

PRESENTATION

**1. SPECIAL COMMITTEE OF THE WHOLE – SEPTEMBER 16, 2013 – ITEM
POWERPOINT PRESENTATION - 2014 BUDGET**

The Director of Financial Services/Treasurer to provide a PowerPoint presentation with respect to the 2014 budget.

PowerPoint Presentation to be distributed at meeting.

ITEMS

**2. SPECIAL COMMITTEE OF THE WHOLE – SEPTEMBER 16, 2013 – ITEM
CORPORATE SERVICES REPORT – FINANCIAL SERVICES 2013-13
2013 BUDGET RECONCILIATION**

Corporate Services Report – Financial Services 2013-13 dated September 6, 2013 regarding the 2013 Budget Reconciliation.

The Commissioner of Corporate Services and the Director of Financial Services/Treasurer recommend:

THAT Corporate Services Report – Financial Services 2013-13 dated September 6, 2013 regarding the 2013 Budget Reconciliation be received for information purposes.

**3. SPECIAL COMMITTEE OF THE WHOLE – SEPTEMBER 16, 2013 – ITEM
CORPORATE SERVICES REPORT – FINANCIAL SERVICES 2013-30
2013 TAX SUPPORTED OPERATING BUDGET REPORT – SECOND QUARTER**

Corporate Services Report – Financial Services 2013-30 dated September 5, 2013 regarding the 2013 Tax Supported Operating Budget Report – Second Quarter.

The Commissioner of Corporate Services and the Director of Financial Services/Treasurer recommend:

THAT Corporate Services Report – Financial Services 2013-30 dated September 5, 2013 regarding the 2013 Tax Supported Operating Budget Report – Second Quarter be received for information purposes.

**4. SPECIAL COMMITTEE OF THE WHOLE – SEPTEMBER 16, 2013 – ITEM
CORPORATE SERVICES REPORT – FINANCIAL SERVICES 2013-29
2013 CAPITAL BUDGET VARIANCE REPORT – SECOND QUARTER**

Corporate Services Report – Financial Services 2013-29 dated September 5, 2013 regarding the 2013 Capital Budget Variance Report – Second Quarter.

The Commissioner of Corporate Services and the Director of Financial Services/Treasurer recommend:

THAT Corporate Services Report – Financial Services 2013-29 dated September 5, 2013 regarding the 2013 Capital Budget Variance Report – Second Quarter be received for information purposes.

**5. SPECIAL COMMITTEE OF THE WHOLE – SEPTEMBER 16, 2013 – ITEM
CORPORATE SERVICES REPORT – FINANCIAL SERVICES 2013-31
2013 UTILITY OPERATING BUDGET VARIANCE REPORT – SECOND QUARTER**

Corporate Services Report – Financial Services 2013-31 dated September 5, 2013 regarding the 2013 Utility Operating Budget Variance Report – Second Quarter.

The Commissioner of Corporate Services and the Director of Financial Services/Treasurer recommend:

THAT Corporate Services Report – Financial Services 2013-31 dated September 5, 2013 regarding the 2013 Utility Operating Budget Variance Report – Second Quarter be received for information purposes.

**6. SPECIAL COMMITTEE OF THE WHOLE – SEPTEMBER 16, 2013 – ITEM
CORPORATE SERVICES REPORT – FINANCIAL SERVICES 2013-36
2014 PRELIMINARY DRAFT BUDGET**

Corporate Services Report – Financial Services 2013-36 dated September 12, 2013 regarding the 2014 Preliminary Draft Budget.

The Commissioner of Corporate Services and the Director of Financial Services/Treasurer recommend:

THAT Corporate Services Report – Financial Services 2013-36 dated September 12, 2013 regarding the 2014 Preliminary Draft Budget be received and the following recommendation be adopted:

THAT Council authorizes staff to provide the public with details of the preliminary draft tax-supported, utility and capital budgets.

**7. SPECIAL COMMITTEE OF THE WHOLE – SEPTEMBER 16, 2013 – ITEM
CORPORATE SERVICES REPORT – FINANCIAL SERVICES 2013-25
INVESTMENT STRATEGY**

Corporate Services Report – Financial Services 2013-25 dated September 12, 2013 regarding Investment Strategy.

The Commissioner of Corporate Services and the Director of Financial Services/Treasurer recommend:

THAT Corporate Services Report – Financial Services 2013-25 dated September 12, 2013 regarding Investment Strategy be received and the following recommendation be adopted:

THAT Council approve the proposed Investment Strategy.

**8. SPECIAL COMMITTEE OF THE WHOLE – SEPTEMBER 16, 2013 – ITEM
JOINT DEVELOPMENT AND INFRASTRUCTURE SERVICES AND CHIEF
ADMINISTRATIVE OFFICER (CLOSED SESSION) REPORT 2013-33**

Joint Development and Infrastructure Services and Chief Administrative Officer (Closed Session) Report 2013-33 dated August 26, 2013.

The Operational Leadership Team recommends:

THAT the motion which was referred to the September 16, 2013 meeting be subsequently referred to the Committee of the Whole meeting of September 23, 2013.

THAT Joint Development and Infrastructure Services and Chief Administrative Officer (Closed Session) Report 2013-33 dated August 26, 2013 regarding a proposed acquisition of land in Ward 5 be deferred to the Special Committee of the Whole (Budget) meeting scheduled for September 16, 2013.

ADJOURNMENT



Mike Mayes, Director
Financial Services

2.1

TOWN OF NEWMARKET
395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7

www.newmarket.ca
mmayes@newmarket.ca
905.895.5193 ext. 2102

September 6, 2013

CORPORATE SERVICES REPORT - FINANCIAL SERVICES - 2013-13

TO: Mayor Tony Van Bynen and Members of Council
Committee of the Whole

SUBJECT: 2013 Budget Reconciliation

ORIGIN: Senior Financial Analyst

RECOMMENDATION

THAT Corporate Services Report - Financial Services – 2013-13 dated September 6, 2013 regarding the 2013 Budget Reconciliation be received for information purposes.

COMMENTS

Purpose

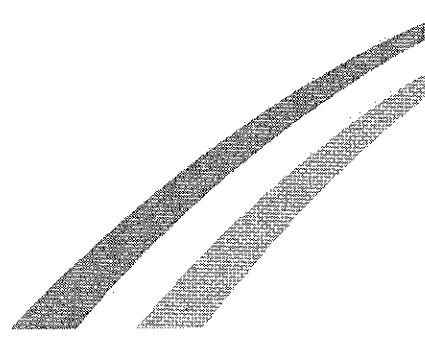
The purpose of this report is to provide Council with a reconciliation of the Council-approved 2013 budget as it compares to the budget that will be reported in the 2013 financial statements.

