

MEMORANDUM

Municipal District of Taber

To: Finance Committee
From: Administration
Date: December 4, 2017
Subject: Financial Indicator Graphs

Attached are the financial indicator graphs compiled by Municipal Affairs – Financial Advisory Services for the M.D. of Taber ending December 31, 2016.

The graphs consist of a comparison between the M.D. of Taber (represented by the solid yellow line) as compared to the average of comparable municipalities in terms of total assessment.

The graph on the left represents the group minimum and maximum in 2011 and the graph on the right represents the group maximum and minimum in 2016.

There are many references to “Equalized tax rate” within this document. “Equalized Tax Rate” or equalized assessment is a process that levels the playing field for municipalities so that property tax requisitions and grants can be fairly allocated. Equalized assessments are used to determine the specific contributions to be made by each municipality for school requisitions.

The Municipal Government Act requires that most properties be assessed at market value. Ideally all properties would be assessed at 100% of their market value – in practice this is not possible as market values and the mass appraisal process are estimates using principles of standardized methodology. In many cases the assessments do not equal 100% of market value. This potential variation between municipalities is recognized by the legislation by permitting market values to fall within a range of 95-105%. Because of this variation ‘equalization’ is used to adjust each municipalities assessments to 100% thus ensuring that the variations in assessment levels are considered to produce a set of adjusted assessments that can be used to allocate grants and levy provincial requisitions among municipalities.

Tax Rate

Pages 1-3 show how the MD of Taber compares to other similar municipalities. Our Net Municipal Tax Rate in 2016 is 6.9, which has been relatively flat, as compared to other municipalities median tax rate of 8.9, which has risen more in the past five years.

On page 2 of the report our equalized residential tax rate is 6.6 – similar as the median of our comparable municipalities at 7.0.

On page 3 our equalized non-residential tax rate is 11.0 as compared to the median of 15.6 for the comparable municipalities. Based upon a total MD of Taber non- residential assessment of \$1.325 Billion this difference in tax rates equates to \$6.1 million dollars in tax revenue difference between the MD of Taber and its comparable municipalities based upon similar total assessments.

This issue is significant as you evaluate the graphs from this point on. Knowing that 63.3% of our total assessment is non-residential this difference in non-residential tax rate is significant as the largest portion of potential tax revenue is impacted. However when you consider that the non-residential equalized assessment as a percentage of the total assessment for our comparable municipalities is 68.8% it can be surmised that we are levying a tax much lower than comparable municipalities for non-residential properties and infrastructure.

Tax Collection Rates

Page 6 reflects that tax collection rates for the MD of Taber has dropped from a high of around 99% to below 96.4%, below that of comparable municipalities who are at 97.3%.

Debt

Page 7 indicates that the municipal debt limit used is falling. Comparable municipalities also indicate a falling municipal debt limit used.

Net Taxes per Capita

Our net per capita taxes has risen at a slight, steady rate. Similar municipalities appear to have risen at a higher rate in recent years. This can be attributed to the rapid growth in non-residential assessment typical of rural municipalities since 2011 and when combined with the difference in non-residential tax rate the difference in per capita property taxes is significant. As a dollar figure the difference in total revenue for the MD of Taber would be \$10.58 million.

Grants

Page 11 - On a per capita basis we are similar to other comparable rural municipalities over the past five years.

Graphs – Page 14

Graphs based upon expenses per capita – the MD of Taber compared to the average and the group maximum.

Per Capita Expenses – Salaries, Wages and Benefits

The MD of Taber spends less in terms of staffing per capita, with a narrowing gap between comparable municipalities.

Per Capita Contracted and General Services

Page 16 - For 2016 our contracted and general services was the group minimum

Per Capita Materials Goods, Supplies and Utilities

Page 17 – Slightly above the group average.

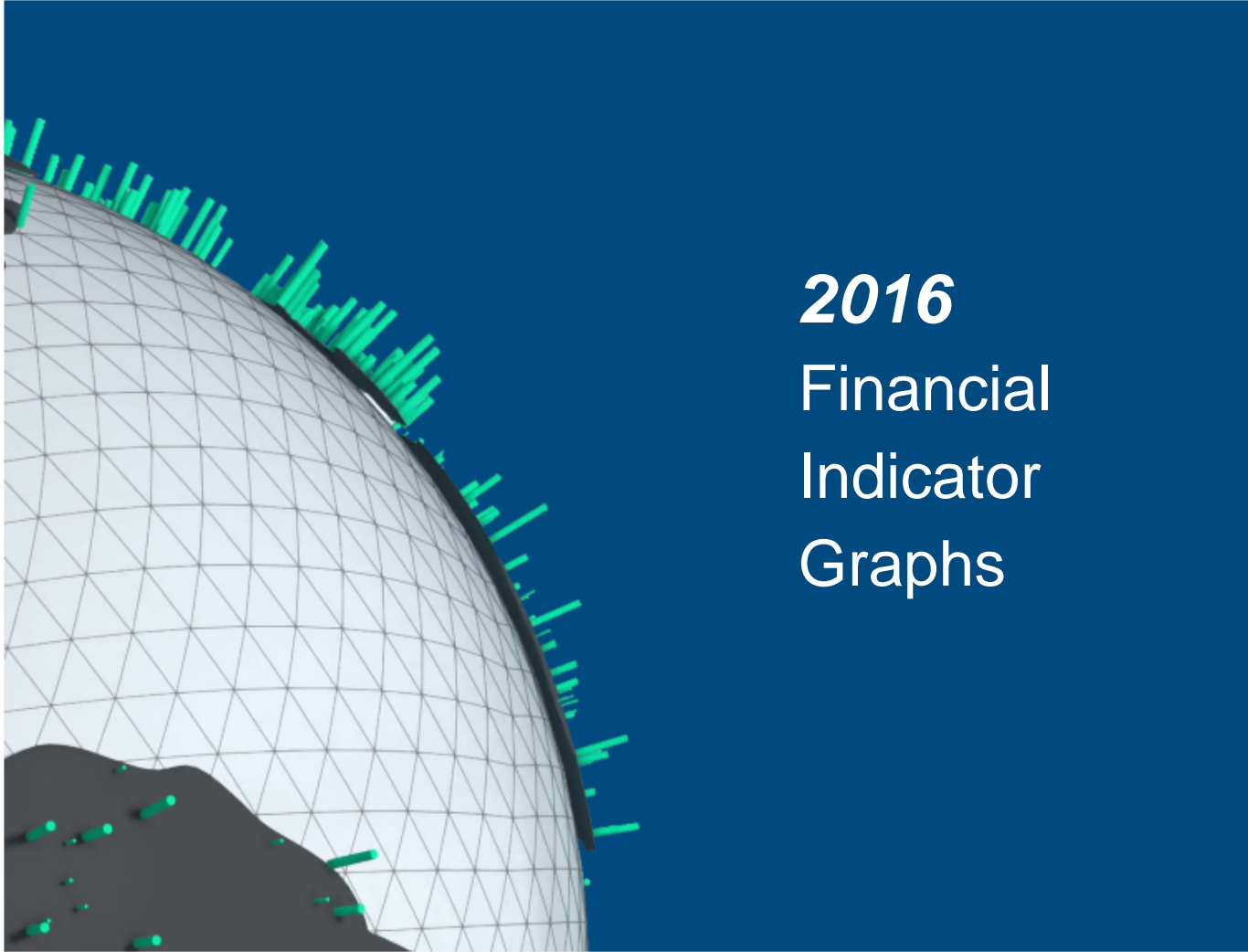
Ratio of Current Assets to Current Liabilities

Page 23 – We are extremely liquid. This provides us considerable freedom to act and respond.

Page 24 – Municipalities the MD of Taber compares to, in terms of total equalized assessment.

Page 25 – Municipalities the MD of Taber compares to, in terms of population

Page 26 – Municipalities the MD of Taber compares to, in terms of equalized assessment per km of road.



2016
Financial
Indicator
Graphs

Generated for:
TABER, M.D. OF

Financial Indicator Graphs

Introduction

The financial indicator graphs are intended to serve as a tool that may assist council and administration with operational decisions. The comparative measures may be useful in assessing past performance and for budget planning. Each municipality is compared to a group of similar size urban municipalities, or to rural municipalities with similar tax base. The comparison group is shown on the last slide.

Custom graphs can be created comparing your municipality to other Alberta municipalities.

Financial Advisory Services is available to assist you in interpreting the information contained in the graphs. Please be aware that advisors will not have access to any of the custom graphs you create, but would still be able to assist with the underlying formulas and data used to create all graphs.

It should be noted that that the financial indicator graphs are point-in-time documents. The system is updated daily as new information is added to the municipal financial database. As such graphs will reflect the current data set and the results will be subject to change as the database is updated and verified. However, most information from the previous reporting year will have been posted by the fall of the subsequent year.

Other points to note are:

- The range for most of the graphs is 2011 to 2016.
- Caution should be used when interpreting results as each municipality has unique characteristics affecting how it compares to the group. Also, circumstances may have changed since the December 31, 2016 reporting date.

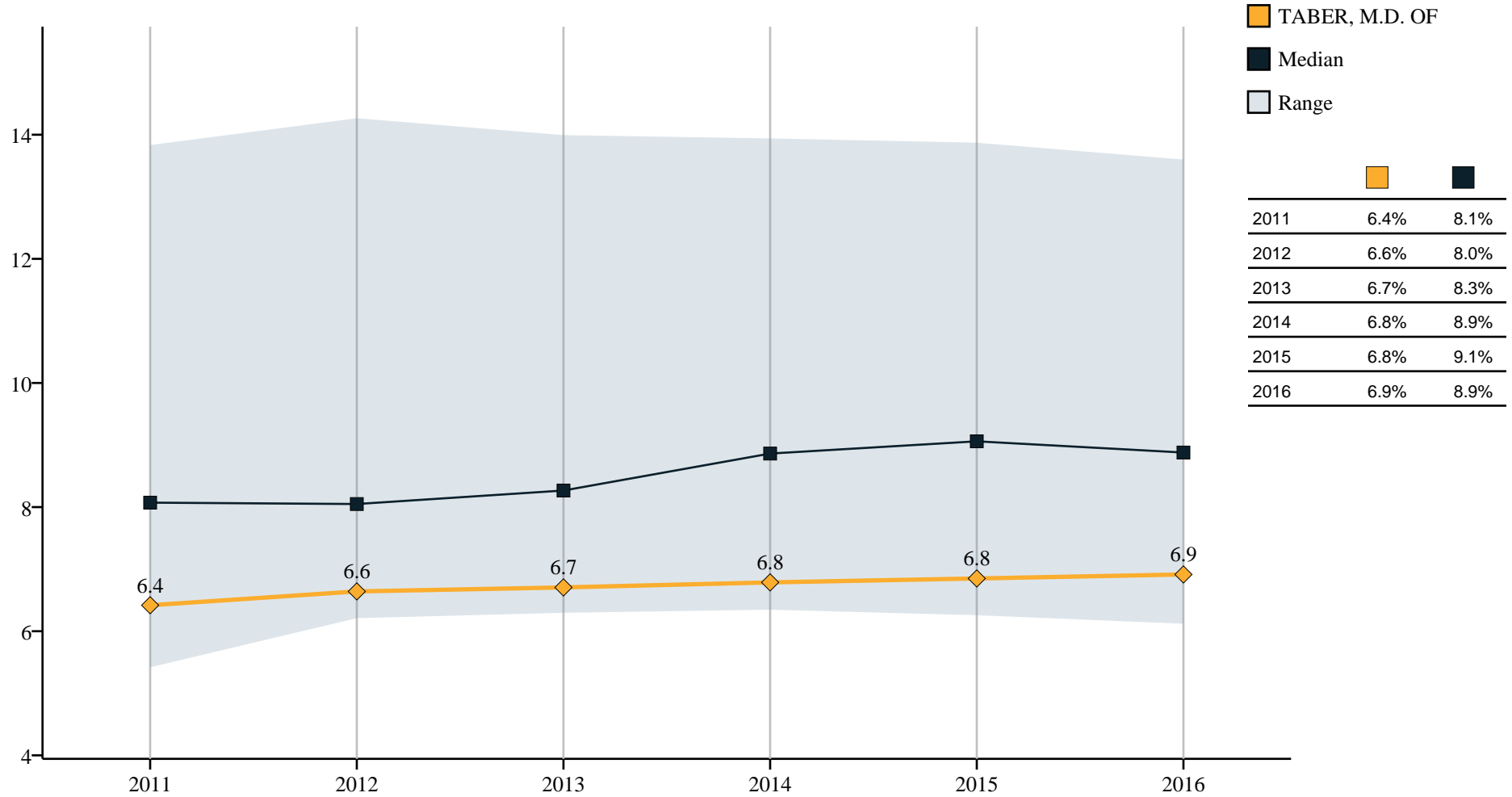
Financial Indicator Graphs

Introduction

Financial Indicator Graphs include:

