



THE CORPORATION OF THE TOWNSHIP OF MULMUR

TOWNSHIP OF MULMUR FISCAL POLICY

Adopted by Council on: July 2, 2015

The Township of Mulmur is committed to being fiscally responsible to its ratepayers. This policy outlines the standards by which Council will operate to achieve fiscal responsibility and includes Council's Fiscal Philosophy, Taxation Policy, Municipal Act Compliance, and the Budgeting Process.

Strategic Plan Alignment:

Objective 1 Responsible Growth: Pursue responsible growth in residential and industrial/commercial development to increase employment and re-balance the tax structure.

Objective 4 Cost Containment: Establish funding guidelines and cost-efficient purchasing protocols for major and recurring expenditures.

Objective 5 Community Participation: Increase public participation....in Township governance.

Fiscal Philosophy

- Council supports the philosophy that “growth pays for growth” as a guiding principle. Growth in services therefore depends on growth in population, increase in commercial and industrial establishments, increased grants and sustainability incentives. The municipality shall maintain its unique rural character as planned growth is determined. The municipality historically has operated on a “pay as you go” basis, in conjunction with short and long term debt financing for new and expanded asset acquisitions.
- Municipal infrastructure which consists of capital works is of high priority in terms of investment and maintenance for short and long term needs. Due to upper government downloading, the municipality takes an aggressive stance in obtaining grants from the Federal and Provincial governments in order to advance the infrastructure renewal at a lesser cost to the taxpayer. The annual budget provides for significant infrastructure improvement with a base line amount for equipment replacement and road and bridge retrofitting and/or replacement in conjunction with a plan toward life cycle replacement costing.

- The establishment of reserves and reserve funds for major capital works will be an integral component in the municipality's long term financial planning. The municipality shall work towards the establishment of reserves to ensure ongoing financial stability for unexpected or unpredictable events, in order to smooth expenditures which would otherwise cause major fluctuations in the annual and operating budgets and to provide for planned future capital expenditures. The tax rate stabilization account is presently used to level out tax rate increases where possible.
- The municipality believes it needs to augment the historical taxation revenue base of residential and agricultural assessment by incorporating new commercial and industrial assessment. Without this additional assessment, the municipality uses debt financing in some instances to invest in capital assets. The Ministry of Municipal Housing and Affairs provides the municipality annually with the maximum debt repayment limit that is available for commitment to long term debt and financial obligations.
- Under the Federal Gas Tax Rebate Program, the municipality seeks to have an aggressive sustainability program to protect the environment for current and future generations.
- The municipality is of the belief that essential services provided by a lower tier municipality are less bureaucratic and expensive than those of the upper tier level of government.
- The municipality shall seek to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands and conforming to all legislation governing the investment of public funds.
- The municipality on an annual basis reviews the financial performance of the previous year's operations by using the Financial Indicator Review data provided by the Ministry of Municipal Affairs and Housing.
- Remuneration for municipal employees shall be in accordance with the pay policy and philosophy of the municipality which has been adopted by Council upon recommendations being provided by external human resources consultants McDowall Associates. The pay policy addresses compliance with the Pay Equity Act, and outlines a salary grid structure with related salary ranges being internally equitable and externally competitive.

Taxation Policy

- a) Rate of inflation/deflation indices i.e. Consumer Price Index (CPI) are reviewed and considered in determining an increase or decrease in taxation.
- b) In forecasting for the upcoming year, the previous year's line items are reviewed for variances between actual and budget, which are subsequently taken into account in the budget projections. Revenues and expenditures are budgeted based not only on historical costs but costs developed from the utilization of budgetary techniques (zero based, program and performance budgeting) where applicable.
- c) If Provincial mandated service levels change in any given year, either by increased downloading or reversing previous downloading back to the Province, Council will reflect these changes accordingly in the budget.
- d) If there is a change in the transfer of a service to and from the Township and the County, Council assesses the impact in the budgetary process.
- e) MPAC (Municipal Property Assessment Corporation) sets the assessed market values for properties in the municipality. Council adjusts the tax rate to reflect the average assessment increase or decrease on the portion of the tax bill under its direct control.
- f) Real assessment growth as opposed to reassessment changes will result in an increase in taxation.

Municipal Act Compliance

The municipality's fiscal policy adheres to the Municipal Act as follows:

- Section 285 (1) The fiscal year of the municipality and local boards is December 31 of any given year.
- Section 290 (1) The municipality is required to prepare and adopt an annual budget.
- Section 290 (1.1) In an election year, council cannot bind the next council by adopting the following year's budget.
- Section 290 (3) The municipality provides a balanced budget insuring that estimated revenues are equal to estimated expenditures.
- Section 290 (5) (a) (b) The municipality treats any operating surplus or deficit of the previous year as revenue or expenditure in the current year. The municipality's policy is to record the surplus/deficit in the tax stabilization account.
- Section 270 (1) The municipality is required to have a Procurement Policy with respect to the purchase of goods and services. By-Law 17-08.
- Ontario Regulation 284/09 under the Municipal Act states that in preparing a budget for a year, a municipality may exclude from the estimated expenses all or a portion of the following
 - i) amortization expenses;
 - ii) post-employment benefits expenses; and
 - iii) solid waste landfill closure and post-closure expenses.

