

2010 Budget Document Guidelines

The 2010 budget document has been presented in a format that integrates the current and capital budget story for each Regional program. Each program document reintroduces the 2009 services and service levels as well as provides a projected view to 2009 year end. The document continues to outline the additional cost required to provide the 2009 level of service in 2010 including adjustments for annualization and other economic factors. It then identifies any new initiatives that have been included in the 2010 budget having met the preset conditions that guided the budget development. The reporting on capital provides a continuity statement on approved capital projects in addition to the new capital being requested. The final appendix of the document outlines the outputs and outcomes both for the current year and the budget year that are tracked to measure performance and effectiveness of program deliverables

Budget Overview

The opening page of each of the budget documents provides a summary of the programs 2010 budget requirements. It outlines the service contract for the Current Budget, the Capital Budget and the Staff resources required to deliver these services. Included under each of the topics is a brief summary of the main drivers behind the resource requests.

- **Budget Summary** - Under this topic, a chart is displayed presenting the budget allocation for the current year, the projected year end financial position, the 2010 proposed budget, the per cent change between 2009 and 2010 budgets and the 2011 and 2012 forecasted budgets.
- **Service Level Contract for 2010** - The resources required for the 2010 budget are presented under this topic. Included are the Total and Net Budget requirements for the 2010 Current Budget, the 2010 Staffing needs and the 2010 Capital Budget requirements.

Section I. Existing Services and Service Levels

Budget development starts with the review of current resources and deliverables. This section of the document outlines the responsibilities and existing services that the Program provides. Included is a brief description of some of the key initiatives undertaken by each of the program areas in 2009.

Section II. Resources to Deliver 2009 Services

A review of the 2009 forecasted financial position guides budget decisions for 2010. This section outlines the financial and staffing resources that were required by the Program to provide services in 2009. Included in the discussion is the forecasted expenditure level to 2009 year end and an explanation of any variances.

Section III. Performance Measurement/Benchmarking

Performance Measurement and Benchmarking provide taxpayers with a comparative evaluation of service delivery and gives municipalities a tool to improve those services over time. This section of the document discusses some of the metrics that are tracked and evaluated against other municipalities in order to measure program delivery.

Section IV. 2010 Base Pressures

To continue supporting Regional programs at current service levels, the budgets for the delivery of these services will require increases in 2010. These figures appear in Appendix I. Under this heading the following factors are discussed.

- **Annualization:** These are the costs related to previously approved Council decisions.
- **Cost of living adjustments/Inflation:** Costs in this category are primarily related to inflationary pressures in the area of Salary and Wages which are due to cost of living and normal staff progression through the salary ranges and inflationary increases in the market place in acquiring services and supplies
- **Economic Factors:** The costs in this category are directly related to economic conditions. Costs that generally rise in poor economic conditions are those related to Social programs. Other areas that could be affected due to poor market conditions are revenue shortfalls.

Section V. Cost Mitigation through Efficiencies & Recoveries

To minimize the impact of increased costs for service delivery, programs identify areas where efficiencies can be realized. This section of the document highlights some of the costs that are mitigated through efficiencies or through recoveries (internal and/or external). These figures are itemized in Appendix I.

- **Efficiencies** – include cost increases that are lessened through efficiencies implemented within the department.
- **Recoveries** – include cost increases that are lessened through increased recoveries/revenue (both internal and/or external).

Section VI. Challenges & Emerging Trends

All programs face continuing challenges in meeting staffing requirements, in funding shortfalls, in mitigating utility cost increases and serving the needs of a growing community. Presented in this section are some of the challenges and emerging trends that are affecting program responsibilities and service delivery.

Section VII. 2010 Program Pressures - Current

The 2010 Program pressures to deliver the Current Budget are discussed under the following headings in Appendix I:

- **Growth** - increased demand (i.e. due to population growth) required to provide the same service level as 2009. Some of these factors as they pertain to each program are presented under this heading.
- **Service Demand** – such as service level enhancements or new services required to support program delivery based on Council/Community needs. The resources required to meet these needs are discussed in this section of the document.
- **Subsidy Changes** - Some program budgets are largely funded by subsidies received from various levels of government. This section focuses on the changes in and expected levels of these subsidies for the 2010 fiscal year.

2010 Budget Document Guidelines

- **Other Pressures** - Programs face many challenges in maintaining service levels. This section of the document focuses on some of the other areas of pressure that affect service delivery, such as increased reserve contributions to support the Capital plan.

