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REPORT
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Regional Council Budget

For Information

REPORT TITLE: **2022 Overview and Update on the Status of Reserves**

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OBJECTIVE

To provide an annual overview of the reserves and an update on the overall sustainability of Regionally Controlled reserves, with focus on the rate stabilization reserves, capital reserves and specialty reserves.

REPORT HIGHLIGHTS

- The Region of Peel's (Region) Long Term Financial Planning Strategy, Financial Management by-law and Reserve Management Policy establish the present framework for managing reserves.
- Reserve adequacy is an important contributor to the Region's financial sustainability and financial flexibility.
- Reserves are used as a tool to mitigate short term tax pressures and to meet long term financing requirements for the state of good repair of existing assets, service enhancements and non-Development Charges Growth.

<u>Operating Reserves</u>

- Tax Supported and Utility Rate (Water and Wastewater services) Supported Stabilization Reserves are currently sufficient to adequately maintain the Region's financial flexibility to mitigate service volatility.

<u>Capital Reserves</u>

- Analysis of the Tax Supported Capital Reserve and the Utility Rate Supported Capital Reserve shows that maintaining the reserve contribution at the current levels will result in a total shortfall of $5.8 billion by the end of 2042 (Tax: $3.2 billion, Utility Rate: $2.6 billion).
- Actions to address the shortfall in Tax and Utility Rate Supported Capital Reserves will be brought forward for consideration as part of the 2023 Budget.
- Council's strategy of funding the Region's capital plan through the one per cent infrastructure levy for tax supported capital as well as infrastructure levy increases for utility rate supported capital have helped to maintain the financial sustainability and flexibility of the capital program

<u>Specialty Reserves</u>

- With the exception of the Housing-Contingency Liability Reserve and Workplace Safety & Insurance Board (WSIB) Reserve Pensions, the review indicates that the majority of the Specialty Reserves is at appropriate levels given the current risk environment
- Staff continue to assess the shortfall in the Housing-Contingency Liability Reserve, which will be addressed through the management of overall reserves.

- A detailed assessment of risk severity and its impact on the WSIB Reserve Pensions will be conducted and included in future reporting.

DISCUSSION

1. Background

This report provides an annual overview and update on the status of the Region's reserves. The management of reserves is an important factor in the Region's overall financial condition, as it impacts both financial sustainability and financial flexibility. The credit rating agencies have acknowledged the Region's highly liquid reserves and reserve funds and its moderate level of debt as major positive attributes helping it to achieve a Triple A credit rating. Maintaining a high credit rating ensures the Region's access to capital markets at very competitive rates, benefiting the Region and the local municipalities and is critical to the long term financial sustainability of Regional services. The Region's current Reserve Management Policy was established by Council on November 14, 2013 through the report "Implementation of the Long Term Financial Planning Strategy – Phase II".

The Reserve Management Policy supports two key principles in the Long Term Financial Planning Strategy, "Ensuring the capital plan is sustainable" and "Maintaining the flexibility to mitigate the volatility in rates". Reserves, reserve funds and specialty reserves are managed within larger pools like investments, where the overall pooled risk is lower than the separate individual risks. Pooling similar reserves into a portfolio enables Council to easily deploy the funds to areas of greatest need. The policy classifies reserves into four major categories: Operating Reserves (Rate Stabilization Reserves), Capital Reserves, Reserve Funds and Specialty Reserves.

2. Findings

The Rate Stabilization Reserves, as defined in the Reserve Management Policy, are the reserves arising from the operation of Regional programs. The Region has two Rate Stabilization Reserves: Tax Supported Rate Stabilization Reserves' and Utility Rate (Water and Wastewater services) Supported Rate Stabilization Reserves. Surpluses from Tax Supported programs and Utility Rate Supported programs are put into separate reserves. These reserves are used to minimize annual fluctuations in property tax and utility rates by providing funding for one-time costs or temporary costs, allowing significant pressures to be phased-in and addressing program pressures when there is some degree of uncertainty. Appendix I provides a summary of the status of the Rate Stabilization Reserves as at November 30th, 2022.

a) Tax Supported Rate Stabilization Reserve

The Reserve Management Policy requires that the balance of the Tax Supported Rate Stabilization Reserve be maintained within a range of a minimum of five per cent and a maximum of 10 per cent of the total budget for programs funded from Tax supported operating budget. Due to prudent financial decisions, Council has built a rate stabilization balance over the years to sustain operations. The reserve has provided Council with the flexibility to stabilize the impact of economic volatility on the Region's programs and, in more recent times, the impact of the COVID-19 pandemic.

