



Town of Whitby Policy

Policy Title:	Operating Budget Process
Policy Number:	F 140
Reference:	Council Resolution #259-08, #198-12, and #298-19
Date Approved:	September 30, 2008
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Approval:	Council
Point of Contact:	Financial Services Department

Policy Statement

The Corporation of the Town of Whitby (Town) is committed to responsible financial management and respect for taxpayers, and understand the importance of affordability and sustainability. In accordance with the Town of Whitby Planning Framework, decisions made with regards to the operating budget are consistent with Council approved goals and Strategic Plans and ensure that the operating budget supports Town services, maintenance of assets, and plans for growth.

This document outlines the purpose, scope, definitions, responsibilities and procedures of the Operating Budget Process.

Purpose

The purpose of the Operating Budget Process is to:

- Ensure that the operating budget is consistent with council approved goals and Strategic Plans
- Ensure that the operating budget delivers Town programs and services in an efficient and sustainable manner;
- Provide financial planning information and advice to staff and Council to make informed decisions about resource allocation and the delivery of Town services and operations;
- Ensure that Town assets and infrastructure are maintained in a good state of repair and plan for future growth in accordance with the Asset Management Plan;
- Incorporate a review of actual revenues and expenditures compared to budget consistent with the Operating Budget Monitoring Policy; and,

- Encourage community engagement in the Operating Budget Process.

Scope

The Operating Budget Process applies to all municipal departments, committees, enterprises as well as outside boards, commissions & agencies for which Council is required to approve annual budget estimates of levies.

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1. Definitions

- 1.1. Chief Administrative Officer (CAO) – the senior appointed officer responsible for the administrative operations of the Town.
- 1.2. Committee of Council – any Advisory Committee, Quasi-Judicial Committee or other committee as defined within the Town's Procedural By-Law.
- 1.3. Council – elected officials of the Town of Whitby.
- 1.4. Operating Budget – annual financial plan providing for the operations of the municipality for the current year incorporating both estimates of proposed expenditures and revenues; including property taxes to be raised.
- 1.5. Department – organizational unit of the Town of Whitby headed by a Department Head.
- 1.6. Departmental Budget – operating and capital budgets of the department as approved by Council in adopting the estimates.
- 1.7. Treasurer – Commissioner of Financial Services/Treasurer of the Town of Whitby; or delegate.
- 1.8. Budget Adjustments – adjustments to the prior year's budget for: Inflation; Annualization; and Other Changes.
- 1.9. Council Decision Items – items captured in requests for Council's consideration:
 - 1.9.1. All new positions
 - 1.9.2. Other changes to the base budget that have a financial impact, in excess of a threshold set by the Treasurer, that have not been previously approved by Council.

2. Responsibilities

In accordance with Financial Control Policy (F 280):

- 2.1. Council is responsible for:
 - 2.1.1. Allocating funds for corporate expenditures and projects and for providing corporate programs and objectives through the annual budget process or other resolutions, unless otherwise provided for in this Policy.
 - 2.1.2. Approving the Town's budget on an annual basis and where applicable, multi-year budgets and forecasts.
 - 2.1.3. Council, in adopting the total of all sums required during the year for the operating purposes of the Town shall, in accordance with the

Municipal Act, 2001, as amended, determine the current budget required to provide for the sums required for every purpose and the sums required for the various categories.

2.2. Chief Administrative Officer is responsible for:

- 2.2.1. Ensuring Council and Corporate priorities are considered and identified through the Town of Whitby Planning Framework.
- 2.2.2. Ensuring Department annual work plans are established to support the business plan and Council and Corporate priorities.
- 2.2.3. Ensuring financial resources are aligned with the business plan and annual work plans.

2.3. The Commissioner of Financial Services/Treasurer is responsible for leading and managing the Town's financial planning function, including the following:

- 2.3.1. Developing Budget guidelines, tools and framework for annual and/or multi-year budgets and forecasts for Council approval.
- 2.3.2. Facilitating budget presentations and adoption by Council.
- 2.3.3. Providing strategic financial and business advice to support department managers to ensure that program plans and key business decisions are based on sound financial analysis and financial results are integrated into the management of program performance and work with departments on financial management matters, including assessing departmental financial plans and forecasts to determine whether:
 - i. Resources are used prudently and in an economical manner based on priorities established by the business plan and annual work plans;
 - ii. Key financial assumptions underlying the plans are reasonable and their multi-year impacts have been assessed;
 - iii. Financial risks and mitigating strategies are identified; and
 - iv. The anticipated financial position of the Town is reasonable.
- 2.3.4. Providing tools to forecast and manage financial resources throughout the budget cycle.
- 2.3.5. Working with staff to assess financial pressures, both on an in-year and multi-year basis, recommending resource management strategies, including opportunities to reallocate funds.

