

Committee of the Whole (2) Report

DATE: Tuesday, June 8, 2021

WARD(S): ALL

TITLE: OPERATING BUDGET POLICY

FROM:

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION: DECISION

Purpose

To seek approval of the City of Vaughan's Operating Budget Policy No. 12.C.11.

Report Highlights

- The purpose of the operating budget policy is to provide guiding principles and direction for the development and form of the operating budget.
- The policy allows for managing adverse and unanticipated situations through a transparent and accountable process that provides flexibility to respond to changes and risk while keeping Council and the public informed.
- The policy reflects the City's Financial Sustainability Guiding Principles and legislative requirements of the Municipal Act, 2001.

Recommendation

1. That the City of Vaughan's Operating Budget Policy No. 12.C.11 as contained in Attachment 1, be approved.

Background

Financial policies are a key element of sound fiscal administration.

Section 290 of The Municipal Act, 2001 sets out provisions for local municipalities and sets minimum requirements for budgeting.

- i. Local municipalities must adopt an operating budget annually that includes estimates of all sums required during the year for the purposes of the municipality. Council may adopt a budget in the year, or the immediately preceding year provided it is not an election year.
- ii. The budget must be balanced and set out the estimated revenues, including tax levy; estimated expenses for the year; and amounts to be paid into and out of reserves, sinking and retirement funds.

The Government Finance Officers Association (“GFOA”) recommends adopting operating budget policies aimed at achieving and maintaining a structurally balanced budget that is transparent and supports financial sustainability for multiple years into the future.

Previous Reports/Authority

Not applicable.

Analysis and Options

Operating budget policies are valuable because they outline a transparent budget process, and currently the City does not have a formal policy in place. The City of Vaughan’s (“City”) operating budget is a primary tool in the management of the City and enables the City to fulfill its commitment to service excellence in governance and fiscal responsibility.

A formalized comprehensive operating budget policy provides the governance and guidance to develop, manage, and administer the City’s operating budget. A formal policy provides for consistency, accountability, and quality control of the operating budget. The policy also serves to inform and to demonstrate to Council and residents that the City is committed to sound financial practices.

The operating budget policy provides the guiding principles and direction for developing the operating budget. It ensures budget development, management, and controls are consistent with relevant policies and promotes financial responsibility. This policy also provides the flexibility and guidance to respond to changes and unanticipated situations.

Financial Impact

There are no financial impacts directly associated with this report.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

Financial policies are central to a strategic, long-term approach to financial management. The operating budget policy is one of several basic financial policies that municipalities should consider adopting. Existing policies will continue to be reviewed and updated regularly as part of Long-Range Fiscal Planning.

For more information, please contact:

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Attachment

1. City of Vaughan Operating Budget Policy 12.C.11.

Prepared by

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Approved by



Michael Coroneos, Deputy City
Manager, Corporate Services
and Chief Financial Officer

Reviewed by



Jim Harnum, City Manager