



Pelham Finance and Audit Committee Meeting Agenda

PFAC-03-2020

July 9, 2020

4:00pm

Zoom Meeting

-
- 1. Call to Order and Declaration of Quorum**
 - 2. Approval of Agenda**
 - 3. Declaration of Pecuniary Interest and General Nature**
 - 4. Approval of Minutes**

May 7, 2020

- 5. Business Arising from Minutes**
- 6. New Business**
 - 6.1. Draft 2019 Annual Report**
- 7. Audit**
- 8. Operating Financial Report to May 31, 2020**
- 9. MCC Operating Financial Report to May 31, 2020**

10. Transit Operating Financial Report to May 31, 2020

11. Capital Report

11.1. 2020 First Quarter (Jan 1 – Mar 31, 2020)

12. Reserves

13. Financial Risks

13.1. COVID-19 Financial Impacts Update

14. Unfinished Business

15. Next Meeting – Wednesday, September 9, 2020 at 4:00pm

16. Adjournment

PELHAM FINANCE AND AUDIT COMMITTEE

MINUTES

Meeting #: PFAC-02-2020
Date: Thursday, May 7, 2020
Location: Zoom Meeting

Members Present: Councillor John Wink, Chair
Councillor Marianne Stewart
Bill Crumm
Michael Cottenden

Members Absent: Councillor Ron Kore

Staff Present: CAO, David Cribbs (joined meeting at 5:00pm)
Director of Corporate Services, Teresa Quinlin
Deputy Treasurer, Charlotte Tunikaitis
AA to Corporate Services, Laura Nelson, Secretary

Other: Trevor Ferguson, Deloitte Partner of Audit and Assurance
Nicholas Wittig, Deloitte Audit Staff

1. Call to Order and Declaration of Quorum

Noting that a quorum was present, Chair Wink called the meeting to order at approximately 4:03pm.

2. Approval of Agenda

The Chair requested item 7.3 be added to the agenda. The Committee agreed by consensus to the additional item.

Moved By Michael Cottenden
Seconded By Bill Crumm

THAT the agenda for the May 7, 2020 regular meeting of the Pelham Finance and Audit Committee be adopted, as amended.

Carried

3. Declaration of Pecuniary Interest and General Nature

There were no pecuniary interests disclosed by any of the members present.

4. Approval of Minutes

The March 5, 2020 minutes were approved as revised; with the amendment of the spelling of Bill Crumm's last name.

Moved By Bill Crumm

Seconded By Michael Cottenden

THAT the minutes of the March 5, 2020 and draft revised Terms of Reference, of the Pelham Finance and Audit Committee be approved, as revised.

Carried

5. Business Arising from Minutes

None

6. New Business

None

7. Audit

7.1. Presentation by Trevor Ferguson, Deloitte Partner of Audit and Assurance: Report to Audit Committee on 2019 Audit

Trevor Ferguson, Auditor from Deloitte, made a presentation in regards to the Deloitte Audit Results, a copy of which is available upon request in the Clerks office.

The presentation, included but was not limited to, an overall review of the audit process and a summary of the results.

Mr. Ferguson indicated that the audit was conducted remotely as required through physical distancing measures and expressed his delight in how helpful and well-prepared the Finance department was during this process to complete the audit on time as scheduled.

Mr. Ferguson indicated that the audit materiality is set at 5% (approximately \$30,000) and if any transgressions above 5% were discovered he would have brought that information forward to the Committee's attention. No misstatements were identified.

He noted that there is a section titled "Status and Outstanding Matters" that has a couple of items listed but that is only because the financial statements have not been approved by Council yet. Once approved, those items will be cleared.

The Committee had no questions for Mr. Ferguson with respect to his presentation.

Trevor Ferguson made a presentation in regards to the 2019 Pelham Financial Statements, a copy of which is available upon request in the Clerks office.

The presentation, included but was not limited to, a high level overview of the Town of Pelham 2019 Financial Statements. Mr. Ferguson also offered to answer any questions from the Members of the Committee. No questions were asked, however, Councillor Wink commented on the great work by the Treasurer and Deputy Treasurer over the past year in managing the Town's finances. The Treasurer stated that the focus in the Finance department has been to replenish the cash and cost containment.

Moved by Michael Cottenden
Seconded by Marianne Stewart

THAT the Pelham Finance and Audit Committee receive the 2019 Deloitte Report, for information;

Carried

Move to In-Camera

Moved by Bill Crumm
Seconded by Michael Cottenden

THAT the next portion of the meeting be closed to the public in order to consider the following:

239 (2) (b) – personal matters about an identifiable individual, including municipal employees; and

239 (2) (j) – a trade secret or scientific, technical, commercial or financial information that belongs to the municipality or local board and has monetary value or potential monetary value.

Carried

Move out Of-Camera

Moved by Bill Crumm
Seconded by Michael Cottenden

THAT the Pelham Finance and Audit Committee hereby direct the Chair to provide a letter to Council forthwith, indicating:

WHEREAS the Pelham Finance and Audit Committee received the 2019 Deloitte Report, for information;

AND WHEREAS the Pelham Finance and Audit Committee received the 2019 Town of Pelham Consolidated Financial Statements;

NOW THEREFORE, THAT the Committee hereby recommends that Council approve the 2019 Town of Pelham Consolidated Financial Statements.

Carried

7.2. Management Summary

No discussion regarding Management Summary was had.

7.3. Appointment of Auditors for 2020

A Committee member questioned why the Audit Committee has to appoint a firm when there is a contract set in place. The Treasurer stated that even though there is a contract in place, the auditors must always be appointed as there could have been issues with the audit or the auditor in which case the Committee would have the opportunity to cancel the agreement.

Move to In-Camera

Moved by Bill Crumm

Seconded by Michael Cottenden

Although not stated the Committee entered closed session in regards to section:

239 (2) (b) – personal matters about an identifiable individual, including municipal employees and;

239 (2) (j) – a trade secret or scientific, technical, commercial or financial information that belongs to the municipality or local board and has monetary value or potential monetary value.

Carried

Move out Of-Camera

Moved by Bill Crumm

Seconded by Michael Cottenden

THAT the Pelham Finance and Audit Committee recommends that Council appoint Deloitte as auditors for the 2020 calendar year.

Carried

8. Operating Financial Report

The Committee reviewed the Operating Financial Report dated December 31, 2019 as presented by the Treasurer and Deputy Treasurer.

A Committee member questioned the difference between the surplus' of the Financial Statements that were presented by the Auditor and those that the Treasurer presented. The Deputy Treasurer stated that the difference is the accrual versus the modified cash basis.

A Committee member questioned whether the \$100,000 reserve for Covid-19 is enough for the Town of Pelham. The Treasurer stated that the Town is hopeful to receive some federal and provincial funding to alleviate some of the pressure. If the Town doesn't receive any funding, because the Town does not have the cash in the reserves, the deficit would have to be applied in to the 2021 budget.

9. MCC Operating Financial Report

The Committee reviewed the Meridian Community Centre ("MCC") Operating Financial Report dated December 31, 2019.

10. Transit Operating Financial Report

The Committee reviewed the Transit Operating Financial Report dated December 31, 2019.

11. Capital Report

The Committee reviewed the Capital report dated December 31, 2019.

Moved by Bill Crumm

Seconded by Michael Cottenden

THAT the Pelham Finance and Audit Committee receive the Operating, MCC, Transit and Capital reports dated December 31, 2019, for information.

Carried

12. Reserves

The Committee reviewed the Reserve and Reserve Fund Report and Reserves Appendices.

Moved by Michael Cottenden

Seconded by Bill Crumm

THAT the Pelham Finance and Audit Committee receive the Reserves Report and that the Chair include this in his letter to Council to recommend the approval of the surplus allocation to reserves.

Carried

13. Financial Risks

Teresa Quinlin, Treasurer and Director of Corporate Services indicated that there will be a Covid-19 financial report going to Council on May 19th. This report includes information on all revenue sources to reflect the shortfall and other expenses such as cleaning and enforcement. Also included are any staff layoffs, updated projected impact, waived interest fees for April, May and June, and the lost interest revenue.

14. Next Meeting

The Committee discussed the September meeting and suggested meeting sooner to discuss a report to Council on the financial impacts of Covid-19. In response, Mr. Cribbs indicated the Committee can review the report prior to it going to Council and present recommendations and opinions. The next meeting date was scheduled for September 9th; however, it was discussed to meet earlier to not only give input to the financial impact report but also to get a status update on finances for the calendar year. Staff will come back to the Committee with a proposed date for the next meeting.

15. Adjournment

Moved by Bill Crumm

Seconded by Michael Cottenden

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

Carried

Chair, John Wink

Administrative Assistant to Corporate Services, Laura Nelson

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2019 Annual Report



For the fiscal year ended December 31, 2019
The Corporation of the Town of Pelham
Ontario, Canada



2019

The Corporation of the Town of Pelham
ANNUAL REPORT
For the fiscal year ended December 31, 2019

This report was prepared by:
The Corporate Services Department of the Town of Pelham
Town of Pelham
Ontario, Canada

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INTRODUCTION

GREETINGS FROM THE MAYOR AND CHIEF ADMINISTRATIVE OFFICER



Marvin Junkin, Mayor



David Cribbs, CAO

On behalf of Council and staff of the Corporation of the Town of Pelham, we are pleased to present the Town's 2019 Annual Report. This report provides details about the Town's financial performance and accomplishments in the past year.

The Town of Pelham, nestled in the heart of Niagara, is a fusion of rural and urban communities offering unique lifestyles rich with history, agriculture, and commercial industries. As one of 12 municipalities in the Niagara Region, Pelham's central location makes it an ideal community for commuters, life-long residents, and businesses old and new.

With state-of-the-art facilities (Meridian Community Centre) to heritage sites (Comfort Maple Conservation Area), Pelham embraces technological and urban change while preserving a small-town feel and nostalgia of days gone by. A growing community, Pelham isn't just a place to visit, it's a place to call home.

Over 17,000 residents call Pelham home and the investment we've made in our community's growth cannot be understated. In 2019 Council and staff executed an aggressive plan to complete some of the most important items on the Town's Strategic Plan. From developing cash management and debt policies to enhancing our communication with residents, Town Council and staff tackled challenges that make our community better.

As Pelham continues to grow, so too will our dedication and resolve to enhancing the quality of life for our residents in every decision we make. On behalf of Council and staff, we are proud of our work and we are eager to face the challenges of tomorrow.

Marvin Junkin
Mayor

David Cribbs
CAO

Dated: June 30, 2020

LEGISLATIVE AUTHORITY

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The Corporation of the Town of Pelham is one of twelve municipalities in the Niagara Region. Pelham Township was part of the original Lincoln County since the late 1780s. The Town of Pelham was established in 1970, unifying five historical communities: Fonthill, Ridgeville, Effingham, North Pelham and Fenwick into a single town covering 126.42 square kilometres. This integration brought together a mix of farming and growing commercialism.

The Town is represented by a Mayor and six Councillors from three wards.

The Chief Administrative Officer (CAO) is appointed by Council to oversee the management and operation of the corporation. As the municipality's top administrative position, the CAO advises Council and staff on all municipal programs and services.

MAYOR AND COUNCILLORS

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Town of Pelham Council

Back Row:

Councillor Robert Hildebrandt, Councillor John Wink, Mayor Marvin Junkin, Councillor Marianne Stewart.

Front Row (seated):

Councillor Lisa Haun, Councillor Ron Kore, Councillor Mike Ciolfi.

SENIOR LEADERSHIP TEAM

DRAFT**DAVID CRIBBS**

CHIEF ADMINISTRATIVE OFFICER

NANCY BOZZATO

CLERK

TERESA QUINLIN

DIRECTOR, CORPORATE SERVICES AND TREASURER

BARBARA WIENS

DIRECTOR, COMMUNITY PLANNING AND DEVELOPMENT

JASON MARR

DIRECTOR, PUBLIC WORKS

VICKIE VANRAVENSWAAY

DIRECTOR, RECREATION, CULTURE, AND WELLNESS

BOB LYMBURNER

FIRE CHIEF AND DIRECTOR OF BY-LAW SERVICES

The Senior Leadership Team consists of the CAO and six Directors who are responsible for implementing the direction set out by Town Council, including the provision of high quality community-focused services and overall leadership to the organization. They administer the Town's operating and capital budgets and are responsible for implementing the goals and objectives outlined in the Town's Strategic Plan.

TOWN OF PELHAM ORGANIZATIONAL CHART 2019

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Mayor and Council

David Cribbs, BA, MA, JD, MPA
Chief Administrative Officer (CAO)

RESPONSIBILITIES

Chief Advisor to Council
Community Engagement
Human Resources
Leadership to Town Staff
Legal Services
Organizational Culture and Leadership

Nancy Bozzato, Dipl.M.M.
Town Clerk

Bob Lymburner
Fire Chief & Director of
By-Law Services

Jason Marr, P.Eng
Director of Public Works

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

Vickie vanRavenswaay, CRFP
Director of Recreation,
Culture, and Wellness

Barbara Wiens, MCIP, RPP
Director of Community
Planning and Development

RESPONSIBILITIES

Committee of Adjustment
Freedom of Information
Lottery and Licences
Marketing & Communications
Marriage Licences
Municipal Elections
Records Management
Vital Statistics

RESPONSIBILITIES

Animal Control
Community Emergency
Management Coordinator
Crossing Guards
Fire Prevention
Fire Suppression
Health and Safety
Parking & By-law
Enforcement

RESPONSIBILITIES

Beautification
Capital Infrastructure
Cemeteries
Engineering
Operations
Facilities Maintenance
Fleet
Roadway Maintenance
Water & Wastewater

RESPONSIBILITIES

Debt and Capital Financing
Financial Reporting
Information Technology
Operating and Capital Budgets
Procurement
Shared Administration
Taxation
Utility Billing

RESPONSIBILITIES

Culture and Community
Enhancement
Meridian Community Centre
Public Transit
Recreation & Wellness
Programming
Special Events & Festivals
Swim and Youth Programs

RESPONSIBILITIES

Building Services
Development Review
Heritage Planning
Land Use Policy
Development & Compliance
Municipal Drainage
Zoning Implementation

ABOUT PELHAM

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Our Vision

Working together with the community to strengthen trust, enhance the quality of life and economic well-being for today and for the future.

Our Values

Our Values are important to all of us, as Council and as Town staff. They define our behaviours and strengthen our culture. We demonstrate leadership and commitment through our values.

Honesty: We tell the truth, we have integrity and we are sincere.

Caring: We are thoughtful, helpful and have concern for our community, each other and our work.

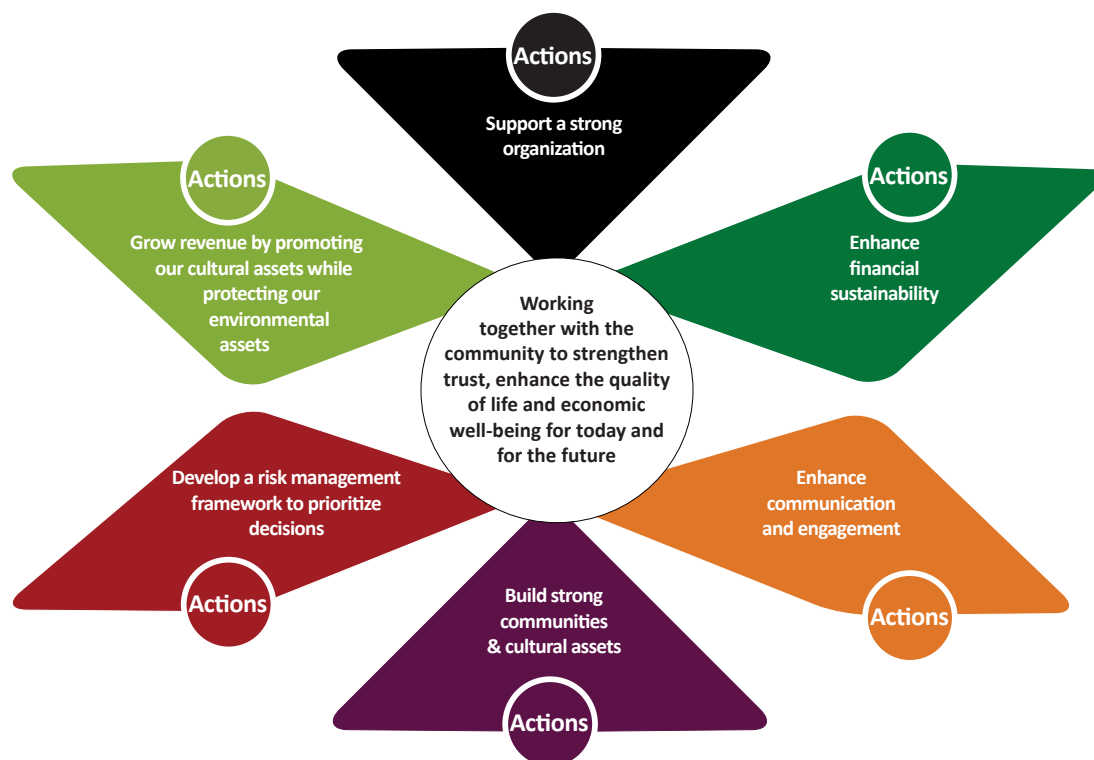
Respect: We value our interactions, we are polite, courteous and considerate.

Transparency: We ensure it is easy for others to see what decisions we make and what we do.

Trustworthiness: We are responsible, reliable and dependable.

Teamwork: We work collaboratively and together will achieve our Vision and Priorities.

Our Strategic Priorities



QUICK FACTS

DRAFT

Nestled in the heart of Niagara you will find the Town of Pelham, a fusion of rural and urban areas offering unique lifestyles rich with history, agriculture, and commercial industries. As one of 12 municipalities in the Niagara Region, Pelham's central location makes it an ideal community for commuters, life-long residents, and businesses old and new. With state-of-the-art facilities (Meridian Community Centre) to heritage sites (Comfort Maple Conservation Area), Pelham embraces technological and urban change while preserving a small-town feel and nostalgia of days gone by. A growing community, Pelham isn't just a place to visit, it's a place to call home.



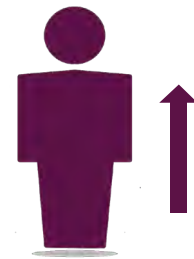
126 sq. km
Land Area*



17,110 Population
(2016 Statistics Canada)



143 Population
Density per sq. km*



3.1% Population
Growth (2011-2016)
From 16,598 to 17,110

Age of Population (by age groups)
0-19: 21% | 20-64: 55% | 65+: 24%

7,104 Number of Households
5.4% Increase in Number of Households
(2015-2019)

\$131,817 2019 Estimated Average Household Income* | **3.4% Property Taxes as a % of Household Income**



AVERAGE
RESIDENTIAL
PROPERTY

\$348,359
ASSESSMENT VALUE

=

\$4,469
ANNUAL PROPERTY TAX



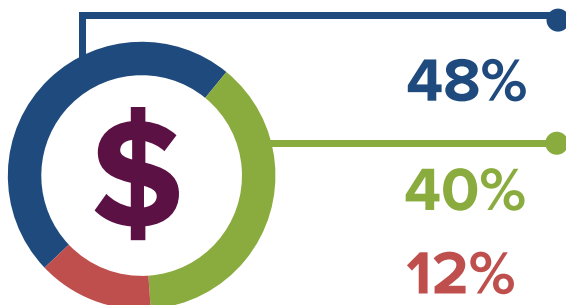
REGION \$2,129



TOWN \$1,779



EDUCATION \$561



Set by the Niagara Region. Collected by the Town and remitted to the Region.

