

Minutes - Standing Policy Committee on Finance - October 13, 2016

REPORTS

Item No. 1 Financial Status Report and Forecast to August 31, 2016

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service, and received as information the Financial Status Report and Forecast to August 31, 2016.

Minutes - Standing Policy Committee on Finance - October 13, 2016

DECISION MAKING HISTORY:

Moved by Councillor Gillingham,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

ADMINISTRATIVE REPORT

Title: Financial Status Report and Forecast to August 31, 2016

Critical Path: Standing Policy Committee on Finance

AUTHORIZATION

Author	Department Head	CFO	CAO
P. Olafson	Mike Ruta	P. Olafson A/CFO	M. Jack A/CAO

RECOMMENDATIONS

That the Financial Status Report and Forecast to August 31, 2016 be received as information.

REASON FOR THE REPORT

On December 17, 1997, City Council approved clause 1 of the report of the Standing Committee on Fiscal Issues, which requires that a periodic report be approved on a quarterly basis by the Standing Committee on Fiscal Issues. Since that time, the Standing Committee on Fiscal Issues has been renamed Standing Policy Committee on Finance.

EXECUTIVE SUMMARY

The Financial Status Report and Forecast to August 31, 2016 currently anticipates a projected deficit of \$3.1 million.

Based on experience of the past few years it is not unusual for the August forecast to report a projected deficit which is eliminated by the end of the year. The average change over the last four of five published years between August and year-end is \$11.4 million, ranging from \$5.9 – 19.6 million.

IMPLICATIONS OF THE RECOMMENDATIONS

The Public Service anticipates that the projected deficit will decrease over the remainder of the year based on financial improvements typically realized from that forecasted for August 31, as well as through continued efforts to control expenses without impacting the delivery of core services. The Public Service will be monitoring the General Revenue Fund on a regular basis.

HISTORY

The forecasted results at August and the year-end position before final transfers for the General Revenue Fund for the past five years were as follows:

Year	Surplus (deficit) in millions at August 31	Surplus (deficit) in millions at December 31 before Final Transfers
2015	\$ 6.9	\$ 16.3
2014	N/A	0.7
2013	(7.7)	(1.8)
2012	5.4	15.9
2011	(9.9)	9.7

This will continue to be monitored and options will be sought to eliminate the deficit. As a last resort, the Financial Stabilization Reserve could be drawn on to cover any remaining shortfall or the deficit could be incorporated into the 2017 operating budget.

Other

The Corporate Finance Department has prepared this report showing forecasted revenues and expenses to December 31, 2016, for the General Revenue Fund, Utility Funds and Municipal Accommodations Fund. This information was obtained from departments and was based on actual data as at August 31, 2016.

Attachments included are the following:

Schedule 1 – The City of Winnipeg – General Revenue Fund – Financial Status Report and Forecast;

Schedule 2 – The City of Winnipeg – General Revenue Fund – Budget Variances;

Schedule 3 – The City of Winnipeg – General Revenue Fund – Reconciliation of June to August Forecast;

Schedule 4 - The City of Winnipeg – Summary by Fund; and

Schedule 5 – The City of Winnipeg – General Revenue Fund – Net Mill Rate by Department.

FINANCIAL IMPACT

Financial Impact Statement Date: October 3, 2016

Project Name:

Financial Status Report and Forecast to August 31, 2016

COMMENTS:

This report is prepared for information purposes.

Kaleigh Wills

Manager of Financial Reporting and Accounting Services

CONSULTATION

In preparing this report there was consultation with:

All City of Winnipeg Departments

OURWINNIPEG POLICY ALIGNMENT

01-3 Prosperity Direction 1 Provide Efficient and Focused Civic Administration and Governance. This report supports demonstration of accountability by the City's public service through reporting.

SUBMITTED BY

Department: Corporate Finance

Division: Corporate Controller's

Prepared by: Kaleigh Wills

Date: October 3, 2016

File No.

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
FINANCIAL STATUS REPORT AND FORECAST

Schedule 1

Actual for the eight month period ended August 31, 2016

forecasted for the year ending December 31, 2016

(in thousands of dollars)

(unaudited)

	Adopted Budget	Forecast	Variance From Budget	Year to Date Actual
REVENUES				
Taxation	\$ 658,686	\$ 655,587	\$ (3,099)	\$ 443,231
Government transfers	123,619	123,461	(158)	79,228
Sale of goods and services	63,170	60,446	(2,724)	38,805
Transfer from other funds	55,203	55,546	343	32,188
Regulation fees	50,758	53,333	2,575	35,502
Other	35,337	34,812	(525)	1,107
Payments-in-lieu of taxes	35,255	35,255	-	23,316
Interest	33,102	35,109	2,007	10,612
Total Revenues	1,055,130	1,053,549	(1,581)	663,989
EXPENSES				
Assessment and taxation	19,986	15,663	4,323	11,064
Audit	1,368	912	456	532
Chief administrative offices	3,471	2,965	506	1,628
City clerks	14,550	14,458	92	10,735
Community services	111,409	110,975	434	75,300
Corporate	72,356	74,990	(2,634)	49,229
Corporate finance	9,015	8,301	714	5,546
Corporate support services	37,254	36,624	630	24,554
Council	3,476	3,487	(11)	2,116
Fire paramedic service	190,274	190,207	67	124,847
Legal services	3,183	3,079	104	2,041
Mayor's office	1,869	1,870	(1)	830
Museums	1,031	1,031	-	977
Planning, property and development	45,528	46,434	(906)	29,521
Police services	280,670	283,171	(2,501)	190,608
Policy and strategic initiatives	807	807	-	485
Public works	215,521	220,607	(5,086)	152,775
Street lighting	12,963	12,704	259	8,301
Water and waste	30,399	28,369	2,030	16,527
Total Expenses	1,055,130	1,056,654	(1,524)	707,616
FORECASTED SURPLUS	\$ -	\$ (3,105)	\$ (3,105)	\$ (43,627)

