



City of
Peterborough

Appendix A - Report PPL16-029

To: See Distribution List

From: Bill McDougall, Budget and Operations Analyst

Date: April 4, 2016

Subject: 2017 Budget Information Memo and Completion Instructions

The 2017 Budget Packages are being distributed to Department Directors on April 4, 2016. This memo provides some key dates and other information you will need to complete the 2017 Budget.

Financial Services staff will be preparing a report for Budget Committee in June to seek direction on a guideline target for the 2017 Budget. It is anticipated that the guideline amount will be very close to the level of inflation. Meanwhile, the process of completing the budget must begin to enable staff to meet the deadlines necessary to have a 2017 Budget approved prior to the end of 2016.

The full Draft 2017 Budget Timetable is attached as Appendix A. Submission deadlines are shown in Appendix A and are summarized in Chart 1:

Chart 1**2017 Budget Forms Submission Deadlines**

Date	Forms/Tasks	Department
Friday, April 22, 2016	Staffing Allocation changes	All Departments
	Form 10 2017 Budget Request for IT Resources	All Departments
	Form 12 Capital Project Initiation Form	All Departments
Friday, April 29, 2016	Budgets promoted to Financial Services	Council/CAO (excluding Fire)/Corporate Services (excluding IT)/Legal Services
Friday, May 20, 2016	Budgets promoted to Financial Services	Fire Services/Community Services/USD/Planning & Development Services
Tuesday, May 31, 2016	Budgets promoted to Financial Services	IT

Questica Budget Software

As a reminder, budget information previously captured on the following Forms is now being captured **within** the Questica software:

Form 1 – Division/Activity narrative (including charts/maps)
 Form 2 – Budget amounts
 Forms 3, 4, 5 - Salary and wages (completed by Financial Services)
 Form 7 – Conferences and Conventions
 Form 8 - Memberships and Subscriptions
 Form 9 – Training

Information **not** captured within Questica is to be completed on the Forms saved on the O:\Budget drive and include:

Work Programs
 Form 6 – User Fees
 Form 10 - Information Technology Resources
 Form 11 – New Position Justification Table
 Form 12 - Information Technology Project Initiation/Budget Request Form
 Form 13 (a) – Operating Expenses Below the Line
 Form 13 (b) – Capital Expenses Below the Line

2017 Budget Preparation Guidelines

The CAO and Directors have agreed to the following for the 2017 Budget Preparation:

- ☐ The Highlights Section of the 2017 Operating Form 1 will be the source of much of the information printed in the 2017 Budget Highlights Book for each area covered by a Form 1 and therefore should **be limited to explaining major dollar variances from 2016 to 2017**. Form 1s should not list work program items accomplished in 2016 or what your planned work program items will be for 2017.
- ☐ The 2017 Operating Budget should be presented whereby existing levels of service are maintained, legislated enhancements are reflected, costs are adjusted for inflationary factors, and corporate revenues are adjusted as required. Only Council approved enhancements to levels of services, or enhancements approved to be included in the Draft 2017 Budget, should be incorporated. **No other service enhancements of any kind are to be included in your initial 2017 budgets.**

Service level enhancements that you wish to identify may be summarized and included on Form 13 (a) "Operating Expenses Below the Line". Approval may be granted during the CAO or Director's review stages to include those enhancements identified in the Draft Budget.

Service level enhancements that have not been approved will be summarized and included in the 2017 Budget Highlights Book as "Operating Expenses Below the Line".

- ☐ Inflationary adjustments in areas other than staffing can be included in your initial 2017 budgets. However, try to find offsets in other areas of your budget by looking at actuals for previous years. Do not assume the same expenditure level as previous years if actual costs, or 2016 costs, are estimated to be less than budget. The 2016 Provincial budget contained a CPI forecast of 2.0% for 2017, which can be used as a guideline.
- ☐ 2017 Work Programs should include only essential projects and only those you expect to be able to complete with available resources.
- ☐ The 2017 Questica Salary module should already reflect the annualization of new hires approved as part of the 2016 Budget process and any 2016 in-year hires approved by the CAO including 2017 grid steps. In addition, salaries and wages will include any 2017 salary increases agreed to in labour contracts or, in the case of contracts currently in negotiations, estimated salary increases.

Changes to the Questica Staffing Allocations should be limited to updates of: staff names, position, hours or FTE, anniversary date (for 2016 Budget new hires) and any re-evaluations. **No manual calculations are required.** The changes can be made on the hard copy of the Activity Position Costing Summary Report (Questica) and submitted to the Budget Group for updating. A notification will be sent when the changes have been updated.

