

Report FR-CS-24-16

To: Chair Eccles and Members of the Corporate Services Committee
From: Kevin Wepler, Director of Finance
Meeting Date: July 26, 2016
Subject: **Corporate Services Financial Update and Year-End Projection as of May 31, 2016**
Status: Recommendation adopted by Committee as presented; Report was amended per Resolution CS55-16; Endorsed by County Council August 2, 2016 per Resolution CC99-16;

Recommendation(s)

THAT the Corporate Services Committee receive Report FR-CS-24-16 regarding a Financial Update and Year-End Projection as of May 31, 2016 for those budgets under the direction of the Corporate Services Committee.

Background

The purpose of this report is to provide members of the Corporate Services Committee with a financial update for those budgets under the direction of the Committee based upon financial statements as of May 31, 2016.

Summary

Each Department reviews its actual to budget figures and projects a year-end position by estimating results still to happen. These adjustments have been incorporated into each Department's projections in this report.

The following table summarizes the projected year-end surplus or deficit that have been estimated by each Department and that are detailed further in this report. No year-end projection has been included for supplementary taxation and tax write-offs at this time.

Summary of Projected Corporate Services Year-End Surplus / (Deficit)

Departmental Budget	Projected Year-End Surplus / (Deficit)
Council	\$0
Administration (Gen. Admin., CAO, Clerk, HR, IT and Finance)	\$4,200
Information Services	\$10,000
Workers Compensation & Weekly Indemnity	(\$54,500)
Assessment	(\$2,300)
Provincial Offences	\$0
Property (Administration, G&B House and POA Building)	\$14,000
Health Unit	\$16,700
Health Care and Other Initiatives	\$0
Supplementary Taxation & Write-Off's	\$0
Total	(\$11,900)

Council

A review of the actual to budget, as at the end of May, indicates a balanced budget is anticipated.

Administration (includes General Administration, CAO, Clerks, HR, IT and Finance)

A review of the Administration budgets to the end of May, anticipates these combined budgets will end the year with a small surplus of approximately \$4,200.

Budgets containing salaries and benefits are realizing budget savings with the favourable January 1, 2016 negotiated group benefit renewal. These group benefit savings of approximately \$20,000 are being offset with investment income being lower than budgeted with lower than anticipated yields of return.

Investment income may be higher than what is currently being projected, but will be contingent upon the timing of payments being made for the Administration Building renovation and expansion.

The majority of Administration capital projects are budgeted from reserves and therefore no surplus funds have been anticipated from these projects. As of May 31, 2016 no significant capital expenditures have been incurred. The remaining capital work is anticipated to be procured in the remaining six months of the year. If projects yet to be procured result in a shortfall of budgeted funding, these shortfalls could have a further negative impact on the current financial projection.

Information Services

The Information Services budget accumulates the costs of keeping the County's base network servers up and running along with the costs of licensing and providing virus protection. It also provides training funds to keep the Information Technology staffs' knowledge current with new network developments. This budget is funded by an inter-functional charge to each department. This budget is anticipated to end the year with a surplus of \$10,000 from savings being realized in a number of expenditure lines.

Workers' Compensation (WSIB) and Weekly Indemnity

The Workers' Compensation and Weekly Indemnity budgets are self-insured plans.

The County of Grey is a Schedule 2 Employer and therefore calculates its own WSIB premium rates that are then assessed to each of the various departments. 2016 premium rates for the Workers' Compensation budget were decreased corporate wide to reflect the lower claim costs the County has experienced over the past number of years.

However for the first five months of 2016, the County has experienced higher claim costs than anticipated. If claim costs continue at the current level, the 2016 Workers' Compensation budget is projected to end the year with a deficit of \$60,000. If insufficient funds exist within those budgets under the Corporate Services portfolio, the use of the Workers Compensation reserve could be utilized to offset this shortfall.

The 2016 Weekly Indemnity budget is experiencing a lower number of claims than what had been budgeted for 2016. If the number and length of Short Term Disability (STD) claims continue at the level that is currently being experienced, a surplus of \$5,500 is anticipated.

Assessment

The County pays for the cost of the services of the Municipal Property Assessment Corporation (MPAC) on behalf of all municipalities in the County. Based on MPAC's calculation for the 2016 property assessment services and support costs, this budget will end the year with a small deficit of \$2,300.

Provincial Offences

Ticket volumes were up considerably for the month of May as compared to the first four months of 2016. However ticket volumes are lower than anticipated for the first five months. Staff is optimistic that ticket volumes will continue to rise and that revenue will meet 2016 projections.

Included here is a link to the [POA Part 1 Stats Chart](#) in order to provide the Corporate Services Committee with statistical information for current and historical Part 1 ticket volumes. If ticket volumes continue to increase during the second half of the year, staff is optimistic that the POA budget will end the year on target.

Property (Administration, G&B House, and POA building)

It is anticipated that the budgets for the combined Property budgets will end the year with a surplus of \$14,000. Contributing to this surplus is savings in salaries and benefits as a result of a staff leave. There are other individual account variances that when combined result in no impact on the budget.

The majority of Property capital projects are budgeted from reserves or from debentures and therefore no surplus funds have been anticipated from these projects. Other than the Administration building renovation and expansion project, as of May 31, 2016 no significant capital expenditures have been incurred. There are a number of capital projects that have been deferred and are being considered to be done as part of the Administration building renovation and expansion project.

Health Unit

It is anticipated that the Health Unit budget will end the year with a surplus of \$16,700 based on the Board of Health's 2016 approved budget. The County has yet to receive confirmation from the Grey Bruce Health Unit that it has received its 2016 budget approval from the Ministry. Until the Health Unit confirms its Ministry approved budget for 2016, this financial projection may be subject to change.

Health Care and Other Funding Initiatives

The 2016 budget provided funding for payments and/or transfers to reserve for Health Care and Educational initiatives, such as the Centre Grey Hospital Campaign, the Grey Bruce Health Services Campaign and the Marine Emergency Duties Training Centre at Georgian College. Funding provided in the budget is anticipated to be sufficient for 2016 with payments and transfers being allocated as approved.

Supplementary Taxation and Tax Write-Offs

No year-end position has been projected for supplementary taxation and write-offs. These tax adjustments will not be known until later in the year when supplementary taxation and write-off estimates are provided to the County by local municipal staff.

Financial / Staffing / Legal / Information Technology

Considerations

A review of the actual to budget, as at the end of May, projects that these budgets under the direction of the Corporate Services Committee will end the year with a deficit of approximately (\$11,900).

Staff will continue to monitor financial statements and will provide an update to these year-end projections to Standing Committees later in the 2016 calendar year.

Link to Strategic Goals / Priorities

The analysis of current financial statements compared to the approved budget is a key mechanism to ensure Council's goals of ensuring financial stability and ongoing public accountability are maintained.

Respectfully submitted by,

Kevin Weppler
Director of Finance