



100 John West Way
Aurora, Ontario
L4G 6J1
(905) 727-3123
aurora.ca

Town of Aurora
Council Report
No. FIN24-060

Subject: Interim Forecast Update – as of October 31, 2024

Prepared by: Tracy Evans, Financial Management Advisor

Department: Finance

Date: December 10, 2024

Recommendation

1. That Report No. FIN24-060 be received for information.

Executive Summary

This report presents to Council the information to effectively monitor the financial performance of the Town's operating and capital budgets as of October 31, 2024.

- A year end tax levy surplus of \$1,284,400 is anticipated as of October 31, 2024
- The Town's water, wastewater and stormwater operations is forecasting a surplus of \$285,000 by the fiscal year end
- The forecasted capital spend of \$44.9M as of October 31, 2024, is \$5.6M lower than the Town's forecasted capital spend of \$50.5M as of August 31, 2024
- The forecasted capital spend for the Facilities and IT Emergency Repairs Contingency projects are \$82,856 and \$1,100, respectively

These forecasted variances will continue to be subject to change for the remainder of the fiscal year. Future Council decisions may also have an impact. Any operational budget short-falls or surpluses remaining at year-end will require an offsetting adjustment from/to the tax rate stabilization reserve, as defined in the Town's 2024 Surplus/Deficit Management By-law which was approved by Council on May 28, 2024.

Background

To assist Council in fulfilling their role and responsibilities with respect to Town finances and accountability, Finance has worked with all departments to review the corporation's operations financial performance to date. Each Director has reviewed their department's operating and capital budget versus the results to date and remaining outstanding plans, and forecasted the expected year-end position. Finance staff have reviewed each submission and performed the necessary consolidation.

Analysis

A year-end tax levy surplus of \$1,284,400 is anticipated as of October 31, 2024

The Town's tax levy funded operations are forecasted to finish the year with an anticipated surplus of \$1,284,400.

The budget includes \$150,000 for salary gapping savings which is distributed across the departments. This recognizes that during the year there will be some staff turnover and periodic vacancies. Also included in the 2024 Budget was an additional \$50,000 for the additional salary gapping based on previous years trends. This amount has been budgeted within Corporate Revenue & Expenditures.

Table 1
2024 Operating Forecast to Year end

\$000s	Budget	Forecast	Variance Surplus/(Deficit)
Council	648.8	636.8	12.0
CAO	1,622.0	1,600.8	21.2
Corporate Services	6,380.7	6,257.0	123.7
Finance	7,241.2	7,103.1	138.1
Fire	13,063.9	13,063.9	-
Operational Services	12,389.6	12,299.2	90.4
Community Services	12,782.4	12,148.8	633.6
Planning & Development Services	(522.8)	(679.7)	156.9
Corporate Revenue & Expenses	6,237.7	6,129.2	108.5
Tax Levy	(59,843.5)	(59,843.5)	-
Total Operating			1,284.4

A detailed break-down of the Town's current forecasted variance by division can be found in Attachment 1. This report has been simplified to show only the net budget amount, the forecasted ending position for each item, and the variance to budget. Overall, the Town's approved budget for 2024 includes \$80,901,100 in approved expenditures, funded by \$21,057,600 in revenues consisting of user fees, charges and investment income and a total tax levy of \$59,843,500.

A summary of the Town's key forecasted variances by department follows.

CAO and Council

Council and the Office of the CAO are forecasting to conclude the fiscal year with a surplus of \$33,200 on a net operating budget of \$2,270,800. This surplus relates mostly to forecasted savings in contracts and conferences.

Corporate Services

Corporate Services is forecasting a surplus of \$123,700 on a total net operating budget of \$6,380,700. This surplus is mostly attributable to savings in salaries due to temporary position vacancies, offset by a shortfall in legal revenues. By-law Services has seen an increase in revenue, while Animal Control is forecasting a deficit due to prior year payments for the animal shelter taking place this year.

Finance

Finance is forecasting a surplus of \$138,100 on a net operating budget of \$7,241,200. This surplus is mostly attributable to anticipated software maintenance savings and higher than anticipated revenues.

