



The Importance of the Financial Information Return

Scope of Presentation

- These slides are provided by the Ministry for convenience only.
- Users are responsible for making decisions, including compliance with any applicable statutes or regulations.
- As local facts and circumstances are variable, users may wish to consider obtaining their own legal advice when particular legal issues or decisions arise.

Outline

- ❑ Objectives of the presentation
- ❑ Content & implications of the FIR deadline
- ❑ Conclusion



Objectives

1. Inform the Practitioners

- ✓ Examine the FIR
 - What is it?
 - What does it do?
 - Who uses it and how?
- ✓ Consolidate information
- **Illustrate the importance of submitting the FIR on time**
 - **The deadline is MAY 31st of each year**

2. Strengthen Ministry – Municipality Relations



- ✓ Understand how to seek guidance
- **We are on the same team!**

Content

WHAT IS THE FIR?

- ✓ The Financial Information Return (FIR) is a set of year-end reports that **illustrate financial and statistical information** for each municipality
- ✓ The FIR information is **derived from audited financial statements**. All FIR's are posted online for **public access**.
- ✓ Link below:

<https://efis.fma.csc.gov.on.ca/fir/>

Front page of the FIR

Submitting: **FIR Schedules Only**
Version: **2014-V01**

DECLARATION OF THE MUNICIPAL TREASURER

Pursuant to the information required by the Province of Ontario under the Municipal Affairs Act, the following schedules are attached:

Schedule	Title	
10	CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE	
12	GRANTS, USER FEES AND SERVICE CHARGES	
20	TAXATION INFORMATION	
22	MUNICIPAL AND SCHOOL BOARD TAXATION	
24	PAYMENTS-IN-LIEU OF TAXATION	
26	TAXATION AND PAYMENTS-IN-LIEU SUMMARY	
28	UPPER-TIER ENTITLEMENTS	UPPER-TIER ONLY
40	CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES	
42	ADDITIONAL INFORMATION	
51	SCHEDULE OF TANGIBLE CAPITAL ASSETS	
53	CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT) AND TANGIBLE CAPITAL ASSET ACQUISITION FINANCING/DONATIONS	
54	CONSOLIDATED STATEMENT OF CASH FLOW (SELECT DIRECT OR INDIRECT METHOD)	
60	CONTINUITY OF RESERVES AND RESERVE FUNDS	
61	DEVELOPMENT CHARGES RESERVE FUNDS	
62	DEVELOPMENT CHARGES RATES (INCLUDING SPECIAL AREAS)	
70	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
72	CONTINUITY OF TAXES RECEIVABLE	SINGLE/LOWER-TIER ONLY
74	LONG TERM LIABILITIES AND COMMITMENTS	
75	WATER AND WASTEWATER	
76	GOVERNMENT BUSINESS ENTERPRISES (GBE)	
77	OTHER ENTITIES (DSSAB, HEALTH UNIT, OTHER AND TOTAL ALL)	
79	COMMUNITY IMPROVEMENT PLANS	
80	STATISTICAL INFORMATION	
81	ANNUAL DEBT REPAYMENT LIMIT	
83	NOTES	

For the purposes of this Financial Information Return, the amounts disclosed on the attached schedules are in agreement with the books and records of the municipality and its consolidated entities.

This Financial Information Return has been prepared in accordance with the Financial Information Return instructions.

Questions regarding the information contained in the Schedules should be addressed to:

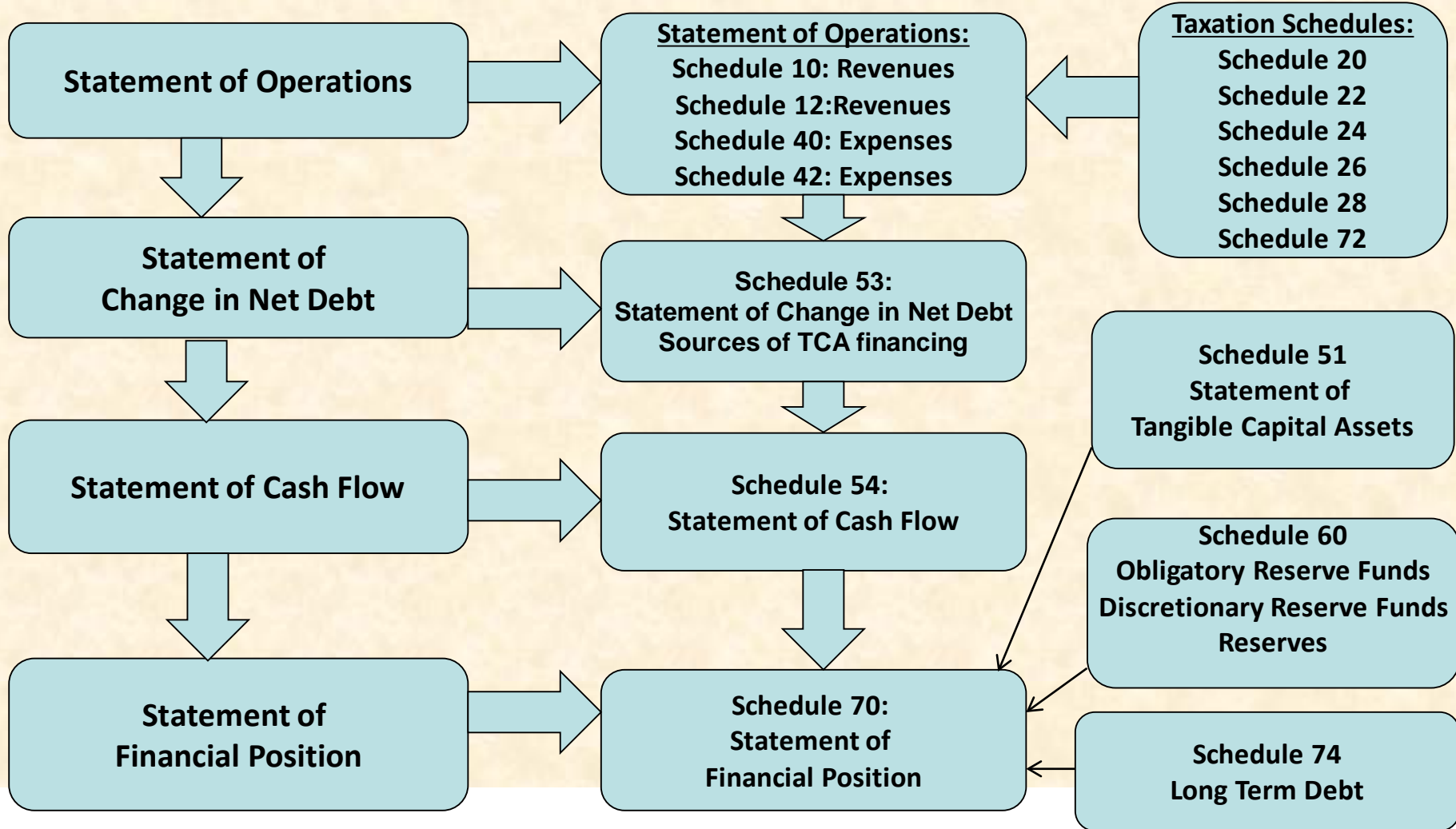
0020	Name	
0022	Telephone	
0024	Fax	
0028	Email (Required)	
0030	Website address of Municipality	
0031	Municipal Auditor	
0032	Municipal Audit Firm	
0035	Municipal Auditor's Email (Required)	
0030	Municipal Treasurer	
0033	Municipal Treasurer's Email (Required)	
0034	Date	

