

YE2022

Annual Financial Report

City of Dryden

Unaudited Financials as at December 31, 2022



DRYDEN

Steven Lansdell-Roll
Corporation of the City of Dryden
5/8/2022



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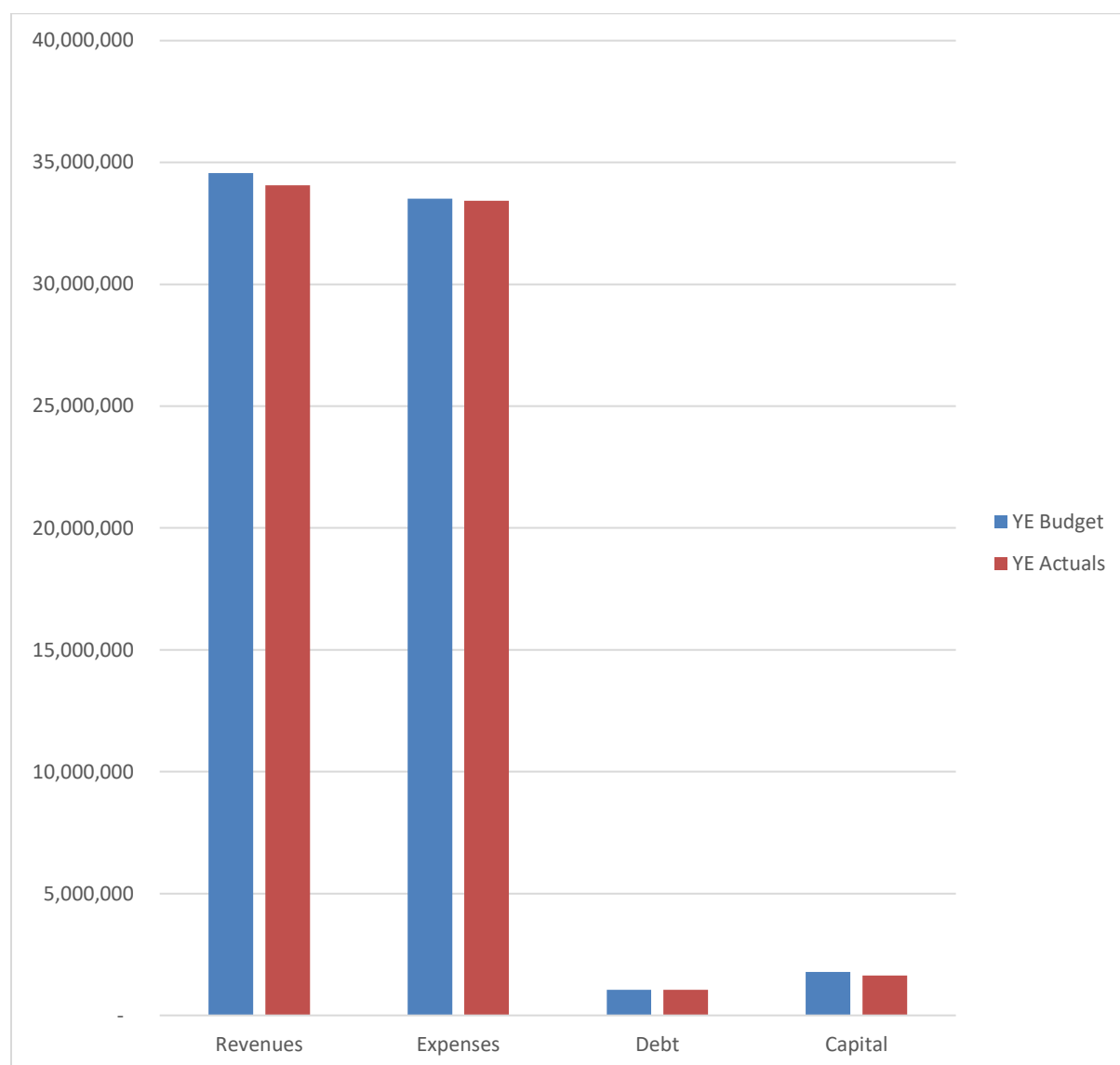
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Corporate Summary



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More detailed variance analysis is provided further along in this document.

