

TOWN OF LUNENBURG PROCEDURAL POLICY # 93
BUDGET AND FINANCIAL CONTROLS POLICY

PURPOSE

1. The Town of Lunenburg ("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 integration of the Town's strategic plan in the budget process;
 - (d) Ensuring Town operations function in an efficient and effective manner through a timely and collaborative approach to Town budget development and approval;
 - (e) Being accountable for budget decisions.

DEFINITIONS

2. 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 current year project and the current year is approved by Council;
 - (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 valued of all grants or payments received in lieu of taxes;
 - (d) General Tax Rate: this rate covers all operating costs. 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) Water Rates and Electric Rates: these rates are levied pursuant to Orders of the Nova Scotia Utility and Review Board (NSUARB). Operating and Capital Budgets are approved annually by Council and submitted to the NSUARB.
- (f) Mandatory Provincial Contribution Rates includes the cost of:
 - i. Education – The Town is required to provide funding to the South Shore Centre for Regional Education 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 Services) – The Town is required 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 to make a mandatory contribution to the Province to fund the cost of operations of the provincial correction 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 Regional Housing Authority administers and manages public non-profit housing units for seniors and families on low incomes within the Town. The Town is required to fund 12.5% operating deficit for Cornwallis Apartments and Blockhouse Hill Apartments.

GOVERNANCE AND BUDGET PROCESS

- 3. 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 and existing service level requirements.
- 4. Municipalities in Nova Scotia are not permitted to accumulate general operating deficits which therefore requires the Town General Operating and Capital Fund Budgets to be fully funded annually.
- 5. On an annual basis, costs are established for programs and initiatives which are reflected in the draft Operating and Capital Budgets for Council’s consideration. Tax rates are calculated to generate the revenue required to fund various programs and services. These rates are determined in conjunction with the annual assessment of

properties in the Town, as established annually through the assessment roll generated by the Nova Scotia Property Valuation and Services Corporation (PVSC).

APPLICATION

6. This policy applies to budget activities of all Town departments.
7. This policy applies to budgeting by the Town for Operating and Capital funds, including budgets for the Town's Water and Electric Utilities.
8. The CAO/or Designate will ensure budgeting practices are consistent with the Municipal Government Act and all other relevant provincial statutes.
9. The CAO/or Designate will ensure a schedule is in place to guide Town staff in the budget process (a sample is attached and may be modified as required).

OPERATING BUDGET SPENDING PRIOR TO BUDGET APPROVAL

10. Departments are only authorized to expend funds at the previous years' service levels, unless specifically directed otherwise by Council until the current year's Operating Budget has been approved.

EMERGENCY SPENDING

11. Any emergency spending will be carried out in accordance with the Town's Purchasing Policy.

BUDGET PROCESS

12. The Finance Director and Senior Managers, in conjunction with appropriate departmental staff will develop budgets for the current year utilizing the prior year's approved budget for all services. This base budget is prepared by taking prior year budgeted amounts and adjusting non-tax revenue, including sewer rates, by the annual Nova Scotia CPI for the previous year. Expenditures will be analyzed and inflation added as applicable.
13. By the end of February each year a special Council meeting, with Senior Managers in attendance, will be scheduled and conducted, in a workshop format, to review the preliminary draft version of the base budget, ten year capital plan and draft tax rates for upcoming fiscal year. On receipt of any further Council direction at the completion of this meeting, the Operating and Capital Budgets will be finalized in draft form by staff for the upcoming fiscal year. The applicable Committee budget sections will then be forwarded to the appropriate Town Committees for their review and recommendation to Council, following which, the final draft budget will be tabled at a Council meeting for public input.

COUNCIL APPROVAL

- 14. Additional Capital project requests proposed by the public may be subject to a prior review period of one year before being considered for possible Capital budget approval.

- 15. As outlined in the Municipal Government Act and the NSUARB Water and Electric Utilities' Regulations Council are required to approve annual budgets. Resolutions of Council are required to approve the tax rates and the Operating and Capital Budgets, it is anticipated that Council would approve the budgets by the end of May of each year.

Clerk's Annotation for Official Policy Book

Date of Notice to Council Members of Intent to Consider
(7 days minimum): **August 27, 2019**

Date of Passage of Current Policy: **September 10, 2019**

I certify that this Policy was adopted by Council as indicated above.

Municipal Clerk

Date