

2019 Financial Statement Summary & Analysis

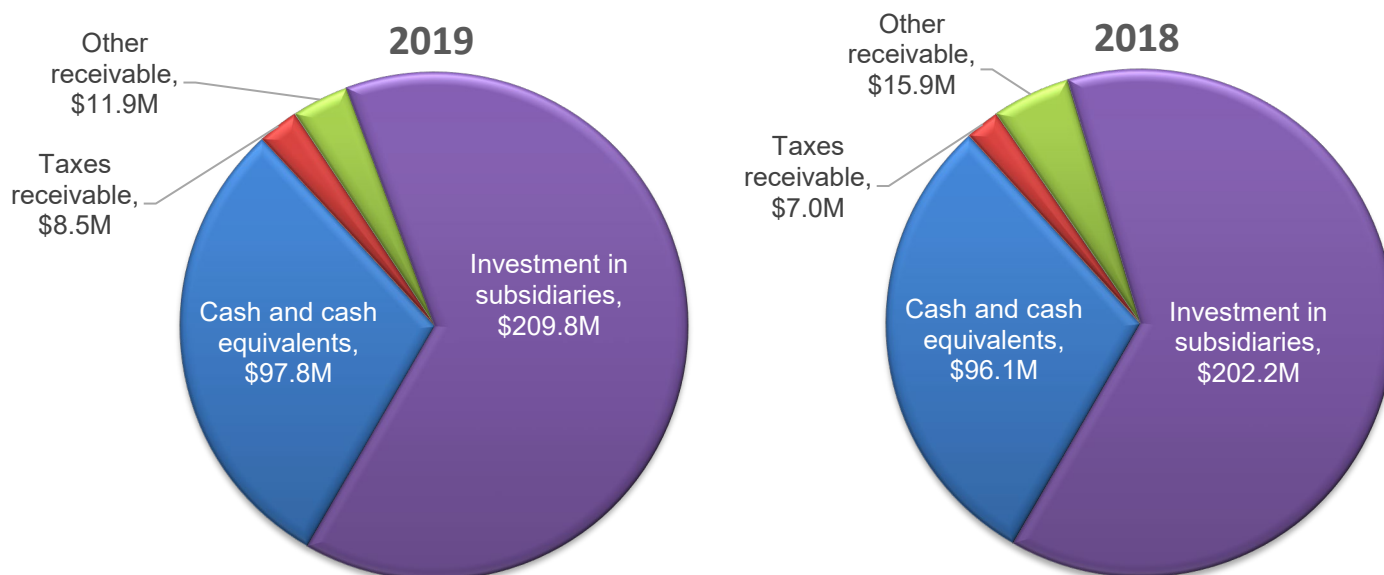
Consolidated Statement of Financial Position (Balance Sheet)

What we own (Assets)

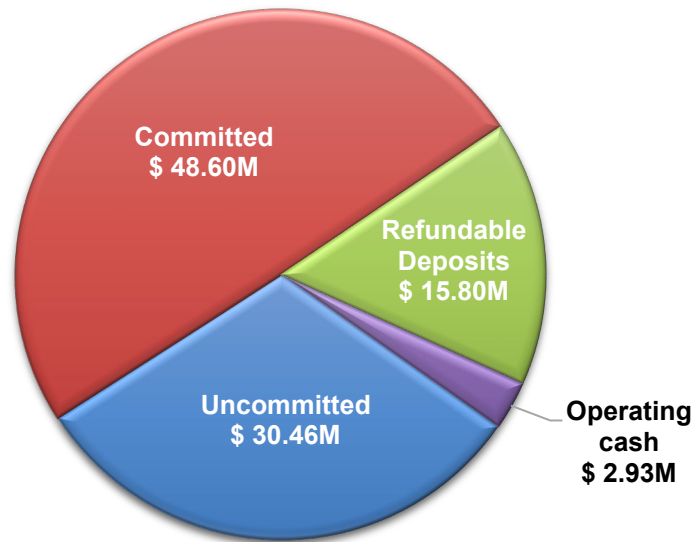
Assets	2019		2018		Change	
Cash and cash equivalents	97,796,325	29.82%	96,120,544	29.91%	1,675,781	1.74%
Taxes receivable	8,460,130	2.58%	7,063,830	2.20%	1,396,300	19.77%
Other receivable	11,884,237	3.62%	15,898,088	4.95%	(4,013,851)	(25.25%)
Investment in subsidiaries	209,772,456	63.97%	202,280,535	62.94%	7,491,921	3.70%
	\$ 327,913,148	100.00%	\$ 321,362,997	100.00%	\$ 6,550,151	

