

POLICY

POLICY STATEMENT

The financial policies framework is a high-level document appropriate for Council and residents who are interested in financial matters. It provides a framework for City staff, consisting of guiding principles, targets and accountability for addressing financial elements in the development of financial policies. Staff will have more detailed and prescriptive policies (i.e. debt and capital leasing policy, and investment policy) and targets for internal management purposes. In some instances, Council will approve these detailed statements of policy.

PURPOSE/APPLICATION

The goal of the Financial Policies Framework is to place the City of Barrie's finances on a sound and sustainable footing so that financial, service and infrastructure standards can be met without resorting to unplanned or excessive increases in rates or disruptive cuts in services. The following key principles apply to all decisions:

Principle	Meaning
Respect for the taxpayer	- Constant search for excellence and value with due regard to economy, efficiency and effectiveness. Programs subject to periodic internal and external review - A City that lives within its means with predictable tax levels. - Fair and equitable treatment by other orders of government
Maintain and enhance the City's financial condition	- Sufficient revenues are raised to fund operations, while maintaining appropriate levels of debt and equity - Liabilities arising out of current operations fully funded by current taxpayers and user ratepayers
Maintain assets	Physical assets are maintained/replaced using models of best economy
Look ahead and deal with contingencies	- Financial decisions based on a multi-year forecast - Equity (reserves) provides flexibility to respond to economic cycles and manage financial risk - Prudence and flexibility built into the budget - Deal with financial issues with permanent solutions
Borrow only for substantial long-term assets at affordable levels	- Debt used for specified capital programs at levels affordable to taxpayers and user ratepayers - Credit ratings sustained and/or improved
Diversify revenues	"User pay" is an operating principle considered for all program areas; recovery rates are research-based - Identify new funding sources/financing methods that maintain or enhance the City's financial sustainability
Cautious investor	Invests cash balances only in high-grade securities and to the extent that does not result in short-term borrowing or bank overdraft situations
Short- and long-term financial plans respect the financial policies framework	Budget directions and the long-range financial plan respect the financial policies framework



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Principle	Meaning
	▪ Report on financial condition and performance relative to the framework on an annual basis
Pursue innovation	▪ Continuously find efficiency and quality improvements in the way we manage and deliver services

DEFINITIONS

For the purpose of this policy, the following financial elements are considered and defined in each respective section under the Specific Policy Requirements heading.

Growth and development
Strategic initiatives and enhancements
Debt Management
Investments
Operating surplus/deficit
Budgeting
Revenues - user fees and service charges
Revenues - property taxation
Revenues – nonrecurring revenues
Program review
Financial position
Reserve/Reserve Fund Management
Capital Project Financial Control Policy

SPECIFIC POLICY REQUIREMENTS



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Growth and Development

Growth includes capital projects and operating costs related to the economic maturity and expansion within the City. The Development Charges Act permits the City to fund the eligible percentage of the growth portion of new infrastructure required to support new development from a charge levied at the building permit stage. This infrastructure must be maintained by the city, resulting in the need for an increased operating budget. While new residents bring in more taxation, they also participate in City programs, resulting in increased costs to maintain the same standard of service.

Guiding Principles:

- Asset acquisitions and construction are subject to a cost and benefit analysis that considers initial and lifecycle expenditures and alternative financing arrangements
- The Development Charge (DC) Bylaw will be used to recover the costs of growth to the full extent permitted by legislation (thereby minimizing the financial burden of the costs of growth on existing residents)
- Growth projects are undertaken as DC's are collected, consistent with the DC Background Study. Certain projects can proceed in advance of collection of DC's subject to the availability of funds/financing
- Other methods will be explored with developers/others to fund growth related projects that are not eligible for development charges
- Official Plan discussion about options to expand the urban boundary should include the projected impact on the operating budget and capital budget as well as an estimate of property tax revenue
- The Capital Contributions Reserve is to be funded by landowner capital contributions collected under the Salem/Hewitt's Memorandum of Understanding (MOU) signed in 2014, and the reserve will be used to fund the growth related as prescribed in the MoU.

