

Town of Halton Hills 2020 Financial Statement Review

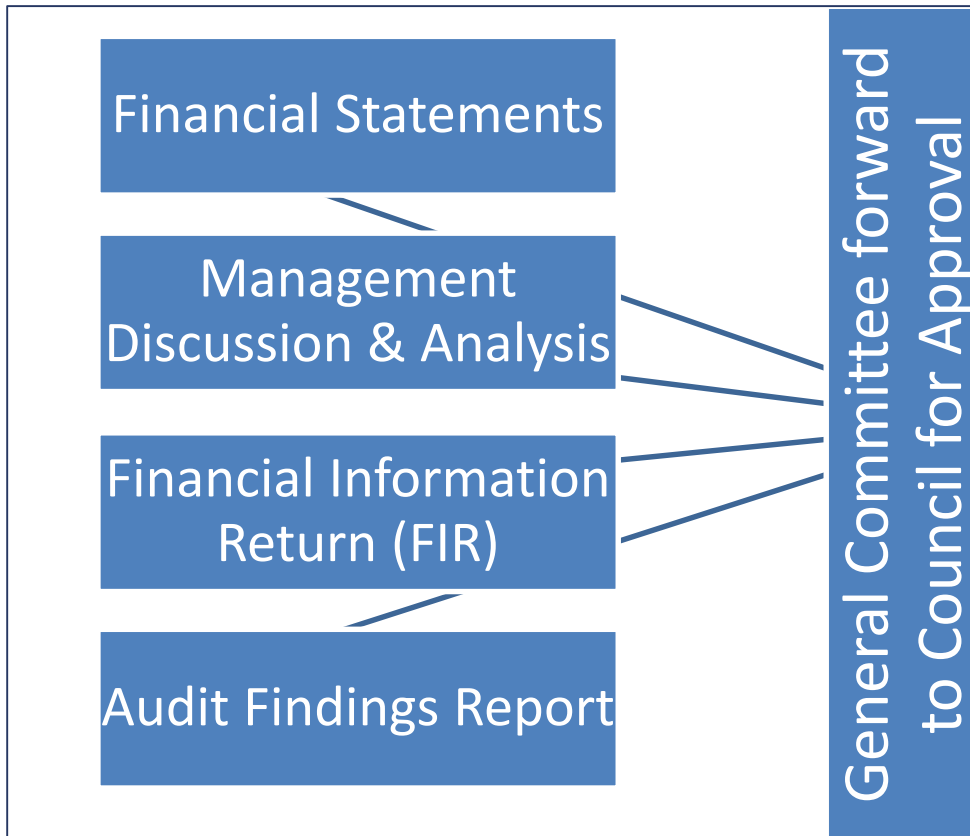
Council – July 5, 2021

*Moya Jane Leighton,
Treasurer and Director of Finance*

Agenda

1. Today's Financial Reports
2. 2020 – A Year in Review
 - Challenges – COVID-19 Pandemic
 - Highlights & Achievements
3. Financial Statements Overview
4. Reserves and Internal Borrowing
5. Provincial Financial Indicators
 - Debt Servicing Cost

Today's Financial Reports



Final 2020 Operating Budget
Surplus Distribution

2020 Reserves & Sensitivity
Targets

2020 DC Treasurer's
Statement

2020 – A Year In Review

Challenges

COVID-19 Pandemic

- **Financial Impacts:**
 - Closure of parks and recreation facilities, modified programming
 - Suspension of penalties and interest and other rate relief provided
 - Managed cash flow uncertainties through capital project deferral
- **COVID-19 related operating budget deficit \$1,310,989**
 - Shortfall 100% offset with Provincial/Federal Safe Restart Funding

Non-Discretionary Cost Increases

- Insurance premium increase
- Legal fees for municipal matters

Highlights & Achievements

Mitigation measures:

- PT wage reductions re: suspension of operations & closure of facilities
- Reduced travel, discretionary expenditures & contracted services
- Non-essential staff training – cancelled

Final operating budget surplus:

	\$	
Non-COVID related surplus	455,222	} Distributable Surplus \$782,759
COVID related transit surplus	327,537	
Contract labour c/f to 2021	260,805	
TOTAL	1,043,564	

