

CORPORATE POLICY AND PROCEDURE



POLICY	General Operating and Capital Budget Policy
CATEGORY	Finance
AUTHORITY	Council
RELATED POLICES	Debt Management Policy General Reserve and Reserve Fund Policy Investment Policy Purchasing Policy Tangible Capital Asset Policy
APPROVED BY	Council
EFFECTIVE DATE	July 2011
REVIEW DATE	July 2012

1. POLICY STATEMENT

It is the policy of the City of Guelph to

- achieve its current and future goals in a fiscally responsible and sustainable manner,
- make informed choices about the provision of services and capital assets, and
- promote stakeholder participation in the budget process.

2. PURPOSE

The purpose of this policy is to

- improve the efficiency of the budget-setting process, making more strategic use of Council's time in reviewing budgets and administration's time in preparing them;
- ensure that the budget plans presented by staff are consistent with the goals set out by Council in its Strategic Plan;
- maintain the long-term financial stability of the City with affordable taxation and user rates; and
- establish a foundation for monitoring actual expenditures against budgeted expenditures.

3. DEFINITIONS

The following definitions are included as an aid to interpreting this policy:

"Budget" – a financial plan for a specified period of time (fiscal year) that matches all planned revenues and expenditures for the provision of various municipal programs and services, approved by Council

"Capital Budget" – a plan of proposed capital expenditures to be incurred in the current year and over a period of subsequent future years (long-term) identifying each capital project and the method of financing

"Capital Project" – a project, which purchases or constructs a capital asset. Typically, a capital project encompasses a purchase of land and / or the construction of a building or facility.

"Department" – a basic organizational unit of the City, which is functionally unique in its delivery of services

"Fiscal Year" – the twelve-month accounting period for recording financial transactions. The City's fiscal year is January 1 to December 31.

"Local Board" – an external board which is consolidated in the City's financial reporting. These boards are under the control of Council and provide services relating to the Library and Police Services.

"Operating (Current) Budget" – the budget containing allocations for such expenditures as salaries and wages, materials and supplies, utilities, and insurance to provide basic government programs and services for the current fiscal year.

"Reserve" – an allocation of accumulated net revenue. It has no reference to any specific asset and does not require the physical segregation of money or assets. Examples of the City's Reserves are: Tax Rate Stabilization Reserve, Sick Leave Reserves, and Insurance Reserve.

"Reserve Fund" – assets segregated and restricted to meet the purpose of the reserve fund. Reserve Funds may be:

- Obligatory – created whenever a statute requires revenues received for special purposes to be segregated, e.g., Development Charges Reserve Funds, or
- Discretionary – created whenever Council wishes to earmark revenues to finance a future project for which it has authority to spend money, e.g., Capital Reserve Funds and Brownfield Strategy Reserve Funds.

“Revenue” – funds that a government entity receives as income. It includes such items as property tax payments, fees for specific services, receipts from other governments, fines, grants, and interest income.

“Tax Rate” – the rate levied on each real property according to assessed property value and property class.

4. SCOPE

The General Operating and Capital Budget Policy applies to all departments and local boards (including Library and Police Services) of the Corporation of the City of Guelph.

5. BUDGET PRINCIPLES AND STRATEGIES

The principles and strategies that the City utilizes in making decisions related to short and long term budget planning include:

5.1 Strategic Plan

The Strategic Plan serves as the guiding document under which all City initiatives are aligned. The budget will align with the Strategic Plan and support it.

5.2 Communication with the Community

The budget will provide opportunity for community input and will make available reports consistent with Council-approved principles for public involvement.

5.3 Affordability

The budget will incorporate an integrated approach to the allocation of limited resources. The City must be able to bear the cost without incurring financial difficulty or risking other undesirable consequences.

5.4 Fiscal Capacity

Fiscal capacity will be built to respond to emerging community needs through adherence to the long-term financial plan and related debt and reserve fund management policies. A strong financial position is an important component of the City's Corporate Strategic Plan.

5.5 Sustainability

The budget will incorporate a long-term focus with the aim of achieving a prosperous and sustainable community. It will reflect priorities based on a quadruple bottom line approach, i.e., showing a commitment to economic, social, environmental, and cultural aspects.

