TORONTO

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November 13, 2007

To: Executive Committee

From: Budget Committee

Subject: Operating Variance Report for the Nine-month Period Ended September 30, 2007 (All Wards)

Recommendation:

The Budget Committee recommended to the Executive Committee that:

1. **Council approve the budget adjustments to amend the 2007 Council pproved Operating Budget between Programs to ensure accurate reporting and financial accountability resulting in no net increase to the overall 2007 Council Approved Operating Budget as detailed in Appendix D of the report.**

Background:

The Budget Committee on November 13, 2007, considered a report (November 7, 2007) from the Deputy City Manager and Chief Financial Officer entitled "Operating Variance Report for the Nine-month Period Ended September 30, 2007".

for City Clerk

Merle MacDonald/acf
Item BU20-3

TORONTO

STAFF REPORT
ACTION REQUIRED

Operating Variance Report for the Nine-month Period Ended September 30, 2007

Date:	November 7, 2007
To:	Budget Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2007\Internal Services\FP\bc07025FP-wo (AFS #4670)

SUMMARY

The purpose of this report is to provide the City of Toronto Operating Variance report for the nine-month period ended September 30, 2007, operating variance projections for the year ending December 31, 2007 and to obtain approval of the budget adjustments made to amend the Council Approved Operating Budget between Program budgets to ensure accurate reporting and financial accountability with no increase to the overall 2007 Council Approved Operating Budget as detailed in Appendix D.

For the nine-month period ended September 30, 2007, net expenditures were $29.9 million representing 1.3% lower than planned expenditures. Projections to year-end indicate that the City will have a net surplus of approximately $78.7 million representing 2.4% of the 2007 Council Approved Operating Budget. This favourable position is primarily attributed to **Cost Containment Measure** savings of approximately $38.6 million (City Operations $26.7 million and ABCs $11.9 million including the TTC and TPS). In addition, the City faces significant budget pressures in Court Services, Emergency Medical Services (EMS), Homes for the Aged (HFA) and Parks, Forestry & Recreation (PF&R). However, the City is projecting other efficiencies / savings (in excess of already announced cost containment savings) in programs such as: Social Services; PF&R; Shelter, Support & Housing Administration (SS&HA); City Council; the Toronto Transit Commission (TTC); and, the Toronto Police Service (TPS) to help offset pressures arising from regular activities.

The projected year-end surplus for City Operations is expected to be $26.9 million, slightly higher than the estimated cost containment savings of $26.7 million. The total City Operations' projected surplus is primarily due to favourable variances in: SS&HA; Social Services; Fire Services; SWMS; Office of the Treasurer; Information & Technology; and, the City Council budget. For Agencies,

Boards and Commissions (ABCs), the projected year-end surplus of $17.7 million is approximately $5.8 million higher than the estimated cost containment savings of $11.9 million. The total ABCs' projected surplus is primarily due to favourable variances in: Toronto Public Health (TPH), the Toronto Public Library (TPL), the Toronto Zoo; the Toronto Transit Commission (TTC); and, the Toronto Police Service (TPS). In Corporate Accounts, the projected year-end surplus of $34.1 million is primarily due to higher than anticipated investment income; higher Toronto Parking Authority revenues, higher than expected Payments in Lieu of Taxes (PILs) and Supplementary Taxes; and, the transfer of 2003 unclaimed tax credits held in the Tax Repayment account to general revenues in 2007.

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RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve the budget adjustments to amend the 2007 Council Approved Operating Budget between Programs to ensure accurate reporting and financial accountability resulting in no net increase to the overall 2007 Council Approved Operating Budget as detailed in Appendix D; and
2. this Operating Variance Report be forwarded to the Executive Committee for its consideration.

Financial Impact

Table A		Net Variances ($ millions) September 2007 Over/(Under)	Projected Y/E 2007 Over/(Under)
(1)	Citizen Centred Services "A"	(6.6)	(6.9)
(2)	Citizen Centred Services "B"	(6.5)	(11.5)
(3)	Internal Services	(6.6)	(6.3)
(4)	City Manager	(1.0)	(0.5)
(5)	Other City Programs	(1.5)	(1.8)
(6)	Council Appointed Programs	(0.1)	(0.0)
	Total - City Operations	(22.4)	(26.9)
(7)	Agencies, Boards and Commissions	10.3	(17.7)
(8)	Corporate Accounts	(17.8)	(34.1)
	Sub-Total	(7.5)	(51.7)
	Total Variance	(29.9)	(78.7)

Net expenditures for the nine-month period ended September 30, 2007 were $29.9 million or 1.3% lower than planned expenditures.

Projections to year-end indicate a net operating budget surplus of $78.7 million or 2.4% of the 2007 Council Approved Operating Budget. This favourable position is attributed to a combination of cost containment savings of approximately $38.6 million (including the TTC and TPS) and $40.1 million predominantly from corporate accounts. The lower than planned expenditures and higher than budgeted revenues are detailed in the ‘Comments’ section and the portion of cost containment measure savings attributed to each Program is noted where possible. Staff will continue to exercise cost constraints during the remainder of the year and will, in accordance with the City’s Surplus Management Policy, recommend options for disposition of the surplus as part of the 2007 Preliminary Year-end Operating Variance Report. Ultimately, this surplus will be used as a revenue source in the 2008 Operating Budget to help mitigate the significant 2008 Budget pressures.

ISSUE BACKGROUND

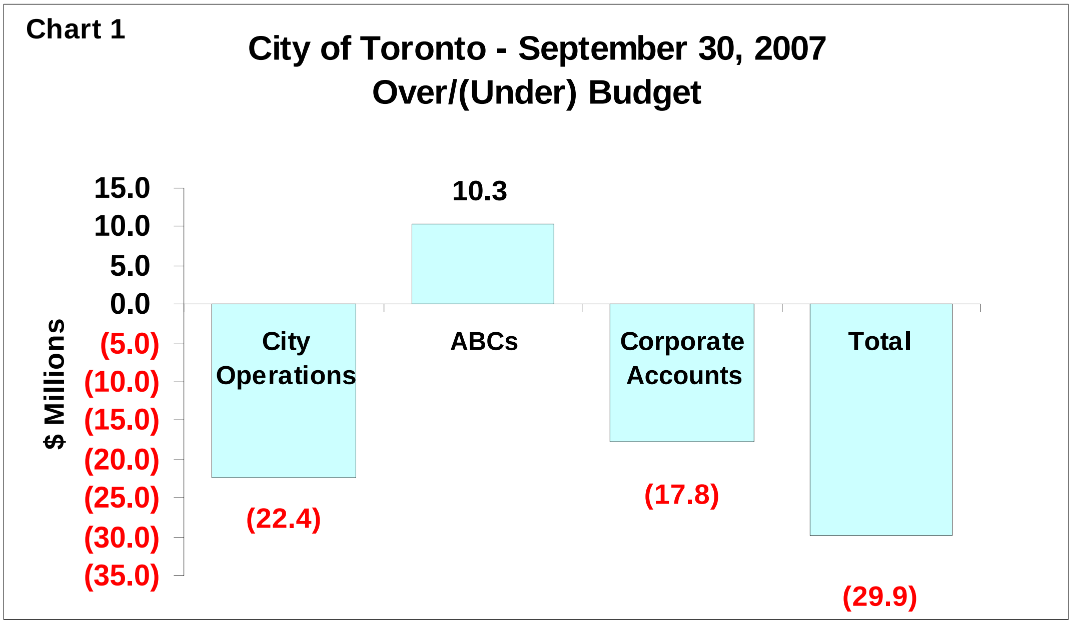
This report is provided pursuant to good business practice and budgetary control. As part of the City’s accountability framework, operating variance reports are submitted to Committee and Council quarterly, to provide information on how the approved operating funds are being spent, and on an exceptions basis, to identify issues that require direction and decisions from Council. In addition, Council is required to approve the budget adjustments that amend the Council Approved Operating Budget between Programs to ensure accurate reporting and financial accountability resulting in no net increase to the overall 2007 Council Approved Operating Budget.

