

Type of Decision									
Meeting Date	Friday, January 11, 2013				Report Date	Wednesday, January-02-13			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	X	Information Only			Type of Meeting	X	Open		Closed
Budget Considerations Report #11/01/13/1001									

Subject: By-law adopting the 2013 operating budget.

RECOMMENDATION: That Council adopt the budget by-law prepared using the direction provided to staff at the meeting of Friday, December 7, 2012.

- “1. THAT the total operating budget for the year 2013 shall be set at **\$969,353.00 as detailed in Appendix A to this by-law;**
2. THAT this by-law shall be retroactive to January 1, 2013.”

Background/Executive Summary:

HCM is in the enviable position of having a large surplus in 2012 due in a large part to increased PILs for 2011 and 2012. HCM is set to realize increased revenues in 2013 due to increased assessments and increased PILs.

HCM has no debt or deficit and has reserves totalling \$892,742.45 nearing targets set by Council. We are not in the same financial position as the provincial or federal governments and therefore do not need to operate under the same constraints.

An operating budget must include estimates to cover all expenses for the period, set out estimated revenues and provide that estimated revenues are equal to the estimated expenditures. It is not recommended that taxation levels be maintained simply for the purpose of avoiding change. If there is no need for excess revenues, a reduction in rates is required.

Council had 4 options presented for consideration and chose Option 2.

Option #2 shows a decrease in revenues from taxation of \$20,000 to \$453,568.

- a) It would result in a decrease in taxes owing per \$100,000 of \$11.56 or 4.22%.
- b) It would include an allocation of the 2012 annual surplus of \$45,000 to general revenues with \$40,000 going to reserves from the 2013 budget.
- c) It would include unallocated operating surplus of \$14,500.
- d) It allocates \$45,000 of 2012 surplus to general revenues and maintains current levels of service and programs allowing for improvements and increases as described below.
 - i) It pays for hall and kitchen renovations with \$53,000 coming from reserves and deferred revenue.
 - ii) It includes an extensive brushing project, gravel application and two major culvert replacements.

- iii) It includes the 3% salary grid increase, 1.2% cola increases for all employees, council and HCM contracts and the recommended wage grid step increases.
- iv) It could still include a 4% employee pension plan at approximately \$7,000.

Council directed that the unallocated operating surplus of \$14,500 be transferred to reserves for later consideration pending construction costs.

The province has set the Education rates slightly lower than 2012.

2012 – 0.221% and for 2013 – 0.212% a difference of .009%.

The County has yet to provide us with an estimate.

Financial Implications/Budget Impact: Sets budget for 2013

Approved and Recommended by the Clerk

Melinda Reith,

Municipal Clerk

Melinda Reith

County Council updates provided by Reeve Stewart at the meeting of Friday, January 25, 2013.

1. County council recommendation of a 2% levy increase for 2013.
2. Increased revenues from all county taxpayers of \$709,037.
3. 1.8 % increase in real assessment growth.
4. County portion tax increase of .20% or .73 cents (we assume per \$100,000 of assessed value.)