

**To: Warden and Members of County Council**

**From: Director of Corporate Services**

## Business Plan and Budget Review – 3rd Quarter

### RECOMMENDATION

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1. That Report CS 2022-34 entitled “Business Plan and Budget Review – 3<sup>rd</sup> Quarter” be received for information.

### REPORT HIGHLIGHTS

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- 2022 forecasted year end County operating surplus of \$3.1 million, comprised of:
  - County general levy surplus of \$1.4 million
  - Library surplus of \$0.3 million, and
  - Water and wastewater systems reserve contribution net increase of \$1.4 million

### Implementation Points

Staff will continue to monitor the ongoing pandemic’s impact and rising inflation on County services and take appropriate action where required. This will be the final 2022 financial update for Council until the new year.

### Financial Impact

This report is based on information Finance staff have compiled from the financial systems and input received from each of the respective departments. The year to date financial activity as presented in this report anticipates surplus year-end financial results.







The financial estimates contained in this report are based on information available at a point in time which can change quickly due to the dynamic nature of the economic environment.

### Communications

This report is intended to update Council on the County’s Q3 business plan progress and budget position, including COVID related financial impacts and funding received to date.

A summary of this report will be provided to the public through *Council this Week*.

**Strategic Plan (2020-2022)**

					
<b>WORKS WELL TOGETHER</b>	<b>WELL CONNECTED</b>	<b>SHAPES THE FUTURE</b>	<b>INFORMS &amp; ENGAGES</b>	<b>PERFORMS &amp; DELIVERS</b>	<b>POSITIVE IMPACT</b>
		<u>3.ii.</u> <u>3.iii.</u>		<u>5.ii.</u>	

**DISCUSSION**

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**Background**

In accordance with the reporting provisions contained within the Long Term Financial Sustainability Plan, staff has prepared progress updates for each of the approved goals and objectives within their business plans, accompanied by budget variance reports annotated to explain significant variances as of September 30, 2022.

**Comments**

**Provincial and Federal COVID-19 Related Funding Announcements**

The Federal and Provincial Governments have been supportive of the impacts of the pandemic on municipal services. An itemized list of 2020 - 2022 COVID-19 funding allocated to the County as of the date of this report is provided in Attachment 1, totalling \$24,404,197. These Federal and Provincial funds have been reflected in the forecasts contained in this report, annotated to identify conditions, such as reimbursing unspent funds where applicable.

In total, there are 39 different funding programs, represented by 67 funding allocations, supporting programs, supplies and services related to COVID-19 response and recovery.

**Financial Operating Forecast**

Attachment 2 to this report provides a financial summary of the forecasted surplus (or deficit) by division. Consolidation of all the departments indicates that there is a forecasted variance of 2.1% (Q3 2021 – 2.2%) which represents an anticipated general surplus of \$1,393,228 (Q3 2021 - \$1,474,620). The County surplus is represented by:

- County general levy surplus of \$1,393,228;
- Library surplus of \$208,456 – allocated to Library reserve
- Water and wastewater systems reserve contribution variance of \$1,466,711

The forecasted surplus is detailed below:

