



## Appendix 1 - Glossary

### **Accruals:**

Revenues or expenditures that have been recognized for that fiscal year, but not received or disbursed until a subsequent fiscal year. Annually, accruals are included in the revenue and expenditure amounts reported in a department's budget documents and year-end financial reports. For budgetary purposes, the department's expenditure accruals also include payables and outstanding encumbrances at the end of the fiscal year for obligations attributable to that fiscal year.

### **Actual vs. Budgeted:**

Difference between the amount forecasted (budgeted) in revenues or expenditures at the beginning of the fiscal year and the actual receipts or expenses incurred by the end of the fiscal year.

### **Assessment:**

This is the property value determined by Municipal Property Assessment Corporation (MPAC).

### **Assessment Growth:**

The total assessed value of all new properties built, less the reduction of value of existing properties in a given year. An increase in assessment growth allows the municipality to collect the total property tax amount over a larger assessment base.

### **Assets:**

Resources owned or held by the City which have monetary value.

### **Base Budget:**

Cost of continuing the existing levels of service in the current budget year.

### **Benchmarking:**

An exercise whereby one organization's results are compared to those of another comparable organization providing the same or similar services based on similar methods or accounting for costs.

### **Budget Document:**

The compilation of the spending plans for the various funds, along with supporting schedules, tables and charts which, in total, comprises the annual revenue and expenditure plan.

### **Capital Budget:**

The annual Council approved plan of the City for expenditures and revenues to acquire, construct or rehabilitate capital assets.

### **Commitments:**

Projected cash flow expenditures beyond the Council approved budget year that require future year cash flow to complete the approved project. In essence, it allows a project tender to be executed in the current budget year that requires future year cash flows to complete.

### **Current Value Assessment:**

A valuation placed upon real estate or other property by the Municipal Property Assessment Corporation as a basis for levying taxes.

### **Debt:**

The amount of all obligations for the payment of interest and principal due by certain agreements and by-laws as incurred such as debentures, promissory notes, leases, letters of credit and other financial commitments and guarantees.

### **Debt Financing:**

Portion of the operating budget required to service the debt assumed by the City from capital expenditures of the current and previous years.

### **Debt Ratio:**

Total debt divided by total assets. Used by finance and budget staff to assess fiscal health of the organization.

**Encumbrance:**

The formal accounting recognition of commitments to expend resources in the future.

**External Financing:**

Financing from sources external to the City such as provincial or federal funding and grant subsidies.

**Fiscal Year:**

The period designated by the City for the beginning and ending of financial transactions. The fiscal year for the City of Greater Sudbury begins January 1 and ends December 31.

**Infrastructure:**

Facilities that support the continuance and growth of a community. Examples include roads, water lines, sewers, facilities, parks.

**Infrastructure Renewal Requirement:**

The need for capital investment/infusion to sustain, replace and/or renew aging infrastructure.

**Internal Financing:**

Financing from sources internal to the division or program submitting a capital project including reserve funds, development charges, and other program generated revenues.

**Municipal Accommodation Tax:**

A 4 per cent fee applied to accommodations of less than 30 consecutive days and includes accommodations at hotels, motels, motor hotels, lodges, inns, resorts, bed and breakfasts, or other establishment providing lodging including those sold through online platforms.

**Operating Budget:**

The annual Council approved plan of the City for expenditures, revenues, staffing levels and service levels for operations of the City taking place from January 1 to December 31 of each year.

**Performance Measures:**

Measurement of service performance indicators that reflect the amount of money spent on services and the resulting outcomes at a specific level of services provided.

**Program Support:**

The allocation of indirect costs such as financial services, human resources and information technology, etc. to departments.

**Projected Actuals:**

Expected or anticipated outcome of the year's expenditure and revenue activities. A recommended approach for departments is to combine year to date actuals, in addition to the anticipated revenues and expenditures for the remainder of the fiscal year. The Projected Actuals are often compared with the current year budget to determine variances.

**Property Tax:**

An individual property assessment multiplied by the property tax rate in a given year.

**Reserves and Reserve Funds:**

Funds generally set aside for significant future purchases, to replace major capital infrastructure, are accumulated to meet growing liability, or to provide a buffer for significant unanticipated expenditures beyond the control of Council.

**Revenue:**

Financial resources received from taxes, user fees and other levels of government.

**Special Capital Levy:**

An amount collected from property taxation that is above the amount currently allocated to fund capital expenditures.

**Taxation Levy:**

The total property tax levied by a municipality.

**Tax Rate:**

A rate used to determine the amount of property tax payable. Taxes on individual properties are calculated by multiplying a property's current value assessment (CVA) by the applicable tax rate.

## Financial Indicators

---

**Net Financial Position:**

Difference between liabilities and assets.

**Own Source Revenue:**

Revenues generated directly by the City of Greater Sudbury.

## Sustainability

---

**Financial Position per Capita:**

Net Financial Position divided by the population.

