



Town of Morinville
2012 Operational Budget
& Capital Plan

DRAFT



November 8, 2011

Under the *Municipal Government Act*, the Town of Morinville is required to prepare an annual operating budget. Administration has prepared the proposed draft budget for 2012. The following information summarizes the proposed 2012 budget for the Town of Morinville.

The proposed 2012 budget supports the Town's Vision and Mission:

VISION

Morinville, the family choice, embracing the past to build our future through:

- Exhibiting inclusive, open, and fiscally responsible governance
- Maintaining and celebrating small town culture
- Promoting social and community wellness
- Encouraging, facilitating, and supporting opportunities for a vibrant, diverse and independent economy
- Efficient and sustainable planning, implementation and protection of municipal infrastructure
- Respecting the environment and promoting responsible use of land and resources

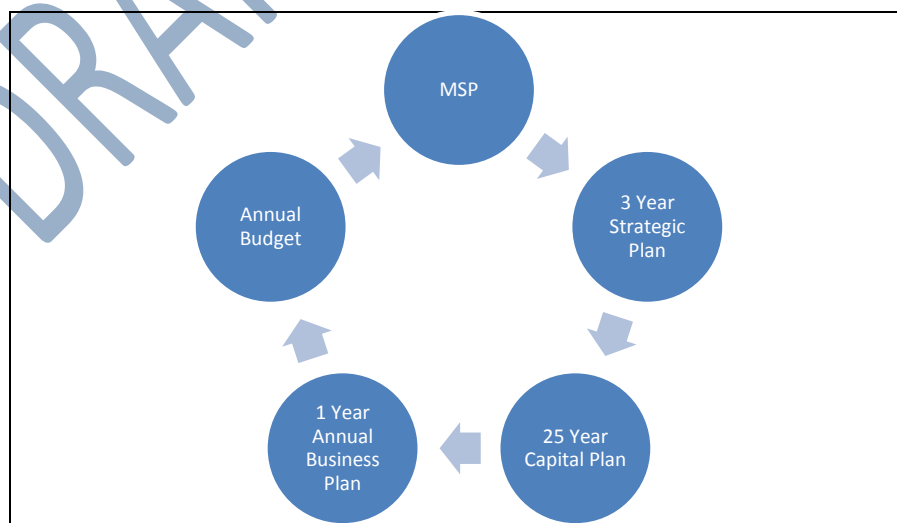
MISSION

We Work together to build a healthy, vibrant, and sustainable community through our commitment to the future well-being of Morinville.

The Budget Information is consolidated and organized into the categories of Tax Supported and Utility Supported. This document also contains information relating to Capital and Operational Initiatives for 2012. Further information is broken down by department.

It should be noted that the Town of Morinville has approved a Municipal Sustainability Plan (MSP). The MSP is an overarching document that supports the goals of the Town over the next 25 years. Administration has also developed, and Council approved, a 3 year Strategic Plan. From these documents, the annual Morinville 2012 Business Plan and 2012 draft Budget have been prepared. Prior to approving 2012 mill rates, these documents, together with updated financial information for 2011, and year-to-date information for 2012 will be provided to Council.

The following chart provides a visual representation of the development of the annual budget.



Tax Supported Operating Budget

Revenues

The Town of Morinville's main source of revenue, for operational purposes, are the taxes paid on residential and non-residential property within the Town. The following table illustrates actual historical revenues and estimated revenues. Revenue relating specifically to capital projects (Provincial Transfer – Capital, Developer contributed assets Offsite Levies) have not been included. These amounts are reflected under the Capital Budgets.

Net taxes for 2012 are projected with a 4% increase for residential and non-residential properties and a 2% increase in real assessment.

	2009	2010	2011	2012	2013	2014
Net Taxes	5,885,466	6,278,073	6,622,052	6,984,596	7,266,774	7,560,352
Grants	683,208	526,395	435,023	797,290	813,236	829,501
Permits & Licenses	298,346	570,970	416,936	460,500	469,710	479,104
Franchise Fees	780,955	808,359	946,212	888,549	906,320	924,446
Fines & Penalties	454,249	1,013,752	644,013	660,000	673,200	686,664
Other Revenues	840,186	1,397,669	1,005,564	1,087,419	1,109,167	1,131,350
Return on Investments	91,494	86,685	92,437	90,000	91,800	93,636
	9,033,904	10,681,903	10,162,237	10,968,354	11,330,207	11,705,053

Expenditures

The Town of Morinville's main expenditure is staffing costs. The Town currently employs approximately 60 full time staff members (approximately 51 positions in 2010).