5.6 Accountability and Transparency

The budget will demonstrate accountability to the community through an open and transparent decision making process in addition to audited financial statements and other reporting.

5.7 Assertive Maturity

The budget will demonstrate a culture of assertive maturity (going beyond the comfortable role of being subordinate to upper levels of government, and seeing the municipality with real and significant powers to make policies and deliver services) by:

- 5.7.1 Providing the funding to deliver the services and programs residents want in an efficient manner that minimizes risk to the community and corporation,
- 5.7.2 Setting priorities based on innovative and effectively managed policies to achieve City goals, and
- 5.7.3 Managing our financial relationship with other governments in a proactive manner, demonstrating municipal leadership, and advocating to obtain the tools needed to deliver services.

5.8 Risk Management

Priority-setting and decision-making will be informed by risk management principles with the aim to minimize the negative effects of risk while also minimizing the cost to accomplish this mitigation.

5.9 Innovation

The budget will incorporate innovative approaches to service delivery and will include funding to allow for the development and implementation of operational efficiencies and cost-saving measures. Cost-sharing and partnership strategies will be pursued, including the provision of matching funding where leveraging opportunities exist.

5.10 Stewardship

- 5.10.1 The budget will support existing infrastructure using a life-cycle strategy and asset management best practice.
- 5.10.2 The budget will consider new infrastructure required to achieve the strategic plan.
- 5.10.3 The budget will minimize reliance on debentures by focusing on funding reserves to address the infrastructure gap.

5.11 Addressing Unfunded Liabilities

The budget will address identified unfunded liabilities such as sick leave or WSIB through reserve contributions.

5.12 Multi-Year Budgets

Multi-year budgets will be developed for operating and capital expenditures according to an approved guideline. Multi-year budgets will incorporate the operating impacts of capital expenditures.

6. BUDGET ROLES AND RESPONSIBILITIES

The following roles have budget responsibilities as listed:

Accountability Role	Role Responsibilities
Municipal Council	<ul style="list-style-type: none">• Establish priorities through the Strategic Plan• Approve guidelines in advance of detailed budget preparation• Approve the proposed level of public communication and engagement• Review the budget submission in meetings of the whole Council• Adopt the budget by by-law• Approve the rates required for taxation and user fees by by-law
Chief Administrative Officer	<ul style="list-style-type: none">• Direct, in co-operation with the Chief Financial Officer and the Executive Team, the preparation and presentation of the operating and capital budgets on an annual basis• Direct, in co-operation with the Chief Financial Officer and the Executive Team, the preparation of a budget guideline for approval by Council• Exercise financial control over all corporate operations in conjunction with the Chief Financial Officer to ensure compliance with the revenue and expenditure budgets approved by Council
Executive Team (ET)	<ul style="list-style-type: none">• Review and recommend the budget to the CAO• Support the final approved budget in a unified manner• Recognize the priorities of the corporation as a whole, separate from specific departmental priorities, during the decision-making process• Conduct the budget review in an open and collaborative manner
Senior Management Team (SMT)	<ul style="list-style-type: none">• Lead the development of realistic and responsible departmental budgets in accordance with the established guideline, timeline, and process as per Budget Policy• Submit budget requests based on supportable facts that can be well understood by the general public and other members of the organization• Ensure that the resources and assets under their authority are effectively managed on an ongoing basis

<p>Chief Financial Officer, Budget Services Staff, and Operating Teams</p>	<ul style="list-style-type: none"> • Chief Financial Officer – lead and coordinate the overall preparation and administration of the City budget and capital program plan • Ensure adherence to budget policies and financial policies as approved by Council • Provide management and strategic direction to the financing of the City • Develop a community engagement plan, related recommendations, and communication strategies for Council review and approval
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7. STATUTES

Budget development shall comply with all relevant provisions of Ontario statutes, including, but not limited to, the following:

- *Municipal Act*, including sections relating to Business Improvement Areas
- *Police Services Act*
- *Public Libraries Act*
- *Health Protection and Promotion Act*
- *Conservation Authority Act*