# Finance Glossary of Terms

| Term | Definition |
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| Accounting Principles | Generally accepted accounting principles that apply specifically to the process of developing estimates and budget and comparing them to the actual results. |
| Accrual | The accrual basis of accounting recognizes revenue and expenses in the period in when they are incurred rather than waiting until funds are received or spent. |
| Amortization | An accounting principle that allows the cost of an asset to be evenly distributed over a set period of time. This is a non-cash expense. The City records amortization in its audited PSAB financial statements but does not budget for it. Rather it budgets to fund the full capital project when approved. |
| Annual Repayment Limit | The limit set by provincial regulation on a municipality's debt charges, calculated annually by the province as the municipality's debt and financial obligation limit. The provincial regulation limits to 25% of a municipality's own-source revenues, although most municipalities have internal guidelines far below this. |
| Assessment Growth | The increase in assessment value during the year as a result of new properties and improvements to existing properties. In preparing a budget, the current year's associated revenue is included in the forecasted revenues for the following budget year, when the tax on the new or improved property will be levied. |
| Assessment Value | Value of property as determined by the Municipal Property Assessment Corporation (MPAC). This value is not the same as market value for a property. |
| Asset Management | In the context of the budget, capital projects are proposed to maintain/extend the life cycle of a capital asset. Asset management is establishing a governance framework and developing a comprehensive inventory of |

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| | municipal assets. This includes the coordinated process of planning, operating, maintaining, and replacing municipal assets to maximize value, minimizing costs, and ensure they meet the organization's goals throughout their lifecycle. |
| Balanced Budget | As required for Ontario municipalities under the Municipal Act, municipal budgets must be balanced. This means the estimated revenues must be equal to estimated spending. |
| Base Budget | A reflection of the budget resources (financial, human, and other) that are required to maintain service levels at the level provided in the previous year. |
| Bid | Means an offer or submission from a supplier in response to a bid solicitation which is subject to acceptance or rejection by the Corporation. |
| Bidder | Is a legal entity who submits a competitively priced offer in response to an invitation for bid. |
| Bid Security | Refundable securities which provide financial assurance to the City and that the bid has been submitted in good faith and that the contractor intends to enter into a contract at the price bid and in accordance with the terms of the bid documents; it may come in the form of certified cheque, money order, bank draft or the City's standard irrevocable standby letter of credit.<br>Additionally, a Bid Bond, Performance Bond, Labour and Material Bonds and Material Payment Bonding may be used. |
| Blanket Purchase Order | A purchase order under which a purchaser contracts with a vendor to provide for a purchaser's frequent, repetitive, small-order requirements for an item(s) or a service, on an as-required basis. Properly prepared, such an arrangement sets limit on the period of time it is valid and |

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| | the maximum amount of money which may be spent at one time, or within a specified period, and specifically identifies those persons authorized to order and accept goods. The purchase order may also contain other terms and conditions, such as the discount of the specific price list that applies to purchases made under the agreement and what items and services are included (or excluded) under the agreement. |
| Budget | A policy and a financial plan that puts resources in place to implement goals and priorities of the organization, ensuring reliable public service delivery and fiscal responsibility. |
| Canada Community-Building Fund (CCBF) (previously known as Gas Tax Funding) (Federal) | Funding provided by the Federal Government. 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. |
| Capital Budget | The budget for the planning, design, construction/acquisition and renewal of the City's capital assets. A plan for proposed capital expenditures to be incurred both in the current year and over several years in the future (long term). The budgeted costs provide needed infrastructure, park development, building construction or rehabilitation and other related items. Funding is received from various sources. |
| Capital Expenditures | Planned or actual spending on capital projects including consulting, construction and purchased asset costs. |

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| Capital Funding | The allocation of funds from a reserve, recognition of a grant, and/or debt to a capital project equal to the amount of capital expenditures. |
| Capital Planning | A Fiscal Strategy pillar which reflects a long-term capital plan that ensures the City's current and future capital asset goals and objectives are met. |
| Capital Projects | Capital projects are major investments the City makes to build, improve, or purchase long term assets that benefit the community. These projects include things like constructing new roads, water treatment plants, underground services, bridges, and flood mitigation systems, as well as purchasing vehicles and equipment needed to deliver municipal services. |
| Capital Reserve Transfers | Capital reserve transfers occur when the City sets aside part of the operating budget into a capital reserve. These funds are then used to pay for approved capital projects—such as new facilities, infrastructure upgrades, or equipment purchases—and help maintain long-term financial stability. |
| Change Order | A document used to alter the original agreement of a project signed by the Contractor and Owner (City) |
| Contingency | An amount designated in a budget to cover unforeseen events that may occur during the year or in a project's lifecycle. Unused contingencies in capital projects are returned to the capital reserve during periodic project closeout reports to Council. Unused contingencies in the operating budget would lapse at year end and would be reported through the annual financial reporting and year report with any recommendations. |
| Contractual Commitments | An agreement to purchase goods and/or services from a vendor. |

