

2017

Municipal Indicator Results



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2017 Municipal Indicator Results

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2017 Municipal Indicator Report

Introduction

The purpose of a municipality, as defined in the *Municipal Government Act (MGA)*, is to provide good government, services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality, and to develop safe and viable communities.

Five years following the adoption and implementation of the Municipal Sustainability Strategy, it was recognized that a framework to evaluate the performance of municipalities must expand beyond measuring finances, assessment figures, and population change in the context of municipal viability.

During the development of the municipal indicators, the ministry consulted with the Rural Municipalities of Alberta, the Alberta Urban Municipalities Association, the Local Government Administration Association, the Alberta Rural Municipal Administrators' Association, and the Association of Summer Villages of Alberta to develop a more comprehensive process to evaluate municipal performance. It was determined that the new indicators should:

- evaluate the current and long-term finances of a municipality;
- examine whether a municipality is investing in maintaining infrastructure critical to the health and safety of residents; and
- assess the ability of the municipality to provide services desired by the community.

Methodology

The thirteen municipal indicators use a broad range of data collected by Municipal Affairs, including financial, governance and community indicators that are derived from:

- Information provided by Alberta municipalities annually through audited Financial Statements and Financial Information Returns.
 - Financial Information Returns are a standard set of year-end reports, which capture detailed financial information for each municipality. The Financial Information Returns mirror the information contained within the municipal audited financial statements, and standardizes the information into a data format.
- Municipal election results collected in accordance with the *MGA* and the *Local Authorities Election Act*.
 - For each municipal election, the municipality is required to report all candidates' information, election results and elected official information to the ministry.
- Municipal population data as published in the annual Municipal Affairs Population List.

- Federal census counts are used as a default data source for municipal population counts; however, municipalities are enabled to conduct a municipal census if they choose provided they follow mandatory requirements as specified in the Determination of Population Regulation and the Municipal Census Manual.
- A count of instances whereby the Minister was required to intervene because a municipality was operating in contravention of the *MGA*.

2017 Performance Indicator Results

Indicator 1: Audit Outcome

The *MGA* stipulates that a municipality's financial statements must be audited. Auditors are required to indicate concerns with the ability of the municipality to meet its financial obligations, or with any significant limitations in the audit or financial statement disclosures. These types of disclosures from the auditor are rare.

Expected Result	Triggered When
The audit report does not identify a going concern risk or denial of opinion.	The audit report identified a going concern risk, or denial of opinion.

2017 Results:

Municipality
Village of Beiseker
Village of Myrnam

Indicator 2: Minister Intervention

From time to time there are circumstances where the Minister may be required to intervene in a municipality. Typically, these interventions occur when requested by a council, through a petition, when a viability review is initiated, or where significant concerns are evident and ministerial directives need to be issued.

Expected Result	Triggered When
The municipality has not been the subject of a Municipal Affairs intervention.	The municipality has been the subject of a Municipal Affairs intervention.

2017 Results:

Municipality	Ministerial Intervention
County of Barrhead No. 11	MSL:075/17: Ministerial Order to appoint an arbitrator for County and Town of Barrhead
Summer Village of Crystal Springs	MSL:033/17: Summer Village of Crystal Springs – Inspection Report MSL:071/17: Extension to Complete Directive #3 - Summer Village of Crystal Springs MSL:119/17: Summer Village of Crystal Springs – October Reporting on Directives
Town of Barrhead	MSL:075/17: Ministerial Order to appoint an arbitrator for County and Town of Barrhead
Town of Fort Macleod	MSL:021/17: Amend due dates for directives Town of Fort Macleod MSL:034/17: Ongoing Concerns and Submission Made by Council - Town of Fort Macleod
Town of Granum	MSL:067/17: Town of Granum - Municipal Inspection Report
Village of Alix	MSL:121/17: Monitoring Completion of Directives - Ministerial Order MSL: 085/17 - Village of Alix

Municipality	Ministerial Intervention
Village of Clyde	MSL:124/17: Time Extension for Item 2 of Directives - 10-year Capital Plan - Village of Clyde
Village of Hill Spring	MSL:122/17: Village of Hill Spring Ministerial Order on Completion of Viability Review
Village of Hughenden	MSL:083/17: Approval to Recover Deficit Over Three-Year Period - Village of Hughenden MSL:123/17: Village of Hughenden Municipal Inspection
Village of Lougheed	MSL:040/17: Extension Request to Complete Directive 5 - Village of Lougheed MSL:057/17: Extension Request to Complete Directive 10 - Village of Lougheed MSL:094/17: August Progress Report Regarding Directives from Inspection Report - Village of Lougheed MSL:118/17: October Progress Report -Directives from Inspection Report - Village of Lougheed

Multi-Year Ministerial Interventions:

Municipalities that have been issued a Ministerial Order with specific references to a multi-year corrective action are identified in the following table. These municipalities will continue to be listed until the municipality has received notification that the directives issued have been met.

