

# 2023 Year-end Review

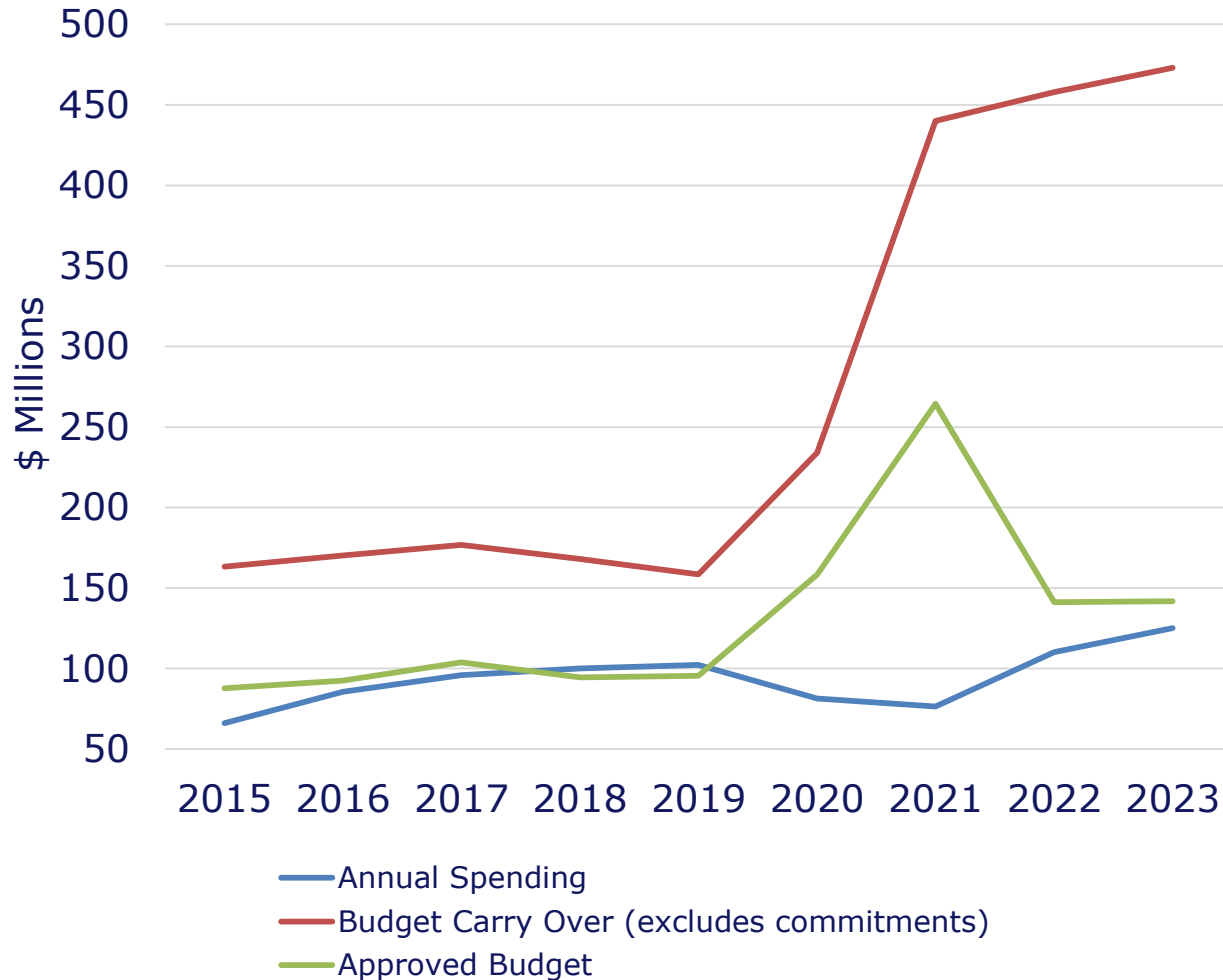
May 15, 2024

# Agenda / Overview

Presentation of key highlights related to 2023 year-end reports:

