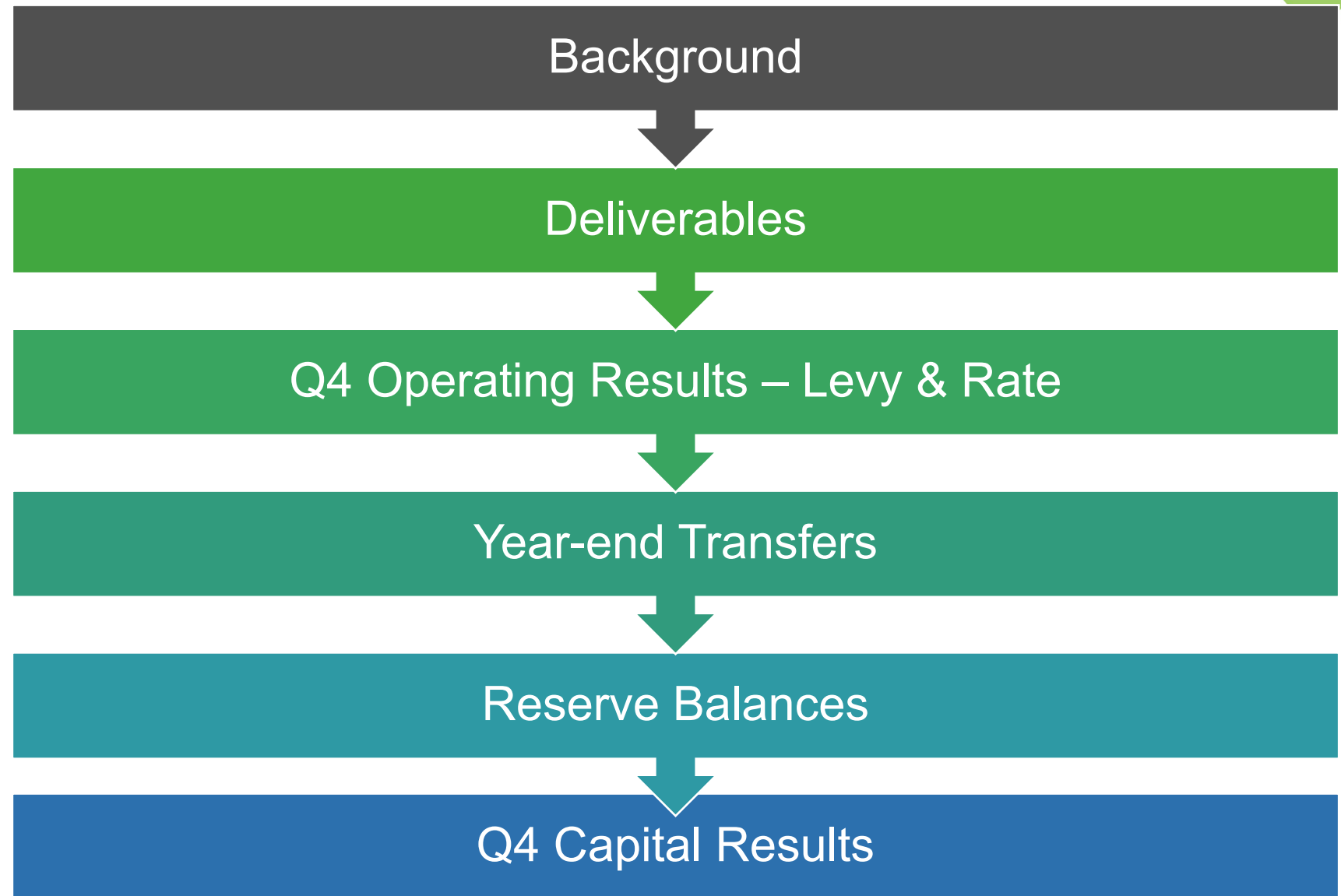


# Q4 2023 Financial Update

Corporate Services Committee  
March 6, 2024

# Agenda

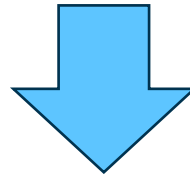


# Background

Policies that guide our **financial strategy** and how we allocate resources:

Budget Planning By-Law

Capital Financing Policy



Policies that guide our **financial reporting** requirements:

Budget  
Control By-  
Law

Reserve  
and  
Reserve  
Fund Policy

Operating  
Surplus /  
Deficit  
Policy

Financial  
Reporting  
and  
Forecasting  
Policy

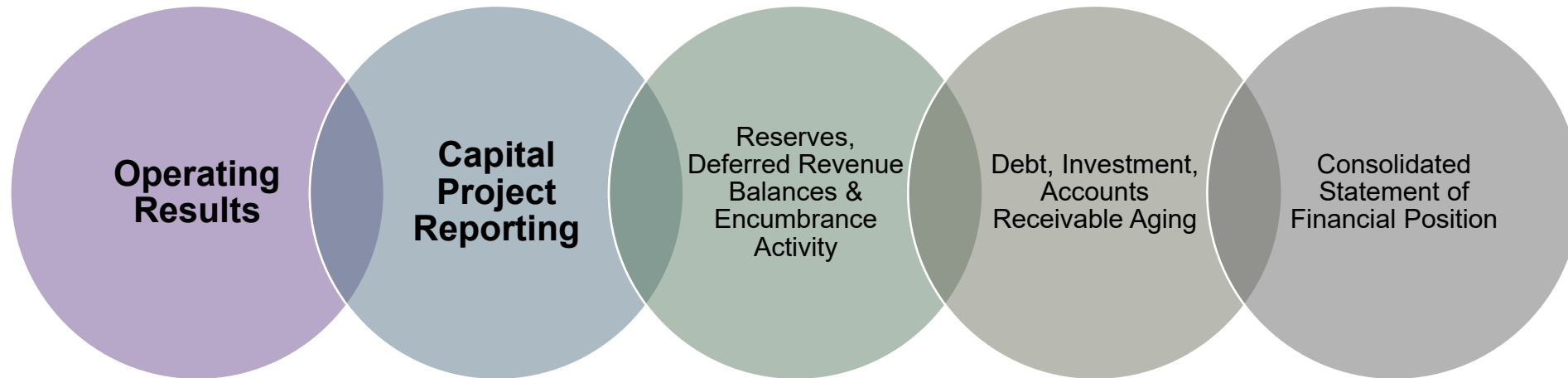
# Deliverables

Q4 2023 Financial Update is available on the Niagara Region's external website:

## [December 2023 Financial Report](https://www.niagararegion.ca/government/budget/finance/default.aspx)

(<https://www.niagararegion.ca/government/budget/finance/default.aspx>)

The report contains information on:



# 2023 Key Messages

- General Levy surplus is driven by the surplus within NRPS, favourable variance in labour related costs due to delays in filling vacancies which is partially offset by the unfavourable variance in DC grants.
- COVID-19 utilizing \$0.7 million of total transfer from Taxpayer Relief Reserve of \$18.4 million
- Bill 23 impacts utilizing \$11.1 million of total transfer from Taxpayer Relief Reserve of \$19.3 million
- Recommend excess funds be maintained in respective Capital Variance Project (CVP) to address anticipated inflationary pressures in the capital program

# Q4 Summary Results

(in millions)	Surplus/ (Deficit) after indirect allocations	Percentage of Gross Budgeted Expenditures
<b>Regional Departments</b>	<b>\$0.8</b>	<b>0.10%</b>
ABC's		
Court Services	\$0.6	5.60%
Niagara Regional Housing	(\$0.3)	(0.75%)
Niagara Regional Police Services	\$3.9	1.79%
Niagara Peninsula Conservation Authority	\$0	0%
Total ABC's	\$4.2	1.55%
<b>Total General Levy Supported</b>	<b>\$5.0</b>	<b>0.47%</b>
Rate Departments & Special Levy		
<b>Rate Supported: W/WW</b>	<b>(\$3.5)</b>	<b>(2.17%)</b>
<b>Special Levy: NTC</b>	<b>\$2.1</b>	<b>2.70%</b>
<b>Special Levy: Waste Management</b>	<b>\$3.5</b>	<b>5.48%</b>

# Q4 Results – General Levy Departments

(In millions of dollars)

	Surplus/ (Deficit) (after indirect allocations)	Percentage of Gross Budget
Regional Departments and General Government	\$0.8 	0.10%

## Major factors impacting Regional Departments & General Government:

- Gapping in the filling of vacant positions (+\$3.8)
- Supplemental tax and payment-in-lieu of taxes (+\$1.2)
- Lower than budgeted legal claims (+0.9)
- Savings in winter road maintenance materials due to mild winter (+0.6)
- Leveraging funding from other levels of government in Community Services (+\$0.8)
- Variance in DC grants (-\$5.5)
- Utilities (-\$0.6)
- Inflationary pressures and market shortages of raw food (-\$0.6)

# Q4 Results – General Levy ABCs

(In millions of dollars)

	Surplus/ (Deficit) (after indirect allocations)	Percentage of Gross Budget
Agencies, Boards and Commissions (ABCs)	\$4.2 	1.55%

