

Minutes – Standing Policy Committee on Finance – September 15, 2016

REPORTS

Item No. 1 Financial Status Report and Forecast to June 30, 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 June 30, 2016.

Minutes – Standing Policy Committee on Finance – September 15, 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 June 30, 2016

Critical Path: Standing Policy Committee on Finance

AUTHORIZATION

Author	Department Head	CFO	CAO
P. Olafson	Mike Ruta	Mike Ruta	D. McNeil

EXECUTIVE SUMMARY

The Financial Status Report and Forecast to June 30, 2016 currently anticipates a projected deficit of \$5.4 million.

Based on experience of the past few years it is not unusual for the second 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 second quarter and year-end is \$16.1 million, ranging from \$9.4 – 23.1 million.

RECOMMENDATIONS

That the Financial Status Report and Forecast to June 30, 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.

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 June 30, 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 June 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 June 30	Surplus (deficit) in millions at December 31 before Final Transfers
2015	\$ (3.5)	\$ 16.3
2014	(22.4)	0.7
2013	(11.2)	(1.8)
2012	3.3	15.9
2011	(12.8)	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 June 30, 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 March to June 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: August 22, 2016

Project Name:

Financial Status Report and Forecast to June 30, 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: August 22, 2016

File No.

THE CITY OF WINNIPEG - GENERAL REVENUE FUND

FINANCIAL STATUS REPORT AND FORECAST

Schedule 1

Actual for the six month period ended June 30, 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	\$ 655,837	\$ (2,849)	\$ 300,310
Government transfers	123,619	123,079	(540)	39,536
Sale of goods and services	63,170	61,442	(1,728)	29,186
Transfer from other funds	55,203	53,803	(1,400)	5,908
Regulation fees	50,758	54,183	3,425	23,504
Other	35,337	34,794	(543)	859
Payments-in-lieu of taxes	35,255	35,255	-	15,965
Interest	33,102	34,251	1,149	5,644
Total Revenues	1,055,130	1,052,644	(2,486)	420,912
EXPENSES				
Assessment and taxation	19,986	15,907	4,079	8,625
Audit	1,368	1,008	360	386
Chief administrative offices	3,471	2,951	520	1,220
City clerks	14,550	14,601	(51)	9,475
Community services	111,409	111,225	184	56,959
Corporate	72,356	72,176	180	39,011
Corporate finance	9,015	8,564	451	4,171
Corporate support services	37,254	36,622	632	17,204
Council	3,476	3,487	(11)	1,590
Fire paramedic service	190,274	190,412	(138)	94,634
Legal services	3,183	3,115	68	1,530
Mayor's office	1,869	1,870	(1)	646
Museums	1,031	1,031	-	917
Planning, property and development	45,528	47,168	(1,640)	22,047
Police services	280,670	283,120	(2,450)	141,112
Policy and strategic initiatives	807	807	-	370
Public works	215,521	221,914	(6,393)	122,162
Street lighting	12,963	12,757	206	5,725
Water and waste	30,399	29,338	1,061	12,155
Total Expenses	1,055,130	1,058,073	(2,943)	539,939
FORECASTED DEFICIT	\$ -	\$ (5,429)	\$ (5,429)	\$ (119,027)

Notes:

(1) See Schedule 5 for comparable departmental view.

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
BUDGET VARIANCES ARISING FROM THE
JUNE 30, 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. (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. This is somewhat offset by an increase in permit fee and other revenues. (2.3)

The Fire Paramedic department's net mill rate is higher than anticipated due to salaries and benefits expense, including overtime, being over budget. This is offset partially by additional transfers from the Winnipeg Regional Health Authority. (1.3)

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. 5.5

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. This is offset by increased revenues above. The net departmental variance is mostly related to increased Dutch Elm Disease program expenditures. (6.4) (0.9)

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. 2.4

Other departmental revenues and expenses. 3.2

Forecasted Deficit \$ (5.4)

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

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
RECONCILIATION OF MARCH TO JUNE FORECAST
JUNE 30, 2016 FORECAST
FOR THE YEAR ENDING DECEMBER 31, 2016

Schedule 3

(in millions of dollars)
(unaudited)

Forecasted General Revenue Fund Deficit - March 31, 2016	\$ (4.8)
Police department's increased net mill rate is mostly the result of increased pension costs, primarily resulting from revised actuarial estimates, and decreased net photo radar revenues.	(5.8)
Planning, Property and Development department's favourable variance is mostly related to an increase in permit fee and other revenues.	1.4
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.	2.4
Other departmental revenues and expenses.	1.4
Forecasted General Revenue Fund Deficit - June 30, 2016	<u>\$ (5.4)</u>

