Corporation of the City of Timmins

Municipal Long-Term Financial Plan

Final Report

September 24, 2020

Executive Summary

A. Introduction

With a total reported population of more than 40,000 residents, the City of Timmins (the "City") is the largest municipality within the District of Cochrane and the fourth largest municipality in Northeastern Ontario, with more than 19,000 households located within its 2,978 km^2 geographic area. During 2020, the City is budgeted to incur operating and capital expenditures of approximately $167 million, 50% of which ($84 million) will be funded through property taxes.

Consistent with other Ontario municipalities, the City continues to be faced with fiscal challenges arising from regulatory changes, inflation, growth pressures, infrastructure reinvestment requirements and service demands (both new services and service level increases). The ongoing pandemic has placed additional pressures and challenges on the City from a financial perspective, with revenue losses and increased operating costs that are expected to continue into the short and medium term future.

As part of its overall corporate and strategic planning, the City has prepared a long-term financial that assesses its anticipated revenues, operating expenses and capital requirements. Overall, the objective of the long-term financial plan is to enhance the City's long-term financial sustainability by identifying potential issues that will need to be addressed as part of its future budget processes.

B. About the long-term financial plan

The development of the long-term financial plan followed the guidance established by the GFOA, which recommended a systematic approach that considers:

- The City's financial environment, which provides an indication as to the factors that have influenced the City's present financial performance and position;
- The City's projected financial performance and position, which reflects key assumptions over revenues, operating expenses, capital investment, long-term debt activity and reserve and reserve fund contributions and withdrawals;
- The City's key financial indicators, which form the basis for evaluating the City's financial performance and position in comparison to municipal comparators and reflect the City's performance based on sustainability, viability and flexibility.

The financial plan is based on the City's 2020 operating and capital budgets and covers a ten-year planning horizon.

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C. Key assumptions

In projecting the long-term financial plan, a number of assumptions were made that reflect the past and future financial environment and trends for the City. The main assumptions include the following:

- Operating costs will increase at annual rates ranging from a low of 1.5% to 5.0%, depending on the nature of the expenditure item;
- Capital expenditures will be consistent with the City's capital budget forecast for 2020, with additional capital investments made for specific projects such as the Golden Manor redevelopment and increased Connecting Link roads expenditures.
- Non-taxation revenue sources, including Provincial grants and user fees, will increase at varying rates based on the City's expectations of future funding increases. In certain instances such as Provincial grants and payments-in-lieu of taxes, no increases are anticipated, while user fees are projected to increase at between 2.0% and 4.0% per year.

D. Projected financial performance and position

The City's 2020 budget reflects $136 million in operating expenses and $31 million in capital expenditures. In order to finance these outlays, the City is budgeted to levy more than $84 million in taxes, with grants, user fees, reserve contributions accounting for the remaining revenue sources.

Over the next ten years, the City's operating and capital expenditures are projected to increase to $211 million annually, with the annual municipal levy is forecasted to rise to $103 million (representing an average annual increase of 2.0%). On a per household basis, residential property taxes are expected to be in the order of $3,731 per household by 2030, compared to the current level of $3,028 per household.

The long-term financial plan forecasts a significant increase in the City's overall debt levels, with outstanding debt decreasing from a projected level of $40 million in 2020 to $120 million in 2030. This increase in long-term debt is driven by the City's anticipated capital spending, including the following major initiatives:

- Golden Manor redevelopment ($77 million)
- Connecting Link road improvements ($50 million)
- Water and wastewater capital projects ($31 million)

At the same time, the City's reserve and reserve fund balances are projected to remain relatively consistent, increasing from the projected level of $21 million in 2020 to $32 million in 2030.

Key financial outcomes from the long-term financial plan are provided on the following pages.

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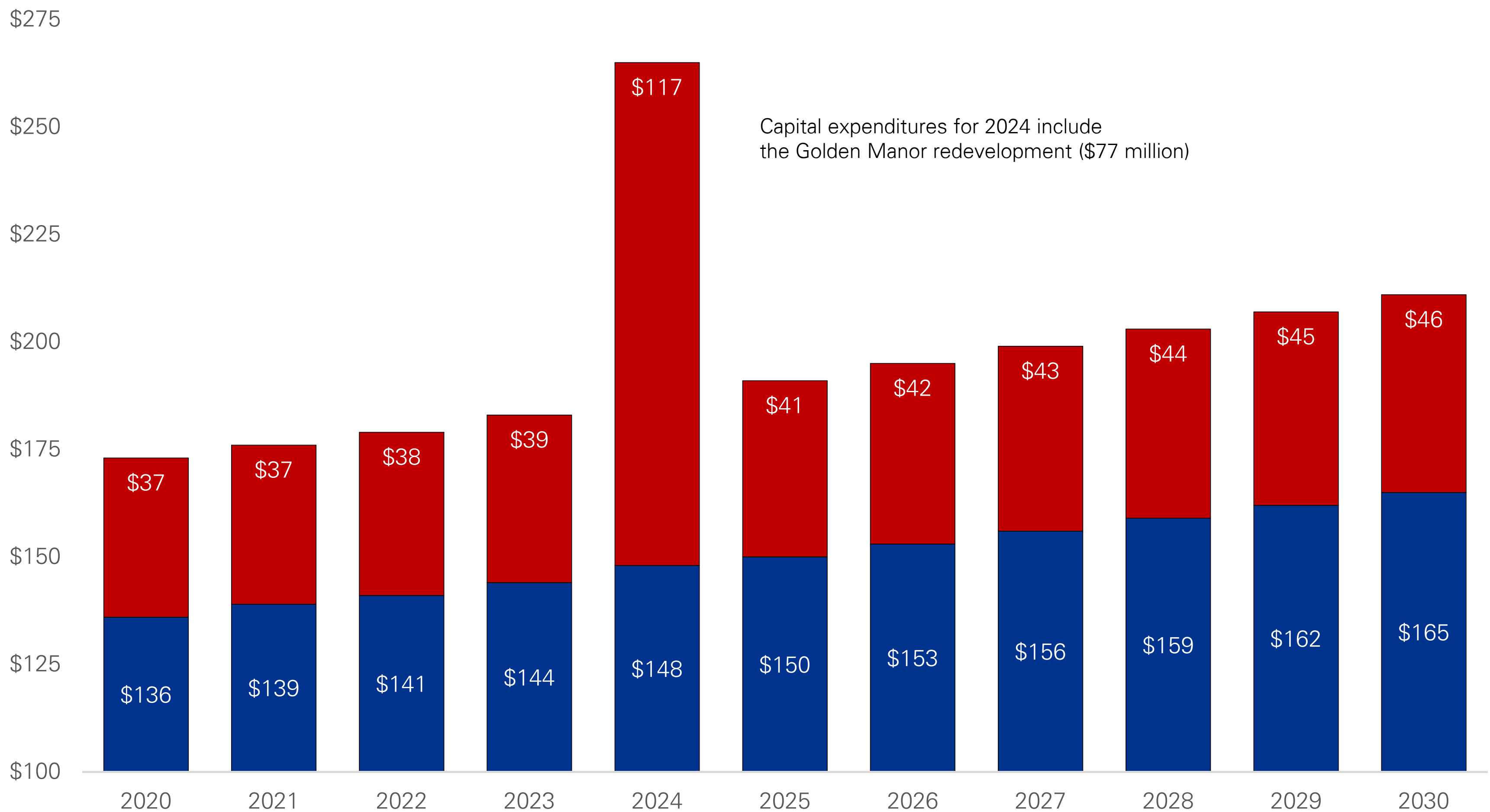
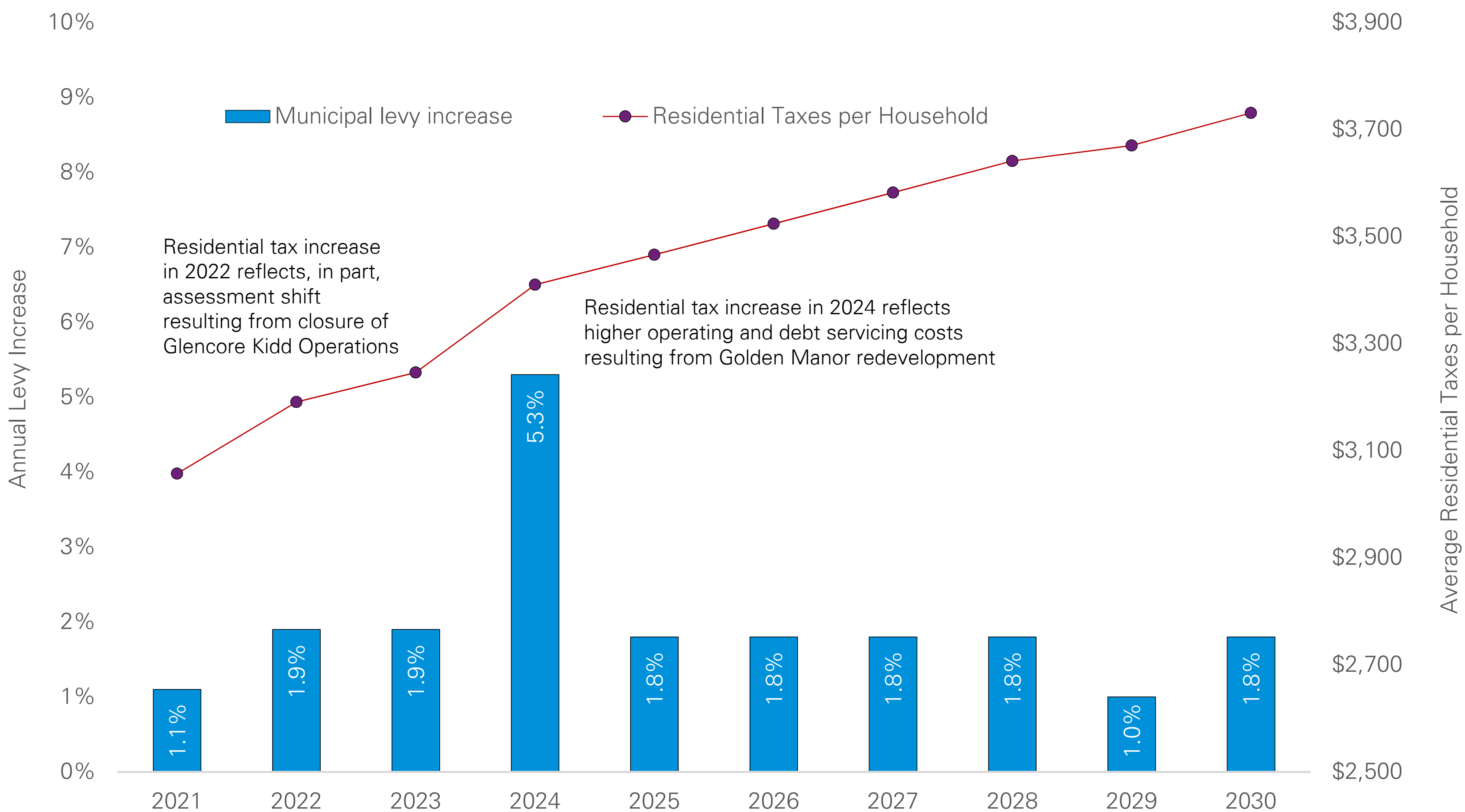
Operating and capital expenditures (in millions)



