

Reading the Budget

Municipal budgets can be difficult to read and understand. The following phrases, definitions and examples will help you to navigate Guelph's 2015 Budget.

A

Annualization Costs are the incremental costs of a new facility or position that was approved for less than 12 months in the prior budget year.

Assessment is the value assigned to a property by the Municipal Property Assessment Corporation (MPAC) used as a basis for property taxation.

Assessment Growth is the amount of omitted and new assessments minus any tax or assessment appeals for a given year. These are changes made to the annual assessment roll after the roll has closed for a given year.

B

Base Budget covers services already approved in previous budgets, adjusted for inflation, wage increases, user fee increases, general revenue and financing (e.g. increased reserve transfers)

Brownfields are properties that were originally developed for industrial and commercial uses and which are now underutilized, derelict or vacant. The soil and water may or may not be impacted by contaminants as result of past practices and uses.

Business Unit is an organizational unit with a specific strategic focus and the authority to expend corporate resources in order to deliver an internal or external service.

C

The **Capital Funding Guideline** is used to determine the amount of funding that will be allocated to the City reserves. The guideline states the City's share of capital financing cannot exceed 20 per cent of the prior year's net tax levy. Capital financing refers to the amount that is transferred to reserves to fund capital projects, support future capital initiatives and make debt payments (principle and interest).

Contingency is an allotted set of funds available to cover unforeseen events that occur during the fiscal year. These funds are not carried over year-to-year.

Consumer Price Index (CPI) is an indicator of changes in consumer prices experienced by Canadians.

CPI is obtained by comparing, over time, the cost of a fixed basket of goods and services purchased by consumers. Since the basket contains goods and services of unchanging or equivalent quantity and quality, the index reflects only pure price change.

As CPI is an indicator of changes for goods and services that can be associated with a retail price many public goods and services provided

by governments are excluded since they cannot be associated with a retail price.

The target population of the CPI consists of families and individuals living in urban and rural private households in Canada.

D

Debt Ratio indicates what proportion of debt a municipality has relative to the total of all reserves and reserve funds. The measure gives an idea of the potential risks the municipality faces in terms of its debt-load. A generally accepted target ratio for municipalities is considered to be 1:1. In addition, the City's Debt Management Policy calls for direct debt to be less than 55 per cent of operating revenue.

Debt Servicing is the payment of debt interest and principal over a given period of time.

Provincial regulation does not allow the City to issue debt which would result in it exceeding its legislated Annual Repayment Limit (ARL) without approval from the Ontario Municipal Board (OMB). The 2014 ARL is based on the City's 2012 Financial Information Return (FIR).

Notwithstanding the limits prescribed in the regulations, the City has established its own Debt Management Policy as prudent financial management calls for more stringent criteria to limit debt and assist in preserving borrowing capacity for future capital assets while maintaining maximum flexibility for current operating funds.

Development Charges are fees levied against new developments to pay for the initial capital costs of servicing growth.

The principle behind development charges is that 'growth pays for growth' to ensure the financial burden of servicing new development is not placed on existing taxpayers.

Development Charge Debt is any debt funded from development charges

E

Efficiencies refer to the savings realized or additional revenue generated using existing resources.

Effectiveness refers to whether goal or objective is achieved. For example, garbage is picked up on time therefore the program is effective.

Enterprise-funded (non-tax-supporting) Budget is self-supporting and does not require a property tax transfer. The City's Water Services, Wastewater, Court Services (POA) and the Ontario Building Code (OBC) are represented in this budget. The costs associated with their respective service areas are 100 per cent recovered through user fees and other non-tax sources.

F

FTE (Full-time Equivalent) is a budgeted amount to represent permanent full and part-time productive hours of work. City departments budget hours of work depending on program and service needs.

G

Gas Tax Funding is funding provided by the Government of Canada as part of the New Deal for Cities and Communities.

This federal initiative is based on a long-term vision of sustainability for Canadian cities and communities, including four interdependent dimensions—economic, environmental, social and cultural. The program is intended to achieve results leading to cleaner air, cleaner water and reduced greenhouse gas emissions. The City uses this funding to finance various projects that work toward these goals.

Grant is a monetary contribution—typically from one level of government to another—as a means to lend support to a specific service, program or function. The City of Guelph makes grants

available to various local community organizations for special events and programs.

Growth is when additional costs are incurred in order to provide the same level of service to more citizens.

I

Impact from Capital (Impact to Operating) identifies additional operating costs—including compensation—resulting from new facilities being put into service during the budget year.

Internal Charges are expenses allocated from one department to another.

The Ontario Municipal Benchmarking Initiative (OMBI) method prescribes how costs for support areas such as Finance, Human Resources, and Information Technology should be allocated as a means of moving towards full cost accounting for the City's services. Internal charges appear as expenditures for the departments in receipt of the service and are equal to the internal recoveries of the departments providing the support.

Internal Recoveries are amounts recovered by one department from another.

The City uses the Ontario Municipal Benchmarking Initiative (OMBI) method of allocating the full cost of support areas to service areas. Internal recoveries appear as revenue for the departments providing support and are equal to the internal charges to the departments receiving the service.

