



Committee Report

To:	Warden Hicks and Members of Grey County Council
Committee Date:	July 28, 2022
Subject / Report No:	FR-CW-14-22
Title:	Corporate Financial Update and Year-End Projection as of April 30, 2022
Prepared by:	Sue Murray, Deputy Treasurer
Reviewed by:	Mary Lou Spicer, Director of Finance Kim Wingrove, CAO
Lower Tier(s) Affected:	
Status:	

Recommendation

1. That report FR-CW-14-22 regarding a Corporate Financial Update and Year-End Projection to April 30, 2022, be received for information.

Executive Summary

This report provides a corporate financial update for all County departments based upon financial statements as of April 30, 2022. 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 April 30, 2022, staff are projecting an operating deficit of \$111,400 and a capital surplus of \$233,900 for an overall combined surplus of \$122,500. As reference, the net levy or amount raised from taxation for 2022 totals \$65,359,000.

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 and staffing changes are impacting the various Corporate Administration budgets and are resulting in a projected surplus. These vacancies are being seen throughout many of the Administration Departments and are not specific to one or two departments. Additionally, a small surplus is being projected for the Communications Department as there are fewer expenses than anticipated with Corporate Communications related to printing, internet and radio advertising.

Overall, this provides approximately \$235,200 in projected surplus funds for the Corporate Administration budgets.

When the 2022 budget was developed, staff estimated a conservative interest rate for its investments. Based on current trends, investment income is projected to be \$99,000 more than budget. As per policy, the net revenue budgeted from investment income that exceeds 1% of the County's own purpose levy will be transferred to the One Time Funding Reserve to cover any future deficits or one-time projects.

Capital

All the Administration capital budgets are expected to end the year on budget except for the Uninterrupted Power Supply (UPS) project, which will have an estimated shortfall of \$3,000.

At this time, it is expected that all Administration Capital Projects will be completed in 2022, with the exception of the Human Resources Information System (HRIS), which is expected to be started in 2022 and fully implemented in 2023, as well as the Budget Software where a Request for Proposal was issued however the project was not awarded.

Council Operating

Staff anticipates that Council will end the year with an estimated surplus of \$15,100. The savings are due to Council operating on a hybrid system for meetings, with some being held 100% virtual at the beginning of 2022. Because of this, fewer expenses were seen in the travel and meal lines which makes up this entire projected surplus.

Information Services

Operating

At this time, it is expected that the Information Services budget will end the year with a surplus of \$60,000. This is due to a change in managed security services which has resulted in being billed for only a partial year from when the RFP was awarded as opposed to the full year. Staff are proposing that this surplus be put towards any work undertaken in 2022 for the implementation of SharePoint as the County's Electronic Document and Records Management System replacement, as outlined in Staff Report ITR-CW-01-22.

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 plans. The Weekly Indemnity costs are anticipated to end the year with a deficit of \$66,100 and assumes that the number and length of weekly indemnity claims will remain similar to what has been seen during the first four months of 2022.

The Workers' Compensation budget is projecting a year-end deficit of \$286,000. 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.

The overall impact of this functional area is a projected deficit of \$352,100. 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 small surplus of \$18,200 after cost sharing with Bruce County, due to savings within the Prosecution and Legal Services portion of the POA budget. Ticket revenue is difficult to predict, and Provincial Offences revenue is trending to end the year on budget as it is anticipated that there will be an increase in revenue throughout the fall months.

POA continues to operate predominately virtually, and as a result, all expenses have been as anticipated. The 2022 budget was developed with the assumption that court would remain mostly virtual well into 2022 and revenues were adjusted based on the trends that were being seen into the second half of 2021. As a result, the only variance that is expected in POA is from small savings in salaries and benefits within Prosecution and Legal Services.