As at November 30, 2022 the balance of the Tax Supported Rate Stabilization Reserve is at $168.1 million or 10.8 per cent of the 2022 Tax supported total operating budget. The balance is slightly above the range of five to 10 per cent as prescribed in the Reserve Management Policy and is adequate to provide financial flexibility to address one-time pressures and volatility within the Tax Supported operating budget.

To help manage the pressure on the budget, on December 2, 2021 Council approved a $24.4 million draw from the Rate Stabilization Reserve to support various initiatives under Regionally Controlled programs in the 2022 Tax Supported Operating Budget. If all planned draws were made, the reserve balance would decrease to 9.2 per cent of the 2022 Tax supported total operating budget. The Tax Supported Rate Stabilization Reserve will also be used, if need be, to partially address the potential GO Transit liability which totals $242 million at the end of August 2022.

b) Utility Rate Supported Rate Stabilization Reserve

The Reserve Management Policy also requires that the balance of the Utility Rate Supported Rate Stabilization Reserve be maintained within the range of a minimum of five per cent and a maximum of 10 per cent of the total Utility Rate supported operating budget. As at November 30, 2022, the Utility Rate Supported Rate Stabilization Reserve has a balance of $50.2 million, which represents 7.9 per cent of the 2022 Utility Rate supported total operating budget, which is in compliance with the Reserve Management Policy and provides financial flexibility to address volatility within the water and wastewater services.

To alleviate any budget pressures, Council approved a $1.4 million draw from the Utility Rate Stabilization Reserve to support various initiatives for Utility Rate supported programs (Water and Wastewater) in the 2022 Budget. If all planned draws were made, the reserve balance would decrease a further 0.3 per cent to 7.6 per cent of the 2022 Utility Rate supported total operating budget.

3. Capital Financing

The Region’s capital plans are financed through capital reserves, Development Charge reserve funds, internal borrowing, external funding and debt. Capital Reserves provide financial flexibility to meet long term financing requirements and help achieve the long term financial sustainability of the Region’s assets. They finance the state of good repair requirements of the existing assets and other capital work not eligible for Development Charge funding.

Capital financing sources used are largely dependent on the type of capital project. For example, Development Charge funding can only be used for eligible growth-related projects. A separate report titled “Peel’s Growth Management Program, Development Charge Performance, and Census Results – 2021 Overview and Progress Report” was provided to Council on 23 June 2022. That report detailed the status of development charge revenues, growth related capital expenditure, associated risks and mitigation measures and the adequacy of Development Charge Reserves. Appendix II, “Relationship between Capital Financing and Capital Plan” provides an overview of the relationship between the various sources of capital financing including Capital Reserves and the Capital Plan.

2022 Overview and Update on the Status of Reserves

a) Asset Management

As detailed in the companion report titled, “Enterprise Asset Management Program Update” listed on the January 19, 2023 Regional Council agenda, the Region owns and operates approximately $36 billion (2021 value) in assets, including Peel Housing Corporation assets valued at $2.86 billion. Maintaining these assets in a state of good repair is essential to the provision of Regional services and in turn to the overall success of the Region. Consequently, the Region has established a goal of maintaining an overall infrastructure status of “Good”. This goal allows the Region to balance prudent investment in infrastructure to support efficient and reliable community services while maintaining affordable tax and utility rates.

The purpose of the Enterprise Asset Management Program Update report is to provide Council with an infrastructure status update and to identify priority initiatives. The report concludes that the levels of investments that will be proposed in the 2023 Capital Budget and Forecast are required to maintain the Region’s infrastructure at Council’s level of service targets. The report also indicates that the Region’s asset portfolio is currently rated “Good” in accordance with Council’s targets.

b) Determining the Cost of Future Capital Liability

i) Maintain Existing Service Level

Inflation is one of the variables that significantly impacts the cost of maintaining or repairing assets such as buildings, roads and watermains. For capital work, there is a specific index that is often used known as the Construction Cost Index (CCI). The CCI reflects the cost of materials such as concrete, steel, asphalt and labour, which have historically increased at a rate faster than general inflation. Appendix III illustrates the impact of the CCI on replacement costs.

