

To:	Warden Milne and Members of Grey County Council
Committee Date:	March 23, 2023
Subject / Report No:	FR-CW-06-23
Title:	2022 Year-End Transfers
Prepared by:	Sue Murray, Deputy Treasurer
Reviewed by:	Mary Lou Spicer, Director of Finance Kim Wingrove, CAO
Lower Tier(s) Affected:	None
Status:	Recommendation adopted by Committee as presented per Resolution CW51-23; Endorsed by County Council April 13, 2023, per Resolution CC29-23.

Recommendation

1. That Council receive report FR-CW-06-23 titled 2022 Year-End Transfers and approve the recommendations, as contained and estimated in Report FR-CW-06-23, regarding transfers to and from Reserve; and
2. That Council approve any surplus/deficit arising in the 2022 budget being transferred to/(from) the respective departmental reserves.

Executive Summary

The purpose of this report is to provide information to Council regarding the estimated year-end surplus/deficit amounts per functional area and to provide staff with the authority to make the following adjustments necessary to finalize the County's 2022 year-end financials:

- Year-end surplus and deficit transfers – identifies surplus and/or deficit and recommends on how to allocate surplus or fund deficits.
- Year-end transfers for purchases that were budgeted to occur in 2022 and have been carried forward to 2023 as part of the budget process – recommends the transferring of taxation and/or the allocation of reserve funding that projects can be undertaken in 2023.
- Year-end transfers for donations for specific purposes – donations received for specific purposes are recommended to be transferred to reserve to be utilized for these purposes when undertaken.

Background and Discussion

In April 2021 staff presented a Reserve and Reserve Fund Policy which was adopted as presented by the Committee of the Whole through Resolution CW79-21. A link to this policy is included in the Appendices and Attachments section at the end of this report.

Each department has reviewed its actual to budget figures and has projected a year-end position by estimating results still to happen. These projections have been used to recommend 2022 transfers to and from reserves. These transfers are estimates and will be finalized once all 2022 budgeted and endorsed transactions have been completed. Council will receive the final year-end figures when the audited financial statements are presented in June 2023.

In addition to year-end surplus and deficit transfers, this report deals with transfers for purchases that were budgeted to occur in 2022 but that have been delayed until 2023. Staff were directed to include any projects that would not be completed in 2022 in the 2023 budget. The County's auditors require a Council resolution authorizing staff to transfer unspent funds to reserve for use in the 2023 budget.

Where COVID-19 departmental specific funding is projected to not be sufficient to fund these 2022 COVID-19 costs, the allocation of funding from the Federal-Provincial Safe Restart Reserve is being allocated to these budgets to assist with these expenditures. Various sources of COVID-19 funding requires reporting requirements with timelines established by the province. Staff have allocated costs to COVID-19 cost centres based on what staff believe are eligible criteria based on information provided by the province.

The County has also received donations to be used for specific purposes, these funds are required to be transferred to reserve.

The non-budgeted transfers included in this report are estimates at this time and the actual transfers to and from reserves may vary once all 2022 budgeted and endorsed transactions have been completed.

Summary

The following table summarizes the projected year-end surplus or deficits by functional area that have been estimated by each Department. The 2022 year-end financial review projects a year-end surplus of \$1,589,100.

In 2021, staff determined that it was advantageous to pay off the balance of the Golden Town mortgage; at this time the balance of \$2,034,611 is shown on the County's balance sheet as an unfinanced amount. The intent was to repay ourselves over a period of time and reduce borrowing costs. Staff recommends that the net amount that is transferred to the One-Time Funding Reserve from 2022 surplus be used to reduce the unfinanced amount. Based upon the amounts in this report, that would result in a repayment of \$599,500.

Summary of Projected Year-End Surplus / (Deficit) by Function

2022 Budget by Function	Projected Year-End Surplus/(Deficit)
Corporate Services	\$616,000
Planning and Community Development	\$95,300

2022 Budget by Function	Projected Year-End Surplus/(Deficit)
Human Services	\$982,100
Transportation and Public Safety	(\$104,300)
Total	\$1,589,100

Surplus / (Deficit) Transfers To / From Reserve

The following table lists the functional area surplus/deficit amounts and the transfers to/from reserve to fund any surplus / (deficits).

