Agenda - Executive Policy Committee - October 19, 2005

Report - Standing Committee on Fiscal Issues - October 11, 2005

Item No. 2 Deficit Avoidance - Transfer of Funds from Snow Clearing Reserve Fund
File F-1

STANDING COMMITTEE RECOMMENDATION:

On October 11, 2005, the Standing Committee on Fiscal Issues submitted the following to Council:

1. That, if required, the 2005 year end balance in the Snow Clearing Reserve Fund be transferred to the General Revenue Fund to reduce the General Revenue Fund deficit for the year ending December 31, 2005.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda - Executive Policy Committee - October 19, 2005

Report - Standing Committee on Fiscal Issues - October 11, 2005

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On October 11, 2005, the Standing Committee on Fiscal Issues recommended that, if required, the 2005 year end balance in the Snow Clearing Reserve Fund be transferred to the General Revenue Fund to reduce the General Revenue Fund deficit for the year ending December 31, 2005, and submitted the matter to the Executive Policy Committee and Council.

STANDING COMMITTEE DECISION:

On October 11, 2005, the Standing Committee on Fiscal Issues concurred in the administrative recommendation, namely, that the Financial Status Report and Forecast to August 31, 2005, be received as information and circulated to all Members of Council.

ADMINISTRATIVE REPORT

RE: Financial Status Report and Forecast to August 31, 2005

FOR SUBMISSION TO: Standing Committee on Fiscal Issues

ORIGINAL REPORT SIGNED BY: Chief Financial Officer

REPORT DATE: October 11, 2005

RECOMMENDATION:

That the Financial Status Report and Forecast to August 31, 2005 be received as information and circulated to All Members of Council.

REPORT SUMMARY:

Key Issues:

As at August 31, 2005 the City is forecasting a General Revenue Fund deficit of $17.0 million for the year ending December 31, 2005.

Implications of the Recommendation(s):

General implications:

- ☐ **None**
- **X** **For the organization overall &/or for other departments**
- ☐ **For the community and/or organizations external to the City**
- ☐ **Involves a multi-year contract**

Comment(s): A deficit is being forecasted for the General Revenue Fund.

Policy implications:

- **X** **No**
- ☐ **Yes** **Comment(s):**

Environmental implications:

- **X** **No**
- ☐ **Yes** **Comment(s):**

Human Resources implications:

- **X** **No**
- ☐ **Yes** **Comment(s):**

Financial implications:

☐ **Within approved current and/or capital budget**
X **Current and/or capital budget adjustment required**
Comment(s):

REASON FOR THE REPORT:

On December 17, 1997, 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.

HISTORY:

DISCUSSION:

The Corporate Finance Department has prepared a report showing forecasted revenues and expenses to December 31, 2005, for the General Revenue Fund and Utility Funds. This information was obtained from departments and was based on actual data as at August 31, 2005.

As at August 31, 2005, the City is forecasting a General Revenue Fund deficit of $17.0 million. The reasons for the deficit are indicated in the schedule entitled "Budget Variances Arising from the August 31, 2005 Forecast".

The City is also forecasting the Sewage Disposal System Fund will have a net surplus of $6.5 million, a $4.1 million shortfall from the $10.6 million budget. The major cause of the shortfall is the budget for sewer services revenue is overstated by $5.6 million. The budget was based upon the preliminary 2005 rate projection that did not include external funding. The 2005 sewer rate, as approved by City Council on November 24, 2004, is $3.39 per hundred cubic feet but the budget was based upon a sewer rate of $3.55 per hundred cubic feet. The final 2005 sewer rate was lower due to the inclusion of $48 million in Provincial and Federal funding for the wastewater collection and treatment capital improvement programs.

Financial Impact Statement

Date: October 11, 2005

Project Name:

Financial Status Report and Forecast

First Year of Program **2005**

	2005	2006	2007	2008	2009
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Total Additional Debt Required	$ -	$ -	$ -	$ -	$ -
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The Financial Impact Statement has not been completed since this report is prepared for information purposes only.

