

Report FR-TAPS-09-15

To: Chair Barfoot and Members of the Transportation and Public Safety Committee

From: Mary Lou Spicer, Deputy Director of Finance and Mike Muir, Director of Paramedic Services

Meeting Date: January 8, 2015

Subject: **Paramedic Services Financial Report and Treatment of Year-End Surplus/(Deficit) Positions**

Status: Recommendation adopted by Committee as presented per Resolution TAPS15-15; Endorsed by County Council per Resolution CC35-15 February 3, 2015;

Recommendation(s)

THAT Report FR-TAPS-09-15 regarding a Financial Report and the treatment of Year-End Surplus/(Deficit) Positions for the Paramedic Services Department be received:

AND THAT the deficit position from the 2014 Paramedic Services budget be funded from the One Time Funding Reserve.

Background

The purpose of this report is to provide members of the Transportation and Public Safety Committee with a financial update for the Paramedic Services Department based upon financial statements as of November 30, 2014 with projections to year-end.

Summary

This report is based upon November 2014 financial statements as well as having taken into account known expenses that have been incurred since that time as well as calculating best estimates for the remainder of the year.

As noted in previous financial projections, the 2014 budget included a provision for a funding increase from the Ministry of Health and Long-Term Care and the actual grant totaled \$31,153 more than budgeted. The following table summarizes the projected

year-end deficit that has been estimated with further information contained within the body of this report.

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

Paramedic Services Departmental Budget	Projected Year-End Surplus/(Deficit)
Operating Budget	(\$165,000)
Capital Budget	(\$0)
Total	(\$165,000)

Operating Budget

The previous financial report indicated that based upon financial statements to September 30, a shortfall in the wage and benefit line totaling \$84,000 could be expected at year-end. This projection has been adjusted to reflect an estimated \$168,000 shortfall.

The salary and benefit budget is developed based on a combination of known costs such as the hours required to staff each station, training hours and vacation entitlement plus a number of unknown costs for “lost time” that encompasses such categories such as sick time, modified duty, bereavement leave, court time, jury duty, health and safety committee etc that are estimated based on averaged data from previous years. This year’s shortfall is not attributable to one factor but is rather comprised of a number of items that include higher modified duty, sick time and overtime as well as the impact of the non-union grid adjustment for July to December 2014. Salaries and wages are expected to total \$132,000 of the \$168,000 shortfall with the remaining \$36,000 for associated benefit costs.

The cost of maintaining stations and operating vehicles is higher than budgeted; maintenance of stations is expected to exceed budget by \$25,000 and this is attributable to overages at five of the seven stations. The budget for maintaining stations totals \$17,600 and the reasons for the budget shortfall vary with some of the more significant amounts as the result of costs incurred for air quality tests at one station, work to improve internet connectivity at two stations and approximately \$10,000 throughout the year in work on bay doors at the Owen Sound station. It is anticipated that the cost of maintaining vehicles will be close to budget and fuel (a combination of purchases at retail pumps and County tanks) will be an approximately \$10,000 over budget.

As mentioned above, the Ministry funding increase received is \$31,153 greater than budgeted and this will be used to reduce shortfalls in the operating budget. Overall, small variances in other budget lines for equipment, supplies and utilities exist but are not expected to result in a budget impact and are expected to provide \$6,847 in

savings. After taking into consideration the above noted factors, it is anticipated that a total operating budget shortfall of \$165,000 may exist at year-end.

Capital Budget

Capital acquisitions are funded from reserve contributions with any savings benefiting the reserve. Overall, it is anticipated that \$4,300 more than budgeted will be withdrawn from the reserve. The variance is attributable to using insurance proceeds to replace two manual lift stretchers damaged in an accident with one power stretcher that cost approximately \$5,600 more than the amount received from insurance. The department moved several years ago to replacing manual lift stretchers at the end of their useful life with power stretchers to reduce the risk of physical injury to both staff and patients. As a result of acquiring one more power stretcher in 2014 than anticipated, staff has reduced the 2015 budget by one stretcher.

Financial / Staffing / Legal / Information Technology

Considerations

A review of the financial statements as of the end of November projects that the Paramedic Services department will have an operating budget shortfall of \$165,000 at year-end. Capital purchases are funded by contributions to reserve and it is anticipated that \$4,300 more than budgeted will be withdrawn from the Paramedic Services Reserve. Staff recommends funding the shortfall from the One Time Funding.

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 sustainability and ongoing public accountability are maintained.

Attachments - none

Respectfully submitted by,

Mary Lou Spicer, Deputy Director of Finance

Mike Muir, Director of Paramedic Services

Director Sign Off: *Kevin Weppler, Director of Finance*