

2022 Results and 2023 Budget

Board of Directors

March 24, 2023

GM, Corporate and Financial
Services/CFO



Lake Simcoe Region
conservation authority



Member of Conservation Ontario

Presentation Outline

1. Review of 2022 Highlights and Financial Results
2. 2022 Lessons learned; used to inform the 2023 Budget
3. 2023 Annual Priorities
4. 2023 Budget
5. Budget Story



2022 Highlights

1. Operational surplus (before asset and reserve entries) \$21K, slightly lower than forecast at Q3.
2. Surplus from Offsetting Operational programming. Reserve transfers used to fund future projects.
3. Capital projects and asset variances due to timing differences, some work deferred to 2023.



2022 Highlights continued

4. Investment returns much higher than budget. 2022 average interest rate was 2.6% (2021 – 0.5%); ended 2022 at 4.78%.
5. Offsetting and Project Summary: Timing Variances carried into 2023 budget. Deferred balances (Appendix 2).
6. Procurement Summary (Appendix 3), 139 procurements awarded totaling \$2.7M.



2022 Capital Project and Asset Update

2022 Projects	Budget*	Actual*
Offsetting	\$ 2,015	\$ 809
Stormwater	1,386	1,002
Other	959	750
Infrastructure Hazard	653	89
LID & Monitoring	381	280
Shoreline Hazard & Flood Risk	380	246
Total Projects	\$ 5,774	\$ 3,176
2022 Capital Purchases and Projects	Budget*	Actual*
Scanlon Creek Nature Centre Design & Build	\$ 800	\$ 67
Infrastructure & Furniture	502	87
Equipment & Vehicles	298	45
Hardware	131	100
Total Capital Purchases and Projects	\$ 1,731	\$ 299
Total	\$ 7,505	\$ 3,475
*shown in '000s		

Update on Reserves: Ending Balance \$5.1M*

Reserve Category	2021	2022*
Asset Management	\$735	\$1,348
Rate Stabilization	\$2,309	\$3,284
Working Capital	\$460	\$435
Restricted	\$34	\$44

*Draft Unaudited Balances – shown in '000s

2022 Results: Lessons Learned

1. Issue: Deferred balances increasing.
For 2023: Deferred will not be allowed for non-capital levies; monitor impact on overall surplus in 2023.
2. Issue: Update target balances for reserves.
For 2023: Update reserve policy and target balances; redistribute reserves as needed.



2022 Results: Lessons Learned Continued

3. Issue: Asset Management strategy.

For 2023: Develop long-term Asset Management financial strategy.

4. Issue: Rising interest rates.

For 2023: Higher returns on investments; inflation pressure on long-term capital plans.