Set by the Town to provide services.

Set by the Province. Collected by the Town and remitted to your local school board.

*Source: BMA Management Consulting Inc. Municipal Study 2019

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FINANCIAL REPORT

MESSAGE FROM THE TREASURER

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The Town of Pelham (“the Town”) is proud to present its Annual Financial Report for the year ended December 31, 2019. This report has been prepared by management in accordance with the *Municipal Act* and the Canadian Public Sector Accounting Standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants (CPA) Canada.

The Annual Financial Report communicates to stakeholders and residents the Town’s 2019 financial performance and information regarding significant financial policies and processes. The 2019 financial results continue to demonstrate Pelham’s commitment to strengthening its financial sustainability. The Town has established three important policies in 2019 to help achieve this goal: (1) Reserve and Reserve Fund Policy and (2) Capital Financing and Debt Management Policy and (3) Strategic Asset Management Policy. The Town also established a Finance and Audit Committee in 2019 with two external CPA members.

In 2019, the Meridian Community Centre (MCC) had its first full year of operations, revenues exceeded budgeted expectations and the Utility Sustainability Committee obtained significant savings on hydro costs. During the year, a \$4 million debenture was issued for capital projects previously approved for debenture funding, which improved the overall cash position because they had been completed. The sale of land in East Fonthill resulted in a significant gain on disposal of assets held for sale. The Town and Niagara Region provide municipal services to Pelham taxpayers. The Niagara Region is exclusively responsible for garbage collection and disposal, water treatment, waste water services, policing, and social services. The Town’s financial statements do not include the cost of Niagara Region services.

Pelham’s property tax bill includes levies for the Town, Niagara Region and the Province of Ontario (for education purposes). The Town’s 2019 levy impact on a typical residential property was approximately 40% of the total property tax bill.

As the Town works on its asset management plan including service delivery reviews, and new budget software, the focus on balancing service levels, sustainability and affordability will be important towards ensuring informed decision making and the management of financial pressures facing the Town.

It has been an incredible year for the Town, along with achieving a positive surplus in both the Consolidated Financial Statements in accordance with PSAS and the budget on a modified cash basis.

Maintaining financial strength continues to be a focus for the Town.

Teresa Quindlin, MBA, CPA, CA
Director Corporate Services & Treasurer

FINANCIAL MANAGEMENT DRAFT PROCESSES

Financial Management and Control

Budget

Council has sole authority to allocate funds through the annual operating, capital, and utility rate supported budget approval process. The Town's budget is prepared by each department initially, driven by the Town Strategic Plan, input from residents, departmental initiatives, and long-term financial goals. The budget is reviewed by the Senior Leadership Team and presented to Council for review, modification if necessary, and approval. The annual budget is balanced, as required by the *Municipal Act, 2001*, S.O. 2001, c.25, as amended ("the *Municipal Act*"), so that revenues equal expenditures for the budget year.

The 2019 operating, capital and utility rate supported budgets were approved by Council on April 1, 2019. Pelham's budget is prepared on a modified cash basis in order to ensure the Town collects enough tax revenue to cover its cash needs and meet its obligations. This includes budgeting for any principal debt repayments and any required transfers to or from reserves. Conversely, the Town does not budget for items such as amortization and its annual impact on tangible capital assets or changes in employee future benefit liabilities, which are primarily non-cash items. The Town is required to adjust its presentation of the budget in the financial statements to be in accordance with Canada Public Sector Accounting Standards (PSAS). Note 15 to the financial statements reconciles the approved budget to the budget amounts reported in the financial statements.

Accounting and Internal Controls

Management of the Town is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying consolidated financial statements. The financial statements and accompanying notes have been prepared by management within the framework of the accounting principles and requirements of PSAS as recommended by CPA Canada. To meet its responsibility, management maintains a system of internal controls designed to ensure that assets are safeguarded and transactions are properly authorized and recorded in compliance with legislative and regulatory requirements. The financial management and control systems of the Town are governed by various by-laws, policies and procedures. The Town's systems of internal controls are monitored and evaluated by management and are subject to independent audit. In 2019, three new policies were presented to Council and approved, the Reserve and Reserve Fund Policy, Capital Financing and Debt Management Policy, and the Strategic Asset Management Policy.

Staff regularly provide financial reports to Council, and clearly compare budgets with actual results along with commentary on variances from budget and forecasts. Staff have been consistently making improvements to the Town's financial reporting capabilities through the implementation of software and report automation, which allows for more frequent financial reporting to Council to aid in decision-making, and provides the public with an understanding of how their tax dollars are spent.

External Audit

The Pelham Finance and Audit Committee is a Committee of Council, composed of three Councillors and two citizen representatives and is responsible for providing oversight, review, and recommendations to Council regarding:

- The selection and appointment of auditors
- The audit results and the management letter (if applicable).

The *Municipal Act* requires that the Town appoint an independent auditor licensed under the *Public Accounting Act, 2004*, to express an opinion as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes their opinion.

Deloitte LLP, Chartered Professional Accountants, was appointed by Pelham Town Council to express an audit opinion on the Town's consolidated financial statements for the year ended December 31, 2019.

FINANCIAL OVERVIEW

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The Town of Pelham’s consolidated financial statements have been prepared in accordance with the reporting standards set by the Public Sector Accounting Board (PSAB) of CPA Canada. The four required financial statements include: the consolidated statement of financial position, the consolidated statement of operations, the consolidated statement of change in net debt, and the consolidated statement of cash flows. These consolidated statements provide information on the financial position and activities of the Town. In addition, the notes to the consolidated financial statements provide additional information and form an integral part of the statements.

The consolidated financial statements include the Pelham Public Library Board, a local board under the control of Council. Niagara Central Airport Commission, which is a joint board, is proportionately consolidated. Peninsula West Power Inc., a subsidiary corporation of the Town, is accounted for on a modified equity basis consistent with the generally accepted accounting treatment for government enterprises.

The following is a high-level overview of the 2019 financial results for Pelham.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position reports on the Town of Pelham’s financial and non-financial assets, liabilities and accumulated surplus at December 31, 2019.

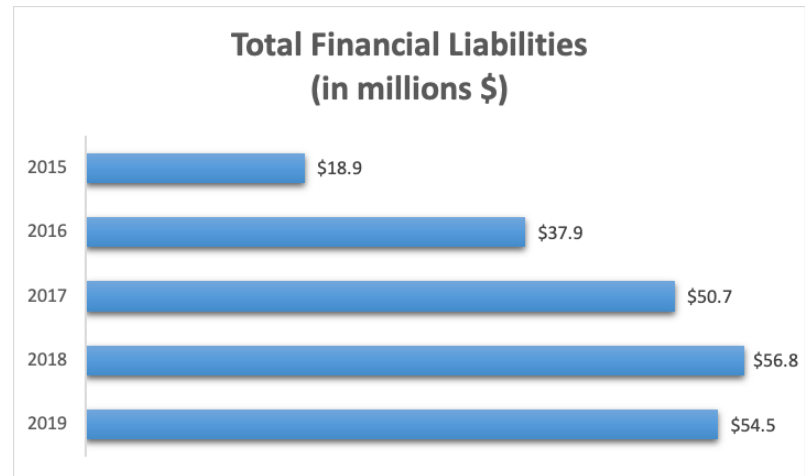
Financial Assets

Financial assets in 2019 were \$21.2 million (2018: \$ 15.3 million), a \$5.9 million increase over the prior year. This is mostly due to an increase in cash and cash equivalents; \$4.0 million of this increase was as a result of a debenture issued in the year for capital projects completed that had been previously approved for debenture, as well as capital projects which were delayed and will be completed in 2020. Other factors that contributed to the change in total financial assets were a decrease in taxes receivable as a result of improved collections, an increase in user charges receivable due to higher water and wastewater rates and new properties added in 2019, a decrease in accounts receivable collected from developers, a decrease in tangible capital assets held for sale due to land that was disposed of during the year and an increase in the investment in subsidiary due to equity earnings that exceeded dividends received. The chart illustrates the five-year trend in total financial assets.



Financial Liabilities

Liabilities in 2019 were \$54.5 million (2018: \$56.8 million), a \$2.3 million decrease over the prior year. This is primarily the result of a \$5.6 million decrease in bank indebtedness from payment of \$1 million on the line of credit balance, and \$4.5 million of the infrastructure Ontario loan repaid with land sale proceeds. The decrease in bank indebtedness was offset by a \$2.2 million increase in long-term debt due to \$4.0 million of long-term debt issued in the year less principal repayments. Accounts payable increased \$0.8 million primarily because of capital work being performed late in the year. Changes in accrued liabilities, other liabilities, deposits, deferred revenue and employee benefit obligations also contributed to the change in financial liabilities in 2019. The chart illustrates the five-year trend in total financial liabilities.



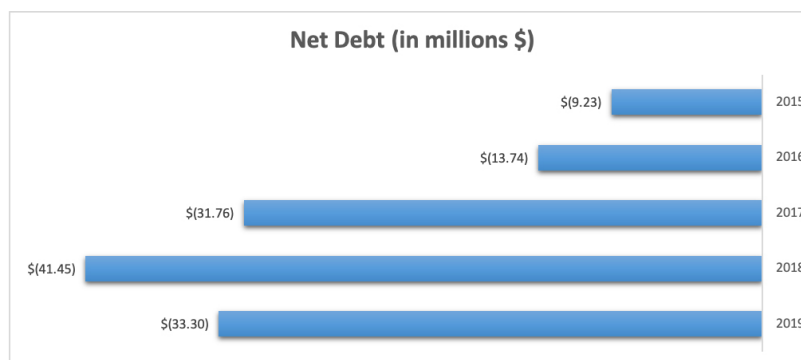
Net Financial Assets (Net Debt)

Net financial assets (net debt) represents the difference between the Town's financial assets and its financial liabilities.

The Town ended the year in a net debt position (financial liabilities exceeded financial assets) of \$33.3 million, a decrease in net debt of \$8.2 million from the prior year. This change was the result of an increase in financial assets and a decrease in financial liabilities from 2018.

Net Debt	2019	2018	Change	% Change
Financial assets	\$ 21,205,264	\$ 15,310,299	\$ 5,894,965	38.5%
Less financial liabilities	(54,501,475)	(56,765,185)	2,263,710	-4.0%
Net Debt	\$ (33,296,211)	\$ (41,454,886)	\$ 8,158,675	19.7%

The following chart illustrates the five-year trend in net debt.

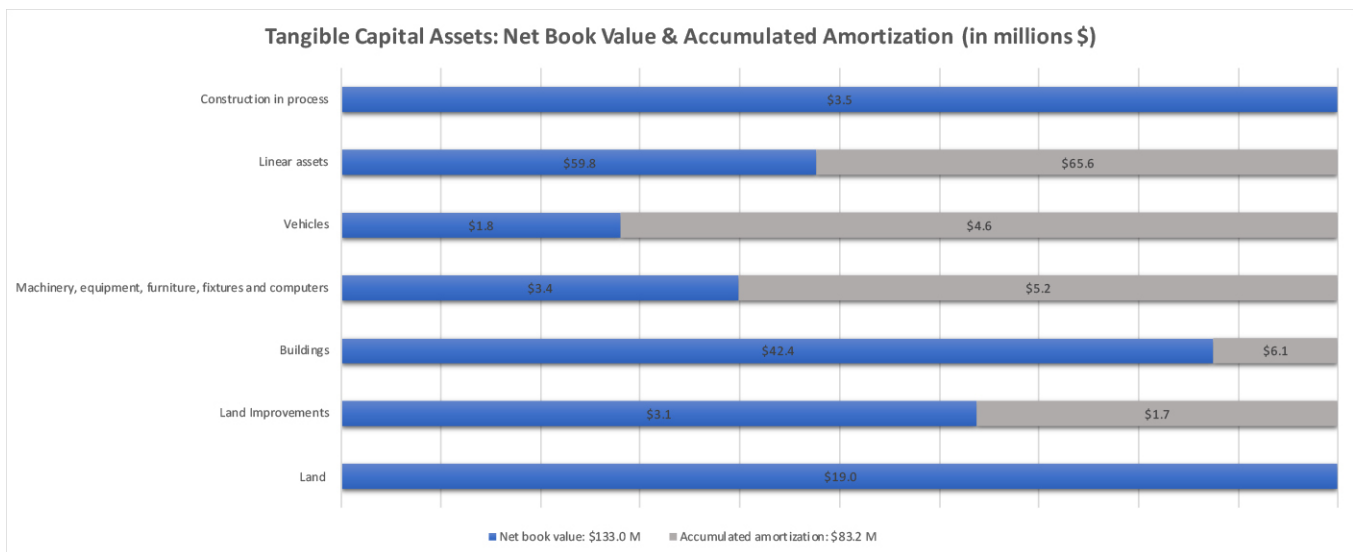


Non Financial Assets

The Town's non-financial assets are comprised mainly of tangible capital assets as well as prepaid expenses. Prepaid expenses increased compared to 2018 because the Town has an 18-month insurance policy, with twelve months prepaid at the end of 2019 versus six months at the end of 2018.

The net book value of tangible capital assets, as reported in the consolidated statement of financial position, is \$133.0 million and is highlighted by category in the accompanying chart. The total historical costs are \$216.2 million and the total accumulated amortization is \$83.2 million, implying that 38.5 percent of the estimated useful life of the Town of Pelham's capital assets has been utilized in the delivery of services. This is impacted by the Meridian Community Centre, which is a new asset with a high dollar value cost, and does not necessarily represent the remaining useful lives of other assets. For example, the historical cost of linear assets, which include roads, water, storm sewer and sanitary sewer distribution networks is \$125.4 million and the accumulated amortization is \$65.6 million, implying that 52% of the estimated useful life of the Town's linear assets have been utilized. A breakdown by category is available below.

During the year the Town of Pelham acquired \$4.2 million of tangible capital assets. The amortization expense, as reported in the statement of operations, amounted to \$5.9 million.



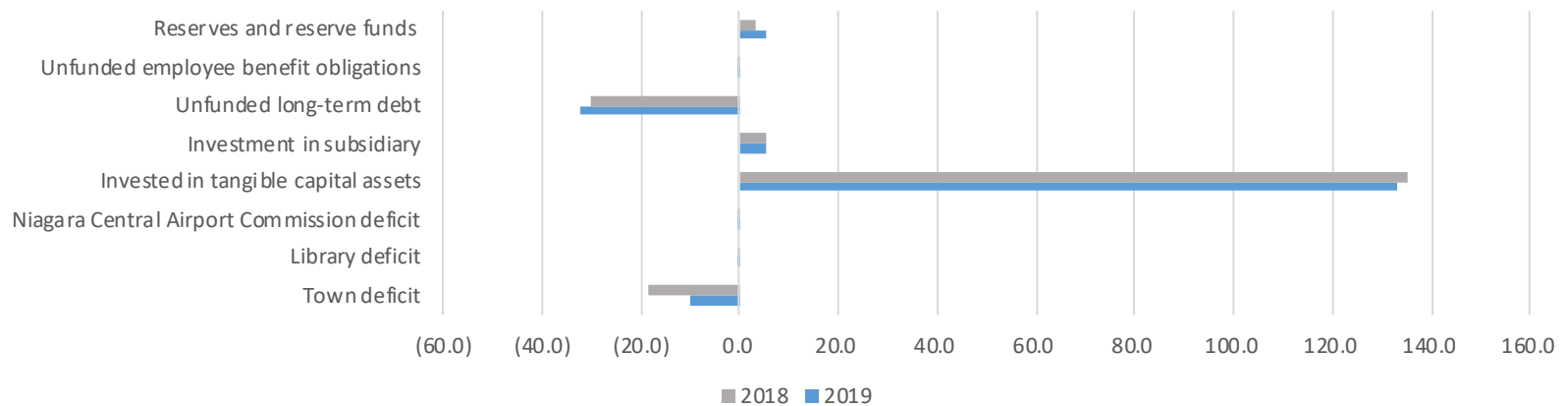
Accumulated Surplus

The Town's accumulated surplus is composed of investments in reserves and reserve funds, investments in subsidiaries and investments in tangible capital assets, which is offset by a deficit in the Town, Library and Niagara Central Airport Commission as well as unfunded long-term debt.

Reserves and discretionary reserve funds, as detailed in Note 9 to the consolidated financial statements, increased approximately \$2.2 million compared to 2018. This was due to the operating budget surplus transferred into the working capital reserve, as well as capital projects which have not yet been completed but are still committed against the reserves.

The following chart illustrates the breakdown of accumulated surplus.

Breakdown of Accumulated Surplus
(in millions \$)



CONSOLIDATED STATEMENT OF OPERATIONS

The consolidated statement of operations reports on the Town of Pelham's revenues, expenses, and surplus for the year and outlines the change in accumulated surplus.

Summary of Revenues and Expenses	2019	2018	% Change
Total revenue	30,370,207	24,581,468	23.5%
Total expenses	24,271,476	24,483,737	-0.9%
Annual surplus	\$ 6,098,731	\$ 97,731	
Accumulated surplus, beginning	94,102,675	94,004,944	
Accumulated surplus, ending	\$ 100,201,406	\$ 94,102,675	

Revenues

Revenues in 2019 were \$30.4 million (2018: \$24.6 million), an increase in \$5.8 million over the prior year. This increase is due to higher revenues from taxation, user charges for recreation, planning and building permit fees and a significant gain on the disposal of land held for sale.

Property taxation for the year was 47% of total revenues, being the Town's most significant source of revenue. Property tax revenue was higher than budget because of supplemental taxation revenue, which is primarily a result of growth in the Town, as well as additions, renovations and class changes that were not previously recorded on the assessment roll and are updated by the Municipal Property Assessment Corporation (MPAC).

User charges, including all user charges collected by the Town for items such as water and sewer billings, building permits, and recreation facilities, represented 22% of total revenues. User charges were higher than budget because of additional fees at the MCC as well as planning and building permit fees. These increases were slightly offset by lower than budgeted water and wastewater user charges due to decreased consumption.

