6 | 1.5% | 5.4 | 0.1% |
| NET EXP. | | | | | | | | | | | | | | |
| Financial Strategies, Analysis & Policy Development | 1,796.8 | 1,802.6 | | 1,802.6 | 5.8 | 0.3% | | 1,802.6 | 5.8 | 0.3% | 20.9 | 1.2% | 1.5 | 0.1% |
| Investment & Debt Management | 22.3 | 20.2 | | 20.2 | (2.1) | (9.4%) | (2.7) | 17.5 | (4.8) | (21.5%) | (3.7) | (21.1%) | (0.2) | (1.4%) |
| Risk Management & Insurance | (56.8) | (60.5) | | (60.5) | (3.7) | 6.5% | 2.7 | (57.8) | (1.0) | (1.8%) | 1.9 | 3.3% | 0.2 | 0.3% |
| Total Net Exp. | 1,762.3 | 1,762.3 | | 1,762.3 | 0.0 | 0.0% | 0.0 | 1,762.3 | 0.0 | 0.0% | 19.1 | 1.1% | 1.5 | 0.1% |
| Approved Positions | 37.0 | 37.0 | | 37.0 | | | 1.0 | 38.0 | 1.0 | 2.7% | | 0.0% | | |

Corporate Finance provides strategic, financial and risk management expertise to protect and improve the City of Toronto's financial position.

The 2015 Operating Budget for Corporate Finance of \$5.477 million gross and \$1.762 million net is \$0 or 0% over the 2014 Approved Net Budget.

- Base Budget pressures are primarily attributable to salary and benefit increases for COLA, step increases, and progression pay.
 - The contractually obligated increases of 2.25% cost of living allowance, progression pay, step adjustments and maintaining gapping rate common among all activities result in an increase of \$0.040 million in salaries and benefits.
- The base pressures in Financial Strategies, Analysis and Policy Development are offset by increased recoveries from development charges of \$0.010 million to cover progression pay increases as approved by Council and increased recoveries from TTC of \$0.031 million for the time staff will be spending on the development of the Scarborough Subway project.

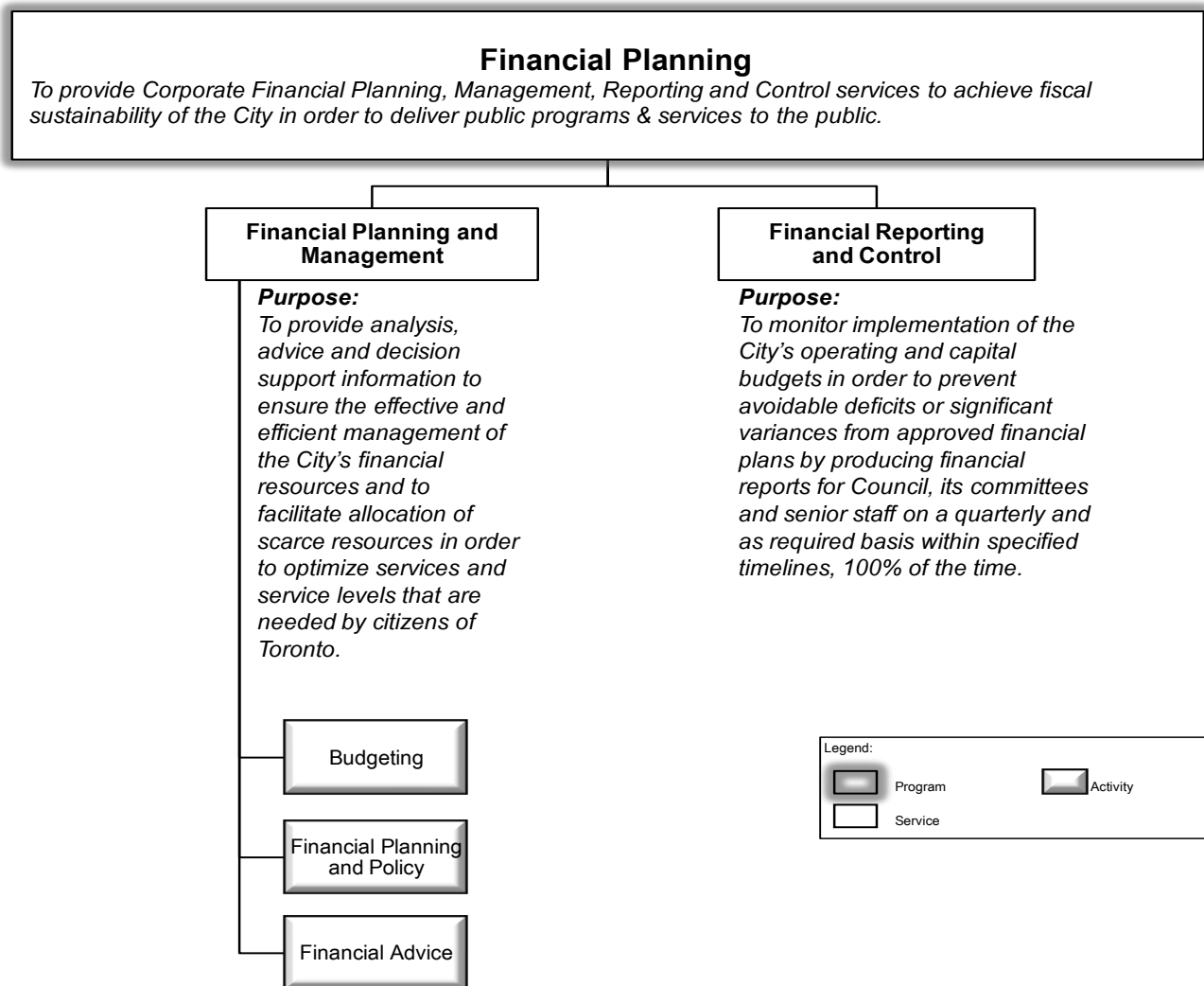
New Request

Funding of \$0.070 million gross and \$0 net in 2015, with an additional \$0.058 million gross and \$0 net in 2016 is for a Senior Investment Analyst in Corporate Finance:

- Effective June 1, 2015 a Senior Investment Analyst position is to support the City's strategic action outcomes of fiscal sustainability and good governance by improving risk-adjusted investment earnings, robust management of financial and operational risk and reducing the cost of capital.

