

2020 Financial Statement Summary & Analysis

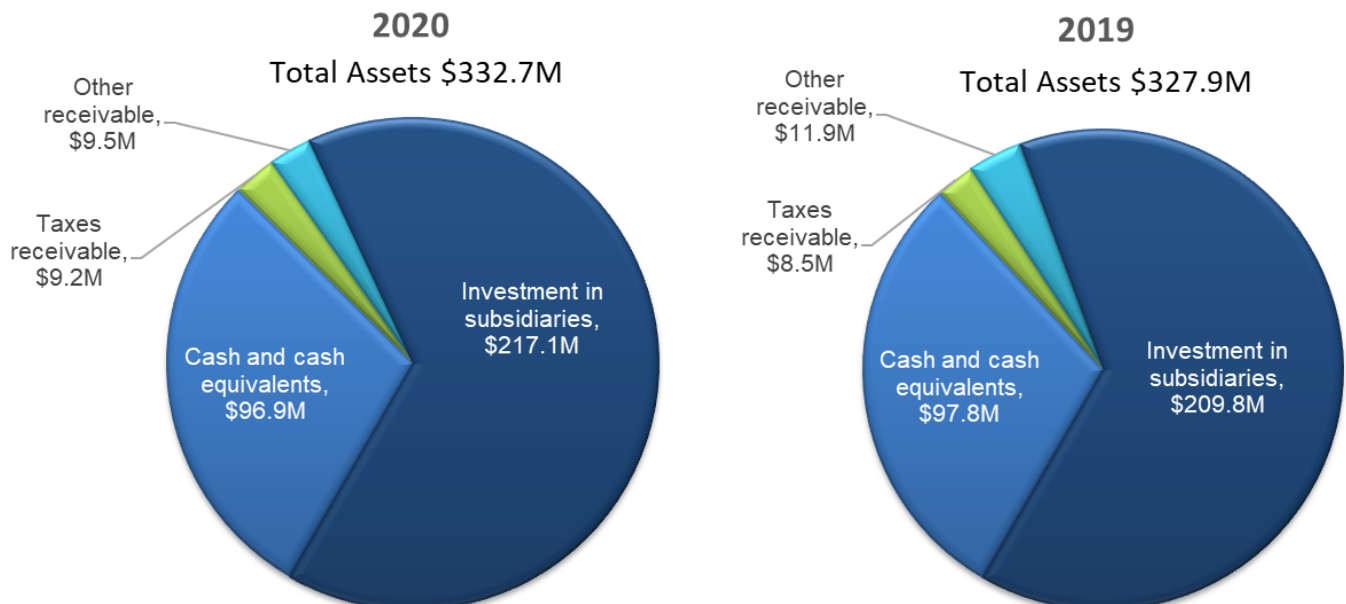
Consolidated Statement of Financial Position (Balance Sheet)

What we own (Assets)

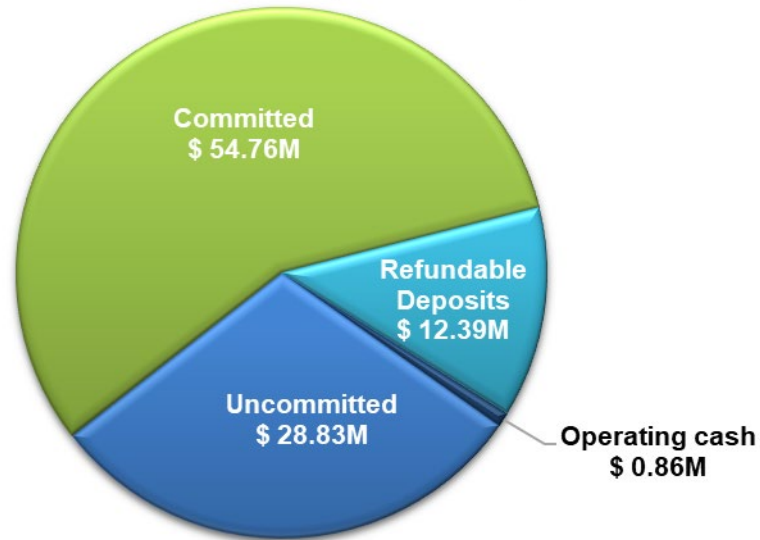
Assets	2020		2019		Change	
Cash and cash equivalents	96,889,668	29.12%	97,796,325	29.82%	(906,657)	(0.93%)
Taxes receivable	9,237,185	2.78%	8,460,130	2.58%	777,055	9.18%
Other receivable	9,462,016	2.84%	11,884,237	3.62%	(2,422,221)	(20.38%)
Investment in subsidiaries	217,135,724	65.26%	209,772,456	63.97%	7,363,268	3.51%
	\$ 332,724,593	100.00%	\$ 327,913,148	100.00%	\$ 4,811,445	

