



Town of Newmarket
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First Quarter 2024 Financial Update Staff Report to Council

Report Number: 2024-36

Department(s): Financial Services

Author(s): Andrea Tang, Manager, Finance & Accounting / Deputy Treasurer

Meeting Date: May 27, 2024

Recommendations

1. That the report entitled First Quarter 2024 Financial Update dated May 27, 2024 be received; and,
2. That Council approve the 2023 CYFS capital project carryover requests totaling \$171,400; and,
3. That Council approve the addition of a new 2024 capital project "Remediation work at Station 4-5" for Central York Fire Services in the amount of \$100,000, to be funded from the CYFS Reserve Fund; and,
4. That Council approve additional funding of \$40,000 for the capital project "CYFS Fire Master Plan" for Central York Fire Services, to be funded from the CYFS Reserve Fund; and,
5. That Council approve the addition of a new 2024 capital project "Lighting replacements at Fairground Parks" for Parks and Facilities in the amount of \$650,000, to be funded from the Parks Asset Replacement Reserve Fund; and,
6. That changes to the 2024 capital budget and capital spending authority be made as outlined in the report; and,
7. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Purpose

The purpose of the report is to:

- provide a financial status update on the 2024 Budget for the first quarter ending March 31, 2024; and
- obtain Council approval on the additions to the 2024 capital program and the corresponding funding sources; and
- obtain Council approval on changes to the 2024 capital program and capital spending authority.

Background

Council approved the 2024 budget on December 11, 2023. On March 25, 2024, Council approved the report 2023 Preliminary Fourth Quarter Financial Update that outlined changes to the 2024 capital program from the original approved budget of \$70.6 million to \$71.0 million.

Components	\$ in millions
Tax-supported operating budget	\$98.9
Rate-supported operating budgets	\$60.5
Revised Capital Budget	\$71.0
Total	\$230.4

Discussion

This report outlines the financial results on each component of the Town's budget for the first quarter ending March 31, 2024. The first quarter results are usually not significant as variances are mostly due to timing.

Tax-Supported Operating Budget

At the end of the first quarter, revenues were higher than budget by \$0.2 million, and expenditures were lower than budget by \$2.7 million resulting in a net favourable variance of \$2.9 million. The favourable variance was consistent with last year's Q1 results (favourable variance of \$3.1 million).

The favourable variance in revenues was mainly due to higher penalty and interest charges.

Expenditures were favourable due to lower than budgeted winter control expenditures, wage gapping from temporary staffing vacancies, as well as timing differences in general maintenance, building and HVAC repairs and maintenance. Streetlight

maintenance expenditures were higher than budget due to the purchase of materials for the full year (timing), and additional repairs and maintenance were done to catch up on previous years' backlog resulted from the pandemic.

Central York Fire Services (CYFS)

CYFS incurred a net favourable variance of \$0.5 million mainly due to temporary vacancies and approved leave of absences. The first quarter results will be presented to the Joint Council Committee (JCC) on June 4, 2024.

Newmarket Public Library

The Library incurred a net favourable variance of \$0.2 million. The first quarter results were presented to the Library Board on May 15, 2024.

Rate-Supported Operating Budget

Water and Wastewater

At the end of the first quarter, water and wastewater incurred a net favourable variance of \$0.6 million. This was mainly due to temporary staff vacancies, lower expenditures in the CCTV program, cathodic protection program and general maintenance & repairs due to timing. Expenditures in these programs are anticipated to incur throughout the year.

Stormwater

Stormwater incurred a net favourable variance of \$0.1 million. This was mainly due to lower expenditures in the CCTV program due to timing. It is anticipated that expenditures in the program will incur throughout the year.

Capital Budget

Capital expenditures of \$2.6 million were incurred at the end of the first quarter against the approved capital program of \$71.0 million. Capital expenditures should start to pick up in the second quarter during construction season.

The following capital projects are being requested to be included as part of the 2024 capital budget:

1. 2023 CYFS capital projects to be carried to 2024 for continuation and completion: CYFS Master Plan \$6,400, Fire Prevention and Inspection Vehicle \$90,000, and renovations to Station 4-1 \$75,000. These requests were approved by JCC;
2. Remediation work at Station 4-5 in the amount of \$100,000 to be funded from the CYFS Reserve Fund. This request was approved by JCC;
3. Additional funding in the amount of \$40,000 for the CYFS Fire Master Plan. This request has been approved by JCC. It is anticipated that the remaining budget \$6,400 carried over from the 2023 project will not be sufficient to complete the project;

4. Lighting replacements at Fairground Parks in the amount of \$650,000 to be funded from the Parks Asset Replacement Fund. The request is being made to address sports field lighting failures and electrical defects.

Upon approval of the above requests, the 2024 capital budget will be revised from \$71.0 million to \$72.0 million.

Conclusion

This report provides a summary on the first quarter financial results on the tax-supported operating budget, rate-supported operating budgets and capital budget. Staff will continue to monitor the budgets and provide quarterly financial updates. Q2 Financial Update report will be tabled to Committee of the Whole (CoW) in September 2024.

Business Plan and Strategic Plan Linkages

This report supports the core value of financial sustainability and stewardship.

Consultation

Business units were consulted on the financial results.

Human Resource Considerations

Not applicable.

Budget Impact

Year-end projections will be provided in the Q2 Financial Update report to be tabled to CoW in September 2024. Upon approval of the additional 2024 capital requests, the 2024 capital budget will be amended from \$71.0 million to \$72.0 million.

Attachments

Appendix 1 – 2024 First Quarter Operating Results

Appendix 2 – 2024 First Quarter Water, Wastewater and Stormwater Operating Results

Appendix 3 – 2024 First Quarter Capital Expenditures

Approval

Mike Mayes, CPA, CGA, DPA

Director of Financial Services

Esther Armchuk, LL.B

Commissioner, Corporate Services

Contact

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