

DATE: June 21, 2021
REPORT NO: T-16-2021
SUBJECT: **Financial Update as of May 31, 2021**
CONTACT: Donna DeFilippis, CPA, CA Director of Finance and Treasurer

OVERVIEW:

- Presentation of a financial update as of May 31, 2021
- Included in this report is a request to approve two budget amendments that are associated with grant funding

RECOMMENDATION:

- (1) That, Report T-16-2021, regarding the “Financial Update as of May 31st, 2021”, be received for information; and,
- (2) That, Budget Amendment 2021-06 regarding the implementation of a Farmer’s Market at a cost of \$33,200, funded through the RED grant at \$16,600 and a transfer from the Contingency Reserve of \$16,600 be approved; and,
- (3) That, Budget Amendment 2021-07 regarding the Rehabilitation of the Public Works Building, at a cost of \$100,000, funded through the ICIP COVID-19 grant be approved.

ALIGNMENT TO STRATEGIC PLAN:

Theme #6

- Efficient, Fiscally Responsible Operations - the Township of West Lincoln is a lean organization that uses sustainable, innovative approaches and partnerships to streamline processes, deliver services and manage infrastructure assets

Theme #4

- Local Attractions - West Lincoln has amenities, programs and services that bring the community together to celebrate small-town and rural way of life

Theme #5

- Community Health and Safety - West Lincoln continues to be a safe community where all residents are supported to thrive throughout their lives

BACKGROUND:

The Finance Department has completed a review of operating results up to the end of May 31, 2021. **Appendix A** is a summary of the Operating Revenues and Expenditures up to May 31, 2021. The analysis has taken into account the timing and seasonality of certain budget lines. The column titled “Budget” under the “Operating YTD” heading on the attached analysis indicates the portion of the budget that would be expected to be expended as of May 31, 2021. This report summarizes the actual operating expenditures up to May 31, 2021 by service area. **Appendix B** to this report is a

presentation of May 31, 2021 results by “object” code and includes Capital expenditures. **Appendix C** to this report is a listing of the Township Uncommitted Reserve Balances projected to December 31, 2021. **Appendix D** to this report provides a summary of costs incurred as a result of the Covid-19 pandemic as of May 31, 2021.

CURRENT SITUATION:

Revenue Analysis:

All revenue items are currently on track, except for Facility Rental fees, which are projected to be below budget as a result of the Emergency Orders related to the COVID-19 Pandemic.

Expenditure Analysis:

Township operating budgets are currently within the approved budget and at this point there are no items of concern.

Financial Impact of COVID-19:

The COVID-19 pandemic continues to impact the finances of the Township in 2021. **Appendix D** outlines the costs and lost revenue as a result of COVID-19 up to May 31, 2021. At this point staff is not yet projecting the impact to December 31, 2021 due to the many unknowns at this point of the year. On April 8th, 2021, the Province of Ontario declared an emergency and a province wide stay-at-home order. That followed the April 1st, 2021 Provincial Announcement of an “emergency brake” that resulted in the closure of Township facilities to the public. At the time of preparing this report Ontario is scheduled to move to Step One of its “Roadmap to Reopen” on Friday, June 11th, 2021. The “Roadmap to Reopen” is Ontario’s three-step plan to gradually and safely lift restrictions and reopen the province.

In 2020, the Township received \$329,800 from the Province of Ontario through the Safe Restart Agreement, of which \$48,087 has been transferred into the Contingency Reserve to be used to fund 2021 COVID-19 costs. In December 2020, the Province announced that it would transfer an additional \$66,000 to the Township to assist with the COVID 19 impacts. Finally, on March 4th, 2021 funding of \$267,744 was announced from the Province through the 2021 COVID-19 Recovery Funding for Municipalities program. This last allocation was based on a formula that takes into account the proportion of COVID-19 cases in the local health unit between January 1 and February 18, 2021. In total, **\$381,831** in funds are available in 2021 to assist with COVID-19 impacts to the Township Operating fund. Any unused funds are required to be transferred into a reserve to deal with 2022 COVID-19 impacts. These funds cannot be used for Capital expenditures.