- The nature of the investment environment, capital financing landscape and risk management standard has all become more complex and sophisticated. In addition, the number and size of the investment and debt portfolios have expanded significantly. As a result, the time and resources that are required to perform the necessary in-depth analysis and due diligence of various financial instruments and investments have grown beyond the capacity of the current staff resources. As well, there is a need for an additional person to manage the day to day operation of the new liquidity program (Promissory Note) which will enhance liquidity and investment earnings.
- Funding will be recovered from additional investment income generated and included in Non Program for a net \$0 cost.

Financial Planning



Service Customer

Financial Planning and Management

- Corporation
- Taxpayer/Stakeholders (Bond rating Agencies, etc.)

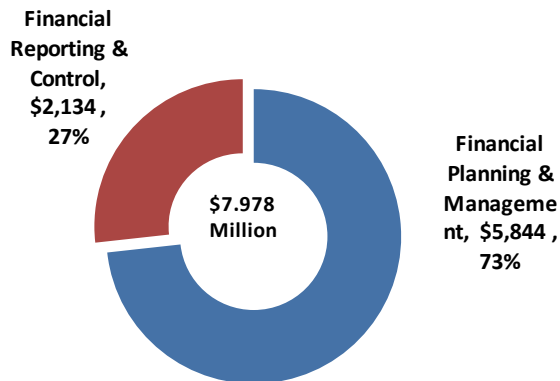
Financial Reporting and Control

- Corporation
- Taxpayer/Stakeholders (Bond rating Agencies, etc.)

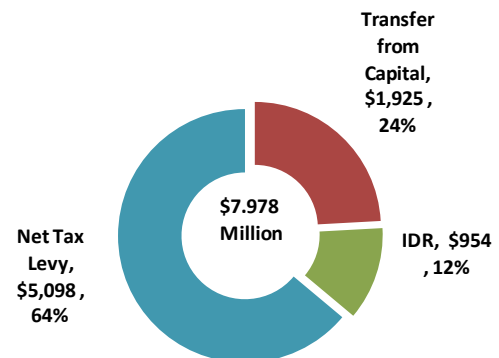
What we do

Provide comprehensive annual and multi-year financial plans for approval by City Council that outline the cost and financing to deliver City services and its capital infrastructure within the service level standards, affordability targets and priorities established by City Council.

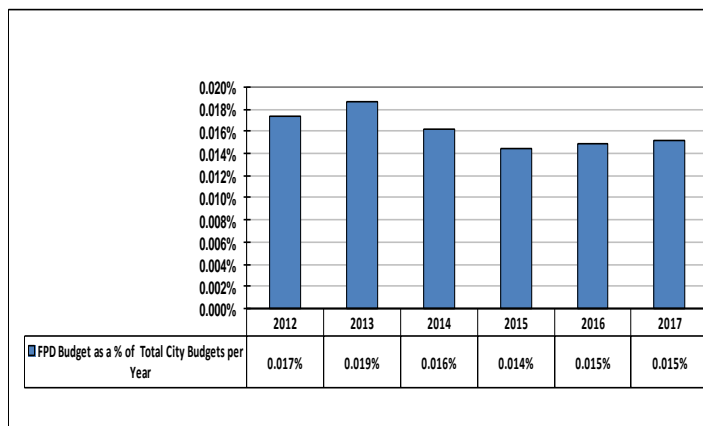
2015 Service Budget by Activity (\$000s)



Service by Funding Source (\$000s)



FPD Operating Budget as a % of Total City Operating and Capital Budget & Plan



- Financial Planning Division's Net Operating Budget was 0.019 % of the City's Total Operating and Capital Budgets in 2013 of \$27.4 billion.
- In 2014, FPD's Net Operating Budget was 0.016% of the City's Total Operating and Capital Budgets & Plan.
- The forecast is that FPD's Net Operating Budget as a percentage of the City's Total Operating and Capital Plan will decrease to 0.014% in the 2015 year and slightly increase to 0.015% in 2016 and 2017 based on a percentage of the City's Total Operating and Capital Plan.

