



Corporation of the Township of Brock

Staff Report to the Mayor and Members of Council

From: Trena DeBruijn and Michele Kerswill
Position: Director of Finance/Treasurer and Deputy Treasurer
Title / Subject: Operating Results – Actual to Budget – September 2024
Date of Report: October 25, 2024
Date of Meeting: November 4, 2024
Report No: 2024-FI-030

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 September 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 September 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 72.25% of budgeted operating expenditures incurred as of September 30, 2024, and 77.72% of budgeted revenue has been received. In comparison, expenditures incurred for the same period of 2023 were 72.47%, while revenue was 76.37%.

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 75%, 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 September 30, 2024	Actual as % of Budget
Taxation Revenue (PIL, Supplemental and Tax Interest/Penalties)	\$745,000	\$676,986	90.87%
User Fees	\$1,225,149	\$918,803	75.00%
Reserves	\$1,017,914	\$683,232	67.12%
Grants	\$894,700	\$668,290	74.69%
Investment Interest	\$170,015	\$189,775	111.62%
Ontario Aggregate Resources	\$152,000	\$131,420	86.46%
Rental	\$119,015	\$95,003	79.82%
Donations/Sponsorship	\$7,000	\$2,472	35.31%
Total	\$4,330,794	\$3,365,980	77.72%

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

To date, overall, 77.72% of budgeted revenue has been received and recognized as of September 30, 2024.

Departmental Comments

Taxation

No concerns to note for the taxation department. Overall revenue of 90.87% of budget revenue is trending comparable to same period in 2023 of 91.38%.

Tax penalty and interest is at approximately 96% of budgeted revenue as of September 30, 2024.

Corporate

No concerns to note for the Corporate Department.

While revenue is sitting at 72.16% of budget, it is noted that \$217,425 is funding from the Province (OMPF) which is typically received in October (quarterly installments). Further, an additional \$160,064 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 98.61% and primarily relates to reserve transfers which have been matched with the incurred expenses.

Expenses are at 60.15% and are a 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 83.29% of budget, however, the main driver of this is the pre-payment of IT subscriptions which is sitting at approximately 90% of budget year-to-date.

Treasury

No significant concerns to note for the Treasury Department. Revenue is currently at 85.89% 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 68.82% 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 92% of budget
- Bank Charges – currently sitting at 119% 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 53.93% 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 96.03% 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 72.64% 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 77.81% of budget and it is noted that canine wildlife care and control expense, as well as sick and injured animals treatment expense, are over budget for 2024 and likely to continue increasing throughout the balance of the year. 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. As the sick & injured animals treatment expense YTD is over budget by approximately \$2,300, it is recommended to transfer the total amount overspent at year-end from the Sick & Injured animals trust account to offset the increase over the budgeted amount of \$6,500.

Both K9 and By-Law vehicles require extensive repairs for safety reasons and will cause additional overages on these line items for year-end (total budget \$3,000 and actuals \$2,737). These vehicles are used 7 days a week, and often evenings, as well as for patrols. Staff have needed to use personal vehicles when the limited amount of township vehicles are in for repairs. As a result, it is likely that the K9 and By-Law mileage will also be over budget at year-end (total budget \$3,000 and current actuals \$2,795).

Planning

No significant concerns to note for the Planning Department to-date and overall, the department is sitting at 58.13% of overall budget.

Overall revenue is at 40.76% 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. The 2024 YTD planning application revenue is higher than 2023, which is a good news story, however, planning fees remain at 33.03% of budget. It is difficult to predict planning applications and associated fees year over year. Staff are working to update the Planning Fees By-law to increase planning application fees and associated revenue for 2025

Expenses are at 49.69% of budget, however, expenses for the OP Review have not yet been incurred (budget \$45,000).

Building

Revenue for the Building Department is currently at approximately 50.57% of budget, due to the lower than anticipated building permit activity and associated revenues being received to date and not anticipated to meet budget by year-end. Expenses are at 68.38% of budget. While overall building permit activity has been lower this year, the year-to-date building permit revenues in 2024 exceed revenue for the same period in 2023 by approximately \$55,000, as a result of a new building by-law and associated fees for 2024. Staff have been monitoring permits and associated fees and will be proposing some revisions to the building fees for 2025 as a result.

