

Subject: December 2021 Financial Reports**Recommendation:**

BE IT RESOLVED THAT Council receive Report #2022-0129-Corporate Services, December 2021 Financial Reports, for information.

Background:

The Corporate Services Department has prepared the attached financial reports, as at December 31, 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 December 31, 2021, with 100% of the year lapsed. Total revenues were at approximately 106% of budget. COVID-19 Recovery Funding of \$347,890 was received for assistance toward costs of recovering from the pandemic, which had prolonged shutdowns in 2021. The financial impact from the closure of facilities and cancellation/modification of programs that resulted from COVID-19 are evident in Recreation, Culture and Wellness revenues, and Safe Restart COVID-19 funding carried forward from 2020 was applied to lost revenues and other operating pressures. The MCC was used as a Vaccination Centre from April to December 2021, and cost recoveries of \$291,452 were reimbursed; \$3,300 for IT costs, \$34,651 to the Fire Department for clinic support, and \$253,501 for cleaning, materials and supplies, and use of space at the MCC.

Finance Department revenues were 144% of budget, primarily because of supplemental taxation revenues that were above budget due to growth within the Town, higher penalties and interest on tax arrears, additional interest income due to higher cash balance from reserves and delayed capital projects, and COVID-19 Recovery Funding. Administration and Clerk's Departments revenues were above budget due to grant funding received for shop local promotion initiatives and Committee of Adjustment fees which fluctuate and are dependent on applications received. Fire and By-law Services revenues were above budget due to the vaccine clinic reimbursement applied to associated costs. Public Works Department revenues were above budget primarily due to cemetery fees. Recreation, Culture

and Wellness Department revenues exceeded budget because of increased demand for camp enrollments, the reimbursement for the vaccine clinics, and arena revenues which recovered toward the end of the year and were higher for the last five months of 2021 than they were the last five months of 2019, prior to the pandemic. Community Planning and Development revenues were above budget due to fees in the building and planning departments as a result of growth within the Town. Water and Wastewater revenues were slightly above budget due to higher consumption.

Appendix 2 to this report summarizes operating expenditures compared to budget at December 31, 2021. Total expenses were at approximately 106% of budget. Most expenditures are in line with budget and detailed explanations of variances are found on the report. Specific identifiable savings or excess revenues were transferred to reserves by the Treasurer in accordance with the Delegation of Authority by-law, most of which are detailed in the report. \$274,248 was transferred to the HR Capacity Building Reserve in accordance with Council direction. The primary reason for the transfer is staff vacancies which continue to be problematic as the turnover of staff has put a lot of strain on existing staff, in addition to increasing training costs and decreasing productivity.

Corporate Services expenditures exceeded budget by approximately \$769,000. This is comprised of shared COVID-19 direct costs of \$230,900, increased legal and consulting costs of \$134,500, and reserve transfers of approximately \$461,700, slightly offset by insurance savings of \$25,700, a rebate from the WSIB Excellence Program of \$19,600, and other minor savings. Reserve transfers relate to \$167,400 to the Parks Reserve, \$128,300 in COVID-19 Recovery Funding carried forward to 2022, \$147,000 to Land Acquisition as per policy, and \$19,000 in general Town surplus due to cost mitigations and savings. Building Department expenditures were significantly above budget due to a surplus of \$242,331 which must be transferred to its reserve.

Appendix 3 summarizes the revenues and expenditures related to the MCC at December 31, 2021. MCC revenues were at 172% of budget because the budget was prepared on the assumption that revenues would be low due to COVID-19. However there was \$253,501 in cost recovery for running the vaccination clinics, increased demand for camp enrollments, and arena revenues for the last five months of the year were higher than levels prior to the pandemic. MCC expenses were at 92% of budget, as a result of reduced wages from the facility closure and lower hydro rates, which are partially offset by other increased expenses. Lost revenues during the closure and direct COVID-19 costs were funded with Safe Restart COVID-19 funding carried forward. As a result of increased revenues at the end of the year, \$185,100 was transferred to the MCC Reserve to help repay the

debenture that is earmarked to be partially funded by pledged donations, and \$185,100 to the Facilities Reserve to help pay for future facility maintenance costs.

Appendix 4 summarizes revenues and expenditures related to Pelham Transit. The total revenue is at 100% of budget. Total expenditures are at 101% of budget due to a minor variance from staff training time. Effective August 17, 2020, the Niagara Region took over the service delivery of the transit with on-demand service by a third party provider VIA. Ridership of 4,376 for 2021 was 9% higher than 2020.

Appendix 5 is the capital report for 2021 budgeted capital projects and prior years' carryforward of capital projects. The total amount spent and committed for 2021 capital projects of \$7,168,769 is 76% of the 2021 adjusted budget of \$9,374,936. Of the carryforward amounts prior to 2021, 48% of the carryforward budget has been spent in the amount of \$2,455,826. Capital projects that will be carried forward to 2022 total \$8,123,409. The deferral of most of these projects relates to the effect of the COVID-19 pandemic; and \$1,827,523 relates to the Foss Rd wastewater and road reconstruction project being deferred to 2023.

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, 2021

Appendix 2 – Monthly Expenditure Report at December 31, 2021

Appendix 3 – Meridian Community Centre Report at December 31, 2021

Appendix 4 – Transit Report at December 31, 2021

Appendix 5 – Capital Report at December 31, 2021

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