Health Unit and Other Funding Initiatives

Operating

It is anticipated that the Health Unit and other funding initiatives will end the year with a deficit of \$10,900 due to the Grey Bruce Health Unit receiving its 2022 funding approval, which included a 1% increase to the Mandatory Program funding. As a result, the County's contribution for 2022 increased by \$16,000

All other expenses are expected to end the year on budget. These expenses include a contribution to the Markdale Hospital campaign of \$150,000, a \$1 million contribution to Georgian College to support the implementation of a four-year BScN program and an annual transfer to reserves for future initiatives. An annual contribution of \$200,000 will also be made in 2022 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 \$5,000. The operating budgets for the Administration and Morrison Buildings are projected to end the year with savings in insurance of \$4,000. There has also been savings of \$4,000 in operating expenditures such as cleaning, maintenance, and waste removal due to the Administration Building still not being utilized at pre-COVID level. These savings are offset by snow removal being \$3,000 over budget.

Capital

Capital projects within Property are projected to be on budget. With exception for the debenture payment, the budgeted capital projects are funded from reserve and are expected to be under budget resulting in a smaller transfer from reserve being required.

Due to supplier delays, the HVAC replacement at the Administration Building tendered under budget in 2022 will not be received and installed until 2023. The \$55,000 budgeted for the

carrier control system upgrades was determined to be insufficient and will be budgeted in the future.

Taxations, Grants and Other Operating

No year-end position has been projected for supplementary taxation and write-off at this time. These adjustments will not be known until later in the year when local municipal staff provide estimates to the County. At this time, it is anticipated that the 2022 budget for omitted/supplementary taxation and write-offs will end the year on budget.

Planning Operating

The operating budget is expected to end the year on budget. The current variance between the year to date budget and actual amounts are largely attributable to the timing of a payment made for the 911 billing agreement with Owen Sound Police Services. As of April 30, salaries and wage expenditures are lower than budgeted. However, upcoming staff changes will increase wage and benefits costs and there is no projected budget deficit in accordance with PDR-CW-13-22, as additional funding required will be covered by any realized surplus or transferred from reserve.

Capital

The capital budget is expected to end the year on budget. Staff continue to review Climate Change Action Plan projects as implementation moves forward and this will result in delay of initiatives to future budget years. All remaining projects included within the Planning capital budgets are currently well underway and, at this time, are expected to be completed by year end.

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 the timing of payments to organizations that were made in the first part of the year. As of the end of April, coyote and beaver grant expenditures are lower than what was budgeted. If this continues there could be a slight surplus at year-end.

Forestry & Trails

Operating

The Forestry & Trails budget is anticipated to end the year on budget. Forestry & Trails activities generally occur later in the year; therefore, the current appearance of underspending is anticipated to even out in future financial reporting ahead of year end.

Capital

The capital budget is anticipated to end the year on budget. The majority of Forestry & Trails projects are scheduled for summer and/or early fall. As of April 30, there have been no expenditures except for the transfer to reserve. Staff are expecting these projects to occur as budgeted with expected completion prior to year-end.

Economic Development & Tourism

Operating

The Economic Development and Tourism Operating budget is expected to end the year with a projected deficit of \$91,700. This deficit can be attributed to higher than anticipated maintenance costs at Sydenham Campus, projected overages in salaries and benefit costs due to positions being re-evaluated, as well as fuel surcharges that are expected to result in a \$47,000 deficit for the Community Transportation Program. Although many of the routes for Grey County Transit are covered by a Provincial Grant, these fuel surcharges cannot be absorbed by the grant, which is already allocated to the base transportation services. If fuel prices trend higher than what is currently being seen, then this deficit for Transit will further increase.

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

Capital

The Capital projects for Economic Development and Tourism are expected to be completed in 2022 and be within budget, with the exception of cycling signage which is covered by a Federal Grant and will be completed in 2023. This includes an annual transfer to reserve and work that is being done at the Sydenham Campus.

