

FINANCIAL INDICATOR REVIEW

(Based on 2017 Financial Information Return)

Brockton M

Date Prepared:	15-Nov-18	2017 Households:	4,358	Median Household Income:	67,597
MSO Office:	Western	2017 Population:	9,432	Taxable Residential Assessment as a	
Prepared By:	Charlotte Caza	2018 MFCI Index:	4.9	% of Total Taxable Assessment:	77.7%
Tier	LT			Own Purpose Taxation:	7,962,242

SUSTAINABILITY INDICATORS

Indicator	Ranges	Actuals	South - LT - Counties - Rural		Level of Risk
			Median	Average	
Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied	Low: < 10% Mod: 10% to 15% High: > 15%	2013	8.9%	10.6%	LOW
		2014	6.0%	10.3%	LOW
		2015	5.4%	9.9%	LOW
		2016	5.8%	9.0%	LOW
		2017	4.4%	8.5%	LOW
Net Financial Assets or Net Debt as % of Own Purpose Taxation, User Fees and Service Charges	Low: > -50% Mod: -50% to -100% High: < -100%	2013	24.3%	30.6%	LOW
		2014	16.0%	32.2%	LOW
		2015	17.1%	36.5%	LOW
		2016	15.6%	43.7%	LOW
		2017	21.2%	53.1%	LOW
Total Reserves and Discretionary Reserve Funds as a % of Municipal Expenses	Low: > 20% Mod: 10% to 20% High: < 10%	2013	44.6%	50.7%	LOW
		2014	45.3%	53.3%	LOW
		2015	48.2%	55.8%	LOW
		2016	59.4%	58.9%	LOW
		2017	62.0%	62.0%	LOW
Cash Ratio (Total Cash and Cash Equivalents as a % of Current Liabilities)	Low: > 0.5:1 Mod: 0.5:1 to 0.25:1 High: < 0.25:1	2013	4.38:1	3.32:1	LOW
		2014	3.15:1	3.13:1	LOW
		2015	4.56:1	3.03:1	LOW
		2016	1.94:1	3.24:1	LOW
		2017	3.14:1	3.25:1	LOW

FLEXIBILITY INDICATORS

Debt Servicing Cost as a % of Total Revenues	Low: < 5% Mod: 5% to 10% High: >10%	2013	4.8%	3.0%	3.9%	LOW
		2014	4.6%	3.0%	3.6%	LOW
		2015	4.7%	2.4%	3.5%	LOW
		2016	3.9%	2.6%	3.3%	LOW
		2017	4.7%	2.6%	3.0%	LOW
Closing Amortization Balance as a % of Total Cost of Capital Assets (Asset Consumption Ratio)	Low: < 50% Mod: 50% to 75% High: > 75%	2013	45.7%	39.8%	42.2%	LOW
		2014	46.6%	40.5%	43.2%	LOW
		2015	47.3%	41.8%	44.0%	LOW
		2016	47.4%	42.3%	44.6%	LOW
		2017	48.3%	43.6%	45.5%	LOW
Annual Surplus / (Deficit) as a % of Own Purpose Taxation, User Fees and Service Charges (Operating Surplus Ratio)	Low: > -1% Mod: -1% to -30% High: < -30%	2013	-3.8%	5.5%	6.7%	MODERATE
		2014	-3.1%	5.4%	6.6%	MODERATE
		2015	4.3%	8.4%	12.4%	LOW
		2016	6.1%	9.7%	12.2%	LOW
		2017	6.4%	13.5%	16.3%	LOW

The data and information contained in this document is for informational purposes only. It is not an opinion about a municipality and is not intended to be used on its own - it should be used in conjunction with other financial information and resources available. It may be used, for example, to support a variety of strategic and policy discussions.

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NOTES

Financial Information Returns ("FIRs") are a standard set of year-end reports submitted by municipalities to the Province which capture certain financial information. On an annual basis, Ministry staff prepare certain financial indicators for each municipality, based on the information contained in the FIRs. It is important to remember that these financial indicators provide a snapshot at a particular moment in time and should not be considered in isolation, but supported with other relevant information sources. In keeping with our Financial Information Return review process and follow-up, Ministry staff may routinely contact and discuss this information with municipal officials.

Supplementary Indicators of Sustainability and Flexibility

The following is a summary, adapted from the Chartered Professional Accountants of Canada Statement of Recommended Practice (SORP) 4.