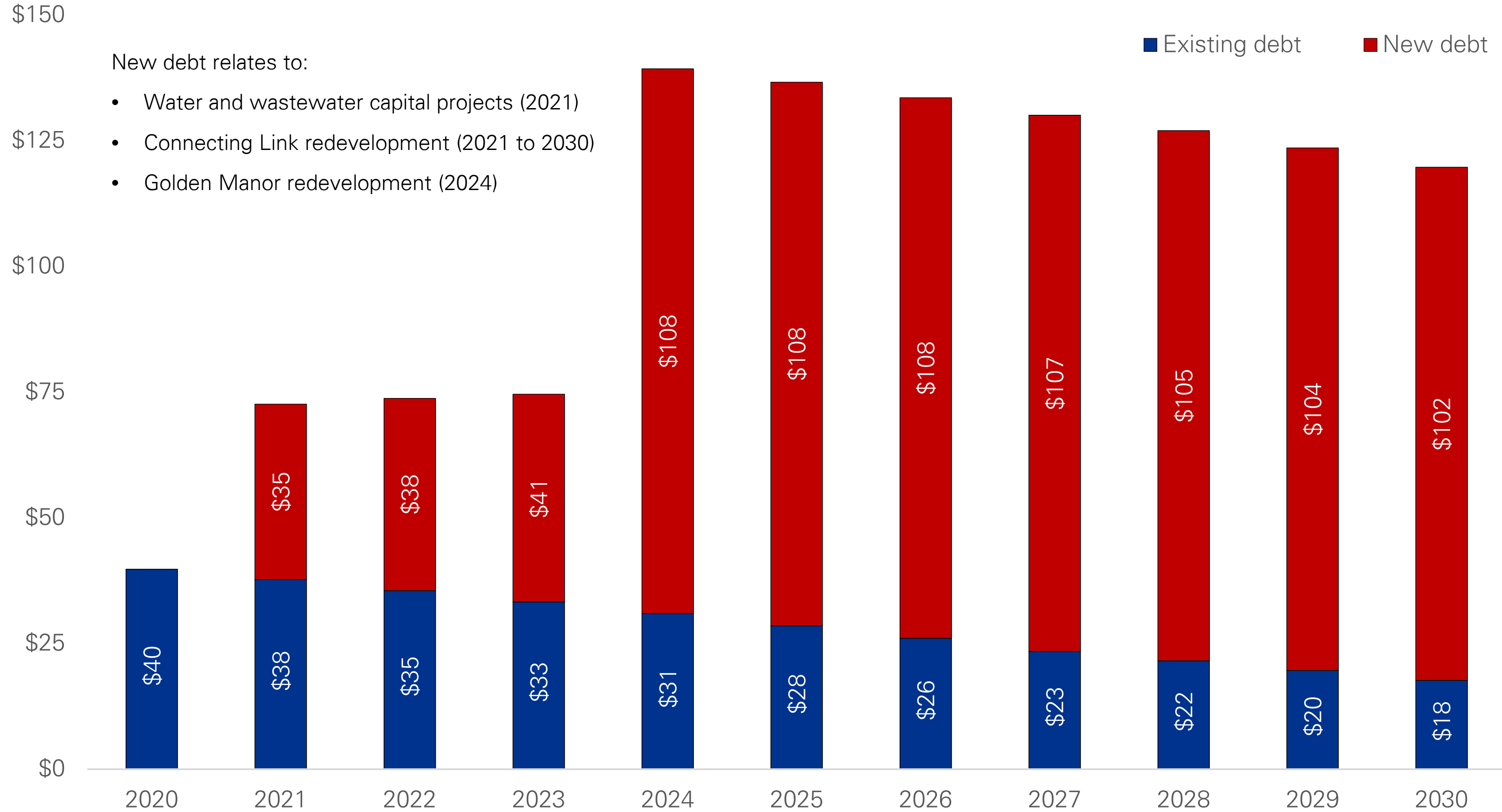
Executive Summary

Municipal levy increases and residential taxes per household



Executive Summary

Long-term debt (in millions)



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E. Financial indicators

In Canada, the development and maintenance of principles for financial reporting fall under the responsibility of the Accounting Standards Oversight Council ('AcSOC'), a volunteer body established by the Canadian Institute of Chartered Accountants in 2000. In this role, AcSOC provides input to and monitors and evaluates the performance of the two boards that are tasked with established accounting standards for the private and public sector:

- The Public Sector Accounting Board ('PSAB') establishes accounting standards for the public sector, which includes municipal governments; and
- The Accounting Standards Board ('AcSB'), which is responsible for the establishment of accounting standards for Canadian entities outside of the public sector.

In May 2009, PSAB released a Statement of Recommended Practice that provided guidance on how public sector bodies should report on indicators of financial condition. As defined in the statement, financial condition is '*a government's financial health as assessed by its ability to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others*'. In reporting on financial condition, PSAB also recommended that three factors, at a minimum, need to be considered:

- **Sustainability**. Sustainability is the degree to which the City can deliver services and meet its financial commitments without increasing its debt or tax burden relative to the economy in which it operates. To the extent that the level of debt or tax burden grows at a rate that exceeds the growth in the City's assessment base, there is an increased risk that the City's current spending levels (and by association, its services, service levels and ability to meet creditor obligations) cannot be maintained.
- **Flexibility**. Flexibility reflects the City's ability to increase its available sources of funding (debt, taxes or user fees) to meet increasing costs. Municipalities with relatively high flexibility have the potential to absorb cost increases without adversely impacting on affordability for local residents and other ratepayers. On the other hand, municipalities with low levels of flexibility have limited options with respect to generating new revenues, requiring an increased focus on expenditure reduction strategies.
- **Vulnerability**. Vulnerability represents the extent to which the City is dependent on sources of revenues, predominantly grants from senior levels of government, over which it has no discretion or control. The determination of vulnerability considers (i) unconditional operating grants such as OMPF; (ii) conditional operating grants such as Provincial Gas Tax for transit operations; and (iii) capital grant programs. Municipalities with relatively high indicators of vulnerability are at risk of expenditure reductions or taxation and user fee increases in the event that senior levels of funding are reduced. This is particularly relevant for municipalities that are vulnerable with respect to operating grants from senior levels of government, as the Municipal Act does not allow municipalities to issue long-term debt for operating purposes (Section 408(2.1)).

Executive Summary

E. Financial indicators (continued)

As a means of reporting the City's financial condition as determined by the financial forecast, the long-term financial plan considers the following financial indicators (*denotes PSAB recommended financial indicator).

Financial Condition Category	Financial Indicators
Sustainability	1. Financial assets to financial liabilities* 2. Total reserves and reserve funds per household 3. Capital additions as a percentage of amortization expense
Flexibility	4. Residential taxes per household 5. Total long-term debt per household 6. Residential taxation as a percentage of average household income 7. Debt servicing costs (interest and principal) as a percentage of total revenues* 8. Net book value of tangible capital assets as a percentage of historical cost of tangible capital assets*
Vulnerability	9. Operating grants as a percentage of total revenues* 10. Capital grants as a percentage of total capital expenditures*

A summary of these indicators is included on the following page, with additional details provided in Appendix B to the report.

Based on the analysis of financial indicators, we note that the City's level of residential taxation, both on a per household basis and as a percentage of average household income, compares favourably to the comparator municipalities. Similarly, the City's financial indicators with respect to capital expenditures and financing are consistent with the comparator municipalities. However, the City's financial indicators relating to financial position, including net financial assets, reserves and reserve funds and debt levels, are towards the lower end of the range, indicating that the City's financial position could be improved. We also note that the City has a lower level of reserves per household that the Northern Ontario average, with a higher level of debt per household than the Northern Ontario average.

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Indicator	Rank (Out of 7)
Financial assets to financial liabilities	2nd lowest
Reserves and reserve funds per household	3rd lowest
Capital additions as a percentage of amortization expense	Mid-range
Residential taxes per household	3rd lowest
Long-term debt per household	3rd highest
Residential taxes as a percentage of household income	2nd lowest
Debt servicing costs as a percentage of revenues	Mid-range (4th)
Net book value of TCA as a percentage of historical cost	Mid-range (4th)
Operating grants as a percentage of total revenues	2nd highest
Capital grants as a percentage of total capital expenditures	2nd highest

F. Key findings

The long-term financial plan represents a forecast of the City's financial performance and position under a series of assumptions that are documented within the plan. It is important to recognize that there is a difference between the long-term financial plan and the City's annual financial budgets, with the annual budget being the vehicle for approval of the City's spending and associated funding.

Notwithstanding the fact that the City's financial performance and position will be updated annually as part of its budget processes, it has identified certain matters that we suggest should be considered by City staff and elected officials as part of its future budgeting and financial planning processes.

