September 30, 1999, Operating Budget
Variance Report

(City Council on December 14, 15 and 16, 1999, amended this Clause by adding thereto the following:

"It is further recommended that:

(a) the report requested of the Chief Financial Officer and Treasurer by the Policy and Finance Committee pertaining to the motion by Councillor Chong, as outlined in Part (2) of the actions of the Committee, be submitted to the next meeting of Council, through the Policy and Finance Committee, viz.:

'The Policy and Finance Committee reports, for the information of Council, having:

(2) referred the following motion by Councillor Gordon Chong on behalf of Councillor Oliver Chow, to the Chief Financial Officer and Treasurer for report thereon to Council for its meeting scheduled to be held on December 14, 1999:

Moved by Councillor Gordon Chong on behalf of Councillor Olivia Chow:

"(1) That consideration of Recommendation No. (3) embodied in the report dated December 1, 1999 from the Chief Financial Officer and Treasurer be deferred; and that $5 million be used to lever funds from the Province to deal with the various cost sharing issues in early childhood development programs; and

(2) that the Chief Financial Officer and Treasurer be requested to provide a report to the Budget Advisory Committee and the Policy and Finance Committee in January, 2000, listing all existing reserve accounts, its expenditure in 1998, 1999 and projection in 2000.";'; and

(b) Council reiterate its direction made for the 1999 Fire Services Operating Budget with respect to savings being found as a result of reduced absenteeism, such direction to continue for the year 2000 Fire Services Operating Budget.")

The Policy and Finance Committee recommends the adoption of the following report (December 1, 1999) from the Chief Financial Officer and Treasurer.

The Policy and Finance Committee reports, for the information of Council, having:

(1) requested the Chief Administrative Officer and the Chief Financial Officer and Treasurer and the City Auditor, if necessary, to report to the Policy and Finance Committee on the

over-expenditure in the Economic Development Culture and Tourism Department, such report outlining what went wrong respecting the over expenditure, why it occurred and what is going to be done to correct it; and

(2) referred the following motion by Councillor Gordon Chong on behalf of Councillor Oliver Chow, to the Chief Financial Officer and Treasurer for report thereon to Council for its meeting scheduled to be held on December 14, 1999:

Moved by Councillor Gordon Chong on behalf of Councillor Olivia Chow:

"(1) That consideration of Recommendation No. (3) embodied in the report dated December 1, 1999 from the Chief Financial Officer and Treasurer be deferred; and that $5 million be used to lever funds from the Province to deal with the various cost sharing issues in early childhood development programs; and

(2) that the Chief Financial Officer and Treasurer be requested to provide a report to the Budget Advisory Committee and the Policy and Finance Committee in January, 2000, listing all existing reserve accounts, its expenditure in 1998, 1999 and projection in 2000."

The Policy and Finance Committee submits the following report (December 1, 1999) from the Chief Financial Officer and Treasurer:

Purpose:

To provide an overview of the gross and net expenditure position of the City of Toronto for the first nine months of operation ended September 30, 1999, and to identify the resulting funding issues for the full year 1999. The report includes an analysis of significant net expenditure variances and year-end projections by City programs and special purpose bodies.

Financial Implications and Impact Statement:

The financial results as of September 30, 1999 indicate that the overall expenditure level of the City of Toronto is within the approved budget for City departments, special purpose bodies and corporate accounts. The City's projected operating surplus at year-end will be $32.2 million or 1.3 percent of the budget. However, Council approved and proposed reserve fund transfers of $37.4 million for Community and Neighbourhood Services purposes, would produce a year end deficit of $5.2 million. Council has already approved a transfer of $10.0 million from the Winter Control Stabilization Reserve Fund. Utilization of the remaining $6.5 million available in this fund would result in an operating surplus of $1.3 million for 1999, a reduction of $42.3 million from 1998 surplus levels. The $42.3 million is a 97 percent reduction in operating surplus from 1998, and will cause significant pressure on the 2000 Operating Budget.

City operations project a year-end net over expenditure of $19.4 million or 1.4 percent after approved and proposed transfers to reserves. Special purpose bodies project a year-end net over expenditure of $6.6 million or 0.8 percent. Corporate accounts are expected to end the

year with a net $13.3 million or 5 percent under expenditure. In addition, slightly higher than budgeted tax revenues of $7.6 million or 0.3 percent will help offset these over expenditures. However, the projected 1999 year end position is a deficit of $5.2 million after approved and proposed reserve fund transfers.

Recommendations:

It is recommended that:

(1) the operating variance report for period ending September 30, 1999 be received for information;

(2) the remaining $6.5 million available in the Winter Control Stabilization Reserve Fund be transferred to the Transportation program;

(3) the proposed transfer of $18.0 million to the Social Services Reserve Fund not be made unless the year end position improves; and

(4) the technical adjustments to the 1999 Operating Budget as outlined in Appendix E, be approved.

Comments:

Overview:

The September 1999 variance report shows net year-to-date under expenditures of $55.6 million or 3.0 percent of budget, with a significant component of that under expenditure accounted for by timing differences between disbursements and revenues. Where significant, the variances are addressed in the commentary on individual programs.

The attached Schedules A, B and C reflect gross expenditures, gross revenues and net expenditures by program. Schedule D outlines the status of staff reduction in amalgamating programs that have been achieved through corporate restructuring. Schedule E outlines the technical adjustments to the 1999 Operating Budget.

The year-end picture is not good. City programs are projecting a year-end net over expenditure of $19.4 million or 1.4 percent after approved and proposed transfers to reserves, and special purpose bodies are projecting a year-end over expenditure of $6.6 million or 0.8 percent. Higher corporate revenues and marginally higher tax revenue are offsetting these over expenditures. A year end deficit of $5.2 million is projected after approved and proposed reserve fund transfers.

	Variances ($ Millions)			
	Sept. 30, 1999 Over / (Under)		Projected Y E 1999 Over / (Under)	
	Gross	Net	Gross	Net
(1) Community and Neighbourhood Services	(127.5)	(39.3)	(113.1)	(15.5)
(2) Works and Emergency Services	19.2	28.8	31.9	29.3
(3) Economic Development, Culture and Tourism.	(4.6)	6.5	2.8	8.4
(4) Urban Planning and Development Services	(5.4)	(4.6)	0.5	0.0
(5) Corporate Services	(10.0)	4.7	2.1	0.2
(6) Finance	(5.6)	(4.0)	(1.0)	(1.0)
(7) Other	7.4	(2.3)	(2.0)	(1.9)
(8) Special Purpose Bodies	(1.0)	2.0	11.4	6.6
(9) Corporate Accounts	(51.6)	(47.4)	(7.9)	(13.3)
(10) Assessment Gain	N/A	N/A	N/A	(7.6)
Total Variance	(179.2)	(55.6)	(75.2)	5.2

(1) Community and Neighbourhood Services:

The department is projecting net year-end under expenditures of $52.9 million. This is comprised of net under spending of $34.1 million in Social Services, $12.6 million in Homes for the Aged, $3.6 million in Shelter, Housing and Support, $2.4 million in Children's Services and $0.2 million in Social Development and Administration. However, Council approved and projected year-end reserve allocations of $37.3 million reduce the department's under spending to $15.5 million.

