



Federal Development Impact on Cape Breton Municipal Tax Base

**Prepared For:
Enterprise Cape Breton Corporation**

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Executive Summary

The purpose of this report is to provide an assessment of how the federal government's economic development efforts have impacted the municipal tax base in Cape Breton.

Canmac's approach to the measurement and analysis of the Federal Development Impact on the Cape Breton Municipal Tax Base involved the following major activities:

1. A review of municipal units and their tax rates over the 2000 to 2005 period.
2. A review of ECBC major project file.
3. A direct survey of the ECBC's client base.
4. Direct data collection for each municipal unit.
5. Analysis of the database.

Federal assistance to the Cape Breton economy has a significant impact on the municipal units operating in the Cape Breton region. This impact is felt in two major ways:

- 1) Tax revenues increase directly by ECBC clients paying property taxes and business occupancy taxes.
- 2) Tax revenues increase indirectly from ECBC making contributions to municipal infrastructure and similar projects directly to municipal units.

The tax revenue direct contribution rose from \$725,136 in 2000 to \$6.1 million in 2005. This is a significant contribution that provides revenues for each year into the future for the life of the project.

The municipal infrastructure projects provided an ECBC contribution of \$40.2 million that leveraged projects worth \$90.0 million over the 2000-2005 period. This is a

significant one time injection into the municipal unit that in its absence would have to be funded by increased taxes.

Chapter One - Introduction

1.1 Introduction

The purpose of this report is to provide an assessment of how the federal government's economic development efforts have impacted on the municipal tax base in Cape Breton.

The federal impact on the municipal tax base is shown schematically in Figure 1.0. Organizations assisted by the various ECBC programs for the purposes of our analysis can be subdivided into clients that pay property tax and grants-in-lieu, municipal units and clients that don't pay taxes or grants-in-lieu. Clients that pay property taxes and grants-in-lieu provide a direct contribution to the municipal tax base in the form of property taxes, business taxes and related user fees. Many municipal units also received direct funding from ECBC programs for infrastructure and related projects. These contributed indirectly to the tax base since in the absence of the funding taxes would have to be raised to cover these expenditures.

1.2 Methodology Overview

Canmac's approach to the measurement and analysis of the Federal Development Impact on Cape Breton Municipal Tax Base involved the following major activities:

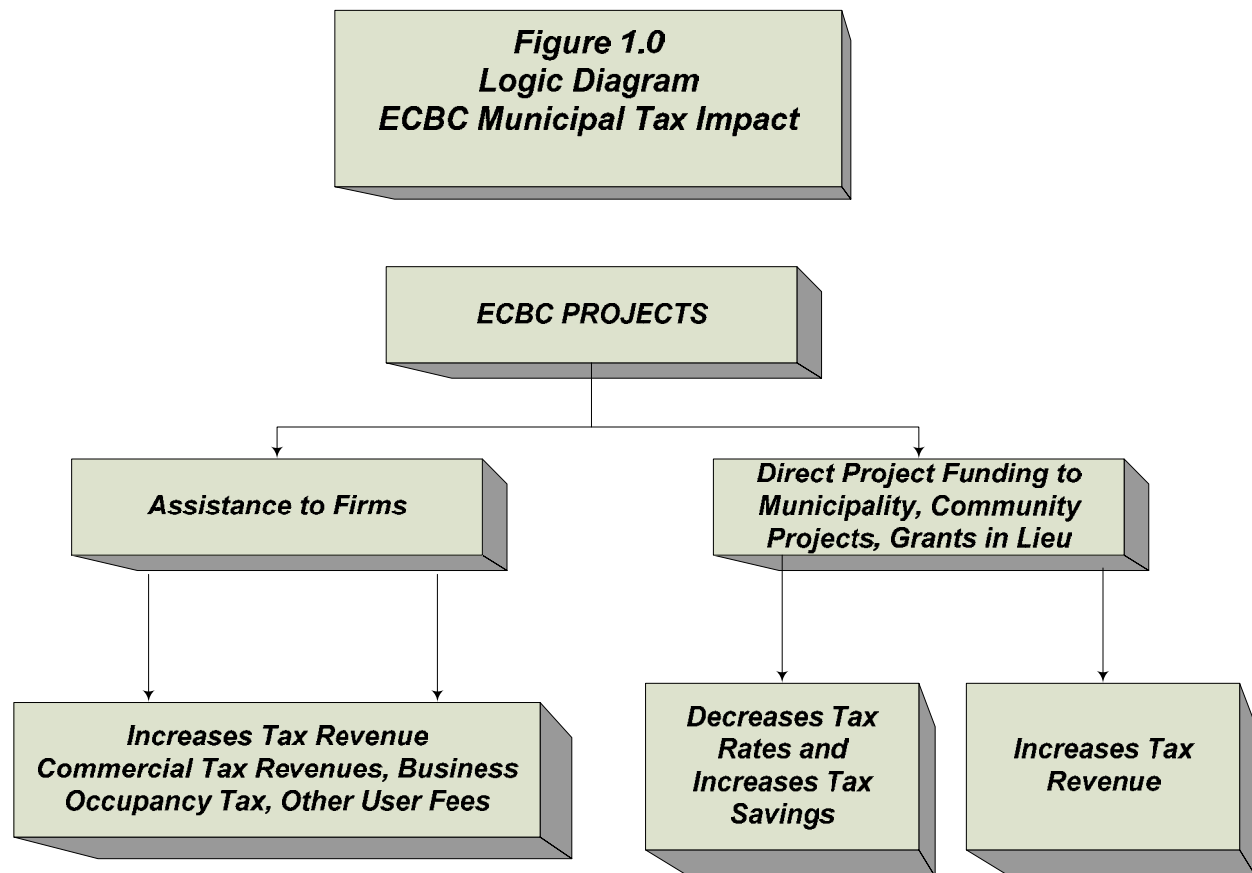
1. A review of municipal units and their tax rates over the 2000 to 2005 period.
2. A review of ECBC major project file.
3. A direct survey of the ECBC's client base.
4. Direct data collection for each municipal unit.
5. Analysis of the database.

We conducted secondary data collection on the municipal units as defined by Service Nova Scotia that are established in the Cape Breton region. Data collection efforts resulted in a database that documented tax rates, assessment levels and a fiscal profile of each unit.

Canmac Economics reviewed all projects delivered by ECBC since 1999 to determine which projects have influenced the tax base for municipalities. This included ECBC, ACOA and CBGF projects. This comprehensive review determined the projects that positively contributed to the tax base of any municipal unit on the Island including Mulgrave.

Data collection involved two efforts, 1) a 100% direct survey of the firm population, and 2) a direct survey of each municipal unit. This approach enabled a cross check on survey quality and improve the credibility of results. Appendix A provides a more detailed discussion of the survey methodology.

A second major impact of ECBC program funding is direct assistance to projects that would otherwise be municipal responsibilities, i.e. infrastructure projects, etc. We reviewed ECBC funding and categorized projects funded by ECBC that represent direct assistance to municipalities for infrastructure and other projects. We then computed grants-in-lieu revenues and the tax savings to municipal taxpayers from the ECBC contributions as the second major direct effect on the tax base.



1.3 Report Outline

The report is organized into three (3) chapters and supporting appendices. Chapter One, the present one, provides an introduction to the study purpose and methodology. Chapter Two presents our main analytical results. Chapter Three provides concluding observations. Appendix A provides the survey instrument and methodology. Appendix B provides detailed municipal profiles for each municipality.

Chapter Two - Analysis

2.1 Introduction

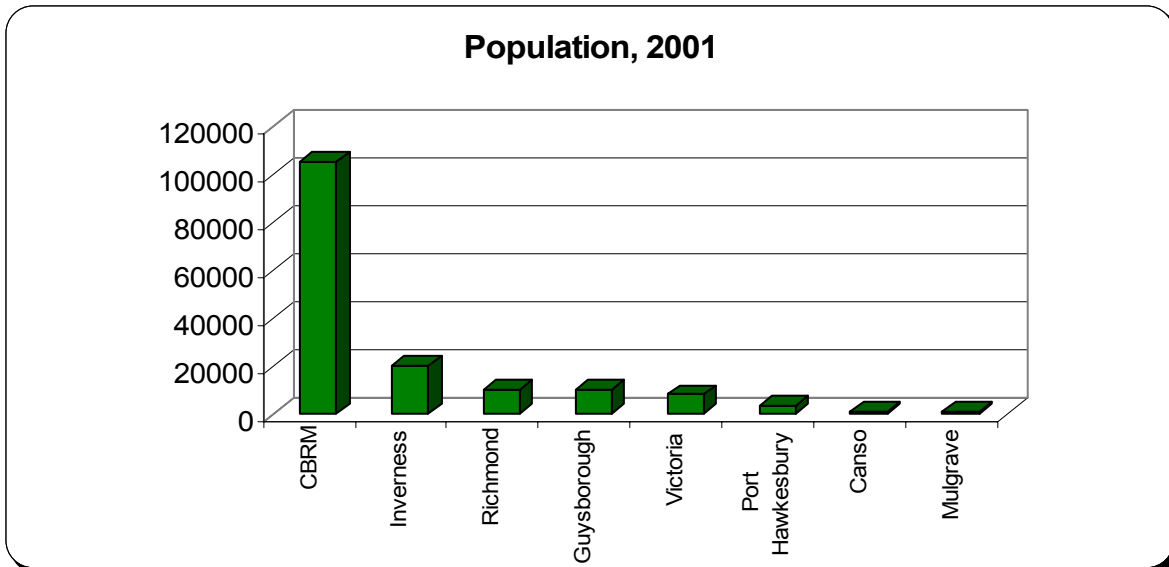
This chapter sets out our analytical results. In the next section we provide an economic and fiscal overview of the Cape Breton municipalities. Section 2.3 provides the tax contribution of ECBC firms. Section 2.4 provides the ECBC direct contribution to municipalities in terms of infrastructure and related projects.

