

	<b>Budget Policy</b>
	<b>Council Approved</b>
	<b>Finance (FN) # 1302</b>
	<b>Approved</b> October 07, 2025
	<b>Next Review Date</b> October 07, 2030

## 1.0 POLICY STATEMENT

- 1.1 The budget is the fiscal strategy that is built to support Council's Strategic Plan and is part of the Town's Financial and Corporate Planning process.
- 1.2 Financial decisions are influenced by multiple factors, including economic conditions, service level expectations from residents and businesses, and long-term municipal goals.
- 1.3 Municipal finances are much more than numbers, they embody the purpose and priorities of a municipality in an ever-changing environment.
- 1.4 Council will establish the annual budget in consideration of the long-term sustainability and financial needs of the organization.

## 2.0 PURPOSE

- 2.1 The purpose of this policy is to establish clear guidelines for the preparation, approval, implementation and monitoring of Hinton's operating and capital budgets. The policy ensures compliance with the Alberta Municipal Government Act, R.S.A 2000, c M-26 (MGA) and supports sound financial stewardship, accountability, and transparency with the management of Municipal resources.

## 3.0 SCOPE

- 3.1 This policy applies to Municipal Council, Chief Administrative Officer, Senior Leadership, Managers, and any staff responsible for budgetary matters.
- 3.2 Operating budget is the annual financial plan for the Town. It identifies the costs for all services and programs provided by the Town, and the sources of revenue to pay for those services.
- 3.3 The Town shall adopt a 4-year Operating budget, in which the first year is approved and subsequent years are accepted in principle.

- 3.4 Each year the Town shall adopt a balanced budget, where operating revenues are equal to operating expenditures.
- 3.5 Projects or programs funded through unpredictable revenue sources, including grants, may be approved in budget, but will not proceed or incur any costs until the revenue has been confirmed or received.
- 3.6 Operating revenue estimates will be based on actual historic trends while taking knowledge of future expectations into consideration. As revenues are sensitive to economic conditions, estimates adopted by Council should be conservative.
  - 3.6.1 Revenue diversification encourages user fees to be charged when applicable and cost effective to do so.
  - 3.6.2 The Town will strive for full cost recovery where it is applicable and cost effective to do so.
  - 3.6.3 The Town will continuously seek new and alternative revenue sources to limit the dependence on taxation to maintain services during period of declining economic activity.
- 3.7 The operating budget will be built based on the principle to sustain current programs and service levels. New programs or an increase to service levels will be presented in a separate document called an Operating Business Case (OBC)
- 3.8 Reserves are established by Council for specific purposes and are administered and funded according to Reserve Policy FN No. 1301.
  - 3.8.1 Funded through allocations provided for through the operating budget.
  - 3.8.2 Funded by investment income earned and distributed according to the funding framework approved by Council in the preceding budget year.
  - 3.8.3 Funded through any surplus identified through the annual audit process to be distributed according to the funding framework approved by Council in the preceding budget year.
- 3.9 Capital budget reflects at minimum, a 5-year plan which supports the Council approved asset management plan. The first one year of the capital plan is approved, with the remaining years accepted in principle.
- 3.10 Capital projects are presented to Council using a Capital Project Plan (CPP).
- 3.11 Funding sources for all capital projects must be identified and secured prior to the project starting.

- 3.12 Prioritization of funding for capital projects through reserves is based on the Reserve Policy FN No. 1301 and supporting funding framework.
- 3.13 The budget process should commence by August 1<sup>st</sup> with the final versions of the 4-year Operating and 5-Year Capital Budgets adopted by Council before December 31<sup>st</sup> annually.
- 3.14 If operating and capital budgets for the upcoming year are not going to be adopted by December 31<sup>st</sup>, Administration will bring a Request for Decision forward, requesting authorization to operate under an interim budget until new year budgets are finalized and approved by Council.
- 3.15 An OBC or CPP, accompanied by a request for direction will be brought forward to Council at any time during the operating year for emergent or unexpected expenditures not included in the approved budget.