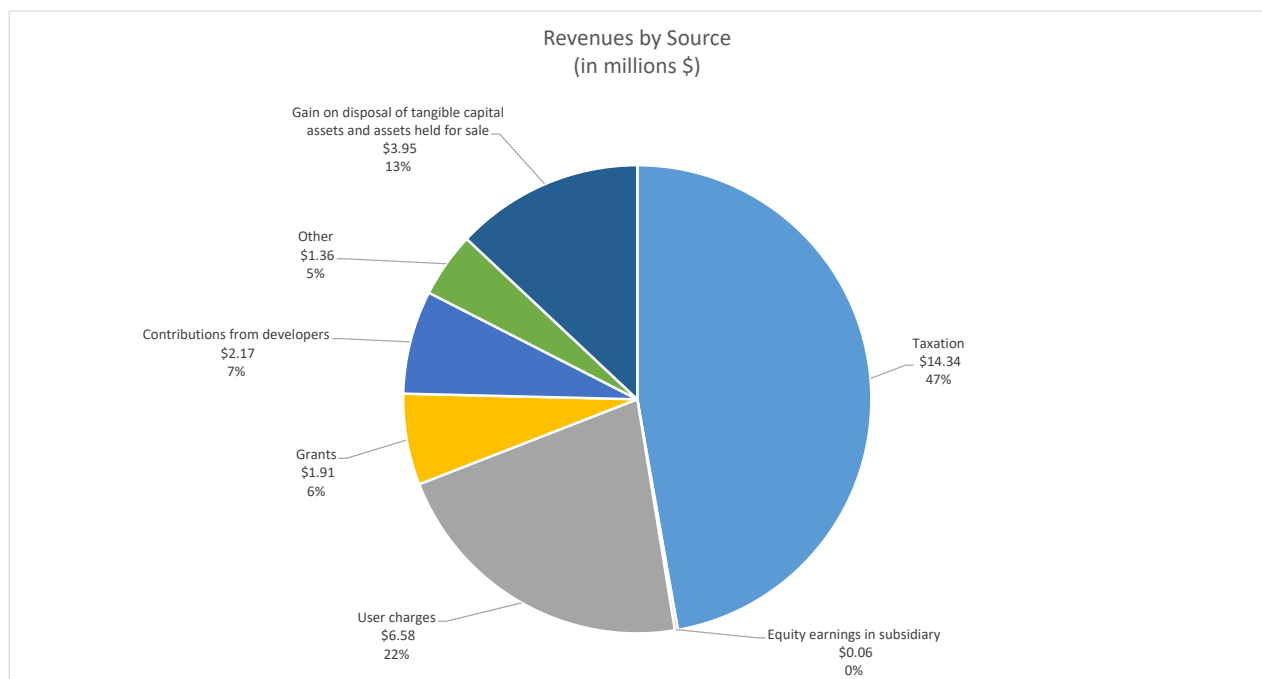
Grants for 2019 were 6% of total revenues, and were lower than budget because of capital projects that were only partially complete at year-end.

Contributions from developers were 7% of total revenues, and include items such as development charge revenues and parkland dedication revenues. Contributions from developers exceeded budget because of collections related to capital costs in East Fonthill that were budgeted in prior years.

Other revenues, including penalties and interest on taxes, investment income, and donations, were 5% of total revenues. Other revenues exceeded budget because of increased investment income due to the improved cash position, as well as MCC capital donations collected which were budgeted in a prior year.

Equity earnings in the Town's subsidiary, Peninsula West Power Inc., was below 1% of total revenues, and the gain on disposal on tangible capital assets and assets held for sale was 13% of the total. The Town had a significant gain on a portion of land in East Fonthill which was held for sale.

Below is a breakdown of revenues by source.



Expenses

Expenses in 2019 were \$24.3 million (2018: \$24.5 million), a decrease of \$200,000 from the prior year.

Of the Town's total expenses, 14% relate to general government, which includes corporate governance, management, and program support to other departments.

Protection to persons and property is 8% of the total and includes fire, protective inspection and control, emergency measures, and provincial offences.

Transportation services, being 27% of the total, includes expenses for roads, winter control, transit, parking, street lighting, and air transportation. Transportation Services expenses exceeded budget because of amortization on new roads constructed in East Fonthill, as well as capital items expensed exceeding the estimate; this relates to the nature of the work performed and whether it meets capitalization criteria, but the total capital spending is still within budget. In addition, Winter Control expenses exceeded budget due to unpredictable weather.

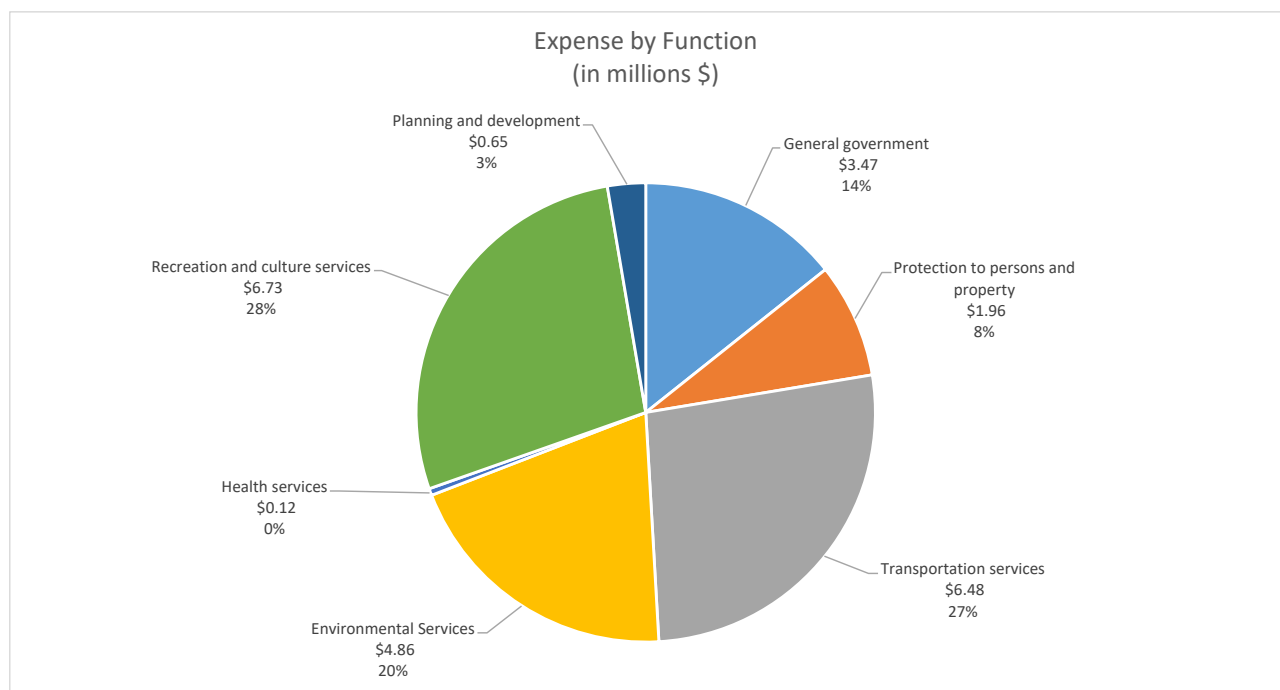
Environmental services is 20% of total expenses and is comprised of water and wastewater expenses. Environmental services expenses were slightly below budget because of lower materials and supplies due to lower consumption.

Health services is not a significant expense relative to the total, and includes the cost of operating and maintaining the cemeteries.

Recreation and culture services is 28% of the Town's total expense and includes parks, recreation programs, recreation facilities, libraries and cultural services. 2019 represents the first full year of operation of the MCC.

Planning and development expenses are 3% of the total and include planning and zoning, commercial and industrial development, residential development, agricultural and reforestation, heritage matters, and municipal drainage. Planning and development expenses were higher than budget because of the Community Improvement Plan (CIP) grants disbursed; the budget includes transfers to the CIP reserve which is not an expense in the financial statements in accordance with PSAB.

Below is a breakdown of expenses by function.



Annual Surplus

During 2019, revenues exceeded expenses resulting in a \$6.1 million surplus, a \$6.0 million increase in annual surplus from the prior year. This increase was primarily the result of increased revenues compared to 2018.

The annual surplus on the consolidated financial statements is different than the operating budget surplus presented in the year-end report to Council, because the financial statements are presented in accordance with PSAB standards, while the Town's operating budget results are reported on a modified cash basis and includes other expenditures such as principal payments on debt and reserve transfers, which are not expenses in the financial statements, and excludes items such as amortization and the gain or loss on disposal of assets. A detailed reconciliation of the approved budget to the budget amounts reported in the consolidated financial statements is available in Note 15 to the consolidated financial statements.

The Town's accumulated surplus at the end of 2019 was just over \$100.2 million. It is important to note that accumulated surplus cannot be construed as "cash" or "funds available", as the majority of this surplus is for tangible capital assets which are not available to discharge existing liabilities; rather, these assets are used in the provision of Town services.

Consolidated Statement of Change in Net Debt

The consolidated statement of change in net debt provides detailed information on the use or acquisition of non-financial assets and their impact on the net financial position of the Town. Net debt decreased by \$8.2 million in 2019 compared to 2018. This was primarily impacted by the annual surplus as well as the acquisition of tangible capital assets of \$4.2 million and amortization of tangible capital assets of \$5.9 million.

Consolidated Statement of Cash Flows

The consolidated statement of cash flows shows the impact that transactions had on the Town's cash position during the year. It reconciles the annual surplus to the cash balance reported on the consolidated statement of financial position, and highlights the use of cash for operating, capital, investing, and financing activities. Total operating activities increased cash by \$14.1 million, and this was used primarily for the acquisition of tangible capital assets net of proceeds on disposal of \$4.1 million, as well as to decrease debt by \$3.5 million (net of new debt issuance and investment dividends). The net impact was to increase cash and cash equivalents by \$6.6 million for an ending balance of \$7.8 million. This cash relates primarily to the Deferred Revenue - Obligatory Reserve Funds, as well as other Reserves and Reserve funds.

Trust Funds

The Town also administers trust funds, which are not consolidated with the Town's financial statements. These funds undergo a separate audit and their financial statements are also approved by Council. The financial statements for the Town of Pelham Trust Funds are found in pages 53 to 57 of the annual report. The most significant of these funds relate to Cemetery Care and Maintenance Funds held under the *Cemeteries Act (Revised)*, R.S.O. 1990. Total trust funds administered by the Town at the end of 2019 were \$992 thousand (2018 - \$967 thousand).

Conclusion

In 2019, the Meridian Community Centre (MCC) had its first full year of operations; revenues exceeded budgeted expectations and the Utility Sustainability Committee obtained significant savings on hydro costs. Planning and building department revenues exceeded budget and there was a significant gain on disposal of land held for sale, the proceeds of which were used to repay a portion of the construction bridge loan issued by Infrastructure Ontario for the construction of the MCC, in keeping with the budget for that project. The Town's cash position was improved through the issuance of a debenture for capital projects previously completed which were approved for debenture funding. In addition, policies were brought forward for Council approval regarding Reserves and Reserve Funds, Capital Financing and Debt Management, and Strategic Asset Management. These will help lay the foundation for the Town to move forward and plan for the future.

Consolidated Financial Statements of

CORPORATION OF THE TOWN OF PELHAM

December 31, 2019

Independent Auditor's Report

To the Members of Council of the
Corporation of the Town of Pelham

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Pelham (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2019, the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are solely responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Licensed Public Accountants
May 19, 2020

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Financial Position


December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 7,848,224	\$ 1,280,672
Taxes receivable	1,751,162	1,761,963
User charges receivable	684,278	613,935
Accounts receivable	5,012,259	5,735,179
Tangible capital assets held for sale (Note 3)	515,697	534,734
Investment in subsidiary (Note 2)	5,393,644	5,383,816
	21,205,264	15,310,299
LIABILITIES		
Bank indebtedness (Note 4)	10,294,044	15,960,776
Accounts payable and accrued liabilities	4,726,141	3,922,388
Other liabilities	1,998,225	2,089,727
Deposits and deferred revenue	851,502	547,392
Deferred revenue - obligatory reserve funds (Note 5)	3,981,023	3,833,187
Long-term debt (Note 6)	32,252,037	30,088,688
Employee benefit obligations (Note 7)	398,503	323,027
	54,501,475	56,765,185
Contingencies (Note 18)		
Net debt	(33,296,211)	(41,454,886)
NON FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	132,979,060	135,235,818
Prepaid expenses	518,557	321,743
	133,497,617	135,557,561
Accumulated surplus (Note 8)	\$ 100,201,406	\$ 94,102,675

Signed on behalf of the Town:



Marvin Junkin, Mayor

Teresa Quinlin, Treasurer



The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Operations

For the Year Ended December 31, 2019

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	Budget 2019 (Note 15)	Actual 2019	Actual 2018
REVENUE			
Taxation (Note 10)	\$ 14,184,857	\$ 14,342,049	\$ 13,003,056
User charges (Note 11)	6,464,147	6,576,964	6,066,122
Grants (Note 13)	2,546,119	1,912,212	1,319,945
Contributions from developers	1,975,591	2,168,354	2,118,168
Contributed tangible capital assets	-	-	136,505
Other (Note 14)	712,800	1,362,205	1,519,085
Equity earnings in subsidiary (Note 2)	-	63,059	123,087
Gain on disposal of tangible capital assets and assets held for sale	-	3,945,364	295,500
	25,883,514	30,370,207	24,581,468
EXPENSES			
General government	3,495,525	3,472,230	3,520,358
Protection to persons and property	1,977,957	1,960,146	1,912,943
Transportation services	6,075,468	6,481,990	6,821,947
Environmental services	5,042,112	4,863,889	5,373,591
Health services	123,378	117,015	114,074
Recreation and culture services	6,732,529	6,725,057	6,155,062
Planning and development	461,183	651,149	585,762
	23,908,152	24,271,476	24,483,737
Annual surplus	1,975,362	6,098,731	97,731
Accumulated surplus, beginning of year	94,102,675	94,102,675	94,004,944
Accumulated surplus, end of year	\$ 96,078,037	\$ 100,201,406	\$ 94,102,675

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

CORPORATION OF THE TOWN OF PELHAM

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Consolidated Statement of Change in Net Debt

For the Year Ended December 31, 2019

	Budget 2019	Actual 2019	Actual 2018
ANNUAL SURPLUS	\$ 1,975,362	\$ 6,098,731	\$ 97,731
Amortization of tangible assets	5,700,000	5,878,048	5,771,252
Contributed tangible capital assets	-	-	(136,505)
Acquisition of tangible capital assets	(6,284,727)	(4,158,299)	(15,675,398)
Transfer to tangible capital asset held for sale	-	-	442,729
Loss (gain) on disposal of tangible capital assets	-	506,755	(7,321)
Proceeds on disposal of tangible capital assets	-	30,254	7,321
	1,390,635	8,355,489	(9,500,191)
Acquisition of prepaid expenses	-	(487,438)	(290,573)
Use of prepaid expenses	-	290,624	98,231
	-	(196,814)	(192,342)
Decrease (increase) in net debt	1,390,635	8,158,675	(9,692,533)
Net debt, beginning of year	(41,454,886)	(41,454,886)	(31,762,353)
Net debt, end of year	\$ (40,064,251)	\$ (33,296,211)	\$ (41,454,886)

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2019

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	2019	2018
OPERATING ACTIVITIES		
Annual surplus	\$ 6,098,731	\$ 97,731
Items not involving cash:		
Amortization of tangible assets	5,878,048	5,771,252
Gain on disposal of tangible capital assets and assets held for sale	(3,945,364)	(295,500)
Contributed tangible capital assets	-	(136,505)
Net earnings from investment in subsidiary	(63,059)	(123,087)
Employment benefit obligations	75,476	(96,699)
Change in non-cash assets and liabilities:		
Taxes receivable	10,801	29,378
User charges receivable	(70,343)	(16,668)
Accounts receivable	722,920	777,634
Accounts payable and accrued liabilities	803,753	(5,711,335)
Other liabilities	(91,502)	371,095
Deferred revenue - obligatory reserve funds	147,836	(7,580)
Deposits and deferred revenue	304,110	(104,383)
Prepaid expenses	(196,814)	(192,342)
Proceeds on disposal of assets held for sale	4,471,156	1,081,822
	14,145,749	1,444,813
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	30,254	7,321
Acquisition of tangible capital assets, net of construction in process capitalized	(4,158,299)	(15,675,398)
	(4,128,045)	(15,668,077)
FINANCING ACTIVITIES		
(Decrease) increase in bank indebtedness	(5,666,732)	13,382,998
Dividends received from investment in subsidiary (Note 2)	53,231	51,989
Issuance of long-term debt	4,018,355	-
Repayment of long-term debt	(1,855,006)	(1,816,976)
	(3,450,152)	11,618,011
Net increase (decrease) in cash	6,567,552	(2,605,253)
Cash and cash equivalents, beginning of year	1,280,672	3,885,925
Cash and cash equivalents, end of year	\$ 7,848,224	\$ 1,280,672

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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1. Significant accounting policies

The Corporation of the Town of Pelham ("the Town") is a municipality that provides municipal services such as fire, public works, planning, parks and recreation, library and other general government operations.

The consolidated financial statements of the Town are the representation of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

a. Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, non-financial assets, revenues, and expenses and include all activities of all committees of Council and the following local boards and municipal entities which are under the control of Council:

i. Pelham Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionately consolidated:

ii. Niagara Central Airport Commission (Joint Board)

Related party transactions are eliminated (Note 16).

iii. Peninsula West Power Inc.

Peninsula West Power Inc., a subsidiary corporation of the Town, is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government enterprises (Note 2). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Town, and interorganizational transactions and balances are not eliminated.

The consolidated statements exclude trust funds that are administered for the benefit of external parties (Note 17).

b. Basis of accounting

The consolidated financial statements are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

DRAFT

1. Significant accounting policies (continued)

c. Deferred revenue - obligatory reserve funds

Receipts which are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenses which will be incurred in a later period are deferred.

d. Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care and dental costs.

e. Cash and cash equivalents

For the purpose of the consolidated financial statements, the Town considers all short-term investments with an original maturity of three months or less to be cash equivalents.

f. Deposits and deferred revenue

Deposits and deferred revenue represent user fees and charges that have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

g. Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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1. Significant accounting policies (continued)

h. Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of an asset. The cost, less residual value of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

Classification	Useful life
Land improvements	15 to 40 years
Buildings	20 to 60 years
Machinery and equipment	7 to 40 years
Furniture and fixtures	5 to 10 years
Computer hardware	4 years
Computer software	5 years
Library collection	15 years
Linear assets	2 to 90 years
Vehicles	3 to 20 years

Half year amortization is charged in the year of acquisition and no amortization is taken in year of disposal. Assets under construction are not amortized until the asset is available for productive use.

The Town does not capitalize interest as part of the costs of its capital assets.

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and also are recorded as revenue.

Works of art, artifacts, cultural or historic assets are not recorded as assets in the consolidated financial statements.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

i. Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Town. The Town is not involved in the construction.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

DRAFT

1. Significant accounting policies (continued)

j. Reserves for future expenses

Certain amounts, as approved by Town Council, are set aside in reserves and reserve funds for future current and capital expenses.

k. Government transfer payments

Government transfers are recognized as revenues by the Town in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

l. Local improvements

The Town records capital expenses funded by local improvement agreements as they are incurred. Revenues are recognized in the year they become receivable.

m. Tax revenue

Tax revenue is recognized on all taxable properties within the Town that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the Town as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the Town's own purposes in the period for which the tax is levied.

n. Region and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the accumulated surplus of these consolidated financial statements.

o. Development charges

Development charges, collected under the authority of Sections 33 to 35 of the Development Charges Act, 1997, are reported as deferred revenue - obligatory reserve funds in the consolidated statement of financial position in accordance with Canadian public sector accounting standards. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period in which the funds are expended on qualifying capital projects. Development charges will also be applied to cover costs for servicing debt including interest on borrowings and contributions to sinking funds to retire debt.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

DRAFT

1. Significant accounting policies (continued)

p. Management estimates

The preparation of these consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include accounts receivable, accrued liabilities, deferred revenue, employee benefit obligations and useful lives of tangible capital assets.