- ○ **Revenues**: lower than expected
- ○ **Expenses**: on budget
- ○ **Debt**: on budget
- ○ **Capital spending**: lower than budget

○ - Financially immaterial

○ - Financially material (favourable)

○ - Financially material (unfavourable)

Operating Results Summaries

Revenues

	Budget	Actual	Variance
Operating Revenues	(34,567,818)	(34,064,779)	(503,039)
Tax Levy	(14,697,468)	(14,605,568)	(91,900)
Transfer from Reserves	(3,999,016)	(3,479,819)	(519,197)
OMPF	(2,145,500)	(2,145,500)	-
Other Grant/Donations	(1,612,129)	(1,730,120)	117,991
Water Sales/Revenue	(2,529,760)	(2,494,570)	(35,190)
Sewer Sales/Revenue	(2,506,760)	(2,412,016)	(94,744)
Other User Fee Revenue	(2,187,050)	(1,937,711)	(249,339)
Other Revenue	(4,150,768)	(4,534,343)	383,575
Fines	(739,367)	(725,132)	(14,235)

The total operating revenue budget for 2022 was \$34.57M, with year-end actual revenues received being \$34.06M, a \$503K negative variance.

Transfer from Reserves revenue was ~\$519K negative at year end. This variance relates to the DPS disbandment and was lower than expected levels due to former DPS members taking the salary continuance option over a lump sum disbandment payment (budget assumed 100% lump sum). The draw from Reserves associated with disbanding the Municipal Police Department will now be spread out over three years (2022, 2023 and 2024), with the majority still being incurred in 2022. The negative variance was fully offset by a positive variance (Salary, Wages, & Benefits) in expenditures.

Other Grant/Donations revenue was ~\$118K positive at year end. This variance relates to the FCM and Modernization funding received for the City's Building Condition Assessment (BCA) and Facilities Master Plan (FMP) project. The positive variance related to these grants will be fully offset by a negative variance (Contracted Services) in expenditures.

Other User Fee Revenue was ~\$249K negative at year end. This variance relates to lower than anticipated revenues at the Recreation Centre (Arena and Pool) and Tipping Fees at the Landfill coming in lower than anticipated.

Other Revenue was ~\$384K positive at year end. This variance relates to; Interest Revenue coming in higher than anticipated (rate increases), a WSIB Refund, additional rental/lease revenues (OPP lease), and Land Sale revenue (250 Duke St.).

Expenses

	Budget	Actual	Variance
Operating Expenses	34,567,818	34,484,552	83,266
Salary, Wages & Benefits	11,927,535	11,325,102	602,433
External Grants Paid	2,808,288	2,706,512	101,776
Debt Servicing	1,054,743	1,052,745	1,998
Maintenance	637,600	799,347	(161,747)
Materials & Other	2,482,778	2,880,327	(397,549)
Utilities	1,383,426	1,345,829	37,597
Capital Out of Taxation & User Fees	1,779,607	1,635,086	144,521
Reserve Transfers	2,647,589	2,771,140	(123,551)
Contracted Services	9,194,467	9,364,279	(169,812)
Insurance	504,535	522,874	(18,339)
Travel/Training	147,250	81,311	65,939

The total operating expense budget for 2022 was \$34.57M, with year-end actual expenses incurred being \$34.48M, a \$83K positive variance.

Salary, Wages & Benefit costs were ~602K lower than anticipated at year end. This variance is related to former DPS members taking salary continuance rather than a lump sum disbandment payment, as well as some vacancies throughout the year.

External Grants Paid costs were ~\$102K lower than anticipated at year end. This variance is due to Levy paid to the Home for the Aged being lower than anticipated.

