Agenda – Executive Policy Committee – December 9, 2009

Report – Standing Policy Committee on Finance – December 3, 2009

Item No. 2 Transfer of 2009 Year End Surplus to the General Purpose Reserve Fund
eFile F-1

STANDING COMMITTEE RECOMMENDATION:

On December 3, 2009, the Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That any surplus resulting from year-end operations be transferred to the General Purpose Reserve Fund.

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 – December 9, 2009

Report – Standing Policy Committee on Finance – December 3, 2009

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On December 3, 2009, the Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

STANDING COMMITTEE DECISION:

On December 3, 2009, 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 October 31, 2009.

ADMINISTRATIVE REPORT

ISSUE: Financial Status Report and Forecast to October 31, 2009

Critical Path: Standing Policy Committee on Finance – EPC - COUNCIL

AUTHORIZATION

Author	Department Head	CFO	CAO
Patricia Bodnar	M Ruta	M Ruta	G Laubenstein

RECOMMENDATIONS

That the Financial Status Report and Forecast to October 31, 2009 be received as information and that any surplus resulting from year-end operations be transferred to the General Purpose Reserve Fund.

IMPLICATIONS OF THE RECOMMENDATIONS

The Public Service anticipates a projected tax-support operating surplus of $2.9 million which, if achieved, would automatically transfer to the Mill Rate Stabilization Reserve. Instead the Public Service is recommending that any surplus amounts attained at year-end be transferred to the General Purpose Reserve Fund for future use to be approved by Council.

HISTORY

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 the Standing Policy Committee on Finance.

The Corporate Finance Department has prepared a report showing forecasted revenues and expenses to December 31, 2009, for the General Revenue Fund, Service Funds and Utility Funds. This information was obtained from departments and was based on actual data as at October 31, 2009.

In its Financial Status Report and Forecast to September 30, 2009 at the Standing Policy Committee on Finance on November 12, 2009, the City forecasted a General Revenue Fund operating deficit of $3.4 million for the year ended December 31, 2009.

As at October 31, 2009, the City is forecasting a General Revenue Fund surplus of $2.9 million. The reasons for the surplus are indicated in the schedule entitled “Budget Variances Arising from the October 31, 2009 Forecast” (Schedule 2).

Further, the Public Service is recommending that the balance of any surplus attained at year-end be transferred to the General Purpose Reserve Fund for future use to be approved by Council.

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 September 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: November 25, 2009**

Project Name:

Financial Status Report and Forecast to October 31, 2009

COMMENTS:

This report is prepared for information purposes.

original signed by Paul Olafson, CA

Corporate Controller

CONSULTATION

In preparing this Report there was consultation with: All City of Winnipeg Departments

SUBMITTED BY

Department: Corporate Finance Department
Division: Corporate Controller's Division
Prepared by: Patricia Bodnar
Date: November 30, 2009
File No.



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

Schedule 1

Actual for the ten month period ended October 31, 2009
forecasted for the year ending December 31, 2009
(in thousands of dollars)
(unaudited)

	2009 Adopted Budget	2009 Forecast	Variance From Budget	2009 Year to Date Actual
REVENUES (2)				
Taxation	$ 501,326	$ 501,352	$ 26	$ 411,797
Government transfers	101,663	105,755	4,092	88,247
Sale of goods and services	73,772	71,306	(2,466)	60,814
Transfer from other funds	32,720	37,942	5,222	17,591
Regulation fees	37,272	32,231	(5,041)	26,876
Payments-in-lieu of taxes	31,058	31,058	-	26,420
Interest	9,328	12,533	3,205	11,298
Other	1,372	1,655	283	1,203
Total Revenues	788,511	793,832	5,321	644,246
EXPENSES (2)				
Assessment and taxation	16,942	13,536	3,406	12,759
Audit	839	789	50	606
Chief administrative offices	1,256	1,280	(24)	1,014
City clerks	12,181	12,268	(87)	9,517
Community services	98,228	98,419	(191)	80,452
Corporate	57,463	51,323	6,140	41,045
Corporate finance	7,789	7,463	326	5,638
Corporate support services	32,647	32,053	594	25,068
Council	2,755	2,755	-	2,181
Fire paramedic service	129,505	130,331	(826)	107,249
Mayor's office	1,004	1,004	-	757
Museums	1,001	1,001	-	871
Planning, property and development	38,997	37,829	1,168	32,095
Police services	181,474	181,987	(513)	150,458
Public works	165,817	175,705	(9,888)	147,716
Street lighting	10,520	10,474	46	8,685
Water and waste	30,093	32,730	(2,637)	25,574
Total Expenses	788,511	790,947	(2,436)	651,685
FORECASTED SURPLUS	$ -	$ 2,885	$ 2,885	$ (7,439)

Notes:

(1) See Schedule 5 for comparable departmental view.