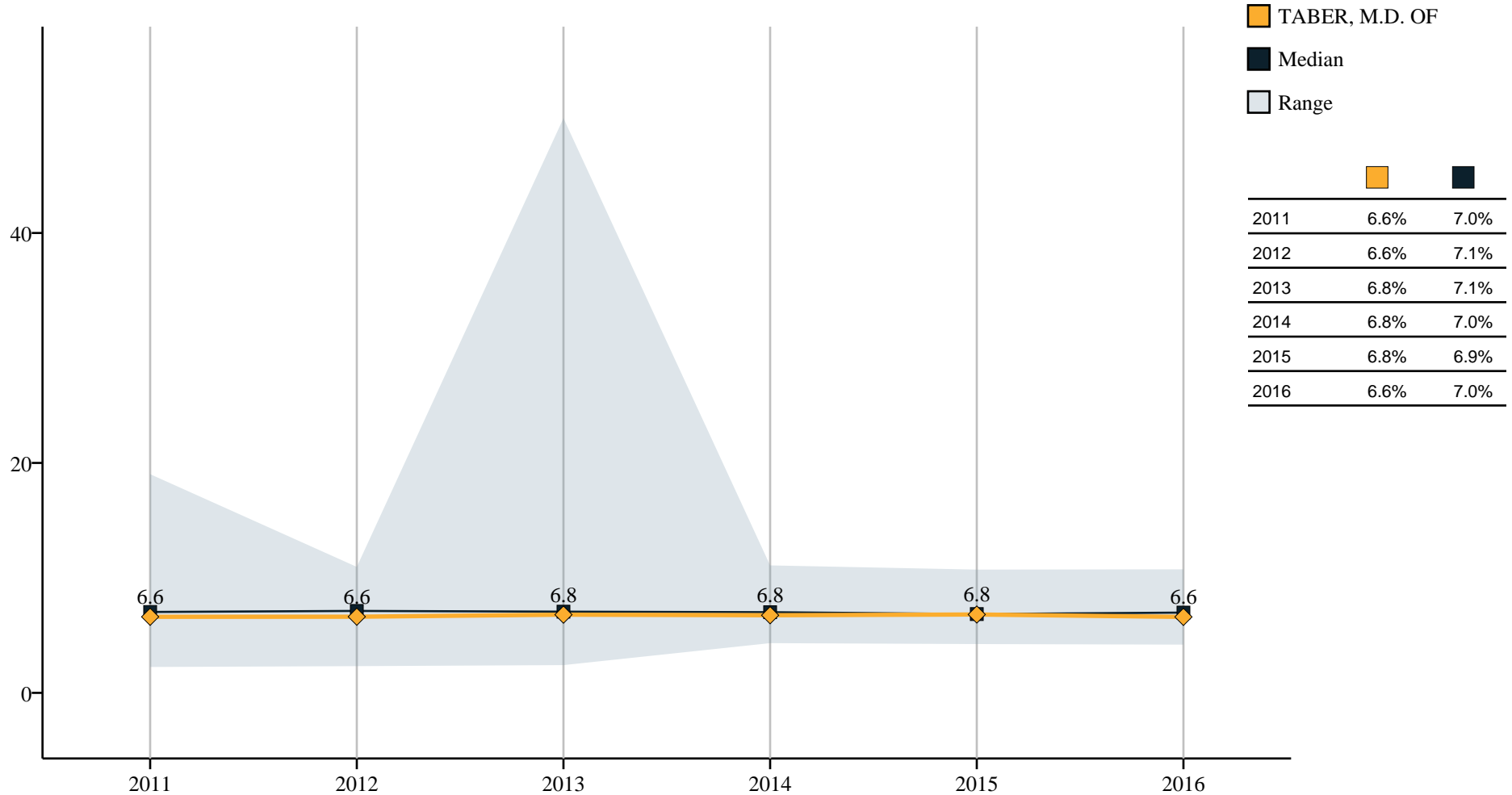
- o Equalized Tax Rates - Municipal/Residential/Non-Residential
- o Equalized Assessment Per Kilometer of Road
- o Non-Residential Equalized Assessment as % of Total
- o Tax Collection Rate
- o Debt & Debt Service as % of the Limits
- o Long Term Debt Per Capita
- o Major Revenue Sources Per Capita
- o Major Revenue Sources As % of Total Revenue (only 2016)
- o Broad Function Expenses Per Capita (only 2016)
- o Per Capita Expenses by Major Type:
 - Salaries, Wages & Benefits
 - Contracted & General Services
 - Materials, Goods, Supplies & Utilities
 - Bank Charges & Interest
 - Amortization
- o Net Book Value As % of Capital Costs
- o Accumulated Surplus Categories, As % (only 2016)
- o Accumulated Surplus Categories, Per Capita (only 2016)
- o Ratio of Current Assets to Current Liabilities

Equalized Tax Rates: Net Municipal



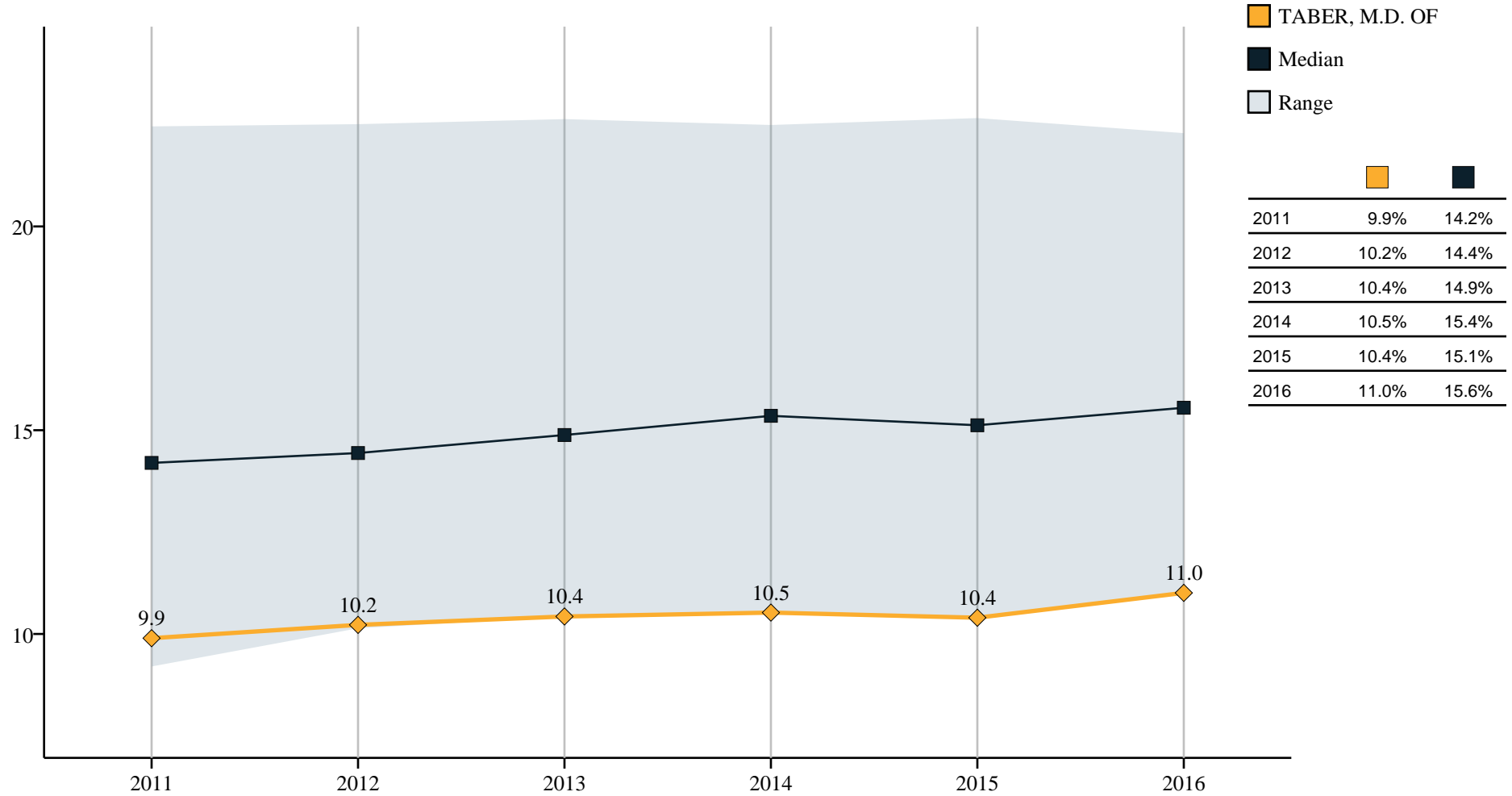
Note: Municipal Equalized Tax Rate is calculated based on total equalized assessment and net municipal property tax.

Equalized Tax Rates: Residential



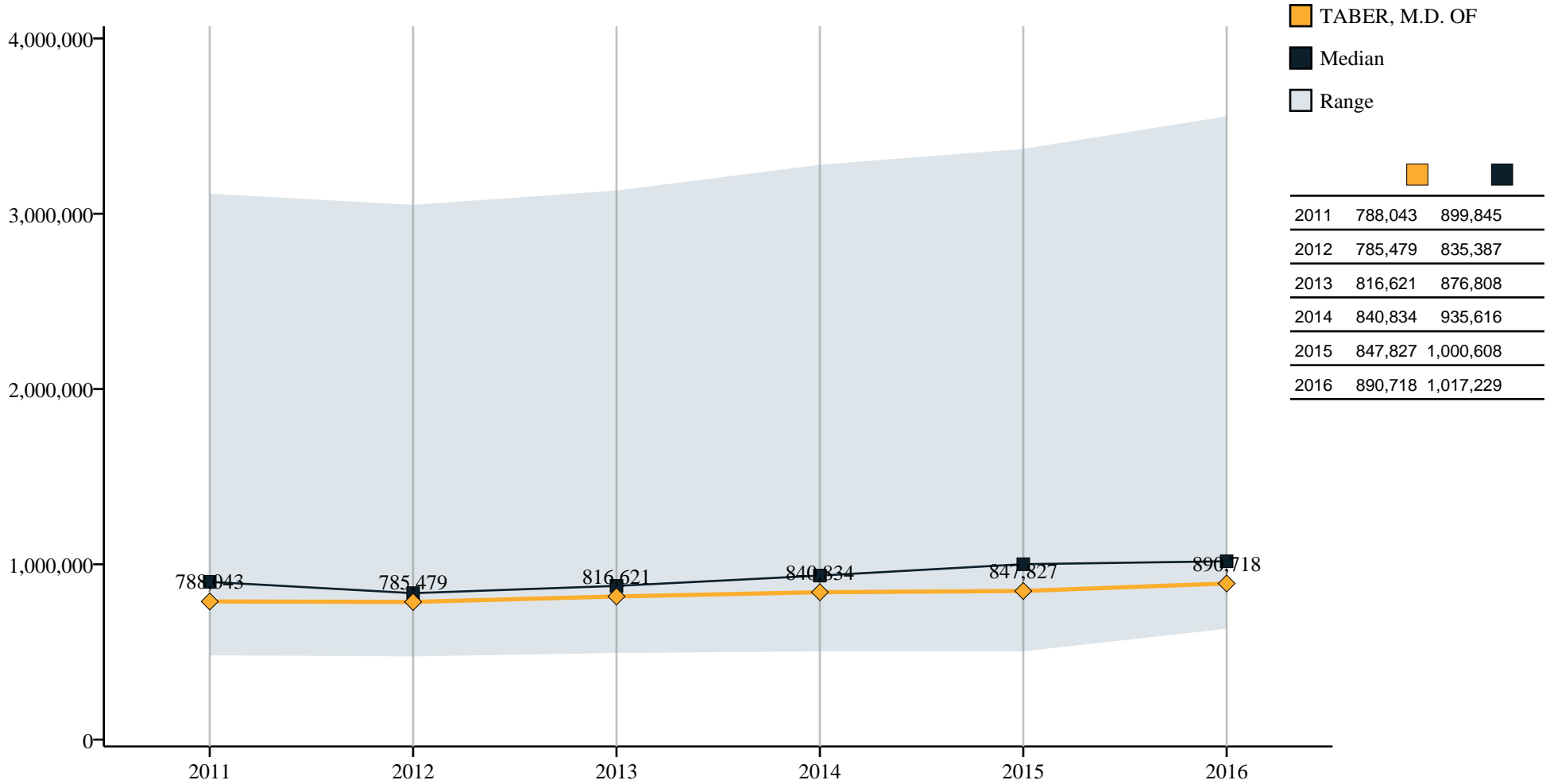
Note: Residential Equalized Tax Rate is calculated based on gross residential property taxes and residential equalized assessment.

