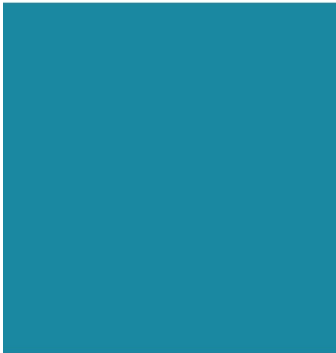


■ EXECUTIVE SUMMARY

AS APPROVED ON DECEMBER 15, 2020



MESSAGE FROM THE CAO



Mayor and Council,

As 2020 draws to a close, I am pleased to present the 2021 operating budget – year two of an approved three-year budget. With the unprecedented circumstances presented to us in 2020, the Town of Aurora has maintained municipal services wherever possible, finding new ways to deliver recreation services, building inspections, customer service, planning applications approvals, and more. This has been a challenging year but one where we have worked together as an organization to identify solutions in service of our community. I am proud of the work we have done to set the stage for 2021 and beyond.

The 2021 budget includes a tax increase of 1.96%, which is 1.4% less than originally proposed in last year's multi-year budget while still maintaining the initiatives proposed in the multi-year budget, support for the Town's long-term fiscal strategy, the 0.5% for the phased-in cost of the Library Square debt financing and managing the impact of COVID-19 on the Town's operations.

As Council is aware, the Town's services, and assessment growth, have been affected by COVID-19 over the course of 2020. This impact will continue in 2021, and potentially into 2022. Staff will be monitoring and reporting on this regularly to keep Council informed and to ensure our organization remains agile in the face of changing circumstances.

In the fall of 2020, we broke ground on Library Square – a key part of our commitment to the downtown revitalization and supporting a creative community. Construction will continue over 2021 and is expected to conclude at the end of 2022. Realizing Council's vision for this project is one of the key priorities of the Executive Leadership Team over these next two years.

I am pleased as part of the 2021 budget to introduce some changes to the Aurora capital budget process. Past capital budgets focused on requests for new projects; starting this year, Council is now able to see a complete picture of Aurora's capital plan – including new projects, active projects, conditionally approved projects, and projects to be closed.

The next two years will bring with them challenges and opportunities. With the work we have in progress, the projects we have to look forward to, and the expertise and dedication of our staff, I know that the future of Aurora is bright. I look forward to working with Council and our community as we continue to bring our mission and vision for Aurora to life.

Doug Nadorozny
Chief Administrative Officer

The budget includes a tax increase of 1.96% in 2021

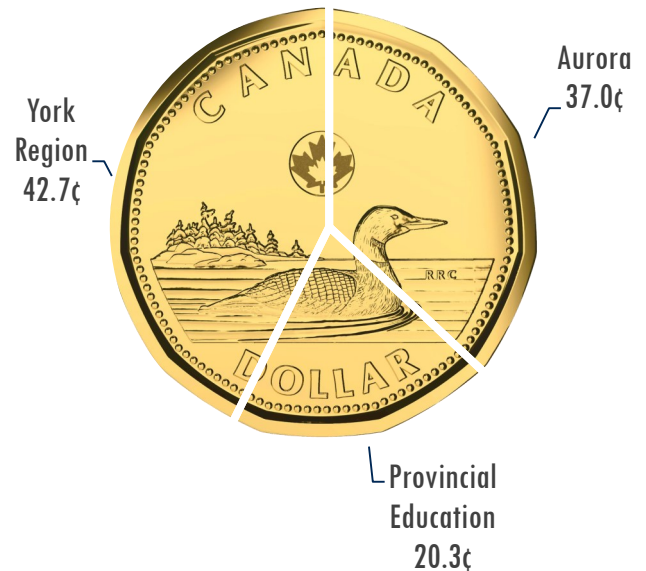
The Town of Aurora's 2021 to 2022 operating budget includes gross spending of \$102.1 million in 2021 and \$107.1 million in 2022 with a tax increase of 1.96 % in 2021 and 2.90% in 2022. In 2021 this tax increase is less than the 3.4% originally proposed in last years' budget while still maintaining all planned initiatives in the multi-year budget, a reduced contribution for the fiscal strategy, a final 0.5% for the phased-in cost of the Library Square debt financing, 0.5% for the phased-in operating cost of Library Square and managing the impact of COVID-19 on the Town's operations.

The budget includes new user rates that pay for water, wastewater and stormwater services. These rates include the 2020 savings in the purchased water and wastewater wholesale costs from York Region.

The budget also includes a new framework for the capital plan including capital spending of \$80.3 million in 2021 with capital budget authority of \$185.3 million to manage capital contractual commitments and a 10-year plan of \$293.5 million.

