



OPERATING BUDGET

AS APPROVED ON DECEMBER 14, 2021

The budget approved a tax increase of 2.9% in 2022

The 2022 budget represents the final year of a three-year multi-year budget for the Town of Aurora. The approved budget includes \$108.2 million in gross spending to support both tax-funded and user rate (water, wastewater and stormwater) funded operations.

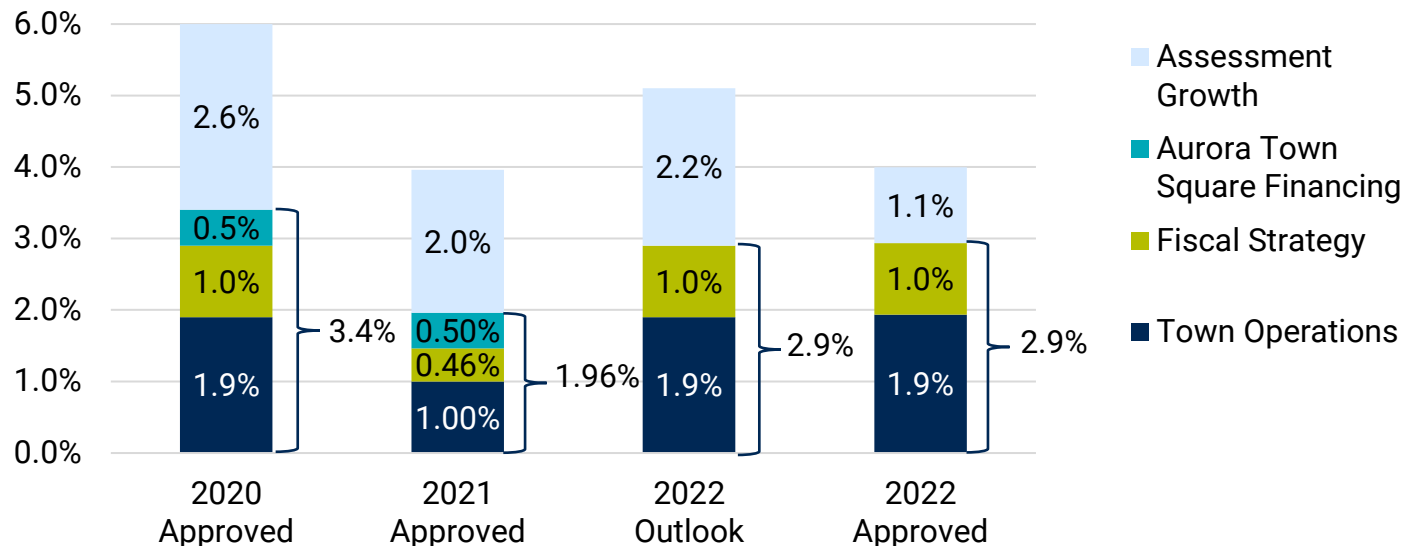
Multi-year operating budget by year

\$000's	2020 Approved	2021 Approved	2022 Outlook	2022 Approved	Net Change to 2021	Outlook
Departmental:						
Expenditures	85,432.9	86,751.4	86,219.5	91,902.5	5,151.1	5,683.0
Non-Tax Revenues	(50,951.8)	(50,502.9)	(47,595.1)	(53,927.0)	(3,424.1)	(6,332.0)
Net Departmental	34,481.1	36,248.5	38,624.4	37,975.5	1,727.0	(649.0)
Central York Fire Services	11,755.3	11,961.6	12,257.5	12,294.9	333.3	37.4
Library	3,868.1	3,896.1	3,934.1	3,934.1	38.0	-
Total Proposed Budget	50,104.5	52,106.2	54,816.0	54,204.5	2,098.3	(611.6)
Assessment Growth	\$ 1,209.4	1,000.8	1,165.1	553.5	(447.3)	(611.6)
	% 2.6%	2.0%	2.2%	1.1%	(0.9%)	(1.1%)
Tax Increase	\$ 1,636.6	1,000.9	1,544.8	1,544.7	543.8	(0.1)
	% 3.4%	1.96%	2.9%	2.9%	1.0%	0.0%

The budget includes a tax increase of 2.9% in 2022 which is the same as what was approved as part of the 2021 to 2022 budget. However, while the tax levy increase remains unchanged, the total tax levy in dollars is lower at \$54.2 million as a result of a \$611,600 decrease to assessment growth revenue in 2021.