2015 Service Levels

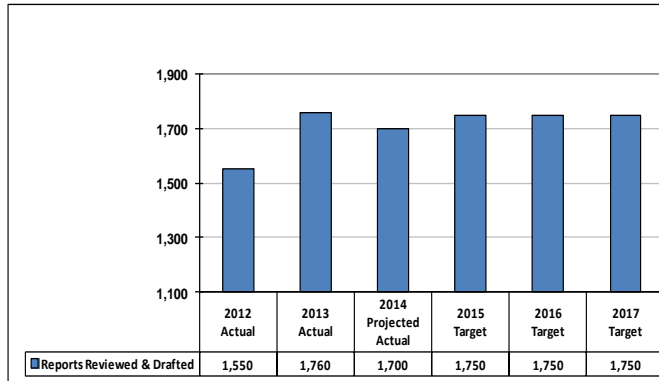
Financial Planning

| Type | Sub-Type | Approved Service Levels | | | |
|-------------------------------|---|---|------|---|--|
| | | 2011 | 2012 | 2013 | 2014 |
| Operating | Analysis/ Recommendation provided | Balanced Operating budget approved annually by end of year | | Balanced Operating Budget approved annually in accordance with Council's mandates within the first month of the fiscal year. | Balanced Operating Budget approved annually in accordance with Council's mandates within the first month of the fiscal year. |
| | Decision Support | Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time | | | Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time |
| | Process Management | Process updated and delivered 6 weeks in advance of submission guidelines | | | Process updated and delivered 6 weeks in advance of submission guidelines |
| Capital | Analysis/ Recommendation provided | A recommended Capital budget and plan, annually, in accordance with Council's mandates | | A recommended Capital budget and plan, annually, in accordance with council's mandates within the first month of the fiscal year. | A recommended Capital budget and plan, annually, in accordance with Council's mandates within the first month of the fiscal year. |
| | Decision Support | Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time | | | Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time |
| | Process Management | Process updated and delivered 6 weeks in advance of submission guidelines | | | Process updated and delivered 6 weeks in advance of submission guidelines |
| Decision Support | Reports | Meeting agenda closing deadlines 100% of the time | | | Meeting agenda closing deadlines 100% of the time |
| | Council Support | Meeting agenda closing deadlines 100% of the time | | | Meeting agenda closing deadlines 100% of the time |
| | Initiatives | Meeting agenda closing deadlines 100% of the time | | | Meeting agenda closing deadlines 100% of the time |
| | Issues Management | Responses released within prescribed timelines 100% of the time | | | Responses released within prescribed timelines 100% of the time |
| State of Financial Affairs | Issues Management | Responses released within prescribed timelines 100% of the time | | | Responses released within prescribed timelines 100% of the time |
| | Intergovernmental | Provided necessary information to support negotiated stance, 100% of the time | | | Provided necessary information to support negotiated stance, 100% of the time |
| | Stakeholder Relations (Media/Council/ Public) | Responses released within prescribed timelines 100% of the time | | | Responses released within prescribed timelines 100% of the time |
| Service Planning | Analysis/ Recommendation provided | A recommended Service Plan annually by end of year, in accordance with council's priorities and directions | | | A recommended Service Plan annually by end of year, in accordance with council's priorities and directions |
| | Decision Support | Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time | | | Released at least 24 hours for notes and 7 days for Reports, prior to council / committee meeting, 100% of the time |
| | Process Management | Process updated and delivered 6 weeks in advance of submission guidelines | | | Process updated and delivered 6 weeks in advance of submission guidelines |
| Program/Service Review | Analysis/ Recommendation provided | Analysis provided within (turnaround time) 100% of the time | | | Analysis provided within (turnaround time) 100% of the time |
| | Decision Support | Inquiries addressed/ Responses released within prescribed timelines 100% of the time | | | Inquiries addressed/ Responses released within prescribed timelines 100% of the time |
| | Process Management | Process updated and delivered 6 weeks in advance of submission guidelines | | | Process updated and delivered 6 weeks in advance of submission guidelines |
| Policy Development and Review | | Review policies once per year, 100% of the time | | | Review policies once per year, 100% of the time |
| Budget Monitoring & Control | Operating - Variance | Quarterly within 45 days of quarterly closing | | | Quarterly within 45 days of quarterly closing |
| | Capital - Variance | Quarterly within 45 days of quarterly closing | | | Quarterly within 45 days of quarterly closing |
| | Ad hoc (request) | Responses released within prescribed timelines 100% of the time | | | Responses released within prescribed timelines 100% of the time |
| | Active Monitoring | Once per month | | | Once per month |
| | In-Year Adjustments | Operating/ Capital budget adjustment requests reviewed in advance of Agenda closing deadlines 100% of the time | | | Operating/ Capital budget adjustment requests reviewed in advance of Agenda closing deadlines 100% of the time |
| Complement Management Control | | Reviewing submitted OCA forms for Financial Implications within 7 days upon receipt from Divisions 75% of the time | | | Reviewing submitted Human Resources Organizational Management eRequests for Financial Implications within 7 days upon receipt from Divisions 75% of the time |

The 2015 Service Levels are consistent with the 2014 Approved Service Levels.

Service Performance

Outcome Measures- Number of Reports
Reviewed for financial Impacts and Advice



- Reports reviewed and drafted increased from 1,550 in 2012 to 1,760 in 2013.
- 1,700 reports are projected to be reviewed and drafted in 2014.
- The forecast for 2015, 2016, and 2017 to remain relatively stable at an average of 1,750 annually.

