

2021 Year End Financial Presentation

April 26, 2022



Agenda

- ☐ Recommendation
- ☐ Vision/Mission/Values
- ☐ Strategic Pillars
- ☐ COVID-19
- ☐ Levy
- ☐ Self-Sustaining Entities
- ☐ Rate
- ☐ Capital and Related Projects
- ☐ Debt Management
- ☐ Looking Forward
- ☐ Thank You
- ☐ Recommendation



In preparing this presentation, certain assumptions and estimates are necessary. They are based on information available to staff at the time. Actual results will vary although as regulated through the Municipal Act, a balanced budget is required.

Note: Due to rounding certain summary totals may be +/- 1.



Recommendation

That Corporate Service Department, Financial Services Division, Report No. 2022-73 Subject: 2021 Year End Surplus and Project Close Out Report, **BE RECEIVED**; and

That the capital and related project and reserve balances of Appendices E, F and G of Corporate Service Department Report 2022-73 **BE APPROVED**; and

That the following capital and related projects **BE APPROVED** as highlighted in the presentation attached as Appendix A to Corporate Service Department Report 2022-73

- \$1,000,000 for the Vale Health and Wellness Roof Repair
- \$200,000 for enhancements to the roads base and resurfacing program
- \$150,000 for the tangible capital asset reserve
- \$130,000 for Cemetery land acquisition
- \$68,607 for energy audits and monitoring
- \$66,200 for Electrical Vehicle (EV) charging stations; and

That Council support the Lions Field Enhancement application to the Public Realm Investment program and if successful, up to \$200,000 be approved and funded from the roads base and resurfacing program.



Vision/Mission/Values



Vision Statement:

A vision statement expresses an organization's desires for the future. This is our vision statement:

A vibrant waterfront community embracing growth for future generations

Mission Statement:

A mission statement expresses the immediate goals of an organization, clearly and concisely. This is our mission statement:

To provide an exceptional small-town experience in a big way

Corporate Values:

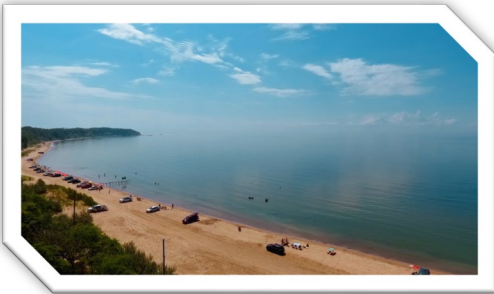
Corporate Values are guiding principles and beliefs supported by everyone in an organization so that they can work toward common goals in a cohesive and positive way. These are our corporate values:

Integrity – we interact with others ethically and honourably **Respect** – we treat each other with empathy and understanding **Inclusion** – we welcome everyone
Responsibility – we make tomorrow better **Collaboration** – we are better together



PORT COLBORNE

Strategic Pillars



Community Pillars

These pillars are areas that directly benefit our residents, businesses, and visitors.

1. Service and Simplicity - Quality and Innovative Delivery of Customer Services
2. Attracting Business Investment and Tourists to Port Colborne
3. City-Wide Investment in Infrastructure and Recreational/Cultural Spaces

Corporate Pillars

These pillars are the day-to-day practices, processes, and governance that Council and staff are focused on to ensure maximum value and benefit for our residents.

1. Value: Financial Management to Achieve Financial Sustainability
2. People: Supporting and Investing in Human Capital
3. Governance: Communications, Engagement, and Decision-Making



COVID-19



	2020	2021	Total
Positive Financial Impact			
Vale Health and Wellness Centre reduced Utility Costs	198,000	378,600	576,600
COVID-19 Funding	622,700	666,600	1,289,300
Programs, Grants and Activities	476,100	203,000	679,100
	1,296,800	1,248,200	2,545,000
Negative Financial Impact			
Personnel Expenses, net	694,200	397,200	1,091,400
Information Technology	103,300	24,700	128,000
Material, Contract Costs	151,400	107,300	258,700
Vale Health and Wellness Centre Lost Revenue, net YMCA costs	290,000	298,600	588,600
	1,238,900	827,800	2,066,700
Net Levy Impact before SSE impact	57,900	420,400	478,300
SSE: Sugarloaf Marina Impact (funded through Marina reserve) -	232,800	-	232,800
Net Impact	(174,900)	420,400	245,500
SSE: Sugarloaf Marina Impact 2020 Reimbursement	-	125,000	
Remaining Grants Available		295,400	



