



CITY COUNCIL

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City of Toronto 2003 budget information

Glossary of budget terms

Assets - Economic resources of the City such as land, buildings, vehicles, cash etc. Under provincial accounting regulations, the Municipality writes off the cost of physical assets such as land holdings and buildings in the year of acquisition.

Budget - The financial, operating and management plan for the City that establishes annual appropriations in accordance with the Municipal Act.

Budget Advisory Committee - A committee formed by City Council of appointed Councillors that plays a key role in coordinating the budget process and submitting a final budget to Council for its consideration. The committee also monitors any variances that might occur in the budget throughout the year. The Budget Advisory Committee is a sub-committee of the Policy and Finance Committee.

Capital Budget - A multi-year program adopted by Council comprising of an approved capital program for the current year and a planned program for the succeeding four years. Covers longer term and one-time expenditures for fixed assets that are more than fifty thousand dollars. Entails the assumption of debt by the Corporation.

Capital Financing - Represents the portion of the operating budget required to service the debt assumed by the City from capital expenditures of the current and previous years. Composed of Capital from Current expenditures and debt charges.

Capital from Current (CFC) - Funding allocated from the current budget to support the capital budget program.

Capital Program - A multi-year plan adopted by Council covering long-term expenditures for assets and entails the financing of such long term expenditures with capital assessment and assumption of debt. This program lets Council determine long-term expenditure priorities, and enables the City to plan long term debt. The capital program should be linked to multi-year service plans.

Capital Project - Expenditure for major rehabilitation, replacement and/or expansion of existing assets and infrastructure, and acquisition or creation of new assets. A capital project is a one-time activity with a well-defined set of desired outcomes or end results. A capital project can be divided into capital sub-projects or sub-tasks that must be performed in order to achieve the desired result.

Debt - Total value of all outstanding debentures issued by the Corporation. After deduction of the accumulated value of all sinking funds, represents the net debt of the Corporation.

Debentures - A long-term loan usually repayable at a fixed date, with a fixed rate of interest. Most debentures are secured on the borrower's assets.

Debt Charges - The principal and interest payments necessary to retire outstanding debt arising from capital expenditures. Debt charges are funded and paid from the City's Operating Budget.

Fiscal Year - The period for which budgets are prepared and financial records are maintained. The fiscal year for the City is the calendar year (January 1st to December 31st).

Grant - A contribution to the City to support a particular function, service or program.

Gross Expenditures - Includes all expenditures incurred by the Program Area and charged to the Program Area's budget.

Health and Safety - A capital project is categorized as health and safety if there is an urgent requirement for repairs due to demonstrated concerns of a health and safety hazard.

Legislated or City Policy - A capital project is categorized as legislated or City policy if capital expenditures are required by Provincial or Federal legislation or compliance with City policy (i.e. environmental initiatives).

Net Expenditures - An expenditure amount remaining after specific deductions have been made from gross expenditures.

Operating Budget - Provides funding to Departments and Agencies for short term expenditures up to one year in duration for City programs, services and activities.

Other Revenue - Represents all revenues other than property tax levy, provincial grants (see conditional grants and unconditional grants), interdepartmental recoveries and prior year's surplus. Made up of user fees, fines, interest earnings, revenues from other governments excluding the Province, and revenues from any other source.

Program - A Division of a Department or an Agency, Board or Commission, which constitutes a service delivery unit and may encompass one or more related municipal services (e.g., the Solid Waste Management program includes a number of services and is a division of Works and Emergency Services Department) and displays the following: is aimed at one or more target groups (e.g., households); has program goals defined in social terms with outcomes of public good (e.g., public health); and is either mission-driven (e.g., recreation), or mandate-driven (e.g., law-enforcement).

Reserve/Reserve Funds - Reserves and reserve funds have designated purposes and are created through the specific authorizations of Council. All earnings from the investment of reserve funds must form part of the reserve fund, whereas the earnings from reserves flow to the operating budget. The assets of reserve funds are segregated and restricted to the purpose of the reserve funds and generally they may be combined for investment purposes.

Revenue - Income received by Toronto for the fiscal year. Includes tax payments, service fees, transfers from other governments, fines, interest income etc.

Service - A series of activities that deliver a public good, respond to the needs of the public, or fulfill the requirements of other stakeholders. Service level refers to the level of services approved for the City's program budgets.

State of Good Repair - A capital project is categorized as state of good repair if it provides for the maintenance, repair, or replacement of existing assets. This includes asset rehabilitation that extends the useful life of the asset by 10 or more years before replacement is necessary. Asset replacement should be considered, if rehabilitation is not feasible and delayed replacement could result in potential safety hazards.

Surplus - An excess of revenues over expenditures. Must be fully applied in the succeeding year to reduce amount raised through taxation.

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.

User Fees - Fees charged by the City for the use of its services (such as the TTC fare, ice rental fees and fees for various city permits).