

THE CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

STAFF REPORT

DATE: January 25, 2022
TO: Committee of the Whole
FROM: Ken T. Kelly, Chief Administrative Officer
SUBJECT: Long Term Debt, Reserve and Additional Budget Considerations

RECOMMENDATION:

THAT Committee of the Whole recommend that Council accept this report as information.

DISCUSSION:

Long Term Debt

Long Term Debt of the Municipality is tracked throughout the year. As payments are made the outstanding principal is reduced. Expired or subsequent renewals of debt are also administered. Attached to this report is information on the value of long-term debt as of Dec 31, 2021 including the total annual payments required to service the debt which includes principal and interest.

The total value of long-term debt at the end of 2021 is estimated at \$23,696,487.76 with annual payments of \$2,310,036.40. This includes the new debt issued in 2021 for the construction of the water reservoir and the development of the business park.

A component of the annual filing of Financial Information Reports with the Province is the calculation of the Annual Repayment Limit (ARL) for a municipality. The ARL is calculated as 25% of a municipality's net own source revenues minus the payments it already makes on existing debt. In 2021, Mississippi Mills had an Annual Repayment Limit of \$3,139,327.00. Attached to this report for reference is the letter from the Province with regards to the Municipality's annual repayment limit for 2021 which is a guide for budgeting and debt issuance in 2022.

During the 2022 calendar year there is some debt that will be retired and those loan payments will no longer be made.

The draft Budget 2022 proposes the use of long term debt for several infrastructure projects and issuing of \$4,275,350 in new long term debt. The majority of this new debt

is for the Downtown Revitalization project (Transportation Share) which is \$4,025,350 the rest is for the Curling Club Chiller replacement at \$250,000.

Table 1 below illustrates the changes in long term debt, the addition of new debt and the in relation to the annual repayment limit.

Table 1 Total Loan and Annual Repayment

Loans outstanding at end of 2021	\$	23,696,488
Loans Proposed to be added to Total Debt in 2022	\$	4,275,350
Value of total loans at end of 2022	\$	26,655,328
Note Value at end of 2022 accounts for debt that will retire during the year.		
Annual Repayment Limit 2021	\$	3,139,327
Total annual loan payments projected in 2022	\$	2,310,036
Loan payments for new debt issued in 2022	\$	284,532
Projected annual loan payments in 2023	\$	2,594,568

Note that the new debt that will be issued in 2022 will not have a full year of loan payments in this budget. The debt will likely be issued in the fall of 2022 as needed to coincide with the phases of the construction project.

RESERVES

At the end of 2020 the Municipality had reserve funds in the amount of \$15,037,545. During the 2021 operating year the following estimates are used as transfers from operations and use of reserves for capital acquisitions.

Table 2 – Estimated Reserves at end of 2021

Financial Statements 2020 (audited)	\$	15,037,545
Transfers from operations	\$	1,522,963
Transfer to capital acquisitions	\$	3,028,948
Total Reserves Dec 31/2021 (ESTIMATED)	\$	13,531,560

The estimated reserves at the end of 2021 are \$13,500,000. This is not an audited amount and likely to change that is why this reported is qualified with the term estimated.

The proposed Budget for 2022 has the following total transfers in and out of reserves as depicted in Table 3 below.

Table 3 – Proposed changes in Reserves contained in Budget 2022

Total Reserves Dec 31/2021 (ESTIMATED)	\$ 13,531,560
Transfers from operations (Net)	\$ 660,082
Transfer to capital acquisitions	\$ 3,857,666
Total Reserves Dec 31/2022 (ESTIMATED)	\$ 10,333,977

The net effect of the proposed transfers in and out of reserves included in the proposed Budget 2022 is a reduction in reserves to \$10,300,000 estimated by year end. Given the amount of capital work that is taking place in 2022/2023 this is viewed as reasonable.

ADDITIONAL BUDGET CONSIDERATIONS

There have been some additional items noted for discussion during the budget meetings to date. Obviously, these are items that have not been specifically included in the budget to date and there are no revenue allocated to these projects.

The A/Director of Public Works has presented a report detailing additional roads work. This was in response to a request from Councillor Ferguson to have information on roads conditions or options to use the additional funds from the Ontario Community Infrastructure Fund (OCIF) that were received. We had expected \$245,705 and received \$643,107. We are proposed the use of \$262,000 of OCIF funds for microsurface projects on Clayton Road and Bayview Road.

There have been other items identified either by Councillors or staff including traffic calming measures, Main St Pedestrian Crossover, repainting of the PRIDE crosswalks, asphalt repair equipment, long term disability premium subsidy and survey work.

A tally of these items is included in the table below which assumes \$255,607 will be used for additional road work.

Table 4 – Additional Budget Considerations

OCIF FUNDING	\$ 643,107
DRAFT 2022 Budget	
Clayton Road (4.73 km)	\$ 214,500
Bayview Road (50% split with Mc	\$ 47,500
Subtotal	\$ 381,107
Main St Pedestrian Crossing	\$ 28,000
PRIDE Crosswalks	\$ 7,500
Traffic Calming Measures	\$ 30,000
(incl Black Cat - 2 \$7600)	
Asphalt Repair Equipment	\$ 60,000
Subtotal	\$ 255,607
Additional Road Work	\$ 255,607
Subtotal	\$ -
UNFUNDED	
LTD premuims	\$ 112,000
Survey Work OVRT	\$ 7,500

FINANCIAL IMPLICATIONS:

This report is to present financial information that Council can use in its budget deliberations. The approval of this report does not have any financial implications as it is for information purposes only.

SUMMARY:

This report is for information and includes additional information for Council to use in future budget deliberations.

Respectfully submitted by,

Ken T. Kelly,
Chief Administrative Officer

ATTACHMENTS:

1. Long Term Debt Dec 31, 2021