

Municipal Affairs

Annual Report
2017-18



Note to Readers:

Copies of the annual report are available on the Alberta Open Government Portal website:

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**Municipal Affairs
Communications**

18th Floor, Commerce Place
10155 – 102 Street
Edmonton, Alberta T5J 4L4

Phone: 780-427-2732

Fax: 780-422-1419

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 21 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Municipal Affairs contains the minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- the financial statements of entities making up the ministry including the Department of Municipal Affairs, and provincial agencies for which the minister is responsible;
- other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and
- financial information relating to trust funds.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2018, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as at June 4, 2018 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

*Honourable Shaye Anderson
Minister of Municipal Affairs*

Message from the Minister



Our progress is a result of working together

This year, I celebrated my first anniversary as Minister of Municipal Affairs. Over the course of the first year, I have been amazed at just how much municipalities touch Albertans' daily lives and how the ministry can support that work.

In our 2017-18 Annual Report, you will see that collaboration – with our municipal partners, stakeholders, and other ministries and levels of government – is a common thread throughout our achievements over the past year.

The *Municipal Government Act* is one of the largest pieces of legislation in the province. It helps municipalities – from big cities to summer villages – shape their communities. Until recently, it had not seen a full-scale review for the better part of two decades. Alberta had a population of just over two and a half million back then – it's more than four million today. It's very important that this legislation reflects our province, and I am proud of the work Municipal Affairs did with Alberta's 342 municipalities, associations like the Alberta Urban Municipalities Association and the Rural Municipalities of Alberta among others, and individual Albertans to bring new life to this legislation. As changes are implemented, my ministry is committed to continue working with local leaders to ensure municipalities have the information, training, and tools they need.

We also continue to support our two biggest cities and their unique needs. We have made tremendous progress this year on City Charters for Edmonton and Calgary, as well as implementing growth management boards for the Edmonton and Calgary regions.

One of the new goals of the *Municipal Government Act* is to foster more intermunicipal collaboration. We've seen the incredible benefits of regional collaboration in many areas of the province, and last year I was pleased to recognize some outstanding partnerships through the Minister's Awards for Municipal Excellence. Among the award recipients were many success stories that showed neighbouring communities joining together to deliver services, address land-use needs, and boost their local economies.

As our regions grow stronger, we are also strengthening our ability to keep families and communities safe. Past disasters in Alberta are a reminder of how important it is to be ready for emergencies. Emergency response professionals across the province do incredible work to keep us safe. We are taking lessons learned from past events to improve our emergency preparedness and disaster response, and are committed to supporting municipalities as they recover from disasters. Staff from the Alberta Emergency Management Agency are putting this knowledge and experience to good use in working with communities to conduct local emergency exercises – such as last year's practice of a response to an urban-rural wildfire exercise around Grande Prairie. Exercises are valuable practice in protecting Albertans, their property and their communities. We know we can never be too prepared.

When I think about protecting property, I think of how buying a home is one of the largest investments Albertans will make in their lifetime. Delivering residential protection programs ensures safe, high-quality homes, providing peace of mind to families. As with so much of what we do at Municipal Affairs, this depends on strong working relationships with the ministry's partners. Both the success of mandatory home warranties and the work to develop and implement builder licensing are the product of government and industry being dedicated to the same goals. We appreciate the input municipalities, builders, and other stakeholders have provided in developing a licensing program to further protect consumers.

Municipal Affairs also helps build strong communities by providing funding through the Municipal Sustainability Initiative program for projects like recreation centres, parks, and improving access to public transit. However we structure support to local priorities in the future, our commitment to municipalities is solid.

For the first time, the ministry delivered the designated industrial assessment roll on behalf of municipalities, as transition to centralized industrial assessment took place January 1, 2018. This will improve consistency and equity for industrial taxpayers, and lower administrative costs for municipalities.

I'd be remiss if I didn't mention the importance of public libraries as community hubs. Communities depend on these welcoming spaces where families and neighbours gather. In many of Alberta's municipalities, libraries provide the only safe space where some people can turn when they need help. Our continued investment in the provincial public library network plays a vital supportive role in extending the reach of Alberta's libraries.

These activities and programs are just a few brief examples of the work we've done over the past year to serve Albertans. I encourage you to read on to learn more about how we have focused our efforts and investments to advance the goals we have set out for Municipal Affairs.

My sincere thanks to all Municipal Affairs staff and our municipal, community, and industry partners who have worked so tirelessly over the past year. Our achievements and progress are a reflection of your contributions to make life better for all Albertans.

Original signed by

*Honourable Shaye Anderson
Minister of Municipal Affairs*

Management's Responsibility for Reporting

The Ministry of Municipal Affairs includes the Department of Municipal Affairs and the Safety Codes Council. The ministry also includes the Special Areas Board and seven improvement districts, which are accountable to the minister. An eighth improvement district, Kananaskis Improvement District, is administered by the Ministry of Environment and Parks.

The Department of Municipal Affairs consists of the Municipal Assessment and Grants Division, the Municipal Services and Legislation Division, the Public Safety Division, the Alberta Emergency Management Agency, the Corporate Strategic Services Division, the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Municipal Affairs. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandability – the performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – outcomes, performance measures and related targets match those included in the ministry's Budget 2017.

As deputy minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Municipal Affairs the information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Planning and Transparency Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

Original signed by

Brad Pickering

Deputy Minister of Municipal Affairs

June 4, 2018

Results Analysis

Ministry Overview

Ministry of Municipal Affairs

The Ministry of Municipal Affairs invests in making life better for families by fostering stronger and safer communities across the province. The ministry's programs and activities help create more collaborative and accountable local government, which includes extending guidance and support to other groups that play a role in delivering municipal services and building the regions Alberta residents and businesses call home.

The ministry consists of the Department of Municipal Affairs and the Safety Codes Council. The ministry also includes the Special Areas Board and seven improvement districts, which are accountable to the minister.

The Department of Municipal Affairs consists of the Municipal Assessment and Grants Division, the Municipal Services and Legislation Division, the Public Safety Division, the Alberta Emergency Management Agency, the Corporate Strategic Services Division, and four quasi-judicial boards – the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board.

Department of Municipal Affairs

Municipal Assessment and Grants Division

The Municipal Assessment and Grants Division administers municipal financial components, such as provincial and federal grant programs directed at Alberta municipalities, the property assessment system, and education property tax requisitions.

This division develops the policies and procedures for property assessment; reviews and audits municipal property assessments; prepares linear assessment (oil and gas wells, pipelines, electric power systems, and telecommunication systems); and is transitioning to a centralized assessment system for designated industrial properties for municipalities.

The division also administers the Municipal Sustainability Initiative, along with other grant programs; prepares equalized assessments for each municipality; and administers the education property tax requisitioning program on behalf of the province.

Municipal Services and Legislation Division

The Municipal Services and Legislation Division supports municipalities in meeting their mandate to provide accountable and effective local government to the residents of Alberta. This is done through the work of three distinct but connected teams: the Strategic Policy and Planning Branch, the Municipal Capacity and Sustainability Branch, and the Special Areas Board.

Through these teams, the division provides support services and advice to municipalities in line with the ministry's Municipal Sustainability Strategy; manages the ministry's primary legislation governing municipalities, including the *Municipal Government Act*, the *Local Authorities Election Act*, and the *Special Areas Act*, along with their associated regulations; leads policy initiatives relating to municipal-provincial relations; and co-ordinates the ministry's stakeholder relations with key municipal associations at major conferences and regional meetings.

Public Safety Division

The Public Safety Division administers a framework of safety codes and standards, supports Alberta's fire services, and oversees the new home buyer protection framework.

The division administers the *Safety Codes Act*, which establishes codes, standards and administrative processes in 10 disciplines: 1) building; 2) fire; 3) plumbing; 4) gas; 5) electrical; 6) elevators; 7) amusement rides; 8) passenger ropeways (i.e. ski lifts); 9) pressure equipment; and 10) barrier-free design.

Through the Office of the Fire Commissioner, the division provides support and advice to fire departments and municipalities about fire service, and works with government departments, municipalities, First Nations, and other stakeholders to promote fire and injury prevention and support effective community risk-management. The division also supports search and rescue groups in the province by offering grants and training support.

The New Home Buyer Protection Office is responsible for overseeing and enforcing the *New Home Buyer Protection Act*, which establishes regulatory requirements for mandatory new home warranties and builder licensing.

The division also provides oversight to:

- the Safety Codes Council, which accredits municipalities, corporations, and agencies to administer the *Safety Codes Act* and certify safety codes officers;
- the Alberta Boilers Safety Association;
- the Alberta Elevating Devices and Amusement Rides Safety Association; and
- the Petroleum Tank Management Association of Alberta.

Alberta Emergency Management Agency

The Alberta Emergency Management Agency (AEMA) works with emergency management partners to provide a province-wide emergency management system that protects Albertans, their property, and the environment against hazards. This includes the co-ordination of emergency or disaster response and recovery activities, and providing direct assistance to local authorities when required. The AEMA provides strategic policy direction and leadership through the co-ordination of emergency management programs that include aspects of mitigation, prevention, preparation, response, and recovery.

The AEMA supports the continuous improvement of Alberta's emergency management system and assists with the development of sustainable emergency management capabilities; emergency social services; emergency 911 support; and amateur emergency radio operators in Alberta's communities, industries, and government. The AEMA collaborates with provincial, territorial, federal, and international stakeholders to promote a comprehensive approach to emergency management that enhances the safety of all Albertans.

Corporate Strategic Services Division

The Corporate Strategic Services Division helps the ministry achieve its outcomes by providing financial services; information management; legislative and administrative services; strategic planning, reporting, and policy services; and information technology support.

The division includes the Public Library Services Branch. The branch supports the province-wide Public Library Network in the provision of library services and provides operating funding to municipal and regional library system boards. Funding enables municipal and regional libraries to share physical and electronic library resources across the province, with the goal of equitable library access for all Albertans.

Quasi-judicial Boards

Municipal Government Board

The Municipal Government Board conducts independent and impartial quasi-judicial tribunal functions required by the *Municipal Government Act* to make decisions about land-planning issues, assessment complaints, and any other matter referred to it by the Minister of Municipal Affairs or Lieutenant Governor in Council. Land planning issues that come before the board include subdivision appeals, annexation recommendations, and intermunicipal disputes. Assessment disputes relate to equalized assessment and designated industrial property (e.g., major plants and linear property such as oil and gas wells, pipelines, railways and power generation plants).

The board also supports assessment review boards across the province by assigning members to hear and make decisions about municipal assessment complaints. Another function of the board is to provide training and certification for assessment review board clerks and board members.

Members of the Municipal Government Board have extensive appraisal, assessment, legal, and land-planning expertise, ensuring all stakeholders receive fair, timely, and well-reasoned decisions.

New Home Buyer Protection Board

The New Home Buyer Protection Board hears appeals of decisions issued by the New Home Buyer Protection Office regarding the following: owner-builder authorizations; hardship exemptions; status determinations; compliance orders; administrative penalties; and builder licensing.

Surface Rights Board*

The Surface Rights Board is a quasi-judicial administrative tribunal established by the *Surface Rights Act*. The Act regulates surface rights for a number of different operations including exploration and development of oil, gas, and coal. Pipelines and major power transmission lines are also covered by the Act. The Surface Rights Board assists landowners/occupants and operators to resolve disputes about:

- right of entry to the owner's land and the compensation payable to the landowner for the entry;
- renegotiation of annual compensation under a surface lease or board order;
- offsite damages; and
- outstanding payments owed to a landowner by an operator under a surface lease or board order.

The Surface Rights Board has an effective dispute resolution program that is crucial to the expeditious and efficient resolution of applications.

Land Compensation Board*

The Land Compensation Board is a quasi-judicial board established by the *Expropriation Act* that provides independent, accessible, fair, timely, and impartial processes when private land is expropriated by a public authority for a public purpose.

Support Services

Human Resource Services

Human Resource Services plans, develops, and delivers the department's strategic human resource programs, as well as day-to-day human resource services. Its responsibilities include promoting strategic human resource planning in alignment with business goals and objectives, supporting the attraction and engagement of high-calibre staff, and building employee capacity to achieve business plan goals.

Legal Services

Legal Services, a resource provided by the Ministry of Justice and Solicitor General, provides legal services to the department's divisions and associated boards. The branch's responsibilities include participating in special projects, reviewing legislation and regulations, offering legal advice and written opinions, and preparing and reviewing legal documents.

Communications

Communications Branch, a resource provided by Communications and Public Engagement in the Ministry of Treasury Board and Finance, provides strategic communications advice, consulting services, and planning and communications support to the minister, deputy minister, and ministry staff to communicate effectively with stakeholders, the media, and Albertans. The branch also provides issues management, writing and editing, and media relations services.

* Responsibility for the Surface Rights Board and Land Compensation Board was transferred to Municipal Affairs from the Ministry of Environment and Parks on February 22, 2018.

Other Entities

The Safety Codes Council

The Safety Codes Council is a corporation established under the *Safety Codes Act*. The council's responsibilities include: providing advice to the minister on safety codes policy; working with industry through technical sub-councils to review codes and standards; accrediting municipalities and corporations to issue permits and inspect work carried out in their jurisdictions; and accrediting agencies that can be retained by accredited municipalities and corporations to provide safety codes officers on their behalf.

The council is also responsible for certifying and training safety codes officers who enforce the Act; administering the Master Electrician Program; and providing oversight of the permits issued and inspections conducted in unaccredited municipalities through the Alberta Safety Codes Authority. In addition to these responsibilities, the council administers an appeals process for decisions made under the Act.

Special Areas Board

The Special Areas Board is appointed by the Lieutenant Governor in Council and is responsible for the administration of 2.5 million acres of public land in southeast Alberta and the provision of municipal services to residents of this rural region. The Special Areas Board applies land-stewardship policies that are particularly suited to the sustainability of public lands in this ecologically fragile part of the province.

Improvement Districts

Municipal Affairs provides limited municipal services in seven improvement districts: 1) Waterton Lakes National Park; 2) Banff National Park; 3) Jasper National Park; 4) Elk Island National Park; 5) Wood Buffalo National Park; 6) Willmore Wilderness Park; and 7) Improvement District No. 349 (located in northeastern Alberta). The Government of Alberta, through Municipal Affairs, is responsible for all functions of local government in these improvement districts, including levying and collecting taxes. An eighth improvement district, Kananaskis Improvement District, is administered by the Ministry of Environment and Parks.

Delegated Administrative Organizations

Alberta Boilers Safety Association

The Alberta Boilers Safety Association is the pressure equipment safety authority, delegated to administer and deliver safety programs related to boilers, pressure vessels, and pressure piping systems in Alberta. The Alberta Boilers Safety Association's safety codes officers inspect boilers and pressure vessels in the province. The association is also responsible for the certification of pressure welders, inspectors, and power engineers for the operation of power or heating boilers.

Alberta Elevating Devices and Amusement Rides Safety Association

The Alberta Elevating Devices and Amusement Rides Safety Association is responsible for ensuring all elevating devices, amusement rides, and passenger ropeways (such as ski lifts) in Alberta comply with provincial safety codes and regulations.

Petroleum Tank Management Association of Alberta

The Petroleum Tank Management Association of Alberta is delegated to administer the Alberta Fire Code as it relates to the registration, construction, operation, alteration, and removal of petroleum tanks in Alberta.

Discussion and Analysis of Results

Executive Summary

In 2017-18, the Ministry of Municipal Affairs delivered on the commitments in its 2017-20 business plan, and continued its day-to-day operations to support Albertans, Alberta municipalities, and other stakeholders. Progress was also made on major initiatives and projects identified in the ministry's 2017-20 business plan. A few of these major strategies include: implementing amendments to the ***Municipal Government Act***, as well as developing and amending associated regulations; establishing **City Charters** for the province's two largest cities; establishing mandatory mechanisms to **strengthen regional planning and service delivery**; working to transition the **assessment of all designated industrial properties** from municipalities to the province; developing and implementing a **builder licensing program**; and further strengthening Alberta's **emergency management framework**.

The ministry recognizes the extraordinary growth that has taken place in the province over the past two decades (57 per cent population growth from 1995 to 2017), and with that growth there are challenges. In response to this growth, the Government of Alberta enacted legislation to strengthen the way Alberta municipalities plan and respond to these challenges.

As the majority of the recent amendments to the *Municipal Government Act* have come into force, local governments are now focusing on implementing new municipal requirements and compliance dates. Accordingly, the ministry's focus has shifted largely toward managing the changes and ensuring municipalities are prepared to adapt to the new policies. Significant progress was made in 2017-18 to ensure capacity to respond to the amended Act will be in place at both municipal and provincial levels. Strong relationships and collaboration with municipal stakeholders, including municipalities and municipal associations, have helped in this regard.

The ministry also worked with municipalities on key provisions in the amended *Municipal Government Act* designed to enhance co-operation and improve planning – the implementation of new **mandatory growth management boards** in metropolitan regions and **intermunicipal collaborative frameworks** in other areas of the province. The mandatory boards in the Edmonton and Calgary regions will guide collaborative and strategic planning for ongoing growth in Alberta's metropolitan regions. Intermunicipal collaboration frameworks are required for all municipalities outside metropolitan regions and the intent of these frameworks is to provide for integrated planning, delivery, and funding of intermunicipal services; to efficiently manage scarce resources for providing local services; and to ensure municipalities contribute funding to services that benefit their residents. To support municipalities with intermunicipal initiatives and capacity building, the ministry provided funding through the Alberta Community Partnership program.

In summer 2017, as part of a Rural Communities Initiative, the Minister of Municipal Affairs, along with a group of other ministers and MLAs, travelled more than 8,000 kilometres across the province in efforts to talk with, and listen to, rural Albertans. The team met with municipal leaders and key community stakeholders and heard diverse perspectives on local and regional issues including: support for rural healthcare; low-income and seniors housing; access to education; regional transportation for First Nations or low-income individuals; and rural economic development.

On January 1, 2018, the responsibility for the assessment of all designated industrial properties was transferred from municipalities to the province under the provincial assessor within Municipal Affairs' assessment program. This is referred to as **centralized industrial property assessment or centralized assessment**. The implementation of centralized assessment will continue in 2018-19 and, as a transitional measure, the ministry is proceeding with a hybrid assessment delivery model that will employ both in-house and contracted resources.

Municipal Affairs developed and implemented the **Builder Licensing Program** in 2017-18. This program, officially launched on December 1, 2017, protects homebuyers by improving the safety and integrity of new homes, while holding builders accountable for their work. The program requires that all residential builders be licensed in order to acquire building permits and mandatory warranty coverage.

After leading the response to several large-scale disasters in the past 10 years, including floods and fires, the ministry understands the need to respond quickly and effectively to emergencies and disasters. To this end, the ministry continues to work to **improve community resiliency** and apply **lessons learned** from previous disasters.

While the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board each maintain distinct mandates and legislative independence, amalgamation of their administrative operations continued in 2017-18. All four boards are now under the responsibility of the Minister of Municipal Affairs, as responsibility for the Surface Rights Board and the Land Compensation Board was transferred on February 22, 2018.

Looking forward, the 2018-21 Ministry of Municipal Affairs Business Plan outlines the ministry's priority initiatives. The ministry will continue to focus on supporting municipalities as they implement the new **Municipal Government Act** provisions, including mandatory **growth management boards** and **intermunicipal development frameworks**.

The transition to a **centralized model for designated property assessment** will be completed, working collaboratively with municipalities and industry.

The ministry will continue to collaborate with the Safety Codes Council, its delegated administrative authorities, and stakeholders to develop a **quality assurance framework**. The framework will provide strategic guidance, oversight, and monitoring of the safety system, with a focus on **improved data and analytics**.

Alberta's emergency management system will be strengthened through amendments to the province's **Emergency Management Act**. These amendments will, among other things, update rules and regulations to help communities improve their response to disasters. The creation of a new regulation will help ensure communities are prepared by providing increased direction around their roles and responsibilities for emergency management. The development of a new state of the art **Provincial Operations Centre**, scheduled to be completed in spring 2021, will provide improved infrastructure required for disaster response.

OUTCOME ONE

Albertans live in viable municipalities and communities with responsible, collaborative and accountable local governments

Key Strategy 1.1 – Work with municipalities to strengthen regional planning and service delivery through implementation of new mandatory Growth Management Boards in metropolitan regions and Intermunicipal Collaborative Frameworks in other areas of the province.

In 1995, Municipal Affairs completed a major review of municipal legislation and adopted a comprehensive new *Municipal Government Act*. The next major review began 17 years later, in 2012, and it was completed in 2017. This was a period of rapid growth in Alberta. With the population increasing by 57 per cent from 1995 to 2017, Alberta was the fastest growing province in Canada. New residents were attracted by low taxes, burgeoning employment opportunities, and a high standard of living.

However, strong growth comes with challenges, and as Alberta municipalities continue to grow, there continues to be a need to build sustainable, forward-looking communities. Recognizing the need for communities to be well prepared to keep pace with the times, the Government of Alberta enacted legislation to strengthen the way Alberta municipalities plan and respond to these challenges. Among the recent changes under the amended *Municipal Government Act* are formal requirements for municipalities to collaborate with their neighbours in the planning and delivery of services. Communities are now obligated by law to work together to provide residents with high-quality services across municipal boundaries, and sustainably plan for future growth.

To support communities in undertaking these collaborative activities, the ministry will continue programs and activities in support of intermunicipal initiatives – some of which are discussed later in this section. The ministry will also continue to provide advice, training, and resources to municipalities on a range of governance and operational matters.



Did you know?

The last major update of the *Municipal Government Act* occurred in 1995. At that time, the population of Alberta was 2.73 million people. By the time the recent review of the legislation was completed in 2017, the population of Alberta was 4.29 million. Between reviews, the provincial population grew by 57 per cent. The second fastest growing province during this period was Ontario at 30 per cent.

– Source: Statistics Canada 1995 and 2017 population estimates

Growth Management Boards

In updating the *Municipal Government Act*, Municipal Affairs included specific provisions for the establishment of mandatory growth management boards in the Calgary and Edmonton regions. These boards will guide collaborative and strategic planning for ongoing growth in Alberta's metropolitan regions. Legislative amendments were passed in December 2016 to set forth the government's intent to form the boards, and two new regulations were approved in October 2017 to define the mandate, membership, and governance structure of the boards.

The Edmonton Metropolitan Region Board succeeds, and continues the work of, the former Capital Region Board—the only growth management board previously mandated under the Act. The membership of the board includes Edmonton, all adjacent rural municipalities, and all urban municipalities in the region with more than 5,000 citizens.

The Calgary Metropolitan Region Board is the first provincially mandated growth management board for the Calgary region. The membership of the board includes Calgary, all adjacent rural municipalities, and all urban municipalities in the region with more than 5,000 citizens.

The boards will focus on:

- environmentally responsible land-use planning, growth management, and efficient use of land;
- developing policies regarding the co-ordination of regional infrastructure investment and service delivery;
- promoting the economic well-being and competitiveness of the region; and
- developing policies outlining how the board will engage the public.

Development of the Regulations

Municipal Affairs developed the framework for the two boards in close consultation with affected municipalities in both regions. In fall 2017, a draft of the regulations was posted online for public review. Feedback showed general support and recognized the need for a co-ordinated regional approach to growth planning. Municipalities in the Edmonton region indicated support for the board's expanded mandate and the smaller number of municipal members – 13, compared to the former Capital Region Board's 24 members.

Some municipalities from the regions expressed reservations about the governance structure outlined in the draft regulations. These responses were consistent with feedback previously provided by those municipalities around the development of the framework of the boards. While these concerns were considered, the proposed governance structure was determined to be the best option and was maintained in the final regulations. This governance structure requires decisions to be supported by both two-thirds of member municipalities, and municipalities representing two-thirds of the affected population.

The Edmonton Metropolitan Region Board Regulation came into force immediately upon government approval of the two regulations on October 26, 2017. Recognizing that time would be needed to get the new Calgary region board up and running, the Calgary Metropolitan Region Board Regulation came into force January 1, 2018.



Did you know?

When the former **Capital Region Board** was founded in 2008, the population of the 13 member municipalities that now make up the new Edmonton Metropolitan Region Board was 1.05 million. By 2017, the population had grown to 1.17 million, a growth rate of 11 per cent.

The population of the 10 member municipalities that make up the new **Calgary Metropolitan Region Board** was 1.21 million in 2008. By 2017 the population had grown to 1.49 million, a growth rate of 23 per cent.

– Source: Alberta Municipal Affairs Population List, 2008 and 2017

The Boards Move Forward

To meet their objectives, each growth management board is required to develop a long-term growth plan and a five-year metropolitan servicing plan, both of which need to be approved by the Minister of Municipal Affairs. The boards are also required to develop a “regional evaluation framework” as a mechanism to objectively determine if the proposed land-use plans of municipal members are in alignment with the regional plan.

In 2016, the Capital Region Board submitted an update to its growth plan and regional evaluation framework; in October 2017, the updated plan received ministerial approval upon the official establishment of the Edmonton Metropolitan Region Board. This allows the new board to start implementing the plan and work toward the creation of a regional servicing plan as part of its enhanced mandate.

As a new entity, the Calgary Metropolitan Region Board has been organizing resources to begin to fulfill its mandate. The minister has appointed an interim chair and the municipalities in the Calgary metropolitan region are developing an interim growth plan and regional evaluation framework that will guide growth and development until the board is prepared to develop a comprehensive, long-term plan.

Ministry Support for the Boards

Prior to the establishment of the Calgary Metropolitan Region Board, the ministry provided yearly allocations to the Calgary Regional Partnership, a voluntary organization formed in the early 2000s that promoted regional planning in the Calgary metropolitan area. In August 2017, the minister approved an Alberta Community Partnership Strategic Initiatives grant of \$1.25 million for the Calgary Regional Partnership to support its 2017-18 core administration costs, its wind-down of regional initiatives, and preparations for the transfer of information to the new Calgary Metropolitan Region Board.

To assist with the establishment of the Calgary Metropolitan Region Board, the minister approved a 2017-18 Alberta Community Partnership grant of \$1.5 million for start-up funding and core operational costs of the board. In summer 2017, prior to the official start-up of the Calgary Metropolitan Region Board, the ministry also provided an Alberta Community Partnership Strategic Initiatives grant of \$320,000 to the City of Airdrie, which is leading efforts to develop an interim growth plan and regional evaluation framework for the Calgary region.

The Calgary Regional Partnership dissolved in February 2018 as planned, and identified a \$480,000 surplus of core operating grant funding. This surplus was transferred back to Municipal Affairs and reallocated to the Calgary Metropolitan Region Board to provide additional financial support for the start-up of the board.

For the Capital Region Board, the minister approved a grant of \$2.25 million under the Alberta Community Partnership, in 2016-17, in support of 2017-18 core operational costs and regional initiatives. Now that the Edmonton Metropolitan Region Board has replaced the Capital Region Board, this funding will support implementation of the Edmonton Metropolitan Region Growth Plan and development of a regional servicing plan.

Municipal Affairs has committed to providing financial support for the two boards during the early stages to help them establish a strong foundation to fulfill their mandate. However, the growth management board regulations allow the boards to requisition operating funding from their members, which is expected to result in a transition to a shared provincial/regional funding model over time.

In addition to financial support for the boards, the minister appointed the Assistant Deputy Minister of the Public Safety Division of Municipal Affairs as a representative of the Government of Alberta to sit as a non-voting member on both the Calgary Metropolitan Region Board and the Edmonton Metropolitan Region Board. The Government of Alberta representative serves as a liaison between the boards and the province to ensure effective communication and information-sharing between the Government of Alberta and the boards.

Intermunicipal Collaboration Frameworks

In the process of updating the *Municipal Government Act*, the Alberta government also included specific requirements for municipalities outside of the metropolitan regions to create intermunicipal collaboration frameworks and intermunicipal development plans. This new requirement reflects the high priority the government is placing on co-ordinated approaches to service delivery and planning.

The legislation describes the purposes of intermunicipal collaboration frameworks as follows:

- to provide for the integrated and strategic planning, delivery and funding of intermunicipal services;
- to steward scarce resources efficiently in providing local services; and
- to ensure municipalities contribute funding to services that benefit their residents.

In developing the frameworks, municipal neighbours with common boundaries will list the services they provide to just their municipalities, the ones that are shared on an intermunicipal basis, and services provided on a third-party basis (e.g., a utility service provided by a corporation owned by another municipality). The neighbouring municipalities will also identify how these services would best be provided and outline how each intermunicipal service will be delivered and funded. Municipalities will also need to have intermunicipal development plans in place.

While many Alberta municipalities have a strong record of intermunicipal co-operation, and have already created intermunicipal development plans, the ministry recognizes municipalities will need to invest time and resources into formalizing these intermunicipal arrangements. To help municipalities formalize the mandatory frameworks and intermunicipal development plans, the ministry provided approximately \$1 million in funding to support the Alberta Urban Municipalities Association and the Rural Municipalities of Alberta (formerly the

Alberta Association of Municipal Districts and Counties) in developing tools and templates. The ministry also provides grant funding to municipalities directly to support the development of intermunicipal frameworks, development plans, and related service agreements. While the 2017-18 Intermunicipal Collaboration component of the Alberta Community Partnership program provided grant funds totalling \$7.5 million, \$5.3 million supported municipalities to develop 81 new or updated intermunicipal development plans and 87 intermunicipal collaboration frameworks. The remaining \$2.2 million funded other eligible projects related to developing or expanding regional municipal service delivery.

Ministry staff have worked diligently to provide information and advice on the changes to municipalities, have supported the development of tools and resources, and have delivered regional training to assist municipalities in better understanding how to proceed. Key examples of these efforts include:

- presentations on the new requirements for intermunicipal collaboration frameworks and intermunicipal development plans at nine locations in the province in May and June 2017, as part of the ministry's regional training sessions for municipal administrators;
- information sessions at the Local Government Administration Association conference in April 2017, the Society of Local Government Managers leadership workshop in May 2017, and the Rural Municipalities of Alberta convention in November 2017;
- a joint session in February 2018 for the boards and executives of the Alberta Urban Municipalities Association, the Rural Municipalities of Alberta, and the Association of Summer Villages of Alberta; and
- full-day workshops in February and March 2018 on approaches to develop the intermunicipal frameworks and plans. The sessions themselves were collaborative in nature in that they were hosted by various municipalities, promoted by the municipal and administrative associations, and utilized a workbook developed by the municipal associations. A total of 130 administrative and elected officials – representing 60 municipalities – attended the sessions which were held in four locations.



Did you know?

The Edmonton-Calgary Corridor (which covers six per cent of the area of Alberta) grew from 1.94 million people in 1995 to 3.27 million people in 2017. Seventy-six per cent of Albertans and 8.9 per cent of Canadians live in the Edmonton-Calgary Corridor.

- Source: Statistics Canada 1995 and 2017 population estimates. The Edmonton-Calgary corridor consists of three federal census divisions (divisions 6, 8 and 11) and includes Edmonton, Calgary, Red Deer and the surrounding areas.

Intermunicipal Relations Support

The ongoing activities of the ministry's intermunicipal relations team align well with the new legislative focus on intermunicipal co-operation and collaboration. This team provides training and advice to municipalities on effective collaboration and conflict resolution. By strengthening these processes, municipal neighbours are better equipped to fulfill their legislated mandate to plan, deliver and fund intermunicipal services.

The intermunicipal relations team also provides support to municipalities that apply for funding under the Mediation and Cooperative Processes component of the Alberta Community Partnership for assistance with mediations or collaborative governance initiatives. In the past year, a new category was added to this funding stream to help with mediator or facilitator costs of negotiating service agreements relating to intermunicipal collaboration frameworks and intermunicipal development plans.

In 2017-18, \$250,000 in Alberta Community Partnership funding was provided to support intermunicipal collaboration framework negotiations involving 11 municipalities.

Collaborative Governance Initiative

The Collaborative Governance Initiative helps local governments explore ways to improve communication and conflict management internally or intermunicipally. It is a preventative approach that seeks to build better relationships before problems arise, and was initiated in 2008 as the result of municipal requests for assistance to help with conflicts. These processes support improved communication within municipal administrations, between administration and council, between the municipality and the public, and between municipalities. In the initial phase of the program, municipalities evaluate how they manage internal and external issues. After completing an assessment, municipalities are encouraged to develop new ways to manage these issues through enhanced policies, procedures, evaluation processes, and training.

Where in-depth support is necessary, the intermunicipal relations team assists municipalities in making funding applications under the Co-operative Processes component of the Alberta Community Partnership program. Eligible projects may include the development of protocols for working more collaboratively (internally or intermunicipally), or the development of a comprehensive citizen communication and engagement strategy for a municipality.

In 2017-18, the ministry provided approximately \$200,000 in financial support toward four collaborative governance projects involving 16 municipalities. The funding assisted these municipalities in developing planning protocols and internal protocols.

Intermunicipal Dispute Resolution Initiative

The Intermunicipal Dispute Resolution Initiative encourages the use of mediation or other dispute resolution alternatives to resolve issues without resorting to an outside authority. This approach can save time and resources, and help to avoid legal proceedings. Typically, issues resolved through mediation pertain to annexation, land-use planning, cost-sharing, and the need for improved intermunicipal relationships.

Where in-depth support is necessary, the ministry will help municipalities make funding applications under the Alberta Community Partnership program. Where appropriate, the ministry may cover a third of the funding for mediation, and municipalities contract directly with private sector mediators. In 2017-18, the ministry provided \$100,000 in mediation funding in support of five requests for mediation assistance on a number of issues including annexation and land use. Since 2010, the program has provided support for 33 mediations involving more than 60 municipalities.

The ministry maintains a roster of private-sector mediators with the assistance of representatives from the municipal associations and the Alberta Arbitration and Mediation Society. This roster gives municipalities access to a list of mediators with relevant training, experience, and an interest in intermunicipal mediation.

Regional Services Commissions

A regional services commission is a form of municipal partnership that may be created through a regulation under the *Municipal Government Act* for the joint provision of services on behalf of member authorities. These authorities may include municipalities, First Nations, Metis Settlements, and armed forces bases. Across the province, 73 commissions deliver one or more services such as utilities (water, wastewater, solid waste), landfill, emergency services, and property assessment on a regional basis. Regional services commissions have their own distinct legal status, apart from municipalities, and as such, may hire staff, administer their own payrolls, raise capital, and own property.

In 2017-2018, two applications were received to establish new commissions. The establishing regulations were subsequently made by Lieutenant Governor in Council in April 2018. The ministry reviews applications in collaboration with other ministries to ensure the proposed services will be sustainable. This may include reviewing capital and business plans, grant funding, regulatory compliance, and provincial legislation.

One commission was disestablished at the request of its members as the members did not proceed with the commission’s approved purpose. Also in 2017-18, two regional services commissions updated their membership, requiring amendments to their respective regulations.

As an accountability measure, the *Municipal Government Act* requires ministry approval for regional service commissions to do certain things, including: the passing or revising of a board-of-director appointments bylaw, disposal of assets, and provision of services outside of its members’ boundaries. The ministry approved 11 such requests in 2017-2018. Regional services commissions are expected to continue to be an important option available to municipalities that want to determine the best ways to provide services on a regional basis.

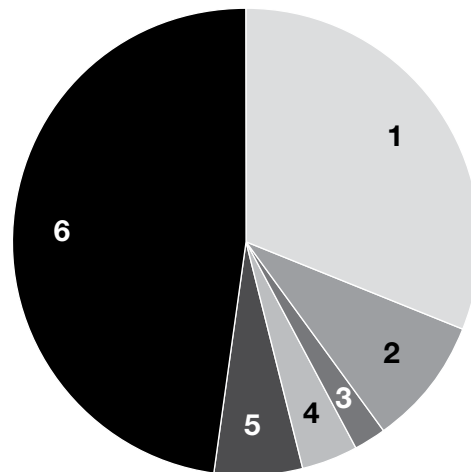
Alberta Community Partnership

The Alberta Community Partnership grant program continues to assist municipalities enhance inter-municipal relations, build capacity, and find more efficient and effective ways to deliver regional services.

The budget for the 2017-18 Alberta Community Partnership program was \$18.5 million and supported projects that aligned with program eligibility under one of six component streams:

1. Intermunicipal Collaboration;
2. Municipal Restructuring;
3. Mediation and Cooperative Processes;
4. Municipal Internship;
5. Local Land Use Planning; and
6. Strategic Initiatives.

Alberta Community Partnership Component Streams by Percentage of Funding 2017-18



1. Intermunicipal Collaboration = 31%
2. Municipal Restructuring = 9%
3. Mediation and Cooperative Processes = 2%
4. Municipal Internship = 4%
5. Land Use Planning = 6%
6. Strategic Initiatives = 48%

Intermunicipal Collaboration

The Intermunicipal Collaboration component provides competitive grants to municipal partnerships pursuing regional approaches to service delivery. In order to be eligible, projects have to focus on supporting regional land-use and service-delivery planning – specifically, development of intermunicipal collaboration frameworks and intermunicipal development plans, as these statutory frameworks are prescribed for all municipalities under the amended *Municipal Government Act*. Projects dealing with regional service of land-use arrangements, such as shared feasibility studies, were also eligible under this component.

In 2017-18, 51 projects involving 159 municipalities were approved for \$7.5 million in support of regional land-use and service-delivery frameworks.

Examples of projects include:

- The City of Grande Prairie – in partnership with the towns of Sexsmith and Wembley, and the Horse Lake First Nation – was approved for \$200,000 to develop a regional intermunicipal collaboration framework and intermunicipal development plan.
- The Village of Girouxville – in partnership with the towns of Falher and McLennan, the Village of Donnelly, and the Municipal District of Smoky River – was approved for \$200,000 to develop intermunicipal collaboration frameworks, intermunicipal development plans, and related municipal development plans.
- The Town of Black Diamond – in partnership with the Town of Turner Valley, the Village of Longview, and the Municipal District of Foothills – was approved for \$91,200 to develop a water and wastewater governance framework.

In 2017-18, this component remained popular with municipalities and, similar to previous years, was oversubscribed.

Municipal Restructuring

The Municipal Restructuring component provides grants to municipalities undertaking viability reviews or restructuring activities, such as dissolution or amalgamation.

In 2017-18, \$2,055,000 in transitional and infrastructure funding was granted through this component to the counties of Stettler and Two Hills, the receiving municipalities for the dissolved villages of Botha and Willingdon, respectively.

Further detail on this component is discussed in the Viability Reviews section under Other Ministry Activities in Support of Outcome One.

Mediation and Cooperative Processes

The Mediation and Cooperative Processes component provides grants to municipalities to access dispute resolution services, develop pre-emptive co-operation protocols and procedures, or to engage third-party mediators or facilitators to assist with intermunicipal collaborative framework negotiations.

In 2017-18, a total of \$550,000 was provided to support intermunicipal collaboration framework negotiations, collaborative governance projects and mediation assistance.

Further detail on this component, including a breakdown of funding for each stream, is discussed in the Intermunicipal Relations Support, Collaborative Governance Initiative and Intermunicipal Dispute Resolution Initiative sections under this key strategy.

Municipal Internship

The Municipal Internship component provides grants to municipalities and planning services agencies to host land-use planner, finance officer, or municipal administrator internships.

In 2017-18, the ministry provided approximately \$993,000 in grant funding to help 21 internship hosts cover the costs of hosting nine administrator interns, six land-use planner interns, and eight finance officer interns.

Further detail on this component is discussed in the Municipal Internship section under Other Ministry Activities in Support of Outcome One.

Local Land Use Planning

The Local Land Use Planning component, launched on January 15, 2018, was a limited-term component for 2017-18. This component was intended to assist municipalities – with populations less than 3,500 – create first-time municipal development plans. These plans identify future development patterns within individual municipal boundaries and facilitate local planning and economic growth. Application intake was open until February 15, 2018.

Grant maximums of \$15,000, \$20,000, and \$30,000 were available for summer villages, villages, and towns, respectively. A total of 76 municipalities received \$1,361,568 under this component to form municipal development plans to serve as a foundational tool to better inform and prepare for local planning and the future needs of their communities.

Strategic Initiatives

On occasion, the ministry has an opportunity to support projects of strategic significance outside the scope of funding components aimed at strengthening regional planning and service delivery, but align with ministry and provincial priorities. Strategic Initiatives provides grants for those projects that do not fall within other program components.

Examples of projects include:

- partnering with the Alberta Fire Chiefs Association to develop and implement a carbon monoxide education and awareness campaign. The \$750,000 project aims to improve the safety and wellness of all Albertans and reduce the incidence of preventable carbon monoxide deaths.
- providing the Alberta Municipal Data Sharing Partnership with \$340,000 to support the continued development of a digital database for addresses and road networks within the province. This data will help support emergency service organizations, private industry and other service providers.
- supporting emergency response services on Highway 63. Athabasca County was approved for an additional \$1.5 million over five years for technical road rescue response, which brings the total funding for this project under the Strategic Initiatives component to \$2,823,700.
- administering core funding for the Edmonton Metropolitan Region Board, the Calgary Metropolitan Region Board, and grants to municipal associations to support municipal professional capacity.

**Did you know?**

More than 220 municipalities across Alberta benefited from an Alberta Community Partnership grant in 2017-18, either as grant recipients or as formal partners on joint initiatives.

Key Strategy 1.2 – Implement approved amendments to the *Municipal Government Act*, develop new and updated regulations in support of the legislation, and support municipalities in adapting to new provisions strengthening accountability, transparency, planning, and sustainability.

Proclamation of *Municipal Government Act* Amendments

On October 26, 2017, the Lieutenant Governor in Council approved three Orders in Council to proclaim a wide suite of amendments to the *Municipal Government Act*. These amendments brought into effect policy changes developed in recent years by consulting extensively with Albertans and were passed by the Legislative Assembly as three amending acts.

The amendments and associated regulations came into force in three waves:

1. several new policies relating to municipal governance and land-use planning took effect October 26, 2017;
2. most new policies relating to assessment and taxation took effect January 1, 2018, to align with the municipal taxation year; and
3. most new policies relating to planning and governance took effect April 1, 2018.

Some approved amendments are still to be proclaimed, and this will occur once the associated regulations have been completed.

The proclamation of the legislation was another major milestone representing several years of research, analysis, consultation, developmental work, and significant contributions by key stakeholder groups.

In March 2015, the Legislative Assembly approved a first round of amendments as set out in the *Municipal Government Amendment Act, 2015*, to adopt policy changes reflective of broad stakeholder consensus.

In December 2016 a second round of amendments was passed, as set out in the *Modernized Municipal Government Act*, following a series of robust engagement sessions with the public and stakeholders in 2014-15 and a ministry tour to communities across Alberta in summer 2016. The new legislation contained major policy shifts to strengthen how Alberta municipalities govern, plan for growth, and raise revenue.

In May 2017, a third round of amendments was passed under *An Act to Strengthen Municipal Government*. These legislative changes addressed further matters raised by Albertans during the ministry's summer 2016 tour and outlined in a discussion paper entitled "Continuing the Conversation" released in fall 2016. The amendments were developed through careful analysis of feedback from Albertans on the discussion paper and collaborative work with key municipal partners.

The policy changes made to the *Municipal Government Act* through the first two amending Acts can be categorized into four theme areas:

1. Enabling regional decision-making:

The need to strengthen decision-making and collaboration among municipalities at the regional level led to new legislation for the creation of mandatory growth management boards in the Edmonton and Calgary metropolitan regions, and intermunicipal collaboration frameworks in other areas of the province.

2. Building more complete communities:

A range of amendments to the legislative framework for local planning and development included, among others, a requirement for all municipalities (regardless of population size) to prepare municipal development plans, and provisions to enable municipalities to collect funding through off-site levies (charges to developers for provision of infrastructure) for use in building community recreation facilities, fire halls, police stations and libraries.

3. Enhancing municipal accountability and transparency:

Amendments made to strengthen Alberta's local governance model included, for example, the granting of authority to the Alberta Ombudsman to investigate complaints about municipalities, and a requirement for municipalities to offer orientation training to local councillors following each municipal election.

