

YE2021

Annual Financial Report

City of Dryden

Unaudited Financials as at December 31, 2021



DRYDEN

Steven Lansdell-Roll
Corporation of the City of Dryden
5/18/2021



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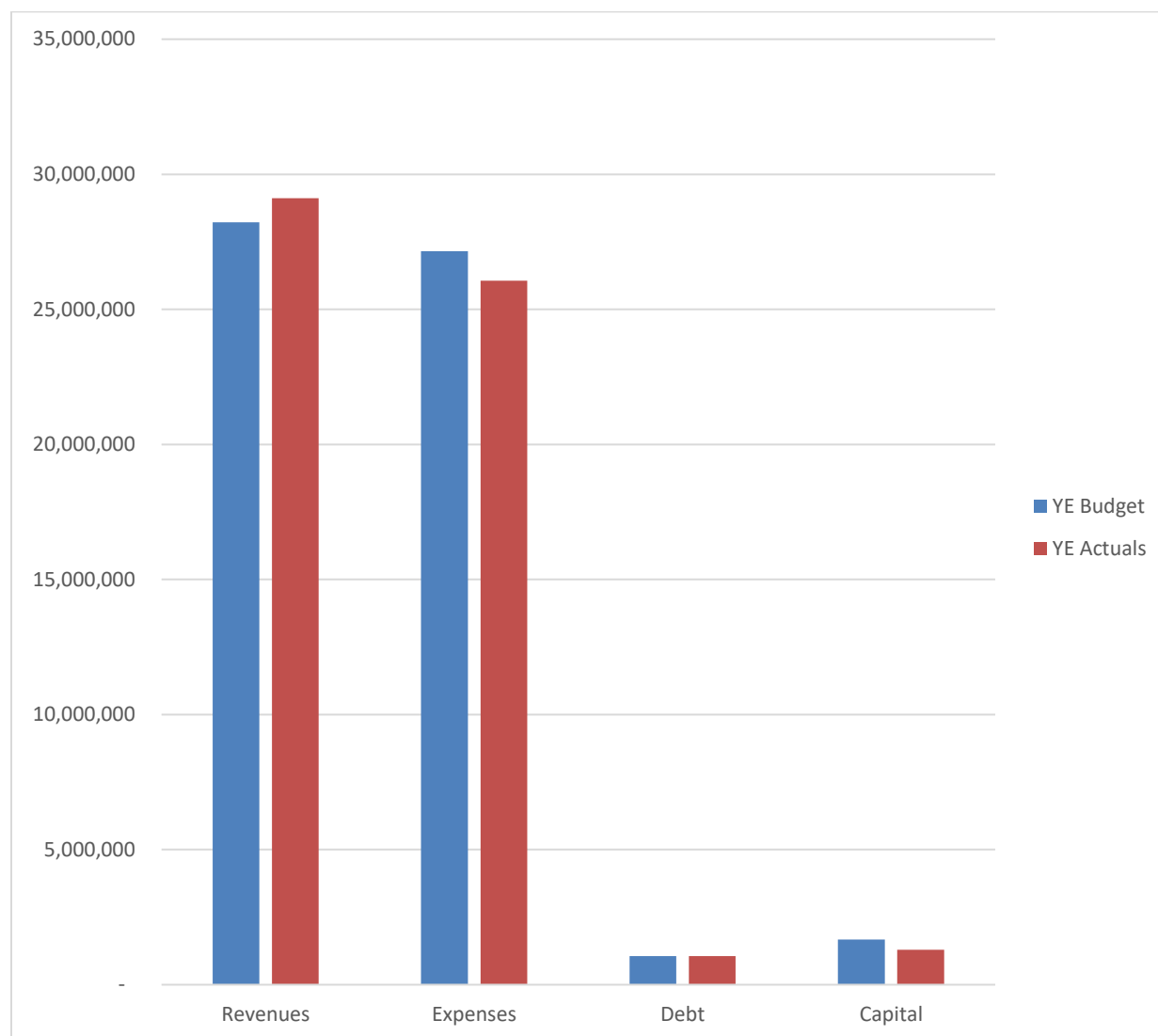
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Corporate Summary



