



High Risk Action Plan

A plan to improve and
enhance the financial
condition indicators













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Executive Summary

Financial viability and sustainability are critical to the ongoing success of any organization. The financial condition indicators provide a snapshot of a municipality's risks regarding financial viability and sustainability.

Middleton's Financial Condition Indicators (FCIs) highlighted a few challenges the Town of Middleton is experiencing (Appendix A). Of the total twelve (12) indicators, Middleton has five (5) yellow indicators and one (1) red indicator:

Indicator Name	Actual 2020-21
3-year change in Tax Base	 0.8%
Reliance on Single Business/Institution	 1.0%
Residential Tax Effort	 5.1%
Uncollected Taxes	 3.3%
Operating Reserve	 10.9%
Debt Service Cost	 8.6%
Outstanding Operating Debt	 7.0%
Undepreciated Assets	 49.9%
# of Deficits in Last 5 Years	 1
Liquidity	 2.3
Reliance on Government Transfers	 12.3%
Combined Reserve (Operating & Capital)	 35.8%

Financial condition refers to a municipality's ability to meet its financial obligations and provide services that are required for the health, safety and welfare of its community and citizens.

This document outlines how The Town of Middleton plans to improve its financial condition. The plan outlines the steps the Town needs to take to improve and how progress will be monitored.

To address these challenges, the Town plans to focus on three key areas:

- 1) Encouraging Development
- 2) Enhanced Expenditure Management
- 3) Better Capital Planning

Each one of these areas contains a plan with specific objectives and strategic actions that the Town of Middleton will work towards achieving over the next fiscal year.

Introduction

Financial Condition Indicators

The Financial Condition Indicators provide a snapshot of our town’s financial health. As of March 31, 2022, there are 12 indicators. The indicators are meant to highlight how a municipality or town gets its revenue, how it budgets for and finances strategic priorities and infrastructure.

The indicators are a great starting point that allow us to initially assess our financial situations and risks. However, we have not used the indicators as the sole basis for the assessment of our financial condition. The indicators serve as an analytical tool to identify need for additional inquiry.

In the development of this plan, along with analysis of the FCIs, the Town of Middleton conducted additional inquiries and in-depth analysis, which allowed for a more enriched assessment of our potential contributing factors.

Improving the Current Trend

Our analysis provided our management team with information about the financial risks related to cash flow and how the town manages our infrastructure and reserves. The results also provided information about our vulnerabilities to address unforeseen financial circumstances.

All of the results gathered indicated that the Town of Middleton needs to pay attention and/or mitigate certain financial risks. The purpose of this plan is to detail the action we will take to mitigate these risks.

Goal 1 | Encourage Development



What the FCI told us

The Financial Condition Indicators related to encouraging development are “Residential Tax Effort” and “Three-Year Change in Tax Base.”

The “Residential Tax Effort” indicator shows how much of a household’s after-tax income is required to pay the average tax bill. This helps Council assess the affordability of taxes when setting the Town’s budget.

Calculation:

$$\frac{\text{Total Residential Tax Revenue Per Dwelling Unit}}{\text{Median Household Income (per Census)}}$$

It is important to note that the Town cannot control one portion of the calculation – the Median Household Income is an amount obtained from the most recent Census, which is unfortunately only updated every 5 years.

The Town can, however, control the tax rates and to a certain extent, the number of dwelling units.

The “3-year Change in Tax Base” indicator shows whether the growth in property assessment is keeping pace with inflation. If not, then it becomes difficult to raise rates to recover the increase in expenses due to inflation.

Calculation:

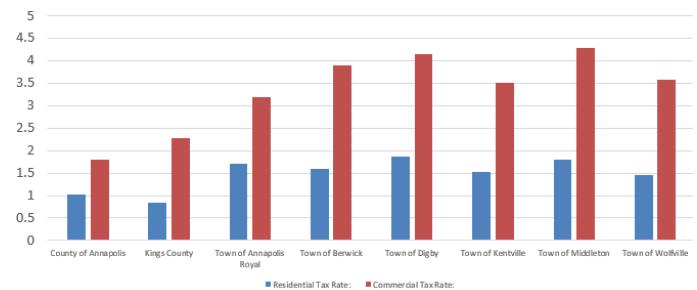
$$\frac{\text{Current Uniform Assessment} - \text{Uniform Assessment 3 years Prior}}{\text{Uniform Assessment 3 Years Prior}}$$

What additional analysis identified

In 2020-21, Middleton’s “Residential Tax Effort” was 5.1%, which represents a moderate risk (the low risk level is less than 4%). The 5.1% figure was based on the 2016 Census Median Household Income.

