

Document 4 - Budget Document Guideline How to Read the Draft Budget Documents

The Budget Documents include a detailed breakdown of all Expenses and Revenues as per the categories outlined in the table below. These details are reflected by Committee, Board, or Commission, by Department and further broken down by Service Area for each City Department. A Service Area summary is provided for each department along with detailed explanatory notes for budget pressures for each respective Service Area. The budget also includes the number of full-time equivalent (FTEs) positions that are required to deliver City services.

The Capital Program and Project details are also captured at the lowest level including details behind the program/project, funding and descriptions. A capital works-in-progress listing, and a four-year forecast is also provided.

The transfers to capital reserve funds are reflected in the operating budget as an expense but are also reflected in the capital budget as a source of financing. These transfers are reflected in the “Transfers/Grants/Financial charges” category of the Operating budget. In addition, while the Operating budget amounts represent the level of expenditures to be authorized by Council to be spent in the budget year, the Capital budget represents the amount of expenditure authority to be approved to complete the capital works. While the amount approved for a number of capital projects may be completely spent in the year, for many projects, only a portion of this expenditure authority will actually be spent in the budget year with the remaining budget amounts to be spent in subsequent years in order to complete the approved projects.

Operating Budget

Operating Resource Requirement

This schedule summarizes by program, expense and revenue categories by prior year actuals, current yearend forecast, current year budget, a draft estimate of the new budget year pressure, and the change over from the current year’s budget. The breakdown of expense and revenue categories are briefly outlined and defined below:

| Category | Explanation |
|------------------------------------|---|
| <i>Compensation</i> | |
| Salary and Wages | Employees' compensation related cost in accordance with the various collective agreements. |
| Overtime | Employee overtime cost are reported in this section. The city provides an extension number of 24/7 front line services and must align these commitments with legislative and collective agreements for Overtime requirements. |
| <i>Benefits/Allowances</i> | |
| Statutory | Legislative requirements such as, Canada Pension Plan (CPP) and Employment Insurance (EI) employer contributions and obligations. |
| OMERS | Pension related cost. |
| Group Insurance | Employee Benefits and Allowances as per legislative and collective agreements such as medical, dental, disability insurance and Workplace Safety and Insurance Board (WSIB). |
| <i>Gross Expenditures</i> | |
| Materials and Services | Cost attributed to Purchased Services, Contract Services, Materials and Supplies and Fixed Assets (Computer Software and non-capitalized minor assets such as computer peripherals). |
| Transfers/Grants/Financial Charges | Costs associated with but not limited to, Social Service benefit payments, debt servicing and Capital formation |

| Category | Explanation |
|-----------------------------------|---|
| | (funding transferred to reserve funds to fund the Capital program)- etc. |
| Fleet Costs | Costs associated with maintenance, leases, fuel, licenses, parts, rentals, and insurance. |
| Program Facility Costs | Costs charged from one department to another for building expenses. |
| Other Internal Costs | Costs charged from one department to another for their share of various expense types such as but not limited to, printing, translation services, audit fees etc. |
| <i>Recoveries and Allocations</i> | Recognizing deduction of gross expenditures such as, internal costs charged to a capital account. |
| <i>Revenues</i> | |
| Federal | Federal funding and grants such as, Federal Gas Tax. |
| Provincial | Provincial funding and grants such as, Provincial Gas Tax and conditional transfers. |
| Own Funds | Transfers from reserves. |
| Fees and Services | Revenue earned by various fees, sales and services but not limited to transit passes, utility revenue, business licenses, permits, and fire inspections etc. |
| Fines | Provincial Offences Act (POA) fines and various penalty charges. |
| Property Taxes | Property tax revenue levied based on property tax class and assessed value. |
| Investment Income | Income generated by the City's investments. |

| Category | Explanation |
|-----------------------------|---|
| Development Charges | Revenue from development charges to fund an operating expense such as, development charge supported debt servicing expense. |
| Payment-in-lieu of taxation | Federal Properties in Ottawa are exempt from property taxes and instead compensate municipalities for services in the form of payment in-lieu of taxes (PILTs) that are consistent with applicable municipal and provincial tax rates as s prescribed by the Federal PILT Act and associated Regulations. |
| Other | Revenue(s) that do not fit within the above revenue categories such as, land sales and local improvement charges. |

Capital Budget Funding Summary

Each service area has a capital budget page listing projects categorized by Renewal, Growth, and Service enhancement. Furthermore, it outlines how the project is financed. Funding of the project(s) is organized under following major funding types:

- Revenues: Are sources of revenue provided from the Federal and/or Provincial government for specific capital works.
- Tax Supported & Other Reserve Funds: Some of the City’s tax supported reserve funds receive yearly contributions from the operating budget, known as ‘Pay-as-you-go’ (PAYG). Other sources of revenue include funding received from the collection of cash in lieu of parking and parkland. Reserve funds may be categorized as either legislated or discretionary. Legislated or mandatory reserve funds are created by statute and require that revenues received for special purposes are segregated from the general revenues of the municipality. Discretionary reserve funds are established and approved by Council and include a specific by-law.
- Rate Supported Reserve Funds: Water, Wastewater, and Stormwater Reserve Funds are considered rate supported reserve funds. Facilities and infrastructure for

the collection, production, treatment, storage, supply, or distribution of water are funded from the Water Reserve Fund. The Wastewater Reserve Fund supports costs for the City's sewer system. The Stormwater Reserve Fund supports the capital projects supporting the operational needs related to stormwater services.

- Development Charges: Funding from revenue collected from developers is applied to growth related capital works that support new development.
- Debt: Several capital projects are funded with debt to be paid from tax supported funds, water, wastewater or stormwater charges, federal or provincial gas tax revenues or development charge revenues.