

2018-2022 Historical Analysis and 2023-2028 Financial Framework

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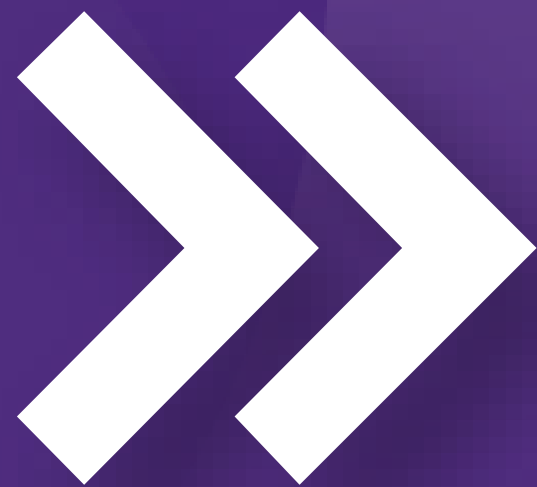


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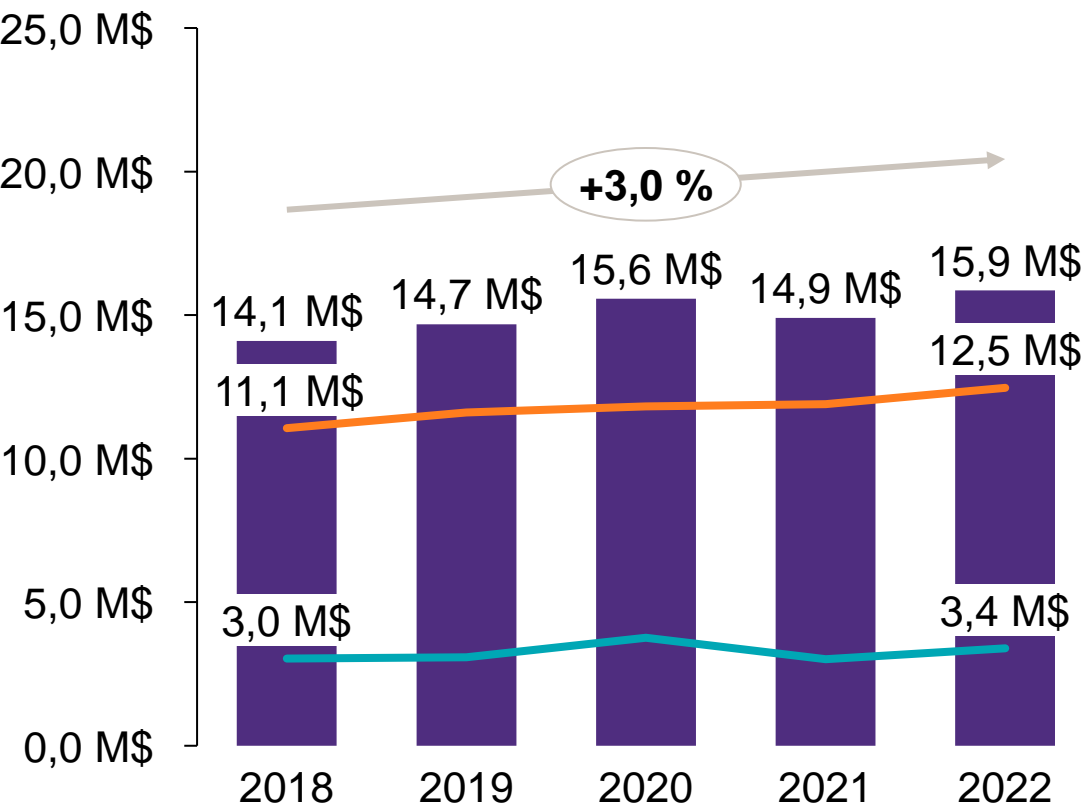


Historical Analysis 2018-2022



Evolution of revenues

— Taxes +3,0 % ■ Total +3,0 %
— Other revenue +2,8 %



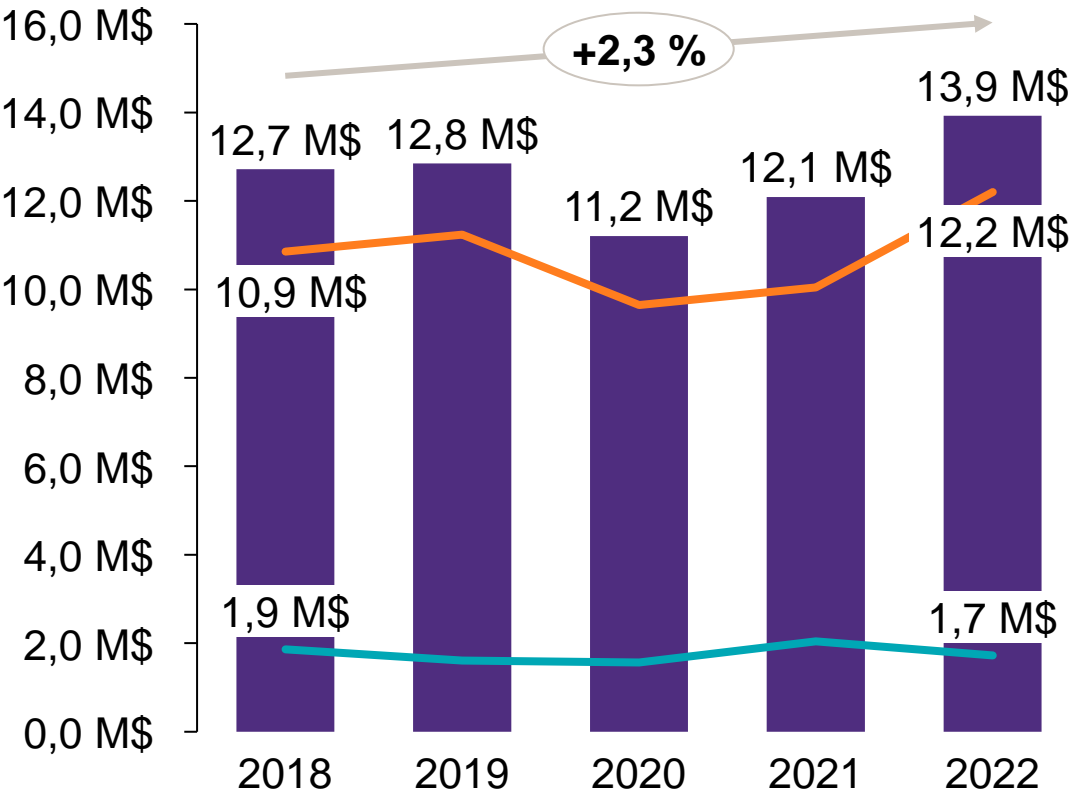
Increase in
3.0% of total revenues



Increase in
3.0% of tax revenues

Evolution of expenditure

— Operation expenditures +3,0 % ■ Total +2,3 %
— Debt service -1,9 %



Increase in
2.3% of total
expenditures



Increase in
3.0% of operating
expenditures



Decrease in
1.9% of debt service



Evolution of remuneration and social benefits contributions

In millions of dollars	2018	2019	2020	2021	2022	AAGR
Remuneration	\$3.4	\$3.3	\$2.6	\$2.8	\$3.1	-1,8 %
Social benefits	\$0.8	\$0.7	\$0.5	\$0.5	\$0.6	-5,4 %
Total	\$4.2	\$4.0	\$3.1	\$3.3	\$3.7	-2,4 %