The residential tax bill includes three different property taxes: provincial education, York Region and the Town of Aurora. Aurora's share of the residential tax bill is expected to be 37% in 2021.

Aurora's share of the tax bill



Vision

To become a progressive community with small town charm.

Mission

Deliver exceptional services that make people proud to call Aurora home

Values

The Town of Aurora values the following:

1. We respectfully challenge each other in the pursuit of excellence
2. We consider the big picture and each other when making decisions
3. We trust employees to do the right thing
4. We treat each other as valued customers
5. We take risks, learn from mistakes and challenge our successes

The operating budget focuses on changes to the approved budget

The 2021 to 2022 operating budget focuses on the changes to the budget approved last year. Key changes which have impacted this budget relate to COVID-19 and lower than forecasted assessment growth.

COVID-19 is expected to continue to have an impact on the Town's services in 2021, in particular resulting in lower recreation revenues. The Safe Restart Funding received from the provincial and federal governments in 2020 is planned to be used to offset this impact along with some other one-time budget savings.

In the last budget the Town forecasted tax assessment growth revenue to grow by 2.4% in 2020. This additional revenue creates a larger tax base for the following year to manage the cost of growth in the budget. However, the assessment growth revenue increase for 2020 is lower at 2.0%. This has created a budget pressure which was managed within the multi-year budget.

The impact on the average resident is lower in this budget

For the average home in Aurora assessed at \$800,000, the Town's share of the tax bill in 2020 is \$2,418. This amount will increase by 1.96% in 2021 and 2022 which results in an increase of \$47 in 2021 and \$72 in 2022. These increases are less than what was proposed in the 2020 budget for these years of \$83 in 2021 and \$73 in 2022.

On average, each resident consumes 54 cubic meters of water per quarter (three months) which results in a total bill of \$288.57 in 2020. The rates in this budget for water, wastewater and stormwater will increase this average bill by \$21.39 in 2021 and \$8.07 in 2022.

Compared to the rates proposed in the multi-year budget approved last year, the average bill will be lower. The average bill in 2021 is estimated to be \$309.96 which is \$14.31 less and in 2022 \$318.03 which is \$13.95 less. This reduction relates mostly to the reduction of the rates in 2020 to pass along the savings in purchased water and wastewater services from York Region. The rates will be further reduced in the spring when the bylaw comes forward to set the Town's metered rates as the Region decided to forgo an increase in their rates charged to the Town for 2021.

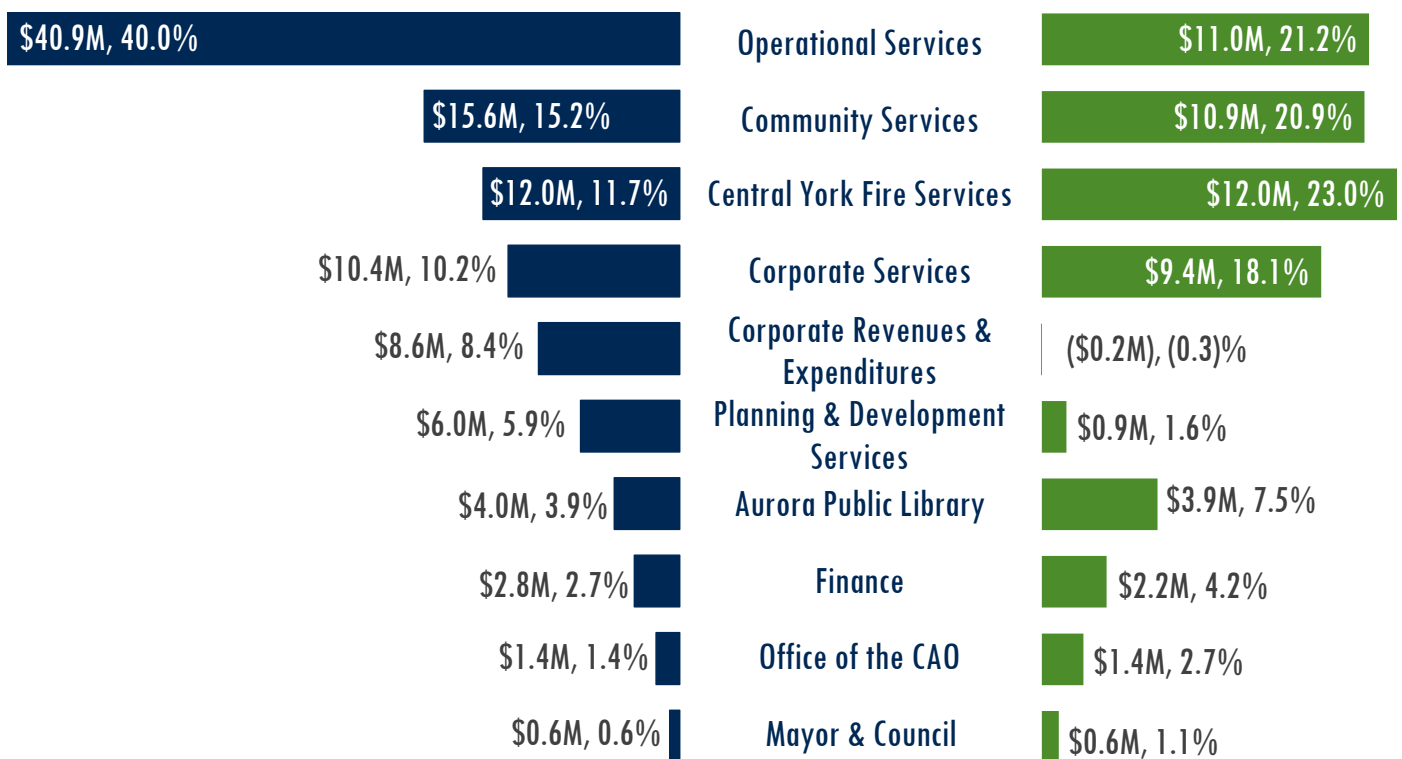
Annual tax increase for house assessed at \$800,000