4. Consistency, efficiency, and fairness in Alberta's assessment and taxation framework:

Policy changes included, among others, the centralization of the assessment of designated industrial properties, limiting the extent to which a municipality's tax rates can differ for residential and non-residential property, and enabling a municipality to split its non-residential assessment class into sub-classes as defined in regulation.

In May 2017, with the passing of *An Act to Strengthen Municipal Government*, policy changes were made to further refine, adjust, and build upon those adopted in the previous two amending acts. This third Act included amendments made for the following purposes:

- enabling municipalities to adopt bylaws to entitle their councillors to take **parental leave**, and exempting councillors from disqualification when absent under the provisions of the parental leave bylaw. Prior to this amendment, the *Municipal Government Act* did not address the matter of parental leave.
- clarifying that municipalities may invite **Indigenous communities** (Metis Settlements and First Nations) to participate in the delivery and funding of services under an intermunicipal collaboration framework. Prior to this amendment, the legislation did not address this policy matter.
- specifying that a municipality is now required to notify **Indigenous communities** (a neighbouring Metis Settlement and/or First Nation) of the preparation of a new municipal development plan, or the preparation of a new area structure plan if the First Nations reserve or Metis Settlement is adjacent to the new area structure plan. This amendment provides Indigenous communities with the same opportunity to comment as is given to adjacent municipalities.
- enabling two or more municipalities to charge an intermunicipal **off-site levy** for use in funding infrastructure that benefits areas of both municipalities. This infrastructure could potentially include facilities such as libraries, police stations, fire halls, or community recreation facilities. The new provision is one tool municipalities may choose to use at their discretion to achieve greater efficiencies and equity in the funding of, and access to, services.
- requiring municipalities to work with school boards within their boundaries to develop **joint-use and planning agreements**. These agreements would establish, for example, a process for discussing matters related to the planning, development and use of school sites on municipal and school reserves in the municipality. Prior to the amendment, the joint agreements were not mandatory.

- specifying in the *Municipal Government Act* that one of the purposes of a municipality is to foster the **well-being of the environment**. This amendment confirms that municipalities can, and do, play a pivotal role in environmental management. Municipalities have authority to consider environmental factors in a range of operational and growth-related decisions, and have mechanisms at hand to address environmental concerns. One such legislative tool is the ability to set aside land and designate it as conservation reserve to protect environmentally significant areas.



Did you know?

Prior to the recent amendments, the *Municipal Government Act* identified the purposes of municipalities as:

- to provide good government; to provide 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 and maintain safe and viable communities.

Two additional municipal purposes have now been added to the Act:

- to work collaboratively with neighbouring municipalities to plan, deliver, and fund intermunicipal services. This newly stated purpose recognizes intermunicipal collaboration is essential to providing Albertans with well-planned, accessible and cost-effective services; and
- to foster the well-being of the environment. This newly stated purpose gives municipalities a clear signal regarding their ability and authority to consider the environment in a multitude of operational and growth decisions.

New and Updated Regulations

One important component in the overall review of the *Municipal Government Act* was the related review of all regulations associated with the Act, and the development of a number of new regulations to support and align with the approved policy changes. To carry out this task, a wide range of stakeholders were engaged in reviewing existing regulations and developing content for new and updated regulations. Once the proposed regulations were drafted, they were made available to all Albertans on the *Municipal Government Act* Review website.

In 2017-18, a total of 27 new and amended regulations under the *Municipal Government Act* were posted online in two groups – each for a 60-day period – for public comment. Online feedback ranged from three to more than 100 responses per regulation, depending on the regulation. In addition, more than 60 written submissions were received.

As a result of this feedback, further revisions were made to a few of the regulations prior to forwarding them for final government approval. For example, adjustments were made for the purposes of:

- clarifying, within the **Off-site Levies Regulation**, the meaning of “stakeholder” and matters relating to municipal transparency in consulting with stakeholders in determining a levy; and ensuring each participating municipality uses consistent methodology in determining a levy to be charged on an intermunicipal basis;
- extending to April 1, 2019 the date by which members and clerks of subdivision and development appeal boards are required to complete training as mandated under the **Subdivision and Development Appeal Board Regulation** (i.e., an extension to one year, rather than six months, from the coming-into-force date of the regulation);

- requiring clerks of subdivision and development appeal boards to complete refresher training every three years, rather than every two years, to be consistent with the training timeline for assessment review boards;
- requiring a municipality to review its public participation policy at least once every four years for ongoing relevance and effectiveness, rather than three years as proposed in the draft **Public Participation Policy Regulation**, to better align with the four-year municipal election cycle; and
- requiring a municipal council to review and update its code of conduct at least once every four years from the date it is passed, rather than on a prescribed four-year interval after each municipal election as initially proposed in the draft **Code of Conduct for Elected Officials Regulation**. The adjustment enables a council to review the code more frequently at its own discretion.

A number of changes were made to Alberta's property assessment and taxation framework as a result of implementing related amendments to the *Municipal Government Act*, evolving from discussions with stakeholders on ways to improve the existing structure. Related amendments to the Act include:

- legislating a linked ratio of 5:1 between municipalities highest non-residential tax rate and their lowest residential tax rate;
- enabling regulation-making authority for the sub-classing of the non-residential property assessment class;
- transferring responsibility for the assessment of all designated industrial properties to the provincial assessor; and
- making a number of technical changes to ensure a more consistent access to assessment information and a more efficient assessment complaints process.

The following regulations were updated and/or developed in consultation with stakeholders:

- The **Matters Relating to Assessment and Taxation Regulation, 2018** sets out the instruction – for assessors, municipalities, and the public – for preparing annual property assessments. It was developed to align with recent changes to the *Municipal Government Act*.
- A new property regulation, **Matters Relating to Assessment Sub-classes Regulation**, allows municipalities to establish, through bylaw, a small business non-residential sub-class and set the tax rate for that sub-class up to 25 per cent lower than the rate charged to other non-residential properties.
- The **Matters Relating to Assessment Complaints Regulation, 2018** sets out instructions and the process for annual property assessment complaints, to improve efficiency of the complaints process and align with changes to the *Municipal Government Act*.
- The **Qualifications of Assessor Regulation** was amended to ensure the appointed municipal assessor declares sole responsibility for submitting the municipal assessment roll.
- A review of assessment models for different types of regulated industrial property, outlined in the **Minister's Guidelines**, began in 2017-18 and will continue to encompass all types of regulated industrial property.
- The newly drafted **Community Organization Property Tax Exemption Regulation** was posted for public comment in summer 2017, resulting in substantial stakeholder feedback. As a result, the enacted regulation has since been amended to extend its expiry date to December 31, 2018, to ensure municipalities and non-profit organizations have adequate time to implement the revised regulation, which is expected to be in place for January 1, 2019.

Additional Regulations

The ministry continued work throughout the year on a number of regulations that required additional time to develop and/or further engagement with stakeholders to address concerns. These regulations included:

- an **Inclusionary Housing Regulation** to establish standards associated with new legislation enabling municipalities to require a portion of newly developed housing units to be designated for inclusionary (affordable) housing purposes;
- a **Municipally Controlled Corporations Regulation** to replace the existing Control of Corporations Regulation for establishing a corporation controlled by a municipality or a group of municipalities. The new regulation will align with newly adopted policies, including the removal of the need for municipalities to apply for ministerial approval to form this type of corporation, provided that new procedural and public participation requirements are observed;
- portions of the **Off-site Levies Regulation** relating to a legislative amendment to allow funding from an off-site levy to be used for required transportation infrastructure, as a result of a subdivision or development, in order to connect municipal roads to a provincial highway (these provisions were completed and received government approval in May 2018);
- a **Funding of Future Reserves Regulation** to give municipalities increased flexibility relating to reserve land dedication and development parameters with respect to large parks and school sites; and
- a **Business Improvement Area Regulation** will offer municipal councils flexibility to establish whether business owners or property owners pay the business improvement area tax within their municipality.

Change Management

With change comes the need to adjust and adapt to new ways of doing things. The ministry and its municipal partners have given careful thought and done extensive planning around the question of municipal and provincial capacity to respond to legislative changes. New resources are being made available to help municipalities meet new requirements, and also to help ministry staff meet the increased demands for support.

In late 2016, Municipal Affairs began to engage key municipal stakeholders in identifying major policy changes and tools to help communities implement them. Following preliminary conversations, the Municipal Legislation Change Management Partnership Committee was established with representatives from the Alberta Urban Municipalities Association, the Alberta Association of Municipal Districts and Counties (now the Rural Municipalities of Alberta), and Municipal Affairs to partner and co-ordinate efforts in managing change relating to the new legislation.

The ministry provided targeted funding support of \$1 million to be shared equally between the two municipal associations. The funding was provided under the Strategic Initiatives component of the Alberta Community Partnership and assisted the associations in developing tools, templates, and training materials for municipalities.

In the past year, change-management activities have included the following:

Preparation of Guidelines and Templates

The associations took the lead in developing a sample code of conduct bylaw, a public participation policy framework template, and a best practice guide on intermunicipal collaboration frameworks.

Development of Fact Sheets

Fact sheets were prepared on several significant policy changes. Each fact sheet includes information on what has changed, actions municipalities need to take, compliance dates, and resources available to assist municipalities. More than 30 fact sheets were prepared and made available online in late October 2017, along with a legislative checklist for administrators and elected officials.

**Did you know?**

Thirty-three fact sheets are available for your information on recent policy amendments to the *Municipal Government Act*. You can find them online at: <https://open.alberta.ca/publications/mga-implementation-fact-sheets>

Training and Information Sessions

In 2017, the ministry's training programs for administrators focused on the legislative changes. In June 2017, the ministry delivered regional training sessions in Olds, Spruce Grove, Lethbridge, Grande Prairie, and Lac La Biche. In late August and early September 2017, more sessions were delivered in Drumheller, Peace River, St. Paul, and Camrose. Key topics included intermunicipal collaboration frameworks, codes of conduct for councillors, financial and capital plans, and the centralization of designated industrial property assessment.

**Did you know?**

In total, 622 individuals representing 240 municipalities attended nine regional training sessions held across Alberta for staff working in small and medium-sized municipalities. The year 2017-18 marked the fifth year of the training program.

Future Activities

Looking forward to 2018 and considering feedback from municipalities, it is anticipated the ministry's change-management activities will continue, including:

- delivering training sessions for members and clerks of subdivision and development appeal boards – based on updated curriculum materials;
- working in partnership with regional planning agencies to develop guidelines for the preparation of municipal development plans; and
- working with municipal partners to host workshops in spring 2018 to help municipalities understand and consider their next steps in relation to the new requirements for intermunicipal collaborative frameworks and intermunicipal development plans. The workshops are being hosted from April through June by various municipalities and promoted in partnership with the municipal associations of elected officials and administrators.

Ministry representatives will continue to be available to make presentations when invited to regional meetings and major conferences of stakeholders. Similarly, the ministry's advisory staff will continue to be available to respond to phone calls and written inquiries from municipalities and the public.

The ministry has also been collaborating with the Alberta Ombudsman's Office and facilitated the training of ombudsman staff on municipal legislation and operations. As of April 1, 2018, the ombudsman's mandate includes the investigation of complaints about municipalities. The ombudsman has the authority to investigate complaints from individuals who feel they have been treated unfairly by a municipality. Complainants must go through any relevant appeal or review process before the ombudsman can investigate.

Challenges and Lessons Learned

In reflecting on the past year's work in finalizing regulations and implementing new legislation, ministry representatives have identified some of the challenges and lessons learned, such as the following:

Analysis of Feedback

Given the ministry's intent to put the new legislation into place by fall 2017 for the benefit of Alberta's newly elected municipal councils, there was limited time to analyze feedback from the public and stakeholders on the second group of regulations that were posted online in July 2017.

In recognition of this compressed timeline, the ministry determined the best approach would be to work closely with key stakeholders both during and after the 60-day posting period to discuss adjustments that may be required to some of the regulations as a result of feedback.

Working collaboratively with stakeholders provided the ministry with the necessary background to make informed recommendations in a timely manner following the feedback period. The ministry also recognized, as in past years, that bringing stakeholders with vastly different perspectives together for discussion helps to find innovative solutions and create more balanced legislation.

Value of Partnerships

As noted, one of the biggest challenges the ministry faced in 2017-18 was the need to ensure municipalities were equipped with information and support to effectively implement the legislative changes. In this regard, the ministry once again recognized the need to consult with its municipal partners. The ministry worked with the municipal associations to develop information documents, training materials, and training opportunities. By collaborating closely, the ministry and its municipal partners were able to strengthen relationships and build a common understanding and approach to address a range of change-management issues.

Internal Lines of Communication

During the *Municipal Government Act* review and the implementation of policy changes, there has been an ongoing need for careful co-ordination internally, and the prompt sharing of information with the ministry's advisory staff to ensure the advice delivered to inquirers is clear, concise and up to date. Ministry advisors are constantly improving their ability to give callers a clear understanding of the province's legislative framework and processes, while offering balanced advice that respects municipal autonomy.

Contributions of Stakeholders

The ministry once again recognized and appreciated the tremendous contribution made by key stakeholders throughout the review and updating of the legislation. In the future, if the ministry were to undertake a consultation process of a similar magnitude, it will be important to take key 'lessons learned' forward, such as the potential for consultation participants to become fatigued, and opportunities to be more strategic around when and how engagement occurs. For example, there may be opportunities to make greater use of video-conferencing or other technology to reduce the need for key participants to make frequent trips to consultation meetings.

Key Strategy 1.3 – Transition the assessment of designated industrial properties from municipal assessors to the Provincial Assessor.

Centralized Industrial Property Assessment

Effective January 1, 2018, the modernized *Municipal Government Act* transferred the responsibility for the assessment of all designated industrial properties from municipalities to the province under the provincial assessor within Municipal Affairs' assessment program. This is referred to as centralized industrial property assessment or centralized assessment.

Designated industrial property is the term used to identify all industrial properties that will be assessed by the province. These include:

- properties regulated by the Alberta Energy Regulator, National Energy Board and Alberta Utilities Commission;
- linear property such as wells, pipeline, railways (railway became linear property on January 1, 2018), telecommunications and electric power systems;
- property designated as a 'major plant' by the 2017 Alberta Machinery and Equipment Minister's Guidelines; for example large refineries, upgraders, pulp and paper mills; and
- land and improvements associated with property regulated by the Alberta Energy Regulator, Alberta Utilities Commission or National Energy Board and major plants (machinery and equipment on a site not classified as designated industrial property will continue to be assessed by a municipal assessor).

As an initial step, Municipal Affairs issued the 2017 assessment roll and notices on February 28, 2018. As this assessment is based on the 2017 assessment year, during which time municipalities were responsible, it was prepared using information and valuation input submitted by municipal assessors to the provincial assessor.

The implementation of centralized assessment will continue in 2018. As a transitional measure, the province is proceeding with a hybrid delivery model that will employ both in-house and contracted resources.



Did you know?

The estimated total assessment value for all designated industrial properties in Alberta is \$169.7 billion. That accounts for 18 per cent of the combined assessment value for all properties in Alberta.

Municipal Affairs worked with targeted municipalities to co-develop a contract template to support the hybrid assessment model. As of March 31, 2018, the province had entered into contracts with 76 eligible municipalities. Assessors from these municipalities will work on behalf of the provincial assessor to assess designated industrial properties within their respective municipal boundaries. Assessment of properties within the remaining municipalities will be conducted using ministry resources. This hybrid model is a significant accomplishment in terms of collaboration and a major step toward ensuring greater consistency in property assessment across the province.

Program costs, including preparing and defending assessments, will be recovered through a requisition added to designated industrial property owners' tax notices. Municipal Affairs remains committed to working collaboratively with municipalities and other stakeholders to support program development and implementation. Toward this end, the department:

- established advisory committees composed of knowledgeable individuals from municipalities, business, and industry organizations;
- provides regular updates and technical information to municipalities; and
- issues monthly newsletters to ensure broader awareness of progress amongst stakeholders.

Centralized assessment is expected to promote consistency and certainty for industrial taxpayers and lower administrative costs for municipalities.

Prior to centralized assessment, linear property was assessed by the province through a cost-recovery approach. The total linear property assessment in 2017-18 was \$69.3 billion, representing an increase of 1.18 per cent from 2016-17. This increase is attributable to changes in the provincial inventory of linear property, and inflation.

Linear assessment is expected to generate approximately \$733 million in municipal taxes and \$250 million in education property tax. In the 2017-18 fiscal year, linear property was assessed separately from the rest of designated industrial properties; however, as centralized assessment progresses, linear property will be included in the assessment process for all designated industrial property.

There were 10 companies that filed linear property assessment complaints in 2017 for the 2016-17 assessment year, with only one having a merit hearing before the Municipal Government Board.



Did you know?

There are 410,959 kilometres of assessed pipelines in Alberta. That distance would take you all the way to the far side of the moon.

Key Strategy 1.4 – Work in partnership with the cities of Calgary and Edmonton to develop and implement city charters that reflect the unique circumstances of these major metropolitan centres and provide the necessary tools to govern efficiently and effectively over the long term.

While Calgary and Edmonton have evolved in response to population growth and development in these two major metropolitan centres – resulting in highly sophisticated and capable local governments – growth pressures have generated key challenges for the cities and the provincial government.

Among the challenges are increasing expectations of citizens, pressures on the built and natural environments, heightened demand on social systems, and the need for economic diversification. The City Charters for Calgary and Edmonton will help to address these challenges by:

- providing these cities with the necessary flexibility and tools to effectively manage local matters;
- adjusting some roles and responsibilities to leverage the strengths of all parties; and
- formalizing long-term collaboration between the province and the cities in areas of mutual interest.

Calgary and Edmonton are governed primarily by the *Municipal Government Act*, the legislative framework for the operations of all municipalities in Alberta. The City Charters, approved in April 2018, represent a new, more mature relationship between the provincial government and its two major cities, allowing policies and legislation to be tailored to meet their unique circumstances. The *Municipal Government Act* had been amended in 2015 to enable the creation of City Charters, fulfilling a key commitment in the framework agreement signed by the province and the two cities in 2014.

Among other things, the City of Calgary Charter, 2018 Regulation and the City of Edmonton Charter, 2018 Regulation each enable the cities to:

- send electronic assessment and tax notices to citizens who ask, instead of paper copies;
- establish a municipal administrative tribunal system (for example, a place to adjudicate traffic tickets) to streamline and improve customer service for transit and parking bylaw infractions;
- vary parts of the *Traffic Safety Act* to allow for the use of variable speed limit signage; and
- develop mandatory municipal climate change adaptation and mitigation plans.

Public and Stakeholder Engagement

From July 2015 to July 2016, City Charter policy proposals were developed by task teams with representatives from Municipal Affairs, a number of other provincial ministries, and the two cities. Public and stakeholder engagement sessions to gather input on the proposed regulatory changes took place in 2016. The feedback from the engagement sessions and written responses was used to inform the development of the draft regulations for the City Charters.

These regulations address the interrelated themes of administrative efficiency, community well-being, community planning, and environmental stewardship. In August 2017, the draft regulations were posted online for 60 days to gather comments

from the public and stakeholders. A total of 472 responses were received to an online survey during this 60-day period, as well as 24 written submissions from stakeholders. Key stakeholders included municipalities and municipal associations, developers, and social organizations.

Much of the feedback regarding charters indicated support for the provisions, specifically the provisions encouraging administrative efficiency. A number of email and survey responses also indicated that citizens were pleased to see that no new taxation authorities are granted to the cities by the charters.

In response to comments received during the online posting of the draft regulations, a number of revisions were made and the revised draft regulations were reposted online for an additional 60 days starting in January 2018, prior to the regulations coming into effect. Arising out of the initial online posting, there were comments about the need for increased transparency and public engagement opportunities, and as a result, a requirement that the city councils hold public hearings in respect of any bylaws made under the authority set out in the City Charter regulations was included.

Collaboration Agreement

On August 10, 2017, the ministers of Municipal Affairs and Treasury Board and Finance, and the mayors of Calgary and Edmonton signed a collaboration agreement, committing the two cities and the Alberta government to ongoing work on joint goals. This agreement was developed in response to the desire expressed by all parties to continue co-operation on issues of mutual interest in the long term, following the finalization of the City Charter regulations. Policy and planning working groups are being established as forums for representatives from the cities and province to work together on common priorities regarding social policy, transportation, and environment and climate change.

Fiscal Framework

The province and the two cities are also working to develop a renewed fiscal framework. These discussions have centred on development of a long-term legislated revenue-sharing formula to support the cities' continued growth in consideration of their unique opportunities and challenges. Other matters under consideration include updates to existing municipal authorities, the destination marketing fee charged by some hotels, and municipal responsibility for debt management.

Key Strategy 1.5 – Provide funding to municipalities to help them meet their strategic long-term infrastructure needs, including supporting municipalities in reducing greenhouse gas emissions.

Municipal Sustainability Initiative

Municipal Affairs continues to support municipal infrastructure projects through the Municipal Sustainability Initiative. Alberta municipalities are very diverse, ranging in population from 10 residents in the Summer Village of Kapasiwin, to more than 1.2 million residents in the City of Calgary. Infrastructure investments supported through the program are vital to creating safe, sustainable, viable communities where Albertans can live, work, and play.

The Municipal Sustainability Initiative has directly helped municipalities make significant investments in the infrastructure Albertans all use, and on which they rely. Examples of investments include fire services equipment for improving public safety, recreation, and sport facilities to support physical activities; water treatment facilities that provide clean drinking water for residents; and building retrofits for improving energy efficiency of municipal operations. The program balances accountability and transparency with significant municipal autonomy. Each project supported by the program represents the local priorities of Alberta's municipalities.

In 2017-18, the ministry provided just over \$2 billion in provincial funding to municipalities through the program; \$1.65 billion going to capital funding, \$331 million from the Basic Municipal Transportation Grant, and \$28.5 million to operating funding. Although the initial \$11.3 billion commitment was not achieved by the end of the 2016-17 fiscal year due to changing economic circumstances, the program granted approximately \$9.2 billion to municipalities (excluding the Basic Municipal Transportation Grant) by the end of 2017-18.

Municipal Affairs understands the direct economic link between investment in public infrastructure and the economy as a whole. As the Municipal Sustainability Initiative's \$11.3 billion commitment is scheduled to be fulfilled in 2021-22, the provincial government has committed to engaging with municipalities to establish a new funding arrangement, which will be tied to provincial revenues and enabled in legislation.

Capital Funding

Municipal Sustainability Initiative funding for capital projects was \$1.98 billion in 2017-18 (including \$331 million from the Basic Municipal Transportation Grant). This funding supported a range of local priority infrastructure projects including:

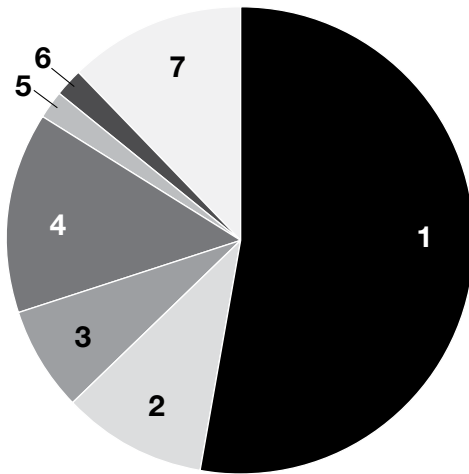
- roads;
- bridges;
- public transit services, vehicles and facilities;
- recreation, parks, sports and community facilities;
- water, wastewater, and storm water systems;
- disaster and emergency services and facilities; and
- other municipal infrastructure.



Did you know?

Municipal Sustainability Initiative capital grants funded approximately 460 public transit buses in 2017-18.

Capital Funding for Local Infrastructure Projects* 2017-18



- 1. Roadways, Bridges and Related Facilities = 53%
- 2. Water, Wastewater and Related = 10%
- 3. Recreation, Parks, Sports and Community Facilities = 7%
- 4. Public Transit Vehicles and Facilities = 14%
- 5. Fire, Police and Other Emergency Services = 2%
- 6. Libraries = 2%
- 7. Other Municipal Infrastructure = 12%

* This chart includes project funds applied in the 2017-18 fiscal year for completed projects, and accepted projects that are not complete.

In 2017-18, municipalities committed \$1 billion of capital funding for 869 accepted projects. Some of the projects were:

- renovation to the Stanley Milner Library in the City of Edmonton;
- widening McKnight Boulevard in the City of Calgary from four to six lanes to increase capacity on one of the busiest roadways in Alberta;
- replacing 5,000 street lights with LED technology in the City of Medicine Hat with the goal of reducing power consumption by 30 to 40 per cent;
- upgrading the water treatment plant in Lethbridge County to save an expected 30 per cent in energy costs;
- purchasing 498 radios to transition the Municipal District of Foothills into the Alberta First Responders Radio Communication System with the expectation of enhancing communication with neighbouring municipalities and emergency services;
- constructing water and wastewater systems in six rural communities within the Regional Municipality of Wood Buffalo to sustain current population and future growth;
- installing solar panels at the aquatic centre in the Town of Barrhead with the objective of reducing power consumption by 48 per cent;
- upgrading Spring Creek Drive in the Town of Canmore with the aim of improving walkability and reducing vehicle traffic by up to 1,000 vehicles per day;
- installing flagpoles in Klinkhammer Park in the Summer Village of Sunset Point to display the flags of Canada, Alberta, the Summer Village of Sunset Point, and Treaty No. 6 Truth and Reconciliation; and
- constructing a trades training work shop in Buffalo Lake Metis Settlement to improve access to training and education.

? Did you know?

In a true reflection of the diversity of Alberta municipalities, Municipal Sustainability Initiative capital-funded projects ranged in cost from \$5,000 to \$35.7 million in 2017-18.

Operating Funding

The Municipal Sustainability Initiative operating grant provided \$28.5 million in funding to Alberta municipalities and Metis Settlements in the 2017-18 year supporting capacity building activities to improve efficiency and effectiveness, municipal services, planning activities, and provide contributions to non-profit organizations. Of the budgeted \$30 million, \$1.5 million was transferred to capital funding at the request of municipalities.

Funds are allocated to projects supporting four main government wide objectives – municipal viability and long-term sustainability (16 per cent); maintenance of safe, healthy, and vibrant communities (50 per cent); the development and maintenance of core municipal infrastructure (33 per cent); and capacity building (one per cent).

For example, the Town of Turner Valley received approximately \$30,000 in operating support for the delivery of new accounting software to align with their municipal neighbours. Parkland County received approximately \$590,000 in operating support to implement a new Enterprise Resource Planning System.

One-window Grant Management System

To support fiscal accountability, information about the Municipal Sustainability Initiative is available on the Municipal Affairs website at www.municipalaffairs.alberta.ca/msi. This includes a summary of grant amounts by municipality and program. Also, a list of provincial grants available to municipalities is maintained on the Municipal Grants Web Portal. The portal provides summaries – by municipality and constituency – of grant funding received in the prior fiscal year, as well as a summary report demonstrating how municipalities used provincial funding.

Currently, more than 350 users (municipalities, Metis Settlements, and the townsite of Redwood Meadows) access the portal for submitting grant applications, reporting on grants received, and accessing key financial information. In response to municipal requests for a simplified way to access to grant information, the ministry is developing a one-window grant management system for its municipal grant programs. This system currently includes the Alberta Community Partnership, Federal Gas Tax Fund, and Small Communities Fund, and will eventually also include the Municipal Sustainability Initiative and Grants in Place of Taxes programs.

Federal Programs

Federal Gas Tax Fund

In 2017-18, the Federal Gas Tax Fund provided \$221 million to municipalities to help build and revitalize municipal public infrastructure, while creating jobs and long-term prosperity. Eligible project categories include:

- roads and bridges;
- public transit;
- drinking water;
- wastewater;
- solid waste;
- community energy systems;
- sport, recreational, cultural, and tourism infrastructure;
- capacity building;
- disaster mitigation;
- brownfield redevelopment;
- broadband connectivity; and
- local and regional airports.

In 2017-18, Municipal Affairs prepared a report on the outcomes achieved under the Federal Gas Tax Fund as mandated under the agreement between Alberta and Infrastructure Canada. This report analyzed the extent to which funding supported the achievement of national program objectives: productivity and economic growth; clean environment; and strong cities and communities. The report also described the progress Alberta municipalities are making with respect to asset management. The goal of infrastructure asset management is to establish a process for making informed decisions that support the delivery of sustainable services, managing risks, and ensuring value for money. In 2017-18, Municipal Affairs conducted a survey of all municipalities to learn about their experiences with asset management and results will be used to identify any other supports municipalities might require.

Small Communities Fund

Under the federal New Building Canada Fund – Small Communities Fund, Alberta and Canada each committed \$94 million to fund infrastructure projects that benefit communities with populations of less than 100,000 (as determined by the Statistics Canada Final 2011 Census).

Approved projects are funded on a one-third cost-sharing basis, with the federal, provincial, and municipal governments all providing equal amounts toward eligible project costs. Fifty-six projects were approved under the Small Communities Fund in 2015 (the year project applications were accepted) and \$30.8 million was committed to these projects in 2017-18, including: 24 drinking water projects, 24 wastewater projects, four major roads projects, three disaster mitigation projects, and one project for solid waste management.

In 2017-18, the following municipalities have reported their Small Communities Fund projects are now complete:

- Mackenzie County (Rural Potable Water Infrastructure);
- Ponoka County (Meniak Road – Township Road 442);
- Town of Fort MacLeod (Southwest Water and Wastewater System Extension);
- Town of Nanton (Wastewater Treatment Plant); and
- Town of Wainwright (Storm Water Management Plan).



Did you know?

Thanks to the Small Communities Fund, the Town of Fort MacLeod expects to reduce their average water usage per capita by 30 per cent and Mackenzie County expects to increase potable water supply to approximately 7,500 people.

Grants In Place of Taxes

Through the Grants in Place of Taxes program, \$43 million has been provided to 170 municipalities for 2017-18. This represents a \$9.9 million decrease from the previous year, due in part, to a one-time cost-saving reduction through shifting the timing of payments for some properties to the 2018-19 fiscal year, as well as decreases in property values. The decision to change the timing of payments did not affect the amount of payments received by municipalities in calendar year 2018.

As Government of Alberta property is exempt from municipal taxation, municipalities are given a grant in place of taxes – not exceeding the value of the property taxes – on eligible Government of Alberta property within the municipality. The payment acknowledges that the Government of Alberta – the same as other property taxpayers – benefits from municipal services such as roads, snow clearing, transit and emergency services.

Examples of eligible properties include provincial buildings, courthouses, correctional institutions, and grazing reserves. Grants are also provided to cover the municipal portion of property taxes on specified non-profit, unsubsidized, self-contained seniors' accommodations.

Equalized Assessment and Education Property Tax

Each year, the ministry, under the authority of the Minister of Municipal Affairs, prepares equalized assessments for each municipality in the province. Equalized assessments are the basis for requisitioning provincial education property tax and other local jurisdictional requisitions among municipalities. The equalization of municipal property assessments is determined by adjusting each municipality's taxable assessment to a common level, as prescribed by regulation. The official 2018 provincial equalized assessment was \$930 billion, which is a decrease of about \$21 billion (2.2 per cent) from 2017. This decrease is related to the economic contraction in Alberta, which affected the market value of properties across the province. Some of the contributing factors

to the drop in market value include inventory demand, and the rate of growth in new development.

Following the release of the 2018 official provincial equalized assessment, one municipality submitted an appeal to the Municipal Government Board. Municipal Affairs and the municipality worked together to resolve the appeal, which was subsequently withdrawn.

Education property taxes provide a stable source of funding for the kindergarten to Grade 12 education system. The Government of Alberta determines the total amount of education property tax to be collected – \$2.4 billion in 2018. The ministry supports the provincial education property tax system by calculating the annual education property tax requisition for each municipality. Municipalities collect the education property taxes on behalf of the provincial government and remit the funds to the Alberta School Foundation Fund or the opted-out separate school boards. All education property taxes are then pooled by the provincial government and distributed to public and separate school boards based on an equal, per-student funding formula. The 2018 education property tax requisition – based on the 2018 provincial equalized assessments – was released to municipalities on March 22, 2018.



Did you know?

Starting in 2018, supplementary assessments may be prepared by municipalities on linear property, in addition to the other property types. The increase in education property taxes from this pool of supplementary assessments is dependent upon the activity in the oil and gas, electric power, and telecommunications sectors. Education property taxes from supplementary assessments are used to top up the Alberta School Foundation Fund's contingency fund. The contingency fund was recently used to provide education property tax credits to the Regional Municipality of Wood Buffalo for the 2016 wildfire disaster and to fund the Provincial Education Requisition Credit for uncollectable property taxes on abandoned oil and gas wells.

Green Initiatives

In its 2017-20 business plan, the ministry identified reducing greenhouse gas emissions as part of this key strategy in anticipation that the ministry might develop a municipal green infrastructure program as part of the provincial Climate Leadership Plan.

While a specific municipal program was not established in Municipal Affairs, the ministry is administering two grants approved in 2017-18 for greenhouse gas reduction initiatives, which were funded by Alberta's Climate Change Office. The Town of Valleyview was granted \$309,000 to build a net-zero administration building and the Town of Hinton was granted \$400,000 for a front-end engineering and design study for a geothermal district heating system that will use heat from repurposed, marginally producing oil and gas wells to heat public buildings.

An Act to Enable Clean Energy Improvements was introduced during the spring 2018 legislative session and will support what is commonly referred to as a PACE program – or Property Assessed Clean Energy. It is intended to empower municipalities to take a larger role in advancing Alberta's climate leadership and reduce greenhouse gas emissions.

In addition, some municipalities have also chosen to use Municipal Sustainability Initiative funding for projects aimed at reducing greenhouse gas emissions.

The Government of Alberta has also demonstrated its commitment to helping municipalities address climate change through funding from other ministries. Examples include significant support for municipal public transportation by Alberta Transportation through the Green Transit Incentives Program (GreenTRIP); the Municipal Climate Change Action Centre; and many other programs available to people, businesses, and municipalities.

Provincial Education Requisition Credit

The recent economic downturn generated an increase in unpaid municipal and education property taxes in Alberta, particularly in relation to oil and gas properties. As education property tax requisitions must be paid by the municipality to the province regardless of any tax arrears, this created revenue challenges for municipalities. To address this issue, the Rural Municipalities of Alberta sought assistance from the province in recovering unpaid taxes on oil and gas properties. In response, Municipal Affairs convened a cross-ministry working group to explore options, with representation from the ministries of Municipal Affairs, Energy, Environment and Parks, Treasury Board and Finance, and Education; as well as the Alberta Energy Regulator and the Rural Municipalities of Alberta.

As a result, the Government of Alberta launched the Provincial Education Requisition Credit program in November 2017, which Municipal Affairs facilitates by accepting and reviewing applications from municipalities. Recommendations are then made to Alberta Education to provide successful applicants with an education property tax credit equal to the uncollectable education property taxes on delinquent oil and gas properties. Municipal stakeholders reacted positively to this credit program: for the 2017-18 year, 37 municipalities applied to the Provincial Education Requisition Credit program, for a total claim of \$3 million. This program is retroactive to 2015 and will operate for five years, until 2019.

Key Strategy 1.6 – Enhance Albertans’ access to public library resources by continuing to provide operating grants and invest in the province-wide library network.

Public libraries help support strong and healthy communities in Alberta. Albertans go to public libraries to connect to the world of information, borrow a novel, learn a second language, and to access high-speed internet – these are just a few examples of many public services provided by public libraries.



Did you know?

The number of materials delivered through interlibrary loan delivery in 2016 was 1,843,626.

The Government of Alberta promotes a provincial Public Library Network to provide all Albertans with:

- access to library resources, including interlibrary loan service and delivery;
- SuperNet connections for facilitating library operations and in some areas providing high-speed internet to patrons; and
- a number of digital resources (including e-books).

Municipal Affairs works to strengthen municipal and regional library systems to provide Albertans with equitable access to public library services. In 2017-18, the Public Library Services Branch achieved this through several key initiatives, as follows.

Provincial Funding

In 2017-18, the Government of Alberta provided \$29.9 million in operating grant funding to public library boards to support equitable access, distributed on a per capita basis. In addition, \$700,000 was provided to support on-reserve and on-settlement access to public library programs and services.

In 2017-18, \$12.7 million was also provided as one-time funding to support capital and infrastructure maintenance in regional library system headquarters buildings and the renovation of Edmonton’s downtown Stanley A. Milner Public Library.

The direct result of this funding is that public libraries are able to provide more equitable access to public library services for all Albertans. Without provincial funding, existing libraries would have to reduce their hours of operation and/or scale back programs or materials currently provided to Albertans.



Did you know?

Alberta is a founding member of the National Network for Equitable Library Service, which provides books in accessible formats for people with print disabilities (15,500 files in the accessible formats).

Electronic Resources

One of the ways the ministry partners with public library stakeholders is by enhancing the availability and scope of electronic resources in libraries. These investments help public libraries to better meet local needs, thereby widening the range, quantity, and quality of library resources available to Albertans.

In 2017-18, the Public Library Services Branch initiated three enhancements to e-resources, including:

1. Departure from the previous language learning platform Mango, to a new product called Pronunciator that will allow Albertans access to a large range of languages including learning new languages in their “home” language. As well, this new product gives Indigenous communities the capacity to create their own language learning courses to help preserve linguistic identities.
2. Investing an additional \$400,000 in Hoopla, a streaming and downloadable media platform, to provide a wide variety of media including books, movies, and audio books, through public libraries.
3. Awarding a contract for the Zinio e-magazine service, which makes Canadian magazines available to Albertans.

In 2017, a major initiative titled Read Alberta E-Books launched online as the ministry partnered with the Book Publishers Association of Alberta to make more than 1,500 Alberta-published e-books available to readers across the province. The ministry continued to expand on this initiative in 2017-18 and has partnered with the National Network for Equitable Library Service, which has resulted in all of the e-books obtained from the ministry’s agreement with Alberta Book Publishers to be converted to accessible formats, which opens up library materials to Albertans with disabilities.

The ministry also continued to fund the PressReader product, which provides additional international magazines electronically to public libraries.

These e-resources continue to enhance the diversity of products provided to Albertans through public libraries.



Did you know?

The number of materials available (in 2016) across Alberta through the Provincial Public Library Network is 22,000,235.*

*includes physical and virtual resources

The ministry also supported access for the print disabled by providing \$250,000 in combined funding to the Centre for Equitable Library Access (CELA) and the National Network for Equitable Library Service (NNELS) to produce more books with accessible formats that benefit Albertans through public library collections. In addition, the ministry provided funding to the National Network for Equitable Library Service to hire three University of Alberta library students to help increase its capacity to convert traditionally formatted books to accessible formats.

Managing SuperNet service and functionality for the Alberta library network is an increasingly important part of the ministry’s work to extend equitable access and expand available resources. The ministry subsidizes SuperNet use for all library boards that participate in the Public Library Network and continually monitors SuperNet usage and needs. SuperNet usage patterns, and the underpinning technologies, are reviewed and enhanced on an ongoing basis in order to optimize present and future bandwidth needs for library boards.

Public Library Services for Indigenous Communities

Indigenous people on First Nations reserves and Metis Settlements have been underserved in terms of public library services. Beginning in 2016-17, the ministry took action to enhance access to library services, providing \$700,000 to three large urban libraries and six regional library systems to remove barriers and improve access to library services for Indigenous communities.

As a result of this funding, and the work of the ministry with key provincial library network stakeholders, there are now a number of new Indigenous outreach services available at locations such as Alexis First Nations, Cold Lake First Nations, Elizabeth Settlement, Enoch First Nations, Goodfish Lake First Nations, Heart Lake First Nations, Maskwacis, Saddle Lake First Nations, and Sunchild First Nations School.

In 2017-18, the ministry hired a manager of Indigenous public library services to oversee this specific program and to begin building a network of Indigenous librarians in the province.

The ministry's Public Library Services Branch supports public library service for, and with, Indigenous communities in multiple ways:

- People living on reserves and settlements now have access to public libraries throughout Alberta, equivalent to the access available to municipal residents.
- Information about working with Indigenous people and communities is being developed by key stakeholders and will be found in the updated Standards and Best Practices for Alberta Public Libraries coming in 2018.
- The Province provides annual operational funding to the Chinook Arch Regional Library System and the Peace Library System for the Kainai Public Library on the Blood reserve, and the Paddle Prairie Public Library on the Paddle Prairie Metis Settlement.



Did you know?

In the last two years, outreach efforts to Indigenous communities have resulted in nearly 2,000 new library card holders.

Resource Sharing

There is continued support for resource sharing among Alberta's 322 public libraries. Resource sharing supports are provided through electronic software, physical delivery of material by interlibrary loan, and a policy framework to govern these services. In 2017-18, a review of the government-funded interlibrary loan delivery service was initiated. A final report identifying ideas for increasing the efficiency, the scope, and the effectiveness of the service will be completed in 2018.

Enhancing the Governance and Management of Public Library Service

Public library service is delivered at the municipal level and is governed by council-appointed library boards. Different municipalities have different needs and learning environments that can be supported through access to library resources.

To support good governance and management of public library service, the ministry provided library boards with consulting, training sessions on library planning and policy development, and other support materials used to develop sound management and operational practices.

In 2017-18, the ministry delivered board basics sessions to 122 library board trustees, representing 77 libraries in eight locations throughout the province. Staff also made presentations to stakeholders on subjects such as the development of the Public Library Network, e-books and e-content in library collections, providing service to patrons with print disabilities and improving services to Indigenous communities. In the past fiscal year, there were also 47 visits by library consultants, who provided board advice, strategy sessions, and service workshops.

Minister's Awards for Excellence in Public Library Service

The Minister's Awards for Excellence in Public Library Service program was launched in 2010, with the goal of recognizing public libraries with innovative programs, services, or technologies as centres of excellence. This ongoing annual awards program is a way to identify, acknowledge and encourage best practices, and to capture and communicate ideas that can be replicated by libraries across Alberta.

The program is open to all public library boards in Alberta. Five winners were selected and acknowledged at the Alberta Library Conference in April 2017:

Lac La Biche County Library Board – Creating Young Readers Program

The Lac La Biche County Libraries offer a variety of early literacy programs throughout the year. These programs address the specific needs of children from birth to five-years old, and are designed to ensure their youngest community members will enter school successfully—ready to learn to read, write and listen. All programs are offered free of charge.

Town of Olds Library Board – Cyber Seniors Program

The program pairs high school students with seniors in the community. Students attend an interactive training workshop where topics include working with seniors, dispelling ageism, and typical questions with which seniors struggle. The program brings seniors and youth together in a social, face-to-face environment in the hopes that they will form lasting bonds and that seniors will increase their technical literacy.

City of Edmonton Library Board – Exploring Reconciliation Series

Edmonton Public Library's Exploring Reconciliation Series was introduced in 2016 in response to the work of the Truth and Reconciliation Commission of Canada and its *Calls to Action* report. Developed in collaboration with Indigenous communities, the Exploring Reconciliation Series provides an opportunity for Edmontonians to deepen their understanding of reconciliation and how it impacts Canada.

City of Airdrie Library Board – smartlocker™ System

Airdrie Public Library is now able to extend library services by offering a second pickup location for reserved library materials by using smartlocker™ technology. Library cardholders can place online requests for materials and pick them up at Genesis Place – a recreation and fitness facility in Airdrie. An automated return bin incorporated into the smartlocker™ unit allows return of library material at the same location. This innovative technology has expanded library services and is making it more convenient and accessible to a larger number of citizens.

YOU Libraries Winner:

Lac La Biche County Library Board – Creating Young Readers Program

All Minister's Award's nominations are eligible for the YOU Libraries Award. The ministry partners with the Library Association of Alberta to offer an online voting platform for the public to choose their favorite library program.

The 2017 winner was Lac La Biche County Library Board for their Creating Young Readers Program.

Other Ministry Activities in Support of Outcome One

Although not all aspects of the following ministry programs and activities relate directly to the key strategies set out in the 2017-20 business plan, they represent important work in support of Outcome One.