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

- ● **Revenues**: higher than expected
- ● **Expenses**: lower than expected
- ● **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	(28,217,116)	(29,116,856)	899,740
Tax Levy	(14,508,093)	(14,629,481)	121,388
OMPF	(2,252,400)	(2,252,400)	-
Other Grant/Donations	(1,088,533)	(2,197,502)	1,108,969
Water Sales/Revenue	(2,328,865)	(2,266,760)	(62,105)
Sewer Sales/Revenue	(2,285,865)	(2,222,822)	(63,043)
Other User Fee Revenue	(1,850,050)	(1,798,654)	(51,396)
Other Revenue	(3,132,510)	(3,213,168)	80,658
Fines	(770,800)	(536,067)	(234,733)

The total operating revenue budget for 2021 was \$28.22M, with year-end actual revenues received being \$29.12M, a \$0.9M positive variance.

Tax Levy Revenue was \$121K greater than budget at year-end. This variance relates to Growth (additional properties coming onto the Tax Roll in 2021) and Write-Offs related to Request for Reconsiderations and Assessment Appeals coming in slightly lower than anticipated.

Other Grant/Donations Revenue was ~\$1.11M greater than budget at year-end. This variance primarily relates to the \$885K in Regional Air Transportation Initiative (RATI) funding received in 2021, but also relates to the additional COVID-19 Recovery Funding for Municipalities Program funding received in 2021. This variance also is associated with Grant funding for; the City's Age Friendly Action Plan (Inclusive Communities), Dryden Youth Centre Enhancements (Civil Remedies) and Senior's Health Programming (New Horizon for Seniors), the positive variance related to these grants will be fully offset by negative variances in expenditures.

Fines Revenue was ~\$235K lower than budget at year-end. This variance relates to Court closures associated with the COVID-19 pandemic and corresponding deferral of Court proceedings into 2022. This is really a timing issue with revenues associated with 2020 & 2021 activity not coming until 2022.

Expenses

	Budget	Actual	Variance
Operating Expenses	28,217,116	27,120,352	1,096,764
Salary, Wages & Benefits	11,991,256	11,623,772	367,484
External Grants Paid	2,787,426	2,683,812	103,614
Debt Servicing	1,060,750	1,058,809	1,941
Maintenance	590,600	776,433	(185,833)
Materials & Other	2,711,393	2,555,354	156,039
Utilities	1,396,030	1,297,642	98,388
Capital Out of Taxation & User Fees	1,731,506	1,293,602	437,904
Reserve Transfers	1,726,136	1,686,736	39,400
Contracted Services	3,512,109	3,551,995	(39,886)
Insurance	474,110	461,487	12,623
Travel/Training	235,800	130,710	105,090

The total operating expense budget for 2021 was \$28.22M, with year-end actual expenses incurred being \$27.12M, a \$1.1M positive variance.

Salary, Wages and Benefits were ~\$367K lower than budget at year-end. This variance is related to vacant positions (most now filled) and the facility closures associated with the COVID-19 pandemic.

External Grants Paid were ~\$104K lower than budget at year-end. This variance is due to Levies paid to the Home for the Aged, Cemetery, and NWHU being lower than anticipated.

Maintenance Expenses were ~\$186K higher than budget at year-end. This variance relates to unanticipated items such as the POA/Council Chambers Audio-Visual equipment, Airport Expenditures (HVAC, sewage pump replacement, parking lot lighting and terminal roof repairs), and City Hall Exterior (2021 Capital Project) activity coded against operations.

