



PELHAM FINANCE AND AUDIT COMMITTEE MINUTES

Meeting #: PFAC-01/2021
Date: Wednesday, February 10, 2021
Location: Zoom Meeting

Members Present: Chair, John Wink
 Councillor Wayne Olson
 Michael Cottenden
 Bill Crumm

Members Regrets: Councillor Ron Kore

Staff Present: CAO, David Cribbs (left meeting at 5:29pm)
 Director of Corporate Services/Treasurer, Teresa Quinlin
 Deputy Treasurer, Charlotte Tunikaitis
 Executive Assistant, Belinda Ravazzolo

Other:

1. Call to Order and Declaration of Quorum

Noting that a quorum was present, the Chair Wink called the meeting to order at approximately 4:05 p.m.

2. Approval of Agenda

Councillor Wink reminded members of the Committee that items 8 through 12 on the agenda are placeholders with nothing to add to tonight's agenda.

Moved By Bill Crumm

Seconded By Wayne Olson

THAT the agenda for the February 10, 2021 regular meeting of the Pelham Finance and Audit Committee be adopted, as circulated.



Carried

3. Declaration of Pecuniary Interest and General Nature

None.

4. Approval of Minutes

November 25, 2020

Moved By Michael Cottenden

Seconded By Wayne Olson

THAT the minutes of the November 25, 2021 Pelham Finance and Audit Committee be approved.

Carried

5. Business Arising from Minutes

None.

6. New Business

6.1. 2021 Approved Operating Budget

The Treasurer spoke to the final approval of the budget, which was sent to the Committee via dropbox last week. She stated that at the last Committee meeting the Operating and Capital Budgets were not being approved by Council until the Town received word as to whether or not funding was coming through the Safe Restart Phase 2 program. The Town was successful in receiving \$1,298,000 of Phase 2 funding. In the projection, it showed a shortfall of \$221,000. The Town was hoping to at least receive that much. There were only 48 of 444 municipalities that either applied or were approved for Phase 2 funding. Most municipalities did not apply for Phase 2 feeling that the funding that they received from Phase 1 was adequate. They funded the loss gross revenue lost and the expenses that the Town incurred and that is why the funding is so much greater than expected. The amount that the Town did not use in 2020 can be applied to 2021. This took a lot of pressure of the tax levy increase. The projected increase was at 4.59% and now after applying this grant the project tax levy increase is at 1.98%.



The Treasurer discussed the 2021 Budget Adjustments highlighting revenues and expenditures and how it was adjusted from the original number to the new budget. She also highlighted the 2021 Operating Budget Net Increase stating that the average household increase would be \$38 per year. A member of the Committee suggested adding the MPAC value of what the “average household” is would be helpful to the residents in understanding what their impact would actually be. Both the Treasurer and Deputy Treasurer agreed to add that in the future.

A Committee member asked what the arrangement is for Transit in the budget. The Treasurer explained that the Town is in a pilot project with the Region from August 2020 to August 2021. The Town is paying the Region \$178,700 to perform the bus service. The budget shows a decrease from the prior year as the Town was operating two buses. The revenue for 2020 shows the funding from the Transit grant and others as well as sponsorship. The net levy requirement of \$179,486 is a decrease from last year's \$252,070. The Committee member questioned what the expectation is after August 2021 if the project does not continue with the Region. The Treasurer stated that Council would have to make a decision at that point as to whether the Town goes back to continue with the Sharpe buses or go out to RFP for a new provider.

A member asked what would happen after the arrangement with the Region. The Treasurer explained that Council would have to look at the options at a later date.

The Committee Chair noted that the government was generous in handing out funds in 2020 and asked if there was any speculation of more funding coming forward in 2021. The CAO shared that he is under the impression that no equivalent amount of funds will be coming forward as the government has provided enough emergency funds in 2020. The CAO believes that if money does come forward it would go to those municipalities with a large loss of revenue due to shortfalls in transit. The CAO wanted to mention that although the Town has received the phase 2 funding directly from the province, it was ninety cents on the dollar with federal dollars with very little provincial tax money.

One of the Committee members asked the Treasurer if the Town runs a hard and soft analysis of the budget for items such as dividends received from PWPI. The Deputy Treasurer said dividends from PWPI are not budgeted because it is so variable from one year to the next.

6.2. 2021 Approved Capital Budget

The Treasurer discussed the 2021 Approved Capital Budget with the Committee going through the expenses and savings that occurred in the budget. She stated that nothing has changed with the budget concerning transfers to reserves and that the budgets are very tight.

A committee member wanted to reiterate a point from the last meeting that the reserves still remain significantly underfunded. He feels that the Town needs to bump up the



reserves to get the Town on better financial funding. Pushing for higher tax increases

to fund the reserves would help put the Town on a better financial footing. As a taxpayer, he was happy but as a committee member, he feels he should express his concern. Another committee member stated that he appreciates his comments and agrees with his thoughts and opinions.

The Treasurer noted that some other municipalities have a special capital levy determined year by year that maybe the Town can look at implementing for next year.

A committee member believes that some of the COVID funding from the government should have been put away in the reserves but feels that it was time to give the taxpayers some relief. He believes that the Town can find money in the budget to put away and that the reserves need to be increased as well.

