

Approved by Council – September 24, 2012

## **BUDGET POLICY**

### **BACKGROUND**

The purpose of a municipality is to develop and maintain a safe and viable community through the provision of programs, facilities and other things that are, in the opinion of Council, necessary or desirable for the community. To fulfill this purpose Council sets out in this policy to establish the policy statements that will guide the sustainable budgeting practices that will lead our community to prosperity.

Council has the legislative responsibility to adopt an annual budget and pass the related property tax bylaw. Council's primary roles in the budget process are to establish the strategic vision for the community, establish their expectations for programs and level of service and evaluate the budget's alignment with their vision and expectations.

Administration has the responsibility to develop a budget within the vision and expectations of Council. The development of a sustainable budget will include incorporating the ideas of other stakeholders, reviewing programs and service levels and establishing departmental business plans to achieve the Town's long range goals.

### **POLICY**

#### **Public Involvement**

The Public will be engaged in a meaningful way so that interested public can be heard and have their views integrated in the budget. Efforts should be made to involve the public in all stages of the annual budget process to enhance our stakeholder's understanding of the Town's fiscal stewardship, policies and operating decisions and demonstrate clear and accountable government.

#### **Budget Link to Strategy & Planning**

Council shall develop a strategic plan and set their budget expectations at the start of each budget cycle. Council shall ensure that the strategic plan and budget goals are developed in consultation with, widely disseminated to and reviewed with stakeholders.

Council shall adopt budget goals that:

- a) reflect stakeholder concerns, needs and priorities;
- b) reflect the community's economic, social and environmental conditions, challenges and opportunities;
- c) are sufficiently specific to help define the programs and make difficult resource allocation decisions in the budget process; and
- d) are prioritized

Administration shall incorporate the strategic plan and budget goals adopted by Council in all aspects of the budget preparation.

### **Budget Timeline**

The budget timeline established here provides an estimated schedule for a number of key budget activities. This is not a comprehensive listing of all activities and deadlines that will be required to produce the budget but focuses on the central activities to ensure that all stakeholders understand the planned flow of budget activities.

#### September

- Update planning, policy, and review bylaws are required
- Develop and obtain Council and Public budget ideas
- Open budget development software to departments

#### October

- Department level budget preparation
- Detailed budget review with Municipal Manager

#### November

- Committee of the Whole public review of budget
- Final review and balancing of the budget
- Presentation of budget to Council and the Public

#### December

- Approval of the annual budget in principle

#### Spring

- Budget amendments if required
- Approval of the Tax Rate Bylaw
- Final approval of the annual budget

### **Multi-Year Capital Infrastructure Planning**

With each budget a Multi-Year Capital Infrastructure Plan (MYCIP) spanning 10 years will be prepared outlining a funded plan to meet the ongoing asset replacement and rehabilitation needs of the town. The MYCIP will be approved by council and become the basis of the capital budget.

The plan will be developed using input from all stakeholders, asset assessments and replacement schedules. The project ranking matrix will ensure that projects are fairly evaluated and that limited financial resources are allocated to the projects with the greatest overall benefit to the community. Project ranking will be based on the seven criteria outlined in the Ranking Guide: Asset Rehabilitation & Protection, Service and Benefit to the Public, Strategic Importance, Safety & Risk Management, Work Conditions & Productivity, Funding Impact and Operating & Maintenance Costs.

### **One-Time Revenue Sources**

To ensure a sustainable approach to budgeting, one-time revenues will not be used for ongoing expenditures and their use shall be clearly identified in the budget. One-time revenues may be used only to increase reserve balances, decrease debt or for non-recurring expenditures such as capital acquisitions, and one-time projects.

One-time revenues include: proceeds from the sale of capital assets, land development, non-recurring grants and any other inconsistent source of income. One-time revenues may be available for more than one year, but are expected to be non-recurring

### **Tax Rate Stabilization Reserve**

Council desires to maintain a special reserve to protect the community against reducing service levels, cutting programs, raising taxes or fees as a result of a temporary revenue shortfall or unpredicted one-time expenditures. The special reserve will be called the Taxation Reserve and will have a maximum threshold of 15% of the prior year's annual municipal tax revenue.

### **Balancing the Budget**

The MGA (Municipal Government Act) allows municipalities to budget a deficit if the deficit is created solely by amortization expense. The annual budget, both the operating and capital components, must be balanced when presented to Council and the public with amortization expense presented separately. In addition, the following individual departments must be balanced independently:

1. Utility – including water, sanitary sewer and garbage
2. Regional Landfill Authority
3. FCSS
4. Land Development & Sales