Cumulative decrease of 2.4% in remuneration and social benefits

Gradual reduction in compensation:

- ✓ Temporary suspension of recreation and cultural services during COVID-19
- ✓ Difficulty recruiting and retaining staff in the context of labour shortages

Evolution of investments

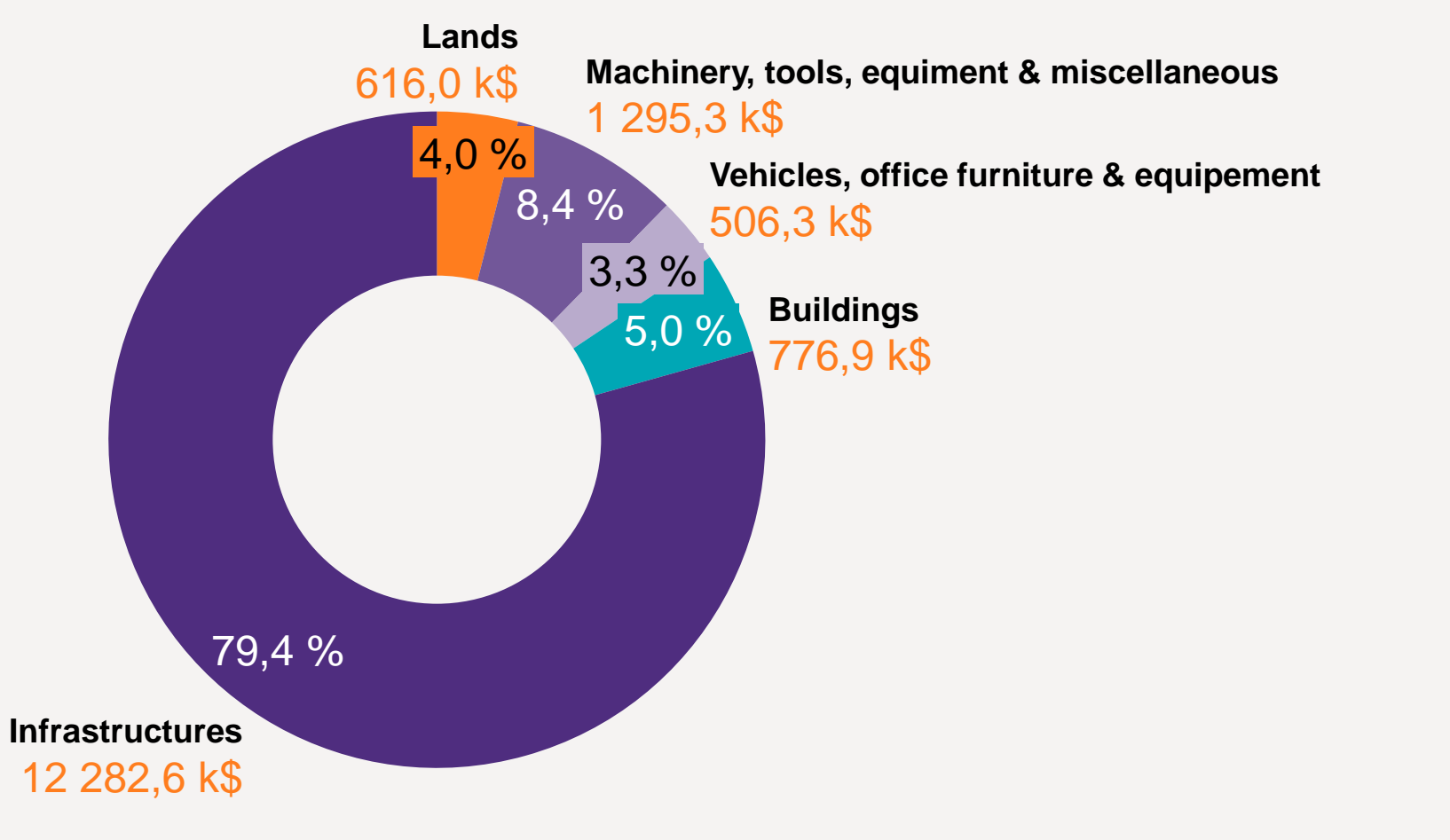
In k\$	2018	2019	2020	2021	2022	Total
Infrastructure	\$1,913.5	\$1,544.4	\$2,210.8	\$3,482.3	\$3,131.6	\$12,282.6
Buildings	\$355.1	\$0.0	\$10.5	\$411.3	\$0.0	\$776.9
Vehicles	\$0.0	\$0.0	\$57.2	\$0.0	\$91.3	\$148.5
Office furniture & Equipment	\$46.5	\$48.0	\$57.8	\$102.8	\$102.8	\$357.8
Machinery, tools, equipment & miscellaneous	\$79.9	\$424.6	\$136.3	\$364.0	\$290.6	\$1,295.3
Lands	\$92.9	\$179.0	\$131.7	\$0.0	\$212.3	\$616.0
Total	\$2,487.9	\$2,196.0	\$2,604.3	\$4,360.4	\$3,828.6	15 477,1

The Town invested \$15.5 million over the period:

- ✓ Main Road Repairs: Main, Carmel, Bridle Path and Bellevue
- ✓ Main Road Storm Sewer Rehabilitation