The \$6.5M increase in financial assets for the Town is mainly attributed to the following:

- Taxes Receivable have increased from 2018 to a total of \$8.46M. As a percentage of current year taxes billed, the year end taxes receivable are 9.64% compared to 8.72% for 2018. 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.
- Other Receivable decrease is due to payment received from Friday Harbour related to the municipal capital facilities agreement and the external works agreements for the building of the Big Bay Firehall.
- Increase in investment in subsidiaries is due to the equity pick up for InnServices Utilities Inc. (\$4.8M), InnPower Corporation (\$2.7M) and Innterprises Inc. (-\$17K)



2019 Cash & Cash Equivalents \$97.8M



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

- Uncommitted – includes operating stabilization reserves of \$8.7M 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	2019		2018		Change	
Prepays	535,284	0.17%	527,467	0.17%	7,817	1.48%
Other	566,938	0.18%	676,185	0.22%	(109,247)	(16.16%)
Tangible capital assets	320,573,369	99.66%	301,206,179	99.60%	19,367,190	6.43%
	\$ 321,675,591	100.00%	\$ 302,409,831	100.00%	19,265,760	

The \$19.2M increase in non-financial assets for the Town is mainly attributed to the following changes in tangible capital assets:

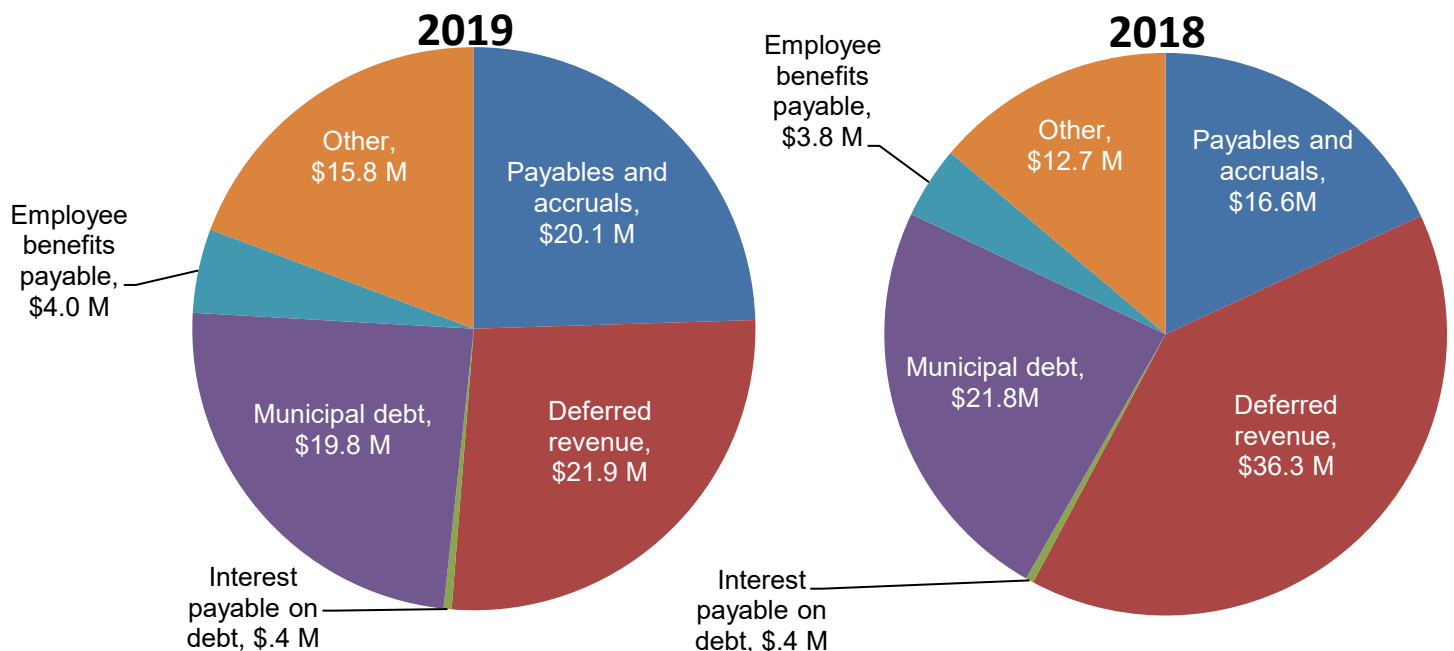
- Addition of \$4.9M in contributed assets from developers completed works as per subdivision agreements (for example: Roads)
- Capital asset additions and works in progress of approximately \$27M include the following capital works:
 - Rizzardo Health and Wellness Centre work-in-progress (\$7.3M)
 - Station #5 Big Bay Point Firehall (\$6.1M)
 - Gilford Road – Yonge Street to 20th Sideroad resurfacing (\$1.6M)
 - Lockhart Road – 20th Sideroad to Lake Simcoe reconstruction (\$1.5M)
 - Land Acquisition of 7335 Yonge Street (\$1.3M)
 - 6th Line Interchange EA & Supporting Infrastructure Design & Construction (\$1.2M)
 - Replace Ladder 3 & Pump 3 (\$0.8M)
 - Road Rehabilitation Program (\$0.7M)
- These capital additions are offset by \$12.1M in amortization expensed for 2019