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| Term | Definition |
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| Contractor | Is any legal entity to which a Contract is awarded. |
| Contributions to Reserve | Funds contributed to reserves in the Operating Budget which are used to fund reserves including projects in the Capital Budget. |
| Debentures | A form of unsecured debt financing utilized by the City for capital projects. |
| Debt | Money owed by the City. Municipal debt refers to the financial obligations created when the City borrows money from investors to fund capital projects. |
| Debt Management | A Fiscal Strategy pillar which ensures debt financing is used responsibly to manage the long-term financial flexibility of the City. |
| Deferred Revenue (unearned revenue) | A liability for funds received in advance that must be used for a specific purpose in the future. These are not recognized as income until those obligations are met. Also applicable to Reserve funds below. |
| Deficit | The excess of liabilities over assets, or expenditures over revenues, in a fund over an accounting period. |
| Delegation of Authority | Is when a person in authority appoints some or all their authority to other City employee(s). |
| Designate | Means a person authorized by the CAO, or Director to act on his/her behalf. |
| Development Charges | Rates levied on new development, whether residential or non- residential, and set by Council through a Development Charge by law before issuance of a Building Permit. Also heavily prescribed by provincial legislation. |
| Emergency Purchase | Means purchases made during an event in the City, which in the opinion of the CAO, Director or their authorized designate, requires an immediate purchase in order to prevent a serious delay in acquiring needed Goods and/or Services, which delay reasonably could result in a danger |

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| | to life, excessive damage to property and/or the environment, or the suspension of the provision of an essential service. |
| Fees and Charges | A by-law passed by Council each year outlining the amounts charged by the City for user fees, regulatory and administrative charges, enforcement, and penalty charges, etc. |
| Financial Plan | A comprehensive roadmap that outlines the City's financial goals, strategies, and projected performance over multiple years. It incorporates both the operating and capital budgets, providing a framework for sound decision making and long-term sustainability. The plan is forward looking and does not reference the year in which it was prepared. |
| Financial Strategy | The City's long-term financial strategy focused on financial sustainability by balancing four pillars: capital planning, reserve management, debt management and revenue management. |
| Financing | The issuance of debt or borrowing between reserves to support funding for a capital project. |
| Fiscal Year | The 12-month fiscal year for the City is the calendar year ending December 31. |
| Full-time equivalent (FTE) | Total hours worked divided by the standard annual hours worked in full-time jobs. The City has positions with standard 35 hour a week (1,820 hour annually) and 40 hour a week positions (2,080 hour annually). Uniformed fire personnel work 42 hours per week (2,184 annual hours). These annual hours are used to calculate the full-time equivalency of part-time positions. |
| Fund | A set of interrelated accounts to record revenues and expenditures associated with a specific purpose. A fund |

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| | has its own revenues, expenditures, assets, liabilities and equity (fund balance). The City's funds include but are not limited to operating, rate, capital, and reserves. |
| Fund Balance | See reserve |
| Grant | A monetary contribution, typically from one level of government/partner to another, as a means to lend support to a particular service, program or function. The City both receives and issues grants. |
| Inflation | The sustained rise in the overall price of goods and services in an economy over time. As prices increase, each dollar buys fewer goods and services, reducing purchasing power. Central banks and governments typically aim to keep inflation at a modest level—around 2% to 3% annually—to balance economic growth and stability. For budgeting purposes, the City monitors market trends (Statistics Canada- CPI) and applies an inflation factor to account for rising costs. |
| Informal Quotations | Are reserved for purchases of a value of less than $100,000. Informal quotations are used to reduce the paperwork and time formal quotations normally require. |
| Infrastructure | The basic installations and facilities that are necessary for the continuance and growth of the City, such as roads, schools, transportation, utilities and similar systems. |
| Investment Income | Revenue the City earns by investing its financial assets. This includes interest from bank balances, returns from Corporate and Government Bonds, and earnings from Guaranteed Investment Certificates (GICs). These investments help strengthen the City's financial position and support long-term sustainability. |
| Levy | The amount of property tax dollars which is paid by taxpayers. The total levy required is based on the |

