



**Finance
Advisory Committee
Meeting Agenda**

Tuesday, January 21, 2020

5:45 p.m.

**Holland Room
Aurora Town Hall**

Public Release
January 15, 2020



Town of Aurora Finance Advisory Committee Meeting Agenda

Date: Tuesday, January 21, 2020

Time and Location: 5:45 p.m., Holland Room, Aurora Town Hall

Appointment of Committee Chair

Recommended:

That a Committee member be appointed as Chair for Year 2020 of the Finance Advisory Committee 2018-2022 Term.

1. Approval of the Agenda

2. Declarations of Pecuniary Interest and General Nature Thereof

3. Receipt of the Minutes

Finance Advisory Committee Meeting Minutes of December 18, 2019

Recommended:

That the Finance Advisory Committee meeting minutes of December 18, 2019, be received for information.

4. Delegations

5. Consideration of Items

1. Review of Detailed Financial Budget Information Re: Community Services

Recommended:

1. That the comments and suggestions of the Review of Detailed Financial Budget Information for Community Services be received and referred to staff for consideration and action as appropriate.

2. FAC20-001 – FAC Review of Prudent Investor Regime

Recommended:

1. That Report No. FAC20-001 be received; and
2. That the Finance Advisory Committee provide staff with feedback regarding the Prudent Investor Regime.

3. 2020 Work Plan for Finance Advisory Committee

Recommended:

1. That the proposed 2020 Work Plan for the Finance Advisory Committee be received; and
2. That the 2020 Work Plan be approved.

6. New Business

7. Adjournment



**Town of Aurora
Finance Advisory Committee
Meeting Minutes**

Date:	Wednesday, December 18, 2019
Time and Location:	5:00 p.m., Holland Room, Aurora Town Hall
Committee Members:	Councillor Michael Thompson (Chair), Councillor John Gallo, Mayor Tom Mrakas (departed at 6:15 p.m.)
Member(s) Absent:	None
Other Attendees:	Keith Taylor, Investment Manager, ONE Investment, Colin Macdonald, Investment Services Manager, Municipal Finance Officers' Association of Ontario, Doug Nadorozny, Chief Administrative Officer, Rachel Wainwright-van Kessel, Director of Finance, Jason Gaertner, Manager, Financial Management Services, Karen Oreto, Financial Analyst, Laura Sheardown, Financial Analyst, Ishita Soneji, Council/Committee Coordinator

Councillor Gallo was re-appointed to the Finance Advisory Committee at the Council meeting of October 22, 2019.

The meeting time was changed to 5 p.m.

The Chair called the meeting to order at 5:05 p.m.

1. Approval of the Agenda

**Moved by Councillor Gallo
Seconded by Mayor Mrakas**

That the agenda as circulated by Legislative Services be approved.

Carried

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2. Declarations of Pecuniary Interest and General Nature Thereof

There were no declarations of pecuniary interest under the *Municipal Conflict of Interest Act, R.S.O. 1990, c. M.50*.

3. Receipt of the Minutes

Finance Advisory Committee Meeting Minutes of September 25, 2019

**Moved by Mayor Mrakas
Seconded by Councillor Gallo**

That the Finance Advisory Committee meeting minutes of September 25, 2019, be received for information.

Carried

4. Delegations

None

5. Consideration of Items

The Committee consented to consider the items in the following order: Items 3, 2, and 1.

1. Memorandum from Financial Management Advisor Re: Review of Investment Policy Statement under Prudent Investor Regime

Staff provided a brief overview of the memorandum and the process in adopting the Prudent Investor Regime thus far noting that the investment policy statement would outline the framework for long-term funds management to be managed by ONE Joint Investment Board (JIB). Mr. Keith Taylor and Mr. Colin Macdonald, representing ONE Investment and Municipal Finance Officers' Association of Ontario respectively, were present to respond to any questions.

The Committee sought clarification on the ONE JIB process in determining the funding strategy and framework, parameters of determining investment

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specific risk tolerances, asset allocation and potential return on investments, the reporting structure, and inquired about obtaining a legal opinion on Council liability. Staff provided clarifications noting that ONE JIB would determine the funding strategy specific to the Town based on the details provided in the investment policy statement, municipal client questionnaire, and the current financial circumstances communicated to ONE JIB.

The Committee requested further information regarding possible asset allocations and best practices, projected return on investments and associated risks, and suggested that in addition to an annual report to Council, a quarterly report to the Finance Advisory Committee be provided as part of the process.

**Moved by Councillor Gallo
Seconded by Mayor Mrakas**

1. That the memorandum regarding Review of Investment Policy Statement under Prudent Investor Regime, be received; and
2. That the comments and suggestions regarding the Review of Investment Policy Statement under Prudent Investor Regime be referred to staff for consideration and action as appropriate.

Carried

**2. Memorandum from Project Management Office
Re: Town's Major Capital Projects Update**

Staff provided a status update of the Town's current major capital projects, noting that all projects are on schedule and on budget, and that staff is currently working on delay claims regarding the Armoury project. The Committee inquired about the possibility of sending notifications to residents residing around the fire hall site and requested that the sign on the site be updated upon award of contract and finalization of the new design.

**Moved by Mayor Mrakas
Seconded by Councillor Gallo**

1. That the memorandum regarding Town's Major Capital Projects Update be received for information.

Carried

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**3. Distribution and Introduction of Detailed Financial Budget Information
Re: Community Services Department**

Staff noted that Robin McDougall, Director of Community Services would be present at the next meeting to review the detailed budget information for the Community Services department. The Committee requested that 2018 actual and the most recent 2019 forecast amounts and variance explanations be provided at the next meeting for discussion.

**Moved by Councillor Gallo
Seconded by Mayor Mrakas**

1. That the detailed financial budget information for community Services Department be received and deferred for discussion and detailed review at the January 21, 2020 meeting of the Finance Advisory Committee.

Carried

6. New Business

None

7. Adjournment

**Moved by Councillor Gallo
Seconded by Councillor Thompson**

That the meeting be adjourned at 6:16 p.m.

Carried

Run Date: 20-Dec-2019

TOWN OF AURORA
LINE-BY-LINE ANALYSIS - YTD Comparison
Final Approved Budget
2019

08 Community Services

	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2019 Approved Budget	2019 Forecast to Year-end	2019 Fcst vs 2018 Actual Increase / (Decrease)	2019 Fcst vs 2018 Actual Increase / (Decrease)	Variance Explanation
REVENUE:								
3-1102 ADMINISTRATIVE FEES	(162)	(169)	45	(400)	(165)	210	127.3%	
3-1201 OTHER	(241,386)	(211,677)	(251,121)	(225,900)	(237,161)	(13,960)	(5.9%)	
3-1202 GENERAL	-	(93,863)	(63,753)	-	(52,480)	(11,273)	(21.5%)	
3-1203 ADVERTISING	(40,124)	(40,498)	(45,187)	(40,930)	(40,285)	(4,902)	(12.2%)	
3-1204 SPONSORSHIP	(94,045)	(108,201)	(96,570)	(137,250)	(167,087)	70,517	42.2%	Projected increase in sponsorship revenue achieved.
3-1205 SALES	-	-	(2,236)	-	-	(2,236)	-	
3-1206 DONATIONS	(7,158)	(20,603)	(14,125)	(2,000)	(8,225)	(5,900)	(71.7%)	
3-1210 ADVERTISING SALES - FACILITIES	(88,873)	(97,656)	(106,334)	(111,000)	(122,021)	15,687	12.9%	
3-1300 RENTAL	(174,223)	(177,228)	(119,096)	(115,000)	(112,833)	(6,263)	(5.6%)	
3-1301 VENDING MACHINE SALES	(44,795)	(45,263)	(50,241)	(38,700)	(39,478)	(10,763)	(27.3%)	
3-1305 MEMBERSHIP FEES	(42,900)	(32,758)	(55,633)	(45,525)	(45,524)	(10,109)	(22.2%)	
3-1306 MEMBERSHIPS - FITNESS	(193,880)	(165,544)	(314,276)	(215,000)	(254,993)	(59,283)	(23.2%)	Revenue deferral from 2017 to 2018 creates an over inflated 2018 actual. 2019 represents a more realistic number.
3-1307 MEMBERSHIPS - RACQUETS	(19,317)	(10,086)	(15,378)	(13,000)	(9,893)	(5,485)	(55.4%)	
3-1308 MEMBERSHIPS - AQUATICS	(28,022)	(22,235)	(39,140)	(30,000)	(28,875)	(10,265)	(35.5%)	
3-1309 PROGRAM	(174,662)	(180,727)	(177,803)	(188,000)	(200,220)	22,417	11.2%	New programs and higher registration numbers resulted in higher than budgeted revenue.
3-1310 PROGRAM - FITNESS	(30,610)	(22,106)	(33,112)	(28,000)	(32,654)	(458)	(1.4%)	
3-1311 PROGRAM - RACQUETS	(15,680)	(15,317)	(15,016)	(11,500)	(14,132)	(884)	(6.3%)	
3-1312 PROGRAM - AQUATICS	(646,425)	(567,227)	(686,785)	(640,000)	(764,344)	77,559	10.1%	New programs and higher registration numbers resulted in higher than budgeted revenue.
3-1313 PROGRAM - ADULT	(25,496)	(20,838)	(43,658)	(30,000)	(41,984)	(1,674)	(4.0%)	
3-1314 PROGRAM - CHILDREN	(162,665)	(103,077)	(95,760)	(100,000)	(88,026)	(7,734)	(8.8%)	
3-1315 PROGRAM - PRESCHOOL	(161,227)	(100,319)	(90,357)	(120,000)	(96,100)	5,743	6.0%	
3-1317 PROGRAM - CAMPS	(662,473)	(635,761)	(628,428)	(635,000)	(702,355)	73,927	10.5%	New programs and higher registration numbers resulted in higher than budgeted revenue.
3-1319 ADMISSIONS	(24,935)	(24,205)	(23,753)	(24,500)	(25,993)	2,240	8.6%	
3-1320 ADMISSIONS - FITNESS	(77,810)	(73,552)	(77,745)	(75,000)	(82,730)	4,985	6.0%	
3-1321 ADMISSIONS - RACQUETS	(9,721)	(13,673)	(13,988)	(12,000)	(14,738)	750	5.1%	
3-1322 ADMISSIONS - AQUATICS	(149,549)	(114,360)	(112,362)	(115,000)	(113,442)	1,080	1.0%	
3-1323 ICE RENTAL	(1,763,834)	(1,809,192)	(1,798,149)	(1,785,000)	(1,847,188)	49,039	2.7%	
3-1324 PUBLIC SKATING	(45,601)	(33,845)	(38,115)	(27,000)	(32,753)	(5,362)	(16.4%)	
3-1325 SHINNEY HOCKEY	(7,654)	(7,005)	(7,784)	(8,000)	(10,611)	2,827	26.6%	
3-1326 PERSONAL TRAINING	(5,964)	(13,752)	(19,431)	(12,000)	(16,241)	(3,190)	(19.6%)	
3-1328 LOCKER FEES	(5,889)	(7,530)	(6,669)	(4,500)	(3,455)	(3,214)	(93.0%)	
3-1329 SALES COMMISSIONS	(4,234)	(4,081)	(4,014)	(4,600)	(1,849)	(2,165)	(117.1%)	
3-1332 LEASES	(183,202)	(179,547)	(183,433)	(228,945)	(228,946)	45,513	19.9%	Increase due to Armoury lease in 2019.
3-1336 VENDOR FEES	(5,252)	(1,046)	(743)	(800)	(7,102)	6,359	89.5%	
3-1337 FLOAT REGISTRATION FEES	(1,575)	(975)	(2,289)	(1,600)	(2,050)	(239)	(11.7%)	
3-1338 ENTRY FEES	(23,781)	(30,710)	(26,740)	(25,925)	(27,040)	300	1.1%	
3-1339 ROCK WALL	-	(951)	(1,816)	(1,500)	(1,937)	121	6.2%	
3-1800 FEDERAL GRANTS	(60,072)	(72,699)	(94,020)	(20,000)	(19,700)	(74,320)	(377.3%)	2019 forecast amount is incorrect. Received \$51,000 in federal grants for 2019. However, no longer receiving the Canada Day grant resulting in a difference of \$20,000 from 2018 to 2019.
3-1801 PROVINCIAL GRANTS	(42,700)	(50,182)	(58,330)	(51,000)	(48,923)	(9,407)	(19.2%)	
3-1803 OTHER GRANTS	(2,000)	(2,000)	(9,514)	-	(2,440)	(7,074)	(289.9%)	
3-1900 CONTRIBUTION FROM CAPITAL	-	(43,000)	-	-	-	-	-	
3-1901 CONTRIBUTION FROM DISCRETIONARY RESERVES	(102,000)	-	-	(3,500)	(2,000)	2,000	100.0%	
3-1925 BLDG, FURN & FIX R&R RESERVE CONTN	-	-	-	(46,532)	(46,532)	46,532	100.0%	Facility Capital Project Coordinator funding.
3-1929 TAX RATE STABILIZATION CONTRIBUTION	-	(40,000)	-	(34,800)	(34,800)	34,800	100.0%	Draw for stabilization of Armoury costs.
3-1939 RECREATION SPONSORSHIP CONTN	-	(2,868)	(10,000)	(10,000)	(10,000)	-	-	
3-1971 ARTS & CULTURAL CONTRIBUTION	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	-	-	
Total Revenue	(5,374,896)	(5,201,326)	(5,437,859)	(5,224,407)	(5,644,305)	206,446	3.7%	
EXPENSE:								
4-2000 SALARIES - F/T	3,559,531	3,695,986	3,800,485	4,332,322	4,154,567	354,082	8.5%	
4-2001 SALARIES - O/T	76,357	82,565	116,152	35,498	95,999	(20,153)	(21.0%)	Coverage to offset full-time absences was higher in 2018.
4-2002 SALARIES - P/T	2,013,874	2,185,029	2,607,811	2,511,673	2,587,111	(20,700)	(0.8%)	
4-2003 VACATION PAY	57,365	-	-	-	-	-	-	
4-2004 SICK PAY	13,919	-	-	-	-	-	-	
4-2005 LIEU TIME	901	-	-	-	-	-	-	
4-2090 YEAR END ACCRUALS	44,496	(7,921)	29,277	-	(60,948)	(90,225)	(148.0%)	Year-end accruals vary from year to year based on pay period ending dates.
4-2100 BENEFITS - OMERS	406,292	418,476	427,662	435,758	468,170	40,508	8.7%	
4-2101 BENEFITS - EHT	111,723	115,601	126,483	129,391	133,605	7,122	5.3%	
4-2102 BENEFITS - WSIB	41,391	43,171	47,701	49,766	50,738	3,037	6.0%	
4-2103 BENEFITS - CPP	196,309	204,279	228,445	261,931	236,851	8,406	3.5%	
4-2104 BENEFITS - EI	124,297	111,973	126,844	125,242	125,121	(1,723)	(1.4%)	
4-2105 BENEFITS - DENTAL	69,645	77,714	79,953	101,904	83,775	3,822	4.6%	
4-2106 BENEFITS - HEALTH	134,992	146,377	146,371	178,443	150,736	4,365	2.9%	
4-2107 BENEFITS - LTD/ADD	58,642	63,892	78,102	92,175	83,508	5,406	6.5%	

