

YE2018

Annual Report

City of Dryden

Financials as at December 31, 2018



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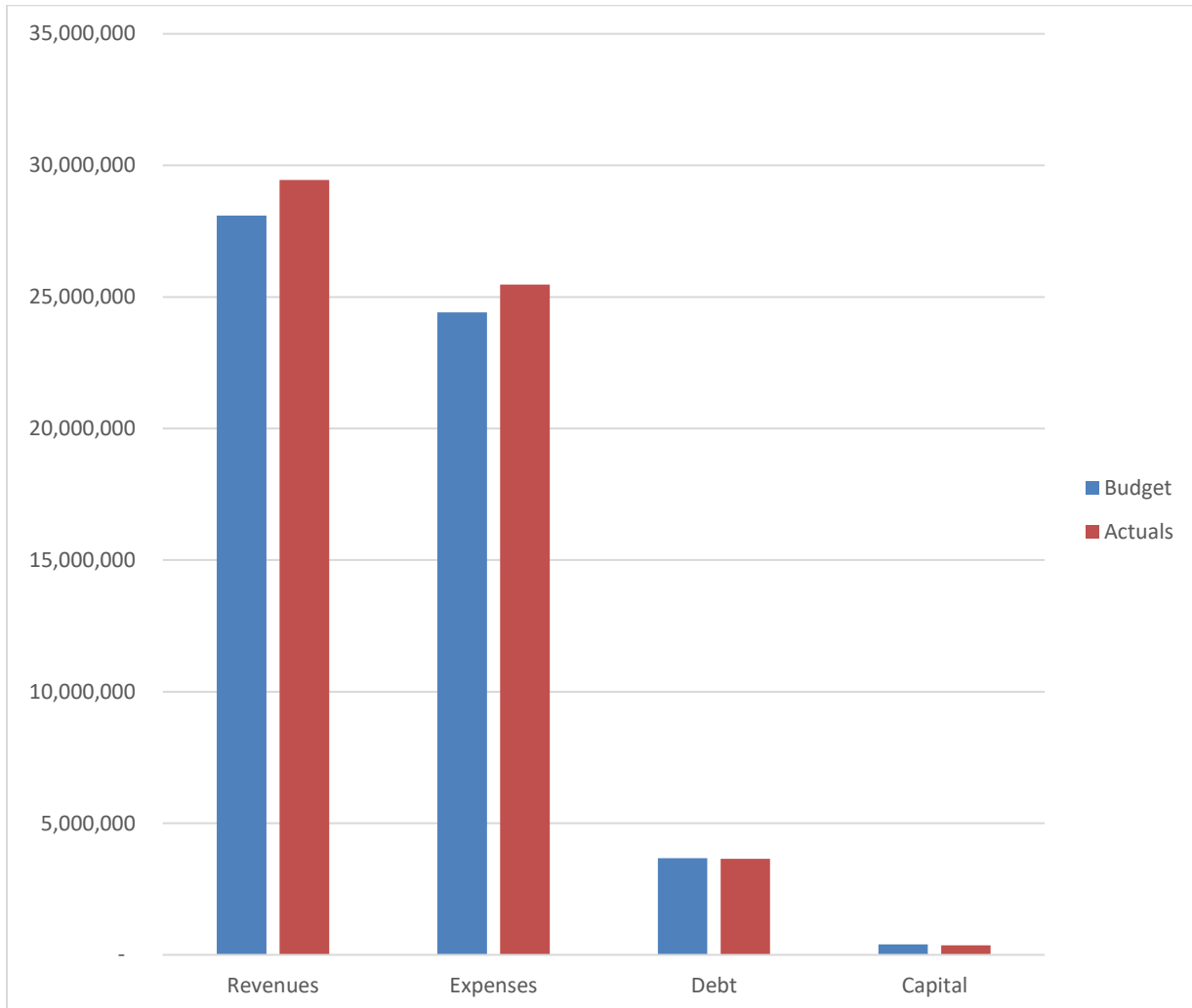
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Corporate Summary



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

- ● **Revenues**: higher than expected
- ● **Expenses**: higher than expected
- ● **Debt**: on budget
- ● **Capital spending**: on budget

● - Financially immaterial
● - Financially material (favourable)
● - Financially material (unfavourable)