Financial Statements Overview

Town Consolidated Financial Statements

Includes:

- Halton Hills Library Board
- Acton BIA
- Georgetown Central BIA
- HHCEC

Excludes:

- Trust Funds



Package also includes separate financial statements:

- Halton Hills Library Board – (Approved by Town Council)
- Acton & Georgetown BIAs (Approved by Local Boards)
- HHCEC (Approved by HHCEC Board)
- Trust Funds (Approved by Town Council)

2020 Consolidated Financial Statements

Statement of Financial Position

Assets, liabilities, and accumulated surplus as at Dec 31, 2020.

Statement of Operations

Revenues, expenses, & current year surplus for the year ended Dec 31, 2020.

Statement of Change in Net Financial Assets

Net financial assets, tangible capital asset transactions, and changes in other financial assets.

Statement of Cash Flows

Cash position and changes during the year. Shows all sources and uses of cash.

Statement of Financial Position

- \$7.1M increase in cash
 - Deferral of large spending re: COVID uncertainty
 - Receipt of \$3.1M re: Hydro promissory note
 - Receipt of Safe Restart Agreement funding
 - Cash on hand vs long term investments – COVID-19 mitigation strategy
- \$2.2M decrease in Investment in HHCEC
 - Lower earnings in 2020
 - Draw down on dividends
- \$2.5M decrease in Long Term Liabilities
 - Debt repayment strategy

Statement of Operations

The impacts of COVID – clearly visible

Revenues

- User fees have decreased by \$3.8M
- \$1.3M Safe Restart funds have increased Provincial grants
- Decrease in equity income from HHCEC of \$1.4M

Expenses

- Decrease in recreation and cultural services expenses
- Decrease in Planning expenses

2020 Non COVID impacts:

- Amortization expense \$17.6M
- Interest income from cash & investments \$2M
- DC revenue recognized \$5.2M

Reserves and Internal Borrowing

- Reserves increased by \$6.7M
 - \$3.1M Hydro PN
 - \$3.2M Proceeds on sale of capital assets
 - \$0.7M – 2020 operating surplus

	<u>2019</u>	<u>2020</u>	<u>Difference</u>
WSIB Reserve*	745,820	795,820	
2020 Operating surplus	0	782,759	
Discretionary Reserve	10,335	10,618	
Other Reserves	54,727,944	61,526,237	
	<u>55,484,099</u>	<u>63,115,434</u>	
Less DC Borrowing	(18,643,193)	(19,559,459)	
Less Heritage Acton Loan	(512,447)	(500,447)	
	<u>36,328,459</u>	<u>43,055,528</u>	6,727,069

* WSIB reserve is net against unfunded employee benefits in the accumulated surplus

