



Town of Newmarket
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2019 Interim Appropriations Information Staff Report

Report Number: 2018-41

Department(s): Financial Services

Author(s): Mike Mayes, Director of Financial Services

Meeting Date: December 10, 2018

Recommendations

That the report entitled 2019 Interim Appropriations dated November 19, 2018 be received for information purposes.

Purpose

Interim appropriations will be required to fund operating and capital spending in 2018 as the budgets are not scheduled to be approved until March 4, 2019. Council may even decide to delay this date for further deliberation.

Spending authority for operating expenditures is not being sought as it has been previously delegated to staff – the calculations are provided for information purposes.

Background

INTERIM APPROPRIATIONS

The Town of Newmarket's usual practice is to have operating and capital budgets approved in December, prior to the commencement of the new fiscal period. This is not possible for years when an election is held. The Municipal Act does not allow early adoption of a budget for the year following an election (Section 290 (1.1)).

The fiscal year for a municipality is the calendar year. Therefore, the 2019 budget cannot be approved prior to the start of the fiscal year.

This would normally mean that there is no spending authority until the budget is passed, however; Council has approved the Operating and Capital Financial Policy (FIN. 2-01) which provides for these circumstances and delegates authority for operational spending.

In Section C., Operating Budget Financial Controls:

6. No expenditure will be incurred until the budget for the current fiscal year has been approved by Council unless:

- a) An appropriation for a similar item existed in the previous year's Operating Budget and the expenditure does not exceed 50% of the amount appropriated in the previous year's Operating Budget;*
- b) Approval was granted by Council through a report outside the budget process;*
- c) An emergency occurred requiring expenditures and the Chief Administrative Officer approved such expenditures. Where such authorization is given, a subsequent report detailing the emergency will be prepared for Council's information by the Chief Administrative Officer.*

7. All operating expenditures in accordance with 6.above will be included in and be part of the Operating budget.

Similarly, in Section B., Capital Budget Financial Controls:

5. Until the Capital Budget has been approved by Council, no department will commence any Capital project that was not authorized in prior years unless:

- a) Approval was granted by Council through a report outside the budget process;*
- b) An emergency occurred requiring capital expenditures and the Chief Administrative Officer approved such expenditures. Where such authorization is given, a subsequent report detailing the emergency and the financing of such will be prepared for Council's information by the Chief Administrative Officer.*

Procedures for obtaining services/materials for the above will be in accordance with the Town's Purchasing By-law.

6. All capital projects in accordance with 5 above will be included in and be part of the Capital Budget.

Discussion

Authority is required to approve payments for 2019 capital spending prior to Council adoption of the 2019 budget. At this time, the budget is scheduled for approval on March 4, 2019.

INTERIM APPROPRIATIONS FOR OPERATING EXPENDITURES

The 2019 interim appropriations of \$64,743,827 for operations is 50% of the 2018 budgeted operating expenditures. This includes the operating budgets (tax and rate-

supported) adopted by Council on December 4, 2017 and the supplementary budget for the purchase of the Mulock Farm adopted by Council on March 5, 2018.

	Approved 2018 expenditures	2019 appropriation
Town portion (excluding areas listed below)	\$ 63,446,921	\$ 31,723,461
Newmarket Downtown Development Business Area (BIA)	\$ 30,000	\$ 15,000
Newmarket Public Library	\$ 4,050,823	\$ 2,025,412
Central York Fire Services (Newmarket's share)	\$ 16,762,672	\$ 8,381,336
Water and Wastewater Rate Groups	\$ 39,248,453	\$ 19,624,226
Stormwater Management Rate Group	\$ 1,852,084	\$ 926,042
Building Permit Rate Group	\$ 2,536,701	\$ 1,268,350
Subtotal	\$ 127,927,654	\$ 63,963,827
Supplementary Budget – Mulock Farm	\$1,560,000	\$ 780,000
Total operating budget	\$ 129,487,654	\$ 64,743,827

In compliance with Operating and Capital Financial Policy (FIN 2-01):

- The interim expenditures will be included in the 2019 Operating budget request;
- Expenditures will be limited to items that would be included in the base budget;
- There will be no new expenditures, no enhancements or new spending prior to Council approval of the 2019 operating budget, unless specific Council approval is given.

No Interim Allocation is required for Capital Expenditures at this time.

Financial Services Report 2018-14 regarding Capital Carryovers quantified the amount of capital expenditures that have been authorized by Council but not yet expended as of the end of 2017. The carryovers for 2019 will include \$22,632,664 from 2017 and the unspent portion of the 2018 allocation of \$56,184,829.

Further approval is not required for these projects and programs.

Conclusion

Staff will have authorization to fund ongoing operations prior to the approval of the 2019 budget.

Business Plan and Strategic Plan Linkages

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

Consultation

The Commissions have confirmed that there are no capital projects requiring early approval.

Human Resource Considerations

Not applicable to this report.

Budget Impact

The Town's usual practice is to adopt its budget prior to the start of the fiscal year. When this has not been possible, the Town, similar to most municipalities, works within an interim appropriation. Council has approved the Operating and Capital Financial Policy (FIN 2-01), which provides for these circumstances.

All expenditures approved as part of the Interim Appropriation will be included in the 2019 operating budget requests.

Operating Budget

Expenditures will be limited to items that are included in the base budget. There will be no new expenditures, no enhancements or new spending prior to Council approval of the 2019 operating budget.

Capital Budget

Approval has been previously given by Council in previous years for specific capital expenditures. No new spending is authorized until the 2019 budget is passed.

Attachments

None.

Approval

Mike Mayes, CPA, CGA, DPA
Director, Financial Services/Treasurer

Esther Armchuk, LL.B
Commissioner, Corporate Services

Contact

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