

Administrative Report

Office of the Director of Financial Services/Treasurer

To: Warden Tom Bain and Members of County Council

From: Sandra Zwiers Director of Financial Services/Treasurer

Date: August 15, 2018

Subject: Projected Results of Operations 2018

Report #: 2018-0815-FIN-R006-SZ

Purpose

To report the projected results of operations for the fiscal period ending December 31, 2018.

Background

In accordance with established practice, a projection of the results of operations for the current fiscal period is prepared on the basis of results of operations to various interim dates.

Discussion

Based on June year-to-date activity and discussions with the senior administration team, corporate operations are projected to be in a surplus position of approximately \$625,000.

It is important to highlight that projections are predicated on a number of significant assumptions, namely:

- Favourable resolution to various outstanding wage related matters within collective bargaining groups;
- Winter Control activities returning to the five-year average level for the remaining fall and early winter period of 2018;

- Social Service caseloads and Social Housing costs remaining favourable
- No significant tax write-offs
- Improved returns on investments within the County's investment portfolio

Factors contributing to the year-end position are highlighted below by department:

Community Services \$0

In May, County Council approved an increase in the Per Diem rate for Housing with Supports' contracted service providers. This recommendation matched the approval made by the City of Windsor, effective April 1, 2018 and April 1, 2019. Subsequent to these council approvals, the Corporation and the City of Windsor have been working to confirm the flow of funds and revised funding levels. The Corporation is currently awaiting confirmation of those details from the City in order to better ascertain the impacts these funding changes will have on our operations.

Sun Parlor Home \$60,000

Additional subsidies announced after the passing of the 2018 budget are projected to result in a positive variance. The largest contributor to increased subsidy levels relates to funding our internal Behavioural Supports program (approximately \$40,000). Savings in the life enrichment and food and nutrition programs have also been identified as marginal factors contributing to the projected surplus in long term care services.

Emergency Medical Services \$0

Based on existing operating conditions, EMS is projected to be on budget as at December 31, 2018. Office renovation investments and the timing of equipment purchases continue to be monitored by administration to ensure the maximization of funding sources.

Infrastructure Services \$0

Transportation Services was projected to be in a surplus position of approximately \$650,000 as at December 31, 2018. In August, County Council will be presented with a report to address an emergency culvert repair on County Road 23. Due to the safety impact, it is anticipated that County Council will approve the allocation of these surplus funds towards the remediation of this culvert resulting in a break even projected budget for Transportation Services as at December 31, 2018.

Library Services \$0

Library operations are projected to be on budget as at December 31, 2018. As noted previously, this projection is contingent on the resolution of the job evaluation process / pay equity and associated impact on wages.

General Government \$0

In total, General Government Services is projected to be on budget as at December 31, 2018. The timing of various recruitments in Financial Services and Community Services afforded the department modest surpluses which were offset by deficits in other operational areas, including WSIB expenses. Investment returns for the first two quarters underperformed budget targets. Interim short term investments have been made to mitigate this underperformance and take advantage of rising interest rates.

External Commitments \$565,000

External Commitments are projected to be in a surplus position as at December 31, 2018. Estimates by the City of Windsor indicate a savings in social assistance of \$495,000 (Ontario Works caseloads trending lower than budget) and a savings in social housing of \$70,000 (reduction in subsidy payments).

No other significant variances to report at this time.

The Corporation's projected financial position is based on six months of activity with significant uncertainty regarding budget performance for Social Services, Social Housing, Emergency Medical Services, Transportation Services, investment earnings and outstanding contract/wage settlements and pay / internal equity adjustments. Variance from projections in any one of these operations could have a significant impact on the Corporation's financial position for 2018. Financial Services, with the assistance of all departments continue to look for opportunities for reductions / cost savings and will carefully monitor operations and report accordingly.

Financial Implications

In accordance with the Corporation's Reserve Strategy, operational surpluses not identified for specific application are to be transferred to the Rate Stabilization Reserve at year end.

Recommendation

For the information of County Council.

Respectfully Submitted

Sandra Zwiers

Originally Signed by Sandra Zwiers, Director of Financial Services/Treasurer

Concurred With,

Robert Maisonville

Originally Signed by Robert Maisonville, Chief Administrative Officer