Budget Impact

This report is for information purposes only and has no direct impact on the operating and capital budget.

Summary

The 2013 Council approved budget including -infrastructure levy has a revenue amount of \$110,768,850 and an expenditure total of \$122,899,123. The adjusted budget, per the Consolidated Statement of Operations, has the same revenue amount and a reduced expenditure amount of \$99,680,809 due to the inclusion of budgeted amortization expense, post-employment benefit expense and the exclusion of budgeted tangible capital assets capitalized.



Background

This report responds to a requirement under Ontario Regulation 284/09 which requires municipalities to report on whether they are budgeting for amortization expenses, post-employment benefit expenses and solid waste landfill closure and post-closure expenses.

In compliance with Ontario Regulation 284/09, the Town's 2013 Budget excluded the following three expenses:

1. The budget did not include expenses for the amortization of its tangible capital assets in the sum of \$15.5 million. The budget does, however, include reserve fund contributions of \$13.2 million for capital asset replacement.
2. The estimated 2013 expense for post-retirement benefits of \$377,000.
3. The Town does not have an active landfill site. No solid waste landfill closure and post-closure costs have been determined at this time.

In preparing the budget for 2013, the Town included an amount of \$41.2 million in capital expenditures. Of this amount, \$39.1 million has been identified as being tangible capital assets.

The appendix illustrates what the 2013 budget would look like in the Town's consolidated financial statements.

Post-Employment Benefits

Employee Future Benefits are health and dental benefits that are provided to early retirees, future retirees, and employees currently on a long-term disability. An actuarial valuation was carried out as at December 31, 2012 using a discount rate of 3.75%. It was determined that at the end of 2012, the liability for employee future benefits was \$4,021,623 of which \$1,123,494 (27.9%) has been funded. Although there is no legislative requirement to fund this liability – it may be handled on a "pay-as-you-go" basis – the Town continues to be fiscally prudent. The liability is expected to grow to about \$4.2 million in 2013 (31.0% funded).

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

This report supports the fiscal responsibility objective of the Well Equipped and Managed area of the Community Strategic Plan.

BUDGET IMPACT

This report is for information purposes only and as such, will have no direct impact on taxes, fees and charges or the use of reserves. There is no impact on the future tangible capital asset funding requirements of the municipality as a result of the exclusion of any of the estimated expenses.

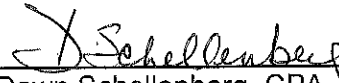
The original 2013 budget approved by Council included a deficit for the year of \$12,130,273. With the inclusion of the PSAB reporting requirements, the budget would result in a surplus of \$11,088,041.

CONTACT

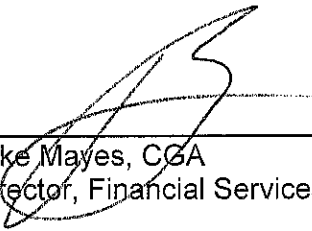
For more information on this report, contact: Mike Mayes at 905-953-5300, ext. 2102 or via e-mail at mmayes@newmarket.ca



Frank Wu, MBA
Senior Financial Analyst



Dawn Schellenberg, CPA
Manager, Finance and Accounting



Mike Mayes, CGA
Director, Financial Services/Treasurer



Anita Moore, AMCT
Commissioner, Corporate Services

MM/nh
Attachment
(1) Budget Reconciliation (1 pg.)

2013 Operating Budget

Budget Reconciliation

The budget approved by Council differs from the budget in the Consolidated Statements. The differences are mainly due to PSAB 3150 reporting requirements.

	Revenues	Expenses
Council approved budget for 2013:		
Operating fund - December 17, 2012	\$ 101,015,218	\$ 101,015,218
Principal payment on long-term debt	\$ -	\$ (2,668,240)
Transfers to / from other funds	\$ (6,307,654)	\$ (16,648,243)
Capital - New - December 17, 2012	\$ 15,659,780	\$ 15,659,780
Capital - Carryovers	\$ 25,540,608	\$ 25,540,608
Transfers to / from other funds	\$ (29,567,161)	\$ -
Reserves and Reserve funds - April 22, 2013	\$ 20,615,302	\$ 35,039,392
Transfers to / from other funds	\$ (16,187,243)	\$ (35,039,392)
TOTAL COUNCIL APPROVED BUDGET	\$ 110,768,850	\$ 122,899,123
Less: Tangible Capital Assets Capitalized	-	(39,121,335)
Plus: Budgeted amortization expense	-	15,526,021
Plus: Post-employment benefit expenses	-	377,000
Adjusted Budget per Consolidated Statement of Operations	\$ 110,768,850	\$ 99,680,809

(1) Council approves balanced budgets with the exception of Reserves and Reserve Funds. The difference between Revenue and Expenses is the net transfer to or from other funds.

(2) This figure represents the total expenditures in the Capital Budget for Tangible Capital Assets. Disposals are not considered to be material and are therefore excluded.

(3) This figure is the estimated amortization for the current year's budgeted Tangible Capital Asset additions and adding it to the previous year's actual amortization expense.

(4) This is estimated based on the 2012 actuarial evaluation.

2.4



**Mike Mayes, Director
Financial Services**

TOWN OF NEWMARKET
395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7

www.newmarket.ca
mmayes@newmarket.ca
905.895.5193 ext. 2102

3.1

September 05, 2013

CORPORATE SERVICES REPORT - FINANCIAL SERVICES - 2013-30

TO: Mayor Tony Van Bynen and Members of Council
Committee of the Whole

SUBJECT: 2013 Tax Supported Operating Budget Report – Second Quarter

ORIGIN: Financial Analyst

RECOMMENDATION

THAT Corporate Services Report - Financial Services – 2013-30 dated September 05, 2013, regarding the 2013 Tax Supported Operating Budget Report for the Second Quarter, be received for information purposes.

COMMENTS

Purpose

The purpose of this report is to provide a high level summary of the tax supported operating accounts for the six months ending June 30, 2013.

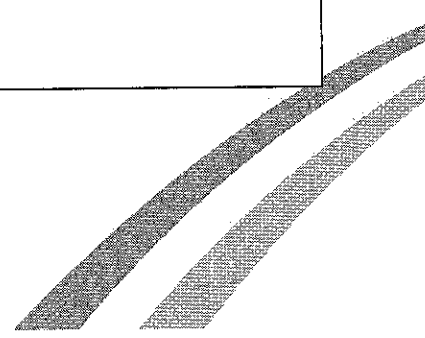
Budget Impact

A significant part of the variances to budget are a result of timing and will not be realized by the end of the year. A small surplus is projected at this point – this will be revisited in the next quarterly report. Any year-end surplus can be used to supplement reserve balances – Planning and Legal would be the current priorities.

