

Memo



To: Regular Meeting
From: Financial Services
Date: 2023-05-08
Subject: Quarter 1 2023 Financial Reports

Purpose

To provide Council with an update on the City's financial performance as at the end of the first quarter of 2023.

Background

The attached financial reports for the period ending March 31st, 2023 consist of a balance sheet, statements of cash flow, revenues, expenditures and capital expenditures, and a reserve continuity schedule.

These statements have been prepared on essentially a cash basis, as staff does not normally accrue or defer revenues or expenses for interim financial reporting periods. Consequently, the timing of receipts or invoices may be a factor in whether certain revenues and expenses have been captured to date. The budget amounts used in these reports are those of the approved budget adopted by Council on April 17th, 2023.

The following summary includes some highlights and additional information regarding the financial results:

Balance Sheet

- operating cash increased by \$4,346,660 during the quarter.
- reserve fund cash has increased by \$2,016,055 with the receipt of the Growing Communities Fund grant of \$1,981,000.
- the taxes receivable balance includes \$68,000 of delinquent taxes and \$309,918 of arrears.
- utilities receivable decreased by \$750,803 during the quarter; a reflection of timing of the utility billing cycle.
- Deferred grant revenues increased by 7,737,472 during the quarter due to the receipt of the remaining provincial DMAF contribution of \$8,473,479. The difference is attributable to the payout of the BC Affordability credits (~\$300k) and provincial DMAF revenue recorded during the quarter (\$440k).

Revenues

- property taxes are recorded upon issuance of the tax notices in May. Thus, no tax revenues have been reported during the first quarter.
- franchise fees and business licences are effectively recorded in full for the year.
- the latest cutoff date for the bi-monthly utility billing was mid-February; utility revenues therefore represent one and a half months of consumption charged to date.
- slag revenues are \$43,449 for the quarter; approximately \$2,800 under budget to date.
- other recoveries for the water utility include funds receivable for the Interfor waterline upgrade.
- net revenues for the housing rental program are approximately \$20,500 for the quarter.

Expenses

- electricity purchased for resale represents the full three months of expense to the end of March.
- labour costs are current to the pay period ending March 25th.

DMAF Flood Mitigation and Land Acquisition Program

\$1,131,670 of capital expenditures related to the DMAF program were recorded during the quarter for work packages 1 and 2 design and construction costs.

Benefits or Impacts

General

The quarterly financial reports provide information about the City's financial performance relative to the annual budget.

Finances

As noted within the attached statements.

Strategic Impact

N/A

Risk Assessment

Compliance:

Staff complies with Public Sector Accounting Standards in preparing the annual audited financial statements at the end of the year. However, since these are internal interim statements, expenses and revenues are not fully accrued as required at year-end. In addition, some expenditures may require reclassification between capital and expense, or between different departments.

Risk Impact:

Low

Internal Control Process:

Finance staff performs quarterly reconciliations of balance sheet items including cash and receivable and payable control accounts and conducts a high-level review of revenues and expenses for accuracy and consistency, while departmental managers regularly review expenses and capital project costs against budget.

Next Steps / Communication

N/A

Attachments

Quarter 1 2023 Financial Reports

Report Approval Details

Document Title:	20230508 Q1 2023 Financial Report.docx
Attachments:	- 2023 Quarter 1 Financial Report.pdf
Final Approval Date:	May 2, 2023

This report and all of its attachments were approved and signed as outlined below:

Daniel Drexler

No Signature - Task assigned to Duncan Redfearn was completed by assistant Daniel Drexler

Duncan Redfearn