

2023 Program Summary

Office of the CFO & Treasurer

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Description

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

Why We Do It

The purpose is to safeguard the City's assets and to manage City resources effectively, efficiently and economically. The following outcomes contribute to this purpose:

- Council and City divisions receive financial planning advice and support that are timely and relevant.
- Torontonians receive timely and equitable resolutions to their claims against the City.
- The City of Toronto has sufficient financial protection from catastrophic financial loss through the insurance program.
- Divisions receive timely and trusted independent assurance on their internal controls (in order to mitigate risk). Internal Audit is a key contributor to the City's overall governance framework, providing support to management in discharging their responsibilities for identifying and managing risks. The work performed by Internal Audit also supports the work of the Auditor General's Office to help strengthen risk management and controls throughout the City.
- The City's capital projects are financed at the lowest borrowing rate in order to reduce tax burden on Toronto residents and businesses, in consideration of the green and social debenture frameworks to promote sustainability, improve climate resiliency and enhance positive social outcomes.
- The City's financial assets are invested responsibly to achieve superior (risk-adjusted) rate of return in order to meet the City's cash flow requirements.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

What Service We Provide

Financial Planning

Who We Serve: Council, City divisions, Agencies and Corporations

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

How Much Resources (gross 2023 operating budget): \$13.0 million

Internal Audit

Who We Serve: Council, City divisions, Agencies and Corporations

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

How Much Resources (gross 2023 operating budget): \$2.2 million

Insurance & Risk Management:

Who We Serve: Council, City divisions, Agencies and Corporations, Toronto residents

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

How Much Resources (gross 2023 operating budget): \$2.0 million

Capital Markets

Who We Serve: Council, City divisions, Agencies and Corporations

What We Deliver: Investment and debt portfolio management.

How Much Resources (gross 2023 operating budget): \$1.7 million

Budget at a Glance

2023 OPERATING BUDGET

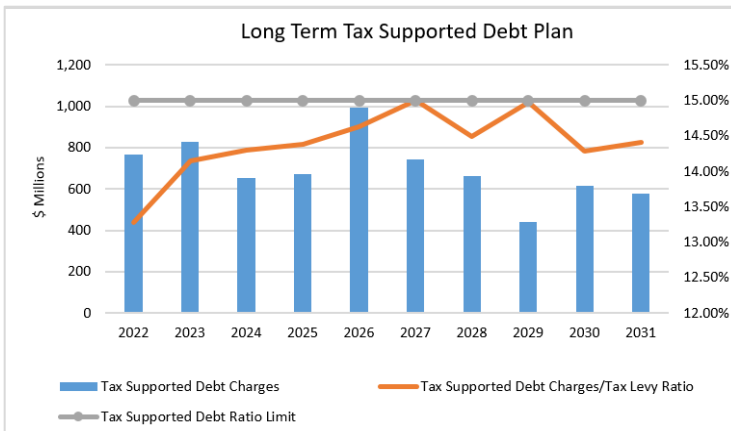
| \$Million | 2023 | 2024 | 2025 |
|--------------------|---------|---------|---------|
| Revenues | \$ 5.6 | \$ 5.8 | \$ 3.6 |
| Gross Expenditures | \$ 18.9 | \$ 20.2 | \$ 18.7 |
| Net Expenditures | \$ 13.3 | \$ 14.4 | \$ 15.1 |
| Approved Positions | 133.0 | 132.0 | 121.0 |

2023 - 2032 10-YEAR CAPITAL PLAN

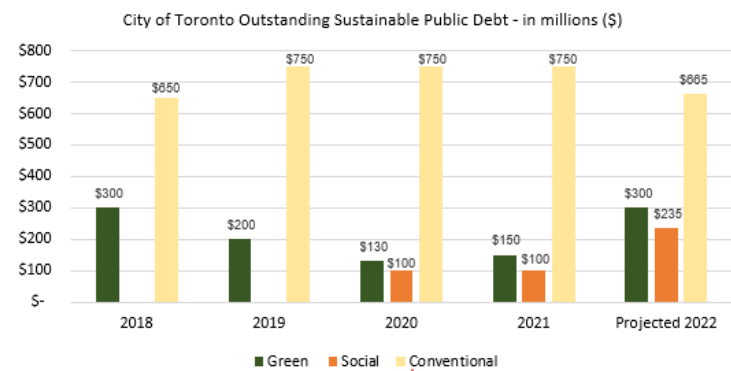
| \$Million | 2023 | 2024-2032 | Total |
|--------------------|--------|-----------|--------|
| Gross Expenditures | \$ 2.0 | \$ 1.9 | \$ 3.9 |
| Debt | \$ 1.4 | \$ 0.7 | \$ 2.1 |

Note: Includes 2022 carry forward funding

How Well We Are Doing – Behind the Numbers



- Debt Service Cost as a Percentage of Property Tax is a key indicator for a City’s debt affordability and financial healthiness. The City of Toronto has adopted a policy to keep this ratio below 15%.
- To monitor and control the ratio below the 15% limit is one of Financial Planning Division’s major objectives. This is the 4th year in a row that the City’s 10-year ratio associated with the 10-year Capital Plan is kept at or below 15% for every single year in the Plan.
- This is achieved by tremendous efforts across the City with intensive reviews of capital projects based on both affordability and capability to spend, as well as the implementation of the City’s various non-debt financing strategies.