In 2011, the Community Cultural Centre (CCC) opened and as a result of the addition of this facility to the Town five staff members were added to operate the facility. The Town had also identified a number of gaps within the Town to support service levels, economic development activity and maintain acceptable staff workloads. Additional staff positions were added in 2011 to address these needs. It should be noted that although budgeted for in 2011, not all positions are currently filled. The result of these changes is the increase in full time staffing between 2010 and 2011.

Additional temporary staff are added during the summer to support Community Services summer programs, Public Works summer projects including road and lawn maintenance as well as to support other staff operations.

The Town also utilizes a number of external consultants to support the delivery of municipal services. These contracts support policing (RCMP), building inspection services, engineering services, automated traffic enforcement, and select operational projects.

The following table summarizes expenditures.

	2009	2010	2011	2012	2013	2014
Salaries & Wages	3,697,946	3,802,461	4,720,540	5,210,115	5,314,317	5,420,604
Contracted Services	1,165,679	1,290,339	1,172,593	1,385,636	1,408,249	1,415,033
Policing Contract	1,038,868	1,015,906	1,004,595	1,100,000	1,122,000	1,144,440
Legal Fees	123,700	195,335	107,703	114,000	116,280	118,606
Insurance	102,309	113,868	103,965	120,140	122,543	117,565
Audit Fees	24,156	35,986	36,000	36,100	36,822	37,558
General Goods	326,654	402,991	354,917	342,900	349,758	307,657
Other Expenditures	1,558,167	1,886,092	1,625,102	2,097,618	2,139,570	1,980,711
Financing costs	64,442	90,224	134,119	253,938	264,583	239,164
	8,101,921	8,833,202	9,259,534	10,660,447	10,874,122	10,781,338

Excess Funds Prior to Debenture Debt Commitments, Operational Projects & Amortization

As a result of the proposed revenues and expenditures, the projected excess position for the tax related operations is portrayed in the following table. Excess funds are used to provide payment for outstanding debentures, fund operational projects and provide resources for capital reserves. Capital projects are funded through capital reserves, Provincial/Federal government funding and debenture funding.

	2009	2010	2011	2012	2013	2014
Revenues	9,033,904	10,681,903	10,162,237	10,968,354	11,330,207	11,705,053
Expenditures	8,101,921	8,833,202	9,259,534	10,660,447	10,874,122	10,781,338
Excess of Funds	931,983	1,848,701	902,703	307,907	456,085	923,715

Application of Excess Funds

For the years 2009 through 2011, operational projects were included within the regular operating budgets for the Town. Commencing in 2012, it was felt that it was more informative and appropriate to budget these items separately.

For 2009 and 2010, these excess funds were directed to Capital Reserves to be used for Capital Purchases.

The following table outlines the proposed operational projects and the second table the application of these funds.

Project	2012
CCC Morinville Arts Council	5,000
Citizen Engagement - Capacity Building	10,000
Coeur de Morinville Area Structure Plan	75,000
Community Grant Program	9,500
Continue Brand Rollout	50,000
Economic Development Strategy & Implementation	80,000
Highway 642 Functional Plan	75,000
Implementation Support for Intermunicipal Planning	-
MSP Stimulus	50,000
Multi Term Council Development Program	10,000
Organizational Effectiveness & Efficiency Assessment	-
Outdoor Arena Repair	10,000
Outdoor Bathroom Facilities	10,500
Public Relations, Communications, Marketing & Advertising	50,000
Technology Plan Development & Implementation	125,000
Tree Program	35,000
Walking Trail signage	7,500
Total	602,500

	2009	2010	2011	2012
Excess of funds	931,983	1,848,701	902,703	307,907
Debenture Payments	58,108	61,595	65,290	793,552
	873,875	1,787,106	837,413	(485,645)
Operational Projects	-	-	-	602,500
Excess (Deficiency)	873,875	1,787,106	837,413	(1,088,145)
Directed to Capital Reserves	873,875	1,787,106	300,000	
Directed to Operating Reserves			537,413	
Funds from Operating Reserves				1,037,413
Final Excess (Deficiency)	-	-	-	(50,732)

As a result, the 2012 tax supported draft budget has a shortfall of \$50,732. Options for addressing this shortfall are:

- Review operating budgets to determine further areas of potential reduction.
- Review operational projects to determine whether any projects can be deferred.

The anticipated shortfall in the 2012 draft Budget will need to be addressed prior to bringing forth the 2012 Final budget. Debt commitments for the Morinville Community Cultural Centre will be retired in 2016.