Municipality	Ministerial Intervention
Village of Beiseker (2015 – 2019)	MSL:135/15: Village of Beiseker - Approval to Allow Deficit Recovery
Town of High River (2016 – 2019)	MSL:085/16: Request for Exemption from Section 244(1) of the MGA - Town of High River

Indicator 3: Tax Base

Municipalities are typically able to rely on non-residential taxes to generate a portion of tax revenues. Non-residential properties are typically taxed at a higher rate than residential and farm properties. Tax Base is the percentage of total tax revenue collected from residential/farmland properties.

Expected Result	Triggered When
Residential and farmland tax revenue accounts for no more than 95 per cent of the municipality's total tax revenue.	More than 95 per cent of the municipality's tax revenue comes from residential and farmland properties.

2017 Results:

Municipality	Result
Village of Champion	95.84%
Village of Stirling	96.36%

Indicator 4: Tax Collection Rate

In order to pay for ongoing costs, municipalities must be able to collect property taxes on a timely basis. Tax Collection Rate is the percentage of the current year's property taxes that are collected by year end.

Expected Result	Triggered When
The municipality collects at least 90 per cent of the municipal taxes (e.g. property taxes, special taxes) levied in any year.	A municipality collects less than 90 per cent of the property taxes it levies in the reporting year.

2017 Results:

Municipality	Result
Town of Granum	87.89%
Village of Alix	89.40%
Village of Alliance	78.12%
Village of Beiseker	86.81%
Village of Champion	84.03%
Village of Clyde	88.85%
Village of Dewberry	63.70%
Village of Ferintosh	89.20%
Village of Hill Spring	80.57%
Village of Lomond	82.24%
Village of Lougheed	78.57%
Village of Munson	74.85%
Village of Myrnam	87.31%

Indicator 5: Population Change

Municipalities are typically better able to plan and prepare for the future based on stable or growing populations. **Population Change** is the percentage of population change in the municipality over a ten-year period.

Exceptions:

- Summer villages and improvement districts are excluded from this measure because seasonal property owners are not reflected in their population.

Expected Result	Triggered When
The population has not declined by more than 20 per cent over a ten-year period.	A municipality's population declines by 20 per cent over a ten-year period.

2017 Results:

Municipality	Result
Town of Manning	(20.76%)
Village of Alliance	(21.83%)

Indicator 6: Current Ratio

Municipalities require cash or near-cash assets to be able to pay for current financial obligations.

Current Ratio is the ratio of current assets to current liabilities.

Exceptions:

- This indicator does not apply if the municipality's total assets exceed current assets by a factor of two or more; these municipalities typically have significant financial resources including long-term investments, but manage with minimal current assets. There are very few Alberta municipalities that this applies to, specifically the City of Calgary, the City of Edmonton, the City of Medicine Hat, and the Regional Municipality of Wood Buffalo.

Expected Result	Triggered When
The ratio of current assets to current liabilities is greater than one.	The ratio of current assets to current liabilities is less than one.

2017 Results:

Municipality	Result
Summer Village of Norris Beach	0.88
Town of Manning	0.77
Village of Alliance	0.92
Village of Cereal	0.63
Village of Hughenden	0.69
Village of Munson	0.99

Indicator 7: Accumulated Surplus/Deficit:

Municipalities typically hold surpluses and reserves from year to year to be used for future projects or to deal with unforeseen costs. Accumulated Surplus/Deficit is calculated by subtracting total liabilities from total assets, excluding capital assets and related debt.

An accumulated deficit is a violation of Section 244 of the *MGA*. Municipalities in a deficit position are required to recover the shortfall in the next year, or over a longer period if approved by the Minister.

Expected Result	Triggered When
The municipality has a positive (above zero) surplus.	A municipality is in a deficit (below zero) position for the reporting year.