- The City of Toronto is the largest municipal Green Bond issuer in Canada (\$1,080 million outstanding as of December 31, 2022).
- The City of Toronto was the first government in Canada to establish a Social Debenture Program. The City successfully delivered the first public sector Social Bond issue in Canada in 2020 and has continued with annual issuances since (\$435 million outstanding).
- The City’s Debenture Frameworks are developed, reviewed, and supported by third-party opinion provider (Sustainalytics).
- Sustainable bond issues (Green and Social) will continue in future years to finance capital projects with key metrics. In 2022, 45% of our total debt issuance were sustainable bonds.
- Impact reporting on projects is provided to investors via Annual Newsletters. The City received its ISO 37120 platinum certification for 4 years (2018-2021) which confirms the commitment and validation of City outcomes from its sustainable bonds.
- The City’s capital projects are financed at the lowest borrowing rate in order to reduce tax burden on Toronto residents and businesses, in consideration of the Green and Social Debenture Frameworks to promote sustainability, improve climate resiliency and enhance positive social outcomes.
- The City received an international award for the Social bonds issued in 2020 and 2021 (Environmental Finance Social Bond of the Year - Local Municipality - 2021 & 2022 winner).
- In addition, in 2021 the City of Toronto was the first government in Canada to issue an annual Environmental, Social and Governance (ESG) Performance report.

How Well We Are Doing

| Service | Measure | 2020 Actual | 2021 Actual | 2022 Target | 2022 Projection | Status | 2023 Target | 2024 Target |
|-------------------------|--|-------------|-------------|-------------|-----------------|--------|-------------|-------------|
| Outcome Measures | | | | | | | | |
| Financial Planning | % Balanced Operating Budget approved annually in accordance with Council's mandates | 100% | 100% | 100% | 100% | ● | 100% | 100% |
| Financial Planning | % of time decision support released at least 24hrs for Notes and 7 days for Reports, prior to Council / committee meeting | 100% | 100% | 100% | 100% | ● | 100% | 100% |
| Financial Planning | % of time Operating variance is provided at the first scheduled Budget Committee meeting after 45 days of the reporting period closing | 100% | 100% | 100% | 100% | ● | 100% | 100% |
| Financial Planning | Capital Funding Investment (Tax & Rate) in the State of Good Repair projects (\$ millions) | \$2,098 | \$1,821 | \$2,732 | \$2,157 | ● | \$2,714 | \$2,473 |
| Internal Audit | Respond to requests for advice within 2 business days | 100% | 100% | 100% | 100% | ● | 100% | 100% |
| Internal Audit | An average score of 4 out of 5 in client satisfaction surveys pertaining to all audit completed | 4.2 | 4.0 | 4.0 | 4.0 | ● | 4.0 | 4.0 |

2022 Projection to 2022 Target Comparison
 ● 80% - 100% ● 64 - 79% ● 63% and Under

| Service | Measure | 2020 Actual | 2021 Actual | 2022 Target | 2022 Projection | Status | 2023 Target | 2024 Target |
|-----------------------------------|--|-------------|-------------|-------------|-----------------|--------|-------------|-------------|
| Insurance & Risk Management (IRM) | % of claimant correspondence sent within 2 days | 97% | 100% | 95% | 100% | ● | 95% | 95% |
| Insurance & Risk Management (IRM) | % of acknowledgement letters sent within 5 days | 100% | 98% | 95% | 95% | ● | 95% | 95% |
| Insurance & Risk Management (IRM) | % of Division reports requested within 2 days | 100% | 100% | 95% | 100% | ● | 95% | 95% |
| Insurance & Risk Management (IRM) | % of claim reports acted on within 15 days | 98% | 97% | 95% | 95% | ● | 95% | 95% |
| Insurance & Risk Management (IRM) | % of IRM inquiries responded to and resolved within 3 business days | 89% | 90% | 80% | 82% | ● | 80% | 80% |
| Capital Markets | Adhering to the Council-approved Investment Policy (% in compliance) | 100% | 100% | 100% | 100% | ● | 100% | 100% |
| Capital Markets | Toronto Investment Board Meetings held (average 4 per year) | 3 | 4 | 3 | 4 | ● | 4 | 4 |
| Capital Markets | Debt Repayment in accordance with City By-Laws – Correct Amounts and On Schedule (% in compliance) | 100% | 100% | 100% | 100% | ● | 100% | 100% |
| Capital Markets | New Debt Issued as a Percentage of the Annual Debt Issuance Target | 98.6% | 100% | 100% | 100% | ● | 100% | 100% |

2022 Projection to 2022 Target Comparison
 ● 80% - 100% ● 64 - 79% ● 63% and Under

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- Continued through the third year of the COVID-19 pandemic to provide financial advice and support to the City; leading and coordinating financial tracking across all City Divisions and Agencies to ensure the City's services are adequately funded despite operational challenges and financial implications.
- Received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for the 2022 Public Budget Book (12 years in a row).
- The City was one of the first municipalities to establish a CPA Program (including a Pre-Approved Program Route and Experience Verification Route) to strengthen financial acumen, attract and retain talent.
- Responded to the KPMG Management Letter and developed plan to address audit recommendations and a process to track and report on progress and status of outstanding recommendations to ensure proper accountability and that timely actions are taken on high priority items.
- Renewed the City's insurance program with no coverage reductions and an increase in property limits despite continuing challenging market conditions.
- Placed construction insurance to support rapid housing initiatives and other major capital projects ensuring appropriate transfer of risks.
- Successfully navigated unusually difficult market conditions and completed four debt issuances totalling \$1.2 billion during 2022, which is the highest amount of debt ever issued annually for the City, reflecting the growth and size of the City's Capital Program. In addition, 45% of the debt issued in 2022 was part of the Sustainable Debenture Program including a \$235 million Social Bond issuance and a \$300 million Green Bond issuance to fund capital projects which promote positive socioeconomic and environmental outcomes.

