

GLOSSARY & ABBREVIATIONS

GLOSSARY

TERM	DEFINITION
Accounting Principles	A set of generally accepted principles for administering accounting activities and regulating financial reporting. These principles comply with Generally Accepted Accounting Principles (GAAP) for local governments.
Accrual Accounting	An accounting method where revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred (sometimes referred to as full accrual, to distinguish it from modified accrual basis accounting).
Annual Budget	A budget for a single year which identifies the revenues and expenditures for meeting the objectives of the annual financial plan.
Annualization Costs	The incremental costs of a new facility or position that was approved for less than 12 months in the prior budget year.
Assessment	The value assigned to a property by the Municipal Property Assessment Corporation (MPAC) used as a basis for property taxation.
Appropriation	The amount of money approved by Council and set out in the budget for labour, revenue and other current operating and capital expenses.
Approved Budget	The budget as formally adopted by Council for the upcoming fiscal year.
Balanced Budget	A budget in which the estimated revenues are equal to the estimated expenses with reserves and reserve fund adjustments.
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)
Budget	A financial plan for a specified period that outlines planned expenditures and the proposed means of financing these expenditures.
Business Unit	An organizational unit with a specific strategic focus and the authority to expend corporate resources in order to deliver an internal or external service.
Capital Asset	An asset with a long-term nature.
Capital Budget	The expenditures and financing sources to acquire or construct municipal assets.
Capital Expenditure	An appropriation of funds for a capital improvement project or asset. These are non-operating expenditures to acquire assets which will have a useful life greater than one year.
Capital Forecast	The expenditures and funding sources projected for consideration in the subsequent years of the Capital Budget approval year.
Capital Funding Strategy	Used to determine the amount of funding that will be allocated to the Municipality's reserve funds as well as the amount allocated to the various services to support infrastructure replacement, growth and community building. The strategy is based on asset management data and the corporate strategic plan.
Capital Project	Means any significant expenditure incurred to acquire or improve land, buildings, engineering structures, machinery and equipment used in improving municipal services. It includes vehicles, office furniture and equipment and normally confers benefit lasting beyond one year and results in the acquisition of, or extends the life of a fixed asset.

TERM**DEFINITION**

Contingency	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)	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.
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.
Debt Servicing	The payment of debt interest and principal over a given period of time. Provincial regulation does not allow the Municipality to issue debt which would result in it exceeding its legislated Annual Repayment Limit (ARL) without approval from the Province. The 2022 ARL is based on the Municipality's 2020 Financial Information Return (FIR).
Department	A major administrative division of the Municipality that has overall management responsibility for an operation within a functional area.
Development Charges	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	Any debt funded from development charges.
Discretionary	Funds that are to be spent at the discretion of Council without any conditions or obligations.
Efficiencies	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.
Estimates	Means the budget proposal for the expenditure and revenue of the Municipality funds for one fiscal year and includes the budget proposals for any particular department.
Expenditures	The cost of goods and services received for both the regular Municipal operations and the capital programs.
FTE (Full-time Equivalent)	A budgeted amount to represent permanent full and part-time productive hours of work. Municipal departments budget hours of work depending on program and service needs.
Fiscal Year	A 12 month period (January 1 through December 31) in which the annual operating budget applies and at the end of which an assessment is made of the Municipality's financial condition and performance of operations.
Fund	A fiscal entity of self-balancing accounts used by governments to control common financial activities.
Fund Accounting	Is an accounting system emphasizing accountability rather than profitability, used by non-profit organizations and governments. In this system, a fund is a self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

TERM	DEFINITION
Fund Balance	Funds accumulated through the under-expenditure of appropriations and/or receiving revenues greater than anticipated and included in the budget.
Grant	A monetary contribution—typically from one level of government to another—as a means to lend support to a specific service, program of function.
Growth	When additional costs are incurred in order to provide the same level of service to more citizens.
Internal Charges	Expenses allocated from one department to another. 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	Amounts recovered by one department from another. Internal recoveries appear as revenue for the departments providing support and are equal to the internal charges to the departments receiving the service.
Life Cycle Costing Practices	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.
Non-Tax-Supported Budget	Self-supporting and does not require a property tax transfer. The Municipality's Water Services, Wastewater, 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.
Operating Budget	The Municipality's financial plan which outlines proposed expenditures for the upcoming fiscal year and estimated revenues which will be used to finance them.
Operating Impact from Capital	Identifies additional operating costs—including compensation—resulting from new or expanded assets such as a facilities, vehicles, trails or parks being put into service during the budget year.
Own Source Revenue	All revenues received, not including Federal and Provincial Grants
Payment-in-Lieu	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.
Reserve	Allocation of accumulated net revenue. Reserves don't refer to any specific asset and don't require the physical segregation of money or assets.
Reserve Funds	Assets segregated and restricted to meet the purpose of the reserve fund. Reserve Funds may be: <ul style="list-style-type: none"> • Obligatory – created whenever a statute requires revenues for special purposes to be segregated, e.g., Development Charges Reserve Funds, or • Discretionary – created whenever Council revenues to finance a future project for which it has authority to spend money
Supplementary Revenue	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.
Tax Levy	The total amount to be raised by property taxes for operating and debt service purposes specified in the annual Tax Levy By-law. The Municipality is also responsible for levying taxes for the Boards of Education, Elgin County and the Business Improvement Area.
Tax Rate	The rate levied on each real property according to assessed property value and property class.
Variiances	Differences between actual revenues, expenditures, and performance indicators from those items targeted in the annual budget

ABBREVIATIONS

TERM	DEFINITION
ABC	Advisory Board & Committee
ARL	Annual Repayment Limit
AODA	Accessibility for Ontarians with Disabilities Act
BCA	Building Condition Audits
BIA	Business Improvement Area
CAO	Chief Administrative Officer
CEEC	Central Elgin Environmental Committee
ERP	Enterprise Resource Planning
ICS	Infrastructure Community Services
FIR	Financial Information Return
GAAP	An abbreviation for generally accepted accounting practices which are the primary benchmarks used in accounting.
IT	Information Technology (may also be I.T.)
MPAC	Municipal Property Assessment Corporation
NPH	Non-Profit Housing
OCIF	Ontario Community Infrastructure Fund
OMPF	Ontario Municipal Partnership Fund
OPP	Ontario Provincial Police
PIL	Payment-in-Lieu
RFP	Request for Proposal
TCA	Tangible Capital Assets