Village of Galahad Viability Review

Initial Findings Report

April 2014

First
Report

A report concerning the viability of the Village of Galahad
by the Village of Galahad Viability Review Team

Alberta Government

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How to read this report

The Initial Findings Report is meant to provide members of the Galahad community with information on what the Viability Review Team has analyzed and reviewed so far. Residents, concerned stakeholders and members of the public are asked to participate in the next phase of the viability review where they can contribute to the Viability Review Team's determination of the viability of the Village of Galahad.

This Initial Findings Report provides information on the Village of Galahad's finance and governance, as well as programs and services that are offered by the village for the Galahad community.

The information contained in this report is based on information collected from the Village of Galahad between July 2013 and March 2014, and is reflective of the most current information at the time of writing.

Introduction

The Initial Findings Report was developed as part of the Village of Galahad Viability Review in order to determine the viability of the Village of Galahad as a municipality. The structure of this report reflects the spirit of the Government of Alberta's Municipal Sustainability Strategy, and the Viability Review Team's approach to the determination of the village's viability.

This report is divided into five sections.

Section 1 provides an overview of the Government of Alberta's Municipal Sustainability Strategy and the history behind the shift from municipal restructuring of the past to the current viability review process.

Section 2 contains information on the Village of Galahad Viability Review, including composition and mandate of the Viability Review Team, and the viability review process.

Section 3 provides a profile of the Village of Galahad, including some statistics about the municipality and how it compares with other municipalities within the region or municipalities across Alberta with similar population.

Section 4 presents the Viability Review Team's analysis of the village's viability based on the eight areas identified in the Municipal Sustainability Strategy. The analysis includes comparisons with municipalities in the region, and municipalities across Alberta with similar population.

Section 5 provides information on the opportunities for the public to provide input and to participate in the viability review process. The next steps in the viability review process are also outlined.

Executive Summary

Background

The Village of Galahad is a municipality located in Flagstaff County with a population of 119 residents. In recent years, the village has encountered challenges with a number of viability issues, including, but not limited to: a gradual decline in the village's population and the rising age of the population, the lack of development and growth in the community, pending cuts to grant funding for the operations of the village, ability to attract and retain qualified municipal staff, and the cost of replacing existing or upgrading infrastructure. These issues, along with concerns from village council that the long-term viability of the village may be threatened, prompted village council to request that Municipal Affairs conduct a viability review for the village.

In May 2013, the Minister of Municipal Affairs accepted the village council's request for a viability review, and a Viability Review Team was formed to lead the viability review. The Viability Review Team met from July 2013 to February 2014 to review and evaluate the state of governance, finance, and programs and services at the Village of Galahad. The focus and primary question that this review will address is: "Is the Village of Galahad viable?"

It is the goal of the Viability Review Team to provide information and assistance to local municipal officials and the public to allow for an objective and informed decision to be made regarding the village's viability and future. The viability review consists of the following phases:

- Self-Assessment Phase

- Initial Findings

- Viability Determination

- Viability Plan

Viability challenges encountered by the Village of Galahad include, but are not limited to…

- *a gradual decline in the village's population and the rising age of the population;*

- *the lack of development and growth in the community;*

- *pending cuts to grant funding for the operations of the village;*

- *ability to attract and retain qualified municipal staff, and*

- *the cost of replacing existing or upgrading infrastructure.*

The approach presented here seeks to analyze objective information about the municipality, trends on financial and non-financial issues, and the village's performance on the key measures of sustainability. This report, the Initial Findings Report, will serve to inform residents, property owners, and other community stakeholders about the viability review and the findings to date. Future reports, such as the viability plan, may examine the impacts of government reorganization or alternatives, and how the municipality can address viability into the future.

Detailed findings are found in this report. The contents of this report will serve as information for stakeholder engagement throughout the viability review process.

Municipal Sustainability Strategy and the Viability Review

The Municipal Sustainability Strategy (MSS) was developed in collaboration with Alberta's municipal associations to bring key decision makers together, and to empower communities to make sound decisions about their future that are based on collaboration, cooperation and a vision of success.

The viability review process was developed to focus on:

- **finding solutions** through a strong partnership of neighbouring municipalities, municipal associations and Municipal Affairs;
- more **community engagement and involvement**, including neighbouring municipalities;
- **community development** and **community identity**; and
- developing a suite of **solution-focused options** including, but not limited to restructuring, for a municipality whose sustainability and/or viability is in jeopardy.

The viability review is the process to determine the viability of a municipality and if required, to develop a plan that would lead the municipality to viability. The viability review process includes the following:

- The completion of the MSS **self-assessment questionnaire**, which is designed to help municipalities assess and enhance their own viability by assisting them to identify where and how they could improve;
- A **viability review**, which includes: 1) stakeholder engagement; 2) the development of an Initial Findings Report that will review the finances and governance of the municipality, as well as the programs and services that are currently provided by the municipality; and 3) a **viability determination**.
- If the viability review team determines that the municipality is trending towards being non-viable, a **viability plan** will be developed with community and stakeholder engagement and will identify options for the municipality to achieve viability.

Self Assessment Phase	Viability Review (Initial Findings)	Viability Determination	Viability Plan
• Village completes self-assessment • Viability Review Team evaluates self-assessment	• Research state of finances, governance and programs and services of municipality • Develop Initial Findings Report • Conduct Stakeholder Engagement	• Viability Review Team determines whether village is viable or trending towards non-viability.	• If the village is found to be trending towards non-viability, then a viability plan is developed that will identify options for the village.

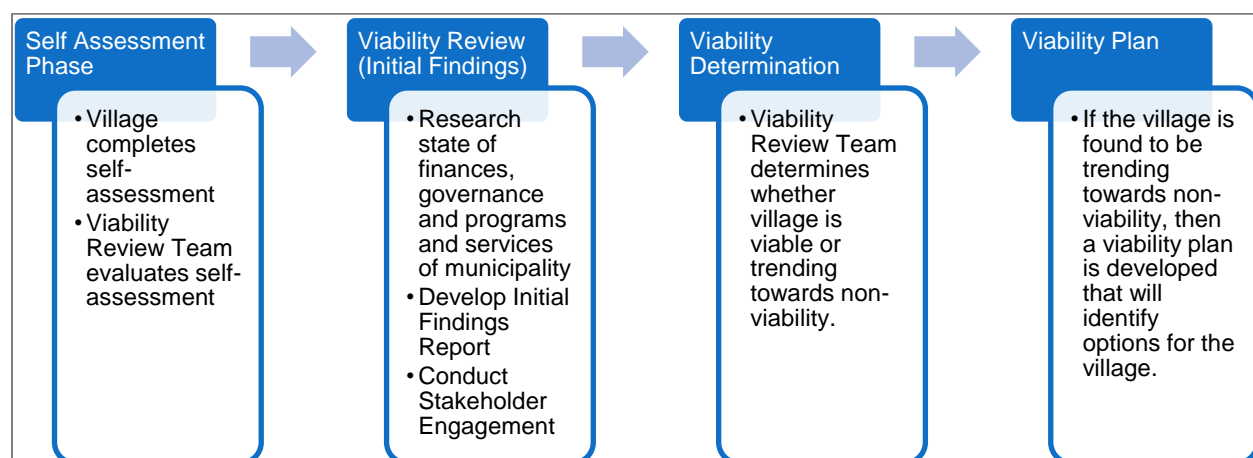**Figure 1 - Overview of the Viability Review Process**

The Municipal Sustainability Strategy can be found on the Municipal Affairs website at: http://municipalaffairs.alberta.ca/1330.cfm.

Village of Galahad Viability Review

In April 2013, the Village of Galahad council submitted a request to the Minister of Municipal Affairs, requesting the Minister undertake a dissolution study in the form of a viability review for the Village of Galahad. As a result, the Minister initiated the Village of Galahad viability review in May 2013.

Viability Review Team

Each viability review is led by a Viability Review Team composed of representatives from Alberta Municipal Affairs, elected officials and administrators from the affected municipalities, and municipal associations.

Viability Review Team	
Alberta Municipal Affairs (chair)	Michael Scheidl
Village of Galahad (elected official)	Jeanette Herle
Village of Galahad (administrative official)	Gwenda Poyser
Flagstaff County (elected official)	Gerald Kuefler
Flagstaff County (administrative official)	Brent Hoyland
Alberta Association of Municipal Districts and Counties	Soren Odegard
Alberta Urban Municipalities Association	Steve Christie
Alberta Rural Municipal Administrators Association	Bob Beck
Local Government Administration Association	Michelle White

Viability Review Team Mandate

The Viability Review Team was given the mandate to collaboratively:

- evaluate the viability of the Village of Galahad;
- lead public engagement of local residents, property owners, and other stakeholders in the affected municipalities;
- if required, develop a viability plan for Galahad that focuses on partnerships between neighbouring municipalities, municipal associations, and Municipal Affairs;
- develop an implementation plan for the selected viability option; and
- provide feedback to Alberta Municipal Affairs on the municipal viability review process.

Based on the direction set by the Viability Review Team, information concerning the Village of Galahad's finances, governance, infrastructure, and programs and services was collected from village administration and from provincial records. The information was analyzed and reviewed by the Viability Review Team and the results led to the development of the Village of Galahad Viability Review Initial Findings Report.

Overview of the Village of Galahad

Profile

The Village of Galahad was formed on March 5, 1918 when land was annexed from the Rural Municipality of Flagstaff No. 364. The village subsequently grew to its existing size through annexation of lands from the Rural Municipality of Flagstaff in 1921, the Municipal District of Flagstaff in 1958 and1963, the County of Flagstaff in 1983 and 1991 and Flagstaff County in 2012. The total land area of the village is 48 hectares (0.48 square kilometres).

Geographically, the Village of Galahad is located approximately 100 kilometres southeast of Camrose and 75 kilometres northeast of Stettler. The village's rural neighbour is Flagstaff County. The county's office is located north of Sedgewick, 50 kilometres from Galahad. In 2013, the population of the county was 3,244.

The Village of Galahad is one of ten urban municipalities (the others are: Alliance, Daysland, Forestburg, Hardisty, Heisler, Killam, Lougheed, Sedgewick and Strome) within Flagstaff County.

The 2011 federal census found that the village had a population of 119 residents; this was a decline of 15 residents from the 2006 federal census when 134 residents were counted. This population figure is the same for 2013.

Municipal Statistics

For the purposes of analyzing the Village of Galahad, a group of municipalities was selected to compare the village's finances, governance and other statistics with. The municipalities chosen are found either within the region or were included because their population was similar to the Village of Galahad.

