Staff Report to Council – for Information

Title: Third Quarter 2024 Financial Statement Review

From: Sam Dinsmore, Director of Corporate Services

Date: November 21, 2024

Report Number: CS-2024-044

Report Purpose:

This report is for information.

Report Summary:

Prepared following financial review with department heads, the purpose of this report is to identify variances which will be monitored closely to ensure mitigating steps are proactively 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 subsequent spending pattern. Currently the forecast is projecting a year-end surplus of approximately $2,128,990. This is the equivalent of 1.29% of annual budgeted expenditures and represents an increase from the previous quarter's projection of a $1,343,110 surplus.

The phased-in approach utilized in the implementation of the County's Development Charges means the County is legislatively required to fund the Development Charges exemptions given through the phase-in period. Based on applications processed to the third quarter of the year it is expected that approximately $1.1 million of the 2024 annual projected surplus may be needed to fund the Obligatory Reserve Funds. Staff will bring forward a recommendation at year end to fund the exemptions once numbers are finalized.

Background/Analysis:

The county continues to hold a small balance of funds from the Safe Restart funding received at the start of the pandemic. All other pandemic funding has ended. Safe Restart funds are being used to offset expenses related to the long-term impacts of the pandemic, including increased homelessness, and economic recovery for local businesses.

In the first three quarters of 2024, salary and benefit variances have been realized due to vacancies within multiple professional level positions. These vacancies, influenced by the current labour pool, market conditions and our geographic location have led to some of the positions being vacant for longer periods of time. The current challenge in attracting professional level skillsets are due to the high demand, alternate availability of employment options and skill shortages of the positions we are recruiting for. In some cases, in order to ensure the continued, timely 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 but utilization tends to be below full staffing complement which on a net basis is neutralizing the impact to the financial statements.

In 2024, there are 173 identified capital projects across the organization, including the 2023 carryover projects, and 7 additional projects added mid-year. As of the third quarter, 85 projects were in progress, 52 had been completed and 33 have been identified as being deferred to 2025. Only 4 capital projects are identified as having expenditures exceeding budget, at a total cost of $199,238. Specific plans to offset these overages with savings in other capital initiatives are in progress and being monitored by staff.

The next update will be prepared for the period ending December 31, 2024 and presented to Council in early 2025 in advance of the audited financial statement presentation.

OFFICE OF THE CAO ($21,904 surplus forecasted at year-end)

- Clerk’s office is projecting a small surplus overall.

FACILITIES ($8,439 surplus projected at year-end)

- Facilities is anticipating a surplus of $21,000 overall, mainly related to lower than budgeted spending to date at the Cayley Street facility and Peninsula Hub. Of this surplus, $14,000 is expected to be transferred to Facilities reserve at year end to help fund future Capital repairs and replacements.

HUMAN RESOURCES ($61,254 surplus forecasted at year-end)

- A salaries and benefits surplus of $40,000 is mainly the result of lower than budgeted health and retiree benefits, temporary staffing vacancies and salary grid positioning.
- Current projections suggest that the Health and Safety program is $130,000 underbudget largely due to staffing vacancies and consultant services. This will reduce the transfer from reserves and support strengthening the reserve balance.

CORPORATE SERVICES ($62,933 surplus forecasted at year-end)

- Salaries and benefits are currently projecting a $64,000 surplus because of temporary staffing vacancies and positioning on the salary grid.
- Staff-related and office-related costs are estimating a $22,000 surplus.
- Audit fees are forecasting a $16,000 deficit, and miscellaneous grants are forecasting a $10,000 deficit as a result of prior period adjustments.

NON-DEPARTMENTAL ($403,546 surplus projected at year-end)

- Payments in lieu and supplementary taxes are estimating a surplus of $572,000.
- Tax write-offs are estimating a $194,000 deficit.

- Investment income is estimated at $2,428,000 higher than budget based on market returns, which will be entirely transferred to reserves, creating no surplus impact, but helping to position reserves for future needs.
- Public Health Transfer is $25,000 lower than budgeted.

GOVERNMENT RELATIONS ($5,536 deficit forecasted at year-end)

- A variety of accounts are forecasting small offsetting surplus/deficits.
- The Employment Services division spending is currently being managed within the available funding.