COMMENTS

Overview

September 30, 2007 Variance

Operating results for the nine-month period ended September 30, 2007 reflect a net year-to-date favourable variance of $29.9 million or 1.3% of planned expenditures.



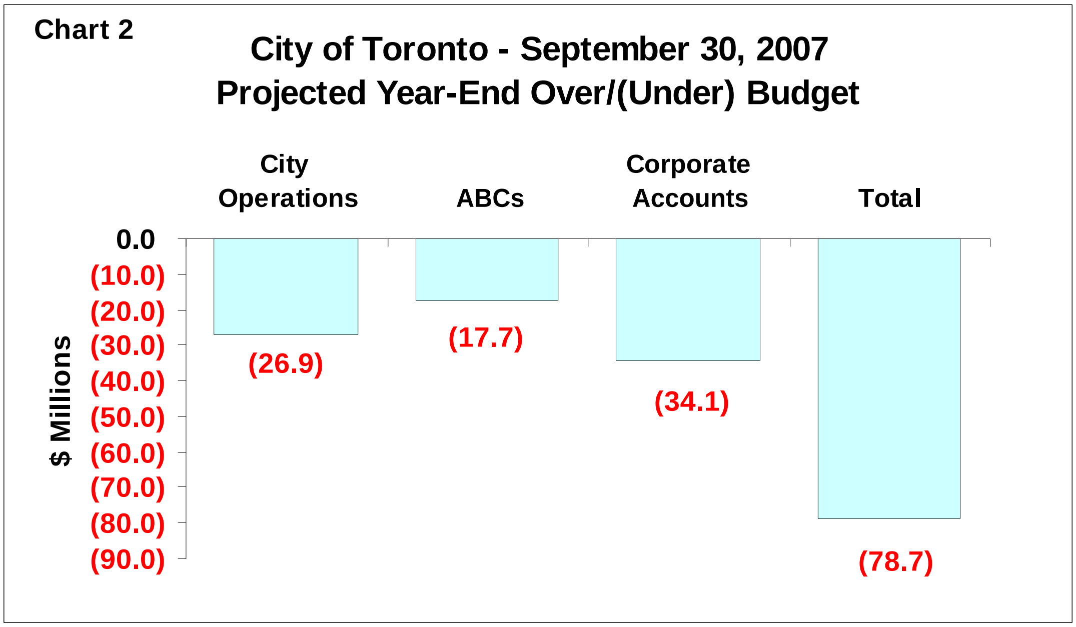
As shown in Chart 1, for the nine-month period ended September 30, 2007, ***City Operations*** reported a net under expenditure of $22.4 million or 1.6% of planned expenditures. This variance was primarily due to: lower than budgeted bed nights in Shelter, Support and Housing Administration; actual case-mix (more singles compared to families) and benefit up-take (slower use of employment related benefits) in Social Services; higher than expected building permit revenues from large projects and savings from higher than planned staff vacancies in Toronto Building Services; savings from staff vacancies in Municipal Licensing & Standards; and, lower than expected expenditures in salaries & benefits as a result of vacant positions in Information & Technology.

Agencies, Boards and Commissions had a net unfavourable variance of $10.3 million or 1.1% of planned expenditures mainly at the Toronto Transit Commission: payment of unbudgeted property taxes for parking lots; increased vehicle maintenance requirements; unbudgeted subway cleanliness improvements; and, increased costs for Operators performing transitional work.

Corporate Accounts had a net under expenditure of $17.8 million or 17.2% of planned expenditures on a net basis. The unfavourable variance was primarily due to actual expenditures and revenues during the first nine months of the year not matching the pattern assumed in the budget.

Projected Year-end Variance

A favourable variance of $78.7 million representing 2.4% of the 2007 Approved Operating Budget is projected by year-end, as shown in Chart 2. This favourable position is primarily attributed to cost containment savings of approximately $38.6 million (City Operations $26.7 million and ABCs $11.9 million including the TTC and TPS).



City Operations project a net under expenditure at year-end of $26.9 million or 1.4% of the 2007 Approved Operating Budget slightly higher than the estimated cost containment savings of $26.7 million. The City faces significant budget pressures in Court Services, EMS, HFA and PF&R. However, the City is projecting other efficiencies / savings (in excess of already announced cost containment savings) in Programs such as: Social Services; PF&R; SS&HA; and, City Council to help offset pressures arising from regular activities. The total City Operations' projected surplus is primarily due to: a decline in bed night volumes and cost containment savings in Shelter, Support, Housing & Administration; actual case-mix (more singles compared to families) and benefit up-take (slower use of employment related benefits) in Social Services; cost containment savings in Fire Services; cost containment savings and lower costs for waste being disposed of in Michigan in Solid Waste Management Services; significant savings due to the cost containment measures in Internal Services Programs predominantly related to the Office of the Treasurer; cost containment savings in Information & Technology; and, under spending in some Councillors' staff salaries & benefits and office budgets.

Agencies, Boards and Commissions project a net under expenditure at year-end of $17.7 million or 1.3% of the 2007 Approved Operating Budget primarily due to: additional gapping resulting from cost containment measures at Toronto Public Health; service level reductions, hiring freeze and other cost containment measures at the Toronto Public Library; the success of the "Dinosaurs Alive!" exhibit at the Toronto Zoo; cost containment savings, lower than anticipated medical and dental costs, and higher revenues from fees (i.e. paid duties) and a refund of past favourable life insurance experience ratings at the Toronto Police Service; as well as, the November fare increase and not implementing increases in peak service planned for the fall of 2007 as part of the Ridership Growth Strategy and not opening the Mount Dennis Bus Garage in 2007 as planned at the TTC.

C*orporate Accounts* are projected to be under budget at year-end by $34.1 million or 28.0% of the 2007 Approved Operating Budget. This favourable variance is mainly attributed to: higher than anticipated investment income; higher Toronto Parking Authority revenues resulting from improved off-street parking facilities and the introduction of additional pay and display machines; higher than expected PILs due to higher assessment and Heads & Beds levies, combined with an anticipated lower provision adjustment; higher Supplementary Taxes; and, the transfer of 2003 unclaimed tax credits held in the Tax Repayment account to general revenues in 2007.