Summary

Overall revenues for 2013 to the end of June totaled \$52,840,611 while expenditures totaled \$32,773,340 for an excess of \$20,067,271 and resulting in a favorable budget variance of \$2,670,116.

The final residential tax billing was issued in June, which generated the high budget surplus at that time.



Analysis & Options

For the year to date numbers ending June 30, 2013, revenues were 0.89% lower than budgeted, while expenses were 8.76% under budget.

CAO's Office

There were no significant variances.

Corporate Services

Wage and benefit expenses were under budget by \$342,774 and arose primarily from hiring gaps, as well as timing differences (of the actual wage expenses). Insurance expense was \$400,761 under budget but will reflect additional expenses once the annual invoice for premiums is received for the second half of the year. No significant savings are expected overall.

Please refer to the Appendix for additional comments from Information Technologies and Procurement.

Central York Fire Services

Labour costs reflected a favourable variance of \$1,169,147, resulting from the outstanding labour contract. Wages are paid at a negotiated interim rate until such time as the contracts are finalized. Recoveries from other municipalities for dispatch services were lower than budgeted due to timing differences in the receipt of such revenues. Current variances will therefore not be realized by year-end.

General Government

Revenue from bank interest is \$15,000 below budget as we have not been able to access investing through the Region of York. Other options are currently under review through the development of an investment strategy.

Penalties and interest on overdue tax payments were below budget by \$59,000. Taxes are being paid more promptly and this has been recognized as a driver for the 2014 budget.

Vacancy rebates and tax adjustments have exceeded budget and are expected to result in a negative budget variance at the end of the year. Some of this variance can be offset by additional provisions made in prior years.

General Government revenues could be below budget by up to \$150,000.

Community Services

Expense and revenue variances again resulted from timing differences and staff gapping. Wage and benefit expenses amounted to a favorable variance of \$341,508. At this point in time, it is too early to project the year-end results.

Infrastructure & Development

Building permit revenues were \$1 million higher than budget, and are expected to exceed budgeted revenues in the course of the year. Building permit revenues, in excess of the cost to administer building services, will be transferred at year end to the Reserve for Building Permits to offset future revenues.

Please refer to the Appendix for additional comments.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

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

BUDGET IMPACT

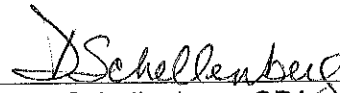
A significant part of the variances to budget are a result of timing and will not be realized by the end of the year. A small surplus is projected at this point – this will be revisited in the next quarterly report. Any year-end surplus can be used to supplement reserve balances – Planning and Legal would be the current priorities.

CONTACT

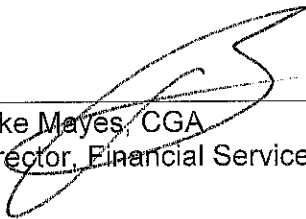
For more information on this report, please contact Steffi Ertle at 905-953-5300, ext. 2103 or sertle@newmarket.ca



Steffi Ertle
Financial Analyst



Dawn Schellenberg, CPA
Manager, Finance and Accounting



Mike Mayes, CGA
Director, Financial Services/Treasurer



Anita Moore, AMCT
Commissioner, Corporate Services

SE/nh
Attachments

- (1) APPENDIX – Comments from Managers, Directors or Commissioners (1pg.)
- (2) 2013 Second Quarter Operating Results (1 pg.)

APPENDIX

(Corporate Services Report – Financial Services - 2013-30)

COMMENTS FROM MANAGERS, DIRECTORS OR COMMISSIONERS:**CORPORATE SERVICES COMMISSION****INFORMATION TECHNOLOGIES**

A variance on the casual wage and management salaries accounts offset each other, as actual expenses for a contract management position are recorded under casual/seasonal wages, but were budgeted under management salaries. The stationery account is likely to go over budget this year since IT paid for supplies for other departments' use of plotters which was not budgeted for. I anticipate being able to cover this with other accounts not being fully utilized in 2013.

Susan Chase
Director, Information Technology

PROCUREMENT

Revenue for P-Card program will not be received until October, but the budget for revenue of \$ 42,500 will be exceeded.

Gord Sears
Manager, Procurement Services

DEVELOPMENT & INFRASTRUCTURE COMMISSION

The major variances for DIS are the result of:

- 1) Vacant positions
- 2) Lower Engineering allocations to capital projects (anticipated to be resolved for year-end)
- 3) Lower expenses related to annual maintenance programs also result in lower transfers from ARF (timing differences)
- 4) Additional transfers to reserves from the building department

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
2013 Second Quarter
OPERATING RESULTS**

3.5

Departments	Year-to-Date (June 30, 2013)			Full Year
	ACTUAL	BUDGET	VARIANCE	Budget
	\$	\$	\$	\$
Members of Council				
Revenues	-	2,501	(2,501)	5,000
Expenditures	576,808	608,342	31,736	1,221,700
Net surplus/(deficit)	(576,808)	(605,841)	29,235	(1,216,700)
C.A.O. - Office				
Revenues	5,991	49,503	(43,512)	99,000
Expenditures	1,680,124	1,696,533	16,409	2,692,333
Net surplus/(deficit)	(1,674,133)	(1,647,030)	(27,103)	(2,593,333)
Corporate Services				
Revenues	612,957	706,789	(93,832)	1,426,092
Expenditures	4,038,440	5,033,887	995,447	9,361,487
Net surplus/(deficit)	(3,425,483)	(4,327,098)	901,615	(7,935,395)
Central York Fire Services				
Revenues	26,237	7,001	19,236	259,251
Expenditures	4,281,498	5,409,596	1,128,098	11,878,662
Net surplus/(deficit)	(4,255,261)	(5,402,595)	1,147,334	(11,619,411)
Community Services				
Revenues	2,641,783	2,599,784	41,999	6,257,049
Expenditures	3,577,728	3,960,321	382,593	8,613,874
Net surplus/(deficit)	(935,945)	(1,360,537)	424,592	(2,356,825)
Development & Infra. Services				
Revenues	3,026,407	3,383,221	(356,814)	6,797,307
Expenditures	15,310,543	16,034,957	724,414	32,120,173
Net surplus/(deficit)	(12,284,136)	(12,651,736)	367,600	(25,322,866)
Library Services				
Revenues	118,017	121,326	(3,309)	314,751
Expenditures	1,530,670	1,557,222	26,552	3,114,468
Net surplus/(deficit)	(1,412,653)	(1,435,896)	23,243	(2,799,717)
General Government				
Revenues	1,359,293	1,445,501	(86,208)	4,226,500
Expenditures	1,154,273	1,011,266	(143,007)	1,926,537
Net surplus/(deficit)	205,020	434,235	(229,215)	2,299,963
Debt Servicing				
Revenues	1,437,760	1,460,643	(22,883)	3,421,290
Expenditures	2,138,229	2,121,495	(16,734)	4,242,977
Net surplus/(deficit)	(700,469)	(660,852)	(39,617)	(821,687)
Property Taxes				
Revenues	43,612,166	43,539,734	72,432	49,336,440
Expenditures	-	-	-	-
Net surplus/(deficit)	43,612,166	43,539,734	72,432	49,336,440
Allocations				
Revenues	-	-	-	-
Expenditures	(1,514,771)	(1,514,771)	-	(3,029,531)
Net surplus/(deficit)	1,514,771	1,514,771	-	3,029,531
GRAND-TOTAL				
Revenues	52,840,611	53,316,003	(475,392)	72,142,680
Expenditures	32,773,340	35,918,848	3,145,508	72,142,680
Net surplus/(deficit)	20,067,271	17,397,155	2,670,116	-