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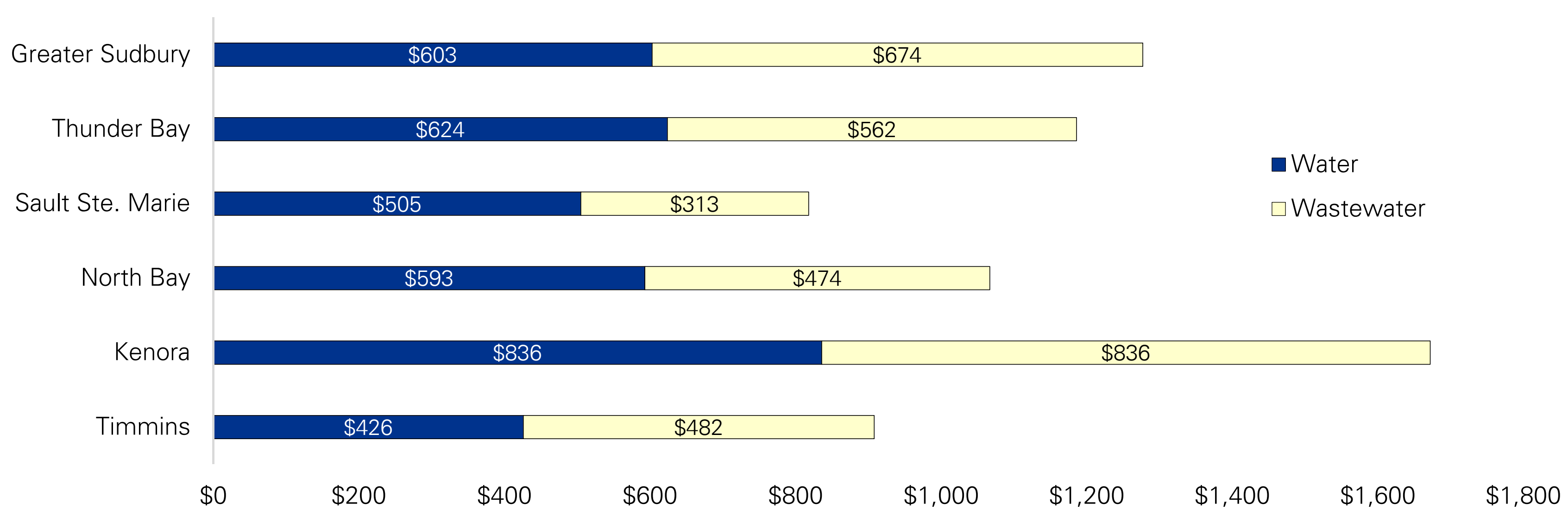
F. Key findings (continued)

- The City's water and wastewater services do not operate on a full cost recovery basis. As the City does not budget taxation revenues for this shortfall, a financial deficit has accumulated over several years, amounting to $20.2 million at the end of the 2019 fiscal year. In order to ensure the continued provision of water and wastewater services, the City has effectively been "lending" funds from its reserves and reserve funds to support the financial requirements of water and wastewater services, with the end result being a net reserve position that is below comparable municipalities and the average for Northern Ontario municipalities. We note that a recent analysis of financial requirements for water and wastewater recommended that rates increase by 10% annually for 10 years, which we suggest would address the shortfalls identified in the financial plan.

  Based on the BMA Municipal Study 2019, we note that the City's water and wastewater costs for residential customers in the lower end of the range for larger Northern Ontario municipalities.

Residential Water and Wastewater Costs (200 m3 annual consumption)



Executive Summary

F. Key findings (continued)

- The financial plan anticipates a significant investment in infrastructure over the next ten years ($526 million, with major investments anticipated for the redevelopment of Golden Manor ($77 million) and the rehabilitation of the Connecting Link ($100 million over ten years). A significant portion of the City's capital program is expected to be funded through debt proceeds and as a result, debt servicing costs are forecasted to increase from $4.1 million in 2019 to $11.6 million annually by 2030. While the City is forecasted remaining within the allowance repayment limit established by the Province, the use of debt can potentially be reduced through:
  - The adoption of a specific capital levy (e.g. 1% to 2%) that would provide a recurring flow of funding for capital investment or associated debt servicing costs. For example, a 1% capital levy is expected to generate an average of $940,000 annually in incremental capital funding.
  - Enhanced asset management planning that does not base investment decisions on when assets reach the end of their theoretical useful lives but rather considers the acceptable level of service. This would ensure that future asset management plans and financial decisions made by the City do not overstate the amount of capital financing required, which in turn would alleviate concerns over affordability.
- The financial plan does not consider significant changes to the City's operations (other than specific projects) and as such, changes stemming for the adoption of new services or service level enhancements would result in additional taxation requirements. Additionally, the financial plan does not consider the impact of the current pandemic (both revenue losses and increased expenses) in light of the City's actual experience and senior government support provided under programs such as the Safe Restart Agreement.
- The financial plan reflects the anticipated closure of Glencore's Kidd Operations in 2022 and the associated impacts on the City's taxable assessment. Specifically, the financial plan includes a reduction in industrial assessment (weighted) of $113 million, which is expected to result in a shift of tax burden from non-residential to residential taxpayers. As a result, residential taxes are forecasted to increased by an average of 4.4% in 2022, consisting of a general increase (due to inflationary pressures and capital requirements) of 1.9% and an assessment shift impact of 2.5%.

City of Timmins

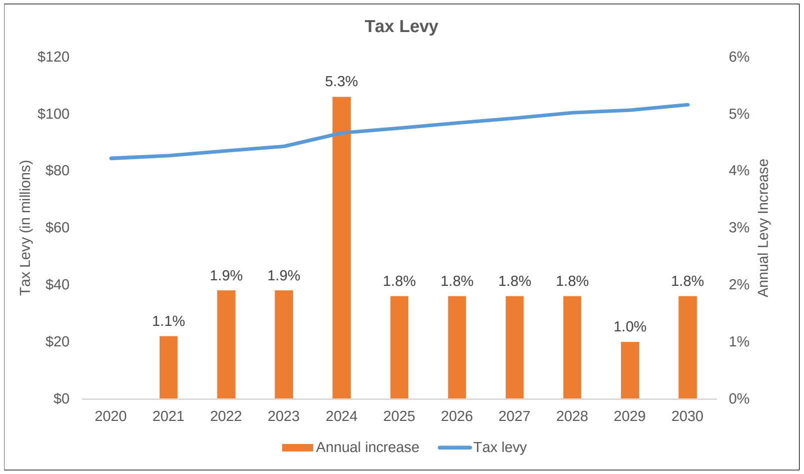
Municipal Long-Term Financial Plan

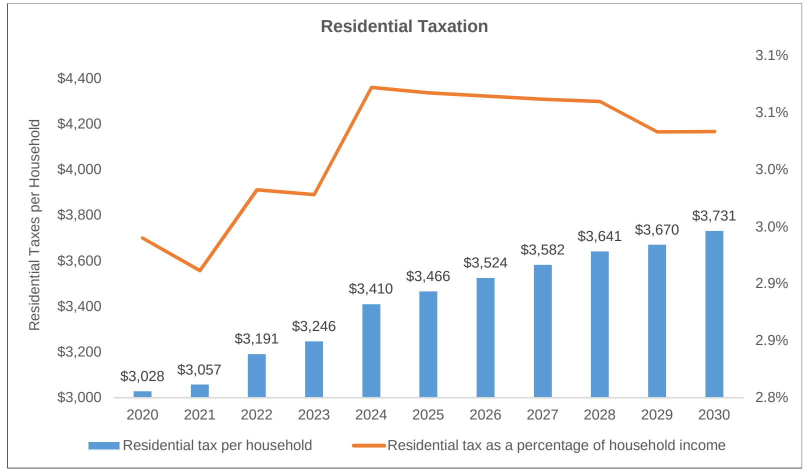
Appendix A
Financial Model Output

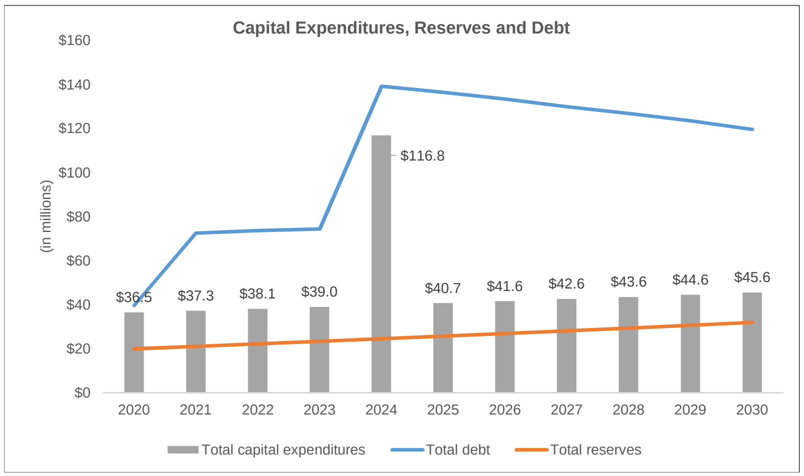
CITY OF TIMMINS

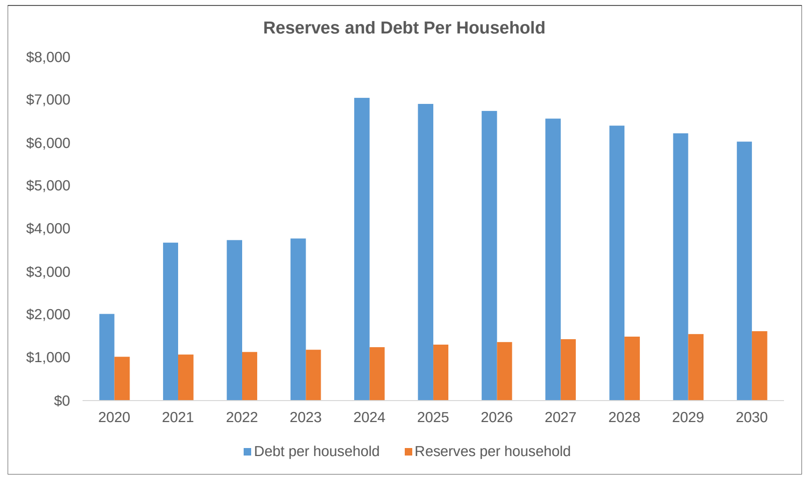
Long-Term Financial Plan

Model Dashboard









CITY OF TIMMINS
Long-Term Financial Plan

Model Outputs (in thousands of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total levy	84,413	85,372	87,009	88,673	93,339	95,059	96,809	98,585	100,390	101,394	103,255
Total operating costs	136,081	138,639	141,252	143,921	147,648	150,435	153,284	156,195	159,170	162,211	165,318
Total capital expenditures	36,505	37,300	38,119	38,963	116,832	40,727	41,649	42,598	43,576	44,583	45,620
Total amortization expense	19,250	20,431	21,635	22,861	24,110	28,079	29,364	30,675	32,012	33,377	34,771
Total reserves, reserve funds and obligatory reserve funds	20,078	21,177	22,298	23,441	24,607	25,796	27,009	28,246	29,507	30,793	32,104
Total long-term debt	39,728	72,560	73,704	74,525	139,244	136,571	133,499	130,015	126,953	123,506	119,667
Total tangible capital assets (net book value)	316,980	333,557	349,732	365,507	457,885	470,132	481,998	493,483	504,590	515,319	525,671
Total households	19,695	19,710	19,725	19,740	19,755	19,770	19,785	19,800	19,815	19,830	19,845
Total assessment	4,311,197	4,407,756	4,393,218	4,492,902	4,594,756	4,698,816	4,805,135	4,913,750	5,024,700	5,138,024	5,253,762
Residential assessment percentage	70.65%	70.59%	72.34%	72.26%	72.18%	72.09%	72.01%	71.94%	71.86%	71.78%	71.71%
Average household income	103,000	105,000	107,000	109,000	111,000	113,000	115,000	117,000	119,000	121,000	123,000

