



PORT COLBORNE

Subject: 2024 Trimester 1 Financial Reporting

To: Council

From: Corporate Services Department

Report Number: 2024-107

Meeting Date: June 25, 2024

Recommendation:

That Corporate Services Department Report 2024-107 be received for information; and

That the recommended transfers to and from the City's capital close-out account and related reserves as outlined in Appendix B of Corporate Services Report 2024-107 be approved; and

That the recommended reserve and capital and related project transferred as outlined in the financial section of Corporate Service Report 2024-107 be approved.

Purpose:

This report serves to provide Council with a summary of operating budget to forecast, capital and related projects, reserves, investment activity, and debt management as at the end of the first trimester of 2024.

Background:

This report serves to support the strategic plan of the City of Port Colborne (the "City").

Discussion:

In preparing the 2024 T1 (trimester one) report, certain assumptions and estimates are necessary. These estimates are based on information available to staff at the time. Actual results may vary.

This T1 report provides a forecast to December 2024 based on financial activity from January 1, 2024, to April 30, 2024, and estimated impacts looking forward. This report

focuses on capital with high level updates on operations given it only covers the first 4 months of the year. The T2 report will go into greater detail with respect to operations. At the time of writing this report, Financial Services does forecast a balanced budget or better for the 2024 fiscal year.

The summaries below represent forecasted financial figures for the year ended December 31, 2024.

As at April 30, 2024, staff continue to use the budget as forecast except for a fewer known or estimatable items given the timing of this report. The “Net” column below primarily forecasts an increase to investment income and capital adjustments primarily as a result of new grants obtained. As denoted, this report concentrates on capital activity. A balanced budget is identified below:

Levy	Forecast	Budget	Net
Revenue	38,733,219	36,375,365	2,357,854
Personnel Expense	(16,704,500)	(16,704,500)	-
Operating Expense	(15,101,480)	(15,051,480)	(50,000)
Surplus before Transfers	6,927,239	4,619,385	2,307,854
Transfer (to)/from Capital	(11,544,846)	(6,168,881)	(5,375,965)
Transfer (to)/from Reserves	(2,108,120)	(1,821,538)	(286,582)
Transfer (to)/from Funds	6,725,727	3,371,034	3,354,693
Surplus/(Deficit)	-	-	-

Levy budget spend-to-date (before transfers and allocations) is 30.4% of the 2024 budget (2023 – 29.1%)

Slide 6 of Appendix A highlights the forecasted differences to budget for the levy.

As at April 30, 2024, the Rate budget is forecasting on the same basis as the Levy budget. A balanced budget is identified below:

Rate	Forecast	Budget	Net
Revenue	16,559,613	16,559,613	-
Personnel Expense	(983,800)	(983,800)	-
Operating Expense	(9,421,879)	(9,421,879)	-
Surplus before Transfers	6,153,934	6,153,934	-
Transfer (to)/from Reserves	1,393,393	(1,961,300)	3,354,693
Transfer (to)/from Funds	(7,547,327)	(4,192,634)	(3,354,693)
Surplus/(Deficit)	-	-	-

Rate budget spend-to-date (before transfers and allocations) is 32.6% of the 2024 budget (2023 – 31.0%)

Slide 7 of Appendix A highlights the forecasted differences to budget for rates.

While not directly identified in the revenue and expenses of the rate budget Staff highlight the Disaster Mitigation and Adaptation Fund grant application for storm sewers was not successful. Staff are working on an update to Council that follows the approved AMP (Asset Management Plan) and INS (Infrastructure Needs Study) for the fall.

This report contains a summary of Capital and Related Projects recommended for closeout and still on-going in **Appendix B. Slides 8 and 9 of Appendix A** highlight that, as of T1, 106 approved capital and related projects remain open (2023 – 117). Staff completed 17 projects and closed out/transferred 6 related projects into 3. For users of this report reconciling open projects since previous reporting they will note the opening project balance for 2024 was reduced from 80 to 77 as a result of the proposed consolidation. The projects related to Information Technology evergreening, video surveillance, and wayfinding. **Slides 8 and 9 of Appendix A** further highlight that 66% of projects will be completed by year end. The remaining 34% of projects lend themselves to multi-year projects.

In **Appendix C**, Financial Services has summarized reserve activity, forecasted year-end reserve balances, identified the approved reserve targets and/or progress or steps required to establish a final target. The completion of the Infrastructure Needs Study has provided greater visibility into capital reserve funding targets.

Council and users of this report will also find **Appendix D – Investments** and **Appendix E – Debt Management** that highlight the City's investment returns and debt management along with related compliance with approved policies.

Financial Services identifies there is no new debt approved or forecasted at this time. As forecasted in **Appendix E** the City's borrowing capacity, as defined by the annual repayment limit (ARL), is forecasted to expand over time and is forecasted at 4.1% in 2024 on an in-year basis, it remains well below the City's self-imposed limit of 15% and the Province of Ontario maximum of 25%.

Internal Consultations:

Financial Services would like to thank all City departments for their leadership and cooperation in developing this trimester one report.

Financial Implications:

This financial report is for information purposes to help inform future decision making.

As identified in Appendix B the following funding transactions are recommended:

- Transfer to the working capital reserve to maintain a reserve balance consistent with the City's reserve policy. This amount is recommended at \$160,500.

- Transfer to the subject matter experts reserve to maintain a reserve balance consistent with the City's reserve policy. This amount is recommended at \$56,082.
 - Transfer to the Electric EV Charging project to proceed as outlined in Appendix B. This amount is recommended at \$66,618.
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Public Engagement:

This report supports the City's on-going commitment to accountability and transparency.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillars of the strategic plan:

- Environment and Climate Change
 - Welcoming, Livable, Healthy Community
 - Economic Prosperity
 - Increased Housing Options
 - Sustainable and Resilient Infrastructure
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Conclusion:

Financial Services reminds users of this report that, in preparing the 2024 Trimester 1 report, certain assumptions and estimates are necessary. These estimates are based on information available to staff at the time. Actual results may vary.

Appendices:

- a. Appendix A – 2024 Trimester 1 Presentation
- b. Appendix B – Capital and Related Projects Summary
- c. Appendix C – Reserves Forecast
- d. Appendix D – Investments
- e. Appendix E – Debt Management

Respectfully submitted,

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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.