



## Operating Budget Policy

### Purpose

The purpose of this policy is to:

1. Outline financial principles governing the funding of the Village of Fundy - St. Martins operating budget.
2. Ensure operating budget planning complies with all relevant provisions of the Local Governance Act and all other applicable legislations.
3. Stipulate the Village's objectives with respect to the Operating Budget Policy, which are as follows:
  - a. To strengthen Financial Sustainability by budgeting recurring expenditures with recurring revenues and allocating one-time revenues to one-time expenditures or reserves;
  - b. To reduce Financial Vulnerability by gradually decreasing reliance on sources of revenue outside of its controls such as operating grants from other government sources.

---

### Definitions

1. Operating Budget: a Council approved plan containing the revenue and expenditure allocations required to provide Village programs and services for the current fiscal year which must be aligned with a Council Approved Long Term Financial Plan;
2. Basis of Budgeting: All budgetary procedures will conform to Provincial regulations;
3. Structurally Balanced Budget: A budget for which recurring operating revenues are sufficient to fund recurring operating expenses;
4. Non-Recurring Revenues: revenues that the Village cannot reasonably expect to receive on an ongoing basis. The source is most likely one-time if any of the followings applies:
  - a. Has a set ending date ranging between 12 - 36 months with the exception of intergovernmental funding agreements designed to improve long term sustainability;
  - b. Revenue spikes due to higher than normal transactional activity;
  - c. One time transactions, such as the sale of assets.

## **Principles and Strategies**

1. The Village will utilize the following principles and strategies in making decisions related to the operating budget:
    - a. Alignment with Strategy: The Village's budgeted operations shall be in line with the agreed upon Council priorities and the Long-Term Financial Plan;
    - b. Affordability: The Village must be able to bear the budgeted costs of providing services without incurring financial difficulty or risking other undesirable consequences;
    - c. Innovation: implementation of operational efficiency, continuous improvement initiatives, and new revenue generation strategies will be considered when planning the operating budget;
    - d. Sustainability: the operating budget will be produced with a long-term focus of achieving a structurally balanced budget; giving taxpayers a better representation of the link between financial resources and services that can be delivered over the long term;
- 

## **Authority**

1. The operating budget establishes the spending authority for all activities and initiatives;
  2. Operating budgets cannot be reallocated without council approval;
  3. In cases where significant budget overruns are expected due to Emergencies such as severe weather conditions of EMO events, such cost overruns can be approved by the CAO in advance and must be reported back to Village Council with mitigation measures.
- 

## **Use of Non-Recurring Revenues**

1. Non-recurring revenues shall be directed to one time uses and away from funding ongoing services. Examples of non-recurring revenues would include one-time sale of assets. Examples of acceptable uses would include funding Pay-As-You-Go for capital expenditures that would otherwise be funded by debt, funding the infrastructure deficit, or to build up capital or operating reserves.
  2. Short term revenue spikes should be treated in a similar way to non-recurring revenue.
- 

## **User Charges and Fees**

1. The Village will seek to balance the need for services and the ability to raise fees, charges, and taxes to support those services. User fees will be assessed relative to the cost of providing the services;
2. Service areas should assess the cost of activities supported by user fees on an annual basis to identify the impact of inflation and other cost increases;
3. Council may decide against full cost recovery in cases where greater public benefit is demonstrated.
4. Cost recovery policies should be developed that will be used as a basis for setting the charges or fees, as well as the service cost recovery goals based on quantitative targets (percentages recovery targets) and how the charges and fees will be levied and collected.

**Grants**

1. Inter-Governmental funding opportunities will be pursued for initiatives that are in line with Council priorities, the approved budget, and the Long-Term Financial Plan;
  - a. Any opportunities falling outside these criteria will require Council approved adjustment to the budget and the Long-Term Financial Plan and be supported by a business case.

---

**Variance Reporting**

1. The Council shall be informed on a timely basis on all significant unfavorable financial matters and will receive, as a minimum, quarterly financial budget variance reports;

---

**Roles and Responsibilities**

1. Council shall:
  - a. Approve the operating budget as recommended by the Finance Committee;
  - b. Establish priorities through the Long-Term Financial Plan.
2. The Finance Committee shall:
  - a. Review the operating budget and make recommendations for Council approval;
  - b. Ensure the operating budget is aligned with the Long-Term Financial Plan.
3. The CAO shall:
  - a. Direct the preparation and presentation of the operating budget;
  - b. Exercise financial control over all corporate operations to ensure compliance with the operating budget approved by Council;
  - c. Prepare long range revenue and expenditure forecasts;
  - d. Analyze and make recommendations on budget requests;
  - e. Review the consistency and alignment between budget requests and overall budget goals;
  - f. Consolidate all budget requests and their impact into a package that clearly communicates the Village's budget objectives, pressures, and linkage to the Village's Long Term Financial Plan.

	Resolution	Date / Signature
Adopted		June 3/2025 <i>Jean McCune</i>
Amended		