Maintenance expenses were ~\$162K higher than budget at year end. This variance relates to unanticipated items such as the HVAC repairs/maintenance at DFS Hall 1 (resulting in the 2023 capital replacement project), HVAC repairs/maintenance at the former DPS building, Heat Exchanger and Holding Tank replacement for snow melt pit at the Arena, Brine Pump replacement at the Arena, Pool Slide Mechanical inspection, Gas Chlorine Distribution rebuild at the Pool, HVAC repairs/maintenance at the Airport, and Runway Sweeper repairs (motor, wafer spacers, & brushes) at the Airport.

Material & Other expenses were ~\$398K higher than budget at year-end. This variance relates to unanticipated items such as additional water meter replacements, airport fuel overage, vehicle lease (garbage trucks) expenses associated with Garbage and Recycling collection, Community Improvement Plan expenditures (Tax Incremental Grant), landfill fuel overage, culvert & shoulder work associated with the high water and flooding issues seen in the spring of 2022, new blower core at the wastewater treatment plant, ductwork replacement at the wastewater treatment plant, pump replacement at the wastewater treatment plant, write-off of bad debt, and additional sand, salt associated with the increased winter control activities (2021-2022 winter), and increased cold mix patching material associated with the pothole work completed in the spring of 2022.

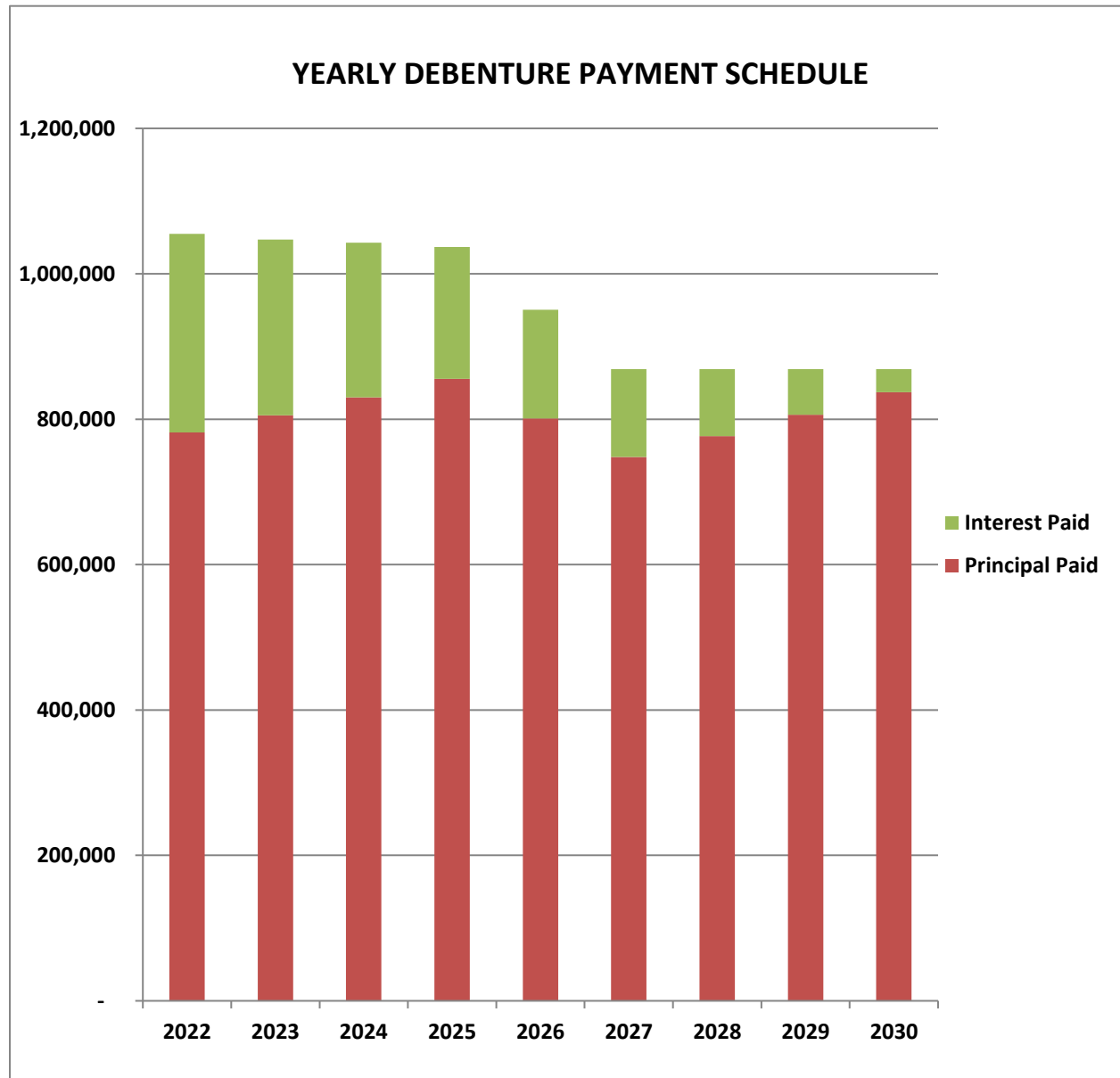
Capital Out of Taxation was ~\$145K lower than budgeted at year-end. The Capital Spending section of this report will show which projects contributed to this variance.

