

**Minutes - Standing Policy Committee on Finance - November 3, 2016**

**REPORTS**

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

**STANDING COMMITTEE DECISION:**

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and received the Financial Status Report and Forecast to September 30, 2016, as information.

**Minutes - Standing Policy Committee on Finance - November 3, 2016**

**DECISION MAKING HISTORY:**

Moved by Deputy Mayor Gerbasi,

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

Carried

## ADMINISTRATIVE REPORT

**Title:** Financial Status Report and Forecast to September 30, 2016

**Critical Path:** Standing Policy Committee on Finance

### AUTHORIZATION

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

### RECOMMENDATIONS

That the Financial Status Report and Forecast to September 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.

### EXECUTIVE SUMMARY

The Financial Status Report and Forecast to September 30, 2016 currently anticipates a projected deficit of \$0.6 million.

Based on experience of the past few years it is not unusual for the third 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 September and year-end is \$10.1 million, ranging from \$3.9 – 15.6 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 September 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 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 September 30	Surplus (deficit) in millions at December 31 before Final Transfers
2015	\$ 8.7	\$ 16.3
2014	(14.9)	0.7
2013	(5.7)	(1.8)
2012	7.7	15.9
2011	(5.7)	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 September 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 August to September 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.

<b>FINANCIAL IMPACT</b>
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**Financial Impact Statement    Date: October 20, 2016**

**Project Name:**

**Financial Status Report and Forecast to September 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: October 20, 2016

File No.

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

Schedule 1

Actual for the nine month period ended September 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
<b>REVENUES</b>				
Taxation	\$ 658,686	\$ 655,587	\$ (3,099)	\$ 494,427
Government transfers	123,619	123,506	(113)	79,804
Sale of goods and services	63,170	60,546	(2,624)	44,755
Transfer from other funds	55,203	55,070	(133)	34,251
Regulation fees	50,758	54,014	3,256	40,905
Interest	33,102	35,359	2,257	30,016
Payments-in-lieu of taxes	35,255	35,258	3	26,568
Other	35,337	34,802	(535)	1,204
Total Revenues	1,055,130	1,054,142	(988)	751,930
<b>EXPENSES</b>				
Assessment and taxation	19,986	15,364	4,622	8,936
Audit	1,368	906	462	597
Chief administrative offices	3,471	2,924	547	2,057
City clerks	14,550	14,368	182	11,324
Community services	111,409	110,960	449	84,198
Corporate	72,356	75,149	(2,793)	56,316
Corporate finance	9,015	8,275	740	6,189
Corporate support services	37,254	36,534	720	27,033
Council	3,476	3,487	(11)	2,373
Fire paramedic service	190,274	190,425	(151)	139,729
Legal services	3,183	3,071	112	2,297
Mayor's office	1,869	1,870	(1)	928
Museums	1,031	1,031	-	998
Planning, property and development	45,528	46,013	(485)	33,009
Police services	280,670	283,583	(2,913)	213,647
Policy and strategic initiatives	807	807	-	560
Public works	215,521	219,197	(3,676)	168,264
Street lighting	12,963	12,299	664	9,245
Water and waste	30,399	28,512	1,887	19,078
Total Expenses	1,055,130	1,054,775	355	786,778
<b>Forecasted Deficit</b>	\$ -	\$ (633)	\$ (633)	\$ (34,848)

Notes:

(1) See Schedule 5 for comparable departmental view.

**THE CITY OF WINNIPEG - GENERAL REVENUE FUND**  
**BUDGET VARIANCES ARISING FROM THE**  
**SEPTEMBER 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. While the department also anticipates increased salaries and benefits costs, it has identified other expense savings elsewhere to offset these. (6.5)

Corporate's unfavourable variance is mostly related to a shortfall in budgeted savings. (2.6)

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. This is somewhat offset by an increase net permit fee revenue. (1.5)

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. 5.8

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. (3.6) 2.2

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. 3.7

Other departmental revenues and expenses. 3.8

**Forecasted Deficit \$ (0.6)**

**Notes:**

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



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

**Schedule 3**

*(in millions of dollars)*  
*(unaudited)*

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Forecasted General Revenue Fund Deficit - August 31, 2016	<b>\$ (3.1)</b>
Planning, Property and Development department's change in net mill rate is mostly due to increasing permit fee revenues.	<b>2.0</b>
Other departmental revenues and expenses.	<b><u>0.5</u></b>
Forecasted General Revenue Fund Deficit - September 30, 2016	<b><u>\$ (0.6)</u></b>

# THE CITY OF WINNIPEG - SUMMARY BY FUND

## FINANCIAL STATUS REPORT AND FORECAST

Schedule 4

Actual for the nine month period ended September 30, 2016

forecasted for the year ending December 31, 2016

(in thousands of dollars)

(unaudited)

