

2023 Program Summary

Office of the Controller

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Description

We provide effective financial and employee services to City Programs, Agencies and Corporations by establishing a robust internal control system with relevant processes and procedures to safeguard City assets; systematic and comprehensive recording of financial transactions following public sector accounting standards, along with timely and accurate reporting of financial information; accurate and efficient pension, payroll and benefit services and procurement and materials management services that meet the needs of City Divisions; and providing leadership in revenue billing and collection services. We also are the lead organization for the Financial Systems Transformation Project, a multi-year enterprise-wide financial transformation, which includes standardizing finance processes, modernizing the finance service operating model, and streamlining the underlying financial platform to ensure consistent access to timely financial information in an efficient and effective system.

Why We Do It

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

- City Divisions and Council have access to accurate, compliant, relevant and complete financial information through an up-to-date financial system.
- City revenues are sustained through timely, accurate, reliable and flexible billing and collection for property taxes, water and sewer services, solid waste collection, parking tickets, Municipal Land Transfer Tax, Municipal Accommodation Tax and Vacant Home Tax.
- Toronto residents and businesses have access to reliable, secure and convenient payment options.
- Procurement of goods and services is accessible, timely and consistent for City services and suppliers, which enables City Divisions to deliver services as planned.
- Suppliers receive accurate and timely payments for the goods and/or services they provide the City.
- City employees and pensioners receive timely and accurate regular payments and benefits.
- City benefits are financially sustainable and meet the physical and mental health needs of employees.

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

Accounting Services

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

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

How Much Resources (gross 2023 operating budget): \$11.8 million

Pension, Payroll and Employee Benefits (PPEB)

Who We Serve: Elected Officials, Staff - City of Toronto, Retired Staff – City of Toronto, OMERS Pension Boards & Committees

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

How Much Resources (gross 2023 operating budget): \$18.9 million

Purchasing and Materials Management (PMMD)

Who We Serve: City Divisions, Agencies and Corporations, Suppliers

What We Deliver: Procurement of goods and services in excess of \$3 billion annually, with a focus on suppliers who support equitable and environmental outcomes.

How Much Resources (gross 2023 operating budget): \$18.8 million

Revenue Services

Who We Serve: Property Owners, Registered Utility Account Holder, Parking Ticket Recipients, Hotel and Short-Term Rental Operators, Development community, Staff - City Divisions, Business Improvement Area members

What We Deliver: Property Tax & Utility Billing; Municipal Land Transfer Tax; Municipal Accommodation Tax (Hotel and Short-Term Rentals), Vacant Home Tax (New), Parking Ticket Operations; Development Charges and Community Benefits Charges, Customer Services; Revenue Accounting & Collection.

How Much Resources (gross 2023 operating budget): \$35.6 million

Financial Systems Transformation and Financial Control and Process Improvement

Who We Serve: City Divisions, Agencies and Corporations

What We Deliver: Financial systems transformation, process improvement, financial control and policy review and renewal.

How Much Resources (gross 2023 operating budget): \$16.2 million

Budget at a Glance

2023 OPERATING BUDGET

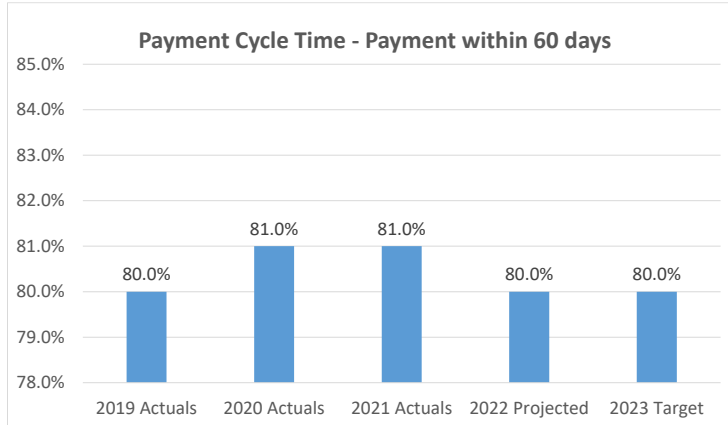
| \$Million | 2023 | 2024 | 2025 |
|--------------------|---------|--------|--------|
| Revenues | \$59.6 | \$49.2 | \$40.3 |
| Gross Expenditures | \$101.3 | \$95.9 | \$87.1 |
| Net Expenditures | \$41.7 | \$46.7 | \$46.8 |
| Approved Positions | 833.0 | 726.0 | 688.0 |

2023 - 2032 10-YEAR CAPITAL PLAN

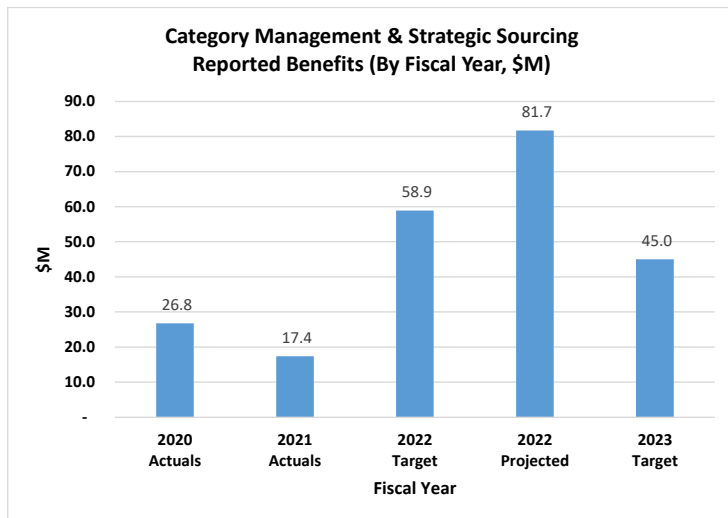
| \$Million | 2023 | 2024-2032 | Total |
|--------------------|--------|-----------|---------|
| Gross Expenditures | \$97.6 | \$63.3 | \$160.9 |
| Debt | \$70.3 | \$55.9 | \$126.2 |

Note: Includes 2022 carry forward funding

How Well We Are Doing – Behind the Numbers

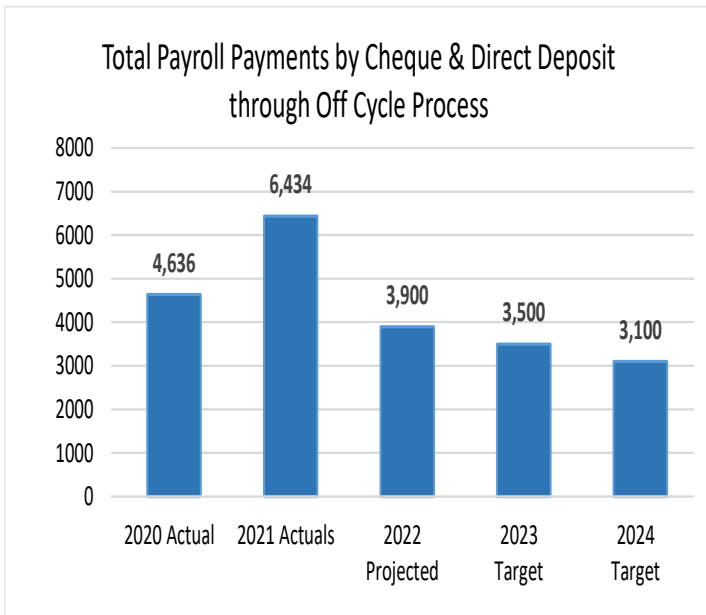


- Timely and accurate payment processing is an organizational responsibility and requires collaboration between vendors, Divisions receiving goods and services and managing contracts and Accounts Payable payment processing activities. Accounting Services continues to work with vendors and Divisions to ensure that invoices received and internal processes allow for timely and accurate payments. This work includes ensuring invoices submitted have met the requirements of a complete 3-way match between order, receipt and invoice before payment can be made. As such, efforts continue to ensure that 80% of all invoices received are paid within 60 days.

