

2020 MANAGEMENT DISCUSSION AND ANALYSIS

The Town of Caledon prepares its budget on a fund accounting basis where budgeted capital and operating expenditures are balanced with revenues. Like all other municipalities, the Town of Caledon is required under the Public Sector Accounting Board rules to prepare financial statements on the full accrual basis of accounting, including amortization, tangible capital assets and post-employment benefits.

The Consolidated Financial Statements in the 2020 Financial Report have been prepared in accordance with general accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. By converting the Town's statements to a full accrual basis, it changes the budget from a balanced budget to recognize either a surplus or deficit. The statements and related information are the responsibility of management and include the financial activities of all entities deemed to be controlled by the Town of Caledon.

Some highlights of the 2020 financial statements include:

- A significant net investment in Tangible Capital Assets of \$33.6 million in infrastructure, roads, equipment and facilities.
- An increase in cash and long-term investments of \$6.0 million to better match future cash needs related to debt, capital investments, and work on the Town's Asset Management Plan.
- An increase taxes receivable of \$3.2 which relates primarily to the impact the pandemic has had on the collection of property taxes and the implementation of a COVID-19 2020 property tax deferral program that allowed taxpayers to defer taxes to December 31, 2020 without incurring penalties and interest.
- A decrease in long-term liabilities of \$1.4 million due to continued repayment of current debt and a delay in debenturing an additional \$4.1 million in debt in order to coordinate with the Region of Peel and to receive favourable debt terms.
- The 2020 statement of operations reflects a full accrual surplus of \$44.8 million mainly due to contributed assets (e.g. Town assumption of public infrastructure works from completed developments) received in 2020 of \$5.8 million, \$17.9 million of development charge revenue recognized relating to growth-related construction projects such as the Growth Related Roads Program, Fire Training Facility, Southfields Community Centre and Public Works Yard Expansion's and \$8.9 million of gas tax grant funds related to road and bridge rehabilitation projects. Compared to budget there was a surplus of \$3.4 million mainly due to a significant savings from salary gapping due to a hiring freeze and a declared emergency leave as a result of the pandemic, \$1.5 in safe restart funding received from the Federal and Provincial government to assist with COVID-19 budget pressures such as revenue loss from penalties and interest collected on tax arrears and various contract savings due to the pandemic such as training and development.

2020 FINANCIAL POSITION OF THE TOWN

The Town's total net assets (also referred to as accumulated surplus) increased by \$44.8 million in 2020 as shown in the table below:

| Description | Change in 2020 Increase/(Decrease) (\$ millions) | Calculation |
|---|--|----------------|
| Financial Assets – e.g. cash, receivables and investments | \$7.5 | A |
| Financial Liabilities – e.g. payables, deferred revenues and debt | (\$3.5) | B |
| Non-financial Assets – e.g. tangible capital assets | \$33.8 | C |
| 2020 Change in Total Net Assets | \$44.8 | D=A-B+C |

Financial Assets

| As at December 31 (\$ millions) | 2020 | 2019 | Change in 2020 Increase/ (Decrease) |
|---------------------------------|----------------|----------------|-------------------------------------|
| Cash and Cash Equivalents | \$89.6 | \$85.9 | \$3.7 |
| Short-term Investments | \$37.0 | \$45.9 | (\$8.9) |
| Taxes Receivable | \$13.1 | \$9.9 | \$3.2 |
| Trade and other receivables | \$6.2 | \$7.9 | (\$1.7) |
| Long-term Investments | \$55.9 | \$44.7 | \$11.2 |
| | \$201.8 | \$194.3 | \$7.5 |

The \$7.5 million increase in financial assets for the Town is mainly attributed to the following:

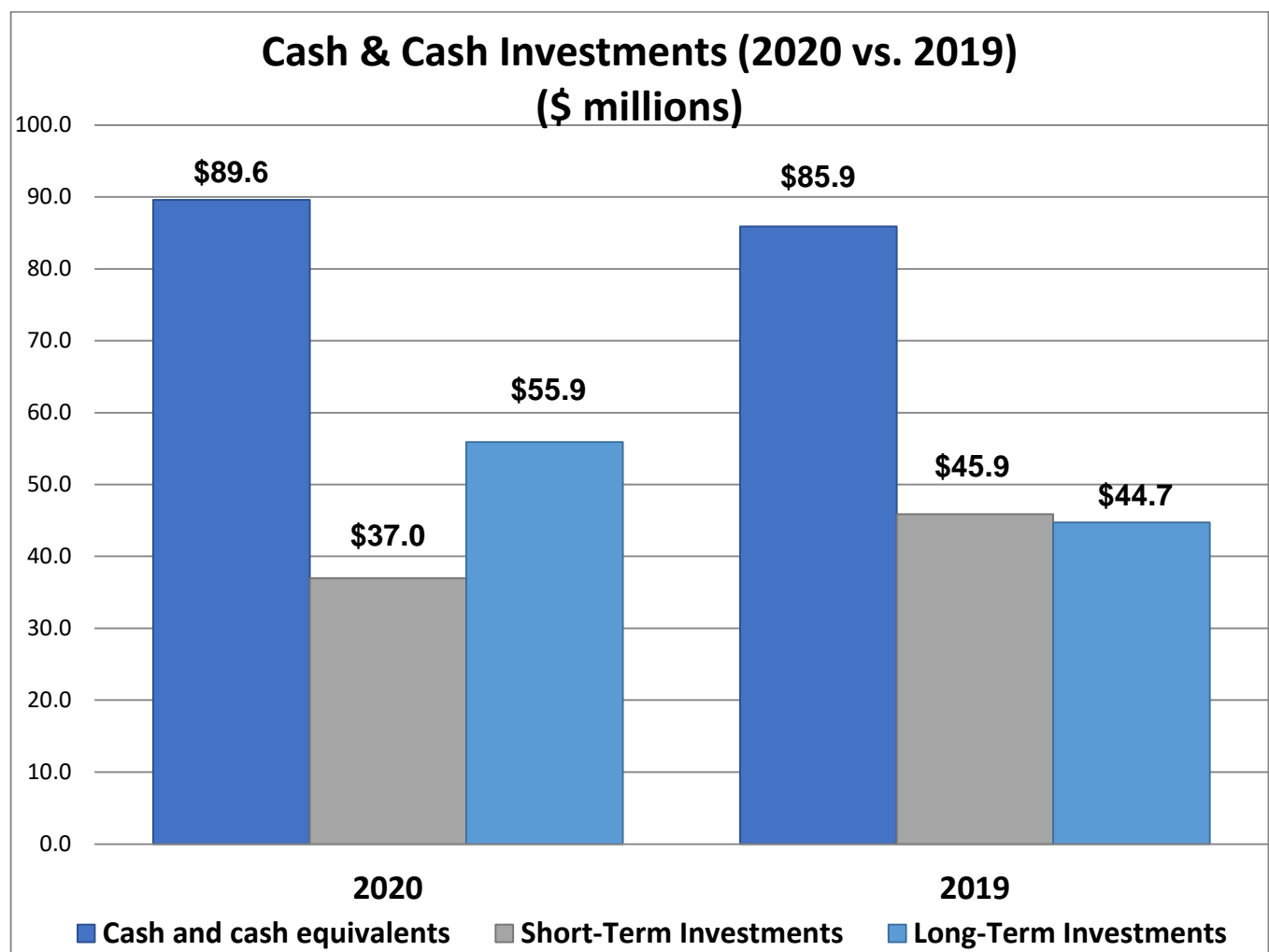
- \$3.7 million increase in cash and cash equivalents mainly due to the collection of tax receivables in December due to Town's 2020 tax deferral pandemic program deadline. Cash equivalents consist of highly liquid investments which amount to \$51.3 million in 2020 and \$67.8 million in 2019.
- \$8.9 million decrease in short term investments as many short-term investments matured in 2020, allowing these funds to be re-invested into longer term investments.
- \$3.2 million increase in taxes receivable, corresponding with an increase in the overall property tax levy due to the impact of the pandemic and providing taxpayers a tax relief program. The Town continues a proactive property tax collection process which has included selling properties more than 3 years in tax arrears. The current collection process also provides for a tax arrears payment program where Town staff assist taxpayers, in arrears, develop a financial payment plan to be current in 3 years.

