



Council Budget Review and Approval Process

Operating Budget

Council recognizes that budget decisions made in one year may impact future budget years. To ensure open and public awareness, the Town has adopted a multi-year budgeting framework where Council approves the first year's budget of its term and receives an accompanying forecast of the next three budgets. In the second year of its term, Council will approve a three year operating budget, including all related tax impacts.

Each year's presented budget will be built in accordance to any directives received from Council as well as the principals outlined in Council's budget principal's document. Through a multi-year budget methodology staff are able to more effectively plan multi-year programs, revenue streams and staffing. As per the Municipal Act Council will be required to re-confirm each future year approved budget. Any variations in future year approved budgets from what was originally approved by Council need to be fully explained at the time of re-confirmation.

Using multi-year budgets and forecasts improves fiscal health and service delivery through:

- better coordination of budgeting and strategic priorities,
- greater certainty for departments in managing expenditures and service levels
- improved fiscal discipline of the organization
- streamlined budget reviews that focus on key changes in assumptions and the reasons driving such changes
- allowing staff to develop budgets with fixed targets in place, allowing early response to circumstances and budget constraints of such targets.
- reduces uncertainty about future year tax levies
- provides longer term outlook to outside organizations that rely upon the Town for a share of their funding, which enables them to plan and deliver their programs more effectively.

It is important to note that the Budget Committee or Council are able to make adjustments to any future year approved budgets at the time re-confirmation. These adjustments may include, but are not limited to;

- a) Legislation changes
- b) Unplanned service level changes
- c) Unplanned incremental operating costs arising out of capital investments
- d) Material changes to the projected inflation rate
- e) Material changes to labour agreements

f) Changes to assessment growth projections

All budget adjustments made to an operating budget subsequent to Council's original approval of the budget will be communicated to Council as part of each budget's re-confirmation report.

Identified required budget increase adjustments

Firstly, regardless of the materiality of an identified required budget increase adjustment, staff will strive to accommodate the adjustment within Council's previously approved operating budget for the year.

If the cumulative value of the portions of identified increase adjustments that cannot be accommodated within the existing approved budget is material, the applicable year's budget will be formally opened. Staff will consequently prepare a budget decision unit business case outlining the requested increase to the currently approved budget for Council's consideration. A material change arises when the cumulative value of all unfunded identified adjustments reach a value that will have an impact equal to or greater than 1% on the property tax budget (or approximately \$460,000).

Otherwise, if the unaccommodated cumulative portion of any applicable identified adjustments is not material it will be excluded from the budget or managed through a draw from the Town's rate stabilization reserve.

Identified required budget decrease adjustments

Firstly, regardless of the materiality of an identified required budget decrease adjustment, staff will utilize any resultant savings to fund unfunded identified budget increase adjustments.

If the cumulative value of all identified required budget decreases that remain after all unfunded required budget increase adjustments have been funded is material, the applicable year's budget will be formally opened. Staff will consequently prepare a budget decision unit business case outlining the requested decrease to the currently approved budget for Council's consideration.

If an identified required budget decrease adjustment is material, the year's budget will be formally opened. Staff will consequently prepare a budget decision unit business case outlining the requested decrease to the previously approved budget for Council's consideration.

Otherwise, any cumulative value remaining after all identified required budget increase adjustments have been offset will be re-allocated within the currently approved budget to contingency budget. This contingency budget will form the first funding source for the accommodation of any newly arising required budget increase adjustments.

Year end operating budget variances

Should an annual operating budget conclude the fiscal year in a surplus position, any excess funds remaining will be allocated to the Town's reserve funds as per the Town's annual surplus control bylaw. Conversely, under this same bylaw should an operating budget conclude the fiscal year in a deficit position, it will be topped up from reserves accordingly.

Budget review and approval process

In conducting its operating budget review and approval process, the Budget Committee will consider the following components:

- The overall tax levy funded operating budget, including the Building Services Budget
- Aurora Public Library Board funding request
- Aurora Cultural Centre Board funding request (as per performance agreement)
- Aurora Historical Society funding request (as per performance agreement)
- Central York Fire Services Budget (as recommended by Joint Council Committee)
- Annual Fiscal Strategy Budget
- Annual Special Phasing Budget
- Water, Wastewater and Storm Water rate funded Budgets

Once these budget components have been reviewed by Budget Committee, Committee will recommend adoption to Council. All meetings of the Budget Committee are open to the public.

