

MAY 22, 2025

COUNCIL REPORT

REPORT NO. CC-013-2025

2024 YEAR-END VARIANCE REPORT

**KATIE CLARKE
DEPUTY TREASURER**

**PAT HUFFMAN
TREASURER**

RECOMMENDATIONS

THAT the 2024 Year End Surplus of \$1,684,593.70 be allocated as follows:

- Transfer of \$285,530.19 to the Tax Rate Stabilization Reserve
- Transfer of \$505,378.11 to the Roads Amortization Reserve
- Transfer of \$505,378.11 to the Bridges/Culverts Amortization Reserve
- Transfer of \$388,307.29 distributed proportionately to all other Amortization Reserves.

FINANCIAL IMPLICATIONS

KPMG has completed their fieldwork for the 2024 year-end audit, however, Partner review and sign-off is still outstanding. Based on the current results, the 2024 surplus is \$1,684,593.70 or 1.2% of the operating budget.

Policy ADM-020, a Year-End Operating Surplus/Deficit Policy for the United Counties of Leeds and Grenville was adopted in By-Law No. 19-64. This policy requires the surplus be allocated in the following order:

- a) Transfer 10% to the Tax Rate Stabilization Reserve until the optimal level has been attained;

- b) Transfer 30% to the Working Fund Reserve until the optimal level has been attained;
- c) Transfer 30% to the Roads Amortization Reserve until the optimal level has been attained;
- d) Transfer 30% to the Bridges/Culverts Amortization Reserve until the optimal level has been attained;
- e) If surplus funds still remain, Council can approve transfers to additional Reserves and/or Reserve Funds;
- f) If surplus funds still remain, the amount shall be carried forward to the subsequent year's budget in accordance with the Municipal Act.

Staff are recommending that the year-end surplus be allocated as follows:

- 1. \$168,459.37 or 10% to the Tax Rate Stabilization Reserve;
- 2. \$505,378.11 or 30% to the Roads Amortization Reserve;
- 3. \$505,378.11 or 30% to the Bridges/Culverts Amortization Reserve;
- 4. \$388,307.29 distributed proportionately to all other amortization reserves to provide a ten-year average CPI increase to help with inflationary cost increases that are experienced when the asset is repaired or replaced; and
- 5. The remaining \$117,070.82 to be transferred to the Tax Rate Stabilization Reserve, bringing the total transfer to this reserve to \$285,530.19 as this reserve is currently under funded by \$413,856. This reserve has been utilized more in recent years to cover one-time expenses that are not of a recurring nature.

As the Working Fund Reserve is already at the optimal level, no transfer is being recommended.

The recommendation acknowledges that adequate funding for infrastructure needs remains a priority and is in keeping with Pillar One of the Counties Strategic Initiatives which is to invest in roads, bridges, infrastructure and sustainable growth.

CLIMATE CHANGE IMPLICATIONS

Where possible reports are provided in a digital format to reduce the Counties carbon footprint.

ACCESSIBILITY CONSIDERATIONS

This report can be made available in alternate accessible formats on request.

The United Counties of Leeds and Grenville makes every effort to provide services in a manner that is inclusive, to ensure accessibility barriers are reduced or eliminated where possible.

COMMUNICATIONS CONSIDERATIONS

Based on the direction provided to staff, this matter requires regular communication protocols to be completed.

BACKGROUND

Budget variance reports are presented to the Committee of the Whole beginning in June of each year and transition to projections starting in September. This report provides the year-end budget variance as of December 31, 2024.

DISCUSSION/ALTERNATIVES

The Counties total budget for 2024 was \$136,598,754. After completion of the year-end audit the Counties ended up with a surplus of **\$1,684,593.70 or 1.2%** of the operating budget.

