



## Emerging Issues Task Force

**Issue Number: 15-04**

**Date Posted: July 6, 2015**

**Issue Short Heading: Bill 20 – Municipal Government Act Amendments**

**Issue Category:**

- Membership issue
- Government (Provincial)
- Government (Federal)
- PSAB
- Other

**Issue Description:**

Bill 20 approved in April of 2015 by the Provincial Government includes a number of changes to Municipal Government Act. Bill 20 is the first two planned amendments to the Municipal Government with the second due near the end of 2015. The focus of this document is to review those changes with finance and accounting implications. More details are expected as supporting regulations are approved.

**Issue commentary/research:**

A number of changes have been approved to the Municipal Government Act that will have a direct impact on municipal finance departments.

Financial Shortfall – Section 244 (Amended)

This section replaces the 3-year cumulative deficiency (now called a shortfall) with the requirement that the municipality must include funding in a budget to make up for a shortfall in accumulated surplus (excluding surplus in tangible capital assets). This means that municipalities can incur deficits and not have to fund them unless it results in the organization of a negative accumulated surplus.

Annual Budget – Section 248.1 (New)

This section clarifies that Council may approve an operating and capital budget consistent with this it financial statements. The most obvious item this covers is the inclusion of amortization in the budget process.

#### Financial Records and Receipts – Section 268.1 (New)

Section 268.1 puts in place the requirement for accurate records for financial information and financial reporting in its own section. Currently these requirements are included as the duties under section 208, which outlines the performance duties of the chief administrative officer.

#### Municipal Accounts – Section 270 (Amended)

A new subsection has been added to clarify that municipal funds must be deposited with one of a specific list of financial institutions.

#### Financial Plans & Capital Plans – Section 283.1

Section 283.1 will have the most obvious impact on municipal staff. The section will require municipalities to develop a written plan for the next 3 years for operations and 5 years for the capital requirements for the community. The specifics of this requirement will likely appear in future regulations and will establish a minimum requirement. Municipal staff will have to review with their respective Council on the level of detail and forecasting required by Council. It is intended to be in place by the end of 2016.

#### **References:**

<http://mgareview.alberta.ca/> (MGA Review website)

[http://www.assembly.ab.ca/ISYS/LADDAR\\_files/docs/bills/bill/legislature\\_28/session\\_3/20141117\\_bill-020.pdf](http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/bills/bill/legislature_28/session_3/20141117_bill-020.pdf) (Bill 20 draft)

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