

Corporate Expenses & Revenues

About Corporate Expenses & Revenues

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

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

2014 Base Budget:

Corporate Revenue & Expenses \$,000's	2012 Actual	2013 Budget (adjusted)	2013 Actual	2014 Draft Budget	2015 Outlook	2016 Outlook	2017 Outlook
Personnel Costs	8.1	(599.6)	(140.2)	(87.8)	(56.3)	(59.3)	(62.6)
Other Expenditures	8,192.8	7,417.9	8,013.0	7,730.8	8,766.9	7,625.3	8,058.8
Total Expenditures	8,201.0	6,818.3	7,872.8	7,643.0	8,710.6	7,566.0	7,996.2
Change from 2012 Budget				12.1%			
Revenues	(8,082.6)	(7,984.3)	(7,160.5)	(7,801.1)	(6,485.2)	(4,921.6)	(4,921.6)
Net	118.4	(1,166.0)	712.3	(158.1)	2,225.4	2,644.5	3,074.7
Change from 2013 Budget				(86.4%)			

New Items (netting an unfavourable change of \$ 1,007,900):

- Increase in Cash to Capital: (208,000)
- Building Services Overhead Cost Reallocation Reduction: (104,400)
- Elimination of reserve support for Fire Services: (140,200)
- Prior year non-recurring (536,200)
- Other minor adjustments: (19,100)

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2014 Expenditures:

Corporate Expenses \$,000's	2012 Actual	2013 Budget (adjusted)	2013 Actual	2014 Draft Budget	2014 Budget vs 2013 Budget Fava / (UnFav)	
					\$	%
Personnel Costs:						
Town-wide Gapping	-	(100.0)	(100.0)	(136.3)	36.3	36.2%
Prior Year Non-Recurring	-	(536.2)	(47.0)	-	(536.2)	100.0%
Retiree Benefits	8.1	36.7	6.8	48.5	(11.8)	(32.2%)
Total Personnel Costs	8.1	(599.6)	(140.2)	(87.8)	(511.8)	(85.4%)
Other Expenditures:						
Cost Reallocations	(365.1)	(631.0)	(398.6)	(526.6)	(104.4)	(16.5%)
External Audit Fees	70.5	40.9	6.5	40.9	-	-
Operating Contingencies	60.8	40.0	40.0	20.0	20.0	50%
W.S.I.B. Claims Costs	79.8	85.0	76.4	85.0	-	-
Capital Loan Payment	1,865.2	1,883.1	1,867.5	1,883.9	(0.8)	(0.0%)
Contribution to Reserves	2,434.3	1,996.0	2,005.4	1,770.5	225.5	11.3%
Contributions to Capital	3,510.5	3,823.9	3,823.9	4,031.9	(208.0)	(5.4%)
Internal Transfers				245.2	(245.2)	n/a
In-Year Tax Adjustments	180.0	180.0	591.8	180.0	-	-
Total Other	8,192.8	7,417.9	8,013.0	7,730.8	(312.9)	(4.2%)
Total Expenditures	8,201.0	6,818.3	7,872.8	7,643.0	(824.7)	(12.1%)

Town-Wide Gapping - (\$136,300):

All staff positions, both existing and new, are budgeted for a full fiscal year. Prior to 2010, no provision was made in the operating departments to reflect cost savings due to position vacancies which occur throughout the year. The current economic climate and job satisfaction continue to keep the Town's level of turnover low. The amount provided for 2014 is \$100,000, the same as in 2013. Included with this gapping amount is an additional \$ 36,300 in anticipated savings that the Town is expecting to achieve through the changing of its benefits provider.

Retiree Benefits - \$48,500:

The on-going costs of dental and health benefits for employees who have retired early must continue to be borne by the Town until such time that the employee reaches their normal retirement age, then benefits cease. Consequently, the corporation must set aside a sufficient amount for this purpose. The value in 2014 of this segregated amount is \$48,500, slightly higher than the 2013 amount.

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Cost Reallocations - (\$526,600):

Overhead cost allocations are changed each year to the Building Services Division whose operations are funded entirely by Building Services Fees. In 2013, Financial Services working with Building Services have revisited and updated the calculation of these charges to better reflect the value of the services provided which includes costs related to facilities, IT support, accounting services, human resources, and an amount for building plan and field inspections provided by fire services. These related costs have now been revised downwards to \$422,100 from the 2013 estimate of \$ 631,000. The resultant reduction of \$ 208,900 in overhead cost recoveries will be phased in over the 2014 and 2015 fiscal years with \$ 104,500 being recognized in each year.