The Region uses the Replacement Cost methodology to estimate future capital requirements. Due to the impact of post-pandemic inflation, the cost to repair and ultimately replace an asset is now significantly different from its historical cost. The post-pandemic surge in prices pushed the price of many construction inputs to historic highs. While prices have retreated from peak levels due to heightened recession risks, they remain elevated and will influence higher construction costs over the medium term. Staff has reflected significant price impacts as part of the 2023 Capital Budget and will continue to monitor the inflation trend. If there are significant pressures over and above those reflected in the capital budget then staff will report back to Council with recommendations.

ii) Service Demand

There are increasing pressures for additional capital investment due to regulatory changes (e.g. changes for environmental protection), demand to improve service levels of existing Regional programs (e.g. more social housing required to address the waitlist), and other community changes due to population growth (e.g. need to increase road width for public transit, expand Paramedics to respond to call volume growth). These pressures contribute to the increases to the 20-year Tax and Utility Rate Supported Capital Plans, and put additional strain on the capital reserves which are used to fund the increased requirements.

iii) Other Pressures on Capital Reserves

The 20-year Tax and Utility Rate Supported Capital Plans reflect the capital requirements driven by future council's priorities. These additional capital requirements have increased pressures on the capital reserves which are the major funding sources.

c) Funding from Capital Reserves

On September 24, 2020, Council approved its Capital Financing Strategy to guide the use of the various financing sources available to fund capital projects. Funding for non-Development Charge capital projects is generally provided from reserves that can be broken down into two major categories: Tax Supported and Utility Rate Supported capital reserves.

In the fall of 2007, Council adopted a strategy to increase reserves based on a one per cent tax rate each year for capital financing purposes to achieve long term financial sustainability. By 2022, Tax Supported capital reserves have been enhanced by an additional amount of $912 million since the implementation of this strategy in the 2008 Budget which helped to fund the capital work required since that time.

Staff also presented Council with a report in 2008 outlining the need for increasing the utility rate to finance the expanding state of good repair budget and mitigate debt financing. Since 2009, utility rate increases in a range of three to seven per cent have been implemented in annual budgets to strengthen Utility Rate Supported capital reserves resulting into an additional amount of $1.1 billion in reserves by end of 2022.

The benefit of the increased reserve contributions will continue to grow over time ensuring Peel's assets are adequately maintained and the capital program is sustainable.

i) Tax Supported Capital Reserves

To meet the Region of Peel's long-term capital requirements while maintaining financial stability, staff use a 20-year capital forecast to assess the adequacy of Tax Supported capital reserves. Based on the evaluation of the capital plan to address Tax Supported state of good repair, service enhancement and non-Development Charge growth requirements, it is estimated that approximately $7.3 billion is required over the next 20 years for Tax Supported Regionally Controlled services including state of good repair of Peel Living housing stock.

Current reserve levels and contributions are not adequate to address the Region's 20-year Tax Supported Capital requirements. Staff are projecting a shortfall of $3.2 billion by the end of year 2042. This figure has increased from the previous year as it now also reflects the projected capital reserve shortfall of Peel Living. To mitigate the gap, it is proposing that a one per cent infrastructure levy increase be included in the 2023 Budget and will require an ongoing infrastructure levy increase. Refer to Appendix IV for further details.

ii) Utility Rate Supported Capital Reserves

Similar to Tax Supported services, staff use a 20-year capital forecast to assess the capital reserve adequacy for Utility Rate Supported services. It is estimated, based on the evaluation of the state of good repair capital requirements, that approximately $8.2 billion is required over the next 20 years for Utility Rate funded services including Water and Wastewater.

Current reserve levels and contributions are not sufficient to address the Region's 20-year Utility Rate Supported Capital plan. Staff are projecting a shortfall of $2.6 billion by the end of year 2042. In the 2023 Budget, it is proposing that the Council continue with the five per cent infrastructure levy increase and implement it each year for four more years until 2027. Refer to Appendix IV for further details. This estimate may change due to the review of the Utility Long Term Financial Plan.

iii) Government Infrastructure Funding

The Region continues to advocate for federal and provincial governments to provide infrastructure funding to stimulate Peel's economic recovery.

Successful advocacy has resulted in external infrastructure funding throughout both phases of the Investing in Canadian infrastructure Program (ICIP), including $103,675,125 in approved Clean Water and Wastewater Funding during ICIP, Phase I, and $26.6 million, through different ICIP Phase II funding streams.

In addition:

- The construction timelines attached to the ICIP, COVID-19 Infrastructure Resiliency Stream have been extended. Approved projects will now have until September 30, 2023, to begin and must be complete before December 31, 2023.
- The Region submitted its applications for the remaining $3.1 million of its ICIP, Public Transit Stream funding, in advance of the November 30, 2022 deadline.

The Region continues to receive infrastructure funding from the Canada Community Building Fund (formerly the Federal Gas Tax) and the Provincial Gas Tax. After remitting part of its CCBF allocation to the lower tiers, this amounted to $7.4 million in CCBF funding and Provincial Gas Tax funding in the amount of $482,539 for 2022.

