REVISED PUBLIC AGENDA
GOVERNANCE AND PRIORTIES COMMITTEE

Monday, May 16, 2016, 1:00 p.m.
Council Chamber, City Hall

7. REPORTS FROM ADMINISTRATION

7.1 Delegated Authority Matters

7.1.1 2017 Business Plan and Budget Process [File No. CK. 1860-1]

7.1.1.1 C.D. Howe Institute Report – Building Better Budgets [File No. CK. 430-72, x CK. 1700-1, AF 1702-1 and AF. 1704-1] 9 - 36

Recommendation

That the information be received.

7.1.1.2 Overview of Multi-Year Business Planning and Budgeting [File No. 430-72, x CK. 1700-1 and CC. 1700-1] 37 - 51

Recommendation

That the Administration report back by January 31, 2017, with further detail, and a possible implementation strategy and plan for multi-year budgeting.

7.2 Matters Requiring Direction

8. LEGISLATIVE REPORTS

8.1 Delegated Authority Matters

8.2 Matters Requiring Direction

8.2.1 2016 Local Government Elections – Establishment of Polls and Polling Places [File No. CK. 265-1] 52 - 58

A letter submitting comments from Mr. Mark Zielke is provided.

Recommendation

That this report be forwarded to City Council recommending:

1. That the division of the city into polling areas as outlined in Attachment 1 be approved; and
2. That the list of polling places, as outlined in Attachment 2 be approved;

8.2.2 **2016 Local Government Elections – Remuneration of Election Workers [File No. CK. 265-1]** 59 - 61

Recommendation

That this report be forwarded to City Council recommending that the information be received.

8.2.3 **Amendments to Bylaw No. 8491, The Campaign Disclosure and Spending Limits Bylaw, 2006 [File No. CK. 255-5-1]** 62 - 63

Recommendation

That the Governance and Priorities Committee recommend to City Council that the appropriate amendments to The *Campaign Disclosure and Spending Limits Bylaw, 2006*, as outlined in this report, be brought forward for consideration.

9. **URGENT BUSINESS**

10. **MOTIONS (Notice Previously Given)**

11. **GIVING NOTICE**

12. **VERBAL UPDATES**

12.1 **Council Members - His Worship the Mayor, FCM/SMUA, Boards and Commissions**

12.2 **Administration**

13. **IN CAMERA AGENDA ITEMS**

13.1 **Board Appointment [File No. CK. 225-9]**

[In Camera - Personal Information]

13.2 **Board Appointment [File No. CK. 175-21]**

[In Camera - Personal Information]

13.3 **Board Appointment [File No. CK. 175-46]**

[In Camera - Personal Information]

13.4 **Legal Report [File No. CK. 281-1]**

[*In Camera - Solicitor/Client Privilege]*

13.5 Verbal Updates

13.5.1 Council Members - His Worship the Mayor, FCM/SMUA, Boards and Commissions (if required)

13.5.2 Administration

13.5.2.1 City Manager

[Sections 13, 14(1), 15(1), 16(1), 17(1), 18(1), 19, 20, and 21 - LAFOIPP]

13.5.2.2 Labour/Personnel Matters [File No. CK. 4720-2]

[In Camera - Labour/Personnel Matters]

13.5.2.3 Labour/Personnel Matters [File No. CK. 4720-2]

[In Camera - Labour/Personnel Matters]

14. ADJOURNMENT

Amendments to Bylaw No. 8491, The Campaign Disclosure and Spending Limits Bylaw, 2006

Recommendation
That the Governance and Priorities Committee recommend to City Council that the appropriate amendments to *The Campaign Disclosure and Spending Limits Bylaw, 2006*, as outlined in this report, be brought forward for consideration.

Topic and Purpose
The purpose of this report is to receive direction respecting three possible amendments to *The Campaign Disclosure and Spending Limits Bylaw, 2006* (the "Bylaw").

Report Highlights
1. The equation used to determine campaign expense limits under the Bylaw requires an amendment in order to reflect the CPI adjustment as a percentage.
2. The CPI for any given month is only accessible roughly two months after the month in question. Therefore, a June CPI (as currently required) would only be available in late July of any year.
3. City Council resolved that the baseline CPI used for adjusting campaign expenses be October, 2012. We seek clarification around whether this date was intended to be used as a baseline in perpetuity or whether the previous election year meant to set the baseline for subsequent general elections.

Report
The Bylaw was amended on April 25, 2016 by City Council and incorporated numerous changes recommended by The Saskatoon Municipal Review Commission. Upon review, further amendments are required to the Bylaw to properly implement these changes.

1. Subsection 3(2) of the Bylaw contains an equation used to calculate maximum allowable campaign expenses. For the equation to express the CPI adjustment as a percentage, the equation requires correction:

Current Equation	Corrected Equation
MCE = \$0.75 + [\$0.75 x (IE - IB)] x P	**MCE = \$0.75 x (IE ÷ IB) x P**

2. It has come to our attention that CPI for a particular month is released one month and 22 days after the beginning of said month. As worded, the Bylaw uses the difference between the June 1st CPI of an election year and the October 1, 2012 CPI to calculate the CPI adjustment. Because CPI for June is not released until July 22 of that year, this June 1st CPI date is problematic. We are suggesting that the Bylaw be amended to reference March 1st of an election year. This would mean the CPI would be accessible April 22nd of any given year and would allow for the calculation to be completed at that time.

3. Currently, the baseline CPI used for adjusting campaign expenses is October, 2012. Our Office would like to confirm whether City Council intended for this figure to be used in perpetuity or if City Council meant for the baseline CPI to be the October of the election prior for each election period. If the intent is for date to change every election period (ie. next period would be October 2016), then the Bylaw should be amended to read "CPI for the City for **the previous election year** up to October 1st".

Depending on the Governance and Priorities Committee's instructions, the Bylaw would be prepared for City Council's consideration at its meeting on May 24, 2016.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

Written by:	Derek Kowalski, Solicitor
Approved by:	Patricia Warwick, City Solicitor

Admin Report – amend-campaign.docx
110-0368-djk-2.docx

265-1

From: Mark Zielke <zielke.mark@gmail.com>
Sent: May 14, 2016 7:29 PM
To: City Council
Subject: Form submission from: Write a Letter to Council

Submitted on Saturday, May 14, 2016 - 19:29
Submitted by anonymous user: 204.83.82.237
Submitted values are:

Date: Saturday, May 14, 2016
To: His Worship the Mayor and Members of City Council
First Name: Mark
Last Name: Zielke
Address: 1301 McLorg St
City: Saskatoon
Province: Saskatchewan
Postal Code: S7J 0N3
Email: zielke.mark@gmail.com
Comments:
For consideration by City Council:

In my conversations with those who are "on the margins" living in the core neighbourhood (Riversdale), I've become aware of a voting gap that has a possible solution.

The challenge:
There is an extremely low turnout of First Nations, Metis, and others who are eligible, but who exist close to the margins in Riversdale, Ward 2.

In my conversations with people in Riversdale, it has become clear that many are not comfortable, or feel unaccepted / judged when they are in areas that are "not reflective of their social circles". This includes polling stations.

Proposed solution:
When consulted on how the City can be a model of inclusiveness and acceptance, the overwhelming response has been to suggest a polling station at White Buffalo Youth Lodge. This is an area that is not only convenient, but would accomplish the goal of being inclusive, as well as providing the opportunity of dignity and respect for all people – leading to a higher voter turnout. This also aligns with the City's goal of increasing the rate of engaged citizens.

Acknowledgement of facts:
I recognize that Riversdale has around 2,100 registered voters at this time. With a 14.9% civic voter turnout in 2012, I believe having a second polling station for Riversdale at White Buffalo Youth Lodge would only help to increase this percentage in a positive way for people from every social and economic background.

I would ask Council to strongly consider this additional polling station in Ward 2 – looking forward to a positive response.

Mark Zielke
zielke.mark@gmail.com
306.717.5585

The results of this submission may be viewed at:
https://www.saskatoon.ca/node/398/submission/94151

C.D. Howe Institute Report – Building Better Budgets

Recommendation
That the information be received.

Topic and Purpose
The purpose of this report is to examine the recommendations proposed by the C.D. Howe Institute on Building Better Budgets and how they apply to the City of Saskatoon (City).

Report Highlights
1. The C.D. Howe Institute issued its annual report on Building Better Budgets which focuses on four recommendations: gross based budgeting, approving budgets in a timely manner, accrual budgeting, and reconciliation between budgets to annual reports.

2. The City currently budgets and reports on a gross basis in order to promote fiscal transparency by outlining the total costs of programs.

3. Since 2011, the City has approved operating and capital budgets prior to January 1 each year.

4. Cash base budgeting provides more options, flexibility and better financial management than accrual based budgeting.

5. The City provides numerous reports throughout the year which outline budgetary performance.

Strategic Goal
This report supports the Strategic Goal of Asset and Financial Sustainability by being open, accountable and transparent, particularly when it comes to the resource allocation and collection decisions the City makes.

Background
As required by *The Cities Act*, City Council is required to authorize annual budgets and financial statements on a yearly basis. The annual budget has historically been prepared on the cash basis of accounting, while the financial statements are on an accrual basis of accounting.

Report
C.D. Howe Institute Report
In November 2015, the C.D. Howe Institute (C.D. Howe) released its annual report entitled "Building Better Budgets: Canada's Cities Should Clean Up their Financial Reporting" (Attachment 1). The report focuses on the need for Canadian cities to revise

their budgets and financial reports so City Councillors and ordinary citizens can make sense of them.

There are four recommendations for improving municipal budgets:

1. Budget documents should report operating expenditures on a gross basis.
2. Budgets should be approved in a timely manner.
3. Budgets and capital financing should be on an accrual basis.
4. A reconciliation between budgets and financial statements should be completed.

<u>Gross Basis Budget</u>
C.D. Howe recommends that budget documents clearly show the total gross cost of a municipal service as opposed to netting it against operating revenues. Some municipalities will net expenses against operating revenues in the annual budget document in order to show the "tax supported" portion of a program or service. C.D. Howe states that by not showing the total gross cost of a program or service, municipalities are understating a government's fiscal footprint.

The Administration agrees with this recommendation in that gross reporting shows the total cost of a program or service. The City's operating budget currently identifies expenses and revenues under each service line for the current budget year.

<u>Budgets Approved in a Timely Manner</u>
C.D. Howe and the Administration agree that budgets should be approved in a timely manner prior to the budget year. Since 2011, the City has approved the annual operating and capital budgets prior to January 1 in order to authorize all expenditures and service levels for the upcoming year. This is important to ensure that expenditure and service levels are in accordance with the approved Business Plan and Budget, and that there is no period where the Administration is operating without parameters.

<u>Budgets on an Accrual Basis</u>
Currently, most city budgets are prepared on a cash basis and the annual report is prepared on an accrual basis. For most provinces, including Saskatchewan, this is a legislative requirement. C.D. Howe recommends that municipalities should budget on an accrual basis in order to be consistent with the annual report.

The primary difference between accrual and cash basis accounting is the timing of when revenue and expenses are recognized. The cash method which is used for budgeting recognizes all money that is to be received in a given year and only expenses which money is expected to be paid out. The accrual method accounts for revenue when it is earned and expenses when goods or services are incurred.

The largest difference for a municipality would be in terms of capital financing. For example, if the City were planning to purchase an asset worth $1 million with a useful life of 10 years under cash based budgeting, $1 million would be recognized as a capital expense in the year of purchase. Under accrual based budgeting, expenses would not be recognized until the value of the asset is being utilized (known as depreciation) which means $100,000 ($1 million/10 years) per year. The issue arises in terms of financing.

Under cash basis budgeting, the City would fund an investment of $1 million in the years leading up to the purchase to pay for the capital outlay. Under accrual budgeting, the City would not be able to generate funds to pay for the asset until it is being utilized, which means $100,000/year for each of the 10 years it is owned. Under accrual based budgeting, the City would have $0 available at the time of purchase and would need to incur additional debt to cover the purchase and generate funds as value is derived from the asset to pay it off.

To provide perspective, the City had cumulative capital budgets of $2.284 billion from 2008 to 2014 which was funded from a variety of sources. Under accrual budgeting, funding would be limited to depreciation which was $565.2 million over the same time period. For comparison sake, if accrual budgeting was utilized during this period, the City would have required an additional $1.719 billion in debt financing to complete the same amount of capital from 2008 to 2014. This is a fundamental problem with accrual based budgeting as in years when capital budgets are larger than the annual depreciation charge, municipalities are required to take on additional debt. The City's current and past practice has focused on a "pay-as-you-go" method by raising required funds prior to the capital outlay in an effort to minimize unnecessary debt.

In addition, C.D. Howe suggests that under cash based budgeting, cities have potentially been collecting more funds then necessary. As shown in Table 3 (page 3 of the Building Better Budgets report), Saskatoon is shown as posting $1.431 billion worth of surpluses from 2008 to 2014 under accrual based reporting. While annual reports do list a cumulative $1.431 billion surplus from 2008 to 2014, this is largely due to capital purchases as indicated by the $2.284 billion worth of approvals from 2008 to 2014 which are not reflected in the annual report as an expenditure.

Overall, the Administration is confident that budgeting on a cash basis provides more flexibility, options to City Council, and better financial management than accrual based budgeting. The City's current method allows for adjustments and funding for future commitments as identified in the City's various funding plans instead of limiting funding capabilities to historical cost. This is supported by the recent Standard & Poor's AAA credit rating report which stated, "The ratings on the City of Saskatoon, in the Province of Saskatchewan, reflect Standard & Poor's Ratings Services' opinion of the city's very strong economy, budgetary flexibility and budgetary performance, and exceptional liquidity levels."

A budget is a planning tool and would not be useful if adjusted to meet theoretical reporting objectives that do not seem to provide a great benefit.

<u>Reconciliation between Budget and Financial Statements</u>
C.D. Howe recommends that reconciliation should be provided in the annual report in order to compare how the audited final results compared to budget. The City does not prepare this reconciliation due to the fundamental differences between the annual report

and budget. However, performance compared to budget is communicated through several other reports, such as:

- quarterly reports to City Council which provides updates on budget performance and projected surpluses/deficits; and
- the annual year-end report to City Council which outlines budget performance and provides an overview of budget to actual results on a cash basis.

Public and/or Stakeholder Involvement
The Administration has communicated with other Canadian municipalities through its membership on the Committee of Canadian Issues of the Government Finance Officers Association. There is a consensus of that Committee that the conclusions are similar to those identified in the report. The Administration also discussed these point with representatives from the North Saskatoon Business Association.