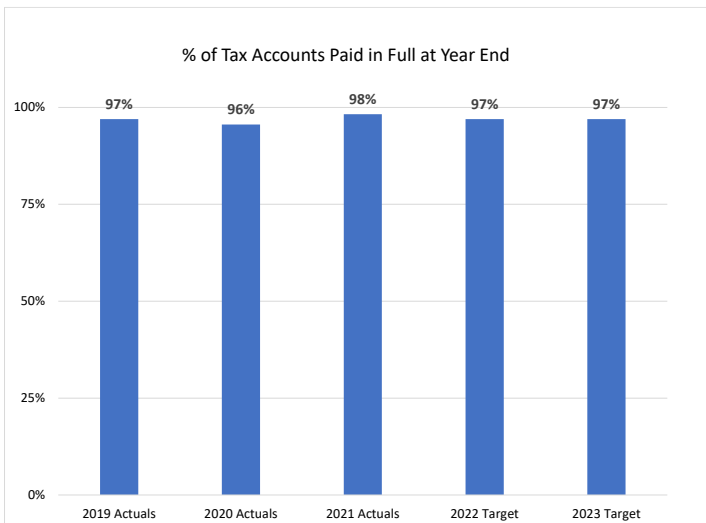


- Category Management & Strategic Sourcing (CMSS) continues to identify additional pipeline of strategic procurement opportunities that may have the potential to yield \$45 million in additional financial benefits for the City in 2023. Further explorations will take place in 2023 to identify opportunities and expand the reach of the program in future years through collaboration and partnerships between PMMD and City Divisions. The City also continues to lead the Co-operative Purchasing Group with the City's Agencies, Boards and Commissions to identify opportunities to collaborate on procurement needs to increase the collective purchasing power and obtain the best quality and price for all involved.

How Well We Are Doing – Behind the Numbers



- The objective is to minimize the total payroll payments by cheque and direct deposit through off-cycle process.
- For 2021 Actuals, the quantity of off-cycle payroll payments was anticipated to be significantly higher than 2020 due to the continuous COVID-19 impact. Time and attendance for redeployed staff not in their base role continued to be challenging as physical time sheets were used, resulting in manual processing.
- For 2022 Projected, PPEB anticipates the quantity of off-cycle payroll payments to drop from 2021 as a result of employees returning to their base positions after redeployment and decreased use of physical time sheets.
- For 2023 and 2024 Target, it is anticipated that the quantity of off-cycle payroll payments will continue to decline as vaccination rates increase and the nation's ability to navigate the pandemic increases. This, however, is subject to change as the landscape is fluid and can change rapidly.



- The percentage of tax accounts paid in full each year experienced a small reduction in 2020 as a direct result of economic pressures from COVID-19, however has since recovered with resumed collection processes.

How Well We Are Doing

| Service | Measure | 2020 Actual | 2021 Actual | 2022 Target | 2022 Projection | Status | 2023 Target | 2024 Target |
|---|---|-----------------------|-----------------------|------------------------------|--|--------|---|------------------------------|
| Outcome Measures | | | | | | | | |
| Procurement | # of days from the Requisition date to the Purchase Order/Blanket Contract Date | 133 | 105 | 110 | 110 | ● | 105 | 100 |
| Category Management & Strategic Sourcing | Strategic Sourcing Benefits (\$ million) | Phase I \$26.8 | Phase II \$17.4 | Phase II \$58.9 | Phase II \$81.7 Includes \$58.9 million closed, \$12.3 million in-flight, \$10.5 million to be explored | ● | Sustainment \$45.0 Includes \$39.9 million in-flight, \$5.1 million to be explored | TBD |
| 3 rd Party Payroll Payments & Compliance | Provide accurate 3rd party payments by due date 100% of the time with 100% accuracy | 100% | 100% | 100% | 100% | ● | 100% | 100% |
| Financial Reporting | Timely reporting of the City's consolidated, Sinking Fund and Consolidated Trust Fund statements to Committee and Council | Nov 30 | Jun 30 | Jun 30 | Jun 30 | ● | Jun 30 | Jun 30 |
| Accounting Policy and Advice | Development and publication of accounting policies and training support | No policies completed | No policies completed | Two policies before year end | Two policies before year end | ● | Two policies before year end | Two policies before year end |

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 |
|--|---|-------------|-------------|-------------|-----------------|--------|-------------|-------------|
| Outcome Measures | | | | | | | | |
| Employee Benefits & OMERS Pension Administration | Provide accurate benefit plans to full time active employees and retirees | 100% | 100% | 100% | 100% | ● | 100% | 100% |
| Benefit & Pension 3rd Party Payments & Compliance | Provide accurate 3rd party payments on time by due date 100% of the time with 100% accuracy | 100% | 100% | 100% | 100% | ● | 100% | 100% |
| City revenues are sustained through timely, accurate, reliable and flexible billing and collection for property taxes, water and sewer services, solid waste collection, parking tickets, Municipal Land Transfer Tax, Municipal Accommodation Tax and Vacant Home Tax | % of tax accounts paid in full at year-end | 96% | 98% | 97% | 97% | ● | 97% | 97% |
| Toronto residents and businesses have access to reliable, secure and convenient payment options | % Electronic Payments (Tax, Utility & Parking Tickets) | 96.0% | 96.2% | 97.0% | 97.0% | ● | 97.0% | 97.0% |
| Service Level Measures | | | | | | | | |
| Accounting Reconciliations | 100% completion of monthly bank reconciliations 30 days after month end | 80% | 100% | 100% | 100% | ● | 100% | 100% |

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 |
|---|--|--|--|--|--|--------|--|--|
| Service Level Measures | | | | | | | | |
| Payment Processing | 85% of invoice payments are made in 60 days | 81% | 81% | 85% | 80% | ● | 80% | 80% |
| Analysis & Compliance Journal Entry (JE) processing | Completion of General Ledger activities within posted deadlines and ensuring timely reporting of financial information | Posting within 48 hours of correct entry | Posting within 48 hours of correct entry | Posting Within 48 hours of correct entry | Posting within 48 hours of correct entry | ● | Posting within 48 hours of correct entry | Posting within 48 hours of correct entry |
| Procurement | Issuance of solicitation within 2-5 days from time of receipt of final approved document 100% of time | 100% | 100% | 100% | 100% | ● | 100% | 100% |
| Materials Management Store & Distribution | Material requests issued and delivered within 5 business days | 79% | 80% | 90% | 90% | ● | 95% | 99% |
| Employee Self Service | Employees using Employee Self Service | 16,000 | 16,000 | 18,862 | 18,862 | ● | 21,362 | Dependent on Office 365 |
| Supplier and Contract Management Center of Excellence | Establishment and oversight of a centralized supplier management and contract management centre of excellence | Not Applicable | In development | In development | In Development | ● | PMMD to start Phase 1 | PMMD to start Phase 2 |

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 |
|---|--|-------------|-------------|-------------|-----------------|--------|-------------|-------------|
| Other Measures | | | | | | | | |
| Materials Management & Store Distribution | Inventory Turnaround: Turn of inventory value at a rate of 4.25 times per year | 3.6 | 4.1 | 5.0 | 4.3 | ● | 4.5 | 4.5 |

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

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- The Office of the Controller successfully led the City of Toronto's multi-divisional Growth Funding Tools project and the collaborative efforts required to implement changes to the Development Charges By-law and the Community Benefits Charge By-law approved by City Council in July 2022.
- The Financial Systems Transformation Program (FSTP) team successfully completed the Design Phase of the Financial Systems Transformation Program. The Build Phase was initiated in October 2022 and will continue into 2024. This work will include applying the redesigned business processes as the blueprint for the system build, as part of the new SAP S4/HANA financial system.
- Accounting Services successfully led a City-wide initiative to recertify the City to PCI compliance requirements in collaboration with Technology Services Division and the Office of the Chief Information Security Officer (CISO).
- Purchasing & Materials Management achieved \$110 million in benefits in 2022 through Category Management from the Phase II strategic sourcing events, and continues to achieve ongoing benefits.
- Revenue Services successfully developed and launched the new Small Business Tax Class subclass for approximately 29,000 properties which provides a 15% reduction in the municipal tax rate for eligible small business properties, with the Province of Ontario matching a 15% reduction in the provincial education portion of property taxes.
- Revenue Services, in partnership with Technology Services Division, developed an online declaration portal to support the new Vacant Home Tax program which comes into effect in 2023.
- Payroll, Pension & Employee Benefits successfully expanded deployment of the Employee Self-Service portal to additional staff eligible for enrollment providing 24/7 on-demand access to pay statements; T4 slips; time balances, etc., saving the City mailing and distribution costs.

