



City Budget
2013

Office of the Chief Financial
Officer
Operating Program Summary

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays operating costs for the City.

2013 Operating Budget

2013 OPERATING BUDGET SUMMARY COUNCIL APPROVED JANUARY 16, 2013

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PART I: COUNCIL APPROVED BUDGET

2013 Operating Budget
(In \$000s)

(In \$000s)	2012		2013 Operating Budget			Change - 2013 Operating Budget v. 2012 Appvd. Budget		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013					2014	2015
	\$	\$	2013 Base	New/Enhanced	2013 Budget	\$	%	\$	\$
GROSS EXP.	16,436.7	14,067.9	15,526.4	0.0	15,526.4	(910.3)	(5.5)	(2,523.8)	(267.0)
REVENUE	7,599.9	5,532.9	6,699.6	0.0	6,699.6	(900.3)	(11.8)	(2,757.6)	(374.7)
NET EXP.	8,836.8	8,535.0	8,826.8	0.0	8,826.8	(10.0)	(0.1)	233.8	107.7
Approved Positions	134.0	109.0	125.0	0.0	125.0	(9.0)	(6.7)	(10.0)	(20.0)

City Council approved the following recommendations:

1. City Council approve the 2013 Operating Budget for Office of the Chief Financial Officer of \$15.526 million gross and \$8.827 million net, comprised of the following services:

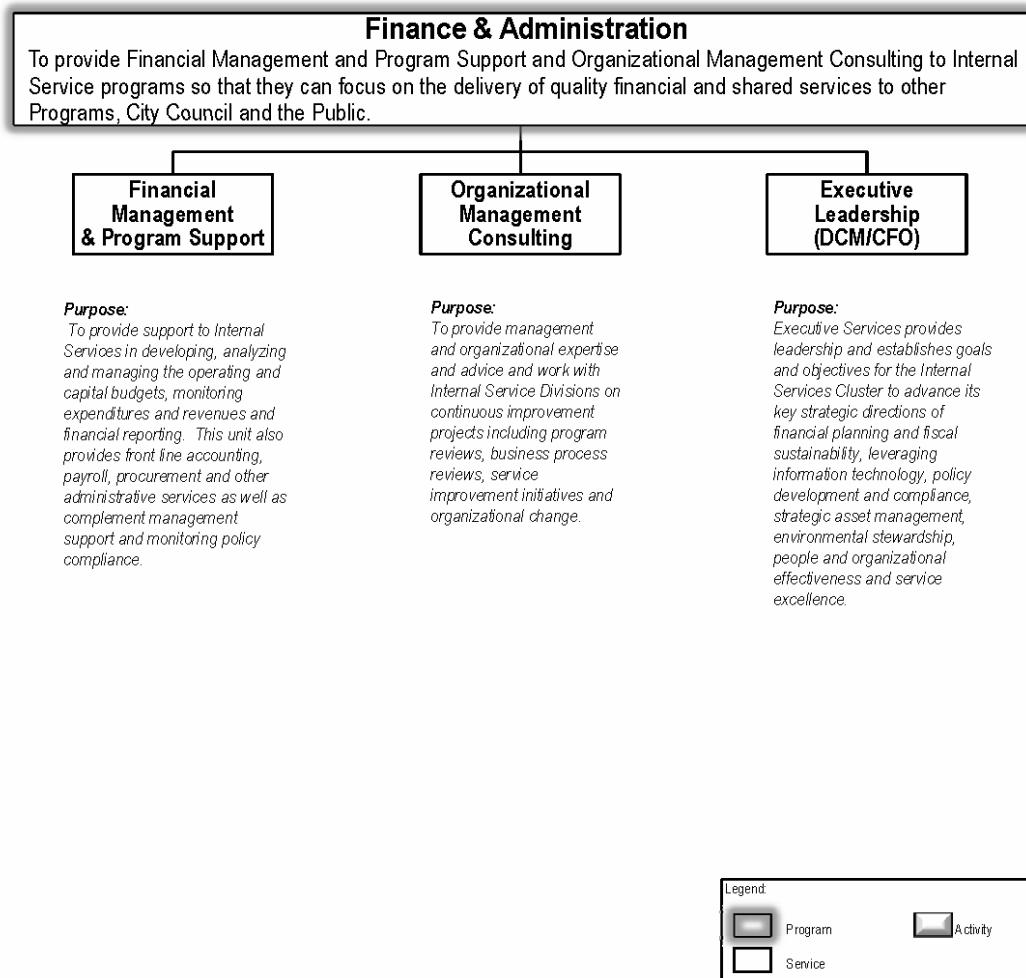
<u>Service:</u>	Gross (\$000s)	Net (\$000s)
Finance & Administration	2,415.1	2,327.8
Corporate Finance	4,742.6	1,732.0
Financial Planning	8,368.7	4,767.0
Total Program Budget	15,526.4	8,826.8

2. The Office of the Chief Financial Officer's services and 2013 service levels, as outlined on pages 4 through 14, and associated staff complement of 125 positions be approved; and
3. City Council direct that the City work with all City agencies to establish service standards and service levels in time for the 2014 Budget process.

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles

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.