The municipalities selected within the region are listed in Table 1. Due to the differences between the population, finances and capacity of the municipalities within the region, a group of municipalities with populations similar to the Village of Galahad were also selected for comparison. The comparison to these municipalities will appear throughout the report.

Table 1: Municipalities compared against the Village of Galahad

Municipalities in the Flagstaff region	2013 Population	Municipalities with population similar to Galahad	2013 Population
Flagstaff County	3,244	Village of Edberg	168
Town of Killam	981	Village of Czar	167
Town of Sedgewick	857	Village of Heisler	151
Village of Forestburg	831	Village of Cereal	134
Town of Daysland	807	Village of Milo	122
Town of Hardisty	639	Village of Halkirk	121
Village of Lougheed	273	**Village of Galahad**	**119**
Village of Strome	228	Village of Minburn*	105
Village of Alliance	174		
Village of Heisler	151		
Village of Galahad	**119**		

* The Village of Minburn is also undergoing a viability review at this time.

Performance on Key Measures of Sustainability

The Municipal Sustainability Strategy outlines eight key measures of sustainability for municipalities in Alberta. The key measures were designed so that a municipality that triggers three of the eight key measures, or measure #8, will be flagged for further review. If flagged, Alberta Municipal Affairs initiates contact with the municipality to review the cause(s) of the trigger and to discuss options for assisting the municipality to strengthen performance if necessary. The ministry would also advise the relevant municipal association. The key measures are:

Table 3: Village of Galahad's Performance on Key Measures

✓	1.	Has your municipality incurred an annual deficit for the past two consecutive years, or five out of the past 10 years?
✓	2.	Does your municipality have less than a 1:1 ratio of current assets to current liabilities?
	3.	Has your municipality received a "qualified audit opinion", "denial of opinion" or an "adverse opinion" with respect to your most recent annual financial statements?
	4.	Has your municipality reached 80% or more of its debt and debt service limit?
	5.	Do provincial and federal grants account for 50% or more of your municipality's total revenue?
✓	6.	Has your municipality's non-residential assessment base declined substantially as a proportion of the municipality's overall assessment base, over the past 10 years?
✓	7.	Does your municipality have more than 10% of current property tax unpaid for the most recent completed fiscal year?
✓	8.	Has your municipality experienced a decline in population over the last 20 years?
Note: A ✓ symbol indicates that the village has triggered the key measure.		

When the Village of Galahad was assessed against these key measures, the village triggered five key measures. As the Village of Galahad has triggered five key measures, Alberta Municipal Affairs would have contacted the village to discuss its performance and to offer support to the village if it is required.

The detailed explanation of what each key measure of sustainability means to the viability of a municipality and how each key measure is measured will be shown in the relevant sections throughout this report.

Analysis of Village of Galahad's Self-Assessment

The Self-Assessment Questionnaire was developed to assist municipal officials in assessing the municipality's viability. The self-assessment includes measures and indicators of viability, highlights best practices, and may lead the municipal officials to consider some enhancements that the municipality may wish to adopt. The self-assessment is composed of 124 questions organized into eight broad subject areas. The self-assessment questionnaire can be found on the Municipal Affairs website at: http://municipalaffairs.alberta.ca/1330.cfm.

The eight broad areas in which to assess the viability of a municipality are:

Sustainable Governance	Regional Co-operation	Operational and Administrative Capacity	Financial Stability
Infrastructure	Service Delivery	Community Well-being	Risk Management

Sustainable governance addresses topics such as council practices and procedures, compliance with legislation, citizen engagement, and strategic planning.

Regional co-operation addresses the municipality's approach to collaborating with neighbours for the benefit of local and regional residents.

Operational and administrative capacity addresses the capacity of the municipality to operate on a daily basis and support council decisions.

Financial stability addresses the municipality's capacity to generate and manage revenues sufficient to provide necessary infrastructure and services to the public.

Infrastructure addresses the municipality's capacity to effectively and efficiently manage public infrastructure on behalf of residents.

Service delivery addresses the capacity of the municipality to provide essential services that meet residents' expectations and any appropriate standards.

Community well-being addresses local community characteristics that contribute to the vitality of the community and the long-term viability of the municipality.

Risk management addresses the capacity of the municipality to identify and manage key risks on behalf of residents.

The village's responses in each of these eight areas, along with supporting documentation from the Village of Galahad, Flagstaff County and from provincial government departments, were analyzed and are reflected in the following section of the Initial Findings Report.

Analysis of Village Viability

1. Sustainable Governance

Council

The Village of Galahad is governed by a municipal council consisting of three councillors. All council positions are elected at-large by the electors of the village and the mayor is chosen from amongst the councillors at the annual organizational meeting in October. The village council holds regular council meetings on the third Tuesday of each month at the Village of Galahad municipal offices.

The *Municipal Government Act* states that the purpose of a municipality is to provide good government, services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality, and develop and maintain safe and viable communities. To do this, the municipal council's primary roles are to develop and evaluate policies and programs, make sure that the powers, duties and functions are appropriately carried out, and carry out the powers, duties and functions given to it under the *Municipal Government Act* or any other legislation. Essentially, council establishes policy and programs, and they monitor these decisions by receiving complete and accurate reporting from administration on how the decisions are carried out.

At the Village of Galahad, councillors receive an orientation to the Village of Galahad once they are elected or acclaimed to council. This orientation is offered by the village administrator. In addition, village councillors attend a regional council training session which is held with all municipalities within Flagstaff County. Beyond this session, councillors do not receive any additional training.
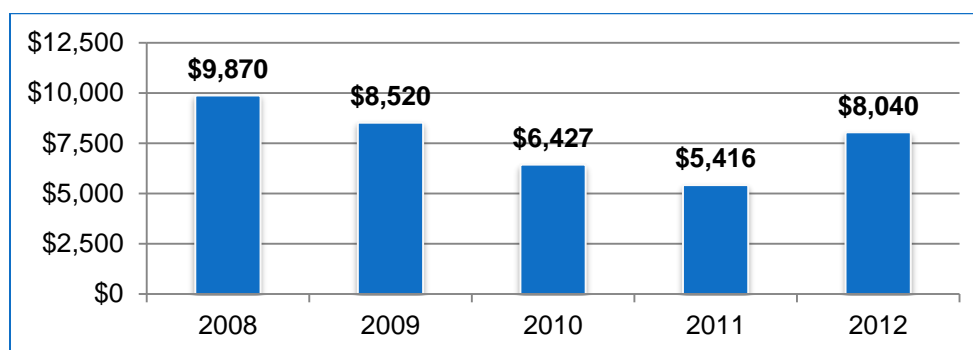
Council Remuneration

Council members are remunerated based on Policy A.2.1 – Remuneration for Council Members. According to Policy A.2.1, council members are remunerated based a half-day or full day per diem rate, plus eligible mileage expenses for travel to meetings. The per diem rates are:

Table 4: Council Remuneration – Per Diem Rates

Councillor Status	Length of Meeting	Rate
Councillor	Half-Day	$70
Councillor	Full-Day (4 hours +)	$100
Mayor	Half-Day	$75
Mayor	Full-Day (4 hours +)	$105

In addition to the per diem, mileage expenses are calculated using the Canada Revenue Agency's rates for automobile deductions. In 2013, the Canada Revenue Agency's rate is $0.54 per kilometre travelled.

Collectively, the total remuneration for village council in 2012 was $8,040. This is consistent with the remuneration from previous years where council remuneration ranged from $5,416 (2011), to $9,870 (2008).

Chart 1: Council Remuneration at Village of Galahad, 2008 to 2012

It is noted that a comparison of council remuneration between municipalities of different sizes cannot be made because the role and workload of councillors will differ between municipalities; however, the Village of Galahad's council remuneration is below the average of municipalities with three councillors on council in the region.

Table 5: Comparison of Council Size and Council Remuneration in the Region, 2012

Municipality	Population	Number of Councillors	Total Council Remuneration
Flagstaff County	3,244	7	$280,884
Town of Daysland	807	7	$44,936
Town of Sedgewick	857	7	$42,175
Town of Killam	981	7	$40,925
Town of Hardisty	639	7	$38,874
Village of Forestburg	831	5	$38,365
Village of Lougheed	233	5	$15,600
Village of Alliance	174	3	$13,990
Village of Strome	228	3	$10,120
Village of Galahad	**119**	**3**	**$8,040**
Village of Heisler	151	3	$5,625

In addition, a comparison of the total council remuneration with other similar-sized municipalities in Alberta shows that the Village of Galahad has the highest total council remuneration among municipalities with similar population.

Table 6: Comparison of Council Size and Council Remuneration with Municipalities with Similar Population in Alberta, 2012

Municipality	Population	Number of Councillors	Total Council Remuneration
Village of Galahad	**119**	**3**	**$8,040**
Village of Halkirk	121	3	$7,900
Village of Minburn	105	3	$6,746
Village of Cereal	134	3	$5,660
Village of Heisler	151	3	$5,625
Village of Czar	167	3	$5,445
Village of Milo	122	3	$5,381
Village of Edberg	168	3	$5,245

Municipal Elections

General municipal elections were held in Alberta every three years prior to 2013 and every four years starting with the October 2013 general municipal elections.

For the October 2013 general municipal elections, five candidates ran for municipal office. Forty-seven voters out of 114 eligible voters participated in the election. In 2007 and 2010, no elections were held as the number of candidates did not exceed the number of council positions and therefore, councils were acclaimed from 2007 to 2013. Based on Municipal Affairs records, the village has not had a by-election since 2007.

Bylaws and Policies

The village maintains a collection of 171 bylaws dating back to 1974. Of these 171 bylaws:

- 74 bylaws are expired as they dealt with annual or other time-specific issues such as mill rates, utility fees, and municipal borrowing;
- 30 bylaws have been repealed as newer bylaws were enacted; and
- The remaining 67 bylaws are assumed to be active or may need to be reviewed.

The responsibility for the enforcement of villages bylaws are currently with the village administrator. Bylaw enforcement is explained in further detail in Section 6 of this report, under Policing and Bylaw Enforcement Services.

In addition to the bylaw collection, the village maintains a policy and procedure manual with 46 policies in the areas of council, public works, bylaw administration, general administration, fire department, land, subdivision & development, and health & safety.

Strategic and Sustainability Planning

The Village of Galahad had developed a municipal sustainability plan which council and administration uses as its strategic plan. The municipal sustainability plan identified goals and actions in each of the five dimensions of sustainability (economic, governance, environmental and infrastructure, social and recreation and culture). The sustainability plan was originally developed in 2008-2009 by Austrom Consulting Ltd. with the input of village residents who attended an open, facilitated community planning session in January 2009.

