



Moving Forward

TOWN OF AURORA



2019

BUSINESS PLAN & BUDGET

CORPORATE REVENUES & EXPENSES



► CORPORATE EXPENSES & REVENUES

The Corporate Revenues & Expenses budget includes items which cannot be easily associated with specific departments or are Corporation-wide in nature.

For clarity there is a detailed description of each item following the financial chart and table.

Net Operating Results (shown in '\$000's)	Historical Expenditures			2018 Budget (adjusted)	Forecasted Net (as of Oct. 31, 2018)	2019 Draft Budget	2019 Budget vs 2018 Budget		2020 Outlook	2021 Outlook	2022 Outlook
	2015	2016	2017				Fav / (UnFav)				
							\$	%			
Supplementary Taxes & Payments in Lieu	(1,630.9)	(1,193.8)	(1,493.2)	(1,044.4)	(2,055.4)	(1,050.3)	5.9	0.6%	(1,056.3)	(1,062.4)	(1,068.6)
Contribution of Excess SUPPs to Reserves	-	-	648.1	400.0	1,145.3	400.0	-	-	400.0	400.0	400.0
Penalties on Unpaid Property Taxes	(891.2)	(877.5)	(970.8)	(850.0)	(950.0)	(900.0)	50.0	5.9%	(850.0)	(850.0)	(850.0)
Overhead cost reallocation to water & building services	(809.3)	(814.5)	(453.8)	(1,694.2)	(1,694.2)	(1,815.2)	121.0	7.1%	(1,771.4)	(1,588.5)	(1,611.5)
All Other Revenue	(5,895.2)	(4,743.9)	(4,644.5)	(5,248.2)	(6,989.1)	(5,879.6)	631.4	12.0%	(5,747.7)	(5,458.2)	(5,458.2)
Cash to capital	4,212.2	4,644.7	4,837.8	5,053.4	5,053.4	5,263.9	(210.5)	(4.2%)	5,650.2	6,056.5	6,483.7
All other expenses	5,381.6	3,746.3	3,500.5	3,611.6	5,225.5	4,556.4	(944.8)	(26.2%)	4,585.6	4,316.5	4,413.8
Total NET Operations	367.2	761.2	1,424.1	228.2	(264.5)	575.2	(347.0)	(152.0%)	1,210.4	1,813.9	2,309.2

KEY CHANGES TO 2019 OPERATING BUDGET		
VARIANCE	DESCRIPTION	AMOUNT (\$000's)
Cash to capital contribution increase		210.5
Rate stabilization draw reduction	2019 rate stabilization draw reduction net of planned 2018 draw.	313.5
Release of unrequired labour legislation monies.		(224.0)
Property tax assessment adjustments	Anticipated increase in property tax assessment adjustments	50.0
Overhead chargeback to water / building services	Adjustment Town chargeback to rate funded and building services groups.	(79.5)
Post retirement health and dental benefits increase	Anticipated increase to post retirement health and dental benefit costs attributable to increased number of benefitting retirees.	19.5
Increased penalties from on unpaid property taxes		(50.0)
Payment in Lieu of Taxes revenue increase		(5.9)
Other Minor Variances		112.9
TOTAL \$		347.0

▶ 2019 BUDGET HIGHLIGHTS

2019 Expenditures:

Corporate Expenses \$,000's	2017 Actual	2018 Budget (adjusted)	2018 Projected Year End Actuals	2019 Draft Budget
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Personnel Costs:

Town Wide Gapping	-	-		-
Retiree Benefits	118.9	28.2	37.1	47.8
Anticipated Labour Legislation Change Incremental Costs	-	224.2	224.2	-
Total Personnel Costs	118.9	252.4	261.3	47.8

Other Expenditures:

Cost Reallocations	(453.8)	(1,694.2)	(1,766.4)	(1,815.2)
External Audit Fees	63.5	40.9	31.4	40.9
Council Contingency Amount	3.8	20.0	45.6	50.0
W.S.I.B. Claims Costs	106.3	85.0	105.8	105.0
Capital Loan Payment	318.2	320.5	638.5	956.5
Contribution to Reserves	2,753.5	2,692.8	4,094.9	3,106.2
Contribution to Reserves of Excess SUPP Revenues	648.1	400.0	1,400.7	400.0
Contributions to Capital	4,837.8	5,053.4	5,053.4	5,263.9
In-Year Tax Adjustments	136.3	200.0	385.0	250.0
Reserved for Council Funding Decisions	-	-	-	94.1
Total Other	8,413.7	7,118.4	9,988.9	8,451.4