TOWN OF AURORA
LINE-BY-LINE ANALYSIS - YTD Comparison
Final Approved Budget
2019

06 Community Services

	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2019 Approved Budget	2019 Forecast to Year-end	2019 Fcst vs 2018 Actual Increase / (Decrease)	2019 Fcst vs 2018 Actual Increase / (Decrease)	Variance Explanation
4-2108 BENEFITS - OTHER	16,430	24,730	19,129	22,031	18,737	(392)	(2.1%)	
4-2200 WAGE RECOVERY	(1,535)	-	(92)	-	92	92	-	
4-2201 SALARY SAVINGS	-	-	-	(47,135)	-	-	-	
TOTAL SALARIES & BENEFITS	6,924,629	7,161,872	7,834,323	8,228,999	8,127,970	293,647	3.6%	
4-3000 PURCHASE CARD CLEARING	387	1,247	277	-	(204)	(481)	(235.8%)	
4-4000 OFFICE SUPPLIES	9,565	9,499	12,736	15,200	14,016	1,280	9.1%	
4-4006 OFFICE EQUIPMENT	-	-	739	1,500	1,339	600	44.8%	
4-4007 COMPUTER SUPPLIES	942	-	305	2,500	2,373	2,068	87.1%	
4-4009 SAFETY SUPPLIES	869	70	536	3,000	849	313	36.9%	
4-4010 CLOTHING ALLOWANCE	21,214	19,088	23,259	25,400	25,163	1,904	7.6%	
4-4011 CLEANING SUPPLIES	29	1,310	-	-	-	-	-	
4-4013 UTILITIES	1,805,886	1,879,613	1,685,972	2,009,777	1,840,779	154,807	8.4%	
4-4014 HEATING FUEL	291,107	354,013	364,685	418,700	348,419	(16,266)	(4.7%)	
4-4015 OPERATING MATERIALS	363,048	377,749	197,128	184,888	188,913	(8,215)	(4.3%)	
4-4018 LICENSES	5,049	5,511	7,653	9,400	8,354	701	8.4%	
4-4019 VEHICLE SUPPLIES	14,984	12,186	13,570	14,000	14,260	690	4.8%	
4-4021 EQUIPMENT - OTHER	28,867	16,083	11,330	20,200	16,292	4,962	30.5%	
4-4022 TOOLS	4,790	291	1,886	4,500	3,921	2,035	51.9%	
4-4025 PROGRAM MATERIALS	40,953	57,159	41,548	43,200	46,874	5,326	11.4%	
4-4026 PROMOTIONAL/RECOGNITION	936	2,135	1,080	3,700	1,505	425	28.2%	
4-4028 COST REALLOCATIONS	(17,850)	(50,000)	-	-	-	-	-	
4-4040 BUILDING SUPPLIES	6,250	-	15,968	17,500	16,058	90	0.6%	
4-4045 MUNICIPAL BUSINESS	4,313	3,201	12,835	3,900	13,236	401	3.0%	
4-4047 SUPPLIES	4,553	4,836	3,875	5,000	5,773	1,898	32.9%	
4-4058 OPERATING MATERIALS - ADVERTISING	12,021	18,697	34,612	15,000	24,264	(10,348)	(42.6%)	
4-4070 OPERATING MATERIALS	-	-	14,629	15,000	19,345	4,716	24.4%	
4-4071 OPERATING MATERIALS ARENA	-	-	11,956	17,000	11,308	(648)	(5.7%)	
4-4072 OPERATING MATERIALS CATERING	-	-	4,174	4,000	2,914	(1,260)	(43.2%)	
4-4073 OPERATING MATERIALS HARDWARE & TOOLS	-	-	7,625	18,950	27,838	20,213	72.6%	Reduced the budget in 2019 based on 2018 spend and ended up going over in this account. Also some expenses are related to the Armoury.
4-4074 OPERATING MATERIALS OFFICE FURNITURE	-	-	5,669	11,500	6,226	557	8.9%	
4-4075 OPERATING MATERIALS PARTS	-	-	12,253	12,000	554	(11,699)	(2,111.7%)	
4-4076 OPERATING MATERIALS POOL	-	-	41,478	31,000	49,909	8,431	16.9%	
4-4077 OPERATING MATERIALS RECYCLING	-	-	6,597	13,100	1,438	(5,159)	(358.8%)	
4-4078 OPERATING MATERIALS SIGNS	-	-	7,706	9,900	7,187	(519)	(7.2%)	
4-4079 OPERATING MATERIALS TELECOMMUNICATIONS	-	-	702	6,900	-	(702)	-	
4-4080 OPERATING MATERIALS AUDIO/VIDEO	-	-	8,538	10,900	8,641	103	1.2%	
4-4081 OPERATING MATERIALS ELECTRICAL SLUPLY	-	-	14,881	15,750	8,876	(6,005)	(67.7%)	
4-4082 OPERATING MATERIALS LOCKS,DOORS&WINDOWS	-	-	3,622	7,500	6,538	2,916	44.6%	
4-4083 OPERATING MATERIALS PAINTING SUPPLIES	-	-	6,927	12,400	10,179	3,252	31.9%	
4-4084 OPERATING MATERIALS PEST CONTROL	-	-	1,170	3,850	3,333	2,163	64.9%	
4-4085 OPERATING MATERIALS JANITORIAL SUPPLY	-	-	67,751	57,450	68,448	697	1.0%	
4-5021 MOBILE PLAN CHARGES	-	-	27,262	30,314	25,502	(1,760)	(6.9%)	
4-5026 COURSES & SEMINARS	7,358	10,261	12,488	14,012	13,819	1,331	9.6%	
4-5027 MANDATORY COURSES & SEMINARS	7,160	8,082	11,566	15,600	15,577	4,011	25.7%	
4-5028 MEMBERSHIPS	7,227	6,531	7,061	9,500	8,552	1,491	17.4%	
4-5029 MILEAGE	7,373	7,977	7,482	11,075	8,332	850	10.2%	
4-5033 EQUIPMENT REPAIRS	10,580	11,398	9,891	17,700	9,471	(420)	(4.4%)	
4-5034 EQUIPMENT RENTALS	36,665	41,633	48,266	55,505	54,544	6,278	11.5%	
4-5035 EQUIPMENT SERVICE CONTRACTS	89,532	94,014	-	-	-	-	-	
4-5036 COMPRESSOR REPAIRS	45,558	123,016	-	-	-	-	-	
4-5037 PROPERTY IMPROVEMENT	-	139	-	-	-	-	-	
4-5038 BUILDING REPAIR & MAINTENANCE	395,195	480,773	356	-	-	(356)	-	
4-5043 CONSULTING	4,657	5,666	5,032	8,000	5,500	468	8.5%	
4-5045 PHOTOCOPIER CHARGES	26,953	33,806	34,266	29,000	39,383	5,117	13.0%	
4-5046 PRINTING	2,706	5,377	6,337	11,000	7,293	956	13.1%	
4-5049 POLICE SEARCHES	230	180	-	500	-	-	-	
4-5059 CONTRACTS	1,935,039	1,581,812	982,709	1,329,850	1,280,668	297,959	23.3%	Some new programs were run by contracted service providers, resulting in these extra costs. Budgets were added for the Armoury and Library Square in 2019.
4-5060 COST RECOVERY	(7,725)	(6,004)	(24,518)	(54,000)	(58,525)	(34,007)	(58.1%)	Cost recovery for Scanlon Building moved to Corporate Accounts in 2018. The 2019 amount is for Tennis Dome Hydro Recovery.
4-5063 WASTE DISPOSAL FEE	33,850	33,850	33,850	34,500	47,847	13,997	29.3%	
4-5065 RENTALS	10,533	10,098	9,829	12,000	13,851	4,022	29.0%	
4-5066 CONTRACTS - OUTINGS	48,052	64,174	63,397	55,000	61,457	(1,940)	(3.2%)	
4-5076 PRINTING - ADVERTISING	45,114	42,683	44,477	52,500	49,824	5,347	10.7%	
4-5080 GUARD TEAM COMPETITION	-	368	-	500	236	236	100.0%	
4-5081 SENIORS GAMES	888	-	-	-	-	-	-	
4-5202 EQUIP SERV CONTRACTS ARENA	-	-	-	6,000	4,500	4,500	100.0%	
4-5203 EQUIP SERV CONTRACTS CATERING EQUIP	-	-	-	8,100	5,000	5,000	100.0%	
4-5204 EQUIP SERV CONTRACTS HDWR & TOOLS	-	-	-	1,200	800	800	100.0%	

Run Date: 20-Dec-2019

08 Community Services

TOWN OF AURORA
LINE-BY-LINE ANALYSIS - YTD Comparison
Final Approved Budget
2018

	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2019 Approved Budget	2019 Forecast to Year-end	2019 Fcst vs 2018 Actual Increase / (Decrease)	2019 Fcst vs 2018 Actual Increase / (Decrease)	Variance Explanation
4-5205 EQUIP SERV CONTRACTS POOL	-	-	1,238	8,000	5,000	3,762	75.2%	
4-5206 EQUIP SERV CONTRACTS RECYCLING TUBES	-	-	-	5,500	2,750	2,750	100.0%	
4-5207 EQUIP SERV CONTRACTS TELECOMMUNICATIONS	-	-	30,599	33,000	25,895	(4,704)	(18.2%)	
4-5208 EQUIP SERV CONTRACTS AUDIO/VIDEO	-	-	305	9,500	7,250	6,945	95.8%	
4-5209 EQUIP SERV CONTRACTS ELECTRICAL	-	-	9,978	30,600	17,981	8,003	44.5%	
4-5210 EQUIP SERV CONTRACTS CLEANING OTHER	-	-	4,094	10,000	5,325	1,231	23.1%	
4-5211 EQUIP SERV CONTRACTS SECURITY	-	-	-	13,711	7,750	7,750	100.0%	
4-5300 COMPRESSOR REPAIRS CONTRACT	-	-	22,698	32,850	85,913	63,215	73.6%	Increased repairs, but offset by savings in the budget line below.
4-5301 COMPRESSOR REPAIRS R&M	-	-	54,370	50,150	7,745	(46,625)	(602.0%)	Savings in this line for overage in the line above.
4-5400 BLDG R&M	-	-	33,376	17,900	5,779	(27,597)	(477.5%)	Less than anticipated repairs and expenses in 2019.
4-5401 R&M ARENA	-	-	55,003	38,500	38,972	(16,031)	(41.1%)	
4-5402 R&M POOL	-	-	11,393	26,500	24,452	13,059	53.4%	
4-5403 R&M GENERATOR	-	-	11,343	15,500	19,129	7,786	40.7%	
4-5404 R&M LIFE SAFETY	-	-	16,607	11,700	12,195	(4,412)	(36.2%)	
4-5405 R&M LOCKS,DOORS&WINDOWS	-	-	65,719	43,950	73,225	7,506	10.3%	
4-5406 R&M PAINTING/CONTRACTOR	-	-	9,861	16,500	9,963	102	1.0%	
4-5407 R&M PLUMBING	-	-	84,018	58,700	55,641	(28,377)	(51.0%)	2018 had higher expenses than 2019 budget to actuals.
4-5408 R&M ROOFING	-	-	10,350	25,500	26,628	16,278	61.1%	
4-5409 R&M MONITORING	-	-	68	8,700	322	254	78.9%	
4-5410 R&M ELECTRICAL	-	-	73,621	63,200	91,441	17,820	19.5%	
4-5411 R&M ELEVATOR	-	-	(7,793)	3,500	1,000	8,793	879.3%	
4-5412 R&M HVAC	-	-	1,098	78,200	76,443	75,345	98.6%	2018 had lower expenses than 2019. 2019 Budget to Actuals are on track.
4-5413 R&M HVAC BAS	-	-	41,301	47,000	47,891	6,590	13.8%	
4-5414 R&M HVAC WATER TREATMENT	-	-	74	8,500	4,250	4,176	98.3%	
4-5415 R&M SECURITY	-	-	13,906	11,800	22,016	8,110	36.8%	
4-5501 CONTRACTS GENERATOR	-	-	-	6,200	3,000	3,000	100.0%	
4-5502 CONTRACTS LIFE SAFETY	-	-	39,227	35,770	67,478	28,251	41.9%	Overage in this line is offset by unspent funds in 4-5504 due to incorrect GL coding.
4-5503 CONTRACTS PEST CONTROL	-	-	1,452	5,000	635	(817)	(128.7%)	
4-5504 CONTRACTS MONITORING	-	244	34,542	34,060	13,975	(20,567)	(147.2%)	See 4-5502 above.
4-5505 CONTRACTS CLEANING	-	-	433,384	474,200	490,648	57,264	11.7%	Additional cleaning at the Armoury and 3rd Floor JOC.
4-5506 CONTRACTS ELEVATOR	-	-	51,511	36,000	27,485	(24,026)	(87.4%)	2018 had higher expenses than 2019 budget to actuals.
4-5507 CONTRACTS HVAC PREV MTCE	-	-	215,911	139,250	267,590	51,679	19.3%	2019 had higher expenses than 2018 due to unexpected heat exchanger and boiler repairs.
4-5508 CONTRACTS HVAC BAS	-	-	-	-	-	-	-	
4-5509 CONTRACTS WATER TREATMENT	-	-	25,051	18,100	15,747	(9,304)	(59.1%)	
4-6001 BANK CHARGES	24,852	2,240	2,252	2,500	2,731	479	17.5%	
4-6002 ACTIVE NET CHARGES AND FEES	-	91,760	103,768	102,525	103,649	(119)	(0.1%)	
4-6003 ACTIVENET ROOM CHARGES AND FEES	-	13,784	9,868	10,000	9,810	(58)	(0.6%)	
4-7000 COMMUNITY GRANTS	17,319	15,791	10,054	16,000	14,172	4,118	29.1%	
4-7001 HISTORICAL SOCIETY GRANT	70,500	72,600	74,400	77,900	77,900	3,500	4.5%	
4-8002 CONTRIBUTIONS TO CAPITAL	43,862	-	-	-	-	-	-	
4-8003 CONTRIBUTIONS TO DISCRETIONARY RESERVES	56,245	127,592	61,765	106,170	107,364	45,599	42.5%	Corresponds with increased sponsorship revenue.
TOTAL OTHER EXPENSES	5,517,636	5,592,533	5,531,835	6,425,057	6,275,689	743,854	11.9%	
TOTAL EXPENSES	12,442,265	12,754,405	13,366,158	14,654,056	14,403,659	1,037,501	7.2%	
NET BUDGET	7,067,369	7,553,079	7,928,299	9,429,649	8,759,354	831,055	9.5%	

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TOWN OF AURORA
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07101 COMMUNITY SERVICES ADMINISTRATION

	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2019 Approved Budget	2019 Forecast to Year-end	2019 Fcst vs 2018 Actual Increase / (Decrease)	2019 Fcst vs 2018 Actual Increase / (Decrease)	Variance Explanation
REVENUE:								
Total Revenue	-	-	-	-	-	-	#DIV/0!	
EXPENSE:								
4-2000 SALARIES - F/T	203,909	213,438	196,140	233,892	232,336	36,196	15.6%	Director vacancy Jan-Mar 2018. Position 100% filled for 2019.
4-2090 YEAR END ACCRUALS	1,692	3,403	(6,591)	-	(4,697)	1,894	40.3%	
4-2100 BENEFITS - OMERS	27,822	25,743	22,099	27,762	27,226	5,127	18.8%	
4-2101 BENEFITS - EHT	4,518	4,183	3,885	4,561	4,491	606	13.5%	
4-2102 BENEFITS - WSIB	1,096	1,033	1,272	1,754	1,203	(69)	(5.7%)	
4-2103 BENEFITS - CPP	4,703	4,615	5,328	5,298	5,485	157	2.9%	
4-2104 BENEFITS - EI	2,466	2,107	2,403	2,452	2,409	6	0.2%	
4-2105 BENEFITS - DENTAL	3,544	3,290	3,039	3,472	3,428	389	11.3%	
4-2106 BENEFITS - HEALTH	6,040	5,625	5,213	6,080	5,883	670	11.4%	
4-2107 BENEFITS - LTD/ADD	3,090	2,813	3,147	5,308	4,046	899	22.2%	
4-2108 BENEFITS - OTHER	1,073	964	914	1,212	1,054	140	13.3%	
4-2201 SALARY SAVINGS	-	-	-	(47,135)	-	-	-	
TOTAL SALARIES & BENEFITS	259,953	267,214	236,849	244,656	282,864	46,015	16.3%	
4-3000 PURCHASE CARD CLEARING	387	1,247	277	-	(204)	(481)	(235.8%)	
4-4000 OFFICE SUPPLIES	1,113	1,553	1,732	1,500	1,903	171	9.0%	
4-4006 OFFICE EQUIPMENT	-	-	739	1,500	1,339	600	44.8%	
4-4045 MUNICIPAL BUSINESS	741	2,631	1,074	1,000	1,679	605	36.0%	
4-5021 MOBILE PLAN CHARGES	-	-	495	551	729	234	32.1%	
4-5026 COURSES & SEMINARS	523	2,799	675	3,200	3,068	2,393	78.0%	
4-5028 MEMBERSHIPS	1,729	1,780	1,780	3,200	2,039	259	12.7%	
4-5029 MILEAGE	134	16	-	500	250	250	100.0%	
4-5043 CONSULTING	-	-	2,417	2,500	-	(2,417)	-	
4-5045 PHOTOCOPIER CHARGES	26,953	33,806	34,266	29,000	39,383	5,117	13.0%	
4-5059 CONTRACTS	-	-	-	1,500	-	-	-	
TOTAL OTHER EXPENSES	31,580	43,832	43,455	44,451	50,186	6,731	13.4%	
TOTAL EXPENSES	291,533	311,046	280,304	289,107	333,050	52,746	15.8%	
NET BUDGET	291,533	311,046	280,304	289,107	333,050	52,746	15.8%	

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TOWN OF AURORA
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2019

07120 CULTURAL SERVICES

	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2019 Approved Budget	2019 Forecast to Year-end	2019 Fcst vs 2018 Actual Increase / (Decrease)	2019 Fcst vs 2018 Actual Increase / (Decrease)	Variance Explanation
REVENUE:								
3-1201 OTHER	(13)	(2,310)	(180)	-	(80)	(100)	(125.0%)	
3-1204 SPONSORSHIP	(250)	-	-	-	-	-	-	
3-1205 SALES	-	-	(2,236)	-	-	(2,236)	-	
3-1206 DONATIONS	-	(5,100)	-	-	-	-	-	
3-1800 FEDERAL GRANTS	(4,000)	(6,000)	(23,660)	-	-	(23,660)	-	
3-1901 CONTRIBUTION FROM DISCRETIONARY RESERVES	(2,000)	-	-	(3,500)	(2,000)	2,000	100.0%	
3-1971 ARTS & CULTURAL CONTRIBUTION	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	-	-	
Total Revenue	(11,263)	(18,410)	(31,076)	(8,500)	(7,080)	(23,996)	(338.9%)	
EXPENSE:								
4-2000 SALARIES - F/T	88,969	139,970	170,143	177,409	176,692	6,549	3.7%	
4-2002 SALARIES - P/T	7,203	10,992	14,606	31,058	22,559	7,953	35.3%	
4-2090 YEAR END ACCRUALS	415	1,456	776	-	(3,964)	(4,740)	(119.6%)	
4-2100 BENEFITS - OMERS	11,006	15,183	18,719	19,516	19,491	772	4.0%	
4-2101 BENEFITS - EHT	1,884	2,956	3,623	3,652	3,813	190	5.0%	
4-2102 BENEFITS - WSIB	660	1,115	1,317	1,404	1,467	150	10.2%	
4-2103 BENEFITS - CPP	2,544	5,303	5,809	5,677	6,328	519	8.2%	
4-2104 BENEFITS - EI	1,337	2,538	2,745	2,711	2,824	79	2.8%	
4-2105 BENEFITS - DENTAL	1,669	1,828	3,328	3,472	3,428	100	2.9%	
4-2106 BENEFITS - HEALTH	3,082	5,208	5,974	6,080	5,883	(91)	(1.5%)	
4-2107 BENEFITS - LTD/ADD	1,685	2,544	3,778	4,026	3,936	158	4.0%	
4-2108 BENEFITS - OTHER	423	639	851	920	813	(38)	(4.7%)	
TOTAL SALARIES & BENEFITS	120,877	189,732	231,669	255,925	243,270	11,601	4.8%	
4-4000 OFFICE SUPPLIES	541	974	607	500	500	(107)	(21.4%)	
4-4015 OPERATING MATERIALS	21,113	59,331	77,380	77,588	77,358	(22)	(0.0%)	
4-4018 LICENSES	449	-	1,010	1,100	504	(506)	(100.4%)	
4-4045 MUNICIPAL BUSINESS	2,530	-	6,754	1,500	1,500	(5,254)	(350.3%)	
4-5021 MOBILE PLAN CHARGES	-	-	495	551	509	14	2.8%	
4-5026 COURSES & SEMINARS	2,074	1,220	1,343	1,500	1,500	157	10.5%	
4-5028 MEMBERSHIPS	398	557	493	700	434	(59)	(13.6%)	
4-5043 CONSULTING	4,657	5,666	2,615	5,500	5,500	2,885	52.5%	
4-5059 CONTRACTS	393,900	416,213	415,700	415,700	415,700	-	-	
4-7000 COMMUNITY GRANTS	17,319	15,791	10,054	16,000	14,172	4,118	29.1%	
4-7001 HISTORICAL SOCIETY GRANT	70,500	72,600	74,400	77,900	77,900	3,500	4.5%	
TOTAL OTHER EXPENSES	513,481	572,352	590,851	598,539	595,577	4,726	0.8%	
TOTAL EXPENSES	634,358	762,084	822,520	854,464	838,847	16,327	1.9%	
NET BUDGET	623,095	743,674	791,444	845,964	831,767	40,323	4.8%	