(2) Works and Emergency Services:

Works and Emergency Services is projecting a net year end over expenditure of $29.3 million as a result of:

(a) $1.6 million in Toronto Ambulance Services which is solely due to an anticipated revenue shortfall in the allocated Ministry of Health funding announced last March;

(b) $2.5 million in Fire Services. The program has indicated that it will not be able to meet the assigned gapping target of $1.3 million or savings from reduced absenteeism of $850,000.00 as directed by Council. In addition, costs due to the recruitment of 62 firefighters in November will add $340,000.00 to 1999 costs;

(c) $26.7 million in Transportation. The January 1999 winter storm resulted in extraordinary costs of $38.0 million in Transportation's operating budget. Council recently approved a transfer of $10.0 million from the Winter Stabilization Reserve Fund to partly address this over expenditure; and

(d) these over expenditures are partially offset by a net under expenditure of $1.5 million in Solid Waste Management.

(3) Economic Development, Culture and Tourism:

Economic Development, Culture and Tourism is projecting a net over expenditure of $8.4 million at year-end due to overspending in the Parks and Recreation program. The program's Salaries and Benefits budget is projected to be overspent by $4.4 million due to delays in the implementation of restructuring targets, and the program anticipates a revenue shortfall of $4.0 million by the end of 1999.

(4) Urban Planning and Development Services:

The department projects to be on budget at year-end.

(5) Corporate Services:

Corporate Services is projecting a net over expenditure of $0.2 million at year-end. A $1.0 million over expenditure in Facilities and Real Estate is offsetting projected net under expenditures in Corporate Communications ($0.3 million), Clerks ($0.3 million) and Legal ($0.2 million.) The projected year-end over expenditure in Facilities and Real Estate is largely the result of lease reductions not realized as projected and delays in the implementation of the 1998 downsizing plan.

(6) Finance:

The Finance department is projecting a year-end net under expenditure of $1.0 million.

(7) Other

This category includes the CAO's Office, Mayor's Office and Council. The Mayor's Office anticipates to be on budget at year-end. Council is projecting a net under expenditure of $1.6 million while CAO's office forecasts to be $0.3 million below budget.

(8) Special Purpose Bodies:

The following Special Purpose Bodies account for the projected year-end net over expenditure of $6.6 million:

(a) the Toronto Police Service ($7.7 million): Factors contributing to this over expenditure include: reclassification progression of $1.7 million, separation and hiring impacts for $2.7 million, premium pay increases of $1.8 million primarily relating to the Kosovo Crisis and Use of Force initiatives, revenue decreases of $0.8 million, and increased vehicle reserve contribution of $0.7 million.

(b) the Toronto Zoo ($1.3 million): This is primarily due to a revenue shortfall caused by poorer attendance in 1999 as a result of the hot summer and lower school group admissions.

(c) Public Health projects a net under expenditure of $1.6 million due to the over achievement of general gapping, lower spending on non-salary items and the Ontario Works Dental Program and the delayed implementation of harmonization proposals.

(d) other Special Purpose Bodies are reporting net under expenditures totalling $0.9 million. The variances are addressed in the individual program reviews.

(9) Corporate Accounts:

Corporate Accounts are projected to be under budget by $13.3 million at year end. Non-program expenditures are projected to be under budget by $7.9 million mainly due to under spending in Corporate Contingency. Non-Program Revenues are expected to be over achieved by $5.4 million due to various factors that are addressed in detail in the commentary on Non-Program revenues.

(10) Assessment Gain:

1999 tax revenues are projected to be marginally higher than budget reflecting a small gain of $7.6 million or 0.3 percent in assessment.
Net Expenditure Variances: June Projection Vs September Projection:

The table below summarizes the changes in the 1999 projected year end net position from the June Variance report as compared to the September Variance report. The favourable variance in Community and Neighbourhood Services has decreased by $11.1 million mainly as a result of an increase in proposed reserve fund transfers. The unfavourable variance in Works and Emergency Services has been reduced by $9.9 million as a result of the approved transfer of funding from the Winter Control Stabilization Reserve Fund of $10 million. The unfavourable variance in Economic Development, Culture and Tourism has increased by $7.9 million due to projected over expenditures in Parks and Recreation. The unfavourable variance in Special Purpose Bodies has been reduced by $5.2 million mainly due to improved year end projections in Public Health of $1.6 million and the Toronto Transit Commission of $3.3 million. The favourable variance in Corporate Accounts has been reduced by $11.3 million due to revised revenue estimates for Payments in Lieu of Taxes. Overall, the year end projection has changed from a net surplus of $8.3 million at June 30, 1999 to a net deficit of $5.2 million at September 30, 1999.

	Year End Net Variances ($ Millions)	
	June Projection Over/(Under)	September Projection Over/(Under)
(1) Community and Neighbourhood Services	(26.6)	(15.5)
(2) Works and Emergency Services	39.2	29.3
(3) Economic Development, Culture and Tourism	0.5	8.4
(4) Urban Planning and Development Services	0.0	0.0
(5) Corporate Services	(0.2)	0.2
(6) Finance	(0.6)	(1.0)
(7) Other	(1.6)	(1.9)
(8) Special Purpose Bodies	11.8	6.6
(9) Corporate Accounts	(24.6)	(13.3)
(10` Assessment Gain	(6.2)	(7.6)
Projected Year End Variance	(8.3)	5.2

Discussion of Variances by Program

A detailed discussion of the program variances, by department, follows.

(1) Community and Neighbourhood Services:

		Variances ($ Millions)			
		Sept. 30, 1999 Over / (Under)		Projected Y E 1999 Over / (Under)	
		Gross	Net	Gross	Net
(a)	Children's Services	(10.9)	(2.1)	(0.8)	(2.4)
(b)	Homes for the Aged	(2.1)	(11.0)	(1.5)	(12.6)
(c)	Shelter, Housing and Support	(6.9)	(6.1)	(2.7)	(3.6)
(d)	Social Development and Administration	(1.0)	(0.6)	(0.2)	(0.2)
(e)	Social Services	(109.2)	(25.6)	(147.1)	(34.1)
(f)	Toronto Housing Company	(3.4)	0.0	1.8	0.0
	Total variance	(133.5)	(45.4)	(150.5)	(52.9)
	Less: Projected Contributions to Reserves:				
	Child Care Capital Reserve	0.0	0.0	0.8	0.8
	Social Services Reserve Fund	0.0	0.0	18.0	18.0
	Homes for the Aged Capital Reserve	0.0	0.0	5.5	5.5
	National Child Benefit Reserve Fund	4.5	4.5	6.1	6.1
	Mayor's Homeless Initiative Reserve Fund	0.0	0.0	5.0	5.0
	Employment Placement Reserve Fund	1.5	1.5	2.0	2.0
	Total Contributions to Reserves	6.0	6.0	37.4	37.4
	Net Variance	(127.5)	(39.4)	(113.1)	(15.5)

(a) Children's Services:

Children's Services program reports a year-to-date gross under-expenditure of $10.9 million or 6.1 percent. This is attributable to under expenditure in: purchased services $9.2 million, (of which $7.8 million relate to delays in spending for the Provincial Downloaded Programs); $0.4 million in Directly Operated Childcare; $0.5 in Private Home Providers; $0.5 in the Contract Quality and Compliance Unit and $0.3 in Service Access Management and Divisional Offices resulting from vacancies in the Service Planning Unit and the timing of expenditures in the Systems Unit compared to budget.

The year-to-date under expenditure of $2.1 million or 7.8 percent is primarily due to additional cost sharing of Administrative Programs and excess user fees.

The program reports a year-end gross under expenditure of $0.8 million primarily due to under-expenditure in salaries. The favourable net under-expenditure of $2.4 million is due to excess user fees and the increased Provincial cost sharing of Administrative Programs, (effective July 1, 1999), at 80/20 instead of 50/50 as budgeted. The excess user fee revenue of $0.8 million will be transferred to the Child Care Capital Reserve approved by Council.