Equalized Tax Rates: Non-Residential

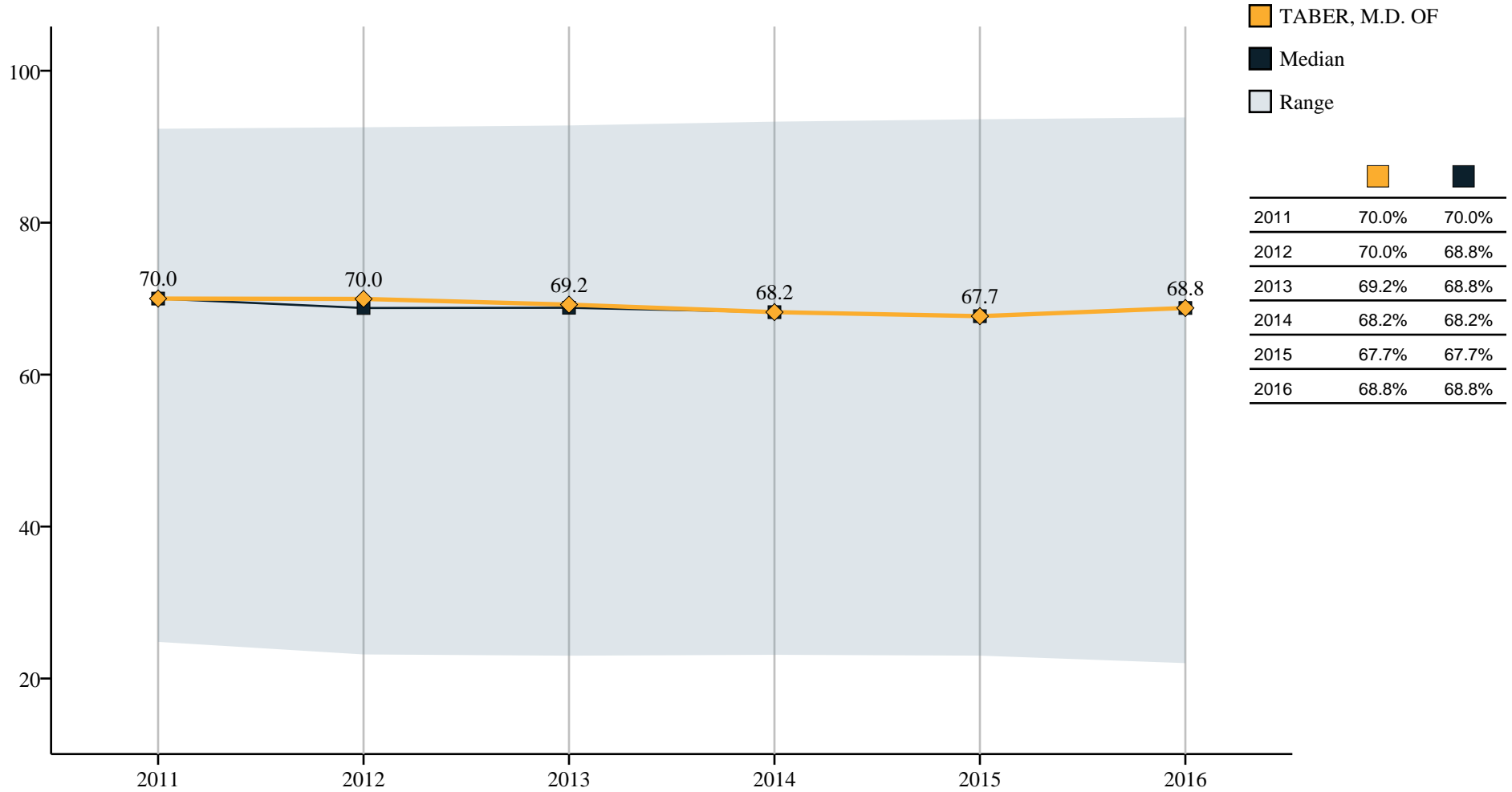


Note: Non-Residential Equalized Tax Rate is calculated based on gross non-residential property taxes and non-residential equalized assessment

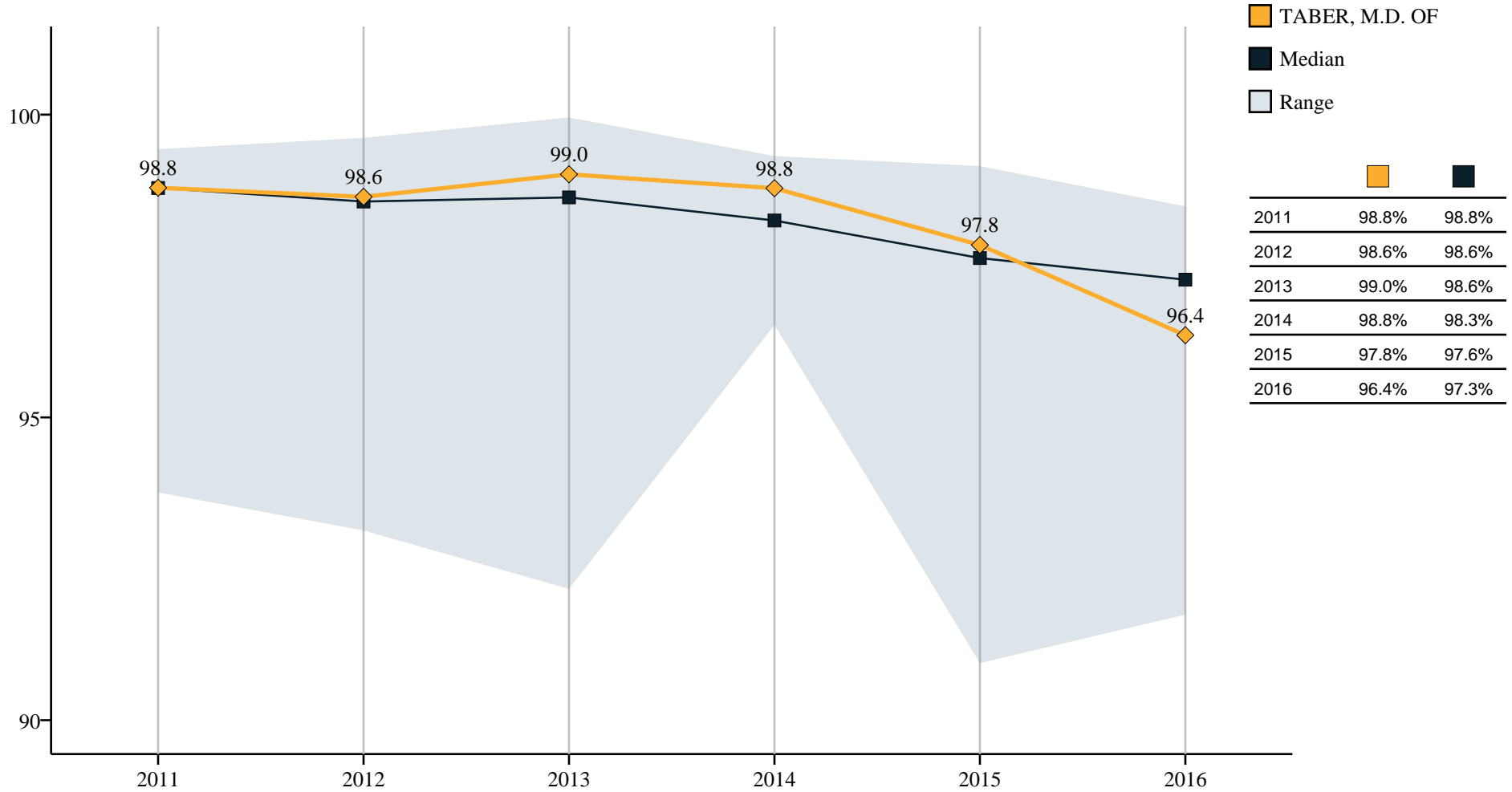
Total Equalized Assessment Per KM of Roads



Non-Residential Assessment as % of Total Equalized Assessment

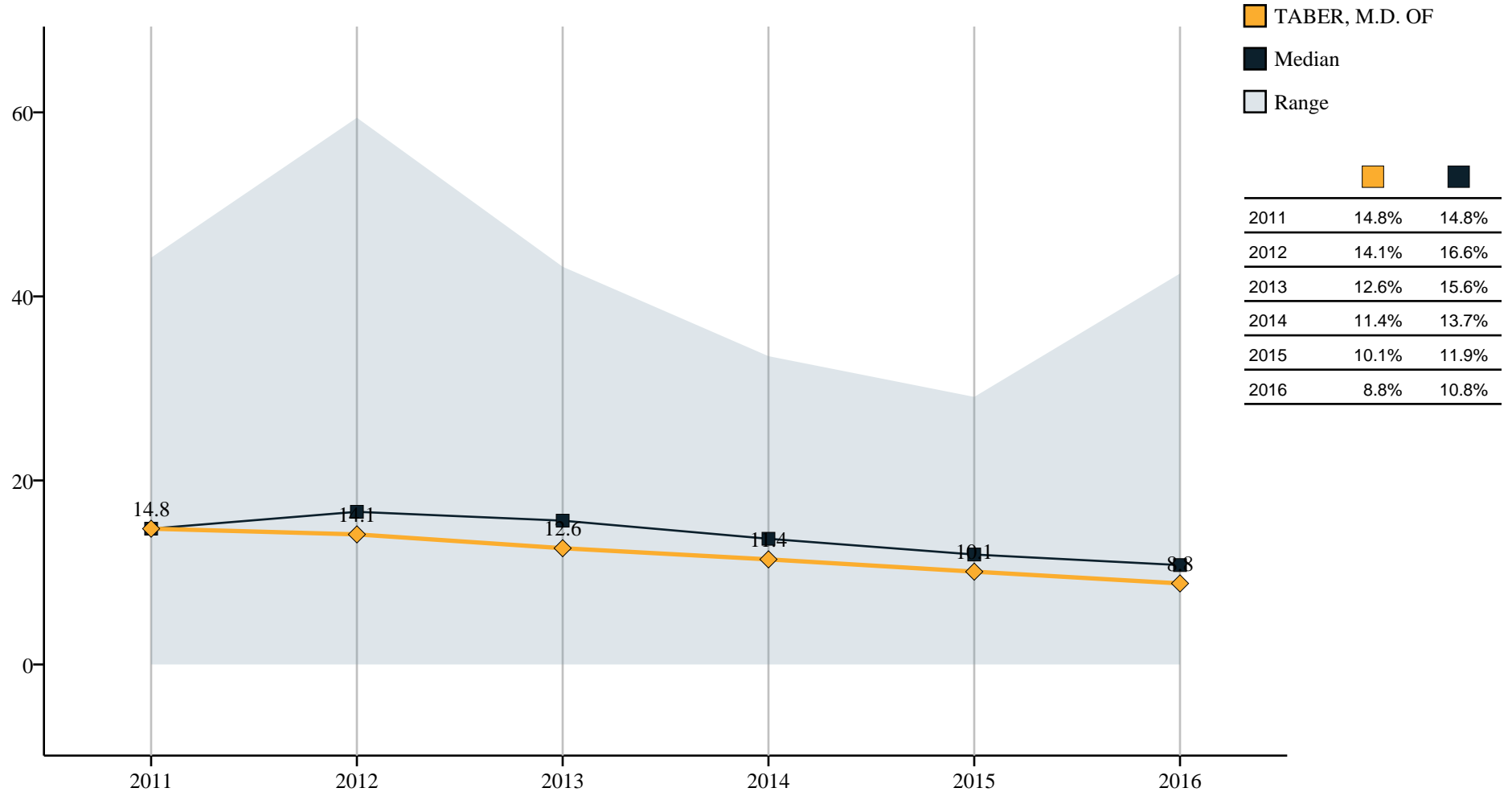


Tax Collection Rates



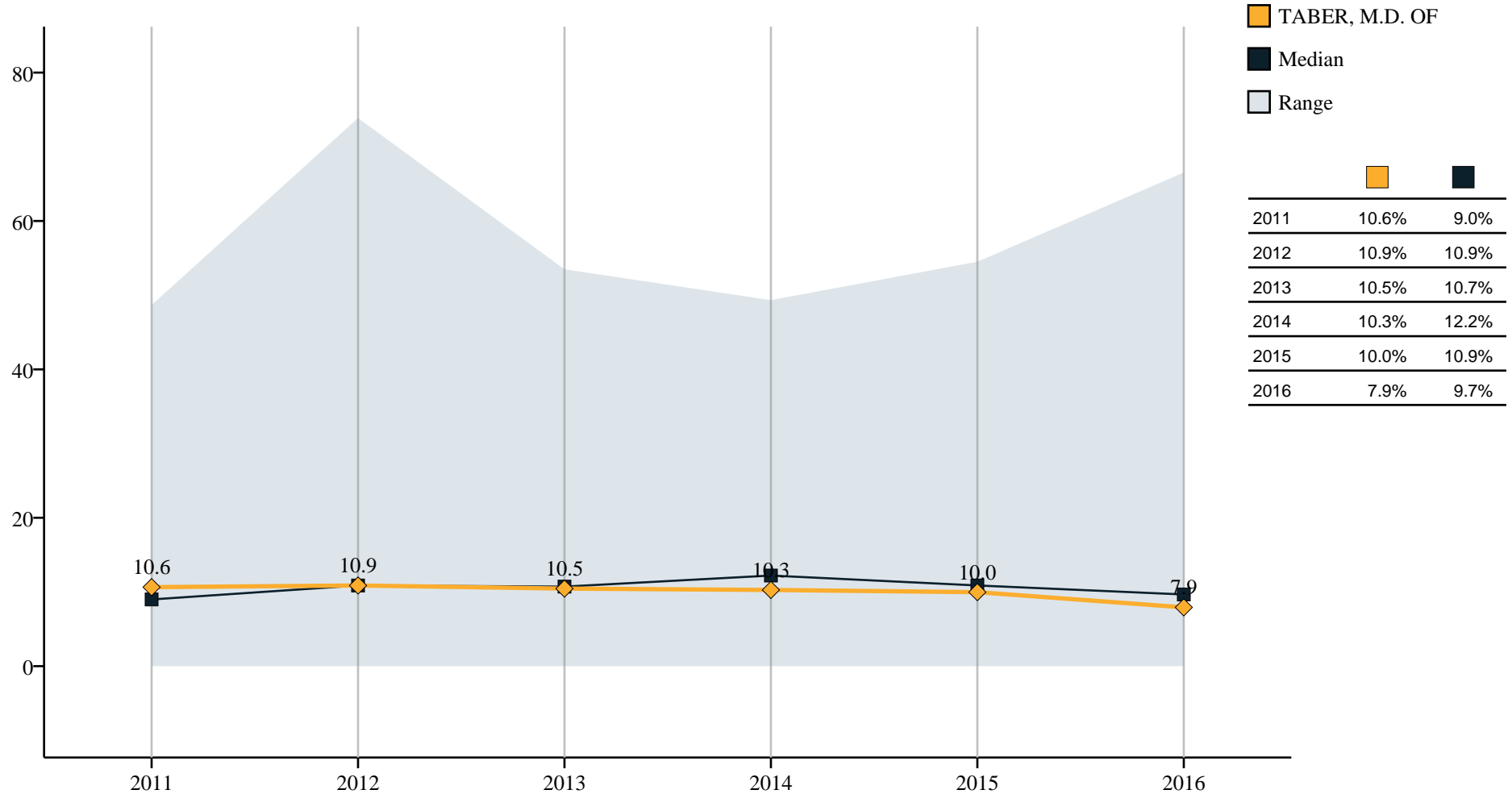
Note: This indicator reflects the percentage of taxes and grants in place of taxes which are collected by the municipality in the year in which they are levied.

