



What's New In Mountain View

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Prudent and Progressive

2011 Budget Sustains County's Strong Financial Position

For the second consecutive year, County ratepayers will not be facing a property tax increase. That's good news for farmers and residential taxpayers who can expect tax bills similar to 2010 unless they've made improvements to their properties that could impact assessment value. Even nonresidential taxpayers have reason to smile; their tax bills will drop slightly.

Says Reeve Paddy Munro, "It's a budget that recognizes our economy is slowly recovering but prudence is the watchword. We want to be sure we continue to stimulate business activity, maintain the integrity of our infrastructure and offer our ratepayers real value."

He's quick to acknowledge the importance of a long term lens on the budget planning process. "We heard ratepayers loud and clear in their need for change and we're committed to building a vision that will address their issues. However, it takes time to turn a ship around. This budget reflects short term objectives and lays the foundation for our Strategic Directions Plan—a key focus for this Council in 2011.

"With our new CAO in place, we are now positioned to initiate long term planning in all aspects of our organization. As we identify opportunities to deliver better value, or further improve service delivery through operational changes, we will revisit our financial options as needed."

Key Highlights

Tax Revenues

Overall: There is a 0% increase residential and farming property taxes in 2011; non-residential taxes are expected to decrease slightly*

- Tax Revenue:** The 2011 County tax revenue is budgeted to increase 5% (\$1.5 Million) as the result of new properties added to the assessment base
- While there is a \$1.5 Million change from the 2010 budget, the difference in actual taxes collected is only \$465,000
- Of the \$1.5 Million tax revenue increase, \$1.1 Million is municipal taxes and \$460,000 reflects taxes collected on behalf of the Province for the Education Requisition

*2011 County tax rates will be set in the spring when final assessment values are available and the Province has released its 2011 Education Requisition requirement.

Operating Expenses

Overall: With amortization, operational expenses are budgeted to increase 9% or \$3,310,000 in 2011. Without the impact of amortization increases, overall operating expenses are budgeted to decrease \$95,000

- Council:** 2010 costs included the municipal election. 2011 Council Costs have decreased accordingly
- Corporate Services:** \$120,000 of the 2011 increase is amortization; \$260,000 is interest paid on long term debt for Senior's Housing loans (there is revenue from Senior's Housing offsetting this expense)
- Planning and Development:** Increased staffing costs of \$125,000 for a planner and planning intern. This will be partially offset by expected increases in planning revenue
- Legislative Services:** \$180,000 increase to support recreational facilities and libraries with urban partners;
- \$140,000 increase for communications and government relations. Note: These increases are partially offset by decreased personnel costs
- Requisitions**
 - Senior's Housing requisition (\$315,000); a slight decrease from 2010
 - Regional Waste Management requisition (\$155,000); the same as 2010
 - The Alberta Education Requisition is expected to increase by \$460,000 (3%) to \$1.1 Million in 2011. The County simply collects the Education Requisition on behalf of the Province. This does not add revenue to the County.

Operational Services Expenses

Overall: Road maintenance; road infrastructure and the amortization of County road network assets reflect 45% of the Operating Budget.

- There is a \$3.4 Million increase in amortization costs as a result of a reporting transition in road infrastructure costs (this is a non-cash expense and does not impact taxes)
- \$339,000 decrease in the amount spent on the dust control program
- \$500,000 of road base repair costs has been reclassified from maintenance to capital costs

MOUNTAIN VIEW COUNTY 2011 BUDGET STATEMENT OF OPERATIONS REVENUE BUDGET				
VARIANCE CALCULATION: 2011 budget compared to 2010 budget.				
	2010 BUDGET \$	2011 BUDGET \$	CHANGE \$	%
TAXES:	32,742,500	34,296,000	1,553,500	5
SALES OF GOODS & SERVICES:	2,907,625	3,383,170	475,545	16
GRANTS:	2,470,271	2,376,830	(93,441)	(4)
TOTAL REVENUE	<u>38,120,396</u>	<u>40,056,000</u>	<u>1,935,604</u>	<u>5</u>
EXPENSE BUDGET				
	2010 BUDGET \$	2011 BUDGET \$	VARIANCE \$	%
COUNCIL:	595,480	562,340	(33,140)	(6)
CAO SERVICES:	627,580	627,130	(450)	(0)
CORPORATE SERVICES:	3,223,008	3,629,670	406,662	13
PLANNING & DEVELOPMENT SERVICES:	1,582,120	1,724,000	141,880	9
LEGISLATIVE & COMMUNITY SERVICES:	5,253,427	5,484,500	231,073	4
OPERATIONAL SERVICES:	16,545,885	16,682,360	2,136,475	13
REQUISITIONS:	10,142,500	10,570,000	427,500	4
TOTAL EXPENSES	<u>37,970,000</u>	<u>41,280,000</u>	<u>3,310,000</u>	<u>9</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	150,396	(1,224,000)		
OTHER:				
Contributed Assets				
Government transfers for Capital	8,849,604	4,124,000		
EXCESS REVENUE OVER EXPENSES	<u>9,000,000</u>	<u>2,900,000</u>		