- \$11.2 million increase in long term investments due to re-investing funds that matured in 2020.
- Change in Trade and other receivables mainly relates to timing and less activity in Recreation due to the pandemic.

Investments

Overall cash and investments increased by \$6 million from 2019 to 2020 as a result of improved cash flow from:

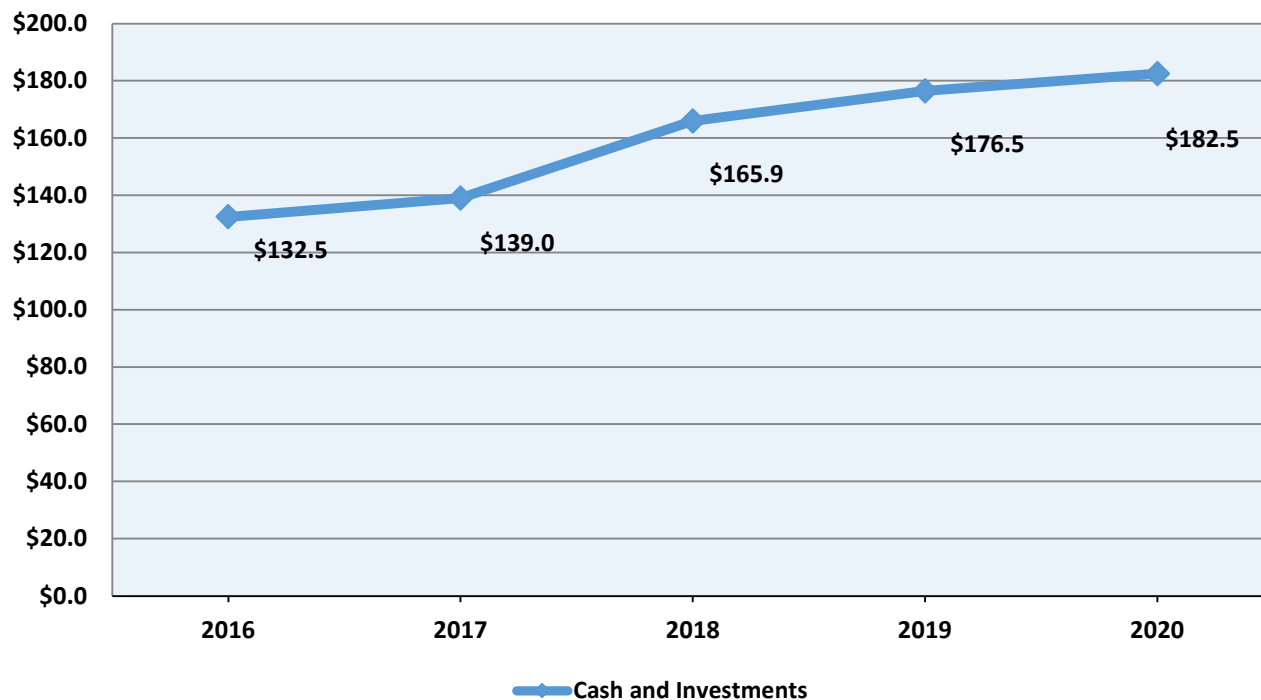
- Increase in development activity resulting in an increase of cash-in-lieu parkland dedication and development charges that was collected in 2020 but not spent;
- Increase in the supplementary assessment revenue received for new tax assessments from the Municipal Property Assessment Corporation (MPAC) and payment in lieu of property taxes;
- More cash at year end then expected due to the timing of taxes receivable and accounts payable.



