


| | |
|---|------------------------------------|
|  | TOWNSHIP OF SOUTH STORMONT |
| | Title: Multi-Year Budget Policy |
| | Policy Category: Finance |
| | Effective Date: November xx , 2021 |
| | Revision Date: |

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 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.

Scope/Application

Multi-year budgeting applies to all Township departments and boards that are responsible for the control, administration and management of the Township's tax rate supported operating and capital budgets.

Background

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.

If a municipality chooses to adopt a multi-year budget, establishing an annual review process is mandatory as outlined in section 291(4) of the Municipal Act, 2001. The annual review process requires Council to readopt the budget for that year and subsequent years that the budget applies in order to ensure 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. Also, pursuant to section 290(6) of the Municipal Act, 2001 the passing of a multi-year budget does not limit the power of a municipality to amend or revoke a budget adopted under section 290 nor does it remove the obligation of a municipality to levy taxes in each year.

The multi-year budget is based on community strategic plan and other long-term strategic plans. The benefits of multi-year budget approach can include:

- Alignment of longer-term goals and objectives with longer-term funding plans;
- Greater certainty is provided to taxpayers/residents about the future direction of taxes and the timing of implementation of the Council approved Strategic Plan;
- Improved accountability and transparency over spending plan changes; and
- Prioritization principles aligned with service delivery principles that include:
 - Risk profile,
 - Degree and speed of implementation,
 - Balancing competing needs across various strategic areas of focus, and
 - Impact to the community.

Definitions

In this policy the following definitions are used:

Budget Confirmation – Means the annual process of validating and confirming the Budget in subsequent (second and third) years of a multi-year budget.

Capital Budget – Means a budget that funds new infrastructure projects as well as expands and maintains existing infrastructure.

Housekeeping – Means adjustments whereby budget funds can be reallocated within Divisions to realign the existing Operating and Capital Budget and have a net zero impact to the tax or user rates levied.

Municipal Act – Refers to legislation that governs municipalities in Ontario.

Multi-Year Budget – Means the annual operating and capital budgets adopted by Council together with operating budget projections and capital budget forecasts for a three-year period.

Multi-Year Budget Policy – Refers to this policy.

Operating Budget – Means a budget that funds the day-to-day operations of the municipality. Some of the expenses could include personnel, utilities, and reserve fund contributions.

Treasurer – The individual appointed by the municipality as treasurer.

Policy

1. In the first year of a multi-year budget circle, 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 readopt 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 years proposed budget.
4. Following an election year, the new Council will have the opportunity to reconfirm and adopt the multi-year budget as presented or make adjustments to the budget. This annual budget confirmation gives a newly-elected Council the opportunity to educate itself, develop its strategic plan and priorities, and direct administration to implement various initiatives.
5. The Budget Confirmation 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.

6. The multi-year budget will include a three-year average annual tax levy adjustment from rates that addresses municipal inflationary pressures and funding for new strategic initiatives that are aligned with Council's Strategic Plan.
7. The Treasurer or designate is authorized to make adjustments considered "housekeeping" in nature including operating and capital budget transfers made by a service that do not change the net budget for each year.
8. The Treasurer or designate would be authorized to release budget funds prior to a new multi-year budget or annual budget update approval up to a prorated amount based on the previous fiscal year's approved budget. Such authorization will continue for a reasonable period of time until budget approval of a new multi-year budget or annual budget update.

Review and Evaluation

This policy will be implemented and administered by the Treasurer and reviewed once every Council term.

Contact

For more information on this policy, contact:

Yun Ke (David) Ni
Township of South Stormont
P.O. Box 84, 2 Mille Roches Road
Long Sault, ON K0C 1P0
613-534-8889, Ext. 220