Agenda – Council – December 12, 2012

Report – Standing Policy Committee on Finance – December 3, 2012

Item No. 2 Financial Status Report and Forecast to October 31, 2012

STANDING COMMITTEE RECOMMENDATION:

On December 5, 2012, the Executive Policy Committee concurred in recommendation of the Standing Policy Committee on Finance, and submits the following to Council:

1. That if the General Revenue Fund reports a surplus at year-end, the surplus be transferred to the General Purpose Reserve Fund.

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

Report - Standing Policy Committee on Finance – December 3, 2012

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 5, 2012, the Executive Policy Committee concurred in Recommendation 2 of the Standing Policy Committee on Finance, and submitted the matter to Council.

STANDING COMMITTEE DECISION:

On December 3, 2012, the Standing Policy Committee on Finance concurred in Recommendation 1 of the Winnipeg Public Service and received as information the Financial Status Report and Forecast to October 31, 2012.

STANDING COMMITTEE RECOMMENDATION:

Further, on December 3, 2012, the Standing Policy Committee on Finance concurred in Recommendation 2 of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **Financial Status Report and Forecast to October 31, 2012**

Issue:

Critical Path: **Standing Policy Committee on Finance – Executive Policy Committee – City Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
Paul Olafson	M. Ruta	M. Ruta, CFO	D. Joshi, COO

RECOMMENDATIONS

1) That the Financial Status Report and Forecast to October 31, 2012 be received as information; and
2) That if the General Revenue Fund reports a surplus at year-end, the surplus be transferred to the General Purpose Reserve Fund.

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 to the Standing Policy Committee on Finance.

Recommendation 2 of this report concerns a potential surplus in the General Revenue Fund that requires a transfer between City of Winnipeg funds and under Section 288(1) of The City of Winnipeg Charter, this requires approval of City Council.

IMPLICATIONS OF THE RECOMMENDATIONS

The Public Service anticipates a projected surplus of $8.5 million. The forecast includes a $0.7 million transfer to the Snow Clearing Reserve and a $2.4 million transfer to the Insect Control Urgent Expenditure Reserve. These transfers are the result of cost savings anticipated in snow clearing and insect control services, and are made in accordance with the City Council approved operating terms for the Reserves.

If the projected surplus of $8.5 million is achieved it would automatically transfer to the Financial Stabilization Reserve Fund. 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 City Council.

HISTORY

The Corporate Finance Department has prepared a report showing forecasted revenues and expenses to December 31, 2012, 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 October 31, 2012.

As at October 31, 2012, the City is forecasting a General Revenue Fund surplus of $8.5 million. The reasons for the surplus are indicated in the schedule entitled “Budget Variances Arising from the October 31, 2012 Forecast”.

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 October 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 23, 2012

Project Name:

Financial Status Report and Forecast to October 31, 2012

COMMENTS:

This report is prepared for information purposes.

Patricia Bodnar
Senior Financial Accountant

CONSULTATION

In preparing this report there was consultation with:

All City of Winnipeg Departments

SUBMITTED BY

Department: Corporate Finance
Division: Corporate Controller's
Prepared by: Patricia Bodnar
Date: November 23, 2012
File No.



Forecast.xls

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

Schedule 1

Actual for the ten month period ended October 31, 2012
forecasted for the year ending December 31, 2012
(in thousands of dollars)
(unaudited)

