



# 2023 Balanced Budget Update

## 2020 – 2023 Multi-Year Budget Assessment, Taxation and Corporate

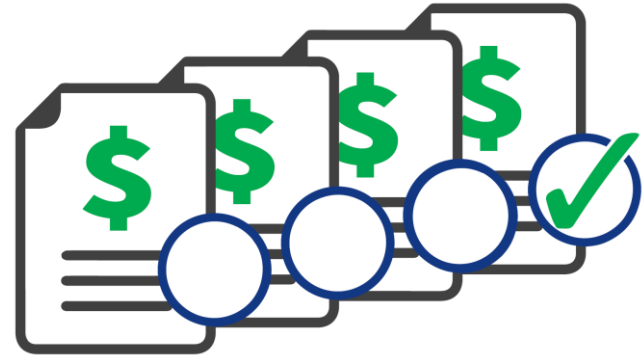


Standing Policy Committee on Finance and Economic Development

March 14, 2023



# Agenda

1. Service Description, Goals and Performance Measurement
2. Budget Overview and Highlights
3. Operating Budget:
  - Revenue / Expenditures
  - Changes
  - Salaries and FTEs
  - Reserve Summary
  - Referrals - N/A
4. Poverty Reduction Strategy
5. Capital Budget:
  - Summary
  - Projects
  - Changes
  - Referrals - N/A
  - Overview of Capital Needs
6. Other Important Information and Questions



# What We Do





## Services Provided\*

Services	Description	OurWinnipeg Goals
Assessment, Taxation and Corporate	Provides timely and accurate property and business valuation, tax billing and collection services. General revenue and corporate expenses/savings that are not attributable directly to any other public or internal service.	 Leadership and Good Governance (LG)
Financial Management	To provide sound financial stewardship towards responsible City government by strengthening financial performance, improving information for decision-making and managing risks and exposures.	 Leadership and Good Governance (LG)

\* Source: Volume 2, 2023 Preliminary Budget

# How We Did

## Performance Measurements – Assessment, Taxation and Corporate\*

Performance Reporting					
Service Goal / Measure Description		2020 Actual	2021 Actual	2022 Target	2023 Target
	Deliver timely, accurate tax billing and collection service				
	Collections:				
	Current	97.9%	98.2%	97.5%	97.5%
	Arrears	45.7%	65.7%	60.0%	60.0%
	Deliver cost efficient assessment and taxation services				
	Total actual operational cost per active parcel [A]	\$48.22	\$47.95	\$57.73	\$57.34
	Maintain or increase the percentage of accounts enrolled in the Tax Installment Payment Plan (TIPP)				
	Percentage of Accounts Enrolled in TIPP:				
	Realty Tax	53%	54%	55%	55%
	Business Tax [B]	26%	28%	28%	28%
	Support high quality business processes and commitment to continual improvement management				
	International Organization for Standardization (ISO) 9001:2008 certified for Assessment	Yes	Yes	Yes	Yes
[A]	Forecasted amounts in 2022 and 2023 are based on Adopted Operating Budget divided by forecasted number of total parcels assuming an average growth rate.				
[B]	Increase in the percentage from 2020 to 2021 is reflective of less businesses subject to business tax due to the increase in the small business tax credit.				

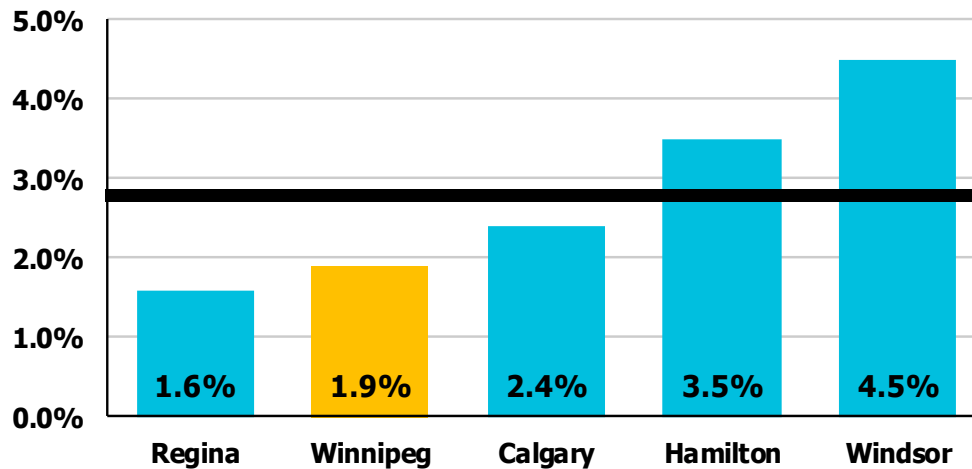
\* Source: Volume 2, 2023 Preliminary Budget

# How We Did

## Performance Measurements – Assessment, Taxation and Corporate

### Effectiveness Measurement

#### Current Year's Tax Arrears as a Percentage of the Current Year Levy



Winnipeg's Current Year's Tax Arrears as a Percentage of the Current Year Levy remains one of the lowest of comparable municipalities

	2017	2018	2019	2020	2021
Wpg. Trend	1.9%	1.7%	2.0%	2.2%	1.9%

Source: Municipal Benchmarking Network Canada (TXRS135)

\* Source: Volume 2, 2023 Preliminary Budget

# Budget Overview



# Budget Overview

## (Service Based View)

### 2023 Average Homeowner's Property Tax Bill - \$1,967

Assessment, Taxation, and Corporate	All other services
Assessment and Taxation	4
Corporate	-
<b>Assessment, Taxation, and Corporate</b>	<b>4</b>
All other services	1,963
	<b>1,967</b>

Total for Assessment, Taxation, and Corporate service = \$4 per year or 0.2%

# Budget Overview

## (Service Based View)

Preliminary 2023 Budget Update					
Service Based Budget (in millions of \$)	FTEs	Contribution to Service Based	Budget (Mill Rate Contribution)	Capital Budget	Reserves, Net Income
Assessment and Taxation	129.9	101%	(807.2)	2.8	-
Corporate		-1%	(160.3)		6.8
Financial Management (portion of Organizational Support Services)	85.6	30%	8.3		
Total	215.5		(959.2)	2.8	6.8

### Notes:

1. Contributing departments to the above services include - Assessment & Taxation, Corporate Accounts and Corporate Finance.
2. Corporate Accounts expenditure budget in 2023 includes \$33.5 million of efficiency savings, resulting in a -1% contribution.

