

Corporate Policy and Procedure



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Policy Statement

The City of Guelph is committed to a budget strategy that furthers the Long-term Financial Framework principles of maintaining financial sustainability, maximizing financial flexibility, and minimizing financial vulnerability. The City's budget will be prepared in a manner that is open, transparent, and accountable, and aligned with the legislative requirements outlined in section 284.16 of the Municipal Act and Ontario Regulation 530/22, which outline Special Powers and Duties of the Head of Council re: budget.

The City has a four-year Multi-Year Budget as permitted under section 291 of the Municipal Act, aligned with the City's strategic planning cycle. The first year of the Multi-Year Budget will be for the second year of a new Council term. The Municipal Act requires an annual review and re-adoption in subsequent years of a Multi-Year Budget, and the City's mechanism for re-adoption is the annual Budget Confirmation process. Budget Confirmation processes for years two and three will be brought forward for consideration during the remaining Council term. The first year of a new Council term will coincide with Budget Confirmation of the fourth year of the Multi-Year Budget.

Purpose

This Policy establishes the principles, processes, and responsibilities governing the development, approval, monitoring, and amendment of the City's operating and capital budgets.

The purpose of this policy is to:

- Ensure budget development is grounded in strong, long-term financial principles;
- Promote transparent and accountable decision-making;
- Ensure alignment with Council's Strategic Plan and service-specific comprehensive and business plans;
- Articulate the importance of integrated Local Board and Service Agency relationships in meeting long-term financial objectives;
- Ensure consistency in presentation of financial impacts of service level decisions;
- Elevate communication and education about the budget process and financial priorities;
- Ensure compliance with applicable legislation, accounting standards and responsible management of taxpayer resources.

Definitions

"Act" - the Municipal Act, 2001, S.O. 2001, c25 as amended

"Administrative Changes" - Adjustments categorized as "housekeeping" items whereby budget funds can be reallocated within revenue and within expenses to realign the existing Operating Budget and have a net zero impact to the tax or user rates levied. Capital budget "housekeeping" items are defined as consolidation or breakout of capital projects for better transparency and reporting.

"Budget" – The City's multiple-year financial plan that details the estimated required expenditure, revenue, funding and financing for the provision of City services and Local Boards and Shared Services, both operating and capital in nature.

"Budget Confirmation" - The annual process of validating and confirming the Budget in subsequent (second, third or fourth) years of a Multi-Year Budget.

"Capital Budget" – Planned Capital expenditures and associated funding and financing for the four-year Multi-Year Budget period that is being recommended to Council for approval.

"Capital Forecast" – Planned Capital expenditures and associated funding and financing for the period beyond the Multi-Year Budget to enable the maintenance of a 10-year Capital Budget and Forecast outlook.

"City" - The Corporation of the City of Guelph, its agencies, boards and commissions, and in accordance with the City's Consolidated Financial Statements,

those organizations accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City.

"City Services Budget" – The portion of the budget related to the services operated by the City, excluding Local Board and Shared Service Agencies.

"Council" – The duly elected City Council.

"Department" – An organizational unit of the City responsible for the delivery of a defined set of municipal programs and services, assigned its own operating and/or capital budget for the purposes of financial planning, monitoring, and reporting.

"Local Board or Shared Service Agency" (LBSS) – An external entity which is either under the authority of Council and/or legislatively required to provide services which are funded by the City.

"Material Changes" - An individual item or summation of Operating Budget items that would have an annual impact of 0.50 per cent or greater to the property tax and payment in lieu of taxes to be levied; Material changes may result in a change to the approved levy or user rates.

"Non-Tax Supported Budgets" – The term used to describe the budgets for services that are fully sustained by user fees and charges and do not require a contribution from property taxes to support operations or capital expenditure. The City's current Non-Tax Supported Budgets are for Water Services, Wastewater Services, Stormwater Services, Court Services and Ontario Building Code Administration. Parking Services is considered a non-tax supported budget but does receive minimal property tax support. This list is subject to change.

"Operating Budget" - the City's financial plan that estimates the revenues and expenditures required to deliver programs and services for each fiscal year of the Multi-Year Budget. It includes ongoing costs such as employee compensation, utilities, materials, maintenance, contracted services, capital transfers, and payments to boards and agencies, and is typically funded through property taxes, user fees, grants, and other operating revenues. Municipal operating budgets are legislatively required to be balanced each year.