Table 7
2015 Service Budget by Activity

| (\$000s) | 2014 | 2015 Operating Budget | | | | | | | 2015 Budget vs. 2014 Budget | | Incremental Change | | | |
|---------------------------------|-----------------|-----------------------|-----------------|----------------|-----------------------------|----------------|--------------|----------------|-----------------------------|---------------|--------------------|----------------|------------------|----------------|
| | Approved Budget | Base Budget | Service Changes | 2015 Base | Base Budget vs. 2014 Budget | % Change | New/Enhanced | 2015 Budget | | | 2016 Plan | | 2017 Plan | |
| | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ | \$ | % | \$ | % | \$ | % |
| GROSS EXP. | | | | | | | | | | | | | | |
| Financial Planning & Management | 6,227.1 | 5,844.0 | | 5,844.0 | (383.1) | (6.2%) | | 5,844.0 | (383.1) | -6.2% | (172.5) | (3.0%) | (1,304.9) | (23.0%) |
| Financial Reporting & Control | 2,084.6 | 2,133.6 | | 2,133.6 | 49.0 | 2.4% | | 2,133.6 | 49.0 | 2.4% | (19.7) | (0.9%) | (223.2) | (10.6%) |
| Total Gross Exp. | 8,311.7 | 7,977.6 | | 7,977.6 | (334.1) | (4.0%) | | 7,977.6 | (334.1) | -4.0% | (192.2) | (2.4%) | (1,528.1) | (19.6%) |
| REVENUE | | | | | | | | | | | | | | |
| Financial Planning & Management | 2,676.6 | 2,371.4 | | 2,371.4 | (305.2) | (11.4%) | | 2,371.4 | (305.2) | -11.4% | (260.8) | (11.0%) | (1,361.8) | (64.5%) |
| Financial Reporting & Control | 537.2 | 508.3 | | 508.3 | (28.9) | (5.4%) | | 508.3 | (28.9) | -5.4% | (45.2) | (8.9%) | (239.5) | (51.7%) |
| Total Revenues | 3,213.8 | 2,879.7 | | 2,879.7 | (334.1) | (10.4%) | | 2,879.7 | (334.1) | -10.4% | (306.0) | (10.6%) | (1,601.3) | (62.2%) |
| NET EXP. | | | | | | | | | | | | | | |
| Financial Planning & Management | 3,550.5 | 3,472.6 | | 3,472.6 | (77.9) | (2.2%) | | 3,472.6 | (77.9) | -2.2% | 88.3 | 2.5% | 56.9 | 1.6% |
| Financial Reporting & Control | 1,547.4 | 1,625.3 | | 1,625.3 | 77.9 | 5.0% | | 1,625.3 | 77.9 | 5.0% | 25.5 | 1.6% | 16.3 | 1.0% |
| Total Net Exp. | 5,097.9 | 5,097.9 | | 5,097.9 | (0.0) | (0.0%) | | 5,097.9 | (0.0) | 0.0% | 113.8 | 2.2% | 73.2 | 1.4% |
| Approved Positions | 56.0 | 56.0 | | 56.0 | | | | 56.0 | | | | | (12.0) | (21.4%) |

Financial Planning provides comprehensive annual and multi-year financial plans for approval by City Council that outline the cost and financing to deliver City services and its capital infrastructure within the service level standards, affordability targets and priorities established by City Council.

The 2015 Operating Budget for Financial Planning of \$7.978 million gross and \$5.098 million net is \$0 million or 0% over the 2014 Approved Net Budget.

- Base Budget pressures are primarily attributable to salary and benefit increases for COLA, step increases, and progression pay.
 - The contractually obligated increases of 2.25% cost of living allowance, progression pay, step adjustments and maintaining gapping rate common among all activities result in an increase of \$0.265 million in salaries and benefits.
- The base pressures are offset by:
 - Interdivisional recoveries from Toronto Water and Solid Waste were increased by \$0.023 million to offset salary and benefits pressures for Financial Planning staff assigned to these Programs, to provide the same level of service as in 2014.
 - Increased recoveries of \$0.242 million from the Non Program budget to offset increased salary and benefits costs increases for Financial Planning staff that have capital budgeting, management and oversight to provide the same level of service as in 2014.



Part III:

Issues for Discussion

Issues for Discussion

Issues Impacting the 2015 Budget

Service-Based, Performance-Focussed Budgeting and the New Budget Process

Governments are increasingly being called upon to make difficult decisions among competing priorities and to deliver and demonstrate value in services they provide. As part of efforts to continuously improve services and ensure they provide value and are sustainable, the City is in the process of making major changes to the way it plans for, delivers and monitors services provided to its residents, businesses and the community.

Service-Based Budgeting

The launch of the Financial Planning Analysis and Reporting System (FPARS) Project and the Public Budget Formulation (PBF) tool provides the City with the capacity to transform how it develops and evaluates the annual multi-year budgets. The FPARS project's major goal is to strengthen the foundational elements of sound financial planning, budgeting and performance management and establish principles and best practices that will support the City's transition towards a service-based and performance focussed organization. The project provides systems and processes to link strategic directions to service objectives, support service focused, performance-based budgeting and provide tools for planning, analyzing, evaluating and reporting financial and service performance information based on the services the City delivers to the public.

Beginning in the 2014 Budget process, the City moved away from the traditional organizational view of presenting budgets (i.e. based on allocating budgets to programs within each Program / Division) to presenting them in service view (i.e. based on services provided to the public and internal clients). City Council approved its first multi-year service-based operating budget based on the allocation to the program maps established for each City Program in 2014.

The City's Service Inventory is comprised of 155 distinct City services offered to the public to support direct service delivery and good governance. The City's Service Inventory, complete with qualitative and quantitative service profile information for City Divisions was expanded during 2013 to include program maps; service profiles; and service levels for all City Agencies except TTC and Police Services. The FPARS Business Transformation team staff continued to work with TTC and Police Services to finalize their program maps and associated service information and with a few City Divisions that refined or reflect service changes in time for the 2015 Budget process. Essentially, investments are made to services such as Transit, Police, Child Care, Community Recreation, Fire Rescue and Emergency Response, Road and Sidewalk Maintenance, and Solid Waste Collection and Transfer, etc.

Service-based budgeting also enables the evaluation of the use of human resources. A new complement planning and management process has been created that links positions, people and their budget according to the services provided by each City Division.

As the FPARS tools continue to evolve and add functionality, the 2015 Budgets have taken the presentation of the budgets in service view a step further. Changes to each service including key cost drivers, service efficiencies and other reductions are now presented by service and activity in the 2015 Operating Analyst Notes. For more information on added functionality of FPARS to support service-

based budgeting, please see the *Issues for Discussion* section of the 2015 Capital Budget Analyst Notes for Financial Services.