What we owe (Liabilities)

Liabilities	2019		2018		Change	
Payables and accruals	20,098,401	24.51%	16,566,771	18.09%	3,531,630	21.32%
Deferred revenue	21,940,094	26.75%	36,377,120	39.72%	(14,437,026)	(39.69%)
Interest payable on debt	380,503	0.46%	416,742	0.46%	(36,239)	(8.70%)
Municipal debt	19,828,644	24.18%	21,756,234	23.76%	(1,927,590)	(8.86%)
Employee benefits payable	3,958,665	4.83%	3,784,845	4.13%	173,820	4.59%
Other	15,803,027	19.27%	12,679,654	13.85%	3,123,373	24.63%
	\$ 82,009,334	100.00%	\$ 91,581,366	100.00%	\$ (9,572,032)	

The \$9.6M decrease in financial liabilities for the Town is primarily attributable to the following:

- \$3.5M increase in payables and accruals relates to timing of payments for capital works progress payments and an increase in holdbacks payable that are released once capital works have been completed.
- Deferred revenue decreased by \$8.5M in development charge funds as a result of slowed growth and permit activity, along with the utilization of development charge funds for growth related capital works. There is also a reduction of deferred revenue in the amount of \$5.5M related to amounts collected through a municipal capital facilities agreement.
- Reduction in Municipal debt reflects annual debt principal repayments for the Innisfil Recreation Centre, Town Hall, Police and Cookstown Library. Approved debt for the completed capital projects Lakeshore Library expansion, Operations Centre & Salt Management Facility and 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 increase in other liabilities is primarily due to higher refundable developer security deposits.



Net Worth (Accumulated surplus)

Accumulated Surplus	2019		2018		Change	
Accumulated surplus - Operating	529,341	0.09%	986,091	0.19%	(456,750)	(46.32%)
Accumulated surplus - Capital	24,208,939	4.27%	12,524,214	2.35%	11,684,725	93.30%
Investment in tangible capital assets	320,573,369	56.48%	301,206,179	56.60%	19,367,190	6.43%
Reserve and reserve funds	36,211,201	6.38%	40,680,748	7.64%	(4,469,547)	(10.99%)
Investment in subsidiaries	209,772,456	36.96%	202,280,535	38.01%	7,491,921	3.70%
Unfunded debt and other	(23,715,901)	(4.18%)	(25,486,305)	(4.79%)	1,770,404	(6.95%)
	\$ 567,579,405		\$ 532,191,462		\$ 35,387,943	

- Accumulated surplus – Operating: consists of the Town of \$582K and the Library (\$53K)
- 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 represent cash to the Town as they are set aside for future operating and capital needs.
- “Unfunded debt and other” largely represents debt to be funded from future revenues.