Going forward, the Region will assess and apply for external funding where appropriate, including but not limited to the following:

- The Green Municipal Fund, on-going application-based funding available for water quality, pollution, waste, energy efficient transit, as well as sustainable affordable housing
- The Clean Fuels Fund, through its Building New Domestic Production Capacity component.
- The National Trade Corridors Fund, targeting bottlenecks in trade corridors.
- The Disaster Mitigation and Adaptation Fund, through a new in-take supporting projects including the rehabilitation of storm water systems.
- The Active Transportation Fund (ATF), aimed at building new and expanded networks of pathways, bike lanes, trails and pedestrian bridges and planning studies.

- Green and inclusive Community Buildings funding, available for new build/large retrofit, and small/medium retrofit projects.
- The Site Readiness Program, reimbursement of site preparatory work for eligible industrial property.
- Federal Housing Accelerator, a new fund announced in the 2022 Federal Budget, that will target the creation of 100,000 net new housing units over the next five years, beginning in 2022-2023.

Regional staff also submitted a written response to Infrastructure Canada (IC)'s Public Engagement on Permanent Public Transit Funding in Canada on October 14, 2022.

4. Specialty Reserves

The Reserve Management Policy provides for a categorization of reserves referred to as Specialty Reserves. This category includes reserves for specific and defined purposes that fall outside of the broader requirements for capital financing and rate stabilization. As required by the Reserve Management Policy, a review of these specialty reserves was performed. The results indicate that all specialty reserves are at appropriate levels given the current risk environment except for the “Housing-Contingency Liability Reserve” – R1919 and the “Workplace Safety & Insurance Board (WSIB) Reserve Pensions – R0880”. Refer to Appendix V for details.

A most recent evaluation shows the Housing – Contingency Liability Reserve is expected to have a $708 million shortfall over the ten years from 2023 to 2032. In 2006, the “Housing-Contingency Liability Reserve” R1919 was established to help finance the state of good repair needs of the Affordable Housing buildings in the Region. The housing stock of 5,600 affordable rental and 10,000+ subsidized units in the affordable housing system in Peel is owned and managed by Peel Living as well as external housing providers. The reserve is used to provide loans and/or grants to service providers to help finance the shortfall between their respective state of good repair requirements and available capital reserves, and is also funded as part of the one per cent infrastructure levy due to Region's mandate as Service Manager in ensuring a safe and adequate supply of Affordable Housing (also refer back to Section 3.c.i – Tax Supported Capital Reserve Financing).
Current assessment shows WSIB Reserve Pensions reserve is insufficient to fully cover the potential unfunded liability. A detailed assessment of risk severity and its impact on the WSIB Reserve will be conducted and included in future reporting.

5. Risks and Pressures

Reserve, reserve funds and specialty reserves ensure the capital plan is sustainable and provide flexibility to mitigate volatility in tax and utility rates. The evolving environment the Region is facing has resulted in increasing risks and growing pressures on service levels and hence on reserves, reserve funds and specialty reserves that are established to support service delivery to Peel residents and businesses.

The risks and pressures include the following:

Rate Stabilization Risks:

- In March 2021, the Region received $24.6 million in COVID-19 Recovery funding from the Province for any COVID-19 related operating pressures. In addition, Regional Council set aside surpluses of $30.6 million in 2021 to enable services to catch up on back logged work and advance on work that could not be done during the pandemic. The impact of COVID-19 continues to linger and as the Region continues to focus on recovery, there is some risk to the reserves that additional costs and pressures in 2023 may exceed Peel's projected total residual balance of $33.8 million in these two reserves.

- The 2022 projected year end position assumes that the Province will fully fund the projected extraordinary costs driven by the Mass Vaccination Program. If the Province only partially funds the costs, there would be a negative impact on Peel's year end operating results and subsequently affect the Reserves. Staff will continue to monitor funding opportunities in 2023 while actively looking for chances to reduce spending with minimal risk to service levels.

- The 2023 Budget includes draws of $70.9 million from the Tax Stabilization Reserve to minimize yearly fluctuations to the taxpayer. The Budget also includes draws of $5.3 million from the Utility Rate Stabilization Reserve to minimize the fluctuations to the rate payer. Further changes in Provincial commitments may result in further pressures to the reserves.

- GO Transit liability: the potential GO Transit liability continues to grow, amounting to $242 million by August 2022.

Capital Reserve Risks:

- Service enhancements such as infrastructure requirements to achieve increased waste diversion and additional affordable housing to address unmet needs.
- Unanticipated capital work such as emergency watermain repairs.
- The need to have available balances to match Federal & Provincial infrastructure funding.
- Heightened geopolitical and economic uncertainties have contributed to a higher-than-expected inflation environment that will impact future capital requirements.
- A higher-than-expected inflation rate will impact future capital requirements.