Notes:

(1) See Schedule 5 for comparable departmental view.

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
BUDGET VARIANCES ARISING FROM THE
AUGUST 31, 2016 FORECAST
FOR THE YEAR ENDING DECEMBER 31, 2016

Schedule 2

(in millions of dollars)

(unaudited)

The Police Services department's net mill rate is higher than anticipated mainly due to pension costs being over budget, primarily resulting from revised actuarial estimates, as well as a decrease in net photo radar revenues. While the department also anticipates increased salaries and benefits costs, it has identified other expense savings elsewhere to offset these. (6.5)

Planning, Property and Development department's net mill rate is projected higher than anticipated mostly due to a decreased transfer from Municipal Accommodations as a result of decreased lease revenue of civic space to third parties. Also contributing are unbudgeted expenses. (3.5)

Corporate's unfavourable variance is mostly related to a shortfall in budgeted savings. (2.4)

The Fire Paramedic department's net mill rate is higher than anticipated due to salaries and benefits expense, including overtime, being over budget. Also contributing is care delay service revenues, anticipated to be less than budget. These are offset partially by additional transfers from the Winnipeg Regional Health Authority. (1.3)

Water and Waste department's favourable net mill rate variance is mostly related to decreased tax-supported solid waste expenses. 1.6

Public Works:

Revenues are greater than budget primarily due to street cuts operations transferred from the General Revenue Enterprises Fund. This is resulting from 2016 Budget recommendation 1J. Increased transfers from the Insect Control Reserve for the West Nile Virus Program also contributed. 7.8

Expenses are greater than budget primarily due to street cuts operations transferred from the General Revenue Enterprises Fund. This is resulting from 2016 Budget recommendation 1J. Increased expenses are also related to spending related to the West Nile Virus Program. These are offset by increased revenues above. The net departmental variance is mostly related to position vacancies. (5.1) 2.7

Assessment and Taxation's favourable variance is mostly due to a decreasing provision for uncollectible payments in lieu of taxes related to in year collections for the Canadian Museum for Human Rights (CMHR). This is offset by an increase in remittance to the Province of Manitoba, as a requirement under the CMHR loan agreement. Also contributing to the favourable variance is an increase in tax penalty revenue. 3.4

Other departmental revenues and expenses. 2.9

Forecasted Deficit \$ (3.1)

Notes:

(1) See Schedule 1 and 5 for breakdown of other departmental revenues and expenses.

**THE CITY OF WINNIPEG - GENERAL REVENUE FUND
RECONCILIATION OF JUNE TO AUGUST FORECAST
AUGUST 31, 2016 FORECAST
FOR THE YEAR ENDING DECEMBER 31, 2016**

Schedule 3

(in millions of dollars)
(unaudited)

Forecasted General Revenue Fund Deficit - June 30, 2016	\$ (5.4)
Public Works department's favourable variance is mostly related to savings related to vacancies.	3.6
Assessment and Taxation's favourable variance is mostly due to an increase in tax penalty revenue.	1.0
Planning, Property and Development department's change in net mill rate is mostly due to decreasing permit fee revenues.	(1.2)
Corporate's unfavourable variance is mostly related to a shortfall in budgeted savings.	(2.8)
Other departmental revenues and expenses.	<u>1.7</u>
Forecasted General Revenue Fund Deficit - August 31, 2016	<u>\$ (3.1)</u>

THE CITY OF WINNIPEG - SUMMARY BY FUND

FINANCIAL STATUS REPORT AND FORECAST

Schedule 4

Actual for the eight month period ended August 31, 2016

forecasted for the year ending December 31, 2016

(in thousands of dollars)

(unaudited)