The tax levy increase is made up of multiple pieces. The chart below shows the breakdown of the tax levy over the three years of the multi-year budget. Assessment growth sits on top of the tax levy as this increase represents growth in the assessment base for new properties being developed. The decline in assessment growth made it challenging to maintain the initiatives included in the multi-year budget for 2022.

A breakdown of the tax levy increases over the multi-year budget



The approved 2021 to 2022 Budget formed the basis for this budget

The multi-year budget approved last year was used as the basis for budget development. This budget highlights the changes to the approved budget which is referred to as the approved outlook.

On June 1st, 2021 a public session was held to receive input from residents and community groups on the development of the budget. This public session was part of an enhanced 2022 budget public stakeholder engagement strategy which included a much greater focus on virtual consultation. A key component of this strategy included greater public engagement through a social media campaign. The budget also undergoes multiple reviews with the Executive Leadership Team prior to being tabled with Council.

This proposed budget was tabled with Council on October 26th, 2021 and over the month that follows, Budget Committee will review the proposed budget. Their recommendations were included as part of the final approved budget on December 14th, 2021.

Managing changes to the multi-year operating budget

The budget includes changes that were not foreseen when the 2021 to 2022 Budget was approved. The departmental plans that follow discuss the changes specific to their budget in more detail. The following highlights the larger and corporate-wide changes in the budget.

COVID-19 continues to have an impact in 2022

The COVID-19 pandemic is expected to continue to have an impact on operations into 2022. This budget estimates the impact at \$1,048,700. Most of these pressures, \$873,200, impact the Community Services budget. They mostly result from lost revenues and additional cleaning. The balance of the pressure, \$175,500, is in Corporate Services. This pressure relates to projects from the Corporate Technology Strategic Plan that were either advanced or adapted to manage the technology needs for many staff working from home and residents accessing online services during the pandemic. These pressures are discussed in more detail in the departmental plans and are fully offset by the use of Recovery Funding received from the provincial government in 2021.

The assessment growth revenue is less than forecasted in the previous budget

The 2021 to 2022 Budget included an increase in assessment growth revenue equivalent to 2.2% of the tax levy. Assessment growth revenue represents the increase to the tax base as new properties come on to the tax roll in the previous year. This means the additional assessment growth in 2021 provides a larger base to pay for the additional cost of growth.

This budget includes a reduction to assessment growth to 1.1% which is 1.1% less than what was included in the budget last year. The tables in this section do not show this as a specific change to the budget. Rather, the lower tax revenues represent a new pressure requiring an increase in the amount of other savings or revenues of \$611,600 to avoid a tax increase. This budget successfully mitigates this pressure to maintain the tax increase at 2.9 percent.

A refinement of compensation adjustments and benefits

The budget includes an increase of \$286,800 in 2022 compared to the previously approved budget. This includes updating benefits costs, differences relating to turnover resulting in step changes and market evaluations and other adjustments. The budget also includes salary gapping for new positions gapped for the first six months and \$200,000 on existing positions.

The multi-year budget contingency is fully used in 2022

The multi-year budget contingency was reduced to \$19,100 in the 2021 to 2022 Budget. This amount is reduced to zero in 2022 as it was used to manage pressures. This contingency will be reestablished in the next multi-year budget to help manage unforeseen pressures in the later years of the budget.