Operating Results Summaries

Revenues

	Budget	Actual	Variance
Operating Revenues	-28,091,683	-29,446,775	1,355,092
Tax Levy	-14,141,001	-14,183,520	42,519
OMPF	-2,553,800	-2,553,800	0
Federal Gas Tax	-486,320	-391,550	-94,770
Other Grant/Donations	-492,100	-686,122	194,022
Water Sales/Revenue	-2,380,000	-2,269,250	-110,750
Sewer Sales/Revenue	-2,358,000	-2,261,652	-96,348
Other User Fee Revenue	-2,288,200	-2,510,258	222,058
External Receipts (KDSB)	-1,297,637	-1,368,578	70,941
Other Revenue	-1,369,125	-2,454,512	1,085,387
Fines	-725,500	-767,533	42,033

The total operating revenue budget for 2018 was \$28.1M, with year-end actual revenues received being \$29.45M, a \$1.35M positive variance.

Other Grant/Donations were ~\$190K positive at year-end. This variance relates to funding for a water treatment plant condition analysis, road assessment analysis and land implementation study for the Water, Sanitary and Storm Water systems.

Water Sales/Revenue was ~\$110K negative at year-end. This variance relates to declines in water consumption.

Other User Fee Revenue is ~\$220K positive at year-end. This variance relates to increased fees generated at the Airport based on an extremely high fire season, as well as a recent software implementation at the Airport that resulted in improved fee generation. In addition to the Airport revenues being greater than anticipated, we have seen increased child care fees generated at the Child Resource Centre due to operational improvements (operating closer to full capacity).

Other Revenue is ~\$1.1M positive at year-end. This variance is primarily due to land sale activity being significantly greater than anticipated and the 2017 (prior year) surplus becoming a revenue source in 2018. Both items are fully offset by Reserve Transfers. In addition to land sale revenue and the prior year's surplus, the City experienced increased Investment Income, Building Permit revenue and Airport (Fuel Surcharge and Well Head Share) revenues.

Expenses

	Budget	Actual	Variance
Operating Expenses	28,091,683	29,129,746	-1,038,063
Salary, Wages & Benefits	12,652,393	13,034,344	-381,951
External Grants Paid	2,820,198	2,824,967	-4,769
Debt Servicing	3,675,978	3,655,341	20,637
Maintenance	597,944	588,774	9,170
Materials & Other	2,777,414	2,640,051	137,363
Utilities	1,570,033	1,429,594	140,439
Capital Out of Taxation & User Fees	391,550	360,064	31,486
Reserve Transfers	287,500	1,159,122	-871,622
Contracted Services	2,608,243	2,819,433	-211,190
Insurance	413,030	363,951	49,079
Travel/Training	297,400	254,104	43,296

The total operating expense budget for 2018 is \$28.1M, with year-end actual expenses incurred being \$29.13M, a \$1.03M negative variance.

Salary, Wages and Benefits were ~\$380K negative at year-end. This variance relates to; increased POA Judiciary and Prosecutor wages (50% shared with Municipal partners), unbudgeted contractor and training costs associated with the DFS work stoppage, DFS VFF payments related to 2017 activity coded in 2018, unbudgeted retirement allowance payment in DPS, Transit wages (2018 Budget for Transit was in External Grants Paid), increased Child Care wages and benefits (offset by increased revenue), Arena casual labour related to major events (offset by increased revenue), and an Airport seasonal employee working full-time.

Materials & Other expenditures were ~\$140K positive at year-end. This variance relates to; delayed Official Plan review, savings in DPS Special Projects budget, lower than anticipated Elections costs, and lower than anticipated POA software (ICON) costs.