2017 Results:

Municipality	Result
Village of Beiseker	(\$119,425.00)
Village of Cereal	(\$350,260.00)
Village of Hughenden	(\$97,075.00)
Village of Lomond	(\$61,782.00)
Village of Myrnam	(\$238,045.00)

Indicator 8: On-Time Financial Reporting:

Financial reporting is an important aspect of municipal accountability to its residents and businesses. Municipalities are required to submit year-end audited financial statements and financial information returns to Municipal Affairs by May 1st of the year following the year for which the financial statements have been prepared.

Expected Result	Triggered When
Audited financial statements and financial information returns for the preceding calendar year are received by Municipal Affairs no later than May 1 st .	Municipal Affairs did not received the Audited financial statements and financial information returns by May 1 st .

2017 Results:

Municipality	Result
Village of Alliance	August 20, 2018
Village of Bittern Lake	May 17, 2018
Village of Cereal	August 13, 2018
Village of Munson	June 29, 2018
Village of Stirling	May 14, 2018

Indicator 9: Debt to Revenue Percentage

Municipalities frequently borrow to finance long term projects, but overall borrowing levels need to be manageable. The **Debt to Revenue Percentage** calculates total borrowing as a percentage of total revenue.

Expected Result	Triggered When
The municipality's total borrowings represent less than 120 per cent or 160 per cent for municipalities with a higher regulated debt limit of its total revenue.	The municipality's debt is greater than 120 per cent or 160 per cent for municipalities with a higher regulated debt limit of its total revenue.

2017 Results:

Municipality	Result
Summer Village of Norris Beach	264.10%
Village of Alix	128.47%

Indicator 10: Debt Service to Revenue Percentage:

Like overall debt levels, annual debt repayments and interest costs need to be manageable. Debt Service to Revenue Percentage calculates the cost of annual principal and interest payments as a percentage of total revenue.

Expected Result	Triggered When
The municipality's total costs for borrowing repayments do not exceed 20 per cent (28 per cent for municipalities with a higher regulated debt limit) of its total revenue.	Principle and interest payments on borrowings is greater than 20 per cent (28 per cent for municipalities with a higher regulated debt limit) of the municipality's total revenue.

2017 Results:

Results	Results
Summer Village of Norris Beach	135.77%

Indicator 11: Investment in Infrastructure:

Most capital assets and infrastructure require replacement after a period of service, and municipalities typically carry out these replacements on an ongoing basis to spread out replacement costs. Investment in Infrastructure measures the ratio of capital spending to amortization (depreciation) over a five-year period.

Exceptions:

- This measure does not account for the effects of inflation; typically, replacement costs for new assets exceed the historic cost of existing assets.

Expected Result	Triggered When
The municipality's average capital additions exceed the average amortization (depreciation).	A municipality's capital spending is less than the depreciation of its assets, indicated by a result less than one.

2017 Results:

Results	Results
Village of Beiseker	0.59
Village of Bittern Lake	0.62
Village of Dewberry	0.88
Village of Stirling	0.89

Indicator 12: Infrastructure Age:

If capital assets and infrastructure are being replaced on a regular basis and new assets or infrastructure are being added, the average age of the municipality's overall infrastructure will remain reasonably current. Infrastructure Age calculates the amortized (depreciated) cost of capital assets and infrastructure as a percentage of original cost.

Expected Result	Triggered When
The net book value of the municipality's tangible capital assets is greater than 40 per cent of the original cost.	The net book value of the tangible capital assets is less than 40 per cent of the original cost.

2017 Results:

Results	Results
Village of Ferintosh	38.33%

Indicator 13: Interest in Municipal Office

Municipalities with strong interest in local elections often mean there is a local interest in good governance. **Interest in Municipal Office** measures the ratio of candidates to total council positions in the most recent election.

Expected Result	Triggered When
The number of candidates exceeded the number of councillor positions.	Elections are only held if there are more candidates than positions, otherwise candidates are simply acclaimed to what are intended to be elected positions. Triggered when no vote is held because all councillors are acclaimed.

2017 Results:

Results
Summer Village of Norris Beach
Town of Manning
Village of Beiseker
Village of Bittern Lake
Village of Cereal
Village of Champion
Village of Dewberry
Village of Ferintosh
Village of Hill Spring
Village of Lomond

Results

Village of Lougheed

Village of Munson

Village of Myrnam

Appendix A

Municipalities that Triggered (by Municipal Type)

The following is a listing of the municipalities who triggered a critical indicator, or three or more of the remaining indicators.