Available for COVID-19 costs in 2022





Levy

Levy	Actual	Budget	Net
Revenue	32,435,003	28,890,515	3,544,488
Personnel Expense	(15,264,829)	(15,098,800)	(166,029)
Operating Expense	(11,948,400)	(12,656,291)	707,891
Surplus before Transfers	5,221,774	1,135,424	4,086,350
Transfer (to)/from Capital	(7,014,090)	(3,661,738)	(3,352,352)
Transfer (to)/from Reserves	259,833	395,370	(135,537)
Transfer (to)/from Funds	2,447,330	2,130,944	316,386
Surplus / (Deficit)	914,847	-	914,847
Recommended Transfers	914,847	-	914,847
Surplus / (Deficit)	-	-	-

Salient revenue comments

Grants

- ✓ Community Building Fund (formerly Gas Tax) \$580,578*
- ✓ COVID Funding \$589,169
- ✓ Vale Community Improvement Fund \$250,000*
- ✓ Niagara Region Nickel Storm Sewer \$285,144*
- ✓ Aggregate Resource Trust (ART) \$125,637
- ✓ Library OTF Funding \$121,200*

Other

- ✓ Surplus Property Sales \$632,000
- ✓ Interest and Penalties \$164,563
- ✓ VHWC (\$372,747)
- ✓ Canal Days (\$160,500)

Self Sustaining Entities

- ✓ Sugarloaf Marina \$294,979 [includes Fuel]
- ✓ Nickel Beach \$146,434
- ✓ Building Department \$115,147

* Part of the transfer (to)/from capital difference, remaining comes from reserves, see following slides.



Levy



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Recommended Transfers	914,847	-	914,847
Surplus / (Deficit)	-	-	-

Salient operating expense comments

Grants

- ✓ Legal \$251,951 [Building and Development]
- ✓ Utilities (\$409,900) [mainly VHWC]
- ✓ Staff Training and Development (\$231,544)

Other

- ✓ Canal Days (\$285,000)
- ✓ Grants and Sponsorship (\$173,078) [Physician, CIP, etc.]

Self Sustaining Entities

- ✓ COGS Marina \$122,784 [Fuel]



Levy



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Transfer (to)/from Funds	2,447,330	2,130,944	316,386
Surplus / (Deficit)	914,847	-	914,847
Recommended Transfers	914,847	-	914,847
Surplus / (Deficit)	-	-	-

Salient reserve comments

- ✓ Erie Street (\$1,518,000) [2021-205]*
- ✓ CIP Review (\$125,000) [2021-68]*
- ✓ Working Capital \$129,400 [2021-263]

Reserve policy and practices

- ✓ Surplus Property Sales, net \$591,525
- ✓ Future liabilities \$320,484
- ✓ Sustainability reserve not required, \$253,400
- ✓ Building department \$168,131
- ✓ Tangible Capital Assets \$125,637 [from ART]
- ✓ Canal Days \$125,000

* Remaining part of the transfer (to)/from capital difference

Note: The transfer to/(from) funds increased as a result of the overhead charge changed between levy and rate noted in the trimester 2 report and budgeted on a go forward basis in the 2022 budget.



Self-Sustaining Entities



Net Individual Self-Sustaining Budget

Department	Actual	Budget	Variance (\$)	Transfer to/(from) Reserve
Cemetery	(20,822)	-	(20,822)	-
Marina	61,234	-	61,234	61,234
Beach Operations	66,237	-	66,237	66,237
Building	168,131	-	168,131	168,131
Surplus/(Deficit) Subtotal	274,780	-	274,780	295,602

Reserve Balance and Forecast

Department	2021 Year End Balance	2022 Budget	2022 Forecast Balance
Cemetery	-	6,700	6,700
Marina	244,488	(40,800)	203,688
Marina - Internal Financing	(291,067)	(581,910)	(872,977)
Beach Operations	278,966	(113,750)	165,216
Building	168,151	-	168,151
Surplus/(Deficit) Subtotal	400,538	(729,760)	(329,222)

