



## Administrative Report

**To:** Warden MacDonald and Members of Essex County Council  
**From:** Melissa Ryan, CPA  
Director, Financial Services/Treasurer  
**Date:** Wednesday, August 14, 2024  
**Subject:** Financial Projected Results of Operations 2024  
**Report #:** 2024-0814-FIN-R17-MR

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### Purpose

To report the projected results of operations for the fiscal period ending December 31, 2024.

### Background

In accordance with established practice, a projection of results of operations for the current fiscal period is prepared on the basis of results of operations to various interim dates.

### Discussion

Based on January to June year-to-date activity and discussions with the senior leadership team, the Corporation is projected to be in a net surplus position of approximately \$487,420. Operationally, the Corporation is projected to be in a surplus position of approximately \$2,581,800, while the capital programs project a deficit of (\$2,094,380).

It is important to highlight that projections are predicated on a number of significant assumptions, namely:

- Winter control activities remaining within the five-year average;
- Social services caseloads and Social Housing costs remaining favourable;
- No significant tax write-offs;
- Stable returns on investments within the Corporation's investment portfolio; and
- A stabilization of existing inflationary conditions.

Factors contributing to the projected year-end position are highlighted below by department:

**Community Services** **\$NIL**

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The Community Services division is projected to finish the year on target, with neither a surplus nor a deficit anticipated at this time. The non-union grid increase for the department was offset by savings from the coordinator position, which was not approved during the review of additional 2024 positions post-budget deliberations.

Despite not receiving the full amount of 2024 HPP funding anticipated during the budget deliberations, administration remains optimistic that expenses will stay within the allocated funding. If expenditures exceed the approved budget, a report will be submitted to County Council once all other revenue sources have been exhausted.

**Sun Parlor Home** **\$599,970**

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Sun Parlor Home is expected to end the year in a surplus position.

Despite a non-union grid increase, savings from unfilled positions during the first six months of the year have offset these costs. Additional surplus salary savings are anticipated due to ongoing vacancies. Administration is working closely with Human Resources to fill these vacancies promptly.

Provincial funding for the year was significantly higher than expected due to per diem increases that were not known at budget time. The Department will utilize all available Provincial funding to support the operations of the Home. COVID-related expenses will continue to be funded through the County's Safe Restart fund.

Overall, the operational surplus is primarily driven by the unanticipated subsidy funding increases received during the year and staff vacancy savings. These will be offset by Capital contributions. As communicated previously to Council, the Home requires funds to support future development, and these surplus funds will serve as a starting point for funding these future needs.

## **Emergency Medical Services**

**\$NIL**

EWEMS is anticipated to close the year on budget. Despite the increase in the non-union grid experienced in 2024, salary gapping funds have enabled the absorption of these additional expenses within the regular operating budget. EWEMS continues to actively address staffing pressures and gaps by employing innovative recruitment strategies.

Inflationary impacts have largely subsided, and supply chain delays have diminished. The pre-approval process for high-value items has been a welcome improvement, ensuring that significant vehicle and equipment purchases are made and operational on time within the budget year.

Similar to Sun Parlor Home, ongoing pandemic-related expenses will be offset by the County's Safe Restart fund.

## **Infrastructure and Planning Services**

**\$11,820**

Infrastructure and Planning Services is expected to end the year with a slight surplus of \$11,820. The non-union grid increase was absorbed into the regular budget due to available staffing gapping funds.

In the Roadway Expansion Program, the CR 19 project from Jamsyl to CR 22 was part of a Disaster Mitigation and Adaptation Fund application. Unfortunately, we did not receive grant approval, prompting a revised approach for future expansion plans that will significantly reduce our reserve funding needs for the current year.

Within our Rehabilitation Program, the significant inflationary pressures in the construction sector are beginning to subside, leading to favorable variances in several projects that have contributed to the surplus. Additionally, we received an unbudgeted funding contribution from a local municipality, further contributing to the surplus.

## **Library Services**

**\$NIL**

Library Services is expected to end the year on budget.

Operationally, the unbudgeted non-union grid increase was covered by the County rate stabilization reserve, alongside slight increases in part-time staff costs. A slight surplus in legal and consulting fees helped offset these additional salary expenses.

This year saw the opening of the newly renovated Tecumseh branch, with capital expenditures for equipment funded through reserves.

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## **General Government** **(\$448,570)**

The General Government department is projected to end the year with a deficit of \$448,570.

Several key factors have contributed to this deficit. Firstly, there were unbudgeted non-union and Councillor grid increases that have been included in the salary expenses. Additionally, budgeted IT maintenance recoveries were overestimated, resulting in a budget error that contributes to the deficit. Furthermore, all WSIB claims, except those from EWEMS, are processed through this department, and the anticipated claims were not budgeted for, leading to a shortfall.

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## **External Commitments** **\$324,200**

The 2024 External Commitment program is projecting a surplus due to unspent funding for regional tax appeals and the unexpected return of unspent 2023 mitigation funds from the Health Unit.

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## **Closing Comments**

There are no other significant variances to report at this time. The Corporation's projected financial position is based on six months of activity, with uncertainty surrounding budget performance for Social Services and Social Housing for the remainder of the year. Variances from projections in any one of the above operational departments could significantly impact the Corporation's financial position for 2025.

Financial Services, with the assistance of operating departments, continues to seek opportunities for cost reductions and savings. We remain committed to careful monitoring of operations and will provide timely and detailed reports to ensure transparency and informed decision-making.

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## **Financial Implications**

In accordance with the Corporation's Reserve Strategy and Policy (if approved), surpluses not identified for specific application are to be transferred to the Rate Stabilization Reserve at year-end. Conversely, deficits are to be mitigated through recommended withdraws from appropriate reserves including the Rate Stabilization Reserve at year-end.

**Consultations**

Financial Analysts  
 Heidi McLeod, Manager Accounting- Administration/Deputy Treasurer  
 County of Essex Senior Leadership Team (SLT)

**Strategic Plan Alignment**

<b>Working as Team Essex County</b>	<b>Growing as Leaders in Public Service Excellence</b>	<b>Building a Regional Powerhouse</b>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Scaling Sustainable Services through Innovation</li> <li><input checked="" type="checkbox"/> Focusing "Team Essex County" for Results</li> <li><input type="checkbox"/> Advocating for Essex County's Fair Share</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Being an Employer with Impact</li> <li><input checked="" type="checkbox"/> A Government Working for the People</li> <li><input checked="" type="checkbox"/> Promoting Transparency and Awareness</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Providing Reliable Infrastructure for Partners</li> <li><input type="checkbox"/> Supporting Dynamic and Thriving Communities Across the County</li> <li><input type="checkbox"/> Harmonizing Action for Growth</li> <li><input type="checkbox"/> Advancing Truth and Reconciliation</li> </ul>

**Recommendation**

That Essex County Council receive report number 2024-0814-FIN-R17-MR, Financial Projected Results of Operations 2024 as information.

## Approvals

Respectfully Submitted,

*Melissa Ryan*

Melissa Ryan, CPA, Director, Financial Services/Treasurer

Concurred With,

*Sandra Zwiers*

Sandra Zwiers, MAcc, CPA, CA, Chief Administrative Officer

<b>Appendix</b>	<b>Title</b>
N/A	N/A