Percent of Debt Limit Used



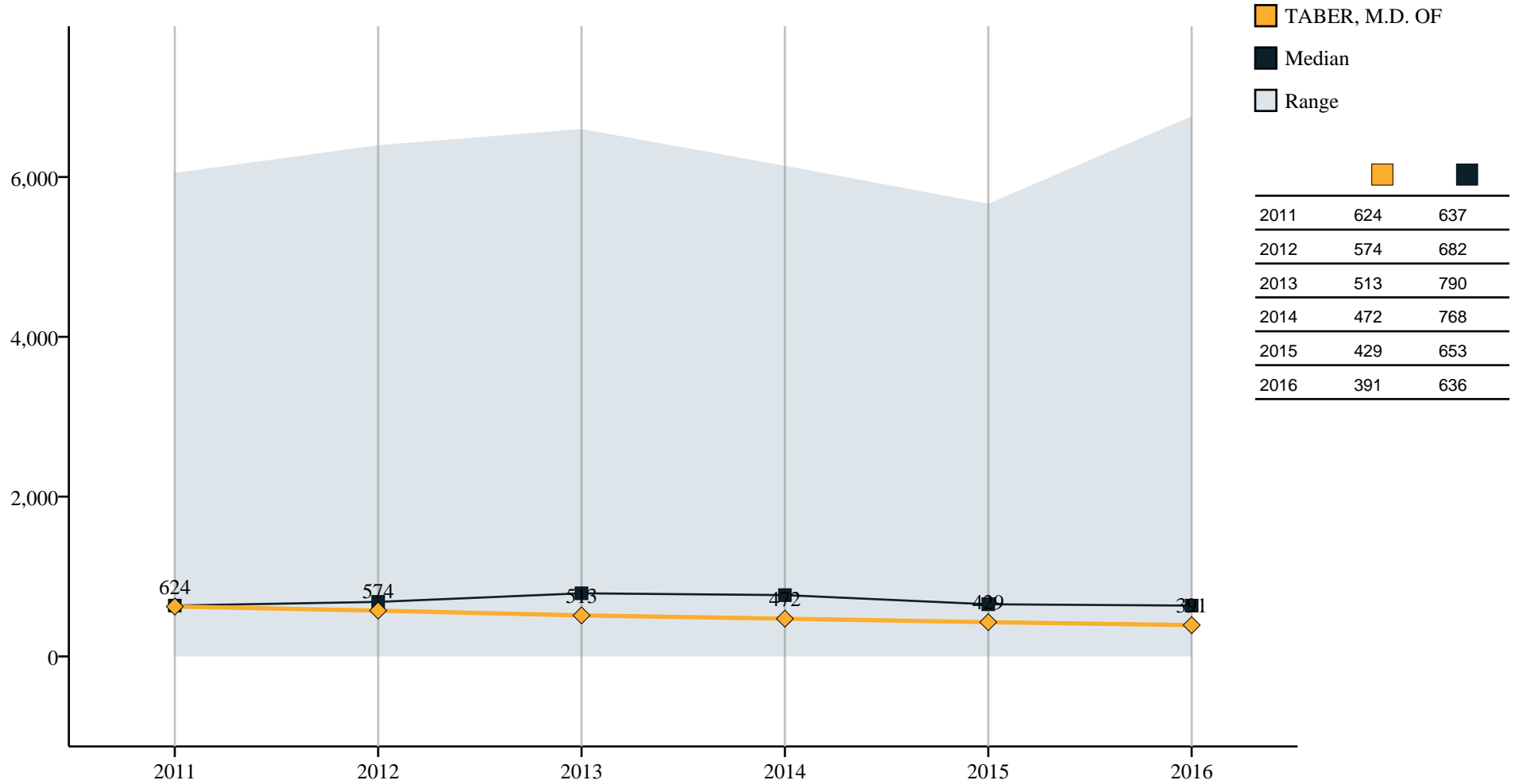
Note: This graph shows, in percentage terms, the municipality's debt as a percentage of the regulated limit. This is compared to the median for the group of similar municipalities.

Percent of Debt Service Limit Used

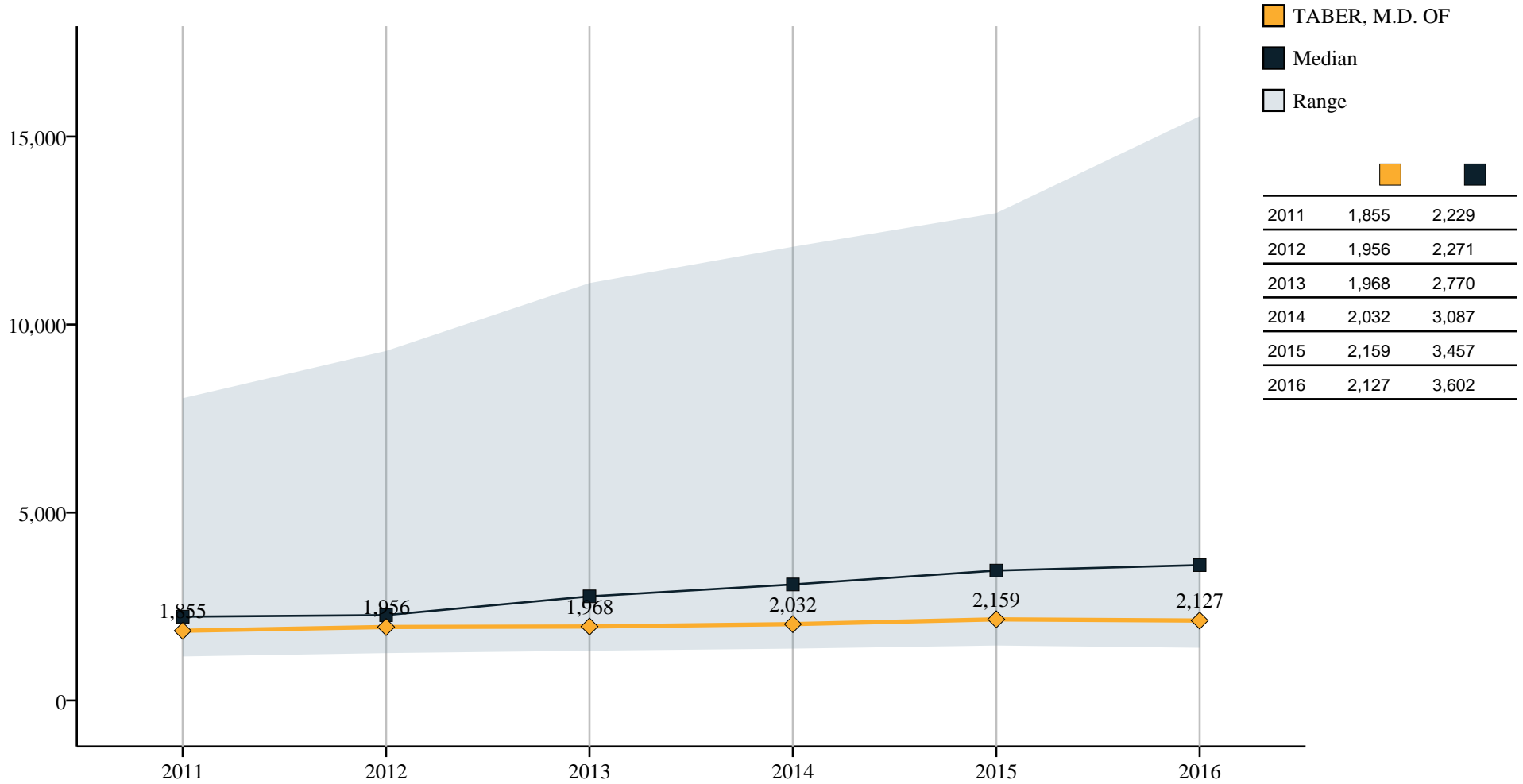


Note: This graph shows, in percentage terms, the municipality's current debt servicing requirement relative to the regulated limit. This is compared to the median for the group of similar municipalities.