Breakdown of investments

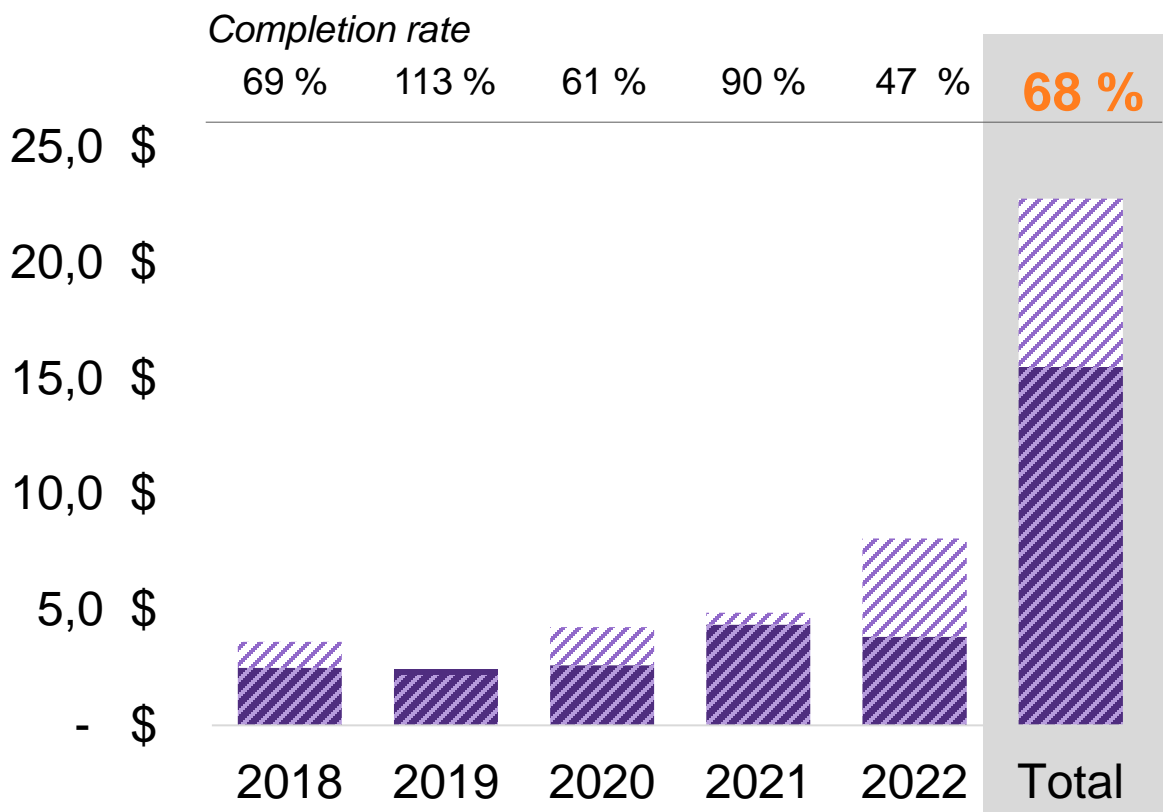
\$15.5 million
divided into
the following
categories:



Rate of completion of investments

Legend

- Planned Investments
- Investments



68 % of the
Planned
projets in the
CIP were
carried out
during the
period.

Evolution of real estate wealth

In millions of dollars	2018	2019	2020	2021	2022	AAGR
Total Property Wealth	\$1,122.5	\$1,169.9	\$1,180.4	\$1,192.2	\$1,493.8	7,4 %
Annual growth		4,2 %	0,9 %	1,0 %	25,3 %	
Growth without the effect of roll assessment in %		0,8 %	0,9 %	1,0 %	1,2 %	
Growth without the effect of roll assessment in \$		\$9.3	\$10.2	\$11.4	\$13.9	

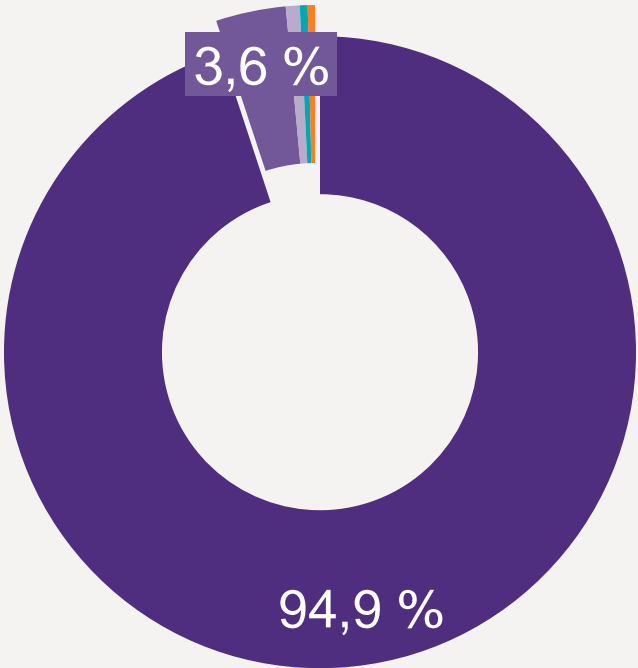
Real estate wealth is increasing by an average of 7.4% annually thanks to:

- ✓ **\$317.7 million** in growth driven by the revaluation of existing units
- ✓ **\$44.7 million** increase due to the addition of new units to the Town's inventory


Distribution of real estate wealth for the year 2022

\$1,493.8 million in property wealth broken down as follows:

- Residential**
1 418 152 859 \$
- 6 units or more**
10 627 400 \$
- Vacant lots**
5 525 100 \$
- Commercial**
53 489 941 \$
- Agricultural and forestry**
5 964 280 \$



Evolution of the tax burden

		2018	★ 2019	2020	2021	★ 2022	AAGR
Average Home Valuation		\$475,366	\$491,434	\$491,434	\$491,434	\$606,730	6,3 %
Residential Tax Bill		\$4,095	\$4,282	\$4,229	\$4,285	\$4,464	2,2 %
Growth in the tax burden			4,6 %	-1,2 %	1,3 %	4,2 %	

The tax burden is increasing by an average of 2.2% annually explained by :

