



TOWN OF INNISFIL CORPORATE POLICY

POLICY: <i>Multi Year Budget Policy</i>	COUNCIL APPROVAL DATE: May 11, 2016 RES. NO.: CR-102-04.16
POLICY NO.: CP.03-16-05	REVISED DATE: November 01, 2017 RES. NO.: 2017.11.01-CR.01

Policy Statement

A multi-year budget integrates business planning, capital and operating requirements and demonstrates a commitment to prudent financial leadership and sustainability.

Purpose

The purpose of this policy is to establish guidelines and approach for the planning, development and approval of multi-year budgets. The policy also provides direction for the adjustment of multi-year budgets, if required, in order to recognize major changes in budgetary assumptions, legislation and Council priorities.

Application

The policy applies to all departments and Library Board that are responsible for the control, administration and management of the Town's tax rate supported operating and capital budgets.

Background

The Ontario Municipal Act, 2001 as amended provides greater flexibility allowing municipalities to prepare and adopt a budget covering a multi-year period. Several Canadian municipalities have acknowledged the benefits of a multi-year budget and have been successful in its implementation.

Benefits of a multi-year budget approach can include:

- Setting priorities and delivering services that are efficient, accountable and innovative
- Greater integration between short term goals to long range plans
- Identify future opportunities and challenges
- Provide citizens with greater certainty regarding the direction of the Town's services, finances and tax levies
- Improve cash flow management and identify potential investment opportunities

Policy Parameters

Operating & Capital Budget, Service Commitment Plans

Departments will prepare multi-year budgets with corresponding service commitment plans that will establish service levels and revenue requirements for the applicable period of time.

A Corporate surplus will be considered for carry over within the budget term at the amount equal to the lessor of 3% of the Approved Operating Budget or the annual surplus. Any remaining Corporate Surplus will be allocated based on existing surplus allocation policies.

A corporate deficit cannot be carried forward within the budget term; it will be funded from the tax rate stabilization reserve within the year that it was incurred.

The capital budget will always be a minimum 10 year plan that incorporates sound financial and physical management practices for existing assets and includes appropriate new projects and acquisitions required to support growth and development of the Town and its current and future businesses and residents.

User Fees & Charges

1. User Fees & Charges will be prepared for multiple years and may be approved outside of the budget process cycle to provide service organizations, developers and user rate payers greater advance planning for incorporating changes into their own programs, products and services.
2. Significant changes, including any legislative changes will be brought to Council for review and approval.

Adjustment Process

The intent is to adhere to the multi-year business plans and budgets while providing the opportunity to fine tune them only when warranted by the circumstances. Adjustments are not meant to reopen the plans or the budgets for a full scale review.

Proposed changes to future years' business plans and operating budgets should only be brought forward and approved during the annual adjustment process. Capital budget adjustments, being more time sensitive may be brought forward anytime during the year. Capital Net Zero Procedures allows at the discretion of management projects of equal or lesser value to be exchanged/traded off within the budget term.

An annual adjustment and reporting process will occur late in the calendar year of the current budget or early in the next year to allow for adjustments, if required, to the business plans and budgets for the following year(s). Adjustments can be made for the following circumstances:

1. Legislative or regulatory required changes;
2. Unforeseen changes to economic forecasts affecting costs, service demand or revenue projections;
3. Adjustments to the operating budget for impact related to capital project adjustments;
4. Council directed changes.