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| | requirements of the City and its boards, less all other revenues. The levy for a particular property is calculated by multiplying the MPAC assessed value for the property by the appropriate tax rate for that property's class. |
| Liability | A financial obligation of the City to others. |
| Multi-year Budget | An operating budget seeking the approval of two or more years. |
| Negotiation | Means a purchasing method whereby the Corporation may negotiate directly with one or more Suppliers with the intent to award a Contract or Extend an existing Contract. |
| Net Tax Levy | The portion of the Operating Budget that is paid by the tax levy after all other funding sources, including grants, user rates and user fees, are considered. |
| Non-Compliant | Means the response to a Bid Solicitation which does not conform to the mandatory requirements in the Bid Solicitation. |
| Operating Budget | Outlines the spending and revenues to support the costs of delivering services and the funding of capital reserves. The City's detailed financial plan for the year. It outlines projected revenues and expenses related to day-to-day operations, including salaries, contracted services, materials, supplies, and program delivery. Revenues to support the operating budget come from sources such as taxes, utilities, grants, and user fees. Unlike the capital budget, which funds long term projects and assets, the operating budget focuses on the ongoing costs of delivering services to residents. |
| Other Revenue | Income generated from sources other than taxation. This can include reimbursement from insurance claims, donations, and cost reimbursements. |

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| Payment Card, P-Card | Is a credit card used by authorized employees to pay for goods and or services in accordance with the City's payment card policy.<br>Generally used for lower dollar spends. |
| Payment-in-lieu (PILs)of taxes | Financial compensation provided by the federal or provincial governments to municipalities for the loss of property tax revenue due to their exemption from taxation under the Constitution. This payment is made to cover the infrastructure costs (like roads services) that municipalities provide for properties owned by the Crown. The calculation of PILs is based on the assessed value of the property and the applicable tax rates, with a sharing ratio determined between the local and regional municipality. |
| Procurement | Purchasing, renting, leasing, or otherwise acquiring any goods and or services or construction; includes all functions that pertain to the acquisition, including the description of requirements, preparation, solicitation, selection and Award of the Contract and all phases of Contract Administration. The combined functions of purchasing, inventory control, transportation, receiving, inspection, storekeeping, salvage, and disposal operations. |
| Property Tax Levy | A tax levied on real property (residential, farm, commercial, industrial and other categories of property) according to the property assessment valuation and corresponding tax rate. |
| Public Sector Accounting Standards (PSAS) | The financial reporting framework for Canadian public sector entities, including federal, provincial, territorial, and local governments. The Public Sector Accounting Board (PSAB) oversees their development and updates through |

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| | consultations, exposure drafts, and annual improvements. Municipalities are required to have an annual financial statement audit that is reported under PSAS. |
| Purchase Order | Means the legal document that is the Corporation's commitment to the supplier for the value of the goods or services ordered. It is also the supplier's authority to ship and charge for the goods specified on the order. |
| Purchase Requisition | Means an electronically transmitted request on a requisition form, which is sent to the Department Director or designate to procure goods or services. |
| Request for Expression of Interest (RFEI) | Is a focused market research tool used to determine vendor interest in a proposed procurement. It may be issued simultaneously with a Request for Qualifications when the proposed procurement is well defined, and the purchaser has clear expectations for the procurement. |
| Request for Information (RFI) | Is used prior to issuing a tender call as a general market research tool to determine what products and services are available, scope out business requirements, and/or estimate project costs. |
| Request for Prequalification (RFPQ) | Is a request for the submission of information from potential Bidders, which may include, but not limited to, experience, education, financial strength, and capabilities. Typically, an RFPQ is a pre-cursor to a Tender and multiple bidders are pre-qualified. |
| Request for Proposal (RFP) | Means an offer to supply goods or services on which end results are outlined but no detailed specifications given to the bidders as to the goods or how the work is to be performed; the goal is to obtain a unique proposal designed to meet broad outcomes to a complex problem or need for which there is no clear or single solution |

