



 EXECUTIVE
SUMMARY

As approved on January 31st, 2023

Message from the CAO

Mayor and Council,

I am pleased to present the 2023 Budget for the Town of Aurora. Budgets are the most important policy statements we make as a municipality, setting forth our priorities and a concrete plan on how we achieve them. And as you will see, the 2023 Budget illustrates that even in a time of global uncertainty, we have an unwavering commitment to providing residents and businesses with services and programs, making strategic investments to accommodate the evolving needs of our community, ensuring tax increases are modest, all while keeping an eye to prudent financial management.



Doug Nadorozny

The reality is that the past year has been very challenging for residents and businesses. In the early part of the year, we saw the continuation of COVID-19 restrictions and geopolitical events abroad that have continued to disrupt global markets and affect supply chains, leading to the highest inflation in a generation. Recognizing these financial pressures facing community members, we have worked hard to ensure this year's budget is lean and fiscally responsible. Despite inflation surging to 6.9 per cent over the past year, residents will see an approved 3.5 per cent increase on the tax levy. This moderate increase ensures programs and services – from recreation to snow removal to Town-led special events – are maintained at current levels.

The 2023 Budget will also see the Town move forward on key capital projects that will ensure Aurora remains a healthy and dynamic community. We will make investments in projects such as the 7,500 square-foot expansion of the Stronach Aurora Recreation Complex, and to complete Aurora Town Square – a once-in-a-generation project that will create a vibrant community hub in the heart of downtown. We will also continue to make strategic investments to maintain and rehabilitate infrastructure that keeps Aurorans safe and moving – including roads, sewers and facilities – while also carefully managing our capital reserves to ensure we can continue moving forward on major projects and navigate any future fiscal shocks.

Several initiatives in the 2023 Budget will also help further modernize the way the Town does business. We plan to implement additional recommendations from the Services Delivery Review, including increasing cross-departmental collaboration and possible organizational realignments to better serve residents. We will move forward on our Measure What Matters project, implementing a new goal-setting framework with cutting-edge technology that will help all departments align on organizational strategic priorities, ultimately making the Town more efficient at delivering services and programs.

The 2023 Budget is the result of an incredible amount of teamwork, with staff, elected officials, residents and businesses all providing input on priorities. It charts a solid path to ensure the Town can continue to provide exceptional services to residents and businesses, while making long-term investments to ensure Aurora remains one of the best places to live, work and raise a family. I thank everyone for their commitment, dedication, and hard work on the 2023 Budget.

The Budget approved a tax levy increase of 3.5% in 2023

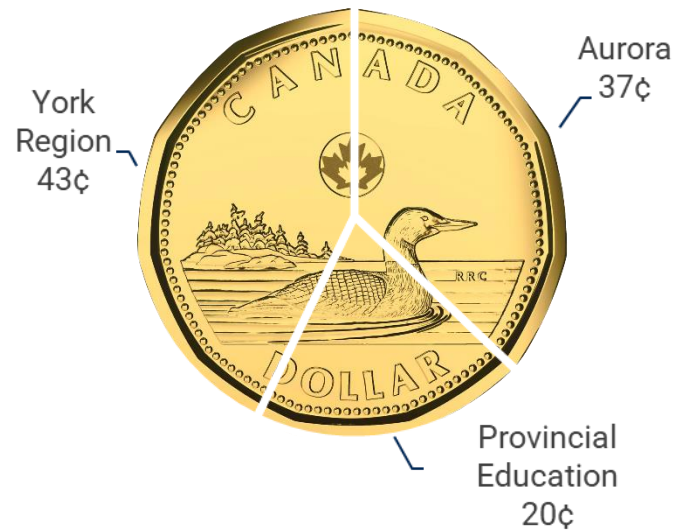
The Town of Aurora's approved 2023 Operating Budget includes gross spending of \$112.6 million with a tax levy increase of 3.5 percent. Part of this tax increase, 2.5 percent, accounts for inflationary and other pressures, and will ensure the Town can maintain current service levels. Another one percent for Fiscal Strategy which includes reducing the Budget's reliance on supplementary taxes and contributing to capital reserves. The 2023 Budget also includes 1.5 percent for projected assessment growth which is used to expand existing services to new residents.

The approved Budget also includes user rates that pay for water, wastewater and stormwater services. These rates include purchased wholesale water and wastewater costs from York Region. The combined water and wastewater rate is approved to increase \$0.16 to \$5.30 in 2023.

The approved Capital Budget includes planned capital spending of \$73.6 million in 2023 with multi-year Capital Budget Authority of \$202.4 million to manage capital contractual commitments. The 10-Year Capital Plan totals \$346.8 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 percent in 2022.