Municipal Elections

A great deal of work goes into preparing for a municipal election. This holds true in particular for the municipal election officials who carry out a multitude of duties leading up to, on, and after election day; the candidates who are planning to run for office; the citizens who are keeping aware of candidates' views and considering how to cast their votes; and the ministry staff members who provide information and resources throughout the process.

Beginning on February 1, 2017, training resources were made available on the Municipal Affairs website for returning officers and potential candidates, including:

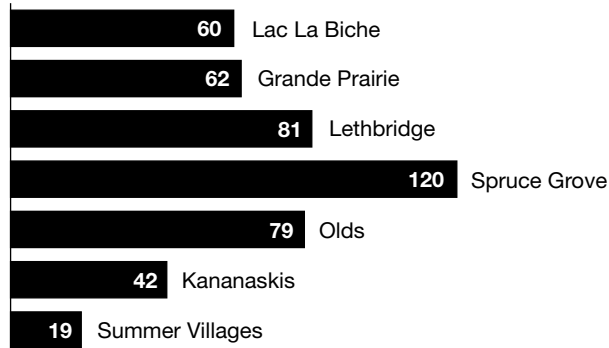
- an election procedural manual;
- a 2017 municipal election calendar;
- sample supply lists;
- sample forms and completion instructions;
- downloadable election forms;
- sample voting station layouts;
- summer village key dates; and
- a candidate's guide to running for municipal office in Alberta.

Between April 1 and December 31, 2017, the ministry responded to more than 1,000 telephone inquiries, and 50 written inquiries and requests, from municipal and school board administrations, elected officials, potential candidates and electors. Calls covered a broad range of questions, including general inquiries about the municipal election process, questions relating to qualification of candidates and elector eligibility, and inquiries from returning officers seeking advice or clarification on the election process. Ministry staff received more than 125 calls on nomination day (September 18, 2017) and more than 140 calls on election day (October 16, 2017).

Throughout May and June 2017, the ministry offered in-person training to election officials. This form of training, when conducted in 2013 for the previous municipal elections, was offered through a third-party contractor on a budget of \$100,000. For the 2017 municipal elections, the training was conducted in-house, using staff resources and expertise, which removed the contractor costs. The training was held in conjunction with the ministry's annual regional training sessions, using the same facilities and ensuring greater cost-effectiveness.

Overall, a total of 463 participants from municipalities and school boards attended the training for election officials. In 2017, the ministry offered training, for the first time, specifically for summer villages where elections occur in July and August—two to three months ahead of elections in other municipalities. Nineteen participants attended the training, representing around 25 summer villages.

Election Officials Training By Location 2017-18



One of the challenges municipalities may encounter is turnover of members in municipal administrations in the four years between municipal elections. The resulting loss that may occur in knowledge of election processes and understanding of the *Local Authorities Election Act*—the primary legislation guiding the conduct of municipal elections—is being addressed, partially, by taking a more holistic approach whereby the election process is a topic of training and conversation throughout the four-year cycle, rather than only in an election year.

To this end, ministry staff are considering the potential to develop a comprehensive election education program that includes ongoing training opportunities. In recognition of the increased occurrence of by-elections, the training would include the ongoing availability of online resources and in-person training to support municipalities as they hold by-elections.

Regarding the requirements municipalities must meet in the months leading up to election day, the ministry is considering the possibility of offering training approximately a year before the general election to enable municipalities to understand options available to them in terms of passing bylaws and resolutions for the election process. Other considerations involve extending training time to include presentations and applied learning opportunities, and creating resources such as manuals and half-day refresher curriculums for use by returning officers in training their deputy returning officers.

Local Authorities Election Act Review

Municipalities, school boards, Metis Settlements, and irrigation districts utilize the *Local Authorities Election Act* to conduct elections and votes on questions posed to their electorates. Throughout each general election process and between elections, candidates, returning officers, electors, and ministry staff identify provisions of the legislation that are in need of improvement or clarification. In addition, Alberta's *Election Act* (which governs provincial elections) may undergo various amendments which may lead to consideration of corresponding changes to the *Local Authorities Election Act* to maintain consistency in provincial and municipal processes. The ministry generally reviews the *Local Authorities Election Act* following each general election in order to address these matters. The ministry has been collecting and analyzing feedback from Albertans and will use this feedback to inform the upcoming review.

Rural Communities Initiative

In summer 2017, as part of a Rural Communities Initiative, the Minister of Municipal Affairs, along with a group of other ministers and members of the Legislative Assembly, travelled more than 8,000 kilometres across the province expand communication efforts and coordinate outreach with rural Albertans within their communities. In order to enhance government's engagement with rural communities, the team met with municipal leaders and key community stakeholders across the province. A few of the tour stops included: Whitecourt, Sangudo, Olds, Drayton Valley, High Level, Lethbridge, Hinton, Grande Cache, Cochrane and Banff.

Over the course of the 2017 Rural Communities Initiative summer tour, the group heard diverse perspectives on local and regional issues including: support for rural healthcare; low-income and seniors housing; access to education; regional transportation for First Nations or low-income individuals; and rural economic development. Understandably, different regions of the province had different priorities. Communities in the northern region of the province were focused on access to education and transportation, as well as caribou planning. In the south, access to water was a priority, and in central Alberta, orphaned wells were a prominent issue.

Community sessions brought together grassroots organizations and individuals that play a strong, active role in making life better for people in their communities. These meetings were diverse in both participant background and topics discussed. Housing and homelessness, school lunch programs, rural innovation, farming, broadband, and literacy were amongst the many topics explored by participants.

Recognizing that elected officials represent, and are closest to, the citizens who live, work and play in their communities, it was important to the minister to have the opportunity to have **a conversation with municipal councils** on discussion points they deemed of value. With no formal agenda, officials set the tone for the meetings and shared opportunities and challenges in their communities. The sessions also allowed the minister the opportunity to provide information and clarification on existing programs and government initiatives that would be of value to those in attendance.

Issues relevant to Municipal Affairs were never far from the conversation, and the *Municipal Government Act* Review and regulations were prominent topics of conversation. Some elected officials were concerned about how councils will adapt to legislated changes, such as those required with intermunicipal collaboration framework agreements. Several municipalities were concerned about implementation because of their limited administrative capacity and were seeking information about available support.

Through the work of the Rural Communities Initiative group, government awareness of the current issues and priorities in rural communities was enhanced. Awareness of the role of government in supporting vibrant rural communities was also heightened.

Looking forward, the success of the 2017 Rural Communities Initiative tour could lead to future initiatives in rural communities in which the government engages with stakeholders, where feedback and face-to-face meetings inform future policy, and the awareness of government programs and initiatives is increased in all regions of the province.

Ongoing Advice, Resources, and Training

Throughout each year, the ministry serves municipal officials, local residents, and other stakeholders by providing advice, training, and other resources. Ministry staff members offer expertise in the areas of finance, governance, administration, land-use planning, property tax and assessment, municipal restructuring, and dispute resolution. As discussed above, a major focus of the past year was on preparation for the October 2017 municipal elections.

Other activities in 2017-18 included:

- supporting new municipal administrators through on-site training, advice, and information on available ministry support and resources. The ministry carried out 30 site visits in 2017-18.
- training sessions on change management, returning officer training, bylaw enforcement, tax collections, budgeting, and tax bylaw preparation.
- assisting municipalities and citizens by fielding questions and concerns by phone, email, or letter.
- maintaining contact with municipal administrative officials by attending and making presentations at conferences and meetings, and by participating in administrative and professional organizations. Areas of particular interest to audiences included government finance, asset management, election procedures, and municipal administration.
- developing resources such as a handbook for chief administrative officers, and updates for the online Municipal Resource Handbook.
- responding to a higher than usual advisory call volume, largely due to the October municipal elections and the recent amendments to the *Municipal Government Act*. Including the election inquiries noted previously, ministry staff responded to more than 3,500 telephone inquiries and approximately 500 written inquiries.

Municipal Internship

As the municipal workforce continues to see the retirement of senior, experienced staff, it continues to be vitally important to support recent graduates in exploring municipal career opportunities. The recruiting and retaining of qualified employees is an ongoing challenge for municipalities.

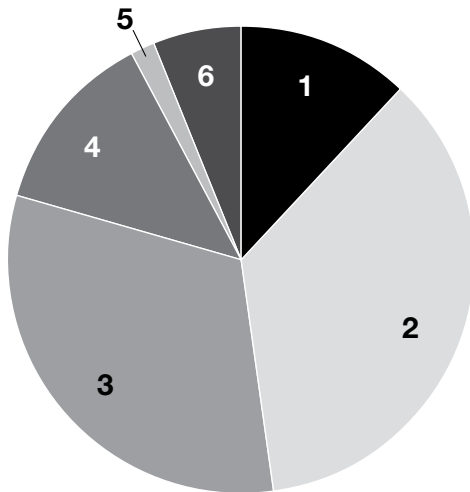
Among Canadian provinces and territories, Alberta's Municipal Internship Program supports the largest number of interns annually and is the longest-running program of its type. Under the program, the ministry's internship staff recruit recent post-secondary graduates who are interested in a career in local government, and provides support to the host organizations to hire these graduates so they can gain practical experience in the field. The program supports interns in three streams: the administrator, land-use planner, and finance officer streams. While in the program, interns also receive coaching, mentoring, and opportunities for networking and professional development.

In 2017-18, the ministry provided grant funding through the Alberta Community Partnership program to help municipal organizations cover the costs of hosting nine administrator interns, six land-use planner interns, and eight finance officer interns. There were 21 internship hosts – one planning services agency and 20 municipalities – ranging in size from smaller municipalities such as the Town of Magrath and the Municipal District of Smoky River, to more populous municipalities such as the City of Lethbridge and County of Wetaskiwin.

Interest and support from municipalities continues to be strong for the Municipal Internship Program. One hundred and ten municipalities and seven planning services agencies have participated as hosts since 2002. The program has consistently had more applications than positions available, and each year brings a combination of new and repeat municipal applicants.

Of the 282 interns who have participated in the Internship Program since its inception, more than half are now employed in the municipal field, while a number of participants are employed in the Alberta Public Service. The ministry's internship staff maintain contact with participants in the program, and often act as mentors and provide guidance to future applicants and new interns in the field. The continued interest and willingness of municipalities to partner with the ministry to develop the next generation of municipal leaders has been key to the ongoing success for the program.

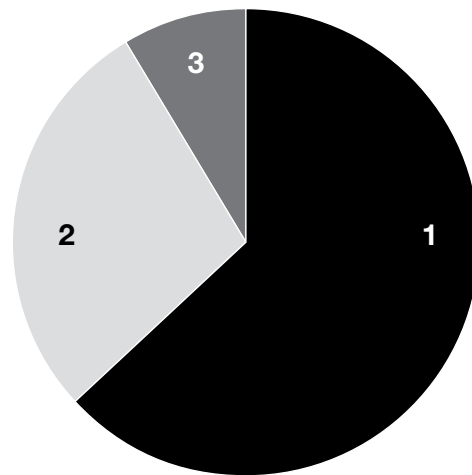
Municipal Internship Host Organizations 2002-2018



1. Cities = 14
2. Towns = 42
3. Counties and Municipal Districts = 37
4. Villages = 15
5. Specialized Municipalities = 2
6. Planning Services Agencies = 7

TOTAL = 117 Host Organizations

Number of Interns Per Stream 2002-2018



1. Administrator = 178
(launched in 2002)
2. Land Use Planner = 80
(launched in 2007)
3. Finance Officer = 24
(launched in 2015)

TOTAL = 282 Interns

Recognizing Municipal Excellence

The annual Minister's Awards for Municipal Excellence serve to recognize best practices among municipalities. The awards are decided upon by a review committee that discusses each submission and makes recommendations to the minister.

The review committee includes representatives of organizations that frequently partner with the ministry on a range of initiatives, including: the Alberta Urban Municipalities Association, the Rural Municipalities of Alberta, the Local Government Administration Association, the Alberta Rural Municipal Administrators' Association, the Society of Local Government Managers, and the Government Finance Officers Association

The awards program was in its 16th year in 2017. Thirty-seven submissions were received for consideration and the following were selected as award winners and honourable mentions:

Innovation Category

- **Clearwater County – Sasquatch and Partners (Winner)**

This marketing campaign used an innovative approach to educate and encourage recreational visitors to the West Country area regarding environmental stewardship.

- **Town of Olds – This Affects You: Municipal Engagement Excellence (Honourable Mention)**
This practice established a public engagement policy to ensure citizen engagement is a deliberate and prioritized process.

Partnership Category

- **Leduc County – Aerotropolis Viability Study (Winner)**

This comprehensive plan and feasibility study to develop the Aerotropolis site to further leverage connectivity of the Edmonton International Airport was a complex project involving multiple stakeholders and regional participants.

- **Town of Grimshaw – Joint Schools Project/ Joint Use Agreement (Honourable Mention)**

This project involved several partners and resulted in construction of a kindergarten to Grade 12 public and a kindergarten to Grade 9 Catholic school attached to the Mile Zero Regional Multiplex in Grimshaw and a joint-use agreement for its operation.

Safe Communities Category

- **Parkland County – Property Awareness Safety Training (Winner)**

This comprehensive training tool promotes the safety of public service employees when approaching residential and commercial properties.

Smaller Municipalities Category

- **Villages of Irma, Chauvin, and Edgerton – Shared Staff and Equipment (Winner)**

These municipalities worked together to provide safe drinking water by hiring a regional water operator, shared costs for a snow operator and snow removal, and engaged in joint meetings with the Royal Canadian Mounted Police to discuss the use and role of citizen watch groups in protecting properties in the three communities.

- **Northern Sunrise County – Weed Inspection (Honourable Mention)**

The county constructed a simple and effective inspection matrix, called the Inspectors Next Step Per Established Communication Table, or INSPECT, which guides weed inspectors in following a set communication and action strategy to manage weeds.

Larger Municipalities Category

- **City of Edmonton – Civic Accommodation Transformation (Winner)**

This project consolidated 3,200 employees from multiple buildings into the new Edmonton Tower, and incorporated employee health and wellness initiatives as an integral part of this complex move.

- **City of Calgary – Transforming Municipal Procurement (Honourable Mention)**

This project will transform how the city conducts fair, open, and transparent procurement processes.

Outstanding Achievement Category

- **Regional Municipality of Wood Buffalo – Post-Wildfire Re-Entry Information Centres (Winner)**

These information/reception centres were established after the wildfire in order to assist in the reintegration of the community by using a phased, voluntary re-entry strategy. This practice demonstrated extensive partnerships with community organizations, industry and businesses, and other levels of government to provide services to residents.

Municipal Inspections

The objective of the municipal inspection process is to support the role of a council, or a regional services commission board, and its administration in providing accountable and transparent local government services in the community. An inspection may be undertaken as a result of:

- a request from the municipal council;
- a request from a member of the regional commission;
- a petition from electors that meets legislated requirements for petitions; or
- upon the initiative of the minister.

If, after reviewing the inspection request, there is an indication of serious and significant concerns, the minister will order an inspection. The inspection may require any matter connected with the management, administration or operation of the municipality or regional services commission to be inspected.

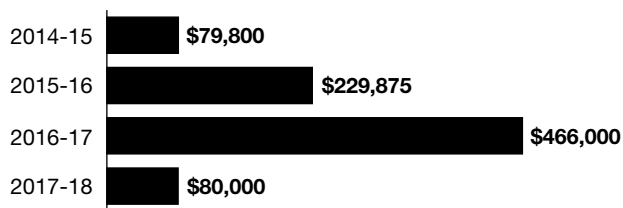
In the four-year period from January 2014 to December 2017, 17 inspections were ordered. Inspector services are typically procured by contracting the services of an independent consultant, and the inspector is appointed by Ministerial Order. Over the past 10 years the number of inspections the ministry is asked to conduct has increased from one or two annually to nine inspections ordered in 2016-17. The costs of inspections for the ministry have grown as well. Ministry expenditures for inspections were \$79,800 in 2014-15; \$229,875 in 2015-16; \$466,000 in 2016-17; and \$80,000 in 2017-18. The total cost for this time period was \$855,675.

In response to the escalating costs, an inspection cost allocation policy was introduced in 2017-18 that will see municipalities that have the financial capacity contribute toward the expense of an inspection – if one is ordered following a request from council or a petition from electors.

Before ordering an inspection, a preliminary review is generally conducted to gain a greater understanding of the concerns and issues that led to the inspection request. This information helps determine the approach the ministry takes to best address the underlying concerns, without immediately resorting to a costly and often unnecessary inspection process. For example, a municipal corporate review may be a more appropriate approach than an inspection.

As an additional proactive measure to identify and mitigate issues that tend to give rise to requests for ministry intervention, the Municipal Accountability Program was introduced on April 1, 2018. This program is designed to support municipalities with populations of less than 5,000, and will offer legislative compliance reviews on a cyclical basis. The program will look at municipal processes and procedures in order to help the municipality achieve and maintain legislative compliance, potentially reducing the need for future in-depth inspections.

Ministry Contract Expense for Inspections, Fiscal Years 2014-2018



Municipal Corporate Reviews

The objective of a Municipal Corporate Review is to provide support to a municipal council and administration as they provide local government services in the community. This program is voluntary, with the review initiated by a request from council. The aim of the program is to help municipalities understand legislative requirements, recognize governance and administrative best practices, and foster stronger relationships with the ministry.

Where appropriate, this type of review may be offered to a municipality as a voluntary alternative to an official inspection. Since the inception of the program in 2011, a total of nine corporate reviews have been requested by municipal councils — the most recent one completed in 2016.

Viability Reviews

The viability review process—enabled through the *Municipal Government Act*—provides a framework to evaluate the viability of a municipality facing significant challenges and to develop options to enhance viability. The process can result in the implementation of an action plan to address viability issues, or alternatively, in a public vote that could lead to a dissolution process through which the municipality becomes part of a neighbouring municipality. The viability review is a collaborative process that involves a review of matters relating to a municipality's governance, finances, infrastructure, and services in order to determine what changes are required for the community to remain viable.

The viability review process was designed to be proactive and inclusive: each review is guided by a viability review team made up of representatives from the ministry, the municipality undergoing review, the neighbouring municipality, and the municipal associations. The viability review process was adopted as a main component of the broader Municipal Sustainability Strategy, which was developed by the ministry in collaboration with the municipal associations and approved by the

province in 2012. The viability review process replaced the dissolution studies the ministry formerly carried out.

To date, viability reviews have been initiated at the request of a municipal council, or upon the receipt of a petition from a municipality's electors. It is anticipated that in the future these types of reviews may also be initiated at the discretion of the ministry if there is evidence a municipality is facing significant challenges, as demonstrated by its annual financial and statistical reporting. This program shift would align well with other ministry activities in support of strong and sustainable local governments.

The viability review process continues to be in high demand among communities in Alberta that are seeking to address potential issues relating to long-term sustainability. Although no new viability reviews were initiated in 2017-18, the volume of concurrent reviews remained high.

As there is a potential for issues raised through a viability review process to inadvertently have an impact on local election campaigns, in June 2017, the activity of all viability review teams was put on hold until after the fall municipal elections.

In 2017-18 the villages of Botha and Willingdon dissolved, effective September 1, 2017. As a result, their receiving municipalities were approved for funding through the municipal restructuring stream of the Alberta Community Partnership program. The County of Stettler received \$932,500 in support of transitional and infrastructure activities and upgrades for the former Village of Botha; and the County of Two Hills received \$1,122,500 in support of transitional and infrastructure activities and upgrades for the former Village of Willingdon.

The villages of Clyde and Hill Spring are in the process of implementing actions directed by the minister, following the completion of a viability review, to achieve viability. Viability reviews are continuing into 2018-19 for the villages of Berwyn, Champion, Ferintosh, Hussar, Innisfree, and Rycroft; and the Town of Grande Cache.

Consistency, Efficiency, and Fairness in Alberta's Assessment and Taxation Framework

Municipal Affairs promotes a provincial assessment and property tax system that is accurate, equitable, predictable, and transparent. The ministry:

- administers and maintains the assessment and property tax system in Alberta, which generates approximately \$930 billion in equalized property assessment;
- assesses designated industrial property, which includes linear properties, through a cost-recovery process;
- develops and maintains provincial assessment and property tax policy;
- collaborates with municipalities and industry to make recommendations for setting assessment standards through legislation;
- provides models used to value regulated industrial property;
- monitors assessment performance and stakeholder compliance with policies and legislation and recommends corrective action;
- maintains a database of all property assessments in the province; and
- supports the property assessment complaints and appeals system.

In 2017-18, the ministry completed annual audits of all Alberta municipalities, measuring and comparing property assessments against market value. This process is necessary to complete the equalized assessment and to ensure education property tax requisitions and grants are allocated fairly. In addition to annual audits, the ministry also conducted a detailed audit of 16 municipalities—an increase from the 10 detailed audits completed in 2016-17.

Engagement on Assessment and Taxation

Municipal Affairs operates with a practice of collaborating broadly with stakeholders, and in fact, the amendments to the updated *Municipal Government Act* were a result of extensive collaboration with municipalities, industry, and property assessment professionals. Implementing these amendments will also involve collaboration as the ministry actively meets, consults, and communicates with stakeholder groups. In addition to maintaining the Stakeholder Advisory Committee for property assessment and taxation, the ministry created the Technical Advisory Committee and Executive Advisory Committee to support the design and implementation of a centralized approach to designated industrial property assessment. The members of this committee are representatives from municipalities, industry, and the assessment and property tax community.

In the 2017-18 fiscal year, engagement activities with all stakeholders were extensive. This included a review of the Construction Cost Reporting Guide and working groups to review both the machinery and equipment and well models. The Construction Cost Reporting Guide is part of the Minister's Guidelines, which are published annually and set out the rates, factors, and procedures used in the assessment process for all regulated property in Alberta (regulated property includes linear property, machinery and equipment, railway property, and farm land). Ministry representatives were sent to all assessment-related annual meetings and conferences to further engagement efforts which also included; assessment bulletins, and a monthly electronic newsletter for assessment and taxation stakeholders focused on designated industrial property assessment.

This robust engagement is a key component of Municipal Affairs' change management strategy for implementing legislative amendments. The goals of this expanded and comprehensive engagement activity over the past year are improved goodwill, understanding among ministry stakeholders, and alleviated concerns about the implications of potential change.

Floodway Development Regulation

The *Municipal Government Act* enables the provincial government to control, regulate, or prohibit land use or development in floodways within municipalities in Alberta. Municipal Affairs continued to work over the course of the year on the creation of a floodway development regulation that incorporates input from the public and stakeholders, and from cross-ministry discussions with Alberta Environment and Parks and other ministries. The intent of the regulation will be to ensure policy decisions strike an appropriate balance of public safety, respect for the investments made by property owners, and the impact of regulation and affiliated policies on future floodway development. Until a regulation is adopted, development decisions are guided by each municipality's land-use bylaw and policies, including those pertaining to flood-hazard areas.

OUTCOME TWO

A stronger system of standards ensuring quality infrastructure so that Albertans are safe in their homes and communities

Key Strategy 2.1 – Work to harmonize safety codes with national and international codes and ensure they are adopted in a timely manner.

Safety codes establish minimum standards for the construction and operation of buildings and associated systems. They are created at the national level, pooling the expertise of Canada’s construction experts. Codes are regularly updated to respond to emerging safety issues and technological advancements, both of which affect how buildings and systems are constructed.

Timely Code Adoption

Harmonizing codes means Alberta codes have the benefit of the most recent safety analysis for code requirements by recognized expert code-development bodies and standards organizations, such as the National Research Council and the Canadian Standards Association. This removes an interprovincial trade barrier to ensure Alberta can accept the latest in Canadian construction technology. Timely code adoption also provides predictability for stakeholders and allows training institutes to prepare curricula, and industry to prepare for new changes, a year in advance.

Code-development organizations have established committees composed of stakeholders to develop the content of codes and address safety issues. Committee members include provincial regulators; safety experts; and representatives from trades, labour, municipalities, industry, non-profit organizations, and the public.

Alberta’s safety system continues to make progress on timely adoption and harmonization of safety codes. As part of this progress, the ministry is introducing automatic code adoption to the regulations for each safety discipline, which means national and international codes will be adopted within one year of being published. This ensures current codes are adopted in a predictable and timely manner, and will enhance Alberta’s trade and labour mobility by standardizing elements of safety codes across the country.

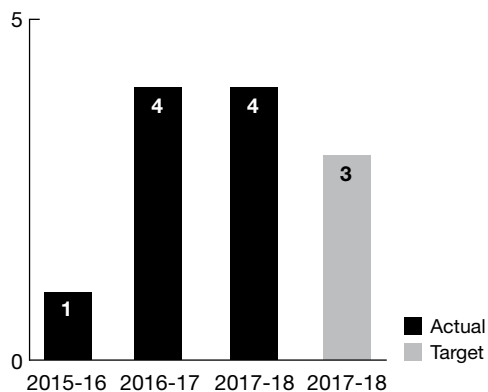
In 2017-18, one new code edition was adopted. In June 2017, a new edition of the passenger ropeways code was adopted to replace the previous edition. This code governs the design, construction, and operation of passenger ropeways, ensuring Alberta’s ski lifts are safe. The regulation that adopts the code was amended to support ongoing harmonization by introducing timely code adoption for the discipline.

In December 2017, the minister directed the department to harmonize codes for the remaining disciplines – building, fire, energy, and elevating devices – in 2018-19. The ministry has since been communicating with municipalities and other affected stakeholders about these upcoming changes. The ministry has also been working with stakeholders through the Safety Codes Council to review code changes, consider Alberta-specific variations and clarifications, and identify

implementation challenges along with plans to address them. The council is a statutory corporation, responsible to the minister, and a valuable partner in helping to keep Albertans safe.

In the upcoming year, the department will continue to work with the Safety Codes Council to draft proposed regulatory changes for the remaining disciplines and support implementation of the code changes. The codes should come into force in early 2019. The National Research Council has offered its support for the implementation process, including sharing code guidance documents and providing free training for code users.

Performance Measure 2.a – Number of safety codes delayed more than one year before coming into full force



Did you know?

The elevating devices discipline is one of the frontrunners in energy efficiency. The codes are constantly embracing new technologies and working to reduce the industry's carbon footprint. For example, the 2010 Safety Code for Elevators and Escalators updated its requirements to allow escalators to change in speed. This enables building owners to take advantage of technology in which escalators automatically slow down when not in use, conserving energy.

Performance Measure Variance

The following section explains the results of **performance measure 2.a**, “Number of safety codes delayed more than one year before coming into full force.”

The 2017-18 target of three safety codes being delayed more than one year before coming into full force was not met; the actual result was four.

The National Energy Code for Buildings, the Alberta Building Code, and the Alberta Fire Code were targeted to be delayed more than one year before coming into force. In addition to these three codes, a new edition of the Safety Code for Elevators and Escalators was published in October 2016, and has not yet been adopted. As a result, four codes were delayed more than one year before coming into force. Of the 37 codes adopted by regulation under the *Safety Codes Act*, 33 are now up to date.

The building, fire, and energy codes were intentionally delayed, as these three codes are undergoing a substantial harmonization with the national publications. At the time the targets were set, the elevators and escalators code had not yet been published. It was expected this code would be adopted within timely adoption standards. It was later decided this discipline would be included in the building, fire, and energy harmonization effort. Harmonization of all four remaining disciplines with the national and international publications is scheduled for the 2018-19 fiscal year.

Once the building, fire, energy, and elevating devices codes have been harmonized, all 37 safety codes will be subject to automatic adoption. At that point, the department and its partners will be able to shift resources from reviewing and manually adopting new codes, to influencing code development at the national level, ensuring safety codes better reflect Alberta's unique needs.

Key Strategy 2.2 – Align the safety codes system to a quality assurance framework.

Quality Assurance Framework

Alberta's safety system is complex, with many partners stakeholders and functions. The delegation of authorities and responsibilities to a diverse group of partners, stakeholders, agencies, and municipalities presents a risk that administration of the *Safety Codes Act* is not consistent throughout the province. In response to this risk, a quality assurance framework – a mechanism to provide strategic guidance, oversight, and monitoring of the safety system – was conceived. The framework is being developed in collaboration with the Safety Codes Council, delegated administrative organizations, and stakeholders, which have expressed openness for stronger direction and oversight from the ministry.

In the ministry's 2016-17 Annual Report, Municipal Affairs shared its progress on a few components of the framework, including initial consultation with stakeholders on the Safety Codes Council's technical sub-councils. This year, the ministry's resources were largely dedicated to the development and implementation of the Builder Licensing Program. While work on the quality assurance framework in 2017-18 was not extensive, it continued to be a priority for the ministry, and staff are well-positioned to complete this project in the upcoming year. A critical component of the quality assurance framework is enhancing building data and analytic capacity (see below). It will also allow the provincial government to consider minimum standards for how the *Safety Codes Act* is administered and tools to advise those who administer the Act on areas for improvement.

Data and Analytics

In the ministry's 2016-17 consultations with the Safety Codes Council to discuss the current state of the safety system, all safety disciplines noted data and analytics as a weakness. The ministry recognizes that the foundation of a quality assurance framework, which will inform how priorities are set and decisions are made, must be good quality data. With enhanced data and analytics, stakeholders will be able to make more informed decisions to manage risks in their communities, such as how to more effectively deploy a limited number of safety codes officers for inspections.

Building a more robust inventory of data was a major focus in 2017-18. During the year, partners, stakeholders, and the public were surveyed (on two occasions) to gather information about their experiences with the safety system in general, and the New Home Buyer Protection Program in particular. Enabling future improvements to the safety system was also a key priority, and Municipal Affairs engaged with the Safety Codes Council as it began updating and enhancing its permitting software. Municipal Affairs also began developing robust analytical capacity related to fire reporting and residential protection programs.

In the coming year, the ministry will use this data and analysis to develop the first annual safety system profile, which will describe the state of the safety system. The profile will be updated regularly and is intended to be a foundational document for the quality assurance framework—helping the ministry to set strategic priorities, and oversee and monitor the safety system.

Administration Agreements

To ensure safety system partners' roles, responsibilities, and expectations are clearly articulated and regularly updated, the Minister of Municipal Affairs and the Alberta Elevating Devices and Amusement Rides Safety Association signed an updated administration agreement in July 2017. The agreement delegates authority to the association to provide services relating to the elevating devices, passenger ropeways, and amusement rides disciplines. It was revised to reflect current practices in contract management and include a 2021 expiry date upon which the agreement will be formally reviewed by Municipal Affairs and the association.

The ministry also has administration agreements in place with its other two delegated administrative organizations. The agreement with the Petroleum Tank Management Association of Alberta was updated in 2013 and will be reviewed this coming year prior to its expiry in April 2019. The agreement with the Alberta Boilers Safety Association was updated in 2015 and will be amended as required.

Administrative Penalties Regulation

In December 2017, administrative penalties came into force under the *Safety Codes Act*. Administrative penalties are intended to improve public safety by holding offenders accountable for their actions, and serve as a preventative mechanism to encourage compliance before serious events occur. When appropriate, administrative penalties are meant to address existing gaps in enforcement, where compliance orders are not followed, but prosecution is not a viable option.

Since December, the ministry has been working to ensure a smooth implementation of this new enforcement option. The ministry began sharing information about administrative penalties and, through the Safety Codes Council, discussing the new regulation with stakeholders.

The ministry will continue to work with stakeholders over the next year to ensure implementation of administrative penalties is consistent and meets the safety system's needs.

Delegated Administrative Organizations

Three delegated administrative organizations were formed in the mid-1990s by the Government of Alberta to manage some of the more labour-intensive and technically complex disciplines within the safety system. These three delegated administrative organizations function as self-funded, legal entities that specialize in their fields and are accountable to the minister.

Alberta Boilers Safety Association

In 1995, the Government of Alberta moved the administration of pressure equipment safety programs from Alberta Labour to the Alberta Boilers Safety Association. The key activities of the Alberta Boilers Safety Association include:

- reviewing, accepting, and registering pressure equipment designs;
- issuing certificate of inspection permits for pressure equipment;
- ensuring regular inspections of in-service pressure equipment are conducted;
- tracking pressure equipment that has been registered for use, or manufactured, in Alberta; and
- examining, certifying, and registering pressure welders, welding examiners, power engineers, and pressure equipment inspectors.

Alberta Elevating Devices and Amusement Rides Safety Association

The Alberta Elevating Devices and Amusement Rides Safety Association—established in 1996—and is responsible for making sure all elevating devices, amusement rides, and passenger ropeways (such as ski lifts) in Alberta comply with provincial safety codes and regulations. Its main functions include:

- conducting inspections and approving all newly-installed or renovated elevating devices, passenger ropeways, and amusement rides in Alberta;
- reviewing all designs to ensure they meet safety requirements and codes; and
- record-keeping and tracking of devices.

Petroleum Tank Management Association of Alberta

The Petroleum Tank Management Association of Alberta is delegated to administer the Alberta Fire Code as it relates to the registration, construction, operation, alteration, and removal of petroleum tanks in Alberta.

Key Strategy 2.3 – Implement the Fire and Search and Rescue Strategy for Alberta.

In 2016-17, the Office of the Fire Commissioner released the Fire and Search and Rescue Strategy for Alberta. The strategy directs a shift from transactional and operational duties, toward a focus on system quality and co-ordination.

Going forward, Municipal Affairs will continue to move away from most service delivery – such as fire investigations, fire inspections, and ground search and rescue activities – and instead build community capacity to work toward risk reduction and management. Municipal Affairs will use its expertise to help develop more effective safety systems, training, and public education programs in the fire, and search and rescue sectors.

Shift From Operations to Strategy

As directed in the Fire and Search and Rescue Strategy, Municipal Affairs is beginning to review its role in operational activities. The ministry's focus has been on finding efficiencies in the fire, and search and rescue sectors, while ensuring stakeholder and public needs are met. In 2017-18, Municipal Affairs began to review its role in fire inspections and investigations.

In 2017-18, the ministry's search and rescue liaison met with all of the province's 38 search and rescue teams to discuss their needs and solicit input on a future policy and procedures manual. The manual will guide future liability protection agreements under the *Emergency Management Act*. In 2018-19, the ministry will be working with stakeholders to develop an operational policy that will help communities take on the system's operational duties.

Building Capacity

In the meantime, Municipal Affairs is working to enhance service delivery throughout the province. In the past year, the ministry provided support to municipalities, organizations, and professional associations. In 2017-18, the ministry provided \$500,000 to municipalities for fire department training and \$150,000 to ground search and rescue training. In past years, similar levels of funding have been used to train approximately 1,500 firefighters, and 350 search and rescue personnel, respectively. The ministry also provided \$150,000 to Search and Rescue Alberta for improvements in its business activities and software upgrades for data management.



Did you know?

In 2017-18, Alberta's 38 search and rescue groups volunteered 119,044 hours of time to respond to 289 incidents, participate in 3,130 training exercises, and attend 2,081 meetings and public events.

In addition to supporting operational activities, the ministry provided funding to improve capacity-building for more strategic, longer-term projects. This year, the ministry provided \$270,000 to the Alberta Fire Chiefs Association for critical-incident stress-management training to support the mental well-being of all firefighters. This support includes an emphasis on helping those who responded to the 2016 fires in the Regional Municipality of Wood Buffalo.

In 2016-17, the ministry also provided \$1.6 million over three years for the Alberta Fire Chiefs Association to plan, co-ordinate, and implement delivery of a provincial structural protection program for fires in wildland-urban interface areas.

In the past fiscal year, the Alberta Fire Chiefs Association used the funding to hire consulting services and establish an advisory panel for the new program. Over the next few years, the association, its consultants, and the advisory panel will work with the ministry to develop and initiate the program, including standardized and certified training, equipment standards, and operational procedures.

The Office of the Fire Commissioner continued to work with the Alberta Emergency Management Agency, also within Municipal Affairs, to leverage emergency response capacity for municipalities from within the Provincial Operations Centre, as well as providing technical operations assistance, resource management, and fire department and search and rescue group support. The success of this partnership was evident in the response to the wildfires in Kenow, Hilda, and other areas in southern Alberta this past fall.



Did you know?

Wildland-urban interface areas are communities adjacent to forested areas. This type of firefighting requires a unique skillset that is rooted in both structural and wildland firefighting skills, as the behaviour of the fire and response techniques differ greatly between forested and developed areas.

Training

Guided by the Fire and Search and Rescue Strategy, the department made several improvements to Alberta's National Fire Protection Association Certification Program, with an emphasis on stakeholder engagement, access to training programs, and making certification programs more efficient for users.

This year, the department engaged extensively with stakeholders, including the Safety Codes Council, Alberta fire-training officers, the Alberta Fire Chiefs Association, and post-secondary institutions, to review and validate four National Fire Protection Association certifications:

1. Fire Inspector level I;
2. Fire Inspector level II;
3. Fire Investigator; and
4. Wildland Firefighter.

In response to stakeholder concerns, Municipal Affairs worked with the Safety Codes Council to reduce duplication between the National Fire Protection Association's Fire Inspector and Fire Investigator certifications, and the Safety Codes Council's Fire Safety Codes Officer certification. After a successful pilot project in summer 2017, the programs now share a skills evaluation, and participants will gain certification from both organizations upon completion of one program.

The department also reviewed and enhanced the certification program by aligning processes more closely with the accrediting board requirements and improving assessment tools such as exams and skills evaluations. A September 2017 audit by one accrediting board, Pro Board, occurred, and the ministry is confident this high standard of assessment will translate to a more proficient and capable Alberta fire service workforce.

The ministry also improved access to the certification program by facilitating the inspection and approval of a dozen new training sites across the province, and arranging for more than 20 new trainers. As a result, National Fire Protection Association programming that was previously only available at a single location is now accessible through multiple training hosts across the province.

Also in 2017-18, the department laid the groundwork to improve access to the program and students' experience with the program by planning a move from a primarily manual, paper-based system, to an electronic system. Providing exams online will:

- make the examinations more secure;
- allow for more responsive delivery and quicker turnaround for exam scoring; and
- make it easier for students to access their own records.

The ministry plans to implement this transition – which includes training new users, changing examination processes, testing systems, and making testing arrangements for training providers without access to computers – in the coming year.

Public Education

This year, the department continued to collaborate with other jurisdictions and organizations on public education initiatives, including fire prevention programs in homes, businesses, and the outdoors, as well as carbon monoxide awareness campaigns.

More than 350,000 Alberta students were provided with Fire Prevention Week materials, developed jointly with partners from the western Canadian provinces and territories. A short survey regarding how the materials were used was included for each teacher to complete. Replies were sorted by service region, and one entry from each region was drawn. With support from ATCO, each of the six winning classrooms will celebrate with a pizza or snack party, including attendees from the local fire department, ATCO, and Office of the Fire Commissioner staff. The teacher from each winning classroom also receives a \$200 gift card to Education Station (an education supply store) to put toward classroom resources.

Public education is another area in which Municipal Affairs is seeking efficiencies, for example, by moving away from physical materials and merchandise to online and electronic materials, where possible. The ministry is also moving toward better-focused educational campaigns for the public education system. This effort will be helped by the emphasis on data and analytics under the quality assurance framework described in Key Strategy 2.2. This year, the ministry analyzed a significant amount of data that sheds light on fire-related trends in Alberta, including fire causes and populations at increased risk of being impacted by fires. This type of data will inform the timing and focus of future educational campaigns, and allow the ministry's resources to be better targeted and more efficient.

? **Did you know?**

Any suppressed fire resulting in a dollar loss, injury, or fatality must be reported to the Office of the Fire Commissioner, regardless of whether a fire department responded. This includes fires that destroy agricultural crops.

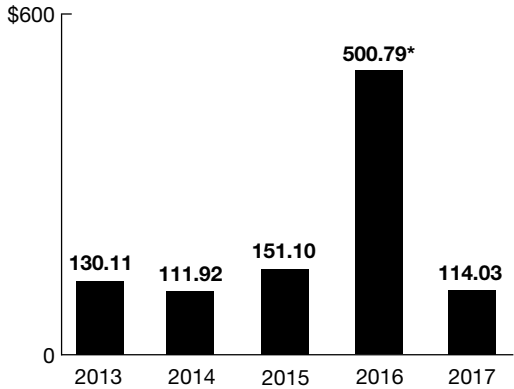
The Public Safety Division works with municipal fire departments throughout the province to compile and analyze fire reporting data with the aim of bolstering safety, preventing fires, and improving emergency response outcomes.

When compared to the 2016 data excluding the wildfire event, the 2017 fire loss figure represents a 33 per cent decrease from the previous year, and is the lowest annual measure since 2014. In the analysis that follows, information excluding the 2016 Wood Buffalo wildfire is used to provide more meaningful comparisons.

The decrease in per-capita loss between 2016 and 2017 may be a promising indicator of structural improvements in fire safety. Several property types saw large reductions in dollar loss in 2017:

- The single largest year-over-year change was loss due to apartment fires, which decreased from \$37.87 per capita in 2016, to \$5.43 per capita in 2017. This decrease is meaningful even after accounting for two large apartment fires that increased overall loss in 2016.
- Both the frequency and severity of fires in hotels decreased, causing dollar loss to drop from \$11.92 per capita in 2016 to \$1.64 in 2017.
- In both years, the Office of the Fire Commissioner received nine fire reports involving elementary schools, but the per-capita loss decreased from \$2.82 in 2016 to \$0.77 in 2017.
- Single and two-family residential dwellings are the most commonly reported property types involved in fire events in Alberta. Despite a similar number of fire reports filed in 2016 and 2017, the total loss decreased by almost 17 per cent, from \$58.45 per capita in 2016 to \$48.72 per capita in 2017.

**Performance Indicator 2.a –
Loss (in dollars) per capita, to fires
in a calendar year**



*Note: The result for 2016 includes the May 2016 fire in the Regional Municipality of Wood Buffalo. When the Wood Buffalo wildfire is removed from this per capita loss, the number is \$171.27.

Farm equipment is one property type with an increase, from \$0.91 per capita in 2016 to \$2.07 per capita 2017.

- The reduction in per-capita fire loss from 2016 to 2017 is also seen when analyzing data based on the act or omission that was deemed to have caused the fire.
- Fires due to “ignorance of hazard” (defined as fires caused by humans who did not realize their activities constituted a danger) decreased from \$16.88 per capita in 2016 to \$5.52 per capita in 2017.
- Fires caused by “distracted/preoccupied” human decreased from \$8.58 per capita in 2016 to \$3.33 per capita in 2017.
- While the number of fires caused by smokers’ material decreased only slightly, the total fire loss from this act decreased from \$9.14 per capita in 2016 to \$4.21 per capita in 2017.
- Overall fire loss for arson-related fires decreased from \$14.91 per capita in 2016 to \$11.81 per capita in 2017.

Conversely, fire loss related to failure of mechanical systems due to poor maintenance or installation increased slightly, from \$18.38 per capita in 2016 to \$19.67 per capita in 2017.

It is unclear whether the trending reduction in per-capita loss reflects an overall drop in fire severity – the average fire causes less damage due to better construction practices, more effective public education, better emergency response, or some combination of factors – or whether the decrease is driven by a lower overall replacement cost value.

Fire is a low-probability event due to a number of factors, including years of public education and code development, and diligent and well-prepared fire rescue agencies throughout the province. This fact means that a small number of high-loss fire events can influence the per-capita fire loss metric and lead to inaccurate trend analysis. Other, more stable indicators are being considered to track, and provide baselines to compare, the state of fire safety in Alberta.

Key Strategy 2.4 – Develop a builder licensing program within the province.

In the 2017-18 fiscal year, the development and implementation of the builder licensing program demanded significant time and resources. While consultation on the program began late last fiscal year, the ministry's Public Safety Division brought the program to fruition in 2017-18. This included stakeholder consultation, legislative amendments, regulatory development, and implementation of the program.

The builder licensing program and mandatory new home warranties comprise the New Home Buyer Protection Program. Introduced under the *New Home Buyer Protection Amendment Act, 2017*, builder licensing requires that all residential builders be licensed in order to acquire building permits and secure warranty coverage. This should protect the safety and integrity of new homes, while holding builders accountable for their work.

