



Highlights

With a significant turnover in Council in the 2010 municipal election, 2011 is expected to be a year of transition as Council brings a new mandate and direction to the County. Shortly after the election, in late 2010, Council established short term goals which included the hiring of a Chief Administrative Officer (CAO) and a review of the Municipal Development plan (MDP). The new CAO has been hired, the review of the MDP has begun and there are plans to review the County's long range and strategic direction early in 2011. With the budget time lines it was difficult to fully incorporate a change in direction in 2011 budget. This budget reflects short term objectives and lays the foundation for our Strategic Directions Plan which will be a key focus for Council in 2011.

The overall economic outlook for Mountain View County in 2011 is for moderate to low growth. Tax revenue is expected to be 2% above the actual tax revenue received in 2010. This is below historical averages. 2011 is the second consecutive year of no increases in the amount of taxes paid by the average tax payer; both residential property owners and farmers are expected to pay the same amount as they did in 2010 and non-residential tax payers are expected to see a slight decrease in their tax bill.

Cash balances and reserve balances are expected to increase as Council sets funds aside for future capital renewal which includes the rebuilding of the Acme Road which is planned for 2013.

As a package, the 2011 Budget sustains the County's strong financial position.

Taxes

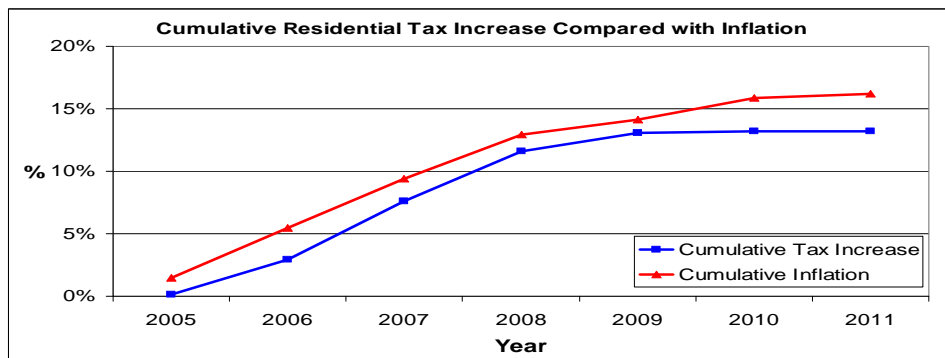
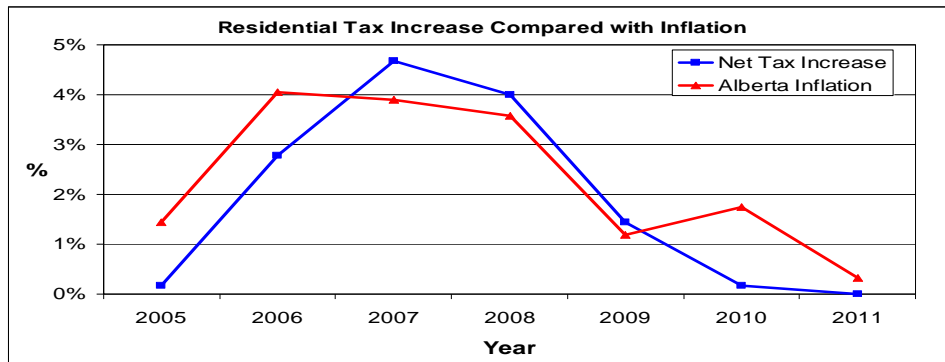
The budget is based on a 0% tax increase for residential properties and farmland. It's expected that the average tax payer, if they have made no changes to their property, will pay the same amount of taxes in 2011 as they did in 2010.

For non-residential tax payers they are expected to see, on average, a 1% drop in the amount they pay in taxes.

Although tax revenue is increasing, the increase is driven by new properties which have been added to the County's assessment base. Municipal tax revenue is budgeted to increase 5% or \$1,126,000 in 2011 budget when compared to the 2010 budget. However, when compared to the projected tax revenue for 2010 this represents an increase of \$465,000 or a 2% increase in municipal tax revenue.