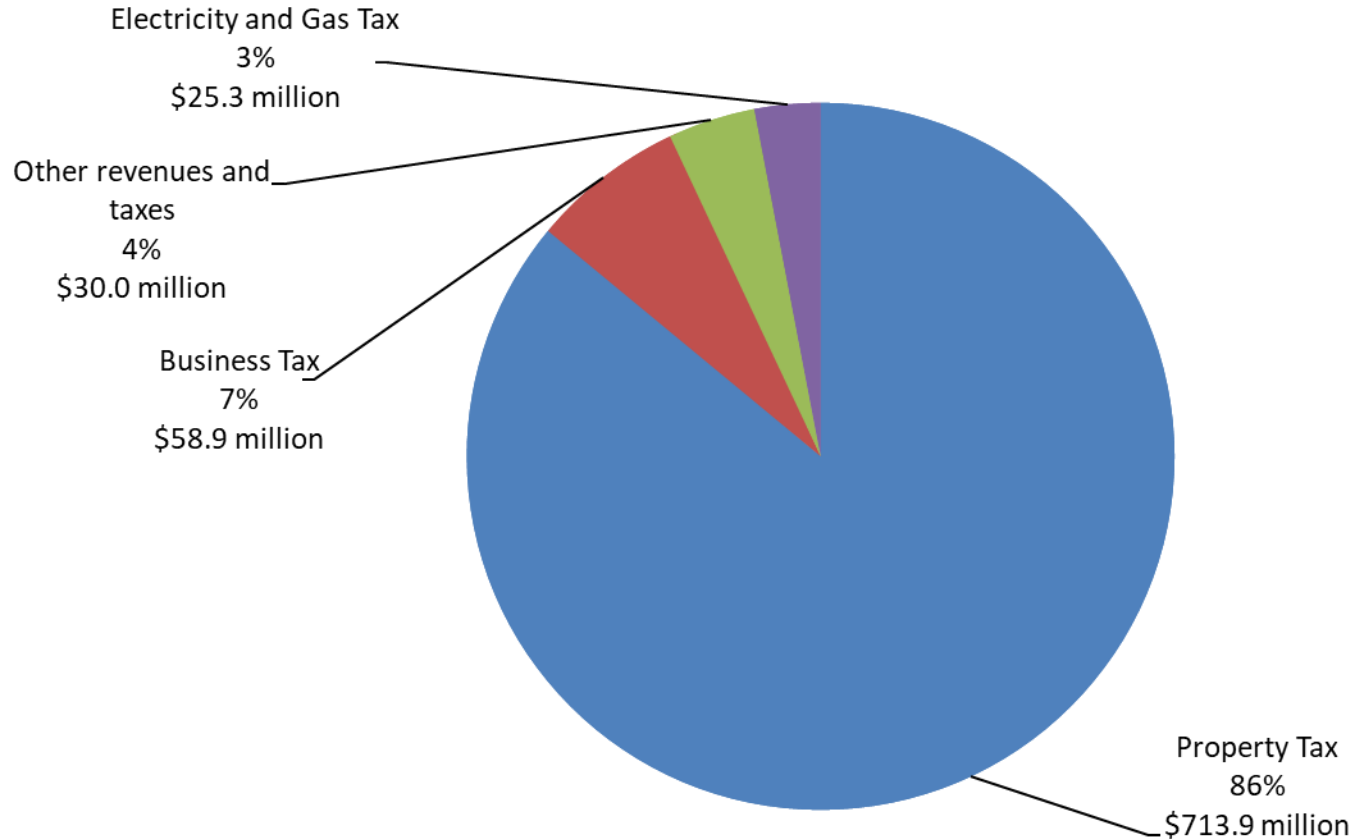


# **Operating Budget Assessment and Taxation**

# Operating Budget Revenue Overview

## (Assessment and Taxation)

**2023 Preliminary Budget Revenue = \$828.1 million**



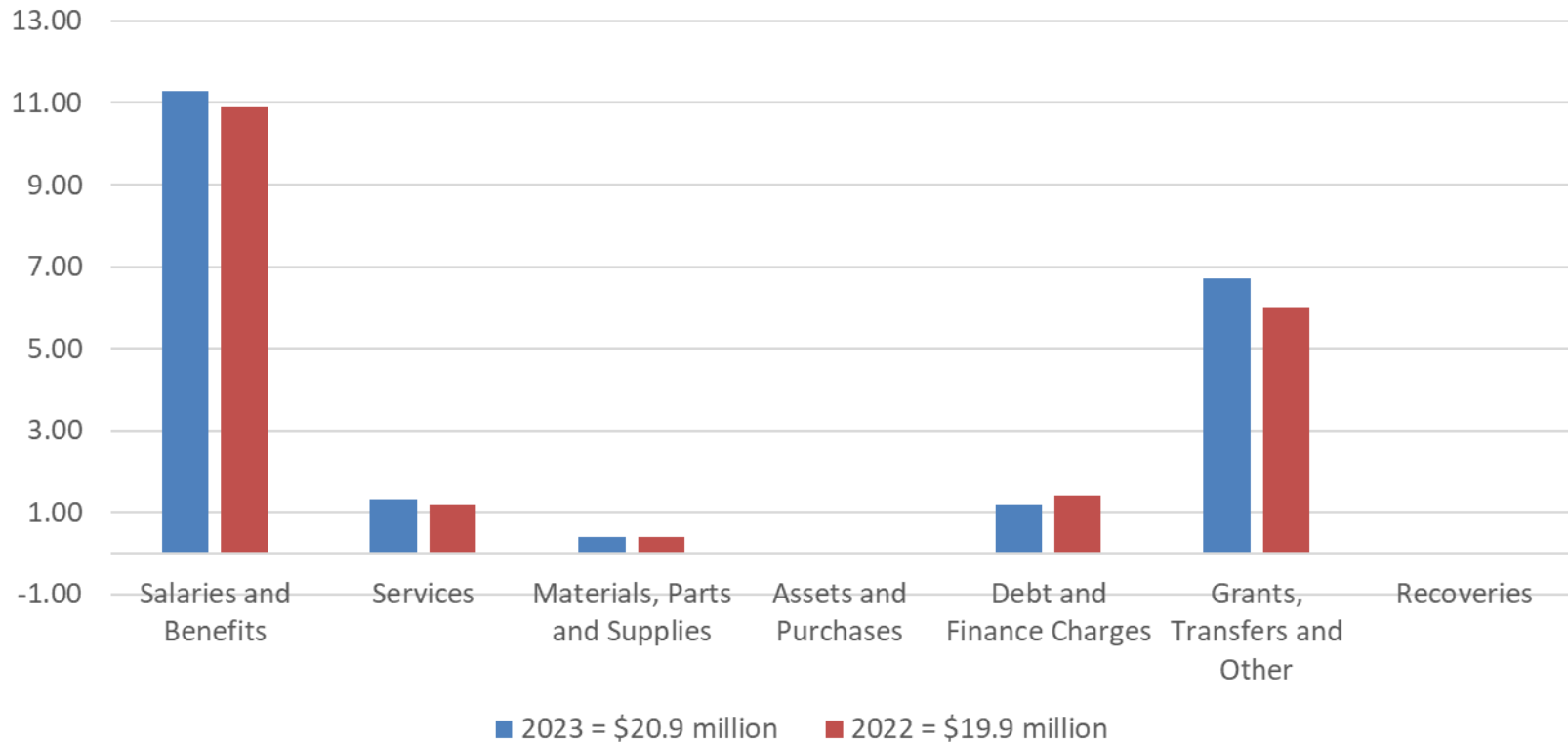
# Tax Rates and Assessed Value

	2023	2022
<b>Property tax:</b>		
Total Assessed Value	\$109.145 billion	\$99.393 billion
Mill Rate	12.900	13.468
Total Property Tax Revenue	\$713.9 million	\$682.2 million
Frontage Levy per foot	\$6.95	\$5.45
Frontage Levy Revenue	\$82.6 million	\$64.2 million
<b>Business Tax:</b>		
Annual Rental Value	\$1.349 billion	\$1.295 billion
Tax Rate	4.84%	4.84%
Small Business Tax Credit	\$47,500	\$44,220
Total Net Business Tax Revenue	\$58.9 million	\$57.0 million

# Operating Budget Expenditures Overview

## (Assessment and Taxation)

2023 Budgeted Expenditures in millions of \$ - \$20.9 million  
(including capital related)



# Operating Budget Changes – Assessment, Taxation and Corporate

Operating Budget (In millions \$)	MYB Criteria	2023 Preliminary
<b>Mill Rate Contribution - Council Approved 2023 Projection from 2022 Budget Process (a)</b>		<b>\$ 946.2</b>