Mike Mayes, Director
Financial Services

TOWN OF NEWMARKET
395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7

www.newmarket.ca
mmayes@newmarket.ca
905.895.5193 ext. 2102

4.1

September 5, 2013

CORPORATE SERVICES REPORT - FINANCIAL SERVICES - 2013-29

TO: Mayor Tony Van Bynen and Members of Council
Committee of the Whole

SUBJECT: 2013 Capital Budget Variance Report - Second Quarter

ORIGIN: Senior Financial Analyst

RECOMMENDATION

THAT Corporate Services Report - Financial Services – 2013-29 dated September 5, 2013, regarding the 2013 Capital Budget Variance Report – Second Quarter, be received for information purposes.

COMMENTS

The purpose of this report is to advise Council on the results of the capital accounts for the second quarter of 2013.

The 2013 capital budget totals \$41,200,388, including \$25,540,608 in carry-overs from 2012. End of second quarter capital expenditures totaled \$3,596,849, of which approximately \$1.8 million was for road projects and \$300,000 for the first payment of a platform truck replacement. At this time, the capital projects are tracking within the overall budget.

The attached spreadsheet summarizes the end of second quarter capital spending in the various departments. An information report providing the project status for major 2013 capital projects will be forthcoming from Development and Infrastructure Services.

CONTACT

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

Frank Wu, MBA
Senior Financial Analyst

Dawn Schellenberg, CPA
Manager, Finance and Accounting

Mike Mayes, CGA
Director, Financial Services/Treasurer

Anita Moore, AMCT
Commissioner, Corporate Services

FW/nh
Attachment

(1)

2013 Second Quarter Capital Expenditures (1 pg.)

Town of Newmarket

2013 Second Quarter

CAPITAL EXPENDITURES

4.2

Commission / Department / Area	Year-to-Date Actual (June 30, 2013) (\$)	Full Year Budget (\$)	% of Spending
<u>General Government</u>			
	38,369	3,461,561	1.1%
Total	38,369	3,461,561	1.1%
<u>Corporate Services</u>			
Information Technology	110,147	1,887,044	5.8%
Legislative Services	-	68,591	0.0%
Total	110,147	1,955,635	5.6%
<u>Community Services</u>			
Recreation & Culture Services	25,221	286,132	8.8%
Total	25,221	286,132	8.8%
<u>Development & Infrastructure Services</u>			
Planning & Building	45,629	637,698	7.2%
Roads	1,834,235	14,889,801	12.3%
Water	-	1,741,642	0.0%
Sewer	158,647	1,084,731	14.6%
Facilities	617,578	6,871,781	9.0%
Parks	76,097	2,008,540	3.8%
Trails	194,828	1,558,219	12.5%
Other	-	1,638,624	0.0%
Total	2,927,014	30,431,036	9.6%
<u>Library Services</u>			
	53,189	1,352,549	3.9%
Total	53,189	1,352,549	3.9%
<u>Central York Fire Services</u>			
	442,909	3,713,475	11.9%
Total	442,909	3,713,475	11.9%
GRAND TOTAL	3,596,849	41,200,388	8.7%



Mike Mayes, Director
Financial Services

TOWN OF NEWMARKET
395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7

www.newmarket.ca
info@newmarket.ca
905.895.5193

5.1

September 05, 2013

CORPORATE SERVICES REPORT - FINANCIAL SERVICES - 2013-31

TO: Mayor Tony Van Bynen and Members of Council
Committee of the Whole

SUBJECT: 2013 Utility Operating Budget Variance Report - Second Quarter

ORIGIN: Senior Financial Analyst

RECOMMENDATION

THAT Corporate Services Report - Financial Services – 2013-31 dated September 05, 2013, regarding the 2013 Utility Operating Budget Variance Report - Second Quarter, be received for information purposes.

COMMENTS

The purpose of this report is to advise Council on the results of the utility accounts for the period ending June 30, 2013. Year-to-date revenues and expenses were both lower than budget due to lower consumption volumes – 6% lower than forecast.

As a result, the utility accounts have a year-to-date deficit of \$273,229. At year end, if the actual revenues do not meet the budget, then the contributions to the rate stabilization reserves will be reduced. The 2013 budget included transfers of \$666,000 to these reserves.

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

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.

Frank Wu, MBA
Senior Financial Analyst

Dawn Schellenberg, CPA
Manager, Finance and Accounting

Mike Mayes, CGA
Director, Financial Services/Treasurer

Anita Moore, AMCT
Commissioner, Corporate Services

FW/nh
Attachment

(1) 2013 Second Quarter Utility Operating Results (1 pg.)



