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Financial Services/ Deputy Treasurer**

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November 11, 2014

CORPORATE SERVICES INFORMATION REPORT – FINANCIAL SERVICES 2014-42

TO: Mayor Tony Van Bynen and Members of Council
SUBJECT: 2014 Third Quarter Report – Tax Supported Operating Budget
ORIGIN: Manager of Finance and Accounting/ Deputy Treasurer

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 report is to provide Council with a high level summary of the tax supported operating accounts for the first nine months ending September 30, 2014. A number of adjustments have been made to eliminate many of the timing differences and reflect results that are more indicative of how they will be reported at year-end. Banked overtime is now being expensed as it is incurred, rather than only when it is used or paid out.

Tax Supported Operating Budget


Overall revenues to the end of September totaled \$66,391,345, while total expenditures were \$55,527,385, creating a \$10,863,960 surplus and a favorable variance of \$421,284 compared to budget. At this point, a year-end surplus in the range of \$300,000 to \$500,000 is anticipated.

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 is \$182,000 over budget due to increased premiums from our current provider. In addition, in May of this year, a supplementary insurance assessment was received from our



previous insurance carrier - Ontario Municipal Insurance Exchange (OMEX). This assessment was required due to growing damage awards and larger resulting settlements for the period 2002 to 2012. The supplemental assessment, in the amount of \$812,615 plus 8% PST, for a total of \$877,624 will be expensed prior to year-end and is due to be paid January 2015. Town staff and the other affected municipalities are investigating how this supplemental assessment was calculated. These variances will deplete the insurance and corporate rate stabilization reserves.

Other expenses that are over budget, such as election related expenses, will be offset by year-end transfers from reserves.

Bingo licenses and parking revenues are under budget, but are more than offset by transfers from reserves to offset year-to-date legal expenses related to OMB hearings associated with the Glenway development.

Central York Fire Services

Salaries and benefits for Central York Fire Services were accrued for the anticipated 2013 and 2014 rates, as wages and benefits continue to be paid at the 2012 rate, pending settlement of their contract. As per past practice, any potential deficit or surplus would be funded from or transferred to the CYFS reserve fund.

Community Services

\$295,000 of the favorable expense variance is due to staff gapping, as well as lower program and contract costs. Work order allocations from Public Works are \$50,000 below budget.

The lower revenue is the result of lower special programs, field rental and advertising revenues.

Infrastructure & Development Services

There are two main factors causing the revenue and expense variances in this area, both of which have no net impact on the bottom line. The Building Department is \$500,000 lower in both expenses and revenues. Major maintenance is \$496,000 lower in expenses and the corresponding transfers from reserves are therefore not needed.

The remaining variance, of approximately \$460,000 is all in expenses.

Winter control has incurred higher than budgeted expenses due to an increased number of snow events over the past winter. Should we get any provincial funding for incremental costs incurred due to the ice storm, this would offset any draw from the Winter Control Reserve. Gapping also accounts for a significant portion of the favorable expense variance, due to vacancies in Building, Engineering, and Public Works and Engineering allocations to capital projects are lower than budgeted.

General Government

Assessment disputes and subsequent decisions from the Assessment Review Board (ARB) resulted in some large one-time tax adjustments. In addition, vacancy rebates continue to exceed our projections. The ARB is expediting cases in an effort to clear their backlog by 2016. In addition, consultants are aggressively pursuing clients to challenge assessments. It is possible that the end of the year variance could be as much as \$800,000. This will be a driver for the 2015 and 2016 budgets.

Taxation

Tax revenues reflect the billing for both interim and final residential and commercial property taxes. Supplementary taxes are \$100,000 higher to date and there could be another \$300,000 from the last supplementary tax billing in November.

BUDGET IMPACT

At this time, a surplus between \$300,000 to \$500,000 is estimated at year-end, as additional supplementary taxes and write-offs are expected to even out.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

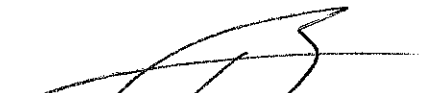
This report links to Newmarket's key strategic directions in being *Well Managed through fiscal responsibility*.

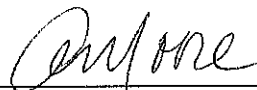
CONTACT

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

Departments	Year-to-Date (September 30, 2014)			Full Year
	ACTUAL	BUDGET	VARIANCE	Budget
	\$	\$	\$	\$
Members of Council				
Revenues	-	15,000	(15,000)	20,000
Expenditures	899,897	958,502	58,605	1,256,274
Net surplus/(deficit)	(899,897)	(943,502)	43,605	(1,236,274)
C.A.O. - Office				
Revenues	17,272	74,249	(56,977)	99,000
Expenditures	1,920,760	2,192,416	271,656	2,666,283
Net surplus/(deficit)	(1,903,488)	(2,118,167)	214,679	(2,567,283)
Corporate & Financial Services				
Revenues	1,390,044	1,320,289	69,755	1,760,417
Expenditures	7,890,550	7,557,699	(332,851)	9,955,260
Net surplus/(deficit)	(6,500,505)	(6,237,410)	(263,095)	(8,194,843)
Central York Fire Services				
Revenues	57,700	20,250	37,450	278,000
Expenditures	8,730,175	8,695,665	(34,510)	12,600,552
Net surplus/(deficit)	(8,672,475)	(8,675,415)	2,939	(12,322,552)
Community Services				
Revenues	4,482,108	4,575,405	(93,297)	6,443,830
Expenditures	6,499,967	6,844,456	344,489	8,750,023
Net surplus/(deficit)	(2,017,860)	(2,269,051)	251,191	(2,306,193)
Development & Infra. Services				
Revenues	4,149,524	5,203,233	(1,053,709)	6,958,953
Expenditures	22,979,579	24,492,908	1,513,329	32,247,098
Net surplus/(deficit)	(18,830,055)	(19,289,675)	459,620	(26,288,145)
Library Services				
Revenues	183,536	191,645	(8,109)	327,631
Expenditures	2,420,402	2,428,511	8,109	3,176,445
Net surplus/(deficit)	(2,236,866)	(2,236,866)	(0)	(2,848,814)
General Government				
Revenues	2,163,662	2,122,956	40,706	4,236,109
Expenditures	2,299,948	1,903,266	(396,692)	2,510,279
Net surplus/(deficit)	(136,285)	219,700	(355,985)	1,725,830
Debt Servicing				
Revenues	2,153,939	2,190,833	(36,894)	3,421,113
Expenditures	3,512,223	3,512,223	0	4,241,136
Net surplus/(deficit)	(1,358,284)	(1,321,390)	(36,894)	(820,023)
Property Taxes				
Revenues	51,793,560	51,688,336	105,224	51,688,784
Expenditures	-	-	-	-
Net surplus/(deficit)	51,793,560	51,688,336	105,224	51,688,784
Allocations				
Revenues	-	-	-	-
Expenditures	(1,626,116)	(1,626,116)	0	(2,169,512)
Net surplus/(deficit)	1,626,116	1,626,116	0	2,169,512
GRAND-TOTAL				
Revenues	66,391,345	67,402,196	(1,010,851)	75,233,837
Expenditures	55,527,385	56,959,520	1,432,135	75,233,837
Net surplus/(deficit)	10,863,960	10,442,676	421,284	(0)