

TOWN OF STRATFORD POLICY

SUBJECT: OPERATING AND CAPITAL BUDGET PROCESS	POLICY NO: 27 CROSS REF.:
EFFECTIVE DATE: January 13, 1999 APPROVED BY: Town Council	
REVISION DATE:	PAGE 1 OF 2

A. **AUTHORITY**

This policy is issued by Town Council under the authority of the Charlottetown Area Municipalities Act. The Act does not permit Council to project a deficit in its estimates or budget for any year in respect of expenditures other than capital expenditures in accordance with Section 112 of the Act.

B. **BUDGET PROCESS**

The intent of this policy is to establish:

- (1) the framework for operating and capital budgets
- (2) a step by step procedure in arriving at the final budget approval for both Operating and Capital Budgets for the Town of Stratford.

Framework:

The Operating Budget for The Town of Stratford is an annual plan for the general operating activities related to the collection of taxes and other operating revenues and the incurrence of annual operating expenditures.

A Capital Budget is a five year plan projecting the financing and acquisition of fixed assets which are used in the provision of general municipal services.

The Operating Budget for The Town of Stratford shall not include items of a capital nature which are included in the capital budget for either new assets or which add to the value of existing assets under the capital budget. A five year capital budget shall be prepared by the Chief Administrative Officer with the assistance of the Finance & Administration Committee and approved by the Stratford Town Council upon the recommendation of the Finance & Administration Committee.

Capital projects shall be financed through the Town's banking establishment and the amortization shall be determined by the estimated life expectancy of the asset or added value. Financing payments will be reflected on the Operating Budget of the Town.

Procedure:

The time frames are important to the orderly preparation of the Operating Budget as well as meeting the objective of having an Operating Budget in place for the following year effective January 1 of that particular year. The Capital Budget will be reviewed on an annual basis. This means that considerable planning in advance must be carried out to accurately predict the following year's Operating Budget requirements as well as the long term implications of both. The process is depicted by the attached Schedule "A" and further described as follows:

1. Goals and Objectives

In May of each year, Council as a Committee of the Whole would meet in private to discuss and establish goals and objectives for the following year and years. It is expected that the Town Administration be active as well as providing direction and technical advise relating to this process. The goals and objectives established will set a framework for Administration to proceed with budget assembly.

2. Submissions and Assembly

The Chief Administrative Officer will prepare a budget document with an October completion date. The budget document is to be reviewed extensively by the Finance & Administration Committee and various priorities established and alternatives created for recommendation to Town Council.

3. Review and Discussion

Having received the budget document from the C.A.O., Council as a Committee of the Whole will review the document in its entirety by way of Committee of the Whole meetings. Town Administration is expected to provide the necessary information to assist Town Council in determining the levels of service and expenditures through the discussions. Once Committee of the Whole has finalized and completed the budget discussions, the document would be presented to the public by way of a public meeting . The budget would be referred to Town Council for approval. It is expected that this process would be completed by the last December meeting.

4. Implementation

Upon Town Council approving the budget document in December, Administration may then implement the various programs approved January 1 of the following year.