Signature of Municipal Treasurer

Signature	Date

0070	Outstanding In-Year Critical Errors	0
0075	Schedule 54: Cashflow - Direct or Indirect Method Chosen	INDIRECT

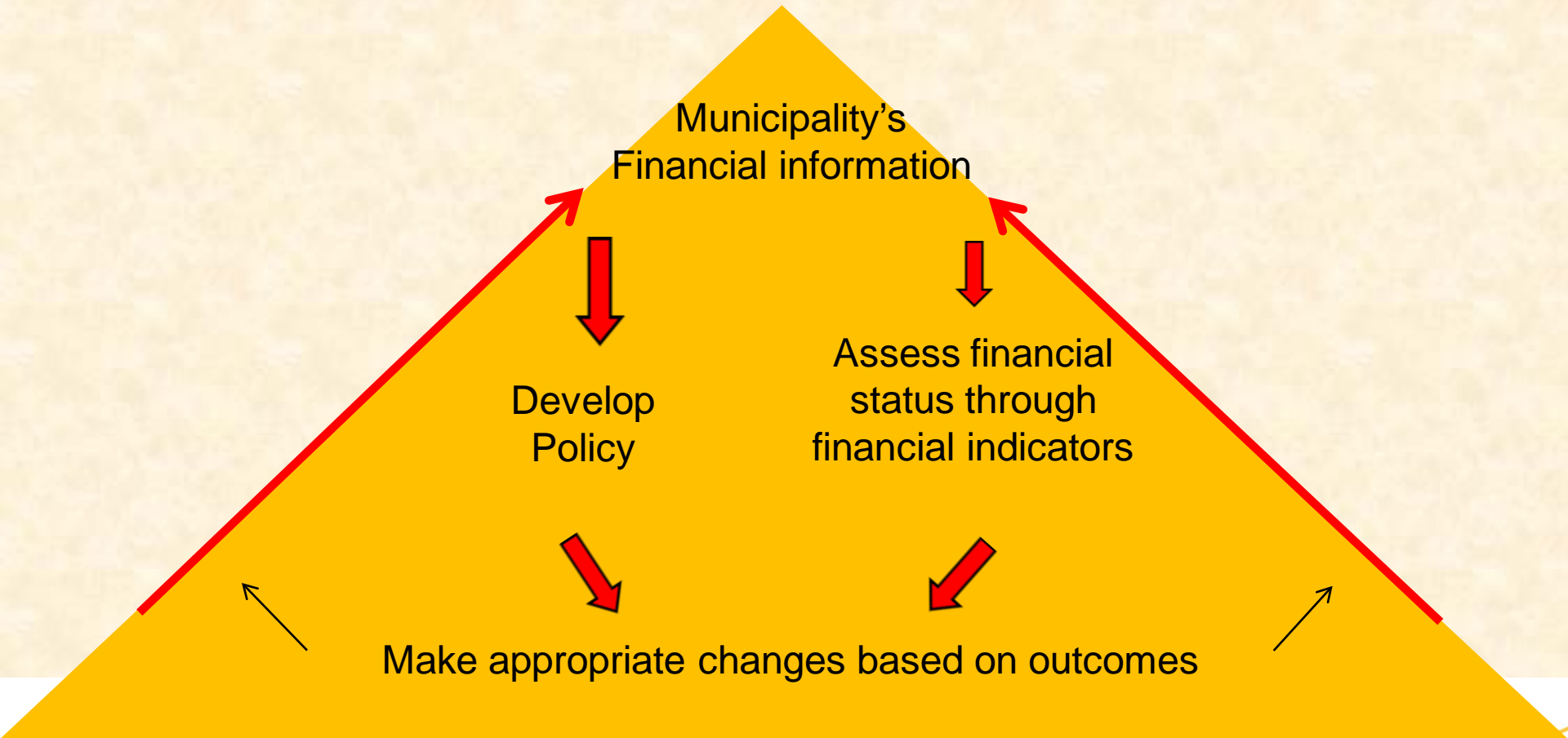
The FIR and the Financial Statements



Why is this deadline **important**?



How the Ministry of Municipal Affairs (MMA) uses the FIR



Financial Indicators → Analysis of FIR

- On an **annual basis**, MMA assesses financial indicators regarding municipalities.
- **7 indicators** are produced from data points in the FIR.
- Shared with the municipality and **analyzed by the MMA for trends**.
- Municipalities with financial challenges should develop strategies that will help build financial resilience over time. MSOs provide advice and assistance to municipalities in developing targeted action plans with the goal of achieving financial sustainability.

FINANCIAL INDICATOR REVIEW						
(Based on 2014 Financial Information Return)						
Date Prepared:			Tier:			
MSO Office:			MAH Code:			
Prepared By:			MUNID:			
			REV Code:			
FINANCIAL INDICATORS						
Indicator	Ranges	Actuals	South - Single Tiers		Level of Challenge	
			Median	Average		
Net Financial Assets or Net Debt as a % of Own Purpose Taxation Plus User Fees	Low: > -50% Med: -50% to -100% High: < -100%	2010				
		2011				
		2012				
		2013				
		2014				
Total Reserves and Discretionary Reserve Funds as a % of Operating Expenses	Low: > 20% Med: 10% to 20% High: < 10%	2010				
		2011				
		2012				
		2013				
		2014				
Debt Servicing Cost as a % of Total Operating Revenue	Low: < 5% Med: 5% to 10% High: > 10%	2010				
		2011				
		2012				
		2013				
		2014				
Total Taxes Receivable less Allowance for Uncollectables as a % of Total Taxes Levied	Low: < 10% Med: 10% to 15% High: > 15%	2010				
		2011				
		2012				
		2013				
		2014				
Total Cash and Cash Equivalents as a % of Operating Expenses	Low: > 10% Med: 5% to 10% High: < 5%	2010				
		2011				
		2012				
		2013				
		2014				
Net Working Capital as a % of Total Municipal Operating Expenses	Low: > 10% Med: 10% to -10% High: < -10%	2010				
		2011				
		2012				
		2013				
		2014				
Net Book Value of Capital Assets as a % of Cost of Capital Assets	Low: > 50% Med: 35% to 50% High: < 35%	2010				
		2011				
		2012				
		2013				
		2014				

