



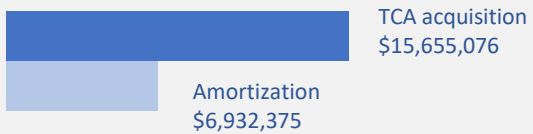
Municipality of Middlesex Centre FISCAL HEALTH & SUSTAINABILITY ANALYSIS

2019 Financial Ratios

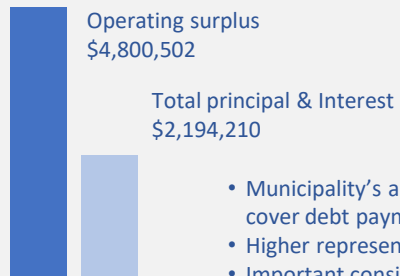
Asset Sustainability Ratio

- Shows the extent that assets are being replaced as they reach the end of their useful lives as they wear out
- Shows reinvestment in Tangible Capital Assets (TCA)
- Measured by capital expenditure on TCA relative to amortization

2.26



Debt Service Coverage Ratio

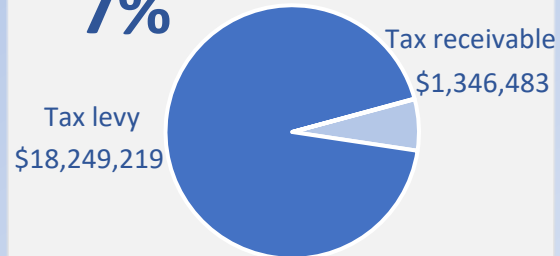


2.19

- Municipality's ability to produce enough cash to cover debt payments
- Higher represents a better ability to pay
- Important consideration for lenders
- Ratio of over 2 is desired

Tax receivables as % of taxes levied

7%

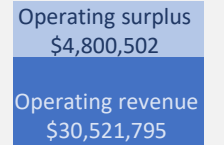


- Lower % means better collection
- Below 15% is best practice
- Reflects ability of residents to pay and effectiveness of tax collection procedures
- A high % indicates inability to pay or collection issues

Operating Surplus Ratio

16%

- The ability to cover operational costs and have revenues available for capital funding or other purposes
- Positive ratio shows % of own source revenue available to fund capital expenditures or reserves
- Negative ratio would indicate a % increase required to achieve break-even operations



Reserves as % of Operating expenses

56%

- Reserves greater than 20% indicates that funds are being set aside for future needs
- Low % (under 10%) points to limited flexibility to offset unexpected losses or expense increases
- Can also indicate that long-term financial plan is in place

