

Analyst Briefing Notes

Administration Committee (January 5, 2006)

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Key Issues and Recommendations	N/A
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PART I: 2006 Operating Budget Overview

Table 1: 2006 Proposed Budget

	2005		2006 Proposed Operating Budget			Change 2006 Proposed from 2005 Budget		FY Incremental Outlook	
	2005 Approved Budget	2005 Proj Act.	2006 Proposed Base	2006 New Council Priorities	2006 Proposed Op. Bud.	\$	%	2007	2008
(In \$000s)	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	18,514.5	17,651.2	18,884.8	0.0	18,884.8	370.3	2.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0	N/A	0.0	0.0
NET EXP.	18,514.5	17,651.2	18,884.8	0.0	18,884.8	370.3	2.0	0.0	0.0
Approved Positions	183.0	183.0	183.0	0.0	183.0	0.0	0.0	0.0	0.0
TARGET			18,884.8						
\$ Over / (Under) Program Target			0.0						
% Over / (Under) Program Target			0.0%						

Executive Summary

- The 2005 projected year-end net expenditure of \$17.651 million is \$0.863 million or 4.7% below the net 2005 Approved Budget. This anticipated favourable variance at year-end is primarily due to under-spending in Councillors’ Staff salaries and benefits and Council Members’ Office expenses.
- The 2006 Proposed Budget for City Council of \$18.885 million net is comprised of Base funding only and is 2.0% higher than the 2005 Approved Budget.
- The 2006 Proposed Base Budget meets the 2% target of \$18.885 million.
- The 2006 Proposed Budget provides for merit increases up to 3% for the Councillors’ staff, and maintains the Councillors’ Office Budget at \$53,100 per office.
- Salary cost increases arising from Cost-of-Living Adjustments (COLA) is the key cost driver for this budget in 2006.
- There are no changes to the approved positions in 2006
- There are no new requests requested or approved in 2006.

Recommendations

It is recommended that the 2006 Proposed Operating Budget for City Council of \$18.885 million gross and net, comprised of the following services, be approved:

<u>Service:</u>	Gross <u>\$(000's)</u>	Net <u>\$(000's)</u>
Councillors' Salaries & Benefits	4,697.6	4,697.6
Councillors' Staff Salaries & Benefits	10,126.6	10,126.6
Councillors' Office Budget	2,256.4	2,256.4
Councillors' General Expenses	1,604.2	1,604.2
Integrity Commissioner's Office	200.0	200.0
	<hr/>	<hr/>
Total Program Budget	18,884.8	18,884.8
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PART II: BASE BUDGET

Section A: 2005 Budget Variance Analysis

Table 2: 2005 Budget Variance Review

	2004 Actuals	2005 Approved Budget	2005 Projected Actuals *	2005 Approved vs Projected Actuals Variance Over / (Under)	
(In \$000s)	\$	\$	\$	\$	%
GROSS EXP.	16,348.0	18,514.5	17,651.2	(863.3)	(4.7)
REVENUES	2.8	0.0	0.0	0.0	N/A
NET EXP.	16,345.2	18,514.5	17,651.2	(863.3)	(4.7)
Approved Positions	177.0	183.0	183.0	0.0	0.0

*Projected Actual expenditures to year-end based on Revised 3rd Quarter Variance Projections.

2005 Experience

Revised 3rd Quarter Variance projections indicate that the net 2005 Approved Budget will be under-spent by \$0.863 million at year end. This is primarily due to:

- Councillors’ Staff Salaries & Benefits are estimated to be under-spent by \$0.529 million due to some Council offices employing less than three (3) full time staff for their offices, as well as some positions being filled at less than maximum salaries, and
- Council Members’ Office Budget is estimated to be under-spent by \$0.247 million due to some Council offices not expending the full office budget allocation by year-end.

Impact of 2005 Operating Variance on 2006 Proposed Budget

The favourable 2005 Operating Budget will not have any direct financial impact on the 2006 Proposed Budget for the following reasons:

- Councillors’ Staff Salaries & Benefits budget continues to provide salaries and benefits for three (3) full time staff for each Councillor’s Office, budgeted at the maximum of the respective salary ranges, and
- Council Members’ Office Budget is maintained at \$53,100 per office.

Section B: 2006 Proposed Base Budget

Table 3: 2006 Proposed Base Budget

	2005 Approved Budget	2006 Requested Base	2006 Proposed Base	Change		FY Incremental Outlook	
				2006 Proposed Base v. 2005 Approved Budget		2007	2008
(In \$000s)	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	18,514.5	18,884.8	18,884.8	370.3	2.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	NA	0.0	0.0
NET EXP.	18,514.5	18,884.8	18,884.8	370.3	2.0	0.0	0.0
Approved Positions	183.0	183.0	183.0	0.0	0.0	0.0	0.0
NET TARGET			18,884.8				
\$ Over / (Under) Program Target			0.0				
% Over / (Under) Program Target			0.0%				

2006 Proposed Base Budget

- The 2006 Proposed Base Budget of \$18.885 million net is 2.0% over the City Council’s 2005 Approved Budget, and therefore meets the 2006 target.

2006 Key Cost Drivers

- Salary-related expenditures that include Cost-of-Living Adjustments (COLA) and increased costs of benefits are the key pressures in 2006 expenditures.

**Table 4: Summary of Proposed Base Budget Changes
From 2005 Approved Budget**

	Summary of 2006 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2007	2008
(\$000's)		\$	\$	\$	\$	\$
2005 Approved Operating Budget	177.0	18,006.8	0.0	18,006.8	0.0	0.0
In-year approvals and technical adjustments	6.0	507.7	0.0	507.7		
2005 Approved Operating Budget	183.0	18,514.5	0.0	18,514.5	0.0	0.0
Annualizations		107.2		107.2	59.0	60.9
Economic factors		263.1		263.1	534.1	440.2
Adjusted Base Budget	183.0	18,884.8	0.0	18,884.8	593.1	501.1
Other base changes						
Base revenue changes						
2006 Base Budget Request	183.0	18,884.8	0.0	18,884.8	593.1	501.1
Proposed Base Adjustments:						
Other base changes						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
Total Proposed Base Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
2006 Proposed Base Budget	183.0	18,884.8	0.0	18,884.8	593.1	501.1
2006 Program Operating Target	N/A	N/A	N/A	18,884.8		
% Over (Under) Program Target	N/A	N/A	N/A	0.0		
% Over (Under) 2005 Approved Budget	0.0	2.0	N/A	2.0		

Section C: 2006 Base Budget Issues**Key Issues / Recommendations**

There are no issues or recommendations associated with the 2006 Proposed Operating Budget for City Council.

Other Base Budget Changes

None

Service Level Changes

None

Revenue Changes

None

3 Year Operating Budget Overview

- It should be noted that City Council's future years' Operating Budgets could be impacted by changes arising from the implementation of the City's governance review and the new City of Toronto Act. However, any impact will not be known until later in 2006.

Issues Referred to 2006 Operating Budget Process

None

Outstanding Issues from 2005 and Prior Years

None