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## Report 2022-103

**Report Title:** May 2022 Year-To-Date Financial Results

**Committee Name:** Finance and Audit

**Committee Meeting Date:** July 5, 2022

**Prepared by:** Matthew Nitsch  
Deputy Treasurer  
Finance

**Reviewed by:** Glenn Dees  
Director of Finance/Treasurer  
Finance

**Approved by:** Jennifer Moore, CAO

**Council Meeting Date:** July 20, 2022

**Strategic Plan Priorities:** ☒ Economic Prosperity and Innovation  
☐ Sustainable Growth  
☐ Thriving and Inclusive Communities  
☐ Leadership in Change

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### Information Report

**“That** the Finance and Audit Committee receive Report 2022-103 ‘May Year-to-Date Financial Results’ for information; and

**Further That** the Committee recommend that County Council receive this report for information.”

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## **Purpose**

To provide the Finance & Audit Committee and Northumberland County Council with an analysis of the County's financial performance year-to-date as of May 31, 2022.

## **Background**

The variance analysis is aligned with objectives under the County's long-term financial planning framework. This analysis ensures transparency and identifies potential financial opportunities, threats, ongoing monitoring and/or corrective actions allowing for responsive decision making.

## **Consultations**

N/A

## **Legislative Authority/Risk Considerations**

N/A

## **Discussion/Options**

The total variance to budget as of May 31, 2022 is \$9.599M favourable. This is comprised of:

- 1) A total variance for non-timing events of \$733K
- 2) A total variance for timing events of \$8.866M favourable

The largest variances at the end of May are related to the timing of the County's large construction projects.

- The GPL and NCAM project has a favourable variance of \$9.1M related to the progress of the project versus what was anticipated in the budget. Similarly, the short-term construction financing for the project has an unfavourable variance of \$8.2M because funds haven't needed to be drawn from IO at the rate they were budgeted.
- The Elgin Street housing project has a favourable TCA variance of \$2.6M as a result of the timing of the project relative to budget.

The GPL subsidy has a favourable variance of \$1.86M. This is being driven by our application-based High Intensity Needs (HIN) claims that are not budgeted (\$1.1M) There are significant costs for supplemental staffing (\$821K) to provide this increased level of care. The regular GPL subsidy is above budget and includes some prior year corrections (\$808K.)

External services have a favourable variance of \$774K due to the timing of projects in various departments. Similarly, Social Service programs have a favourable timing variance of \$545K.

Salaries, wages, and benefits are below budget by \$405K as a result of the timing of union/merit/COLA increases and vacation payouts. There is an additional favourable variance for wage gapping that is estimated at \$229K. There is an unfavourable variance of \$408K in

salaries, wages and benefits as a result of incremental staff costs for Covid-related activities at the GPL and in Paramedics.

The 2022 budget included a placeholder of \$1.5M in Paramedicine LTC funding (and associated costs) in Q1 2022. The formal funding announcement did not happen until February of 2022 and one of the requirements was that the spending had to happen by the end of the quarter. Due to the timing of this announcement, it was not possible to scale up operations in time to meet these requirements. It is expected that the ministry will allow municipalities to keep funding for TCAs that were committed to in Q1. Efforts are underway to work with the ministry to try to retain the unused Q1 funding but if municipalities are required to return any unused portion it would amount to \$663K for Northumberland.

Some of the financial impacts of COVID-19 have continued into 2022. We are continuing to see some variances in the area of salaries/wages/benefits, materials & supplies, and revenues from POA offences. The overall magnitude of impacts will be assessed moving forward in the year and continues to be dependent on longevity of the pandemic, the types and extent of imposed restrictions, County relief efforts, legislated requirements, further relief funding from upper levels of government, economic drivers such as monetary and fiscal policies and the broader economy as a whole. Further updates will continue in 2022.

The Canadian inflation rate is at a three-decade high. This is impacting on some areas of operational budgets and capital with several tender awards exceeding what was contemplated within the budget. Impacts will be monitored, and challenges are anticipated for drafting of the upcoming 2023 budget.

## **Financial Impact**

The attached financial analysis condenses at a high level the financial results and impacts year-to-date as of May 31, 2022. Finance staff allocate the annual budget to each month of the year based on estimated timing of events capturing cyclical fluctuations for operational items typically based on prior year trends and estimated timing for capital projects; however, deviations for timing will ultimately occur based on unforeseen factors.

## **Member Municipality Impacts**

N/A

## **Conclusion**

N/A

## **Attachments**

1) May 2022 Variance Analysis Worksheet