



Committee Report

To:	Warden Hicks and Members of Grey County Council
Committee Date:	September 9, 2021
Subject / Report No:	FR-CW-24-21
Title:	Corporate Financial Update and Year-End Projection as of June 30, 2021
Prepared by:	Mary Lou Spicer, Director of Finance Sue Murray, Manager of Accounting and Budgets
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	
Status:	

Recommendation

1. That Report FR-CW-24-21 regarding a Corporate Financial Update and Year-End Projection to June 30, 2021 be received; and
2. That the Grey Roots General Store construction budget shortfall of approximately \$144,000 be funded from the Grey Roots Donation Reserve and anticipated 2021 operating budget surplus.

Executive Summary

This report provides a corporate financial update for all County departments based upon financial statements as of June 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 June 30, 2021 staff are projecting an operating deficit of \$290,700 and a capital surplus of \$679,000 for an overall combined surplus of \$388,300. As reference, the net levy or amount raised from taxation for 2021 totals \$62,342,800.

The next financial update will be based upon September financials and brought forward to Committee in November.

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 approximately \$294,400 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 \$356,300 less than budget and as a result, a corresponding decrease in the transfer to the one-time funding reserve will occur and this will not result in a budget shortfall.

Capital

All the Administration capital budgets are expected to end the year on budget with the exception of the IT budget which will have an estimated shortfall of \$30,320. This is due to the Mitel Voice Over Internet Protocol (VOIP) System (\$24,320 as per Staff Report ITR-CW-01-21) as well as one capital project coming in over budget by \$6,000. Staff are proposing to use part of the Information Services surplus to cover the Mitel VOIP System expense, which would leave the IT capital budget with a total projected deficit of \$6,000.

Council

Operating

Staff anticipate that Council will end the year with an estimated surplus of \$78,000. The savings are mostly due to the Covid-19 pandemic as meetings are being held virtually, and therefore, less expenses are being 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 \$27,500, and staff are proposing to use \$24,320 of this to cover an 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 \$24,320 for the Mitel VOIP System, the Information Services budget will end the year with a projected \$3,100 surplus.

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 \$57,100 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 \$314,900. 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 them, Human Resources proposes to include an additional FTE in the 2022 budget to support this workload.

The overall impact of this functional area is a projected deficit of \$257,800.

If year-end projections are correct and this deficit is realized, the applicable reserve could 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 surplus of \$10,000 after cost sharing with Bruce County.

Ticket revenue is difficult to predict, and Provincial Offences revenue is trending to end the year over-budget as more people are paying their fines. Ticket volume to July 31 is 241 tickets higher than the same period in 2020.

In addition to these revenues, there has been some 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. Many citations were not being enforced in 2020 and it was announced in March 2021 that enforcement would resume. Because of this, a large number of mailings were sent out in 2021, causing additional expenses in printing and postage. 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; 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 is also included in the 2021 Approved Budget for the Marine Emergency Duties Training Centre at Georgian College as part of a \$2 million pledge.

Property

Operating

Property is projected to have an operating surplus of \$30,000. The operating budgets for the Administration and Morrison Buildings are projected to end the year with savings in salaries and benefits of \$20,000 resulting from staffing changes. There has also been savings in operating expenditures such as cleaning, maintenance and waste removal due to the Administration Building being closed to the public.

Capital

Capital projects within Property are estimated to have an overall projected deficit of \$5,000 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.

Taxations, Grants and Other

Operating

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

Planning

Operating

The operating budget is expected to end the year on budget. The operating budget is expected to have more application revenue than budgeted. As of June 30th, the County has received over \$88,000 in subdivision application fees as compared to the annual approved budget amount of \$90,000. However, this increased revenue is 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 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 on budget. The current variance between the year to date budget and actual amounts is due to timing of payments to organizations that were made in the first part of the year. As of the end of June, coyote and beaver grant expenditures are lower than what was budgeted. If this continues there could be a slight surplus at year-end.

Forestry

Operating

The Forestry budget is anticipated to end the year on budget. An additional Canada Healthy Communities Initiative Federal Grant of \$25,000 has been awarded and received subsequent to the 2021 budget which will be 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. However, there could be delays in certain projects due to pandemic related restrictions and impacts to staff resources.

Trails

Operating

The trails operating budgets are projected to end the year on budget. There is a surplus position as of June 30th as the majority of trail maintenance operations occur in late summer and/or early fall and should result in a balanced budget by year end.