Total Expenditures	8,532.6	7,370.8	10,250.2	8,499.2
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2019 Budget vs 2018 Budget Fav / (UnFav)	
\$	%

-	n/a
(19.6)	(69.3%)
224.2	100.0%
204.6	-

121.0	7.1%
-	-
(30.0)	(150.0%)
(20.0)	(23.5%)
(636.0)	(198.4%)
(413.4)	(15.4%)
-	-
(210.5)	(4.2%)
(50.0)	(25.0%)
(94.1)	n/a
(1,333.0)	(18.7%)

(1,128.4)	(15.3%)
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Town-Wide Gapping - \$150,000:

All existing staff positions are budgeted for a full fiscal year. The amount planned for 2019 has been maintained at a similar level to that of 2018 being \$150,000. This amount anticipates savings arising from normal employee turnover; savings of not paying the salary during the recruitment period for the replacement staff member.

2019 Expenditures:

Retiree Benefits - \$47,800:

The on-going costs of dental and health benefits for employees who have retired early must continue to be borne by the Town until such time that the employee reaches their normal retirement age, then benefits cease. Consequently, the corporation must set aside a sufficient amount for this purpose. The value in 2019 of this segregated amount has been set at \$ 47,800, representing an amount that is \$ 19,600 higher than the 2018 amount.

Proposed Labour Legislation Estimated Financial Impact - \$0:

The anticipated financial impacts resulting from the province's proposed changes to Employment Standards legislation via its "Fair Workplaces, Better Jobs Act, 2017" ("Bill 148") was estimated at \$605,000 for 2018. This estimated value which was initially captured under the Corporate Expenses has now been distributed to the affected departments and is included in their 2019 budget amounts.

Cost Reallocations - \$1,815,200:

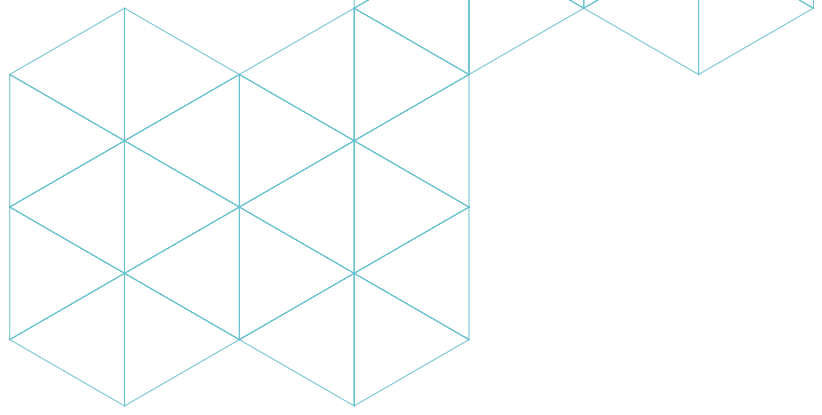
Overhead cost allocations are charged each year to the Building Services and Water Operations divisions whose operations are funded entirely by Building Services fees and water rates, respectively. This amount which reflects an estimated value of the total support services that are provided to both of these divisions includes: Council administration, CAO Support, legal services, facility management, IT support, accounting services, financial planning services, human resources; as well as, amounts for their share of insurance costs and for building plan and field inspections provided by Central York Fire Services. In 2018 staff undertook a comprehensive review of these estimated support costs to ensure that they remained relevant. As part of this review, the Building Services cost allocation methodology was adopted as the standard for all allocations of this nature. For 2019, the total water division cost recovery increased by \$72,200 over 2018 as a result of this review.

External Audit Fees - \$40,900:

This amount reflects the cost of undertaking a mandatory external audit of the Town's Financial Statements. Fees for 2018 remain unchanged from 2017.

Council Contingency Amount - \$50,000:

It is always difficult for departments and Financial Services to consider and include in the budget every possible expense that may arise during the coming fiscal year. In an effort to mitigate the impact of some of these unforeseen costs, or to meet other corporate or community needs, the Town sets aside a contingency amount each year to be used only by approval of Council. In an effort to ensure that this budget was sufficient, its original base amount \$50,000 has been re-established for 2019.