FINANCIAL INDICATORS

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Reserve and reserve funds per household	1,019	1,074	1,130	1,187	1,246	1,305	1,365	1,427	1,489	1,553	1,618
Operating expenses as a percentage of taxable assessment	3.16%	3.15%	3.22%	3.20%	3.21%	3.20%	3.19%	3.18%	3.17%	3.16%	3.15%
Capital additions as a percentage of amortization expense	189.64%	182.57%	176.19%	170.43%	484.58%	145.04%	141.84%	138.87%	136.12%	133.57%	131.20%
Total debt per household	2,017	3,681	3,737	3,775	7,049	6,908	6,747	6,566	6,407	6,228	6,030
Residential taxation per household	3,028	3,057	3,191	3,246	3,410	3,466	3,524	3,582	3,641	3,670	3,731
Residential taxation as a percentage of per household income	2.94%	2.91%	2.98%	2.98%	3.07%	3.07%	3.06%	3.06%	3.06%	3.03%	3.03%
Total taxation as a percentage of total assessment	1.96%	1.94%	1.98%	1.97%	2.03%	2.02%	2.01%	2.01%	2.00%	1.97%	1.97%
Debt servicing costs as a percentage of total revenues	4.17%	6.71%	6.93%	7.13%	11.87%	11.94%	12.01%	12.07%	11.26%	11.32%	11.36%
Net book value of tangible capital assets as a percentage of histo	54.30%	53.96%	53.54%	53.06%	57.08%	56.04%	55.00%	53.95%	52.91%	51.87%	50.83%

CITY OF TIMMINS
Long-Term Financial Plan

Statement of Projected Operating Revenues and Expenditures
For the Years Ending December 31
(In thousands of dollars)
(Unaudited - See Notice to Reader)

	Budgeted	Projected									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Non-taxation revenues:											
Federal grants and subsidies	3,774	3,849	3,926	4,005	4,085	4,167	4,250	4,335	4,422	4,510	4,600
Provincial grants and subsidies: OMPF	10,362	10,569	10,780	10,996	11,216	11,440	11,669	11,902	12,140	12,383	12,631
Provincial grants and subsidies: Other	16,654	16,654	16,654	16,654	16,654	16,654	16,654	16,654	16,654	16,654	16,654
User fees (water and wastewater)	21,844	22,718	23,627	24,572	25,555	26,577	27,640	28,746	29,896	31,092	32,336
User fees (all other)	18,521	18,891	19,269	19,654	20,047	20,448	20,857	21,274	21,699	22,133	22,576
Taxes in lieu	332	332	332	332	332	332	332	332	332	332	332
Contributions from reserves	1,328	1,355	1,382	1,410	1,438	1,467	1,496	1,526	1,557	1,588	1,620
Other revenues	9,438	9,627	9,820	10,016	10,216	10,420	10,628	10,841	11,058	11,279	11,505
	82,253	83,995	85,790	87,639	89,543	91,505	93,526	95,610	97,758	99,971	102,254
Expenditures:											
Salaries	47,193	47,901	48,620	49,349	50,089	50,840	51,603	52,377	53,163	53,960	54,769
Benefits	20,579	20,888	21,201	21,519	21,842	22,170	22,503	22,841	23,184	23,532	23,885
Utilities	5,844	6,136	6,443	6,765	7,103	7,458	7,831	8,223	8,634	9,066	9,519
Operating expenses	34,900	35,598	36,310	37,036	37,777	38,533	39,304	40,090	40,892	41,710	42,544
Contributions to third parties	25,159	25,662	26,175	26,699	27,233	27,778	28,334	28,901	29,479	30,069	30,670
Contributions to reserves	2,406	2,454	2,503	2,553	2,604	2,656	2,709	2,763	2,818	2,874	2,931
	136,081	138,639	141,252	143,921	146,648	149,435	152,284	155,195	158,170	161,211	164,318
Levy requirement before undernoted items	**53,828**	**54,644**	**55,462**	**56,282**	**57,105**	**57,930**	**58,758**	**59,585**	**60,412**	**61,240**	**62,064**
Golden Manor expansion:											
Operating cost increase, net of Provincial funding	-	-	-	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Debt servicing cost	-	-	-	-	4,074	4,074	4,074	4,074	4,074	4,074	4,074
Donations											
Ministry capital subsidy	-	-	-	-	(2,100)	(2,100)	(2,100)	(2,100)	(2,100)	(2,100)	(2,100)
	-	-	-	-	2,974	2,974	2,974	2,974	2,974	2,974	2,974
Connecting Link:											
Contribution to capital	-	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Debt servicing cost	-	304	608	912	1,216	1,520	1,824	2,128	2,432	2,736	3,040
	-	3,804	4,108	4,412	4,716	5,020	5,324	5,628	5,932	6,236	6,540
Capital levy requirement:											
Contribution to capital	26,505	27,300	28,119	28,963	29,832	30,727	31,649	32,598	33,576	34,583	35,620
Debt servicing cost (TPS building)	831	831	831	831	831	831	831	831	831	-	-
Debt servicing cost (CDSSAB building)	652	-	-	-	-	-	-	-	-	-	-
Debt servicing cost (wastewater treatment facility)	2,597	2,597	2,597	2,597	2,597	2,597	2,597	2,597	2,597	2,597	2,597
General capital levy	-	-	-	-	-	-	-	-	-	-	-
Capital levy for landfill replacement reserve	-	-	-	-	-	-	-	-	-	-	-
	30,585	30,728	31,547	32,391	33,260	34,155	35,077	36,026	37,004	37,180	38,217
Unfunded water and wastewater capital requirements:											
Water and wastewater rate increases	-	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)
Debt servicing costs - water (blending chamber)	-	203	203	203	203	203	203	203	203	203	203
Debt servicing costs - wastewater (Phase 1 Whitney Lift	-	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105
Debt servicing costs - wastewater (Phase 2 Whitney Lift	-	600	600	600	600	600	600	600	600	600	600
	-	-	-	-	-	-	-	-	-	-	-
Levy requirement before pandemic impacts	84,413	85,372	87,009	88,673	93,339	95,059	96,809	98,585	100,390	101,394	103,255
Pandemic impacts:											
Estimated loss of revenue	-	-	-	-	-	-	-	-	-	-	-
Estimated increased operating costs	-	-	-	-	-	-	-	-	-	-	-
Senior government financial assistance	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Levy requirement after pandemic impacts	**84,413**	**85,372**	**87,009**	**88,673**	**93,339**	**95,059**	**96,809**	**98,585**	**100,390**	**101,394**	**103,255**
Projected municipal levy	**84,413**	**85,372**	**87,009**	**88,673**	**93,339**	**95,059**	**96,809**	**98,585**	**100,390**	**101,394**	**103,255**
Projected surplus (deficit)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Required levy increase		**1.1%**	**1.9%**	**1.9%**	**5.3%**	**1.8%**	**1.8%**	**1.8%**	**1.8%**	**1.0%**	**1.8%**

CITY OF TIMMINS
Long-Term Financial Plan

Schedule of Projected Unexpended Capital Financing (Unfinanced Capital Outlay)
For the Years Ending December 31
(In thousands of dollars)
(Unaudited - See Notice to Reader)

			Projected								
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Capital financing:											
Contribution from operations (current capital)	$	26,505	27,300	28,119	28,963	29,832	30,727	31,649	32,598	33,576	34,583	35,620
Contribution from operations (general capital levy)		-	-	-	-	-	-	-	-	-	-	-
Contribution from operations (Connecting Link)		-	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Connecting Link government grants		-	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Connecting Link reserve contributions		-	-	-	-	-	-	-	-	-	-	-
Debt financing		-	5,000	5,000	5,000	72,000	5,000	5,000	5,000	5,000	5,000	5,000
Government grants		5,000	-	-	-	10,000	-	-	-	-	-	-
Contributions from reserves		5,000	-	-	-	-	-	-	-	-	-	-
		36,505	37,300	38,119	38,963	116,832	40,727	41,649	42,598	43,576	44,583	45,620
Capital expenditures:											
General capital		26,505	27,300	28,119	28,963	29,832	30,727	31,649	32,598	33,576	34,583	35,620
Golden Manor Expansion		-	-	-	-	77,000	-	-	-	-	-	-
Airport runway expansion		10,000	-	-	-	-	-	-	-	-	-	-
Connecting Link expenditures		-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
		36,505	37,300	38,119	38,963	116,832	40,727	41,649	42,598	43,576	44,583	45,620
Unexpended capital financing (unfinanced capital outlay)	**$**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

CITY OF TIMMINS
Long-Term Financial Plan

Schedule of Projected Reserves, Reserve Funds and Obligatory Reserve Funds
As At December 31
(In thousands of dollars)
(Unaudited - See Notice to Reader)

	Budgeted 2020	Projected 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Balance, beginning of year *(note 1)*	$ 24,000	20,078	21,177	22,298	23,441	24,607	25,796	27,009	28,246	29,507	30,793
Contributions to reserves, reserve funds and obligatory reserve funds											
Contribution from operations (general)	2,406	2,454	2,503	2,553	2,604	2,656	2,709	2,763	2,818	2,874	2,931
Contribution from operations (landfill replacement reserve)	-	-	-	-	-	-	-	-	-	-	-
	2,406	2,454	2,503	2,553	2,604	2,656	2,709	2,763	2,818	2,874	2,931
Contributions from reserves, reserve funds and obligatory reserve funds											
Contribution to operations *(note 2)*	(1,328)	(1,355)	(1,382)	(1,410)	(1,438)	(1,467)	(1,496)	(1,526)	(1,557)	(1,588)	(1,620)
Contribution to capital (Connecting Link)	-	-	-	-	-	-	-	-	-	-	-
Contribution to capital	(5,000)	-	-	-	-	-	-	-	-	-	-
	(6,328)	(1,355)	(1,382)	(1,410)	(1,438)	(1,467)	(1,496)	(1,526)	(1,557)	(1,588)	(1,620)
Balance, end of year	20,078	21,177	22,298	23,441	24,607	25,796	27,009	28,246	29,507	30,793	32,104

Notes:

(1) Includes reserves, reserve funds, obligatory reserve funds, general surplus and cumulative surplus (deficit) for water, wastewater, airport and local boards
(2) Excludes tax support for water and wastewater services.