The \$4.8M increase in financial assets for the Town is mainly attributed to the following:

- Taxes Receivable have increased from 2019 to a total of \$9.2M. As a percentage of current year taxes billed, the year end taxes receivable are 9.2% compared to 9.3% for 2019. Arrears attract a 15% annual interest charge and amounts owing after three years are subject to a legal tax sale process that protects the Town's financial interest in the property. Due to COVID-19, the Town suspended the tax sale process, and waived penalties and interest from March-Dec 2020.
- Other Receivable decrease is due to payment received related to a Development Charge Deferral Agreement and contractual amounts committed by donors to the Rizzardo Health and Wellness Centre. There is also a decrease in the final quarter OLG payment and Recreation Program receivables due to COVID-19 closures.
- Increase in investment in subsidiaries is due to the equity pick up for InnServices Utilities Inc. of \$4.7M, InnPower Corporation of \$2.6M and Innterprises Inc. of \$33K



2020 Cash & Cash Equivalents \$96.9M



Cash at the end of the year is comprised of the following:

- Uncommitted – includes operating stabilization reserves of \$10.08M and capital reserves needed to support future planned capital works.
- Committed - unspent capital reserves for approved capital projects
- Refundable deposits – these are refundable security deposits related to subdivision agreements and lot grading.
- Operating cash – this represents cash on hand for operating purposes

Non-Financial Assets	2020		2019		Change	
Prepays	572,638	0.17%	535,284	0.17%	37,354	6.98%
Other	393,975	0.12%	566,938	0.18%	(172,963)	(30.51%)
Tangible capital assets	326,765,841	99.71%	320,573,369	99.66%	6,192,472	1.93%
	\$ 327,732,454	100.00%	\$ 321,675,591	100.00%	6,056,863	

The \$6.06M increase in non-financial assets for the Town is mainly attributed to the following changes in tangible capital assets:

