



Financial Statement Analysis

2020 FINANCIAL STATEMENTS

March 2021

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Sources of Funding for a Municipality

1. Cash Generated

- Property Taxes
- Utility Fees
- User Fees
- Government Grants
- Rental Income
- Investment Income
- Licenses and Permits Etc

2. Allocation of Accumulated Surplus (not current cash)

- Transfers from Reserves

Expenditures for a Municipality

1. Cash Expenses (amounts recorded on the Statement of Operations)
 - Salaries and Benefits
 - Advertising
 - Repairs and Maintenance
 - Interest Portion of Debt etc.

2. Non-Cash Expenses (amounts recorded on the Statement of Operations and not funded)
 - Amortization

3. Reduction of Liabilities
 - Principle Portion of Debt (reduction of liabilities on the balance sheet)

4. Increase in Tangible Capital Assets
 - Government Grants for capital assets purchased are recognized as income but the purchase is not recognized as an expense rather an increase in assets on the balance sheet

Revenue Analysis 2020

The total revenue for 2020 as per the statement of operations was \$9,915,737.

Included in this amount are revenue amounts that were not budgeted for, not used to fund operations rather transferred to reserves as follows:

Proceeds from the sale of two lots	\$137,700
Grant from the MD for Construction of Early Learning Centres	\$500,000

Also included in this amount is revenue amounts budgeted for but not used for operations rather directly transferred to reserves such as:

Investment Income	\$299,158
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Finally, also included in revenue is the CFEP Grant forwarded to the Town from Allied Arts for the Elevator Project. This amount although recorded as revenue in the Statement of Operations will be used to fund the Elevator which is a capital asset to the Town not an operating expense.

CFEP Grant from Allied Arts	\$42,503
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The total of these amounts is \$979,361.

Therefore, the total revenue used for operations is calculated as:

$\$9,915,737 - \$979,361 = \$8,936,376.$

Expense Analysis 2020

The Town experienced reduced expenses in 2020 due to COVID-19 such as:

- 1. Reduction in salaries and benefits**
 - a. training and travel was virtual reducing the cost**
 - b. positions not being filled**
- 2. Facilities closed resulting in reduced operational costs such as utilities etc.**

These expenses were expected to be paid through user fees and property taxes so not incurring these resulted in a surplus for 2020.

This 2020 surplus was then allocated to expenses that were budgeted to be funded through previous years accumulated surplus or transfers from reserves.

The 2020 Operating Budget included a total transfer from reserves to cover operating expenses of \$918,437. This amount is included in the Statement of Operations as expenses but there is no revenue for this amount on the Statement of Operations as these expenses were being funded through accumulated surplus or transfers from reserves.

The actual amount transferred from reserves for 2020 to cover operating expenses was \$297,122.

The difference between the 2020 budgeted transfer from reserves of \$918,437 and the 2020 actual transfer from reserves of \$297,122 is \$621,315.

These are expenses that may have been incurred but no revenue generated in 2020 to pay for these expenses so no cash surplus.



TOWN OF PINCHER CREEK

Statement of Operations - By Department

For the Twelve Months Ending Thursday, December 31, 2020

	2020 Actual (Unaudited)	2020 Budget	Variance	% Variance
Revenues				
Net municipal property taxes	\$4,331,558.28	\$4,330,825.93	(\$732.35)	100.02%
User fees and sales of goods	1,948,238.28	1,993,273.75	45,035.47	97.74%
Government transfers for operating	1,551,013.79	1,052,668.00	(498,345.79)	147.34%
Franchise and concession contracts	837,684.41	825,050.00	(12,634.41)	101.53%
Rentals	635,604.13	752,948.60	117,344.47	84.42%
Investment income	299,158.16	221,360.00	(77,798.16)	135.15%
Penalties & Costs	92,581.22	92,100.00	(481.22)	100.52%
Licences & Permits	106,862.50	93,600.00	(13,262.50)	114.17%
Other Revenues & Adjustments	113,036.80	191,289.17	78,252.37	59.09%
Total Revenue	9,915,737.57	9,553,115.45	(362,622.12)	103.80%
Expenses				
Legislative	275,043.61	311,963.87	36,920.26	88.17%
Administration	873,354.84	878,629.70	5,274.86	99.40%
Protective Services	842,905.26	835,207.99	(7,697.27)	100.92%
Common and equipment pool				0.00%
Roads, streets, walks & lighting	1,261,256.50	1,255,944.17	(5,312.33)	100.42%
Water supply & distribution	1,190,187.51	1,118,328.17	(71,859.34)	106.43%
Wastewater treatment & disposal	775,209.37	785,617.26	10,407.89	98.68%
Waste management	459,550.48	552,893.14	93,342.66	83.12%
Other environmental use & protection	44,896.23	74,692.68	29,796.45	60.11%
Public health & welfare services	309,053.09	344,389.39	35,336.30	89.74%
Planning & development	581,546.05	701,172.27	119,626.22	82.94%
Recreation & Culture	2,886,985.32	3,397,778.62	510,793.30	84.97%
Loss on sale of tangible capital assets	61,576.51		(61,576.51)	0.00%
Total Expenses	9,561,564.77	10,256,617.26	695,052.49	93.22%
Excess revenue over expenses	354,172.80	(703,501.81)	(1,057,674.61)	(50.34%)
Other				
Government transfers for capital	882,842.76	125,000.00	(757,842.76)	
Gain on disposal of tangible capital assets	57,657.50	500.00	(57,157.50)	
	940,500.26	125,500.00	(815,000.26)	
Excess of revenue over expenses	1,294,673.06	(578,001.81)	(1,872,674.87)	
Surplus Funds Allocated Below:				
Acquisition of tangible capital assets	4,120,390.09	5,033,940.00	913,549.91	
Loan Funding	(1,900,924.60)	(1,837,500.00)	63,424.60	
Repayment of debenture principle	135,381.94	227,709.09	92,327.15	
Net transfers to/from reserves	773,071.97	(2,752,605.76)	(3,525,677.73)	
Gain on sale of TCA	57,657.50	500.00	(57,157.50)	
Less: Amortization	(1,671,573.50)	(1,250,706.00)	420,867.50	
Less: Loss on sale of TCA	(61,576.51)		61,576.51	
Less: Purchase of Excavator & Loader on Trade In	(158,300.00)		158,300.00	
	1,294,126.89	(578,662.67)	(1,872,789.56)	
Net surplus (deficit)	546.17	660.86	114.69	