2. Subsidiary operations

Peninsula West Power Inc. (PWPI), established by Council under Municipal By-law 2004-45, is an amalgamation of hydro-electric commissions from the Municipalities of Lincoln, West Lincoln and Pelham. PWPI owns a 25.5% share of Niagara Peninsula Energy Inc., which provides electric distribution services and wholly-owns Peninsula West Services Ltd. (PWSL), which provides water heater, sentinel lights and related services. The Town of Pelham has a 17% interest in PWPI.

The following table provides condensed supplementary financial information for Peninsula West Power Inc.:

	2019	2018
Financial position		
Current assets	\$ 1,578,890	\$ 1,500,087
Capital assets	96,428	97,049
Investment	35,733,453	35,749,306
Total assets	37,408,771	37,346,442
Current liabilities		
Accounts payable and accrued liabilities	39,091	34,548
Future payments in lieu of taxes	5,647,768	5,647,795
Total liabilities	5,686,859	5,682,343
Net assets	31,721,912	31,664,099
Town of Pelham's interest - 17%	\$ 5,393,644	\$ 5,383,816

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

DRAFT

2. Subsidiary operations (continued)

	2019	2018
Change in equity investment in subsidiary		
Revenues	\$ 230,278	\$ 217,892
Expenses	(191,988)	(184,572)
Payment in lieu of income taxes	(5,032)	(7,875)
Gain from operations	33,258	25,445
Gain on investment	337,676	698,595
Net earnings	370,934	724,040
Dividends	(313,121)	(305,819)
Net increase in equity of subsidiary	57,813	418,221
Change in equity of subsidiary - 17%	\$ 9,828	\$ 71,098

The financial position, long-term debt, capital lease and contingent liabilities information is as reported by Peninsula West Power Inc. at December 31, 2019 and the results of operations is as reported for the year ended December 31, 2019. The comparative financial position and results of operations figures are as reported by Peninsula West Power Inc. at December 31, 2018.

The following summarizes the Town's related party transactions with Peninsula West Power Inc. for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	2019	2018
Electricity purchased	\$ 50,614	\$ 44,552
Administration expense	7,535	6,625
	\$ 58,149	\$ 51,177

3. Tangible capital assets held for sale

As at December 31, 2019 the Town had land and buildings held for sale of \$515,697 (2018 - \$534,734). During the year, land held for sale with a net book value of \$19,037 was sold for proceeds of \$4,471,156, resulting in a gain on disposal of \$4,452,119.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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4. Bank indebtedness

The Town has an authorized revolving line of credit of \$7,000,000 (2018 - \$7,000,000) at prime minus 0.25%, of which \$7,000,000 (2018 - \$6,000,000) remained unused at year-end. The line of credit is secured by borrowing by-law for operating line of \$7,000,000 held. Payment is due on demand. The Town has a non-revolving demand instalment loan of \$1,300,000 (2018 - \$1,433,333) at prime minus 0.10%. Payment is due on demand.

The Town has a floating rate construction bridge loan of \$8,994,044 (2018 - \$13,527,443) issued by Infrastructure Ontario for the construction of the Meridian Community Centre. The loan is secured by a promissory note, the majority of which is expected to be repaid in 2020 with proceeds of tangible capital assets held for sale. Any unpaid portion as of October 31, 2020 will be converted to a debenture with a maximum term of thirty years at the Infrastructure Ontario lending rate at time of debenture.

In addition, the Town has an outstanding letter of credit in the amount of \$nil (2018 - \$31,615).

5. Deferred revenue - obligatory reserve funds

A requirement of PSAS is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The net change during the year in the legislatively restricted deferred revenue balances is as follows:

	Development charges	Parkland	Other	2019 Total	2018 Total
Balance, beginning of year	\$ 2,120,170	\$ 1,303,682	\$ 409,335	\$ 3,833,187	\$ 3,840,767
Restricted funds received	1,430,586	216,543	1,584,139	3,231,268	3,084,742
Interest earned	44,524	27,377	17,421	89,322	69,033
Collection of receivable	-	(216,543)	-	(216,543)	(277,902)
Revenue recognized	(1,887,234)	(24,685)	(1,044,292)	(2,956,211)	(2,883,453)
Balance, end of year	\$ 1,708,046	\$ 1,306,374	\$ 966,603	\$ 3,981,023	\$ 3,833,187

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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6. Long-term debt

- (a) The balance of net long-term debt reported on the consolidated statement of financial position is made up of the following:

	2019	2018
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term debt issued by the Region of Niagara. At the end of the year, the outstanding principal amount of this debt is	\$ 32,252,037	\$ 30,088,688

- (b) The net long-term debt:

Debenture number	Purpose	Interest rates	Maturity dates	2019	2018
67-2009	Centennial Park	3.50% to 4.80%	2019	\$ -	\$ 24,000
83-2011	Haist & Pelham St	1.55% to 4.05%	2021	388,012	571,867
73-2012	Haist St & Rice Rd	1.35% to 3.10%	2022	263,000	346,000
72-2013	Effingham & Hwy 20	1.40% to 3.75%	2023	305,173	377,312
78-2014	Pelham St & Fire Stn #2	1.20% to 3.30%	2024	941,903	1,116,338
75-2015	Fire Stn #3 & Pt Robinson	1.94%	2025	2,070,000	2,392,000
35-2016	Fenwick & Pt Robinson	1.20% to 2.40%	2026	4,115,839	4,666,550
72-2016	Meridian Community Centre	3.34%	2046	8,509,401	8,701,170
55-2017	Meridian Community Centre	3.22%	2047	11,640,354	11,893,451
59-2019	East Fonthill Roads	2.40%	2029	4,018,355	-
				\$ 32,252,037	\$ 30,088,688

- (c) Principal repayments due in each of the next five years and thereafter are as follows:

2020	\$ 2,236,693
2021	2,291,154
2022	2,141,327
2023	2,100,528
2024	2,071,929
Thereafter	21,410,406
	\$ 32,252,037

The Town paid \$937,707 (2018 - \$914,663) interest on long-term debt during the year.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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7. Employee benefit obligations

The Town completed a valuation for accounting purposes annually using the projected benefit method prorated on service.

The valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect management's best estimates. The main assumptions employed for the valuation are as follows:

Discount rate	beginning of year	3.01%
	end of year	2.83%
Medical cost increases	ultimate trend rate	4.50%

The post-employment benefit expense is reported as a component of expenses on the consolidated statement of operations. Composition of the amount is as follows:

	2019	2018
Current service cost (recovery)	\$ 85,766	\$ (80,714)
Interest on post-employment benefit liability	9,148	12,634
Total expense (recovery) related to post-employment benefits	\$ 94,914	\$ (68,080)

Vested sick leave benefits

Under the sick leave benefit plan, which was in place until 1994, unused sick leave could accumulate and employees were entitled to a cash payment. All the vested sick leave benefits have been paid out.

Post-employment benefit liability

The Town sponsors a defined benefit plan for post-employment benefits other than pensions for substantially all of its employees. The plan provides extended health and life insurance coverage to age 65 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments for retirees during the year were \$19,438 (2018 - \$28,619).

Pension agreement

The Town makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 66 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount the Town contributed to OMERS for 2019 was \$519,286 (2018 - \$515,757) for current service which is included as an expense in the consolidated statement of operations.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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8. Accumulated surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2019	2018
Surplus (deficit)		
Town	\$ (10,274,391)	\$ (18,629,792)
Library (Schedule 1)	(352,741)	(350,781)
Niagara Central Airport Commission (Note 16)	(31,566)	(66,080)
	(10,658,698)	(19,046,653)
Investment in tangible capital assets (Schedule 2)	132,979,060	135,235,818
Investment in subsidiary	5,393,644	5,383,816
Unfunded		
Long-term debt	(32,252,037)	(30,088,688)
Employee benefit obligations	(398,503)	(323,027)
	(32,650,540)	(30,411,715)
Reserves and reserve funds (Note 9)	5,137,940	2,941,409
	\$ 100,201,406	\$ 94,102,675

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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9. Reserves and reserve funds

	2019	2018
Reserves and reserve funds set aside for specific purposes by Council		
Airport (Note 16)	\$ 2,955	\$ 2,955
Building department	1,378,609	1,178,592
Cemetery	(52,055)	(68,061)
Community improvement plan	168,754	204,269
Elections	20,794	8,367
Fire equipment	345,880	453,423
Fleet	733,041	586,289
Future subdivision projects	-	362,613
Information technology	(94,399)	(46,482)
Land acquisition	(1,323,452)	(1,470,452)
Library (Schedule 1)	139,352	93,310
Meridian Community Centre	215,252	762,080
Municipal building facility	(311,314)	(460,563)
Municipal Drainage	(97,669)	(117,669)
Parks and recreation	(405,009)	(217,936)
Physician recruitment	23,705	21,704
Planning	(34,116)	(87,847)
Roads	1,406,973	(279,492)
Wastewater	1,042,700	804,825
Water	976,004	1,224,458
Working capital	1,001,935	(12,974)
	\$ 5,137,940	\$ 2,941,409

CORPORATION OF THE TOWN OF PELHAM

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Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

10. Taxation

	Budget 2019 (Note 15)	Actual 2019	Actual 2018
Taxation - real property	\$ 35,500,599	\$ 36,227,610	\$ 33,823,092
Payments in lieu of taxes	300,471	300,875	299,576
	35,801,070	36,528,485	34,122,668
Less: taxation collected on behalf of			
Region of Niagara	16,499,328	16,943,045	15,932,864
School boards	5,116,885	5,243,391	5,186,748
	21,616,213	22,186,436	21,119,612
Net taxes available for municipal purposes	14,184,857	14,342,049	13,003,056
Residential and farm	13,025,740	13,152,475	11,922,496
Multi-residential	178,933	183,635	173,849
Commercial	939,195	963,873	866,809
Industrial	40,989	42,066	39,902
	\$ 14,184,857	\$ 14,342,049	\$ 13,003,056

11. User charges

	Budget 2019 (Note 15)	Actual 2019	Actual 2018
Operating			
Fees and service charges	\$ 1,176,009	\$ 1,427,595	\$ 1,089,110
Water charges	2,748,884	2,541,809	2,501,284
Sewer charges	2,009,104	1,889,539	1,789,569
Licenses and Permits	530,150	718,021	686,159
	\$ 6,464,147	\$ 6,576,964	\$ 6,066,122

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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12. Collections for the Region of Niagara and school boards

Total taxation and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	2019	2018
Region of Niagara	\$ 18,461,659	\$ 17,820,122
School boards	5,243,391	5,186,748
	\$ 23,705,050	\$ 23,006,870

The Town is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

The Town collects development charges on behalf of the Region of Niagara. Development charges collected in excess of those paid to the Region are recorded as accounts payable.

13. Grants

	Budget 2019 (Note 15)	Actual 2019	Actual 2018
Operating			
Government of Canada	\$ 64,200	\$ 89,689	\$ 32,943
Province of Ontario	244,453	261,289	184,423
Region of Niagara	66,000	64,437	3,921
Other	-	5,000	-
	374,653	420,415	221,287
Capital			
Government of Canada	1,373,404	535,744	272,296
Province of Ontario	798,062	798,131	826,362
Other	-	157,922	-
	2,171,466	1,491,797	1,098,658
	\$ 2,546,119	\$ 1,912,212	\$ 1,319,945

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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14. Other revenue

	Budget 2019 (Note 15)	Actual 2019	Actual 2018
Operating			
Penalties and interest on taxes	\$ 270,000	\$ 261,321	\$ 268,465
Investment income - operating	12,500	92,606	52,756
Fines and other penalties	26,500	69,500	69,117
Other	403,800	458,585	525,317
	712,800	882,012	915,655
Capital			
Investment income	-	-	3,189
Donations	-	480,193	600,241
	\$ 712,800	\$ 1,362,205	\$ 1,519,085

15. Budget amounts

The operating and tax rate supported budgets were approved by Council on April 1, 2019 to establish the tax rates for the year. In addition, the water and wastewater operating and capital budgets were approved by Council on April 1, 2019.

An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original Council approved budget.

Amounts included in the original Council approved capital budget which are not recognized as tangible capital assets are included in consolidated statement of operations under the appropriate functional expense category, while those recognized as tangible capital assets are include in the consolidated statement of change in net debt.

The chart below reconciles the approved budget to the budget amounts reported in the consolidated financial statements.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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15. Budget amounts (continued)

	Budget Amount
Revenues	
Approved operating budget	\$ 17,328,707
Approved water and wastewater budget	4,775,988
Approved library budget - other than Town contribution	142,950
Approved budget adjustments	35,000
Add capital:	
Development charges	1,932,841
Federal Gas Tax	519,053
Ontario Community Infrastructure Fund	294,204
Other grants	1,358,209
	4,104,307
Less:	
Transfers from reserves - operating	(503,438)
	(503,438)
Total revenues	25,883,514
Expenses	
Approved operating budget	17,328,707
Approved water and wastewater budget	4,775,988
Approved library operating budget	910,524
Approved budget adjustments	35,000
Add:	
Amortization	5,700,000
Employee future benefits	40,000
Estimated capital budget items expense in nature	310,000
Debt interest payments - development charges	495,949
	6,545,949
Less:	
Debt principal payments (development charge excluded)	(1,029,187)
Town contribution to library	(814,218)
Transfers to reserves, including capital	(3,844,611)
	(5,688,016)
Total expenses	23,908,152
Annual surplus	\$ 1,975,362

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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16. Niagara Central Airport Commission

The Niagara Central Airport Commission operates a two runway airport offering a year round fixed base operation. The Commission is funded by the four nearby municipalities, City of Welland, City of Port Colborne, Town of Pelham and the Township of Wainfleet. The Town of Pelham has a non-controlling interest in the airport of 18%.

	2019	2018
Financial assets		
Cash and temporary investments	\$ 228,562	\$ 284,481
Receivables	43,073	46,129
	271,635	330,610
Liabilities		
Accounts payable and accrued liabilities	37,317	211,162
Loans payable and capital lease liability	420,313	466,572
	457,630	677,734
Net debt	(185,995)	(347,124)
Non-financial assets		
Prepaid expenses	1,354	1,354
Fuel inventory	25,685	47,272
Tangible capital assets	1,492,862	1,636,642
	1,519,901	1,685,268
Accumulated surplus	1,333,906	1,338,144
Accumulated surplus		
Operating deficit	(175,120)	(314,662)
Reserves	16,164	16,164
Investment in tangible capital assets	1,492,862	1,636,642
	1,333,906	1,338,144
Revenues		
Grants	167,510	82,219
Fuel and rentals	118,697	86,114
Other	1,350	39,409
Interest	571	1,138
Expenses	(292,366)	(220,757)
Annual deficit	\$ (4,238)	\$ (11,877)

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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16. Niagara Central Airport Commission (continued)

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2019 and the results of operations are as reported for the year ended December 31, 2019. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2018.

The Town has recorded in the financial statements its 18% share of the Niagara Central Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

The following summarizes the Town's related party transactions with the Niagara Central Airport Commission for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties. The loan receivable from the Niagara Central Airport Commission is unsecured and bears interest at 4.30%, payable in equal annual instalments over ten years, commencing June 2019.

		2019	2018
Grants	\$	30,152	\$ 11,676
Donations		4,070	10,702
Loan payments received		9,308	5,411
Loan advances	\$	-	\$ 31,140

17. Trust funds

Trust funds administered by the Town amounting to \$991,678 (2018 - \$967,257) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

18. Contingencies

From time to time, the Town is the subject of litigation. In the opinion of management, any litigation outstanding, if successful, would not have a material impact on the financial statements.

19. Financial instruments

The Town's financial instruments consist of cash and cash equivalents, user charges and accounts receivable, bank indebtedness, accounts payable and accrued liabilities, other liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

20. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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21. Segmented information

The Town provides a diverse range of services to its citizens. The Consolidated schedule of segment disclosure has grouped various services into segments to provide a further breakdown of the revenues and expenses attributable to each segment. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The services included in each segment are as follows:

(i) General government

General government is comprised of governance, corporate management and program support.

(ii) Protection services

Protection is comprised of fire, protective inspection and control, emergency measures and provincial offences.

(iii) Transportation services

Transportation is comprised of roads, winter control, transit, parking, street lighting and air transportation.

(iv) Environmental services

Environmental is comprised of storm sewer systems and water collection.

(v) Health services

Health services is comprised of cemeteries.

(vi) Recreation and culture services

Recreation and culture is comprised of parks, recreation programs, recreation facilities, libraries and cultural services.

(vii) Planning and development

Planning and development is comprised of planning and zoning, commercial and industrial development, residential development, agricultural and reforestation, heritage matters and municipal drainage.