Aurora's share of the tax dollar



Vision

To become a progressive community with small town charm.

Mission

Deliver exceptional services that make people proud to call Aurora home

Values

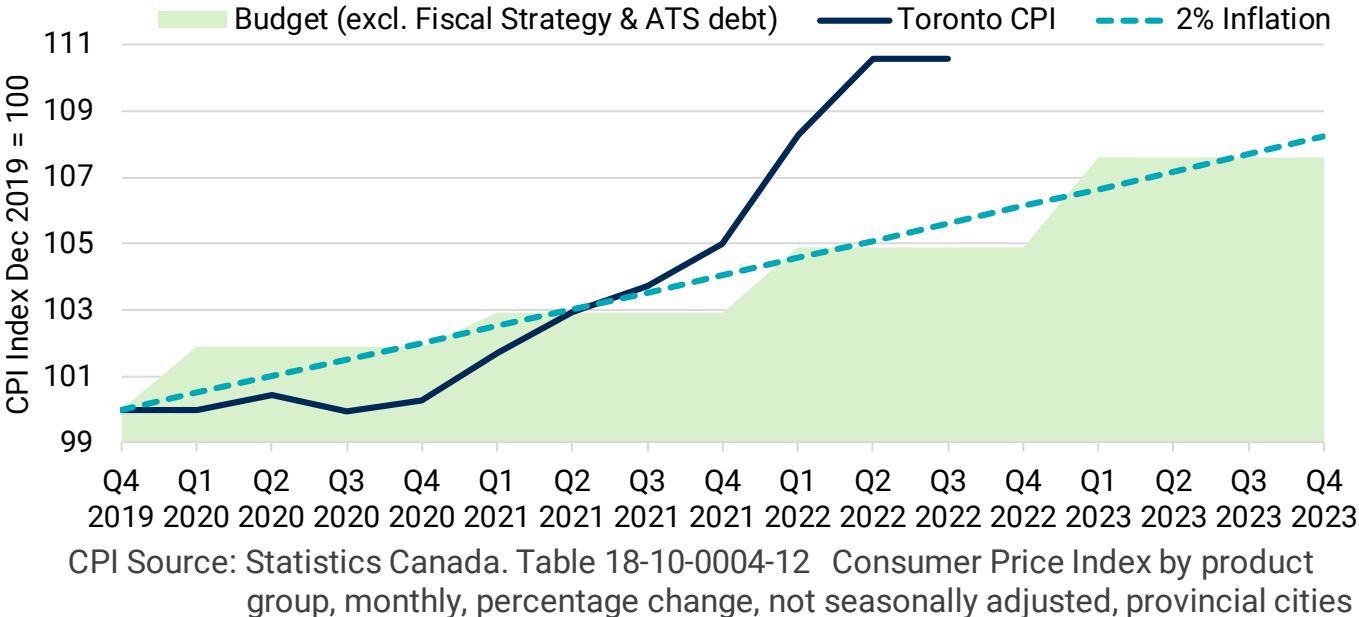
The Town of Aurora values the following:

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

Inflation has a significant impact on this budget

Inflation over the past year has increased significantly compared to past trends. The consumer price index for Toronto was at 6.42 percent year-over-year in October 2022 with the peak being at 7.47 percent in July 2022. The graph below shows how inflation since the start of the pandemic is trending higher than the portion of the annual tax levy increase for inflationary pressures and the two percent target.

Inflation trend compared to tax levy increases



The Operating Budget mitigates some of the impacts of inflation

The approved Operating Budget includes elements which mitigate the impact of inflation resulting in the approved 3.5 percent tax levy increase. These factors included increases to non-tax revenues and an internal review of the Budget in detail for savings. Much of the increases in cost pressures have resulted from new contracts for goods and services which have recently gone out for tender.

The 10-Year Capital Plan is affordable with the deferral of projects

To ensure that the 10-Year Capital Plan is affordable, there are roughly \$19.9 million in capital project deferrals for asset management. These projects were deferred to ensure that funding is available for projects in all years and the reserves remain sufficiently funded and that project budgets are updated to reflect the latest costs which are rising due to inflation.