Consultation

In-person and online stakeholder consultation for the builder licensing program began in 2016-17. The ministry continued to meet with stakeholders—including warranty providers, municipalities, and builders—throughout summer 2017 in order to provide information and solicit input on program development and implementation plans. Overall, the meetings were positive, as stakeholders indicated support for the program and its elements.

Legislative Framework

The *New Home Buyer Protection Amendment Act, 2017*, was introduced into the Legislature in the spring 2017 session and came into force on December 1, 2017. The Act serves as an enabling framework, and its regulations establish program specifics. The regulations were drafted in summer 2017, and also came into force on December 1, 2017.

The regulations establish:

- application and eligibility requirements;
- classes of licences;
- grounds for ineligibility;
- powers of the registrar;
- permit requirements;
- a public builder registry; and
- other administrative provisions.

A Ministerial Order was also issued to establish fees for licence applications and renewals.



Did you know?

In a 2017 online survey of stakeholders and the public, nearly four in five respondents were in favour of government exploring options for licensing builders.

Implementation

The builder licensing program officially launched on December 1, 2017, at which point all builders were required to be licensed in order to register a new home and secure warranty coverage. Established builders with previously registered homes received a provisional licence and were required to attain a full licence by May 1, 2018.

In preparation for the launch, program staff prepared policies and procedures, including: processes to respond to builder and consumer inquiries and complaints; provisional licence assessment; and the development of IT system user guides. All program staff were trained on these policies and procedures. Ministry staff then assessed all Alberta's builders to issue provisional licences to the 1,700 builders who met the criteria.

The ministry developed an online platform on which builders apply for and renew licences. Over the next few years, the ministry will be making improvements to the platform, including the ability for prospective home buyers to research builders, and for the ministry to track builders. Over time, the system will also be updated to collect more information from builders, and integrate with other systems for better tracking, monitoring, and evaluation. This will allow the ministry to identify potentially irresponsible builders and take appropriate action to protect home buyers.

Municipal Affairs ensured there was broad and ongoing communication with affected stakeholders through various means. The ministry communicated with builders about the introduction of the program and the application process. In order to ensure all key stakeholders were aware of and understood the new requirements in advance of the December launch, the ministry held meetings throughout November with municipalities, agencies, warranty providers, and builders. The ministry communicated with the builders who received provisional licences that they needed to apply for a full licence by May 1, 2018. Municipal Affairs continues to meet with stakeholders in order to address issues as they arise.

Finally, the ministry was focused on communicating with the public, and raising awareness of the program among prospective buyers and builders. This included the development of web material, which was posted on the Municipal Affairs website (www.municipalaffairs.alberta.ca/builder-licensing) ahead of the launch: issuing a news release and posting information on social media; and sharing over 25,000 brochures with builders, consumers, and municipalities throughout the province.

Since launch day, the ministry has been supporting builders as they apply for licences or have questions regarding the program. By the end of the fiscal year, ministry staff issued more than 1,800 licences. In 2018-19, the ministry will be processing the remaining licences – including new builders, and provisional licensees applying for full licensure – and will start the annual licence renewal process. The ministry will also begin evaluating the program.

OUTCOME THREE

Albertans are better prepared for disasters and emergencies

Key Strategy 3.1 – Strengthen the provincial emergency management framework.

Post-Incident Assessments

After an emergency incident, a standard practice in emergency management is to do a comprehensive post-incident assessment. This assessment ensures the ministry is continually learning and improving by identifying, and addressing, any gaps in its internal policies and processes.

In 2017-18, the ministry received the May 2016 Wood Buffalo Wildfire Post-Incident Assessment Report. This third-party review examined emergency management activities related to the 2016 Wood Buffalo wildfire, and consulted with a broad range of stakeholders involved in the response, including affected municipalities and First Nations, communities that provided support, federal partners, industry, non-governmental organizations, and residents. The resulting report included 21 recommendations, all of which were accepted by the ministry. The ministry took action to implement these recommendations in 2017-2018, and this work is ongoing.

One example of the ministry's response to the recommendations was the creation of evacuation and re-entry guides for situations when a community is facing an emergency or disaster, which were developed in consultation with numerous stakeholders, including other government ministries and communities. The intent is to make the guides available to communities across the province to help

them develop their own evacuation and re-entry plans. The re-entry guide was tested in the Town of Coaldale, and feedback indicated the guides will be beneficial to communities in the future. The development of the guides also included a presentation at the Alberta Emergency Management Agency Stakeholder Summit in December 2017, where feedback from stakeholders was gathered and incorporated into the guides.

The development of a resource tracking process for use within the Provincial Operations Centre during activations is another initiative in response to the 2016 Wood Buffalo report. The Provincial Operations Centre is located in Edmonton and operates around-the-clock, every day of the year. It serves as the hub for co-ordinating the activities of all emergency response partners during disasters or emergencies where cross-governmental co-ordination and support is required. The resource-tracking process has been designed to track provincial government resources that have been deployed and make it easier to maintain situational awareness of where resources have been placed. Resources include such things as personnel, equipment, and emergency supplies. The proposed resource-tracking process will also improve the financial accountability of resource owners, operators, and purchasers/customers.

Additional work underway to address the 2016 Wood Buffalo report recommendations includes:

- a review of Alberta’s emergency management legislative framework, which was initiated in the 2017-18 fiscal year. This will lead to the development of amendments to the *Emergency Management Act* that are expected to be tabled in the Legislature early in the 2018-19 fiscal year;
- supporting the shift of emergency response organizations to the new Alberta First Responder Radio Communications System, a two-way radio network that is available to municipal, provincial, and First Nations agencies across the province. This will allow for improved integration of radio communication between responders from different agencies;
- in conjunction with key internal and external stakeholders the development of an interim critical infrastructure process within the Provincial Operations Centre to assist in the identification, monitoring of impacts and prioritization of critical infrastructure during an emergency management event;
- determining issues and project scope leading to the development of an Alberta resilience strategy; and
- working with the Ministry of Infrastructure for the construction of a new Provincial Operations Centre. This new facility is required because the existing Provincial Operations Centre does not have the space or the infrastructure to integrate new technology and resources, such as video conferencing, and training and presentation facilities, that are needed to address emergency management situations.

The Provincial Operations Centre always operates at Level 1 and elevates to higher levels in response to emergencies and disasters. In September 2017, it was elevated to Level 3 in response to a wildfire threatening Waterton Lakes National Park and surrounding area (the Kenow Wildfire). Due to the number of stakeholders and multiple jurisdictions involved with the Kenow Wildfire, a review of the response efforts was initiated. This review collected input from stakeholders involved in the response to the wildfire who shared information, reports, or their post-incident assessments.

Analysis of the response to the fire identified some challenges around who had the authority in certain jurisdictions, and what responsibilities came with that authority. Further, sorting out who had authority across boundaries created issues around crisis communications and maintaining a shared understanding of the situation. The review resulted in recommendations aimed at creating a more collaborative emergency management environment within Alberta, in order to avoid future jurisdictional issues. Some of the actions taken included proactive and ongoing discussions with the stakeholders involved so that in the event of another emergency, there is a clear understanding of roles and responsibilities. Additionally, work is underway to examine other areas of the province where similar jurisdictional issues may exist. Finally, exercises involving provincial and federal partners, conducted by local authorities, are scheduled for some of the areas with potential jurisdictional challenges including the Hamlet of Lake Louise and the Town of Hinton.

Emergency Management Act Review

In 2017-18, the ministry initiated a review of Alberta's emergency management legislative framework. The *Emergency Management Act* provides the legislative framework for local and provincial management and coordination efforts to prepare for, mitigate against, respond to, and recover from emergencies and disasters.

The review led to the development of amendments to the Act, tabled in the Legislature in April 2018. The amendments proposed in the *Emergency Management Amendment Act, 2018* would allow for the creation of a regulation to help communities improve their preparedness and response to disasters. The changes would also provide the ability to create a new regulation to provide clear direction on emergency management practices for municipalities.

Other proposed amendments would:

- protect first responders by clarifying their liability if individuals refuse to comply with an evacuation order;
- provide clarity on the lead person authorized to act on the minister's behalf during a state of emergency and include details on the power and authority given to the lead role; and
- clarify rules on how disputes over compensation are handled when property is damaged by the emergency response, not by the actual emergency.

In June 2018, the ministry will seek feedback on the proposed changes and suggested regulation from key stakeholders, including first responders, local elected officials, municipal directors of emergency management, and Metis Settlements.

Government intends to further discuss this bill in the fall 2018 legislative session.

Community Emergency Management Plans

Emergency management planning is a legislated requirement for local authorities in Alberta, and is intended to ensure communities develop and implement effective strategies for responding to disasters and emergencies. Alberta Emergency Management Agency field officers routinely visit communities across the province and provide a full complement of services, including reviews of emergency management plans. These face-to-face meetings demonstrate the ministry's commitment to strengthening public safety and resiliency. Community visits are an important service provided by the field officers, as direct interactions and relationship-building are integral to how the ministry supports communities before, during, and after emergencies and disasters.

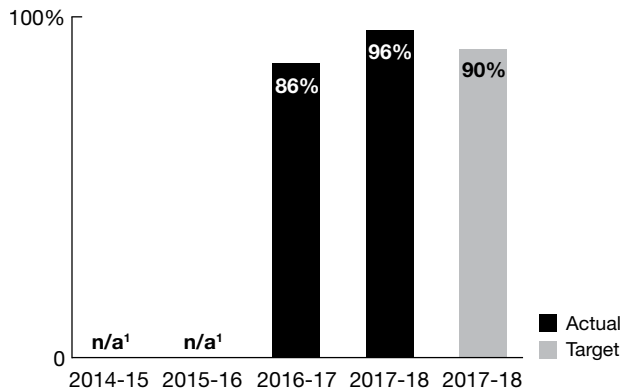
In 2017-18, the ministry's field officers reviewed community emergency management plans for 379 communities, including Metis Settlements, which is a significant increase from the 342 in the previous fiscal year. This was possible due to a small increase in field officer staffing, increased awareness and compliance on the part of communities, and a moderate reduction in emergency response activities, which have historically affected the ability to conduct emergency management plan reviews.

Field Officer Emergency Preparedness Activities 2017-18

379	Number of field officer visits for plan reviews, assessments and other Alberta Emergency Management Agency initiatives
115	Number of times communities cumulatively participated in emergency management exercises
273	Number of communities that hosted an emergency management training course offered by field officers
63	Number of times a community activated their emergency coordination centre or requested Alberta Emergency Management Agency assistance

The ministry also provides emergency management services and advice to First Nations communities as a part of an agreement with Indigenous Services Canada. Alberta was the first province to enter into this type of direct service delivery with the federal government. The success of this model has been widely recognized and is gradually being adopted by other provinces. In 2017-18, field officers dedicated to First Nations visited 42 First Nations communities to review their community emergency management plans.

**Performance Measure 3.a –
Percentage of communities (municipalities,
First Nations, and Metis Settlements) that
have been visited by an Alberta Emergency
Management Agency field officer and had
their Community Emergency Management
Plan reviewed**



Note:

¹ Actual data is not available. Data collection for this measure began April 1, 2016.

Performance Measure Variance

The following section explains the results of **performance measure 3.a**, “Percentage of communities (municipalities, First Nations, and Metis Settlements) that have been visited by an Alberta Emergency Management Agency field officer and had their Community Emergency Management Plan reviewed.”

The target of 90 per cent was exceeded; the actual result was 96 per cent.

The actual results exceeded the target by 6 per cent. The target of 90 per cent was established based on preliminary information regarding field officer activities and an understanding that meeting with communities and reviewing emergency plans requires collaboration and co-operation between communities and field officers. The first actual result for this measure was close to the target, which implies the target was set at an appropriate level.

The result indicates that 96 per cent of communities – municipalities, First Nations, and Metis Settlements – in Alberta were visited by an Alberta Emergency Management Agency field officer, and had their community emergency management plan reviewed. Field officers visited and reviewed community emergency management plans for 379 out of 396 communities.

Emergency management planning is most effective at the community level. This performance measure demonstrates the ministry’s commitment to ensuring local authorities develop and implement effective strategies to prepare for and respond to disasters and emergencies.

The performance measure was first introduced in the 2016-17 Business Plan, with a target of 90 per cent. The actual result for 2016-17 was 86 per cent, which was four per cent below the target. The 2017-18 results show a significant 10 per cent increase from 2016-17, and exceeded the target by six per cent.

Emergency management planning is a legislated practice for local authorities, which is intended to ensure that communities are prepared in the event of disasters and emergencies. Alberta Emergency Management Agency field officers routinely visit communities and provide a number of face-to-face services, including reviews of community emergency management plans. Community visits are an especially important service provided by field officers, as direct interactions and relationship-building are integral to how the ministry supports communities with emergency management activities.

The target of 90 per cent was established based on preliminary information regarding field officer activities, and an understanding that meeting with communities and reviewing emergency plans requires collaboration and co-operation between communities and field officers. The actual results for the last two years for this measure are close to the target, which implies that the target is set at an appropriate level.

Community Emergency Management Program

Preparation for disasters and emergencies is most effective at the community level, and the ministry continues to empower communities by ensuring resources are available to develop robust emergency management plans. To support this objective, the ministry continued to improve and promote the Community Emergency Management Program, a free online tool for developing emergency management plans and programs, which are administered by the ministry's Alberta Emergency Management Agency. Municipal Affairs developed this program to support all communities, including Indigenous communities.

The resources available through the online program were developed to complement the existing services provided by field officers, and promote a standardized, provincially endorsed approach for emergency management.

The Community Emergency Management Program provides a holistic approach to preparing for disasters and emergencies, including a hazard identification and risk-assessment tool to inform community users on the nature of hazards in their environments and assesses their risk-exposure to these hazards. The self-assessment component of the application aids in the development of risk mitigation strategies and can inform emergency management resource allocation decisions. These assessments are specific to each community and rely on the same hazard identification risk assessment methodology used at the provincial level. This compatibility between municipal- and provincial-level risk assessment methodologies creates opportunities for increased collaboration between Alberta communities and the provincial government.

Adoption of the Community Emergency Management Program remains strong, with 563 people registered to use the program from 245 communities in Alberta presently using it. This compares to 476 program users in 2016-2017. In 2017-18, the percentage of communities using the program rose 4.5 per cent over the previous fiscal year, to about 60 per cent. While this increase is a good indicator of success for this voluntary program, a number of communities have indicated a preference for using their own existing planning tools.

The growing uptake of the Community Emergency Management Program tool highlights the importance of the relationships the ministry has developed with Alberta communities through hands-on training sessions and providing online resources. Feedback on the Community Emergency Management Program has been positive, and communities have indicated they feel well-supported by the ministry through access to the application.

In recent years, the Community Emergency Management Program was adapted to respond to First Nations concerns, and First Nations-specific training sessions were initiated. To date, most First Nations in Alberta (44) have registered to use it.

All-Hazards Incident Management Teams

In response to recommendations from the May 2016 Wood Buffalo wildfire post-incident assessment, the ministry began a pilot project to train regionally-based all-hazards incident management teams. These teams are intended to bridge an identified gap in the province's incident management framework. Teams will be able to deploy as quick, immediate support to one or more communities. Ideally, this should avoid provincial assets being utilized before they are required.

The ministry developed and implemented a seven-day training program conducted in three phases and aligned with the availability of participants. From March 2017 to the end of 2017, the project completed two full iterations of the training program – one in the northwest region and the other in central region of Alberta. Each team is composed of approximately 25 people who are suitably qualified to fill a complete Incident Command System organizational structure to the unit level, and can be used to support or augment the capacity of a municipality that is responding to a complex or significant emergency or disaster.

In January 2018, the ministry provided grant funding to further develop and implement a three-year program that will deliver this training to three additional teams, bringing the total of available regional teams to five.

There are three key outcomes associated with development of these regional incident management teams:

1. A new regionally based capability to assist municipalities in managing complex incidents.
2. A positive trickle-down impact on municipal emergency management operations through the training provided to these teams, and by virtue of a deeper understanding of the Incident Command System gained by participants.
3. Building deeper relationships and trust among participants and across the provincial public safety system. This is further enhanced through the use of mentors from existing teams, and external experts, as part of the training program.

Emergency Management Training

The growing popularity of emergency management training courses has prompted the ministry to focus on developing other options, including:

- online training courses;
- expansion of the training course portfolio;
- formalizing the course development process; and
- having field officers to deliver courses in communities.

The demand for the ministry's emergency management training continues to rise. In 2017-18, the ministry provided training to 11,324 individuals; of these individuals, 8,542 completed online training and 2,782 received classroom instruction (offered in 214 sessions). Participation in online training increased four per cent compared to the previous fiscal year. The ministry will continue to develop new training models to meet the growing demand for emergency management training.

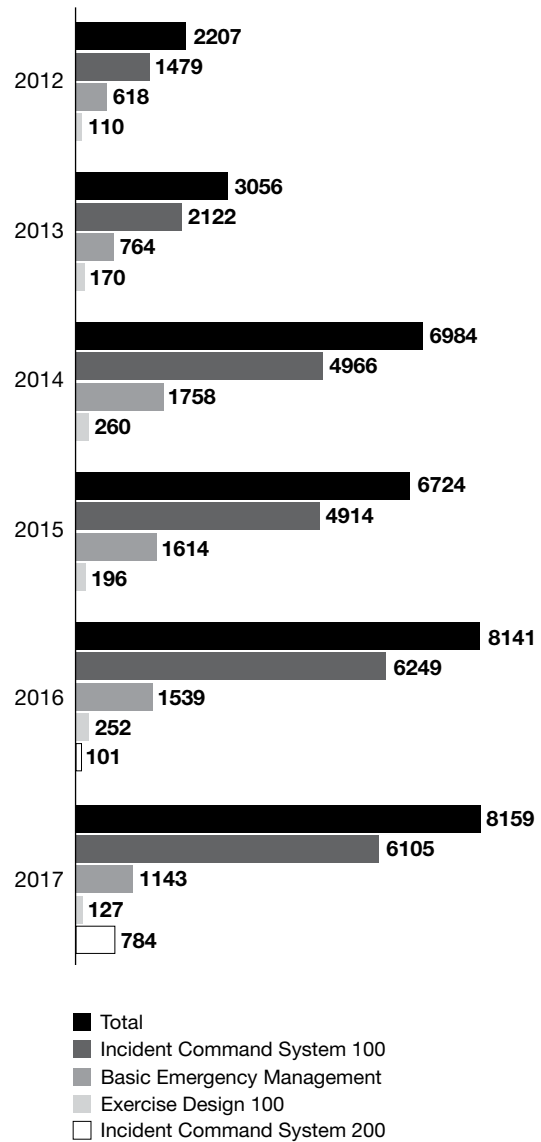
As an example, the ministry significantly increased the overall capacity to offer Incident Command System training in Alberta by training and certifying instructors in other Government of Alberta departments, as well as from municipalities. By having more trainers available, more courses will be delivered, enhancing emergency preparedness across the province. The Incident Command System is a standardized on-site management system designed to enable effective, efficient incident management by integrating a combination of facilities, equipment, personnel, procedures, and communications operating within a common organizational structure. This standardized system is mandated within the provincial government, and its use is strongly encouraged for all emergency responders in Alberta. The ministry is committed to providing Incident Command System training to emergency management partners both internal and external to the Government of Alberta.

To date, 250 instructors have been certified in Alberta, which represents 46 per cent of total Incident Command System Canada-certified instructors in Canada.

The ministry partnered with Alberta Health Services to develop a new online disaster preparedness course at a cost of \$30,000. By the end of the 2017-18 fiscal year, 2,179 people accessed the course.

In 2017-18, Municipal Affairs collaborated with the Ministry of Community and Social Services and the Emergency Social Services Network of Alberta to develop a new emergency social services course to address the training needs of communities and enhance support to Albertans directly impacted by emergency and disaster events. The Emergency Social Services Network provides for the emotional and physical needs of individuals and families affected by an emergency or disaster for up to 72 hours (possibly more in extraordinary circumstances). The new course has both in-class and online components, and features an updated curriculum

Emergency Management Online Training Activity – Fiscal Years 2012-2017



that incorporates lessons learned from recent disasters. For example, the course will cover managing complex issues that arise when a large number of people have been displaced from their homes, the current role of Emergency Social Services, and updated practices on how to activate Emergency Social Services Response plans.

The ministry developed a new directors of emergency management course as a one-day workshop. The course, released in fall 2017, was designed to develop a foundation of knowledge that will support those who are new to the role of being a director of emergency management. It covers the governing legislation, roles and responsibilities relevant to the position, and contextual elements of leadership that come into play within this critical role.

An updated course for municipal elected officials was developed and released by the ministry during the fiscal year. This course covers the roles and responsibilities of elected officials and other stakeholders, and the legislation to guide and direct communities in their emergency management activities, including effective crisis communications. Communication is considered an essential element to an effective emergency response. The course is offered either online or in-class.

Stakeholder Engagement

The ministry continues to strengthen the emergency management framework in the province through engagement with internal and external emergency management stakeholders, and with the public. These engagement activities include an annual stakeholder summit, participation in cross-ministry collaboration and intergovernmental public safety governance, and Emergency Preparedness Week activities for the public.

2017 Stakeholder Summit

Municipal Affairs hosts an annual emergency management stakeholder summit, which is an opportunity for delegates from across the province to share and discuss ideas on disaster resiliency. The 2017 summit, Working Together to Build Resilience, took place in Edmonton in December and was sold out. The summit provided a venue for more than 500 delegates to share ideas about building disaster resiliency. It also provided the opportunity for 15 speakers to share their expertise and experiences around disaster resiliency with delegates. The keynote speakers included Dr. Satyamoorthy Kabilan, Director, National Security and Strategic Foresight at the Conference Board of Canada. Dr. Kabilan shared his experiences and lessons for planning and adapting to the evolving challenges in emergency management, as well as some of the potential solutions for coping with them.

The annual Emergency Management Achievement Award was presented at the 2017 Stakeholder Summit to the Town of High Level and Chief Rodney Schmidt. The award recognized their work in establishing the first regional emergency operations centre support team.

Also featured at the summit was the launch of the #PrepareYourSelfie campaign. The #PrepareYourSelfie is intended to create emergency preparedness conversation with Albertans and encourages Albertans to prepare emergency kits and post their photos on social media using the #PrepareYourSelfie hashtag. This involved a photo booth that demonstrated a #PrepareYourSelfie photo frame for delegates and encouraged them to bring the campaign to their communities for Emergency Preparedness Week 2018. The demonstration resulted in almost 50 tweets under the #PrepareYourSelfie hashtag.

Emergency Preparedness Week

Emergency Preparedness Week activities were held across the province during the first week of May 2017. Emergency Preparedness Week, a national event coordinated by Public Safety Canada in collaboration with provinces and territories, is intended to raise awareness of the importance of personal preparedness for Canadian families. The theme for 2017 was “Plan. Prepare. Be Aware.” The ministry hosted a kick-off event held at the Alberta Legislature grounds on May 5, which was attended by more than 400 people. Ministry staff provided demonstrations to the public on building personal and family preparedness kits, with sample kits and checklists available for visitors to take home. The total cost of this event for 2017 was \$775. Other well-attended Emergency Preparedness Week events were held in Calgary – “Disaster Alley,” May 6, and in Edmonton – “Get Ready in the Park,” May 13. Other municipalities across the province also held Emergency Preparedness Week events in partnership with first response organizations, emergency social services, and non-governmental partners.

Personal preparedness presentations have been, and will continue to be, provided to stakeholders (such as the Ministry of Energy, Edmonton International Airport, Imperial Oil, and the Myeloma Alberta Support Society) upon request. Presentations on the importance of learning about the risks in their communities, developing an emergency plan, and building an emergency kit were provided to approximately 2,000 Albertans during the fiscal year.

In 2017-18, the Alberta Emergency Management Agency’s website’s “Be Prepared” pages were developed in conjunction with risk factor subject matter experts from across the Government of Alberta. The intent is to ensure the public has accurate personal preparedness information available to them, so they can be better prepared for disaster events. These pages titled: “Know the Risks,” “Make a Plan,” and “Build a Kit” are now

among the most frequently visited pages on the agency’s website. In addition, there are five personal preparedness checklists available on the website. These checklists were among the top six downloaded documents during 2017-18, and represent 21 per cent of the total downloads from the site.

Intergovernmental Collaboration

At a national level, the ministry has provided direct support to federal, provincial, and territorial public safety collaboration and co-ordination through the provision of secretarial supports to the Canadian Council of Emergency Management Organizations and the Senior Officials Responsible for Emergency Management. The Senior Officials Responsible for Emergency Management is a federal/provincial/territorial body dedicated to advancing emergency management across Canada and involves senior emergency management officials from all the provinces and territories, and representation from Public Safety Canada.

Senior leadership from Municipal Affairs successfully assumed the roles of co-chair of the Senior Officials Responsible for Emergency Management and chair of Canadian Council of Emergency Management Organizations on January 1, 2018. These organizations’ current work includes:

- major policy pieces such as a revised emergency management framework for Canada;
- a national emergency management strategy for Canada; and
- an increased focus on disaster mitigation and Indigenous emergency management.

Key Strategy 3.2 – Improve the Government of Alberta’s response capability to major and widespread emergencies and disasters.

The lessons learned from the 2016 Wood Buffalo wildfires and other extraordinary disasters in Alberta have highlighted the importance of preparedness, prevention, and mitigation. In the past fiscal year, the ministry continued to take a leading role in providing tools, resources, and training to its partners to enhance and transform public safety and emergency management initiatives.

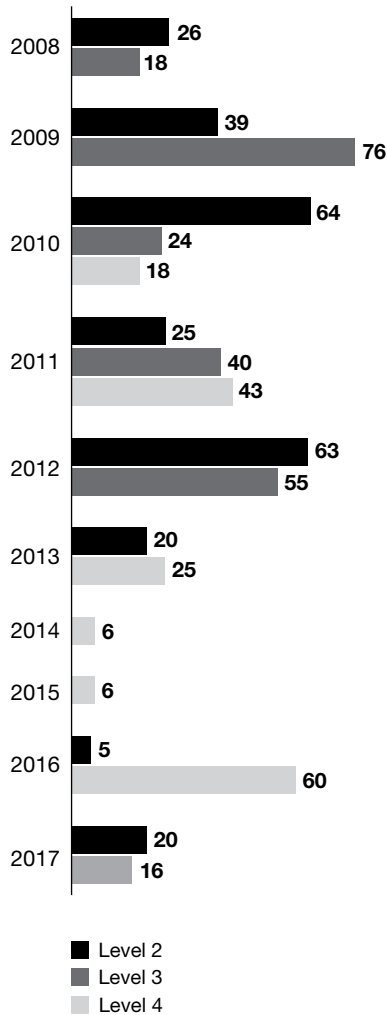
Provincial Operations Centre

The ministry’s Alberta Emergency Management Agency is responsible for co-ordinating an effective cross-government response to disasters and emergencies. The Provincial Operations Centre, with an annual budget of \$1.3 million, operates 24 hours a day, every day of the year. In the event of an emergency or disaster, it serves as the hub for co-ordinating the activities of all emergency response and management partners. In 2017-18, a new staffing and reporting structure was implemented in the operations centre, creating more capacity and depth, which provided greater ability for more preparedness-focused activities and initiatives.

By default, the Provincial Operations Centre is activated at Level 1 and is activated at higher levels in response to disasters and emergencies. The operations centre was activated above Level 1 five times in 2017-18:

- In response to the September 2017 Kenow fire that was approaching Waterton Lakes National Park, the Provincial Operations Centre was elevated to Level 2 for 14 days. Due to increasing threat and the requirement for additional co-ordination, the centre was later elevated to Level 3. One of the ministry’s major event support vehicles was deployed to support the communities. This required co-ordination with the Town of Pincher Creek, Parks Canada, and the province.
- A Level 2 elevation for one day in May 2017 in response to a potential interface fire, near the community of Fox Lake, where residential homes or structures were close enough that a wildfire might have spread to the structures.
- In July 2017, the centre was elevated to Level 2 for 15 days in order to assist with the co-ordination of the province’s support to the British Columbia wildfires. A ministry liaison team was deployed to support Emergency Management British Columbia. The Province of British Columbia recognized the Province of Alberta, in particular the Alberta Emergency Management Agency and the ministries of Health, Community and Social Services, and Children’s Services, for their support to British Columbia’s unprecedented seasonal hazards, from damaging floods to the most significant wildfire season in the history of that province.
- In October 2017, the centre was elevated to Level 2 for three days in response to a significant wind event that exacerbated a wildfire and multiple grassfires across southern Alberta. The ministry assisted with co-ordinating the province’s support to the impacted municipalities.
- In October 2017, the centre was again elevated to Level 2 for three days in response to an early winter storm that stranded hundreds of motorists across the south-eastern portion of the province.

Number of Days the Provincial Operations Centre was Elevated 2008-2017



The ministry designs and delivers an annual cross-government emergency management exercise intended to prepare Alberta Emergency Management Agency staff; other Government of Alberta employees; and partners in regional, provincial, and federal departments for the coming Alberta hazard season (March through September). The 2017-18 emergency exercise scenario (EMX18) was held between February 28 and March 2, 2018. With a budget of \$75,000, EMX18 simulated a wildland-urban interface fire affecting the County of Grande Prairie and forcing the evacuation of thousands of people. Stakeholders from all levels of government, as well as industry, participated. As part of the event, the regional all-hazards incident management team, the evacuation guideline, the resource tracking process, and a re-entry planning guide—all of which arose out of feedback from the 2016 Wood Buffalo Report recommendations—were incorporated into the exercise.

These emergencies and events, along with EMX18, demonstrated the value of the Provincial Operations Centre as a co-ordination hub that brings stakeholders together. They also showed the value of the centre’s emergency management software, the Alberta Disaster Local Area Network. Having multiple stakeholders physically present in the operations centre enables quick identification of issues and potential solutions. The network’s remote-access capability gives stakeholders improved awareness and the ability to track tasks related to the incident or event.

When the ministry sent personnel to support British Columbia’s wildfire efforts in summer 2017, the experience of observing how another province conducts emergency management activities provided insights and prompted recommendations on how to improve the efficiency and effectiveness of Alberta’s Provincial Operations Centre. Based on these observations, a review was conducted on how the Incident Command System is used. This resulted in identifying a number of areas where the Provincial Operations Centre could enhance its effectiveness by better aligning with that system.

An initiative to look at what the Provincial Operations Centre does and how it interconnects with the Incident Command System was implemented. The objective of this initiative was to improve the overall effectiveness, enhance interoperability, and improve efficiency within the Provincial Operations Centre. To support this, the ministry facilitated and delivered six information and training sessions and three mini-exercises, involving all the Provincial Operations Centre's stakeholders as part of the centre's professional development program. This initiative was validated during EMX 18.

The Provincial Operations Centre manages the deployment of two major event support vehicles. These vehicles are equipped with full cellular and satellite communications, and operate as a communications suite and meeting space for up to 14 people. In January 2017, the ministry entered into an agreement with Parkland County, allowing the county and its emergency management partners to use the ministry's major event support vehicle for emergency events in their jurisdiction, highlighting the co-operation between the government and local authorities in working toward public safety. In 2017-18, major event support vehicles were deployed as part of the incident support team for the Kenow fire; EMX 18 in Grande Prairie; and to community engagement events held in Calgary, Devon, Edmonton, Nanton, and Strathmore.

Emergency Management Governance

The ministry is improving the government's response capability to major emergencies and disasters by participating in cross-ministry collaboration and governance through the deputy ministers' and assistant deputy ministers' public safety committees. Through this collaboration, the public safety committees successfully completed all major deliverables in their 2017-18 work plan, including strategic oversight and alignment of activities to implement the 21 recommendations from the 2016 Wood Buffalo Report.

These committees have been recognized nationally as leading the way in provincial-level emergency management governance. They have now begun to transition away from the operational needs around the recovery from the 2016 Wood Buffalo wildfires toward focusing on strategic and cross-government public safety policy drivers. This next stage will further enhance the province's public safety system.

Key Strategy 3.3 – Support and transform disaster recovery activities and programs to improve the province’s ability to recover from widespread emergencies and disasters.

Disaster Recovery Transformation

Disaster Recovery Programs are grant programs to financially assist municipalities and Albertans with their eligible, uninsurable losses or damages resulting from a disaster.

Recent wide-scale disasters challenged the Disaster Recovery Program, prompting the ministry to make improvements to the program. One example is the flooding in southern Alberta in 2013. This massive flooding affected many municipalities and thousands of Albertans, triggering a Disaster Recovery Program. This event severely tested existing program policies and procedures.

As a result, areas for improvement in service delivery were identified by the Auditor General of Alberta and adjustments were made. It was decided in 2014 that the program would be transitioned from a third-party contractor to the ministry.

In 2017-18, the ministry continued to transform its Disaster Recovery Program in order to further enhance service delivery and has made progress in improving the way it delivers the program and how Albertans affected by disasters access it.

Response to Auditor General Review

In 2015-16, the Office of the Auditor General conducted a program audit focused on disaster recovery programs and the transition from an external service provider to a Government of Alberta program. The Office of the Auditor General recommended the Department of Municipal Affairs implement its transition work plan to improve its disaster recovery program delivery systems by obtaining skilled project managers and implementing project management practices that will achieve the objectives outlined in the plan; and, improving project oversight to monitor implementation of the plan – ensuring desired results are achieved within an acceptable timeframe.

From these recommendations the ministry developed 11 priority projects and has completed the multi-year implementation of seven of the projects – with four projects ongoing. Key deliverables that contributed to the completion of the projects include:

- developing of a set of policies for 2013 and future Disaster Recovery Programs housed in an internal resource library;
- developing procedure manuals to ensure consistent processing of disaster financial assistance applications;
- creating a talent acquisition plan to help effectively recruit staff during major disasters to more quickly process applicant claims;
- establishing an effective and efficient system to rapidly onboard staff and provide greater support for new and existing staff by providing regular in-person training, onboarding material/guidelines for new staff, and supervisory check-ins;

- refining the application intake plan to better respond to future Disaster Recovery Programs;
- developing performance objectives and metrics to formally document the progress on meeting corporate and functional goals; and
- implementing a case management model that provides better service to Albertans and improves efficiencies around file administration.

The ministry improved the way it processes applications for assistance by implementing a new case management model for applicants and municipalities. The model, which includes a regional approach, achieves several things. It provides municipalities and applicants with individual case managers and a direct and personal point of communication; improves timeliness of payments to applicants and the program's ability to track and report on the recovery services provided to Albertans; and helps build relationships and trust between the ministry and impacted communities. Ultimately, the new approach is helping to build safer and more disaster-resilient communities.

To further improve Disaster Recovery Program case management, a case manager training series was designed to improve the understanding of program policies, processes, and procedures for case managers. The goal of this series was to improve effectiveness and efficiency in the administration of Disaster Recovery Programs.

The ministry also supported recovery activities and programs by creating program policy interpretation documents that are available in the resource library for use by case managers. This initiative supports more efficient and consistent file administration.

Additional Improvements to Disaster Recovery Programs

In 2017-18, the ministry entered into a third-party contract to ensure the government has the necessary engineering reports on file to support greater cost recovery from the federal government. Additionally, improvements were made to reduce the amount of time for delivery of engineering reports from an average of 126 days to less than 30 days. These reports are required for funding to be issued for the rebuilding of public assets.

The ministry also streamlined the assessment and evaluation of losses and damages reported by Disaster Recovery Program applicants. This process is now applied to current and future Disaster Recovery Programs in order to improve compliance with the federal Disaster Financial Assistance Arrangements. This will ensure the province receives the maximum possible reimbursement for federally cost-shared programs and is better positioned to request advance payments from the federal government for extraordinary disaster events.

Given the inconsistent availability of overland flood insurance in the province in 2017, the ministry co-ordinated with Public Safety Canada, other Government of Alberta ministries, and the insurance industry to better understand the emerging market for overland flood insurance. This review of insurance availability is ongoing and will help guide the development of future program policies and guidelines. This is important because assistance from disaster recovery programs cannot be provided for insurable loss, as federal cost-sharing is only available for uninsurable damage.

The ministry continued efforts to improve Disaster Recovery Program service to Albertans and municipalities through ongoing work to develop a technology solution that will enable homeowners and tenants impacted by disasters to apply for assistance online. This Disaster Financial Assistance

IT system 3.0 will also provide more reliable and useful program data to increase the efficiency and effectiveness of Disaster Recovery Programs. It is anticipated this system will be in place in late 2018.

The ministry's efforts to improve service to Albertans and municipalities focused on providing information to citizens and advice to communities during recovery co-ordination at program application centres, by having one-on-one conversations, and through sessions with municipalities.

In 2017-18, in collaboration with other Government of Alberta ministries, Municipal Affairs began developing an overarching provincial recovery framework that would include building appropriate support for recovery operations. Additionally, the Assistant Deputy Minister Public Safety Committee endorsed the development of a provincial recovery framework and co-ordinated recovery planning processes across government. This will serve as a whole-of-government strategic document that describes the provincial approach to disaster recovery in future events. It defines overarching recovery principles, and articulates how ministries will co-ordinate recovery activities. As part of this process, the role of the Disaster Recovery Committee will be examined. Currently, this is the body that reviews information relating to disasters and emergencies and provides recommendations and advice to the minister on the establishment of disaster recovery programs. This examination will contribute to recommendations for the evolution of responsibilities.

The ministry also provided a training session attended by 13 municipalities (the cities of Fort Saskatchewan, Spruce Grove, and St. Albert; the towns of Barrhead, Edson, Hinton, Mayerthorpe, and Whitecourt; the Village of Breton; the counties of Sturgeon and Lac Ste. Anne; and the summer villages of South View and Seba Beach) on pre-planning considerations related to insurance and pre-event recovery logistics. Providing recovery co-ordination advice and training to communities

during the response phase of an event ensures early consideration is given to community recovery needs, which is required for long-term success.

Disaster Recovery Program Administration

Transforming the Disaster Recovery Program is an ongoing endeavour as the ministry strives to continually enhance service delivery. In 2017-18, significant achievements included the following:

- completing the private sector component of the 2013 Southern Alberta Disaster Recovery Program, which was the largest Disaster Recovery Program ever administered in Alberta. To achieve this, the ministry completed payments to all 6,790 eligible private applications. The ministry also transferred \$17 million in 2017-18 to other provincial ministries to fund provincial disaster recovery initiatives, for a cumulative total of \$306 million transferred since the 2013 Southern Alberta Disaster Recovery Program was established.
- completing the transfer of \$46 million in the 2017-18 fiscal year, for response and recovery to 13 ministries involved in the 2016 Wood Buffalo wildfire. This represents a total of \$207 million transferred to other provincial ministries since the beginning of the program. The funding has enabled repairs to infrastructure, including; transportation, provincial parks, health and educational facilities, and interim housing for First Nations – and further, it supported psychosocial programs for Albertans impacted by the fire. The funding also provided for wildfire suppression costs within the urban interface area. The wildland-urban interface refers to the area where industrial, agricultural, or residential development overlaps wildland areas. The interface presents significant challenges in emergency management and response, as it is not fully urban, nor fully rural, and it is not unpopulated; it is a zone of overlapping jurisdictions and multiple hazard types. This complicates wildfire suppression efforts, and requires the involvement and co-operation of multiple stakeholder groups.

- officially completing 33 of 35 Disaster Recovery Programs dating from 2010 to 2015 that were ineligible for federal cost-sharing.
- completing the submission to Public Safety Canada of four of 10 Disaster Recovery Programs dating from 2010 to 2015 that are eligible for cost-sharing with the federal government.
- completing the 2015 South Central Disaster Recovery Program, which was the first program solely administered by the Government of Alberta. By applying lessons learned from the 2013 and 2014 disaster recovery programs administered partially in-house, the ministry avoided any major challenges in administering this program in a relatively short period of time.

Additionally, in response to disaster events that occurred in 2016 and 2017, the government approved and established eight new Disaster Recovery Programs in 2017-18:

1. the 2016 City of Grande Prairie Disaster Recovery Program;
2. the 2016 North Central Disaster Recovery Program;
3. the 2016 Regional Municipality of Wood Buffalo Flood Disaster Recovery Program;
4. the 2016 Town of Lamont and Lamont County Disaster Recovery Program;
5. the 2016 Parkland County and Paul First Nation Disaster Recovery Program;
6. the 2017 City of Lloydminster Disaster Recovery Program;
7. the 2017 Town of Athabasca Disaster Recovery Program; and
8. the 2017 Town of Drumheller Disaster Recovery Program

For the listing of disaster recovery programs above, there were 174 applications with an estimated budget of \$14.98 million for disaster recovery programs established in 2016, and 25 applications with an estimated budget of \$800,000 for 2017 disaster recovery programs.

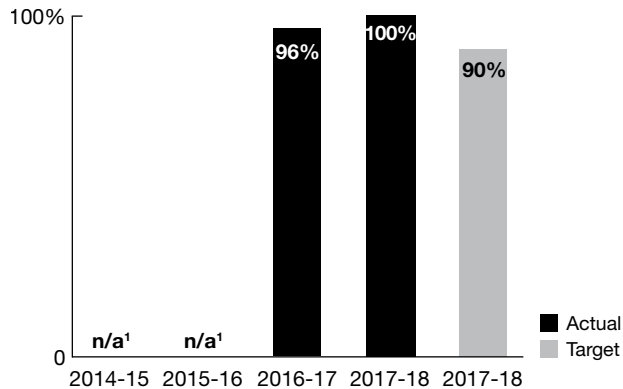
A significant amount of financial assistance was provided to municipalities and First Nations communities through disaster recovery programs in 2017-18.

There were also three Municipal Wildfire Assistance Programs established in 2017-18;

1. the 2016 Lamont County Municipal Wildfire Assistance Program;
2. the 2016 Thorhild County Municipal Wildfire Assistance Program; and
3. the 2016 MD of Fairview Municipal Wildfire Assistance Program.

The Municipal Wildfire Assistance Programs provide assistance to municipalities when they incur extraordinary costs while fighting wildfires. The total budget for the three 2016 Municipal Wildfire Assistance Programs was a total of \$2.88 million, with a total of \$464,409 already paid out to municipalities during the past fiscal year.

Performance Measure 3.b –
Percentage of residential disaster financial assistance files that have received 90 per cent of its estimated funding within 90 days of being determined eligible for Disaster Recovery Program compensation



Performance Measure Variance

The following section explains the results of **performance measure 3.b**, “Percentage of residential disaster financial assistance files that have received 90 per cent of its estimated funding within 90 days of being determined eligible for Disaster Recovery Program compensation.”

The target of 90 per cent was exceeded; the actual result was 100 per cent.

The results indicate that 100 per cent of the residential disaster financial assistance files received during 2017-18 received 90 per cent of their estimated disaster financial assistance funding within 90 days of being determined eligible for Disaster Recovery Program compensation.

This measure demonstrates the ministry’s performance in providing timely disaster financial assistance to impacted Albertans.

The performance measure was introduced in the 2016-17 Business Plan as a “performance measure under development” with a target of 90 per cent. The actual result for 2016-17 was 96 per cent, which was six per cent over the target. This result shows a four per cent increase over the previous year and exceeds the target by 10 per cent.

There were eight disaster recovery programs established in 2017 for 2016-17 disasters, all announced in the third quarter of the 2017-18 fiscal year. In total there were 35 residential applications received during the fiscal period, with only four being residential disaster financial assistance applications that met the criteria to be included in this fiscal year’s reporting cycle. The remaining 31 applications will be transitioned to the 2018-19 fiscal year. The late announcement of the programs resulted in the low number of applications that were included in the calculation of the performance measure. This also led to the 100 per cent achievement of the measure, which might not be typical in years when there is a larger number applicants impacted by disasters and where more applications meet the criteria to be considered for the performance measure.

Key Strategy 3.4 – Strengthen the Government of Alberta’s business continuity program.