Table 1 – General Operating Surplus

<b>Department</b>	<b>Description</b>	<b>2022 Forecast</b>
Council	New council photos not budgeted for	(5,000)
CAO Office	Staff vacancies and staff gapping	120,500
Communication	Staff vacancy	13,100
Future Oxford	Savings in support costs and advertising	42,000
HR	Staff vacancies and software credit for Kronos outage	86,800
Clerks	Software savings	33,000
Finance	Staff vacancy	59,500
Information Technology	Lower expenses - computer software, supplies, photocopier, phone system and training	97,200
Information Services	Software savings	46,800
Assessment	Savings in the MTE costs for Assessment review	52,000
POA	Higher revenues and court security grant not budgeted for. Savings in credit card fee and prosecution. Staff vacancies	259,960
General	Increase interest income	416,000
	Salary gapping budgeted (to be made up in other divisions)	(550,000)
Conservation Authorities	Savings from reduced approved CA budgets (approved subsequent to County's budget approval)	81,400
Public Health	Cost from increased approved SWPH budget (Approved subsequent to the County's budget approval)	(125,675)
Engineering	Savings due to staff vacancies due to leave of absences and turnover; and lower fee recoveries	272,000
Roads	Overbudget - pavement painting, training, insurance claims, fleet related expenses, DC exemptions	(936,000)
Waste Management	Higher collection, recycling, fleet and Woodstock Enviro depot costs offset by higher tipping fees and recycling processing revenues and Stewardship Ontario grant	27,000
Woodingford Lodge	Nursing salaries and benefits due to vacancies, additional revenues offset by slightly higher utility costs	1,360,800
Paramedic Services	Salaries and benefit savings offset by fuel costs & DC exemptions	156,000
Other expenses/revenues		(114,157)
<b>Total Operating Surplus</b>		<b>\$1,393,228</b>

In accordance with the recommendations of the Reserves Year End Allocations and Policy Review Report CS 2022-35, at year-end, the general operating budget surplus is forecasted to be allocated as follows:

- **\$1,000,000** to the Affordable Housing Reserve
- 25% of the remaining balance to Corporate General Reserve **\$98,307**
- 50% of the remaining balance to Roads Reserve **\$196,614**
- 20% of the remaining balance to Bridges Reserve **\$78,646**
- 5% of the remaining balance to Social Housing Facilities Reserve **\$19,661**

Additionally, the Reserve Policy includes service specific surplus allocations for a number of services. These contributions have been included in the forecast and do not have an impact on the general operating surplus. These allocations are detailed in Table 2.

Table 2 – Program Reserve Contribution

Department	Description	Reserve Contribution Variance
Facilities	Savings in janitorial and ground/snow contract	119,099
Fleet	Reduced volume of fleet sales	(176,890)
Waste Collection	Higher bag tag sales offset by even higher purchased service costs (inflation)	(30,829)
Housing	Facility cost savings	80,850

### Library

The library levy surplus for 2022 is projected to be \$280,456 as detailed in Table 3. The Reserve Policy contains a provision to allocate the Library year end surplus to the Libraries Reserve for tax stabilization.

Table 3 – Library Levy Surplus

Revenue/Expense	Explanation	Amount
Salaries & benefits	Reduction due to branch closures and changes to service delivery in response to the pandemic and vacancies due to retirements	\$293,905
Purchased services	Search firm – recruitment for CEO/Chief Librarian	(11,300)
Other	Miscellaneous expenses net over budget	(2,149)
COVID expenses	COVID expenses of \$9,890 have been funded from the Safe Restart Grant	-
<b>Forecast Year-End Surplus</b>		<b>\$280,456</b>

**Water and Wastewater Rates**

There are four water systems and eleven wastewater systems that are self-funded from user fees. Additionally, the source water protection program has its own dedicated revenue stream collected through water and wastewater user fees. Surpluses (or deficits) are allocated to each system’s respective reserves. The projected year end variances from budget contributions to reserves for each respective system are presented in Table 4, anticipating an overall reduction of \$1,466,711 in contributions to reserves.

Table 4 – Water and Wastewater Reserve Contribution Variance

Description		Reserve	2022
Water Systems	Higher rate revenues in 2022; higher development charge exemption over budget	Woodstock	643,074
		Tillsonburg	333,875
		Ingersoll	33,020
		Township	62,090
		<b>Total Water</b>	<b>1,072,059</b>
Wastewater system	Higher rate revenues in 2022; higher development charge exemption over budget; Thamesford has higher hydro costs due to billing error	Woodstock	277,917
		Tillsonburg	59,960
		Ingersoll	29,486
		Norwich	(80,723)
		Tavistock	272,671
		Plattsville	(70,232)
		Thamesford	(128,533)
		Drumbo	(25,250)

Description		Reserve	2022
		Mt Elgin	50,554
		Embro	1,115
		Innerkip	7,687
		<b>Total Wastewater</b>	<b>394,652</b>
<b>Forecast Water and Wastewater Rate Reserve Contribution Variance</b>			<b>1,466,711</b>

### COVID-19 Revenues and Expenses

Also summarized in Attachment 2 are the COVID-19 related flow through/transfer payments and expenditures which are forecasted to be \$6.4 million in 2022, \$5.9 million is funded from either service recovery fees, or dedicated grant funding with the remaining forecasted balance of \$0.5 million is to be funded by the Safe Restart Agreement (SRA) grant.

