



**Subject: 2023 Trimester 1 Financial Reporting**

**To: Council**

**From: Corporate Services Department**

Report Number: 2023-114

Meeting Date: June 27, 2023

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**Recommendation:**

That Corporate Services Department Report 2023-114 be received for information; and

That the recommended transfers to and from the City's capital close-out account outlined in Appendix B of Corporate Services Report 2023-114 be approved.

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**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 2022.

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**Background:**

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

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**Discussion:**

In preparing the 2023 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 2023 based on financial activity from January 1, 2023 to April 30, 2023, 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 2023 fiscal year.

The summaries below represent forecasted financial figures for the year ended December 31, 2023.

As at April 30, 2023, staff continue to use the budget as forecast given the timing of this report. The “Net” forecasted represents a forecast increase to investment income and capital adjustments. As denoted, this report concentrates on capital activity. A balanced budget is identified below:

Levy	Forecast	Budget	Net
Revenue	34,272,299	34,072,299	200,000
Personnel Expense	(16,146,800)	(16,146,800)	-
Operating Expense	(13,677,871)	(13,677,871)	-
<b>Surplus before Transfers</b>	<b>4,447,628</b>	<b>4,247,628</b>	<b>200,000</b>
Transfer (to)/from Capital	(9,439,230)	(7,054,300)	(2,384,930)
Transfer (to)/from Reserves	1,209,352	(890,578)	2,099,930
Transfer (to)/from Funds	3,782,250	3,697,250	85,000
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

As at April 30, 2023, the Rate budget is forecasting on the same basis as the Levy budget. A balanced budget is identified below:

Rate	Forecast	Budget	Net
Revenue	13,836,100	13,661,100	175,000
Personnel Expense	(1,190,900)	(1,190,900)	-
Operating Expense	(8,459,279)	(8,459,279)	-
<b>Surplus before Transfers</b>	<b>4,185,921</b>	<b>4,010,921</b>	<b>175,000</b>
Transfer (to)/from Reserves	389,989	479,989	(90,000)
Transfer (to)/from Funds	(4,575,910)	(4,490,910)	(85,000)
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

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, 117 approved capital and related projects remain open. Staff completed 20 projects and closed out/transferred 8 projects. The three largest projects are Vale

Health and Wellness Centre Roof Repair, Fleet Replacement, and the Watermain Replacement and Looping project. **Slides 8 and 9 of Appendix A** further highlight that 78% of projects will be completed by year end. The remaining 22% 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 will help establish targets for many of the reserves still requiring 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 5.9% in 2023 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%.

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### **Internal Consultations:**

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

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### **Financial Implications:**

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

As identified in Appendix B there are capital and related projects being closed out, in addition to these closed out projects there are recommended budget adjustments – these budget adjustments are highlighted on **Slides 10 and 11 of Appendix A**.

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### **Public Engagement:**

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

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### **Strategic Plan Alignment:**

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Service and Simplicity - Quality and Innovative Delivery of Customer Services
  - Attracting Business Investment and Tourists to Port Colborne
  - City-Wide Investments in Infrastructure and Recreational/Cultural Spaces
  - Value: Financial Management to Achieve Financial Sustainability
  - People: Supporting and Investing in Human Capital
  - Governance: Communications, Engagement, and Decision-Making
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## **Conclusion:**

Financial Services reminds users of this report that in preparing the 2023 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.

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## **Appendices:**

- a. Appendix A – 2023 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.