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

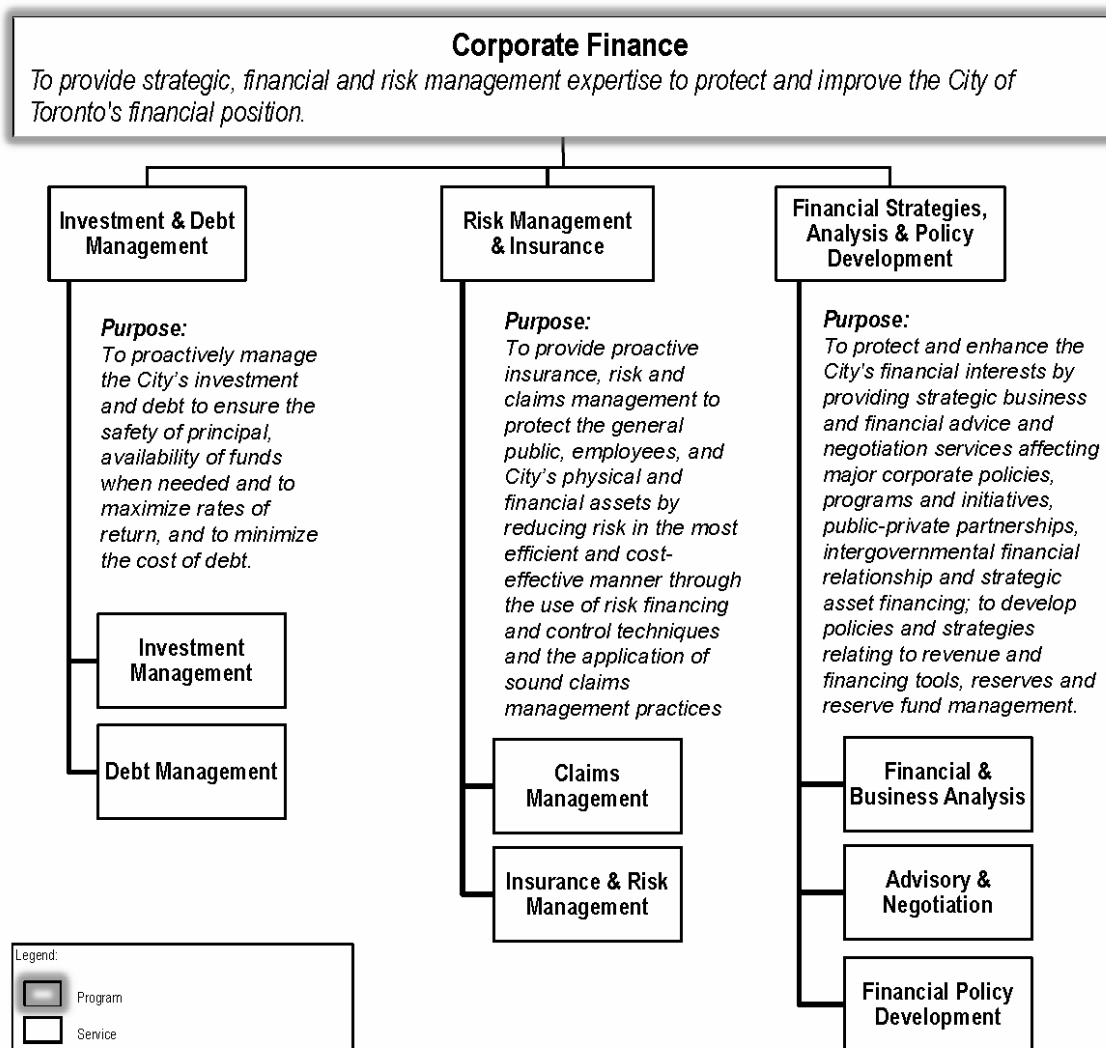
2013 Service Levels

Service Types and Service Levels

Service	Activity	Type	Sub-Type	2012 Service Levels	2013 Service Levels
Financial Management & Program Support		Financial Control	Financial Oversight	review and coordination of cluster signing authorities completed annually	review and coordination of cluster signing authorities completed annually
				accounts analysis and journal entries reviewed monthly	accounts analysis and journal entries reviewed monthly
			Payroll Reports	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
			Management Reports	Attendance Management Reports prepared and distributed monthly	Attendance Management Reports prepared and distributed monthly
				Consultants' expenditure report prepared annually	Consultants' expenditure report prepared 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
		Program Support	Variance Reports	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
				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
			Accounting	Pcard transactions are reviewed and approved monthly	Pcard transactions are reviewed and approved monthly
				Retention of accounting records on a daily basis	Retention of accounting records on a daily basis
			Organizational Support	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
				Cluster summary of Conferences/seminars is compiled annually for DCM's approval	Cluster summary of Conferences/seminars is compiled annually for DCM's approval
				Organizational change approval (OCA) requests are reviewed and processed within 10 business days of receipt	Organizational change approval (OCA) requests are reviewed and processed within 10 business days of receipt
				Organizational charts are revised as required	Organizational charts are revised as required
				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 5-8 days of receipt

Service Types and Service Levels

Service	Activity	Type	Sub-Type	2012 Service Levels	2013 Service Levels
			Payroll	Reimbursement of employee expenses are processed bi-weekly	Reimbursement of employee expenses are processed bi-weekly
				Retention of payroll records on a daily basis	Retention of payroll records on a daily basis
				Time and attendance reporting and pay advice distribution are completed bi-weekly	Time and attendance reporting and pay advice distribution are completed bi-weekly
				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 10 business days from date of notification
			Purchasing	Corporate calls are managed within standards established by PMMD	Corporate calls are managed within standards established by PMMD
				Retention of purchasing records on a daily basis	Retention of purchasing records on a daily basis
				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
				Purchase requisitions and sole source documentation are processed within 5-10 business days	Purchase requisitions and sole source documentation are processed within 5-10 business days
		Capital & Operating Budget Support	Capital Budget	Capital Budget and 10 Year Plan of Capital Works prepared annually	Capital Budget and 10 Year Plan of Capital Works prepared annually
			Operating Budget	Operating Budget prepared annually	Operating Budget prepared annually
Organizational Management Consulting				Project specific	Project specific
Executive Leadership (DCM/CFO)					



Service Customer

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

2013 Service Levels

Service Types and Service Levels

Service	Activity	Type	Sub-Type	2012 Service Levels	2013 Service Levels
Investment and Debt Management	Investment Management	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		Funds are invested to return 100% of the principal to lenders at the time each debt tranche matures. Surplus funds may be returned to the City's accounts and used to offset new debt issuance, per Council approved policy	Funds are invested to return 100% of the principal to lenders at the time each debt tranche matures. Surplus funds may be returned to the City's accounts and used to offset new debt issuance, per Council approved policy
		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		Reviews of business plans and financial statements are completed within 1 week	For City GBEs (TPLC, IT, BT, TCHC, THC, TPA., and Enwave) Summaries of quarterly statements and subsidiary statements as available to CFO; Business Plans to CFO & CMO; Annual Financial Statements as attachment to CMO AGM reports.
	Debt Management	Debentures		Spreads change on a daily basis based on capital markets. Credit ratings generally set 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
		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 NPV projects.
		Business Analysis ~ investment/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 Cfo input into updating of shareholder directions for THC and TCHC; develop and get appCouncil approval of dividend policies for BT and TPLC.

Service Types and Service Levels

Service	Activity	Type	Sub-Type	2012 Service Levels	2013 Service Levels
Risk Management and Insurance	Claim Management	Insurance ~ 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.
		Insurance ~ 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.
		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 ~ Letters of Credit		Letters of credit are generally released within 3 days. Turnaround time for each transaction is recorded but not currently summarized	Letters of credit are generally released within 3 days. Turnaround time for each transaction is recorded but not currently summarized
		Insurance ~ Insurance Consulting		In accordance with each contract being reviewed	In accordance with each contract being reviewed.
	Insurance & Risk Management	Risk Management ~ Consultation and Advice		In accordance with each issue being reviewed	In accordance with each contract being reviewed.
		Risk Management ~ Strategies and Policies		In accordance with each issue being reviewed	In accordance with each contract being reviewed.
		Risk Management ~ Performance Bonds		In accordance with each security being reviewed	In accordance with each contract being reviewed.
Financial Strategies, Analysis & Policy Development	Financial & Business Analysis	Major City-Building Initiatives		Delivered within negotiated timelines 100% of the time	Delivered within negotiated timelines 100% of the time
		Real Estate/ Land Development Transactions		Delivered within negotiated timelines 100% of the time	Delivered within negotiated timelines 100% of the time
		Public - Private Partnerships		Delivered within negotiated timelines 100% of the time	Delivered within negotiated timelines 100% of the time
		Business Analysis ~ RFP/RFQ evaluation		In accordance with each bid being reviewed	In accordance with each bid being reviewed

