

2016

Municipal Indicator Results



Municipal Affairs, Government of Alberta

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2016 Municipal Indicator Results

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2016 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*.

2016 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.

2016 Results:

Municipality
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.

2016 Results:

Municipality	Ministerial Intervention
Alberta Beach	P:011/16: Lac Ste. Anne County Area Fires Services Dispute
Lac Ste. Anne County	P:011/16: Lac Ste. Anne County Area Fires Services Dispute
Summer Village of Castle Island	P:011/16: Lac Ste. Anne County Area Fires Services Dispute
Summer Village of Nakamun Park	P:011/16: Lac Ste. Anne County Area Fires Services Dispute
Summer Village of Silver Sands	P:011/16: Lac Ste. Anne County Area Fires Services Dispute
Summer Village of South View	P:011/16: Lac Ste. Anne County Area Fires Services Dispute
Summer Village of Sunset Point	P:011/16: Lac Ste. Anne County Area Fires Services Dispute
Summer Village of Val Quentin	P:011/16: Lac Ste. Anne County Area Fires Services Dispute

Municipality	Ministerial Intervention
Summer Village of West Cove	<p>MSL:071/16: Summer Village of West Cove – Extension of Time to Complete Directives 5, 7 and 10</p> <p>MSL:014/16: Summer Village of West Cove – Inspector’s Report</p>
Summer Village of Yellowstone	P:011/16: Lac Ste. Anne County Area Fires Services Dispute
Thorhild County	<p>MSL:009/16: County of Thorhild Request for Extension of Directive Due Date</p> <p>MSL:018/16: Extension of Time to Complete Directives 9 and 11 - Thorhild County</p> <p>MSL:021/16: Thorhild County Inspection – Directives Compliance</p> <p>MSL:022/16: Thorhild County Inspection – Directives Compliance</p> <p>MSL:023/16: Thorhild County Inspection – Directives Compliance</p> <p>MSL:024/16: Thorhild County – Inspection Directives – Official Administrator</p> <p>MSL:030/16 : Thorhild County – Inspection Directives – Official Administrator</p> <p>MSL:079/16: Extension of Time to Complete Directives 11, 12 & 14 - Thorhild County</p>
Town of Fort Macleod	<p>MSL:040/16: MSB - Inspection Report Package - Town of Fort Macleod</p> <p>MSL:067/16: Town of Fort Macleod Inspection Directive Extension</p> <p>MSL:081/16: Extension Request Directive #8 - Ministerial Order MSL:040/16 - Town of Fort Macleod</p>
Town of Grande Cache	Viability Review (VR) Letter signed by Minister on June 24, 2016

Municipality	Ministerial Intervention
Town of High River	MSL:085/16: Request for Exemption from Section 244(1) of the <i>MGA</i> - Town of High River
Town of Onoway	P:011/16: Lac Ste. Anne County Area Fires Services Dispute
Village of Clyde	MSL:054/16: Village of Clyde Viability Review
Village of Ferintosh	VR Letter signed by Minister on February 3, 2016
Village of Innisfree	VR Letter signed by Minister on March 1, 2016
Village of Lougheed	MSL:061/16: Village of Lougheed – Inspection Report

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

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.

2016 Results:

Municipality	Result
-	N/A

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.

2016 Results:

Municipality	Result
Town of Stavely	88.41%
Village of Alliance	71.34%
Village of Berwyn	88.19%
Village of Hughenden	87.41%
Village of Innisfree	69.58%
Village of Lomond	86.14%
Village of Lougheed	72.67%
Village of Munson	80.49%
Village of Myrnam	87.51%

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.

2016 Results:

Municipality	Result
-	N/A

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.

2016 Results:

Municipality	Result
Town of High River	0.69
Village of Beiseker	0.53
Village of Cereal	0.67
Village of Hughenden	0.52
Village of Munson	0.95

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.

2016 Results:

Municipality	Result
Town of High River	(\$19,734,812.00)
Village of Beiseker	(\$354,476.00)
Village of Cereal	(\$261,221.00)
Village of Hughenden	(\$81,366.00)
Village of Lomond	(\$57,878.00)
Village of Munson	(\$13,599.00)
Village of Myrnam	(\$181,253.00)

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 .

2016 Results:

Municipality	Result
Improvement District No. 04 (Waterton)	June 06, 2017
Summer Village of Castle Island	June 20, 2017
Summer Village of Sunset Point	June 05, 2017
Village of Alliance	July 21, 2017
Village of Cereal	November 15, 2017
Village of Innisfree	June 21, 2017
Village of Lomond	October 16, 2017
Village of Lougheed	May 24, 2017
Village of Munson	September 22, 2017
Village of Myrnam	June 29, 2017

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.

2016 Results:

Municipality	Result
Village of Holden	133.31%

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.

2016 Results:

Results	Results
Town of Stavelly	20.28%
Village of Alliance	40.68%

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.

2016 Results:

Results	Results
Improvement District No. 04 (Waterton)	0.26
Summer Village of Sunset Point	0.76
Summer Village of Yellowstone	0.49
Town of Stavely	0.30
Village of Beiseker	0.99
Village of Berwyn	0.92
Village of Holden	0.79

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.