Reserve Transfers were ~\$124K higher than expected at year end. This is due to MAT revenue coming in higher than expected (transfer to Waterfront Development Reserve), Land Sale revenue activity (transfer to Land Sale Reserve), and Reserve Fund interest allocations being higher than budget due to improved interest rates.

Contracted Services costs were ~\$170K higher than expected at year end. This is due to the Building Condition Assessment and Facility Master Plan projects.

Debt

Going into the 2022 fiscal year, the City's long-term debt stood at \$7.24M, with outstanding debt servicing charges (principal and interest) totaled \$8.61M. In 2022, approximately \$1.05M (3.1%) of city revenue was utilized to service debt. At the end of 2022, our Debt now stands at \$6.5M.



Capital Spending

All approved 2022 capital items are presented below.

Project	2022 Capital YE	2022 Capital Budget	2022 Capital Variance
Fleet Mechanical Street Sweeper - Capital Lease	30,850	30,845	(5)
IT Network Infrastructure - Server Virtualization Equip.	14,471	14,600	129
DFS Pumper - Capital Lease	70,842	70,872	30
DFS SCBA Replacement - Capital Lease	65,025	65,040	15
Fleet Wheel Loader - Capital Lease	43,532	43,560	28
Fleet Loader Mount Snow Blower - Capital Lease	47,762	47,760	(2)
DFS Equipment Truck Replacement - Capital Lease	26,395	15,300	(11,095)
Recreation Centre Mechanical Retrofit - ICIP Phase 1	918,176	933,760	15,584
- ICIP Grant Funding	(655,442)	(700,320)	(44,878)
- Enbridge	(24,314)	-	24,314
- Transfer from Land Sale Reserve	(238,420)	(233,440)	4,980
Recreation Centre Mechanical Retrofit - ICIP Phase 2	180,606	1,523,700	1,343,094
- ICIP Grant Funding	(128,926)	(1,142,775)	(1,013,849)
- Transfer from Land Sale Reserve	(51,680)	(380,925)	(329,245)
Recreation Centre Mechanical Retrofit - ICIP Phase 3	1,259,638	2,310,200	1,050,562
- ICIP Grant Funding	(923,693)	(1,732,650)	(808,957)
- Donations	-	(300,000)	(300,000)
- CCBF (Federal Gas Tax)	-	-	-
- Transfer from Land Sale Reserve	(335,945)	(277,550)	58,395
Traffic Signal System Replacement	1,584,578	1,716,550	131,972
- Connecting Links Funding	(1,116,952)	(1,116,915)	37
- CCBF (Federal Gas Tax)	(467,626)	(475,453)	(7,827)
- Transfer from Capital Reserve (Modernization)	-	(124,182)	(124,182)
City Hall Renovation & Front Counter Consolidation	378,592	343,400	(35,192)
- ICIP Grant Funding	(184,606)	(182,655)	1,951
- Transfer from Land Sale Reserve	(193,986)	(160,745)	33,241
City Hall Exterior Capital Maintenance	2,530	2,500	(30)
PW Garage Roof Repair	-	18,300	18,300
- Transfer from Capital Reserve	-	(18,300)	(18,300)
Dryden Fire Hall 2 Renovations	34,032	86,500	52,468
- NOHFC	(25,524)	(64,875)	(39,351)
- Transfer from Capital Reserve	(8,508)	(21,625)	(13,117)
Recreation Centre Air Handler #2 & #3 Replacement	18,061	18,380	319
- CCBF (Federal Gas Tax)	(18,061)	(18,380)	(319)