Back to the deadline – and why it matters



Implications

Funding Programs

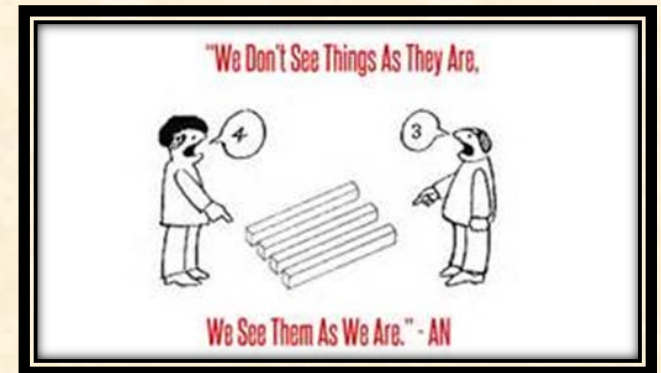
- Ontario Municipal Partnership Fund
- Municipal Disaster Recovery Assistance
- **Expanded** Ontario Community Infrastructure Fund

Annual Reports

- Annual Repayment Limit
- Development Charges

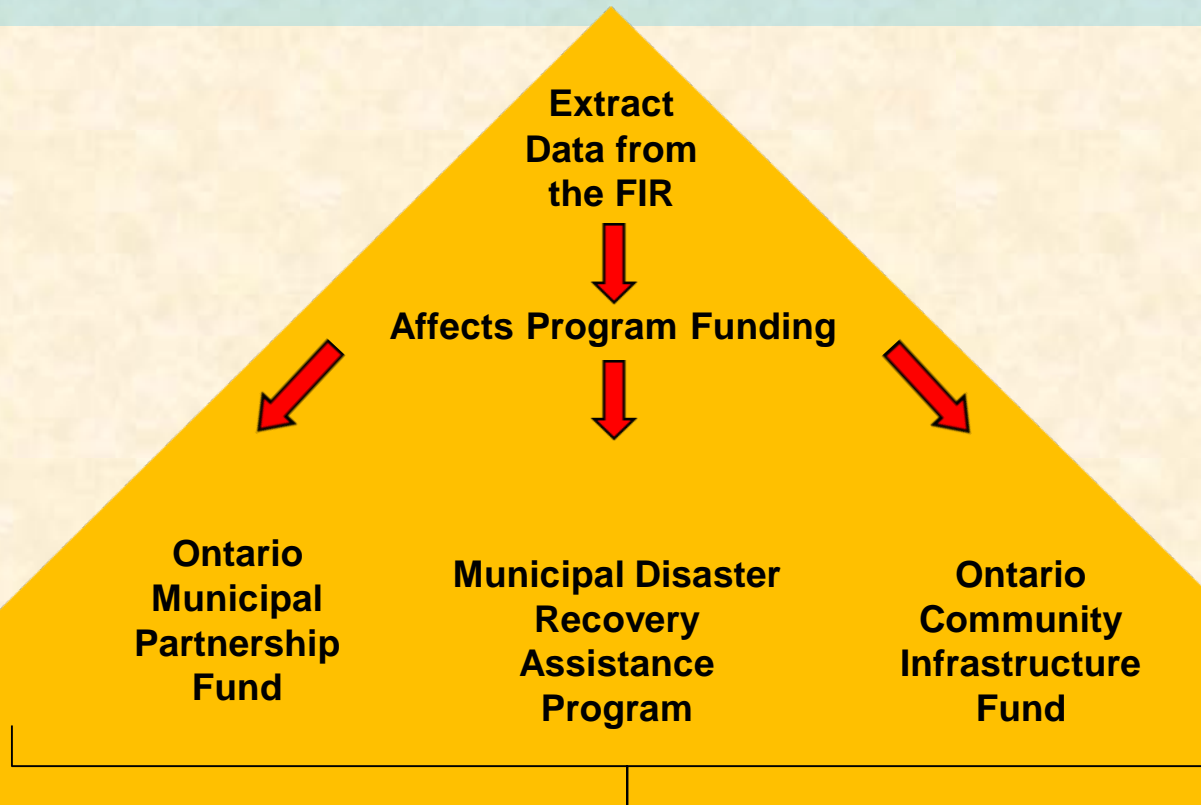
Public

- Accountability
- Public Perception



Funding Programs

Funding Programs



Why the FIR deadline matters – Ontario Municipal Partnership Fund (OMPF)

- OMPF allocations are announced annually in time to support the municipal budget planning process.
- The Ministry of Finance calculates municipal allocations based on a defined set of data points. Some data points come from the FIR.
- In addition to other criteria, the FIR must be submitted by the deadline for the scheduled payments to continue on time

Ontario Municipal Partnership Fund (OMPF)
2016 Allocation Notice

6049

The [redacted] has not filed its 2014 Financial Information Return (FIR). In the absence of the 2014 FIR for the [redacted] the Ministry of Finance could not confirm a 2016 allocation.

The [redacted]'s 2016 OMPF allocation will be confirmed once the outstanding FIR has been filed.

Why the FIR deadline matters – Municipal Disaster Recovery Assistance Program (MDRA)

- The Municipal Disaster Recovery Assistance program provides **financial assistance** to help Ontario municipalities recover from natural disasters
- Eligible costs must be equal to or greater than a municipality's 3% Own Purpose Taxation levy in order for the municipality to be eligible for the program
- This 3% threshold is calculated based on the FIR numbers
- Don't risk having this threshold be based on past information



Why the FIR deadline matters - MDRA

Provincial and Municipal Cost-Sharing

Cost-sharing formula applied if eligible costs meet or exceed three per cent OPT levy and the program is activated	Provincial Contribution	Municipal Contribution
Eligible costs up to 3% of Own Purpose Taxation levy	75%	25%
Eligible costs exceeding 3% of Own Purpose Taxation levy	95%	5%

Disclaimer:

Meeting the 3% threshold does not mean a municipality is automatically eligible for MDRA – other criteria must also be met

Why the FIR deadline matters – Ontario Community Infrastructure Fund (OCIF)