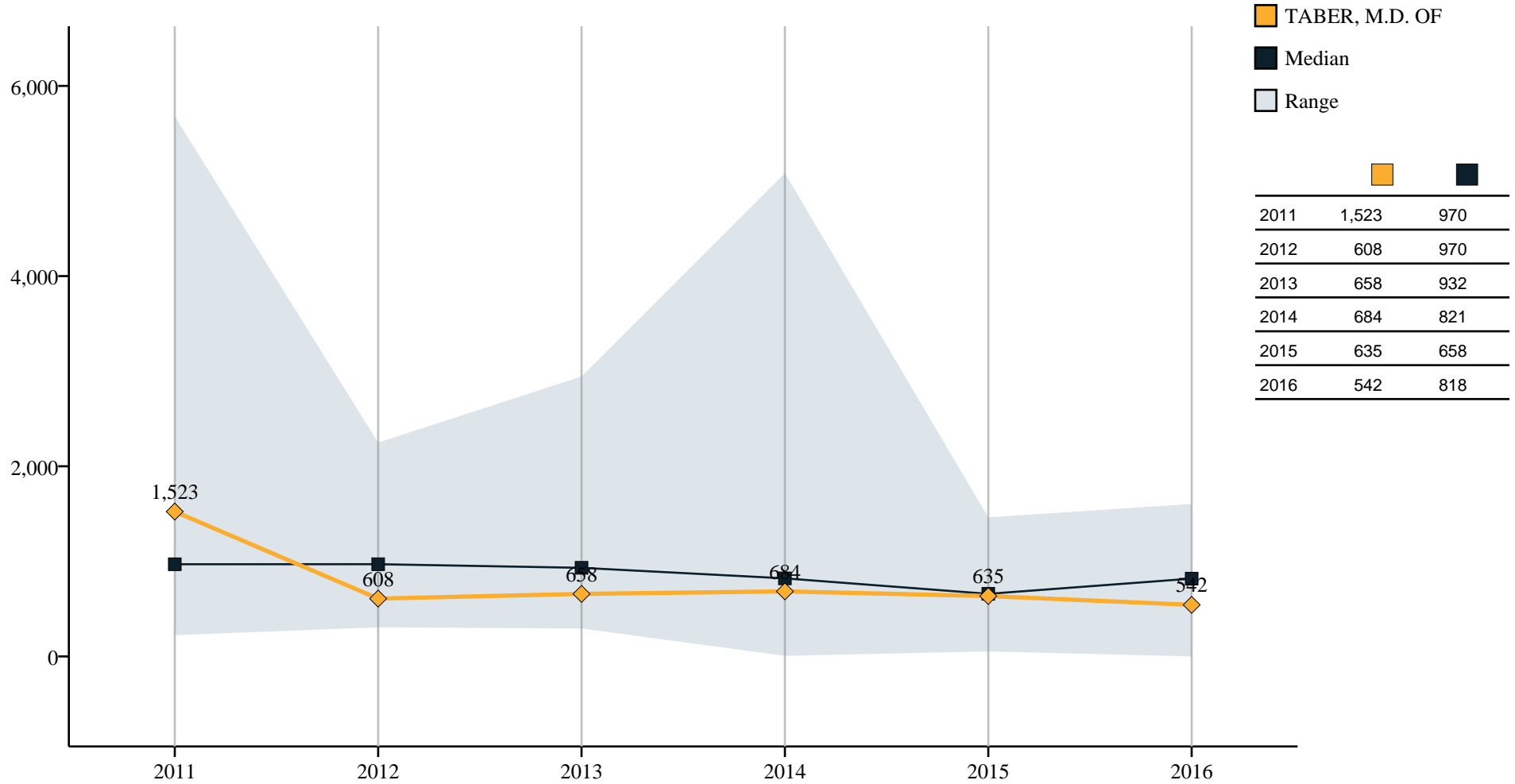
Long Term Municipal Debt Per Capita



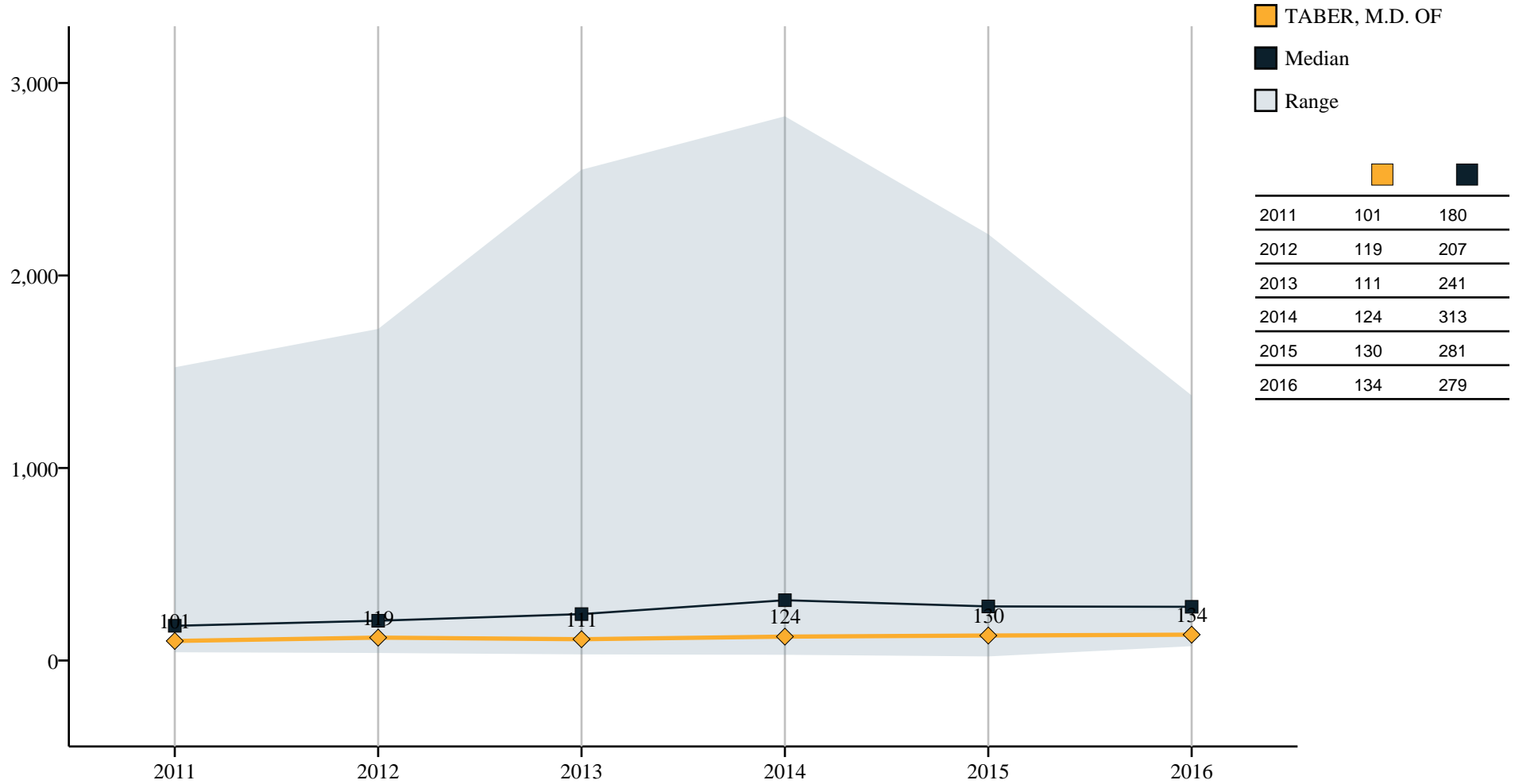
Revenue Sources Per Capita: Net Municipal Property Taxes



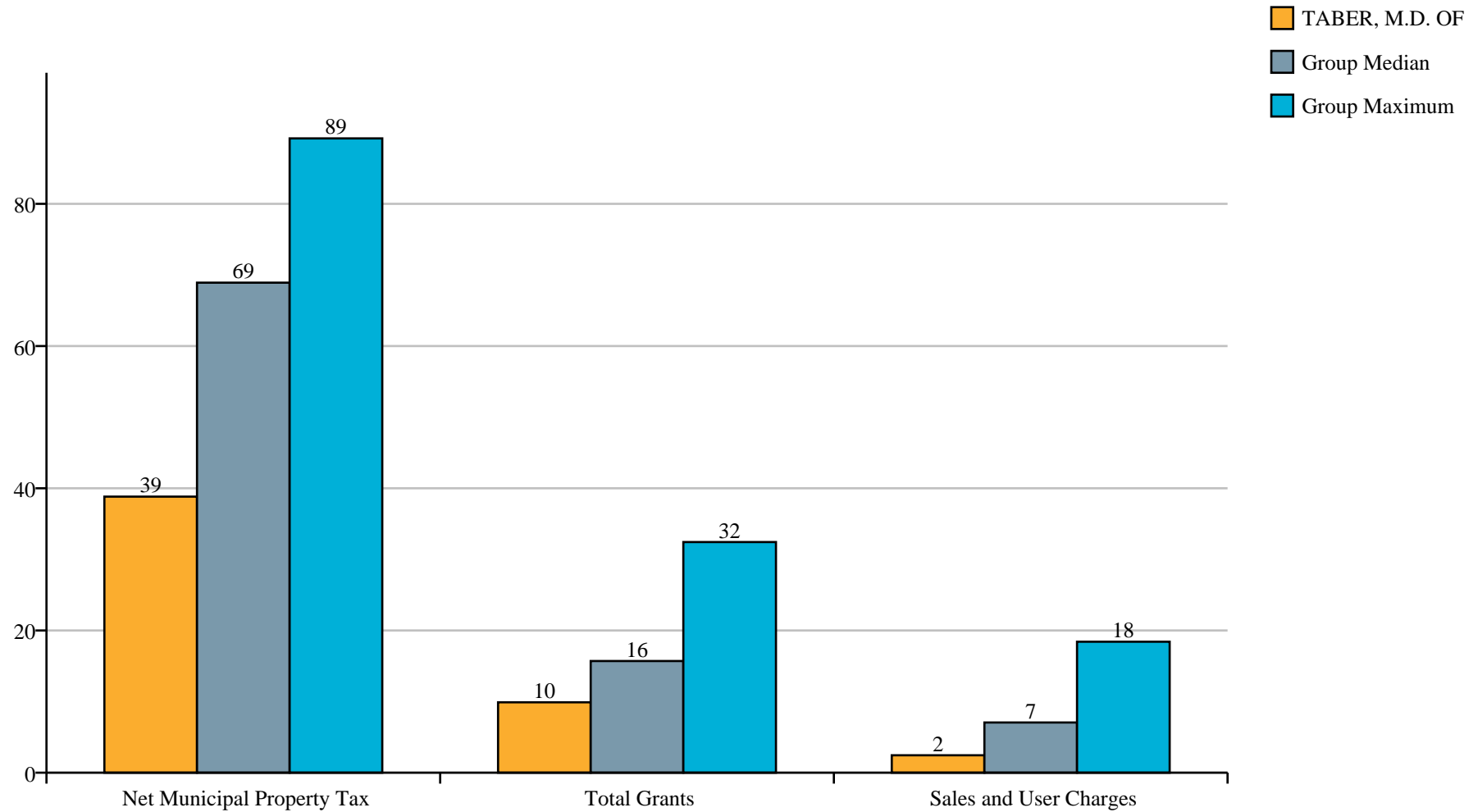
Revenue Sources Per Capita: Total Grants



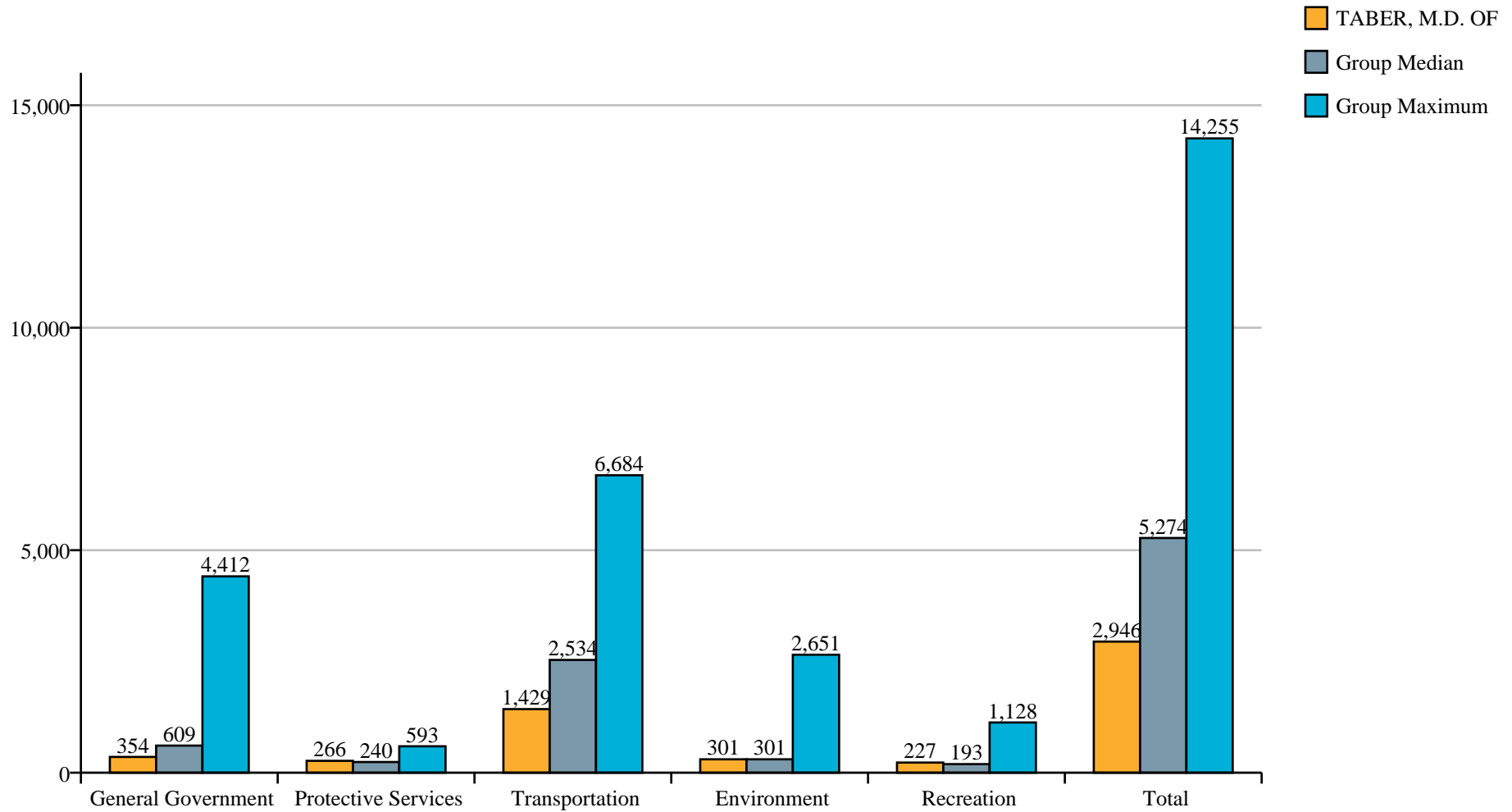
Revenue Sources Per Capita: Sales and User Charges



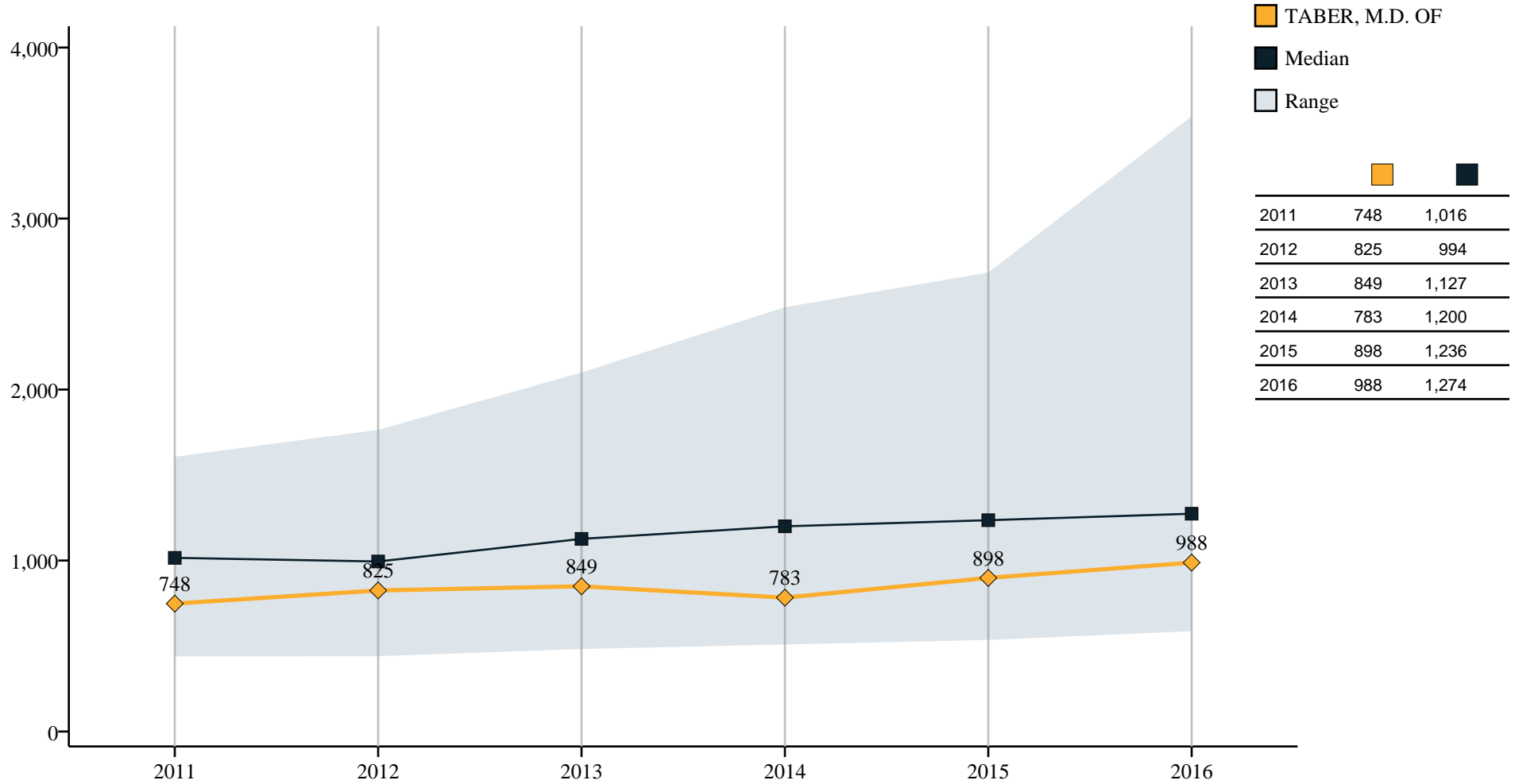
Major Revenue Sources As % of Total Revenue, 2016