The 2021 Census reported an increase in Median household income to \$49,200, which reduced the Residential Tax Effort to 4.2% - a significant improvement, but still higher than the low risk level.

Middleton’s tax rates are high in comparison to other local municipal units:



In 2020-21, Middleton’s “3-year Change in Tax Base” indicator was only 0.8% which was substantially less than the CPI rate of 6.7%. Although the indicator improved to 3.7% in 2021-22, this is still below the CPI rate.

The “3-year Change in Tax Base” is primarily affected by growth in housing construction that is tied to increases in population. Increases in population are typically associated with new or expanded businesses or services that require more personnel. Alternately, growth may be associated with services or community culture appealing to specific groups of people – such as retirees.

The 2021 Census reported 2.2% population growth since 2016, and a 3.4% increase in the number of private dwellings.

For comparison, Nova Scotia experienced 5% growth in the same period, Wolfville 20.5%, and Halifax Regional Municipality 9.1%. Some of the population growth can be attributed to the COVID migration from Ontario and the West, and some from increased immigration.

COVID impacted building permits and housing construction, suppressing growth in the Tax Base. Some recovery may be expected in the next few years, although high interest rates, inflation and shortage of construction workers will also have a depressive effect.

Options for improvement:

There are several options to improve the [Residential Tax Effort](#) indicator to the low risk level, as follows:

1. Reduce expenses, so less tax revenue is required to create a balanced budget, and then reduce tax rates accordingly.

For small towns, there are limited options to reduce expenses necessary to maintain and operate the infrastructure that provides the basic level of services.

2. Shift some of the residential tax burden to the commercial base, by reducing residential tax rates and increasing commercial tax rates to generate the corresponding amount of tax revenue.

Unfortunately, this strategy would result in the town becoming a less attractive place to do business, and encourage businesses to relocate to Annapolis County, where commercial rates are lower, thus defeating the purpose of generating more tax revenue.

3. Increase the overall tax base by encouraging development, such that expenses are shared among a larger group of taxpayers, thereby allowing a lower tax rate and a lower average tax bill.

One of the challenges of encouraging development is to consider the town's service capacities and whether the proposed development will take advantage of capacity in the existing infrastructure, or whether the proposed development will require substantial capital outlays to expand infrastructure capacity, which increases expenses.

If a development can be serviced from existing roads, sewer, water infrastructure, then the property tax revenue generated from the development will have a positive impact on both these indicators.

However, if the development requires that the Town pay for new roads, sewer, and water infrastructure to provide services to the development, then all aspects of these new costs must be compared to the potential tax and service revenue to ensure there is a net benefit.

The [3-Year Change in Tax Base](#) can also be improved by encouraging development.

Housing developments in isolation may not be viable without employment opportunities for the potential homeowners or tenants.

Likewise, the Town may look for opportunities to promote the strengths, services, community culture most likely to appeal to groups of people looking to relocate (once the target groups are identified).

Middleton should continue to work closely with the Valley REN and other community groups to seek out opportunities to grow the economic and population base in the Town that will support needed growth in the tax base.

Lastly, Middleton can review their policies and practices related to building and development permits, to ensure competitive rates and an efficient approval process.

GOAL 1 – Encourage Development

Improve the [3-Year Change in Tax Base](#) and the [Residential Tax Effort](#) by encouraging development that expands the Tax Base and spreads the cost of Town services among a larger tax base, reducing the cost per household.

	Objectives	Strategic Actions
1.1	Work with Valley REN to identify opportunities to attract business and potential employers	<ul style="list-style-type: none"> • Develop monitoring and follow-up process
1.2	Review building permit and development permit process to ensure timely evaluation of applications	<ul style="list-style-type: none"> • Review documentation requirements, identify timetable, reporting and follow-up
1.3	Review fees to ensure competitive with surrounding communities	<ul style="list-style-type: none"> • Ensure fees are not a barrier to development
1.4	Ensure prospective developments are evaluated to determine the impact on roads, sewer, water infrastructure and resources, and whether the expected increase in revenue more than offsets the expected increase in life-cycle costs	<ul style="list-style-type: none"> • Identify proposed development characteristics that require more comprehensive evaluation • Identify metrics to be provided by developer to be used in this evaluation • Assign responsibility for engineering and resource capacity review • Assign responsibility for fiscal impact evaluation • Timetable for comprehensive evaluation and decision must be longer than timetable for simple development permits
1.5	Evaluate Town strengths and weaknesses in attracting new residents	<ul style="list-style-type: none"> • Agenda item for potential visioning discussion
1.6	Review Town website for opportunities to communicate attractive features	<ul style="list-style-type: none"> • Part of branding and website redesign project
1.7	Review and update the Town’s Municipal Planning Strategy (MPS) and Land Use Bylaw (LUB)	<ul style="list-style-type: none"> • Ensure the MPS and LUB are not restrictive to commercial or residential development • Work on a Secondary Planning Strategy • Ensure development requirements are clear • Implement alternatives into the MPS and LUB such as Site Plan Approval, etc.