At this point staff are anticipating that “hybrid” Committee and Council meetings will commence in September 2021. A “hybrid” meeting will enable attendance both in-person and remotely through Zoom. As restrictions continue to be lifted, in-person meetings will be permitted, with possible capacity restraints. The ability to conduct a “hybrid” meeting will accommodate various methods of participation while ensuring public safety, transparency and public engagement are all well considered. It is

estimated that the cost to run this format of a meeting will be approximately \$8,000 for the months of September to December, with the additional costs covered through the COVID-19 funding provided by the Province of Ontario.

Purchasing Activity:

The Township's purchasing policy grants the CAO purchasing authority up to \$100,000. In the month of April, the CAO approved the following (the Amount column is before taxes):

Vendor	Amount	Project
Vince Stewart Building Services	\$ 16,900.00	Caistorville Library Roof
Active Network	\$ 18,028.50	Recreation & Facility Booking Software
Civica Water Management Solutions	\$ 64,600.00	Sewer Inflow and Infiltration Monitoring
Kilton Inc.	\$ 58,900.00	Network Server

All of the items above are within the approved budget.

FINANCIAL IMPLICATIONS:

Budget Amendment:

Amendments to the approved budget are requested by staff when they become aware of changes to the original Council approved budget. As part of the 2021 budget approval, Council approved the following recommendation:

“7. That, Council delegate authority to the CAO to approve in year 2021 budget amendments up to \$20,000 per item and to report to Council on a monthly basis regarding such amendments; and, “

Any amounts over \$20,000 would go directly to Council for approval. Commencing in 2021, the Finance Department will establish a numbering system for all budget amendments and will also include a summary of in-year budget amendments with the monthly financial update. These new procedures will further strengthen the budgeting processes of the Township and enhance transparency to the public.

To date, the following budget amendments have been approved:

Number	Description	Amount	Funding Source
BA2021-01	Town Hall Renovations in Former Library	\$ 10,000.00	Capital Reserve
BA2021-02	Bandshell	\$ 45,000.00	Facilities Reserve
BA2021-03	Hard-topping Concession 5 from Abingdon to Caistor Center Road	n/a	change in scope
BA2021-04	Pick Up Truck project 236	\$ 6,000.00	Equipment Reserve
BA2021-05	Building Department Review	\$ 17,000.00	Contingency Reserve-Modernization Grant

This month staff is requesting the approval of the following two budget amendments:

BA2021-06 Farmer's Market:

Staff applied and were successful in obtaining funding from the Rural Economic Development (RED) program towards the establishment of a Farmer's Market. The funding agreement covers the years 2021 and 2022 and includes the approval of eligible costs up to \$71,800, with the grant covering 50% of these costs. Expenditures in 2021 are anticipated to total \$33,200. A 2021 budget amendment request to fund the Farmer's Market project at a cost of \$33,200 funded by the RED grant of \$16,600 and a transfer from the Contingency Reserve of \$16,600 is requested. The establishment of a Farmer's Market is an initiative outlined in the Corporate Strategic Plan under Theme #4, Local Attractions.

BA2021-07 Public Works Building Renovations:

On October 28, 2020, Ontario announced the ICIP COVID-19 Resilience Infrastructure Stream ("COVID stream") under the Investing in Canada Infrastructure Program (ICIP) in Ontario. In November 2020 the Township was informed that its allocation under this program was \$100,000 with no cost sharing required. The Federal Government would be funding 80% of the cost and the Province of Ontario would fund 20% of the costs. Based on the specific eligibility requirements tied to the funding, staff submitted a project to update the Public Works Building as follows:

- repair internal walls that have shifted and deteriorated over time
- install a proper exhaust/air flow system in the working bays for better air quality in the work place
- replace old bay doors
- convert all lighting to LED to be a more environmentally friendly workplace
- update the office spaces

Staff is requesting a budget amendment to approve the \$100,000 project to rehabilitate the Public Works Building funded by the ICIP COVID-19 stream grant. This project is outlined in the Corporate Strategic Plan, under the Theme #5 Community Health and Safety.

INTER-DEPARTMENTAL COMMENTS:

This report was reviewed by the CAO.

CONCLUSION:

It is concluded that Council receive the Financial Update as of May 31st, 2021 Report as an item of information and approve the two requested budget amendments.

Prepared & Submitted by:



Donna DeFilippis, Director of Finance

Approved by:



Bev Hendry, CAO