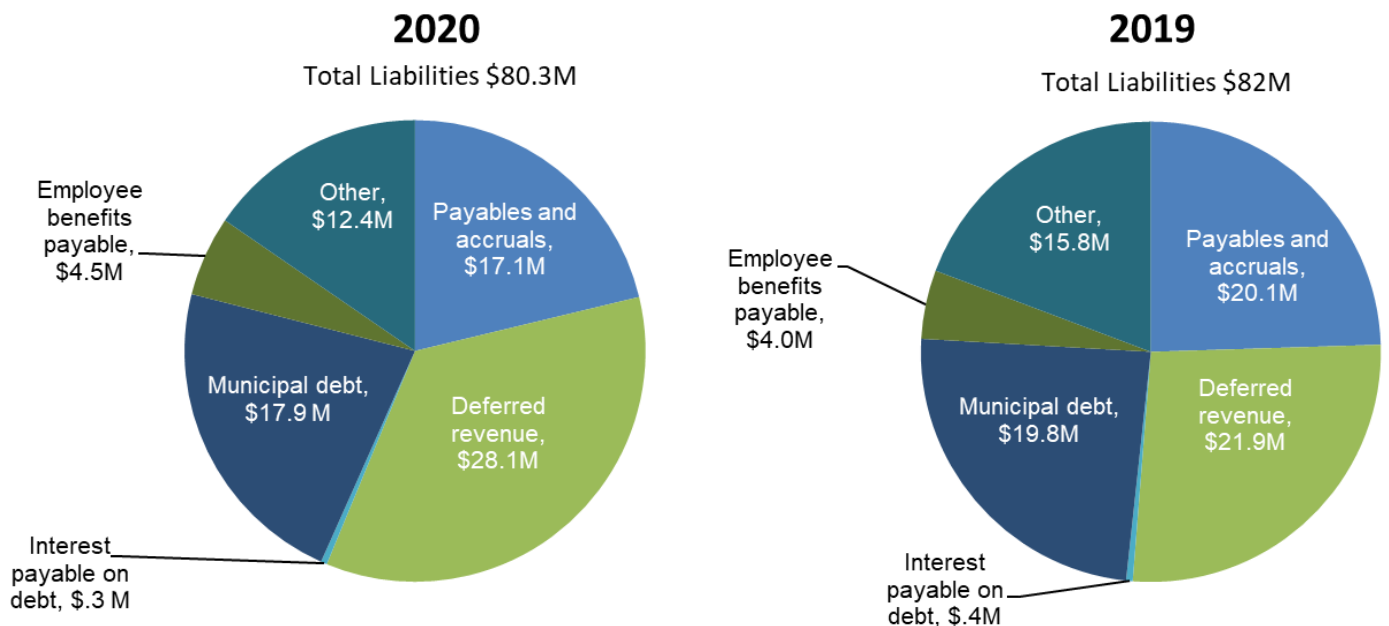
- Capital asset additions and works in progress of approximately \$19.2M include the following capital works:
 - Road Rehabilitation Program, \$4.1M
 - Lockhart Road – 20th Sideroad to Lake Simcoe reconstruction, \$2.2M
 - Reive Boulevard & 3rd Line Culvert Works, \$2.1M
 - IRC North Parking Lot Reconstruction, \$0.9M
 - Town Square – Alcona, \$0.7M
 - Storm Pond Cleanout/Retrofit Program, \$0.7M
 - Adams Rd & Simcoe Blvd - Replace Stairs with AODA Compliant Ramp, \$0.6M
 - 6th Line Interchange EA & Supporting Infrastructure Design & Construction, \$0.5M
 - Trail Program - Implement Trials Master Plan, \$0.5M
- These capital additions are offset by \$12.7M in amortization expensed for 2020

What we owe (Liabilities)

Liabilities	2020		2019		Change	
Payables and accruals	17,062,415	21.24%	20,098,401	24.51%	(3,035,986)	(15.11%)
Deferred revenue	28,128,086	35.02%	21,940,094	26.75%	6,187,992	28.20%
Interest payable on debt	344,265	0.43%	380,503	0.46%	(36,238)	(9.52%)
Municipal debt	17,895,095	22.28%	19,828,644	24.18%	(1,933,549)	(9.75%)
Employee benefits payable	4,505,363	5.61%	3,958,665	4.83%	546,698	13.81%
Other	12,392,742	15.43%	15,803,027	19.27%	(3,410,285)	(21.58%)
	\$ 80,327,966	100.00%	\$ 82,009,334	100.00%	\$ (1,681,368)	

The \$1.6M decrease in financial liabilities for the Town is primarily attributable to the following:

- \$3M decrease in payables and accruals relates to timing of payments for capital works progress payments. The most significant component of the change relates to a 2019 accrual for the Big Bay Point Firehall.
- Deferred revenue has increased by \$6.2M reflecting an increase in development activity and the resulting collection of development charges and unspent committed funds. Spending is planned to occur over future years as growth projects are advanced.
- Reduction in Municipal debt reflects annual debt principal repayments for the Innisfil Recreation Centre, Town Hall, Police and Cookstown Library. Approved debt for the Big Bay Point Fire Station has yet to be issued. Committed debt for future capital project - South Innisfil Drain have also not been issued yet as this project is in progress.
- The decrease in other liabilities is primarily due to the utilization of a developer deposit for servicing works on Lockhart Road.



