

DEPARTMENT: All Town Departments

TITLE: Budget Management Policy

Minutes reference date: November 27, 2017 February 25, 2019 October 28, 2019

Policy Statement:

1. The Town of Amherst (hereinafter referred to as “the Town”) strives for a high level of public confidence in its budgeting process and recognizes that the resulting tax burden has an impact on the overall financial burden of the taxpayers of the Town. Copies of the proposed Capital and Operating Budgets will be posted on the website using the existing system for Council meetings. These meetings will be live streamed for the public. Once decisions are completed, a final copy will be posted on the website.
2. Public accountability is rooted in the belief that the public has the right to know and the right to be provided with reliable financial information. It is this sharing of information that opens the dialogue between citizens and elected representatives.

Policy Objectives:

3. The Town is committed to:
 - a) Preparing budgets in a fair, open, consistent, and transparent manner to establish the confidence of the taxpayer and other stakeholders;
 - b) Complying with the *Municipal Government Act* and other applicable laws or policies and resolutions of Council;
 - c) Promoting strategic business planning;
 - d) Ensuring Town operations function in an efficient and effective manner;
 - e) Being accountable for budget decisions.

Definitions:

4. For the purpose of this policy, the following definitions are provided:
 - a) Operating Budget: Budget document containing operating costs for day to day operations, transfers to other governments and agencies, transfers to reserves, and other fiscal expenditures; this document, as presented to and approved by Council, is used to calculate the tax rates, user fees and other charges;
 - b) Capital Budget: Budget document containing the capital plan for the current and future years; outlines the source of funding for each project and anticipated spending. The first-year projects and major projects for year two will be approved by Council, with subsequent years approved in principle only;

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- c) Uniform Assessment (UA): An amount calculated by the Province of Nova Scotia which is calculated as the sum of all taxable assessments plus the capitalized value of all grants or payments received in lieu of taxes;
 - d) General Tax Rate: This rate covers all operating costs, other than those costs covered by the area rates for Mandatory Provincial Contribution and Community Support. These costs include all municipal services such as fire, police, public works, recreation, economic development and administrative costs, less the revenue generated from such things as services provided to other local governments, sale of services, equalization, conditional grants, etc.
 - e) Uniform Charges:
 - a. Solid Waste Management Uniform Charge: This uniform charge is levied on each dwelling unit within the boundaries of the Town of Amherst in residential premises with less than four such dwelling units. The Solid Waste Management Uniform Charge is set by Council resolution.
 - b. Wastewater Treatment Facility Uniform Charge: Offsets expenses for sewer services for those who are not charged a sewer base charge. It is a uniform charge for unmetered mobile homes within a land leased.
 - f) Sewer Charges: rates charges for sewer services provided by the Town. Sewer charges are set pursuant to the Sanitary Sewer Rates By-law (D019).
 - g) User fees: charge for use of Town facilities or services are set by the User Fee Policy (03470-03).
 - h) Water: the water rates are set pursuant to an Order of the Nova Scotia Utility and Review Board (NSUARB). Operating and capital budgets are approved annually by Council and submitted to the NSUARB.
 - i) Mandatory Provincial Contribution Rate includes the cost of:
 - i. Education – The Town is required (as are all municipalities) to provide funding to the Regional School Board under the *Education Act*. This mandatory education contribution is determined by taking the Town's Uniform Assessment figure and multiplying by the education rate as set by the Province of Nova Scotia.
 - ii. Property Valuation Services Corporation (PVSC - Assessment) – The Town is required (as are all municipalities) to provide funding to pay a share of the cost of operating the provincial assessment system. The Town pays a portion of the total PVSC costs, based on the Town's share of Uniform Assessment and the Town's share of assessment accounts across the province.
 - iii. Correction Services – the Town is required (as are all municipalities) to make a mandatory contribution to the Province to fund the cost of operations of the provincial correctional facilities for all of Nova Scotia. This includes youth and adult correctional facilities. The contribution is set by the Province of Nova Scotia and is based on the Town's share of Uniform Assessment (50%) and the Town's dwelling units (50%).