Targets

- DC's to be applied to the full extent permitted by legislation
- On a consolidated basis, the DC Reserve Funds must maintain a positive balance
- The cost associated with growth included in the operating budget will be identified and compared to new assessment generated by growth with impacts to existing taxpayers quantified where possible.
- The cost associated with development charge discounts will be identified and reported
- The cost impact of growth will be identified and quantified in the operating budget

Accountability

- Status of Development Charge accounts reported by the Director of Finance annually to Council and the Province
- The cost of growth will be reported as part of the City's Business Plan and Budget
- The Director of Finance will provide the multi-year cash flows for DC Reserve Funds as part of the annual Business Plan.
- The Director of Finance will annually provide a statement regarding compliance with the application of development charges according to the Development Charges Act and Bill 73.

Strategic Initiatives and Enhancements



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Strategic Initiatives include capital projects and additional operating requirements that enhance the quality of life in the City, respond to changes in demand for services, enable organizational efficiency, or are required because of senior levels of government regulation. These items are not related to growth, nor are they required to maintain existing assets or programs. Council will establish its priorities for strategic initiatives and enhancements at the beginning of its term.

Guiding Principles

- Capital strategic initiatives will be advanced based on their priority as established by Council over a multi-year timeframe
- Dedicated sources of funding, such as the Reinvestment Reserve or funding from other levels of government, are to be considered as the first source of financing for strategic initiatives (relative fairness in funding from other levels of government will be sought)
- Council will assess asset management status and the sustainability of City finances when considering strategic initiatives and enhancements
- Identification and analysis of the impact of future operating cost should be completed
- Strategic initiatives and enhancements are highlighted in budget documents

Targets

- No target is set for strategic initiatives and enhancements, other than the general financial limitations.

Accountability

- Strategic initiatives and their sources of funding to be specifically identified in the operating and capital budget



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Debt

The City created the [Capital Financing and Debt Management Policy](#) in March of 2018, which establishes objectives, standards of care, authorized financing instruments, reporting requirements, and responsibilities for the prudent financing of the Municipality's operating and infrastructure needs. The Guiding Principles below give a high-level overview of this policy, with the Target section providing previous Council direction.

Guiding Principles

- Adhere to statutory requirements – this includes, but is not limited to requirements stipulated under the Municipal Act, such as long-term debt can only be used to finance capital assets; the term of the debt must be equal to or less than the life of the asset subject to a maximum of 40 years; and total annual financing charges cannot exceed the Annual Repayment Limit or Council's approved limit of 20%
- Maintain a Superior Credit Rating
- Ensure Long Term Financial Flexibility
- Limit Financial Risk Exposure
- Minimize long-term cost of financing
- Standard of Care – All officers and employees responsible for capital financing and debt activities will abide by the Corporation's Code of Conduct and if they do not have sufficient knowledge to prudently evaluate standard financing transactions, will obtain outside advice.

Targets

- Principal and interest must not exceed 20% of own source revenues
- When new debt is issued, 50% of the annual debt charges must be included in the current year budget.
- Short-term borrowing is not to be used for longer than three years for any given construction project or asset acquisition.
- The total debt outstanding will be less than 120% of own source revenues, in accordance with the credit rating agency's suggested target.
- DC supported debt outstanding not to exceed 25% of the DC eligible costs for the forecast period of the latest DC Background Study

Accountability

- Council authorizes new debt financing with the annual capital budget or through subsequent amendments as approved by Council.
- Director of Finance determines short-term borrowing needs and reports to Council annually on any balance and its use.
- The Director of Finance will seek Council approval on new debt prior to works being formally undertaken and will advise Council of issuance of debt when it is being undertaken.
- The Director of Finance will include in the Annual Staff Report associated with the Business Plan and Budget, a review of debt against the targets.
- The Director of Finance will report to Council on the implications of financing decisions affecting the City's Annual Repayment Limit as required under the Municipal Act.