With the Town's improved cash flow management, funds that matured in 2020 were re-invested in long-term investments to provide a better return on investment due to the decline in interest rates. The Town has developed a cash flow model to better predict funds available for

investment opportunities in order to generate additional revenue. Over the years, the Town has made significant contributions in short term and long-term investments to create a diversified portfolio while generating additional investment income. The chart below shows the 5-year trend on cash and investments balance:

Cash and Investments (\$ millions)



Taxes Receivable

The Town has made progress in reducing its property taxes receivable over the years by offering special payment plans for residents in arrears and proactively conducting tax sales on properties in arrears. The payment plans are offered to both residential and commercial properties for a period of 3 years. These plans came into effect in 2012 and positive results are being realized over the years. Completing tax sales on properties in arrears brings those properties back into productive use and has also been an effective tool to bring taxes receivable as a percentage of total taxes down considerably. (8.3% in 2013 vs 5.8% at the end of 2019). Due to the worldwide COVID-19 pandemic and the Town's 2020 tax deferral program, that allowed taxpayers to defer tax payments interest and penalty free to December 31, 2020, Tax receivables have increased in 2020 which is to be expected.

| Taxes Receivables | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------------------------------|------|------|------|------|------|------|------|------|
| Taxes Receivable (\$ millions) | 13.2 | 9.9 | 8.9 | 8.6 | 8.2 | 7.6 | 9.3 | 10.4 |
| Taxes Receivable % of Total Taxes | 7.3% | 5.8% | 5.4% | 5.6% | 5.6% | 5.5% | 7.0% | 8.3% |

Financial Liabilities

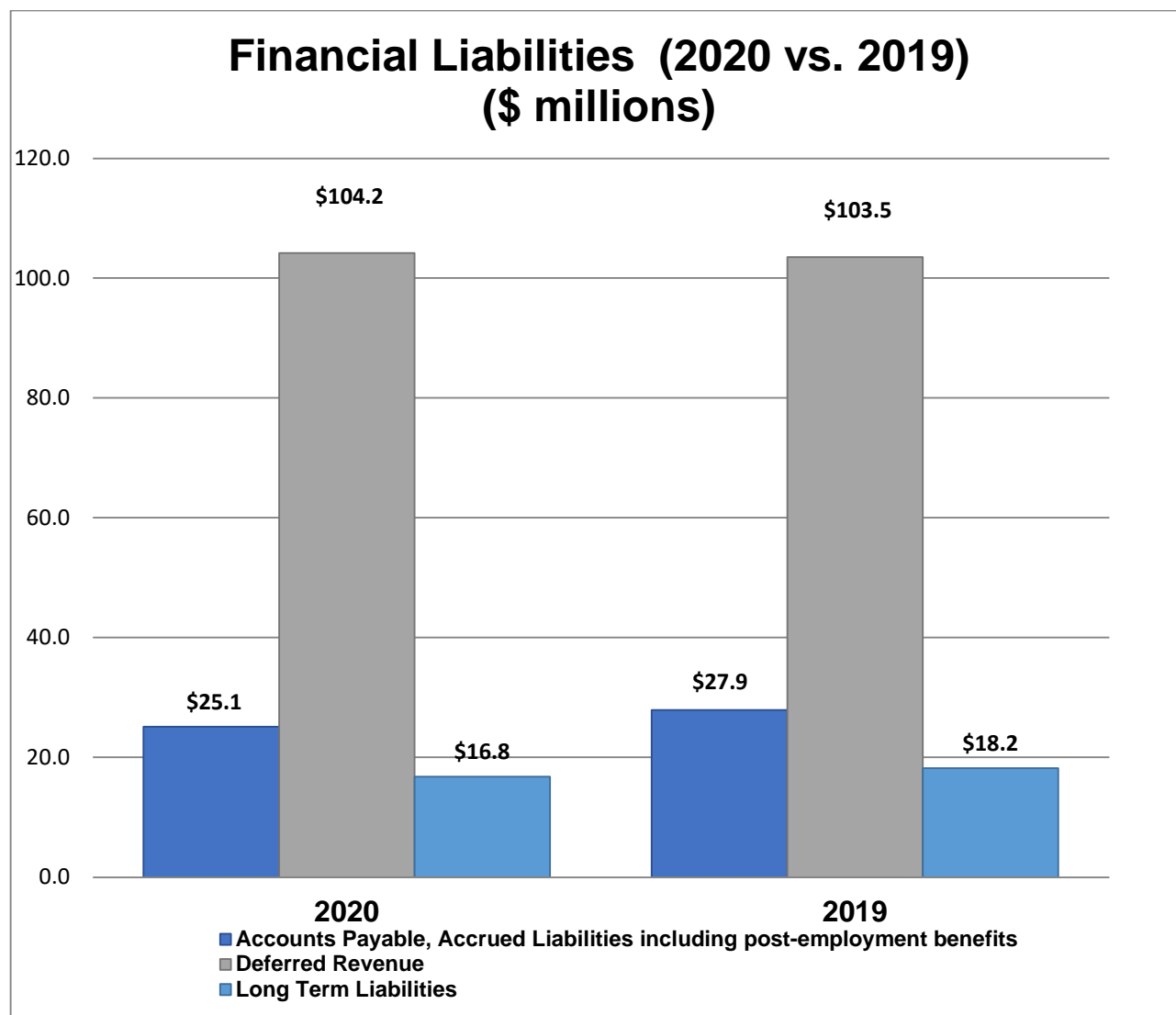
| As at December 31 (\$ millions) | 2020 | 2019 | Change in 2020 Increase/ (Decrease) |
|--|----------------|----------------|--|
| Accounts Payable and Accrued Liabilities | \$24.9 | \$27.8 | (\$2.9) |
| Deferred Revenue | \$104.2 | \$103.5 | \$0.7 |
| Post-employment benefits | \$0.2 | \$0.1 | \$0.1 |
| Long-term Liabilities | \$16.8 | \$18.2 | (\$1.4) |
| | \$146.1 | \$149.6 | (\$3.5) |

Overall, financial liabilities for the Town have decreased by \$3.5 million primarily due to the following:

- A decrease in accounts payable and accrued liabilities by \$2.9 million that is attributed to the timing of large capital projects and commitments at year-end.
- Long Term Liabilities decreased by \$1.4 million due to the repayment of debt and the deferral of additional debt issuance related to the Enhanced Roads program to February 2021 to align with the Region's debt issuance program. Note 10 of the Town's audited financial statements shows the individual debentures and terms.

