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## **2024 Preliminary Fourth Quarter Financial Summary Staff Report to Council**

Report Number: 2025-12

Department(s): Financial Services

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

Meeting Date: March 17, 2025

### **Recommendations**

1. That the report entitled 2024 Preliminary Fourth Quarter Financial Summary dated March 17, 2025 be received; and,
2. That the 2024 tax-supported operating surplus allocation be approved as outlined in the report; and,
3. That changes to the 2025 capital spending authority and the corresponding funding be approved as outlined in the report; and,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

### **Executive Summary**

The tax-supported operating budget incurred a preliminary year-end surplus of \$1.1 million. Staff recommends the year-end surplus be transferred as follows pending finalization of the results:

- \$0.4 million to replenish the Community and Economic Vibrancy reserve fund; and
- \$0.5 million to the Planning reserve. Planning revenues were impacted by low development activity in 2024. It is anticipated that this will continue in 2025 based the current economic outlook and uncertainty; and
- Any remaining balance up to \$0.3 million will be transferred to the Legal reserve.

Building Division incurred a deficit of \$0.3 million which required a draw from reserve. Building fee revenues were impacted in recent years due to low development activity. Building fees were increased to support full cost recovery in July 2024 based on recommendations from the Development Application Approval Process (DAAP) review. It is anticipated that a surplus will be generated when development activity picks up in the future. Surplus will then be transferred to the Building reserve.

Water and wastewater incurred a combined surplus of \$2.2 million, and Stormwater incurred a surplus of \$1.3 million. Year-end surpluses were transferred to their respective reserves. The reserve balances as of December 31, 2024, after the transfers, were \$10.0 million, and \$3.2 million respectively.

## **Purpose**

The purpose of the report is to advise Council on the preliminary financial results for the fiscal year ended December 31, 2024.

In addition, to seek Council approval on:

- transfers to reserves and reserve funds outside of the Treasurer's delegated authority; and
- changes to the 2025 capital spending authority, and the corresponding funding as outlined in the report.

## **Background**

Council approved the 2024 budget on December 11, 2023. There were in-year changes to the 2024 capital program through Quarterly Financial Update reports that brought the 2024 capital budget from \$70.6 million to \$57.7 million.

## **Discussion**

This report outlines the financial results on each component of the Town's budget for the fourth quarter ending December 31, 2024.

### **Tax-Supported Operating Budget**

For the 2024 fiscal year ended December 31, 2024, revenues were higher than budget by \$3.8 million, and expenditures were higher than budget by \$2.6 million resulting in a net favourable variance of \$1.2 million.

Revenues were favourable with the most significant driver being bank interest income of \$1.7 million due to high interest rates. As well, supplementary property taxes were higher than budget due to in-year new properties added to the tax roll.

Higher than budgeted expenditures were incurred in special events. Additional expenditures related to exciting opportunities for special events in year were incurred. Every year, new opportunities emerge to bring the community together

through events. For example, in 2024, the Ice Lounge and the Edmonton Oiler Stanley Cup Viewing Parties emerged long after the budget process was completed. Further, the success of events hosted by the Town are resulting in increased complexity, logistical and safety considerations required to continue delivering safe, successful and engaging events.

The Town officially launched the Community Safety Camera Program in October 2024. The year-end results incorporated the net program expenditures, including one-time start-up programming costs and purchase of equipment.

There were other expenditure variances where transfers to and from reserves and reserve funds were made within delegated authority in accordance with the budget:

- winter control – favourable variance of \$0.2 million (transfer to reserve);
- road maintenance, sidewalk maintenance – favourable variance of \$0.4 million (transfer to reserve);
- parks maintenance – unfavourable variance of \$1.3 million (draw from reserve). Expenditures were incurred in park maintenance, playground maintenance and forestry to catch up on the backlog resulted from the pandemic. Previous years' remaining budgets were transferred to reserve; significant 'catch up' work occurred in 2024 and will continue in 2025;
- streetlighting – unfavourable variance of \$0.3 million (draw from reserve) to catch up on the backlog resulted from the pandemic. Previous years' remaining budgets were transferred to reserve.

### **Central York Fire Services (CYFS)**

Newmarket's portion of the CYFS operating budget incurred a nominal variance.

A report on the fourth quarter preliminary results was tabled at the March 3<sup>rd</sup>, 2025 JCC meeting.

### **Newmarket Public Library**

The Library incurred a net favourable variance of \$0.1 million. The surplus was transferred to the Library reserve.