Goal 2 | Enhanced Expenditure Management

What the FCI told us

The Financial Condition Indicators related to expenditure management are: “**Deficits,**” and “**Operating Reserves,**”

The “**Deficits**” indicator is the number of non-consolidated operating deficits a municipality had in the last five years. Deficits are an important indication of financial health for municipalities. All municipalities are required to prepare balanced operating budgets. Any deficits incurred are required to be repaid in the following budget year.

In the last five years Middleton has experienced one deficit of \$22,438 or 0.7% of Operating Expenses, in 2019-20. Because this deficit was more than 0.5% of Operating Expenses, it was a material deficit which met the **High-Risk** Threshold.

The “**Operating Reserves**” indicator shows the total value of funds held in operating reserves compared to a single year’s operating budget. Reserves can play an important role in prudent expenditure management.

Calculation:

$$\frac{\text{Total Operating Reserve Fund Balance}}{\text{Total Operating Expenditures}}$$

The Town of Middleton’s operating reserve is only at 10.9% of operating expenditures, which is at the low end of the Moderate Risk Threshold of between 10% and 20%.

This low percentage may not necessarily indicate a financially weak municipality but could reflect Council

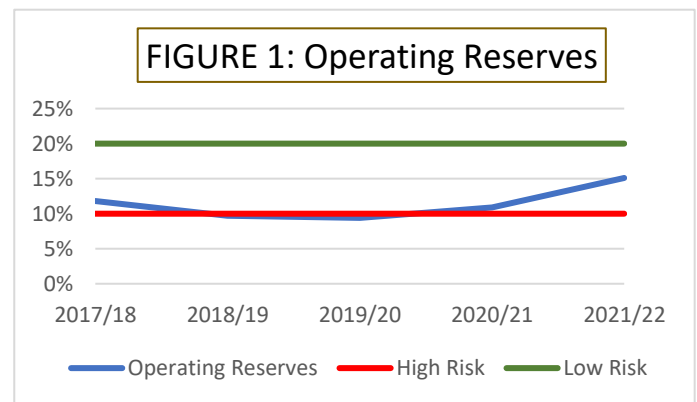
policy to keep tax rates at a minimum rather than building reserves. An operating reserve below 10% means the Town of Middleton has a high vulnerability to any unforeseen expenditures and/or events.

Importance of expenditure management

Effective expenditure management is at the heart of any organization’s operations. A sound and effective system for managing spending is central to the municipality’s ability to carry out its fiscal responsibilities, fund its programs, control spending, and report financial and performance information to council and the public. A system that works well promotes efficient, responsive, and accountable government.

What additional analysis identified

As shown in Figure 1, Middleton’s **Operating Reserves** have been close to the 10% High-risk threshold for several years. In 2021-22, Operating Reserves were substantially increased to over 15% of operating expenses.

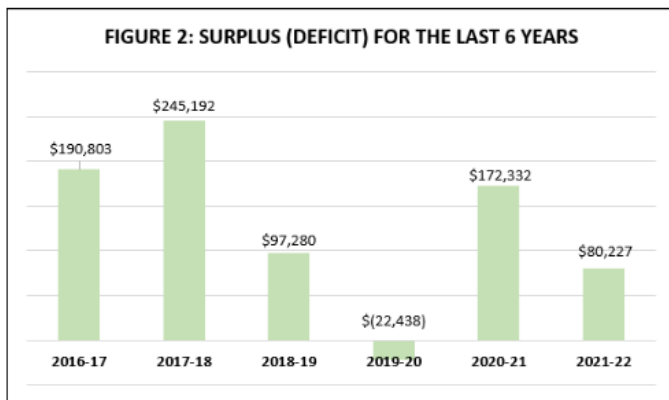


The lack of expenditure and budget monitoring is resulting in consistent use of **Operating Reserves** to fund negative variances. This is having a significant draining impact on the **Operating Reserves**.

Further analysis also revealed that the budget oversight processes are not well documented.