	Adopted Budget	Forecast	Variance From Budget	Actual
<b>General Revenue Fund</b>				
Revenues	\$ 1,055,130	\$ 1,054,142	\$ (988)	\$ 751,930
Expenses	1,055,130	1,054,775	355	786,778
(Deficit)	<u>\$ -</u>	<u>\$ (633)</u>	<u>\$ (633)</u>	<u>\$ (34,848)</u>
<b>Transit System</b>				
Revenues	\$ 130,491	\$ 128,597	\$ (1,894)	\$ 93,361
Expenses	193,852	191,234	2,618	137,915
	<u>(63,361)</u>	<u>(62,637)</u>	<u>724</u>	<u>(44,554)</u>
Transfer to Reserves	(6,558)	(6,558)	-	(6,558)
Transfer from General Revenue Fund	69,919	69,919	-	50,341
Surplus	<u>\$ -</u>	<u>\$ 724</u>	<u>\$ 724</u>	<u>\$ (771)</u>
<b>Waterworks System</b>				
Revenues	\$ 113,812	\$ 110,332	\$ (3,480)	\$ 79,334
Expenses	76,987	73,281	3,706	58,147
	<u>36,825</u>	<u>37,051</u>	<u>226</u>	<u>21,187</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	7,346	226	12,187
Principle Debt Repayments	<u>(4,272)</u>	<u>(4,272)</u>	<u>-</u>	<u>-</u>
Surplus	<u>\$ 2,848</u>	<u>\$ 3,074</u>	<u>\$ 226</u>	<u>\$ 12,187</u>

# THE CITY OF WINNIPEG - SUMMARY BY FUND

## FINANCIAL STATUS REPORT AND FORECAST

Schedule 4

Actual for the nine month period ended September 30, 2016

forecasted for the year ending December 31, 2016

(in thousands of dollars)

(unaudited)

	Adopted Budget	Forecast	Variance From Budget	Actual
<b>Sewage Disposal System</b>				
Revenues	\$ 166,067	\$ 159,280	\$ (6,787)	\$ 115,852
Expenses	82,280	79,438	2,842	71,894
	<u>83,787</u>	<u>79,842</u>	<u>(3,945)</u>	<u>43,958</u>
Transfer to Reserves	(34,675)	(33,750)	925	(11,965)
Transfer to General Revenue Fund	<u>(28,984)</u>	<u>(28,642)</u>	<u>342</u>	<u>(7,666)</u>
Surplus	<u>\$ 20,128</u>	<u>17,450</u>	<u>(2,678)</u>	<u>24,327</u>
<b>Solid Waste Disposal</b>				
Revenues	\$ 43,336	\$ 44,025	\$ 689	\$ 23,621
Expenses	37,792	35,495	2,297	19,617
	<u>5,544</u>	<u>8,530</u>	<u>2,986</u>	<u>4,004</u>
Transfer to Reserve	<u>(368)</u>	<u>(368)</u>	<u>-</u>	<u>(234)</u>
Surplus Prior to Principle Debt Repayments	5,176	8,162	2,986	3,770
Principle Debt Repayments	<u>(1,972)</u>	<u>(1,969)</u>	<u>(3)</u>	<u>-</u>
Surplus	<u>\$ 3,204</u>	<u>\$ 6,193</u>	<u>\$ 2,983</u>	<u>\$ 3,770</u>
<b>Municipal Accommodations Fund</b>				
Revenues	\$ 75,098	\$ 72,946	\$ (2,152)	\$ 52,837
Expenses	58,964	58,770	194	40,173
	<u>16,134</u>	<u>14,176</u>	<u>(1,958)</u>	<u>12,664</u>
Transfer to: General Revenue Fund	<u>(16,134)</u>	<u>(14,176)</u>	<u>1,958</u>	<u>(160)</u>
Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,504</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>
	<i>Adopted Budget</i>	<i>Forecast</i>	<i>Variance Budget/Forecast</i>	<i>Adopted Budget</i>	<i>Forecast</i>	<i>Variance Budget/Forecast</i>	<i>Variance Budget/Forecast</i>
Assessment and taxation	\$ 651,088	\$ 650,206	\$ (882)	\$ 19,986	\$ 15,364	\$ 4,622	\$ 3,740
Audit	-	-	-	1,368	906	462	462
Chief administrative offices	-	-	-	3,471	2,924	547	547
City clerks	114	119	5	14,550	14,368	182	187
Community services	17,138	17,431	293	111,409	110,960	449	742
Corporate	140,619	140,836	217	72,356	75,149	(2,793)	(2,576)
Corporate finance	5,902	5,939	37	9,015	8,275	740	777
Corporate support services	2,095	1,596	(499)	37,254	36,534	720	221
Council	-	-	-	3,476	3,487	(11)	(11)
Fire paramedic service	59,430	58,274	(1,156)	190,274	190,425	(151)	(1,307)
Legal services	651	641	(10)	3,183	3,071	112	102
Mayor's office	-	-	-	1,869	1,870	(1)	(1)
Museums	-	-	-	1,031	1,031	-	-
Planning, property and development	45,321	44,318	(1,003)	45,528	46,013	(485)	(1,488)
Police services	48,048	44,506	(3,542)	280,670	283,583	(2,913)	(6,455)
Policy and strategic initiatives	-	-	-	807	807	-	-
Public works	73,172	78,999	5,827	215,521	219,197	(3,676)	2,151
Street lighting	-	-	-	12,963	12,299	664	664
Waterworks and waste	11,552	11,277	(275)	30,399	28,512	1,887	1,612
<b>Forecasted Deficit</b>	<b>\$ 1,055,130</b>	<b>\$ 1,054,142</b>	<b>\$ (988)</b>	<b>\$ 1,055,130</b>	<b>\$ 1,054,775</b>	<b>\$ 355</b>	<b>\$ (633)</b>