Due Date for Follow-up and/or Project Completion
A due date for follow-up and/or project completion is not required.

Public Notice
Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment
1. C.D. Howe Institute – Building Better Budgets: Canada's Cities Should Clean Up their Financial Reporting

Report Approval

Written by:	Clae Hack, Director of Finance
Reviewed by:	Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department
Approved by:	Murray Totland, City Manager

C.D. Howe Institute Report – Building Better Budgets.docx

ATTACHMENT 1

INSTITUT **C.D. HOWE** INSTITUTE

COMMENTARY

NO. 439

Building Better Budgets: Canada's Cities Should Clean Up their Financial Reporting

Canada's cities should clean up their budgets and financial reports so councillors and ordinary citizens can make sense of them. As things stand, city budgets lack accountability and transparency, and there are yawning gaps between what councils vote and what financial reports show actually gets spent.

Benjamin Dachis and William B.P. Robson

The Institute's Commitment to Quality

About The Authors

Benjamin Dachis
is a Senior Policy Analyst
at the C.D. Howe Institute.

William B.P. Robson
is President and CEO
of the C.D. Howe Institute.

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November 2015
Public Governance and Accountability

Daniel Schwanen
Vice President, Research

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The Study In Brief

In nearly all Canada's major cities, what should be a simple exercise – comparing the spending voted by city council in its annual budget with the actual spending reported at year-end – will baffle any but the most expert reader. While most of Canada's federal and provincial governments now present their budgets on the same basis as their financial reports, municipal governments typically do not. As a result, judging whether a city over- or under-shot its budget targets, and by how much – which should be a simple matter of comparing headline numbers – is not possible for a typical councillor, taxpayer or citizen.

The critical common element is that most cities use an antiquated form of budgeting. Most of Canada's senior governments, when preparing budgets and end-of-year reports, use modern accounting methods that record the cost of long-lived assets such as buildings and infrastructure as those assets deliver their services. Municipal budgets, by contrast, budget capital on a cash basis, exaggerating projects' up-front costs and understating them later on expenses.

Largely for this reason, no major city in Canada offers a clear budget presentation, and none earns an "A" in our report card on budgeting practices. Among the cities that earn the worst grades for baffling budget presentations are Edmonton, Winnipeg, Windsor, Toronto, Vaughan and Ontario's Durham Region.

This study also shows how a reasonably intelligent but time-constrained non-expert user – a councillor or taxpayer – might understand the differences between budgeted and actual spending in Canada's major cities. The gaps are enormous – and indicate that opaque budgeting is a major obstacle to fiscal accountability at the municipal level.

Importantly, these cities' end-of-year financial reports, which use accounting similar to that used by senior governments, show a cumulative surplus of $41 billion since 2008. Their total surplus was $6 billion in 2014 alone. This record suggests that cash budgeting has led cities to over-charge today's taxpayers for long-lived capital projects. In Ontario, Vaughan, Halton Region, and Markham stand out in this respect; among major Western Canadian cities, Calgary, Saskatoon and Surrey, B.C. also appear not to be spreading the costs of capital over time as fairly as they could.

Changes in provincial legislation could foster better municipal budgeting, but cities also have the capacity to present more meaningful numbers on their own. Having comparable accounting standards among all levels of government is critical to understanding the relative fiscal health of each level – especially important if provinces look to give cities new tax powers or direct financial supports. Both provinces and municipalities should take steps to improve the fiscal accountability of municipalities and the stewardship of municipal funds.

C.D. Howe Institute Commentary© is a periodic analysis of, and commentary on, current public policy issues. Michael Benedict and James Fleming edited the manuscript; Yang Zhao prepared it for publication. As with all Institute publications, the views expressed here are those of the authors and do not necessarily reflect the opinions of the Institute's members or Board of Directors. Quotation with appropriate credit is permissible.

To order this publication please contact: the C.D. Howe Institute, 67 Yonge St., Suite 300, Toronto, Ontario M5E 1J8. The full text of this publication is also available on the Institute's website at www.cdhowe.org.

How much does your municipal government plan to spend this year? How much did it spend last year? How does what it spent last year compare to what it said it would spend?

These should be simple questions for taxpayers, councillors and local media to answer. But in every major Canadian city, finding the answers is anything but.

Budget targets are a challenge for any organization to meet – Canada's federal and provincial governments do not hit their revenue and expenditure targets reliably. But if municipal government observers scrutinized cities' budget promises in the same way available to watchers of federal and provincial governments, they would find that the gaps between approved municipal budgets and actual results are typically far larger than those of senior governments. This *Commentary* shines light into this vital but murky area by surveying the financial-reporting practices of Canada's largest municipalities and – to the extent the published numbers permit – evaluates their track records in fulfilling their budget commitments.

The unsatisfactory nature of municipal financial reporting – the differences between how cities present their budget documents and how they report their results at year-end – is a major theme of this report. These differences are a concern not only for accountants. They have real-world consequences – notably budgets that exaggerate the costs of capital projects up front, thereby distorting investment decisions and obscuring the sustainability of city finances over time. More generally, inconsistent presentations hamper the ability of legislators, ratepayers and voters to hold their municipal governments to account.

At the beginning of the 2000s, the federal government and all the provincial and territorial governments used different accounting and presentations in their budgets than in their financial reports. Over time, thankfully, those differences are disappearing. This review of Canadian cities' fiscal reporting shows how local governments should and can move forward and improve their accountability for the money they raise and spend.

How to Build a Better Budget

Our key recommendation is that municipal governments should present their annual budgets on an accrual basis, the same accounting basis as their financial statements. Provincial governments exercise decisive control over cities, so those that impede accrual-based budgets at the municipal level should change their legislation. The coming year is an opportune time to make this change, with major reviews of the acts that govern municipalities underway in Alberta and Ontario. Even where the provincial environment is difficult, however, cities can release the relevant information on their own – and they should.

The accounting techniques in municipal budgets may sound arcane, but they matter on the ground. First, current practices likely bias decisions against

Many thanks to the reviewers of this and previous iterations of our work on municipal budget practices. Thanks in particular to Jonathan Pedde, Aaron Jacobs and Jennifer Tsao for help in collecting information on municipal budgets. Any remaining errors are our own.

investing in and paying for long-lived assets. Accrual accounting would give councillors and voters new insights about how to pay for, and maintain, infrastructure investments. Second, inconsistent budgeting among different levels of government muddies the comparison of their fiscal health. Better accounting would give everyone a clearer picture – especially important if cities are to get new tax powers or direct financial supports.

Municipal Budgets and Financial Reports

Public sector accountability has many dimensions: actual and potential reports range from on-time performance in public transit systems to how well students and patients fare in public schools and hospitals, and to audits of spending in government agencies. The focus of this *Commentary* is municipal governments' annual fiscal footprint: the aggregate figures for revenue and spending in a fiscal year. A municipality's fiscal footprint determines the taxes, user fees and other charges that citizens and businesses must pay, and is a critical element in assessing its impact on public services and the local economy.

Like the federal and provincial governments, Canadian cities produce two major documents in their annual fiscal cycles, budgets and financial reports. Budgets are the cornerstone of municipalities' fiscal plans. At the opposite end of the cycle, municipalities publish audited financial reports that show actual revenue and spending over the year.

Ideally, our investigation of fiscal accountability would begin by comparing budgeted revenue and spending to actual revenue and spending for the most recent year in each city and then extending that survey back in time to get a sense of average performance and trends. As with the C.D. Howe Institute's annual surveys of the fiscal accountability of Canada's federal, provincial and territorial governments, this ideal approach requires two things.[1]

First, without digging through dozens of pages, tables of numbers and footnotes, or doing lots of arithmetic, a person of reasonable intelligence – such as a motivated but time-constrained councillor – should be able to find the key revenue and spending totals in a city's budget and end-of-year financial reports.

Second, with no inordinate effort, expertise or resort to external experts, that person also should be able to compare the figures in the two documents to see how a city has managed relative to its financial goals.

Our survey treats the beginning-of-year budget as uniquely important. Budgets take months of preparation and are the principal opportunity for citizens, their elected representatives and the media to consider and provide input on municipal priorities. It is regrettably common for federal and provincial governments, like cities, to approve spending that is large and inconsistent with their budgets during the fiscal year. We treat these deviations from plan as problems – especially when neither the in-year documents nor the end-of-year financial reports itemize or explain them – rather than as changes of course that are automatically validated by the associated vote.

To reiterate, our key premise is that a smart non-expert should be able readily to compare municipal spending using only the main tables in the city's budget documents and financial statements. Giving municipal councillors and citizens straightforward information that allows a comparison of key budget items and year-end results seems a reasonable request of any municipality.

1 See, for example, Busby and Robson (2008, 2009, 2010, 2011, 2013, 2014, 2015).

A Basic Accounting Discrepancy

For virtually all Canadians, however, this ideal situation is, in fact, only an ideal. In most of Canada's major cities, our smart and motivated, but time-constrained, reader would find a simple comparison of spending numbers in budgets and financial reports impossible because the accounting is different. So our investigation first requires a look at the differences and their significance.

The best way to represent economic reality in financial reports is a subject of ongoing and energetic debate. Among the better-established principles – key in what is typically called "accrual accounting" – is that financial reports should anticipate, or report, revenues and expenditures during the period when the relevant activity occurs.

A salient example is the purchase of a long-lived asset such as a building. It makes no sense to record the entire construction cost as an expense at the time the cash is laid out. More sensible is to record the value of the building as an asset and amortize the expense, writing it off over time as the building delivers its services. Municipal governments can, and should, rely on other aspects of financial statements, such as cash-flow statements and changes in debt, to report the full impact of a spending promise.

Municipal governments have large capital assets – buildings, as well as equipment and infrastructure such as roads, bridges, and water and sewage facilities. In their financial reports, they do not record the entire cost of these items as expenses in the year of the cash outlay, but show the annual amortization over their useful lives. Among other virtues, this approach helps match the period during which taxpayers cover the cost of long-lived assets with the period during which the assets provide services, a straightforward tool to achieve fairness among taxpayers over time.

The Public Sector Accounting Board (PSAB) has required accrual accounting by Canadian governments since 2009.[2] These standards are not ideal for all purposes. A notable gap is the omission of the full cost of employee benefits earned but not yet paid, especially pension obligations.[3] Such gaps reduce the value of annual income statements and associated statements of net worth in determining how well a government is matching its revenues to its expenditures and avoiding unfair transfers of wealth over time. Because existing accrual accounting does a better job in this regard than alternatives such as cash accounting, however, and its embodiment in current standards signifies widespread acceptance, we accept this methodology as definitive.

Most municipalities do not use accrual accounting in their budgets. They use it for some items, such as accounts receivable. But they use cash accounting for others, most notably capital items. Unlike businesses and most senior governments – and unlike in their financial reports – municipalities typically show cash outlays on capital when they expect them to occur. A common practice is to show these expected cash outlays in a "capital" budget, while also producing an "operating" budget for items to be consumed and expensed during the year.[4] Some municipalities present and vote capital

2 Many provinces also require that municipalities submit their final financial results to its ministry responsible for municipal affairs. Ontario municipalities, for example, must file a provincial Financial Information Return, with standardized aggregations of municipal operations, and often use the same basis of departmental aggregation in their financial statements.

3 As Laurin and Robson (2014) note, the interest rate that the federal government uses to discount future pension liabilities does not provide an economically meaningful estimate of the present value of future pension payment obligations.

4 One rationale for this two-budget approach is that the provincial acts that govern cities generally require them to balance an annual operating budget, and issue debt only for long-term capital expenses.

and operating budgets together; others do so separately. Either way, the resulting budget totals are not comparable to what will appear in financial reports.

This discrepancy in accounting practices complicates comparing spending in budgets and financial reports. It also makes comparing revenue in the two documents largely pointless. "Capital financing" in municipal capital budgets includes all sources of funds, not just tax and other current revenue such as grants from other levels of government, but also funds raised by issuing debt. So it mixes an item such as a bond issue that does not add to an entity's net worth with items such as taxes, remitted profits of municipally owned enterprises and grants from other levels of government that do add to net worth. This confusion will frustrate even a personal familiar with financial reporting who wants to determine the magnitude of a municipality's claim on community resources.

A Further Complication: Gross versus Net Figures

Another obstacle to comparing actual to budgeted amounts is the netting of some revenues against expenditures. Netting is a problem in business financial statements and in the statements of some senior governments (for example when spending is disguised as a "tax credit" calculated with no reference whatever to taxes actually paid). It is a pervasive problem in city budgets – with documents typically presenting the spending of a department, or the city as whole, net of any non-property tax revenue they collect. Defenders of netting typically point to the centrality of property taxes in budget debates. "Tax-supported" services attract more attention than "rate-supported" services such as water and sewage, since homeowners and businesses typically consider rate-supported items as akin to a priced service, possibly one they can control by varying their use. Property taxes feel like more of an imposition outside the taxpayer's control. So it might appear sensible to deduct water, sewage and so on from revenue and spending to highlight the tax burden.

That reasoning might justify showing net amounts as supplementary information in budgets and financial reports. But highlighting net rather than gross figures – or, worse, not showing gross figures at all – understates a government's fiscal footprint.

Taxpayers and residents must pay the full cost of government, and a budget presentation that focuses on property taxes may lead councillors to raise other, perhaps more economically harmful, revenues from other sources. In the case of individual departments, showing only net figures can obscure important trends in gross revenue and spending. Budgets that obscure or omit the total revenues and expenses associated with rate-supported services, are hard to compare to end-of-year financial reports.[5]

Lack of Reconciliation between Budgets and Financial Statements

Even when accounting and gross reporting are consistent, it helps to have reconciliation tables in financial reports that itemize how actual expenses

5 Most municipalities report department-level spending at different levels of aggregation in their budgets than in their financial reports. For example, most set budgets for specific departments – say, policing and firefighting – each of which is at least notionally under the control of a department head. Financial reports, on the other hand, might aggregate such items into broader categories – for example, "protection services." We do not examine here whether municipalities provide the same departmental aggregation in budgets as in financial reports. However, our inaugural report (Dachis and Robson 2011) showed that hardly any do.

deviated from budget. Canada's senior governments increasingly show these reconciliations, which help legislators and citizens hold governments to account for their actions and, potentially, take steps to reduce the size of future surprises. When accounting and gross/net reporting are inconsistent, such reconciliation tables are critical.

