

# 2022 Year End Financial Presentation

May 9, 2023



# Agenda

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

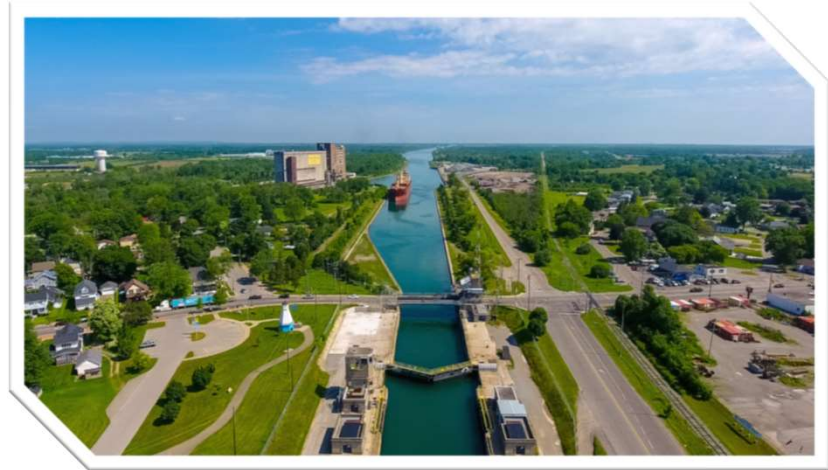
# Recommendation

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That Corporate Service Department, Financial Services Division, Report No. 2023-71 Subject: 2022 Year End Surplus and Deficit Report, **BE RECEIVED**; and

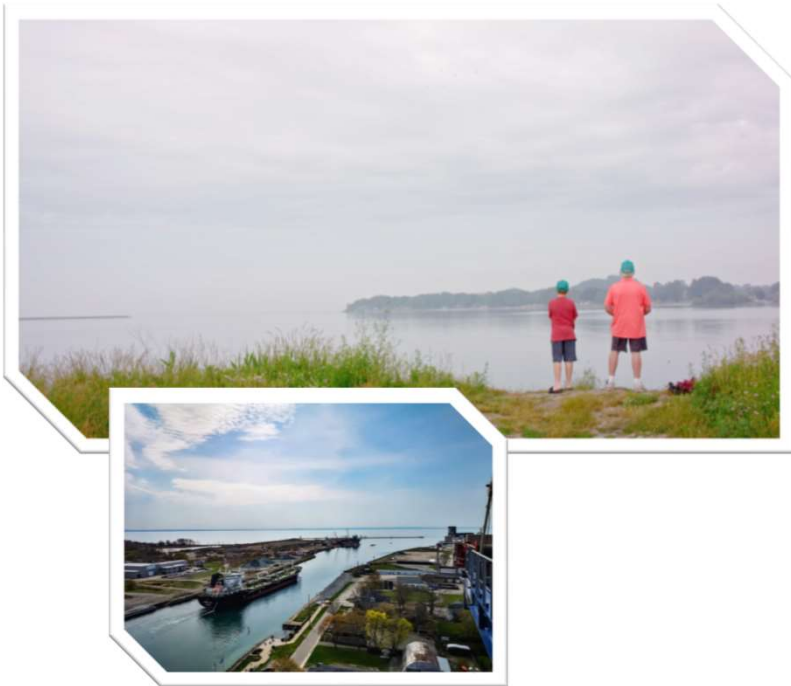
That the year end levy surplus be transferred to the City's Infrastructure reserve; and

That the capital and related project and reserve balances of Appendices E, F and G of Corporate Service Department Report 2023-71 **BE APPROVED**.



# Vision/Mission/Values

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## 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***

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## 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

# Strategic Pillars

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## 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



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# COVID-19



Positive Financial Impact	2020	2021	2022	Total
Vale Health and Wellness Centre reduced Utility Costs	198,000	378,600	-	576,600
COVID-19 Funding	622,700	666,600	9,100	1,298,400
Programs, Grants and Activities	476,100	203,000	79,700	758,800
<b>Total - Positive Financial Impacts</b>	<b>1,296,800</b>	<b>1,248,200</b>	<b>88,800</b>	<b>2,633,800</b>
Additional Costs				
Personnel Expenses*	694,200	397,200	74,700	1,166,100
Information Technology	103,300	24,700	47,600	175,600
Material, Contract Costs	151,400	107,300	268,800	527,500
Vale Health and Wellness Centre Lost Revenue, Net YMCA costs	290,000	298,600	-	588,600
<b>Total - Additional Costs</b>	<b>1,238,900</b>	<b>827,800</b>	<b>391,100</b>	<b>2,457,800</b>
<b>Net Levy Impact Before SSE Impact</b>	<b>57,900</b>	<b>420,400</b>	<b>(302,300)</b>	<b>176,000</b>
Less: Sugarloaf Marina Impact (funded through Marina reserve)	232,800			232,800
<b>Net Impact</b>	<b>(174,900)</b>	<b>420,400</b>	<b>(302,300)</b>	<b>56,800</b>
Less: Sugarloaf Marina Impact 2020 Reimbursement		125,000		125,000
<b>Remaining Grant Funding Available</b>		<b>295,400</b>		<b>(181,800)</b>





