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**Title: Budget Policy**  
**Policy Number: 022**

**Resolution Number: 07-253**  
**Date Approved: June 19, 2007**

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**STATEMENT:**

The Town of Conception Bay South's budget reflects Council's approved priorities and direction, and any changes, with the exception of those in accordance with this policy, require approval by Council.

The preparation of departmental budgets is the responsibility of each Department Head.

The Director of Finance is responsible for the compilation of the Town's revenue budget and all departmental budgets into a draft consolidated Town Budget.

The Town Manager/Clerk is responsible for reviewing all departmental budgets, making recommendations on any changes to both operational and capital budgets and providing Council with recommendations required to produce a balanced budget.

The Director of Finance is responsible for the provision of monthly financial reports. This report will include an overview of the Town's financial status and projected overruns or savings by department together with any deviations by departments to approved budgets. Department Heads are responsible to provide their departmental budget monthly breakdown reports required for the preparations of the financial report by the Director of Finance together with the projected variances to year end.

**PURPOSE:**

To ensure that staff and Council have adequate input into the annual capital and operational budgetary process.

To establish timeframes for the capital and operational budgetary process and review.

To provide staff authority for budget transfers, and to ensure that the budget is revised as necessary.

To ensure that Council has the opportunity to review the current year's financial status, and has adequate time to plan for the upcoming budget.

To outline the requirements for periodic financial reports to Council and the public.

**AUTHORITY:**

- Municipalities Act, 1999 – Sections 77 – 81
- Council Discretion



**PROCEDURE:**

**(A) UPCOMING BUDGET**

- Department Heads will meet in the first week of September to review new departmental budget initiatives for the upcoming year for presentation and consideration by Council.
- Council will meet with Department Heads through the applicable Committees by mid-September to establish its priorities for the upcoming year in order to have these items included in the budget preparations. Council's priority in establishing the major principles involved in the budget preparation will include a review of the following:
  - Core services and their levels of services
  - Staff levels
  - Capital projects
  - Annual amount of capital out of revenue
  - Long-term debt strategy
  - Annual tax rates and fee structure
  - Discounts and exemptions policies
- The Director of Finance will provide Department Heads with budget documents required to prepare departmental budgets and the deadlines required for completion by the first of October of each year.
- Department Heads will provide completed departmental budgets to the Director of Finance by the mid-October of each year following their review by their respective Committees.
- The Director of Finance will present a draft budget to the Town Manager/Clerk no later than the end of October of each year using the submitted departmental budgets with the current year's assessment roll information if the next annual roll is not available at the time.
- The Town Manager/Clerk will present a draft budget to the Committee of the Whole together with the recommendations required to achieve a balanced budget and meet Council's objectives and priorities by mid-November of each year. Department Heads will be invited to attend this meeting to provide any information that may be required by the Committee.
- A final draft budget and recommendations to the Committee of the Whole during the third week of November of each year.



- Council will take a macro approach in reviewing the budget to ensure it accurately reflects the views and directions established by Council, and will be required to give approval for those expenditures resulting in increases or decreases in services and/or staffing.
- The Budget will be presented at the first public meeting of Council in December, and the Chairperson of the Financial and Administrative Services Committee, on behalf of Council, will present the budget speech.

As per Section 77, subsection (2) of the Municipalities Act: A budget adopted under this section shall be in the required form and a copy shall be sent to the minister before the end of the calendar year of its adoption...

- As per Section 78 of the Municipalities Act, the anticipated revenues and proposed expenditures of a council shall balance.
- A budget circular and a copy of the budget speech will be available for public review during regular business hours at the Town Hall following the adoption of the budget by Council.
- The Town Manager/Clerk will meet with Department Heads during the first week of each year to review their budgets and make any recommendations on their budgets.

## **(B) BUDGET UPDATE**

The current budget will be reviewed monthly and a report will be provided to Council and Department Heads which indicates the financial status of the Town and whether departments are within approved budgets.

Budget figures may be adjusted internally, without Council approval, where no formal change to the budget is required and in accordance with the provisions of this policy. However, any significant (in excess of \$5,000 per budget line item) budgetary changes must receive the prior approval of Council.

Budget transfers will be for cost control purposes only and will be reflected in the monthly expenditure reports. The annual budget will not be revised, as these changes are not significant to the overall budget, but are required to provide accurate information to Department Heads. The budget, as approved by Council, will be reflected in the audited financial statements.



**(C) BUDGET TRANSFERS**

- Any transfers between departments will have to be determined jointly by the applicable Department Head and approved by the Town Manager/Clerk. The applicable Committees shall be advised of departmental transfers.
- Department Heads may transfer funds within their own program accounts, up to \$5,000 annually per account number within a program area, without the approval of Council. This is not applicable to labour costs wherein labour budgets are approved on an annual basis by Council for fulltime and seasonal employees. This is applicable to normal operational items; however, any discretionary items or those that may have potential political implications may not be transferred without the approval of the Town Manager/Clerk, who will, in turn, determine the applicability of Council approval .
- Council must approve any transfer of funds in excess of \$5,000 annually per account number within a program area or between program areas.
- All transfers into an account must be offset by an equal decrease in another account to ensure that the total budget is not exceeded.
- All requests for transfers will be made to the Director of Finance and copied to the Town Manager/Clerk.

**(D) REVISED BUDGET**

Budget review and budget transfers discussed in the previous sections would not result in a formal revision to the annual budget.

In the case of events that would necessitate a revised budget, Section 80 of the Municipalities Act would be adhered to as follows:

- Where, during a financial year, it appears that the actual revenue and expenditure is likely to be substantially greater or less than estimated, the council shall prepare and adopt a revised budget in the required form.
- A copy of the revised budget shall be sent to the minister within two weeks of its adoption.
- A revised budget shall take effect on the first day of the month following the date of its adoption by the council.



In the event of a revised budget, the audited financial statements of the Town of Conception Bay South would reflect the revised budget.

## **(E) CAPITAL BUDGET PROCESS**

All departmental capital budget requests are to be submitted in accordance with the timeframes and procedures outlined for the operational budget process.

All departmental capital budget requests will be submitted to the Director of Finance by mid-October following review by the respective Committees.

The Director of Finance will present a draft capital budget to the Town Manager/Clerk not later than the end of October of each year.

The Town Manager/Clerk will meet with the Department Heads during the first week of November of each year to review their capital budget and make any recommendations on their capital budget.

The Town Manager/Clerk will present a draft capital budget to the Committee of the Whole together with recommendations required meeting Council's objectives and priorities by mid-November of each year.

A final draft Capital Budget and recommendations will be presented to the Committee of the Whole during the operating budget process.

The Capital budget will be presented at the first public meeting of Council in December by the Chairperson of the Financial and Administrative Services Committee.

The annual capital budget process will include annual recommended block amounts for each department in addition to any special projects that may be approved by Council. Following Council approval of annual block amounts, Departments, in consultation with their respective committees, will outline the individual items up the maximum of the annual approval capital amount and submit to Council for their approval. Council approval will also be required prior to calling tenders.

The 10-year capital budget forecast will be updated as part of the annual budget process.



## **Town of Conception Bay South Policy Manual**

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Capital budget expenditures will be included in the financial reports to be provided to Council.

Any capital budget requests other than those approved during the annual budgetary process require the approval of the Town Manager/Clerk prior to such requests being submitted to Council for their consideration and approval.

### **REVISION HISTORY:**

<b>Revision:</b>	<b>Author:</b>	<b>Change Made:</b>	<b>Date:</b>