



SUBJECT: 2015 Final Operating Budget Approval

FROM: Dan Elliott, Director, Corporate & Financial Services - Treasurer

DATE: May 26, 2015

RECOMMENDATIONS

THAT Report No. CFS15-018 be received; and

THAT the 2015 Operating Budget summarized in Attachment #2 which reflects all revisions recommended for approval by the Budget Committee, resulting in a total tax levy of \$36,996,300 and a total expenditure plan of \$56,020,700, generating a 3.91% Town of Aurora share tax increase, which results in an estimated 2.69% residential tax bill increase when combined with the regional and education shares of the tax bill, be approved; and

THAT the Town's full-time staff complement be increased by four (4) (two of which have already been preapproved by Council for hiring) and reduced by one (1) to 211 (excluding Library Board and Central York Fire Services staff) as presented in Attachment #6 and funded in the 2015 Operating Budget; and

THAT a general wage increase of 2.0% effective April 1, 2015, be applied to the Salary Schedule for Full-time Permanent Non-Bargaining Unit Positions, and to the Rate Schedule for Other-Than-Continuous-Full-time Non-Bargaining Unit Positions, both being Attachments to Policy #7; and

THAT By-law Number 5729-15 be adopted to set 2015 tax rates and payment dates.

PURPOSE OF THE REPORT

To present for formal adoption the 2015 Operating Budget as recommended for approval by the Budget Committee on May 4, 2015.

BACKGROUND

The Town prepares three distinct budgets each year: The Capital Budget, the Water and Sewer utilities budget, and the Operating Budget. Council has already approved the 2015 capital and utilities budgets. This report focuses only on the 2015 operating budget for the Town of Aurora.

Within the annual operating budget for Aurora, there are three distinct components which must be considered separately.

1. Base Operations budget includes all services, programs and activities of the Town operating departments which are in direct funding control of Aurora Council. This includes Library operational funding provided to the Aurora Public Library for their delivery of local services, as well as funding provided under an operating agreement with the Aurora Cultural Centre Board for delivery of cultural services at the Town owned Aurora Cultural Centre facility. This budget must accommodate increasing demand for services and resources arising from community growth, as well as addressing continuing inflationary pressures on the costs of materials, goods, services and human resources. This budget benefits from growth revenue arising from the increased assessment from community growth.
2. Central York Fire Services is the third distinct component of the Town's annual operating budget. This joint, seamless service provides Fire and Emergency response, prevention and education services to the communities of Newmarket and Aurora in an efficient manner. This collaborative shared services model for fire services is unique in Ontario. The operations and budget for the shared service is managed by a Joint Council Committee (JCC) with three representatives from each Council. Their budget is controlled by JCC, and is ultimately approved by Newmarket. Aurora has influence in the budget through their equal participation on JCC, as well as being able to provide Newmarket Council with any comments or suggestions regarding the annual budget prior to Newmarket making their final approval. The costs of CYFS are shared on a pro-rata type formula, using a four year weighted rolling average, using shares of assessment value, population and number of calls for services in the calculation.

The cost of Fire and Emergency Services is a significant cost for taxpayers, representing in excess of 25% of the total Town property taxes. Over the next six years, operational costs for CYFS costs is expected to increase by just over \$8Million, with Aurora's share of this being estimated at \$3.25Million. These costs arise due to the necessary implementation of Fire Master Plan recommendations, and the operation of new fire hall to be constructed in the next few years. At 2014 tax rates, this represents over 9% tax increase to residents. Although the exact timing of the on-lining of these costs is at the control of the JCC, Aurora Council has agreed to phase this tax pressure in over the next six years at a pace of 1.3% dedicated tax increase just for emergency services. Capital costs for the land, facility, equipment and truck/apparatus will be funded substantially through development charges collected from builders of new construction in Town, and will be shared with Newmarket.

3. The Fiscal strategy component includes strategic financial planning items to progressively secure a sustainable financial future for the Town of Aurora. Some of the tax pressure in this area arises from historical underfunding of reserve funds for

the sustainability of the Town's infrastructure assets. These aging assets deteriorate over time, and require periodic restoration, rehabilitation or replacement.

The Town has a comprehensive Asset Management Plan and long range capital planning regimen in place to optimize the service levels provided by these assets over time at the most cost effective plan of investment. Unfortunately past underfunding of infrastructure reserves requires incremental tax pressures in current times to bring annual tax funding up to necessary levels to sustain these assets. This tax pressure is being experienced by every municipality across Canada to varying degrees. Tax increases necessary in this regard must be considered above and beyond the tax rate pressures of the Base Operational Budget.

In addition, Council has seen it appropriate to reduce Operating Budget reliance upon interest income earned by the hydro proceeds reserves. This approximate \$34Million of proceeds has no specific identified purposes, however drawing interest earned from it is slowly eroding its purchasing power for future use. Small annual reduction in the amount of interest drawn into the Operating Budget as a revenue source is appropriate to slowly eliminate this unsustainable source of revenue.

COMMENTS

Fiscal Sustainability Index or Service Level Sustainability Index.

The City of Edmonton recently developed a budget indicator they called the "Fiscal Sustainability Index". It looks at gross expenditures in the budget, and measures growth of expenditures relative to the combination of inflationary pressure, and growth of the community (which demands additional operational services and costs).

An index value greater than one suggests:

- that expenditures are growing at an unsustainable level beyond the pressures of inflation and community growth; or
- reflects the impact of increasing service levels to the community; or
- reflects having to catch-up on historical underfunding of municipal needs; or
- some combination of the above.