Run Date: 20-Dec-2019

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TOWN OF AURORA
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	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2019 Approved Budget	2019 Forecast to Year-end	2019 Fcst vs 2018 Actual Increase / (Decrease)	2019 Fcst vs 2018 Actual Increase / (Decrease)	Variance Explanation
REVENUE:								
3-1102 ADMINISTRATIVE FEES	(162)	(169)	45	(400)	(165)	210	127.3%	
3-1201 OTHER	(9,000)	(9,270)	(9,548)	(9,900)	(10,565)	1,017	9.6%	
3-1204 SPONSORSHIP	(51,375)	(56,950)	(50,350)	(94,000)	(102,343)	51,993	50.8%	Projected increase in sponsorship revenue achieved.
3-1210 ADVERTISING SALES - FACILITIES	(90,146)	(97,656)	(106,334)	(111,000)	(122,021)	15,687	12.9%	
3-1300 RENTAL	(174,223)	(177,228)	(119,096)	(115,000)	(112,833)	(6,263)	(5.6%)	
3-1301 VENDING MACHINE SALES	(44,795)	(45,263)	(50,241)	(38,700)	(39,478)	(10,763)	(27.3%)	
3-1323 ICE RENTAL	(1,763,834)	(1,809,192)	(1,798,149)	(1,785,000)	(1,847,188)	49,039	2.7%	
3-1901 CONTRIBUTION FROM DISCRETIONARY RESERVES	(100,000)	-	-	-	-	-	-	
3-1929 TAX RATE STABILIZATION CONTRIBUTION	-	(40,000)	-	-	-	-	-	
Total Revenue	(2,233,535)	(2,235,728)	(2,133,673)	(2,154,000)	(2,234,593)	100,920	4.5%	
EXPENSE:								
4-2000 SALARIES - F/T	611,661	579,092	560,472	823,596	714,598	154,126	21.6%	New position (Cust. Serv. Spvr.) and F/T vacancies filled in 2019. F/T employee returned from LTD in 2019.
4-2001 SALARIES - O/T	4,545	6,061	6,021	-	8,663	2,642	30.5%	
4-2002 SALARIES - P/T	213,236	325,421	483,805	359,467	436,327	(47,478)	(10.9%)	Reduced dependency on P/T staff to offset F/T vacancies.
4-2003 VACATION PAY	6,000	-	-	-	-	-	-	
4-2004 SICK PAY	1,505	-	-	-	-	-	-	
4-2005 LIEU TIME	237	-	-	-	-	-	-	
4-2090 YEAR END ACCRUALS	3,611	172	25,895	-	(13,573)	(39,468)	(290.8%)	Year-end accruals vary from year to year based on pay period ending dates.
4-2100 BENEFITS - OMERS	65,505	65,684	62,431	77,019	85,104	22,673	26.6%	Increase in 2019 is due to Pay Equity adjustment.
4-2101 BENEFITS - EHT	16,433	17,796	20,394	21,973	22,569	2,175	9.6%	
4-2102 BENEFITS - WSIB	6,129	6,642	7,574	8,451	8,616	1,042	12.1%	
4-2103 BENEFITS - CPP	29,723	33,905	39,858	43,663	41,820	1,962	4.7%	
4-2104 BENEFITS - EI	19,154	18,103	21,687	20,347	21,566	(121)	(0.6%)	
4-2105 BENEFITS - DENTAL	13,348	14,372	15,292	20,832	15,555	263	1.7%	
4-2106 BENEFITS - HEALTH	26,245	27,447	27,983	36,479	28,927	944	3.3%	
4-2107 BENEFITS - LTD/ADD	10,814	10,478	12,526	17,875	14,534	2,008	13.8%	
4-2108 BENEFITS - OTHER	3,111	2,954	3,099	4,083	3,086	(13)	(0.4%)	
4-2200 WAGE RECOVERY	(302)	-	-	-	-	-	-	
TOTAL SALARIES & BENEFITS	1,030,955	1,108,127	1,287,037	1,433,785	1,387,792	100,755	7.3%	
4-4000 OFFICE SUPPLIES	3,994	3,806	5,165	6,500	5,536	371	6.7%	
4-4007 COMPUTER SUPPLIES	942	-	305	2,500	2,373	2,068	87.1%	
4-4015 OPERATING MATERIALS	8,777	4,920	5,153	10,200	16,593	11,440	68.9%	
4-4018 LICENSES	1,321	1,321	2,798	2,800	3,375	577	17.1%	
4-4045 MUNICIPAL BUSINESS	648	509	4,250	450	1,187	(3,063)	(258.0%)	
4-4058 OPERATING MATERIALS - ADVERTISING	12,021	18,697	34,612	15,000	24,264	(10,348)	(42.6%)	
4-5021 MOBILE PLAN CHARGES	-	-	495	551	666	171	25.7%	
4-5026 COURSES & SEMINARS	1,443	3,730	3,384	3,700	3,001	(383)	(12.8%)	
4-5029 MILEAGE	917	961	1,362	1,400	1,139	(223)	(19.6%)	
4-5059 CONTRACTS	154,529	6,069	151,462	134,800	112,363	(39,099)	(34.8%)	No longer funding Sport Aurora in 2019.
4-6001 BANK CHARGES	24,852	2,240	2,252	2,500	2,731	479	17.5%	
4-6002 ACTIVE NET CHARGES AND FEES	-	19,157	19,181	16,000	18,110	(1,071)	(5.9%)	
4-6003 ACTIVENET ROOM CHARGES AND FEES	-	13,784	9,868	10,000	9,810	(58)	(0.6%)	
4-8002 CONTRIBUTIONS TO CAPITAL	43,862	-	-	-	-	-	-	
4-8003 CONTRIBUTIONS TO DISCRETIONARY RESERVES	44,963	56,760	49,919	87,800	88,994	39,075	43.9%	Corresponds with increased sponsorship revenue.
TOTAL OTHER EXPENSES	298,269	131,954	290,206	294,201	290,142	(64)	(0.0%)	
TOTAL EXPENSES	1,329,224	1,240,081	1,577,243	1,727,986	1,677,934	100,691	6.0%	
NET BUDGET	(904,311)	(995,647)	(556,430)	(426,014)	(556,659)	(229)	(0.0%)	

Run Date: 20-Dec-2019
 Community Programs

TOWN OF AURORA
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	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2019 Approved Budget	2019 Forecast to Year-end	2019 Fcst vs 2018 Actual Increase / (Decrease)	2019 Fcst vs 2018 Actual Increase / (Decrease)	Variance Explanation
REVENUE:								
3-1201 OTHER	(209,252)	(200,485)	(235,015)	(201,000)	(216,578)	(18,437)	(8.5%)	
3-1203 ADVERTISING	(40,124)	(40,498)	(45,187)	(40,930)	(40,285)	(4,902)	(12.2%)	
3-1204 SPONSORSHIP	(42,420)	(51,251)	(46,220)	(43,250)	(64,744)	18,524	28.6%	
3-1206 DONATIONS	(7,158)	(15,503)	(14,125)	(2,000)	(8,225)	(5,900)	(71.7%)	
3-1210 ADVERTISING SALES - FACILITIES	1,273	-	-	-	-	-	-	
3-1305 MEMBERSHIP FEES	(42,900)	(32,758)	(55,633)	(45,525)	(45,524)	(10,109)	(22.2%)	
3-1306 MEMBERSHIPS - FITNESS	(193,880)	(165,544)	(314,276)	(215,000)	(254,993)	(59,283)	(23.2%)	Revenue deferral from 2017 to 2018 creates an over inflated 2018 actual. 2019 represents a more realistic number.
3-1307 MEMBERSHIPS - RACQUETS	(19,317)	(10,086)	(15,378)	(13,000)	(9,893)	(5,485)	(55.4%)	
3-1308 MEMBERSHIPS - AQUATICS	(28,022)	(22,235)	(39,140)	(30,000)	(28,875)	(10,265)	(35.5%)	
3-1309 PROGRAM	(174,662)	(180,727)	(177,803)	(188,000)	(200,220)	22,417	11.2%	New programs and higher registration numbers resulted in higher than budgeted revenue.
3-1310 PROGRAM - FITNESS	(30,610)	(22,106)	(33,112)	(28,000)	(32,654)	(458)	(1.4%)	
3-1311 PROGRAM - RACQUETS	(15,680)	(15,317)	(15,016)	(11,500)	(14,132)	(884)	(6.3%)	
3-1312 PROGRAM - AQUATICS	(646,425)	(567,227)	(686,785)	(640,000)	(764,344)	77,559	10.1%	New programs and higher registration numbers resulted in higher than budgeted revenue.
3-1313 PROGRAM - ADULT	(25,496)	(20,838)	(43,658)	(30,000)	(41,984)	(1,674)	(4.0%)	
3-1314 PROGRAM - CHILDREN	(162,665)	(103,077)	(95,760)	(100,000)	(88,026)	(7,734)	(8.8%)	
3-1315 PROGRAM - PRESCHOOL	(161,227)	(100,319)	(90,357)	(120,000)	(96,100)	5,743	6.0%	
3-1317 PROGRAM - CAMPS	(662,473)	(635,761)	(628,428)	(635,000)	(702,355)	73,927	10.5%	New programs and higher registration numbers resulted in higher than budgeted revenue.
3-1319 ADMISSIONS	(24,935)	(24,205)	(23,753)	(24,500)	(25,993)	2,240	8.6%	
3-1320 ADMISSIONS - FITNESS	(77,810)	(73,552)	(77,745)	(75,000)	(82,730)	4,985	6.0%	
3-1321 ADMISSIONS - RACQUETS	(9,721)	(13,673)	(13,988)	(12,000)	(14,738)	750	5.1%	
3-1322 ADMISSIONS - AQUATICS	(149,549)	(114,360)	(112,362)	(115,000)	(113,442)	1,080	1.0%	
3-1324 PUBLIC SKATING	(45,601)	(33,845)	(38,115)	(27,000)	(32,753)	(5,362)	(16.4%)	
3-1325 SHINNEY HOCKEY	(7,654)	(7,005)	(7,784)	(8,000)	(10,611)	2,827	26.6%	
3-1326 PERSONAL TRAINING	(5,964)	(13,752)	(19,431)	(12,000)	(16,241)	(3,190)	(19.6%)	
3-1328 LOCKER FEES	(5,889)	(7,530)	(6,669)	(4,500)	(3,455)	(3,214)	(93.0%)	
3-1329 SALES COMMISSIONS	(4,234)	(4,081)	(4,014)	(4,600)	(1,849)	(2,165)	(117.1%)	
3-1336 VENDOR FEES	(5,252)	(1,046)	(743)	(800)	(7,102)	6,359	89.5%	
3-1337 FLOAT REGISTRATION FEES	(1,575)	(975)	(2,289)	(1,600)	(2,050)	(239)	(11.7%)	
3-1338 ENTRY FEES	(23,781)	(30,710)	(26,740)	(25,925)	(27,040)	300	1.1%	
3-1339 ROCK WALL	-	(951)	(1,816)	(1,500)	(1,937)	121	6.2%	
3-1800 FEDERAL GRANTS	(56,072)	(66,699)	(70,360)	(20,000)	(19,700)	(50,660)	(257.2%)	2019 forecast amount is incorrect. Received \$51,000 in federal grants for 2019. However, no longer receiving the Canada Day grant resulting in a difference of \$20,000 from 2018 to 2019.
3-1801 PROVINCIAL GRANTS	(42,700)	(50,182)	(58,330)	(51,000)	(48,923)	(9,407)	(19.2%)	
3-1803 OTHER GRANTS	(2,000)	(2,000)	(9,164)	-	(2,440)	(6,724)	(275.6%)	
3-1900 CONTRIBUTION FROM CAPITAL	-	(43,000)	-	-	-	-	-	
3-1939 RECREATION SPONSORSHIP CONT'N	-	(2,868)	(10,000)	(10,000)	(10,000)	-	-	
Total Revenue	(2,923,775)	(2,674,166)	(3,019,196)	(2,736,630)	(3,029,936)	10,740	0.4%	
EXPENSE:								
4-2000 SALARIES - F/T	1,176,629	1,195,245	1,270,354	1,429,459	1,373,548	103,194	7.5%	
4-2001 SALARIES - O/T	14,396	16,215	17,004	-	17,675	671	3.8%	
4-2002 SALARIES - P/T	1,401,894	1,488,581	1,686,088	1,706,490	1,682,686	(3,402)	(0.2%)	
4-2003 VACATION PAY	40,185	-	-	-	-	-	-	
4-2004 SICK PAY	9,100	-	-	-	-	-	-	
4-2005 LIEU TIME	664	-	-	-	-	-	-	
4-2090 YEAR END ACCRUALS	23,456	(5,572)	13,621	-	(28,914)	(42,535)	(147.1%)	Year-end accruals vary from year to year based on pay period ending dates.
4-2100 BENEFITS - OMERS	133,994	141,927	151,001	151,224	158,314	7,313	4.6%	
4-2101 BENEFITS - EHT	50,076	52,697	58,074	59,267	60,136	2,062	3.4%	
4-2102 BENEFITS - WSIB	19,127	20,022	22,056	22,795	23,095	1,039	4.5%	
4-2103 BENEFITS - CPP	84,865	86,547	95,041	123,473	96,169	1,128	1.2%	
4-2104 BENEFITS - EI	59,696	53,481	59,746	59,071	57,230	(2,516)	(4.4%)	
4-2105 BENEFITS - DENTAL	20,247	25,635	25,606	31,248	26,890	1,284	4.8%	
4-2106 BENEFITS - HEALTH	41,636	45,231	46,133	54,719	47,668	1,535	3.2%	
4-2107 BENEFITS - LTD/ADD	20,759	23,697	29,286	32,439	30,787	1,501	4.9%	
4-2108 BENEFITS - OTHER	5,431	5,941	6,626	7,410	6,412	(214)	(3.3%)	
4-2200 WAGE RECOVERY	(469)	-	-	-	-	-	-	
TOTAL SALARIES & BENEFITS	3,101,686	3,149,647	3,480,636	3,677,595	3,551,696	71,060	2.0%	
4-4000 OFFICE SUPPLIES	2,525	2,739	3,740	3,700	4,427	687	15.5%	
4-4010 CLOTHING ALLOWANCE	2,562	3,867	5,337	5,400	8,221	2,884	35.1%	
4-4015 OPERATING MATERIALS	73,135	89,716	114,595	94,900	94,263	(20,332)	(21.6%)	New programs require extra materials. Corresponds with increased revenues above.
4-4018 LICENSES	816	816	876	1,000	876	-	-	
4-4021 EQUIPMENT - OTHER	22,508	14,031	11,146	19,200	16,241	5,095	31.4%	
4-4025 PROGRAM MATERIALS	40,953	57,159	41,548	43,200	46,874	5,326	11.4%	
4-4026 PROMOTIONAL/RECOGNITION	936	2,135	1,080	3,700	1,505	425	28.2%	
4-4045 MUNICIPAL BUSINESS	394	61	400	500	8,420	8,020	95.2%	

Run Date: 20-Dec-2019

TOWN OF AURORA
LINE-BY-LINE ANALYSIS - YTD Comparison
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Community Programs

	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2019 Approved Budget	2019 Forecast to Year-end	2019 Fcst vs 2018 Actual Increase / (Decrease)	2019 Fcst vs 2018 Actual Increase / (Decrease)	Variance Explanation
4-4047 SUPPLIES	4,553	4,836	3,875	5,000	5,773	1,898	32.9%	
4-5021 MOBILE PLAN CHARGES	-	-	16,484	18,329	7,785	(8,699)	(111.7%)	
4-5026 COURSES & SEMINARS	3,318	2,512	7,086	5,612	6,249	(837)	(13.4%)	
4-5027 MANDATORY COURSES & SEMINARS	1,211	949	154	1,600	1,105	951	86.1%	
4-5028 MEMBERSHIPS	1,479	1,867	1,901	1,900	2,478	577	23.3%	
4-5029 MILEAGE	4,220	5,270	4,460	6,675	4,782	322	6.7%	
4-5033 EQUIPMENT REPAIRS	10,580	11,398	9,891	17,700	9,471	(420)	(4.4%)	
4-5034 EQUIPMENT RENTALS	36,665	41,633	48,266	55,505	54,544	6,278	11.5%	
4-5046 PRINTING	2,706	5,377	6,337	11,000	7,293	956	13.1%	
4-5049 POLICE SEARCHES	230	180	-	500	-	-	-	
4-5059 CONTRACTS	546,598	502,559	414,451	500,350	475,034	60,583	12.8%	Some new programs were run by contracted service providers, resulting in these extra costs. Corresponds with increased revenue above.
4-5060 COST RECOVERY	(7,725)	(6,004)	(24,518)	(4,000)	(8,525)	15,993	187.6%	
4-5065 RENTALS	10,533	10,098	9,829	12,000	13,851	4,022	29.0%	
4-5066 CONTRACTS - OUTINGS	48,052	64,174	63,397	55,000	61,457	(1,940)	(3.2%)	
4-5076 PRINTING - ADVERTISING	45,114	42,683	44,477	52,500	49,824	5,347	10.7%	
4-5080 GUARD TEAM COMPETITION	-	368	-	500	236	236	100.0%	
4-5081 SENIORS GAMES	888	-	-	-	-	-	-	
4-6002 ACTIVE NET CHARGES AND FEES	-	72,603	84,587	86,525	85,539	952	1.1%	
4-8003 CONTRIBUTIONS TO DISCRETIONARY RESERVES	6,320	17,001	11,420	-	-	(11,420)	-	
TOTAL OTHER EXPENSES	858,571	948,028	880,819	998,296	957,723	76,904	8.0%	
TOTAL EXPENSES	3,960,257	4,097,675	4,361,455	4,675,891	4,509,419	147,964	3.3%	
NET BUDGET	1,036,482	1,423,509	1,342,259	1,939,261	1,479,483	137,224	9.3%	

