

## Report FR-CS-30-14

**To:** Chair Pringle and Members of the Corporate Services Committee  
**From:** Kevin Wepler, Director of Finance  
**Meeting Date:** August 12, 2014  
**Subject:** **Corporate Financial Update and Year-End Projection as of May 31, 2014**  
**Status:** Recommendation adopted by Committee as presented per Resolution CS75-14; Endorsed by County Council September 2, 2014 per Resolution CC124-14;

### Recommendation(s)

**THAT Report FR-CS-30-14 regarding the Corporate Financial Update and Year-End Projection as of May 31, 2014 be received.**

### Background

The purpose of this report is to provide members of the Corporate Services Committee and County Council with a corporate financial update and year-end projection as of May 31, 2014 on a Committee/Departmental basis. The information contained in this report has been assembled with the assistance of each department.

Each department reviews their actual to budget figures and projects a year-end position by estimating results still to happen, and these adjustments have been incorporated into each department's projections in this report. Financial projections have been provided to each Standing Committee for those departmental budgets under their direction. The following table summarizes the corporate projected year-end surpluses or deficits that have been estimated by each Department. Highlights of these surpluses or deficits are detailed further in the report.

### *Summary of Projected Standing Committee Year-End Surplus / (Deficit)*

Committee	Projected Year-End Surplus / (Deficit)
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<b>Committee</b>	<b>Projected Year-End Surplus / (Deficit)</b>
Corporate Services	(\$55,000)
Planning and Community Development	(\$100,000)
Social Services	\$4,500
Transportation & Public Safety	(\$514,800)
<b>Total</b>	<b>(\$665,300)</b>

### *Corporate Services Committee*

A review of the actual to budget as of the end of May indicates that those budgets under the direction of the Corporate Services Committee will end the year with a projected deficit of \$55,000. This projected deficit, at this time, does not include any year-end projection for supplementary taxation and tax write-offs. The following are some of the items that are impacting these Corporate Services budgets:

- A review of the Administration budgets to the end of the May, anticipate these combined budgets will have a year-end surplus of approximately \$25,000. This projected surplus is a result of 2014 General Administration budget for investment income providing a projected \$60,000 in surplus funds. Investment income is higher due to some modest fund balances being higher than anticipated along with some investments being made in term deposits with higher yields of return. This higher investment income, along with savings as a result of a staff secondment and staff vacancies, have helped offset the financial impact of the non-union grid adjustment and staffing reorganization costs.
- The County is experiencing lower Workers' Compensation claim costs than anticipated to-date for the 2014 budget year. If claim costs continue at the current level, the 2014 Workers' Compensation budget is being projected to end the year with a surplus of \$300,000.
- Provincial Offences budget is projecting a year-end deficit of \$300,000. There has been a significant decrease in Part 1 ticket volumes. The reason for this drop in volumes is unknown. It has been assumed that January volumes were down due to severe weather, road closures and the obvious need for police to deal with these related issues; however the downward trend that began in September 2013 has not changed. Part 1 ticket volumes for January-May of 2014 as compared to the same period for 2013 are down in volume by over 3,000 tickets. Revenues as of the end of May are \$377,217 lower than what been received in the same period in 2013.

- The Health Unit's budget is projected to end the year with a deficit of \$54,000. An estimated 2% budget increase based on the Health Unit's 2013 Ministry of Health's approved funding was used to calculate the County of Grey's 2014 cost sharing amount of \$1,694,243. Based on the Health Unit's 2014 budget, as endorsed by the Board of Health, an overall increase of 2.87% was approved. This increase along with the increase in Grey County's cost share percentage as a result of population increases has resulted in this projected deficit of \$54,000.