# Levy

Levy	Actual	Budget	Net
Revenue	37,783,399	31,102,429	6,680,970
Personnel Expense	(16,285,733)	(16,160,150)	(125,583)
Operating Expense	(14,493,279)	(13,565,968)	(927,311)
<b>Surplus before Transfers</b>	<b>7,004,387</b>	<b>1,376,311</b>	<b>5,628,076</b>
Transfer (to)/from Capital	(10,550,683)	(3,932,143)	(6,618,540)
Transfer (to)/from Reserves	342,854	450	342,404
Transfer (to)/from Funds	3,416,012	2,555,382	860,630
<b>Surplus/(Deficit)</b>	<b>212,570</b>	<b>-</b>	<b>212,570</b>
Recommended Transfers	(212,570)		(212,570)
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Salient revenue comments:

### Grants

- ✓ Ontario Community Infrastructure Fund (OCIF) - \$482,048\*
- ✓ Strategic Priorities Infrastructure Fund (SPIF) - \$827,712\*
- ✓ Municipal Modernization Program Intake 3 - \$267,630\*
- ✓ Reconnect Ontario 2022 \$115,218

### Other

- ✓ Contractual settlement related to previous land sale - \$2,156,412
- ✓ Investment Income - \$468,041
- ✓ Vale Community Improvement Fund Donation - \$250,000
- ✓ Museum Donation \$150,000
- ✓ Penalties and Interest - \$94,573
- ✓ Supplemental Taxes - \$141,595
- ✓ Canal Days - \$232,887

### Self Sustaining Entities

- ✓ Sugarloaf Marina - (\$171,599)
- ✓ Nickel Beach – (\$40,882)
- ✓ Building Department - \$93,850

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

# Levy



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<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Salient operating expense comments:

- ✓ Legal - \$155,772 [Contractual settlement of previous land sale]
- ✓ External Consultants - \$132,217 [Planning, Building, Beach]
- ✓ Reassessments/Uncollectible Accounts - \$113,273
- ✓ Grants and Sponsorship - \$126,230 [Physician, CIP, etc.]
- ✓ Municipal Election - \$160,505
- ✓ Canal Days - \$324,255
- ✓ City Owned Properties Drainage Charges - \$53,723
  
- ✓ Utilities - (\$394,623) [VHWC]
- ✓ Staff Training and Development - (\$124,631)



# Levy



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Recommended Transfers	(212,570)		(212,570)
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Salient reserve comments:

- ✓ CAT Front Loader Purchase (\$240,000) [2022-86]
- ✓ Road Grader Purchase (\$274,752) [2022-157]
- ✓ WW Inflow and Infiltration Projects (\$561,900) [2022-88]

## Reserve policy and practices

- ✓ Museum Bequest Donation \$150,555
- ✓ Eco Dev Reserve funded land sales related activities (\$292,508)
- ✓ Eco Dev Internal Financing for Industrial Land Purchase and Clearing (\$480,813)
- ✓ Future liabilities \$504,143
- ✓ Contractual settlement increased TCA Reserve \$2,000,000
- ✓ Storm Sewer Reserve increase \$440,348
- ✓ Water Reserve increase \$483,319
- ✓ Wastewater Reserve increase \$1,418,931
- ✓ Under/Over Reserve increase \$427,893



# Self-Sustaining Entities



## Net Individual Self-Sustaining Budget

SSE		Suplus/(Deficit)		
Department	Actual	Budget	Variance (\$)	Transfer to/(from) Reserve
Cemetery	-	-	-	-
Marina	(66,214)	-	(66,214)	(32,514)
Beach Operations	785	-	785	1,534
Building	11,590	-	11,590	11,590
<b>Surplus/(Deficit) Subtotal</b>	<b>(53,840)</b>	<b>-</b>	<b>(53,840)</b>	<b>- 19,390</b>