TOWN OF AURORA
LINE-BY-LINE ANALYSIS - YTD Comparison
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	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2019 Approved Budget	2019 Forecast to Year-end	2019 Fcst vs 2018 Actual Increase / (Decrease)	2019 Fcst vs 2018 Actual Increase / (Decrease)	Variance Explanation
REVENUE:								
3-1201 OTHER	(23,122)	388	(6,378)	(15,000)	(9,939)	3,561	35.8%	
3-1202 GENERAL	-	(93,863)	(63,753)	-	(52,480)	(11,273)	(21.5%)	
3-1332 LEASES	(183,202)	(179,547)	(183,433)	(228,945)	(228,946)	45,513	19.9%	Increase due to Armoury lease in 2019.
3-1803 OTHER GRANTS	-	-	(350)	-	-	(350)	-	
3-1925 BLDG, FURN & FIX R&R RESERVE CONT'N	-	-	-	(46,532)	(46,532)	46,532	100.0%	Facility Capital Project Coordinator funding.
3-1929 TAX RATE STABILIZATION CONTRIBUTION	-	-	-	(34,800)	(34,800)	34,800	100.0%	Draw for stabilization of Armoury costs.
Total Revenue	(206,324)	(273,022)	(253,914)	(325,277)	(372,697)	118,783	31.9%	
EXPENSE:								
4-2000 SALARIES - F/T	1,478,363	1,568,240	1,603,376	1,667,965	1,657,394	54,018	3.3%	
4-2001 SALARIES - O/T	57,416	60,289	93,127	35,498	69,661	(23,466)	(33.7%)	Coverage to offset full-time absences was higher in 2018.
4-2002 SALARIES - P/T	391,539	360,036	423,312	414,658	445,539	22,227	5.0%	
4-2003 VACATION PAY	11,180	-	-	-	-	-	-	
4-2004 SICK PAY	3,315	-	-	-	-	-	-	
4-2090 YEAR END ACCRUALS	15,321	(7,380)	(4,424)	-	(9,800)	(5,376)	(54.9%)	
4-2100 BENEFITS - OMERS	167,964	169,939	173,411	160,237	178,035	4,624	2.6%	
4-2101 BENEFITS - EHT	38,812	37,968	40,508	39,938	42,596	2,088	4.9%	
4-2102 BENEFITS - WSIB	14,379	14,358	15,483	15,361	16,358	875	5.3%	
4-2103 BENEFITS - CPP	74,473	73,909	82,410	83,820	87,049	4,639	5.3%	
4-2104 BENEFITS - EI	41,645	35,744	40,264	40,661	41,092	828	2.0%	
4-2105 BENEFITS - DENTAL	30,836	32,589	32,688	42,880	34,474	1,786	5.2%	
4-2106 BENEFITS - HEALTH	57,989	62,866	61,068	75,086	62,376	1,308	2.1%	
4-2107 BENEFITS - LTD/ADD	22,293	24,360	29,365	32,528	30,206	841	2.8%	
4-2108 BENEFITS - OTHER	6,392	14,231	7,640	8,405	7,372	(268)	(3.6%)	
4-2200 WAGE RECOVERY	(765)	-	(92)	-	-	92	-	
TOTAL SALARIES & BENEFITS	2,411,152	2,447,149	2,598,136	2,617,037	2,662,352	64,216	2.4%	
4-4000 OFFICE SUPPLIES	1,391	426	1,492	3,000	1,650	158	9.6%	
4-4009 SAFETY SUPPLIES	869	70	536	3,000	849	313	36.9%	
4-4010 CLOTHING ALLOWANCE	18,652	15,221	17,922	20,000	16,942	(980)	(5.8%)	
4-4011 CLEANING SUPPLIES	29	1,310	-	-	-	-	-	
4-4013 UTILITIES	1,805,886	1,879,613	1,685,972	2,009,777	1,840,779	154,807	8.4%	
4-4014 HEATING FUEL	291,107	354,013	364,685	418,700	348,419	(16,266)	(4.7%)	
4-4015 OPERATING MATERIALS	260,023	223,782	-	2,200	700	700	100.0%	
4-4018 LICENSES	2,464	3,374	2,968	4,500	3,600	632	17.6%	
4-4019 VEHICLE SUPPLIES	14,984	12,186	13,570	14,000	14,260	690	4.8%	
4-4021 EQUIPMENT - OTHER	6,358	2,052	184	1,000	51	(133)	(260.8%)	
4-4022 TOOLS	4,790	291	1,886	4,500	3,921	2,035	51.9%	
4-4028 COST REALLOCATIONS	(17,850)	(50,000)	-	-	-	-	-	
4-4040 BUILDING SUPPLIES	6,250	-	15,968	17,500	16,058	90	0.6%	
4-4045 MUNICIPAL BUSINESS	-	-	357	450	450	93	20.7%	
4-4070 OPERATING MATERIALS	-	-	14,629	15,000	19,345	4,716	24.4%	
4-4071 OPERATING MATERIALS ARENA	-	-	11,956	17,000	11,308	(648)	(5.7%)	
4-4072 OPERATING MATERIALS CATERING	-	-	4,174	4,000	2,914	(1,260)	(43.2%)	
4-4073 OPERATING MATERIALS HARDWARE & TOOLS	-	-	7,625	18,950	27,838	20,213	72.6%	Reduced the budget in 2019 based on 2018 spend and ended up going over in this account. Also some expenses are related to the Armoury.
4-4074 OPERATING MATERIALS OFFICE FURNITURE	-	-	5,669	11,500	6,226	557	8.9%	
4-4075 OPERATING MATERIALS PARTS	-	-	12,253	12,000	554	(11,699)	(2,111.7%)	
4-4076 OPERATING MATERIALS POOL	-	-	41,478	31,000	49,909	8,431	16.9%	
4-4077 OPERATING MATERIALS RECYCLING	-	-	6,597	13,100	1,438	(5,159)	(358.8%)	
4-4078 OPERATING MATERIALS SIGNS	-	-	7,706	9,900	7,187	(519)	(7.2%)	
4-4079 OPERATING MATERIALS TELECOMMUNICATIONS	-	-	702	6,900	-	(702)	-	
4-4080 OPERATING MATERIALS AUDIO/VIDEO	-	-	8,538	10,900	8,641	103	1.2%	
4-4081 OPERATING MATERIALS ELECTRICAL SUPPLY	-	-	14,881	15,750	8,876	(6,005)	(67.7%)	
4-4082 OPERATING MATERIALS LOCKS,DOORS&WINDOWS	-	-	3,622	7,500	6,538	2,916	44.6%	
4-4083 OPERATING MATERIALS PAINTING SUPPLIES	-	-	6,927	12,400	10,179	3,252	31.9%	
4-4084 OPERATING MATERIALS PEST CONTROL	-	-	1,170	3,850	3,333	2,163	64.9%	
4-4085 OPERATING MATERIALS JANITORIAL SUPPLY	-	-	67,751	57,450	68,448	697	1.0%	
4-5021 MOBILE PLAN CHARGES	-	-	9,293	10,332	15,813	6,520	41.2%	
4-5027 MANDATORY COURSES & SEMINARS	5,950	7,133	11,412	14,000	14,472	3,060	21.1%	
4-5028 MEMBERSHIPS	3,622	2,328	2,888	3,700	3,602	714	19.8%	
4-5029 MILEAGE	2,102	1,730	1,660	2,500	2,162	502	23.2%	
4-5035 EQUIPMENT SERVICE CONTRACTS	89,532	94,014	-	-	-	-	-	
4-5036 COMPRESSOR REPAIRS	45,558	123,016	-	-	-	-	-	

Run Date: 20-Dec-2019

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	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2019 Approved Budget	2019 Forecast to Year-end	2019 Fcst vs 2018 Actual Increase / (Decrease)	2019 Fcst vs 2018 Actual Increase / (Decrease)	Variance Explanation
4-5037 PROPERTY IMPROVEMENT	-	139	-	-	-	-	-	
4-5038 BUILDING REPAIR & MAINTENANCE	395,195	480,773	356	-	-	(356)	-	
4-5059 CONTRACTS	840,011	656,971	1,096	277,500	277,571	276,475	99.6%	New budgets for Armoury and Library Square in 2019.
4-5060 COST RECOVERY	-	-	-	(50,000)	(50,000)	(50,000)	(100.0%)	Cost recovery for Scanlon Building moved to Corporate Accounts in 2018. The 2019 amount is for Tennis Dome Hydro Recovery.
4-5063 WASTE DISPOSAL FEE	33,850	33,850	33,850	34,500	47,847	13,997	29.3%	
4-5202 EQUIP SERV CONTRACTS ARENA	-	-	-	6,000	4,500	4,500	100.0%	
4-5203 EQUIP SERV CONTRACTS CATERING EQUIP	-	-	-	8,100	5,000	5,000	100.0%	
4-5204 EQUIP SERV CONTRACTS HDWR & TOOLS	-	-	-	1,200	800	800	100.0%	
4-5205 EQUIP SERV CONTRACTS POOL	-	-	1,238	8,000	5,000	3,762	75.2%	
4-5206 EQUIP SERV CONTRACTS RECYCLING TUBES	-	-	-	5,500	2,750	2,750	100.0%	
4-5207 EQUIP SERV CONTRACTS TELECOMMUNICATIONS	-	-	30,599	33,000	25,895	(4,704)	(18.2%)	
4-5208 EQUIP SERV CONTRACS AUDIO/VIDEO	-	-	305	9,500	7,250	6,945	95.8%	
4-5209 EQUIP SERV CONTRACTS ELECTRICAL	-	-	9,978	30,600	17,981	8,003	44.5%	
4-5210 EQUIP SERV CONTRACTS CLEANING OTHER	-	-	4,094	10,000	5,325	1,231	23.1%	
4-5211 EQUIP SERV CONTRACTS SECURITY	-	-	-	13,711	7,750	7,750	100.0%	
4-5300 COMPRESSOR REPAIRS CONTRACT	-	-	22,698	32,850	85,913	63,215	73.6%	Increased repairs, but offset by savings in the budget line below.
4-5301 COMPRESSOR REPAIRS R&M	-	-	54,370	50,150	7,745	(46,625)	(602.0%)	Savings in this line for overage in the line above.
4-5400 BLDG R&M	-	-	33,376	17,900	5,779	(27,597)	(477.5%)	Less than anticipated repairs and expenses in 2019.
4-5401 R&M ARENA	-	-	55,003	38,500	38,972	(16,031)	(41.1%)	
4-5402 R&M POOL	-	-	11,393	26,500	24,452	13,059	53.4%	
4-5403 R&M GENERATOR	-	-	11,343	15,500	19,129	7,786	40.7%	
4-5404 R&M LIFE SAFETY	-	-	16,607	11,700	12,195	(4,412)	(36.2%)	
4-5405 R&M LOCKS,DOORS&WINDOWS	-	-	65,719	43,950	73,225	7,506	10.3%	
4-5406 R&M PAINTING/CONTRACTOR	-	-	9,861	16,500	9,963	102	1.0%	
4-5407 R&M PLUMBING	-	-	84,018	58,700	55,641	(28,377)	(51.0%)	2018 had higher expenses than 2019 budget to actuals.
4-5408 R&M ROOFING	-	-	10,350	25,500	26,628	16,278	61.1%	
4-5409 R&M MONITORING	-	-	68	8,700	322	254	78.9%	
4-5410 R&M ELECTRICAL	-	-	73,621	63,200	91,441	17,820	19.5%	
4-5411 R&M ELEVATOR	-	-	(7,793)	3,500	1,000	8,793	879.3%	
4-5412 R&M HVAC	-	-	1,098	78,200	76,443	75,345	98.6%	2018 had lower expenses than 2019. 2019 Budget to Actuals are on track.
4-5413 R&M HVAC BAS	-	-	41,301	47,000	47,891	6,590	13.8%	
4-5414 R&M HVAC WATER TREATMENT	-	-	74	8,500	4,250	4,176	98.3%	
4-5415 R&M SECURITY	-	-	13,906	11,800	22,016	8,110	36.8%	
4-5501 CONTRACTS GENERATOR	-	-	-	6,200	3,000	3,000	100.0%	
4-5502 CONTRACTS LIFE SAFETY	-	-	39,227	35,770	67,478	28,251	41.9%	Overage in this line is offset by unspent funds in 4-5504 due to incorrect GL coding.
4-5503 CONTRACTS PEST CONTROL	-	-	1,452	5,000	635	(817)	(128.7%)	
4-5504 CONTRACTS MONITORING	-	244	34,542	34,060	13,975	(20,567)	(147.2%)	See 4-5502 above.
4-5505 CONTRACTS CLEANING	-	-	433,384	474,200	490,648	57,264	11.7%	Additional cleaning at the Armoury and 3rd Floor JOC.
4-5506 CONTRACTS ELEVATOR	-	-	51,511	36,000	27,485	(24,026)	(87.4%)	2018 had higher expenses than 2019 budget to actuals.
4-5507 CONTRACTS HVAC PREV MTCE	-	-	215,911	139,250	267,590	51,679	19.3%	2019 had higher expenses than 2018 due to unexpected heat exchanger and boiler repairs.
4-5508 CONTRACTS HVAC BAS	-	-	-	-	-	-	-	
4-5509 CONTRACTS WATER TREATMENT	-	-	25,051	18,100	15,747	(9,304)	(59.1%)	
4-8003 CONTRIBUTIONS TO DISCRETIONARY RESERVES	4,963	53,831	426	18,370	18,370	17,944	97.7%	
TOTAL OTHER EXPENSES	3,815,736	3,896,367	3,726,504	4,489,570	4,382,064	655,560	15.0%	
TOTAL EXPENSES	6,226,888	6,343,516	6,324,640	7,106,607	7,044,416	719,776	10.2%	
NET BUDGET	6,020,564	6,070,494	6,070,726	6,781,330	6,671,719	600,993	9.0%	



**Town of Aurora
Finance Advisory Committee Report
No. FAC20-001**

Subject: FAC Review of Prudent Investor Regime
Prepared by: Laura Sheardown, Financial Management Advisor
Department: Finance
Date: January 21, 2020

Recommendation

- 1. That Report No. FAC20-001 be received; and**
- 2. That the Finance Advisory Committee provide staff with feedback regarding the Prudent Investor Regime.**

Executive Summary

This report outlines:

- There are several benefits of investing under a Prudent Investor regime
- The Legal List of investment options differ significantly from those available as a Prudent Investor under ONE Fund
- A comparison of administration costs for legal list, One Fund and the Proposed ONE JIB investments
- Each type of investment has a different level of risk associated with them

Investing under the *Municipal Act, 2001* and O. Reg 438/97 is divided into the prescribed list of securities which is more commonly referred to as the Legal List and the Prudent Investor regime. The Prudent Investor regime gives the municipality access to a wider variety of investments, but also includes a new governance model.

The most cost effective manner through which the Town is able access the Prudent Investor regime is through a Joint Investment Board (JIB) as establishing its own Investment Board is not financially feasible. Currently, there are no joint investment boards in place in Ontario; however, LAS is in the process of establishing province's first JIB. The Town of Aurora has been invited to join LAS' ONE JIB as a founding member. As a member of a JIB, the municipality is required to relinquish its control and management of any funds that it does not require immediately to the JIB who will

invest on behalf of the municipality subject to the municipality's Investment Policy Statement and the overarching portfolio's investment plan.

Funds that are defined as being needed immediately by the Town of Aurora continue to follow the investing rules and limitations outlined through the Legal List.

On November 19, 2019, Council reviewed the benefits of the new Prudent Investor (PI) regime – FS19-033 Prudent Investor Option Analysis.

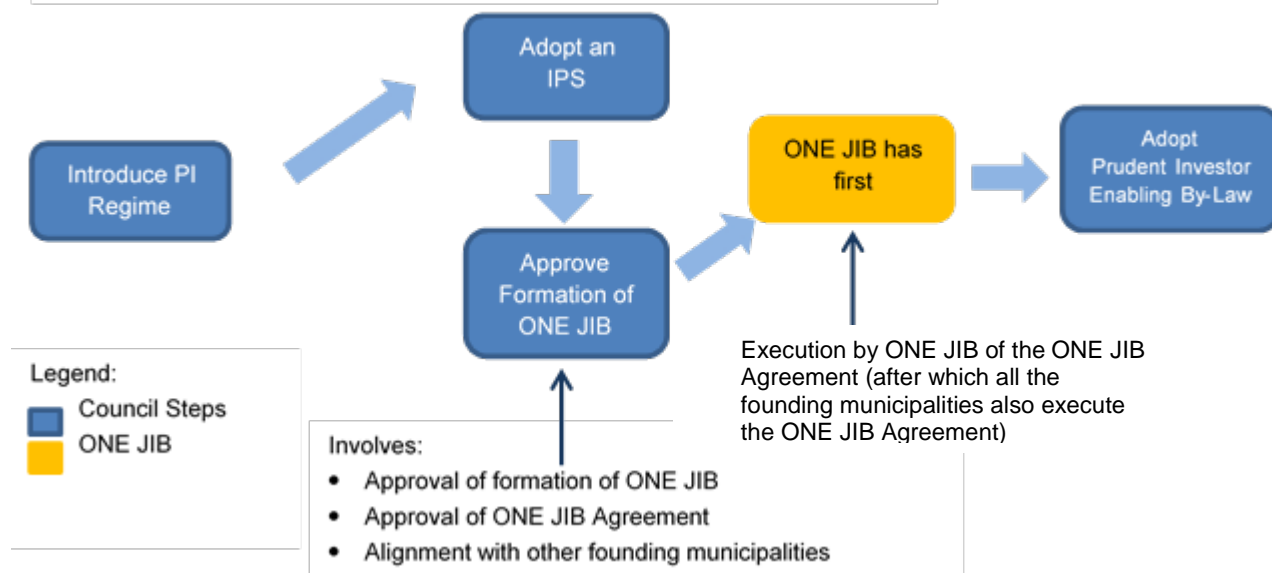
Figure 1 – Overview of PI Process – provides an outline of the required steps that must be followed in order to implement a PI regime under the Provincial Regulation from ONE Investment. The establishment of ONE JIB involves a three step Council approval process outlined below:

- Adoption of an Investment Policy Statement (IPS) which outlines the manner in which the Town of Aurora will invest under the PI regime and which is based on the completed Municipal Client Questionnaire
- Execution of the Initial Formation Agreement which establishes ONE JIB and which is described in a separate report
- Execution of the ONE JIB Agreement which establishes the relationship between the Town of Aurora, ONE JIB and ONE Investment and which is described in a separate report.

These steps must be undertaken by each of the founding municipalities if they wish to pursue the PI regime, which begins with the establishment of the ONE JIB. Once the Initial Formation Agreement is signed by all of the founding municipalities the ONE JIB will hold its inaugural meeting. After the ONE JIB has met and executed the ONE JIB Agreement, its founding municipalities will all also enter into the ONE JIB Agreement. Finally, each of the founding municipalities are required to pass a Prudent Investor Enabling By-law which will officially opt the municipality into the PI regime as at the Prudent Effective Date as set out therein.

The Prudent Investor Enabling By-law would be the last step in the municipality's adoption of the PI regime and can be viewed as a housekeeping matter. After the Prudent Effective Date that is set out in the Prudent Investor Enabling By-law, Town of Aurora can start transferring its money and investments that are not required immediately to ONE JIB for investment in accordance with the PI regime.

Figure 1 - Overview of Prudent Investor Process



Currently there are eight municipalities, outlined in the table below, that are actively moving forward together as founding members of the ONE JIB. To create the ONE JIB, a minimum of two municipalities, with a combined total of at least \$100 million in money and investments that are not required immediately must each have their Council adopt an IPS and enter into the necessary agreements.