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Investments

The City created an [Investment Policy Statement](#) in collaboration with the Investment Board, which was approved by City Council. A high-level overview of the policy is included here, but consult the Policy for more specific details.

Guiding Principles

- Governance: In accordance with section 418 (1) of the Municipal Act, in investing money the City must exercise the care, skill, diligence and judgment, including obtaining advice, that a prudent investor would exercise in making such an investment
- Investment Principles: Portfolios will be consistent with the Prudent Investor Standard and Modern Portfolio Theory
- Investment Objective: to incorporate industry best practices to ensure that financial assets are invested in a prudent manner and increase the likelihood that such assets will meet financial obligations as they come due
- Asset Mix: The Investment Board, as per O. Reg. 43/18, should consider the expected correlation of asset returns and expected volatility of returns to determine an Asset Allocation with appropriate diversification and sufficient expected return to satisfy the investment objectives of the Capital and Growth funds
- Investment Funds: three portfolios will be established to meet investment objectives; an Operating Fund (for daily cash flow needs); a Capital fund (to meet cash flow requirement within a 5 year horizon) and a Growth Fund (for longer term growth requirements)

Targets

- Performance measurement standards will adhere to the time-weighted methodology recommended by CFA Institute as part of its Global Investment Performance Standards. Rates of return will include all realized and unrealized capital gains and losses plus income from all sources. For purposes of evaluating the performance, all market rates of return are evaluated over moving four-year periods with returns being calculated on a quarterly basis

Accountability

- The Director of Finance will provide an annual report with a schedule of investments at year-end and the rate of return for investments maturing during the year.



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Operating Surplus/Deficit

Ontario municipalities may not budget an operating deficit. Any operating surplus in any given year is allocated to reserves to ensure target levels are achieved with any amounts above the defined maximum subject to Council direction for disposition. Operating deficits, if not funded from other sources within the year, become the first item of taxation in the subsequent year. Staff report quarterly to Council on the status of spending against budget and provide forecasts at the third quarter, identifying any actions that may be required to eliminate a potential deficit.

Guiding Principles

- An operating deficit is funded by the Tax Rate Stabilization Reserve,
- Surpluses are allocated to reserves in accordance with the Reserve/Reserve Fund Management Policy
- Notwithstanding the Reserve/Reserve Fund Management Policy, surpluses not required to meet the rate stabilization reserve balance target will be allocated to the Capital Reserves following any Council approved appropriations.
- Department staff to respect and manage a global budget (higher than expected spending in one area is first offset by savings in another)

Targets

- Forecast of year end results provided to Council with the third quarterly report

Accountability

- The disposition of a prior year surplus or deficit is reported annually to Council by the Director of Finance
- Director of Finance to issue quarterly reports on finances with comparisons of actual year to budget and previous year



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Budgeting

Council is required to approve a balanced budget each calendar year that must be finalized and approved before final property tax bills can be issued. Included in the operating budget is a forecast for the annual budgets for the remaining term of Council. Assumptions and their associated risks are disclosed in the budget. Council also approves a capital budget that identifies the projects that will be undertaken during the year, how they will be funded, a forecast of projects that will proceed within the term of Council and a 10-year outlook. Capital and operating spending against budget is reported quarterly with adjustments identified throughout the year.