- 2.3.6. Ensuring that the Town's financial plans, budgets, financial performance and financial position are regularly communicated and integrated into the strategic planning processes.
- 2.3.7. Advising Council, with recommended actions, on a timely basis if:
 - i. There is a critical financial risk to the Town, including where there is a possibility the Town may exceed its annual budget; or
 - ii. There are significant financial transactions that involve uncertain or unusual circumstances.
- 2.3.8. Identifying & resolving issues on a timely basis with the CAO & appropriate Department Head if the Department manager does not accept the Treasurer's authority on a significant financial matter.
- 2.3.9. Budget variances must meet the reporting requirements in the Operating Budget Monitoring Policy (F 180) and Capital Budget Monitoring Policy (F 170).
- 2.3.10. Reviewing the establishment of new Reserve or Reserve Funds before they are approved through Council by-law or as part of the budget process.
- 2.4. Department Heads are responsible for:
 - 2.4.1. Developing timely business plans and budgets for their area of responsibility in accordance with the budget guidelines approved by Council and:
 - i. Ensuring that all budget proposals submitted to Council achieve operational efficiencies, value for money and sustainability of financial resources, as well as linkage of budget to strategic goals and to ensure optimal service outcomes are in alignment with the Town of Whitby Business Planning Framework;
 - ii. Key financial assumptions and risks underlying plans and decisions are supports and their multi-year impacts have been identified and assessed in conjunction with the Treasurer; and
 - iii. Demonstrates understanding of departmental budgets and manages resources within budgets through regular monitoring and communicating to the Treasurer the status of business plans, budgets, performance and financial position.
- 2.5. Citizens input received throughout the year at public meetings and from surveys and other correspondence is not only invited but requested. Individuals and groups are encouraged to share ideas and provide input concerning community and budgetary programs. This can be accomplished most efficiently by discussing issues and proposals with the manager of the

program affected. Citizens are invited to comment and provide feedback throughout the budget process at public meetings, in particular through the Budget Target and Public Budget Overview.

2.6. Finance/Budget Chair is appointed by the Mayor to act as the Chair, and is responsible for:

2.6.1. Consulting with the Treasurer with regard to the preparation of the annual budget.

2.6.2. The presentation of the budget to the Council and public.

3. Procedures

3.1. Budget Calendar

3.1.1. Each year a budget calendar will be developed for Council review and approval. The budget calendar will define the timeline for the budget including the major milestones for all parties involved and linkages to other planning processes. The operating budget will be approved before the 1st day of March each budget year. All component processes shall be completed at the appropriate dates as set out in the annual budget calendar.

- i. Budget Process and Calendar
- ii. Business Plan and Long Range Financial Plan
- iii. Any upcoming Community Surveys
- iv. Quarterly Projection calendar
- v. Budget development and review with Senior Leadership team
- vi. Council Education Session
- vii. Budget Target
- viii. Budget Books published
- ix. Public Budget Overview and Input
- x. Council Budget Deliberations

3.2. Budget Form

3.2.1. The operating budget will be prepared annually and will serve as the resource allocation process for operating costs and revenues that relate to ongoing municipal services and programs. Budgets shall be prepared and approved on the basis of distinct operating budget programs.

- 3.2.2. Staff will prepare the budget in two components that will be identified by the driver of change, including inflationary pressures, growth pressures, service levels, impacts from the capital program and one-time item. The two components are budget adjustments and decision items.

3.3. Budget adjustments

The prior year's budget will be adjusted for the following impacts:

- 3.3.1. The reversal of the prior year's one-time revenues or costs;
- 3.3.2. The annualization of prior year Council approved decision items;
- 3.3.3. The estimated impact of inflation, economic conditions and any Council approved adjustment to fees or revenues based on existing agreements/services;
- 3.3.4. The impact the Town's growth has on providing existing programs and services and on funding growth related capital requirements;
- 3.3.5. Any Council approved service level changes to existing services or programs;
- 3.3.6. Staff proposed changes to services/programs that result in a minimal or no tax impact, as determined by the Treasurer, or legislated health and safety issues;
- 3.3.7. The impact of capital decisions and adjustments to the capital maintenance envelope and any operating impacts of capital budget projects not identified when approved;
- 3.3.8. Current year's planned facility or equipment related one-time minor maintenance projects; and
- 3.3.9. Other temporary revenues or costs as determined by the Treasurer.

3.4. Decision Items

The following items will be captured in requests for Council's consideration:

- 3.4.1. All new positions, and/or increased staff complement in existing positions;
- 3.4.2. Changes to existing programs or services and/or any new service initiatives (Any items not covered within 3.3.6); and
- 3.4.3. Any non-recurring items (except for one-time minor facility or equipment projects) (Any items not covered within 3.3.9).

3.5. Balanced Budget

- 3.5.1. The Town's approved operating budget must have revenues equal to/or greater than expenditures.
- 3.6. Staff Recommended Budget
 - 3.6.1. The recommended budget reflects the prior year's budget including budget adjustments and decision items.
 - 3.6.2. Staff will submit the recommended budget to Council at least one week prior to the public presentation.
- 3.7. Public Presentations to Committee of the Whole

Staff will present the recommended budget to the Committee of the Whole prior to Council approval. This will include a Council Budget Education Session, a Budget Target meeting and opportunities for public input, as well as other meetings as defined by Council.
- 3.8. Council Review and Approval
 - 3.8.1. The Committee of the Whole will recommend the operating budget to Council for the final review and approval.
 - 3.8.2. The operating budget will be approved before the 1st day of March each budget year. All component processes shall be completed at the appropriate dates as set out in the approved annual budget calendar so that this date can be accomplished with the required integrity and accuracy.

This Policy is hereby approved by Council Resolution #298-19 on this 28th day of October, 2019.