Capital

The trails capital budget is anticipated to end the year on budget. The majority of trail projects are scheduled for late summer and/or early fall and as of June 30th there have been no expenditures except for the transfer to reserve. Staff are expecting these projects to occur as budgeted.

Economic Development & Tourism

Operating

The Economic Development Operating budget is expected to end the year with a projected surplus of \$35,700. The surplus can be attributed to savings in salaries and benefits and consulting fees. 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, subject to implementation of the Cycling & Trails Master Plan.

Grey Roots

Operating

Grey Roots is expecting an operating budget surplus of \$76,500 after taking into account the use of \$39,300 to assist in funding the construction cost of the General Store. While revenue has been down considerably 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 closure, and the postponement of the travelling exhibit.

Grey Roots has used the closure of the building to perform maintenance on the building that has resulted in cost savings from the work being done internally.

Capital

Grey Roots is projecting the capital budget to be adequate with exception for the General store project. The General Store costing came in over budget by approximately \$144,000 and staff recommends funding from the Fleming bequest of approximately \$104,700 that is held in reserve with the remainder from 2021 operating budget surplus. This report includes a motion for the means of funding as Quarterly Purchasing Report FR-CW-15-21 did not request approval through a motion.

Ontario Works

Operating

The current average monthly Ontario Works caseload is significantly lower than budget at 1,045 compared to the anticipated 1,415 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. 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 \$303,600 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 anticipated of \$31,800 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 \$186,400.

Children's Services

Operating

The Ministry of Education has 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 are expected to be \$425,000.

Regular Fee Subsidy costs have continued to be lower this year with reduced capacity and child vacancies. Fee Subsidy savings will be redirected as General Operating funding to continue 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 \$12,800 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. The remaining savings are being realized in operational expenses and staff travel.

Housing and Non-Profit Housing

Operating

Housing is projecting a surplus of \$30,000, with the entire surplus coming from Non-Profit Housing.

The Housing department operations are projecting to end the year on budget. Rental revenues are expected to be \$50,000 below the budgeted amount. This is due to tenants' circumstances and their ability to pay rent during the pandemic, and provincial legislation allowing limited access to the Landlord Tenant Board. This has increased the outstanding receivable balances in 2021. Staff are working with willing individual tenants on payment plans. Staff will continue to monitor the accounts receivable balance as the year progresses to determine if the allowance for doubtful accounts will need to be increased. This revenue shortfall is offset by salaries and benefits that are anticipated to end the year with savings of \$40,000. This is due to unexpected staff changes, not hiring a summer student and later than expected hiring of two staff positions. There are also savings in interior painting as the housing department is using a combination of Grey County staff and contractors. Offsetting these savings are overages in electrical contracting, pest control and property taxes.

Non-Profit Housing is projecting to end the year with a \$30,000 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 will not generate savings.

Capital

The Housing capital budget is expected to end the year on target. A few projects will be delayed to 2022 due to the inability to proceed with non-essential renovations during COVID-19 in first half of the year and tenders not awarded due to pricing.

Long-Term Care Administration

Staff presented the Long Term Care Financial update to the Long Term Care Committee of Management on July 27, 2021 which is attached to this report.

It is anticipated that this department will end the year with a balanced budget. The cost of this department is funded by each of the three Homes in proportion to the number of beds each home operates.

Grey Gables

Operating

Grey Gables is expected to end the year with an operating budget shortfall of \$113,600. The overall projected deficit is due to a reduction in funding from the loss of two beds as well as a decrease in Case Mix Index (CMI) funding. Staffing costs, materials and services and purchased services are all expected to end the year on budget. At June 30, 2021, Grey Gables has \$48,959 in unbudgeted overtime costs, and more is expected by year end. The overages in staffing are offset by unfilled shifts in some departments that resulted in savings.

Capital

Grey Gables' capital budget is anticipated to end the year on target. Two of Grey Gables' capital projects, the replacement of a retaining wall and the front entrance door system, will be delayed into 2022 due to COVID and the inability to proceed with non-essential construction. The remaining capital projects per the 2021 approved budget are scheduled to continue as planned.

Lee Manor

Operating

Lee Manor is expected to end the year with an operating budget deficit of \$140,000. The reduction in funding from the loss of one bed as well as a decrease in CMI funding has resulted in this budget shortfall. Lee Manor has \$210,625 in unbudgeted overtime costs, and more is expected by year end. The overages in staffing are offset by unfilled shifts in some departments that resulted in savings. Materials and services and purchased services are all expected to end the year on budget.

