

Date: Wednesday February 22, 2023

Time: 4:00 pm

Location: Zoom

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

Staff Present: David Cribbs, CAO (part time)  
Teresa Quinlin-Murphy, Director of Corporate  
Services & Treasurer  
Usama Seraj, Manager of Financial Services &  
Deputy Treasurer  
Holly Willford, Town Clerk (part time)  
Sarah Leach, Deputy Clerk (part time)  
Andrea Metler, Secretary

Other: Trevor Ferguson, Deloitte (part time)  
Heather LaPlante, Deloitte (part time)

Regrets: Caroline Mann, Member

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## **1. Call to Order and Declaration of Quorum**

Noting that quorum was present, Secretary Ms. Metler called the meeting to order at approximately 4:00 pm.

## **2. Land Recognition Statement**

Ms. Metler recited the land recognition statement.

### **3. Election of Chair and Vice Chair**

The Town Clerk called for nominations for Chair from the floor. Member Bill Crumm accepted the nomination of Chair. The Town Clerk announced Member Bill Crumm acclaimed to the position of Chair.

The Town Clerk called for nominations for Vice-Chair from the floor. Member Wayne Olson accepted the nomination of Vice-Chair. The Town Clerk announced Member Wayne Olson acclaimed to the position of Vice-Chair.

**Moved by** Councillor Brian Eckhardt  
**Seconded by** Member Michael Cottenden

**THAT Member Bill Crumm be appointed as Chair of the Pelham Finance and Audit Committee.**

**THAT Councillor Wayne Olson be appointed as Vice-Chair of the Pelham Finance and Audit Committee.**

**Carried**

### **4. Approval of Agenda**

Through discussion the Committee brought forth an amendment to the agenda to include the staff presentation on the Debt and Reserves under Item 13.

**Moved by** Councillor Brian Eckhardt  
**Seconded by** Councillor John Wink

**THAT the agenda for the February 22, 2023, regular meeting of the Pelham Finance and Audit Committee be adopted, as amended.**

**Carried**

### **5. Declaration of Pecuniary Interest and General Nature**

No pecuniary interest was identified by the members present.

## 6. Approval of Minutes

The Committee approved the minutes from the May 25, 2022, Pelham Finance and Audit Committee meeting.

**Moved by** Councillor Wayne Olson  
**Seconded by** Member Michael Cottenden

**THAT the minutes of the May 25, 2023, Pelham Finance and Audit Committee be approved.**

**Carried**

## 7. Audit

### 7.1. Presentation by Trevor Ferguson, Deloitte Partner: Audit Service Plan 2023

Trevor Ferguson from Deloitte presented the Audit Service Plan 2023. Mr. Ferguson noted that the year end audit will be starting soon and reviewed the Audit and Fraud Risks.

Heather LaPlante, Manager on the audit presented the Audit Service Plan 2023 Executive Summary.

The Committee discussed the tight turnaround for the timing of the Audit from April 10 – 21, 2023. Teresa Quinlin-Murphy, Treasurer and Director of Corporates Services stated that the Airport Audit Financial Statements are going to their board on March 31, 2023, and that the Town should have these documents soon after. Peninsula West Power Inc. (PWPI) is the same timeline as last year which is the third week of April. Also, as of January 1, 2023 the Library and Lincoln will have their own bookkeeper and will do their own book keeping next year.

The Committee also discussed the risk-based auditor approach and the Auditor, Mr. Ferguson explained that analytics are used quite in depth but not to the same extent as on a larger audit.



**THAT the Town of Pelham Finance and Audit Committee receive the Audit Service Plan 2023 presented by Deloitte for information.**

**Moved by** Councillor Wayne Olson  
**Seconded by** Member Michael Cottenden

**Carried**

## **8. Operating Financial Report**

### **8.1. Report to Council: November 30, 2022, Financial Report**

The Treasurer clarified for the committee that these reports will be going to the March 1, 2023, Council meeting. Ms. Quinlin-Murphy commented that staff wanted to be able to bring something to the Finance and Audit Committee meeting and the November cut off was a good point to share with the Committee where the Town is, at this point in time. Staff are unable to share the December numbers because of the accruals that they are working on.

### **8.2. Revenue Report November 30, 2022**

The Committee reviewed the Revenue Report dated November 30, 2022.

The Treasurer highlighted the larger changes on the revenue report. Noting that the budget was \$180,000 and the Town is at \$300,000 which is much higher for supplemental taxation revenue than last years actual of \$237,000. The Treasurer pointed out that the recreation programs are much higher than budgeted because in 2022 the Meridian Community Centre (MCC) was closed for one month due to COVID Shutdown. The Building and Planning Department budget was \$825,000 and the Town is close to \$1.4 million due to growth in development in the Town.

The Committee also discussed the percentage of the investment income.

### **8.3. Expenditure Report November 20, 2022**

The Committee discussed the Expenditure Report dated November 30, 2022.

The Treasurer pointed out that overall, the Town is doing well. The Recreation programs are higher, but the revenue is higher as well. There were some additional expenses that were not budgeted for, these being the Volunteer Firefighter Stipends which is over by \$75,000 due to additional mandatory training that the Town didn't know about when the 2022 budget was approved. Also, the windstorm in July and August of last year cost the Town an additional \$120,000 in expenses for clean up due to fallen trees especially in the cemetery and for road work. This additional expense was not budgeted for in the beautification budget.

## **9. MCC Operating Financial Report**

### **9.1. November 30, 2022, MCC Report**

The Committee discussed the MCC operating Financial Report dated November 30, 2022.