New legislation – Bill 23: *The More Built Faster Act, 2022*

In October 2022, the Province of Ontario introduced Bill 23 *More Homes Built Faster Act, 2022*. This new legislation, intended to increase the supply of housing, was introduced very quickly and has significant potential impacts to Peel's services especially Housing Support. The full impacts of Bill 23 are not known yet. However, the Region will continue assess impacts to the implementation of the 2023 Budget as additional details and information are released by the Province.

All of the above risks and pressures require the Region to maintain reserve balances as prescribed in the Region's Reserve Management Policy. This sustains the Region's capital plan and provides flexibility in mitigating the volatility of tax and utility rates.

In addition to maintaining reserve balances to mitigate risk, staff continue to assess and monitor any fiscal pressures on reserves and reserve funds by carrying out the following strategies:

- Ensure service levels are maintained.

- Review service operations and capital infrastructure requirements to meet the changing needs of the community.
- Improve processes to identify efficiencies and to prioritize resource allocations.
- Utilize external funding whenever possible (examples include Infrastructure Funding, Federal and Provincial Gas Tax funding).
- Explore opportunities to increase revenue (e.g. by identifying changes in the development of land use planning, staff have completed a review and the user fee updates have been included in the 2023 Budget submission).

CONCLUSION

Council's current strategy of funding the Region's capital plan through the one per cent infrastructure levy for tax supported capital as well as infrastructure levy increases for utility rate supported capital has helped to maintain its financial sustainability and flexibility of the capital program.

As indicated in the Long Term Financial Planning Strategy, the reserves are an important factor in the Region's overall financial condition as they impact both Financial Sustainability and Financial Flexibility.

Staff analyses project that capital reserves for state of good repair, service enhancements and growth will not be sufficient to meet the combined $5.8 billion funding shortfall associated with the Region's long term capital financing requirements. The proposed 2023 Budget will include one per cent tax infrastructure levy and five per cent utility rate infrastructure levy to address this insufficiency, for Council consideration.

APPENDICES

Appendix I - Rate Stabilization Reserves
Appendix II - Relationship between Capital Financing and Capital Plan
Appendix III - Construction Cost Index Trend
Appendix IV - Reserve Gap Analysis
Appendix V - Specialty Reserves

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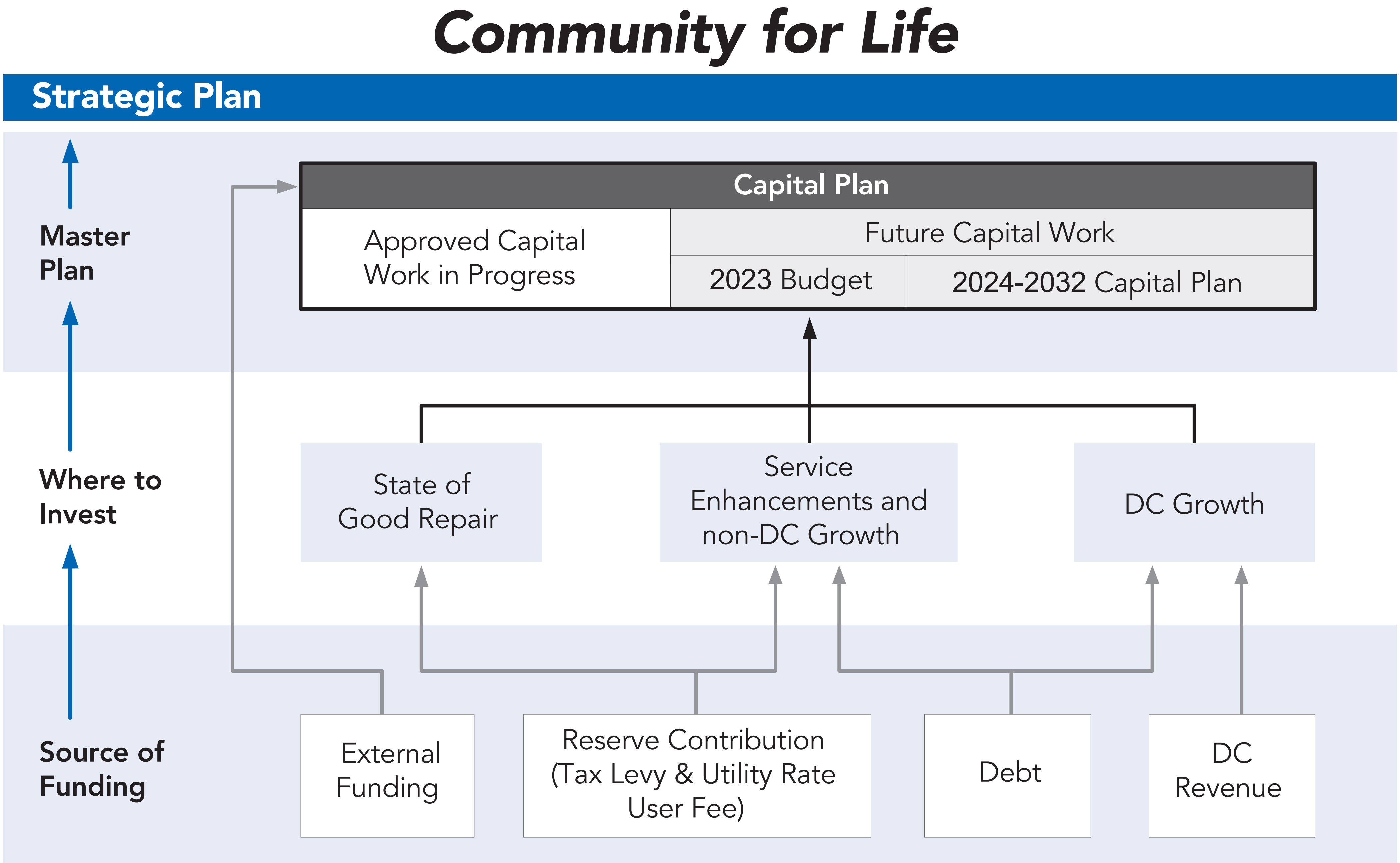
Rate Stabilization Reserves