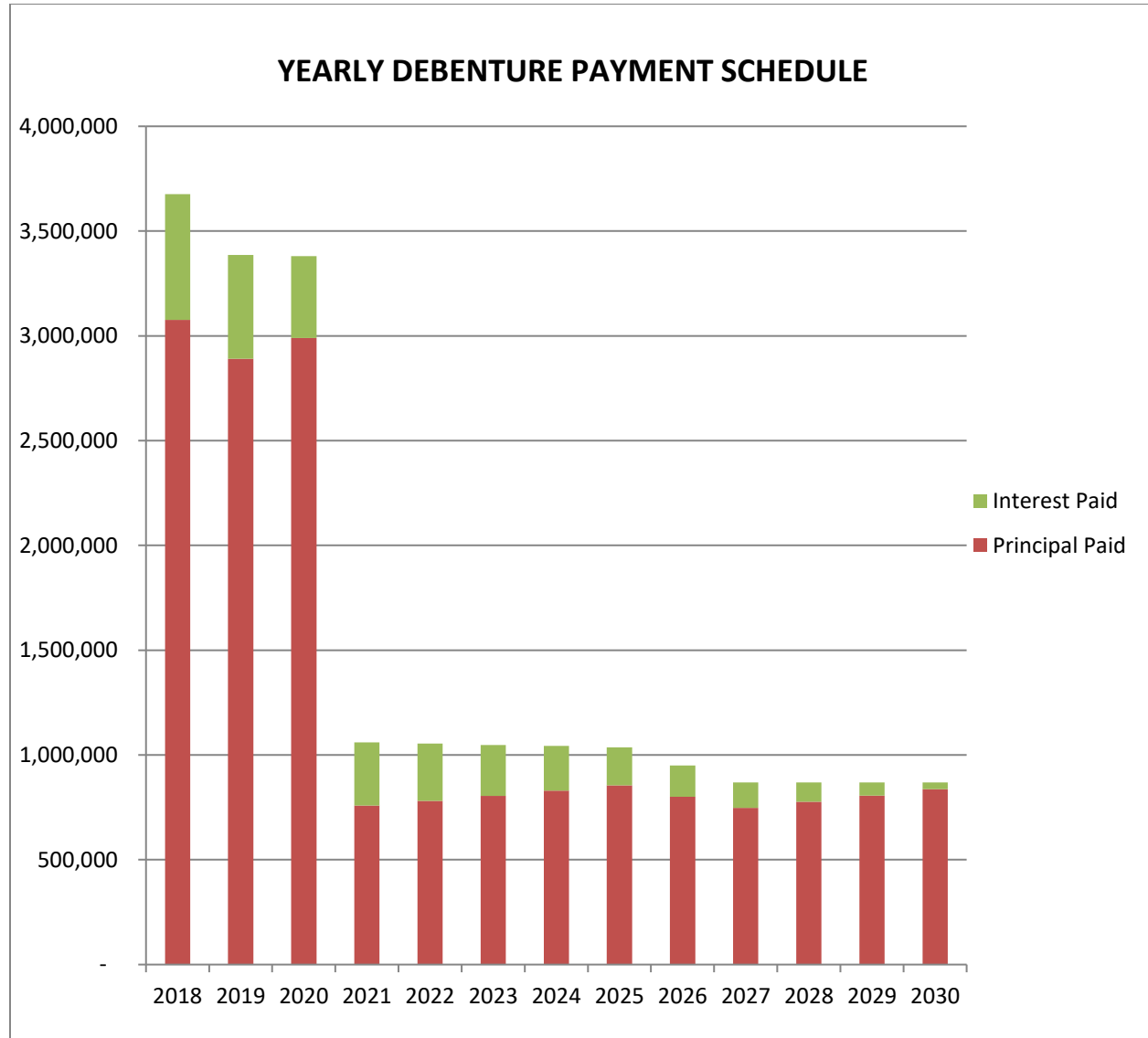
Utilities expenses were ~\$140K positive at year-end. This variance is primarily due to savings in our Hydro budgets based on discounts provided by the Provincial Government.

Reserve Transfers were ~\$870K negative at year-end. This variance relates to land sale activity being significantly greater than anticipated and the 2017 (prior year) surplus being allocated to Reserves in 2018. This variance is fully offset by a positive variance in Revenue (Land Sale Revenue and Prior Year Surplus).

Contracted Services were ~\$200K negative at year-end. This variance relates to a water treatment plant condition analysis, road assessment analysis and land implementation study for the Water, Sanitary and Storm Water systems. This variance is fully offset by a positive variance in Revenue (Other Grant/Donations).

Debt

As at December 31, 2017 the City’s long-term debt stood at \$17M. Based on the terms of our debentures, outstanding debt servicing charges (principle and interest) total \$20.1M. In 2018, approximately \$3.7M (13.1%) of city revenue is budgeted to service debt. Debt servicing is currently one of the main drivers restricting the amount that can be spent on capital and infrastructure projects. These limitations will continue until the end of 2020, at which time approximately 2/3 of our long-term debt will be paid off.



Capital Spending

All approved 2018 capital items are presented below.