Key Challenges and Risks

- Potentially higher than forecasted borrowing costs depending on interest rate increases and the sustainability of the City's credit ratings. Lower debt issuance may result from higher than expected borrowing costs due to surging interest rates (operating budget limit and City's 15% debt serving policy limit) and/or unusually difficult market conditions (insufficient investor demand at a reasonable cost).
- COVID-19 funding shortfalls from other orders of government to address the budget gap associated with significant revenue losses and added expenses attributed to the pandemic.
- State of good repair (SOGR) backlog continues to grow despite increased investments in capital repair work.
- Given the size and scope of the City, demand for Internal Audit services needs to continually be re-prioritized to ensure that critical risks are adequately addressed.
- Insurance claims volumes and associated expenses are increasing as a result of easing COVID-19 restrictions, increased downtown activity and SOGR backlog.
- Impact of unusual market volatility on short- and long-term book and market investment.

Priority Actions

- Continue to prioritize COVID-19 recovery and rebuild efforts, and leverage available federal/provincial assistance to ensure the City's operations are properly funded.
- Continue to lead the City's fiscal sustainability and budget modernization initiatives, including implementation of a new enterprise budget tool that aligns with the Financial Systems Transformation Project.
- Stronger focus on capital budget and plan to address a combination of cost escalation of project delivery and higher than planned borrowing costs.
- Ensure the City's reserves are adequately funded through prudent budgeting and the surplus allocation process, and continue to monitor the SOGR backlog to safeguard the City's capital assets in good repair.
- Advance the Enterprise Risk Management (ERM) and Internal Control Framework to identify and mitigate risks across the City and to strengthen financial controls.
- Respond to the KPMG Management Letter and develop plan to address audit recommendations.
- Conduct property appraisals on identified key buildings in the City's \$17 billion property portfolio, and identify City buildings with significant contents' values to ensure sufficient levels of insurance.
- Explore strategies to manage the increasing costs of the City's insurance program.
- Begin ESG monitoring and reporting process for the City's investment fund in 2023.
- Continue to investigate/initiate new and enhanced debt issuance programs (e.g. offshore program) and investor relation efforts to expand City's debt investor base.

RECOMMENDATIONS

City Council adopted the following recommendations:

1. The 2023 Operating Budget for the Office of the Chief Financial Officer and Treasurer of \$18.942 million gross, \$5.639 million revenue and \$13.303 million net for the following services:

Service:

| | Gross Expenditures (\$000s) | Revenue (\$000s) | Net Expenditures (\$000s) |
|-----------------------------|--|-----------------------------|--|
| Financial Planning | 12,978.4 | 3,268.9 | 9,709.5 |
| Internal Audit | 2,217.2 | 235.8 | 1,981.4 |
| Insurance & Risk Management | 1,999.1 | 1,999.1 | 0.0 |
| Capital Markets | 1,747.3 | 135.0 | 1,612.3 |
| Total Program Budget | 18,942.0 | 5,638.8 | 13,303.2 |

- The above includes a 2023 budgeted staff complement for the Office of the Chief Financial Officer and Treasurer of 133.0 positions comprised of 13.0 capital positions and 120.0 operating positions.
2. The 2023 Capital Budget for the Office of the Chief Financial Officer and Treasurer with cash flows and future year commitments totaling \$2.732 million as detailed by project in [Appendix 6a](#).
 3. The 2024-2032 Capital Plan for the Office of the Chief Financial Officer and Treasurer totalling \$1.200 million in project estimates as detailed by project in [Appendix 6b](#).

2023 OPERATING BUDGET

2023 OPERATING BUDGET OVERVIEW

Table 1: 2023 Operating Budget by Service

| (In \$000s) | 2021 Actual | 2022 Budget | 2022 Projection* | 2023 Base Budget | 2023 New / Enhanced | 2023 Budget | Change v. 2022 Projection | |
|---|-----------------|-----------------|------------------|------------------|---------------------|-----------------|---------------------------|-----------------|
| By Service | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Revenues | | | | | | | | |
| Financial Planning | 1,131.7 | 1,448.5 | 978.6 | 3,268.9 | | 3,268.9 | 2,290.3 | 234.0% |
| Internal Audit | 235.8 | 255.8 | 235.8 | 235.8 | | 235.8 | | |
| Insurance & Risk Mgmt | 1,764.2 | 1,785.1 | 1,785.1 | 1,999.1 | | 1,999.1 | 213.9 | 12.0% |
| Capital Markets | 135.0 | 135.0 | 135.0 | 135.0 | | 135.0 | | |
| Total Revenues | 3,266.7 | 3,624.4 | 3,134.6 | 5,638.8 | | 5,638.8 | 2,504.2 | 79.9% |
| Expenditures | | | | | | | | |
| Financial Planning | 9,925.3 | 11,703.5 | 10,943.3 | 12,978.4 | | 12,978.4 | 2,035.1 | 18.6% |
| Internal Audit | 1,502.0 | 1,860.3 | 1,783.2 | 2,217.2 | | 2,217.2 | 434.0 | 24.3% |
| Insurance & Risk Mgmt | 1,764.2 | 1,785.1 | 1,793.7 | 1,999.1 | | 1,999.1 | 205.4 | 11.4% |
| Capital Markets | 1,474.7 | 1,790.6 | 1,600.1 | 1,747.3 | | 1,747.3 | 147.2 | 9.2% |
| Total Gross Expenditures | 14,666.2 | 17,139.5 | 16,120.3 | 18,942.0 | | 18,942.0 | 2,821.7 | 17.5% |
| Net Expenditures (including COVID-19) | 11,399.5 | 13,515.1 | 12,985.7 | 13,303.2 | | 13,303.2 | 317.5 | 2.4% |
| Required COVID-19 Support | 6.2 | | 8.0 | | | | (8.0) | (100.0%) |
| Net Budget (excluding COVID-19 supports) | 11,393.3 | 13,515.1 | 12,977.7 | 13,303.2 | | 13,303.2 | 325.5 | 2.5% |
| Approved Positions** | 113.0 | 118.0 | N/A | 133.0 | | 133.0 | N/A | N/A |

