



Parkland County 2011 to 2013 Municipal Operating and Capital Budget Overview

Budget Process Overview

The budget process began in June and culminated with Administration meeting for a full day retreat on October 13, 2010. Council then reviewed the proposed budget draft on November 29th and 30th. As a result of these deliberations further adjustments were made to the budget to achieve a net taxation impact to the average residential taxpayer to **1.10%** of their total tax bill and **1.26%** for a non-residential taxpayer. The calculation of this percentage increase is based on sample property assessments. Further analysis of these estimates will be provided later in this overview.

Administration recognizes that 2011 is again, like 2010 a year of transition. Economic times are difficult for Parkland residents. A number of fiscal decisions were made in the 2010 budget and again in the 2011 budget to bridge the municipality to 2012 and 2013 when economic times should improve and new power plant assessment should be available. Reserve (Restricted Surplus) transfers have been reduced in a couple of areas and additional transfers from reserve (restricted surplus) have been included in other areas. These transfers to/from restricted surplus have been reinstated or removed in the 2012 and 2013 budgets when the economy should improve and assessment values will increase to provide the ability to add these transfers to restricted surplus back into the budget or remove transfers from restricted surplus from the budget whatever the case may be.

Any new additions to Human Resources were also scrutinized and some proposed positions have either been deleted completely or have been postponed to a future year. This approach was taken to again bridge this budget into 2012 and 2013 when the resources should be available to again look at adding new staff positions.

Budget Parameters and Guidelines:

Along with Council's direction to maintain levels of service, Administration received the following Operating and Capital budget parameters:

- All budgets are to be prepared using the County's Strategic Plan as a guide.
- All requisition costs will be recovered directly from applicable tax revenues the County's operating budget will not be used to subsidize or cushion other requisition increases. Requisition increases will stand alone on their own merits.
- Levels of service are to be reviewed in all areas and the budgets set are to be based on outputs/results produced for the dollars provided.
- The rate of inflation to be applied to general expenditures is to be based on the individual product price indexes or municipal price indexes that are available for applicable products and services.
- All user fees are to be reviewed and adjusted as needed as part of the budget process.
- Continue to develop funding for the County's future capital needs through appropriate reserve transfers.
- Parkland County will maintain appropriate reserve balances as determined by Council through its reserve policy and planning.
- The budget will allocate an appropriate level of funds to reserves in order to maintain services throughout economic cycles.
- Capital budgets are to be prepared using a priority setting process to determine what projects are of a High, Medium, or Low priority.
- All capital items must conform to the County's new Capitalization Policy.
- All new tax revenue obtained from new growth in assessment shall be used to maintain current levels of service in all areas of the budget.
- The tax rate will continue to be adjusted to provide a reasonable split of taxation between residential and non-residential taxation.

- The budget should reflect estimates for both revenue and expenditures through an objective, analytical process utilizing trends, best judgments and statistical analysis where appropriate. Estimates are to be conservative particularly on the revenue side.

2011 Municipal Budget Summary

The following chart summarizes the 2011 Municipal Budget Revenues, Expenditures by major department/function and Municipal Tax Levy:

DEPARTMENT	2010 BUDGET	2011 BUDGET	\$ CHANGE	% CHANGE
REVENUES				
LEGISLATIVE	131,800	0	-131,800	0.0%
GENERAL SERVICES	168,500	152,700	-15,800	-9.4%
CORPORATE SERVICES	553,061	479,606	-73,455	-13.3%
COMMUNITY SERVICES	10,001,292	6,907,323	-3,093,969	-30.9%
INFRASTRUCTURE SERVICES	24,133,786	16,559,614	-7,574,172	-31.4%
OTHER	1,991,183	2,771,705	780,522	39.2%
TOTAL REVENUE	36,979,622	26,870,949	-10,108,673	-27.3%
EXPENDITURES				
LEGISLATIVE	998,447	892,328	-106,119	-10.6%
GENERAL SERVICES	1,632,189	1,868,207	236,018	14.5%
CORPORATE SERVICES	5,622,899	6,024,332	401,433	7.1%
COMMUNITY SERVICES	17,320,353	15,530,344	-1,790,009	-10.3%
INFRASTRUCTURE SERVICES	50,378,278	45,178,990	-5,199,288	-10.3%
OTHER	2,149,502	2,232,344	82,842	3.9%
TOTAL EXPENDITURES	78,101,668	71,726,544	-6,375,124	-8.2%
SUBTRACT DEPRECIATION & OTHER LEVIES	(11,406,360)	(13,582,224)	(2,175,864)	8.18%
MUNICIPAL TAX LEVY	29,715,686	31,273,371	1,557,685	5.2%