- ❖ 2023 Year-end Capital Budget Monitoring Report
- ❖ 2023 Year-end Operating Budget Monitoring and Surplus/Deficit Allocation Report
- ❖ 2023 Long-term Financial Statement – Reserves and Debt

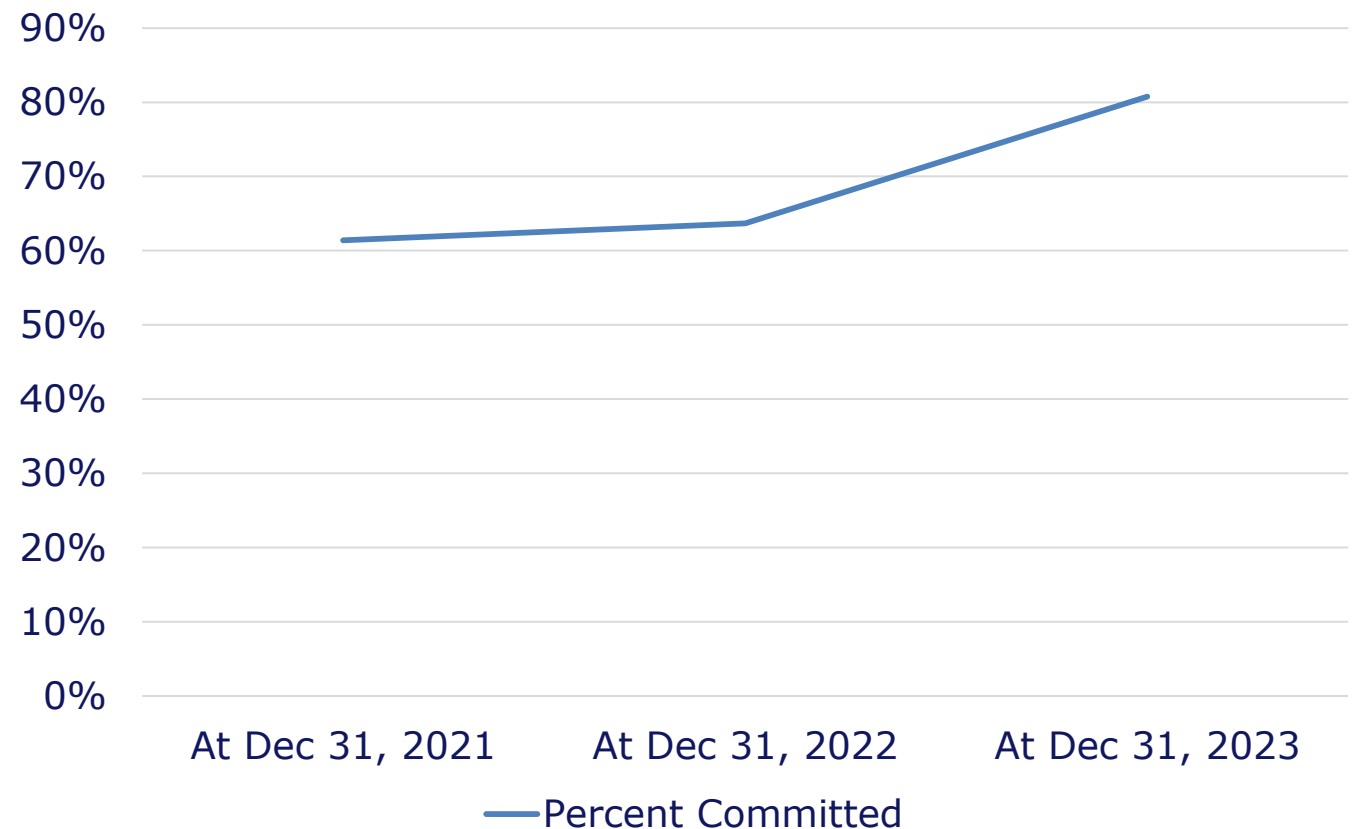
# Capital Budget Monitoring Results



- ❖ Spending of \$125.1 million plus \$275.1 million approved purchase orders
  - ❖ Road reconstruction
  - ❖ Baker District
  - ❖ Purchase of electric buses
  - ❖ South End Community Centre (SECC)
  - ❖ Water Resource Recovery Centre energy efficiencies
  - ❖ Paisley Pumping Station upgrades
  - ❖ Recreation facility renewal
- ❖ Purchase Orders issued increased 8.5% to 12,524
- ❖ Closed 31 projects, surplus of \$1.6 million
- ❖ Year-end uncommitted approved budget of \$198.0 million

# Committed Capital Budget

- ❖ Commitments for SECC, Baker District and FM Woods Station Upgrades
- ❖ Successful capital prioritization – in year project reductions of \$30.9 million



# Capital Budget Recommendations

## Attachment-3

1. Budget Reallocations
2. Budget Additions
3. Funding Adjustments



## Ambulance Pre-ordering



# 2023 Operating Budget Monitoring Summary

- ❖ Total surplus of 1.4% from budget (2.8% in 2022) – mix of tax and non-tax impacts.
- ❖ Surplus funds were anticipated and used during the 2024 budget to reduce taxes and rate impacts.
- ❖ 2024 base budget adjusted to address variance trends.