Some additional information under the following topics may be included:

Staffing - Acquiring and sustaining staff complement is an integral part of program delivery and budget development. Presented in this section is the current staffing complement and changes in staffing requirements for 2010 budget needs.

User Fees - Wherever practical, user fees are charged for services provided. User fees are based on the true cost of the delivery of that service.

Section VIII. New Initiatives – Current

As part of the current budget development staff identify additional resources that the programs require to continue to meet community needs and comply with legislative standards. This section identifies the new initiatives that have been included in the 2010 Current Budget request.

Section IX. 2010 Program Pressures – Capital

As part of budget development each program identifies the program's capital requirements. This section of the document provides the go forward numbers on existing projects and identifies new capital initiatives for the 2010 budget cycle.

The new projects for 2010 Budget are listed in Appendix III and the 10 year plan is presented in Appendix IV.

Section X. Future Outlook

The 2010 Summary discusses the current budget position as well as forecasts future program needs. It also highlights some of the current outputs/outcomes and provides targets for these metrics into the coming year.

Future Outlook - This section addresses the needs for current and capital budgets. The current budget is presented with the requirements for the budget year with a forecast for next two years. The capital budget is presented for the budget year with a projection for the next nine years. There is also some discussion regarding major challenges and projects for the forecasted future.

Section XI. Pressures not included in 2010 Budget

To meet financial guidelines some initiatives are delayed or postponed. This section describes some of the initiatives that fall into this category.

Appendices

Appendix I. 2010 Current Pressures: This appendix itemizes the changes to the 2009 base budget and the new pressures for 2010 that have been included in the 2010 budget.

- The development of the 2010 base budget starts with the adjustment of the 2009 budget to maintain 2009 service levels as discussed in Sections IV and V.

2010 Budget Document Guidelines

- The second component in developing the 2010 budget is to address the new initiatives the program is facing as outlined in Section VIII. Both these factors are totalled to arrive at the 2010 Recommended Cost of Service.
- Total Expenditure is calculated by taking the program's Gross cost, adding internal charges and deducting internal recoveries.
- Net Cost is calculated by taking the program's Total Expenditure, deducting all external recoveries. (i.e. Grants & Subsidies, Fees & Charges, Supplementary Taxes, Reserve Contributions) to arrive at the property tax levy.

Appendix II. 2010 Capital Overview: This appendix provides a continuity statement for capital activity, which includes 2009 current projects, expected 2009 expenditures, 2009 in-year changes and the addition of the new 2010 Capital Budget. It also includes comments on any changes in funding that have been included in the 2010 plan and a chart tracking yearly expenditures and future expected cash flows.

- The first section of this appendix provides the continuity statement of capital activity, beginning with the opening carry forward balance as at December 31, 2008, adding to it the 2009 plan, adjusting for actual activity including in-year changes and closeouts to arrive at the ending balance for December 31, 2009. Added to this is the proposed 2010 Capital Budget for both new projects and existing projects. The next section provides a forecast of expected expenditures that will occur during 2010 to arrive at the projected balance at December 31, 2010.
Capital Budget - consists of the full cost being requested each year by Council.
Cash Flow – consists of an estimate of the spending that will occur on approved capital projects. Depending upon the capital project, the budget may be spent over one or more years. Cash flow captures the spending by year.
- Provided in the second section of this appendix are the funding changes that have been included in the development of the 2010 Capital Budget. (i.e. good news story: more external resources).
- The third chart graphs the cash flow (actual capital spending) for several years and forecasts the anticipated capital spending for 2009, 2010 and 2011.

Appendix III. 2010 New Capital Detail: This appendix provides the detail of the 2010 Capital Budget. Included in the detail is the Project Number, the Project Description, Ward, Total Expense, and the Source of Funds; External (funded by an external body), Internal (Reserves), or DC (Development Charges). Projects identified by an "A" will proceed to Council for approval and those identified with "P" require further review and a subsequent Council Report before proceeding. Information is discussed in Section IX.

Appendix IV. Ten Year Capital Plan: This appendix provides the detail of the program's Ten Year Capital Plan for the program. Funding requirements are displayed in detail for the first five years and years 6 -10 are aggregated. Information is discussed in Section IX.

Appendix V. Outputs/Outcomes Measures: As part of the yearly budget development each department identifies key outputs and outcomes that are tracked in order to measure performance and service effectiveness. These outputs and outcomes are specific, measurable and result-oriented. A chart of these measures with the expected results for 2009 and the measures that will be tracked in 2010 is provided in Appendix V.