Committee Report

To: Warden Chris Peabody and
Members of the Corporate Services Committee

From: Edward Henley
Director of Corporate Services

Date: August 3, 2023

Re: Second Quarter 2023 Financial Statement Review

Staff Recommendation:

The Second Quarter 2023 Financial Statement Review Report is for information.

Background:

The purpose of this report is to identify emerging budget variances which will be monitored to take mitigating steps where necessary. 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 surplus of $952,807, or approximately 0.65% of annual budgeted expenditures. This represents an improved financial projection from the last report to committee on June 1st, which forecasted a $103,463 deficit. Since the last report, adjustments have been made to the agency spending trend and related Salaries and Benefits projections, as well as incorporating further funding announcements.

At this time COVID 19 mitigation funding from the provincial ministries has ended and plans have been developed to reduce ongoing spending and utilize Safe Restart Funding to temporarily mitigate ongoing impacts. The county has approximately $1 million in Safe Restart Reserves available and are reviewing proposals within the eligibility criteria.

Continued vacancies in the first two quarters of the year 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 the majority of anticipated savings created by vacancies. Staff will continue to take mitigating steps to control unbudgeted expenses and make best possible use of the available funding dollars.

The next update will be prepared for the period ending September 30, 2023 and presented to the Corporate Services Committee in early November.

OFFICE OF THE CAO ($54,845 surplus forecasted at yearend)

- Salaries and Benefits are projected to incur a surplus of $48,000 mainly because of a position vacancy early in the year and a projected surplus for Council.

HUMAN RESOURCES ($116,600 surplus forecasted at yearend)

- A Salaries and Benefits surplus of $96,000 is mainly the result of vacancies and new staff placement lower on the salary grid.
- A delay in receiving funding for Covid-19 paid leave resulted in a $9,000 surplus.
- Current projections suggest that the Health and Safety Program will see a net surplus of $28,000 largely due to supplies and materials savings. Impacts of additional consultant services are still pending.

LONG TERM CARE & SENIOR SERVICES ($465,227 projected deficit at yearend)

- Increased per diem funding as well as resident acuity adjustments were announced in April and have been factored into this projection.
- Pandemic related funding ended as of March 31. On June 27 the Ministry announced full funding of first quarter pandemic expenses.
- BSO (Behavioural Supports Ontario) spending for both homes is being monitored to ensure that all available funding is being utilized where possible.
- Recent changes in agency contracts and staffing models under Staffing Supplement (4 Hours of Care) funding program have caused major fluctuations in the projected numbers. With these changes reviews are underway to determine best approaches to increasing the hours of care given the heavy reliance on agency staffing.

Brucelea Haven ($406,956 surplus forecasted at yearend)

- Pandemic funding of $176,000 has been confirmed for expenditures incurred to March 31. These funds will be used to offset labour and outbreak supplies costs of $158,000 and $18,000 respectively.
- The preferred portion of resident accommodation fee is projected to fall short of budget and generate a deficit of approximately $15,000 by yearend.
- Funding announcements related to per diems resulted in a surplus of $108,000.
- The resident acuity adjustment results in a $59,000 revenue reduction from budget.
- Salaries and Benefits across divisions (excluding Nursing) are generating a surplus of $51,000 as a result of not being able to fill all shifts and staffing changes.
- Nursing is projecting a $380,000 surplus in the program overall.
    - Agency staffing is unbudgeted and projected at an annual cost of $1.7 million. This is being offset by Salaries and benefits surplus of $1.3 million for the vacant shifts. There is also an additional $794,000 of unbudgeted Staffing Supplement funding from the province which is currently being held to offset agency costs.

    - The county's high needs expenditures reflects a deficit of $50,000. The province reimburses up to 95% of cost, but the county must cover the remaining amounts.
- Other Accommodation programs are projecting a deficit of $30,000 in maintenance and supplies.
- Nutritional Support (formerly Raw Food) is trending toward a $40,000 deficit at year end based on average weekly spending, which is partially offset by the increased per diem mentioned earlier.