	* Adopted Budget	Forecast	Variance From Budget	Year to Date Actual
REVENUES				
Taxation	$ 551,254	$ 551,127	$ (127)	$ 463,588
Government transfers	113,255	110,761	(2,494)	85,389
Sale of goods and services	78,986	81,847	2,861	68,042
Transfer from other funds	52,309	50,774	(1,535)	18,287
Regulation fees	37,634	40,304	2,670	31,504
Payments-in-lieu of taxes	29,076	29,076	-	25,594
Other	19,520	19,835	315	700
Interest	11,394	12,021	627	10,440
Total Revenues	893,428	895,745	2,317	703,544
EXPENSES				
Assessment and taxation	18,557	18,260	297	11,456
Audit	886	1,386	(500)	740
Chief administrative offices	1,651	1,651	-	944
City clerks	10,773	10,537	236	8,697
Community services	112,568	111,749	819	94,021
Corporate	56,423	48,908	7,515	35,008
Corporate finance	8,547	7,854	693	6,333
Corporate support services	31,187	31,127	60	25,057
Council	3,353	3,353	-	2,615
Fire paramedic service	154,490	154,159	331	122,960
Legal services	2,452	2,420	32	1,993
Mayor's office	1,884	1,884	-	981
Museums	1,096	1,096	-	1,059
Planning, property and development	40,996	43,852	(2,856)	34,718
Police services	224,595	225,671	(1,076)	184,525
Public works	168,818	170,303	(1,485)	135,492
Street lighting	11,100	10,912	188	8,976
Water and waste	44,052	42,098	1,954	33,903
Total Expenses	893,428	887,220	6,208	709,478
FORECASTED SURPLUS	$ -	$ 8,525	$ 8,525	$ (5,934)

Notes:

See Schedule 5 for comparable departmental view.

* The "adopted budget" has been adjusted to:

- increase Police Services by $4,411 thousand for the budget amendment required for wage and benefit provisions and Corporate has been reduced accordingly;
- reflect $1,668 thousand of savings included in Corporate that have been allocated to various departments' revenue and expense categories; and
- decrease both Taxation revenue and Assessment and Taxation expenses by $7,015 thousand. This revision offsets the entertainment tax rebate against revenue and complies with new Public Sector Accounting Board recommendations.

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
BUDGET VARIANCES ARISING FROM THE OCTOBER 31, 2012 FORECAST FOR THE YEAR ENDING DECEMBER 31, 2012

Schedule 2

(in millions of dollars)
(unaudited)

Corporate expenses are anticipated to be under budget primarily because of adjustments to accounting provisions.			$ 7.5
The Planning, Property and Development department's net mill rate support is projected to be under budget mainly as a result of net permit revenues being higher than expected from continued strong local development and construction market.			2.8
Corporate Finance net mill rate support is projected to be under budget mainly as a result of higher interest recoveries from capital and investment returns and lower expenses.			1.5
Provincial operating funding:			
Funding from the Province directed to the larviciding program for additional costs ($1.1 million) and reimbursement of 2011 spring flood costs ($0.9 million).	$ 2.0		
Public Works department's expenses are higher than anticipated due to a transfer to the Insect Control Urgent Expenditure Reserve ($1.1 million) and 2011 flood restoration costs ($0.5 million).	(1.6)	$ 0.4	
Funding, primarily Provincial Policing Commitment, directed to the Police Services department.		1.0	
Unconditional transfer from the Province reduced.		(1.7)	(0.3)
The Fire Paramedic Service department's net mill rate support is projected to be over budget as a result of revised estimates on the transfer from the Winnipeg Regional Health Authority and revenues from sundry fees and services.			(1.7)
Other departmental revenues and expenses.			(1.3)
Forecasted Surplus			$ 8.5

THE CITY OF WINNIPEG - GENERAL REVENUE FUND
RECONCILIATION OF SEPTEMBER 30, 2012 TO OCTOBER 31, 2012 FORECAST
FOR THE YEAR ENDING DECEMBER 31, 2012

Schedule 3

(in millions of dollars)
(unaudited)

Forecasted General Revenue Fund Surplus - September 30, 2012	$	7.7
Other departmental revenues and expenses		0.8
Forecasted General Revenue Fund Surplus - October 31, 2012	$	8.5

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

Schedule 4

Actual for the ten month period ended October 31, 2012
forecasted for the year ending December 31, 2012
(in thousands of dollars)
(unaudited)

	Adopted Budget	Forecast	Variance From Budget	Actual
General Revenue Fund				
Revenues	$ 893,428	$ 895,745	$ 2,317	$ 703,544
Expenses	893,428	887,220	6,208	709,478
Surplus	$ -	$ 8,525	$ 8,525	$ (5,934)
Transit System				
Revenues	$ 115,441	$ 115,822	$ 381	$ 94,235
Expenses	149,757	149,657	100	119,466
	(34,316)	(33,835)	481	(25,231)
Transfer to Reserves	(12,088)	(12,088)	-	(12,088)
Transfer from General Revenue Fund	46,404	46,279	(125)	38,526
Surplus	$ -	$ 356	$ 356	$ 1,207
Waterworks System				
Revenues	$ 94,833	$ 96,401	$ 1,568	$ 80,588
Expenses	72,783	73,506	(723)	60,936
	22,050	22,895	845	19,652
Transfer to Water Main Renewal Reserve	(14,000)	(14,000)	-	(14,000)
Surplus Prior to Principle Debt Repayments	8,050	8,895	845	5,652
Principle Debt Repayments	(6,617)	(6,617)	-	-
Surplus	$ 1,433	$ 2,278	$ 845	$ 5,652