Municipality	Money and Investments Not Required Immediately (Millions)
Town of Aurora	35
Town of Innisfil	15
City of Kenora	50
District of Muskoka	< 100
Town of Whitby	100
Town of Bracebridge	4
Town of Huntsville	< 15
Essex County	< 85
Total	~ 439

Currently, the Town of Aurora is in the process of adopting its Investment Policy Statement which encompasses not only the structure required for the investment of long-term funds under the Prudent Investor regime but also its governing structure for the investment of its short-term funds that will remain under the control of Town Staff.

Analysis

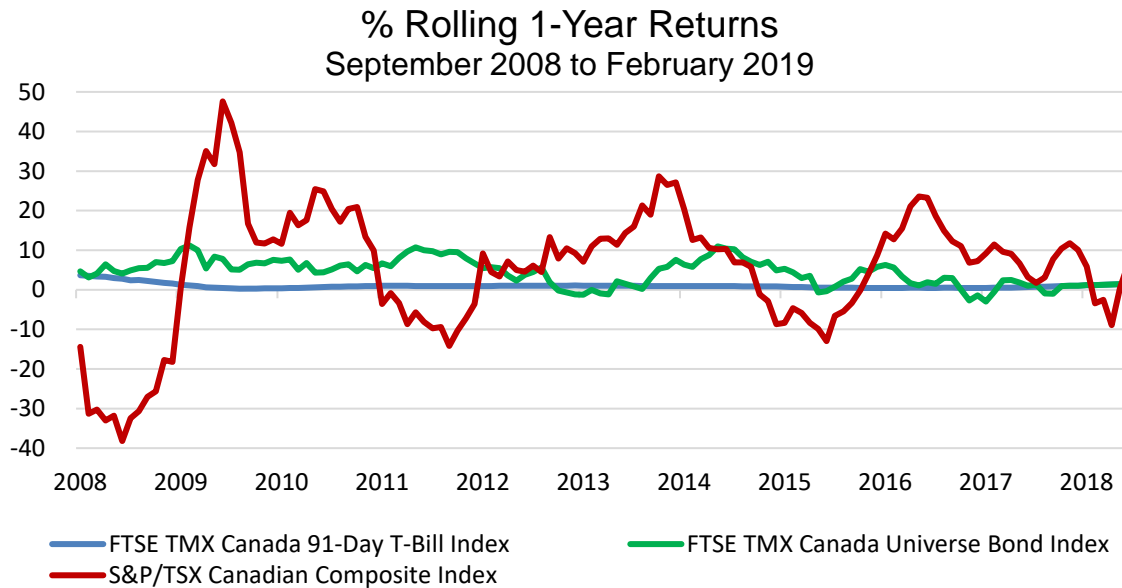
There are several benefits of investing under a Prudent Investor regime

The Prudent Investor regime expands municipal investment opportunities which may enable better risk-adjusted returns meaning that risk can be carefully balanced with returns. The restrictions placed on Legal List investing can embed concentration risk into the municipal investment portfolio. The diversification of available investment products and the removal of geographic limitations which are only available under the Prudent Investor regime may mitigate concentration risk.

Risk Adjusted Returns

For municipalities, as stewards of public funds preservation of capital is a key priority that needs to be balanced with the need for returns. Municipal budgets are under tremendous pressure to maximize revenues while minimizing the need for property tax increases. As municipalities seek to diversify revenues to put less pressure on property taxes, investment revenue becomes more important as an underused alternative revenue stream. Figure 2 below demonstrates the effect of “safe investments” on return potential. It shows the percentage returns on a rolling 1-year basis for Canadian stocks (red), Canadian Fixed Income (green) and short-term treasury bills (blue). When a municipality puts a heavy priority on capital preservation, it will often invest in short-term treasury bills, GICs, term deposits, or High Interest Savings Accounts (HISA), which ensures little to no losses due to the lack of volatility. However, you will note from Figure 1 below the low returns on short-term investments which over the 10-year time-period did not even keep up with inflation. Average annual inflation from 2008-2018 was 1.97% using the Consumer Price Index (2.55% using the Non-Residential Building Construction Price Index.)

Figure 2: Rolling 1-Year Returns Across Asset Classes

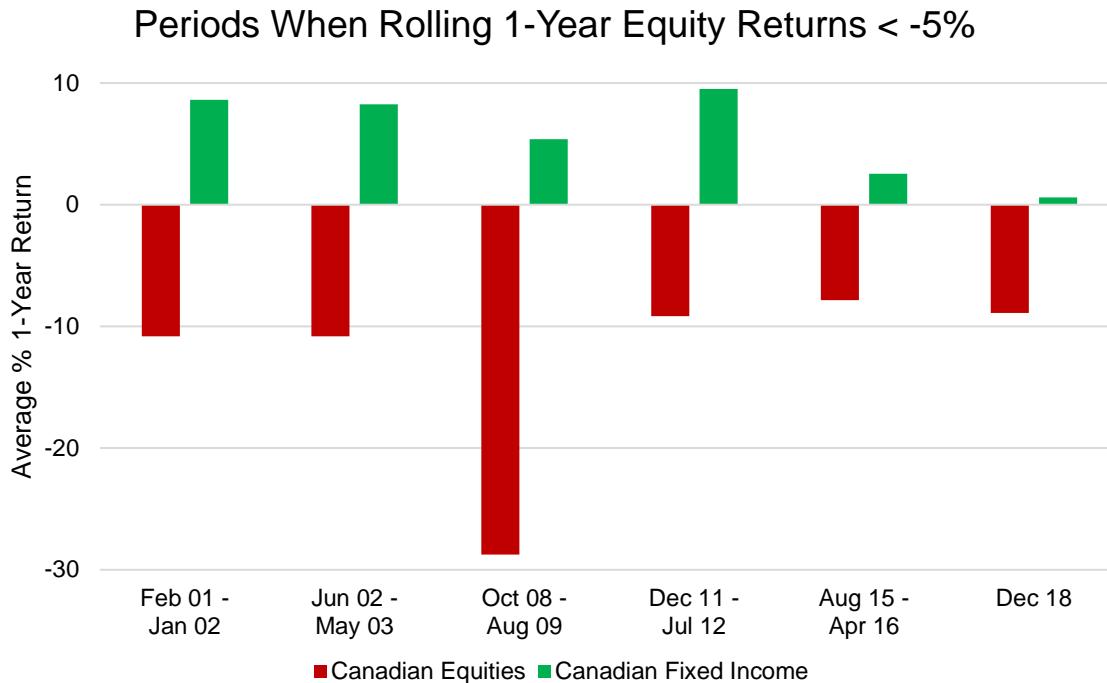


Sources: S&P, FTSE

Diversification

The Prudent Investor regime will enable the Town to invest in a broader array of investment products facilitating the building of a more diversified investment portfolio. This concept of diversification is one of the basic principles used to reduce overall portfolio risk. Figure 3 shows the risk-mitigating effect of diversification by asset class or product type. The figure looks only at periods when Canadian stock returns fell below negative 5%. Between 2008 and 2018, the Canadian stock markets (red bars) experienced six periods where values declined by greater than 5%; however, in each of those periods fixed income products (green bars) experienced positive returns. If an investor held both Canadian stocks and fixed income during these periods the total decline in stocks would have been partially or potentially fully offset by a positive return on fixed income.

Figure 3: Offsetting effect of portfolio diversification by asset class



Geographical Diversification

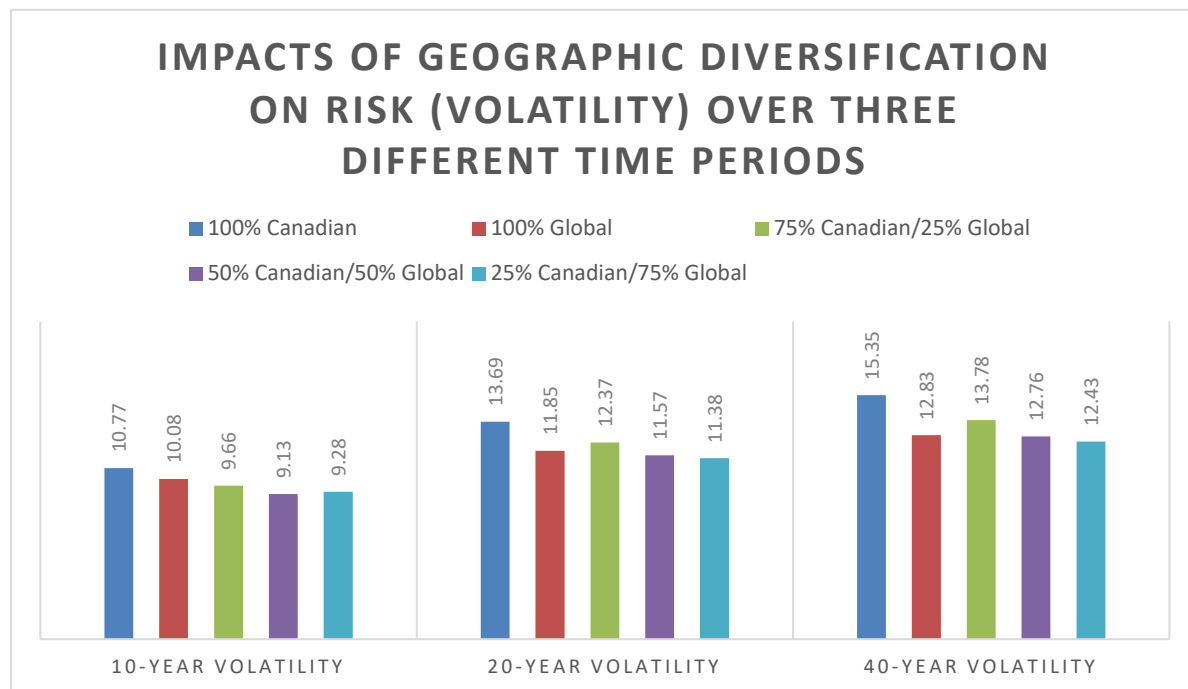
The Prudent Investor regime would allow the Town to invest in the Global markets. Securities prices in equities and fixed income markets outside of Canada will be influenced by a different set of factors than apply to Canadian securities. Typically, different economic fundamentals and political circumstances drive returns from investments outside of Canada. For this reason, the pattern of returns from Global stocks and fixed income will be differentiated in comparison to returns for Canadian securities, which provides a basis of diversification benefits, which in turn tend to reduce overall portfolio risk. Under the current Legal List, the Town can only buy Canadian equities (which are only available through ONE Investment) which exposes municipalities to the risk of a downturn in the Canadian market. The Canadian economy is highly exposed to global demand for, and the prices of, certain primary commodities (e.g. oil & gas, metals, agriculture, etc.). It is also dependent on exports and trade, particularly with the United States.¹ Canadian

¹ Source: See remarks of Stephen S. Poloz, Governor, Bank of Canada “Opening Statement”, January 9, 2019 and Bank of Canada Monetary Policy Report July 2019, “Key inputs to the base-case projection.”

equity markets represented less than 3% of global equity markets at the end of 2018.²

In looking at historical data (10, 20, and 40-year time periods) using different levels of geographic diversification, investors would have experienced less volatility if they held an asset mix that included both Global and Canadian stocks. Volatility is a common way to measure risk in investments – it represents swings in market value – so the higher the number the less stable the investment³. Figure 4 below shows the volatility of five different levels of geographic mix. The 100% Canadian stock mix was the most volatile, or risky, investment in all three time periods. The least volatile geographic mixes were those that had a combination of Canadian and Global stocks in most instances (See Appendix 2 for more detail on this analysis).

Figure 4: Volatility and Geographic Diversification



² Source: The World Bank. Canadian equity markets had total market capitalization of USD \$1.938 Trillion, vs total world market cap of USD \$68.654 Trillion.

³ The measure of volatility used throughout this document is standard deviation.

Higher-yield Securities

If a municipality can better manage risk through diversification it can use that tool to pursue greater returns by tolerating a greater level of risk over a small portion of its investments. Over a longer period, small differences in returns can have significant impacts.

There are two ways to attain higher returns:

1. Identify inefficiencies in the market (i.e., identify mispriced investment opportunities); and
2. Accept a higher level of risk.

Portfolio managers often try to identify inefficiencies in the market. They conduct research and analysis to identify investments they believe are incorrectly valued or identify themes that are not correctly reflected in securities prices. They then position their investments accordingly.

Changing investment allocations typically is done with the intent to achieve higher returns, but any change in investment allocations also changes the level of risk in the portfolios. It is for this reason that evaluating investments based on return potential alone is not prudent.

The Legal List of investment options differ significantly from those available as a Prudent Investor under ONE Fund

ONE Investment's Prudent Investor offerings will be a mix of its current Legal List options and two new funds that will only be available to PI investors – a Global Equity fund and a Global Bond fund. The sample allocation provided is a relatively conservative mix of 80% bonds (fixed income) and 20% stocks (equities). Modelling data provided by ONE Investment and conducted by AON Hewitt show that under these asset allocations at the same risk level (-5.0% worst case annual return), the expected annual return for PI is 1.3% higher than under LL: 4.3% vs 3.2% respectively (Table 1).

Table 1: Modelling expected returns of ONE Offerings

Assumed Asset Allocation Weights		
	Legal List	Prudent Investor
Money Market Portfolio	45%	
Bond Portfolio	15%	20%
Unconstrained Global Bonds		60%
Universe Corporate Bond Portfolio	20%	
Total Fixed Income	80%	80%
(Canadian) Equity Portfolio	20%	5%
Global Equity		15%
Total Equity	20%	20%
Expected return	2.90%	3.80%
Expected value added by managers	0.30%	0.50%
Expected return	3.20%	4.30%
Expected worst case annual return	~-5.0%	~-5.0%

Because the two new Prudent Investor offerings have an existing client base and track record, it is possible to compare the actual past performance of a Prudent Investor asset allocation to a comparable Legal List asset allocation. Comparing past performance of the funds (figure 5), over a five-year period from 2014 to 2018 the Prudent Investor option would have outperformed the Legal List option in four of the five years. In 2015, the Prudent Investor option would have outperformed Legal List by almost 7%. The average annual difference over the five years would have been a 2.69% in favour of the Prudent Investor option. However, it should be noted that in 2018 the Legal List option would have outperformed Prudent Investor by 0.12%. This demonstrates that moving to Prudent Investor does not guarantee

better returns year over year and that past performance is not always a reliable indicator of future performance.

Figure 5: Historical Rates of Return for ONE Investment Offerings (2014-18)⁴

	Money Market	Bond Portfolio	Univers Corporate Bond	Equity Portfolio	Global Bond	Global Equity	Legal List Allocation	Prudent Investor Allocation
2018	1.65%	1.95%	1.60%	-1.90%	-0.50%	5.70%	0.97%	0.85%
2017	0.84%	0.32%	2.62%	10.76%	4.60%	19.10%	3.10%	6.23%
2016	0.70%	1.17%	2.24%	15.29%	5.40%	0.90%	4.00%	4.37%
2015	0.94%	2.29%	3.70%	0.29%	7.70%	23.10%	1.56%	8.56%
2014	1.11%	3.45%	9.35%	20.24%	9.90%	15.90%	6.94%	10.03%

Investment Allocations

PI		20.00%		5.00%	60.00%	15.00%
LL	45.00%	15.00%	20.00%	20.00%		

Staff believe that when taking the projected future modelling results in conjunction with the past performance comparisons, that the Prudent Investor option offers greater opportunity for increased returns while more effectively managing concentration risk.

A comparison of administration costs for legal list, ONE Fund and the Proposed ONE JIB Investments

Legal List Investments

Although the Town does not pay separate management fees, the Investment Brokers through which the Town accesses its legal list investments receive their compensation through the difference between the wholesale rates offered by the banks and credit unions and the intuitional rates that are offered to the Town by the investment brokers. Please note that although investment firms are required to disclose all fees paid to them for retail clients, it is not a requirement for institutional clients, such as the Town.

⁴ Historical data provided by ONE Investment

ONE Fund

The ONE Fund charges its administration costs based upon the value of assets that it is responsible for managing.

ONE Joint Investment Board

The ONE JIB is still in the process of finalizing its cost recovery framework; however, it is likely to adopt a cost recovery regime in the form of a percentage of managed assets. It is important to note that the ONE JIB will be a non-profit organization, meaning if its total operating costs are \$1m, this is the maximum equivalent cost that it will bill its users. Unlike a private equity management firm, no further profit margins will be built into the ONE JIB's administrative costs.

A summary of the estimated administrative costs for each of these modes of investment are presented below.

Broker/Investment Fund	Basis Points Charged
Legal List - Other Town Investment Brokers (charged on rate of return)	3-15
ONE Fund (charged on assets under management)	
Money Market Portfolio	19
Bond Portfolio	40
Universe Corporate Bond	45
Equity Portfolio	60
ONE JIB	
Fixed Income Funds	35-45
Canadian Equity	55
Global Equity	75
Founder Discount	4

Each type of investment has a different level of risk associated with them

The below table presents a definition of what a low, medium and high investment risk is as well as some examples of the more common types of investment vehicles that fall under each of these risk categories. In general, the potential rate of return that can be achieved from a given investment vehicle has a direct relationship to the level of risk being taken.

Definition of Level of Investment Risk

Level of Risk	Definition	Examples
Low	A low probability of losing some or all of the funds invested.	<ul style="list-style-type: none">- Guaranteed Investment Certificates (GIC)- Treasury Bills- Money Market- Government Bonds- Corporate Bonds
Medium	An increased risk of capital loss over low risk investments. These investments can fluctuate in value more rapidly over short periods of time than low risk investments.	<ul style="list-style-type: none">- Equity Mutual Funds- Preferred Stocks- Income Mutual Funds
High	A high probability that some or all of the funds invested could be lost.	<ul style="list-style-type: none">- Common Stocks- Flow Through Shares

Advisory Committee Review

Not applicable

Legal Considerations

Section 450 of the Municipal Act states that a municipality, member of Council or an officer, employee or agent of the municipality is not liable in the exercise or non-exercise of a discretionary power when implementing policy decisions, provided that the exercise or non-exercise of the power, as the case may be, is done in good faith.

Financial Implications

The Prudent Investor regime provides municipalities with a new and very different framework through which it may manage the investment of funds that it does not require in the short term. Should a municipality meet the eligibility requirements thus allowing it to implement a prudent investor regime, it is able to access higher risk-adjusted returns over the long-term. In the case of the Town of Aurora, it can only feasibly adopt the PI regime through its participation in joint investment board. As noted previously, any Town funding invested under a Prudent Investor regime will be invested in a prudent manner by professionals who will take great care in projecting the original investment value while maximizing the possible returns that can be made on these monies in an environment where there are many more investment options.