Guiding Principles

- The budget utilizes an outcome-based budgeting format and reflects the City's business plan
- Financing plans for the City's budget reflect the City's long term financial plan and will not produce material variances to "base case" targets.
- The long-term financial plan will take into account long term growth related impacts, new and capital infrastructure maintenance requirements and the operating costs relating to additional capital infrastructure.
- Respect for the taxpayer through a commitment to continuous improvement and a high regard for economy, efficiency and effectiveness
- Budget guidelines will incorporate relevant economic factors and be specific enough to reflect the financial impact of continuing existing services i.e., impacts arising from new labour agreements, anticipated increases in commodity pricing
- Recurring expenditures are to be financed from recurring sources of revenue
- One-time, non-recurring expenditures can be financed, if necessary, from Tax Rate Stabilization Reserves
- The operating budget is to be segmented by:
 - Water, Wastewater and Parking Rate supported;
 - Tax rate supported
- For each budget, Council will consider a range of program eliminations, reductions, efficiencies and enhancements
- If program costs must be constrained, then costs savings will be identified with a focus on the highest savings and the least impact to service levels. All vacant positions should undergo an evaluation to determine if the position can be permanently eliminated through internal restructuring
- Capital budget preparation will consider Council's strategic goals, use a risk-based approach to project selection identifying the City's most critical needs, and consider the master plans, infrastructure implementation plans and availability of financial and staff resources.
- The budget will be presented on a functional basis with operating and capital components shown separately
- Any contributions required from the tax operating budget to fund capital requirements will be budgeted as a transfer to the Tax Capital Reserve
- Input from all stakeholders, including the public should be encouraged during the budget preparation cycle



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- Key service usage and performance statistics will be maintained and benchmarked where possible to highlight specific service areas where an increased level of funding and support may be required to maintain acceptable service levels and to identify opportunities for improvement.

Targets

- Taxes levied for municipal purposes, based on an average dwelling value, not to exceed 4% of average household income.
- Average water and wastewater costs as a percentage of household income not to exceed 2.5%. Financial condition measures of flexibility, vulnerability and sustainability in the Long Range Financial Plan will be used to ensure the long term financial health and sustainability of the City as recommended by the Public Sector Accounting Board (PSAB)
- Quantify growth related revenues and expenditures and identify funding shortfalls where possible
- The Long Range Financial Plan should be updated at least every four years, preferably at each new Council

Accountability

- The Director of Finance to comment on spending relative to budget and the prior year in the quarterly reports
- The Director of Finance to comment on the progress of all authorized capital projects including an assessment of approximate completion.
- Budget documents and the Annual Staff Report associated with the Business Plan and Budget to reveal extent of Council control over various categories of expenses
- The Annual Staff Report associated with the Business Plan and Budget will include an analysis of budget to actual (operating and capital) as well as explanations for the differences

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Revenues – User fees and service charges

Funding of municipal services that benefit defined users shall be accomplished by collecting fees and service charges that are at or approaching full cost recovery.

Guiding Principles

- User fees should be used as a full cost recovery mechanism for services that are provided for the benefit of individuals rather than for the community as a whole and particularly where the use of the municipal service is discretionary to the user.
- Objective criteria is used to determine where user fees apply, and for the range of fees to be applied
- Recovery rates for services consider:
 - Operating and capital costs including an allocation of corporate overhead;
 - Incorporation of an asset renewal or replacement charge
 - Extent of private, commercial and community benefit (note: community benefit includes environmental considerations)
 - Use of service by non-residents (not including tourists);
 - Rates for commercially available services
 - Impact of changing user fees on demand
- Service fees implemented where individual beneficiaries of the service can be identified
- Fees subject to periodic study and review
- Programs to mitigate the impact of fees on specific users should be adjusted in accordance with fees
- Changes in user fees to be transparent and to occur in conjunction with annual operating budget process and Council deliberations.

Targets

- Capital and operating costs for water, wastewater and parking operations to be 100 per cent recovered by fees (includes associated development charges)
- All other services that have user fees will recover a percentage of cost that reflects Council's decisions about an appropriate level of cost recovery after considering the extent to which:
 - A service provides a private or commercial benefit,
 - A service is routinely supplied to non-residents, or
 - A service provides a community or common good
- User fees and service charges will be updated annually and reported as part of the City's Business Plan and Budget

Accountability

- Report on user fees and recoveries to be published on an annual basis by the Director of Finance



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Revenues – Property taxation

Property taxes are calculated utilizing assessment of property values provided by the Municipal Property Assessment Corporation (MPAC) on an annual basis multiplied by a rate determined for each property class in effect (e.g. residential, commercial, industrial) sufficient to raise required revenues to support planned capital and operating expenditures net of all other revenue sources including payments made in lieu of taxes by senior governments and their agencies.