(b) Homes for the Aged:

The year-to-date under-expenditures are $2.1 million gross or 2.2 percent and $11.0 million net or 67.6 percent. The gross variance is mainly a result lower salaries. The net variance is mainly due to the one-year extension of transition subsidy funding which will cease on December 31, 1999.

The program is projecting a $1.5 million gross or 1.2 percent expenditure variance and a $12.6 million or 55.0 percent net under-expenditure variance at year-end. The under-expenditure is mainly related to the one-time extension of transitional funding from the Province.

It is recommended that $5.5 million of the transitional funding be transferred to the Homes for the Aged Capital Reserve, which was established by Council on October 1, 1998. This Reserve is used by the Program to fund minor capital projects, which are no longer co-funded by the Ministry of Health as a result of the Province changing their capital funding policy.

(c) Shelter Housing and Support:

Shelter Housing and Support reports year-to-date favourable gross and net expenditures of $6.9 million and $6.1 million respectively. This is mainly attributable to the timing of provincial billings respecting Social Housing versus budget allocation.

The program is forecasting a year-end favourable gross under-expenditure variance of $2.7 million or 0.7 percent and a favourable net under-expenditure variance of $3.6 million or 1.3 percent. This is mainly attributable to an over-expenditure of $7.0 million gross and $3.7 million net for Hostel Services to accommodate the additional 130,414 bednights projected for the year-end, (projected actual 1,566,471 versus budget of 1,436,057). This is offset by projected under-expenditures for the Provincial Downloading regarding Social Housing of $9.8 million gross and $7.4 million net. From the $7.4 million Provincial Downloading savings, $5.0 million has been approved for transfer to the Mayor's Homeless Initiative Reserve Fund.

(d) Social Development:

Social Development and Administration reports a year-to-date favourable gross expenditure of $1.0 million or 13.5 percent. This is comprised of $0.5 million in payroll costs attributable to delay in filling vacancies, $0.5 in non-payroll costs due to timing in processing suppliers invoices ($0.25 million) and the inter-departmental transfer to Social Development and Administration by Council of the Youth Outreach and Toronto Jobs Corp program ($0.25 million). The year-to-date net favourable under-expenditure of $0.6 million 18.7 percent is primarily due to the foregoing under expenditures and unbudgeted miscellaneous revenues.

The program reports a year-end gross saving of $0.2 million or 2.0 percent comprising of salaries ($0.125 million) and non-payroll ($0.075). The year-end net under-expenditure is projected at $0.161 million.

(e) Social Services:

The year-to-date favourable gross variance of $109.2 million or 14.2 percent is mainly due to lower expenditures for the following items:

(i) Municipal Caseload to date (year-to-date average monthly cases 71,041 actual vs. 74,195 budget) ($50.2 million);

(ii) Transfer Caseload as result of a lower amount of cases transferred to-date from the Province ($36.2 million);

(iii) Provincial billings for Ontario Disability Support Program (ODSP) and Mandatory Benefits Programs ($9.7 million);

(iv) Ontario Works Program as a result of under utilization of the budget due to the lower caseload ($7.4 million); and

(v) Program delivery ($4.6 million).

The corresponding year-to-date net favourable variance is $25.6 million or 13.3 percent, of which $4.5 million and $1.5 million will be set aside for the National Child Benefit Supplement (NCBS) and Employment Placement Savings reserve funds respectively, which was established in 1998.

The Division is projecting a year-end favourable gross expenditure variance of $147.1 million or 13.8 percent. This is primarily comprised of under-expenditures for the following items:

(i) Municipal Caseload due to lower than budget average of cases (70,461 vs. 74,500) ($69.9 million) and program delivery ($8.2 million);

(ii) Transferred Caseload with fewer than budgeted Provincial Transferred Cases (11,500 vs. 14,000) ($46.4 million);

(iii) ODSP and Mandatory Benefit Program with lower Provincial billings ($12.2 million);

(iv) Ontario Works Program with lower caseloads ($9.0 million) and

(v) Program Delivery ($8.2 million).

The corresponding projected net-expenditure variance is $34.1 million or12.8 percent of which $18.0 million is projected to be transferred to the Social Assistance Stabilization Reserve Fund, $6.1 million for the National Child Benefit Supplement (NCBS) and $2.0 million for the Employment Placement Savings reserve fund.

(f) Toronto Housing Company:

Toronto Housing reports a year-to-date favourable gross expenditure of $3.4 million or 1.8 percent. This is attributable to favourable mortgage renewal rates and shared services restructuring.

Toronto Housing is projecting an unfavourable year-end gross over-expenditure of $1.8 million. This is primarily due to the provision of unbudgeted cable television costs, ($4.6 million) and the unbudgeted acquisition of two new non-profit projects in November, ($0.7 million). This is fully offset by Cable television fees and Provincial funding for the two new non-profit projects.

Toronto Housing Company is projecting savings of $1.1 million from downsizing, and $2.3 million from consolidation of office spaces and information systems from amalgamation of former MTHCL and City Home. This however will be offset by a reduction in Provincial subsidy revenue. The year-to-date and year end net expenditure variance is zero as Provincial subsidy revenue matches gross expenditures.

(2) Works and Emergency Services (tax supported operations):

		Variances ($ Millions)			
		Sept. 30, 1999 Over / (Under)		Projected Y E 1999 Over / (Under)	
		Gross	Net	Gross	Net
(a)	Ambulance Services	(0.2)	0.8	0.0	1.6
(b)	Solid Waste Management	(1.8)	(5.2)	(0.3)	(1.5)
(c)	Fire Services	(6.0)	(6.1)	2.5	2.5
(d)	Transportation	30.8	34.5	26.5	26.7
(e)	Works – Support Services	0.9	1.6	2.2	0.0
(f)	Works – Technical Services	(4.4)	3.1	1.1	0.0
	Total Variance	(19.2)	28.8	31.9	29.3

(a) Ambulance:

Ambulance Service projects the full year gross expenditures to be within budget. However, a revenue shortfall in the allocated Ministry of Health funding announced last March to Toronto Ambulance and Public Health may materialize and result in the net budget being exceeded by $1.6 million or 4.8 percent. The Chief Financial Officer and Treasurer has written to the Deputy Minister of Health on this issue and the funding shortfall should be resolved by year end.

(b) Solid Waste Management:

The 1999 year-to-date gross and net under expenditures, of $1.8 million or 2.2 percent and $5.2 million or 10.6 percent respectively, are mainly attributed to the actual timing of expenditures not matching the spending pattern assumed in the budget combined with higher than expected revenues from paid private waste tonnage disposed at transfer stations and the Keele Valley landfill.

The 1999 projected year-end gross and net under expenditures, of $0.3 million or 0.3 percent and $1.5 million or 2.1 percent, are mainly attributable to savings related to delays in filling vacancies, as well as the higher than expected paid private tonnage noted above.

Anticipated revenues from charging the private sector for the collection of waste is projected to be $0.8 million as opposed to the $2.3 million budgeted, resulting in a 1999 shortfall of $1.5 million or 65 percent. The budget estimate was based on a mandatory fee for three, five and six days per week collections. Council's decision to provide business operators with the option to cancel or reduce the municipal collection service results in the projected year-end revenue shortfall for this service. However, this is more than offset by additional revenues from higher paid private tonnage. The 1999 year-to-date actual gross and net under expenditures are mainly attributable to the actual timing of expenditures not matching the spending pattern assumed in the budget combined with higher than expected paid private tonnage.