L

A **levy** is the percentage associated with property values to determine the taxes owing which fund City services.

Life Cycle Costing Practices are the long term financial analysis for the acquisition, renewal and replacement of assets over the asset's useful life.

Long-Term Debt matures more than one year after it is issued.

O

OMBI Program Support is the OMBI's method of allocating program support costs from one City function to another using a consistent set of cost drivers as a means of moving towards full cost accounting for the City's services.

OMBI fosters a culture of service excellence in municipal government by creating new ways to measure, share and compare performance statistics to help Councils, staff and citizens understand where their administrations are performing well and where they can make improvements. It is recommended that municipalities with a population greater than 100,000 use the OMBI support cost methodology.

Own Source Revenue is all revenues received, not including Federal and Provincial Grants

P

Payment-in-Lieu is compensation from the Federal and/or Provincial governments in recognition of lost property tax revenue.

Federally and Provincially owned land are exempt from taxation, however, they often compensate the municipality with 'payment-in-lieu of taxes.'

Performance Measure data collected to determine how effective and/or efficient a program is in achieving its objectives. Specific service levels are established for all major services, and then monitored to determine the level of success achieved.

R

A **Reserve** is an allocation of accumulated net revenue. Reserves don't refer to any specific asset and don't require the physical segregation of money or assets. Examples of the City's Reserves are: General Stabilization Reserve, Employee Future Benefit & Human Resource Related and Program Specific Reserves.

Reserve Funds are assets segregated and restricted to meet the purpose of the reserve fund. Reserve Funds may be:

- Obligatory – created whenever a statute requires revenues for special purposes to be segregated, e.g., Development Charges Reserve Funds, or
- Discretionary – created whenever Council wishes to earmark revenues to finance a future project for which it has authority to spend money, e.g., Capital Reserve Funds and the Asset Renewal Reserve Fund.

Recommended **Reserve Ratio** is 1:1; that means \$1 in reserves for every \$1 in debt. In addition, the City's General Reserve and Reserve Fund Policy includes the following targets:

- Working and current-purpose reserves and reserve funds at least eight to 10 per cent of operating revenue
- Lifecycle reserve fund annual contributions to be based on a per cent of the value of the relevant assets
- Three (3) per cent for buildings
- Two to three (2-3) per cent for roads, stormwater, water and wastewater
- Ten (10) per cent for vehicle and equipment

S

Supplementary Revenue is based on the supplementary and omitted assessments issued by MPAC for new properties or improvements to properties that were not assessed on the annual assessment roll. Omitted assessments can be issued as far back as the current year plus two years (residents can be assessed back as far as 2010 for their new properties).

T

Tax Levy is the total amount to be raised by property taxes for operating and debt service purposes specified in the annual Tax Levy By-law. The City is also responsible for levying taxes for the Boards of Education and the Business Improvement Area.

Tax Rate is the rate levied on each real property according to assessed property value and property class.

Acronyms

A

AGCO: Alcohol and Gaming Commission of Ontario

AODA: Accessibility for Ontarians with Disabilities Act

ATU: Amalgamated Transit Union

C

CACC: Province of Ontario Central Ambulance Communication Centre

CAD/AVL: Computer Aided Dispatch/Automatic Vehicle Location

CARES: Community Assistance Registration Entry System

CBM: Corporate Building Maintenance

CCTV: Closed-Circuit Television

CESSL: Community Engagement and Social Services Liaise

CFAI: Commission on Fire Accreditation International

CIP: Community Improvement Plan

CREMS: Community Referrals by EMS

CSP: Corporate Strategic Plan

CSS: Community and Social Services

E

EMS: Emergency Medical Service

ESA: Electrical Safety Authority

F

FADM: Facility Accessibility Design Manual

G

GIS: Geographic Information System

GMHI: Guelph Municipal Holdings Inc.

H

HRIS: Human Resources Information Systems

I

ISF: Infrastructure Stimulus Fund

L

LEED: Leadership Energy Environmental Design

LIP: Local Immigration Partnership

M

MM: Maintenance Management

MOE: Ministry of the Environment

MRF: Material Recovery Facility

MTO: Ministry of Transportation

O

OBC: Ontario Building Code

OFSSA: Ontario Federation of School Athletic Associations

OMB: Ontario Municipal Board

On-Point Sign Inventory: GIS software

OPA: Official Plan Amendment (used in context with the PBEE Service Area)

OPA: Ontario Power Authority

OPTA: Ontario Public Transit Association

OTES: Operations, Transit and Emergency Services

P

PDP: Performance Development Plan

PIL: Payment-in-Lieu

PRPF: Parks and Recreation Programs and Facilities

R

RInC: Recreation Infrastructure Canada

RMO: Risk Management Official

S

STEPS: Support Through Engagement, Programming and Sport

T

TES: Traffic Engineering Software

U

U of G: University of Guelph

W

WERC: West End Recreation Centre

WRIC: Waste Resources Innovation Centre