Agenda – Executive Policy Committee – June 6, 2012

AUDIT COMMITTEE

Item No. 1 Review of 2011 Consolidated Financial Statements

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

That Audit Committee approve the consolidated financial statements of The City of Winnipeg for the year-ended December 31, 2011 and direct the Chief Financial Officer to submit these to Council for information.

ADMINISTRATIVE REPORT

Title: **Annual Consolidated Financial Statements of The City of Winnipeg, for the year ended December 31, 2011**

Issue:

Critical Path: **Audit Committee**

AUTHORIZATION

Author	Department Head	CFO	CAO
P. Olafson	M. Ruta	M. Ruta	P. Sheegl

RECOMMENDATIONS

That Audit Committee approve the consolidated financial statements of The City of Winnipeg for the year-ended December 31, 2011 and direct the Chief Financial Officer to submit these to Council for information.

REASON FOR THE REPORT

The City of Winnipeg Charter requires the Chief Financial Officer submit to Council within six months of the fiscal year-end of the City a report on the financial position of the City at the end of the fiscal year. Further, the Chief Financial Officer will submit this report to the Province of Manitoba within six months of the fiscal year-end.

IMPLICATIONS OF THE RECOMMENDATIONS

The City of Winnipeg will meet this Charter requirement.

HISTORY

The City of Winnipeg annually prepares a set of consolidated financial statements. These are prepared in accordance with Canadian public sector accounting standards recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The consolidated financial statements have been audited by KPMG LLP.

The City's 2011 consolidated financial statements reflect the financial position and the results of operations of The City of Winnipeg, which includes organizations controlled by the City, as of and for the year ended December 31, 2011.

The City's financial position remains positive, with net financial liabilities of only $55.2 million. It does reflect Council's priority to invest in existing and new City infrastructure partially through the assumption of additional debt, including service concession arrangements. However, the City's credit ratings have been affirmed (Standard & Poor's – AA; Moody's Investors Services – Aa1) providing confirming the City's stable financial position.

The City's total consolidated revenues were $1.469 billion, an increase of $116 million over 2010, while consolidated expenses totaled $1.273 billion, an increase of $89 million. This produced excess revenues over expenses of $196 million. Most of this is attributable to government transfers and developer contributions-in-kind in support of the City's investments in tangible capital assets. Without the capital purposed revenues, the City's consolidated operations resulted in a near break-even position.

This is the second year the City has included a consolidated budget in its consolidated financial statements. This disclosure is required by the aforementioned Canadian public accounting standards and is another source of transparency and accountability for governments. For 2011, actual excess revenues over expenses of $196 million are $80 million higher than budgeted. Half of this difference came as a result of a good construction season resulting in greater capital works than expected and therefore higher revenues from external providers like PPP Canada. The other significant budget variance came as a result of accounting changes associated with the Assiniboine Park Conservancy that were not budgeted.

The net book value of tangible capital assets increased by $300 million over 2010. Total capital expenses of $486 million are $150 million more than the previous year. This is due largely to the opening of the Chief Peguis Trail Extension. Partnering with PPP Canada and the Provincial government, this service concession arrangement with significant value-for-money finished one year ahead of schedule and on budget.

FINANCIAL IMPACT

Financial Impact Statement Date: May 3, 2012

Project Name:

Annual Consolidated Financial Statements of The City of Winnipeg, for the year ended December 31, 2011

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 and Agencies (Consolidated Financial Statements)

SUBMITTED BY

Department: Corporate Finance
Division: Corporate Controller's
Prepared by: Paul Olafson
Date: May 3, 2012
File Name: 2011 Year End



2011 Consolidated
Financial Statements