An index less than one suggests:

- that timing of the impact of growth on costs is delayed; or
- the municipality has developed and leveraged operational efficiencies; or
- services have been reduced; or
- some combination of the above.

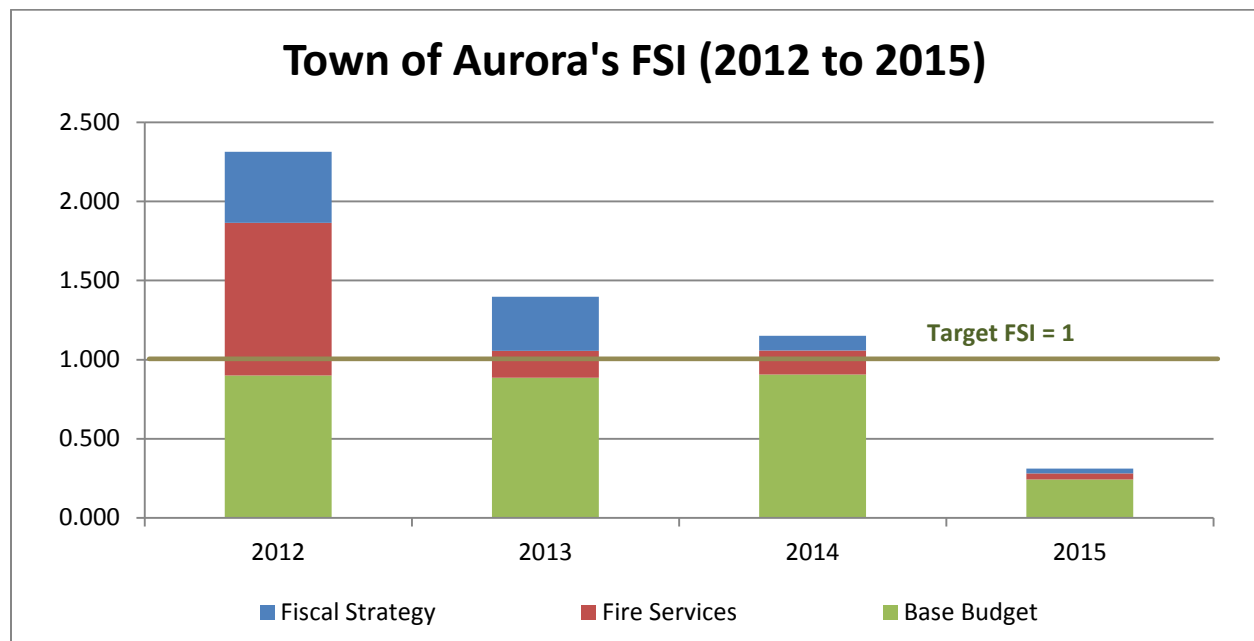
In the event that services have not been significantly affected, and that no major identifiable efficiency was reported, an index value of less than one suggests:

- significant general cost reductions in delivery of services; or
- funding reductions which may jeopardize the future provision of the expected service levels.

For this reason, the Fiscal Sustainability Index might be better referred to as the Service Level Sustainability Index. Index values significantly below one indicate potentially noticeable service level reductions are being made or will result due to funding curtailment.

The following table outlines the Town's Fiscal Sustainability Index values from 2012 through to 2015. Additional research and refinement on this index and its calculations will be conducted during 2015 for use during the 2016 budget process.

To preserve service levels while attempting to curtail tax rate increase pressures in the budget, rather than focus heavily on cost containment or funding reductions, the revenue side of the budget needs to be carefully examined to ensure all sources of revenue are increasing with inflation and with growth in a balance with the expenditure increases. For 2015, the non-tax revenues for the town are not increasing at a pace which matches the increase of expenses, causing increased pressure on the tax rate.



2015 Operating Budget

Attached to this report are several detailed schedules.

Attachment #1 details the value and tax rate impact of all budget adjustments made by General Committee reviews of the original staff draft budget. This tracks changes to all three components together, including Base Operating, Fiscal Strategy and Emergency Services.

Attachment #2 summarizes the combined budget by operating department and by expenses from revenues. Item x and x totalling \$110,000 from Attachment #1 are included on this schedule under Corporate Expenses, and have not yet been allocated internally to specific departments at time of preparation of this report.

Attachment #3 graphically identifies the three separate components of the budget and highlights key elements.

Attachment #4 outlines the combined budget, identifying all significant budgetary changes to allow better understanding of the budget pressures causing tax increases.

Attachment #5 identifies staffing changes recommended or pre-approved for inclusion during the budget review processes.

Attachment #6 shows a graphical history of the Town's tax rate increases over the past number of years for context.

Traditional Municipal Budget structure differs from Financial Accounting Requirements

Accounting standards and reporting requirements have undergone significant change since 2009, including the introduction of accounting for tangible capital assets, and their amortization. These new standards, however, do not require that budgets be prepared on this same, changed basis. The Town of Aurora, like most municipalities, prepared its 2014 budget in the traditional, cash based, balanced budget approach.

The Province of Ontario enacted a regulation (O.Reg. 284/09, s.1.) that allows the exclusion of costs related to amortization expense, post-employment benefits and solid waste landfill closure and post-closure expenses from a municipality's annual budgeted expenses. However, the regulation does require that the municipality report on the impact of these excluded costs.

