



TOWN POLICY

POLICY NUMBER: 1809

REFERENCE:

Resolution No.197.05.21
Resolution No. 241.07.25

ADOPTED BY:

Town Council July 23, 2025

PREPARED BY: Financial Services

DATE: July 23, 2025

TITLE: Budget Policy

1 Policy Statement

- 1.1. To establish principles for budget preparation and property taxation levies in accordance with the Municipal Government Act (MGA). In some cases, these principles will stand alone, while in others the principles are excerpts from separate policies established by Council.

2 Purpose

- 2.1 This policy will ensure an orderly and timely translation of civic services into resources, expense, and revenue requirements. It will also ensure effective means to deliver services to citizens and to enforce accountability for the proper and prudent management of public funds. The Town will work within the Long-Term Financial Plan as adopted by Council. The adopted budget will adhere to the Municipal Government Act (MGA) or other legal requirements including principles contained within this policy.

3 Definitions

- 3.1 "**Acting Mayor**" means the Councillor selected by Council to act as the Mayor in absence or incapacity of the Mayor and Deputy Mayor or in the case where the Mayor and/or Deputy Mayor choose to step down.
- 3.2 "**Budget Amendment**" mechanism used to revise the approved budget to reflect changes that occur throughout the fiscal year. Once the budget is adopted, it can be changed by a budget amendment.

- 3.3 **"Chief Administrative Officer"** or **"CAO"** means the person appointed by the Council under section 4 and under section 205 of the Act to be Chief Administrative Officer for the Town, along with any designate appointed by the Chief Administrative Officer;
- 3.4 **"Councillors"** means the municipal Council of the Town of Strathmore.
- 3.5 **"Deputy Mayor"** means the Councillor appointed by Council pursuant to the Municipal Government Act and the Council Procedure Bylaw, to act as the Mayor in the absence or incapacity of the Mayor or in the case where the Mayor chooses to step down.
- 3.6 **"Designate"** means an employee who is authorized to sign or approve by CAO.
- 3.7 **"Director"** is the head of a department of the Town of Strathmore.
- 3.8 **"Manager"** means the Managers of the department, division or unit of the Town
- 3.9 **"Mayor"** means the individual elected to the position of Chief Elected Official for the Town.
- 3.10 **"Operating Budget"** means a financial plan that includes an estimate amount for revenue, expenditures, and transfers to provide for Council's policies and programs. The amount needed to pay debt obligations in respect of borrowings made to acquire, construct, remove or improve capital property, the amount needed to meet the requisitions or other amounts the town is required to pay under an enactment.
- 3.11 The amount of depreciation, the amount to be transferred to a reserve, the amount to be transferred to the capital budget.

4 Responsibility to Implement

- 4.1 The Chief Administrative Officer (CAO) is the administrative head of the municipality and is granted authorities through the Municipal Government Act (MGA) and CAO Bylaw including but not limited to the responsibility to ensure the policies, procedures and programs of the municipality are developed and implemented.

5 Principles

- 5.1 Action of the Budget will be conducted in a manner that aligns with the context of the Long-Term Financial Plan.
- 5.2 The budget is an important Council strategic document. As such, only elected officials will be permitted to deliberate and adopt budgets.
- 5.3 Administration will recommend to Council a timeline for Budget preparation on an annual basis.
- 5.4 Inputs derived from citizen engagement will be considered during the budget and planning cycles.
- 5.5 Budgets will be aligned with Council's Strategic Plan, the Municipal Development Plan, and organizational master plans.
- 5.6 On an annual basis, Council will authorize service levels for the community.

- 5.7 New Programs, services and Tangible Capital Assets additions will be fully funded at the time of addition.
- 5.8 Directors and/or Department Managers are responsible for submitting estimates of revenue and expenditure utilizing the Town budgeting software within the timing authorized for budget preparation.
- 5.9 Budgets that include a new financial borrowing to fund a capital project will include an interest expenditure at the current interest rate or anticipated rate with principle repayments as applicable.

6 PROGRAMS AND SERVICES

- 6.1 Council endorses programs, services, and service levels on behalf of the community. The Towns programs, services, and service levels will be defined and documented through Levels of Service initiatives. Council approved budgets provide for the financial resources necessary to deliver programs and services to the community.
 - 6.1.1 The endorsement of programs, services and service levels through the budget and planning process is a responsibility of Council.
 - 6.1.2 Performance measures will be used to demonstrate and gauge successful delivery of service.
 - 6.1.3 The Town shall ensure that it provides value for money, that public resources are put to the best possible use and that surplus assets are disposed of

7 SHORT- AND LONG-TERM PLANNING

- 7.1 The Town will align with best practice and ensure that short and long-term financial planning is executed to ensure the long term financial sustainability of the Town.
 - 7.1.1 Operating budgets will be prepared on a four-year rolling basis annually in compliance with the MGA. Capital plans will be prepared on a five-year rolling basis.
 - 7.1.2 Council endorsed strategy, master plans, programs, services, and studies will guide the preparation of budgets.
 - 7.1.3 The Town shall operate in a manner that will allow it to successfully adapt to future challenges or events
 - 7.1.4 Financial decisions ensure future flexibility to adapt to opportunities and changing circumstances
 - 7.1.5 As far as is reasonably possible the Town shall operate in a manner that takes into account the financial effects on future generations as well as on the distributional impact on the current population