Quarterly water bill* increase with an average consumption of 54m³/quarter



2021 budget departmental share of the gross expenditures and net tax levy



Operating budget reliance on the tax levy varies across departments

The Town of Aurora provides a wide variety of services that depend on tax levy funding. Some services are more reliant on taxes than those that generate revenues through user fees or user rates like water, wastewater and stormwater in Operational Services.

The Operational Services budget has the highest gross expenditures at 40% in 2021. However, on a net tax levy basis, it is the second highest at 21.2% after Central York Fire Services at 23.0%. The reason for this shift is because Operational Services includes water, wastewater and stormwater which are fully funded through user rates where the costs for Aurora's share of Central York Fire Services are fully tax funded.

The capital budget includes a mix of asset management, growth and studies

Planned capital spending in 2021 includes a significant investment of \$30 million in Library Square. This represents 37% of the \$80.3 million planned for 2021 making growth & new projects the largest share of the 2021 planned capital spending at 69%.

However, the 10-year capital plan continues to focus its investments in asset management with repair and replacement projects representing 46.8% of this capital plan, growth and new 51.7% which includes the construction of Library Square and studies and other at 1.5%.

Continuous improvement of the budget

This budget includes a number of improvements. The first being bringing both the operating and capital budgets together into one document. This ensures that as each part of the budget is being developed and reviewed, the impacts to the other can be considered. For example a change to the contributions to capital in the operating budget would have significant impacts on the capital budget.

Improvements to the operating budget

This operating budget focuses on the changes to the approved multi-year budget. This can be seen in how the tables and the discussion are presented throughout the budget.

The operating budget also fully integrates the user rate funded budget which has traditionally been presented separately. This means the gross expenditures for the total operating budget and for the Operational Services budget include the gross expenditures for water, wastewater and stormwater. The revenues that fully fund these services result in no net tax levy impact for these services.

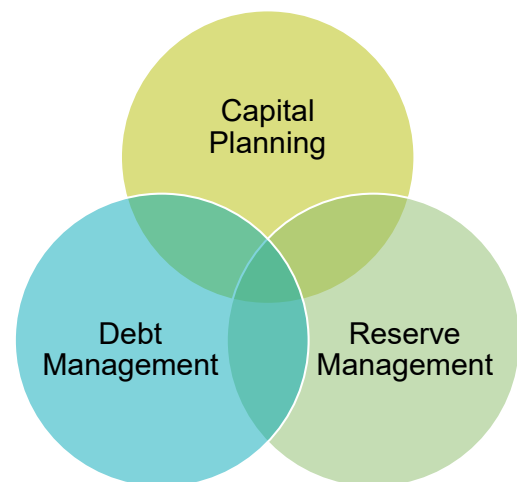
The new capital budget framework makes the budget easier to understand

The new capital budget framework includes a number of improvements to the 2021 capital budget and 10-year plan. These changes focus on the capital planning and reserve management elements for achieving financial sustainability. The changes include:

- The introduction of capital budget authority to manage current and future contractual commitments
- Bringing together both the active and new capital projects into one capital plan
- A focus on the plan's first five years in effectively managing the funding and staffing resources available to deliver capital projects
- Timing the funding of capital expenditures in the budget to when they are planned to occur to improve reserve and cash management
- The creation of capital programs to manage repair & replacement capital projects more effectively

More information on the changes to the capital framework can be found in Tab 4—Capital Budget.