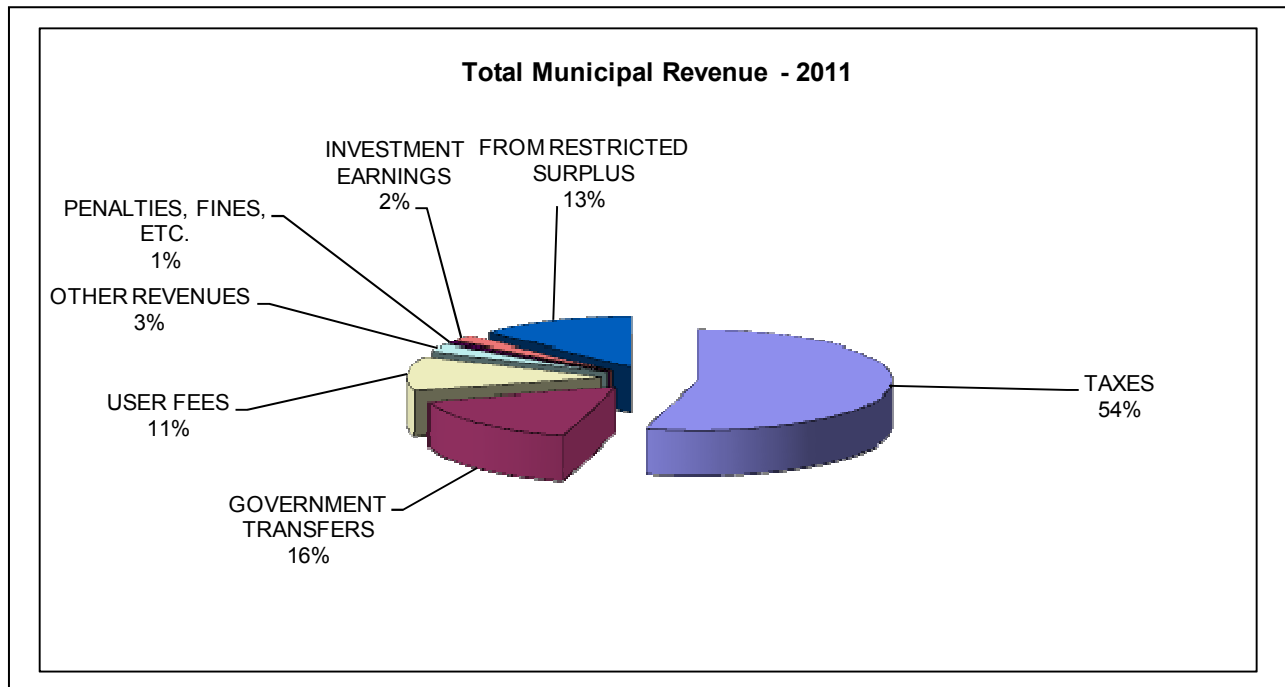
Comments:

The foregoing chart shows that Parkland County's total 2011 revenue from sources other than taxation (including transfers from restricted surpluses) is **\$26,870,949** with 2011 operating and capital expenditures being **\$71,726,544** (including depreciation and other levies of **\$13,582,224**). The proposed net Municipal Tax Levy is **\$31,273,371**.

Depreciation and other levies such as the Tri-Leisure Centre and the Capital Region Board are not included in the net municipal requirement because, depreciation is not a funded expense and other levies are collected through separate tax rates.

Net municipal taxation requirement in 2010 was **\$29,715,686**. The 2011 budget requires a net municipal tax levy of **\$31,273,371** an increase in net taxation of **\$1,557,685** over 2010 or **5.2%**.

Operating Revenue by Type:



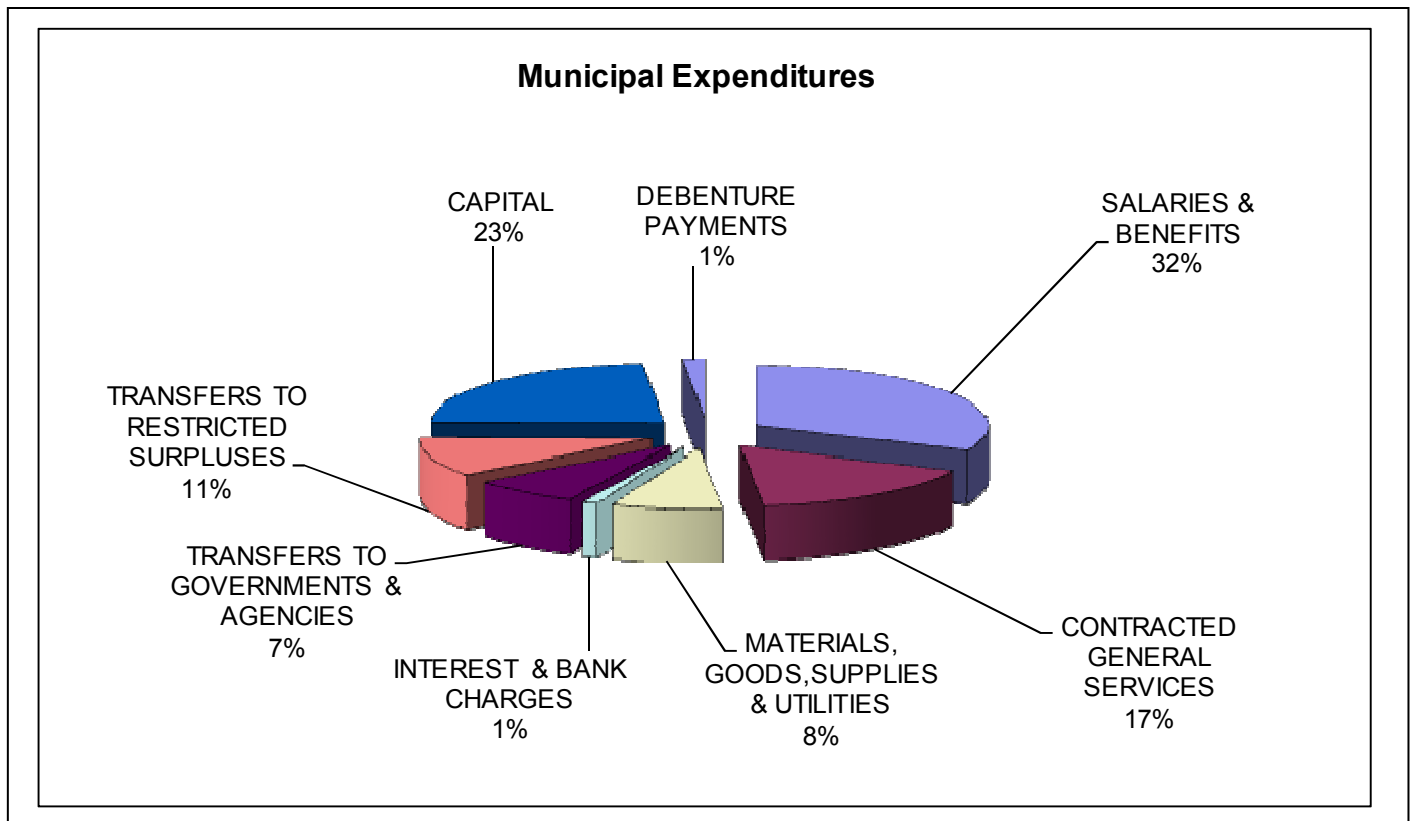
2011 Significant Revenue Budget Highlights:

1. Operating Grant Funding from the Municipal Sustainability Program has been included in the 2011 to 2013 budgets. The County receives **\$534,000** each year until 2016.
2. A restricted surplus transfer of **\$500,000** is in this budget based on an expected fiscal year surplus at year end 2010 which will be transferred to restricted surplus at year end and then transferred out in fiscal year 2011.
3. This year a minimum property tax is being introduced. An analysis of tax accounts shows that over 647 property owners are paying less than \$20 per year in taxes. It costs Parkland County more than \$20.00 to just administer the tax roll and the produce a tax notice therefore the implementation of a minimum tax amount is recommended. The

recommended minimum is **\$50** which will provide approximately **\$25,000** in additional revenue.

4. A supplementary tax bylaw was recommended in 2010 and expected to raise an additional **\$250,000** in revenue. However, this did not end up happening. So this is a reduction in expected revenue for 2011 of **\$250,000**.

Operating Expenditures by Type:



2011 Significant Expenditure Budget Highlights:

1. Transfers to restricted surplus in the amount of **\$1,500,000** have been taken out of the 2011 budget. These transfers were for the following purposes:
 - \$1,000,000 for transfer to Facilities Restricted Surplus
 - \$500,000 for transfer to Interest Stabilization Restricted SurplusIt is hoped that these transfers can be reinstated in the 2012 budget depending on assessment growth.
3. The Cost of Living adjustment is budgeted **3.0%** for 2011 **3.5%** for 2012 and **3.5%** for 2013.

Depreciation:

According to new accounting standards all municipalities must now record depreciation of their assets. Depreciation in the 2011 to 2013 budget is now allocated to all departments that have assets attributed to their areas. Depreciation is intended to provide municipalities with information on the current condition of their assets. Depreciation is an accounting entry used to determine the value of all assets at this point in time.

It should be noted that throughout the budget in some departments there are amounts called Transfers to Restricted Surplus (used to be called Transfers to Reserves) and as well all of the County's replacement plans account for the declining value of assets through annual transfers to restricted surplus (reserves). This is how the replacement costs of assets in the future are funded.

These transfer amounts are more than depreciation because they are based on replacement value compared to funding the depreciated value of an asset based on historical cost.

Municipal Tax Requirement:

Based on the net Municipal Tax requirement of \$31,273,371 as outlined the following shows the impact to a typical taxpayer:

IMPACT TO THE TAXPAYER BASED ON “TOTAL” TAXATION:

Residential:

As illustrated in the table below, in **2010** an average residential taxpayer would have paid **\$2,277.29** for the following taxes:

- Municipal taxes, Tri-Leisure Centre Taxes, Meridian Foundation Taxes, Capital Region Board Taxes and School Taxes.

In **2011** an average taxpayer based on this draft of the budget will pay **\$2,302.36** for the following taxes:

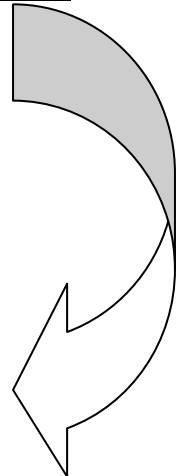
- Municipal taxes, Tri-Leisure Centre Taxes, Meridian Foundation Taxes, Capital Region Board Taxes and School Taxes.

Total taxes would increase **\$25.07** or **1.10%** comparing total taxes from year to year. For illustration purposes the school portion of taxes is assumed to not change from 2010 to 2011, we cannot estimate what the school costs will be at this time.

TYPICAL VALUE: \$364,000	<u>2010</u>	<u>2011</u>	\$NET CHANGE	%NET CHANGE
“TOTAL TAXES”	\$2,277.29	\$2,302.36	\$25.07	1.10%

Detailed Chart for reference:

PROPERTY TAX - Estimate	\$ 364,000	\$ 364,000		
	<u>2010</u>	<u>2011</u>	<u>\$Change</u>	<u>%Change</u>
Municipal	\$ 1,339.37	\$ 1,363.94	\$ 24.57	1.83%
Tri Leisure	\$ 19.33	\$ 20.35	\$ 1.02	5.27%
Meridian Foundation	\$ 16.93	\$ 16.55	\$ (0.38)	-2.22%
Capital Region Board	\$ 4.51	\$ 4.37	\$ (0.15)	-3.23%
School	\$ 897.15	\$ 897.15	\$ (0.00)	0.00%
Total	\$ 2,277.29	\$ 2,302.36	\$ 25.07	1.10%



Impact to Properties with the Following Assessment Values:

TYPICAL VALUE: \$100,000	<u>2010</u>	<u>2011</u>	\$NET CHANGE	%NET CHANGE
"TOTAL TAXES"	\$625.63	\$632.52	\$6.89	1.10%

TYPICAL VALUE: \$200,000	<u>2010</u>	<u>2011</u>	\$NET CHANGE	%NET CHANGE
"TOTAL TAXES"	\$1,251.26	\$1,265.03	\$13.77	1.10%

TYPICAL VALUE: \$300,000	<u>2010</u>	<u>2011</u>	\$NET CHANGE	%NET CHANGE
"TOTAL TAXES"	\$1,876.89	\$1,897.55	\$20.66	1.10%

Non-Residential:

In 2010 an average non-residential taxpayer would have paid \$10,324.52 for the following taxes:

- Municipal taxes, Tri-Leisure Centre Taxes, Meridian Foundation Taxes, Capital Region Board Taxes and School Taxes.