<i>Increase (Decrease) From Forecast*:</i>		
<i>Revenue:</i>		
Increase in federal and provincial funding	REV/COST	17.8
Increase in property tax revenue	REV/COST	7.9
Increase in business tax revenue	REV/COST	1.9
Reclassification of grant to Canadian Museum for Human Rights	HOUSEKEEP	1.0
One-time transfer from Insurance Reserve	REV/COST	1.0
Decrease in entertainment funding tax	REV/COST	(0.3)
Decrease in dividends from Winnipeg Parking Authority	REV/COST	(1.6)
Miscellaneous adjustments	HOUSEKEEP	0.1
<b>Revenue Net Change (b)</b>		<b>27.8</b>
<i>Expenditures:</i>		
Decrease in Corporate Efficiencies	REV/COST	7.0
Reclassification of grant to Canadian Museum for Human Rights	REV/COST	1.0
Increase in estimated salaries and benefits	REV/COST	0.1
Increase in agency fees and commission	LEGISLATED	0.1
Decrease in grants	COUNCIL	(0.3)
Decrease in debt servicing costs	REV/COST	(2.3)
Miscellaneous adjustments	HOUSEKEEP	0.9
<b>Expenditures Net Change (c)</b>		<b>6.5</b>
<b>Mill Rate Contribution - Preliminary (a+b-c)</b>		<b>\$ 967.5</b>

\* Includes housekeeping or fine tuning adjustments.