(c) Fire Services:

On a gross and net basis, Fire Services is approximately $6.0 million or 3.7 percent under spent year to date. This is primarily due to under spending in salaries and benefits. Benefits have been charged at a lower rate than anticipated. Year-to-date non-salary items are on budget.

Fire Services is projecting an end of year gross and net over expenditure of approximately $2.5 million or 1.1 percent, primarily in salaries and benefits. The gapping budgeted is not expected to be realized. Fire Services will be recruiting additional fire fighters in November 1999**,** approved by City Council at its meeting of July 27, 28, 29 and 30, 1999. No additional funding was provided in this budget. The non-salary expenditures are expected to be within budget.

(d) Transportation:

Year-to-date, Transportation Services is overspent by $30.8 million or 22.5 percent on a gross basis and $34.5 million or 30.6 percent on a net basis. This reflects most of the $38.0 million in extraordinary expenses due to the January 1999 winter storm. This is partly offset by some lagging expenditures and revenues.

Recently, City Council has approved a $10.0 million transfer of funding from the Winter Control Stabilization Reserve Fund to the Transportation Program's operating budget. This will result in a full year gross expenditure budget of $194.7 million and a revenue budget of $41.6 million without impacting the net expenditure budget of $153.2 million. The projected gross and net expenditures will result in a full year overspending position of $26.5 million or 13.6 percent. This represents the difference between the total snow overspending of $38.0 million, less the $10.0 million to be transferred from the reserve, and resulting in a small reduction ($1.5 million) as a result of the overall snow overspending in January. It is recommended that the remaining $6.5 million available in the Winter Control Stabilization Reserve Fund be transferred to the program budget at this time.

(e) Works – Support Services:

On a gross expenditure basis, the program reports a year-to-date unfavourable variance of $0.9 million or 6.4 percent that is mainly attributed to salary and benefit over-expenditures.

On a net basis, the inter-divisional recoveries from the operating programs for the period have not yet been posted causing the unfavourable variance of $1.6 million.

Gross expenditures for salaries are expected to be overspent by $2.2 million by year-end. This represents costs for additional administrative positions being charged to the unit although the budgets for these positions had been provided for in the operating programs. These costs will be fully recovered through a charge-back to the operating programs prior to year-end for a net zero expenditure. The impact on the operating programs will be reflected and explained in the year-end variance report.

(f) Works – Technical Services:

The year-to-date gross expenditures as at September 30, 1999, reflect a favourable variance of $4.4 million or 18.3 percent, attributable to the following categories: $1.1 million favourable salaries variance, $2.4 million favourable services and rents variance, $0.9 million other categories. The under-expenditure in salary cost results from the incorrect allocation to operating divisions. This will be corrected in the year-end variance report. The main reason for the favourable non-salary variance is the reduction in professional, technical and other service charges due to reduced activity. Other favourable variances are timing related.

The year-to-date net unfavourable variance of $3.1 million is mainly attributable to timing differences between budget and actual for various revenue items.

By year-end, the program is projecting a gross over-expenditure of $1.1 million and net zero expenditure. The gross variance is mainly attributable to an over-expenditure in salary costs which will be recovered via the charge-back process to other programs. The impact on the other programs will be reflected and explained in the year-end variance report.

(3) Economic Development, Culture and Tourism:

		Variances ($ Millions)			
		Sept. 30, 1999 Over / (Under)		Projected Y E 1999 Over / (Under)	
		Gross	Net	Gross	Net
(a)	Arts and Culture	(0.7)	(0.5)	0.0	0.0
(b)	Customer and Business Support	(0.6)	(0.5)	0.0	0.0
(c)	Economic Development	(1.0)	(1.1)	0.0	0.0
(d)	Parks and Recreation	(0.4)	9.0	4.4	8.4
(e)	Special Events	(2.0)	(0.3)	(1.6)	0.0
	Total Variance	(4.6)	6.5	2.8	8.4

(a) Arts and Culture:

At the end of the third quarter there is a favourable net expenditure variance of $0.5 million or 42.6 percent in the Culture program arising from three timing factors which are expected to correct themselves by year end. A favourable variance in salaries and benefits of $0.3 million is due to changes required in the mapping of salaries within the department and the balance of the favourable expenditure variance arises from the timing of accounts payable processing. An unfavourable revenue variance of $0.1 million or 22.3 percent is due to a delay in the receipt of the annual provincial operating grants for museums. It is anticipated that all of these variances will correct themselves by year-end and that the expenditures and revenues will be on budget.

(b) Customer and Business Support:

On a gross basis, the program reports a favourable year-to-date variance of $0.6 million or 4.5 percent, which is mainly attributable to under expenditures in salaries and benefits and timing of posting of non-salary expenditures. Revenues are below budget by $0.1 million or 21.4 percent to date resulting in a favourable year-to-date variance of $0.5 million or 4.2 percent on a net basis. These variances are expected to self-correct by year-end when posting delays are addressed. As a result, the program is projecting that they will be on target at year-end.

(c) Economic Development:

The Economic Development program reports a favourable year-to-date operating variance of $1.0 million gross, and $1.1 million on the net budget. Expenditures are less than anticipated at this stage due predominantly to a timing issue, and as such, the favourable variance is expected to diminish in coming periods. Analysis suggests revenues are within budget. The program is projecting that they will be on target at year end.

(d) Parks and Recreation:

On a gross basis, the program reports a favourable year-to-date variance of $0.4 million or 0.3 percent. Salaries and benefits are overspent by $7.3 million due to delays in the implementation of restructuring targets and timing issues with the posting of the non-permanent salary budget. The program has advised that it has fully achieved its 1999 staff reduction target. However, it has been necessary to backfill some positions with non-permanent staff for operational reasons. This overage is being offset by a favourable variance of $7.7 million in non-salary expenditures resulting from delays in the posting of interdepartmental charges and a backlog in the processing of accounts payable.

Revenues have been under achieved by $9.5 million or 21.1 percent to date due to delays in the posting of revenues, revenue shortfalls due to unrealized advertising and program revenues, and the impact of user fee policy implementation. As a result, the program reports an unfavourable variance of $9.0 million or 11.3 percent on a net basis.

Variances related to delays in posting will self correct by year-end. However, the program is projecting a gross over expenditure of $4.4 million or 2.6 percent in salaries and benefits and a revenue shortfall of $4.0 million at year end resulting in a net over expenditure of $8.4 million or 7.7 percent. The program has implemented a plan to reduce all non-essential expenditures in an effort to minimize the year end variance.

(e) Special Events:

As of September 30, 1999, the program is under spent in net expenditures by $0.3 million, which is a combination of a favourable gross expenditure variance of $2.0 million and a shortfall in revenue of $1.7 million or 74.5 percent. The revenue shortfall results from delayed reporting and posting of revenue for the Millennium sponsorship campaign. Amounts indicated for gross and net expenditures do not include commitments to date.
The favourable gross expenditure variance of $2.0 million is a result of decreased

Millenium celebration spending to offset a projected revenue shortfall.

The program projects to end the year within budget on a net basis due to the restructuring of the Millenium celebrations for delivery within the available budget recognizing a lower than anticipated revenue level.

