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## **CYFS Final Budget – Fourth Quarter Staff Report to Council**

Report Number: JCC-2020-05

Department(s): Joint CYFS, Financial Services

Author(s): Dawn Schellenberg, Manager, Finance & Accounting

Meeting Date: September 1, 2020

### **Recommendations**

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

### **Executive Summary**

See below.

### **Purpose**

The purpose of this report is to provide JCC with the final 2019 operating and capital results for Central York Fire Services for the period ending December 31, 2019.

### **Background**

To provide JCC with the final 2019 operating and capital results. CYFS originally projected an operating surplus of \$1,086,692. Final audited results have brought a slightly higher surplus of \$1,100,226.

### **Discussion**

#### **Operating**

In operating, CYFS had a surplus of \$1,100,226. Salaries and benefits were significantly under budget due to the delayed opening of Fire Station 4-5 and not yet hiring the final

eight firefighter positions for the seventh crew. The Wellness Program was also under budget and offset higher vehicle repairs and maintenance. The new collective agreement included an enhancement to post-retirement benefits, \$547,282 of which has not been funded to date.

As advised at the JCC meeting on March 3, 2020, the operating surplus has been 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. After finalizing the year-end results, the balance to be transferred to the Asset Replacement Fund (ARF) is \$1,993,087. This would result in a balance of \$2,263,942 in ARF prior to other 2020 transactions. A reconciliation of the two reserve funds is below.

CYFS Reserve Fund – Opening Balance	\$ 1,534,355
Plus: 2019 Surplus	\$ 1,100,226
Plus: Interest earned	\$ 61,506
Less: Amount to be transferred to Asset Replacement Fund	<u>93,087)</u>
CYFS Reserve Fund – Closing Balance for 2020 Budgeted Volatile Expenses	<u>\$ 703,000</u>

CYFS Asset Replacement Fund – Opening Balance	\$ 84,551
Plus: Transfers from operating	\$ 1,299,600
Plus: Interest earned	\$ 10,184
Plus: Proceeds from asset disposals	\$ 32,197
Less: Transfers to capital	(\$ 1,155,677)

Plus: Transfer from Reserve Fund	<u>\$1,993,087</u>
CYFS Asset Replacement Fund – Closing Balance	<u><b>\$2,263,942</b></u>

## 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, \$1,202,407 was spent, with the 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

The audit has been completed and the final 2019 surplus is \$1,100,226. This amount has been transferred to the Reserve Fund. \$703,000 will be maintained in reserve for the total of 2020 budgeted volatile expenditures and the balance of \$1,993,087 will be transferred to the Asset Replacement Fund.

## 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, as well as Fire Services management.

## Human Resource Considerations

Not applicable.

## Budget Impact

CYFS ended the year with a surplus of \$1,100,226. This amount has been transferred to the reserve fund and after leaving an amount to cover volatile expenditures in the 2020 budget, \$1,993,087 will be transferred to the Asset Replacement Fund.

## Attachments

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, Financial Services/Treasurer  
Town of Newmarket

Reviewed by:  
Rachel Wainwright-van Kessel, CPA, CMA  
Town of Aurora

## **Contact**

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