

	<h2>Municipality of Crowsnest Pass Procedure</h2>
<p> Policy No.: Policy Title: Department: Council Approval: Reviewed: Revised: Supersedes Policy/Bylaw: </p>	<p> 1701-01 Triennial Budget Finance M# 6340-11 Date: November 29, 2011 </p>

1. **The Municipal Triennial Budget Policy** is articulated by a series of Fiscal Practices and Procedures that will guide the manner in which the triennial budget develops, allocates, manages and controls financial resources available to the Municipality during the thirty-six month budget period.

2. **Fiscal Practices and Procedures:** Since fiscal conditions and circumstances continually shift and change in response to revenue generation and operational/capital requirements, these practices and procedures will serve as guidelines to ensure the integrity of the budgeting process and fiscal accountability of the Municipality to its residents.
 - 2.1 **Adoption of Operating and Capital Budgets:** Municipal Council must adopt an operating and capital budget for each calendar year in the triennial period as per Sections 242 and 245 of the Municipal Government Act.

 - 2.2 **Operating Budget:**
 - 2.2.1 **Balanced Budget**
 - i. The Municipality’s operating budget must have revenues equal to or greater than expenditures.
 - ii. The Municipality will accept ongoing service, program and/or facility obligations only when adequate funding is available through increased income sources or the approved reallocation of existing sources of income thereby impacting currently funded services, programs and/or facilities.

 - 2.2.2 **Triennial Operating Budget**
 - i. The Municipality of Crowsnest Pass prepares a triennial Council approved operating budget/revenue requirement. To accommodate this multi-year budget cycle, Departments are expected to operate within their approved multi-year budget. The management of the overall Budget is the responsibility of the Chief Administrative Officer.

2.2.3 Cause and Effect:

i. The Municipality will practice cause and effect budgeting. When a particular condition or event requires increased charges, those charges will be implemented by using potential funding mechanisms rather than phasing them in over a period of time.

ii. The Chief Administrative Officer may fiscally respond to emergencies to a maximum of \$50,000. Such action shall be fully disclosed to Council at the next regularly scheduled Council meeting explaining the nature of the emergency, the amount of the expenditure and the manner in which the expenditure will be financed.

2.2.4 Deficiency:

i. The operating budget must include an expenditure to cover any deficiency extending over the prior three year period.

2.2.5 Revenue and Income Sources:

i. Since revenues are sensitive to both local and regional economic conditions, revenue estimates adopted by Council must be conservative. The Municipality will estimate its annual revenues by an objective, analytical process utilizing trend, judgemental and statistical analysis as appropriate.

ii. The Municipality will exercise fiscal restraint to avoid dependence on temporary or unstable revenues to fund mainstream municipal programs, services and facilities.

iii. The Municipality's services, programs and facilities should be supported by user fees to the extent appropriate for the nature and intent of providing a safe and viable community.

2.2.6 Maintenance Costs:

i. Maintenance cost for current assets and infrastructure takes a higher priority than building new assets or infrastructure. In addition, life cycle maintenance is considered when setting priorities. Annual operating budgets will provide for adequate maintenance and replacement of the Municipality's plant and equipment.

Examples of high priority maintenance items included in the operating budget are street upgrading, sidewalk/boulevard renewals, planning and overlay of arterials, storm sewer maintenance, parks/trails maintenance, and building maintenance.

2.2.7 Debt Repayment:

i. Repayment of debt will be included in the operating budget as an operational cost.

2.2.8 Contingency Amount:

i. A contingency amount will be established to provide for non-recurring unanticipated expenditures or to set aside funds to cover known contingencies with unknown costs. The funding amount will be established and approved through the annual operating budget. Council approval is required to transfer funds from the budgeted contingency to the operational or capital budget.

2.3 Capital Budget: The Municipality will coordinate development of the capital budget with the development of the operating budget.

2.3.1 Capital Funding and Expenditures:

i. Guided by its Capital Replacement Policy, the Municipality will utilize a ten year capital replacement plan to determine orderly annual capital equipment and fleet purchases, and required annual transfer of funds to the capital equipment replacement reserve to fund annual replacements.

ii. Annual capital infrastructure purchases and improvements will be in accordance with an adopted and funded capital plan based on a ten year capital replacement plan with the required annual transfer of funds to the appropriate reserves.

iii. Long term and short term borrowing for capital facilities and infrastructure should be considered an appropriate method of financing facilities and infrastructure that benefit more than one generation of users.

iv. A Local Improvement Tax should be considered an appropriate income source to fund capital projects that are of greater benefit to an area of the Municipality than to the whole Municipality.

2.3.2 Transportation/Infrastructure Grants:

i. The Municipality will maximize the use of all available transportation/infrastructure grants.

2.4

eserves: The Municipality will give consideration to the allocation of budgetary funds to maintain reserves warranted by its capital replacement plans, reserve policy and reserve guidelines.

3. End of Procedure

Approval

Chief Administrative Officer

Date