



Committee Report

To:	Warden Hicks and Members of Grey County Council
Committee Date:	November 25, 2021
Subject / Report No:	FR-CW-27-21
Title:	Corporate Financial Update and Year-End Projection as of September 30, 2021
Prepared by:	Sue Murray, Manager of Accounting and Budgets
Reviewed by:	Mary Lou Spicer, Director of Finance Kim Wingrove, CAO
Lower Tier(s) Affected:	
Status:	

Recommendation

1. That Report FR-CW-27-21 regarding a Corporate Financial Update and Year-End Projection to September 30, 2021 be received for information.

Executive Summary

This report provides a corporate financial update for all County departments based upon financial statements as of September 30, 2021. The report summarizes significant variances that are projected for the various departmental operations. A high-level summary and a set of County financial statements are attached.

Based on year-to-date actuals at September 30, 2021 staff are projecting an operating deficit of \$728,800 and a capital surplus of \$753,000 for an overall combined surplus of \$24,200. As reference, the net levy or amount raised from taxation for 2021 totals \$62,342,800.

Background and Discussion

Each Department reviews its actual to budget figures and projects a year-end position by estimating results still to occur. These adjustments have been incorporated into each Department's projections. Highlights of the financial statements and variances are as follows:

Administration Operating

Staffing vacancies, staffing changes, reductions in staff training, conferences, travel, etc. are impacting the various Corporate Administration budgets and providing a total of approximately \$69,500 in projected surplus funds.

When the 2021 budget was developed, interest rates were expected to begin to recover. Based upon current trends, investment income is projected to be \$330,000 less than budget, however projected surpluses in other areas, as noted above, will ensure that this will not result in a budget deficit. Staff will review the change in investment income at year-end to determine if Safe Restart Funding will be allocated to cover the shortfall.

Capital

All the Administration capital budgets are expected to end the year on budget except for one IT budget which will have an estimated shortfall of \$6,000.

It is expected that some capital projects will not be completed by the end of 2021 and will be carried over into 2022, however all of these projects will be funded from reserves and have no direct impact on taxation. These projects include the Communications Strategy that is expected to begin this fall and finish in 2022, the Corporate Website Project that is currently underway, as well as a Wireless Access Points IT Project that is progressing; however there has been a delay in receiving hardware due to backorders and lower inventories, which is being seen in many industries due to the pandemic. This project is also expected to be completed by early 2022.

Council Operating

Staff anticipate that Council will end the year with an estimated surplus of \$60,200. The savings are mostly due to the Covid-19 pandemic as meetings were being held virtually, and therefore, less expenses were seen in the travel, meal and accommodation lines. Additionally, the professional and consulting services budget is trending under budget as there has been minimal costs related to integrity commissioner services.

Information Services Operating

At this time, it is expected that the Information Services budget will end the year with a small surplus of \$2,000, and staff are proposing to use this to cover some of the Information Technology capital project for the Mitel VOIP System, as outlined in Staff Report ITR-CW-01-21. The surplus in Information Services is due to savings in computer software expenses that have come in under budget. If staff use \$2,000 for the Mitel VOIP System, the Information Services budget will end the year on budget, with the remainder of the VOIP System being funded by the Information Technology Reserve.

Weekly Indemnity and Workers' Compensation Operating

The Weekly Indemnity (Short Term Disability) and Workers' Compensation budgets are self-insured plans. The premiums charged to County Departments are shown in these budgets as a source of revenue and are used to pay the costs to administer these self-insured plans. The Weekly Indemnity costs are anticipated to end the year with a surplus of \$43,100 and assumes that the number and length of weekly indemnity claims will remain at the current level.