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Library Operations - Schedule 1

For the Year Ended December 31, 2019

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	Budget 2019 (Note 15)	Actual 2019	Actual 2018
Revenue			
Municipal contribution (Library)	\$ 814,218	\$ 814,218	\$ 814,218
Library - grants	41,700	45,524	59,318
Deferred revenue earned (Development Charges)	42,750	42,750	47,709
Library - other revenue	58,500	62,054	68,468
	957,168	964,546	989,713
Expenses			
Administration	57,920	54,357	52,401
Amortization of books, periodicals and media	-	61,611	62,287
Books, periodicals and other media	54,500	-	-
Electronic resources and maintenance	26,595	25,740	27,958
Equipment rental	2,600	2,725	2,600
Furnishings and office equipment	500	6,509	5,218
Insurance	3,000	3,027	2,978
Programs	10,000	11,779	12,057
Repairs and maintenance	44,060	46,421	27,070
Salary, wages and employee benefits	732,167	693,331	745,152
Supplies	1,800	2,894	1,723
Utilities	26,882	25,508	24,984
	960,024	933,902	964,428
Annual surplus (deficit)	(2,856)	30,644	25,285
Accumulated surplus, beginning of year	162,276	162,276	136,991
Accumulated surplus, end of year	159,420	192,920	162,276
Accumulated surplus consists of the following			
Operating deficit	-	(352,741)	(350,781)
Investment in library collection	-	427,720	437,671
Reserves	-	139,352	93,310
Unfunded employee benefit obligations	-	(21,411)	(17,924)
	\$ -	\$ 192,920	\$ 162,276

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2019

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	2019							
	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
Cost								
Beginning of year	\$ 19,045,733	\$ 3,938,360	\$ 48,492,300	\$ 7,910,276	\$ 6,406,143	\$120,769,320	\$ 6,042,765	\$212,604,897
Add additions	-	1,251,065	44,301	656,447	35,107	4,726,936	1,975,723	8,689,579
Less construction in process capitalized	-	-	-	-	-	-	(4,531,280)	(4,531,280)
Less disposals during the year	-	(402,318)	(68,542)	(1,998)	(47,854)	(76,370)	-	(597,082)
End of year	19,045,733	4,787,107	48,468,059	8,564,725	6,393,396	125,419,886	3,487,208	216,166,114
Accumulated amortization								
Beginning of year	-	1,541,884	4,756,451	4,613,254	4,321,883	62,135,607	-	77,369,079
Add amortization during the year	-	193,351	1,316,816	536,880	327,614	3,503,387	-	5,878,048
Less amortization on disposals	-	-	(12,337)	-	(47,736)	-	-	(60,073)
End of year	-	1,735,235	6,060,930	5,150,134	4,601,761	65,638,994	-	83,187,054
Net book value	\$ 19,045,733	\$ 3,051,872	\$ 42,407,129	\$ 3,414,591	\$ 1,791,635	\$ 59,780,892	\$ 3,487,208	\$132,979,060

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2019

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	2018							
	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
Cost								
Beginning of year	\$ 18,135,413	\$ 3,789,526	\$ 11,060,420	\$ 6,904,571	\$ 6,362,314	\$ 117,463,786	\$ 33,519,693	\$ 197,235,723
Add additions	908,978	148,834	37,875,951	1,005,705	43,829	3,305,534	1,259,827	44,548,658
Less construction in process capitalized	-	-	-	-	-	-	(28,736,755)	(28,736,755)
Less assets held for sale	1,342	-	(444,071)	-	-	-	-	(442,729)
End of year	19,045,733	3,938,360	48,492,300	7,910,276	6,406,143	120,769,320	6,042,765	212,604,897
Accumulated amortization								
Beginning of year	-	1,345,407	3,757,811	4,125,860	3,992,201	58,376,548	-	71,597,827
Add amortization during the year	-	196,477	998,640	487,394	329,682	3,759,059	-	5,771,252
End of year	-	1,541,884	4,756,451	4,613,254	4,321,883	62,135,607	-	77,369,079
Net book value	\$ 19,045,733	\$ 2,396,476	\$ 43,735,849	\$ 3,297,022	\$ 2,084,260	\$ 58,633,713	\$ 6,042,765	\$ 135,235,818

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2019

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	2019							
	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
Revenue								
Taxation	\$ 4,946,164	\$ 1,098,221	\$ 2,897,648	\$ -	\$ 22,686	\$ 5,005,228	\$ 372,102	\$ 14,342,049
User charges	28,602	736,708	66,083	4,431,348	38,451	1,078,878	196,894	6,576,964
Grants	46,600	5,000	1,549,593	164,441	-	146,578	-	1,912,212
Contributions from developers	-	34,118	1,505,529	308,477	-	244,796	75,434	2,168,354
Other	344,709	86,099	469,958	35,994	55,878	362,848	6,719	1,362,205
Equity earnings in subsidiary	63,059	-	-	-	-	-	-	63,059
Gain (loss) on disposal of tangible capital assets and assets held for sale	4,141,827	-	(6,821)	(76,371)	-	(113,271)	-	3,945,364
Total revenues	9,570,961	1,960,146	6,481,990	4,863,889	117,015	6,725,057	651,149	30,370,207
Expenses								
Salaries and wages	1,969,667	1,187,170	1,076,037	1,205,988	89,023	2,580,751	392,495	8,501,131
Long term debt interest	-	39,858	175,570	25,542	-	687,095	9,642	937,707
Materials	928,866	149,742	700,116	285,577	9,335	1,052,178	216,926	3,342,740
Contracted services	422,594	192,317	1,505,246	2,504,450	7,121	506,102	12,861	5,150,691
Rents & financials	27,330	-	128,186	-	-	281,975	-	437,491
External transfers to others	23,668	-	-	-	-	-	-	23,668
Amortization of tangible assets	100,105	391,059	2,896,835	842,332	11,536	1,616,956	19,225	5,878,048
	3,472,230	1,960,146	6,481,990	4,863,889	117,015	6,725,057	651,149	24,271,476
Annual surplus	\$ 6,098,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,098,731

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2019

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	2018							
	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
Revenue								
Taxation	\$ 2,521,279	\$ 1,111,616	\$ 4,130,580	\$ 383,871	\$ 18,224	\$ 4,837,486	\$ -	\$ 13,003,056
User charges	27,439	703,802	21,741	4,290,853	41,171	751,696	229,420	6,066,122
Grants	39,800	-	734,808	406,519	-	138,818	-	1,319,945
Contributions from developers	-	34,145	1,641,182	274,056	-	105,944	62,841	2,118,168
Contributed tangible capital assets	136,505	-	-	-	-	-	-	136,505
Other	769,979	63,380	286,315	18,292	54,679	321,118	5,322	1,519,085
Equity earnings in subsidiary	123,087	-	-	-	-	-	-	123,087
Gain on disposal of tangible capital assets and assets held for sale	-	-	7,321	-	-	-	288,179	295,500
Total revenues	3,618,089	1,912,943	6,821,947	5,373,591	114,074	6,155,062	585,762	24,581,468
Expenses								
Salaries and wages	1,767,173	1,179,039	959,078	1,133,161	87,148	2,457,898	385,687	7,969,184
Long term debt interest	-	44,330	142,590	30,384	-	686,873	10,486	914,663
Materials	869,361	157,079	693,773	808,497	4,892	1,088,941	76,809	3,699,352
Contracted services	655,415	166,345	1,765,440	2,569,108	10,693	490,521	62,111	5,719,633
Rents & financials	100,117	-	94,238	-	-	192,296	-	386,651
External transfers to others	23,002	-	-	-	-	-	-	23,002
Amortization of tangible assets	105,290	366,150	3,166,828	832,441	11,341	1,238,533	50,669	5,771,252
	3,520,358	1,912,943	6,821,947	5,373,591	114,074	6,155,062	585,762	24,483,737
Annual surplus	\$ 97,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,731

Independent Auditor's Report

To the Members of Council of the
Corporation of the Town of Pelham

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Corporation of the Town of Pelham Trust Funds (the "Trust Funds"), which comprise the statement of financial position as at December 31, 2019, and the statements of revenue and expenses and change in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2019, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Fund's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
 Licensed Public Accountants
 May 19, 2020

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

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Statement of Financial Position

As at December 31, 2019

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2019	Total 2018
Assets					
Cash	\$ 63,832	\$ 32,102	\$ 81,701	\$ 177,635	\$ 162,052
Receivables and accrued interest	740	2,132	-	2,872	1,188
Investments (Note 2)	708,559	107,403	14,320	830,282	813,797
Due from the Town of Pelham (Note 3)	2,799	-	-	2,799	12,235
	775,930	141,637	96,021	1,013,588	989,272
Liability					
Due to the Town of Pelham (Note 3)	-	-	21,910	21,910	22,015
Fund balance	\$ 775,930	\$ 141,637	\$ 74,111	\$ 991,678	\$ 967,257

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Statement of Revenue and Expenses and Change in Fund Balances

Year ended December 31, 2019

DRAFT

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2019	Total 2018
Revenue					
Interest	\$ 16,015	\$ 2,628	\$ 2,031	\$ 20,674	\$ 11,408
Realized gain	-	-	302	302	409
Donations	-	-	23,281	23,281	21,065
Marker fees	2,850	-	-	2,850	3,200
Plot sales	15,964	-	-	15,964	17,786
	34,829	2,628	25,614	63,071	53,868
Expenses					
Purchase of equipment, books, periodicals and misc	-	-	22,635	22,635	22,599
Maintenance	16,015	-	-	16,015	8,751
	16,015	-	22,635	38,650	31,350
Excess of revenues over expenses	18,814	2,628	2,979	24,421	22,518
Fund balance, beginning of year	757,116	139,009	71,132	967,257	944,739
Fund balance, end of year	\$ 775,930	\$ 141,637	\$ 74,111	\$ 991,678	\$ 967,257

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

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Notes to the Financial Statements

December 31, 2019

1. Accounting policies

The financial statements of the Corporation of the Town of Pelham Trust Funds are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Significant aspects of the accounting policies adopted are as follows:

(a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable.

(b) Investments

Investments are recorded at cost.

(c) Financial instruments

Cash, due to Town of Pelham and due from the Town of Pelham are recorded at amortized cost.

(d) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

2. Investments

The total for investments by the trust funds of \$830,282 (2018 - \$813,797) reported on the statement of financial position at cost, have a market value of \$830,282 (2018 - \$813,797) at the end of the year.

3. Due to/from Town of Pelham

The amounts due to/from the Town of Pelham are unsecured, interest bearing with no specific terms of repayment.

4. Statement of cash flows

A statement of cash flows has not been provided as the related information is readily determinable from the financial statements presented.



Summerfest

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MENTION



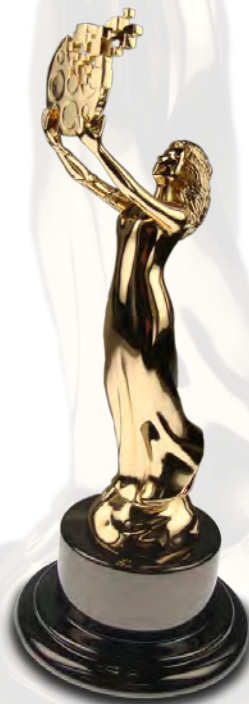
Life In Pelham Guide

Awards

We are proud of Town staff, projects, and festivals that received recognition for their excellence in delivery, useability, and innovation. Strategic priorities have been transformed into award-winning projects and events, including: MarCom Gold (website), AVA Digital Gold (website), MarCom Honourable Mention (Life in Pelham Guide), Hermes Creative Gold (Communications Plan), and FEO Top 100 (Summerfest).



Hermes Creative Communications Plan



AVA Digital Website



MarCom Website



STATISTICAL REVIEW

**The Corporation of The Town of Pelham
Statistical Review
(Unaudited)**

DRAFT

General Statistics

	2019	2018	2017	2016	2015
Households *	7,104	7,064	6,977	6,882	6,740
Population **	17,110	17,110	15,641	15,654	15,626
Municipal Workforce Profile					
Full-time Positions	74	69	60	66	62
Part-time Postions	37	27	16	12	11
Seasonal Employees	52	54	47	49	48
Number of Building Permits Issues	235	280	476	407	257
Total Value of Building Permits Issued	\$ 43,337,503	\$ 68,647,113	\$ 104,245,493	\$ 126,872,861	\$ 33,366,725

* Source: MPAC

** Source: Statistics Canada 2018-2019, MPAC 2015-2017

All other data on this page as per the Town's Financial Information Return

**The Corporation of The Town of Pelham
Statistical Review
(Unaudited)**

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Taxation Statistics

	2019	2018	2017	2016	2015
Taxable Assessment					
Residential	2,409,606,273	2,291,395,631	2,159,252,964	2,068,323,217	1,997,562,043
Multi-Residential	17,587,500	17,482,000	17,376,500	18,609,000	18,613,264
New Multi-Residential	544,000	-	-	-	-
Commercial	87,823,350	80,870,766	69,478,193	67,849,061	63,837,021
Commercial Excess/Vacant	2,970,845	3,150,670	4,226,954	4,382,972	798,394
Industrial	2,968,951	2,919,272	3,812,348	3,663,597	3,089,640
Industrial Excess/Vacant	132,825	119,550	110,525	93,000	50,500
Pipeline	16,854,093	16,213,500	15,421,250	14,900,000	14,508,804
Farmland	157,009,692	143,204,190	131,658,899	124,200,753	115,473,497
Managed Forest	2,701,293	1,961,922	1,774,825	1,748,200	1,616,844
Total Taxable Assessment	2,698,198,822	2,557,317,501	2,403,112,458	2,303,769,800	2,215,550,007
Tax Levy					
Town of Pelham	\$ 13,674,374	\$ 12,530,627	\$ 11,791,257	\$ 11,063,305	\$ 10,085,964
Niagara Region	16,366,191	15,584,260	14,977,327	14,546,094	14,327,544
Education	5,116,884	5,109,284	5,011,531	5,051,132	4,975,361
Total Levy	\$ 35,157,449	\$ 33,224,171	\$ 31,780,115	\$ 30,660,531	\$ 29,388,869
Current Year's Tax Collections*	\$ 34,245,293	\$ 32,285,504	\$ 30,973,033	\$ 29,777,106	\$ 28,335,405
Total Arrears	\$ 1,751,162	\$ 1,761,963	\$ 1,791,341	\$ 2,210,469	\$ 2,306,587
Total Arrears as a Percentage of Current Tax Levy	5.0%	5.3%	5.6%	7.2%	7.8%

Top Ten Largest Corporate Property Taxpayers in 2019

FONTHILL GARDENS INC
 NIAGARA PROPERTY INVESTMENTS INC
 PELHAM PORTFOLIO INC
 2385746 ONTARIO INC
 FONTHILL PROPERTIES ULC
 1254392 ONTARIO LIMITED
 766432 ONTARIO INC, 706014 ONTARIO INC
 2594945 ONTARIO INC
 COLONNADE 1440 INC
 CITRIGNO HOLDING COMPANY INC

% of Total Industrial and Commercial Assessment 39.6%
 % of Total Taxable Assessment 1.33%

*Current Year's Tax Collections represents the cash collections for the year excluding adjustments, payments in lieu of taxes and supplementary assessments.

**The Corporation of The Town of Pelham
Statistical Review
(Unaudited)**

DRAFT

Consolidated Statement of Financial Position

	2019	2018	2017	2016	2015
Financial Assets					
Cash and cash equivalents	\$ 7,848,224	\$ 1,280,672	\$ 3,885,925	\$ 9,324,711	\$ 554,430
Taxes receivable	1,751,162	1,761,963	1,791,341	2,210,469	2,306,587
User charges receivable	684,278	613,935	597,267	592,086	579,200
Accounts receivable	5,012,259	5,735,179	6,512,813	6,753,703	942,057
Tangible capital assets held for sale	515,697	534,734	885,648	-	-
Investments in subsidiary	5,393,644	5,383,816	5,312,718	5,293,453	5,253,882
Total financial assets	21,205,264	15,310,299	18,985,712	24,174,422	9,636,156
Financial Liabilities					
Bank indebtedness	10,294,044	15,960,776	2,577,778	1,800,000	3,350,000
Accounts payable and accrued liabilities	4,726,141	3,922,388	9,633,723	7,712,420	3,738,556
Other liabilities	1,998,225	2,089,727	1,718,632	1,429,957	971,712
Deposits and deferred revenue	851,502	547,392	651,775	1,864,319	157,698
Deferred revenue- obligatory reserve funds	3,981,023	3,833,187	3,840,767	3,398,984	1,932,489
Long-term debt	32,252,037	30,088,688	31,905,664	21,310,239	8,395,372
Employee benefit obligations	398,503	323,027	419,726	399,342	316,529
Total financial liabilities	54,501,475	56,765,185	50,748,065	37,915,261	18,862,356
Net financial assets (net debt)	(33,296,211)	(41,454,886)	(31,762,353)	(13,740,839)	(9,226,200)
Non-financial assets					
Tangible capital assets	132,979,060	135,235,818	125,637,896	104,132,637	93,326,714
Prepaid expenses	518,557	321,743	129,401	373,244	199,213
Total non-financial assets	133,497,617	135,557,561	125,767,297	104,505,881	93,525,927
Accumulated surplus	\$ 100,201,406	\$ 94,102,675	\$ 94,004,944	\$ 90,765,042	\$ 84,299,727

**The Corporation of The Town of Pelham
Statistical Review
(Unaudited)**

DRAFT

Statement of Financial Position Statistics

	2019	2018	2017	2016	2015
Acquisition of tangible capital assets, net of construction in process capitalized	\$ 4,158,299	\$ 15,675,398	\$ 27,281,339	\$ 15,761,806	\$ 6,277,712
Long-term Debt	\$ 32,252,037	\$ 30,088,688	\$ 31,905,664	\$ 21,310,239	\$ 8,395,372
Per Capita	\$ 1,885	\$ 1,759	\$ 2,040	\$ 1,361	\$ 537
Percentage of Town Tax Levy	235.9%	240.1%	270.6%	192.6%	83.2%
Long-term Debt					
Supported by Taxes	\$ 16,070,519	\$ 12,788,279	\$ 13,510,531	\$ 14,219,617	\$ 4,332,772
Supported by Non-tax Revenue	16,181,518	17,300,409	18,395,133	7,090,622	4,062,600
Net Long-term Liabilities	<u>\$ 32,252,037</u>	<u>\$ 30,088,688</u>	<u>\$ 31,905,664</u>	<u>\$ 21,310,239</u>	<u>\$ 8,395,372</u>
Debt Charges for the Year					
Principal Payments	\$ 1,855,006	\$ 1,816,976	\$ 1,543,167	\$ 1,901,299	\$ 837,617
Interest Charges	\$ 937,707	\$ 914,663	\$ 740,632	\$ 320,007	\$ 213,924
Annual Debt Repayment Limit, excluding Treasurer's Adjustments	\$ 2,587,339	\$ 3,475,545	\$ 3,013,683	\$ 2,916,140	\$ 2,901,428
Accumulated Surplus	\$ 100,201,406	\$ 94,102,675	\$ 94,004,944	\$ 90,765,042	\$ 84,299,727
Provincial Debt Repayment Limit as a % of Own-source Revenues	25%	25%	25%	25%	25%
Town Net Debt Charges as a % of Own-source Revenues (Existing Debt Only)	13%	13%	12%	6%	6%

**The Corporation of The Town of Pelham
Statistical Review
(Unaudited)**

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Consolidated Statement of Operations

	2019	2018	2017	2016	2015
Revenue by Source					
Taxation	\$ 14,342,049	\$ 13,003,056	\$ 12,468,706	\$ 11,648,113	\$ 10,561,790
User charges	6,576,964	6,066,122	5,896,406	6,298,719	4,936,058
Grants	1,912,212	1,319,945	968,598	1,117,957	313,433
Contributions from developers	2,168,354	2,118,168	3,061,990	1,352,815	896,845
Contributed tangible capital assets	-	136,505	-	4,928,757	-
Other	1,362,205	1,519,085	1,201,394	819,533	762,968
Equity earnings in subsidiary	63,059	123,087	71,012	91,166	116,718
Gain (loss) on disposal of tangible capital assets and assets held for sale	3,945,364	295,500	434,599	11,527	(289,270)
Total revenue by source	30,370,207	24,581,468	24,102,705	26,268,587	17,298,542
Expenses by Function					
General government	3,472,230	3,520,358	3,938,935	3,364,145	2,706,059
Protection to persons and property	1,960,146	1,912,943	1,946,632	1,918,954	1,660,147
Transportation services	6,481,990	6,821,947	5,945,354	5,966,156	6,136,269
Environmental services	4,863,889	5,373,591	4,419,347	4,623,560	4,280,855
Health services	117,015	114,074	125,306	123,481	105,322
Recreation and culture services	6,725,057	6,155,062	3,911,721	3,340,816	2,041,296
Planning and development	651,149	585,762	575,508	466,160	535,302
Total expenses by function	24,271,476	24,483,737	20,862,803	19,803,272	17,465,250
Annual Surplus (Deficit)	6,098,731	97,731	3,239,902	6,465,315	(166,708)
Accumulated surplus, beginning	94,102,675	94,004,944	90,765,042	84,299,727	84,466,435
Accumulated surplus, ending	\$ 100,201,406	\$ 94,102,675	\$ 94,004,944	\$ 90,765,042	\$ 84,299,727
Expenses by Object					
Salaries and wages	\$ 8,501,131	\$ 7,969,184	\$ 8,058,986	\$ 7,621,463	\$ 6,874,053
Long term debt interest	937,707	914,663	740,632	320,007	213,924
Materials	3,342,740	3,699,352	2,613,257	2,552,918	2,157,272
Contracted services	5,150,691	5,719,633	4,519,006	4,528,841	3,625,117
Rents & financials	437,491	386,651	92,946	19,842	18,059
External transfers to others	23,668	23,002	44,546	56,328	60,881
Amortization of tangible assets	5,878,048	5,771,252	4,793,430	4,703,873	4,515,944
Total expenses by object	\$ 24,271,476	\$ 24,483,737	\$ 20,862,803	\$ 19,803,272	\$ 17,465,250

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Information on the Town of Pelham is available at:

www.pelham.ca

Direct any inquiries regarding this document to:

The Corporation of the Town of Pelham

Corporate Services Department

Town Hall
20 Pelham Town Square
PO Box 400
Fonthill, Ontario
L0S 1E0

905-892-2607

Subject: May 2020 Financial Reports

Recommendation:

BE IT RESOLVED THAT Council receive Report #2020-0094-Corporate Services for information.