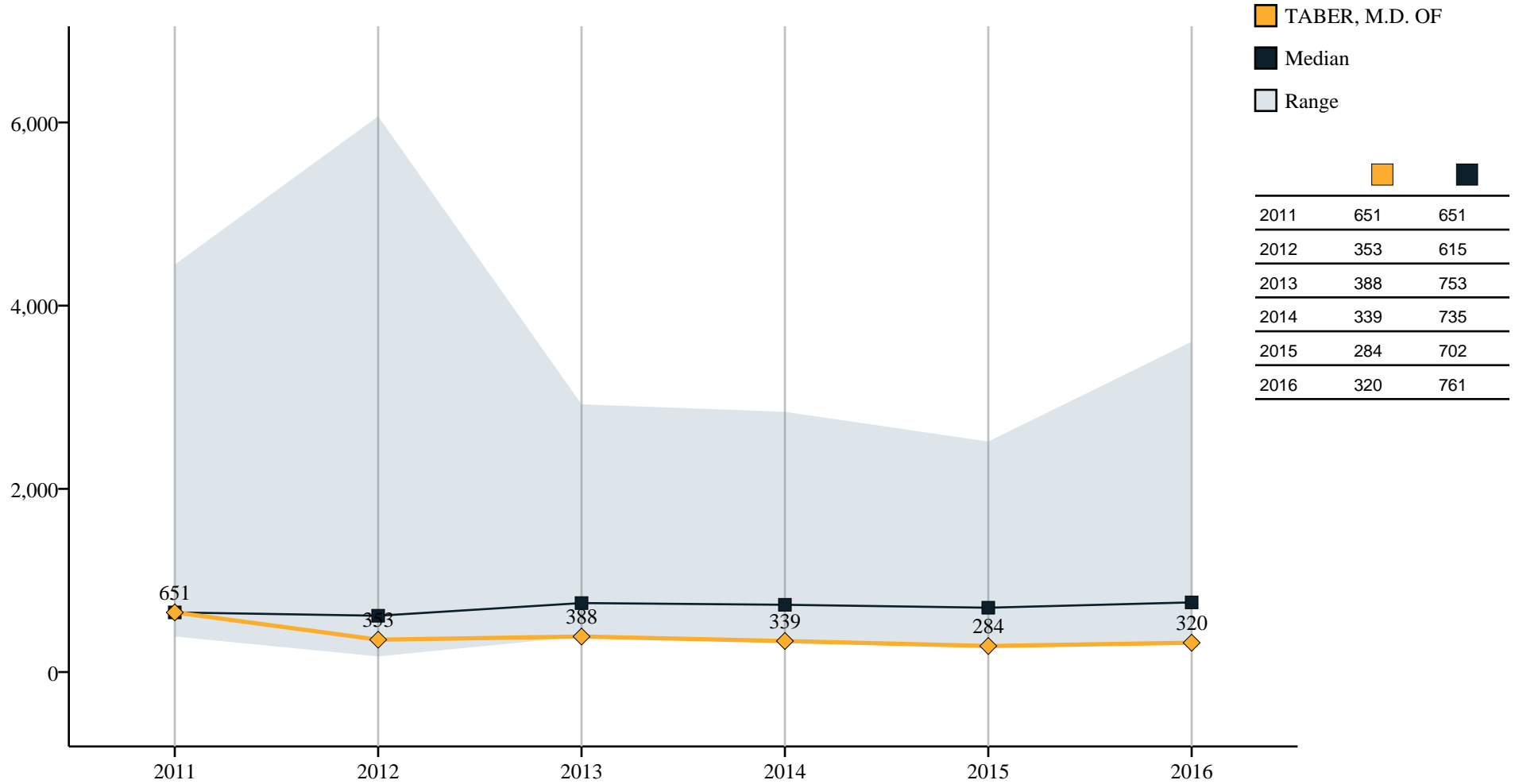
Major Expenditures Per Capita by Broad Function, 2016



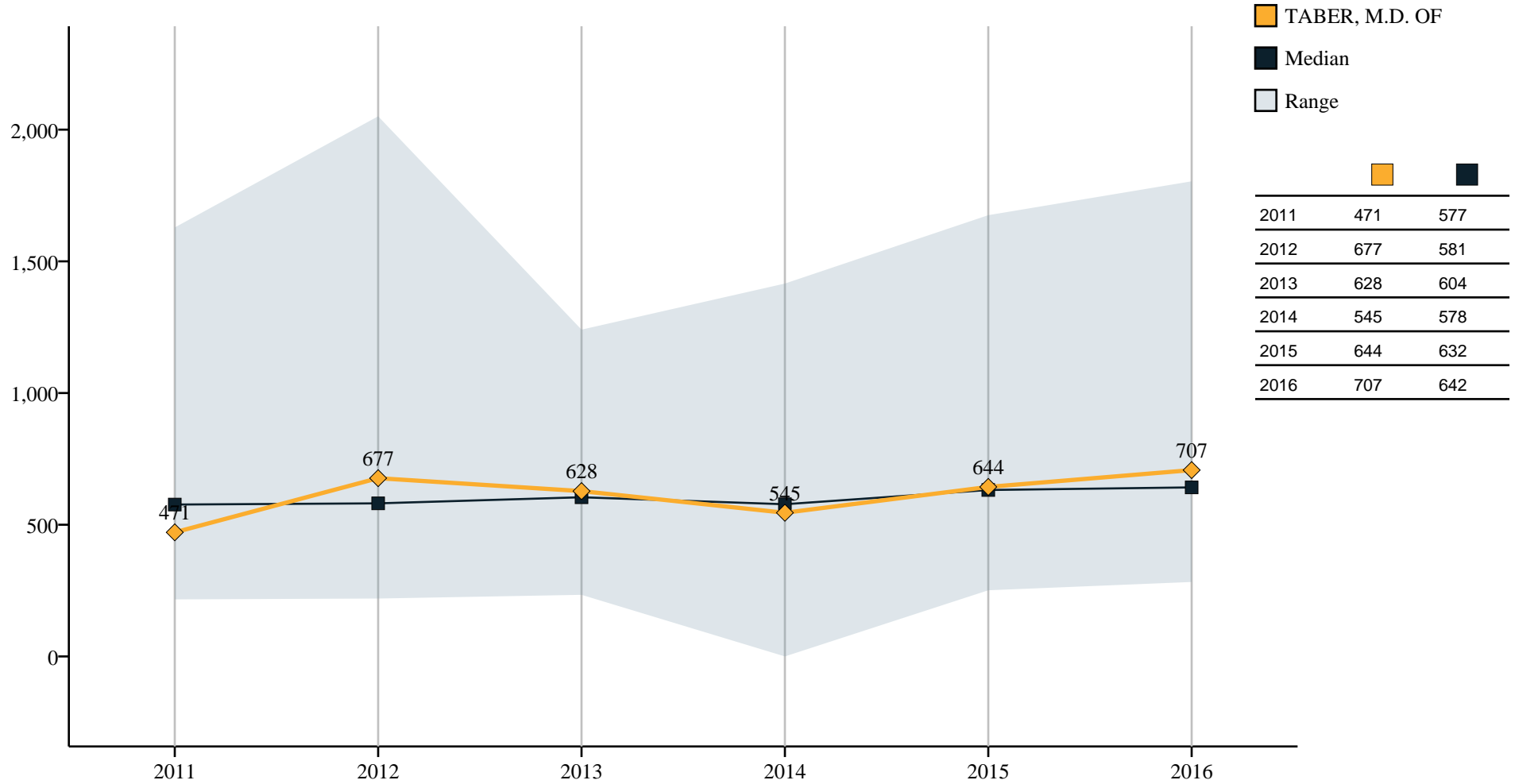
Major Expenditures Per Capita by Type: Salaries, Wages and Benefits



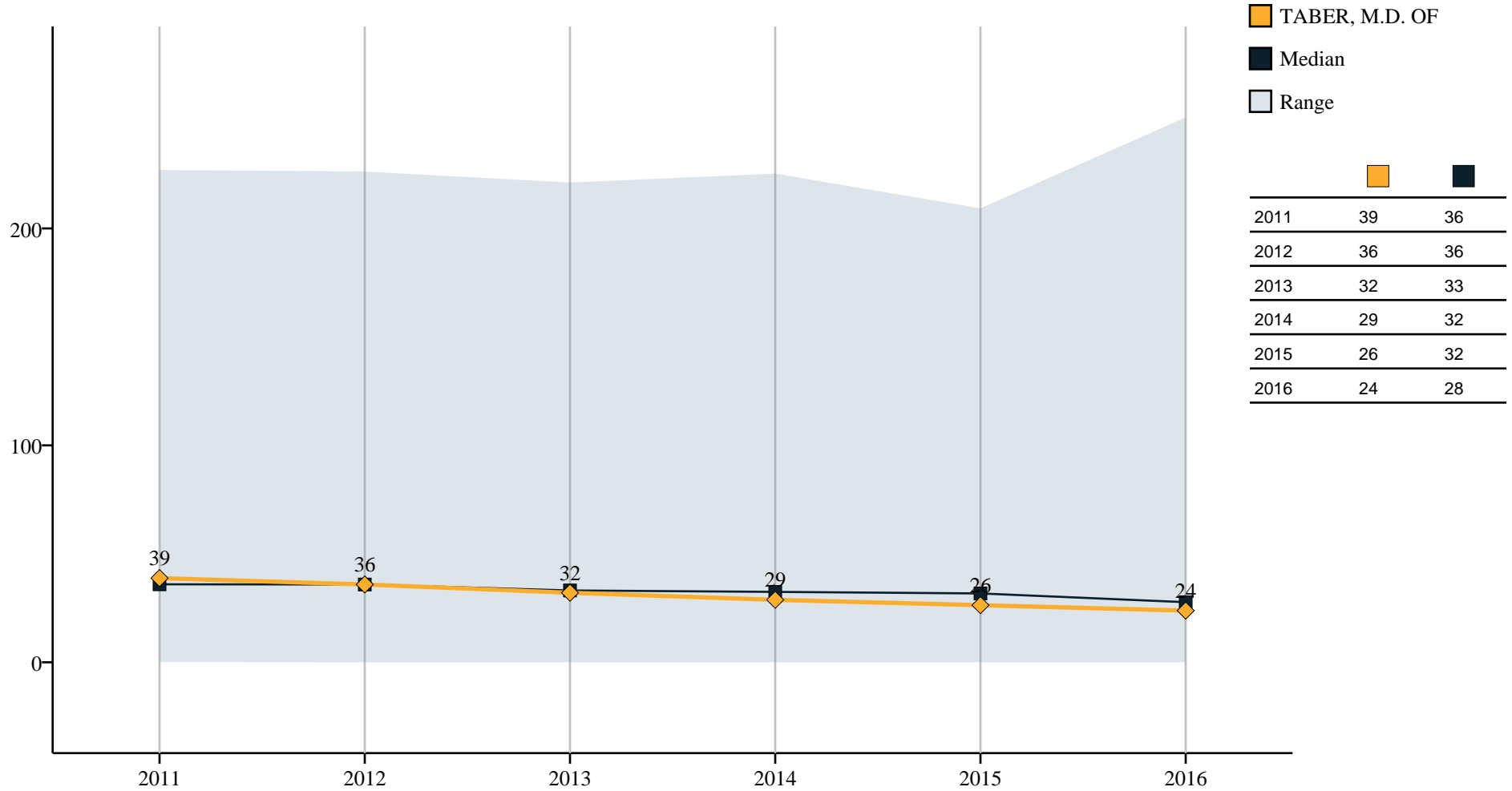
Major Expenditures Per Capita by Type: Contracted and General Services



