



**Mike Mayes, Director
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CORPORATE SERVICES INFORMATION REPORT-FINANCIAL SERVICES-2014-30

TO: Mayor Tony Van Bynen and Members of Council

SUBJECT: 2014 Utility Operating Budget Variance Report - Second Quarter

ORIGIN: MFIP Intern

In accordance with the Procedure By-law, any Member of Council may request this Information Report be placed on an upcoming Committee of the Whole agenda for discussion.

COMMENTS

The purpose of this information report is to advise Council on the results of the utility accounts for the period ending June 30, 2014. Year-to-date revenues and expenditures were both lower than budget due to lower consumption volumes.

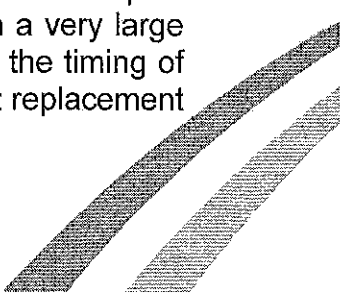
Since expenditures decreased more than revenues, the utility accounts have a year-to-date favorable variance of \$20,796. As per budget, \$780,495 was transferred to the rate stabilization fund and \$2,495,532 was transferred to the asset replacement fund (included in expenditures). The goal of the rate stabilization reserve is a balance equal to 5% of annual revenues, which should be achieved in 2015.

Attached is a summary of the second quarter results for the utility accounts.

Next Steps

The Town is currently reviewing the water rate structure. The guiding principles for establishing the new rates are fairness and equity, water resource management, simplicity and financial stability. Some possible avenues being explored are rates that are a function of season, location, water meter size and time of day. The application of the water rebate program is also being re-evaluated.

The Hemson Report indicated that water and wastewater forecasted capital contributions are expected to be adequate until 2046. This adequacy is in a very large part due to the long useful life of water and wastewater infrastructure and the timing of when it was built. The 6-Year Financial Plan update will increase our asset replacement




fund contributions to address the projected funding requirements for the period 2046 to 2061 when the majority of the underground infrastructure is due to be replaced.


An update of the Water and Wastewater 6-Year Financial Plan is targeted for early in 2015 and will include recommendations on a new rate structure.

CONTACT

For more information on this report, please contact: Mike Mayes at 905-953-5300, ext. 2102 or via e-mail at mmayes@newmarket.ca.




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MFIP Intern



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Manager, Finance and Accounting



Mike Mayes, CGA
Director, Financial Services/Treasurer



Anita Moore, AMCT
Commissioner, Corporate Services

KY/nh

Attachment

(1) 2014 Second Quarter Utility Operating Results (1 pg.)

Town of Newmarket

2014 Second Quarter

UTILITY OPERATING RESULTS

Departments / Area	Year-to-date (June 30, 2014)				Full Year Budget
	ACTUAL	BUDGET	VARIANCE		
	\$	\$	\$	%	
Water Rate Group					
<i>Revenues</i>	6,965,802	7,528,381	(562,579)	-7.5%	15,204,386
<i>Expenditures</i>	5,916,611	6,416,200	499,589	7.8%	13,176,476
Net	1,049,191	1,112,181	(62,990)	-6.0%	2,027,910
Wastewater Rate Group					
<i>Revenues</i>	6,933,514	7,865,336	(931,822)	-11.8%	15,888,786
<i>Expenditures</i>	5,939,848	6,955,456	1,015,608	14.6%	14,186,195
Net	993,666	909,880	83,786	9.2%	1,702,591
Allocations					
<i>Revenues</i>	-	-	-	0.0%	-
<i>Expenditures</i>	1,084,767	1,084,767	0	0.0%	2,169,512
Net	(1,084,767)	(1,084,767)	0	0.0%	(2,169,512)
Transfer To/ From Rate Stabilization Reserves					
<i>Revenues</i>	-	-	-	0.0%	-
<i>Expenditures</i>	780,495	780,495	-	0.0%	1,560,989
Net	(780,495)	(780,495)	-	0.0%	(1,560,989)
GRAND-TOTAL					
<i>Revenues</i>	13,899,316	15,393,717	(1,494,401)	-9.7%	31,093,172
<i>Expenditures</i>	13,721,721	15,236,918	1,515,197	9.9%	31,093,172
Net	177,595	156,799	20,796	13.3%	-