

Subject: June 2021 Financial Reports**Recommendation:**

BE IT RESOLVED THAT Council receive Report #2021-0143-Corporate Services, June 2021 Financial Reports, for information.

Background:

The Corporate Services Department has prepared the attached financial reports, as at June 30, 2021, 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 June 30, 2021, with approximately 50% of the year lapsed. Total revenues were at approximately 51% of budget. The financial impact from the closure of facilities and cancellation of programs as a result of COVID-19 are evident in the Recreation, Culture and Wellness Department results in particular, and Safe Restart Phase 2 funding has been applied to the shortfall. Most other revenue sources are in keeping with the budget, with some grant funding still pending in Public Works and Finance. The MCC closed on January 1, 2021 and was reopened March 2, 2021. On April 3, it was closed again and the impact is seen on the June financial report, and will be evident in July as well. The ice pads at the MCC started re-opening on July 16, 2021. Six months of water and wastewater had been billed and are at 50% of budget; consumption tends to be higher in the summer months but is also partially weather dependent.

The Phase 2 Safe Restart COVID-19 funding has been applied to \$395,506 in lost revenues at the MCC, and \$238,888 to offset the direct COVID-19 expenses incurred to May 31, 2021, for a total of \$634,394 out of the total \$969,149 available for 2021 operating pressures. The 2021 operating budget included \$602,350 in Safe Restart COVID-19 grant funding, which was an estimate of the funds that would be available to carry forward to 2021. At December 31, 2020, the Town carried forward \$621,259 in Phase 2 Safe Restart COVID-19 funding which must be used to offset COVID-19 operating pressures in 2021. Because the budget was \$602,350 and the carryforward was \$621,259, there is a favourable variance of

\$18,909 as well as an additional \$347,890 in 2021 COVID-19 Recovery Funding announced. All of these funds must be used to offset COVID-19 operating pressures, and they will be needed to alleviate the operating pressures due to lost revenues during the shutdown and increased costs caused by the pandemic.

Appendix 2 to this report summarizes operating expenditures compared to budget at June 30, 2021. Total expenses were at approximately 50% of budget and appeared to be on track. This report includes \$238,888 of direct costs related to COVID-19 such as purchase of computer equipment, additional cleaning costs, and personal protective equipment and protective facility materials.

Appendix 3 summarizes the revenues and expenditures related to the MCC at June 30, 2021. MCC revenues were at 14% of budget and trending below budget due to closures from COVID-19 from January 1 to March 2, and again closing on April 3. The MCC gymnasium opened to the public in April as a vaccination clinic site. Youth camps commenced in July 2021, and the ice pads opened July 16. Budgeted MCC revenues are lower than previous years, to reflect reduced revenues that were anticipated due to the pandemic. Senior Active Living Centre grant funds continue to be received and MCC expenses were at 37% of budget, which is below the expectation for the first six months of the year as a result of reduced wages from the facility closure and some expenses for contract services and repairs and maintenance, which are anticipated but have not yet been incurred. Phase 2 Safe Restart funding of \$395,506 has been applied based on estimated lost revenues from January to June, resulting in a bottom line deficit of 19% of budget; however this is expected because the MCC normally generates a high level of revenues early in the year which will be needed to offset expenditures in future months. Currently Safe Restart funding applied to the MCC is at 80% of the budget for the year, and will be adjusted as the year progresses and the operating pressures resulting from COVID-19 are evaluated by the Treasurer.

It is difficult to predict the impact of COVID-19 for 2021 and assessing whether the Town has enough Safe Restart grant funding to cover the operating pressures at this point in time. The key factors depend on the opening of the Meridian Community Centre with its full operations along with all the Recreational programming, and whether any future restrictions are imposed. The additional unbudgeted funding of \$347,890 will definitely be needed to offset revenue losses and additional expenditures due to COVID-19.

Appendix 4 summarizes revenues and expenditures related to Pelham Transit. The Community Transit grant funding has been received for Q1 to Q3, and there is deferred provincial gas tax funding of \$20,000 to be applied later in the year. 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 58% of budget because the Town paid the Region for services to July. Ridership has increased compared to Q2 of the prior year when the pandemic was impacting operations but the On-Demand transit service agreement was not yet in place.

Appendix 5 to this report includes the 2021 capital report at June 30, 2021. Most capital projects are proceeding, totaling \$8.17 million, and of those, 50% of the budget had been spent. \$1.04 million in projects have been red-circled pending grant application funding. Projects carried forward from prior years total \$5.21 million, and 24% of the carryforward amount had been spent.

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:

The 2021 project capital report has been provided to the Pelham Finance and Audit Committee for review.

Other Pertinent Reports/Attachments:

Appendix 1 – Monthly Revenue Report at June 30, 2021

Appendix 2 – Monthly Expenditure Report at June 30, 2021

Appendix 3 – Meridian Community Centre Report at June 30, 2021

Appendix 4 – Transit Report at June 30, 2021

Appendix 5 – Capital Projects Report at June 30, 2021

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