Department/Function	Reserve / Notes	Projected Surplus/ (Deficit)	Estimated To/(From) Reserve Amount
Corporate Services	Portfolio Projected Surplus/(Deficit)	\$616,000	
	One-Time Funding Reserve		\$616,000
Planning & Community Development	Portfolio Projected Surplus/(Deficit)	\$95,300	
	Civic Addressing – Planning General Reserve		\$11,200
	Agriculture – Planning General Reserve		(\$5,500)
	Forestry and Trails – Planning General Reserve		(\$2,400)
	Economic Development – One-Time Funding Reserve		(\$14,300)
	Tourism – One-Time Funding Reserve		\$2,500
	Grey Roots – Capital Renewal and Replacements (General) Reserve		\$103,800
Human Services	Portfolio Projected Surplus/(Deficit)	\$982,100	
	Social Services – Social Services General Reserve		\$226,900
	Social Services – One Time Funding Reserve		\$57,400
	Social Services – EarlyON Centre Building Reserve		\$488,300
	Housing Operating – One-time Funding Reserve		(\$62,100)
	Housing Capital – Housing Capital Renewal and Replacements Reserve		\$14,000
	LTC – Grey Gables Operating – Grey Gables Reserve		\$28,300

Department/Function	Reserve / Notes	Projected Surplus/ (Deficit)	Estimated To/(From) Reserve Amount
	LTC- Grey Gables Capital- Grey Gables Reserve		\$3,200
	LTC – Lee Manor Operating – Lee Manor Reserve		\$288,800
	LTC- Lee Manor Capital- Lee Manor Reserve		\$14,000
	LTC – Rockwood Terrace Capital – Rockwood Terrace Reserve		\$8,400
	LTC – Redevelopment – LTC Redevelopment Reserve		(\$35,100)
	Paramedic Services – One-Time Funding Reserve		(\$50,000)
Transportation Services	Portfolio Projected Surplus/(Deficit)	(\$104,300)	
	Transportation Services - General Capital Reserve		(\$104,300)
Total Surplus/(Deficit)		\$1,589,100	\$1,589,100

Transfers To Reserve

The following table lists the functional area transfers to reserve to fund projects that were budgeted in 2022 and have been carried forward in the 2023 approved budget.

Department/Function	Reserve / Notes	Projected Transfer to Reserve	
Human Services	Housing Capital (deferred capital projects funded from 2022 levy) – Housing Capital Renewal and Replacements Reserve		\$320,000

Corporate Services

The Corporate Services surplus is due to multiple factors. There is savings due to salary and benefit gapping in the CAO, Emergency Management, HR, Legal, IT and Finance departments from staff movement and vacancies. Additionally, a small surplus is being projected for the Communications Department as there are fewer expenses than anticipated related to printing, internet, and radio advertising.

Staff anticipates that Council will end the year with a surplus of \$57,400. 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, along with the cancellation of the Warden's Banquet.

Preliminary estimates from the lower-tier municipalities are forecasting a projected surplus for supplementary taxation and write-offs due to more supplementary billings and less write-offs than estimated, resulting in an estimated surplus of \$561,900. The budget each year is calculated using MPAC's Preliminary Review for new assessment for supplemental billings and a five-year historical average for write-offs.

It is expected that the Provincial Offences budget will end the year with surplus of \$110,800 after cost sharing with Bruce County due to more ticket revenue than anticipated.

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 \$718,600 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. Because any additional interest revenue is transferred into the One Time Funding Reserve, it does not factor into the surplus/deficit calculation for Corporate Services.

Although there are significant surpluses within Corporate Services, there are also some notable deficits as well. The Weekly Indemnity (Short Term Disability) and Workers' Compensation budgets are self-insured plans and are both projected to end the year in a deficit position. The Weekly Indemnity costs are anticipated to end the year with a deficit of \$75,800. The Workers' Compensation budget is projecting a year-end deficit of \$420,900. 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.

Within the Capital Budget, the Fire Radio Communications project is now complete and resulted in a project shortfall of \$140,400. This shortfall is due to more engineering expenses than budgeted as well as the purchase of some additional equipment that was needed outside the scope of the original project. The project, up to the budgeted amount, is funded from the Municipal Modernization Funding and the Connected County Reserves. The deficit will be funded from the Corporate Services surplus.

The projected surplus and deficits from the various departments within Corporate Services results in an overall estimated surplus of \$616,000. Staff recommends that any surplus from Corporate Services be transferred to the One Time Funding Reserve and be used to repay a portion of the funds used in 2021 to pay off the Golden Town mortgage.

Planning and Community Development

The Planning operating and capital budgets are expected to end the year with an overall surplus of \$3,300. The Civic Addressing department is expected to have a surplus of \$11,200 which can be attributable to less spending than expected on signage. This surplus is recommended to be transferred to the general planning reserve. The Agriculture operating budget is expected to have a \$5,500 deficit. The Forestry and Trails operating budget is expected to have a deficit of \$2,400 which can be attributable to higher than anticipated costs from Grey Sauble Conservation Authority.

Staff are recommending that the net surplus of \$3,300 be transferred to the Planning General Reserve.

The Economic Development and Tourism Operating budget is expected to end the year with a combined projected deficit of \$11,800. This deficit can be attributed to higher than anticipated maintenance costs

at Sydenham Campus, as well as fuel surcharges that are expected to result in a \$7,100 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. Staff are recommending that the deficit from Economic Development and Tourism be funded from the One Time Funding Reserve.