(4) Urban Planning and Development Services:

	Variances ($ Millions)			
	Sept. 30, 1999 Over / (Under)		Projected Y E 1999 Over / (Under)	
	Gross	Net	Gross	Net
Urban Planning and Development Servic (including Licensin	(5.4)	(4.6)	0.5	0.0
Total Variance	(5.4)	(4.6)	0.5	0.0

On a gross basis, the program is under spent by $5.4 million. Timing issues with the monthly allocation of salaries ($1.4 million) and delays in staff hiring ($1.4 million) result in a salary under expenditure of $2.8 million. Non-salary items are under spent by 2.6 million due to outstanding interdepartmental charges and seasonal delays in programs. Revenues are in line with the expected position resulting in a net under expenditure of $4.6 million. The program expects to meet budgeted targets at year end.

(5) Corporate Services:

	Variances ($ Millions)			
	Sept. 30, 1999 Over / (Under)		Projected Y E 1999 Over / (Under)	
	Gross	Net	Gross	Net
(a) Audit	(0.1)	0.0	0.0	0.0
(b) City Clerk's	(3.4)	(0.4)	(0.2)	(0.3)
(c) Services Integration and Support	(0.1)	0.0	0.0	0.0
(d) Corporate Communications	(0.9)	(0.8)	(0.3)	(0.3)
(e) Facilities and Real Estates	(4.2)	1.7	1.0	1.0
(f) Fleet Management Services	1.3	5.5	1.8	0.0
(g) Human Resources	(1.6)	(1.1)	0.0	0.0
(h) Information and Technology	0.3	0.3	0.0	0.0
(i) Legal	(1.3)	(0.3)	(0.2)	(0.2)
Total Variance	(10.0)	4.7	2.1	0.2

(a) Audit:

The year-to-date net under expenditures are mainly related to timing differences due to the receipt of invoices at a later date than originally anticipated. The program will be on budget at year-end.

(b) City Clerk’s:

As of September 30, 1999 City Clerk’s reports under-expenditures of $3.4 million or 13.1 percent and $0.4 million or 2.9 percent on a gross and net basis respectively. The gross under-expenditure is primarily attributable to depreciation ($0.2 million) and contributions to reserve ($1.5 million) that have not been expensed, printing and reproduction charges that have not been captured ($0.6million) and under-expenditures in salaries and benefits ($0.9 million). The staffing under-expenditure is primarily attributable to under-staffing experienced in the Secretariat Division at the beginning of the year. On a net basis under-expenditures are much lower due to the delay in recoveries for printing and reproduction.

By year-end City Clerk’s expects print and reproduction recoveries to be processed and as such, gross and net expenditures will be approximately the same. On a net basis, City Clerk’s anticipates under-expenditures of about $0.3 million or 1.4 percent. The year-end under-expenditure is primarily related to the staffing delays in the Secretariat Division and under-expenditures in the Protocol Division.

(c) Service Integration and Support:

The Service Integration and Support program in Corporate Services is marginally underspent at this time, and is expected to end the year within budget.

(d) Corporate Communications:

The year-to-date expenditures are under budget by $0.8 million or 19.7 percent on a net basis. By year-end under-expenditures are expected to reduce to $0.3 million or 6.0 percent of the net budget. As reported in the June 1999 variance report, Corporate Communications experienced a delay in implementing its final organization structure. As such, recruitment in Corporate Communications and Media Relations and Public Information has not been completed; resulting in lower than anticipated wages and benefits expenditures. Corporate Communications expects to be fully staffed by year-end.

(e) Facilities and Real Estate:

The year-to-date gross expenditure shows a favourable variance of $4.2 million or 6.8 percent due to the timing of expenditures processing. The overall unfavourable net expenditure variance of $1.7 million or 5 percent is also due to the under-recovery of known revenues. Facilities is working with Finance to ascertain the details of this variance and ensure that all revenues are received and included by the end of the year. The projected year end position shows an unfavourable 1.2 percent gross and 2.2 percent net expenditure variances of $1 million arising from two factors. A negative $0.6 million of the year end variance is expected from the underachievement of leased space reduction (not subject to recovery from the programs), as corporate office consolidation proceeds more slowly than expected. Delays in the implementation of the 1998 downsizing plan have resulted in $0.4 million of the variance, although these reductions have now all been achieved.

(f) Fleet Management Services:

For the nine months ending September 30, 1999 Fleet Management Services is reporting gross over expenditures of $1.3 million or 7.7 percent and net over expenditures of $5.5 million. The over expenditure is primarily related to the age of the City's fleet. As the age of the City's fleet increases, the cost to maintain it increases as well. The Materials and Supplies account is impacted in particular, with over-expenditures estimated at $0.7 million. Additional pressures contributing to the over-expenditure include the cost to maintain Fire Department vehicles and additional costs associated with the maintenance of snow removal equipment due to the January 1999 snow storm. The net over expenditure is due to delays in the processing of interdepartmental recoveries.

By year-end Fleet Management Services is estimating a gross over-expenditure of $1.8 million or 8.0 percent and a net zero variance position.

(g) Human Resources:

The Human Resources Program has reflected a favourable net variance of $1.1 million or 7.4 percent as at September 30, 1999. This favourable variance is primarily the result of delays in the processing of expenses. Human Resources projects the net expenditures to be within budget at the end of 1999.

(h) Information Technology:

Information and Technology has reflected a net over expenditure of $0.3 million or 1.1 percent as at September 30, 1999. The program is projecting that net expenditures will be within budget at the end of 1999.

(i) Legal:

The program shows a favourable net expenditure variance of $0.3 million or 2.8 percent as at September 30, 1999. The favourable variance is primarily due to vacant positions not being filled during the course of the year and delays in processing expenses. Legal is projecting that at year end actual will be within budget.

(6) Finance:

	Variances ($ Millions)			
	As at June 30, 1999 Over / (Under)		Projected Y E 1999 Over / (Under)	
	Gross	Net	Gross	Net
Finance	(5.6)	(4.0)	(1.0)	(1.0)
Total Variances	(5.6)	(4.0)	(1.0)	(1.0)

As of September 30, 1999 the Finance Department is reporting net under-expenditures of $4.0 million or 17.6 percent of the net budget. The under-expenditures are as a result of staffing vacancies across several divisions, delays in the processing of expenses, delays in the finalization of Scarborough and York Public Utilities Commission costs being transferred to the City.

By year-end the net under-expenditures will be reduced to $1.0 million or 3.3 percent of the net budget. The under-expenditure is primarily related to the staffing vacancies as noted above.

The costs associated with the Part II – Parking Tag Operations are now being captured in the Finance Department prior to recovering costs from the Parking Tag Program. This reflects the fact that management responsibility and control for the administrative functions rests with the Revenue Services Division. The 1999 gross budget and revenue budget for the Finance Department has been increased by $4.49 million with a net budget increase of zero. It is recommended that this technical adjustment be approved as part of the September variance report.

(7) Other:

		Variances ($ Millions)			
		Sept. 30, 1999 Over / (Under)		Projected Y E 1999 Over / (Under)	
		Gross	Net	Gross	Net
(a)	Chief Administrator’s Office	(0.1)	(0.2)	(0.3)	(0.3)
(b)	Council	(2.0)	(1.9)	(1.6)	(1.6)
(c)	Mayors Office	(0.1)	(0.1)	0.0	0.0
(d)	Interdepartmental Recoveries	9.6	N/A	N/A	N/A
	Total Variances	7.4	(2.3)	(2.0)	(1.9)

(a) Chief Administrator's Office:

The Chief Administrator's Office is under spent on a net basis by $0.2 million or 5.9 percent as at September 30, 1999. The trend of the under expenditure position is expected to grow slightly for the rest of the year resulting in a below budget net expenditure variance of $0.3 million or 6.3 percent.

