2016 Performance Measures Report Card

Legend

🟢	Positive: target met; stay the course	🟡	Caution: in the right range but may be moving in the wrong direction; or progressing in the right direction, target almost met	🔴	Negative: take corrective action, target not met	➕	Positive change
						➖	Negative change

Financial Indicators	**2016 finding**	**Change from 2015 to 2016**	**2015 finding**
Financial Position per Capita	🟢	➖	🟢
Operating Surplus Ratio	🟢	➖	🟢
Receivables as % of taxes levied	🟢	➖	🟢
Net financial assets	🟢	➖	🟢
Net financial asset as % of own revenues	🟡	➖	🟡
Liquid assets to total reserves	🟢	➕	🟢
Debt to Total Reserve ratio	🟢	➖	🟢
Debt Outstanding per $100k of Unweighted Tax Assessment	🟡	➖	🟢
Debt interest as a % of own source of revenues	🟢	➖	🟢
<u>Tax-based Reserves & Reserve Funds</u>			
Operating reserves as % of own source of revenue	🟡	➕	🔴
Capital reserve contributions as % of asset value	🟢	➕	🟢
Capital reserve contributions to depreciation	🟢	➕	🟡
<u>Non-tax supported Reserve & Reserve Funds</u>			
Operating reserves as % of own source of revenue	🟢	➕	🟢
Capital reserve contributions as % of asset value	🟢	➕	🟢
Capital reserve contributions to depreciation	🟢	➕	🟢

Financial Position per Capita: This term refers to the remaining assets in excess of all liabilities compared to net surplus on a per capita basis. Positive balances indicate the City's margin of comfort it possesses to cover debt obligations and to have funds set aside for future sustainability. The City aims to be above the average per capita ratio as reported by the consulting firm BMA in the prior year.

Operating Surplus Ratio: This ratio provides perspective on how much of the City's own source of revenues were left after normal operations that could be used to fund reserves, repay debt and invest in capital projects. There was a slight negative trend from 2015 due to own source revenues (tax and user fees) increasing at a lower marginal percentage compared to the expenditures.

Receivables as % of taxes levied: Uncollected property taxes as a percentage of total taxes charged is a strong indication of the strength of the local economy and the ability of the community to pay their annual tax billings. The City continues to be well ahead of the average reported by BMA of 6.4% in 2016 showing the City has great economic health and strong internal controls over tax collection. There was a slight decrease in this ratio over 2015, but we need to highlight that a guaranteed interest income revenue source isn't a bad thing when the City is well below the BMA average.

Net financial assets: This ratio is an indicator of the City's ability to repay liabilities at a point in time and is a useful trending tool. There was a slight decrease in this trend for 2016 indicating that the City created financial liabilities at a faster pace than it generated assets. Movement of this ratio depends on the balance of financial assets compared to liabilities; cash and investment holdings play a significant role in this ratio. The reason for the decrease in 2016 relates mainly to the debt issuance.

Net financial asset as % of own revenues: Similar to the ratio as described above, this indicator is annualized by comparing the net financial asset position to current revenue and provides an additional level of understanding useful for trending analysis and financial monitoring. In 2016, the negative trend on this ratio warns that the City's operating expenditures are increasing at a faster pace than net assets. The City should continue to consider this when building the 2018 budget to ensure revenues continue to match expenditures and reliance on reserves to fund operating expenditures is diminished.

Liquid assets to total reserves: As reserves are a critical component of the City's long-term sustainability, there is an expectation that the amounts that are set aside in reserves are liquid and available for use when required. This ratio compares the cash and investment balances to the reserve and reserve fund balances and a ratio of less than 1 would suggest asset levels need to be monitored closely. The City continues to meet this target in 2016 and has a balanced approached to managing the cash and investment position, while considering the City's current liabilities as well as its reserve and reserve funds.

Debt to Total Reserve ratio: This indicator provides a measure for financial prudence by comparing total debt to the total reserve balances. Generally, the benchmark suggested for this ratio is 1:1 or in other words, debt should not exceed total reserve and reserve fund balances. At the end of 2016, the City has met this standard however there was a decrease in the ratio due to the debt issuance. The positive result on this ratio is a strong indicator for assessing long-term sustainability and the ability to meet the City's debt obligations.

Debt Outstanding per $100,000 of Unweighted Tax Assessment: This ratio shows total debt compared to the value of the unweighted tax assessment base and provides a fair basis to compare the City of Guelph debt to other municipalities. The target for this ratio is set at the average municipal rate as reported by BMA in the previous year. During 2016 the City was slightly below this range due to the new debt issuance. Over the next few years the City will improve this ratio as we finish paying off the debt issued in 2008 and 2009.

Debt interest as a % of own source revenues: This ratio indicates the extent to which the City's own source revenues are committed to debt charges and again is a useful tool when comparing to other municipalities. Debt charges continue to be less than 2% of own source of revenues and fall within a normal level compared to other municipalities.

Operating reserves as % of own source of revenue: This indicator analyzes the health of the operating reserves by focusing specifically on the stabilization and contingency reserves compared to own revenues. The City's benchmark is 8%-10% based on a review of what other municipalities target and what the Government Finance Officers Association (GFOA) suggests. The City splits the presentation of these ratios to show the tax-supported vs. non-tax supported ratios as this provides better information for planning purposes.

Tax Supported: During 2016, there was a significant increase year over year on the tax-supported ratio and we are now closer to meeting our targeted levels.

Non-tax supported: The non-tax supported contingency funds have met targeted levels in 2016.

Capital reserve fund contributions as % of asset value and % of depreciation: These two ratios provide insight on the level of reserve funding for future capital purposes compared to the total value of depreciable assets and to the current rate of depreciation. As a rule, the City should be at a minimum funding the capital reserves at the same amount as the annual depreciation expense and as a benchmark capital reserve contributions should at a minimum be 2% to 3% of total asset value.

Tax Supported: During 2016, the tax-supported capital contributions as a percentage of depreciation and of asset value were above the target. Staff caution that these are based on historic book value of assets and not future replacement cost.

Non-tax supported: For both ratios, the City continues to be on target and in a healthy range for annual contributions for capital infrastructure.