Should the Town opt to become a founding member of the ONE JIB, it will be able to share in both the JIBs start-up and on-going operating costs with other founding members making it a much more financially feasible option for the Town. As a founding member, it is also expected to receive a discount in its investment administrative costs which will further mitigate its costs of adopting a prudent investor regime.

Other issues for consideration include the loss of control and management in respect of the day-to-day investment decisions relating to cash that is transferred to JIB for its management. Also, of consideration is the fact that there is no guarantee of improved investment returns and that the governance structure in the context of multiple municipalities is untested in Ontario.

Communications Considerations

There are no Communications considerations beyond posting this report to the Town website.

Link to Strategic Plan

Investment of the surplus and reserve funds of the Town, contributes to achieving the Strategic Plan guiding principle of 'Leadership in Corporate Management' and improves transparency and accountability to the community.

Alternative(s) to the Recommendation

1. Finance Advisory Committee may choose to accept, amend or reject any or all of the recommendations of this report.

Conclusions

Given the opportunity for risk reduction and greater returns, the PI regime is an opportunity that the Town of Aurora should pursue. ONE Investment is in the process of establishing a ONE JIB which will allow for the costs of set-up to participating municipalities to be significantly minimized. Should the Town of Aurora agree to join the ONE JIB as a founding member, it will be able to not only share the costs of the JIBs establishment with the other founding members, but also share on an on-going basis access to the expert investment and municipal financial advice that is required both by legislation and overall JIB success. As a founding municipality the Town of Aurora would gain access to benefits that it would otherwise not enjoy should it wait and instead join the ONE JIB after it has been established.

Attachments

Attachment #1: Town of Aurora's Draft Investment Policy Statement

Attachment #2: Impacts of Diversification on Risk

Attachment #3: Municipal Investment Questionnaire

Previous Reports

FS19-029 Prudent Investor

FS19-033 Prudent Investor Option Analysis

Pre-submission Review

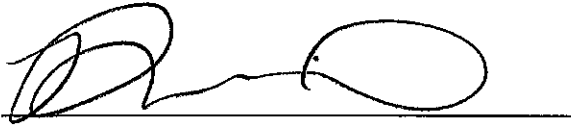
Agenda Management Team review on January 10, 2020

January 21, 2020

Page 15 of 15

Report No. FAC20-001

Departmental Approval

A handwritten signature in black ink, consisting of a large, stylized initial 'R' followed by a series of loops and a final large 'O' shape, positioned above a horizontal line.

**Rachel Wainwright-van Kessel, CPA, CMA
Director, Finance - Treasurer**

Appendix 1

INVESTMENT POLICY STATEMENT

FOR

THE CORPORATION OF THE TOWN OF AURORA (the “Municipality”)

JANUARY 21, 2020

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Town of Aurora

Investment Policy Statement

OVERVIEW

Municipalities that are subject to the Municipal Act, 2001 (the “Act”) have no general power to invest money. Such powers must be found either in express provisions of the Act or by necessary implication.

Historically, municipalities that are subject to the Act had very limited express investment powers under section 418 of the Act. Section 418 continues to apply to all municipalities that are subject to the Act unless they elect to pass a by-law pursuant to the new section 418.1. Section 418 of the Act provides that “money that is not required immediately” (MNRI) can only be invested in securities prescribed by the Province in O. Reg. 438/97 (the “Regulation”). These prescribed securities are generally referred to as the “Legal List Securities” and are included in Part I of the Regulation.

Effective January 1, 2019, the new section 418.1 of the Act came into force. Section 418.1 provides that MNRI can be invested under that section in any security, provided that in making the investment the municipality exercises the care, skill, diligence and judgment that a prudent investor would exercise in making the investment. If a municipality elects to pass a by-law under section 418.1, the effect will be that its MNRI must be invested in accordance with the prudent investor regime. The rules, conditions and procedures that apply to investments under section 418.1 are set out in Part II of the Regulation.

Investing MNRI in Legal List Securities or in accordance with the prudent investor regime are mutually exclusive alternatives. That is to say, section 418 does not apply to a municipality that has adopted the prudent investor regime under section 418.1.

Every municipality, regardless of whether section 418 or 418.1 applies to it, has MNRI and also money that is required immediately (MRI). Municipalities retain the management and control of their MRI. The Act does not include any express provisions that deal with the investment of MRI. However, it is consistent with prudent practice to invest such money until it is actually spent, in order to preserve the capital value of that money. Accordingly, it is necessarily implied that a municipality has the power to invest such money on a short term basis. Because the Act is silent as to how municipalities are to deal with MRI and because of the historical investment powers under the Act, a conservative approach is to invest MRI in appropriate Legal List Securities.

Municipalities that elect to pass a by-law pursuant to the new section 418.1 include in their investment policy (i) the basis upon which they distinguish between MNRI and MRI, and (ii) principles governing the investment of each category of money. This Investment Policy Statement (IPS) is intended to respond to the foregoing requirements.

Town of Aurora staff and Council understand that the funds being invested belong to the residents of Aurora. This investment and procedures documentation will ensure that all funds are invested with care, diligence and judgement of a prudent investor with a primary objective of principal preservation while maximizing returns.

1. GLOSSARY AND DEFINITIONS

The following capitalized terms are defined terms which have the meanings set out below:

Act: means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.

Agent: means any administrator, Custodian, payment servicer, portfolio manager, investment counsel, consultant, banker, broker, dealer or other service provider engaged or appointed by ONE JIB and authorized by ONE JIB to exercise any of the functions of ONE JIB pursuant to a written agreement, in the manner and to the extent provided in the Regulation and without limiting the generality of the foregoing, Agent includes ONE Investment.

Asset Mix (or Asset Allocation): means the proportion of each asset class in a portfolio. Asset classes include bank deposits, money market securities, bonds and equities, among other things.

Authorizing By-law: means a by-law of a Founding Municipality which authorizes: (i) the entering into of the Initial Formation Agreement; (ii) the establishment of ONE JIB; (iii) the approval of the Client Questionnaire and the adoption of the IPS; and (iv) the entering into of the ONE JIB Agreement.

Benchmark: means an index that is representative of a specific securities market (e.g. the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc.) against which investment performance can be compared. Performance benchmarks refer to total return indices in Canadian dollar terms.

CFA Institute: refers to the global, not-for-profit professional association that administers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) curricula and examination programs worldwide, publishes research, conducts professional development programs, and sets voluntary, ethics-based professional and performance reporting standards for the investment industry.

Custodian: means a specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking. Global custodians hold investments for their clients in multiple jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks").

Environmental, Social and Governance (ESG) Investing: means considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG factors alone. Integrating ESG information can lead to more comprehensive analysis of a company.

External Portfolio Managers: means external third-party investment management firms whose investment offerings are accessed by ONE JIB directly or through services provided to a Pooled Fund. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation.

Internal Controls: means a system of controls that may include authorities, policies, procedures, separation and segregation of duties, compliance checks, performance

measurement and attribution, reporting protocols, measures for safekeeping of property and data, and the audit process.

Investment Plan: means the investment plan applicable to the Long-Term Funds investments and adopted by ONE JIB under the Regulation, as it may be amended from time to time.

Investment Policy Statement (IPS): means the investment policy applicable to the Municipality's investments adopted and maintained by the Council of the Municipality for Long-Term Funds under the Regulation, and for Short-Term Funds, as the same may be amended from time to time. The IPS may also apply to the money and investments held by the Municipality for the benefit of persons other than the Municipality itself and may make reference to source(s) of money in which the Municipality may have an indirect interest but which the Municipality has no authority to invest.

JIB: is short for Joint Investment Board and means a joint municipal service board that is established under section 202 of the Act by two or more municipalities for the purposes of Part II of the Regulation.

Legal List Securities: means the securities and other investments and financial instruments that are included from time to time in Part I of the Regulation.

Local Distribution Corporation or LDC: means a corporation incorporated under section 142 of the *Electricity Act, 1998*.

Long-Term Funds: means the Municipality's money that is to be used to meet financial obligations that become due more than 18 months following the date of receipt of such money and is characterized as money that is not required immediately by the Municipality as described in section 5.2. Monies that are Long Term Funds will be invested in accordance with the Prudent Investor Standard.

MNRI: means money that is not required immediately

Modern Portfolio Theory: means a theory of portfolio management that looks towards the portfolio as a whole, rather than towards the prudence of each investment in the portfolio. This is found in the CFA Institute Standards of Practice Handbook.

MRI: means money required immediately.

Municipality: means The Corporation of the Town of Aurora.

ONE JIB: means ONE Joint Investment Board, established by certain founding municipalities under section 202 of the Act as a JIB for purposes of Part II of the Regulation, which is the duly appointed JIB for the Municipality, as constituted from time to time and which acts in accordance with the Act, the Regulation, the ONE JIB Agreement, including the Terms of Reference, this IPS and the Investment Plan.

ONE JIB Agreement: means the agreement effective as of June 1, 2020, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of the Municipality's Long-Term Funds.

Operational: means the funds required to meet annual operating and capital plan needs.

Participating Municipality: means from time to time each of the municipalities for whom ONE JIB acts as the JIB under the terms of the ONE JIB Agreement.

Pooled Fund: means a unit trust established under a trust instrument, generally not available to the public, in which institutional, sophisticated or high net worth investors contribute funds that are invested and managed by an External Portfolio Manager. Funds are pooled or combined with funds of other investors.

Portfolio: means any collection of funds that are grouped together and required for specific purposes.

Proxy Voting: means a legal transfer to another party of a shareholder's right to vote thereby allowing shareholders who cannot attend meetings to participate. External Portfolio Managers usually vote proxies on behalf of their clients.

Prudent Effective Date: means June 1, 2020, the date on which the prudent investor regime applies to the Municipality.

Prudent Investor Standard: means the standard that applies when the Municipality invests money that it does not require immediately under section 418.1 of the Act. It requires the Municipality to exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment and the standard does not restrict the securities in which the Municipality can invest. The Prudent Investor Standard makes use of Modern Portfolio Theory and applies the standard of prudence to the entire portfolio in respect of the Municipality's Long-Term Funds rather than to individual securities. It identifies the fiduciary's central consideration as the trade-off between risk and return as found in the CFA Institute Standards of Practice Handbook.

Regulation: means Ontario Regulation 438/97.

Risk: means the uncertainty of future investment returns.

Risk Tolerance: means the financial ability to absorb a loss. Risk tolerance increases with the build-up of capital funding.

Securities Lending: means loaning a security to another market participant. The borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. The Securities Lending program is managed by the Custodian on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional marginal returns on the total portfolio.

Short-Term Funds: means money that is required immediately by the Municipality as described in section 5.1 and which remains under the control and management of the Municipality. The funds can be invested in appropriate Legal List Securities.

Sinking Fund: means a fund established to fulfil the requirements to make annual contributions in respect of various debenture issues wherein money is to be regularly set aside for the payment of the principal of the debentures at maturity.

Sinking Fund Required Contributions (Annual Sinking Fund Requirement): means the amount of money to be set aside each year for deposit into a sinking fund or a retirement

fund, as applicable, for each sinking fund and term debenture issue in accordance with the Municipality's debenture by-laws when such debentures are issued.

Sinking Fund Required Earnings: means the investment earnings needed for the Sinking Fund Contributions to continue to grow to a value sufficient to repay the principal at maturity for each issue of sinking fund and term debentures.

Sinking Fund Excess Earnings: means the investment earnings in excess of the required earnings.

2. PURPOSE AND LEGISLATIVE FRAMEWORK

2.1 Purpose of Policy

This IPS governs the investment of the Municipality's MNRI and MRI. It is intended, among other things, to direct the Treasurer in the investment of MRI and to direct ONE Joint Investment Board (ONE JIB) in the investment of MNRI by implementing the Authorizing By-law XXXX-20 pursuant to which the Municipality authorized the establishment of guidelines for the prudent management of the Municipality's MNRI pursuant to section 418.1 of the Act.

In addition to the Municipality's MRI and MNRI, the Municipality is from time to time entrusted with the management of money and investments for a third party beneficiary ("third party trust funds").

There are also source(s) of money in which the Municipality may have an indirect interest but which the Municipality currently has no authority to invest. Such source(s) of money, referred to in this IPS as "designated funds", are listed in Schedule A attached hereto. The designated funds are identified in this IPS for the sole purpose of enabling the Municipality to better see, on an aggregated basis, the various financial assets in which the Municipality has an interest. The Municipality is not responsible for the investment activities or performance of designated funds.

The goals of this IPS are to:

- Define and assign responsibilities for investment of MRI and MNRI;
- Describe the Municipality's responsibilities with respect to third party trust funds and designated funds
- Ensure compliance with the applicable legislation;
- Direct ONE JIB as to the Municipality's investment goals and risk tolerance;
- Provide guidance and limitations regarding the investments and their underlying risks;
- Establish a basis of evaluating investment performance and the underlying risks; and,
- Establish a reporting standard to Council.

This IPS applies to employees of the Municipality, to ONE JIB and to the employees of ONE Investment. ONE JIB, the Treasurer, and any agent or advisor providing services to ONE JIB in connection with the investment of the portfolio shall accept and strictly adhere to this IPS.

2.2 Governing Legislation

Investments of MRI will, in accordance with this IPS, only be made in Legal List Securities.

Investments of MNRI are governed by the Prudent Investor Standard in accordance with Section 418.1 of the Act. This standard is similar to that which governs trustees and pension fund administrators and creates a fiduciary responsibility. Prudent investment in compliance with the Act and the Regulation enhances the potential for the Municipality to earn improved risk-adjusted rates of return.

Money and investments that the Municipality holds as third party trust funds or has an interest in as designated funds will be subject to applicable legislation and any related agreements or instruments.

The Act provides that the Municipality must consider the following criteria in planning investments of MNRI, in addition to other criteria relevant to the circumstances:

- General economic conditions;
- The possible effect of inflation or deflation;
- The role that each investment plays within the Municipality's total portfolio of investments;
- The expected total return from income and the appreciation of capital; and
- Needs for liquidity, regularity of income and preservation or appreciation of capital.

2.3 Prudent Investor Standard

For MNRI, the standard to be used by the Municipality and ONE JIB shall be the "prudent investor" standard as required by section 418.1 of the Act and Part II of the Regulation in the context of managing the Municipality's MNRI and investments thereof. Investments shall be made with the care, skill, diligence, and judgment, taking into account the prevailing circumstances, which persons of prudence, discretion and integrity would exercise in the management of investments, considering the necessity of preserving capital as well as the need for income and appreciation of capital. The Act includes a duty to obtain the advice that a prudent investor would obtain under comparable circumstances.

As well, the Prudent Investor Standard makes use of Modern Portfolio Theory, which looks towards the portfolio as a whole, rather than towards the prudence of each investment in the portfolio.

Officers, employees and investment agents acting in accordance with written procedures and the IPS and exercising due diligence shall take all necessary actions to optimize performance of investments on a portfolio basis, taking into account the prescribed risk and other parameters set out in this IPS and market factors. The Municipality's staff acting in accordance with written procedures and this IPS, shall be relieved of personal responsibility for an investment's performance, provided underperformance relative to expectations is reported to Council and the liquidation or sale of investments is carried out in accordance with this IPS.

3. MONEY REQUIRED IMMEDIATELY AND MONEY NOT REQUIRED IMMEDIATELY

3.1 Determination of MNRI and MRI

Determination of the Municipality's MNRI is the responsibility of Council. In making the determination, Council may consider:

- the time horizon within which the monies are needed to meet financial obligations
- the purpose for which the monies have been collected or set aside and are to be used
- the source of the money
- any combination of the foregoing

The Municipality's MNRI will be comprised of money that is to be used to meet financial obligations that become due more than 18 months from the date of receipt of such money by the Municipality.

For certainty, all money of the Municipality that has not been identified as MNRI (other than third party trust funds and any designated funds referenced in Section 2.1) shall be deemed for purposes of this IPS to be MRI.

Determination of the Municipality's MNRI and MRI may be modified at any time and from time to time by action of Council and with respect to specific funds by the Treasurer in accordance with the provisions of Section 6.2.

Any changes in this IPS regarding the Municipality's MNRI and MRI must be communicated immediately in writing to ONE JIB.

3.2 Overview of Portfolios

The Municipality's portfolios represent funds required for specific purposes. A high level description of each of these portfolios and their objectives is provided in Section 5 below. This IPS applies to the following money of the Municipality, its agencies, boards and commissions including:

- MRI which is invested in Legal List Securities; and/or
- MNRI which is invested under the prudent investor regime.

4. ROLES AND RESPONSIBILITIES

4.1 Role of ONE JIB

ONE JIB has been appointed by the Municipality in accordance with the requirements of the Act and the Regulation and on the terms and conditions set out in the ONE JIB Agreement (Appendix I).

ONE JIB exercises control and management of the Municipality's MNRI and the investments made by it with such MNRI.

Among the responsibilities of ONE JIB are the following:

- Reviewing this IPS;
- Adopting and maintaining an Investment Plan that complies with this IPS;
- Engaging External Portfolio Managers, Custodians, administrators and other investment professionals (Agents);
- Allocating the money and investments under its control and management among External Portfolio Managers;
- Monitoring the performance of the Agents; and,
- Reporting to the Municipality.

The foregoing is subject to the more detailed terms and conditions contained in the ONE JIB Agreement.

4.2 Role of Municipal Staff

This IPS is approved and adopted by Council with input from the Treasurer, and from ONE JIB with respect to MNRI. MRI of the Municipality, and any third party trust funds referenced in Section 2.1, remain under the control and management of the Treasurer.

Consistent with this IPS, the Treasurer is responsible for the implementation of the investment program and the establishment of investment procedures which shall include:

- Investment management of MRI and any third party trust funds referenced in Section 2.1 by, or under the direction of, the Treasurer;
- Explicit delegation of authority regarding MNRI, and the investment thereof, to ONE JIB, which is responsible for the control and management of such funds and investments; and,
- A system of controls exercised by the Treasurer to regulate the activities of Deputy Treasurers and Financial Management Advisors.

No person including, without limitation, ONE JIB, may engage in an investment transaction except as provided under the terms of this IPS.

In the management of MRI of the Municipality, and any third party trust funds referenced in Section 2.1, the Treasurer may engage one or more agents and service providers. ONE Investment can assist with the investment of the Municipality's MRI, in Legal List Securities, and with the investment of third party trust funds, in accordance with the terms of the applicable trust, if permitted, at the request of the Municipality.

Municipal staff involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Municipal staff involved in the investment procedures shall disclose any material interest in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Municipal staff shall not undertake personal investment transactions with the same individual with whom business is conducted on behalf of the Municipality.