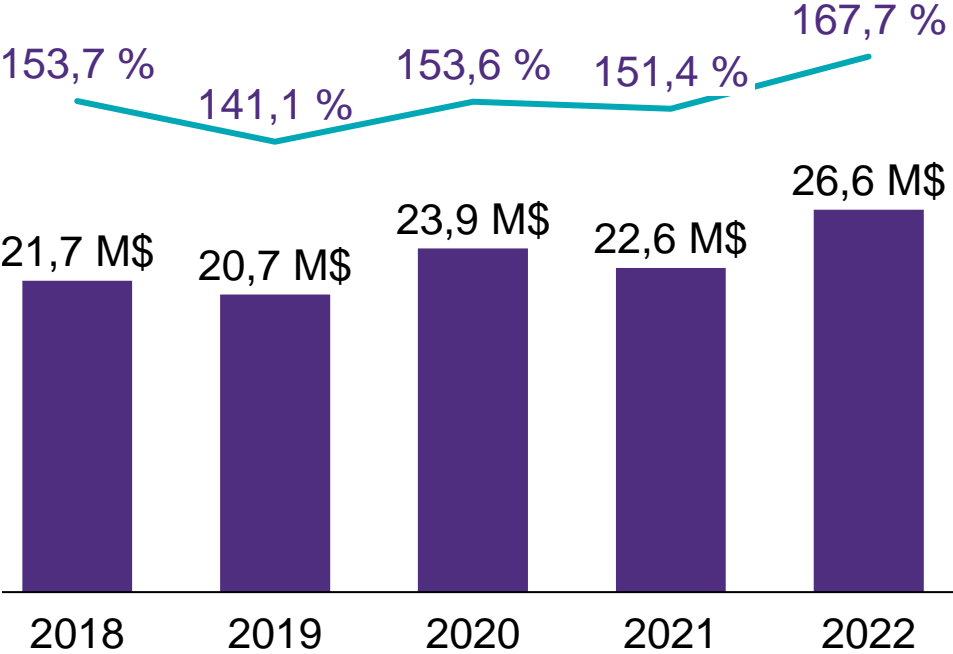
- ✓ 6.3% average annual growth in average home value
- ✓ 4.2% increase in the tax burden on residents between 2021 and 2022 even though the Town lowered its tax rates in 2022

Evolution of debt (1/2)

In millions of dollars	2018	2019	2020	2021	2022	AAGR
Long-term debt balance						
Debt to the whole	\$14.6	\$13.7	\$15.6	\$15.3	\$19.5	7,6 %
Debt borne by a sector	\$7.1	\$7.0	\$8.3	\$7.2	\$7.1	-0,1 %
Debt borne by the government	\$4.6	\$4.0	\$3.1	\$2.3	\$1.6	-23,4 %
Total long-term debt	\$26.3	\$24.7	\$27.0	\$24.9	\$28.2	1,8 %
Total long-term net debt	\$21.7	\$20.7	\$23.9	\$22.6	\$26.6	5,3 %
Total Net Debt/Revenues	153,7 %	141,1 %	153,6 %	151,4 %	167,7 %	
Debt to the whole/Revenues	103,4 %	93,6 %	100,3 %	102,8 %	123,1 %	
Debt Service						
Debt Service	\$1.9	\$1.6	\$1.6	\$2.0	\$1.7	-1,9 %
Debt Service/Expenses	14,6 %	12,5 %	13,9 %	16,9 %	12,4 %	

Evolution of debt (2/2)

■ Total long-term net debt
— Total Net Debt/Revenues



Increase in
5.3% of long-term net debt



Net Debt / revenues increased from **153.7%** in 2018 to **167.7%** in 2022

Source: RCGT analysis.

Evolution of surpluses and financial reserves

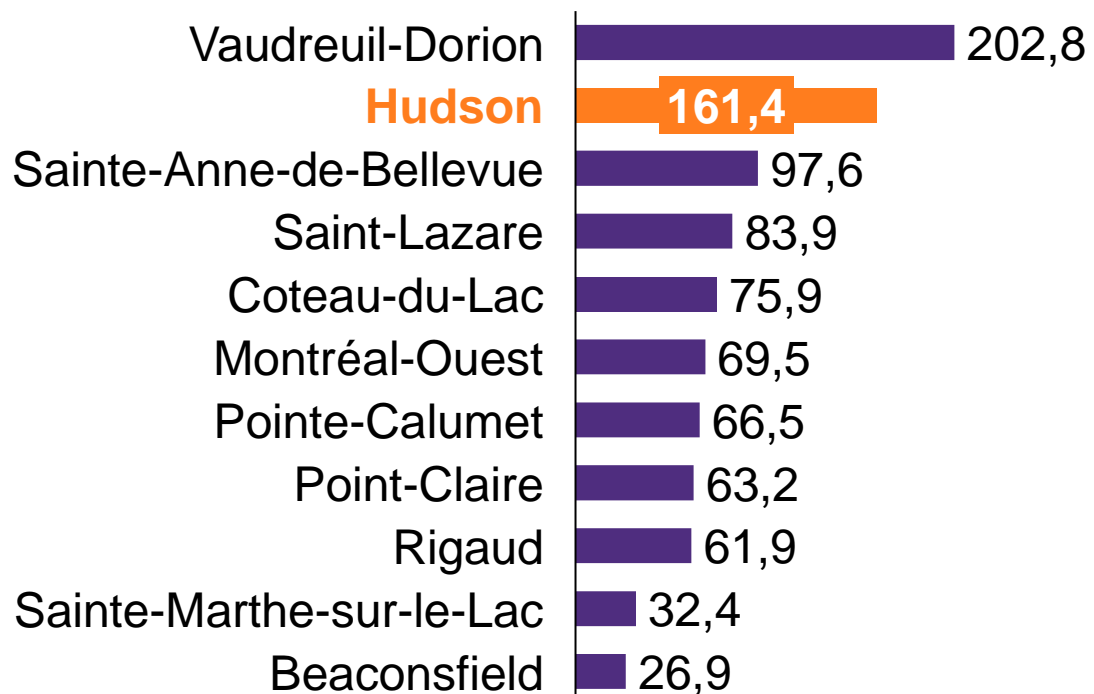
In millions of dollars	2018	2019	2020	2021	2022	AAGR
Unallocated operating surplus	\$2.3	\$2.7	\$6.2	\$8.0	\$8.4	37,8 %
Allocated surplus	\$1.5	\$2.0	\$1.5	\$1.9	\$1.5	-0,6 %
Financial Reserves and reserved Funds	\$2.0	\$5.7	\$5.8	\$5.8	\$5.6	29,9 %
Total Surpluses and Financial Reserves	\$5.8	\$10.4	\$13.5	\$15.7	\$15.5	27,7 %

Surpluses and financial reserves have more than doubled:

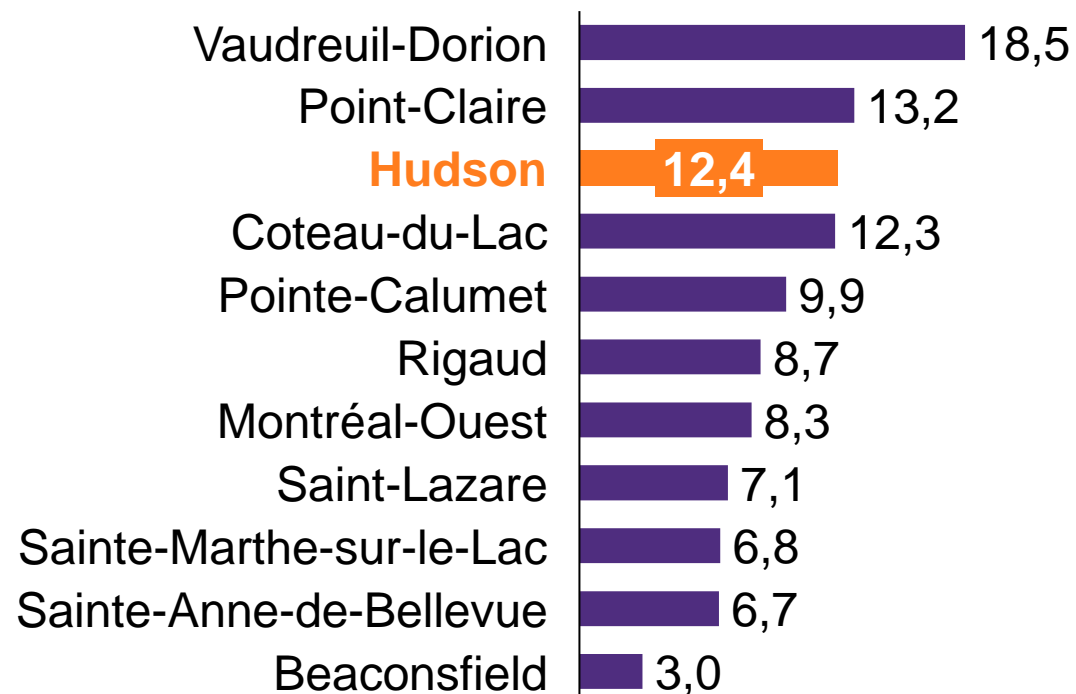
- ✓ **37.8%** significant increase for unallocated surpluses
- ✓ **29.9%** growth in financial reserves and reserved funds due to higher available balances from closed by-law loans

The Town is at the top of the scale with higher debt ratios compared to other comparable municipalities

Total Net Debt/Revenues



Net Debt Service/Total Expenditures



Once the long-term debt of \$3.9 million is repaid in 2023, the total net debt-to-income ratio decreases to 137.8%.

Diagnosis resulting from historical analysis



3.0% revenue growth



2.2% increase in the tax burden on residents



2.3% increase in spending



5.3% increase in long-term net debt



\$15.5 million invested



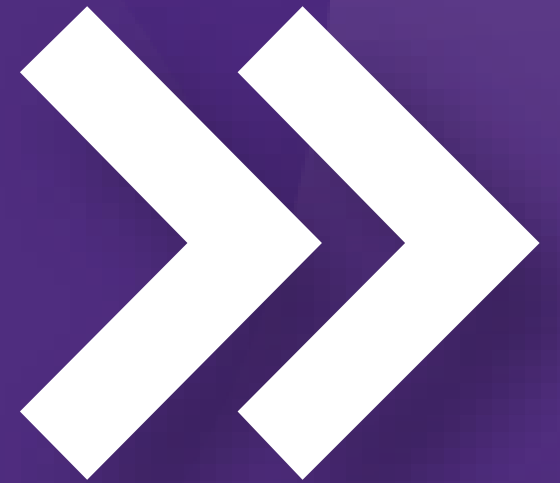
27.7% growth in surpluses and reserves



7.4% growth in Property Wealth



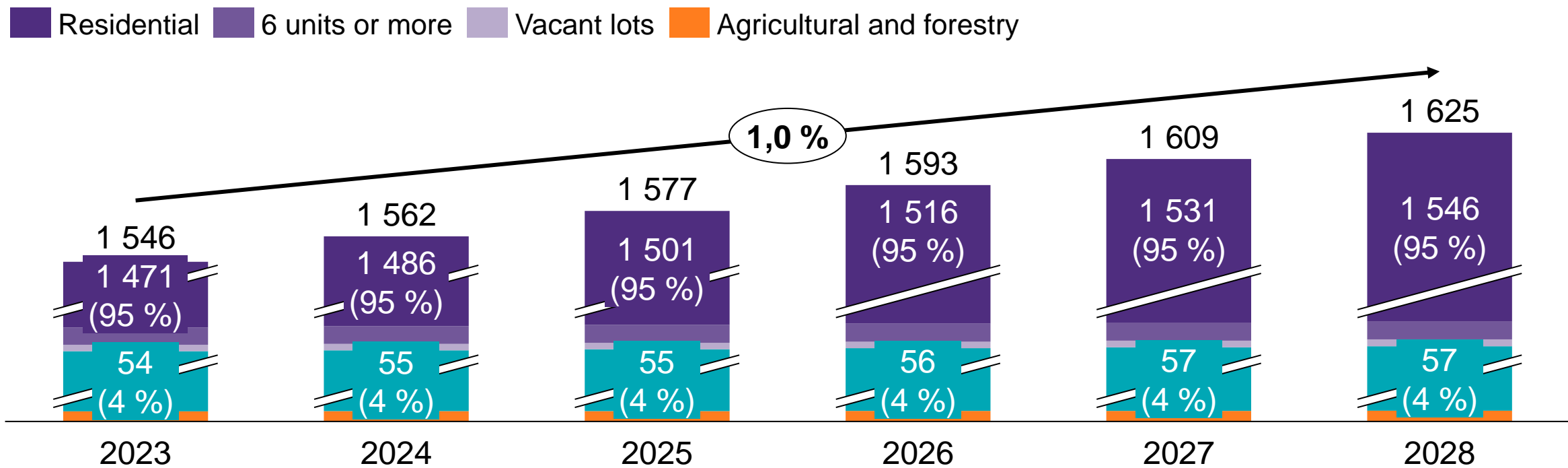
Financial framework



Key Assumptions

- ❑ Tariff revenues are indexed by 2%
- ❑ Fiscal pact increases by \$286.9K in 2024
- ❑ Transfert duties has been reduced by 20%
- ❑ 4% indexation for operating expenditure
- ❑ Interest rate used is 5.5% in 2023 and 2024 and decreases thereafter by 0.25% annually
- ❑ Repayment of \$586K of debt to the whole
- ❑ Working capital repayment of approximately \$350K/year
- ❑ No developments are considered in the projections