The combined operating budget being approved by this report excludes the following costs to the Town:

1. An amount for the 2015 amortization of the Town's tangible capital assets. The Town owns \$443,584,000 of depreciating capital assets (excluding land), with an expected 2015 amortization of \$10,906,800. (See Attachment #8) In the 2015 Operating, Utilities and Library budgets, transfers to reserves for preservation of existing infrastructure is included which is short of the expected amortization by \$3,123,000. This amount is often referred to as the Current Year Infrastructure Deficit or Underfunding. This amount is understated in reality, as it is calculated using original cost of the assets, rather than factoring the much higher cost of replacing the asset.

Town of Aurora - 2015 Budget Infrastructure Funding Deficit

	Operating + (Levy Funded)	Water & Sewer (Rate Funded)	+ Library (Self Funded)	= Total (\$000's)
Book Value of Owned Assets (Excl. Land)	\$ 224,537	\$ 214,951	\$ 4,096	\$ 443,584
Less: Accumulated Amortization	(86,670)	(57,896)	(2,444)	(147,010)
Net Book Value	137,867	157,055	1,652	296,574
Add: Land	99,153	-	-	99,153
Total Asset Value, As of Dec. 31, 2014	\$ 237,020	\$ 157,055	\$ 1,652	\$ 395,727
2014 Budgetted Contributions in support of Assets (incl. Fire)	4,374	2,800	130	7,304
2015 Increase in contributions	180	300	-	480
2015 Budgetted Contributions in support of Asset	4,554	3,100	130	7,784
Estimated 2015 Amortization	6,413	4,054	441	10,907
Current Year Infrastructure Funding Deficit	\$ (1,858)	\$ (954)	\$ (311)	\$ (3,123)

This Underfunding is being addressed through the Fiscal Strategy over a long term plan.

2. The current year's post-employment benefit obligation in relation to eligible employee early retirement and/or accrued sick leave is estimated to grow by approximately \$3,000 during 2015, creating a related accounting expense. This amount is not included in the combined operating budget of this report as these future actuarial costs will not be realized in the current year.

The 2015 budget was prepared on the cash basis of accounting whereby total revenues (including taxation) equal total expenditures, resulting in a “balanced” budget. Attachment #9 illustrates the differences between the 2015 Budget as prepared (on a cash basis) to what it would be if prepared under the PSAB guidelines on an accrual basis budgeting. The schedule shows the Town’s Operating Budget, the Library and the Water/Sewer Utilities budgets combining for a “Consolidated Municipal Standard Balanced Budget”. This technical required schedule then shows various puts and takes to identify and reconcile to the expected 2015 Accrual Based PSAB compliant budget. The accrual basis approach would result in an annual budget surplus before considering the above noted excluded non-cash items. If these items were included in the 2014 Budget, the result would be a \$2.222Million deficit for the year.

Detailed Budget Binder to be updated and reissued

Staff are in the process of updating the entire budget binder of details which was previously circulated to members of Budget Committee at the beginning of budget deliberations. The update will reflect all changes to budgets and updates to 2014 actuals and will be circulated to all existing binder holders. A copy of the Budget Detail Binder will be available for inspection by the public upon request at the Access Aurora Counter on the Ground Floor of Town Hall, and at the Aurora Public Library.

The Town’s website will be updated shortly to reflect any key 2015 budget highlights. Once the detailed binder material is completed, that too will be posted under the Budget section of the Town’s website.

LINK TO STRATEGIC PLAN

Approval of the 2015 Operating Budget provides funding support and approval for all initiatives, services and operations of the Town, all of which support and advance the Strategic Plan objectives. Overall, the budget leads to improving the quality of life of the community we serve.

ALTERNATIVE(S) TO THE RECOMMENDATIONS

1. Council may make any changes to the budget as deemed appropriate prior to its final approval.

FINANCIAL IMPLICATIONS

The approval of the 2015 Operating Budget will provide the funding for approved Town programs, services and operational needs for the year.

Council previously approved the three 2015 capital budgets totalling \$17,932,600. The Water, Wastewater and Stormwater utility services budgets and rates have also already been approved under report IES15-022 on March 31, 2015.

The total approved expenditures for 2015 are as follows:

Operating Budget expenditures (this report)	\$56,020,700
Utilities Operations budget expenditures	18,392,000
2015 Capital Budget approvals (incl. conditional approvals)	<u>17,932,600</u>
	<u>\$92,345,300</u>

In addition to the above, a recent report to Council showed an outstanding amount of \$27,956,900 of approved funding remaining available to complete open capital projects from 2014 and prior.

CONCLUSIONS

In order to fund the needs of the Town in 2015, the total 2015 Operating Budget benefits from \$782,100 of new growth revenue, however still requires an increase in tax levy of \$1,391,500 for a total Municipal Tax Levy of \$36,996,300. This results in a tax rate increase to residents on average of 3.91% on the Town portion of the tax bill. When combined with the Region and School taxes, it is estimated the residential tax bill in total will increase by 2.69% on average. Some differences will occur due to differing assessment value changes for individual properties. Draft By-law #5729-15 necessary to set actual tax rates is included in the By-laws section of tonight's agenda.

PREVIOUS REPORTS

CFS15-003: Draft 2015 Business Plan with Operating and Capital Budgets – Overview Report for Committee Review, January 26, 2015.