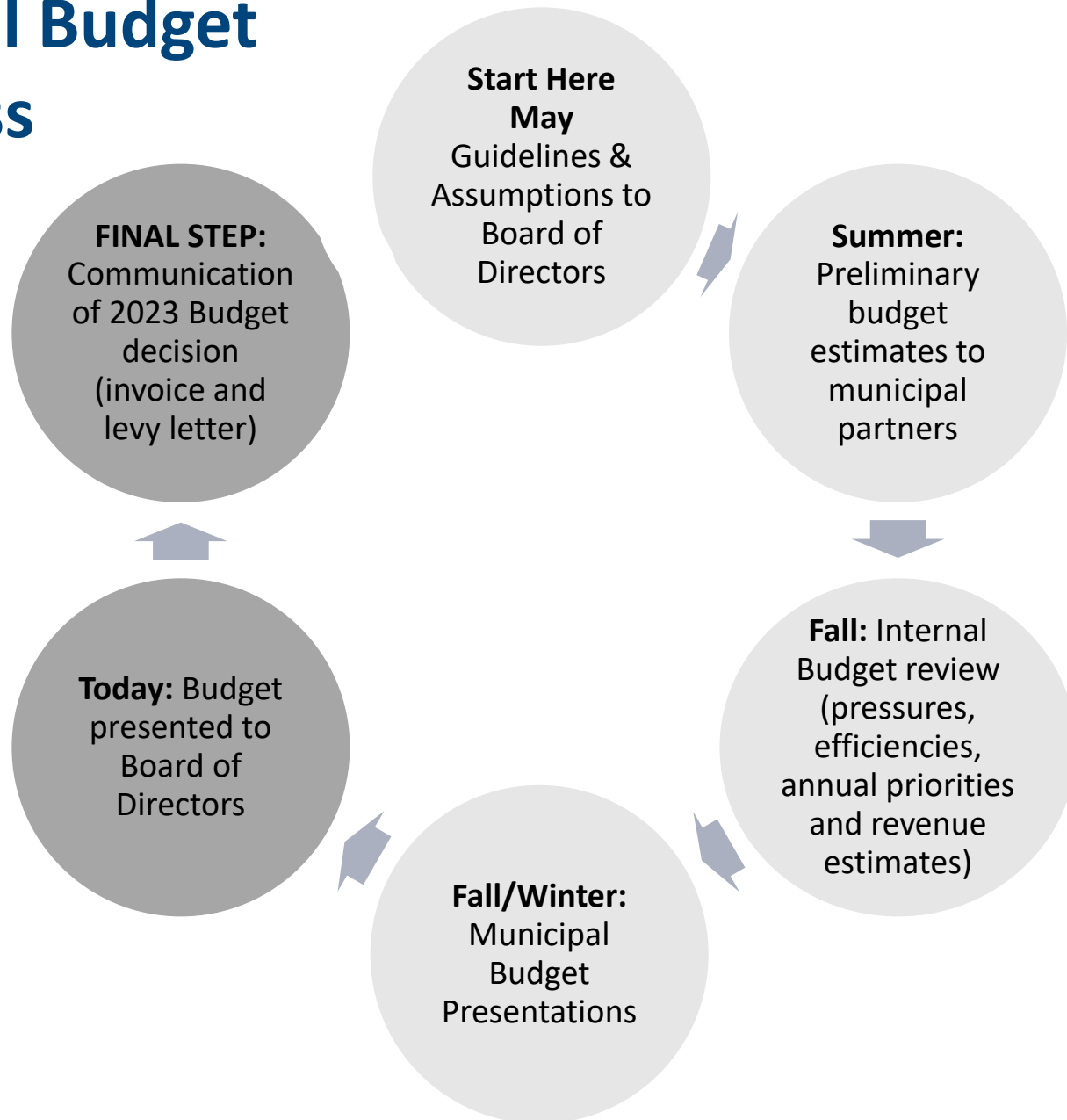


Transitioning from 2022 to 2023

1. 2022 Audited Financial Statements require Board approval. Scheduled for April.
2. Annual Priorities to guide the Authority's work for 2023.
3. 2023 Budget to be approved by the Board of Directors (today).



Annual Budget Process



Summary of Budget Approvals

Municipal Funding Partner	Approval or Within Envelope
Regional Municipality of York	✓
City of Barrie	✓
Regional Municipality of Durham	To be reviewed on March 29, 2023
Town of Bradford West Gwillimbury	✓
Town of Innisfil	✓
Township of Oro-Medonte	To be reviewed on March 29, 2023
Town of New Tecumseth	✓
City of Kawartha Lakes	✓
Township of Ramara	✓

2023 Annual Priorities

1. Manage and implement legislative changes in Bills 229 (2020) and Bill 23 (2022)
2. Continue development of Diversity, Equity, Inclusion and Belonging framework
3. Develop management plan, and conduct community consultation for Lake Simcoe Conservation Preserve
4. Advance design and construction of new Scanlon Creek Nature Centre