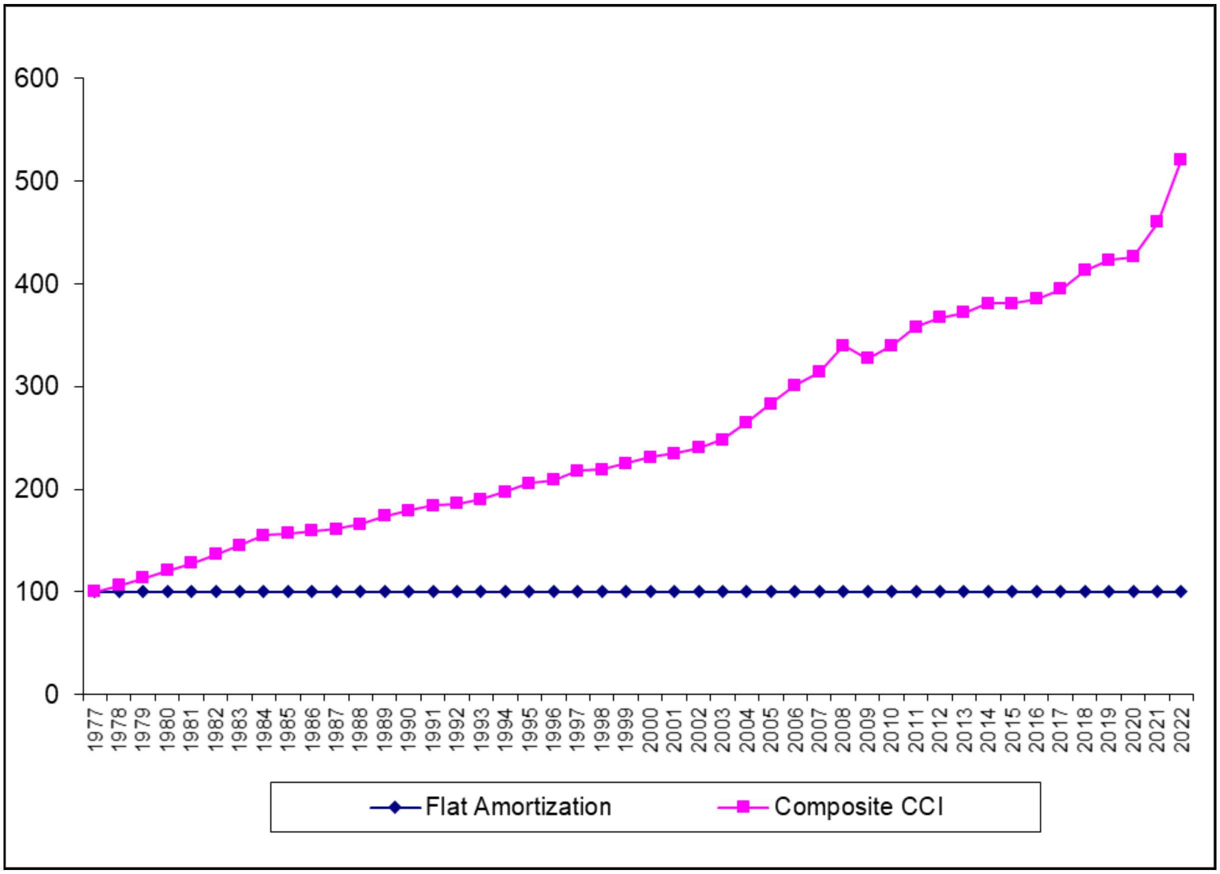
	Balance as at November 30, 2022	Status of Reserves as at November 30, 2022
Tax	$168.1 million	10.8% of 2022 Tax Total Operating Budget *Slightly above the Reserve Management Policy required range
Utility Rate	$50.2 million	7.9% of 2022 Utility Rate Total Operating budget *In compliance with the Reserve Management Policy