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

Schedule 4

Actual for the ten month period ended October 31, 2012
forecasted for the year ending December 31, 2012
(in thousands of dollars)
(unaudited)

	Adopted Budget	Forecast	Variance From Budget	Actual
Sewage Disposal System				
Revenues	$ 143,700	$ 146,312	$ 2,612	$ 118,405
Expenses	78,389	74,862	3,527	63,252
	65,311	71,450	6,139	55,153
Transfer to Reserves	(31,186)	(31,346)	(160)	(11,440)
Transfer to General Revenue Fund	(15,033)	(14,239)	794	(12,528)
Surplus Prior to Principle Debt Repayments	19,092	25,865	6,773	31,185
Principle Debt Repayments	(7,170)	(7,170)	-	-
Surplus	$ 11,922	$ 18,695	$ 6,773	$ 31,185
Solid Waste Disposal				
Revenues	$ 28,480	$ 26,877	$ (1,603)	$ 19,283
Expenses	26,377	22,758	3,619	16,638
	2,103	4,119	2,016	2,645
Transfer to Reserve	(188)	(188)	-	(145)
Transfer to General Revenue Fund	(2,300)	(1,338)	962	(1,917)
Surplus (Deficit) Prior to Principle Debt Repayments	(385)	2,593	2,978	583
Principle Debt Repayments	(68)	(458)	390	-
Surplus (Deficit)	$ (453)	$ 2,135	$ 3,368	$ 583

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

Schedule 4

Actual for the ten month period ended October 31, 2012
forecasted for the year ending December 31, 2012
(in thousands of dollars)
(unaudited)

	Adopted Budget	Forecast	Variance From Budget	Actual
Municipal Accommodations Fund				
Revenues	$ 61,641	$ 61,888	$ 247	$ 50,219
Expenses	58,569	59,060	(491)	45,380
	3,072	2,828	(244)	4,839
Transfer to:				
General Revenue Fund	(3,072)	(2,828)	244	(78)
Surplus	$ -	$ -	$ -	$ 4,761

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

Schedule 5

forecasted for the year ending December 31, 2012
(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	$ 552,108	$ 551,897	$ (211)	$ 18,557	$ 18,260	$ 297	$ 86
Audit	-	-	-	886	1,386	(500)	(500)
Chief administrative offices	-	-	-	1,651	1,651	-	-
City clerks	102	109	7	10,773	10,537	236	243
Community services	20,143	18,660	(1,483)	112,568	111,749	819	(664)
Corporate	124,157	123,519	(638)	56,423	48,908	7,515	6,877
Corporate finance	5,637	6,402	765	8,547	7,854	693	1,458
Corporate support services	1,618	1,619	1	31,187	31,127	60	61
Council	-	-	-	3,353	3,353	-	-
Fire paramedic service	47,295	45,219	(2,076)	154,490	154,159	331	(1,745)
Legal services	143	245	102	2,452	2,420	32	134
Mayor's office	-	-	-	1,884	1,884	-	-
Museums	-	-	-	1,096	1,096	-	-
Planning, property and development	31,662	37,320	5,658	40,996	43,852	(2,856)	2,802
Police services	43,788	43,964	176	224,595	225,671	(1,076)	(900)
Public works	48,391	50,362	1,971	168,818	170,303	(1,485)	486
Street lighting	-	-	-	11,100	10,912	188	188
Waterworks and waste	18,384	16,429	(1,955)	44,052	42,098	1,954	(1)
Forecasted Surplus	$ 893,428	$ 895,745	$ 2,317	$ 893,428	$ 887,220	$ 6,208	$ 8,525