Net Worth (Accumulated surplus)

Accumulated Surplus	2020		2019		Change	
Accumulated surplus - Operating	182,154	0.03%	529,341	0.09%	(347,187)	(65.59%)
Accumulated surplus - Capital	25,831,927	4.45%	24,208,939	4.27%	1,622,988	6.70%
Investment in tangible capital assets	326,765,841	56.33%	320,573,369	56.48%	6,192,472	1.93%
Reserve and reserve funds	32,323,246	5.57%	36,211,201	6.38%	(3,887,955)	(10.74%)
Investment in subsidiaries	217,135,724	37.43%	209,772,456	36.96%	7,363,268	3.51%
Unfunded debt and other	(22,109,812)	(3.81%)	(23,715,901)	(4.18%)	1,606,089	(6.77%)
	\$ 580,129,080		\$ 567,579,405		\$ 12,549,675	

- Accumulated surplus – Operating: consists of the Town of \$75K and the Library \$107K
- Accumulated surplus – Capital: This surplus is represented by projects where funding sources have been applied (excluding development charges) but expenditures have not yet occurred. As the project proceeds and costs are incurred, the expenditures will form part of the tangible capital asset reported on the balance sheet.
- The balance in the reserve and reserve funds represents cash that the Town has set aside for future operating and capital needs.
- “Unfunded debt and other” largely represents debt to be funded from future revenues.

Consolidated Statement of Operations and Accumulated Surplus (Income Statement)

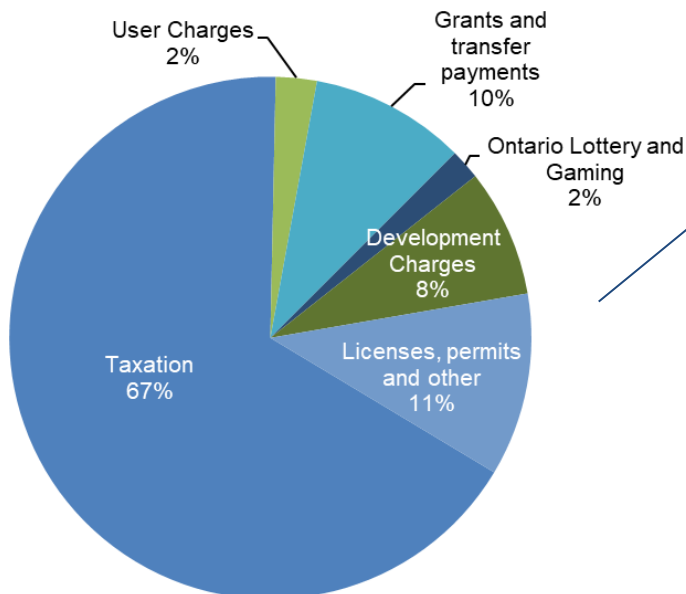
Where the money came from (Revenue)

Revenue	Budget	2020		Variance	
Taxation	49,910,539	49,720,632	66.72%	(189,907)	(0.38%)
User Charges	3,463,193	1,889,010	2.53%	(1,574,183)	(45.45%)
Grants and transfer payments	6,986,206	7,180,888	9.64%	194,682	2.79%
Ontario Lottery and Gaming	5,000,000	1,394,650	1.87%	(3,605,350)	(72.11%)
Development Charges	9,782,440	5,892,954	7.91%	(3,889,486)	(39.76%)
Contributed Tangible Capital Assets	-	19	0.00%	19	100.00%
Licenses, permits and other	13,007,840	8,445,972	11.33%	(4,561,868)	(35.07%)
	\$88,150,218	\$74,524,125	100.00%	(\$13,626,093)	

The \$13.6M less than budgeted revenue for the Town is primarily due to:

- User charges are lower than budgeted with the largest contributors being registration & facility fees, ice rental, programming, and admission fees being lower than budgeted as a result of COVID-19 closures.
- Ontario Lottery and Gaming revenues decreased significantly due to temporary casino closures during most of 2020.
- The development charges budget reflects capital projects approved in 2020; however, revenue is recognized when the works are completed. While the 2020 approved capital projects are budgeted in 2020, many projects are planned to occur over a 2-3 year time frame. As such, revenue recognized is less than budgeted due to capital works being carried forward into 2021. The development charge revenue will be recognized in future years when the works are completed.
- The decrease in licenses, permits and other are primarily due to lost revenue from building permits and other development fees as a result of economic pressures brought on by COVID-19, along with a reduction in penalty and interest income due to waived fees. Additionally, external contributions budgeted for capital projects did not materialize as projects were carried forward into 2021.