The Workers' Compensation budget is projecting a year-end deficit of \$282,400. The biggest cost drivers are claims where employees have been unable to return to work for a significant period of time and the number and duration of claims. COVID-19 has also impacted employees' ability to receive treatment from physiotherapists, chiropractors, etc. The number of Post-Traumatic Stress Disorders (PTSD) and Traumatic Mental Stress claims and associated costs reaffirm the need for the peer support and early intervention program that Council approved for Paramedic Services. However, given the long-term trend of additional cases and the increased workload required to administer these cases, Human Resources has requested an additional FTE in the draft 2022 budget to support this workload.

The overall impact of this functional area is a projected deficit of \$239,300. If year-end projections are correct and this deficit is realized, the applicable reserve will be utilized to offset this shortfall.

Assessment Operating

The costs related to the Municipal Property Assessment Corporation's (MPAC) services will end the year on budget.

Provincial Offences Operating

It is expected that this budget will end the year with a projected budgeted deficit of \$73,100 after cost sharing with Bruce County. It should be noted that the Provincial Offences program itself is not running a deficit, only that the amount of net revenue will be less than budgeted.

Ticket revenue is difficult to predict, and Provincial Offences revenue is trending to end the year under budget as ticket volumes have dropped significantly across the board. Ticket volume to September 30 is 879 tickets lower than to the same period in 2020.

POA has also seen savings from not being open to the public, but many of these savings have been offset by other office expenses that are now being incurred to catch up with the backlog of services that were put on hold in 2020, including mailings and notices. Additionally, a change in legislation beginning in November has caused the need for all tickets and forms to be re-printed, resulting in additional printing costs. These forms were scheduled to be printed in 2020; however, staff made the decision to hold off until 2021 as stock was adequate and changes to the forms were anticipated.

Health Unit and Other Funding Initiatives Operating

It is anticipated that the Health Unit and other funding initiatives will end the year on budget. These expenses include payments made to the Health Unit, a contribution to the Markdale Hospital campaign and an annual transfer to reserves for future initiatives.

An annual contribution of \$200,000 was also made in the 2021 Approved Budget for the Marine Emergency Duties Training Centre at Georgian College as part of a \$2 million pledge.

Safe Restart and Provincial Covid Recovery Funding – Non-Program Specific

Between the 2020 and 2021 allocations, Grey County has received \$4,327,180 from these two funding streams with \$3,926,070 available for use in 2021 and 2022. Staff have projected that \$1,861,575 will be used in 2021 leaving \$2,064,495 available for the 2022 budget to offset future Covid-19 related expenses.

Property Operating

Property is projected to have an operating surplus of \$23,000. The operating budgets for the Administration and Morrison Buildings are projected to end the year with savings in salaries and benefits of \$14,000 resulting from staffing changes. There has also been savings of \$20,000 in operating expenditures such as cleaning, maintenance and waste removal due to the Administration Building being closed to the public. These saving are offset by hydro expense being \$11,000 over budget.

Capital

Capital projects within Property are estimated to have an overall projected deficit of \$6,000 as the result of an unbudgeted heating and cooling component replacement in the Administration Building. With exception for the debenture payment, the budgeted capital projects are funded from reserve and are expected to remain on budget. The \$150,000 budgeted for parking lot resurfacing funded from reserve will be carried forward to 2022.

Taxations, Grants and Other Operating

It is anticipated that the 2021 budget for omitted/supplementary taxation and write-offs will have a balanced position at year-end. This projection is based on estimates that have been received from local municipal staff offset by a provision for year-end accruals that will be made for any assessment at risk

Planning Operating

The operating budget is expected to end the year with a small surplus of approximately \$12,000 with more application revenue than budgeted. As of September 30th, the County has received over \$111,000 in subdivision application fees as compared to the annual approved budget amount of \$90,000. However, this increased revenue is partially offset by the increase in wage and benefit costs that have occurred due to staffing changes that were approved by Council after the 2021 budget was approved.

Capital

The capital budget is expected to end the year on budget. The capital projects such as the Age Friendly Community Strategy/Action Plan and the Development Charges Update included within the Planning capital budgets are all currently well underway and at this time are expected to be completed by year end or in the first quarter of 2022.

