

Common Budget and Forecast Terms ►

Assessment

The value assigned to a property by the Municipal Property Assessment Corporation (MPAC) used as a basis for property taxation.

Assessment Growth

The additional taxation revenue the Town receives from the new homes and businesses that are built each year. This revenue is used to cover the cost of providing services to the new residents/businesses and for long term financial planning.

Annualization Cost

The incremental costs of a new facility or position that was approved for less than 12 months in the prior budget year.

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)

Brownfields

Properties that were originally developed for industrial and commercial uses and which are now underutilized, derelict or vacant. The soil and water may or may not be impacted by contaminants as a result of past practices and uses.

Business Unit

An organizational unit with a specific strategic focus found within each department.

Capital Budget

One time expenditures for major projects (often referred to as “infrastructure”) such as roads, vehicles/equipment, parks, sidewalks, trails, streetlights, playgrounds and buildings. It includes both the development of new, and the maintenance/rehabilitation of existing infrastructure.

Casino Ajax Revenues

Monies received by the Town of Ajax as a host municipality, from the Ajax Casino. All municipalities who have slots and gaming facilities and are identified as a host municipality, receive a percentage share of the revenues from Ontario Lottery and Gaming (OLG). It is up to each municipality to determine how it uses its revenues. For details on how the Town spends its slots revenues, please refer to the Slots Revenue Facts information sheet on the Town’s website.

Community Improvement Plan (CIP)

A Community Improvement Plan or CIP is a tool that allows a municipality to direct funds and implement policy initiatives toward a specifically defined project area. Community Improvement Plans are intended to encourage revitalization initiatives and/or stimulate development and redevelopment.

Debenture Debt

A type of long term loan used as partial financing for major capital building projects. The debt, including interest, is repayable over 10 to 25 years. Debenture debt spreads the project cost and related tax rate increase over a number of years and ensures that future taxpayers pay their fair share of capital projects being completed today.

Development Charges

A charge paid by developers to partially pay for the cost of new capital projects required as a result of growth (e.g., new roads, parks, trails, community centres, fire stations, etc.). Development charges do not cover the entire cost of a capital project, as legislation requires municipalities to fund a portion of most projects. In addition, certain expenditures are exempt from development charges and must be paid entirely by the municipality.

Grant

A monetary contribution - typically from one level of government to another - as a means to lend support to a specific service, program or function. The Town of Ajax makes grants available to various local community organizations for special events and programs.

General Tax Levy

Sometimes referred to as the "Tax Levy", the general tax levy is the net expenditures funded by property taxes.

Long Range Capital Forecast (LRCF)

The same type of expenditures as the Capital Budget, with the only difference being that the forecast covers a ten-year period, while the capital budget is for a one-year period.

Lower Tier Municipality

A lower tier municipality forms part of an upper-tier municipality. Municipal responsibilities set out under the Municipal Act and other Provincial legislation are split between the upper-tier and lower-tier municipalities.

Ajax is a part of a low-tier government system and collects property taxes on behalf of the Region of Durham and the Province for local school boards. For every dollar collected, approximately 56% is allocated to the Region, 11 cents - the Town only keeps 33%.

Operating Budget

The expenditures (e.g., wages/benefits, supplies, contracted services, utilities, etc.) required to deliver day to day Town services. It also includes the revenues that the Town receives (e.g., user fees, interest income, building permit fees, etc.).

Operating Budget Forecast

Process used to calculate the estimated operating surplus or deficit for the current budget year. The forecast is completed using actual expenditures/revenues up to August 31 and projections for September to December.

Operating Impact from Capital

Identifies additional operating costs - including compensation, maintenance costs etc. - resulting from new or expanded assets such as a facilities, vehicles, trails or parks being put into service during the budget year.

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.'

Reserves/Reserve Funds

Monies set aside for specific purposes, including both operating and capital budget items. There are two main types of reserves/reserve funds:

- **Statutory/Obligatory** - municipalities are required by legislation to establish certain reserve funds (e.g., Development Charges, Parkland, Canada Community - Building Fund)
- **Discretionary** - can be established by Council for a specific purpose (e.g., Vehicle/ Equipment Replacement, Debt Reduction)

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 (residents can be assessed back as far as 2021 for their new properties).

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 Town is also responsible for levying taxes for the Region of Durham and the Boards of Education.

Tax Rate

The rate levied on each real property according to assessed property value and property class.

Upper Tier Municipality

Is formed by two or more lower-tier municipalities. Municipal responsibilities are set out under the Municipal Act and other Provincial legislation are split between upper-tier and lower-tier municipalities. The Region of Durham is the Upper-tier to the Town of Ajax.