**Net Financial Liability:**

Net Financial Position divided by the City's own source revenues.

**Asset Consumption Ratio:**

Accumulated amortization expenses over the total gross cost of capital assets.

**Ratio of Financial Assets to Liabilities:**

Total amount of financial assets divided by the total amount of liabilities

**Ratio of Debt to Revenue:**

Total amount of debt divided by the total amount of revenue.

**Debt per Household:**

Total amount of debt divided by the total number of households.

## Flexibility

---

**Tax Discretionary Reserves as a per cent of Taxation:**

Total amount of tax reserves divided by the total amount of tax revenue collected.

**Discretionary Reserves as a per cent of Own Source Revenues:**

Total value of reserves divided by the amount of own source revenue.

**Total Reserves per Capita:**

Total reserves in relation to population.

## Vulnerability

---

**Taxes Receivable as a per cent of Tax Levied:**

Total amount of taxes receivable divided by the amount of taxes levied.

**Tax Debt Interest as a per cent of Own Source Revenues:**

Total amount of tax debt interest divided by the City's own source revenue.

**Debt to Reserve Ratio:**

Total amount of outstanding debt over the total reserve and reserve fund balances (excluding obligatory reserve funds).



## **Total Debt Charges as a per cent of Own Source Revenues:**

Total amount of debt principal and interest payments divided by the City's own source revenue.

## **Total Debt Outstanding per Capita:**

Total amount of debt divided by population.

## **Debt Outstanding as a per cent of Own Source Revenues:**

Total amount of outstanding debt divided by the City's own source revenues.

## **Ratio of Debt Charges to Total Revenue:**

Total amount of debt charges divided by the total amount of revenue

## **Municipal Taxes as a per cent of Household Income:**

Average residential taxes divided by the average household income

## **Rates Covered Ratio:**

Measure of the City's own source revenue divided by the total expenditures.

## **Ratio of Government Transfers to Total Revenue:**

Total amount of Federal and Provincial transfers divided by the total amount of revenue.

## **Service Profile Definitions**

---

An **Enterprise Program** is a group of Services that addresses one of the primary purposes of local government.

A **Service** delivers an output (product) that meets the needs of a client or target group.

A **Sub-service** exists where a Service can be categorized as having different outputs, clients, or both.

**Service Category** describes the reason that the service exists. Is the service legislated/mandated or regulated, is it a service that is traditionally delivered by municipalities?

**Service Overview** provides a description of the service and describes sub-services that contribute to the service.

**Service Value** is a statement reflecting the value proposition and the value added by the service.

**Service Category Overview** provides a rationale for the service category (i.e. why is this service considered legislated/mandated/regulated?).

**Performance Measures** provide benchmarking and performance measurements associated with the service. MBNCan measures have been used where possible.

**Service Level** is the expected volume and quality of work as defined by legislation, by-law or traditional practice. This is what the corporation is legislatively required to provide or that Council directed the corporation to provide. Where there hasn't been explicit direction, service levels reflect staff's understanding of what residents have come to expect from the municipality. This section describes what the service is "built" or resourced to do. Based on the resources (inputs) allocated, how much output should be expected.

**Activity Level** is the actual volume and quality of work typically provided, based on performance data or counts of actual work output. It may differ from the service level for various reasons. Typically, differences exist when volumes of work vary from planned levels or resource levels do not match those required to meet the service level.



## Appendix 2 - Financial Management

The City of Greater Sudbury maintains appropriate systems of internal controls to ensure effective financial management, reliable and relevant financial information, and the safeguarding of assets.

Management systems, policies and by-laws are in place for financial management, accounting and budgeting to ensure transactions are appropriately authorized and recorded, and the integrity and completeness of financial records are assured. Key policies and by-laws include the Purchasing By-law, and the Operating Budget, Capital Budget, and Investment Policies.

### Budget Preparation Policy

To ensure that effective policies and procedures governing budget preparation are developed and maintained; to encourage initiative, responsibility, and planning, while ensuring effective budget preparation control. The City prepares the budget in accordance with the Municipal Act 2001, Section 290, which states that the sums of all expenses must be at least equal to that of the sums of all revenues, resulting a balanced budget.

### Capital Budget Policy

To provide fiscal control and accountability related to the preparation and monitoring of the capital budget.

### Charity Rebate Policy

To establish responsibilities and guidelines for ensuring that charity rebate applications and recalculations are valid, equitable and completed within the appropriate guidelines.

### Debt Management Policy

To set out the parameters for securing debt, managing outstanding debt and provides guidance regarding the timing of debt, type of debt instrument and the purpose for which the debt will be used.

### Development Charges By-law

For the imposition of development charges against land within the municipality for growth-related capital costs required because of the need for municipal services arising from development.

### Donation Policy

To provide general guidelines for receiving and accounting for donations that are gifts and for which an official income tax receipt will be issued.