CFS15-007: 2015 Final Capital Budget Report for Council Review & Approval, February 24, 2015

ATTACHMENTS

- Attachment # 1 – Budget Committee Changes made to Draft Budget
- Attachment # 2 – 2015 Operating Budget – Summary by Department
- Attachment # 3 – Tax Rate Pressures Summary (graphical)

- Attachment # 4 – Corporate Summary of Tax Pressures
- Attachment # 5 – Detail of Expenditure Pressures and Revenue Changes
- Attachment # 6 – Staff Complement Changes
- Attachment # 7 – Tax Rate History
- Attachment # 8 – Schedule of Estimated 2015 Tangible Asset Amortization
- Attachment # 9 – Reconciliation of 2015 Budget as approved to the budget as if prepared under PSAB 3150

PRE-SUBMISSION REVIEW

Executive Leadership Team – Wednesday, May 20, 2015 by email circulation

Prepared by: Dan Elliott, Director of Corporate & Financial Services - Treasurer



Dan Elliott, CPA, CA
Director of Corporate & Financial
Services - Treasurer



Neil Garbe
Chief Administrative Officer

**Town of Aurora
2015 Operating Budget
BUDGET COMMITTEE CHANGES**

A D J U S T M E N T S				R E S U L T S					
Ref.	Date of Decision	Department	I T E M	Change to Operating Budget	Running Revised Budget Increase	Impact on Town Rate	Running Town Rate Pressure	Effective Combined Tax Impact	
								Residential	Commercial
				STARTING POINT - Draft Budget, As of January 27, 2015 = 1,767,700			4.96 %	3.06%	1.73%
1	Jan. 26	CYFS	Increase in CYFS requirement based upon draft budget	202,100	1,969,800	0.57 %	5.53 %	3.27%	1.85%
2	Mar. 2	AHS	Increased Town Grant in support of outreach educational program	10,000	1,979,800	0.03 %	5.56 %	3.28%	1.86%
3	Mar. 2	ACC	Increased Town grant in support of additional staffing need	10,000	1,989,800	0.03 %	5.59 %	3.29%	1.86%
4	Mar. 9	Corporate	Rate stabilization fund draw to balance CYFS tax pressure to 1.30%	(9,900)	1,979,900	(0.03 %)	5.56 %	3.28%	1.86%
5	Mar. 9	Various	CAO's proposed budget adjustments	(167,700)	1,812,200	(0.47 %)	5.09 %	3.11%	1.76%
6	Mar. 23	PRS	Purchase of equipment for a community Rebound Class	18,000	1,830,200	0.05 %	5.14 %	3.13%	1.77%
7	Mar. 23	PRS	Receipt of federal grant in support of community rebound class equipment purchase	(18,000)	1,812,200	(0.05 %)	5.09 %	3.11%	1.76%
8	May. 4	PDS	Additional growth related development revenues anticipated	(100,000)	1,712,200	(0.28 %)	4.81 %	3.01%	1.70%
9	May. 4	PDS	Removal of Economic Development Committee awards provision	(8,000)	1,704,200	(0.02 %)	4.79 %	3.00%	1.70%
10	May. 4	PRS	Reduction in community grants fund	(15,000)	1,689,200	(0.05 %)	4.74 %	2.98%	1.69%
11	May. 4	PRS	Payment to AKBA for enhanced baseball diamond maintenance services	7,000	1,696,200	0.02 %	4.76 %	2.99%	1.69%
12	May. 4	Various	Reduction in training & development	(100,000)	1,596,200	(0.28 %)	4.48 %	2.89%	1.64%
13	May. 4	LLS	Reduction in external legal services	(30,000)	1,566,200	(0.08 %)	4.40 %	2.86%	1.62%
14	May. 4	Various	Adoption of mandatory four month vacant position gapping	(50,000)	1,516,200	(0.14 %)	4.26 %	2.81%	1.59%
15	May. 4	PRS	Reduction in level of tax rate subsidization of various user pay town services	(10,000)	1,506,200	(0.03 %)	4.23 %	2.80%	1.59%
16	May. 4		Elimination of full time position	(108,000)	1,398,200	(0.30 %)	3.93 %	2.69%	1.52%
17	May. 4	Council	Reduction in Council Training/Conferences	(6,750)	1,391,450	(0.02 %)	3.91 %	2.69%	1.52%
18	May. 4	PRS	Additional Senior Centre Operating Expenditures	15,000	1,406,450	0.04 %	3.95 %	2.70%	1.53%
19	May. 4	PRS	Receipt of provincial grant in support of Elderly Persons Centre Operations	(15,000)	1,391,450	(0.04 %)	3.91 %	2.69%	1.52%
				(376,250)		(1.05 %)			

CALCULATION OF IMPACT ON OVERALL TAX BILL	Estimated Tax Rate Pressure (from above)	RESIDENTIAL		COMMERCIAL	
		Share of Tax Bill	Weighted Tax Rate Pressure	Share of Tax Bill	Weighted Tax Rate Pressure
Town of Aurora	3.91%	36.0 %	1.41%	20.4 %	0.80%
Region of York	2.97%	43.1 %	1.28%	24.4 %	0.72%
Education	0.00%	21.0 %	0.00%	55.3 %	0.00%
			2.69%		1.52%