Grading Canadian Municipal Budgets

This background sets the stage for our first cut at the financial information in municipal budgets. To let the non-expert reader quickly compare key revenue and spending totals, municipal financial documents should:

- present budget figures on the same accrual basis as is used in the financial report;
- show combined rate- and tax-supported gross expenditures on the same basis as in the financial report;
- reconcile results to budget projections, as originally reported, in the financial report;

In addition, councillors should vote the budget before – or failing that, very shortly after – the start of the fiscal year, so they are approving spending before it happens.

We focus on spending because, as noted already, municipalities combine borrowing with tax and other revenues in their capital budgets. The quality of the spending numbers also differs in important ways. A non-expert reader should not be expected to find and add multiple spending figures scattered throughout budget documents. Accordingly, we judge only the merits of the most prominently displayed aggregate figures in the most prominently displayed budget documents posted on a municipality's website.

For our budget clarity letter grade, we would give a city that meets all these criteria an A grade. Cities lose one-third of a grade for every "Partial" or "Sort of" (i.e. A to A-, or A- to B+). They lose a full grade for a "No." Cities lose one-third of a letter grade if the budget is approved in the budget year. Cities lose a full grade if the budget is approved more than three months into budget year.

As Table 1 shows, some cities presented their 2015 budgets better than others. Surrey, BC, Brampton, Ontario, and Ontario's Niagara Region are the only ones that at least partially fulfilled our criteria, notably of prominently presenting a budget on an accrual basis. However, they undercut what would otherwise have been a praiseworthy practice by displaying their accrual-basis spending figures in places where our non-expert reader would have trouble finding them.

Six municipal authorities – Edmonton, Winnipeg, Windsor, Toronto, Vaughan and Ontario's Durham Region – fulfilled none of our clarity criteria. Their online budgets use accounting that is inconsistent with their financial reports, do not present the municipality's full fiscal footprint in the headline estimates, and provide no reconciliation with budget numbers in their financial reports. These cities' documents would stump our reader at the outset.

A few cities approved their budgets before the fiscal year started. Calgary, Edmonton, Montreal, Saskatoon and Surrey all approved their 2015 fiscal year budgets before the end of 2014. By contrast, Brampton, Hamilton, Markham, Ontario, and Vaughan, Ontario, approved their budgets more than one quarter into their 2015 fiscal years. Admittedly, 2015 would have been a difficult year for municipalities to pass an early budget for cities in Ontario because they held elections in late 2014.[6]

6 This circumstance, however, does not excuse voting after so much spending has already occurred or been committed. An awkwardly timed election should prompt a city to complete its budget cycle earlier.

Table 1: 2015 Report Card – Clarity of City Budgets and Financial Statements

Municipality	Fiscal Year	Budget and Financial Reports on Same Accounting Basis	Budget Headline Total is for All Gross Expenses	Reconciliation Table in Most Recent Financial Statement*	Latest Budget Approval Date	Grade
Brampton	2015	Partial (g)	Yes	Yes	April 8, 2015	B-
Calgary	2015-18	No	Partial (a)	Sort of (b)	Dec. 11, 2014	C+
Durham Region	2015	No	No	No(f)	March 4, 2015	D-
Edmonton	2015	No (c)	No	No	Dec. 11, 2014	D
Halifax	2015-16	No	Yes	Yes	April 28, 2015	B-
Halton	2015	No	Yes	Sort of (b)	Jan. 28, 2015	C+
Hamilton	2015	No	Yes	Sort of (b)	April 8, 2015	C-
London	2015	No	Yes	No(d)	Feb. 26, 2015	C-
Markham	2015	No	Yes	No	April 1, 2015	D
Mississauga	2015	No	Yes	Yes	Feb. 11, 2015	B-
Montreal	2015 (e)	No	Yes	No	Dec. 10, 2014	C
Niagara	2015	Partial (g)	Yes	Yes	Feb. 20, 2015	B
Ottawa	2015	No	Yes	Yes	March 11, 2015	B-
Peel	2015	No	Yes	No (a)	Feb. 19, 2015	C-
Saskatoon	2015	No	Yes (h)	No	Dec. 9, 2014	C
Sudbury	2015	No	Yes	Sort of (b)	March 5, 2015	C+
Surrey	2015	Partial (i)	Yes	Yes (i)	Dec. 15, 2014	A-
Toronto	2015	No	No (j)	No (f)	March 11, 2015	D-
Vancouver	2015	No	Yes	Yes	March 3, 2015	B-
Vaughan	2015	No	No (j)	No (f)	April 1, 2015	F
Waterloo	2015	No	Yes	No (d)	March 4, 2015	C-
Windsor	2015	No	No	No	Jan. 20, 2015	D-
Winnipeg	2015	No	No	No	March 23, 2015	D-
York	2015	No	Yes	Yes	Feb. 27, 2015	B-

*Reconciliation compares 2014 financial statement to 2014 budget. (Halifax's budgets are for April–March.)
(a) Calgary financial information relegated to supplemental information, making headline figures hard to find. Calgary presents a multi-year budget online. (b) Financial statement contains reconciliation, but totals differ from operating totals in the originally approved budget by less than 0.5 percent of all approved spending. (c) Budget on same accounting basis but not posted in a prominent position. (d) London and Waterloo present reconciliation only of surplus in PSAB layout to balanced budget. (e) English "Budget at a glance". (f) Financial statement contains reconciliation, but totals differ from operating totals in the originally approved budget by more than 0.5 percent of total approved spending. (g) Budget on same accounting basis posted in a prominent position and well explained, but not headline figure. (h) Budget only presents in text the total operating expense. (i) Surrey's budget presents two headline totals, one that is comparable to financial statements and another that is not. (j) Introduction letter and most prominent summary tables discuss different gross and net numbers.
Source: Authors' interpretation of 2015 approved budgets as posted on municipal websites and 2014 financial statements.

These cities, with the exception of Halifax, have fiscal years that coincide with the calendar year. Most cities have fiscal years that do not coincide with federal or provincial fiscal years, which run from April 1 to March 31. As a result, federal and provincial budgets are often only presented in February or March or even later. As cities often wait for federal and provincial grants, which senior governments only finalize in their budgets, the result of the different fiscal years might be delays in the presentation of municipal budgets.

Measuring Fiscal Accountability

Clear and transparent financial presentations are important for fiscal policy accountability. The superior financial presentations followed by many of Canada's senior governments let legislators and taxpayers, without inordinate effort, assess how well actual results match budget plans. Having shown how inconsistent accounting makes this task harder at the local level, we now present the results of our attempt to do so.

We compiled spending data from annual budgets and end-of-year financial statements from 2005 through 2014 for 24 major cities. When municipalities were amalgamated – or, in Montreal's case, de-amalgamated – over this period, we used the budget amounts from the year after the change. Because municipal budgets and financial statements use inconsistent accounting, we cannot simply compare budgets to financial results using levels – dollar values – of spending. Furthermore, financial-report accounting presentations have changed over this period. We mitigate these distortions by assigning our non-expert reader an admittedly tedious task, and comparing projected and actual growth rates, rather than levels. In both budgets and financial reports, we calculated increases for the reference year from the prior year numbers shown in the same document.[7] The growth rates in budgets and in financial reports, and the difference between them, appear in Appendix Table A-1 (Box 1 provides additional details).

Comparing annual growth rates in budgets to those in financial reports lets us produce our main summary measure of how close a city's end-of-year results are to its budget commitments. We add up all the differences between budget and financial statement growth rates, treating overshoots and undershoots the same way – that is, a miss is a miss, regardless of direction.[8]

What does this measure of gaps between intentions and results reveal? Toronto, Halifax and Ontario's Waterloo Region earn top marks on this measure of budget accuracy: the annual average discrepancy between budgeted and actual spending for them is less than 5 percent (Table 2). Two considerations temper these good results, though. One is that we are using a highly imperfect measure of total budgeted spending. The other is that this standing is positive only relative to other Canadian cities. If we included the federal government, the provinces and territories, some of whose records at hitting budget targets are pretty poor themselves, Toronto, Halifax and Waterloo Region would place only eighth, 12th and 13th.[9]

7 That is, we used the current and prior year in the financial report to calculate the growth rate in the financial report. So our budget and financial reports date from 2004. And we used the current and prior year in the budget document to calculate the budget's growth rate.

8 Our measure uses the square root of the squared percentage deviations. Municipalities are subject to random surprises that could affect these results, but we have no reason to believe that, over the course of a decade, any one municipality should be more prone to such occurrences than others.

9 See Busby and Robson (2015) for the expenditure accuracy estimates of these governments from fiscal years 2004/05 through 2013/14.

Box 1: Methodology

In keeping with our goal of making municipal financial statements accessible for a reasonably intelligent and motivated, but non-expert, reader, we use the most conspicuously stated total gross expenditure figures from municipalities' capital and operating budgets. We add capital and operating budget totals when a city presents the two separately, as our reader would have great difficulty tracking the transfer of funds between budgets. Municipal budgets often show transfers of funds between capital and operating budgets: while adding the two can result in some double counting, these transfers are small compared with the totals.

As described in the text, we divide the difference between the current-year expenditure anticipated in a budget and the prior-year expenditure in the same document by the prior-year expenditure to get a percentage change. We do the same to get a percentage change from the figures in the financial statements. We ensure that our calculations use consistently presented numbers – for instance, the 2009 fiscal year accounting change in financial statements – by basing them on the restated amounts from the previous year's budgets or financial statements. Most cities do not report the previous year's budgeted capital expenses; in those cases, we use the amounts in the budget from the previous year for the comparison.

We do not compare municipal budget estimates of revenues to actual revenues, because municipal capital budgets often show cash from borrowing along with other sources of revenue that add to net worth, a regrettable mixing that produces a figure that is meaningless in the context of an income statement.

Our analysis covers cities with a population of more than 275,000 in 2011 or total end-of-year revenue of more than $500 million in that year, except for Laval and Longueuil in Quebec, along with Quebec City, for which we were unable to collect data for the full period, partly due to recent amalgamations and de-amalgamations.

Some data were unavailable for other municipalities. For example, we excluded Vaughan in 2009 because it did not present its 2008 expenses on a comparable basis in that year's budget, preventing a meaningful calculation of year-over-year changes. We also do not have complete budget books for Calgary for 2002 through 2005. We used the headline figures from Calgary's budget books for years in which we obtained budget books, but use the most prominently displayed gross expenditure figures from budget documents the city provided to the authors.

At the other end of the scale, Ontario's Halton Region and Ottawa have the worst accuracy results among all municipalities: their average annual discrepancies between budgeted and actual spending were larger than 22 percent. No senior government's discrepancies were anything like this big. Halton and Ottawa would be dead last in a survey of all major Canadian governments as well.

Why are so many cities so bad at hitting budget targets? One particular instance provides a clue. In 2013, the City of Ottawa budgeted $2 billion for light rail expansion, which looked like a 50 percent

Table 2: Summary of Spending Accuracy, 2005-2014

Jurisdiction	Accuracy (percent)	Rank	Jurisdiction	Accuracy (percent)	Rank
Toronto	3.6	1	Montreal	8.4	13
Halifax	4.6	2	Mississauga	9.3	14
Waterloo Region	4.7	3	Vancouver	9.8	15
Winnipeg	5.9	4	Surrey	10.2	16
Sudbury	6.1	5	York Region	12.0	17
Calgary	6.3	6	Peel Region	13.0	18
London	6.7	7	Edmonton	13.0	19
Niagara Region	6.9	8	Markham	14.3	20
Hamilton	6.9	9	Brampton	16.8	21
Saskatoon	6.9	10	Vaughan	20.3	22
Durham Region	7.3	11	Ottawa	22.0	23
Windsor	8.1	12	Halton Region	36.5	24

Note: We exclude 2009 for Vaughan, 2011 for Niagara Region and 2006 for Montreal.
Source: Authors' calculations from municipal budgets and financial statements.

increase in spending that year. However, Ottawa's 2013 financial statements showed a spending increase of less than 3 percent because the end-of-year report amortized capital projects over their expected life.

Halton in 2012 provides another example of unilluminating budgeting. Its budget that year proposed \$690 million in capital spending. But Halton's 2013 budget showed a restated \$176 million in capital spending for 2012 and proposed \$965 million in capital spending for 2013.[10] As a result, Halton's 2012 and 2013 total combined operating and capital budgets showed spending increases of 52 percent and 90 percent. Yet, its financial reports for those two years showed increases of only 2 percent and 4 percent. These are stark examples of how capital budgeting that is inconsistent with financial reporting would lead a non-expert reader trying to compare a city's results with its commitments badly astray.

Why This Matters: The Myths and Realities of Strained Municipal Finances

Municipalities' flawed budget accounting not only messes up comparisons of budgets and financial

10 The 2013 Halton budget explains that this restatement resulted from a mid-year municipal report that recommended deferring most of the proposed 2012 capital projects due to delays in implementing a Development Financing Plan (Halton Region 2012).

results, it can have real consequences on their spending decisions. In particular, too much focus on cash outlays complicates councillors' ability to manage the inevitable tension between the desires and interests of current taxpayers and users of municipal services and those of future taxpayers and service users, notably in building and financing long-lived assets.

Inconsistent Budgeting Distorts Municipal Investment Choices

Decisions about how to finance assets are not necessarily linked to decisions about how to represent them in financial statements. But accrual accounting's basis for good decisionmaking is clear in a situation where a government borrows, say, $1 billion to finance an asset that will produce services for 20 years and amortizes the loan over the same 20-year period over which it writes off the asset. That approach straightforwardly tries to match costs and benefits over time.

Specifically, presenting councillors with capital budgets that show outlays on such assets as in-year expenses (as cash budgeting does), rather than capitalizing them and amortizing them as they deliver their services (as accrual accounting does), likely biases municipalities toward raising revenues up front to finance infrastructure expenditures that will yield benefits well into the future.

One type of upfront revenue is the infrastructure charges municipalities impose on developers.[11] Like other levies, these "development charges" make sense when they spread costs over the period during which people will enjoy the related benefits (see Bird, Slack, and Tassonyi 2012). Cash accounting, however, creates a bias toward levying these charges as the cash is being spent, which, given their size, would represent a significant subsidy to future service users at the expense of new homebuyers. Development charges are one of the main sources of capital financing of municipal capital assets. Indeed, Ontario municipalities collected $1.5 billion in development charges in 2013.[12]

The pattern of surpluses that is evident since 2009 when cities began following the PSAB requirement to use accrual accounting in their year-end financial statements suggests that they have since then collected more revenues than the value of their operating and capital services. Indeed, from 2008 through 2014, Canada's 24 largest municipal governments ran an aggregate cumulative surplus of $41.4 billion (Table 3).[13] The 2014 total surplus, $6.2 billion, was 12 percent of their revenues that year. The municipalities with the largest surpluses as a share of revenues in 2014 – Vaughan, Halton Region, Calgary, Markham, Saskatoon and Surrey – had surpluses of more than 20 percent of total revenues.[14] This does not mean that cities, in reality, have hugely positive net worth. Cities often

11 Ontario has a specific *Development Charges Act*, while other provinces have sections in their municipal acts that outline the types of charges cities can levy on developers. For example, Sections 42 and 37 of Ontario's *Planning Act* provide the option of in-kind contributions for parklands or other community amenities to secure planning approval for buildings that exceed zoning requirements. Many other provinces have similar provisions. As well, Ontario requires that municipalities allocate development charges to capital projects.