TOWN OF PINCHER CREEK

Operating Statement - By Object

For the Twelve Months Ending Thursday, December 31, 2020

	2020	2020_BUDGET		
	Current Year Actual	Current Year Budget	Variance	% Variance
Revenues				
Net municipal property taxes	\$4,331,558.28	\$4,330,825.93	(\$732.35)	100.02%
User fees and sales of goods	1,948,238.28	1,993,273.75	45,035.47	97.74%
Penalties and costs of taxes	92,581.22	92,100.00	(481.22)	100.52%
Licences and permits	106,862.50	93,600.00	(13,262.50)	114.17%
Franchise fees	837,684.41	825,050.00	(12,634.41)	101.53%
Return on Investments	299,158.16	221,360.00	(77,798.16)	135.15%
Rentals & Leases	635,604.13	752,948.60	117,344.47	84.42%
Government transfers for operating	1,551,013.79	1,052,668.00	(498,345.79)	147.34%
Other Revenues & Adjustments	113,036.80	191,289.17	78,252.37	59.09%
Total Revenue	9,915,737.57	9,553,115.45	(362,622.12)	103.80%
Expenses				
Salaries, wages & benefits	3,508,522.47	3,913,723.84	405,201.37	89.65%
Contracted and general services	338,912.72	392,105.64	53,192.92	86.43%
Professional Services	1,186,934.91	1,307,614.92	120,680.01	90.77%
R & M and rentals & leases	808,749.07	1,172,965.47	364,216.40	68.95%
Insurance	140,427.45	143,270.15	2,842.70	98.02%
Goods	406,184.76	467,826.94	61,642.18	86.82%
Utilities	672,597.51	729,429.05	56,831.54	92.21%
Land Held For Resale - Costs	6,036.79		(6,036.79)	0.00%
Amortization	1,671,573.50	1,250,706.00	(420,867.50)	133.65%
Transfer To Other Operating		(0.01)	(0.01)	0.00%
Transfers to Organizations	569,056.20	675,171.00	106,114.80	84.28%
Loss Disposal Capital Assets	61,576.51		(61,576.51)	0.00%
Bank Charges	7,783.86	6,495.01	(1,288.85)	119.84%
Interest on long-term debt	129,499.40	151,038.20	21,538.80	85.74%
Other Expenditure & Adjustment	53,709.62	46,271.04	(7,438.58)	116.08%
Total Expenses	9,561,564.77	10,256,617.25	695,052.48	93.22%
Excess (Deficiency) revenue over expenses before other	354,172.80	(703,501.80)	(1,057,674.60)	(50.34%)
Other				
Government transfers for capital	882,842.76	125,000.00	(757,842.76)	706.27%
Gain on sale of tangible capital assets	57,657.50	500.00	(57,157.50)	11531.50%
	940,500.26	125,500.00	(815,000.26)	749.40%
Excess (Deficiency) revenue over expenses	1,294,673.06	(578,001.80)	(1,872,674.86)	(223.99%)
Surplus Funds Allocated Below				
Acquisition of tangible capital assets	4,120,390.09	5,033,940.00	913,549.91	81.85%
Loan Funding	(1,900,924.60)	(1,837,500.00)	63,424.60	103.45%
Repayment of debenture principle	135,381.94	227,709.09	92,327.15	59.45%
Net transfers to/from reserves	773,071.97	(2,752,605.76)	(3,525,677.73)	(28.09%)
Gain on sale of tangible capital assets	57,657.50	500.00	(57,157.50)	11531.50%
Amortization	(1,671,573.50)	(1,250,706.00)	420,867.50	133.65%
Purchase of Excavator & Loader on Trade In	(158,300.00)		158,300.00	0.00%
Loss on sale of tangible capital assets	(61,576.51)		61,576.51	0.00%
	1,294,126.89	(578,662.67)	(1,872,789.56)	(223.64%)
Balanced budget	546.17	660.87	114.70	82.64%



