

Toronto **2016** **BUDGET**

Understanding the Toronto City Budget

Building a sustainable, affordable and well-managed city

The City of Toronto's many services keep our homes and neighbourhoods safe and vibrant, encourage business growth and investments, and make Toronto welcoming for visitors from around the world. Garbage collection, public libraries, road repair, TTC, recreation programs, childcare, water testing, police, fire and emergency medical response are all examples of municipal services the City provides every day. Many of these services are provided 24 hours a day, seven days a week. In the 2016 preliminary operating budget, the total cost to deliver these services to Toronto residents is \$11.73 billion.

What is the budget?

The City's budget is a financial plan that describes how much money the City will raise and spend within a year. It is the blueprint that aligns the City's priorities with the services we deliver to residents and guides decisions on what City infrastructure will be purchased, built and repaired.

Each year, City staff put forward a preliminary budget and then the Mayor and City Council – with input from Toronto residents and businesses – make decisions about the City's services, programs and infrastructure and approve the City's final budget.

Operating vs Capital – what's the difference?

The operating budget covers day-to-day spending on services such as recreation programs, parks maintenance, public health, city roads, garbage collection, delivery of safe drinking water, transit, police and other emergency services. Approximately 34% of the funds for the operating budget come from property taxes. The remainder comes from provincial grants and subsidies, as well as user fees.

The capital budget funds the City's assets that support service delivery. It pays for the construction and repair of transit, roads, bridges, public buildings such as libraries, community centres and fire stations, water and sewer facilities, parks and other major infrastructure projects. The City of Toronto updates and presents a new 10-year Capital Budget and Plan each year as part of the annual budget process. The capital budget is funded from reserves, development charges, other levels of government and by borrowing funds or taking on debt.