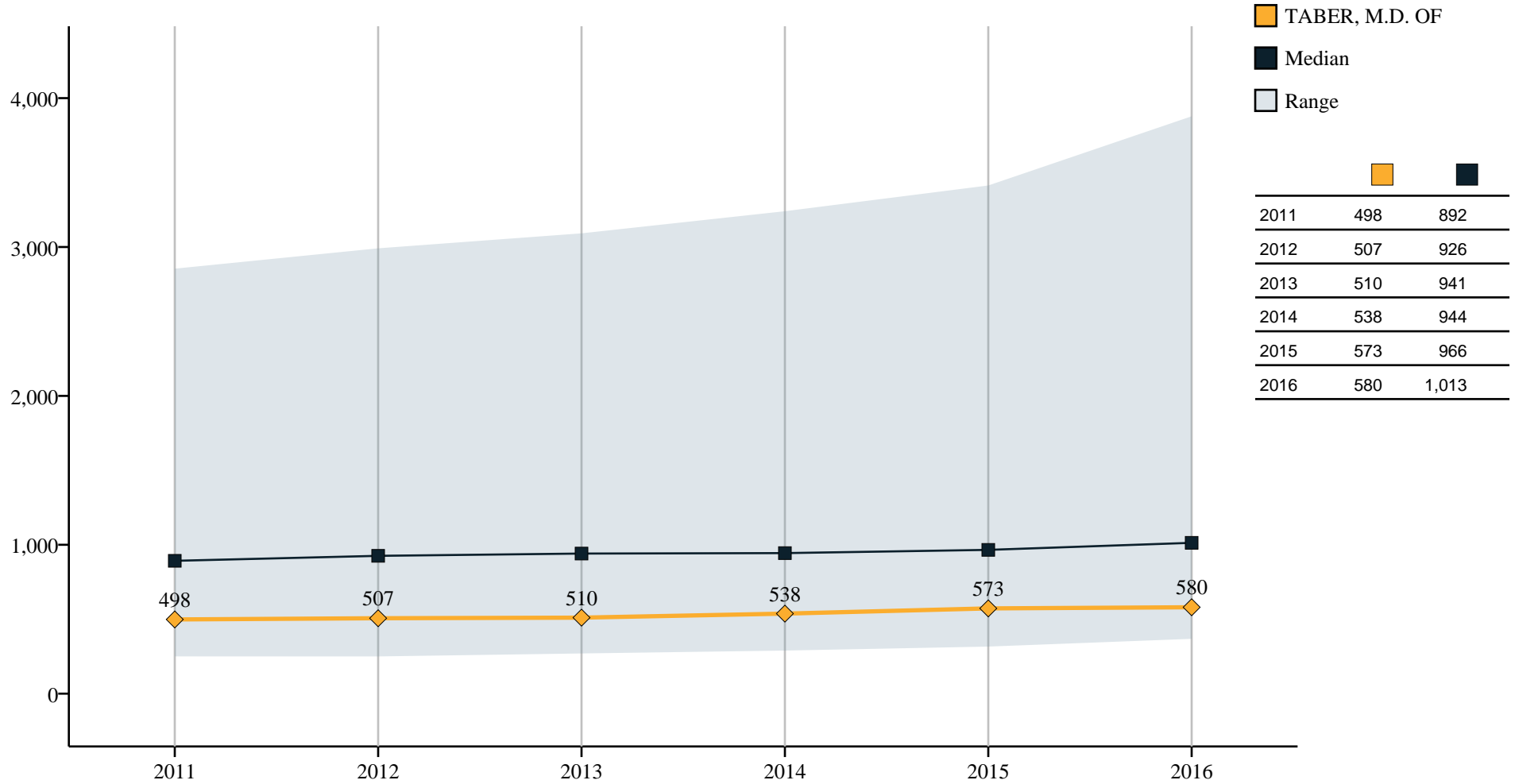
Major Expenditures Per Capita by Type: Materials, Goods, Supplies and Utilities



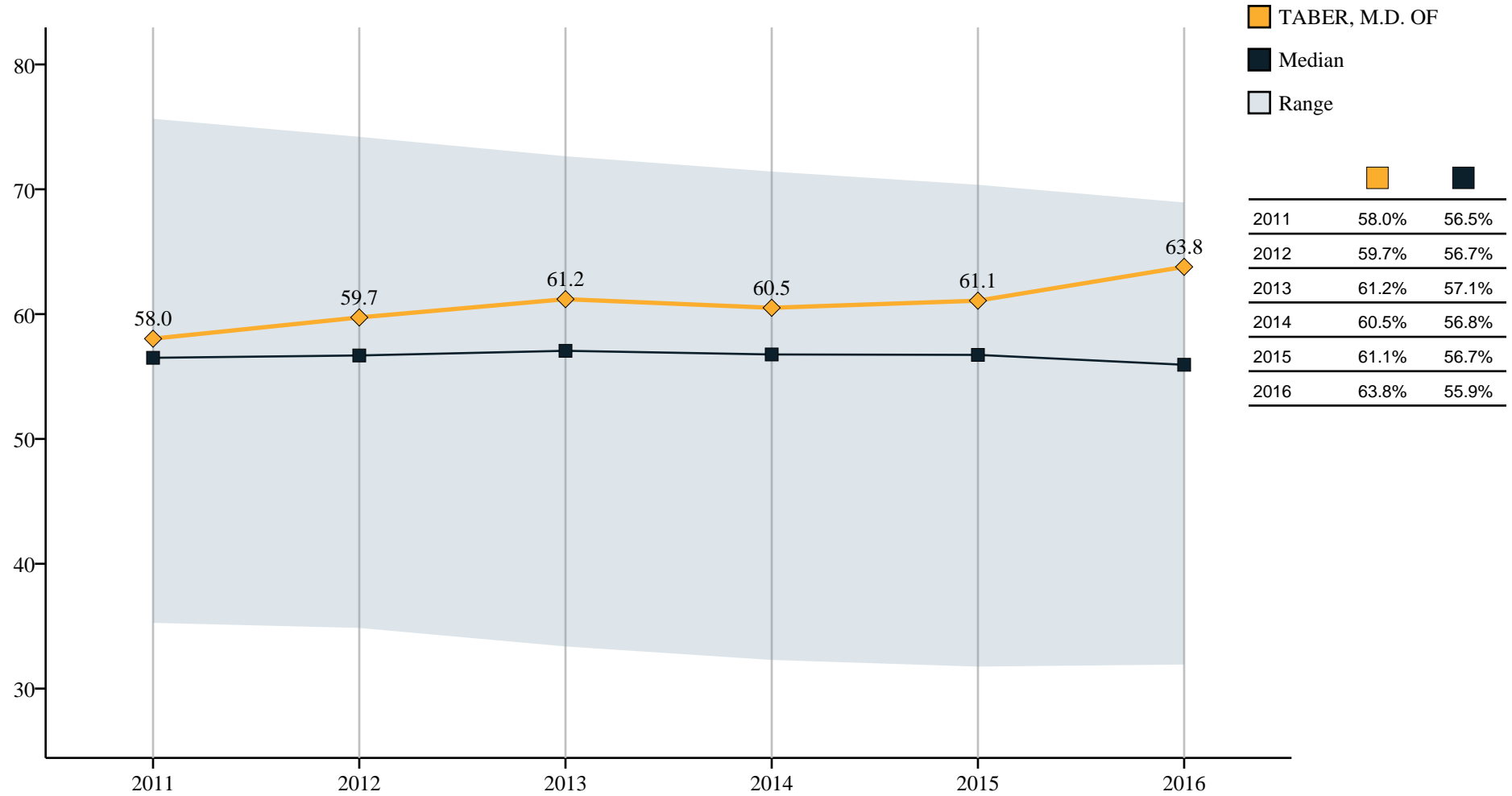
Major Expenditures Per Capita by Type: Interest and Banking



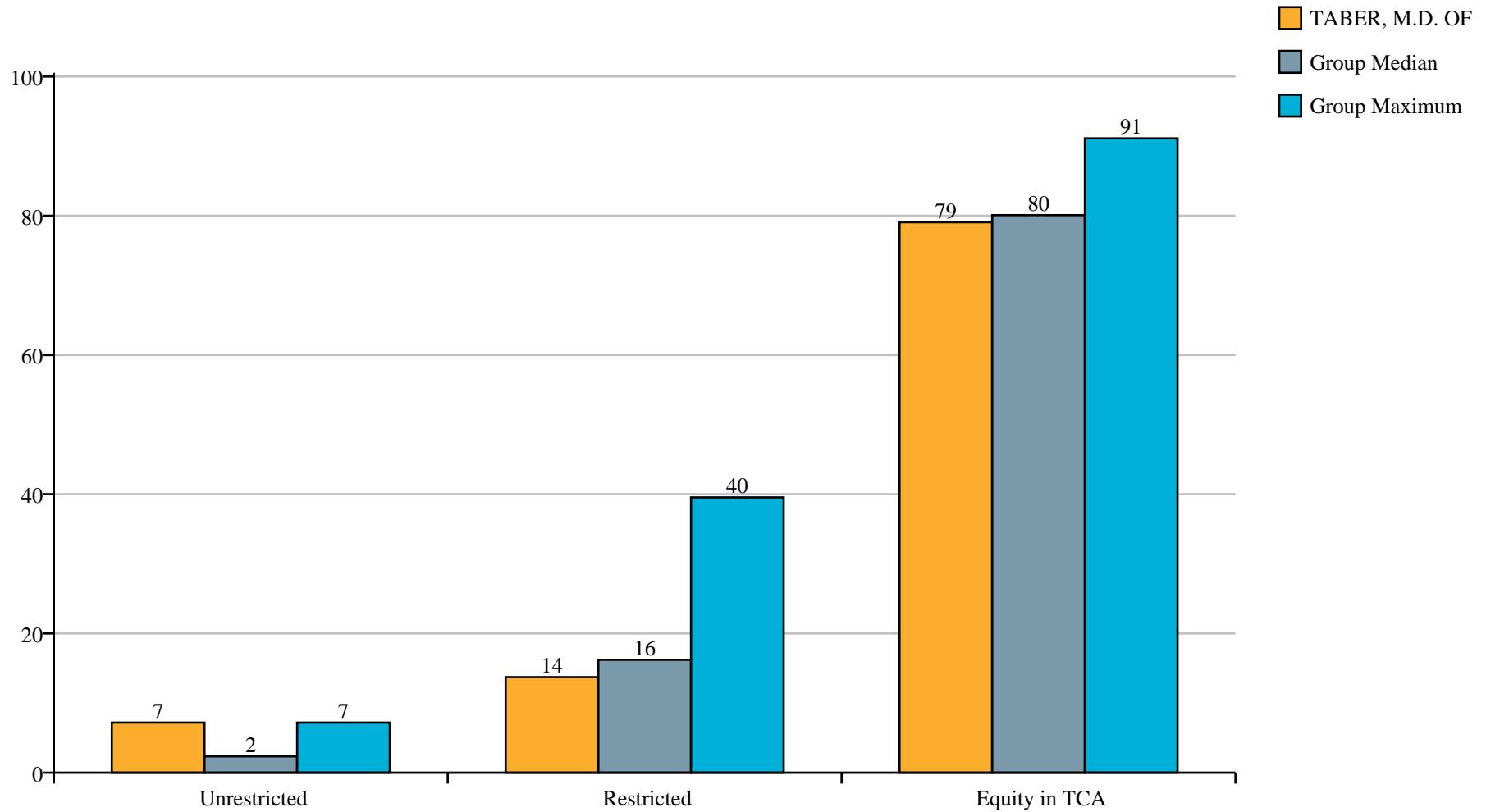
Major Expenditures Per Capita by Type: Amortization of Tangible Capital Assets



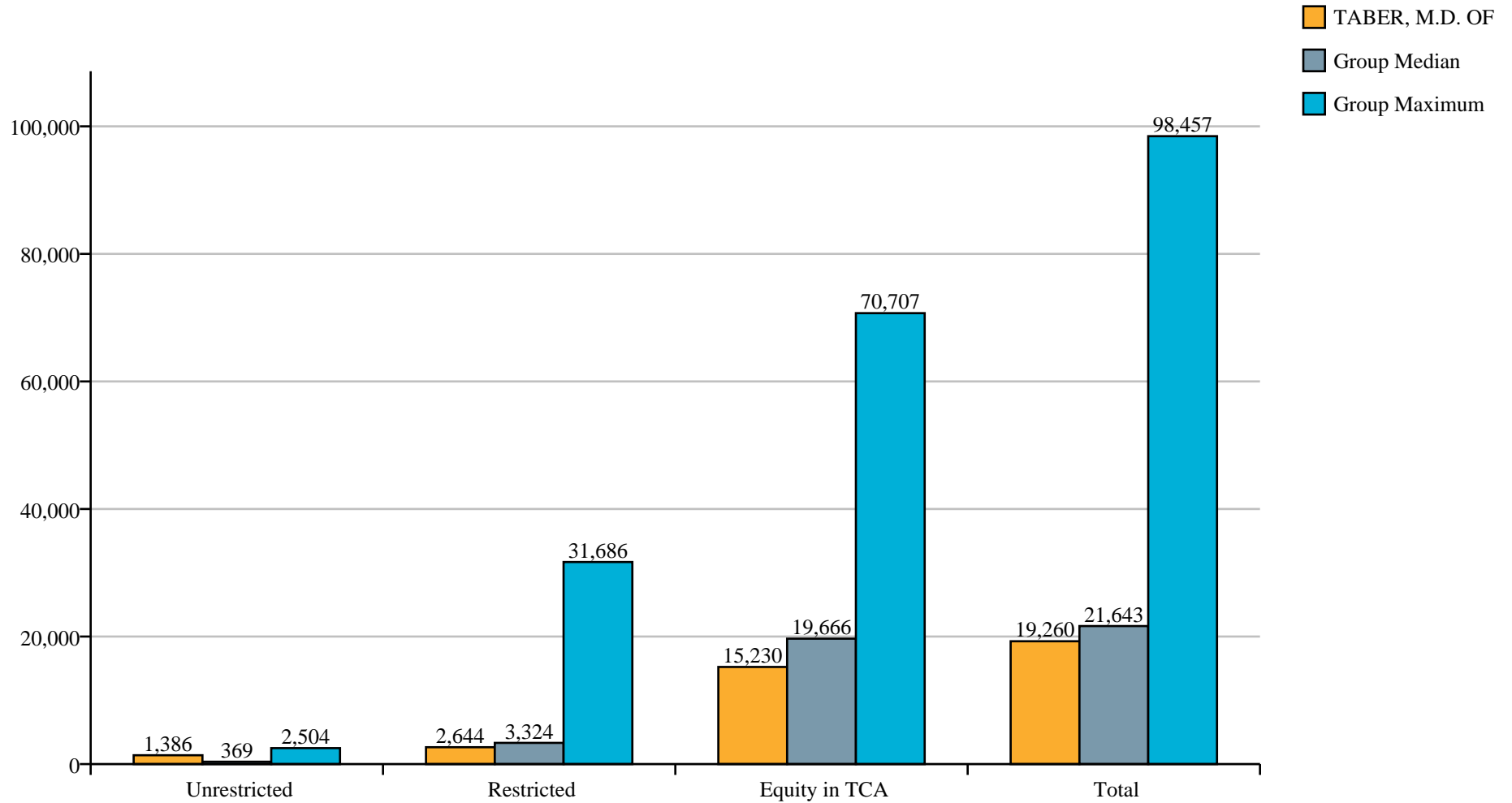
Net Book Value as % of Total Capital Property Costs