(b) Council:

This program shows a favourable net expenditure variance of $1.9 million or 14.2 percent, which is mainly attributable to the following factors: salaries and benefits will be under spent by year end as a result of delay in filling vacant positions in the Councillor's offices; some Councillors employing less than three (3) full time equivalent staff; and delays in processing expenses. A year-end favourable variance of $1.6 million or 8.7 percent is anticipated.

The Council budget has been increased by $0.7 million funded from Contingency to reflect a Policy and Finance Committee recommendation regarding funding for potential staffing adjustments. It is recommended that this change be approved now as a technical adjustment.

(c) Mayor's Office:

The Mayor's Office has reflected a favourable variance of $0.1 million or 10.7 percent, as at September 30, 1999, however, all expenses incurred have not been processed to date. The Mayor's Office is projecting that actual will be within budget at the end of 1999.

(d) Interdepartmental Recoveries:

Interdepartmental recoveries are included in Other for presentation purposes. The year-to-date variance is due to timing differences and the year end position is expected to be zero.

(8) Special Purpose Bodies:

		Variances ($ Millions)			
		As at June 30, 1999 Over / (Under)		Projected Y E 1999 Over / (Under)	
		Gross	Net	Gross	Net
(a)	Public Health	(6.7)	(4.3)	(4.7)	(1.6)
(b)	Toronto Public Library	(1.4)	(0.6)	(0.3)	0.0
(c)	Exhibition Place	(1.1)	0.3	(1.1)	0.3
(d)	Heritage Toronto	(0.4)	(0.1)	(0.2)	0.4
(e)	Theatres and Galleries	(0.5)	0.0	(0.3)	0.0
(f)	Toronto Zoo	(1.2)	1.4	(0.8)	1.3
(g)	Arena Boards of Management	0.0	0.0	0.0	0.0
(h)	Toronto Region Conservation	(0.1)	0.0	0.0	0.0

		Variances ($ Millions)			
		As at June 30, 1999 Over / (Under)		Projected Y E 1999 Over / (Under)	
		Gross	Net	Gross	Net
	Authority				
(i)	Toronto Transit Commission	5.2	(0.8)	12.1	(1.6)
(j)	Toronto Police Services	5.2	5.8	6.9	7.8
	Total Variances	(1.0)	2.0	11.4	6.6

(a) Public Health:

The year-to-date under-expenditures are $6.7 million or 8.0 percent gross and $4.3 million or 10.9 percent net. The favourable variances are mainly a result of the following: over achievement of general gapping, general under spending of non salaries expenditures, delayed implementation of harmonization proposals and lower Ontario Works Dental Program expenditures. The projected year-end savings of $4.7 million or 4.2 percent gross and $1.6 million or 3.0 percent net are derived from the general under expenditures as explained above.

(b) Toronto Public Library:

The Library reports year-to-date gross and net under-expenditures of $1.4 or 1.9 percent and $0.6 million or 0.9 percent, primarily resulting from timing of expenditure processing. The Library is projecting a favourable year-end gross under-expenditure of $0.3 million and anticipates net expenditures to be on budget by year-end.

(c) Exhibition Place:

The Exhibition Place is organized into 3 distinct operations; the National Trade Centre (NTC), Exhibition Place Operations, and the Canadian National Exhibition (CNEA). As of September 30,1999, the NTC was reporting a positive net variance of $148 thousand, resulting from expenditure savings from show-related services, Exhibition Operations had a $588 thousand positive variance predominantly from utilities, electrical and mechanical maintenance savings, while the CNEA had an unfavourable variance of $1.0 million. The CNEA variance is explained by a shortfall in paid attendance and sponsorship fees. During the event, offsetting measures were taken to reduce expenses in anticipation of this revenue shortfall, but it was not sufficient.

On a consolidated basis, Exhibition Place is reporting a year-to-date net over expenditure of $0.3 million. The year end position is not expected to change significantly resulting in a net over expenditure of $0.3 million.

(d) Heritage Toronto:

Although the third quarter variance report from Heritage Toronto shows a positive net variance of $0.1 million or 4.4 percent, it is not indicative of the anticipated year-end position. As the structure plan for amalgamation of this Board within the Culture Division of the Economic Development, Culture and Tourism Department was delayed, staff reduction targets have not been met this year. As a result, it is anticipated that Heritage Toronto will be $0.3 million over budget in salaries at year end, having met about 52 percent of its downsizing target of $0.7 million by attrition and casual staffing constraint. Significant spending restraint in other areas is expected to bring the gross expenditure about $0.2 million or 4 percent under budget. A significant shortfall in revenue at The Pier Museum is the major factor in revenue underachievement of $0.6 million. The balance of the $0.6 million negative revenue variance ($0.1) is expected to arise from a number of small items being under budget, while site attendance generally is anticipated to be close to projection. The various factors are expected to result in a year end negative variance of $0.4 million or 9.4 percent.

(e) Theatres and Galleries:

The Theatres show marginal negative net variance at the end of September due to the underachievement of revenue projections. However, the year end projection shows a marginal positive net variance arising from increased rental revenues at the St. Lawrence Centre for the Arts. This report includes variances from the North York Performing Arts Centre and the St. Lawrence Centre for the Arts. No variance information is included for the Hummingbird Centre for the Performing Arts, as it is responsible for its own financial operation and draws no operating funds from the City.

(f) Toronto Zoo:

Consistent with the trend identified in the June variance report, the Toronto Zoo continues to experience a shortfall in revenue arising from an attendance projection which exceeded experience in recent years. The net negative variance, which was at 6 percent of approved budget ($0.2 million) at the end of June, is now projected to be at 18.5 percent ($1.4 million negative) at the end of the year. This is improved somewhat from the projected year end position in the June report which was for a negative net variance of $1.9 million or 25.6 percent.

Some savings on the expenditure side, predominantly from non-salary expenditures as a result of expenditure constraints, have been made. Expenditures are $1.2 million under budget as of this period, up from only $0.2 million as of June 30, 1999 Expenditure reductions have not offset revenues, which have now fallen short of the approved budget by some 17.5 percent, equivalent to approximately $2.5 million. Revenues were only at 83 percent of third quarter budget, as of September 30, 1999. There are no new factors attributable to this situation since the June report; the attendance shortfalls from weather, strikes and school board funding reductions, still continue to be the critical causes. On a net basis, the Zoo is 41.3 percent over budget at this period, equal to a $1.4 million net over-expenditure.

For the balance of the year, the Zoo will continue to take measures to reduce expenditures, and these measures will assist in minimizing the projected year-end unfavourable variance in the last quarter. Recent weather conditions may help as well; however, due to the nature of operations, it is nearly impossible to recover lost revenues since approximately 50 percent of revenue is generated during the second and third quarters. On a net basis, the Zoo is expecting to be 18.5 percent over budget at year end, equal to $1.4 million net over-expenditure.

(g) Arena Boards:

Financial information on Arena Boards is not available at this time and there is no indication of any potential year-end over expenditure.

(h) Toronto and Region Conservation Authority:

A total revenue shortfall of about $0.2 million is projected, attributable to three program areas: at the Kortright Centre for Conservation; in Planning fees which have been delayed because of problems in establishing a collection mechanism at some municipal departments; and in corporate fundraising. To offset the shortfall, hiring for vacancies has been delayed as well as other cost cutting actions.

Since the Authority neither levies the city for a shortfall nor refunds a surplus, any projected deficit will be handled by the Authority itself and will not result in any amount being requested from the City that differs from the approved budget.