Discussion of Significant Program Variances (Appendices A, B and C)

(1) Citizen Centred Services “A”

The Programs within Citizen Centred Services “A” reported a favourable year-to-date net variance of $6.6 million or 0.9% of planned expenditures and are projecting a year-end under expenditure of $6.9 million or 0.7% of the 2007 Approved Operating Budget. The projected year-end surplus includes $6.3 million of cost containment savings.

Table 1	Net Variances ($ millions)	
	September 2007 Over/(Under)	Projected Y/E 2007 Over/(Under)
Affordable Housing Office	(0.1)	(0.1)
Children's Services	(0.6)	(0.5)
Court Services	4.0	4.8
Economic Development, Culture & Tourism	(0.4)	0.2
Emergency Medical Services	1.2	1.2
Homes for the Aged	5.5	5.2
Parks, Forestry & Recreation	(3.2)	1.5
Shelter, Support & Housing Administration	(4.7)	(4.8)
Social Development, Finance & Administra	(0.4)	(0.4)
Social Services	(7.9)	(14.0)
3-1-1 Customer Service Strategy	(0.0)	(0.0)
Sub-Total	(6.6)	(6.9)

While the cluster faces significant budget pressures in Court Services, Emergency Medical Services, Homes for the Aged and Parks, Forestry & Recreation, the Programs within this cluster are projecting other efficiencies / savings (in excess of already announced cost containment savings) in: Social Services; PF&R; EMS; and, Shelter, Support & Housing Administration.

The ***Affordable Housing Office*** had year-to-date favourable gross and net variances of $116.6 million and $0.1 million or 5.2% and 8.7% of planned expenditures, respectively. The year-to-date favourable gross variance was primarily due to savings in salaries & benefits (hiring delays). The Program is projecting a year-end favourable net variance of $0.1 million or 7.6% of the 2007 Approved Operating Budget due to the implementation of cost containment measures.

Children's Services' reported year-to-date favourable gross and net expenditure variances of $5.2 million and $0.6 million or 2.1% and 1.4% of planned expenditures, respectively. These favourable variances were largely attributed to: under spending of $2.5 million due to delays in the construction of two child care centres - Regent Park Child Care Centre and the Aboriginal Child Care Center (not City-owned facilities), funded from the Child Care Expansion Reserve Fund – Best Start (CCERF); lower than expected expenditures of $1.1 million in the After School Recreation and Care Program operated by Parks, Forestry & Recreation (funded from the Social Assistance Stabilization Reserve Fund); and cost containment savings of $1.1 million. At year-end, the Program is projecting a favourable net variance of $0.5 million or 0.8% of the 2007 Approved Operating Budget due to cost containment measures.

Court Services had a year-to-date unfavourable net variance of $4.0 million which is 54.1% over planned expenditures. This variance was the result of underachieved revenues of $3.9 million due primarily to the continued delay in the implementation of the expanded Red Light Camera initiative as well as the unwillingness of defendants to pay court ordered fines. Projections to year-end indicate that the Program will incur an unfavourable variance of $4.8 million or 43.6% of the 2007 Approved Operating Budget, but will achieve its cost containment savings of $0.2 million. Although revenue shortfalls are expected to decline by year end to $3.2 million, over spending will result from off duty police attendance at Court.

Economic Development, Culture & Tourism (EDCT) reported a year-to-date net favourable expenditure variance of $0.4 million or 2.3% of planned expenditures due to a combination of cost containment measures, revenue accruals and budget calendarization adjustments made to expenditures and revenues. The Program is projecting an unfavourable year-end net variance of $0.2 million or 0.9% of the 2007 Approved Operating Budget reflecting a favourable gross variance of $1.9 million or 5.6% and an offsetting decrease in revenue of $2.1 million or 23.2%, due to the deferral of the Block Buster Event. The projected $0.2 million year-end unfavourable variance includes $0.2 million for unbudgeted costs in developing the Economic Strategy and a $0.3 million Film Office parking revenue shortfall, partially offset by cost containment savings of $0.3 million.

Emergency Medical Services (EMS) reported unfavourable year-to-date gross and net expenditure variances of $1.6 million and $1.2 million representing 1.4% and 2.9% of planned expenditures, respectively. These variances were largely attributed to higher than planned overtime costs of $1.9 million due to the ongoing hospital offload situation and retroactive payments of approximately $2.0 million arising from the job evaluation impacts on non-union positions. The over expenditures were partially offset by savings in salaries and benefits, gasoline & uniform costs, cost containment savings and slightly higher than budgeted Provincial Land Ambulance grant revenue. The Program is projecting an unfavourable net variance $1.2 million or 2.9% of the 2007 Approved Operating Budget at year-end. The ongoing hospital offload situation continues to put pressure on EMS' overtime budget. Senior staff from EMS and the Emergency Health Services Branch of the Province continue to discuss resolutions to address the offload situation and EMS is currently exploring an off-load delay strategy and looking at best practices. The over expenditures will be partially offset by cost containment savings of $0.7 million.

The ***Homes for the Aged (HFA)*** year-to-date unfavourable net expenditure variance was $5.5 million or 27.4% of planned expenditures. The unfavourable variance was mainly attributed to a combination of reduced expenditures in both the community based services and homes programs (due to lower than anticipated provincial subsidies and grants) and increased expenditures as a result of an in-year increase in part-time workers' wages from harmonization. By year-end, HFA is projecting an unfavourable net expenditure variance of $5.3 million or 15.8% of the 2007 Approved Operating Budget primarily due to the impact of the wage harmonization settlement for part time workers of $5.7 million offset by cost containment savings of $0.5 million.

Parks, Forestry and Recreation (PF&R) reported a favourable year-to-date net expenditure variance of $3.2 million or 1.8% of planned expenditures primarily due to actual expenditures during the first nine months of the year not matching the pattern assumed in the budget. The Program is projecting an unfavourable net variance at year-end of $1.5 million or 0.7% of the 2007 Approved Operating Budget. This year-end unfavourable variance already accounts for $1.7 million in cost containment savings for September to December 2007. Without the cost containment savings, the PF&R year-end projection would have resulted in an unfavourable net expenditure variance of $3.2 million or 1.4% of the 2007 Approved Operating Budget. This pre-cost containment unfavourable variance projection is a result of $7.5 million in budget pressures: not meeting revenue targets (for concessions, advertising and rent); Local 416 seasonal benefit costs; and, overtime costs to address storm damage in Forestry. However, these 2007 budget pressures will be partially offset by $4.0 million in savings from expenditure mitigation strategies (separate from the City's cost containment exercise), including: reduced programming in under-utilized programs; a spending freeze on discretionary expenditures for materials, supplies and equipment; and, monthly monitoring of overtime and labour distribution reports.

The favourable year-to-date net expenditure variance in ***Shelter, Support & Housing Administration*** of $4.7 million or 2.3% of planned expenditures was primarily attributed to savings from a 5.8% decline in bed-night volumes (budgeted volume 1,067,476 vs. actual volume 1,005,039). The volume change in bed nights was the result of temporary delays in opening the shelter at 129 Peter St. (due to renovations) and the closure of 4 purchase of service shelters during the year. At year-end, the Program is projecting a favourable net expenditure variance of $4.9 million or 1.7% of the 2007 Approved Operating Budget, primarily due to the decline in bed night volumes and cost containment savings of $1.7 million.