Grey Roots

Operating

Grey Roots is projecting the operating budget to come in on budget after taking into account the use of \$37,800 to assist in funding the overage from the heat pumps repair capital project and unbudgeted roof repairs. Operating surpluses that have occurred to fund these overages are due to temporary vacancies in staffing changes.

Capital

Grey Roots is projecting the capital budget to be on budget after taking into account the use of operating surplus to fund overages. All projects are expected to come in on budget except for the heat pumps repair, which came in \$30,300 over budget, and the unbudgeted roof repair totaling \$7,500.

Ontario Works

Operating

While the Ontario Works (OW) caseload has increased 14.8% over the 2021 average, as of April the average monthly caseload is 115 cases lower than budget. This is resulting in under-expenditures in Basic Needs, Shelter and Mandatory Benefits. The caseload had been expected to increase towards the end of 2021 and into the beginning of 2022 as federal benefits such as the Canada Recovery Benefit (CRB) ended. A provincial review of Not Disabled Adults (NDA) had identified 110 potential cases, however only 10 cases have moved from ODSP to OW. Ontario Works benefits 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 Assistance budgets are projected to end the year with \$195,100 gross salary savings due to short term staff vacancies as well as the hiring of contract staff without benefits. Postage costs are underspent with continued savings after the implementation of the online My Benefits service for OW clients, but other office expenses are expected to end the year on budget.

Staff continues to support clients with life stabilization activities and employment goals. These expenses are higher than budget and could be overspent by up to \$42,000 if client needs continue to year end. Savings in salaries will help to offset over-expenditures associated with these costs.

The net result of the salary and operational savings from the Administration and Employment Assistance budget is projected to be a year-end surplus of approximately \$140,100.

Capital

The Administration capital budget contains \$15,200 for computer replacement with funding from reserve and no net levy impact.

Children's Services

Operating

Fee Subsidy costs have continued to increase after the closures last year and childcare spaces are currently at 90% capacity. In the later part of the year, these expenses are expected to decrease as childcare licensees begin to participate in the Canada Wide Early Learning and Child Care program (CWELCC). CWELCC funding will offset up to 25% of the existing Fee Subsidy expenses, however the amount will fluctuate dependent on the number of Licensees that opt-in to the CWELCC program. As Fee Subsidy costs decrease, General Operating costs will increase through CWELCC to support the Licensees' reduced fee revenue. The County's CWELCC funding allocation for 2022 is \$3,390,509 and is intended to support childcare fee reduction, parent contribution reduction and staff wage increases. As per Ministry guidelines, if more than 2% of licensees in the county opt out of the program this year, the 2022 funding allocation will be reduced to reflect the level of participation.

The County is receiving \$615,200 in Workforce funding this year to support the retention and recruitment of high-quality childcare and early years workforce. This funding will be used to provide professional development and training for existing staff in licensed care and to attract qualified staff into the childcare sector. By the end of 2022 \$384,544 of the funding must be expended with the option of carrying \$230,726 forward to be spent by March 31, 2023.

Core Children's Services expenses are expected to end the year on target with \$967,000 budgeted municipal contribution. The EarlyON and Early Child Development and Data Analysis budgets are expected to end the year with a \$11,900 net levy surplus. Most of these savings are a result of contract staff without benefits covering for a leave.

Capital

The EarlyON capital budget contains \$22,600 for heating system repairs if needed in 2022. These costs are to be funded from reserve and have no net levy impact if the work is not required.

Housing and Non-Profit Housing

Operating

Housing is projecting an operating deficit of \$50,000, with an \$80,000 deficit in housing operations and a \$30,000 surplus in Non-Profit Housing.

Net rental revenues are expected to be \$32,000 below the budgeted amount. This is due to longer-than-expected vacancies between tenants as the County struggles to find contractors to do repairs before new tenants can move in. Additionally higher earning rent geared to income (RGI) tenants are being replaced by lower earning RGI tenants or tenants on social assistance.