External Audit Fees - \$40,900:

This amount reflects the cost of undertaking a mandatory external audit of the Town's Financial Statements. Fees for 2014 remain unchanged versus 2013.

Operating Contingencies - \$20,000:

It is always difficult for departments and Financial Services to consider and include in the budget every possible expense that may arise during the coming fiscal year. In an effort to mitigate the impact of some of these unforeseen costs, or to meet other corporate or community needs, the Town sets aside a contingency amount each year to be used only by approval of Council. The usual amount established each year is \$ 50,000. During budget deliberations, \$20,000 was allocated in support of an unplanned increase in health benefit costs and a further \$ 10,000 was allocated to the Aurora Historical Society.

WSIB Claims Costs - \$85,000:

The Town of Aurora is a 'Schedule 2 Employer' with the Workplace Safety and Insurance Board (WSIB). This simply means that the Town pays for all of its costs incurred through the WSIB itself. In order to mitigate the risk of high claim costs the Town utilizes a 3rd party insurance provider in order to cover any extreme costs of this nature. The WSIB Claims Costs account is utilized for the payment of any claims and costs experienced, which are not covered by the Town's "excess-loss" insurance. An equal and offsetting account in the Revenues section draws a contribution from the WSIB Reserve in order to fund these payments. There is no change to the planned claims cost amount for 2014. The WSIB Reserve is funded directly by a charge to each operating group through the payroll system, which appears in each department cost center under their salaries and benefits sections.

SARC Debt Payment - \$1,883,900:

In 2006, a debenture was issued (through the Region) for \$16.9 million in order to finance a portion of the Stronach Aurora Recreation Complex (SARC). The \$1,883,900 debt repayment amount for 2014 represents principal of \$1,636,900 and interest of \$247,000. An equal and offsetting account in the Revenues

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section draws a contribution from the Development Charges Reserve to fund this payment.

Contributions to Reserves - \$1,770,500:

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

- The transfer to reserves of \$1,461,000 in anticipated Gas Tax revenue to be received in 2014. There is an offsetting revenue item for this amount. This item flows through the Town's "operating" accounts in order to comply with financial statement requirements.
- The transfer of \$289,500 to pay down the internally financed portion of the Library expansion. There is an offsetting revenue item being drawn from Development Charge Reserve Funds for this same amount.
- The contribution of \$20,000 to the Environment Initiatives Reserve previously used for Bullfrog Power, among other minor items.

Tax Cash to Capital - \$4,031,900:

The 'Cash to Capital' component included in this budget is \$3,823,900 as in last year's budget, plus a \$208,000 increase representing 0.6% of annual tax revenue as per the Town's approved ten year capital Investment plan.

Internal Transfers - \$ 245,200:

This amount is in relation to the internal transfer of a one-time stabilization draw to the Parks & Recreation department to support an AFLC program revenue short-fall as a result of the facility renovation closure in 2014. This transfer amount is offset by an equal revenue increase in 2014.

In-Year Tax Adjustments - \$180,000:

Every year, the Town receives notices and decisions relating to assessments and reassessments of properties within the Town's borders. Most of these decisions have a small impact on the amount of tax charged to a given property and some have a very large impact. The 2014 planned expense of \$180,000 includes only the Town's share of tax adjustments, and represents 0.54% of the annual tax levy.

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2014 Revenues:

Corporate Revenue \$,000's	2012 Actual	2013 Budget (adjusted)	2013 Actual	2014 Draft Budget	2014 Budget vs 2013 Budget Fav / (UnFav)	
					\$	%
Use of Prior Year Surplus	(60.6)	-	-	-	-	n/a
Penalties on Taxes	(1,010.4)	(975.0)	(1,002.7)	(975.0)	-	-
Investment Income	(1,562.5)	(1,550.0)	(532.6)	(1,550.0)	-	-
Interest from Hydro Funds	(600.0)	(500.0)	(500.0)	(400.0)	(100.0)	(20.0%)
Grants - Federal Gas Tax	(1,461.0)	(1,461.0)	(1,461.0)	(1,461.0)	-	-
Trans From DC Reserves	(2,145.2)	(2,163.1)	(2,172.6)	(2,173.4)	10.3	0.5%
Trans From Other Reserves	(360.2)	(460.2)	(445.8)	(691.7)	231.5	50.3%
Payments in Lieu of Taxes	(276.6)	(300.0)	(295.1)	(300.0)	-	-
Supplementary Taxes	(606.2)	(575.0)	(750.8)	(250.0)	(325.0)	(56.5%)
Other	-	-	-	-	-	n/a
Total Revenues	(8,082.6)	(7,984.3)	(7,160.5)	(7,801.1)	(183.2)	(2.3%)