Project	2018 Capital Budget	2018 Capital Spend	2018 Capital Variance
PW Barclay Landfill Closure	65,000	34,742	30,258
- Transfer from Capital Reserve	(65,000)	(34,742)	(30,258)
PW Buffer Zone Purchase	20,000	30,946	(10,946)
- Transfer from Capital Reserve	(20,000)	(30,946)	10,946
PW Monitoring Wells (Barclay)	20,000	10,962	9,038
- Transfer from Capital Reserve	(20,000)	(10,962)	(9,038)
PW Sewage Treatment Plant	103,200	82,913	20,287
- Transfer from Water Reserve	(103,200)	(82,913)	(20,287)
PW Intake Line Twinning	25,000	-	25,000
- SCF Funding	(16,700)	-	(16,700)
- Transfer from Water Reserve	(8,300)	-	(8,300)
PW Monitoring Wells (502)	17,000	17,038	(38)
- Transfer from Capital Reserve	(17,000)	(17,038)	38
PW Water-Main Relining under CPR	400,000	37,298	362,702
- CWWF Funding	(300,000)	(37,298)	(262,702)
- Transfer from Capital Reserve	(100,000)	-	(100,000)
Fire Hall 2 Roof	11,000	11,194	(194)
- Transfer from Capital Reserve	(11,000)	(11,194)	194
IT Cartegraph OMS Upgrade/Vadim Integration	34,500	25,524	8,976
- Transfer from Capital Reserve	(34,500)	(25,524)	(8,976)
Museum Main Gallery Retrofit	25,000	10,445	14,555
- Cultural Spaces Fund	(12,500)	(5,000)	(7,500)
- Transfer from Museum Reserve	(12,500)	(5,445)	(7,055)
Library Shelving	50,000	-	50,000
- Donations	(50,000)	-	(50,000)
Library Special Collections	4,000	3,745	255
- Retired Teacher's Assoc. of Ontario Grant	(4,000)	(3,745)	(255)
Facilities Skywalk Elevator	100,375	99,352	1,023
- Insurance Proceeds	(100,375)	(99,352)	(1,023)
Airport HVAC Air Conditioner Replacement	92,000	86,838	5,162
- Transfer from Capital Reserve	(40,000)	(34,838)	(5,162)
City of Dryden Entrance/Welcome Signs	91,500	92,589	(1,089)

Project	2018 Capital Budget	2018 Capital Spend	2018 Capital Variance
- Transfer from Land Sale Reserve	(91,500)	(92,589)	1,089
Airport Sweeper	350,000	-	350,000
- ACAP Funding	(350,000)	-	(350,000)
Airport Grader	250,000	-	250,000
- ACAP Funding	(250,000)	-	(250,000)
Airport Sand and Anti-Icing Chemical Spreader	200,000	-	200,000
- ACAP Funding	(200,000)	-	(200,000)
PW Thunder Lake Road Work	438,349	164,139	274,210
- OCIF Formula Funding	(438,349)	(164,139)	(274,210)
PW Colonization Ave. & Arthur St. Intersection	110,000	243,024	(133,024)
- Transfer from Capital Reserve	(110,000)	(126,486)	16,486
- OCIF Formula Funding	-	(116,538)	116,538
PW Duke St./Hwy 594 Rehab	250,000	263,575	(13,575)
- Connecting Links Funding	(225,000)	(236,256)	11,256
- Transfer from Capital Reserve	(25,000)	(27,319)	2,319
Rec Centre Pool Deck LED Lighting	24,000	14,683	9,317
- Transfer from Capital Reserve	(24,000)	(14,683)	(9,317)
PW Water/Wastewater Alarm System	25,000	26,447	(1,447)
- Transfer from Capital Reserve	(25,000)	(26,447)	1,447
IT - Network Infrastructure - Cisco Capital Lease	32,200	22,489	9,711
IT - Dept. Applications - Vadim e3 Upgrade	8,939	7,910	1,029
Fire Breathing Apparatus Air Cylinders	20,000	19,741	259
Fire Bunker Gear	16,000	22,368	(6,368)
Fire Thermal Imaging Camera	7,000	6,061	939
Airport Runway Crack Sealing	16,000	16,000	-
Library Books	8,000	7,615	385
Rec Centre Fitness Equipment	15,000	16,504	(1,504)
IT Desktop/Laptop/Printer Replacement	10,000	7,862	2,138
PW Capital Sidewalk and Curb Replacement	100,000	98,039	1,961
- Transfer from Capital Reserve	(100,000)	(98,039)	(1,961)
Rec Centre DWV Piping Replacement	20,000	8,456	11,544
PW Streetlight Pole Replacement/Hydro One Relocation	15,000	10,335	4,665
PW Highlands/Palker Road Bridge Capital Repairs	205,000	127,764	77,236
- Transfer from Capital Reserve	(205,000)	(127,764)	(77,236)
IT Network - Server Virtualization Equip. Replacement	14,600	14,471	129