CITY OF TIMMINS
Long-Term Financial Plan

Schedule of Projected Long-term Debt
(In thousands of dollars)
(Unaudited - See Notice to Reader)

	Budgeted	Forecasted									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(1) TPS building:											
Balance outstanding, beginning of year	5,393	4,833	4,243	3,623	2,970	2,283	1,560	800	-	-	-
Total payments	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	-	-	-
Less: interest component	271	241	211	178	144	108	71	31	-	-	-
Balance outstanding, end of year	4,833	4,243	3,623	2,970	2,283	1,560	800	-	-	-	-
(2) CDSSAB building:											
Opening balance	-	-	-	-	-	-	-	-	-	-	-
Total payments	-	-	-	-	-	-	-	-	-	-	-
Less: interest component	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-
(3) Wastewater treatment facility:											
Opening balance	36,347	34,895	33,397	31,852	30,259	28,615	26,920	25,172	23,368	21,507	19,587
Total payments	(2,597)	(2,597)	(2,597)	(2,597)	(2,597)	(2,597)	(2,597)	(2,597)	(2,597)	(2,597)	(2,597)
Less: interest component	1,145	1,099	1,052	1,004	953	902	849	793	736	677	618
Closing balance	34,895	33,397	31,852	30,259	28,615	26,920	25,172	23,368	21,507	19,587	17,608
(4) Golden Manor expansion:											
Opening balance	-	-	-	-	-	64,229	61,403	58,523	55,586	52,592	49,540
Proceeds on issuance of long-term debt	-	-	-	-	67,000	-	-	-	-	-	-
Total payments	-	-	-	-	(4,074)	(4,074)	(4,074)	(4,074)	(4,074)	(4,074)	(4,074)
Less: interest component	-	-	-	-	1,303	1,248	1,194	1,137	1,080	1,022	962
Closing balance	-	-	-	-	64,229	61,403	58,523	55,586	52,592	49,540	46,428
(5) Connecting Link capital program:											
Opening balance	-	-	4,793	9,375	13,742	17,890	21,815	25,512	28,977	32,205	35,192
Proceeds on issuance of long-term debt	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total payments	-	(304)	(608)	(912)	(1,216)	(1,520)	(1,824)	(2,128)	(2,432)	(2,736)	(3,040)
Less: interest component	-	97	190	279	364	445	521	593	660	723	781
Closing balance	-	4,793	9,375	13,742	17,890	21,815	25,512	28,977	32,205	35,192	37,933
(6) Water and wastewater funded capital											
Opening balance	-	-	30,127	28,854	27,554	26,227	24,873	23,492	22,084	20,649	19,187
Proceeds on issuance of long-term debt	-	31,373	-	-	-	-	-	-	-	-	-
Total payments	-	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)	(1,908)
Less: interest component	-	662	635	608	581	554	527	500	473	446	419
Closing balance	-	30,127	28,854	27,554	26,227	24,873	23,492	22,084	20,649	19,187	17,698
(7) Total											
Opening balance	41,740	39,728	72,560	73,704	74,525	139,244	136,571	133,499	130,015	126,953	123,506
Proceeds on issuance of long-term debt	-	36,373	5,000	5,000	72,000	5,000	5,000	5,000	5,000	5,000	5,000
Total payments	(3,428)	(5,640)	(5,944)	(6,248)	(10,626)	(10,930)	(11,234)	(11,538)	(11,011)	(11,315)	(11,619)
Less: interest component	1,416	2,099	2,088	2,069	3,345	3,257	3,162	3,054	2,949	2,868	2,780
Closing balance	39,728	72,560	73,704	74,525	139,244	136,571	133,499	130,015	126,953	123,506	119,667

CITY OF TIMMINS
Long-Term Financial Plan

Schedule of Projected Capital Assets
(In thousands of dollars)
(Unaudited - See Notice to Reader)

	Budgeted	Forecasted									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(1) Historical cost											
Historical cost, beginning of year	550,000	583,755	618,136	653,164	688,861	802,249	838,965	876,419	914,635	953,638	993,453
Additions and betterments	36,505	37,300	38,119	38,963	116,832	40,727	41,649	42,598	43,576	44,583	45,620
Disposals	(2,750)	(2,919)	(3,091)	(3,266)	(3,444)	(4,011)	(4,195)	(4,382)	(4,573)	(4,768)	(4,967)
Historical cost, end of year	583,755	618,136	653,164	688,861	802,249	838,965	876,419	914,635	953,638	993,453	1,034,106
(1) Accumulated amortization											
Accumulated amortization, beginning of year	(250,000)	(266,775)	(284,579)	(303,432)	(323,354)	(344,364)	(368,833)	(394,421)	(421,152)	(449,048)	(478,134)
Amortization expense	(19,250)	(20,431)	(21,635)	(22,861)	(24,110)	(28,079)	(29,364)	(30,675)	(32,012)	(33,377)	(34,771)
Amortization disposal	2,475	2,627	2,782	2,939	3,100	3,610	3,776	3,944	4,116	4,291	4,470
Accumulated amortization, end of year	(266,775)	(284,579)	(303,432)	(323,354)	(344,364)	(368,833)	(394,421)	(421,152)	(449,048)	(478,134)	(508,435)
(2) Net book value											
Net book value, beginning of year	300,000	316,980	333,557	349,732	365,507	457,885	470,132	481,998	493,483	504,590	515,319
Additions and betterments	36,505	37,300	38,119	38,963	116,832	40,727	41,649	42,598	43,576	44,583	45,620
Amortization expense	(19,250)	(20,431)	(21,635)	(22,861)	(24,110)	(28,079)	(29,364)	(30,675)	(32,012)	(33,377)	(34,771)
Disposals, net of accumulated amortization	(275)	(292)	(309)	(327)	(344)	(401)	(419)	(438)	(457)	(477)	(497)
Net book value, end of year	316,980	333,557	349,732	365,507	457,885	470,132	481,998	493,483	504,590	515,319	525,671

CITY OF TIMMINS
Long-Term Financial Plan

Schedule of Projected Assessment
(In thousands of dollars)
(Unaudited - See Notice to Reader)

	Weighted CVA	Forecasted									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(1) Residential assessment											
Balance, beginning of year	3,045,774	3,045,774	3,111,279	3,178,185	3,246,519	3,316,309	3,387,585	3,460,392	3,534,760	3,610,720	3,688,304
New residential assessment	-	4,590	4,680	4,770	4,860	4,950	5,055	5,160	5,265	5,370	5,475
Market value phase-in	-	60,915	62,226	63,564	64,930	66,326	67,752	69,208	70,695	72,214	73,766
Balance, end of year	3,045,774	3,111,279	3,178,185	3,246,519	3,316,309	3,387,585	3,460,392	3,534,760	3,610,720	3,688,304	3,767,545
(2) Non-residential assessment											
Balance, beginning of year	1,265,423	1,265,423	1,296,477	1,215,033	1,246,383	1,278,447	1,311,231	1,344,743	1,378,990	1,413,980	1,449,720
New non-residential assessment	-	18,400	18,800	19,200	19,600	20,000	20,400	20,800	21,200	21,600	22,000
Market value phase-in	-	12,654	12,965	12,150	12,464	12,784	13,112	13,447	13,790	14,140	14,497
Loss of Kidd Creek assessment	-	-	(113,209)	-	-	-	-	-	-	-	-
Balance, end of year	1,265,423	1,296,477	1,215,033	1,246,383	1,278,447	1,311,231	1,344,743	1,378,990	1,413,980	1,449,720	1,486,217
(2) Total assessment											
Balance, beginning of year	4,311,197	4,311,197	4,407,756	4,393,218	4,492,902	4,594,756	4,698,816	4,805,135	4,913,750	5,024,700	5,138,024
New assessment	-	22,990	23,480	23,970	24,460	24,950	25,455	25,960	26,465	26,970	27,475
Market value phase-in	-	73,569	75,191	75,714	77,394	79,110	80,864	82,655	84,485	86,354	88,263
Loss of Kidd Creek assessment	-	-	(113,209)	-	-	-	-	-	-	-	-
Net book value, end of year	4,311,197	4,407,756	4,393,218	4,492,902	4,594,756	4,698,816	4,805,135	4,913,750	5,024,700	5,138,024	5,253,762
Residential assessment as a percentage of total assessm	70.65%	70.59%	72.34%	72.26%	72.18%	72.09%	72.01%	71.94%	71.86%	71.78%	71.71%