Savings in water and wastewater wholesale costs from York Region

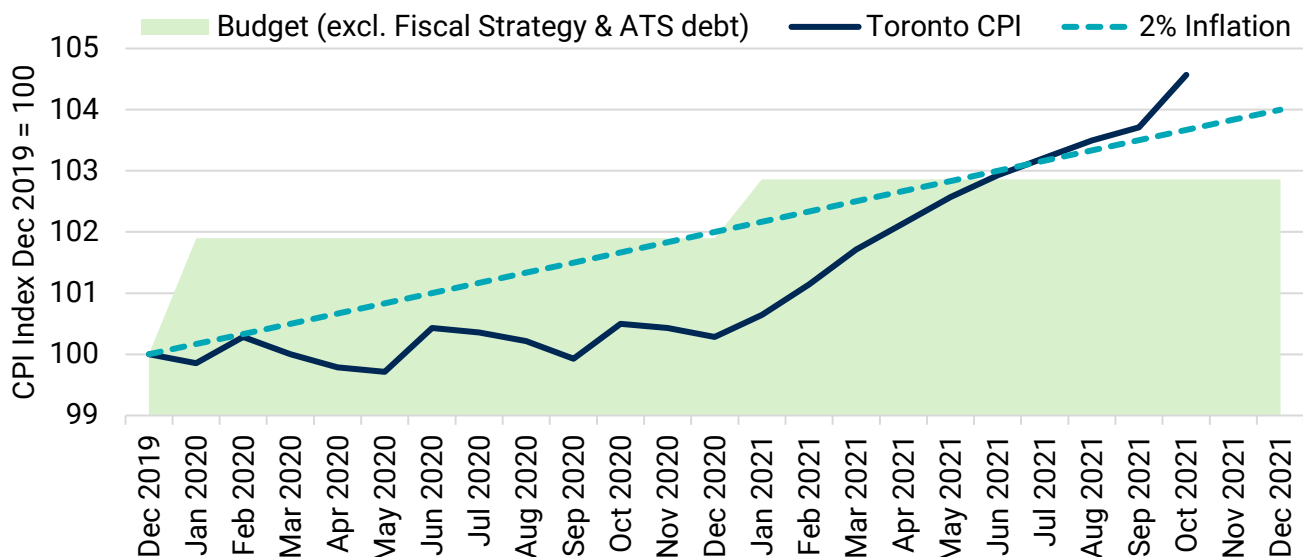
A large portion of the cost for water and wastewater relates to the treatment services provided by York Region. Last year the budget assumed an increase of 2.9 percent that was waived by Regional Council for 2021. These savings were passed along through in-year rate adjustments to Aurora’s water customers. In September 2021, Regional Council approved a plan to increase water and wastewater rates by 3.3 percent annually starting on April 1st, 2022 to March 31, 2028.

Managing inflationary pressures will be a challenge in 2022

The 2022 budget is based on information known when the budget was being developed. In recent months the Consumer Price Index (CPI) for the Toronto area has increased significantly. The CPI year-over-year increase for October was 4.05%. The chart below shows that last year inflation, the dark blue solid line, was very low and negative in some months of 2020, but is now starting to exceed the normal average of two percent shown in the teal dashed line.

In 2021, this lower inflation provided the ability to lower the portion of the tax levy for town operations. The 1.96% levy increase in 2021 included 0.5% for Aurora Town Square (ATS) debt repayment costs, 0.46% for fiscal strategy and 1.00% for town operations which includes the management of inflation on existing services. This is shown in the green background shading. As shown in the chart, using the December 2019 three-year multi-year budget approval date as the base year, inflationary pressures due to CPI started to exceed the levy increase for town operations in June 2021.

Inflation is trending much higher in 2021



CPI Source: Statistics Canada. Table 18-10-0004-12 Consumer Price Index by product group, monthly, percentage change, not seasonally adjusted, provincial cities

The pressures were offset through savings and increased revenues

The pressures in the budget were offset through lease revenue increases of \$532,400 in Community Services, savings of \$225,000 for the reduced amount of waste collected through the enforcement of the three-bag garbage limit in Operational Services and further savings which are highlighted in the departmental budget tabs.