2.2 Cape Breton Municipalities

The census population level by municipality is provided in Table 2.0. The largest municipality is the Cape Breton Regional Municipality (CBRM) which at a population of 105,968 in 2001 represents 66% of the total population by municipality. A review of growth by municipality over the 1991-2001 period shows that each municipal unit had a decline in population ranging from -3.32% in Mulgrave to -19.22% in Canso.

Table 2.0: Population, 1991, 2001

	1991	2001	% Change 1996-01
Cape Breton Regional Municipality	117,403	105,968	-9.74
Town of Canso	1,228	992	-19.22
Town of Mulgrave	935	904	-3.32
Town of Port Hawkesbury	3,991	3,701	-7.27
Municipality of Guysborough County	11,724	9,827	-16.18
Municipality of Inverness County	21,620	19,937	-7.78
Municipality of Richmond County	11,260	10,225	-9.19
Municipality of Victoria County	8,708	7,962	-8.57
ECBC Development Area	173,410	157,281	-7.0%
<i>Source:</i> Service Nova Scotia and Municipal Relations - Municipal Facts, Figures, and History – 1991-2001.			



Since the 2001 census Statistics Canada population estimates, (census counts adjusted for under coverage) show the Cape Breton development area continues to experience declining population but at a lesser rate than experienced between 1996 and 2001.

Table 2.1 provides historic as well as the most recent population estimates at the census division level for the Cape Breton counties as well as Guysborough County, the ECBC development area.

Table 2.1: Population Estimates by Census Divisions							
	1991	1996	% Change	2001	% Change	2005	% Change
Cape Breton County	121,880	120,360	-1.20%	112,157	-6.80%	110,024	-1.90%
% Development Area	69.30%	69.60%	0.40%	69.50%	-0.10%	70.10%	0.60%
Inverness County	21,937	21,378	-2.50%	20,462	-4.30%	19,835	-3.10%
% Development Area	12.50%	12.40%	-0.10%	12.70%	0.30%	12.60%	0.00%
Richmond County	11,409	11,258	-1.30%	10,490	-6.80%	9,875	-5.90%
% Development Area	6.50%	6.50%	0.00%	6.50%	0.00%	6.30%	-0.20%
Victoria County	8,828	8,672	-1.80%	8,171	-5.80%	7,976	-2.40%
% Development Area	5.00%	5.00%	0.00%	5.10%	0.00%	5.10%	0.00%
Cape Breton Island	164,054	161,668	-1.50%	151,280	-6.40%	147,710	-2.40%
% Development Area	93.30%	93.60%	0.30%	93.80%	0.20%	94.10%	0.40%
Guysborough County	11,871	11,142	-6.10%	10,079	-9.50%	9,255	-8.20%
% Development Area	6.70%	6.40%	-0.30%	6.20%	-0.20%	5.90%	-0.40%
ECBC Development Area	175,925	172,810	-1.80%	161,359	-6.60%	156,965	-2.70%
Source: Statistics Canada Annual Demographics, Publication #91-213							

As shown in Table 2.1, between 1996 and 2001 the development area had a population decline of 11,451 or an average of 2,290 per year. Between 2001 and 2005 this decline is estimated at 4,394 or an annual average of 1,099 per year, less than half the 1996 to 2001 annual decline in population.

Table 2.2 provides the amount of uniform assessment for each municipal unit. The total uniform assessment for all municipal units is \$5.4 billion. The Cape Breton Regional Municipality accounts for 56.7% of the total value.

Service Nova Scotia and Municipal Relations provides a set of municipal indicators that track various indicators of fiscal health. Appendix B provides the full set of indicators and their definitions for each Cape Breton Municipality. Some of the key findings from this indicator data set are as follows:

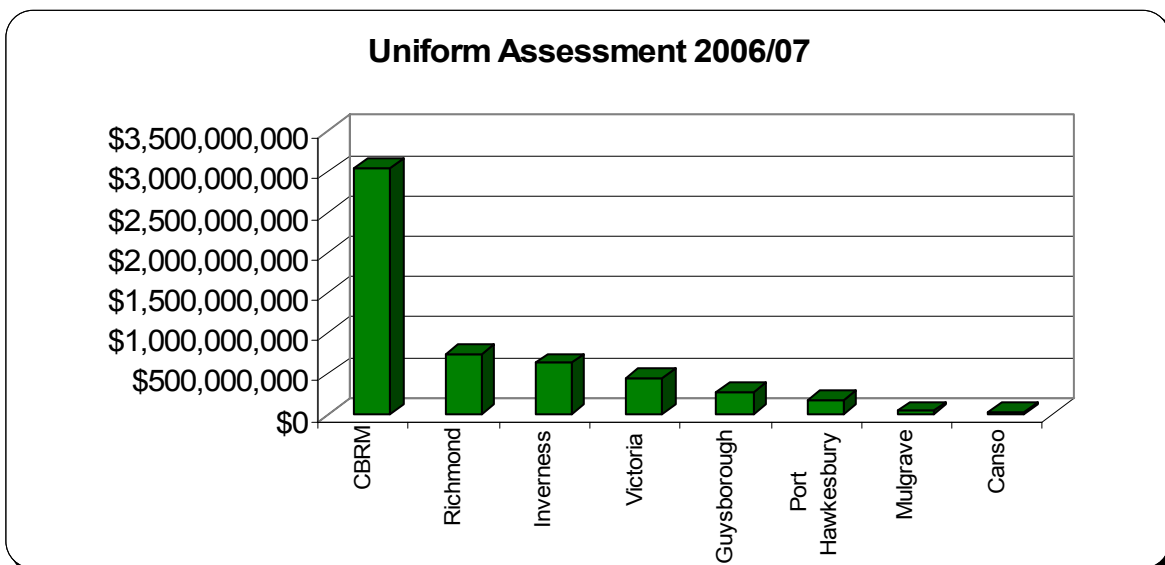
- Taxes are a percent of total revenue range from a low of 45% (Town of Canso) to a high of 89% (Municipality of Richmond).

- The Residential Tax Burden ranged from a low of \$214 per dwelling (Municipality of Guysborough) to a high of \$1,023 per dwelling (Port Hawkesbury).
- Uncollected taxes ranged from a low of 1% (Municipality of Guysborough) to a high of 41% (Town of Canso).
- Average household income ranged from a low of \$37,249 (Municipality of Guysborough) to a high of \$52,856 (Port Hawkesbury).

Table 2.2: Uniform Assessment 2006/07

	2006/07
Cape Breton Regional Municipality	\$3,051,658,294
Town of Canso	\$21,739,003
Town of Mulgrave	\$40,223,962
Town of Port Hawkesbury	\$172,256,870
Municipality of Guysborough County	\$269,553,611
Municipality of Inverness County	\$637,655,295
Municipality of Richmond County	\$751,211,323
Municipality of Victoria County	\$441,996,658
Total ECBC Development Area	5,386,292,000

Source: Service Nova Scotia and Municipal Relations



2.3 Municipal Tax Revenues

ECBC project and client data was collected and coded by type of client. From the coded ECBC clients/projects database we determined there were 454 “unique” commercial clients that undertook projects and received funding from either or a combination of ECBC, ACOA and CBGF. Total projects since 1999 represent close to \$1 billion in total estimated project costs and received funding of over \$285 million or 29% of total project costs.

Of these 454 unique clients/projects it was determined that 356 or 78.4% of client/projects were taxable commercial businesses with the remaining 98 or 21.6% of clients/projects being tax exempt under legislation, i.e., native bands, hospitals, schools, municipally owned properties, etc.

We use the measure “unique” clients/projects as many clients received funding for multiple projects but these multiple projects did not all contribute to increased municipal assessments and hence increased commercial tax revenue for the municipal unit in which they or their project resides. An example of this would be the Island Sunset Resort and Spa which received funding to establish (construct) a 5-Star resort in Belle Cote, Inverness County. This project is an addition to the municipalities commercial tax base but two subsequent projects, 1) to implement a marketing plan, and 2) e-commerce/website development would not increase the municipal tax base and if counted would represent triple counting of commercial tax benefits for the Municipality of the County of Inverness from the Island Sunset Resort and Spa.

We then reviewed those clients that paid municipal property taxes and business occupancy tax either directly or indirectly through lease agreements. Table 2.3 presents the estimated total property tax, business occupancy tax and grants in lieu of taxes paid to each municipal unit by year from 2000/01 to 2005/06.

As shown in Table 2.3, the Federal Government funded estimated municipal tax base has risen significantly over the years from \$725 thousand in 2000 to \$6.1 million in 2005. The largest recipient of the benefit is the CBRM with 74.7% of the total tax revenues in 2005.