City of Timmins

Municipal Long-Term Financial Plan

Appendix B
Financial Indicators

Financial Indicators

FINANCIAL ASSETS TO FINANCIAL LIABILITIES

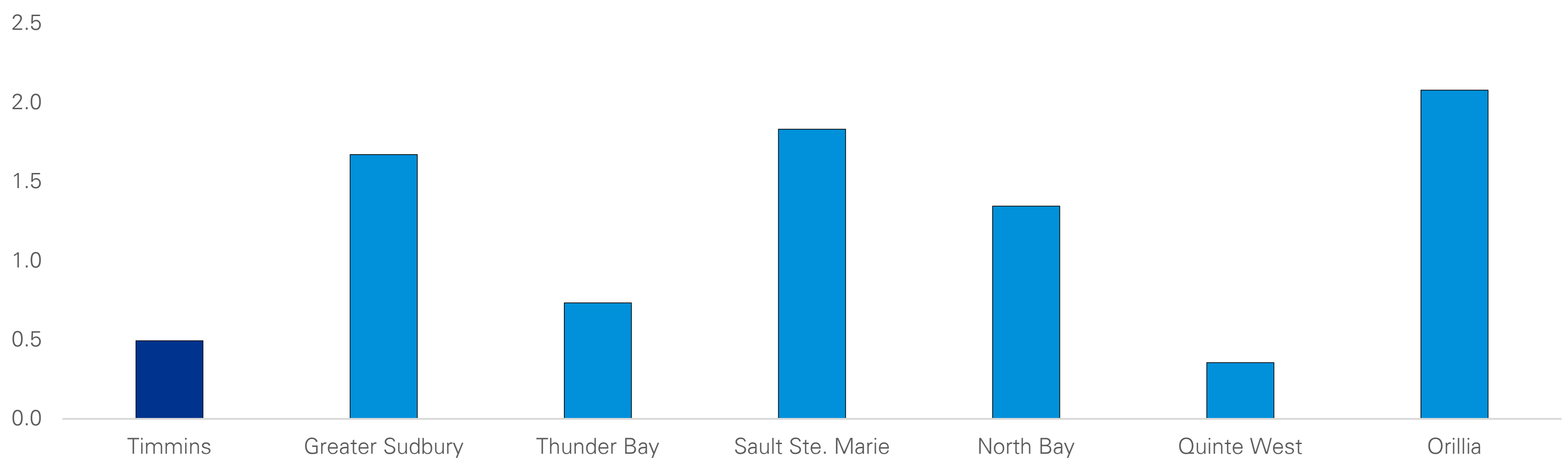
This financial indicator provides an assessment of the City's solvency by comparing financial assets (including cash, investments and accounts receivable) to financial liabilities (accounts payable, deferred revenue and long-term debt). Lower levels of financial assets to financial liabilities (i.e. less than 1.0) are indicative of limited financial resources available to meet cost increases or revenue losses, which higher levels (i.e. more than 1.5) suggest that the municipality has a higher level of available financial resources to offset cost increases, funding losses or future capital reinvestment.

TYPE OF INDICATOR

Sustainability	✓
Flexibility	
Vulnerability	

POTENTIAL LIMITATIONS

- Financial assets may include investments in government business enterprises, which may not necessarily be converted to cash or yield cash dividends
- Financial liabilities may include liabilities for employee future benefits and future landfill closure and post-closure costs, which may (i) not be realized for a number of years; and/or (ii) may not be realized at once but rather over a number of years



Financial Indicators

TOTAL RESERVES AND RESERVE FUNDS PER HOUSEHOLD

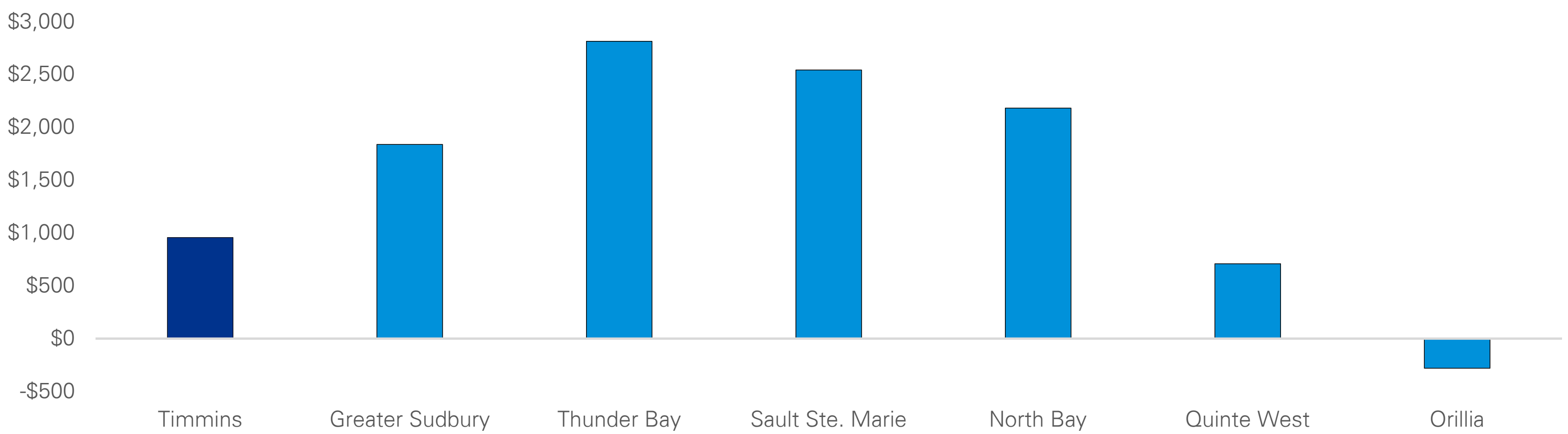
This financial indicator provides an assessment of the City's ability to absorb incremental expenses or revenue losses through the use of reserves and reserve funds as opposed to taxes, user fees or debt. Low reserve levels are indicative of limited capacity to deal with cost increases or revenue losses, requiring the City to revert to taxation or user fee increases or the issuance of debt. While there is no defined standard for the "right" level of reserve and reserve funds per household, Northern Ontario municipalities reported an average of $2,233 in reserve and reserve funds per household, which is higher than the City's reserve and reserve fund balances per household.

TYPE OF INDICATOR

Sustainability	✓
Flexibility	
Vulnerability	

POTENTIAL LIMITATIONS

- Reserves and reserve funds are often committed to specific projects or purposes and as such, may not necessarily be available to fund incremental costs or revenue losses
- As reserves are not funded, the City may not actually have access to financial assets to finance additional expenses or revenue losses



Financial Indicators

CAPITAL ADDITIONS AS A PERCENTAGE OF AMORTIZATION EXPENSE

This financial indicator provides an assessment of the City's solvency by assessing the extent to which it is sustaining its tangible capital assets. In the absence of meaningful reinvestment in tangible capital assets, the City's ability to continue to deliver services at the current levels may be compromised. Over the long-term, investment levels of less than 100% to 150% can contribute to an increase in a municipality's infrastructure deficit and an associated reduction in service levels, with higher levels of capital investment likely indicative of the sustainment of capital infrastructure.

TYPE OF INDICATOR

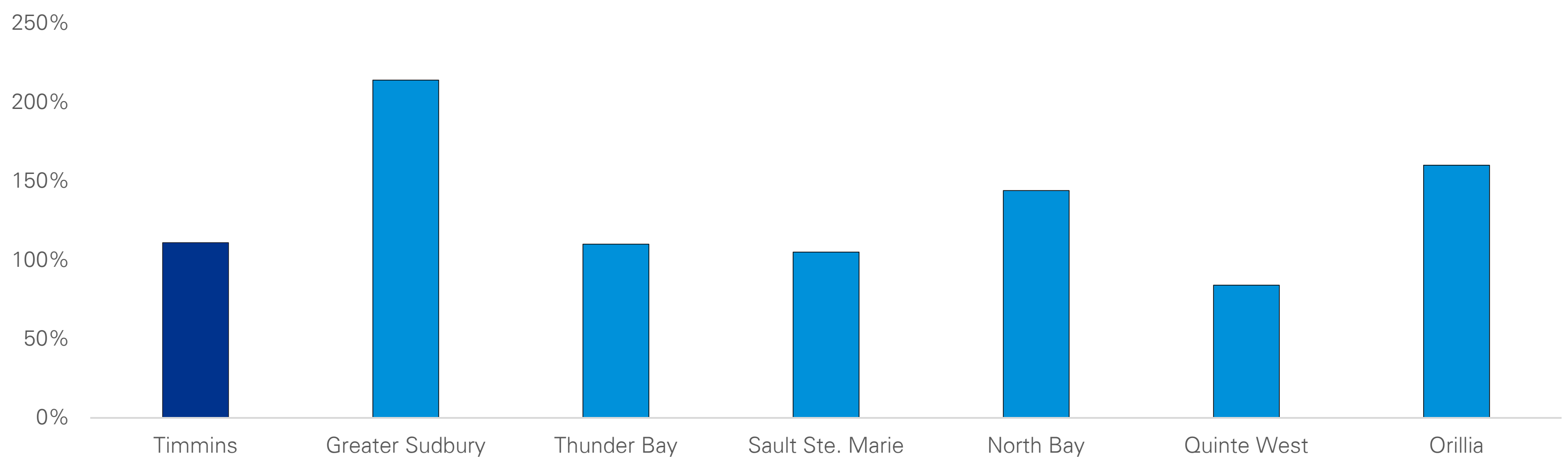
Sustainability ✓

Flexibility

Vulnerability

POTENTIAL LIMITATIONS

- This indicator considers amortization expense, which is based on historical as opposed to replacement cost. As a result, the City's capital reinvestment requirement will be higher than its reported amortization expense due to the effects of inflation.
- This indicator does not consider the differential between reinvestment of existing infrastructure vs. the construction of new infrastructure as a result of growth, regulatory changes or other factors.



Financial Indicators

RESIDENTIAL TAXES PER HOUSEHOLD

This financial indicator provides an assessment of the City's ability to increase taxes as a means of funding incremental operating and capital expenditures. Determining an appropriate level of taxation per household involves a range of considerations, including services, service levels and the balance between municipal taxation and user fees and as such, there can be considerable variability between municipalities.

