

Agenda – Standing Policy Committee on Finance – June 2, 2016

REPORTS

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

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

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

ADMINISTRATIVE REPORT

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

Critical Path: Standing Policy Committee on Finance

AUTHORIZATION

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

RECOMMENDATIONS

That the Financial Status Report and Forecast to March 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 March 31, 2016 currently anticipates a projected deficit of \$4.8 million.

IMPLICATIONS OF THE RECOMMENDATIONS

At this time, the Public Service anticipates a projected deficit of \$4.8 million. 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 March 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.

Based on experience of the past few years it is not unusual for the first quarter forecast to report a projected deficit which is eliminated by the end of the year. The average change over the last

five years between the first quarter and year-end is \$17.7 million, ranging from \$10.3 – 23.6 million.

HISTORY

The forecasted results at March 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 March 31	Surplus (deficit) in millions at December 31 before Final Transfers
2015	\$ (2.6)	\$ 16.3
2014	(21.4)	0.7
2013	(12.1)	(1.8)
2012	2.4	15.9
2011	(13.9)	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.

FTE Quarterly Reporting

At the September 13, 2013 meeting of Standing Policy Committee on Finance, a motion was passed that following delivery of the first Civic Establishment Report to Executive Policy Committee, the Winnipeg Public Service be requested to provide updates within the quarterly Financial Status Report and Forecast which include the actual Full-Time Equivalent Positions (FTEs) to Committee. The 2014 Full time Equivalent Report was approved by Council on July 15, 2015.

As defined in the Full Time Equivalent (FTE) Report, a FTE is reflective of the effort required to support the City's programs and services. For budget purposes, the FTE is expressed as an annual value. Actual FTE data is extracted from the payroll system. As also defined in the Full Time Equivalent Report, "Actual FTE" is the total number of hours paid divided by the regular compensable hours in a fiscal year. It includes permanent, temporary, full-time, part-time, salaried, hourly, seasonal, casual and student positions.

The calculated FTE is different than employee headcount, the City's number of employees at a point in time. Actual FTEs are calculated on the basis of total salaries paid. It is most meaningful when presented on an annual basis – reporting quarterly FTEs is confusing and while mathematically accurate, does not provide useful information. At the same time, since this motion, the Public Service has been preparing for Council consideration the Full Time Equivalent (FTE) Report. This provides detail of budgeted and actual FTEs by department, along with variance explanations. The Public Service will provide reporting at year-end of actual FTEs compared to budget.

The adopted budget for FTEs net of vacancy management for 2016 is 9,127.36.

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 March 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 – Summary by Fund; and

Schedule 4 – The City of Winnipeg – General Revenue Fund – Net Mill Rate by Department.

FINANCIAL IMPACT**Financial Impact Statement Date: May 24, 2016**

Project Name:

Financial Status Report and Forecast to March 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: May 24, 2016

File No.

THE CITY OF WINNIPEG - GENERAL REVENUE FUND

FINANCIAL STATUS REPORT AND FORECAST

Schedule 1

Actual for the three month period ended March 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	\$ 658,551	\$ (135)	\$ 147,721
Government transfers	123,619	122,283	(1,336)	2,884
Sale of goods and services	63,170	62,789	(381)	14,771
Transfer from other funds	55,203	53,708	(1,495)	2,954
Regulation fees	50,758	53,980	3,222	8,360
Other	35,337	35,011	(326)	148
Payments-in-lieu of taxes	35,255	35,255	-	8,814
Interest	33,102	33,101	(1)	2,742
Total Revenues	1,055,130	1,054,678	(452)	188,394
EXPENSES				
Assessment and taxation	19,986	19,986	-	3,525
Audit	1,368	1,242	126	215
Chief administrative offices	3,471	3,180	291	625
City clerks	14,550	14,618	(68)	3,897
Community services	111,409	111,525	(116)	26,515
Corporate	72,356	72,197	159	18,695
Corporate finance	9,015	8,815	200	2,016
Corporate support services	37,254	36,754	500	7,961
Council	3,476	3,476	-	744
Fire paramedic service	190,274	190,175	99	46,797
Legal services	3,183	3,183	-	771
Mayor's office	1,869	1,864	5	328
Museums	1,031	1,031	-	192
Planning, property and development	45,528	46,354	(826)	11,674
Police services	280,670	280,397	273	69,163
Policy and strategic initiatives	807	827	(20)	169
Public works	215,521	221,012	(5,491)	41,337
Street lighting	12,963	12,757	206	3,129
Water and waste	30,399	30,126	273	5,148
Total Expenses	1,055,130	1,059,519	(4,389)	242,901
FORECASTED DEFICIT	\$ -	\$ (4,841)	\$ (4,841)	\$ (54,507)

Notes:

(1) See Schedule 4 for comparable departmental view.

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

Schedule 2

(in millions of dollars)

(unaudited)

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 is a decrease in development application fees revenue. (3.7)

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. 4.9

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. (5.5) (0.6)

Other departmental revenues and expenses. (0.5)

Forecasted Deficit \$ (4.8)

(1) See Schedule 1 and 4 for breakdown of other departmental revenues and expenses.