Municipality Type	Municipality
Municipal District	County of Barrhead No. 11
Summer Village	Summer Village of Crystal Springs Summer Village of Norris Beach
Town	Town of Barrhead Town of Fort Macleod Town of Granum Town of High River Town of Manning
Village	Village of Alix Village of Alliance Village of Beiseker Village of Bittern Lake Village of Cereal Village of Champion Village of Clyde Village of Dewberry Village of Ferintosh Village of Hill Spring Village of Hughenden Village of Lomond Village of Lougheed Village of Munson Village of Mynam Village of Stirling

Appendix B

Municipalities That Triggered

The following breaks down which specific indicators the 24 municipalities triggered.

Municipality	Indicator
County of Barrhead No. 11	2 - MINISTRY INTERVENTION
Summer Village of Crystal Springs	2 - MINISTRY INTERVENTION
Summer Village of Norris Beach	6 - CURRENT RATIO 9 - DEBT TO REVENUE PERCENTAGE 10 - DEBT SERVICE TO REVENUE PERCENTAGE 13 - INTEREST IN MUNICIPAL OFFICE
Town of Barrhead	2 - MINISTRY INTERVENTION
Town of Fort Macleod	2 - MINISTRY INTERVENTION
Town of Granum	2 - MINISTRY INTERVENTION 4 - TAX COLLECTION RATE
Town of High River	2 - MINISTRY INTERVENTION
Town of Manning	5 - POPULATION CHANGE 6 - CURRENT RATIO 13 - INTEREST IN MUNICIPAL OFFICE
Village of Alix	2 - MINISTRY INTERVENTION 4 - TAX COLLECTION RATE 9 - DEBT TO REVENUE PERCENTAGE
Village of Alliance	4 - TAX COLLECTION RATE 5 - POPULATION CHANGE 6 - CURRENT RATIO 8 - ON-TIME FINANCIAL REPORTING
Village of Beiseker	1 - AUDIT OUTCOME 2 - MINISTRY INTERVENTION 4 - TAX COLLECTION RATE 7 - ACCUMULATED SURPLUS/DEFICIT 11 - INVESTMENT IN INFRASTRUCTURE 13 - INTEREST IN MUNICIPAL OFFICE

Municipality	Indicator
Village of Bittern Lake	8 - ON-TIME FINANCIAL REPORTING 11 - INVESTMENT IN INFRASTRUCTURE 13 - INTEREST IN MUNICIPAL OFFICE
Village of Cereal	6 - CURRENT RATIO 7 - ACCUMULATED SURPLUS/DEFICIT 8 - ON-TIME FINANCIAL REPORTING 13 - INTEREST IN MUNICIPAL OFFICE
Village of Champion	3 - TAX BASE 4 - TAX COLLECTION RATE 13 - INTEREST IN MUNICIPAL OFFICE
Village of Clyde	2 - MINISTRY INTERVENTION 4 - TAX COLLECTION RATE
Village of Dewberry	4 - TAX COLLECTION RATE 11 - INVESTMENT IN INFRASTRUCTURE 13 - INTEREST IN MUNICIPAL OFFICE
Village of Ferintosh	4 - TAX COLLECTION RATE 12 - INFRASTRUCTURE AGE 13 - INTEREST IN MUNICIPAL OFFICE
Village of Hill Spring	2 - MINISTRY INTERVENTION 4 - TAX COLLECTION RATE 13 - INTEREST IN MUNICIPAL OFFICE
Village of Hughenden	2 - MINISTRY INTERVENTION 6 - CURRENT RATIO 7 - ACCUMULATED SURPLUS/DEFICIT
Village of Lomond	4 - TAX COLLECTION RATE 7 - ACCUMULATED SURPLUS/DEFICIT 13 - INTEREST IN MUNICIPAL OFFICE
Village of Lougheed	2 - MINISTRY INTERVENTION 4 - TAX COLLECTION RATE 13 - INTEREST IN MUNICIPAL OFFICE
Village of Munson	4 - TAX COLLECTION RATE 6 - CURRENT RATIO 8 - ON-TIME FINANCIAL REPORTING 13 - INTEREST IN MUNICIPAL OFFICE

Municipality	Indicator
Village of Myrnam	1 - AUDIT OUTCOME 4 - TAX COLLECTION RATE 7 - ACCUMULATED SURPLUS/DEFICIT 13 - INTEREST IN MUNICIPAL OFFICE
Village of Stirling	3 - TAX BASE 8 - ON-TIME FINANCIAL REPORTING 11 - INVESTMENT IN INFRASTRUCTURE