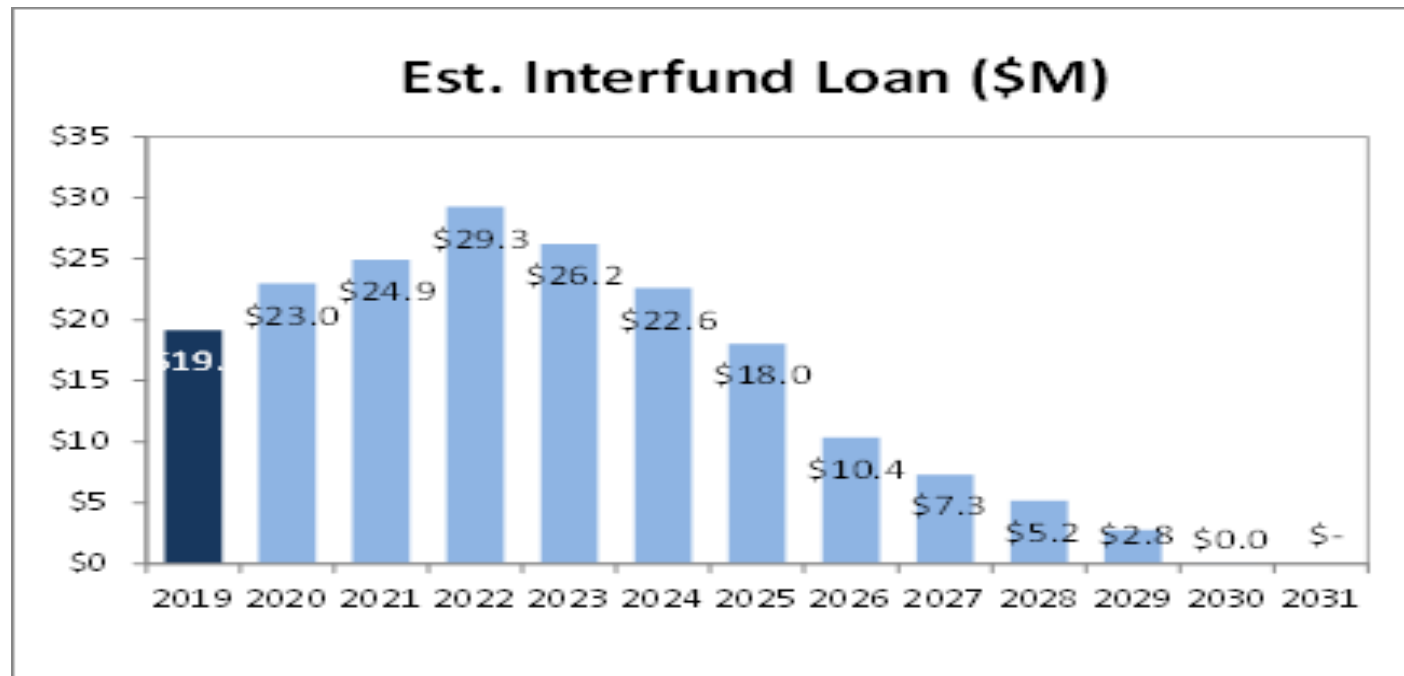
Current DC Deficit Funded From Internal Borrowing

DC Reserve Fund	Internal Loan (Before OC*)	Internal Loan (After OC*)
Transportation	\$522,057	\$522,057
Storm Water Management	687,416	695,827
Municipal Parking	279,898	279,898
Fire Protection	1,389,047	1,389,047
Recreation & Parks	14,932,929	16,444,964
Library Services	1,048,790	1,048,790
Administration Services	699,321	1,345,032
TOTAL	\$19,559,459	\$21,725,615

* OC = Outstanding Commitments

Repayment of Internal Borrowing

- Internal borrowing increases until Vision Georgetown starts
- 2019 Long Range Financial Plan forecast for repayment:



** Assumes Vision Georgetown commences in 2023 and is based on the 2021 approved capital budget*

Development Charges

Business Process Efficiency

Before:

- Internal borrowing for DC shortfall – Use positive balance DCs first and then Town reserves when total DCs = \$0

Challenge:

- Staff time in managing/tracking multiple borrowing scenarios
- 100% manual tracking – no automation

After:

- All internal borrowing from Town reserves
- Improved reporting of internal borrowing in financial statements
- Easier to incorporate into LRFP
- Easier to report in FIR

Provincial Financial Indicator

External Debt Servicing Cost as a % of Total Revenues

2020	2019	2018	2017	2016
6.1%	6.4%	6.1%	5.9%	5.6%

- Indicator – still in MODERATE RISK category (between 5% - 10%)
- 2019 LRFP – anticipated this indicator will remain in the MODERATE RISK category until 2024

2020 Long Term Debt

\$

Principal Outstanding Jan 1, 2020

23,696,743

Repayments:

Town

(4,427,360)

Town (Recovered from Halton Region)

(3,674) (4,431,034)

New Debt Issued

22nd Sideroad construction

1,900,000

Principal Outstanding Dec 31, 2020

21,165,709

Repayable to:

20,108,675

Halton Region

1,057,034

SouthWestern Energy

Summary

Notwithstanding the impacts of COVID-19 :

- Implementation of operational mitigation measures and cost savings
 - New efficiencies
 - Careful cash management
 - Deferral of capital spending and
 - Provincial/Federal Safe Restart Funding grants - :
- the Town finished 2020 in a modest financial position.**

Questions