Airport Sand Shed	306,467	300,000	(6,467)
- ACAP Funding	(306,467)	(300,000)	6,467
Airport Wet Dry Material Spreader	104,200	100,000	(4,200)
- ACAP Funding	(104,200)	(100,000)	4,200
Airport Maintenance Shop Heater Replacement	31,441	40,000	8,559
- NOHFC	(23,581)	(30,000)	(6,419)
- Transfer from Capital Reserve (Modernization)	(7,860)	(10,000)	(2,140)
Airport Terminal Improvements - upgrade seating	28,659	28,660	1
- NOHFC	(21,494)	(21,495)	(1)
- Transfer from Land Sale Reserve	(7,165)	(7,165)	(0)

Airport Parking Lot Security & Gate Access System	3,105	256,500	253,395
- NOHFC	(2,329)	(192,375)	(190,046)
- Transfer from Land Sale Reserve	(776)	(64,125)	(63,349)
Airport Maintenance Shop Roof Replacement	-	11,500	11,500
- NOHFC	-	(8,625)	(8,625)
- Transfer from Land Sale Reserve	-	(2,875)	(2,875)
Airport HVAC - Building Automation System Replacement	76,609	81,650	5,041
- CCBF (Federal Gas Tax)	(76,609)	(81,650)	(5,041)
Airport Boiler Replacement	85,340	86,850	1,510
- CCBF (Federal Gas Tax)	(85,340)	(86,850)	(1,510)
PW Barclay Landfill Closure	23,373	25,000	1,627
PW Capital Sidewalk and Curb Replacement	122,712	120,000	(2,712)
- OCIF	(122,712)	(120,000)	2,712
Memorial/Parkdale - Parkdale to Sandy Beach Mews	248,975	280,000	31,025
- OCIF	(248,975)	(280,000)	(31,025)
Hwy 17 Asphalt Rehab	889,124	850,000	(39,124)
- OCIF	(709,669)	(670,545)	39,124
- NORDS	(171,305)	(179,455)	(8,150)
Milestone Rink Resurfacing	186,922	185,100	(1,822)
- Ontario Trillium Foundation	(185,100)	(185,100)	-
DFS Fire Bunker Gear	15,918	16,000	82
DFS Portable Pump	7,036	7,500	464
Library Books	10,660	8,000	(2,660)
Rec Centre Fitness Equipment	7,412	17,750	10,338
PW Streetlight Pole & Wiring Replacement	35,395	40,000	4,605
IT Desktop/Laptop/Printer Replacement	37,572	40,000	2,428
IT Core Switch Replacement	48,941	50,000	1,059
PW Surface Treated Roads Capital Rehab	112,199	124,000	11,801
- OCIF	(112,199)	(124,000)	(11,801)
Splash Park	40,074	260,000	219,926
- Donations		(230,000)	(230,000)
Arena Glass	85,999	85,000	(999)
- DREAM Donation	(60,000)	(60,000)	-
- CCBF (Federal Gas Tax)	(25,999)	(25,000)	999
Arena Rink 1 Slab Jack	10,385	25,000	14,615
- CCBF (Federal Gas Tax)	(10,385)	(25,000)	(14,615)
Cemetery Road & Parking Lot	21,540	13,200	(8,340)
One Ton Dump Body	-	57,000	57,000
1/2 Ton Truck	43,877	42,500	(1,377)
Tandem Dump Truck - Capital Lease	-	27,180	27,180
3/4 Ton Truck	62,722	50,000	(12,722)
Trackless Front Flail Mower Attachment	12,908	13,500	592
Aaron Park 1/2 Ton Truck	-	20,000	20,000
- Aaron Park Reserve	-	(20,000)	(20,000)
Library HVAC Replacement	19,638	20,000	362
- CCBF (Federal Gas Tax)	(19,638)	(20,000)	(362)
Airport Runway Condition Reporting Back-up Computer	6,975	8,500	1,525
Storm Sewer Replacement	163,117	150,000	(13,117)
- OCIF	(163,117)	(150,000)	13,117
Underpass Retaining Wall Parging	21,081	40,000	18,919
- OCIF	(21,081)	(40,000)	(18,919)

