Municipal Indicators

Find out more about how each municipal indicator is calculated and what the results mean

Each indicator is intended to measure a specific aspect of the municipality's governance, finances, or community.

Each indicator has a defined benchmark. The benchmarks established by Municipal Affairs for each indicator are rules of thumb that provide a general indication of acceptable risk; however, a municipality may have unique circumstances or alternative strategies that justify a different result. Should a municipality flag an indicator, Municipal Affairs allows stakeholders to provide an explanation as to result. This explanation is then published next to the indicator result on the Municipal Indicators' Dashboard.

Indicator and Description	Expected Result	What It Means	Suggested Follow Up for Exceptions
1 - Audit Outcome An audit report in the municipality's audited annual financial statements.	The audit report does not identify a going concern risk or denial of opinion.	The municipal auditor was able to complete the audit and express an opinion and did not identify a specific concern about the ability of the municipality to meet its financial obligations.	Follow auditor recommendations to resolve denial of opinion issues. Consider obtaining professional financial consulting services or requesting a viability review to address going concern issues.
2 - Ministry Intervention Interventions authorized by the Minister of Municipal Affairs in accordance with the *Municipal Government Act*, such as a viability review, or where directives were issued pursuant to an inspection.	The municipality was not the subject of a Municipal Affairs intervention.	Municipal Affairs is not undertaking a formal intervention with respect to the municipality. The Minister typically intervenes only when requested by a council or through a petition, and only issues directives in cases where significant concerns are evident.	Complete Minister-directed processes and actions.

See the indicator results at alberta.ca/municipal-indicators.aspx

Indicator and Description	Expected Result	What It Means	Suggested Follow Up for Exceptions
3 - Tax Base Balance The proportion of the total municipal tax revenue generated by residential and farmland tax base, regardless of whether it is municipal property taxes, special taxes, or local improvement taxes.	The municipality's residential and farmland tax revenue accounts for no more than 95 per cent of its total tax revenue. Summer Villages are excluded from this indicator to better reflect their geographical and economic conditions.	The municipality can rely in some measure on its non-residential tax base to generate a portion of its tax revenues. These properties are typically taxed at a higher rate than residential and farmland properties.	Ensure taxes on residential and farmland properties are sufficient to meet budgeted expenditure requirements.
4 - Tax Collection Rate The ability of the municipality to collect own-source revenues, including property taxes, special taxes, local improvement taxes, and grants-in-place-of-taxes.	The municipality collects at least 90 per cent of the municipal taxes (e.g. property taxes, special taxes) levied in any year.	The municipality is able to collect its tax revenues and use those funds to meet budgeted commitments and requisitioning obligations.	Review tax collection and recovery policies and processes.
5 - Population Change The change in population of the municipality over the past ten years based on the Municipal Affairs Population List.	The population has not declined by more than 20 per cent over a ten-year period. Summer Villages are excluded from this measure because of the small permanent population.	The population of the municipality is stable or growing.	Consider how services and infrastructure can be scaled down to accommodate reduced demands.

Indicator and Description	Expected Result	What It Means	Suggested Follow Up for Exceptions
6 - Current Ratio The ratio of current assets (cash, temporary investments, accounts receivable) to current liabilities (accounts payable, temporary borrowings, current repayment obligations on long-term borrowings).	The ratio of current assets to current liabilities is greater than one. This indicator is not typically measured if the municipality's total assets exceed current assets by a factor of two or more, as these municipalities typically have significant financial resources including long-term investments, but manage with minimal current assets.	The municipality is able to pay for its current financial obligations using cash or near-cash assets.	Consider increasing revenues or reducing costs to provide additional working capital.
7 - Accumulated Surplus/Deficit The total assets of the municipality net of total debt, excluding equity in tangible capital assets (tangible capital property less debts related to tangible capital property).	The municipality has a positive (above zero) surplus. An accumulated deficit is a violation of Section 244 of the *Municipal Government Act*. Municipalities in a deficit position are required to recover the shortfall in the next year.	The municipality has more operational assets than liabilities, which generally provides the municipality with cash flow to meet ongoing obligations and manage through lean periods of the year where costs may exceed revenues.	Consider increasing revenues or reducing costs to provide additional surplus and maintain working capital.
8 - On-Time Financial Reporting Whether the municipality successfully submitted its completed annual financial statements and financial information return to Municipal Affairs by the legislated due date.	The municipality's financial statements and financial information return for the preceding calendar year are received by Municipal Affairs no later than May 1st or the approved extension date.	The municipality is preparing its audited financial reports on a timely basis. Financial reporting is an important aspect of municipal accountability to its residents and businesses.	Consider additional resources to complete year-end accounting on a timely basis.

Indicator and Description	Expected Result	What It Means	Suggested Follow Up for Exceptions
9 - Debt to Revenue Percentage The total amount of municipal borrowings, including long term capital leases, as a percentage of total municipal revenues.	The municipality's total borrowings represent less than 120 per cent (160 per cent for municipalities with a higher regulated debt limit) of its total revenue.	The municipality has maintained reasonable levels of borrowing debt.	Review anticipated funding sources for debt repayments to ensure borrowing commitments can be met.
10 - Debt Service to Revenue Percentage The total cost of making scheduled repayments (including interest) on borrowings as a percentage of total municipal revenues.	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.	The municipality has assumed a reasonable level of borrowing repayment obligations.	The municipality has assumed a reasonable level of borrowing repayment obligations.
11 - Investment In Infrastructure The total cost of annual additions (through purchases or construction) to tangible capital assets (vehicles, equipment, buildings, roads, utility infrastructure, land) relative to the annual amortization (depreciation) on all tangible capital assets - measured as a five year average.	The municipality's average capital additions exceed the average amortization (depreciation).	The municipality is replacing its existing tangible capital assets and investing in new assets and infrastructure at a rate exceeding the estimated wear or obsolescence of its existing assets. This measure does not account for the effects of inflation; typically, replacement costs for new assets exceed the historic cost of existing assets.	Review asset replacement activities over past years and anticipated capital additions in future years to ensure average annual additions exceed average annual amortization. Consider conducting a study of municipal infrastructure to ensure that future service requirements can be met.

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12 - Infrastructure Age The net book value of tangible capital assets as a percentage of the total original costs. Net book value is the original purchase cost less amortization (depreciation).	The net book value of the municipality's tangible capital assets is greater than 40 per cent of the original cost.	The municipality is replacing existing assets on a regular basis. If the municipality is adding new services or expanding facilities and infrastructure, it would be expected that the ratio would be higher than 40 per cent.	Consider conducting a study of municipal infrastructure to ensure that future service requirements can be met.
13 - Interest in Municipal Office The number of candidates running in a municipal election relative to the total number of councillor positions up for election.	The number of candidates exceeded the number of councillor positions.	The ratio of candidates to total council positions measures the willingness of electors to run for municipal office.	Consider increased focus on community engagement.