

Committee Report

To:	Warden Milne and Members of Grey County Council
Committee Date:	April 11, 2024
Subject / Report No:	FR-CW-10-24
Title:	2023 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

1. That Council receive FR-CW-10-24 titled 2023 Year-End Transfers and approve the recommendations as contained and estimated in the report; and
2. That Council approve any surplus/deficit arising in the 2023 budget being transferred to/(from) the respective departmental reserves.

Executive Summary

The purpose of this report is to provide Council with information regarding the estimated year-end surplus/deficit amounts by functional area and to provide staff with the authority to make the following adjustments necessary to finalize the County's 2023 year-end financials:

- Year-end surplus and deficit transfers – identifies estimated surplus and/or deficit and recommends how to allocate these surplus or deficit funds.
- Year-end transfers for donations – donations received for specific purposes are recommended to be transferred to reserve to be utilized for these purposes when work is undertaken.

Background and Discussion

The financial statements have been reviewed for each functional area and projections have been made to estimate the year-end position including entries still to be made. These projections have been used to recommend the 2023 transfers to and from reserves. These transfers are estimates and will be finalized once all of the 2023 budgeted and endorsed transactions have been recorded. The Budget and Finance Committee will receive the final year-end figures when the audited financial statements are presented in June 2024.

During the course of the year, donations are received that are intended for specific purposes; these donations are required to be transferred to reserve for use when eligible work is undertaken.

The non-budgeted transfers that are included in this report are estimates at this time and the actual transfers to and from reserves may vary once all the 2023 budgeted and endorsed transfers have been completed. A link to the Reserve and Reserve Fund Policy that was adopted in 2021 is included in the Appendices and Attachments at the end of the report.

Summary

The following table summarizes the projected year-end surplus or deficits by functional area that have been estimated by Finance with input from each department. The 2023 year-end financial review projects a corporate year-end surplus of \$1,802,800. The 2023 budget required \$67,932,700 to be raised from taxation; the projected 2023 surplus represents 2.65% of the levy amount.

In 2021, staff determined that it was advantageous to pay off the balance of the Golden Town mortgage; at this time the balance of \$887,559.57 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 this amount be repaid using funds that have been transferred to the One-Time Funding Reserve from 2023 surplus and greater investment income than anticipated. This would result in the full repayment of the unfinanced amount and leave \$4,514,478 in the One Time Funding Reserve.

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

2023 Budget by Function	Projected Year-End Surplus/(Deficit)
Corporate Services	\$784,300
Planning and Community Development	\$77,000
Human Services	\$653,500
Transportation Services	\$288,000
Total	\$1,802,800

Surplus / (Deficit) Transfers To / From Reserve

Department/Function	Reserve / Notes	Projected Surplus/ (Deficit)	Estimated To/(From) Reserve Amount
Corporate Services	Portfolio Projected Surplus/(Deficit)	\$784,300	
	Finance Reserve		\$20,000
	Corporate Services - One-Time Funding Reserve		\$165,900
	Property		\$68,600
	Supplemental Taxes and Write-offs – One-Time Funding Reserve		\$529,800
Planning & Community Development	Portfolio Projected Surplus/(Deficit)	\$77,000	
	Civic Addressing – Planning General Reserve		\$13,800
	Agriculture – Planning General Reserve		\$15,700
	Forestry and Trails – Planning General Reserve		(\$500)
	Economic Development & Tourism – One-Time Funding Reserve		\$48,000
	Grey Roots – Capital Renewal and Replacements (General) Reserve		\$0
Human Services	Portfolio Projected Surplus/(Deficit)	\$653,500	
	Social Services – Social Services General Reserve		