Table 2.3: ECBC (Federal) Client Base Estimated Municipal Tax Revenues (\$) 2000 - 2005						
	2000	2001	2002	2003	2004	2005
Cape Breton Regional Municipality	\$611,709	\$1,652,054	\$3,050,251	\$3,635,907	\$4,689,531	\$4,808,913
Town of Mulgrave	---	...	\$192,503	\$196,762	\$183,652	\$185,366
Town of Port Hawkesbury	\$3,570	\$3,605	\$54,473	\$52,472	\$78,962	\$81,929
Municipality of Inverness County	\$17,956	\$206,579	\$218,575	\$217,993	\$627,196	\$632,408
Municipality of Richmond County	\$2,440	\$6,023	\$8,988	\$11,137	\$17,167	\$52,164
Municipality of Victoria County	\$89,462	\$91,205	\$198,614	\$270,736	\$324,326	\$334,956
Total	\$725,136	\$1,959,465	\$3,723,404	\$4,385,007	\$5,920,835	\$6,095,737
<i>Notes: Excludes non-taxable municipal infrastructure projects, non-taxable native band projects, projects that did not proceed and legislated exemptions such as museums, schools, hospitals and not for profit organizations.</i>						
Source: Canmac Economics Ltd.						

The increase in municipal commercial tax revenues is significant as shown in Table 2.4.

Table 2.4: 2002/2003 Contribution to Commercial Tax Revenue			
	Estimated 2002 Tax Revenue Impact	2002/03 Commercial Tax Revenue ⁽¹⁾	% of 2002/03 Commercial Tax Revenue
Cape Breton Regional Municipality	\$3,050,251	\$24,108,835	12.7
Town of Mulgrave	\$192,503	\$430,981	44.7
Town of Port Hawkesbury	\$54,473	\$2,011,445	2.7
Municipality of Inverness County	\$218,575	\$1,448,014	15.1
Municipality of Richmond County	\$8,988	\$5,653,164	0.2
Municipality of Victoria County	\$198,614	\$1,404,903	14.1
Total	\$3,723,404	\$35,057,342	10.6
<i>⁽¹⁾ Source: Nova Scotia Supplementary Report of Municipal Statistics for period ending March 31st, 2003. Includes Property Tax, Business Occupancy Tax and Grants in Lieu of Taxes.</i>			

Using the latest available data, 2002/03, we see the 2002 tax revenue impact represents an increase of 10.6% in commercial tax revenue for all municipal units. This increase is expected to have grown since 2002/03 as the estimated 2005/06 tax revenue impact has increased from \$3.7 million to \$6.1 million, an increase of 63.7%. This increase in the commercial tax base and tax revenue will continue to pay dividends well into the future as businesses continue to operate and new projects (agreements) yet to be started or completed come on stream.

Another measure of the federal funding activities on municipal tax revenue is to measure the estimated municipal tax revenue against the uniform assessment. This data is available for 2003/04 to 2006/07. Table 2.5 presents the estimated tax revenue impact as a percent of the uniform assessment for each municipal unit.

Table 2.5: Estimated Direct Municipal Tax Revenue per Uniform Assessment			
	2003	2004	2005
Cape Breton Regional Municipality	0.12578%	0.15955%	0.16200%
Town of Mulgrave	0.66718%	0.59687%	0.49135%
Town of Port Hawkesbury	0.03480%	0.05017%	0.05020%
Municipality of Inverness County	0.04023%	0.11027%	0.10823%
Municipality of Richmond County	0.00158%	0.00232%	0.00738%
Municipality of Victoria County	0.07211%	0.08502%	0.08325%
Total	0.12534%	0.12292%	0.09340%
Source: Canmac Economics Ltd.			

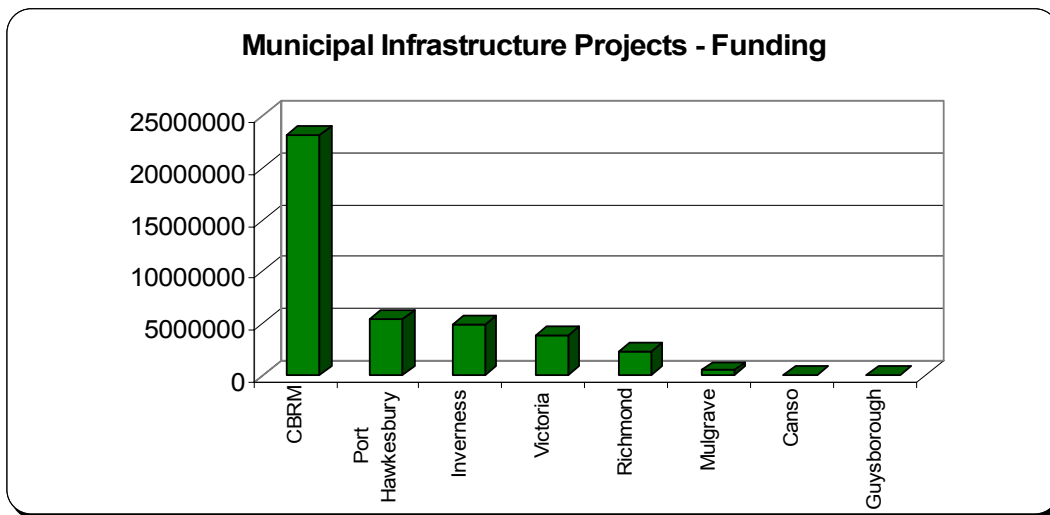
As shown in Table 2.5, in 2003 the estimated tax revenue impact represented .09% of the total uniform assessment. By 2005 this had grown to .13% of total uniform assessment indicating the estimated Federally funded commercial tax revenues are growing faster than the uniform assessment.

2.4 Municipal Infrastructure Projects

Our analysis of the ECBC database included identification of direct contributions to municipal units. As shown in Table 2.6, ECBC funding resulted in \$89,969,471 of municipal infrastructure and related projects. ECBC's contribution ranged from 29.6% of funding to 55.1% with total funding of \$40,188,747 representing 44.7% of infrastructure project costs. Hence, ECBC funded projects provided a significant contribution to the municipal tax base indirectly through providing projects that would otherwise require increasing tax rates to generate the revenue.

Table 2.6: Municipal Infrastructure Projects, 2000-2005				
	Project \$	Funding \$	% Funded	% Total Funded
Cape Breton Regional Municipality	\$45,910,895	\$23,225,172	50.6%	57.8
Town of Mulgrave	\$822,100	\$449,861	54.7%	1.1%
Town of Port Hawkesbury	\$18,393,040	\$5,448,834	29.6%	13.6%
Municipality of Inverness County	\$8,993,931	\$4,957,371	55.1%	12.3%
Municipality Richmond County	\$5,208,235	\$2,285,107	43.9%	5.7%
Municipality Victoria County	\$10,641,270	\$3,822,402	35.9%	9.5%
Total	\$89,969,471	\$40,188,747	44.7%	100.0%

Source: Canmac Economics Ltd.



Chapter Three – Conclusions

3.1 Summary and Conclusions

Federal assistance to the Cape Breton economy has a significant impact on the municipal units operating in the Cape Breton region. This impact is felt in two major ways:

1. Tax revenues increase directly by ECBC clients paying property taxes, business occupancy taxes and grants in lieu of property tax.
2. Tax revenues increase indirectly from ECBC making contributions to municipal infrastructure and similar projects directly to municipal units.

The estimated tax revenue direct contribution rose from \$725,136 in 2000 to \$6.1 million in 2005. This is a significant contribution that provides revenues for each year into the future for the life of the project.

The municipal infrastructure projects provided an ECBC contribution of \$40.2 million that leveraged projects worth \$90.0 million over the 2000-2005 period. This is a significant one time injection into the municipal unit that in its absence would have to be funded by increased taxes.

Appendix A - Methodology & Survey Instrument

Municipal Tax Benefits Methodology

Canmac's approach to estimating the Federal development impact on Cape Breton Municipal tax base was a multi-directional analytic approach.

First we reviewed the ECBC supplied project file (client database) and identified "unique" clients/projects to remove multiple clients/projects that would produce double counting or in some cases triple and greater counting of municipal tax revenue benefits. Once the database was set with 454 unique clients/projects, these proponents were contacted and asked to participate in a client survey. This activity resulted in the sending out of over one hundred and fifty direct client surveys. This effort experienced a poor final response rate of less than 33% as only 49 completed or partially completed surveys were returned.

As a secondary approach we utilized a follow-up telephone survey to confirm the business location, assessment account number and residency status as to ownership versus leaser/renter as well as the percentage of the physical address the business occupied. This data was combined with assessment data collected from the provincial assessment database and the published municipal tax rates for the municipal unit for the years in question. This exercise resulted in an additional 151 telephone surveys bringing our direct survey count to 200 or 44.1% of the 454 unique clients/projects or 56.2% of the 356 taxable commercial clients/projects identified.

These two survey exercises resulted in a combination of actual and estimated tax revenue for only 58% of the total projects on a total project cost basis. To further increase coverage we then concentrated on larger projects by focussing the survey effort on the top fifty projects by project size (total project cost) as these projects represented close to 50% of all commercial taxable projects. In conjunction with this exercise we also concentrated efforts on any municipal unit that was below 60% survey coverage.

These efforts resulted in the following client/project survey coverage rates.

