

## Corporate Expenses & Revenues

### About Corporate Expenses & Revenues

Corporate Expenses & Revenues includes items which cannot be easily associated with specific departments or area or are corporation wide in nature.

For clarity purposes, there is a description of each item following the Expenditure and Revenue charts.

#### Base:

Corporate Revenue and Expense	2010 Actuals (unaudited)	2010 Adjusted Budget	2011 Budget	Variance (Favourable)/UnFavourable	
				\$	%
Personnel Costs	-	(275,000)	<b>(257,300)</b>	17,700	6.44%
Other Expenditures	4,793,100	7,046,600	<b>7,074,800</b>	28,200	0.40%
Total Expenditures	4,793,100	6,771,600	<b>6,817,500</b>	45,900	0.68%
Revenues	(6,174,600)	(7,375,600)	<b>(7,777,800)</b>	(402,200)	(5.45%)
Net	(1,381,500)	(604,000)	<b>(960,300)</b>	(356,300)	(58.99%)

#### New Items

- Increase in "Cash to Capital" Reserve contribution - \$285,000
- Provision for Salary Equity Review - \$80,000
- Transfer from reserves to support increased Fire costs - \$(540,800)

#### 2011 Approved Budget

Corporate Revenue and Expense	2010 Actuals (unaudited)	2010 Adjusted Budget	2011 Budget	Variance (Favourable)/UnFavourable	
				\$	%
Personnel Costs	-	(275,000)	<b>(257,300)</b>	17,700	6.44%
Other Expenditures	4,793,100	7,046,600	<b>7,439,800</b>	393,200	5.58%
Total Expenditures	4,793,100	6,771,600	<b>7,182,500</b>	410,900	6.07%
Revenues	(6,174,600)	(7,375,600)	<b>(8,318,600)</b>	(943,000)	(12.79%)
Net	(1,381,500)	(604,000)	<b>(1,136,100)</b>	(532,100)	(88.10%)

TOWN OF AURORA  
2012 BUSINESS PLAN AND BUDGET

**Corporate Expenses & Revenues**

**Expenditures:**

Corporate Expenses	2010 Actuals (unaudited)	2010 Adjusted Budget	2011 Budget	Variance (Favourable)/UnFavourable	
				\$	%
<b>Personnel Costs</b>					
Town-wide Gapping	-	(275,000)	<b>(292,400)</b>	(17,400)	(6.33%)
Retiree Benefits	-	-	<b>35,100</b>	35,100	-
<b>Other Expenditures</b>					
Cost Reallocations	(385,800)	(385,800)	<b>(391,000)</b>	(5,200)	(1.35%)
External Audit Fees	-	72,000	<b>72,000</b>	-	-
Contracts: Church St School	340,000	346,800	<b>346,500</b>	(300)	(0.09%)
Operating Contingencies	44,200	-	<b>50,000</b>	50,000	-
Salary Equity Plan	-	-	<b>250,000</b>	250,000	-
WSIB Claims Costs	62,000	60,000	<b>65,000</b>	5,000	8.33%
Capital Loan Payment	-	1,871,100	<b>1,876,300</b>	5,200	0.28%
Corporate Courses	41,700	30,000	<b>40,000</b>	10,000	33.33%
Contribution to Reserves	1,536,000	1,897,500	<b>1,741,000</b>	(156,500)	(8.25%)
Contributions to Capital	2,955,000	2,955,000	<b>3,210,000</b>	255,000	8.63%
Contribution to Reserves	-	-	-	-	-
In-Year Tax Adjustments	200,000	200,000	<b>180,000</b>	(20,000)	(10.00%)
<b>Total Expenditures</b>	<b>4,793,100</b>	<b>6,771,600</b>	<b>7,182,500</b>	<b>410,900</b>	<b>6.07%</b>

Town-Wide Gapping:

All staff positions, both existing and new, are budgeted for a full year. Prior to 2010, no provision was made in the operating departments to reflect cost savings due to position vacancies which occur throughout the year. In 2010, the Town's budget included a Town-wide "gapping" savings amount of \$275,000, based on historical turnover and vacancies of existing positions. Since then, both the current economic climate and more job satisfaction have reduced this level of turnover. The amount provided for 2012 is \$100,000, significantly lower than 2011's 282,000 budget.