Social Development, Finance & Administration reported year-to-date favourable variances of $1.1 million gross and $0.4 million net or 5.4% and 3.3% of planned expenditures. The Program is also projecting a year-end favourable net variance of $0.4 million or 2.6% of the 2007 Approved Operating Budget. These favourable variances are mainly due to staff vacancies, under spending by the Toronto Office of Partnerships (attributable to a later than planned start up of the program) and other general under spending arising from cost containment. The revenue reductions are generally associated with the lower expenditures. The gapping target was revised from the second quarter, generating approximately $0.1 million in additional projected net savings due to the hiring freeze, resulting in total cost containment savings of $0.3 million.

Year-to-date, ***Social Services*** reported lower than planned gross expenditures for the Ontario Works (OW) program, Ontario Disability Support Program (ODSP) and Ontario Drug Benefits (ODB) program of $43.8 million (5.6%). While the average monthly caseload of 75,601 was higher than the planned average monthly caseload of 74,519, the actual case-mix (more singles compared to families) and benefit up-take (slower use of employment related benefits) resulted in the net favourable variance of $7.9 million or 3.8% of the 2007 Approved Operating Budget.

The projected favourable net variance at year-end of $14.0 million is primarily due to the continuation of the trend experienced in the first half of 2007 for OW case-mix and benefit up-take (i.e. projected higher proportion of singles as compared to families on the caseload; slower up-take of employment related benefits) resulting in lower than planned over expenditures that require offsetting reserve fund draws. The Program is projecting a lower than planned net over expenditure for the Ontario Works (OW) program, Ontario Disability Support Program (ODSP) and Ontario Drug Benefits (ODB) program of $13.7 million. The year-end net over expenditure will be funded by the budgeted draws from Toronto Social Services (TSS) reserve funds of $27.4 million (consistent with the funding mechanism adopted by Council since 2002) which is double what will be required and resulting in a savings of $13.7 million. The additional favourable year-end net variance of $0.3 million is a result of cost containment measures.

Ontario Works (OW) Program

The year-end average monthly caseload is projected to be at 76,000 cases or 1,000 cases higher than planned. Ontario Works program benefits for cases over 57,000 will be funded from the Social Assistance Stabilization (SAS) Reserve Fund, consistent with the funding mechanism adopted by Council since 2002. The SAS Reserve Fund, with an opening balance of $32.7 million in 2007, is projected to be $7.0 million at year-end after: projected actual withdrawals of $27.4 million to partially fund the OW, ODSP, ODB and Children’s Services programs, and $3.5 million to balance the City’s 2007 Approved Operating Budget; and, additional GTA Pooling Revenue for 2006 (received in 2007) of $3.6 million used to reduce the 2007 reserve fund withdrawals. As Children’s Services’ “After School Recreation and Care Program” will require reserve funding of $1.8 million in 2008, this would leave a balance of $5.2 million to alleviate TSS budget pressures in 2008.

Ontario Works (OW) Cost of Administration (COA)

The legislated cost-sharing ratio for the OW COA subsidy is 50/50. However, as in previous years, the Province has established a cap on the provincial subsidy and the Toronto Regional Office estimates that the City will receive only $55.4 million for COA in 2007. This results in a budgeted subsidy shortfall of $29.3 million. The recent KPMG review of TSS COA, commissioned by the Province, confirmed the legitimacy of the COA costs, but the Provincial cap remains.

The COA shortfall affects three divisions: Toronto Social Services for the core program delivery, Social Development, Finance and Administration (SDFA) for support services and Shelter, Support and Housing Administration for Head Office Hostel administration.

Ontario Disability Support Program (ODSP) and the Ontario Drug Benefit (ODB) Program

Under the OW Act, municipalities must cost-share the ODSP and ODB programs delivered by the Province. In both program areas, there has been significant cost growth, which has increased well beyond both municipal and provincial forecasts and historical trends. These are uncontrollable costs downloaded by the Province.

The combined 2007 budget for these programs is $175.0 million compared to the 2006 budget of $168.0 million. Year-end actual costs are projected to be $180.0 million, $5.0 million higher than budget, which will be funded by a draw on the SAS Reserve Fund.

Developments in 2007

The maximum monthly Ontario Works basic needs and shelter allowance will increase by 2% in December 2007. While the Province will absorb the additional expense in 2007, the rate increase will create a budget pressure in 2008 and beyond ($6.0 million net impact in 2008).

The Province has completed the reconciliation of GTA Pooling for 2006 (per Provincial correspondence dated June 28, 2007). This resulted in the City receiving an additional $3.6 million in pooling revenue which will be used to reduce the budgeted draw from the SAS Reserve Fund in 2007. In addition, the Province has announced that GTA Pooling will be phased-out over the next seven years. To ensure that municipalities currently receiving GTA Pooling are not negatively impacted, grants from the Ontario Municipal Partnership Fund will be increased by an equivalent reduction in GTA Pooling funding.

(2) Citizen Centred Services "B"

The Programs within Citizen Centred Services "B" reported a favourable year-to-date net variance of $6.5 million or 1.3% of planned expenditures and are projecting a year-end under expenditure of $11.5 million or 1.6% of the 2007 Approved Operating Budget. The projected year-end surplus includes $12.8 million of cost containment savings offset by other pressures experienced in various Program areas.

Table 2	Net Variances ($ millions)	
	September 2007 Over/(Under)	Projected Y/E 2007 Over/(Under)
Toronto Building	(3.0)	(0.8)
City Planning	(0.4)	(0.1)
Fire Services	0.2	(2.2)
Municipal Licensing & Standards	(3.2)	(1.7)
Policy, Planning, Finance and Administratic	(0.4)	(1.2)
Solid Waste Management Services	(0.2)	(4.7)
Technical Services	(0.1)	(0.0)
Transportation Services	0.8	(0.9)
Waterfront Secretariat	(0.2)	(0.1)
Sub-Total	(6.5)	(11.5)

Toronto Building reported a year-to-date favourable net variance of $3.0 million or 26.5% of planned expenditures. This favourable net variance was mainly attributed to savings from higher than planned staff vacancies and higher than expected building permit revenues realized in the first half of 2007. The staff vacancy level is expected to decrease marginally by year-end as a result of the current hiring strategy and building permit activity is expected to remain stable in the last three months of 2007. Due to staff vacancies, the Program will be slightly behind target on meeting performance standards and year-end revenues are projected to be lower than budgeted by $2.3 million as revenue is deferred for work not completed. By year-end, the Program is projecting a year-end favourable net variance of $0.8 million or 6.3% of the 2007 Approved Operating Budget as a result of cost containment measures.