The municipality shall, before adopting the budget for the year that excludes any of these aforementioned expenses:

- i) prepare a report about the excluded expenses; and
- ii) adopt the report by resolution.

The report shall contain:

- i) an estimate of the change in the accumulated surplus; and
- ii) an analysis of the estimated impact of the exclusion of these expenses on the future tangible capital asset financing requirements of the municipality.

Operating and Capital Budget Process

Budget making is a political process being the primary medium by which Council accounts to their electors.

Timelines

a) April – August

The Director of Public Works may conduct a roads tour throughout the municipality with members of Council.

The Director of Public Works or designate shall present information for inclusion in the following year's budget to Council on current and proposed road maintenance and capital projects. Capital budgets shall be prepared using a 10 year forecast.

In August of any given year, Council shall provide direction to municipal staff regarding any changes in levels of service required for the following year including any amendments to capital budget and that this information will be considered in the determination of the budget targets.

b) September - October

The Treasurer shall request operating and capital budget submissions from Public Works, Recreation, Fire, Administration, and Planning. The budget forecasts shall be submitted to the Treasurer no later than the end of October.

c) November

The Treasurer shall compile information into a draft budget for review with the CAO. There is no Budget Committee established within the municipality.

Non-Election Year

The first draft budget shall be submitted by the Treasurer to Council at the November Council meeting. If a working budget meeting is deemed necessary to review the draft budget further, it shall be scheduled after this meeting and prior to the Council meeting in December.

d) December

Non-Election Year

The Treasurer shall present a second draft budget to Council at the December Council meeting. Council shall further discuss the second draft budget and shall determine if additional changes are required.

Election Year

The first draft budget shall be submitted by the Treasurer to Council at the December Council meeting, which also is the inaugural meeting in an election year. If a working budget meeting is deemed necessary to review the draft budget further, it shall be scheduled after the December meeting and prior to the Council meeting in January.

e) January

Non-Election Year

The public shall be invited to attend a budget meeting in January that will be in conjunction with the regularly scheduled meeting to discuss the budget. Notification of public budget meetings shall be in accordance with By-Law 18 – 08, Section 60 (a) and (b) re Proceedings of Council. The draft budget shall be available one week in advance of the public meeting either at the Municipal Office and/or on the website in a PDF format.

The Mayor shall open the meeting to the public for questions and comments specifically on the budget at an appropriate time or times during the meeting. Each public member shall be recognized by the Mayor and will be required to give their name and address. All questions will be directed to the Mayor and/or Council member via the Mayor. The Mayor may redirect queries to municipal staff. As a result of the budget review and debate, Council shall direct the Treasurer and/or Department Heads to make the required changes. If no changes are required, Council shall adopt the new budget.

Election Year

The Treasurer shall present a second draft budget to Council at the Council meeting in January. Council shall further discuss the second draft budget and shall determine if additional changes are required.

f) February

Non-Election Year

If budget changes are required after the public meeting in January, the Treasurer shall prepare the final draft for the first Council meeting in February. Council shall adopt the budget at the first meeting in February.

Also, a report shall be adopted by resolution of Council that outlines the excluded expenses under Ontario Regulation 284/09. The budget shall subsequently be posted on the municipality's website and shall be available in hard copy at the Municipal offices. The municipality's fiscal year external audit for the previous calendar year shall be conducted shortly after the passing of the budget.

Election Year

The public shall be invited to attend a budget meeting in February that will be in conjunction with the regularly scheduled meeting to discuss the budget. Notification of public budget meeting shall be in accordance with By-Law 18 – 08, Section 60 (a) and (b) re Proceedings of Council. The draft budget shall be available one week in advance of the public meeting either at the Municipal Office and/or on the website in a PDF format.

The Mayor shall open the meeting to the public for questions and comments specifically on the budget at an appropriate time or times during the meeting. Each public member shall be recognized by the Mayor and will be required to give their name and address. All questions will be directed to the Mayor and/or Council member via the Mayor. The Mayor may redirect queries to municipal staff. As a result of the budget review and debate, Council shall direct the Treasurer and/or Department Heads to make the required changes. If no changes are required, Council shall adopt the new budget at the first meeting in February.

If budget changes are required after the public meeting in February, the Treasurer shall prepare the final draft for the second Council meeting in February. Council shall adopt the budget at the second meeting in February.

Also, a report shall be adopted by resolution of Council that outlines the excluded expenses under Ontario Regulation 284/09. The budget shall subsequently be posted on the municipality's website and shall be available in hard copy at the Municipal offices. The municipality's fiscal year external audit for the previous calendar year shall be conducted shortly after the passing of the budget.

g) January – December (Budget Year)

The Treasurer shall monitor the budget expenditures throughout the year and report to Council on a quarterly period basis any significant variances within predetermined threshold values.