Municipal Unit	Survey Coverage Rate
Cape Breton Regional Municipality	96.3%
Town of Mulgrave	74.3%
Town of Port Hawkesbury	97.9%
Municipality of Inverness County	68.4%
Municipality of Richmond County	79.8%
Municipality of Victoria County	84.0%
Total	92.1%

With actual and estimated survey tax revenues in place the final estimated municipal tax revenue generated was estimated using the above coverage rates using the weighted formula:

$$\begin{aligned} \text{Total Estimated Tax Revenue} &= \text{Survey Tax Revenue} / \text{Survey Coverage Rate} \\ \text{i.e., Total CBRM} &= \text{Surveyed CBRM} / .963 \end{aligned}$$

The final step in validating the tax revenue estimates was to compare the estimated impact tax revenue against the last known commercial tax revenue for each municipality, in this case, fiscal year 2002/03. The results of this exercise are displayed in Table 2.4 in the body of the report. On average, the impact represented 10.6% of 2002/03 commercial tax revenue, with the only large outlier being the Town of Mulgrave realizing 44.7% of commercial tax revenue from Federally funded projects.

The final step in validating the estimates was direct contact with each municipal unit. Officials with each municipal unit were contacted and queried as to 1) any special tax arrangements made with commercial accounts since 2000, of which no special arrangements were identified, and 2) their general impression as to growth in commercial tax revenues over the 2000 to 2005 period. Many felt they had experienced growth in commercial tax revenue relative to residential but could not fully attribute this growth to federally funded projects as many other factors are at play. All felt the Federal activity in Cape Breton was contributing to commercial tax revenue growth but could not quantify this contribution with the exception of the Town of Mulgrave which made

specific reference to the funding activities related to the Strait Superport, and commercial tax revenue growth related to the Strait Superport and associated commercial activities.

**SURVEY OF CLIENTS
ENTERPRISE CAPE BRETON CORPORATION
MUNICIPAL TAX BASE IMPACT STUDY**

NAME OF ORGANIZATION:

ADDRESS:

CITY:

PROVINCE:

POSTAL CODE:

RESPONDENT:

PHONE #

(902)

THE PURPOSE OF THIS SURVEY:

CANMAC ECONOMICS LTD. IS CONDUCTING THIS SURVEY ON BEHALF OF ENTERPRISE CAPE BRETON CORPORATION (ECBC) TO GATHER INFORMATION ON THE IMPACT OF THE VARIOUS ECBC (ACOA AND CBGF) PROGRAMS ON IT'S JURISDICTIONS MUNICIPAL TAX BASE. THE QUESTIONNAIRE COVERS YOUR FACILITY /PROJECT, MUNICIPAL FEE (TAXES AND OTHER) AND SALES.

THE DATA YOU REPORT IS CONFIDENTIAL:

CANMAC ECONOMICS LTD. WILL NOT PUBLISH OR RELEASE ANY STATISTICS THAT REVEAL INFORMATION OBTAINED FROM THIS SURVEY RELATING TO ANY IDENTIFIABLE ORGANIZATION. THE DATA REPORTED ON THE QUESTIONNAIRE WILL BE TREATED IN STRICT CONFIDENCE, USED FOR STATISTICAL PURPOSES AND RELEASED IN AGGREGATE FORM ONLY.

YOU PARTICIPATION IS IMPORTANT:

PARTICIPATION IN THIS SURVEY IS VOLUNTARY. HOWEVER, YOUR COOPERATION IS ESSENTIAL TO THE ACCURACY OF THE INFORMATION COLLECTED. THE INFORMATION YOU PROVIDE WILL HELP SHAPE CURRENT AND FUTURE PROGRAMS. IF YOU REQUIRE ASSISTANCE IN THE COMPLETION OF THE QUESTIONNAIRE OR HAVE ANY QUESTIONS REGARDING THE SURVEY, PLEASE CONTACT:

MR. MARK DEVEAU
CANMAC ECONOMICS LTD.
495 SACKVILLE DRIVE
LOWER SACKVILLE, NOVA SCOTIA
B4C 2S1
PHONE (902)864-3838 / FAX (902)865-5762

1. Please provide your organization's Industrial Classification (if known) or your main Product/Service.

- a) Standard Industrial Classification (SIC): # _____ or
b) North American Industrial Classification (NAIC) # _____ or
c) Main product or service:

2. Was your ECBC funded project (check (T) one)

- 9 New Business Start-up 9 Business Relocation
9 Operating Assistance 9 Existing Business Expansion
9 Other (please specify).

3. Did your ECBC funded project result in a new or increased municipal tax assessment?

- 9 Yes 9 No (**if No - Thank you – End of survey**)

4. Assessment Account #: _____

Pre-project assessed value: Land \$: _____ Building: \$ _____
(Zero for new or relocated business)

Post Project assessed value: Land \$: _____ Building: \$ _____

5. Does your organization own the land and/or building in which you operate?

- 9 No 9 Yes (**if Yes - Go to Question 6**)

Name of owner Land:

Building _____

6. What is the physical size of the building or part there of in which your organization operates from?

Square Meter _____ or Square Feet

7. Municipal Taxes and Other Fees

What was your most recent property tax bill? \$ _____

What was your most recent Business Occupancy tax bill? \$ _____

Other municipal fees related to your ECBC funded project (i.e, building permits, development application, etc.)

Other 1 \$ _____ Specify: _____

Other 2 \$ _____ Specify: _____

Other 3 \$ _____ Specify: _____

8. For each year you received ECBC funding please indicate the percentage of your operation that was associated with the funding.

1999 _____% 2000 _____% 2001 _____% 2002 _____%
2003 _____%
2004 _____% 2005 _____%

9. Sales Information

What was your organizations annual average sales prior to your ECBC funded project?
\$ _____

(zero for new or re-located businesses)

What are your organization's annual average sales since your ECBC funded project?
\$ _____

THANK YOU FOR YOUR COOPERATION

Appendix B – Detailed Municipal Profiles

Municipal Indicators - Profile By Municipality	
■Cape Breton Regional Municipality's Indicator Data for 2003	
Indicator	Value
Financial - Revenue	
1.1.1. Taxes as a % of Total Revenue	67%
1.1.2. Transfers from Other Governments	16%
1.1.3. Residential Tax Burden (RTB)	835
1.1.4. Uniform Assessment per Dwelling Unit	61,140
Financial - Expenditure	
1.2.1. Mandatory Expenditures	24%
1.2.2. Expenditures per Dwelling Unit	2,079
Financial - Operating Position	
1.3.1. Liquidity Ratio	1.03
1.3.2. Deficits Last 5 years	0
1.3.3. Uncollected Taxes	10%
1.3.4. Reserves as a % of Expenditures	8%
Financial - Debt	
1.4.1. Debt Service Ratio	10.4%
1.4.2. Debt Outstanding/ Uniform Assessment	1.3%
Financial - Capital	
1.5.1. Capital from Revenue	2.8%
1.5.2. Total Capital From Operating	11.3%
Community - Economic	
2.1.1. Increase in Uniform Assessment	-1.5%
2.1.2. Commercial/Total Assessment	20%
Community - Social	
2.2.1. Average Household Income (AHI)	40,269
2.2.2. Residential Tax Burden/ Average Household Income (RTB/AHI)	2.1%
Community - Demographic	
2.3.1. Change in Population	-5.8%
2.3.2. Age Profile	23/60/17
Governance - Governance	
3.3. Training Costs per Employee	0
3.5. Strategic Planning	yes
Performance - General Government Services	
4.1.1. Documentation	no
4.1.2. Legislative/Capita	8
4.1.3. Administration/Capita	73
Performance - Police	
4.2.1. Police Services/\$1,000 Assessment	6
4.2.2. Police Services/Capita	137

Performance - Fire	
4.3.1. Fire Services/\$1,000 Assessment	4
4.3.2. Fire Services/Capita	98
Performance - Transportation	
4.4.1. Roads and Streets	0
Performance - Wastewater	
4.5.1. Storm and Wastewater/Km	0
4.5.2. Sewer Main Backups/Km	0.00
Performance - Solid Waste Resource Management	
4.6.1. Solid Waste Collection/Ton	0
4.6.2. Solid Waste Disposal/Ton	0
4.6.3. Recycling Costs/Ton	0
Performance - Water	
4.7.1. Water Treatment & Distribution	0
4.7.2. Water Tests	0.0%
4.7.3. Water Main Breaks/Km	0.00

Municipal Indicators - Profile By Municipality	
■Town of Mulgrave's Indicator Data for 2003	
Indicator	Value
Financial - Revenue	
1.1.1. Taxes as a % of Total Revenue	58%
1.1.2. Transfers from Other Governments	11%
1.1.3. Residential Tax Burden (RTB)	717
1.1.4. Uniform Assessment per Dwelling Unit	77,625
Financial - Expenditure	
1.2.1. Mandatory Expenditures	14%
1.2.2. Expenditures per Dwelling Unit	3,808
Financial - Operating Position	
1.3.1. Liquidity Ratio	0.85
1.3.2. Deficits Last 5 years	4
1.3.3. Uncollected Taxes	24%
1.3.4. Reserves as a % of Expenditures	0%
Financial - Debt	
1.4.1. Debt Service Ratio	6.7%
1.4.2. Debt Outstanding/ Uniform Assessment	2.3%
Financial - Capital	
1.5.1. Capital from Revenue	1.0%
1.5.2. Total Capital From Operating	6.0%
Community - Economic	
2.1.1. Increase in Uniform Assessment	35.5%
2.1.2. Commercial/Total Assessment	40%
Community - Social	
2.2.1. Average Household Income (AHI)	39,856
2.2.2. Residential Tax Burden/ Average Household Income (RTB/AHI)	1.8%
Community - Demographic	
2.3.1. Change in Population	5.8%
2.3.2. Age Profile	25/58/16
Governance - Governance	
3.3. Training Costs per Employee	0
3.5. Strategic Planning	0
Performance - General Government Services	
4.1.1. Documentation	no
4.1.2. Legislative/Capita	53
4.1.3. Administration/Capita	318
Performance - Police	
4.2.1. Police Services/\$1,000 Assessment	4
4.2.2. Police Services/Capita	101