The Net Long-Term liabilities balance of \$15.4 million shown below represents the Town's debentures net of sinking fund assets that are included under the long-term investments in Note 10 of the Town's 2020 financial statements. These sinking funds increase every year due to the Town's sinking fund contributions and the interest earned on the sinking fund investments. More details of the Town's outstanding debt, issued through the Region of Peel, is provided in the Municipal Debt section of this Management Discussion and Analysis.

| As at December 31 (\$ millions) | 2020 | 2019 | Change in 2020 Increase/ (Decrease) |
|--|---------------|---------------|--|
| Long-term Liabilities | \$16.8 | \$18.0 | (\$1.2) |
| Sinking Fund Assets | (\$1.4) | (\$1.1) | (\$0.3) |
| Net Long-Term Liabilities | \$15.4 | \$16.9 | (\$1.5) |



Non-Financial Assets

| As at December 31 (\$ millions) | 2020 | 2019 | Change in 2020 Increase/ (Decrease) |
|---------------------------------|---------|---------|-------------------------------------|
| Tangible Capital Assets - Net | \$438.1 | \$404.5 | \$33.6 |
| Inventory | \$0.5 | \$0.5 | \$0.0 |
| Prepaid expenses | \$1.0 | \$0.8 | \$0.2 |
| | \$439.6 | \$405.8 | \$33.8 |

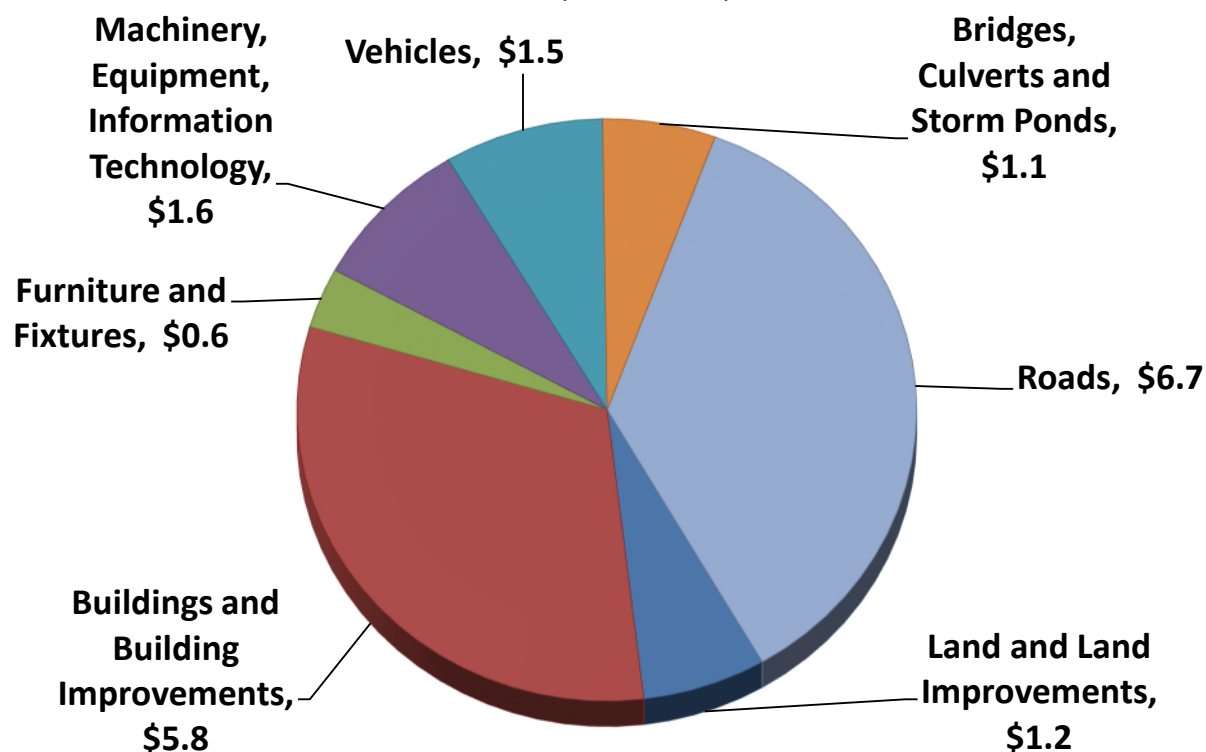
Total non-financial assets are predominately tangible capital assets but also include operating supplies counted as inventory and prepaid expenses. The Town had made significant investment in tangible capital assets of approximately \$52.4 million with a net increase of \$33.6 million in tangible capital assets in 2020 once amortization and disposals are accounted for \$18.5 million, \$0.3 million respectively.

In 2020, the Town capitalized \$71.1 million in gross capital assets (net of changes in construction-in-progress), meaning these assets are substantially complete. Below are some of the major capital projects capitalized in 2020:

| Major Projects Capitalized in 2020 | \$ millions |
|---|--------------------|
| Southfields Community Centre | \$28.8 |
| 2018 Growth Related Roads | \$4.6 |
| 2020 Road Rehabilitation & Reconstruction | \$3.7 |
| 2019 Growth Related Roads | \$3.1 |
| Caledon East Community Centre Upgrade | \$2.7 |
| 2019 Bridge & Culvert | \$1.8 |
| Johnson Sports Park (Phase 3) | \$1.8 |
| 2020 Asphalt Roads Maintenance | \$1.7 |
| 2020 Bridge & Culvert | \$1.5 |
| Yard 1 Upgrade | \$1.4 |
| Mississauga Road Stabilization | \$1.4 |

