

Corporate Expenses & Revenues

About the Corporate Expenses & Revenues

The Corporate Expenses & Revenues area includes items that cannot be easily associated with a specific department or area.

Expenditures:

	Actuals as of Dec 31, 2008	Preliminary Actuals Dec 31, 2009	2009 Approved Budget	2010 Approved Budget	Variance Unfavourable (Favourable)	%
Corporate Expenses						
Personnel Costs						
Town-wide Gapping	0	0	0	(275,000)	(275,000)	(100.00%)
Other Expenditures						
Church St School	0	227,600	228,000	346,800	118,800	52.11%
Cost Reallocations	(213,500)	(240,000)	(240,000)	(385,800)	(145,800)	60.75%
Operating Contingencies	38,100	12,900	0	50,000	50,000	100.00%
WSIB Provisional Departure	38,300	58,000	40,000	60,000	20,000	50.00%
Corporate Courses	6,900	7,300	15,000	30,000	15,000	100.00%
Contributions to Capital	2,680,500	2,630,600	2,694,000	2,850,000	156,000	5.79%
HST Capital Contingency	0	0	0	180,000	180,000	100.00%
HST Operating Savings	0	0	0	(50,000)	(50,000)	100.00%
Contribution to Reserves	1,194,100	2,118,900	2,422,100	1,697,000	(725,100)	(29.94%)
In-Year Tax Adjustments	73,400	85,700	150,000	200,000	50,000	33.33%
Total Expenditures	3,817,700	4,901,100	5,309,100	4,703,000	(606,100)	(11.42%)

All new staff positions are budgeted for a full year, with the exception of the Network Operations Technician and the Crew Leader/Forestry Technician which were gapped with an April 1st start date. All existing full time positions are budgeted for a full year also. No provision has been made in past years to reflect cost savings due to position vacancies which occur throughout the year. For the first time, the Town's budget includes a Town-wide "gapping" savings amount of \$275,000, based on historical turnover and vacancies of existing positions.

As part of the corporate-wide reorganization, the payment to the Church Street School Corporation for provision of cultural services has been moved from Parks & Recreation to reside in the Corporate Expenses area. The 2009 amount reflected only a part year of services under the agreement for operations, while the 2010 amount represents the full year contract amount.

Overhead cost allocations are made each year to the Building Services Division whose operations are funded entirely by Building Services Fees. Financial

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Services has reviewed and updated the current charges to better reflect the value of the services provided including costs related to facilities, IT support, payroll support, human resources, and legal services. An amount is also included to represent building plan and field inspections provided by fire services. Cost allocations have increased from \$240,000 to \$385,800 and are attributed to a better accounting of the indirect costs specifically related to the fire services function.

It is always difficult for departments and Financial Services to consider and include every possible expense that may arise during the coming fiscal year. To help mitigate the impact some of these unforeseen costs may have on a department's budget, or to meet other corporate or community needs, we have reinstated a \$50,000 contingency fund. Any funding allocations from this account must be approved by Council. Also included in this section is a preliminary estimate of \$50,000 of savings in the operating budget and a cost of \$180,000 for the capital budget for the impact of the implementation of the Harmonized Sales Tax as of July 2010.

The Town of Aurora is a 'Schedule 2 Employer' with the Workplace Safety and Insurance Board (WSIB). What this means in simple terms is that all costs that are incurred through the WSIB on behalf of the Town, the Town pays for. The WSIB Claims Costs account tracks all of the costs related to payments made through the WSIB for work related items. An equal offsetting account in the Revenues section draws a contribution from the WSIB Reserve to fund the payments. The budget for these costs has increased by 50% (\$20,000) in order to keep up to the increased costs incurred during 2009. The WSIB Reserve is funded directly by a charge to each operating group through the payroll system, and appears in each department cost centre under salaries and benefits sections.

As part of the Executive Leadership Team's commitment to their new structure and Key Objectives, they have a strong determination to enhance the provision of staff training and development from a corporate perspective. In order to support this direction, the budget request for corporate training has been increased to \$30,000 from \$15,000 from prior years.

The revised corporate structure had previously been presented to Council with the intent that the associated costs will be presented as part of the 2010 budget process. At the time of drafting the budget, details of the costs of the proposed restructuring had not been formally presented to Council. Accordingly the consolidated estimate of \$411,000, off-set by a \$50,000 surplus carry-forward from 2009 in respect of the savings related to the vacant Town Clerk position was reflected in the Corporate Expense area, but has now been allocated to the correct departments for the final budget draft. The amount includes a proposal to add three full time managerial staff, and re-grade two positions into managerial positions. The net amount associated with the implementation of the revised

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corporate structure is \$361,000 for 2010. The \$50,000 amount will become a budget pressure for 2011, but is expected to be off-set by efficiencies achieved through the new resources and structure.