## Major factors impacting ABCs:

- Labour related costs within NRPS (+\$2.9)
- Fuel, maintenance and vehicle leases within NRPS (+\$1.0)
- Property maintenance costs within NRH (-\$0.9)
- Property taxes for NRH owned units (-\$0.4)
- Infraction revenue within Courts Services (+\$1.7)



# Q4 Results – Water/Wastewater Rates

(In millions of dollars)

	Surplus/(Deficit) (after indirect allocations)	Percentage of Gross Budget
Water	(\$0.1)	(0.09%)
Wastewater	(\$3.4)	(3.18%)
<b>Total Rate-Supported Programs</b>	<b>(\$3.5)</b>	<b>(2.17%)</b>

## Major factors impacting Water & Wastewater:

- Chemical costs & biosolid disposal and management (-\$2.0)
- Repairs and maintenance spending due to aging infrastructure (-\$1.6)
- MPAC Property tax reassessments (-\$0.5)
- Labour related costs (+\$0.9)

# Q4 Results – Special Levy

(In millions of dollars)

	Surplus/(Deficit) (after indirect allocations)	Percentage of Gross Budget
Niagara Transit Commission	\$2.1	2.70%
Waste Management	\$3.5	5.48%

## Major factors impacting Niagara Transit Commission:

- Fare revenue including student fare passes (+\$5.6)
- Shared services including insurance costs (+\$1.5)
- Labour related costs (-\$2.2)
- Pricing of diesel (-\$1.1)

## Major factors impacting Waste Management:

- Waste Diversion funding (+\$0.9)
- Supplemental taxes (+\$0.8)
- Lower commodity prices and purchases of recyclables prior to sale of MRF (+\$1.5)

# 2023 Q4 COVID-19 Expenditures & Funding Summary

(in millions of dollars)

COVID-19 Expenditures	Confirmed External COVID-19 Funding	COVID-19 Reserve Funding	Budgeted COVID-19 Reserve Funding
\$15.6	(\$14.9)	\$0.7	\$18.4

COVID-19 utilized \$0.7 million of budgeted transfer from Taxpayer Relief Reserve of \$18.4 million

# 2023 Q4 – Taxpayer Relief Reserve

(in millions of dollars)

	2023 Budget	2023 Actual	2024 Budget
Opening Balance (reflects 2022/2023 year-end transfers)	\$47.3	\$47.3	\$36.6
Bill 23 Impacts	(\$19.3)	(\$11.1)	(\$0.6)
2022 Budget Mitigation Strategy	(\$4.0)	(\$4.0)	(\$4.0)
One-time Transfers (net)	(\$1.4)	(\$0.9)	(\$0.7)
Other	-	-	\$0.1
Homelessness 2024 Budget Strategy (One-time)	-	-	(\$4.1)
Extra Working Day	-	-	(\$1.1)
2022 COVID-19 Recovery Seniors (One-time)	-	\$2.9	-
2023 COVID-19 Funding Requirements	(\$18.4)	(\$0.7)	-
Forecasted 2023 Operating Surplus (Net of NRPS Reserve transfer)	-	3.1	-
Closing Balance	\$4.2	\$36.6	\$26.2

Reserve balance greater than budget due to confirmed COVID-19 funding and lower Bill 23 exemptions

# Stabilization Reserve Position

(in millions of dollars)

Stabilization Reserve	Balance at Dec. 31, 2023 Before Year-End Transfer	Recommended Year-End Transfers	Balance at Dec. 31, 2023 After Recommended Year-End Transfer	Reserve Target Balance		Conclusion
				Low (10%)	High (15%)	
Taxpayer Relief	\$33.5	\$3.1	\$36.6	\$76.1	\$114.2	Under Target
Transit Stabilization	\$0	\$2.1	\$2.1	\$7.1	\$10.7	Under Target
Water Stabilization	\$3.7	(\$0.1)	\$3.6	\$2.6	\$3.9	On Target
Wastewater Stabilization	\$5.6	(\$3.4)	\$2.2	\$6.8	\$10.3	Under Target
Waste Management Stabilization	\$4.3	\$3.5	\$7.8	\$6.4	\$9.7	On Target
Police Contingency	\$1.2	\$1.9	\$3.1	N/A - Assessed by NRPS		
Police Services Board Contingency	\$0.2	\$0	\$0.2			

