

FINANCIAL INDICATOR REVIEW

(Based on 2016 Financial Information Return)

Rideau Lakes Tp

Date Prepared:	29-Nov-17	2016 Households:	7,661	Median Household Income:	71,801
MSO Office:	Eastern	2016 Population:	9,050	Taxable Residential Assessment as a	
Prepared By:	Carol D. Church	2017 MFCI Index:	4.8	% of Total Taxable Assessment:	96.2%
Tier:	LT			Own Purpose Taxation:	9,302,152

SUSTAINABILITY INDICATORS

Indicator	Ranges	Actuals	South - LT - Counties - Rural		Level of Challenge	
			Median	Average		
Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied	Low: < 10% Mod: 10% to 15% High: > 15%	2012	11.1%	10.6%	11.4%	MODERATE
		2013	11.1%	10.6%	11.6%	MODERATE
		2014	12.2%	10.3%	11.3%	MODERATE
		2015	10.3%	9.9%	10.6%	MODERATE
		2016	10.4%	9.1%	10.1%	MODERATE
		2012	-117.0%	34.3%	26.3%	HIGH
Net Financial Assets or Net Debt as a % of Own Purpose Taxation Plus User Fees	Low: > -50% Mod: -50% to -100% High: < -100%	2013	-117.0%	30.6%	31.6%	HIGH
		2014	-132.3%	32.2%	31.2%	HIGH
		2015	-119.4%	36.5%	34.2%	HIGH
		2016	-93.5%	44.5%	41.5%	MODERATE
		2012	9.0%	49.5%	54.3%	HIGH
		Total Reserves and Discretionary Reserve Funds as a % of Operating Expenses	Low: > 20% Mod: 10% to 20% High: < 10%	2013	10.6%	50.7%
2014	9.2%			53.3%	57.9%	HIGH
2015	3.8%			55.8%	61.2%	HIGH
2016	4.4%			58.7%	65.4%	HIGH
2012	36.7%			317.6%	414.0%	LOW
Total Cash and Cash Equivalents as a % of Current Liabilities	Low: > 5% Mod: 0% to 5% High: < 0%			2013	46.8%	332.2%
		2014	37.2%	312.8%	424.9%	LOW
		2015	43.4%	303.4%	422.6%	LOW
		2016	48.7%	325.0%	427.2%	LOW

FLEXIBILITY INDICATORS

Debt Servicing Cost as a % of Total Operating Revenue	Low: < 5% Mod: 5% to 10% High: > 10%	2012	4.9%	3.4%	3.9%	LOW
		2013	12.4%	3.4%	4.0%	HIGH
		2014	13.8%	3.1%	3.7%	HIGH
		2015	14.7%	2.9%	3.5%	HIGH
		2016	13.8%	2.6%	3.1%	HIGH
		Asset Consumption Ratio	Low: < 50% Mod: 50% to 75% High: > 75%	2012	32.4%	38.1%
2013	41.3%			39.8%	42.2%	LOW
2014	42.7%			40.5%	43.2%	LOW
2015	44.0%			41.8%	44.0%	LOW
2016	45.3%			42.2%	44.5%	LOW
Operating Surplus Ratio	Low: >= 0% Mod: 0% to -30% High: < -30%			2012	-32.1%	4.5%
		2013	-22.6%	5.5%	6.7%	MODERATE
		2014	-11.7%	5.4%	6.6%	MODERATE
		2015	6.4%	8.4%	12.4%	LOW
		2016	6.0%	10.0%	12.5%	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.

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 government that increases its current borrowing reduces its future flexibility to respond when adverse economic circumstances develop.
- 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 a % of Own Purpose Taxation Plus User Fees - How much tax and fee revenue is servicing debt?

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

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 Operating Revenue - Indicates the extent to which past borrowing decisions may impact the current budget.

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 cost.

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 (MFICI) 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 MFICI 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 MFICI corresponds to relatively positive fiscal circumstances, whereas a higher MFICI corresponds to more challenging fiscal circumstances. (Note: the MFICI index is only available for northern and rural municipalities)