Government of Alberta Business Continuity Program

The Government of Alberta Business Continuity Program, led by Municipal Affairs, is a holistic program that identifies threats and risks to the government’s delivery of services. It considers the potential impacts those threats and risks pose to the continuity of essential services to Albertans. It provides a framework for building resilience and the capability to respond, which ultimately safeguards the interests of key stakeholders and assures services continue to be delivered.

Having a robust business continuity program in place in the government ensures that when an event happens that disrupts the services upon which Albertans and the government rely, critical services will still be maintained throughout the disruption. It also provides a framework that determines the priorities in resuming services after a business disruption.

The ministry is mandated to monitor, co-ordinate, and assist with the promotion, development, implementation, and maintenance of emergency management programs in Alberta. The development and implementation of the Government of Alberta Business Continuity Program is one of the most important aspects in the ministry’s fulfillment of its business continuity mandate for the province.

In 2017-2018, the ministry strengthened the province’s Business Continuity Program, by leading the revision of the Government of Alberta Business Continuity Plan and the Business Continuity Guide. Maintaining these documents and keeping them current is an important part of business continuity planning within the government as a whole. The Government of Alberta Business Continuity Plan was approved in 2017-18, and the Business Continuity Guide is current as of December 2017.

The ministry also has responsibility to assist with the business continuity planning of other Government of Alberta ministries through business continuity plan reviews, which occur every two years. Throughout the year, the ministry completed 10 formal, and five informal, reviews of ministry business continuity plans.

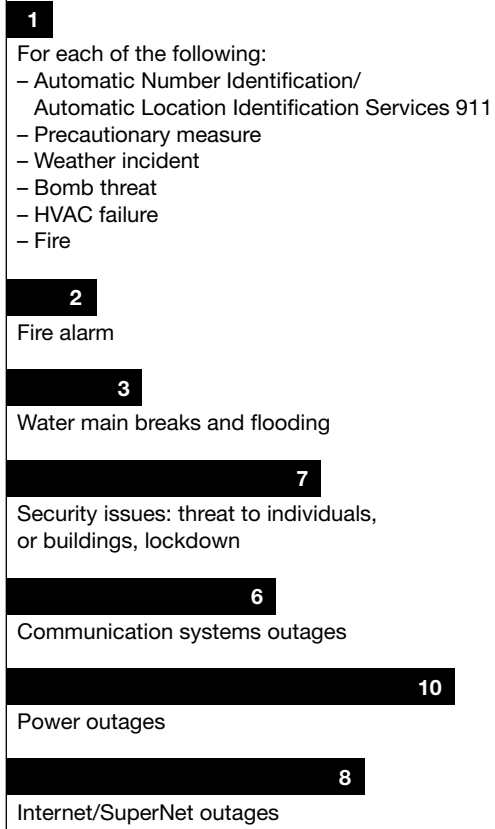
Another way the importance of business continuity planning has been reinforced is through business continuity forums. Two forums were held in 2017, with a total attendance of about 70 ministry business continuity officers. The goal of the forums is to bring together all business continuity officers in the provincial government to discuss best practices and to share current initiatives.

In November 2017, the ministry facilitated a cross-government business continuity exercise. The scenario was based on a fictitious explosion in downtown Edmonton that damaged several government buildings. Multiple ministries participated in this exercise. Through this exercise, business continuity officers were given an opportunity to practice immediate response actions, internal communication flow and procedures,

external reporting to the Provincial Operations Centre, and the activation of some of their business continuity strategies. This exercise also supported information technology disaster recovery initiatives.

The Government of Alberta and Cross-Government Co-ordination Team were not activated during 2017. However, there were 42 business continuity disruptions reported within the Government of Alberta during the 2017-18 fiscal year. Most of these disruptions were minor in nature, and were rectified within 24 to 48 hours.

Business Continuity Disruptions 2017-18



Key Strategy 3.5 – Ensure provincial 911 and emergency public alerting programs are in place to enhance public awareness and capability.

The ministry's 911 program plays a vital role in the provincial strategy for supporting consistent and reliable emergency services to Albertans. The ministry continues to strengthen Alberta's public safety system by enhancing and improving its 911 program.

911 Grant Program

Municipal Affairs provided \$15.8 million in grant funding to 21 911 call centres, commonly known as public safety answering points, a 3.7 per cent increase over last fiscal year.

The 911 grant program is funded through a monthly 44 cent levy applied to wireless phone bills in Alberta, which supports the enhancement of 911 service delivery by supporting staffing, training, hardware, and software costs. The 911 grant program is an additional source of funding that is made available to the 911 call centres, and allows them to make improvements over and above what would be possible within their existing budgets. The grant program also supports technology upgrade projects to ensure compliance with existing and next generation 911 standards.



Did you know?

Approximately 98 per cent of Albertans have access to 911 services, and the ministry's 911 program is working with communities to find opportunities to extend this essential service to unserved communities.

Enhancing 911

The ministry's 911 program worked on public education and collaborating with other provinces and territories on Next Generation 911 developments. Next Generation 911 will allow digital information (e.g., text messages, and possibly photos and videos) to flow seamlessly from the public, through the 911 network to public safety answering points, and then on to emergency responders. This will require updates to 911 service infrastructure across Canada to improve public emergency communications services, including better accuracy for the location of calls. Highlights of this collaboration include:

- working with the Canadian Radio-television Telecommunications Commission to evolve existing 911 networks and infrastructure into next generation services; and
- participating in the Canadian Next Generation 911 Coalition, which is a volunteer working group that advances the 911 public safety system within Canada by sharing best practices. In early 2018 this group developed a Next Generation 911 transition roadmap for Canadian public safety answering points.

The ministry also continues to address gaps in 911 coverage within Alberta. Approximately 98 per cent of Albertans have access to 911 services, and the ministry's 911 program is working with communities to find opportunities to extend this essential service to unserved communities.

Alberta 911 Standards

In 2017-18, Municipal Affairs continued to collaborate with 911 stakeholders to develop province-wide 911 standards to ensure common operating processes are in place in all the 911 centres. The standards will also assist in preparing Alberta and public safety answering points for upcoming required upgrades to 911 technology, referred to as Next Generation 911. The adoption of the standards will ensure 911 services are efficient, consistent, and reliable for all Albertans.

Through extensive stakeholder consultations, face-to-face engagement, and building strong consensus with a broad group of stakeholders, the ministry developed new draft standards that will ensure consistent and reliable delivery of local 911 services across Alberta. This makes Alberta the seventh Canadian jurisdiction to enact provincial 911 standards. The new standards include: the development of common terminology, call answering and transfer protocols, quality assurance and performance measurements, business continuity planning, and facility and equipment design standards.

The ministry received positive feedback from the 911 community throughout the consultation process. With the expected approval in 2018, the 911 centres will have one year to comply with the new standards.

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Did you know?

Alberta public safety answering points received four out of five national awards at the 2017 Association of Public-Safety Communications Officials Canada Conference:

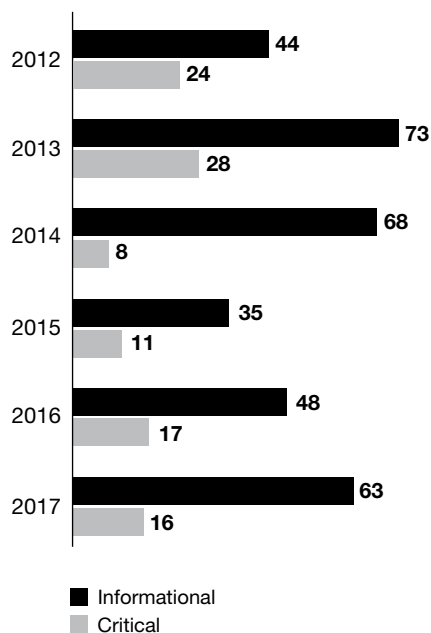
- Technologist of the Year – Calgary 911;
- Trainer of the Year – Calgary 911;
- Teamwork Award – Regional Municipality of Wood Buffalo 911; and
- Lifetime Achievement – Chris Kearns, Lethbridge 911.

Alberta Emergency Alert

The ability to alert and communicate clearly with the public during disasters and emergencies is a strong component of emergency management best practices. To strengthen Alberta's public safety system, the ministry continued to promote the use of Alberta Emergency Alert. This system allows communities and the Government of Alberta to deliver public safety alerts across multiple mediums to the public. Alerts are distributed through radio, television, the smart phone application, internet, RSS feeds, social media, and road signage.

The ministry remains committed to increasing the reach and effectiveness of Alberta Emergency Alert. In 2017-18, 79 alerts were issued, of which 16 were critical (broadcast intrusive): nine wildfire, six tornado-related, and one AMBER alert. An AMBER alert is issued when police believe a child under 18 has been abducted, the child is in danger, and an immediate broadcast will help locate the child. The nature of these alerts signify the importance of emergency public alerting, as they allow local and provincial authorities to provide potentially life-saving notifications directly to Albertans.

Alberta Emergency Alert – Types of Alerts Issued 2012-2017

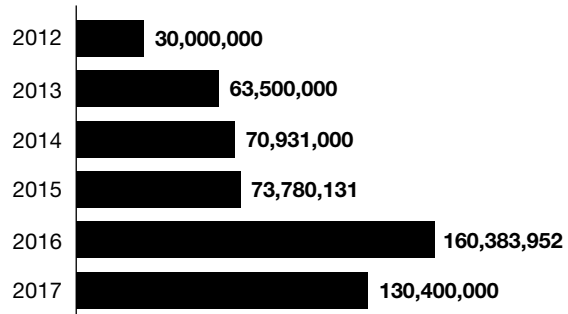


Highlights of the ministry's efforts to increase the reach of the Alberta Emergency Alert in 2017-18, include:

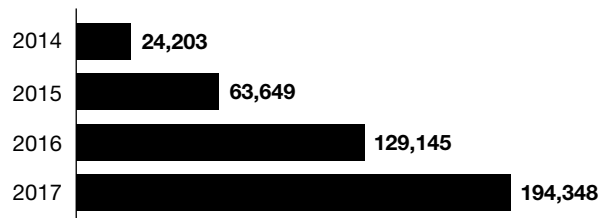
- participating in Canadian Radio-television Telecommunications Commission public consultations to emphasize the importance of distributing alerts via smart phone technologies, as this technology is widely used by Albertans;
- participating in numerous events, such as trade shows and public information presentations, and working collaboratively with communities to increase awareness of public alerting; and
- leveraging technology and social media platforms to increase the audience for emergency alerting. In 2017-18, Alberta Emergency Alert's Facebook and Twitter followers increased by 11 per cent to 225,039.

The results of the above strategies are reflected in the growing number of people who receive alerts through Alberta Emergency Alert. In 2017-18, there were approximately 198,300 people using the mobile application, which is a 50 per cent increase over the previous fiscal year. Web traffic to the Alberta Emergency Alert website decreased by 19 per cent over the previous fiscal year with approximately 130.5 million visits. The decrease in the web traffic is due to the large number of hits the 2016 Wood Buffalo wildfire generated the previous year.

Alberta Emergency Alert Website Hits 2012-2017



Registered Alberta Emergency Alert Mobile App Users (By Calendar Year) 2014-2017



The ministry continues to see steady growth in public awareness and capabilities as it has enhanced its wireless device application, added additional radio and television distributors, and connected to the National Alert Aggregation and Dissemination System that expands the television channels displaying emergency alerts by reaching the larger broadcast distribution units, including Bell Cable, Shaw, and Telus.

At a national level, the ministry provides direct leadership and support to federal, provincial, and territorial public safety collaboration and co-ordination through the provision of the co-chair to the Public Alerting Awareness Working Group. This is a federal/provincial/territorial body dedicated to advancing public alerting across Canada, and involves emergency management officials from all the provinces and territories, and representation from Public Safety Canada.

In April 2018, Alberta will participate in the national initiative to send emergency messages directly to wireless devices. Wireless public alerting is a collaboration of the federal, provincial and territorial governments; telecommunication companies; broadcasters; and the Weather Network. Wireless alerting will be yet another way to distribute alerts to the public as Alberta Emergency Alert continues to distribute emergency messages via radio and television, social media, its website (www.emergencyalert.alberta.ca), road signs, and the mobile application.

The continued expansion of the program, and support for the infrastructure and users in an environment that demands rapid response, will remain a challenge. Alberta Emergency Alert continues to share best practices with the rest of Canada and has conducted alert training sessions for other jurisdictions as part of the National Information Day session in Montreal, led development of the national alerting public awareness and education campaign, and provided assistance to other countries (Norway, Belgium and Ireland) as they develop their alerting programs.

OUTCOME FOUR

Albertans and municipalities receive fair, timely and well-reasoned decisions on matters before the ministry's quasi-judicial boards

Key Strategy 4.1 – Deliver an effective appeal process for subdivision appeals, inter-municipal disputes, annexation applications, linear and equalized assessment complaints, and other matters referred to the Board.

The Municipal Government Board is an independent and impartial quasi-judicial board established under the *Municipal Government Act* to make decisions about assessment, land planning, and other matters in Alberta.

The Municipal Government Board also provides administrative support to the New Home Buyer Protection Board. This board has six part-time board members and is mandated to hear and decide appeals brought before it under the *New Home Buyer Protection Act*.

The Municipal Government Board strives to provide Albertans with an efficient and effective appeals process resulting in fair, timely, and well-reasoned decisions. The principles of administrative fairness and the right to natural justice serve as the cornerstone of the board's appeals process. The board follows these principles by demonstrating transparency and impartiality from the initial receipt of an appeal application to issuing the decision on the appeal.

In order to maintain transparency, the board takes steps to ensure all parties are always provided sufficient notice of hearings, publicizes decisions on its website, and holds public hearings that are accessible to parties in locations across Alberta. The board achieves impartiality by ensuring board members assigned to hearings have no professional or personal ties to a matter heard before them. Furthermore, at the beginning of each hearing, parties may object to any member being on a panel should they want to do so.

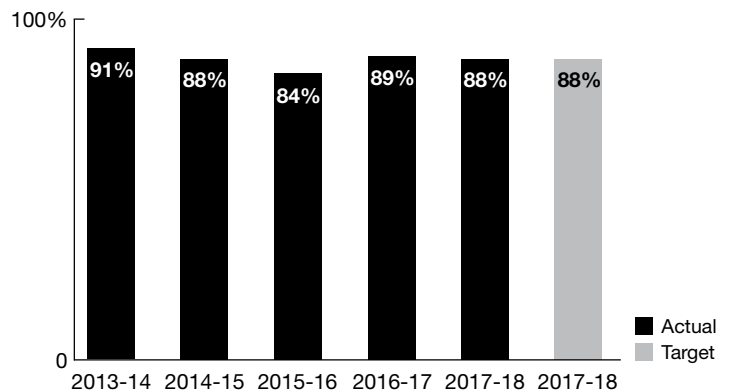
The Municipal Government Board is required to meet tight legislated deadlines for holding hearings and issuing decisions. An example of this is the requirement that decisions for linear assessment complaints must be issued within 30 days after the last day of the hearing. In addition, hearings for intermunicipal disputes and subdivision appeals must be held within 60 days of receiving an appeal and decisions must be issued within 30 days and 15 days, respectively, from the date the hearing is closed. In order to meet these timelines, board members must have extensive adjudication skills, knowledge, and experience. To help facilitate this, the board provides extensive training and support to its members.

There are 57 part-time Municipal Government Board members from various professional backgrounds including appraisers, lawyers, and planners. Board members are typically recruited annually for an initial term of three years through an open, transparent, merit-based recruitment process and are appointed by Order in Council. Board members are paid pursuant to Schedule 1, Part A of the Committee Remuneration Order. They receive a daily honorarium of \$383 as a presiding officer or \$290 as a side panelist, plus travel expenses paid at government standards and rates. In the 2016 calendar year, the average compensation for Municipal Government Board members was \$29,611.00.

In 2017-18, the board conducted hearings for 43 subdivision appeals, six annexation applications, six intermunicipal disputes, one Disaster Recovery Program appeal, and one linear assessment complaint. There were an additional six annexation applications processed that did not require a hearing.

A significant challenge for the Municipal Government Board continues to be the ongoing recruitment and development of new board members. The complexity of the matters heard before the board and the tight deadlines for drafting and issuing decisions result in a steep learning curve for new members. The need for ongoing recruitment and training of board members places a considerable strain on board resources as these activities are co-ordinated and facilitated in-house by board employees. To improve the efficiency and effectiveness of its board member training program, the Municipal Government Board is focusing on creating and delivering additional training via e-learning through its new-learning management website, CONTACT. The introduction of e-learning modules into its training curriculum improves convenience and reduces travel costs for board members and staff.

**Performance Measure 4.a –
Percentage of parties to Municipal Government Board appeals who are satisfied or neutral regarding the Board's performance of services in support of planning, annexation, linear, and equalized assessment appeals**

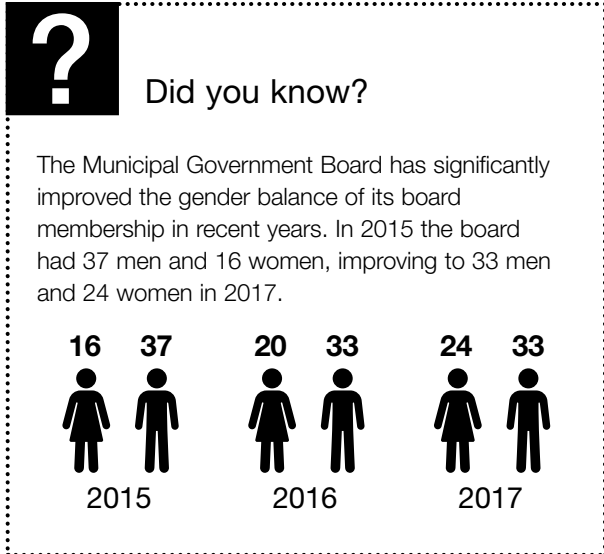


The measurement of satisfaction with the Municipal Government Board is best done by those parties who appeared before the board at a hearing, as the hearing process followed and the actual decision the board made affects both parties. The perception of bias and fairness is subjective. To achieve a high level of performance, the board must satisfy stakeholders that they are being treated fairly, irrespective of the final decision made.

In 2017-18, the survey result of 88 per cent meets the target of 88 per cent. It is one per cent lower than the previous year's result of 89 per cent, and two percentage points higher than the historical 10-year average of 86 per cent. The survey result of 88 per cent indicates stakeholders are generally satisfied or neutral with the Municipal Government Board's appeal process.

The survey focused on two general areas: 1) the hearing process, and 2) timeliness of the written decision. The board scored strongest on the hearing process component of the survey. The vast majority of the parties were satisfied or neutral that the board acted in a courteous manner (100 per cent); they were provided an opportunity to present their case (97 per cent); the hearing process was easy to understand (94 per cent); and the hearing process was fair, unbiased, and impartial (87 per cent). The board scored weakest on the written decision component of the survey. Parties were only marginally satisfied that the written decision was issued in a timely manner (54 per cent). The actual result of 54 per cent is two percentage points lower than the 2016-17 result of 56 per cent.

Significant challenges to issuing timely decisions are the volume of hearings and complexity of the matters in dispute. The board continues to work toward improving the timeliness of its written decisions by improving its decision-making processes and introducing target timelines for each appeal type.

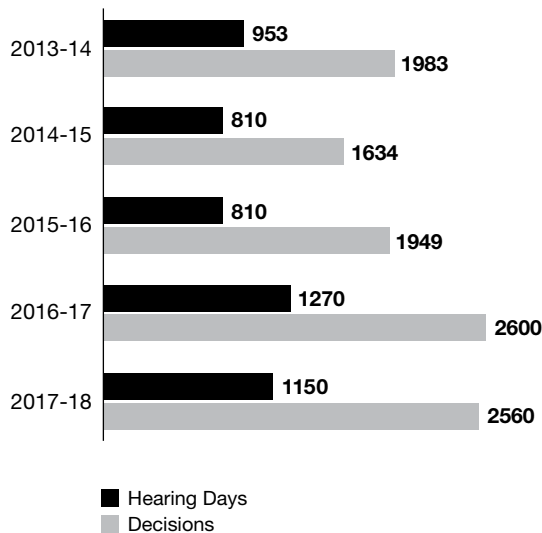


Key Strategy 4.2 – Provide board members and support to municipal Composite Assessment Review Boards.

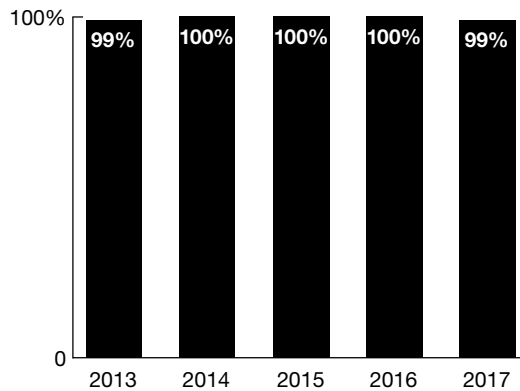
The Municipal Government Board supports municipalities by providing a provincial representative to act as a presiding officer on all municipal Composite Assessment Review Board hearings held across the province. Board members have extensive experience adjudicating assessment complaints and can be relied upon for issuing fair and consistent decisions.

In 2017-18, the Municipal Government Board provided presiding officers to various municipalities for 1,150 hearing days involving 2,560 decisions at locations across the province, including Edmonton, Calgary, and Red Deer.

Hearing Days and Decisions 2013-2018



Performance Indicator 4.a – Percentage satisfied or neutral regarding the Municipal Government Board support to Municipal Composite Review Board



The results show that the Composite Assessment Review Board clerks were satisfied with the performance of the members sent to their municipality. The only negative comments received were regarding the timeliness of decisions; the Municipal Government Board received three comments regarding this issue. There was more activity for the board members this year, and this increased workload may have contributed to members not providing decisions in a timely manner.

The board has increased the number of members able to sit on Composite Assessment Review Board hearings and this should alleviate some of the workload from board members.



Did you know?

In 2017, Municipal Government Board members presided over 2,631 complaints at the Calgary Assessment Review Board for properties with a combined worth of approximately \$56,838,487,000 in assessed value.

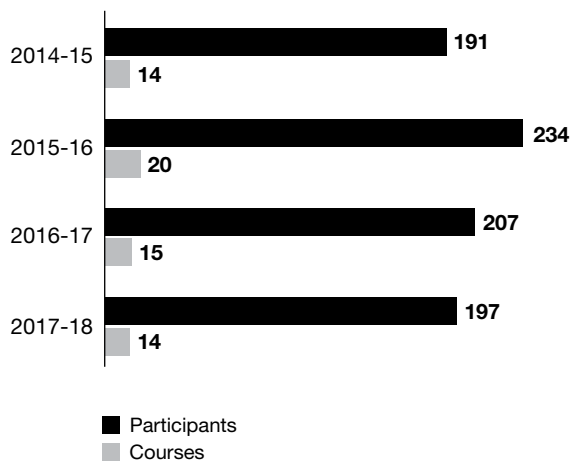
Key Strategy 4.3 – Provide training and certification for Assessment Review Board members and clerks.

The Municipal Government Board continues to provide training and support for assessment review board members and clerks. This training gives municipalities the knowledge and tools to process assessment complaints fairly and in accordance with all applicable legislation. The course curriculum covers principles of property assessment and administrative law. The board facilitates this training together with members who specialize in assessment administrative law matters.

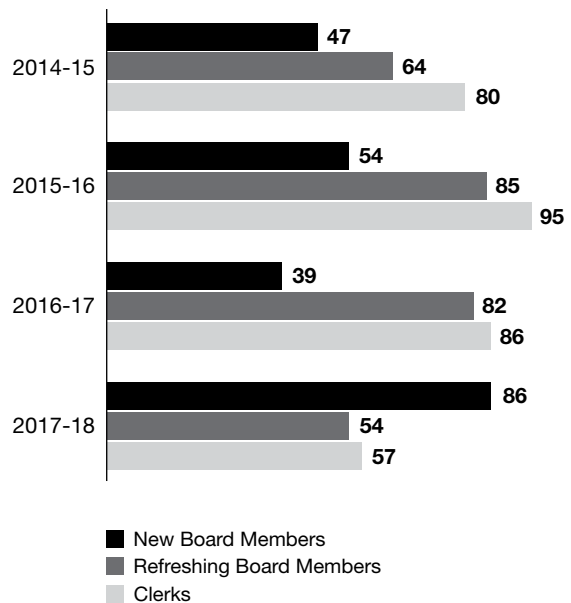
In 2017-2018, 197 participants attended 14 training sessions: four courses for clerks, six courses for new board members, and four refresher courses for current board members.

The chart below reflects the number of participants and training sessions the Municipal Government Board facilitated in 2017-2018 and prior years.

Assessment Review Board Training 2014-2018



Participant Breakdown for Assessment Review Board Training 2014-2018



Key Strategy 4.4 – Further assess opportunities to amalgamate the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board, to reduce duplication and ensure efficiency.

A government-wide review of agencies, boards, and commissions, found the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board shared similar expertise, mandates, and operations. As a result, a phased process of amalgamating the administration of these boards started in April 2016, with a goal to reduce duplication, improve efficiency, and save costs.

The boards have made significant strides toward accomplishing these goals by:

- creating a single chair position to oversee all four boards;
- amalgamating the organizational structure;
- integrating board members under an amalgamated administration with a common code of conduct and common remuneration policies;
- aligning administrative functions such as filing, scheduling, case management, reception, and expense processing;
- cross-appointing multiple board members; and
- co-locating staff from all boards to a single office located at Summerside Business Centre in south Edmonton.

Furthermore, while the four boards each maintain distinct mandates and legislative independence, they are all now under the responsibility of the Minister of Municipal Affairs. This was made official on February 22, 2018, when responsibility for the Surface Rights Board and the Land Compensation Board was transferred through an amendment to the Designation and Transfer of Responsibility Regulation. More information on the boards is included in the following section, Other Ministry Activities in Support of Outcome Four.

The Surface Rights Board and Land Compensation Board are independent and impartial quasi-judicial boards established under the *Surface Rights Act* and *Expropriation Act* respectively to make decisions about compensation matters involving right of entry orders, surface leases, and land expropriations.

There are 14 part-time and one full-time member of the Surface Rights Board and the Land Compensation Board, from various professional backgrounds including lawyers, appraisers, and real estate professionals. Board members are typically recruited for an initial term of two to three years through an open, transparent, merit-based recruitment process, and are appointed by Order in Council. Board members are paid pursuant to Schedule 1, Part A of the Committee Remuneration Order. They receive a daily honorarium of \$383 as a presiding officer or \$290 as a side panelist, plus travel expenses paid according to government standards and rates.

In 2017, the Surface Rights Board conducted 52 hearings for right of entry applications, 65 hearings for surface lease compensation review applications, 12 hearings for damage dispute applications, and 16 hearings for board review applications. The Surface Rights Board also processed 1,537 recovery of rental applications.

One specific challenge the Surface Rights Board is facing is a significant increase in the number of recovery of rental applications. Section 36 of the *Surface Rights Act* provides a remedy to landowners in cases “where any money payable by an operator under a compensation order or surface lease has not been paid and the due date for its payment has passed.” A typical situation is where annual compensation for a surface lease, for example, has not been paid to a landowner by an operator. In such cases, the affected landowner may apply to the Surface Rights Board, and the Board may direct the Minister (subject to certain conditions being met) to pay out of the General Revenue Fund the amount of money to which the landowner is entitled.

The number of such applications has increased significantly in recent years from 346 (2013), 505 (2014), 765 (2015), 2570 (2016), to 1934 (2017). The time required to process repeat applications has decreased to approximately 45 days, with an ultimate goal closer to 30 days, thanks to the efforts of our staff in streamlining the process. The time required to process initial Section 36 applications varies depending on the nature of the application. Section 36 matters will likely continue to be a challenge, particularly if additional large operators fail.

In 2017, the Land Compensation Board held five hearings, 37 dispute resolution conferences, and one mediation.

Parties that submit applications and appeals to the boards are encouraged to use mediation as the primary way to resolve disputes that come before the board. Unlike a formal hearing, the parties have control over the outcome and are more likely to be satisfied with mediated results than with decisions imposed by the board.

More information about the Surface Rights Board/ Land Compensation Board can be found at: <https://srbxcb.alberta.ca/Home.aspx>

Annual reports for the Surface Rights Board/ Land Compensation Board can be found at: <https://surfacerights.alberta.ca/AboutUs/AnnualReports.aspx>

Environment and Parks Key Strategy 2.4 – Strengthen landowners’ rights for compensation and due process in surface rights issues

The Ministry of Environment and Park included a key strategy in its 2017-20 Business Plan related to the Surface Rights Board and the Land Compensation Board.

Landowners in Alberta can have their surface rights affected by subsurface resource development. The activities and operations of the Surface Rights Board, the Land Compensation Board, and the legislative and regulatory frameworks under the *Surface Rights Act* and the *Expropriation Act* together serve to uphold landowners’ rights for compensation and due process in surface rights issues.

While Municipal Affairs is responsible for administration of the Land Compensation Board and the Surface Rights Board, Environment and Parks will retain legislative accountability for some sections of the *Surface Rights Act*. These sections pertain to determining surface rights policy; implementation elements, such as compensation payable to individuals; and the Surface Rights Regulation. Environment and Parks will continue to work in collaboration with partner ministries Energy and Municipal Affairs, boards, and advocates to support landowners’ rights to compensation and due process.

Risks to Achieving Outcomes

Below is an update regarding the potential risks to achieving the ministry's outcomes that were identified in the Municipal Affairs 2017-20 Business Plan:

Emergency and Disaster Recovery (Outcome 3)

Recent disasters, including the 2016 Fort McMurray wildfire, have demonstrated the challenges that government faces in order to scale up and down quickly to respond to, and recover from, emergencies. The capacity of the Government of Alberta, communities and Albertans to recover from disasters could deteriorate if several large disasters were to take place over the same time period.

Update

The ministry employs a number of mitigating strategies to minimize these risks or prevent them from occurring. The development of the state of the art Provincial Operations Centre, scheduled to be completed in spring 2021, will provide the adequate infrastructure required for a disaster response.

The ministry also works to improve communities' resiliency by offering a wide range of services and assistance to promote preparedness and prevention activities at the local level. Assistance with emergency planning, training, and professional networking helps communities to reduce the risks they face from potential disasters. Legislative amendments, currently underway, will ensure communities are prepared by providing increased direction on their emergency management roles and responsibilities. The changes will help them to better meet the increasing demands in emergency management posed by the increasing frequency and severity of disasters.

The ministry also facilitates and co-ordinates events that allow for stakeholders to share and discuss ideas on disaster response and resiliency. These events directly target the involved stakeholders, through an annual stakeholder summit, as well as the general public through Emergency Preparedness Week activities.

Finally, the ministry helps build community resilience, disaster preparedness, and response by enabling communities to leverage All-Hazard Incident Management Teams. These teams are regionally based and trained to provide an immediate response capability and in some cases can alleviate the need for provincial assistance.

Municipal and Ministry Capacity to Respond to Change (Outcome 1)

The implementation of a renewed *Municipal Government Act* is intended to evolve the local government system in Alberta, requiring adaptation and change management of both municipalities and the Government of Alberta. The transition to this new system by fall 2017 will require new skills, resources, and/or knowledge on the part of municipalities and the ministry to ensure effective implementation and meet increased demands for support.

Update

As the majority of the recent amendments to the *Municipal Government Act* have come into force, local governments are now focusing on implementing changes that contain new municipal requirements and compliance dates. Accordingly, the ministry's focus has shifted largely toward activities involved in managing the change and ensuring municipalities are prepared to adapt to those new policies.

Significant progress has been made to ensure capacity to respond to the change will be in place at both municipal and provincial levels. Strong relationships with municipal stakeholders, including municipalities and municipal associations, have helped in this regard. For example, the Alberta Urban Municipalities Association and the Rural Municipalities of Alberta are playing significant roles in developing training and resource materials. The ministry is fostering that work with funding assistance provided under the Alberta Community Partnership – Strategic Initiatives Component.

In addition, the Municipal Services and Legislation Division underwent a reorganization in 2017 that realigned management, staff members, and resources to better position the ministry to address the immediate and ongoing needs of municipalities.

Quality of the Safety System (Outcome 2)

It is necessary to review the information currently available and provided through delegated entities within the Safety Codes System. The department is heavily reliant upon information from third-party providers. This needs to be aligned to ensure information informs policy development, risk management, and accountability.

Update

As the department proceeds to shift from operational activities to system guidance and oversight, it will continue to be reliant on information from third-party providers, including delegated entities within the safety codes system. Early work on a quality assurance framework includes collaboration with system partners to improve data collection, management, sharing, and quality. Municipal Affairs will use this better quality data to monitor system pressures and introduce policies and programs to address associated challenges.

Development of City Charters with Edmonton and Calgary (Outcome 1)

Several risk factors have been identified regarding the development of the City Charters with Edmonton and Calgary, including: the risk of inadvertent impact on provincial rules and standards; the risk of impact of parallel processes and initiatives; and competing stakeholder perspectives.

Update

The risks identified with the development of City Charters have been reduced through several actions taken in 2017-18.

Extensive cross-ministry involvement with potentially impacted Government of Alberta ministries in the development and refinement of the City Charter provisions has minimized the likelihood of unintended impacts to existing province-wide requirements.

The ministry's public postings of the City Charter regulations and adjustment of the timeline for finalizing the regulations until early 2018 provided further opportunity to identify and address risks, based on public and stakeholder comments. Moreover, with the proclamation in fall 2017 of the majority of amendments to the *Municipal Government Act*, risks were reduced with respect to parallel processes in play in developing the charters and reviewing the *Municipal Government Act*.

Going forward, there remains the risk that the charter regulations will need to be amended if a provision in the City Charter regulations proves over time to have an inadvertently negative impact on province-wide rules or standards.

Performance Measures and Indicators Methodology

Outcome Two:

A stronger system of standards ensuring quality infrastructure so that Albertans are safe in their homes and communities

Performance Measure 2.a

Number of safety codes delayed more than one year before coming into full force

Data Source

Data for this measure comes from a combination of the following:

- the date of publication of the code, which is provided by the code's publishing body; and
- the date when the code officially comes into effect in Alberta, which, historically, is found in regulation.

Methodology

The ministry tracks the publication and in-force dates of codes, and is responsible for the calculations of how long it takes to bring a code from publication to in-force status.

The ministry compares the in-force codes at the end of the fiscal year (March 31) to the dates the most recent editions were published. The number of codes that have not been adopted in accordance with the intent of Section 65(4) of the *Safety Codes Act* will be the resulting target/actual for the performance measure.

Performance Indicator 2.a

Loss (in dollars) per capita, to fires in a calendar year

Data Source

Fire-Loss Data

The source of this data is the Public Safety Division's Fire Electronic Reporting System (FERS). Under Sections 8 and 9 of the Administrative Items Regulation, accredited municipalities are legislated to investigate and report dollar loss and casualty fires to the fire commissioner. An accredited municipality employs or contracts a safety codes officer in the fire discipline. Where an unaccredited municipality has a loss or casualty fire, the Office of the Fire Commissioner is the responsible entity for the fire investigation and subsequent report. Part of this report is the estimated loss value of the fire.

Excerpt from Section 8 of the Administrative Items Regulation

Reporting and Investigating Fires

- 8(1). Subject to subsection (2), if the responding officer of a fire department knows of a fire within the department's jurisdiction in which a person dies or suffers an injury requiring professional medical attention or in which property is damaged or destroyed, the reporting officer must report the fire to a safety codes officer for the fire discipline.
- 8(2). A safety codes officer for the fire discipline must investigate the cause, origin, and circumstances of every fire within the safety codes officer's jurisdiction in which a person dies or suffers injury that requires professional medical attention or in which property is damaged or destroyed.

- 8(3). This section does not apply to forest fires

Note: while forest fires are exempt from investigation and reporting under the Administrative Items Regulation, property loss suffered as a result of a forest fire is reported to the Office of the Fire Commissioner.

The fire loss figure reported to the Office of the Fire Commissioner does not include other costs that may be covered by insurance policies, such as lost revenue, temporary accommodations, or emergency travel. The figures reported include only the estimate of loss.

Population

Population figures are based on the latest municipal or federal census counts reported to the minister as of September 1, 2017 in compliance with the Determination of Population Regulation 63/2001 under Section 604 of the *Municipal Government Act*.

Methodology

Per capita loss is calculated as: Per Capita Loss = Property Loss/Population. Dollar amounts from previous years are not adjusted for inflation.

Reporting timelines are set out in the Administrative Items Regulation for both fire safety codes officers and insurance adjusters. However, reports continue to be entered into FERS, sometimes years after the fires occur. In addition, estimates of fire loss are updated to reflect actual claim amounts, which can increase or decrease overall fire loss. As a result, the data used to calculate the performance indicator can change depending on when the data is queried. The performance indicator is provided as of the date when FERS was queried and is subject to change.

Data is extracted from FERS using a standardized reporting script and is allocated to calendar years based on the date and time of the fire event. Fire loss reflects actual claim amounts when available, or estimates when those amounts are unavailable.

Outcome Three:

Albertans are better prepared for disasters and emergencies

Performance Measure 3.a

Percentage of communities (municipalities, First Nations, and Metis Settlements) that have been visited by an Alberta Emergency Management Agency field officer and had their Community Emergency Management Plan reviewed

Data Source

The Community Emergency Management Program tool is used to collect all the data regarding field visits to communities conducted by ministry staff and reviews of community emergency management plans. The data is stored and maintained in the program and provides workflow management functionality for tracking corrective actions taken by a municipality. Field officers retain records from the review process to supplement the data and information entered into the program.

Methodology

Field officers conduct formal reviews of community emergency management plans, which include a field visit and routine visits to the communities for stakeholder engagement and to ensure local authorities have the tools available to develop robust emergency management programs.

Field officers conduct reviews of community emergency management plans using one of the following two methods:

- ***Communities Using the Community Emergency Management Program***

Field officers review and provide feedback electronically to the communities. Once satisfied that a community is ready for a final review, field officers will schedule a visit to review the plan in-person with the community's director of emergency management or another appropriate representative. Outstanding issues or concerns following the in-person review are tracked by the field officer for corrective action by the community.

- **Communities Not Participating in Community Emergency Management Program**

Field officers conduct an in-person review with a representative from the local authority, preferably the director of emergency management. The information is entered into the Community Emergency Management Program by ministry staff.

The following equation is used to process the data collected in Community Emergency Management Program:

$$\% = \frac{\text{Number of communities visited by Alberta Emergency Management Agency field officers and had their Community Emergency Management Plan reviewed}}{\text{Total number of communities in Alberta}} \times 100$$

This performance measure is a simple arithmetic ratio of communities that have been visited by a field officer and had the community emergency management plan reviewed, to the total number of communities in Alberta. The ratio is expressed as a percentage.

For communities that have adopted a regional approach for developing emergency management plans, field officers review the regional community emergency management plan and meet with the appropriate municipal representative for the region. A review of the community emergency management plan of a region, and the subsequent field visit, counts as a review and a visit for all constituent communities.

Performance Measure 3.b

Percentage of residential disaster financial assistance files that have received 90 per cent of their estimated funding within 90 days of being determined eligible for Disaster Recovery Program compensation

Data Source

The ministry maintains separate files for every application within each Disaster Recovery Program and the information contained in these records is entered into the Disaster Recovery Program database by case managers and data entry specialists.

The Disaster Recovery Program database is a proprietary case management tool used to track various stages of file processing, including payments.

In addition, three data sets (eligibility date, the 90-day period from the eligibility date, and the percentage of estimated funding received by an applicant in the 90-day period after the eligibility date) are collected and tracked in centralized spreadsheets.

Methodology

When Alberta Emergency Management Agency receives a residential application for disaster financial assistance, a record is created and the data is entered into the Disaster Recovery Program database by a data entry specialist (for this performance measure, residential applications include all homeowner and tenant applicants). A case manager works with applicants to ensure all the required documents are submitted and applicants are determined to be eligible for funding assistance following this review. The 90-day period for this measure begins once an applicant is determined to be eligible for the Disaster Recovery Program.

Once an applicant is determined to be eligible for the Disaster Recovery Program, the eligibility date is recorded in a centralized spreadsheet, and an evaluator is assigned to the file to assess the damage. Case managers then contact the applicant to confirm eligibility and eligible funding, and to provide information regarding the next steps. Eligible funding estimates are determined based on damage assessments conducted by evaluators and are reviewed and approved before a payment is generated.

In order to track when an eligible applicant receives 90 per cent of the estimated funding, a manual calculation is required. The data from the Disaster Recovery Program database and the centralized spreadsheets is processed manually. The following data sets are used for reporting:

- applicant eligibility dates;
- verified payment dates; and
- cumulative payments received by applicants.

Using the data sets identified above, the percentage of eligible applicants who receive 90 per cent of estimated Disaster Recovery Program funding within 90 calendar days of being determined eligible is manually calculated. The following equation is used to calculate the percentage:

$$\% = \frac{\text{Number of eligible residential applicants who receive 90\% of estimated funding within 90 days of being determined to be eligible}}{\text{Total eligible residential applicants in fiscal year}} \times 100$$

The timeframe for administering a Disaster Recovery Program can be as long as five years, depending on the size and the scale of a disaster. A Disaster Recovery Program that is not concluded within the same fiscal year it is established, may result in eligible files that span two fiscal years. These files are tracked and included in the performance measure reporting for the next fiscal year. Therefore, all eligible files that have received 90 per cent of their estimated disaster financial assistance in the current fiscal year and the 90-day processing time extends into the next fiscal year will be reported in the next fiscal year.

Outcome Four: Albertans and municipalities receive fair, timely and well-reasoned decisions on matters before the ministry's quasi-judicial boards

Performance Measure 4.a Percentage of parties to Municipal Government Board appeals who are satisfied or neutral regarding the Board's performance of services in support of planning, annexation, linear, and equalized assessment appeals

Data Source

Hearing participant information, including email addresses, is obtained from the Municipal Government Board's Legal Files database and from sign-in sheets collected at the hearings. The board uses Opinio Survey software to collect data anonymously and survey reports are provided within the software.

Methodology

This measure uses a survey that takes place each spring, of participants who appeared before the board in the preceding fiscal year. The year for the target/results reports on the actual results for hearings that took place during the previous fiscal year (e.g., the 2017-18 results reflect hearings that took place from April 1, 2016 to March 31, 2017).

Lists of participants who attended Municipal Government Board hearings are tracked in Municipal Government Board databases, and parties are asked to complete an online survey.

A five-point, anchored scale asks respondents to assess their satisfaction using the following options: strongly agree; somewhat agree; neither agree nor disagree; somewhat disagree; or strongly disagree.

A neutral response is interpreted as 'satisfied,' given that one half of the parties appearing before the Municipal Government Board are unsuccessful.

For the survey sent in spring 2017, 244 survey requests were sent and 74 responded – for a response rate of 30 per cent.

Performance Indicator 4.a
Percentage satisfied or neutral regarding
Municipal Government Board support
to Municipal Composite Assessment
Review Boards

Data Source

Assessment Review Board Clerk information is maintained on a contact spreadsheet, and hearing information is gathered from the Municipal Government Board's Legal Files database. The board used Opinio survey software to collect data anonymously and survey reports are generated within the software.

The indicator uses a survey that takes place in May and is completed in June to capture all Assessment Review Board Clerks that requested board members as presiding officers, or contacted the Municipal Government Board for information on hearing procedures or legislation, during the preceding calendar year (e.g., the 2017 results reflect hearings that took place from January 2016 to December 2016).

Opinio produces reports from the survey responses and they are stored on the Government of Alberta server.

Methodology

The listing of clerks who requested information or required a member from January 1 to December 31 of the previous year are compiled from the Legal Files database and emails exchanged during the year.

In May an email is sent to all clerks who contacted the Municipal Government Board asking them to complete the on-line survey. Two weeks after the first email, a reminder is sent to all Assessment Review Board clerks who did not respond.