- The **2016 Provincial Budget** committed to expanding OCIF from \$100-million to **\$300-million per year by 2018-19**
 - **\$200-million in formula-based funding** (100-million in application based - see next slide)
 - The formula links funding to the value of your community's core infrastructure (roads, bridges, water and wastewater), as reported on the FIR.
 - The advantage of the **formula-based approach** is that it provides municipalities with an accurate **valuation of long-term infrastructure funding**
- If the FIR is submitted by the deadline, the money from the formula based funding process will reflect your most current infrastructure needs

Why the FIR deadline matters – OCIF Application Based Funding

- Municipalities must submit their FIR to receive funding under OCIF (formula-based component)
 - The FIR must be without critical errors
- FIR data is used to help the Province assess the fiscal situation of municipalities.
- Failure to meet these conditions may result in grants being withheld.
<https://www.ontario.ca/page/how-receive-ontario-community-infrastructure-fund-formula#section-7>
- Give yourself the best chance to obtain funding.



Annual Reports

Annual Repayment Limit (ARL)

What is the ARL

- Annual Repayment Limit (ARL)
- The ARL may be generally understood as the maximum amount that a municipality can spend on principal and interest payments on proposed long-term debt and other financial commitments in the upcoming year, without first going to the Ontario Municipal Board.
- The ARL is a consideration for municipalities proposing to borrow money or make other financial commitments over the long term.

Why the FIR deadline matters

- The ARL is calculated by the ministry using the data that municipalities submit annually through the FIR.
- If FIRs are not submitted on time, the ministry-calculated ARL will be based on older data, and municipal decisions related to long-term borrowing may be made based on outdated information.



Why the FIR matters?

Scenario: Municipality applies to **Infrastructure Ontario** for a loan



If the municipality's FIR has not been submitted, the loan may not proceed. The loan application may be placed on hold until the municipality submits its current FIR.