(i) Toronto Transit Commission:

The year-to-date net under expenditure of $0.8 million or 0.6 percent mainly reflects the net effect of the price increase offset by the lower than budgeted ridership as a result of the two-day strike, the cost for the January snow storms and the impact of the negotiated 2 percent salary increase effective April 1, 1999.

The year-end projected net expenditure is $1.6 million or 0.8 percent below budget, comprised of net under expenditures of $0.9 million or 0.6 percent in Conventional Transit and $0.7 million or 1.8 percent in Wheel Trans.

In Conventional Transit, the total year ridership is currently estimated by TTC to be in the order of the budgeted 392 million or higher. Revenues are projected to be $15.5 million or 2.7 percent above budget, mostly as a result of the increased fares. Expenditures in Conventional Transit are projected to be $14.6 million or 2.0 percent over budget. This primarily results from:

(1) over expenditures of $9.1 million in Operations, largely reflecting the

negotiated salary increases, the January storm expenses and other overtime, and the low floor bus operation, partially offset by inventory transfers and strike savings;

(2) a $3.0 million over expenditure in Non-departmental expenses due to a provision for potential claims, partially offset by greater than anticipated cost recoveries related to work on capital projects and for third parties;

(3) $2.5 million in one-time costs related to an accelerated write-off of existing computer equipment and Y2K expenses;

(4) a $1.1 million higher than budgeted expenditure in the Executive Branch primarily due to the 2.0 percent wage rate increase and overtime requirements in Materials and Procurement and Information Technology Services departments;

(5) a $1.0 million over expenditure in Accident Claims and Insurance based on a recent actuarial valuation;

(6) $1.6 million unspecified expenditure reductions or revenue increases to be identified during the course of the year; and

(7) These projected over expenditures are partially offset by: favourable variances of $3.2 million in other employee costs from lower than budgeted EI and CPP premiums, and $0.5 million in Traction Power costs due largely to the more efficient T1 subway cars replacing aging subway car fleet, the upgrading of various equipment and the reduced activity during the strike.

Net Expenditures in Wheel Trans are projected to be $0.7 million or 1.8 percent below budget as a result of savings from reduced contracted taxi services reflecting lower than budgeted demand levels, that are expected to be partially offset by unbudgeted legal fees.

(j) Toronto Police Service:

Year-to-date actuals are not compared to year-to-date budget for this program. As a result, the year-end projected actuals and budget have been pro-rated to September 30, 1999 for illustrative purposes only. Variance explanations have been provided by Toronto Police Services based on their projected net year-end position.

Projected year end net over expenditures of $7.7 million include: reclassification progression of $1.7 million; separation and hiring impacts for $2.7 million; premium pay increases of $1.8 million primarily relating to the Kosovo Crisis and Use of Force initiatives; revenue decreases of $0.8 million; and, increased vehicle reserve contribution of $0.5 million, as well as $0.2 million in other net increases.

(9) Corporate Accounts:

Corporate Accounts	Expenditures Over/(Under) Budget ($ millions) Net to Sept. 30, 1999	Net Estimate to Dec. 31, 1999
Consolidated Grants	(2.4)	0.0
Capital Financing and Corporate Financing	(1.5)	0.0
Non Program Expenditures		
Tax Deficiencies	(35.2)	1.8
Downloading – Assessment Function	0.0	0.0
Temporary Borrowing	(0.8)	(1.7)
Funding of Employee Related Liabilities	0.0	0.0
RTEP Reserve Contribution	0.0	0.0
Contingency	(12.7)	(10.0)
Other Corporate Expenditures	0.0	0.0
Downloading – GO Transit	0.0	0.0
Insurance Premiums and Claims	1.9	2.0
OMERS Surplus	0.0	0.0
Parking Tags and Enforcement (Expenditures)	0.0	0.0
Recovery – Local Services Realignment	0.0	0.0
Total: Non Program Expenditures	(46.7)	(7.9)
Non Program Revenues		
Payments in lieu of Taxes	(30.2)	7.8
Supplementary Taxes	3.8	(10.0)
Tax Penalties	(3.0)	0.0
Interest / Investment Earnings	(8.3)	(11.0)
Prior Year Surplus	1.4	1.4
Other Corporate Revenues	0.8	0.0
Parking Authority revenues	11.6	3.4
Recoveries from Water Fund	14.2	0.0
Downloading – Provincial Offences Act	9.8	0.0
Parking Tags and Enforcement (Revenues)	3.1	3.0
Total: Non Program Revenues	3.2	(5.4)
Total Variance	(47.4)	(13.3)

Consolidated Grants:

The Consolidated Grants Program is underspent by $3.4 million gross and $2.4 million net as of

September 30 as a result of timing issues with grant disbursements. At year-end, the program is projected to be on budget on both a gross and net basis.

Non-Program Expenditures:

The projected year-end below budget net expenditure, totalling $7.9 million, is the net result of the following variances:

(1) Temporary Borrowing: Prudent management of funds and reserves has resulted in adequate cashflow generation to internally fund current operations, thus reducing dependency on temporary borrowings throughout 1999. It is projected that there will be no borrowing required against the budgeted $1.7 million.

(2) Contingency: Below is a table that summarizes all known commitments against contingency up to and including November 23, 1999. Actual charges to date do not reflect the full commitment presented in this table. It is projected that the Corporate Contingency funds will not be utilized to the extent of $10.0 million at year-end.

Contingency

The status of The Corporate Contingency Account as at November 23, 1999 is as follows:

			$ 000's	
Approved Contingency Provision for 1999 (after technical adjustment)				14,255.0
Approved draws				
Date	Authority	Purpose		
Mar.2,3,4	S.C. Council Rpt. 2 cl.11 Cert./Amend	OMB appeal, retention of Outside Planning Consultant, Monarch Construction Ltd. 5039 Finch Ave./2627 McCowan Rd. Ward 18-Scar. Malvern (2650 Brimley Rd.)	15.0	
Apr. 13,14,15		Bingo Task Force	10.0	
May 11,12	Cert./Amend	Certificate of Amendments Notice of motions appearing under item J	58.0	
June 9,10,11	Cert./Amend	Certificate of Amendments City's retainer of the law firm of Cassels, Brock/ Blackwell re: NYPAC	50.0	
June 9,10,11	Council Min. Rpt. 8 cl. 18	Urban Planning and Develop. Svcs. – Staff Resources Streamlined process for fast tracking	369.0	
July 6,7	Rpt. 1 cl. 6 Cert/Amend	Interim Welcome Policy for users of Recreation All wards.	86.0	
July 6,7,8	S.C. Council Rpt. Pg. 34	Fill vacancy of Councillor Frank Faubert/election - (Estimated)	130.0	
July 27,28,29	Council Min	Team Canada Mission to Japan and Australia	20.0	

	Rpt. 4 Cl. 8			
July 27,28,29,30	Cert./Amend Clause 60		40.0	
		Unlocking Tor. Prt Lands		
Sept. 28,29	Rpt. 6 Cl. 1 Cert./Amend	City Tree Maintenance Backlog (All Wards)	650.0	
Sept. 28,29	Rpt. 7 Cl. 15 Cert./Amend	Relocation of the Lancaster Bomber	10.0	
Sept. 28,29	Rpt. 7 Cl. 17 Cert./Amend	Telecommunications Steering Committee Legal funds	100.0	
Nov. 23	Council	Tenant Defence Fund	300.0	
Pending		Landlord and Tenant Tax Notification	135.0	
Pending		Trust Fund for Children (Estimated)	50.0	
Total committed as at Nov. 23, 1999				2,023.0
Balance available as at November 23, 1999				12,232.0

(3) Tax deficiencies/Write-Offs: The projected overspending of $1.8 million is due to tax appeals that are expected to be processed this year. The information received from the Province to develop the 1999 budget was incomplete in terms of the number of pending appeals and the related reduction in property assessments.