* 2022 Projection based on 9 Month Variance

**YoY comparison based on approved positions

KEY COST DRIVERS – FUNDING PRIORITIES

Total 2023 Budget expenditures of \$18.942 million gross reflect an increase of \$2.822 million in spending above 2022 projected year-end actuals, predominantly arising from:

- Additional 8 capital positions to support the implementation of a new City enterprise budget tool to replace an outdated technology that will no longer be supported, and which aligns with the Financial Systems Transformation Project (\$1.070 million);
- Increased salaries and benefits in 2023 due to annualization of filling vacant positions which will be required to deliver on outcomes committed (\$0.875 million);
- Partial-year impact of the Funds Management Team (5 positions) dedicated to capital funding, debt and reserve modeling to ensure timely funding of capital projects, accurate reserve fund balances and long-term capital financing forecasting (\$0.600 million); and
- Additional resource in Insurance & Risk Management to provide oversight of data quality and improvements to the claims process, which will result in resolution of claims in a more cost-effective and efficient manner and positively contribute to loss prevention (\$0.144 million).

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: The changes in the Office of the Chief Financial Officer and Treasurer's 2023 Operating Budget do not have any significant equity impacts.

2023 OPERATING BUDGET KEY DRIVERS

The 2023 Operating Budget for the Office of the Chief Financial Officer and Treasurer of \$18.942 million gross is \$2.822 million or 17.5% higher than the 2022 Projected Actuals, with an overall net increase of 2.4% above 2022 projections. Table 2 below summarizes the key cost drivers for the 2023 Budget.

Table 2: 2023 Operating Budget by Revenue / Expenditure Category

| Category (In \$000s) | 2020 Actual | 2021 Actual | 2022 Budget | 2022 Projection* | 2023 Budget | 2023 Change from 2022 Projection | |
|--|-----------------|-----------------|-----------------|---------------------|-----------------|-------------------------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Transfers From Capital | | | 616.2 | 146.3 | 1,832.5 | 1,686.2 | 1152.6% |
| Contribution From Reserves/Reserve Funds | 1,836.7 | 1,764.2 | 1,815.8 | 1,815.8 | 2,629.6 | 813.8 | 44.8% |
| Sundry and Other Revenues | 361.4 | 334.5 | 20.0 | | | | |
| Inter-Divisional Recoveries | 1,167.7 | 1,168.0 | 1,172.4 | 1,172.4 | 1,176.6 | 4.1 | 0.4% |
| Total Revenues | 3,365.7 | 3,266.7 | 3,624.4 | 3,134.6 | 5,638.8 | 2,504.2 | 79.9% |
| Salaries and Benefits | 15,419.6 | 14,071.3 | 16,323.5 | 15,451.3 | 18,201.5 | 2,750.2 | 17.8% |
| Materials & Supplies | 5.7 | 5.3 | 20.9 | 18.3 | 20.8 | 2.5 | 13.7% |
| Equipment | 46.4 | 43.5 | 40.1 | 53.9 | 67.1 | 13.2 | 24.5% |
| Service and Rent | 558.8 | 546.1 | 754.4 | 596.3 | 652.1 | 55.8 | 9.4% |
| Contribution To Reserves/Reserve Funds | 38.2 | | | | | | |
| Other Expenditures | 0.0 | 0.0 | 0.5 | 0.5 | 0.5 | | |
| Total Gross Expenditures | 16,068.7 | 14,666.2 | 17,139.5 | 16,120.3 | 18,942.0 | 2,821.7 | 17.5% |
| Net Expenditures | 12,703.0 | 11,399.5 | 13,515.1 | 12,985.7 | 13,303.2 | 317.5 | 2.4% |

*Projection based on 9 Month Variance

Key Base Drivers:**Salaries & Benefits:**

The 2023 Operating Base Budget reflects an increase of \$2.750 million in salaries and benefits over the 2022 projected actuals primarily due to:

- Additional 8 capital positions to support the implementation of a new City enterprise budget tool that aligns with the Financial Systems Transformation Project (FSTP), with associated capital recoveries from the FSTP capital project (\$1.070 million);
- Underspending in 2022 associated with vacant positions that were predominantly filled late in 2022 (\$0.752 million);
- Partial-year impacts of the Funds Management Team dedicated to capital funding, debt and reserve modeling (\$0.600 million);
- Expansion of the CPA Pre-Approved Program Route Office (Training Office) to add a new cohort of 3 CPA Associates in September 2023 (\$0.095 million); and
- Additional resource in Insurance & Risk Management to provide oversight of data quality and improvements to the claims process, which will result in resolution of claims in a more cost-effective and efficient manner and positively contribute to loss prevention (\$0.144 million).