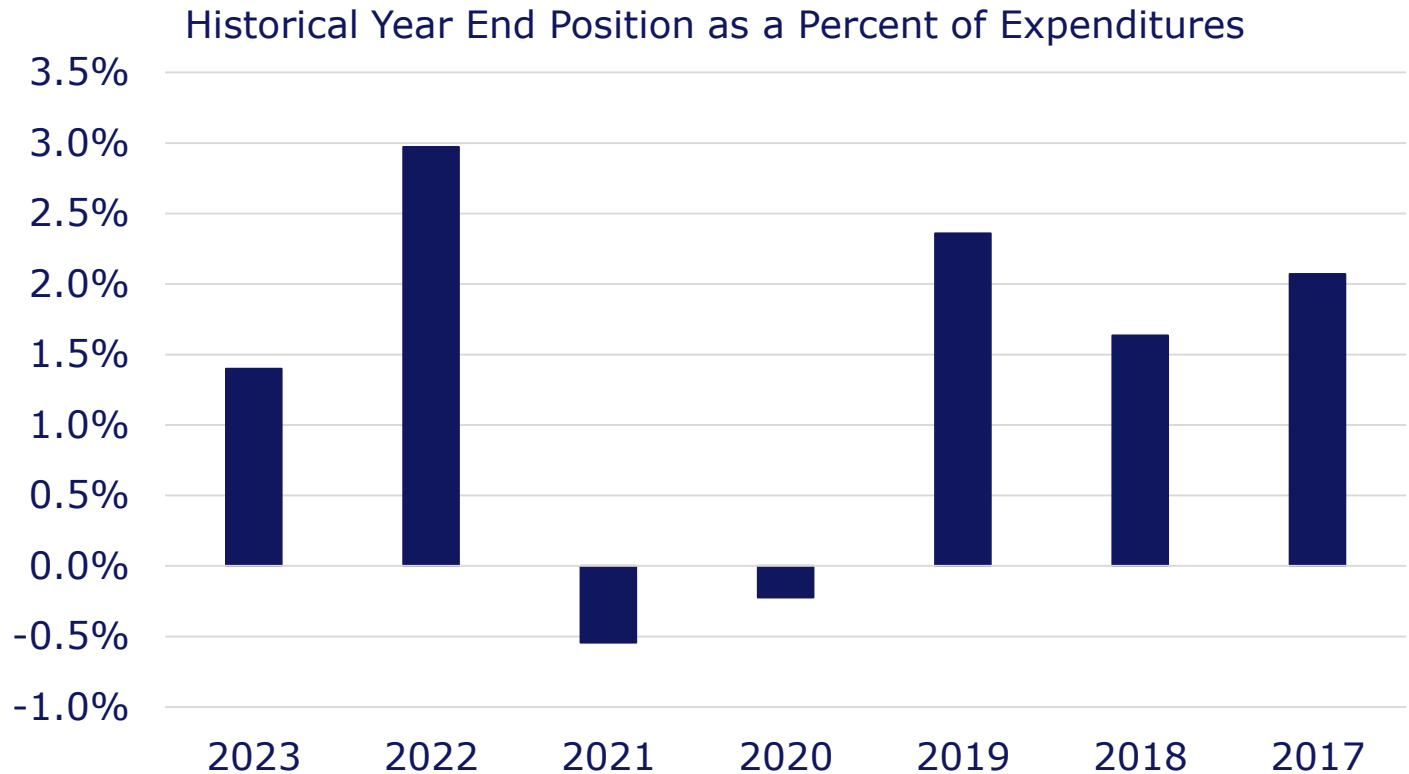


Chart represents combined Tax and Non-Tax Supported position excluding Safe Restart Funding.

# 2023 Operating Variance Drivers

- ❖ Minor 0.3% unfavourable variance for compensation driven by use of temporary staff and overtime to address permanent staffing vacancies, inflationary pressure on medical and dental benefits, and rising minimum wage.
- ❖ Inflationary pressures in purchased goods and services impacting fuel, vehicle parts, trade labour, medical supplies and wastewater treatment chemicals.
- ❖ Unfavourable variance for building and fleet repairs due to aging assets.
- ❖ Revenue surplus of 5.1% from investment returns, water / wastewater volumetric revenues, asset disposal proceeds, capital labour recoveries and grants.
- ❖ Local Boards and Shared Services net unfavourable position of 7.5%.

# 2023 Funding Recommendations (Tax)

<b>Tax Supported Surplus / (Deficit) Allocation</b>	<b>Amount \$</b>
Transfer from Library Operating Contingency Reserve (102)	(294,319)
Transfer to Police Operating Contingency Reserve (115)	36,748
Transfer to Environment and Utility Reserve (198)	417,211
Transfer to Tax Rate Operating Contingency Reserve (180)	3,703,389
<b>Tax Supported Total</b>	<b>3,863,029</b>

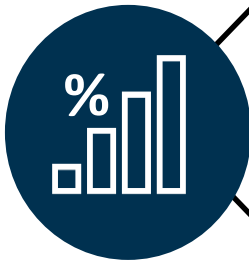
# 2023 Funding Recommendations (Non-tax)

<b>Non-Tax Supported Surplus / (Deficit) Allocation</b>	<b>Amount \$</b>
Transfer to Water Capital Reserve Fund (152)	2,588,627
Transfer to Wastewater Capital Reserve Fund (153)	1,146,371
Transfer to Stormwater Capital Reserve Fund (165)	547,567
Transfer to Building Services OBC Stabilization Reserve Fund (188)	53,564
Transfer from Parking Capital Reserve Fund (151)	(1,524,904)
Transfer from Court Operating Contingency Reserve Fund (211)	(297,026)
<b>Non-Tax Supported Total</b>	<b>3,414,200</b>

