



 **BUDGET
AND POLICY**

As approved on January 31st, 2023

Budget Policy and Development

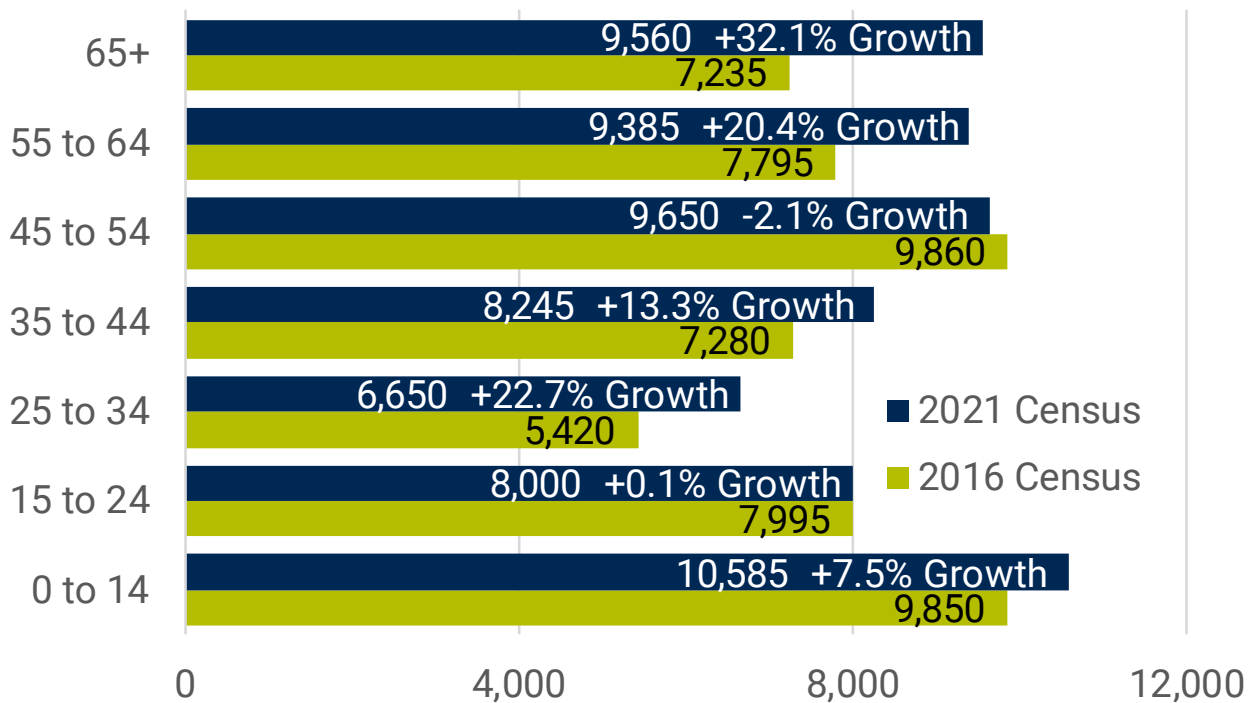
A budget for a municipality provides an overview of how the tax levy and user rates/fees are used to pay for the services that the community relies on, including waste collection, community recreation programs for all ages, snow plowing, safe drinking water, parks and trails, community planning and traffic safety. In addition to these services, The Town of Aurora also manages and maintains a significant number of diverse assets including recreation facilities, roads, water and sewer pipes, storm water ponds and sidewalks.

The development of the Operating Budget and the 10-Year Capital Plan considers maintaining the services residents and businesses rely on and planning for the asset management of the Town's infrastructure.

The Budget must consider the needs of current and future residents

The Operating Budget focuses on delivering the services based on the needs of current residents. The demand for seniors and children's programs is growing. Over the last five years, the age demographics of Aurora show that the over 65 group and the under 15 group are growing.

The number of older residents and children in Aurora is growing



Diversity and inclusion are important for Aurora

Aurora’s community has diverse needs and is home to people that speak 100 different languages as their mother tongue. As per the 2021 Census, 35 percent of residents first language is not English or French. Their language is one of 98 others identified in the census. The chart to the right shows that after English, the five most common languages are Mandarin, You (Cantonese), Iranian Persian, Russian and Italian.

