

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG



Report to:	Mayor and Council Members	Priority:	<input type="checkbox"/> High <input checked="" type="checkbox"/> Low
Submitted by:	Ian D. Davey, BBA CPA CA Treasurer / Director of Corporate Services idavey@cobourg.ca	Meeting Type:	Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/>
Meeting Date:	November 15, 2021		
Report No.:	[Report Number]		
Submit comments to Council			

Subject/Title: Northam Industrial Park – 2021 Third Quarter Financial Report

RECOMMENDATION:

THAT Council receive the Third Quarter 2021 Northam Industrial Park Financial Report for information purposes.

1. STRATEGIC PLAN

N/A

2. PUBLIC ENGAGEMENT

N/A

3. PURPOSE

The purpose of this report is to provide Council with the financial results for the first nine months of 2021.

4. ORIGIN AND LEGISLATION

This report covers the period from January 1, 2021 through to September 30, 2021 and is intended for information purposes.

5. BACKGROUND

The Town of Cobourg purchased Northam Industrial Park from the Ontario Realty Corporation on March 4, 2003. The original purchase price was financed by way of a loan from the Royal Bank of Canada in the amount of \$14 million. The loan was repaid in full as of March 4, 2018 after 15 years of ownership by the Town. The loan was repaid entirely from the revenue generated by the park without the use of tax dollars.

In addition, the revenue from Northam has been used to provide financial assistance to many upgrades to the infrastructure of the industrial park as well as many municipal capital projects over the years.

6. ANALYSIS

The attached report is unaudited and has been prepared internally from information provided by the park management group and consists of three pages as follows:

Balance Sheet (Page 4)

The asset section is split between current assets of \$6,810,863 and capital assets of \$17,232,634. The bank balance includes an operating balance of \$4,377,723 and a capital reserve of \$2,000,000. The bank balance has increased by \$1,408,198 since January 1, 2021.

The liabilities as of September 30, 2021 were \$449,012 compared to \$988,487 at the start of the year.

The book value of the equity in the park is \$23,594,485 as of September 30, 2021. This value is based on historical accounting results during the period from March 4, 2003 to September 30, 2021. This value should not be interpreted as a reflection of the current market value of the property.

Income Statement (Page 5)

The income statement is presented in four columns including the 2019 and 2020 actual results for the full year and the 2021 actual results to September 30, 2021 along with the budget for the full 2021 fiscal year.

Operating results for the first nine months are slightly ahead of expected at approximately 75.31% of the total budgeted revenue for the year. Vacancies

within the park continue to be at a low level and are expected to remain at current levels for the remainder of 2021.

Operating and administrative expenses continue to be at or below budgeted amounts and it is expected that these line items will remain within budget for the remainder of the year.

Cash Flow Report (Page 6)

The cash flow report is intended to provide a summary of the changes in the cash balance from the start of the fiscal year to the end of September 2021. The cash balance has increased over the first nine months of 2021 by the amount of \$1,408,198. Cash has been generated by net income prior to amortization, by collection of accounts receivable and by an increase in tenant deposits. Cash has been used to increase prepaid expenses, invest in capital assets and reduce accounts payable. Cash flow is expected to remain in the positive during the remainder of 2021.

7. FINANCIAL IMPLICATIONS/BUDGET IMPACTS

The 2021 Town of Cobourg Operating and Capital budgets included the amounts of \$1,190,300 and \$30,500 respectively to be funded from Northam Industrial Park operations. This financial report indicates that this remains a viable commitment.

8. CONCLUSION

This report has been provided to Council and Members of the Public for information purposes.

If there are any specific questions on any of this financial information, I would be pleased to provide an explanation.

Report Approval Details

Document Title:	Northam Industrial Park - Third Quarter Financial Report - Corporate Services-141-21.docx
Attachments:	
Final Approval Date:	Nov 3, 2021

This report and all of its attachments were approved and signed as outlined below:

Tracey Vaughan, Chief Administrative Officer - Nov 3, 2021 - 5:59 PM