The main drivers of the overall surplus can be attributed to the following savings or additional revenues in the following areas:

- Additional interest revenue of \$1,068,597
- Additional \$473,864 in Grant in Lieu and Supplementary Tax revenue
- Savings of \$687,029 in Public Works mainly due to savings in Winter Control

- Savings of \$360,481 in the St. Lawrence Lodge levy due to a revised budget submission in June by St. Lawrence Lodge

Partially offsetting the above savings and additional revenues is an overall deficit in Joint Services Committee departments. The Counties share of this deficit is \$681,308. The main drivers of this deficit include wages and benefits in Paramedic Service operations coming in \$356,000 over budget, legal expenses exceeding budget by \$140,680 in Paramedic Service and a deficit of \$339,485 in Community Housing mainly due to the extensive repairs and maintenance required in rental units upon tenant move-outs. In addition, Maple View Lodge was \$463,015 over budget due to third party contracted direct care hours and staffing up to prepare for the opening of the G. Tackaberry and Family Home in 2025.

Operating Budget:

The following is an overview of the significant variances for the Operating Budget:

Administration – Under Budget \$104,374

- Wages and benefits were under budget due to staff vacancies representing savings of \$91,790
- Legal fees were over budget
- Accessibility Committee costs were under budget as no expenses were incurred for advertising, professional development or consulting

Properties – Under Budget \$115,262

- An additional \$9,690 was received in rental revenue
- Wages and benefits were under budget due to staff vacancies
- Hydro, repairs and maintenance and contracted services were under budget

Provincial Offences – Over Budget \$32,818

- POA fine revenue was only 93% of budget, thus creating a shortfall of \$105,008 in revenue
- Wages and benefits were slightly over budget

- Included in the 2024 budget was additional costs for prosecution for the oversight of Part III's which has not yet occurred. This resulted in prosecutor fees coming in under budget
- Savings were also obtained in ticket and court forms, legal expenses, collection agency fees, and contracted services which helped offset the shortfall in revenue

Fire Emergency – Over Budget \$85,504

- Tower repairs and maintenance costs were over budget by \$56,000 due to additional Bell Mobility Radio Division expenses and additional tower maintenance
- The budgeted transfer from the Amortization Reserve for \$39,445 to offset the costs of the Motorola contract was not required due the Counties' overall surplus position at year end

Emergency Management – Under Budget \$24,292

- Contracted services had savings of \$10,200 as no expenses were incurred for Red Cross on-call response
- Wages and benefits were under budget due to staff vacancies

Weed Inspection – Under Budget \$18,749

- Wages, benefits, advertising and mileage were under budget based on actual costs incurred as this service is provided on a complaint basis

Transportation Services – Under Budget \$687,029

- Overall wages and benefits were \$33,151 under budget
- Lane marking contracted services was \$75,276 under budget
- Steel beam maintenance was \$155,492 under budget
- Winter control inventory, materials and contracted services were \$657,240 under budget
- Debenture interest on Road 43 Expansion was only \$206,203 versus the \$637,364 budget as property acquisition delayed the start of the capital construction. As a result, a transfer from the Dedicated Infrastructure Reserve Fund was not required to fund the interest on the construction financing through IO.

Health Unit – Under Budget \$130,361

- The Counties received notification from the Health Unit in July 2024 that they would be providing payment to the Counties in the amount of \$130,361 as a reimbursement of prior year Mitigation Funding. This recovery has reduced the overall Health Unit levy for 2024

Paramedic Service – Over Budget \$433,394

- Administrative wages and benefits were \$104,401 over budget and wages and benefits in operations were \$238,722 over budget
- Legal expenses were \$140,680 over budget
- Professional development was \$45,198 over budget due to additional mandatory training that was implemented in 2024
- Station expenses were \$26,840 under budget
- Communications and technology expenses were \$29,804 under budget
- Cross Border costs were \$81,082 over budget based on 2024 actual cross border calls with Frontenac County and Lanark County
- Transfers to reserves were \$11,360 under budget based on the actual cost of amortization expense
- The Community Paramedicine Long-Term Care program was \$15,895 over budget