The Village of Galahad Municipal Sustainability Plan identified strategic priorities and action items for the municipality to implement. The village's implementation of the sustainability plan is included in the relevant sections of this report.

Since the Village of Galahad Municipal Sustainability Plan was originally developed and approved, action items have been completed and the plan has been revisited on an annual basis by village council during its budget planning sessions. As of July 2013, the sustainability plan contains nine strategic priorities and 36 action items that are being implemented.

Communications and Community Engagement

The Village of Galahad does not have a communications bylaw or policy. Village announcements and information about village programs and services are published in the monthly village newsletter and on

the village's website at: www.villageofgalahad.ca. Public notices required by legislation are published in the village newsletter and the Community Press (Flagstaff County) newspaper.

In previous years, the Village of Galahad attempted to conduct community engagement through public consultation meetings. Attendance at these public meetings was low with most meetings attended by fewer than five people.

Based on input provided by residents from the Stakeholder Input Forms, there is dissatisfaction with some residents in how the council communicates with residents. This issue has also been identified by village council as a priority in its sustainability plan and the development of a citizen engagement plan was planned for 2013. The development of this plan has been postponed until the viability review is complete.

2. Regional Co-operation

Intermunicipal and Intergovernmental Relationships

As one of ten urban municipalities within Flagstaff County, the Village of Galahad has numerous intermunicipal relationships with Flagstaff County and the other urban municipalities in the region. The municipalities within Flagstaff County have a long history of working together. In 2003, Flagstaff County and the ten urban municipalities formed the Flagstaff Intermunicipal Partnership Committee with start-up funding from the Battle River Alliance for Economic Development. Member contributions currently fund the operations of the Flagstaff Intermunicipal Partnership. Table 7 shows the municipal members of the Flagstaff Intermunicipal Partnership.

Table 7: Flagstaff Intermunicipal Partnership Members

Flagstaff Intermunicipal Partnership Members		
Flagstaff County	Village of Galahad	Town of Killam
Town of Sedgewick	Town of Daysland	Town of Hardisty
Village of Heisler	Village of Alliance	Village of Lougheed
Village of Forestburg	Village of Strome	

The Partnership's objectives are:

- To collaborate and interact with their neighbours to achieve long term sustainability as a regional community; and
- Plan and promote cost sharing ventures to maximize potential benefits to the region.

Since the formation of the Partnership, regional projects were undertaken in areas such as employee safety policy development, emergency services, bylaw enforcement, and business and community development. Funding for these projects came from a combination of grants from the Government of Alberta, and contributions from the member municipalities. Since 2003, the Partnership has been able to secure over $1.5 million for regional projects.

In addition to the Flagstaff Intermunicipal Partnership, the Village of Galahad has maintained a strong relationship with Flagstaff County. The village-county relationship has resulted in several intermunicipal agreements between the two municipalities.

- In 1998, the Village of Galahad and Flagstaff County developed a Management Services Agreement where the village contracted with Flagstaff County to provide municipal administration

services to the village. The Management Services Agreement is still in effect and was most recently renewed in January 2012.

- In 1992, the Village of Galahad and Flagstaff County developed a Fire Services Agreement that would see the village's volunteer fire department respond to fires and emergencies in the county in exchange for sharing the operating and capital costs of the Galahad Fire Department. The Fire Services Agreement is still in effect and was most recently renewed in October 2012.

- In January 2013, the Village of Galahad contracted with Flagstaff County for a village foreman to operate its water and wastewater systems, as well as maintain village buildings, equipment and facilities.

Beyond the village-county relationship, the Village of Galahad also cooperates with other municipalities through participation in the organizations listed in Table 8.

Table 8: Village of Galahad's Participation in Intermunicipal Organizations

Village of Galahad's Participation in Intermunicipal Organizations
Alberta Urban Municipalities Association The Alberta Urban Municipalities Association is an association which represents and advocates the interests of all members to both the provincial and federal governments as well as other provincial and federal organizations.
Battle River Alliance for Economic Development The Battle River Alliance for Economic Development is a group of thirty communities and two affiliate members in east-central Alberta that work cooperatively and voluntarily to address community economic development issues from a regional perspective.
Emergency Services Committee The Emergency Services Committee is a committee that manages emergency services in the municipalities within Flagstaff County.
Flagstaff Family and Community Services Flagstaff Family and Community Services (FFCS) is a regional program that partners with many other human services agencies in Flagstaff to identify current needs and to come up with projects/programs to serve those needs.
Flagstaff Intermunicipal Partnership The Flagstaff Intermunicipal Partnership serves to facilitate collaboration and interaction between municipalities within Flagstaff County to achieve long term sustainability as a regional community.
Flagstaff Regional Assessment Review Board The Flagstaff Regional Assessment Review Board provides all municipalities within Flagstaff County with a common assessment review board to hear assessment complaints.
Flagstaff Regional Housing Group (Flagstaff Foundation) Flagstaff Regional Housing Group operates two seniors lodges within Flagstaff County - the Flagstaff Lodge in Sedgewick and Big Knife Villa in Forestburg.
Flagstaff Regional Solid Waste Management Association The Flagstaff Regional Solid Waste Management Association manages the regional landfill and twelve waste transfer stations in Flagstaff County as well as provides residential waste pickup and composting services.
Parkland Regional Library Parkland Regional Library is a cooperative network of 50 public and 36 school libraries serving over 200,000 residents of central Alberta by sharing materials, resources and expertise.

3. Operational and Administrative Capacity

Human Resources and Contracted Services

Prior to 1998, the Village of Galahad had recruited its own chief administrative officer and municipal staff members. Due to challenges in the recruitment of qualified staff municipal administrators, the village came to an agreement with Flagstaff County in 1998 to have Flagstaff County provide management services for the village based on the needs of the village. The contract with Flagstaff County for management services was last renewed in January 2012 for a three-year term. Through this contract, Flagstaff County assists the Village of Galahad in the following areas:

- Base level administration;
- Operations (Supervision of village's public works staff);
- Council administration support;
- Financial management services;
- Staff supervision/management;
- Supervise basic department operations;
- Planning and development; and
- Assessment.

Based on the terms of the agreement, the cost to the Village of Galahad for the contracted management services are $78,308 in 2012 and $78,308 + consumer price index increases in 2013 and 2014. In addition, Flagstaff County provides an annual subsidy of $10,000 for the management of the village beyond what is charged to the village.

In January 2013, the Village of Galahad began to also contract a village foreman from Flagstaff County. This position was required due to the difficulties encountered by the village in attracting and retaining a certified water operator. Through this contract, Flagstaff County assists the Village of Galahad in the following areas:

- Assist the Village in meeting its licensing requirements under the *Environmental Protection and Enhancement Act* (operate and maintain the village's water and wastewater systems);
- Operate and ensure maintenance of village-owned equipment for the purposes of road, street, sidewalk, fire hydrants and parks upkeep;
- Ensure maintenance of village-owned buildings and property;
- Assist with planning and budgeting;
- Assist with the creation and preparation and supervision of certain contracts and agreements for any construction or maintenance work; and
- Comply with Village of Galahad and Flagstaff County safety programs.

Based on the terms of the agreement, the cost to the Village of Galahad for the contracted village foreman is $44,000 in 2013 and $44,000 + consumer price index increase in 2014.

The Village of Galahad's Municipal Sustainability Plan identified the need for both a bylaw enforcement officer. The bylaw officer will be responsible for the enforcement of the Animal Control Bylaw and Unsightly Premises Bylaws and the peace officer will be responsible for the enforcement of traffic laws in the village.

The Village of Galahad also contracts with the Paintearth Gas Co-op to maintain and operate the village's natural gas distribution system. The village pays the co-op a small monthly standby maintenance and emergency response charge. All services provided by the co-op are charged by the hour, plus mileage and equipment charges.

Administrative Functions, Processes and Procedures

The Village of Galahad's municipal office is open on Tuesdays from 9:00 a.m. to 4:00 p.m. in accordance with the management services agreement between the Village of Galahad and Flagstaff County. Outside of these office hours, the village is managed by the village administrator from the Flagstaff County office in Sedgewick where village services are available and provided five days per week.

In recent years, the Village of Galahad has encountered difficulties with finding contractors to complete its capital projects. Two factors contribute to this issue. First, procurement and interprovincial trade rules for municipalities require comprehensive tendering processes involving substantial administration work. Second, the size of capital projects completed by the village is considered too small for construction companies to bid on. Together, these factors results in significant amount of administrative resources being used and projects that may not be completed.

4. Financial Stability

The provincial legislation that governs municipalities, the *Municipal Government Act (MGA)*, requires that all municipalities in Alberta complete and submit annual audited financial statements to Municipal Affairs by May 1 of each year. The financial statements must be prepared in accordance with generally accepted accounting principles for municipal governments in Canada.

Financial statements provide information on a municipality's financial position in terms of its assets and liabilities, its net debt, its accumulated surplus or deficit, and its tangible capital assets and other non-financial assets. Financial statements also provide a meaningful summary of the sources, allocation and consumption of municipal economic resources, how the activities of the period have affected the municipality's net debt, how municipal activities were financed, and how cash requirements were met.

Financial statements are intended to report on financial condition as at December 31st each year, to ensure accountability and transparency, and to assist municipalities with long-term and strategic planning. Financial statements are an important tool for a municipal council and administration to use to report to the taxpayers on the municipal services provided with the resources at their disposal.

In the Municipal Sustainability Strategy, municipalities that receive a "qualified audit opinion", "denial of opinion" or an "adverse opinion" with respect to their most recent annual financial statements are flagged for review by Municipal Affairs.

Key Measure	
Has your municipality received a "qualified audit opinion", "denial of opinion" or an "adverse opinion" with respect to your most recent annual financial statements? →	No. The Village of Galahad did not receive a "qualified audit opinion", "denial of opinion" or an "adverse opinion" with respect to its 2012 financial statements.
Reference: Village of Galahad, 2012 Financial Statements	

Financial Position

The information below was compiled using the village's audited financial statements from 2008 to 2012. The *Statement of Financial Position* reports on the assets the municipality owns or controls; liabilities owed by the municipality, and what remains after the assets have been used to meet the liabilities, or the accumulated surplus (or accumulated deficit).

The financial position of the village can be assessed using two amounts reported on the annual financial statements, Net Financial Assets (or Net Debt) and Accumulated Surplus.

The Net Financial Assets (or Net Debt) shown in Table 9 is equal to the total financial assets less the total liabilities. A positive amount indicates that the municipality has financial assets available in excess of its current liabilities.