In accordance with SRA Transfer Payment Agreement, SRA funding that exceeded 2020 and 2021 COVID-19 related costs has been allocated to a dedicated reserve for use in 2022 as required. Table 5 illustrates a forecasted balance of \$3.8 million available to fund future COVID-19 operating pressures and local needs.

**Table 5 – Safe Restart Agreement Fund Continuity**

	Opening Balance	Revenue	Expenses	Closing Balance
2020	\$-	\$3,502,100	\$169,504	\$3,332,596
2021	3,332,596	1,244,656	281,788	4,295,464
2022 - Forecast	4,295,464	-	482,121	3,813,343
		<b>\$4,746,756</b>	<b>\$754,231</b>	

### Financial Capital Forecast

The “2022 Capital Plan Review” is attached as Attachment 3 illustrating the 2022 approved budgets (including in-year approved budget transfers); forecasts (including forecast carry-forward variances of the prior year); and, projected year end variance for each project. The projected variance for year end is estimated to be 15.2%, representing the amount of the budget expected to be spent, which was projected at 21.9% for 2021 projects in Q3. The unspent budget funds for capital projects do not represent a portion of the projected surplus as these funds are carried over in the case of multi-year projects and remain in reserve for deferred and delayed projects.

The attached report provides a status update by project along with expected completion date and other notable comments.

**Q3 Business Plan and Budget Division Updates**

Attachment 4 of this report provides Q3 2022 business plan and budget updates by division including comments prepared by the respective departments.

During the course of the budget year, there may be instances where in-year budget transfers have been approved by the CAO between like projects when a project’s cost will exceed the approved budget provision. These budget transfers between like projects are authorized in accordance with Purchasing Policy No. 6.07. Similarly, the Purchasing Policy allows for emergency purchases to be incurred when required and when they are to be reported to Council.

Table 6 provides a summary of these approved transfers and emergency purchases incurred to date with more details to be found in Attachment 4.

**Table 6 – Summary of In-Year Transfers and Emergency Purchases**

<b>Division</b>	<b>Project Description</b>	<b>Amount</b>
Transportation	To address shortfall for design of Oxford Road 59 (Wilson Street) Reconstruction project	\$80,000
Transportation	Pedestrian Crossings - To address shortfall for installation of two pedestrian crossings (Hickson and Tavistock)	75,000
Transportation	To address shortfall for the design and construction of retaining walls on Oxford Road 18	45,000
Transportation	To address the impacts of the Strik Drain Drainage Project on the Thornton Wellfield	65,000
Waste Management	To fund the emergency rental of a day cab truck (744) for Waste Management due to prolonged repairs (backordered parts), funded from the Landfill and Waste Diversion Reserve	23,750
Housing	135 Carroll St - To complete the replacement of the block retaining wall	30,000
Housing	To complete the installation of Keyscan security systems at 14 multi-unit housing locations	20,000
Housing	161 Fyfe Ave - To begin the design phase of converting a unit into an accessible unit earlier than planned due to unit vacancy	15,000
PW – Facilities	92 Light St - To fund the emergency repair of the roof at 92 Light Street, funded from the Facilities Reserve	45,000
Water	To address shortfall for the watermain replacement on Thames St S Ingersoll	150,000
Water	To address shortfall for watermain design of 4 railway crossings in Ingersoll	75,000
Water	To fund the emergency repairs on Queen St in Ingersoll, funded from the Ingersoll Water Reserve	100,000