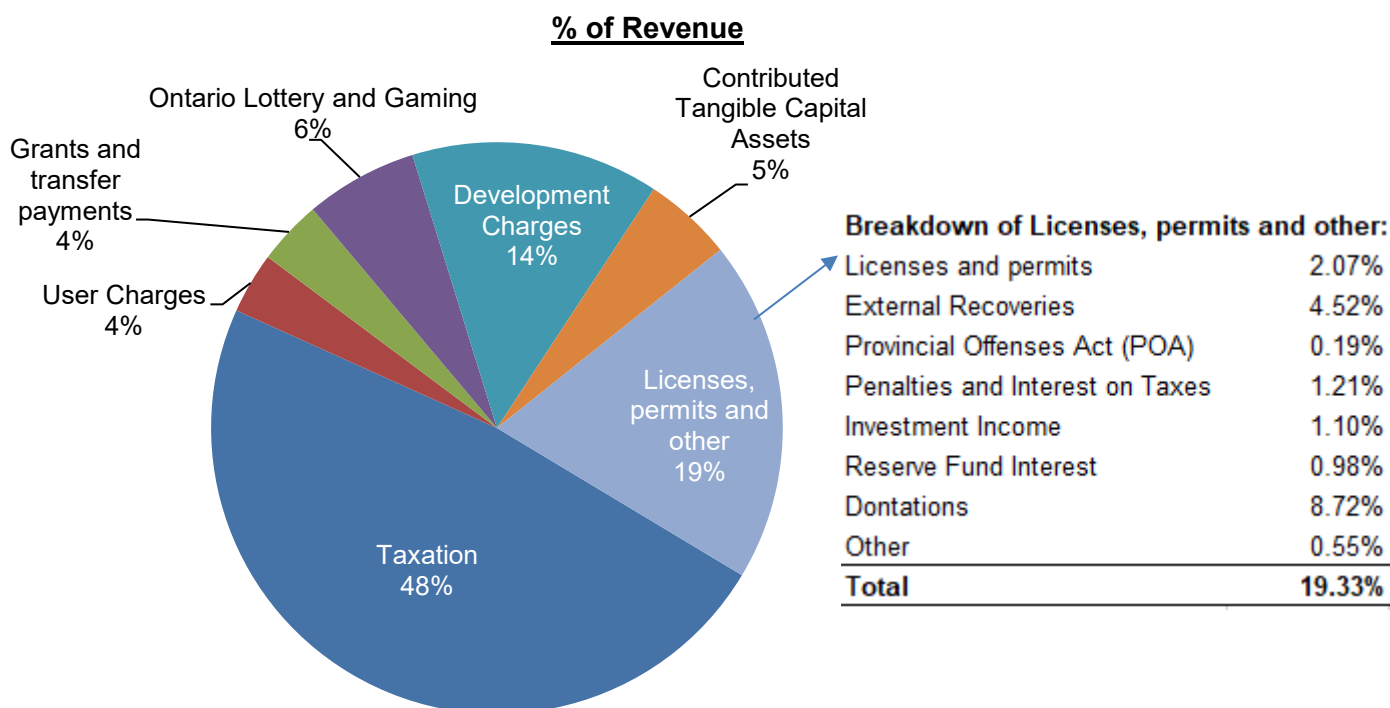
Consolidated Statement of Operations and Accumulated Surplus (Income Statement)

Where the money came from (Revenue)