Key Challenges and Risks

Modernization

- FSTP continues to manage competing priorities, including recruitment and onboarding of priority resources. The project team will continue to engage subject matter experts and consult with Divisions as new processes, policies, and the new system are refined and deployed. As a part of this collaborative approach, FSTP will be mindful of impacts of engagement on Divisional staff, and constraints on the availability of subject matter experts due to other competing operational and strategic priorities across the organization.
- Financial Control and Process Improvement (FCPI) resources continue to be diverted to provide priority support to FSTP.
- Transitioning from stable on-premise applications to new cloud/hybrid applications while maintaining system availability continues to be a challenge.
- The stabilization of the Human Resources Information Systems (HRIS) SuccessFactors (SF) system of record is a challenge; PPEB will continue to use SAP and SF to complete its tasks, which will require operating within a risk management approach to administer employee data and manage system changes to ensure the continuous synchronization between both systems.
- Meeting implementation deadlines for new accounting standards – Asset Retirement Obligations (2023), Financial Instruments (2023) and Revenues (2024); significant material misstatements in the implementation of these standards could result in a qualified audit opinion for the City's financial statements, possibly impacting investor trust in the organization's financial results.
- PMMD's plans to implement an enhanced Social & Sustainable Procurement (Social & Climate Change), Policy, continue to identify additional savings opportunities through Category Management & Strategic Sourcing initiative and implement the Centre of Excellence on Contract & Supplier Management to build governance and support divisions to manage supplier and their contracts effectively.
- Move the Ariba transformation project to Procurement Systems & Support as a sustainment model to continue improving operational efficiency and Ariba tool utilization. Retain Ariba skilled temporary resources converting them to permanent FTEs. The sustainment system & support model require

consideration as part of the overall target operating model for the future state of Finance and Treasury services.

Enhancing Customer Service

- Due to the COVID-19 response, PPEB staff need to continue to provide support to Divisions to address any backlog associated with pay or benefits processing as well as in support of City's initiative to accelerate hiring through increased inquiries to Toronto Employee & Manager Central (TEAM).
- Challenging workload to continue to provide effective service to City Programs, Agencies, and Corporations as well as high priority initiatives or capital projects while supporting other key priorities for the corporation (e.g., organizational changes, budgeting, FSTP, COVID-19), etc.
- Increasing and maintaining staff with high financial acumen within Accounting Services in a highly competitive market for Chartered Professional Accountants (CPAs).
- Changing customer demographics and service delivery channels, i.e. the increased demand for automation, self-serve options and access via internet and social media while continuing to meet the demand from an aging customer base to maintain services via traditional modes (in-person, counter operations), continues to be a challenge.

Priority Actions

- As part of the City-wide Innovation Program, the Office of the Controller will continue to work with an external consultant to identify opportunities to streamline, digitalize and automate business processes across Finance and Treasury Services' Divisions as part of continuous improvement.
- The Financial System Transformation Program (FSTP) will proceed along its 24-month path to completion, and will refocus on converting business design concepts and requirements to reality, as the City's new core financial system is built and tested to make sure it meets business needs.
- In-line with modernizing finance processes and policies into a single standard 'one way' based on best practice, FSTP will identify opportunities for the City to realign its finance organization through partnerships and participation from stakeholders across the enterprise.
- Continue to work with the Indigenous Affairs Office, divisional clients and Indigenous partners to update the Honorarium Policy as part of the City's commitment under the Reconciliation Action Plan.
- Finalize and implement a commodity tax work plan that includes enhanced training and job aids for divisional finance staff in order to eliminate organizational risk, increase available rebates and ensure the City is "commodity tax audit ready".
- Complete the implementation of Asset Retirement Obligations and Financial Instruments accounting standards for financial statement reporting at December 31, 2023 and continue implementation efforts for Revenues Accounting standard for financial statement reporting at December 31, 2024.
- Implement an enhanced Social Procurement Policy.
- Develop and implement a Sustainable Procurement Policy in 2023 that aligns with the City's Environmental, Social, Governance goals.
- Review and refinement of the program criteria for the new Commercial Small Business Tax (sub-class).
- Expand digital service options for Electronic Service Delivery (for example, e-billing for property tax and utility accounts & online enrollment for preauthorized tax and utility payments).
- Implement the online self-declaration portal for the Vacant home Tax.
- Migrate the current parking ticket management/reporting systems to a new scalable platform to allow for new online products and services and efficiency improvements, as well as incorporate new functionality for Red Light Camera and Automated Speed Enforcement (ASE) offences.
- Continue to deploy Employee Self-Service portal to employees not yet enrolled and enhance self-service offerings to employees.
- Finalize the evaluation and subsequent negotiation for the procurement of Benefits Administration for Health, Dental, Long-term Disability (LTD), Group Life, Accidental death and dismemberment (ADD), Line of Duty Death (LODD – applicable to Fire Services), Employee Family Assistance Plan (EFAP) and Wellness Portal – with an estimated completion date of February 2023.

RECOMMENDATIONS

City Council adopted the following recommendations:

1. The 2023 Operating Budget for the Office of the Controller of \$101.357 million gross, \$59.638 million revenue and \$41.719 million net for the following services:

Service:

| | Gross Expenditures (\$000s) | Revenue (\$000s) | Net Expenditures (\$000s) |
|---------------------------------------|--|-----------------------------|--|
| Controllership | 14,668.9 | 14,013.8 | 655.1 |
| Financial Control Process Improvement | 1,493.2 | 0.0 | 1,493.2 |
| Accounting Services | 11,846.0 | 2,006.2 | 9,839.8 |
| Pension, Payroll & Employee Benefits | 18,946.9 | 4,586.9 | 14,360.0 |
| Purchasing & Materials Management | 18,753.3 | 4,363.4 | 14,390.0 |
| Revenue Services | 35,648.5 | 34,668.0 | 980.5 |
| Total Program Budget | 101,356.9 | 59,638.3 | 41,718.6 |

- The above includes a 2023 budgeted staff complement for the Office of the Controller of 833.0 positions comprised of 141.0 capital positions and 692.0 operating positions.
2. The 2023 Capital Budget for the Office of the Controller with cash flows and future year commitments totaling \$149.998 million as detailed by project in [Appendix 6a](#).
 3. The 2024-2032 Capital Plan for the Office of the Controller totalling \$10.950 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 | | | | | | | | |
| Controllership | 470.4 | 4,881.8 | 3,956.3 | 14,013.8 | | 14,013.8 | 10,057.5 | 254.2% |
| Financial Control & Process Improvements | | | | | | | | N/A |
| Corporate Financial Strategies & Policy | 547.0 | | | | | | | N/A |
| Accounting Services | 1,262.0 | 2,211.5 | 1,630.0 | 2,006.2 | | 2,006.2 | 376.2 | 23.1% |
| Pension, Payroll & Employee Benefits | 1,475.1 | 4,103.8 | 2,124.4 | 4,586.9 | | 4,586.9 | 2,462.5 | 115.9% |
| Purchasing & Materials Management | 4,171.6 | 3,547.8 | 3,439.9 | 4,363.4 | | 4,363.4 | 923.5 | 26.8% |
| Revenue Services | 29,760.2 | 30,188.6 | 29,842.7 | 34,668.0 | | 34,668.0 | 4,825.3 | 16.2% |
| Total Revenues | 37,686.3 | 44,933.5 | 40,993.3 | 59,638.3 | | 59,638.3 | 18,645.0 | 45.5% |
| Expenditures | | | | | | | | |
| Controllership | 1,522.9 | 6,174.4 | 4,855.0 | 14,668.9 | | 14,668.9 | 9,813.9 | 202.1% |
| Financial Control & Process Improvements | 1,050.6 | 1,443.2 | 888.7 | 1,493.2 | | 1,493.2 | 604.5 | 68.0% |
| Corporate Financial Strategies & Policy | 1,403.8 | 0.0 | | 0.0 | | 0.0 | 0.0 | N/A |
| Accounting Services | 8,146.6 | 11,685.2 | 8,924.1 | 11,846.0 | | 11,846.0 | 2,921.9 | 32.7% |
| Pension, Payroll & Employee Benefits | 15,251.9 | 17,645.4 | 15,938.2 | 18,446.7 | 500.1 | 18,946.9 | 3,008.7 | 18.9% |
| Purchasing & Materials Management | 16,223.6 | 17,943.9 | 17,292.7 | 17,826.3 | 927.0 | 18,753.3 | 1,460.6 | 8.4% |
| Revenue Services | 26,752.0 | 32,922.4 | 28,336.8 | 35,648.5 | | 35,648.5 | 7,311.8 | 25.8% |
| Total Gross Expenditures | 70,351.5 | 87,814.4 | 76,235.5 | 99,929.7 | 1,427.2 | 101,356.9 | 25,121.4 | 33.0% |
| Net Expenditures (including COVID-19) | 32,665.1 | 42,880.9 | 35,242.1 | 40,291.4 | 1,427.2 | 41,718.6 | 6,476.4 | 18.4% |
| Required COVID-19 Support | 2,070.6 | | 1,051.9 | | | | (1,051.9) | (100.0%) |
| Net Budget (Excluding COVID-19 supports) | 30,594.5 | 42,880.9 | 34,190.2 | 40,291.4 | 1,427.2 | 41,718.6 | 7,528.3 | 22.0% |
| Approved Positions** | 726.0 | 729.0 | N/A | 822.0 | 11.0 | 833.0 | 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 \$101.357 million gross reflect an increase of \$25.121 million in spending above 2022 projected year-end actuals, predominantly arising from:

- Increased salaries and benefits in 2023 due to filling of vacant positions which will be required to deliver on outcomes committed, cost of living adjustments and step increases for union staff (\$10.187 million);
- Additional 76 temporary positions for capital delivery (\$10.183 million);
- Additional 25 positions in Revenue Services to support the Vacant Home Tax program and other direct operating expenses funded by Vacant Home Tax revenues (\$3.176 million); and
- New/enhanced service requests, enabling investments in Sustainable Procurement, establishment of a Supplier Management & Contract Management Centre of Excellence, provision of Council and Executive Services for pension, payroll and benefits support (\$1.427 million).

EQUITY IMPACTS OF BUDGET CHANGES

The Office of the Controller's 2023 Operating Budget includes a new service request of \$0.516 million to advance the creation of a Sustainable Procurement policy, which has been analysed at the definition & planning stage for potential impacts on Indigenous and equity-deserving groups of Toronto. It is anticipated that the Sustainable Procurement policy will address existing barriers and positively impact Indigenous peoples' and racialized residents' and equity-deserving groups' access to economic development opportunities and access to training and/or

employment through City contracts with decolonized procurement processes and social procurement and workforce development requirements. This budget proposal's overall equity impact is high positive.

2023 OPERATING BUDGET KEY DRIVERS

The 2023 Operating Budget for the Office of the Controller of \$101.357 million gross is \$25.121 million or 33.0% higher than the 2022 Projected Actuals and \$6.476 million net greater than 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 | |
|--|-----------------|-----------------|-----------------|---------------------|------------------|-------------------------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | % |
| User Fees & Donations | 8,359.3 | 18,985.3 | 17,796.0 | 17,805.9 | 18,631.6 | 825.7 | 4.6% |
| Transfers From Capital | 2,641.0 | 2,456.1 | 8,809.1 | 6,876.6 | 18,745.5 | 11,868.9 | 172.6% |
| Contribution From Reserves/Reserve Funds | 3,302.1 | 2,175.6 | 2,286.7 | 666.9 | 5,936.1 | 5,269.2 | 790.1% |
| Sundry and Other Revenues | 759.2 | 772.8 | 1,779.8 | 1,382.2 | 1,974.5 | 592.3 | 42.9% |
| Inter-Divisional Recoveries | 13,119.1 | 13,296.5 | 14,261.8 | 14,261.7 | 14,350.6 | 88.9 | 0.6% |
| Total Revenues | 28,180.7 | 37,686.3 | 44,933.5 | 40,993.3 | 59,638.3 | 18,645.0 | 45.5% |
| Salaries and Benefits | 60,483.9 | 58,694.9 | 77,489.6 | 66,082.2 | 90,251.7 | 24,169.5 | 36.6% |
| Materials & Supplies | 360.0 | 49.3 | 222.4 | 212.1 | 198.2 | (13.9) | (6.6%) |
| Equipment | 231.5 | 278.5 | 123.0 | 236.2 | 288.4 | 52.2 | 22.1% |
| Service and Rent | 10,673.4 | 9,721.9 | 7,971.5 | 7,658.9 | 8,538.3 | 879.4 | 11.5% |
| Contribution To Capital | | | | 43.0 | | (43.0) | (100.0%) |
| Contribution To Reserves/Reserve Funds | 272.1 | 46.1 | 50.6 | 50.6 | 116.8 | 66.2 | 130.8% |
| Other Expenditures | 1,885.7 | 1,560.7 | 1,957.3 | 1,952.5 | 1,963.5 | 11.0 | 0.6% |
| Inter-Divisional Charges | 28.5 | | | | | | |
| Total Gross Expenditures | 73,935.1 | 70,351.5 | 87,814.4 | 76,235.5 | 101,356.9 | 25,121.4 | 33.0% |
| Net Expenditures | 45,754.3 | 32,665.1 | 42,880.9 | 35,242.1 | 41,718.6 | 6,476.4 | 18.4% |

*Projection based on 9 Month Variance

Key Base Drivers:

Salaries & Benefits:

Increase of \$24.170 million primarily due to:

- Additional 25 positions in Revenue Services in 2023 to support the Vacant Home Tax program (\$2.491 million) recoverable from Vacant Home Tax revenues, and 76 temporary positions for capital delivery (\$10.183 million), and annualization of positions filled part year 2022;
- Underspensing in 2022 associated with vacant positions, annualized impact of positions budgeted for part of the year in 2022 (\$9.369 million) and negotiated salary increase for union staff (\$0.818 million).

Services and Rents:

Increase of \$0.879 million primarily due to:

- Higher postage and printing costs associated with the Vacant Home Tax program (\$0.685 million).

Other Revenue Changes:

Increase of \$18.645 million primarily due to:

- Higher capital recoveries due to extension and addition of temporary capital positions for ongoing projects, and higher capital recoveries for capital positions which were vacant in 2022 but are anticipated to be filled in 2023 (\$11.869 million);
- Contribution from reserve funds for the implementation of the Vacant Home Tax program (\$3.176 million), and lower projected 2022 recovery from reserves/reserve funds (\$1.483 million) due to underspending; and
- Lower projected 2022 sundry and other revenues due to pausing of Late Payment and Vendor Discount revenue programs as a result of COVID-19 (\$0.400 million).

Offsets and Efficiencies:

Reductions of \$3.944 million gross and \$4.780 million net attributed to:

- Staff realignments and matching budget to expected actuals, which result in 8 position reductions and savings of \$3.944 million;
- Inflationary adjustment of 4.73% applied to User Fees is expected to generate an additional \$0.836 million in revenue.

New and Enhanced Service Priorities:

4 new/enhanced service requests totalling \$1.427 million in gross and net expenditures include:

- Establishment of a new Executive Services unit in PPEB with 3 new permanent positions to provide dedicated support to Director levels and above, including Councillors (\$0.356 million);
- Addition of 1 new permanent position in PPEB to be a single point of contact to provide strategic advice to benefits, payroll and pension policies to clients/stakeholders of other Divisions and Agencies (\$0.144M);
- Implementation of Council directed action for the establishment and oversight of a centralized supplier management and contract management Centre of Excellence with 4 new permanent positions, effective May 1, 2023 (\$0.411 million); and
- Addition of 3 new positions (2 permanent and 1 temporary, effective May 1, 2023 at \$0.251 million) and non-payroll expenses (\$0.265 million) in PMMD to advance the creation of a Sustainable Procurement policy, and more closely align procurement with the City's corporate and strategic priorities.

Note:

1. For additional information on 2023 key cost drivers please refer to [Appendix 2](#) for a summary of Affordability Measures and [Appendix 4](#) for the 2023 New and Enhanced Service Priorities, respectively.

2024 & 2025 OUTLOOKS**Table 3: 2024 and 2025 Outlooks**

| (\$000s) | 2023 Budget | 2024 Incremental Outlook | 2025 Incremental Outlook |
|---------------------------------|------------------|--------------------------------|--------------------------------|
| Revenues | | | |
| Revenue Changes | | (10,418.6) | (8,929.5) |
| Total Revenues | 59,638.3 | (10,418.6) | (8,929.5) |
| Gross Expenditures | | | |
| Salaries and Benefits | | (5,489.5) | (8,812.0) |
| Other expenditures | | 17.8 | 65.0 |
| Total Gross Expenditures | 101,356.9 | (5,471.7) | (8,747.0) |
| Net Expenditures | 41,718.6 | 4,946.9 | 182.5 |
| Approved Positions | 833.0 | (167.0) | (38.0) |

Key drivers

The 2024 Outlook with total gross expenditures of \$95.885 million reflects an anticipated \$5.472 million or 5.4% decrease in gross expenditures below the 2023 Operating Budget. The 2025 Outlook expects a further decrease of \$8.747 million or 9.1% below 2024 gross expenditures.

