Committee Report

To: Warden and
Members of the Corporate Services Committee

From: Edward Henley
Director of Corporate Services

Date: December 1, 2022

Re: Third Quarter 2022 Financial Statement Review

Staff Recommendation:

The Third Quarter 2022 Financial Statement Review Report is for information.

Background:

The purpose of this report is to identify emerging areas of concern which will be monitored closely to ensure mitigating steps are taken where possible. Forecasts are calculated based on previous spending patterns in comparison to the current year's spending to date and budget, incorporating known events which may alter the spending pattern. Currently the forecast is projecting a yearend deficit of $86,083. This represents an improvement from the last report to committee on September 1st, which forecasted a $345,957 deficit.

The current spending reflects ongoing impacts of the COVID-19 Pandemic. This report estimates the potential impacts on the yearend projected financial position, including known information, and making assumptions about continued costs and funding. At this time plans have been developed to utilize Safe Restart Funding to mitigate impacts in case sufficient additional funding is not received. While sufficient to mitigate the 2022 impacts, if no further funding is received there will be minimal funds remaining to offset continued implications in 2023.

Vacancies throughout the organization have resulted in Salaries and Benefits surpluses in many departments. In some cases, in order to ensure the continued and safe provision of services, the county utilized external consultants and agency staff to provide services. These external resources are generally being provided at an increased cost and are anticipated to absorb any anticipated savings created by vacancies.

Staff will continue to take mitigating steps to limit the projected deficit and make best possible use of the available funding dollars. As final numbers are calculated the Corporate Services team will bring forward recommendations to offset any remaining deficit with available mitigation reserves, including the use of the Safe Restart Reserve, Winter Controls Reserve, and prior year surplus reserves where applicable.

The next update will be prepared for the period ending December 31, 2022 and presented to the Corporate Services Committee in early 2023 in advance of the audited financial statement presentation.

OFFICE OF THE CAO ($42,840 surplus forecasted at yearend)

- Legal Fees are currently projecting a surplus of $27,500 as the settlement of the land claim with Saugeen Ojibway Nation is substantially complete.
- Salaries and Benefits are projected to incur a deficit of $53,000 mainly as a result of overlap of the CAO position early in the year.
- Council Expenses are projected to be approximately $39,000 under budget due to virtual meetings in the first quarter of the year and reduced conference spending.
- Professional Services in Strategic Initiatives is projected to be $24,000 under budget.

HUMAN RESOURCES ($40,908 deficit forecasted at yearend)

- Salaries and Benefits are trending toward a $10,000 surplus which is being offset by a projected deficit of $16,000 resulting from additional consultant and recruitment costs due to vacancies at the start of the year.
- Legal fees is projecting a deficit of $31,000 based on current trend.
- Current projections suggest that the Health and Safety Program will see a surplus of $41,000 largely due to salaries and benefits, reducing the transfer from reserve.

LONG TERM CARE ($414,115 projected deficit)

- At this time, funding announcements have been received related to updated per diem rates. The ministry has announced there will be no resident acuity adjustment for the 2022/2023 funded year. Funding has been revised to factor in this new information.
- Pandemic related funding reflects what has been announced to date, as not further funding beyond this has been suggested at this time. The Ministry has indicated an expectation that LTC homes will begin to decrease pandemic spending despite continued outbreaks. If additional pandemic funding is not sufficient to cover expenses, Safe Restart funding will be considered in 2022.

Senior Services ($53,916 projected surplus)

- The 2022 budget had included a proportion of the Director's salaries and benefits be applied to new programs, but the continued impact of the Pandemic and staffing changes have meant this was not possible in 2022. Costs have been assigned to the two long term care facilities to align with how time was spent.

Brucelea Haven ($439,607 deficit forecasted at yearend)

- Emergency funding of $925,000 has been received. These funds are being used to offset projected labour and outbreak supplies costs of $1,200,000 and $132,000 respectively. The overage of $407,000 will be covered by Safe Restart Funding if no further funding is received.
- The preferred portion of resident accommodation fee is projected to fall short of budget and generate a deficit of approximately $52,000 by yearend.
- Funding announcements related to per diems resulted in a surplus of $77,000.

- The resident acuity adjustment being cancelled for the year had resulted in a $36,000 revenue reduction from budget.
- Salaries and Benefits across divisions (excluding Nursing) are generating a surplus of $191,000 as a result of not being able to fill all shifts.
- Nursing is projecting a $617,000 deficit in the program overall.
    - Salaries and benefits are projecting a surplus of $716,000 but the use of agency staffing to provide coverage more than offsets this at an estimated cost of $1,120,000.
    - The county's portion of projected high needs expenditures reflects a deficit of $131,000 The province reimburses up to 95% of cost.
- Other Accommodation programs are projecting a surplus of $49,000 in maintenance.
- Raw food is trending toward a $70,000 deficit based on average weekly spending and is being monitored closely, however supply chain issues and inflation are putting extreme pressure on this budget.

Gateway Haven ($28,424 deficit forecasted at yearend)

- Emergency funding of $696,000 has been received. These funds are being used to offset projected labour and outbreak supplies costs of $677,000 and $267,000 respectively, creating a projected deficit of $248,000, which could be offset by Safe Restart funding if no further funding is received.
- The preferred portion of the resident accommodation fee is currently projected to generate a deficit of approximately $9,000 by yearend.
- Funding announcements related to per diems resulted in a surplus of $53,000.
- The resident acuity adjustment being cancelled for the year had resulted in a $95,000 additional revenue compared to budget.
- Salaries and Benefits across divisions (excluding Nursing) are generating a surplus of $167,000 due to not being able to fill all shifts and vacant Administrative positions.
- Spending on professional services to support the department during vacancies were unbudgeted and are projected to create a $164,000 deficit.
- Legal expenditures were unbudgeted and are projected to create a $85,000 deficit.
- Nursing is projecting a $61,000 deficit in the program overall.
    - Salaries and benefits are projecting a surplus of $1,180,000, and the use of agency staffing to provide coverage offsets this at an estimated cost of $1,222,000.
- Raw food is trending toward a $72,000 overage based on average weekly spending and is being monitored closely, however supply chain issues and inflation are putting extreme pressure on this budget.