- iv. Housing – The Cobequid Housing Authority administers and manages 262 (2017) public non-profit housing units for seniors and families on low incomes within the Town. The Town is required to fund a portion of the prior year deficit of the Cobequid Housing Authority annually.
 - v. Regional Library – The Nova Scotia Department of Communities, Culture and Heritage sets the annual contribution requirements for regional libraries from the regional municipal units. In Amherst the Cumberland Public Library costs are shared on a percentage basis between the Town of Amherst, the Municipality of the County of Cumberland and the Town of Oxford. This amount excludes the costs associated with the operation and maintenance of the building which is paid for by the Town of Amherst.
- j) Community Support Area Rate includes:
- i. Community Support Grants Policy - all costs that are covered in Policy 72000-08
 - ii. Tax Exemption Bylaw – All costs that are covered by Bylaw B-1
 - iii. Tax Reduction Policy - All costs that are covered by Policy 03800-02
 - iv. Community Events – The Community Events covers costs for such things as the Town's holiday events (Christmas light up, New Year's Eve, Music in the Park, etc.), festivals and other events.
 - v. Youth Free Ice Time – the costs for providing aims to increase participation, physical activity and affordability in youth programs such as figures skating, minor hockey and public skating by reducing barriers through reduced registration and user fees.
 - vi. Cumberland YMCA – The Town contributes \$100,000 annually to the Cumberland YMCA to aid in the financial viability of the Cumberland YMCA.

Application:

- 5. This policy applies to budget activities of all departments of the Town effective (*date approved by Council*).
- 6. This policy applies to budgeting by the Town for Operating and Capital funds, including budgets for the Town of Amherst Water Utility.
- 7. The CAO will ensure budgeting practices are consistent with the *Municipal Government Act* and all other relevant provincial statutes.
- 8. The CAO will ensure a procedure is in place to guide Town staff in the budget process.

Governance and the Budget Process:

- 9. The Town of Amherst is governed by Town Council and operates under the Council/Chief Administrative Officer (CAO) system. As outlined in the *Nova Scotia Municipal Government Act*, it is the responsibility of the CAO to provide advice to Council and to administer the operations of the Town in accordance with the policies and programs approved by Council.

10. The fiscal year of the Town is April 1 to March 31. The annual budgeting process is preceded by a planning process that identifies priority initiatives for the upcoming fiscal year, based on the strategic directions previously established by Council.
11. Municipalities in Nova Scotia are not permitted to accumulate deficits. Municipal debt, with few exceptions is permitted only for the acquisition of capital assets which the municipality defines as acquisitions of tangible capital assets greater than \$5,000 with an estimated useful life in excess of one year.
12. On an annual basis, costs are established for programs and initiatives and are reflected in the Operating and Capital budgets. Tax rates are calculated to generate the revenue required to fund the various programs and services. These rates are determined in conjunction with the annual assessments of properties in the Town, as established annually through the Assessment Roll generated by the Nova Scotia Property Valuation Services Corporation (PVSC).