Investigation into the cause of the **Deficit** in 2019-20 revealed several systemic weaknesses to creating a strong expenditure management system, such as:

- Lack of a comprehensive budget process,
- Limited review or monitoring of budget to actual with no regular forecasting,
- Monthly financial information is not presented monthly, and
- Ineffective expenditure controls.



The 2019-20 **Deficit** was also materially impacted by the \$111k negative variance between the \$40k budget for the Regional Housing Authority deficit and the \$151k actual that was charged.

The deficit charged was completely outside of the control of the Town and was not known to the Town until the invoice arrived at year-end when it was too late to amend the budget or make any other operational decisions. (See Appendix 2 – Excerpt from 2019-20 Financial Statements).

The net **Deficit** of \$22k met the threshold of a material deficit that resulted in a High Risk FCI. The \$111k negative variance in the Regional Housing Authority deficit was a material contributor to the issue.

It would be very helpful if the Regional Housing Authority were required to prepare and provide budgets in advance, together with quarterly variance reports to the municipalities responsible for funding the deficits at year-end, especially when the amounts involved are material to a municipality’s financial health.

Mandatory transfers for Education, RCMP, deficit of the Regional Housing Authority, Provincial Valuation Services Corp. (PVSC), Corrections, etc. represent approximately 40% of the Town’s operating expenditures, yet the Town has no control over these expenditures. In addition, the Town receives little and late information about budgets and significant budget variances, which can result in material impacts on the Town’s financial health, as illustrated in the 2019-20 financial results.

The actions within this plan look to improve upon the expenditure management practices and processes including creating an operating reserve policy.

GOAL 2 – Enhance Expenditure Management

Improve the expenditure management by implementing guidelines, instructions and training, and effective monitoring, and analysis.

	Objectives	Strategic Actions
2.1	Continue to strengthen expenditure management	<ul style="list-style-type: none"> • Develop guidelines and instructions that contain expenditure management policies, priorities, and assumptions, roles and responsibilities, timeframes and deadlines, and protocols for monitoring • Provide training around expenditure management • All capital projects put forward in the budget process must include financial implications, including impact on future operating budgets
2.2	Enhance the budget monitoring and oversight practices	<ul style="list-style-type: none"> • Document the budget oversight process, including: <ul style="list-style-type: none"> ○ Clearly assigned accountability, ○ Align managerial responsibility and authority, ○ Require monthly monitoring and reporting on budget estimates against actual results from managers, ○ Present at least 3 forecasts per year to Council. • Provide budgeting and forecasting training to staff • Ensure capital projects that are expected to go overbudget, be re-approved by Council
2.3	Improve on the budget analysis and timeliness of responses	<ul style="list-style-type: none"> • Prepare regular analysis and explanation of budget variances to Council quarterly. Significant gaps should have a plan presented. • Show the full financial impacts of budget decisions
2.4	Create an operating reserve policy	<ul style="list-style-type: none"> • Develop an operating reserve policy outlining the desired balance and timetable • Include a transfer to operating reserve in the budget
2.5	Get more timely information regarding mandatory transfers	<ul style="list-style-type: none"> • Request DMA assistance in encouraging outside agencies to improve their budgeting, expense monitoring and communication with Municipal partners
2.6	Have greater insight to Financial Condition Indicator results throughout the year	<ul style="list-style-type: none"> • Create a tool within the budgeting file that calculates the indicators automatically and allows staff to flow projects or purchases through the file to determine the impact on indicators

Goal 3 | Better Capital Planning

What the FCI told us

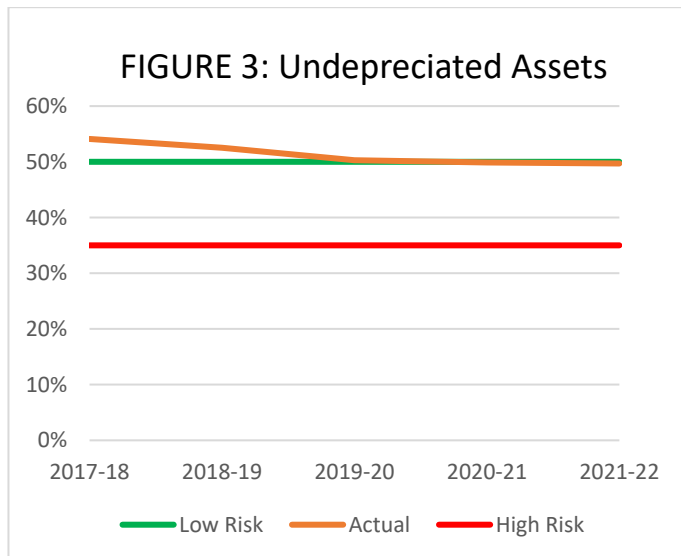
The Financial Condition Indicators related to prudent capital planning are: “Undepreciated Assets” and “Combined Reserves.”