City Planning reported a favourable net expenditure variance of $0.4 million or 4.1% of planned expenditures for the nine months ended September 30, 2007. This variance was the result of savings from staff vacancies. Numerous competitions for these vacant positions are either underway or nearing completion. The staff vacancies were partly offset by lower than anticipated revenues stemming from the mix of Community Planning application types received to date, which generated lower revenue than application mixes experienced in previous years. Based on pre-consultation trends, City Planning anticipates that revenues will to some extent recover in the last quarter of the year. The Program is projecting a year-end favourable net expenditure variance of $0.1 million or 0.4% of the 2007 Approved Operating Budget. Projected under expenditures result primarily due to savings from cost containment measures of $0.2 million and vacant positions not included as part of cost containment of $1.5 million. The under expenditures are offset by projected revenues that will be under budget by $1.6 million as a result of a change in mix of Community Planning applications from what was forecast for 2007.

Fire Services was over spent by $0.2 million net or 0.1% of planned expenditures as of September 30, 2007 primarily the result of higher hydro expenses which were over spent by $0.3 million. Higher than budgeted expenditures for salaries & benefits ($0.8 million), are generally offset by under expenditures of $0.7 million in material and supplies accounts as a result of a credit for Fire Services materials inventory taken over by the Purchasing and Materials Management Division through the 2007 approved Warehouse Rationalization Project. Continued over spending in contracted vehicle repairs and facilities maintenance ($0.8 million) is offset by cost containment savings of $0.2 million for external training and advertising, as well as under spending in equipment accounts of $0.7 million. In addition, year-to-date revenues were $0.4 million lower than expected mainly caused by false alarm fees and service charges, but this was offset by a current period surplus of HUSAR funding and higher than expected sundry revenue resulting in a $0.1 million surplus as of the third quarter.

The current net year-end favourable variance projection for Fire Services of $2.2 million or 0.7% of the 2007 Approved Operating Budget reflects cost containment savings of $3.4 million from discretionary expenses and contributions to vehicle reserves offset by unbudgeted spending of $0.7 million for WSIB cancer claims. The cost containment savings for 2007 have been reduced by $0.9 million due to earlier than expected delivery of replacement fire vehicles and lower than expected salary savings attributable to gapping. Year-end revenues are expected to be $0.5 million less than budgeted due to false alarm fees and service charges.

Municipal Licensing & Standards (MLS) showed a favourable year-to-date net expenditure variance of $3.2 million or 39.1% of planned expenditures primarily the result of savings from staff vacancies and lower than planned inter-divisional charges as actuals did not match the pattern assumed in the budget. The Program is projecting a year-end favourable net expenditure variance of $1.7 million or 15.0% of the 2007 Approved Operating Budget predominantly as a result of savings from cost containment measures (i.e. 21 positions to be held vacant until year-end and non-salary discretionary savings).

Policy, Planning, Finance and Administration (PPF&A) reported a favourable net variance year-to-date of $0.4 million or 2.3% of planned expenditures and is projecting a favourable net variance of $1.2 million or 4.7% of the 2007 Approved Operating Budget at year-end. This net under spending was mainly due to delays in filling vacant positions in the Toronto Environment Office and Business Systems. Revenue shortfalls resulted from delays in capital projects which caused capital recoveries for staff working on IBMS projects to be lower than anticipated. Cost Containment measures will continue to keep positions vacant as well as generate savings in travel and consulting ($1.2 million).

Solid Waste Management Services (SWMS) reported a favourable variance of $0.2 million or 0.2% of planned expenditures for the nine-month period ended September 30, 2007. Revenue was $6.3 million higher than budget mainly due to the increased volume of recyclable materials sold and favourable market prices for recyclable commodities. In addition, the Program had savings from lower contracted SSO processing and lower waste transport costs to Michigan ($1.2 million). These favourable variances were almost entirely offset by an over expenditure of $6.1 million mainly attributed to: unbudgeted harmonization for non-union employees retroactive to 2001 ($1.5 million); one-time payment to a collection contractor as a result of terminating the existing contract ($1.5 million); and, the on-going cost of processing single stream materials, source separated organics and Green Lane royalty fees and contribution to reserves and reserve funds ($4.5 million). At year-end, the Program is projecting a favourable net expenditure variance of $4.7 million or 2.7% of the 2007 Approved Operating Budget, due primarily to: the effect of cost containment measures, which delayed some of the 70% Waste Diversion initiatives, of $1.6 million; and, the effect of lower than expected tonnages at transfer stations which lowered the cost of shipping waste to Michigan, estimated to be $1 million. Revenue shortfalls at year-end, estimated to be $0.4 million, are due to less than budgeted contributions from the Waste Management Reserve to operating to offset the implementation of the 70% Waste Diversion Plan.

Technical Services reported a favourable year-to-date net expenditure variance of $0.1 million and is projecting a balanced budget at year-end. Gross projected expenditures of $56.3 million are under budget by $3.2 million or 5.3% (including cost containment savings of $1.1 million) compared to the budget of $59.5 million largely the result of unfilled vacancies. However, this favourable variance is offset by the fact that projected revenues of $40.1 million are $3.1 million or 7.2% below the budgeted amount of $43.2 million due to lower recoveries from client programs and external sources.

Transportation Services reported an unfavourable variance of $0.8 million net or 0.7% of planned expenditures as of September 30, 2007. This variance was primarily due to a budgeted revenue shortfall of $6.0 million or 11.6%. The shortfall primarily occurred in revenue from utility cut repairs resulting from delays in the first part of the construction season due to colder than normal weather in the spring and a consequent delay in the receipt of payments from the utility companies. The lower than expected revenue will continue to year-end as a result of lower bid prices for 2007 contracts, as well as lower work activity requirements from utility companies for the last quarter of the year. Fleet maintenance charges and fuel charges are $1.4 million over budget and are expected to continue to year-end due to the replacement of some vehicles with a higher maintenance fee, charges for repairs not covered by monthly rental, and higher fuel prices. The revenue and expenditure pressures were partly balanced off by savings in expenditures for materials and supplies of $3.1 million and services and rents of $3.4 million. Materials and supplies savings consisted of de-icing salt expenditures that were delayed pending the restocking of salt domes for the upcoming winter season and reduction in discretionary spending resulting from cost containment. Under spending in services and rents resulted from savings in contracted utility cut repairs, operation and maintenance of new Red Light camera locations, and contracted summer maintenance and grass cutting. An uncontrollable delay in the approval of Provincial regulations necessary to operate the new Red Light cameras has reduced costs for their operation and maintenance by $0.9 million.

Transportation Services is projecting a year-end net under expenditure of $0.9 million or 0.5% of the 2007 Approved Operating Budget driven by the revenue shortfalls from utility cut repairs and implementation of cost containment measures and other savings. Cost containment is expected to generate savings of $2.8 million from which $1.5 million are related to service level adjustments in roadside grass cutting, mechanical leaf pick-up, windrow clearing and mechanical sidewalk snow clearing. Other cost containment measures such as increased gapping and non-salary discretionary spending are expected to net another $0.8 million and $0.5 million in savings respectively. The effect of the revenue shortfall of $3.7 million from utility cut repairs and over expenditures for fleet maintenance and fuel charges of $1.4 million is expected to be partially balanced off by savings of $1.6 million resulting from the reduction of expenditures for Red Light Cameras and materials and supplies.

