



## 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 – June 2024  
**Date of Report:** July 29, 2024  
**Date of Meeting:** August 12, 2024  
**Report No:** 2024-FI-022

#### 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 June 30, 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 June 30, 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.

### 3.0 Analysis

The Township is currently sitting at 51.22% of budgeted operating expenditures incurred as of June 30, 2024, and 44.29% of budgeted revenue has been received. In comparison, expenditures incurred for the same period of 2023 were 40.32%, while revenue was 31.7%.

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 50%, 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 June 30, 2024	Actual as % of Budget
Taxation Revenue (PIL, Supplemental and Tax Interest/Penalties)	\$745,000	\$329,708	44.26%
User Fees	\$1,225,149	\$690,098	56.33%
Reserves	\$1,017,914	\$272,415	26.76%
Grants	\$894,700	\$442,491	49.46%
Investment Interest	\$170,015	\$121,412	71.41
Ministry of Natural Resources	\$152,000	\$0	0%
Rental	\$119,015	\$60,207	50.59%
Donations/Sponsorship	\$7,000	\$1,722	24.6%
<b>Total</b>	<b>\$4,330,794</b>	<b>\$1,918,054</b>	<b>44.29%</b>

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

To date, overall, 44.29% of budgeted revenue has been received and recognized as of June 30, 2024.

## **Departmental Comments**

### **Taxation**

No concerns to note for the taxation department. While revenue is tracking at 44.26% year-to-date, staff note that additional payment-in-lieu ("PIL) revenue of \$138,600 was posted in July 2024, which would bring year-to-date (as of July) to approximately \$468,300 or 63% of budget revenue.

Tax penalty and interest is at approximately 62% of budgeted revenue as of June 30, 2024.

### **Corporate**

No concerns to note for the Corporate Department.

While revenue is sitting at 36.64% of budget, it is noted that approximately \$434,850 is funding from the Province (OMPF) which is typically received in July and October (quarterly installments). Further, an additional \$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 expenses relates to 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. Revenue to date is at 97.83% and primarily relates to reserve transfers which have been matched with the incurred expenses.

Expenses are at 42.29% and are a little lower than anticipated due to the fact that our fees for contract HR services have been less than anticipated to-date.

### **IT**

No concerns to note for the IT Department, to-date. Overall expenses are sitting at approximately 72.82% of budget, however, the main driver of this is the pre-payment of IT subscriptions which is sitting at approximately 85% of budget year-to-date. In addition, the IT Reserve Transfer of \$19,000 has been fully completed for 2024.

### **Treasury**

No significant concerns to note for the Treasury Department. Revenue is currently at 63.56% of budget and this is primarily due to the receipt of investment income exceeding budget.

To note, there is an additional \$72,000 budgeted to come from reserves which have not been completed yet as the corresponding expenses have not been incurred.

Expenses are currently sitting at approximately 35.44% of budget, however, large expenses for tax write-offs and seniors rebates have not yet been processed.

Certain expenses are tracking higher than budget and it is anticipated that they will exceed budget in 2024 and will need to be re-evaluated for 2025 budget. These expenses include:

- Postage – currently sitting at 81% of budget
- Bank Charges – currently sitting at 80% of budget (Due to a dedicated effort to use recreation software that was not being fully utilized in prior years)
- Tax Legal Fees & Assessment Base Management Expenses (Related to the Assessment Management Expenses for Gravel Pits. This expense is being shared with the Region of Durham).

### **Council**

No concerns to note for the Council Department. While very little 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.

Expenses are currently sitting at approximately 37.43% of budget, however, there are a number of expenses which have no activity for 2024 (ex. Main Street Revitalization, Sustainable Initiatives, Community Improvement Plan Grants, etc.).

### **Clerks**

No significant concerns to note for the Clerks Department, however, staff are aware that legal fees and expenses are currently at 84.5% of budget and may need to be increased for 2025.

Clerks revenue is higher than anticipated, primarily due to the reserve transfers being fully completed.

Expenses are at 51.5% of budget and are tracking as anticipated with the exception of legal fees.

### **Protection**

No significant concerns to note for the Animal and By-Law Services Department. Revenues are exceeding budget due to a large Provincial Offences Act payment received in 2024. Other revenue is also tracking well such as dog tags, adoptions and kennel licences.

Expenses are approximately 48.46% of budget and it is noted that canine wildlife care and control expense are over budget for 2024 and likely to continue increasing throughout the balance of the year as these lines are dependent upon the number of animals that come into the care of the shelter as well as the number of wildlife calls requiring support such as medical care.

