Staff Report to Council – for Information

Title: First Quarter 2025 Financial Statement Review

From: Sam Dinsmore, Director of Corporate Services

Date: May 15, 2025

Report Number: CS-2025-020

Report Purpose:

The First Quarter 2025 Financial Statement Review Report is for information.

Report Summary:

Following a financial review with department heads, this report outlines emerging areas of concern that will be closely monitored to enable proactive measures where needed. Spending forecasts are based on previous patterns, the current year's data, and budget considerations, incorporating expected events that may influence future expenditure trends. Currently, the forecast is projecting a year-end surplus of approximately $4,500,000. This is equivalent to 2.32% of annual budgeted expenditures.

Background/Analysis:

The year-end surplus is projected at $4,500,000, representing 2.32% of the annual budgeted expenditures. This figure includes a $2,878,000 realized gain from the sale and reinvestment of principal-protected notes in early 2025. Without this gain, the adjusted year-end surplus is $1,622,000, representing 0.83% of annual budgeted expenditures. Recommendations for allocating the realized gain will be presented at year-end.

The surplus also reflects notable savings from organizational vacancies affecting salaries and benefits, as well as estimated cost reductions of approximately $500,000 achieved by switching benefit providers in 2025. The revised benefit rates will be considered in the 2026 budget process.

At this time, the County's Phase In portion of Development Charges has not been included in the surplus due to limited available data. Further details regarding the projected year-end surplus are provided on a departmental basis below.

In 2025, there are 166 capital projects across the organization, including carryover projects from 2024. By the end of the first quarter, 94 projects were underway, 9 were completed, and none were flagged as exceeding their overall budgets.

The next financial update, covering the period ending June 30, 2025, will be delivered in September.

OFFICE OF THE CAO ($82,031 surplus forecasted at yearend)

- The employee recognition program is estimated to be underbudget by $17,000 based on historical participation rates being lower than anticipated.
- Salaries and benefits are projecting a surplus of $18,000 across all activities.
- Council and Clerk's Office operating expenses are projecting a surplus of $33,000 and $16,000 respectively.

FACILITIES ($Nil surplus forecasted at yearend)

- The department is managing surpluses and deficits within budget.

HUMAN RESOURCES ($17,624 surplus forecasted at yearend)

- Salaries and benefits are projecting a surplus of $24,000.
- Surpluses are projected in conventions of $6,000 and advertising of $13,000, offset with a projected deficit in consultant services of $30,000.
- Current projections suggest that the Health and Safety program will see a surplus of $197,000 largely due surpluses in labour and consultant services. This will be offset by a decreased transfer from reserve.

LONG TERM CARE & SENIOR SERVICES ($1,196,046 surplus forecasted at yearend)

- New per diem funding rates have not been announced yet; a 2% forecast increase has been factored into this projection. Resident acuity adjustments have not been announced and remain projected 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 ($947,742 surplus forecasted at yearend)

- The preferred portion of resident accommodation fees (including Ministry reimbursement for waived co-pay and alternate level of care (ALC) programs) is projecting a deficit of $14,000.
- Salaries and benefits across divisions (excluding Nursing) are forecasting a surplus of $257,000 due to vacancies, leaves, and benefit savings.
- Nursing is projecting a $850,000 surplus in the program overall.
  - Staffing supplement funding is expected to offset tax levy funding, resulting in a $895,000 surplus in salaries and benefits.
  - Medical and nursing supplies and outbreak supplies could see a deficit of $70,000.
- Other Accommodation programs are projecting a deficit of $19,000 in maintenance and supplies, and lower than budgeted utilities costs of $28,000.
- Nutritional Support is trending toward a $113,000 deficit at year end based on average weekly spending.

Gateway Haven ($241,653 surplus forecasted at yearend)

- The preferred portion of resident accommodation fees (including Ministry reimbursement for waived co-pay and alternate level of care (ALC) programs) is projecting a deficit of $12,000.
- Salaries and benefits across divisions (excluding Nursing) are projecting a surplus of $199,000 due to vacancies, leaves, and benefit savings.
- Nursing is projecting a $73,000 surplus.
  - Agency staffing in excess of Staffing Supplement is projected at $793,000 for the year, which is offset by reduced salary and benefit costs of $1.523 million.
  - Medical and nursing supplies, outbreak supplies and equipment maintenance costs are trending to an overspend of $215,000.
  - The County's high needs expenditures reflect a deficit of $430,000. The province reimburses up to 95% of cost, but the county must cover the remainder.
- Other Accommodation programs are projecting a surplus of $37,000 in maintenance, supplies, and utilities costs.
- Nutritional Support is trending toward a $59,000 deficit at year end based on average weekly spending.

Senior Services ($6,650 surplus forecasted at yearend)

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

PARAMEDIC SERVICES ($201,239 surplus forecasted at yearend)

- Salaries and benefits are projecting a $268,000 surplus due to vacancies, leaves, and benefit savings.
- Operating costs are forecasting a $60,000 deficit mainly due to maintenance and medical supplies.
- Administrative costs are estimating a $8,000 surplus.
- Community Paramedicine program expenditures exceeded available funding by $11,000 for fiscal 2024/2025.