(2) The adopted budget has been amended to reflect the changes to internal service delivery, reorganization and reporting.

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
BUDGET VARIANCES ARISING FROM THE OCTOBER 31, 2009 FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

Schedule 2

(in millions of dollars)
(unaudited)

Corporate expenses are anticipated to be below budget due primarily to delays in refinancing of debt related to lower than anticipated interest rates, adjustments to accounting provisions and reduced employee benefit charges.	**$**	**5.9**
The Bank of Canada has indicated that it does not anticipate raising interest rates in the foreseeable future. The City has positioned its investment portfolio on the basis of a longer term outlook to enhance portfolio earnings.		**3.8**
Assessment and taxation department is anticipating to be below their expense budget mainly because of better than expected results on assessment appeals.		**3.4**
Reduction of net revenues anticipated from the corporate sponsorship program. *Action Plan: Efforts continue to advance sponsorship initiatives.*		**(1.6)**
The Fire Paramedic Service department's expenses are anticipated to be $0.8 million over budget mainly due to higher than anticipated wage and benefit and other operating costs. The department's revenue is also anticipated to be $1.1 million under budget as a result of the grant from the Winnipeg Regional Health Authority, which was determined based on the cost sharing formula under the former contract, which is offset by increased ambulance service revenues. *Action Plan: The Public Service is currently in negotiations with the Province on the cost sharing agreement for emergency medical services. There is also continued efforts to control expenditures without impacting the delivery of core services.*		**(1.9)**
The forecast includes $5.8 million of costs associated with the spring flood, which are included in various department categories. The two departments that incurred the majority of the anticipated flood costs are the Public Works department - $4.0 million and the Water and Waste department - $1.7 million. The cost of the flood is estimated to be partially offset by $4.2 million from the Province of Manitoba's Disaster Financial Assistance Program. *Action Plan: Continued efforts to control expenditures without impacting the delivery of core services.*		**(1.6)**
Red light and regular traffic enforcement revenue is anticipated to be under budget as a result of fewer tickets being issued than budgeted. *Action Plan: Continued efforts to control expenditures without impacting the delivery of core services.*		**(4.4)**
In addition to the flood costs already noted, the Public Works department's expenses are also anticipated to be over budget, primarily due to snow clearing activities. *Action Plan: Transfer funds from the Snow Clearing Reserve and continued efforts to control expenditures without impacting the delivery of core services.*		**(5.9)**
Estimated transfer from the Snow Clearing Reserve, which requires City Council approval.		**4.4**
Other departmental revenues and expenses		**0.8**

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
BUDGET VARIANCES ARISING FROM THE OCTOBER 31, 2009 FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

Schedule 2

(in millions of dollars)
(unaudited)

Forecasted Surplus	**$ 2.9**

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
RECONCILIATION OF SEPTEMBER TO OCTOBER FORECAST
FOR THE YEAR ENDING DECEMBER 31, 2009

Schedule 3

(in millions of dollars)
(unaudited)

Forecasted General Revenue Fund Deficit - September 30, 2009	$	**(3.4)**
Assessment appeal costs are anticipated to be under budget.		**3.0**
Corporate expenses are anticipated to be further below budget due primarily because of reduced adjustments to accounting provisions.		**1.0**
Other departmental revenues and expenses		**2.3**
Forecasted General Revenue Fund Surplus - October 31, 2009	$	**2.9**

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

Schedule 4

Actual for the ten month period ended October 31, 2009
forecasted for the year ending December 31, 2009
(in thousands of dollars)
(unaudited)