Each year, Council, staff and the public are able to see exactly how much money has been invested into each service, how much of that service has been delivered, and compare with the previous year(s). This will help with the difficult decisions around increasing or decreasing service levels and how much to invest in each service.

Shared Services

Shared Services is the consolidation of administrative services in order to reduce duplication and allow the divisions and agencies to focus on delivering their core services.

The City uses a shared services model to deliver administrative services through Cluster C divisions. The City agencies, however, continue to manage and deliver their own administrative services and share services with the City through methods, processes and technologies that are not standard across agencies. The Shared Services Project aims to standardize this by expanding the shared services model to the City agencies.

The goal of the Shared Services Project is for the City and the agencies to work collaboratively to identify and implement shared services opportunities that will achieve cost savings and service improvements.

Background

In 2012, The City Manager identified eight corporate support services to review as a part of a Shared Service Study and retained KPMG LLP (KPMG) to undertake the assignment. The corporate support services included were: information technology, internal audit, insurance and risk management, legal services, human resources/labour relations, procurement & materials management, real estate, and records management.

KPMG's study focused on the City's six largest agencies with a view to expanding any resulting opportunities to additional City agencies, where appropriate. The agencies included were: Exhibition Place, Toronto Parking Authority, Toronto Police Service, Toronto Public Health, Toronto Public Library, and Toronto Transit Commission.

At its meeting on June 11, 12, and 13, 2013, in consideration of [EX32.3 \(Results of the Shared Services Study – Agencies\)](#), City Council approved the implementation of eighteen opportunities and no further action on two opportunities. Eleven opportunities were to be implemented in the shorter term and reported out as required through the City's 2014/2015 budget process or to a standing committee or specific agency board. The remaining seven opportunities were broad transformational directions to the City and its agencies that require significant business process re-engineering, organizational change, and information technology investment to successfully implement. The City Manager referred these opportunities to the Deputy City Manager & Chief Financial Officer, in consultation with City agencies, for further due diligence, planning, and the development of a five-year shared service implementation plan.

Based on the direction to accelerate the implementation of the shared services opportunities given by Council on January 29, 2014, the Deputy City Manager & Chief Financial Officer implemented the

creation of a temporary project team that facilitated the creation of an Executive Steering Committee and 13 working groups, which have started analysing options to accelerate implementation.

The Executive Steering Committee provides leadership and strategic direction to the Shared Services Project Team and the working groups. Membership includes senior executives from the in-scope agencies, the Deputy City Manager & Chief Financial Officer, and the City division heads for the in-scope functions.

Working Groups consists of staff from both the City and agencies, and are responsible to further analyze the opportunities, determine their feasibility, and recommend the strategy to move forward to the Executive Steering Committee.

Expected Cost Savings

As described in [EX32.3 \(Results of the Shared Services Study – Agencies\)](#), KPMG quantified the financial benefits for four opportunities with a high-level estimate of potential cost savings \$58.8 to \$65.3 million per year with up-front investments of between \$3.5 and \$10.5 million. Of this \$58.8 to \$65.3 million per year in cost savings, KPMG estimated:

- \$47 million from pursuing a joint labour relations and collective bargaining strategy; and
- \$10 million from sharing common procurement and implementing strategic sourcing.

While there are potential cost savings in these areas, actual savings will be highly dependent on the viability of the opportunities as determined by more detailed review, due diligence, and implementation planning, and may be significantly lower than KPMG's estimates.

Current Status

Following the successful launch of the project, ensuring working groups were formed with appropriate representation from the agencies and senior City staff members were engaged, the Project Director and one of the Policy and Research Analyst positions have ended and the incumbents returned to their home positions.

In order for the Shared Services Project Team to continue to provide leadership and coordinate the implementation of the Council approved recommendations of the KPMG study, additional resources are required. As such, a request for a Policy Research Analyst position and funding of \$0.099 million was included in the 2015 Budget submission to continue to work. Any additional resources required will be addressed in 2015 or in a future year budget submission.

Agencies and Divisions Involved

Toronto Community Housing Corporation and the Toronto Zoo have been added to the project scope. City Divisions involved include:

| | | |
|-----------------------|--------------------------------------|-------------|
| City Clerk's Office | Information & Technology | Toronto Zoo |
| Corporate Finance | Internal Audit | TCHC |
| Facilities Management | Pension, Payroll & Employee Benefits | |

| | |
|-----------------|-------------------------|
| Fleet Services | Procurement & Materials |
| | Management |
| Human Resources | Real Estate Services |

Implementation of Recommendations

During the review, additional shared services opportunities that could potentially achieve cost savings without service reductions were identified and pursued. These opportunities involved creating functional centres of excellence and incorporating agencies into the Facilities Transformation Project.

The chart below is a summary of the status of the shared services recommendations. Further details are can be accessed in the report [EX43.21 \(Update on the Shared Services Project\)](#).

| Recommendation | Status |
|---|-------------|
| Implement and Report as Required | |
| Share generic training and learning functions | In Progress |
| Coordinate and standardize common Health and Safety functions | In Progress |
| Enhance the use of the City's Internal Audit by agencies | Complete |
| Establish a Quality Assurance Centre of Excellence | In Progress |
| Continue to rationalize City Stores and automate P2P processes | In Progress |
| Provide the City's application for FOI submission to agencies | In Progress |
| Expand the City's provision of lessor services to TTC and TPA | Complete |
| Insure TTC and TPA under the City's insurance | In Progress |
| Implement Pending Further Due Diligence and Planning | |
| Develop a labour relations and collective bargaining strategy | In Progress |
| Share procurement of common goods and implement strategic sourcing | In Progress |
| Standardize human resource systems and share payroll administration | In Progress |
| Share common information technology infrastructure | In Progress |
| Rationalize information technology applications | In Progress |
| Coordinate real estate contract and vendor management | In Progress |

| Recommendation | Status |
|---|-------------|
| Establish a Change Management Centre of Excellence | In Progress |
| Include the agencies in a plan to transition to digital records | In Progress |
| Additional Shared Services Opportunities | |
| Incorporate the agencies in the Facilities Transformation Project | In Progress |
| Create a Fleet Management Centre of Excellence | Complete |
| Establish an IT Contract Management Centre of Excellence | In Progress |
| Create an Internal Audit Centre of Excellence | Complete |
| Create a Real Estate Centre of Excellence | Complete |

Next Steps

Implementing a shared services delivery model requires leadership, careful planning, strategic technology investments, and good governance. It often involves a multi-year and multi-phase transformation to effect technology investments and business re-engineering across multiple organizations.