Why the FIR deadline matters – Development Charges

- Municipalities report on DCs through the FIR
- Effective January 1, 2016, **municipalities** are generally **no longer required** to send their statement of development charge reserve funds to the Minister
- This requirement was removed from the *Development Charges Act, 1997* as part of the legislative amendments passed through the *Smart Growth for Our Communities Act, 2015*
- Minister can request reserve fund statements
- **Important to file FIR on time and have information readily available because now there is more emphasis on the FIR**

PUBLIC

Why the FIR deadline matters - Public

Accountability

- Transparency
- If the information is not provided in a timely manner, the public cannot make the most informed decisions
Example: Citizens evaluation of performance
 - Perhaps changing voting patterns

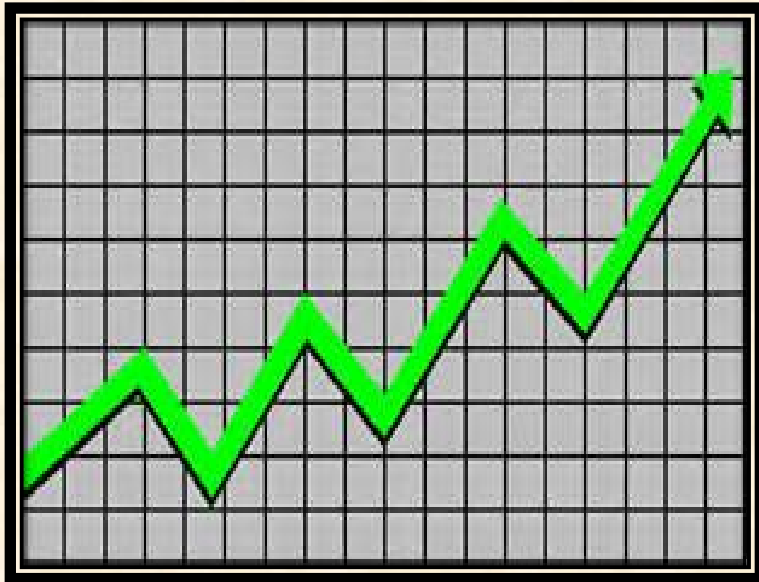
Public Perception

- For the most part, the public only sees whether or not the FIR was submitted on time
- To avoid public pressure and criticism it is in the best interest of the municipality to meet the May 31st deadline



How can municipalities use the FIR?

Compare yourself to yourself



How have we been doing in a certain area? What areas need to be addressed?

Peers



What has worked for other Municipalities like me?

How we can help?

Aside from **understanding the benefits and consequences of the deadline**, what can be done to improve efficiency?

- 1) Check out the Website and read what's new
 - [MMAH - Financial Information Return](#)
 - We have included automatic fillers to certain boxes of the FIR to improve efficiency
- 2) Contact your local Municipal Advisor for help
 - Your primary contact for questions
 - Ask in advance
- 3) Contact FIR.MAH@ontario.ca
 - Send further inquiries
 - Suggestions on how to improve FIR process

Keep up the great work!

FIR Awards: These municipalities are being recognized for their efforts and contribution in ensuring that timely, reliable, and accurate financial information was submitted for the 2014 Financial Information Return. Congratulations to:

Town of Carleton Place

Township of Wilmot

Town of Niagara-on-the-lake

Township of Stone Mills

Township of Hilton

Town of Wasaga Beach

Town of Laurentian Hills

Township of McDougall

Town of Smooth Rock Falls

Township of Brock

Township of Admaston/Bromley

Township of Horton

Township of Madawaska Valley

Township of Bonnechere Valley

Township of Ear Falls

Strong relationships and open communication are the foundation for creating strong and sustainable communities. We thank all the municipalities for their time and effort, and look forward to continuing to work together for the benefit of all Ontarians.

Keep up the great work!

- 39 / 114 Municipalities in Eastern Ontario submitted on time in 2014
- 58 / 114 Municipalities in Eastern Ontario submitted on time in 2015

- 33% increase from 2014 to 2015

Review of what we covered

- Annual Repayment Limit
- Development Charges
- Ontario Municipal Partnership Fund
- Municipal Disaster Recovery Assistance
- Ontario Community Infrastructure Fund
- Public

The importance of the FIR deadline as it relates to these reports, programs, and the public.

Questions?