Town of Aurora
2015 Operating Budget
OPERATING BUDGET - SUMMARY BY DEPARTMENT

Attachment 2

<u>Shown in \$,000's</u>	<u>2014 Approved Budget (adjusted)</u>	<u>2015 Base Budget</u>	<u>New Items for 2015</u>	<u>2015 Recommended Budget</u>	<u>Dollar Change</u> favourable / (unfavourable)	<u>Tax Pressure Change</u>
Gross Expenses						
Council	\$ 528.6	526.9	-	\$ 526.9	\$ 1.8	0.00 %
Chief Administrative Office	\$ 1,894.6	1,908.3	-	\$ 1,908.3	(13.8)	(0.04 %)
Legal & Legislative Services	\$ 2,419.3	2,543.3	-	\$ 2,543.3	(124.0)	(0.35 %)
Election 2018	\$ 262.5	82.5	-	\$ 82.5	180.0	0.51 %
Corporate & Financial Services	\$ 2,971.6	3,212.3	3.8	\$ 3,216.1	(244.5)	(0.69 %)
Building & By-law Services	\$ 3,809.6	3,990.5	27.4	\$ 4,017.9	(208.3)	(0.58 %)
Planning & Development Services	\$ 1,998.6	1,933.5	-	\$ 1,933.5	65.2	0.18 %
Infrastructure & Environmental Services	\$ 11,931.5	12,427.7	288.0	\$ 12,715.7	(784.1)	(2.20 %)
Parks & Recreation	\$ 8,160.5	8,358.1	85.3	\$ 8,443.4	(282.9)	(0.79 %)
Corporate Expenses*	\$ 7,397.8	7,601.2	205.9	\$ 7,807.1	(409.3)	(1.15 %)
Central York Fire Services	\$ 8,814.6	9,287.4	-	\$ 9,287.4	(472.8)	(1.33 %)
Funding Provided for Library Operations	\$ 3,439.2	3,439.2	99.5	\$ 3,538.7	(99.5)	(0.28 %)
Gross Expenditures	\$ 53,628.5	55,310.8	\$ 709.9	\$ 56,020.7	\$ (2,392.2)	(6.72 %)
Gross Revenues						
Council	\$ -	\$ -	\$ -	\$ -	\$ -	-
Chief Administrative Office	\$ -	-	\$ -	\$ -	-	-
Legal & Legislative Services	\$ (128.5)	(190.7)	\$ -	\$ (190.7)	62.1	0.17 %
Election 2014	\$ (119.0)	-	\$ -	\$ -	(119.0)	(0.33 %)
Corporate & Financial Services	\$ (2,553.2)	(129.0)	\$ -	\$ (129.0)	(2,424.2)	(6.81 %)
Building & By-law Services	\$ (1,577.9)	(2,661.9)	\$ -	\$ (2,661.9)	1,083.9	3.04 %
Planning & Development Services	\$ (1,132.3)	(1,610.5)	\$ -	\$ (1,610.5)	478.1	1.34 %
Infrastructure & Environmental Services	\$ (5,553.0)	(1,181.9)	\$ -	\$ (1,181.9)	(4,371.1)	(12.28 %)
Parks & Recreation	\$ (7,561.8)	(5,490.9)	\$ (30.0)	\$ (5,520.9)	(2,040.8)	(5.73 %)
Corporate Revenues	\$ -	(7,729.6)	\$ -	\$ (7,729.6)	7,729.6	21.71 %
	\$ (18,805.8)	\$ (18,994.4)	\$ (30.0)	\$ (19,024.4)	\$ 218.7	0.61 %
Taxation - 2014	(34,822.7)	(34,822.7)	-	\$ (34,822.7)		
Taxation - Growth from New Assessmer	-	-	(782.1)	\$ (782.1)	782.1	
Taxation - Increase for 2015	-	-	-	\$ -		
Gross Revenues	\$ (53,628.48)	\$ (53,817.2)	\$ (812.1)	\$ (54,629.3)	\$ 1,000.8	2.81 %
Net Expenditures/(Revenues)						
Council	\$ 528.6	\$ 526.9	\$ -	\$ 526.9	\$ 1.8	0.00 %
Chief Administrative Office	\$ 1,894.6	1,908.3	-	1,908.3	(13.8)	(0.04 %)
Legal & Legislative Services	\$ 2,290.7	2,352.6	-	2,352.6	(61.9)	(0.17 %)
Election 2014	\$ 82.5	82.5	-	82.5	-	-
Corporate & Financial Services	\$ 2,852.6	3,083.3	3.8	3,087.1	(234.5)	(0.66 %)
Building & By-law Services	\$ 1,256.4	1,328.7	27.4	1,356.1	(99.7)	(0.28 %)
Planning & Development Services	\$ 420.7	323.0	-	323.0	97.7	0.27 %
Infrastructure & Environmental Services	\$ 10,799.2	11,245.8	288.0	11,533.8	(734.6)	(2.06 %)
Parks & Recreation	\$ 2,607.6	2,867.2	55.3	2,922.5	(314.9)	(0.88 %)
Corporate Expenses & Revenues*	\$ (164.0)	(128.4)	205.9	77.5	(241.4)	(0.68 %)
Central York Fire Services	\$ 8,814.6	9,287.4	-	9,287.4	(472.8)	(1.33 %)
Funding Provided for Library Operations	\$ 3,439.2	3,439.2	99.5	3,538.7	(99.5)	(0.28 %)
	\$ 34,822.7	\$ 36,316.4	\$ 679.9	\$ 36,996.3	\$ (2,173.6)	(6.10 %)
Taxation	\$ (34,822.7)	\$ (34,822.7)	(782.1)	(35,604.8)	\$ 782.1	2.20 %
NET	\$ -	\$ 1,493.7	\$ (102.2)	\$ 1,391.5	\$ (1,391.5)	(3.91 %)

* Includes \$110,000 of budget reductions not yet administratively allocated to individual departments

Town of Aurora
2015 Operating Budget
GRAPHIC SUMMARY OF TAX PRESSURE FOR 2015

**Running Aurora
Today**
1.82%

- Improving Services, meeting Growth
- Increased insurance, employee benefit & software maintenance costs
- Increased facility costs
- Increased snow removal costs
- Increased library services costs
- Efficient & Accountable Government
- Closely aligned with inflation

**Expanding Fire
Services**
1.30%

- First of six years of phase in plan - operational costs only
- Capital expansion funded by development charges

**Fiscal
Strategy**
0.79%

- Infrastructure Sustainability Funding - Closing historical underfunding gap - Long term plan to keep our Town in good condition & working well
- Reducing our reliance on interest earned from Hydro Sale proceeds, while protecting the purchasing power of those proceeds.