Town of Newmarket
2013 Second Quarter
UTILITY OPERATING RESULTS

Departments / Area	Year-to-date (June 30, 2013)				Full Year Budget
	ACTUAL	BUDGET	VARIANCE		
	\$	\$	\$	%	\$
Water Rate Group					
Revenues	6,719,154	7,035,110	(315,956)	-4.5%	14,212,169
Expenditures	5,999,901	6,224,470	224,569	3.6%	12,522,607
Net	719,253	810,640	(91,387)	-12.7%	1,689,562
Sanitary Sewer Rate Group					
Revenues	6,517,357	7,255,606	(738,249)	-10.2%	14,660,369
Expenditures	5,995,069	6,619,429	624,360	9.4%	13,270,400
Net	522,288	636,177	(113,889)	-17.9%	1,389,969
Allocations					
Revenues	-	-	-	0.0%	-
Expenditures	1,514,770	1,514,770	-	0.0%	3,029,531
Net	(1,514,770)	(1,514,770)	-	0.0%	(3,029,531)
Transfer To/ From Rate Stabilization Reserves					
Revenues	-	-	-	0.0%	-
Expenditures	-	-	-	0.0%	50,000
Net	-	-	-	0.0%	(50,000)
GRAND-TOTAL					
Revenues	13,236,511	14,290,716	(1,054,205)	-7.4%	28,872,538
Expenditures	13,509,740	14,358,669	848,929	5.9%	28,872,538
Net	(273,229)	(67,953)	(205,276)	302.1%	



6.1
**Mike Mayes, Director
Financial Services**

TOWN OF NEWMARKET
395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7

www.newmarket.ca
mmayes@newmarket.ca
905.895.5193 ext. 2102

September 12, 2013

CORPORATE SERVICES REPORT - FINANCIAL SERVICES-2013-36

TO: Mayor Tony Van Bynen and Members of Council
Committee of the Whole

SUBJECT: 2014 Preliminary Draft Budget

ORIGIN: Director, Financial Services/Treasurer

RECOMMENDATION

THAT Corporate Services Report - Financial Services – 2013-36 dated September 12, 2013 regarding the 2014 Preliminary Draft Budget be received and the following recommendation be adopted:

THAT Council authorizes staff to provide the public with details of the preliminary draft tax-supported, utility and capital budgets.

COMMENTS

Purpose

The purpose of this report is to provide Council with the preliminary draft 2013 tax-supported, utility, and capital budgets, and seek approval to make this information available to the public for their input.

Budget Impact

The budget target directed by Council is an all-in (Region, School Board and Town) property tax increase of 2% or less. The water and wastewater budgets have been aligned with the 6-year financial plan. The capital program has been maintained within the available funding.

Summary

Council has finalized its Strategic Priorities for 2012 to 2014 and has developed 2013 Budget Priorities. These have provided guidance for the preparation of the budget.

With the aim of keeping within the target and delivering the budget prior to the New Year, staff has been working hard to identify service needs and refine the budget to reflect the community's feedback and Council's key priorities.

Major initiatives are currently underway, such as REV, RSS, and the Capital Financing Sustainability Strategy. Council and staff, with feedback from the public, will now work towards drafting appropriate budgets to balance these factors and municipal needs.

Our extensive community engagement process indicated that residents want to maintain current services and programs, with only very slight modifications on spending in all categories.

6.2

Background

On April 11, 2011, Council established a multi-year budget target of “a blended tax rate not to exceed the higher of either the Toronto Consumer Price Index (CPI) or 2% in 2012, 2013 and 2014.” Based on projected increases for the Regional and Educational property taxes and tax shifting, it is estimated that this can be achieved if the Town's tax levy increase does not exceed 3.41%.

Any changes to capital financing, such as Asset Replacement Fund contributions, which may be recommended from the Capital Financing Sustainability Strategy have not been factored into this target on the assumption that they would be covered by a separate levy, as was the case for 2013.

At the Special Committee of the Whole (budget) meeting on April 22, plans for the 2014 budget process were outlined. The topics covered were: Council interviews, introduction of the Budget Toolkit, Council priorities, the budget schedule, the format of the budget and public engagement. Joint Corporate Communications/Financial Services Report 2013-27, 2014 Budget Process Update, provided an update on these topics.

Council has agreed to a budget schedule outlined in Financial Services Report 2013-15 which recommended that we undertake an earlier start to the budget process. The target budget approval date is currently November 12, 2013. In order to support an earlier approval date, a comprehensive public engagement and consultation process has been developed.

This report is presenting the preliminary draft tax-supported operating budget, the preliminary draft utility rate-supported budgets (water and wastewater) and the preliminary draft capital budget. The decisions around these budgets, along with the 2013 Capital Carryovers, will formulate the Reserves and Reserve Funds budget which will be presented in March/April 2014.

2014 Recreation & Culture and Licensing Fees were given early approval in September. The remaining fees and charges will be presented in December and all will be effective January 1, 2014.

The final all-in tax rate cannot be set until we receive the Regional and School Board rates, which would be some time in the spring.

At their meeting of September 3, the Joint Council Committee (JCC) made a recommendation on the CYFS budget. In accordance with the Consolidated Fire and Emergency Services Agreement, their budget has been reviewed by Aurora Town Council and is being submitted to Newmarket Town Council for final approval.

The Newmarket Public Library budget was approved by the Library Board on June 19. Updated information has resulted in some minor revisions which will be addressed by the Board at its next meeting on September 18.

Analysis & Options

With the aim of keeping within the target and delivering the budget prior to the New Year, staff has been working hard to identify service needs and refine the budget to reflect the community's feedback and Council's key priorities.

Status Quo Budget

The status quo budget (aka 'base' budget) provides for the same level of services as provided in 2013, and is the same total dollar allocation as 2013 with the following adjustments:

1. Changes in revenues and expenses due to inflation and contract/price changes

6.3

2. Changes in revenues and expenses due to growth
3. New mandatory requirements
4. Service changes specifically approved by Council since the adoption of the 2013 budget
5. Removal of one-time items
6. Annualization of changes made in the 2013 budget

Preliminary Draft Tax-Supported Operating Budget

	Budget Drivers as presented to CoW on June 20, 2013		Preliminary Draft Tax-Supported Operating Budget	
	\$	Tax increase	\$	Tax increase
STATUS QUO BUDGET				
Allowance for wages and benefits	\$ 825,000	1.71%	\$ 944,339	1.96%
Materials and goods	120,000	0.25%	155,901	0.32%
Utilities	170,000	0.35%	30,293	0.06%
Contracted Services	200,000	0.42%	232,614	0.48%
Emerald Ash Borer	100,000	0.21%	80,000	0.17%
New legislated requirements	TBD		TBD	
Impact of 2013 decisions	TBD		TBD	
Re-opening of the Old Town Hall	196,000	0.41%	50,626	0.11%
Rogers splash pad	TBD		TBD	
Growth-related items	300,000	0.62%	433,303	0.90%
Efficiencies	(240,000)	-0.50%	(266,260)	-0.55%
Assessment growth	(720,000)	-1.50%	(720,000)	-1.50%
Fees and charges	(210,000)	-0.43%	(227,468)	-0.47%
Reduce estimated tax penalty	100,000	0.21%	100,000	0.21%
SUBTOTAL STATUS QUO BUDGET – TOWN ONLY	\$ 841,000	1.75%	\$ 813,348	1.69%
Library	56,000	0.12%	62,987	0.13%
Central York Fire Services	800,538	1.66%	580,519	1.21%
SUBTOTAL STATUS QUO BUDGET	1,697,538	3.53%	1,456,854	3.03%
Service level enhancements	0		35,000	0.07%
Asset Replacement Fund - CYFS	0		150,125	0.31%
Asset Replacement Fund - Town	TBD		TBD	
TOTAL	\$1,697,538	3.53%	\$1,641,979	3.41%

For 2014, a 1% tax increase is equal to a \$481,519 increase in the overall tax levy.