### *Planning and Community Development Committee*

Those budgets under the direction of the Planning and Community Development Committee are anticipated to end the year with a deficit of \$100,000. The following are some of the items contributing to this deficit:

- The Grey Roots operating budget is projected to end the year with a deficit of \$57,000. The cost of the sculpture of Grey Roots' logo is over the approved budget. The complexity of the project expanded on the basis that the costs could be covered by community support through in-kind donations. While community support has been very strong, there is still a net budgetary impact estimated at \$57,000. A full report on this project will be brought forward to the Planning and Development Committee at the August meeting including details and a recommendation for funding.
- The Grey Roots capital budget is projected to be in a deficit position of \$36,000 by year-end. This deficit is a result of cost over-runs of the sawmill project tender coming in over budget along with engineering fees.

### *Social Services Committee*

The combined budgets for Social Services, Housing and Long-Term Care are anticipated to end the year with a projected surplus of \$4,500. The following are items contributing to this projected surplus:

- The Social Assistance budget is expected to end the year with a deficit of \$31,600. Ontario Works Single Recipients are receiving an additional top up for Basic Needs which is projected to create an over expenditure of \$30,400 by year-end. Shelter is also currently overspent with a year-end over expenditure of \$24,000. A 1% rate increase had been budgeted for shelter, but the 2014 composition is made up of more families with a greater number of dependents resulting in higher monthly shelter payments than in 2013.

- The Child Care budgets are expected to end the year with a surplus of \$233,600. In 2014, \$195,429 in unbudgeted 100% provincial funding is being received from the Ministry of Education. This additional funding along with savings due to the closure of the Salvation Army Day Care Centre are all contributing to this projected year-end surplus of \$233,600.
- The Housing Budget is anticipated to end the year with a budget shortfall of approximately \$244,600. Higher than budgeted costs for salaries and benefits, building maintenance, insurance, snow removal, and the rehabilitation of units at vacancy are all contributing to this projected deficit.
- The combined budgets for those budgets under the direction of the Long Term Care Department are projected to end the year with a surplus of \$40,000. Unbudgeted funding increases and higher than budgeted preferred accommodation revenues have been used to offset higher than anticipated snow removal costs, legal fees, modified duty and the non-union grid adjustments.

### *Transportation and Public Safety Committee*

The budgets for Transportation Services and Paramedic Services combined are anticipated to end the year with a projected deficit of \$514,800. Items contributing to this deficit are as listed below:

- The Winter Maintenance budget is the main contributor to the Transportation Services projected overall net deficit of \$462,000. Grey County experienced a significant number of severe winter events (snowfalls, high winds and cold temperatures) from January 1, 2014 to April 15, 2014. The estimated remaining 2014 winter maintenance expenditures have been estimated based on historical spending for this time period. Based on actuals to date and estimated costs for the remainder of the 2014 year, an over expenditure of \$647,000 is anticipated. A winter maintenance reserve of \$500,000 is available to assist with offsetting this projected shortfall in funding.
- Equipment Operations budget is projected to end the year with a surplus of \$130,000. As a result of the severity of the 2014 winter season, there was higher usage of equipment than anticipated. The revenue received from equipment is therefore more than what had been anticipated. This projected surplus of \$130,000 does not include the estimated additional revenue of \$275,000 that has been estimated to be received with the disposal of surplus equipment that had not been included in the 2014 budget.
- The Paramedic Services budget is anticipated to end the year with a deficit of \$52,800. This is primarily the result of higher paramedic wages and benefits than anticipated as well as the impact of the non-union grid adjustment. Paramedic wages are higher as the result of overtime during the winter, as well

as increased hours for modified duty and sick time during the first five months of the year. If this trend continues, an over-expenditure of \$84,000 is projected. This over-expenditure is being offset by higher than anticipated provincial funding. Staff anticipated an increase in funding and included an estimate in the 2014 budget. The funding announced by the Ministry in April has resulted in an additional \$31,153 in funding above the amount budgeted.

## Financial / Staffing / Legal / Information Technology

### Considerations

Based on financial reports submitted to each of the Standing Committees and a review of actual to budget as of the end of May, the corporation will end the year with a projected deficit of \$665,300.

Staff will continue to monitor financial statements and will provide an update to these year-end projections to Standing Committees later in the 2014 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