A five-point, anchored satisfaction scale asks respondents to respond to the following options: strongly agree; somewhat agree; neither agree nor disagree; somewhat disagree; or strongly disagree. Those clerks that requested Municipal Government Board board members for hearings or required support during the year, complete the survey to determine if the Municipal Government Board is fulfilling Assessment Review Board and legislation requirements and needs.

A neutral response is interpreted as 'satisfied,' given that some hearings are cancelled and that clerks may have no further comments to make, or no further communication with Municipal Government Board staff.

Financial Information

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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Statements of Revenues and Expenditures—UNAUDITED*
- 185 Special Areas Trust Account Financial Statements

**NOTE: The unaudited financial information being presented here was derived from the December 31, 2017 financial statements of each Improvement District.*

Ministry of Municipal Affairs

CONSOLIDATED FINANCIAL STATEMENTS

Ministry of Municipal Affairs Consolidated Financial Statements March 31, 2018 Contents

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Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Municipal Affairs, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Municipal Affairs as at March 31, 2018, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]

Auditor General

June 4, 2018
Edmonton, Alberta

Ministry of Municipal Affairs Consolidated Statement of Operations

Year ended March 31, 2018

(in thousands)

	2018		2017
	Budget	Actual	Actual
			(Restated - Note 4)
Revenues (Schedule 1)			
Government Transfers			
Federal and Other Government Grants	\$ 237,536	\$ 24,907	\$ 724,951
Premiums, Fees and Licenses	35,425	37,834	33,022
Investment Income	120	499	565
Other Revenue	11,480	218,386	49,777
	<u>284,561</u>	<u>281,626</u>	<u>808,315</u>
Expenses - Directly Incurred (Note 2(b) and Schedule 4)			
Programs (Schedule 2)			
Ministry Support Services	16,901	13,635	13,914
Municipal Services and Legislation	12,437	10,255	11,022
Municipal Assessments and Grant Administration	25,771	18,212	14,551
Municipal Sustainability Initiative	1,211,000	2,007,285	1,216,708
Federal Grant Programs	253,036	251,983	293,070
Grants in Place of Taxes	59,287	42,960	52,454
Alberta Community Partnership	18,500	24,387	19,629
Public Safety	19,247	14,626	16,456
Alberta Emergency Management Agency	34,284	52,508	33,533
Municipal Government Board	7,139	7,090	4,484
Library Services	49,684	49,669	36,539
Safety Codes Council	11,553	14,431	11,048
2013 Alberta Flooding	-	-	18,052
2016 Wood Buffalo Wildfire	2,478	4,401	709,602
	<u>1,721,317</u>	<u>2,511,442</u>	<u>2,451,062</u>
Annual Deficit	<u>\$ (1,436,756)</u>	<u>\$ (2,229,816)</u>	<u>\$ (1,642,747)</u>

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Municipal Affairs Consolidated Statement of Financial Position

As at March 31, 2018
(in thousands)

	<u>2018</u>	<u>2017</u> (Restated - Note 4)
Financial Assets		
Cash and Cash Equivalents (Note 5)	\$ 3,726	\$ 3,256
Accounts Receivable (Note 6)	439,868	652,103
Portfolio Investments (Note 7)	10,882	11,131
	<u>454,476</u>	<u>666,490</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	1,519,688	1,076,652
Deferred Revenue (Note 9)	2,020	4,108
	<u>1,521,708</u>	<u>1,080,760</u>
Net Debt	<u>(1,067,232)</u>	<u>(414,270)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 10)	9,745	7,313
Prepaid Expenses	213	98
	<u>10,000</u>	<u>7,411</u>
Net Liabilities	<u>\$ (1,057,274)</u>	<u>\$ (406,859)</u>
Net Liabilities at Beginning of Year	(406,859)	(362,673)
Annual Deficit	(2,229,816)	(1,642,747)
Adjustment to Net Assets (Note 16)	-	200
Net Financing Provided from General Revenues	1,579,401	1,598,361
Net Liabilities at End of Year	<u>\$ (1,057,274)</u>	<u>\$ (406,859)</u>

Contingent Liabilities and Contractual Obligations (Notes 11 and 12)

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Municipal Affairs Consolidated Statement of Change in Net Debt

Year ended March 31, 2018
(in thousands)

	2018		2017
	Budget	Actual	Actual (Restated - Note 4)
Annual Deficit	\$ (1,436,756)	\$ (2,229,816)	\$ (1,642,747)
Acquisition of Tangible Capital Assets	(10,628)	(5,079)	(1,700)
Amortization of Tangible Capital Assets (Note 10)	3,229	2,779	2,191
Loss on Disposal of Tangible Capital Assets	5	83	-
Transfer in of Tangible Capital Assets		(215)	-
Change in Prepaid Expenses		(115)	15
Net Financing Provided from General Revenues		<u>1,579,401</u>	<u>1,598,361</u>
Increase in Net Debt		(652,962)	(43,880)
Net Debt at Beginning of Year		<u>(414,270)</u>	<u>(370,390)</u>
Net Debt at End of Year		<u>\$ (1,067,232)</u>	<u>\$ (414,270)</u>

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Municipal Affairs Consolidated Statement of Cash Flows

Year ended March 31, 2018
(in thousands)

	2018	2017
	Actual	Actual
		(Restated - Note 4)
Operating Transactions		
Annual Deficit	\$ (2,229,816)	\$ (1,642,747)
Non-cash items included in Net Operating Results:		
Amortization of Tangible capital assets (Note 10)	2,779	2,191
Transfer in of Tangible Capital Assets	(215)	-
Loss on Disposal of Tangible Capital Assets	83	-
	<u>(2,227,169)</u>	<u>(1,640,556)</u>
Decrease (Increase) in Accounts Receivable	212,235	(188,128)
(Increase) Decrease in Prepaid Expenses	(115)	15
Increase in Accounts Payable and Accrued Liabilities	443,036	232,192
(Decrease) Increase in Deferred Revenue	<u>(2,088)</u>	<u>2,694</u>
Cash Applied to Operating Transactions	<u>(1,574,101)</u>	<u>(1,593,783)</u>
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 10)	<u>(5,079)</u>	<u>(1,700)</u>
Cash Applied to Capital Transactions	<u>(5,079)</u>	<u>(1,700)</u>
Investing Transactions		
Purchase of Portfolio Investments	(2,334)	(553)
Sale of Portfolio Investments	<u>2,583</u>	<u>231</u>
Cash Applied to Investing Transactions	<u>249</u>	<u>(322)</u>
Financing Transactions		
Net Financing Provided from General Revenues	<u>1,579,401</u>	<u>1,598,361</u>
Cash Provided by Financing Transactions	<u>1,579,401</u>	<u>1,598,361</u>
Increase in Cash and Cash Equivalents	470	2,556
Cash and Cash Equivalents at Beginning of Year	<u>3,256</u>	<u>700</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,726</u>	<u>\$ 3,256</u>

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements

March 31, 2018

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Municipal Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also disclosed in Note 2(a).

The ministry consists of the Department of Municipal Affairs and the Safety Codes Council. The ministry is aligned with the strategic direction of the Government of Alberta by continuing to build a new relationship with municipalities that strengthens Alberta communities and provides opportunities for Albertans to succeed.

The ministry's desired outcomes are:

- Albertans live in viable municipalities and communities with responsible, collaborative, and accountable local governments.
- A stronger system of standards ensuring quality infrastructure so that Albertans are safe in their homes and communities.
- Albertans are better prepared for disasters and emergencies.
- Albertans and municipalities receive fair, timely and well-reasoned decisions on matters before the ministry's quasi judicial boards.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity and Method of Consolidation

The reporting entity is the Ministry of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The *Government Organization Act* defines a ministry as including the department and any provincial agency and crown-controlled organization for which the minister is responsible. The accounts of the Department of Municipal Affairs (*Government Organization Act*) and the Safety Codes Council (*Safety Codes Act*) are consolidated on a line-by-line method. Under this method, accounting policies of the consolidated entities are adjusted to conform to government accounting policies and the results of each line item in their financial statements (revenue, expenses, assets, and liabilities) are included in government's results. Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated. The ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these consolidated financial statements except by way of disclosure in Note 14.

The year-end for the Safety Codes Council is December 31. All transactions of the Safety Codes Council that occurred between January 1, 2018 to March 31, 2018 and were with the Department of Municipal Affairs, have been recorded and subsequently eliminated upon consolidation. All other transactions of the Safety Codes Council which occurred between January 1, 2018 to March 31, 2018 that are \$1 million or greater and significantly affect the consolidated accounts, have been recorded.

The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing Provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements (continued)

March 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue.

Investment income earned from restricted sources are unearned and recognized when the stipulations imposed have been met. Gains and losses on investments are not recognized in the Consolidated Statement of Operations until realized.

Government transfers

Transfers from all governments are referred to as government transfers.

Government transfers are recognized as deferred revenue if the eligibility criteria of the transfer, or the stipulations together with the ministry's actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues as the stipulations are met and, when applicable, the ministry complies with its communicated uses of these transfers.

All other government transfers, without terms for the use of the transfer, are recognized as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

Transfers from the Government of Canada

Transfers from the Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria, if any, are met and a reasonable estimate of the amounts can be made.

The ministry recognizes Disaster Financial Assistance Arrangements revenue when the Government of Canada issues an Order in Council declaring the Alberta disaster to be of a concern to the Government of Canada. Because the accounts receivable from the Government of Canada for Disaster Financial Assistance Arrangements is based on an estimate, adjustments to the accounts receivable are reflected in current year revenue.

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements (continued)

March 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

Grant Expense

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met by the recipients and a reasonable estimate of the amounts can be made.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which comprise the cost of employer contributions for current service of employees during the year;
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Incurred by Others

Services contributed by other related entities in support of the ministry's operations are not recognized and are allocated to programs to show the full cost in Schedule 4.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transactions between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable (excluding disaster recovery accounts receivable), accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable \$382,792 (2017 – \$594,462), as included in the Government of Canada accounts receivable, is a long term financial instrument and non-interest bearing. As a result, the ministry believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the ministry is unable to estimate the fair value.

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements (continued)

March 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are the ministry's financial claims on external organizations and individuals.

Cash and Cash Equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Portfolio Investments

Portfolio investments are reported at cost, or amortized cost, less any write-downs associated with a loss in value that is other than a temporary decline. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value. Gains and losses on investments are recognized when an investment is sold or when there is a permanent impairment in the value of an investment.

Liabilities

Liabilities represent present obligations of the ministry to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amount.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver government services.
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Non-financial assets are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets of the ministry are recognized at historical cost and amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land, with exception of crown lands, is capitalized.

Amortization is only charged if the tangible capital asset is put into service.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recognized as grants in kind. Unrealized gains and losses on transfers to controlled entities are eliminated on consolidation.

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements (continued)

March 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Non-Financial Assets (Cont'd)

Prepaid Expense

Prepaid expense are recognized at cost and amortized based on the terms of the agreement.

Other Assets

Intangible assets and assets acquired by rights are not recognized in these financial statements.

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Accrued liabilities for the Disaster Recovery Program, disclosed as \$403,171 (2017 – \$762,832) in these financial statements are subject to measurement uncertainty. A portion of the Government of Canada accounts receivable, \$382,792 (2017 – \$594,462) is related to Disaster Recovery Programs that meet the eligibility criteria of the Disaster Financial Assistance Arrangements. The nature of the uncertainty for the Government of Canada accounts receivable and Disaster Recovery Program accrued liabilities arises from changes in the estimated disaster costs and management's estimate of what disaster costs are eligible for Disaster Financial Assistance Arrangements. These changes can be attributed to such factors as inflation rate fluctuations in local construction costs, receipt of eligible claims, and the extent of the damage as it is identified.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

(c) Change in Accounting Policy

The ministry has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Schedule 3 and Schedule 4.

NOTE 3 FUTURE ACCOUNTING CHANGES

• PS 3430 Restructuring Transactions (effective April 1, 2018)

This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

• PS 3280 Asset Retirement Obligations (effective April 1, 2021)

This standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

• PS 3450 Financial Instruments (effective April 1, 2021)

Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of the consolidated financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in the consolidated financial statements; and how to account for and report portfolio investments.

Management is currently assessing the impact of these standards on the consolidated financial statements.

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements (continued)

March 31, 2018

NOTE 4 PROGRAM TRANSFER/ GOVERNMENT REORGANIZATIONS

(in thousands)

Effective September 1, 2017, Communications and Public Engagement branches were transferred from each ministry to the Ministry of Treasury Board and Finance. (TBF) Comparatives for 2017 have been restated as if the current organizational structure had always been the same. The opening net liabilities and net financial debt as at April 1, 2016 has been restated as follows:

	<u>2017</u>		
	As Previously Reported	Transfer to TBF	As Restated
Revenues	\$ 808,315	\$ -	\$ 808,315
Expenses	2,452,426	(1,364)	\$ 2,451,062
Net Operating Results	(1,644,111)	1,364	(1,642,747)
Net Financing Provided			
from General Revenues	\$ 1,599,732	\$ (1,371)	\$ 1,598,361
Adjustment to Net Assets (Note 16)	\$ 200	\$ -	\$ 200
Opening Net Assets (Liabilities)	(362,785)	112	(362,673)
Net Liabilities at March 31, 2017	<u>\$ (406,964)</u>	<u>\$ 105</u>	<u>\$ (406,859)</u>

NOTE 5 CASH AND CASH EQUIVALENTS

(in thousands)

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short term securities with a maximum term to maturity of three years. As at March 31, 2018, securities held by the Fund have a time-weighted return of 1.1% per annum (2017 – 0.9% per annum). Due to the short term nature of CCITF investments, the carrying value approximates fair value.

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements (continued)

March 31, 2018

NOTE 6 ACCOUNTS RECEIVABLE

(in thousands)

	2018		2017	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada Disaster Financial Assistance Arrangements (Schedule 5)	\$ 382,792	\$ -	\$ 382,792	\$ 594,462
Other	49,265	-	49,265	55,776
	432,057	-	432,057	650,238
Other	7,998	(187)	7,811	1,865
	<u>\$ 440,055</u>	<u>\$ (187)</u>	<u>\$ 439,868</u>	<u>\$ 652,103</u>

Accounts receivable are unsecured and non-interest bearing.

NOTE 7 PORTFOLIO INVESTMENTS

(in thousands)

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Interest Bearing Securities ⁽¹⁾				
Deposits and short-term securities	\$ -	\$ -	\$ 1	\$ 1
Bonds and mortgages	5,958	5,799	6,172	6,010
	<u>5,958</u>	<u>5,799</u>	<u>6,173</u>	<u>6,011</u>
Equities				
Pooled Investment Funds	4,924	4,971	4,958	4,972
	<u>\$ 10,882</u>	<u>\$ 10,770</u>	<u>\$ 11,131</u>	<u>\$ 10,983</u>

⁽¹⁾ Following is the maturity structure based on principal amount:

	2018	2017
Under 1 Year	7%	6%
1 to 5 Years	45%	49%
6 to 10 Years	27%	21%
11 to 20 Years	2%	3%
Over 20 Years	19%	21%
	<u>100%</u>	<u>100%</u>

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements (continued)

March 31, 2018

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2018	2017
	Net Realizable Value	Net Realizable Value
		(Restated- Note 4)
Accrued Liabilities		
Disaster Recovery (Schedule 5)	\$ 403,171	\$ 762,832
Other ⁽¹⁾	1,108,610	305,704
	1,511,781	1,068,536
Accounts Payable	7,907	8,116
	\$ 1,519,688	\$ 1,076,652

(1) Other accrued liabilities include \$895,928 in Municipal Sustainability Initiative Capital grants (2017 - \$90,376)

NOTE 9 DEFERRED REVENUE

(in thousands)

	Federal Gas Tax Fund	Other	2018 Total	2017 Total
Deferred Revenue				
Balance, beginning of year	\$ 4,107	\$ 1	\$ 4,108	\$ 1,164
Received/receivable during the year	219,083	-	219,083	221,854
Less amounts recognized as revenue	(221,171)	-	(221,171)	(218,910)
Balance, end of year	\$ 2,019	\$ 1	\$ 2,020	\$ 4,108

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements (continued)

March 31, 2018

NOTE 10 TANGIBLE CAPITAL ASSETS

(in thousands)

	Equipment ⁽¹⁾	Leasehold Improvements	Hardware and Software	2018 Total	2017 Total
Estimated useful life	5 years	Over lease term	3-5 years		
Historical Cost ⁽²⁾					
Beginning of Year	\$ 2,060	\$ 1,097	\$ 25,068	\$ 28,225	\$ 27,702
Additions ⁽³⁾	215	91	4,988	5,294	1,900
Disposals, including write-downs	(181)	-	(867)	(1,048)	(1,377)
	<u>2,094</u>	<u>1,188</u>	<u>29,189</u>	<u>32,471</u>	<u>28,225</u>
Accumulated Amortization					
Beginning of Year	\$ 1,564	\$ 790	\$ 18,558	\$ 20,912	\$ 20,098
Amortization expense	180	254	2,345	2,779	2,191
Effect of disposals	(174)	-	(791)	(965)	(1,377)
	<u>1,570</u>	<u>1,044</u>	<u>20,112</u>	<u>22,726</u>	<u>20,912</u>
Net book value at March 31, 2018	<u>\$ 524</u>	<u>\$ 144</u>	<u>\$ 9,077</u>	<u>\$ 9,745</u>	
Net book value at March 31, 2017	<u>\$ 496</u>	<u>\$ 307</u>	<u>\$ 6,510</u>		<u>\$ 7,313</u>

(1) Equipment includes office equipment and emergency mobile command and coordination vehicles.

(2) Historical cost includes work-in-progress at March 31, 2018 totalling \$2,599 comprised of: computer hardware and software \$2,508 and leasehold improvements \$91 (2017 - \$1,323).

(3) Additions include non-cash transfers from another government ministry in the amounts of \$215 (2017 - \$200).

NOTE 11 CONTINGENT LIABILITIES

(in thousands)

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The ministry has been named in two (2017 – two) claims of which the outcome is not determinable. Of these claims, two (2017 – one) have a specified amount of \$1,600 (2017 – \$500). Included in the total claims, two claims totalling \$1,600 (2017 – one claim totalling \$500) is covered in whole or in part by the Alberta Risk Management Fund.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements (continued)

March 31, 2018

NOTE 12 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	<u>2018</u>	<u>2017</u>
Contracts ⁽¹⁾	\$ 48,786	\$ 26,434

⁽¹⁾ Includes contracts for supplies and services and an operating lease for office space.

Estimated payment requirements for each of the next five years and thereafter are as follows:

	<u>Contracts</u>
2018-19	\$ 18,423
2019-20	15,520
2020-21	9,709
2021-22	1,933
2022-23	1,880
Thereafter	1,321
	<u>\$ 48,786</u>

NOTE 13 BENEFIT PLANS

(in thousands)

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP) and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contributions of \$6,973 for the year ended March 31, 2018 (2017 – \$7,835 (Restated)).

At December 31, 2017, the Management Employees Pension Plan reported a surplus of \$866,006 (2016: surplus \$402,033), the Public Service Pension Plan reported a surplus of \$1,275,843 (2016: surplus \$302,975) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$54,984 (2016: deficiency \$50,020).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2018, the Bargaining Unit Plan reported a surplus of \$111,983 (2017 – surplus \$101,515) and the Management, Opted Out and Excluded Plan a surplus of \$29,805 (2017 – surplus \$31,439). The expense for these two plans is limited to the employer's annual contributions for the year.

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements (continued)

March 31, 2018

NOTE 14 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. As the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the ministry's consolidated financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the net assets as disclosed in the audited financial statements of the trust funds for December 31, 2017 and December 31, 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Special Areas Trust Account	\$ 295,839	\$ 294,980
Improvement Districts' Trust Account	21,386	21,687
	<u>\$ 317,225</u>	<u>\$ 316,667</u>

NOTE 15 PAYMENTS UNDER AGREEMENT

(in thousands)

The ministry has entered into agreements to deliver programs and services that are fully funded by Aboriginal Affairs and Northern Development Canada to deliver the Alberta First Nations Emergency Management Support Program.

Costs under these agreements are incurred by the ministry under authority in Section 25 of the *Financial Administration Act*. Accounts receivable includes \$1,287 (2017 - \$1,169) and accounts payable includes \$139 (2016 - \$20) relating to payments under agreement.

Amounts paid and payable under agreements with program sponsors are as follows:

	<u>2018</u>	<u>2017</u>
First Nations Emergency Management Support Program	\$ 1,389	\$ 950

NOTE 16 ADJUSTMENT TO NET ASSETS

(in thousands)

The reconciliation of net assets is as follows:

	<u>2018</u>	<u>2017</u>
Non-grant transfer of tangible capital asset from Service Alberta	\$ -	\$ 200
	<u>\$ -</u>	<u>\$ 200</u>

Ministry of Municipal Affairs

Notes to the Consolidated Financial Statements (continued)

March 31, 2018

NOTE 17 SUBSEQUENT EVENTS

Effective: (1) April 1, 2018, the government consolidated human resource functions under the Public Service Commission within the Department of Treasury Board and Finance; (2) April 1, 2018, the government consolidated the Freedom of Information and Protection of Privacy (FOIP) delivery services under the Department of Service Alberta; (3) April 1, 2018, the government consolidated information management and technology services under the Department of Service Alberta.

NOTE 18 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

NOTE 19 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The deputy minister and senior financial officer approved these consolidated financial statements.

Ministry of Municipal Affairs

Schedule to the Consolidated Financial Statements

Revenues

Year ended March 31, 2018
(in thousands)

Schedule 1

	2018		2017
	Budget	Actual	Actual
Federal and Other Government Grants			
Federal Grant Programs	\$ 237,536	\$ 236,577	\$ 255,934
Disaster Financial Assistance Arrangements (Schedule 5) ⁽¹⁾	-	(211,670)	469,017
	<u>237,536</u>	<u>24,907</u>	<u>724,951</u>
Premiums, Fees and Licences	<u>35,425</u>	<u>37,834</u>	<u>33,022</u>
Investment Income	<u>120</u>	<u>499</u>	<u>565</u>
Other Revenue			
Current Expenditure Refunds	10,930	7,365	4,591
Prior Year Expenditure Refunds	-	209,125	44,565
Miscellaneous	550	1,896	621
	<u>11,480</u>	<u>218,386</u>	<u>49,777</u>
	<u>\$ 284,561</u>	<u>\$ 281,626</u>	<u>\$ 808,315</u>

(1) 2018 Disaster Financial Assistance Arrangements includes an adjustment of (\$211,670) (2017 - (44,618)) as a result of changes in estimated future DRP costs - see Note 2(b).

Ministry of Municipal Affairs

Schedule to the Consolidated Financial Statements

Expenses - Directly Incurred Detailed by Object

Year ended March 31, 2018
(in thousands)

Schedule 2

	2018		2017
	Budget	Actual	Actual (Restated Note 4)
Salaries, Wages and Employee Benefits	\$ 73,869	\$ 67,125	\$ 92,967
Supplies and Services	37,644	31,874	92,263
Grants	1,606,302	2,409,381	2,263,371
Amortization of Tangible Capital Assets (Note 10)	3,229	2,779	2,191
Other	273	283	270
Total Expenses	\$ 1,721,317	\$ 2,511,442	\$ 2,451,062

FINANCIAL INFORMATION

Ministry of Municipal Affairs

Schedule to the Consolidated Financial Statements

Related Party Transactions

Year ended March 31, 2018
(in thousands)

Schedule 3

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's consolidated financial statements. Related parties also include key management personnel in the ministry.

The ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The ministry had the following transactions with related parties reported on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2018	2017
Revenues		
Transfer of Tangible Capital Assets	215	-
	<u>\$ 215</u>	<u>\$ -</u>
Expenses - Directly Incurred		
Business and Technology Services	\$ 2,305	\$ 2,213
Insurance	121	108
Other Services	68	232
	<u>\$ 2,494</u>	<u>\$ 2,553</u>
Tangible Capital Assets Transferred In		
Service Alberta	\$ -	\$ 200
	<u>\$ -</u>	<u>\$ 200</u>
Accrued Liabilities and Accounts Payable with		
Environment Protection and Enhancement Fund	\$ 11,262	\$ 23,640
Alberta Health Services	4,812	23,856
Infrastructure	945	371
Environment and Parks	769	1,967
Children's Services	200	-
Community and Social Services	164	9,953
Alberta Social Housing Corporation	-	4,572
Indigenous Relations	-	15
	<u>\$ 18,152</u>	<u>\$ 64,374</u>

The ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the consolidated financial statements and are disclosed in Schedule 4.

The ministry paid \$42,412 (2017 - \$51,768) of grants in place of taxes on behalf of other ministries.

Ministry of Municipal Affairs

Schedule to the Consolidated Financial Statements

Allocated Costs

Year ended March 31, 2018
(in thousands)

Schedule 4

Program	2018					2017
	Expenses - Incurred by Others					Expenses (Restated Note 4)
	Expenses ⁽¹⁾	Accommodation Costs ⁽²⁾	Legal Services ⁽³⁾	Business Services ⁽⁴⁾	Expenses	
Ministry Support Services	\$ 13,635	\$ 872	\$ 230	\$ 3,160	\$ 17,897	\$ 18,174
Municipal Services and Legislation	10,255	698	440	-	11,393	12,310
Municipal Assessments and Grant Administration	18,212	1,175	71	-	19,458	15,691
Municipal Sustainability Initiative	2,007,285	-	-	-	2,007,285	1,216,708
Federal Grant Programs	251,983	-	-	-	251,983	293,070
Grants in Place of Taxes	42,960	-	-	-	42,960	52,454
Alberta Community Partnership	24,387	-	-	-	24,387	19,629
Public Safety	14,626	946	244	-	15,816	17,610
Alberta Emergency Management Agency	52,508	1,065	146	-	53,719	34,754
Municipal Government Board	7,090	395	1	-	7,486	4,647
Library Services	49,669	119	-	-	49,788	36,662
Safety Codes Council	14,431	-	-	-	14,431	11,048
2013 Alberta Flooding	-	1,166	-	-	1,166	19,129
2016 Wood Buffalo Wildfire	4,401	46	-	-	4,447	709,800
	<u>\$ 2,511,442</u>	<u>\$ 6,482</u>	<u>\$ 1,132</u>	<u>\$ 3,160</u>	<u>\$ 2,522,216</u>	<u>\$ 2,461,686</u>

⁽¹⁾ Expenses – Directly Incurred as per Consolidated Statement of Operations.

⁽²⁾ Accommodation Costs allocated by number of employees.

⁽³⁾ Legal Services Costs allocated by estimated costs incurred by each program.

⁽⁴⁾ Business Services Costs, including charges for IT support, and other services, allocated by costs in certain programs.

Ministry of Municipal Affairs

Schedule to the Consolidated Financial Statements

Disaster Recovery Program

Year ended March 31, 2018
(in thousands)

Schedule 5

The Disaster Recovery Program (DRP) is administered by the Alberta Emergency Management Agency (AEMA). AEMA is part of Alberta Municipal Affairs. Alberta Regulation 51/94 of the *Alberta Emergency Management Act* allows the province to provide disaster recovery assistance to residents, small business, agriculture operations, and provincial and municipal governments if the event meets the criteria as outlined in the regulation.

The ministry recognizes the DRP expense when the Government of Alberta (GoA) issues an Order in Council (OIC).

The ministry recognizes Disaster Financial Assistance Arrangements (DFAA) revenue when the Government of Canada (GoC) issues an OIC declaring the Alberta disaster to be of a concern to the GoC. The estimated DFAA revenue is determined by assessing eligible DRP expenses under the DFAA guidelines. As a result, some DRP expenses are excluded when calculating the estimated DFAA revenue. The ministry will continue to pursue revenue from the GoC for expenses that are excluded from the estimated DFAA calculation.

The following schedule lists disasters being administered by AEMA at March 31, 2018:

Disaster	GoC OIC	Total			Total Projected DFAA Revenue (1) (2)	Advances Received (3)	Accounts Receivable
		Projected DRP Expense (1)	Expenditures to Date	Accrued Liabilities			
2008 Southern DRP	121	\$ 5,684	\$ 5,684	\$ -	\$ 489	\$ -	\$ 489
2010 Southern Alberta DRP	144	70,067	69,854	213	39,523	30,000	9,523
2011 Southwest Alberta DRP	152	8,613	8,502	111	1,926	-	1,926
2011 Northern Alberta Flood DRP	153	9,100	9,083	17	2,141	-	2,141
2011 Northwestern Alberta Flood DRP	154	7,419	7,390	29	1,519	-	1,519
2011 Spring Southern Alberta DRP	160	9,784	9,457	327	2,464	2,464	-
2011 Northern Alberta Interface Fire DRP	167	65,206	64,457	749	29,550	16,000	13,550
2012 Capital Region DRP	163	86	86	-	69	-	69
2012 City of Edmonton DRP	164	6,312	6,027	285	603	-	603
2013 Southern Alberta Flood DRP	162	1,435,494	1,287,058	148,436	816,847	600,000	216,847
2013 Wood Buffalo DRP	172	20,790	6,278	14,512	8,586	-	8,586
2014 Southwestern Alberta DRP	181	24,449	13,822	10,627	7,106	-	7,106
2016 Wood Buffalo Wildfire DRP	197	595,959	385,845	210,114	427,433	307,000	120,433
Other DRPs		26,825	9,074	17,751	-	-	-
		\$ 2,285,788	\$ 1,882,617	\$ 403,171	\$ 1,338,256	\$ 955,464	\$ 382,792
March 31, 2017		\$ 2,475,728	\$ 1,712,896	\$ 762,832	\$ 1,549,926	\$ 955,464	\$ 594,462

(1) DRP expense and DFAA revenue are calculated based on management estimates (Note 2(b)). The projected DRP expenses and DFAA revenue are adjusted to reflect management's best estimate of the remaining obligations of the DRP and expected DFAA revenue.

(2) A province or territory may request GoC disaster financial assistance when eligible expenditures exceed an established initial threshold based on the provincial or territorial population.

(3) The GoC may provide advance payments to provincial and territorial governments as funds are expended under the provincial/territorial DRP.

Department of Municipal Affairs

FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Minister of Municipal Affairs

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Municipal Affairs, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Municipal Affairs as at March 31, 2018, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]

Auditor General

June 4, 2018
Edmonton, Alberta

Department of Municipal Affairs Statement of Operations

Year ended March 31, 2018
(in thousands)

	2018		2017
	Budget	Actual	Actual (Restated - Note 3)
Revenues (Schedule 1)			
Government Transfers			
Federal and Other Government Grants	\$ 237,536	\$ 24,907	\$ 724,951
Premiums, Fees and Licences	26,089	23,816	22,367
Other	10,980	218,290	49,685
	<u>274,605</u>	<u>267,013</u>	<u>797,003</u>
Expenses - Directly Incurred (Note 2(a) and Schedules 3, 4, 6, and 7)			
Programs			
Ministry Support Services	16,901	13,634	13,914
Municipal Services and Legislation	12,437	10,255	11,022
Municipal Assessments and Grants	25,771	18,212	14,551
Municipal Sustainability Initiative	1,211,000	2,007,285	1,216,708
Federal Grant Programs	253,036	251,983	293,070
Grants in Place of Taxes	59,287	42,960	52,454
Alberta Community Partnership	18,500	24,387	19,629
Public Safety	19,247	14,626	16,706
Alberta Emergency Management Agency	34,284	52,508	33,533
Municipal Government Board	7,139	7,090	4,484
Library Services	49,684	49,669	36,539
2013 Alberta Flooding	-	-	18,052
2016 Wood Buffalo Wildfire	2,478	4,401	709,602
	<u>1,709,764</u>	<u>2,497,010</u>	<u>2,440,264</u>
Annual Deficit	<u>\$ (1,435,159)</u>	<u>\$ (2,229,997)</u>	<u>\$ (1,643,261)</u>

The accompanying notes and schedules are part of these financial statements.

Department of Municipal Affairs Statement of Financial Position

As at March 31, 2018
(in thousands)

	2018	2017 (Restated - Note 3)
Financial Assets		
Cash	\$ 3	\$ 206
Accounts Receivable (Note 4)	439,271	651,716
	<u>439,274</u>	<u>651,922</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	1,516,676	1,074,087
Deferred Revenue (Note 6)	2,019	4,107
	<u>1,518,695</u>	<u>1,078,194</u>
Net Debt	<u>(1,079,421)</u>	<u>(426,272)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 7)	8,574	6,021
Net Liabilities	<u>\$ (1,070,847)</u>	<u>\$ (420,251)</u>
Net Liabilities at Beginning of Year	\$ (420,251)	\$ (375,551)
Adjustment to Net Assets (Note 13)	-	200
Annual Deficit	(2,229,997)	(1,643,261)
Net Financing Provided from General Revenues	1,579,401	1,598,361
Net Liabilities at End of Year	<u>\$ (1,070,847)</u>	<u>\$ (420,251)</u>

Contingent Liabilities and Contractual Obligations (Notes 8 and 9)

The accompanying notes and schedules are part of these financial statements.

Department of Municipal Affairs Statement of Change in Net Debt

Year ended March 31, 2018
(in thousands)

	2018		2017
	Budget	Actual	Actual (Restated - Note 3)
Annual Deficit	\$ (1,435,159)	\$ (2,229,997)	\$ (1,643,261)
Acquisition of Tangible Capital Assets	(8,437)	(4,565)	(1,297)
Amortization of Tangible Capital Assets (Note 7)	2,929	2,146	1,789
Transfer (in) out of Tangible Capital Assets		(215)	-
Loss on Disposal of Tangible Capital Assets		81	-
Net Financing Provided from General Revenues		1,579,401	1,598,361
Increase in Net Debt		\$ (653,149)	\$ (44,408)
Net Debt at Beginning of Year		(426,272)	(381,864)
Net Debt at End of Year		\$ (1,079,421)	\$ (426,272)

The accompanying notes and schedules are part of these financial statements.

Department of Municipal Affairs

Statement of Cash Flows

Year ended March 31, 2018
(in thousands)

	2018	2017 (Restated - Note 3)
Operating Transactions		
Annual Deficit	\$ (2,229,997)	\$ (1,643,261)
Non-cash Items Included in Annual Deficit		
Amortization of Tangible Capital Assets (Note 7)	2,146	1,789
Transfer in of Tangible Capital Assets	(215)	-
Loss on Disposal of Tangible Capital Assets	81	-
	<u>(2,227,985)</u>	<u>(1,641,472)</u>
Decrease (Increase) in Accounts Receivable	212,445	(188,294)
Increase in Accounts Payable and Accrued Liabilities	442,589	229,930
(Decrease) Increase in Deferred Revenue	(2,088)	2,945
Cash Applied to Operating Transactions	<u>(1,575,039)</u>	<u>(1,596,891)</u>
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 7)	(4,565)	(1,297)
Cash Applied to Capital Transactions	<u>(4,565)</u>	<u>(1,297)</u>
Financing Transactions		
Net Financing Provided from General Revenues	1,579,401	1,598,361
Cash Provided by Financing Transactions	<u>1,579,401</u>	<u>1,598,361</u>
(Decrease) Increase in Cash	(203)	173
Cash at Beginning of Year	206	33
Cash at End of Year	<u>\$ 3</u>	<u>\$ 206</u>

The accompanying notes and schedules are part of these financial statements.

Department of Municipal Affairs Notes to the Financial Statements

March 31, 2018

NOTE 1 AUTHORITY AND PURPOSE

The Department of Municipal Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The department is aligned with the strategic direction of the Government of Alberta by continuing to build a new relationship with municipalities that strengthens Alberta's communities and provides opportunities for Albertans to succeed.

The department's desired outcomes are:

- Albertans live in viable municipalities and communities with responsible, collaborative and accountable local governments.
- A stronger system of standards ensuring quality infrastructure so that Albertans are safe in their homes and communities.
- Albertans are better prepared for disasters and emergencies.
- Albertans and municipalities receive fair, timely and well-reasoned decisions on matters before the ministry's quasi-judicial boards.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year-end is recognized as unearned revenue.

Government Transfers

Transfers from all levels of governments are referred to as government transfers.

Government transfers are recognized as deferred revenue if the eligibility criteria of the transfer or the stipulations together with the department's actions and communications as to the use of the transfers create a liability. These transfers are recognized as revenues, as the stipulations are met and, when applicable, the department complies with its communicated uses of these transfers.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the department meets the eligibility criteria (if any).

Transfers from the Government of Canada

Transfers from the Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria, if any, are met and a reasonable estimate of the amounts can be made.

Department of Municipal Affairs

Notes to the Financial Statements (continued)

March 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting

Revenue (Cont'd)

Transfers from the Government of Canada (cont'd)

The department recognizes Disaster Financial Assistance Arrangements revenue when the Government of Canada issues an Order in Council declaring the Alberta disaster to be of a concern to the Government of Canada. Because the accounts receivable from the Government of Canada for Disaster Financial Assistance Arrangements is based on an estimate, adjustments to the accounts receivable are reflected in current year revenue.

Credit or Recovery

Credit or recovery initiatives provide a basis for authorizing spending. Credits or recoveries are shown in the details of the government estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the department's credit or recovery initiatives.

Transfer of Tangible Capital Assets from Other Government Departments/Entities

Transfers of tangible capital assets from other government departments or entities are recognized as revenue.

Expenses

Directly Incurred

Directly incurred expenses are those costs the department has primary responsibility and accountability for, as reflected in the government's budget documents.

Grant Expense

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met by the recipients and a reasonable estimate of the amounts can be made.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- pension costs which comprise the cost of employer contributions for current service of employees during the year;
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees, and indemnities; and
- transfer of tangible capital assets to other government departments/entities.

Department of Municipal Affairs

Notes to the Financial Statements (continued)

March 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Expenses (Cont'd)

Incurred by Others

Services contributed by other related entities in support of the department's operations are not recognized but disclosed in Schedule 7.

Valuation of Financial Assets and Liabilities

(in thousands)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable (excluding disaster recovery accounts receivable), and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable \$382,792 (2017 – \$594,462), as included in the Government of Canada accounts receivable, is a long term financial instrument and non-interest bearing. As a result, the department believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the department is unable to estimate the fair value.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the department are limited to cash and financial claims, such as advances to and receivables from other organizations, employees, and other individuals.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities are present obligations of the department to external organizations and individuals arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver government services;
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Non-financial assets of the department are limited to tangible capital assets.

Department of Municipal Affairs

Notes to the Financial Statements (continued)

March 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Non-Financial Assets (Cont'd)

Tangible Capital Assets

Tangible capital assets of the department are recognized at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major system enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land, with the exception of Crown lands, is capitalized.

Contributed tangible capital assets from non-related entities are recognized at their fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is put into service.

When tangible capital assets are gifted or sold for a nominal sum, the net book value of these physical assets, less any nominal proceeds, are recognized as grants in kind.

Assets acquired by right are not included.

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Accrued liabilities for the Disaster Recovery Program, disclosed as \$403,171 (2017 – \$762,832) in these financial statements are subject to measurement uncertainty. A portion of the Government of Canada accounts receivable, \$382,792 (2017 – \$594,462) is related to Disaster Recovery Programs that meet the eligibility criteria of the Disaster Financial Assistance Arrangements. The nature of the uncertainty for the Government of Canada accounts receivable and Disaster Recovery Program accrued liabilities arises from changes in the estimated disaster costs and management's estimate of what disaster costs are eligible for Disaster Financial Assistance Arrangements. These changes can be attributed to such factors as inflation rate fluctuations in local construction costs, receipt of eligible claims, and the extent of the damage as it is identified.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

(b) Change in Accounting Policy

The department has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights, which are reflected in Note 2, Schedule 6 and Schedule 7.

Department of Municipal Affairs

Notes to the Financial Statements (continued)

March 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(c) Future Accounting Changes

The Public Sector Accounting Board has issued the following accounting standards:

- PS 3430 Restructuring Transactions (effective April 1, 2018)**
 This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.
- PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
 Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.
- PS 3450 Financial Instruments (effective April 1, 2021)**
 Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 PROGRAM TRANSFER/GOVERNMENT REORGANIZATIONS

(in thousands)

Effective September 1, 2017, Communications and Public Engagement branches were transferred from each department to the Department of Treasury Board and Finance (TBF). Comparatives for 2017 have been restated as if the current organizational structure had always been the same. The opening net liabilities and net financial debt as at April 1, 2016 has been restated as follows:

	2017		
	As Previously Reported	Transfer to TBF	As Restated
Revenues	\$ 797,003	\$ -	\$ 797,003
Expenses	2,441,628	(1,364)	2,440,264
Annual Deficit	(1,644,625)	1,364	(1,643,261)
Net Financing Provided by General Revenues	1,599,732	(1,371)	1,598,361
Adjustment to Net Assets	200	-	200
Opening Net Liabilities	(375,663)	112	(375,551)
Net Liabilities at March 31, 2017	\$ (420,356)	\$ 105	\$ (420,251)

Department of Municipal Affairs

Notes to the Financial Statements (continued)

March 31, 2018

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2018		2017	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada				
Disaster Financial Assistance Arrangements (Schedule 8)	\$ 382,792	\$ -	\$ 382,792	\$ 594,462
Other	49,266	-	49,266	55,776
	432,058	-	432,058	650,238
Other	7,400	(187)	7,213	1,478
	<u>\$ 439,458</u>	<u>\$ (187)</u>	<u>\$ 439,271</u>	<u>\$ 651,716</u>

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2018	2017 (Restated - Note 3)
Accrued Liabilities		
Disaster Recovery (Schedule 8)	\$ 403,171	\$ 762,832
Other ⁽¹⁾	1,108,860	305,954
	1,512,031	1,068,786
Accounts Payable	4,645	5,301
	<u>\$ 1,516,676</u>	<u>\$ 1,074,087</u>

(1) Other accrued liabilities includes \$895,928 in Municipal Sustainability Initiative Capital grants (2017 - \$90,376).

NOTE 6 DEFERRED REVENUE

(in thousands)

	2018	2017
Deferred Revenue		
Balance, Beginning of Year	\$ 4,107	\$ 1,162
Cash Contributions Received/Receivable During the Year	219,083	221,744
Less Amounts Recognized as Revenue	(221,171)	(218,799)
Balance, End of Year	<u>\$ 2,019</u>	<u>\$ 4,107</u>

Department of Municipal Affairs

Notes to the Financial Statements (continued)

March 31, 2018

NOTE 7 TANGIBLE CAPITAL ASSETS

(in thousands)

	Equipment ⁽¹⁾	Computer Hardware and Software	2018 Total	2017 Total
Estimated Useful Life	10 years	5 years		
Historical Cost ⁽²⁾				
Beginning of Year	\$ 1,579	\$ 23,501	\$ 25,080	\$ 24,960
Additions ⁽³⁾	198	4,582	4,780	1,497
Disposals, Including Write-downs	(111)	(523)	(634)	(1,377)
	1,666	27,560	29,226	25,080
Accumulated Amortization				
Beginning of Year	1,263	17,796	19,059	18,647
Amortization Expense	138	2,008	2,146	1,789
Effect of Disposals	(111)	(442)	(553)	(1,377)
	1,290	19,362	20,652	19,059
Net Book Value at March 31, 2018	\$ 376	\$ 8,198	\$ 8,574	
Net Book Value at March 31, 2017	\$ 316	\$ 5,705		\$ 6,021

(1) Equipment includes office equipment and Emergency Mobile Command and Coordination Vehicles.

(2) Historical cost includes work-in-progress at March 31, 2018 totaling \$2,329 comprised of computer hardware and software (2017 - \$1,323).

(3) Additions include non-cash transfers from another government department in the amounts of \$215 (2017 - \$200).