Grey Roots is projecting a \$103,800 surplus for 2022. This surplus is comprised of operating surplus slightly offset by capital deficits.

The operating surplus is mainly due to staff vacancies and staffing changes. Cleaning contract costs were also lower than budget by \$14,100 as a result in decreased COVID19 cleaning requirements. In addition, revenues from general admissions and retail sales were higher than budgeted.

A capital deficit of \$16,000 is estimated due to the fabrication cost of the general store cabinets. This overage was anticipated and planned to be funded from operating surplus.

Human Services

Ontario Works is expected to end the year with an estimated \$284,300 surplus. This includes a \$4,000 under-expenditure in the Social Assistance Non Shareable expense line for senior dentures. The remaining \$280,300 surplus is expected in the Ontario Works Administration and Employment Support budgets due to operating savings throughout the year.

Early Learning and Childcare is expected to end the year with an estimated \$488,300 surplus. Approximately \$164,200 of this surplus is expected in the EarlyON and Early Years Planning budgets due to operating savings. The remaining estimated surplus of \$324,100 is anticipated in the Childcare Fee Subsidy budgets due to the 25% reduction in childcare fees that is now being expensed and funded through the new CWELCC (Canada Wide Early Learning and Child Care) program.

Housing is projecting an operating and capital deficit of \$48,100. The Housing operating budget is expected to have a deficit of \$62,100. The primary drivers of the deficit are snow removal and repairs and maintenance to buildings. These overages are offset by savings in salaries and benefits due to staff vacancies as well savings in the amount of support provided to not-for-profit housing providers in 2022. The capital budget is expected to be \$14,000 under budget, primarily due to a \$50,000 roofing project not completed in 2022 and not included in the 2023 budget. These savings are offset by increased costs of renovating family units after tenant move outs. Five capital projects totaling \$320,000 were not completed in 2022 and were included in the 2023 budget. Staff recommends the funds for these projects be transferred to the Housing Capital Renewal and Replacements Reserve.

Grey Gables is projecting a \$28,300 surplus in 2022. This surplus is largely due to vacancies within the Nursing Personnel care department lines. Capital is projected to have a \$3,600 surplus. This is due to recurring replacement projects coming in under budget.

Lee Manor is projecting a \$288,800 surplus in 2022. This surplus is largely due to vacancies within the nursing and personal care lines along with vacancies in program support services. There is a \$14,000 projected capital surplus from awarded projects.

Rockwood Terrace operating budget is projecting to be on target for 2022. Capital is projecting an \$8,400 surplus due to limited replacement of items due to wear and tear and overall restraint in spending with the redevelopment moving forward.

The Rockwood Terrace redevelopment project costs in 2022 are expected to exceed budget by \$35,100; the budget was developed based on best estimates of cash flows for the year. The shortfall will be covered by the Rockwood Terrace Redevelopment Reserve.

Paramedic Services is projecting a deficit of \$50,000. The deficit is created primarily by vehicle operations including fuel and maintenance being over budget by \$170,000. Additionally, supply chain issues have caused medical supplies and medications to be \$60,000 over budget. These overages are offset by savings in salaries in benefits caused from staff vacancies, and lower than budgeted enrolment in OMERS and group benefits. The capital budget will end the year on target.

Transportation Services

Transportation Services is projecting a \$104,300 deficit in 2022. This deficit is comprised of an operating deficit offset by capital surplus.

The more significant reasons for the operating deficit are from overages in fuel, vehicle parts for maintenance, and winter materials. Fuel is projected to be over budget by \$433,100, vehicle parts for maintenance over budget by \$49,000, and winter materials over budget by \$97,000. Winter Maintenance salaries and wages are also projected to be over budget due to increased staff and overtime requirements.

The capital surplus is mainly due to the cancellation of the Structure 13-092 Fibre Wrap project that was budgeted for \$520,200 but does not need to be completed or need to be deferred to a future year. Detailed structural testing and monitoring determined that a fibre wrap was not necessary for this structure.

Donation Transfers to Reserve

The following table lists the unbudgeted transfers to reserve that have been donated to be used for a specific purpose.

Department/Function	Reserve / Notes	Estimated Amount
Grey Gables	Grey Gables Donations Reserve	\$6,000
Lee Manor	Lee Manor Donations Reserve	\$5,200
Rockwood Terrace	Rockwood Terrace Donations Reserve	\$9,100

Legal and Legislated Requirements

The Treasurer appointed by the municipality is responsible for providing council with information with respect to the financial affairs of the municipality. This report gives staff the authority to transfer surplus funds into reserve, or fund shortfalls out of reserve, as required by the 2023 budget.

Financial and Resource Implications

The information contained in this report details the non-budgeted transfers to/from reserves for use in the 2023 budget or for future expenses.

Relevant Consultation

- Internal: Departmental Managers and Senior Management Team
- External

Appendices and Attachments

[Reserve and Reserve Fund Policy](#)