	2009 Adopted Budget	2009 Forecast	Variance From Budget	2009 Actual
General Revenue Fund				
Revenues	$ 788,511	$ 793,832	$ 5,321	$ 644,246
Expenses	788,511	790,947	(2,436)	651,685
Surplus (Deficit)	$ -	$ 2,885	$ 2,885	$ (7,439)
Transit System				
Revenues	$ 94,676	$ 93,393	$ (1,283)	$ 77,029
Expenses	126,355	124,238	2,117	97,830
	(31,679)	(30,845)	834	(20,801)
Transfer to Reserves	(10,309)	(10,318)	(9)	(10,318)
Transfer from General Revenue Fund	41,988	41,988	-	30,814
Surplus (Deficit)	$ -	$ 825	$ 825	$ (305)
Waterworks System				
Revenues	$ 94,242	$ 87,802	$ (6,440)	$ 72,955
Expenses	70,378	69,339	1,039	56,573
	23,864	18,463	(5,401)	16,382
Transfer to Reserve	(10,000)	(10,000)	-	(10,000)
Surplus	$ 13,864	$ 8,463	$ (5,401)	$ 6,382
Sewage Disposal System				
Revenues	$ 137,225	$ 129,588	$ (7,637)	$ 106,579
Expenses	75,386	71,593	3,793	74,678
	61,839	57,995	(3,844)	31,901
Transfer to Reserves	(20,483)	(19,908)	575	(16,282)
Transfer to General Revenue Fund	(13,821)	(13,981)	(160)	1,517
Surplus	$ 27,535	$ 24,106	$ (3,429)	$ 17,136

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

Schedule 4

Actual for the ten month period ended October 31, 2009
forecasted for the year ending December 31, 2009
(in thousands of dollars)
(unaudited)

	2009 Adopted Budget	2009 Forecast	Variance From Budget	2009 Actual
Solid Waste Disposal				
Revenues	$ 17,434	$ 15,720	$ (1,714)	$ 11,704
Expenses	18,771	17,264	1,507	12,285
	(1,337)	(1,544)	(207)	(581)
Transfer to Reserve	(155)	(176)	(21)	(134)
Transfer to General Revenue Fund	(883)	(580)	303	(736)
Deficit	$ (2,375)	$ (2,300)	$ 75	$ (1,451)
Civic Accommodations Fund				
Revenues	$ 37,062	$ 36,881	$ (181)	$ 30,859
Expenses	22,063	21,882	181	19,338
	14,999	14,999	-	11,521
Transfer to:				
Building Services Fund	(10,677)	(10,677)	-	(8,134)
General Revenue Fund	(4,322)	(4,322)	-	(3,881)
Deficit	$ -	$ -	$ -	$ (494)
Building Services Fund				
Revenues	$ 26,644	$ 27,140	$ 496	$ 19,937
Expenses	37,189	37,685	(496)	30,922
	(10,545)	(10,545)	-	(10,985)
Transfer from (to):				
Civic Accommodations Fund	10,677	10,677	-	8,134
General Revenue Fund	(132)	(132)	-	(110)
Deficit	$ -	$ -	$ -	$ (2,961)

THE CITY OF WINNIPEG - GENERAL REVENUE FUND **Schedule 5**
FINANCIAL STATUS REPORT AND FORECAST

forecasted for the year ending December 31, 2009
(in thousands of dollars)
(unaudited)

	Revenues			*Expenses*			*Net Mill Rate*
	Adopted Budget	**Forecast**	**Variance Budget/ Forecast**	**Adopted Budget**	**Forecast**	**Variance Budget/ Forecast**	**Variance Budget/ Forecast**
Assessment and taxation	$ 525,178	$ 524,026	$ (1,152)	$ 16,942	$ 13,536	$ 3,406	$ 2,254
Audit	-	-	-	839	789	50	50
Chief administrative offices	-	-	-	1,256	1,280	(24)	(24)
City clerks	66	68	2	12,181	12,268	(87)	(85)
Community services	20,978	20,943	(35)	98,228	98,419	(191)	(226)
Corporate	97,860	100,481	2,621	57,463	51,323	6,140	8,761
Corporate finance	3,964	7,992	4,028	7,789	7,463	326	4,354
Corporate support services	1,716	1,714	(2)	32,647	32,053	594	592
Council	-	-	-	2,755	2,755	-	-
Fire paramedic service	38,493	37,378	(1,115)	129,505	130,331	(826)	(1,941)
Mayor's office	-	-	-	1,004	1,004	-	-
Museums	56	56	-	1,001	1,001	-	-
Planning, property and development	26,726	25,709	(1,017)	38,997	37,829	1,168	151
Police services	33,791	30,655	(3,136)	181,474	181,987	(513)	(3,649)
Public works	24,266	28,423	4,157	165,817	175,705	(9,888)	(5,731)
Street lighting	-	-	-	10,520	10,474	46	46
Waterworks and waste	15,417	16,387	970	30,093	32,730	(2,637)	(1,667)
Forecasted Surplus	$ 788,511	$ 793,832	$ 5,321	$ 788,511	$ 790,947	$ (2,436)	$ 2,885