The “Undepreciated Assets” indicator provides an estimate of the useful life left in the municipality’s capital assets. Town of Middleton results show that the Undepreciated Asset indicator is 49.9%. This indicates an aging infrastructure, and that Middleton is not replacing their old infrastructure as it reaches the end of its useful life.

Calculation:

$$\frac{\text{Total Net Book Value of Capital Assets}}{\text{Gross Costs of Capital Assets}}$$

A result of 50% or less is deemed to be a moderate risk and a result of less than 35% is deemed to be a high risk. As shown in Figure 4 below, the trend for the last five years has reflected an increasingly aging infrastructure, as the indicator has declined from 54% in 2017-18 to 49.9% in 2020-21.



This indicator is somewhat misleading because it is calculated based on the historical cost of capital assets, which doesn’t consider that inflation has dramatically increased replacement cost.

For example, in 1972, Middleton spent \$64k to construct 1.2 km of sewer pipe – an average of \$53k per km. In 2021-22, Middleton replaced 0.2 km of sewer pipe at a cost of \$98k, or an average of \$490k per km. In other words, it is roughly 10 times more expensive to replace 50 year-old sewer pipe which is past the end of its useful life.

Suppose that this 1.2 km of sewer pipe was the only capital asset. Before we replaced 0.2 km, the Undepreciated Assets indicator would be 0% meaning high risk. But after replacing only 0.2 km, the indicator would be 865%, (490+64)/64, indicating extremely low risk, even though we still had 1 km of 50-year-old pipe that needed to be replaced.

Another issue is that large dollar value assets can overwhelm the indicator and hide deficiencies in certain asset groups. For example, the relatively recent, large \$ Sewer Plant and Lagoon projects have high Undepreciated Asset Indicators, which offset the very low indicators in Streets, Equipment and Vehicles, as can be seen in the below Figure 3:

FIGURE 4: Undepreciated Assets at March 31, 2021

	Cost	Accum. Amort.	NBV	Undepreciated Assets
Land	467,952		467,952	100.0%
Land Improvements	777,481	401,339	376,142	48.4%
Buildings	1,528,640	822,081	706,559	46.2%
Streets	2,157,805	1,784,328	373,477	17.3%
Sewer Main	5,036,106	1,934,277	3,101,829	61.6%
Sidewalks	608,808	353,146	255,662	42.0%
Sewer Plant	3,907,561	1,664,332	2,243,229	57.4%
Lagoons	1,588,754	285,009	1,303,745	82.1%
Lights	725,591	245,923	479,668	66.1%
Equipment	625,429	577,000	48,429	7.7%
Vehicles	1,696,661	1,586,510	110,151	6.5%
Total	19,120,788	9,653,945	9,466,843	49.5%

Another issue is that Machinery & Equipment is amortized over 4 to 5 years, and vehicles amortized over 5 to 10 years, even though the vehicles and equipment are used well beyond the expected useful life assumed in the accounting policy.

Looking at this indicator at the asset class level, does give a better idea of where future asset investment should be directed. However, it is also important to consider criticality: e.g., replacing a broken sewer main leaking raw sewage is more critical than replacing a 30-year-old section of sidewalk that can still be repaired to be functional.

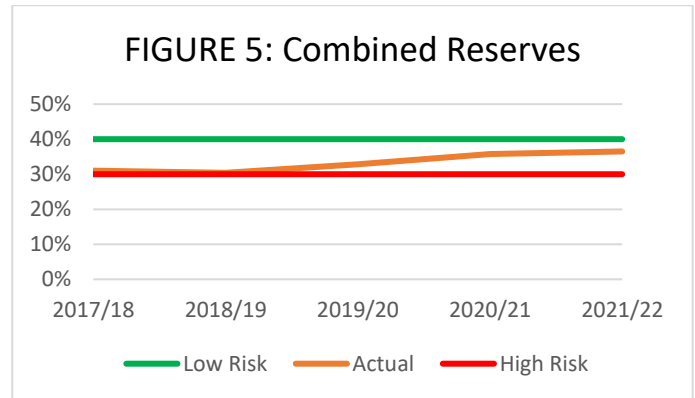
It is also important to consider asset replacement at the “city block” level, by looking at sanitary and storm sewer, water, and street asset replacement within a “city block,” rather than in isolation. For example, repaving a street one year and then having to tear up the paving 5 years from now to replace sanitary and storm sewer, and then doing it again in another 10 years to replace watermain is both costly and inefficient. So, although the Street Indicator is low, provided streets are being repaired, full resurfacing can generally wait until underground infrastructure is ready to be replaced.

