

TOWN OF STETTLER

<u>Prepared By:</u>	Secretary-Treasurer	<u>Number:</u>	VII-3
<u>Adopted By:</u>	Town of Stettler Council	<u>Original Policy:</u>	1996 02 06
		<u>Previous Policy:</u>	1996 02 06
		<u>Current Policy:</u>	2000 11 07

Title: **Town of Stettler Budget Policy**

Purpose: To establish a budget process that incorporates all legal obligations required of municipalities in the Province of Alberta and that assists with the effective management of the Town of Stettler's financial resources.

Policy Statement: The Town of Stettler shall establish an annual Operating Budget and an annual Capital Budget, which shall be approved by resolution of Council.

1. Operating Budget:

(a) Timing

- (i) Budget estimates shall be compiled during the final four months of the year preceding the budget year.
- (ii) An interim operating budget shall be presented to Council for approval no later than the month of November in the current budget year. Until such time as an interim budget is adopted by resolution of Council or if circumstances arise such that an interim budget is unable to be expediently adopted; an interim budget shall be "deemed" to be adopted based on the previous years approved budget.
- (iii) The formal operating budget shall be adopted prior to the passing of the Mill Rate Bylaw.

(b) Format

- (i) The formal operating budget statement shall be presented for approval in a format such that all operating "functions" (as defined by Alberta Municipal Affairs Account Coding Structure) shall contain separate budget totals.
- (ii) In addition to the formal budget statement, a "line-budget" estimate report shall be presented, outlining a detailed estimated breakdown of the formal operating budget statement. The line-budget estimates report shall contain separate estimates for the current budget year and the two years following the current budget year.

(c) Budget Authority

- (i) The formal operating budget shall be deemed to be the Town of Stettler's budget statement for purposes of complying with the Municipal Government Act and for purposes of complying with the Town of Stettler budget.
- (ii) The detailed "line-budget" estimate report shall serve as a guideline to the formal budget statement as an internal administrative tool.

(d) Provisions for Expenditures in Excess of the Operating Budget

- (i) Over and under expenditures within an operating budget "function" category (as defined by Alberta Municipal Affairs Account Coding Structure) shall not be deemed to be in contravention of the Municipal Government Act budget provisions, providing that the grand total expenditure of the "function" category is not in excess of the grand total budget of the "function" category.
- (ii) If the grand total expenditure of a "function" category significantly exceeds the grand total budget of a "function" category, then a resolution of Council is required to amend the budget accordingly. Any amending resolution must outline how the over-expenditure is to be funded.
- (iii) The CAO or Secretary-Treasurer (in the absence of the CAO) has the authority to authorize a budget transfer of funds from one G/L account to another G/L account within a budget category "function". In those instances when the transfer of funds will significantly alter Council's approved programs, work plans and operational goals of the "function" activity; the appropriate Council Committee will be advised prior to the transfer being made. Transfers of budget funds from one "function" category to another "function" category shall require a resolution of Council.
- (iv) If an over-expenditure is offset by an equal additional corresponding revenue, the budget item will not be deemed to be an over-expenditure under this policy.
- (v) An over-expenditure may be incurred by a municipality without approval in cases of an emergency. An emergency will be defined as a situation whereby the health or safety of the community is endangered or whereby the failure to incur the expenditure by the municipality would represent significant monetary loss to the municipality.
- (vi) Significant operating revenue deficiencies will be reported to Council as soon as practically possible.

2. Capital Budget: For purposes of the Town of Stettler capital property shall include the definition set out in the Municipal Government Act and shall further be defined as property with a purchase price in excess of \$1,000 or an item under \$1,000 separately identified in the capital budget. Expenses for maintenance of equipment or buildings over \$1,000 will not be considered capital but should be communicated to the Department Head. Purchases of new equipment or replacement over \$1,000 will be considered capital.

(a) Timing

(i) The capital budget shall be presented to the Town Council no later than December of the current budget year.

(b) Format

(i) The capital budget shall indicate both the estimate purchase amount and the sources of funding for the estimated purchase.

(c) Budget Authority

(i) The formal capital budget shall be deemed to be the Council approved summary section of the capital budget package presented to Council.

(ii) All individual capital item purchases shall conform to the existing Purchasing Policy.

(d) Provisions for Expenditures in Excess of the Capital Budget

(i) Council may by resolution make changes to the authorized capital budget during the year as circumstances dictate.

All changes to the capital budget must identify the source of funding.