Town of Aurora
 2015 Operating Budget
 CORPORATE SUMMARY OF TAX PRESSURE FOR 2015

<u>Shown in \$,000's</u>	2014 Approved	2015 Proposed	Variance Fav / (Unfav)	2015 Tax Rate Equivalent
1) <u>Running Today's Town of Aurora</u>				
- Changes to Full-Time Equivalent Staffing Costs:	\$ 20,816.2	\$ 21,211.7	\$ (395.5)	(1.11%)
- Changes to all Other:	1,560.0	1,812.8	(252.8)	(2.01%)
- Taxation Revenues (no growth):	(34,822.7)	(34,822.7)	-	- %
- Growth taxes from new properties:		(782.1)	782.1	2.20%
TOTAL TOWN PROVIDED SERVICES	\$ (12,446.5)	\$ (11,798.3)	\$ (648.3)	(1.82%)
2) <u>Expanding Fire Services</u>	8,814.6	9,277.5	(462.9)	(1.30%)
3) <u>Fiscal Strategy</u>				
- Increased contribution towards asset renewal:	4,031.9	4,212.2	(180.3)	(0.51%)
- Reduced Reliance upon Hydro Reserve Interest:	(400.0)	(300.0)	(100.0)	(0.28%)
Total Fiscal Strategy	\$ 3,631.9	\$ 3,912.2	\$ (280.3)	(0.79%)
NET TAX PRESSURE INCREASE	\$ -	\$ 1,391.5	\$ (1,391.5)	(3.91%)

Detailed Changes by each Category can be found on Schedule 5

Town of Aurora
2015 Operating Budget Impacts
Detail of Expenditure Pressures and Revenue Changes

		Change		Estimated Impact to Blended Res. Tax Rate
		Favourable / (UnFavourable) percentage = tax pressure		
1. RUNNING AURORA TODAY				
BASE BUDGET				
a) Full-Time and Equivalent Staffing Costs:				
Cost of Living Allowance and Step Increases on existing positions	(144,200)			
Other Employee Benefits:	(34,300)			
Budget Committee Directed Salary Savings:	158,000			
<i>Total Staffing Costs</i>		(20,500)	(0.06%)	
b) Changes to all other expenses net of other revenue:				
Reduced reliance on Rate Stabilization Reserve*	(361,500)			
Supplementary Revenue Increases	325,000			
Energy Cost Increases	(268,700)			
Software Licensing & Maintenance Cost Increases	(186,700)			
Facility Related Repair & Maintenance Contract & Supply Increases	(132,200)			
Training & Development Reduction Savings	100,000			
Insurance Fee Increases	(58,300)			
Recognition of a further adjustment to overhead cost recovery from Building	(50,000)			
Road & Sidewalk Maintenance Contract & Supply Increases	(48,800)			
Recreation program revenue decreases	(40,000)			
Waste Management Contract & Supply Increases	(38,000)			
Snow Removal Contract Increases	(19,200)			
Other General Operational Cost Savings	18,500			
Payment to AKBA for enhanced diamond maintenance services	(7,000)			
Increase in Grant Funding to Aurora Historical Society	(7,500)			
Other Revenue Increases	44,400			
<i>Total Other Expense</i>		(730,000)	(2.05%)	
2015 BASE OPERATING BUDGET		(750,500)	(2.11%)	(0.76%)
NEW RECOMMENDED ITEMS:				
Staff Related:				
2015 Annualization of Approved Postions (part year in 2014):		(205,900)	(0.58%)	
Converted and New Position Requests (3 FTEs) (1.1 to 1.6):				
(1.1) Plan Examiner / Inspector (1 FTE) (100% Bldg)	-			
(1.2) Customer Service Representative (PT)	(27,400)			
(1.3) Water & Administration Clerk (1 FTE) (90% rate, 10% Tax)	(3,800)			
(1.4) Facility Booking Administrator (1 FTE)	(19,000)			
(1.5) Youth Room Climbing Wall Staff (PT)	(27,000)			
(1.6) Youth Programmer (1 FTE)	(39,300)	(116,500)	(0.33%)	
<i>Total Staff Related</i>		(322,400)	(0.91%)	
Library Operational Funding:		(99,500)	(0.28%)	
Other New Items:				
(2.3) Waste Management Advertising Increase	(22,000)			
(2.4) Sidewalk Snow Removal Services cost increase	(246,000)			
(2.5) Road Maintenance - Crack Filling Contract Increase	(20,000)			
(2.6) Increase in Special Event Revenues	30,000			
<i>Total Other New Items</i>		(258,000)	(0.72%)	
2015 RECOMMENDED NEW ITEMS		(679,900)	(1.91%)	
GROWTH TAX REVENUE FROM NEW ASSESSEMENT		782,100	2.20%	
NET TAX PRESSURE FOR RUNNING AURORA TODAY		(648,300)	(1.82%)	(0.65%)
2. EXPANDING FIRE SERVICES		(462,900)	1.30%	0.47%
3. FISCAL STRATEGY				
(2.1) Increased Contribution to Reserves for the Maintenance of the Town's Infrastructure Assets		(180,300)	(0.51%)	
(2.2) Reduction of operational reliance on Hydro Reserve Interest		(100,000)	(0.28%)	
NET TAX PRESSURE IN SUPPORT OF FISCAL STRATEGY		(280,300)	(0.79%)	
NET TAX PRESSURE RECOMMENDED FUNDING INCREASE		(1,391,500)	(3.91%)	(1.41%)