Agriculture

Operating

The Agriculture budget is anticipated to end the year with a surplus of approximately \$4,000. As of the end of September, coyote and beaver grant expenditures are lower than what was budgeted. The current variance between the year to date budget and actual amounts is due to timing of payments to organizations for which invoices have not yet been received.

Forestry

Operating

The Forestry budget is anticipated to end the year on budget. The annual Forest Festival was cancelled in 2021 as a result of the pandemic, and it is being recommended that the \$5,000 budgeted for this event in 2021 be transferred to reserve and for use in 2022. An additional Canada Healthy Communities Initiative Federal Grant of \$25,000 has been received subsequent to the 2021 budget which is being used for additional forest trail improvements. Forestry activities generally occur later in the year; therefore, the current appearance of underspending is anticipated to even out by year end. If there are further delays in projects at year end, staff will review the projects to determine if the unspent funds should be recommended as a transfer to reserve to be used in 2022 to complete the projects.

Trails

Operating

The 2021 trails operating budget is projected to end the year with a surplus of \$44,000 due to less maintenance on the trails. This surplus will be transferred to a reserve to offset trail grading and stone dusting based on report PDR-CW-25-21 presented to council on October 28, 2021.

Capital

The trails capital budget is anticipated to end the year on budget. The majority of trail projects are currently well underway, some by external consultants and some internally by the Transportation Services department. As of September 30th, some of the invoices for these projects have not yet been received but are expected with the completion of these projects before winter. Staff are expecting these projects to be less than the budgeted amount; however, these projects are funded from reserve and therefore will not result in a surplus.

Economic Development & Tourism

Operating

The Economic Development Operating budget is expected to end the year with a projected deficit of \$17,100. The deficit can be attributed to higher hydro costs than anticipated at the Community Hub as well as slightly higher costs for the Grey Road 4 Community Transportation route, which is not covered by a grant.

Many of the Economic Development initiatives are funded in full or in part through grant opportunities, such as the Local Immigration Partnership Initiative, the Business Enterprise Centre Initiatives, and the Grey Transit Routes with exception of Grey Road 4.

The Tourism operating budget is projected to end the year on budget. The portion of the Studies and Reports budget related to trails infrastructure and studies is dependent on senior levels of government funding that has not been confirmed. Unspent funds from this budget will be transferred to reserve for use in 2022.

Capital

The Capital projects for Economic Development are expected to be completed in 2021 and be within budget. This includes an annual transfer to reserve and work that is being done at the Sydenham Campus.

The Tourism capital signs budget is projected to come in on budget.

Grey Roots

Operating

Grey Roots is projecting an operating budget surplus of \$132,300 after taking into account the use of \$22,000 to assist in funding the construction cost of the General Store. While revenue has been down due to the closure and limited reopening as a result of COVID-19, there will be budget savings due to staffing changes, reduction in cleaning contract expenses during the closure, and the postponement of the travelling exhibit.

Grey Roots has used the time the building has been closed to perform maintenance. This has resulted in cost savings as the work was completed using internal staff resources.

Capital

Grey Roots is projecting the capital budget to be in a deficit position of \$22,000. All projects are expected to be within budget except for the General store project. The General Store costing came in over budget by approximately \$136,000 and in FR-CW-24-21 staff recommended funding from the Fleming bequest of approximately \$104,700 that is held in reserve. Additional funding for the General store was received in 2021 through donations and sponsorship to reduce the expected deficit, with the remainder of the deficit to be funded from 2021 operating budget surplus.

Ontario Works

Operating

The current average monthly Ontario Works (OW) caseload continues to be significantly lower than budget at 1,031 compared to the anticipated 1,385 cases. The lower caseload is due to the availability of the Canada Recovery Benefit (CRB) and is resulting in an under-expenditure in Basic Needs, Shelter and Mandatory Benefits. The caseload is projected to increase later this year with the cessation of the CRB and some recipients transitioning to Ontario Works benefits.