	Adopted Budget	Forecast	Variance From Budget	Actual
General Revenue Fund				
Revenues	\$ 1,055,130	\$ 1,053,549	\$ (1,581)	\$ 663,989
Expenses	1,055,130	1,056,654	(1,524)	707,616
(Deficit)	<u>\$ -</u>	<u>\$ (3,105)</u>	<u>\$ (3,105)</u>	<u>\$ (43,627)</u>
Transit System				
Revenues	\$ 130,491	\$ 129,594	\$ (897)	\$ 83,778
Expenses	193,852	192,944	908	123,684
	<u>(63,361)</u>	<u>(63,350)</u>	<u>11</u>	<u>(39,906)</u>
Transfer to Reserves	(6,558)	(6,558)	-	(6,558)
Transfer from General Revenue Fund	69,919	69,919	-	44,758
Surplus	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ (1,706)</u>
Waterworks System				
Revenues	\$ 113,812	\$ 110,173	\$ (3,639)	\$ 69,244
Expenses	76,987	73,394	3,593	51,172
	<u>36,825</u>	<u>36,779</u>	<u>(46)</u>	<u>18,072</u>
Transfer to:				
Water Main Renewal Reserve	(16,500)	(16,500)	-	(9,000)
General Revenue Fund	<u>(13,205)</u>	<u>(13,205)</u>	<u>-</u>	<u>-</u>
Surplus Prior to Principle Debt Repayments	7,120	7,074	(46)	9,072
Principle Debt Repayments	<u>(4,272)</u>	<u>(4,272)</u>	<u>-</u>	<u>-</u>
Surplus	<u>\$ 2,848</u>	<u>\$ 2,802</u>	<u>\$ (46)</u>	<u>\$ 9,072</u>

THE CITY OF WINNIPEG - SUMMARY BY FUND

FINANCIAL STATUS REPORT AND FORECAST

Schedule 4

Actual for the eight month period ended August 31, 2016

forecasted for the year ending December 31, 2016

(in thousands of dollars)

(unaudited)

	Adopted Budget	Forecast	Variance From Budget	Actual
Sewage Disposal System				
Revenues	\$ 166,067	\$ 159,379	\$ (6,688)	\$ 102,001
Expenses	101,043	98,232	2,811	58,283
	65,024	61,147	(3,877)	43,718
Transfer to Reserves	(34,675)	(33,750)	925	(10,297)
Transfer to General Revenue Fund	(10,221)	(9,694)	527	(6,814)
Surplus	<u>\$ 20,128</u>	<u>17,703</u>	<u>(2,425)</u>	<u>26,607</u>
Solid Waste Disposal				
Revenues	\$ 43,336	\$ 43,858	\$ 522	\$ 21,632
Expenses	37,792	35,744	2,048	17,064
	5,544	8,114	2,570	4,568
Transfer to Reserve	(368)	(368)	-	(202)
Surplus Prior to Principle Debt Repayments	5,176	7,746	2,570	4,366
Principle Debt Repayments	(1,972)	(1,969)	(3)	-
Surplus	<u>\$ 3,204</u>	<u>\$ 5,777</u>	<u>\$ 2,567</u>	<u>\$ 4,366</u>
Municipal Accommodations Fund				
Revenues	\$ 75,098	\$ 72,694	\$ (2,404)	\$ 46,691
Expenses	58,964	58,657	307	35,765
	16,134	14,037	(2,097)	10,926
Transfer to: General Revenue Fund	(16,134)	(14,037)	2,097	(149)
Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,777</u>

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
FINANCIAL STATUS REPORT AND FORECAST

Schedule 5

forecasted for the year ending December 31, 2016
(in thousands of dollars)
(unaudited)

	<i>Revenues</i>			<i>Expenses</i>			<i>Net Mill Rate</i>
	Adopted Budget	Forecast	Variance Budget/Forecast	Adopted Budget	Forecast	Variance Budget/Forecast	Variance Budget/Forecast
Assessment and taxation	\$ 651,088	\$ 650,208	\$ (880)	\$ 19,986	\$ 15,663	\$ 4,323	\$ 3,443
Audit	-	-	-	1,368	912	456	456
Chief administrative offices	-	-	-	3,471	2,965	506	506
City clerks	114	122	8	14,550	14,458	92	100
Community services	17,138	17,539	401	111,409	110,975	434	835
Corporate	140,619	140,836	217	72,356	74,990	(2,634)	(2,417)
Corporate finance	5,902	5,689	(213)	9,015	8,301	714	501
Corporate support services	2,095	1,596	(499)	37,254	36,624	630	131
Council	-	-	-	3,476	3,487	(11)	(11)
Fire paramedic service	59,430	58,040	(1,390)	190,274	190,207	67	(1,323)
Legal services	651	606	(45)	3,183	3,079	104	59
Mayor's office	-	-	-	1,869	1,870	(1)	(1)
Museums	-	-	-	1,031	1,031	-	-
Planning, property and development	45,321	42,728	(2,593)	45,528	46,434	(906)	(3,499)
Police services	48,048	44,095	(3,953)	280,670	283,171	(2,501)	(6,454)
Policy and strategic initiatives	-	-	-	807	807	-	-
Public works	73,172	81,009	7,837	215,521	220,607	(5,086)	2,751
Street lighting	-	-	-	12,963	12,704	259	259
Waterworks and waste	11,552	11,081	(471)	30,399	28,369	2,030	1,559
Forecasted Surplus	\$ 1,055,130	\$ 1,053,549	\$ (1,581)	\$ 1,055,130	\$ 1,056,654	\$ (1,524)	\$ (3,105)