Fire Services

The total approved 2024 operating budget for Central York Fire Services (CYFS) is \$31,335,900. Aurora's share of this total budget is \$13,063,900. As per normal practice, should a CYFS surplus or deficit arise by fiscal year-end, it will be offset by an equal contribution to/from the shared CYFS Reserve, thus leaving the Town's forecasted Fire Services requirements as budgeted.

Operational Services

Operational Services, excluding water, wastewater and stormwater services is forecasting an overall surplus of \$90,400 on a net operating budget of \$12,389,600. Key contributors to this surplus are higher than anticipated road access permit fee revenue,

contract savings and higher than anticipated grant revenue within Waste Collection and Recycling. These favourable variances are offset by additional costs in streetlight repairs and unplanned repairs to sidewalk trip ledges. The identified winter management surplus of \$210,500 for the most part represents salary savings, as staff resources have been re-directed toward roads operations. This redirection of staff effort is a key contributor to the forecasted shortfall under road network operations. Any salary driven savings under winter management will be used firstly to offset any salary related deficits under road network operations prior to any contribution to the winter control reserve policy. As per the Town's winter control reserve policy, should a surplus happen by year-end it will be contributed to the Winter Management reserve. If a winter management deficit were to be experienced and the overall Town operating budget is unable to accommodate the full reported deficit, any required funding shortfall can be drawn from this reserve.

Operational Services' salaries and wages are split between tax levy and rate (water, wastewater and stormwater services) funded programs. In any given year, the operational service staff support of tax levy or rate funded programs can vary, as such costs may shift between these programs based on the operational needs.

Community Services

Community Services is forecasting a \$633,600 surplus on a net operating budget of \$12,782,400. The key contributor to this surplus relates to forecasted utility and contract savings. Recreational Programming saw an increase in fall registrations, which contributed to an increase in revenue versus the last forecast. These surpluses are partially offset by reduced ATS program revenue resulting from a later than scheduled opening as well as additional postage costs.

At this time, no Aurora Town Square operating budget savings are anticipated. Should any savings of this nature be experienced at fiscal year end, these savings will be contributed to the Town's Tax Rate Stabilization reserve. This funding strategy will conclude at the end of 2024 with the ATS' substantial completion. The cumulative Aurora Town Square operating savings held within the Tax Rate Stabilization reserve have been earmarked to assist in the management of any arising one-time costs in support the Square reaching full operational capacity.

Planning and Development Services

Planning and Development Services is forecasting a surplus of \$156,900 on a net operating budget of \$522,800. This surplus is mostly attributable to higher than anticipated development revenues, offset by higher than anticipated contract costs.

Not included in this variance is a projected Building Services' surplus of \$398,500 as it is a self-funded per provincial legislation. Any variance in Building Services is offset through an equal contribution to/from its dedicated reserve as appropriate. This forecasted surplus results from temporary vacant position salary savings, as well as an increase in building permit revenues.

Corporate Revenues and Expenses

Corporate Revenues and Expenses is forecasting a surplus of \$108,500 on a net operating budget of \$6,237,700. This surplus primarily relates to unplanned HST rebates as well as larger than anticipated tax penalty revenue. This surplus is partially offset by a Payments-in-Lieu of taxes shortfall and redirecting investment income to reserves.

A budget of \$510,000 is included under the Corporate Expenses for the Aurora Town Square (ATS) debt carrying costs. On September 24, 2024, Council approved a short-term asset management funding strategy which included the redirection of this amount in support of asset management reserves on an ongoing basis. As part of this funding usage transition, it will firstly be used to offset any 2024 ATS debt carrying costs which consist solely of interest costs arising from the use of its construction line of credit. For 2024, these costs are anticipated to be less than the available \$510,000 budget. Any unrequired funds at year end will be contributed to asset management reserves as per the short-term asset management funding strategy.

Aurora Public Library Contribution

The Aurora Public Library anticipates that it will end the 2024 fiscal year on budget.

Total Tax Levy

The Town is forecasting to collect \$59,843,500 of the budgeted total tax levy. The Tax Levy Funded Net Operating Forecast Update can be found in Attachment #1.

