



STAFF REPORT INFORMATION ONLY

Toronto Public Health Operating Budget Variance Report for the Nine Months ended September 30, 2010

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|--------------------------|---------------------------|
| Date: | November 1, 2010 |
| To: | Board of Health |
| From: | Medical Officer of Health |
| Wards: | All |
| Reference Number: | |

SUMMARY

This report provides an update to the Board of Health on Toronto Public Health's (TPH) Operating Budget Variance for the nine months of operation ending on September 30, 2010.

Toronto Public Health's operating budget was under spent by \$455.9 thousand net or 1.5 percent for the nine-month period ending September 30, 2010. Much of this under-pending is due to a hiring slow down implemented for all City employees, including those who deliver public health services. Due to the cost-sharing of public health services, the City's cost containment measures result in TPH losing \$3 of provincial funding for each \$1 of City cost saving.

TPH gross expenditures were below budget by \$3,703.5 thousand or 2.4 percent, attributable to the under spending of \$2,475.0 thousand in Salaries and Benefits and \$1,228.5 thousand in non payroll including utility costs. Revenue was under achieved by \$3,247.6 thousand due to under-expenditures in provincial cost-shared and fully funded programs, underachievement of Interdepartmental Revenue in the Investing in Families and Newcomer Initiative programs and under spending in Capital projects resulting in an unfavourable variance of transfer funds from Capital.

At year-end, TPH expects to be under spent in gross expenditures by \$1,884.2 thousand or 0.9 percent and below budget in revenue by \$1,328.0 thousand or 0.8 percent resulting in \$560.5 thousand net favourable variance or 1.3 percent.

Financial Impact

| | AS OF SEPTEMBER 30, 2010 | | | | AS OF DECEMBER 31, 2010 | | | |
|------------------------|--------------------------|-----------------|----------------|--------------|-------------------------|-----------------|----------------|--------------|
| | ACTUAL | BUDGET | VARIANCE | | ACTUAL | BUDGET | VARIANCE | |
| | (\$000s) | (\$000s) | (\$000s) | % | (\$000s) | (\$000s) | (\$000s) | % |
| Gross Expenditure | 149,174.1 | 152,877.6 | (3,703.5) | (2.4) | 218,225.9 | 220,114.4 | (1,888.5) | (0.9) |
| Revenue | 120,072.3 | 123,319.9 | (3,247.6) | (2.6) | 174,618.7 | 175,946.7 | (1,328.0) | (0.8) |
| NET EXPENDITURE | 29,101.8 | 29,557.7 | (455.9) | (1.5) | 43,607.1 | 44,167.6 | (560.5) | (1.3) |

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

This report provides an update to the Board of Health on Toronto Public Health's Operating Budget Variance for the nine months of operation ending on September 30, 2010.

COMMENTS

Toronto Public Health's 2010 Operating Budget is \$220,114.4 thousand gross and \$44,167.6 thousand net.

Expenditures were under budget by \$3,703.5 thousand (2.4 percent) and revenues were under achieved by \$3,247.6 thousand (2.6 percent), respectively as of September 30, 2010 resulting in net under-spending of \$455.9 thousand. Explanations of the variances in both gross expenditures and revenues and a summary of corrective actions are outlined below.

Gross Expenditures

Toronto Public Health's gross under spending of \$3,703.5 thousand or 2.4 percent is comprised of the following:

Salaries and Benefits were \$2,475.0 thousand or 1.6 percent less than budget. This resulted in actual gapping of 5.1 percent versus the overall TPH gapping target of 4.3 percent. This was mainly due to the City's hiring slow-down initiated in 2009 and carried over into 2010. Monthly detailed analysis and review of the complement results helped in maintaining staffing levels within approved budget and utilize available resources to meet public health needs.

Non-payroll expenditures were \$1,228.5 thousand or 0.8 percent under budget across various provincial cost shared and fully funded programs due to the cost containment initiative and delays in implementation of Investing in Families and Newcomer Initiative programs.

Revenue

Actual revenue was lower than budget by \$3,247.6 thousand or 2.6 percent driven by under-spending in the following areas:

- i. Cost shared and fully funded programs resulting in an unfavourable variance in provincial revenues;
- ii. Investing in Families and Newcomer Initiative programs funded by Toronto Employment and Social Services through Interdepartmental Recovery, and
- iii. Under-spending in capital projects resulting in an unfavourable variance of transfer funds from capital.

Management Action

Staff complement and budget variance analysis are reviewed regularly. The City's cost containment measures result in TPH losing \$3 of provincial funding to save \$1 of City funding. This has been particularly challenging to manage in maintaining appropriate staff levels to deliver public health services in the City.

CONTACT

Shirley MacPherson
Director, Finance & Administration
Toronto Public Health
Tel: 416-392-7467 Fax: 416-392-0713
Email: smacphe@toronto.ca

SIGNATURE

Dr. David McKeown
Medical Officer of Health

ATTACHMENTS

Attachment 1 – TPH Operating Variance Submission for the Nine Months ended September 30, 2010