# Salary Budget and Full Time Equivalents (FTEs) / Vacancy Management – Assessment, Taxation and Corporate

	2020 Adopted Budget	2021 Adopted Budget	2022 Adopted Budget	2023 Preliminary Budget	Increase / (Decrease) vs. 2022
<b>Full Time Equivalents</b> <i>(number of FTEs)</i>	129.89	129.89	129.89	129.89	-
<b>Salaries &amp; Benefits</b> <i>(in millions of \$)</i>	\$ 11.6	\$ 14.2	\$ 14.4	\$ 15.1	\$ 0.7
<b>Vacancy Management included in Salaries &amp; Benefits</b> <i>(in millions of \$)</i>	\$ (0.354)	\$ (0.358)	\$ (0.362)	\$ (0.372)	\$ (0.010)

Notes:

1. 2019 FTEs total = 129.89
2. 1 FTE is approximately equivalent to \$78,981 for vacancy management in the 2023 preliminary budget.
3. 7 temporary FTEs in the capital budget not included in operating budget = \$1.2 million expected to be incurred from the 2023 authorization. Positions will be in place over 4.5 years.

# Capital Budget



# Capital Summary – By Service

Service (\$000's)	2022 Adopted Budget	2023 Preliminary Budget	2024 - 2028 Forecast	6-year Total
Assessment, Taxation, and Corporate	597.0	2,831.0	9,386.0	12,217.0
<b>Total Capital Submission</b>	<b>597.0</b>	<b>2,831.0</b>	<b>9,386.0</b>	<b>12,217.0</b>

## Listing of Capital Projects

Project Name	2023 Preliminary Budget	2024 - 2028 Forecast	6-Year Total
Assessment Automation	\$ -	\$ 1,457.0	\$ 1,457.0
Computer Aided Mass Appraisal (CAMA) System Detailed Analysis and Implementation	2,831.0	7,929.0	10,760.0
<b>Total Preliminary Budget</b>	<b>\$ 2,831.0</b>	<b>\$ 9,386.0</b>	<b>\$ 12,217.0</b>

# Capital Budget Changes

Projects (\$000's)	MYB Criteria	2023 Preliminary	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2023 to 2027 Total	2028 Forecast	6-year Total
<b>Council Approved Forecast</b>		-	250.0	312.0	350.0	245.0	1,157.0		1,157.0
Increase / (Decrease) From Forecast:									
Computer Aided Mass									
Appraisal System	REV/COST	2,831.0	7,929.0			-	10,760.0		10,760.0
2028 Forecast*	REV/COST							300.0	300.0
Total Changes		2,831.0	7,929.0	-	-	-	10,760.0	300.0	11,060.0
<b>PRELIMINARY CAPITAL BUDGET</b>		<b>2,831.0</b>	<b>8,179.0</b>	<b>312.0</b>	<b>350.0</b>	<b>245.0</b>	<b>11,917.0</b>	<b>300.0</b>	<b>12,217.0</b>

\* 2028 amount consistent with the 2023 to 2027 capital forecast

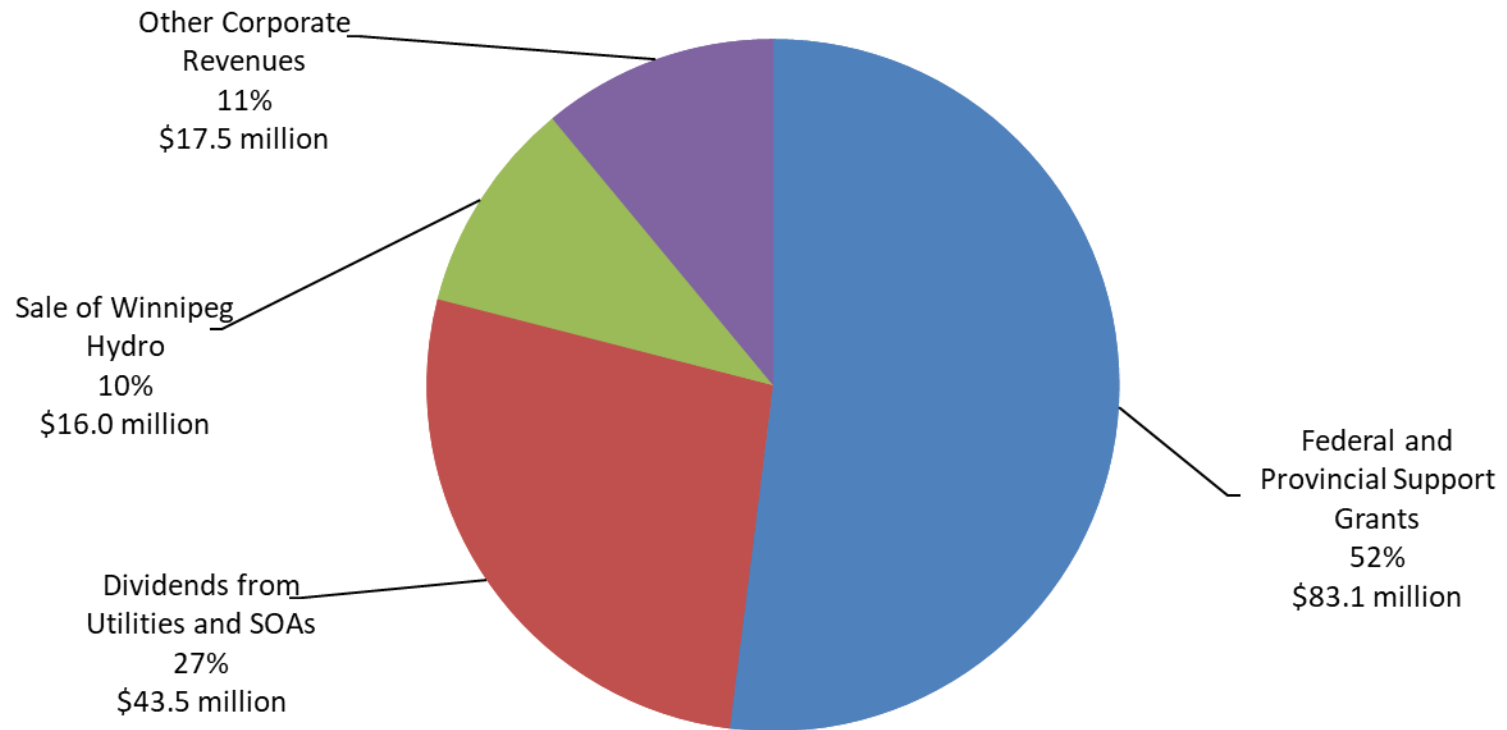
## Variance from Forecast:

The Computer Aided Mass Appraisal System Detailed Analysis and Implementation is a new project approved to be added in 2023 and 2024.

# **Operating Budget Corporate Finance**

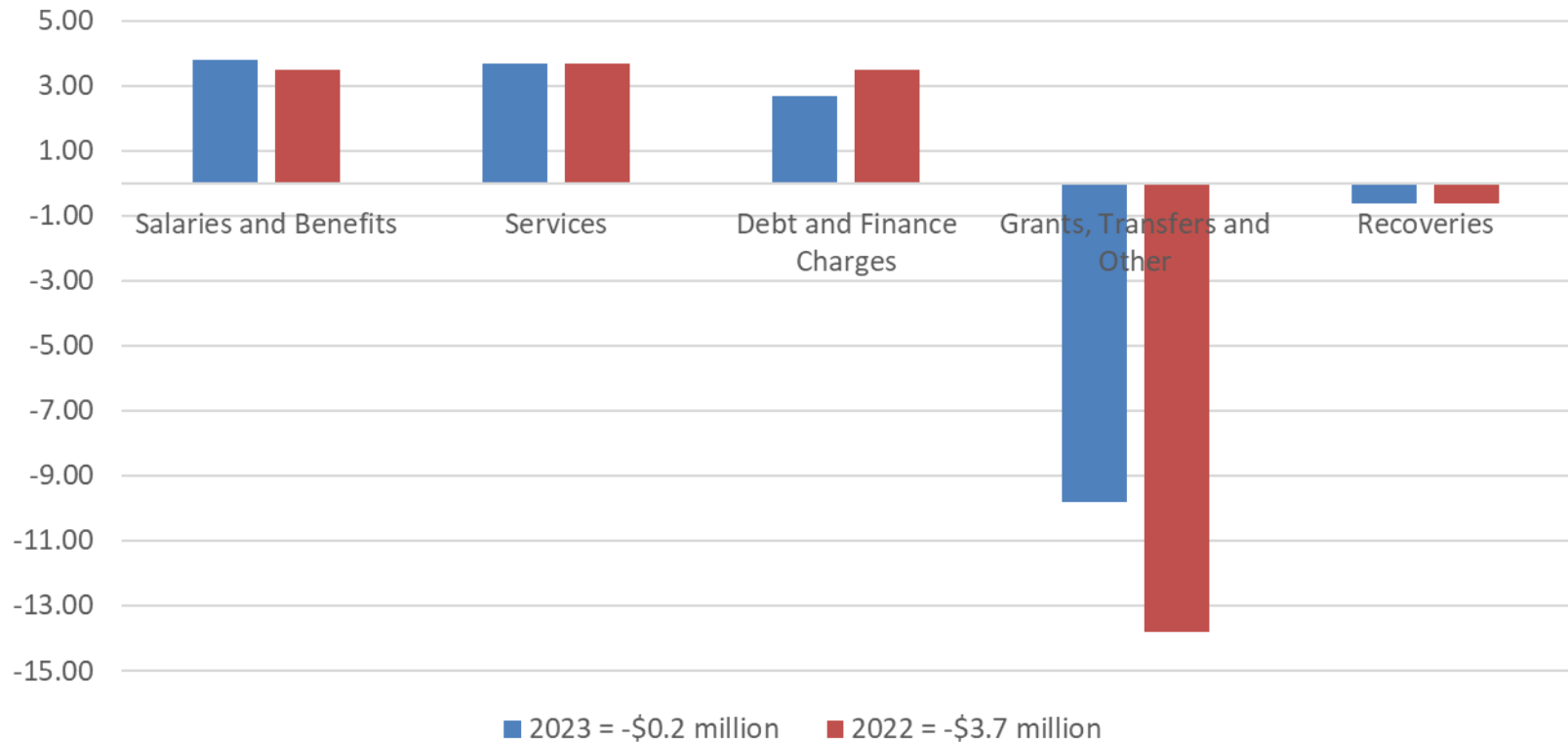
# Operating Budget Revenue Overview (Corporate)