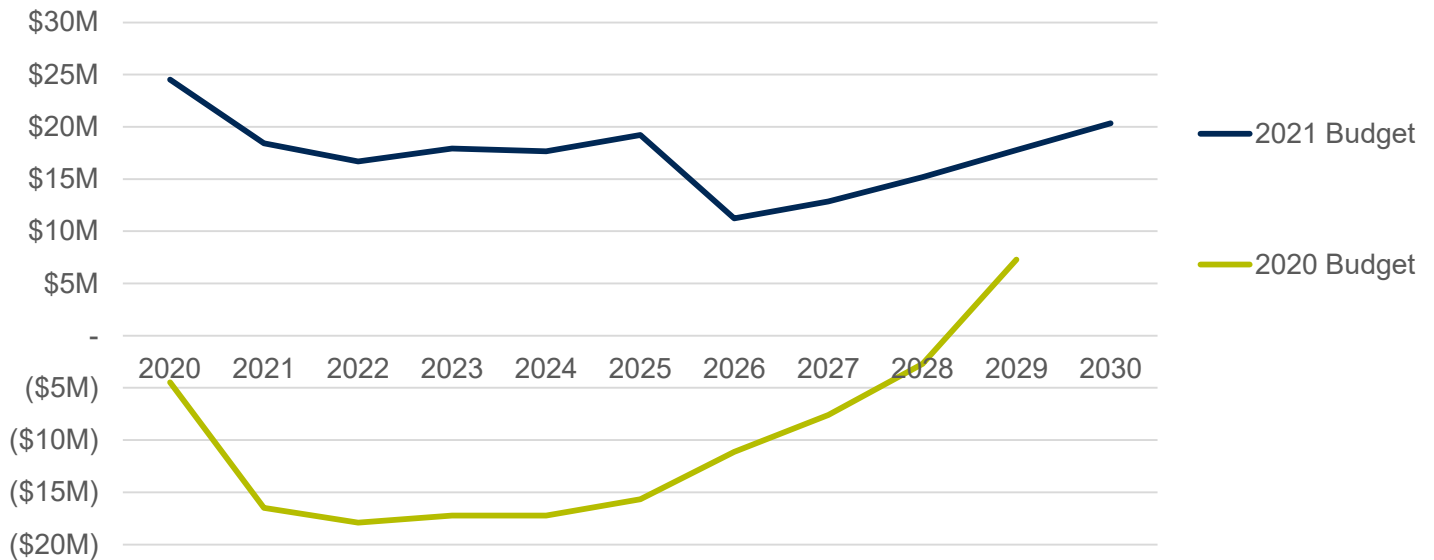
Key Elements for Financial Sustainability



Reserves show a much healthier forecast in this 10-year capital plan

The changes to the capital framework and the approach to manage the capital plan, has resulted in the Town's reserves being in a much healthier position in this budget compared to the 10-year capital plan from last year. The graph below shows that the overall reserve balances for the tax funded reserves are positive in each year whereas last year they were negative for a number of years in the middle of the 10-year plan.

Tax funded repair and replacement reserve balances have improved



More work to come to improve future budgets

The significant improvements to this budget and the previous one will provide the basis for more strategic improvements to future budgets including the development of a new fiscal strategy and improvements for measuring performance.

New fiscal strategy for managing the capital budget and reserves

The Town is working on reviewing existing financial policies and bringing forward recommendations for a comprehensive fiscal strategy. This strategy will address:

- Reducing the Town's operating budget reliance on investment income earned by reserves and reinvesting the monies back into the reserves that earned them
- Developing the reserve requirements for the Town's asset management plans for up to the next 100 years depending upon asset class based upon current service-levels
- Determine the amounts required to be contributed to tax and rate funded reserves over the long-term to avoid any "fiscal shocks" to the tax payer
- Set the policy on when debt should be considered and used for capital projects
- Recommendation on joining the ONE JIB and moving forward as a prudent investor.

More information on reserve management can be found in Tab 5—Reserves.

Key performance indicators need to be developed

The Town is moving forward with the development of and reporting on meaningful key performance indicators which will allow for the more effective measurement of the Town's objectives to be set out as part of our Integrated Business Planning Process. This work was originally planned to come forward to Council in 2020 but was delayed as the Town needed to adapt to the impacts of the COVID-19 pandemic.

The plan will include the modernization of our business planning and linking it with our budget and, ultimately, developing indicators that demonstrate a real return on investment for our residents.

This budget does include infographics which highlight some key metrics but in some instances they have changed from last year as the information reported needed to be adapted to reflect the changes in some services resulting from the impact of COVID-19.