

DEFINITIONS

Throughout this presentation, expenses and revenues are captured using terminology that is common to municipal operations. The following list provides definitions to the captions used:

EXPENSES BY TYPE:

Employee Related	- wages, benefits, honorariums, travel, training, uniforms, etc.
Buildings	- building related costs such as utilities, repairs, maintenance, insurance, etc. - the asset management division manages the above issues for municipally owned buildings and through internal cost allocations charges the operating departments for building usage.
Vehicles & Equip	- fuel, repairs, maintenance, insurance, new equipment, computer hardware, etc. - The fleet division manages the operating and replacement costs for Chatham-Kent's fleet and attachments. An internal rental fee to recover operating and capital costs is charged to the operating departments based on their equipment requests and usage. This rental fee is reflected in the applicable department's costs, with the offsetting cost recovery applied to the expenses of the fleet department.
Contracted Work	- defined as any services provided by Chatham-Kent through sources other than our own staff - examples include contractual costs for ambulance services, garbage collection/disposal, animal control, specialized professionals, grass cutting, roadside mowing, transit, software support fees, etc. In prior years, the annual funding of infrastructure lifecycle was included in this category due to the outsourcing of the work. In 2015, a separate category has been included to highlight the municipal investment in infrastructure .
Infrastructure & Debt	- Previously categorized under contracted work, a new category has been identified to track the investment in infrastructure and debt requirements for over 30 categories of municipal infrastructure. Identified as part of the financial sustainability strategy, since 2009 CK is managing debt through a pay as you go philosophy for existing infrastructure. Funding for the required community infrastructure needs is at approximately 76%.
Operating Related	- this series includes telephone, paper supplies, postage, advertising, liability insurance, library materials, etc.
Human Services	- as Service Managers contracted with the Province to deliver and administer services in the Children, Housing and Employment Services area, this series includes purchase of services for Children and Social Housing providers and

legislated Provincial Employment Service benefits. Provincial subsidy where applicable is identified in the business area.

Internal Allocations

- internal cost allocations between operating areas are captured to assist in functionalizing costs and maximize subsidy where applicable.

Other Expenses

- this area includes non-typical expenses such as grants and requisitions, net impact of transfers to and from reserves

REVENUES BY TYPE:

Provincial Subsidy/Grants	- represents sources of funding from the Province. Funding for specific programs are allocated to the departments and matched with the costs. The non-operating area reflects funding from the Ontario Municipal Partnership Fund that cannot be functionalized.
Federal Subsidy/Grants	- sources of funds from the Federal Government allocated to specific programs.
In Lieu of Taxation	- grants received from the Provincial and Federal governments for governmental properties located in the community that are exempt from property taxation.
Tax Revenue	- revenue generated by property taxes including the net impact of assessment growth due to new construction.
Fines & Penalties	- includes late payment fees, by-law infraction fines, revenue from tickets issued under the Provincial Offences Act, etc.
Recoveries	- miscellaneous recoveries from third parties, eg. Ontario Works reimbursements, fire response issues re 401, gravel pit production, etc.
Sale of items	- sale of cemetery plots, publications, food and beverages at canteens, etc.
Licenses, permits & fees	- revenues from building permits, application fees, license fees, etc.
User fees	- includes ice rentals, sport fee rentals, building rentals, accommodation fees, day care fees, etc.
Miscellaneous revenue	- includes general investment income, slot machine revenue, landfill sponsorship revenue, etc.
SLA's	- Service Level Agreements for services purchased by Chatham-Kent Public Utilities and Entegrus.

COMMON NOTATIONS

Under the slide, “Base Budget Changes”, detailed explanations outline changes from 2014 to 2015 base budgets. Details regarding prior years’ base budget changes are outlined in separate presentations that are available on the web-site.

Throughout this presentation specific notation of base budget changes are made, however, the following provides an outline of common terminology used throughout this presentation:

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| Existing staff compensation & benefits | - reflects Council approved cost of living adjustments and other contractual settlements. |
| Corporate allocations | - re-allocating corporate issues such as workstation lifecycle, call centre and office supplies allocations |
| Inflation | - reflects Council approved inflationary and contractual adjustments. |
| Internal Dept Transfers | - reflects a functionalization of specific costs/recoveries to other departments/divisions. There is no overall budget impact with these transfers. Beginning in 2010, vehicle & equipment budgets are reallocated within departments based on a 5 year cost average at a net zero budget impact. |
| | In 2015, the General Manager’s base budget will be presented in their specific area except for budget allocations to subsidized services. For 2015 this will appear as “Internal dept – GM realignment” |
| Lifecycle phase-in | - Lifecycle phase-in provisions are detailed by department. Lifecycle requirements and funding options are reviewed annually with Council during the annual budget process. |
| Service level agreements | - reflects adjustments to allocations for services provided to related corporate entities and departments (includes Health Services, Entegrus, CK PUC). |

Corporate restructuring in 2015:

Base budgets have been transferred for the following reporting changes that occurred in 2015:

<u>Service</u>	<u>Former Reporting Area</u>	<u>New Reporting Area</u>
Human Resources & Org Development	Corporate Services	HROD & Customer Service (CAO Department)
Customer Services	Corporate Services	HROD & Customer Service (CAO Department)
Financial Services	Corporate Services	NEW FBIS – Finance, Budget & Information Tech Services
Budget & Performance Services	Corporate Services	NEW FBIS – Finance, Budget & Information Tech Services
Information Technology Services	Corporate Services	NEW FBIS – Finance, Budget & Information Tech Services