2018 Corporate Financial Performance Measures Dashboard

Legend

🟢 = Positive: stay the course

🟡 = Caution: proceed with attention

🔴 = Negative: take corrective action

➕ = Positive change

➖ = Negative change

Financial Indicators	**2018 finding**	**Change year over year 2018 from 2017**	**2017 finding**
Financial position per capita	🟢	➕	🟢
Operating surplus ratio	🟢	➖	🟢
Receivables as percentage of taxes levied	🟢	➕	🟢
Net financial assets	🟢	➕	🟢
Net financial asset as percentage of own revenues	🟡	➕	🟡
Liquid assets to total reserves	🟢	➕	🟢
Debt to total reserve ratio	🟢	➕	🟢
Debt outstanding per $100 thousand of unweighted tax assessment	🟢	➕	🟢
Debt interest as a percentage of own source of revenues	🟢	➕	🟢
Tax-based Operating reserves as percentage of own source of revenue	🟢	➕	🟢
Non-tax Operating reserves as percentage of own source of revenue	🟢	➕	🟢
Capital reserve fund contributions as a percentage of asset replacement cost	🔴	➕	🔴
Capital reserve fund contributions as a percentage of replacement cost amortization	🔴	➕	🔴

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 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 BMA Management Consulting Inc. (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 decrease from 2017 which was due to higher expenses in 2018 mainly as a result of the increase in tax increment based grants recognized this year.

Receivables as percentage 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 the Ministry's Financial Indicator review of 6.4 per cent showing the City has great economic health and strong internal controls over tax collection.

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 increase in this trend for 2018 indicating that the City created financial assets at a faster pace than it entered into liabilities. 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 increase relates mainly to the timing of payments and collection of cash at year-end in comparison to 2017 year-end.

Net financial asset as percentage 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 2018, the trend on this ratio cautions 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 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 one would suggest asset levels need to be monitored closely. The City continues to meet this target in 2018 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 2018, the City has met this standard and there was an increase in the ratio due to scheduled debt repayments. 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 thousand 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. At the end of 2018, the City met this target and will continue to improve the ratio as we finish paying off the debt. However, the City plans to issue debt in 2019; therefore staff anticipates this target will have a negative trend by the end of 2019.

Debt interest as a percentage 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 two per cent of own source of revenues and fall within a normal level compared to other municipalities.

Operating reserves as percentage 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 eight per cent to ten per cent 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 2018, there was a slight increase year-over-year on the tax supported ratio and we are meeting our targeted levels.
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> **Non-tax Supported:** During 2018, there was a slight increase year-over-year on the tax supported ratio and we are meeting our targeted levels.

Capital reserve fund contributions as a percentage of asset replacement cost: Best practice in Asset Management is to compare the contributions to the present replacement value of the assets. The City should be, at a minimum, funding the capital reserves at two to three per cent of total asset replacement value, in which the City is currently at 1.24 per cent (2017-1.19 per cent). The change year-over-year is driven by Council approved annual transfers resulting in a 2018 increase on this indicator.

Capital reserve fund contributions as a percentage of replacement cost amortization: The City should be, at a minimum, funding the capital reserves at the same amount as the annual amortization of the replacement costs. At the end of 2018, the City had improved this metric due to the approval of additional capital transfers from the approved operating budgets, however we are still under target at 66 per cent of annual amortization of replacement costs (2017-62 per cent).