In 2011 an average taxpayer based on this draft of the budget will pay \$10,454.18 for the following taxes:

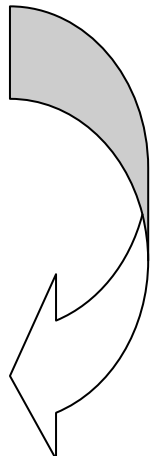
- Municipal taxes, Tri-Leisure Centre Taxes, Meridian Foundation Taxes, Capital Region Board Taxes and School Taxes.

An increase of \$129.66 or 1.26% comparing total taxes from year to year.

TYPICAL VALUE: \$1,010,000	<u>2010</u>	<u>2011</u>	\$NET CHANGE	%NET CHANGE
"TOTAL TAXES"	\$10,324.52	\$10,454.18	\$129.66	1.26%

Detailed Chart for reference:

PROPERTY TAX - Estimate	\$ 1,010,000		\$ 1,010,000	
	<u>2010</u>		<u>2011</u>	
			\$Change	%Change
Municipal	\$ 6,882.14	\$	7,008.39	\$ 126.25 1.83%
Tri Leisure	\$ 99.38	\$	104.54	\$ 5.15 5.18%
Meridian Foundation	\$ 46.97	\$	45.92	\$ (1.04) -2.22%
Capital Region Board	\$ 23.13	\$	22.42	\$ (0.71) -3.06%
School	\$ 3,272.91	\$	3,272.91	\$ 0.01 0.00%
Total	\$ 10,324.52	\$	10,454.18	\$ 129.66 1.26%



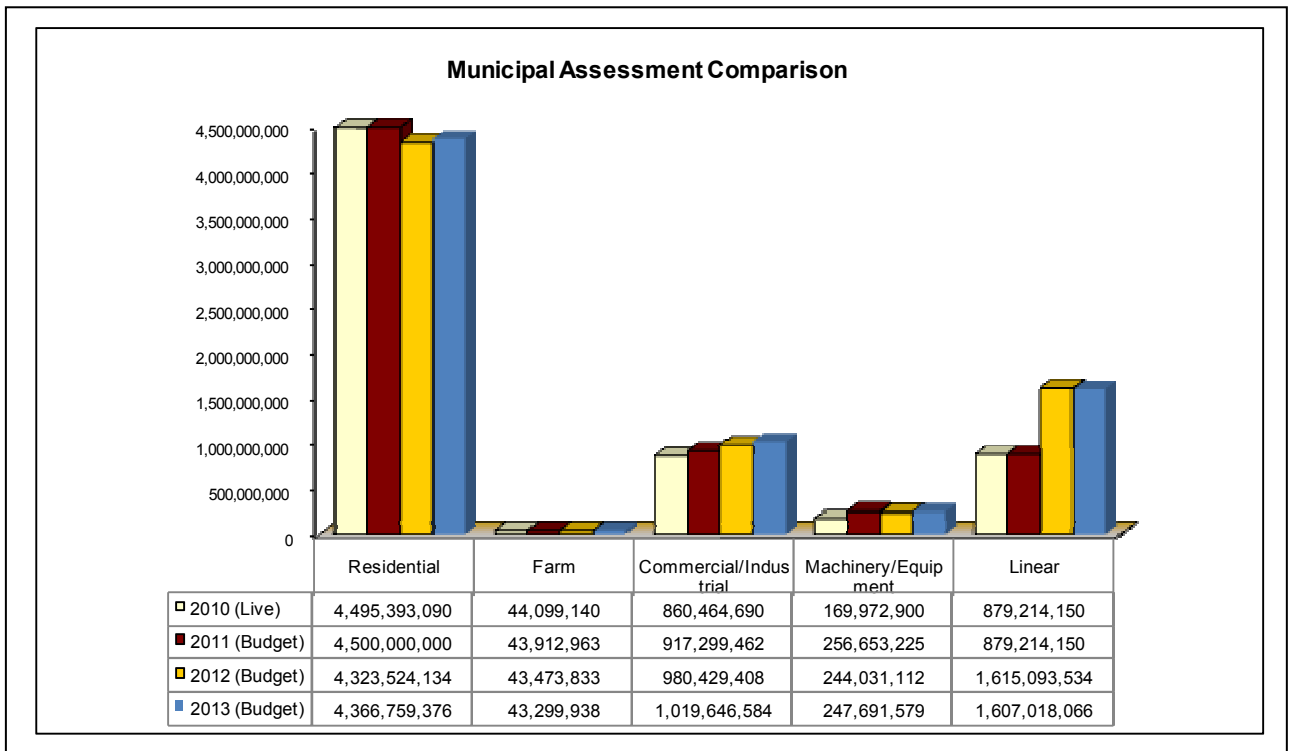
Split Tax Rate:

No change is proposed to the percentage allocation of tax rates and taxation between residential and non residential tax rates for 2011 which was 54%/46% in 2010, meaning that 54% of the total municipal tax levy is funded by residential tax revenue and 46% of the municipal tax levy is funded by non-residential tax revenue. To compare this percentage split in tax revenue to prior years the following chart illustrates how the split in tax revenue has changed:

<u>Years</u>	<u>% Split</u>	
	<u>Residential</u>	<u>Non-Residential</u>
2005	75%	25%
2006	72%	28%
2007	70%	30%
2008	62%	38%
2009	54%	46%
2010	54%	46%

Assessment:

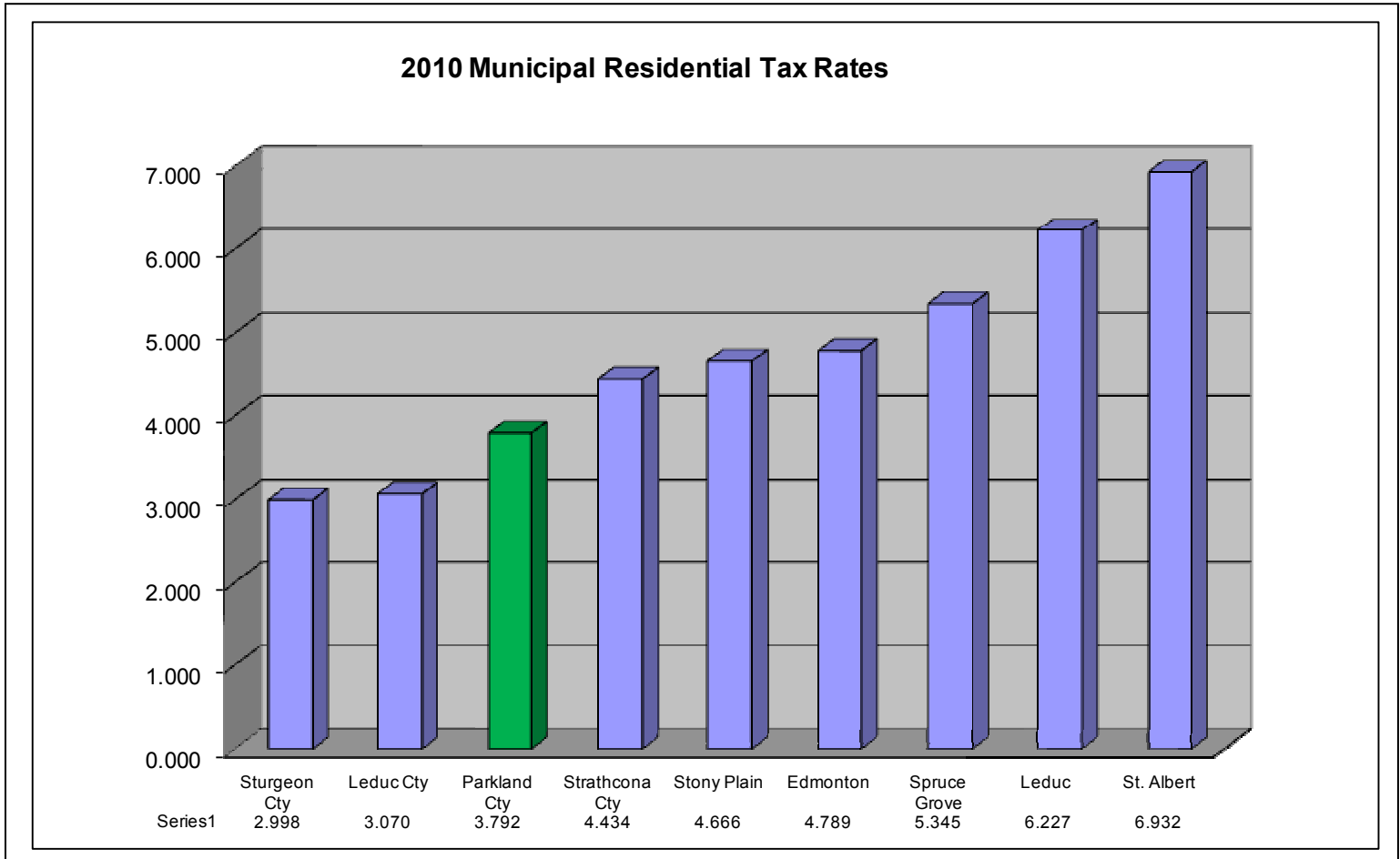
The following chart illustrates the Counties current live and projected assessment by category. The large increase in Linear Assessment in 2012 is due to the new power plant and drag line.



Municipal Tax Rate Comparison

Administration has carried out a review of regional residential and non-residential 2010 tax rates (mill rates). The following charts are used to illustrate the results of this review:

Capital Region Tax Rate (Mill Rate) Comparison Residential:

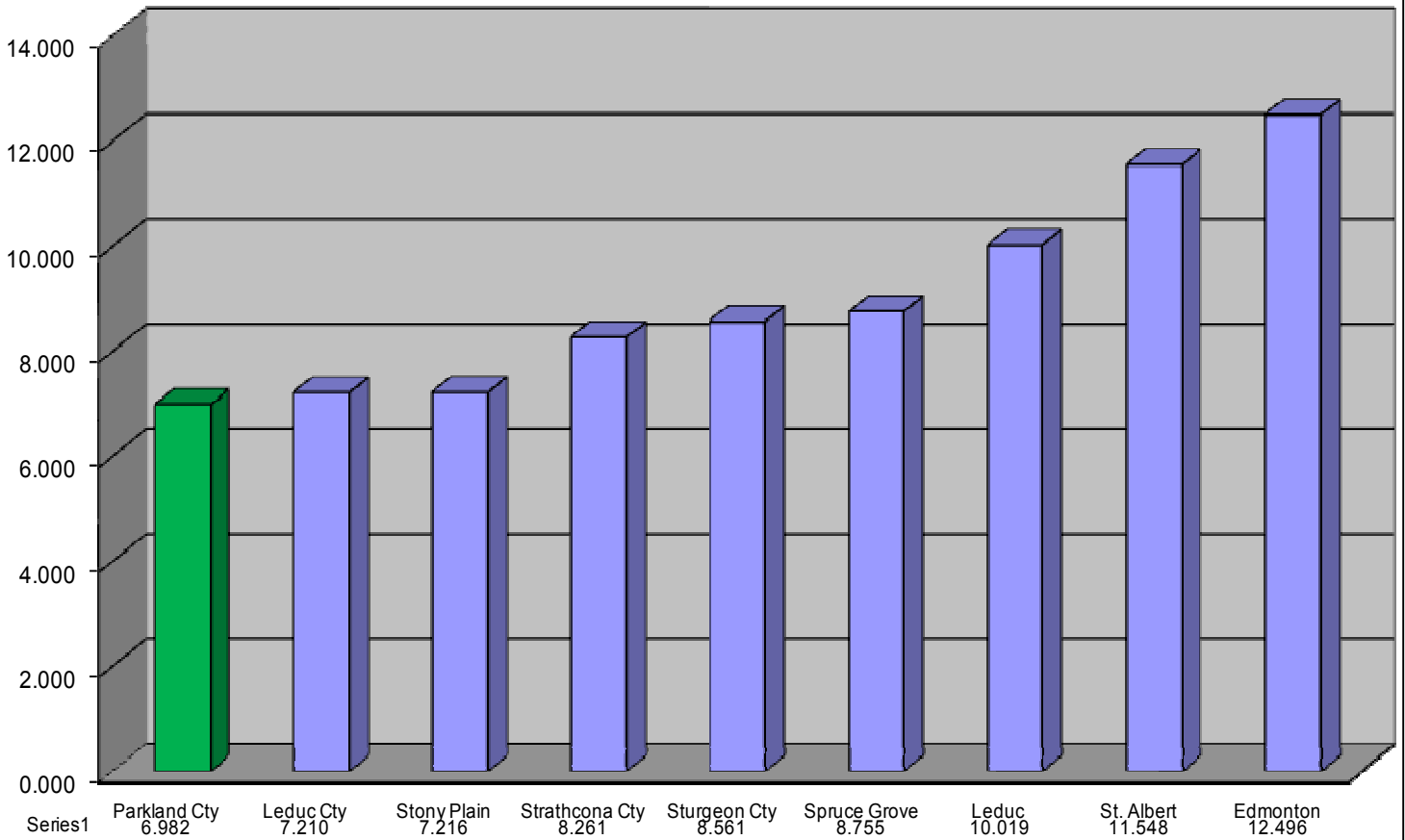


Comments:

In the region Parkland County's Residential Tax Rate of **3.792** is the third lowest of surveyed municipalities.

Capital Region Tax Rate (Mill Rate) Comparison Non-Residential:

2010 Municipal Non Residential Tax Rates



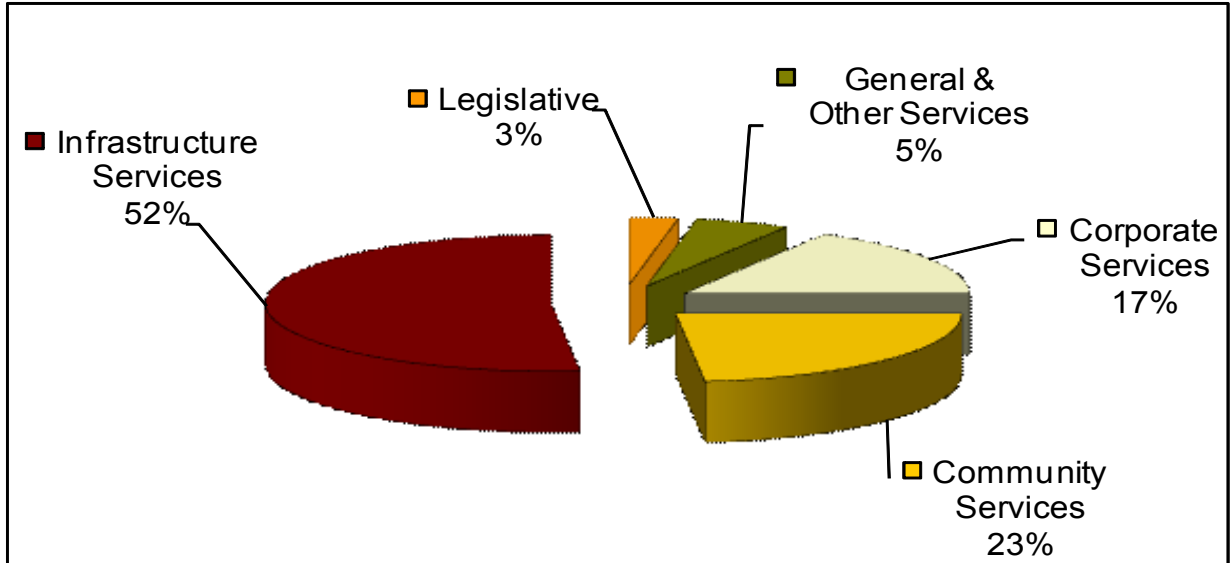
Comments:

Parkland County's Non- Residential tax rate of **6.982** is the lowest in the capital region. Currently the tax rate split is at **54%/46%** Residential/Non-Residential.

Services Provided Through Taxation:

The following chart shows the cost of various services to a residential property with an assessment value of \$364,000 and a non-residential property with a value of \$1,010,000.

**PARKLAND COUNTY
SERVICES PROVIDED FOR THROUGH TAXATION
2011**



Municipal Services	Taxes Levied	% Total	Residential Typical Total Taxes	Non Residential Typical Total Taxes
Legislative	874,122	2.80%	38.12	292.20
General & Other Services	1,680,505	5.37%	73.29	561.77
Corporate Services	5,257,842	16.81%	229.31	1,757.61
Community Services	7,313,800	23.39%	318.98	2,444.88
Infrastructure Services	16,147,098	51.63%	704.23	5,397.71
Net Municipal Tax Levy	\$ 31,273,368	100.00%	\$ 1,363.94	\$ 10,454.18

Legislative: Includes Council and Elections

General & Other Services: Includes Executive Administration and Economic Development and Communications

General Office Operations & General Municipal

Corporate Services: Includes Finance, Legislative, Human Resources, Assessment, Information Systems & Purchasing

Community Services: Includes Planning, Fire, ECC, Patrol, Bylaw, Recreation & Parks, Intelligent Community, & Emergency Management

Infrastructure Services: Includes Engineering, Drainage, Public Works, Fleet, Facilities, Agriculture, Road Maintenance & Utilities

***Does Not Include Tri-Leisure Centre and Capital Region costs.**

Capital Budget:

The 2011 Capital Budget contains \$13,940,437 in expenditures. Projects can be broken down into the following categories:

<u>Parkland County 2011 Capital Budget Summary</u>	
<u>Asset</u>	<u>Cost</u>
Health & Safety	7,000
Information Systems	139,422
Assessment Services	5,500
Intelligent Community	2,000,000
Fire Services	325,000
ECC	19,500
Patrol	7,000
Engineering	6,486,465
Public Works (Road Maintenance)	27,000
Fleet Management	4,163,550
Water & Wastewater	270,000
Agricultural Services	490,000
Total Cost of Projects	<u>13,940,437</u>
<u>Capital Budget Sources of Funding:</u>	
	<u>Funding</u>
Taxation	1,142,135
Grants	7,449,077
Other Sources	334,180
Reserves	5,015,045
Total Funding for Projects	<u>13,940,437</u>

Details of the Capital Budget can be found under the Capital Budget Tab in your binder.