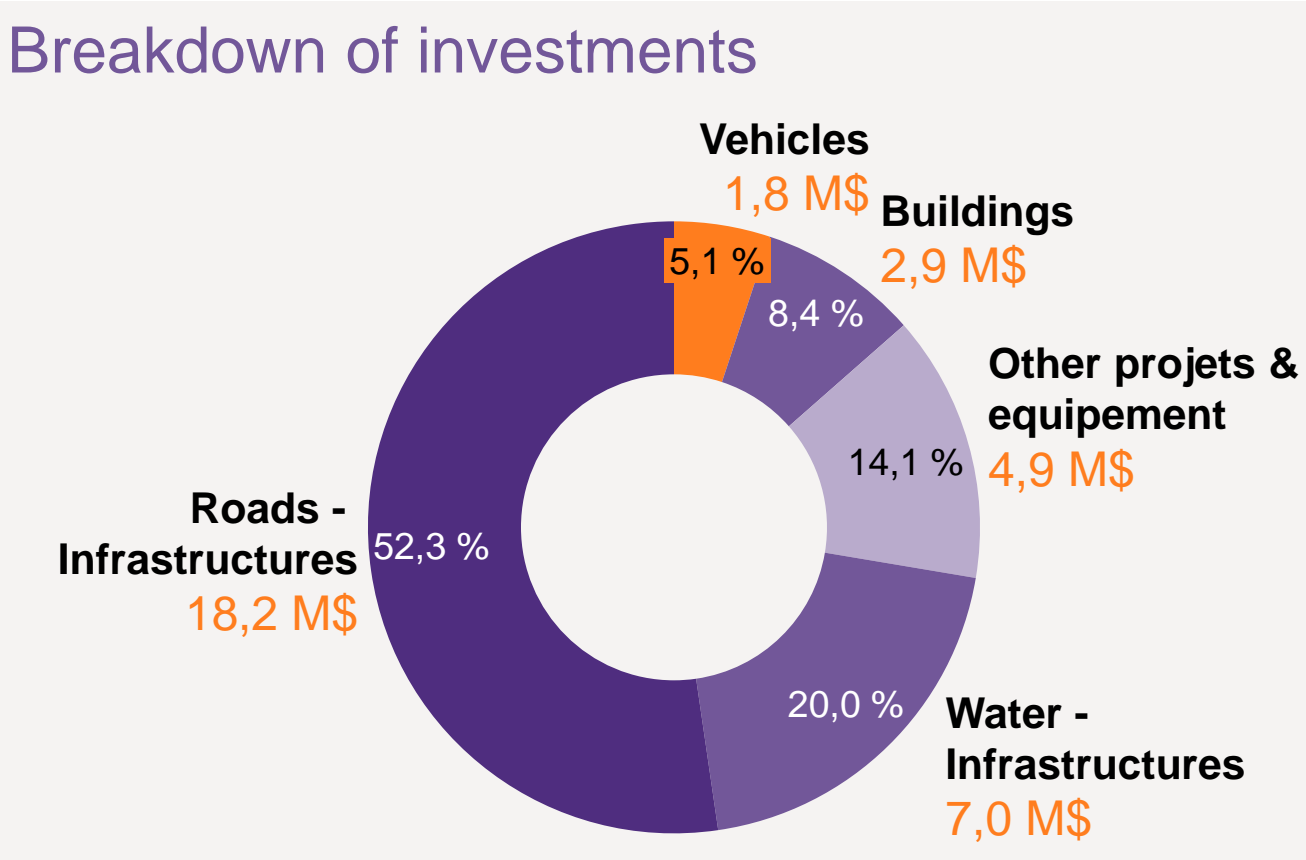
Property wealth will grow by an average of 1% per year






- ✓ Growth driven by renovations and house expansions of existing units
- ✓ No additional units are planned in the projections given the low availability of white areas

The Town will invest \$34.8 million over the next five years

Investments	2023	2024	2025	2026	2027	2028	Total
Total	\$6.2M	\$5.1M	\$6.4M	\$5.7M	\$5.7M	\$5.7M	\$34.8M



-  Reconstruction of Lakeview Road, Main Road (East End and Beach at Quarry Point)
-  Upgrading the PLCs and improving the water treatment system
-  Pool evaluation studies and improvements to parks and green spaces

61% of investments will be financed by long-term debt

In k\$	2023	2024	2025	2026	2027	2028	Total	Proportion
Spring								
Debt to the whole	\$3,815.7	\$1,750.0	\$3,535.0	\$2,716.7	\$2,716.7	\$2,716.7	\$21,250.7	61,0 %
Subsidies	\$1,500.0	\$2,000.0	\$2,000.0	\$0.0	\$0.0	\$0.0	\$5,500.0	16,1 %
Unallocated surplus	\$600.0	\$600.0	\$600.0	\$2,600.0	\$2,600.0	\$2,600.0	\$5,600.0	15,8 %
Working capital	\$269.0	\$630.0	\$180.0	\$351.3	\$351.3	\$351.3	\$2,133.0	6,1 %
Debt to the sector	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$240.0	0,7 %
Parks Funds	\$0.0	\$1.0	\$0.0	\$0.0	\$0.0	\$0.0	100,0	0,3 %
Total	6 224, 7	\$5,120.0	\$6,355.0	\$5,708.0	\$5,708.0	\$5,708.0	\$34,823.7	100 %

✓ **16.1%** of investments will be financed by grants => no impact on the tax burden on residents