These changes arise from the following:

Salaries and Benefits

- Decrease in 2024 and 2025 mainly due to completion of capital work and ending of associated temporary capital positions.

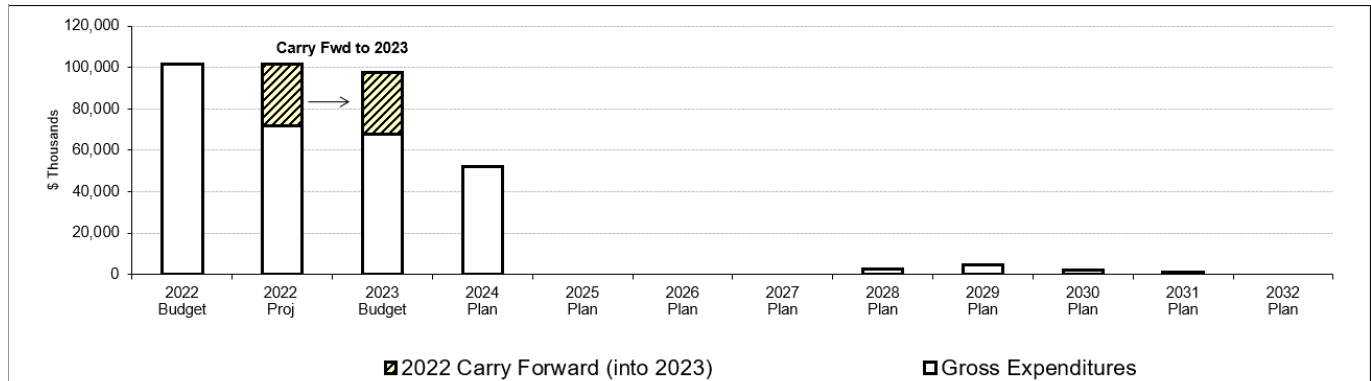
Revenue Changes

- Lower capital recovery due to reduced temporary capital positions as a result of completion of capital projects.

2023 – 2032 CAPITAL BUDGET AND PLAN

2023 – 2032 CAPITAL BUDGET & PLAN OVERVIEW

Chart 1: 10-Year Capital Plan Overview



■ 2022 Carry Forward (into 2023)

□ Gross Expenditures

| In \$000's | 2023 Capital Budget and 2024 - 2032 Capital Plan | | | | | | | | | | | | |
|--|--|------------------|---------------|---------------|------|------|--------------|--------------|--------------|--------------|------|------|--------------------|
| | 2022 | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | Total 10 Year Plan |
| | Budget | Projected Actual | | | | | | | | | | | |
| Gross Expenditures by Project Category: | | | | | | | | | | | | | |
| Health & Safety & Legislated | | | | | | | | | | | | | |
| SOGR | 6,336 | 2,136 | 3,000 | 4,336 | | | 2,775 | 4,575 | 2,340 | 1,260 | | | 18,286 |
| Service Improvement & Growth | 95,377 | 24,058 | 94,637 | 48,025 | | | | | | | | | 142,662 |
| Total by Project Category | 101,713 | 26,194 | 97,637 | 52,361 | | | 2,775 | 4,575 | 2,340 | 1,260 | | | 160,948 |
| Financing: | | | | | | | | | | | | | |
| Debt | 86,954 | 13,631 | 70,305 | 48,902 | | | 2,275 | 2,800 | 640 | 1,260 | | | 126,182 |
| Debt Recoverable | | | | | | | | | | | | | |
| Reserves/Reserve Funds | 2,871 | 700 | 25,152 | 3,459 | | | 500 | 1,775 | 1,700 | | | | 32,586 |
| Development Charges | | | | | | | | | | | | | |
| Provincial | | | | | | | | | | | | | |
| Federal | | | | | | | | | | | | | |
| Other Revenue | 11,888 | 11,863 | 2,180 | | | | | | | | | | 2,180 |
| Total Financing | 101,713 | 26,194 | 97,637 | 52,361 | | | 2,775 | 4,575 | 2,340 | 1,260 | | | 160,948 |

Changes to Existing Projects
(\$89.3 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 \$75.5 million in cash flow funding from 2022 (\$29.7 million to 2023 and \$45.8 million to 2024) for various projects.
- Inflationary increase of \$12.4 million in 2023 and \$1.4 million in 2024, respectively, for *Financial Systems Transformation Project*.

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; [Appendix 7](#) for Reporting on Major Capital Projects – Status Update; and [Appendix 8](#) for Capacity to Spend Review.

2023 – 2032 CAPITAL BUDGET AND PLAN

\$160.9 Million 10-Year Gross Capital Program

| |
|--|
|  |
| Information Technology |
| \$160.9 M 100% |
| <ul style="list-style-type: none"> • <i>Financial Systems Transformation</i> • <i>PPEB Transformation</i> • <i>Supply Chain Management Transformation</i> • <i>Parking Tag Management Software Update</i> • <i>Tax and Utility Billing Systems Modernization</i> • <i>eBilling Initiative</i> • <i>Revenue System Phase II</i> • <i>Payroll Platform Assessment</i> • <i>Parking Tag Management Software Replacement 2028</i> • <i>Tax Billing System Replacement 2028</i> • <i>Utility Billing System Replacement 2028</i> |

*Information above includes full project/sub-project 2023-2032 Budget and Plan cash flows.

How the Capital Program is Funded

| | |
|---------------------------------|-----------|
| City of Toronto | |
| \$160.9 M 100% | |
| Debt | \$126.2 M |
| Reserve / Reserve Fund | \$32.6 M |
| Other | \$2.2 M |

APPENDICES

Appendix 1

COVID-19 Impact and Recovery

| COVID-19 Impacts | In \$ Thousands | | | | |
|-------------------------------|-----------------|----------------|----------|-------|-----|
| | 2022 | | 2023 | | |
| | Budget | Projection* | Revenues | Gross | Net |
| Revenue Loss | | 100.0 | | | |
| Sub-Total | | 100.0 | | | |
| Expenditure Increase | | | | | |
| Charges for mailing pay stubs | | 592.7 | | | |
| Health and Safety supplies | | 31.1 | | | |
| Overtime | | 316.6 | | | |
| Security services | | 11.5 | | | |
| Sub-Total | | 951.9 | | | |
| Total COVID-19 Impact | | 1,051.9 | | | |

* 2022 Projection based on 9-month variance.

- There are no anticipated COVID-19 impacts in 2023.
- 2022 projection of \$1.052 million includes printing and postage for pay stubs, overtime, pause of Late Payment and Vendor Discount revenue programs, health and safety supplies and security guard for pandemic stockpile.

Appendix 2

2023 Affordability Measures

| (\$000s) | | | | | | | | | |
|--|------------------------------|---------------|--------------|------------------|------------------|--------------|--------------------|----------------|-----------|
| Recommendation | Savings Type | Equity Impact | 2023 | | | | 2024 (Incremental) | | |
| | | | Revenue | Gross | Net | Positions | Gross | Net | Positions |
| Position re-alignment and delay in filling vacancies | Vacancy Adjustments | None | | (3,944.4) | (3,944.4) | (8.0) | 2,823.1 | 2,823.1 | - |
| Inflationary impact on user fees | Revenue Increase (User Fees) | None | 835.5 | | (835.5) | | | | |
| Total Affordability Measures | | | 835.5 | (3,944.4) | (4,779.9) | (8.0) | 2,823.1 | 2,823.1 | - |

Appendix 3

Summary of 2023 Service Changes

N/A

Appendix 4

Summary of 2023 New / Enhanced Service Priorities Included in Budget

| Form ID | | Finance and Treasury Services Program - Office of the Controller | Adjustments | | | | 2024 Plan Net Change | 2025 Plan Net Change |
|----------|------------------|---|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Equity Impact | | Gross Expenditure | Revenue | Net | Approved Positions | | |

| | | | | | | | |
|-------|----------|--------------------------------|--|--|--|--|--|
| 27219 | | PMMD - Sustainment Procurement | | | | | |
| 74 | Positive | Description: | | | | | |

Two non-union wage grade 7 Policy Development Officers to facilitate policy projects, including those related to environmentally responsible procurement and decolonizing procurement and one temporary non-union wage grade 5.5 Toronto Urban Fellow to support projects related to social, environmental and Indigenous procurement.

