

# Municipality of Lakeshore - Report to Council

## Finance Services



**To:** Mayor & Members of Council  
**From:** Rosanna Pellerito, Director of Finance/Treasurer  
**Date:** February 5, 2021  
**Subject:** Lakeshore's Financial Indicator Review

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### Recommendation

This report is for information only.

### Background

Annually, the Ministry of Municipal Affairs and Housing review's each municipality in Ontario's financial health through the use of key financial indicators in relation to established provincial thresholds. This review provides a financial snapshot at a particular moment in time (December 31, 2019 for this attached review).

The financial data for this review is obtained from each Municipality's financial information return (FIR), which is required to be completed annually. For each indicator, medians and averages have been calculated for comparator groupings relative to Lakeshores.

### Comments

It is important to note that the Municipality of Lakeshore has scored a low level of risk for all financial indicators included in this review and outperforms the medians and averages of comparable municipalities in most categories except that of Debt servicing costs. Lakeshore's current debt serving ratio is in the medium category. As the amount of debt increases, the ratio too will increase relative to additional income that the Municipality is able to levy.

Below is a description of what each financial indicator means.

1) Total taxes receivable less allowance for uncollectibles as a % of total taxes levied shows how much of the taxes billed are not collected. A lower percentage is better than a higher percentage.

- 2) Net financial assets or net debt as a % of own source revenues indicates how much property tax and user fee revenue is servicing debt. A higher percentage is better than a lower percentage.
- 3) Reserves and reserve funds as a % of municipal expenses indicates how much money is set aside for future needs and contingencies. A higher percentage is better than a lower percentage.
- 4) Cash ratio (total cash and cash equivalents as a % of current liabilities) indicates how much cash and liquid investments are available to cover current obligations. A higher ratio is better than a lower ratio.
- 5) Debt servicing cost as a % of total revenues (less donated tangible capital assets) indicates how much each dollar raised in revenue is spent on paying down existing debt. A lower percentage is better than a higher percentage.
- 6) Closing amortization balance as a % of total cost of capital assets (asset consumption ratio) indicates how much of the assets' life expectancy has been consumed. A lower percentage is better than a higher percentage.
- 7) Annual surplus / (deficit) (less donated tangible capital assets) as a % of own source revenues indicates the municipality's ability to cover its operational costs and have funds available for other purposes (e.g. reserves, debt repayment, etc.). A higher percentage is better than a lower percentage.

The attached review provides details of Lakeshore's scores in each of these categories mentioned above for the years 2015 through 2019. The results of this review, shows the annual improvements to the financial health of Lakeshore. This is due to the carefully planned financial approach the Municipality has taken over the last few years, specifically with an emphasis of financial sustainability and asset management planning. The goal, as each year passes, is to move the debt servicing scale to a low risk position in line with the others. This will move Lakeshore towards a stronger financial position being more financially sustainable and more flexible to respond when adverse circumstance develop.

### **Financial Impacts**

There are no immediate financial impacts resulting from this report.

**Attachment(s):** Lakeshore's Financial Indicator Review

## Report Approval Details

Document Title:	Lakeshore's Financial Indicator Review.docx
Attachments:	- FITC20_Lakeshore T.pdf
Final Approval Date:	Feb 10, 2021

This report and all of its attachments were approved and signed as outlined below:

Kristen Newman

Truper McBride