Additionally, a provincial review of Not Disabled Adults (NDA) who have been determined as employable will result in up to 110 cases moving from ODSP to OW over the coming months. Ontario Works benefits that are funded through the County are 100% provincially funded, therefore no municipal savings are expected in this budget. The 100% municipally funded senior's denture program and non-social assistance recipient funerals are expected to end the year on budget with no net levy impact.

Ontario Works Administration and Employment Support budgets are projected to end the year with \$314,800 in gross salary savings due to staff vacancies. Staff who retired or resigned were not immediately replaced this year due to the pandemic, and a student was not hired for the summer. There are also savings of \$38,600 anticipated in staff travel, conferences and in office expenses such as copying, printing, postage, and office supplies.

Employment Support expenditures are expected to be on budget as staff continue to support clients with life stabilization activities and employment goals.

The net result of these salary and operational savings from the Administration and Employment support budget is projected to be a year-end surplus of \$192,200.

Children's Services

Operating

The Ministry of Education committed to the provision of 100% provincial Emergency Childcare funding for the months of January, April, May and June. These funds supported eligible front-line workers with the provision of school age childcare at no cost to the families while schools operated remotely. There were 407 children and 233 families approved for emergency childcare in Grey County and costs were \$424,900.

Regular Fee Subsidy costs have continued to be lower this year with reduced capacity and child vacancies. Funding from Fee Subsidy savings continues to be redirected as General Operating funding to support childcare operators and licensed home childcare providers with the cost of increased staffing needs for screening, child vacancies and absent days due to covid, personal protective equipment (PPE) and enhanced cleaning costs.

The County received \$954,328 in Safe Restart funding in the later part of 2020 to assist operators with the cost of additional PPE, enhanced cleaning, additional staffing to meet health and safety requirements and to support short term vacancies as operators transitioned toward full capacity. In 2020, \$414,610 was expensed with the remaining amount to be utilized in 2021. In 2021, the County received \$358,375 in provincial Re-Investment funding to provide further support for PPE, cleaning, additional staffing, and child absenteeism.

The EarlyON and Early Child Development and Data Analysis budgets are expected to end the year with a \$21,500 surplus. A portion of these savings are a result of reduced part time staff hours during the Hanover EarlyON closure when programs were being offered virtually instead of in person, as well as contract staff without benefits covering for absences. The remaining savings are being realized in operational expenses and staff travel.

Capital

All projects in the Children's Services capital budget will be delayed into 2022. These projects were to be funded from reserve and have no net levy impact.

Housing and Non-Profit Housing

Operating

Housing is projecting a deficit of \$252,000, with a \$280,000 deficit in housing operations and a \$28,000 surplus in Non-Profit Housing.

Net rental revenues are expected to be \$70,000 below the budgeted amount. This is due to higher than expected vacancies and higher earning rent geared to income (RGI) tenants being replaced by lower earning RGI tenants or tenants on social assistance. Tenants' ability to pay rent during the pandemic, and provincial legislation allowing limited access to the Landlord Tenant Board has increased the outstanding receivable balances in 2021. Staff are working with willing individual tenants on payment plans.

Operating expenses are projecting to be \$240,000 over budget. Hydro and water expenses are projected to be \$145,000 over budget due to timing of accruals in 2020 and conservative budgeting. Insurance expense is projected to be \$105,000 over budget, due to increasing insurance rates for municipalities and updates to the insured value of the properties. Overages are offset slightly by \$15,000 of saving between various property maintenance expense accounts.

The revenue shortfall and expense overages are offset by salaries and benefits that are anticipated to end the year with savings of \$30,000. This is due to unexpected staff changes, not hiring a summer student and later than expected hiring of two staff positions.

Non-Profit Housing is projecting to end the year with a \$28,000 surplus. The surplus is created by various Not for Profit Housing Corporations reducing their 2021 budget based on provincial indices, resulting in lower payments from the County.

