



## Corporation of the Township of Brock

### Staff Report to the Mayor and Members of Council

**From:** Trena DeBruijn  
**Position:** Director of Finance/Treasurer  
**Title / Subject:** Operating Results – Actual to Budget – March 2024  
**Date of Report:** May 10, 2024  
**Date of Meeting:** May 27, 2024  
**Report No:** 2024-FI-014

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#### 1.0 Issue / Origin

This report is provided to Council with details of the actual operating revenue and operating expenditures by departments, for the period from January 1, 2024 to March 31, 2024. Information for the same period of 2023 and the annual 2023 budget are included for comparison.

#### 2.0 Background

This report provides a comparison of actual operating results to expected budget results, as of March 31, 2024.

Department 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;
- Identify opportunities for budget reallocation; and
- Ensure that revenue and expenses are tracking in line with budget to ensure that variances are minimized or offset against favourable variances elsewhere.

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 16.60% of budgeted operating expenditures incurred as of March 31, 2024, and 19.97% of budgeted revenue has been received. In comparison, expenditures incurred for the same period of 2023 were 32.29%, while revenue was 21.05% (expenses year-to-date 2023 are higher than 2023 year-to-date, primarily due to the fact that reserve transfers had been performed in 1<sup>st</sup> Quarter 2023 and has not yet been done for 1<sup>st</sup> Quarter 2024 – Transfers were done in April 2024 and will be reflected on the 2<sup>nd</sup> Quarter Operating Results).

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 25%, at this point in the year. However, the Township offers a number of services and programs whose revenue and expenses are incurred at various times throughout the year and therefore, the “% of budget range” can vary throughout the year.

### Revenues

Total Operating Expenses/Operating Revenue (excluding Library) for 2024 are budgeted at \$14,299,725 and while a total of \$9,968,932 is funded from property taxes, the remainder of \$4,330,794 is funded as follows:

|   | 2024 Budget \$     | Revenue Recognized as of March 31, 2024 | Actual as % of Budget |
|---|--------------------|---|-----------------------|
| Taxation Revenue (PIL, Supplemental and Tax Interest/Penalties) | \$745,000          | \$156,418                               | 21%                   |
| User Fees   | \$1,225,149        | \$387,146                               | 31.6%                 |
| Reserves  | \$1,017,914        | \$33,644                                | 3.3%                  |
| Grants  | \$894,700          | \$222,101                               | 24.8%                 |
| Investment Interest   | \$170,015          | \$35,796                                | 21.1%                 |
| Ministry of Natural Resources                                   | \$152,000          | \$0                                     | 0%                    |
| Rental  | \$119,015          | \$28,930                                | 24.1%                 |
| Donations/Sponsorship   | \$7,000            | \$0                                     | 0%                    |
| <b>Total</b>  | <b>\$4,330,794</b> | <b>\$864,035</b>                        | <b>20%</b>            |

Revenue does not always flow equally on a monthly basis and reserve revenue transfers are posted as expenses are incurred.

To date, overall, 20% of budgeted revenue has been received and recognized as of March 31, 2024.

## **Departmental Comments**

### **Taxation**

No concerns to note for the taxation department. Revenue is tracking as expected and similar to prior year.

### **Corporate**

No concerns to note for the Corporate Department.

Approximately \$440,064 of Corporate Revenue relates to reserve transfers which have not yet been completed for 2024 and will be posted once expenses are incurred.

A significant portion of the Corporate Budget is the corporate contingency of \$99,000. No expenses in the contingency category have been expensed to-date in 2024.

### **CAO**

No concerns to note for the CAO Department. Expenses are tracking as expected and CAO revenue for 2024 (of \$58,538) is funding from a reserve and the reserve transfer has not yet been completed .

### **IT**

No concerns to note for the IT Department, to-date. The IT subscriptions expense is currently at approximately 80% of budget, however, the majority of IT subscription expenses are paid upfront for the year.

### **Treasury**

No significant concerns to note for the Treasury Department. While overall revenue is currently at 12.35%, a large portion of budgeted revenue is a transfer from reserves of \$85,000 and these transfers have not yet been done for 2024 and will be posted when expenses are incurred.

Staff have noted that bank service charges are trending higher than anticipated, due to a dedicated effort to use the recreation software that the Township owns to process and collect payments. The recreation software was not being fully utilized in prior years and therefore, the prior year expenses were artificially low. Staff will need to monitor and assess this account for budget 2025.