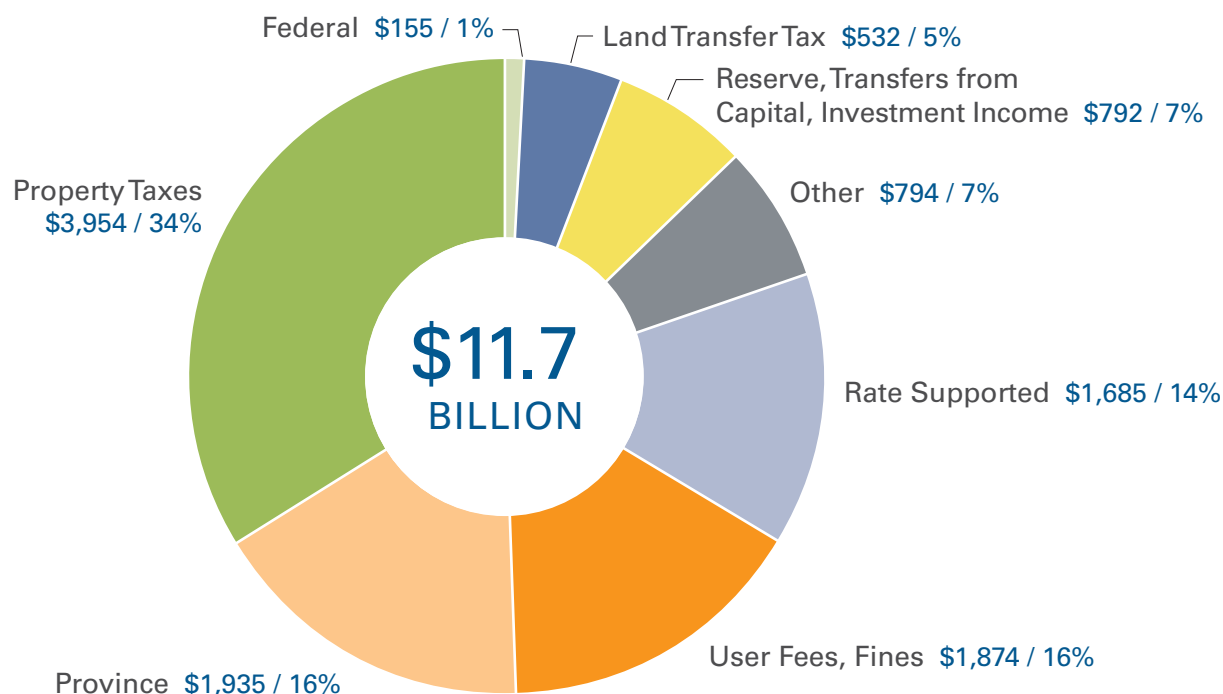
Rate supported programs

The City also has three rate supported programs: Toronto Water, Solid Waste Management Services and Toronto Parking Authority. These programs are funded entirely by the user in the form of fees. For example, your water and garbage costs are calculated by how much water you use and the size of your garbage bin. In turn, the revenue collected from these user fees pays for the services that are provided and the infrastructure to deliver them.