Table 9: Net Financial Assets for Village of Galahad, 2008 to 2012

	2008	2009	2010	2011	2012
Net Financial Assets (Net Debt)	$369,191	$350,536	$300,541	$289,249	$295,009
Increase/Decrease from previous year	--	(-5.05%)	(-14.26%)	(-3.75%)	1.99%
Note: The increase/decrease from 2007 to 2008 cannot be calculated due to a change in accounting for municipalities.					

The Accumulated Surplus as illustrated in Table 10 provides another perspective on the village's financial position by considering both financial and non-financial (physical) assets owned by the municipality.

The accumulated surplus has three components including unrestricted surplus, restricted surplus, and equity in tangible capital assets. If the total accumulated surplus, less equity in tangible capital assets (TCA) is positive, the municipality has assets on hand that will be used to provide future municipal services.

Table 10: Accumulated Surplus for Village of Galahad, 2008 to 2012

	2008	2009	2010	2011	2012
Accumulated Surplus	$1,946,684	$1,970,312	$2,083,989	$2,055,432	$2,251,583
Unrestricted[1]	$99,725	$81,070	$31,075	$17,223	$17,223
Restricted[2]	$269,466	$269,466	$269,466	$272,026	$277,786
Equity in TCAs[3]	$1,577,493	$1,619,776	$1,783,448	$1,766,183	$1,956,574
Accumulated Surplus, net of Equity in TCAs	**$369,191**	**$350,536**	**$300,541**	**$289,249**	**$295,009**
Notes:					
1. Unrestricted surplus is the unallocated amount of excess revenue available for a future purpose.					
2. Restricted surplus is the amount that results from excess revenues which have been internally designated for a specified future purpose, or externally restricted.					
3. Equity in Tangible Capital Assets is the net book value of tangible capital assets.					

The Village of Galahad's restricted surplus, which are also known as reserves, are comprised of four operating reserves and two capital reserves. Table 11 outlines the different restricted surplus accounts.

**Table 11: Restricted Surplus (Reserves) for Village of Galahad, 2012**

Operating Reserves	2012 Balance
Infrastructure	$13,400
Recreation and Parks	$8,917
Future Expenditures	$191,510
Gas Production and Distribution	$21,560
Total Operating Reserves	**$235,387**

Capital Reserves	2012 Balance
Fire Department	$39,584
Building Reserve	$2,815
Total Capital Reserves	**$42,399**

Key Measure

Does your municipality have less than a 1:1 ratio of current assets to current liabilities?

→ **Yes. The ratio of current assets to current liabilities is 0.83:1.**
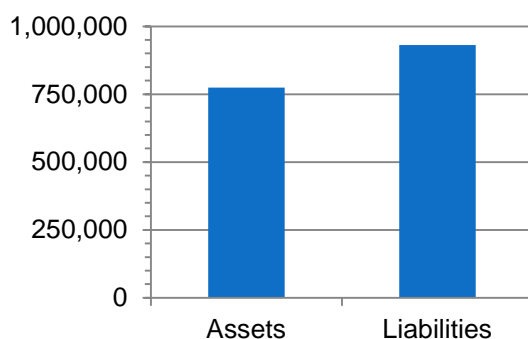
Data:

Current Assets	$774,250
Current Liabilities	$931,217
Ratio	0.83:1

Notes:

Current assets exclude long-term investments owned by the village in the amount of $449,141.

The village's current liabilities of $931,217 include $796,352 in deferred revenues. Deferred revenue is income received by the village from the provincial government and Flagstaff County that have not been used yet by the village.

Reference: Village of Galahad, 2012 Financial Information Return

Municipal Revenues

The Village of Galahad, like other municipalities in Alberta, has several different sources to generate revenue to fund municipal services. The primary sources are through property taxes that are calculated based on the assessed value of the property. Other revenue sources include: grants from the federal or provincial government, user fees on municipal services, development fees from the sale of development permits and franchise fees, which are collected by utility providers based a percentage of the utility bill and forwarded to the municipality.

Property taxes are explained in more detail in the Assessment and Taxation section later in this report.

In 2012, the Village of Galahad collected $366,265 in revenue. Table 12 provides the trend in municipal revenues for the Village of Galahad from 2008 to 2012.

Table 12: Municipal Operating Revenues for the Village of Galahad from 2008 to 2012

	Property Taxes	Sales and User Fees	Government Transfers	Other
2008	$74,569	$221,171	$68,964	$49,658
2009	$74,909	$165,100	$73,119	$26,363
2010	$74,118	$177,210	$67,421	$42,172
2011	$101,511	$188,244	$71,742	$37,964
2012	$97,899	$167,961	$62,353	$38,052

The Village of Galahad has a franchise agreement with ATCO Electric whereby an additional 3 per cent is levied through Rider 'A' on the bills of all ATCO Electric customers in the village. In 2012, the franchise fee generated approximately $4,000 for the village.

Grants

A substantial portion of village revenues comes from government transfers which may come from federal, provincial and other municipal governments. Government transfers typically come in the form of grants which are allocated based on each grant program's policies and guidelines.

Since Municipal Affairs introduced the Municipal Sustainability Initiative (MSI) funding program for Alberta municipalities in 2007, the Village of Galahad has been allocated approximately $751,983 in total grant funding through the capital and operating components of the MSI. MSI grant allocations are based in part on the population of a municipality as well as education tax requisitions and kilometres of local roads. Municipalities with populations under 10,000 and limited local assessment bases, such as the Village of Galahad, also receive Sustainable Investment funding as part of their MSI operating allocations. MSI funding is subject to annual fluctuations resulting from changes in the formula factors in relation to the provincial average

In 2013, the Government of Alberta announced that the focus over the next years will shift away from operational support towards municipal collaboration. MSI operating funding will be realigned to the Alberta Community Partnership program, formerly the Regional Collaboration Program, to encourage municipalities to work together on regional objectives. MSI operating funding has decreased from $50 million in 2013, to $30 million in 2014, will be $15 million in 2015, and eventually discontinued in 2016. This gradual realignment takes place over three years to allow municipalities time to adjust their plans and budgets. The village will no longer receive a MSI operating grant in 2016 and may need to find an alternate source of revenue to continue with the same activities.

As a result of this gradual reduction in operating grants, the Village of Galahad has indicated that there will be some impact to its finances as the MSI operating grant currently accounts for approximately 10 per cent of total municipal revenues.

Table 13 provides a listing of the MSI grant funding awarded to the Village of Galahad from 2011 to 2013.

Table 13: Municipal Affairs Grant Funding Allocated to the Village of Galahad, 2011 to 2013

Year*	Municipal Sustainability Initiative Operating	Municipal Sustainability Initiative Capital	Total Municipal Sustainability Initiative Allocation
2011/12	$40,552	$117,987	$158,539
2012/13	$38,578	$118,140	$156,718
2013/14	$39,658	$116,192	$155,850
Total 2011-13	$118,788	$352,319	$471,107
Note: MSI grants are allocated based on the financial year of the Government of Alberta (April 1 to March 31), however, the program is delivered on a calendar year basis (January 1 to December 31).			

From 2011 to 2013, the Village of Galahad used its MSI operating grant to contract administrative services from Flagstaff County. For the MSI capital grant, the Village of Galahad had used some of its allocation in 2011 to replace the electrical panel and structure housing the water wells, inspect water and wastewater lines and prepare an underground infrastructure capital plan.

In addition to the MSI grants, the Village of Galahad also received grants from Alberta Transportation for various infrastructure projects. A breakdown of the grants for infrastructure projects is found in Table 14.

Table 14: Alberta Transportation Grant Funding Allocated to the Village of Galahad for Infrastructure Projects, 2011 to 2013

Year*	Basic Municipal Transportation Grant	Federal Gas Tax Fund	Alberta Municipal Water/ Wastewater Program	Total Grant Funding from Alberta Transportation
2011/12	$12,466	$50,000	$0	$62,466
2012/13	$12,466	$50,000	$133,398	$195,864
2013/14	$11,966	$50,000	$0	$61,966
Note: Alberta Transportation's grants are allocated based on the financial year of the Government of Alberta (April 1 to March 31).				

In addition to the grants received from the federal and provincial programs, the Village of Galahad also received grants from Flagstaff County in 2011 in the amount of $2,656 for the Galahad cemetery.

Key Measure

Do provincial and federal grants account for 50% or more of your municipality's total revenue?	→	**No. Provincial and federal grants accounted for less than 50% of the village's total revenue.**

49.80%

50.20%

■ Non-Grants
■ Grants

Reference: Village of Galahad 2012 Financial Statements
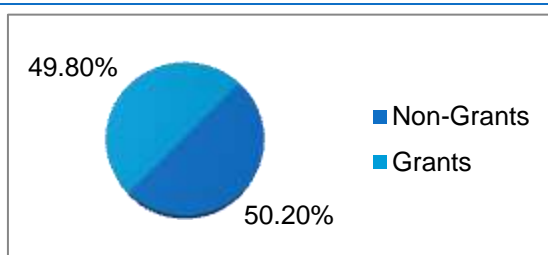
Data:

Federal transfers	--
Provincial transfers	$323,044
Total revenue	$649,052

Notes:
Transfers from provincial and federal governments usually come in the form of grants to the municipality. Total revenue includes government transfers for capital.

Municipal Expenses

As stated earlier in the introduction section, the purpose of a municipality is to provide good government, services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality, and develop and maintain safe and viable communities. In carrying out this mandate, municipal councils decide the municipality's priorities for the next one to three years by setting aside money for each program or service. The budget is the single most important policy decision council makes each year. The budget of a municipality reflects its policies. Table 15 provides details on how the village spends each year.

Table 15: Municipal Expenses for the Village of Galahad from 2008 to 2012

Function	2008	2009	2010	2011	2012
Legislative	$13,276	$16,151	$12,588	$10,757	$10,914
Administration	$127,249	$141,334	$158,255	$149,300	$120,665
Protective Services	$25,433	$25,583	$24,232	$21,493	$23,612
Transportation Services	$132,124	$36,389	$37,250	$41,691	$67,549
Water and Wastewater	$22,556	$39,319	$70,030	$69,172	$86,668
Waste Management	$11,748	$12,550	$12,911	$13,285	$17,161
Recreation and Culture	$21,188	$47,280	$51,086	$44,060	$45,964
Gas Production/Distribution	$138,113	$94,954	$103,898	$105,424	$78,513
Other	$69,346	$16,942	$1,859	$2,075	$1,855
Total	**$561,033**	**$430,502**	**$472,109**	**$457,257**	**$452,901**

Municipal Budget

A municipal budget is the municipal government's plan to fund all municipal programs and services for any given year. The budget is a financial plan that details the levels of spending required to provide municipal programs and services to the community and to maintain infrastructure desired by residents, businesses and ratepayers.