Debenture Debt Analysis:

Tax Supported Debt:

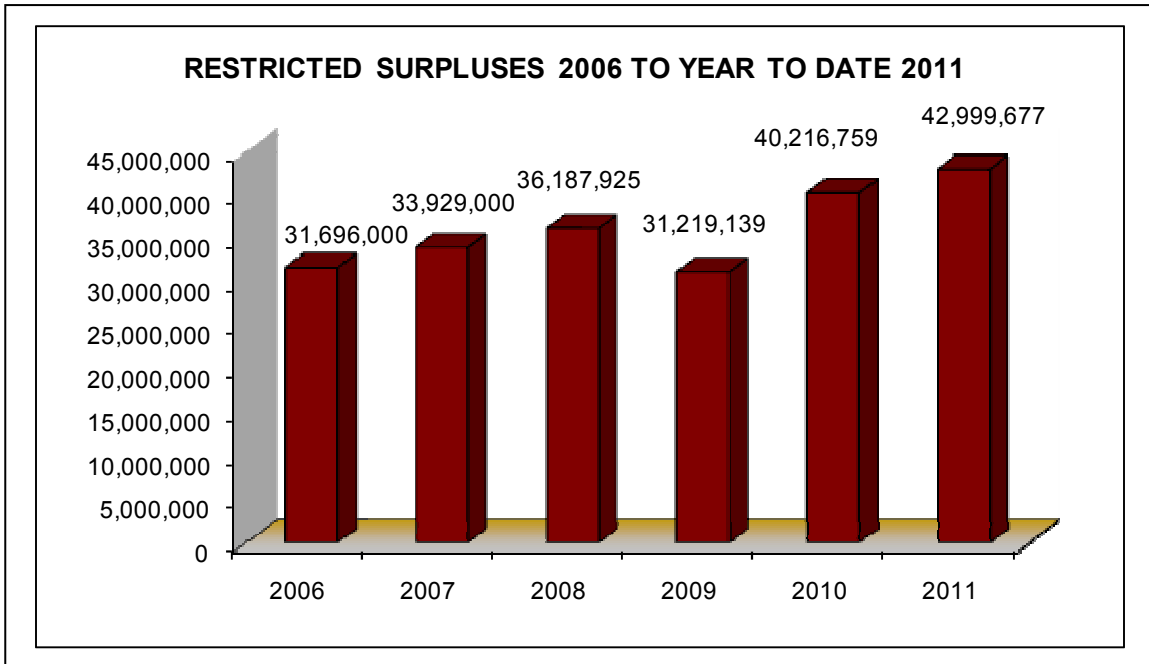
TAX SUPPORTED - DEBENTURE DETAILS					2011 PAYMENT DETAILS			Owing at	Owing at
Debenture Description	Rate	Term	Original Principal	Maturity	Principal	Interest	Total	Dec. 31, 2010	Dec. 31, 2011
Entwistle Well and Pumphous	10.625%	25	38,815	Feb. 15, 2013	3,312	1,172	4,483	11,027	7,716
Family Leisure Centre	5.875%	20	2,500,000	Dec. 03, 2021	115,142	100,613	215,755	1,712,563	1,597,421
CSB/PAA Renovation	5.500%	15	700,000	Nov 17, 2018	45,441	24,297	69,738	441,759	396,318
Hayes West **	1.770%	3	694,000	Sept 15, 2012	231,309	7,271	238,580	466,747	235,438
**semi annual payments			3,932,815		395,204	133,353	528,556	2,632,097	2,236,893

User Pay Debt:

USER PAY - DEBENTURE DETAILS					2011 PAYMENT DETAILS			Owing at	Owing at
Debenture Description	Rate	Term	Original Principal	Maturity	Principal	Interest	Total	Dec. 31, 2010	Dec. 31, 2011
Acheson Sewer System	9.000%	20	771,624	Sep. 01, 2015	54,938	29,591	84,529	328,787	273,849
Acheson Water System	8.500%	20	450,000	Nov. 15, 2015	31,624	15,928	47,552	187,385	155,761
Glowing Embers Ext.	7.875%	20	114,000	Jan. 15, 2016	7,300	4,204	11,503	53,381	46,081
County Centre Trunkline	6.625%	20	130,708	Aug. 01, 2017	7,647	4,334	11,981	65,420	57,773
Duffield Sewer System	6.625%	20	218,000	Aug. 01, 2017	12,753	7,229	19,982	109,110	96,357
Hunter's Extension	6.625%	14	174,504	Sep. 15, 2017	12,450	7,057	19,507	106,519	94,068
Duffield Hook Ups	6.375%	20	160,000	Oct. 15, 2017	9,328	5,049	14,377	79,200	69,872
Parkland Village Sewer Main	5.875%	20	449,275	Aug. 03, 2019	23,195	15,578	38,773	265,165	241,970
Parkland Industrial	6.250%	18	309,421	Feb. 15, 2021	9,277	8,796	18,072	140,730	131,453
Entwistle Wastewater Upgrade	6.250%	20	150,000	Nov. 01, 2021	6,850	6,495	13,344	103,912	97,063
Parkland Village Water Main	6.000%	20	307,831	Aug. 15, 2022	13,338	13,500	26,838	225,007	211,669
Big Lake Extension	5.750%	20	800,000	Dec. 02, 2022	34,938	33,400	68,339	580,877	545,938
Big Lake Extension	5.750%	20	81,700	Oct. 1, 2023	3,374	3,605	6,979	62,696	59,322
Acheson Water Expansion **	4.923%	20	846,200	Dec 15, 2024	34,322	32,660	66,982	671,900	637,578
** semi annual payments			4,963,262		261,334	187,426	448,759	2,980,088	2,718,754

Restricted Surplus (Reserves):

Restricted surplus funding is critical for the future replacement of assets and to provide funds for emergency situations.