MOUNTAIN VIEW COUNTY 2011 BUDGET STATEMENT OF CASH FLOWS		
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
	2010 BUDGET \$	2011 BUDGET \$
Operating		
Excess Revenues Over Expenses	9,000,000	2,900,000
Non-cash charges to operations		
Amortization	7,175,000	10,579,800
Gravel Surcharge	750,000	
Tangible capital assets received as contributions		275,000
Loss (gain) on disposal of tangible capital assets		
Cash provided by operating transactions	16,925,000	13,754,800
Capital		
Acquisition of tangible capital assets	(18,635,851)	(12,359,550)
Proceeds on disposal of tangible capital assets	699,000	260,000
Cash used in capital transactions	(17,936,851)	(12,099,550)
Cash Funding	(1,011,851)	1,665,250
Net Change in non-cash working capital balances related to operations	<u>(5,294,046)</u>	<u>2,469,180</u>
Financing/Investing		
Cash provided by financing/investing activities	-	-
Net increase in cash and cash equivalents	<u>(6,305,897)</u>	<u>4,124,410</u>
Cash and Cash Equivalents, Beginning of Year	15,602,035	15,730,000
Cash and Cash Equivalents, End of Year	<u>9,296,138</u>	<u>19,854,410</u>

Budget 2011

March 1, 2011

Capital Program

Overall: In 2011, the Capital Program is \$12.4 Million as compared to \$18.6 Million in 2010; 84% of the County's Capital Program budget is road related

- \$1.7 Million for bridge replacements including the Big Prairie Bridge
- \$1.5 Million to address surface and subsurface issues on chip sealed roads
- Final year of a three year program focused on resurfacing chip sealed roads
- Next major road upgrade in 2013; with rebuild of Acme Road planned at a cost of \$6.1 Million
- \$1.5 Million to be invested in the Olds-Didsbury Airport for development of lots. Sale of lots expected to offset the majority of costs
- Amortization:** There is a \$3.4 Million increase in amortization costs as a result of a reporting transition in road infrastructure costs. This is a non-cash item and is reflected in Operating Services Expenses and in the Amortization line in the Statement of Cash Flows

Cash Balances

Overall: Cash balances are expected to increase by \$4.1 Million in 2011; \$ 2.4 Million of the increase is because of deferred grant funds which are expected to accumulate over the next two budget years to fund the Acme Road Upgrade (\$6.1 Million)

- This brings the County's cash balance to \$19.9 Million.

Reserves

Overall: 2011 operating reserves are expected to increase by 8% (\$1.4 Million) related in large part to the Road Network Reserve

- Capital reserves are budgeted to increase slightly
- Increases in the heavy equipment reserve and the addition of the Asphalt Roads Reserve will be offset considerably by expenditures on the Olds-Didsbury Airport

Capital Funding

Overall: Implementation of tangible capital asset reporting now provides detailed information regarding the County's assets. Like other rural municipalities, Mountain View County is challenged to sustain infrastructure with property taxes as its primary revenue source. Without capital grants the County has a \$1.2 Million operating deficit. To partially close this gap, the 2011 budget adds:

- \$600,000 in reserves to support renewal of road infrastructure
- \$250,000 to the renewal of County facilities

Grants

Overall: Provincial and Federal governments have increased grant funding to Mountain View (and other municipalities) in the last five years

- Increase expenditures on road infrastructure
- Fund capital replacements (marking the beginning of grant funds accumulation to fund the rebuilding of the Acme Road)
- Provincially the County receives funding under the Municipal Sustainability Initiative (MSI). In 2011, MSI funding is expected to be close to \$4 Million (same as 2010 and lower than originally forecast)
- The Federal Gas Tax program is expected to continue with County eligibility at \$700,000 for 2011

Strategic Directions Plan

In response to ratepayer direction, Council has developed an initial short term direction for the County to be followed by long range planning

Overall: The 2011 budget includes provision for:

- A ratepayer survey
- Increased advertising
- Implementation of a strategic communications plan
- Review of the MDP

"As a package, the 2011 Budget sustains the County's strong financial position," says Reeve Paddy Munro. "The 2011 budget provides a solid platform for progressive change—short and long term. It is the responsibility of Council and Administration to safeguard this and use tax dollars wisely to ensure a positive future."

Full copies of the Executive Budget Summary are posted on www.mountainviewcounty.com or available as a print document from the County Office during business hours. Questions or comments are welcomed.

