

City of Stratford
Financial Measures in Debt Policy at December 31, 2022

Purpose: To perform annual calculations regarding the City's draft debt policy F.1.20 presented to Council August 8, 2022 to determine compliance or non-compliance with the policy. Targets are for purposes of establishing trends of financial health of the organization and should not be considered in isolation. Data Source is the annual audited Financial Statements

Formulas for Financial Measures

Percentage of Total Debt to Assets

A = B/C x 100; where

A = Percentage debt in relation to assets,

B = (Long term Liabilities + Current Portion of Long term liabilities)

C= Total assets

Target = Less than 10%

Exceeds target, but includes PSAB adjusted long-term liabilities

	2022	2021
	25.3%	25.9%
\$	122,621,643	\$ 116,808,361
\$	485,385,447	\$ 450,555,645

Debt Servicing Percentage of Total Revenue

A = B/C x 100; where

A = Percentage debt principal repayment in relation to Revenue

B = (Current Portion of Long term liabilities)

C= (Total income for the year)

Target = Less than 5% of Revenue

Within Target

	3.3%	4.2%
\$	5,619,840	\$ 6,253,872
\$	170,957,214	\$ 150,611,193

Percentage of Interest Paid to Operating

Expenditure

A = B/C x 100; where

A = Percentage Interest paid in relation to Operating Expenditure

B = Interest paid

C= Operating expenditure

Target = Less than 5%

Within Target

	1.7%	1.5%
\$	2,379,437	\$ 1,920,798
\$	141,932,513	\$ 128,556,027

Formulas for Financial Measures

Percentage of Total Debt to Equity (Accumulated Surplus)

A = B/C x 100; where

A = Percentage debt in relation to Equity

B = (Long-term Liabilities + Current Portion of long term Liabilities)

C = Funds and Reserves, Accumulated Surplus

Target = Less than 15%

Exceeds target, but includes PSAB adjusted long-term liabilities

	2022	2021
	33.8%	35.0%
\$	122,621,643	\$ 116,808,361
\$	362,763,804	\$ 333,747,284

Current Ratio

A = B/C x 100; where

A = Ratio of Current Assets in relation to Current Liabilities

B = Current Assets

C = Current Liabilities

Norm = better than 2:1

Within Target

	2.596	2.624
\$	60,507,862	\$ 56,284,418
\$	23,308,601	\$ 21,452,173

Liquidity Ratio

A = B/C x 100; where

A = Ratio of Cash Assets in relation to Current Liabilities

B = Cash Assets (e.g. Unrestricted Cash, Bank)

C = Current Liabilities

Norm = At least 1.5: 1

Within Target

	1.711	2.014
\$	39,886,053	\$ 43,201,943
\$	23,308,601	\$ 21,452,173

Conclusion: Most metrics are in compliance. City's cash flows and liquidity are within healthy ranges. Debt load relative to overall accumulated surplus is higher than desired but reflects aging infrastructure and PSAB adjusted inclusions which, over time, will improve as infrastructure is replaced and debt reduces.