"Operating Forecast" – A high level estimate of the Operating Budget requirements developed through annual Budget Confirmation processes for years beyond the Multi-Year Budget period, including property tax and user fee requirements to enable the City to maintain a 4-year Operating outlook.

"Reportable Changes" - An individual Operating Budget item that would have an annual impact of between 0.05 per cent and 0.49 per cent to the property tax and payment in lieu of taxes to be levied and is managed within the existing approved budget, with no change to the approved levy increase or user rate increase, if rate stabilization reserve balances are sufficient to support this approach. All capital project adjustments are reportable per the reporting requirements in Attachment 1 - Table 1 - In-Year Capital Budget Adjustments, adjustments under \$100,000 may be consolidated together.

“Tax Supported Budgets” – a budget that is partially or wholly reliant on funding from property taxes to support its operations and capital requirements.

“Treasurer” - the duly appointed Treasurer/Chief Financial Officer for the City or designate.

Scope

The Budget Policy applies to both the Tax Supported and Non-Tax Supported, Operating and Capital Budgets. It is expected that LBSS will also develop Budget requirements generally consistent with the City’s Budget Policy.

Financial Pillars

The budget policy has been developed in accordance with the foundational pillars outlined in the long-term financial framework, which consist of:

- **Sustainability:** The ability to maintain services over an extended period of time, providing continuous service at the expected level to all intended customers.
- **Vulnerability:** The level of resiliency within the organization to mitigate unexpected negative factors while maintaining financial and service commitments. Priority-setting and decision-making will be informed by risk management principles with the goal of minimizing the negative financial effects of risk.
- **Flexibility:** The ability of the organization to adapt to changing environments to both capitalize on opportunities and avoid threats. Fiscal flexibility will be built to respond to emerging community needs and unexpected events through debt management and reserve and reserve fund strategies.

Roles and Responsibilities

The following roles have budget responsibilities as listed:

Role	Responsibilities
Mayor	• Establish budget direction in consultation with the CAO and Treasurer, through Mayoral Direction. • Propose the budget for Council consideration. • Veto Council amendments through a Mayoral directive (at the discretion of the Mayor).
Mayor and Council	• Approve Budget Policy and other financial policy documents. • Establish Council priorities through approval of the Strategic Plan.

Role	Responsibilities
	• Engage with the community and bring this perspective to budget decision making. • Propose amendments to the Budget for Council approval. • Propose motions to override Mayoral vetoes (if applicable, and at the discretion of Councillors). • Approve the rates, fees and charges required for taxation and user fees by by-law. • Approve transfers to and from reserves and reserve funds in accordance with the Reserve and Reserve Fund policy. • Monitor actual revenue and expenditures in comparison with budget through receipt and review of budget monitoring reports. • Establish desired service levels through policy approvals outside of the budget process, with service level increases subject to inclusion in the budget.
Chief Administrative Officer (CAO)	• In collaboration with the Treasurer, consult with the Mayor to support the development of the Mayoral Budget Direction. • Direct, in co-operation with the Treasurer and the Executive Team, the preparation and presentation of the Budget. • Exercise financial control over all corporate operations in conjunction with the Treasurer and the Executive Team to ensure compliance with the Council-approved Budget.
Executive Team (ET)	• Participate in the evaluation and prioritization of budget investments and disinvestments in alignment with established corporate priorities. • Implement Mayoral Budget Direction for Service Area budgets through established internal budget process. • Maintain a culture of data-driven decision making that is a result of appropriate internal collaboration, alignment to the Strategic Plan, business case option assessment, and risk management. • Support transparent and open communication of budget performance and financial risks to Council. • Monitor a range of financial information and in consultation with the CAO and Treasurer take action to mitigate unfavorable variances. • Each Deputy CAO has responsibility for the preparation of their Service Area budget in alignment with the