8 TAX REVENUE

- 8.1 Taxes will be levied to fund the costs to deliver tax supported Town services. In the case of some services, user fees are charged to offset the cost to deliver the service. The operating budget will deliver the service to the community.
- 8.2 When planning for tax increases, the following will be considered:
 - 8.2.1 The rate of tax adjustment will be kept as stable as possible while also ensuring the long-term financial sustainability of the Town.
 - 8.2.2 To maintain the tax ratio from non-residential to residential as close to par as possible to the Provincial Education tax rates based upon the Equalized Assessment, with the objective being that the non-residential tax rate will be no more than 2 times the residential tax rate.
 - 8.2.3 Tax exemptions in the budget will be considered for the financial plan.
 - 8.2.4 Economic conditions will be considered during the planning process.

9 ONE TIME REVENUES AND OTHER FORMS OF VOLATILE REVENUE

- 9.1 Council budgets will raise sufficient funds to maintain the ordinary operations of town business and will not rely on one-time revenues.
 - 9.1.1 Budgets are not to be balanced by using streams of volatile revenue.

10 USER FEES, LICENSES, PERMITS AND FINES

- 10.1 As established by Council, user fees, licenses, permits and fines will be used to offset the cost of a program or service.
 - 10.1.1 The user fees for recreation and culture fees are reviewed annually with the rate bylaw.
 - 10.1.2 The cost of licenses and permits will be established to oversee the related service.
 - 10.1.3 Fines will be used to encourage compliance to Town Bylaws.

11 UTILITIES

- 11.1 Utility services (water, sanitary sewer, storm sewer and waste management) will be budgeted on a full cost recovery basis. The utility rates will include an amount to be contributed to the Utility Infrastructure Reserves for long term sustainability and renewal of utility infrastructure.

12 BUDGET AMENDMENTS

- 12.1 AMENDMENTS TO COUNCIL APPROVED OPERATING BUDGET

- 12.1.1 At times, amendments to the operating budget are necessary to facilitate Town operations. The Directors and Managers are delegated the responsibility of managing outcomes of the approved budget.
 - 12.1.1.1 Operating budget amendments for a new program or service or a significant change in service level require an approving motion by Council.
 - 12.1.1.2 Budget amendments requiring funding above the total approved budget must be approved by a Council motion.
- 12.1.2 Authorizations for amendments must be in place prior to any financial transaction taking place.

12.2 AMENDMENTS TO COUNCIL APPROVED CAPITAL BUDGET

- 12.2.1 Capital budgets are prepared using projected costs and will align with good project methodologies including predesign, design and construction phases. At times amendments to the capital budget are necessary and desirable. Directors and Managers are delegated the responsibility of managing outcomes of the approved budget:
 - 12.2.1.1 Capital budget amendments for a new program or service or a significant change in service level require an approving motion by Council.
 - 12.2.1.2 Amendments to the Capital Budget that alters the scope of a project or that materially changes the appearance, or functionality of a project shall be reviewed by and authorized by Council.
 - 12.2.1.3 For items not included in the budget, or a cost overrun, must be considered as an amendment to a budget by Council, that Administration include in the analysis an opportunity interest cost at the current interest rate as a cost for the project.
 - 12.2.1.4 Authorizations for amendments must be in place prior to any financial transaction taking place.
 - 12.2.1.5 Funding of the capital program will aim to maximize the use of grants, debt and reserves, capital projects will not normally be funded by current year taxation.
 - 12.2.1.6 Emergency purchases should only be made when the application of procedures would result in undue delay and exacerbate the situation

13 ENGAGEMENT, TRANSPARENCY AND ACCOUNTABILITY

- 13.1 Council is committed to a transparent and accountable process a process for funding not for profits. Each not for profit organization is welcome to attend an annual meeting where they will make formal request for financial support to Council. The presentations will be taken into consideration during the budget deliberation.

- 13.2 Feedback from the citizen satisfaction survey will be considered during the budget planning cycle.
- 13.2.1 Transparency will be maintained by posting the Budget, Audited Financial Statements, and the Town of Strathmore Annual Report on the Town website.
- 13.2.2 That the Council be provided with a quarterly financial update including a report on Capital Projects complete with variance.
- 13.3 Council is committed to ensuring funding to not for profits high are level of transparency and accountability. Annual engagement during budget funding periods is required pursuant to the following policies:
- 13.3.1 Policy 5102 – Family and Community Support Services Grant Program.
- 13.3.2 Policy 5102-01 – Family and Community Support Services Grant Program Procedure.
- 13.3.3 Policy 7204 – Community Improvement Program Policy.
- 13.3.4 Policy 7204-01 – Community Improvement Program Procedure.

14 Scope/Application

This policy applies to the Town's elected officials, CAO, and Town staff.

15 Cross References

Policy 1110 – Strategic Planning Policy.

Policy 1802 – Accounting for Capital Assets Policy.

Policy 1810 – Asset Management Policy.

Policy 1817 – Financial Reserves Policy.

Policy 1821 – Debt Management Policy.

Policy 5102 – Family and Community Support Services Grant Policy.

Policy 5102-01 – Family and Community Support Services Grant Procedure.

Policy 7204 – Community Improvement Program Policy.

Policy 7204-01 – Community Improvement Program Procedure.

END OF POLICY