- ☐ No new staff should be included in the 2017 Operating Budget unless Council has approved that the position be included in the Draft 2017 Budget, the CAO has approved it as part of their delegated authority, or where resulting revenues and/or reduced costs will offset the salary cost.

Do not reflect increases in part-time staff FTEs, excluding any positions where you can show that resulting revenues and/or reduced costs will offset the salary cost.

New staff that you wish to identify may be summarized and included on Form 13 (a) "Operating Expenses Below the Line". Approval may be granted during the CAO or Director's review stages to include additional staff positions in the Draft Budget.

Any other unapproved Change requests for new full-time or part-time staff requests will be summarized in the "Operating Expenses Below the Line".

- ☐ The Organizational Charts for the 2017 budget process will be a high level over view of the Corporation and will be prepared by Financial Services.
- ☐ Transfers to reserves and reserve funds should not be any more than the 2016 levels, except where funds are necessary to meet specific legislated requirements. Any 2017 capital budgets that depend on 2017 transfers to reserves and reserves funds must be coordinated accordingly.
- ☐ All fuel budgets will continue to use the "fuel consumption Variable" created in Questica budget. Estimated fuel volumes are to be input into this variable. The estimated quantities will be costed using a forecasted price per litre. The extended amount will automatically be posted to your Activity in the Fuel expense line. The forecasted price per litre amounts are: Regular - \$1.14, Clear Diesel - \$1.08 and Coloured Diesel - \$0.85 (prices are net of the HST rebate). (The gross prices are Regular - \$1.27, Clear Diesel - \$1.20 and Coloured Diesel - \$.94).
- ☐ In preparing electricity estimates, staff should consider any expected change in consumption and a price increase of 5%. The Manager of Property and Energy has been asked to provide input on department electricity estimates.

- ☐ Changes can be made to your budgets up until they are “promoted” to the Financial Services level. Activities will be “demoted” to accommodate any changes resulting from review sessions or from direction received through follow up Reports.
- ☐ The 2017 Initial Budget Review meetings will include Directors, Richard Freymond, Bill McDougall and Luann Ford. It is up to the Director to decide if Managers should attend.
- ☐ As in previous years, the reviews with the CAO, Director of Corporate Services, Manager of Financial Services, Budget and Operations Analyst and the Department Directors will focus on higher level and significant issues.
- ☐ All deadlines reflected in the attached 2017 Budget Timetable (Appendix A) must be met. It will not be possible to meet target dates for Draft Budget presentation to Council for approval if the submission dates are not met.

2017 Operating Budget Process

With Questica, along with limited use of the O:\Budget, the majority of the 2017 Budget will be completed “on-line”. The 2016 Questica Salary and wage information, Operating and Capital Budgets have been “rolled-over” to 2017. The only paper form that will be required to be submitted to the Budget and Operations Analyst is the Activity Position Costing Summary Report that details the changes required to each Activities Staffing.

Form 2 Operating Budget

The Operating Form 2s will be completed using Questica.

Key assumptions, such as the Benefit Overhead Percentage, are included in the Budget software.

- ☐ Supplemental forms (Form 7 Conferences and Conventions, Form 8 Memberships and Subscriptions and Form 9 Training) information is now input directly into Questica budget as object detail lines.
- ☐ Columns for 2016 preliminary actuals and 2017 requests must be completed for each activity.
- ☐ If you have any technical questions about the Questica software, contact Bill at bmcdougall@peterborough.ca or extension 1660.

Forms 10 and 12

Instructions for the completion of Form 10 - 2017 Budget Request For IT Resources and Form 12 – IT Project Initiation/Budget Request are attached as Appendix B as a separate memo.

A hard copy of Forms 10 and 12 are to be submitted directly to Jamie Hagg by April 22, 2016. If you have any questions about the completion of these forms, contact Jamie at jhagg@peterborough.ca or extension 1618.

2017 Capital Budget Process

Capital Projects must be identified as either a "Tangible Capital Asset (TCA) Project" or as an "Other Capital Project".

Along with the traditional preparation of the 2017 Capital Budget, the CAO/Director's have agreed to finalize Capital funding requirements for both the 2017 and 2018 Budget years to coincide with this term of Council.

TCA's are defined as:

"...real or personal property that have a physical substance that:

- ☐ Are used in the production or supply of goods and services, rental to others, administrative purposes or for the development and construction of other tangible capital assets;
- ☐ Have an estimated life of greater than one year; and
- ☐ Are used on a continuing basis.

These do not include routine maintenance and repair, items held for sale, natural resources, and works of art or historical treasures.

Any IT related purchases (including printers, scanners, etc.), must be budgeted as part of a Capital Project as they are considered TCAs.