Role	Responsibilities
	Mayoral Budget Direction and established internal budget process, and accountability for managing within the adopted / confirmed budget for their service area.
General Manager	• Individual accountability for the development and recommendation of itemized Budgets and Operating and Capital Forecasts presented to the Executive Team in accordance with established guidelines, timeline, and process. • Development of Service Business Plans that identify operating and capital resource requirements to address changing service delivery needs and implementation of Strategic Plan initiatives. • Ensure that the resources and assets under their authority are effectively managed. • General oversight and monitoring of expenses to ensure adherence to the approved budget. • Identification of budget risks and recommendation of mitigation measures to the Executive Team.
Treasurer	• In collaboration with the CAO, consult with the Mayor to support the development of the Mayoral Budget Direction. • Plan, lead and coordinate the overall preparation, engagement, communication and administration of the Budget, both internally and externally, in collaboration with the General Manager, Strategic Initiatives and Intergovernmental Services. • Ensure adherence to budget and financial policies as approved by Council. • Develop funding and financing strategies.

Role	Responsibilities
	• Coordinate with Local Boards and Shared Service Agencies to incorporate their budget requirements into the Budget and forecasts. • Makes recommendations to Council for in-year budget changes and transfers to and from reserves at year end.
Finance Staff	• Provide expertise and guidance to Executive Team, General Managers, and Departmental Management teams with respect to budget planning, development, monitoring and reporting.

Budget and Forecast Guidelines

General

1. The Multi-Year Budget shall be comprised of an Operating Budget spanning four years aligned with the Strategic Plan, and a fully funded Capital Budget and Forecast spanning ten years. The Capital Budget and Forecast will be supported by reserve/reserve fund and debt strategies spanning 10-years and other information as either requested by the Mayor, Council or deemed appropriate by the Treasurer.
2. The City's budgets will be aligned, to the extent possible, with the Strategic Plan, service-specific comprehensive and business plans, the City's Asset Management Plan, and the City's Development Charge Background Study.
3. The Operating Budget shall:
 - a. Be balanced annually (as required under the Municipal Act);
 - b. Distinguish between tax supported and non-tax supported services;
 - c. Separately identify:
 - i. base budget / inflationary increases,
 - ii. increases driven by growth,
 - iii. service enhancements,
 - iv. operating impacts from capital investment,
 - v. capital funding transfers, and
 - vi. estimated assessment growth.
 - d. Identify and show the rationale for new user fees, rates and charges and changes to existing user fees, rates and charges; and

- e. Shall be developed on a modified accrual basis with the objective of determining the annual property tax levy requirement.
4. The Capital Budget shall:
- a. Be balanced in each year of the capital budget and forecast within projected available capital funding;
 - b. Be grouped into three broad categories with individual capital projects categorized in aligned with the primary purpose of the project:
 - i. infrastructure renewal,
 - ii. growth, and
 - iii. service enhancement.
- The primary driver of the project as indicated by the largest project funding source will determine the categorization for projects that serve two or more purposes.
- c. Be presented by program of work.
 - d. Identify expenditure associated with:
 - iv. All capital works and acquisitions which are undertaken directly by the City;
 - v. The City's share of all capital works and acquisitions undertaken by a service delivery partner and for which the City is cost-sharing; and
 - vi. The amount of any planned capital grants from the City to external organizations; and
 - vii. Identify all funding sources and financing mechanisms (long-term borrowing, reserves and reserve funds) for each project for each year in which expenditure is planned.
5. This Budget Policy will enable the adoption of a multiple-year Operating Budget that encompasses up to four years.
6. In each of years two, three and four of a multiple-year Budget, a Budget Confirmation process will be undertaken for the re-adoption of the budget for that year.
7. The City will maintain a four year Operating Budget outlook and a 10 year Capital Budget outlook, adding an additional Operating forecast and Capital forecast year in each Budget Confirmation year.

Operating Budget Costs and Revenues

The Operating Budget shall be developed based on reasonable estimates of the cost of delivering all City programs and services including, but not limited to:

Expenditure

- Employee and elected official compensation and benefits including estimated offsetting recoveries from capital projects for staff time assigned to managing capital projects
- Materials, goods & supplies

- Contracted and professional services
- Payments to local boards and shared-service partners for the City's share of budgeted costs (operating and capital)
- Utilities, taxes and insurance
- Debt servicing costs (principal and interest including any sinking fund contributions)
- Reserve and reserve fund contributions

Estimates of the above costs must include non-refundable HST where applicable.