(Note: some budget amounts to be determined confirmed pending analysis – bottom line will not change)

6.4

Allowance for wages and benefits includes elimination of the provision for hiring gaps (\$75,000), staff step progressions, additional casual staff for expanded recreation programs and an allowance for the economic increase and potential adjustments from the market survey.

Materials and goods were projected to increase by 2% and came in slightly above that.

Utilities were originally projected to increase by 4%. This has been lowered based on current consumption levels and pricing. Potential energy savings projects which are currently under consideration have not been factored into the operating budget.

Contracted services were projected to increase by 2% and came in slightly above that. The increase in insurance premiums has not impacted the budget.

Emerald Ash Borer was included in the 2013 budget for \$100,000, with the plan costs of \$80,000 funded from reserves. The next phase will require an additional \$100,000, as was previously reported, and has no specific reserve funding applied to it. This is considered a mandatory expense.

New legislated requirements – none are anticipated to have any budget impact at this time.

Impact of 2013 decisions has not been included. The arrangements with the Newmarket Soccer Club have the potential to increase interest and recreational program revenues. As the agreement has not yet been finalized and the amount of the revenues cannot be precisely determined, they have not been included in the proposed budget. At this time, the recommendation would be to put any related surplus into reserves.

Re-opening of the Old Town Hall has been deferred to 2015, however, it is proposed that there be a transfer to the Rate Stabilization Fund to reduce the impact in 2015.

Rogers splash pad has no anticipated expenses at this time.

Growth-Related Items have been included in the status quo budget. There has been significant growth in the Town and certain expenses are proposed so as to be able to maintain our service levels. The initial projection was based on the amount included in the 2013 budget. Decision Packages will be provided with the listing and details of these requests.

Efficiencies are a stretch target set by the CAO to ensure that we continue to look for ways to mitigate tax increases. This includes some results from various parts of the Service Review Program – Revenue Sourcing Study (RSS) and Revenue, Expense, Value (REV) Program. It includes both new revenues and cost savings. Decision Packages will be provided with the listing and details of these requests.

Assessment Growth, based on our historic trends and MPAC backlog should be about 1.5%. This is additional construction – new houses and buildings and is not related to any increase in assessment values.

Fees and Charges were targeted to increase by 3% - a combination of rates and volumes. This is to align with the inflation assumption and reduce the growing gap with tax revenues.

Reduce estimated tax penalty by \$100,000 to reflect what we are experiencing in 2013. (See Financial Services report 2013-30, 2013 Tax Supported Operating Budget Report – Second Quarter.)

Library budget was approved by the Library Board on June 19. Updated information has resulted in some minor revisions which will be addressed by the Board at its next meeting on September 18.

6.5

Central York Fire Services includes one enhancement item which has no net budget impact and an increase in their contribution to the Asset Replacement Fund of \$250,000. This contribution is in line with their 10-year capital forecast and has a net impact, net Aurora's share, of \$150,125.

2014 Residential Property Tax Under Consideration

The following table is based on an average residential assessment of \$401,385 (average residential increase/phase-in for 2014 is 5.2%).

	2013	2014	\$ Change	% Change
Town	\$ 1,622.63	\$ 1,677.96	\$ 55.33	3.41%
Region	1,745.07	1,764.27	19.20	1.10%
Municipal	\$ 3,367.70	\$ 3,442.23	\$ 74.53	2.21%
School Board	850.94	860.72	9.79	1.15%
TOTAL	\$ 4,218.64	\$ 4,302.95	\$ 84.31	2.00%

The Regional tax levy increase is the 2014 outlook presented with their 2013 budget adjusted for tax shifting. The School Board increase is estimated to be the same as it was for 2013.

Water and Wastewater Budget

The water and wastewater budgets build upon the Council-adopted 6-year financial plans. There are some favourable expense variances projected resulting in an additional \$500,000 surplus. It should be noted that the strategic plan for this surplus is to first rebuild the rate stabilization reserves to 5% of annual revenues and then to start enhancing the Asset Replacement Fund. The 6-year plan included a 8.4% increase in fees to the average resident for 2014.

A recommendation will be made later during the budget process on changes to the water rebate program.

Capital Budget

The \$13.5 million capital budget is being challenged by the limited funding available. It is anticipated that the Capital Financing Sustainability Strategy will have recommendations later in the budget process, and that some of these recommendations, with regards to the Asset Replacement Fund (ARF), may be implementable for the 2014 budget.

Next Steps

Council is being provided with an overview of the budget, and additional inserts for the budget toolkits. They have the opportunity to provide comments or direction for changes prior to the release of the preliminary draft budget to the public, which is scheduled for Monday, September 23 - in hardcopy and on our website.

Further Special Committee of the Whole (budget) meetings are scheduled for October 28 and November 4. If required, additional meetings can be scheduled for November 18 and December 8.

6.6

The Library Board will be meeting on September 18 to finalize minor revisions to their budget. The Joint Council Committee for CYFS has no further budget meetings, but will be revising its 10-year projection.

A draft phase 2 report on the Capital Financing Sustainability Study is to be delivered at a special CoW meeting on October 7.

The October CPI numbers will not be known until the last week in November.

Any other adjustments that might impact the target as well as any revisions to Regional or School Board tax levies could be reported at the November 4th meeting.

On November 4, the draft budget would be submitted along with any remaining fee and charge adjustments. This would allow for Council approval of both on November 12.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

This report links to Newmarket's key strategic directions in being Well Managed through fiscal responsibility. Although the preliminary draft 2013 budget has taken Council Strategic and Budget Priorities into consideration; the final budget decision by Council will determine to what degree.

CONSULTATION

All members of the Senior and Operational Leadership Teams participated in the preparation of the budget. The Directors of Strategic Initiatives and Communications have been fully engaged in this process.

Council has emphasized increased community consultation/engagement as part of their Strategic Priorities and has requested that staff utilize new and traditional tools to provide multiple channels for citizens to voice their opinion on the budget. In a two-phased approach, Corporate Communications, Financial Services and Strategic Initiatives will continue to work together with Council to effectively engage and communicate the 2014 budget process with Newmarket residents.