Final tax rates will not be set until the spring of 2011 when final assessment values are available and the Province has released education requisition requirements.





Expenditures

Excluding the impact of amortization operating expenses are budgeted to decrease \$95,000 in 2010. With amortization, operational expenses are budgeted to increase 9% or \$3,310,000 in 2011. Prior to the 2011 budget only preliminary amortization numbers were available. The \$3.4 million increase in amortization expense is the result of the availability of better information for the 2011 budget. Amortization is a non cash item (i.e. the funds to acquire the assets were spent in previous years) so this change has no impact on the County’s cash position.

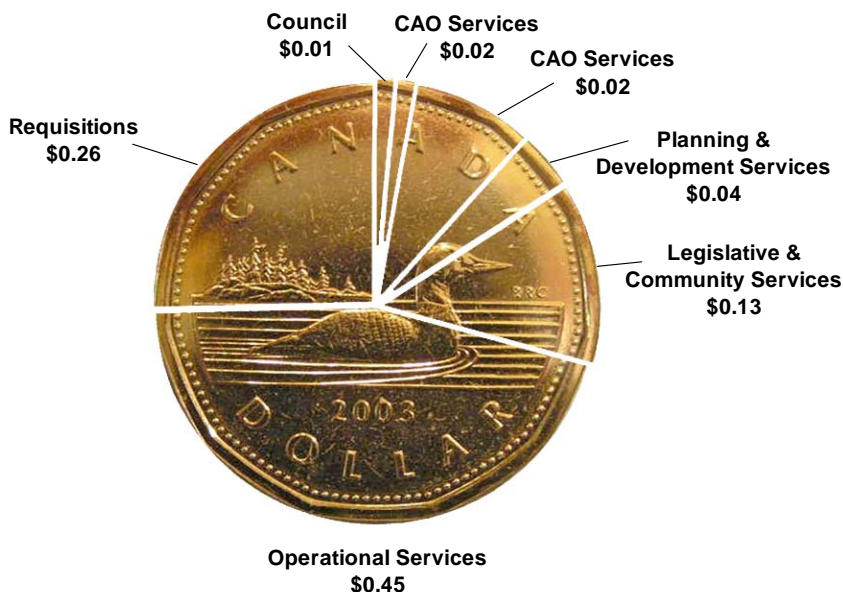
Although there are many small increases and decreases in expenses the following were areas that have increased spending in 2011:

- increase of \$180,000 in expenses to support funding for recreation and library facilities,
- \$160,000 for salaries and wages of employees as they move through the steps of the salary and wage grids (this includes a 1% cost of living adjustment),
- \$140,000 for communications and government relations, and
- \$125,000 to support increased staffing in planning.



These cost increases are offset by a \$339,000 decrease in the dust control program and by the reclassification of \$500,000 in road base repair costs from maintenance to capital.

Operating Expenses



Operational Services

The County spends a large portion of its budget on its road infrastructure. Road maintenance and the amortization of assets related to the County’s road network accounts for 40% of the County’s operational budget and 84% of the 2011 capital expenditures are related to roads.

The total capital program for 2011 is \$12.4 million. The 2011 capital expenditures include \$1.7 million for bridge replacements. Along with a few smaller projects \$1.6 million is planned to replace the Big Prairie Bridge which was destroyed by fire. As well, the focus of road expenditures in 2011 continues to be the County’s chip sealed roads. The 2011 budget contains \$1.5 million dollars to address surface and subsurface issues related to the chip sealed roads. The subsurface repair program began in 2009 with 2011 as the final year. After 2011 the recurring resurfacing program is expected to result in resurfacing every 5 years rather than every 7 years. With the increased investment over the last 3 years, the recurring program is expected to sustain the chip sealed road infrastructure.