The Shared Services Project team is developing a five-year shared services implementation plan that outlines the steps to implement shared services opportunities between the City and the Agencies. This plan will include expanding the scope of the project to examine functions not included in the KPMG study. The Project Team will report to the agency boards in June 2015 and Council in July 2015 with a report that outlines the approved recommendations and a five-year, high-level implementation plan.

Financial impacts of shared service models, including investments and/or savings will be reported through future years' budget submissions as required.



Appendices:

Appendix 1

2014 Service Performance

2014 Key Service Accomplishments

In 2014, the Office of the Chief Financial Officer accomplishments included the following:

- ✓ Established and delivered the 2015 Budget process that accommodated the 2014 Municipal Election and accelerated approval timelines for City Council.
- ✓ Delivered the City's first service based operating budget in 2015.
- ✓ Reviewed and drafted over 1700 reports for financial implications and advice.
- ✓ Supported the election transitions, providing information and advice on the city's fiscal health, financial planning and management matters to prepare the Mayor-elect for the 2014-2018 terms of council.
- ✓ Coordinated the development of cluster 2015 Operating Budgets in accordance with divisional and cluster priorities and corporate guidelines and timelines.
- ✓ Coordinated the development of cluster 2015 Capital Budgets and 2016 to 2024 Capital Plans in accordance with corporate debt targets.
- ✓ Provided oversight of 2014 Operating (totaling \$453M gross and \$182M net) and Capital Budgets (totaling \$467M) for cluster divisions through monitoring, corrective action and variance reporting and prepared performance statistics summary for Divisions.
- ✓ Coordinated and managed organizational and complement changes for cluster divisions through, oversight, tracking and reporting.
- ✓ Provided consulting, project management and coordination support to program reviews in Pension, Payroll & Employee Benefits and Corporate Finance – Insurance & Risk Management; and implementation of customer service strategy in Revenue Services Division.
- ✓ Timely preparation and distribution of financial and management reports to cluster divisions.
- ✓ Provision of accounting, payroll and purchasing services to support divisional operations.
- ✓ Produced Quarterly Management Information Dashboard for Deputy City Manager & Chief Financial Officer and senior management.
- ✓ Issued \$600 million worth of debentures and managed principal and interest payments to support the City's capital works program.
- ✓ Managed the City's \$4.6 billion investment portfolio.
- ✓ Managed the \$1.9 billion in the sinking funds and supported the management of the City's pension fund and trust funds.
- ✓ Managed and administered a letter of credit portfolio of \$100 million that provides security for the City in the event of non-performance by its vendors and other parties.
- ✓ Insured \$15.0 billion worth of property.

- ✓ Processed up to 8,000 insurance claims including managing the defense of up to 2,500 legal claims.
- ✓ Reviewed approximately 370 contract reports for award by Bid Committee and approximately 40 contract reports for award by Council.
- ✓ Undertook a comprehensive review of all the City's credit and guarantee facilities.
- ✓ Contributed to the reform of the Taxi Cab Industry, and to the amendment of the Toronto's Imagination, Manufacturing, Innovation & Technology (IMIT) Financial Incentives Program to address the loss of smaller office buildings in the core.
- ✓ Contributed to the Special Purpose Business Assessment review undertaken by the Minister of Finance and Municipal Property Assessment Corporation.
- ✓ Provided support to Downsview Park funding strategy, Transit Task Force strategy, and Toronto Transit Commission life cycle cost review.
- ✓ Contributed to the City's response to the Provincial review of the Development Charges Act.
- ✓ Provided project analysis, advisory, negotiation and research services for major corporate initiatives and multi-lateral projects – Toronto-York Spadina Subway Extension, Waterfront Revitalization, Pan Am Games , Scarborough Subway, and other transportation/transit funding including reviewing new revenue tools for Metrolinx funding,. Lawrence Heights Revitalization, Gardiner expressway rebuild, review of taxi industry, independence of the Toronto Zoo, Seaton House, North St. Lawrence Market.

2014 Financial Performance

2014 Budget Variance Analysis

| | 2012 Actuals | 2013 Actuals | 2014 Approved Budget | 2014 Actuals | 2014 Approved Budget vs. Actual Variance | |
|--------------------|-----------------|-----------------|----------------------------|-----------------|---|--------|
| (\$000s) | \$ | \$ | \$ | \$ | \$ | % |
| Gross Expenditures | 14,042.8 | 14,188.9 | 16,202.5 | 14,626.4 | (1,576.1) | (9.7) |
| Revenues | 5,582.4 | 5,715.5 | 6,756.7 | 5,939.9 | (816.8) | (12.1) |
| Net Expenditures | 8,460.4 | 8,473.4 | 9,445.8 | 8,686.5 | (759.3) | (8.0) |
| Approved Positions | 109.0 | 111.0 | 112.0 | 100.0 | (12.0) | (10.7) |

2014 Experience

The Office of the Chief Financial Officer's year-end favourable variance is projected to be \$0.759 million or 8.0% below the 2014 Approved Operating Budget of \$9.446 million net.