Service Level Impact:

Environmentally responsible procurement There are currently no targets and no programming around Scope 3 GHG emission reductions. The budget request for these items will enable PMMD to establish a Scope 3 GHG emission baseline, collect supplier disclosures beginning in 2023 and set reduction targets beginning in 2024. Decolonizing procurement There is currently no Indigenous procurement policy or program and limited capacity to conduct a reconciliation audit. The budget request for these items will enable PMMD to improve divisional staff understanding of the Indigenous business landscape, develop reconciliation audit tools and begin the process of relationship building. By the end of 2023 a significant portion of the audit could be complete. Decolonized procurement processes could be implemented beginning in 2024. Policy and Program Planning team staffingCurrent service levels are operating at capacity. Enhanced staffing will enable the Policy and Program Planning team to take on more policy projects and advance key City strategies, including TransformTO and the Reconciliation Action Plan.

Equity Statement:

The Sustainable Procurement policy has been analysed at the definition & planning stage for potential impacts on Indigenous and equity-deserving groups of Toronto. Indigenous peoples' access to economic development opportunities and access to training and/or employment will be positively impacted. City procurements awarded to Indigenous businesses are currently very low in number and value. The procurement process is complex and presents numerous barriers to participation by Indigenous businesses. These include, but are not limited to, insufficient notice periods for upcoming procurements, long and complicated solicitation documents that privilege business that can afford regular legal counsel, bid bond requirements and requirements for immediate access to capital. Decolonizing procurement processes will remove barriers and create new economic opportunities for Indigenous businesses through City contracts. In addition, there are currently very few opportunities for Indigenous people to be employed through City contracts with social procurement and workforce development requirements. There are several barriers that limit opportunities, one of which is union labour requirements. The expanded Sustainable Procurement Policy will address barriers to employment and create new processes for Indigenous People to access employment through City contractsRacialized residents' access to economic development opportunities and access to training and/or employment will be positively impacted. While this budget business case is focused on decolonizing the procurement process in the context of the Reconciliation Action Plan, decolonized processes will have an indirect positive impact on Black and equity-deserving communities. While some barriers to accessing economic opportunities through City procurement are unique, many of the barriers identified by Indigenous businesses impact Black and equity-deserving communities as well, such as insufficient notice periods for upcoming procurements, long and complicated solicitation documents that privilege business that can afford regular legal counsel, bid bond requirements and requirements for immediate access to capital.

Service: PMM-Purchasing

| | | | | | | |
|--|--------------|------------|--------------|-------------|--------------|-------------|
| Total Approved Budget Changes: | 516.3 | 0.0 | 516.3 | 3.00 | 160.7 | 20.8 |
| Approved New/Enhanced Service Priorities: | 516.3 | 0.0 | 516.3 | 3.00 | 160.7 | 20.8 |

| | | | | | | | |
|-------|-----------|-------------------------------------|--|--|--|--|--|
| 27197 | | PMMD - Supplier & Contract Mgt. CoE | | | | | |
| 74 | No Impact | Description: | | | | | |

Funding of \$0.411 million for 4 permanent FTE positions are required to establish a standardized Supplier Governance framework & Compliance monitoring procedures for City's third party work contracted suppliers, manage the established contracts as well as the tools, templates required to manage the suppliers and monitor regular compliance reporting

Service Level Impact:

Currently, there is no current third party (supplier) governance framework and there no supplier & contract management centre of excellence within the City. Divisions are inconsistently managing contracts on their own without any organized central support and governance to follow on managing suppliers and contracts. Enterprise contracts exists that do not have a clear owner and are not effectively managed. A proposed approach to roll out Supplier Management and Contract Management Centre of Excellence will provide training to Divisions about supplier governance and have supplier managers follow the compliance to improve supplier & contract management, ensuring that future state will have better supplier compliance towards Audit requirements.

Equity Statement:

An equity analysis has been conducted and no equity impacts have been identified

Service: PMM-Purchasing

| | | | | | | |
|--|--------------|------------|--------------|-------------|--------------|------------|
| Total Approved Budget Changes: | 410.7 | 0.0 | 410.7 | 4.00 | 212.6 | 1.7 |
| Approved New/Enhanced Service Priorities: | 410.7 | 0.0 | 410.7 | 4.00 | 212.6 | 1.7 |

| | | | | | | | |
|--|---------------------------------------|---------------------|------------|--------------|-------------|------------|------------|
| 27221 | PPEB - Council and Executive Services | | | | | | |
| 74 | No Impact | Description: | | | | | |
| 3 permanent Operation Analyst positions. | | | | | | | |
| Service Level Impact: | | | | | | | |
| Current service level/standard: there is no dedicated staff for these sensitive issues and inquiries raised by executives and Councilors. Based on current process, executives and Councilors would contact Team Central or Operations team where unionized employees will respond to their inquiries. We currently have one Retiree On Call working on a part time basis specifically assigned to support this initiative. Future Service level/standard: PPEB will have a dedicated unit, Executive Services, with Operations Analysts who will provide specialized support, respond to inquiries, ensure that pension, payroll and benefits are processed accurately and on-time, and the onboarding and offboarding of staff at the level of directors and above | | | | | | | |
| Equity Statement: | | | | | | | |
| The Council and Executive Services budget proposal's overall equity impact is no impact. | | | | | | | |
| Service: PPEB-Employee & Retiree Benefit & OMERS Pension Compensation | | | | | | | |
| Total Approved Budget Changes: | | 17.8 | 0.0 | 17.8 | 0.15 | 0.1 | 0.1 |
| Service: PPEB-Payroll | | | | | | | |
| Total Approved Budget Changes: | | 338.6 | 0.0 | 338.6 | 2.85 | 1.3 | 1.4 |
| Approved New/Enhanced Service Priorities: | | 356.4 | 0.0 | 356.4 | 3.00 | 1.4 | 1.5 |

| | | | | | | | |
|---|--|---------------------|------------|--------------|-------------|------------|------------|
| 27223 | PPEB - Expand Pension and Benefits Policy & Program Mgm. | | | | | | |
| 74 | No Impact | Description: | | | | | |
| 1 permanent Management Consultant position. | | | | | | | |
| Service Level Impact: | | | | | | | |
| There is no dedicated resource to manage stakeholders and vendor contracts. By creating this position, there will be a single point of contact to provide strategic advice on benefits, payroll and pension policies to clients/stakeholders of other divisions and agencies. | | | | | | | |
| Equity Statement: | | | | | | | |
| The Expand Pension and Benefits Policy & Program Management budget proposal's overall equity impact is no impact. | | | | | | | |
| Service: PPEB-Employee & Retiree Benefit & OMERS Pension Compensation | | | | | | | |
| Total Approved Budget Changes: | | 47.4 | 0.0 | 47.4 | 0.33 | 0.1 | 0.1 |
| Service: PPEB-Non – OMERS Pension Plans | | | | | | | |
| Total Approved Budget Changes: | | 47.4 | 0.0 | 47.4 | 0.33 | 0.1 | 0.1 |
| Service: PPEB-Payroll | | | | | | | |
| Total Approved Budget Changes: | | 48.9 | 0.0 | 48.9 | 0.34 | 0.1 | 0.1 |
| Approved New/Enhanced Service Priorities: | | 143.7 | 0.0 | 143.7 | 1.00 | 0.3 | 0.4 |

Summary:

| | | | | | | | |
|--|--|----------------|------------|----------------|--------------|--------------|-------------|
| Approved New/Enhanced Service Priorities: | | 1,427.2 | 0.0 | 1,427.2 | 11.00 | 375.0 | 24.3 |
|--|--|----------------|------------|----------------|--------------|--------------|-------------|