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

Schedule 4

Actual for the six month period ended June 30, 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	\$ 1,052,644	\$ (2,486)	\$ 420,912
Expenses	1,055,130	1,058,073	(2,943)	539,939
(Deficit)	\$ -	\$ (5,429)	\$ (5,429)	\$ (119,027)
Transit System				
Revenues	\$ 130,491	\$ 129,400	\$ (1,091)	\$ 64,940
Expenses	193,852	192,733	1,119	89,415
	(63,361)	(63,333)	28	(24,475)
Transfer to Reserves	(6,558)	(6,558)	-	(6,558)
Transfer from General Revenue Fund	69,919	69,919	-	33,561
Surplus	\$ -	\$ 28	\$ 28	\$ 2,528
Waterworks System				
Revenues	\$ 113,812	\$ 110,126	\$ (3,686)	\$ 49,244
Expenses	76,987	74,148	2,839	37,430
	36,825	35,978	(847)	11,814
Transfer to:				
Water Main Renewal Reserve	(16,500)	(16,500)	-	-
General Revenue Fund	(13,205)	(13,205)	-	-
Surplus Prior to Principle Debt Repayments	7,120	6,273	(847)	11,814
Principle Debt Repayments	(4,272)	(4,272)	-	-
Surplus	\$ 2,848	\$ 2,001	\$ (847)	\$ 11,814

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

Schedule 4

Actual for the six month period ended June 30, 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	\$ 159,697	\$ (6,370)	\$ 72,690
Expenses	101,043	99,783	1,260	39,811
	<u>65,024</u>	<u>59,914</u>	<u>(5,110)</u>	<u>32,879</u>
Transfer to Reserves	(34,675)	(33,750)	925	(4,409)
Transfer to General Revenue Fund	<u>(10,221)</u>	<u>(10,054)</u>	<u>167</u>	<u>(5,111)</u>
Surplus	<u>\$ 20,128</u>	<u>16,110</u>	<u>(4,018)</u>	<u>23,359</u>
Solid Waste Disposal				
Revenues	\$ 43,336	\$ 43,927	\$ 591	\$ 16,817
Expenses	38,159	36,992	1,167	12,797
	<u>5,177</u>	<u>6,935</u>	<u>1,758</u>	<u>4,020</u>
Transfer to Reserve	<u>(368)</u>	<u>(368)</u>	<u>-</u>	<u>-</u>
Surplus Prior to Principle Debt Repayments	4,809	6,567	1,758	4,020
Principle Debt Repayments	<u>(1,972)</u>	<u>(1,969)</u>	<u>(3)</u>	<u>-</u>
Surplus	<u>\$ 2,837</u>	<u>\$ 4,598</u>	<u>\$ 1,755</u>	<u>\$ 4,020</u>
Municipal Accommodations Fund				
Revenues	\$ 75,098	\$ 72,780	\$ (2,318)	\$ 35,581
Expenses	58,964	58,653	311	26,777
	<u>16,134</u>	<u>14,127</u>	<u>(2,007)</u>	<u>8,804</u>
Transfer to: General Revenue Fund	<u>(16,134)</u>	<u>(14,127)</u>	<u>2,007</u>	<u>(62)</u>
Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,742</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	\$ 649,440	\$ (1,648)	\$ 19,986	\$ 15,907	\$ 4,079	\$ 2,431
Audit	-	-	-	1,368	1,008	360	360
Chief administrative offices	-	-	-	3,471	2,951	520	520
City clerks	114	91	(23)	14,550	14,601	(51)	(74)
Community services	17,138	17,117	(21)	111,409	111,225	184	163
Corporate	140,619	140,837	218	72,356	72,176	180	398
Corporate finance	5,902	5,907	5	9,015	8,564	451	456
Corporate support services	2,095	1,595	(500)	37,254	36,622	632	132
Council	-	-	-	3,476	3,487	(11)	(11)
Fire paramedic service	59,430	58,310	(1,120)	190,274	190,412	(138)	(1,258)
Legal services	651	506	(145)	3,183	3,115	68	(77)
Mayor's office	-	-	-	1,869	1,870	(1)	(1)
Museums	-	-	-	1,031	1,031	-	-
Planning, property and development	45,321	44,705	(616)	45,528	47,168	(1,640)	(2,256)
Police services	48,048	44,043	(4,005)	280,670	283,120	(2,450)	(6,455)
Policy development and communications	-	-	-	807	807	-	-
Public works	73,172	78,700	5,528	215,521	221,914	(6,393)	(865)
Street lighting	-	-	-	12,963	12,757	206	206
Waterworks and waste	11,552	11,393	(159)	30,399	29,338	1,061	902
Forecasted Deficit	\$ 1,055,130	\$ 1,052,644	\$ (2,486)	\$ 1,055,130	\$ 1,058,073	\$ (2,943)	\$ (5,429)