

DATE: December 7, 2015
REPORT NO: RFD-T-28-15
SUBJECT: 2016 Budget Process and Schedule
CONTACT: Donna DeFilippis, Treasurer/Director of Finance

OVERVIEW:

This report outlines the Proposed 2016 Budget process as summarized below:

- Estimated budget to actual report to December 31, 2015 and estimated Reserves and Development Charge Balances as of December 31, 2015 provided to Council at the January 18th, 2016 Administration/Finance/Fire Committee meeting
- Preliminary 2016 Draft Operating and Capital budget and Ten Year Capital Plans presented to Council on Tuesday, February 16th, 2016
- Budget Open House scheduled for Wednesday, February 24th, 2016
- Draft 2016 Operating and Capital Budget Book provided to Council on Friday, March 4th, 2016
- Budget to be presented and discussed at the Administration/Finance/Fire Committee meeting scheduled for Monday, March 21, 2016, with an additional date set for Tuesday, March 22nd, 2016, if required.
- Public Works/Recreation/Arena Committee meeting regularly scheduled for Tuesday, March 22nd, 2016 cancelled, with any urgent items presented at the March Council meeting.

RECOMMENDATION:

1. That, report RFD-T-28-15, regarding “2016 Budget Process and Schedule”, dated December 7, 2015 be received; and,
2. That, the departmental budgets be prepared using a variance-based approach; and,
3. That, the Preliminary Draft 2016 Operating and Capital Budgets and Ten Year Capital Plans be presented to Council at the Administration/Finance/Fire Committee meeting

scheduled for Tuesday, February 16th, 2016; and

4. That a Public Budget Open House be held on Wednesday, February 24, 2016; and,
5. That, the Administration/Finance/Fire Committee meeting to review the draft 2016 Operating and Capital Budgets, be set for Monday, March 21st, 2016 at 6:30pm with an additional date set for further deliberation, if required, for Tuesday, March 22nd, 2016 at 6:30pm; and,
6. That the Public Works/Recreation/Arena Committee Meeting regularly scheduled for Monday, March 21st, 2016, is cancelled and that any pertinent Public Works/Recreation/Arena items be presented at the March 28, 2016 Council Meeting.

BACKGROUND

In accordance with Section 290 of the Municipal Act, a local municipality must prepare and adopt a balanced budget every year. The budget document is prepared annually through staff submissions, discussions with the CAO and senior staff and final compilation by the Finance department. The Township's purchasing By-law allows for departments to continue spending on operating items in the absence of an adopted budget, up to 35% of the prior years' budgeted amount. The overall goal is to produce a budget that is responsible, transparent and accountable.

CURRENT SITUATION

Finance has drafted a schedule for senior staff as it relates to timing for submission of department budgets and meetings with the Treasurer and CAO. This timeline is imperative for the Finance department as it allows for the necessary reviews, additional analysis, and preparation of the final draft budget book and corresponding reports.

The Finance department will once again produce a variance-based budget submission which includes a summarized Variance Analysis by department that highlights any new initiatives and major changes within the department operating budgets under specific categories (commitments, legislative changes, inflationary adjustments, mitigation measures and growth adjustments). As introduced in the 2013 budget, Finance will be providing a budget to budget comparison which allows for a more detailed variance based budget report. At the January 18th, 2016 Administration/Finance/Fire Committee meeting Councillors will receive draft year-end balances for Reserve Funds and Development Charge Funds as well as an estimated budget to actual report as of December 31, 2015.

At the February 16th, 2016 Administration/Finance/Fire Committee meeting a preliminary draft 2016 operating and capital budget will be presented to Council for their consideration. Council will be presented with a few different budget options at this meeting. In addition, the Ten Year Capital plans will also be presented to Council at this meeting. This will be an

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opportunity for Council to be presented with preliminary 2016 budget figures. It is anticipated that the final draft budget books will be provided to Councillors on Friday, March 4th, 2016.

In 2015, the first Public Budget Open House was held which gave the opportunity to the General Public to learn about the 2015 budget and ask questions. This Open House was well received and we hope to build upon its success at our 2016 Budget Open House scheduled for Wednesday, February 24th, 2016.

It is proposed that budget deliberations for the 2016 Operating and Capital Budgets be held on Monday, March 21st, 2016 at 6:30pm in Council Chambers, with an additional date set for Tuesday, March 22nd at 6:30pm in Council Chambers, if required. It is proposed that the Public Works/Recreation/Arena Committee Meeting regularly scheduled for Monday, March 21st, 2016 be cancelled and that any urgent public works items be presented at the March Council Meeting scheduled for March 28th, 2016.

The Treasurer will present a PowerPoint overview of the budget at the start of the meeting on March 21st followed by a review of the draft 2016 budget. This review should follow the same order as provided in the budget book. Senior staff will be present during budget deliberations to answer questions from Committee Members and explain or highlight any major increases/decreases to their department's revenues/expenditures. Staff will not review their budgets line by line, however, they will respond to questions regarding any line item.

FINANCIAL IMPLICATIONS

As noted above, the budget book is a guiding financial document for the year 2016. The overall municipal expenditures as approved in the budget are funded from various sources, including the tax base. As such, the budget information is required in order to determine the required municipal tax levy for the year. This is a tool that the Finance department uses to ensure that spending matches the budget as approved by Council. The budget figures are also reflected in the Township's year-end audited financial statements. Staff must abide by the approved budget or request a Budget Amendment during the year to cover unanticipated expenditures.

INTER-DEPARTMENTAL COMMENTS

Department Heads are responsible for submitting their departmental budget requests and working through the process with the Treasurer and CAO to get to an acceptable budget for presentation to Council. It is important that deadlines established for this process are met by Department Heads to ensure that Finance can prepare the necessary documents and analysis on a timely basis. The submissions from Department Heads and subsequent discussions are critical to ensure an effective and accurate budget. The Department Heads have been provided with the budget timelines and submission/meetings schedule.

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CONCLUSION

That Council approve the dates recommended in this report for budget deliberations to take place at the Administration/Finance/Fire Committee meeting scheduled for Monday, March 21st, 2016 with an additional date set for Tuesday, March 22nd, 2016, if required. It is also recommended that Council consents to the budget process, including the variance-based budget approach as outlined herein.

Prepared by:

Approved by:

Donna DeFilippis
Treasurer/Director of Finance

Chris Carter
CAO

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