INFORMATION TECHNOLOGY ($82,815 deficit forecasted at year-end)

- Subscription costs are forecasting a $125,000 surplus which is offset by a $193,000 deficit projected in consulting costs related mainly to cloud migration.
- Salaries and benefits are projecting a $65,000 deficit.
- Office equipment contracted services and wide are network are estimating a combined $37,000 surplus.

HUMAN SERVICES ($97,443 surplus projected at year-end)

- Housing Services is forecasting a $88,000 surplus, mainly related to salaries and benefits.
- Housing Facilities Program is trending towards a $175,000 deficit.
    - A forecasted salaries and benefits surplus of $39,000 is driven from temporary staffing vacancies and positioning on the salary grid.
    - Insurance premiums were $50,000 higher than budgeted, and Interest costs are estimated to be over budget by $27,000.
    - Painting costs are forecasting a deficit of $131,000.
- Income & Employment Support Programs are trending towards a $122,000 surplus. There is a projected surplus in admin of $136,000 mostly due to a surplus in salaries and benefits. Indigent funerals are currently predicting a $14,000 deficit.
- Children's Services Programs are projecting a $62,000 surplus, mainly due to salaries and benefits.

LONG TERM CARE & SENIOR SERVICES ($1,070,633 surplus projected at year-end)

- Increased per diem funding averaging 6.6% across the envelopes and resident acuity adjustments have been projected and are no longer held at budget.
- BSO (Behavioural Supports Ontario) spending for both homes is being monitored to ensure that all available funding is being claimed where possible.

Brucelea Haven ($431,621 surplus forecasted at year-end)

- Funding announcements related to per diems and resident acuity resulted in a surplus of $361,000.

- The preferred portion of resident accommodation fees (including Ministry reimbursement) is projected to fall short of budget and generate a deficit of approximately $46,000 by year-end.
- Salaries and benefits across divisions (excluding Nursing) are generating a surplus of $278,000 as a result of staffing changes and not being able to fill all shifts.
- Nursing is projecting a $5,000 surplus.
  - Agency staffing in excess of Staffing Supplement funding is unbudgeted and projected at an annual cost of $711,000. This is being offset by salaries and benefits surplus of $921,000 for vacant shifts.
  - The County's high needs expenditures reflect a deficit of $106,000. The Province reimburses up to 95% of cost, but the County must cover the remainder.
  - Medical and nursing supplies and outbreak supplies could see a deficit of $116,000.
- Nutritional Support is trending toward a $110,000 deficit at year end based on average weekly spending, which is partially offset by the increased per diem mentioned earlier.

Gateway Haven ($636,789 surplus forecasted at year-end)

- Funding announcements related to per diems and resident acuity resulted in a surplus of $247,000.
- The preferred portion of resident accommodation fees (including Ministry reimbursement) is projected to fall short of budget and generate a deficit of approximately $70,000 by year-end.
- Salaries and benefits across divisions (excluding Nursing) are generating a projected surplus of $160,000 as a result of not being able to fill all shifts.
- Nursing is projecting a $349,000 surplus.
  - Agency staffing in excess of Staffing Supplement is projected at $1.1 million for the year, which is offset by reduced salary and benefit costs of $1.55 million.
  - The county's high needs expenditures reflect a deficit of $65,000. The province reimburses up to 95% of cost, but the county must cover the remainder.
  - Medical and nursing supplies, outbreak supplies and equipment maintenance costs are trending to an overspend of $41,000.
- Nutritional Support is trending toward an $19,000 deficit at year end based on average weekly spending, which is partially offset by the increased per diem mentioned earlier.

Senior Services ($2,224 surplus forecasted at year-end)

- There are small surpluses in Salaries and Benefits related to time allocation between programs.

PARAMEDIC SERVICES ($392,777 surplus forecasted at year-end)

- Annual funding from the ministry is $370,000 above budgeted expectations.

- Salaries and benefits are currently projecting a $287,000 surplus which will be partly offset by eliminating the $270,000 budgeted transfer from reserve to offset increased salaries, and may be impacted by union negotiations.
- Staff will bring back a recommendation at year end with regards to the allocation of this surplus to best support the department.