Background:

The Corporate Services Department has prepared the attached financial reports, as at May 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 May 31, 2020, with approximately 42% of the year lapsed. Total revenues were at approximately 38% of budget and were starting to track below budget due to the financial impact of COVID-19. The financial impact from the closure of facilities and cancellation of programs that resulted from COVID-19 are evident in transit and MCC revenues as well as certain miscellaneous user fees and charges for services. Most other revenue sources such as grants, transfers from reserves, and property taxation are in keeping with the budget. The duration of the impact from the pandemic is unknown. Four months of water and wastewater had been billed and appeared to be on track because consumption tends to be higher in the summer months, depending on weather conditions.

Appendix 2 to this report summarizes operating expenditures compared to budget at May 31, 2020. Total expenses were at approximately 37% of budget and appeared to be on track because there are still significant debenture principal and interest payments to be paid. Direct costs related to COVID-19 such as purchase of computer equipment and additional cleaning costs are being tracked separately and are excluded from this report. These costs have been included in a report to Council on the financial impact of COVID-19.

Appendix 3 summarizes the revenues and expenditures related to the MCC at May 31, 2020. MCC revenues were at 32% of budget and trending below the prior year due to closures from COVID-19. Miscellaneous revenues for the MCC were at 57%

of budget for the year, predominantly due to server sales. MCC expenses were at 36% of budget, which is below the expectation for the first five months of the year as a result of reduced wages from the facility closure and lower hydro rates, which are partially offset by full year insurance expensed and cost of supplies that are related to the server revenues. It is anticipated that revenues for the MCC will be below budget at year-end due to the impact of the pandemic.

Appendix 4 summarizes revenues and expenditures related to Pelham Transit. Transit revenues are minimal because provincial and Region funding will be received later in the year, as in the past. Commencing mid-April, Pelham Transit began to operate as a Dial-a-Ride service, in which riders are pre-booked and pre-screened. Transit expenditures were at 37% of budget due to reduced cost of contracted services in April and May, but any cost savings are expected to result in reduced grant funding.

Appendix 5 to this report includes the 2020 capital report at March 31, 2020. Most capital projects are proceeding, totaling \$4.7 million, and of those, 21% of the budget had been spent. \$1.7 million in projects have been deferred to 2021, and \$970 thousand in projects are red-circled pending further information or funding. Projects carried forward from prior years totaled \$3.9 million, and 75% of the carryforward amount had been spent.

Council-approved expenditures outside of budget

The Town's Reserve and Reserve Fund Policy S400-08, approved by Council on January 13, 2020, states under Standard of Care in section 4.3 a) i) that Council shall ensure that any expenditure approval outside of the Budget process includes the source of funding from Reserves, Reserve Funds, or other sources as appropriate. This helps to ensure that the Town can accurately forecast and plan for its Reserves and Reserve Funds and manage cash flows, ensuring adequate funding sources for all expenditures. In addition, it helps to ensure that there are not any unavoidable or unanticipated impacts on property taxation increases in a future year.

The *Municipal Act*, 2001, S.O. 2001, as amended, states in section 290(4)(c)(ii) that in preparing the budget for a year, a local municipality shall provide for any deficit of any previous year that resulted because expenses were incurred by the municipality that were not in the budget for that year and were not paid for that year from a reserve, sinking or retirement fund.

The following list of expenditures have been approved by Council with no source of funding. This is in contravention of the Reserve and Reserve Fund Policy S400-08, except for item (3) for which Council suspended the Reserve and Reserve Funds

Policy. Unless the Town can find expenditure savings or additional revenues, which is unlikely due to the COVID-19 pandemic, any resulting deficit will have to be added to the 2021 budget in order to comply with the *Municipal Act*.

Unbudgeted Expenditures Approved by Council with no Funding Source:

(1) Legal and Planning Consultant for Cannabis Control Committee	\$130,000
(2) Local Planning Appeal Tribunal (LPAT) Hearings	75,000
(3) Parking Study	50,000
Total	<u>\$255,000</u>

The 2020 budgeted general tax levy is \$14,946,487. Accordingly, a 1% increase in property taxes amounts to approximately \$150,000. The unbudgeted expenditures of \$265,000 is equivalent to a 1.7% tax levy increase for 2021.

Financial Considerations:

Expenditures approved by Council outside of the budget without an identified funding source will likely result in an increase to the 2021 budget.

The anticipated financial impact of COVID-19 has been excluded from this report and has been provided in a separate report to Council. This also has the potential to impact the 2021 budget.

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 May 31, 2020

Appendix 2- Monthly Expenditure Report at May 31, 2020

Appendix 3- Meridian Community Centre Report at May 31, 2020

Appendix 4- Transit Report at May 31, 2020

Appendix 5- Capital Projects – First Quarter Reporting at March 31, 2020

Prepared and Recommended by:

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

Appendix 1

Monthly Revenue Report at May 31, 2020 (42% of time lapsed)

		2020			2019	
	Notes	Budget	Actual at May 31	Actual as a % of Budget	Budget	Actual at Dec 31
Taxation						
General Tax Levy		\$ 14,946,487	\$ 6,277,525	42 %	\$ 13,674,386	\$ 13,674,375
Payments in Lieu		300,471	126,198	42 %	300,471	300,875
Total Taxation		15,246,958	6,403,723	42 %	13,974,857	13,975,250
Finance Department						
Penalties and Interest	(1)	270,000	62,762	23 %	270,000	261,321
Supplemental Taxation Revenues	(2)	200,000	337	- %	210,000	366,800
Transfer from Building Department		79,497	33,124	42 %	77,938	77,938
Ontario Unconditional Grants	(3)	39,800	20,550	52 %	39,800	46,600
Miscellaneous	(4)	18,000	6,412	36 %	15,000	23,572
Investment Income	(5)	10,000	57,439	574 %	10,000	25,241
Total Finance Department		617,297	180,624	29 %	622,738	801,472
Clerk's Department						
Committee of Adjustment		36,500	19,220	53 %	50,000	50,528
Miscellaneous	(6)	14,250	2,330	16 %	16,750	12,946
Total Clerk's Department		50,750	21,550	42 %	66,750	63,474
Fire and By-law Services						
Fire Department Revenues		36,450	16,986	47 %	35,450	43,019
By-law and Parking Enforcement	(7)	28,138	6,847	24 %	14,300	24,012
Provincial Offences Act Revenue	(8)	25,000	12,293	49 %	10,000	44,463
Total Fire and By-law Services		89,588	36,126	40 %	59,750	111,494
Public Works						
Non-recreation Facilities and Beautification	(9)	49,000	8,427	17 %	49,000	41,282
Aggregate Resource Grant	(10)	25,000	-	- %	25,000	52,831
Transfer from Reserve - Roads	(11)	-	-	- %	-	120,766
Miscellaneous	(12)	85,500	9,884	12 %	80,500	87,515
Fonhill/Hillside Cemeteries		76,500	27,648	36 %	78,500	94,329
Total Public Works		236,000	45,959	19 %	233,000	396,723
Recreation, Culture and Wellness						
Recreation and Wellness	(13)	364,520	99,843	27 %	347,450	433,228
Special Events and Festivals	(14)	147,770	3,985	3 %	150,150	152,919
Culture and Community Enhancement	(14)	75,000	300	- %	78,500	65,258
Public Transit	(15)	274,500	54,592	20 %	211,953	208,397
MCC Facility	(16)	786,342	261,787	33 %	1,052,719	1,134,460
Total Recreation, Culture and Wellness		1,648,132	420,507	26 %	1,840,772	1,994,262
Community Planning and Development						
Building Department Revenues	(17)	600,500	144,383	24 %	500,500	713,260
Planning Fees	(18)	140,340	145,242	103 %	65,340	153,085
Total Community Planning and Development		740,840	289,625	39 %	565,840	866,345
Water and Wastewater						
Water Revenues		2,948,982	851,200	29 %	2,761,884	2,576,841
Wastewater Revenues		2,161,293	655,073	30 %	2,014,104	1,913,948
Total Water and Wastewater	(19)	5,110,275	1,506,273	29 %	4,775,988	4,490,789
GRAND TOTAL		\$ 23,739,840	\$ 8,904,387	38 %	\$ 22,139,695	\$ 22,699,809



Appendix 1

Monthly Revenue Report at May 31, 2020 (42% of time lapsed)

Explanatory Notes:

- (1) Due to the COVID-19 pandemic, Council approved the waiving of interest and penalties on taxes from April 1 to June 30, 2020.
- (2) The majority of supplemental revenue is collected June through November, and the impact of COVID-19 on supplemental revenue is uncertain at this time.

Supplementary/omitted taxes result from an addition, renovation, construction or class change that occurred on a property that was not previously recorded on the assessment roll. When supplementary/omitted assessment is added to the roll, additional property taxes can be collected for the current year, and if applicable, for any part of all of the two previous years as described in Section 34 of the Assessment Act.
- (3) OMPF payments for Q1-Q2 have been received.
- (4) Decreased fees for tax certificates.
- (5) Interest will be allocated to non-discretionary and obligatory reserves at year-end. There has been a significant decline in interest rates compared to the prior year.
- (6) Certain revenue streams, such as lottery and marriage licenses, are unpredictable in timing and it is anticipated that these revenues will be significantly impacted by COVID-19.
- (7) Provincial grant funding for cannabis legalization will be applied when eligible costs are incurred.
- (8) POA revenues, collected by the Region, received for a slight 2019 surplus distribution as well as 2020 Q1. The impact of COVID-19 on POA revenues is uncertain.
- (9) Revenue related to cost recoveries for parks occurs from spring to fall and has decreased due to the impact of COVID-19.
- (10) Aggregate resource grant received in September.
- (11) Transfer for any shortfall in the Winter Control budget will occur at year-end if required in accordance with the Reserve and Reserve Fund policy.
- (12) It is anticipated that driveway culvert fees and other miscellaneous revenues will be below budget due to COVID-19. Approximately \$47,000 of the remaining Climate Change grant funding is expected to be collected.
- (13) Recreation and wellness revenue related to camps and swim, with an approximate budget of \$192k, is collected in the summer, and is expected to be below budget due to the impact of COVID-19.
- (14) Most recreation special event activity normally occurs in Q2 and Q3. On May 4, Council determined that all festivals and events outside of the Farmer's Market will be cancelled up to September 30, 2020. Lost revenues will be approximately \$220k, but there will be some expense savings to offset. The impact of COVID-19 on any other recreation and special event activity is uncertain at this time.
- (15) Provincial gas tax funding was received in April of the prior year and the MTO Community Transportation grant was received after year-end. The impact of COVID-19 on transit operations and the resulting funding is uncertain at this time, but it is expected that any decrease in costs will be offset by decrease in grant funding.
- (16) Arena revenues are higher from approximately September to February and a significant portion of fees for the first part of the year were collected during that time, but will decrease significantly in future months due to the impact of COVID-19.
- (17) It is anticipated that building permit fees will be lower than budget due to the impact of COVID-19.
- (18) Significant subdivision fees collected early in the year; the impact of COVID-19 on fees collected for the remainder of the year is uncertain.
- (19) Water and wastewater have been billed for January to April. Consumption tends to be higher in the summer.

Appendix 2

Monthly Expenditure Report at May 31, 2020 (42% of time lapsed)

	Notes	2020			2019	
		Budget	Actual at May 31	Actual as a % of Budget	Budget	Actual at Dec 31
Administration Services						
Members of Council	(1)	\$ 218,670	\$ 72,896	33 %	\$ 217,409	\$ 212,385
CAO's Office	(2)	273,710	91,631	33 %	257,512	189,147
Human Resources		86,545	34,097	39 %	86,145	90,451
Total Administration Services		578,925	198,624	34 %	561,066	491,983
Clerk's Department						
Clerk's Department and COA		354,450	147,039	41 %	364,464	363,036
Marketing and Communication		130,170	48,629	37 %	125,975	110,505
Total Clerk's Department		484,620	195,668	40 %	490,439	473,541
Corporate Services						
Finance Department		815,965	312,776	38 %	809,394	842,444
Shared Administrative Overhead	(3)	790,843	519,372	66 %	845,015	2,061,971
Shared Information Technology	(4)	514,170	255,950	50 %	448,848	437,155
Total Corporate Services		2,120,978	1,088,098	51 %	2,103,257	3,341,570
Fire and By-law Services						
Fire Services	(5)	1,432,572	358,143	25 %	1,329,511	1,337,303
By-law and Parking Enforcement	(6)	202,828	69,284	34 %	126,146	132,003
Health and Safety		8,120	1,916	24 %	7,955	8,604
Crossing Guards		48,400	14,539	30 %	42,563	44,810
Animal Control	(7)	36,800	18,450	50 %	36,000	35,850
Total Fire and By-law Services		1,728,720	462,332	27 %	1,542,175	1,558,570
Public Works						
General Administration	(8)	1,333,442	295,191	22 %	1,183,229	1,031,459
Roadway Maintenance		4,176,065	1,694,709	41 %	3,810,707	3,959,218
Non-recreation Facilities and Beautification	(9)	2,258,151	725,445	32 %	1,930,024	1,747,889
Street Lighting		199,789	77,089	39 %	224,789	182,683
Fonthill and Hillside Cemeteries		132,580	50,207	38 %	128,322	118,259
Niagara Central Airport	(10)	27,621	25,292	92 %	20,844	20,844
Total Public Works		8,127,648	2,867,933	35 %	7,297,915	7,060,352
Recreation, Culture and Wellness						
General Administration		370,207	150,113	41 %	357,669	353,870
Recreation and Wellness	(11)	385,875	80,993	21 %	379,270	392,110
Special Events and Festivals	(11)	270,570	57,348	21 %	270,601	274,260
Culture and Community Enhancement	(11)	157,700	26,397	17 %	158,046	160,575
Public Transit		525,870	194,837	37 %	442,390	448,203
MCC Facility	(12)	1,628,749	566,096	35 %	1,773,538	1,476,835
Libraries		864,218	360,091	42 %	814,218	814,218
Total Recreation, Culture and Wellness		4,203,189	1,435,875	34 %	4,195,732	3,920,071
Community Planning and Development						
Building Department		600,500	229,023	38 %	500,500	713,260
Planning and Zoning	(13)	724,710	323,901	45 %	633,487	617,087
Municipal Drainage		60,275	23,173	38 %	39,136	32,586
Total Community Planning and Development		1,385,485	576,097	42 %	1,173,123	1,362,933
Water and Wastewater						
Water	(14)	2,948,982	1,080,943	37 %	2,761,884	2,576,841
Wastewater	(14)	2,161,293	825,441	38 %	2,014,104	1,913,948
Total Water and Wastewater		5,110,275	1,906,384	37 %	4,775,988	4,490,789
GRAND TOTAL		\$ 23,739,840	\$ 8,731,011	37 %	\$ 22,139,695	\$ 22,699,809

Appendix 2

Monthly Expenditure Report at May 31, 2020 (42% of time lapsed)

Explanatory Notes:

- (1) Decreased municipal grants due to facility closures and event cancellations. Integrity commissioner costs to be recorded when invoice received.
- (2) Costs for volunteer recognition and Pelham Active Transportation Committee not yet incurred.
- (3) Prepaid insurance has been expensed for the full year and global wage budget has been partially distributed. Legal expenditures are at approximately 60% of the annual budget due to additional expenditures for the Cannabis Control Committee that were approved by Council outside of the budget.
- (4) Some software licenses and support fees have been paid in full for the year.
- (5) Volunteer firefighter stipends are paid in November.
- (6) Additional costs related to cannabis are anticipated and will be offset by grant funding.
- (7) Animal control payments have been made for Q1 to Q2.
- (8) Significant debenture principal and interest to be paid.
- (9) Some utility bills have not been received for May at time of report printing, and hydro rates have decreased due to the Government of Ontario COVID-19 recovery rate.
- (10) Operating contribution to Niagara Central Dorothy Rungeling Airport Commission has been paid. This has been reduced slightly by interest on loans.
- (11) Most recreation camp and special event activity normally occurs in Q2 and Q3. On May 4, Council determined that all festivals and events outside of the Farmer's Market will be cancelled up to September 30, 2020. There will be lost revenues and expense savings as a result. The impact of COVID-19 on any other recreation and special event activity is uncertain at this time.
- (12) Reduced labour costs due to facility closure.
- (13) Increased cost of consulting for the Cannabis Control Committee approved by Council outside of budget process.
- (14) To date, contracted services from the Region for water and wastewater are below budget. Any savings in water and wastewater must be transferred to their respective reserves at year-end.