Every operating budget will be supported at a minimum by the following:

- Comprehensive departmental business plans outlining successes achieved in the previous year as well as priorities and resource requirements for the upcoming fiscal year(s).
- A summary of key core, growth and other budget pressures that the draft budget is addressing.
- Budget decision unit items for any budget pressures that have not been addressed within the proposed / previously approved operating budget.
- Multi-year staffing plan

Budget Communications Strategy and Key Messages

Following recommendation for adoption of a single or multi-year operating budget, Budget Committee will discuss and provide direction to staff regarding key messages and budget highlights, including any specific statements or strategies to be included in media releases, website and other communications regarding the approval of the budget.

Capital Budget

Every four years at the beginning of its term in office, Council will undertake a review and approval of the Town's Strategic Asset Management Policy and Asset Management Plan (AMP). The strategic asset management policy guides the development of the AMP; the AMP forms the foundational rationale upon which the Town's Ten Year Capital Investment Plan is built and maintained.

On an annual basis, in July, Council will undertake a review and approval of the Ten Year Capital Investment Plan prior to the budget year in question commencing. At this time Council will also review and approve the Town's upcoming year's repair and replacement capital plan. Council will review and approve the remaining components (Growth & New and Studies & Other) of the upcoming capital plan in October. This timing allows for the pricing advantage of early tendering, as well as allowing for the integration of the capital plan into the operational plans, capacities and requirements of the affected business units within the Operating Budget as applicable. Budget Committee will recommend adoption to Council. Funding allocations approved in the annual capital budget will be effective January 1 of the budget year, unless otherwise specifically approved by Council.

Rotating Annual Departmental Detailed Budget Reviews

Separate from the Town's normal budget approval process, the Finance Advisory Committee (FAC) will undertake a detailed line by line review of the core operational budgets for each Town department or service partner on a rotating basis, with an intent of completing a review of all departments and service partners at least once by the end of Council's term in office. Any recommended material adjustments coming out of these reviews will be presented to Council for its consideration as a possible budget adjustment item to the following year's operating budget.

This rotating approach balances the need to review the details of each departmental budget with the expectation of efficient and effective use of Committee time commitment for the annual budget process. Detailed review of every department every year is not practical. The rotational approach allows for ongoing assurance by Council, new members to Council, and the general public that all areas of the budget have been reviewed in extensive detail within the last few years by a committee of Council, and that such reviews continue on a regular basis on a fixed schedule. This approach ensures that the Town's regular budget review of the overall corporate budget submission can remain at a higher level of consolidation, focusing on service levels, performance indicators and overall compliance with budget directives.

The rotation of detailed reviews will be as follows (calendar year of term):

Year 1	Aurora Public Library Aurora Historical Society Corporate Services
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Year 2	Community Services Planning & Development Services Aurora Cultural Centre Finance & Corporate Accounts
Year 3	Operational Services Water, Wastewater & Storm Water CAO/ Administration
Year 4	None due to municipal election

The detailed review will include, but is not limited to:

- the current approved operating budget, with provided expanded details;
- all related fees and rates charged;
- activities, services and service levels provided by the department;
- open capital projects and status
- the area's related content details within the Ten Year Capital Investment plan
- adequacy of staffing and funding to meet mandatory activities, services, commitments, and approved non-mandatory services, activities and programs and general expectations of Council;

Council Budget Review and Approval Process Flow

Year 1

January to March

- Council Review and Approval of Strategic Asset Management Policy, Asset Management Plan; receipt of Ten Year Capital Investment Plan and approval of single year capital budget.
- Council Review and Approval of single year operating budget, plus receipt of three outlook years for first year of term.

June

- Council budget direction to staff with regards to the next three years

July

- Receipt of next year's Ten Year Capital Investment Plan
- Approval of next year's Repair & Replacement Capital Plan

January to September

- Annual Finance Advisory Committee detailed departmental budget reviews (rotating)

October to November

- Approval of next year's Growth & New Capital Plan
- Approval of next year's Studies & Other Plan

November to December

- Receipt and approval of Year 2, Year 3 and Year 4 operating budgets

Years 2 to 3

July

- Receipt of next year's Ten Year Capital Investment Plan
- Approval of next year's Repair & Replacement Capital Plan

January to September

- Annual Finance Advisory Committee detailed departmental budget reviews (rotating)

October to November

- Approval of next year's Growth & New Capital Plan
- Approval of next year's Studies & Other Plan

November to December

- Re-confirmation of next year's previously approved operating budget
 - Annual adjustment process