Revenue	Budget	2019		Variance	
Taxation	46,598,670	47,471,544	48.14%	872,874	1.87%
User Charges	3,439,823	3,403,508	3.45%	(36,315)	(1.06%)
Grants and transfer payments	7,648,061	3,611,530	3.66%	(4,036,531)	(52.78%)
Ontario Lottery and Gaming	5,000,000	6,268,124	6.36%	1,268,124	25.36%
Development Charges	28,268,441	13,834,016	14.03%	(14,434,425)	(51.06%)
Contributed Tangible Capital Assets	-	4,967,915	5.04%	4,967,915	100.00%
Licenses, permits and other	15,283,450	19,058,089	19.33%	3,774,639	24.70%
	\$106,238,445	\$98,614,726	100.00%	(\$7,623,719)	

The \$7.6M less than budgeted revenue for the Town is primarily due to:

- Grants are lower than budgeted primarily due to 2019 works related to Road Rehabilitation Program was carried into 2020 and grant revenue has not yet been recognized.
- The development charges budget reflects capital projects approved in 2019; however, revenue is recognized when the works are completed. In 2019 the revenue recognized is less than anticipated due capital works being carried forward into 2020. The development charge revenue will be recognized in future years when the works are completed.
- Contributed tangible capital assets of \$4.9M from developers is an unbudgeted revenue recorded when the works in subdivision agreements are completed.
- The increase in licenses, permits and other are primarily due to the donations and contributions received for the Rizzardo Health and Wellness Centre.



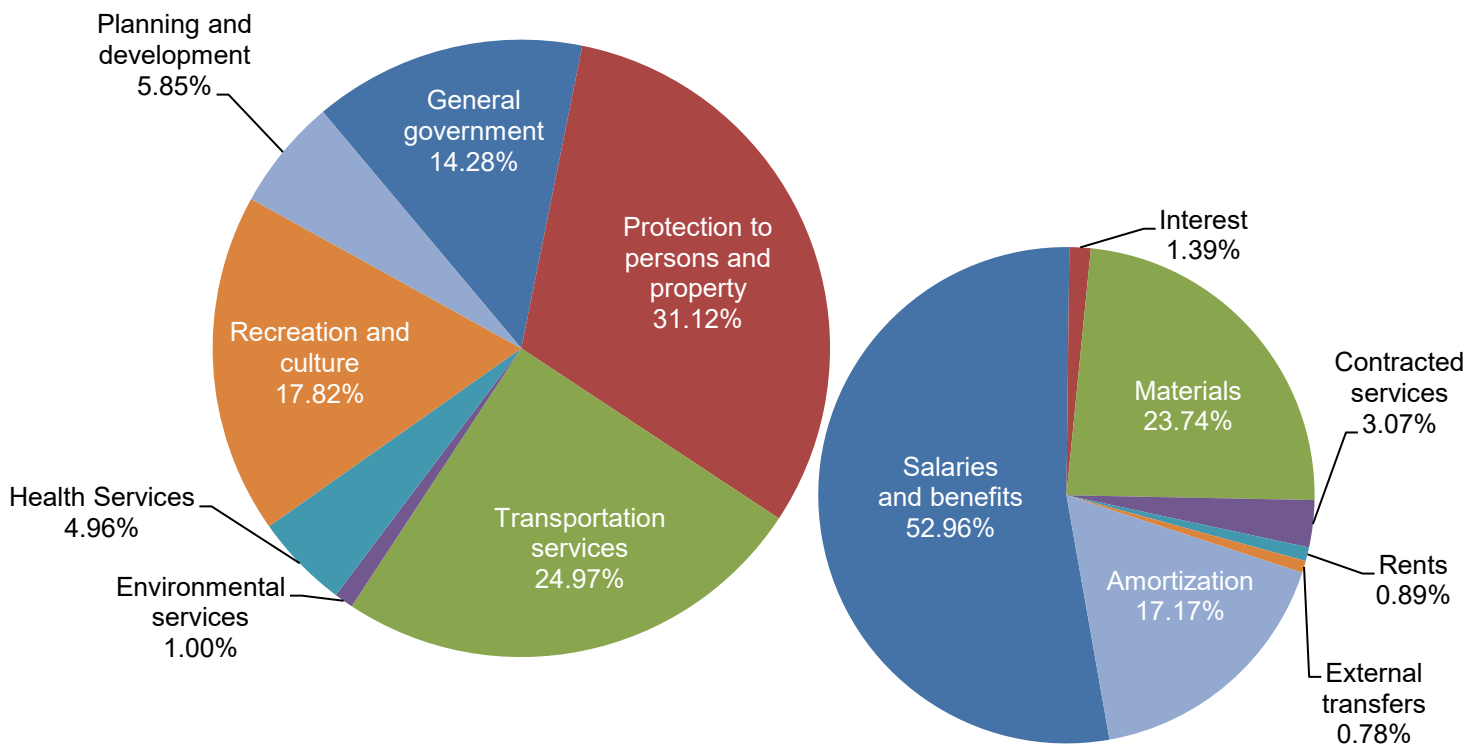
What the money was used for (Expenditures)