Operating expenses are projecting to be \$71,000 over budget. Snow removal expense is projected to be \$68,000 over budget due to a cold winter resulting in an increased need for ice removal. Purchased services expense is projecting to be \$16,000 over budget due to more security being required in buildings. Overages are offset slightly by \$13,000 of savings between various property maintenance expenses and utility accounts.

The revenue shortfall and expense overages are offset by salaries and benefits that are anticipated to end the year with savings of \$61,000. This is due to unexpected staff vacancies.

In January of 2022, Grey County acquired a commercial building with the intention of converting it to supportive housing. Short term lease agreements were made with tenants to provide time for the tenants to find new rental locations. It is projected the operating costs (utilities, property taxes and snow removal) of the building will exceed rent collected, creating a shortfall of \$38,000. County staff are applying for a grant through Canadian Mortgage and Housing Corporation to cover some of the soft costs of the building during construction. The amount of the grant is currently unknown and therefore has not been included in these projections

Non-Profit Housing is projecting to end the year with a \$30,000 surplus. The surplus is expected from Not for Profit Housing Providers reducing their 2022 budget based on provincial indices, resulting in lower payments from the County.

The various Housing Programs (Investment in Affordable Housing, Canada-Ontario Community Housing Initiative, Ontario Priorities Housing Initiative etc.) are 100% Ministry funded.

Capital

The Housing capital budget is expected to end the year on target. The balcony restoration and railing project at 481 11th St. Hanover was cancelled as all tenders came in significantly over budget, the project will be re-budgeted in 2023. Due to supply chain issues, projects that have been awarded may not be completed by year-end. These projects will be re-budgeted in 2023.

Long-Term Care Administration

Staff presented the Long-Term Care Financial update to the Long-Term Care Committee of Management on July 12, 2022, which is attached to this report.

This funds the Director of Long-Term Care's budget and includes an Accreditation & Quality Specialist, a Clinical Specialist, a Support Services & Education Coordinator, administrative and human resources support. The cost of this department is funded through the care homes' budgets on a per bed allocation and is therefore expected to end the year on budget.

A review of actual financial results as compared to budget as of April projects that the operating and capital budgets will be sufficient for the year. At this point in the year, if the financial position remains consistent an overall surplus of approximately \$328,800 would result at the end of the year (comprised of \$156,800 for Grey Gables, \$117,900 for Lee Manor and \$54,100 for Rockwood Terrace). Should this surplus be achieved, it will be used to reduce the operating budget transfer from reserve. This positive variance represents a 0.9% variance as compared to the 2022 budgeted gross expenditures of \$36,333,500. The current position shows savings primarily from wages and associated benefits; however, it is a very early forecast and fluctuations will occur throughout the year. Staff monitors program costs and eligible expenditure guidelines to ensure maximum funding allocations are achieved; any savings in Ministry-funded programs do not result in a surplus and funds are returned to the Province.

Grey Gables

Operating

Grey Gables is currently trending less than budget and this is attributable to vacancies in shifts in both nursing and support positions. Overages in RN and RPN shifts are being covered by ministry funding for increased direct care hours while PSW remains under budget.

Capital

Grey Gables long-time maintenance manager recently retired; the change in staff accompanied by challenges procuring contractors results in projects that have not been awarded. Projects that cannot be completed during the year will be brought forward for discussion in the 2023 budget and funds earmarked for these projects will be transferred to reserve for future use.

Lee Manor

Operating

Lee Manor is expected to end the year on target; materials and purchased services are overall expected to end the year on budget. Support roles remain on budget with position vacancies and delays in recruitment due to labour shortages.

Capital

Lee Manor's capital budget is anticipated to end the year on target. Projects were selected to ensure completion for year end and while some projects are delayed due to contractor availability and scheduling, it is anticipated that all projects will be completed by year end.

Rockwood Terrace

Operating

Rockwood Terrace is expected to end the year within budget; savings currently exist in staffing within support service and program services roles. Support roles remain on budget with position vacancies and delays in filling vacancies due to labour shortage. There is a preferred private and semi-private revenue shortfall that if trends continue and savings from other areas are not available to offset the revenue loss. This will result in a shortfall of \$21,900 at year end.

