

EX8.14**Decision Letter****Budget Committee**

Meeting No.	8	Contact	Julie Amoroso, Committee Administrator
Meeting Date	Friday, September 6, 2019	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Committee Room 1, City Hall	Chair	Councillor Gary Crawford

BU8.4	ACTION	Adopted		Ward: All
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Operating Variance Report for the Six Months Ended June 30, 2019

Confidential Attachment - The security of the property belonging to the City of Toronto

Committee Decision

The Budget Committee recommends to the Executive Committee that:

1. City Council approve the transfer of \$0.064 million from Policy, Planning, Finance and Administration's Vehicle Reserve (XQ1401) to City Clerk's Vehicle Reserve (XQ1401) to finalize the transfer of internal mail function from Policy, Planning, Finance and Administration to City Clerk's related to courier services.
2. City Council approve the budget adjustments and any associated complement changes detailed in Appendix D to the report (August 26, 2019) from the Chief Financial Officer and Treasurer to amend the 2019 Approved Operating Budget, such adjustments to have no impact on the 2019 Approved Net Operating Budget of the City.
3. City Council direct that the confidential information contained in Confidential Attachment 1 to the report (August 26, 2019) from the Chief Financial Officer and Treasurer remain confidential in its entirety, as it involves the security of property belonging to the City of Toronto.

Origin

(August 26, 2019) Report from the Chief Financial Officer and Treasurer

Summary

The purpose of this report is to provide City Council with the Operating Variance for the six months ended June 30, 2019 as well as projections to year-end. This report also requests City Council's approval for amendments to the 2019 Approved Operating Budget that have no impact on the City's 2019 Approved Net Operating Budget.

The following table summarizes the financial position of the City's Tax Supported Operations as of June 30, 2019 and the projection at year-end:

Table 1 - Tax Supported Operating Variance Summary

Variance (\$M) Favourable / (Unfavourable)	2019 Q2 YTD			2019 Year-End Projection		
	Budget	Actual	Var	Budget	Actual	Var
City Operations	1,166.1	1,138.3	27.8	2,287.7	2,272.5	15.4
Agencies	1,032.8	1,022.7	10.1	2,098.5	2,100.3	(1.9)
Corporate Accounts	223.3	72.7	150.6	(73.2)	(172.0)	98.8
Total Variance	2,422.2	2,233.8	188.5	4,313.0	4,200.8	112.3
Less: Toronto Building*	(1.1)	(18.7)	17.6	(16.9)	(41.6)	24.7
Adjusted Variance	2,423.3	2,252.4	170.8	4,329.9	4,242.4	87.6
% of Gross Budget			3.0%			0.8%

* In accordance with the Building Code Act, any surplus from Toronto Building must be contributed to the Building Code Act Service Improvement Reserve Fund.

Year-to-Date and Year-End Spending Results:

As noted in Table 1 above, for the six months ended June 30, 2019 Tax Supported Operations experienced a favourable net variance of \$188.5 million or 8 percent of planned expenditures. The key factors contributing to the favourable year-to-date variance are:

- Year-to-date net under expenditure in City Operations is primarily due to lower than planned salary and benefits, as well as higher than planned revenue in Fire Services, Municipal Licensing and Standards, and Toronto Building. Favourable year-to-date variance was partially offset by over spending in Shelter, Support and Housing Administration.
- Lower than planned gross expenditures in Toronto Zoo and Toronto Transit Commission.
- Favourable revenue from Interest/Investment Earnings and Municipal Land Transfer Tax, as well as lower than planned Debt Charges.

For year-end, the City is projecting a net favourable variance of \$112.3 million or 3 percent of the 2019 Approved Operating Budget that is partially offset by Shelter, Support and Housing Administration due to continued high demand for Hostel Services.

An overview of the key variance drivers can be found in the "Comments" section of this report as well as in a detailed summary provided in Appendix E.

Rate Supported Programs:

Rate Supported Programs reported a favourable year-to-date variance of \$47.3 million. The favourable variance is attributed to gross under expenditures in salary and benefits, earlier than planned receipt of revenue, and one-time capital gain from the sale of property. At year-end, a favourable projected variance is anticipated to be \$32.6 million that is primarily driven by gross

under spending in Toronto Water.

Rate Supported Programs are funded entirely by the user fees that are used to pay for the services provided and the infrastructure to deliver them. Solid Waste Management Services and Toronto Water's respective year-end surpluses, if any, must be transferred to the Wastewater and Water Stabilization Reserves and Waste Management Reserve Fund, respectively, to finance capital investments and ongoing operations.

Table 2 - Year-To-Date Rate Supported Operating Variance Summary

Variance (\$M) Favourable / (Unfavourable)	2019 Q2 YTD			2019 Year-End Projection		
	Budget	Actual	Var	Budget	Actual	Var
Solid Waste Management Services	4.0	(12.8)	16.8	0.0	(1.1)	1.1
Toronto Parking Authority	(31.9)	(39.9)	8.1	(66.5)	(69.0)	2.4
Toronto Water	17.8	(4.5)	22.4	0.0	(29.0)	29.0
Total Variance	(10.0)	(57.3)	47.3	(66.5)	(99.1)	32.6

Background Information

(August 26, 2019) Report and Appendices A to D and revised Appendix E from the Chief Financial Officer and Treasurer on Operating Variance Report for the Six Months Ended June 30, 2019

<http://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-137108.pdf>

(August 26, 2019) Report and Appendices A to E from the Chief Financial Officer and Treasurer on Operating Variance Report for the Six Months Ended June 30, 2019

Confidential Attachment 1 - Other Corporate Expenditures