Meridian Community Centre

Appendix 3

Actual Results to Budget at May 31, 2020 (42% of time lapsed)

	Notes		2020			Actual 2020											
			Budget	Actual YTD Total	Actual as a % of Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
MCC Revenues																	
Arena Revenues	(1)		\$ 595,342	\$ 196,097	33 %	\$ 84,582	\$ 80,798	\$ 32,288	\$ (1,929)	\$ 358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Multi-Purpose Space Revenues	(2)		63,000	24,310	39 %	10,156	8,480	5,510	164	-	-	-	-	-	-	-	-
Gymnasium Revenues	(3)		63,000	18,593	30 %	7,985	7,554	3,075	(21)	-	-	-	-	-	-	-	-
Programming Revenues	(4)		129,800	12,194	9 %	2,178	8,351	1,665	-	-	-	-	-	-	-	-	-
Grants	(5)		42,700	21,350	50 %	10,675	-	-	10,675	-	-	-	-	-	-	-	-
Other Rev. - Miscellaneous	(6)		63,550	36,311	57 %	16,003	11,988	6,664	1,656	-	-	-	-	-	-	-	-
Other Revenues - Advertising	(7)		30,000	10,000	33 %	10,000	-	-	-	-	-	-	-	-	-	-	-
Total Revenues		(a)	987,392	318,855	32 %	141,579	117,171	49,202	10,545	358	-	-	-	-	-	-	-
MCC Expenditures																	
Salaries and Benefits	(8)		1,235,300	420,492	34 %	96,243	91,068	96,918	73,517	62,746	-	-	-	-	-	-	-
Professional Development	(9)		10,900	12,358	113 %	6,201	7,464	-	-	(1,307)	-	-	-	-	-	-	-
Associations and Memberships			7,000	2,088	30 %	1,096	379	-	613	-	-	-	-	-	-	-	-
Travel			4,500	-	- %	-	-	-	-	-	-	-	-	-	-	-	-
Hydro			400,000	115,051	29 %	28,437	30,005	23,975	17,296	15,338	-	-	-	-	-	-	-
Natural Gas			65,000	23,114	36 %	4,992	6,214	6,179	2,966	2,763	-	-	-	-	-	-	-
Water	(10)		40,000	11,735	29 %	-	7,158	-	4,577	-	-	-	-	-	-	-	-
Telephone			10,760	3,430	32 %	683	684	684	697	682	-	-	-	-	-	-	-
Office Supplies			6,650	1,379	21 %	239	398	124	405	213	-	-	-	-	-	-	-
Materials and Supplies	(11)		55,000	40,370	73 %	10,832	12,251	2,492	3,678	11,117	-	-	-	-	-	-	-
Furniture and Equipment	(11)		6,000	209	3 %	209	-	-	-	-	-	-	-	-	-	-	-
Materials and Supplies - Janitorial			34,488	10,661	31 %	3,033	1,299	5,468	789	72	-	-	-	-	-	-	-
Fuel			4,850	1,447	30 %	441	476	381	24	125	-	-	-	-	-	-	-
Internet			12,000	4,121	34 %	824	825	824	824	824	-	-	-	-	-	-	-
Insurance	(12)		49,631	49,631	100 %	49,631	-	-	-	-	-	-	-	-	-	-	-
Contract Services - Janitorial			13,500	3,110	23 %	921	1,184	794	105	106	-	-	-	-	-	-	-
Contract Services - Other			155,631	45,110	29 %	12,580	17,956	7,737	5,119	1,718	-	-	-	-	-	-	-
Repairs and Maintenance	(13)		11,500	9,909	86 %	6,098	3,811	-	-	-	-	-	-	-	-	-	-
Total Expenditures before Debt and Other Items		(b)	2,122,710	754,215	36 %	222,460	181,172	145,576	110,610	94,397	-	-	-	-	-	-	-
Net Surplus (Deficit) before Debt and Other Items		(c)= (a) - (b)	(1,135,318)	(435,360)	38 %	(80,881)	(64,001)	(96,374)	(100,065)	(94,039)	-	-	-	-	-	-	-
MCC Debt Activity																	
Tax Levy Debenture Interest	(14)		(282,024)	-	- %	-	-	-	-	-	-	-	-	-	-	-	-
Tax Levy Debenture Principal	(14)		(198,227)	-	- %	-	-	-	-	-	-	-	-	-	-	-	-
Development Charge Revenue	(15)		630,188	317,023	50 %	317,023	-	-	-	-	-	-	-	-	-	-	-
Development Charge Debenture Interest	(15)		(368,875)	(187,410)	51 %	(187,410)	-	-	-	-	-	-	-	-	-	-	-
Development Charge Debenture Principal	(15)		(261,313)	(129,613)	50 %	(129,613)	-	-	-	-	-	-	-	-	-	-	-
Pre-MCC RCW and Facility Net Costs			951,088	396,285	42 %	79,257	79,257	79,257	79,257	79,257	-	-	-	-	-	-	-
One-Time Transfer from MCC Reserve			100,000	41,667	42 %	8,333	8,334	8,333	8,333	8,334	-	-	-	-	-	-	-
Net Debt and Other Items		(d)	570,837	437,952	77 %	87,590	87,591	87,590	87,590	87,591	-	-	-	-	-	-	-
NET SURPLUS (DEFICIT)		(e)= (c) + (d)	\$ (564,481)	\$ 2,592	- %	\$ 6,709	\$ 23,590	\$ (8,784)	\$ (12,475)	\$ (6,448)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



Meridian Community Centre

Appendix 3

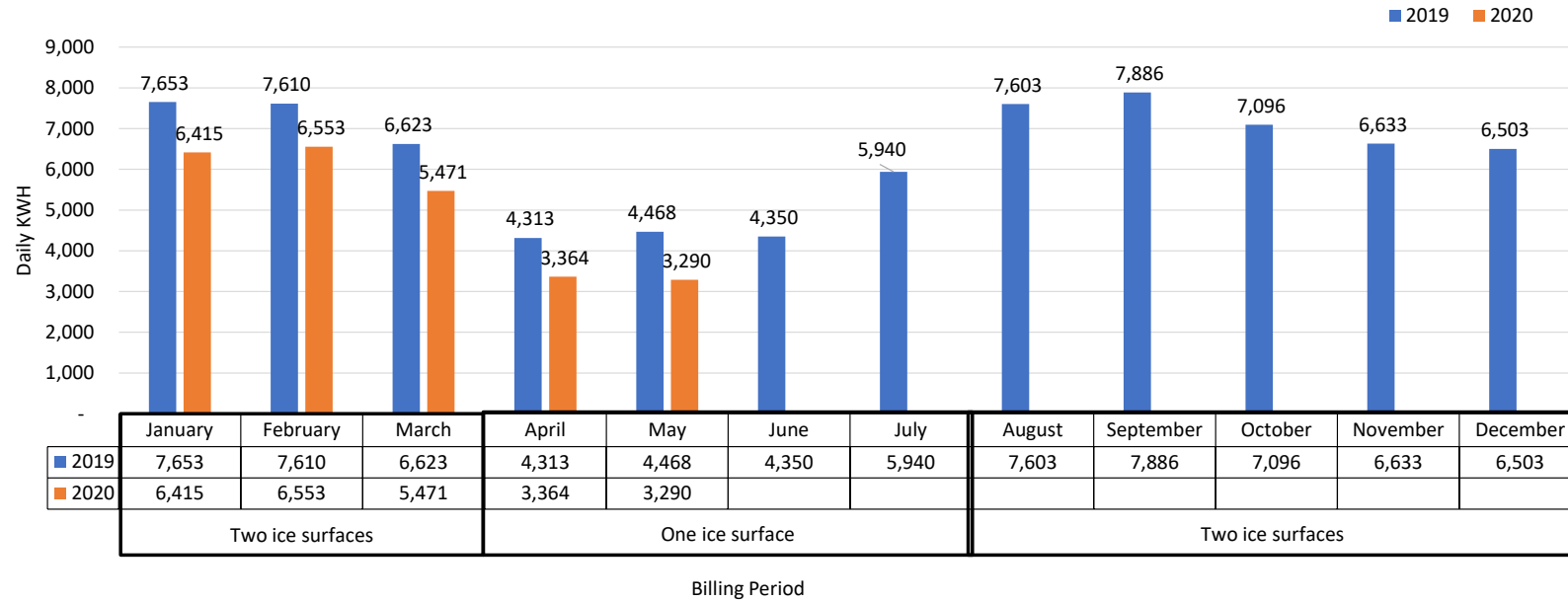
Actual Results to Budget at May 31, 2020 (42% of time lapsed)

Explanatory Notes:

The COVID-19 pandemic has resulted in facility closures and some programming cancellations as of June 2020, the timing of this report to Council. The impact on future revenue as a result of COVID-19 is uncertain at this time, and will be dependent on many factors including guidance from senior levels of government and Public Health guidelines.

- (1) Higher ice rental revenue during hockey season; normally expected to be lower in the summer. Monthly trend in this revenue was similar to the prior year but lower in March due to closures from COVID-19. Some fees were refunded in April, and show as negative revenue.
- (2) Multi-purpose space revenue was trending above the prior year, at 38% of budget vs. 30% of budget in March 2019 but there will be no further revenue while facilities are closed.
- (3) The normal expectation for gymnasium revenue would be higher during basketball season and lower in the summer, however it decreased in March due to COVID-19 closure and was nil for April.
- (4) The majority of camp revenue is normally earned in the summer, and the impact of COVID-19 is uncertain at this time.
- (5) New Horizons for Seniors Program Grant monies received for Q1 and Q2, and online seniors programming has continued during the COVID-19 closure.
- (6) Miscellaneous revenue includes cost recoveries, equipment rentals, event revenue, donations, servery sales, and other items that are individually too small to classify separately. Revenue above budget relates primarily to servery sales and has related costs under materials and supplies. Revenue in April relates to recoveries of expenses in Q1 that were invoiced in April.
- (7) Advertising revenue will not be earned during facility closure.
- (8) Reduced wages during facility closure.
- (9) Staff from the Recreation and Public Works departments attended courses in February from the Ontario Recreation Facilities Association. Approximately \$1,800 will be reallocated from the MCC to the Public Works department.
- (10) Water is billed bi-monthly.
- (11) Increased costs relate primarily to supplies and cost of goods related to servery sales revenue which is also above budget. Most of the costs in May relate to the cost of the water management system and the remaining 50% will be incurred in June.
- (12) Prepaid insurance has been expensed in full for the year.
- (13) Predominantly relates to costs for television screens and automatic door opener for the 55+ Community Room.
- (14) Tax levy debenture payments for the MCC occur in June and December.
- (15) Development charge debenture payments for the MCC occur in January and July.

Meridian Community Centre Hydro Usage





Town of Pelham - Transit

Appendix 4

Actual Results to Budget at May 31, 2020 (42% of time lapsed)

	Notes	2020			Actual 2020											
		Budget	Actual YTD Total	Actual as a % of Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Revenues																
Grants - Provincial	(1)	\$ 175,000	\$ 50,000	29 %	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants - Other	(2)	62,500	-	- %	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	(3)	22,000	2,342	11 %	742	919	385	30	266	-	-	-	-	-	-	-
Sponsorships	(4)	15,000	2,250	15 %	1,000	-	-	1,000	250	-	-	-	-	-	-	-
Total Revenues		274,500	54,592	20 %	1,742	919	385	51,030	516	-	-	-	-	-	-	-
Expenditures																
Salaries and Benefits		115,800	47,230	41 %	10,789	9,080	9,082	9,210	9,069	-	-	-	-	-	-	-
Materials and Supplies		5,570	-	- %	-	-	-	-	-	-	-	-	-	-	-	-
Contract Services - Bus		400,000	147,607	37 %	54,014	42,966	35,147	9,318	6,162	-	-	-	-	-	-	-
Interdepartmental Transfers	(5)	4,500	-	- %	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures		525,870	194,837	37 %	64,803	52,046	44,229	18,528	15,231	-	-	-	-	-	-	-
NET SURPLUS (DEFICIT)		\$ (251,370)	\$ (140,245)	56 %	\$ (63,061)	\$ (51,127)	\$ (43,844)	\$ 32,502	\$ (14,715)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ridership 2020	(6)		2,206		796	737	551	71	51	-	-	-	-	-	-	-
Ridership 2019			7,895		453	464	594	786	559	783	671	797	609	834	764	581

Explanatory Notes:

- (1) Provincial gas tax funding was received in March of the prior year and has not been received to date. \$50,000 of the MTO Community Transportation grant has been received based on reporting periods. The impact of COVID-19 on transit operations and the resulting funding is uncertain at this time, but it is expected that any decrease in costs will be offset by a decrease in grant funding.
- (2) Region contribution to link received in December.
- (3) Niagara College and Brock uPass are being collected by the Region and will be received from the Region later in the year.
- (4) Sponsorships are often paid in advanced for the full year of advertising.
- (5) Interdepartmental transfers are allocations of costs from other department, such as facilities. These are recorded at year-end based on actual results.
- (6) Ridership lower due to impact of COVID-19. On Tuesday April 14, Pelham Transit began operating as a Dial-a-Ride service, in which riders are pre-booked and pre-screened.

Town of Pelham									Appendix 5
2020 Capital Projects - First Quarter Reporting		Cost Centre	Expenditures						Status
			Original Budget	Revised Budget	Actual	Committed	Total (Actual & Committed)	Actual and Committed as a % of Revised Budget	
As at March 31, 2020									
GENERAL GOVERNMENT									
IT 01-20	Computer and Hardware Repair and Replacement	100170	32,000	32,000	19,701	379	20,080	63%	In progress.
IT 03-20	Financial Reporting Software	100172	40,000	40,000	31,647	-	31,647	79%	In progress.
IT 04-20	Core Switch Upgrade	100173	4,000	4,000	3,171	-	3,171	79%	Completed.
IT 05-20	Innovation Technology	100174	40,000	40,000	-	-	-	0%	In progress.
Total General Government			116,000	116,000	54,519	379	54,898	47%	
PROTECTION SERVICES									
FD 01-20	PPE - Bunker Gear	200114	35,000	35,000	-	-	-	0%	Not started.
FD 02-20	Communications - Replacement of Pagers	200115	8,000	8,000	-	-	-	0%	Not started.
FD 03-20	Replacement of Extrication Equipment - 2 Stations	200116	40,000	40,000	-	-	-	0%	Not started.
Total Protection Services			83,000	83,000	-	-	-	0%	
TRANSPORTATION SERVICES									
FACILITIES									
FAC 01-20	Concrete & Asphalt Repairs - Various Facilities	300475	10,000	10,000	-	-	-	0%	Progressing.
FAC 02-20	Masonry Repairs - Highland Ave, Hillside/Fonthill Cemetery	300476	30,000	30,000	-	-	-	0%	On hold due to COVID.
FAC 03-20	Facility Condition & Accessibility Assessment	300477	75,000	75,000	-	-	-	0%	Ongoing.
FAC 04-20	Tice Road Operations Centre - Electrical Upgrades	300478	6,500	6,500	-	-	-	0%	Progressing.
FAC 05-20	MCC - Front Passive Area Fence	300479	30,000	30,000	-	20,027	20,027	67%	MCC Fencing will be installed in June.
FAC 06-20	Gates to Accipiter Arena Pad	300480	10,000	10,000	-	-	-	0%	Were installed May 22.
FAC 07-20	Community Information Counter	300481	5,000	5,000	-	-	-	0%	Final quote received May 18. PO will be issued.
FAC 08-20	Centennial Park Hydro Service	300482	15,000	15,000	-	15,000	15,000	100%	Ongoing.
FAC 10-20	Flag Poles	300483	6,000	6,000	-	6,000	6,000	100%	Work completed invoices outstanding.

Town of Pelham									Appendix 5
2020 Capital Projects - First Quarter Reporting		Cost Centre	Expenditures						Status
			Original Budget	Revised Budget	Actual	Committed	Total (Actual & Committed)	Actual and Committed as a % of Revised Budget	
As at March 31, 2020									
ROADS									
RD 01-20	Bridge Design Program - Balfour St and 16 Road	300490	100,000	100,000	-	-	-	0%	Tendered.
RD 02-20	Roadside Ditching	300491	75,000	75,000	-	-	-	0%	Tendered.
RD 03-20	Road Reconstruction - Pelham St: College St to Port Robinson Rd	300492	1,079,519	1,079,519	-	69,585	69,585	6%	Ongoing.
RD 04-20	Bridge/Culvert Appraisal (legislated) - Retaining Walls and Easements	300493	20,000	20,000	-	7,570	7,570	38%	Ongoing.
RD 05-20	Concrete Program	300494	125,000	125,000	-	-	-	0%	Tendered.
RD 06-20	Culvert Replacement	300495	60,000	60,000	24,912	37,194	62,105	104%	Progressing.
RD 08-20	Engineering	300497	35,000	35,000	-	-	-	0%	Ongoing.
RD 09-20	Road Base and Surface Repair	300498	150,000	150,000	-	-	-	0%	Tendered.
RD 10-20	Road Rehabilitation	300499	450,000	450,000	635	35,637	36,272	8%	Progressing.
RD 11-20	Streetlights and Traffic Signal Maintenance	300500	55,000	55,000	14,778	37,511	52,290	95%	Ongoing.
RD 12-20	Stormsewer Extension - Along Quaker	300501	200,000	200,000	-	-	-	0%	Development Driven.
RD 14-20	Station Street Storm Pond	300503	300,000	300,000	-	-	-	0%	Ongoing.
RD 16-20	Road Design - Pelham St: Port Robinson Rd to John St.	300505	50,000	50,000	-	50,000	50,000	100%	Ongoing.
RD 17-20	Rice Road Landscaping Feature	300506	48,120	48,120	-	-	-	0%	Ongoing.
RD 18-20	Urbanization of Lookout Street	300507	105,431	105,431	105,431	-	105,431	100%	Ongoing.
Total Transportation Services			3,040,570	3,040,570	145,756	278,524	424,280	14%	

Town of Pelham									Appendix 5
2020 Capital Projects - First Quarter Reporting		Cost Centre	Expenditures						Status
			Original Budget	Revised Budget	Actual	Committed	Total (Actual & Committed)	Actual and Committed as a % of Revised Budget	
As at March 31, 2020									
FLEET									
VEH 01-20	Combined Lease Payments - Heavy Duty Work Truck, Small SUV Facilities, Small SUV Building	300484	32,340	32,340	10,970	21,560	32,530	101%	Ongoing.
VEH 02-20	Seasonal summer fleet rental - for use in Parks and Facilities	300485	25,200	25,200	-	-	-	0%	Ongoing.
VEH 03-20	Seasonal winter fleet rental - Tractors w/plow and spreader	300486	25,550	25,550	15,600	10,220	25,820	101%	Ongoing.
VEH 04-20	Combination Snow Plow & Spreader Unit - replaces Truck 420	300487	320,000	320,000	-	268,958	268,958	84%	Tender approved. PO Issued. Anticipated delivery Q1 2021.
VEH 05-20	Work Truck - Replaces Truck 127	300488	35,000	35,000	-	-	-	0%	Ongoing.
VEH 06-20	Offset Boom for Bushhog	300489	6,000	6,000	-	5,875	5,875	98%	Completed.
Total Fleet			444,090	444,090	26,570	306,613	333,183	75%	
HEALTH SERVICES									
CEM 01-20	Plumbing Upgrade - Fonthill Cemetery	400012	6,000	6,000	-	-	-	0%	Ongoing.
Total Health Services			6,000	6,000	-	-	-	0%	
WASTEWATER									
WST 01-20	Sanitary I/I Study Program - Planned Replacements and Rehabilitation	700170	100,000	100,000	-	-	-	0%	Not Started.
WST 02-20	Sanitary Lateral Replacement Program (5 laterals)	700171	60,000	60,000	4,376	46,497	50,873	85%	In progress.
WST 03-20	Sanitary Sewer Inspection, CCTV and Flushing	700172	74,000	74,000	125	41,210	41,335	56%	Ongoing.
WST 04-20	Sanitary Sewer Capital Construction Adjustments and	700173	80,000	80,000	-	-	-	0%	Ongoing.
WST 05-20	Church St Sanitary Upgrades - Permits and Reports	700174	50,000	50,000	-	-	-	0%	Ongoing.
Total Wastewater			364,000	364,000	4,501	87,707	92,208	25%	
WATER									
WTR 01-20	Pelham St Watermain Replacement: College St to Port Robinson Rd	700176	13,122	13,122	-	-	-	0%	Ongoing.
WTR 02-20	Water System Repair Equipment	700177	30,000	30,000	-	-	-	0%	Ongoing.
Total Water			43,122	43,122	-	-	-	0%	