Salient comments

- ✓ Cemetery deficit is funded via the Levy. It does not represent cemetery maintenance only net activity from new activity. Staff are finalizing a review of fees and future maintenance costs for Council's review at the second Council meeting in May.
- ✓ Sugarloaf Marina surplus resulted from 2020 COVID cost reimbursement less write-offs of certain uncollectible accounts. As we progress through 2022 into 2023 Sugarloaf Marina will be moving away from an accounts receivable model.
- ✓ Beach Operations were particularly strong in 2021. In 2022 Staff have programmed time cards to track time at Nickel and Centennial-Cedar Bay to provide a more detailed financial picture of the two beaches in the future.
- ✓ Building department surplus is not considered structural as it resulted from one larger project. Staff are finalizing a review of fees for Council's review at the first Council meeting in June.





Rate

Rate	Actual	Budget	Net
Revenue	12,231,080	12,355,826	(124,746)
Personnel Expense	(1,018,256)	(1,122,700)	104,444
Operating Expense	(7,051,181)	(8,187,920)	1,136,739
Surplus Before Transfers	4,161,643	3,045,206	1,116,437
Transfer (to)/from Reserves	(1,714,313)	(914,262)	(800,051)
Transfer (to)/from Funds	(2,447,330)	(2,130,944)	(316,386)
Surplus/(Deficit)	-	-	-

Salient revenue comments

- ✓ Storm Sewer refunds (\$161,634)

Salient expense comments

- ✓ Niagara Region wastewater charges (\$539,254)
- ✓ Niagara Region water charges (\$198,709)
- ✓ Contracted services (\$100,944)
- ✓ Repair and maintenance (\$80,587)
- ✓ GIS Grant (\$69,256)

Salient transfer to/(from) reserves

- ✓ Wastewater \$712,301 surplus
- ✓ Water \$250,624 surplus
- ✓ Storm Sewer, (\$162,874) deficit

Note: The transfer (to)/from funds increased as a result of the overhead charge changed between levy and rate noted in the trimester 2 report and budgeted on a go forward basis in the 2022 budget.





Rate

Net Individual Rate Budget

Department	Actual	Budget	Variance (\$)	Transfer to/(from) Reserve
Wastewater	712,301	-	712,301	712,301
Water	250,624	-	250,624	250,624
Storm Sewer	(162,874)	-	(162,874)	(162,874)
Surplus/(Deficit) Subtotal	800,051	-	800,051	800,051

Reserve Balance and Forecast

Department	2021 Year End Balance	2022 Budget	2022 Forecast Balance
Wastewater	1,061,002	413,191	1,474,193
Water	324,296	400,195	724,491
Storm Sewer	116,975	390,944	507,919
Surplus/(Deficit) Subtotal	1,502,273	1,204,330	2,706,603

Salient comments:

- ✓ Wastewater surplus was driven by a reduction in Niagara Region wastewater charges. The primary driver is anticipated to be lower lake levels and adverse weather events.
- ✓ Water surplus was driven by a reduction in Niagara Region water charges. During the 2022 budget process the reduction in water loss was identified as a key driver.
- ✓ Storm Sewer deficit is the result of refunds to residents removed from the Storm Sewer boundary as a result of changes to the Storm Sewer boundary towards the end of 2021.



Capital and Related Projects



Summary

	<u>2020</u>	<u>2021</u>	<u>Total (#)</u>	<u>Total (\$)</u>
Carried Forward	64	-	64	2,730,095
Capital Budget approved	-	33	33	4,680,360
Mid-year approved	-	14	14	3,032,016
	64	47	111	10,442,471
Closed	-26	-17	-43	-3,935,589
Open Approved Projects	38	30	68	6,506,882
Holding Funds	3	4	7	2,796,513
Utilized Funds	-1	-	-1	-678,917
Available Holding Funds	2	4	6	2,117,596
Total Open Approved Projects/Available Holding Funds	40	34	74	8,624,478

\$1,467,426 was deployed through the 2022 Capital and Related Project Budget

Closed out projects were \$232,196 under budget. Under/Over Reserve now has \$248,391

+ 93 projects valued at \$21,730,959 approved in the 2022 Capital and Related Project Budget