# Year-End Reserve and Reserve Fund Balances



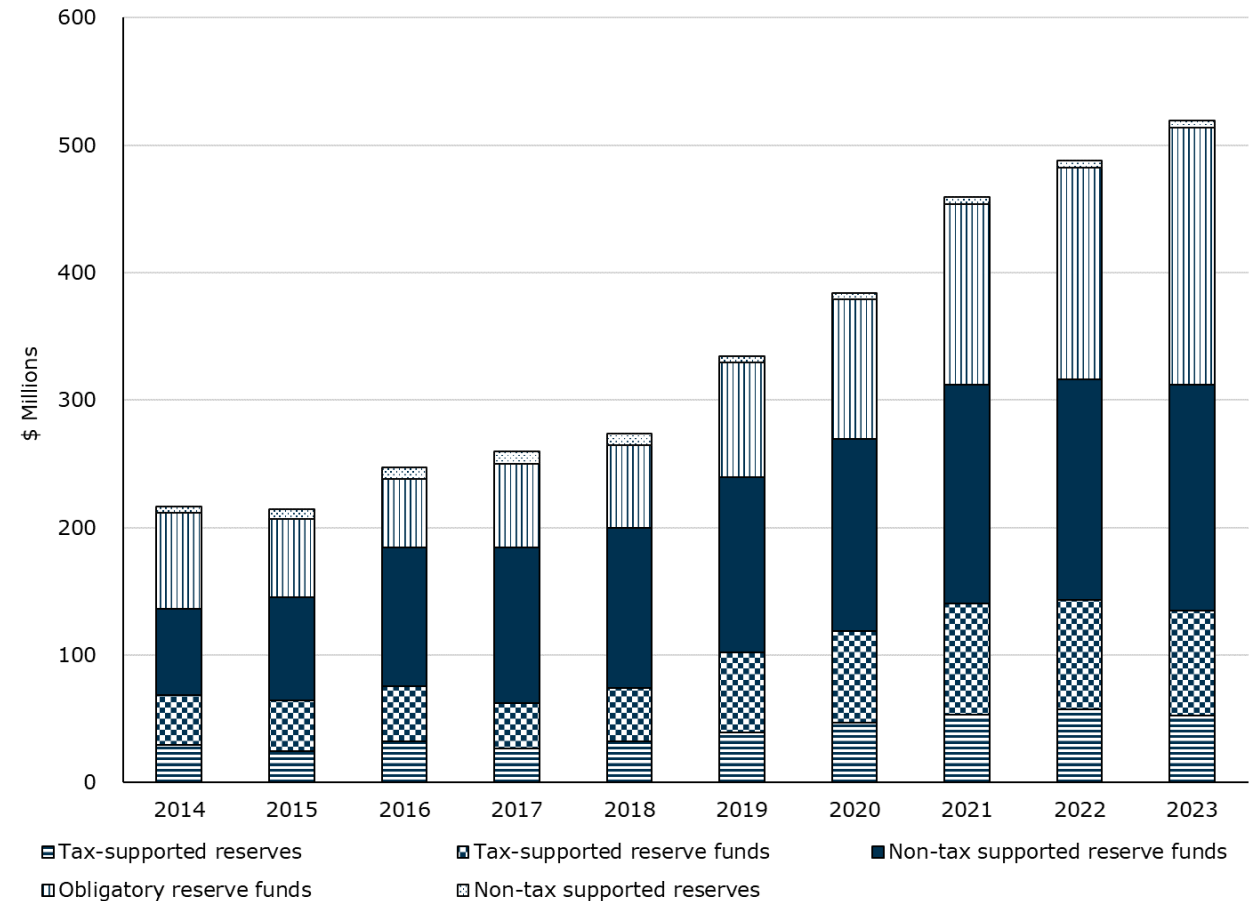
Increase of \$31.5 million (6.5%) to \$519.2 million before commitments



Over half of the increase is from interest earned on reserve funds



Increase of \$42.0M (35.3%) after commitments



# Contingency Reserves

- ❖ Tax-supported contingency reserves
  - ❖ Available balance - \$24.5M
  - ❖ 62% of target
  
- ❖ Non-tax supported contingency reserves
  - ❖ Available balance - \$5.8M
  - ❖ 122% of target