Budget changes to outlook—tax funded operations

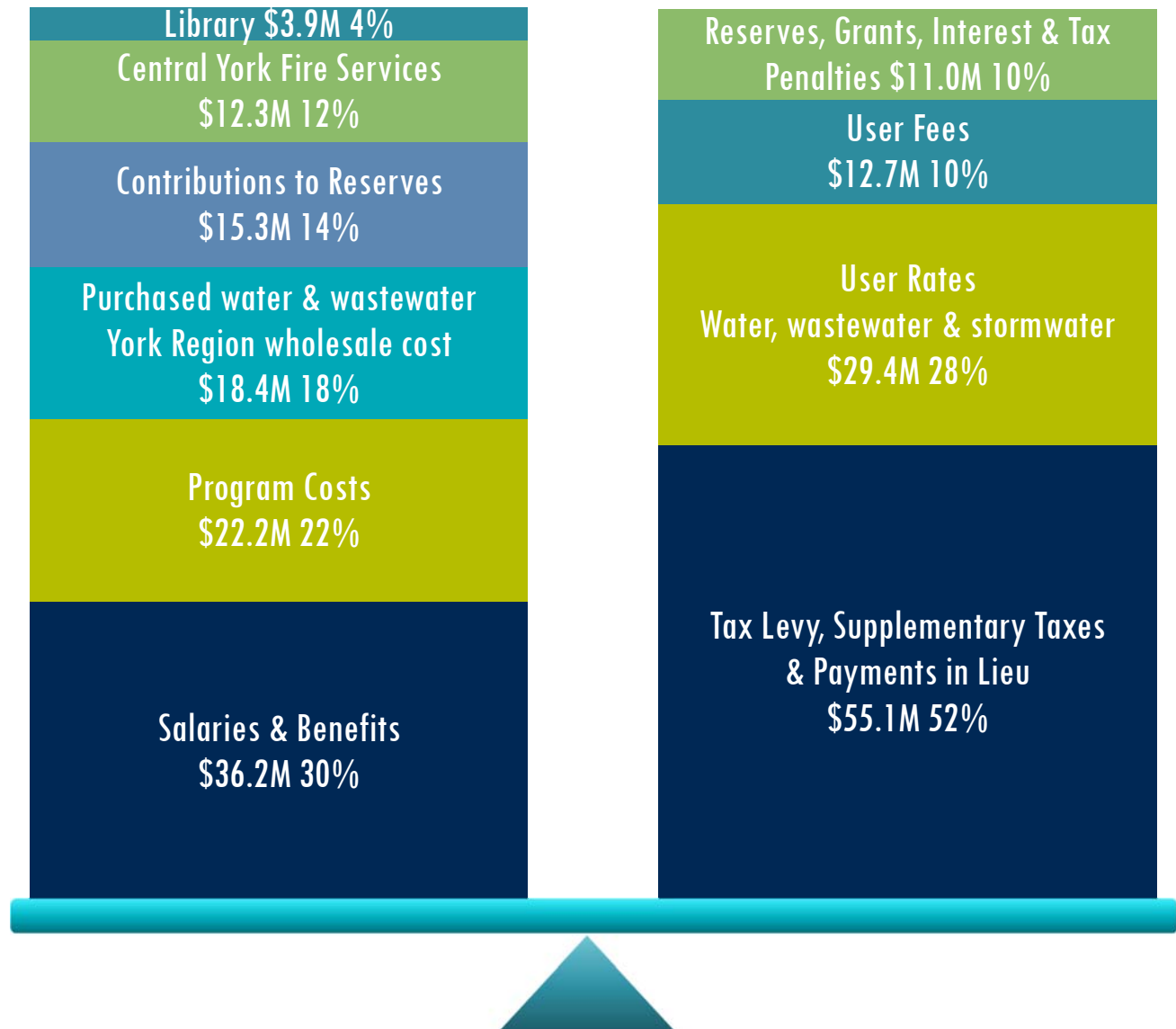
	2022	
	FTE	\$000's
2021 Approved Outlook	251	54,816.0
Non-COVID related changes:		
Salary & Benefits adjustment for staffing changes and revised benefits rates	-	286.8
Adjustment to photocopier charges (corporate-wide adjustment)	-	(3.8)
Economic development corporation initiatives	-	100.0
Reserve draw to support economic development initiatives	-	(100.0)
Expected savings for three-bag garbage limit in combination with the implementation of a bag tag program	-	(225.0)
Address one-time backlog of sidewalk inspections and maintenance	-	100.0
Contribution from reserve for one-time management of sidewalk maintenance	-	(100.0)
Savings on new roads winter maintenance contract	-	(49.1)
Yonge Street properties lease revenues net of expenses	-	(307.5)
Department of National Defense lease finalized and not included in 2021 budget	-	(181.5)
Other facilities lease adjustments	-	(43.4)
IVY charging stations	-	26.3
IT software maintenance, licensing and telecommunications	-	64.4
Removal of multi-year contingency contribution	-	(19.1)
Central York Fire Services increase in share to Aurora less \$6k in winter maintenance	-	37.4
Salary & Benefits adjustment for staffing changes and revised benefits rates less recovery from user rates	-	(42.8)
Contribution from Tax Stabilization for delayed growth	-	(63.6)
Other various revenue and expenditure adjustments	-	(90.7)
	-	(611.6)
COVID-19 related pressures:		
Managing net revenue losses for community programs and events resulting from reduced capacity to meet physical distancing and other COVID protocols	-	491.1
Managing facility revenue losses and maintaining clean spaces	-	334.6
Modified services to support the community during the COVID-19 recovery and reduce in-person contacts	-	47.5
Advancement or adaptation of Corporate Technology Strategic Plan initiatives in 2020/1 to support remote access and work during the pandemic	-	175.5
Safe Restart/Municipal Recovery Funding	-	(1,048.7)
	-	-
Net change:	-	(611.6)
Approved Budget	251	54,204.4