Maple View Lodge – Over Budget \$463,015

- Provincial subsidies were \$786,821 greater than budget which included the following:
 - Provincial subsidies received in all four funding envelopes which are Nursing, Program and Support, Raw Food, and Other Accommodations were increased by 6.6% as of April 2024 by the Ministry of Long-Term Care (MLTC)
 - Direct care funding was \$310,582 over budget due to an increase from MLTC
 - The Counties recognized \$278,465 in PSW Permanent Wage Enhancement used to offset 100% of the expenses of the PSW \$3 per hour wage enhancement provincial initiative
- Overall wages and benefits were \$552,653 over budget. Included in this is the \$278,465 in ministry funded PSW Permanent Wage Enhancement which is funded

100% by MLTC. The remaining \$274,188 is a result of Maple View Lodge increasing staff positions in 2024 to prepare for the new G. Tackaberry and Family Home opening in 2025. These additional wages and benefits were not budgeted for in 2024

- Materials and supplies were over budget as raw food, direct care supplies and building materials and supplies were all over budget
- Purchased services in Direct Care Nursing were over budget by \$416,409 as external staffing agencies were utilized to provide direct care and additional staffing in 2024. A total of 7,049 contracted hours were utilized which equates to 3.6 FTE
- Maple View Lodge began operating their Living Classroom in partnership with St. Lawrence College in 2024. \$46,722 in expenses were incurred offset by 100% funding
- For Maple View Lodge Redevelopment, contracted services and debenture interest were under budget. Only the necessary amount to cover expenses was transferred from the MVL Amortization Reserve at year-end

St. Lawrence Lodge – Under Budget \$360,481

- The Counties was notified on June 17th from SLL that a revised budget was approved in May by SLL Committee of Management due to better-than-expected provincial funding announcements from the Ministry of Long-Term Care. This results in savings of \$360,481 for the Counties

Community Housing – Over Budget \$253,343:

- An additional \$517,827 was recognized in Community Housing rental revenue and other tenant revenue partially offset by an additional \$200,713 in uncollectible rent expense
- Expense for the Community Housing properties were over budget by \$726,574 mainly due to extensive repairs and maintenance required for residential units in the Counties portfolio upon tenant move out. In addition, property taxes, hydro and legal expenses were over budget

Planning – Under Budget \$23,913

- Additional application fee revenue was received in the amount of \$32,182

- Consulting costs were \$165,317 under budget as the Population and Growth update and the Agriculture Study are still ongoing
- The approved transfer of \$175,000 to cover consulting costs from the Legal/Planning Reserve was not required as consulting costs were under budget and the Counties was in an overall surplus position at year-end

GIS – Under Budget \$33,624

- Wages, benefits and professional development were under budget

Economic Development – Under Budget \$69,201

- Computer licenses and Regional Marketing Investment were under budget in Administration
- Small Business Center was \$35,382 under budget due to additional provincial subsidy and recovery revenue received

Transfer to Reserve – Additional transfer of \$415,742

- \$353,542 in interest earned on the One Investment account was transferred to the Dedicated Infrastructure Reserve Fund, the Dedicated Hospital Reserve Fund and the Supportive Housing Reserve Fund
- \$62,200 in interest earned on the Maple View Lodge Redevelopment fundraising campaign was transferred to the MVL Donation Reserve

Other Revenues, Transfers and County Levy – Additional Revenue \$1,290,431

- Interest revenue includes interest earned on funds in the Counties general bank account. The Counties earns Prime minus 1.9% interest with TD Canada Trust which averaged 4.847% in 2024. This equated to an additional \$520,555 in interest revenue
- Interest recognized on the investment portfolio with CIBC was \$626,459
- Interest revenue includes the \$353,542 in the One Investment account which is transferred to the applicable reserve fund
- The Transfer from Reserve in the amount of \$200,000 was not required as the Counties was in an overall surplus position

Grant-in Lieu and Supplementary Taxes & Write-Offs – Additional Revenue
\$473,864

- Grant-in-lieu revenue received was over budget by \$97,359
- Supplementary Taxes and Write-Offs were over budget by \$376,505

Capital Budget:

The 2024 Capital Budget approved a total investment of \$63,003,553. Attachment 2 summarizes the 2024 budget to actual expenditures by capital project as well as the status as of December 31, 2024.

