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July 31, 2014

## **CORPORATE SERVICES INFORMATION REPORT - FINANCIAL SERVICES - 2014-32**

TO: Mayor Tony Van Bynen and Members of Council  
SUBJECT: 2014 Second Quarter Report – Tax Supported Operating Budget  
ORIGIN: Financial Analyst

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*In accordance with the Procedure Bylaw, any member of Council may request an Information Report to be placed on an upcoming Committee of the Whole agenda for discussion.*

### **COMMENTS**

The purpose of this report is to provide Council with a high level summary of the tax supported operating accounts for the first six months ending June 30, 2014. Timing differences create a significant part of the variances, which will be expected to compare much closer to the budgeted figures by the end of the year.

### **Tax Supported Operating Budget**

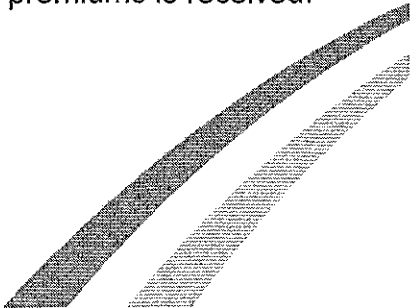
Overall revenues to the end of June totaled \$54,391,674, while total expenditures totaled \$33,850,185 for the same period, creating a \$20,541,489 surplus, which results in a favorable variance of \$1,338,607 compared to budget. The final residential property taxes were billed by the end of June, accounting for the large surplus position at this time. There is no indication at this point that the budgeted amounts will not be met at year end.

### **CAO's Office**

There have been savings in this area, mostly from staff vacancies (wage gapping), which will be applied to temporary hiring in other areas.

### **Corporate Services**

Insurance expense shows a favorable budget variance of \$332,000; however this variance arises from timing and will be accounted for once the annual invoice for insurance premiums is received.



### **Central York Fire Services**

Salaries and benefits for Central York Fire Services were \$481,163 under budget at the end of the second quarter, as wages and benefits for firefighters are still being paid out at the 2012 rate, pending settlement of the 2013 and 2014 rate. Accruals for wage and benefit costs will be made at the end of the year based on budgeted amounts. As per past practice, any potential deficit or surplus would be funded from or transferred to the CYFS reserve fund.

### **Community Services**

Timing differences and staff gapping account for the expense and revenue variances in this commission.

Please refer to the Appendix for additional comments from Community Services.

### **Infrastructure & Development Services**

Winter control has incurred higher than budgeted expenses due to an increased number of snow events over the past winter. Should it exceed its budget at the end of the year, a draw will be made on the Winter Control Reserve. We are anticipating government funding for ice storm costs which should offset our draw on reserves.

Please refer to the Appendix for comments from Infrastructure & Development Services.

### **General Government**

Assessment disputes and subsequent decisions from the Assessment Review Board resulted in some large one-time tax adjustments. In addition, vacancy rebates continue to exceed our projections. The budget impact has been partially mitigated by temporary savings in other areas. It is possible that the end of the year variance could be as much as \$300,000. Should this be the case and there are no offsetting savings or additional revenues in other areas, then a recommendation will be made to draw upon the Rate Stabilization Reserve. This will be a driver for the 2015 budget.

### **Taxation**

Tax revenues reflect the billing for both interim and final residential property taxes, as well as interim commercial property taxes at the end of June. Final commercial property taxes and supplementary taxes will be billed in the second part of the year; tax revenues are expected to continue to be in line with the budgeted amounts.

### **BUDGET IMPACT**

There are no indications at this time that budgeted numbers cannot be attained, however, it is too early to project a surplus. Where potential negative budget variances have been identified, they are of a temporary nature and there are appropriate reserves to offset them.

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## **BUSINESS PLAN AND STRATEGIC PLAN LINKAGES**

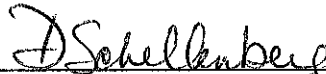
This report links to Newmarket's key strategic directions in being Well Managed through fiscal responsibility.

## **CONTACT**

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### Attachments

- 1) Appendix-Comments from Managers, Directors or Commissioners (1 pg.)
- 2) 2014 Second Quarter Results-Operating Results (1 pg.)

## **APPENDIX**

(Corporate Services Report – Financial Services – 2014-32)

### **COMMENTS FROM MANAGERS, DIRECTORS OR COMMISSIONERS:**

#### **COMMUNITY SERVICES**

A decision to capture the cost for After Hours services in Customer Service rather than Information Technology resulted in unbudgeted expense of \$5,688 to the end of June. It is expected that this figure will amount to an estimated \$10,000 by the end of the year, and this cost will be added to the Customer Service budget in 2015.

Bonnie Munslow  
Manager of Customer Service

The favorable variance in expenses to date are the result of lower salaries and wages mainly due to vacant positions in the Program area, lower program and events costs as well as lower than anticipated community grants. These have been partially offset by higher EDO consulting costs related to the application to the Province for an education facility as well as transfers to reserves related to a budgeted but as of yet unfilled EDO position.

Revenues are in line with budget and at this point we are unaware of any significant factors that would impact our ability to meet the budget.