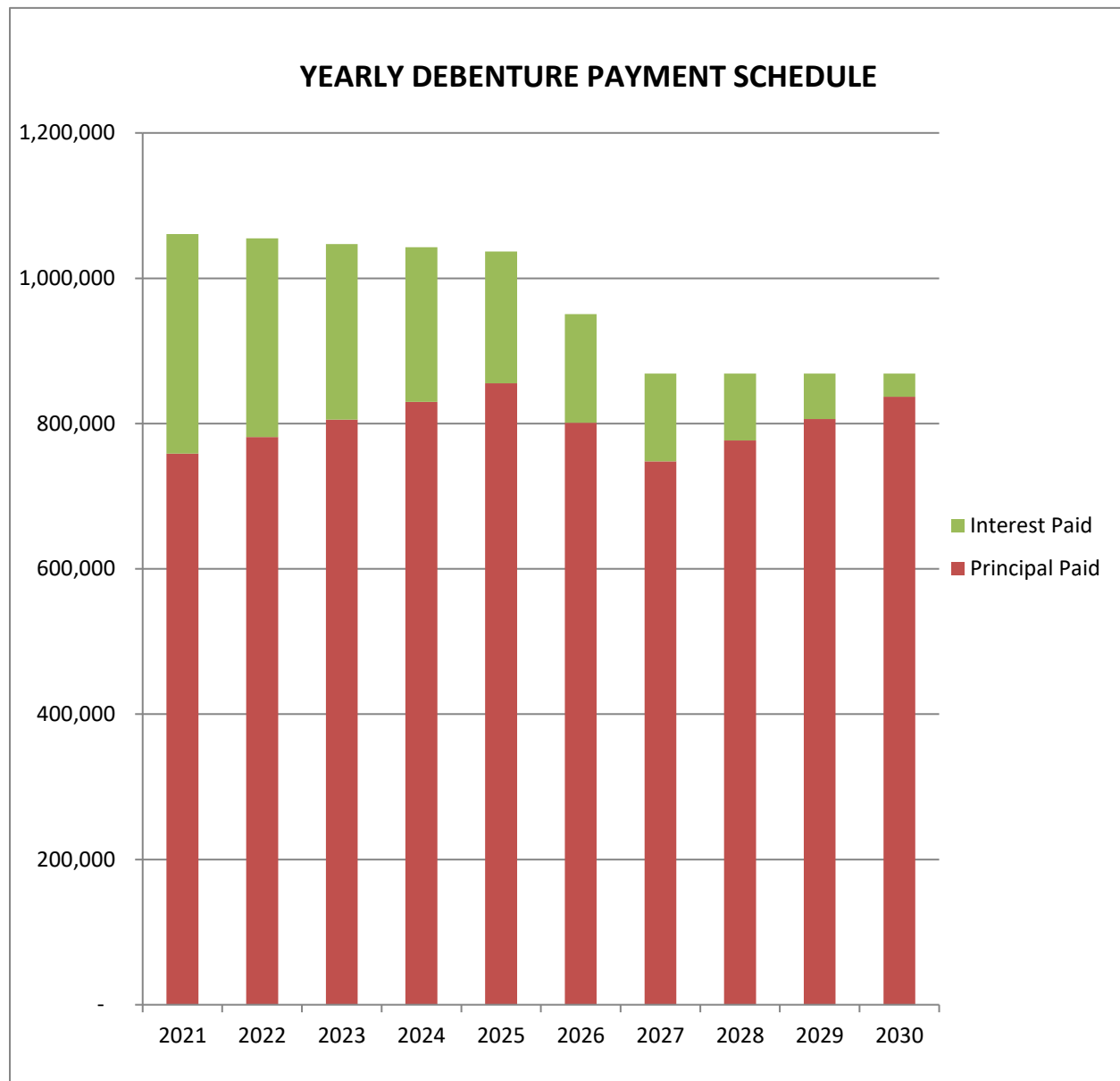
Materials & Other costs were ~\$156K lower than budgeted at year-end. This variance primarily relates to the timing POA revenue transfers to municipal partners (Court closures associated with the COVID-19 pandemic and corresponding deferral of Court proceedings into 2022) and timing of the completion of the City's Official Plan Review (completion in 2022).

Capital Out of Taxation was ~\$438K lower than budgeted at year-end. The Capital Spending section of this report will show which projects contributed to this variance.

Travel & Training costs were ~\$105K lower than budgeted at year-end. This variance relates to travel restrictions associated with the COVID-19 Pandemic and the increased utilization of remote participation for Conferences/Training.

Debt

Going into the 2021 fiscal year, the City's long-term debt stood at \$8M. Based on the terms of our debentures, outstanding debt servicing charges (principal and interest) total \$9.67M. In 2021, approximately \$1.06M (3.75%) of city revenue was budgeted to service debt. At the end of 2021, our Debt now stands at \$7.24M.



Capital Spending

All approved 2021 capital items are presented below.

