

2023 Results and 2024 Budget

Board of Directors

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Lake Simcoe Region
conservation authority



Member of Conservation Ontario

Presentation Outline

1. Review of 2023 Highlights and Financial Results
2. 2023 Lessons Learned; Informs 2024 Budget
3. 2024 Annual Plans
4. 2024 Budget
5. Budget Story

2023 Highlights

1. Operational surplus: \$609K, higher than the \$350K year-end forecast provided at Q3
2. Surpluses being transferred to Reserve (\$302K):
 - a) Interest on Idle Cash
 - b) Additional funds collected in Offsetting Admin fees
 - c) Additional overhead charges for projects
3. Recognition of Special Capital funding is not meeting the definition to defer - \$1.0M



2023 Highlights cont'd

4. Transfer of savings to Asset Management from lease buyouts - \$58K
5. Capital Budget variances due to timing differences, these capital projects will carry on into 2024
6. Procurement Summary (Attachment 3):
163 Purchase Orders totalling \$4.6M
7. Offsetting Summary: Completed \$1.1M in projects in 2023 (Budget \$2.3M); Deferred Balances available by Program in Attachment 2 of the report



Summary of 2023 Projects

2023 Projects	Total Project Value	Expenditures at December 31, 2023
Offsetting Projects	\$2.3M	\$1.1M
Mouth of Western Creek Restoration	\$1.2M	\$0.5M
Stormwater Projects	\$0.8M	\$0.5M
Other Projects	\$0.8M	\$0.4M
Restoration	\$0.4M	\$0.3M
Lake Simcoe Conservation Preserve	\$0.3M	\$0.1M
Floodplain Mapping	\$0.2M	\$0.1M
Watershed Plan Modernization	\$0.2M	\$0.1M
Infrastructure Hazard Project	\$0.1M	\$0.1M
Greenspace Projects	<u>\$0.1M</u>	<u>\$0.2M</u>
Total	\$6.4M	\$3.4M

2023 Year End forecasted expenditures for Projects: \$4.5M



2023 Capital Investments

2023 Capital Investments	Total Investment	Expenditures at December 31, 2023
New Scanlon Creek Nature Centre Design & Build	\$0.7M	\$0.3M
Infrastructure & Furniture	\$0.5M	\$0.2M
Equipment & Vehicles	<u>\$0.5M</u>	<u>\$0.4M</u>
Total	\$1.7M	\$0.9M

2023 Year End forecasted expenditures for Capital: \$1.6M



Update on Reserves: Ending Balance \$7.7M*

Reserve Category	January 1, 2022	December 31, 2023*
Asset Management	\$1,348	\$2,070
Rate Stabilization	\$3,284	\$5,096
Working Capital	\$435	\$373
Restricted	<u>\$44</u>	<u>\$124</u>
TOTAL	\$5,111	\$7,663

*Draft Unaudited Balances – shown in '000s

2023 Results: Lessons Learned

1. Issue: Treatment of deferred revenue at year-end; led to an increase in surplus position and Reserve Transfers in 2023

Impact on 2024 Financials:

- a) Operational surplus funds will be recognized into Reserve, no longer held in Deferred (no operational impact)
- b) Closely monitor through the forecast the year end position; likely to have higher volatility of surplus/deficit position going forward



2023 Results: Lessons Learned cont'd

2. Issue: Confidential land matters were forecasted in 2023

Impact on 2024 Financials:

One matter has already taken place in 2024 and will be recognized. Other matters will be monitored through the year.

3. Issue: Building 2024 budget and reporting structure with the new *Conservation Authorities Act* guidelines

Impact on 2024 Financials:

Monitor funding allocations made for the new categories of funding; some fine-tuning expected in 2025 Budget



Transition from 2023 to 2024

1. 2023 Audited Financial Statements will require Board of Directors' approval in April
2. Annual Plans for 2024 have been developed
3. 2024 Operating and Capital Budget to be approved by the Board of Directors (March)
4. 2024 Budget companion report nearing completion; should be available in April



Summary of Budget Approvals

Municipal Funding Partner	Already Approved or Expected Approval Date
Regional Municipality of York	✓
City of Barrie	✓
Regional Municipality of Durham	To be reviewed on March 27, 2024
Town of Bradford West Gwillimbury	✓
Town of Innisfil	✓
Township of Oro-Medonte	To be reviewed on March 20, 2024
Town of New Tecumseth	✓
City of Kawartha Lakes *	✓
Township of Ramara	✓
City of Orillia *	

* Indicates specified municipality, all others considered participating municipality