Percentage of Revenue



Breakdown of Licenses, permits and other:

Licenses and permits	2.02%
External Recoveries	5.55%
Provincial Offenses Act (POA)	0.04%
Penalties and Interest on Taxes	0.40%
Investment Income	1.15%
Reserve Fund Interest	0.91%
Donations	0.04%
Other	1.23%
Total	11.33%

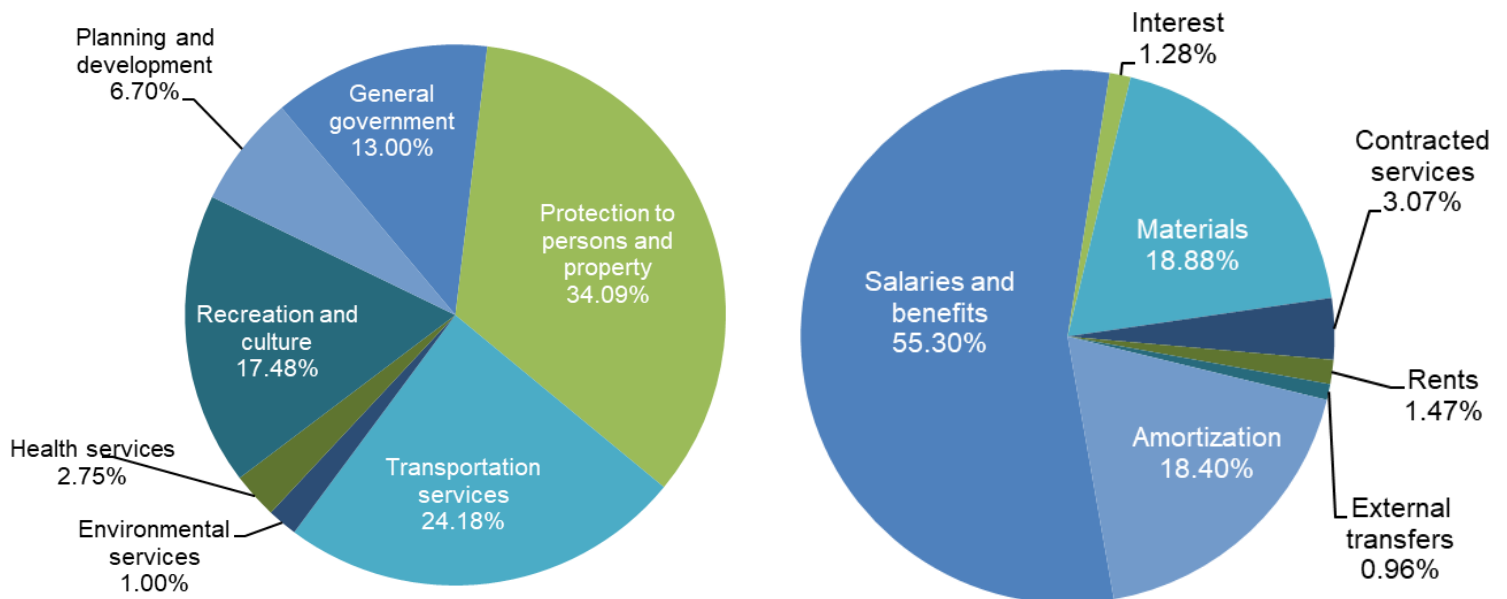
What the money was used for (Expenditures)

Expenditures	Budget	2020		Variance	
General government	9,586,428	8,977,155	13.00%	609,273	6.36%
Protection to persons and property	24,386,937	23,575,821	34.09%	811,116	3.33%
Transportation services	20,321,117	16,720,582	24.18%	3,600,535	17.72%
Environmental services	1,196,300	1,252,314	1.80%	(56,014)	(4.68%)
Health services	1,151,422	1,899,835	2.75%	(748,413)	(65.00%)
Recreation and culture	14,453,321	12,087,561	17.48%	2,365,760	16.37%
Planning and development	5,602,049	4,634,694	6.70%	967,355	17.27%
	\$76,697,574	\$69,147,962	100.00%	\$7,549,612	