Aurora's budget is balanced in 2022

Municipalities are required to approve a balanced budget. Since the budget is developed on a modified-accrual basis, Aurora must balance all planned expenditures and reserve contributions with a funding source. For the water, wastewater and stormwater budget the costs are funded through the changes to the rates charged for these services. For the tax-funded budget, the amount not funded by grants, revenues, reserve draws or user fees must be funded through the property tax.

The image on below shows how the total budget, including tax levy and rate funded operations, is funded for 2022. The largest cost is salaries and benefits at \$36.2 million or 30% and the largest sources of funding is tax levy and supplementary taxes, followed by user rates for water, wastewater and stormwater services.

The 2022 balanced budget, what we spend and how we pay for it



Revenue Management: Non-tax revenues

Non-tax revenues include user rates (water, wastewater, stormwater), user fees (such as recreational program cost recovery), grants, use of reserves and investment income. These sources of revenue reduce the reliance on the tax levy and support the delivery of key services.

Non-tax revenue trends

(\$000s)	2020	2021 Budget		2022 Approved			
	Actual	Budget	Change		Budget	Change	
			\$	%		\$	%
User Rates	28,221.1	27,835.1	(386.0)	(1.4%)	29,362.7	1,527.6	5.5%
User Fees	8,819.2	10,534.5	1,715.3	19.4%	12,666.5	2,132.0	20.2%
Grants	5,012.7	3,146.7	(1,866.0)	(37.2%)	3,163.3	16.6	0.5%
Reserves	1,722.1	3,103.5	1,381.4	80.2%	3,536.5	433.0	14.0%
Investment Income	1,160.9	1,600.0	439.1	37.8%	1,600.0	-	-
Penalties on Taxes	1,148.0	1,395.3	247.3	21.5%	1,395.3	-	-
Development Charges	1,361.6	1,072.1	(289.5)	(21.3%)	1,290.6	218.5	20.4%
Total	47,445.6	48,687.2	1,241.6	2.6%	53,014.9	4,327.7	8.9%

User fees will continue to be impacted by COVID-19 in 2022

The Town of Aurora collects user fee revenues for a wide range of services including community programs, review of applications and plans, marriage licenses and permits. These user fees are updated on an annual basis for inflation and then reviewed periodically to ensure they continue to recover the costs of the services without putting additional pressure on the tax levy. COVID-19 had a significant impact on the user fees collected in 2020 and 2021. Aurora experienced significant declines in fees collected for many community programs and recreation permits. This trend is expected to continue with a smaller impact in 2022 which is why the budget shows some increase in these fees but grant funding is still being planned to offset the reduced fees.