The various Housing Programs (Investment in Affordable Housing, Social Infrastructure Fund, Canada-Ontario Community Housing Initiative etc.) are 100% Ministry funded and expected to be 100% expensed.

Capital

The Housing capital budget is expected to end the year on target. It is expected that 18 projects to be funded from reserves, with a budgeted cost \$1,450,000, will not be completed in 2021. This is due to the inability to proceed with non-essential renovations during COVID-19 in the first half of the year and tenders coming in significantly over budget in the second half and not awarded. The projects will be retendered once the 2022 budget is approved.

Long-Term Care Administration

Staff presented the Long Term Care Financial update to the Long Term Care Committee of Management on November 23, 2021 which is attached to this report.

This department funds the Director of Long-Term Care's office and includes an Accreditation & Quality Specialist, a Clinical Specialist, a Support Services & Education Coordinator, an Administrative Assistant and a Human Resources Generalist. The cost of this department is funded by each of the three Homes in proportion to the number of beds each Home operates. This department is expected to end the year with a balanced budget.

The total operating deficit for all Long Term Care is predicted to be \$845,300 and will be offset by capital surpluses of \$97,000 resulting in an overall year end deficit position of \$748,300. After offsetting \$353,700 through Safe Restart Funding for covid related expenses, the remaining deficit of \$394,600 will be funded by long term care home reserves.

Grey Gables

Operating

Grey Gables is expected to end the year with an operating budget shortfall of \$103,200.

This is primarily due to:

- A reduction in Ministry funding of \$105,000 from the loss of two beds
- A decrease of \$8,600 in CMI funding
- A reduction of \$15,800 in preferred revenue
- Raw food is expected to be over budget by \$18,700
- \$44,900 in unfilled shifts offsets the overall shortfall

Capital

Grey Gables' capital budget is anticipated to end the year with a \$40,000 surplus. Four of Grey Gables' capital projects will be delayed into 2022 due to COVID and the inability to proceed with non-essential construction. The remaining projects came in at or under budget.

Lee Manor

Operating

Lee Manor is expected to end the year with an operating budget deficit of \$444,900.

The overall projected deficit is due to:

- A reduction in Ministry funding of \$60,000 from the loss of one bed
- A decrease of \$80,000 in CMI funding
- A reduction of \$42,100 in preferred revenue relating to the loss of preferred beds resulting from COVID
- Raw food is expected to be over budget by \$39,100

- An increase of \$41,000 due to wage increases retroactive to January 1, 2020 awarded at arbitration
- Minor variances of \$10,000 in supply lines
- Further staffing costs result in \$172,700 higher than expected costs

Capital

Lee Manor's capital budget is anticipated to end the year with a \$37,000 surplus. Six of Lee Manor's capital projects will be delayed to 2022 due to COVID and the inability to proceed with non-essential construction. The remaining capital projects per the 2021 approved budget are well underway and some of them have incurred surpluses.

Rockwood Terrace

Operating

Rockwood Terrace is expected to end the year with an overall operating budget deficit of \$297,200.

The overall projected deficit is due to:

- A reduction in Ministry funding of \$105,000 from the loss of two beds
- A decrease of \$49,000 in CMI funding
- A reduction of \$43,800 in preferred revenue
- Raw food is expected to be over budget by \$26,200
- A new initiative undertaken in 2021 to reduce unfilled shifts in the PSW department created twelve-hour shifts compensated at eight hours of regular time and four hours of overtime. This initiative reduced unfilled shifts in the PSW department but created a projected shortfall in staffing costs of \$182,100
- \$108,900 in unfilled shifts offsets the overall shortfall

Capital

Rockwood Terrace's capital budget is anticipated to end the year with a capital surplus of \$20,000. There is a need to provide a safe, comfortable environment while balancing the need to redevelop, so capital projects are only undertaken if necessary.

Long-Term Care Redevelopment

Expenditures for materials & services, professional & consulting fees and site maintenance totaling \$74,200 have been incurred. These expenditures have been recommended and approved to be funded from the Long-Term Care Redevelopment Reserve.

