



DRUMHELLER

COUNCIL POLICY



COUNCIL POLICY # C-01-09

ANNUAL BUDGET POLICY

THE PURPOSE OF THIS POLICY IS TO:

To establish guidelines for the budgetary and fiscal responsibilities

POLICY STATEMENT:

Budget Requirement

Town Council must adopt an annual budget for each calendar year.

Balanced Budget

The Town's annual budget must have revenues sufficient to maintain the accumulated surplus net of equity in tangible capital assets at a level greater than zero.

Multi-Year Budget

The Town of Drumheller prepares a multi-year Town Council approved budget / revenue requirement. To accommodate the multi-year budget cycle, Departments are expected to operate within their approved multi-year budget.

If there is a shortfall in the first year, Departments are expected to overcome the deficit in the second year; if the first year experience results in a net surplus, excluding salary, wages and benefits, the Departments will have the ability to carry over the surplus to assist its operations in the next 12 months, to a maximum of ten percent (10%) of their net departmental budget. Excess funds in salary, wages and benefits section cannot be reallocated to other budget line items.

Deficiency

The annual budget must include a surplus to maintain an accumulated surplus at a level that is not less than zero.

Conservative Revenue Estimates

The Town will estimate its annual revenues by an objective, analytical process utilizing trend, judgmental and statistical analysis as appropriate.

Since revenues are sensitive to both local and regional economic conditions, revenue estimates adopted by Town Council must be conservative.

Cause & Effect

The Town will practice cause and effect budgeting. When a particular condition or event requires increased charges, those charges will be implemented immediately rather than phasing them in over a period of time.

One-time Revenues

Revenues that are not expected to be of an ongoing nature will not be used to fund ongoing expenditures. These revenues will be used to offset current or future one-time expenditures. The Town will avoid budgetary and accounting procedures, which balance the current budget at the expense of future budgets.

Capital Maintenance Items in Annual Budget

Capital maintenance items, as defined in the Capitalization Policy will be funded as an expense rather than capitalized.

Maintenance high priority


Maintenance of 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 budgets will provide for adequate maintenance and replacement of the Town's capital plant and equipment.

Contingency Amount

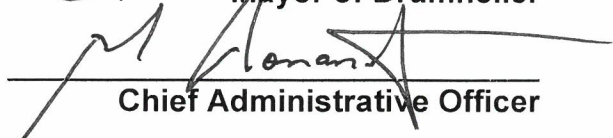
A contingency amount will continue to be established to provide for non-recurring unanticipated expenditures or to set aside funds to cover known contingencies with unknown costs. The funding amount will be established and approved through the annual budget. Council approval is required before expending the contingency amount.

Adopted by Council

Date: January 19, 2009



Mayor of Drumheller



Chief Administrative Officer