Aurora receives grants to support specific programs and the capital plan

In 2022, Aurora is expecting to receive \$3.2 million in grants. While some of these grants support specific programs, such as Canada Day celebrations, others such as the Canada Community Building Fund (formerly known as Federal Gas Tax) are contributed to reserves to pay for capital projects. Grant funding was received in 2020 and 2021 from the federal and provincial governments in response to the COVID-19 pandemic. The unused portion of these grants were contributed to reserve and no further grant funding is planned for at this time.

Reserves will help manage the temporary loss of user fees and delayed growth

The budget includes a draws from reserves to offset the impact of the COVID-19 pandemic. Aurora plans to draw \$1,048,700 from the provincial grants reserve to offset revenue losses and additional costs in Community Services and Corporate Services. Additionally the budget includes a draw of \$63,600 from the tax stabilization reserve to manage the pressures related to delayed growth. The large volume of home renovations during the past year has resulted in not all growth being captured in 2021. This growth is expected to be realized in 2022 through additional assessment growth and supplementary taxes.

Investment income reduces the reliance on tax levy

Aurora invests its cash portfolio to earn investment income. While much of this investment income will go back directly to reserves, \$1.6 million per year is included as revenue in the budget to support operations. Aurora will be re-evaluating this practice as part of the fiscal strategy strategic actions.

Development charges pay for growth-related debt

Development charges are used in the operating budget to pay for the principal and interest costs on debt issued for growth capital projects. The amount of revenue changes is based on the retiring of old debt or the addition of new debt.

User rates for water, wastewater and stormwater fully fund these services

Water, wastewater and stormwater operations are fully funded from user fees. The two factors in determining these fees are the costs to deliver the service and the volume to be billed.

Water and wastewater metered rates are lower than planned in the previous budget

In 2021 the metered rates charged for water and wastewater were reduced from the rates approved in the budget. This reduction passed along the savings from when York Region Council decided to forgo their planned 2.9 percent increase for the cost to purchase water and wastewater services on April 1st, 2021. This action reduced the combined water and wastewater rate from \$5.23 per cubic meter to \$4.97 per cubic meter.

In September 2022, York Region Council approved a 3.3 percent rate increase for the cost of purchased water and wastewater services for 2022. This is higher than the 2.9 percent increase that was included in Aurora's multi-year budget. However with the savings in 2021 the combined water and wastewater rate is \$5.14 per cubic meter which is \$0.10 less than what was included in the multi-year budget and represents an increase of \$0.17 per cubic meter over the current rates being charged.

Approved water, wastewater and stormwater rates*

	2020 Rates	2021 Budget	2021 Current	2022 Outlook	2022 Approved	Change to Current	Outlook
Water and Wastewater (\$/m³):							
Water Rate	\$ 2.18	\$ 2.34	\$ 2.18	\$ 2.34	\$ 2.27	4.1%	(3.0%)
Wastewater Rate	\$ 2.77	\$ 2.89	\$ 2.79	\$ 2.90	\$ 2.87	2.9%	(1.0%)
Combined Rate	\$ 4.95	\$ 5.23	\$ 4.97	\$ 5.24	\$ 5.14	3.4%	(1.9%)
Stormwater Rate (\$/month):							
Residential	\$ 7.09	\$ 9.18	\$ 9.18	\$ 11.69	\$ 11.69	27.3%	-
Non-Residential	\$ 90.07	\$ 116.64	\$ 116.64	\$ 148.51	\$ 148.51	27.3%	-

* The 2021 rates were reduced to pass along the savings from York Region forgoing the increase on the metered rates they charge to for water and wastewater treatment services.