TOWN OF PINCHER CREEK

Allocation of Surplus

For the Twelve Months Ending Thursday, December 31, 2020

	2020 Actual (Unaudited)	2020 Budget
Excess Revenue over Expenses from Statement of Operations	354,172.80	(703,501.80)
Non Cash Expenses (expenses that are not paid or payable)		
Loss on sale of capital assets	61,576.51	-
Amortization	1,671,573.50	1,250,706.00
Cash Excess Revenue over Expenses	2,087,322.81	547,204.20
Transfer to Reserves	(2,206,014.00)	(1,172,246.21)
Transfer from Reserves Operating	297,122.00	918,437.07
Repayment of debenture principle	(135,381.94)	(227,709.09)
Transfer from Allied Arts for Elevator recorded as a grant	(42,502.80)	(65,025.00)
Net Cash Surplus Budgeted	546.07	660.97

Transfer To Reserves Variance from Budget

Actual Transfer to Reserves	2,206,014.00
Budgeted Transfer to Reserves	1,172,246.21
	1,033,767.79
Sale of two lots	137,700.00
PC EMA Surplus Funds from MD	5,468.89
Additional Reserve Transfer Cemetery	14,184.21
MD Grant for PC Early Learning Centres	500,000.00
Additional Investment income	35,914.58
Sale of Garbage Truck	50,000.00
Transfer of 2020 Surplus	290,500.00
	1,033,767.68



TOWN OF PINCHER CREEK
Capital Assets Purchased and Funding Sources
For the Twelve Months Ending Thursday, December 31, 2020

	2020 <u>Actual (Unaudited)</u>
Capital Asset Purchased and/or constructed	<u>4,120,390.09</u>
Funding for Purchase and Construction of Capital Assets	
Reserves	(1,135,819.93)
Government Grants (recorded on Statement of Operations as revenue)	(882,842.76)
Allied Arts CFEP Grant (recorded on Statement of Operations as revenue)	(42,502.80)
Loan Funding	(1,900,924.60)
Skid Steer and Excavator Assets Traded in	<u>(158,300.00)</u>
	<u>(4,120,390.09)</u>
Funding for Excavator and Truck Loader	
Skid Steer and Excavator Purchase	158,300.00
Trade in value Excavator	(78,000.00)
Trade in value Track Loader	<u>(62,900.00)</u>
Cash Payment	<u>17,400.00</u>

Description	2019 Year End	2020 Transfer To Reserves	2020 Transfer From Reserves	2020 Year End
OPERATING RESERVES:				
Municipal Income Stabilization	673,160.61	290,500.00	-65,395.87	898,264.74
General Contingency	494,129.45		0.00	494,129.45
Legislative	30,660.47	10,500.00		41,160.47
Disaster	7,932.68	5,468.89		13,401.57
Utilities	0.00			0.00
CAPITAL RESERVES:				
Capital Investment Fund	1,539,358.67	10,000.00	-388,948.69	1,160,409.98
RCMP Building Reserve	109,629.33	7,105.00	-16,816.46	99,917.87
Equipment Reserve	10,775.29	122,914.58	-40,946.25	92,743.62
General Streets Reserve	165,635.99	100,000.00	-179,793.31	85,842.68
Utilities reserve	3,019,419.28	445,000.00	-366,336.92	3,098,082.36
Garbage Equipment Depreciation	161,728.73	110,000.00	-271,728.73	0.00
Cemetery	18,222.53	16,184.21		34,406.74
Land Development Reserve	0.00	161,341.00		161,341.00
Pool Infrastructure	0.00	80,000.00	-27,320.03	52,679.97
Arena Building Reserve	2,442,514.41	250,000.00		2,692,514.41
General Parks Reserve	83,424.88	73,000.00	-48,609.45	107,815.43
General Sportsfield Reserve	134,877.16	10,000.00	-7,500.00	137,377.16
Community Recreation Centre Bldg.	127,162.97		-4,689.50	122,473.47
Culture Reserve	61,521.07	14,000.00	-14,856.50	60,664.57
PCCELC - to be transferred to loan in 2021		500,000.00		500,000.00
TOTAL	9,080,153.52	2,206,013.68	(1,432,941.71)	9,853,225.49