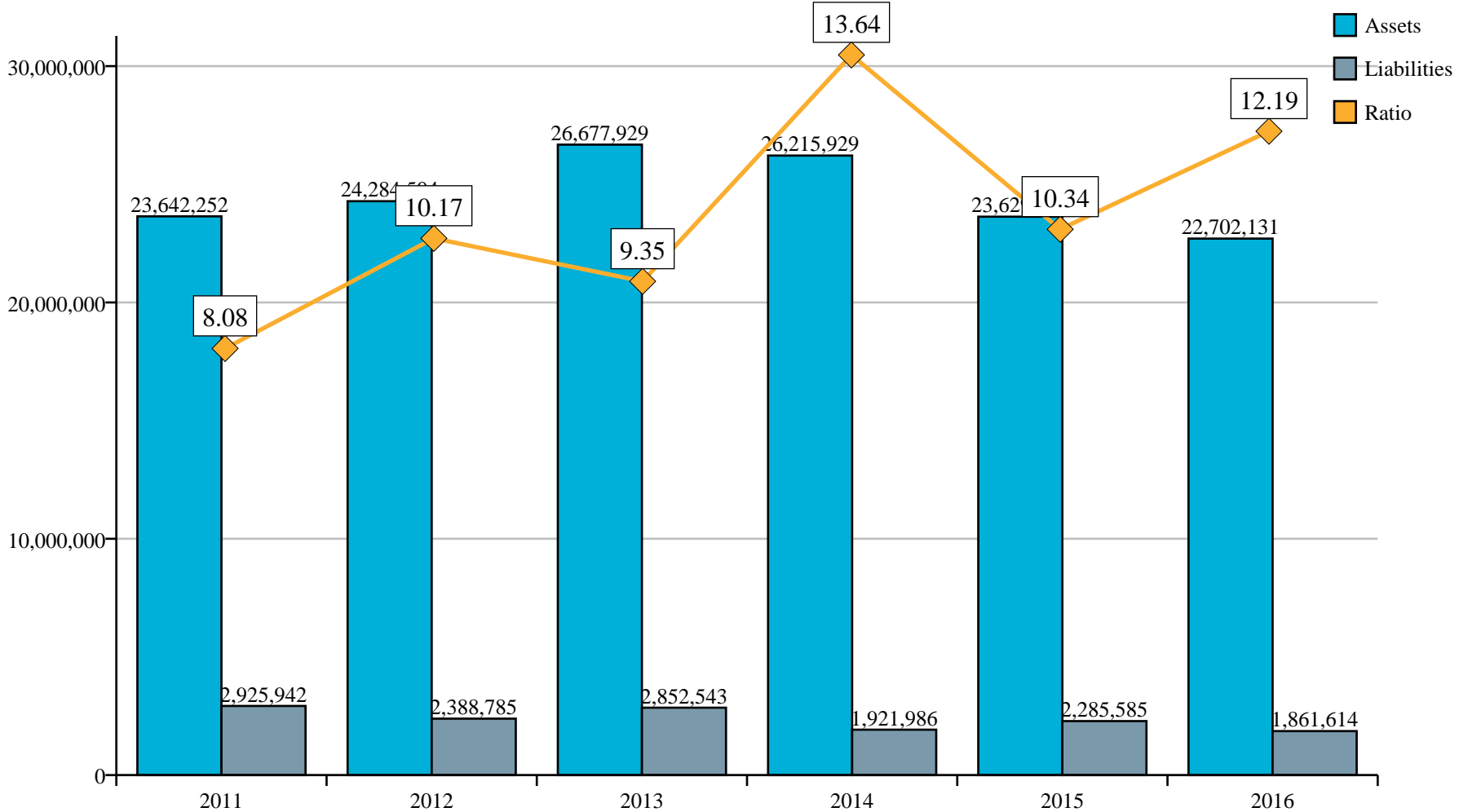
Accumulated Surplus Categories as % of Total, 2016



Accumulated Surplus Per Capita, 2016

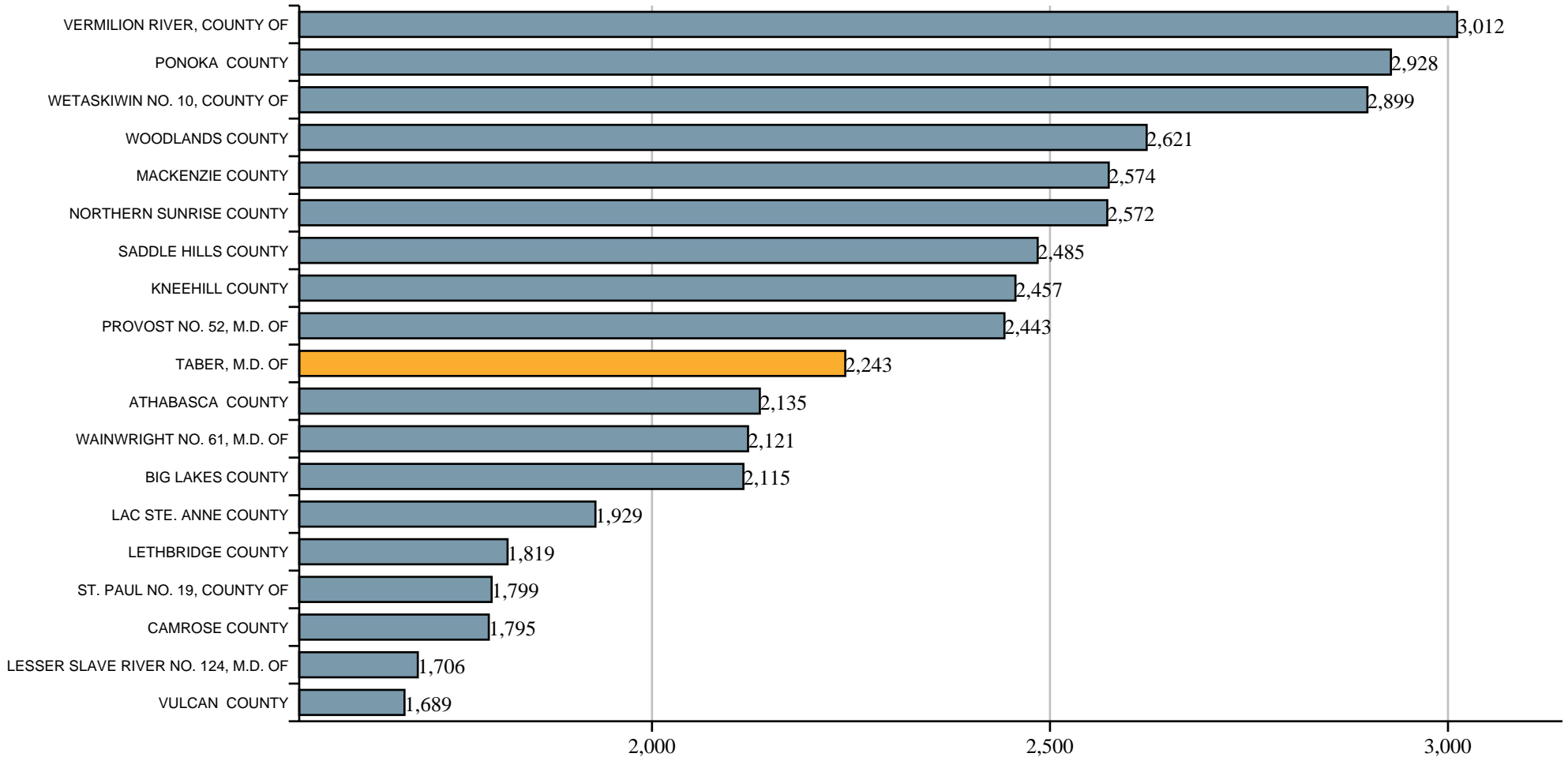


Ratio of Current Assets to Liabilities

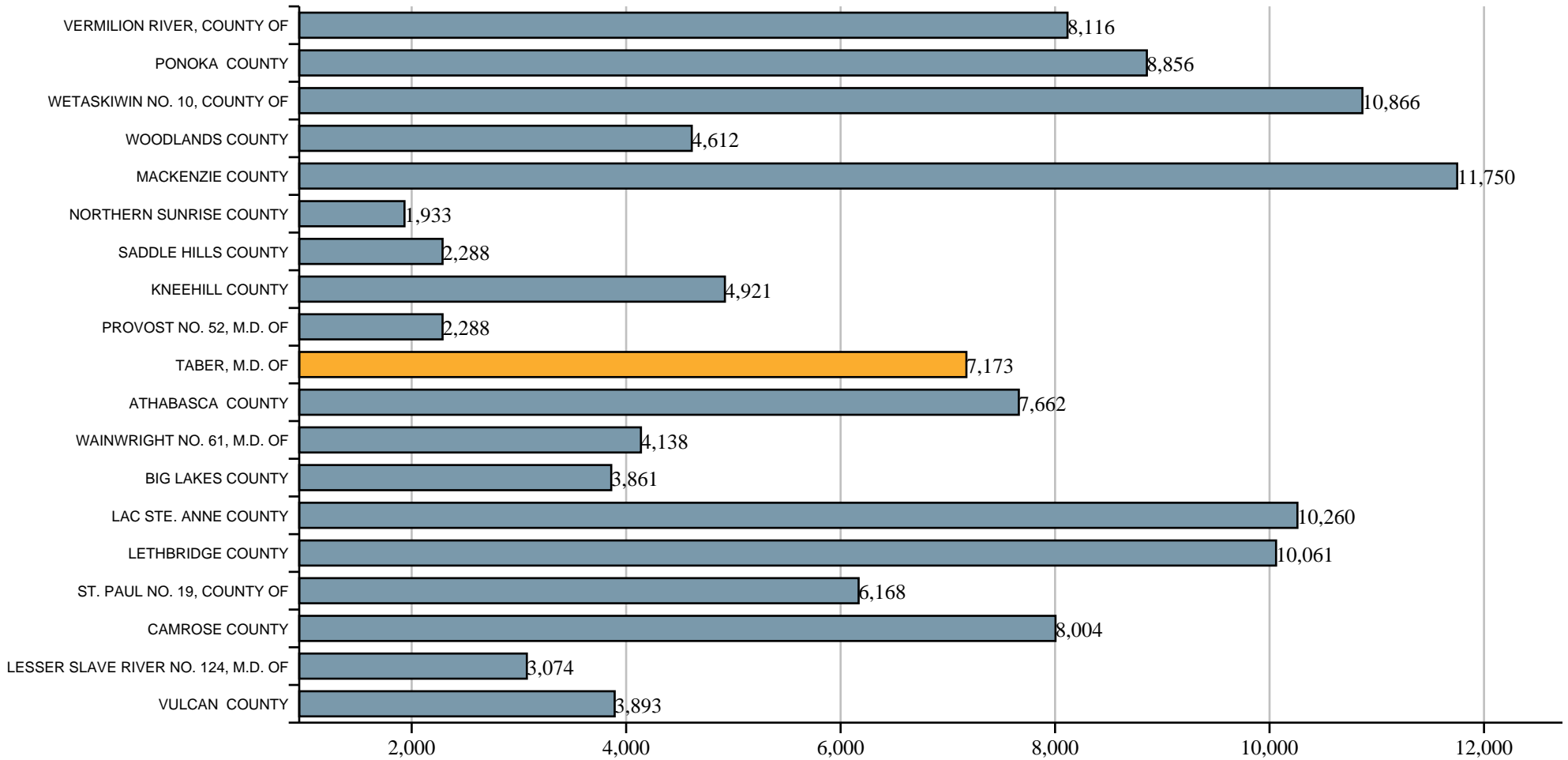


Note: The current ratio calculation measures ability to meet short-term obligations with existing liquid assets. "Current Assets" are those which are liquid in nature (cash or an asset which can be easily converted to cash). Inventory is excluded from the calculation. "Current Liabilities" are generally obligations coming due within the next fiscal year. The ratio is shown in the centre of the column. A ratio greater than one indicates the degree to which current assets exceed current liabilities; a ratio smaller

Total Equalized Assessment (in Millions)



Group Population



Equalized Assessment Per KM of Roads