This broad range of languages speaks to a wide variety of cultures and customs celebrated by residents of Aurora.

In November 2020, Aurora held the first Anti-Black Racism and Anti-Racism Task Force meeting. This group was made up of members of the community to provide a venue to facilitate formal public input on programs, ideas and assist in enhancing the quality of life of the community. They provided advice and information on specific areas of municipal service delivery and policy.

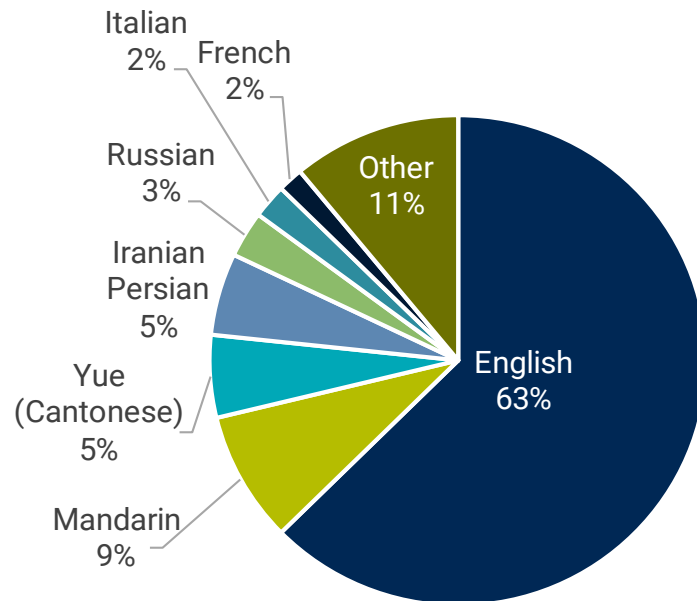
On October 26, 2021, Aurora’s Council approved the Town’s first [Diversity, Equity & Inclusion Strategic Action Plan](#). This plan addresses key areas including employee recruitment, retention, training and development, marketing and advertising, partnerships, data collection and accountability. The work on diversity, equity and inclusion will continue into this term of Council.

This Budget includes initiatives to support diversity through celebrating Black History Month, continuing work towards Truth and Reconciliation with our indigenous peoples and supporting culture through special events celebrations and our partnership with the Aurora Cultural Centre.

Operating Budget

The Town of Aurora develops the Budget on a modified-accrual basis of accounting, where the audited financial statements are prepared under a full-accrual basis of accounting following the Public Sector Accounting Standards. The modified-accrual basis balances the Budget based on the timing of when the expense or revenue occurs, but expenses such as amortization are not included. This method is used for municipal budgeting as it enables the municipality to track all inflows and outflows of cash and reserves making it easier to calculate the annual tax levy to support current operations and reserve contributions.

Diversity in mother tongue spoken by Aurora residents



Statistics Canada, Census of Population, 2021

Aurora follows a multi-year Operating Budget approval process

Multi-year budgets are more strategic and provide the following benefits to the Town:

- Better coordination of budgeting and strategic priorities
- Greater certainty for departments in managing expenditures and service levels
- Improved fiscal discipline of the organization
- Streamlined budget reviews that focus on key changes in assumptions and the reasons driving such changes
- Allowing staff to develop budgets with fixed targets in place, allowing early response to circumstances and budget constraints of such targets
- Reduced uncertainty about future year tax levies

Aurora's multi-year budget process aligns with the four-year term of Council. In the first year, Council is provided with a proposed operating budget for one year and an outlook for the next three addressing upcoming pressures and risks. In the second year, Council is presented with a three-year proposed operating budget for consideration and approval. In the last two years of the Council term, the Budget focuses on the changes to the approved budget from the previous year, for the remaining years in the term. Council then has the option to reaffirm the previously approved budget or approve changes to the Budget. This meets the requirement in the Municipal Act for Council to approve or reaffirm the Budget on an annual basis.

The Operating Budget determines the tax levy and user rates

The year-over-year change in the Operating Budget determines the change to the tax levy and user rates for water, wastewater and storm water.