“Contributions to Reserves” identifies funds that are required for items outside of the operating budget. This amount includes a ‘Cash to Capital’ allocation, as well as transferring revenues such as the Gas Tax to the appropriate reserve account so they may be accessed at an appropriate time. The ‘Cash to Capital’ component included in this budget is \$3,030,000, up \$336,000 from \$2,694,000 from the prior year. \$180,000 of this increase is the impact of the HST. ‘Cash to Capital’ is transferred into the Municipal Capital Reserve Fund to be used to fund municipal infrastructure and other capital projects.

Every year, the Town receives notices and decisions relating to assessments and reassessments of properties within the Town’s borders. Some of these decisions have a small impact on the amount of tax charged to a property and some have a very large impact. The amount of the expense related to the in-year tax adjustments related to the assessment decisions continues to increase and in an effort to better estimate the potential impact on the Town’s budget, we have increased this expense account by 33.3% for 2010 to \$200,000. This includes only the Town’s share of tax adjustments, and represents 0.77% of the prior year tax levy.

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Revenues:

Use of prior year's surplus has been reduced to only \$57,500. \$7,500 is to be used to fund an opening gala event for the Church Street School Cultural Centre in 2010. A \$7,500 cost is budgeted within the Administration budget in Strategic Initiatives division. The opening was budgeted in 2009, but has been delayed. Accordingly, staff are essentially bringing forward the 2009 funds into 2010. The other \$50,000 is used to partially fund the Corporate Reorganization as noted in the Corporate Expenses section.

Investment income forecasts for the operating budget are higher than previous years, despite the deeper than expected and continuing depressed interest rates and the impact this has had on the over-night bank interest rate. However, as the portfolio has been invested in many longer term products, the interest income from the portfolio has not been as affected by the market. The portfolio's ability to continue to earn a competitive rate of return is based on all of the Town's funds that are not required for the day-to-day operations of the Town being invested in the most appropriate investment vehicle available, balancing cash needs forecasts with market yields. All portfolio investments must comply with strict provincial and local regulations to protect the public funds.

The provision of the Gas Tax from the Federal Government has been an integral part of the Town's budget since 2006 when the program was initiated. The funds are received as income through the operating budget and transferred to the Federal Gas Tax Reserve until such time as Council approves their use for an appropriate capital project, normally done through the annual budget process.

Payments in Lieu of Taxes represents assessment based revenue due to the Town from federal and provincial owned properties. The federal and provincial governments are not technically subject to formal property taxes, however, they must remit an equal amount as though they were fully taxable. These amounts paid are referred to as Payments in Lieu of Taxes or 'PILs'. Changes reflect reported assessment value changes due to sales of property or appeal changes.

Supplementary taxes represent property taxes for new properties and construction which become newly assessed during the year, including some portions of taxation related to prior years where applicable. All supplementary taxation is retroactive to the date of assessment and occupancy.

TOWN OF AURORA
2010 BUSINESS PLAN AND BUDGET

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2010 Budget Highlights:

	Actuals as of Dec 31, 2008	Preliminary Actuals Dec 31, 2009	2009 Approved Budget	2010 Approved Budget	Variance Unfavourable (Favourable)	%
Corporate Expenses						
Revenues						
Use of Prior Year Surplus	0	(813,800)	(917,000)	(57,500)	859,500	93.73%
Interest on Tax Arrears	(830,200)	(949,900)	(830,000)	(850,000)	(20,000)	2.41%
Investment Income	(1,648,500)	(900,000)	(1,400,000)	(1,840,000)	(440,000)	31.43%
Interest from Hydro Funds	(600,000)	(600,000)	(600,000)	(600,000)	0	0.00%
Federal Gas Tax Received	(652,600)	(1,305,200)	(1,305,200)	(1,465,000)	(159,800)	12.24%
From WSIB Reserve	(38,300)	(114,100)	(40,000)	(60,000)	(20,000)	50.00%
Payments in Lieu of Taxes	(231,000)	(209,200)	(225,000)	(207,000)	18,000	8.00%
Supplementary Taxes	(891,700)	(977,600)	(350,000)	(425,000)	25,000	7.14%
Total Revenues	(4,892,300)	(5,869,700)	(5,667,100)	(5,504,500)	262,600	4.63%
	(1,074,600)	(968,600)	(358,000)	(801,500)	(443,500)	(123.88%)