Other Revenue Changes:

The 2023 Operating Base Budget reflects an increase of \$2.504 million in revenues over the 2022 projected actuals primarily due to:

- Higher capital recoveries from the FSTP capital project for 8 positions in Financial Planning dedicated to implementing the new budget tool which will align with FSTP (\$1.070 million);
- Higher capital recoveries from Integrated Asset Planning Management (IAPM) for 4 capital positions which were vacant in 2022 but are anticipated to be filled in 2023 (\$0.608 million);
- Offsetting reserve funding for the Funds Management Team expenses (\$0.600 million); and
- Higher expenditure recovery from Insurance Reserve Fund (\$0.214 million).

Offsets and Efficiencies:

The 2023 Operating Budget for the Office of Chief Financial Officer and Treasurer includes \$1.094 million in reductions and a net reduction of 2 positions based on an in-depth salaries and benefits review (combination of anticipated hiring of positions; as well as position realignments).

Note:

- For additional information on 2023 key cost drivers please refer to [Appendix 2](#) for a summary of Affordability Measures.

2024 & 2025 OUTLOOKS

Table 3: 2024 and 2025 Outlooks

| (\$000s) | 2023 Budget | 2024 Incremental Outlook | 2025 Incremental Outlook |
|---------------------------------|-----------------|--------------------------|--------------------------|
| Revenues | | | |
| Revenue Changes | | 184.0 | (2,262.9) |
| Total Revenues | 5,638.8 | 184.0 | (2,262.9) |
| Gross Expenditures | | | |
| Salaries and Benefits | | 1,333.5 | (1,577.5) |
| Other | | (24.9) | |
| Total Gross Expenditures | 18,942.0 | 1,308.6 | (1,577.5) |
| Net Expenditures | 13,303.2 | 1,124.6 | 685.4 |
| Approved Positions | 133.0 | (1.0) | (11.0) |

Key drivers

The 2024 Outlook with total gross expenditures of \$20.250 million reflects an anticipated \$1.309 million or 6.9% increase in gross expenditures above the 2023 Operating Budget. The 2025 Outlook expects a decrease of \$1.578 million or 7.8% below 2024 gross expenditures.

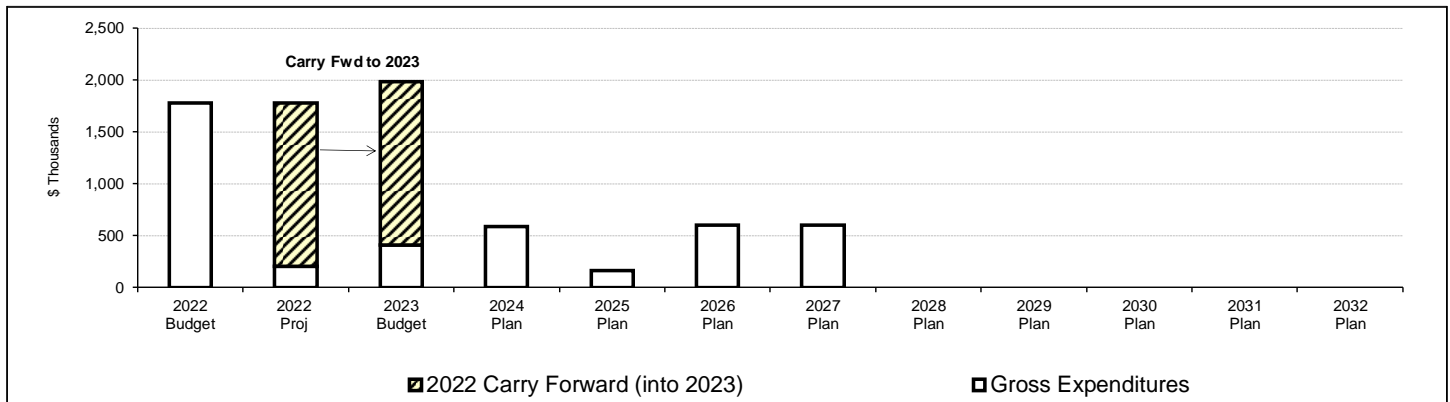
These changes arise from the following:

- Increase in 2024 mainly due to a cost of living adjustment increase for L79 staff (1.75% effective January 1, 2024), and annualizations of positions filled in 2023.
- Decrease in 2025 mainly due to completion of the FSTP and IAPM capital projects which will result in a decrease of both salary and benefit costs and associated capital recoveries.

