

Report FR-CS-34-16

To: Chair Eccles and Members of the Corporate Services Committee
From: Kevin Wepler, Director of Finance
Meeting Date: November 8, 2016
Subject: **Corporate Services Financial Update and Year-End Projection as of September 30, 2016**
Status: Recommendation adopted by Committee as presented per Resolution CS80-16; Endorsed by County Council November 22, 2016 per Resolution CC149-16

Recommendation(s)

- 1. That the Corporate Services Committee receive Report FR-CS-34-16 regarding a Financial Update and Year-End Projection as of September 30, 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 September 30, 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 has been estimated by each Department and that are detailed further in this report. Some preliminary year-end projections have been included for supplementary taxation and tax write-offs, but these are only estimates at this time.

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

Departmental Budget	Projected Year-End Surplus / (Deficit)
Council	\$5,000
Administration (Gen. Admin., CAO, Clerk, HR, IT and Finance)	\$83,000
Information Services	\$27,000
Workers Compensation & Weekly Indemnity	(\$79,000)
Assessment	(\$2,000)
Provincial Offences	\$0
Property (Administration, G&B House and POA Building)	\$2,000
Health Unit	\$17,000
Health Care and Other Initiatives	\$0
Supplementary Taxation & Write-Off's	(\$60,000)
Total	(\$7,000)

Council

A review of the actual to budget, as at the end of September, estimates that this budget will end the year with a small surplus of \$5,000. While salaries and benefit expenditures are higher than budgeted, this over expenditure is being offset with lower than anticipated travel and meal expenses, and professional and consulting fees.

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

A review of the Administration budgets to the end of September, anticipates these combined budgets will end the year with a surplus of approximately \$83,000.

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 \$23,000, along with savings in computer support and maintenance, legal fees, and professional and consulting fees are contributing to this anticipated surplus.

Investment income is currently meeting budget estimates. This budget line estimate could be impacted by 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 September 30, 2016 most of the significant capital expenditures have been procured with no major budget

variances. It is anticipated that capital funding will be sufficient for the 2016 budget year.

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 \$27,000 from savings being realized in network software and hardware 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 nine months of 2016, the County 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 \$49,000. 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, similar to the Workers' Compensation budget is experiencing a higher number of claims than budgeted for 2016. If the number and length of Short Term Disability (STD) claims continue at the level that is currently being experienced, a deficit of \$30,000 is anticipated. The use of the Weekly Indemnity reserve could also be utilized to offset this deficit if required.

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 \$2,000.

Provincial Offences

Provincial Offences revenues as of the end of September are slightly higher than year-to-date budget estimates. In saying this, historical trends indicate that ticket volumes increase over the summer months and then decline. Based on year-to-date revenues, staff is optimistic that revenues 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. It is always difficult to predict the financial future of the Provincial Offences operations as the County has no control over ticket volumes.

Provided there are no significant changes in ticket volumes, staff is optimistic that the Provincial Offences budget will end the year on target.

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

It is anticipated that the combined Property budgets will end the year with a small surplus of \$2,000. Any surplus will be the result of savings in salaries and benefits as a result of a staff leave and projected savings for snow removal. These savings are offset by higher costs for hydro and shredding services, as well as the unbudgeted replacement of two HVAC units and roof repairs to address water leaks at the Administration Building.

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, no 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 or rescheduled to be done after the project.

Property – Administration Building Expansion and Renovation

County Council on June 7th awarded RFT-FIN-01-16 to Devlan Construction Ltd. for the Administration Building expansion and renovation. The County has to-date received four certificates for payment that state the value of work (excluding HST) finished as of September 30th to be \$909,816.84.

Health Unit

It is anticipated that the Health Unit budget will end the year with a surplus of \$17,000 based on the Board of Health's 2016 approved budget.

The County has now received information that the Health Unit has received confirmation of its 2016 Ministry of Health's approved budget. Based on the approved 2016 Ministry budget, the Health Unit's cost shared programs would require even less funding than the Board of Health's approved budget and the County's 2016 budget estimate. This would provide an additional \$12,000 in surplus funding.

For this presentation, the surplus has been projected based on the Board of Health's approved budget. Until the Board confirms how this loss in funding will be funded, the surplus has been estimated using the Board of Health's approved budget figures.

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

Some preliminary year-end projections have been included for supplementary taxation and write-offs, but these are only estimates at this time. Based on preliminary estimates where they have been provided by local municipal staff, it is estimated that this budget will end the year with a short fall of \$60,000.

Financial / Staffing / Legal / Information Technology

Considerations

A review of the actual to budget, as at the end of September, projects that these budgets under the direction of the Corporate Services Committee will end the year with a deficit of approximately (\$7,000).

Staff will continue to monitor financial statements and will provide an update to these year-end projections, along with recommendations as to the funding of this estimated year-end deficit for Council's consideration in January 2017.

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 Wepler
Director of Finance