## **Council**

No concerns to note for the Council Department. While no revenue has been recorded year-to-date for 2024, the budgeted revenue was a transfer from reserves which has not yet been posted and will be done once expenses are incurred.

## **Clerks**

No significant concerns to note for the Clerks Department, however, staff are aware that legal fees and expenses are currently at budget (\$52,000 budget for 2024) and have been reviewed.

Upon review, approximately \$20,000 posted to this account is in the process of being refunded, however, due to the settlement of an ongoing legal matter, it is anticipated that this line will be overbudget at year-end and may require a further draw from the legal reserve at year-end (estimated balance in the legal reserve at year-end 2024 is approximately \$90,000, before any further withdrawal to cover expenses exceeding budget).

## **Protection**

No significant concerns to note for the Animal Services and By-Law Department, however, staff do note that expenses for pound supplies and wild-life care and control are trending high (Wild Life Care and Control expenses are at budget (\$1300) for 2024. These lines are dependent upon the number of animals which come into the care of the shelter as well as the number of wildlife calls receiving requiring support such as medical care.

## **Traffic Control (School Crossing Guards)**

No concerns to note for the Traffic Control Department.

## **Planning**

No concerns to note for the Planning Department. While revenue is currently at approximately 21% of budget (YTD), approximately \$45,000 of budgeted revenue is coming from reserves which have not yet been posted and will be posted as expenses are incurred.

## **Building**

No significant concerns to note within the Building Department and note that while building permit revenue is approximately at the same level as the prior year, the Township did approve a new by-law and new fees which are starting to be realized and the department is optimistic that revenues will continue to grow in the coming months (by the end of April 2024, revenue is up over \$20,000 compared to prior year).

## **Fire**

No concerns to note for the Fire Department. While expenses seem to be very low it should be noted that first quarter payroll for volunteer firefighters had not yet been paid as of March 31, 2024.

## **Parks**

No significant concerns to note for the Parks Department. Revenue is tracking at 52% of budget (similar to prior year) as arena revenue for winter usage has been recorded. This is likely to “level” out in the coming months as the arena ice will not be available for rent during the summer months.

Staff have noted that the refrigeration expenses for the Cannington Arena are close to budget for the year and are likely to be overbudget by year-end. This is as a result of a Technical Standards and Safety (“TSSA”) inspection order for repairs totalling approximately \$7,000 that were unplanned and unexpected.

Overall Parks expenses are down for YTD 2024 in comparison with YTD 2023 however this is largely due to the fact that reserve transfers have not yet been done in 2024 (and they were done by the end of 1st quarter 2023).

## **Public Buildings**

No concerns to note for the Public Buildings Department.

## **Health Services**

No concerns to note for the Health Services Department. Larger expenses for taxes and water and sewer expenses (for the Beaverton-Thorah Health Centre) have not yet been recorded and will likely be incurred in the coming months.

## **Public Works – Roads**

No concerns to note for the Public Works – Roads Department. Revenue is less than YTD, however, the majority of Roads Revenue budgeted is from reserves and from the Ministry of Natural Resources. The reserve transfers have not yet been done for 2024 and the revenue from the Ministry of Natural Resources is typically received in September each year.

Expenses YTD 2024 are less than prior year, however, reserve transfers have not yet been completed as of March 31, 2024.

## **Public Works – Other Transportation**

No significant concerns to note for the Public Works – Other Transportation Department, however, the parking lot snow removal contract is over budget for 2024 and is likely to be further over budget by year-end.

Budget was \$36,200 for 2024 and to-date, expenses on this line are \$51,563.

## **Refuse**

No concerns to note for the Refuse Department.

## **Grants**

To-date no grants have been posted, however, staff are compiling costs for free use of facilities (or discounted use of facilities) and will be recording these in the upcoming months.

## **4.0 Related Policies / Procedures**

This report compares the actual operating revenue and expenses against the Council approved budget for 2024.

## **5.0 Financial / Budget Assessment**

The Township is currently sitting at 16.6% of budgeted operating expenditures incurred as of March 31, 2024, and 19.97% of budgeted revenue has been received.

### **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 cost control.

## **6.0 Recommendation**

It is recommended that report 2024-FI-014 be received for information.