THE CITY OF WINNIPEG - SUMMARY BY FUND

FINANCIAL STATUS REPORT AND FORECAST

Schedule 3

Actual for the three month period ended March 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	\$ 1,054,678	\$ (452)	\$ 188,394
Expenses	<u>1,055,130</u>	<u>1,059,519</u>	<u>(4,389)</u>	<u>242,901</u>
(Deficit)	<u>\$ -</u>	<u>\$ (4,841)</u>	<u>\$ (4,841)</u>	<u>\$ (54,507)</u>
Transit System				
Revenues	\$ 130,491	\$ 129,733	\$ (758)	\$ 33,615
Expenses	<u>193,852</u>	<u>193,075</u>	<u>777</u>	<u>39,255</u>
	<u>(63,361)</u>	<u>(63,342)</u>	<u>19</u>	<u>(5,640)</u>
Transfer to Reserves	(6,558)	(6,558)	-	-
Transfer from General Revenue Fund	<u>69,919</u>	<u>69,919</u>	<u>-</u>	<u>16,780</u>
Surplus	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 19</u>	<u>\$ 11,140</u>
Waterworks System				
Revenues	\$ 113,812	\$ 111,496	\$ (2,316)	\$ 24,601
Expenses	<u>90,192</u>	<u>86,459</u>	<u>3,733</u>	<u>16,363</u>
	<u>23,620</u>	<u>25,037</u>	<u>1,417</u>	<u>8,238</u>
Transfer to Water Main Renewal Reserve	<u>(16,500)</u>	<u>(16,500)</u>	<u>-</u>	<u>-</u>
Surplus Prior to Principle Debt Repayments	7,120	8,537	1,417	8,238
Principle Debt Repayments	<u>(4,272)</u>	<u>(4,272)</u>	<u>-</u>	<u>-</u>
Surplus	<u>\$ 2,848</u>	<u>\$ 4,265</u>	<u>\$ 1,417</u>	<u>\$ 8,238</u>

THE CITY OF WINNIPEG - SUMMARY BY FUND FINANCIAL STATUS REPORT AND FORECAST

Actual for the three month period ended March 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	\$ 161,783	\$ (4,284)	\$ 35,927
Expenses	101,043	99,414	1,629	13,266
	65,024	62,369	(2,655)	22,661
Transfer to Reserves	(34,675)	(34,675)	-	-
Transfer to General Revenue Fund	(10,221)	(10,106)	115	(2,555)
Surplus	<u>\$ 20,128</u>	<u>17,588</u>	<u>(2,540)</u>	<u>20,106</u>
Solid Waste Disposal				
Revenues	\$ 43,336	\$ 44,084	\$ 748	\$ 7,524
Expenses	38,159	37,526	633	3,938
	5,177	6,558	1,381	3,586
Transfer to Reserve	(368)	(368)	-	-
Surplus Prior to Principle Debt Repayments	4,809	6,190	1,381	3,586
Principle Debt Repayments	(1,972)	(1,972)	-	-
Surplus	<u>\$ 2,837</u>	<u>\$ 4,218</u>	<u>\$ 1,381</u>	<u>\$ 3,586</u>

THE CITY OF WINNIPEG - SUMMARY BY FUND

FINANCIAL STATUS REPORT AND FORECAST

Actual for the three month period ended March 31, 2016

forecasted for the year ending December 31, 2016

(in thousands of dollars)

(unaudited)

	Adopted Budget	Forecast	Variance From Budget	Actual
Municipal Accommodations Fund				
Revenues	\$ 75,098	\$ 72,766	\$ (2,332)	\$ 18,556
Expenses	58,964	58,639	325	14,872
	<u>16,134</u>	<u>14,127</u>	<u>(2,007)</u>	<u>3,684</u>
Transfer to:				
General Revenue Fund	<u>(16,134)</u>	<u>(14,127)</u>	<u>2,007</u>	<u>(31)</u>
Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,653</u>

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

Schedule 4

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	\$ 651,088	\$ -	\$ 19,986	\$ 19,986	\$ -	\$ -
Audit	-	-	-	1,368	1,242	126	126
Chief administrative offices	-	-	-	3,471	3,180	291	291
City clerks	114	114	-	14,550	14,618	(68)	(68)
Community services	17,138	17,201	63	111,409	111,525	(116)	(53)
Corporate	140,619	140,619	-	72,356	72,197	159	159
Corporate finance	5,902	5,902	-	9,015	8,815	200	200
Corporate support services	2,095	1,595	(500)	37,254	36,754	500	-
Council	-	-	-	3,476	3,476	-	-
Fire paramedic service	59,430	58,471	(959)	190,274	190,175	99	(860)
Legal services	651	651	-	3,183	3,183	-	-
Mayor's office	-	-	-	1,869	1,864	5	5
Museums	-	-	-	1,031	1,031	-	-
Planning, property and development	45,321	42,410	(2,911)	45,528	46,354	(826)	(3,737)
Police services	48,048	47,160	(888)	280,670	280,397	273	(615)
Policy and strategic initiatives	-	-	-	807	827	(20)	(20)
Public works	73,172	78,027	4,855	215,521	221,012	(5,491)	(636)
Street lighting	-	-	-	12,963	12,757	206	206
Waterworks and waste	11,552	11,440	(112)	30,399	30,126	273	161
Forecasted Deficit	\$ 1,055,130	\$ 1,054,678	\$ (452)	\$ 1,055,130	\$ 1,059,519	\$ (4,389)	\$ (4,841)