Performance - Fire	
4.3.1. Fire Services/\$1,000 Assessment	4
4.3.2. Fire Services/Capita	128
Performance - Transportation	
4.4.1. Roads and Streets	0
Performance - Wastewater	
4.5.1. Storm and Wastewater/Km	0
4.5.2. Sewer Main Backups/Km	0.00
Performance - Solid Waste Resource Management	
4.6.1. Solid Waste Collection/Ton	0
4.6.2. Solid Waste Disposal/Ton	0
4.6.3. Recycling Costs/Ton	0
Performance - Water	
4.7.1. Water Treatment & Distribution	0
4.7.2. Water Tests	0.0%
4.7.3. Water Main Breaks/Km	0.00

Municipal Indicators - Profile By Municipality	
■Town of Canso's Indicator Data for 2003	
Indicator	Value
Financial - Revenue	
1.1.1. Taxes as a % of Total Revenue	45%
1.1.2. Transfers from Other Governments	27%
1.1.3. Residential Tax Burden (RTB)	633
1.1.4. Uniform Assessment per Dwelling Unit	59,627
Financial - Expenditure	
1.2.1. Mandatory Expenditures	10%
1.2.2. Expenditures per Dwelling Unit	3,642
Financial - Operating Position	
1.3.1. Liquidity Ratio	0.42
1.3.2. Deficits Last 5 years	2
1.3.3. Uncollected Taxes	41%
1.3.4. Reserves as a % of Expenditures	18%
Financial - Debt	
1.4.1. Debt Service Ratio	4.7%
1.4.2. Debt Outstanding/ Uniform Assessment	0.7%
Financial - Capital	
1.5.1. Capital from Revenue	7.2%
1.5.2. Total Capital From Operating	9.5%
Community - Economic	
2.1.1. Increase in Uniform Assessment	-1.0%
2.1.2. Commercial/Total Assessment	32%
Community - Social	
2.2.1. Average Household Income (AHI)	38,020
2.2.2. Residential Tax Burden/ Average Household Income (RTB/AHI)	1.7%
Community - Demographic	
2.3.1. Change in Population	-11.0%
2.3.2. Age Profile	21/61/18
Governance - Governance	
3.3. Training Costs per Employee	0
3.5. Strategic Planning	0
Performance - General Government Services	
4.1.1. Documentation	no
4.1.2. Legislative/Capita	46
4.1.3. Administration/Capita	203
Performance - Police	
4.2.1. Police Services/\$1,000 Assessment	7
4.2.2. Police Services/Capita	146

Performance - Fire	
4.3.1. Fire Services/\$1,000 Assessment	4
4.3.2. Fire Services/Capita	91
Performance - Transportation	
4.4.1. Roads and Streets	0
Performance - Wastewater	
4.5.1. Storm and Wastewater/Km	0
4.5.2. Sewer Main Backups/Km	0.00
Performance - Solid Waste Resource Management	
4.6.1. Solid Waste Collection/Ton	0
4.6.2. Solid Waste Disposal/Ton	0
4.6.3. Recycling Costs/Ton	0
Performance - Water	
4.7.1. Water Treatment & Distribution	0
4.7.2. Water Tests	0.0%
4.7.3. Water Main Breaks/Km	0.00

Municipal Indicators - Profile By Municipality Town of Port Hawkesbury's Indicator Data for 2003	
Indicator	Value
Financial - Revenue	
1.1.1. Taxes as a % of Total Revenue	74%
1.1.2. Transfers from Other Governments	10%
1.1.3. Residential Tax Burden (RTB)	1,023
1.1.4. Uniform Assessment per Dwelling Unit	93,698
Financial - Expenditure	
1.2.1. Mandatory Expenditures	16%
1.2.2. Expenditures per Dwelling Unit	3,264
Financial - Operating Position	
1.3.1. Liquidity Ratio	1.03
1.3.2. Deficits Last 5 years	0
1.3.3. Uncollected Taxes	6%
1.3.4. Reserves as a % of Expenditures	12%
Financial - Debt	
1.4.1. Debt Service Ratio	3.2%
1.4.2. Debt Outstanding/ Uniform Assessment	0.4%
Financial - Capital	
1.5.1. Capital from Revenue	3.1%
1.5.2. Total Capital From Operating	7.1%
Community - Economic	
2.1.1. Increase in Uniform Assessment	13.1%
2.1.2. Commercial/Total Assessment	41%
Community - Social	
2.2.1. Average Household Income (AHI)	52,856
2.2.2. Residential Tax Burden/ Average Household Income (RTB/AHI)	1.9%
Community - Demographic	
2.3.1. Change in Population	-1.0%
2.3.2. Age Profile	27/61/12
Governance - Governance	
3.3. Training Costs per Employee	0
3.5. Strategic Planning	0
Performance - General Government Services	
4.1.1. Documentation	no
4.1.2. Legislative/Capita	29
4.1.3. Administration/Capita	98
Performance - Police	
4.2.1. Police Services/\$1,000 Assessment	4
4.2.2. Police Services/Capita	134

Performance - Fire	
4.3.1. Fire Services/\$1,000 Assessment	2
4.3.2. Fire Services/Capita	83
Performance - Transportation	
4.4.1. Roads and Streets	0
Performance - Wastewater	
4.5.1. Storm and Wastewater/Km	0
4.5.2. Sewer Main Backups/Km	0.00
Performance - Solid Waste Resource Management	
4.6.1. Solid Waste Collection/Ton	0
4.6.2. Solid Waste Disposal/Ton	0
4.6.3. Recycling Costs/Ton	0
Performance - Water	
4.7.1. Water Treatment & Distribution	0
4.7.2. Water Tests	0.0%
4.7.3. Water Main Breaks/Km	0.00

Municipal Indicators - Profile By Municipality Municipality of Guysborough's Indicator Data for 2003	
Indicator	Value
Financial - Revenue	
1.1.1. Taxes as a % of Total Revenue	86%
1.1.2. Transfers from Other Governments	1%
1.1.3. Residential Tax Burden (RTB)	214
1.1.4. Uniform Assessment per Dwelling Unit	187,155
Financial - Expenditure	
1.2.1. Mandatory Expenditures	25%
1.2.2. Expenditures per Dwelling Unit	3,154
Financial - Operating Position	
1.3.1. Liquidity Ratio	1.94
1.3.2. Deficits Last 5 years	0
1.3.3. Uncollected Taxes	1%
1.3.4. Reserves as a % of Expenditures	180%
Financial - Debt	
1.4.1. Debt Service Ratio	0.5%
1.4.2. Debt Outstanding/ Uniform Assessment	0.0%
Financial - Capital	
1.5.1. Capital from Revenue	2.0%
1.5.2. Total Capital From Operating	5.3%
Community - Economic	
2.1.1. Increase in Uniform Assessment	285.5%
2.1.2. Commercial/Total Assessment	77%
Community - Social	
2.2.1. Average Household Income (AHI)	37,249
2.2.2. Residential Tax Burden/ Average Household Income (RTB/AHI)	0.6%
Community - Demographic	
2.3.1. Change in Population	-13.8%
2.3.2. Age Profile	20/60/20
Governance - Governance	
3.3. Training Costs per Employee	0
3.5. Strategic Planning	yes
Performance - General Government Services	
4.1.1. Documentation	no
4.1.2. Legislative/Capita	31
4.1.3. Administration/Capita	141
Performance - Police	
4.2.1. Police Services/\$1,000 Assessment	1
4.2.2. Police Services/Capita	119

Performance - Fire	
4.3.1. Fire Services/\$1,000 Assessment	1
4.3.2. Fire Services/Capita	74
Performance - Transportation	
4.4.1. Roads and Streets	0
Performance - Wastewater	
4.5.1. Storm and Wastewater/Km	0
4.5.2. Sewer Main Backups/Km	0.00
Performance - Solid Waste Resource Management	
4.6.1. Solid Waste Collection/Ton	0
4.6.2. Solid Waste Disposal/Ton	0
4.6.3. Recycling Costs/Ton	0
Performance - Water	
4.7.1. Water Treatment & Distribution	0
4.7.2. Water Tests	0.0%
4.7.3. Water Main Breaks/Km	0.00