OPERATING BUDGET

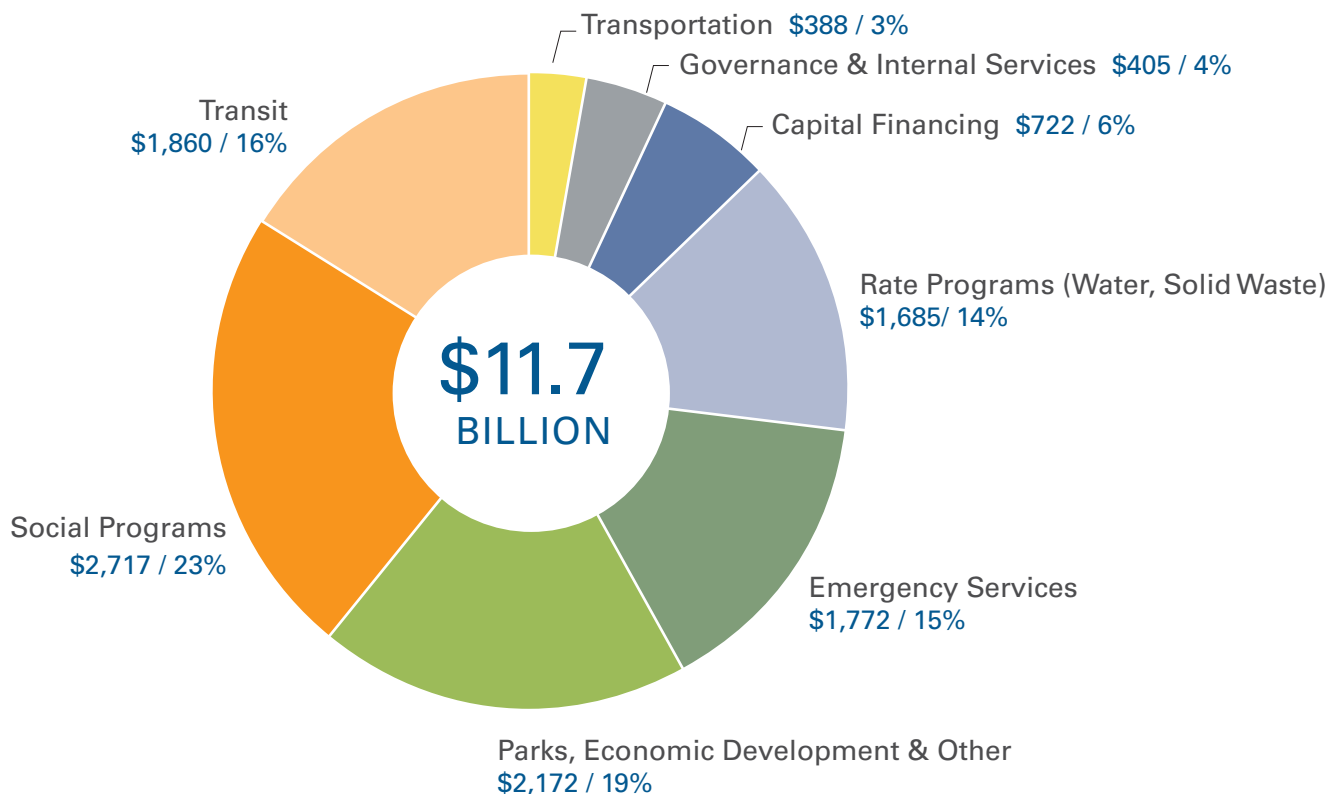
Where the Money Comes From

2016 Preliminary Tax and Rate Supported Operating Budget (\$ Millions)



Where the Money Goes

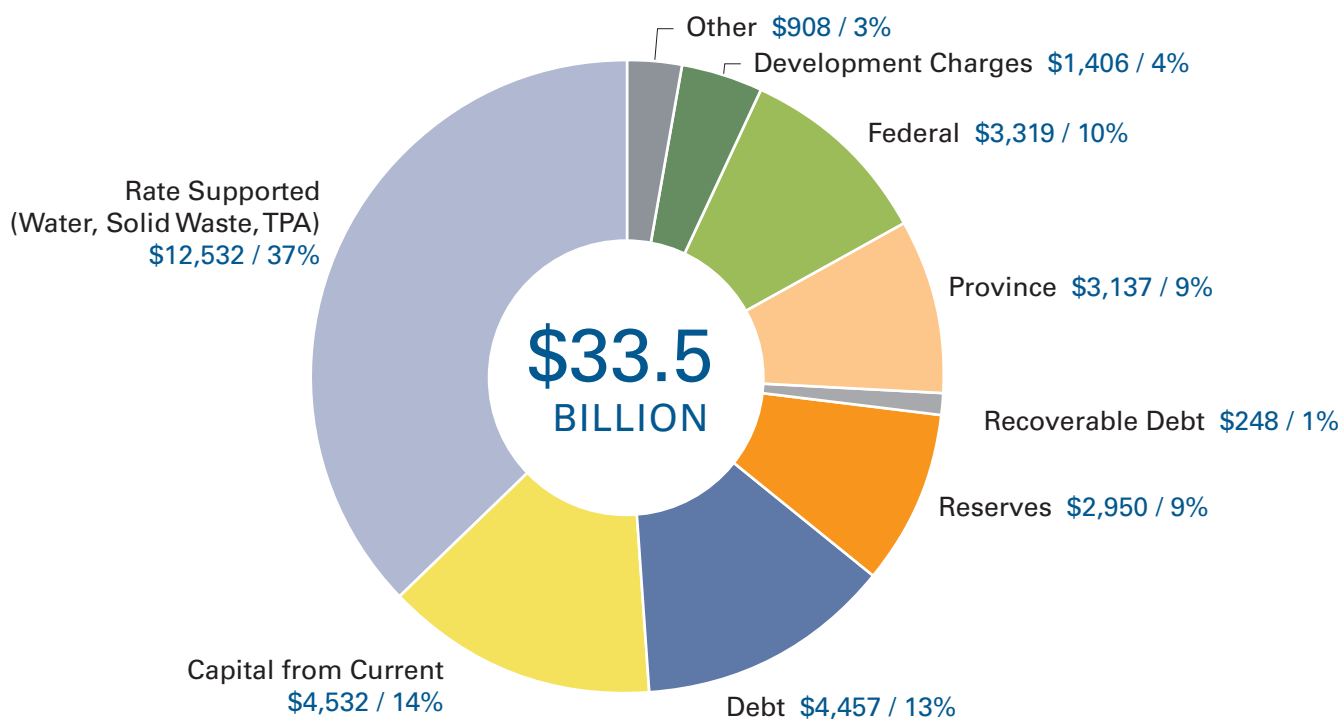
2016 Preliminary Tax and Rate Supported Operating Budget (\$ Millions)