The two-phased approach is as follows:

Phase One – designed to obtain general feedback on how tax dollars should be invested

Phase Two – designed to obtain feedback on the draft budget once it has been publicized

Community Engagement and Transparency is one of Council's top three priorities. The goal set out by Council at the meeting of September 10 was to increase public awareness and engagement in the 2014 budget process. The strategy included Council/staff actively pursuing and engaging residents by "going out in the community", to utilize new and traditional tools to provide multiple channels for citizens to voice their opinion on the budget

The first phase of the 2014 Budget Community Engagement Strategic Communications Plan included the online budget survey tool. Implemented in 2012 as part of the budget process, this tool was promoted at the Farmers' Market, Councillor Ward meetings and various community events and through the following means:

- Advertising at all facilities via postcard and paper copies of the survey
- Public computers at Town kiosks and at the Library
- Town Page Ads
- Newmarket Now Advertising
- Call out to 15,000 residents

6.7

- Twitter and Facebook
- Strong presence on Town website
- Media release and editorial in ERA newspaper

This phase of community engagement yielded over 1,600 visitors to our budget Web page, doubling the number of visitors over 2012, with 265 online and paper surveys completed. We received positive media coverage on public engagement and thousands of residents were provided the opportunity for input. Ancillary positive outcomes from the Budget Tool included providing general education on the budget process and diversity of business lines, as well as costs of services in relative terms, plus it provided direct channels for two-way feedback on specific business lines/service.

Phase two will include communicating Council's Budget Priorities and direction.

The Library budget is based on direction from the Library Board. The Central York Fire Services budget is based upon their general direction. Both of these budgets will be refined by their respective governing bodies at their next meeting.

BUDGET IMPACT

The budget target directed by Council is a property tax increase of 2% or less. The water and wastewater budgets have been aligned with the 6-year financial plan. The capital program has been maintained within the available funding.

CONTACT

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



Mike Mayes, CGA
Director, Financial Services /Treasurer



Anita Moore, AMCT
Commissioner, Corporate Services

MM/nh



**Mike Mayes, Director
Financial Services**

TOWN OF NEWMARKET
395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7

www.newmarket.ca
mmayes@newmarket.ca
905.895.5193 ext. 2102

7.1

September 12, 2013

CORPORATE SERVICES REPORT - FINANCIAL SERVICES - 2013-25

TO: Mayor Tony Van Bynen and Members of Council
Committee of the Whole

SUBJECT: Investment Strategy

ORIGIN: Director, Financial Services/Treasurer

RECOMMENDATION

THAT Corporate Services Report - Financial Services – 2013-25 dated September 12, 2013 regarding Investment Strategy be received and the following recommendation be adopted:

THAT Council approve the proposed Investment Strategy.

COMMENTS

Purpose

The purpose of this report is to outline a strategy to transform the previously approved Investment Policy into action – an Investment Strategy.

Budget Impact

Incremental annual revenues of at least \$75,000 are projected for the tax-supported operating budget.

Summary

The proposed strategy would include:

1. Projection of future cash requirements
2. Ladder approach to investments
3. Delegated authority to the Treasurer
4. Use of authorized dealers, including the Region
5. Investment guidelines
6. Benchmarks for returns
7. Consideration of non-traditional investments
8. Application of incremental income
9. Reporting

COMMENTS

Background

Council adopted an Investment Policy (FIN. 3.01) on April 16, 2012. The Policy sets out the parameters and restrictions but not the method of implementation.

Some highlights are:

1. Prudence and risk avoidance
2. Setting benchmarks

One of the recommendations of the Revenue Sourcing Strategy (RSS) was to piggyback on the Region's successful investments. The Region has received approval from the Ontario Securities Commission and are now developing a policy to present to Regional Council for approval. They are looking for commitments of at least \$20 million. They would be managed as separate funds by the Region.

The Proposed Strategy

1. Projection of future cash requirements

The Town should hold sufficient levels of cash/short term investments to meet its short term capital/operating requirements.

Operations are self-funding – even at the lowest points of the year, the bank account remains in a positive balance. The focus is on our capital requirements. Historically \$20 million has been sufficient to finance our annual capital program.

The remaining cash balance, not required within the year, could be invested.

2. Ladder approach to investments

Ultimately the Town's investment portfolio should be well staggered, with terms of 1-10 years. This ladder approach is to have investments that mature at various times. The amounts of the investment would be the projected capital requirement for that year.

Investments should be undertaken over time to build up the portfolio based on market conditions/opportunities.

3. Delegated authority to the Treasurer

The Treasurer is granted authority to invest the Town's funds in both the Municipal Act and the Town's Investment Policy.

4. Use of authorized dealers, including the Region

Investments will only be undertaken with acceptable counterparties, limited to the investment dealer subsidiaries of the Schedule A banks, the ONE Investment Program jointly operated by AMO and MFOA, and the Regional Municipality of York.

5. Investment guidelines

The investments will be limited to eligible securities as contained within regulation 373/11 to the Municipal Act and those that meet or exceed our investment benchmark. Ultimately, the Town's investment portfolio should be staggered by term (laddered 1-10 years) and sector/issuer (e.g. Federal/Provincial, Municipal and bank).

Investments must adhere to the Investment Policy and Procedures which contain restrictions on the term and amount of investments by source (see Appendix A).

6. Benchmarks for returns

The benchmark for returns, as set out in the Investment Policy, is the prime rate less 1.75%. This is the rate that we can currently get on our bank balances.

7. Consideration of non-traditional investments

Council may, on occasion, determine that there are opportunities to invest in projects that can earn a reasonable return. Typically this would be a loan. It could either be to an outside party or internally to finance projects that have a monetary return (such as budgetary savings). As the use of funds for these applications would reduce the amount available for traditional investments, it would be appropriate to include them in the Investment Strategy umbrella. They would also be subject to the same reporting requirements.

The benchmark for returns on non-traditional investments is the prime rate, as this would be a reasonable target for a traditional investment allowed under the Investment Policy and Procedures.

8. Application of incremental income

Most of the funds that will be invested are held by the Reserve Funds. Standard practice would be to allocate any incremental income to these funds.

However, it is recommended that in order to mitigate tax increases this additional revenue be transferred to the Tax-Supported Operating fund and be used to alleviate some of the pressure on property tax increases. The maximum amount to be transferred will be determined on an annual basis during the budget process.

9. Reporting

In compliance with the Investment Policy, there would be annual reporting on the Investment Strategy. The results would be confirmed by our auditors.

For at least the first year, there would also be quarterly reports.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

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

7.4

CONSULTATION

Investment options have been discussed with the Region's Treasury Department, our current bank and a representative from another major bank.

HUMAN RESOURCE CONSIDERATIONS

Staffing levels remain the same.