The Treasurer noted that in July the Asset Management Plan will be complete so the Committee can then look at what the future capital expenditures that the Town has and how the reserves are in handling those expenditures. The Committee can then make a recommendation to Council for consideration should be made for the 2022 budget to increase the reserves. The Deputy Treasurer indicated that a 1% increase of \$150,000 was made to the reserves. She stated that the pie chart shows that the reserves are one of the bigger items resulting in a tax increase and they will figure out a way to better communicate this. The Treasurer stated the Cannabis legal fees eat up a large amount of funds and that this money could go into the reserve next year if we can avoid those expenditures.

A committee member asked what will happen when the work on the asset management plan is completed this summer, is the Town anticipating a significant impact on the budget? The Treasurer said that the asset management plan focuses on risk. The Asset Management Plan will determine the risk of not investing in our assets.

The Deputy Treasurer showed the 20 Year projected reserve balance in dollars and noted that as the Asset Management Plan is updated it will affect the capital spending from a 20-year summary and also the reserve target. One of the committee members is optimistic for the plan giving an example of spending money on maintenance programs as ways to extend the life of certain assets. The Treasurer informed the Committee that in December the Town hired an Asset Management Coordinator with a GIS background and he is doing a lot of good work.

Moved By Michael Cottenden

Seconded By Wayne Olson

THAT the Committee receive the 2021 Approved Operating Budget and 2021 Approved Capital Budget for information.

Carried



7. Audit

7.1. Request for Proposal: Audit Services for fiscal year ending 2021 to 2025

The Treasurer discussed the draft RFP that is going out for the new audit services for the fiscal year of 2021 with a 5 year contract as Deloitte is finishing up for 2020. The difference between this RFP and the last one is that there is much more work done in-house by staff than previously. The Town is hoping to see a reduction in audit fees due to that work. The Town invested in a software program called Caseware allowing for more work to be completed by staff than the auditors. The Town currently pays roughly \$39,000 a year, including the trust funds. The Town saved \$3,300 by preparing the financial statements ourselves this year and \$4,400 for preparing the FIR.

The Town is thinking of issuing the RFP after the audit in June due to the year-end work that still needs to be done and awarding it in July.

A committee member question the evaluation process. The Treasurer said that if there were an interview process, she would like someone from the audit committee in the interview process.

A committee member noted that typically there is an audit planning report that is produced and noticed it was missing from the RFP. He asked would a firm be excluded if they did not have Caseware. She indicated that yes, if they did not have it, they would be excluded because then staff would have more work in preparation for the audit. Most audit firms already have Caseware or have access to it.

A committee member feels the evaluation selection criteria section of the report can be simplified and is not sure what the expectations are within each section with percentage values for each category. If it was cleaned up, it could also help with the evaluation process. The Treasurer thanked him for the feedback and said that they look at changing that. He also asked if there is opportunity for any collaborative procurement groups that the Town work with believing that it may be worth investigating. The Treasurer responded saying that the Town is part of the Niagara Peninsula Purchasing Committee but has not reached out to other municipalities due to the timing of the RFP. She said that she could go out to other municipalities but because every municipality is on different schedules, it may not work but still something to consider.

The Chair of the Committee asked for a volunteer from the committee to be part of the interview/proposals if required. One committee member said that his availability would be determined by the timing of it and that his interest would only be on the interview side not the written proposals. Another committee member felt that he could add benefit through the evaluation process but felt he would not be as beneficial for the interviews. Another committee member offered to sit in on interviews if needed.



Moved By Bill Crumm

Seconded By Michael Cottenden

THAT the Pelham Finance and Audit Committee receive the draft Request for Proposal (RFP): Audit Services for fiscal year ending 2021 to 2025; and

THAT the Committee recommend the RFP for issuance.

Carried

- 8. Operating Financial Report**
- 9. MCC Operating Financial Report**
- 10. Transit Operating Financial Report**
- 11. Capital Report**
- 12. Reserves**
- 13. Financial Risks**

13.1. COVID-19 Update

The Treasurer updated the Committee that they are hearing that next Tuesday the Town will go into code red and therefore in preparation to reopening the MCC, including the walking track with booking times.

With regards to the finances, due to the grant that the Town received, the Town does not have a shortfall and has money to cover expenses. A committee member asked how much money was held back. The Treasurer indicated that they are waiting to see how the year-end plays out and that will determine how much money is carried forward but as of right now out of the \$1.3 million, \$602,000 has been moved to 2021. The Deputy Treasurer noted that if there were any leftover after the year-end closes, it would be carried over to 2021 as well.

The MCC is earmarked to be one of the vaccination centres. In preparation for that, a new floor covering was ordered and has arrived for the gym with the expense covered under the COVID grant. Public Health came to inspect the area and was happy with the space. The Treasurer stated that under Code Red the Town's ice pads are open while some other municipalities remained closed. The Town benefits from that, as there is a high demand for ice time.



A committee member asked if the Town is paid by the Region for offering the space for the vaccination centre; the Treasurer does not believe so.

Ontario Federation Recreation Association said that the Town of Pelham was one of the jewels of the province as far as community centres.

Moved By Wayne Olson

Seconded By Bill Crumm

THAT the Committee receive the COVID-19 Update Report for information.

Carried

14. Unfinished Business

15. Next Meeting – May 5, 2021

16. Adjournment

Moved By Michael Cottenden

Seconded By Bill Crumm

THAT this Regular Meeting of the Pelham Finance and Audit Committee be adjourned.

Carried

The meeting was adjourned at approximately 5:21pm.

A handwritten signature in black ink, appearing to read "John Wink", written over a horizontal line.

Chair, John Wink

A handwritten signature in blue ink, appearing to read "Belinda Ravazzolo", written over a horizontal line.

Executive Assistant to the CAO and Mayor, Belinda Ravazzolo