## **B. Building Division Operating Budget**

Building Division incurred a net deficit of \$0.3 million which required a draw from the Building reserve in order to fund the deficit. The 2024 budgeted deficit was \$0.9 million, a lower draw from reserve than budgeted by \$0.6 million.

## **C. Rate-Supported Operating Budget**

### **Water and Wastewater**

At the end of the fourth quarter, water and wastewater incurred a combined surplus of \$2.2 million against a budgeted surplus of \$1.5 million. This was mainly due to temporary staff vacancies, lower expenditures in the cathodic protection program, and general maintenance and repairs.

The net surpluses were transferred to the water and wastewater reserves accordingly.

### **Stormwater**

Stormwater incurred a surplus of \$1.3 million against a budgeted surplus of \$1.0 million. This was mainly due to lower expenditures on CCTV program, maintenance, and catch basin cleaning.

The net surplus was transferred to the stormwater reserve.

## **D. Capital Budget**

The 2024 Third Quarter Financial Summary identified changes to the 2024 capital program based on anticipated capital delivery by year-end.

Capital expenditures of \$53.1 million (\$20.8 million in standard program and \$32.3 million in major projects) were incurred at the end of the 2024 against the revised capital budget of \$57.7 million.

Major projects included multi-year projects such as the construction of Mulock Park and the continuous roll-out of the Advanced Metering project.

Appendix 4 provides a summary on 2024 capital projects that are underway, requiring Council approval to bring forward total available capital budget of \$5.5 million to 2025 for completion in 2025. Upon Council approval, these projects will be added to the 2025 capital program.

### **Additional 2025 Capital Requests**

As well, Staff identified three additional capital projects for inclusion to the 2025 capital program:

#### **1. Purchase of a large screen and hydraulic trailer - \$0.2 million (funding source – General Capital Reserve)**

After the success of the Edmonton Oilers viewing party last year, staff explored the possibility of purchasing a large screen and hydraulic trailer. There are many benefits to a system like the one used at the event:

- avoid rental costs of \$10,000 per day at future events;
- allow Moonlight Movies to happen earlier and facilitate them being spread out throughout the year;

- allow the Town to quickly and economically respond to emerging opportunities – for example, owning a system would put the Town in a much better position to broadcast the recent gold medal game in the Four Nations Cup.

There have been preliminary discussions with potential sponsors who may be interested in sponsoring the television.

## **2. Watermain and Sanitary Servicing Needs - \$0.6 million (funding source – Development Charges)**

This request is for the municipal share of the watermain and sanitary servicing needs along the Yonge Street corridor to support future growth

## **3. Engineering Design Standards and Criteria Update - \$0.2 million (funding source – Engineering Reserve)**

Prepare a plan to update the Town Engineering Standards to be comprehensive and reflective of the growing trend for development under the terms of intensified site plans

## **Reallocation of budget to the Mulock House Construction**

The Mulock House State of Good Repair capital project was completed in 2024 with unspent budget of \$0.7 million. It is recommended to reallocate the remaining budget to the Mulock House Construction project. This will increase the contingency provision to potentially address unanticipated remediation requirements which is common for construction projects.

## **2025 Capital Spending Authority**

The 2025 capital spending authority will be increased by \$7.2 million upon Council approval of the changes as outlined in the report.

## **Consultation**

Various Business Units have been consulted.

## **Conclusion**

This report provides a summary on the preliminary 2024 financial results. Audited 2024 financial statements will be tabled to Committee of the Whole (CoW) in June and a final report on 2024 Operating and Capital Budget Summary report will be tabled at the same time.

## **Council Priority Association**

This report aligns with the following Council Priority: Extraordinary Places and Spaces

## **Human Resource Considerations**

Not applicable

## **Budget Impact**

The 2024 tax-supported operating budget surplus will be transferred to the reserve and reserve funds as outlined in the report.

Upon approval of the changes to the capital programs, the 2025 capital spending authority will be \$93.3 million (based on the 2025 approved budget of \$74.6 million, carry forward requests of \$11.5 million from the Q3 Financial Update report, carry forward requests and new requests of \$7.2 million as outlined in this report).

## **Attachments**

Appendix 1 – 2024 Fourth Quarter Operating Results

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

Appendix 3 – 2024 Fourth Quarter Capital Expenditures

Appendix 4 - 2024 Approved Capital Budget Transfers to 2025

## **Approval for Submission**

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Director, Financial Services

Esther Armchuk, LL.B

Commissioner, Corporate Services

## **Report Contact**

For more information on this report, contact [info@newmarket.ca](mailto:info@newmarket.ca).