## **Planning**

No significant concerns to note for the Planning Department to-date and overall, the department is sitting at 33.8% of overall budget.

Overall revenue is at 29.5% of budget, however, the budget included a reserve transfer of \$45,000 which has not been completed to-date as the matching expenses for the OP Review have not yet been incurred. Planning fees revenue is at 34.5% of budget and it is unknown if revenue for 2024 will meet budget projections. Staff plan on updating the Planning Fees By-law to increase planning application fees and associated revenue for 2025.

Expenses are at 31.7% of budget, however, expenses for the OP Review have not yet been incurred (budget \$45,000).

## **Building**

The Building Department expenses are at 45.3%, and revenues are at 38.14%. Revenue for YTD 2024 exceeds revenue for YTD 2023 by approximately \$55,000. The Township approved a new building by-law and new fees came into effect January 1, which staff feel are starting to be realized and the department is optimistic that revenue will continue to grow in the coming months. Staff will continue to monitor the fees and make adjustments to the fees as needed for 2025.

## **Fire**

No significant concerns to note for the Fire Department. Revenue is at approximately 83% of budget and fire department revenue and burn permit revenue is tracking well.

Total fire expenses are at approximately 53.8% of budget, however, there are a few expenses which are exceeding budget or tracking higher than anticipated as follows:

- Fire Agreements – This line is over budget due to a retainer paid to Georgian Fire for fire department response as well as an increase in fire related incidents in the catchment areas.
- Fire Insurance – This line is over budget due to the number of volunteer firefighters we have paid for, however, a few have resigned and we may received a partial refund.
- Sunderland Fire Station Building Repairs – This line is over budget due to an unforeseen and unbudgeted replacement of a hot water tank.

## **Parks and Recreation**

No significant concerns to note for the Parks Department. Revenue is tracking at 63.4% 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. Summer camp revenue will not be recorded until July 2024.

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 \$17,000 that were unplanned and unexpected.

## **Public Buildings**

No significant concerns to note in the Public Buildings Department.

Overall, the department is at 58.1% of budget YTD. Staff note that heating costs for various facilities are higher than anticipated, however, heating costs should be much lower during the summer and fall months so it is likely that these expenses will be closer to budget for year-end.

Revenues YTD are less than 2023 YTD, however, this is due to the loss of rent from Community Care who no longer occupies space in the municipal office (this was planned for in the 2024 budget and revenue projections were decreased for 2024).

## **Health Services**

No concerns to note for the Health Services Department. Revenue YTD is currently exceeding expenses YTD, however, larger expenses for taxes as well as cemetery expenses (nor cemetery revenue) have not been recorded yet for 2024.

Rental revenue for the Beaverton-Thorah Health Centre are tracking as anticipated at 50.6%.

## **Public Works – Roads**

No significant concerns to note in the Public Works Roads Department. Overall, the department is at 59.2% of budget, however, revenue is less than expected YTD as there is approximately \$160,500 of reserve transfers which have not been completed and will be done once expenses are incurred. In addition, the Township typically receives payment once a year in September from the Ontario Aggregates Association and we have budgeted to receive approximately \$152,000 for 2024.

Expenses are currently sitting at approximately 55% of budget, however, it is noted that the external rent line for sweeping, flushing and cleaning is overbudget by approximately \$7,150 (budget is \$50,000 and current spending is \$57,156). It is anticipated that there will little to no further expenses incurred on this line for the balance of 2024. Heating costs for the patrol lines are sitting higher than expected for this period however, it is anticipated that these line items will be closer to budget at year-end as heating costs should be lower in the coming summer and fall months.

### **Public Works – Other Transportation**

Expenses for Other Transportation are currently at 77.4% of budget, primarily as a result of overages in the parking lot snow removal contract. The budget for parking lot snow removal was \$36,200 in 2024 and current spending is approximately \$96,214 and likely to increase over the balance of the winter months.

### **Refuse**

No significant concerns to note for the Refuse Department. Overall budget is at approximately 49.9% of budget. Expenses for garbage maintenance and supplies are tracking high and almost at budget for 2024 (budget of \$2,500 and YTD spending is at \$2,300) and are likely to increase further over the coming months.

### **Grants**

To-date no grants have been posted, however, staff have compiled and are continuing to compile costs for free use of facilities (or discounted use of facilities) and will be recording these in the upcoming months. Based on the free use activity from January to May 2024 (which has not yet been recorded), it appears that these grant accounts are overbudget for 2024 and will continue to increase in the coming 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 51.22% of budgeted operating expenditures incurred as of June 30, 2024, and 44.29% 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.

## **9.0 Recommendation**

It is recommended that report 2024-FI-022 be received for information.

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