Penalties on Taxes - (\$975,000):

The Town has a policy outlining the application of interest and late charges on late or unpaid tax installments. Revenues of this nature are referred to as Penalties on Taxes. The 2014 budget is anticipated to remain unchanged at 2013 levels of \$975,000.

Investment Income - (\$1,550,000):

It is anticipated that investment income will remain unchanged in 2014 versus the previous year at \$1,550,000 as the economy's recovery continues to improve at a slow rate. This low rate of growth places little pressure on inflation rates which subsequently create little incentive for interest rates to climb in the short term. The Town's investment portfolio continues to earn a competitive rate of return on its investments comprised of all of the Town's funds that are not required for the day-to-day operations. They are invested in the most appropriate investment vehicle available, balancing cash needs forecasts with market yields. All portfolio investments must comply with strict and highly conservative provincial and local regulations in an effort to protect the public funds that are being invested.

Interest from Hydro Funds - (\$400,000):

The other source of town investment income is a \$400,000 draw upon the interest earned by the Town's Hydro Funds, representing a \$ 100,000 reduction over 2013's total draw. This reduction is in alignment with the Town's goal of reducing its reliance upon this revenue source.

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Grants – Federal Gas Tax - (\$1,461,000):

The provision of the Gas Tax from the Federal Government has been an integral part of the Town's budget since 2006 when the program was initiated. In 2014, the Town is expecting to receive \$1,461,000. These funds are received as income through the operating budget which is then subsequently transferred to the Federal Gas Tax Reserve, now considered as an infrastructure repair & replacement funding source. For 2014, the gas tax sharing formula amongst municipalities is being updated. The exact amount for Aurora will not be known until the first quarter of 2014, although based on detailed communications from the province, staff expect no decline from the 2013 amount based on our community's growth rate in recent years.

Transfers from D.C. Reserves - (\$2,173,400):

There are two amounts drawn from Development Charges Reserve Funds; the amount for the SARC Capital Loan payment of \$1,883,900 and the \$289,500 related to the internal funding of Library construction costs. These two items were previously detailed in the Expenses section.

Transfers from Other Reserves - (\$691,700):

This category identifies funds that are coming from reserves in order to fund specific expenditures of a corporate-wide nature. For 2014, there are four specific town pressures which are being supported through a transfer from other reserves; those pressures being an AFLC net revenue shortfall of \$245,200 as a result of the building's closure for all of 2014, an expected supplementary tax revenue shortfall of \$325,000, and a short-fall of \$ 36,500 in relation to increased benefit carrier costs prior to the Town switching to its new carrier all of which are being funded from the Tax Rate Stabilization Reserve. Lastly, an \$85,000 transfer from the WSIB reserve to fund WSIB claims costs as outlined in the Expenses portion of this section.

Payments in Lieu of Taxes - (\$300,000):

Payments in Lieu of Taxes represents assessment based revenue, from federal and provincial owned properties. The federal and provincial governments are not technically subject to formal property taxes; however they must remit an equal amount as though they were fully taxable. These amounts paid are referred to as Payments in Lieu of Taxes or 'PILs'. Changes reflect reported assessment value changes due to sales of property or appeal changes. No changes to total PILs collections are anticipated for 2014.

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Supplementary Taxes - (\$250,000):

Supplementary taxes (SUPPs) represent property taxes for new properties and construction which become newly assessed during the year, including some portions of taxation related to prior years where applicable. All supplementary taxation is retroactive to the date of assessment and occupancy. The 2014 budget amount of \$250,000 is down by \$325,000 from 2013. SUPP levels are expected to recover and peak in the 2015 fiscal year as the planned 2C development begins to take shape. A separate report outlining a proposed plan for budgeting SUPPs was presented in January 2014 to the Budget Committee for its consideration.