Service Types and Service Levels

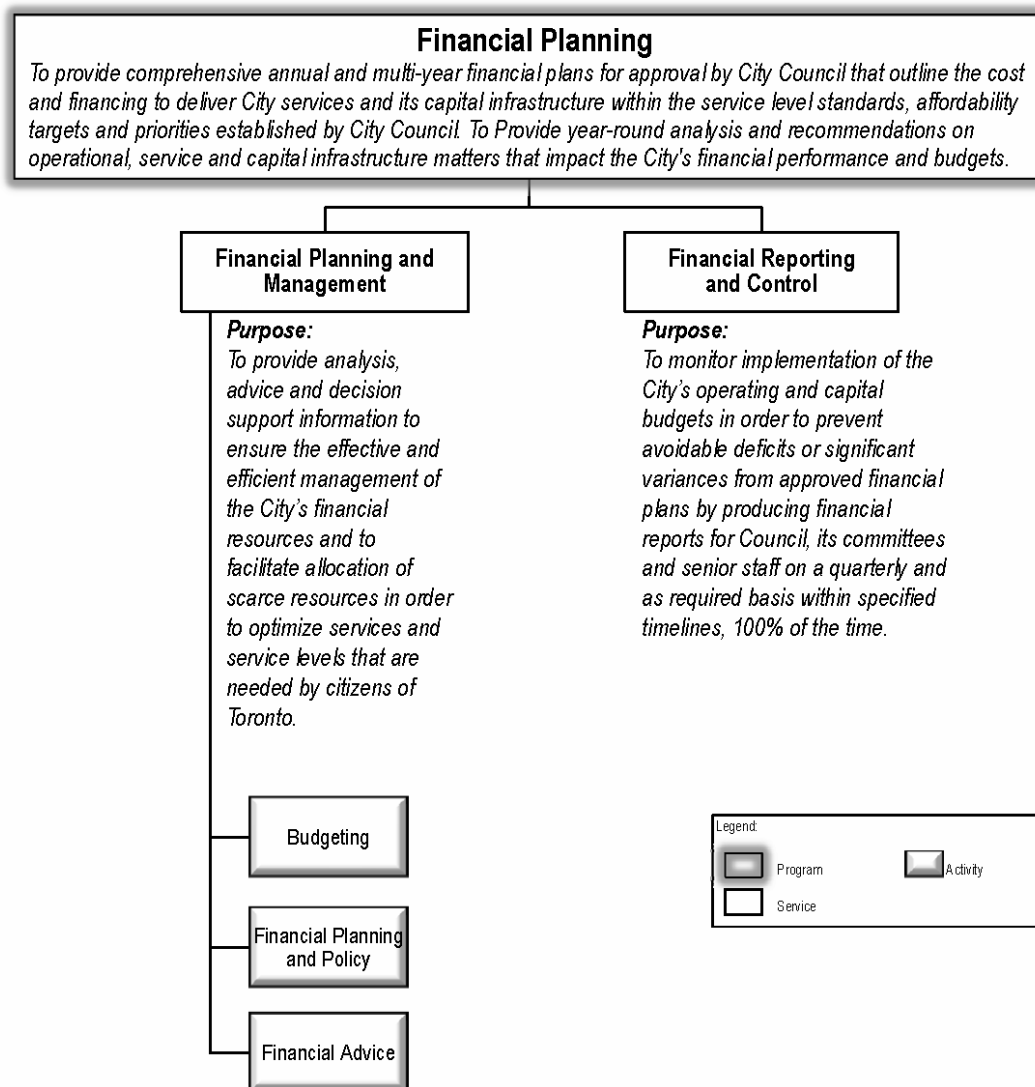
Service	Activity	Type	Sub-Type	2012 Service Levels	2013 Service Levels
		Business Analysis ~ Major purchases and contract review	Cost sharing, fiscal arrangements	Comments provided with 48 hours for most documents. Each document is reviewed at the level of detail required based on its size and complexity. Turnaround times are generally established in consultation with the client divisions	Comments provided with 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.
	Advisory & Negotiation	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	Reports and presentations prepared in accordance with Council Committee deadlines and the timing of the budget process
		Financial Advisory/Strategy ~ Project Management	New Taxes	Responses to client divisions established based on their timing and requirements. Effort involved depends on size and complexity of issue. Timing for reports to Council is in accordance with Committee deadlines	Monitor situation and provide support as required for Bag Fee realted policy issues; Sign Tax Appeal realted policy changes; MLTT administration and policy changes
		Financial Advisory/Strategy ~ Financial Analysis and Advice	Sponsorship	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	Provide advice to Support TOP as required re naming rights policy approval, and Bag Fee donations policy.
		Financial Advisory/Strategy ~ Monitoring, compliance review and administration of funding and cost sharing agreements with Federal and Provincial governments	Tax implementation	Per turnaround, reporting and other requirements of each agreement	Monitor and provide support for influencing and adapting to legislative changes related to MLTT, and PMFSDR uploads.

Service Types and Service Levels

Service	Activity	Type	Sub-Type	2012 Service Levels	2013 Service Levels
		Financial Advisory/Strategy ~ Review of financial implications and opportunities in statutory and judicial matters, e.g. provincial legislation	Asset restructuring/sale	Responses prepared in accordance with source and nature of issue being addressed	Monitor and provide support for influencing and adapting to legislative changes related to MLTT, PMFSDR uploads, BT loan guarantees and property tax exemptions, and THC transfer and departure taxes (on sale, share issuance, and/or activities outside Toronto.
Financial Policy Development	Development Charge By-law		Administration & Implementation	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
			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 background study and revised by-law for Council consideration and adoption.
			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	Meeting agenda closing deadlines 100% of the time
		Capital Financing Tools		On-going discussion and negotiations with Province to implement a TIF scheme; City comments and responses provided to Province within negotiated timelines 100% of the time	On-going discussion and negotiations with Province to implement a TIF scheme; City comments and responses provided to Province within negotiated timelines 100% of the time
		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.
		Financial Policy ~ Property tax	Service agreement negotiations	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 COTA	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.