Project	2018 Capital Budget	2018 Capital Spend	2018 Capital Variance
IT Cartegraph OMS TCA module	11,500	6,472	5,028
PW Wabigoon Drive PLC Upgrade	15,000	15,471	(471)
PW Mechanical Street Sweeper	50,000	42,833	7,167
PW Van Horne Dock Remediation	185,000	159,461	25,539
- Transfer from Capital Reserve	(185,000)	(159,461)	(25,539)
PW Wheel Loader Replacement	32,000	38,171	(6,171)
- Transfer from Capital Reserve	(32,000)	(38,171)	6,171
PW Sanitary Manhole Lining	50,000	53,475	(3,475)
PW Kennedy Road Control Panel	30,000	16,342	13,658
- Transfer from Capital Reserve	(30,000)	(16,342)	(13,658)
Rec Centre Lobby/Office Roof Replacement	142,000	166,781	(24,781)
- Transfer from Capital Reserve	(112,000)	(136,781)	24,781
Airport Hanger	50,880	45,000	5,880
- Transfer from Land Sale Reserve	(50,880)	(45,000)	(5,880)
Total	391,239	360,063	31,176

The Capital program for 2018 called for approximately \$391K in City funding for Capital. Approximately \$360K was utilized in 2018, with the \$31K variance becoming part of the City's 2018 year-end surplus, which as per the City's Operating Surplus and Deficit Policy will be allocated to Reserves/Reserve Funds in 2019.

The following projects did not take place in 2018:

1. PW Intake Line Twinning
 - Project was completed in 2017
 - No impact to 2018 Capital Plan as any 2018 activity would have been funded via the Small Community Fund and the Water Reserve

2. Library Shelving
 - This project will not be completed until the Donations revenue received covers the costs of the project
 - No impact to the 2018 Capital Plan as the project is fully funded via donations
 - Will be included in the 2019 Capital Plan

3. Airport Sweeper
 - Our application was not successful
 - This project was fully funded through ACAP funding, so no impact to the 2018 Capital Plan

4. Airport Grader
 - Our application was originally not successful
 - Late in 2018, the City found out our application was going to be approved, but delivery will not happen until early 2019
 - This project was fully funded through ACAP funding, so no impact to the 2018 Capital Plan
 - Will be included in the 2019 Capital Plan

5. Airport Sand and Anti-Icing Chemical Spreader
 - Our application was originally not successful
 - Late in 2018, the City found out our application was going to be approved, but delivery will not happen until early 2019
 - This project was fully funded through ACAP funding, so no impact to the 2018 Capital Plan
 - Will be included in the 2019 Capital Plan

The following projects were not be fully completed in 2018:

1. PW Barclay Landfill Closure
 - Due to delays in purchasing the last buffer zone property, we were not able to complete the year 1 closure work completely.
 - Funds remaining in the General Capital Reserve will be used to reduce the Year 2 capital cost impact in 2019

2. PW Buffer Zone Purchase
 - The final property purchase to complete the buffer zone was negotiated late in 2018 with the transaction completed early in 2019.
 - Funds remaining in the General Capital Reserve will be used to offset the capital cost impact in 2019

3. PW Monitoring Wells (Barclay)
 - Due to delays in purchasing the last buffer zone property, we were not able to fully complete the monitoring wells at the Barclay landfill site.
 - Will be included in the 2019 Capital Plan

4. PW Watermain Lining Under CPR

- Due to delays in receiving the engineering report from AECOM, the Tender for this project was delayed and not closed until October 2018
- The City received one bid that came in at approx. three times the budget value.
- The City then requested approval from CWWF to change the scope of the project, while maintaining the original intent, and the change in scope was approved in January 2019.
- The new scope of the project is a Water-Main upgrade to the main situated on the North side of the crossing (Government Rd) and is part of the 2019 Capital Plan
- As this project was fully funded through CWWF and Reserve funding, there was no impact to the 2018 Capital Plan

5. PW Thunder Lake Road

- Due to incremental weather, the contractor is not going to be able to complete the surface work planned for in 2018
- The remaining work will be included in our 2019 Capital Plan and will be fully funded through deferred OCIF Formula funding

6. IT Cartegraph OMS TCA Module

- Due to consultant delays in importing data, the training and testing related with this project was pushed into 2019
- Funds remaining in the General Capital Reserve will be used to offset the capital cost impact in 2019



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