Report FR-CS-08-14

To: Chair and Members of the Corporate Services Committee
From: Kevin Weppler, Director of Finance
Meeting Date: December 10, 2013
Subject: Corporate Services Financial Report and Treatment of Year-End Surplus/(Deficit) Positions
Status: Recommendation endorsed by Committee as presented per Resolution CS05-14 December 10, 2013; Endorsed by County Council January 9, 2014 per Resolution CC13-14;

Recommendation(s)

THAT Report FR-CS-08-14 regarding Corporate Services Financial Report and the Treatment of Year-End Surplus/(Deficit) Positions be received;

AND THAT any function under the control of the Corporate Services Committee ending the year with a deficit be funded from those Corporate Services Departmental budget functions ending the year with a surplus;

AND THAT $120,000 in surplus funds be transferred to the Information Services Reserve to assist with future funding requirements for the upgrade or replacement of corporate software and website upgrades;

AND THAT $100,000 in surplus funds be transferred to the Health Care Initiatives Reserve to provide funding for any possible future Health Care funding requests;

AND THAT up to a limit of $130,000 in surplus funds be transferred to the One-Time Funding Reserve to fund any 2013 operating budget deficits for the Long-Term Care operations of Grey Gables and Lee Manor;

AND THAT the following projects either budgeted or approved in 2013 that have not been completed and were not presented in the 2014 budget be carried forward to 2014:

- $60,000 in funding for the Ventin Group to provide concept drawings, suggested floor plan layouts and construction cost estimates for a 35-
40,000 sq. ft. addition at the rear of the administration building, be carried forward to 2014 and funded from the Administration/POA Building Reserve;

- $50,000 in funding to contract a consultant to provide an environmental assessment of the County’s various storage tanks and facilities be carried forward to the 2014 and funded from the One-Time Funding Reserve;

- $100,000 in budgeted unspent funds in 2013 for the acquisition and implementation of a new Human Resources Information System be carried forward to 2014 and funded from the One-Time Funding Reserve;

- $7,700 in funding approved to contract a consultant to provide actuarial consulting services for WSIB and post-employment benefits be carried forward to 2014 and funded from the One-Time Funding Reserve;

AND FINALLY THAT any remaining surplus be transferred to the Administration/POA Building Reserve for the Administration Building expansion project.

Background

Report FR-CS-45-13 which provided a financial update and a projection of actual to year-end for those budgets under the direction of the Corporate Services Committee was provided and detailed to the Committee on November 12, 2013. The year-end projections of staff based on information expressed in this report, has not changed significantly and are summarized below:

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

<table>
<thead>
<tr>
<th>Departmental Budget</th>
<th>Projected Year-End Surplus/(Deficit)</th>
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<tbody>
<tr>
<td>Council</td>
<td>$0</td>
</tr>
<tr>
<td>Administration (Gen. Admin., CAO, Clerk, HR, IT and Finance)</td>
<td>$165,000</td>
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<tr>
<td>Information Services</td>
<td>$115,000</td>
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<tr>
<td>Workers Compensation</td>
<td>$215,000</td>
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<tr>
<td>Assessment</td>
<td>$32,262</td>
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<tr>
<td>Provincial Offences</td>
<td>$90,000</td>
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<tr>
<td>Property (Administration, Jail, G&amp;B House and POA Building)</td>
<td>($52,000)</td>
</tr>
<tr>
<td>Health Unit*</td>
<td>$9,900</td>
</tr>
<tr>
<td>Supplementary Taxation &amp; Write-Off’s</td>
<td>($142,000)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$433,162</strong></td>
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*County Council endorsed that the 2012 Health Unit surplus of $52,138 be transferred to the County’s Health Unit Reserve.

Staff has discussed the treatment of any year-end surplus and it was suggested that $120,000 be set aside to provide the Information Technology department with $60,000 in funding for the future Microsoft Server/Office software upgrade/replacement, $50,000
in funding for the future records management software replacement, and $10,000 for future website work.

It was also suggested with the $200,000 grant approved in the 2014 budget for the Grey Bruce Health Services – “The Hospital Campaign”, that in order to provide funding for other possible Health Care Initiatives that may be requested, that $100,000 in surplus funds be allocated to the Health Care Initiatives Reserve.

In order to avoid the use of capital reserves to offset operating deficits for the Long-Term Care operations of Grey Gables and Lee Manor, it is being recommended that up to a limit of $130,000 be transferred to the One-Time Funding Reserve to offset these projected operating deficits in 2013.

There are four projects that were either budgeted or approved in 2013 that have not been completed and were not presented in the 2014 budget as being carried forward. Staff is requesting that the funds previously approved for these projects be transferred to 2014 and funded from reserves. The four projects being requested to be carried forward are:

- $60,000 in funding to have the Ventin Group provide concept drawings, suggested floor plan layouts and construction cost estimates for an addition to the Administration Building to be funded from the Administration/POA Building Reserve.
- $50,000 in funding to contract a consultant to provide an environmental assessment of the County’s various storage tanks and facilities to be funded from the One-Time Funding Reserve.
- $100,000 in funding for the completion of the acquisition and implementation of the Human Resources Information System to be funded from the One-Time Funding Reserve.
- $7,700 in funding to contract a consultant to provide actuarial consulting services for WSIB and post-employment benefits to be funded from the One-Time Funding Reserve.

A POA building expansion project had been previously budgeted and approved for in 2010, but this project was suspended until an overall assessment of the current and anticipated space needs for the County Administration Building and the POA Building had been completed.

Although the Space Needs Task Force has not made any recommendations at this time on any building renovation, expansion, and/or replacement, staff is recommending that any remaining surplus from those budgets under the direction and control of the Corporate Services Committee be transferred to the Administration/POA Building Reserve for a possible funding source for any future building project that may be recommended by the Space Needs Task Force.
Financial / Staffing / Legal / Information Technology Considerations

A review of the actual to budget as of the end of September projected that these budgets under the direction of the Corporate Services Committee will end the year with a surplus of approximately $433,162.

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