Service Types and Service Levels

Service	Activity	Type	Sub-Type	2012 Service Levels	2013 Service Levels
		Financial Policy ~ Garbage Rate	Public private partnerships		Monitor and work with Solid Waste Management to review the rates and their implications as necessary.
		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.
		Financial Policy ~ Reserve Funding		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



Service Customer

Financial Planning and Management

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

Financial Reporting and Control

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

2013 Service Levels

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	2012 Service Levels	2013 Service Levels
Financial Planning and Management	Budgeting		Operating	Analysis/ Recommendation provided	Balanced Operating budget approved annually by end of year	Balanced Operating Budget approved annually by end of year 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	
				Process Management	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	
				Decision Support	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	
			Financial Advice	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
	Financial Advice		Decision Support	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

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	2012 Service Levels	2013 Service Levels
				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 one per year, 100% of the time	Review policies one per year, 100% of the time
Financial Reporting & Control			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 OCA forms for Financial Implications within 7 days upon receipt from Divisions 75% of the time

2013 Service Deliverables

The 2013 Operating Budget of \$15.526 million gross provides funding to:

- Manage the City's \$2.6 billion net debt portfolio.
- Invest the City's \$4.6 billion investment portfolio.
- Insure \$13.6 billion worth of property and process approximately 11,000 insurance claims annually.
- Review City's policies with respect to business competitiveness and rate payer equity, including consideration of property taxes, water rates, and other fees and charges.
- Review approximately 330 contract reports for award by Bid Committee and approximately 50 contract reports for award by Council.
- Manage the City's development charges system, which yields over \$100 million annually.
- Provide financial analytical support to senior management, Committees and Council on large complex City projects (e.g. Transit, Portlands, Enwave Sale).
- Implement modifications to the City's insurance program through insurance licensing and consolidation of shared services among eligible City entities.
- Participate, support or lead corporate and program-specific initiatives to provide sound financial strategies, analysis and advice that meet corporate financial management needs and address business/City-wide matters.
- Continue progress on FPARS Business Transformation deliverables for the City and implement FPARS Public Budget Formulation (PBF) Go-live to support service-based and performance-focused multi-year planning and budgeting.
- Review, analyze and make recommendations on the 2013-2022 Capital Budget and Plan totalling approximately \$3.0 billion (tax and rate supported) by January.
- Review, analyze and make recommendations on the 2013 Operating Budget totalling approximately \$10.7 billion (tax and rate supported) by January.
- Review all staff reports, recommendations and Notices of Motions (average of 1,203 in 2012) for financial implications to ensure Council is fully informed prior to decision-making.
- Deliver Capital and Operating Quarterly Variance reports and recommend mitigating strategies if necessary.
- Provide financial advice and support to Budget Committee, Senior Management and Council on budgetary/funding matters.
- Continue civic engagement on the budget – Councillor Town Hall meetings, forums, website improvement and publication development, etc.

PART III: BASE BUDGET

2013 Base Budget
(In \$000s)

(In \$000s)	2012 Approved Budget	2013 Base	Change 2013 Base vs. 2012 Appvd. Budget		FY Incremental Outlook	
			\$	%	2014	2015
	\$	\$	\$	%	\$	\$
GROSS EXP.	16,436.7	15,526.4	(910.3)	(5.5)	(2,523.8)	(267.0)
REVENUE	7,599.9	6,699.6	(900.3)	(11.8)	(2,757.6)	(374.7)
NET EXP.	8,836.8	8,826.8	(10.0)	(0.1)	233.8	107.7
Approved Positions	134.0	125.0	(9.0)	(6.7)	(10.0)	(20.0)

2013 Base Budget

The 2013 Base Budget of \$15.526 million gross and \$8.827 million net is \$0.010 million or 0.1% below the 2012 Budget of \$8.837 million net. The 2013 Base Budget provides \$0.152 million in funding for base budget increases, representing an increase of 1.7% over the 2012 Budget, offset by \$0.162 million net in service budget reductions bringing the Program's base budget to \$0.010 million net or 0.1% below the budget target of a 0% increase.

- The budget reduction arises from the implementation of an efficiency measure that results in costs savings of \$0.162 million.
- The Program's approved staff complement will decrease by 9 from 134 to 125 positions as highlighted in the table below:

2013 Staff Complement
Base Budget Summary

Changes	Staff Complement
2012 Approved Complement	140.0
- 2012 In-year Adjustments	(6.0)
2012 Approved Staff Complement	134.0
2013 Staff Complement Changes	
- 2013 Temporary Complement - Capital Project Delivery	(8.0)
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Service Change Adjustments	(1.0)
Total 2013 Complement	125.0

- The 2013 Base Budget for the Office of the Chief Financial Officer includes the deletion of 8 capital positions that are no longer required for the Financial Planning, Analysis & Reporting System (FPARS) project.
- An efficiency change resulted in the deletion of a vacant manager's position.

2013 Service Change Summary (In \$000s)

Description	2013 Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% Change over 2012 Budget	2014		2015	
					Net Expenditure	Position Change	Net Expenditure	Position Change
Efficiency Change								
Delete a Manager's Position In Corporate Finance	(1.0)	(162.2)	(162.2)	(1.8)				
Sub-Total Service Changes	(1.0)	(162.2)	(162.2)	(1.8)				
Total Service Changes	(1.0)	(162.2)	(162.2)	(1.8)				

2013 Service Changes

The 2013 service changes consist of an efficiency measure that will reduce the Operating Budget by \$0.162 million, representing a decrease of 1.8% from the 2012 Budget, which offsets the Program's incremental base budget pressures of \$0.152 million or a 1.7% increase, bringing the 2013 Base Budget to \$0.010 million or 0.01% below the 2012 Budget of \$8.837 million.

Service Changes: (savings of \$0.162 million gross and net)

Delete a Manager's Position

- In 2012, organizational restructuring consolidated the Special Projects Division within the Corporate Finance Division, resulting in the deletion of a permanent manager's position. Efficiencies from the re-organization of duties will have no impact on the 2012 service levels provided by the Office of the Chief Financial Officer.

2014 and 2015 Outlook (In \$000s)

Description	2014 - Incremental Increase					2015 - Incremental Increase					Total Net % Change from 2013
	Gross Expense	Revenue	Net Expense	% Net Change from 2013	# Positions	Gross Expense	Revenue	Net Expense	% Net Change from 2014	# Positions	
Known Impacts											
Progression Pay for Non-Union Staff	95.1		95.1	1.1		60.7		60.7	0.7		1.8
Step Increases for Union Staff	2.8	2.8	0.0	0.0		2.8	2.8	0.0	0.0		0.0
Cost of Living Increase for Union Staff	28.7	18.9	9.8	0.1		37.6	24.8	12.8	0.1		0.3
Maintain Current Gapping Rate	(1.9)	(0.8)	(1.1)	(0.0)		(2.1)	(0.9)	(1.2)	(0.0)		(0.0)
Increase for Credit Rating Services	29.9	29.9	0.0	0.0							0.0
Reduce Recovery from TTC for the Spadina Subway Project							(35.4)	35.4	0.4		0.4
Reduce Temporary Capital Positions in FPARS	(2808.4)	(2808.4)	0.0	0.0	(11)	(366.0)	(366.0)	0.0	0.0	(20)	0.0
Operating Impact from Capital Project	130.0	0.0	130.0	1.5	1						
Sub-Total Known Impacts	(2523.8)	(2757.6)	233.8	2.6	(10)	(267.0)	(374.7)	107.7	1.2	(20)	3.9
Anticipated Impacts											
Sub-Total - Anticipated Additional Impacts											
Total Incremental Impacts	(2523.8)	(2757.6)	233.8	2.6	(10)	(267.0)	(374.7)	107.7	1.2	(20)	3.9

Approval of the 2013 Base Budget for the Office of the Chief Financial Officer will result in a 2014 incremental cost increase of \$0.234 million and a 2015 incremental cost increase of \$0.108 million to maintain 2013 service levels.

