



**TOWN OF HINTON
FINANCIAL PLANNING
& BUDGETING POLICIES
Policy No. CORP. 014**

Created By: Corporate Services
Approved By: Town Council
Revised By: Approved On:
Revised On:

POLICY STATEMENT

POLICY 1:

The Town will attempt to achieve the goal that total annual debenture payments not exceed 20% of total annual taxation for municipal purposes. This includes repayments of amounts borrowed from Town reserves involving a repayment plan in the same manner as if borrowed by debenture.

Implication - There will be no more projects financed by debenture until the year 1997, at the earliest, other than those projects to which the Town is currently committed through the 1992 Capital Budget and additions approved since that time.

POLICY 2:

Total annual increases in discretionary expenditures, not including debenture payments and capital purchases made from reserve funds, should not exceed 3%.

Implication - It will at times be necessary for Departments to examine various alternative projects, in order to determine their priorities, to remain within this guideline. At times, it may be determined by Council that a particular increase going beyond the 3% is warranted. It may then be necessary to identify other budget areas which will have to be reduced.

POLICY 3:

Capital projects such as Road Overlays should be financed by other than debenture. (This might include financing through funds saved from operational savings or land sales.)

Implication - Capital projects, which are essentially annual in nature, should be treated, with regard to financing, as if they were operating expenditures.

POLICY 4:

Cutbacks in Provincial operational grants of a conditional nature should not result in increasing the amount of support by the taxpayers for the particular programme or function which was being supported by the grants(s).

Implication - If the CRC grant is not replaced by another Provincial Grant, either revenue should be raised or programmes cut in an amount sufficient to make up the lost revenues, such that the share of expenses of the Recreation Complex being paid through taxation does not increase. This also applies to other operational grants.

POLICY 5:

Net proceeds from sales of land inventory should be allocated as follows:

- 75% to a Major Capital Purchases Reserve, and
- 25% to the Mill Rate Stabilization Reserve.

Implication - The more land sales we generate, the greater will be the funds available to support major capital projects. In addition, greater land sales will hasten our recovery period. However, this factor is not predictable.

POLICY 6:

A Manpower Planning Committee was formulated to deal with the growth in payroll costs, which go beyond the 3% annual growth guideline mentioned in Policy 2, above. Members of the Committee are Mayor, two Councillors and five Staff Members, the Town Manager, Director of Engineering, Director of community Services Assistant Treasurer and Recreation Secretary.

Implication - It is intended that this Committee identify policies to make more effective use of the available manpower and to ensure that new positions are not created, nor vacant positions filled, without carefully examining alternatives.

POLICY 7:

The Administration is to investigate areas in which services could be reduced, by passing on some currently performed services to the Community or the specific beneficiaries of the service.

Implication - This is an attempt to identify areas in which the Town is currently providing services which are not really necessary or could be performed more efficiently by various Community Groups.

POLICY 8:

The Town will investigate the possibility of providing grants to local groups on a conditional basis, rather than unconditionally as we do now.

Implication - There are a number of local groups which receive regular financial support from the Town. Many of these groups might be willing to provide services to the Town, in order to continue receiving this support.

POLICY 9:

The Town will not pick up the costs for programmes which are being down loaded by the Provincial or Federal Governments. Instead, we should inform the public of the situation and suggest they contact the Provincial or Federal Government if they are dissatisfied with the loss of service.

Implication - This will assist in making the public more aware of the facts regarding grant reductions and will also serve to put direct pressure on the senior governments from the public, as well as from the local government level.

POLICY 10:

The Town will consider discontinuing programmes in which we are competing with private commercial operations.

Implication - If we are able to identify areas which we are subsidizing programmes which are in direct competition with private operators, discontinuance of these programmes will allow us to provide new services which are not currently available.

POLICY 11:

The Town of Hinton's annual mill rate increases should be capped, at a rate not to exceed 3% per year.

Implication - At the current rate of inflation, this will allow room for growth. At the same time, it will effectively serve to limit unnecessary programme growth, in that proposed new programmes and expansion of existing ones is likely to ensure that Council will be required to choose between various options.

POLICY 12:

Future debentures should not be amortized for periods greater than 20 years, efforts be made to steadily reduced amortization periods, smaller loans should continue to be amortized over shorter terms and loans should never be amortized for periods longer than the expected life of the asset.

Implication - Policy 1 states that there should be no new debentures until 1997, at the earliest. This policy, by shortening the terms of debentures, will result in a reduction

of total interest payments on borrowed funds and will ensure earlier repayment so that funds will be available for future Councils to react to unexpected situations.

POLICY 13:

Any capital projects should be initiated by the originating Department no later than October 1 of the applicable year, or permission must be granted by Council prior to that date to have this deadline extended. If the project has still not been initiated by the end of the year, any taxation funds collected for this project should not be set up in reserve for the project. The only way the project can then be undertaken in the future will be by resubmission to the Capital Budget process.

For the year 1992 only, the deadline will be extended to December 1.

Implication - This policy serves to ensure that projects which were considered sufficiently important to include within the Capital Budget are not delayed until the last minute, which could result in inadequate planning.

POLICY 14:

Prior to the introduction of new programmes, it is desirable that the initiating Department demonstrate that the programme will be either self-supporting or that other existing programmes will be reduced in an amount sufficient to pay for the new one.

Implication - This serves to ensure that any new programmes are examined very carefully prior to implementation. Note the use of the word "desirable" in this policy; it is intended that it be understood that there might be situations in which a new programmes is desirable, on its own merits, even if the above financial criteria are not met.

POLICY 15:

The Financial Planning Committee should continue in existence, with the Town Manager and the Treasurer to be included as staff representatives on the committee.

Implication - It must be understood that a Financial Plan is not a static matter. Circumstances change and the Town must be prepared to adapt to these changes. The types of analyses which may be required are best performed by a small Committee. In addition, the Financial Planning Committee has, in the past, been called upon by Council to make recommendations on a number of subject, including financing of capital projects and use of grant funds.

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