**2023 Preliminary Budget Revenue = \$160.1 million**



# Operating Budget Expenditures Overview (Corporate)

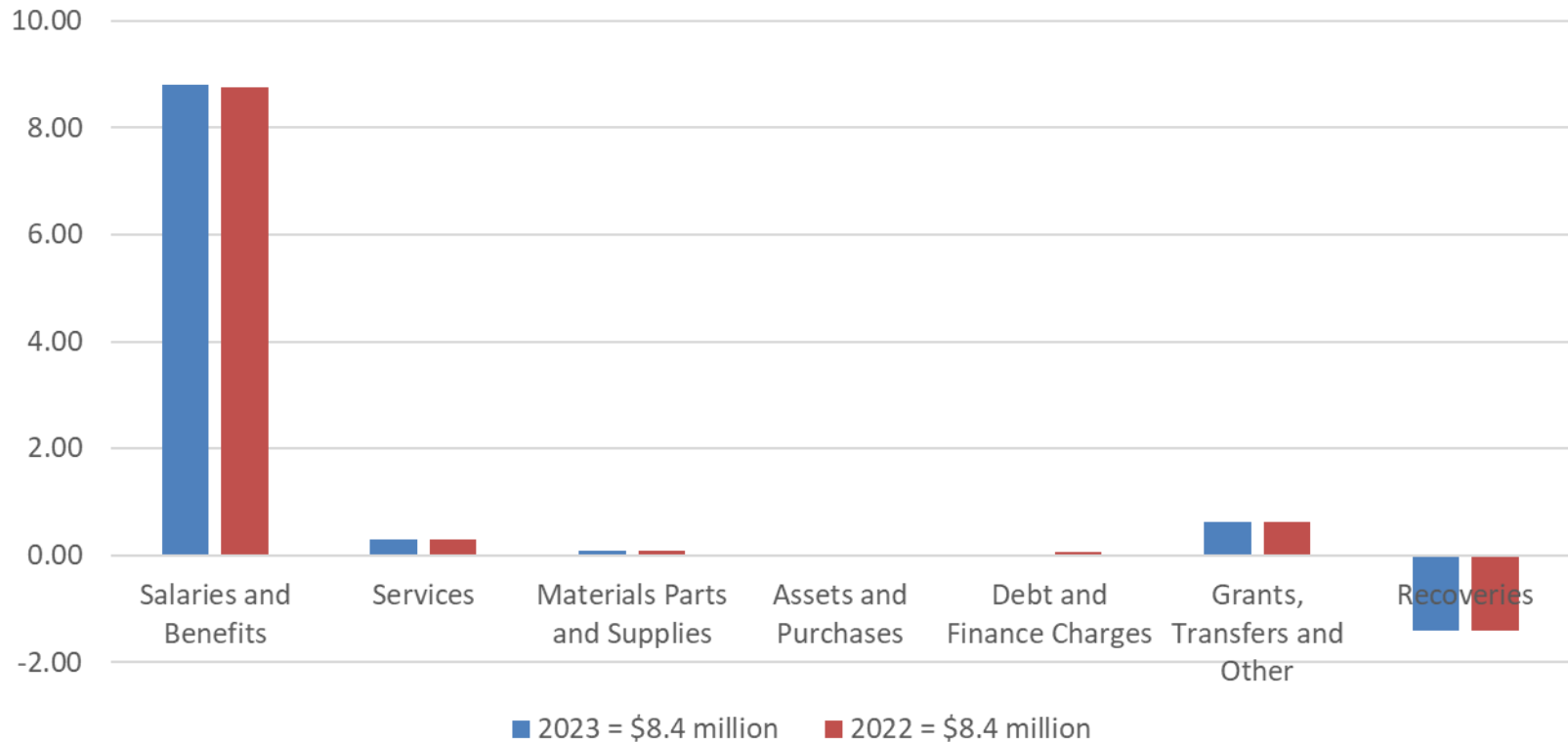
Budgeted Expenditures in millions of \$  
(including capital related)



# Operating Budget Expenditures Overview

## (Financial Management)

Budgeted Expenditures in millions of \$  
(including capital related)



# Operating Budget Changes – Financial Management

Operating Budget (In millions \$)	MYB Criteria	2023 Preliminary
<b>Mill Rate Support - Council Approved 2023 Projection from 2022 Budget Process (a)</b>		<b>\$ 8.50</b>
<i>Increase (Decrease) From Forecast*:</i>		
<i>Revenue:</i>		
Decrease in administration charges	REV/COST	\$ (0.10)
<b>Revenue Net Change (b)</b>		<b>\$ (0.10)</b>
<i>Expenditures:</i>		
Decrease in salaries and benefits	REV/COST	\$ (0.17)
Decrease in debt servicing costs	REV/COST	\$ (0.12)
Miscellaneous adjustments	HOUSEKEEP	\$ (0.01)
<b>Expenditures Net Change (c)</b>		<b>\$ (0.30)</b>
<b>Mill Rate Support - Preliminary (a+b-c)</b>		<b>\$ 8.30</b>

\* Includes housekeeping or fine tuning adjustments.



# Salary Budget and Full Time Equivalents (FTEs) / Vacancy Management – Financial Management

	2020 Adopted Budget	2021 Adopted Budget	2022 Adopted Budget	2023 Preliminary Budget	Increase / (Decrease) vs. 2022
<b>Full Time Equivalents</b> <i>(number of FTEs)</i>	88.59	88.59	88.32	85.59	(2.73)
<b>Salaries &amp; Benefits</b> <i>(in millions of \$)</i>	\$ 8.50	\$ 8.57	\$ 8.72	\$ 8.66	\$ (0.06)
<b>Vacancy Management included in Salaries &amp; Benefits</b> <i>(in millions of \$)</i>	\$ (0.215)	\$ (0.214)	\$ (0.236)	\$ (0.220)	\$ 0.016

Notes:

1. 2019 FTEs total = 90.84
2. 2023 FTEs decreased by 2.73 in comparison to 2022 due to transfer of 2 positions to Human Resources Services Department, deletion of Corporate Capital Accountant position, net of increase in vacancy management.
3. 1 FTE is approximately equivalent to \$91,286 for vacancy management in the 2023 preliminary budget.

