



**Town of Aurora
General Committee Report**

No. FS17-060

Subject: Final 2018 Operating Budget Adjustments
Prepared by: Dan Elliott, Director, Financial Services - Treasurer
Department: Financial Services
Date: December 5, 2017

Recommendation

- 1. That Report No. FS17-060 be received; and**
- 2. That the adjustments proposed for the 2018 Operating Budget be approved; and**
- 3. That the Treasurer bring forward a final budget approval report reflecting all adjustments recommended by the Committee directly to Council on December 12, 2017.**

Executive Summary

At the Budget Committee meeting of November 27, 2017, staff were asked to reexamine the draft 2018 budget for opportunities for refinement that would lead to additional funding availability. The Budget Committee has now reviewed all budget option decision unit items and identified which items are to be included in their 2018 operating budget to be recommended to Council, however the current tax rate pressure presently exceeds the established Council target of 3.1% by 0.2% or \$72,400, thus requiring a final net reduction in order to align it with the desired target.

Background

At the beginning of the 2018 budget process Council provided staff with the target of a maximum 3.1% tax rate increase for 2018; staff complied. Staff introduced a draft 2018 operating budget producing a 2.9% required tax increase, and a list of budget option decision units representing incremental budget pressures relating to increased levels of services, primarily arising from requests received from community groups. Over the course of its deliberations, the Budget Committee modified the original list of budget option decision unit items to be included in the budget to a total of five, representing a total net tax levy requirement of \$199,400. In addition, the Committee made multiple

adjustments to staff's originally proposed budget. At the conclusion of the November 27th budget committee meeting, the Town's 2018 draft operating budget was producing a total required tax levy increase of 3.3% being 0.2% over Council's desired maximum target. Consequently, the Budget Committee has asked staff to explore further opportunities for savings within the draft 2018 operating budget and bring them to the Committee for its review and approval.

Analysis

Staff took two approaches to closing the funding gap of \$72,400.

Budget option review undertaken

First, the budget option decision unit items were reviewed. Staff started by adding back the budget option decision items that were initially not approved by Committee, as they had all been ranked a priority for Committee. Then each community group owner of each budget option item was contacted to inquire if any reductions could be made to their said funding request. Further, any budget option items that were presented by staff were reviewed for possible reductions. Table 1 below outlines the outcomes of these efforts.

Table 1

Option	Original Request	Adjustment	Revised Request
Add Back: Pow Wow 2018	\$20,000	(2,000)	\$18,000
Add Back: Chamber of Commerce total requests	16,000	(5,000)	11,000
Reduce: Christmas Market	29,500	(2,000)	27,500
Reduce: Sport Aurora funding	113,400	(10,000)	103,400
Reduce: Youth Innovation Fair – fund by Aurora Mayor's Charity Golf Classic	5,000	(5,000)	0
Reduce: Sport Hall of Fame funding	51,500	(3,400)	48,100
Total Adjustments		(27,400)	

Introspective review of draft budget details completed

The second approach undertaken by staff was an introspective review of the draft operating budget details. Specifically, a line by line review was conducted focusing on savings that have occurred in both the 2016 actual results and the 2017 most current forecast results. These two ending results were averaged and compared to the 2018 proposed draft budget in an effort to identify possible areas for adjustment. Through this review the following list of budget adjustment opportunities presented in Table 2 below were identified.

Table 2

Budget Item	2018 draft	Proposed Adjustment	Revised Budget
Aquatics program revenues	(743,500)	(30,000)	(773,500)
Youth program revenues	(144,000)	(16,000)	(160,000)
Arboriculture contracts	60,000	(10,000)	50,000
Shrub bed maintenance	75,000	(10,000)	65,000
Software licenses and maintenance	497,400	(8,000)	489,400
Eliminate Citizen Budget Survey	7,000	(7,000)	0
Total Adjustments		(81,000)	

With the application of the above proposed budget decision unit item value and draft operating budget adjustments, the Budget Committee now has a draft 2018 operating budget that aligns with the desired tax pressure target which it can recommend to Council, which also includes all of its desired budget unit options.

Committee may still make revisions to the revised options list where applicable, which may reduce the budget from 3.1%.

Advisory Committee Review

N/A

Financial Implications

This report outlines options for concluding the Budget Committee's 2018 operating budget deliberations. At the conclusion of the Committee's November 27th meeting the draft 2018 operating budget's net tax levy increase requirement was \$1,407,500, which if approved as is, would result in a required tax levy increase of 3.26%, or \$72,400 above Council's established 3.1% target.

The staff adjustments proposed in this report can be summarized as follows:

	\$ Above Tax Target
Excess over target budget position by Committee (as of November 27, 2017)	72,400
Add: Excluded budget option decision unit items	36,000
Less: Budget option decision unit item value adjustments (Table 1)	(27,400)
Less: Other budget detail adjustments (Table 2)	<u>(81,000)</u>
Resulting position	0
Proposed tax rate increase	3.100%

Communications Considerations

This report will be posted to the Town's Budget and Financial Information web page for transparency and accountability as part of the overall annual budget communications and engagement plan. A final press release with budget highlights will be issued upon approval by Council.

Link to Strategic Plan

Developing the annual budget supports all aspects of the Strategic Plan. Specifically, this report supports the Plan principles of Leadership in Corporate Management, Leveraging Partnerships, and Progressive Corporate Excellence and Continuous Improvement.

Alternative(s) to the Recommendation

1. None: General Committee will consider this additional requested financial information.

The Committee may make recommendations for changes to the 2018 draft budget at any time during its review process.

Conclusions

Over the course of its deliberations on the 2018 draft operating budget, the Budget Committee has made multiple adjustments to the budget and its accompanying list of budget option decision unit items. As of the end of its committee meeting on November 27th, the Town's draft operating budget exceeded Council's desired tax increase target. Consequently, staff were asked to undertake a review and report back to the Budget Committee with a list of budget balancing options for its consideration and approval. If staff's recommended options in this report are approved by the Committee as presented, the resultant revised 2018 draft operating budget will comply with the established Council targeted tax increase of 3.1%.

Attachments

None

Previous Reports

FS17-046 - 2018 Operating Budget

FS17-059 - Additional Budget Information

Pre-submission Review

N/A

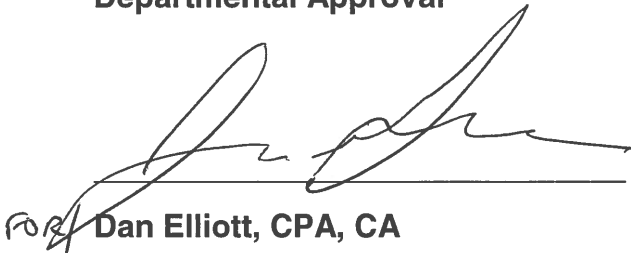
December 5, 2017

Page 6 of 6

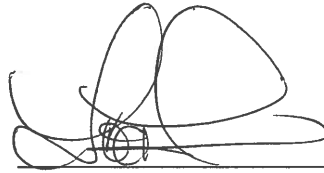
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Departmental Approval

Approved for Agenda



for **Dan Elliott, CPA, CA**
Director of Financial Services
- Treasurer



for **Doug Nadorozny**
Chief Administrative Officer