Reserves under target balance limit risk mitigation opportunities

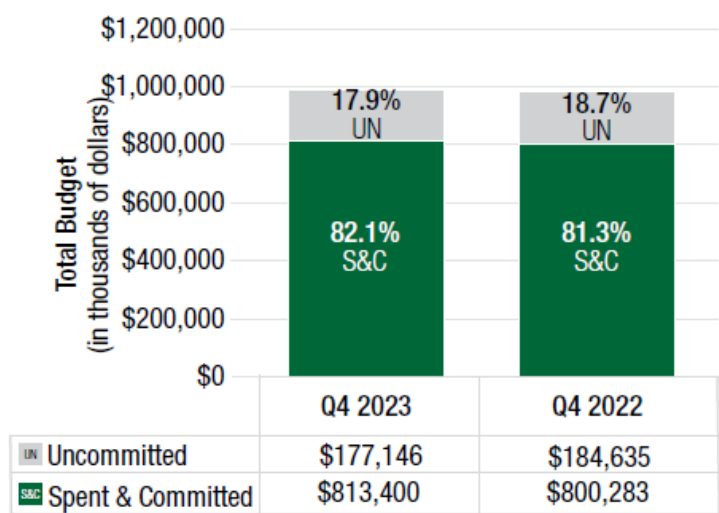
# Year-end Recommendations

- Outlined in CSD 10-2024
- Aligned with Operating Surplus/Deficit Policy
- Surplus/deficit is allocated to/from reserves depending on balance relative to target
- Capital Variance Projects provide funding for future capital projects and assist with addressing in year variances inclusive of inflationary risks
- Use of debt charge placeholder to substitute approved but unissued debt for South Niagara Wastewater Treatment Solution Project reduces overall debt requirement for the project

# Capital Project Status

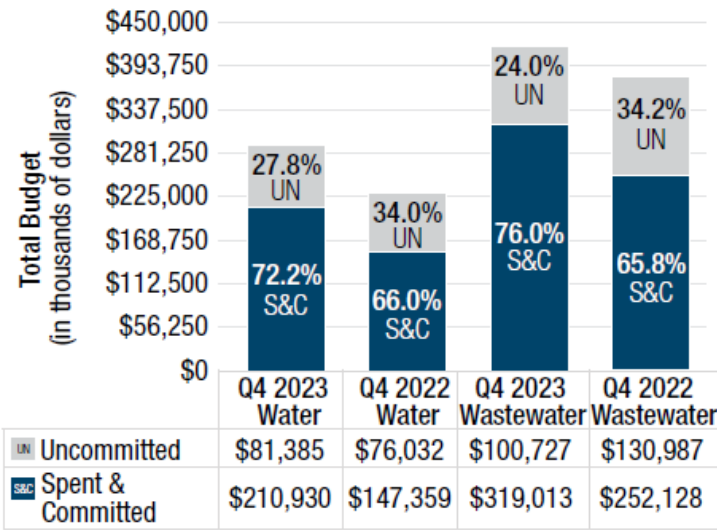
## Levy

Project Budgets Spent and/or Committed at Quarter End  
Active projects with budgets greater than \$1 million.



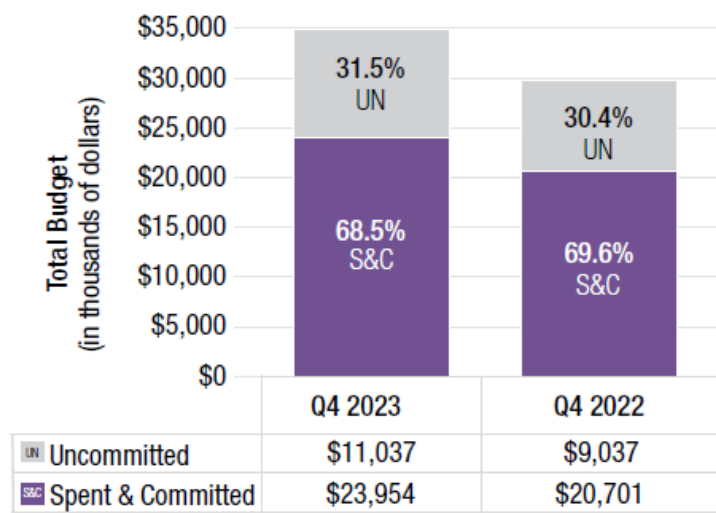
## Water and Wastewater

Project Budgets Spent and/or Committed at Quarter End  
Active projects with budgets greater than \$1 million.



## Waste Management

Project Budgets Spent and/or Committed at Quarter End  
Active projects with budgets greater than \$1 million.