2016 Results:

Results	Results
Improvement District No. 04 (Waterton)	31.70%
Lac Ste. Anne County	35.16%
Summer Village of Sunset Point	34.93%
Thorhild County	29.14%
Village of Ferintosh	39.84%

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.

2016 Results:

Results
Village of Berwyn
Village of Holden

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
Improvement District	Improvement District No. 04 (Waterton)
Municipal District	Lac Ste. Anne County Thorhild County
Summer Village	Summer Village of Castle Island Summer Village of Nakamun Park Summer Village of Silver Sands Summer Village of South View Summer Village of Sunset Point Summer Village of Val Quentin Summer Village of West Cove Summer Village of Yellowstone
Town	Town of Fort Macleod Town of Grande Cache Town of High River Town of Onoway Town of Stavely
Village	Alberta Beach Village of Alliance Village of Beiseker Village of Berwyn Village of Cereal Village of Clyde Village of Ferintosh Village of Holden Village of Hughenden Village of Innisfree Village of Lomond Village of Lougheed Village of Munson Village of Myrnam

Appendix B

Municipalities That Triggered

The following breaks down which specific indicators the 30 municipalities triggered.

Municipality	Indicator
Alberta Beach	2 - MINISTRY INTERVENTION
Improvement District No. 04 (Waterton)	8 - ON-TIME FINANCIAL REPORTING 11 - INVESTMENT IN INFRASTRUCTURE 12 - INFRASTRUCTURE AGE
Lac Ste. Anne County	2 - MINISTRY INTERVENTION 12 - INFRASTRUCTURE AGE
Summer Village of Castle Island	2 - MINISTRY INTERVENTION 8 - ON-TIME FINANCIAL REPORTING
Summer Village of Nakamun Park	2 - MINISTRY INTERVENTION
Summer Village of Silver Sands	2 - MINISTRY INTERVENTION
Summer Village of South View	2 - MINISTRY INTERVENTION
Summer Village of Sunset Point	2 - MINISTRY INTERVENTION 8 - ON-TIME FINANCIAL REPORTING 11 - INVESTMENT IN INFRASTRUCTURE 12 - INFRASTRUCTURE AGE
Summer Village of Val Quentin	2 - MINISTRY INTERVENTION
Summer Village of West Cove	2 - MINISTRY INTERVENTION
Summer Village of Yellowstone	2 - MINISTRY INTERVENTION 11 - INVESTMENT IN INFRASTRUCTURE
Thorhild County	2 - MINISTRY INTERVENTION 12 - INFRASTRUCTURE AGE
Town of Fort Macleod	2 - MINISTRY INTERVENTION
Town of Grande Cache	2 - MINISTRY INTERVENTION

Municipality	Indicator
Town of High River	2 - MINISTRY INTERVENTION 6 - CURRENT RATIO 7 - ACCUMULATED SURPLUS/DEFICIT
Town of Onoway	2 - MINISTRY INTERVENTION
Town of Stavely	4 - TAX COLLECTION RATE 10 - DEBT SERVICE TO REVENUE PERCENTAGE 11 - INVESTMENT IN INFRASTRUCTURE
Village of Alliance	4 - TAX COLLECTION RATE 8 - ON-TIME FINANCIAL REPORTING 10 - DEBT SERVICE TO REVENUE PERCENTAGE
Village of Beiseker	2 - MINISTRY INTERVENTION 6 - CURRENT RATIO 7 - ACCUMULATED SURPLUS/DEFICIT 11 - INVESTMENT IN INFRASTRUCTURE
Village of Berwyn	4 - TAX COLLECTION RATE 11 - INVESTMENT IN INFRASTRUCTURE 13 - INTEREST IN MUNICIPAL OFFICE
Village of Cereal	6 - CURRENT RATIO 7 - ACCUMULATED SURPLUS/DEFICIT 8 - ON-TIME FINANCIAL REPORTING
Village of Clyde	2 - MINISTRY INTERVENTION
Village of Ferintosh	2 - MINISTRY INTERVENTION 12 - INFRASTRUCTURE AGE
Village of Holden	9 - DEBT TO REVENUE PERCENTAGE 11 - INVESTMENT IN INFRASTRUCTURE 13 - INTEREST IN MUNICIPAL OFFICE
Village of Hughenden	4 - TAX COLLECTION RATE 6 - CURRENT RATIO 7 - ACCUMULATED SURPLUS/DEFICIT
Village of Innisfree	2 - MINISTRY INTERVENTION 4 - TAX COLLECTION RATE 8 - ON-TIME FINANCIAL REPORTING

Municipality	Indicator
Village of Lomond	4 - TAX COLLECTION RATE 7 - ACCUMULATED SURPLUS/DEFICIT 8 - ON-TIME FINANCIAL REPORTING
Village of Lougheed	2 - MINISTRY INTERVENTION 4 - TAX COLLECTION RATE 8 - ON-TIME FINANCIAL REPORTING
Village of Munson	4 - TAX COLLECTION RATE 6 - CURRENT RATIO 7 - ACCUMULATED SURPLUS/DEFICIT 8 - ON-TIME FINANCIAL REPORTING
Village of Myrnam	1 - AUDIT OUTCOME 4 - TAX COLLECTION RATE 7 - ACCUMULATED SURPLUS/DEFICIT 8 - ON-TIME FINANCIAL REPORTING