- The favourable variance was mainly due to under-expenditures in salaries and benefits for vacant positions. As the vacancies were gradually filled during the remainder of the year, the projected net favourable variance at year-end is \$0.759 million or 8.0% due to under-spending already realized from the vacant positions.
- To mitigate potential impacts on service levels, overtime has been used to offset the vacant positions. Both Corporate Finance and Financial Planning have been working with Human Resources to fill the vacant positions.

Impact of 2014 Operating Variance on the 2015 Budget

At December 31, 2014 there were 12 vacant positions in the Office of the Chief Financial Officer, of which 4 are capital funded positions and 8 are operating positions. There will be no impact on the 2015 operating Budget.

Appendix 2

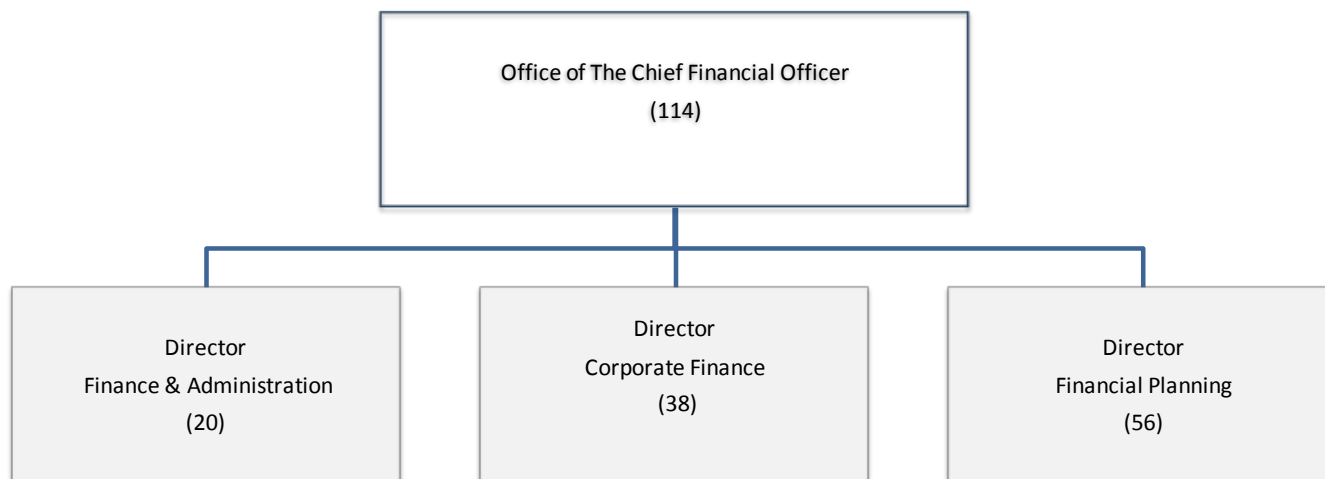
2015 Operating Budget by Expenditure Category

Program Summary by Expenditure Category

| Category of Expense | 2012 | 2013 | 2014 | 2014 | 2015 | 2015 Change from 2014 Approved | | Plan | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------------------------|---------------|-----------------|-----------------|
| | Actual | Actual | Budget | Actual | Budget | Budget | | 2016 | 2017 |
| | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Salaries and Benefits | 13,253.5 | 13,458.0 | 15,171.8 | 13,944.3 | 15,236.4 | 64.6 | 0.4% | 15,176.6 | 13,681.8 |
| Materials and Supplies | 36.6 | 31.7 | 65.7 | 22.6 | 66.0 | 0.3 | 0.5% | 66.0 | 66.0 |
| Equipment | 2.8 | 10.8 | 18.7 | 4.4 | 9.2 | (9.5) | (50.8%) | 6.7 | 6.7 |
| Services & Rents | 502.1 | 431.7 | 694.4 | 406.0 | 713.0 | 18.6 | 2.7% | 711.5 | 711.6 |
| Contributions to Reserve/Res Funds | 72.6 | 72.6 | 72.6 | 72.6 | 72.6 | | | 72.6 | 72.6 |
| Other Expenditures | 0.2 | 0.2 | 0.5 | 5.1 | 0.5 | | 0.0% | 0.5 | 0.5 |
| Interdivisional Charges | 175.0 | 183.9 | 178.8 | 171.4 | 128.8 | (50.0) | (28.0%) | 128.8 | 128.8 |
| Total Gross Expenditures | 14,042.8 | 14,188.9 | 16,202.5 | 14,626.4 | 16,226.5 | 24.0 | 0.1% | 16,162.7 | 14,668.0 |
| Interdivisional Recoveries | 1,849.9 | 1,921.8 | 2,117.3 | 2,068.1 | 2,707.5 | 590.2 | 27.9% | 2,778.7 | 2,791.5 |
| User Fees & Donations | 1.2 | | | | | | | | |
| Transfers from Capital Fund | 2,163.6 | 2,314.5 | 2,524.5 | 2,312.0 | 1,925.3 | (599.2) | (23.7%) | 1,610.3 | |
| Contribution from Reserve/Reserve Funds | 1,458.9 | 1,433.1 | 2,078.8 | 1,528.4 | 2,080.8 | 2.0 | 0.1% | 2,105.6 | 2,110.4 |
| Sundry Revenues | 108.8 | 46.1 | 366.1 | 31.4 | 67.1 | (299.0) | (81.7%) | 67.1 | 67.1 |
| Total Revenues | 5,582.4 | 5,715.5 | 6,756.7 | 5,939.9 | 6,780.7 | (306.0) | (4.5%) | 6,561.7 | 4,969.0 |
| Total Net Expenditures | 8,460.4 | 8,473.4 | 9,445.8 | 8,686.5 | 9,445.8 | 330.0 | | 9,601.0 | 9,699.0 |
| Approved Positions | 109.00 | 111.00 | 112.00 | 100.00 | 114.00 | | | 114.00 | 102.00 |