Gateway Haven ($887,410 deficit forecasted at yearend)

- Pandemic funding of $97,000 has been confirmed for expenditures incurred to March 31. These funds will be used to offset labour and outbreak supplies costs of $84,000 and $13,000 respectively.
- The preferred portion of resident accommodation fee is projected to fall short of budget by approximately $84,000 by yearend.
- Funding announcements related to per diems resulted in a surplus of $74,000.
- The resident acuity adjustment results in a $4,000 revenue increase from budget.
- Salaries and Benefits across divisions (excluding Nursing) are generating a projected surplus of $222,000 as a result of not being able to fill all shifts.
- Nursing is projecting a $811,000 deficit.
    - Unbudgeted agency staffing costs are projected at $2.8 million for the year. This is being partially offset by reduced salary and benefit costs of $1.45 million. There is also an additional $576,000 of unbudgeted Staffing Supplement funding from the province which is currently being held to offset agency costs.
    - Incontinence and medical and nursing supplies costs are trending to an overspend of $40,000.
- Other Accommodation programs are projecting a deficit of $63,000 in maintenance, supplies and utilities costs.
- Nutritional Support (formerly Raw Food) is trending toward a $60,000 deficit at year end based on average weekly spending, which is partially offset by the increased per diem mentioned earlier.

Senior Services ($15,227 surplus forecasted at yearend)

- The full rollout of this program has yet to materialize due to the need to focus efforts on Long Term Care due to staffing shortages.

PARAMEDIC SERVICES ($204,486 surplus forecasted at yearend)

- Long term debt interest is estimating a surplus of $150,000 due to delayed project timing and loan draws for Port Elgin Paramedic Station compared to budget.
- Insurance is estimating a $40,000 surplus which is offset by deficit in Transportation due to cost allocation adjustment.
- Cross border billing is estimating a $18,000 surplus.
- Salaries and benefits are projecting a surplus of $20,000.

- Medical supplies are forecasting a $50,000 deficit which is partly offset by $13,000 COVID-19 funding.

MUSEUM ($28,511 surplus forecasted at yearend)

- Admissions, memberships, and programming revenues are trending to a surplus of $12,000 based on early patterns.
- Salaries and benefits are currently projecting a $15,000 surplus.
- Current spending patterns suggest utilities and maintenance of building and grounds will combine to be $33,000 overbudget.
- Insurance and other operating expenses are combining to a $16,000 surplus.
- Ongoing Services are projecting a $34,000 surplus related to Children's Programs, Student Education and Gift Shop revenues.
- Current legal bills related to the planned archives expansion are $23,000 up to early May. Staff continue to monitor the situation and ongoing expenses.

TRANSPORTATION & ENVIRONMENTAL SERVICES ($305,057 surplus forecasted at yearend)

- Administration is projecting a $133,000 deficit driven by deficits in salaries and benefits, equipment usage and insurance.
- Paisley shop maintenance has incurred a deficit of $11,000 in unbudgeted repairs.
- Winter Control is currently projecting a surplus of $386,000 because of lower-than-expected staffing and equipment costs for snow plowing and sanding in the first quarter of 2023. This number is subject to change dependent on the severity of the start of the 2023/2024 winter season.
- Paved roads maintenance is trending to a surplus of $30,000 across various activities.
- Spending on culvert maintenance is trending to a surplus of $36,000 based on activity.
- Line Painting and Brushing are combining to a $41,000 deficit based on Q2 activity.
- Forestry & Trails are projecting a surplus of $29,000 across various expenditures.
- As of the end of the second quarter, no Capital projects had been identified as at risk of going over the 2023 budget amount.

CORPORATE SERVICES ($105,666 surplus forecasted at yearend)

- Salaries and benefits are currently projecting a $76,000 surplus because of temporary staffing vacancies and new staff placement lower on the salary grid.
- Staff-related and office-related costs are estimating a $26,000 surplus.