P. Bodnar
Senior Financial Accountant

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH, AND CONCURRENCE BY:

All City departments

THIS REPORT SUBMITTED BY:

Corporate Finance Department
Corporate Controller's Division
Prepared by: Pat Bodnar
File No.

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

Actual for the eight month period ended August 31, 2005
forecasted for the year ending December 31, 2005
(in thousands of dollars)
(Unaudited)

	2005 Adopted Budget	2005 August 31 Forecast	Variance From Budget	2005 Year to date Actual
REVENUES				
Taxation	$ 451,440	$ 451,267	$ (173)	$ 300,801
Government grants	77,617	74,395	(3,222)	61,654
Sale of goods and services	69,900	66,874	(3,026)	28,420
Payments-in-lieu of taxes	32,764	32,742	(22)	21,287
Regulation fees	31,678	25,251	(6,427)	16,743
Transfers from other funds	31,450	36,132	4,682	19,204
Interest	11,344	11,299	(45)	5,278
Other	806	983	177	630
Total Revenues	706,999	698,943	(8,056)	454,017
EXPENSES				
Audit	1,032	1,032	-	644
CAO's office	2,942	2,781	161	1,687
City clerks	11,356	11,488	(132)	7,796
Community services	85,814	87,851	(2,037)	60,107
Corporate	66,230	61,016	5,214	39,115
Corporate information technology	16,519	19,201	(2,682)	11,344
Corporate finance	12,883	9,901	2,982	6,531
Corporate services	10,421	10,440	(19)	7,143
Council	2,639	2,639	-	1,620
EPC secretariat	1,558	1,604	(46)	890
Fire paramedic service	103,785	106,466	(2,681)	72,739
Mayor's office	505	481	24	255
Museums	719	719	-	562
Police services	146,695	147,353	(658)	98,112
Planning, property and development	38,730	36,209	2,521	23,025
Property assessment	12,418	11,362	1,056	7,040
Public works	149,798	160,005	(10,207)	98,429
Street lighting	9,522	10,171	(649)	6,719
Water and waste	33,433	35,199	(1,766)	19,600
Total Expenses	706,999	715,918	(8,919)	463,358
Forecasted Deficit	$ -	$ (16,975)	$ (16,975)	$ (9,341)

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
BUDGET VARIANCES ARISING FROM THE AUGUST 31, 2005 FORECAST FOR THE YEAR ENDING DECEMBER 31, 2005

(in millions of dollars)

The Public Works department expenses are anticipated to be over budget primarily due to snow clearing costs.	$	**(10.2)** *
The contribution to the Transit System Fund is forecasted to exceed budget due to fuel prices, salaries, benefits and acting pay resulting from higher overtime caused by sick time usage and retirements, increased dental costs, and Handi-Transit costs.		**(4.7)**
The Police Service department expenses are anticipated to be over budget due to higher overtime costs as as a result of increased operational challenges and calls for service and other costs.		**(3.2)**
The Community Service department's expenses are anticipated to be over budget mainly because of the costs associated with mosquito control and extending the wading and outdoor pool season.		**(2.0)**
Photo enforcement revenue is anticipated to be below budget based on actual revenue and positive driving practices noted to date.		**(1.4)**
Adjustment of revenue estimates		**2.5**
The Property Assessment department's expenses are anticipated to be under budget mainly because of unfilled positions.		**1.1**
Anticipated savings due to conservative forecasting.		**1.0**
Miscellaneous		**(0.1)**
Forecasted General Revenue Fund Deficit	**$**	**(17.0)** *

* Both of these figures could be further reduced should City Council approve a $3.3 million transfer from the Snow Clearing Reserve.