Expenditures	Budget	2019		Variance	
General government	9,366,295	10,060,869	14.28%	(694,574)	(7.42%)
Protection to persons and property	22,461,223	21,928,978	31.12%	532,245	2.37%
Transportation services	20,878,602	17,591,556	24.97%	3,287,046	15.74%
Environmental services	1,153,693	710,171	1.00%	443,522	38.44%
Health services	921,613	3,491,258	4.96%	(2,569,645)	(278.82%)
Recreation and culture	13,885,479	12,554,827	17.82%	1,330,652	9.58%
Planning and development	5,141,166	4,121,003	5.85%	1,020,163	19.84%
	\$73,808,071	\$70,458,662	100.00%	\$3,349,409	

The \$3.3M less than budgeted expenditure for the Town is mainly attributable to:

- In Transportation, \$3.3M budgeted for work to be done on the South Innisfil Drain which was not done in 2019. Until cancelled or completed any unexpended capital budget is brought forward to the following year to be reported against expenditures incurred in that year.
- Health Services expenses are greater than budgeted due to some Rizzardo Health and Wellness Centre capital works not capitalized. These works include water and wastewater infrastructure assets, outfitting of tenant spaces and other non-asset costs.
- Recreation and Culture expenses are lower than budgeted primarily due to \$933K in consulting costs related to parks and library studies with costs expected to occur over future years.
- 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.

% of Expenditures



Financial Indicators

	2019 BMA Survey Average**	2019	2018	2017	2016	2015
Sustainability						
Financial Assets to Liabilities	N/A	1.75 *	1.55 *	1.23 *	1.14 *	1.17
Financial Position per Capita	\$ 517	\$ 1,512 *	\$ 1,261 *	\$ 587 *	\$ 339 *	\$ 412
Flexibility						
Tax Discretionary Reserves as a % of Taxation	77%	76%	93%	71%	63%	70%
Debt to Reserve Ratio	0.9	0.5	0.5	0.8	1.1	0.8
Vulnerability						
Taxes receivable as a % of Taxes Levied	7.7%	9.7%	8.8%	8.5%	9.1%	10.2%
Tax Debt interest as a % of own source revenue	1.2%	1.3%	1.4%	1.9%	2.1%	2.8%

* The Town's investment in InnServices has been removed in the calculation due to their lack of liquidity

** The 2019 BMA survey results are based on 2018 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 greater than in 2018 due to a variety factors resulting in an increase in net financial position. Factors include funds unspent for approved capital projects, amounts receivable related to pledged donations and external works agreements, and an increase in investment in subsidiaries.

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 2019 reflects the enhanced capital replacement plan for road rehab and other asset renewal projects undertaken.

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 Lakeshore Library expansion, Big Bay Fire Stations,

Operations Centre, Salt Management Facility, and South Innisfil Drain, the debt to reserve ratio will increase.

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 % increase. While the BMA average is 77% it is important to note that there are several municipalities with indicators approaching or greater than 100%.

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 % of own source revenue indicates the % of debt interest only 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 has been decreasing as debt is being paid off, incurring less interest without the addition of new debt.