

TOWNSHIP OF KING

DATE: July 11, 2011
TO: Committee of the Whole
FROM: Finance Department
SUBJECT: Finance Report FR-2011-17
2012 Budget Direction

1. RECOMMENDATIONS

The Finance Department respectfully submits the following recommendation:

- (a) Finance Report FR-2011-17 be received for information purposes; and
- (b) That Council approve the proposed timetable for the 2012 Budget & Business Plan.

2. PURPOSE

The purpose of this report is to provide an overview of the 2012 Budget & Business Plan process and proposed key milestones for budget development. The report also highlights some key budget pressures that are facing the Township in 2012 and seeks Council's approval of the timetable.

3. BACKGROUND AND ANALYSIS

The Township adopted a new budget process for 2011, which was aimed at providing decision makers, Members of Council, with more information (qualitative and quantitative) to ensure that an informed decision regarding the budget could be made. Staff is proposing to use the same process for the development of the 2012 Budget & Business Plan, namely as follows:

1) Department Business Plans:

The purpose of the department business plan is to provide consistent details about the responsibilities, activities, and outcomes provided by each department.

2) Base Operating Budgets:

The base operating budget is the annual spending plan for the Township's recurring expenses and the means of financing them. The base operating budget is the primary means by which most of the financing acquisitions, spending, and service delivery activities of the municipality are controlled.

The 2012 Base Operating budgets are to reflect the costs that are required to maintain existing programs and services.

3) Program Changes:

The purpose of a program change form is to provide detailed information regarding the need for a change in program direction or a change in staff. Departments requesting a change in program direction and/or new staffing for 2012 will be required to complete a Program Change.

4) Ten Year Capital Plan:

The ten year capital plan is comprised of the expenditures for the acquisition or repair and replacement of the tangible capital assets (TCA) of the municipality.

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- 5) **Public Open Houses:**
 Staff is proposing to hold three or four public open houses in mid-September to seek input from the public on the 2012 Budget & Business Plan. Further details regarding dates and locations will be communicated once they are finalized.
- 6) **Budget Tabled:**
 This refers to when the budget will be brought to Committee for them to commence deliberations. The 2012 Budget & Business plan is proposed to be tabled on Monday January 16, 2012.
- 7) **Budget Approved:**
 This refers to when final adoption/approval of the budget by Council is to occur. The 2012 Budget & Business Plan is proposed to be adopted/approved on Monday January 30, 2012.

2012 Budget & Business Plan Proposed Timelines

Action Item	Date
Budget Direction confirmed	July 11, 2011
Public Open Houses	Week of September 12 – 16, 2011
Budget Tabled – Committee of the Whole	January 16, 2012
Budget Adoption/Approval - Council	January 30, 2012

Staff has conducted a preliminary high level analysis on the forecasted tax levy budget pressures for 2012, which are outlined in the table below. This table is not intended to include all budget pressures, just those that are of significance to the Township in 2012.

2012 Forecasted Tax Levy Budget Pressures

Inflationary base increases (utilities, contract costs, etc.)	3.70%
Salary and benefits	1.12%
Debt repayment	(2.13%)
Contribution to capital projects (based on current 10 year capital plan):	
• Municipal Buildings/Libraries	5.50%
• Fleet & Equipment	7.96%
• Roads	37.00%
• Storm	2.27%
• Bridges	0.85%
• Culverts	0.71%
• Sidewalks	0.50%
• Holland Marsh (Roads & Bridges)	17.8%

The 2012 Budget pressures can be mitigated and/or reduced by such things as:

- Deferral/Prioritization of capital projects
- Assessment growth
- Funding from other levels of government

4. FINANCIAL IMPLICATIONS

There are no financial implications to the Township as a direct result of this report. However, the 2012 Budget & Business Plan will establish expenditures and funding for the provision of Township services. Confirmation/Approval of budget direction will ensure a streamlined and effective budget review process at both the staff and Committee/Council levels.

Prepared & Submitted by:

A handwritten signature in blue ink, appearing to read "Jeff Schmidt", is written over a horizontal line.

Jeff Schmidt, CGA, B.A.S.
Director of Finance & Treasurer