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, capital projects are only undertaken if necessary.

Long-Term Care Redevelopment

The Long-Term Care Redevelopment Reserve provides funding for these costs; this amounted to \$398,836 in the first four months of the year.

Paramedic Services

Operating

Paramedic Services is projecting a deficit from operations of \$24,000, with a \$130,000 deficit in vehicle operations and a \$106,000 surplus from paramedic wages and operating costs.

The cost to operate vehicles is projected to be \$130,000 over budget with \$112,000 of the overage coming from fuel costs. The overage is due to fuel prices increasing beyond the amount budgeted and paramedic call volumes continuing to increase. The projection assumes that the price of fuel will average \$2/liter for the remainder of the year. Vehicle maintenance accounts are projected to be \$31,500 over budget as the inability to get new ambulances has

resulted in higher maintenance costs on the existing fleet. The overages are offset by savings of \$13,500 in vehicle insurance.

Paramedic wages and benefits are projected to be \$97,000 under budget due to staffing changes, and lower than expected benefit enrolment from paramedic staff. There are additional savings of \$8,500 between corporate insurance and paramedic base operating accounts, such as rent, utilities, and maintenance expenses.

Paramedic Services is projected to incur \$205,000 of COVID-19 related expenses in 2022, including vaccine distribution. It is anticipated the Province will continue to provide funding for all of Paramedic Service's COVID-19 Related Expenditures throughout 2022 and therefore there is no anticipated budget impact.

Community Paramedicine programs, including Community Paramedicine for Long-Term Care, and Supportive Outreach Program, are expected to be on budget. The Supportive Outreach Program was approved by the Province after the 2022 budget was developed, there is sufficient provincial funding available to operate the program with no levy requirement.

Capital

The capital budget is projected to end the year on target. As approved by Council in PSR-CW-02-22, there will be 20 unbudgeted Cardiac Monitors/Defibrillators purchased in 2022 that were planned to be purchased in 2023. Supply chain issues are expected to result in two of the five ambulances budgeted in 2022 not being delivered until 2023. In addition to significant lead times, the supplier has also increased prices by 28.5% or \$53,000 per ambulance for the ambulances as compared to the ambulances ordered in 2021 that were received in 2022. At this point staff is unsure if the increased prices will remain post-pandemic. However, all purchases and adjustments are funded from reserve and therefore have no impact on the Paramedic Services 2022 year end position. The annual contribution to reserve will need to be increased in future years to ensure adequate fund on a go forward basis.

Transportation Services

Operating

The Transportation Services Department is projecting to end the year with a \$434,800 operating budget deficit.

Operating surpluses related to staff vacancies have been offset by substantial fuel costs increases and equipment usage during the first winter months. The Winter Maintenance operating budget is projected to make up a majority of the operating deficit.

Capital

The Transportation Services Department is projecting a \$274,700 capital budget surplus.

Ongoing construction projects are all scheduled to be completed before the end of 2022. Tendering early in the year has resulted in competitive bids and cost savings. 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 increased fluctuations in the Asphalt Price Index.

Legal and Legislated Requirements

None

Financial and Resource Implications

Based on year-to-date actuals at April 30, 2022, staff are projecting an operating deficit of \$111,400 and a capital surplus of \$233,900 for an overall combined surplus of \$122,500. As reference, the net levy or amount raised from taxation for 2022 totals \$65,359,000.

Relevant Consultation

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

Appendices and Attachments

[Attachment to FR-CW-14-22 Operating and Capital Budget Variance Analysis as of April 30, 2022](#)

[Attachment to FR-CW-14-22 Financial Summary Statements as of April 30, 2022](#)

[Attachment to LTCR-CM-13-22 LTC Financial Update and Projection as of April 30, 2022](#)