Underpass Guiderail Replacement	79,328	75,900	(3,428)
- OCIF	(79,328)	(75,900)	3,428
River Walkway Replacement - North of Victoria	100,916	150,000	49,084
- NOHFC	(75,687)	-	75,687
- Transfer from Waterfront Development Reserve	(25,229)	(150,000)	(124,771)
King St. Lot Trail Head Development	-	70,000	70,000
- CCBF (Federal Gas Tax)	-	(70,000)	(70,000)
DFS Auto Extrication Equipment	45,136	45,000	(136)
502 Landfill Shop Heaters	14,246	14,000	(246)
Kinsmen Park Fencing	27,263	27,000	(263)
Hwy 17 Culvert Replacement	310,981	326,920	15,939
- OCIF	(310,981)	(326,920)	(15,939)
Back Lane Hot Mix	55,531	35,000	(20,531)
Sanitary Manhole Replacement	25,443	60,000	34,557
Milestone Skating Pad	48,410	-	(48,410)
- Donation	(48,410)	-	48,410
WTP Window Replacement	14,100	14,100	(14)
- Transfer from Waterworks Reserve Fund	(14,100)	(14,100)	0
WTP Plumbing Vent Piping	3,356	3,400	44
- Transfer from Waterworks Reserve Fund	(3,400)	(3,400)	0
WTP Entrance Vestibule	29,102	28,800	(302)
- Transfer from Waterworks Reserve Fund	(28,800)	(28,800)	0
Taylor Street Watermain Loop	124,671	110,000	(14,671)
Water Distribution Valve Instal & Replace	159,989	140,000	(19,989)
WTP Blow Down Valve Piping	100,477	100,000	(477)
Flat Rock Pump Replacement	-	40,000	40,000
Flat Rock Disconnect Switches & Misc. Electrical Equip.	-	72,000	72,000
Watermain Lining	398,937	400,000	1,063
Total	1,637,747	1,779,607	141,860

The 2022 Capital program called for \$1.78M in City funding for Capital, with \$1.64M utilized, resulting in a \$142K underspend.

The following capital projects were deferred (partially or fully) into 2023:

1. Recreation Centre Mechanical Retrofit – ICIP Application Phase 2
 - Phase 2 of the project utilizes ICIP funding and NWMO NTI funding, so no impact on the capital funding required from operations.
 - Outside of Engineering, the Co-Gen system installation was deferred to 2023/2024 .
2. Recreation Centre Mechanical Retrofit – ICIP Application Phase 3
 - Phase 3 of the project utilizes ICIP funding, DREAM donation funds, and NWMO NTI funding, so no impact on the capital funding required from operations.
 - The expansion started in 2022 and will be completed in 2023.
3. River Walkway Replacement
 - With the NOHFC application getting approved, this project has been expanded to be a “Trails Upgrade” project.

