



**The Corporation of the Municipality
Staff Report**

Office of the Deputy Treasurer
Manuela Batovanja

Prepared For: Mayor and Council	Report No.: MB 2021-07
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Purpose of Report

The purpose of this report is to introduce an updated financial policy related to the multi-year budgeting process and adoption of annual estimates and to request Council approval of the updated Multi-year Budget and Annual Estimates Policy.

Analysis

Each year staff put forward a preliminary capital and operating budget for Council review. Some of the priorities incorporated into the municipal budget are:

- Maintain existing service levels
- Maintain a reasonable tax levy
- Review user fees for appropriateness and update as required
- Plan for capital projects
- Be prepared with capital projects subject to funding
- Incorporate long term planning

Historically, like many municipalities, Wawa has adopted the budget after the budget year starts. This approach allows for a more accurate less controversial budget. However, consideration should be given to negative factors arising from this approach such as:

- Reduced opportunity for long term planning
- Late to market for RFP's
- May not align with long-term key priorities of Council
- Increases the likelihood of falling into a routine, "doing things like we always have".
- Reduces the opportunity for innovative thinking

**Respectfully Prepared and Submitted By:
Manuela Batovanja, Deputy Treasurer
Assistant Director of Corporate Services**

While Wawa has not yet fully implemented a multi-year budget approach we have begun to transition towards it. In 2020 we added a second and third year forecast to the approved capital budget. In 2021 we expanded this forecast to include a fourth year as well as an introduction to long-term planning for the replacement of some key assets.

As part of the 2022 budget we are requesting that Council extend the four-year forecast to include the operating budget with the intention of adopting a Multi-year budget in the second year of the next term of Council. Following this time frame will allow us to:

- align with the proposed policy time frame of adopting a multi-year budget in the second year of a new term of Council
- Integrate the multi-year budget with the Long-Term Financial Plan

Strong financial policies are critical to the success of any organization. Such policies establish financial control which include but are not limited to ensuring prudent use of resources, consistent decision making and identifying funding requirements.

As part of the transitioning to a multi-year budgeting process, we identified the need for key financial policies which are directly related to the budgetary process:

- Surplus Deficit Policy – framework for managing the annual surplus/deficit, developed and implemented in 2020.
- Reserve Fund Policy – framework for managing the towns reserves, developed and implemented in 2020.
- Debt Policy – to guide the effective management of debt, to be completed in conjunction with the Long-Term Financial Plan.
- Multi-Year Budget Policy – establishes the framework for multi-year budgeting.

Some of the benefits of adopting a multi-year budget are:

- Align long-term goals with long-term funding plans
- Greater certainty regarding the future direction of taxes
- Implementation of the Long-Term Financial Plan
- Meet key priorities of Council
- Determine timing and implementation of asset management requirements
- Greater certainty regarding the future direction of user fees and implementation of new services.

Recommendation

It is recommended that Council take the following action:

Resolved that Policy FT-012 Multi-Year Budget and Annual Estimates Policy be adopted as reviewed and amended.

Attachments

- 2022 Capital and Operating Budget Timelines
- Draft Policy FT-012: Multi-Year Budget & Annual Estimates