12 See Schedule 61 of the Ontario Financial Information Return.

13 Cities restated their 2008 revenues and expenditures on an accrual basis in their 2009 financial statements. This gives us an additional year of data to compare.

14 We include developer contributions, government capital transfers and in-kind developer contributions for all municipalities to present comparable annual surplus estimates. For 2009 through 2012, the financial statements of Calgary, Edmonton, Saskatoon and Winnipeg consider these as "other" revenues and include them in the annual surplus. Instead, we include these other revenues in total revenues in calculating annual surpluses.

Table 3: Budget Surplus as a Share of Revenues and Total, Selected Canadian Cities

	2014 surplus		2008-2014 surplus		2014 surplus		2008-2014 surplus
Municipality	($ millions)	As share of 2014 revenues (percent)	Cumulative ($ millions)	Municipality	($ millions)	As share of 2014 revenues (percent)	Cumulative ($ millions)
Toronto	788	7.0	5,281	Waterloo Region	87	9.0	455
Montreal	606	9.7	3,235	Halton Region	260	26.9	1,516
Calgary	1,091	24.0	6,499	Halifax	36	3.8	575
Ottawa	356	10.0	2,598	Saskatoon	202	23.2	1,431
Edmonton	488	15.7	3,893	Niagara Region	56	6.4	380
Peel Region	378	16.1	1,989	Surrey	189	22.4	1,272
York Region	317	13.8	2,491	Mississauga	(23)	-2.9	475
Hamilton	190	11.0	1,171	Brampton	125	16.5	978
Winnipeg	213	12.4	1,401	Windsor	18	2.5	439
Vancouver	215	13.8	987	Vaughan	211	33.8	957
Durham Region	153	12.3	1,189	Sudbury	28	5.2	273
London	117	10.6	1,030	Markham	87	23.7	850
				All major cities	**6,187**	**12.4**	**41,369**

Note: Cities ranked by 2014 revenues.

Source: Authors' calculations from municipal budgets and financial statements.

funnel cash from development charges or senior government grants into reserve funds that they are legally bound to dedicate to specific future expenses. However, the surpluses do suggest that current practices are not spreading the costs and benefits of municipal infrastructure to households as fairly over time as they should.

The appropriate share of financing infrastructure from up-front revenues as opposed to longer-term debt differs by type of government (see Dahlby and Smart 2015). An accounting practice that better shows the long-term distribution of infrastructure benefits will aid elected officials in making long-term decisions for their cities. Better accounting is a means to the end of better government decisionmaking.

Recommendations for Better Municipal Budgets

In seeking to improve municipal fiscal accountability in Canada, we turn once more to our smart but time-constrained non-expert. This person, a typical municipal councillor or motivated taxpayer, should be able to pick up the budget and the financial report for the same year, start at page one, easily pick out the key aggregate revenue and spending figures, and compare them to see how close the results are to the plan. The majority of Canada's senior governments now publish budgets and financial reports that make this exercise possible, and other public sector entities are following suit. School boards in Ontario, for example, have recently moved to full accrual budgeting. As in our previous surveys of municipal fiscal accountability (Dachis and Robson 2011, 2014), we have several suggestions to bring Canada's municipalities up to the same mark.

Adopt Accrual Accounting in Budgets

Clearly, the key first step is to use accrual accounting in establishing municipal budgets. Ideally, the provinces would relax their current requirements for cash accounting. Alternatively, they could mandate accrual accounting consistent with financial statements. But absent provincial action, individual municipalities could on their own present budget numbers consistent with their financial statements.[15]

Now that municipalities are presenting accrual-based financial results, there is no good reason not to present accrual-based budgets as well. This recommendation does not pre-empt presentations of other information, including figures net of rate-supported services, to show the effect of spending on property-tax rates. At the risk of repetition, we underline that accrual accounting is intended to match revenues to the services provided, now and in the future.

Accrual-based budgeting would also make multiyear budgets more meaningful. The multiyear capital budgets produced by all large cities (along with a handful that present multiyear operating budgets) are less helpful when they do not show the amortization of capital expenses. Accrual accounting would inform municipal councillors and taxpayers whether they are looking at the financing of long-lived infrastructure assets, for example, or wondering how future obligations such as pension entitlements of municipal employees or landfill decommissioning and other environmental liabilities affect their municipality's net worth. Accrual-based budgeting is especially useful when it comes to management of capital assets: it helps match who pays with who benefits.

As in the private sector, public sector accounting standards change as opinions about the best ways to represent economic reality change. Current public sector standards are open to criticism, for example, for valuing pension obligations using arbitrary, rather than market-based, discount rates, which typically make those obligations look smaller than the cost to pay them off at the valuation date (Laurin and Robson 2014). For municipalities to move, in both their budgets and their financial reports, to the standards currently followed by the federal government and most provinces and territories would nevertheless be a big step forward.

In some provinces, accrual accounting in budgets would create tension with the requirement that municipalities present balanced operating budgets. However, since accrual accounting consolidates all items affecting net worth into common revenue and

15 Provincial requirements, however, should not allow or mandate municipalities to deviate from established accounting practices for financial statements. For example, Ontario Regulation 284/09 of the *Ontario Municipal Act, 2001* allows municipalities to exclude from their annual budgets amortization expenses of post-employment benefit expenses as well as solid waste landfill closure and post-closure expenses. Currently, Ontario requires that municipal staff present to council a report on the extent of these costs. Alberta allows, but does not require, municipalities to produce their budgets on a comparable basis as their financial statements.

expense totals, it makes the concept of a separate operating budget irrelevant. One option would be to focus on the overall bottom line that, under accrual accounting, should represent change in net worth. This approach parallels that of the federal and most provincial governments, which target their budget balances on an accrual basis. Other measures related to fiscal prudence and sustainability, such as interest costs relative to revenues, are possible. Indeed, this debate about the appropriate public sector finance anchor, whether it is balanced budgets or a debt-to-GDP ratio, applies as well to federal and provincial budgets. The key point is that provincial legislation should not mandate budget targets that are inconsistent with the accrual accounting cities already use in their financial reports.

Show Gross, Consolidated, City-wide Spending

Municipal budgets should also show gross spending and revenue, so users of financial statements have one comprehensive overview of a government's fiscal footprint. As for what entities to include, senior governments typically distinguish between Crown corporations whose principal revenue source is the government and do not operate in a commercial environment and Crown corporations whose principal revenue sources are sales to outside parties and do operate in a commercial environment. These governments consolidate the former in their financial statements, while recording only transactions with, and equity investments in, the latter.[16] Applying this distinction at the municipal level suggests consolidating water and waste utilities, while showing transactions and equity investment in connection with many other government business enterprises, such as electricity utilities that are often standalone corporations.

Show Deviations from Budget Plans

Accounting differences aside, cities should prominently display tables reconciling year-end results with budget promises. Another valuable practice, followed by the federal and many provincial governments, is in-year reports showing results relative to plan. Many municipalities do produce regular reports that show the difference between budgeted and actual spending, but the inconsistent accounting in budgets and financial reports, which makes them useless to non-experts, reduces their value.

Present Budgets in a Timely Manner

Another important feature of accountability in spending is ensuring that cities have formally approved spending before that spending happens. Many municipal governments are slow in providing their final approval for government spending. Those cities that delay budget approval until many months into their fiscal years should approve their budgets sooner.[17]

Conclusion – The Need to Improve Municipal Fiscal Accountability

It is beyond time for Canada's cities to adopt budget practices that are becoming standard at senior levels of government. In many cases, provinces can facilitate that transition by changing the laws governing municipal financial reports. Whether

16 Canada Mortgage and Housing Corporation is an example in the former category; the Canadian Broadcasting Corporation an example of the latter.

17 Cities may want to consider in the future adjusting their fiscal years so that they coincide with the timing of federal and provincial budgets.

mandated by their provinces or not, cities should present accrual-based budgets consistent with their financial statements, thereby avoiding the baffling discrepancies and potentially biased decisions about revenue and spending that inconsistent cash budgeting creates.

The confusion created by different accounting in municipal budgets and financial reports might not be intentional, but it is real and its effect on transparency and accountability is deleterious. Clearer, more consistent figures and better adherence to budget targets would bring the financial management of Canada's municipalities into line with their fiscal impact and their importance in Canadians' lives.

Appendix – Table A1: Annual Expenditure Increase, 2005-2014, percentage

					Announced Spending Change							
Fiscal Year	Brampton	Calgary	Durham	Edmonton	Halifax	Halton	Hamilton	London	Markham	Mississauga	Montreal	Niagara
2005	-8.0	2.3	18.7	1.6	16.1	21.3	11.3	14.5	4.7	7.6	4.6	12.0
2006	35.4	15.5	5.6	2.5	3.2	4.3	1.0	2.5	-0.1	15.8	0.0	1.9
2007	-8.5	19.4	1.9	16.9	6.7	-0.9	7.5	0.0	11.9	3.1	4.8	1.0
2008	22.0	12.9	4.4	13.7	3.7	24.2	-2.4	3.4	18.0	15.5	8.4	6.2
2009	10.0	2.7	9.0	22.6	-5.0	23.7	9.1	-0.4	-1.3	-6.4	5.5	7.9
2010	-4.9	-1.4	4.2	-0.6	4.3	-8.0	10.6	-5.9	-9.8	18.5	-3.0	-2.3
2011	-0.7	0.1	9.6	-4.5	2.2	-14.8	-4.0	-2.4	6.8	-7.1	11.5	N/A
2012	0.0	-2.4	1.7	1.7	2.0	52.4	14.1	0.4	15.0	-5.5	8.1	4.7
2013	14.0	4.7	-6.3	-6.3	7.3	89.6	1.2	2.3	25.7	1.9	4.5	10.1
2014	5.2	2.5	18.9	-8.8	0.0	-32.5	2.1	3.5	-12.1	9.4	-4.1	2.8
					Actual Spending Change							
Fiscal Year	Brampton	Calgary	Durham	Edmonton	Halifax	Halton	Hamilton	London	Markham	Mississauga	Montreal	Niagara
2005	22.9	10.3	11.1	11.1	15.3	-0.8	12.9	6.6	22.8	12.7	5.1	3.9
2006	9.9	18.1	12.8	11.6	1.0	21.9	1.2	-4.0	-8.9	1.8	N/A	8.0
2007	9.2	11.7	-0.2	27.7	6.7	10.7	1.1	12.7	15.7	11.1	22.2	0.4
2008	2.7	19.0	-2.3	31.0	-3.6	1.6	4.2	4.9	-1.5	22.6	11.4	2.0
2009	4.4	12.0	4.9	2.7	4.0	3.7	5.4	1.9	7.5	-2.7	-1.5	6.6
2011	8.8	7.5	6.0	7.4	3.0	4.9	-1.4	4.6	-0.4	2.9	-3.8	7.2
2011	10.1	0.5	0.3	8.0	6.8	3.1	2.5	4.5	8.2	7.8	26.6	N/A
2012	8.9	1.6	4.7	2.8	1.0	1.7	0.5	-1.1	4.3	1.1	3.1	5.9
2013	4.7	10.9	0.0	8.6	4.4	4.4	0.3	1.0	0.9	4.1	5.3	-4.3
2014	10.0	2.7	4.0	7.5	6.0	1.7	4.6	6.9	6.2	9.1	-7.9	6.4
					Difference							
Fiscal Year	Brampton	Calgary	Durham	Edmonton	Halifax	Halton	Hamilton	London	Markham	Mississauga	Montreal	Niagara
2005	30.9	8.0	-7.6	9.6	-0.7	-22.1	1.6	-7.8	18.1	5.1	0.5	-8.1
2006	-25.5	2.6	7.1	9.1	-2.2	17.6	0.2	-6.5	-8.8	-14.0	N/A	6.1
2007	17.7	-7.7	-2.1	10.8	0.0	11.7	-6.4	12.7	3.8	8.0	17.3	-0.7
2008	-19.3	6.1	-6.8	17.3	-7.3	-22.6	6.6	1.5	-19.5	7.1	3.0	-4.2
2009	-5.6	9.4	-4.1	-19.9	9.1	-20.1	-3.7	2.3	8.8	3.6	-7.0	-1.3
2011	13.7	9.0	1.8	8.0	-1.3	12.9	-12.0	10.4	9.4	-15.6	-0.9	9.4
2011	10.8	0.4	-9.3	12.6	4.5	17.9	6.4	6.9	1.5	15.0	15.2	N/A
2012	8.9	4.1	3.0	1.1	-1.0	-50.7	-13.7	-1.5	-10.7	6.6	-5.0	1.1
2013	-9.3	6.2	6.3	14.9	-3.0	-85.2	-0.9	-1.3	-24.8	2.2	0.8	-14.4
2014	4.8	0.3	-14.9	16.3	6.0	34.2	2.5	3.4	18.3	-0.3	-3.9	3.6

Table A1 Continued on next page.

