

Analyst Briefing Notes

Budget Advisory Committee (January 13, 2006)

PART I: 2006 OPERATING BUDGET OVERVIEW

| | |
|-------------------------|---|
| Executive Summary | 1 |
| Recommendations | 2 |

PART II: BASE BUDGET

| | |
|---|-----|
| Section A: 2005 Budget Variance Analysis | 3 |
| 2005 Experience | 3 |
| Impact of 2005 Operating Variance on 2006 Proposed Budget | 3 |
| Section B: 2006 Proposed Base Budget | 4 |
| 2006 Proposed Base Budget | 4 |
| 2006 Key Cost Drivers | 4 |
| Summary of Proposed Base Budget Changes from 2005 Approved Budget | 5 |
| Section C: 2006 Base Budget Issues | 6 |
| Key Issues and Recommendations | 6 |
| Issues Referred to 2006 Operating Budget Process | 6 |
| Outstanding Issues from 2005 and Prior Years | 6 |
| Appendix A: Summary of Proposed Service Level Adjustments | N/A |

PART III: NEW COUNCIL PRIORITIES

| | |
|---|-----|
| Section D: 2006 Proposed New Council Priorities | N/A |
| Summary of 2006 Proposed New Council Priorities | N/A |
| Key Issues and Recommendations | N/A |
| Appendix B: Summary of New Council Priority Services | N/A |

Contacts: Judy Broughton, Manager, Financial Planning Division
Tel: (416) 392-8393

Tom Perdakis, Financial Planning Analyst
Tel: (416) 397-4478

January 5, 2006

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. | 1,649.3 | 1,938.4 | 2,295.6 | 0.0 | 2,295.6 | 646.3 | 39.2 | 0.0 | 0.0 |
| REVENUE | 1,649.3 | 2,037.8 | 2,295.6 | 0.0 | 2,295.6 | 646.3 | 39.2 | 0.0 | 0.0 |
| NET EXP. | 0.0 | (99.4) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Approved Positions | 4.0 | 4.0 | 4.0 | 0.0 | 4.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TARGET | | | 0.0 | | | | | | |
| \$ Over / (Under) Program Target | | | 0.0 | | | | | | |
| % Over / (Under) Program Target | | | 0.0% | | | | | | |

Executive Summary

- 2005 Approved Gross Expenditures are projected to be \$0.289 million over budget at year end and revenues are anticipated to be \$0.389 million over-achieved at year end, resulting in a net surplus of \$0.099 million. This is mainly due to an increase to the grants and special projects budgets in the amount of \$0.350 million that was funded from the endowment capital fund and reflected as revenue in the 2005 projected actuals to year end.
- The 2006 Proposed Base Budget of \$2.296 million gross, \$0 net compared to the 2005 Approved Budget reflects a \$0.646 million (39.2%) gross expenditure increase and no net change. The gross expenditure increase of \$0.646 million consists of increased grants and special project funding of \$0.093 million and a Stabilization Fund Contribution of \$0.546 million.
- The 2006 Proposed Base Budget revenue increase of \$0.646 million is attributed to projections of higher investment performance of \$0.297 million and additional funding of \$0.350 million withdrawn from the endowment capital fund and added to revenues. The additional funding is to be allocated to grants and special projects.
- The 2006 approved positions of four staff has not changed from 2005.

Recommendations

It is recommended that the Toronto Atmospheric Fund 2006 Proposed Operating Budget of \$2.296 million gross and \$0.000 million net, comprised of the following service, be approved:

| <u>Service:</u> | Gross <u>(\$000's)</u> | Net <u>(\$000's)</u> |
|--------------------------|---------------------------|-------------------------|
| Toronto Atmospheric Fund | <u>2,295.6</u> | <u>0.0</u> |
| Total Program Budget | <u>2,295.6</u> | <u>0.0</u> |

| |
|-----------------------------|
| 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. | 1,314.8 | 1,649.3 | 1,938.4 | (289.1) | (17.5) |
| REVENUES | 1,642.8 | 1,649.3 | 2,037.8 | (388.5) | (23.6) |
| NET EXP. | (328.0) | 0.0 | (99.4) | 99.4 | 0.0 |
| Approved Positions | 4.0 | 4.0 | 4.0 | 0.0 | 0.0 |

*Projected Actual expenditures to year-end based on 3rd Quarter Variance Report

2005 Experience

Gross Expenditures are projected to be \$0.289 million over budget at year end and revenues are anticipated to be \$0.389 million over-achieved, resulting in a net surplus position of \$0.099 million. This is attributed to the following:

- In June of 2005, the Board approved an increase to the grants and special projects budgets in the amount of \$0.350 million. This was funded from the endowment capital fund and reflected as revenue in the 2005 projected actuals to year end. This amount represents a portion of grants and special projects budgets that were not spent during the years 2002 through to 2004.
- Additional funding of \$0.350 million was dispensed by way of grants and special projects, resulting in a net surplus of \$0.099 million. overspending of \$0.388 million.