Utility Supported Operating Budget

The Town of Morinville owns and operates water and sewer utilities providing water and utility services to the Town of Morinville and access to water for the Town of Legal and Sturgeon County. The utilities are operated on a full cost recovery basis and it is intended to fund current and future capital needs of the utility systems.

The Utilities Budget provides an excess of funds in order to establish reserves that will fully fund all capital acquisitions over the life of the utility. The Utility Rate Bylaws are brought forward separately in November 2011. These Bylaws will outline funding requirements over the upcoming 25 years, including known capital projects related to the Water and Sewer Utilities.

The following table outlines actual historical and estimated operating revenues and expenditures for the utilities.

	2009	2010	2011	2012	2013	2014
Revenues						
Water Sales	1,738,961	2,030,604	2,076,106	2,095,000	2,136,900	2,179,638
Sewer Charges	1,183,622	1,320,702	1,362,845	1,340,000	1,366,800	1,394,136
Garbage & Recycling	444,896	510,427	519,987	657,991	671,151	684,574
Other Income	362,878	299,439	311,696	313,000	319,260	325,645
Total Revenue	3,730,357	4,161,172	4,270,634	4,405,991	4,494,111	4,583,993
Expenditures						
Salaries & Wages	682,360	625,998	677,463	718,708	733,083	747,744
Contracted Services	324,385	475,758	485,687	675,991	689,511	703,301
Reg. Sewer Charges	527,275	508,223	600,092	610,000	622,200	634,644
Purchase of Water	772,980	777,071	758,129	775,000	790,500	806,310
Other Expenditures	466,196	503,892	404,570	388,200	395,963	403,884
Total Expenditures	2,773,196	2,890,942	2,925,941	3,167,899	3,231,257	3,295,883
Excess (Deficiency)	957,161	1,270,230	1,344,693	1,238,092	1,262,854	1,288,110

Amortization

The Town of Morinville has adopted the principle of amortization of Capital Assets. While this is a budget item, amortization is a non-cash expenditure. Administration has determined the value of capital assets and the life of these assets. The value of these assets are amortized over the life of the assets and an expenditure recorded each year to reflect the amortization.

Amortization expense does affect the annual operating bottom line; however it is not charged to the operating accumulated surplus (deficit) but rather is a charge to equity in fixed assets. The estimated amortization for 2012 is \$4,000,000.

Tax Supported Capital Budget

A number of Capital Projects have been identified for 2012. The following Capital Projects are paid for through Capital Reserves (funded by excess of funds from Tax supported operations), Capital Grants or Debenture funding. Any Debenture funding will be repaid as part of the Tax Supported Operating Budget.

The following Tax Supported Capital Projects have been proposed for 2012:

Projects	Cost	Grant	Reserve	Debenture
Affordable Housing	750,000	✓		
Arena Upgrades	25,000		✓	
Burial Power Lines	300,000	✓	✓	
East Boundary Road Engineering	200,000	✓		
Fleet Addition	35,000		✓	
Fleet Replacement	184,000		✓	
General Bldg. Upgrades	21,000		✓	
Traffic & Pedestrian Safety Review/Plan	50,000	✓		
Outdoor Message Sign	71,000		✓	
Public Works Land Functional Plan	2,000	✓		
Road Rehabilitation	515,000	✓		
St. Germain Plaza	3,235,000	✓	✓	✓
Implem. Rec. Parks & Open Spaces Master Plan	677,000	✓	✓	
Total	6,065,000	2,322,000	918,000	2,825,000

The proposed Tax Supported Capital projects will impact Capital Reserves as follows:

Reserve	Balance 12/31/2011	Revenues Adjustments	Capital Projects	Balance 12/31/2012
General Capital Reserve	5,993,975	(1,885,354)	499,000	3,609,621
MCCC Capital Reserve	(1,584,310)	300,000		(1,284,310)
Transportation Reserve	(1,112,952)	1,112,952		-
Vehicle & Equipment Reserve	132,952	86,048	219,000	-
Vehicle & Equipment Reserve	(1,779)	1,779		-
Office Equipment Reserve	34,299			34,299
Parks, Recreation & Culture Reserve	(684,575)	684,575		-
Developers Recreation contribution	481,435		200,000	281,435
Total	3,259,045	300,000	918,000	2,641,045

The Morinville Community Cultural Centre (CCC) Capital Reserve was established to track the non-debenture contribution from the Town towards the Morinville CCC. Donations received for this project together with revenues from the Automated Traffic Enforcement Program will be utilized to reduce this Reserve over the next 4 to 5 years until paid.