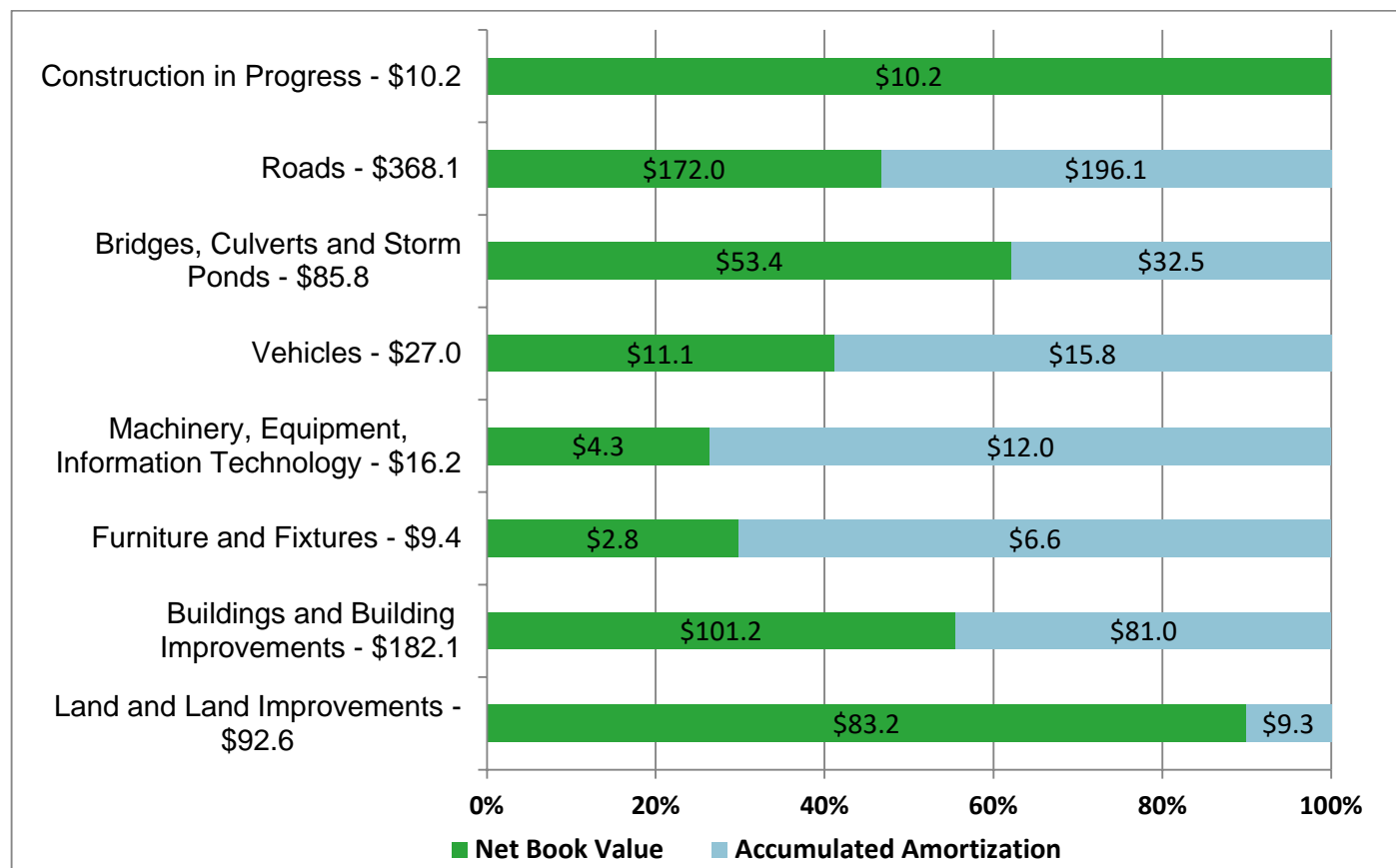
The amount amortized by asset provides an indication of how much should be set aside each year for repair or replacement of Town assets. The chart below shows the breakdown of amortization expense by asset.

2020 Amortization Expense by Asset Type – Total \$18.5 (\$ millions)



The next chart shows the historical cost of the Town's assets with details on the portion that has been amortized / depreciated to date (i.e. accumulated amortization) and the portion that still has an accounting useful life (i.e. Net Book Value). As noted below, in most cases more than 50% of the Town's assets are amortized based on category.

2020 Tangible Capital Assets: Historical Cost \$791.5 and Net Book Value \$438.1 (In millions)



The Town's sustainable funding source for capital offsets the projected amortization expenses of approximately \$18.5 million per year. With amortization providing an indication of how much should be set aside/spent each year to repair and replace the Town's assets, the Town needs to build-up sustainable funding for capital. In recent years, the Town has actively worked to reduce the infrastructure funding shortfall by levying more property tax dollars for capital purposes. The goal for the Town's tax funded capital program in the past was \$20 million which was based upon annual amortization levels in 2009/2010.

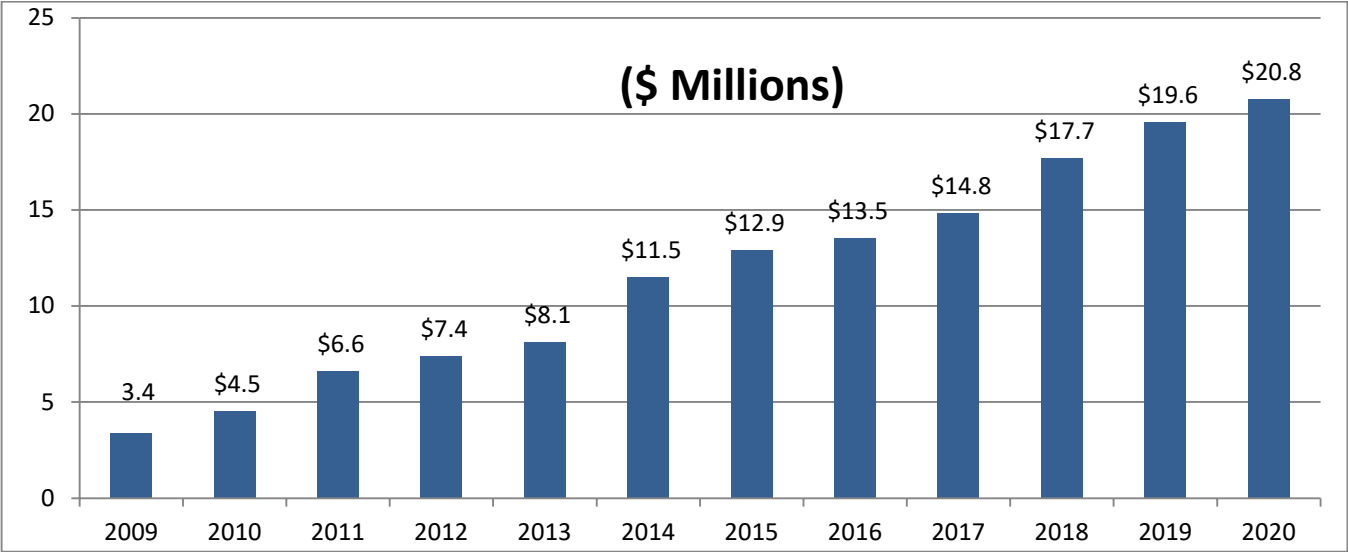
Through the Town's 2018 Asset Management Plan (AMP) a new target of \$36 million has been identified as the Average Annual Investment Required to maintain the Town's infrastructure based on replacement cost.