Municipal Indicators - Profile By Municipality Municipality of Inverness's Indicator Data for 2003	
Indicator	Value
Financial - Revenue	
1.1.1. Taxes as a % of Total Revenue	76%
1.1.2. Transfers from Other Governments	10%
1.1.3. Residential Tax Burden (RTB)	511
1.1.4. Uniform Assessment per Dwelling Unit	66,164
Financial - Expenditure	
1.2.1. Mandatory Expenditures	30%
1.2.2. Expenditures per Dwelling Unit	1,198
Financial - Operating Position	
1.3.1. Liquidity Ratio	1.01
1.3.2. Deficits Last 5 years	0
1.3.3. Uncollected Taxes	19%
1.3.4. Reserves as a % of Expenditures	64%
Financial - Debt	
1.4.1. Debt Service Ratio	4.0%
1.4.2. Debt Outstanding/ Uniform Assessment	0.2%
Financial - Capital	
1.5.1. Capital from Revenue	1.4%
1.5.2. Total Capital From Operating	5.4%
Community - Economic	
2.1.1. Increase in Uniform Assessment	9.2%
2.1.2. Commercial/Total Assessment	13%
Community - Social	
2.2.1. Average Household Income (AHI)	44,926
2.2.2. Residential Tax Burden/ Average Household Income (RTB/AHI)	1.1%
Community - Demographic	
2.3.1. Change in Population	-5.3%
2.3.2. Age Profile	24/59/16
Governance - Governance	
3.3. Training Costs per Employee	0
3.5. Strategic Planning	yes
Performance - General Government Services	
4.1.1. Documentation	no
4.1.2. Legislative/Capita	12
4.1.3. Administration/Capita	47
Performance - Police	
4.2.1. Police Services/\$1,000 Assessment	3
4.2.2. Police Services/Capita	88

Performance - Fire	
4.3.1. Fire Services/\$1,000 Assessment	1
4.3.2. Fire Services/Capita	41
Performance - Transportation	
4.4.1. Roads and Streets	0
Performance - Wastewater	
4.5.1. Storm and Wastewater/Km	0
4.5.2. Sewer Main Backups/Km	0.00
Performance - Solid Waste Resource Management	
4.6.1. Solid Waste Collection/Ton	0
4.6.2. Solid Waste Disposal/Ton	0
4.6.3. Recycling Costs/Ton	0
Performance - Water	
4.7.1. Water Treatment & Distribution	0
4.7.2. Water Tests	0.0%
4.7.3. Water Main Breaks/Km	0.00

Municipal Indicators - Profile By Municipality Municipality of Victoria's Indicator Data for 2003	
Indicator	Value
Financial - Revenue	
1.1.1. Taxes as a % of Total Revenue	73%
1.1.2. Transfers from Other Governments	3%
1.1.3. Residential Tax Burden (RTB)	642
1.1.4. Uniform Assessment per Dwelling Unit	79,789
Financial - Expenditure	
1.2.1. Mandatory Expenditures	29%
1.2.2. Expenditures per Dwelling Unit	1,483
Financial - Operating Position	
1.3.1. Liquidity Ratio	1.04
1.3.2. Deficits Last 5 years	1
1.3.3. Uncollected Taxes	11%
1.3.4. Reserves as a % of Expenditures	18%
Financial - Debt	
1.4.1. Debt Service Ratio	4.3%
1.4.2. Debt Outstanding/ Uniform Assessment	0.6%
Financial - Capital	
1.5.1. Capital from Revenue	0.0%
1.5.2. Total Capital From Operating	3.9%
Community - Economic	
2.1.1. Increase in Uniform Assessment	10.5%
2.1.2. Commercial/Total Assessment	18%
Community - Social	
2.2.1. Average Household Income (AHI)	44,060
2.2.2. Residential Tax Burden/ Average Household Income (RTB/AHI)	1.5%
Community - Demographic	
2.3.1. Change in Population	-5.0%
2.3.2. Age Profile	24/61/16
Governance - Governance	
3.3. Training Costs per Employee	0
3.5. Strategic Planning	yes
Performance - General Government Services	
4.1.1. Documentation	no
4.1.2. Legislative/Capita	22
4.1.3. Administration/Capita	92

Performance - Police	
4.2.1. Police Services/\$1,000 Assessment	3
4.2.2. Police Services/Capita	110
Performance - Fire	
4.3.1. Fire Services/\$1,000 Assessment	1
4.3.2. Fire Services/Capita	63
Performance - Transportation	
4.4.1. Roads and Streets	0
Performance - Wastewater	
4.5.1. Storm and Wastewater/Km	0
4.5.2. Sewer Main Backups/Km	0.00
Performance - Solid Waste Resource Management	
4.6.1. Solid Waste Collection/Ton	0
4.6.2. Solid Waste Disposal/Ton	0
4.6.3. Recycling Costs/Ton	0
Performance - Water	
4.7.1. Water Treatment & Distribution	0
4.7.2. Water Tests	0.0%
4.7.3. Water Main Breaks/Km	0.00

Municipal Indicators - Profile By Municipality Municipality of Richmond's Indicator Data for 2003	
Indicator	Value
Financial - Revenue	
1.1.1. Taxes as a % of Total Revenue	89%
1.1.2. Transfers from Other Governments	0%
1.1.3. Residential Tax Burden (RTB)	313
1.1.4. Uniform Assessment per Dwelling Unit	137,154
Financial - Expenditure	
1.2.1. Mandatory Expenditures	33%
1.2.2. Expenditures per Dwelling Unit	1,880
Financial - Operating Position	
1.3.1. Liquidity Ratio	1.02
1.3.2. Deficits Last 5 years	0
1.3.3. Uncollected Taxes	9%
1.3.4. Reserves as a % of Expenditures	26%
Financial - Debt	
1.4.1. Debt Service Ratio	1.6%
1.4.2. Debt Outstanding/ Uniform Assessment	0.1%
Financial - Capital	
1.5.1. Capital from Revenue	0.5%
1.5.2. Total Capital From Operating	2.0%
Community - Economic	
2.1.1. Increase in Uniform Assessment	38.2%
2.1.2. Commercial/Total Assessment	59%
Community - Social	
2.2.1. Average Household Income (AHI)	39,405
2.2.2. Residential Tax Burden/ Average Household Income (RTB/AHI)	0.8%
Community - Demographic	
2.3.1. Change in Population	-9.1%
2.3.2. Age Profile	22/59/19
Governance - Governance	
3.3. Training Costs per Employee	0
3.5. Strategic Planning	yes
Performance - General Government Services	
4.1.1. Documentation	no
4.1.2. Legislative/Capita	21
4.1.3. Administration/Capita	122
Performance - Police	
4.2.1. Police Services/\$1,000 Assessment	1
4.2.2. Police Services/Capita	82

Performance - Fire	
4.3.1. Fire Services/\$1,000 Assessment	1
4.3.2. Fire Services/Capita	57
Performance - Transportation	
4.4.1. Roads and Streets	0
Performance - Wastewater	
4.5.1. Storm and Wastewater/Km	0
4.5.2. Sewer Main Backups/Km	0.00
Performance - Solid Waste Resource Management	
4.6.1. Solid Waste Collection/Ton	0
4.6.2. Solid Waste Disposal/Ton	0
4.6.3. Recycling Costs/Ton	0
Performance - Water	
4.7.1. Water Treatment & Distribution	0
4.7.2. Water Tests	0.0%
4.7.3. Water Main Breaks/Km	0.00

Municipal Indicators			
<i>Average Municipal Indicators by Class</i>			
Municipal Indicator	Regionals	Towns	Rurals
Taxes as a % of Total Revenue	73%	72%	78%
Transfers as a % of Total Revenue	8%	10%	6%
Residential Tax Burden	788	918	526
U.A. per Dwelling Unit	87,390	82,452	86,851
Mandatory Expenditures	28%	20%	32%
Expenditures per Dwelling Unit	2,426	2,796	1,395
Liquidity Ratio	1.29	1.28	1.92
Deficits - Last 5 years	0	1	0
Uncollected Taxes	6%	8%	9%
Reserves as a % of Expenditures	20%	23%	39%
Debt Service Ratio	8.6%	7.8%	4.5%
Debt Outstanding/U.A.	1.1%	1.1%	0.3%
Capital from Revenue/Expenditures	4.9%	3.2%	3.1%
Total Capital From Operating	14.8%	11.9%	9.6%
Increase in Uniform Assessment	2.5%	9.5%	31.4%
Commercial/Total Assessment	24%	31%	23%
Average Household Income	45,926	41,959	43,660
Tax Burden/Household Income	1.7%	2.2%	1.2%
Change in Population	-1.9%	-0.6%	-3.7%
Age Profile 0 - 19	23%	23%	23%
Age Profile 20 - 65	62%	57%	61%
Age Profile over 65	15%	20%	16%
Training Costs per Employee	435	719	972
Legislative/Capita	10	24	15
Administration/Capita	81	128	62
Police/\$1,000 Assessment	4	6	2
Police/Capita	128	180	77
Fire/\$1,000 Assessment	3	3	1
Fire/Capita	85	102	43
Roads & Streets/Km	8,750	9,823	37,299
Storm & Wastewater/Km	1,955	4,852	9,120
Sewer Main Backups/Km	0.47	0.21	0.07
Solid Waste Collection/Ton	75	249	6,468
Solid Waste Disposal/Ton	73	89	85
Recycling Costs/Ton	60	21	30
Water T & D/millions of litres	644	17,219	1,466
Adverse Water Tests/Total Tests	0.10%	0.65%	4.43%
Water Main Breaks/Km	0.26	0.34	0.37

MUNICIPAL INDICATOR DEFINITIONS

The following are descriptions of each municipal indicator, what they mean and how they are calculated. The indicators themselves do not show a course of action to be taken. A high or low indicator only shows areas that should be investigated to determine why the indicator is high or low and to determine where actions, if any, should be taken.

Each municipal indicator shows a small piece of the puzzle of the health of a community. Taken together the picture becomes clearer and by investigating the indicators over time municipalities can use the indicators as a guide and planning tool for the future.