## Corporate Expenses & Revenues

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### Retiree Benefits:

In the past, the on-going costs of dental and health benefits for employees who retired early have been borne by the operating departments for which the now retired employee had worked. Prior to 2011, these costs were not budgeted separately. To measure the effectiveness of the operating departments, these non-controllable, non-operating costs have been moved to this non-operating cost centre. The value in 2012 of this segregation is \$36,900, slightly higher than 2011 due to increased benefits rates.

### Cost Reallocations:

Overhead cost allocations are made each year to the Building Services Division whose operations are funded entirely by Building Services Fees. In 2012, Financial Services have reviewed and updated the calculation of these charges to better reflect the value of the services provided including costs related to facilities, IT support, accounting services, human resources, legal services, and an amount for building plan and field inspections provided by fire services. From 2011's \$391,000, these costs are now calculated at \$619,800 for 2012.

### External Audit Fees:

This cost of the annual corporate audit was previously shown in Corporate and Financial Services. To more accurately reflect the autonomy of the external auditors and lack of control over them and their cost by the Finance Department, this cost was moved to this corporate area for 2011. There is no change in cost for 2012 at \$72,000.

### Cultural Centre Contract:

The annual amount paid to the Aurora Cultural Centre for provision of cultural services was moved from Parks & Recreation to reside in the Corporate Expenses area in 2010. 2012's \$353,400 contract is on-going and there is only an inflation change from the 2011 budget.

### Operating Contingencies:

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, the Town reinstated a \$50,000 contingency fund in 2010 which has continued into 2012's budget.

### Salary Equity Plan:

Following the contract settlement with CUPE, Council authorized a review of non-union compensation in relation to surrounding/similar municipalities. That review will be complete in early 2011. This \$250,000 is a contingency amount based on 2.5% of salaries, to cover any required changes to the Town's pay scales or

## Corporate Expenses & Revenues

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specific positions. There is \$170,000 or 2/3 funding of this item from Reserves and shown on the Corporate Revenue section resulting in a net contingency of \$80,000.

### WSIB Claims Costs:

The Town of Aurora is a 'Schedule 2 Employer' with the Workplace Safety and Insurance Board (WSIB). This simply means is that all costs incurred through the WSIB on behalf of the Town, the Town pays for. In order to mitigate the risk of high claims the Town utilizes insurance to cover the cost of any and all claims for work related items. The WSIB Claims Costs account is the premiums cost of that insurance. An equal and offsetting account in the Revenues section draws a contribution from the WSIB Reserve to fund the payments. There is a modest inflationary increase to \$70,000 in 2012. 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.

### SARC Debt Payment:

In 2006, a debenture was issued (through the Region) for \$16.9 million to finance a portion of the Stronach Aurora Recreation Complex (SARC). The \$1,879,800 repayment amount for 2012 represents principal of \$1,511,900 and interest of \$367,900. An equal and offsetting account in the Revenues section draws a contribution from the Development Charges Reserve to fund the payment.

### Corporate Training:

As part of the Executive Leadership Team's commitment to their new structure and Key Objectives, they have a commitment 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 was increased in 2011 by 33%, from 2010's \$30,000 to \$40,000. It remains at this level for 2012.

### Contributions to Reserves:

This category identifies funds that are required for items outside of the operating budget. This amount includes:

- The transfer of Gas Tax revenue received for 2011 is \$1,461,000. There is an offsetting revenue item for this amount. This items flow through this "operating" section to fulfill a requirement for financial statements.
- The transfer of \$280,000 to pay down the internally financed portion of the Library expansion. There is an offsetting revenue item from Development Charge Reserve Funds for this amount.

