

Trish Serratore

From: Caza, Charlotte (MMAH) <Charlotte.Caza@ontario.ca>
Sent: Thursday, November 28, 2019 2:51 PM
To: Trish Serratore
Subject: 2018 Financial Indicator Review
Attachments: FITC19_Brockton M.pdf

Good afternoon Trish,

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 (FITs) that has been calculated using your 2018 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).

The denominator for Net Financial Assets or Net Debt indicator has been changed from as a Percentage of Own Purpose Taxation, User Fees and Charges to as a Percentage of Own Source Revenues. This is intended to provide a better reflection of all the revenues that municipalities have control over.

Donated Tangible Capital Assets (TCAs) have been subtracted from Total Revenues in the Debt Servicing Costs as a Percentage of Total Revenues indicator. Donated TCAs are non-cash revenue and the year over year changes in this line may impact annual comparisons.

The Annual Surplus/Deficit indicator has been updated to both subtract Donated TCAs from the numerator, and change the denominator to as a Percentage of Own Source Revenues. This reflects consistency with the other changes above.

The formulas (SLC references and calculations) can be found at the bottom of the report for all indicators.

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

For 2018, the Municipality of Brockton had one indicator that exceeded the "low" indicator of risk:

- Debt Servicing Coast as a % of Total Revenues (Less Donated TCAs) – "moderate" level of risk

Please do not hesitate to reach out should you have any questions or concerns.

Regards,

Charlotte Caza

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