The Treasurer noted that the budget was \$929,000 and the Town is over \$1,072,000 due to programming revenues. All of the camps sold out and the Town had to add more due to children from Welland attending Town programs because the Welland YMCA wasn't running any of their programming. Also, other expenses, and some salaries and benefits were lower due to the COVID shutdown at the MCC in January and some part-time staff were laid off. Natural gas was also much higher than budgeted but overall, the Town is still under budget with regards to expenses.

**Moved by** Councillor John Wink  
**Seconded by** Councillor Brian Eckhardt

**THAT the Pelham Audit and Finance committee receive the**



**November 2022 Financial Reports as presented by staff  
for information.****Carried****10. Reserves****\*13.1. 2023 Debt and Reserve Presentation**

The Committee discussed the 2023 Debt presented by the Treasurer, Teresa Quinlin-Murphy.

The Treasurer noted that the 2023 budgets usually go to the Audit Committee first and then to Council, but the committee didn't exist yet.

The Treasurer commented that since she started at the Town, her focus has been to finance capital projects without issuing debt and to try and bring down the debt limit and she will continue to do so.

The Treasurer commented to the Committee that this is the original presentation to Council but since then there were changes added for the debt for the new library at the MCC. The Treasurer noted that at the Council meeting that took place the night before the Finance and Audit Committee meeting, Council passed a motion to not pursue the new library at the MCC because the cost increased from \$9.9 million to over \$17 million and the Town would have to take out debt. Council directed staff to reapply for a grant to renovate the existing library. The Treasurer pointed out that the Town is applying for a \$3 million dollar grant at the end of the week for retrofitting a building and this would cover the cost of the renovation.

The Committee discussed the use of the Asset Management Plan by staff to look at projects that are critical for renewal.

The Treasurer commented on the committee discussion of inflation and huge increases in project costs that these are putting the Town back, dipping into reserves and pushing

projects back. The Treasurer mentioned that if there was a permanent increase to the community benefit grant, then this would make a big difference to the Town and other municipalities and noted the need for reliable funding. A big pressure on the Town is the debt from the MCC funding by development charges revenue. The province keeps changing the rules on the development charges. For the next 27 years, the first \$700,000 of development charge revenue has to go towards the debt principal and interest and if it isn't there then it will have to come out of taxes. It is difficult because there is only so much growth this town has available because there is not much land.

The Treasurer responded to committee questions that the Debt Financial Indicators document and the Debenture Forecast for 2025, 2026 and 2027 will be updated in May when the financial statements are presented at the next Finance and Audit Committee meeting.

The Treasurer highlighted the Parks and Recreation Reserve and noted that this is going to be in a deficit due to the capital needs for parks.

Ms. Quinlin-Murphy also discussed with the Committee that when the budget was presented, staff were not prepared to present the Water and Wastewater Budget and therefore, it does not reflect an accurate picture. The Town is projecting a deficit for the next number of years and there is a long-range financial plan done by consultants every 5 years which is being updated in 2023. The Treasurer added that if the Town renovates the library, they may use some of these funds for new shelving but that has not been identified currently.

The Committee discussed the Reserves and Reserve funds of the 2023 Budget presented by the Deputy Treasurer, Usama Seraj.

The Treasurer discussed with the Committee the summary of the contributions to the Reserve funds that have been broken down to tax supported water and wastewater. Ms. Quinlin-



Murphy noted that the total contribution was \$4,015,500 from the operating tax supported budget to capital reserves and the Town is increasing the contribution to \$4,421,800 keeping in line with the Reserve Fund Policy and being mindful that the Town cannot pass on a huge tax increase. Forecasting by increasing it by \$400,000 for every year for the next number of years will get us to those targets identified in the policy, which is about a 2.5% tax levy increase. The Treasurer pointed out that by eliminating the civic square and library addition projects, this would eliminate this debt and bring down the tax levy increase.

The Committee discussed the Parks and Recreation Reserve and the high expense of park equipment. The Treasurer commented that the Town received grants for park related facilities for pickleball courts, and for tennis courts and 2 splashpads and this would not have happened without grant funding.

The Committee discussed the need for park equipment for adults and the Treasurer commented that she would pass this onto the Director of Recreation, Culture and Wellness and also made the suggestion of staff reaching out to the community to people who want to sponsor or to a service club.

The committee discussed the aggressive increases for water and wastewater. The Treasurer stated that the biggest increase was due to the 25% increase by the Region. The Town increased the water rates by 6.5% and 9.5% for wastewater which works out to a monthly increase of \$6.07 for the average household. The biggest cost in the last 6 month was due to pipe costs doubling.

The Treasurer and Deputy Treasurer will schedule a meeting with committee members Bill Crumm, Michael Cottenden and Caroline Mann and provide a presentation on the 2023 Budget.

**THAT the Town of Pelham Finance and Audit Committee receive the 2023 Debt and Reserve presentation from staff for information.**

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**Moved by**  
**Seconded by**

Member Michael Cottenden  
Member Wayne Olson

**Carried**

## **11. Next Meetings**

The committee will meet in May 2023 and Staff will conduct a poll and schedule both the May and November 2023 meeting dates.

The Treasurer indicated that the Auditor's would prefer the next meeting to be in-person.

Committee also discussed adding meeting options in person, zoom or hybrid as an agenda item for the next meetings in May and November.

## **12. Adjournment**

**Moved by** Member Michael Cottenden  
**Seconded by** Councillor John Wink

**THAT this Regular Meeting of the Pelham Finance and Audit Committee be adjourned at approximately 5:45 pm.**

**Carried**



**Chair, Bill Crumm**



**Administrative Assistant, Corporate Services, Andrea Metler**