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May 6, 2014

**CORPORATE SERVICES INFORMATION REPORT - FINANCIAL SERVICES - 2014-21**

TO: Mayor Tony Van Bynen and Members of Council  
SUBJECT: 2013 Final Reports – Operating, Capital & Utilities Q4  
ORIGIN: Manager of Finance and Accounting

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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**

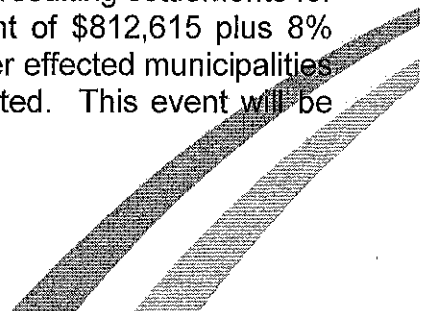
Finance Report 2014-10 dated March 6, 2014 projected a preliminary 2013 surplus of \$930,000. Since the presentation of the report there have been some minor adjustments which resulted in a preliminary tax supported operating surplus of \$850,289. After total transfers of \$850,000 the resulting operating surplus of \$289 will be transferred to the Efficiency/Enhancement Reserve Fund.

The audit field work has been completed. New Public Sector Accounting Board (PASB) reporting requirements, namely PS3150 Tax Revenues, resulted in some reporting changes. Final audit statements will be presented to the Audit Committee on June 17<sup>th</sup> and then to Council for approval.

**Tax Supported Operating Budget**

Transfers totaling \$850,000 were made to the Planning Consulting Reserve (\$60,000) and Legal Services Reserve (\$490,000) for the Ontario Municipal Board (OMB) hearing associated with the Glenway development and other contingencies. \$300,000 was transferred to the Asset Replacement Fund (ARF) to offset the shortfall in Water and Sewer ARF contributions.

After the audit and the preparation of the financial statements, a supplemental 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 is due January 2015. Town staff and the other effected municipalities are going to investigate how this supplemental assessment was calculated. This event will be



disclosed in the notes to the financial statements as a subsequent event but has not been included in the 2013 results.

### **Newmarket Public Library**

The Newmarket Public Library ended the year with a surplus of \$61,441 which was transferred to the Library Reserve, bringing the year-end balance to \$488,526.

### **Central York Fire Services**

The \$158,230 favorable operating variance was transferred to the CYFS Reserve Fund and the entire unspent capital amount of \$2,158,619 was carried over into 2014.

### **Building Department**

Building permit fees exceeded costs by \$1,651,279 which was transferred to the Reserve for Building Permits to offset future costs or revenue slowdowns (see Corporate Services Information Report-Finance 2014-14). We will work with Planning and Building Services to address the reserve and submit a report to Council with staff recommendations in the future.

### **Utility Budget**

In Finance Report 2013-41 the year-end deficit was projected to exceed the balances in the rate stabilization reserves and consequently transfers to the Asset Replacement Fund (ARF) would be reduced to offset the deficit. Year-end results were consistent with our projection and transfers to the asset replacement fund were reduced by \$763,627 to offset the deficit. The water and wastewater rate stabilization funds were reduced to nil. The \$300,000 transfer to ARF from tax-supported operations helped to offset the reduction in ARF contributions required to balance the utility rate group.

### **Capital Fund**

As reported in Finance Report 2014-18, 2013 capital expenditures totaled \$14,875,506 compared to a budget of \$41,200,388. \$27,683,262 is to be carried over in to 2014 and \$351,425 will be returned to the Asset Replacement Fund, \$272,046 of which will be available for one capital project - Engineering for 2015 Projects. Including capital carry overs, the total 2014 capital budget is \$51,414,125.

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

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

## **CONSULTATION**

This report includes the results of discussions with our auditors, BDO.

## HUMAN RESOURCE CONSIDERATIONS

Not applicable to this report.

## BUDGET IMPACT

### Operating Budget (Current and Future)

The 2013 operating surplus of \$289 will be transferred to the Efficiency/Enhancement Reserve Fund in 2014.

### Capital Budget

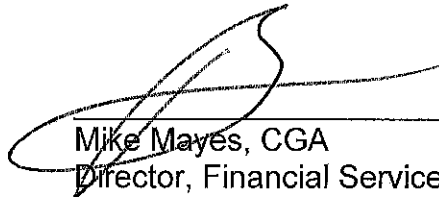
The 2013 capital carryovers of \$27,683,262 will be added to the new projects approved during the 2014 budget process.

## CONTACT

For more information on this report, contact: Dawn Schellenberg at 905-953-5300, ext. 2104 or via e-mail at [dschellenberg@newmarket.ca](mailto:dschellenberg@newmarket.ca)



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