Division	Project Description	Amount
Wastewater	To fund the emergency repairs on Queen St in Ingersoll, funded from the Ingersoll Wastewater Reserve	250,000
Wastewater	To fund the replacement of the hydro feed to the Thamesford wastewater plant due to adjacent land sale, funded from the Thamesford Wastewater Reserve	130,644
		<b>\$1,104,394</b>

### Southwestern Public Health

Oxford County, City of St. Thomas and Elgin County are municipal funding partners for the Southwestern Public Health (SWPH), on a cost shared basis with the Ministry of Health and Long Term Care. The Ministry provides the majority of the funding for public health services across the province. The demand on public health services to address the pandemic are imposing a significant financial impact on public health services. As of the end of 2021, the Ministry responded to these additional costs without impacting our municipal contributions.

A financial update from SWPH indicates that the Ministry will require any surplus budget from mandatory programs to be applied to COVID related costs, and that the Ministry has committed to reimburse Public Health’s remaining COVID costs.

### Modernization Funding Update

In March 2019, the Ministry of Municipal Affairs and Housing (MMAH) funded a one-time unconditional grant for small and rural municipalities intended to help modernize service delivery and reduce future costs by investing in projects such as: service delivery reviews, development of shared services agreements, and capital of which the County’s allocation was \$725,000.

County Council received Report No. CS 2020-46 titled “Modernization Funding Project Proposals” at their meeting held October 28, 2020 and approved investment of the \$725,000 unconditional Modernization funds to specific projects that will modernize service delivery to gain efficiencies and achieve future savings. An update on the approved projects status is included in Table 7 below.

**Table 7– Modernization Funding Status Update (Initial Allocation) – September 30, 2022**

Modernization Project	Status	Project Approval <sup>1</sup>	Life to Date Actuals	Divisional Project Update
<b>Tourism – In Market Visitor Information Signage</b> [CS 2020-46]	On-going <i>Est. Comp-2023</i>	\$70,000	\$11,498	Downtown Woodstock signage and courthouse signage on track to be installed in 2023

<sup>1</sup> Includes provincial modernization funding, and budget transfers



**Report No: CS 2022-34**  
**CORPORATE SERVICES**  
**Council Date: November 9, 2022**

<b>Modernization Project</b>	<b>Status</b>	<b>Project Approval<sup>1</sup></b>	<b>Life to Date Actuals</b>	<b>Divisional Project Update</b>
<b>Roads</b> – GPS/AVL and Road Patrol Compliance Software Evaluation <i>[CS 2020-46]</i>	Complete	1,384	1,384	GPS/AVL and Road Patrol Compliance software evaluation is complete.
<b>Waste Management</b> - Weigh Scale Software Optimization <i>[CS 2020-46]</i>	On-going <i>Est. Comp- March 2023</i>	173,314	156,174	Customer web based reporting and payment module to be implemented by Q1 2023
<b>Information Services</b> – Mobile Solution for AMANDA (Building Inspections) <i>[CS 2020-46]</i>	Complete	56,167	56,167	Cloud Permit has been implemented in all eight area municipalities.
<b>Information Services</b> – Requirements for AMANDA – Community Planning <i>[CS 2020-46]</i>	On-going <i>Est. Comp- Q1 2023</i>	100,000	74,014	Implementation is underway. Cloud Permit is developing required functionality - estimated completion in Q1 2023
<b>Woodingford Lodge</b> – Visual Enhancement for Resident Dining & Meal Choices <i>[CS 2020-46]</i>	On-going <i>Est. Comp- Dec 2022</i>	39,343	37,147	New visual displays up and running showing menus. In room channel implementation is in progress. iPads still to be purchased.
<b>Paramedic Services</b> – Real-Time Data CAD Integration <i>[CS 2020-46]</i>	Complete	33,886	33,886	Full implementation completed.
<b>Human Resources</b> – HRIS Configuration and Implementation <i>[CS 2020-46]</i>	Complete	47,768	47,768	Project complete
<b>Information Services</b> – Drone <i>[2021 Budget]</i>	On-going <i>Est. Comp- Dec 2022</i>	42,000	-	Planning on purchasing/implementing end of 2022
<b>General</b> – Joint Service Delivery Review <i>[CS 2019-04]</i>	Complete	20,000	20,000	Project complete
<b>Human Resources</b> – Scheduling Software Configuration and Implementation <i>[CS 2021-14]</i>	Complete	27,998	27,998	Project complete
Uncommitted – Project Savings Realized	N/A	84,735	-	To be allocated to MMF project overruns
		<b>696,595</b>	<b>466,036</b>	