MUSEUM ($62,798 surplus forecasted at year-end)

- Salaries and benefits are currently projecting a $14,000 surplus.
- Current spending patterns suggest utilities will be underbudget $23,000, and other operating expenses are combining to be $28,000 underbudget mostly related to lower administrative spending.

LIBRARY ($2,654 deficit forecasted at year-end)

- Revenues are forecasting a $20,000 surplus mainly related to government funding and printing charges.
- Maintenance and supplies are estimating a $12,000 deficit.
- Programs, periodicals, and public internet are forecasting a $11,000 deficit.

TRANSPORTATION & ENVIRONMENTAL SERVICES ($248,357 surplus forecasted at year-end)

- Administration is projecting a $21,000 surplus driven by increased fleet and insurance costs being offset by surpluses in utilities, shop supplies, staff training and health and safety and revenue from royalties.
- Winter Control is currently projecting a surplus of $821,000 because of lower-than-expected staffing and equipment costs for snow plowing and sanding in the first quarter of 2024, in addition to changing the type of salt used. This number is subject to change dependent on the severity of the start of the 2024/2025 winter season.
- As attention was able to shift away from Winter Controls earlier in the season, spending in other Operating categories increased and is trending as follows:
    - Road Maintenance operations are trending to a deficit of $341,000.
    - Bridges and Culverts operations are trending to a deficit of $41,000
    - Traffic and Roadside operations are trending to a deficit of $162,000.
- Forestry operations are projecting a deficit of $130,000 primarily as a result of budgeted woodlot revenue not materializing in 2024.
- Trails operations are projecting a surplus of $93,000 as a result of a staffing vacancy and unbudgeted Ministry funding.
- As of the second quarter, no Capital projects had been identified as at risk of going over the 2024 budget amount. There was one project that did not proceed as the result of the tender price being overbudget. There are 27 projects in progress and 18 completed.

LAND USE PLANNING and ECONOMIC DEVELOPMENT ($210,088 deficit projected at year-end)

- Across the department Salaries and Benefits are netting to a $77,000 deficit. Planning has experienced a surplus related to vacancies in key roles which is being used to cover the unbudgeted costs for the Community Development Officer, rather than pulling the funds from reserves.
- Land Use Planning (excluding Salaries and Benefits) is trending towards a total $181,000 deficit.
    - Revenues are trending toward a $196,000 deficit due to decreased application volumes as a function of the market absorbing recent approvals, slower growth in a higher interest rate environment, and considerable efforts by the County and local municipalities to complete targeted updates to Plans and By-laws to permit more development to occur 'as-of-right.'
    - Administrative costs are trending towards a $12,000 surplus.
- Excluding Salaries and Benefits, there is an anticipated surplus in the Economic Development division of $48,000.
    - Program funding is estimating a $85,000 surplus.
    - Administrative and staff-related costs are trending towards an $36,000 deficit.

Use of Delegated Authority – Reserve Transfers

In the third quarter of 2024 there has been one application of the Treasurer's delegated authority under the County's Reserve and Reserve Fund Policy. As per the policy's commitment to reporting quarterly on the uses of the delegated authority, the following table outlines the scenario and amount related to this reserve transfer.

Project	Description	Justification	Amount
ND-2021-008 Lakeshore Hub - Pave Parking Lot	This was a planned project originally budgeted for in 2021 but was delayed to be completed in conjunction with the paving of the Paramedic HQ parking lot.	The revision supports completing the project in year and provides efficiencies by completing while other work is already happening on site.	$21,374 from Non-Departmental-Facilities Reserve.

Financial/Staffing/Legal/IT Considerations:

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

Interdepartmental Consultation:

Departments have received their third quarter financial statements and projection and attended quarterly meetings to discuss any questions or concerns.

Link to Strategic Goals and Objectives:

The report supports the Strategic Plan Value of Good Governance.

Report Author:

Lynn Hatten, Deputy Treasurer
Angela Pilgrim, Financial Analyst
Fallon Weber, Financial Analyst

Departmental Approval:

Sam Dinsmore, Director of Corporate Services

Approved for Submission:

Sean Morphy, Deputy Chief Administrative Officer