



HAMPSTEAD

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MAYOR'S ANNUAL REPORT HIGHLIGHTS OF THE 2017 FINANCIAL REPORT

**Presented by
Mayor WILLIAM STEINBERG**

Tabled at the Hampstead Council meeting
On July 3, 2018

PRESENTATION

In compliance with Article 474.1 of the *Cities and Towns Act* it is my pleasure to present the annual report on the financial situation of the Town of Hampstead. This report includes:

- I. Highlights of the 2017 Financial Statements
- II. Three-year program of capital expenditures

I) HIGHLIGHTS OF THE AUDITED 2017 FINANCIAL STATEMENTS

Unrestricted operating surplus

Per the 2017 Financial Statements, the Town had a net surplus of \$1.734M originating from the following main sources:

1. \$809 thousand - Favorable results for property transfer duties
2. \$241 thousand – Payroll related savings due to part-year personnel vacancies, sick leave and lower wage replacement, auxiliary staffing per CSR programs offered and /or part-time versus full.
3. \$236 thousand – Agglomeration share refund
4. \$176 thousand – Cost savings for insurance claim deductible not required, lower professional & legal fees and less pension plan deficit contribution required due to the application of Bill 15.
5. \$118 thousand – positive variance in taxable evaluations due to renovations and new constructions

This amount was added to the previous accumulated surplus of \$4.998M. After putting aside about \$1.725M in various reserve funds and other adjustments, the overall unrestricted operating surplus was \$5.307M which is very healthy.

Long-term debt

At the end of 2017 the Town of Hampstead's debt stood at \$7.423M (2016 = \$8.138M). From this amount a debt figure of \$6.639M (2016 = \$7.251M) results when we net out the grants to be received for certain projects. See appendix 1 for estimated capital payments on long-term debt. Hampstead's debt service ratio of 7.72% has been steadily dropping since 2009.

Capital expenditures

As the restoration and maintenance of our infrastructure remains one of the top priorities, capital expenditures in 2017 totalled \$2.230M and spanned a variety of different projects, mainly for infrastructure rehabilitation (roads and sidewalks, tools, machinery & equipment). See appendix 2 for details of the 2017 capital expenditures.

Globally within the last decade, \$22.75M in capital investments have been made. The principal areas were:

1. \$9.74M on roads/sidewalks
2. \$7.58M on water/sewer infrastructure
3. \$2.86M on vehicles & equipment

Overall, the 2017 financial results indicate that the Town has fulfilled its commitments with respect to the budget adopted and finished the year with an operating surplus of \$1.734M, and this, with the local tax increase below inflation at 1.6% for the average single-family home owner.

II) THREE-YEAR PROGRAM OF CAPITAL EXPENDITURES

The principal investments planned in the current three-year capital expenditures program reflect our desire for a diverse and vibrant development of the Town. The projects for 2017 are nearing completion with some final work extending into the coming fiscal year. The details of the 2018-2019-2020 capital expenditures program are evolving. As this is written, we are waiting to see if we will get a grant for a new Recreation Centre. We are keeping our substantial surplus unspent until we know if we will use some of the surplus for a new Recreation Centre.

This year, Hampstead has continued the infrastructure renewal program, focussing on roads, sidewalks and sewer rehabilitation, as well as, Councillors Park splash play area and a new Wexford Park play area. Added to this is the Purchase of public security vehicles. Financing for these projects came principally from grants and accumulated surplus.

As in past years, the rejuvenation of our vehicle fleet, roads, sidewalks, street lights, park facilities, computer hardware/ software, as well as, various machinery and equipment allow for an enhanced efficiency of operations and a more attractive town.

In summary, we will continue to focus on our long term plan to recover and build a renewed infrastructure while ensuring that our Town is kept clean, attractive and safe.

CONCLUDING REMARKS

As shown in this report the financial health of the town is excellent. While we face some financial challenges, I remain confident that we will keep local tax increases below inflation as we have for the past decade. Nevertheless, we plan to keep moving and introducing several Smart City initiatives. Depending on grants, we may proceed with a new recreation Centre. Further, Beautification projects will continue including Langhorne Park once the townhouse project on MacDonald is complete.

In order to increase knowledge of and accessibility to municipal management, we are continuing to develop our communication tools and approaches. Please rest assured that we will spare no effort to ensure that Hampstead remains a peaceful, happy, healthy, and safe community. Let us continue to build a better tomorrow, together. Your councillors and I sincerely thank you for your support.

And last but not least, the success of this Town is built on the contributions and hard work of its employees. I take this opportunity to emphasize the work of all our Town employees, the able employees at Town Hall, the blue collars who maintain our streets and parks, the Recreation staff for our programs, and our Public Security Agents who keep our Town safe. I thank them all for making Hampstead the wonderful community that we enjoy so much.

Mayor Bill Steinberg

APPENDIX 1

Estimated payments on long-term debt:

<u>Maturity</u>	\$
2018	684 500
2019	703 600
2020	724 200
2021	744 500
2022	664 600
2023 and +	<u>3,901 600</u>
TOTAL	7,423,000
GRANTS TO BE RECEIVED	<u>(784,365)</u>
TOTAL NET LONG-TERM DEBT	6,638,635

Note: The numbers are based on the 2017 financial statements as of December 31, 2017. By the end of 2018, the net debt will have decreased by 56% from the previous 2009 closing balance due to accelerated long-term debt repayment with surplus appropriations totaling \$2.05M.

Since 2007, a total of \$6.4M in long-term borrowings are linked to loans which have capital and/or interest portions covered either wholly or in part by government grants.

APPENDIX 2

Summary of 2017 capital expenditures

CATEGORY	PROJECT	AMOUNT
Information tech. & Furnitures	Hardware- computers & server; Furnitures	71 845
Municipal installations	Town Hall, CSR & PW building renovations	
Infrastructure rehabilitation	Other infrastructure (Roads: Fed excise tax grant)	859 649
	Parks & green areas	22 824
	Roads & sidewalks	908 937
Vehicles and equipment	Tools, machinery & equipment	287 683
	Vehicles	79 560
	CAPITAL INVESTMENTS	2 230 498