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
RECONCILIATION OF JUNE TO AUGUST FORECAST
FOR THE YEAR ENDING DECEMBER 31, 2005

(in millions of dollars)

Forecasted General Revenue Fund Deficit - June 30, 2005	**$**	**(18.1)**
Adjustment of revenue estimates		**2.5**
Miscellaneous		**(1.4)**
Forecasted General Revenue Fund Deficit - August 31, 2005	**$**	**(17.0)**

THE CITY OF WINNIPEG - SUMMARY BY FUND

FINANCIAL STATUS REPORT AND FORECAST

Actual for the eight month period ended August 31, 2005
forecasted for the year ending December 31, 2005
(in thousands of dollars)
(Unaudited)

	2005 August 31 Forecast	2005 Adopted Budget	Variance From Budget	2005 August 31 Actual
General Revenue Fund				
Revenues	$ 698,943	$ 706,999	$ (8,056)	$ 454,017
Expenditures	715,918	706,999	(8,919)	463,358
(Deficit)	$ (16,975)	$ -	$ (16,975)	$ (9,341)
Transit System				
Revenues	$ 77,649	$ 74,098	$ 3,551	$ 49,812
Expenditures	108,529	102,769	(5,760)	71,344
	(30,880)	(28,671)	(2,209)	(21,532)
Transfer to Reserve	(5,246)	(5,160)	(86)	(5,159)
Transfer from General Revenue Fund	36,003	33,831	2,172	24,652
(Deficit)	$ (123)	$ -	$ (123)	$ (2,039)
Waterworks System				
Revenues	$ 75,961	$ 75,676	$ 285	$ 51,807
Expenditures	46,671	48,290	1,619	29,792
	29,290	27,386	1,904	22,015
Transfer to Reserves	(10,349)	(10,349)	-	(6,955)
Transfer to General Revenue Fund	(11,958)	(11,957)	(1)	(7,611)
Surplus	$ 6,983	$ 5,080	$ 1,903	$ 7,449
Sewage Disposal System				
Revenues	$ 89,594	$ 95,084	$ (5,490)	$ 60,737
Expenditures	59,551	59,933	382	40,079
	30,043	35,151	(5,108)	20,658
Transfer to Reserves	(13,010)	(13,944)	934	(9,150)
Transfer to General Revenue Fund	(10,557)	(10,592)	35	(7,572)
Surplus	$ 6,476	$ 10,615	$ (4,139)	$ 3,936
Solid Waste Disposal				
Revenues	$ 18,759	$ 15,898	$ 2,861	$ 11,102
Expenditures	15,903	15,239	(664)	9,095
	2,856	659	2,197	2,007
Transfer to Reserves	(203)	(172)	(31)	(130)
Transfer to General Revenue Fund	(3,454)	(2,099)	(1,355)	(1,330)
(Deficit) Surplus	$ (801)	$ (1,612)	$ 811	$ 547

THE CITY OF WINNIPEG - SUMMARY BY FUND

FINANCIAL STATUS REPORT AND FORECAST

Actual for the eight month period ended August 31, 2005
forecasted for the year ending December 31, 2005
(in thousands of dollars)
(Unaudited)

	2005 August 31 Forecast	2005 Adopted Budget	Variance From Budget	2005 August 31 Actual
Civic Accommodations Fund				
Revenue	**$ 30,984**	**$ 30,984**	**$ -**	**$ 18,788**
Expenditures	**18,080**	**18,080**	**-**	**11,482**
	12,904	**12,904**	**-**	**7,306**
Transfer to Public Works Fund	**(9,689)**	**(9,689)**	**-**	**(7,127)**
Transfer to General Revenue Fund	**(3,215)**	**(3,215)**	**-**	**(1,644)**
Deficit	**$ -**	**$ -**	**$ -**	**$ (1,465)**
Building Services				
Revenue	**$ 27,082**	**$ 26,437**	**$ 645**	**$ 18,064**
Expenditures	**27,082**	**26,422**	**(660)**	**17,302**
	-	**15**	**(15)**	**762**
Transfer to General Revenue Fund	**-**	**(15)**	**15**	**-**
Surplus	**$ -**	**$ -**	**$ -**	**$ 762**