WSIB Claims Costs - \$105,000:

The Town of Aurora is a 'Schedule 2 Employer' with the Workplace Safety and Insurance Board (WSIB). This simply means that the Town pays for all of its costs incurred through the WSIB itself. In order to mitigate the risk of high claim costs, the Town utilizes a 3rd party insurance provider in order to cover any extreme costs of this nature. The WSIB Claims Costs account is utilized for the payment of any claims and costs experienced, which are not covered by the Town's "excess-loss" insurance. An equal and offsetting account in the Revenues section draws a contribution from the WSIB Reserve in order to fund these payments. Based on 2018 projected actuals, the budget has been increased from \$85,000 to \$105,000. The WSIB Reserve is funded directly by a charge to each operating group through the payroll system, which appears in each department cost center under their salaries and benefits sections.

Debt Payment - \$956,500:

In 2006, two debentures, one being a ten year and the other a twenty year in duration, were issued (through the Region) totaling \$16.9 million in order to finance a portion of the Stronach Aurora Recreation Complex (SARC). As of 2019 only the twenty year debenture remains outstanding with an annual debt repayment amount of \$229,300 in principal and \$91,300 interest. New for 2019, is a 10 year debenture totaling \$5.5m relating the construction of the Town's Joint Operations Centre (JOC). This debenture's carrying costs total \$636,000 per year. Both of these debenture's carry costs are fully offset through draws from the Development Charges Reserve. These draws can be found under the Corporate Revenues section with no impact on the tax levy.

Contributions to Reserves - \$3,106,200:

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

- The transfer to reserves of \$1,694,600 in anticipated Gas Tax revenue to be received in 2019. There is a fully offsetting revenue item for this amount. This item flows through the Town's "operating" accounts in order to comply with financial statement requirements.
- The transfer to reserves of \$1,101,100 in anticipated Ontario Community Infrastructure Program (OCIP) Formula revenue to be received in 2019. There is a fully offsetting revenue item for this amount. This item flows through the Town's "operating" accounts in order to comply with financial statement requirements.
- The transfer of \$289,500 to pay down the internally financed portion of the Library expansion. There is a fully offsetting revenue item being drawn from Development Charge Reserve Funds for this same amount.
- The annual contribution of \$20,000 to the Environmental Initiatives Reserve.
- A nominal amount of \$1,000 relating to the transfer of any revenues received from the Bell cellular small cell technology pilot project to the Economic Initiatives Reserve.

2019 Expenditures:

Tax Cash to Capital - \$5,263,900:

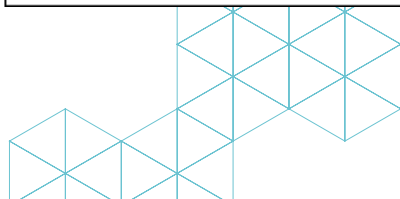
The 'Cash to Capital' component represents last year's amount of \$5,053,400, plus a \$210,500 increase representing 0.5% of annual tax revenue as per the Town's approved ten year capital investment plan. These funds are moved to the Town's reserve funds to be used for replacement and updating of existing town infrastructure, or for new capital purposes.

In-Year Tax Adjustments - \$250,000:

Every year, the Town receives notices and decisions relating to assessments and reassessments of properties within the Town's borders. Most of these decisions have a small impact on the amount of tax charged to a given property and some have a very large impact. The 2019 planned expense of \$250,000, includes only the Town's share of such tax adjustments, all of which are approved by the Municipal Property Assessment Corporation (MPAC), as part of the Ontario Assessment Review Board (ARB) appeal process.