Capital and Related Projects



Proposed capital and related projects budget adjustments

	Total	Funding		Purpose
		YE Surplus	Grants*	
Vale Health and Wellness Roof Repair	1,000,000	500,000	500,000	Repair the roof.
Increase to the Roads Base and Resurfacing Program	200,000	-	200,000	Enhance road repairs.
Tangible Capital Asset Reserve	150,000	150,000		Anticipated investments needs coming Asset Management Plan and Inflation.
Cemetery land acquisition	130,000	130,000		- Substitute funding for previously approved internal financing.
Energy audits and monitoring	68,607	68,607		- Reduce consumption, improved environmental, and reduce cost.
Charging stations – Electric Vehicles	66,200	66,200		- Expand previously planned charger options.
Total	1,614,807	914,807	700,000	

* Ontario Community Infrastructure Fund

2022 Adjusted Budget		2022 Adjusted Budget	
2022 Budget	33,800	2021 Carryover	129,840
Proposed Increase	66,200	2022 Budget	1,072,000
Known funding	100,000		1,201,840
Future grant applications	100,000	Proposed One-time Increase from OCIF	200,000
Total	200,000	Total Roads Budget	1,401,840



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Project only to proceed with a successful grant application



Reserves

	Year End Balance Before Surplus / (Deficit)	2021 Budget Transfers	In-Year Approved Transfers	Year End Transfers per Reserve Policy / Practice	Year End Transfers to Approve	2021 Year End Balance	Net 2022 Capital and Related Project Budget	Forecasted Reserve Balance
Total Boards and Committees Reserves	384,163	-	-	69,641	-	453,804	(20,000)	433,804
Total Programs, Grants and Activities	1,126,016	45,000	-	224,976	-	1,395,992	(568,688)	827,304
Total Self Sustaining Entities	127,246	(55,794)	-	329,085	130,000	530,537	(859,760)	(329,223)
Total General Government	8,020,900	(206,086)	129,400	1,138,487	-	9,082,701	(79,363)	9,003,338
Total Capital	4,926,311	716,902	(1,880,728)	833,558	(350,000)	4,746,043	349,339	5,095,382
Total Reserves before WIP	14,584,636	500,022	(1,751,328)	2,595,746	(220,000)	16,209,076	(1,178,472)	15,030,604
Work-in-progress (WIP)	4,540,195	5,329,738	(2,772,829)		1,134,807	8,231,911	-	8,231,911
Total Reserves	19,124,831	5,829,760	(4,524,157)	2,595,746	914,807	24,440,987	(1,178,472)	23,262,515

Other notable account increases not included in the reserve totals above:

1. The Parkland balance increased from \$260,110 to \$475,401 or 83%
2. The Development charge (DC) balances increase from \$79,602 to \$167,224 or 110%
 - Residential DC's were charged at 40% until October 6, 2021 when they increased to 60%, next increase in October 7, 2022 to 80%
 - Multiple dwelling and non-residential DC's are 0% until October 7, 2023