PARAMEDIC SERVICES ($372,715 deficit forecasted at yearend)

- Annual funding increase of $89,000 from the ministry above budget.
- Salaries and benefits are trending towards a deficit of $360,000 for the department largely related to sick time and overtime worked to backfill shifts.
- Fuel costs are projecting a deficit of $136,000 due to higher pricing.
- Medical supplies are trending towards a deficit of $60,000.

MUSEUM ($151,608 surplus forecasted at yearend)

- Admission and membership revenues are on track with budget for 2022.
- Salaries and benefits are currently projecting a $98,000 surplus as a result of several vacancies and new staff placement lower on the salary grid.
- The COVID Relief Grant has been used in the first quarter for pandemic related expenditures including supporting basic operations such as salaries, utilities, building maintenance and insurance in the amount of $86,000, which increases the surplus.
- Current legal bills related to 254 High Street are $152,000 up to the end of September. These costs were unbudgeted. In the third quarter Council approved redirecting the budgeted county contribution to the Community Wing Reserve to offset these costs in the amount of $100,000. Additional costs related to the claim are not determinable at the present time.

TRANSPORTATION & ENVIRONMENTAL SERVICES ($409,976 deficit forecasted at yearend)

- Administration is projecting a $288,000 surplus driven by surpluses in salaries, benefits due to temporary vacancies, and equipment usage related to fewer vehicle hours being charged. Spending on Training has also been below budgeted levels.
- Fuel costs are projecting a deficit of $374,000 as a result of rising prices.
- Winter Control is currently projecting a deficit of $558,000 because of higher-than-expected staffing and equipment hours for snow plowing and sanding in the first quarter of 2022. This deficit is dependent on the severity of the start of the 2022/2023 winter season and could be all or partially offset by the county's winter controls reserve if necessary.
- Traffic & Roadside Operations is projecting a deficit of $54,000 based on work completed to date and the prior year's trend. This is being monitored to stay on budget where possible, except for emergency cleanup work as required.
- Road Maintenance is trending to be $292,000 surplus as more staff time was allocated to other functions, specifically Winter Controls and Roadside Operations.
- No Capital projects has been identified as at risk of going over the 2022 budget, many of the projects are projected to be carried over into 2023.

CORPORATE SERVICES ($1,306 surplus forecasted at yearend)

- A variety of accounts are forecasting small surpluses/deficits.

INFORMATION TECHNOLOGY ($22,146 surplus forecasted at year-end)

- A variety of accounts are forecasting small surpluses/deficits.

LIBRARY ($133,728 surplus forecasted at yearend)

- Salaries and benefits are projecting a $111,000 surplus due to vacancies and new staff in the department.

- A variety of lines are projecting small surplus/deficits, that are mostly offsetting.

HUMAN SERVICES ($362,345 surplus projected at yearend)

- Housing Services is forecasting a $10,000 surplus, mainly driven by a salaries and benefits surplus.
- Housing Facilities Program is trending towards a $60,000 surplus.
    - $679,000 in costs incurred related to the fire at 401 Cayley Street are expected to be offset by insurance proceeds.
    - Rental income is projected at a $169,000 deficit at year end.
    - $106,000 surplus expected in long term debt repayments due to interest only payments required on the new build loan up until September 1, 2022.
- Income & Employment Support Programs are trending towards a $165,000 surplus, mostly due to a surplus in salaries and benefits in administration.
- Children's Services Programs are projecting a $127,000 surplus mostly related to Salaries and Benefits savings in both administration and programming.

LAND USE PLANNING and ECONOMIC DEVELOPMENT ($278,105 surplus projected at yearend)

- Land Use Planning is trending towards a total surplus of $195,000. Planning revenues are anticipating a surplus of $128,000. Planning salaries and benefits are currently projecting a surplus of $157,000 due to vacancies, which is being partially offset by a deficit in consulting of $112,000 to help deliver services.
- An anticipated surplus in the Economic Development division of $83,000 is mostly due to a surplus in salaries and benefits.

EMPLOYMENT SERVICES

- At this time spending is being managed within the available funding.

NON-DEPARTMENTAL ($159,553 surplus projected at yearend)

- Payments in lieu and supplementary taxes are estimating a surplus of $87,000.
- Tax write-offs are projecting a $113,000 deficit based on the average of actual results for the past three years.
- Rising interest rates have created a projected surplus in interest income of $385,000, and an additional offsetting cost of $382,000 for interest transferred to reserves.
- Municipal Property Assessment Corporation (MPAC) assessment services are estimating a $97,000 surplus.
- Facilities is anticipating a surplus of $83,000 overall, mainly related to lower than budgeted spending to date at the Cayley Street facility.

Financial/Staffing/Legal/IT Considerations:

There are no staffing, legal or IT considerations associated with this report.

Interdepartmental Consultation:

Departments have received their September financial statements and have met with the Financial Analysts for detailed reviews.

Link to Strategic Goals and Elements:

None identified.

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Departmental Approval:
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Approved for Submission:

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