✓ **\$3.6 million** will be received for the TECQ

✓ No unallocated surplus will remain from 2026 onwards

Financial Projections

	2023	2024	2025	2026	2027	2028	AAGR
Revenues							
Property taxes	13 199 900 \$	14 038 235 \$	14 391 901 \$	15 583 271 \$	15 830 548 \$	16 636 385 \$	4,7 %
Payments in lieu of taxes	188 200 \$	174 370 \$	183 212 \$	186 214 \$	199 392 \$	200 398 \$	1,3 %
Transfer duties	166 100 \$	448 078 \$	450 441 \$	452 833 \$	455 190 \$	457 594 \$	22,5 %
Services rendered	293 800 \$	301 145 \$	308 674 \$	316 390 \$	324 300 \$	332 408 \$	2,5 %
Imposition of duties	1 900 000 \$	1 513 085 \$	1 513 085 \$	1 513 085 \$	1 513 085 \$	1 513 085 \$	-4,5 %
Fines and Penalties	75 200 \$	76 704 \$	78 238 \$	79 803 \$	81 399 \$	83 027 \$	2,0 %
Interest revenues	516 400 \$	516 400 \$	516 400 \$	516 400 \$	516 400 \$	516 400 \$	0,0 %
Other revenues	5 000 \$	5 000 \$	5 000 \$	5 000 \$	5 000 \$	5 000 \$	0,0 %
Total revenues	16 344 600 \$	17 073 017 \$	17 446 950 \$	18 652 996 \$	18 925 314 \$	19 744 296 \$	3,9 %
Revenues evolution		4,5 %	2,2 %	6,9 %	1,5 %	4,3 %	
Expenses							
General Direction & Council	2 748 400 \$	2 858 336 \$	2 972 669 \$	3 091 576 \$	3 215 239 \$	3 343 849 \$	4,0 %
Public Security	3 268 900 \$	3 149 656 \$	3 275 642 \$	3 406 668 \$	3 542 935 \$	3 684 652 \$	2,4 %
Transportation	2 915 400 \$	3 032 016 \$	3 153 297 \$	3 279 429 \$	3 410 606 \$	3 547 030 \$	4,0 %
Public works	2 168 700 \$	2 255 448 \$	2 345 666 \$	2 439 493 \$	2 537 072 \$	2 638 555 \$	4,0 %
Health and Welfare	70 900 \$	73 736 \$	76 685 \$	79 753 \$	82 943 \$	86 261 \$	4,0 %
Urban Planning & Development	988 100 \$	1 027 624 \$	1 068 729 \$	1 111 478 \$	1 155 937 \$	1 202 175 \$	4,0 %
Culture & recreation	1 541 300 \$	1 602 952 \$	1 667 070 \$	1 733 753 \$	1 803 103 \$	1 875 227 \$	4,0 %
Financing costs	41 100 \$	41 100 \$	41 100 \$	41 100 \$	41 100 \$	41 100 \$	0,0 %
Total expenses before debt service	13 742 800 \$	14 040 868 \$	14 600 859 \$	15 183 249 \$	15 788 935 \$	16 418 848 \$	3,6 %
Expenses evolution		2,2 %	4,0 %	4,0 %	4,0 %	4,0 %	
Debt service							
Net principal	(1 318 800) \$	(1 318 791) \$	(1 372 369) \$	(1 510 648) \$	(1 334 654) \$	(1 470 796) \$	2,2 %
Interest	(780 000) \$	(985 885) \$	(1 137 183) \$	(1 349 429) \$	(1 398 066) \$	(1 435 174) \$	13,0 %
Total expenses including debt service	(2 098 800) \$	(2 304 676) \$	(2 509 551) \$	(2 860 077) \$	(2 732 719) \$	(2 905 970) \$	6,7 %
Allocation							
Total allocation	(503 000) \$	(727 472) \$	(336 540) \$	(609 670) \$	(403 660) \$	(419 477) \$	-3,6 %
Surplus (deficit)	- \$	- \$	- \$	- \$	- \$	- \$	

The pressure on finances comes from:

- ❑ The increase in expenses
- ❑ Debt service
- ❑ Allocations

Total net debt will increase by 1.7% per year (1/2)

In millions of dollars	2022	2023	2024	2025	2026	2027	2028	AAGR
Debt balance								
Debt to the whole	\$19.5	\$22.2	\$21.2	\$22.9	\$24.3	\$26.5	\$27.6	4,5 %
Debt borne by a sector	\$7.1	\$6.9	\$4.4	\$4.3	\$4.2	\$4.2	\$4.0	-10,2 %
Debt borne by the government	\$1.6	\$0.7	\$0.7	\$0.6	\$0.6	\$0.6	\$0.5	-4,9 %
Total long-term debt	\$28.2	\$29.8	\$26.3	\$27.8	\$29.0	\$31.2	\$32.2	1,6 %
Total long-term net debt	\$26.6	\$29.1	\$25.7	\$27.2	\$28.4	\$30.6	\$31.7	1,7 %
Total Net Debt/Revenues	161,2 %	178,0 %	150,2 %	156,1 %	152,4 %	161,7 %	160,5 %	
Debt to the whole/Revenues	123,1 %	135,8 %	124,4 %	131,5 %	130,0 %	139,8 %	140,0 %	
Debt Service								
Debt Service	\$1.7	\$3.0	\$2.3	\$2.5	\$2.9	\$2.8	\$3.0	-0,3 %
Net Debt Service	\$1.7	\$2.1	\$2.3	\$2.5	\$2.8	\$2.7	\$2.9	6,9 %
Net Debt Service/Expenses	12,4 %	13,1 %	13,9 %	14,5 %	15,7 %	14,6 %	14,9 %	

Total net debt will increase by 1.7% per year (2/2)



Debt borne by the Town increased by **4.5%**



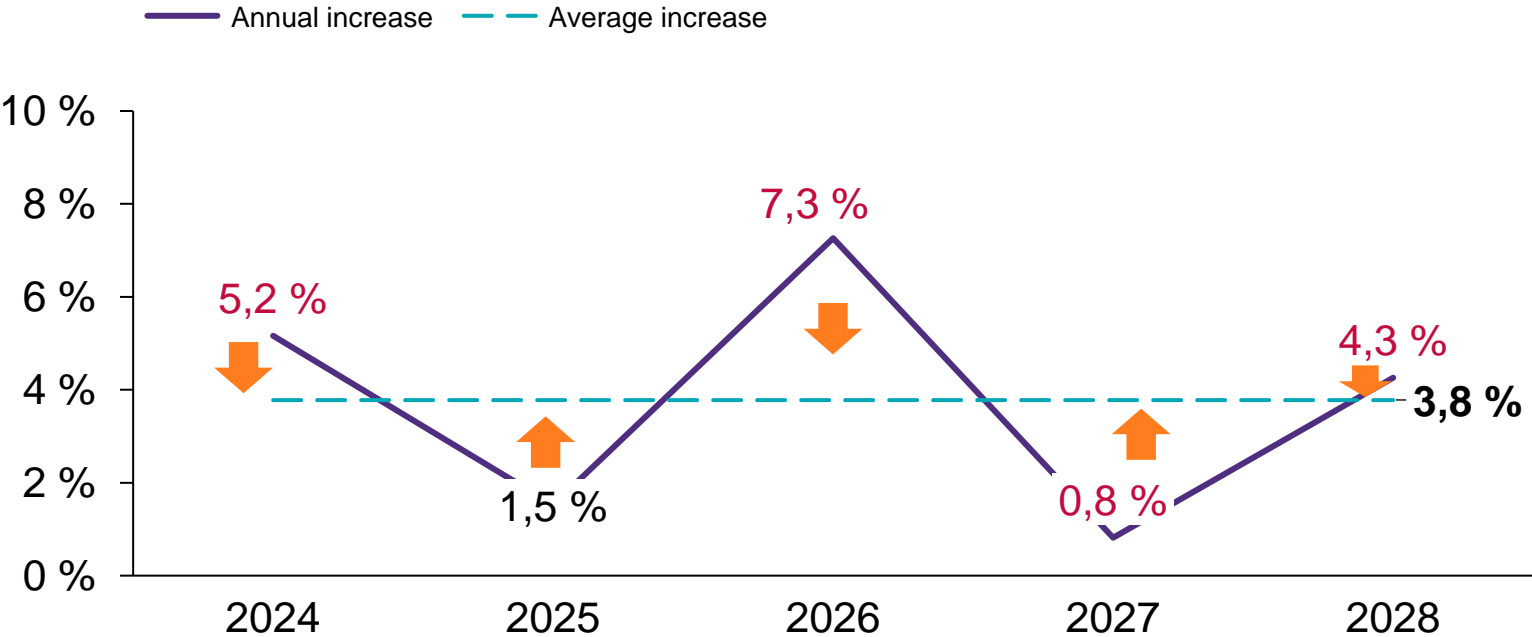
Debt-to-all to revenue ratio increased from **123.1%** in 2022 to **140.0%** in 2028