Restricted surpluses are funds set aside for specific purposes to fund future operating and capital needs.

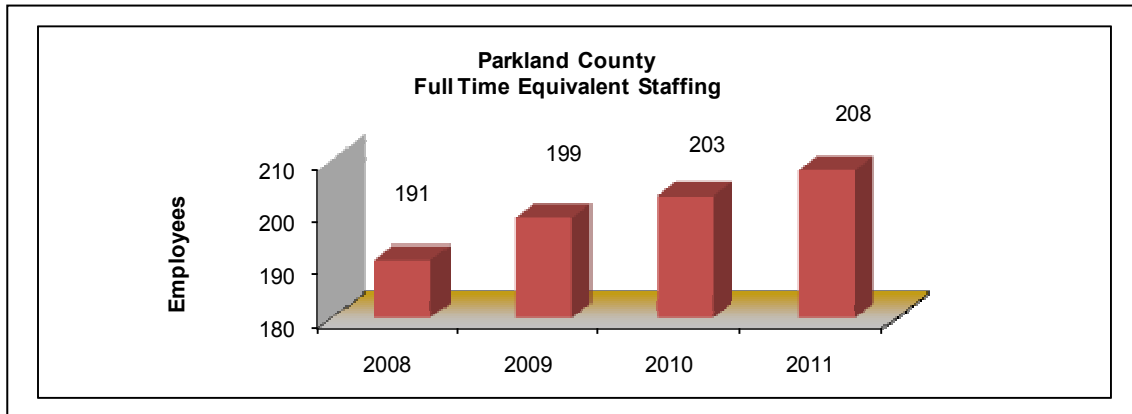
Restricted Surpluses are also required to provide cash flow for the period between January and June in which the County is progressing through its budget year but has not yet collected taxes (other than those received through the installment plan) for that calendar year. The reduction in reserve balance in 2009 is due to a significant gravel land purchase. Over time these funds will be paid back to the reserves.

*A current detailed listing of Restricted Surpluses is provided as an appendix to this report for your reference.

Human Resources Position Plan

The following chart provides a four year comparison of Full Time Equivalent (FTE) staffing 2008 to 2011 projected:

*Full time equivalents means, that positions are prorated according to the number of hours that a full time equivalent person would work. For example a part time position working 17.5 hours per week this is equated to a .50 full time equivalent position based on a 35 hour week etc.



Comments:

This draft of the 2011 operating budget contains 4.00 new FTE positions.

- Mechanic (Fleet Services)
- Bylaw Services Clerk (Bylaw Services)
- Community Development Coordinator (Recreation)
- Deputy Fire Chief (Fire Services)

See the individual business plans for more details on each of these new positions.

An additional “net” 2.12 FTE positions are added as either casual or additional hours added to already existing casual and part time positions throughout the budget. These are identified in each business plan.

Appendix - 1 Restricted Surplus

PARKLAND COUNTY					
RESTRICTED SURPLUS					
As at October 31, 2010					
	BALANCE	TRANSFERS	TRANSFERS	BALANCE	CEILING
	Jan. 1, '10	TO	FROM	Oct. 31, '10	AS PER
					POLICY
Benefit Premium Stabilization	86,690	9,683	0	96,374	100,000
Contingency	3,746,590	55,997	0	3,802,587	7,250,000
County Facilities *	5,153,383	31,443	55,891	5,128,934	10,000,000
Disaster	338,598	0	0	338,598	500,000
Early Retirement Incentive	191,134	29,167	0	220,300	500,000
Environmental	300,000	83,333	0	383,333	800,000
Equipment Replacement	1,662,143	1,450,132	993,954	2,118,322	
Facility Maintenance *	1,591,760	130,894	117,031	1,605,623	
Fire Facilities *	624,122	3,822	0	627,944	6,000,000
Fire Services Equip Rep.	137,852	124,657	112,836	149,672	
Future Capital	482,494	10,833	570	492,758	
Future Capital - Entwistle	112,231	0	0	112,231	
Future Operating	1,518,331	115,373	198,915	1,434,789	
Future Road Projects *	1,976,184	281,645	14,048	2,243,782	
Granular Aggregates	1,042,575	75,648	69,576	1,048,647	2,000,000
Information Technology	227,303	50,000	27,110	250,193	
Internal Financing	0	416,667	238,580	178,086	
Investment Stabilization	499,329	0	0	499,329	500,000
Municipal Operations	1,952,895	233,086	244,514	1,941,466	
Municipal Park *	3,543,336	96,612	46,060	3,593,888	
Office Systems	875,193	237,633	100,346	1,012,480	
Offsite Levies & Development Charges	1,046,040	829,537	0	1,875,577	
Overland Drainage	554,715	0	2,651	552,064	
Parks - Entwistle	5,570	0	0	5,570	
Protective Services Equip Rep.	179,392	48,836	3,550	224,678	
Recreation Facilities *	1,460,458	109,312	8,076	1,561,694	6,000,000
Survey Instruments Rep	20,226	21,990	0	42,216	
Waste Management *	2,580,065	312,586	59,673	2,832,979	3,000,000
Water & Waste Water	2,308,149	367,667	50,253	2,625,563	
Winter Maintenance	1,000,000	0	0	1,000,000	1,000,000
Working Capital	5,000,000	0	0	5,000,000	5,000,000
Total	40,216,759	5,126,553	2,343,635	42,999,677	

* Interest bearing