Project	2021 Capital Actual	2021 Capital Budget	2021 Capital Variance
WTP HVAC	18,887	17,800	(1,087)
- OCIF Formula Funding	(18,887)	(17,800)	1,087
WTP & STP Windows 10 Upgrade/SCADA System	-	16,100	16,100
- Transfer from Sewer/Wastewater Reserve	-	(16,100)	(16,100)
DPS Transport Truck Replacement	15,667	10,000	(5,667)
- Transfer from Capital Reserve	(15,667)	(10,000)	5,667
Fleet Mechanical Street Sweeper - Capital Lease	73,428	73,430	2
Fleet Wheel Loader - Capital Lease	65,338	63,200	(2,138)
IT Network Infrastructure - Server Virtualization Equip.	14,471	14,600	129
DFS Pumper - Capital Lease	70,872	70,872	-
DFS SCBA Replacement - Capital Lease	65,025	65,040	15
Recreation Centre Mechanical Retrofit - ICIP Application Phase 1	312,808	1,081,400	768,592
- ICIP Grant Funding	(234,606)	(811,050)	(576,444)
- Transfer from Land Sale Reserve	(78,202)	(270,350)	(192,148)
Traffic Signal System Replacement	91,783	1,300,000	1,208,217
- Connecting Links Funding	(82,605)	(1,170,000)	(1,087,395)
- Transfer from Capital Reserve (Modernization)	(9,178)	(130,000)	(120,822)
City Hall Renovation & Front Counter Consolidation	56,704	369,200	312,496
- ICIP Grant Funding	-	(184,600)	(184,600)
- Transfer from Land Sale Reserve	(56,704)	(184,600)	(127,896)
Airport Sweeper	287,000	350,000	63,000
- ACAP Funding	(287,000)	(350,000)	(63,000)
Airport Wet Dry Material Spreader	-	100,000	100,000
- ACAP Funding	-	(100,000)	(100,000)
Airport Sand Shed	167,240	300,000	132,760
- ACAP Funding	(167,240)	(300,000)	(132,760)
Airport Regulator Replacement	29,848	40,000	10,152
- Transfer from Land Sale Reserve	(29,848)	(40,000)	(10,152)
Aaron Park Boat Launch Replacement	-	20,000	20,000
- Provincial Funding	-	(10,000)	(10,000)
- Aaron Park Reserve	-	(10,000)	(10,000)
IT Firewall Replacement	16,589	17,815	1,226
- Transfer from Capital Reserve (Modernization)	(16,589)	(17,815)	(1,226)
PW Barclay Landfill Closure	5,774	75,000	69,226
Airport Groundside Tenant Hanger Access Parking Lot	36,922	50,000	13,078
- NOHFC Funding	(27,692)	-	27,692
- Transfer from Land Sale Reserve	(9,231)	(50,000)	(40,770)

Project	2021 Capital Actual	2021 Capital Budget	2021 Capital Variance
Airport Maintenance Shop Roof Replacement	24,408	36,000	11,592
- NOHFC Funding	(18,306)	-	18,306
- Transfer from Land Sale Reserve	(6,102)	(36,000)	(29,898)
PW Capital Sidewalk and Curb Replacement	109,970	100,000	(9,970)
- Federal Gas Tax Funding	(109,970)	(100,000)	9,970
Sanitary Manhole Replacement	36,708	50,000	13,292
Water System Valve Install & Replacement	104,842	130,000	25,158
Victoria Street Dock Replacement	45,053	50,000	4,947
- Federal Gas Tax Funding	(45,053)	(50,000)	(4,947)
DFS Fire Bunker Gear	14,254	15,000	746
Library Books	8,000	8,000	-
Rec Centre Fitness Equipment	17,740	17,750	10
PW Streetlight Pole & Wiring Replacement	22,271	20,000	(2,271)
IT Desktop/Laptop/Printer Replacement	38,242	40,000	1,758
PW Surface Treated Roads Capital Rehab	165,581	160,000	(5,581)
- Federal Gas Tax Funding	(165,581)	(160,000)	5,581
IT Host Server/Cluster Replacement	105,701	114,000	8,299
- Transfer from Capital Reserve (Modernization)	(105,701)	(114,000)	(8,299)
IT 44" Scanner Replacement	9,084	9,030	(54)
- Transfer from Capital Reserve (Modernization)	(9,084)	(9,030)	54
Museum Vestibule	-	100,000	100,000
- Grant Funding	-	(50,000)	(50,000)
- Transfer from Museum Reserve	-	(30,000)	(30,000)
Swanson Creek Guiderail Replacement	41,804	55,000	13,196
- Federal Gas Tax Funding	(41,804)	(55,000)	(13,196)
Recreation Centre Air Handler #2 & #3 Replacement	41,616	40,000	(1,616)
- Federal Gas Tax Funding	(41,616)	(40,000)	1,616
Airport Maintenance Shop Heater Replacement	-	40,000	40,000
- Transfer from Capital Reserve (Modernization)	-	(40,000)	(40,000)
Cemetery Road & Parking Lot	31,678	32,000	322
City Hall Exterior Capital Maintenance	1,255	25,000	23,745
PW Garage Roof Repair	26,849	30,000	3,151
Fire Hall 2 Renovations	21,370	121,500	100,130
- NOHFC Funding	(16,028)	(91,125)	(75,098)
DFS Communication Equipment Replacement	49,728	52,000	2,272
- Transfer from Capital Reserve (Modernization)	(49,728)	(52,000)	(2,272)
PW Gas Powered Mower Replacement	24,125	24,000	(125)
Wheel Loader - Capital Lease	39,964	56,640	16,676
Wheel Loader Mount Snow Blower - Capital Lease	28,217	50,880	22,663
PW 3/4 Ton Truck (Water Distribution)	55,200	60,000	4,800