2023 – 2032 CAPITAL BUDGET AND PLAN

2023 – 2032 CAPITAL BUDGET & PLAN OVERVIEW

Chart 1: 10-Year Capital Plan Overview



| In \$000's | 2022 | | 2023 Capital Budget and 2024 - 2032 Capital Plan | | | | | | | | | | Total 10 Year Plan |
|----------------------------------|--|------------------|--|------------|------------|------------|------------|------|------|------|------|------|--------------------|
| | Budget | Projected Actual | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | |
| | Gross Expenditures by Project Category: | | | | | | | | | | | | |
| Health & Safety & Legislated | 1,224 | | 1,403 | 586 | 160 | | | | | | | | 2,149 |
| SOGR | 557 | 204 | 583 | | | 600 | 600 | | | | | | 1,783 |
| Service Improvement & Growth | | | | | | | | | | | | | |
| Total by Project Category | 1,781 | 204 | 1,986 | 586 | 160 | 600 | 600 | | | | | | 3,932 |
| Financing: | | | | | | | | | | | | | |
| Debt | 1,224 | | 1,403 | 586 | 160 | | | | | | | | 2,149 |
| Debt Recoverable | | | | | | | | | | | | | |
| Reserves/Reserve Funds | 557 | 204 | 583 | | | 600 | 600 | | | | | | 1,783 |
| Development Charges | | | | | | | | | | | | | |
| Provincial | | | | | | | | | | | | | |
| Federal | | | | | | | | | | | | | |
| Other Revenue | | | | | | | | | | | | | |
| Total Financing | 1,781 | 204 | 1,986 | 586 | 160 | 600 | 600 | | | | | | 3,932 |

2022 Projected Actual based on Q3 Variance Report

Changes to Existing Projects
(-\$1.4 Million)

The 2023-2032 Capital Budget and Plan reflects the following changes to existing projects over the nine common years (2023-2031):

- Carry forward of \$1.2 million in cash flow funding from 2022 to 2023 for the Integrated Asset Planning Management project.
- Carry forward of \$0.4 million in cash flow funding from 2022 to 2023 for the Risk Management Information System Upgrade project.
- Reduction of \$3.0 million in future cost estimates for the Capital Migration to New System project, which will be addressed through the *Financial Systems Transformation Project (FSTP)*.

Note:

For additional information, please refer to [Appendix 6](#) for a more detailed listing of the 2023 and 2024-2032 Capital Budget & Plan by project; and [Appendix 8](#) for Capacity to Spend Review, respectively.

2023 – 2032 CAPITAL BUDGET AND PLAN

\$3.9 Million 10-Year Gross Capital Program

| | |
|---|--|
|  |  |
| Asset Planning | Information Technology / Risk Management |
| \$2.1 M 55% | \$1.8 M 45% |
| Integrated Asset Planning Management | Risk Management Information System Investment & Debt Management System |

How the Capital Program is Funded

| | |
|-------------------------|----------|
| City of Toronto | |
| \$3.9 M 100% | |
| Debt | \$ 2.1 M |
| Reserve / Reserve Fund | \$ 1.8 M |

APPENDICES

Appendix 1

COVID-19 Impact and Recovery

| COVID-19 Impacts | In \$ Thousands | | | | |
|------------------------------|-----------------|-------------|----------|-------|-----|
| | 2022 | | 2023 | | |
| | Budget | Projection* | Revenues | Gross | Net |
| Expenditure Increase | | | | | |
| Overtime | | 7.3 | | | |
| Health & Safety Supplies | | 0.7 | | | |
| Sub-Total | | 8.0 | | | |
| Total COVID-19 Impact | | 8.0 | | | |

* 2022 Projection based on 9 Month Variance

- There are no anticipated COVID-19 impacts in 2023.
- 2022 projection of \$0.008 million includes costs for overtime and health & safety supplies.

Appendix 2

2023 Affordability Measures

| Recommendation | Savings Type | Equity Impact | (\$000s) | | | | | | | |
|---------------------------------------|--------------|---------------|----------|------------------|------------------|--------------|--------------------|--------------|--------------|--|
| | | | 2023 | | | | 2024 (Incremental) | | | |
| | | | Revenue | Gross | Net | Positions | Gross | Net | Positions | |
| Line by Line review - Capital Markets | Base Savings | No Impact | | (124.2) | (124.2) | | | | | |
| Line-by-line review - Internal Audit | Base Savings | No Impact | | (1.4) | (1.4) | | | | | |
| Staff Realignment - FPD | Base Savings | No Impact | | (968.5) | (968.5) | (2.0) | 796.6 | 796.6 | (0.0) | |
| Total Affordability Measures | | | | (1,094.1) | (1,094.1) | (2.0) | 796.6 | 796.6 | (0.0) | |

Appendix 3

Summary of 2023 Service Changes

N/A

Appendix 4

Summary of 2023 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 5

Summary of 2023 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 6

2023 Capital Budget; 2024 - 2032 Capital Plan Including Carry Forward Funding

| Project Code | (In \$000s) | 2023 Budget | 2024 Plan | 2025 Plan | 2026 Plan | 2027 Plan | 2028 Plan | 2029 Plan | 2030 Plan | 2031 Plan | 2032 Plan | 2023 - 2032 Total | Health & Safety & Legislated | SOGR | Growth & Improved Service |
|---|--|--------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-------------------|------------------------------|--------------|---------------------------|
| FS001 | Integrated Asset Planning Management (IAPM) | 1,403 | 586 | 160 | | | | | | | | 2,149 | 2,149 | | |
| FS002 | Risk Management Information System Upgrade | 583 | | | | | | | | | | 583 | | 583 | |
| FS003 | Risk Management Information System Replacement 2026 | | | | 600 | | | | | | | 600 | | 600 | |
| FS004 | Investment & Debt Management System Replacement 2027 | | | | | 600 | | | | | | 600 | | 600 | |
| Total Expenditures (including carry forward from 2022) | | 1,986 | 586 | 160 | 600 | 600 | | | | | | 3,932 | 2,149 | 1,783 | |