Appendix 3

2015 Organization Chart



2015 Complement

| Category | Senior Management | Management | Exempt Professional & Clerical | Union | Total |
|-----------|-------------------|------------|--------------------------------|-------|--------|
| Permanent | 4.00 | 17.00 | 64.00 | 18.00 | 103.00 |
| Temporary | | | 11.00 | | 11.00 |
| Total | 4.00 | 17.00 | 75.00 | 18.00 | 114.00 |

Appendix 5

Summary of 2015 New / Enhanced Service Priorities

| Form ID | | Internal Focused Services Program: Office of the Chief Financial Officer | Adjustments | | | | 2016 Plan Net Change | 2017 Plan Net Change |
|--|---|---|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| 4920 | CFO - New - Policy & Reserach Analyst - Shared Services | | | | | | | |
| 72 | 1 | Description: | | | | | | |
| Effective March 1, 2015, one temporary Policy and Research Analyst position is recommended at an annual cost of \$0.130 million (\$0.099 million in 2015 and \$0.031 million in 2016) to assist the Shared Service Project Team. | | | | | | | | |
| Service Level Impact: | | | | | | | | |
| There is no service level impact from this recommendation. | | | | | | | | |
| Service: F&A-Executive Leadership | | | | | | | | |
| Total Staff Recommended: | | | 99.0 | 99.0 | 0.0 | 1.0 | 0.0 | 0.0 |
| New/Enhanced Services: | | | 99.0 | 99.0 | 0.0 | 1.0 | 0.0 | 0.0 |

| Form ID | | Internal Focused Services Program: Office of the Chief Financial Officer | Adjustments | | | | 2016 Plan Net Change | 2017 Plan Net Change |
|----------|----------|---|----------------------|-------------|------------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| 5768 | | Sennior Investment Analyst | | | | | | |
| 74 | 0 | Description: | | | | | | |
| | | Effective June 1, 2015 a Senior Investment Analyst is recommended to support the City's strategic action outcomes of fiscal sustainability and governance by improving risk-adjusted investment earnings, robust management of financial and operational risk and reducing cost of capital. | | | | | | |
| | | Service Level Impact: | | | | | | |
| | | An additional person to manage the day to day operation of the new liquidity program (Promissory Note) will enhance liquidity and investment earnings. Without the new person the new liquidity program will be under utilized. | | | | | | |
| | | Service: CPF-Investment & Debt Management | | | | | | |
| | | Total Staff Recommended: | 60.0 | 62.8 | (2.8) | 1.0 | (3.5) | (0.1) |
| | | Service: CPF-Risk Management & Insurance | | | | | | |
| | | Total Staff Recommended: | 9.4 | 6.7 | 2.7 | 0.0 | 3.5 | 0.2 |
| | | New/Enhanced Services: | 69.5 | 69.5 | 0.0 | 1.0 | 0.0 | 0.0 |

2015 Operating Budget - New and Enhanced Services Summary by Service

(\$000s)

| Form ID | | Internal Focused Services Program: Office of the Chief Financial Officer | Adjustments | | | | 2016 Plan Net Change | 2017 Plan Net Change | |
|------------------------|----------|---|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|--|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | | |
| Summary: | | | | | | | | | |
| New/Enhanced Services: | | | 168.5 | 168.5 | 0.0 | 2.0 | 0.0 | 0.0 | |

Category:

71 - Operating Impact of New Capital Projects
72 - Enhanced Services-Service Expansion

74 - New Services
75 - New Revenues

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Table 1

Program Specific Reserve / Reserve Funds

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Projected Balance as of Dec. 31, 2014 \$ | Proposed Withdrawals (-) / Contributions (+) | | |
|---|-------------------------------|---|--|----------------|----------------|
| | | | 2015 \$ | 2016 \$ | 2017 \$ |
| Projected Beginning Balance | | | 5,367.0 | 5,126.0 | 4,884.7 |
| Development Charges | XR2120 | 5,367.0 | (241.0) | (241.3) | (241.3) |
| | | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | 5,367.0 | 5,126.0 | 4,884.7 | 4,643.4 |
| Other Program / Agency Net Withdrawals & Contributions | | | | | |
| Balance at Year-End | | 5,367.0 | 5,126.0 | 4,884.7 | 4,643.4 |

Table 2

Corporate Reserve / Reserve Funds

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Projected Balance as of Dec. 31, 2014 \$ | Proposed Withdrawals (-) / Contributions (+) | | |
|---|-------------------------------|---|--|-----------------|-----------------|
| | | | 2015 \$ | 2016 \$ | 2017 \$ |
| Projected Beginning Balance | | | 25,075.8 | 23,308.6 | 21,516.9 |
| Insurance Reserve Fund | XR1010 | 21,364.0 | (1,740.8) | (1,733.9) | (1,735.4) |
| Insurance Reserve Fund | XR1010 | | 72.6 | 72.6 | 72.6 |
| Innovation Reserve Fund | XR1713 | 3,711.8 | (99.0) | (130.4) | (133.7) |
| Total Reserve / Reserve Fund Draws / Contributions | | 25,075.8 | 23,308.6 | 21,516.9 | 19,720.4 |
| Other Program / Agency Net Withdrawals & Contributions | | | | | |
| Balance at Year-End | | 25,075.8 | 23,308.6 | 21,516.9 | 19,720.4 |