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| Request for Quotation (RFQ) | Means a request for prices on specific goods or services obtained formally through a Call for Quotations or informally from selected sources, which are submitted orally, in writing, by email or transmitted by facsimile as determined by the Director, Manager or the Purchasing Services Division; the goal is the same as for the Request for Tender except bid solicitation is done primarily on an invitational basis from a pre-determined bidder's list but may be supplemented with public advertising of the procurement opportunity. |
| Request for Tender (RFT) | Means an offer in writing by way of a Call for Tender to execute certain specified work or to supply certain specified goods or services at a specific rate in response to the information contained in the Call for Tender; the goal is to obtain competitive bids based on precisely defined requirements for which a clear or single solution exists and to accept the lowest bid meeting the requirements specified in the competition |
| Reserve, Reserve Fund | Money designated for a particular purpose is held separately from other financial assets in reserves. Interest earned on certain reserves is held within the reserve fund. There are two types of reserve funds. Obligatory reserve funds are required under provincial statute, while discretionary reserve funds are created by Council. The reserve fund balance is the amount of money in a reserve fund at a given date. |
| Reserve/ Revenue Management | A Fiscal Strategy pillar which maintains reserves to meet the needs of the long-term capital plan and manage the risk for unexpected economic impacts. |
| Scope of Work | Is the work that has been described in a bid solicitation that must be done to deliver the Goods and/or Services |

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| | with the specified features and functions within the time, quality and price specified |
| Services | Includes all professional and consulting services, all services in relation to real property or personal property including without limiting the foregoing the delivery, installation, construction, maintenance, repair, restoration, demolition or removal of personal property and real property and all other services of any nature and kind save and except only services to be delivered by an officer or employee of the City in accordance with terms of employment. |
| Single Source | Is the procurement of a good or service from a particular vendor rather than through solicitation of bids from other vendors who can also provide the same item. |
| Social Procurement | Is the achievement of strategic social, economic and workforce development goals using an organization's process of purchasing goods and services. |
| Sole Source | Is the procurement of a good or service that is unique to a particular vendor and cannot be obtained from another source. |
| Stabilization Reserve | A tax funded reserve used to manage impacts to the tax levy and be available to manage unforeseen circumstances. |
| Strategic Plan | A document outlining long-term goals, critical issues and actions plans which will increase the organization's effectiveness in attaining its mission, priorities, goals and objectives. Strategic planning starts by examining the present, envisioning the future, choosing how to get there and making it happen. |

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| Term | Definition |
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| Strong Mayor Powers | Legislated authority provided to the Mayor under Part VI.1 of the Municipal Act, 2001, to support provincial housing priorities and impact the municipal budget process. |
| Supplementary Taxes | Property taxes collected on increased assessment value during the year, before becoming assessment growth revenue in the following year. These can relate to the current or previous two taxation years. |
| Surplus | The excess that exists when expenditures at fiscal year-end is lower than had been budgeted for or revenues are higher. Surplus recommendations to Council are done through year-end reporting. |
| Tangible Capital Asset | Non-financial assets that have physical substance, are used in operations, and have useful lives extending beyond one year. Examples include land, buildings, roads, bridges, water and sewer systems, vehicles, and major equipment. |
| Tax Rate | The actual rate of tax applied to the Current Value Assessment to determine taxes payable. Tax rates are established by Council By-law. |
| Tax Sale | A municipal property has entered the tax sale process when its owner is at least two years behind on municipal property taxes and the property is advertised for public tender in The Ontario Gazette and local newspapers. |
| Tender | The method of soliciting bids for goods and services in a procurement process which results in the award of a contractual commitment. |
| Total Acquisition Cost | Means an evaluation of quality and service in the assessment of a Bid and the sum of all costs including purchase price, all taxes, warranties, local service costs, life cycle costs, time of completion or delivery, inventory |

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| | carrying costs, operating and disposal costs for determining the Lowest Compliant Bid. |
| User Fees | The amount of revenue generated from the imposition of fees and charges for the use of municipal facilities or services provided by the City. |
| Value for Money / Best Value | Means an evaluation of quality and service in the assessment of a Bid and the sum of all costs including purchase price, all taxes, warranties, local service costs, life cycle costs, time of completion or delivery, inventory carrying costs, operating and disposal costs for determining the Lowest Compliant Bid |
| Vendor of Record (VOR) | A list of pre-qualified vendors as a result from a procurement process that meets or exceeds the requirements detailed within the document. A VOR allows one or more vendors to offer specific goods or services and is valid for an indicated time period, with defined terms, conditions and pricing |