Future year incremental costs are primarily attributable to the following:

Known Impacts for 2014

- Progression pay increases for non-union staff of \$0.095 million gross and net.
- Step increases for union staff of \$0.003 million gross and \$0.0 million net.
- Cost of living increases for union staff of \$0.029 million gross and \$0.010 million net based on the negotiated settlements.
- Increase gapping by \$0.001 million net to maintain the gapping rate at 2.3%.
- Increased fees for credit rating agency services of \$0.030 million to be recovered from Non-Program resulting in a \$0.0 million net impact.
- The deletion of 11 temporary capital positions in the FPARS project to reflect the final phase of the FPARS-PBF Implementation project requirements will reduce salaries and benefits by \$2.808 million recovered from capital for a net \$0.0 million impact.
- Operating impact of \$0.130 million for 1 permanent staff to sustain the FPARS project.

Known Impacts for 2015

- Progression pay increases for non-union staff of \$0.061 million gross and net.
- Step increases for union staff of \$0.003 million gross and \$0.0 million net.
- Cost of living increases for union staff of \$0.038 million gross and \$0.013 million net based on the negotiated settlements.
- Increase gapping by \$0.001 million net to maintain the gapping rate at 2.3%.
- Reduce recoveries of \$0.035 million from TTC for staff services no longer required on the Spadina Subway project.
- The deletion of 20 temporary capital positions with the completion of the FPARS project in 2014 will reduce salaries and benefits by \$0.366 million recovered from capital for a net \$0.0 million impact.

Appendix 1

2012 Performance

2012 Key Accomplishments

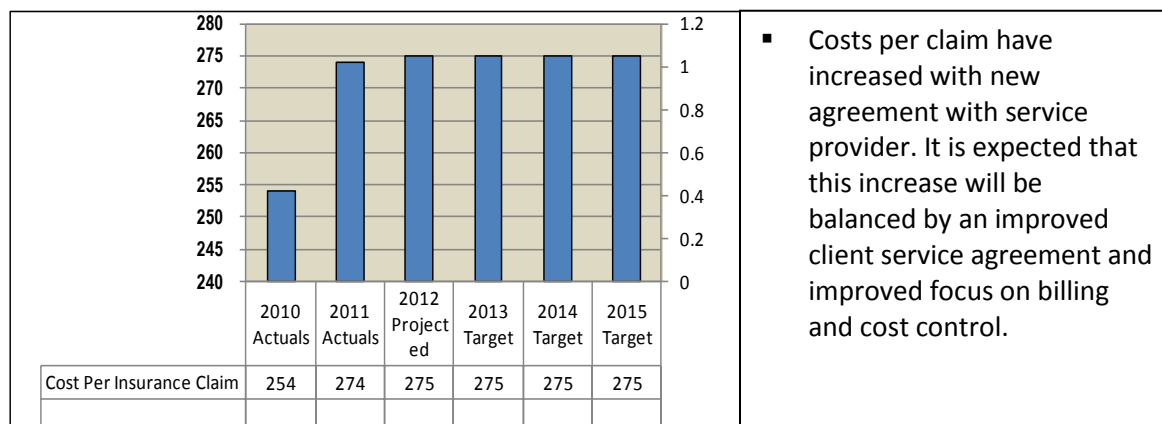
In 2012, the Office the Chief Financial Officer achieved the following results:

- ✓ Implemented public service standards for processing insurance claims.
- ✓ Initiated a development charge background study required to introduce a new Development Charge Bylaw.
- ✓ Monetized the City's investment in Enwave.
- ✓ Obtained Council approval for the 2012 Operating and 2012-2021 Capital Budget and Plan for Rate Supported and Tax Supported Budgets by mid January 2012. The delivery of a second Budget and Process was carried out within one calendar year.
- ✓ 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, Sheppard Ave Subway.
- ✓ Supported the implementation of User Fee Review recommendations. As part of the Service Review Program, lead expanded, more comprehensive user fee review, utilizing work already completed to establish new user fee regimen for the City.
- ✓ Provided oversight of 2012 Operating (totaling \$411.1M gross and \$162.2M net) and Capital Budgets (totaling \$275.8M) for cluster divisions through monitoring, corrective action and variance reporting.
- ✓ Received the prestigious GFOA Award for Distinguished Budget Presentation for its budget. This is the highest award for budgeting in North America for the City's Annual Financial Report for year ended December 31, 2010.
- ✓ Continued implementation of Financial Planning, Budgeting and Reporting System (FPARS) for interim and long term deliverables:
 - Public Budget Formulation (PBF) activities: project preparation, implementation finalized and blueprint phases according to plan and begin realization phase for April 2013 Go-Live.
 - Finalized Program Map/Service Profiles for use in the 2012/2013 Multi Year Planning & Budgeting process and to form the service structure for financial and human resources data in SAP.
 - Began the development of a performance metric inventory.
 - Established Complement Management "To-Be" process.
 - Developed Change Management & Communications strategy and began Roll-out Plan for the City.
- ✓ Coordinated the preparation of contingency plans for potential 2012 Labour Disruption for cluster divisions.

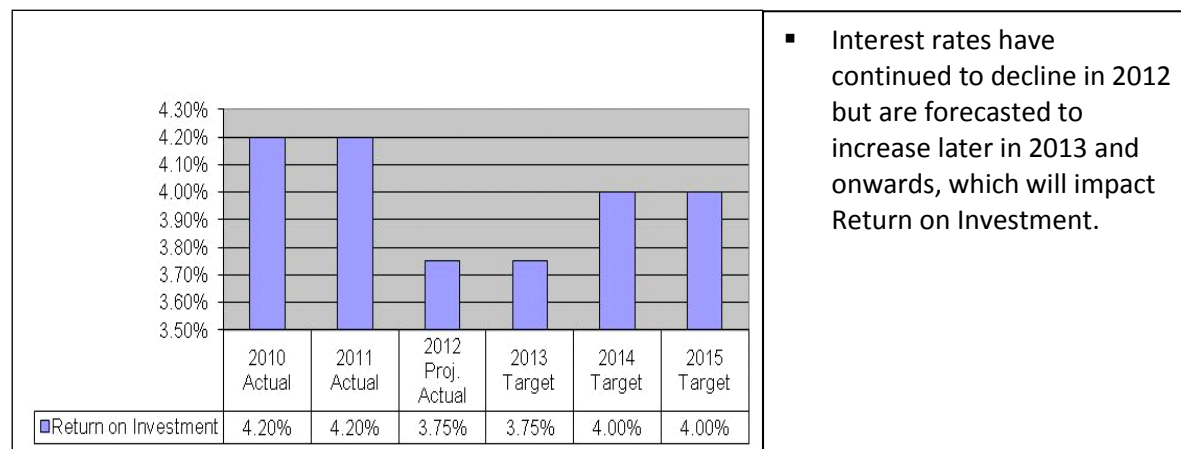
- ✓ Provided consulting, project management and coordination support to program reviews in Pension, Payroll and Employee Benefits and Revenue Services divisions.
- ✓ Reviewed approximately 300 contract reports for award by Bid Committee and approximately 40 contract reports for award by Council.
- ✓ Delivered 2013 Staff Operating Budget and 2013-2022 Staff Capital Plan to Budget Committee for consideration and recommendations to Executive Committee by year-end.
- ✓ Implemented City-wide priority-setting process for information technology investments that leverage existing IT investments and ensures integration with corporate priorities City-wide IT Portfolio established for consideration in the 2013 Budget process.
- ✓ Reviewed an average of 1,150 staff and 350 Bid Committee reports and drafted 60 reports annually for financial implications to ensure Council is fully informed, prior to decision-making.