Waterfront Secretariat reported a favourable net expenditure variance of $0.2 million or 28.5% of planned expenditures for the nine months ended September 30, 2007. This variance was primarily the result of savings from planned expenditures to retain external expertise which will now occur later in the year. The Program is projecting a year-end favourable net expenditure variance of $0.1 million or 7.2% of the 2007 Approved Operating Budget as a result of cost containment measures.

(3) Internal Services

Table 3	Net Variances ($ millions) September 2007 Over/(Under)	Net Variances ($ millions) Projected Y/E 2007 Over/(Under)
Office of the Chief Financial Officer	(0.6)	(0.9)
Office of the Treasurer	(1.9)	(3.0)
Public Information & Creative Services	(0.1)	(0.2)
Facilities & Real Estate	(0.2)	(0.5)
Fleet Services	(0.2)	(0.2)
Information & Technology	(3.7)	(1.5)
Sub-Total	(6.6)	(6.3)

The Programs within Internal Services reported a favourable year-to-date net variance of $6.6 million or 5.6% of planned expenditures and are projecting a year-end under expenditure of $6.3 million or 4.2% of the 2007 Approved Operating Budget. The projected year-end surplus includes approximately $6.3 million of cost containment savings after other (equally offsetting) pressures / efficiencies / savings in various programs.

The ***Office of the Chief Financial Officer*** (inclusive of Financial Planning, Special Projects, Corporate Finance and Finance & Administration Divisions) reported a favourable year-to-date net variance of $0.6 million or 9.1% of planned expenditures and is projecting a favourable year-end net variance of $0.9 million or 9.4% of the 2007 Approved Operating Budget. The current period favourable variance was primarily attributed to savings in salaries resulting from extraordinary gapping. The Program's cost containment savings of $0.9 million include delays in filling these vacant positions and reductions in discretionary spending.

The ***Office of the Treasurer*** (inclusive of Revenue Services, Accounting Services, Pensions, Payroll & Employee Benefits and Purchasing & Materials Management Divisions) reported a favourable year-to-date net variance of $1.9 million or 8.7% of planned expenditures and is projecting a favourable year-end net variance of $3.0 million or 9.4% of the 2007 Approved Operating Budget. The year-to-date favourable variance was primarily due to savings in salaries resulting from delays in capital project start-ups and extraordinary gapping. Additional savings of $0.5 million due to the decreased staffing levels contribute to the net favourable variance at year-end. The Program's cost containment savings of $2.5 million increase the year-end projected surplus to $3.0 million.

Public Information and Creative Services reported a favourable year-to-date net variance of $0.1 million or 3.2% of planned expenditures and is projecting a favourable year-end net variance of $0.2 million or 3.6% of the 2007 Approved Operating Budget. These favourable variances are mainly due to salary savings from vacant positions and savings in training and development, telephone and office materials. The year-end projection includes cost containment savings of $0.2 million.

Facilities & Real Estate reported a year-to-date favourable variance of $0.1 million or 0.3% of planned expenditures. This favourable variance was primarily due to lower utility costs resulting from the energy efficiency measures implemented in various corporate facilities. The Program is projecting a favourable variance of $0.5 million or 0.9% of the 2007 Approved Operating Budget by year-end. This is attributed to the savings in utility costs ($0.2 million) and cost containment measures which include hiring freeze ($0.2 million) and further utility savings due to the reduced hours of operation in Civic Centres ($0.1 million).

Fleet Services' favourable year-to-date net variance of $0.2 million was mainly attributed to the accounting of the rental rate charge-back to client divisions, which will be adjusted for cost recovery over the course of the year. The Program is projecting a favourable net variance at year-end of $0.2 million primarily due to cost containment savings of $0.8 million.

Information & Technology reported a favourable year-to-date net variance of $3.7 million or 9.6% of planned expenditures. The favourable variance was primarily due to delays in filling vacancies. These positions remain vacant due to the hiring freeze and recruitment challenges as a result of a shortage in qualified IT candidates. In addition, effective contract negotiations resulted in reduced spending for hardware and software maintenance services. The Program is projecting a favourable net variance at year-end of $1.5 million or 3.0% of the 2007 Approved Operating Budget largely as a result of cost containment measures.

(4) City Manager

Table 4	Net Variances ($ millions)	
	September 2007 Over/(Under)	Projected Y/E 2007 Over/(Under)
City Manager's Office	(1.0)	(0.5)

The ***City Manager's Office*** reported a year-to-date favourable variance of $1.0 million or 3.8% of planned expenditures. This favourable variance was partly due to cost containment savings ($0.3 million) as a result of the measures implemented in July 2007, with the remaining unspent budget committed in the fourth quarter of 2007. By year-end, cost containment measures are projected to yield a favourable variance of $0.5 million or 1.2% of the 2007 Approved Operating Budget.

(5) Other City Programs

Other City Programs reported a favourable year-to-date net variance of $1.5 million or 3.8% of planned expenditures and are projecting a year-end under expenditure of $1.8 million or 2.4% of the 2007 Approved Operating Budget. The projected year-end surplus includes $0.9 million of cost containment savings.

Table 5	Net Variances ($ millions)	
	September 2007 Over/(Under)	Projected Y/E 2007 Over/(Under)
City Clerk's Office	(0.5)	(0.1)
Legal Services	0.0	(0.1)
Office of the Mayor	(0.3)	(0.3)
Council	(0.6)	(1.3)
Sub-Total	(1.5)	(1.8)

The ***City Clerk's Office*** reported a year-to-date favourable net variance of $0.5 million or 2.3% of planned expenditures primarily due to lower than expected spending in postage, marriage licenses and training, and interdepartmental charges, and lower than budgeted revenue related largely to the Printing and Distribution Unit's lower business volume as a result of cost containment measures implemented by client divisions. The Program is projecting a favourable year-end net variance of $0.1 million or 0.3% of the 2007 Approved Operating Budget. This includes cost containment savings of $0.5 million.

Legal Services is projecting a year-end net favourable variance of $0.1 million or 0.3% of the 2007 Approved Operating Budget due to cost containment measures (savings in staff training, equipment and office supplies).

The ***Mayor's Office*** reported a year-to-date favourable net variance of $0.3 million or 18.6% of planned expenditures primarily due to the deferral of hiring 3 new positions and the delayed development & implementation of the scheduling system as cost containment measures. By year-end, the Mayor's Office is projecting a favourable net variance of $0.3 million or 12.8% of the 2007 Approved Operating Budget largely attributed to cost containment savings of approximately $0.2

million from maintaining three new position vacancies and delaying the development & implementation of the constituency database & calendaring system.

The ***Council*** Budget experienced a year-to-date favourable variance of $0.6 million or 4.4% of planned expenditures and is projected to be under spent by $1.3 million or 6.6% of its 2007 Approved Operating Budget by year-end. This is primarily due to the under spending in some Councillors' staff salaries & benefits and office budgets. The Councillors' staff salaries & benefits and office budgets are both expected to be under spent by $0.6 million by year-end. In addition, delaying the development of the constituency management application will result in cost containment savings of $0.05 million.

