

## Report FR-CS-20-15

**To:** Chair Pringle and Members of the Corporate Services Committee  
**From:** Kevin Wepler, Director of Finance  
**Meeting Date:** July 14, 2015  
**Subject:** **Corporate Services Financial Update and Year-End Projection as of May 31, 2015**  
**Status:** Recommendation adopted by Committee as presented per Resolution CS80-15; Endorsed by County Council August 4, 2015 per Resolution CC115-15;

### Recommendation(s)

**THAT the Corporate Services Committee receive Report FR-CS-20-15 regarding a Financial Update and Year-End Projection as of May 31, 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 May 31, 2015.

### *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 have been estimated by each Department and that are detailed further in this report. No year-end projection has been included for supplementary taxation and tax write-offs 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)	\$70,000
Information Services	\$0
Workers Compensation & Weekly Indemnity	\$141,000
Assessment	\$0
Provincial Offences	\$0
Property (Administration, G&B House and POA Building)	\$11,000
Health Unit	\$0
Heath Care and Other Initiatives	\$0
Supplementary Taxation & Write-Off's	\$0
<b>Total</b>	<b>\$222,000</b>

*Council*

A review of the actual to budget, as at the end of May, 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 May, anticipates these combined budgets will have a projected year-end surplus of approximately \$70,000.

Contributing factors to this projected surplus is a result of the 2015 budget for the CAO and IT Departments containing funding for staff positions that are currently vacant and being recruited. A year-end surplus of approximately \$45,000 has been projected at this time, but the longer the recruitment process takes for these positions, the larger the surplus is anticipated to be.

Other items contributing to this projected surplus is investment income being higher than budgeted 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.

## *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 be on target at year-end.

## *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 \$150,000.

The 2015 Weekly Indemnity budget is however, experiencing a higher number of claims than what had been budgeted for 2015. If the number and length of Short Term Disability (STD) claims continue at the level that is currently being experienced, a deficit of \$9,000 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*

A review of the POA financial statements to the end of May indicates revenues and expenditures to-date are on target. Based on this review, it is anticipated this budget will end the year on target.

Predicting the financial future of the POA budget is not easy as the County has no control over the volume of tickets that are issued. Based on the ticket volumes for the first 5 months of 2015 staff are optimistic that ticket volumes can meet the 2015 revenue 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. Provided there are no significant changes in ticket volumes during the second half of the year, staff are optimistic that the POA budget will end the year on target.

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

It is anticipated that the combined Property budgets will provide a surplus totaling \$11,000 at year-end. This is attributable to lower maintenance and contract costs for the Administration building than budgeted that will generate approximately \$14,000 in savings. This amount is offset by higher maintenance repairs for the POA building that will result in a projected budget shortfall of \$2,600. The POA building experienced sewer and flood damage in March.

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.

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. Report FR-CS-18-15 recommends to County Council that the \$5,474 surplus be transferred to the County of Grey's Health Unit reserve.

It is anticipated that the Health Unit budget will be sufficient to year-end. The County has yet to receive confirmation from the Grey Bruce Health Unit that it has received its 2015 budget approval from the Ministry. Until the Health Unit confirms its Ministry approved budget for 2015, this financial projection may be subject to change.

### *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*

No year-end position has been projected for supplementary taxation and write-offs. These tax adjustments will not be known until later in the year when supplementary taxation and write-off estimates are provided to the County by local municipal staff.

## Financial / Staffing / Legal / Information Technology Considerations

A review of the actual to budget, as at the end of May, projects that these budgets under the direction of the Corporate Services Committee will end the year with a surplus of approximately \$222,000.

Staff will continue to monitor financial statements and will provide an update to these year-end projections to Standing Committees 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.

Respectfully submitted by,

Kevin Wepler  
Director of Finance