Appendix – Table A1: Continued

Fiscal Year	Ottawa	Peel	Saskatoon	Sudbury	Surrey	Toronto	Vancouver	Vaughan	Waterloo	Windsor	Winnipeg	York
					Announced Spending Change							
2005	22.6	-13.4	24.8	5.7	21.5	8.6	9.5	33.0	6.7	7.9	11.3	-10.0
2006	26.8	15.5	9.6	8.7	-2.6	8.1	2.3	-25.2	16.3	16.5	2.3	3.9
2007	-13.7	5.8	8.9	18.9	9.3	4.3	12.0	13.2	6.7	2.2	13.6	9.1
2008	9.1	16.0	8.2	6.7	12.1	5.2	-3.4	-4.3	3.2	2.5	1.8	10.9
2009	-2.2	19.1	10.3	1.7	2.1	7.6	5.9	N/A	21.3	9.9	6.4	21.2
2011	8.6	-12.2	19.4	-1.5	28.1	11.7	29.7	-24.5	5.5	2.9	-0.5	1.7
2011	4.4	21.4	8.5	-15.4	16.2	-2.6	-4.1	10.9	5.0	-9.0	-3.2	3.6
2012	6.3	0.0	1.1	3.5	4.1	2.9	-3.4	1.4	1.9	0.2	6.2	10.6
2013	47.2	8.7	16.4	2.8	15.0	-0.5	1.9	8.4	7.6	-0.3	0.9	5.9
2014	-34.2	16.9	-2.4	-1.8	-5.0	1.4	3.8	-7.8	3.6	8.9	4.0	0.5
					Actual Spending Change							
Fiscal Year	Ottawa	Peel	Saskatoon	Sudbury	Surrey	Toronto	Vancouver	Vaughan	Waterloo	Windsor	Winnipeg	York
2005	10.7	9.3	14.2	2.6	14.0	4.3	10.8	3.7	2.5	12.3	3.1	13.4
2006	1.1	2.2	17.6	8.3	0.2	7.8	4.8	5.1	12.3	-3.3	2.3	0.8
2007	3.9	3.7	7.7	2.1	8.8	9.0	7.1	-0.9	5.7	6.4	4.9	1.8
2008	7.3	6.9	10.1	8.6	11.8	5.2	17.0	14.9	6.4	2.5	3.1	9.0
2009	-0.7	8.2	8.4	3.9	10.1	5.1	4.4	N/A	11.5	0.5	8.4	0.3
2011	4.6	7.1	5.4	1.5	9.3	5.9	9.4	9.1	-0.1	-0.2	3.0	3.1
2011	3.1	7.6	2.3	-9.1	8.5	1.0	4.7	8.4	0.9	-1.2	7.5	17.5
2012	3.2	4.6	4.2	0.1	3.6	-2.7	0.4	-0.1	7.1	3.0	2.1	6.7
2013	2.6	2.9	11.8	3.4	3.5	1.6	1.1	6.8	3.4	-0.1	7.5	10.7
2014	7.3	3.9	3.2	1.6	14.1	2.5	3.4	7.2	2.2	1.3	7.7	12.3
					Difference							
Fiscal Year	Ottawa	Peel	Saskatoon	Sudbury	Surrey	Toronto	Vancouver	Vaughan	Waterloo	Windsor	Winnipeg	York
2005	-11.9	22.8	-10.7	-3.1	-7.5	-4.4	1.3	-29.4	-4.2	4.4	-8.1	23.5
2006	-25.7	-13.3	8.0	-0.4	2.8	-0.3	2.5	30.3	-4.0	-19.8	0.0	-3.1
2007	17.6	-2.1	-1.2	-16.8	-0.5	4.6	-4.9	-14.0	-1.0	4.2	-8.7	-7.4
2008	-1.8	-9.0	1.9	1.8	-0.3	0.0	20.4	19.2	3.2	0.1	1.3	-1.9
2009	1.5	-10.9	-1.9	2.2	8.0	-2.6	-1.4	N/A	-9.8	-9.4	2.0	-20.9
2011	-4.0	19.4	-14.0	3.0	-18.8	-5.8	-20.4	33.6	-5.6	-3.0	3.5	1.5
2011	-1.2	-13.8	-6.2	6.4	-7.7	3.6	8.8	-2.4	-4.1	7.9	10.6	14.0
2012	-3.1	4.7	3.0	-3.4	-0.5	-5.6	3.8	-1.5	5.2	2.8	-4.1	-3.9
2013	-44.6	-5.9	-4.6	0.6	-11.5	2.1	-0.8	-1.6	-4.2	0.1	6.6	4.9
2014	41.5	-13.0	5.6	3.5	19.0	1.1	-0.4	15.0	-1.3	-7.6	3.7	11.8

Note: Halifax's budgets are for April–March.

Source: Authors' calculations from municipal budget documents and financial statements.

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Notes:

NOTES:

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Overview of Multi-Year Business Planning and Budgeting

Recommendation
That the Administration report back by January 31, 2017, with further detail, and a possible implementation strategy and plan for multi-year budgeting.

Topic and Purpose
The purpose of this report is to provide a general overview of multi-year business planning and budgeting.

Strategic Goal
In general, the report supports all the strategic goals as business planning and budgeting does have implications for all goals. More specifically, the report aligns more closely with a culture of Continuous Improvement and Asset and Financial Sustainability.

Report
Attachment 1 provides a brief discussion paper about multi-year budgeting. It addresses three general points about multi-year budgeting: (1) what it is; (2) what its advantages and disadvantages are; and (3) where it is used.

The paper illustrates that fully integrated multi-year business plans and budgets can be very useful in terms of helping cities achieve long-term, strategic objectives, and more short-term operational improvements. If implemented correctly, the advantages of a multi-year budget are significant, while the disadvantages are minimal.

The paper describes the multi-year budget frameworks and processes used in three Canadian jurisdictions: Calgary, Edmonton, and London. Calgary has one of the most mature processes in Canada, while Edmonton and London have just recently adopted a fully integrated approach to multi-year budgeting.

The City of Saskatoon (the City) currently budgets on an annual basis. However, in recent years, the City has adopted several long-term strategic plans. The annual business planning and budgeting process may no longer be sufficient for the City to achieve its long-term strategic priorities. Thus, a fully integrated multi-year business plan and budget may be an optimal way to better link longer-term plans and resources. Appendix 1 to the attachment illustrates this linkage.

If the City decided to move to a multi-year business plan and budget then a process would need to be adopted. Based on the research from other cities, Appendix 2 outlines a potential process that the City could implement.

Options to the Recommendation

The Administration could discontinue with any further exploration of multi-year budgeting, but for the reasons and benefits cited in this report, this would not be recommended.

Other Considerations/Implications

There is no policy, financial, environmental, privacy or CPTED implications or considerations at this time.

A public and/or stakeholder involvement or communication plan is not required at this time.

Due Date for Follow-up and/or Project Completion

The Administration will report back to Committee no later than January 31, 2017.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment

Budgeting to Make Plans Work or Working to Make a Budget? An Overview of Multi-Year Budgeting (May 16, 2016)

Report Approval

Written by:	Mike Jordan, Director of Government Relations
Reviewed by:	Kerry Tarasoff, CFO/General Manager, Asset and Financial Management Department
Approved by:	Murray Totland, City Manager

Budgeting to Make Plans Work or Working to Make a Budget?

An Overview of Multi-Year Budgeting

Prepared by Mike Jordan
Director of Government Relations

5/16/2016

[1] Introduction

Many Canadian cities or municipalities have implemented – or are in the process of implementing – integrated multi-year capital and operating budgets. This approach has been recommended by various organizations and associations, such as the Government Finance Officers Association (GFOA), as a better way for municipal governments to plan and allocate resources.

In Canada, the approach to multi-year budgeting at the municipal level varies considerably. For example, some cities, such as Calgary, have adopted fully integrated business plans that are supported by multi-year capital and operating budgets. Others, such as Regina, have adopted multi-year capital plans, but annual operating budgets. Finally, the Regional Municipality of York in Ontario, has recently adopted multi-year capital and operating budgets, but these are not linked to a corporate business plan.

Despite these variations, cities and municipalities in Canada are increasingly adopting the fully integrated framework. For example, in late 2015, the City Councils of Edmonton and London (Ontario) adopted integrated, multi-year capital and operating budgets that are linked to business plans and performance measures. The City of Toronto is in the process of adopting a similar approach.

There are several reasons why cities and municipalities in Canada are utilizing this approach for planning and budgeting. A few of the most prominent are: (1) the integration and alignment with long-term development plans and strategic plans; (2) flexible allocation of resources over time to accomplish goals/objectives; and (3) more efficient use of time and resources as the organization is not in "perpetual budget mode".

These, and other benefits, were formally recognized by the Government of Alberta. In 2015, the Alberta Legislature passed *Bill 20, the Municipal Government Amendment Act*. One important element of this legislation is the requirement that municipalities in the province must prepare multi-year capital and operational plans (or budgets).[1] The legislation still requires the approval of annual budgets, but in the context of a multi-year framework.

As such, the purpose of this document is to provide an overview of a fully integrated multi-year business plan and budget framework that may be useful and beneficial to the City of Saskatoon in achieving its long-term goals. To do so, this document is organized as follows:

- Section 2 describes what a multi-year budget is and, in general terms, how it works.
- Section 3 addresses some of the advantages and disadvantages of multi-year budgeting.
- Section 4 provides a brief overview of the City of Saskatoon's existing business planning and budgeting framework.

[1] See The Legislative Assembly of Alberta, *Bill 20, Municipal Government Amendment Act, 2015*, accessed from http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/bills/bill/legislature_28/session_3/20141117_bill-020.pdf. This section of the Act will come into force in the fall of 2017, once regulations are developed.

- Section 5 offers a jurisdictional scan, illustrating how other selected Canadian cities have adopted fully integrated, multi-year budgets.
- Section 6 concludes by providing a summary of multi-year budgeting and offers an approach that the City of Saskatoon could adopt in deciding to travel down this path.

[2] What is Multi-Year Budgeting? A Conceptual Review of the Models

As briefly noted in the introductory section, multi-year budgeting can take various forms. However, for the purposes of this document, a multi-year budget includes the integration of capital and operating budgets, adopted together, over the course of a budget cycle. Therefore, frameworks that use multi-year capital budgets and annual operating budgets in the budget cycle are excluded from this definition.

According to the literature, there are two main types of multi-year budgets that coincide with the description in the previous paragraph: (1) the classic multi-year budget; and (2) the rolling multi-year budget.[2] The distinction between these two types is subtle, but important.

The classic multi-year budget is a document that has detailed expenditures and anticipated revenues for two or more budgetary periods (years) where the document is adopted at one time. Once the multi-year budget is approved, minor adjustments are made at the end of each budget year to reflect any changes in fiscal conditions.[3] However, there is no need to approve budgets annually in the multi-year framework under this model. This model is used in various American cities and states, where legislation permits the practice.

The rolling multi-year budget is a document that contains detailed expenditures and anticipated revenues for two or more budgetary periods (meaning years), but each spending plan is approved individually each year.[4] The way this model works is that the Administration tables a multi-year budget with Council. Council then deliberates on the entire package and adopts the multi-year budget, but also approves the budget for the upcoming year. In subsequent years, there is no new budget tabled, but adjustments are made to the existing multi-year plan.

For example, assume the Administration tables a three-year budget with Council in December 2018. Council then deliberates on the entire three years and has the ability to amend the spending plans based on its priorities/goals, etc. At the conclusion of the deliberations, Council will adopt the multi-year budget for the years of 2019, 2020, and 2021.

However, Council will approve only the Budget for 2019, which takes effect on January 1 of that year. Rather than tabling a whole new budget with Council for the 2020 year, all that would be tabled with Council are any adjustments that need to be made to the original plan that Council adopted in December 2018. Council would then adopt the necessary adjustments and approve the budget for 2020. It would follow a similar process for 2021. Once the 2021 budget is

[2] See, for example, Salomon Guajardo, "An Elected Officials Guide to Multi-Year Budgeting," (Chicago: Government Finance Officers Association, November, 2006) 17.
[3] See ibid, 23.
[4] See ibid, 22.

approved, the multi-year budget cycle restarts and another three-or four-year budget is prepared and then ultimately adopted.

The rolling multi-year budget is commonly used in many Canadian cities, such as Calgary, Edmonton, and London. The primary reason for this is that municipal enabling legislation in Canada still requires cities (and or municipalities) to approve annual budgets. However, this does not mean that cities/municipalities cannot adopt multi-year budgets. They are permitted to do so as long as they approve an annual budget each year.[5]

[3] Advantages and Disadvantages of Multi-Year Budgeting

The preceding section of this document addresses multi-year budgeting from a conceptual perspective. It provides the two models that are used in various North American jurisdictions. However, that section did not address some of the advantages and disadvantages of multi-year budgeting. This section briefly addresses the main advantages and disadvantages with respect to multi-year budgeting, as found in the literature. It will also provide some mitigation strategies to address the disadvantages.

Before doing so, however, a major issue that emerges in the multi-year budgeting process needs to be addressed: dealing with election years. If done correctly, a multi-year budget will straddle election years.

For example, if a City Council is elected in four-year terms, let’s say in October of 2016, and the term runs to October 2020, ideally, a four-year budget cycle would then take effect on January 1, 2018 and continue to December 31, 2021. The lag time in the budget cycle gives a newly elected Council the opportunity to educate itself, coordinate its priorities, and direct the Administration to implement various initiatives. Similarly, because the budget cycle will overlap with the next election, a new Council will not be “thrown” immediately into making major budgetary decisions weeks after an election.

Thus, the advantages of this process are as follows:

- Majority of new Council members appreciate the opportunity to learn the business and set strategic plans before approving a budget.
- New Council has opportunity to set direction for its term.
- Council not “thrown into” budget immediately after election.

However, the perceived disadvantage with this approach is that it may be more difficult for a new Council to effect budgetary change immediately following an election. This assumes that the new Council has a strong understanding of the budgetary challenges and opportunities of the city/municipality.

As section five describes, those cities that have adopted multi-year budgets ensure that they do in fact straddle election years for the reasons listed above. The rest of this section will now turn

[5] See for example, section 291 of Ontario’s Municipal Act and Alberta’s proposed Bill 20.

to address some general advantages, disadvantages, and mitigation strategies with respect to multi-year budgeting.

3.1 Advantages

According to research conducted by the GFOA, the advantages of multi-year budgeting far outweigh the disadvantages.[6] These include:

- Significant savings in Council and Administration time, as they are not spending half of the year on the budget.
- Potential to redeploy staff to other functions.
- Enables Council to implement multi-year vision which flows through business plans to be incorporated into the operating budget.
- Encourages a focus on achieving longer-term plans, goals, and objectives.
- Improves financial management and long-range strategic planning.
- Better alignment with (infrastructure) funding from other orders of government and to plan projects.
- Provides a better link between capital and operating investments and activities.
- The longer-term view is said to produce better and more thoughtful budgets.

3.2 Disadvantages

The GFOA lists the following as the primary disadvantages with multi-year budgeting.

- Discomfort with forecasting longer-term revenues and expenditures.
- Publishing of potential property tax increases.
- Additional effort required for implementation.
- Perceived loss of flexibility in making budgetary decisions.

3.3 Mitigation Strategies

Many of the disadvantages identified above may be addressed through various mitigation strategies such as:

- Amending existing financial and budget policies and procedures.
- Producing, monitoring, and updating socio-economic outlooks/forecasts.
- Adopting an extensive public engagement process to obtain public input.
- Establishing a budget review process for ensuring compliance with budget polices, processes, and targets.

