

## Trish Serratore

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**From:** Caza, Charlotte (MMAH) <Charlotte.Caza@ontario.ca>  
**Sent:** Monday, November 19, 2018 9:36 AM  
**To:** Trish Serratore  
**Cc:** Sonya Watson  
**Subject:** 2017 Financial Information Return Date Review - Municipality of Brockton  
**Attachments:** FITC18\_Brockton M.pdf

Good morning:

The Ministry of Municipal Affairs and Housing reviews each municipality's financial health through the use of key financial indicators in relation to established provincial thresholds. Please find attached the financial indicator template that has been calculated using your 2017 FIR data.

The Ministry reviews the indicators from time-to-time, to make sure they provide useful information, and you will notice that there have been a few changes in the report this year.

The changes this year are relatively minor and are intended to represent improvements in the value of the calculations (making them more representative of overall financial situation) and make them easier for municipal staff and councils to understand.

The Debt Servicing indicator (Debt Servicing Cost as a % of Total Operating Revenue) has been changed to Debt Servicing Cost as a % of Total Revenue in order to recognize all revenues available to the municipality.

Net Financial Assets or Net Debt is now labelled as a % of Own Purpose Taxation, User Fees and Service Charges (previously Own Purpose Taxation plus User Fees). This is just a name change, the data sources remain the same.

The indicator previously named "Cash and Cash Equivalents as a % of Current Liabilities" has been changed to "Cash Ratio". The formula for this indicator remains the same; however it is now displayed as a ratio as opposed to a percentage. The thresholds for this indicator have also been updated to:

- Low = >0.5:1
- Moderate= 0.5:1 to 0.25:1
- High = <0.25:1

The names of the Asset Consumption and Operating Surplus Ratios have been changed to recognize that they are displayed as percentages, not ratios. They are now displayed as:

- Closing Amortization Balance as a % of Total Cost of Capital Assets (Asset Consumption Ratio)
- Annual Surplus/(Deficit) as a % of Own Purpose Taxation, User Fees and Service Charges (Operating Surplus Ratio)

The formulas (SLC references and calculations) have been added to the report for all indicators.

Financial indicators are an important but incomplete measure of municipal financial health.

This year, none of the indicators for the Municipality of Brockton exceed the threshold for “low” level of risk.

Please do not hesitate to contact me should you wish to discuss further.

Regards,

**Charlotte Caza**

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