(6) Accountability Offices

Table 6	Net Variances ($ millions)	
	September 2007 Over/(Under)	Projected Y/E 2007 Over/(Under)
Auditor General's Office	(0.1)	(0.1)
Lobbyist Registrar	0.0	0.0
Sub-Total	(0.1)	(0.0)

The ***Auditor General's Office*** reported a favourable year-to-date variance of $0.1 million or 3.7% and is projecting a year-end favourable variance of $0.1 million or 1.7% of the 2007 Approved Operating Budget (including cost containment savings). This favourable variance is primarily attributed to salary savings arising from a vacant position.

(7) Agencies, Boards and Commissions

Collectively, Agencies, Boards and Commissions (ABCs) reported an unfavourable year-to-date net variance of $10.3 million or 1.1% of planned expenditures and are projecting a year-end under expenditure of $17.7 million or 1.3% of the 2007 Approved Operating Budget. The projected year-end favourable variance includes approximately $11.9 million of cost containment savings.

Table 7	Net Variances ($ millions)	
	September 2007 Over/(Under)	Projected Y/E 2007 Over/(Under)
Toronto Public Health	(1.6)	(1.6)
Toronto Public Library	(0.1)	(1.0)
Association of Community Centres	0.1	0.2
Exhibition Place	(0.9)	(0.1)
Heritage Toronto	(0.0)	0.0
Theatres	0.3	(0.0)
Toronto Zoo	(1.1)	(0.8)
Arena Boards of Management	(0.3)	(0.0)
Yonge Dundas Square	(0.1)	(0.0)
Toronto & Region Conservation Authority	0.0	0.0
TTC - Conventional (Aug. 4/07)	10.7	(8.9)
TTC - Wheel Trans (Aug. 4/07)	(0.4)	(0.5)
Toronto Police Service	3.6	(4.8)
Toronto Police Services Board	0.0	0.0
Sub-Total	10.3	(17.7)

Toronto Public Health (TPH) showed favourable year-to-date gross and net expenditure variances of $4.1 million and $1.6 million or 2.7% and 4.4% of planned expenditures, respectively. The favourable gross and net expenditure variances were primarily the result of increased gapping due to cost containment. By year-end, Toronto Public Health is projecting a favourable net variance of $1.6 million or 3.2% of the 2007 Approved Operating Budget due to savings from cost containment measures implemented for 2007.

The ***Toronto Public Library's (TPL)*** year-to-date favourable net variance of $0.1 million or 0.1% of planned expenditures was mainly attributed to year-long cost containment measures implemented in 2007. The unfavourable gross variance of $0.1 million was mainly due to salary over expenditures required to meet growing service demand and the unexpectedly high level of sick leave payouts during 2007. Higher than budgeted external grants provided for specific purposes will fully offset related over expenditures in salaries, supplies and services. Year-long spending restrictions in non-salary expenditures have been in place to ensure that annual net expenditures do not exceed the 2007 approved budget.

In response to a request from the Mayor, the Library Board (at its July 25, 2007 meeting) approved service level reductions, including reduced service on Sundays, and additional cost containment measures that were expected to generate a year-end surplus of approximately $1.2 million. However, the high cost of sick leave payouts will reduce the projected year-end surplus to approximately $1.0million by the end of 2007 with an undetermined further reduction due to a recent arbitration ruling requiring reinstatement of full Sunday service.

The ***Association of Community Centres (AOCC)*** showed an unfavourable net variance year-to-date of $0.1 million or 1.5% of planned expenditures and is projecting an unfavourable variance at year-end of $0.2 million or 3.5% of the 2007 Approved Operating Budget. The year-end unfavourable variance is driven by the ongoing cost pressures of non union position reclassifications, IT expenses & vacation accrual payouts at Scadding Court, and the 2005 year-end settlement of the AOCC Core

Administration. The additional salary & benefit costs due to reclassification of the non-union positions (adopted by Council at its July 16-19, 2007 meeting) were funded from the City's Employee and Retiree Benefits Reserve Fund retroactive from April 15, 2003 up to June 30, 2007. However, the remaining portion for 2007 (July 1- December 31) is to be absorbed within the approved budgets. The Community Centres are unable to comply and the resulting deficit will need to be reconciled during the 2007 year-end settlement of the AOCC Core Administration.

Exhibition Place reported a year-to-date favourable net variance of $0.9 million and is projecting a year-end favourable net variance of $0.1 million. The year-to-date favourable net variance was primarily due to revenues from rentals, ancillary show services and parking for the Direct Energy Centre, Exhibition Place operations and the Soccer Stadium not matching the calendarization assumed in the budget. At year-end, Exhibition Place is projecting a year-end favourable net variance attributed to cost containment savings from deferred advertising, business travel, equipment and supply costs, and higher revenue as noted above.

Theatres reported a year-to-date unfavourable net variance of $0.3 million or 13.1% of planned expenditures largely due to lower than expected revenues for two key shows at the Sony Centre for the Performing Arts and one-time rental clients in the Main Stage Theatre at the Toronto Centre for the Arts. The Theatres are projecting balanced budgets at year-end.

The ***Toronto Zoo*** reported a year-to-date net favourable expenditure variance of $1.1 million or 20.8% of planned expenditures primarily due to the success of “Dinosaurs Alive!” which drove attendance levels 13.8% above the budgeted targets. This was somewhat offset by additional year-to-date gross expenditures of $0.5 million which were required to support the increased level of attendance and operations. The Program is projecting a year-end net favourable variance of $0.8 million or 6.7% of the 2007 Approved Operating Budget mainly due to the success of the “Dinosaurs Alive!” exhibit noted above. Cost containment savings of $0.1 million are also included in the year-end projection.

The ***Arena Boards of Management*** Program reported a year-to-date favourable net variance of $0.3 million primarily due to seasonal fluctuations in revenues (prepaid program registration fees) and expenses, and actual expenditures not matching the pattern assumed in the budget. These variances are expected to self-adjust over the course of the year and the Arena Boards of Management Program is projecting a balanced budget at year-end.

The ***Toronto Transit Commission (TTC)*** had a year-to-date unfavourable net variance of $10.3 million or 4.9% of planned expenditures (Conventional and Wheel-Trans) as at August 4, 2007. This unfavourable variance resulted primarily from the payment of unbudgeted property taxes for parking lots. The Municipal Property Assessment Corporation (MPAC) continues to assess certain TTC properties for property tax purposes despite the new City of Toronto Act exemption which came into effect in January 2007. TTC and City staff are pursuing the resolution of this matter through MPAC’s appeals process. In addition, year-to-date expenses were higher than anticipated due to increased vehicle maintenance requirements, unbudgeted subway cleanliness improvements and increased costs for operators performing transitional work. The TTC is also attempting to identify the $5.0 million in unspecified savings that were approved by Council as part of the 2007 Operating Budget.

As was reported at its meeting in September 2007, excluding cost-containment savings and the fare increase, TTC Conventional is projecting a year-end shortfall of $2.1 million and TTC Wheel Trans is projecting a year-end surplus of $0.5 million. However, as part of the City's cost containment initiative, the TTC has found $6.0 million in cost containment savings ($4.0 million from deferring the implementation of increases in peak service planned for the fall of 2007 as part of the Ridership Growth Strategy and $2.0 million from not opening the Mount Dennis Bus Garage in 2007 as planned). In addition, the November fare increase is expected to generate $5.0 million in revenue in 2007. As a result, the TTC (Conventional and Wheel Trans) is projecting a year-end net favourable variance of $9.4 million or 2.9% of the 2007 Approved Operating Budget.