[6] See note 2, page 18, and Barry Blom and Salamon Guajardo, “Multi-year Budgeting: A Primer for Finance Officers” (Government Finance Review) 2000, accessed from https://rockmail.rockvillemd.gov/clerk/egenda.nsf/d5c6a20307650f4a852572f9004d38b8/8b550fa29dc798b085257a5b0068b406/$FILE/AttachA_Primer_Multi-YearBudgeting.pdf

If one assumes that the goal of multi-year budgeting is to provide better alignment with various strategic or long-term plans of the City, then the disadvantages are relatively minor when analyzed in the context of a longer-term vision.

The next section of this document will provide a brief overview of the City of Saskatoon's budgeting framework. The City does not use a multi-year budget at the moment, but the time may be right for consideration and implementation.

[4] The City of Saskatoon's Existing Budget Framework

Enabling legislation requires cities in Saskatchewan, including Saskatoon, to pass a budget each year. More specifically, section 128(1) of the Saskatchewan *Cities Act* prescribes "a council shall adopt an operating and a capital budget for each financial year".[7] Section 128(2) restricts a City Council from billing for property taxes in a financial year, unless it has adopted a capital and operating budget for that year.

Finally, the legislation also prescribes that a City must balance its operating budget each year. In other words, operating expenditures must match operating revenues when Council approves the operating budget. At the end of the year, the budget may be in a surplus or deficit, but it must be balanced at the time Council approves the budget.[8]

Despite these legislative requirements, nothing in the legislation restricts the City of Saskatoon (the City) from adopting a multi-year budget framework, so long as it passes an annual capital and operating budget each year. In fact, as the next section of this document acknowledges, cities that have adopted a multi-year budgeting framework follow this process.

Nevertheless, the City currently approves its capital and operating budgets annually. The capital and operating budgets are linked to, and passed together with, the City's annual Business Plan (in December). In other words, each year, City Council approves the annual Business Plan and Budget. The Business Plan lays out the projects, programs, and services that the City hopes to accomplish over the course of the year, while the capital and operating budgets provide the resources to support the Business Plan.

Over the past six years, the City's approach to budgeting has evolved substantially. In 2011, the City implemented major changes to its planning and budgeting process to create a framework which would allow the City to be more adaptive and responsive to the changing dynamics in the city, the province, and the country.

This evolution has been driven by the need to become more strategic in making capital investments, more responsive to the service delivery requirements of the community, and to become more efficient in the use and allocation of resources. Indeed, the impetus for this change was driven by the:

- input of the community, through the "Saskatoon Speaks" Community Visioning project;

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[7] See, the Queen's Printer, Saskatchewan, "The Cities Act". Accessed from http://www.qp.gov.sk.ca/documents/english/Statutes/Statutes/c11-1.pdf.

[8] See ibid, section 129(3).

- direction of City Council and its priorities;
- adoption of the City's 10-Year Strategic Plan;
- ability to measure performance and achieve targets; and
- desire to control expenditures.

The City's approach to business planning and budgeting continued to evolve in 2016. Although the above factors figured prominently in building the 2016 Business Plan and Budget, they were supplemented with an unprecedented focus on education, awareness, and public engagement.

Despite this evolution, one of the major drawbacks with the City's existing approach to budgeting is that it is difficult to determine the longer-term impacts of decisions made in previous years. The City's focus on the repair of its aging infrastructure, improving service delivery, and building new amenities, cannot all be achieved in one single year or budget; it requires a multi-year approach to reach the desired levels of success.

Cities in Canada have started – or are starting – to recognize this by implementing fully integrated, multi-year business plans and budgets. The next section of this document will address how a few cities in Canada have adopted multi-year business plans and budgets.

[5] The Frameworks in Other Jurisdictions

This section provides an overview of the multi-year budget frameworks and processes used in three Canadian jurisdictions: Calgary, Edmonton, and London. While it is beyond the scope of this document to go into great detail on the processes used in these cities, it will provide a general, high-level overview on how they approach multi-year budgeting. The City of Calgary is included in the analysis because it has the most mature process in Canada. The City of Edmonton is included in the analysis because it started its process midway through Council's electoral term. Finally, the City of London is included because it offers a perspective from Eastern Canada, and has adopted a fully integrated multi-year business plan and budget (four-year cycle).

5.1 The City of Calgary

Calgary, along with the City of Lethbridge, is the most experienced jurisdiction in Canada with respect to multi-year budgeting. Calgary City Council approved its first multi-year business plan and budget in 2004, effective for the 2006-2008 budget cycle. It then repeated the process for two subsequent three-year budget cycles (2009-2011 and 2012-2014). Calgary's three-year budget cycle coincided with the three-year electoral terms of City Council, but with a one-year lag. In other words, the City's multi-year business plan and budget came into effect in the second year of Council's three-year term.

In 2012, the Government of Alberta amended the *Municipal Government Act* to allow municipal elections to occur every four years, beginning with the 2013 municipal elections. As a result of this change to Alberta's municipal election terms, the City of

Calgary undertook reforms to its multi-year business plan and budget process by extending the budget cycle to four years.

In November 2014, the City of Calgary adopted its first four-year business plan and budget, called Action Plan, which runs from January 1, 2015 to December 31, 2018. However, because legislation requires an annual budget to be approved, Council also passed the 2015 operating and capital budget at the same meeting.

Calgary's four-year budget cycle follows the one-year lag from Council's four-year electoral term – as it did under the three-year cycle. Although Council's term ends in 2017, the multi-year business plan and budget runs to the end of 2018. This alignment allows the new Council to make adjustments to the business plan and budget for the 2018 year, but does not require the tabling of a new budget or an extensive education process for newly elected councillors.

Calgary City Council has adopted a "Multi-Year Business Planning and Budgeting Policy" that outlines the process and key deliverables.[9] According to the policy, Calgary begins each budget cycle with an extensive public engagement exercise. It supplements this exercise with education and awareness about the multitude of issues, challenges, and opportunities the City will need to address during the budget cycle. However, it does not do any significant public engagement on the budget in the intervening years of the budget cycle.

Calgary's process allows Council to make annual business plan and budget adjustments in the budget cycle. According to the City's Action Plan Summary document, "this is done to allow City Council and Administration to respond to emerging events and unexpected issues (economic, demographic, financial), and maintain the integrity of four-year plans and budgets."[10] Calgary's multi-year budgeting policy limits the adjustments to the following circumstances:

- External factors such as provincial or federal budgets, or changes imposed on pension plan contributions or WCB payments (for example).
- Adjustments to the operating impacts related to capital project adjustments.
- Unforeseen changes to economic forecasts affecting costs, service demand volumes, or revenue projections.
- Council-directed changes to priorities, or results shown in performance reporting, that cause: (a) requests to carry over operating variances, and/or (b) business plan amendments that require budget changes.

Special emphasis is placed on what is termed "mid-cycle" adjustments. The mid-cycle adjustment occurs in year two of the budget cycle, and year three of the Council term (in a four-year cycle). This mid-cycle adjustment includes an updated review of key planning documents, such as a socio-economic outlook, and opportunities to revisit

[9] See. Council Policy CFO004, Multi-Year Business Planning and Budgeting Policy for The City of Calgary.
[10] See, Action Plan Summary, http://www.calgary.ca/CA/fs/Documents/Action-Plan/Approved/Action-Plan-2015-2018-Summary-Approved.pdf. XXIX

Council priorities and citizen engagement. This adjustment will enable changes to the second half of the cycle, if necessary.

Notwithstanding the fact that Calgary has a multi-year budget process, it still provides annual accountability reports, such as a Corporate Annual Report and Audited Financial Statements, as required by provincial legislation. This annual reporting helps the Administration and Council in making more informed decisions in the annual adjustment process.

5.2 The City of Edmonton

After several years of adopting multi-year capital budgets and annual operating budgets, the City of Edmonton elected to adopt a fully integrated multi-year budgeting process in 2015. According to the Mayor of Edmonton, the City adopted this approach because "…multi-year budgeting is going to allow us to make better long-term decisions and get better value for money, engage the public more effectively – while still having the flexibility to make adjustments as situations emerge".[11]

The City of Edmonton's process draws significantly from the Calgary model, but it starts with a three-year cycle (2016-2018). Following the next civic election (in 2017), the City of Edmonton will transition to a four-year budget cycle, beginning with the 2019 budget year.

As both Calgary and Edmonton are governed under the same legislation, Edmonton's process matches that of Calgary's in that the City will still have to pass an operating and capital budget each year, although it may adopt a multi-year budget. Nonetheless, according to the City of Edmonton, the primary reason for transitioning to a fully integrated, multi-year budget is to "…allow for greater integration between the strategic decisions and the operational impacts, as well as showing how an operational decision made in any given year has implications in future years".[12]

Like Calgary, Edmonton began its process by undertaking an extensive public engagement exercise to obtain input from the community on projects, services, and programs. Edmonton has also built in an annual adjustment process.

The annual budget adjustment review process includes an opportunity for Council to deliberate and approve an adjustment to the multi-year budgets or make adjustments based on changes in strategies. Edmonton provides some circumstances as to what may trigger major adjustments to the approved multi-year budget:

- External factors such as provincial or federal budgets, or changes imposed by legislation.
- Adjustments to reflect operating impacts related to the implementation and completion of capital projects.

[11] See, "City moves towards multi-year budget plan," CBC News, retrieved from: http://www.cbc.ca/news/canada/edmonton/city-moves-towards-multi-year-budget-plan-1.2762512.
[12] See City of Edmonton, Multi Year Budgeting Council (City Council, September 10, 2014) 1.

- Unforeseen changes to economic forecasts affecting costs, service demand volumes, or revenue projections.
- Council-directed changes to priorities, policies, and programs.[13]

Similar to Calgary, Edmonton will also provide annual reporting on its performance report to "discuss what the programs and services were able to achieve during the year, along with how these achievements measure against the expectations".[14] The information collected from the annual reporting will be used to inform the annual adjustment review process and forthcoming business planning cycles.

5.3 City of London

In March 2016, the City of London adopted its first ever multi-year budget (four years) for the 2016-2019 budget cycle. According to the Mayor of London, the City adopted this approach because it links:

> *directly to Council's four-year strategic plan. It will allow us to both identify our priorities for this term and align them with the resources needed to execute on them…This process will help us plan better for the short, medium and long term. It is another step we are taking towards creating a more open and forward-looking local government.*[15]

London has adopted a very similar approach to that of Calgary and Edmonton, in that it begins with extensive public engagement and has a built-in annual adjustment process. According to the City of London, the annual adjustment process will provide Council with flexibility to adjust the budget for legislative reasons, or special circumstances that require funding and resource adjustments. More specifically, the City of London restricts the adjustment process to the following circumstances:[16]

- Changes to Council priorities that impact the delivery of services.
- Changes from external factors, such as federal and/or provincial policies that impact the budget, insurance premiums, and pension plan contributions.
- Unanticipated changes to economic forecasts and financial markets.
- Changes to the assessment base.
- Changes to the operating budget as a result of capital project adjustments.

Clearly, with minor distinctions, the three cities have very similar rationale, and have adopted very similar approaches to multi-year budgeting. Each is fully-integrated, focused on achieving long-term goals, and emphasizes public engagement and flexibility to make necessary adjustments. As the next section explores, perhaps it is time for Saskatoon to travel down this path?

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[13] See ibid, 3.
[14] See ibid
[15] See City of London, "City Officials Table 2016-19 Multi-Year Budget," obtained from https://www.london.ca/newsroom/Pages/Table-2016-2019-Multi-Year-Budget.aspx
[16] See City of London, 2016-2019 Multi-Year Budget Document, Executive Summary 17. Retrieved from http://www.london.ca/city-hall/budget-business/budget/Documents/Executive%20Summary.pdf

[6] Conclusion: A Path Forward for Saskatoon?

The intent of this document is to provide an overview of multi-year budgeting. In particular, the focus was to provide a general, high-level overview of:

- What a multi-year budget is.
- What its advantages and disadvantages are.
- Where they are used.

The document illustrates that fully integrated multi-year business plans and budgets can be very useful in terms of helping cities achieve long-term, strategic objectives, and more short-term operational improvements. If implemented correctly, the advantages of a multi-year budget are significant, while the disadvantages are minimal.

As section five illustrates, the City of Calgary has the most mature process of all Canadian cities. And while it may be difficult to say how successful Calgary's approach is, the model continues but keeps evolving, regardless of the changes to City Council. The cities of Edmonton and London have followed Calgary's lead, and they too have adopted fully integrated multi-year business plans and budgets.

So, has the time come for Saskatoon to follow this approach? If so, when and how?