Revenue

- Property taxes, including payments-in-lieu of taxes
- User fees, rates and charges
- Permits and fines
- Dividends from municipal corporations
- Grants and subsidies from senior levels of government
- Partner contributions
- Other revenue and recoveries, including sponsorships

Budgeting for Non-Tax Revenue

The City shall maintain, to the extent possible within the municipal fiscal framework, a diversified and stable revenue base, review user fees annually in accordance with the User Fees, Rates and Charges Policy, and ensure rate-supported programs are self-sustaining and avoid reliance on unpredictable or one-time revenues to fund ongoing operations.

The City's approach to budgeting for non-tax revenues includes the following:

- **User Fees and Charges:** As set out in the User Fees, Rates and Charges Policy
- **One-time and non-recurring revenue:** One-time revenues will only be used to support temporary or one-time costs, including capital projects, contract staffing positions for a specific period or a specific project, and other one-time initiatives as deemed appropriate by the Treasurer.
- **Grants:** Grants shall be reflected in the budget and forecast only if approved or likely to be approved in a grant funding agreement.
- **Fundraising and Donation Revenues:** Such revenues will be held in an appropriate reserve or reserve fund and applied towards the expenditure purpose for which they were collected/received. Fundraising planning and campaigns shall be funded through the future funds expected to be recovered unless another source of revenue is available. A minimum of 70 per cent of pledges must be received as cash before any money can be spent on the fundraising cause.
- **Sponsorships and Advertising Sales Revenues:** Expenditures funded by sponsorship (including staff) and/or advertising revenues must be aligned with the duration of the sponsorship or advertising agreement. All sponsorship revenue shall be allocated to the operating budget of the

appropriate facility, program, or special event in connection with the sponsorship received.

- **Investment Income:** Shall be budgeted in accordance with the City's Investment Policy.
- **Dividend Income from Municipal Corporations:** The City will budget dividend income based on the estimates provided by these corporations as part of the Multi-Year Budget process. Dividend income will be transferred to the Infrastructure Renewal reserve fund (150) annually to support capital renewal.

Capital Budget Costs, Funding Sources and Financing Mechanisms

The Capital Budget shall include all periodic or one-time investments in capital assets and infrastructure to ensure long-term, continuous service delivery, including but not limited to:

- Acquisition and betterment of land
- Studies associated with capital asset acquisition or construction
- Design, engineering, acquisition, installation and construction of buildings and facilities, civil infrastructure, vehicles, equipment, and technology
- Legal, permits, signage, advertising associated with capital expenditure
- Survey and site preparation
- Freight, transportation insurance and duties associated with capital expenditure
- Internal charges from the Operating Budget for staff time to manage capital projects
- Overhead and staffing (where allowed) and contingencies

Estimates of the above costs must include non-refundable HST where applicable.

The Capital Budget shall include the following funding sources:

- Property taxes
- User rates for non-tax supported services (e.g. water, wastewater, stormwater, parking, courts, Ontario Building Code)
- Development charges, community benefit charges and parkland dedication fees
- Senior government grants and subsidies
- Third-party recoveries

The Capital Budget shall include the following financing mechanisms:

- Reserves and reserve funds
- Long-term borrowing (debt)

Budget Review and Approval Process

The Mayor shall determine a formal Multi-Year Budget and Budget Confirmation process timeline through Mayoral Direction in consultation with the Chief Administrative Officer and City Treasurer that aligns with the established timelines

in Ontario Regulation 530/22 and includes opportunities for public input and consultation.

Budget Confirmation Process in the Year Following a Municipal Election

Under strong mayor budget legislation, the Mayor must propose a budget by February 1. This provides very little time for the newly elected Mayor and staff to collaborate on budget development and prepare public budget materials following the election.

Therefore, following an election, the final year of the Multi-Year Budget adopted by the previous Mayor and Council, or the updated forecast for the final year of the Multi-Year Budget (if updates have been made through changes in previous Budget Confirmation processes) is the basis for the draft budget. Staff will review and update base budget/inflationary assumptions and estimated revenue and expenditures for new investments included in the previous forecast and will include any essential changes arising from changes in the economic environment or changed legislation. This draft will be referred to as "Guelph's Draft Budget".