### Tax Cash to Capital:

The 'Cash to Capital' component included in this budget is \$3,635,700. This reflects an inflationary increase of \$125,200 (based on the Toronto Area Non-

## **Corporate Expenses & Revenues**

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Residential Construction index of 3.9%), and an increase of 1% of annual tax revenue - \$300,500. This total increase is \$425,500 over 2011's \$3,210,000.

### In-Year Tax Adjustments:

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 2012 expense of \$180,000 includes only the Town's share of tax adjustments, and represents 0.61% of the prior year's tax levy.

## Corporate Expenses & Revenues

### Revenues:

Corporate Revenues	2010 Actuals (unaudited)	2010 Adjusted Budget	2011 Budget	Variance (Favourable)/UnFavourable	
				\$	%
Use of Prior Year Surplus	(57,500)	(57,500)	-	57,500	100.00%
Penalties on Taxes	(926,900)	(850,000)	<b>(850,000)</b>	-	-
Investment Income	(1,500,400)	(1,840,000)	<b>(1,840,000)</b>	-	-
Interest from Hydro Funds	(600,000)	(600,000)	<b>(600,000)</b>	-	-
Grants - Federal Gas Tax	(1,461,000)	(1,465,000)	<b>(1,461,000)</b>	4,000	0.27%
Trans From DC Reserves	-	(1,871,100)	<b>(2,156,300)</b>	(285,200)	(15.24%)
Trans From Other Reserves	(62,000)	(60,000)	<b>(775,800)</b>	(715,800)	(1,193%)
Payments in Lieu of Taxes	(213,400)	(207,000)	<b>(210,500)</b>	(3,500)	(1.69%)
Supplementary Taxes	(1,228,400)	(425,000)	<b>(425,000)</b>	-	-
Other	(125,000)	-	-	-	-
<b>Total Revenues</b>	<b>(6,174,600)</b>	<b>(7,375,600)</b>	<b>(8,318,600)</b>	<b>(943,000)</b>	<b>(12.79%)</b>

### Penalties on Taxes:

The Town has a policy outlining the application of interest and late charges on late or unpaid tax installments. This is referred to as Penalties on Taxes. The 2012 budget is anticipated to be at \$925,000. Based on 2011 actuals to date and the overall economic times, this item is slightly higher than 2011's budget of \$850,000.

### Investment Income/Interest from Hydro Funds:

Investment income forecasts for the operating budget are anticipated unchanged from 2010, despite the deeper than expected and continuing depressed interest rates and the impact this has had on the over-night bank interest rates. 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

## Corporate Expenses & Revenues

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 and highly conservative provincial and local regulations to protect the public funds.

### Grants – Federal Gas Tax:

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. In 2012, the Town will receive \$1,461,000. The funds are received as income through the operating budget and transferred to the Federal Gas Tax Reserve, now considered as an infrastructure repair & replacement funding source.

### Transfers from Reserves:

This category identifies funds that are coming from reserves to fund specific expenditures of a corporate-wide nature. The amount includes:

- a \$70,000 transfer from Reserves to fund the WSIB claims costs as outlined in the Expenses portion of this section;
- a transfer of \$170,000 from the 2010 Rate Stabilization reserve to partially fund (2/3) the Salary Equity Plan exercise, again outlined under Expenses;
- amounts from rate Stabilization Reserve totaling \$280,400 to assist in a phase in of the new fire shift addition under Fire and Emergency Services;
- two amounts drawn from Development Charges Reserve Funds, the amount for the SARC Capital Loan payment of \$1,879,800 and the \$280,000 related to the internal funding of Library construction costs. These two items were previously detailed in the Expenses section.

### Payments in Lieu of Taxes:

Payments in Lieu of Taxes represents assessment based revenue, 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. The 2012 PIL revenue budgeted is \$220,000.

### Supplementary Taxes:

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. The 2012 amount of \$425,000 is unchanged from 2011. While the 2011 actuals to October 31, are slightly higher than the annual 2011 budget, the actual amounts are

## **Corporate Expenses & Revenues**

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expected to decline for 2012. To stabilize impacts to annual budgets, this budget item is set at long term expected average amounts.