In 2024, the Building Department borrowed \$18,393 from Rate Stabilization to help offset tax levy, with the idea that the Rate Stabilization Reserve would be refunded once building department revenue increased. With report 2024-FI-029 on prior year surpluses, the building reserve was increased by \$113,311. As there are funds available in the building reserve, staff would like to repay the borrowing of \$18,393 to the rate stabilization reserve by transferring from the building reserve.

Fire

No significant concerns to note for the Fire Department. Revenue is at approximately 103% of budget and fire department revenue and burn permit revenue is tracking well, each at approximately 91% of budget.

Total fire expenses are at approximately 72.79% of budget, however, there are a few expenses which are exceeding budget related to Fleet Repairs and Maintenance – these lines are net over budget by approximately net \$5,400 to unforeseen repairs required.

Parks and Recreation

No significant concerns to note for the Parks Department. Revenue is tracking at 89.04% of budget (higher than same period in prior year of 85.3%) as arena revenue for winter usage, as well as summer camp revenues has been recorded. Overall expenses for the department are sitting at 77.01%.

Staff have noted that the refrigeration expenses for the Cannington Arena are over budget by approximately \$9,100. This is due to a Technical Standards and Safety (“TSSA”) inspection order for repairs totalling approximately \$17,000 that were unplanned and unexpected. In addition, Beaverton Arena Building Maintenance is currently at 99.75% of budget spent and will be likely go overbudget by year-end.

Water and Sewers expenses are currently overbudget for some locations by approximately \$3,000. These costs are based on usage and will likely be over budget by year-end for most buildings as the budgeted amount was reduced in 2024.

Public Buildings

No significant concerns to note in the Public Buildings Department.

Overall, the department is at 73.5% of budget YTD. Staff note that Admin Building Service Contract fees are higher than anticipated at 88.7% due to increases in fees which may result in being slightly over budget for year-end.

Revenues YTD is at 81.18% which is higher than 2023 YTD 67.21%, however as mentioned in Q2, 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 is tracking as anticipated at 79.82%.

Public Works – Roads

No significant concerns to note in the Public Works Roads Department. Overall, the department is at 75.24% of budget, however, revenue is less than expected YTD as there is approximately \$72,500 of reserve transfers which have not been completed and will be done once expenses are incurred.

Expenses are currently sitting at approximately 75.59% of budget, however, it is noted that the Materials line for Dust Layer is overbudget by approximately \$26,400 (budget is \$225,000 and current spending is \$251,400). In addition, the Materials line for Storm Drains is also overbudget by approximately \$9,400 (budget of \$5,000 from 2023 was reduced to \$0 in 2024).

Public Works – Other Transportation

Expenses for Other Transportation are currently at 87.28% 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 \$96,213 and likely to increase over the balance of the winter months.

As this is an area of pressure, staff will be addressing parking lot snow removal in the upcoming 2025 budget discussions.

Refuse

No significant concerns to note for the Refuse Department. Overall budget is at approximately 80.09% 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 \$2,342) and are likely to increase further over the coming months.

Grants

To-date only one grant has been posted, however, staff have compiled and are continuing to compile costs for free use of facilities (or discounted use of facilities). This information will be used to create an appropriate budget for 2025 and 2026. As this process started in 2024 and was not properly budgeted for, staff recommend that the tracking continue in 2024, however, that the revenue and expenses be recorded for 2025 and future years.

4.0 Related Policies / Procedures

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

5.0 Financial / Budget Assessment

The Township is currently sitting at 72.25% of budgeted operating expenditures incurred as of September 30, 2024, and 77.72% 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; and that

Staff be authorized to transfer any budget overages as a result of caring for sick and injured animals from the Sick & Injured Animals Trust account; and that

Staff be authorized to transfer \$18,393 from the Building Reserve to Rate Stabilization Reserve to repay the funds borrowed from Rate Stabilization in the 2024 budget.