The stormwater rates remain the same as approved in the 2021 to 2022 Budget. The year-over-year increase reflects the final year of phasing in the correction to the number of bills being issued in the year. The number was estimated too low when the stormwater rates were established.

The average residential water bill will be lower than the approved outlook

The average quarterly residential water bill assumes the use of 54 cubic meters of water during the three month period. The rates for water and wastewater are charged per cubic meter and the stormwater charge is a monthly fee. So each residential bill will include three months. Despite the increase to the stormwater rates in 2022, the average quarterly residential water bill is expected to be \$5.40 less in 2022 than what was included in the 2021 to 2022 Budget. This decrease results from the rates being reduced in 2021. However, the average residential bill will increase \$16.71 compared to the rates being charged in 2021.

Average residential water bill compare to the previous budget*

	2020 Rates	2021 Budget	2021 Current	2022 Outlook	2022 Approved	Change to Current	Change to Outlook
Water 54m ³	\$117.72	\$126.36	\$117.72	\$126.36	\$122.58	\$4.86	(\$3.78)
Wastewater 54m ³	\$149.58	\$156.06	\$150.66	\$156.60	\$154.98	\$4.32	(\$1.62)
Stormwater 3 months	\$21.27	\$27.54	\$27.54	\$35.07	\$35.07	\$7.53	-
Average Quarterly Bill	\$288.57	\$309.96	\$295.92	\$318.03	\$312.63	\$16.71	(\$5.40)
Average Annual Bill	\$1,154.28	\$1,239.84	\$1,183.68	\$1,272.12	\$1,250.52	\$66.84	(\$21.60)

* The average bill 2021 was lower than budget because the rates were reduced to pass along the savings from York Region forgoing the increase on the metered rates they charge.

People deliver services the Town relies on

This budget includes the new staff positions approved as part of the 2020 to 2022 Budget. Despite the pressures on the budget, the three-year staffing plan for the multi-year budget is maintained. This ensures that the resources needed to implement the initiatives in the multi-year budget can continue to move forward. The 2022 budget includes five new permanent positions.

New permanent full-time staff positions

	FTE	Gross \$000	Net \$000
Opening Full Time Equivalent (FTE)	246.0		
Corporate Services Corporate Technology Strategic Plan Position	1.0	114.0	114.0
Corporate Services Legal Articling Student	1.0	90.9	90.9
Finance Procurement Analyst	1.0	91.6	91.6
Operational Services Parks Operator	1.0	80.7	80.7
Planning & Development Services Administrative Assistant - Engineering Services	1.0	75.1	75.1
Full-Time Equivalent (FTE)	251.0	452.3	452.3
2021 Budget Outlook	251.0	450.7	450.7
Change to Outlook	-	1.6	1.6

Departmental business plans provide more information on the operating budget

The departments deliver a wide variety of services for the Town. The departmental business plans that follow provide more information on their approved operating budgets for 2022. The tables that follow show an overview of the total operating budget for each department.

Net budget by department compared to the approved multi-year budget

\$000's	2022		Net Change	
	Outlook	Budget	\$	%
Council	590.5	588.1	(2.3)	(0.4%)
Office of the CAO	1,451.1	1,454.0	2.9	0.2%
Community Services	10,633.9	10,204.2	(429.7)	(4.0%)
Corporate Services	10,051.8	10,258.2	206.4	2.1%
Finance	2,421.2	2,420.3	(0.9)	(0.0%)
Operational Services:				
Roads, Parks & Waste Mgmt	11,511.3	11,230.3	(281.0)	(2.4%)
Water, Wastewater & Stormwater	-	-	-	-
Planning & Development Services	789.4	778.0	(11.5)	(1.5%)
Corporate Revenues & Expenditures	1,175.2	1,042.3	(132.9)	(11.3%)
Total Departmental Budget	38,624.4	37,975.5	(649.0)	(1.7%)
Central York Fire Services	12,257.5	12,294.9	37.4	0.3%
Library	3,934.1	3,934.1	-	-
Total Budget	54,816.0	54,204.5	(611.6)	(1.1%)
Assessment Growth	\$ 1,165.1	553.5	(611.6)	(52.5%)
	% 2.2%	1.1%		(1.1%)
Tax Increase	\$ 1,544.8	1,544.7	(0.1)	(0.0%)
	% 2.9%	2.9%		0.0%