# Reserve Summary

## (Service Based View)

### Reserve Name

### Service

1. Commitment Reserve

Assessment, Taxation and Corporate

2. Financial Stabilization Reserve

Assessment, Taxation and Corporate

3. General Purpose Reserve

Assessment, Taxation and Corporate

4. Insurance Reserve

Assessment, Taxation and Corporate

5. Workers Compensation Reserve

Assessment, Taxation and Corporate

**Total Reserves**

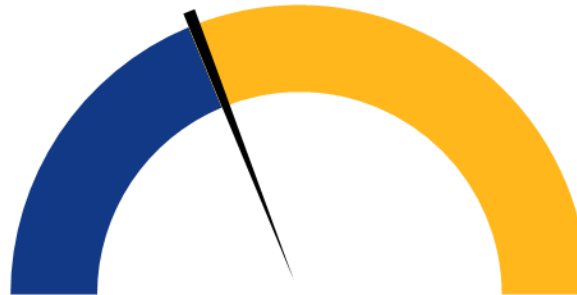
2023				
Beginning Balance	Revenue	Expense	Net (Revenue less Expenses)	Forecasted Ending Balance
3,431	3,653	3,431	222	3,653
5,240	10,748	2,187	8,561	13,801
1,490	7	1,169	(1,162)	328
3,823	73	975	(902)	2,921
3,339	1,581	1,535	46	3,385
17,323	16,062	9,297	6,765	24,088

# Budget Challenges

# Budget Outlook

6-Year Infrastructure Funding Level

37%



Planned Investment  
Total Potential Capital

=

\$13.9 million  
\$37.1 million

=

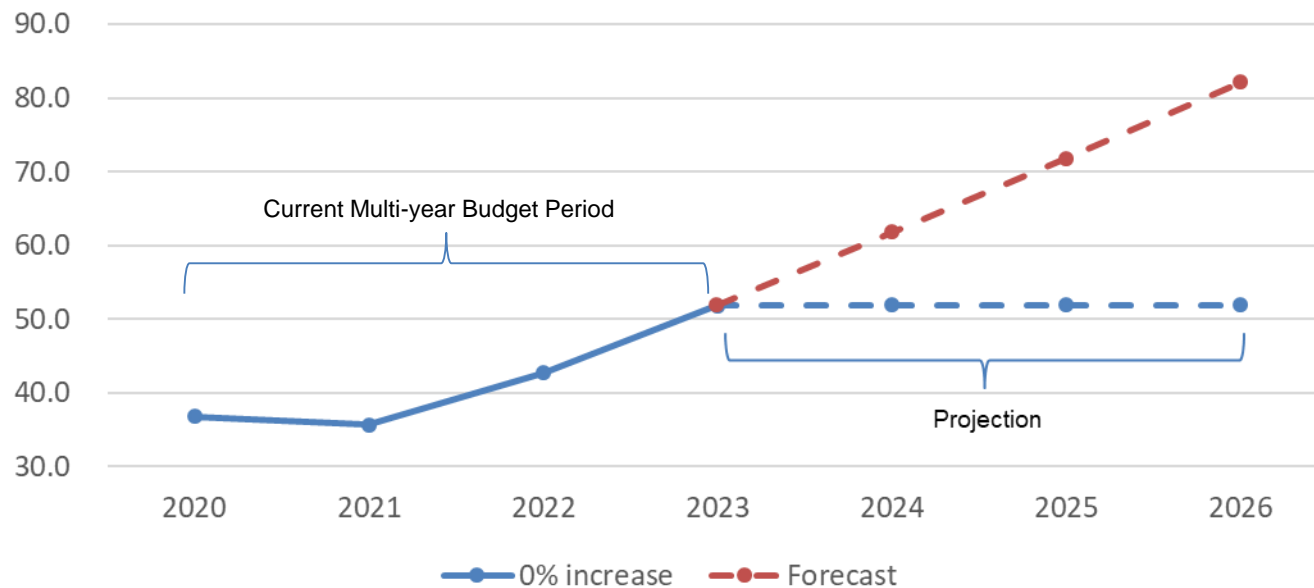
37% Funded

***City's 2023 to 2028 Infrastructure Funding Gap is \$5.7 billion***

# Budget Outlook

## 2024 to 2026 Expenditure Projections – Assessment, Taxation and Corporate

Operating Budget Forecast Compared to  
EPC Target in the 2020 to 2023 Multi-Year Budget  
In millions of \$