### Investment Policy

To provide an investment framework that allows the City to invest excess cash resources within statutory limitations; to protect and preserve capital; to maintain solvency and liquidity to meet ongoing financial requirements; and to earn the highest rate of return possible.

### Operating Budget Policy

To provide fiscal control and accountability related to the approved operating budget.

### Purchasing By-law

To encourage competition among suppliers; to maximize savings for taxpayers; to ensure service and product deliver, quality, efficiency and effectiveness; to ensure fairness among bidders; to ensure openness, accountability and transparency while protecting the financial best interests of the City; to have regard to the accessibility for persons with disabilities to the Goods, Services and Construction purchased by the City; and to have regard to the preservation of the natural environment and to encourage the use of environmentally friendly Goods, Services and Construction.

### Tax Adjustments under Section 357 and 358 Policy

To establish responsibilities and guidelines for ensuring that tax adjustments under Sections 357 and 358 are valid, necessary and completed within the guidelines of the Municipal Act, 2001, and municipal by-laws.



### **Tax Adjustments under Section 39 .1 and 40 Policy**

To establish responsibilities and guidelines for ensuring that tax adjustments under Sections 39.1 and 40 are valid, necessary and completed within the guidelines of the Assessment Act and municipal by-laws.

### **Travel and Business Expense Policy**

To establish responsibilities and guidelines for ensuring that travel, Council and employee expenses are valid, necessary and economical.

### **Vacancy Rebate Policy**

To establish responsibilities and guidelines for ensuring that vacancy rebate applications and recalculations are valid, necessary and completed within the guidelines of the Municipal Act, 2001, and municipal by-laws.

### **Elderly Property Tax Rebate Policy**

To provide guidelines for property tax rebates to eligible low-income seniors owning and occupying residential property.



## Appendix 3 - Revenue and Expense Categories

The following refer to the revenue and expense categories used in the presentation of the operating budget.

### Revenues

---

#### Levies:

This category consists of supplementary taxation and payments-in-lieu of taxation received from government agencies.

#### Provincial Grants and Subsidies:

This category consists of grants received from the Province of Ontario for specific functions such as Ontario Works, Housing Services, Children Services, Emergency Medical Services, and the Ontario Municipal Partnership Fund.

#### Federal Grants and Subsidies:

This category consists of grants received from the Federal government for specific functions funded through agencies such as FedNor and Human Resources Development Canada.

#### User Fees:

This category consists of fees for use of services including, but not limited to, ice and hall rentals, leisure activities, cemetery fees, library fees, applications for building permits, water/wastewater, and transit.

#### Licensing and Lease Revenues:

This category consists of licensing fees such as business licences, lottery licences, taxi licensing, and lease revenues.

#### Investment Earnings:

This category accounts for all investment income, interest on Greater Sudbury Utility note, interest on tax arrears, and interest earned on internal capital financing.

#### Contributions from Reserves and Capital:

This category reflects the contributions from reserves, reserve funds, and capital for various projects identified in the operating budget.

#### Other Revenues:

This category includes revenues such as the Ontario Lottery and Gaming Corporation and Provincial Offences Act fines collected.

### Expenses

---

#### Salaries and Benefits:

This category consists of compensation for all employees such as salaries, benefits, service pay, overtime, car allowance, and boot and tool allowance.

#### Materials – Operating Expenses:

This category includes items such as office supplies, salt and sand, asphalt, gravel and shop supplies, tax writeoffs, insurance costs, telephone costs, property taxes, and other general expenses.

#### Energy Costs:

This category consists of water, hydro, natural gas, propane, diesel and unleaded fuel.

#### Rent and Financial Expenses:

This category includes bank charges, debit and credit charges, tax interest on penalty writeoffs, cost of rental equipment and rent expense.

#### Purchased/Contract Services:

This category consists of items that are outsourced, such as, but not limited to, Housing Services providers, Children Services providers, Ontario Works, roads maintenance contracts, vehicle repairs, hired or rental equipment, and professional services.



### **Debt Repayment:**

This category consists of internal and external debt repayments.

### **Grants – Transfer Payments:**

This category consists of any grants given to community groups and outside boards such as Conservation Sudbury (Nickel District Conservation Authority), Public Health Sudbury and District, Arts and Culture grants, grants to playgrounds, and transfer payments to Ontario Works recipients.

### **Contributions to Reserves and Capital:**

This category reflects the contributions to reserves and reserve funds and transfer to capital fund for capital envelopes.

### **Internal Recoveries:**

This category consists of allocations to each department for indirect overhead costs and program support.

As well there are indirect overhead charges for areas such as engineering services, which are allocated to water/wastewater, roads and solid waste.

This line also includes the equipment charges and credits predominately in infrastructure, parks and emergency services areas. These equipment charges represent the cost of the maintenance, repairs and a depreciation component which allows for future replacement of equipment and vehicles.