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Along with other capital investments \$1.5 million is being invested in the Olds/Didsbury Airport. The majority of these funds are for the development of lots at the airport which are expected to be re-sold. The sale proceeds will help offset these costs.

Capital Funding

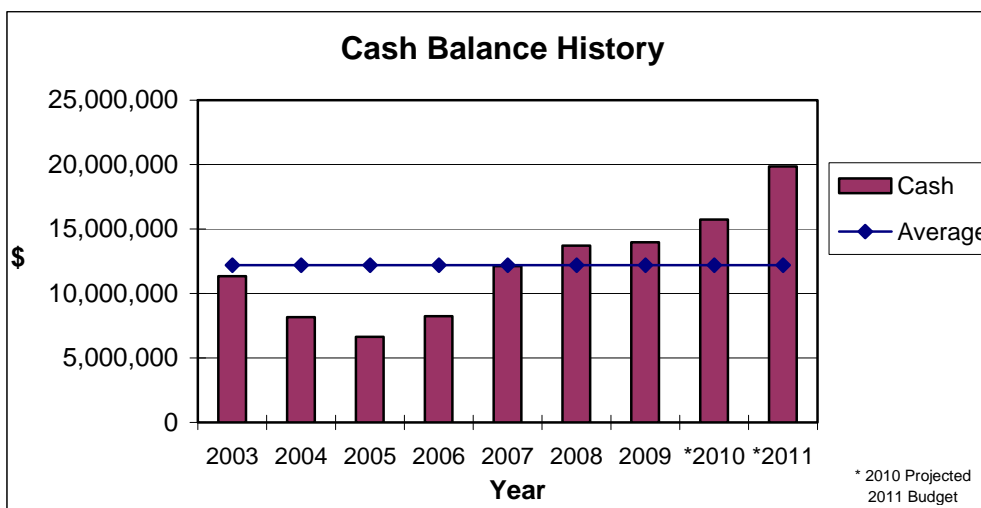
With the implementation of tangible capital asset reporting there is now more detailed information available regarding the County's assets. Although there has always been an appreciation that more could be invested in County infrastructure the more detailed information makes it easier to analyse the County's various asset classes.

There is much talk of infrastructure deficits and the County is facing pressures similar to those of other local municipalities. With property taxes as the primary revenue source it is difficult to raise sufficient funds to sustain our infrastructure. Without capital grants the County has a \$1.2 million operating deficit. It's only through grants from other levels of government that we are able to achieve a surplus that helps support the renewal of the County's infrastructure.

In order to partially close this gap, in the 2011 budget, there is an additional \$600,000 allocated to reserves to support the renewal of the County's road infrastructure and an additional \$250,000 allocated to the renewal of County facilities.

Cash

Cash balances are expected to increase by \$4.1 million in 2011. This will bring the balance to \$19.9 million. The increase in cash is driven primarily by deferred grant funds which are expected to accumulate over 2011 and 2012 in order to fund a \$6.1 million upgrade to the Acme Road in 2013.





Requisitions

Earlier indications from the Provincial government are that education tax requisitions will increase by 2%. The County's proportionate share of the requisition, based on equalized assessment amounts, is expected to increase by a further 1%. Overall the requisition is expected to be \$10.1 million which is a 3% increase over the \$9.8 million for 2010. There is some risk that as the Provincial government finalizes their budget for 2011 that this amount will change.

In 2011 the Senior's Housing requisition will be \$313,000 and the Regional Waste Management requisition will be \$153,000. Both are at levels similar to 2010.

Grants

In the past five years the Provincial and Federal governments have increased their grant funding to municipalities. These grants have helped the County increase capital expenditures on road infrastructure. Although the increases haven't been as large as initially indicated they form a significant role in funding capital replacements.