Appendix 6a

2023 Cash Flow and Future Year Commitments Including Carry Forward Funding

| Project Code | (In \$000s) | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | Total 2023 Cash Flow & FY Commits | Previously Approved | Change in Scope | New w/ Future Year |
|--|---|--------------|------------|------------|------|------|------|------|------|------|------|-----------------------------------|---------------------|-----------------|--------------------|
| FS001 | Integrated Asset Planning Management (IAPM) | 1,403 | 586 | 160 | | | | | | | | 2,149 | 2,149 | | |
| FS002 | Risk Management Information System Upgrade | 583 | | | | | | | | | | 583 | 583 | | |
| Total Expenditure (including carry forward from 2022) | | 1,986 | 586 | 160 | | | | | | | | 2,732 | 2,732 | | |

Appendix 6b

2024 - 2032 Capital Plan

| Project Code | (In \$000s) | 2024 Plan | 2025 Plan | 2026 Plan | 2027 Plan | 2028 Plan | 2029 Plan | 2030 Plan | 2031 Plan | 2032 Plan | 2024 - 2032 Total | Health & Safety & Legislated | SOGR | Growth & Improved Service |
|---------------------------|--|-----------|-----------|------------|------------|-----------|-----------|-----------|-----------|-----------|-------------------|------------------------------|--------------|---------------------------|
| FS003 | Risk Management Information System Replacement 2026 | | | 600 | | | | | | | 600 | | 600 | |
| FS004 | Investment & Debt Management System Replacement 2027 | | | | 600 | | | | | | 600 | | 600 | |
| Total Expenditures | | | | 600 | 600 | | | | | | 1,200 | | 1,200 | |

Appendix 7

Reporting on Major Capital Projects: Status Update

N/A

Appendix 8

Capacity to Spend Review

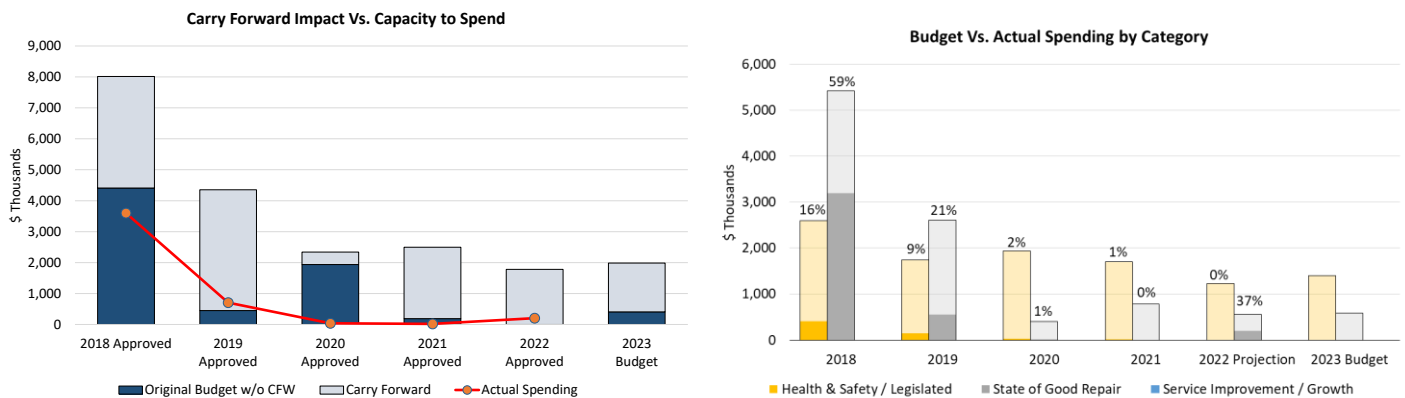
The 10-Year Capital Plan has been developed with consideration of historical demonstrated ability to spend within any given year of the ten year capital plan. A review was undertaken to ensure budgets align with the Office of the Chief Financial Officer and Treasurer’s ability to spend and the markets capacity to deliver.

A key component in determining an appropriate level of annual cash flows includes historical capacity to spend reviews by project categories (Chart 3 below) as well as the level of projected 2022 underspending that will be carried forward into 2023 to complete capital work.

The *Integrated Asset Planning Management (IAPM)* project successfully completed the core asset management report which received Council approval in the fall of 2021 through the use of existing operating resources (through Finance, Transportation & Toronto Water). Capital was preserved and will be used to support the delivery of non-core asset management plan with provincially legislated timeframe of summer 2024. By July 1, 2025, an approved asset management plan will be required for all municipal infrastructure assets that builds upon the requirements set out in 2024.

The *Risk Management Information System Upgrade* project experienced underspending as a result of various assessments required prior to data being authorized for migration by the Office of the Chief Information Security Officer (CISO). Implementation into the production environment is anticipated at year-end 2022, additional functionality and post-implementation enhancements will be developed by the first quarter of 2023.

Chart 3 – Capacity to Spend



Capacity to Spend Review Impact on the 10-Year Plan

Based on the review of historical capital spending constraints and a capacity to spend review, \$1.577 million in capital spending originally cash flowed in 2022 has been carried forward to 2023 to combine with \$0.409 million in cash flow funding previously committed for 2023, with an additional \$0.746 million in cash flow funding previously committed for 2023 deferred to 2024 (\$0.586 million) and 2025 (\$0.160 million), respectively. Adjustments to the Capital Plan are noted below:

- Integrated Asset Planning Management project carries forward \$1.224 million from 2022 to 2023, and defers the previously committed capital spending for 2023 of \$0.586 million to 2024 and \$0.160 million to 2025 to align with the legislated timelines;
- Risk Management Information System Upgrade project carries forward \$0.353 million in cash flows from 2022 to 2023;
- A reduction of \$2.975 million in future cost estimate for the Capital Migration to New System project is made as this requirement will be delivered as part of the planning tool component of the City's Financial System Transformation project.