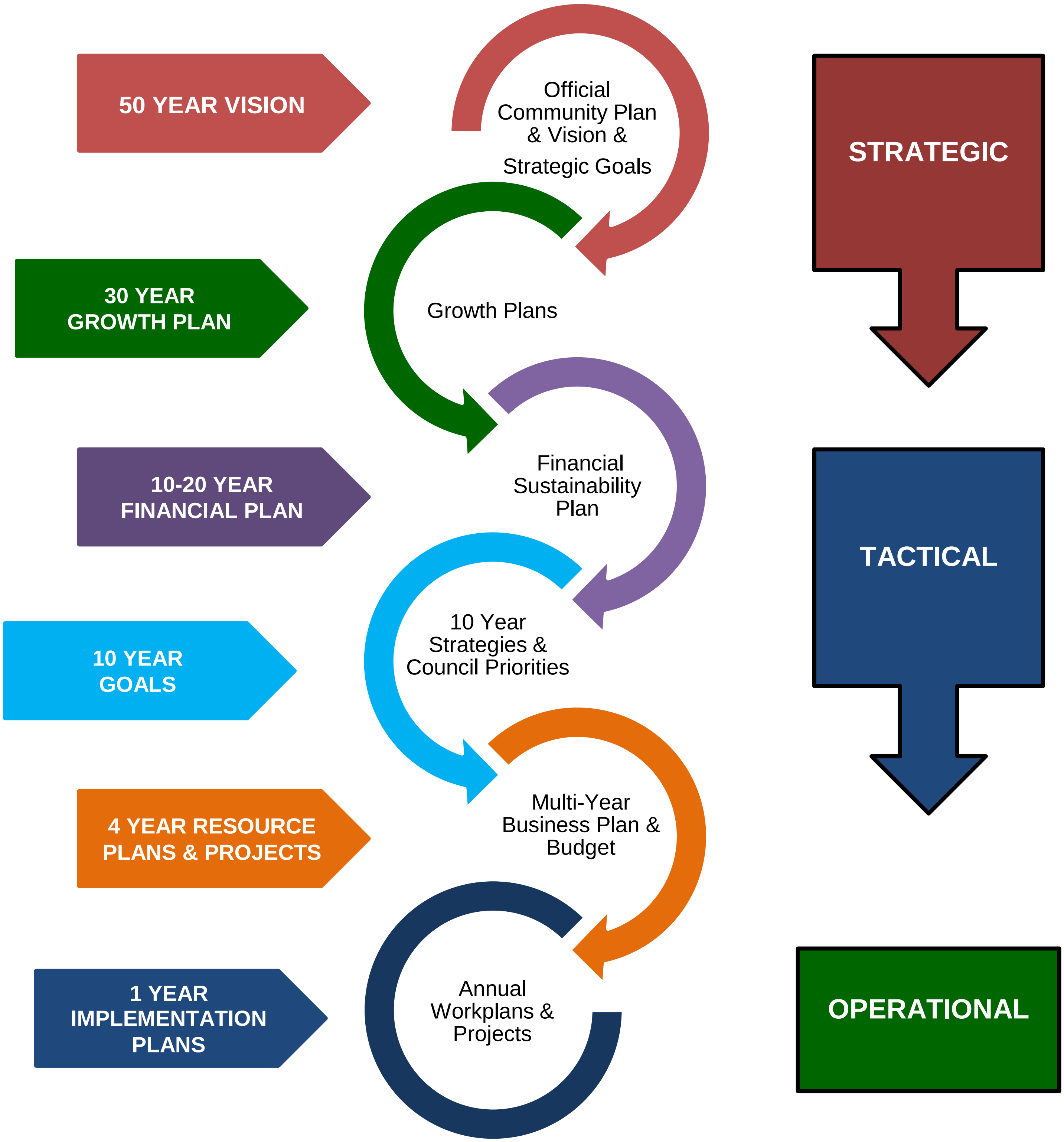
As section four addresses, the City of Saskatoon's approach to budgeting has evolved considerably since 2011. Since that time, Council has adopted several long-term plans, such as the Community Vision, Growing Forward, the Ten-Year Strategic Plan, and a long-range financial plan. Because of this focus on long-term strategic objectives, coupled with the fact that funding (infrastructure) from federal and provincial governments has become more long term, and predictable, the City finds itself at a budgetary crossroads. As a result, it may be time for the City of Saskatoon to seriously consider implementing a fully integrated multi-year business plan and budget.

Appendix 1 shows how this approach to planning and budgeting would align the other longer-term plans of the City. As the graphic illustrates, there is an inherent linkage between the long-term vision of the community, and the day-to-day operational plans of the Administration. Today, that link is somewhat broken, but by 2019 it could be easily fused together.

As the City of Saskatoon considers moving to a multi-year business plan and budget, the natural questions are: When? And how? Appendix 2, attempts to answer this by providing a visual process that starts in 2016, and extends to 2025, covering two budget cycles.

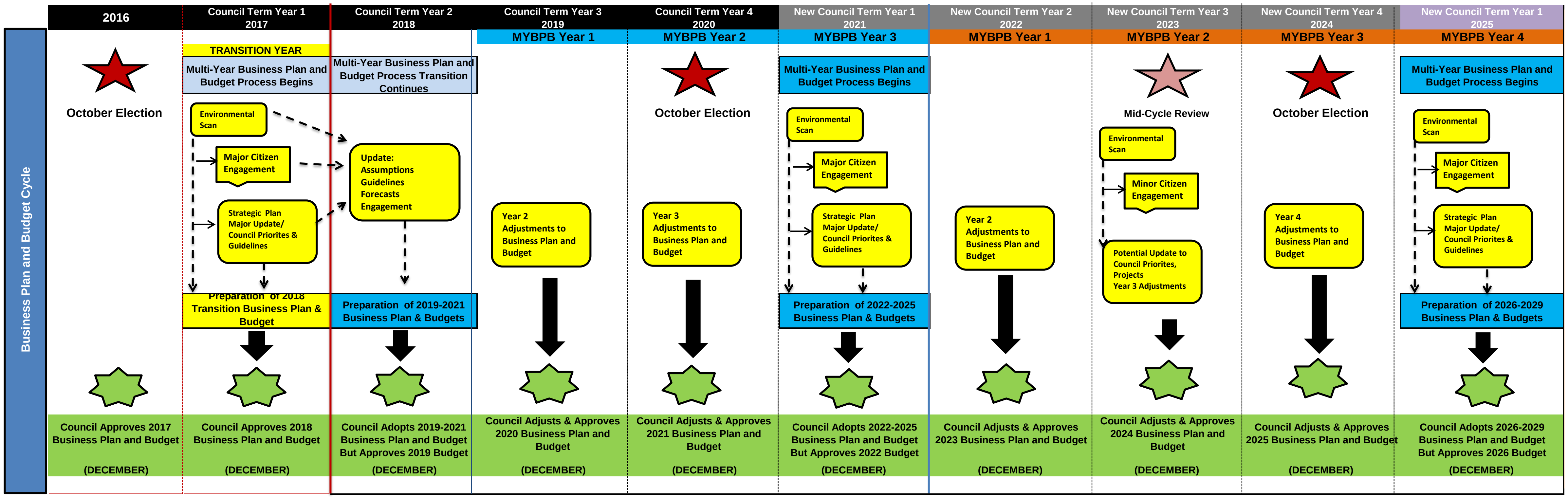
Because considerable development time will be required for implementation, it is likely that the City of Saskatoon could implement a multi-year business plan and budget effective for January 1, 2019. Much like Edmonton, the first budget cycle will be three years in duration (2019-2021) to straddle the election year and the second cycle would be four years in duration (2022-2025).

APPENDIX 1:
THE STRATEGIC FRAMEWORK
ALIGNMENT WITH LONG-TERM PLANS



May 16, 2016

Appendix 2: Proposed Implementation of Multi-Year Business Plan and Budget



(May 16, 2016)

2016 Local Government Elections – Establishment of Polls and Polling Places

Recommendation
That this report be forwarded to City Council recommending:
1. That the division of the city into polling areas as outlined in Attachment 1 be approved; and
2. That the list of polling places, as outlined in Attachment 2 be approved;

Topic and Purpose

The purpose of this report is to obtain the required legislative approval of recommendations related to the establishment of polling areas and polling places for the 2016 Local Government Elections.

Background

The Local Government Election Act, 2015 and *The Local Government Election Regulations, 2015* came into effect January 1, 2016. In accordance with the legislation, a number of decisions are required by City Council related to the holding of a municipal election. This report outlines recommended polling areas and places for the 2016 Local Government Election.

Report

Section 22(1) of *The Local Government Election Act, 2015* states that Council shall divide the municipality into as many polling areas as considered necessary for the convenience of voters, and name the polling place for each of the polling areas so established.

Attached is a map dividing the city into 62 polling areas (Attachment 1), as well as a list of polling places (Attachment 2). For the most part, there is one poll located in each neighbourhood. A newer neighbourhood, such as Evergreen, has a poll in an adjoining neighbourhood. The legislated criteria for establishing polling areas and places has been considered as outlined in the attachments.

Saskatoon Public Schools' boundaries have been extended to include Whitecap Dakota First Nation. For trustee representation, the Saskatoon Public School Board has included Whitecap Dakota First Nation as part of Ward 7. Whitecap Dakota First Nation voters for Public School Board Trustee **only** will vote at Poll No. 706, located at Circle Drive Alliance Church, 3035 Preston Avenue South. Attachment 3 is a map specific to voting for the public school board trustee in Ward 7.

Public and Stakeholder Involvement
A copy of this report will be provided to the Public and Separate School Boards for information.

Communication Plan
A comprehensive communication plan for all aspects of the 2016 Municipal and School Board Elections is being developed with the Communications Division.

Policy Implications
There are no policy implications at this time.

Public Notice
Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachments
1. Attachment 1 – Map dividing the City into polling areas
2. Attachment 2 – List of Polling Places
3. Attachment 3 – Map of Ward 7 polling locations for Public School Board Trustee

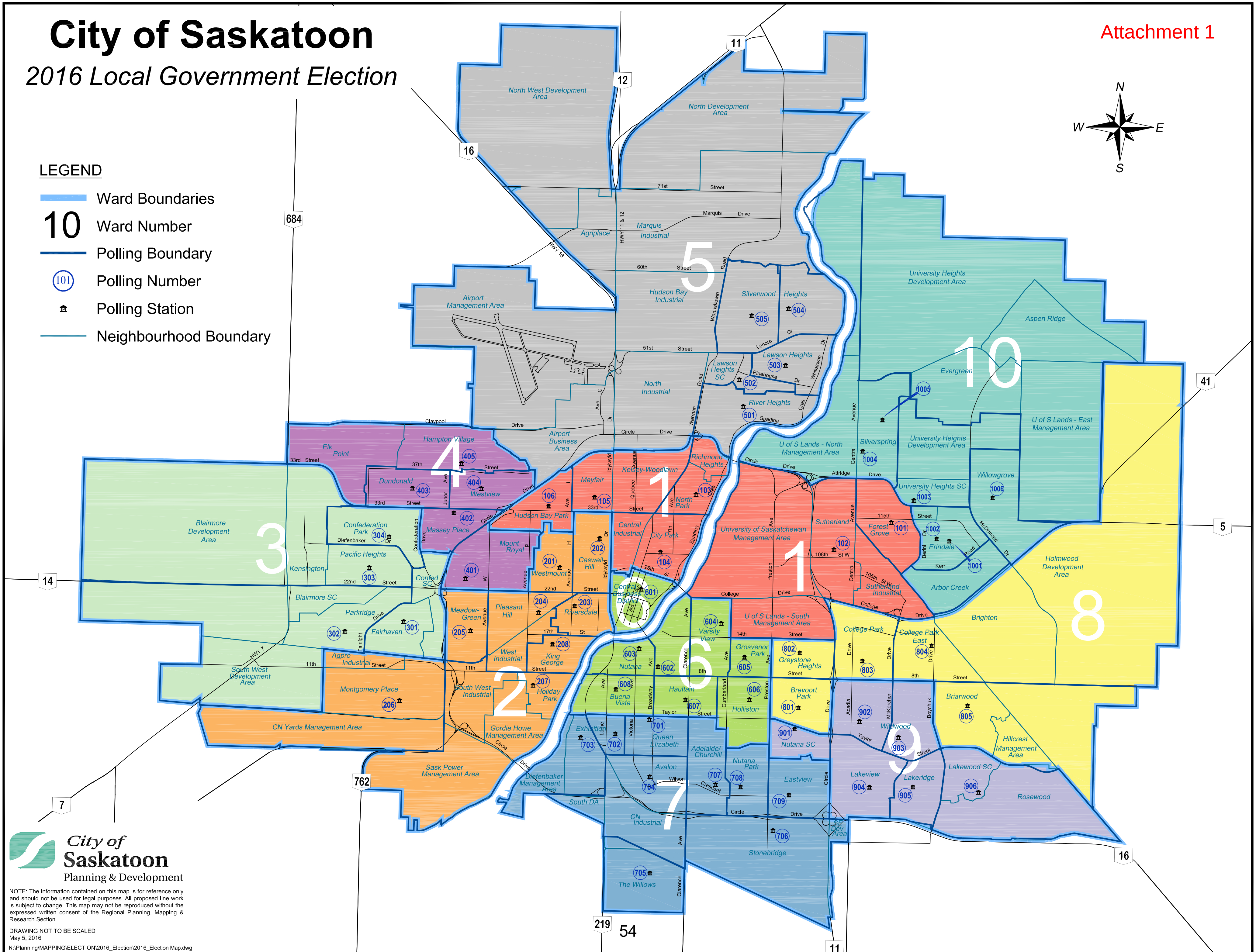
Report Approval
Written and Approved by: Joanne Sproule, City Clerk/Returning Officer

Admin Report – 2016 Local Government Elections – Establishment of Polls and Polling Places

City of Saskatoon

2016 Local Government Election

Attachment 1



NOTE: The information contained on this map is for reference only and should not be used for legal purposes. All proposed line work is subject to change. This map may not be reproduced without the expressed written consent of the Regional Planning, Mapping & Research Section.

DRAWING NOT TO BE SCALED
May 5, 2016

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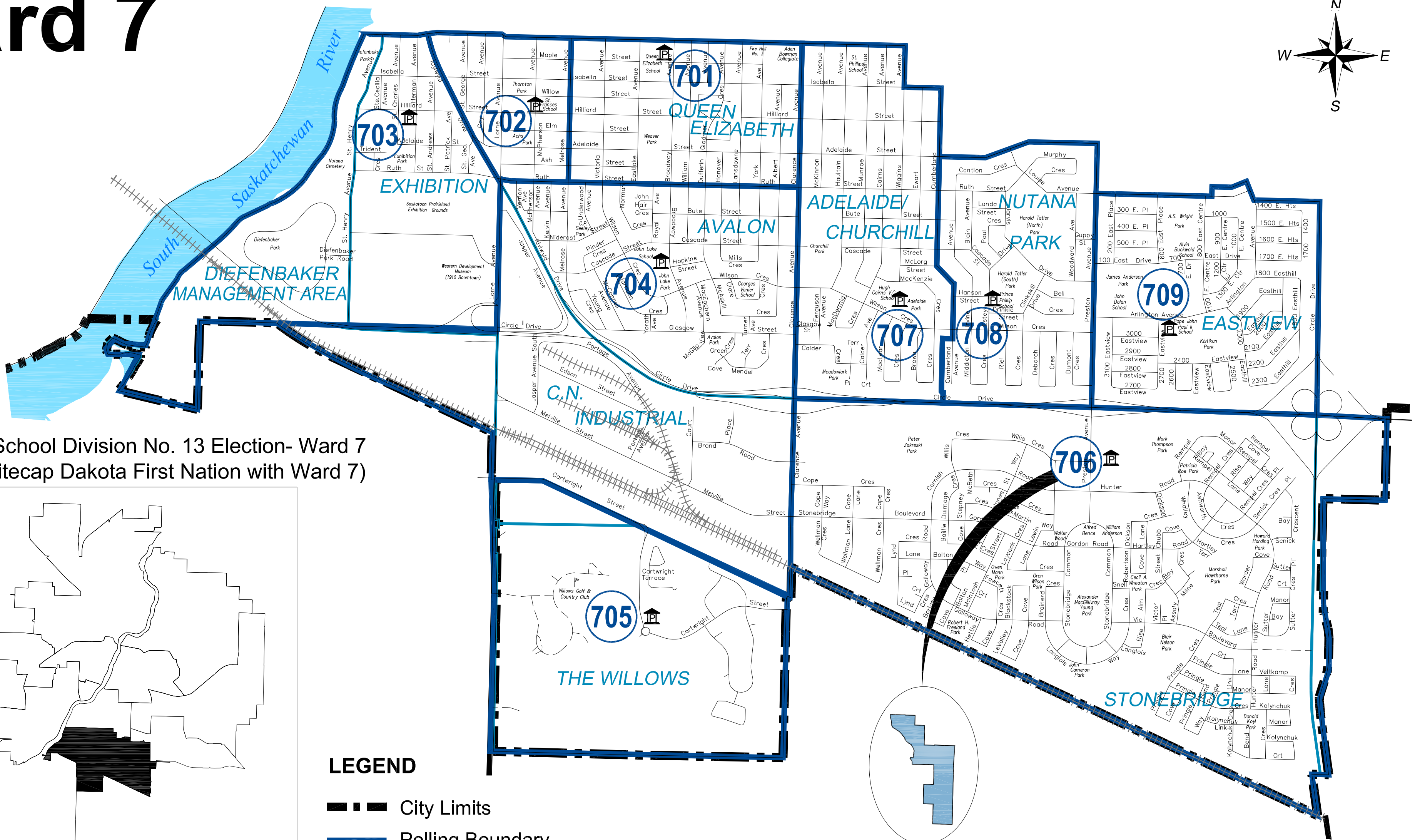
2016 CIVIC ELECTION - POLLING AREAS AND POLLING PLACES