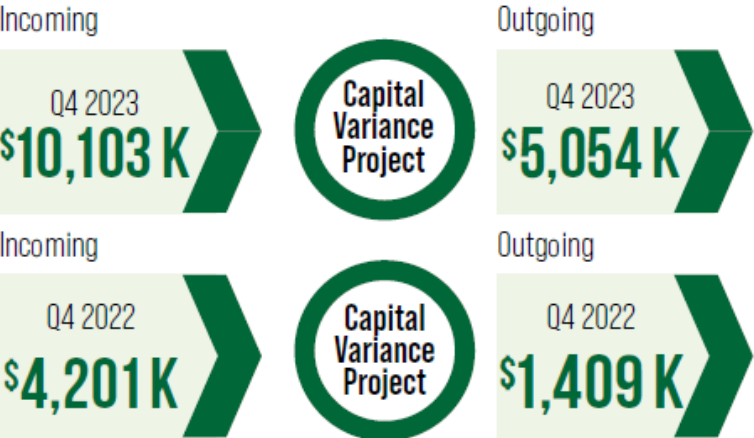


Year over year capital spend is growing in rate programs due increasing capital investment.

# Capital Variance Projects

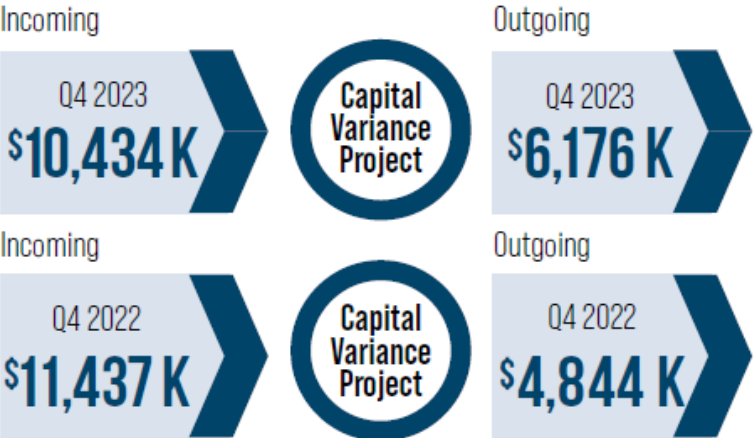
## Levy

Year-to-Date Capital Variance Project Transfers



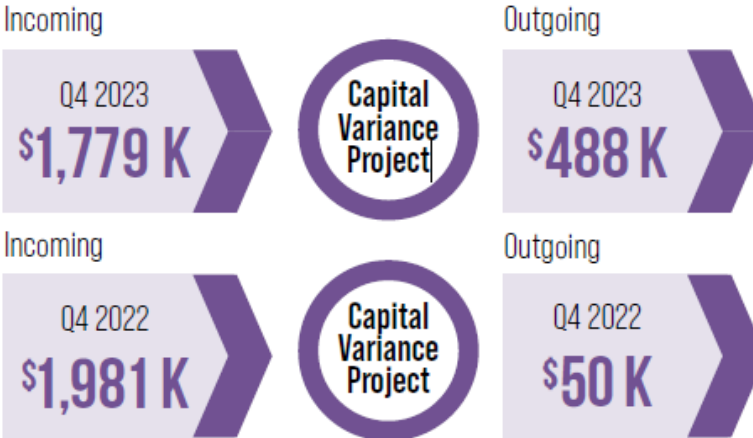
## Water and Wastewater

Year-to-Date Capital Variance Project Transfers



## Waste Management

Year-to-Date Capital Variance Project Transfers



Net of \$10.6 million has been made available for future capital



# Capital Variance Projects

- \$22.3 million to be held in the Capital Variance Projects (1% of budget for active capital projects)
- Assist with significant inflationary pressures
- Draws from CVP greater than \$250 thousand require approval by council

CVP (in millions)	Opening Balance	Contributions	Transfer to Capital Reserves	Uncommitted Balance at December 31, 2023	Minimum Balance	Excess Funds Maintained in CVP
Levy	\$5.6	\$5.1	(\$5.0)	\$5.7	\$1.0	\$4.7
Waste Management	\$5.3	\$1.3	(\$5.6)	\$1.0	\$1.0	-
Wastewater	\$4.2	\$0.1	-	\$4.3	\$1.0	\$3.3
Water	\$7.2	\$4.1	-	\$11.3	\$1.0	\$10.3
<b>Total</b>	<b>\$22.3</b>	<b>\$10.6</b>	<b>(\$10.6)</b>	<b>\$22.3</b>	<b>\$4.0</b>	<b>\$18.3</b>

# Next Steps

- Preparation of Consolidated Financial Statements
- Completion of external audit April 2024
- Presentation to Audit Committee on May 21, 2024
- Annual Report to be published in June 2024

# Questions?

**Donovan D'Amboise, CPA, CA**  
**Acting Associate Director, Reporting & Analysis**