

Budget numbers ?concerning? for Councillors, municipal staff

By Brock Weir

Aurora's 2014 fiscal year closed with a budget surplus of nearly \$790,000 ? and while that might seem like a positive for many people, had a few unforeseen circumstances not seen a sudden influx of cash into Town coffers, the year would have ended in a \$431,200 deficit.

These were the numbers presented to Councillors last week by Dan Elliott, Treasurer for the Town of Aurora. Despite the year ending in a surplus, the potential of hitting a budget deficit raised alarm bells around the table and led to calls for various municipal departments to be more mindful of the budgets allocated to them.

?Overall the Town's municipal operations budget closed the year with a surplus of \$787,840,? said Mr. Elliott in his report to Council. ?However?the corporations' year-end surplus position was the result of four significant unplanned revenue windfalls attributable to 2C lands development driven fee revenues, an GST rebate tax credit refund, supplementary tax surplus variances, and investment income.

?Had these fortuitous revenues not occurred, the corporation would have finished the fiscal year in a deficit position of \$431,200, suggesting that despite spending curtailments by staff, the corporation's approved operating budget was insufficient in meeting its core operating requirements in 2014.?

2014's Budget was initially approved at \$53,470,100, but Council subsequently upped the ante by \$450,100, noted Mr. Elliott. While most municipal departments ended the year in a favourable position, one of the biggest deficits was in the area of Infrastructure and Environmental Services, which ended the year at 5.1 per cent over-budget, attributed to salaries, road operations, and unplanned expenses when it came to the repair and replacement of equipment and other components of municipal facilities.

By the time these numbers hit the Committee level last week, Mr. Elliott said these unplanned revenues ?more or less bailed us out?, a fact that was ?concerning.?

?Going into the 2015 Budget, we saw some substantive budget reductions and so it does not bode well necessarily if we stay on a similar track for this year, although we know because of supplementary revenues, we're going to have some of those fortuitous revenues again. We're not doing that deliberately in our budget process because we know it is not a sustainable revenue source. I am concerned that it appears the expenditures budgets are beginning to be very, very tight?not quite sufficient enough to operate the municipality in the manner to which we are used to having it run and operated.

?Despite the efforts of my colleagues around the table in trying to constrain our expenditures and trying hard to stick to budgets, we have things like snow events, weather events, facility repairs that sneak up on us. These are all things that add up together. Fortunately, we're able to end the year in a black ink scenario, but if it weren't for those fortuitous revenues we would be in the red and it is concerning to me. We have to be careful.?

This was also concerning to Councillors who said Aurora cannot keep relying on these sudden windfalls.

?I am not comfortable with relying on fortuitous revenues coming in,? said Councillor Michael Thompson, questioning whether their financial system would be able to report quarterly, or semi-annually on where these expenditures and revenues lie at any given point in the year. ?A couple of times we have seen these reports at the end of the year get all rolled up and I think it would be helpful for Council to have more up-to-date information as we progress through the year.?

Updates to the reporting system are currently being looked at, responded Mr. Elliott, and an updated forecast is in the works. This is not a fool-proof system, however, he noted, as things can change every day. For instance, in last October's forecast, the GST rebate information became clear just the next day, producing a ?big? variance.

Councillor Harold Kim also asked for more up-to-date and frequent reporting as this is a frequent occurrence.

?I feel like Michael Corleone in Godfather III ? just when you try to get out it kind of drags you back in,? he said of the budget process. ?This is not a one-off incident. I know we have the Finance Advisory Committee and we're going to move to a multi-year budget where we can smooth things out.

?I trust with our newly formed committee, we're going to have to perhaps go line by line and form that baseline to ensure that we don't have the access or shortfalls we can amortize over five years? We just need to do a better job going forward.?