1.0 FINANCIAL INDICATORS

The financial indicators are intended to broadly assess the financial condition of a municipality. Indicators have been organized under five headings: Revenue, Expenditures, Operating Position, Debt and Capital. Any one indicator may not provide great insight into financial condition but all financial indicators taken together should provide a reasonably clear indication of financial condition, particularly when compared to other similar municipalities and when compared to previous years.

1.1 REVENUE INDICATORS

The level of municipal revenues significantly affects the capacity of a municipality to provide services. Under ideal circumstances, revenues grow at a rate equal to or greater than the rate of growth in expenditures.

1.1.2. Transfers from Other Governments - This indicator measures the reliance of a municipality on revenues from other levels of governments (ie Equalization Grant). It is calculated by dividing transfers from other governments by total revenue. A high ratio probably indicates an over-reliance on transfers as compared to properly tax revenue.

1.1.3. Residential Tax Burden (RTB) - The indicator shows the average cost, to each dwelling unit, of municipal government services. When comparing municipalities, it is a more accurate reflection of residential property taxes than tax rates. It is calculated by dividing total residential property tax revenue, excluding area rates, by the number of dwelling units in the municipality. A high RTB may indicate that a municipality is reaching a ceiling on tax rates. A low RTB may indicate that a municipality has a relatively large commercial tax base to share the tax burden. While this indicator provides information on the cost of municipal government per dwelling unit, care must be exercised in comparing municipalities. Municipalities with user charges for services such as garbage collection will tend to have lower RTB's than municipalities that fund all services through tax revenue.

1.1.4. Uniform Assessment per Dwelling Unit - This indicator provides broad information on a municipality's ability to fund municipal services. It is calculated by dividing uniform assessment by dwelling units. A high Uniform Assessment per Dwelling Unit may indicate that the municipality is relatively well off compared to other municipalities.

1.2 EXPENDITURE INDICATORS

Expenditures are a rough indicator of the output of a municipality's services. Generally, the more a municipality spends, the more services it provides. However, the amount of expenditures does not indicate the effectiveness or efficiency of service delivery in the municipality.

1.2.1. Mandatory Expenditures - Shows the amount of expenditures that council has little or no control over as a percent of total expenditures. It is calculated by dividing the sum of education, assessment, corrections, housing, debt charges, library and social services by total expenditures. It may be argued that debt charges are controlled by councils, however once the decision to incur debt is made, future debt payments become a legal liability and future councils may not reduce or eliminate them. In addition to these items there are other expenditures that limit what could be termed "discretionary expenditures" of current councils. Union contracts, leases and other legal liabilities combined with mandatory expenditures limit the flexibility of councils to deal with expenditures pressures and revenue declines. Municipalities, because of differing conditions, would define "non-discretionary expenditures" differently. Therefore an indicator for discretionary expenditures is not calculated here. Municipalities are encouraged to complete the exercise of calculating a "discretionary expenditures" indicator for themselves.

1.2.2. Expenditures per Dwelling Unit - Shows the amount that is spent on municipal services per dwelling unit. It is easily comparable across municipalities. It is calculated by dividing total expenditures by the number of dwelling units. The reasons for a high or low expenditure per dwelling unit should be explored before any conclusions are reached. Services may be more expensive to deliver in one municipality as opposed to another. For example, snow clearing costs are higher for a municipality with hilly terrain than a municipality that is relatively flat and has fewer roads.

1.3 OPERATING POSITION INDICATORS

1.3.1. Liquidity Ratio - This indicator measures the short-term ability of a municipality to meet its current obligations. It is calculated by dividing short-term operating assets by short-term operating liabilities.

1.3.2. Deficits Last 5 years - Indicates the ability of a municipality to meet operating expenditures with revenues. Continuing deficits may indicate that there are ongoing budgetary problems that should be addressed through the budget process. This indicator is expressed as a number from zero to five for the number of operating deficits incurred in the last five years.

1.3.3. Uncollected Taxes - Indicates the ability of taxpayers to pay taxes on time and may indicate the strength of collection policies in place and the economic strength of a municipality. It is calculated by dividing total uncollected taxes at year end by total tax levy.

1.3.4. Reserves as a % of Expenditures - May indicate the relative health of a municipality and council's willingness to "put money away for a rainy day". Generally, municipalities that have higher levels of reserves than average are considered financially healthier and may be more advanced in their strategic planning. A low indicator here may not necessarily indicate a financially weak municipality. It may simply reflect council policy to keep tax rates at a minimum rather than building reserves. This indicator is calculated by dividing equity of reserves by total expenditures.

1.4 DEBT INDICATORS

Debt is an effective way to finance capital and to ultimately match those who benefit with those who pay. However, its misuse can cause serious financial stresses for a municipality. Long term debt normally consists of debentures issued through Nova Scotia Municipal Finance Corporation or loans through chartered banks to finance capital projects. Municipalities must ensure that the level of debt does not exceed its ability to service future debt payments.

1.4.1. Debt Service Ratio - Indicates the amount of the current operating expenditures incurred for debt servicing and therefore not available for other services. It is calculated by dividing total long term debt servicing costs including lease payments, temporary financing and other debt charges by total own source revenue. Total own source revenue is total revenue less transfers. Care must be used in evaluating this indicator. A high debt service ratio may indicate a municipality that has taken on too much debt but it may also indicate that the municipality has taken an aggressive approach to debt repayment and is paying down their debt quickly to avoid interest costs. Similarly, a low debt service ratio could indicate a municipality is strong financially and can finance most capital projects through their operating budget. It may also indicate that a municipality is financially weaker and has deferred capital projects and allowed important infrastructure to deteriorate. Debt Service Ratio is a key indicator currently used by Service Nova Scotia and Municipal Relations prior to recommending Ministerial approval of Temporary Borrowing Resolutions.

1.4.2. Debt Outstanding/Uniform Assessment - This indicates the level of total outstanding long term debt as a percentage of a municipality's ability to pay. Typically a growing municipality with new development has a greater need for new infrastructure and will therefore incur higher capital costs. This indicator is calculated by dividing long term commitments by uniform assessment.

1.5 CAPITAL INDICATORS

The largest item on the balance sheet of municipalities is capital assets - information technology, streets, buildings, parks, utility plants and equipment. If these assets are not maintained or are allowed to become obsolete, the results may include a decrease in the usefulness of the asset, an increase in the cost of maintenance, and a decrease in the attractiveness of the community as a place to live or do business.

Municipalities often defer capital expenditures because to do so is a relatively painless way to temporarily reduce expenditures and ease financial strain. To do so continually, however, can cause serious financial and non-financial problems in the long run.

1.5.1. Capital from Revenue - Indicates a municipality's investment in capital infrastructure through the operating fund. A high percentage may indicate financial strength. It is calculated by dividing the total amount of current capital expenditures funded through the operating budget by total expenditures.

1.5.2. Total Capital From Operating - Indicates the total amount of operating budget funds dedicated to past, present or future infrastructure of the municipality through debt charges (past capital), capital from revenue (current capital) and future capital (transfers to capital reserve). It is calculated by dividing the sum of capital expenditures funded through the operating budget, debt charges for capital projects and transfers to capital reserves by total expenditures.

2.0 COMMUNITY INDICATORS

The community indicators identify areas over which a municipality may have little or no control. Economic, social and demographic indicators, define the municipal environment including a municipality's strengths and weaknesses and opportunities and threats.

2.1 ECONOMIC INDICATORS

2.1.1. Increase in Uniform Assessment - Indicates the increase in a municipality's ability to pay over the last three years and may reflect the change in economic well-being of the municipality. Calculated as current U.A. minus U.A. of three years ago divided by U.A. of three years ago. This indicator should also be viewed in combination with the increase in uniform assessment for the province as a whole because uniform assessment is used in cost sharing and equalization grant formulas. For example, a higher than average increase in U.A. may indicate that expenditures for cost sharing programs will increase.

2.1.2. Commercial /Total Assessment - Shows the relative strength of the municipality's tax base. A higher percentage indicates higher revenue raising ability because commercial tax rates are higher than residential tax rates and therefore generate more tax revenue. This is calculated by dividing total taxable commercial assessment including business occupancy assessment and machinery and equipment assessment by total taxable assessment.

2.2 SOCIAL INDICATORS

2.2.1. Average Household Income (AHI) - Indicates average household income that may be available to pay taxes in a municipality. A comparison across municipalities may indicate the relative economic well-being of residents. This information is obtained from Statistics Canada.

2.2.2. Residential Tax Burden/Average Household Income (RTB/AHI) - This indicates the percentage of household income that is used to pay municipal property taxes. It is calculated by dividing residential tax burden by average household income. It expands on the RTB indicator to give a picture of the relative ability of taxpayers in a municipality to pay taxes.

2.3 DEMOGRAPHIC INDICATORS

2.3.1. Change in Population - Shows the changes in population over the past four years. It is calculated by dividing the difference between population estimates of the current year and four years ago by current year's estimated population. Continual decreases in population may indicate serious structural problems in the economy of the municipality.

2.3.2. Age Profile - These three percentages show the percentage of the population of a municipality that is 0 - 19 years of age; 20 - 65 years of age; and over 65 years of age. The three percentages may indicate where expenditure pressures for a municipality will be. For example a young population may demand more playgrounds and ball fields while an older population may want more resources invested in police services and walking trails.