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 |
|---|---|---------------|---------------|-----------|-----------|-----------|--------------|--------------|--------------|--------------|-----------|-------------------|------------------------------|---------------|---------------------------|
| CTR001 | Payroll Platform Assessment | 625 | | | | | | | | | | 625 | | | 625 |
| CTR002 | eBilling Initiative | 50 | | | | | | | | | | 50 | | | 50 |
| CTR002 | Financial Systems Transformation | 85,000 | 45,275 | | | | | | | | | 130,275 | | | 130,275 |
| CTR003 | Parking Tag Mgmt Software Upgrade | 1,966 | 750 | | | | | | | | | 2,716 | | | 2,716 |
| CTR004 | PPEB Transformation Program | 3,799 | | | | | | | | | | 3,799 | | | 3,799 |
| CTR005 | Revenue System - Phase II (Part 2) | 100 | | | | | | | | | | 100 | | | 100 |
| CTR006 | Supply Chain Management Transformation | 3,097 | 2,000 | | | | | | | | | 5,097 | | | 5,097 |
| CTR007 | Tax and Utility Billing Systems Modernization | 3,000 | 4,336 | | | | | | | | | 7,336 | 7,336 | | |
| CTR008 | Parking Tag Mgmt Software Replacement 2028 | | | | | | 500 | 800 | 440 | 1,260 | | 3,000 | | 3,000 | |
| CTR009 | Tax Billing System Replacement 2028 | | | | | | 1,775 | 2,000 | 200 | | | 3,975 | | 3,975 | |
| CTR010 | Utility Billing System Replacement 2028 | | | | | | 500 | 1,775 | 1,700 | | | 3,975 | | 3,975 | |
| Total Expenditures (including carry forward from 2022) | | 97,637 | 52,361 | | | | 2,775 | 4,575 | 2,340 | 1,260 | | 160,948 | | 18,286 | 142,662 |

*Information above includes full project / sub-project 2023-2032 Budget and Plan cash flows.

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 |
|--|---|---------------|---------------|------|------|------|------|------|------|------|------|-----------------------------------|---------------------|-----------------|--------------------|
| CTR001 | Payroll Platform Assessment | 625 | | | | | | | | | | 625 | 625 | | |
| CTR002 | eBilling Initiative | 50 | | | | | | | | | | 50 | 50 | | |
| CTR002 | Financial Systems Transformation | 85,000 | 45,275 | | | | | | | | | 130,275 | 116,507 | 13,768 | |
| CTR003 | Parking Tag Mgmt Software Upgrade | 1,966 | 750 | | | | | | | | | 2,716 | 2,716 | | |
| CTR004 | PPEB Transformation Program | 3,799 | | | | | | | | | | 3,799 | 3,799 | | |
| CTR005 | Revenue System - Phase II (Part 2) | 100 | | | | | | | | | | 100 | 100 | | |
| CTR006 | Supply Chain Management Transformation | 3,097 | 2,000 | | | | | | | | | 5,097 | 5,097 | | |
| CTR007 | Tax and Utility Billing Systems Modernization | 3,000 | 4,336 | | | | | | | | | 7,336 | 7,336 | | |
| Total Expenditure (including carry forward from 2022) | | 97,637 | 52,361 | | | | | | | | | 149,998 | 136,230 | 13,768 | |

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 |
|---------------------------|--|-----------|-----------|-----------|-----------|--------------|--------------|--------------|--------------|-----------|-------------------|------------------------------|---------------|---------------------------|
| CTR008 | Parking Tag Mgmt Software Replacement 2028 | | | | | 500 | 800 | 440 | 1,260 | | 3,000 | | 3,000 | |
| CTR009 | Tax Billing System Replacement 2028 | | | | | 1,775 | 2,000 | 200 | | | 3,975 | | 3,975 | |
| CTR010 | Utility Billing System Replacement 2028 | | | | | 500 | 1,775 | 1,700 | | | 3,975 | | 3,975 | |
| Total Expenditures | | | | | | 2,775 | 4,575 | 2,340 | 1,260 | | 10,950 | | 10,950 | |

Appendix 7

Reporting on Major Capital Projects: Status Update

| Division/Project name | 2022 Cash Flow | | | Total Project Cost | | Status | Start Date | End Date | | On Budget | On Time |
|--|--|-----------|-----------------|--------------------|--------------|-------------|------------|----------|---------|-----------|---------|
| | Appr. | YTD Spend | YE Projec Spend | Appr. Budget | Life to Date | | | Planned | Revised | | |
| Office of the Controllershship | | | | | | | | | | | |
| Financial Systems Transformation Project | 83,732 | 11,518 | 20,000 | 137,686 | 12,697 | Minor Delay | Jan-21 | Dec-23 | May-24 | Ⓜ | Ⓜ |
| Comments: | The project is preparing for Build Phase for early Fall 2022. Projected underspending is primarily attributed to longer than anticipated preparation to start the Build phase and the required pause in capital spending, pending confirmation of adequate 2022 COVID-19 intergovernmental support | | | | | | | | | | |
| Explanation for Delay: | Minor delay is due to refined planning process and re-planned implementation for the project pursuant to updated requirements. | | | | | | | | | | |

- On/Ahead of Schedule Ⓜ >70% of Approved Project Cost
- Minor Delay < 6 months Ⓜ Between 50% and 70%
- Significant Delay > 6 months Ⓜ < 50% or > 100% of Approved Project

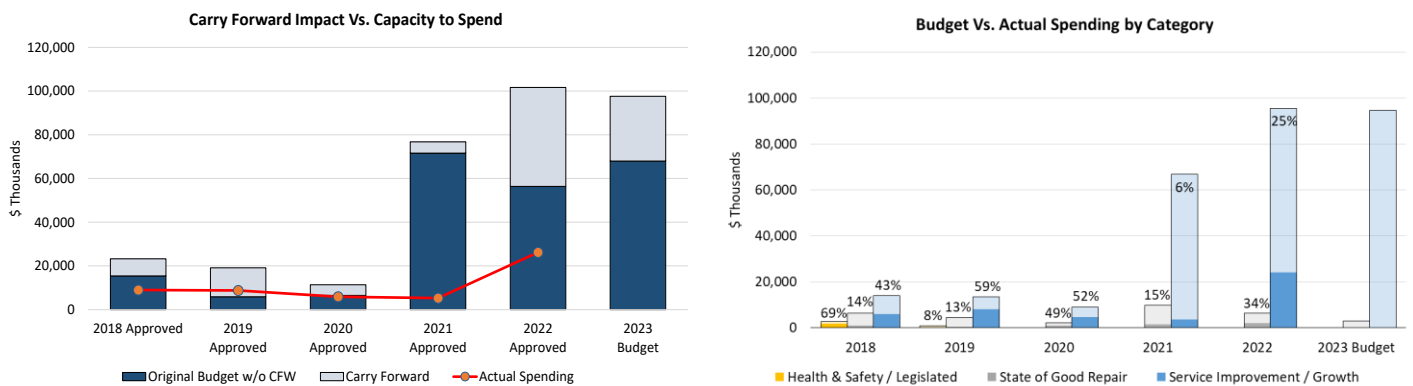
Appendix 8

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 Controller’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 and 2024 to complete capital work.

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, \$29.662 million in capital spending originally cash flowed in 2022 has been deferred to 2023, with an additional \$45.857 million deferred to 2024. Adjustments to the Capital Plan are noted below:

- Parking Tag Management Software Replacement project has been deferred from 2026 to 2028.
- Deferral of \$5.086 million out of \$60.711 million of previously committed capital spending for 2023 to 2024.