BUDGET IMPACT

Operating Budget (Current and Future)

There is a potential \$50 million that could be invested at better rates. If the rate improved by a minimal 0.25%, this would increase our revenues by \$125,000. This would be an increase of \$75,000 over the \$50,000 that was factored into the 2013 budget.

The purpose of this report is to outline a strategy to transform the previously approved Investment Policy into action – an Investment Strategy.

CONTACT

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



Mike Mayes, CGA
Director, Financial Services /Treasurer

MM/nh



Anita Moore, AMCT
Commissioner, Corporate Services

Attachment

- (1) Investment Policy (FIN.3.01) including Appendix A-Investment Policy Procedures
(7 pgs.)



CORPORATE POLICY

Sub Topic:	Investment Policy	Policy No.	FIN.3.01
Topic:	Financial Services Policy	Employees Covered:	All Employees
Section:	Financial Services	Council Adoption Date:	April 16, 2012
Effective Date:	April 16, 2012	Revision No:	Date:

Policy Statement & Strategic Plan Linkages

The Corporation of the Town of Newmarket strives for the best utilization of its cash resources within statutory limitations and the basic need to protect and preserve capital, while maintaining solvency and liquidity to meet on-going financial requirements. This policy is in line with the Town's "Well Equipped & Managed" Strategic Plan objective.

Purpose

The purpose of the Investment Policy is to set out guiding principles for the management of the Corporation of the Town of Newmarket's surplus funds and investment portfolio. This investment policy applies to all investments made on behalf of the Town including, but not limited to, operating funds, reserves and reserve funds, trust funds and any new funds created by the Town unless otherwise specifically exempted. This Policy is not applicable to the Town's investment in business enterprise entities, such as Newmarket Hydro.

Definitions

Diversification: a process of investing assets among a range of security types by sector, maturity, and quality rating.

Investment: the purchase of a financial product such as stocks, bonds, mutual funds, etc, or other item of value with an expectation of favorable future returns.

Investment Official: person who is authorized by the Council to be responsible for the Town's investment activities.

Investment Parameters: Factors that define the investment decision making process and determine the investment performance.

Liquidity: a measure of an asset's convertibility to cash.

ONE Investment Program: a pooled investment program designed specifically for the municipal and broader Ontario public sector. The program is operated jointly by Local Authority Services and the CHUMS Financing Corporation, wholly owned subsidiaries of

7.6

Safekeeping and Custody

All securities shall be held for safekeeping by a financial institution approved by the Town. Individual accounts shall be maintained for each portfolio. All securities shall be held in the name of the Town.

The depository shall issue a safekeeping receipt to the Town listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the depository will also provide statements to the Treasurer for reference purposes or decision making to change investments, etc, which list all securities held by the Town, the book value of holdings and the market value as of month-end.

Internal Controls

The Treasurer or delegate shall establish an annual process of independent review by the Town's auditor. This review will provide assurance of compliance with governing legislation, the investment policy and procedures established by the Treasurer.

Investment Parameters

a) Suitable and Authorized Investments

The Town may invest in certain securities as set out by Ontario Regulation 438/97 to the Municipal Act 2001 as amended from time to time. The Trustee Act regulates investment of trust funds. However, in keeping with the primary objective of the Town's investment policy, namely the preservation of capital, permissible investments will be restricted to those of high credit quality and reasonable liquidity. Consequently, emphasis is placed on securities offered by or unconditionally guaranteed by the Government of Canada, a Province of Canada or the six major chartered banks (Royal Bank of Canada, Canadian Imperial Bank of Commerce, Bank of Montreal, Bank of Nova Scotia, Toronto Dominion Bank, and National Bank of Canada), and the ONE Investment Program.

b) Diversification

The Town shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in and length of maturity.

c) Term of Investment

To the extent possible, the Town shall attempt to match its investments with anticipated cash flow requirements. Deviation from this course of action is subject to the discretion of the Treasurer.

Performance Standards

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. Portfolio performance should be compared to benchmarks with similar maturity, liquidity and credit quality as the portfolio.

**Appendix 'A' -
Investment Policy Procedures
to
Town of Newmarket
Investment Policy FIN.03.01**

Purpose

The purpose of the Investment Policy Procedures shall guide Finance staff with investment operations. These procedures shall be reviewed and updated at least annually.

Legal Authority to Invest

The Council may authorize the Treasurer by bylaw to invest the Town's surplus funds in compliance with the Town's Investment Policy. The Treasurer may delegate the authority to select investment instruments in which the Town's funds may be placed to the Deputy Treasurer. The Treasurer approves the investments and retains ultimate responsibility as the fiduciary of the assets of the Town of Newmarket. The Treasurer and his/her designate shall perform their investment duties in good faith and in compliance with the Investment Policy. By so doing, they have no personal liability for their actions.

Cash Review

An overall Town cash flow model shall be prepared prior to making any investments. This model shall include: actual cash flow for the past quarter, short term (one year) forecast for operating purposes by month, and long term (5 years and beyond) cash flow forecast for reserves and reserve funds. Cash available for short-term and long-term investments will be determined from the model analysis. The model should be reviewed and revised periodically to incorporate the actual results and any new factors to be incurred.

The Treasurer or his/her designate shall review the cash balances daily and the investment portfolio monthly or as needed.

Investment Strategy and Performance Standards

The Town will implement a passive buy and hold strategy as opposed to an active strategy of buy and sell. The structure of the portfolio will always take into consideration the cash flow needs of the Town. Given the passive nature of the Town's investment strategy, the portfolio performance benchmark will be as follows:

- Short-term investment (within one year): prime -1.75%;
- Mid - and long-term investment: Government of Canada Marketable Bond Average Yield (5-10 years).

7.8

Roles and Responsibilities:

The key persons and main tasks involved in the Town's investment activities are as follows:

Senior Financial Analyst	<ul style="list-style-type: none">• Prepare and update cash flow model;• Research investment products and make recommendations to the Treasurer or his/her designee;• Execute investment transactions approved by the Treasurer;• Perform accounting duties related to investment transactions;• Keep all the records of the investment transactions;• Provide information and supporting documentation related to investment transactions to auditors.
Manager of Finance & Accounting	<ul style="list-style-type: none">• Review the Senior Financial Analyst's work as listed above.
Treasurer	<ul style="list-style-type: none">• Management responsibility for investment activities;• Establish appropriate systems of internal control, procedures, and reporting practices to support investment activities;• Report investment activities to Council.
Deputy Treasurer	<ul style="list-style-type: none">• Back up the Treasurer for the activities listed above
Council	<ul style="list-style-type: none">• Approve Investment Policy and Procedures and subsequent amendments;• Approve delegations to the Treasurer in relation to the investment activities.