2012 Performance

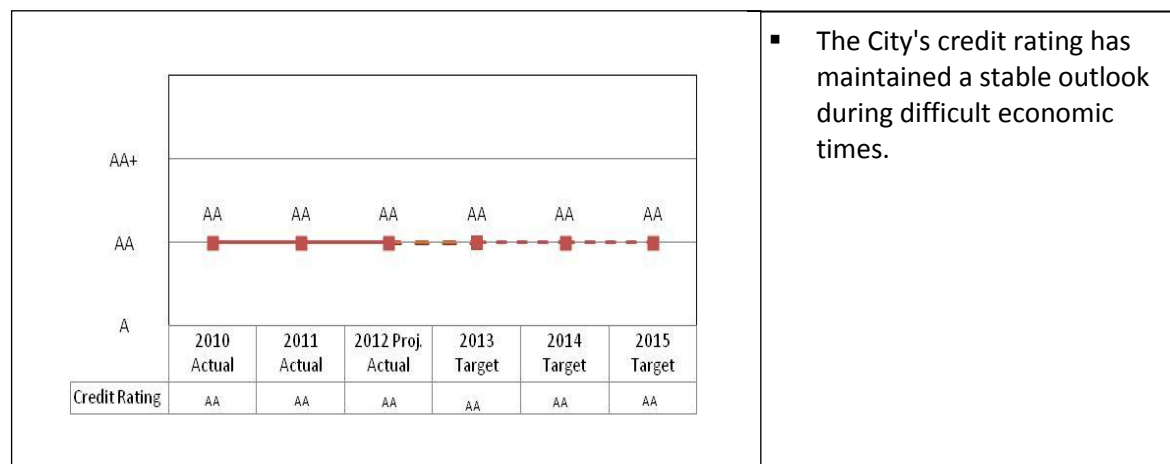
Efficiency Measure – Cost per Insurance Claim (\$)



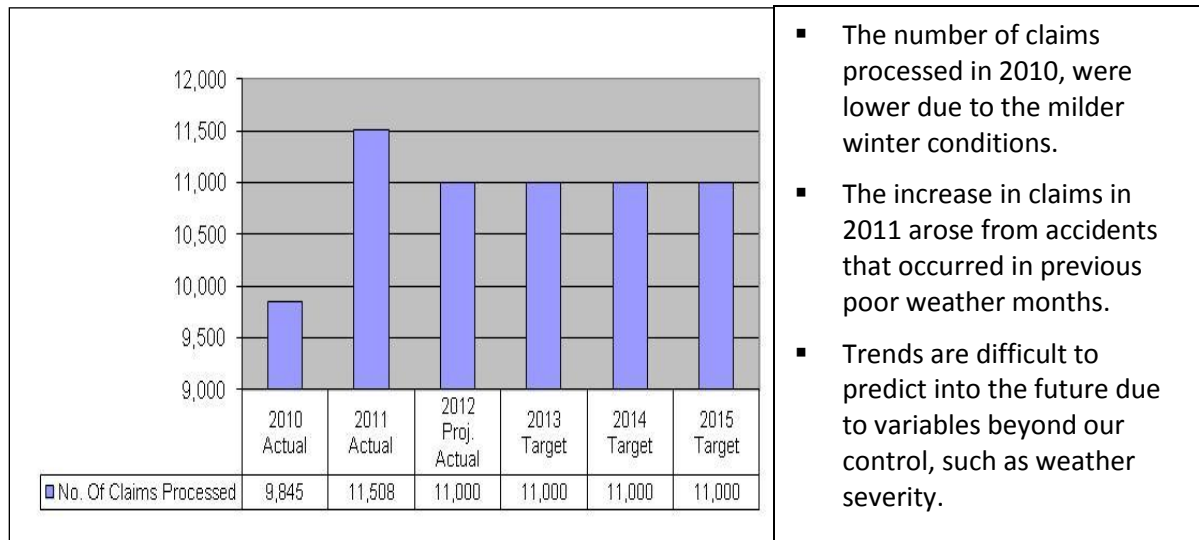
Effectiveness Measures - Return on Investment