2024 Annual Priorities

1. Construction of the Scanlon Creek Nature Centre*
2. Lake Simcoe Conservation Preserve *
3. Implementation of Bills 229 and 23
4. Network Security *
5. New/Revised strategic plan including reporting dashboard
6. New Hazard Regulation
7. Freshwater Action Plan Projects *
8. Digital Strategy

* Indicates direct 2024 investment in proposed 2024 Budget



Proposed 2024 Budget

Guidelines – Approved by the Board of Directors in June 2023

	Guideline	Budget
Inflation	Up to 2.00%	When applicable
COLA	Up to 2.00%	2.00%
Growth/Strategic Initiatives	Up to 1.50%	0.00%
General Levy/Category 1	2.00%	2.00%
Asset Management Infrastructure Levy	0.50%	0.00%



Operating and Capital Budget

Budget	2023 Approved*	2024 Proposed	Change
Operating	\$15.4M	\$15.0M	(\$0.4M)
Capital	<u>9.6M</u>	<u>10.5M</u>	<u>0.9M</u>
Total	\$25.0M	\$25.5M	\$0.5M

*Restated Budget (approved May 2023 through Staff Report No. 27-23-BOD)

Expenditures By Service Areas

Service Area	2023 Budget*	2024 Budget	+/-
Corporate	\$3.0M	\$2.7M	(\$0.3M)
Ecological Management	1.9M	2.0M	0.1M
Education & Engagement	0.7M	0.8M	0.1M
Greenspace Services	1.0M	1.1M	0.1M
Planning & Development Services	5.2M	4.8M	(0.4M)
Water Risk Management	2.3M	2.4M	0.1M
Watershed Studies & Strategies	1.3M	1.2M	(0.1M)
Capital	<u>9.6M</u>	<u>10.5M</u>	<u>0.9M</u>
Total Expenditures	\$25.0M	\$25.5M	\$0.5M

*Restated Budget (approved May 2023 through Staff Report No. 27-23-BOD)

Summary of Revenues

Revenue Category	Restated 2023*	Proposed 2024	+/-
Category 1 Levy Funding (2.00%)	\$5.7M	\$5.8M	\$0.1M
Category 1 Lake Simcoe Protection Plan Levy Funding (2.00%)	2.5M	2.5M	0.0M
Category 2 Funding (2.00%)	0.7M	0.7M	0.0M
Category 3 Funding (2.00%)	0.3M	0.4M	0.1M
Provincial and Federal Funding	2.2M	1.7M	(0.5M)
Deferred Funding & Municipal Agreements	4.5M	2.6M	(1.9M)
Revenue Generated by Authority	<u>9.2M</u>	<u>11.3M</u>	<u>2.1M</u>
TOTAL	\$25.1M	\$25.0M	(\$0.1M)

*Restated Budget (approved May 2023 through Staff Report No. 27-23-BOD)

2024 Budget: Reserve Activity

	2024 Opening Balance*	2024 Transfers	2024 Draws	Projected Ending Balance
Rate Stabilization	\$5,096	\$250	(\$369)	\$4,977
Asset Management	2,070	909	(1,286)	1,693
Working Capital	373		(111)	262
Restricted	<u>124</u>	<u>10</u>	=	<u>134</u>
Total Reserves	\$7,663	\$1,169	(\$1,766)	\$7,066

*Draft Unaudited Balances – shown in '000s



2024 Capital and Projects Budget

Projects	Amount in 000s
Offsetting (Water Balance, Ecological and Phosphorous)	\$2,828
Stormwater Management Inspection and Maintenance	952
Restoration	909
Other Projects	617
Urban Forest Study	291
Infrastructure Hazard Projects	97
Flow Gauge Monitoring	71
Climate Change Studies	60
	\$5,825
Capital Purchases and Projects	Amount in 000s
Scanlon Creek Nature Centre	\$3,000
Infrastructure and Building	929
Vehicles	258
Lake Simcoe Preserve	230
Machinery and Equipment	229
	\$4,646
Total Capital and Projects	\$10,471

2024 Budget: Budget Story

1. New CA Act guidelines were followed in the 2024 Budget process (New funding categories, MOU's etc)
2. Transition process done with full transparency: Visited with every CAO/Senior Leader in Lake Simcoe watershed
3. Budget is within the Board Approved assumptions and has already been approved by 7 of 9 funding municipalities
4. 2024 Operating and Capital Budget is sustainable and practical; balancing additional investments in our staff, our assets, our research and our strategic plan
5. Board approval is the final step for the 2024 Budget



Questions?