Net debt-to-expense ratio increases from **12.4%** to **14.9%**

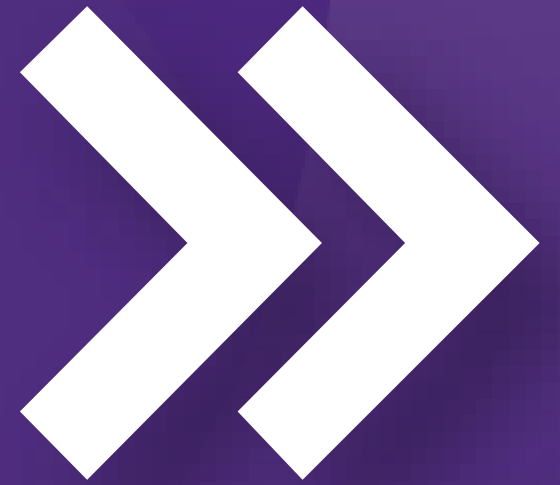
The tax burden will grow by an average of 3.8% annually over the period

	2023	2024	2025	2026	2027	2028	AAGR
Average Home Valuation	606 730 \$	606 730 \$	606 730 \$	606 730 \$	606 730 \$	606 730 \$	
Tax burden	5 194 \$	5 462 \$	5 546 \$	5 949 \$	5 997 \$	6 253 \$	3,8 %
Annual Growth in \$		268 \$	83 \$	403 \$	451 \$	304 \$	
Annual Growth in %		5,2 %	1,5 %	7,3 %	0,8 %	4,3 %	



Increases in 2024, 2026 and 2028 are explained by the increase in future investments.

Optimisation of the financial framework



Financial Strategies

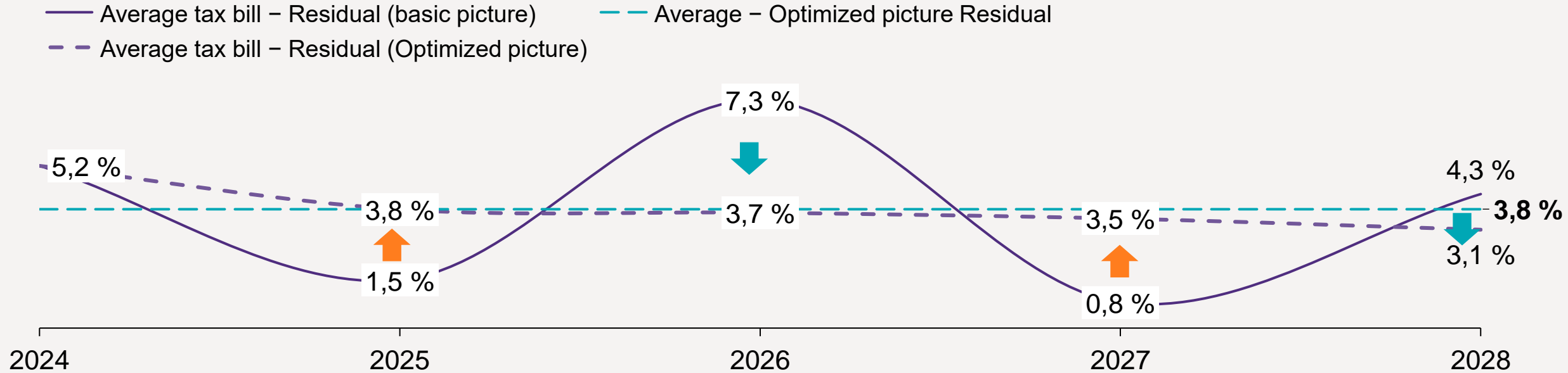
1 Use of **\$5.5 million of unallocated surplus**

2 Use of available balances on closed by-law loans to pay down long-term debt

3 Short- and medium-term cash investment of available surpluses to maximize interest revenue

4 Creation of a reserve to smooth out tax increases

Financial strategies help smooth out the growth of the citizen's tax burden

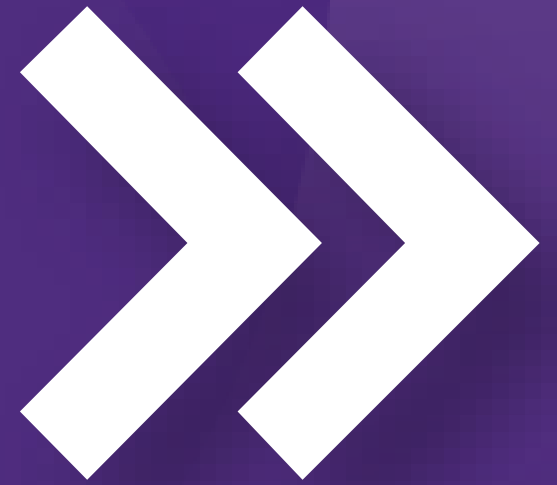


The allocation of the reserve reduces the tax burden in 2025 and 2027



The use of the money in the reserve brings the tax burden closer to the average

Conclusion



Long-term planning aims to provide a common vision for senior management and elected officials

Considering the upcoming investments and the evolution of the Town's expenditures for the next few years, **here are the main highlights:**



Total investments of \$34.8 million over the period



Debt increases by an average of 4.5 % per year



Tax burden increases by an average of 3.8 % over the next years



Raymond Chabot
Grant Thornton

rcgt.com