As shown in Figure 3 above, Middleton’s Unde depreciated Assets Indicator only indicates a moderate overall vulnerability. However, when considering inflation, the Town may still not be investing enough to keep pace with future replacement of aging assets.

The “Combined Reserves” reflect the Capital and Operating Reserves and refers to the total value of funds held in reserves for future capital investment and for unforeseen operating expenditures.

<p>Calculation:</p> $\frac{\text{Total Operating and Capital Reserves}}{\text{Total Operating Expenses + Amortization Expense}}$

The Town of Middleton’s result shows a Combined Reserves indicator of 35.8%. A result between 30% and 40% is considered a moderate risk. Reserves which are more than 40% of Operating and amortization expenses represent a low risk and reserves of less than 30% represent a high risk.



The Combined Reserves Indicator is calculated by dividing the Total Reserves by the Annual Operating Expense plus Amortization Expense.

Although this Indicator has been steadily improving in the past five years, it is somewhat misleading, because the annual amortization expense is calculated based on historic cost, not replacement cost.

Also, when an asset is fully depreciated, but still in productive use, there is no amortization expense included in the formula. Both issues can result in overly optimistic fiscal indicators.

Further, some reserves have restrictions on how those funds may be used – for example, the Community Centre/Firehall reserve funds may not be used for Sewer or Road capital projects, and Gas Tax (CCBF) reserve funds may not be used for Vehicle purchases.

Importance of long-term planning

Municipalities across Canada are facing significant infrastructure challenges. Therefore, it is important to maintain an inventory of the age and condition of our capital assets, and the predicted cost, timing, and co-ordination of asset replacement among asset classes.

This information should then be used to inform the long-term capital plan to ensure the Town is making timely and appropriate investments in maintenance and capital and to mitigate risk of interrupted service delivery because of failing infrastructure.

The plan must then consider when and how much of future capital expenditures will be funded from reserves, which provides insight into the level of reserves needed, and the annual transfers to reserves that should be budgeted to support future capital expenditure requirements.

What additional analysis identified

The additional analysis shows the risk from aging infrastructure is not being mitigated by a detailed capital plan.

Although a detailed asset inventory and condition assessment was performed several years ago, it has not been updated or incorporated into a long-term detailed capital plan, primarily due to multiple staff vacancies.

There is no asset register that shows assessed useful lives and estimated replacement costs. There is no schedule that shows the timing of future maintenance and replacement needs. “City block” asset replacement co-ordination has not been evaluated.

Asset retirement obligations have not been evaluated and included in a long-term capital plan.

Implications for long-term debt and reserve requirements have not been addressed.

There does not appear to be a reserve policy.

The actions within this plan look to develop a reserve policy and strengthen the asset register and maintenance/capital planning analysis and practices.

GOAL 3 – Better Capital Planning

Improve capital planning by implementing guidelines and policies, integrating asset condition information into long-term planning and funding requirements, instructions and training, and effective monitoring, and analysis.

	Objectives	Strategic Actions
3.1	Enhance capital planning by developing a comprehensive asset register	<ul style="list-style-type: none"> • Create an asset register that shows assessed useful lives and replacement values • Develop processes to continue to update the asset register
3.2	Enhance capital planning by developing a comprehensive plan	<ul style="list-style-type: none"> • Build on current budget plans by preparing a long-term assessment of our capital priorities and associated funding requirements • Ensure capital budget contains expected useful life of current and planned asset purchases • Develop processes that link the capital budget to the organization’s capital plan • Create a schedule that shows the cost and timing of replacement needs for all assets • Develop processes to regularly monitor the progress of the capital plan
3.3	Extend the life of assets by developing and implementing a maintenance plan and schedule	<ul style="list-style-type: none"> • Create and implement a schedule that shows the cost and timing of future maintenance for all assets, along with costs • Develop processes to regularly monitor that maintenance is occurring as outlined in the plan
3.4	Help build an adequate combined reserve by developing and implementing a reserve standard and policy	<ul style="list-style-type: none"> • Support attainment of an appropriate reserve balance by developing a reserve policy • Promote and monitor compliance to reserve policy
3.5	Ensure amortization policy is consistent with useful life experience, specifically for heavy equipment and large vehicles	<ul style="list-style-type: none"> • Review Fire Department vehicles and heavy equipment and determine appropriate useful life • Review the Town’s amortization policy and recommend changes as necessary

Conclusion

While the Town of Middleton is facing some challenges, there is a path forward.

