



HAMPSTEAD

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MAYOR'S ANNUAL REPORT HIGHLIGHTS OF THE 2019 FINANCIAL REPORT

**Presented by
Mayor WILLIAM STEINBERG**

Tabled at the Hampstead Council meeting
On July 6th, 2020

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 2019 Financial Statements
- II. Three-year program of capital expenditures

I) HIGHLIGHTS OF THE AUDITED 2019 FINANCIAL STATEMENTS

Unrestricted operating surplus

Per the 2019 Financial Statements, the Town had a net surplus of \$2.015M originating from the following main sources:

- 1. \$370 thousand – positive variance in taxable evaluations due to renovations and new constructions
- 2. \$334 thousand - Favorable results for property transfer duties
- 3. \$232 thousand – This is due to positive interest results on bank accounts and tax arrears.
- 4. \$159 thousand – Cost savings on lower professional fees and town insurance

This amount was added to the previous accumulated surplus of \$5.940M. After putting aside about \$2.260M in various reserve funds and other adjustments including surplus from capital asset activities of about \$294 thousand, the overall unrestricted operating surplus was \$6.381M (including working fund and balance of closed – loan by- laws) which is very healthy.

Long-term debt

At the end of 2019 the Town of Hampstead's debt stood at \$6.586M (2018 = \$7.311M). See appendix 1 for estimated capital payments on long-term debt. Total net debt on standardized land wealth (RFU) is 1.05%.

Capital expenditures

As the restoration and maintenance of our infrastructure remains one of the top priorities, capital expenditures in 2019 totalled \$1.142M and spanned a variety of different projects, mainly for infrastructure rehabilitation (roads and sidewalks, tools, machinery & equipment). See appendix 2 for details of the 2019 capital expenditures.

As of today and in terms of net book value, we have invested no less than \$ 26.94M in various projects to improve our city and make it a better place to live.

The principal areas were:

1. \$9.82M on roads/sidewalks
2. \$10.72M on water/sewers and other infrastructure
3. \$2.18M on vehicles & equipment

Overall, the 2019 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 \$2.015M, and this, with the local tax increase below inflation at 1.95% 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 details of the 2019-2020-2021 capital expenditures program are evolving. This year we again applied for a grant for a new Recreation Centre but if we don't get the grant, we will look into other sources of funds. The most promising is the substantial extra tax revenue we would get annually if we rezone Cote Saint-Luc road to allow for mid-rise apartment and condo buildings. It would allow us to borrow without any local tax increases. This is an especially attractive option given how low interest rates are today and also because our long-term debt is the lowest of similar size cities on the island.

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. Financing for these projects came principally from grants and accumulated surplus. This year the majority of our street lights were converted to Smart 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 due to Covid-19, I remain confident that we will keep local tax increases below inflation as we have for the past 13 years. In addition, 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>	\$
2020	747 400
2021	768 500
2022	689 100
2023	709 000
2024	729 300
2025 and +	<u>2,942 600</u>
TOTAL	6,585,900
GRANTS TO BE RECEIVED	<u>(0)</u>
TOTAL NET LONG-TERM DEBT	6,585,900

Note: The numbers are based on the 2019 financial statements as of December 31, 2019. By the end of 2020, the long term debt will have decreased by 53.56% in the last decade, due to accelerated long-term debt repayment with surplus appropriations.

APPENDIX 2

Summary of 2019 capital expenditures

CATEGORY	PROJECT	AMOUNT
Information tech. & Furnitures	Hardware- computers & server; Furnitures	19 488
Municipal installations	Town Hall, CSR & PW building renovations	
Infrastructure rehabilitation	Other infrastructures	
	Street lightning	261 491
	Roads & sidewalks	262 598
Vehicles and equipment	Tools, machinery & equipment	278 470
	Vehicles	320 087
	CAPITAL INVESTMENTS	1 142 134