NOTE 8 CONTINGENT LIABILITIES

(in thousands)

The department is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The department has been named in two (2017 – two) claims, the outcome of which are not determinable. Of these claims, two (2017 – one) have a specified amount of \$1,600 (2017 – \$500). Included in the total claims, two claims totalling \$1,600 (2017 – one claims totalling \$500) are covered in whole (or in part) by the Alberta Risk Management Fund.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Department of Municipal Affairs

Notes to the Financial Statements (continued)

March 31, 2018

NOTE 9 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	<u>2018</u>	<u>2017</u>
Obligations under Service Contracts	\$ 46,180	\$ 22,549

Estimated payment requirements for each of the next five years and thereafter are as follows:

	<u>Total</u>
2018-19	\$ 18,178
2019-20	15,260
2020-21	9,449
2021-22	1,673
2022-23	1,620
Thereafter	-
	<u>\$ 46,180</u>

NOTE 10 BENEFIT PLANS

(in thousands)

The department participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP), and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contributions of \$6,973 for the year ended March 31, 2018 (2017 - \$7,835 (restated)). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2017, MEPP reported a surplus of \$866,006 (2016 – surplus \$402,033), PSPP reported a surplus of \$1,275,843 (2016 – surplus \$302,975), and SRP reported a deficiency of \$54,984 (2016 – deficiency \$50,020).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2018, the Bargaining Unit Plan reported a surplus of \$111,983 (2017 – surplus \$101,515) and the Management, Opted Out and Excluded Plan a surplus of \$29,805 (2017 – surplus \$31,439). The expense for these two plans is limited to the employer's annual contributions for the year.

Department of Municipal Affairs

Notes to the Financial Statements (continued)

March 31, 2018

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The department administers trust funds that are regulated funds consisting of public money over which the legislature has no power of appropriation. As the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the department's financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the accumulated surplus as disclosed in the audited financial statements of the trust funds for December 31, 2017 and December 31, 2016 were as follows:

	<u>2017</u>		<u>2016</u>
Special Areas Trust Account	\$ 295,839	\$	294,980
Improvement Districts' Trust Account	21,386		21,687
	<u>\$ 317,225</u>	\$	<u>316,667</u>

NOTE 12 PAYMENTS UNDER AGREEMENT

(in thousands)

The department has entered into agreements to deliver programs and services that are fully funded by Aboriginal Affairs and Northern Development Canada to deliver the Alberta First Nations Emergency Management Support Program. Costs under these agreements are incurred by the department under authority in Section 25 of the *Financial Administration Act*. Accounts receivable includes \$1,287 (2017 – \$1,169) and accounts payable includes \$139 (2017 – \$20) relating to payments under agreement.

Amounts paid and payable under agreements with program sponsors are as follows:

	<u>2018</u>		<u>2017</u>
First Nations Emergency Management Support Program	\$ 1,389	\$	950

NOTE 13 ADJUSTMENTS TO NET ASSETS

(in thousands)

The reconciliation of adjustments to net assets is as follows:

	<u>2018</u>		<u>2017</u>
Non-Grant Transfer of Tangible Capital Asset from Service Alberta	\$ -	\$	200

NOTE 14 SUBSEQUENT EVENTS

Effective: (1) April 1, 2018, the government consolidated human resource functions under the Public Service Commission within the Department of Treasury Board and Finance; (2) April 1, 2018, the government consolidated the *Freedom of Information and Protection of Privacy* (FOIP) delivery services under the Department of Service Alberta; (3) April 1, 2018, the government consolidated information management and technology services under the Department of Service Alberta.

Department of Municipal Affairs Notes to the Financial Statements (continued)

March 31, 2018

NOTE 15 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

NOTE 16 APPROVAL OF FINANCIAL STATEMENTS

The deputy minister and the senior financial officer approved these financial statements.

Department of Municipal Affairs Schedule to Financial Statements Revenues

Year ended March 31, 2018
(in thousands)

Schedule 1

	2018		2017
	Budget	Actual	Actual
Government Transfers			
Federal and Other Government Grants			
Federal Grant Programs	\$ 237,536	\$ 236,577	\$ 255,934
Disaster Financial Assistance Arrangements (Schedule 8) ⁽¹⁾	-	(211,670)	469,017
	<u>237,536</u>	<u>24,907</u>	<u>724,951</u>
Premiums, Fees, and Licences	<u>26,089</u>	<u>23,816</u>	<u>22,367</u>
Other Revenue			
Current Expenditure Recoveries	10,930	7,328	4,574
Prior Year Expenditure Refunds	-	209,125	44,565
Miscellaneous	50	1,837	546
	<u>10,980</u>	<u>218,290</u>	<u>49,685</u>
Total Revenues	<u>\$ 274,605</u>	<u>\$ 267,013</u>	<u>\$ 797,003</u>

(1) 2018 Disaster Financial Assistance Arrangements includes an adjustment of (\$211,670) (2017 - (\$44,618)) as a result of changes in estimated future DRP costs - see Note 2(b).

Department of Municipal Affairs Schedule to Financial Statements Credit or Recovery

Year ended March 31, 2018
(in thousands)

Schedule 2

	Authorized⁽¹⁾	Actual Revenue Recognized	Total Revenue Received/ Receivable	(Shortfall)/ Excess⁽²⁾
Municipal Assessments and Grants				
Linear and Industrial Assessment Services ⁽³⁾	\$ 11,903	\$ 5,800	\$ 5,800	\$ (6,103)
	<u>\$ 11,903</u>	<u>\$ 5,800</u>	<u>\$ 5,800</u>	<u>\$ (6,103)</u>

- (1) Only expenditures are authorized.
- (2) Shortfall is deducted from current year's authorized spending, as disclosed in Schedule 4 to the financial statements.
- (3) The department prepares linear and industrial property assessments for various municipalities on a cost recovery basis. The department prepares the linear and industrial property assessments, sends assessment notices to taxpayers, defends the assessments and provides data to municipalities, who in turn charge taxes to the owners of the linear and industrial property. The revenue is reported as part of other revenue on the Statement of Operations.

Department of Municipal Affairs Schedule to Financial Statements Expenses - Directly Incurred Detailed by Object

Year ended March 31, 2018
 (in thousands)

Schedule 3

	2018		2017
	Budget	Actual	Actual (Restated - Note 3)
Salaries, Wages and Employee Benefits	\$ 68,114	\$ 61,284	\$ 87,328
Supplies and Services	32,351	24,047	87,356
Grants	1,606,302	2,409,381	2,263,621
Amortization of Tangible Capital Assets (Note 7)	2,929	2,146	1,789
Other	68	152	170
Total Expenses	\$ 1,709,764	\$ 2,497,010	\$ 2,440,264

Department of Municipal Affairs Schedule to Financial Statements Lapse/Encumbrance

Year ended March 31, 2018
(in thousands)

Schedule 4

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Unexpended (Over Expended)
Program - Operating Expense						
1 Ministry Support Services						
1.1 Minister's Office	\$ 884	\$ -	\$ -	\$ 884	\$ 806	\$ 78
1.2 Deputy Minister's Office	893	-	-	893	853	40
1.3 Support Services	14,376	(1,386)	-	12,990	11,500	1,490
	16,153	(1,386)	-	14,767	13,159	1,608
2 Municipal Services and Legislation						
2.1 Program Support	1,936	-	-	1,936	1,665	271
2.2 Major Legislative Projects and Strategic Planning	3,274	-	-	3,274	1,817	1,457
2.3 Municipal Services	7,207	-	-	7,207	6,947	260
	12,417	-	-	12,417	10,429	1,988
3 Municipal Assessments and Grant Administration						
3.1 Program Support	1,406	-	-	1,406	1,004	402
3.2 Assessment Services	16,903	-	(6,103)	10,800	9,281	1,519
3.3 Grants and Education Property Tax	6,015	-	709	6,724	7,294	(570)
	24,324	-	(5,394)	18,930	17,579	1,351
Municipal Sustainability Initiative						
4.1 Municipal Sustainability Initiative Operating	30,000	-	-	30,000	28,495	1,505
4.2 Municipal Sustainability Initiative Capital	846,000	800,000	-	1,646,000	1,647,505	(1,505)
4.3 Basic Municipal Transportation Grant	335,000	(3,700)	-	331,300	331,285	15
	1,211,000	796,300	-	2,007,300	2,007,285	15
5 Federal Grant Programs						
5.1 Federal Gas Tax Fund	222,036	1,446	-	223,482	221,171	2,311
5.3 Small Communities Fund	31,000	-	-	31,000	30,812	188
	253,036	1,446	-	254,482	251,983	2,499
6 Grants in Place of Taxes						
	59,287	(9,900)	-	49,387	42,960	6,427
7 Alberta Community Partnership						
	18,500	-	-	18,500	24,387	(5,887)
8 Public Safety						
8.1 Strategic and System Support	3,716	-	-	3,716	3,380	336
8.2 Community and Technical Support	5,219	-	-	5,219	4,695	524
8.3 Office of the Fire Commissioner	4,238	-	-	4,238	3,609	629
8.5 New Home Buyer Protection Program	5,274	(1,383)	(1,505)	2,386	1,910	476
	18,447	(1,383)	(1,505)	15,559	13,594	1,965

Department of Municipal Affairs Schedule to Financial Statements Lapse/Encumbrance

Year ended March 31, 2018
(in thousands)

Schedule 4 (continued)

	Voted	Supplementary	Adjusted	Voted	Voted	Unexpended
	Estimate ⁽¹⁾	Estimate ⁽²⁾		Estimate	Actuals ⁽⁴⁾	(Over Expended)
9 Alberta Emergency Management Agency						
9.1 Managing Director's Office	720	-	-	720	614	106
9.2 Policy and Support	4,188	-	-	4,188	4,778	(590)
9.3 Operations	6,480	-	-	6,480	6,416	64
9.4 Recovery Operations	3,411	-	-	3,411	2,500	911
9.5 Disaster Recovery	200	18,670	-	18,870	18,199	671
9.6 Emergency Preparedness Grants	150	-	-	150	150	-
	<u>15,149</u>	<u>18,670</u>	<u>-</u>	<u>33,819</u>	<u>32,657</u>	<u>1,162</u>
10 Municipal Government Board	<u>7,135</u>	<u>-</u>	<u>-</u>	<u>7,135</u>	<u>6,863</u>	<u>272</u>
11 Library Services						
11.1 Library Services Operations	1,675	-	-	1,675	1,407	268
11.2 Provincial Library Network	48,009	-	-	48,009	48,272	(263)
	<u>49,684</u>	<u>-</u>	<u>-</u>	<u>49,684</u>	<u>49,679</u>	<u>5</u>
13 2016 Wood Buffalo Wildfire						
13.2 2016 Wood Buffalo Wildfire - Recovery	2,478	3,943	-	6,421	4,401	2,020
Total	<u>\$ 1,687,610</u>	<u>\$ 807,690</u>	<u>\$ (6,899)</u>	<u>\$ 2,488,401</u>	<u>\$ 2,474,976</u>	<u>\$ 13,425</u>
Lapse						<u>\$ 13,425</u>

Department of Municipal Affairs Schedule to Financial Statements Lapse/Encumbrance

Year ended March 31, 2018
(in thousands)

Schedule 4 (continued)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Unexpended (Over Expended)
Program - Capital Investment						
1 Ministry Support Services						
1.3 Support Services	\$ 85	\$ -	\$ -	\$ 85	\$ 282	\$ (197)
2 Municipal Services and Legislation						
2.1 Program Support	85	-	-	85	-	85
3 Municipal Assessments and Grant Administration						
3.2 Assessment Services	3,447	-	-	3,447	629	2,818
3.3 Grants and Education Property Tax	400	-	-	400	256	144
	3,847	-	-	3,847	885	2,962
8 Public Safety						
8.5 New Home Buyer Protection Program	420	-	1,505	1,925	1,110	815
9 Alberta Emergency Management Agency						
9.2 Policy and Support	-	-	-	-	5	(5)
9.3 Operations	-	-	-	-	194	(194)
9.4 Recovery Operations	4,000	-	-	4,000	2,089	1,911
Total	\$ 8,437	\$ -	\$ 1,505	\$ 9,942	\$ 4,565	\$ 5,377
Lapse						\$ 5,377
Financial Transactions						
12 2013 Alberta Flooding Liability Retirement						
12.1 Disaster Recovery Program - Flooding	\$ 138,279	\$ -	\$ -	\$ 138,279	\$ 54,087	\$ 84,192
Total	\$ 138,279	\$ -	\$ -	\$ 138,279	\$ 54,087	\$ 84,192
Lapse						\$ 84,192

(1) As per "Expense Vote by Program", "Capital Investment Vote by Program" and "Financial Transactions Vote by Program" page 213 to page 218 of 2017-18 Government Estimates.

(2) Per the Supplementary Supply Estimates approved on March 28, 2018. These are outlined below:

- (\$1,386) for reorganization involving communications staff moving to Treasury Board and Finance
- \$796,300 for Municipal Sustainability Initiative
- \$1,446 for the Federal Gas Tax Fund
- (\$9,900) due to one time in year savings in Grants in Place of Taxes
- (\$1,383) for New Home Buyer Protection Program
- \$18,670 for disaster recovery and municipal wildfire assistance programs
- \$3,943 for response and recovery costs related to the 2016 Wood Buffalo Wildfire

(3) Adjustments include a \$6,103 credit or recovery shortfall, \$709 adjustment for Climate Leadership, and an approved transfer of \$1,505 from operating to capital investment pursuant to the Appropriation Act, 2015, section 6(1).

(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

Department of Municipal Affairs Schedule to Financial Statements Salary and Benefits Disclosure

Year ended March 31, 2018

Schedule 5

Department	2018			2017	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total	Total
Deputy Minister ⁽⁴⁾	\$ 285,877	\$ -	\$ 65,375	\$ 351,252	\$ 359,321
Assistant Deputy Ministers					
Municipal Services and Legislation	185,881	-	43,624	229,505	237,689
Municipal Assessments and Grant	161,537	-	40,760	202,297	230,983
Public Safety ⁽⁵⁾	239,797	3,390	55,887	299,074	257,690
Corporate Strategic Services	200,405	-	51,850	252,255	259,887
Alberta Emergency Management Agency					
Managing Director	181,427	-	40,722	222,149	236,911

⁽¹⁾ Base salary includes regular salary and earnings such as acting pay.

⁽²⁾ Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2018.

⁽³⁾ Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, tuition fees and parking.

⁽⁴⁾ Automobile provided, no dollar amount included in other non-cash benefits.

⁽⁵⁾ This position was occupied by three individuals during the year. The occupancy of this position changed July 3, 2017 and September 4, 2017.

Department of Municipal Affairs Schedule to Financial Statements Related Party Transactions

Year ended March 31, 2018
(in thousands)

Schedule 6

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta Consolidated Financial Statements. Related parties also include key management personnel in the department and their close family members.

The department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The department had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2018	2017	2018	2017 (Restated - Note 3)
Revenues				
Transfer of Tangible Capital Assets	\$ -	\$ -	\$ 215	\$ -
	\$ -	\$ -	\$ 215	\$ -
Expenses - Directly Incurred				
Grants	\$ -	\$ 250	\$ -	\$ -
Business and Technology Services	-	-	2,305	2,213
Insurance	-	-	121	108
Other Services	-	-	68	232
	\$ -	\$ 250	\$ 2,494	\$ 2,553
Tangible Capital Assets Transferred In				
Service Alberta	\$ -	\$ -	\$ -	\$ 200
Accrued Liabilities and Accounts Payable with				
Safety Codes Council	\$ 250	\$ 250	\$ -	\$ -
Environmental Protection and Enhancement Fund	-	-	11,262	23,640
Alberta Health Services	-	-	4,812	23,856
Infrastructure	-	-	945	371
Environment and Parks	-	-	769	1,967
Children's Services	-	-	200	-
Community and Social Services	-	-	164	9,953
Alberta Social Housing Corporation	-	-	-	4,572
Indigenous Relations	-	-	-	15
	\$ 250	\$ 250	\$ 18,152	\$ 64,374

The department also had transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the financial statements. Expenses are included in Schedule 7.

The department paid \$42,412 (2017 - \$51,768) of grants in place of taxes on behalf of other ministries.

Department of Municipal Affairs Schedule to Financial Statements Allocated Costs

Year ended March 31, 2018
(in thousands)

Schedule 7

Program	2018				2017	
	Expenses ⁽¹⁾	Accommodation Costs ⁽²⁾	Legal Services ⁽³⁾	Business Services ⁽⁴⁾	Total Expenses	Total Expenses (Restated - Note 3)
Ministry Support Services	\$ 13,634	\$ 872	\$ 230	\$ 3,160	\$ 17,896	\$ 18,167
Municipal Services and Legislation	10,255	698	440	-	11,393	12,310
Municipal Assessments and Grants	18,212	1,175	71	-	19,458	15,691
Municipal Sustainability Initiative	2,007,285	-	-	-	2,007,285	1,216,708
Federal Grant Programs	251,983	-	-	-	251,983	293,070
Grants in Place of Taxes	42,960	-	-	-	42,960	52,454
Alberta Community Partnership	24,387	-	-	-	24,387	19,629
Public Safety	14,626	946	244	-	15,816	17,860
Alberta Emergency Management Agency	52,508	1,065	146	-	53,719	34,754
Municipal Government Board	7,090	395	1	-	7,486	4,647
Library Services	49,669	119	-	-	49,788	36,662
2013 Alberta Flooding	-	1,166	-	-	1,166	19,129
2016 Wood Buffalo Wildfire	4,401	46	-	-	4,447	709,800
	<u>\$ 2,497,010</u>	<u>\$ 6,482</u>	<u>\$ 1,132</u>	<u>\$ 3,160</u>	<u>\$ 2,507,784</u>	<u>\$ 2,450,881</u>

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) Accommodation Costs allocated by number of employees.

(3) Legal Services Costs allocated by estimated costs incurred by each program.

(4) Business Services Costs, including charges for IT support and other services, allocated by costs in certain programs.

Department of Municipal Affairs Schedule to Financial Statements Disaster Recovery Program

Year ended March 31, 2018
(in thousands)

Schedule 8

The Disaster Recovery Program (DRP) is administered by the Alberta Emergency Management Agency (AEMA). AEMA is part of Alberta Municipal Affairs. Alberta Regulation 51/94 of the *Alberta Emergency Management Act* allows the province to provide disaster recovery assistance to residents, small business, agriculture operations, and provincial and municipal governments if the event meets the criteria as outlined in the regulation.

The department recognizes the DRP expense when the Government of Alberta (GoA) issues an Order in Council (OiC).

The department recognizes Disaster Financial Assistance Arrangements (DFAA) revenue when the Government of Canada (GoC) issues an OiC declaring the Alberta disaster to be of a concern to the GoC. The estimated DFAA revenue is determined by assessing eligible DRP expenses under the DFAA guidelines. As a result, some DRP expenses are excluded when calculating the estimated DFAA revenue. The department will continue to pursue revenue from the GoC for expenses that are excluded from the estimated DFAA calculation.

The following schedule lists disasters being administered by AEMA at March 31, 2018:

Disaster	GoC OiC	Total Projected DRP Expense (1)	Expenditures to Date	Accrued Liabilities	Total Projected DFAA Revenue (1) (2)	Advances Received (3)	Accounts Receivable
2008 Southern DRP	121	\$ 5,684	\$ 5,684	\$ -	\$ 489	\$ -	\$ 489
2010 Southern Alberta DRP	144	70,067	69,854	213	39,523	30,000	9,523
2011 Southwest Alberta DRP	152	8,613	8,502	111	1,926	-	1,926
2011 Northern Alberta Flood DRP	153	9,100	9,083	17	2,141	-	2,141
2011 Northwestern Alberta Flood DRP	154	7,419	7,390	29	1,519	-	1,519
2011 Spring Southern Alberta DRP	160	9,784	9,457	327	2,464	2,464	-
2011 Northern Alberta Interface Fire DRP	167	65,206	64,457	749	29,550	16,000	13,550
2012 Capital Region DRP	163	86	86	-	69	-	69
2012 City of Edmonton DRP	164	6,312	6,027	285	603	-	603
2013 Southern Alberta Flood DRP	162	1,435,494	1,287,058	148,436	816,847	600,000	216,847
2013 Wood Buffalo DRP	172	20,790	6,278	14,512	8,586	-	8,586
2014 Southwestern Alberta DRP	181	24,449	13,822	10,627	7,106	-	7,106
2016 Wood Buffalo Wildfire DRP	197	595,959	385,845	210,114	427,433	307,000	120,433
Other DRPs		26,825	9,074	17,751	-	-	-
		\$ 2,285,788	\$ 1,882,617	\$ 403,171	\$ 1,338,256	\$ 955,464	\$ 382,792
March 31, 2017		\$ 2,475,728	\$ 1,712,896	\$ 762,832	\$ 1,549,926	\$ 955,464	\$ 594,462

- (1) DRP expense and DFAA revenue are calculated based on management estimates (Note 2(b)). The projected DRP expenses and DFAA revenue are adjusted to reflect management's best estimate of the remaining obligations of the DRP and expected DFAA revenue.
- (2) A province or territory may request GoC disaster financial assistance when eligible expenditures exceed an established initial threshold based on the provincial or territorial population.
- (3) The GoC may provide advance payments to provincial and territorial governments as funds are expended under the provincial/territorial DRP.

Safety Codes Council

FINANCIAL STATEMENTS

Safety Codes Council Financial Statements Year ended December 31, 2017 Contents

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KPMG LLP
2200, 10175-101 Street
Edmonton AB T5J 0H3
Canada
Tel 780-429-7300
Fax 780-429-7379

INDEPENDENT AUDITORS' REPORT

To the Members of Safety Codes Council

We have audited the accompanying financial statements of Safety Codes Council (the "Council"), which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in net assets, remeasurement gains and losses and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2017, and its results of operations, its changes in net assets, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

April 6, 2018
Edmonton, Canada

Safety Codes Council

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,723,385	\$ 3,047,065
Accounts receivable	596,872	385,752
Prepaid expenses and deposits	212,858	60,003
	<u>4,533,115</u>	<u>3,492,820</u>
Investments (note 2)	10,771,652	10,986,482
Capital assets (note 3)	1,182,910	1,341,573
	<u>\$ 16,487,677</u>	<u>\$ 15,820,875</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,033,910	\$ 616,489
Deferred revenue and grants repayable (note 4)	2,478,430	2,441,092
Current portion of deferred lease inducement	543	6,491
	<u>3,512,883</u>	<u>3,064,072</u>
Deferred lease inducement	-	543
Net assets:		
Unrestricted	8,903,401	8,561,822
Internally restricted (note 5)	3,000,000	3,000,000
Invested in capital assets	1,182,910	1,341,573
	<u>13,086,311</u>	<u>12,903,395</u>
Accumulated remeasurement losses	(111,517)	(147,135)
	<u>12,974,794</u>	<u>12,756,260</u>
Commitments (note 6)		
	<u>\$ 16,487,677</u>	<u>\$ 15,820,875</u>

See accompanying notes to financial statements.

Safety Codes Council Statement of Operations

December 31, 2017, with comparative information for 2016

	2017	2016
	(Schedule 1)	
Revenues:		
Operating fees:		
Municipalities and agencies	\$ 6,128,779	\$ 5,980,197
Corporations	1,024,653	1,106,166
Permit fees	5,474,714	2,109,418
Course and exam fees (note 4)	686,401	755,552
Master Electricians Program certification fees	533,689	554,130
Investment income	499,440	564,562
Certification (note 4)	106,775	97,785
Annual conference	47,850	57,430
Application development	47,325	37,400
Other revenues and recoveries	37,224	16,828
Designation of powers	10,975	12,775
Accreditation	10,388	11,257
Appeals	5,500	3,200
Grants (note 4)	-	111,648
	14,613,713	11,418,348
Expenses:		
Salaries and benefits	5,840,039	5,639,416
Permit service fees	4,299,684	1,612,102
Contractors and consultants	1,119,676	855,874
Amortization of capital assets	633,210	401,597
Office rental	547,108	545,489
Annual conference	292,863	287,464
Travel (note 7)	232,187	291,105
Electronic business solutions	220,901	203,938
Course and seminar costs	207,948	203,749
Office and general	174,782	185,942
Publications	159,488	131,257
Meetings	105,619	96,346
Consulting fees	92,208	60,438
Bank and investment service charges	91,081	99,795
Honoraria (note 7)	70,111	49,318
New course version	65,085	129,644
Test bank validations	63,782	51,696
Professional fees	51,091	96,944
New course development	43,150	28,221
Loss on disposal of capital assets	38,980	-
Appeals	30,550	27,624
Insurance	29,432	31,216
Special training programs	14,220	10,455
Corporate memberships	5,629	6,099
Competency analysis	1,176	-
Electronic conversion	797	1,859
Course revisions	-	225
	14,430,797	11,047,813
Excess of revenues over expenses	\$ 182,916	\$ 370,535

Safety Codes Council

Statement of Changes in Net Assets

December 31, 2017, with comparative information for 2016

	Unrestricted	Internally restricted	Invested in capital assets	2017 Total	2016 Total
Balance, beginning of year	\$ 8,561,822	\$ 3,000,000	\$ 1,341,573	\$ 12,903,395	\$ 12,532,860
Excess (deficiency) of revenues over expenses	855,106	-	(672,190)	182,916	370,535
Investment in capital assets	(513,527)	-	513,527	-	-
Balance, end of year	\$ 8,903,401	\$ 3,000,000	\$ 1,182,910	\$ 13,086,311	\$ 12,903,395

Statement of Remeasurement Gains and Losses

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Accumulated remeasurement losses, beginning of year	\$ (147,135)	\$ (542,298)
Unrealized change in fair value of investments	35,618	395,163
Accumulated remeasurement losses, end of year	\$ (111,517)	\$ (147,135)

See accompanying notes to financial statements.

Safety Codes Council

Statement of Cash Flow

December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 182,916	\$ 370,535
Item not involving cash:		
Amortization of capital assets	633,210	401,597
Loss on disposal of capital assets	38,980	-
Amortization of deferred lease inducement	(6,491)	(6,491)
Changes in non-cash operating working capital:		
Accounts receivable	(211,120)	167,364
Prepaid expenses and deposits	(152,855)	52,923
Accounts payable and accrued liabilities	417,421	64,174
Deferred revenue and grants repayable	37,338	2,205,645
	939,399	3,255,747
Capital activities:		
Purchase of capital assets	(513,527)	(440,495)
Investing activities:		
Purchase of investments, net of proceeds of disposition	250,448	(324,323)
Increase in cash and cash equivalents	676,320	2,490,929
Cash and cash equivalents, beginning of year	3,047,065	556,136
Cash and cash equivalents, end of year	\$ 3,723,385	\$ 3,047,065
Supplemental cash flow information:		
Bank and investment service charges paid	\$ 91,081	\$ 99,795

See accompanying notes to financial statements.

Safety Codes Council

Notes to Statements

Year ended December 31, 2017

The Safety Codes Council (the "Council") is a corporation established under the Safety Codes Act of the Province of Alberta (Revised Statutes of Alberta 2000, Chapter S-1). The industry-based Council is comprised of a Council Chair, a Board of Directors, a Technical Coordinating Committee and Sub-councils in the following areas: amusement rides, boilers and pressure vessels, buildings, electrical, elevators, fire, gas, plumbing, barrier free and passenger ropeways.

The Council is responsible for reviewing, formulating and managing significant components of the administration of Alberta's safety system. The Council's mandate is to:

- develop and recommend safety codes and standards;
- promote uniform safety standards and practices;
- develop and administer a program to certify and designate Safety Codes Officers;
- develop and administer a program to accredit safety system partners;
- administer appeals for certification, accreditation and orders issued under the Safety Codes Act;
- administer the Master Electricians' program;
- establish and operate safety information and training programs;
- develop and administer a province wide electronic permitting system for use by accredited entities administering the Safety Codes Act; and
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act.

The Council is also responsible for overseeing the provision of safety codes compliance monitoring (permitting and inspection services) in unaccredited areas in the Province of Alberta under the Alberta Safety Codes Authority (ASCA).

Safety Codes Council

Notes to Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Council follows the deferral method of accounting for contributions which include government grants. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recognized when earned or when the related services are provided.

(b) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

(c) Capital assets:

Capital assets are recorded at cost. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Equipment	Declining balance	20%
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Leasehold improvements	Straight line	Over lease term

Copyrights are not amortized.

Capital assets that are not in use at year-end are not amortized.

Safety Codes Council

Notes to Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(d) Deferred lease inducement:

Deferred lease inducement represents the unamortized value of an inducement received when the Council entered into a lease arrangement for the rental of office space. Amortization is provided on a straight-line basis over the term of the related lease as a reduction in office rent.

(e) Contributed services:

Contributed supplies and services that would otherwise have been purchased are recorded as contributions and expenses. Such transactions are measured at the fair value at the date of contribution, when a fair value can be reasonably determined.

(f) Allocation of expenses:

The Council records a number of its expenses by program. The cost of each program includes the personnel, premises and other expenses that are directly related to providing the program. The Council allocates certain of its general support expenses by identifying the appropriate basis for allocation. Administration and corporate governance are not allocated.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gains and losses are reversed and recognized in the statement of operations.

Safety Codes Council

Notes to Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

The standards require the Council to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Significant amounts subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

(i) Future accounting changes:

The following summarizes upcoming changes to Canadian public sector accounting standards that will be effective for the Council in future years:

- PS 2200 - Related Party Disclosures (effective April 1, 2017)
- PS 3420 - Inter-Entity Transactions (effective April 1, 2017)
- PS 3210 - Assets (effective April 1, 2017)
- PS 3320 - Contingent Assets (effective April 1, 2017)
- PS 3380 - Contractual Rights (effective April 1, 2017)
- PS 3430 - Restructuring Transactions (effective April 1, 2018)

The Council's management is currently assessing the impact of these new accounting standards on its financial statements.

Safety Codes Council

Notes to Statements (continued)

Year ended December 31, 2017

2. Investments:

2017	Level	Cost	Fair Value
Cash and cash equivalents		\$ 1,100	\$ 1,100
Jarislowsky Fraser Money Market Fund	1	112	112
Pooled funds:			
Jarislowsky Fraser Bond Fund	2	5,957,928	5,798,846
Jarislowsky Fraser Canadian Equity Fund	2	3,148,436	3,077,850
Jarislowsky Fraser Global Equity Fund	2	1,775,593	1,893,744
		\$ 10,883,169	\$ 10,771,652

2016	Level	Cost	Fair Value
Cash and cash equivalents		\$ 2,860	\$ 2,860
Jarislowsky Fraser Money Market Fund	1	1,366	1,366
Pooled funds:			
Jarislowsky Fraser Bond Fund	2	6,171,472	6,010,048
Jarislowsky Fraser Canadian Equity Fund	2	4,326,070	4,061,560
Jarislowsky Fraser Global Equity Fund	2	892,314	910,648
		\$ 11,394,082	\$ 10,986,482

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2017 and 2016. There were no transfers in or out of Level 3.

Safety Codes Council

Notes to Statements (continued)

Year ended December 31, 2017

3. Capital assets:

			2017		2016	
	Cost	Accumulated amortization	Net book value	Net book value		
Furniture and fixtures	\$ 412,691	\$ 275,208	\$ 137,483	\$ 166,314		
Equipment	14,646	5,727	8,919	13,347		
Computer hardware	434,602	204,052	230,550	222,181		
Computer software	1,014,954	543,514	471,440	622,333		
Leasehold improvements	1,096,714	1,044,121	52,593	305,631		
Copyrights	11,767	-	11,767	11,767		
Capital assets not in use	270,158	-	270,158	-		
	\$ 3,255,532	\$ 2,072,622	\$ 1,182,910	\$ 1,341,573		

Included in capital assets not in use is \$179,200 (2016 - \$nil) related to new computer software and \$90,958 (2016 - \$nil) relating to leasehold improvements for the Council's new offices (see note 6).

Safety Codes Council

Notes to Statements (continued)

Year ended December 31, 2017

4. Deferred revenue and grants repayable:

	Balance, beginning of year	Amounts received / receivable	Revenue recognized, net	Balance, end of year
<u>Core Operations</u>				
Grant agreements:				
Province of Alberta - Safety System Outcome Survey	\$ 250,524	\$ 325	\$ -	\$ 250,849
	250,524	325	-	250,849
Course and exam fees	51,180	688,426	(686,401)	53,205
Certification	179,121	106,887	(106,775)	179,233
	480,825	795,638	(793,176)	483,287
<u>ASCA</u>				
Alberta Safety Codes Authority permit fees	1,960,267	5,509,590	(5,474,714)	1,995,143
	\$ 2,441,092	\$ 6,305,228	\$ (6,267,890)	\$ 2,478,430

Safety System Outcome Survey

In the prior year, the Council applied for and obtained a one-time conditional grant from the Province of Alberta. The grant provided for a total of \$250,000 to be received to complete a survey of the various participants in the safety codes system to identify any gaps in the system, potential risks and mitigating measures on a go-forward basis. An amendment to the grant agreement was obtained in late 2016 extending the project to April 30, 2017. As of April 30, 2017 the grant funds were not spent on eligible expenditures as agreed upon and a new amendment to the agreement extending the project has not been obtained. As a result, the full amount plus interest of \$250,849 is considered repayable.

5. Internally restricted net assets:

The Council maintains internally restricted net assets in the amount of \$3,000,000 to manage sustainability risk over the medium term. Access to the restricted net assets is granted by resolution of the Board of Directors.

Safety Codes Council

Notes to Statements (continued)

Year ended December 31, 2017

6. Commitments:

The Council is committed to future minimum payments of \$86,988 under an operating lease for its office premises which expires April 30, 2018.

Effective May 1, 2018, the Council has committed to a new operating lease for its office premises which expires April 30, 2028. Under the new agreement, the minimum annual payment is \$259,785. The Council is also responsible for its share of operating costs related to the office premises.

7. Remuneration and other costs disclosure:

Board of Director members are remunerated by the schedules as set out by Order in Council 466/2007. Remuneration is comprised of \$70,111 (2016 - \$49,318) and is included in honoraria expense. Other costs consist of travel and accommodation related to meetings attendance which are included in travel expense.

	2017	2016
Board of Director members:		
Remuneration	\$ 70,111	\$ 49,318
Other	20,803	16,690
	\$ 90,914	\$ 66,008

Safety Codes Council

Notes to Statements (continued)

Year ended December 31, 2017

8. Related party transactions:

Transactions with the Province of Alberta are considered to be in the normal course of operations. Grant revenue includes \$nil (2016 - \$111,648) from the Province of Alberta.

The Province of Alberta currently provides certain services to the Council, including a monitoring service of accredited entities as part of the Municipal Support Program, at no cost.

9. Financial risks and concentration of credit risk:

The Council is exposed to a number of different financial risks arising from its use of financial instruments, including market price risk, liquidity risk, credit risk and interest rate risk. The Council's overall risk management processes are designed to identify, manage and mitigate business risk.

Market price risk

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Council's investments are in pooled-funds and carried at fair value with fair value changes recognized in the statement of operations and statement of remeasurement gains (losses), all changes in market conditions will directly result in an increase (decrease) in net assets. Market price risk is managed by the Council through their investment guidelines and policies, as monitored by the management of the Council and its investment manager. There have been no significant changes to the market price risk exposure from 2016.

Liquidity risk

Liquidity risk is both the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities, and there will be no ability to sell its financial instruments should it wish to do so.

The Council's Investment Policy, which is reviewed and approved by the Board of Directors annually, establishes the nature of acceptable investments for its portfolio. As a result, 100% of the Council's investments are in pooled funds. Although market events could lead to some investments within the pooled fund becoming illiquid, the diversity and quality of the Council's investments is designed to ensure that liquidity is available to pay liabilities as they come due. The Council also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities. There have been no significant changes to the liquidity risk exposure from 2016.

Safety Codes Council

Notes to Statements (continued)

Year ended December 31, 2017

9. Financial risks and concentration of credit risk (continued):

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Council. In relation to the Council activities, credit risk arises from the issuance of permits by accredited third-parties and subsequent remittance of levies to the Council. This risk is mitigated through the Council's ongoing due diligence of accredited organizations, and the number of accredited organizations issuing permits. In relation to the Council's investment portfolio, credit risk arises from the bond or equity issuer defaulting on its obligations.

The Council manages credit risk by investing diversified pooled funds. Cash is held with reputable financial institutions and accounts receivable are with counterparties that the Council believes to be reputable entities. No individual financial asset is significant to the Council's operations. There have been no significant changes to the credit risk exposure from 2016.

Interest rate risk

The Council is exposed to interest rate risk associated with the underlying interest-bearing instruments held in the Jarislowsky Fraser Bond Fund. To properly manage the Council's interest rate risk, appropriate guidelines and investment policies are set and monitored by management of the Council and its investment manager. There have been no significant changes to the interest rate risk exposure from 2016.

10. Comparative information:

Certain comparative information has been reclassified to conform with the financial presentation adopted in the current year.

Safety Codes Council

Schedule 1: Operating Activities

Year ended December 31, 2017

	Core operations	ASCA	2017
Revenue:			
Operating fees:			
Municipalities and agencies	\$ 6,128,779	\$ -	\$ 6,128,779
Corporations	1,024,653	-	1,024,653
Permit fees	-	5,474,714	5,474,714
Course and exam fees	686,401	-	686,401
Master Electricians Program certification fees	533,689	-	533,689
Investment income	495,466	3,974	499,440
Certification	106,775	-	106,775
Annual conference	47,850	-	47,850
Application development	47,325	-	47,325
Other revenue and recoveries	37,224	-	37,224
Designation of powers	10,975	-	10,975
Accreditation	10,388	-	10,388
Appeals	5,500	-	5,500
Grants	-	-	-
	9,135,025	5,478,688	14,613,713
Expenses:			
Salaries and benefits	5,396,682	443,357	5,840,039
Permit service fees	-	4,299,684	4,299,684
Contractors and consultants	1,035,985	83,691	1,119,676
Amortization of capital assets	553,236	79,974	633,210
Office rental	495,108	52,000	547,108
Annual conference	292,863	-	292,863
Travel	227,175	5,012	232,187
Electronic business solutions	152,023	68,878	220,901
Course and seminar costs	207,948	-	207,948
Office and general	170,728	4,054	174,782
Publications	157,070	2,418	159,488
Meetings	103,266	2,353	105,619
Consulting fees	92,208	-	92,208
Bank and investment service charges	91,012	69	91,081
Honoraria	70,111	-	70,111
New course version	65,085	-	65,085
Test bank validations	63,782	-	63,782
Professional fees	51,228	(137)	51,091
New course development	43,150	-	43,150
Loss on disposal of capital assets	38,980	-	38,980
Appeals	30,550	-	30,550
Insurance	26,632	2,800	29,432
Special training programs	14,220	-	14,220
Corporate memberships	5,629	-	5,629
Competency analysis	1,176	-	1,176
Electronic conversion	797	-	797
	9,386,644	5,044,153	14,430,797
Excess (deficiency) of revenues over expenses	\$ (251,619)	\$ 434,535	\$ 182,916

See accompanying notes to the financial statements

Improvement Districts' Trust Account

STATEMENTS OF REVENUE AND EXPENDITURES—UNAUDITED

Improvement Districts' Trust Account Statements of Revenue and Expenditures—UNAUDITED* For the year ended December 31, 2017 Contents

- 183 Summary Statement of Revenues and Expenditures
- 184 Detailed Statement of Revenues and Expenditures

**NOTE: The unaudited financial information being presented here was derived from the December 31, 2017 financial statements of each Improvement District.*

Improvement Districts' Trust Account Summary Statement of Revenue and Expenditures (Unaudited)

For the year ended December 31, 2017

	Improvement Districts							Total	
	4	9	12	13	24	25	Kananaskis		349
		(Waterton)	(Banff)	(Jasper)	(Elk Island)	(Wood Buffalo)	(Willmore Wilderness)		
Assets	\$ 985,379	\$ 15,116,538	\$ 1,172,127	\$ 878,600	\$ 544,268	\$ 172,975	\$ 5,645,050	\$ 7,376,328	\$ 31,891,265
Liabilities	287,469	4,568,862	723,682	605,488	508,574	172,975	1,425,594	2,212,824	10,505,468
Net assets	\$ 697,910	\$ 10,547,676	\$ 448,445	\$ 273,112	\$ 35,694	\$ -	\$ 4,219,456	\$ 5,163,504	\$ 21,385,797
Revenues	\$ 1,051,632	\$ 2,428,872	\$ 276,365	\$ 21,384	\$ 33,153	\$ 251,661	\$ 2,017,669	\$ 31,250,151	\$ 37,330,887
Expenditures	1,147,983	2,169,935	277,118	14,952	29,202	251,661	2,094,048	31,646,998	37,631,897
Excess / (Deficiency) of revenue over expenditure	\$ (96,351)	\$ 258,937	\$ (753)	\$ 6,432	\$ 3,951	\$ -	\$ (76,379)	\$ (396,847)	\$ (301,010)

Improvement Districts' Trust Account Detailed Statement of Revenue and Expenditures (Unaudited)

For the year ended December 31, 2017

	Improvement Districts							Total
	4	9	12	13	24	25	Kananaskis	
REVENUES								
General Municipal:								
Taxation								
Real property	\$ 795,347	\$ 3,184,463	\$ 58,805	\$ 4,115	\$ 6,795	\$ -	\$ 1,158,437	\$ 5,171,501
Federal grants	194,418	1,142,479	42,488	24,669	14,645	-	10,148	64,106
Provincial grants	-	-	-	-	-	-	70,287	-
Power and pipeline	7,813	98,267	136,511	4,558	4,446	-	299,782	12,971,864
Machinery and equipment	-	-	-	-	-	-	-	17,074,608
	997,578	4,425,209	237,804	33,342	25,886	-	1,538,654	35,282,079
	428,553	2,175,419	179,802	20,840	10,657	-	493,990	4,383,386
	-	102,202	19,523	-	-	-	29,915	551,813
	428,553	2,277,621	199,325	20,840	10,657	-	523,905	4,935,199
	569,025	2,147,588	38,479	12,502	15,229	-	1,014,749	30,346,880
	473,116	105,175	233,353	5,959	17,151	251,661	97,785	801,775
	2,984	19,739	-	-	94	-	6,610	566
	6,282	67,492	4,533	2,923	679	-	19,956	100,930
	-	-	-	-	-	-	509,811	-
	225	88,878	-	-	-	-	368,758	-
	1,051,632	2,428,872	276,365	21,384	33,153	251,661	2,017,669	31,250,151
	61,155	251,783	16,013	933	1,451	-	461,725	271,745
	3,661	806,203	26,500	-	-	-	882,258	-
	-	-	-	-	-	-	113,211	-
	10,500	30,000	10,800	8,060	10,600	-	-	69,250
	931,363	739,960	223,805	5,959	17,151	251,661	-	31,305,432
	907	11,981	-	-	-	-	-	-
	23,850	71,375	-	-	-	-	50,457	-
	-	-	-	-	-	-	-	-
	1,799	-	-	-	-	-	-	-
	113,244	171,469	-	-	-	-	385,691	-
	1,504	87,164	-	-	-	-	139,106	-
	1,147,983	2,169,935	277,118	14,952	29,202	251,661	2,094,048	31,646,998
	\$ (96,351)	\$ 258,937	\$ (753)	\$ 6,432	\$ 3,951	\$ -	\$ (76,379)	\$ (396,847)
								\$ (301,010)
EXPENDITURES								
General Municipal:								
Administrative services	61,155	251,783	16,013	933	1,451	-	461,725	271,745
Protective services	3,661	806,203	26,500	-	-	-	882,258	-
Transportation services	-	-	-	-	-	-	113,211	-
Assessment fees	10,500	30,000	10,800	8,060	10,600	-	-	69,250
Grants	931,363	739,960	223,805	5,959	17,151	251,661	-	31,305,432
Recreation and cultural services	907	11,981	-	-	-	-	-	-
Utilities	23,850	71,375	-	-	-	-	50,457	-
Honorarium	-	-	-	-	-	-	-	-
Garbage collection and disposal	1,799	-	-	-	-	-	-	-
Interest	113,244	171,469	-	-	-	-	385,691	-
Amortization	1,504	87,164	-	-	-	-	139,106	-
Other expenditures	1,147,983	2,169,935	277,118	14,952	29,202	251,661	2,094,048	31,646,998
	\$ (96,351)	\$ 258,937	\$ (753)	\$ 6,432	\$ 3,951	\$ -	\$ (76,379)	\$ (396,847)
								\$ (301,010)

Special Areas Trust Account

FINANCIAL STATEMENTS

Special Areas Trust Account Financial Statements December 31, 2017 Contents

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Independent Auditor's Report

To the Minister of Municipal Affairs and the Chair of the Special Areas Board

Report on the Financial Statements

I have audited the accompanying financial statements of the Special Areas Trust Account, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Special Areas Trust Account as at December 31, 2017, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

April 24, 2018

Edmonton, Alberta

Special Areas Trust Account Statement of Financial Position

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
Financial Assets		
Cash and cash equivalents (Note 4)	\$ 31,352,073	\$ 38,097,061
Accounts receivable (Note 5)	3,307,118	4,167,818
Notes receivable (Note 6)	8,403,034	10,566,785
Due from Province of Alberta (Note 7)	4,092,804	258,112
Due from Government of Canada (Note 8)	909,585	338,839
Taxes receivable (Note 9)	471,741	703,880
	<u>48,536,355</u>	<u>54,132,495</u>
Investments (Schedule 1)	29,105,414	29,358,818
Total Financial Assets	<u>77,641,769</u>	<u>83,491,313</u>
Liabilities		
Accounts payable and accruals	3,484,351	2,997,341
Vacation accruals	1,148,375	1,155,108
Deferred revenues	388,404	443,093
Due to Province of Alberta (Note 7)	654,767	786,900
	<u>5,675,897</u>	<u>5,382,442</u>
Long-term debt (Note 10)	5,124,731	7,811,101
Provision for gravel pit reclamation (Note 11)	3,150,000	2,537,000
Total Liabilities	<u>13,950,628</u>	<u>15,730,543</u>
Net Financial Assets (Schedule 3)	63,691,141	67,760,770
Non-financial assets		
Prepaid expenses	246,772	121,486
Tangible capital assets (Schedule 6)	222,792,337	220,190,231
Inventory (Note 12)	9,109,022	6,907,658
	<u>232,148,131</u>	<u>227,219,375</u>
Accumulated Surplus (Note 13)	<u>\$ 295,839,272</u>	<u>\$ 294,980,145</u>

The accompanying notes and schedules are part of these financial statements.