The Village of Galahad begins the budget cycle with a budget meeting for council which occurs around November each year. At the budget meeting, budget priorities are discussed and a draft budget is developed that would be presented at a village council meeting.

One method to measure whether a municipality is budgeting properly is to measure its budget variances over several financial periods. A budget variance is the difference between the original amount that is budgeted, and the actual amount received or spent. For example, if a budget variance is 10 percent over budget, it means that 10 percent more was spent than what was budgeted for. Table 16 shows the budget variances for the village in the 2010, 2011 and 2012 financial years.

Table 16: Village of Galahad Operating Budget Variances, 2010 to 2012

Description	2010	2011	2012
Legislative	3.86%	-13.39%	-12.69%
Administration	9.79%	0.01%	2.61%
Protective Services	41.11%	24.27%	37.74%
Transportation Services	84.09%	15.01%	4.79%
Water and Wastewater	-78.15%	17.19%	25.34%
Waste Management	-2.41%	1.89%	-9.61%
Recreation and Culture	-10.78%	-13.84%	-16.65%
Gas Production/Distribution	10.38%	2.03%	-25.49%
Other	0.22%	18.23%	-4.87%
TOTAL	**-30.63%**	**3.09%**	**-2.03%**

Note: If a variance is positive, it means that more funds were spent than budgeted in that area. If a variance is negative, it means that less funds were spent than budgeted.

Key Measure

Has your municipality incurred an annual deficit for the past two consecutive years, or five out of the past 10 years?	→	**Yes, the Village of Galahad has incurred an annual deficit for the past two consecutive years and in seven out of the past ten years.**

Data:

Year	Deficit	Year	Deficit
2003	Yes	2008	No
2004	No	2009	Yes
2005	Yes	2010	Yes
2006	No	2011	Yes
2007	Yes	2012	Yes

Note:
Prior to the change in accounting in 2009, annual deficits were calculated by the excess or deficiency of revenues over expenditures on the municipality's schedule of operating fund activities.

Starting in 2009, the annual deficit is calculated based on the change in accumulated surplus between the beginning and end of the year, excluding government transfers for capital.

Reference: Village of Galahad, 2010-2012 Financial Statements

Municipal Borrowing and Debt

Municipalities are permitted to borrow funds and incur debt for municipal projects. Municipal borrowing activities, including the total amount of borrowing allowed, and the amount of annual debt servicing costs as a percentage of municipal revenues, are legislated in the *Municipal Government Act*, and the Debt Limit Regulation.

The debt limit is the maximum amount of money that can be borrowed by the municipality for municipal projects as defined in the Debt Limit Regulation. The Debt Service Limit is the maximum amount of money that can be spent in a financial year by a municipality to repay the principal and interest of debt the municipality holds. Borrowing in excess of the limits requires approval from the Minister of Municipal Affairs.

Based on the 2012 revenues of the village, the village is eligible to borrow up to $549,398 with debt servicing not to exceed $91,568 per year. As of December 2012, the village does not have any outstanding debt.

Key Measure		
Has your municipality reached 80% of its debt or debt service limit?	→	**No, the village has not reached 80% of its debt or debt service limit.**

Data:

Current Debt Service	$0	Current Debt	$0
Debt Service Limit	$91,568	Debt Limit	$549,398
80% of Debt Service Limit	$73,254	80% of Debt Limit	$439,518

Reference: Village of Galahad, 2012 Financial Statements

Assessment and Taxation

Property taxes are a primary source of revenue for municipalities. Property assessment is the process of assigning a value to a property for taxation purposes. In Alberta, property is taxed "according to value." This means that the amount of tax paid is based on the value of the property.

The terms "assessment" and "taxation" are often considered to be interchangeable. However, assessment and taxation are very different. "Assessment" is the process of estimating a dollar value on a property for taxation purposes. This value is used to calculate the amount of taxes that will be charged to the owner of the property. "Taxation" is the process of applying a tax rate to a property's assessed value to determine the taxes payable by the owner of that property.
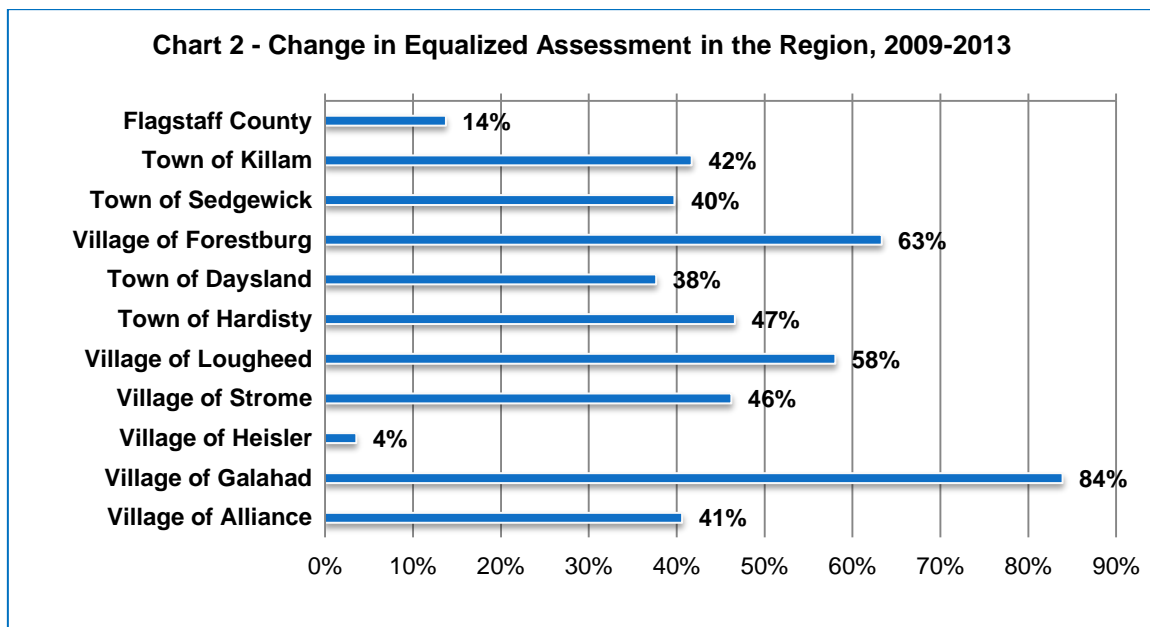
Table 17: Equalized Assessment for Village of Galahad, 2009-2013

Year	Residential	Non-Regulated Non-Residential[1]	Linear[2]	Total Assessment
2010	$1,907,380	$659,630	$232,360	$2,799,370
2011	$3,864,408	$609,455	$233,150	$4,707,013
2012	$4,282,635	$715,700	$234,010	$5,232,345
2013	$4,306,586	$422,862*	$240,290	$4,969,738
2014	$4,374,361	$425,385	$239,080	$5,038,826
Notes: 1. Non-Residential assessment refers to all non-residential properties, including farmland, machinery and equipment, and railway property, but excluding linear (e.g. pipelines) property. 2. Linear assessment refers to the assessment of oil and gas wells, pipelines to transport petroleum products, electric power systems (generation, transmission, and distribution facilities), telecommunication systems (including cellular telephone systems), and cable television systems. * The major decrease in non-regulated non-residential assessment occurred in 2012 when the local fertilizer plant was decommissioned.				

Property assessment services in the Village of Galahad are a component of the village's management services contract with Flagstaff County. Through this arrangement, property assessments are prepared by Accurate Assessment Group of Sherwood Park each year.

In Table 17, the equalized assessment for the Village of Galahad is shown. Equalized assessment is a means of comparing property wealth among municipalities. The assessed values of all properties in Alberta are brought to a common level, which is used for cost-sharing programs such as education funding. The value is calculated by Alberta Municipal Affairs and may differ from the assessment found in the municipal tax bylaw.

For 2013, the equalized property assessment of all taxable properties in Galahad is $4,969,738. In 2009, the equalized assessment was $2,702,561. Chart 2 shows the change in the amount of equalized assessment for municipalities in the region between 2009 and 2013. During this time period, the equalized assessment of all properties in the Village of Galahad increased by 84 per cent. Over the same time period, the change in equalized assessment of all properties in municipalities in the region varied from four percent in Heisler to 84 percent in Galahad. The reason for the 84 per cent increase was due to a general increase in the market value of properties in the village.

Chart 2 - Change in Equalized Assessment in the Region, 2009-2013

| Municipality	Change
Flagstaff County	14%
Town of Killam	42%
Town of Sedgewick	40%
Village of Forestburg	63%
Town of Daysland	38%
Town of Hardisty	47%
Village of Lougheed	58%
Village of Strome	46%
Village of Heisler	4%
Village of Galahad	84%
Village of Alliance	41%

The 2013 equalized assessment base in Galahad is comprised of 87 percent residential assessment and 13 percent non-residential assessment. The ratio for all villages in Alberta is 83 percent residential and 17 percent non-residential. This means that the ratio of residential to non-residential assessment in Galahad is greater than the average ratio for villages in Alberta.

Key Measure

Has your municipality's non-residential assessment base declined substantially as a proportion of the municipality's overall assessment base, over the past 10 years? →	**Yes. The proportion of non-residential assessment to overall assessment has declined from 47.15% in 2004 to 13.34% in 2013.**
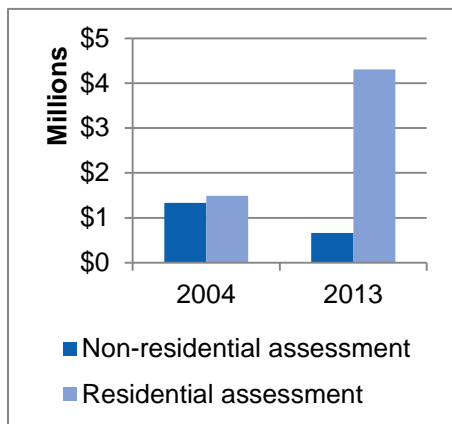
Data:

2004		
	Non-residential assessment	$1,332,580
	Overall assessment	$2,826,223
	Proportion of non-residential to overall assessment	47.15%

2013		
	Non-residential assessment	$663,152
	Overall assessment	$4,969,738
	Proportion of non-residential to overall assessment	13.34%

Note:
Non-residential assessment includes linear property assessment.