Project	2021 Capital Actual	2021 Capital Budget	2021 Capital Variance
Parks Equipment Replacement	17,877	25,000	7,123
DFS Positive Pressure Fan	5,919	7,500	1,581
DPS Cruiser	33,784	40,000	6,216
WTP Window Replacement	-	30,000	30,000
WTP Plumbing Vent Piping	-	12,000	12,000
WTP Roof Replacement	351,428	350,000	(1,428)
WTP Sludge Blowdown Valves	10,328	16,000	5,672
WTP Entrance Vestibule	4,070	32,000	27,930
Arena Sliding Door	21,444	25,000	3,556
- DREAM Donation	(10,722)	(12,500)	(1,778)
- Federal Gas Tax Funding	(10,722)	(12,500)	(1,778)
Pool Accessible Changeroom	47,731	30,000	(17,731)
- Hydro One	(25,000)	(20,000)	5,000
- Federal Gas Tax Funding	(17,731)	(10,000)	7,731
- DREAM Donation	(5,000)	-	5,000
Airport Terminal Building Refurbishment	99,616	100,000	384
- Federal Gas Tax Funding	(46,114)	(100,000)	(53,886)
- NOHFC Funding	(53,502)	-	53,502
Pedestrian Overpass Exterior Maintenance	55,382	50,000	(5,382)
Arena Brine Header Replacement	69,969	86,750	16,781
- Federal Gas Tax Funding	(69,969)	(86,750)	(16,781)
Hwy 17 Asphalt Rehab	254,970	250,000	(4,970)
- Federal Gas Tax Funding	(75,528)	(250,000)	(174,472)
- NORDS Funding	(179,442)	-	179,442
Water Intake Line (Flat Rock Lift Station)	30,853	25,000	(5,853)
Trackless - Boom Flail Mower Attachment	34,395	40,000	5,605
Airport HVAC - Building Automation System Replacement	-	76,100	76,100
Total	1,293,632	1,675,387	381,756

The original 2021 Capital program called for \$1.73M in City funding for Capital. In September 2021 and November 2021, Council approved amendments to the 2021 Capital program, which revised the plan, but would also result in an anticipated savings of approx. \$56K.

The revised Capital program for 2021 called for ~\$1.68M in City funding for Capital, with \$1.29M utilized, resulting in a \$382K underspend. Therefore, the total underspend was ~\$438K (\$56K + \$382K).

The following capital projects were deferred (partially or fully) into 2022:

1. Recreation Centre Mechanical Retrofit – ICIP Application Phase 1
 - Phase 1 of the project utilizes ICIP funding (75%) and Reserve funding (25% from the Land Sale Reserve Fund), so no impact on the capital funding required from operations.