Guiding Principles:

- Tax levels adequate to fund/protect the City's:
 - Financial condition;
 - Investment in infrastructure;
 - On-going expenditures (including those of local Boards) ; and
 - Liabilities incurred
- Affordability is assessed by:
 - the overall level of revenue required to finance the City's needs relative to other comparable Ontario cities
 - the typical cost of property taxes as a percentage of household income
- To the extent possible, the burden of property taxes is to be reduced by diversifying revenue sources, such as user fees
- Adequate consideration given to tax relief programs for disabled and senior citizens to be included where feasible and in accordance with provincial legislation
- Capping protection for properties not being taxed at full current value assessment be funded from properties in the same tax class that would otherwise have a tax decrease by clawing back sufficient amounts such that the impact to residential taxpayer is eliminated or minimized (i.e. industrial pays for industrial, commercial pays for commercial, multi-residential pays for multi-residential).

Targets

- Council will establish directions for staff at the beginning of the budget development process that generally describe, among other details, the level of taxation it deems to be acceptable
- Tax increases for all municipal services will be based on the requirements to maintain existing levels of services and proposed service level changes as well as long range financial planning strategies. Boards and agencies will follow the City's budget directions, subject to further information from them that supports a different increase

Accountability

- Municipal tax bills will provide details about the components of City spending and changes in tax levels from previous periods
- Special levies will be identified separately
- The Director of Finance will comment in the City's Business Plan and Budget on the City's financial condition

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Revenues – Non-recurring Revenues

From time to time, senior governments may provide funding to municipalities that is for a specified purpose (like an infrastructure project) or that is available only for a specified period (usually one year). Similarly, a municipality may receive a financial gain when it sells an asset or enjoy a “windfall” as a result of some unique transactions or events. The nature of these nonrecurring revenues can vary significantly, but overall a municipality has little control over the amount, timing or conditions associated with receiving them. Careful attention needs to be paid to ensure ongoing government operations don’t rely on these types of revenues for support, or shortfalls will inevitably occur that put upward pressure on property taxes and/or user fees.

Guiding Principles:

- Non-recurring revenues will only be used for non-recurring expenditures or to replenish any reserve or reserve fund. Nonrecurring expenditures include studies, investment in tangible capital assets, land and other one-time expenditures.
- The City will not budget for non-recurring revenues except in the case of capital projects where there is reasonable expectation that the grant revenue will be realized and in these instances Council will be kept informed of the status of the grant.
- The availability of funding from senior governments must be assessed in the context of the long-term financial implications associated with receiving it
- Reimbursements, grants or other similar payment for the purchase/construction of tangible capital assets will first be used to reduce the amount of debt financing required or, if that is not possible, be placed in a reserve to begin saving money for its eventual replacement

Targets

- Non-recurring revenues will only be used to fund the purchase or construction of tangible capital assets, subject to an analysis of the ongoing cost implications of doing so that indicates the assets can be properly maintained and operated
- Proceeds from the sale of assets will be placed in an appropriate reserve

Accountability

- The Director of Finance will report the level and source of non-recurring revenues received each year in the City’s Annual Staff Report associated with the Business Plan and Budget



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Program and Services Review

All programs and services are subject to periodic internal and external review. Staff report to Council on performance against pre-determined standards on a quarterly basis.

Guiding Principles

- Each municipal department will prepare annual business plans prior to developing their budget that clearly describe the relationship between resources, services and service levels
- Executive Management Team will appear before General Committee once every year at budget approval stage to:
 - Review established service-level standards
 - Review department performance with respect to established outcome-based performance measures
- All departments are subject to periodic external and/or internal program review
- Investments in government business enterprises are subject to periodic review to consider public policy mandate and performance
- Barrie is committed to outcome based performance management