A surplus of \$285,000 is forecasted by fiscal year end for the Town's water, wastewater and stormwater operations

The Town's user rate funded operations are currently projected to close the year with a surplus of \$285,000. This surplus mostly relates to contract savings as well as a reduction in storm pond maintenance planned for this year. Table 2 presents a summary of the Town's rate funded operations forecast to year end. More detail can be found in Attachment 2.

Table 2
2024 Rate Forecast to Year-end

\$000s	Forecast Surplus/(Deficit)
Water Services	(54.0)
Wastewater Services	243.3
Storm Water Services	95.7
Total User Rate Surplus (Deficit)	285.0

The summer months tend to have the most significant impact on the water and wastewater budget performance. The revenues collected for these two services are directly impacted by weather patterns as residents use more water outside their homes.

User rate funded operations budgets include fixed operational costs, funded by the net proceeds from the sale of water, wastewater and stormwater services. These fixed operational costs include staff and service maintenance costs related to maintaining the infrastructure systems, water quality testing, and the billing and customer service functions. These costs are not directly impacted by the volume of water flowing through the system.

The fixed costs relating to water and wastewater services are funded from the net revenues earned by these services which are variable in nature as they are based upon metered water consumption volumes. Stormwater revenues are not subject to the same volatility as it is billed as a flat fee.

The forecasted capital spend of \$44.9M as of October 31, 2024 is \$5.6M lower than the Town's forecasted capital spend of \$50.5M as of August 31, 2024.

The capital project forecast focuses on the planned spending for 2024. As many projects have budgets that span multiple years, any amount that is forecasted to not be spent this year may be rolled forward, if needed, to future years through the capital budget process.

The Town's projected capital spending for the year as of October 31, 2024, is \$5.6 million (11 per cent) lower than the previously forecasted 2024 capital spend of \$44.9M as of August 31, 2024, and \$39.3M (47 per cent) lower than the originally planned/budgeted 2024 capital spend of \$84.1M for all approved capital projects. A detailed breakdown of the Town's current forecasted capital spend by individual capital project can be found in Attachment 3. A summary of the updated 2024 capital spend forecast is presented under Table 3.

Table 3
Planned 2024 Capital Spending

\$000s	Aug. 31 Forecast	Oct. 31 Forecast	Variance
Growth & New	26,564.0	23,931.5	2,632.5
Asset Management	22,729.6	20,083.0	2,646.6
Studies & Other	1,190.2	857.9	332.3
Total	50,483.9	44,872.4	5,611.5

This report presents the variance between the forecasted active capital project spend as of October 31 compared to the forecasted spend as of August 31 and provides a brief explanation for each identified material variance. The 2024 forecasted capital spend does not include any projects that were proposed for closure prior to August 31, 2024.

The following is a summary of the Town's key forecasted variances by department for active capital projects.

CAO

The office of the CAO does not have any material variances of note.

Fire Services

Fire Services does not have any material variances of note.

Operational Services

Operational Services is projecting planned capital spending of \$11.1M as of October 31, 2024, which is \$3.4M lower than what was forecasted on August 31, 2024. Planned capital spending of \$2M is deferred to 2025 for the construction of St Anne's School Park and Artificial Turf – Aurora Barbarians. In addition, three vehicles will be delivered in 2025 resulting in \$642K in planned spending being deferred to the new year.

Community Services

Community Services is projecting planned capital spending of \$15.2M as of October 31, 2024, which is \$200K lower than the \$15.4M that was forecasted on August 31, 2024. Planned capital spending of \$185K is deferred to 2025 to reflect updated project delivery timelines related to the Energy and Demand Management Plan Implementation, Building Automation System Replacement and Town Hall Accommodation Plan.

Planning and Development Services

Planning and Development Services is projecting planned capital spending of \$16.1M, which is \$1.2M lower than what was forecasted on August 31, 2024. This variance is heavily driven by construction delays in various stormwater and roads projects which will result in an estimated \$990K in planned payments being deferred to 2025.

Finance

Finance is projecting planned capital spending of \$1.8M, which is \$778K lower than what was forecasted on August 31, 2024. The primary driver of this variance is that \$490K in planned spending is being deferred to 2025 for the Advanced Metering Infrastructure project when access to water towers is expected. Delays to multiple IT projects will also result in \$254K in funds being spent in 2025.