TYPE OF INDICATOR

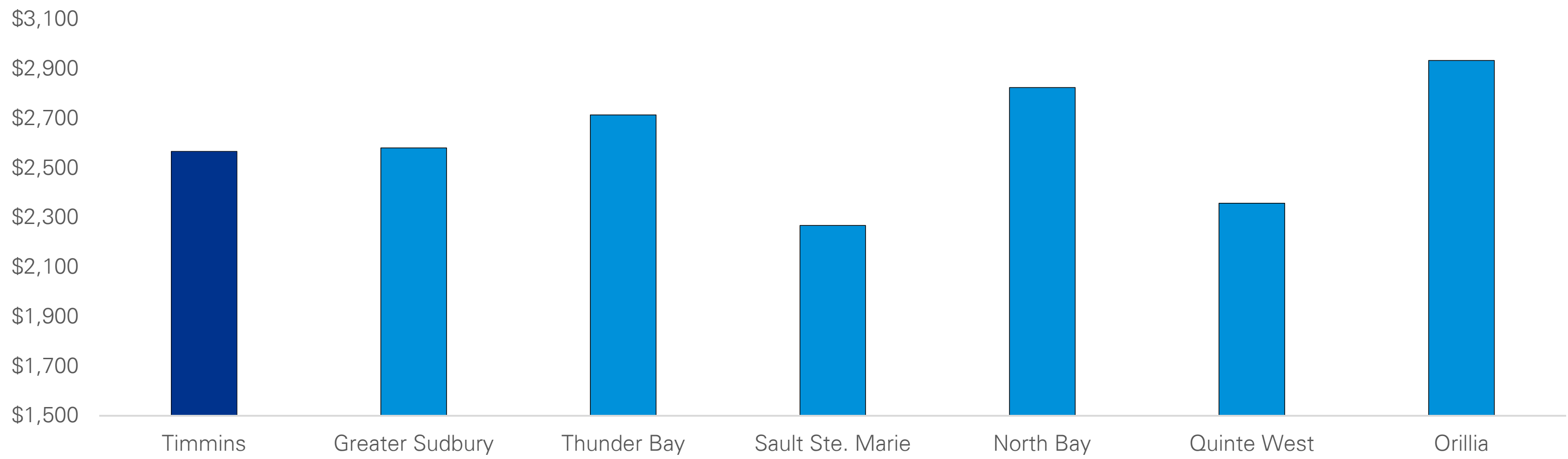
Sustainability

Flexibility ✓

Vulnerability

POTENTIAL LIMITATIONS

- This indicator does not incorporate income levels for residents and as such, does not fully address affordability concerns.
- In addition to municipal taxes, taxpayers are also subject to taxation for education purposes (which is not controlled by the municipality) and as such, this indicator does not reflect the total tax cost to ratepayers.



Financial Indicators

TOTAL LONG-TERM DEBT PER HOUSEHOLD

This financial indicator provides an assessment of the City's ability to issue more debt by considering the existing debt loan on a per household basis. High debt levels per household may preclude the issuance of additional debt or result in a high level of debt servicing costs, while lower levels of debt may be indicative of funded capital requirements. While there is no recommended level of debt for Ontario municipalities (other than the limitation of debt servicing costs), Northern Ontario municipalities reported an average of $1,878 in debt per household.

TYPE OF INDICATOR

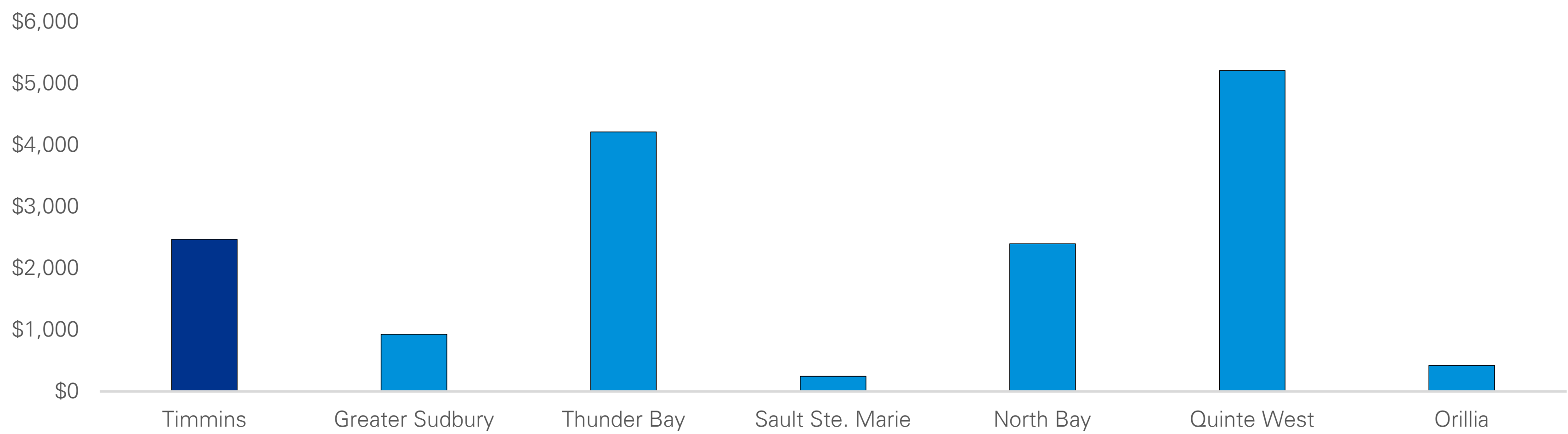
Sustainability

Flexibility ✓

Vulnerability

POTENTIAL LIMITATIONS

- This indicator does not consider the Provincial limitations on debt servicing cost, which cannot exceed 25% of own-source revenues unless approved by the Ontario Municipal Board



Financial Indicators

RESIDENTIAL TAXATION AS A PERCENTAGE OF HOUSEHOLD INCOME

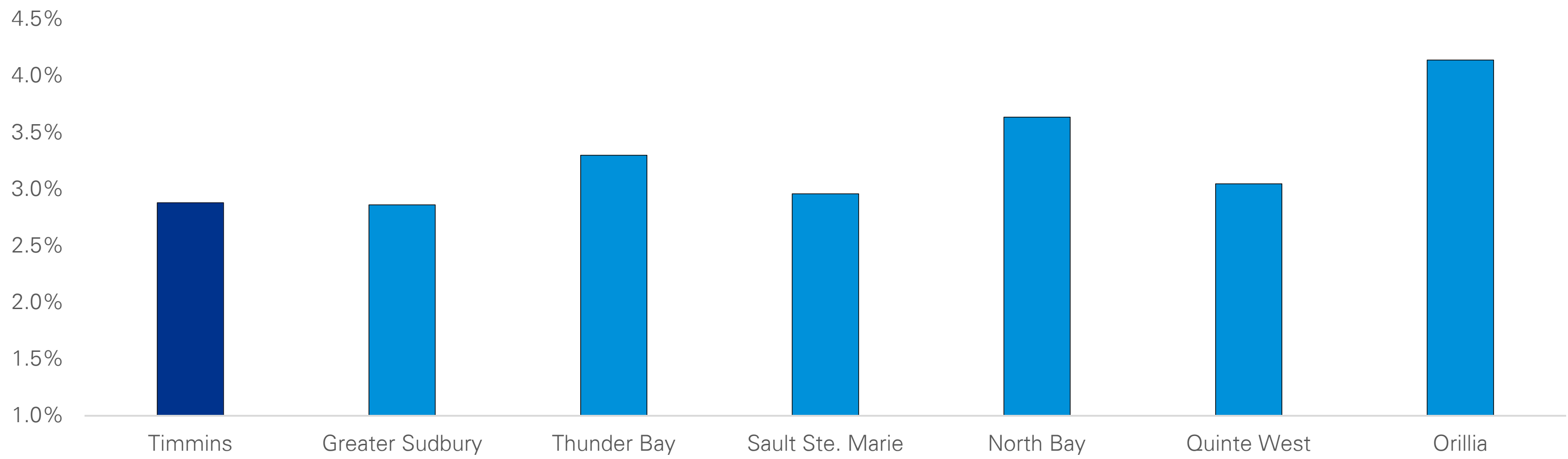
This financial indicator provides an indication of potential affordability concerns by calculating the percentage of total household income used to pay municipal property taxes. Determining an appropriate level of taxation per household involves a range of considerations, including services, service levels and the balance between municipal taxation and user fees and as such, there can be considerable variability between municipalities.

TYPE OF INDICATOR

Sustainability	
Flexibility	✓
Vulnerability	

POTENTIAL LIMITATIONS

- This indicator considers residential affordability only and does not address commercial or industrial affordability concerns.
- This indicator is calculated on an average household basis and does not provide an indication of affordability concerns for low income or fixed income households.



Financial Indicators

DEBT SERVICING COSTS (INTEREST AND PRINCIPAL) AS A PERCENTAGE OF TOTAL REVENUES

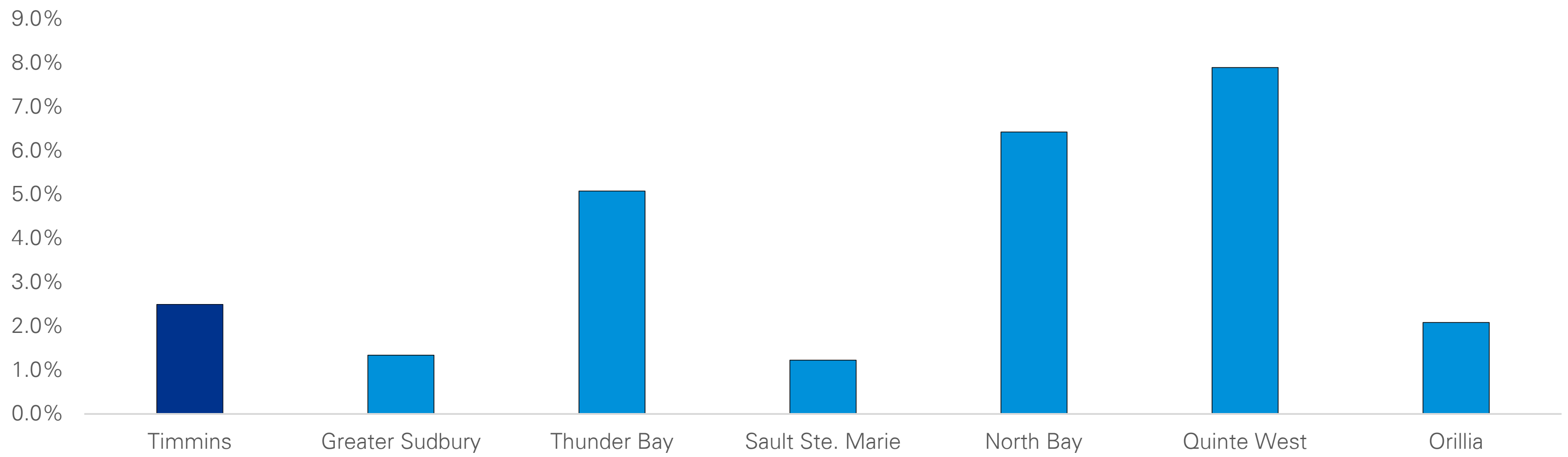
This financial indicator provides an indication as to the City's overall indebtedness by calculating the percentage of revenues used to fund long-term debt servicing costs. High debt levels per household may preclude the issuance of additional debt or result in a high level of debt servicing costs, while lower levels of debt may be indicative of funded capital requirements.