Department/Function	Reserve / Notes	Projected Surplus/ (Deficit)	Estimated To/(From) Reserve Amount
			\$227,900
	Social Services – EarlyON Centre Building Reserve		\$343,400
	Housing Operating – Housing Capital Renewal and Replacements		(\$148,500)
	Housing Capital – Housing Capital Renewal and Replacements		\$181,400
	LTC – Grey Gables Operating – Grey Gables Reserve		(\$25,600)
	LTC- Grey Gables Capital- Grey Gables Reserve		\$82,300
	LTC – Lee Manor Operating – Lee Manor Reserve		\$0
	LTC- Lee Manor Capital- Lee Manor Reserve		\$107,000
	LTC – Rockwood Terrace Operating – Rockwood Terrace Reserve		(\$21,800)
	LTC – Rockwood Terrace Capital – Rockwood Terrace Reserve		\$104,400
	LTC – Redevelopment – LTC Redevelopment Reserve		\$0
	Paramedic Services – One-Time Funding Reserve		(\$197,000)
Transportation Services	Portfolio Projected Surplus/(Deficit)	\$288,000	
	Transportation Services Operating – General Capital Reserve		(\$353,700)
	Transportation Services Capital - General Capital Reserve		\$641,700
Total Surplus/(Deficit)		\$1,802,800	\$1,802.800

Corporate Services

The Corporate Services budget is expected to have a \$784,200 surplus which is comprised of \$850,200 operating budget surplus offset by a \$66,000 capital deficit. The budgets for corporate

departments (Clerks, CAO, Legal, Finance, Human Resources, Communications, IT and General Administration) are estimated to have operating budget surplus of \$514,000. This is comprised of savings in a number of line items including salary and benefit gapping in the Finance, Human Resources, Climate Change, Communications, Property and IT departments from staff movement and vacancies as well as the budgets for travel, training, conferences, legal fees, consulting, advertising etc.

Staff anticipates that Council will end the year with a surplus of \$38,700. The savings are due to lower travel and meal expenses and conference costs than budgeted.

The budget for Information Services (IS) is over budget by \$127,200 as the result of a change in Microsoft licensing.

Property is expected to end the year with a \$68,600 operating budget surplus and less than \$100 in capital deficit. A mild winter resulted in \$14,300 of savings in snow removal. This weather combined with energy efficient lighting installed at the administration building resulted in utility savings of \$22,000. Additional savings of \$12,600 were found in salaries and benefits due to temporary staffing vacancies. Savings in building maintenance and repairs costs combined for \$19,700.

It is expected that the Provincial Offences budget will end the year with surplus of \$191,000 after cost sharing with Bruce County due to more ticket revenue than anticipated, staffing vacancies and savings in supply lines for forms, computer support etc.

When the 2023 budget was developed, staff estimated a conservative interest rate for investments with the assumption that rates would decrease in 2023. Interest rates proved higher than anticipated and has resulted in investment income of \$1,693,400 higher than budgeted. As per the Cash and Investment Management 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 to provide funds for special one-time projects. Because additional interest revenue is transferred into the One Time Funding Reserve, it does not result in a surplus or deficit.

Supplemental taxes and write-offs are projected to end 2023 with a surplus of \$529,800, this is made up of an additional \$403,200 in supplemental taxes than budgeted and \$126,600 less in write-offs.

The budget for Grey County's contribution to the Health Unit has a shortfall of \$57,000 as the County's budget was approved prior to the Health Unit's budget.

Similar to the Health Unit, the budget for the Municipal Property Assessment Corporation (MPAC) has a shortfall of \$3,800 as the County's budget was approved prior to receiving the 2023 allocation notice from MPAC.

Although there are significant surpluses within Corporate Services, there are also some notable deficits as well. The Workers' Compensation budget is a self-insured plan and is projected to end the year in a deficit position of \$348,300. 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. The Weekly Indemnity budget, which is also a self-insured plan, is expected to end 2023 with a \$44,400 surplus.

Within the Administration departments' capital budget, there is a projected \$66,000 deficit; this is made up of \$50,800 deficit in the Clerks department and a \$15,200 deficit from the IT department. The Clerks Department Share Point project was originally budgeted in 2022 and a portion of the project was rolled forward into 2023. However, staff overestimated how much would be spent in 2022 and therefore did not roll all the remaining funds into the 2023 budget, which is causing the majority of this deficit. The project, up to the budgeted amount, is funded partly from the Document Management Reserve and a smaller amount from the One Time Funding Reserve. The IT deficit is primarily the result of a decrease in tower revenue. The capital deficit will be funded from the Corporate Services operating budget surplus.