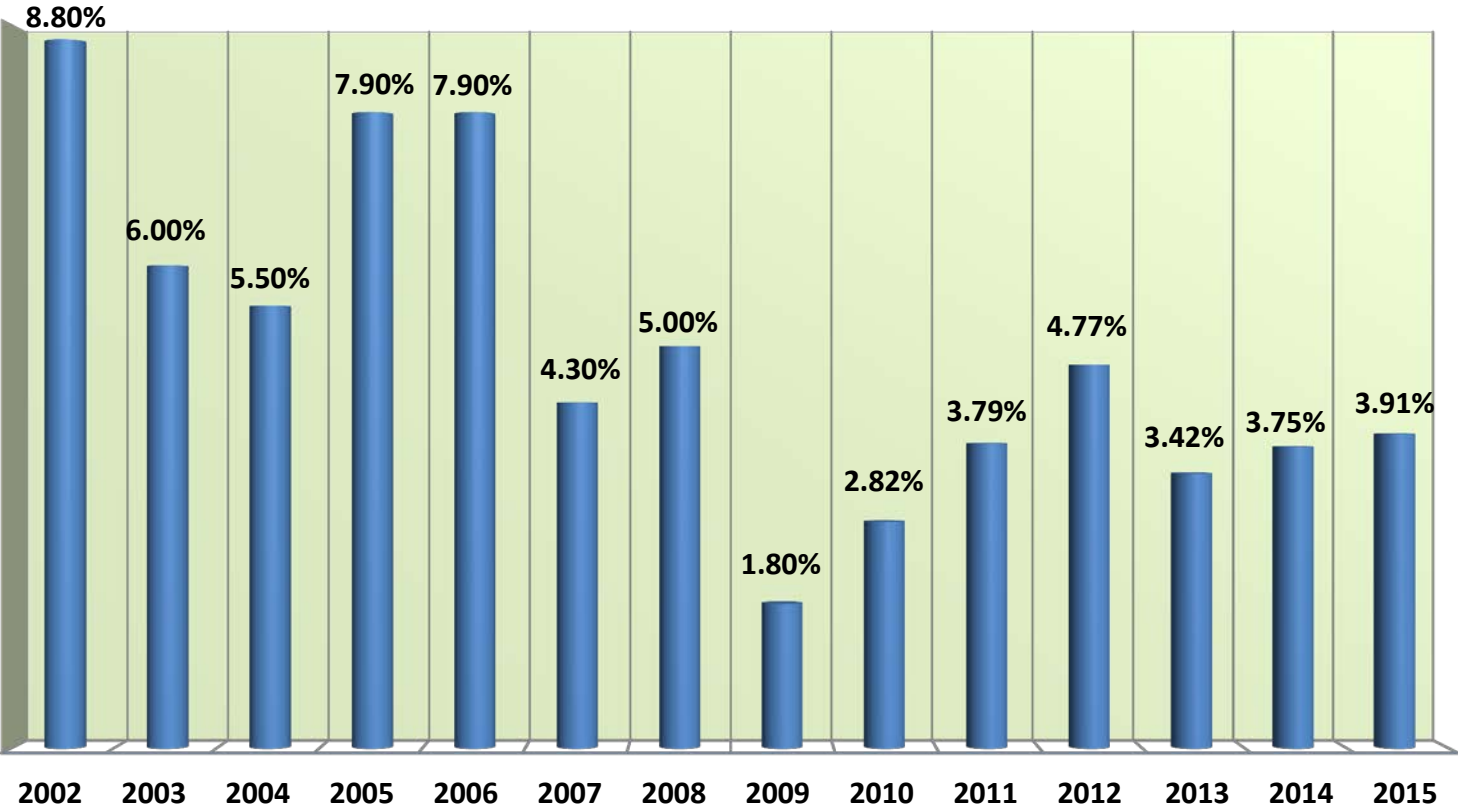
Town of Aurora
2015 Draft Operating Budget Impacts
CONVERTED AND NEW POSITIONS IN 2015 BUDGET

2015 Budget Requests

	D o l l a r s			Full-Time Complement
	Gross Cost	Offsets	Net Cost	
2014 Budget Approved Full-Time Complement				207
Add: Heritage Curator*				1
Less: Deleted Full Time Position as per Budget Committee (May 2015)				(1)
Revised 2015 Base Full-Time Complement				207
 <u>FULL-Time Staffing - Conversion Requests</u>				
Water & Tax Administrative Clerk Position will be funded 90% from water and is costed for 6 months	37,648			1
		(33,883)		
Facility Bookings Administrator	18,971			1
Plan Examiner / Inspector (<i>Previously approved by Council</i>) Position will be funded 100% from Building Services and is costed for 6 months	51,238			1
		(51,238)		
Youth Programer (<i>Previously approved by Council</i>) Position will be funded 100% from the Tax Levy and costed for 6 months	39,300			1
		-		
	<u>\$ 147,158</u>	<u>\$ (85,122)</u>		
Net Full-Time			<u>\$ 62,036</u>	<u>211</u>
 <u>CONTRACT Staffing - Requests</u>				
Customer Service Representative	\$ 27,418			
Youth Leader - Climbing Wall (<i>Previously approved by Council</i>)	27,000			
	<u>\$ 54,418</u>	<u>\$ -</u>		
Net Part-Time			<u>\$ 54,418</u>	
Total Net 2015 Budget Requests	<u>\$ 201,576</u>	<u>\$ (85,122)</u>	<u>\$ 116,454</u>	

* Heritage Curator was approved by Council on July 29, 2014 via report PR14-036.