TYPE OF INDICATOR

Sustainability	
Flexibility	✓
Vulnerability	

POTENTIAL LIMITATIONS

- While there is no recommended level of debt for Ontario municipalities, Ontario Regulation 403/02 establishes limits on the maximum amount of debt servicing payments (interest and principal) that can be incurred by a municipality (25% of own-source revenues).



Financial Indicators

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS AS A PERCENTAGE OF HISTORICAL COST OF TANGIBLE CAPITAL ASSETS

This financial indicator provides an indication as to the extent to which the City is reinvesting in its capital assets as they reach the end of their useful lives. An indicator of 50% indicates that the City is, on average, investing in capital assets as they reach the end of useful life, with indicators of less than 50% indicating that the City's reinvestment is not keeping pace with the aging of its assets.

TYPE OF INDICATOR

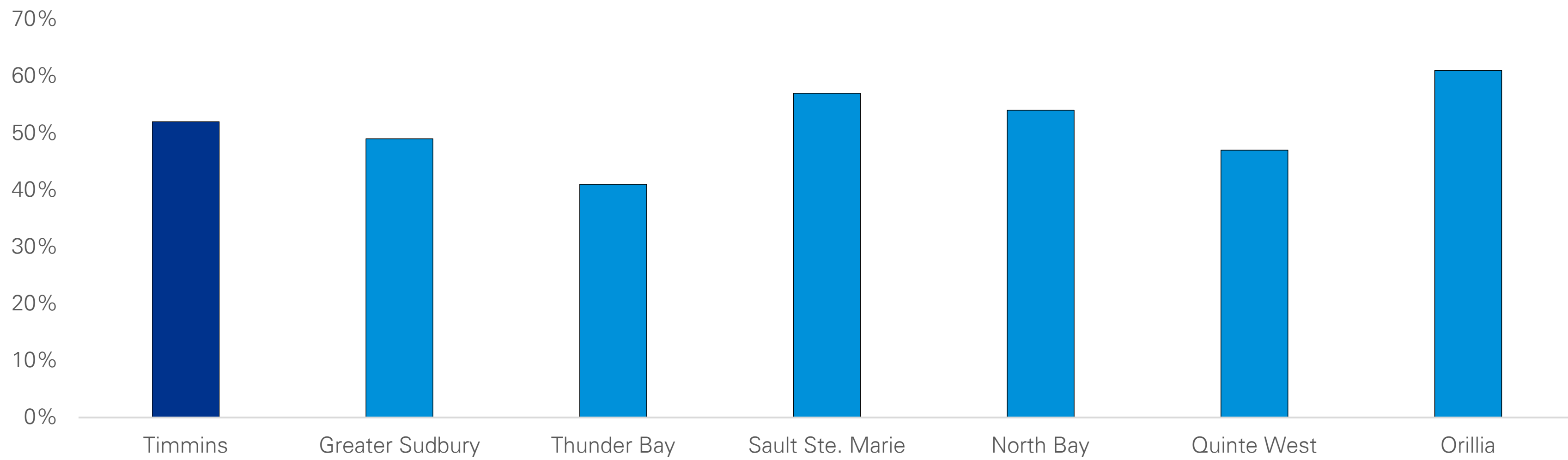
Sustainability

Flexibility ✓

Vulnerability

POTENTIAL LIMITATIONS

- This indicator is based on the historical cost of the City's tangible capital assets, as opposed to replacement cost. As a result, the City's pace of reinvestment is likely lower than calculated by this indicator as replacement cost will exceed historical cost.
- This indicator is calculated on a corporate-level basis and as such, will not identify potential concerns at the departmental level.



Financial Indicators

OPERATING GRANTS AS A PERCENTAGE OF TOTAL REVENUES

This financial indicator provides an indication as to the City's degree of reliance on senior government grants for the purposes of funding operating expenses. The level of operating grants as a percentage of total revenues is directly proportionate with the severity of the impact of a decrease in operating grants. Notwithstanding the increase in a municipality's vulnerability, higher levels of operating grants are sought in order to decrease the share of municipal operating costs funded by taxpayers, decreasing concerns over affordability.

TYPE OF INDICATOR

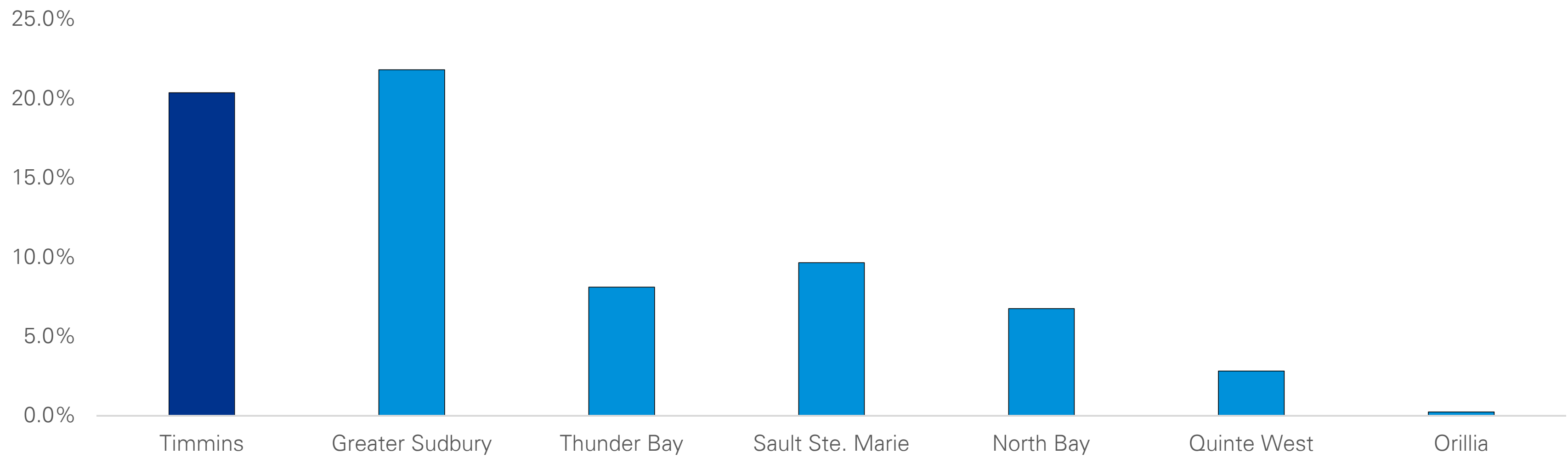
Sustainability

Flexibility

Vulnerability ✓

POTENTIAL LIMITATIONS

- To the extent possible, the City should maximize its operating grant revenue. As such, there is arguably no maximum level associated with this financial indicator.



Financial Indicators

CAPITAL GRANTS AS A PERCENTAGE OF TOTAL CAPITAL EXPENDITURES

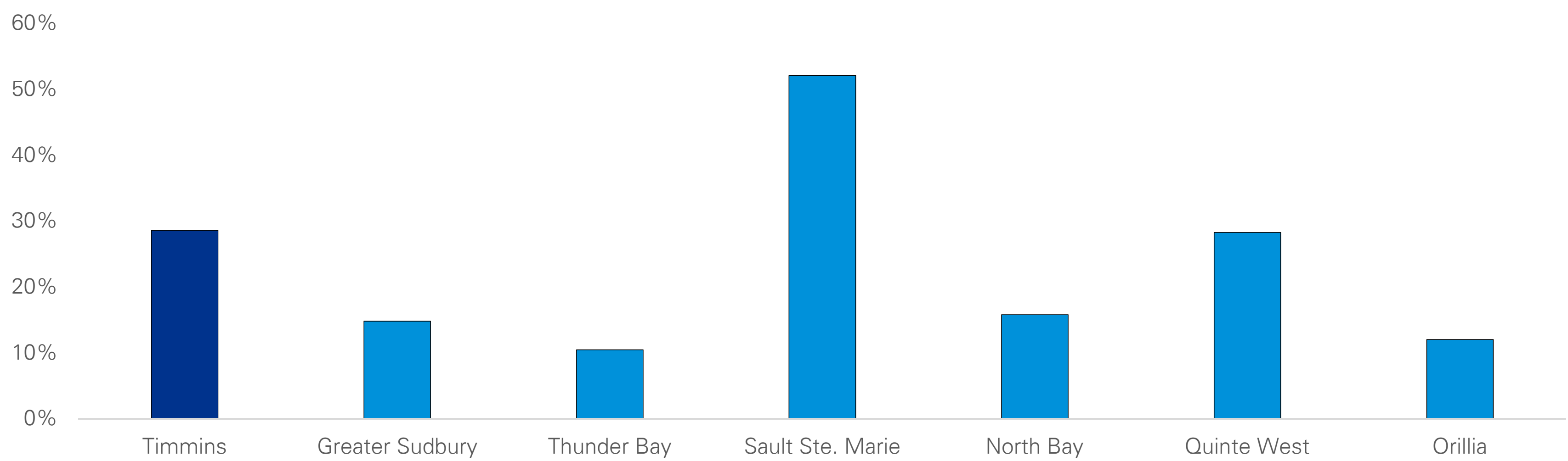
This financial indicator provides an indication as to the City's degree of reliance on senior government grants for the purposes of funding capital expenditures. The level of capital grants as a percentage of total capital expenditures is directly proportionate with the severity of the impact of a decrease in capital grants. Notwithstanding the increase in a municipality's vulnerability, higher levels of capital grants are sought in order to decrease the share of municipal capital costs funded by taxpayers or debt, decreasing concerns over affordability or borrowing levels.

TYPE OF INDICATOR

Sustainability	
Flexibility	
Vulnerability	✓

POTENTIAL LIMITATIONS

- To the extent possible, the City should maximize its capital grant revenue. As such, there is arguably no maximum level associated with this financial indicator.



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