Special Areas Trust Account Statement of Operations

For the year ended December 31, 2017

	2017		2016
	<u>BUDGET</u> (Note 14)	<u>ACTUAL</u>	<u>ACTUAL</u>
Revenues			
Net taxes for municipal purposes (Note 15)	30,474,328	30,204,532	31,070,977
Leases (Note 16)	8,942,280	12,302,371	9,738,391
Government transfers for operating (Note 17)	5,884,884	6,451,977	7,150,247
Government transfers for capital (Note 17)	1,311,699	1,311,699	2,073,317
Interest	1,135,149	1,167,306	1,263,997
Tax recovery land sales	85,000	561,089	476,861
Gain on sale of tangible capital assets	100,000	97,687	13,095
Other revenue (Note 18)	2,093,500	3,146,350	3,142,767
Total revenues	<u>50,026,840</u>	<u>55,243,011</u>	<u>54,929,652</u>
Expenses			
Transportation services	22,999,792	30,285,823	24,490,762
Administrative services	5,068,614	5,310,911	5,261,608
Water and sanitation services	3,225,813	3,287,982	5,648,736
Agriculture and community development	2,637,113	2,634,868	2,625,845
Recreational and cultural services	2,301,407	2,258,462	2,592,452
Protective services	1,613,168	1,939,617	2,325,426
Industrial tax transfers	580,000	580,000	580,000
Amortization	7,861,787	8,086,221	7,977,583
Total expenses (Note 19)	<u>46,287,694</u>	<u>54,383,884</u>	<u>51,502,412</u>
Excess of revenues over expenses	\$ 3,739,146	\$ 859,127	\$ 3,427,240
Accumulated surplus at beginning of year	<u>294,980,145</u>	<u>294,980,145</u>	<u>291,552,905</u>
Accumulated surplus at end of year	<u>\$ 298,719,291</u>	<u>\$ 295,839,272</u>	<u>\$ 294,980,145</u>

The accompanying notes and schedules are part of these financial statements.

Special Areas Trust Account Statement of Change in Net Financial Assets

For the year ended December 31, 2017

	<u>2017</u>		<u>2016</u>
	<u>BUDGET</u> (Note 14)	<u>ACTUAL</u>	<u>ACTUAL</u>
Excess of revenue over expenses	\$ 3,739,146	\$ 859,127	\$ 3,427,240
Acquisition of tangible capital assets	(4,713,549)	(6,333,484)	(6,380,661)
Construction of roads and road surfaces	(10,384,980)	(5,500,815)	(5,289,039)
Gain on sale of tangible capital assets	(100,000)	(97,687)	(13,095)
Proceeds on disposal of tangible capital assets	745,000	1,243,659	388,209
Amortization of tangible capital assets	7,861,787	8,086,221	7,977,583
Change in prepaid assets	-	(125,286)	(1,584)
Change in inventory	-	(2,201,364)	(324,777)
Increase in net financial assets	<u>(2,852,596)</u>	<u>(4,069,629)</u>	<u>(216,124)</u>
Net financial assets, beginning of year	<u>67,760,770</u>	<u>67,760,770</u>	<u>67,976,894</u>
Net financial assets, end of year	<u><u>\$ 64,908,174</u></u>	<u><u>\$ 63,691,141</u></u>	<u><u>\$ 67,760,770</u></u>

The accompanying notes and schedules are part of these financial statements.

Special Areas Trust Account Statement of Cash Flows

For the year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Operating activities:		
Excess of revenues over expenses	\$ 859,127	\$ 3,427,240
Amortization of investment premiums, less discounts	283,316	262,794
Gain on sale of investments	(34,224)	(30,179)
Amortization of tangible capital assets	8,086,221	7,977,583
Amortization relating to self-constructed assets	(1,713,123)	(1,730,978)
Gain on sale of tangible capital assets	(97,687)	(13,095)
Increase in provision for gravel pit reclamation	613,000	-
	<u>7,996,630</u>	<u>9,893,365</u>
Changes in non-cash operating items:		
Prepaid assets and accounts receivable	735,414	(10,051)
Due from Province of Alberta	(3,834,692)	307,638
Due from Government of Canada	(570,746)	(338,839)
Taxes receivable	232,139	217,548
Accounts payable and accruals	480,277	(72,595)
Deferred revenues	(54,689)	49,772
Deferred government grant revenue	-	(356,677)
Due to Province of Alberta	(132,133)	401,205
Inventory	(2,201,364)	(324,777)
	<u>(5,345,794)</u>	<u>(126,776)</u>
Cash provided by operating activities	<u>2,650,836</u>	<u>9,766,589</u>
Capital activities:		
Proceeds of sale of tangible capital assets	1,243,659	388,209
Purchase of tangible capital assets	(10,121,176)	(9,938,722)
Cash applied to capital activities	<u>(8,877,517)</u>	<u>(9,550,513)</u>
Investing activities:		
Net change in notes receivable	2,163,751	1,857,326
Proceeds from redemption of investments	12,020,497	11,517,201
Purchase of investments	(12,016,186)	(12,272,830)
Cash provided by investing activities	<u>2,168,062</u>	<u>1,101,697</u>
Financing activities:		
Long term debt repaid	(2,686,369)	(2,590,558)
Cash applied to financing activities	<u>(2,686,369)</u>	<u>(2,590,558)</u>
Decrease in cash and cash equivalents	<u>(6,744,988)</u>	<u>(1,272,785)</u>
Cash and cash equivalents at the beginning of year	<u>38,097,061</u>	<u>39,369,846</u>
Cash and cash equivalents at the end of year	<u><u>\$ 31,352,073</u></u>	<u><u>\$ 38,097,061</u></u>

The accompanying notes and schedules are part of these financial statements.

Special Areas Trust Account

Notes to the Financial Statements

For the year ended December 31, 2017

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the *Special Areas Act*, Revised Statutes of Alberta 2000, chapter S-16. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board ("the Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements are the representations of management, and have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Revenue resulting from mineral surface leases are first recognized on the initial agreement date and then on the anniversary date each year thereafter. All other leases are recognized as earned on an annual basis (e.g. cultivation and grazing) and are due and payable at the beginning of the year.

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 2 (c) Land

(cont'd) Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the Statement of Financial Position. Approximately 0.938 million acres of tax recovery land remains unsold as at December 31, 2017 (2016 - 0.946 million acres).

Crown land transferred to the Province of Alberta from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Board, is not valued for financial statement purposes. This consists of approximately 1.575 million acres (2016 - 1.575 million acres).

Road infrastructure land right of ways, located within the Special Areas and administered by the Board, were transferred to the Province of Alberta from the Government of Canada for no monetary consideration. The Board has also acquired additional right of way for road widening purposes for insignificant amounts. As at December 31, 2017, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2016 - 0.012 million acres) and are not recorded in the Statement of Financial Position.

(d) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the allowance for doubtful taxes and accounts receivable, gravel inventory, gravel pit reclamation, and both current and prior years tangible capital asset historical costs and related amortization. A significant component of these tangible capital asset costs are self constructed and their cost is measured by the use of equipment rates which are approximations of actual costs incurred. Actual results could differ from management's best estimates as additional information becomes available.

(e) Contaminated Site Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post remediation including operation, maintenance and monitoring.

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 2 (f) Financial Instruments

(cont'd) Cash and cash equivalents, accounts receivable, notes receivable, taxes receivable, amounts due to/from Province of Alberta, amounts due from Government of Canada, vacation accruals and accounts payable are measured at cost.

All non-current receivables and long-term debt are a result of binding contractual agreements. The carrying value of these non-current accounts are measured at amortized cost.

The fair value of investments are disclosed on Schedule 1.

(g) Requisition over/under levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(h) Investments

Investments are valued at amortized cost adjusted for the applicable amortization of discount or premium using the effective interest method over the period to maturity. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. A write down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

(i) Pensions

The Board participates in two multi-employer defined benefit pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise of the cost of employer contributions for current service of employees during the year.

(j) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria or stipulations have been met, and reasonable estimates of the amounts can be determined.

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 2 (k) Non-financial Assets

(cont'd) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following year.

Inventory

Inventory is valued at the lower of cost or net replacement value. Costs for all inventory is determined by using the first-in-first-out method with the exception of parts inventory, which is valued by using the average costing method.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Tangible Capital Assets

Tangible capital assets consist of engineering structures, roads, buildings, vehicles, equipment, land, water/wastewater utilities and dams.

For the purposes of the Board, tangible capital assets having a useful life greater than one year are shown at net book value. Recognition thresholds for these assets are \$10,000 for engineered structures or third party software development and \$2,500 for all other categories. Purchased land and all other off the shelf electronic data processing equipment are all capitalized.

The Board in its provision of transportation services, undertakes using its own forces, a significant amount of construction activity consisting of road building and road resurfacing. These activities are considered to be capital in nature as they result in the construction of tangible capital assets. Thus the expenditures made for direct manpower, materials and indirect equipment costs relating to these activities are removed from operational expenditures to reflect the capital component of the assets being self-constructed. An hourly equipment rate is used to estimate the actual indirect equipment cost, including amortization, and is the basis for allocating these costs to the road construction projects. Annually, the total estimated equipment costs included in the road construction projects is compared to actual equipment costs incurred.

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 2 (k) Non-financial Assets

(cont'd) Tangible capital assets are recorded at cost, net of asset disposals, write-downs and amortization.

The cost of tangible capital assets shown on the statement of financial position is amortized to estimated salvage value in a manner that reflects the consumption of their future economic benefits at the following rates (rates and values expressed as a percentage of original cost):

	<u>Annual Amortization</u>			Estimated Salvage Value
	Year 1	Year 2	Year 3 and Thereafter	
	%	%	%	%
Mobile equipment	5.00	5.00	5.00	5.00
Buildings	2.50	2.50	2.50	2.50
Engineered structures	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equip.	6.67	6.67	6.67	6.67
Electronic data processing				
- Hardware	40.00	30.00	20.00	0.00
- Software	25.00	25.00	25.00	0.00
Road infrastructure	0.25 to 10.00	0.25 to 10.00	0.25 to 10.00	30.00 to 90.00
Water/wastewater lines	2.50	2.50	2.50	0.00
Dams	2.50	2.50	2.50	0.00

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Note 3 Future Accounting Changes

The Public Sector Accounting Board has issued the following accounting standards:

- (a) PS2200 Related Party Disclosure and PS 3420 Inter-Entity Transactions (effective April 1, 2017)
 PS2200 defines a related party and establishes disclosures required for related party transactions; PS3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 3 Future Accounting Changes

- (cont'd) (b) PS3210 Assets, PS3320 Contingent Assets, and PS3380 Contractual Rights (effective April 1, 2017)
PS3210 provides guidance for applying the definition of assets set out in Financial Statement Concepts, Section PS1000, and establishes general disclosure standards for assets; PS3320 defines and establishes disclosure standards on contingent assets; PS3380 defines and establishes disclosure standards on contractual rights.
- (c) PS3430 Restructuring Transactions (effective April 1, 2018)
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.
- (d) PS3450 Financial Instruments (effective April 1, 2019)
The Board has not yet adopted this standard and has the option of adopting it in fiscal year 2019-20 or earlier. Adopting of this standard requires corresponding adoption of: PS2601, Foreign Currency Translation; PS1201, Financial Statement Presentation; and PS3041, Portfolio Investments in the same fiscal period. These standards provide guidance on; recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

Management is currently assessing the impact of these standards on the financial statements.

Note 4 Cash and cash equivalents

Cash includes funds held in the Consolidated Cash Investment Trust Fund of the Province of Alberta which is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term cashable fixed income securities with a maximum term-to-maturity of three years. As at December 31, 2017, the Board's portfolio of securities held by the Fund had an average effective yield of 0.95% per annum (2016 - 0.87% per annum).

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 5 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$577,878 (2016 - \$212,103), are comprised of the following:

	<u>2017</u>	<u>2016</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 314,784	\$ 362,494
Accrued interest	45,342	54,974
	<u>360,126</u>	<u>417,468</u>
Leases	205,301	358,221
Agreement for sale of fixed assets	80,401	343,843
Oil well drilling	187,483	200,225
Parks permit receivable	136,498	136,498
Accrued interest on investments	78,484	76,263
Local improvement recoveries	73,291	71,816
Sheerness deadfish irrigation	43,723	36,005
Miscellaneous	127,649	136,319
	<u>\$ 1,292,956</u>	<u>\$ 1,776,658</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 1,849,534	\$ 2,182,304
Local improvement recoveries	164,045	208,856
Other	583	-
	<u>\$ 2,014,162</u>	<u>\$ 2,391,160</u>
	<u>\$ 3,307,118</u>	<u>\$ 4,167,818</u>

Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in installments over a period not exceeding ten years. An interest rate of 6% per annum is applied to tax recovery land sales that commenced in 2004. Sales revenue is recognized when the agreement is signed and first payment is received. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained as liquidated damages.

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 6 Notes Receivable

Notes receivable are comprised of the following:

	<u>2017</u>	<u>2016</u>
Current:		
Acadia Foundation	\$ 2,595,087	\$ 2,560,281
Acadia Foundation - accrued interest	10,022	14,139
	<u>2,605,109</u>	<u>2,574,420</u>
Hanna Medical Centre	-	270,627
Big Country Waste Management Commission	203,284	157,733
Neutral Hills Child Care Society	71,319	56,200
Association of Consort & District Seniors Centre	40,550	-
Other	23,236	19,660
	<u>\$ 2,943,498</u>	<u>\$ 3,078,640</u>
Non-current:		
Acadia Foundation	\$ 3,600,224	\$ 6,195,310
Association of Consort & District Seniors Centre	770,450	545,000
Big Country Waste Management Commission	857,451	486,738
Neutral Hills Child Care Society	178,681	193,800
Other	52,730	67,297
	<u>\$ 5,459,536</u>	<u>\$ 7,488,145</u>
	<u><u>\$ 8,403,034</u></u>	<u><u>\$ 10,566,785</u></u>

The Acadia Foundation loan is a result of the Board entering into a memorandum of understanding with the other municipal members of the Acadia Foundation to borrow on behalf of the Acadia Foundation from the Alberta Capital Finance Authority. These funds were advanced to the Acadia Foundation for the construction and renovation of the seniors lodges in Oyen, Consort and Hanna. Repayment is based on the issuance of unsecured interest bearing promissory notes of either 10 or 25 year terms with respective interest rates ranging from 3.14% to 5.00% (2015 - 3.14% to 5.00%). Semi-annual payments totaling \$2,859,730 (2016 - \$2,859,730) were made in June and December. Interest revenue recognized as a result of this loan in 2017 was \$295,333 (2016 - \$386,888).

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 6 Notes Receivable

(cont'd) The Big Country Waste Management Commission note is a result of the board entering into a memorandum of understanding to advance funds to complete a new landfill cell construction at Youngstown. Repayment is based on the issuance of an unsecured interest bearing note of a 5 year term at 2.1347% interest.

The Neutral Hills Child Care Society note is a result of the board entering into a memorandum of understanding to advance funds to complete a new daycare building in Consort. Repayment is based on the issuance of an unsecured interest bearing note of a 15 year term at 3.00% interest.

The amount owed by the Association of Consort & District Seniors Centre is a result of the board entering into a memorandum of understanding to advance funds to complete a new community centre at Consort. Repayment terms will be determined in 2018.

Principal repayments on long-term receivable are estimated as follows:

2018	2,943,498
2019	2,063,969
2020	904,419
2021	500,208
2022	338,351
Thereafter	1,652,589
	<u>\$ 8,403,034</u>

Note 7 Due from Province of Alberta

The net amount due from (to) the Province of Alberta is comprised of the following:

	<u>2017</u>	<u>2016</u>
Due from Province of Alberta:		
Transportation	\$ 2,489,483	\$ 20,775
Municipal Affairs	809,132	96,284
Service Alberta	721,580	62,815
Environment and Parks	72,609	78,238
	<u>4,092,804</u>	<u>258,112</u>
Due to Province of Alberta:		
Environment and Parks	(536,679)	(507,278)
Other	(118,088)	(61,622)
Infrastructure	-	(218,000)
	<u>(654,767)</u>	<u>(786,900)</u>
Due (to) from Province of Alberta	<u>\$ 3,438,037</u>	<u>\$ (528,788)</u>

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 8 Due from Government of Canada

	<u>2017</u>	<u>2016</u>
Department of Defence	\$ 678,828	\$ -
Infrastructure - SCF	230,757	96,284
Infrastructure - FGFT	<u>-</u>	<u>242,555</u>
	<u>\$ 909,585</u>	<u>\$ 338,839</u>

Note 9 Taxes Receivable

	<u>2017</u>	<u>2016</u>
Current taxes	\$ 1,260,509	\$ 783,611
Under levy	29,660	17,280
Tax arrears	<u>247,945</u>	<u>358,200</u>
	1,538,114	1,159,091
Less allowance for doubtful accounts:	<u>(1,066,373)</u>	<u>(455,211)</u>
	<u>\$ 471,741</u>	<u>\$ 703,880</u>

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 10 Long-Term Debt

	<u>2017</u>	<u>2016</u>
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$263,223, including fixed interest at 4.39%, due June 2018	\$ 257,575	\$ 756,261
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$251,377, including fixed interest at 4.01%, due December 2018	488,021	957,037
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$493,631, including fixed interest at 3.34%, due December 2019	1,894,670	2,795,909
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$298,660, including fixed interest at 3.51%, due June 2020	1,417,705	1,951,108
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$162,114, including fixed interest at 3.14%, due June 2021	<u>1,066,760</u>	<u>1,350,786</u>
	5,124,731	7,811,101
Less: current portion	<u>2,522,549</u>	<u>2,686,370</u>
	<u>\$ 2,602,182</u>	<u>\$ 5,124,731</u>

Special Areas Trust Account Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 10 Long-Term Debt

(cont'd) Principal repayments on long-term debt in each of the next four years are estimated as follows:

2018	2,522,549
2019	1,837,218
2020	605,356
2021	<u>159,608</u>
	<u>\$ 5,124,731</u>

Interest on long-term debt for 2017 amounted to \$247,384 (2016 - \$343,348).

The total cash payments for interest in 2017 were \$251,642 (2016 - \$347,452).

Note 11 Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the *Environmental Protection and Enhancement Act*.

The estimated liability is based on the total cubic meters of exposed gravel pits multiplied by the price per cubic meter to reclaim the sites.

In 2017 it was estimated that 878,768 cubic meters (2016 - 845,690 cubic meters) of gravel pits were exposed for a total liability of \$3,150,000 (2016 - \$2,537,000).

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 12 Inventory

	2017			2016
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 1,729,997	\$ 29,536	\$ 1,700,461	\$ 1,589,684
Gravel	6,919,500	-	6,919,500	4,778,511
Culverts	112,723	-	112,723	96,757
Fuel	209,717	-	209,717	278,015
Fencing	71,881	-	71,881	58,417
Chemicals and other	94,740	-	94,740	106,274
Inventory	<u>\$ 9,138,558</u>	<u>\$ 29,536</u>	<u>\$ 9,109,022</u>	<u>\$ 6,907,658</u>

Note 13 Accumulated Surplus

Accumulated Surplus consists of equity in tangible capital assets, equity in inventory, unrestricted amounts and internally restricted as follows:

	2017	2016
Equity in tangible capital assets	\$ 222,792,337	\$ 220,190,231
Equity in inventory	9,109,022	6,907,658
Unrestricted operational surplus	9,047,816	13,504,876
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	<u>54,890,097</u>	<u>54,377,380</u>
Total Accumulated Surplus (Schedule 4)	<u>\$295,839,272</u>	<u>\$294,980,145</u>

The internally restricted accumulated surplus are funds that are available to meet cash flow needs but may not be used for expenditures without authorization by the Minister of Municipal Affairs.

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 14 Budget

The 2017 municipal budget was adopted by the Board in November 2016 and approved by the Minister of Municipal Affairs in February 2017. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

	2017		2016
	Budgeted	Actual	Actual
Excess of revenues over expenses	\$ 3,739,146	\$ 859,127	\$ 3,427,240
Acquisition of tangible capital assets	(4,713,549)	(6,333,484)	(6,380,661)
Construction of road and road surfaces	(10,384,980)	(5,500,815)	(5,289,039)
Loss on sale of tangible capital assets	(100,000)	(97,687)	(13,095)
Proceeds on disposal of tangible capital assets	745,000	1,243,659	388,209
Amortization of tangible capital assets	7,861,787	8,086,221	7,977,583
	<u>(2,852,596)</u>	<u>(1,742,979)</u>	<u>110,237</u>
Tax Recovery Land Sales - transferred to internally restricted reserves (Schedule 4)	-	(512,717)	(432,925)
(Deficit, as per Budget)	<u>\$ (2,852,596)</u>	<u>\$ (2,255,696)</u>	<u>\$ (322,688)</u>

Note 15 Taxation

	2017		2016
	Budgeted	Actual	Actual
Power and pipeline	\$ 34,020,897	\$ 33,444,686	\$ 35,924,021
Real property	12,987,042	12,852,184	12,816,892
Grazing and cultivation	739,324	738,695	734,559
Penalties and costs on taxes	400,000	276,640	173,042
	<u>48,147,263</u>	<u>47,312,205</u>	<u>49,648,514</u>
Less amounts expended by transfers:			
Alberta School Foundation Fund	\$ 12,890,303	\$ 12,168,895	\$ 12,890,303
Seniors Foundation	4,229,632	3,956,075	4,229,632
Bad Debt	553,000	982,703	1,457,602
	<u>\$ 17,672,935</u>	<u>\$ 17,107,673</u>	<u>\$ 18,577,537</u>
Net taxes for municipal purposes	<u>\$ 30,474,328</u>	<u>\$ 30,204,532</u>	<u>\$ 31,070,977</u>

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 16 Leases

	2017		2016
	Budgeted	Actual	Actual
Equipment rentals	\$ 1,989,900	\$ 5,456,839	\$ 1,994,315
Mineral surface leases	3,300,000	3,307,052	3,273,835
Grazing leases	1,970,000	1,846,974	2,822,444
Community pastures	732,400	724,131	702,301
Cultivation leases	398,000	401,331	391,369
Easements	100,000	140,657	92,858
Miscellaneous leases	125,000	123,073	121,425
Rights of entry	100,000	94,903	94,801
Other	226,980	207,411	245,043
	<u>\$ 8,942,280</u>	<u>\$ 12,302,371</u>	<u>\$ 9,738,391</u>

Note 17 Government Transfers

	2017		2016
	Budgeted	Actual	Actual
Transfers for operating:			
Municipal Affairs	\$ 3,199,738	\$ 3,437,197	\$ 4,437,982
Transportation	1,551,720	1,551,720	1,551,720
Department of Defense	-	678,828	-
Agriculture and Forestry	749,495	500,266	756,604
Human Services	176,931	177,362	176,500
Infrastructure	207,000	106,604	223,328
Culture and Tourism	-	-	4,113
	<u>\$ 5,884,884</u>	<u>\$ 6,451,977</u>	<u>\$ 7,150,247</u>
Transfers for capital:			
Municipal Affairs	\$ 1,311,699	\$ 1,311,699	\$ 2,073,317

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 18 Other Revenue

	2017		2016
	Budgeted	Actual	Actual
Oil well drilling tax revenue	\$ 100,000	\$ 1,197,402	\$ 533,904
Park permits and concession revenues	641,000	635,755	592,824
Licence, assignment and application fees	396,000	412,973	579,759
Water sales	255,000	302,968	269,376
Fire cost recoveries	100,000	107,666	81,480
Gravel sales	160,000	97,387	212,858
Bylaw enforcement cost recoveries	55,000	57,933	61,452
Cost recoveries	59,000	43,350	502,284
Other	327,500	290,916	308,830
	<u>\$ 2,093,500</u>	<u>\$ 3,146,350</u>	<u>\$ 3,142,767</u>

Note 19 Total Expenses

Total expenses for the year is analyzed by object as follows:

	2017		2016
	Budgeted	Actual	Actual
Manpower (Schedule 2)	\$ 18,858,019	\$ 18,285,822	\$ 18,817,151
Materials, goods, and utilities	15,081,454	15,353,491	14,327,785
Contract and general services	11,135,231	14,696,442	11,887,289
Amortization of tangible capital assets	7,861,787	8,086,221	7,977,583
Grants	2,094,542	1,708,761	1,873,627
Industrial tax transfers	580,000	580,000	580,000
Interest on long-term debt	251,641	247,384	343,348
Goods and services from Alberta Government departments			
Alberta Environment	350,000	235,063	460,692
Alberta Treasury Board & Finance	305,000	304,859	308,767
Alberta Municipal Affairs	135,000	19,357	130,741
Provision for doubtful accounts	20,000	367,299	84,468
Less:			
Internal road projects capitalized in the year	(10,384,980)	(5,500,815)	(5,289,039)
	<u>\$ 46,287,694</u>	<u>\$ 54,383,884</u>	<u>\$ 51,502,412</u>

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 19 Total Expenses

(cont'd) Included in manpower, materials, goods and utilities and contract and general services, are \$14,844,207 of expenses (2016 - \$9,609,972). These expenses were incurred in the normal course of road construction and road surfacing work performed on secondary highways that are the property of the Department of Transportation.

Note 20 Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Board be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 80,896,968	\$ 79,284,503
Total debt	<u>5,124,731</u>	<u>7,811,101</u>
Amount of debt limit unused	<u>\$ 75,772,237</u>	<u>\$ 71,473,402</u>
Debt servicing limit	\$ 13,482,828	\$ 13,214,084
Debt servicing	<u>2,938,010</u>	<u>2,938,010</u>
Amount of debt servicing limit unused	<u>\$ 10,544,818</u>	<u>\$ 10,276,074</u>

The debt limit is calculated at 1.5 times revenue of the Board (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitation requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Board. Rather, the financial statements must be interpreted as a whole.

Note 21 Related Party Transactions

Expenditures for goods and services are conducted in the normal course of operations with the Province of Alberta and are charged to the Board as disclosed in Note 19.

Grants provided by the Province of Alberta are disclosed in Note 17 and the amounts outstanding at the end of the year are disclosed in Note 7.

Special Areas Trust Account

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

Note 22 Pension Plan

The Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings. The Board's contribution to the PSPP is 11.70% up to the CPP threshold of \$52,500, and 16.72% thereafter. The Board's contribution to the MEPP is 21.85% up to the Salary Cap of \$138,500.

Total current contributions by the Board in 2017 to the PSPP were \$972,978 (2016 - \$962,171) and to the MEPP were \$185,309 (2016 - \$213,058).

At December 31, 2016, the PSPP reported a surplus of \$302,975,000 (2015 deficit - \$133,188,000) and the MEPP reported a surplus of \$402,033,000 (2015 surplus - \$299,051,000).

The Board is not responsible for future funding of the plan deficit other than through contribution increases.

Note 23 Comparative Figures

Certain 2016 figures have been reclassified to conform to 2017 presentation.

Note 24 Approval of Financial Statements

These financial statements have been approved by the Board.

Special Areas Trust Account Schedule of Investments

As at December 31, 2017

Schedule 1

	2017				2016	
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value
Bonds:						
Bank of Montreal	2.430%	2.435%	March 4, 2019	\$ 740,000	\$ 744,122	\$ 740,020
Bank of Nova Scotia	2.462%	2.462%	March 14, 2019	500,000	503,008	500,000
Canada Housing Trust	2.050%	1.590%	June 15, 2017	-	-	372,179
Canada Housing Trust	1.750%	0.842%	June 15, 2018	-	-	1,266,258
Canada Housing Trust	2.350%	0.783%	December 15, 2018	-	-	1,751,520
Canada Housing Trust	4.100%	2.479%	December 15, 2018	-	-	3,342,551
Canada Housing Trust	1.950%	1.629%	June 15, 2019	3,288,000	3,300,265	3,323,622
Canada Housing Trust	2.000%	1.681%	December 15, 2019	980,000	984,296	985,997
Canada Housing Trust	3.750%	1.207%	March 15, 2020	620,000	645,967	654,187
Canada Housing Trust	1.200%	1.114%	June 15, 2020	650,000	640,136	651,340
Canada Housing Trust	1.450%	1.278%	June 15, 2020	740,000	733,149	743,062
Canada Housing Trust	1.250%	1.153%	December 15, 2020	1,250,000	1,226,524	1,248,205
Canada Housing Trust	3.350%	1.073%	December 15, 2020	925,000	963,047	987,221
Canada Housing Trust	1.250%	1.025%	June 15, 2021	1,840,000	1,795,072	1,853,854
Canada Housing Trust	3.800%	1.371%	June 15, 2021	715,000	757,997	773,296
Canada Housing Trust	1.500%	1.522%	December 15, 2021	1,198,000	1,173,316	1,196,195
Canada Housing Trust	2.650%	1.386%	March 15, 2022	1,780,000	1,821,225	1,874,412
Canada Housing Trust	1.750%	1.564%	June 15, 2022	3,307,000	3,258,375	3,296,194
Canada Housing Trust	2.400%	2.008%	December 15, 2022	736,000	744,929	749,499
CPP Investment Board	1.400%	1.440%	June 4, 2020	1,500,000	1,481,682	1,498,617
Government of Canada	1.500%	0.566%	March 1, 2017	-	-	205,325
Government of Canada	3.500%	1.027%	June 1, 2020	482,000	502,161	510,339
Government of Canada	3.250%	0.737%	June 1, 2021	800,000	838,663	867,555
Province of Ontario	2.100%	2.280%	September 8, 2018	-	-	997,203
Province of Ontario	4.400%	1.630%	June 2, 2019	3,245,000	3,365,697	3,370,168
Province of Ontario	2.100%	2.132%	September 8, 2019	1,700,000	1,708,925	1,711,676
Province of Quebec	4.500%	2.318%	December 1, 2018	-	-	1,718,450
Royal Bank of Canada	2.990%	2.155%	December 6, 2024	760,000	769,998	774,717
TD Bank	2.447%	2.447%	April 2, 2019	800,000	804,910	800,000
				28,556,000	28,763,464	29,105,262
Hanna and District Medical Corporation			(2 Shares)	2	2	2
Alberta Capital Finance Authority			(15 Shares)	150	150	150
				<u>\$ 28,556,152</u>	<u>\$ 28,763,616</u>	<u>\$ 29,105,414</u>
						<u>\$ 29,358,818</u>

Notes:

- The Board, as part of its operations, carries these financial instruments. It is management's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments.
- The Board does not hold equities in an active market nor engage in derivative contracts or foreign currency transactions.

Special Areas Trust Account Schedule of Salaries and Benefits

For the year ended December 31, 2017

Schedule 2

	2017				2016	
	Number of Individuals (a)	Salary (b) \$	Other Cash Benefits (c) \$	Other Non-cash Benefits (d) \$	Number of Individuals	Total
Chair of the Special Areas Board (e)	1	143,985	-	\$32,476	1	\$ 182,940
Special Areas Board members	3	34,585	-	2,711	3	35,594
Director of Finance and Administration	1	133,318	-	31,861	1	171,168
Director of Municipal Services	1	131,867	-	31,572	1	169,359
Director of Properties Administration	1	115,725	-	30,541	1	151,758
Roads & Equipment Superintendent	1	107,152	-	27,725	1	139,372
Managers (f)	4	423,377	-	107,034	3.25	450,277
Other full time staff (g)	108.00	8,305,857	-	1,849,395	110.25	10,164,007
Part time and casual wage staff		6,019,524	-	706,189		7,078,248
Other Boards and committees		13,544	-	917		26,973
Advisory Councillors	13	44,119	-	6,595	13	44,710
(Decrease) increase in overtime accrual		(7,513)	-	-		103,171
(Decrease) increase in vacation accrual		(6,734)	-	-		99,574
		<u>\$ 15,458,806</u>	<u>\$ -</u>	<u>\$ 2,827,016</u>		<u>\$ 18,285,822</u>

(a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councillors.

(b) Salary includes pensionable base pay and honoraria.

(c) Other cash benefits includes lump sum payments and vacation payouts. There were no bonuses paid in 2017.

(d) Employer's share of all employee benefits and contributions or payments made on behalf of employees, managers and board members including Workers' Compensation Board, Canada Pension Plan, Employment Insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, professional membership fees, group life insurance, accidental death and dismemberment insurance, tuition and long and shot-term disability plan.

(f) Average salary is \$105,844 and average benefits (column c & d) are \$26,759 totaling \$132,603 (2016 - \$138,547).

(g) Average salary is \$76,906 and average benefits are \$17,124 totaling \$94,030 (2016 - \$92,191).

Special Areas Trust Account Supplementary Net Financial Asset Information Schedule

Schedule 3

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
Change in Financial Assets		
Cash and cash equivalents	\$ (6,744,988)	\$ (1,272,785)
Accounts receivable	(860,700)	8,467
Notes receivable	(2,163,751)	(1,857,326)
Due from Province of Alberta	3,834,692	(307,638)
Due from Government of Canada	570,746	338,839
Taxes receivable	(232,139)	(217,548)
	<u>(5,596,140)</u>	<u>(3,307,991)</u>
Investments	(253,404)	523,014
	<u>(5,849,544)</u>	<u>(2,784,977)</u>
Decrease in Financial Assets		
Change in Liabilities		
Accounts payable and accruals	(487,010)	172,169
Vacation accrual	6,733	(99,574)
Deferred revenues	54,689	(49,772)
Deferred government grant revenue	-	356,677
Due to Province of Alberta	132,133	(401,205)
	<u>(293,455)</u>	<u>(21,705)</u>
Long-term debt	2,686,370	2,590,558
Provision for gravel pit reclamation	(613,000)	-
	<u>1,779,915</u>	<u>2,568,853</u>
Increase in Liabilities		
Net decrease in net financial assets	(4,069,629)	(216,124)
Net financial assets at the beginning of year	<u>67,760,770</u>	<u>67,976,894</u>
Net financial assets at end of year	<u><u>\$ 63,691,141</u></u>	<u><u>\$ 67,760,770</u></u>

Special Areas Trust Account Supplementary Accumulated Surplus Information Schedule

Schedule 4

For the year ended December 31, 2017

	2017		2016
	<u>BUDGET</u> (Note 14)	<u>ACTUAL</u>	<u>ACTUAL</u>
Equity in capital assets at beginning of year		\$ 220,190,231	\$ 216,873,228
Addition of capital assets:			
Road infrastructure	10,384,980	5,500,815	5,289,039
Transportation services	3,199,749	3,663,497	3,163,978
Agriculture and community pasture services	281,700	1,182,792	115,848
Administrative services	941,600	720,727	2,092,155
Water and sanitation services	70,000	534,649	343,117
Recreation and cultural services	220,500	214,941	277,219
Protective services	-	16,878	388,344
	<u>15,098,529</u>	<u>11,834,299</u>	<u>11,669,700</u>
Annual amortization of capital assets		(8,086,221)	(7,977,583)
Disposal of capital assets		(1,145,972)	(375,114)
		<u>222,792,337</u>	<u>220,190,231</u>
Debt retired in the year		-	-
Equity in capital assets at end of year (Note 13)		\$ <u>222,792,337</u>	\$ <u>220,190,231</u>
Equity in inventory at beginning of year		\$ 6,907,658	\$ 6,582,881
Add purchases and other inventory costs		8,794,213	6,014,534
Deduct requisitions		(6,592,849)	(5,689,757)
Equity in inventory at end of year (Note 12, 13)		\$ <u>9,109,022</u>	\$ <u>6,907,658</u>
Accumulated operational surplus at beginning of year		\$ 13,504,876	\$ 14,152,341
Excess of revenues over expenses		859,127	3,427,240
Equity change in inventory		(2,201,364)	(324,777)
Equity change in capital assets		(2,602,106)	(3,317,003)
		<u>9,560,533</u>	<u>13,937,801</u>
Transfers to internally restricted reserves (Note 14)		(512,717)	(432,925)
Accumulated operational surplus at end of year (Note 13)		\$ <u>9,047,816</u>	\$ <u>13,504,876</u>
Internally restricted accumulated surplus at beginning of year		\$ 54,377,380	\$ 53,944,455
Tax Recovery Land Sales - Transfers from operations		512,717	432,925
Internally restricted accumulated surplus at end of year (Note 13)		\$ <u>54,890,097</u>	\$ <u>54,377,380</u>
		\$ <u>295,839,272</u>	\$ <u>294,980,145</u>

Special Areas Trust Account Schedule of Segment Revenue and Expenditure Disclosure by Object

For the year ended December 31, 2017

Schedule 5

	2017					Total
	Administrative Services	Protective Services	Transportation Services	Water & Sanitation Services	Agriculture & Community Development	
Revenue:						
Taxation	\$ 30,204,532	\$ -	\$ -	\$ -	\$ -	\$ 30,204,532
Leases	6,121,402	-	5,448,362	-	732,607	12,302,371
Provincial Grants	-	-	5,425,355	781,452	500,265	6,707,072
Interest	1,167,306	-	-	-	-	1,167,306
Federal Grants	-	-	243,347	134,428	678,829	1,056,604
Tax Recovery Land Sales	561,089	-	-	-	-	561,089
Gain on sale of tangible capital assets	-	-	97,687	-	-	97,687
Other	1,849,998	181,184	97,388	324,173	55,193	3,146,350
Revenues per statement of operations	\$ 39,904,327	\$ 181,184	\$ 11,312,139	\$ 1,240,053	\$ 1,966,894	\$ 638,414
						\$ 55,243,011
Expenditures:						
Manpower (Schedule 2)	\$ 3,166,958	\$ 432,400	\$ 12,028,738	\$ 691,392	\$ 1,351,060	\$ 615,274
Materials, goods, and utilities	217,800	108,902	14,066,003	157,877	368,704	434,205
Contract and general services	925,355	1,398,315	9,691,797	1,987,143	524,793	169,039
Grants	78,083	-	-	216,507	374,227	1,039,944
Interest on long-term debt	247,384	-	-	-	-	247,384
Goods and services from GOA	308,032	-	100	235,063	16,084	559,279
Provision for doubtful accounts	367,299	-	-	-	-	367,299
Internal road projects capitalized in the year	-	-	(5,500,815)	-	-	(5,500,815)
Industrial tax transfers	580,000	-	-	-	-	580,000
Amortization of tangible capital assets	637,551	495,864	6,356,883	351,307	118,835	125,781
Expenditures per statement of operations	\$ 6,528,462	\$ 2,435,481	\$ 36,642,706	\$ 3,639,289	\$ 2,753,703	\$ 2,384,243
						\$ 54,383,884

Note:

- The Board provides a range of services to its ratepayers. For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in the segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 2.

Special Areas Trust Account Schedule of Tangible Capital Assets

As at December 31, 2017

Schedule 6

Cost	Mobile equipment	Buildings and engineered structures	Automotive equipment	Machinery and equipment	Land	Road infrastructure	EDP equipment	2017	2016
Balance, beginning of the year	\$39,567,961	\$ 30,895,947	\$21,252,913	\$6,037,571	\$1,313,520	\$204,831,463	\$4,511,807	\$308,411,182	\$298,177,272
Add:									
Additions during the year	2,337,772	2,084,276	1,332,969	405,150	-	5,500,815	173,317	11,834,299	11,669,700
Less:									
Disposals during the year	(2,583,926)	-	(328,448)	(110,950)	-	-	(40,329)	(3,063,653)	(1,435,790)
Balance, end of the year	\$39,321,807	\$32,980,223	\$22,257,434	\$6,331,771	\$1,313,520	\$210,332,278	\$4,644,795	\$317,181,828	\$308,411,182
Accumulated Amortization									
Balance, beginning of the year	\$12,201,338	\$ 8,271,054	\$14,578,764	\$3,023,237	\$ 141,805	\$ 46,219,289	\$3,785,464	\$ 88,220,951	\$ 81,304,044
Add:									
Amortization	1,913,969	785,822	1,512,259	335,875	-	3,090,349	447,947	8,086,221	7,977,583
Depletion	-	-	-	-	-	-	-	-	-
Less:									
Accumulated Amortization on Disposals	(1,487,174)	-	(287,976)	(102,460)	-	-	(40,071)	(1,917,681)	(1,060,676)
Balance, end of the year	\$12,628,133	\$ 9,056,876	\$15,803,047	\$3,256,652	\$ 141,805	\$ 49,309,638	\$4,193,340	\$ 94,389,491	\$ 88,220,951
Net book value, 2017	\$26,693,674	\$23,923,347	\$ 6,454,387	\$3,075,119	\$1,171,715	\$161,022,640	\$ 451,455	\$222,792,337	
Net book value, 2016	\$27,366,623	\$22,624,893	\$ 6,674,149	\$3,014,334	\$1,171,715	\$158,612,174	\$ 726,343		\$220,190,231

Note:

- Engineered structures comprise of dams, water/wastewater lines, buildings and engineered structures assets. The ending balance includes \$1,047,302 in assets that were under construction at year-end (2016 - \$414,695); no related amortization was recorded.

Annual Report Extracts and Other Statutory Reports

Statement Regarding the *Public Interest Disclosure Act*

The *Public Interest Disclosure Act* requires the Minister of Municipal Affairs to report annually on the following parts of the Act.

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* reads:

- 32 (1) Every chief officer must prepare a report annually on all disclosures that have been made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.
- (2) The report under subsection (1) must include the following information:
- (a) the number of disclosures received by the designated officer, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
 - (b) the number of investigations commenced by the designated officer as a result of disclosures;
 - (c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.
- (3) The report under subsection (1) must be included in the annual report of the department, public entity or office of the Legislature if the annual report is made publicly available on request.

There was one disclosure of wrongdoing filed with the Public Interest Disclosure Office for the Ministry of Municipal Affairs between April 1, 2017 and March 31, 2018. Review of this file is currently in progress.