*The Reserve Management Policy requires that the balance of the Tax and Utility Rate Supported Stabilization Reserves be maintained within a range of a minimum of five per cent and a maximum of ten per cent of the total budget for programs funded operating budget.

Relationship between Capital Financing and Capital Plan



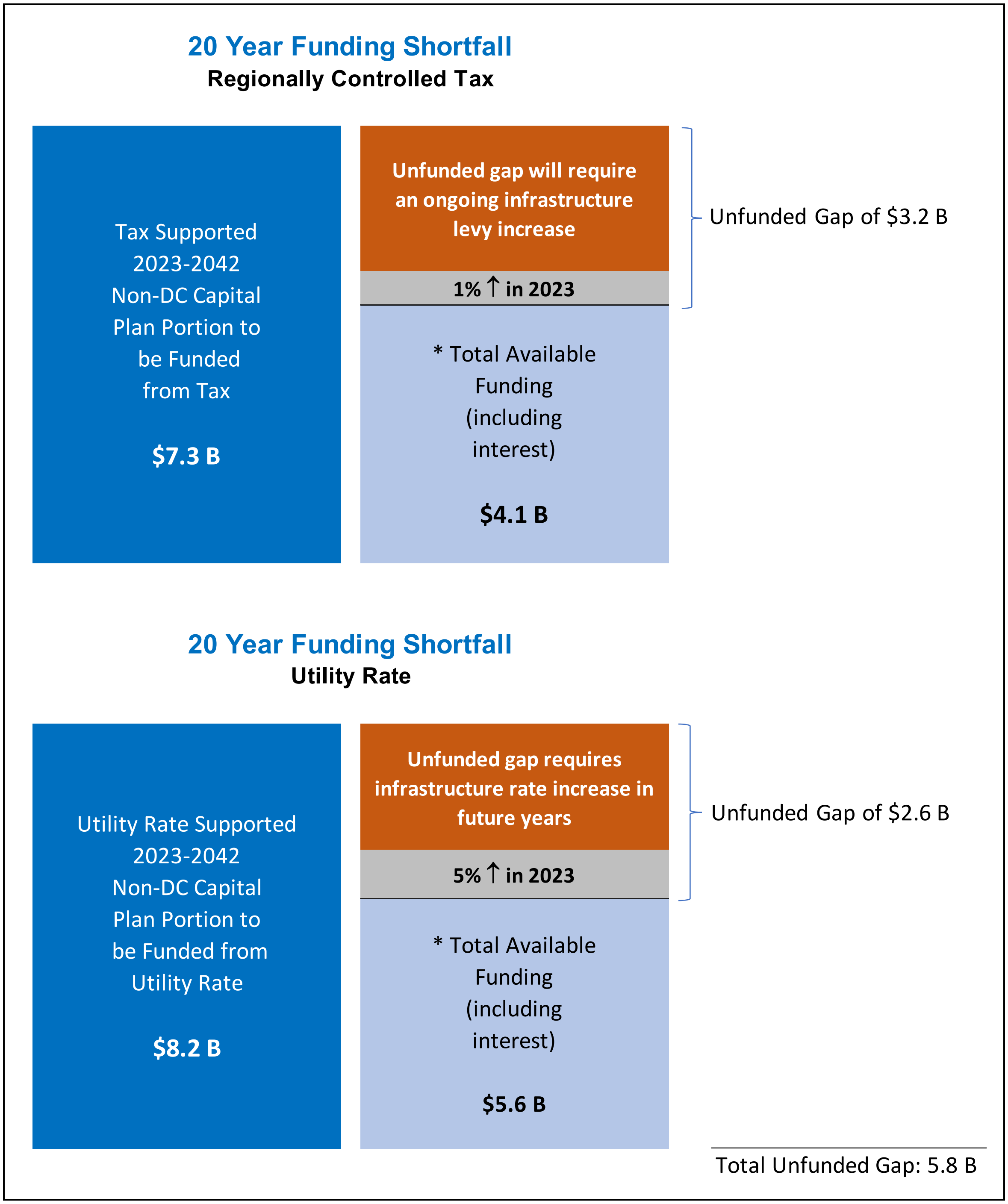
Construction Cost Index Trend



Source: US Department of the Interior, Bureau of Reclamation, Construction Cost Trends

