

**Variance Analysis Summary**  
**Appendix 1**  
**As of July 31, 2024**

Revenues and expenditures have been reviewed by all Township departments to ensure they accurately reflect their operations to date and that any significant variances are identified and explained. This summary report is intended to outline key variances in the areas of revenue and expenditures as well as to provide information regarding the 2024 capital and operating supplemental items.

Overall, total revenue and expenditures are in line with the approved budget and, while it currently appears that the Township will report a significant surplus, a much smaller surplus is anticipated at year end. The financial results will continue to be monitored by all departments as the year progresses. While there are no significant concerns with the financial results to date, there are some specific areas which staff have identified.

**Revenues**

- Revenue related to development, building and development variance permits is significantly lower than anticipated and has resulted in a \$565,000 negative variance to date. With no large development projects anticipated prior to the year end, it is anticipated that a variance will continue for the remainder of the year. Staff will continue to monitor the potential shortfall in these revenue accounts as the year end approaches.
- Investment incomes are earned on the various reserves and debt proceeds held for use by the Township. Due to the significant increase in interest rates and the delayed disbursement of public safety building costs, the Township has received more than \$321,000 in additional investment interest revenue during the period. Additionally, these higher interest rates have resulted in higher than anticipated revenues from accounts with unpaid property taxes.
- The timing of conditional government transfers related to casino revenue, Canada Community Building Funds (CCBF), and other provincial grants has resulted in the appearance of a \$1,500,000 negative variance. With the anticipated receipt of casino payments and the initial CCBF payment under the new 10 year agreement, as well as the recognition of revenue related to funding climate and housing capacity project costs, this variance will be significantly reduced.
- Accumulated surplus and other reserve amounts have been budgeted to fund capital projects, including the public safety building. An \$11,000,000 variance exists with the transfer account due to capital projects which have not been fully expended, however a similar variance exists with the reserve account transfers. As projects are completed and costs are incurred, both variances will be reduced.

- Revenue is generated through work performed on behalf of developers and third parties. This account includes revenue recorded for projects that have been fully completed as well as those for which deposits have been received in anticipation of future work. Currently, a significant positive variance exists between the revenue and related expenditures, however this variance is expected to be reduced as more project costs are recognized prior to the year end close.

### **Expenses**

- Some areas within the Public Works Department are recording lower than expected wage and benefit costs due to increased billable work being performed on development, capital and third party projects. Starting in August, there was a shift in the amount of staff time spent on roadway and sidewalk maintenance. This will result in increased wages and benefits being charged to the departmental accounts.
- The Township has a number of long term debt issuances which require semiannual principal and interest payments. Due to the timing of these payments and the period covered by this report, there is currently a significant positive variance of \$1,400,000 which will no longer exist once the debt payment related to the public safety building is made in November.
- The approved 2024 budget includes supplemental and prior year operational requests which have incurred little or no expenditures to date. Projects such as the facilities and storm master plans, the sewer management plan and the development capacity assessment represent a total combined budget of \$900,000 and these unspent amounts contribute to the appearance of a more significant surplus.

### **Supplemental Operating and Capital Projects**

Appendices 3 and 4 to this report illustrate the budget variances and remaining year end balances for the supplemental operating and capital items approved in the 2024 budget. This report also includes a status update for each project which have been color coded to facilitate easier review. The three update categories are: "Complete" (shown in green); "In Progress" (yellow); and "Not Started" (red). For those projects that are not considered complete, an anticipated completion date has also been provided where possible.