CAPITAL BUDGET AND PLAN

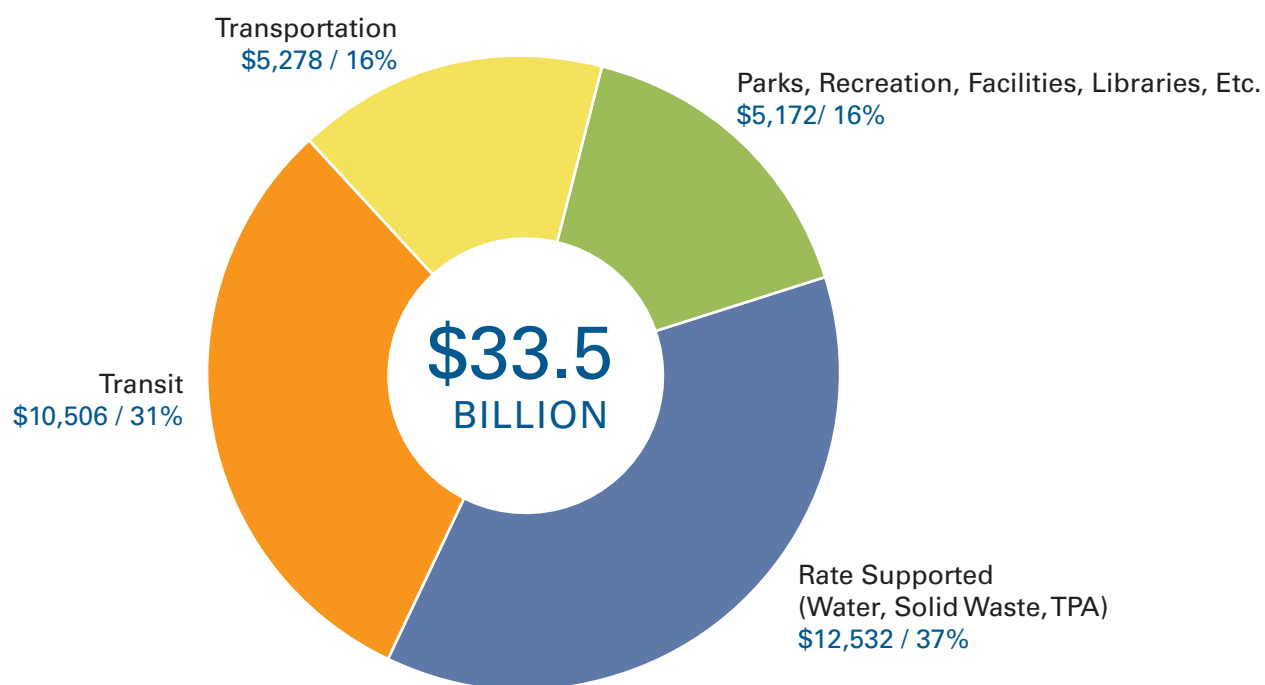
Where the Money Comes From

2016 – 2025 Preliminary Tax and Rate Supported Capital Budget and Plan (\$ Millions)



Where the Money Goes

2016 – 2025 Preliminary Tax and Rate Supported Capital Budget and Plan (\$ Millions)



THE BUDGET APPROVAL PROCESS

The budget is reviewed, debated, changed and approved by the Budget Committee, Executive Committee and then City Council.



Cost-shared services

The costs of several of the City's services are shared between the City and other levels of government. For example shelters, daycare, emergency medical services, public health and income support programs are funded by both the City and the Province of Ontario.

Explaining the difference between 'gross' and 'net' costs

The gross is the total cost to deliver programs and services. This expenditure is offset by funding and subsidies for cost-shared services as well as fees and charges for programs and services. The difference between gross expenditure and these revenue sources is the net budget, which is the amount of the operating budget that is paid for by your property taxes.

Budget surpluses and deficits

A surplus occurs when the City either spends less than it thought it would, or raises more revenue than predicted. The City has a policy to use 75% of operating budget surpluses to fund infrastructure projects in the capital budget and 25% to top-up reserves to meet City obligations. The City of Toronto has never had a deficit, as provincial law requires the City to balance its budget. A deficit would occur if the City's expenses were greater than its revenues, or if the City collected less revenue than it anticipated.

Balancing the budget

The City is required by provincial law to balance its operating and capital budgets each year – which means that the money spent must be equal to the money raised. To balance the budget, the City can either increase its revenues using tools such as property taxes and fees, or through managing expenses by changing or reducing the cost of services.

For more information about the City Budget and how you can get involved, visit

toronto.ca/budget2016