## Reserve Balance and Forecast

Department	2022 Year End Balance	2023 Budget	2023 Forecast Balance
Cemetery	-	-	-
Marina	146,306	-	146,306
Marina - Internal Financing	(965,770)	100,000	(865,770)
Beach Operations	198,165	(18,957)	179,208
Building	226,240	(90,195)	136,045
<b>Surplus/(Deficit) Subtotal</b>	<b>(395,059)</b>	<b>(9,152)</b>	<b>(404,211)</b>

### Salient comments:

- ✓ Cemetery operations continue to be subsidized by the Levy. Staff are finalizing a review of fees and future maintenance costs for Council's review at a future Council meeting.
- ✓ Sugarloaf Marina deficit the result of lower sales and higher than expected contract services expenses.
- ✓ Beach Operations surplus the result of managing costs in response to lower than expected sales.
- ✓ Building department surplus is not considered structural as it resulted from two larger projects.

Note: The reserve funding to cover the Marina deficit of \$66,214 is only \$32,514 because \$33,700 was budgeted to be transferred to the reserve.



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# Rate



Rate	Actual	Budget	Net
Revenue	13,128,065	13,101,067	26,998
Personnel Expense	(1,082,704)	(1,248,700)	165,996
Operating Expense	(7,013,186)	(8,062,655)	1,049,469
<b>Surplus before Transfers</b>	<b>5,032,175</b>	<b>3,789,712</b>	<b>1,242,463</b>
Transfer (to)/from Reserves	(1,552,633)	(1,204,330)	(348,303)
Transfer (to)/from Funds	(3,479,542)	(2,585,382)	(894,160)
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Salient expense comments:

- ✓ Niagara Region waste water charges - (\$711,812)
- ✓ Niagara Region water charges - \$131,674
- ✓ Contracted services - (\$219,944)
- ✓ Repair and maintenance (\$64,018)
- ✓ External Consultants (\$54,537)

## Salient transfer to/(from) reserves

- ✓ Waste Water - \$763,093 surplus
- ✓ Water - \$462,537 surplus
- ✓ Storm Sewer - \$327,002 surplus

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 2023 budget.



# Rate



## Net Individual Rate Budget

Department	Actual	Budget	Variance (\$)	Transfer to/(from) Reserve
Wastewater	349,902	-	349,902	763,093
Water	62,342	-	62,342	462,537
Storm Sewer	(63,941)	-	(63,941)	327,003
<b>Surplus/(Deficit) Subtotal</b>	<b>348,303</b>	<b>-</b>	<b>348,303</b>	<b>1,552,633</b>

## Reserve Balance and Forecast

Department	2022 Year End Balance	2023 Budget	2023 Forecast Balance
Wastewater	2,479,933	(145,046)	2,334,887
Water	807,614	79,564	887,178
Storm Sewer	557,323	(414,507)	142,816
<b>Surplus/(Deficit) Subtotal</b>	<b>3,844,870</b>	<b>(479,989)</b>	<b>3,364,881</b>

### 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 an all-round reduction in expenses offset by higher than budgeted Niagara Region water charges.
- ✓ Storm Sewer surplus is the result of lower than budgeted contract services and City-owned property tax expenditures offset by lower revenue resulting from the removal of properties from the Storm Sewer boundary as a result of changes to the Storm Sewer boundary towards the end of 2021.

Note: The difference between the variance column and the transfer to/(from) reserve column is the balance already budgeted to be transferred.



# Capital and Related Projects



Department	Open Projects Prior to 2022	Projects Approved in 2022	Total Funding Available for 2022	Projects Spending	Projects Completed Surplus/(Deficit)	Projects Closedout/ Transferred	Remaining funds at the YE 2022
Global	850,000	1,495,500	<b>2,345,500</b>	(191,853)	-	750,000	<b>1,403,647</b>
CAO's office	393,475	240,792	<b>634,267</b>	(831,685)	(475,122)	-	<b>277,704</b>
Corporate Services	147,223	797,895	<b>945,118</b>	(475,339)	7,381	20,000	<b>442,398</b>
Community Safety	-	79,000	<b>79,000</b>	(44,686)	4,314	-	<b>30,000</b>
Legislative Services	56,500	445,000	<b>501,500</b>	(10,583)	(583)	296,500	<b>195,000</b>
Library	88,325	98,000	<b>186,325</b>	(124,155)	22,204	-	<b>39,966</b>
Museum + Roselawn	37,367	142,500	<b>179,867</b>	(84,430)	(11,355)	-	<b>106,792</b>
Self-sustained Entities	4,037	1,825,876	<b>1,829,913</b>	(1,146,374)	105,092	-	<b>578,447</b>
Public Works	4,226,150	9,068,366	<b>13,294,516</b>	(4,632,508)	330,257	379,159	<b>7,952,592</b>
Rates	-	8,539,200	<b>8,539,200</b>	(342,236)	1,295	1,090,000	<b>7,105,669</b>
<b>Total</b>	<b>5,803,077</b>	<b>22,732,129</b>	<b>28,535,206</b>	<b>(7,883,849)</b>	<b>(16,517)</b>	<b>2,535,659</b>	<b>18,132,215</b>