MUSEUM ($121,149 surplus forecasted at yearend)

- Salaries and benefits are currently projecting a $119,000 surplus as a result of vacancies and benefit savings.
- Current spending patterns suggest media relations will be $11,000 over budget, utilities $37,000 over budget, and other operating expenses are combining to be $45,000 under budget.
- Ongoing Services could see a surplus of $13,000 across the various activities.

TRANSPORTATION & ENVIRONMENTAL SERVICES ($223,871 deficit forecasted at yearend)

- Administration is projecting a $14,000 deficit.
- Winter Control is currently projecting a deficit of $420,000 because of higher-than-expected staffing and equipment costs for snow plowing and sanding in the first quarter of 2025. Depending on how severe the early months of the 2025/2026 winter season are, the Winter Controls Reserve may be considered as a possible solution to offset the deficit.
- Traffic and Roadside operations are trending to a surplus of $127,000 if costs follow the same spending pattern of 2024.
- Forestry operations are projecting a surplus of $14,000.
- Trails operations are projecting a surplus of $73,000 driven by both staffing and non-staffing related operating costs.
- Waste diversion is projecting a deficit of $26,000 if hazardous waste events follow the 2024 expenditure trend.
- Other operating programs had not yet commenced regular spring activity as of the end of March and are therefore being projected at budget.

CORPORATE SERVICES ($60,818 surplus forecasted at yearend)

- Salaries and benefits are projecting a $60,000 surplus because of positioning on the salary grid and benefit savings.

INFORMATION TECHNOLOGY ($174,390 surplus forecasted at yearend)

- Salaries and benefits are currently projecting a $145,000 surplus because of vacancies, leaves and benefit savings.
- Wide area network costs are estimating a $43,000 surplus and subscription costs are forecasting a $16,000 deficit.

GOVERNMENT RELATIONS ($131,008 surplus forecasted at yearend)

- Salaries and benefits are currently projecting a $130,000 surplus because of vacancies and benefit savings.

LIBRARY ($18,503 surplus forecasted at yearend)

- Revenues are forecasting a $9,000 surplus.
- Vehicle fuel and maintenance costs are trending towards a $8,000 surplus.
- Salaries and benefits are currently projected to have a $66,000 surplus, driven by vacancies, salary grid placement, and benefit savings. However, this surplus is balanced by a corresponding deficit in reserve transfers, originally budgeted to cover increased costs resulting from the negotiated collective agreement.

HUMAN SERVICES ($36,277 deficit projected at yearend)

- Housing Services is forecasting a $58,000 surplus, mainly due to salaries and benefits.
- Housing Facilities Program is trending towards a $260,000 deficit.
  - Net rental income is projecting a $124,000 surplus.
  - The fire claim for 308 John St. in Walkerton is expected to result in approximately $186,000 less in insurance proceeds than initially anticipated at year-end.
  - Maintenance and operating costs are forecasting a deficit of $197,000 mainly due to snow removal costs ($90,000), painting ($43,000), utilities and property taxes ($62,000).
- Income & Employment Support Programs are trending towards a $126,000 surplus. There is projected surplus in admin of $93,000 mostly due to a surplus in salaries and benefits. Indigent funerals are currently predicting a $32,000 surplus.
- Children's Services Programs are projecting a $39,000 surplus, mainly due to salaries and benefits.

LAND USE PLANNING and ECONOMIC DEVELOPMENT ($318,630 deficit projected at yearend)

- Land Use Planning (excluding salaries and benefits) is trending towards a total $197,000 deficit. Revenues are trending toward a $204,000 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'.
- Economic Development (excluding salaries and benefits) is trending towards a total $59,000 surplus, mainly due to advertising and computer software maintenance.
- Salaries and benefits across the department are trending towards a combined deficit of $181,000 and are being managed within the corporate budget.

EMPLOYMENT SERVICES ($Nil surplus forecasted at yearend)

- Spending is currently being managed within the available funding.

NON-DEPARTMENTAL ($3,075,971 surplus projected at yearend)

- Payments in lieu and supplementary taxes are estimating a surplus of $399,000.
- Tax write-offs are estimating a $51,000 deficit.
- Staff have not projected the impact of estimated supplementary taxes and write-offs due to limited information available.
- POA revenue is forecasting a $139,000 deficit due to increased costs related to additional judicial hours to address a backlog of cases. $59,000 of this deficit is related to 2024 as final POA revenues were not known until after the County's year-end financial statements were completed.

- A $2,878,000 gain was realized on the sale and reinvestment of principal protected notes.
- As of March 31st 2025, the County's investments reflect an unrealized loss of approximately $345,000. This loss does not affect the County's surplus or deficit, as it remains unrealized until the investment matures. Additionally, the principal of the investments is safeguarded, ensuring that no realized loss would ever occur if held to maturity.

Use of Delegated Authority – Reserve Transfers

In the first quarter of 2025 there were no applications of the Treasurer's delegated authority under the County's Reserve and Reserve Fund Policy.

Financial/Staffing/Legal/IT Considerations:

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

Interdepartmental Consultation:

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

Link to Strategic Goals and Objectives:

Community and Partnerships - Build a strong and inclusive community

Growth and Innovation - Promote responsible growth

Link to Departmental Plan Goals and Objectives, if any:

None identified.

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