What Additional Analysis Identified

Residential Tax Effort

- Middleton's tax rates are high in comparison to other local municipal units
- With over 40% of expenditures being non-discretionary, it is challenging for small towns to manage expenditures from rising while keeping basic service levels consistent
- If the Town can encourage development, the increased tax base can better share expenditure increases

3-Year Change in Tax Base

- Middleton's property assessments and tax base are not keeping pace with inflation
- Although there is an overall need for housing in Nova Scotia currently, high interest rates, inflation and construction costs are making it challenging for developers
- The Town should support development that doesn't impact existing infrastructure

Operating Reserves

- Middleton has had to use operating reserves to fund unexpected expenditures
- Although not shown in the most recent FCI Report, Middleton has been increasing its Operating Reserves
- Regular forecasting needs to take place
- Include a transfer to operating reserve in future budgets

Deficits

- Middleton had 1/5 years with a deficit representing 0.7% of operating expenses
- This deficit was largely due to a high and late invoice from the Regional Housing Authority that went \$111K over budget
- The Town needs better and more timely information from Regional Housing Authority

Combined Reserves

- Middleton needs to create a reserve policy
- Implications for long-term debt and reserve requirements have not been addressed

Undepreciated Assets

- Only a small portion of our asset classes are at high risk – many of our asset classes are in great shape
- The Asset Register needs to be improved and updated with useful lives
- A maintenance program for capital assets needs to be created
- Asset retirement obligations have not been evaluated or included in a long-term plan

Measures of Success

The success of this plan is critical to our town's ability to meet its financial goals in this new and challenging economic environment.

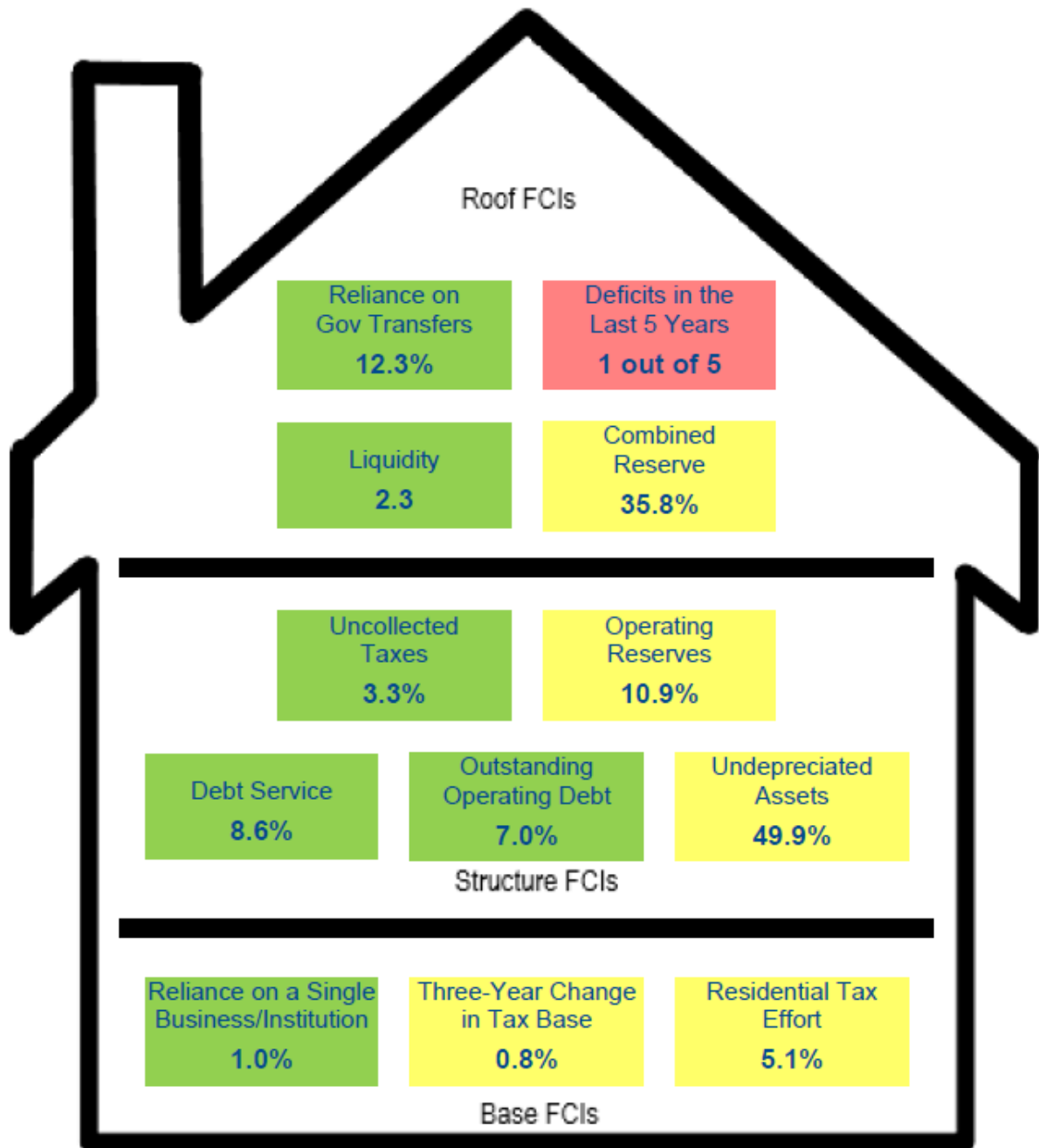
The Town of Middleton will be tackling the objectives and actions set out in this strategy to ensure we are making timely progress and are on course.