- The Poof Roof, Boiler installation and Dehumidifier installation were all deferred to 2022.
2. Traffic Signal System Replacement
 - This project utilizes Connecting Link funding (90%) and Reserve funding (10% from the Modernization funds sitting in the General Capital Reserve Fund), so no impact on the capital funding required from operations.
 - Most of the project will take place in 2022, with only signage and design work completed in 2021.
 3. City Hall Renovation & Front Counter Consolidation
 - This project utilizes ICIP COVID-19 Stream funding (\$185K) and Reserve funding (\$185K from the Land Sale Reserve Fund), so no impact on the capital funding required from operations.
 - Most of the project will take place in 2022, with only signage and design work completed in 2021.
 4. Airport Wet Dry Material Spreader
 - This project utilizes ACAP funding (100%), so no impact on the capital funding required from operations.
 - There were no costs associated with this project in 2021, but the project will be completed in 2022.
 5. Airport Sand Shed
 - The project utilizes ACAP funding (100%), so no impact on the capital funding required from operations.
 - The project started in 2021 but will not be completed until 2022.
 6. Aaron Park Boat Launch Replacement
 - This project utilizes Donation funding (\$10K) and Reserve funding (\$10K from the Aaron Park Reserve), so no impact on the capital funding required from operations.
 - 2021 activity associated with this project was coded against operations, with the donation funding received being deferred until 2022 when the project will be completed.
 7. Airport Maintenance Shop Roof Replacement
 - This project utilizes NOHFC funding (75%) and Reserve funding (25% from the Land Sale Reserve Fund), so no impact on the capital funding required from operations.
 - The project started in 2021 but will not be completed until 2022.

8. Airport Maintenance Shop Heater Replacement – Upgrade to Natural Gas

- This project utilizes NOHFC funding (75%) and Reserve funding (25% from the Modernization funds sitting in the General Capital Reserve Fund), so no impact on the capital funding required from operations.
- There were no costs associated with this project in 2021, but the project will be completed in 2022.

9. City Hall Exterior Capital Maintenance

- This project utilizes 100% funding required from operations.
- Most of the costs associated with this project were incurred in 2021, but coded against operations (building maintenance), resulting in a \$23.7K savings in the capital funded from operations (taxation).
- Deferred to 2022 was the purchase and installation of one window in the Administration area.

10. Fire Hall 2 Renovations

- This project utilizes NOHFC funding (75K), and 25% required from operations.
- With limited costs incurred in 2021, the result was a \$25K savings in the capital funded from operations (taxation).
- This project will be completed in 2022.

11. WTP Window Replacement

- This project utilizes 100% funding required from operations (Water Rate Revenues).
- With no costs incurred in 2021, the result was a \$30K savings in the capital funded from operations (taxation).
- This project will be completed in 2022.

12. WTP Vent Piping

- This project utilizes 100% funding required from operations (Water Rate Revenues).
- With no costs incurred in 2021, the result was a \$12K savings in the capital funded from operations (taxation).
- This project will be completed in 2022.

13. WTP Entrance Vestibule

- This project utilizes 100% funding required from operations (Water Rate Revenues).
- With limited costs incurred in 2021, the result was a \$27.9K savings in the capital funded from operations (taxation).
- This project will be completed in 2022.

14. Airport HVAC - Building Automation System Replacement

- This project utilizes 100% funding required from operations.

- With no costs incurred in 2021, the result was a \$76.1K savings in the capital funded from operations (taxation).
- This project will be completed in 2022.

The following capital projects did not take place in 2021:

1. WTP & STP Windows 10 Upgrade/SCADA System
 - This project was a carry forward from 2020, with a funding allocation from the Sewer/Wastewater Reserve Fund, so no impact on the capital funding required from operations.
 - There were no costs coded against this capital project in 2021 (2021 costs may have been coded against operations).
2. Museum Vestibule
 - This project utilizes external grant funding (50K), Library Reserve funding (30K), and \$20K required from operations.
 - With no costs incurred, the result was a \$20K savings in the capital funded from operations (taxation).
 - This project was originally deferred until 2022, but subsequently removed from the Capital plan.