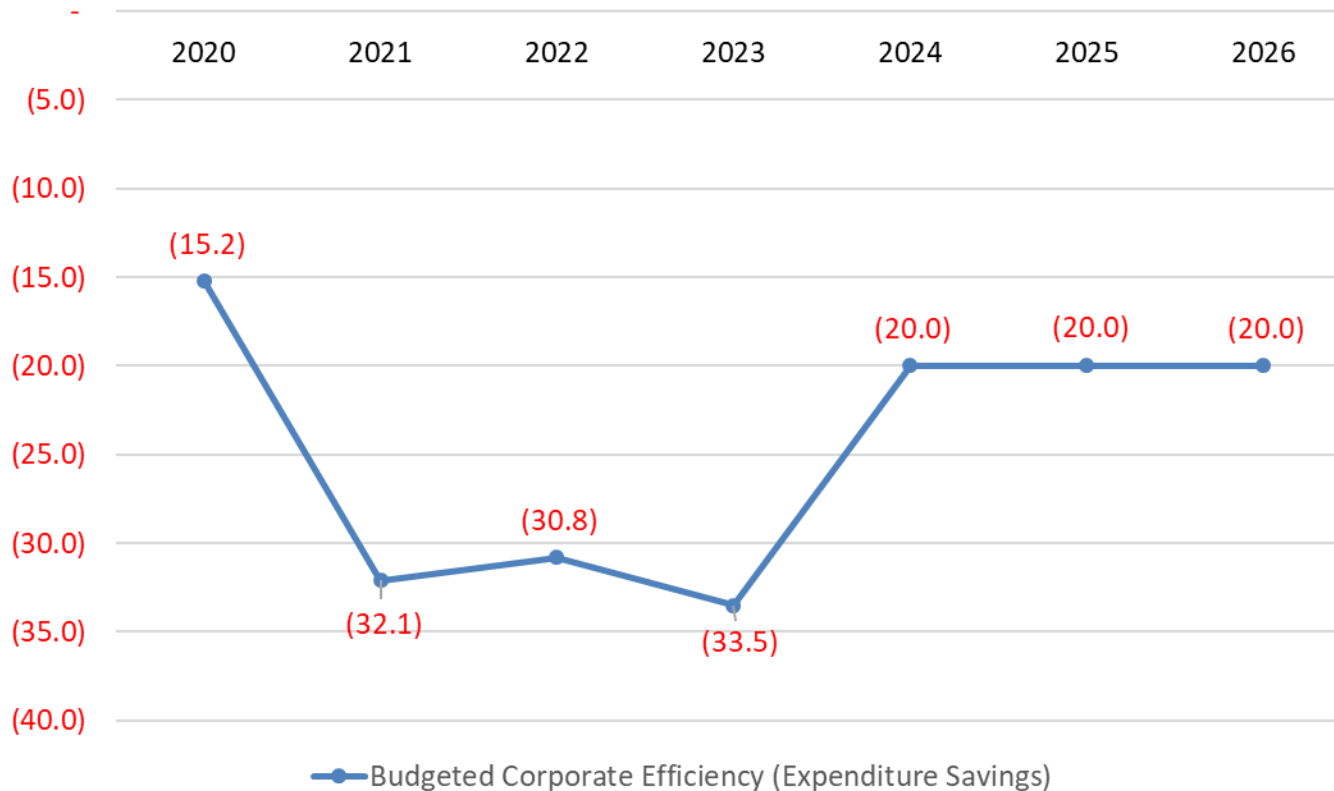


Note: Assumptions for 2024 to 2026 Forecast: All expenditures held at 2023 levels with the exception of: salaries and benefits, provision for cost increases and cyclical expenses related to the general assessment occurring every two years. Budgeted corporate efficiencies and capital related expenditures are excluded.

# Budget Outlook

## Corporate (in Millions)

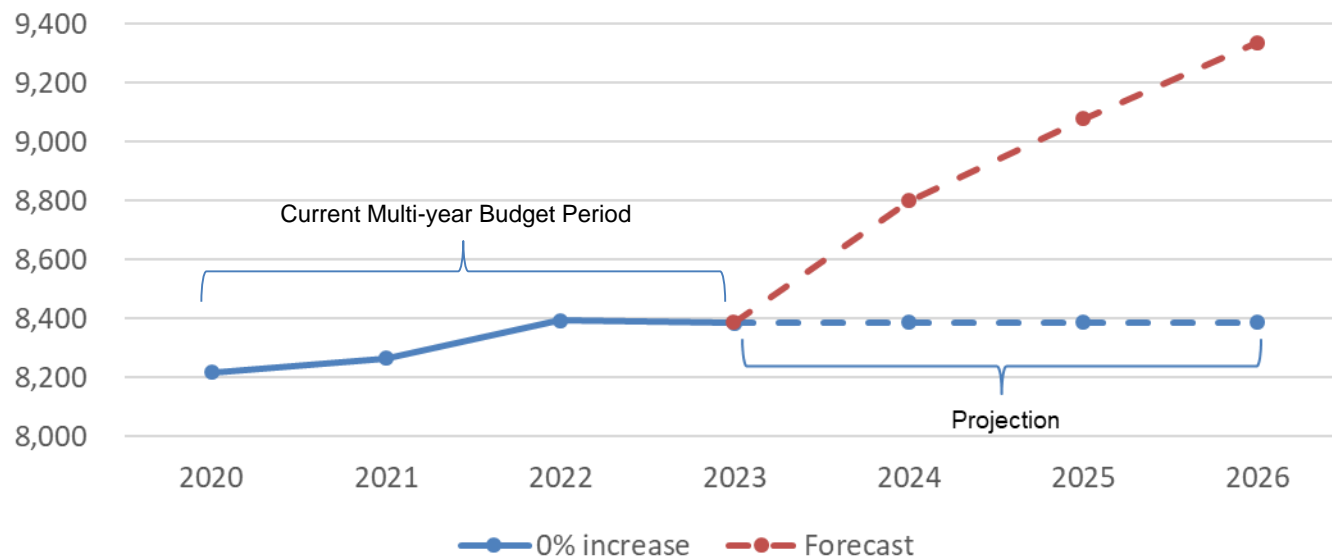
### Budgeted Corporate Efficiencies (Expenditure Savings)



# Budget Outlook

## 2024 to 2026 Expenditure Projections – Financial Management

Operating Budget Forecast Compared to  
EPC Target in the 2020 to 2023 Multi-Year Budget  
In thousands of \$



Note: Assumptions for 2024 to 2026 Forecast: All expenditures held at 2023 levels with the exception of salaries and benefits.



## Other Important Budget Information

- Financial Stabilization Reserve
  - Opening balance for 2023 is \$5.2 million
  - Projected balance at end of 2023 is \$13.8 million
- Council Policy sets minimum threshold
  - 6% of tax supported operating expenditures
  - For 2023 equates to \$76.9 million
- Replenishment plan needed
  - Budget indicates a shortfall in the reserve of \$63.1 million
  - Replenishment beginning with \$15 million transfer from Water & Waste utility
  - Plan will be prepared as part of the 2024 Multi-year budget process aligned with the upcoming Strategic Priorities Action Plan