Debt Management

Figures are 'in millions

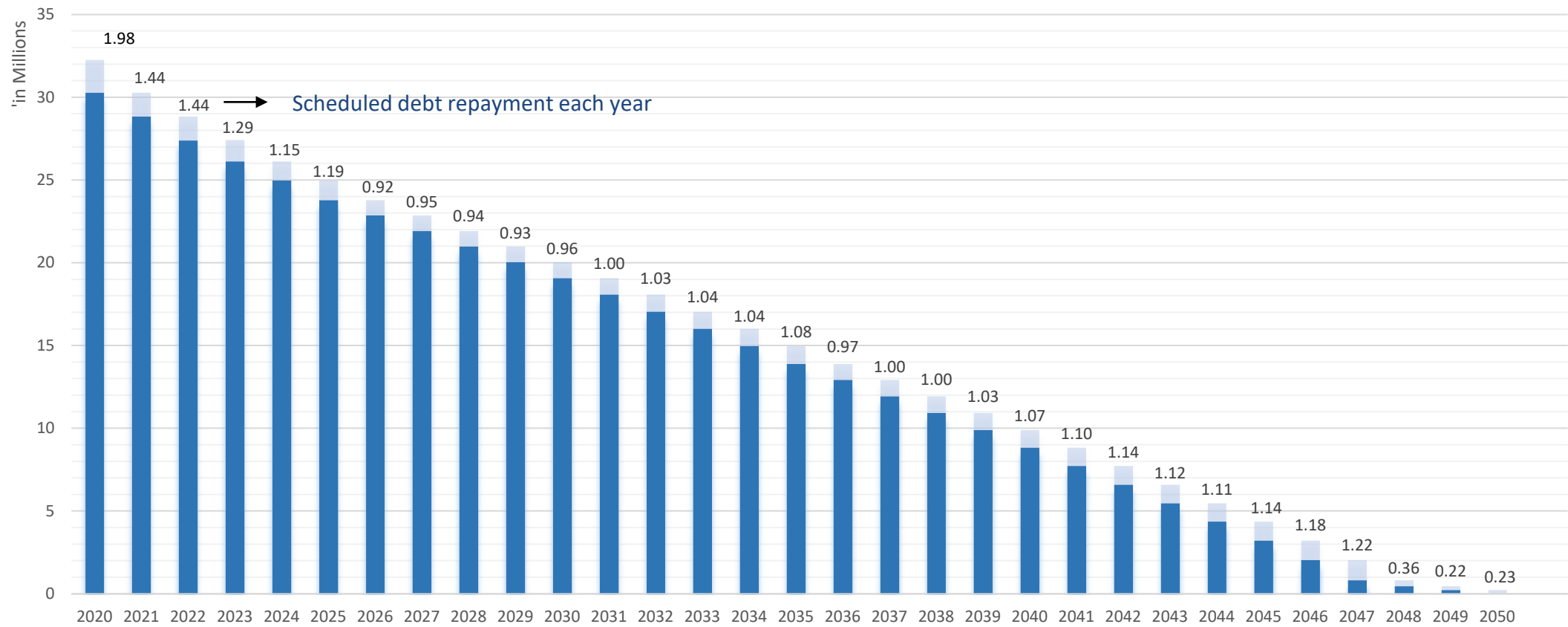
('000s in millions)	2020	2021	2022	2023	2024	2025	2026
Projected Year End Debt	30,270	28,831	27,411	26,123	24,968	23,777	22,859
Committed Capital Leases	58	27	2	-	-	-	-
Total Borrowing (External)	30,328	28,858	27,413	26,123	24,968	23,777	22,859
Internal Financing	368	292	873	743	613	483	353
Total Borrowing (External & Internal)	30,696	29,150	28,286	26,866	25,581	24,260	23,212
Interest	915	962	920	878	840	804	766
Principal	1,975	1,440	1,444	1,289	1,155	1,191	948
External Borrowing Charges	2,890	2,402	2,364	2,167	1,995	1,995	1,714
Illustrative In-Year ARL*		6.5%	6.2%	5.5%	4.8%	4.6%	4.0%
City Self Imposed Max		15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Provincial Imposed Max		25.0%	25.0%	25.0%	25.0%	25.0%	25.0%

* This projection utilized a 4% increase in own source revenue (2% inflation, 2% infrastructure).





Debt Outlook





Looking Forward

- Development of departmental tactical plans to mobilize the City's Strategic Plan.
- Implementing Human Resources' new Performance Management program.
- Human Resources to complete Post-Retirement benefits review.
- Tender insurance contract.
- Complete a review of computer software programs.
- Review PGA Tourism activities and related other sources of revenue.
- Review fees and costs associated with the cemetery to ensure the active cemetery is self sustaining.
- Review fees associated with the Building Inspection division.
- Develop a fee framework and related reporting mechanism for all fees.
- Complete the cost allocation model started in 2021 that is consistent with the Provincial Financial Information Return (FIR) guidelines to approximate full cost accounting for programs.
- Establishing Key Performance Indicators (KPIs) and related benchmarks, where applicable.
- Complete the Infrastructure Needs Assessment to support future capital and related project budgets and related budgets.
- Enhancing drainage, ditching and storm sewer financial planning. Specifically reviewing the \$132,900 of drain costs (in addition to the \$85,000 budgeted for City drains) on the levy.
- Develop a multi-year fleet plan.
- Implement a new purchasing by-law.
- Complete the beach and road end studies.

Trimester 1 Reporting is planned for
the June 14, 2022 Council meeting



Thank You



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