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**To:** Council  
**From:** Yun Ke Ni, Director of Finance/Treasurer  
**Date of Meeting:** November 10, 2021  
**Subject:** Draft Multi Year Budget Policy

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**Background:**

In order to establish consistent principles, standards and guidelines for the purposes of a multi year budget process, the Finance department has prepared a draft policy for Council’s consideration. The policy will be finalized and provided to Council for approval at an upcoming Council meeting, when all feedback is received.

**Discussion:**

The purpose of this policy is to establish consistent principles, standards and guidelines 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.

Municipal Act, 2001, Section 291(1) authorizes a municipality to prepare and adopt a budget covering a period of two to five years in the first year to which the budget applies or in the year immediately preceding the first year to which the budget applies. The process for preparing and adopting a multi-year budget and the requirements for a municipality’s budget are prescribed in the Municipal Act, 2001.

1. In the first year of a multi-year budget cycle, administration will be seeking approval of a multi-year budget for a three-year period. Commencing in the second year and in each subsequent year of the multi-year budget the Municipal Act 2001 requires Council to review and re-adopt the budget for that year. As part of review process, Council is required to make changes that are required for the purpose of making the budget compliant with the provisions of the *Act* which include ensuring that the municipality has sufficient funds to pay all debts, amounts required for sinking funds or retirement funds and amounts required for boards, commissions or other bodies. As such, Council will have the opportunity to make other amendments to the budget annually.
2. In the first year of a multi-year budget cycle, Council shall adopt operating and capital budgets for that year and adopt operating budget projections and capital budget projections for an additional 2 years.

3. Annual budget confirmation process for year 2 and 3 will occur each calendar year to allow for adjustments to that year's proposed budget.

Also, the multi year budget process will allow for an annual validation of the approved multi-year budget so that Council has flexibility to adjust the budget to respond to change. Adjustments may include, but are not limited to;

- A. **Legislative Changes** – New or amended legislation or regulations with a financial impact to the municipality.
- B. **New Council Direction** – New Council direction that has transpired after the approval of the multi-year budget.
- C. **Cost or Revenue Driver** – A corporate or service area budget adjustment as a result of changes in economic or other conditions
- D. **New Significant grant or funding** – A new significant grant or funding that has been approved after the approval of the multi-year budget.
- E. **Major Asset projects** – Major Asset projects happened after the approval of the multi – year budget.

Proposed changes to future years' operating budgets should only be brought forward and approved once per year. Adjustments are limited to once per year, during the annual update period, to ensure that all requests are considered together.

This policy will be finalized once staff review all feedback and brought back to Council for adoption by by-law.