The 2024 proposed budget included a \$20,000 transfer to the Finance Reserve for future software replacement; this was removed during the budget process. Staff recommends that of the \$784,300 surplus, \$20,000 be transferred to Finance Reserve for this purpose and the remaining surplus from Corporate Services be transferred to the One Time Funding Reserve.

Planning and Community Development

The Planning operating and capital budgets are expected to end the year with an overall surplus of \$29,000. The Civic Addressing department is expected to have a surplus of \$13,800 which can be attributable to less spending than expected on signage and purchased services. The Agriculture operating budget is expected to have a \$15,700 surplus which can be attributable to less spent on professional and consulting fees. Approximately \$9,200 of the surplus relates to payable invoice credits for 2022 that were received after the year end audit was completed and are reflected in the 2023 year-end. The Forestry and Trails capital budget is expected to have a deficit of \$500 which can be attributed to the bridge and culvert project work being slightly overbudget. Staff are recommending that the net surplus of \$29,000 be transferred to the Planning General Reserve.

The Economic Development and Tourism budget is expected to end the year with a \$48,000 surplus that is comprised by a \$42,500 operating budget surplus and a \$5,500 capital surplus. The operating surplus is made up of savings from various budget lines throughout the department, including \$37,000 in General Economic Development due to staffing vacancies throughout the year. Additionally, Sydenham Campus is projecting to end the year with a small surplus of \$5,500 due to collecting slightly more rent than budgeted and having lower than expected costs in snow removal. The Community Transportation program is expected to end the year with a small deficit of \$3,200 due to Route 6, which ended on March 31, 2023, however, all other transit routes are expected to end the year within budget. The \$5,500 capital surplus is the result of savings in the tourism sign budget. Staff recommends the surplus from Economic Development and Tourism be transferred to the One Time Funding Reserve.

Grey Roots is projecting a \$0 operating and capital budget surplus for 2023. This is comprised of \$40,800 surplus from the operating budget that was used to offset a capital budget deficit. The operating surplus of \$40,800 is mainly due to staff vacancies and staffing changes and exhibit costs that were also lower than budget. A capital deficit of \$40,800 is estimated primarily due to the cost of the flat roof replacement. This overage was anticipated and planned to be funded from operating surplus and an additional \$17,200 from the General Reserve as approved in EDTC-CW-08-23.

Human Services

Ontario Works is expected to end the year with an estimated \$227,900 surplus. An over-expenditure in the Social Assistance Non Shareable funeral line is offset with an under-expenditure in senior dentures, resulting in a net levy savings of \$3,500. The remaining \$224,400 surplus is expected from the Ontario Works Administration budget with \$154,300 of this amount from staff vacancies that occurred throughout the year. The remaining surplus is attributed to savings in staff travel and training, office supplies, computer support, cleaning services and lower expenses in the Ontario Works client stability supports program.

Early Learning and Childcare is expected to end the year with an estimated \$343,400 surplus. Approximately \$128,900 of this surplus is from the EarlyON budget and results from salaries reallocated to the Childcare and Early Years Workforce Funding budget, lower costs for contract staffing that covered vacancies, savings in staff travel and training, building maintenance and cleaning services at the Hanover EarlyON building as well as lower than budgeted operating costs. The remaining estimated surplus of \$214,500 is anticipated in the Administration budget due to the use of one-time transitional funding that offsets the change in the cost share for administration and savings from the transfer of costs for fee subsidy to the CWELCC (Canada Wide Early Learning and Child Care) budget that is 100% provincially funded.