Modernization Project	Status	Project Approval <sup>1</sup>	Life to Date Actuals	Divisional Project Update
Transferred to MMF Intake 2 Projects	N/A	28,405	28,405	
		<b>\$725,000</b>	<b>\$494,441</b>	

In 2021, Intake 2 of the MMF was announced with a deadline for submission set for March 15, 2021. The County responded with seven applications approved by Council under Report No. CS 2021-14 titled “Municipal Modernization Program Funding Proposals – Intake 2” of which six projects were approved for MMF funding. An update on the projects status is included in Table 8 below.

Table 8 – Wave 2 Modernization Funding Status Update – September 30, 2022

Modernization Project Proposals	Status	Project Approval <sup>2</sup>	Life to Date Actuals	Divisional Project Update
<b>Finance</b> - Review Feasibility of Digital Accounts Payable Process [CS 2021-14]	Complete	\$35,565	\$35,565	Project is complete, and final report is posted. <a href="https://oxfordcounty.ca/Your-Government/Corporate-performance/Municipal-Modernization-Reviews">https://oxfordcounty.ca/Your-Government/Corporate-performance/Municipal-Modernization-Reviews</a>
<b>Information Services</b> – Public Websites Modernization [CS 2021-14]	Complete	180,240	157,168	All websites launched.
<b>Information Services</b> – Road and Address GIS Data Transformation [CS 2021-14]	On-going <i>Est. Comp- Dec 2022</i>	167,800	75,292	Final testing underway
<b>Water and Wastewater</b> – Operations and Maintenance Service Delivery Review [CS 2021-14]	Complete	101,719	101,719	Third party consultant’s work is complete, and final report is posted. <a href="https://oxfordcounty.ca/Your-Government/Corporate-performance/Municipal-Modernization-Reviews">https://oxfordcounty.ca/Your-Government/Corporate-performance/Municipal-Modernization-Reviews</a>
<b>Roads</b> - Operations and Maintenance Service Delivery Review [CS 2021-14]	Complete	141,121	141,121	Third party consultant’s work is complete, and final report is posted. <a href="https://oxfordcounty.ca/Your-Government/Corporate-performance/Municipal-Modernization-Reviews">https://oxfordcounty.ca/Your-Government/Corporate-performance/Municipal-Modernization-Reviews</a>
<b>Paramedic Services</b> – Deployment Review [CS 2021-14]	Complete	150,000	131,270	Third party consultant’s report presented to each of the participating County Councils.

<sup>2</sup> Includes provincial modernization funding, budget transfers, and required County cost shared portion where applicable

Modernization Project Proposals	Status	Project Approval <sup>2</sup>	Life to Date Actuals	Divisional Project Update
				Creation of a Paramedic Services Sharing Working Group support by all of the participating County Councils. <a href="https://oxfordcounty.ca/Your-Government/Corporate-performance/Municipal-Modernization-Reviews">https://oxfordcounty.ca/Your-Government/Corporate-performance/Municipal-Modernization-Reviews</a>
		<b>\$776,445</b>	<b>\$642,135</b>	

Subsequently, in August 2021, an Intake 3 was offered with a deadline of October 19, 2021. The County submitted eight proposals approved by Council under Report No. CS 2021-38 titled “Municipal Modernization Program Funding Proposals – Intake 3” and all eight submissions were approved for MMF funding. An update on the projects status is included in Table 9 below.