The ***Toronto Police Service (TPS)*** reported an unfavourable net expenditure variance year-to-date of $3.6 million or 0.6% of planned expenditures, but is projecting a year-end favourable net variance of $4.8 million or 0.6% of the 2007 Approved Operating Budget. This favourable variance is due to cost containment savings as approved by the Toronto Police Services Board, savings from the timing of hiring Court Officers, temporary civilian staffing vacancies (upon a vacancy review) and lower than anticipated medical and dental costs. The projected favourable variance is further enhanced as a result of expected additional revenues from a refund of a past favourable life insurance experience rating, as well as an increase in net fees such as paid duties.

(8) Corporate Accounts

Year-to-date, ***Corporate Accounts*** were under spent by $17.8 million or 17.2% of planned expenditures on a net basis. The favourable variance was primarily due to actual expenditures and revenues during the first nine months of the year not matching the pattern assumed in the budget. Specifically, for the ***Community Partnership and Investment Program (CPIP)***, the unfavourable variance of $0.8 million is the result of distributions not matching the pattern assumed in the budget, however CPIP is projecting a balanced budget by year-end.

Table 8	Net Variances ($ millions)	
	September 2007 Over/(Under)	Projected Y/E 2007 Over/(Under)
Community Partnership and Investment Pro	0.8	0.0
Capital & Corporate Financing	(1.3)	(1.7)
Non-Program Expenditures	(5.0)	(1.1)
Non-Program Revenues	(12.3)	(31.3)
Sub-Total	(17.8)	(34.1)

The projected year-end favourable net variance of $34.1 million or 28.0% of the 2007 Approved Operating Budget is mainly attributed to: higher than anticipated investment income ($5.4 million); higher Toronto Parking Authority revenues resulting from improved off-street parking facilities and the introduction of additional pay and display machines ($1.6 million); higher than expected Payments in Lieu of Taxes (PILs) due to higher assessment and Heads & Beds levies, combined with an anticipated lower provision adjustment ($7.0 million); higher than planned Supplementary Taxes ($6.0 million); and, the transfer of 2003 unclaimed tax credits held in the Tax Repayment account to general revenues in 2007 ($9.5 million).

Non Levy Operations

Table B	Net Variances ($ millions) September 2007 Over/(Under)	Net Variances ($ millions) Projected Y/E 2007 Over/(Under)
Toronto Parking Authority	(2.8)	(2.2)
Toronto Water	(13.8)	(1.7)
Sub-Total	(16.6)	(4.0)

The ***Toronto Parking Authority (TPA)*** reported a year-to-date favourable net variance of $2.8 million or 8.7% of planned expenditures and is projecting a favourable net variance of $2.2 million or 5.0% compared to the 2007 Council Approved Operating Budget. The year-end gross expenditure projection of $59.2 million is over budget by $1.4 million or 2.4% compared to the 2007 Approved Operating Budget of $57.8 million. The increase is primarily due to higher than anticipated rental charges for numerous car parks throughout the City reflecting higher revenue. In addition, credit card processing; ticket; wireless communication; and, service contract costs are all anticipated to increase from higher than forecasted revenue. The projected year-end revenue for the Authority is $105.9 million. This represents an increase of approximately $3.6 million or 3.6% in revenue compared to the 2007 Approved Operating Budget of $102.2 million. By year-end, the TPA is anticipating a favourable net variance $2.2 million or 5.0% compared to the 2007 Council Approved Operating Budget. As noted above, the favourable net variance is attributable to improved off-street parking along the Yonge St. corridor and the introduction of additional pay and display machines.

Toronto Water (TW) reported a favourable year-to-date net variance of $13.8 million or 22.5% of planned expenditures and is projecting a net under expenditure of $1.7 million at year-end. The 2007 gross expenditure projection for Toronto Water is $15.6 million or 4.1% below the 2007 Approved Operating Budget of $379.3 million. The favourable variance is largely attributed to salary savings and unfilled vacancies in District Operations. Toronto Water is reporting that year-end water sales revenue and sewer surcharges will not be achieved and will be approximately $16.2 million or 2.7% below the 2007 Approved Operating Budget of $595.3 million. The projected decline in water sales revenue is attributed to lower consumption throughout the entire year. This decline will be partially offset by an increase in water sales to York Region of $1.8 million and other revenues of $0.5 million. The total revenue shortfall is estimated at $13.9 million or 2.1% compared to the 2007 Approved Operating Budget of $648.2 million by year-end. Toronto Water is forecasting a year-end increase in the contribution to capital of $1.7 million or 0.6% compared to the 2007 Approved Operating Budget of $268.9 million. The increase, as noted above, is primarily attributed to lower than budgeted salaries and unfilled vacancies. The surplus forecast in the contribution to capital account will be transferred to the Water and Wastewater Rate Stabilization Reserves at year-end. The contribution to capital account is used to fund Toronto Water's capital works program.

Consulting Costs

The total 2007 budgeted consulting costs are $5.3 million and the City's actual consulting costs were $1.8 million as at September 30, 2007. The Deputy City Manager & Chief Financial Officer will continue to monitor consulting expenditures and report through future operating variance reports.

Approved Positions

The City budgets and monitors its staff complement based on Approved Positions. As at September 30, 2007, the City reported 44,991.3 full-time approved positions (42,576.6 permanent and 2,414.7 casual/seasonal) and 4,320.7 part-time approved positions (1,605.6 permanent and 2,715.1 casual/seasonal). This reflected a decrease of 1.7% from the 2007 Council Approved Positions and occurred mainly due to delays in filling vacant positions and seasonal fluctuations within City Programs/ABCs.

Utility Costs

As at September 30, 2007, levy and rate operations reported utility costs of $102.4 million (compared to the planned expenditures of $104.8 million). By year-end, the City is projecting total utility cost to be $152.1 million (compared to a budget of $154.6 million) mainly due to lower consumption and energy cost containment measures. The year-to-date under expenditure for City utility costs was primarily the result of: lower than planned consumption (increased use of LED traffic signal lamps, mild winter/spring weather; lower than expected water & sewage treated); energy cost containment measures in the first nine months of 2007; and actual expenditures not matching the distribution pattern assumed in the budget. These under expenditures mostly occurred in: EMS; Homes for the Aged; Transportation Services; Facilities & Real Estate; the Toronto Public Library; the Theatres; the TTC and Toronto Water.

Budget Adjustments

Appendix D lists budget adjustments made between July 1 and September 30, 2007. These adjustments amend the 2007 Council Approved Operating Budget between Programs to ensure accurate reporting and financial accountability, and do not increase the overall 2007 Council Approved Operating Budget.

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SIGNATURE

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ATTACHMENTS

Appendix A – Net Expenditures
Appendix B – Gross Expenditures
Appendix C – Revenues
Appendix D – Budget Adjustments