Impact of 2005 Operating Variance on 2006 Proposed Budget

Increased funding for grants and special projects will be maintained into 2006, to be funded from increased investment income.

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. | 1,649.3 | 2,295.6 | 2,295.6 | 646.3 | 39.2 | 0.0 | 0.0 |
| REVENUE | 1,649.3 | 2,295.6 | 2,295.6 | 646.3 | 39.2 | 0.0 | 0.0 |
| NET EXP. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Approved Positions | 4.0 | 4.0 | 4.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NET TARGET | | | 0.0 | | | | |
| \$ Over / (Under) Program Target | | | 0.0 | | | | |
| % Over / (Under) Program Target | | | 0.0% | | | | |

2006 Proposed Base Budget

- The 2006 Proposed Base Budget of \$2.296 million gross, \$0 net compared to the 2005 Adjusted Budget reflects a \$0.646 million (39.2%) gross expenditure increase, a \$0.646 million revenue increase (39.2%) and no net change.
- The 2006 Proposed gross expenditure increase of \$0.646 million consists of increased administration costs of \$0.007 million, increased Grants and special project funding of \$0.093 million and a Stabilization Fund Contribution of \$0.546 million.
- The revenue increase of \$0.646 million is mainly due to an increase in projected investment income of \$0.297 million and \$0.350 million of additional funding withdrawn from the endowment capital fund and added to revenues. The additional funding is to be allocated to grants and special projects.

2006 Key Cost Drivers

- Increases in revenue will enable the Toronto Atmospheric Fund to provide increased support through grants and special projects and to make a contribution to the stabilization reserve. The 2006 Proposed Operating Budget is net zero.

**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 | 4.0 | 1,649.3 | 1,649.3 | 0.0 | 0.0 | 0.0 |
| In-year approvals and technical adjustments | 0.0 | 0.0 | 0.0 | 0.0 | | |
| 2005 Approved Operating Budget | 4.0 | 1,649.3 | 1,649.3 | 0.0 | 0.0 | 0.0 |
| Annualizations | 0.0 | 100.0 | 646.3 | (546.3) | | |
| Economic factors | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Adjusted Base Budget | 4.0 | 1,749.3 | 2,295.6 | (546.3) | 0.0 | 0.0 |
| Other base changes | 0.0 | 546.3 | 0.0 | 546.3 | | |
| Base revenue changes | 0.0 | 0.0 | 0.0 | 0.0 | | |
| 2006 Base Budget Request | 4.0 | 2,295.6 | 2,295.6 | 0.0 | 0.0 | 0.0 |
| Proposed Base Adjustments: | | | | | | |
| Other base changes | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Service efficiencies | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Revenue adjustments | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Minor service impact | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Major service impact | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Total Proposed Base Adjustments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | | | |
| 2006 Proposed Base Budget | 4.0 | 2,295.6 | 2,295.6 | 0.0 | 0.0 | 0.0 |
| 2006 Program Operating Target | N/A | N/A | N/A | 0.0 | | |
| % Over (Under) Program Target | N/A | N/A | N/A | 0.0 | | |
| % Over (Under) 2005 Approved Budget | 0.0 | 39.2 | 39.2 | 0.0 | | |

Section C: 2006 Base Budget Issues

Key Issues / Recommendations

Other Base Budget Changes

None

Service Level Changes

None

Revenue Changes

The 2006 Proposed revenue increase of \$0.646 million is comprised of \$0.350 million from the endowment capital fund and an increase in projected investment income of \$0.297 million.

3 Year Operating Budget Overview

The Toronto Atmospheric Fund has not provided a 3 year operating budget overview. This is due to the fluctuations in investment income and uncertainty of grant and project funding allocations.

Service Levels, Delivery, or Gap Issues

None

Issues Referred to 2006 Operating Budget Process

None

Outstanding Issues from 2005 and Prior Years

None