The newly elected Mayor's Proposed Budget, released by way of a memorandum, builds on Guelph's Draft Budget, by making adjustments to add or remove new investment in alignment with the Mayoral budget priorities.

Interim Spending Authority in the Year Following a Municipal Election

Following an election and prior to confirmation of the budget for the following year, on the January first of that year, the CAO has the authority to:

- Maintain existing service levels.
- Meet contractual obligations.
- Proceed with executing the previously adopted capital budget.
- Proceed with issuance of tenders for a limited scope of capital works included in the budget to be confirmed following the election for which there is cost and/or timeline risk associated with waiting to tender until the budget is confirmed, including:
 - The highest priority road construction and underground works that are primarily infrastructure renewal.
 - The highest priority renewal vehicles or equipment.

No tenders for capital projects subject to Budget Confirmation shall be awarded until the budget is confirmed by Council. For further clarity, these authorities exclude all new or expanded services until the budget is confirmed.

Budget Adjustments in Budget Confirmation Years

- a) The Budget Confirmation process will allow for an annual review and validation of the adopted multiple-year Budget to provide flexibility to adjust the Budget to respond to change. Adjustments in Budget Confirmation years are driven by changes in three categories:
 - i. New or changed legislation or regulation

- ii. New or changed Mayoral or Council direction
 - iii. Economic or political conditions
- b) Changes in the above categories are classified as Material Changes, Reportable Changes, or Administrative Changes.
- i. Material Changes will require an update to the Budget and will require an update to the already-approved total property taxes to be levied and/or the user fees and rates for non-tax supported services in the current and future years. These changes will be considered and adopted through the Budget Confirmation process.
 - ii. Reportable Changes will be managed within the already approved total property taxes to be levied or user fees and rates in the current and future years of the multiple-year Budget if there is sufficient funding to support them in the applicable rate stabilization reserve. In this case, these impacts will be reflected in the taxes and rates in the next multiple-year Budget. If sufficient funding is not available in the applicable rate stabilization reserve, these changes will be considered and adopted through the Budget Confirmation process.
 - iii. Administrative Changes will have no impact on the net amount of property taxes to be levied or rates to be charged and will not be reported individually to Council. See Administrative Change Process below for additional clarity.

Attachments 1 and 2 further outline Operating and Capital Budget changes respectively.

Base Budget Service Levels

City staff shall prepare the base budget based on the estimated costs and revenues for service levels approved by Council, identifying any opportunities for improving the efficiency of service delivery that may result in base budget savings.

Service level policy decisions will be considered and determined outside of the budget process, and implementation will be subject to inclusion in the budget.

The process for consideration of service level decreases is as follows:

Mayor/Council initiated:

- Direction provided by the Mayor and/or Council to assess service levels in a specific area.
- Staff assess the impact of proposed disinvestment in accordance with established prioritization criteria and conduct appropriate community engagement.
- Information is provided to Mayor and Council for a service level policy decision outside of the budget process.

Staff initiated:

Occasionally staff may initiate reconsideration of a service level arising from the ongoing review of services provided. This could occur, for example, if a service is no longer widely used by the community due to technology, legislative or other changes. In this case, staff will:

- Assess the proposed disinvestment in accordance with established prioritization criteria and conduct appropriate community engagement.
- Provide information and a recommendation to Mayor and Council for a service level policy decision outside of budget process.

Prioritization of Budget Investments and Disinvestments

The City's budgets will be developed in alignment with established prioritization criteria, including:

- Meeting legislated and regulatory requirements
- Risk of not proceeding with investment or making disinvestment
- Public impact
- Strategic Plan alignment
- Priorities established through Mayoral Budget Direction

Budget Variance Monitoring and Reporting

City staff shall monitor actual operating expenditure and revenue and capital project expenditure and funding sources to ensure adherence to Council-approved spending and service levels. Staff shall periodically report to Council on the status of operating budgets and capital works in accordance with guidelines set out below:

- Operating budget monitoring:
 - City services and local boards and shared services budget variances will be identified separately.
 - Within City services, tax supported and non-tax supported budget variances will be reported separately.
 - Commentary will be provided in each report on variances in key corporate drivers.
- Capital budget monitoring
 - Capital budget monitoring will focus on City services capital projects and will not include capital budgets managed by local boards and shared service providers.
 - Capital project budgets are actively managed through the project lifecycle with budget adjustment requirements being identified and approved through the budget monitoring and Multi-Year Budget and Budget Confirmation processes. A full listing of the various types of budget adjustments and their associated approval and reporting requirements appear in Table 1 - In-Year Capital Budget Adjustments in Attachment 2.