Calculation of Rates

13. Each of the Residential and Commercial rates has three components, which are listed below and defined in Section 4. All rates in this section are expressed as per \$100 of assessment. The calculation to determine each one is:
 - a) Mandatory Provincial Contribution Area Rate
The sum of the costs of Education, Property Valuation Services Corporation Assessment, Corrections Services, Housing and Regional Library, divided by the sum of all the taxable property assessment values as provided by PVSC, including grants in lieu.
 - b) The Community Support Area Rate
The sum of the costs of Community Support Grants Policy, Tax Exemption Bylaw, Tax Reduction Policy, Community Events, and the Cumberland YMCA divided by the sum of all the taxable property assessment values as provided by PVSC, including grants in lieu.
 - c) General Tax Rate
 1. Residential – total operating expenditure budget (excluding solid waste and sewage) less the revenue generated by the area rates for the Mandatory Provincial Contribution and Community Support, as well as other non-tax revenue (i.e.: own source revenue, equalization, etc.) divided by the taxable residential and resource property assessment values as provided by PVSC .
 2. Commercial – Total operating expenditure budget (excluding solid waste and sewage) less the revenue generated by the area rates for the Mandatory Provincial Contribution and Community Support, as well as other non-tax revenue (i.e.: own source revenue, equalization, etc.) divided by the Commercial taxable property assessment values as provided by PVSC, including grants in lieu.
14. To meet the objective of preparing budgets in a fair, open, consistent, and transparent manner, budget documents for each of the rates outlined in section 4 will be prepared and included as part of the Council package for the months approval is being requested. Budget meetings will be live streamed on the Town's website.

Council Approval

15. Council will consider setting:

- a) The Mandatory Provincial Contribution Area Rate by no later than the end of February of each year based on the available information from the Province at that time, and will communicate it to the public through social media;
- b) The Community Support Area Rate and the General Tax Rate will be approved in the months following the setting of the Mandatory Provincial Contribution Rate with the goal of having all rates set before April 1.

Resolutions of Council are required to approve the rates and the operating and capital budgets.

Authority of CAO:

16. The Chief Administrative Officer (CAO) of the Town has authority to manage the Town within approved budgets, under this policy, and in compliance with any other Council policy or resolution in effect.
17. The CAO is responsible for ensuring compliance with this policy. The CAO may delegate his/her authority to spend approved budgets to any employee of the Town. All Town staff to whom the CAO delegates authority to make expenditures within approved budgets shall comply with all applicable bylaws, policies or resolutions of Council, the *Public Procurement Act*, Trade Agreements, and with any other restriction imposed by law.
18. In any given year there may be operating budget overruns that are unpredictable and unavoidable. Examples of such overruns include increases in amounts paid for Mandatory Provincial Contribution (Education, Regional Library, Housing, etc.) as well as expenditures for services that are dependent on forces that are uncontrollable by staff (snow management impacted by weather conditions, EMO situations, decisions of Council for action but with no dollar value approved in the budget, etc.). Such cost overruns may be approved by the CAO without prior approval of Council but must be reported to Council as per section 23 of this policy.
19. The CAO has additional authority to exceed the operating budget provided that the Town is still within the overall budget. The CAO has authority to expend these funds for any purpose that the Town has authority to spend but cannot use the funds to create new programs or services that are material in amount or that may be seen to commit the Town to material funding beyond the current fiscal year.
20. The CAO may authorize expenditures in excess of the capital budget on approved capital items or projects as outlined in the Procurement Policy, 03700-01 Section 9. Such authorization will be reported to Council as per section 23 of this policy.
21. The CAO may authorize expenditure of capital funds where the expenditure will be financed by an outside party (i.e. a developer, other level of government, agency, etc.) and where the expenditure is consistent with a prior action of Council (development approval, bylaw, policy, resolution, etc.). The CAO shall not have the authority to approve overages under this section if it stems from a significant change in scope subsequent to the award of the contract.

22. In an emergency situation the CAO is authorized to make reasonable and informed procurement decisions (Operating and Capital) which are determined by him/her to be necessary, as outlined in the Procurement Policy, 03700-01 Section 9. Authorizations for such expenditures are considered to be over and above the other authorities given under this policy to exceed approved budget amounts; these must be reported to Council as per Section 23 of this policy.

Reporting :

23. The CAO is responsible for timely reporting to Council on the Capital and Operating budget variances and general / emergency related over-expenditure approvals; this will be done in conjunction with the Quarterly Financial Reporting to the Audit Committee. However, over-expenditures approved by the CAO that exceed \$50,000 will be reported to Council at the earliest opportunity. Interim reporting may also be done at the discretion of the CAO.