Chart data (Millions): 2004 and 2013 bars showing Non-residential assessment and Residential assessment.

Reference: Alberta Municipal Affairs, Equalized Assessment Reports, 2004 and 2013.

Municipal property taxes are calculated by multiplying the assessed value of a property by the municipal tax rate. The municipal property tax rate is expressed in mills (dollars in tax paid per thousand dollars of assessed property value). Chart 3 shows how tax rates affect property taxes.

Chart 3: How Tax Rates Affect Property Taxes

Property taxes are calculated using two key pieces of information:

The **Assessed Value of Your Property** and the **Mill Rate (Tax Rate)**

The formula to calculate property taxes is:

Assessed Value of Your Property X **Mill Rate (Tax Rate)** ÷ 1000 = Property Tax

For example:

$100,000 X **10.000** ÷ 1000 = $1,000

The Village of Galahad also requisitions property tax for education purposes (Alberta School Foundation Fund), as well as requisitions for the Flagstaff Foundation and these amounts are not shown in the examination of tax rates. Levies for the fire department, recreation, and Flagstaff Regional Solid Waste Management Association are included in the municipal budget each year. The tax rates for the Village of Galahad from 2009 to 2013 are shown in Table 18.

Table 18: Municipal Tax Rates for Village of Galahad, 2009-2013

Year	Residential	Non-Regulated Non-Residential[1]	Linear[2]
2009	22.486	22.486	22.486
2010	10.475	27.187	27.187
2011	12.202	31.239	31.239
2012	12.674	34.574	34.574
2013	12.303	34.514	34.514
Notes:			
* - Municipal tax rates include all additions for municipal services such as fire services, recreation, and waste management, but does not include the requisitions for the Alberta School Foundation Fund or the Flagstaff Regional Housing. 1. Non-Regulated Non-Residential assessment refers to all non-residential properties, excluding farmland, linear property, machinery and equipment, and railway property. 2. Linear assessment refers to the assessment of oil and gas wells, pipelines to transport petroleum products, electric power systems (generation, transmission, and distribution facilities), telecommunication systems (including cellular telephone systems), and cable television systems.			

In Table 19 and Table 20, the 2013 municipal tax rates for residential and non-regulated non-residential properties for the Village of Galahad will be compared with municipalities in the region and with similar-sized municipalities across Alberta.

Table 19: Comparison of 2013 Tax Rates for Village of Galahad and Municipalities in the Region

Municipality	Population	Municipal Tax Rate for Residential Properties	Municipal Tax Rate for Non-Regulated Non-Residential Properties	Total General Municipal Taxes Levied[1]
Village of Alliance	174	16.310	16.310	$139,840
Village of Heisler	151	13.868	33.643	$48,361
Village of Strome	228	12.750	18.965	$206,067
Village of Lougheed	233	12.740	31.207	$325,557
Village of Galahad	**119**	**12.303**	**34.514**	**$90,553**
Town of Killam	981	9.943	16.180	$1,003,684
Village of Forestburg	831	9.298	23.835	$716,554
Town of Hardisty	639	9.285	14.021	$845,675
Town of Daysland	807	9.107	17.870	$646,660
Town of Sedgewick	857	7.780	9.648	$715,344
Flagstaff County	3,244	5.035	15.463	$17,556,582
Notes:				
* - Municipal tax rates include all additions for municipal services such as fire services, recreation, and waste management, but does not include the requisitions for the Alberta School Foundation Fund or the Flagstaff Regional Housing. * - This is a simple comparison of the municipal tax rate and does not take into consideration differences in assessment classes (such as vacant land), local improvement levies, special taxes, etc. 1. The total general municipal taxes levied is the amount that of money required by the municipality to provide services that is not covered any other sources.				

Based on the comparison from Table 19, the Village of Galahad's tax rates are above the average of 11.33 mills in the region. The residential tax rate is 12.303 mills, which is fifth highest in the region The non-residential tax rate is 34.514 mills, which is the highest non-residential tax rate in the region.
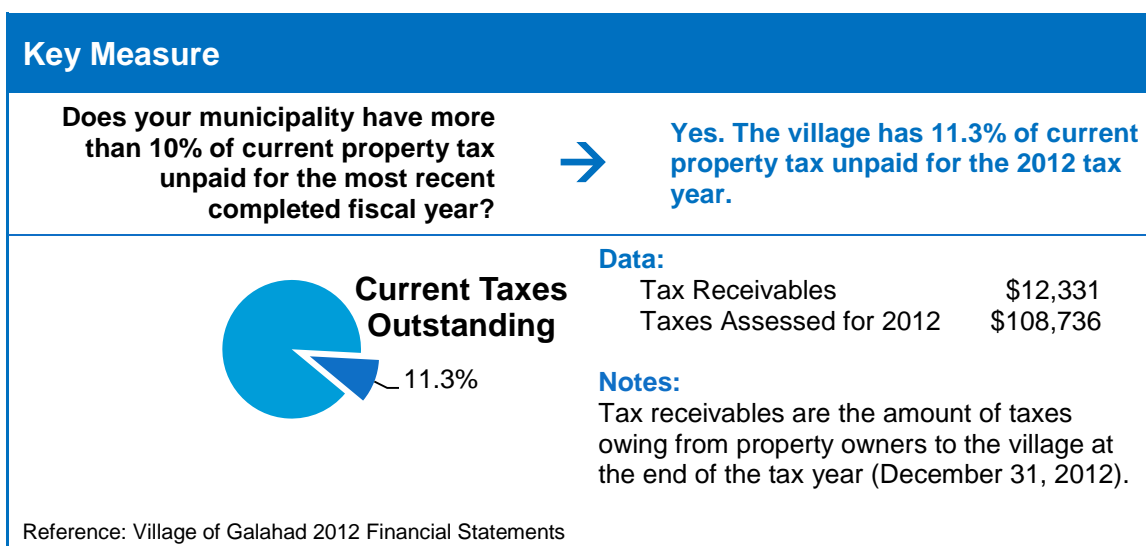
Table 20 shows the village residential tax rate for similar-sized municipalities. For residential tax rates, the Village of Galahad is fourth highest out of eight similar-sized municipalities compared and the village has the highest non-residential tax rate out of the eight similar-sized municipalities compared.

Table 20: Comparison of 2013 Tax Rates for Village of Galahad and Similar-Sized Municipalities

Municipality	Population	Municipal Tax Rate for Residential Properties	Municipal Tax Rate for Non-Regulated Non-Residential Properties	Total General Municipal Taxes Levied[1]
Village of Cereal	134	29.590	29.590	$119,004
Village of Minburn	105	19.496	19.496	$56,500
Village of Heisler	151	13.868	33.643	$48,361
Village of Galahad	**119**	**12.303**	**34.514**	**$90,553**
Village of Milo	122	12.228	21.487	$152,971
Village of Halkirk	121	10.360	11.160	$103,800
Village of Czar	167	9.400	9.400	$107,550
Village of Edberg	168	8.610	15.750	$75,395

Notes:
* - Municipal tax rates include all additions for municipal services such as fire services, recreation, and waste management, but does not include the requisitions for the Alberta School Foundation Fund or the Flagstaff Regional Housing.
* - This is a simple comparison of the municipal tax rate and does not take into consideration differences in assessment classes (such as vacant land), local improvement levies, special taxes, etc.
1. The total general municipal taxes levied is the amount that of money required by the municipality to provide services that is not covered any other sources.

The Village of Galahad has a minimum tax which specifies that the minimum amount payable as property tax is $650 for occupied residential properties and non-residential properties. The minimum tax for all vacant residential properties is $300.

Key Measure

Does your municipality have more than 10% of current property tax unpaid for the most recent completed fiscal year?	→	**Yes. The village has 11.3% of current property tax unpaid for the 2012 tax year.**

Current Taxes Outstanding

11.3%

Data:
Tax Receivables $12,331
Taxes Assessed for 2012 $108,736

Notes:
Tax receivables are the amount of taxes owing from property owners to the village at the end of the tax year (December 31, 2012).

Reference: Village of Galahad 2012 Financial Statements

As of December 31, 2012, the Village of Galahad had $12,331 in current tax receivables and $6,280 in tax arrears from village property owners. The village charges penalties on late payments. The tax penalties are 10 percent on the current year arrears two months after the tax levy date, and an additional 15 percent on the total outstanding balance on January 1 of the year after the tax levy. The village

currently follows the tax recovery process outlined in Part 10 of the *Municipal Government Act* and since 2007, the village has recovered taxes owed through three tax sales.

User Fees

User fees are the costs a consumer pays for a service or program. For some services, such as utility services, municipalities are encouraged to fully fund the service through user fees. This is referred to as full cost recovery. For other services and programs, such as a recreation facility, the user fees the municipality would be required to charge to break even would be so high that residents would not use the service, so municipalities chooses to subsidize the fees with other revenues including property taxes. User fees for utility services are detailed in the Services Delivery section of this report.

The village reviews utility rates annually as part of the budget process. The village has not adopted a full cost recovery policy regarding utility rates.

5. Infrastructure

Municipal facilities

The Village of Galahad owns a number of buildings and facilities within the village. A complete list of municipal facilities can be found in Table 21. Facilities related to infrastructure systems such as pump houses and lift stations are listed in the relevant sections in the following pages.

Table 21: Municipal facilities owned by Village of Galahad and facility condition, 2012

Municipal Facility	Condition
Village office building (former Galahad Consolidated School)	Building condition is assessed as poor/fair. The roof was replaced in 2011.
Fire Hall	Building condition is assessed as good.
Agriplex (leased to Galahad Ag Society)	Building condition is assessed as very good.
Skating rink change house	Building condition is assessed as good.
Gazebo (built by Lions on village property)	Building condition is assessed as excellent.

The municipal office is located in the former Galahad Consolidated School building, which was acquired by the village in 1997. This building is assessed to be in poor/fair condition.

Water Treatment and Distribution Systems

The village's water treatment and distribution system is comprised of two water wells, a water treatment plant, a reservoir, a water distribution pump house, and a network of water distribution lines and hydrants.

The Village of Galahad has its own water license from 1979 that permitted the village to draw 5.2 million gallons (23,640 cubic metres) from an aquifer each year. This water license has been renewed several times and is still active. Water is drawn from two water wells owned by the village.

The water treatment plant and water distribution pump house were upgraded in 2008. However, an engineering assessment in 2011 recommended four upgrades for the water treatment plant. These upgrades include:

- Replace and program the water treatment plant's control system;
- Replace reservoir level controller;

- Modify fire pump valves; and
- Install scales for the chemical feed tanks.