Targets

- Every department will produce data that facilitates a consistent understanding among Council, staff and interested members of the public about the use of resources included in the base operating budget
- Unit cost data will be developed to assess the continued sufficiency and appropriateness of base budget levels, identify productivity improvements and cost saving opportunities
- Managers' individual performance appraisals will include an assessment of their ability to use data for identifying, managing and reporting information about the resources under their control

Accountability

- Quarterly performance reporting (excluding 1Q) to be produced incorporating data from all departments
- All Directors to produce Performance Plans in the City's annual Business Plan and Budget that are supported by departmental work plans and follow corporate standards



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Reserve/Reserve Fund Management

Reserves and reserves funds are a critical component of the City's long range financial planning. They are used to provide tax rate and user rate stability by smoothing the effect of variable or unanticipated expenditures or revenues, to provide funding for one time or short term requirements, to provide for future replacement or acquisition of capital assets and to provide the flexibility to manage debt within the City's Debt Policy.

A reserve is established by Council for a specific purpose but the funds do not relate to any particular asset and there is no requirement for the reserves to earn interest. Reserves are created either through a planned contribution established in the budget process or through the transfer of unspent funds at the end of a year. Any transfer of unspent funds at year end must be authorized by Council. A reserve fund is similar to a reserve except that the reserve fund assets are segregated and restricted to meet the purpose of the reserve fund. There are two types of reserve funds; obligatory and discretionary reserve funds. Obligatory reserve funds must be created whenever a statute requires revenue received for special purposes be segregated from the general revenues of the municipality i.e. Development Charges. Discretionary reserve funds are established through a by-law of Council for a specific purpose. Investment income generated by reserve funds must be accumulated in the reserve fund and accounted for as part of it.

Guiding Principles

- The Capital Reserves are to be used for the replacement, renewal or rehabilitation of capital assets. The Rate Stabilization Reserves are to be utilized to provide rate stability by smoothing the effect of variable or unanticipated expenditures or revenues and to provide funding for one time or short term requirements.
- The City determines future capital reserve requirements based on the stock of its tangible capital assets, condition assessment, lifecycle costing and a calculation of its asset consumption ratio.
- All reserves and reserve funds will be supported by a financial plan identifying contribution sources and projected disbursements required to meet their planned future obligations, which are reviewed annually in conjunction with the Business Plan process.

Targets

- The annual contribution from the operating budget to the Landfill Closure Reserve be increased by 10% until the estimated landfill closure date of 2035.
- The Reinvestment Reserve will be funded by a minimum of 80 percent of the dividends received from Barrie Hydro Holdings Inc, to a maximum year-end balance of \$10 million, and the Reserve be used to fund projects and initiatives deemed to have significant strategic and/or community benefit.
- The existing Dedicated Infrastructure Renewal Fund contribution will be maintained at 1% from 2023 until the infrastructure gap has lowered to fall within a range of 10-20%. The infrastructure gap will be reported to council annually.
- Annual tax and user rate supported operating surpluses be allocated by transferring 30% to the Tax Rate Stabilization Reserve and 70% to the Tax Capital Reserve.
- A target range of 5-10% of total own source revenues be maintained in the Tax Rate, Water and Wastewater Stabilization Reserves.



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- Maintain a minimum threshold cash balance in the Tax Capital Reserves, equivalent to one year's worth of the 5 year average of the non-growth tax-supported capital expenditure requirements. This ensures that one year of tax based funding is available in reserves to maintain liquidity.
- A development charge adequacy test will be prepared and presented to Council and if the adequacy test shows that DC rates are more than 20% below the rate needed to fully fund eligible expenditures, a new Development Charges Study be prepared.
- Reserve funds will be maintained according to any applicable legislation i.e. Development Charges Act.
- Spending from any Program Specific Reserves/Reserve Funds in any one year not to exceed the uncommitted balance in the reserve fund at the end of the preceding year.

Accountability

- The Director of Finance will report annually on the status of the City's reserves and reserve funds and the future demands associated with each.