- This project utilizes NOHFC funding (75%) and Reserve funding (25% from the Waterfront Development Reserve Fund), so no impact on the capital funding required from operations.
 - The project started in 2022 but will not be completed until 2023.
4. Fire Hall 2 Renovations
 - This project utilizes NOHFC funding and NWMO NTI funding, so no impact on the capital funding required from operations.
 - This project started in 2021 but will not be completed until 2023.
 5. Airport Parking Lot Security and gate Access System
 - This project utilizes NOHFC funding (75%) and Reserve funding (25% Land Sale Reserve Fund), so no impact on the capital funding required from operations.
 - This project will be completed in 2023.
 6. One-Ton Dump Body Truck
 - This project will utilize \$21K in funding required from operations and \$57K from Reserves (Tax Supported Capital Reserve Fund).
 - This project will be completed in 2023 due to supply chain issues in 2022.
 7. Tandem Dump Truck
 - This project is a Capital Lease purchase and utilizes \$48K in funding required from operations.
 - This project will be completed in 2023 due to supply chain issues in 2022.
 8. Flat Rock Disconnect Switches & Misc. Electrical Equip.
 - This project utilizes Reserve funding (Waterworks Reserve Fund).
 - This project will be completed in 2023.

The following capital projects did not take place in 2022:

1. PW Garage Roof Repair
 - This was a 2021 Capital project, with the thought some activity would occur in 2022.
 - This project was completed in 2021, so no activity in 2022 required.
2. Airport Maintenance Shop Roof
 - This was a 2021 Capital project, with the thought some activity would occur in 2022.
 - This project was completed in 2021, so no activity in 2022 required.
3. Aaron Park 1/2 Ton Truck
 - Departmental transfer (PW) of surplus vehicle resulted in a new vehicle no longer being required.

4. King St. Lot Trail Head Development

- As directed by Council, this project will not be completed and removed from the capital plan.

5. Flat Rock Pump Replacement

- The scope of this project was to replace the pump the diesel powered pump at the low lift station but keep the existing motor. However, it was determined that the diesel pump cannot be purchased separately from the motor due to the age difference.
- Considering increased costs associated with the Flat Rock Disconnect Switches & Misc. Electrical Equipment project, cancelling the diesel pump project was proposed to direct those funds to the electrical panel project.
- While this piece of infrastructure is important it is not as critical as the electrical panels and switches.
- This project has been deferred to a later date.

Reserves & Reserve Funds

Reserves	Opening Balance	2022 Additions	2022 Draws	Interest Earned	GL Balance	Notes
Election	43,882	-	(30,000)		13,882	1
Museum	51,135	2,925	-		54,060	2
Aaron Park	39,365	794	-		40,159	3
Emergency Capital	433,811	277,871	(415,500)		296,182	4, 5
General Operating	433,811	1,162,891	(825,227)		771,475	6, 7, 8, 9
Total	1,002,004	1,444,481	(1,270,727)	-	1,175,758	

Reserve Fund	Opening Balance	2022 Additions	2022 Draws	Interest Earned*	GL Balance	Notes
Legacy	2,023,329	-	(1,481,700)	2,186	543,815	10
Provincial Gas Tax	362,258	-	(6,250)	3,866	359,874	11
DFS Apparatus/ Equipment	20,317	14,936	-	-	35,253	12
Land Sale	1,178,449	112,333	(827,972)	20,738	483,548	13, 14, 15, 16, 17, 18, 19, 20
Canada Community Building Fund	566,711		(566,711)	-	-	21
Tax Supported Capital	1,408,116	615,742	(708,710)	22,752	1,337,900	22, 23, 24, 25, 26
Waterfront Dev.	122,003	232,572	(25,229)	-	329,346	27, 28
Sewer/Wastewater	364,240	-	(28,800)	3,091	338,531	29
Waterworks	318,474	296,651	(46,300)	1,792	570,617	30, 31, 32, 33
Total	6,363,897	1,272,234	(3,691,944)	54,425	3,998,612	

