



FLAGSTAFF COUNTY POLICY

Title: BUDGET MANAGEMENT	Policy: CP 016
Section: Corporate	

ACCOUNTABILITY TO VISION STATEMENT

Flagstaff County is committed to establishing principles for the preparation, approval, amendment, and implementation of the Municipal Budgets in accordance with the Municipal Government Act.

POLICY STATEMENT

This policy aims to ensure sustainable financial stewardship, accountability, and transparency in resource allocation. The budget, comprising of operating and capital revenue and expenditure decisions, serves as a central financial document.

DEFINITIONS

Budget Amendments – means changes to the approved operating or capital budget requiring council approval.

Business Plan and Budget – means multi-year financial representations of the operating financial plan and capital financial plan.

IMPLEMENTATION

Budget Process

1. Development of the Business Plan and Budget will be consistent and developed, considering impacts on the Long-Range Financial Plan and the County's funding capacity.
2. The approved Business Plan and Budget guide the County's administration to execute Council's strategic direction and programs and services priorities.
3. The Council will review and approve the Business Plan and Budget annually.
4. Municipalities are required to adopt, as a minimum standard, a written three-year operating financial plan and five-year capital plan in addition to the annual budget.
5. Budget allocations will specify how financial resources will be allocated among different departments, projects or activities based on priorities and expected outcomes.
6. The municipal operating financial plan will include a one-year budget for approval and a three-year forecast in the Business Plan document.
7. The municipal operating financial plan must include:
 - a. Anticipated total revenues and total expenditures by major category.
 - b. Anticipated annual surplus or deficit; and
8. The municipal capital plan will include a two-year budget for approval and a four-year forecast.
9. The municipal capital plan must include:
 - a. Planned capital asset additions; and
 - b. Allocated or anticipated funding sources.
10. The Business Plan and Budget development starts from the previous year, considering factors like inflation and shall be developed based on the principle of sustaining established programs and services.

Budget Amendments and Revisions

1. A revised budget may be necessary in response to changes in economic conditions, unexpected expenses, or shifts in priorities.
2. A revised budget must be prepared and approved prior to the property tax rate bylaw approval.
3. Council authorization is required for expenditures not in the approved budget, including new services, programs, or projects.

Reporting and Monitoring

1. Budget variance reports will be analyzed on a quarterly basis.
2. Departments will ensure that the expenditure is in line with approved allocations.
3. An annual variance analysis will be provided to Corporate Services with explanations for all variances 10% above or below the approved budget allocation.

Public Participation

1. The Council shall engage the public prior to the budget process; public input will be taken into consideration during the development of the programs and services and the proposed budget.

Reserves

1. Reserves funds are established as required and maintained in accordance with the Reserve Policy. The budget will allocate appropriate funds to reserves to maintain services throughout economic cycles, unexpected events/expenditures and for future projects.

Capital Budget

1. The County will utilize a ten (10) year Capital Plan that provides key strategic inputs for the upcoming budget year and an outlook of long-range capital requirements.
2. The County shall operate under the asset management framework which includes the compilation and maintenance of a full asset inventory including condition assessment and lifecycle plans to support the maintenance and replacement of assets.
3. The County has several sources of financing available to be used toward capital expenditures. The funding allocations are comprised of various Provincial and Federal Grants, capital reserves, and transfers from the Municipal Operating Budget.
4. Based on a process of prioritization, the Administration shall provide Council with a list of projects on the capital plan that are recommended to proceed based on available funding and future forecasts.

Property Tax Rate Bylaw

1. As part of the budget processes Council will set the annual municipal property tax rates through the Property Tax Rate Bylaw.

Utility Rate Bylaw

1. The County shall implement strategies to ensure that the utility rates are stabilized and to mitigate fluctuations over the long term.
2. Proposed utility rates shall reflect full cost recovery based on operating costs.
3. The utility budget shall be funded by user fees, grants and reserves to achieve sustainability.
4. As per Council Resolution #FC20190116.1003 the water infrastructure reserve will be phased in through 2033 to properly fund the infrastructure reserve for water.
5. Due to upgrades made at the lagoon sites, the sewage infrastructure fee shall progressively increase through 2033 to adequately fund future assets.

Calendar Guideline

1. The Business Plan and Budget approval process starts the year prior to approval and will follow the approved timeline schedule. The process includes public participation, strategic plan review, budget planning sessions, and Council approvals. If needed, a revised budget is presented for Council approval before Tax Rate Bylaw development.

Council Approved: July 17, 2024	Resolution #: FC20240717.1010
Reference: Municipal Government Act – Financial Plans and Capital Plans	Signature: 

Review Cycle:	Next Review Year:
Every three (3) years	2027