As noted above, the previous target was established using amortization as a proxy at the time. However, amortization is based on historical cost of assets and the future cost to replace an asset (such as a bridge) will cost more than what the Town paid for it more than 50 years ago. The recent AMP work looks at assets, asset conditions, asset life cycles and projects future costs of replacement. The preliminary target projection is \$36 million annually but this will be refined as the Town continues to complete the AMP per provincial regulations.

As the Town continues to work towards a comprehensive AMP, the Average Annual Investment Required will be refined, and the infrastructure gap will be quantified with the goal of creating a long-term strategy to fund the gap. This strategy will continue to look at best practices to maintain assets using a proactive approach to avoid the large costly repairs that can occur when assets need to be completely replaced vs maintained. The cost of the growth assets will also eventually be incorporated into the Asset Management plan along with levels of service.

The Town of Caledon has made significant progress towards developing a sustainable funding source for capital infrastructure. To illustrate the Town’s commitment to funding the Town’s infrastructure gap, the following chart outlines the Town’s base tax levy contributions to capital over the past twelve years (2009 to 2020) and includes the 2020 tax levy funded capital approved in the 2020 budget.

Tax Funded Capital Program



| As at December 31 (\$ millions) | 2020 | 2019 | Change in 2020 Increase/ (Decrease) |
|--|----------------|----------------|--|
| Financial Assets | \$201.8 | \$194.3 | \$7.5 |
| Financial Liabilities | \$146.1 | \$149.6 | (\$3.5) |
| Net Financial Assets | \$55.7 | \$44.7 | \$11.0 |
| Non-Financial Assets | \$439.6 | \$405.8 | \$33.8 |
| Total Net Assets | \$495.3 | \$450.5 | \$44.8 |
| Accumulated Surplus - End of Year | \$495.3 | \$450.5 | \$44.8 |

The 2020 accumulated surplus change is equal to the 2020 annual surplus from operations reported in the consolidated statement of operations and outlined in detail on the next section of this Management Discussion and Analysis. In 2020, the Town's financial position, the Town's accumulated surplus at the end of December 31, 2020, increased by \$44.8 million (from \$450.5 million in 2019 to \$495.3 million in 2020). Other balances included in the accumulated surplus are disclosed in Note 12 of the financial statements.

2020 OPERATIONS AND FULL ACCRUAL ACCOUNTING SURPLUS

The budgets for the Town are prepared on the funding basis of accounting where revenues equal expenditures for budget/planning purposes. On the fund basis of accounting, the Town ended 2020 with a surplus of \$3.4 million due primarily to the following reasons:

- Salary gapping from a hiring freeze and a declared emergency leave due to the pandemic;
- Loss in revenue which was compensated with \$1.5 of Safe Restart funding provided by the Federal and Provincial government late in 2020 to address COVID-19 budget pressures;
- Various contract savings such as training and development as a result of the pandemic;

There has been an increase in revenue that is attributed to additional tax revenues from an increase in supplementary assessment received from Municipal Property Assessment Corporation (MPAC), payment in lieu of property taxes and an increase in the general tax levy. Supplementary tax revenue is incremental revenue related to properties that increase in value due to redevelopment (e.g. tax revenue from vacant land changed to a house on the same land). The Town has been working proactively with MPAC to ensure the tax rolls are updated to include all closed building permits in order to bring in additional tax revenue to the Town and ensure properties are assessed correctly in a timely manner.

Overall the Town has a 2020 year-end full accrual surplus of \$44.8 million which was lower than the 2019 year end surplus of \$51.8 million primarily due to the extensive list of assets that were assumed by the Town in 2019 of \$22.2 million in contributed tangible capital assets. The revenue from Town assumed infrastructure is captured under other income on the financial statements. In 2020, there was more gas tax grant revenue recognized of \$8.9 million due to more expenditures being incurred on road and bridge infrastructure.

Conversion to Full Accrual Accounting

When reporting the Town operations on the full accrual basis of accounting, adjustments are made to fund accounting numbers as treatment of revenues and expenses differ between the two accounting methods. For example, prior to 2009 there was no requirement to present tangible capital assets on the Town's statement of financial position. Accordingly, municipalities did not have amortization (or "depreciation") expenses listed in financial statements prior to 2009. Instead, the Town, like all Ontario municipalities at the time, expensed tangible capital assets (TCA) additions with revenues related to capital project additions shown to fully offset the capital expenditures. Under the full accrual method of accounting, the TCA additions are now capitalized on the Town's Statement of financial position and amortization expenses are listed on the statement of operations, similar to private sector financial statements. Amortization has become one of the largest expenses for many municipalities due to the value of municipal tangible capital assets including roads, bridges, recreational facilities, fire stations, fire and public works vehicles.