Corporate Services

Corporate Services is projecting planned capital spending of \$172K, which is \$56K lower than what was forecasted on August 31, 2024. The key contributors of this variance include \$44K in planned spending for AMPS Implementation and Risk Management now expected to occur in 2025.

The forecasted capital spend on the Facilities and IT Emergency Repairs Contingency projects are \$82,856 and \$1,100, respectively

Emergency repair and contingency projects offer an efficient means through which minor unplanned high priority repairs may be undertaken. Repairs of this nature often represent asset betterments and always fall within staff's delegated authority thresholds. Currently the Town has two emergency repair contingency capital projects, one for facility, and another for IT unplanned repairs. These projects remain open for a maximum of one year, with a new project being established each year.

The Unplanned Facilities Emergency Repairs Contingency project has an approved budget of \$100,000 and a forecasted spend for 2024 of \$82,856. The Unplanned IT Emergency Repairs Contingency project has an approved budget of \$20,000 and a forecasted spend for 2024 of \$1,100. A summary of the forecasted capital spend for each of these two projects is presented under Table 4.

Table 4

Forecasted 2024 Capital Spend – Unplanned Emergency Repairs Contingency projects

Project	Budgeted Capital Spend for 2024	Oct. 31 Forecast	Variance	Oct 31 Forecast Details
AM0333: Unplanned – Facilities Emergency Repairs Contingency (2024)	100,000	82,856	17,144	Roof works at 15165 Yonge St, Dectron Circuit Repair at AFLC, Radiant Tube Heater Installation at AFLC, Ice Melt Boiler Replacement at ACC
AM0371: Unplanned – IT Emergency Repairs Contingency 2024	20,000	1,100	18,900	Troubleshooting servicing related to Data Centre infrastructure failure.

Advisory Committee Review

Not applicable.

Legal Considerations

None.

Financial Implications

The final annual surplus or deficit in the tax and user rate operating budgets will be allocated by Council to / from various reserves at fiscal year end as per the Surplus/Deficit Management By-law 6607-24.

Capital projects will be funded throughout the year to match the progress spending in the project. As some planned capital spending is delayed until 2025, this will result in the ability to invest these associated earmarked funds on a short-term basis resulting in additional investment income for the Town. The next budget process will consider the current year's forecast along with an update to future cash flow requirements for approved projects as part of the 10-year capital plan.

There are no other immediate financial implications arising from this report. Council fulfills its role, in part, by receiving and reviewing this financial status report on the operations of the municipality relative to the approved budget.

Communications Considerations

The Town of Aurora will inform the public about the information contained in this report by posting it to the Town's website.

Climate Change Considerations

The information contained within this report does not impact greenhouse gas emissions or impact climate change adaptation.

Link to Strategic Plan

Outlining and understanding the Town's present financial status at strategic intervals throughout the year 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

Not applicable.

Conclusions

Having completed 10 months of operations, the Town is presently forecasting to end the year with a favourable budget variance from tax levy funded operations of \$1,284,400. This forecast will continue to be subject to change over the remainder of the fiscal year and be subject to other normal influencing variables such as the actual level of town services consumed by fiscal year end.

The user rate funded budget is presently forecasting to conclude the year with a surplus of \$285,000.

Any remaining surplus or deficit at fiscal year end will be offset through contributions or a draw from reserve as defined in the Town's 2024 Surplus/Deficit Management By-law 6607-24 which was approved by Council on May 28, 2024.

The Town is presently forecasting to spend \$5.6 million less than what was forecasted for all active capital projects on August 31, 2024. These capital cash outflows will be deferred and spent in 2025 and beyond.

Attachments

Attachment 1 – 2024 Interim Tax Levy Funded Net Operating Forecast Update – as of October 31, 2024

Attachment 2 – 2024 Interim Water Rate Funded Net Operating Forecast Update – as of October 31, 2024

Attachment 3 – 2024 Budgeted Capital Spend Forecast Update – as of October 31, 2024

Pre-submission Review

Agenda Management Team review via email November 27, 2024.

Approvals

Approved by Rachel Wainwright-van Kessel, CPA, CMA, Director, Finance

Approved by Doug Nadorozny, Chief Administrative Officer