All expenses that do not meet the TCA criteria should be budgeted as operating expenses rather than a "TCA Capital Project" or as an "Other Capital Project". As a guideline to decide whether it is operating or "Other" Capital, maintenance type expenditures should be in the Operating Budget. "Other" should be used only for one-time type expenditures that do not occur every year.

Limited City funds for Capital Projects

At this point in time, there is no assurance that Council will increase capital financing. Staff are reminded that any new projects introduced into the Capital program that requires either a 2017 or 2018 component of Capital Levy or Tax Supported Debt, must either eliminate or bump an existing project with similar financing needs out to a future year.

Before submitting the capital requests, staff are asked to prioritize their own projects and have a "plan" that the City might be able to afford over the next few years.

To help prioritize, it may be helpful to keep the following in mind:

- Is the request a multi-year project where Council has already approved a first phase?
- Does the City have a legal obligation to do the work?
- Is there a Health and Safety aspect that the City should be mindful of?
- Has Council previously approved a Study or Plan which lead to this Capital Project?
- Is the project required to maintain an existing asset and to what extent is the asset failing?
- Does the project leverage external funding?
- What is the impact on the City if the project does not proceed?
- What is the impact on the Operating Budget if the project does not proceed?
- Is this project required to maintain current service levels or will it enhance service levels?
- Does the project address a direction of Council?

The Capital Form 1 should explain the project and provide the answers to these questions so those reading the Form 1 understand the need for the project.

Form 13 (b) –“Capital Expenses Below the Line” is to be used for any capital projects that are not included in either the 2017 Capital Budget requests or in future years’ budget projections. An example would be a capital budget requirement that has been identified but, due to other capital budget priorities, cannot be recommended by staff for inclusion in the 10-year capital budget forecast.

If you have questions about completing the capital budget forms, contact Richard Freymond at rfreymond@peterborough.ca or extension 1862.

Accessibility

Through Questica Budget and Crystal Reports the goal is to continue to make all our budget documents as accessible as possible.

As a reminder, there should be no underlining or italics and all wording and titles should be in upper and lower case letters. As well, in the 2016 budget, there were instances where font size was outside the accessibility standards to accommodate the volume of information in budget narratives. During the 2017 budget cycle, every effort should be made to reduce narratives to enable a font size of 12, if possible.

This memo is available on the Intranet at the top of the 2017 Budget Information.

Appendices

Appendix A Draft 2017 Budget Timetable

Appendix B Instructions for the completion of PTS Form 10 (Information
Technology Resources) and Form 12 (IT Project
Initiation/Budget Request Form)

Appendix A Draft 2017 Budget process

Planning Committee
Public Holidays
JSSC

Committee of the Whole
Christmas Closure

Council
No meeting

Budget Committee
Civic Awards

April 4
Budget Packages distributed

April

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

April 22
Saffing Allocation changes & IT Forms 10 & 12 due

April 29
Council, CAO (Excl. FS), Corp Serv (Excl. IT) & LS Budget due

July

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	

July 1
Budget letters to O/S Agencies

Oct 13
Draft 2016 Budget submitted to JSSC

October

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Oct 31
All Budgets to be submitted by this date

Oct 27
O/S Agencies presentation timetable distributed

Oct 21
All Drafts to CAO and Directors

May 26
Council, CAO (excl. FS), Corp Serv (Excl. IT) review. All day set aside RF, BM, LF, SC

May

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

May 31
IT budget due

May 25
Legal Services review RF, BM, PL - 2 hrs

May 20
USD, CS, PD & FS budgets due

June 14
Budget Committee Public input meeting

June 20
Budget Committee Guideline Report

June 8
Fire Services, EMS Review 2 hrs RF, BM, LF, CS

June

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

June 10
PD review All day set aside RF, BM, LF, MH

June 21
IT Review 2 hrs RF, BM, LF, SC, JH

June 24
CS review RF, BM, LF, PD - all day

June 17
USD review All day set aside RF, BM, LF, WJ

August

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Aug 19
CAO Reviews PD, Council, CAO, FS, Corp Serv, LS, IT

Aug 26
CAO Reviews USD

Sept 9
CAO Reviews PD

September

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

Sept 1
Outside Agencies & Police Budgets due

Sept 2
AO Reviews SD

Sept 28
JSSC Draft Reports to Clerks office

Sept 23
Directors meeting

Sept 30
Final changes to draft

November

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Nov 28 - Dec 1
Budget Committee Review

Nov 23
Budget Committee Public input meeting

December

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Dec 17
Council Approves 2017 Budget (tentative)