The following capital projects were underspent in 2022:

1. Barclay Landfill Closure
 - Only \$5.8K of costs were coded against this \$75K budgeted project, resulting in a \$69.2K underspend and corresponding savings in the capital funded from operations (taxation).
2. Sanitary Manhole Replacement
 - Only \$36.7K of costs were coded against this \$50K budgeted project, resulting in a \$13.3K underspend and corresponding savings in the capital funded from operations (taxation).
3. Water System Valve Install & Replacement
 - Only \$104.8K of costs were coded against this \$130K budgeted project, resulting in a \$25.2K underspend and corresponding savings in the capital funded from operations (taxation).
4. Wheel Loader - Capital Lease
 - This project utilizes 100% funding required from operations.
 - Due to delivery delays, the Capital Lease payments did not begin as planned, the result was a \$16.7K savings in the capital funded from operations (taxation).

5. Wheel Loader Mount Snow Blower - Capital Lease

- This project utilizes 100% funding required from operations.
- Due to delivery delays, the Capital Lease payments did not begin as planned, the result was a \$22.7K savings in the capital funded from operations (taxation).

Reserves & Reserve Funds

Reserves	Opening Balance	2021 Additions	2021 Draws	Interest Earned	GL Balance	Notes
Election	33,882	10,000	-		43,882	1
Museum	51,135	-	-		51,135	
Aaron Park	25,324	14,041	-		39,365	2
Emergency Capital	207,768	226,043	-		433,811	3
General Operating	207,768	226,043	-		433,811	4
Total	525,877	476,127	-	-	1,002,004	

Reserve Fund	Opening Balance	2021 Additions	2021 Draws	Interest Earned	GL Balance	Notes
Hydro Sale Proceeds	2,013,487	-	-	9,843	2,023,330	
Provincial Gas Tax	362,258	-	-	-	362,258	
DFS Equipment	-	20,317	-	-	20,317	5
Land Sales	1,333,936	24,600	(180,087)	-	1,178,449	6, 7, 8, 9, 10, 11
General Capital Reserve	1,743,781	572,086	(918,905)	11,154	1,408,116	12, 14, 15, 16, 17, 18, 19, 20, 21
Sewer/Wastewater	135,678	228,230	-	332	364,240	22
Waterworks	38,272	280,202	-	-	318,474	23
Waterfront Development	-	122,003			122,003	24
Federal Gas Tax	-	566,711			566,711	25
Total	5,627,412	1,814,149	(1,098,992)	21,329	6,363,898	

1 - \$10,000 2021 election reserve allocation

2 - \$14,041 2021 operational allocation

3 - \$226,043 2020 Surplus allocation

4 - \$226,043 2020 Surplus allocation

5 - \$20,317 in Fire Marque Revenue

6 - \$24,600 2021 Highway Sign Advertising Revenue

7 - (\$78,202) Recreation Centre Mechanical Retrofit (2021 Capital Plan)

8 - (\$56,704) City Hall Renovation & Front Counter Consolidation

- 9 - (\$29,848) Airport Regulator Replacement (2021 Capital Plan)
- 10 - (\$9,231) Airport Groundside Tenant Hanger Access Parking Lot (2021 Capital Plan)
- 11 - (\$6,102) Airport Maintenance Shop Roof Replacement
- 12 - \$120,000 addition - 2021 LED Streetlight payback
- 13 - \$452,086 2020 Surplus allocation
- 14 - (\$654,800) 2018 HST Rebate move to payables on balance sheet
- 15 - (\$15,667) DPS Transport Truck Replacement (2021 Capital Plan)
- 16 - (\$9,178) Traffic Signal System Replacement (2021 Capital Plan - Modernization Funds)
- 17 - (\$16,589) IT Firewall Replacement (2021 Capital Plan - Modernization Funds)
- 18 - (\$105,701) IT Host Server/Cluster Replacement (2021 Capital Plan - Modernization Funds)
- 19 - (\$9,084) IT 44"Scanner Replacement (2021 Capital Plan - Modernization Funds)
- 20 - (\$58,158) Operational Utilization of Modernization Funds
- 21 - (\$49,728) DFS Communication Equipment Replacement
- 22 - \$228,230 2021 Operating Allocation
- 23 - \$280,202 2021 Operating Allocation
- 24 - \$122,003 2021 Operating Allocation
- 25 - \$566,711 2021 Unutilized Funds



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