The levy increase relates to inflationary pressures and capital asset management

The net tax-funded Operating Budget identifies the gross expenditures and is reduced by the non-tax revenues. The net value is the amount of taxes needed to be collected for the year. The year-over-year increase is made of two components:

- **Growth** which reflects growth in the assessment base, including new properties or changes to existing properties. These funds are used to pay for growth in the budget to maintain the existing service level.
- **Tax levy increase** which is made up of inflationary pressures, capital asset management and new services.

Annually, the Town increases the levy by one percent to achieve fiscal goals, including contributing to asset management reserves and reducing the reliance on supplementary taxes. The balance of the tax increase is normally driven by inflation.

The tax levy considers growth in the assessment base in determining the bill

An increase to the tax levy does not have the same percentage impact on every property. The amount of taxes to be collected is only one of three pieces of data used to determine the tax bill. The other two are the tax ratios which are determined by York Region and the current

assessed value of the property. The Town takes the tax ratio and the current assessed value to create a weighted allocation of the levy to each type of property. The Municipal Property Assessment Corporation (MPAC) also provides reassessments to properties periodically and phases in the change over multiple years. In instances where the assessed value of property has increased at a faster pace than other properties in the Town, their tax levy impact could be higher.

The Town provides videos on the website explaining in further detail how the assessed property value impacts the tax bill ([click here](#)).

User rates are determined on a cost recovery basis

The Operating Budget also includes budgets specific to water, wastewater and storm water services. These services have their own user rates and do not impact the tax bill.

Water and wastewater user rates are determined by distributing the budget over the estimated volume of water to determine a price per cubic meter. Storm water is based on the type of property (residential and non-residential) and distributed based on the number of accounts. The user rate services are all included on the water bill which is billed every two months for non-residential and quarterly for residences.

Capital Budget

The Capital Budget is a project budget that includes capital asset management, developing new assets and other projects including studies.

Fiscal Strategy sets the framework for Budget development

The [Fiscal Strategy](#) was approved on June 22, 2021. The strategy includes four main pillars upon which the fiscal objectives for long-term financial sustainability are built: Capital Planning, Reserve Management, Debt Management and Revenue Management. The Budget is built upon the policy objectives in the Fiscal Strategy.

The Capital Budget includes multiple types of approvals

The Capital Budget includes a complex set of approvals that ensure the total commitment for a project is accounted for while at the same time the planned cash outflows are managed.

Capital Budget Authority (CBA) is used to manage commitments to capital projects. CBA reflects the total spent on a project to date, plus the forecast for the current year and, the Budget commitment needed for future years. The amount of future commitment needs to be approved to award multi-year procurement contracts.

Council approves the Capital Budget in the following ways:

- Approval of each new capital project and their requested CBA
- Approval of changes to previously approved CBA by project

- Approval of the total planned 2023 spending subject to adjustments related to the variances carried forward from the 2022 forecast (both over and under spending)
- Approval of the capital program groups, subject to the rules outlined for their use
- Approval of debt authority for specific projects