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 | | 521.6 | 524.1 | 455.9 |
| Vehicle Reserve - Purchasing & Materials | XQ1204 | | | |
| <i>Withdrawals (-)</i> | | | | |
| <i>Contributions (+)</i> | | 116.8 | 116.8 | 116.8 |
| Total Reserve / Reserve Fund Draws / Contributions | | 116.8 | 116.8 | 116.8 |
| Other Program / Agency Net Withdrawals & Contributions | | (114.3) | (185.0) | (35.2) |
| Balance at Year-End | | 524.1 | 455.9 | 537.5 |

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|--------------------|--------------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | 1,161,063.3 | 1,176,957.1 | 1,201,766.6 |
| Tax Rate Stabilization Reserve | XQ0703 | | | |
| <i>Withdrawals (-)</i> | | (468.2) | (469.4) | - |
| <i>Contributions (+)</i> | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | (468.2) | (469.4) | - |
| Other Program / Agency Net Withdrawals & Contributions | | 16,361.9 | 25,278.8 | 26,021.9 |
| Balance at Year-End | | 1,176,957.1 | 1,201,766.6 | 1,227,788.4 |

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|-----------------|----------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | 10,937.3 | 10,435.7 | 9,934.0 |
| Emergency Planning Reserve | XQ1406 | | | |
| <i>Withdrawals (-)</i> | | (397.7) | (397.7) | (397.7) |
| <i>Contributions (+)</i> | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | (397.7) | (397.7) | (397.7) |
| Other Program / Agency Net Withdrawals & Contributions | | (104.0) | (104.0) | (104.0) |
| Balance at Year-End | | 10,435.7 | 9,934.0 | 9,432.3 |

Corporate Reserve / Reserve Funds

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|------------------|------------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | 474,269.0 | 463,968.8 | 453,467.6 |
| Employee Retiree Benefit Reserve Fund | XR1002 | | | |
| <i>Withdrawals (-)</i> | | (1,050.8) | (1,050.8) | (1,050.8) |
| <i>Contributions (+)</i> | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | (1,050.8) | (1,050.8) | (1,050.8) |
| Other Program / Agency Net Withdrawals & Contributions | | (9,249.4) | (9,450.3) | (9,655.0) |
| Balance at Year-End | | 463,968.8 | 453,467.6 | 442,761.8 |

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|----------------|----------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | 8,130.7 | 4,475.2 | 4,562.5 |
| Innovation Reserve Fund | XR1713 | | | |
| <i>Withdrawals (-)</i> | | (277.2) | | |
| <i>Contributions (+)</i> | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | (277.2) | - | - |
| Other Program / Agency Net Withdrawals & Contributions | | (3,378.3) | 87.3 | 89.0 |
| Balance at Year-End | | 4,475.2 | 4,562.5 | 4,651.4 |

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|------------------|------------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | - | 41,673.2 | 92,464.6 |
| Vacant Home Tax RF | XR1733 | | | |
| <i>Withdrawals (-)</i> | | (3,176.3) | (3,291.5) | (3,376.5) |
| <i>Contributions (+)</i> | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | (3,176.3) | (3,291.5) | (3,376.5) |
| Other Program / Agency Net Withdrawals & Contributions | | 44,849.5 | 54,082.9 | 47,869.6 |
| Balance at Year-End | | 41,673.2 | 92,464.6 | 136,957.7 |

Corporate Reserve / Reserve Funds

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|-------------------|------------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | 521,575.6 | 579,985.5 | 525,725.3 |
| Dev Chgs RF - Transit | XR2109 | | | |
| <i>Withdrawals (-)</i> | | (89.7) | (89.7) | (89.7) |
| <i>Contributions (+)</i> | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | (89.7) | (89.7) | (89.7) |
| Other Program / Agency Net Withdrawals & Contributions | | 58,499.6 | (54,170.5) | (1,699.7) |
| Balance at Year-End | | 579,985.5 | 525,725.3 | 523,935.9 |

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|-------------------|-------------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | 433,207.1 | 501,538.1 | 416,314.3 |
| Dev Chgs RF - Roads & Related | XR2110 | | | |
| <i>Withdrawals (-)</i> | | (89.7) | (89.7) | (89.7) |
| <i>Contributions (+)</i> | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | (89.7) | (89.7) | (89.7) |
| Other Program / Agency Net Withdrawals & Contributions | | 68,420.7 | (85,134.1) | (85,798.5) |
| Balance at Year-End | | 501,538.1 | 416,314.3 | 330,426.2 |

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|-------------------|-------------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | 154,030.3 | 138,855.9 | 87,871.2 |
| Dev Chgs RF - Water | XR2111 | | | |
| <i>Withdrawals (-)</i> | | (92.5) | (91.7) | (91.7) |
| <i>Contributions (+)</i> | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | (92.5) | (91.7) | (91.7) |
| Other Program / Agency Net Withdrawals & Contributions | | (15,081.9) | (50,893.0) | (16,358.6) |
| Balance at Year-End | | 138,855.9 | 87,871.2 | 71,420.9 |

Corporate Reserve / Reserve Funds

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Withdrawals (-) / Contributions (+) | | |
|---|----------------------------------|-------------------------------------|------------------|------------------|
| | | 2023 | 2024 | 2025 |
| | | \$ | \$ | \$ |
| Beginning Balance | | 18,777.5 | 18,009.3 | 16,246.0 |
| Dev Chgs RF - Developmt Studies | XR2120 | | | |
| <i>Withdrawals (-)</i> | | (294.0) | (294.0) | (294.0) |
| <i>Contributions (+)</i> | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | (294.0) | (294.0) | (294.0) |
| Other Program / Agency Net Withdrawals & Contributions | | (474.2) | (1,469.2) | (1,231.0) |
| Balance at Year-End | | 18,009.3 | 16,246.0 | 14,721.0 |

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 |
| XR6003 & XR6004 Toronto Water & Waste Water Capital Reserve Funds | Beginning Balance | 1,133,305 | 1,095,539 | 886,152 | 658,025 | 484,738 | 341,367 | 252,166 | 166,830 | 94,293 | 100,913 | |
| | Withdrawals (-) | | | | | | | | | | | |
| | Utility Billing System | (1,178) | (1,602) | | | | | | | | | (2,780) |
| | Electronic Self Service Tax & Utility | | | | | | | | | | | - |
| | eBilling Initiative | (20) | | | | | | | | | | (20) |
| | Utility Billing System Replacement 2028 | | | | | | (392) | (1,393) | (1,334) | | | (3,119) |
| | Total Withdrawals | (1,198) | (1,602) | - | - | - | (392) | (1,393) | (1,393) | (1,334) | - | - |
| Contributions (+) | | | | | | | | | | | | |
| Total Contributions | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Program/Agency Net Withdrawals and Contributions | | (36,568) | (207,786) | (228,127) | (173,287) | (143,371) | (88,808) | (83,943) | (71,203) | 6,620 | 122,110 | (904,363) |
| Balance at Year-End | | 1,095,539 | 886,152 | 658,025 | 484,738 | 341,367 | 252,166 | 166,830 | 94,293 | 100,913 | 223,023 | |

| 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 |
| XR1404 Solid Waste Reserve Fund | Beginning Balance | 96,122 | 98,540 | 83,776 | 77,540 | 65,892 | 65,280 | 76,627 | 88,127 | 90,247 | 88,235 | |
| | Withdrawals (-) | | | | | | | | | | | |
| | Utility Billing System | (323) | (439) | - | - | - | - | - | - | - | - | (762) |
| | Electronic Self Service Tax & Utility | | | | | | | | | | | - |
| | eBilling Initiative | (5) | - | - | - | - | - | - | - | - | - | (5) |
| | Utility Billing System Replacement 2028 | - | - | - | - | - | (108) | (382) | (366) | - | - | (856) |
| | Total Withdrawals | (328) | (439) | - | - | - | (108) | (382) | (366) | - | - | (1,623) |
| Contributions (+) | | | | | | | | | | | | |
| Total Contributions | - | - | - | - | - | - | - | - | - | - | - | |
| Other Program/Agency Net Withdrawals and Contributions | | 2,746 | (14,325) | (6,236) | (11,648) | (612) | 11,455 | 11,882 | 2,487 | (2,012) | (34,711) | (40,975) |
| Balance at Year-End | | 98,540 | 83,776 | 77,540 | 65,892 | 65,280 | 76,627 | 88,127 | 90,247 | 88,235 | 53,524 | |

| 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 |
| XQ0709 Debt Stabilization Reserve | Beginning Balance | 232,028 | 178,617 | 148,394 | 112,328 | 71,037 | 22,147 | (31,633) | (93,445) | (163,079) | (240,752) | |
| | Withdrawals (-) | | | | | | | | | | | |
| | Financial Systems Transformation Project | (23,627) | (1,418) | | | | | | | | | (25,045) |
| | Total Withdrawals | (23,627) | (1,418) | - | - | - | - | - | - | - | - | (25,045) |
| | Contributions (+) | | | | | | | | | | | |
| Total Contributions | - | - | - | - | - | - | - | - | - | - | - | |
| Other Program/Agency Net Withdrawals and Contributions | | (29,784) | (28,805) | (36,067) | (41,291) | (48,890) | (53,780) | (61,812) | (69,634) | (77,673) | (85,583) | (533,319) |
| Balance at Year-End | | 178,617 | 148,394 | 112,328 | 71,037 | 22,147 | (31,633) | (93,445) | (163,079) | (240,752) | (326,335) | |

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).