3.0 GOVERNANCE INDICATORS

Governance indicators provide insight into how a community engages in the activity of municipal government. The measures indicate the public's interest in their community and how this interest manifests itself into working and planning for the future. There is increasing evidence that communities with active participation are healthy communities. Some would suggest that the financial deterioration of a community can be predicted by the deterioration of the public's participation in the community. Voter turnout and municipal elections candidates information will be collected by the province through the elections office. Municipalities will be responsible for reporting the other governance information on the General Return.

3.1. Voter Turnout - This indicator is the percentage of voter turnout for an election. It is intended to indicate the level of citizen interest in the electoral process at the municipal level. It is calculated by dividing the actual voter turnout by the total eligible number of voters. A high voter turnout could mean either a high level of citizen interest in the affairs of the municipality or a high level of dissatisfaction with the running of the municipality. A low voter turnout could mean either a high level of satisfaction with municipal government or voter apathy. It may also indicate the election of a candidate by acclamation.

3.2. Municipal Elections Candidates - This indicates the willingness of residents to serve in an elected capacity. Municipal Councils need individuals with leadership skills to provide overall direction and to serve the interests of the community. Contested elections provide opportunities for important issues to be debated in public. This indicator is calculated by dividing the total number of election candidates by the total number of council seats.

3.3. Training Costs per Employee - This indicator calculates the investment of the municipality in its most important asset, human capital. A high indicator shows the municipality recognizes that training and development are important in maintaining a capable and motivated workforce. This indicator is calculated by dividing the total training and development expenditures by total full time equivalent staff.

3.4. Succession Planning - Municipalities today recognize demographic trends and that staff turnover will become a greater issue. When staff leave the organization a certain amount of corporate history is lost and with it some efficiency and effectiveness. Succession planning can minimize the losses the organization experiences when staff leave. This indicator is calculated by dividing the number of full time positions with a succession plan by the number of full time equivalent positions.

3.5. Strategic Planning - The environment that municipalities face today is ever changing. This indicator identifies which municipalities have recognized this fact and have developed plans that recognize their strengths and weaknesses while taking into consideration their opportunities and threats. This is a yes or no indicator. Either the municipality maintains a strategic plan or it doesn't.

4.0 PERFORMANCE INDICATORS

Efficiency and Effectiveness Measures

The purpose of the Performance Indicators is to provide municipalities a more detailed or "on the ground" view of some of their specific activities, with the goal of improving their effectiveness and efficiency. Financial information will be collected by the province through the municipalities' financial statements. Other information will be collected through the General Return.

Efficiency measures are defined as the ratio of input/output. Input is defined as cost of operations and is used as the numerator for all efficiency measures. Output consists of total units and is used as the denominator. Examples of output include assessment and tons.

When operating costs are divided by total units, the resulting efficiency measure describes the cost per unit.

Effectiveness measures provide information about the quality of service delivery. They measure results against planned or desired service quality outcomes/goals. Effectiveness measures may consist of counts (i.e. number of sewer main backups) or ratios (i.e. percentage of residential solid waste diverted for recycling).

Where the effectiveness measure is expressed as a percentage, the numerator and denominator consist of the same type of units (e.g. tons, litres, etc.). The denominator consists of total units while the numerator consists of total units which meet a specified condition.

Where an effectiveness measure is a ratio which is not expressed as a percentage, different kinds of units are used in the numerator and denominator.

Both effectiveness and efficiency measures are needed to properly assess service delivery. Without effectiveness measures, the cheapest form of service delivery would be perceived as optimal because it would yield the lowest cost per unit. With effectiveness measures, other factors are evaluated such as how well services meet municipal service quality goals and expectations of the public.

4.1 GENERAL GOVERNMENT SERVICES

4.1.1. Documentation - This measure will indicate **yes** - all documentation was received by the Department by the deadline for submission or **no** - not all documentation was received by the Department, by the stipulated date. Timely reporting and submission of reports to Councils and the provincial government is a sign of an efficient municipal administration. It provides stakeholders, including taxpayers, with important information on the well-being and plans of the municipality.

Reports and submissions required by Service Nova Scotia and Municipal Relations are:

1. Estimates Forms
2. Capital Budgets
3. General Return
4. Financial Statements including Auditor's Report
5. Management Letter

4.1.2. Legislative/Capita - This indicator shows the amount that a municipality spent for legislative services per capita. This can be compared to a municipality's previous years' spending on this service or can be compared to other municipalities of similar size and structure.

4.1.3. Administration/Capita - This indicator shows the amount that a municipality spent for administrative services per capita and measures the efficiency of administration. It is calculated by dividing general administrative services less tax rebates and expenses related to properties acquired at tax sales by population. It can be used to compare with previous years and with similar municipalities. A high indicator may indicate high expenditures in this area or higher service levels. A low indicator may indicate efficient operations or an insufficient number of qualified employees.

4.2 POLICE

4.2.1. Police Services/\$1,000 Assessment - This indicates the efficiency of police services. It is calculated by dividing total costs of police services by thousands of dollars of assessment. Assessment less business occupancy is used as a measure because part of police services mandate is to protect property. Police services in Nova Scotia are delivered by a municipality's own force, the RCMP or a combination of both. Differences between municipalities should be researched before conclusions are made, service levels may be different.

4.2.2. Police Services/Capita - This indicates the efficiency of police services. It is calculated by dividing total costs of police services by population. Population is used as a measure because part of police services mandate is protection to people. Police services in Nova Scotia are delivered by a municipality's own force, the RCMP or a combination of both. Differences between municipalities should be researched before conclusions are made, service levels may be different.

4.3 FIRE

4.3.1. Fire Services/\$1,000 Assessment - This indicates the efficiency of fire services. It is calculated by dividing total costs of fire services by thousands of dollars of assessment. Assessment less business occupancy is used as a measure because part of fire services responsibility is to protect property. Fire services in Nova Scotia are delivered by a municipality's own force, volunteer fire departments or a combination of both. Differences between municipalities should be researched before conclusions are made, service levels may be different.

4.3.2. Fire Services/Capita - This indicates the efficiency of fire services. It is calculated by dividing total costs of fire services by population. Population is used as a measure because part of fire services responsibility is protection of people. Fire services in Nova Scotia are delivered by a municipality's own force, volunteer fire department or a combination of both. Differences between municipalities should be researched before conclusions are made, service levels may be different.

4.4 TRANSPORTATION

4.4.1. Roads and Streets - This indicator measures the efficiency of road and street maintenance services per kilometre of roads owned by the municipality. Costs included in this measure are operating costs for roads and streets, sidewalks, snow and ice removal, bridges, street lighting, traffic services and parking. A higher or lower indicator for this indicator may have many different explanations. For example, municipalities that have hilly streets or more annual snowfall may have a higher "Roads and Streets" indicator.

4.5 WASTEWATER

4.5.1. Storm and Wastewater/Km - This indicator measures the efficiency of storm sewer and sanitary sewer systems. It is calculated by dividing storm and sanitary sewer collection and treatment expenditures by total kilometres of sewer line. A high result may indicate old, deteriorating sewer lines. A low indicator may be the result of new or updated sewer lines.

4.5.2. Sewer Main Backups/Km - Municipal wastewater management practices prevent environmental and human health hazards. This indicator measures the efficiency of the sewer system. It is calculated by dividing the number of sewer main backups in a year by the kilometres of sewer line. A sewer main backup is defined as an obstruction or hydraulic overload in a municipal system (separated sanitary and storm sewer systems as well as a combined sanitary/storm system) which results in a backup of wastewater which may enter a house. This should be distinguished from an obstruction in a lateral line from a house to the sewer main. Included are municipal system flushing activities which cause a backup in residential basements. Sewer lines on private property are not measured.

4.6 SOLID WASTE RESOURCE MANAGEMENT

Solid Waste Services are delivered in many different ways across the province. There are first and second generation landfills, there are incinerators, and some municipalities contract out their garbage collection. There are solid waste authorities owned by several municipalities and municipalities have contracted with neighbouring municipalities to provide solid waste services. In most cases, however, there is a cost to the municipality that can be converted to a performance measure.

When calculating solid waste performance measures total costs less revenues from other municipalities should be used.

4.6.1. Solid Waste Collection/Ton - This indicator measures the efficiency of municipal solid waste collection services. A municipality with large collection areas such as counties may have a higher solid waste collection cost per ton indicator than a town that has a shorter collection route.

4.6.2. Solid Waste Disposal/Ton - This indicator measures the efficiency of municipal solid waste disposal services. It is calculated by dividing the costs of disposal including landfills and incinerators by total tons disposed. A high indicator may be the result of the higher costs of running a second generation landfill. A low indicator may result from a higher than average recyclables diversion rate.

4.6.3. Recycling Costs/Ton - This indicator measures the efficiency of municipal solid waste recycling services. The definition for operating costs for recycling applies to material collected from all property classes which are diverted for recycling or composting.

4.7 WATER

4.7.1. Water Treatment & Distribution - This indicator measures the efficiency of municipal water treatment and distribution services. It is calculated by dividing operating costs for water including: source of supply, pumping, water treatment, transmission and distribution, administration, depreciation and taxes by millions of litres of water treated.

4.7.2. Water Tests - This indicator measures the percentage of water test results that showed adverse water quality or exceeded maximum concentrations as prescribed. This effectiveness measure indicates whether water is safe and meets local needs. It is calculated by dividing the number of adverse water quality tests by the total number of water quality tests.

4.7.3. Water Main Breaks/Km - This indicator measures the effectiveness of the water main system in the municipality. It is calculated by dividing the number of breaks in water mains in a year by the total number of kilometres of water main pipe.