(4) Insurance Premiums and Claims: Based on actual year to date claims experience, it is projected that this budget will be overspent by $2.0 million at year end. The required budget for Insurance Premiums and Claims will be reviewed for 2000.

Non-Program Revenues:

The projected year-end surplus of $5.4 million is the net result of the following variances:

(1) Supplementary Taxes: This is projected to be $10.0 million over the budgeted $5.0 million.

(2) Investment Income: The investment income from the money market portfolio and bond portfolio as of September 30 1999 amounts to $54.0 million. Based on total revenue to date, it is forecast that total income, inclusive of operating fund income and reserve fund income, should reach a level of $72.0 million by the end of the year.

(3) Prior Year Surplus: The prior year surplus consists of unexpended funds or additional revenues carried forward from 1998. The surplus was not finalized at the time of the approval of the 1999 operating budget, so this amount was estimated. The final surplus was $1.4 million lower than the $45 million budgeted in 1999.

(4) Payments in Lieu of Taxes: A shortfall of $7.8 million or 4.1 percent is projected for year-end. As per section 368.3 (1) of the Municipal Act, The Generation Corporation and

The Services Corporation replaced Ontario Hydro. Commencing April 1, 1999, these properties converted from payment in lieu type properties to taxable type properties, resulting in a reduction of $8.6 million in payment in lieu of tax revenue. This reduction is partially offset by a $1.8 million increase in the City's portion of the tax revenue.

(5) Parking Tag Enforcement and Operation: A revenue shortfall of $3.0 million or 5.8 percent of budget is projected at year-end. The bulk of the shortfall in revenues is related to the decreased number of tags issued as a result of the January 1999 snowfall. The balance of the revenue shortfall is related to several factors. The TTC strike in April 1999 resulted in lower than anticipated parking tag issuance and additional lost revenues in that month. It is also anticipated that the recovery of court costs (which accounts for $1.9 million of the 1999 approved revenue budget) will be lower than budgeted by year-end. However, this should be expected given that court costs are directly related to the number of tags issued.

(6) Parking Authority Revenues: On-Street meter revenues will not be met primarily as a result of the delay in approval and implementation of revised parking rates. It is projected that the City share of Parking Authority revenue will be under achieved by $3.4 million at year end.

Non-Tax supported Operations:

(1) Toronto Economic Development Corporation (TEDCO):

TEDCO operations have effectively been frozen as the City and stakeholders are reviewing the operational mandate. This hold pattern has had a significant impact on the level of service, which TEDCO has been able to provide its constituents, particularly in light of staff reductions. As of September 30, 1999 TEDCO was under-spent by $0.34 million, equivalent to a 7.2 percent under expenditure. Savings from non-salary expenditures, such as lower professional fees, marketing costs and office expenses are the major contributor to the positive expenditure variance. Revenues as of this period were also short of budget by $0.75 million from the bankruptcy of a leasing tenant. On a net basis, TEDCO had expected to realise an operational surplus of $1.46 million at this point, but is approximately $0.4 million short of expectations, at a net surplus position of $1.06 million. At year end, TEDCO has budgeted an overall positive position, but expects the net variance to be some 20 percent to 30 percent short of expectations. There will be no impact on the City from this variance as the budgeted surplus represents the contribution made to TEDCO's own reserves.

(2) Toronto Port Authority (formerly the Toronto Harbour Commissioner):

The Toronto Port Authority operations are currently under review and as a result, management is unable to present a variance analysis for this period. Operation audits are being conducted as directed by Policy and Finance Committee, as well as an independent auditor, and a separate report is forthcoming through the City Auditor's Office during December. Variance information will be reported at that time.

(3) Toronto Parking Authority:

The Toronto Parking Authority is reporting a net income of $0.3 million below the year-to-date budget and is projecting a net income of $1.0 million below budget at year-end (before contributions to City operations and retained earnings) from combined off-street and on-street operations.

The year-to-date gross expenditures shown in Schedule A exclude contributions to City operations and retained earnings. The 1999 full year gross expenditure projections reflect estimated contributions to City operations and Toronto Parking Authority retained earnings.

As reported in the June 1999 variance, on-street meter revenues will not be met primarily as a result of the delay in approval and implementation of revised parking rates. Based on the September 1999 projections, the City's share of Toronto Parking Authority net income will be $3.4 million below budget due to the foregoing delay in implementation of rates.

The City receives 50 percent of net income from off-street operations and 100 percent of net income from on-street meter operations. Although off-street net income is projected to be $3.5 million over budget, the City will receive only 50 percent or $1.75 million. In contrast, the City will be absorbing 100 percent of the projected shortfall of $5.1 million in net income from on-street meter operations. Consequently, the projected shortfall of $5.1 million in on-street metered parking is only partially offset by the increased off-street revenues resulting in a net overall shortfall of $3.4 million in the City’s share of net income from both operations.

(4) Water and Waste Water:

The September 30, 1999 YTD program expenditures are $50 million (26 percent) below the approved estimate. Approximately 96 percent of this variance is due to the delayed booking of corporate and departmental cross-charges. The remaining variance is due to a favourable payroll variance.

For the full year, program expenditures are projected to reflect a $1.4 million favourable variance, due to a $0.7 million favourable material price variance and a $0.7 million favourable payroll variance that results from staffing reductions in Wastewater.

YTD program revenues are $122 million (39 percent) below the approved estimate, due to the timing delays in booking the sale of water, surcharge revenues, and other user fees.

For the full year, program revenues are projected to be $1.6 million above the approved estimate, due to an increase in the water sales to the Region of York.

Conclusion:

The September 1999 operating variance report indicates that the overall expenditure level for the City of Toronto is within the approved budget for City departments, special purpose bodies and corporate accounts. The City's projected operating surplus at year end will be $32.2 million or 1.2 percent of the budget. However, Council approved and proposed reserve fund transfers of $37.4 million for Community and Neighbourhood Services purposes would produce a year end deficit of $5.2 million. The extraordinary costs associated with the snow storm in January 1999 continue to have a significant negative impact on the City's overall financial position.

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A copy of the following list of attachments appended to the foregoing was forwarded to all Members of Council with the December 7, 1999, agenda of the Policy and Finance Committee and a copy thereof is also on file in the office of the City Clerk:

- Schedule A – Gross Expenditures;
- Schedule B – Gross Revenues;
- Schedule C – Net Expenditures;
- Schedule D – Corporate Restructuring – Status of Staff Reduction; and
- Schedule E – Technical Adjustments.

Councillor Olivia Chow, Downtown, appeared before the Policy and Finance Committee in connection with the foregoing matter.

(Councillor Balkissoon, at the meeting of City Council held on December 14, 15 and 16, 1999, declared an interest in the foregoing Clause, in that a member of his family is an employee in the office of a Member of Council.)

(The following Members of Council, at the meeting of City Council held on December 14, 15 and 16, 1999, declared an interest in the foregoing Clause, in that a member of their family is an employee in their office:

- *Councillor Cho*
- *Councillor Fotinos;*
- *Councillor Gardner;*
- *Councillor Kelly;*
- *Councillor Mahood;*
- *Councillor Mammoliti;*
- *Councillor Shiner; and*
- *Councillor Sinclair.)*