Paramedic Services

Operating

Paramedic Services is projecting to have a deficit from operations of \$135,000, with a \$120,000 deficit in land ambulance (911 side) services and \$15,000 deficit in Community Paramedicine Services. Based on current projections, the 911 side will be funded 53% by the County and 47% from the province in 2021.

Operating costs for the land ambulance services are projected to be \$120,000 over budget. Vehicle operations are projected to be a \$85,000 deficit due to significantly increased call volume, increased fuel prices and unbudgeted major repairs to ambulances. Insurance is projecting to be \$60,000 over budget. Various other operating expenses including maintenance of buildings, maintenance of equipment, biomedical engineering and uniforms combine for overages of \$70,000.

Paramedic Services is projected to incur \$468,000 of Covid-19 related expenses in 2021. At the time of this report the province has provided \$127,000 of Covid relief funding and has not indicated what additional funding will be provided. It is anticipated the Province will provide funding for all of Paramedic Service's Covid-19 Related Expenditures, but if specific funds are not provided by the Province, these expenses will be offset by Safe Restart Funding.

These overages are offset by savings in net payroll and benefits of \$50,000 due to employees being hired later than budgeted in the Chatsworth base. Medication expense is projected to be \$25,000 under budget. Additional savings in training, paramedic meals and cleaning supplies total \$20,000.

The Community Paramedicine program is projected to be over budget by \$15,000. Funding from province for this program is projected to be on budget. Salary and benefits are projected to be over budget by \$5,000. Overages in medical supplies and vehicle operations are projected to be \$10,000.

Capital

The capital budget is projected to end the year on target. As previously communicated to council in PSR-CW-05-21 and FR-CW-24-21, there have been various adjustments to the approved capital budget. However, all adjustments are funded from reserve and therefore have no impact on the Paramedic Services levy requirement.

Transportation Services

Operating

The Transportation Services Department is projecting to end the year with a \$37,400 operating budget.

The operating budget deficit is attributed to increased fuel costs, increased vehicle and equipment washing protocols due to COVID19 and undertaking an external inspection of all domes to review their condition and determine recommended repairs and associated costs. This

review was initiated due to the deteriorating condition of the domes to help staff plan accordingly for repairs. These deficits are being slightly offset by savings as the result of staffing changes.

Winter Control is currently projected to come in on budget.

Capital

The Transportation Services Department is projecting a \$690,000 capital budget surplus.

Ongoing construction projects are all scheduled to be completed before the end of 2021. Tendering early in the year and combining multiple road projects realized substantial cost savings to the road capital construction budget. Additional road capital savings have been realized in construction by the thorough oversight of County field staff and overall expenditure control by the engineering department. These surpluses are being slightly offset due to the unbudgeted repairs of the Transportation Domes in 2021.

The Grey Road 15 road project partnering with Owen Sound and the Structure 009-354 project have been deferred to 2022 and will be included in the 2022 budget.

Legal and Legislated Requirements

None

Financial and Resource Implications

Based on year-to-date actuals at September 30, 2021 staff are projecting an operating deficit of \$731,500 and a capital surplus of \$745,000 for an overall combined surplus of \$13,500. As reference, the net levy or amount raised from taxation for 2021 totals \$62,342. FR-CW-24-21 presented September 9, 2021 and based upon information to June 30 estimated an operating deficit of \$290,700 and a capital surplus of \$679,000 for an overall combined surplus of \$388,300.

Relevant Consultation

- Internal – CAO, Directors, Managers and Finance staff
- External (list)

Appendices and Attachments

[Attachment to FR-CW-27-21 Operating and Capital Budget Variance Analysis as of September 30, 2021](#)

[Attachment to FR-CW-27-21 Financial Summary Statements as of September 30, 2021](#)

[Attachment to LTCR-CM-28-21 LTC Financial Update and Projection as of September 30, 2021](#)