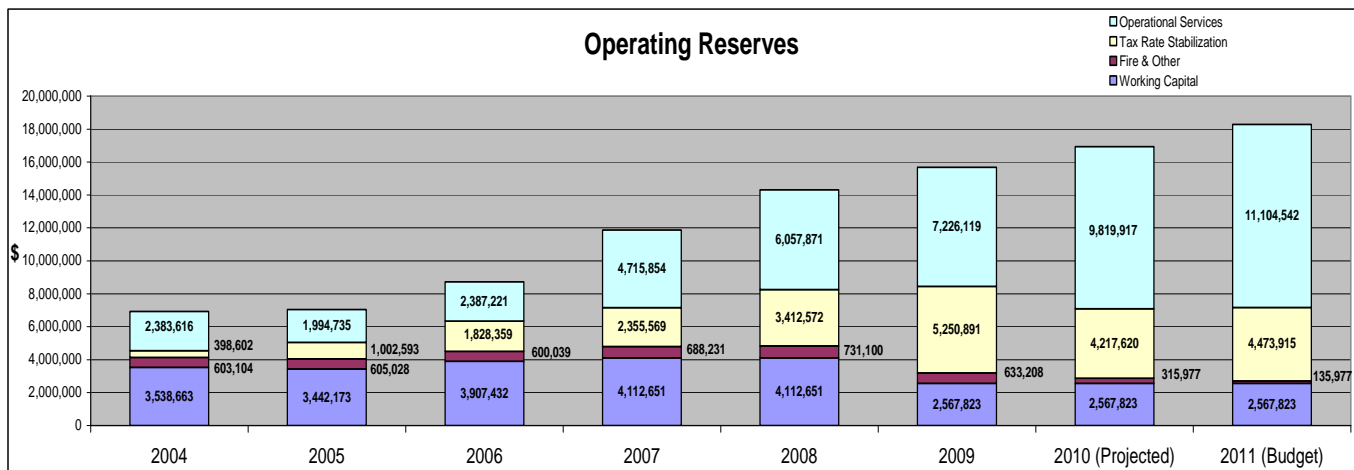
At the Provincial level the County receives funding under the Municipal Sustainability Initiative (MSI). In 2010 the County was eligible for just over \$4 million from MSI. Under the original plan in 2010 MSI funding was to increase to \$7.5. In 2011, with the Province still under tight budget constraints MSI funding is expected to remain at 2010 levels.

At the Federal level the Federal Gas Tax program is expected to continue with the County eligible for \$700,000 in funding in 2011.

Reserves

In 2011 the County's operating reserves are expected to increase by 8% or \$1.4 million. Most of the increase relates to the Road Network Reserve. Capital reserves are expected to increase slightly. Increases in the heavy equipment reserve and the addition of the Asphalt Roads Reserve are largely offset by expenditures at the Olds/Didsbury airport.





Personnel Costs

There is one new position planned in 2011. The position is in the planning department and replaces a position that was removed in the 2010 budget.

Wage and salary pressures have now moderated in Alberta and inflation has remained low. Therefore only a 1% cost of living adjustment to the County’s wage and salary grids is reflected in the 2011 budget. The impact of the cost of living adjustment is \$90,000.

Strategic Directions Plan

Municipal elections were held in October of 2010. The election results were clear that rate payers wanted a change in direction. Knowing that it wasn’t practical to re-work the Strategic Directions plan prior to budget Council opted to set a short term strategic direction for the County initially, with a plan to focus on long range planning in 2011.

The short term strategic directions plan established objectives in six areas:

1. Chief Administrative Officer (CAO) recruitment
2. Assessment of the organizations and processes of the Planning and Development Services and Operational Services departments
3. Municipal Development Plan (MDP) review
4. Development of an effective public participation program
5. Staff issues action plan
6. Establishment of realistic benchmarks for service





Mountain View C O U N T Y

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One of the key components is the recruitment of a Chief Administrative Officer who will take primary responsibility for the execution of the plan.

To help support the plan funds for a rate payer survey, increased advertising, a project to implement the strategic communications plan, and a project to review the MDP are items that have been included in the 2011 budget.

Details of the strategic direction plans are contained in Appendix 7.

