

## Report FR-CS-39-15

**To:** Chair Pringle and Members of the Corporate Services Committee  
**From:** Kevin Wepler, Director of Finance  
**Meeting Date:** November 10, 2015  
**Subject:** **Corporate Services Financial Update and Year-End Projection as of September 30, 2015.**  
**Status:** Recommendation adopted by Committee as presented per Resolution CS107-15; Endorsed by County Council November 24, 2015 per Resolution CC161-15;

### Recommendation(s)

**THAT the Corporate Services Committee receive Report FR-CS-39-15 regarding a Financial Update and Year-End Projection as of September 30, 2015 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, 2015.

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. 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)

<b>Departmental Budget</b>	<b>Projected Year-End Surplus / (Deficit)</b>
Council	\$0
Administration (Gen. Admin., CAO, Clerk, HR, IT and Finance)	\$197,000
Information Services	\$0
Workers Compensation & Weekly Indemnity	\$200,000
Assessment	\$0
Provincial Offences	\$88,000
Property (Administration, G&B House and POA Building)	\$14,000
Health Unit	(\$18,000)
Supplementary Taxation & Write-Off's	(\$135,000)
<b>Total</b>	<b>\$346,000</b>

*Council*

A review of the actual to budget, as at the end of September, 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 September, anticipates these combined budgets will have a projected year-end surplus of approximately \$197,000.

Contributing factors to this projected surplus is a result of the 2015 budget for the CAO, Human Resources and IT Departments containing funding for staff positions that are either currently vacant and or have just recently been recruited. A year-end surplus of approximately \$132,000 has been projected at this time.

Other items contributing to this projected surplus is investment income being higher than budgeted by an estimated \$28,000 due to some modest fund balances being greater than anticipated, along with some investments being made in term deposits, GIC's and LAS bond funds with higher yields of return than had been budgeted. Legal fees, corporate management training expenses, payments to individuals and organizations (Children's Water Festival) are projected to be less than budgeted and are estimated to contribute \$37,000 to this overall projected surplus.

*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 interfunctional charge to each department. This budget is anticipated to end the year on budget.

### *Workers' Compensation (WSIB) and Weekly Indemnity*

The Workers' Compensation and Weekly Indemnity budgets are self-insured plans. The premiums charged to County Departments are shown in these budgets as a credit or a source of revenue and this is used to pay the costs to administer these 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. 2015 premium rates for the Workers' Compensation budget were decreased corporate wide by 25% to reflect the lower claim costs the County has experienced over the past number of years. For 2015, even with the reduction made to the 2015 budget, the County is experiencing lower claim costs than anticipated to-date for the 2015 budget year. If claim costs continue at the current level, the 2015 Workers' Compensation budget is projected to end the year with a surplus of \$200,000.

A review of the 2015 Weekly Indemnity budget, as at the end of September, indicates a balanced budget 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. This budget will end the year on budget as MPAC had provided the 2015 annual property assessment services and support services cost estimate prior to the 2015 budget being finalized.

### *Provincial Offences*

An analysis of the Provincial Offences budget as of the end of September, projects that this budget will end the year with a surplus of approximately \$88,000. Contributing to this surplus is wages and benefits expenditures which are underspent by \$13,000 as a result of a staff leave that has occurred.

As well, Part 1 ticket volumes, for January-September of 2015 as compared to the same period for 2014 are up 631 tickets. Revenues as of the end of September are \$226,372 higher than what had been received in the same period in 2014.

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. Provided there are no significant changes in ticket volumes during the last quarter of this year, staff are optimistic that the POA budget will end the year with a surplus of approximately \$88,000.

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

It is anticipated that the combined Property budgets will provide a surplus totaling \$14,000 at year-end. This is attributable to a staff leave and lower maintenance and contract costs for the Administration building than budgeted that will generate approximately \$17,700 in savings. This amount is offset by higher maintenance repairs for the POA and Morrison buildings that will result in a projected budget shortfall of \$3,400.

There are four 2015 capital projects budgeted for the Administration building (panic system upgrades, replacement of HVAC units, installation of humidifiers and painting of exterior and balcony decks); the panic system upgrades are expected to occur this year and the remaining projects being deferred until 2016. If the proposed addition and renovation to the existing County Administration Building is approved and proceeds, the replacement of HVAC units, installation of humidifiers and painting of exterior and balcony decks will be considered as part of this addition and renovation.

The capital budget for the Administration building has also incurred unbudgeted professional and consulting fees for architect services. On April 7, 2015 County Council endorsed a resolution that The Ventin Group be approved to proceed with the completion of detailed construction drawings for the proposed addition and renovation to the Administration building. These unbudgeted expenditures are to be funded through a transfer from the Administration/POA Building Expansion Reserve and will not have a financial impact to the 2015 budget.

### *Health Unit*

The Grey Bruce Health Unit has finalized its audit for the year ending December 31, 2014. The 2014 surplus payable to the County of Grey is \$5,474. Council has endorsed a recommendation to transfer the surplus of \$5,474 to the County of Grey's Health Unit reserve.

An estimated 2% budget increase based on the Health Unit's 2014 Ministry of Health's approved funding was used to calculate the County of Grey's 2015 cost sharing amount. Based on the Health Unit's budget, as endorsed by the Board of Health, a budget amount payable to the Grey Bruce Health Unit of \$1,765,283 was provided for in the 2015 budget.

In September, the Health Unit received its 2015 budget approval form the Ministry of Health. The 2015 budget as approved by the Ministry of Health is based on the Ministry's new Public Health Funding Model for Mandatory Programs. This funding model utilizes an Equity Adjusted Population Model which has two groups of equity factors and associated indicators. This Equity Adjusted Population Model is based on Service Cost Drivers and Drivers of Need which are combined to create a unique Equity Adjustment Factor for each health unit.

The funding implication that this has on the 2015 Health Unit's approved budget is that the Ministry has calculated that the Grey Bruce Health Unit is being overfunded and therefore any future growth in the public health envelope will go to those health units who are underfunded. The Grey Bruce Health Unit's 2015 budget for mandatory cost shared programs was therefore approved by the Ministry of Health with a 0% increase.

The Grey Bruce Health Unit, as part of their Ministry of Health budget approval notice, did receive approval for one-time funding for an Enterprise Resource Planning system. This one-time funding requires Grey County to cost share in this approved budget amount of \$299,067, with Grey County's cost share amount equaling \$44,798.

Based on this Ministry of Health approved 2015 budget, and the approved one-time funding, a deficit of \$18,000 is anticipated.

### *Health Care and Other Funding Initiatives*

The 2015 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 2015 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 tax write-offs, but these are only estimates at this time. Based on preliminary estimates that have been provided by local municipal staff, it is estimated that this budget will end the year with a short fall of \$135,000.

## 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 surplus of approximately \$346,000.

Staff will continue to monitor financial statements and will provide an update to these year-end projections, along with recommendations as to the use of this estimated year-end surplus for the Corporate Services Committee's consideration later in the 2015 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.

Attachments (*Add any required attachments or Specify "None"*)

None

Respectfully submitted by,

Kevin Weppler

Director of Finance