

2022 Budget Assumptions

Board of Directors

June 25, 2021

Mark Critch, CPA, CMA

GM, Corporate & Fin Services/CFO



Lake Simcoe Region
conservation authority



Member of Conservation Ontario

2022 Budget – Presentation Outline

1. Purpose of Budget Assumptions
2. Standard Budget Assumptions
3. Budget Recommendations: Governing Principles
4. Review of COLA and Inflation Comparators
5. Financial Impact of Each Budget Scenario
6. Summary of Recommendations
7. Next Steps in 2022 Budget
8. Questions



Purpose of the Budget Assumptions

1. Sets clear organizational direction for budget targets
2. Enables staff to work with municipal funding partners to secure preliminary budget approval
3. Internally, it allows staff to build the 2022 budget and reduces re-work
4. Provides the Board of Directors the opportunity to influence the general direction of the budget
5. Strengthens the advocacy role of LSRCA Board members at municipal Budget Presentations



2022 Standard Budget Assumptions

1. LSRCA recognizes the challenges being faced by our Municipal funding partners
2. Incorporate lessons learned from 2021 forecast
3. Rental property surplus to Asset Management reserve
4. LSCF revenue continues to be used for education and projects; watch for challenges related to donations
5. Interest Income (above budget assumption) to surplus
6. Use reserves for pilot projects or one-time purchases
7. Continue to “Respect the Taxpayer” and understand the context of budget requests



Budget Recommendations: Governing Principles

1. Inflation and COLA in line with local comparators, adjusting for municipal funding challenges
2. Use municipal targets to guide budget development, where feasible
3. 1% investment toward achieving Strategic Priorities is vital to long term strategic outcomes at LSRCA but it is recommended that this be deferred until 2023
4. Long Term Funding for Asset Management will be addressed in a financial strategy being tabled in the fall. Small placeholder included in 2022 budget.



Review of COLA & Inflation Comparators

Municipalities	2022 CUPE agreement	2021 CUPE agreement	2020 CUPE agreement
Region of York, CUPE 905	Agreement has not been negotiated yet	Agreement has not been negotiated yet	1.74%
City of Barrie, CUPE 2380	Agreement has not been negotiated yet	Agreement has not been negotiated yet	1.80%
Region of Durham, CUPE 1764	Agreements has not been negotiated yet	Agreements has not been negotiated yet	1.75%
Conservation Authorities	2022 COLA	2021 COLA	2020 COLA
TRCA	2.00%	2.00%	2.00%
NVCA	1.30%	1.80%	1.90%
LSRCA	TBD	1.00%	1.75%



Financial Impact of Funding Targets

Municipal partners were canvassed to determine targets required to meet most of our partners guidelines.

Funding Category	Amount	% Increase
Increase to General Levy	40.49 K	1.00%
Increase to Special Capital	73.93 K	1.70%
Increase to Special Operating	4.93 K	1.00%
Total	\$119.35 K	1.34%

Financial Impact of Scenarios

Scenarios	1.00 % COLA		2.00% COLA		3.00% COLA	
Base (Step)	26.01 K		26.01 K		26.01 K	
Base (COLA)	67.82 K		135.65 K		203.47 K	
Inflation (2.00%)	18.25 K		18.25 K		18.25 K	
Strategic Initiatives (0.00%)	0.00 K		0.00 K		0.00 K	
Asset Management (0.50%)	21.74 K		21.74 K		21.74 K	
Efficiencies/Reductions	(14.48 K)		(94.30 K)		(150.13 K)	
Total	\$119.35 K	1.34%	\$119.35 K	1.34%	\$119.35 K	1.34%



Summary of Budget Recommendations

1. Inflation: Up to 2.00% (2021 Budget: 2.00%)
2. COLA for staff: Up to 2.00% (2021 Budget: 1.00%)
3. Infrastructure levy for Asset Mgmt.: 0.50% increase on capital funding only
4. Investment in Strategic Priorities: 0.00% (2021: 0.00%)
5. No additional FTE's in 2022, unless they are fully funded from grants and/or fees
6. General and Special Operating Levy: Up to 1.00% (2021: 1.00%)
7. Special Capital Levy: Up to 1.70% (2021 Budget: 1.00%)



Next Steps for 2022 Budget

1. Staff will use Board approved budget assumptions to develop 2022 Budget
2. Staff will share preliminary budgets with municipalities, ensuring coordination with municipal budget cycles
3. Staff will host on-line financial update for municipal funding partners in Fall
4. Staff will continue to look for efficiencies and cost savings to support the 2022 Budget
5. Staff will use predictive information from 2021 Forecast to develop 2022 Budget
6. 2022 Budget presentations to funding partners will begin in the fall/winter



Questions?