INFORMATION TECHNOLOGY ($142,596 surplus forecasted at yearend)

- Salaries and benefits are currently projecting a $30,000 surplus.
- Consultant/subscription-based services are forecasting a $104,000 surplus due to staffing capacity constraints.
- Wide area network is projecting a $20,000 surplus.

- Insurance is estimating a $27,000 deficit for increasing cyber insurance costs.

LIBRARY ($121,517 surplus forecasted at yearend)

- Revenues are forecasting a $26,000 surplus.
- Vehicles related costs are estimating a $18,000 surplus due to Bookmobile delays.
- Salaries and benefits are currently projecting a $72,000 surplus due to vacancies and new staff placement on the salary grid.

HUMAN SERVICES ($52,376 surplus projected at yearend)

- Housing Services is forecasting a $46,000 surplus.
    - $174,000 surplus forecasted in salaries and benefits.
    - Homelessness Prevention Program was overspent by $48,000 for the 2022/23 fiscal year.
    - Ontario Priorities Housing Initiative Homeownership Program was overspent by $59,000 for the 2022/23 fiscal year.
    - Legal costs are estimating a $10,000 deficit.
- Housing Facilities Program is trending towards a $159,000 deficit.
    - $137,000 in costs incurred to date related to the fire at 308 John Street are expected to be offset by insurance proceeds.
    - Net rent related income is projected at a $48,000 deficit at year end.
    - Salaries and benefits are estimating a $112,000 surplus mainly due to the new painter position being vacant. This has led to an offsetting $98,000 deficit in contract painting costs.
    - Utilities are projecting a $108,000 deficit while property taxes have a forecasted $30,000 surplus.
    - Insurance costs are projected at a $35,000 deficit.
- Income & Employment Support Programs are trending towards a $115,000 surplus. There is a projected surplus in admin of $103,000 mostly due to a surplus in salaries and benefits. Indigent funerals are currently predicting a $12,000 surplus.
- Children's Services Programs are projecting a $38,000 surplus, mainly due to salaries and benefits.

LAND USE PLANNING and ECONOMIC DEVELOPMENT ($137,695 surplus projected at yearend)

- Land Use Planning is trending towards a total $23,000 surplus.
    - Revenues are trending toward a $83,000 surplus due to increased volumes.
    - Planning salaries and benefits are currently projecting a surplus of $63,000 due to vacancies, which is offset by a projected deficit of $90,000 in consulting services to provide coverage and meet deadlines.
    - Legal and professional services are projecting a $55,000 deficit.
- There is an anticipated surplus in the Economic Development division of $115,000.
    - Small surpluses in Salaries and Benefits and Advertising total $29,000.

    - Business Sustainability loan repayments are projecting a surplus of $79,000 as loan payback experience continues to be strong.

EMPLOYMENT SERVICES

- Spending is currently being managed within the available funding.

NON-DEPARTMENTAL ($148,685 surplus projected at yearend)

- Property Taxes
    - Payments in lieu and supplementary taxes are estimating a surplus of $272,000.
    - Tax write-offs are estimating a $78,000 deficit.
    - We have not projected the impact of estimated supplementary taxes and write-offs due to limited information available.
- Interest income is estimating a $949,000 surplus based on market returns, which is offset by a forecasted $983,000 deficit for Interest transferred to reserves for higher than anticipated reserve balances due to continued carryovers of projects.
- POA Revenues are trending toward a $88,000 deficit. Over the last two years this shortfall has been offset by Safe Restart funds but is now being absorbed by the corporate surplus. The reduced revenues will be factored into future budgets.
- Municipal Property Assessment Corporation (MPAC) assessment services are estimating a $22,000 surplus.
- Facilities is anticipating a surplus of $90,000, mainly related to lower than budgeted spending to date at the Cayley Street facility and higher lease renewal revenue.
- Public Health Transfer is $37,000 higher than budgeted.

Financial/Staffing/Legal/IT Considerations:

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

Interdepartmental Consultation:

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

Link to Strategic Goals and Elements:

None identified.

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