



HAMPSTEAD

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MAYOR'S ANNUAL REPORT HIGHLIGHTS OF THE 2018 FINANCIAL REPORT

**Presented by
Mayor WILLIAM STEINBERG**

Tabled at the Hampstead Council meeting
On July 3, 2019

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 2018 Financial Statements
- II. Three-year program of capital expenditures

I) HIGHLIGHTS OF THE AUDITED 2018 FINANCIAL STATEMENTS

Unrestricted operating surplus

Per the 2018 Financial Statements, the Town had a net surplus of \$2.237M originating from the following main sources:

1. \$1.1M - Favorable results for property transfer duties
2. \$255 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. \$55 thousand – positive variance in taxable evaluations due to renovations and new constructions
4. \$46 thousand – This is due to the positive waste reduction & recycling results.

This amount was added to the previous accumulated surplus of \$5.007M. After putting aside about \$1.304M in various reserve funds and other adjustments, the overall unrestricted operating surplus was \$6.240M (including working fund) which is very healthy.

Long-term debt

At the end of 2018 the Town of Hampstead's debt stood at \$7.311M (2017 = \$7.423M). From this amount a debt figure of \$6.060M (2017 = \$6.639M) 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 3.84% 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 2018 totalled \$643 538 thousand and spanned a variety of different projects, mainly for infrastructure rehabilitation (roads and sidewalks, tools, machinery & equipment). See appendix 2 for details of the 2018 capital expenditures.

As of today and in terms of net book value, we have invested no less than \$ 27.08M in various projects to improve our city and make it a better place to live.

The principal areas were:

1. \$9.81M on roads/sidewalks
2. \$10.93M on water/sewer infrastructure
3. \$1.86M on vehicles & equipment

Overall, the 2018 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 \$2.237M, and this, with the local tax increase below inflation at 1.7% 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 2018 are nearing completion with some final work extending into the coming fiscal year. The details of the 2019-2020-2021 capital expenditures program are evolving. Last year we applied for a grant for a new Recreation Centre but we did not get it as Quebec's criteria favored off-island regions. We are still interested in a new Recreation Centre or a Civic Centre (would include both Town Hall and a new Recreation Centre). We are keeping much of our substantial surplus unspent until we know if we will use some of the surplus for a new Recreation or Civic Centre.

This year, Hampstead has continued the infrastructure renewal program, focussing on roads, sidewalks and sewer rehabilitation, as well as, additional Beautification of our Green spaces. Added to this is the Purchase of another public security vehicle. Financing for these projects came principally from grants and accumulated surplus. Beginning in August the majority of our street lights will be converted to LEDs.

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 12 years. Nevertheless, we plan to keep moving and introducing several Smart City initiatives. Depending on grants or other funding, we may proceed with a new Recreation or Civic Centre. Beautification projects will continue including Langhorne Park now that 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>	\$
2019	725 500
2020	746 900
2021	768 000
2022	688 700
2023	708 900
2024 and +	<u>3,673 400</u>
TOTAL	7,311,400
GRANTS TO BE RECEIVED	<u>(1,251,354)</u>
TOTAL NET LONG-TERM DEBT	6,060,046

Note: The numbers are based on the 2018 financial statements as of December 31, 2018. By the end of 2019, the net debt will have decreased by 57% from the previous 2011 closing balance due to accelerated long-term debt repayment with surplus appropriations totaling \$2.05M.

Since 2007, a total of \$6.10M 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 2018 capital expenditures

CATEGORY	PROJECT	AMOUNT
Information tech. & Furnitures	Hardware- computers & server; Furnitures	85 972
Municipal installations	Town Hall, CSR & PW building renovations	
Infrastructure rehabilitation	Other infrastructure (in progress)	170 678
	Parks & green areas	29 731
	Roads & sidewalks	219 449
Vehicles and equipment	Tools, machinery & equipment	53 548
	Vehicles	84 160
	CAPITAL INVESTMENTS	643 538