The estimated cost for this project was $182,000 in 2011. In the 2012 capital budget, the village had allocated $12,000 towards the replacement of two pumps in the water system as part of the last phase of the water treatment plant upgrades.

In addition to the water treatment plant and pump house, the water distribution system has approximately 1.9 kilometres of water distribution lines, 75 main stop valves, 75 curb stop valves, six fire hydrants and a reservoir within the village's water system. One of the challenges that exist for the current system is the inability of village staff to isolate sections of the water distribution system. If maintenance or repairs are required, the entire village water distribution system has to be shut down.

Approximately 80 per cent of water customers in the village are metered. The properties that are not metered are the care centre and village properties.

At present, the village is a partner in a regional project within Flagstaff County that would see the installation of a supervisory control and data acquisition (SCADA) system in each partner's municipal water system so that the system may be remotely operated and monitored in the future. The village has allocated $47,960 in the 2013 capital budget for this project.

Wastewater Collection and Treatment Systems

The village's wastewater collection and treatment system is comprised of a sewage lift station, 1.8 kilometres of wastewater pipes, and a sewage lagoon located east of the village. Wastewater is collected from properties and pumped to the sewage lagoon where the sewage is left to settle. The wastewater is evaporated while the sewage effluent is broken down by bacteria and other naturally-occurring organisms in the lagoon. The lagoon is also partially released each year to accommodate the village's wastewater output. In 2012, approximately 20,000m^3 of water was released from the lagoon into an adjacent farmland.

An engineer assessment of the wastewater system in 2011 resulted in the a recommendation for the village to construct new sewage lift station in five to ten years when the existing lift station is anticipated to fail. The estimated cost for this project was $905,000 in 2011.

The condition of the wastewater collection lines and the sewage lagoon are not known at this time. The village's 2013 capital budget allocated $50,000 for Phase I of the sanitary sewers project. An inspection of the wastewater collection lines was completed but further work is expected to continue and be completed in 2014.

Roads Network and Streetscape

The road network in the village is comprised of three kilometres of paved and gravel roads. Sir Galahad Street is paved with asphalt concrete pavement (ACP) while other paved road segments are paved using asphalt stabilized base course materials (ASBC). Based on an evaluation of the roads network in 2011 by DGE Civil Engineering Consultants, the roads are in good condition with the exception of Guinevere Avenue West, Guinevere Avenue East, and the sections of Merlin Street and King Arthur Street between Guinevere Avenue and Lady Vivian Avenue where the road surface is in poor condition. The engineers also found that local drainage issues exist for 8 out of 16 road sections in the village.

In the 2012 and 2013 budgets, a total of $460,000 was allocated for construction of Phases II and III of Guinevere Avenue. In the village's municipal sustainability plan, the village has also identified Lady Helen Avenue East as a capital project priority.

In addition to the roads, there are approximately 3.5 kilometres of concrete sidewalks which were built in 1970. There are also 3.6 kilometres of concrete curbs and gutters throughout the village that were constructed in 2001.

Waste Management

The Village of Galahad does not own or operate any waste management facilities. However, the village is a member of the Flagstaff Regional Solid Waste Management Association, which operates a regional landfill located northeast of Sedgewick.

The Flagstaff Regional Solid Waste Management Association is required under the Standards for Landfills in Alberta to plan for the post-closure of the landfill at the end of its life. It is estimated that the post-closure liability, or the amount of potential expenses for implementing the post-closure plan is $1,635,744. Based on the waste management association's membership, the Village of Galahad's portion of the post-closure liability is $16,605.

Natural Gas Distribution System

The Village of Galahad established its own municipal natural gas utility in 1975. Natural gas is purchased from Phoenix Gas Co-op and is distributed by the village to properties within village limits. The natural gas system is maintained through a contract with the Paintearth Gas Co-operative.

Based on information provided by the village, the components of the natural gas distribution system are over 38 years old and have an expected life of 75 years. The condition of the natural gas distribution system is not known as there are no assessments or studies of the system.

6. Service Delivery

Water Services

Water utility services in the village are funded through monthly fees charged to each customer. The water utility rates are calculated based on a base rate that allows for a certain amount of consumption, plus a metered rate for any water consumption beyond the base amount. Table 22 shows the monthly water utility rates for the Village of Galahad.

Table 22: Monthly Water Utility Rates, Village of Galahad, 2013

Customer Type	Base Consumption Amount	Base Monthly Rate	Metered Rate (beyond basic consumption)
Residential (metered)	25m^3	$25.00	$1.00/m^3
Residential (non-metered)	no limit	$25.00	Not applicable.
Commercial (low usage)	25m^3	$25.00	$1.00/m^3
Commercial (high usage)	25m^3	$43.00	$1.00/m^3
Motel/Hotel/Restaurant	150m^3	$48.50	$1.00/m^3

Full-cost recovery is a best practice where the revenue generated from providing a service is equal or greater than the cost to provide that service. The water rates charged by the Village of Galahad are not

high enough to be full cost recovery. As such, water utility rates are subsidized by the Village of Galahad from general revenues or property taxes as shown on Table 23. The subsidy provided by the village for water customers in 2012 was equivalent to 2.98 per cent of total municipal revenues, or 2.45 mils of the residential property tax rate.

Table 23: Net Revenue for Water Utility Services, Village of Galahad, 2008 to 2012

Year	2008[1]	2009[2]	2010[2]	2011	2012
Water Revenues	$30,142	$136,611	$254,242	$59,348	$48,169
Water Expenses	$20,771	$35,271	$58,328	$61,008	$59,077
Net Revenue	**$9,371**	**$101,340**	**$195,914**	**($1,660)**	**($10,908)**
Notes: 1. Water revenues and expenditures for the 2008 financial year are not comparable due to changes in municipal accounting which began in the 2009 financial year. 2. The revenues for 2009 and 2010 are higher due to grants received by the village for the upgrade of the water treatment plant. Excluding these capital revenues, the water revenues are $29,311 for 2009 and $29,377. This would also change the net revenue to ($5,960) for 2009 and ($28,951) for 2010.					

Wastewater Services

Wastewater utility services in the village are funded through monthly fees charged to each customer. The wastewater utility rates are calculated based on a flat rate for each type of customer. Table 24 shows the monthly wastewater utility rates for the Village of Galahad.

Table 24: Monthly Wastewater Utility Rates, Village of Galahad, 2013

Customer Type	Base Monthly Rate
Residential (metered)	$13.00
Commercial (low usage)	$13.00
Commercial (high usage)	$24.25
Motel/Hotel/Restaurant	$45.50

Wastewater utility rates are full-cost recovery as wastewater revenues exceed the expenditures required to provide the wastewater services. Table 25 provides a five-year overview of the net revenue for the village's wastewater utility.

Table 25: Net Revenue for Wastewater Utility Services, Village of Galahad, 2008 to 2012

Year	2008	2009	2010	2011	2012
Wastewater Revenues	$11,340	$12,134	$11,752	$13,265	$35,684
Wastewater Expenses	$1,785	$4,048	$11,702	$8,164	$27,591
Net Revenue	**$9,555**	**$8,086**	**$50**	**$5,101**	**$8,093**

Waste Management Services

Waste management services are provided by the Flagstaff Regional Solid Waste Management Association. The waste management association provides weekly residential and commercial waste pick-up service in Galahad where it is transported to the regional landfill located northeast of Sedgewick. Residential properties have a four bag per week limit but extra tags may be purchased from the village office. The rates for waste management services are shown in Table 26.

Table 26: Monthly Waste Management Rates, Village of Galahad, 2013

Customer Type	Base Monthly Rate
Residential	$16.00
Commercial	$19.75

Waste management utility rates are not full-cost recovery as waste management revenues exceed the expenditures required to provide the waste management services in the village. Table 27 provides a five-year overview of the net revenue for the village's waste management utility. The subsidy provided by the village for waste management customers in 2012 was equivalent to 0.40 percent of total municipal revenues, or 0.330 mils of the residential property tax rate.

Table 27: Net Revenue for Waste Management Services, Village of Galahad, 2008 to 2012

Year	2008	2009	2010	2011	2012
Waste Management Revenues	$10,169	$10,696	$11,577	$12,248	$15,692
Waste Management Expenses	$11,748	$12,550	$12,911	$13,285	$17,161
Net Revenue	**($1,579)**	**($1,854)**	**($1,334)**	**($1,037)**	**($1,469)**

Natural Gas Utility Services

Natural gas utility services are provided by the Village of Galahad. Natural gas is purchased wholesale from the village's supplier and is distributed to customers in the village. The natural gas utility rates in the village are structured based on a fixed service charge, plus rates for actual usage. The rate for natural gas is shown in Table 28.

Table 28: Natural Gas Rates, Village of Galahad, 2013

Fixed Monthly Service Charge	Cost of Natural Gas Consumed
$10	Village's Purchase Price + $1.10 per gigajoule (GJ) for administrative costs

Natural gas utility rates are full-cost recovery as natural gas revenues exceed the expenditures required to provide the natural gas services. Table 29 provides a five-year overview of the net revenue for the village's natural gas utility.

Table 29: Net Revenue for Natural Gas Utility Services, Village of Galahad, 2008 to 2012

Year	2008[1]	2009	2010	2011	2012
Natural Gas Revenues	--	$109,657	$124,368	$120,201	$96,318
Natural Gas Expenses	--	$94,954	$103,898	$105,424	$78,513
Net Revenue	**--**	**$14,703**	**$20,470**	**$14,777**	**$17,805**
Note: The 2008 revenues and expenses are not available because the data could not be found.					

Land Use Planning and Development

Land use planning and development is governed by the Land Use Bylaw which was approved in 2009 and was most recently amended in 2012. At the present time, there are no active developments or development agreements in the village. The village has eight lots available for residential development and three lots available for commercial development at the present time. The village has conceptual plans to develop a parcel of land northeast of Lady Helen Avenue West, between Merlin Street and Sir Galahad Street and subdivide it into 30 residential lots.

Development services such as the issuing of development permits are handled by the village administrator. The village is not accredited in any of the Safety Codes and as such, all building and permit-related safety codes inspections are performed by Superior Safety Codes (Red Deer office). A total of 16 development permits were issued from January 2008 to July 2013.

Development permit fees are set at $25.

In 2012, the Village of Galahad annexed approximately 7.7 hectares of land from Flagstaff County for the village to develop into a light industrial business district. The village's Municipal Sustainability Plan shows that the village intends to retain an engineering firm to design extensions of existing roads, water, and wastewater infrastructure to service the industrial property.

