

## HH Operating Performance in 2020

Well the 2020 audited financial results finally got published recently.... and they were excellent in my view.

Revenues were up substantially thanks primarily to the best performance in grants since 2009/10, well above past averages and 60% above 2019 at \$4.2M (including \$226K in one time Covid payments and a large capital grant for Highway 62). User fees, while down slightly from 2019, were still well above every other year for the past 15. Tax revenues were up modestly at 2.8%. But our gas tax revenues saw a huge one time increase as did our asset sales so in this category we surpassed all previous years by a wide margin.

This impressive performance in non-tax revenues coupled with good restraint in our expenses (up <1%) resulted in a surplus of \$2.3 Million including capital grants. More importantly, our non-tax revenues as a percentage of our total revenues hit 42% for 2020, well above the average attained by similar municipalities as I reported earlier in the spring *"If we look at the 6 municipalities that surround us, non-tax revenues run from 55% to 30%. Bancroft achieved 55% non-tax revenues in 2016 but they have extensive servicing of water and sewer and those user fees went up 11%. Highlands East 40%, Faraday 33%, North Kawartha 30%, Madawaska Valley 37%, Carlow/Mayo 38%. Throw out Bancroft and the average for our neighbours is 36%."*

So I am delighted with this performance and you should be too. While it's not realistic to count on this level of non-tax revenues in the future, let's hope our average can hit or exceed 36%. This will do wonders to restrain future tax rate increases.

Some other key metrics. Long term debt has fallen to \$1.2 Million, continuing a steady decline since 2010. Our yearend tax receivables hit a low point of \$691.5 in 2018, jumped back up 18% in 2019 and had a further small increase in 2020. Reserves fell to \$5 million thanks to a big capital spending program in 2020 which will continue in 2021. And salaries were up a further 4.4% to \$3.7 Million continuing an upward trend that has seen this expense grow by over \$1 million since 2015, and >15% in the past two years. Accounts Receivable which were generally about \$200,000 in the past 5 years jumped up to \$2 Million.... but not to worry, this was grant funding from the province for the Road 62 project and it was received in early 2021

Overall, as highlighted above, virtually all financial or operating metrics were in excellent shape for HH at year end 2020 and from a service standpoint, capital spending was allocated to many areas to correct years of underfunding. Make no mistake; there are still lots to do which is why 2021 will see high capital costs continue and an ongoing need to secure capital grants.

A good time to call your Mayor, former Mayor, one of your council members or HH employees and thank them. It was a team effort

It's always easy to criticize, and none of them will guarantee to produce a 2021 on par with these metrics above. But a good year is worth you giving credit to those managing your tax dollars

Bill Cheshire Baptiste Lake 2021