Town of Pelham									Appendix 5
2020 Capital Projects - First Quarter Reporting		Cost Centre	Expenditures						Status
As at March 31, 2020			Original Budget	Revised Budget	Actual	Committed	Total (Actual & Committed)	Actual and Committed as a % of Revised Budget	
RECREATION & CULTURAL SERVICES - PARK FACILITIES									
PRK 02-20	Forestry Services	500183	80,000	80,000	20,747	59,611	80,359	100%	Ongoing.
PRK 03-20	River Estates Park Development	500184	300,000	300,000	-	-	-	0%	Not started RFP will be going out in June.
PRK 04-20	Turf Repair	500185	5,000	5,000	-	5,000	5,000	100%	On hold due to COVID.
PRK 05-20	Weiland Park	500186	60,000	60,000	-	-	-	0%	Not started. Proposal pending.
PRK 06-20	Field Protection (Perimeter Fence)	500187	25,000	25,000	-	-	-	0%	Ongoing.
Total Recreation & Cultural Services			470,000	470,000	20,747	64,611	85,359	18%	
COMMUNITY PLANNING & DEVELOPMENT									
PLN 01-20	Community Benefits Charge Strategy	600119	40,000	40,000	-	-	-	0%	Not started.
Total Community Planning & Development			40,000	40,000	-	-	-	0%	
LIBRARY SERVICES									
LIB 01-20	Computer Services Department	500182	7,500	7,500	-	-	-	0%	Projected start date is Fall 2020.
Total Library Services			7,500	7,500	-	-	-	0%	
MUNICIPAL DRAINAGE									
DRN 01-20	Replace Farm Culverts	600120	30,000	30,000	-	-	-	0%	Work completed invoices outstanding. We have not had any requests to replace farm culverts from farmers this year. We did have requests to remove beavers, so this money was allocated for beaver removal and that work is now complete.
DRN 02-20	Update Assessment Schedule for Big Creek Drain	600121	65,000	65,000	-	-	-	0%	Waiting RFP so this project is still outstanding,
Total Municipal Drainage			95,000	95,000	-	-	-	0%	
TOTAL AS PER 2020 APPROVED BUDGET			4,709,282	4,709,282	252,092	737,835	989,927	21%	

Town of Pelham									Appendix 5
2020 Capital Projects - First Quarter Reporting		Cost Centre	Expenditures						Status
			Original Budget	Revised Budget	Actual	Committed	Total (Actual & Committed)	Actual and Committed as a % of Revised Budget	
As at March 31, 2020									
PROJECTS DEFERRED TO 2021									
IT 02-20	Tab Fusion Electronic Enhancement	100171	25,000	25,000	-	-	-	0%	
RD 07-20	Effingham Storm Design - Hwy 20 to Canboro	300496	50,000	50,000	-	-	-	0%	
RD 13-20	Sulphur Springs Rd Rehabilitation - Site 1 & 2	300502	300,000	300,000	-	-	-	0%	
RD 15-20	Foss Resurfacing (linked to WST 06-20)	300504	500,000	500,000	-	-	-	0%	
WST 06-20	Foss Rd - Sanitary Sewer Installation (linked to RD 15-20)	700175	800,000	800,000	-	-	-	0%	
Total Cancelled and Red-Circled Projects			1,675,000	1,675,000	-	-	-	0%	
CANCELLED AND RED-CIRCLED PROJECTS									
FAC 09-20	MCC Additional Parking		450,000	450,000	-	-	-	0%	Red-circled pending grant funding.
LIB 02-20	Fonthill Renovations		505,231	505,231	-	-	-	0%	Red-circled pending grant funding.
PRK 01-20	Centennial Park Diamond #3 & HBP #2 Dugout / Bullpen Enclosures		15,000	15,000	-	-	-	0%	Cancelled.
Total Cancelled and Red-Circled Projects			970,231	970,231	-	-	-	0%	
Grand Total			7,354,513	7,354,513	252,092	737,835	989,927	13%	

Town of Pelham										Appendix 5
Prior Year's Carry Forward Capital Projects - First Quarter Reporting		Cost Centre	Expenditures							Status
As at March 31, 2020			Original Budget	Prior Years Actual	Carry Forward Amount	Actual	Committed	Total (Actual & Committed)	Total to date as a % of Carry Forward	
GENERAL GOVERNMENT										
IT 04-19	Backup Generator for IT Server Room (Town Hall)	100165	46,000	-	46,000	-	-	-	0%	In progress.
Total General Government			46,000	-	46,000	-	-	-	0%	
TRANSPORTATION SERVICES										
ROADS										
RD 11-17	Road Reconstruction - Haist St: Welland Rd to Beckett Cres, including Welland Rd Haist to Edward	300264	111,150	91,736	19,414	-	23,952	23,952	123%	Restoration work to be completed in Spring of 2020.
RD 12-18	Stormwater Facility Maintenance - Station, Timber Creek	300436	70,000	41,328	28,672	1,146	26,361	27,507	96%	Ongoing.
RD 02-19	Concrete Repair & Replacement Program	300461	110,000	66,208	43,792	132	-	132	0%	Contract completed and in Maintenance Period. Purchase of Bus Shelters for MCC also pending.
RD 06-19	Pavement Condition Index Study	300465	27,628	11,682	15,946	11,830	1,345	13,175	83%	PCI Study complete. Awaiting final report.
RD 07-19	Road Base and Surface Repair Program	300466	170,000	137,045	32,955	362	8,311	8,673	26%	Contract complete and in warranty.
RD 08-19	Pelham Street Storm and Road Reconstruction	300467	2,436,055	535,744	1,900,311	348,317	1,363,336	1,711,653	90%	Contract with Charleton Group in progress. Anticipated completion of construction in summer of 2020. Final asphalt paving to be completed in spring of 2021.
RD 10-19	Stormwater Facility Maintenance	300469	30,000	12,288	17,712	2,290	445	2,735	15%	Engineering assignment with consultant in progress.
RD 13-19	Main Street Revitalization	300472	52,782	-	52,782	54,471	-	54,471	103%	Contract completed. No maintenance period required.
FACILITIES										
FAC 03-18	Tice Road Operations Centre - Man Door Repairs, insulation and vapour barrier in north bay - FCA Critical 2016	300405	37,000	20,519	16,481	-	-	-	0%	Project still ongoing.
FAC 03-19	Municipal Building - foundation, structural, waterproofing, exterior / interior painting - FCA Critical 2016	300448	55,000	9,163	45,837	-	2,375	2,375	5%	Masonry work and deficiencies still outstanding. To be completed in summer 2020.
Total Transportation Services			3,099,615	925,714	2,173,902	418,548	1,426,125	1,844,673	85%	
WASTEWATER										

Town of Pelham										Appendix 5
Prior Year's Carry Forward Capital Projects - First Quarter Reporting		Cost Centre	Expenditures							Status
As at March 31, 2020			Original Budget	Prior Years Actual	Carry Forward Amount	Actual	Committed	Total (Actual & Committed)	Total to date as a % of Carry Forward	
WST 04-18	Foss Road Upgrade existing sewer from 350 to 450mm diam	700156	592,800	60,954	42,559	3,530	30,417	33,947	80%	Project ongoing. Detailed design assignment currently being completed. Construction to be completed in 2021.
WST 01-19	Design - Church Street Upgrade	700162	60,000	14,880	45,120	12,538	14,528	27,065	60%	Project ongoing. Consultant Assignment awarded to Associated Engineering.
WST 02-19	Haist Street: Welland Rd to Beckett	700163	45,000	-	45,000	-	45,000	45,000	100%	Project to be completed in spring of 2020.
WST 05-19	Sanitary Sewer Capital	700166	80,000	-	80,000	-	-	-	0%	Project ongoing. Awarded to Duffin Contracting.
Total Wastewater			777,800	75,834	212,680	16,067	89,945	106,012	50%	
WATER										
WTR 01-18	Backflow Prevention Program	700158	50,000	12,985	37,015	-	3,940	3,940	11%	Consulting work is complete.
WTR 02-18	Station Street: Hwy 20 to Port Robinson, Watermain Replacement - trench only	700159	847,652	381,950	465,702	639	465,578	466,217	100%	Project ongoing. This project was delayed due to gas line relocation. Anticipated completion date is fall of 2020.
WTR 01-19	Haist Street: Welland Rd to Beckett Cres, including Welland Rd Haist to Edward	700167	644,750	414,177	230,573	768	228,510	229,279	99%	Project ongoing. Restoration work to be completed in the spring of 2020.
WTR 02-19	Water System Repair Equipment	700168	30,000	14,747	15,253	-	-	-	0%	This project is completed and the carry forward amount will not be spent.
WTR 03-19	Pelham St N Watermain Replacement	700169	250,000	25,757	224,243	157,472	53,497	210,969	94%	Project with Charleton Group still ongoing. Anticipated completion is summer of 2020.
Total Water			1,822,402	849,616	972,786	158,879	751,525	910,404	94%	

Town of Pelham									Appendix 5	
Prior Year's Carry Forward Capital Projects - First Quarter Reporting		Cost Centre	Expenditures							Status
As at March 31, 2020			Original Budget	Prior Years Actual	Carry Forward Amount	Actual	Committed	Total (Actual & Committed)	Total to date as a % of Carry Forward	
RECREATION & CULTURAL SERVICES- PARK FACILITIES										
PRK 02-18	Ash tree removals - continued program	500159	75,000	68,616	6,384	-	-	-	0%	Project completed.
PRK 05-19	Centennial Park Electrical Upgrades	500176	13,500	11,635	1,865	-	-	-	0%	Project is completed and is in warranty.
Total Recreation & Cultural Services			88,500	80,252	8,249	-	-	-	0%	
COMMUNITY PLANNING & DEVELOPMENT										
PLN 01-19	Complete East Fenwick SP	600117	20,000	6,269	13,731	-	13,839	13,839	101%	Awaiting developer to complete EIS.
PLN 02-19	Complete Zoning By-law	600118	20,000	-	20,000	-	9,537	9,537	48%	Consultant to complete mapping once staff have document prepared: Fall 2020.
Total Community Planning & Development			40,000	6,269	33,731	-	23,376	23,376	69%	
EAST FONTHILL										
RD 01-17	Summersides: Station to Wellspring (E. Fonthill)	300254	2,088,774	960,717	28,129	291	24,654	24,945	89%	Ongoing.
Total East Fonthill			2,088,774	960,717	28,129	291	24,654	24,945	89%	
Subtotal - excluding CANCELLED PROJECTS			7,963,091	2,898,401	3,475,476	593,785	2,315,624	2,909,409	84%	
CANCELLED PROJECTS										
RD 05-19	Steve Bauer Trail Paving	300464	100,000	-	100,000	-	-	-	0%	Report to be brought forward to Council to lift red-circle and be included as an item in the 2020 Road resurfacing contract.
RD 14-19	Sulphur Spring Drive Repair	300473	250,000	-	250,000	-	-	-	0%	Project ongoing. Currently out to RFP for Design Build Assignment.
DRN 01-19	Brushing Swayze Drain	900036	30,000	-	30,000	-	-	-	0%	The project will not be taking place. The property owner now does not feel that brushing is required.
Total Cancelled			380,000	-	380,000	-	-	-	0%	
Grand Total			8,343,091	2,898,401	3,855,476	593,785	2,315,624	2,909,409	75%	

Subject: COVID-19 Financial Impacts Update**Recommendation:**

BE IT RESOLVED THAT Council receive Report # 2020-0095 Corporate Services for information.

Background:

The purpose of this report is to provide an update on the potential financial impacts of the COVID-19 pandemic in the Town of Pelham. On May 19, 2020, the first report on the COVID-19 financial impact was presented to Council.

Staff continue to expect that a budget adjustment related to the changes in services, incremental cost and lost revenue associated with COVID-19 emergency response will be required. At this time full impacts are still unknown and staff will bring back a proposed budget adjustment for Council approval when more clarity around funding sources and full cost is available.

Estimates in this report are to December 31, 2020. These estimates are fluid and changing on a weekly basis as new information becomes available.

The Town of Pelham's current estimate of the tax levy supported 2020 total gross cost of COVID-19 pandemic is \$1,308,702.

The Town's current estimate of the 2020 net tax levy supported deficit as a result of COVID-19 pandemic is \$726,379.

The Town has not received any confirmation of funding to offset these COVID-19 pandemic costs. Additional funding announcements are expected but not confirmed.

The Town has a key role in mitigating the impact of COVID-19 on its community; both to implement policies and procedures aimed at reducing the spread of COVID-19 as well as minimizing the economic repercussions of the pandemic on citizens. Some of the Town's actions amid the current pandemic are as follows:

(i) Tax relief measures: the Town has waived interest and penalties for both property taxes and water/wastewater billing from April 1 to June 30, 2020. The lost

revenue relating to this relief measure is \$83,813. The Province's action to defer the required quarterly remittance of education tax collections by 90 days along with the Niagara Region allowing the Town to defer their property tax installment as a percentage of the amount collected during this period has provided financial relief to the Town.

(ii) Closing Facilities: The Province's State of Emergency on March 17th resulted in immediate closure of municipal facilities such as parks, libraries, recreation centre, Town Hall and more. The closure of these facilities is necessary to help reduce the spread of COVID-19, but there are significant revenue losses as a result. For half of March and all of April, May and June all recreational revenues at the community centre have been lost.

(iii) Cancelling of Special Events from April to the end of September: Council approved the cancellation of Summerfest and The Thursday Night Experience including Bandshell concerts. The only activity operating is the Farmer's Market. This has resulted in lost revenues.

(iv) Reducing User fees: The Pool fees will be reduced in order to further provide financial relief.

(v) Cost reduction strategies: The Town continues to assess the financial impacts of COVID-19 and implement short-term strategies to minimize the impact of revenue loss. The Town has identified incremental cost savings in the form of reduced utilities in now-closed facilities, as well as savings due to lower fuel prices. However, these savings do not offset the losses.

In the short-term, staff in non-essential work have been either laid off or redeployed to essential jobs. There has been a decrease in the number of summer students hired for the summer.

Staff have reviewed their 2020 budget line by line in order to identify savings such as not attending conferences.

Capital projects have been reviewed in order to identify projects that can be deferred. The total amount of capital projects deferred to 2021 is \$1.5M.

Analysis:

2020 Tax Levy Impact

The tax levy operating deficit of approximately \$726,379 has been forecasted to the end of December as a result of COVID-19. This is a decrease from the projection provided to Council on May 19, 2020 of \$123,441. In this projection the Meridian Community Centre will be opened starting July 6, 2020 with summer camps running and one ice pad arena available for renting. The swimming pool will be opened for swimming lessons as well. These are the main reasons why the tax levy impact has improved compared to the previous report. Please refer to Appendix 1 for the breakdown.

Cash Flow for 2020

There has been an improvement in the cash flow from May 19 report to Council related to Development Charges (DC). Effective May 18, building permits have been allowed to be issued. As a result, should the current level of DC collections continue, it is anticipated that collections will be sufficient to cover DC debt charges for the year. We have had an approximate 2% decline in aging for property taxes receivable and overall property tax collections appear on track. Staff will continue to monitor cash flows on a monthly basis.

Impact on Budget 2020 and 2021

The Town has set aside \$100,000 in the Working Funds reserve for COVID-19 expenditures. The Niagara Region is advocating on the Town's behalf for Federal and Provincial funding relief to cover the shortfall. If this does not happen, then the 2020 deficit would be added to the 2021 budget and tax levy. The \$726,379 deficit is equivalent to a 4.9% tax levy increase.

Financial Considerations:

The Town is projecting that the tax levy operating budgets will be negatively impacted by COVID-19 to December 31, 2020. Given the uncertainty around timelines and availability of funding sources, it is difficult at this time to quantify the full impact of individual items as well as the impact to the Town.

Alternatives Reviewed:

N/A

Strategic Plan Relationship: Strong Organization

The Town continues to work with the Niagara Region and other local municipalities in order to participate in a united and consistent approach to seek relief from the Federal and Provincial governments.

Consultation:

The Senior Leadership Team

Other Pertinent Reports/Attachments:

Appendix 1: Updated Financial Impact to December 31, 2020

Prepared and Recommended by:

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

Town of Pelham
 COVID-19 Financial Impact by Department
 From March 13, 2020 to December 31, 2020
 Updated June 30, 2020

Appendix 1

	Total costs supported by our approved base budget (1)	Total costs incremental to base budget (2)	Lost Revenue (3)	Confirmed Funding Announcement	Mitigations Incidental (4)	Mitigations Strategic (5)	Net Cost (Savings)	Deficit (Surplus) dollar amount (2,3,4,5)	Deficit/ (Surplus) % of Levy	Anticipated method of funding deficit	
										Stabilization reserve in 2020 Yes or No	Budget in 2021 Yes or No
CAO, Human Resources and Council	\$ 112,137	\$ -	\$ -	\$ -	\$ -	\$ (11,807)	\$ 100,330	\$ (11,807)			
Recreation, Culture and Wellness	24,982	-	648,026	-	(212,000)	(193,831)	267,177	242,195			
Clerks, Marketing & Communications	46,914	21,244	13,000	-	-	-	81,158	34,244			
Corporate Services	110,298	40,471	141,313	-	-	(15,106)	276,976	166,678			
Fire & By-law	217,648	-	10,000	-	-	(11,371)	216,277	(1,371)			
Planning & Building	28,504	-	74,438	-	-	-	102,942	74,438			
Public Works	41,841	175,620	58,625	-	(12,243)	-	263,843	222,002			
Transit		-	115,000	-	(115,000)	-	-	-			
Total Levy Supported	582,323	237,335	1,060,402	-	(339,243)	(232,115)	1,308,702	726,379	4.9%		
Water/Wastewater Rate Supported	-	-	5,000	-	-	-	5,000	5,000			
Library		5,000	47,000	-	-	(61,300)	(14,300)	(9,300)			
Building Department Permit Fees Supported	-	-	112,000	-	-	-	112,000	112,000			
Total	\$ 582,323	\$ 242,335	\$ 1,224,402	\$ -	\$ (339,243)	\$ (293,415)	\$ 1,411,402	\$ 834,079	4.9%	No	Yes

1 Salary and benefit costs for staff fully activated in the EOC, Staff unable to work due to self-isolation, needing to care for family members or being sick directly associated with COVID-19, and redeployments.

2 Additional salary, benefits and overtime costs related to managing the emergency, purchases to support emergency (eg. Cleaning supplies/services, PPE, emergency shelter, screening, advertising).

3 Estimated loss of expected revenue sources (e.g. recreational programs, special events, development applications, POA infraction revenue).

4 Estimated cost savings related to operations refocused on emergency and compliance with Provincial restriction (eg. reduced travel costs, reduced electricity, cancelled events).

5 Estimated cost savings related to mitigation measures adopted by the municipality (e.g. gapping of vacant positions, reduced non-emergency repair work, reduced transit service costs).