



Corporation of the Township of Brock

Staff Report to the Mayor and Members of Council

From: Trena DeBruijn
Position: Treasurer/Director of Finance
Title / Subject: Operating Results – Actual to Budget – October 31, 2023
Date of Report: November 28, 2023
Date of Meeting: December 5, 2023
Report No: 2023-FI-026

1.0 Issue / Origin

This report is provide Council with details of the actual operating revenue and operating expenditures by departments, for the period from January 1, 2023 to October 31, 2023. Information for the same period of 2022 and the annual 2022 budget are included for comparison.

2.0 Background

This report provides a comparison of actual operating results to expected budget results, as of October 31, 2023.

Departments heads use the approved operating budget to deliver services and programs to residents and to maintain the Township's assets. It is important for the Township to monitor and analyze the performance of actual operating results to the approved budgets, to:

- See how departments are performing against budget and understand how planned operations and programming differ from budget;
- Identify cost overruns, operating issues and revenue shortfalls
- Ensure that revenue and expenses are tracking in line with budget to ensure that variances are minimized or offset against favourable variances elsewhere;

Due to staffing and workload constraints, the report for October 31, 2023 is the first to be prepared in 2023. Staff proposed that this report will be done three times a year in 2024 (approximately May 2024, August 2024, and November 2024) and the final report will be prepared in conjunction with the annual financial statements.

Currently, Department Heads are provided with detailed actual to budget reports for departmental operating results on a monthly basis.

This report is just for operating revenue and expenses as capital is funded by reserves and will be handled in a separate report to Council at year-end.

3.0 Analysis

The Township is currently sitting at 81% of budgeted operating expenditures incurred as of October 31, 2023, and 97% of budgeted revenue has been received. In comparison, expenditures incurred for the same period of 2022 were 77%, while revenue was 99%.

Generally, if operating expenses and revenue were earned/incurred evenly throughout the entire year, one would expect to see actual operating results as a percentage of the budget to be in the range of 83%, at this point in the year.

However, the Township offers a number of services and programs which are not evenly incurred throughout the year and therefore, the “% of budget range” can vary throughout the year.

Revenues

The Township has anticipated to receive revenue, including tax levy, of approximately \$14,130,126 in 2023, and to October 31, 2023, a total of \$13,774,318 has been received.

The following is a summary of budget to actual by category:

Revenue Source	2023 Budget \$	October 31, 2023 \$	Variance \$
Tax Levy	-\$10,891,591	-\$10,914,580	-\$ 22,989
Federal/Provincial Grants	-\$ 882,200	-\$ 1,083,057	-\$200,857
Rental Revenue	-\$ 111,500	-\$ 94,031	\$ 17,469
User Fees	-\$ 1,516,450	-\$ 923,950	\$592,500
Reserves	-\$ 526,135	-\$ 341,091	\$185,044
Miscellaneous	-\$ 59,750	-\$ 212,466	-\$152,716
Donations/Sponsorship	-\$ 12,000	-\$ 100	\$ 11,900
Wild Life/Livestock	-\$ 10,500	-\$ 9,223	\$ 1,277
Interest	-\$ 120,000	-\$ 195,819	-\$ 75,819
Total	-\$14,130,126	-\$13,774,318	\$355,809

While there is still two months remaining in the year, staff feel that the user fee revenue budgeted will not be achieved in 2023.

This is primarily due to a reduction in the planning and building revenue earned in 2023. These areas are difficult to budget as it is largely outside of the Township's control when this revenue will materialize.

This is causing a significant impact on the 2023 budget and while Building does have some reserves from prior years net building revenue, the balance is not sufficient to cover the entire anticipated shortfall. Staff have been advised to be cautious around spending for the balance of the year in order to help contain the expected impacts from reduced revenues.

Further, in preparation for the 2024 budget, staff have reviewed the anticipated departmental plans and expected revenues and have made adjustments for the year.

There is unexpended reserve transfer revenue of approximately \$185,000 remaining, however, these funds will not be transferred until there is an offsetting expense to which the reserve was attributed in the budget.

Donation revenue was budgeted as \$12,000 in 2023, however, only \$100 has been received for 2023, and it is unlikely that additional donation revenue will be forthcoming (\$10,000 was budgeted in Corporate and \$2,000 was budgeted in camp revenues).

Rental revenue is tracking on target as of October 31, 2023, and two months are remaining. Staff anticipated that this revenue line will meet budget for year-end 2023.

Expenditures

As previously mentioned, expenditures as of October 31, 2023 are tracking similar to where we would expect them to be, however, it is important to note that this report is based upon the invoices paid to date and does not any expenses which might have been made and not yet paid.

A breakdown of the actual to budget for each department is included with this report.

4.0 Related Policies / Procedures

N/A

5.0 Financial / Budget Assessment

At this point in time, it is uncertain if the Township will be in a deficit or surplus situation as of year-end and may depend on whether additional revenue is received throughout the balance of the year.

Staff are cautioned to maintain containment/savings measures for the balance of the year.

If there is a deficit at year-end, it is anticipated that the deficit would be funded by the existing tax rate stabilization reserve

5.1 Asset Management

Ongoing maintenance expenses are included in the annual budget in order to maintain capital assets.

6.0 Climate Change Impacts

N/A

7.0 Communications

N/A

8.0 Conclusion

Variance analysis between actual and budget, as well as current actual to prior year actual, allows for better planning, monitoring, evaluating and control costs and business activities.

9.0 Recommendation

It is recommended that report 2023-FI-026 be received for information.