Contingency Reserve	Target Comparison	Trend
Library	25%	Declining
Police	93%	Declining
Compensation	50%	Declining
Tax-Rate	47%	Declining
Legal and Insurance	147%	Declining
Enviro and Utility	112%	Improving
Social Housing	0%	Improving
Parking	51%	Declining
Water	98%	Declining
Wastewater	74%	Declining
Court	317%	Declining
Stormwater	486%	Improving

# Capital Reserve Funds

Category	Year-end Position	Trend	Key Drivers
Tax Supported	Deficit of \$4.1M	↓ (\$14.3M)	<ul style="list-style-type: none"> <li>• DC exemptions increase</li> <li>• Higher commitments at year end</li> <li>• Hold off on debt issuance</li> </ul>
Non-Tax Supported	Surplus of \$95M	↑ \$40.2M	<ul style="list-style-type: none"> <li>• Reduction in commitments through 2022/23 capital prioritization process (re-budgeted in 2024 and future forecast)</li> </ul>

# Development Charge (DC) Reserve Funds

## DC collections:

- ❖ 2023 - \$26.3M
- ❖ 2022 - \$20.9M

## DC exemptions and discounts:

- ❖ 2023 - \$11.6M
  - ❖ \$3.1M from Bill 23
  - ❖ \$7.4M (176%) higher than budget
- ❖ 2022 - \$6.9M

## DC capital expenditures:

- ❖ South End Community Centre - \$4.1M
- ❖ Whitelaw Road Reconstruction - \$2.3M
- ❖ Speedvale Road Reconstruction - \$1.9M
- ❖ Eastview Community Park - \$1.0M
- ❖ New Water Supply - \$864K
- ❖ Solid Waste Collection Truck - \$728K
- ❖ New Intersections/Pedestrian Signals - \$660K

DC Reserve Fund Activity	Total (\$)
Opening balance	111,928,686
Collections	26,313,471
Exemptions	11,581,028
Interest earned	8,115,422
Capital Expenditures	(18,460,589)
Debt Charges	(1,319,239)
<b>Closing Balance</b>	<b>138,158,779</b>
Commitments not yet spent	(169,521,897)
<b>Closing Balance after commitments</b>	<b>(31,363,118)</b>
Year-end DC Debt Outstanding	65,754,932
<b>Net DC Reserve Fund Balance</b>	<b>34,391,815</b>

# Other Development Fee Reserve Funds

## Parkland Dedication (PD) Payment-in-Lieu (PIL)

Description	PD (300) (\$)	Downtown PD (301) (\$)
Opening balance	15,407,924	354,519
PIL collected	1,828,291	-
Capital expenditures	-	-
Interest earned	558,785	12,137
<b>Closing balance</b>	<b>17,795,000</b>	<b>366,656</b>
Year-end commitments	(1,507,962)	-
<b>Available balance</b>	<b>16,287,038</b>	<b>366,656</b>