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Capital Project Financial Control Policy

Council is required to approve a Capital Plan each year which includes the Capital Budget and the Capital Forecast. The Capital Budget includes capital projects approved for expenditure with related funding sources. The Capital Budget may include Capital Projects or Project Phases that extend over multiple years. In these instances a Capital Spending Plan will also be submitted for approval which represents the annual cash flow projection for each Capital Project. The Capital Forecast represents the projection of expenditures and financing sources that are not included in the Capital Budget but are planned over the next nine years. A Capital Project Status Staff Report will be prepared semi-annually to report on the status of projects and address any additional funding adjustments required to complete the approved projects. Quarterly financial variance reports will report spending plan variances.

Guiding Principles

- The current, approved Capital Budget includes all of the capital projects eligible for funding.
- Except for Extraordinary Circumstance purchases made in accordance with the provisions of the Procurement By-law, work that is not part of an approved capital project budget may not proceed without prior approval from Council.
- Holding Accounts will be established to serve as a funding source when a capital project's costs exceed its budget by no more than the lesser of 10% of the capital project's approved budget or \$500,000. Previous use of the holding accounts to fund a project's excess must be added to current use of the holding accounts to calculate the limit of excess over budget in aggregate.
- Aggregate funding requirements that exceed the lesser of 10% of the capital project's approved budget or \$500,000 require Council approval.
- The Finance Department has responsibility for managing Holding Accounts. A Holding Account is funded, up to a prescribed limit, via savings from other capital projects.
- Expenditures for a Capital Project may be incurred or committed only up to the limit approved by Council, subject to the materiality threshold described in this policy.
- A Capital Project will be closed if any of the following criteria are met:
 - Project completed at or under budget
 - Project deleted or deferred in order to finance a new project or to fund over-expenditures in other projects and such deletion or deferral has been approved by Council
 - Project completed over budget and a report recommending a funding source for the over-expenditure has been approved by Council
 - There has been no activity for 18 months
 - There is a substantive change in the nature or scope of the project compared to what was originally approved by Council
- When an incomplete or inactive capital project has been closed funding will be returned to source.

Targets

- Completion of Capital Project in accordance with the Capital Plan
- Completion of Capital Projects within 10% or \$500,000 of the Capital Project Budget, whichever is lesser
- Capital Project variances within 10% or \$500,000 (whichever is lesser) are to be funded from Holding Accounts established by project savings from other Capital Projects.



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- Holding accounts and respective target balances will be maintained as follows and reviewed annually:
 - Tax Rate Holding Account \$3,000,000
 - Water Rate Holding Account \$1,000,000
 - Wastewater Rate Holding Account \$1,000,000
 - Parking Rate Holding Account \$ 100,000

Accountability

- The semi-annual variance reports prepared for Council will provide the status of the Capital Spending Plan.
- Staff assigned responsibility for managing capital projects must monitor progress and costs to ensure anticipated over-expenditures are reported to the responsible Department Head as soon as the potential for over-expenditure is identified.
- A semi-annual report will be prepared for Council to:
 - Identify Capital Project Status
 - Report on any anticipated over expenditures that either exceed the materiality threshold or for which insufficient funding exists in the appropriate Holding Account with related financing adjustment recommendations
 - Report on the deferral or closure of projects to either finance new projects or to fund over-expenditures in other projects
 - Address substantive changes in the nature or scope of a Capital Project
 - Recommend the closure of capital accounts and recommend the treatment of project savings and to recommend financing plans for over-expenditures exceeding the materiality threshold.

LIMITATIONS

More prescriptive policies may exist outside this framework, as this framework provides guidelines and targets for use when making financial decisions.

RESPONSIBILITIES

City staff are responsible for:

- Observing the guiding principles when making financial decisions, and
- Working towards or maintaining established targets as defined.

REFERENCES AND RELATED POLICIES/DOCUMENTS

2017 Financial Condition Assessment
Long Range Financial Plan 2017-2021

DEPARTMENT CONTACT

Director of Finance and Treasurer, Craig Millar x5130
Senior Manager of Corporate Finance and Investment, Craig Gillespie x5347