Appendix 9

Summary of Capital Needs Constraints

N/A

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds

2023 Operating Budget

Corporate Reserve / Reserve Funds

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|-------------------|-------------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | 57,291.4 | 38,514.1 | 20,116.8 |
| Insurance Reserve Fund | XR1010 | | | |
| <i>Withdrawals (-)</i> | | (1,999.1) | (2,034.8) | (2,036.5) |
| Total Reserve / Reserve Fund Draws / Contributions | | (1,999.1) | (2,034.8) | (2,036.5) |
| Other Program / Agency Net Withdrawals & Contributions | | (16,778.2) | (16,362.5) | (16,480.0) |
| Balance at Year-End | | 38,514.1 | 20,116.8 | 1,600.4 |

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|-------------------|-------------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | 346,747.5 | 314,596.2 | 252,140.3 |
| Section 37 Reserve Fund | XR3026 | | | |
| <i>Withdrawals (-)</i> | | (30.7) | (30.7) | (30.7) |
| Total Reserve / Reserve Fund Draws / Contributions | | (30.7) | (30.7) | (30.7) |
| Other Program / Agency Net Withdrawals & Contributions | | (32,120.7) | (62,425.2) | (25,831.5) |
| Balance at Year-End | | 314,596.2 | 252,140.3 | 226,278.1 |

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|-------------------|-------------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | 232,028.3 | 178,617.2 | 148,394.4 |
| Debt Service Stabilization Reserve | XQ0709 | | | |
| <i>Withdrawals (-)</i> | | (599.9) | (691.8) | - |
| Total Reserve / Reserve Fund Draws / Contributions | | (599.9) | (691.8) | - |
| Other Program / Agency Net Withdrawals & Contributions | | (52,811.1) | (29,531.0) | (36,066.6) |
| Balance at Year-End | | 178,617.2 | 148,394.4 | 112,327.7 |

Inflows and Outflows to/from Reserves and Reserve Funds

2023 – 2032 Capital Budget and Plan

Corporate Reserve / Reserve Funds

| Reserve / Reserve Fund Name (In \$000s) | Project / Sub Project Name and Number | Contributions / (Withdrawals) | | | | | | | | | | |
|---|---|-------------------------------|------------------|-----------------|-----------------|----------------|---------------|---------------|---------------|----------------|----------------|------------------|
| | | 2023 Budget | 2024 Plan | 2025 Plan | 2026 Plan | 2027 Plan | 2028 Plan | 2029 Plan | 2030 Plan | 2031 Plan | 2032 Plan | Total |
| XQ0011 Capital Financing Reserve | Beginning Balance | 413,565 | 369,065 | 154,824 | 90,765 | 58,833 | 49,884 | 64,888 | 68,693 | 80,379 | 105,382 | |
| | <i>Withdrawals (-)</i> | | | | | | | | | | | |
| | Investment & Debt Management Replacement System | | | | | (600) | | | | | | (600) |
| | Total Withdrawals | - | - | - | - | (600) | - | - | - | - | - | (600) |
| | <i>Contributions (+)</i> | | | | | | | | | | | |
| | Total Contributions | - | - | - | - | - | - | - | - | - | - | - |
| Other Program/Agency Net Withdrawals and Contributions | | (44,501) | (214,241) | (64,059) | (31,932) | (8,350) | 15,005 | 3,805 | 11,686 | 25,003 | 18,179 | (289,405) |
| Balance at Year-End | | 369,065 | 154,824 | 90,765 | 58,833 | 49,884 | 64,888 | 68,693 | 80,379 | 105,382 | 123,561 | |

| Reserve / Reserve Fund Name (In \$000s) | Project / Sub Project Name and Number | Contributions / (Withdrawals) | | | | | | | | | | |
|---|--|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| | | 2023 Budget | 2024 Plan | 2025 Plan | 2026 Plan | 2027 Plan | 2028 Plan | 2029 Plan | 2030 Plan | 2031 Plan | 2032 Plan | Total |
| XR1010 Insurance Reserve Fund | Beginning Balance | 57,291 | 38,514 | 20,117 | 1,600 | (17,726) | (36,452) | (55,178) | (73,904) | (92,630) | (111,356) | |
| | <i>Withdrawals (-)</i> | | | | | | | | | | | |
| | Risk Management Information System Upgrade | (583) | | | | | | | | | | (583) |
| | Risk Management Information System Replacement | | | | (600) | | | | | | | (600) |
| | Total Withdrawals | (583) | - | - | (600) | - | - | - | - | - | - | (1,183) |
| | <i>Contributions (+)</i> | | | | | | | | | | | |
| | Total Contributions | - | - | - | - | - | - | - | - | - | - | - |
| Other Program/Agency Net Withdrawals and Contributions | | (18,194) | (18,397) | (18,516) | (18,726) | (18,726) | (18,726) | (18,726) | (18,726) | (18,726) | (18,726) | (186,191) |
| Balance at Year-End | | 38,514 | 20,117 | 1,600 | (17,726) | (36,452) | (55,178) | (73,904) | (92,630) | (111,356) | (130,083) | |

Appendix 11

Glossary

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget: A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

Capital Needs Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced Service Priorities: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

Operating Impact of Completed Capital Projects: The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

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

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

Tax Supported Budget: Budget funded by property taxes.

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