Roads Maintenance

Road maintenance services provided by the Village of Galahad include pothole repairs, snow removal, and ensuring proper drainage on roadways and lanes. The village has one policy concerning snow removal which outlines the priority for snow removal.

The village had identified that road maintenance services have been hampered by the limited equipment owned by the village prior to August 2013. This has led to instances where snow clearing assistance from Flagstaff County was required.

Road maintenance is performed by the village foreman and public works assistant.

Economic Development

The village's economic development activities are limited to participation on regional economic development organizations such as Battle River Alliance for Economic Development (BRAED).

In 2013, the Battle River Alliance for Economic Development is working with its municipal members on priorities such as business investment attraction and retention, as well as youth engagement and entrepreneurship. These and other regional initiatives may bring future economic development to the village and to the region.

Policing and Bylaw Enforcement Services

Under the *Police Act*, provincial policing services are provided to every town, village and summer village that has a population no greater than 5,000, and every county, municipal district and Métis settlement regardless of population, at no direct cost to the municipality.
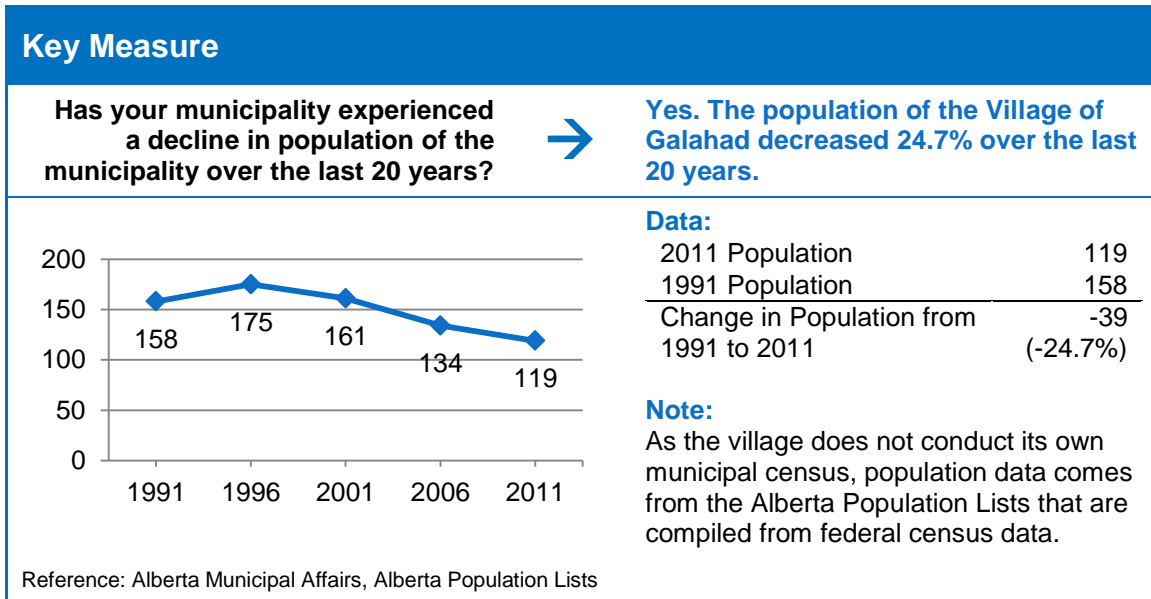
The Village of Galahad receives policing services from the Royal Canadian Mounted Police (RCMP) detachment in Killam.

Bylaw enforcement in the village is completed by the village administrator or a contracted bylaw enforcement officer. In February 2014, the village contracted with NIC.212 Services to provide bylaw enforcement services within the village.

7. Community Well-being

Demographics

Based on the 2011 federal census, the population of the Village of Galahad was 119. This represents a decline of 15 residents (11.2 percent decline) from 2006 when the previous federal census was completed. In the past twenty years, the village's population peaked in 1996 when 175 residents lived in the village.

Key Measure	
Has your municipality experienced a decline in population of the municipality over the last 20 years? →	**Yes. The population of the Village of Galahad decreased 24.7% over the last 20 years.**

Population chart: 1991 = 158, 1996 = 175, 2001 = 161, 2006 = 134, 2011 = 119

Data:

2011 Population	119
1991 Population	158
Change in Population from 1991 to 2011	-39 (-24.7%)

Note:
As the village does not conduct its own municipal census, population data comes from the Alberta Population Lists that are compiled from federal census data.

Reference: Alberta Municipal Affairs, Alberta Population Lists

The age profile of the Village of Galahad's population is shown in Table 30. The median age of the village's population is 62 years, which is 21 years older than the median age of the census division (Alberta Census Division No. 7) that the Village of Galahad is a part of. The seniors care facility located in Galahad may have contributed to the older age profile. The median age is a statistical measure provided by Statistics Canada. The median age is an age 'x', such that exactly one half of the population is older than 'x' and the other half is younger than 'x'.

Table 30: Median Age Comparison between Village, Region and Province

Village of Galahad	Census Division No. 7 (Stettler)	Alberta
61.6 years old	40.5 years old	36.5 years old

Family and Community Support Services

Family and community support services for the Village of Galahad are provided by Flagstaff Family and Community Services. Flagstaff Family and Community Services provides a variety of programs and services that are tailored to the needs of the community which includes all 11 municipalities within Flagstaff County.

The current programs offered by Flagstaff Family and Community Services are:

- General family counselling
- KINship Services (a program of persons with developmental disabilities)
- Flagstaff's Initiative to Relationship and Spousal Trauma (F.I.R.S.T.)
- Flagstaff Victim Services
- Service Options for Seniors (SOS)

Funding for Flagstaff Family and Community Services comes from a variety of sources including provincial grants and municipal contributions. In 2012, the village contributed $1,855 to Flagstaff Family and Community Services. In addition, the provincial family and community support services grant for the Village of Galahad in the amount of $4,756 is directly forwarded to Flagstaff Family and Community Services.

Parks and Recreation

The Village of Galahad owns and maintains a campground, a playground and two parks throughout the village. The skating rink and the Agriplex are leased to the Galahad Ag Society. The village does not operate any recreation programs. All recreational programs in the community are run by community groups in the area.

Library Services

The Galahad Public Library is located in the Agriplex building and is open to users on Tuesday evenings and during the day on Wednesdays.

The Galahad Public Library is funded by a combination of municipal contributions and a provincial library operating grant. In 2012, the Galahad Public Library received an operating grant of $6,540 from the provincial government and $238 ($2 per capita) from the Village of Galahad.

The Village of Galahad is a member of the Parkland Regional Library. As a member of the Parkland Regional Library, the Galahad Public Library has access to the regional library's resources, services and support including, but not limited to computer and technology support, resource sharing and reference services such as interlibrary loans, eLibrary services, and the regional library's collection of audio books, large print books, and non-English materials.

Housing Services

Housing services for the Village of Galahad are provided by the Flagstaff Regional Housing Group. The Flagstaff Regional Housing Group is mandated by the province to provide safe and secure housing to low to moderate income seniors located in Flagstaff County. The housing group manages 59 supportive living lodge spaces and 96 seniors self-contained apartments within the communities of Flagstaff County.

8. Risk Management

Fire and Emergency Services

The Galahad Fire Department is staffed by volunteer firefighters from the village and surrounding community. The fire department provides fire response services within the Village of Galahad and to the rural areas in the Galahad Fire District of Flagstaff County.

The Village of Galahad has a fire services agreement with Flagstaff County where the village and its fire department will respond to fire calls and provide medical first response in the Galahad Fire District and in instances where fire vehicles or equipment is required, the costs of acquiring the vehicle(s) or equipment is shared between the village and the county. In instances where emergency management is required, the village has a designated Director of Emergency Management to manage the emergency response.

Furthermore, the Village of Galahad is also a party to the All Hazards Mutual Aid Agreement between Flagstaff County and the 10 urban municipalities in Flagstaff County. This agreement allows the Village of Galahad and the other municipalities to request assistance from each other in response to fires, natural disasters and other emergencies.

How You Can Contribute To The Viability Review

The Initial Findings Report is meant to provide members of the Galahad community with information on what the Viability Review Team has analyzed and reviewed so far. Residents, concerned stakeholders and members of the public are asked to participate in the next phase of the viability review where they can contribute to the Viability Review Team's determination of the viability of the Village of Galahad.

Considerations for Public Input

The Viability Review Team would like to ask residents to review the Initial Findings Report and consider the following issues when contributing to the viability review:

Issues to Consider

1. How satisfied are you with the level and quality of services that you receive from the Village of Galahad?

2. What would you say is your greatest concern or issue about the Village of Galahad?

3. Do you believe that you are getting good value for your property taxes

4. Based on your knowledge and the information provided in the Initial Findings Report, do you believe that the Village of Galahad is a viable municipality?

5. Do you believe that a more in-depth study of the village's options – such as changes in what and how services are provided at the village, or potentially the dissolution of the village should be completed?

How you can contribute to the viability review

Residents, concerned stakeholders and members of the public can contribute to the Village of Galahad Viability Review in any of the following ways:

⇨ **Participate in an Open House hosted by the Village of Galahad Viability Review Team**
The Village of Galahad Viability Review Team and officials from Alberta Municipal Affairs will host an Open House on **Tuesday, May 6, 2014, from 5:00 p.m. to 8:00 p.m.** at the Galahad Agri-plex, 201 Lady Vivian Avenue West, Galahad, AB to provide an opportunity for members of the Galahad community to review the findings of the Viability Review Team and to ask questions concerning the viability review, and to provide input for the viability review. Supper will be provided.

⇨ **Provide written input to the Viability Review Team**
For residents, concerned stakeholders and members of the public who are not able to participate in the public meeting, or would prefer to contribute by writing. Written submissions can be sent to the Viability Review Team at the following mailing address by Friday, May 16, 2014:

Alberta Municipal Affairs
Attention: Village of Galahad Viability Review
17th Floor, Commerce Place
10155 – 102 Street NW
Edmonton, AB T5J 4L4

Submissions will also be accepted via fax at 780-420-1016 or via email at viabilityreview@gov.ab.ca.

Questions?

For further information, please contact:

Michael Scheidl
Chairperson
Village of Galahad Viability Review Team
Alberta Municipal Affairs

Kai So
Manager, Municipal Sustainability and Information
Alberta Municipal Affairs

Email: viabilityreview@gov.ab.ca

Facsimile (Fax): 780-420-1016, Attention Village of Galahad Viability Review

Toll-free in Alberta by dialing: 310-0000 and entering 780-427-2225