- A government (including a municipality) may choose to report supplementary information on financial condition, to expand on and help explain the government's financial statements.
- Supplementary assessment of a government's financial condition needs to consider the elements of sustainability and flexibility.
- Sustainability in this context may be seen as the degree to which a municipality can maintain its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others without inappropriately increasing the debt or tax burden relative to the economy within which it operates.
- Sustainability is an important element to include in an assessment of financial condition because it may help to describe a government's ability to manage its financial and service commitments and debt burden. It may also help to describe the impact that the level of debt could have on service provision.
- Flexibility is the degree to which a government can change its debt or tax level on the economy within which it operates to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others.
- Flexibility provides insights into how a government manages its finances. Increasing taxation or user fees may reduce a municipality's flexibility to respond when adverse circumstances develop if the municipality approaches the limit that citizens and businesses are willing to bear.
A municipality may temporarily use current borrowing, subject to the requirements set out in the Municipal Act to meet expenses and certain other amounts required in the year, until taxes are collected and other revenues are received. Municipal current borrowing cannot be carried over the long term or converted to long term borrowing except in very limited circumstances.
- For each element of financial condition, the report on indicators of financial condition should include municipality-specific indicators and municipality-related indicators. It may be useful to also include economy-wide information when discussing financial condition.

Additional Notes on what Financial Indicators may indicate:

Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied - *How much of the taxes billed are not collected.*

Net Financial Assets or Net Debt as % of Own Purpose Taxation, User Fees and Service Charges - *How much tax and fee revenue is servicing debt?*

Reserves and Reserve Funds as a % of Municipal Expenses - *How much money is set aside for future needs / contingencies?*

Cash Ratio (Total Cash and Cash Equivalents as a % of Current Liabilities) - *Measures the ability of the municipality to meet its current obligations with its current resources on hand.*

Debt Servicing Cost as a % of Total Revenues - *Indicates the extent to which past borrowing decisions may impact the current budget.*

Closing Amortization Balance as a % of Total Cost of Capital Assets (Asset Consumption Ratio) - *measures the age of a municipality's physical assets. It measures the extent to which depreciable assets have been consumed by comparing the amount of the assets that have been used up and their historical cost.*

Annual Surplus / (Deficit) as a % of Own Purpose Taxation, User Fees and Service Charges (Operating Surplus Ratio)- *Indicates the municipality's ability to cover its operational costs and have funds available for other purposes (i.e. reserves, debt repayment, etc.)*

The Northern and Rural Municipal Fiscal Circumstances Index (MFCl) *is used by the Ministry of Finance to calculate the "Northern and Rural Fiscal Circumstances Grant" aimed at northern as well as single and lower-tier rural municipalities. The index measures a municipality's fiscal circumstances. The MFCl is determined by six indicators: Weighted Assessment per Household, Median Household Income, Average Annual Change in Assessment (New Construction), Employment Rate, Ratio of Working Age to Dependent Population, and Per Cent of Population Above Low-Income Threshold. A lower MFCl corresponds to relatively positive fiscal circumstances, whereas a higher MFCl corresponds to more challenging fiscal circumstances. (Note: the MFCl index is only available for northern and rural municipalities)*

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CALCULATIONS

Total Taxes Rec. less Allowance for Uncollectibles as % of Total Taxes Levied	SLC 70 0699 01 / (SLC 26 9199 03 - SLC 72 2899 09)
Net Financial Assets or Net Debt as % of Own Purpose Taxation, User Fees and Service Charges	SLC 70 9945 01 / (SLC 10 0299 01 + SLC 10 1299 01)
Total Reserves and Reserve Funds as a % of Municipal Expenses	(SLC 60 2099 02+SLC 60 2099 03)/(SLC 40 9910 11-SLC 12 9910 03-SLC 12 9910 07)
Cash Ratio (Total Cash and Cash Equivalents as a % of Current Liabilities)	SLC 70 0299 01 / (SLC 70 2099 01 + SLC 70 2299 01)
Debt Servicing Cost as a % of Total Revenues	(SLC 74 3099 01 + SLC 74 3099 02) / SLC 10 9910 01
Closing Amortization Balance as a % of Total Cost of Capital Assets (Asset Consumption Ratio)	SLC 51 9910 10 / SLC 51 9910 06
Annual Surplus / (Deficit) as a % of Own Purpose Taxation, User Fees and Service Charges (Operating Surplus Ratio)	SLC 10 2099 01 / (SLC 10 0299 01 + SLC 10 1299 01)