Recently proposed legislative changes will result in a loss of revenues for growth projects

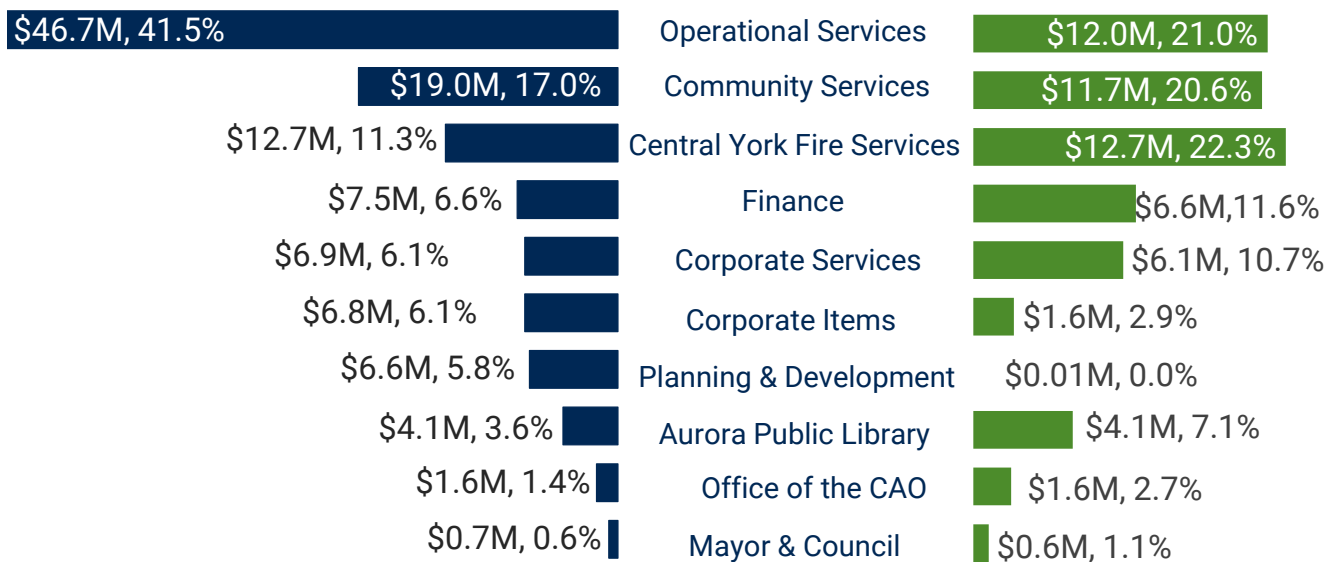
Recently proposed legislative changes to development charges, community benefit charges and cash-in-lieu parkland will impact future 10-Year Capital Plans as currently drafted. The changes will result in the loss of revenues from these sources which will need to be funded by tax levy or user rates. A better understanding of the impact will be known once the legislation passes and the regulations become available.

The 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 41.5 percent. However, on a net tax-levy basis, it is the second highest at 21.0 percent after Central York Fire Services at 22.3 percent. 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.

2023 Budget departmental share of gross spending and the tax levy



Impact on the average resident's tax and water bills

The tax levy increase of 3.5 percent results in a tax bill increase of \$81.51 bringing Aurora's share of the total bill to \$2,410 for the average home in Aurora assessed at \$800,000. Note the assessed value was evaluated by MPAC in 2016 and is significantly different than the market value.

On average, each resident consumes 54 cubic meters of water per quarter (three months) which results in a total bill of \$312.63 in 2022. The rates in this Budget for water, wastewater and stormwater will increase this average bill by \$13.80 to \$326.43 in 2023.

Impact on the average tax bill and quarterly water bill

Annual Tax Increase
For house assessed at \$800,000



Quarterly Water Bill Increase
Average consumption of 54 m³



The Fiscal Strategy informed the development of the 2023 Budget

The Fiscal Strategy was approved by Council in 2021. The Fiscal Strategy provides a long-term view of financial sustainability through the balancing of the four strategic pillars: Revenue Management (Tab 3 Operating Budget), Capital Planning (Tab 4 Capital Budget) and Reserve Management and Debt Management (Tab 5 Reserves and Debt Management).

This budget supports the Fiscal Strategy through the following:

- **Revenue Management:** Proposing a tax levy increase below inflation at 3.5 percent by managing budget pressures through expenditure savings and revenue adjustments and continuing to reduce the budget reliance on supplementary taxes

- **Capital Planning:** The 10-Year Capital Plan is fully-funded and identifies future asset management needs over the long-term through the inclusion of projects that will complete the work required to further develop the second generation asset management plan
- **Reserve Management:** Increasing contributions to asset management reserves through the one percent increase in the tax levy for Fiscal Strategy and looking ahead at reserve balances to manage the capital plan
- **Debt Management:** Identifying annual debt repayments over the 10-Year Capital Plan, recommending policy to convert tax-funded debt repayment costs to asset management reserve contributions once the debt is fully paid off

The Fiscal Strategy will continue to inform budget development as the three-year multi-year Operating Budget is developed for 2024 to 2026.

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