Attachment 2

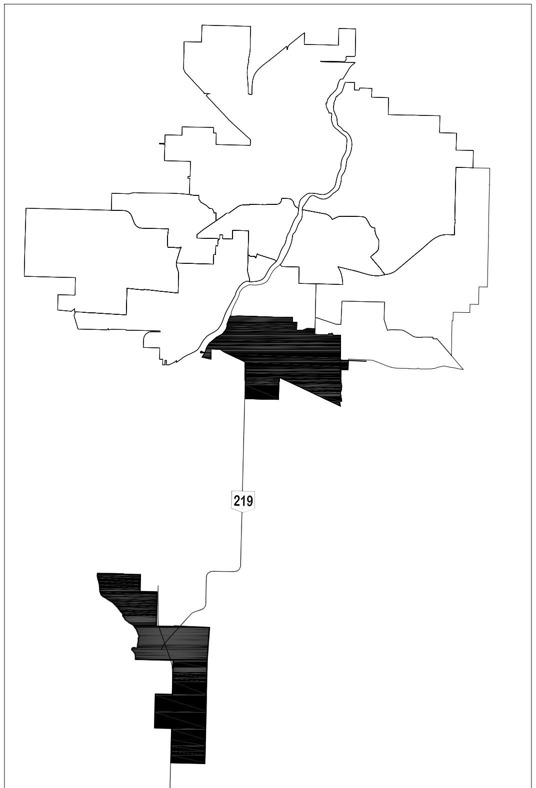
Poll #	Ward	Poll	Address
101	1	Forest Grove School	501-115th Street East
102	1	Sutherland School	1008 Egbert Avenue
103	1	St. Paul School	1527 Alexandra Avenue
104	1	First Mennonite Church	418 Queen Street
105	1	Carpenter's Church	1339 Avenue D North
106	1	Henry Kelsey School	16 Valens Drive
201	2	Westmount School	411 Avenue J North
202	2	Caswell School	204-30th Street West
203	2	Princess Alexandra School	210 Avenue H South
204	2	St. Mary's Wellness & Education Centre	327 Avenue N South
205	2	W. P. Bate School	2515-18th Street West
206	2	St. Dominic School	3301 Dieppe Street
207	2	St. John School	1205 Avenue N South
208	2	King George School	721 Avenue K South
301	3	Fairhaven School	495 Forrester Road
302	3	St. Marguerite School	1235 McCormack Road
303	3	Fr. Vachon School	3722 Centennial Drive
304	3	Bishop Roborecki School	24 Pearson Place
401	4	St. Gerard School	205 Montreal Avenue North
402	4	Bishop Klein School	1121 Northumberland Ave
403	4	Dundonald School	162 Wedge Road
404	4	Caroline Robins School	1410 Byers Crescent
405	4	Hampton Free Methodist Church	2930 McClocklin Road
501	5	River Heights School	60 Ravine Drive
502	5	Lawson Heights Alliance Church	159 Pinehouse Drive
503	5	Lawson Heights School	430 Redberry Road
504	5	Silverwood Heights School	403 Silverwood Road
505	5	Brownell School	247 Russell Road
601	6	Saskatoon Public Library	311 - 23rd Street East
602	6	Oskayak High School	919 Broadway Avenue
603	6	Nutana Collegiate	411 - 11th Street East
604	6	Brunskill School	101 Wiggins Avenue
605	6	Saskatoon Misbah School	222 Copland Crescent
606	6	Holliston School	1511 Louise Avenue
607	6	Ecole Canadienne-Francaise de Saskatoon	1407 Albert Avenue
608	6	Buena Vista School	1306 Lorne Avenue
701	7	Queen Elizabeth School	1905 Eastlake Avenue
702	7	St. Frances School	2141 McPherson Avenue
703	7	Seventh Day Adventist Christian School	2228 Herman Avenue
704	7	John Lake School	2606 Broadway Avenue
705	7	The Willows Golf & Country Club	382 Cartwright Street
706	7	Circle Drive Alliance Church	3035 Preston Ave. South
707	7	Hugh Cairns School	2621 Cairns Avenue
708	7	Prince Philip School	1715 Drinkle Street
709	7	Pope John Paul II School	3035 Arlington Avenue
801	8	Brevoort Park School	2809 Early Drive
802	8	Greystone Heights School	2721 Main Street
803	8	College Park School	3440 Harrington Street
804	8	St. Augustine School	602 Boychuk Drive
805	8	Briarwood Community Centre	602 Briarwood Road
901	9	Holy Cross High School	2115 McEown Avenue
902	9	Bishop Pocock School	227 Avondale Road
903	9	Cliff Wright Library Auditorium	1635 McKercher Drive
904	9	St. Bernard School	203 Whiteshore Crescent
905	9	Lakeridge School	305 Waterbury Road
906	9	Elim Church	419 Slimmon Road
1001	10	Fr. Robinson School	530 Rogers Road
1002	10	Dr. John G. Egnatoff School	225 Kenderdine Road
1003	10	Alice Turner Library	110 Nelson Road
1004	10	Ebenezer Baptist Church	107 McWillie Avenue
1005	10	Mother Teresa School	738 Konihowski Road
1006	10	Willowgrove School	805 Stensrud Road

Ward 7

Attachment 3



2016 Public School Division No. 13 Election- Ward 7
(Includes Whitecap Dakota First Nation with Ward 7)



KEY MAP

LEGEND

- City Limits
- Polling Boundary
- (101) Polling Number
- Polling Station
- Neighbourhood Boundary

Note: 2016 Public School Division No. 13 Election includes Whitecap Dakota First Nation at Polling Station 706, Circle Drive Alliance Church, 3035 Preston Avenue South

City of Saskatoon

2016 Local Government Election

Saskatoon Public School Division No. 13

City of Saskatoon
Community Services
Planning & Development Branch

NOTE: The information contained on this map is for reference only and not to be used for legal purposes. This map may not be reproduced without the expressed written consent of Community Services - Future Growth, Mapping & Research Section.
DRAWING NOT TO BE SCALED
April 11, 2016

N:\Planning\MAPPING\ELECTION\2016_Election\Ward Maps\Ward7_2016.dwg

From: Mark Zielke <zielke.mark@gmail.com>
Sent: May 14, 2016 7:29 PM
To: City Council
Subject: Form submission from: Write a Letter to Council

Submitted on Saturday, May 14, 2016 - 19:29
Submitted by anonymous user: 204.83.82.237
Submitted values are:

Date: Saturday, May 14, 2016
To: His Worship the Mayor and Members of City Council
First Name: Mark
Last Name: Zielke
Address: 1301 McLorg St
City: Saskatoon
Province: Saskatchewan
Postal Code: S7J 0N3
Email: zielke.mark@gmail.com
Comments:
For consideration by City Council:

In my conversations with those who are "on the margins" living in the core neighbourhood (Riversdale), I've become aware of a voting gap that has a possible solution.

The challenge:
There is an extremely low turnout of First Nations, Metis, and others who are eligible, but who exist close to the margins in Riversdale, Ward 2.

In my conversations with people in Riversdale, it has become clear that many are not comfortable, or feel unaccepted / judged when they are in areas that are "not reflective of their social circles". This includes polling stations.

Proposed solution:
When consulted on how the City can be a model of inclusiveness and acceptance, the overwhelming response has been to suggest a polling station at White Buffalo Youth Lodge. This is an area that is not only convenient, but would accomplish the goal of being inclusive, as well as providing the opportunity of dignity and respect for all people – leading to a higher voter turnout. This also aligns with the City's goal of increasing the rate of engaged citizens.

Acknowledgement of facts:
I recognize that Riversdale has around 2,100 registered voters at this time. With a 14.9% civic voter turnout in 2012, I believe having a second polling station for Riversdale at White Buffalo Youth Lodge would only help to increase this percentage in a positive way for people from every social and economic background.

I would ask Council to strongly consider this additional polling station in Ward 2 – looking forward to a positive response.

Mark Zielke
zielke.mark@gmail.com
306.717.5585

The results of this submission may be viewed at:
https://www.saskatoon.ca/node/398/submission/94151

2016 Local Government Elections – Remuneration of Election Workers

Recommendation
That this report be forwarded to City Council recommending that the information be received.

Topic and Purpose
The purpose of this report is to outline the remuneration for election officials for the 2016 Local Government Elections.

Report
Section 52 of *The Local Government Election Act, 2015* authorizes City Council to set the remuneration to be paid to election officials acting with respect to an election. Bylaw No. 9370, *The Returning Officer Bylaw*, passed by City Council on April 25, 2016, provides for the City Clerk to set the remuneration and term of appointment of the Returning Officer and other election officials.

A review of the remuneration of election workers has been undertaken taking into consideration rates for Federal and Provincial Election workers as well as other cities in Saskatchewan. Remuneration is based on a daily rate and calculated hourly, where necessary. Attachment 1 sets out the rates of remuneration.

Public and Stakeholder Involvement
A copy of this report will be provided to the Public and Separate School Boards for information.

Communication Plan
A comprehensive communication plan for all aspects of the 2016 Municipal and School Board Elections is being developed with the Communications Division.

Financial Implications
The 2016 Municipal Election Budget will be adequate to accommodate the remuneration for election workers.

Policy Implications
There are no policy implications at this time.

Public Notice
Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachments

1. Attachment 1 – Rates of Remuneration for Election workers

Report Approval

Written and Approved by: Joanne Sproule, City Clerk

Admin Report – 2016 Local Government Elections – Remuneration of Election Workers

Attachment 1

ELECTION WORKERS – REMUNERATION

2016 CIVIC ELECTIONS

All remuneration rates include training time. Adjustments to the daily remuneration rates provided will be made should circumstances arise where a full work commitment cannot be completed.

Ward Supervisors	$1200 (includes mileage)
Regular Polls	
Poll Supervisor	$320
DRO (Issuing)	$190
DRO (Receiving/AutoMark)	$225
Poll Clerk	$175
Spare DROs	$50
Advance Polls	
Poll Supervisor	$22.00/hr
DRO (Issuing)	$13.50/hr
DRO (Receiving/Automark)	$16.00/hr
Poll Clerk	$12.50/hr
Special Polls	$100 for 1 poll; $190 for 2 polls; $205 for 3 polls
Hospital Poll	$185
Homebound Voting	
DROs	$200
Other Miscellaneous Staff	$16.00/hr

Note: Where an election worker receives more than one appointment for a shift, the worker will receive the higher rate of remuneration.

Amendments to Bylaw No. 8491, The Campaign Disclosure and Spending Limits Bylaw, 2006

Recommendation
That the Governance and Priorities Committee recommend to City Council that the appropriate amendments to *The Campaign Disclosure and Spending Limits Bylaw, 2006*, as outlined in this report, be brought forward for consideration.

Topic and Purpose

The purpose of this report is to receive direction respecting three possible amendments to *The Campaign Disclosure and Spending Limits Bylaw, 2006* (the "Bylaw").

Report Highlights

1. The equation used to determine campaign expense limits under the Bylaw requires an amendment in order to reflect the CPI adjustment as a percentage.
2. The CPI for any given month is only accessible roughly two months after the month in question. Therefore, a June CPI (as currently required) would only be available in late July of any year.
3. City Council resolved that the baseline CPI used for adjusting campaign expenses be October, 2012. We seek clarification around whether this date was intended to be used as a baseline in perpetuity or whether the previous election year meant to set the baseline for subsequent general elections.

Report

The Bylaw was amended on April 25, 2016 by City Council and incorporated numerous changes recommended by The Saskatoon Municipal Review Commission. Upon review, further amendments are required to the Bylaw to properly implement these changes.

1. Subsection 3(2) of the Bylaw contains an equation used to calculate maximum allowable campaign expenses. For the equation to express the CPI adjustment as a percentage, the equation requires correction:

<u>Current Equation</u>	<u>Corrected Equation</u>
MCE = \$0.75 + [\$0.75 x (IE - IB)] x P	**MCE = \$0.75 x (IE ÷ IB) x P**

2. It has come to our attention that CPI for a particular month is released one month and 22 days after the beginning of said month. As worded, the Bylaw uses the difference between the June 1st CPI of an election year and the October 1, 2012 CPI to calculate the CPI adjustment. Because CPI for June is not released until July 22 of that year, this June 1st CPI date is problematic. We are suggesting that the Bylaw be amended to reference March 1st of an election year. This would mean the CPI would be accessible April 22nd of any given year and would allow for the calculation to be completed at that time.

3. Currently, the baseline CPI used for adjusting campaign expenses is October, 2012. Our Office would like to confirm whether City Council intended for this figure to be used in perpetuity or if City Council meant for the baseline CPI to be the October of the election prior for each election period. If the intent is for date to change every election period (ie. next period would be October 2016), then the Bylaw should be amended to read "CPI for the City for **the previous election year** up to October 1st".

Depending on the Governance and Priorities Committee's instructions, the Bylaw would be prepared for City Council's consideration at its meeting on May 24, 2016.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

Written by:	Derek Kowalski, Solicitor
Approved by:	Patricia Warwick, City Solicitor

Admin Report – amend-campaign.docx
110-0368-djk-2.docx