Town of Aurora
2015 Operating Budget
HISTORY OF AURORA TAX RATE INCREASES



Estimate of Tangible Capital Asset Amortization Expense for 2015:

<u>Category</u>	<u>Amortization Amount</u>	
		in \$'000's
<u>User Rate Supported Assets</u>		
Water Mains / Sanitary Sewer	\$ 2,000.6	
Storm Sewer / Ponds	1,751.8	
Pumping Station/Water Meters	<u>301.2</u>	
		\$ 4,053.6
<u>Tax Supported Assets</u>		
Buildings	\$ 2,015.9	
Roads/Sidewalks/Street Lighting	2,655.7	
Parks (Land Improvement)	742.7	
Other Vehicles	509.5	
Furniture & Fixtures	125.6	
Computer Related Equipment	<u>187.4</u>	
		<u>6,236.7</u>
Sub Total - Directly Supported Assets		\$ 10,290.3
<u>Indirectly Supported Assets (from Taxes)</u>		
Fire Vehicles & Equipment	\$ 175.7	
Aurora Public Library Assets	<u>440.8</u>	
		616.4
		<u>616.4</u>
Estimated Amortization Expense for 2015		<u><u>\$ 10,906.8</u></u>

Town of Aurora - 2015 Budget
2015 Budget Presentation Differences
"Standard" Cash-Basis Budget vs. Presentation Requirement under P.S.A.B.

<u>In \$ 000 's</u>	<u>Town Budget</u> (excl Library)	+	<u>Library Budget</u>	+	<u>"Water" Budget</u> Rate Funded	=	<u>Consolidated Municipal "Standard"</u> (cash basis)	<u>Reporting Change</u>	<u>Under PSAB Guidelines</u> (accrual basis)
Revenues:									
Operating - Tax Levy / Water Rates	\$ 33,559.3		\$ 3,538.7		\$ 18,392.0		\$ 55,490.0	\$ -	\$ 55,490.0
Operating - Receipts From Outside Sources	15,728.7		120.0		334.0		\$ 16,182.7	-	16,182.7
Operating - Transfers From Other Funds	3,194.0		-		523.8		\$ 3,717.8	(3,717.8) ⁽¹⁾	-
Capital - Receipts From Outside Sources	-		-		-		\$ -	-	-
Capital - Transfers From Other Funds	17,932.6		290.0		-		\$ 18,222.6	(18,222.6) ⁽¹⁾	-
Total Revenues	\$ 70,414.6		\$ 3,948.6		\$ 19,249.8		\$ 93,613.1	\$ (21,940.4)	\$ 71,672.7
Expenses:									
Operating Expenses	\$ 43,686.7		\$ 3,528.6		\$ 16,149.8		\$ 63,365.1	\$ -	\$ 63,365.1
Operating - Transfers To Capital Funds	4,551.8		130.0		-		4,681.8	4,681.8 ⁽²⁾	-
Operating - Transfers To Other Funds	2,359.4		-		3,100.0		5,459.4	5,459.4 ⁽²⁾	-
Operating - Debt Principal Payment	1,703.4		-		-		1,703.4	1,703.4 ⁽³⁾	-
Operating - Debt Interest Payment	180.7		-		-		180.7	-	180.7
Tangible Capital Additions	17,102.6		290.0		-		17,392.6	17,392.6 ⁽⁴⁾	-
Non-Tangible Capital Additions	830.0		-		-		830.0	- ⁽⁵⁾	830.0
Total Expenses	\$ 70,414.6		\$ 3,948.6		\$ 19,249.8		\$ 93,613.1	\$ 29,237.2	\$ 64,375.9
Annual Surplus / (Deficit) with Exclusions per O.Reg 284/09	\$ -		\$ -		\$ -		\$ -	\$ 7,296.8	\$ 7,296.8

Exclusions Add Back:

- Amortization of Tangible Capital Assets ⁽⁴⁾	\$ (10,906.8)
- Post Employee Benefits and Sick Leave liabilities	(3.0)
- Workplace Safety & Insurance Board Benefits	(141.9)

Total Exclusions**\$ (10,909.8)****Annual Surplus / (Deficit) - full PSAB Compliance - Audited Financial Statement Result****\$ (3,613.0)****Foot Notes:**

- "Transfers From Other Funds" represents transfers from reserves for expenditures and is not considered a revenue source under accrual accounting.
- "Transfers To Other Funds" represents the contribution to reserves and is not considered an expense under accrual accounting.
- "Debt Principal Payments" are considered a repayment of a long term liability and are not considered an expense under accrual accounting - only the related Interest portion remains a valid expense
- Under accrual accounting, costs related to the acquisition of "Tangible Capital Assets" are recorded on the balance sheet - only the amortization of existing Tangible Assets is included as an expense. This amortization is generally excluded from traditionally prepared, cash basis, municipal budgets.
- Studies and Reports are examples on non-Tangible Assets and their acquisition is included as an expense.

**Under O.Reg 284/09, this schedule is to be presented
prior to or as part of the budget approval process**