The Management Team will be responsible for reviewing the actions on a regular basis to ensure the Town is on track to addressing the goals and objectives in this plan.

The key measures of success will be evaluated through the ongoing review of the financial condition indicators. Specifically:

- Decreases in the following FCIs:
 - Residential Tax Effort
 - Deficits
- Increases in the following FCIs:
 - Operating Reserve
 - Combined Reserve
 - Undepreciated Assets
 - Three-year Change in Tax Base

APPENDIX A – FCI 2020-2021



APPENDIX B – Excerpt from 2019/20 Financial Statements

TOWN OF MIDDLETON

NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND EXPENDITURES (CONTINUED)

YEAR ENDED MARCH 31, 2020

	2020		2019
	Budget (unaudited)	Actual	Actual
EXPENDITURES			
ENVIRONMENTAL HEALTH SERVICES			
Administration	\$ 7,200	\$ 8,396	\$ 9,385
Sewage collection systems	17,717	12,906	34,219
Sewage lift stations	33,429	27,906	30,118
Sewage treatment and disposal	240,539	130,352	150,726
	<u>298,885</u>	<u>179,560</u>	<u>224,448</u>
Garbage and waste collection	<u>179,204</u>	<u>175,338</u>	<u>167,358</u>
Debt charges			
Debenture interest	-	40,549	43,216
Term loan interest	-	-	-
	<u>-</u>	<u>40,549</u>	<u>43,216</u>
TOTAL ENVIRONMENTAL HEALTH SERVICES	<u>\$ 478,089</u>	<u>\$ 395,447</u>	<u>\$ 435,022</u>
PUBLIC HEALTH SERVICES			
Housing - deficit of Regional Housing Authority	\$ 40,000	\$ 151,468	\$ 50,478
TOTAL PUBLIC HEALTH SERVICES	<u>\$ 40,000</u>	<u>\$ 151,468</u>	<u>\$ 50,478</u>

APPENDIX C – History of Financial Condition Indicators

Indicator Name	Actual 2017-18	Actual 2018-19	Actual 2019-20	Actual 2020-21	As filed 2021-22
3-year change in Tax Base	5.3%	3.1%	1.6%	0.8%	3.7%
Reliance on Single Business/Institution	1.1%	1.1%	1.1%	1.0%	1.0%
Residential Tax Effort	4.7%	4.7%	4.9%	5.1%	4.2%
Uncollected Taxes	4.8%	2.5%	4.4%	3.3%	3.3%
Operating Reserve	11.8%	9.7%	9.4%	10.9%	15.1%
Debt Service Cost	9.8%	9.5%	9.4%	8.6%	8.6%
Outstanding Operating Debt	0.0%	0.7%	5.3%	7.0%	0.0%
Undepreciated Assets	54.1%	52.5%	50.3%	49.9%	49.7%
# of Deficits in Last 5 Years	0	0	1	1	1
Liquidity	3.6	2.6	1.8	2.3	2.7
Reliance on Government Transfers	11.5%	11.7%	12.1%	12.3%	20.3%
Combined Reserve (Operating & Capital)	31.0%	30.4%	32.8%	35.8%	36.5%