

**Subject:** December 2020 Financial Report**Recommendation:**

**BE IT RESOLVED THAT Council receive Report #2021-0080-Corporate Services, December 2020 Financial Report, for information.**

**Background:**

The Corporate Services Department has prepared the attached financial reports, as at December 31, 2020, for the information of Council. The MCC and Transit reports also include non-financial indicators such as hydro usage and ridership.

**Analysis:**

Appendix 1 to this report summarizes operating revenues compared to budget as at December 31, 2020, with 100% of the year lapsed. Total revenues were at approximately 108% of budget. Safe Restart COVID-19 funding of \$1,480,702 was received for emergency assistance toward Town operating financial pressures. The financial impact from the closure of facilities and cancellation of programs that resulted from COVID-19 are evident in Recreation, Culture and Wellness revenues as well as certain miscellaneous user fees and charges for services. Supplemental taxation revenues and planning fees were above budget due to growth within the Town. The water and wastewater revenue is at 107% of budget because of higher consumption from a hotter summer and Safe Restart COVID-19 grant funding applied to increased costs. Most other revenue sources such as grants, transfers from reserves, and property taxation are in line with the budget and detailed explanation of variances are found in the report.

On December 16, the Ontario provincial government announced additional financial relief for municipalities facing operating pressures related to COVID-19 under the federal-provincial Safe Restart agreement. Pelham received \$1,298,000 under Safe Restart Phase 2 funding, in addition to \$428,500 received under Phase 1 for operating pressures and \$18,334 was received for transit. Of the total \$1,640,500 received for 2020 (excluding transit funding), \$30,070 was allocated to the library, \$129,728 to rate-supported budgets, and \$1,480,702 remained for Town operating pressures. Total tax levy-supported operating pressures at year-end included \$386,803 of directly tracked costs and another \$558,640 in lost revenues and other

operating expenditures, leaving \$535,259 in funding which has been transferred to the working funds reserve and must be used to offset COVID-19 operating pressures in 2021. All Non-COVID surpluses were transferred to reserves as per approval by Council as part of the Safe Restart Phase 2 funding application.

Appendix 2 to this report summarizes operating expenditures compared to budget at December 31, 2020. Total expenses were at approximately 108% of budget. Most expenditures are in line with budget and detailed explanations of variances are found on the report. Shared expenditures exceeded budget by approximately \$1.2 million. This is comprised of shared direct COVID-19 costs of \$165,000, increased legal fees of approximately \$140,000 primarily related to cannabis, increased insurance costs of \$120,000 for various matters, and reserve transfers of approximately \$806,000. Reserve transfers relate to \$14,000 to HR capacity building, \$147,000 to land acquisition as per policy, \$535,259 in Safe Restart Phase 2 Funding to Working Funds Reserve to offset 2021 COVID-19 operating pressures, and \$110,000 in general Town surplus due to cost mitigations and savings.

Appendix 3 summarizes the revenues and expenditures related to the MCC at December 31, 2020. MCC revenues were at 87% of budget and trending below the prior year due to closures from COVID-19 from mid-March to July 6. MCC expenses were at 95% of budget, as a result of reduced wages from the facility closure and lower hydro rates, which are partially offset by increased cleaning and janitorial expense due to COVID-19. The revenues for the MCC are below budget at year-end due to the impact of the pandemic. With the opening of the MCC in July and August, the revenue from ice and summer programming is \$163,199. The ice times were booked solid for the months of July and August due to the high demand for ice, because other municipalities did not have their ice pads operational. Revenues are lower in programming, multi-purpose space revenues and area advertising. The original budget had \$100,000 to be transferred from the MCC reserve to help offset costs. The positive news is that \$73,819 is being transferred to the MCC Reserve and the HR Capacity Reserve since the non-COVID-19 related excess revenues earned in January and February prior to the pandemic, as well as additional revenues earned from opening a second ice pad in the summer, have been transferred to the MCC reserve. This is equivalent to \$173,819 increase to the MCC reserve (\$134,600) and to the HR Capacity Reserve (\$39,219) from the original budget. These funds will be used to help repay the debenture issued during the year that is earmarked to be partially funded by pledged donations.

Appendix 4 summarizes revenues and expenditures related to Pelham Transit. The total revenue is at 92% of budget as at December 31, 2020. Approximately \$154,000 in provincial gas tax funding has been received, with \$50,000 deferred and placed in a reserve fund for future expenditures, \$100,000 of Community

Transit grant has been received, \$18,334 was received for Safe Restart Phase 1 for Transit and \$6,763 was received for Municipal Transit Enhanced Cleaning funding. Effective August 17, 2020, the Niagara Region has taken over the service delivery of the transit with on-demand service by a third party provider VIA. Transit expenditures were at 71% of budget due to reduced cost of contracted services in April and May, and also the lower cost of bus service delivery with the Niagara Region Pilot project with the On-Demand service. The original budgeted deficit for the Pelham Transit was \$252,070. The actual budget deficit at December 31, 2020 is \$121,775. A savings of \$130,295 towards the Town's surplus.

Appendix 5 is the capital report for 2020 budgeted capital projects and prior years' carryforward of capital projects. The total amount spent for 2020 capital projects is 59% of the capital projects for 2020 in the amount of \$2,215,698, excluding deferred, cancelled and red-circled projects. Capital projects that were deferred to 2021 totaled \$2,673,120. The deferral of these projects relates to the effect of the COVID-19 pandemic. Of the carryforward amounts prior to 2020, 67% of the carryforward budget has been spent in the amount of \$2,581,661. The total capital budgets from 2020 and prior that will be carryforward to be spent in 2021 is \$5,205,963.

### **Financial Considerations:**

There are no specific financial considerations with respect to this report as it is for information purposes.

### **Alternatives Reviewed:**

Not applicable.

### **Strategic Plan Relationship: Strong Organization**

By reviewing the monthly financial reports, Council can remain informed about whether there are any significant budget variances that would impact year-end financial results.

### **Consultation:**

These reports have been provided to the Pelham Finance and Audit Committee for review.

### **Other Pertinent Reports/Attachments:**

Appendix 1 – Monthly Revenue Report at December 31, 2020

Appendix 2 – Monthly Expenditure Report at December 31, 2020

Appendix 3 – Meridian Community Centre Report at December 31, 2020

Appendix 4 – Transit Report at December 31, 2020

Appendix 5 – Capital Report at December 31, 2020

**Prepared and Recommended by:**

Teresa Quinlin, MBA, CPA, CA  
Director of Corporate Services/Treasurer

**Prepared and Submitted by:**

David Cribbs, BA, MA, JD, MPA  
Chief Administrative Officer