



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

2024 Third Quarter Financial Update Staff Report to Council

Report Number: 2024-71

Department(s): Financial Services

Author(s): Andrea Tang, Director of Financial Services / Treasurer

Meeting Date: December 2, 2024

Recommendations

1. That the report entitled 2024 Third Quarter Financial Update dated December 2, 2024 be received; and,
2. That Council approve changes to the 2024 capital budget as outlined in the report; and,
3. 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 third quarter ending September 30, 2024.

Background

Council approved the 2024 budget on December 11, 2023. There were changes to the 2024 capital program through Quarterly Financial Update reports that brought the 2024 capital budget from \$70.6 million to \$72.0 million.

Discussion

This report outlines the financial results on each component of the Town's budget for the third quarter ending September 30, 2024.

Tax-Supported Operating Budget

At the end of the third quarter of 2024, revenues were higher than budget by 2.0 million, and expenditures were lower than budget by \$0.5 million resulting in a net favourable variance of \$2.5 million.

Revenues were favourable by \$2.0 million, with the most significant driver being bank interest income of \$1 million due to high interest rates.

Expenditures were favourable due to wage gapping from temporary staffing vacancies, road maintenance, and winter control. Any year-end surplus from winter control will be transferred to the winter control reserve.

Higher than budgeted expenditures were incurred in special events. The Town is nimble and works to actively respond to emerging opportunities to create experiences and moments where our community can connect. In 2024, the Town organized the Ice Lounge and Stanley Cup viewing parties. Both were significant undertakings with complex logistics that included road mitigation and police support. It is anticipated that revenues from the opening of the new tennis facility and Recreation winter programming in the fourth quarter will enhance the year-end position.

Park maintenance and forestry expenditures were higher than budget as the Town continues to catch up on annual programs such as playground equipment replacement, sports surfaces improvements, tree removal and planting program. These programs were delayed during the pandemic, and the remaining budgets from those years were transferred to reserve. At year-end, funds from the reserve can be drawn to accommodate the additional expenditures.

The year-to-date September results include expenditures associated with the Community Safety Camera Program, such as one-time start-up programming costs and purchase of equipment.

Based on the year-to-date third quarter results, the year-end forecast is anticipated to be favourable by \$0.4 million mainly due to salary gapping and bank interest offset by expenditures related to Special Events and the Community Safety Camera Program.

Central York Fire Services (CYFS)

CYFS incurred a net favourable variance of \$0.9 million mainly due to temporary staff vacancies.

A report on the third quarter results will be tabled at the Joint Council Committee (JCC) meeting on December 3rd, 2024.

Any year-end surplus will be transferred to the CYFS Reserve.

Newmarket Public Library

The Library incurred a net favourable variance of \$0.2 million. The third quarter results will be presented to the Library Board on November 20th, 2024.

Any year-end surplus will be transferred to the Library Operating Reserve or a Library Capital Reserve, as appropriate.

Rate-Supported Operating Budget

Water and Wastewater

At the end of the third quarter, water and wastewater incurred a net favourable variance of \$1.4 million. This was mainly due to temporary staff vacancies, lower expenditures in the cathodic protection program, CCTV program and general maintenance and repairs.

Any year-end surplus will be transferred to the water and wastewater stabilization reserves.

Stormwater

Stormwater incurred a net favourable variance of \$0.5 million. This was mainly due to lower expenditures on CCTV program and general maintenance and repairs.

Any year-end surplus will be transferred to the stormwater stabilization reserve.

Capital Budget

Capital expenditures of \$28.0 million were incurred at the end of the third quarter against the approved capital program of \$72.0 million.

Based on the project delivery timelines, Staff identified 2024 capital projects that will not fully utilize the budget (refer to Appendix 4 for details). Many of these projects are already in progress, and they will continue into 2025. Therefore, it is necessary for the 2024 budgets to be transferred to 2025.

Project delivery timeline changes are not uncommon and some of the reasons are, but not limited to:

- complexity of the project (both known and unknown)
- timing of the Request for Pricing (“RFP”) evaluation
- availability of the vendors / contractors
- supply chain for goods / materials
- timing of work based on business constraints
- seasonality of work
- in-year priorities that result in workplan changes and re-prioritization

As well, the following projects are being cancelled. After a review of the project scope, the original project requirements are no longer needed at this time:

- Renovations to Station 4-1 (remaining budget \$1,170,000)
- Replace Tax Billing System (budget \$100,000)

Based on the changes outlined in the report, the 2024 capital budget will be revised from \$72.0 million to \$57.7 million upon Council approval.

Conclusion

This report provides a summary of the year-to-date third quarter financial results on the tax-supported operating budget, rate-supported operating budgets, and capital budget. A report on the preliminary 2024 year-end results will be tabled in the first quarter of 2025.

Business Plan and Strategic Plan Linkages

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

Consultation

Business units were consulted on the financial results.

Human Resource Considerations

Not applicable.

Budget Impact

Report on the preliminary fourth quarter 2024 results will be tabled in Q1 2025.

Attachments

Appendix 1 – 2024 Third Quarter Operating Results

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

Appendix 3 – 2024 Third Quarter Capital Expenditures

Appendix 4 - 2024 Approved Capital Budget Transfers to 2025 and 2026

Approval

Andrea Tang, CPA, CA
Director, Financial Services

Esther Armchuk, LL.B
Commissioner, Corporate Services

Contact

Andrea Tang, CPA, CA
Director, Financial Services / Treasurer, atang@newmarket.ca (ext. 2104)

If you require this document in an alternative format, please contact the Town of Newmarket at 905-895-5193