

BUDGET STRATEGY

The Township's current approach to budgeting has remained largely unchanged whereby it leverages a manual process, using linked excel spreadsheets, which poses scalability challenges. Previously, Finance staff resources have not existed to perform more detailed financial analysis with most budget and analysis work currently performed by non-finance staff in each department. New budget software is required to ensure that staff can provide Council with the necessary financial information and analysis to facilitate discussion.

As of 2024, a fundamental shift has begun in the budgeting process with the allocation of new staffing resources. As a result, work is being done on the implementation of new financial software, new budgeting software, changes to the chart of accounts and an improved long-term financial planning framework. This is a significant undertaking which will take many years of transformational change and requires a commitment to change across the organization.

FUTURE WORK

While long-term changes will take years to fully implement, incremental improvements or "quick wins" have been identified in the budget process which can be implemented more quickly. Financial Services has begun

undertaking a variety of budget improvement initiatives including:

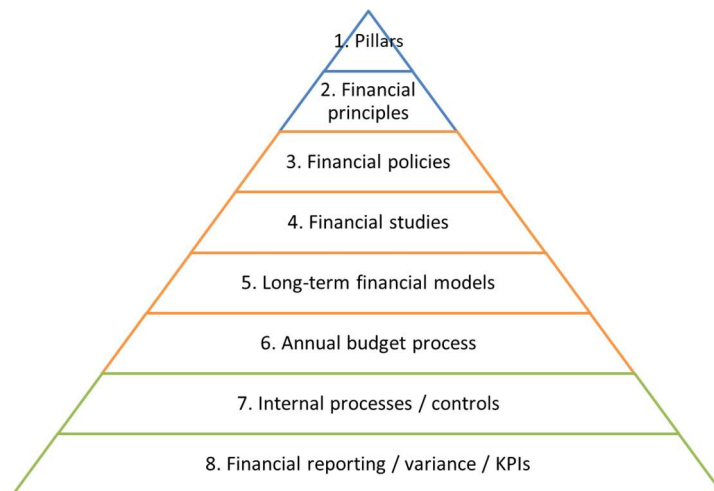
- A long-term financial framework approved in 2024 provides an overall financial roadmap.
- Updates to several finance policies such as investments, debt, and future policies are under development.
- Onboarding of new staff including a permanent Senior Financial Analyst and a contract Development Financial Analyst to support growth and development.
- Creation of a new initiative justification form to evaluate budget submissions
- Improving the understanding of utility revenue and rate setting
- Moving towards development of a multi-year capital budget
- Creating debt and reserve forecasts to support long term decision making
- Development of a cash flow model and move towards more active cash management to understand funding needs
- Improved salary budget models to help understand staffing financial implications
- Reviewing current cost allocation models to determine their effectiveness
- New finance software implementation including changes to the chart of accounts and

improvements and efficiencies to financial processes

With new staff, there has been improved analysis of internal operating and capital budgets which identified several structural budget issues. This analysis provided a greater insight into the Townships budget and the 2026 budget proposes several corrective measures to rectify these issues and improve the long-term fiscal health.

LONG TERM FINANCIAL FRAMEWORK

The Township approved a Long-Term Financial Framework (LTFF) in 2024 as a roadmap to long term sustainability. The framework is intended to serve as a guide for developing policies, budgets, and integrating financial studies into financial planning reporting.



The framework focuses on three financial pillars.

- **Sustainability.** Maintaining a strong financial position over the long term. This requires long-term planning and funding.
- **Adaptability.** Having the financial capacity to respond to uncertainty risks and to take advantage of opportunities. This requires strong reserves and debt capacity.
- **Responsibility.** Ensures tax and ratepayers are getting the best value for money. This ensures that services are performed efficiently and for the best cost over the long term.

SUSTAINABILITY

Maintaining a strong financial position over the long term requires long-term planning and funding plans. It also requires strong capital reserves to ensure funding is available to meet future infrastructure needs.

Considering funding and resourcing constraints, the Township has historically taken a short-term perspective with single year operating and capital budgeting with little planning or savings for future years.

Staff are working on developing necessary long-term financial plans including a funded 10-year capital plan and a fiscal growth framework. This long-term approach will enable the Township to understand its long-term funding needs and begin to address these through building up reserve balances. It will also be important to

consider multi-year operating budgets to anticipate potential impacts beyond the next fiscal year.

ADAPTABILITY

Adaptability involves having appropriate financial resources to respond to emerging financial risks and to take advantage of potential opportunities. Without sufficient reserve balances, the Township is less able to respond to economic uncertainty and has limited ability to take advantage of emerging opportunities.

Reserves and reserve funds have been trending lower in recent years, however corrective action taken in the 2025 and 2026 budgets have begun to address these needs. This included an increase in the equipment reserve transfer for fire vehicle replacement, increases to operating and winter control contingency reserves reflected in the 2026 budget.

RESPONSIBILITY

The Township has maintained very low tax rates and is among the lowest of its comparators. While this may appear to be a positive fact for taxpayers in the short term, this approach has caused long term fiscal harm. The Township has taken a short-term approach to budgeting, which has meant depleting reserves each year to fund essential operating or capital activities without replenishing them.

The 2026 budget focuses on maintaining core services while providing necessary funding to reserves and reserve funds to ensure long term fiscal sustainability. This long-term approach will reduce anticipated deficits in future years and avoid the need to for reactive tax increases in future years.