Capital

Lee Manor's capital budget is anticipated to end the year on target. Four 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 scheduled to continue as planned.

Rockwood Terrace

Operating

Rockwood Terrace is expected to end the year with an overall operating budget deficit of \$377,000. The overall projected deficit is due to a reduction in funding from the loss of two beds as well as a decrease in CMI funding. At June 30, 2021, Rockwood Terrace has \$121,285 in unbudgeted overtime costs, and more is expected by year end. A new initiative to reduce unfilled shifts in the PSW department has created twelve-hour shifts compensated at eight hours of regular time and four hours of overtime. This initiative has reduced unfilled shifts in the PSW department but has created a projected shortfall of \$150,000. Other staffing changes have resulted in \$73,000 more staffing costs than anticipated, resulting in a total \$223,000 staffing budget shortfall for Rockwood Terrace.

Capital

Rockwood Terrace's capital budget is anticipated to end the year on target. 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 professional & consulting fees totaling \$16,961 have been incurred. These expenditures have been recommended and approved to be funded from the Long-Term Care Redevelopment Reserve.

Paramedic Services

Operating

This operating budget has the potential to have a \$145,000 shortfall from non-wage related costs if the full budget for wages and benefits is utilized. The funding allocation for the land ambulance (911 side) of the budget was received and the province will provide \$7,782,980 for 2021; this aligns with the budgeted amount.

After taking into consideration lost time that totaled 10,733 hours to June 30 and a contract with unionized staff that expired December 31, 2020; the budget for wages and benefits is within budget at this time. Peak vacation usage occurs in the summer months and staff is monitoring usage as well as lost time; these numbers will be updated in the next report to committee that will be based upon information to September 30.

If savings within other budget lines are not available, there is a potential for a \$145,000 operating budget shortfall. This is the result of a number of factors that include the increased cost of fuel, several significant vehicle repairs, professional fees, costs associated with the repair and maintenance of power load stretchers and uniforms.

In late 2020, the Province requested proposals for a pilot Community Paramedicine for Long Term Care program; Grey County's proposal was approved and this provides \$1,000,000 in funding that was not included in the 2021 budget. These funds will be used to cover the costs of training paramedics, staffing the program as well as the cost of providing the service including medications, supplies, new equipment and vehicles. There is no impact on the levy as the cost of the program is 100% funded by the province. This program is in addition to the existing Community Paramedicine program that has a 2021 budget of \$371,000.

As of June 30, 2021, Grey County Paramedic Services has provided over 2,000 hours of paramedic support hours to assist in vaccine distribution. The Province surveyed municipalities to gauge projected 2021 costs for providing this assistance; staff awaits a funding announcement. It is estimated the staffing costs associated with this initiative are approximately \$110,000 as of June 30, 2021; if designated funding is not provided these costs will be covered through Safe Restart Funding.

Capital

The capital budget is projected to end the year on target. The approved capital budget includes the purchase of three ambulances, tablets for ambulances, a stretcher, the internally financed debenture cost for the Chatsworth station and a transfer to reserve for future building maintenance.

Except for the debenture payment and transfer to reserve, expenditures are funded from reserve and the sale proceeds of used vehicles; as a result, the capital budget will be a

balanced budget at year-end. The budgeted acquisition of three ambulances is anticipated to occur in the first quarter of 2022; the ambulances were ordered early in the year however delays from the manufacturer will result in the ambulances not arriving by year end. Additionally, as presented in PSR-CW-05-21, two unbudgeted stretchers will be funded from the Paramedic Services Equipment and General Reserve. Both variances from the original budget have no impact on the Paramedic Services levy requirement.

Transportation Services

Operating

The Transportation Services Department is projecting to end the year with a \$14,200 operating budget deficit and a \$690,000 capital budget surplus.

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 their repairs. These deficits are being slightly offset by savings in 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 ongoing 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 June 30, 2021 staff are projecting an operating deficit of \$290,700 and a capital surplus of \$679,000 for an overall combined surplus of \$388,300. As reference, the net levy or amount raised from taxation for 2021 totals \$62,342,800.

Relevant Consultation

Internal – CAO, Directors, Managers and Finance staff

- External (list)

Appendices and Attachments

[Attachment to FR-CW-24-21 Operating and Capital Budget Variance Analysis as of June 30, 2021](#)

[Attachment to FR-CW-24-21 Financial Summary Statements as of June 30, 2021](#)

[Attachment to LTCR-CM-17-21 LTC Financial Update and Projection as of June 30, 2021](#)