- Reporting of capital budget progress will be provided in alignment with the established categories of Infrastructure Renewal, Growth, and Service Enhancement, and focused on the highest value projects.

Periodic reporting to Council should summarize the capital position, key metrics, in-year budget adjustments, risks, emerging issues and key projects updates. Such reporting will be presented in a timely manner and in sufficient detail in order to facilitate decision making, to promote understanding of financial impacts and to mitigate risks.

Budget monitoring reports shall be submitted to Council based on the following schedule:

Year to date financial results as of:	Reporting month to Council	Content
March 31	June	Identification of major variances at the end of Q1 and high-level overview of risks and opportunities being monitored
June 30	September	Identification of major variances at the end of Q2, and projections to year-end
September 30	December	Identification of major variances at the end of Q3, and projections to year-end
December 31	May of following year	Reporting of final variances and treatment of year-end surplus or deficit

Additional ad-hoc reporting may be required in the event of a financial crisis or an unexpectedly high operating or capital project variance.

Operating and Capital Grant Funding

Grant funding not known at time of budget development and approval can be accounted for on an actual experience basis (variance) or via an adjustment to the approved budget and reported to Council via the Budget Monitoring process.

a) Operating Grants

When an operating grant displaces existing operating revenue without impacting planned expenses, the revenue variance will be managed in-year and reported on as required.

When an operating grant is received to support incremental operating expenses, both the related revenue and expenses will be recognized as a variance in the

year of receipt. If the grant funding and associated expenses extend beyond one fiscal year and is greater than \$150 thousand, the budget will be updated through an in-year budget adjustment, otherwise it will be adjusted in the subsequent fiscal year to reflect the anticipated funding and expenses.

b) Capital Grants

If grant funds displace previously allocated funds for a capital project, a budget adjustment will be processed and the displaced funds will be reallocated and/or returned to reserves and reserve funds in accordance with established corporate priorities.

Year-End Operating Surplus Allocation and Deficit Funding

The Treasurer shall submit to Council on an annual basis a year-end Operating Budget Variance Report that, among other things, outlines the final financial position and surplus/deficit for both Tax Supported and Non-Tax Supported Budgets.

The year-end operating surplus or deficit is determined after budgeted transfers to or from reserves, and after any program specific surpluses or deficits that are managed using dedicated reserves are allocated to or funded from those reserves in accordance with the Reserve and Reserve Fund Policy.

The City shall allocate any year-end operating surplus that may arise from the Tax Supported and Non-Tax Supported Budgets in a manner that is consistent with Council's view of long-term financial sustainability and in line with best practices in municipal financial management. Accordingly, any year-end budgetary surplus or deficit shall be treated as follows:

A) Tax Supported Services (excluding Local Boards)

Any year-end operating surplus for Tax-Supported Services shall be allocated to the Tax Stabilization Reserves in accordance with the terms of the Tax Stabilization reserves, and in an amount not to exceed the maximum target balance as set out in the City's Reserve and Reserve Fund policy. Any remaining surplus shall be allocated to the Infrastructure Renewal Reserve. Any year-end deficit shall be funded from the Tax Stabilization Reserve.

B) Tax Supported Services – Local Boards

Any year-end operating surplus for the Guelph Police Services Board and the Guelph Public Library Board shall be allocated to the respective Operating Stabilization Reserve in an amount not to exceed the maximum Operating Stabilization Reserve target balance as set out in the City's Reserve and Reserve Fund policy; and any remaining surplus shall be allocated to the respective Capital Reserve. Any year-end deficit shall be funded from the respective Operating Stabilization Reserve.

C) Rate Supported Services

Any year-end operating budget surplus for Rate Supported Services shall be allocated to the respective Operating Stabilization Reserve in an amount not to exceed the maximum reserve target balance as set out in the City's Reserve and Reserve Fund policy and any remaining surplus shall be allocated to the respective Capital Reserve. Any year-end deficit shall be funded from the respective Operating Stabilization Reserve.