The items below are included in the December 31, 2020 financial statements:

- Amortization of tangible capital assets
- Accumulated Surplus/(Deficit) from Operations
- Net Book Value loss on disposal of Tangible Capital Assets
- Revenue – Grants (including Federal Gas Tax)/Development Charges/Recoveries from other municipalities/Other - for Capital
- Revenue – Contributed Assets (assets assumed by the Town)
- Expenditures – Removal of debt principal on debt such as Enhanced Roads Program debt
- Transfer from/to Reserves are not considered Revenue or Expenses and are removed from the Town's Surplus

The following is the adjustment from the Town's fund accounting surplus of \$3.4 million to the actual full accrual surplus of \$44.8 million:

| | <u>\$ Millions</u> |
|--|----------------------|
| 2020 Fund Accounting Operating Budget Surplus | \$3.4 |
| Proposed 2020 Tangible Capital Asset Amortization | (\$18.5) |
| 2020 Proposed Budget Tax Levy Funded Capital Program | \$20.8 |
| 2020 Proposed Capital Budget Items not considered TCA | (\$6.9) |
| 2020 Proposed Budget Transfer from Reserves considered | |
| Deferred Revenue & Other external Funding (e.g. grants) | <u>\$36.4</u> |
| | <u>\$31.8</u> |
| Revised surplus after accounting for TCA | \$35.2 |
| Other Full Accrual Adjustments | |
| Net 2020 Budget Transfers to Reserves not considered as | |
| Expenses | \$8.3 |
| Long Term debt Principal Payment (External) | <u>\$1.3</u> |
| | <u>\$9.6</u> |
| Estimated Impact on the ending 2020 Accumulated Surplus | <u><u>\$44.8</u></u> |

As shown in the table above, deferred revenue and other full accrual adjustments for revenue are the main drivers of the fund accounting surplus of \$3.4 million becoming a full accrual surplus of \$44.8 million.

MUNICIPAL DEBT

The Town of Caledon currently has external debt, issued by the upper-tier municipality, the Region of Peel, related to capital infrastructure. Provincial limits on municipal debt are set based on a maximum percentage of revenues that may be used to service the debt costs (e.g. interest and principal payments) on an annual basis.

In the Province of Ontario, municipalities have the authorization to incur long-term debt for municipal infrastructure as long as annual debt repayments do not exceed 25% of net revenues. The Province provides an annual statement for municipalities known as the Annual Repayment Limit statement, outlining the revenue and debt servicing calculations. The Town of Caledon's 2020 Annual Repayment Limit (ARL) statement from the Province states that the Town is utilizing 3.99% of net revenues to service debt.

The Town of Caledon's debt servicing costs, as a percentage of net revenues, are projected not to exceed the provincial ARL of 25%. In 2011, Town of Caledon Council approved the establishment of an internal long-term debt limit for the Town of 10% of net revenues (below the Provincial limit of 25%).

The Town currently has external debt, issued through the Region of Peel, related to:

1. The completion of the Bolton Arterial Route (BAR) – Phase 3 on Coleraine Drive
2. Caledon East Concrete Road
3. The 2011 Fire Aerial Apparatus purchase.
4. The completion of the 2014-2016 and 2018 Enhanced Road Programs.

Hydro Debenture (1999)

In 1999, the Town issued debt for the purchase of hydro assets. The hydro assets were subsequently sold and a portion of the funds were transferred to the Region of Peel to setup a Debt Retirement Fund. Semi-annual payments of principal and interest for the Hydro debenture are funded from a Debt Retirement Fund. When the Debt Retirement fund was established, projections on the initial investment and interest to be earned indicated that the Debt Retirement Fund would have sufficient funds to meet the semi-annual interest payments and annual principal payments to maturity, December 2019.

Bolton Arterial Route Debenture (2010)

This external debenture was issued in 2010 for the completion of the Bolton Arterial Route (BAR) on Coleraine Drive. The thirty-year, \$5.4 million debenture issued is known as a "sinker", where interest payments are made semi-annually, and the full amount of the \$5.4 million principal is due at the end of 30 years. In addition to annual internal payments the Town contributes annually to a sinking fund that is held and managed by the Region of Peel, for the purposes of extinguishing the debt at maturity.

The annual sinking fund contributions and the interest income to be earned on the investments of the sinking fund over 30 years are projected to fully cover the principal payment due at maturity. Since the BAR was transferred to the Region of Peel in 2014, the Region has assumed the debt servicing costs. However, due to the fact that the debenture was issued for the Town of Caledon the debenture will continue to be reported on the Town of Caledon's financial statement with an offsetting revenue payment from the Region of Peel until maturity in 2041.

Caledon East Concrete Road (2010)

In 2010, Council approved funding the Caledon East Concrete Road Project from Debt. Town staff allocated surplus funds from the BAR debenture in lieu of a separate Caledon East Concrete Road debenture. Annual Debt repayments are \$0.3 million per year.

Fire Aerial Apparatus (2011)

In 2011, Council approved additional external debt to be issued, through the Region of Peel, for the purchase of a Fire Aerial truck. The ten-year, \$0.6 million debenture issued in 2011 is also a “sinker”, described above where interest payments are made semi-annually and the full amount of the \$0.6 million principal is due at the end of 10 years. The sinking fund is held and managed by the Region of Peel, for the purposes of extinguishing the debt at maturity. The annual sinking fund contributions and the interest income to be earned on the investments of the sinking fund over 10 years are projected to fully cover the principal payment due at maturity.

Enhanced Roads Program (2016)

In 2014, Council approved a capital project for the reconstruction and rehabilitation of roads in Caledon funded by external debt to be issued, through the Region of Peel for \$3.1 million. The ten-year debenture issued in 2016 requires annual principal payments of \$0.3 million with interest costs ranging from 1.15% to 2.5%. These costs have been included in the Town’s operating budget.

Enhanced Roads Programs (2018)

In 2015 and 2016, Council approved capital projects for the reconstruction and rehabilitation of roads in Caledon funded by external debt, through the Region of Peel for \$7.0 million. The ten-year debenture was issued in 2018 and requires annual debt repayments ranging from \$0.6 million to \$0.8 million with interest costs ranging from 1.8% to 3.05%. These debt payments have been included in the calculation of the Town’s updated annual repayment limit.

Enhanced Roads Programs (2019)

In 2018, Council approved capital projects for the reconstruction and rehabilitation of roads in Caledon funded by external debt, through the Region of Peel of \$3.61 million. The ten-year debenture was issued in 2019 and requires annual debt repayments of \$0.4 million with interest costs ranging from 1.9% to 2.25%. These debt payments have been included in the calculation of the Town’s updated annual repayment limit.