The \$7.5M less than budgeted expenditure for the Town is mainly attributable to:

- In Transportation, \$3.6M budgeted for work to be done on the South Innisfil Drain, however Phase 1 construction did not start until January 2021. Until cancelled or completed any unexpended capital budget is brought forward to the following year to be reported against expenditures incurred in that year.
- Recreation and Culture expenses are lower than budgeted primarily due to \$1.4M in capital project consulting costs related to parks and library studies with costs expected to occur over future years. Additionally, there was a significant amount of summer positions that were not hired during 2020 due to COVID-19 and the cancellation of in-person programming.
- Planning and Development expenses are lower than budgeted primarily due to various planning studies and consulting costs that will occur in future years and lower than budgeted wages.

Percentage of Expenditures



Financial Indicators

	2020 BMA Survey Average**	2020	2019	2018	2017	2016
Sustainability						
Financial Assets to Liabilities	N/A	1.44 *	1.44 *	1.30 *	1.01 *	0.91
Financial Position per Capita	\$ 687	\$ 812 *	\$ 867 *	\$ 691 *	\$ 33 *	(\$213)
Flexibility						
Tax Discretionary Reserves as a % of Taxation	80%	65%	76%	93%	71%	63%
Debt to Reserve Ratio	0.8	0.6	0.5	0.5	0.8	1.1
Vulnerability						
Taxes receivable as a % of Taxes Levied	7.4%	9.2%	9.3%	8.2%	8.1%	8.7%
Tax Debt interest as a % of own source revenue	1.2%	1.5%	1.3%	1.4%	1.9%	2.1%

* The Town's investment in InnServices, InnPower, & InnTerprises have been removed in the calculation due to their lack of liquidity

** The 2020 BMA survey results are based on 2019 financial information

Sustainability

Sustainability measures the Town's ability to maintain its existing service and financial commitments without increasing debt or tax burden on its residents.

The Financial Asset to Liabilities ratio measures the Town's ability to pay short and long-term obligations. To have a ratio greater than one demonstrates the Town's ability to pay off liabilities without burdening the tax payer.

The Financial Position per Capita ratio is the net Financial Assets on a per capita basis. A positive balance indicates the Town's ability to cover its debt obligations and funds have been set aside for future sustainability. These ratios are slightly less than in 2019 due to a reduction in cash, accounts receivable and liabilities.

Flexibility

Flexibility measures the degree to which the Town uses debt instead of increasing taxation to meet its operating and capital commitments.

The Tax Discretionary Reserve as a Percent of Taxation measures the Town's flexibility in meeting operating needs & temporary internal borrowing for capital. The adequacies of reserves to meet future requirements are an integral indicator of long-term financial stability. The decrease in 2020 reflects the enhanced capital replacement plan for road rehab and other asset renewal projects undertaken. The capital levy being added to the annual tax levy is essential funding utilized to address asset management programs to achieve maximum life cycle and to replace aging or end of life assets. As the Town continues to build its capital reserve, we should see this percentage increase. While the BMA average is 80% it is important to note that there are several municipalities with indicators approaching or greater than 100%.

The Debt to Reserve Ratio indicates the relationship of reserves available to the amount of debt issued. It is ideal to have a ratio less than 1 as this means that the debt outstanding does not exceed the reserve balance. Once debt is issued for the Big Bay Fire Station and South Innisfil Drain, the Debt to Reserve Ratio will increase.

Vulnerability

Vulnerability measures the Town's dependence on external sources that it cannot always control and its exposure to risk.

The Taxes Receivable as a Percent of Taxes Levied is an indication of the local economy and the ability of the community to pay their annual tax billings.

Tax Debt Interest as a Percent of Own Source Revenue indicates the percentage of debt interest compared to own revenues from taxation, user fees, permits, fines etc. (excluding development charges and government funding). The Town relies on OLG and DC revenue to pay for a significant portion of the debt (principal and interest) and this measure indicates vulnerability to the municipality if those revenues sources are not available. The Town's ratio increased as own source revenues such as penalties and interest, donations, and contributed tangible capital assets decreased. However, debt continues to be paid off, incurring less interest without the addition of new debt.