Notwithstanding the above surplus/deficit provisions for Tax Supported Services, Local Boards and Rate Supported Services, the Treasurer may recommend alternate or additional allocations and/or funding sources in response to specific financial challenges or opportunities. Any such recommendations shall be included in the Year-end Operating Budget Monitoring Report and are subject to Council approval.

Attachment 1

Operating Budget Changes in a Multi-Year Budget

Change Type	Threshold	Tax/Rate Impact	Authority
Administrative	Net zero	None	General Manager
Reportable	0.05% to 0.49% of Property Tax Levy	Managed within approved budget if contingency reserve balances can support negative variance	Reported to Council for information through the Multi-Year Budget or Budget Confirmation process
Material	Greater than or equal to 0.50% of Property Tax Levy	May impact levy or user rates	Adoption/ readoption through the Multi-Year Budget or Budget Confirmation process

Example of Operating Budget Changes

The estimate of property assessment growth will be adjusted annually for changes related to the actual assessment growth revenue within the Multiple-year budget cycle. The changes will be reflected in the annual Budget Confirmation process. This chart summarizes the various approaches to assessment growth change annually.

Scenario	Recommended Action
Actual assessment growth is greater/less than budget and falls within the Reportable change threshold	Allocate excess/shortfall funds to/from the Growth capital reserve to minimize the impact of unforeseen expenses or shortfalls in assessment growth in future years.
Actual assessment growth is greater/less than budget but greater the Material Change threshold	Open the budget per materiality threshold and adjust the current and future Budget to reflect updated estimate of assessment growth.

Attachment 2

Capital Budget Changes in a Multi-Year Budget

For each Multi-Year Budget and subsequent Budget Confirmation process, the reserve forecast is updated with any changes required to revenue and funding assumptions and the overall year by year forecast reserve balances. These updates will determine if revisions are required to the capital budget and forecast to manage within forecasted reserve capacity. Capital projects are prioritized against the current capital prioritization guidelines ensuring that the highest priority projects remain in the 10-year forecast in the appropriate sequence. Other capital projects may be deferred depending on remaining reserve and staff capacity to deliver until such capacity exists.

In-Year Capital Budget Adjustments

There are various types of capital budget adjustments that may be required in-year to manage a capital project through the project's lifespan. Table 1 - In-Year Capital Budget Adjustments outlines the required approval and reporting guidelines for each type of adjustment. Adjustments in-year should only be made where there is sufficient capacity in the specific reserve/reserve fund being accessed. Where operationally feasible, a budget increase should come forward accompanied by another capital project reduction or deferral of a similar value to maintain the overall reserve balances in-year.

Table 1 - In-Year Capital Budget Adjustments

Type of Adjustment	Approvals	Reporting
Net zero (increase and corresponding reduction) under \$100,000	GM of service area managing the capital project and Manager of Budget Services	Reported on quarterly budget monitoring report
Budget increase up to 10% of current approved project budget up to or equal to \$499,999	Treasurer and DCAO of service area managing the capital project.	Reported on quarterly budget monitoring report
Budget increase greater than 10% of current approved project budget or \$500,000 and over	Council*	Approved and reported on quarterly budget monitoring report

Type of Adjustment	Approvals	Reporting
Addition of a new project (brand new scope or significant expansion of current scope) in-year	Council*	Approved and reported on quarterly budget monitoring report
Reductions (returning funding directly to reserve or reserve fund)	No change in scope - Treasurer and DCAO of service area managing the capital project. Change in scope – Council*	Reported on quarterly budget monitoring report Approved and reported on quarterly budget monitoring report
Cancellations (budget fully reduced or closed out without achieving objective)	Council*	Approved and reported on quarterly budget monitoring report
Project Deferrals – reducing any unused budget and re-budgeting it in a future year	Council*	Approved and reported on quarterly budget monitoring report
Funding Adjustments – changing the funding sources of an approved capital project	Treasurer	Reported on quarterly budget monitoring report
Administrative Adjustment – consolidation of two or more like projects; or, breaking out a project into multiple project accounts for better transparency and management	GM of department managing the capital project and Manager of Budget Services	Reported on quarterly budget monitoring report

*Before referring the adjustment to Council, staff approvals from department and Finance are required.