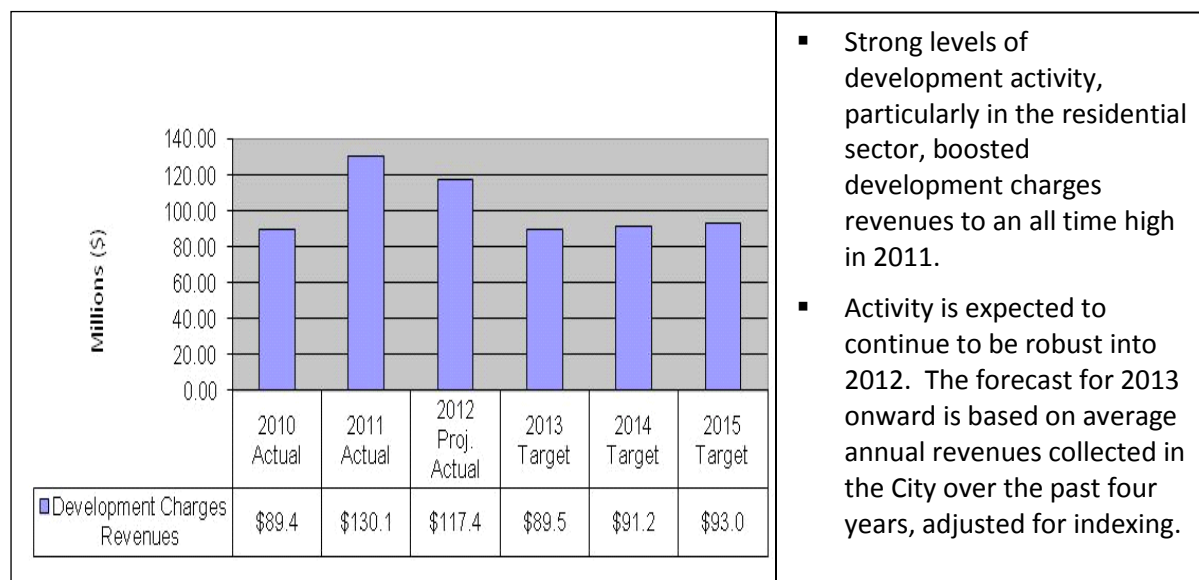
Effectiveness Measures - Credit Rating



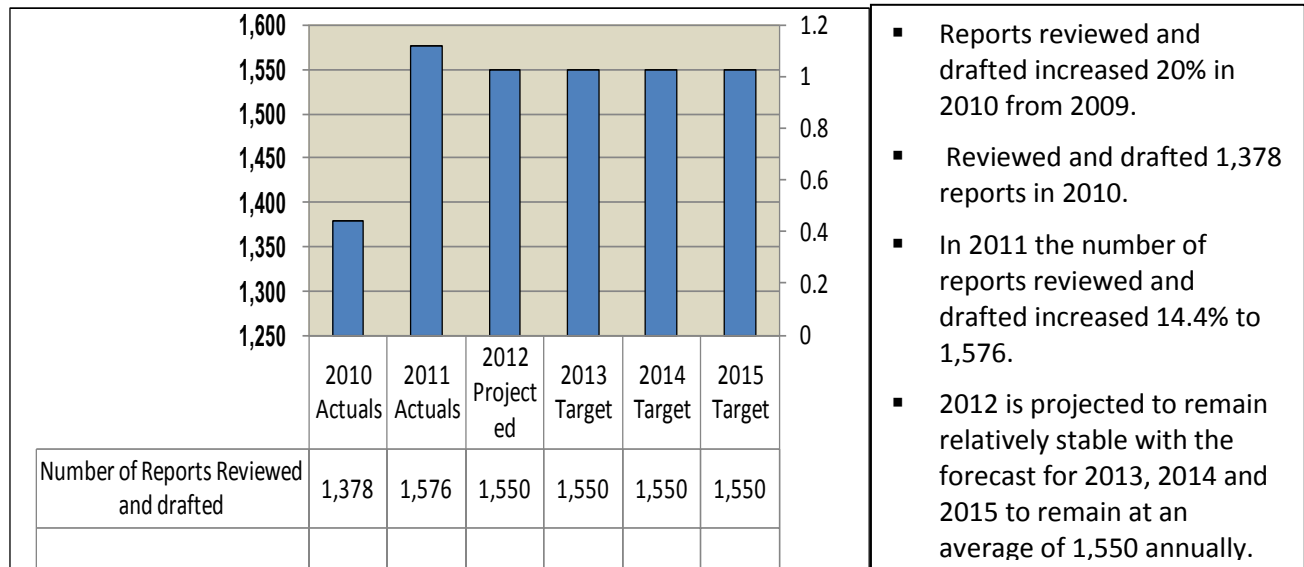
Outcome Measures - Number of Insurance Claims Processed



Outcome Measures – City-Wide Development Charges Revenues



Outcome Measures – Number of Reports Reviewed (FPD)



2012 Budget Variance Analysis

2012 Budget Variance Review (In \$000s)

	2010 Actuals	2011 Actuals	2012 Approved Budget	2012 Projected Actuals*	2012 Approved Budget vs Projected Actual Variance	
(In \$000s)	\$	\$	\$	\$	\$	%
Gross Expenditures	11,585.6	12,752.4	16,436.7	14,067.9	(2,368.8)	(14.4)
Revenues	3,812.7	4,424.4	7,599.9	5,532.9	(2,067.0)	(27.2)
Net Expenditures	7,772.9	8,328.0	8,836.8	8,535.0	(301.8)	(3.4)
Approved Positions	97.0	101.0	134.0	109.0	(25.0)	(18.7)

* Based on the 3rd Quarter Operating Budget Variance Report.

2012 Experience

The Office of the Chief Financial Officer's year-end favourable variance is projected to be \$0.302 million or 3.4% below the 2012 Operating Budget of \$8.837 million net.

- The projected favourable variance of \$2.369 million gross is mainly attributed to the deferral of filling vacant positions for the FPARS capital project until the completion of the blueprinting phase. Work is underway to begin the second wave of planned recruitment for the project.
- The \$2.067 million in projected unfavourable revenues is directly related to the non-recovery of capital funding for salary costs due to the unfilled positions for the FPARS project.

Impact of 2012 Operating Variance on the 2013 Budget

- There are 25 vacant positions in the Office of the Chief Financial Officer, of which 20 are temporary capital funded positions for the FPARS project.
- The favourable variance is not expected to carry over to 2013 as 11 of the vacant capital positions will be filled in 2013 and 8 will be eliminated in 2013 and accordingly the 2013 Operating budget includes a \$1.042 million reduction in gross salaries and benefit costs, offset by a reduced capital recovery for a \$0 net impact.

Appendix 2

2013 Operating Budget by Expenditure Category and Key Cost Driver

Program Summary by Expenditure Category (In \$000s)

Category of Expense	2010 Actual	2011 Actual	2012 Budget	2012 Projected Actual	2013 Budget	2013 Change from 2012 Approved Budget		2014 Outlook	2015 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	10,871.3	12,008.9	15,529.4	13,160.6	14,553.2	(976.2)	(6.3%)	11,999.5	11,732.5
Materials and Supplies	38.2	37.9	63.2	63.2	64.6	1.4	2.2%	64.6	64.6
Equipment	4.2	4.0	6.5	6.5	7.0	0.5	7.7%	7.0	7.0
Services & Rents	442.6	433.8	583.8	583.8	649.2	65.4	11.2%	679.1	679.1
Contributions to Capital									
Contributions to Reserve/Res Funds	69.0	71.7	72.6	72.6	72.6	0.0	0.0%	72.6	72.6
Other Expenditures	0.2	0.2	0.5	0.5	0.5	0.0	0.0%	0.5	0.5
Interdivisional Charges	160.1	195.9	180.7	180.7	179.3	(1.4)	(0.8%)	179.3	179.3
TOTAL GROSS EXPENDITURES	11,585.6	12,752.4	16,436.7	14,067.9	15,526.4	(910.3)	(5.5%)	13,002.6	12,735.6
Interdivisional Recoveries	1,872.9	1,909.7	1,847.7	1,847.7	1,965.5	117.8	6.4%	1,999.9	2,005.9
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	1.2			1.2					
Transfers from Capital Fund	428.9	942.5	4,165.1	2,097.0	3,174.4	(990.7)	(23.8%)	366.0	0.0
Contribution from Reserve Funds	1,215.9	1,255.2	1,268.4	1,268.4	1,275.5	7.1	0.6%	1,291.9	1,312.6
Contribution from Reserve	169.5	190.5	190.5	190.5	215.6	25.1	13.2%	215.6	215.6
Sundry Revenues	124.3	126.5	128.2	128.1	68.6	(59.6)	(46.5%)	68.6	33.2
TOTAL REVENUE	3,812.7	4,424.4	7,599.9	5,532.9	6,699.6	(900.3)	(11.8%)	3,942.0	3,567.3
TOTAL NET EXPENDITURES	7,772.9	8,328.0	8,836.8	8,535.0	8,826.8	(10.0)	(0.1%)	9,060.6	9,168.3
APPROVED POSITIONS	97.0	101.0	134.0	109.0	125.0	(9.0)	(6.7%)	115.0	95.0

2013 Key Cost Drivers

Salaries and Benefits is the largest expenditure category and accounts for 93.7% of the Program's gross expenditures.