The above chart illustrates the impact of Construction Cost Index (CCI) on an asset that was purchased in 1977 for $100 thousand. By July of year 2022, the cost to replace the same asset would be $521 thousand which is 5.2 times higher than the historical cost. The average annual increase over this period was 3.8%.

Reserve Gap Analysis



***** The available funding comprises of projected opening uncommitted reserve balance in 2023, regular annual contributions, annual estimated interest on reserve balances and council approved infrastructure tax levy and utility rate increases till 2022

Specialty Reserves

Reserve	Description	Intended Use	Cash Balance October 31, 2022 ($Millions)	Assessment
R0500	Insurance Stabilization Reserve	To fund any material variances that could adversely impact the Region relating to liability claims or accidental losses.	9.5	**Sufficient:** Currently deemed sufficient to reduce the impact of potential unexpected events. Detailed assessment of risk severity and its impact on reserve will be conducted and included in future reporting.
R0520	Administrative Service Only (ASO) Benefit Stabilization	To fund any material unexpected variances in self-insured Extended Health Care (EHC) and Group Life benefit plans	9.0	**Sufficient:** Currently deemed sufficient; there is limited impact on reserves due to provision of stop-loss in self- insured Extended Health Care (EHC) and Group plans.
R0880	WSIB Reserve Pensions	To fund the Region's future Workplace Safety & Insurance Board (WSIB) liability (self-insured) as determined by the actuaries.	15.1	**Insufficient:** Reserve balance insufficient to fund the current estimate of Workplace Safety & Insurance Board (WSIB) unfunded liability at about $21.6 million. Detailed assessment of risk severity and its impact on reserve will be conducted and included in future reporting.
R1140	Capital Long Term Waste Management Strategy - Energy From Waste Savings	To receive savings from interim landfill operation placed after expiry of third party incineration contract	104.8	**Sufficient:** Reserve funds 75% 3Rs Target projects approved by Council. If required, amount will be supplemented by debt issuance.
R1919	Housing -Contingency Liability Reserve	To fund the potential gap in the state of good repair reserves faced by affordable housing service providers	61.7	**Insufficient :** An estimate of $708 million deficit (previous $607 million deficit in 2021) is expected by 2032 due to increase in Peel Housing Corporation (PHC) capital plan with no data provided by PHC for projecting repayments.
R1923	Housing-Advances to Providers	To track loans that the service provider obtains from Region (draw from R1919) that is under $500 thousand.	0.0*	**N/A**: Reserve is for tracking of loans issued from R1919; Notional use only, no incremental commitment is expected.
R1924	Housing-Loans to Providers Pre	To track loans that the service provider obtains from Region (draw from R1919) that is over $500 thousand.	0.0*	**N/A**: Reserve is for tracking of loans issued from R1919; Notional use only, no incremental commitment is expected.
R1925	Housing- Loan to Providers Post	This reserve is to track repayments which have begun from housing service providers.	0.0*	**N/A**: Reserve is for tracking of loans issued from R1923/24; Notional use only, no incremental commitment is expected.
R1261A	Human Services Revolving Capital Fund	To support community partner integration and system improvements activities in Human Services Department	0.7	**N/A:** Reserve is for tracking of loans issued from R1261A; Notional use only, no incremental commitment is expected.
R0221	Capital Finance Stabilization - Greenlands Securement	To provide annual funding of Greenlands capital project which involve securing greenlands by Peel's Conservation Partners	1.8	**Sufficient:** Spending projections are always aligned to reserve fund availability. Reserve balance is sufficient.
R1169	Development Charges (DC) Financial Incentive Reserve	To provide funding for grant-in-lieu of development charges for eligible developments	4.0	**Sufficient:** The reserve is to track and facilitate financial incentives to support certain developments in Peel as per Council Approved Development Charges (DC) policies and programs. Reserve contributions will be determined during annual budget processes.
R1171	COVID-19 Recovery Reserve	To address work that has been backlogged due to COVID-19	30.6	**Sufficient:** Spending is aligned to reserve fund availability. Reserve balance is sufficient.

* Cash balance net of the loan that has been lent out