Table 9 – Wave 3 Modernization Funding Status Update – September 30, 2022

Modernization Project Proposals	Status	Project Approval	Life to Date Actuals	Divisional Project Update
<b>Human Resources -</b> Digitizing Disability Management [CS 2021-38]	On-going <i>Est. Comp- Dec 2022</i>	\$41,000	\$40,195	Project is proceeding well and ready to go live; experiencing delays in final integration.
<b>Finance -</b> Accounts Payable Digitization Implementation [CS 2021-38]	On-going <i>Est. Comp- Feb 2023</i>	285,000	2,644	County is testing automation software; experiencing delays in integration with 3rd party vendor
<b>Woodingford Lodge -</b> Automated Scheduling Solution for Long Term Care [CS 2021-38]	On-going <i>Est. Comp- Dec 2022</i>	38,000	19,763	Project launched in September; requirements analysis complete; parallel test and audit complete; on schedule for late November “go live”
<b>Clerks -</b> Modernizing Access to Archival Records [CS 2021-38]	On-going <i>Est. Comp- Dec 2022</i>	22,700	18,601	Completion of digitizing By-laws and County Composites in September 2022; additional early Voter’s Lists, and architectural drawings also digitized – all currently stored in Laserfiche By-laws and voter’s lists available on the archives website as part of our online resources section, and County Composites will be made available as part of an online exhibit – all planned for November 2022. Digitized photographs, postcards and architectural drawings will be make accessible in 2023.

<b>Modernization Project Proposals</b>	<b>Status</b>	<b>Project Approval</b>	<b>Life to Date Actuals</b>	<b>Divisional Project Update</b>
<b>Paramedic Services -</b> Emergency Notification and Communication Software <i>[CS 2021-38]</i>	On-going <i>Est. Comp- Dec 2022</i>	19,500	8,868	Software setup is completed. On-boarding of Oxford County Emergency Control Group will happen throughout November and December.
<b>Woodingford Lodge -</b> Nutritional Services Review <i>[CS 2021-38]</i>	On-going <i>Est. Comp- Dec 2022</i>	95,000	20,352	Draft preliminary findings received from third party consultant.
<b>Housing -</b> Subsidized Housing Operations Optimization Review <i>[CS 2021-38]</i>	On-going <i>Est. Comp- Dec 2022</i>	35,000	10,176	A third party consultant has been retained. The project kick off was in July 2022, consultation with staff was conducted in September/October 2022. Anticipated draft report by the end of November 2022.
<b>Clerks -</b> Digital Risk Management and Information System <i>[CS 2021-38]</i>	On-going <i>Est. Comp- Nov 2022</i>	48,000	45,257	ClearRisk has been implemented with Risk Management and Claims Modules complete. Insurance Certificate developed and pending roll out to staff.
		<b>\$584,200</b>	<b>\$165,856</b>	

In summary, there are 25 modernization projects supported by provincial funding: 11 projects are completed; 11 projects are in progress with anticipated completion in 2022; and, 3 projects expected to be completed in 2023. All projects currently in progress are planned to meet the Ministry completion deadlines.

## Conclusions

Overall, this report indicates the general and library budgets are projected to be in surplus positions at year-end with the 2022 COVID related expenditures being fully funded by Federal and Provincial grants. The federal-provincial funds (SRA) remaining at year-end, projected to be \$3.8 million, will be reserved to assist in offsetting ongoing COVID related operating costs in to 2023.

## SIGNATURES

### Report Author:

Original signed by

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Carolyn King, CPA, CA  
 Manager of Finance

**Departmental Approval:**

Original signed by

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Lynn S. Buchner, CPA, CGA  
Director of Corporate Services

**Approved for submission:**

Original signed by

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Benjamin R. Addley  
Interim Chief Administrative Officer

**ATTACHMENTS**

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- Attachment 1 – Q3 2022 2020-2022 COVID Funding Summary
- Attachment 2 – Q3 2022 Overall Forecast Variance and COVID-19 Financial Update
- Attachment 3 – Q3 2022 Capital Plan Review
- Attachment 4 – Q3 2022 Business Plan and Budget Update by Division