Housing is projecting an operating and capital surplus of \$32,900. The Housing operating budget is expected to have a deficit of \$148,500. The primary driver of the deficit is an overage in the Homelessness Prevention Program for January 1 to March 31, 2023, totaling \$427,000. During this time Housing had not received their increased grant and Social Services Relief Fund (SSRF) funding was no longer available creating a deficit in emergency shelter spending for the three winter months. The administration and property budgets combine for an overall deficit of \$34,600. Significant overages in building repairs and utilities were offset by savings in property taxes, increased tenant revenues and increased admin funds for programs. The new 14th Street Supportive Housing building is estimated to have an operating deficit of \$19,800 due to occupancy not starting until December 2023, resulting in less rental revenue offsetting operating costs. Non-Profit Housing is under budget by \$332,900 due to agreements and mortgages ending mid-year as well as excess subsidies being repaid by providers resulting from their annual information returns. The capital budget has a \$181,400 surplus, primarily due to provincial funding being utilized to fund projects that were budgeted from levy. Three levy funded capital projects totaling \$110,000 were not completed in 2023. Staff recommends the funds for these projects be transferred to the Housing Capital Renewal and Replacements Reserve as the projects are now scheduled for 2024.

Grey Gables is projecting to a \$56,700 surplus that is comprised of a \$25,600 operating budget deficit offset by a \$82,300 capital surplus. Comprehensive minor capital funding was provided by the province after the 2023 budget was approved and eligible projects that were budgeted as funded from levy were completed using this funding.

Lee Manor is projecting to a \$107,000 surplus from capital and no surplus or deficit for the operating budget. Similar to Grey Gables, there is a \$107,000 projected capital surplus from awarded projects that is the result of comprehensive minor capital funding being used to offset planned levy funded capital projects.

Rockwood Terrace is projected to have a \$82,600 surplus; the \$21,800 operating budget deficit is offset by surplus of \$104,400 from the capital budget. The capital budget was assisted by comprehensive minor capital funding along with provisional funds for building repairs not being required in the year.

The Rockwood Terrace redevelopment project costs in 2023 are lower than budgeted by \$7,927,153; the budget was developed based on construction beginning in 2023 and best estimates of cash flows for the year. Project costs are funded from the Rockwood Redevelopment Reserve and therefore there is no surplus or deficit for this budget.

Paramedic Services is projecting an operating deficit of \$197,000. The deficit is created primarily by salaries and benefits being \$132,000 over budget. This a result of increased training time for new paramedics, the budget allowed for 10 new hires as compared to an actual of 22, additionally staff continue to see an increase in lost time for WSIB and modified work. Vehicle operations is over budget by \$39,200, due to increased repairs required on an aging fleet. Increased prices and usage have caused medical supplies and medications to be \$92,200 over budget. These overages are offset by the 2023 Land Ambulance Service Grant being \$80,500 higher than budgeted. Various minor surplus and deficits throughout the operating budget combine for an additional deficit of \$14,100. The capital budget is fully funded by transfers from reserve and therefore does not have a surplus or deficit.

Transportation Services

Transportation Services is projecting a \$288,000 surplus in 2023. This surplus is comprised of a \$353,700 operating deficit offset by \$641,700 capital surplus.

The most significant reason for the operating deficit is from the purchase of the winter maintenance materials (i.e. sand and salt) not being used due to the mild winter weather. Stock usage was under budget by \$489,000 leading to the operating deficit.

The capital surplus is mainly due to the Grey Road 7 Meaford Reconstruction and Grey Road 18 Pulverize and Pave projects being under budget. The Grey Road 7 project was under budget by \$371,600 and the Grey Road 18 project was under budget by \$361,200 due to tenders being less than the estimated cost.

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	\$3,251.85
Lee Manor	Lee Manor Donations Reserve	\$7,220.00
Rockwood Terrace	Rockwood Terrace Donations Reserve	\$5,985.00
Grey Roots	Grey Roots Archives Reserve	\$2,500.00

Financial and Resource Implications

The information contained in this report provides Council with information on the financial affairs of the municipality. The motion gives staff the authority to transfer surplus fund and donations received for specific purposes to reserve, or fund shortfalls out of reserve in order to balance year-end against the 2023 amount raised from taxation.

Relevant Consultation

- ☒ Internal: Departmental Managers, Senior Management Team and Finance staff
- ☐ External

Appendices and Attachments

Reserve and Reserve Fund Policy