*Lisa Ellis*  
*Business Performance Coordinator*

#### **DEVELOPMENT & INFRASTRUCTURE COMMISSION**

The major variances are the result of:

- 1) Vacant positions in Engineering, Building & Public Works
- 2) Lower Engineering allocations to capital projects (anticipated to be resolved for year-end)
- 3) Lower expenses related to annual maintenance programs result also result in lower revenue as a result of lower transfers from ARF (timing differences)

At this point we are not aware of any significant factors that would impact our ability to meet the budget.

*Lisa Ellis*  
*Business Performance Coordinator*

**Town of Newmarket  
2014 Second Quarter  
OPERATING RESULTS**

Departments	Year-to-Date (June 30, 2014)			Full Year
	ACTUAL	BUDGET	VARIANCE	Budget
	\$	\$	\$	\$
<b>Members of Council</b>				
<i>Revenues</i>	-	10,001	(10,001)	20,000
<i>Expenditures</i>	574,491	625,629	51,138	1,256,274
<b>Net surplus/(deficit)</b>	<b>(574,491)</b>	<b>(615,628)</b>	<b>41,137</b>	<b>(1,236,274)</b>
<b>C.A.O. - Office</b>				
<i>Revenues</i>	16,970	49,503	(32,533)	99,000
<i>Expenditures</i>	1,475,888	1,741,385	265,497	2,666,283
<b>Net surplus/(deficit)</b>	<b>(1,458,918)</b>	<b>(1,691,882)</b>	<b>232,964</b>	<b>(2,567,283)</b>
<b>Corporate Services</b>				
<i>Revenues</i>	879,059	880,206	(1,147)	1,760,417
<i>Expenditures</i>	4,994,782	5,194,140	199,358	9,955,260
<b>Net surplus/(deficit)</b>	<b>(4,115,723)</b>	<b>(4,313,934)</b>	<b>198,211</b>	<b>(8,194,843)</b>
<b>Central York Fire Services</b>				
<i>Revenues</i>	35,726	13,500	22,226	278,000
<i>Expenditures</i>	4,587,459	5,089,773	502,314	12,600,552
<b>Net surplus/(deficit)</b>	<b>(4,551,734)</b>	<b>(5,076,273)</b>	<b>524,539</b>	<b>(12,322,552)</b>
<b>Community Services</b>				
<i>Revenues</i>	2,646,999	2,668,746	(21,747)	6,443,830
<i>Expenditures</i>	3,797,145	4,017,441	220,296	8,750,023
<b>Net surplus/(deficit)</b>	<b>(1,150,146)</b>	<b>(1,348,695)</b>	<b>198,549</b>	<b>(2,308,193)</b>
<b>Development &amp; Infra. Services</b>				
<i>Revenues</i>	1,926,190	3,314,667	(1,388,477)	6,958,953
<i>Expenditures</i>	14,302,842	16,102,250	1,799,408	32,247,098
<b>Net surplus/(deficit)</b>	<b>(12,376,653)</b>	<b>(12,787,583)</b>	<b>410,931</b>	<b>(25,288,145)</b>
<b>Library Services</b>				
<i>Revenues</i>	118,909	127,768	(8,859)	327,631
<i>Expenditures</i>	1,568,035	1,588,212	20,177	3,176,445
<b>Net surplus/(deficit)</b>	<b>(1,449,126)</b>	<b>(1,460,444)</b>	<b>11,318</b>	<b>(2,848,814)</b>
<b>General Government</b>				
<i>Revenues</i>	1,383,859	1,450,304	(66,445)	4,236,109
<i>Expenditures</i>	1,495,980	1,305,637	(190,343)	2,510,279
<b>Net surplus/(deficit)</b>	<b>(112,121)</b>	<b>144,667</b>	<b>(256,788)</b>	<b>1,725,830</b>
<b>Debt Servicing</b>				
<i>Revenues</i>	1,435,402	1,460,555	(25,153)	3,421,113
<i>Expenditures</i>	2,138,229	2,120,574	(17,655)	4,241,136
<b>Net surplus/(deficit)</b>	<b>(702,827)</b>	<b>(660,019)</b>	<b>(42,808)</b>	<b>(820,023)</b>
<b>Property Taxes</b>				
<i>Revenues</i>	45,948,560	45,927,920	20,640	51,688,784
<i>Expenditures</i>	-	-	-	-
<b>Net surplus/(deficit)</b>	<b>45,948,560</b>	<b>45,927,920</b>	<b>20,640</b>	<b>51,688,784</b>
<b>Allocations</b>				
<i>Revenues</i>	-	-	-	-
<i>Expenditures</i>	(1,084,668)	(1,084,753)	(85)	(2,169,512)
<b>Net surplus/(deficit)</b>	<b>1,084,668</b>	<b>1,084,753</b>	<b>(85)</b>	<b>2,169,512</b>
<b>GRAND-TOTAL</b>				
<i>Revenues</i>	54,391,674	55,903,170	(1,511,496)	75,233,837
<i>Expenditures</i>	33,850,185	36,700,288	2,850,103	75,233,837
<b>Net surplus/(deficit)</b>	<b>20,541,489</b>	<b>19,202,882</b>	<b>1,338,607</b>	<b>(0)</b>