# Capital and Related Projects



Department	Open Projects - Prior to 2022	Projects Approved in 2022	Total Open Projects for 2022	Projects Completed	Projects Closedout/ Transferred	Open Projects - At the end of 2022
Global	2	2	4	-	(1)	3
CAO's office	8	3	11	(8)	-	3
Corporate Services	4	10	14	(4)	(1)	9
Community Safety	-	3	3	(2)	-	1
Legislative Services	2	4	6	(1)	(2)	3
Library	2	8	10	(6)	-	4
Museum + Roselawn	3	5	8	(5)	-	3
Self-sustained Entities	2	15	17	(11)	-	6
Public Works	45	53	98	(29)	(26)	43
Rates	-	18	18	(1)	(2)	15
<b>Total</b>	<b>68</b>	<b>121</b>	<b>189</b>	<b>(67)</b>	<b>(32)</b>	<b>90</b>

# Reserves



	2021 Year End Balance	2022 Approved Budget	2022 In-Year Approved Transfers	Interest Allocation	Reserve Balance Before Surplus Allocation	Year End Surplus Transfers to Approve	2022 Year-End Reserve Balance
Total Boards and Committees Reserves	452,287	(49,000)	145,825	-	549,112	-	549,112
Total Programs, Grants and Activities	1,395,991	(443,688)	(42,273)	-	910,030	-	910,030
Total Self Sustaining Entities	530,537	(1,031,310)	128,934	(23,220)	(395,059)	-	(395,059)
Total General Government	9,079,469	14,270	(356,868)	62,664	8,799,534	-	8,799,534
Total Capital	6,359,124	294,386	4,318,571	208,370	11,180,450	204,316	11,384,766
Total Reserves before WIP	17,817,408	(1,215,342)	4,194,188	247,814	21,044,068	204,316	21,248,383
Work-in-progress (WIP)	7,814,960	(7,814,960)	9,041,641		9,041,642		9,041,642
Library Work-in-progress (WIP)	8,959	(8,959)	62,170		62,170		62,170
Total Reserves	25,641,328	(9,039,261)	13,297,999	247,814	30,147,879	204,316	30,352,195