Non-Material Leases

These are fixed payments over a term that the Town has agreements with which includes leases for an OPP office and photocopiers. These are financing agreements that the Town has entered into which are calculated as part of the ARL.

Annual Repayment Limit (ARL)

The Province provides each municipality with an ARL statement, in accordance with Regulation 403/02 of Section 401 of the Municipal Act 2001, outlining the percentage of net revenues the municipality is currently using to service debt. The calculation of the ARL for a municipality in 2020 is based on its analysis of data contained in the 2018 Financial Information Return (FIR). The Town of Caledon’s 2020 ARL statement report indicates that the Town has net debt charges of \$3.5 million or approximately 3.99% of the Town’s net

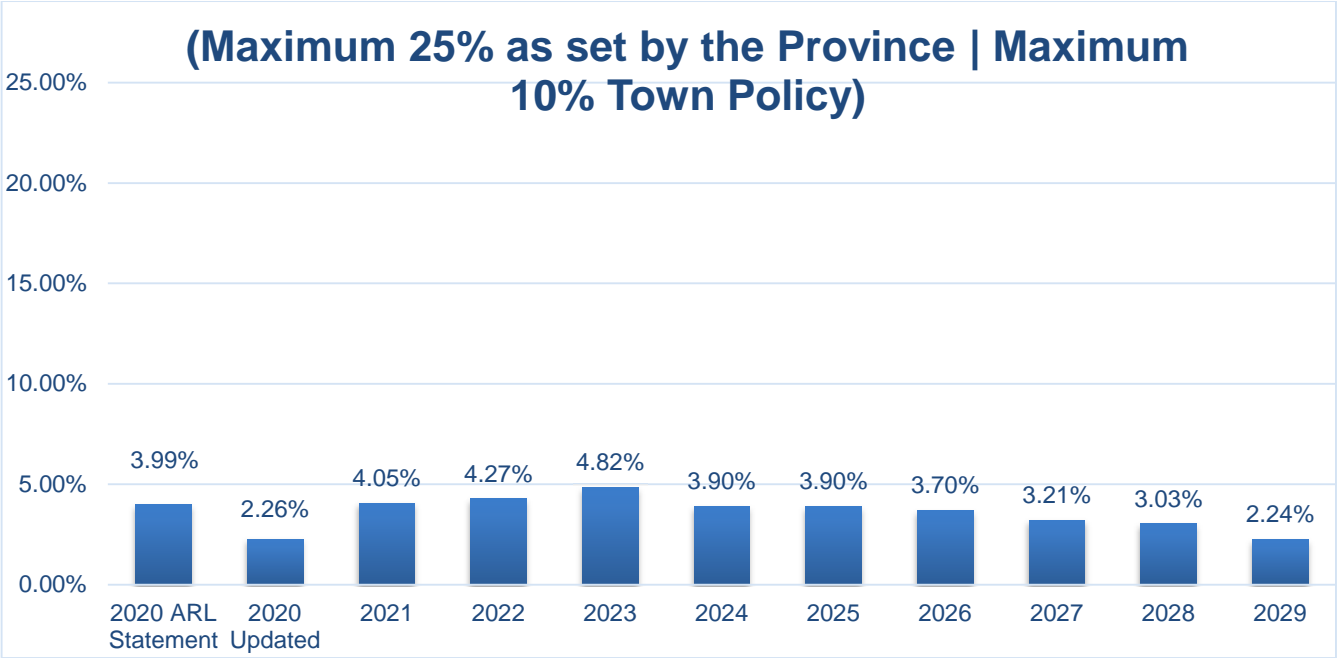
revenues. This leaves a balance of 21.01% (25% - 3.99%) or approximately \$18.5 million of the ARL available.

The Treasurer is required to calculate an updated ARL and disclose it to Council in order to assist Council in decisions as part of the budget process for capital programs and debt. An update of the ARL/debt servicing costs as a percentage of net revenues based on the recommended debentures and projections included the following updates and assumptions such as:

- Photocopier and OPP Property lease costs;
- Removal of the Caledon Hydro Debenture due to maturity in 2019;
- Future debentures assumed: 2017 to 2019 Enhanced Road Project \$8.2 million beginning in 2021;
- 2021 Enhanced Roads Project of \$4.1 million to be debentured in 2022
- Future debentures assumed: 2020 Streetlight LED Retrofit program of \$3.4 million beginning in 2022;
- Future debenture assumed: Caledon East Community Complex Phase 4 Expansion of \$5.4 million to fund the tax portion of the project beginning in 2023;
- Assessment growth revenue projections for 2021 to 2030 based on the same assumptions used in the 2021 budget

After updating the annual financial debt and obligation repayment limit calculations, the Treasurer for the Town of Caledon certifies that the Town is projected to remain below both the Provincial limit (25%) and the Town’s internal debt repayment limits (10%).

The chart below shows the projected ARL adjusted for the current debt rates from the Region of Peel and assumptions above:



As noted in the chart above, there is a decrease in debt servicing costs in the updated 2020 ARL due to the 2019 maturity of the Hydro Debenture. There is an increase in 2021 due to the planned debt issuance of \$8.2 million for the 2017 and 2019 Enhanced Roads Program.

CONCLUSION

Through on-going collaboration and regular consultation with Council, staff will continue to present a well-balanced annual budget each year based on seven financial principles to ensure fiscal sustainability. These principles include the use of:

- A 10-year capital forecast and assessment growth model to better match expenditures with revenues in order to mitigate significant fluctuations in taxes
- Reserve funding geared towards specific purposes including keeping municipal infrastructure in a state of good repair
- Matching reserve fund contributions to fund future debt obligations
- Asset management plans to guide asset maintenance and replacement
- Borrowing only when necessary and at affordable levels
- Innovative approaches to financing to better reduce external debt levels
- Prudent investing strategies to maximize investment returns

With a focused approach on the seven financial principles, the Town plans to continue to maintain its strong financial position well into the future.



Heather Haire, CPA, CA

Acting Director of Finance/Treasurer

Finance

May 11, 2021