2023 Annual Priorities Continued

5. Advance business development opportunities for climate change and stormwater management
6. Assess and implement necessary network security solutions
7. Implement corporate records management and asset management financial strategies



Proposed 2023 Budget

Budget Guidelines – Board Approved June 24, 2022

	Guideline	Budget
Inflation	Up to 4.00%	When applicable
COLA	Up to 2.00%	2.00%
Growth/Strategic Initiatives	Up to 1.50%	0.00%
General Levy	2.00%	2.00%
Special Operating	2.00%	2.00%
Special Capital	1.68%	1.66%

2023 Budget Highlights



Respect the taxpayer

- One new FTE (fully funded)
- Funding request within targets



Advancing Organizational Efficiencies

- External procurement audit
- Introduced new E-Workflows



Improving transparency and consistency through full cost accounting



Operating and Capital Budget

Budget	2022*	2023	Change
Operating	\$15.9M	\$16.9M	\$1.0M
Capital	<u>\$7.7M</u>	<u>\$5.9M</u>	<u>(\$1.8M)</u>
Total	\$23.6M	\$22.8M	(\$0.8M)

*Restated

Expenditures By Service Areas

Service Area	2022 Budget*	2023 Budget	+/-
Corporate	\$1.9M	\$2.8M	\$0.9M
Ecological Management	3.1M	3.4M	0.3M
Education & Engagement	0.8M	0.9M	0.1M
Greenspace Services	1.1M	1.0M	(0.1M)
Planning & Development Services	5.6M	5.3M	(0.3M)
Water Risk Management	2.4M	2.4M	0.0M
Watershed Studies & Strategies	1.0M	1.1M	0.1M
Capital	<u>7.7M</u>	<u>5.9M</u>	<u>(1.8M)</u>
Total Expenditures	\$23.6M	\$22.8M	(\$0.8M)

*restated budget

Revenues

Revenue Category	2022	2023	+/-
Levy (2.00%)	\$4.1M	\$4.2M	\$0.1M
Special Capital (1.66%)/Operating(2.00%)	4.9M	5.0M	0.1M
End of One-Time Funding/Deferred	3.7M	3.5M	(0.2M)
Provincial/Federal	2.3M	1.7M	(0.6M)
Revenue Generated by Authority	8.3M	8.0M	(0.3M)
Other	<u>0.1M</u>	<u>0.4M</u>	<u>0.3M</u>
TOTAL	\$23.4M	\$22.8M	(\$0.6M)

2023 Budget: Reserve Activity

In 000s	Opening Balance	2023 Transfer In	2023 Draws	Projected Ending Balance
Rate Stabilization	\$3,284	\$842	(\$531)	\$3,595
Asset Management	1,348	474	(\$623)	1,199
Working Capital	435		(122)	313
Restricted	<u>44</u>	-	<u>(10)</u>	<u>34</u>
TOTAL RESERVES	\$5,111	\$1,316	(\$1,286)	\$5,141

2023 Capital Budget

Projects	Amount in 000s
Offsetting (Water Balance, Ecological and Phosphorous)	\$1,755
Mouth of Western Creek Restoration, York Region	1,195
Stormwater Projects	629
Lake Simcoe Conservation Preserve, Georgina	266
Other	709
	<hr/>
	\$4,554
Capital Purchases and Projects	Amount in 000s
Scanlon Creek Nature Centre Design and Build	\$658
Infrastructure & Furniture	477
Equipment & Vehicles	210
Hardware	48
	<hr/>
	\$1,393
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Total Capital and Projects	\$5,947



2023 Budget: Budget Story

1. Board approval is final step for 2023 Budget
2. Budget is within funding partner guidelines
3. New Board–approved fee schedule for 2023, 46-22-BOD
4. Second year of *Transformation 2022-2024*
5. One new FTE, fully funded by fees
6. Regulation/legislative changes related to Bill 229 will impact the 2024 budget. Changes from Bill 23 to be implemented as they become known



Questions?

