



Town of Newmarket
395 Mulock Drive P.O. Box 328,
Newmarket, Ontario, L3Y 4X7

Email: info@newmarket.ca | Website: newmarket.ca | Phone: 905-895-5193

CYFS Preliminary Budget Report Fourth Quarter Staff Report

Report Number: JCC-2020-02

Department(s): Joint CYFS, Financial Services

Author(s): Dawn Schellenberg

Meeting Date: March 3, 2020

Recommendations

1. That the report entitled CYFS Preliminary Budget Report – Fourth Quarter dated March 3, 2020 be received for information purposes.

Executive Summary

See below.

Purpose

This report is to provide the JCC with the preliminary 2019 operating and capital results for Central York Fire Services for the period ending December 31, 2019.

Background

To provide the JCC with the preliminary 2019 operating and capital results. All figures remain unaudited at this time.

Discussion

Operating

Revenues totaled \$348,860 and were \$4,000 higher than the budget at the end of the fourth quarter. Expenses were \$25,969,284 compared to a budget of \$27,551,677 for the same period.

After retroactive payments resulting from the new collective agreement and the reversal of the prior year's accruals, salaries and benefits were still significantly under budget. This was primarily due to gapping for retirements, leave of absences, new hires and other vacancies. This includes delayed hiring of 4 additional firefighters for the new fire station. Workers' Compensation payments of \$176,000 for employees on leave and receiving their full salary also contributed to the favourable variance. Lieu time was \$42,000 over budget, even after a \$106,000 increase to the 2019 budget. This area will be a driver in the 2020 and 2021 budgets. Overtime continued to be successfully managed and was under budget by \$38,000 at the end of 2019.

The new collective agreement included the provision of post-retirement benefits to employees retiring on an OMERS pension, with a minimum of 15 years' service, until the age 65. At this point, \$500,000 has been accrued for this expense. An actuarial report will be done to determine the cost of the post-retirement benefits, but it will not be available until March or April. Once received the results may be adjusted.

Wellness and consulting expenses were also below budget. The Wellness program was cancelled earlier in the year due to unforeseen circumstances with the supplier and a new Request for Proposal was issued to procure the services of a new provider. As projected, and reported previously, vehicle repairs and maintenance expenses were \$129,000 higher than budgeted. This trend is expected to continue and will be a driver in the 2020 and 2021 budgets. The contingency account, which includes consulting expenses related to the arbitration, was \$19,000 above budget.

Preliminary indications are that a surplus of \$1.1 million will result at year-end. As previously discussed, it is recommended that any potential operating surplus be transferred to the CYFS Reserve Fund.

Reserves

It was recommended in Financial Services – Fire Services Information Report 2019-19 and discussed in Joint CYFS and Corporate Services Report 2019-27 that the funds in the CYFS Reserves in excess of the 2020 budget target for volatile expenditures (\$703,000) be transferred to the Asset Replacement Fund. This will assist with their deficit position, allow for smaller increases to the Asset Replacement Fund contributions in future budgets, and provide funding for some of the construction costs associated with Station 4-5. At this point the amount to be transferred to the Asset Replacement Fund is approximately \$1.8 million.

Capital

2019 was a transition year for capital, with the elimination of carry overs and the introduction of a capital spending authority. This resulted in a total approved capital spending authority of \$8,320,169. During the year, \$1.7 million was spent, with a majority

comprised of final payments for the 2 replacement fire trucks. The Status of Capital Projects (attached) provides a fulsome summary of cumulative spending to date.

Conclusion

A final fourth quarter report will be provided after the external audit which will also address the surplus referenced above.

Business Plan and Strategic Plan Linkages

This report is consistent with the budget methodology set out in the Master Fire Plan.

Consultation

There has been consultation between the Finance staff of both Aurora and Newmarket, and Fire Services management.

Human Resource Considerations

Not applicable.

Budget Impact

A surplus of approximately \$1.1 million is currently forecasted. Any CYFS operating surplus would result in a transfer to the reserve fund and subsequently funds in excess of those required for identified volatile expenditures in the 2020 budget will be transferred to the Asset Replacement Fund. At this time, the amount is estimated to be approximately \$1.8 million.

Attachments

Preliminary Operating Results for the twelve months ending December 31, 2019

Status of Capital Projects as of December 31, 2019

Approval

Ian Laing, Fire Chief
Central York Fire Services

Mike Mayes, CPA, CGA, DPA
Director of Financial Services/Treasurer
Town of Newmarket

Reviewed by:

Rachel Wainwright-van Kessel
Director of Financial Services/Treasurer
Town of Aurora

Contact

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