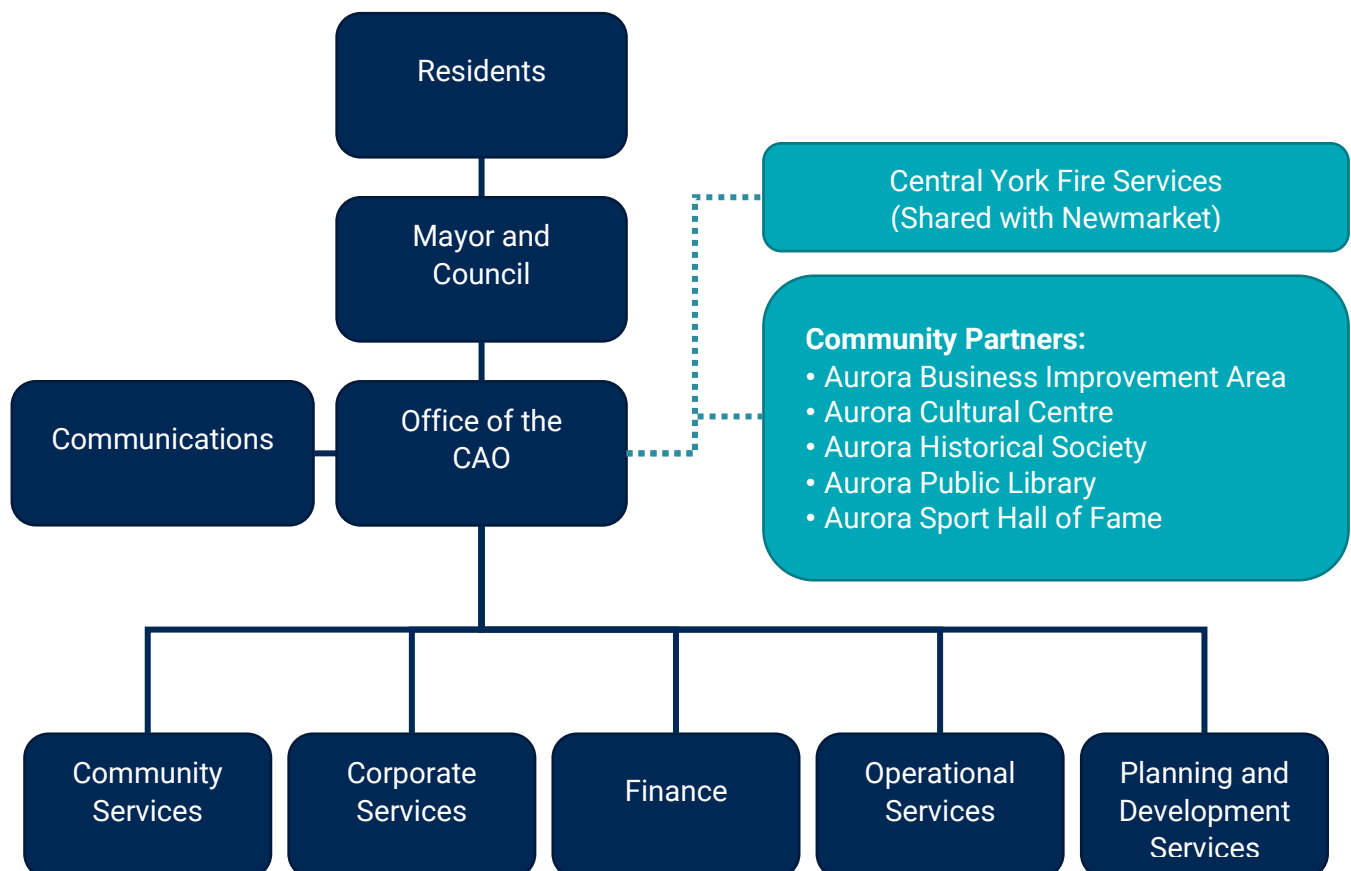
Note: Capital spending planned for the first budget year may be adjusted for the current year forecast variances.

Budget engagement and approval

In June, the Town of Aurora holds a public session to gather input from the public on the Budget. In addition, engagement is sought out online through surveys. Each year, staff strive to increase engagement over the previous year.

The Budget includes Town departments and community partners

The Town delivers a number of services and some in partnership with other organizations, including community non-profit organizations and Central York Fire Services which is a shared service with Newmarket.



The Budget review process

The proposed Budget is tabled annually at Council and then reviewed in detail at Budget Committee meetings which focus on Operating or Capital Budgets. An overview of these meetings is provided below.

Budget meetings summary

Council - Tabling

- Overview of tax and rate impacts along with high-level risks and pressures
- Overview of impact on reserves and debt management

Budget Committee – Operating Budget

- Departmental review of operating budget changes
- Community partner presentations of budgets

Budget Committee – Capital Budget

- Review of individual capital projects

Council - Approval

- Approval of the Budget

Approvals outside of the Budget process

Sometimes, changes to the budget are needed during the year. These lead to in-year budget approvals which are included in reports to General Committee and approved by Council. Typically, these approvals relate to the Capital Budget as the tax levy and user rates cannot be changed during the year. Any projects approved are added to the Budget and reported in the interim forecast process.

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