# Debt Management

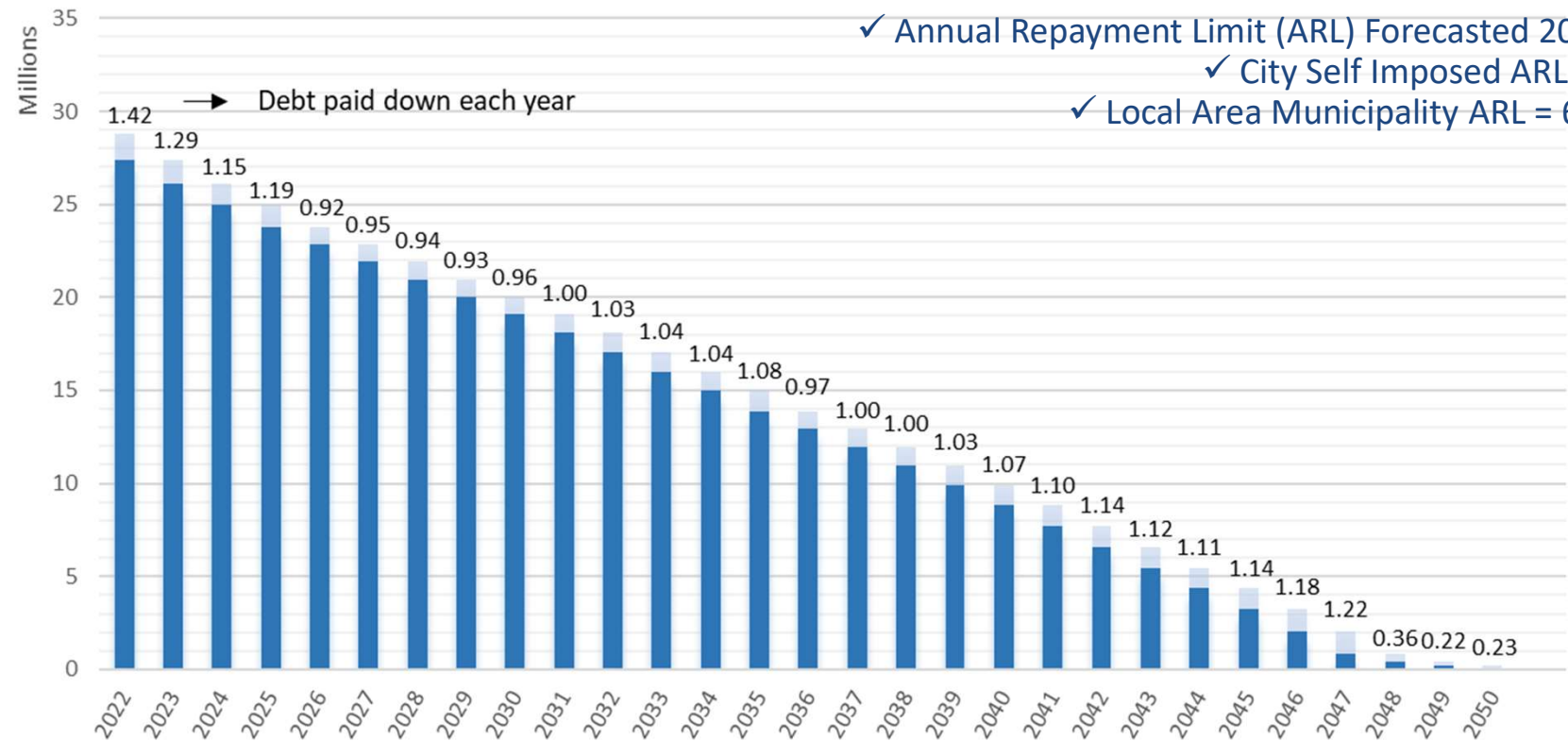


('000s in millions)	2022	2023	2024	2025	2026	2027
External Debt	27,411	26,123	24,968	23,777	22,859	21,912
Internal Financing	1,841	1,641	1,441	1,241	1,041	841
<b>Total Borrowing (External &amp; Internal)</b>	<b>29,252</b>	<b>27,764</b>	<b>26,409</b>	<b>25,018</b>	<b>23,900</b>	<b>22,753</b>
Interest	920	878	841	805	767	736
Principal	1,419	1,288	1,155	1,191	948	948
<b>External Borrowing Charges</b>	<b>2,339</b>	<b>2,166</b>	<b>1,996</b>	<b>1,996</b>	<b>1,715</b>	<b>1,684</b>
Illustrative In-Year ARL*	5.9%	5.2%	4.6%	4.5%	3.7%	3.5%
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%





# Debt Outlook



Thank You



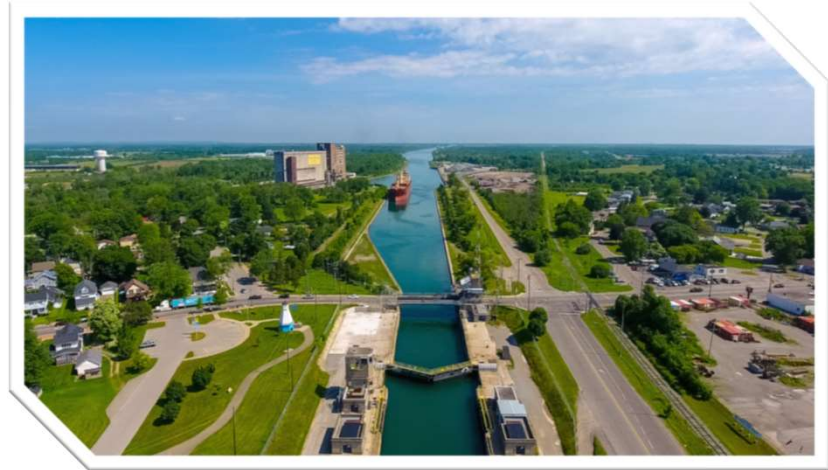
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