5. INVESTMENT

5.1 MRI: Short-Term Funds

The Municipality's MRI is described in this IPS as Short-Term Funds. Short-Term Funds consist of money needed to meet the financial obligations of the Municipality coming due within 18 months from the date of receipt of such money and are controlled and managed by the Treasurer.

5.1.1 Short-Term Funds: Investment Objectives

The investment objectives, in the order of priority, for the Municipality for Short-Term Funds are:

- **Compliance with Portfolio Restrictions:** The legal authority to invest funds comes from the Act. All investments acquired shall be in conformity with portfolio restrictions and permissions set out in O. Reg. 438/97 – Eligible Investments and Related Financial Agreements, as amended from time to time. The Municipality shall not invest in a security that is expressed or payable in any currency other than Canadian dollars.
- **Preservation of Principal:** Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. Investments shall be made with judgement and care, not for speculation, but for investment, considering the probable safety of the principal invested as well as the probable income derived. Staff shall also endeavor to mitigate credit and interest rate risk by: pre-qualifying the financial institutions, brokers/dealers and advisors with which the Municipality does business; diversifying the investment portfolio; structuring the investment portfolio so that maturing securities meet ongoing cash flow requirements; and investing operating funds primarily in shorter-term securities or approved liquid investment pools.
- **Maintenance of Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. All non-equity investments shall be interest bearing in nature and equity exposure will be limited to investments in the ONE Investment Program equity funds. The Municipalities portfolio should be well staggered, using a ladder approach which allows investments to mature at various times and provides the Municipality the opportunity to build up the portfolio based on market conditions/opportunities. A portion of the portfolio may be placed in the ONE Investment Program, which offers compliance and liquidity.
- **Maximization of the Rate of Return:** The Investment Portfolio shall be designed with the goal of maximizing the rate of return through budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Staff will explore and utilize any eligible investment vehicles in building the Municipality's investment portfolio. The investment portfolio will be managed with prudent investor principles, in order to maximize returns within established risk parameters. To take advantage of short-term fluctuations in interest rates, securities may be sold prior to maturity. Investments shall be purchased once multiple bids are received and analysed. The highest yielding bid, which meets the Municipality's cash flow requirements, will be accepted. If the highest yielding bid is not selected, an

explanation describing the rationale shall be provided. Staff involved will retain written records of each transaction, including the name of the financial institutions, rates quoted, description of the security, investment selected, and any special considerations that had an impact on the decision. With the goal of maximizing the rate of return on its investments, staff may utilize eligible investment vehicles for which there is a sole available supplier, such as the ONE Investment Program products. In instances such as this, multiple bids will not be solicited.

5.1.2 Short-Term Funds: Eligible Investments

Short Term Funds may be invested in high quality, short-term investments that are also Legal List Securities available from banks, dealers and other financial institutions.

5.2 MNRI: Long-Term Funds

The Municipality's MNRI is described in this IPS as Long-Term Funds. In accordance with the ONE JIB Agreement and this IPS, ONE JIB has exclusive control and management of the Long-Term Funds and the investments made therewith.

From time to time, the Municipality may require money immediately to meet financial obligations and may require ONE JIB to liquidate one or more investments in order to generate money to pay those obligations. ONE JIB will select the investment(s) to be liquidated. The timing of such liquidation will be determined by ONE JIB in consultation with the Treasurer.

5.2.1 Long-Term Funds: Investment Objectives

In setting the objectives noted below, the Municipality has taken into account the following considerations:

- Preservation of capital;
- Adequate liquidity that takes into account the needs of financial obligations and reasonably anticipated budgetary requirements;
- Diversification by asset class, market, sector, issuer, credit quality and term to maturity;
- Income and capital appreciation; and,
- Macro risks, such as inflation, economic growth and interest rates.

The Municipality has identified the following investment objectives for its Long-Term Funds.

Reserve Category	Objective	Risk Tolerance, Liquidity	Investment Horizon
Reserves for Existing Infrastructure	Funds set aside by Council to provide funding for future major repairs, rehabilitation or	Liquidity not essential, moderate risk tolerance, low to moderate	2 to 10 years

Reserve Category	Objective	Risk Tolerance, Liquidity	Investment Horizon
	replacement of the Municipality's infrastructure.	growth	
Reserves for New Infrastructure and Development Charges	Funds primarily sourced from land development activities. Funds are used to install necessary infrastructure and improvements to maintain our service levels to our growing community.	Liquidity not essential, moderate risk tolerance, low to moderate growth	2 to 10 years
Special Purpose Reserve Funds	Funds set aside by Council or be legislation to provide financial capacity to the Municipality for specific purposes.	Liquid, moderate risk tolerance, low to moderate growth	2 to 10 years

Investment of Long-Term Funds is managed by ONE JIB, which balances expected investment risks and returns to generate asset mixes that create outcomes to meet the needs and risk tolerances defined below. Returns have an impact on municipal revenues, as well as a longer term impact on future years' budgets and should, at a minimum, keep pace with inflation. To the extent possible, the Long-Term Funds' investment horizons are aligned with the Municipality's obligations and may consist of liquid and illiquid securities.

5.2.2 Long-Term Funds: Eligible Investments

Eligible investments for Long-Term Funds include the following offerings by ONE Investment:

- ONE Investment High Interest Savings Account;
- ONE Canadian Bond Fund;
- ONE Canadian Corporate Bond Fund;
- ONE Investment Canadian Equity Fund;
- ONE Global Unconstrained Bond Fund; and,
- ONE Investment Global Equity Fund.

Additionally, nothing in this IPS prevents Long-Term Funds from being held in cash, short term money market instruments, or overnight deposits.

5.2.3 Long-Term Funds: Sinking Funds

Not applicable.

5.2.4 Long-Term Funds: Local Distribution Corporation (LDC) Securities

Not applicable.

5.2.5 Long-Term Funds: Other

Not applicable.

5.3 Third Party Trust Funds and Designated Funds

Not applicable.

5.4 Investment Management

5.4.1 Investment Management of Short-Term Funds

The investment of Short-Term Funds shall be controlled and managed by the Treasurer and his/her designate as documented in By-law #6219-19, Schedule "C".

5.4.2 Investment Management of Long-Term Funds

The investment of Long-Term Funds shall be controlled and managed by ONE JIB. An investment advisor shall be retained by ONE JIB to define and manage the asset allocation using External Portfolio Managers.

Competent External Portfolio Managers shall be appointed by ONE JIB and they shall enter into an agreement with ONE Investment that complies with this IPS and Part II of the Regulation and provide compliance and performance reports. In accordance with the applicable regulatory requirements, ONE JIB shall make any External Portfolio Manager changes deemed in the best interest of the Municipality. For each External Portfolio Manager, ONE Investment shall agree on a set of operational guidelines including constraints, discretion limits, diversification and quality standards, and performance expectations, which are documented in each External Portfolio Manager's guidelines.

5.5 Transition to Prudent Investor Regime

Until the Prudent Effective Date, the Municipality will continue to control and manage its MRI, MNRI and investments in Legal List Securities. Some of such investments were made with MRI and some with MNRI.

Upon and after the Prudent Effective Date, the control and management of money and investments that are determined to be not required immediately shall be given to ONE JIB. Nothing in this IPS requires that such investments need be liquidated or disposed of. It is not contrary to this IPS for investments that the Municipality does

not require immediately to be held, and to continue to be held by ONE JIB, in instruments such as term deposits, guaranteed investment certificates or principal protected notes issued by a bank to be held to maturity and invested upon receipt of cash proceeds.

Management of third party trust funds and any designated funds is not directly affected by the Prudent Effective Date.

5.6 Investment Constraints

5.6.1 *Environmental, Social and Governance (ESG) Investing*

The Municipality supports ESG investing for Short-Term and Long-Term Funds.

The investment of short term funds will be done in compliance with the investment objectives identified in section 5.1.1. Accommodating specific ESG considerations may not be possible due to conflicts with the investment objectives.

For the investment of Long-Term Funds, ONE JIB is required to explore how External Portfolio Managers are implementing responsible investing principles at the time of hiring and during periodic reviews. It may report on results periodically, if requested. Accommodating specific ESG considerations may not be possible either due to availability or to costs.

5.6.2 *Securities Lending*

For the investment of Short-Term Funds securities lending is permitted through ONE Investment Program investments only.

For the investment of Long-Term Funds, the Municipality may invest in pooled funds, and other investment funds that are controlled by an External Portfolio Manager who may engage in Securities Lending if the policies of the External Portfolio Manager that apply to such pools permit such an action.

5.6.3 *Derivatives*

Derivatives may not be used for speculative purposes. They may be used for the investment of Long-Term Funds where they are fully covered by a backing asset, e.g., as for currency or other hedging, to change portfolio duration or in covered call strategies.

5.6.4 Use of Leverage

Leverage is inherent in the use of certain types of investment strategies and instruments. Where leverage is employed, ONE JIB (for MNRI) and the Treasurer (for MRI) shall have in place monitoring procedures to manage overall exposure to any counterparty and in the aggregate.

5.6.5 Pooled Funds

All investment strategies may be pursued directly through holdings of corporate and government issuers and indirectly via pooled funds and investment funds or any combination thereof.

5.6.6 Currency Hedging

The Municipality's funding requirements are in Canadian dollars. However, some exposure to foreign currencies may be desirable to provide diversification and potentially enhance returns. Therefore, it shall not be a violation of this IPS for investments in global mandates to be unhedged, in whole or in part, where the diversification benefits embedded in the currency exposure are considered to be beneficial or desirable by ONE JIB.

5.7 Performance Monitoring, Rebalancing and Management

5.7.1 Short-Term Funds

For the investment of Short Term Funds, Municipality staff will monitor the cash flow needs of the Municipality on a periodic basis. Should the needs on the Municipality no longer be met by the asset mix, staff will make changes, at the discretion of the Treasurer, taking into consideration the Short Term Investment objectives.

5.7.2 Long-Term Funds

For the investment of Long-Term Funds, each account's asset mix will be monitored on a periodic basis by ONE JIB. Should the asset mixes deviate outside the ranges set out in the Investment Plan, the account will be rebalanced as soon as practicable taking into consideration variations in market liquidity and the investment objectives. Cash inflows /outflows will be used to rebalance as much as possible. If they are insufficient, investments will be sold in a commercially reasonable manner and reallocated as required.

Investments are expected to achieve returns at least equal to their benchmarks measured over a rolling five-year period. ONE JIB shall provide at least annual reporting described in Section 6.6 that demonstrates the Municipality's holdings, declares compliance with this IPS and shows External Portfolio Manager performance.

6. ADMINISTRATIVE POLICIES

6.1 Flow of Funds and Annual Municipal Budget

6.1.1 Transfer to ONE JIB as Part of Budget Process

On an annual basis, as part of the Municipality's budget process, the Municipality shall identify the amount, if any, of Long-Term Funds that it holds. Any Long Term Funds not already under the control and management of ONE JIB shall be transferred to ONE JIB as soon as practicable.

6.1.2 *Transfer to Municipality as Part of the Budget Process*

On an annual basis, as part of the Municipality's budget process, ONE JIB shall be notified by the Treasurer as to the amount, if any, required by the Municipality from the Long-Term Funds then under the control and management of ONE JIB for the Municipality's operational purposes. Such amounts shall be deemed to be Short-Term Funds and shall be returned to the Municipality in a lump sum or by way of periodic payment as directed by the Treasurer.

6.2 *Flow of Funds Otherwise than through the Budget Process*

6.2.1 *Surplus Funds*

The Short-Term Funds capture revenues received by the Municipality during each year after the approval of the Municipality's budget for the year. Any amounts deemed to be surplus by the Treasurer at any such time during the year shall be transferred to ONE JIB to be under its management and control as Long-Term Funds. Amounts so transferred will be recorded annually in the Investment Plan and allocated by ONE JIB in accordance with the Investment Plan.

6.2.2 *Contingencies*

The Treasurer is authorized, from time to time after the approval of the Municipality's budget, to direct ONE JIB to return any amounts determined by the Treasurer to be required to meet expenditures for unexpected contingencies not anticipated by the Municipality's budget in force for that year. Provided however that the aggregate of the amounts to be returned to the Municipality under this Section 6.2.2 during the year shall not exceed 25% of the Long-Term Funds under the control and management of ONE JIB as at the date that the Municipality approved its budget for the year (the Budgeted Long-Term Funds). In determining the Budgeted Long-Term Funds for purposes of calculating the 25% limit, any Long-Term Funds to be transferred to the control and management of ONE JIB in accordance with that year's budget pursuant to Section 6.1.1 shall be included and any amount to be returned by ONE JIB to the Municipality pursuant to Section 6.1.2 shall be excluded.

6.3 *Valuation of Investments*

Investments shall be valued at cost and at fair market value according to the values provided by the Custodian(s). For the investment of Long-Term Funds, the fair market values of unitized vehicles shall be valued according to the unit values published daily by the Custodian. Other investments shall be valued at their market value when that is available from regular public trading. If a market valuation of an investment is not available, then a fair value shall be supplied by the External Portfolio Manager to the Custodian no less frequently than quarterly.

6.4 Voting Rights

Not applicable.

6.5 Internal Controls

The Treasurer shall establish an annual process of review of all investments made under this IPS. This review will provide internal control by assuring compliance with governing legislation and with policies and procedures established by the Treasurer. To the extent ONE JIB's input is needed, these requirements will be communicated in advance to ONE JIB.

6.6 Custodians

All investments and assets of the investment portfolios shall be held by a Custodian and any of the Custodian's sub-custodians or nominees.

For Long-Term Funds, the Custodian shall be acceptable to ONE Investment.

For Short-Term Funds the following is a list of financial institutions authorized to provide investment services to the Municipality. This list will be maintained and updated as the business environment changes:

- TD Canada Trust
- CIBC Wood Gundy
- BMO Nesbitt Burns Inc.
- RBC Dominion Securities Inc.
- Raymond James Ltd.
- Canaccord Genuity
- ONE Investment Program

6.7 Reporting

6.7.1 Short-Term Funds

For the investment of Short-Term Funds, the Treasurer shall provide an annual investment report to Council. The Investment report shall contain:

- A statement about the performance of the investments during the period covered by the report;
- A statement by the Treasurer as to whether or not, in their opinion, all investments are consistent with the investments policies and goals of the Municipality;
- Listing of all investments by maturity date;
- Percentage of total portfolio that each type of investment represents; and
- Such other information that Council may request, or that the Treasurer may consider pertinent.

6.7.2 Long-Term Funds

The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of Long-Term Funds at least annually. Such report shall include the following.

- Investment performance during the period covered by the report;
- Asset mix of the total portfolio;
- A listing of individual investments held at the end of the reporting period showing, where appropriate, their average term to maturity and yield relative to the benchmark, book value, market value, realized/unrealized gains/losses and actual income received;
- Dates of all transactions including the purchase and sale prices;
- A statement by the Treasurer as to whether all investments were made in accordance with the IPS and as to whether all investments were made in accordance with the Investment Plan; and
- Any other pertinent information in the opinion of the Treasurer.

All securities invested on behalf of the Municipality by ONE JIB or with the assistance of ONE Investment shall be held for safekeeping in the name of the Municipality by a Custodian, which shall provide monthly reporting showing all securities held, their book values, market values and all income received.

The Treasurer shall provide quarterly to the Finance Advisory Committee a report that includes the following:

- Investment performance for the period covered by the report;
- The current total long term investment portfolio asset mix;
- List of individual investments held as of the end of the reporting period. Where appropriate, the average term to maturity and yield relative to the benchmark/book value/market value, any realized/unrealized gains/losses and actual income received will be included for each individual investment; and
- Any other pertinent information in the opinion of the Treasurer.

7. APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE

7.1 Revocation / Amendment of Previous Investment Policy

This policy replaces any existing investment policy of the Municipality, in its entirety, and all previous investment policies are revoked and repealed.

7.2 Modifications to the IPS

At least annually Council shall review the IPS and update it, if required. In the course of reviewing the IPS, Council may request comments from the Treasurer with respect to the investment of Short-Term Funds and from ONE JIB with respect to the investment of Long-Term Funds.

Following the Council's review of the IPS, ONE JIB shall review the Investment Plan and update it, if required.

At a minimum, the annual review will take into account:

- the adequacy of funding for capital works;
- the Municipality's ability to reduce other spending;
- flexibility of the timeframe to payout; and
- sensitivity to loss.

7.3 Effective Date

This IPS is adopted by Council of the Municipality effective June 1, 2020. The Treasurer is directed to sign a copy of this IPS to evidence approval and to deliver a copy of this IPS to ONE JIB.

Signed by:

Treasurer

Date

Appendix I: ONE JIB Agreement

Appendix II: ONE External Portfolio Manager Mandates

Schedule A

Third Party Trust Funds and Designated Funds

Third Party Trust Funds

1. None

Designated Funds

2. None

Appendix 2 – Impacts of Diversification on Risk

The following analysis, using data up to February 2019, demonstrates the potential benefits of a diversified approach in the stock markets. The analysis uses the S&P/TSX composite index as a proxy for the performance of the Canadian stock markets and the MSCI World index as a proxy for the performance of the Global stock markets in developed countries. The analysis assumes four different asset mixes (100% Canadian; 100% Global; a 75:25 Canadian to Global ratio; a 50:50 ratio; and a 25:75 Canadian to Global ratio) over three different time periods (10, 20, and 40 years). For each asset mix and time period, the analysis calculates total returns as an annualized percentage, and volatility¹ (a common risk measure) as an annualized percentage.

The 10-year time frame

In the 10-year time frame, the 100% Canadian mix (S&P/TSX) experienced the lowest returns at the highest levels of risk. The 100% Global mix (MSCI World) experienced the highest returns and the second highest levels of risk. As expected, the three diversified asset mixes experienced returns somewhere between the two with greater returns showing for those with a heavier weighting of the Global index. However, all three diversified asset mixes experienced less volatility (risk) during the time-period with the 50:50 asset mix showing the least volatility. The 25:75 Canadian to Global mix yield the highest risk-adjusted return (return divided by risk) at 1.37. For the purposes of comparing to other time-periods, it should be noted that during this 10-year time frame the market did not experience any extreme economic events.