In 2011, \$300,000 representing net proceeds of Automated Traffic Enforcement and a contribution from Sturgeon County of \$250,000 will be applied directly to the Capital Reserve for the Morinville CCC.

DRAFT - 1st Reading

Utility Supported Capital Budget

A number of Capital Projects have been identified for 2012. The following Capital Projects are paid for through Capital Reserves (funded by excess of funds from Tax supported operations), Capital Grants or Debenture funding. Any Debenture funding will be repaid as part of the Utility Supported Operating Budget.

The following Utility Supported Capital Projects have been proposed for 2012:

Project	Cost	Grant	Reserve	Debenture
Hydrant & Water Valve Replacement	56,275	✓		
Manhole Relining Program	173,891	✓		
Sanitary System Storage Improvement	2,950,000		✓	
South Pumphouse Renovations	1,000,000	✓		
Truck Mounted Valve Exerciser	21,000	✓		
Water Meter Replacement	205,209		✓	
Total	4,406,375	1,251,166	3,155,209	-

The 2012 Utility Supported Capital Projects will impact Capital Reserves as follows:

Reserve	Balance 12/31/2011	Revenues Adjustments	Capital Projects	Balance 12/31/2012
Water Capital Reserve	(1,664,627)	841,681	205,209	(1,028,155)
Sanitary Capital Reserve	1,448,521	396,411	2,950,000	(1,105,068)
Storm Sewer Capital Reserve	40,070			40,070
Total	(176,036)	1,238,092	3,155,209	(2,093,153)

The deficiency in Capital Reserves – utilities will be borrowed from Tax Supported Reserves or Debenture Funding. These amounts will be repaid from future revenues from the Utility Operations.

Utilities operations are based on a full cost recovery basis over a 25 to 40 year period. During that time capital projects will take place that are not fully covered by existing reserves. However, the full cost recovery basis is expected to cover the full cost of Capital Projects over the life of the utilities.

Further information will be brought forward at the time of reviewing the water and sanitary bylaws.

Other Information

In preparing the 2012 budget, Administration carefully reviewed revenues and expenditures by department, division and object. As well, business cases were prepared for all proposed capital projects and operational projects.

The following outlines summary of historical actual expenditures and estimated expenditures for each of these areas:

	2009	2010	2011	2012	2013	2014
Tax Supported						
Arena	453,863	466,421	389,744	347,681	354,635	361,728
Bus Services	83,395	29,924	9,975	17,706	18,060	18,421
Community Services	195,633	220,889	493,659	515,135	525,438	535,738
Corporate Services	1,150,457	1,472,304	1,370,013	1,453,927	1,483,005	1,512,665
Council Expenses	211,689	213,937	230,054	294,000	299,880	219,732
Disaster Services	749	-	-	-	-	-
Economic Development	26,312	19,199	34,579	18,200	18,564	18,935
Enforcement Services	240,526	297,218	268,096	265,918	271,237	276,662
FCSS	213,292	210,595	168,812	233,071	237,732	242,487
Fire Department	464,730	481,406	457,124	544,710	555,604	373,514
General Govt. Services	140,657	136,242	133,598	311,938	323,743	299,507
Human Resources	-	-	72,104	148,423	151,392	154,420
MCCC	-	1,675	374,983	807,785	823,941	840,419
Office of CAO	1,012,281	718,394	606,013	533,578	544,249	555,134
Office of Deputy CAO	-	-	69,337	309,051	315,232	321,537
Open Spaces	313,760	440,700	453,502	452,072	461,114	470,336
Planning & Development	515,327	795,681	787,068	755,882	765,900	781,218
Police	1,255,442	1,216,986	1,210,787	1,366,828	1,394,164	1,422,048
Programming	325,735	638,393	406,177	405,329	413,434	421,704
Public Works	274,301	324,564	498,446	635,353	648,060	661,021
Roads	1,081,303	1,050,693	1,180,398	1,183,360	1,207,028	1,231,168
Storm Sewers	142,469	97,980	45,065	60,500	61,710	62,944
Total	8,101,921	8,833,201	9,259,534	10,660,447	10,874,122	10,781,338
Utilities						
Sanitary Sewage	811,208	843,143	859,723	943,589	962,461	981,710
Solid Waste - Garbage	482,633	509,938	476,855	657,991	671,151	684,574
Water	1,479,355	1,537,861	1,589,363	1,566,319	1,597,645	1,629,599
Total	2,773,196	2,890,942	2,925,941	3,167,899	3,231,257	3,295,883