#### **4.0 RESPONSIBILITIES**

##### **4.1 Council will**

- 4.1.1 Set strategic priorities and service levels that guide budget allocations.
- 4.1.2 Approve the OBC's and CPP's to be included in budget documents.
- 4.1.3 Submit or recommend projects through an OBC or CPP for inclusion in the budget workshop discussions generally held in November each year.
- 4.1.4 Approve the final versions of the operating and capital budgets.
- 4.1.5 Approve the property tax bylaw.

##### **4.2 Senior Leadership will**

- 4.2.1 Communicate strategic priorities to respective department budget holders.
- 4.2.2 Approve projects, new initiatives, or service level increases/decreases to be included in the budget.

##### **4.3 Corporate Services will**

- 4.3.1 Manage budget documentation.
- 4.3.2 Annually create timeline for data collection, document construction, and department approvals.

- 4.3.3 Set budgets for wages and benefits in consultation with the Human Resources Services Branch.
- 4.3.4 Prepare final draft budget for presentation to Council through workshops, committee meetings and final approval at Council.
- 4.3.5 Provide semi-annual financial reports to Council.
- 4.4 Chief Administrative Officer (CAO) will
  - 4.4.1 Ensures alignment with Council's strategic plan and service levels.
  - 4.4.2 Oversees budget preparation and reporting.
- 4.5 Communications Service Unit will
  - 4.5.1 Develop communications plan to achieve desired goal, i.e., informing, engaging, sourcing feedback.
- 4.6 Budget holders will
  - 4.6.1 Prepare budget submissions reflecting service delivery needs and efficiencies.
  - 4.6.2 Monitor expenditures within approved budgets.
  - 4.6.3 Address variances and take corrective action as needed in conjunction with department supervisors, managers, and directors.

## 5.0 RELATED MATTERS & REFERENCES

- 5.1 Procurement Policy (FN) # 1300
- 5.2 Reserve Policy (FN) # 1301
- 5.3 Strategic plan, Tactical Plan, Department Business Plan

## 6.0 DEFINITIONS

- 6.1 **Administration Leadership:** The Chief Administrative Officer, Department Directors, and Managers employed by the Town of Hinton.
- 6.2 **Balanced Budget:** A budget where revenues equal expenditures, with neither a surplus nor a deficit.
- 6.3 **Capital Budget:** Planned capital projects, major equipment purchases, and infrastructure investments aligned with approved asset management plan.

- 6.4 **Capital Project Plan (CPP)** Document used to introduce and substantiate a line item in the capital budget.
- 6.5 **Chief Administrative Officer (CAO):** The person appointed by Council to the position of chief administrative officer of the Town of Hinton, or their designate.
- 6.6 **Council:** The municipal Council of the Town of Hinton, including the Mayor and six Councillors.
- 6.7 **Department:** The groupings of like services within the Town of Hinton, including Corporate Services, CAO, Development & Infrastructure Services and Protective and Community Services.
- 6.8 **Director:** The head of a Department of the Town of Hinton.
- 6.9 **Employee:** Any person that is directly employed, on a full-time or part-time basis, whether union or salaried, with the Town of Hinton.
- 6.10 **Member:** An official elected to Town Council including the Mayor, as well as members appointed to Council Committees or other bodies established by Council.
- 6.11 **Operating Budget:** Annual revenues and expenditures required to deliver municipal programs and services.
- 6.12 **Operating Business Case (OBC)** Document used to introduce a new program, or to substantiate a requested increase or decrease to an existing level of service.
- 6.13 **Reserves:** Monies set aside for future use that may be restricted to expenditure for specified purposes.
- 6.14 **Third Parties:** All contractors and partners associated with the Town of Hinton.
- 6.15 **Town:** The municipal corporation of the Town of Hinton.


## **7.0 APPENDICES, PROCEDURES, & FORMS**

- 7.1 Operating business case (OBC) template.
- 7.2 Capital Project Plan (CPP) template.

## **8.0 REVISION CONTROL**

- 8.1 This Policy must be reviewed every 5-years.

8.2 Upon Council approval, all former versions of this Policy are hereby rescinded.

Date	Revision
October 07, 2025	 Jordan Panasiuk, Chief Administration Officer