Table 4: Risk and return of different equity mixes over a 10-year period

(Annualized percentages)	100% Canadian	100% Global	75% Canadian / 25% Global	50% Canadian / 50% Global	25% Canadian / 75% Global
Return	10.21	13.42	11.10	11.94	12.71
Volatility	10.77	10.08	9.66	9.13	9.28
Risk-adjusted return	0.95	1.33	1.15	1.31	1.37

The 20-year time frame

In the 20-year time frame, the 100% Canadian mix experienced both the highest level of returns and the highest level of risk. The 100% Global mix experienced the lowest returns and was in the middle of the asset mixes in terms of risk. In terms of the diversified mixes those that favoured Canadian stocks offered greater returns but also greater levels of risk, whereas those that favoured Global stocks produced lower returns at a lower risk. During this period, the asset mixes that favoured Canadian stocks offered the greatest risk adjusted returns with the 75:25 Canadian to Global mix offering

¹ Volatility is measured by standard deviation throughout this document

a slightly higher risk adjusted return (0.541) than the 100% Canadian mix (0.538). It should be noted that this period covers the 2008 financial crisis, one of the most significant market collapses since the Great Depression. Additionally, the Global index incorporates US stocks, which were heavily impacted by the 2008 financial crisis.

Table 5: Risk and return of different equity mixes over a 20-year period

(Annualized percentages)	100% Canadian	100% Global	75% Canadian / 25% Global	50% Canadian / 50% Global	25% Canadian / 75% Global
Return	7.37	4.25	6.70	5.96	5.14
Volatility	13.69	11.85	12.37	11.57	11.38
Risk-adjusted return	0.54	0.36	0.54	0.52	0.45

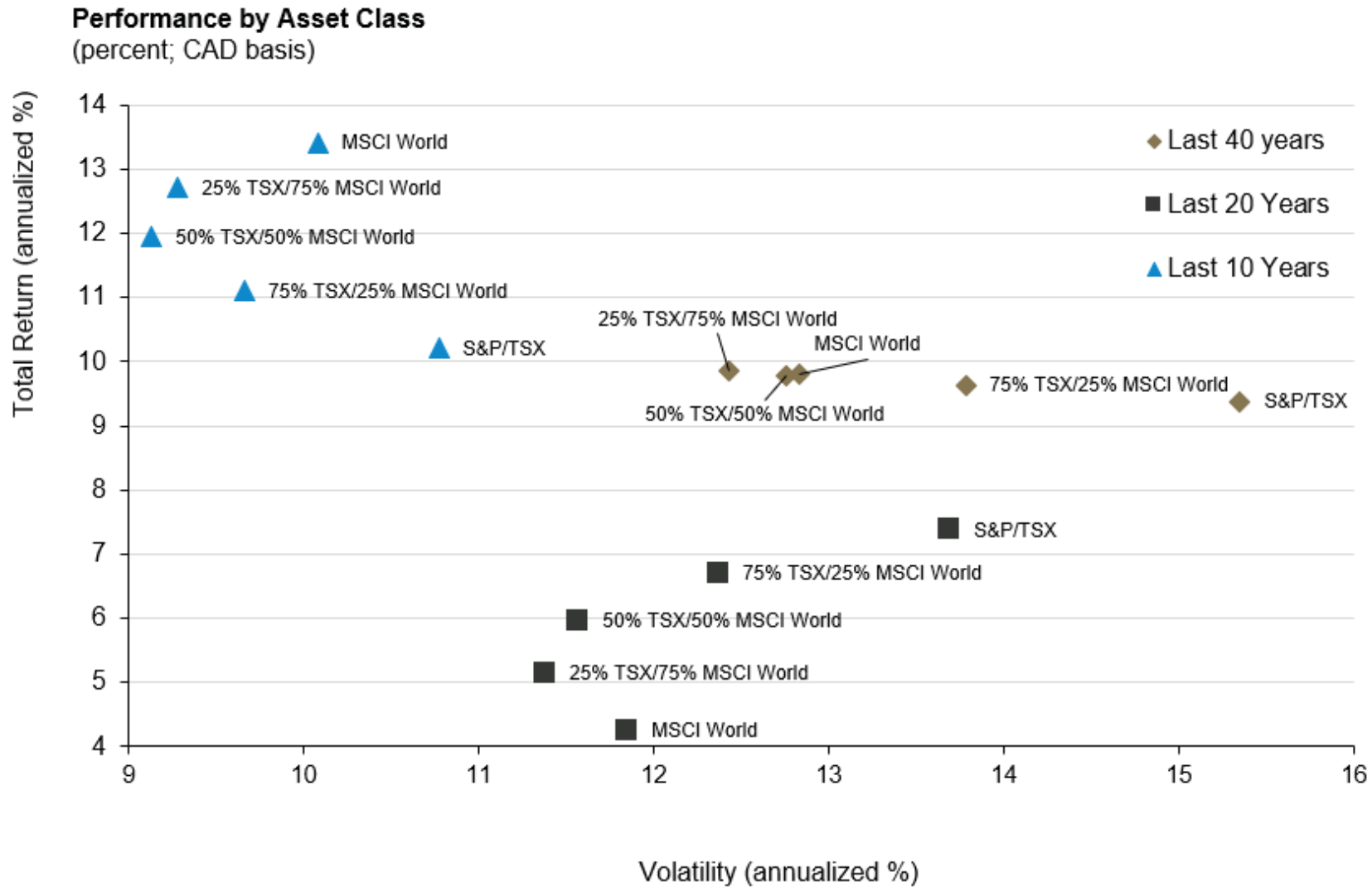
The 40-year time frame

In the 40-year time frame, the 100% Canadian mix experienced the lowest returns and the highest levels of risk. The 100% Global mix experienced the second-highest level of returns and was in the middle of the asset mixes in terms of risk. Of the three diversified mixes the 25:75 Canadian to Global mix offered both the greatest returns and the lowest level of risk. The mixes that leaned more heavily on Global stocks offered greater returns and lower levels of risk. The diversified mixes that were weighted equally or more heavily toward Global stocks yielded greatest risk adjusted returns. In addition to the financial crisis in 2008, this period also encompasses the dot-com bubble of the mid 1990s to early 2000s, and the high interest rates in the 1980s and volatile oil prices of the 1970s and 80s.

Table 6: Risk and return of different equity mixes over a 40-year period

(Annualized percentages)	100% Canadian	100% Global	75% Canadian / 25% Global	50% Canadian / 50% Global	25% Canadian / 75% Global
Return	9.38	9.80	9.64	9.79	9.85
Volatility	15.35	12.83	13.78	12.76	12.43
Risk-adjusted return	0.61	0.76	0.70	0.77	0.79

What we can see from this analysis is that, through each time period, Global diversification generally offered a lower level of risk than relying on Canadian stocks alone. Apart from the 20-year time period, Global diversification also delivered greater rates of return and risk-adjusted returns. The 20-year time period demonstrates that significant economic events in a market can have a noticeable impact on returns but that the level of diversification still offers a lower overall exposure to volatility.



Source: Bloomberg, Guardian Capital

Figure 6: Risk and Return for different asset mixes over 10, 20, and 40-year time period



Appendix 3

Municipal Client Questionnaire

Recommended Review: Annually. However, if

- a. there is a significant change in the Municipality's circumstances (or)
- b. there is a significant change in reserves/expenses

then a review is recommended within three months of the occurrence of such change.

1. CLIENT INFORMATION

1.1 NAME OF MUNICIPALITY: Town of Aurora
(Municipality)

1.2 NAME OF THE TREASURER: Rachel Wainwright-van Kessel

1.3 NAME OF PRIMARY DAY-TO-DAY CONTACT**: Laura Sheardown

1.4 TITLE OF PRIMARY DAY-TO-DAY CONTACT: Financial Management Analyst

1.5 ADDRESS: 100 John West Way, Aurora ON L4G 6J1

1.6 PHONE NUMBER OF TREASURER: 905-726-4772

1.7 PHONE NUMBER OF PRIMARY DAY-TO-DAY CONTACT: 905-727-3123 x4136

1.8 FAX NUMBER: 905-727-1953

1.9 EMAIL OF TREASURER: rvankessel@aurora.ca

1.10 E-MAIL OF PRIMARY DAY-TO-DAY CONTACT: lsheardown@aurora.ca

1.11 DATE OF PREVIOUS MUNICIPAL CLIENT QUESTIONNAIRE: n/a

1.12 If there have been no material changes to the information contained in the last Municipal Client Questionnaire provided to ONE Investment, indicate here:

1.13 Is the Municipality invested under Legal List with ONE Investment? Yes No

1.14 Is the Municipality invested under Prudent Investor Regime? Yes No

**Primary day-to-day contact should have a comprehensive understanding of the Municipality's financial position and investment needs.



Municipal Client Questionnaire

1.15 Please provide the following information for all individuals authorized to provide instructions to ONE Investment:

NAME	TITLE	EMAIL
<u>Rachel Wainwright-van Kessel</u>	<u>Director of Finance - Treasurer</u>	<u>rvankessel@aurora.ca</u>
<u>Jason Gaertner</u>	<u>Manager, Financial Management</u>	<u>jgaertner@aurora.ca</u>
<u>Elizabeth Quattrociocchi</u>	<u>Manager, Accounting & Revenue</u>	<u>equattrociocchi@aurora.ca</u>
<u>Laura Sheardown</u>	<u>Financial Management Analyst</u>	<u>lsheardown@aurora.ca</u>

2. INVESTMENT KNOWLEDGE AND EXPERIENCE

2.1. Which statement best describes the Municipality's level of investment knowledge and experience with financial markets and products?

- Very limited knowledge
- Basic knowledge and minimal experience
- Good knowledge and some investment experience
- Strong knowledge and experience
- Advanced knowledge and extensive experience

2.2 Please confirm that the Municipality is prepared to have exposure to the equity markets in accordance with its IPS and the corresponding Investment Plan. If no such exposure is contemplated, so state.

Yes.

2.3 Check the following statements that apply to the Municipality's current investment portfolio?

[Check all that apply]

- Canadian money market securities (e.g. Cash, bank accounts, HISA etc.)
- Locked In Investments (GIC's PPN's etc.)
- Local Distribution Corporation Securities (cemetery, trusts, hydro funds etc.)
- Fixed income (government and/or corporate bonds)
- Equities



Municipal Client Questionnaire

3. INVESTMENT OBJECTIVES AND RISK TOLERANCE

This section of the Questionnaire asks about the Municipality's Money Not Required Immediately (MNRI). In general, investors can expect a higher annualized rate of return if the investor is also willing to accept volatility or fluctuation in the market value of their investments. For example, investors can expect that the average annual rate of return for a five year period will be higher where the portfolio's returns are varied when measured on a year by year basis, with some years having negative returns. A portfolio which has a steady return year over year, with little possibility of negative returns in any year, will most likely have a lower annualized return when measured on a rolling five year average.

3.1 Which of the following best reflects the Municipality's investment objectives for its MNRI?

- Capital preservation is the main objective. Willingness to accept low returns in order to avoid any years with losses.
- Achieve moderate growth without excessive risk to capital.
- Willingness to accept higher risk, including risk of loss of capital, for potentially higher returns over the longer term

3.2 What is the Municipality's risk tolerance for its MNRI?

- Low (Conservative Approach: A very small chance of loss of capital over a 5 year period)
- Moderate (Moderate chance of loss of capital over a 5 year period)
- High (Greater uncertainty with potential of higher returns over a 5 year period)

3.3 Annual Return Expectations: Which range best reflects the Municipality's expected annual return for its MNRI?

- 0% to 2% gain
- 5% loss to 5% gain
- 10% loss to 10% gain

3.4 Other information: Is there any other information about the Municipality's investment objectives and risk tolerance for its MNRI that is relevant to the IPS or Investment Plan?

Sections 4 and 5 of this Questionnaire asks about the Municipality's assets, liabilities and cash flow and is not limited to MNRI. It is intended to assist ONE Investment in obtaining an understanding of the Municipality's financial circumstances, including its cash flow needs.



Municipal Client Questionnaire

4. FINANCIAL INFORMATION

4.1 Size of Assets and Liabilities

Description	Amount
Total Assets	\$162,674,000
Short Term Assets	78,615,770
Long Term Assets	84,058,230
Long Term Debt	9,694,000
Total Revenues	107,811,000
Reserves	49,358,740
Reserve Funds	23,058,347
Trust Funds	0
Sinking Funds	0
Pension Funds	0
Operating Funds	4,695,383

4.2 Cash Flow Projections by Year (e.g. Revenue Fund, Reserve Fund, Trust Fund etc.)

Type	2019	2020	2021	2022	2022-2030
R & R Funds	8,841,210	17,443,097	14,459,816	9,930,141	70,043,909
Growth & New Funds	34,987,550	3,253,700	43,600,450	4,667,240	26,215,680
Studies & Other Funds	980,000	1,090,000	300,000	32,100	1,972,800

Funding/Expenditure Analysis

4.3 Has the Municipality completed a cash flow analysis?

Yes No

Please answer 4.4 through 4.8 if cash flow analysis has been completed by the Municipality.

4.4 How often is a cash flow analysis of reserves, reserve funds and expected expenditures completed by the Municipality?



Municipal Client Questionnaire

4.5 Please specify month and year of the last update to the cash flow analysis.

4.6 How confident is your municipality with your current cash flow forecast?

Very Confident Moderately Confident Considerable Uncertainty

4.7 How many years did the cash flow analysis forecast extend?

One year Two years Three years Five years Seven years 10 years or more

4.8 How sensitive are the expenditures of the municipality to inflation? Does the investment plan need to emphasize sensitivity to inflation?

4.9 How much and how often does the Municipality require funds from the operating reserves?

Type of Operating Reserve	Amount Needed	Frequency
Tax Rate Stabilization	varies	varies

4.10 How does the Municipality manage unanticipated requests for funding? When was the last occurrence and how was it handled?

Unanticipated requests for funding are managed through reports to Council during the year.

This happens on a regular basis and the cash flow needs are managed through the monies required immediately.

4.11 If the Municipality has completed a capital budget and asset management plan, how many years out does this forecast extend?

Less than 3 years 3-5 Years 5-10 Years 10 years or more



Municipal Client Questionnaire

4.12 Are the capital reserves growing annually for the Municipality?

Yes No

4.13 If yes, what approximate annual rate are the capital reserves growing by?

1 to 2 % 3 to 4 % Greater than 5 %

4.14 If no, at what approximate annual rate is the Municipality's capital reserves declining by?

1 to 2 % 3 to 4 % Greater than 5 %

4.15 What annual rate is the Municipality's capital expenditures rising by?

1 to 2 % 3 to 4 % Greater than 5 %

4.16 Is there a particular year when the Municipality has unusual, large expected capital expenditure(s)?

Yes No

4.17 If so, please explain the timing and nature of the expenditure(s)

2019 Cultural Centre, 2021 New Recreation Centre, 2025 New Sidewalk (growth)

4.18 What are the total capital reserves available for investment as the Municipality's MNRI?

less than \$5 million between \$5 and \$10 million between \$10 and \$20 million
 between \$20 and \$49 million between \$50 million and \$99 million over \$100 million

5. PORTFOLIO INFORMATION

No.	Description	Amount (\$)
5.1	Total Amount of MNRI	35,000,000
5.2	Total Amount of "Money Required Immediately" - MRI	92,579,068
5.3	MNRI currently invested with ONE Investment	4,189,529
5.4	MRI currently invested with ONE Investment	3,457,738
5.5	Total Amount currently invested with ONE Investment	7,647,267
5.6	Total Locked In portion of MNRI that is not available for investment moving to ONE JIB (e.g. local Hydro company shares)	0
5.7	Total Locked In portion of funds not moving to ONE JIB due to legislation or other requirements (e.g. cemetery trust)	0



Municipal Client Questionnaire

5.8 Please list the name of securities with amounts invested and maturity dates that are not fully liquid (e.g. GIC's, PPN's etc.) which will be pledged as part of the Municipality's Prudent Investor investments (it is contemplated that proceeds from these investments will be transitioned into ONE Investments Prudent Investor pools at maturity or earlier if instructions given to liquidate prior to maturity.)

Type/Description	Amount	Maturity Date
GICs	8,810,471	various
Deposit Notes	9,000,000	various
Coupons & Bonds	13,000,000	various
ONE Fund Equity	4,189,529	TBD

5.9 What percentage of the MNRI portion of the portfolio is required by the Municipality in the following time periods? (Timeframes can be changed based on the Municipality's requirement)

[2] to [3] year: 25

[4] to [6] years: 25

[7] to [10] years: 30

More than 10 years: 20

6. PORTFOLIO MANAGEMENT AND ASSET ALLOCATION

Section 6 of this Questionnaire asks about the Municipality's existing investment policies, if any. Such policies may apply to MNRI and to MRI.

6.1 Are the Municipality's investments subject to any prohibited investment or other similar restrictions (Y/N)? If yes, please list:

No

6.2 Are the Municipality's investments subject to any investment concentration limits?

No



Municipal Client Questionnaire

6.3 Are the Municipality's investments subject to any specific diversification requirements?

No

6.4 Please provide here any other restrictions and constraints (i.e. other than as contained in Municipal legislation) relating to the Municipality's investments:

N/A

7. ACKNOWLEDGEMENT

I confirm that information provided to ONE Investment in this form is complete and accurate as at the date hereof.

Dated this _____ day of _____, 20__

Name and Signature of Treasurer

Second Signature (if Required)

Finance Advisory Committee: 2020 Updated Work Plan Outline

(All meetings currently scheduled for Tuesdays, 5:45 p.m.)

January 21, 2020:

- ONE Joint Investment Board Participation – Investment Policy Statement
- Detailed Budget Review: Community Services (45 minutes)
- Review of 2020 FAC workplan.

February 11, 2020:

- Major Project Update
- Discussion of 2021 budget planning framework
- Receipt of Planning & Development Services budget materials (review at next meeting)
 - Identification of specific areas of focus for Planning & Development, if any

March 10, 2020:

- Major Project Update
- Detailed Budget Review: Planning & Development Services (45 minutes)
- Internal Audit Plan and process - Introduction
- Summary of FAC accomplishments in 2019
- Receipt of Aurora Cultural Centre (ACC) budget materials (review at next meeting)
 - Identification of specific areas of focus for the ACC, if any

April 14, 2020:

- Major Project Update
- Detailed Budget Review: Aurora Cultural Centre (45 minutes)
- Receipt of Finance Department budget materials (review at next meeting)
 - Identification of specific areas of focus for Finance, if any

May 12, 2020:

- Detailed Budget Review: Finance Department (45 minutes)
- Major Project Update
- Open capital project update including open capital project status and actioned project closures

June 9, 2020:

- Major Project Update
- Internal audit plan – Update #1
- ONE Joint Investment Board update

September 15, 2020:

- Major Project Update
- Procurement Bylaw review consultation
- Receipt of Operational Services budget materials (review at next meeting)
 - Identification of specific areas of focus for Operational Services, if any

October 13, 2020:

- Major Project Update
- Detailed Budget Review: Operational Services (45 minutes)
- 2021 to 2022 Budget Review

November 10, 2020:

- Major Project Update
- Internal audit plan – Update #2

December 8, 2020:

- Major Project Update