In addition, the following unbudgeted capital expenditures occurred in 2024:

- Westport Tower Repair- Insurance claim for vandalized tower. \$386,601 covered by insurance with the remaining \$4,859 transferred from the insurance reserve
- 25 Central Avenue Fire Security Panel – Emergency replacement of the fire security panel funded by the Corporate Facilities Amortization Reserve.
- Maple View Lodge Therapeutic Tub – Emergency replacement due to failure of the old tub with parts no longer available. New tub was single sourced to Arjo Canada Inc. and funded from the MVL Amortization Reserve. The new tub will be able to be installed in G. Tackaberry and Family Home.
- Maple View Lodge Fit Test Machine – Due to expansion, Maple View Lodge requires their own Accufit Fit Tester. Previously this was borrowed from Paramedic Service as required. Equipment was funded from savings on the capital flooring project.
- Maple View Lodge Iron Filter System – Emergency replacement funded by the MVL Amortization Reserve.
- 56 Bedford, Westport – Common room flooring was budgeted in the operating budget but was over the capitalization threshold of \$10,000 therefore the cost was moved to the capital budget. This flooring will be funded from the Housing Amortization Reserve.
- 500 Fort Town Drive, Prescott – Foundation improvements were budgeted in the operating budget but were over the capitalization threshold therefore the project was moved to the capital budget. Funding will come from the Housing Amortization Reserve.

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- HPP Capital Project – The Sleep Cabin Project was approved by JSC and awarded to NOW Housing for 25 Sleep Cabins funded by the provincial Homelessness Prevention Program.
- Vacant Land Purchase (2 adjacent parcels) – Approved per CW-029-2024 for the purchase of vacant land funded from the Housing Amortization Reserve.

Reserves and Reserve Funds:

The 2024 Reserve and Reserve Fund Summary can be found in Attachment 3. The 2024 opening balance was \$55,911,550. The ending balance as of December 31, 2024 is \$63,812,681, an increase of \$7,901,131 over 2023. This increase is attributed to the following:

- Allocation of the 2024 surplus in the amount of \$1,684,594
- Increase of \$2,346,301 in approved operating and capital carry over projects from the 2024 budget to the 2025 budget. All amounts in this reserve should be fully expended by December 31, 2025
- Creation of the Supportive Housing Reserve Fund with funds received from the sale of property in the amount of \$1,115,159 in 2024
- Increase of \$2,265,087 in the Dedicated Infrastructure Reserve Fund which includes the levy and interest earned
- Increase of \$50,065 in the Dedicated Hospital Reserve Fund which includes levy and interest earned
- Increase of \$332,874 in the WSIB Reserve as a result a surplus in our municipal and long-term care WSIB groups due to low WSIB claims in 2024. There was no surplus in the Paramedic Service WSIB group in 2024. The Counties is a Schedule 2 employer

ATTACHMENTS

1. 2024 Year End Operating Budget Variance Report
2. 2024 Year End Capital Budget Variance Report
3. 2024 Reserves and Reserve Fund Activity

The report set out above has been reviewed and the information verified by the individuals listed below.

**KATIE CLARKE,
DEPUTY TREASURER**

**MAY 6, 2025
DATE**

**PAT HUFFMAN,
TREASURER**

**MAY 9, 2025
DATE**

**AL HORSMAN
CHIEF ADMINISTRATIVE OFFICER**

**MAY 12, 2025
DATE**