Permanent full-time staff

FTEs	2019	2020		2021		2022	
	Total	Change	Total	Change	Total	Change	Total
Council	1.0	-	1.0	-	1.0	-	1.0
Office of the CAO	7.0	-	7.0	-	7.0	-	7.0
Corporate Services	47.0	5.0	52.0	4.0	56.0	2.0	58.0
Finance	19.0	1.0	20.0	1.0	21.0	1.0	22.0
Planning & Development Service	46.0	-	46.0	(2.0)	44.0	1.0	45.0
Operational Services	52.0	2.0	54.0	1.0	55.0	1.0	56.0
Community Services	59.0	1.0	60.0	2.0	62.0	-	62.0
Departmental Total FTEs	231.0	9.0	240.0	6.0	246.0	5.0	251.0

* Excludes 7 elected officials

2022 operating budget by department

\$000's	Net Actual Results		2021*			Fcst Variance	
	2019	2020	Gross	Net	Net Fcst	\$	%
Council	554.7	534.8	580.8	580.8	551.5	29.3	5.0%
Office of the CAO	1,313.0	1,203.9	1,426.4	1,426.1	1,407.3	18.8	1.3%
Community Services	9,072.6	9,753.9	15,661.7	11,014.7	10,657.0	357.7	3.2%
Corporate Services	7,780.7	8,748.3	10,452.8	9,467.4	9,267.3	200.1	2.1%
Finance	1,712.1	1,989.0	2,799.7	2,247.4	2,096.9	150.5	6.7%
Operational Services:							
Roads, Parks & Waste Mgmt	10,553.4	10,232.4	12,327.6	11,029.0	10,724.9	304.1	2.8%
Water, Wastewater & Stormwater	-	-	29,086.3	-	-	-	-
Planning & Development Services	595.5	102.0	6,032.1	826.8	237.7	589.1	71.3%
Corporate Revenues & Expenditures	648.8	1,826.9	8,384.0	(343.7)	244.6	(588.3)	171.2%
Departmental Total	32,230.8	34,391.3	86,751.4	36,248.5	35,187.2	1,061.3	2.9%
Central York Fire Services	11,188.1	11,749.3	11,961.6	11,961.6	11,961.6	-	-
Library	3,843.1	3,868.1	3,950.5	3,896.1	3,896.1	-	-
Total	47,262.0	50,008.7	102,663.5	52,106.2	51,044.9	1,061.3	2.0%

*2021 Budget restated for compensation adjustments and organizational changes, net forecast as of August 31, 2021

\$000's	2022 Approved		Net Budget Change	
	Gross	Net	\$	%
Council	688.1	588.1	7.3	1.3%
Office of the CAO	1,454.3	1,454.0	27.9	2.0%
Community Services	17,312.8	10,204.2	(810.5)	(7.4%)
Corporate Services	11,728.8	10,258.2	790.8	8.4%
Finance	2,975.0	2,420.3	172.9	7.7%
Operational Services:				
Roads, Parks & Waste Mgmt	12,500.5	11,230.3	201.3	1.8%
Water, Wastewater & Stormwater	29,773.1	-	-	-
Planning & Development Services	6,337.1	778.0	(48.8)	(5.9%)
Corporate Revenues & Expenditures	9,132.8	1,042.3	1,386.0	(403.3%)
Departmental Total	91,902.5	37,975.5	1,727.0	4.8%
Central York Fire Services	12,294.9	12,294.9	333.3	2.8%
Library	3,988.5	3,934.1	38.0	1.0%
Total Budget	108,185.9	54,204.5	2,098.3	4.0%
Assessment Growth			553.5	1.1%
Tax Increase			1,544.7	2.9%
2021 Approved Budget	107,073.2	54,816.1	2,965.0	2.9%
Change to Outlook	1,112.7	(611.6)	-	-

Intentional Blank