1 - \$30,000 2022 election reserve draw

2 - \$2,925 allocation from the Keep It Hanging Around Fundraiser

3 - \$794 allocation from 2022 Operations

4 - \$277,871 2021 Surplus allocation

5 - \$415,500 draw for OPP Facility Upgrades

6 - \$277,871 2021 Surplus allocation

7 - \$885,020 RATI funding allocation

8 - \$410,356 RATI draw for Airport Operations

- 9 - \$414,871 draw for DPS Disbandment
- 10 - \$1,481,700 draw for DPS Disbandment
- 11 - \$6,250 draw for on-demand software project
- 12 - \$14,936 in Fire Marque Revenue allocation
- 13 - \$19,310 2022 Highway Sign Revenue allocation
- 14 - \$93,023 2022 Land Sale activity allocation
- 15 - \$238,420 draw re. ICIP Recreation Project - Phase 1
- 16 - \$51,680 draw re. ICIP Recreation Project - Phase 2
- 17 - \$335,945 draw re. ICIP Recreation Project - Phase 3
- 18 - \$193,986 draw for City Hall Renovation
- 19 - \$7,165 draw for Airport Terminal Improvements (NOHFC project)
- 20 - \$776 draw for Airport Parking Lot Security & Gate Access (NOHFC project)
- 21 - \$566,711 transfer to deferred revenue (as per Auditor's direction)
- 22 - \$60,000 addition - 2022 LED Streetlight payback
- 23 - \$555,742 2021 Surplus allocation
- 24 - \$8,508 draw for Dryden Fire Hall 2 Renovations
- 25 - \$7,860 draw for Airport Maintenance Shop Heater Replacement
- 26 - \$692,342 draw for OPP One-Time Start-Up costs
- 27 - \$232,572 MAT revenue allocation
- 28 - \$25,229 draw for River Walkway Replacement (NOHFC Trails Upgrade)
- 29 - \$22,800 2022 Operating Draw
- 30 - \$296,651 2022 allocation from Operations
- 31 - \$14,100 draw for WTP Window Replacement
- 32 - \$3,400 draw for WTP Plumbing Vent Piping
- 33 - \$28,800 draw for WTP Entrance Vestibule

Reserve Fund Targets

As per the City's Reserves and Reserve Funds Policy, there are four established targeted funding levels.

1. Total Discretionary Reserve Funds (excluding Waterworks and Sanitary/Wastewater) target of 50% of Property Tax Revenue.
 - For 2022, the target equates to \$7.3M
 - For 2022, the actual YE Total Discretionary Reserve Funds total is \$2.7M, a \$4.6M shortfall from target.
2. Waterworks Reserve Fund target of 100% of Waterworks Own Source Revenue.
 - For 2022, the target equates to \$2.5M
 - For 2022, the actual YE Waterworks Reserve Fund total is \$.6M, a \$1.9M shortfall from target.

3. Sanitary/Wastewater Reserve Fund target of 50% of Sanitary/Wastewater Own Source Revenue.
 - For 2022, the target equates to \$1.3M
 - For 2022, the actual YE Sanitary/Wastewater Reserve Fund total is \$.3M, a \$1.0M shortfall from target.
4. General Operating Reserve target of 2 Months Payroll Expenditures
 - For 2022, the target equates to \$1.9M
 - For 2022, the actual YE General Operating Reserve total is \$0.8M, a \$1.1M shortfall from target.



30 Van Horne Ave.
Dryden, Ontario, Canada
P8N 2A7
General Inquiries: (807) 223-1147
generalinquiries@dryden.ca