- The 2013 budget for *Salaries and Benefits* of \$14.553 million is \$0.976 million or 6.3% lower than the 2012 Operating Budget.
 - In 2013, the Program will delete 8 temporary capital positions which will no longer be required for the FPARS project based on the resource plan finalized by the vendor in the blueprinting phase project, thus lowering its salaries and benefits budget by approximately \$1.042 million. A manager's position in the Corporate Finance unit will be deleted due to a reorganization of that unit, further lowering salaries and benefits by \$0.162 million.
 - This latter measure assisted the Program in offsetting pressures from major cost drivers such as cost of living increases, progression pay and step increases for eligible non-union

and union positions (\$0.153 million), fringe benefits adjustments (\$0.101 million) and year over year salary changes of (\$0.050 million).

- The 2013 budget for services and rents of \$0.649 million is \$0.065 million or 11.2% higher than the 2012 Operating Budget.
 - This is mainly attributable to an increase of \$0.053 million for credit rating services provided by all three credit rating agencies. This amount is recovered from the Non-Program Budget.
- The 2013 Budget for *Transfers from Capital Fund* of \$3.174 million or 47.4% of the Program's Operating Budget reflects a net decrease of \$0.991 million, of which (\$1.042 million) is related to the reduction of the 8 temporary capital positions for the Financial Services' FPARS Capital project reduced for progression pay recovery of \$0.051 million.
- Approximately \$1.966 million or 29.3% of the Program's gross operating budget is funded through interdepartmental recoveries.
 - In 2013, the budget increased by \$0.118 million over the 2012 budget of \$1.848 million.
- Approximately \$1.275 million or 19% of the Program's gross operating budget is funded through contribution from reserves for insurance claims, which increased in 2013, by \$0.007 million over the 2012 budget of \$1.268 million.
- Approval of the 2013 Operating Budget for the Office of the Chief Financial Officer reflects the deletion of 8 temporary capital positions and one permanent position. The total staff complement will decrease from 134 to 125.

The 2013 Base Budget provides funding for the following:

Prior Year Impacts

- Reversal of \$0.028 million from the non-recurring deferred hiring of a Financial Planning Manager in 2012.

Economic Factors

- COLA, step and progression pay increments coupled with salary adjustments and fringe benefit cost increases will result in a net cost increase of \$0.169 million.
- Non-labour economic factors adjustments will increase cost by \$0.005 million.

Other Base Changes

- Maintaining the current gapping rate at 2.3%, will increase salary cost by \$0.002 million net.
- Year over year adjustments will reduce salaries and benefits by \$0.047 million.
- Salaries and benefits will also be reduced by \$1.042 million for 8 temporary staff no longer required for the FPARS project with a corresponding reduction in capital recoveries resulting in a net \$0 budget change.

- Increased fees for credit agency rating services of \$0.053 million to be recovered from Non-Program result in a \$0 net impact.

Revenue Changes

- An increased contribution from Development Charges funding reserve to cover salary and benefits increases of \$0.023 million reduced by \$0.059 million in recoveries from 100% to 50% for time staff will be spending on the TTC Spadina Subway Project.
- It is estimated that the City will receive an increase of \$0.035 million in annual revenues in 2013 from the \$0.150 million included in the 2012 Operating Budget for the Group Personal Insurance program.

Appendix 3
Summary of 2013 Service Changes



2013 Operating Budget - Approved Service Change Summary of Council (CN) Approved

TYPE	PRIORITY	INTERNAL FOCUSED SERVICES Office of the Chief Financial Officer	Adjustments				2014 Net Incremental Outlook (\$000s)	2015 Net Incremental Outlook (\$000s)
			Change in Gross Expenditure (\$000s)	Change in Revenue (\$000s)	Net Change (\$000s)	Change in Approved Positions		
		2013 Council Approved Base Budget Before Service Change:	15,688.6	6,699.5	8,989.1	126.0	233.8	107.7
Z1	1	Delete one Manager's Position in Corporate Finance	(162.2)	0.0	(162.2)	(1.0)	0.0	0.0
(CO-Z001) Service / Activity: Corporate Finance / N/A								
Description:								
A permanent manager's position will be deleted as a result of the consolidation in 2012 of the Corporate Finance and Special Projects Divisions. The amalgamated Corporate Finance Division will continue to provide a broad range of financial services.								
Service Level Change/Efficiency:								
There will be no change to the current service levels.								
ADMIN: Recommended			(162.2)	0.0	(162.2)	(1.0)	0.0	0.0
BC: Confirmed ADMIN recommendation			0.0	0.0	0.0	0.0	0.0	0.0
EC: Confirmed BC recommendation			0.0	0.0	0.0	0.0	0.0	0.0
CN: Approved EC recommendation			0.0	0.0	0.0	0.0	0.0	0.0
Total Council Approved:			(162.2)	0.0	(162.2)	(1.0)	0.0	0.0
Summary:								
Total ADMIN Recommended Service Level Reductions:			(162.2)	0.0	(162.2)	(1.0)	0.0	0.0
Total Budget Committee Recommended Service Level Reductions Changes:			0.0	0.0	0.0	0.0	0.0	0.0
Total Executive Committee Recommended Service Level Reducitons Changes:			0.0	0.0	0.0	0.0	0.0	0.0
Total Council Recommended Service Level Reductions Changes:			0.0	0.0	0.0	0.0	0.0	0.0
Total Council Approved Service Level Reductions:			(162.2)	0.0	(162.2)	(1.0)	0.0	0.0
Total Council Approved Base Budget:			15,526.4	6,699.5	8,826.9	125.0	233.8	107.7

Category Legend - Type

Z1 - Efficiency Change
Z2 - Revenue Change
Z3 - Minor Service Level Change
Z4 - Major Service Level Change

Appendix 5**Inflows / Outflows to / from Reserves & Reserve Funds
(In \$000s)****Corporate Reserve / Reserve Funds**

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2012 *	Proposed Withdrawals (-) / Contributions (+)		
			2013	2014	2015
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010	21,130.4	72.6	72.6	72.6
Development Charges Reserve	XR2120	5,587.8	(215.6)	(215.6)	(215.6)
Insurance Reserve Fund	XR1010	21,130.4	(1,275.5)	(1,291.9)	(1,312.6)
Total Reserve / Reserve Fund Draws / Contributions			(1,418.5)	(1,434.9)	(1,455.6)

* Based on 3rd Quarter Variance Report