## Community Benefit Charges (CBC)

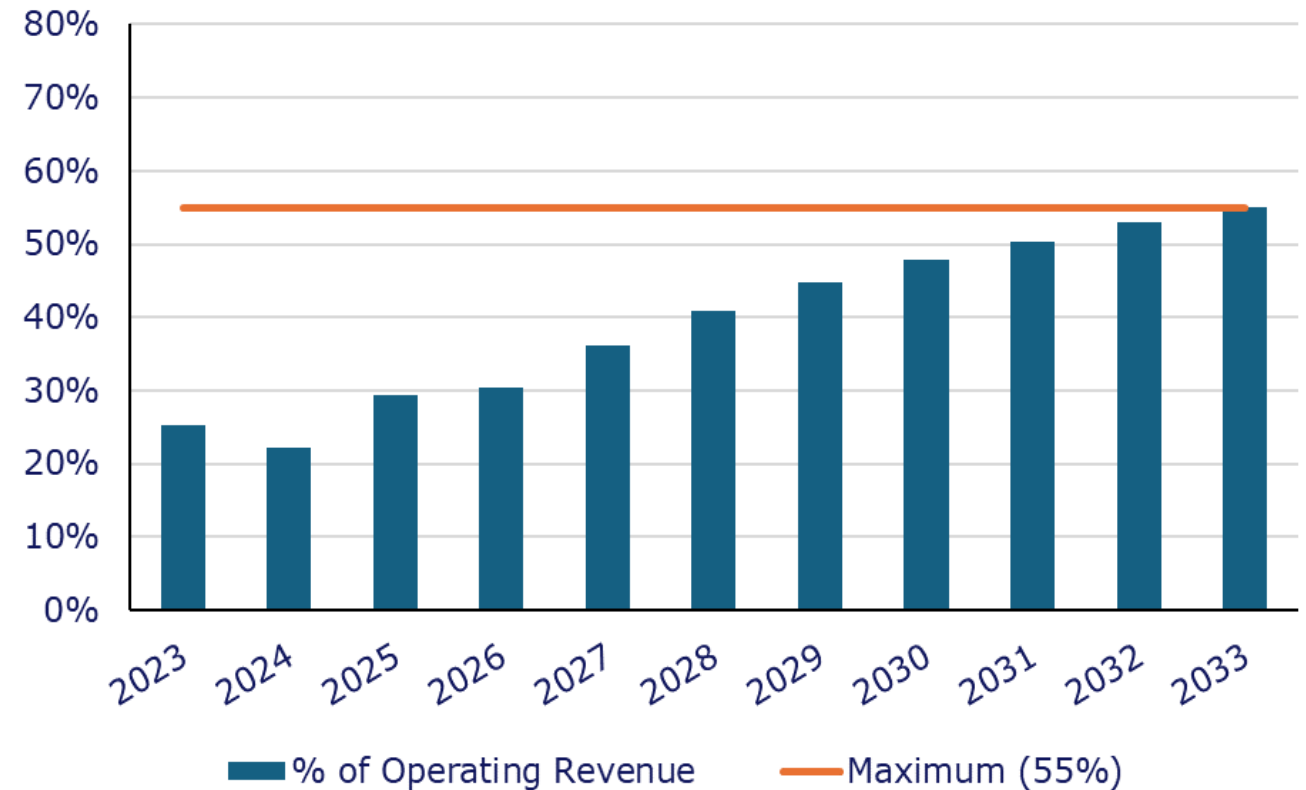
Description	CBC (302) (\$)
Opening balance	453,800
CBC collected	474,400
Capital expenditures	-
Interest earned	23,656
<b>Closing balance</b>	<b>951,856</b>
Year-end commitments	-
<b>Available balance</b>	<b>951,856</b>

# Debt

Metric	Maximum	2023 year-end position	2023 change from 2022
Debt servicing costs to own source revenue (legislated annual repayment limit)	25%	3.4%	Decreasing (improving)
Direct debt (principal) to operating revenue	55%	25.2%	Decreasing (improving)

- ❖ Year-end debt outstanding totalled \$111.9 million after principal repayment of \$12.1 million in 2023.

Debt principal to operating revenue: 2023 and forecast



# Summary

- ❖ Proactive and responsive financial management is demonstrating positive progress over time on financial results compared to budget.
- ❖ Capital strategies related to managing inflation and project execution are working; we will continue this momentum to ensure every available dollar is activated.
- ❖ Reserve and Reserve Funds are showing declining trends; staff are reviewing targets and updating policies to guide budget recommendations and risk assessment.
- ❖ Guelph is making investments to incentivize housing through the funding of DC exemptions totalling \$11.6 million, or 176% above budget.
- ❖ We are maximizing grants, growth revenues and debt capacity to get infrastructure and amenities to our community faster, and at the lowest tax and rate impact.

Thank you!