2019 Revenues:

Corporate Revenue \$,000's	2017 Actual	2018 Budget (adjusted)	2018 Projected Year End Actuals	2019 Draft Budget	2019 Budget vs 2018 Budget Fav / (UnFav)	
					\$	%
Penalties on Taxes	(970.8)	(850.0)	(950.0)	(900.0)	50.0	5.9%
Investment Income	(1,550.0)	(1,600.0)	(1,600.0)	(1,600.0)	-	-
Interest from Hydro Funds	(100.0)	-	-	-	-	n/a
Federal Grants - Federal Gas Tax	(1,646.2)	(1,694.6)	(1,694.2)	(1,694.6)	-	-
Provincial Grants - OCIF, Other	(481.9)	(687.7)	(2,030.1)	(1,101.1)	413.4	60.1%
Trans From DC Reserves	(610.0)	(610.0)	(928.0)	(1,246.0)	636.0	104.3%
Trans From Other Reserves	(249.1)	(654.9)	(675.7)	(236.9)	(418.0)	(63.8%)
Payments in Lieu of Taxes	(286.5)	(294.4)	(294.4)	(300.3)	5.9	2.0%
Supplementary Taxes	(1,206.7)	(750.0)	(2,055.4)	(750.0)	-	-
Other	(7.3)	(1.0)	(62.7)	(1.0)	-	-
Total Revenues	(7,108.5)	(7,142.6)	(10,290.5)	(7,829.9)	687.3	9.6%
Total Revenues	(7,108.5)	(7,142.6)	(10,290.5)	(7,829.9)	687.3	9.6%





Penalties on Taxes - \$900,000:

The Town imposes late charge penalties and interest on late or unpaid tax installments. Revenues of this nature are referred to as Penalties on Taxes.

The anticipated penalties on taxes have been increased by \$50,000 over 2018, which is the result of the Town commencing the implementation of an updated water collections policy in 2018 which includes the consolidation of outstanding water account balances with any amounts owing within tax accounts.

Investment Income - \$1, 600,000:

It is anticipated that investment income will remain steady in 2019. The Town's investment portfolio continues to earn a competitive rate of return on its investments comprised of all of the Town's funds that are not required for the day-to-day operations. They are 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 in an effort to protect the public funds that are being invested. The portfolio includes a mix of long and short term products to meet our expected cash flow requirements.

Grants - Federal Gas Tax - \$1,694,600:

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. The Town expects to receive the same amount of tax funding for 2019 over the amount received in 2018. These funds are received as income through the operating budget. This income is then subsequently transferred to the Federal Gas Tax Reserve, now considered as an infrastructure repair & replacement funding source. Funds are then drawn from this reserve for eligible capital projects. All capital investments to which these funds are applied are in compliance with the terms of the Federal Gas Tax program.

Grants - Ontario Community Infrastructure Funding Program (OCIF) - \$1,101,100:

In 2014, the province of Ontario introduced a new grant program in recognition of the province's infrastructure funding gap. This program's total available funding is made available to municipalities in two components. One component being an allocation based upon a formula which factors in multiple variables such as a municipality's population, its total assessment base and average household income among others. These funds are received as income through the operating budget which is then subsequently transferred to an OCIF Reserve, now considered as an infrastructure repair & replacement funding source. The second component of this funding program is allocated based upon a project specific application basis. No revenue is budgeted for this second component. The formula amount for 2019 is expected to grow by \$413,400 over the amount received in 2018.

2019 Revenues:

Transfers from D.C. Reserves - \$1,246,000:

There are four amounts drawn from Development Charges Reserve Funds; an amount for the SARC debt payment of \$289,500, \$320,500 related to the internal financed debt of construction costs of the Library and \$636,000 relating to the debt costs associated with the construction of the JOC. These revenue items fund the same corresponding expense items previously detailed in the Expenses section.

Transfers from Other Reserves - \$236,900:

This category identifies funds that are coming from reserves in order to fund specific expenditures of a corporate-wide nature. For 2019, there are four planned funding transfers, one is in relation to the Town's normal transfer from the WSIB reserve to fund WSIB claims costs as outlined in the Expenses portion of this section which went from \$85,000 in 2018 to \$105,000 in 2019 and the other relates to a \$131,900 funding draw from the rate stabilization reserve in relation to Fire budget requirements.

Payments in Lieu of Taxes - \$300,300:

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'. This amount is expected to increase by an equivalent amount to staff's recommended 3.5% tax levy increase.

Supplementary Taxes - \$350,000:

Supplementary taxes (SUPPs) 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 occupancy. The 2019 budget amount of \$350,000 remains unchanged from 2018. The \$350,000 net budget amount is achieved through the planned contribution of \$400,000 in excess anticipated SUPP revenues to reserves. This reduction in planned reliance upon supplementary tax revenues is part of the fiscal strategy approved in January 2014. That strategy's goal is reducing operating budget reliance on this source over a period of several years. The Town plans to continue its annual reduction of \$75,000 of this revenue source over the next three year period as growth is expected to slow to long term levels.

