

Variance Analysis Summary
Appendix 1
As of December 31, 2023

At the end of each fiscal year, draft financial reports are generated. These documents provide valuable information; however, it is important to note that some year-end transactions, accruals, and transfers are not reflected in these reports. These transactions will impact on certain accounts and will alter the overall preliminary financial results. Based on the current preliminary results, the Township is anticipating a small operating surplus however this will be determined once all current fiscal year transactions have been recorded.

Revenue

- Building permit revenue has significantly exceeded the budgeted amount and created a positive variance of \$385,000. Budgeting for building and development permit fees is challenging as the value and number of developments is unknown at the start of each year. The Township budgets conservatively in these areas to avoid overstating anticipated revenue, however this approach can often result in this type of variance.
- 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, the Township has generated more than \$1,400,000 in additional investment interest revenue during the year. Additionally, these higher interest rates have resulted in higher than anticipated revenues from those accounts with unpaid property taxes.
- Conditional grant amounts, related to casino revenue and the safe restart funding are recognized as revenue. In the case of casino revenue, the last of the 2023 quarterly payments has not yet been recorded as it is typically received after year end. The Safe Restart amount is used to offset certain expenditures and revenue reductions and the amount to be recorded for 2023 has not yet been finalized. It is expected that revenue of approximately \$750,000 for these two items will be recorded prior to finalizing the financial information.
- Accumulated surplus and other reserve amounts have been identified to fund capital projects, including the public safety building. While the variance in the transfer from own sources group appears to be significant, this is the product of capital projects still in progress which also results in similar expenditure variances in the financial reports.
- Revenue is generated through work performed on behalf of 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

- During the year, the wage and benefit costs relating to the Economic Development Manager and Occupational Health and Safety Manager were transferred to other departmental budgets to better reflect operations. This shift did not involve a corresponding move of budget amounts and a variance was created as a result.
- Costs incurred for the Business Façade Improvement Program were less than budgeted during its initial year. The balance of unallocated funds will be carried forward to offset 2024 program costs.
- The fire suppression, prevention and inspection expenditures currently exceed the budgeted amount. A portion of this variance results from retroactive wage payments made regarding the most recent collective agreement was signed. In anticipation of the payment being made, an accounting accrual was recorded however it had not yet been reversed prior to the generation of this financial information.
- Public works and engineering has several professional services projects within their budget. During the year, projects such as the sewer management plan were not substantially completed, and amounts remain unexpended. This has created a significant budget variance and the need to carry forward these remaining costs.
- While overall parks and recreation costs were in line with the annual budgeted amount, there were increases in revenue, primarily in the recreation centre, swimming pool and gorge pavilion which offset increased costs and contributed positively to the Township's financial situation.

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 2023 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.

Within the list of supplemental operating items there are three major projects which expended little or none of their budgeted amounts during the year. The business façade improvement program, sewer management plan and the development capacity assessment had more than \$360,000 of total unspent amounts. These amounts will be carried forward to fund the projects in 2024 thus eliminating the need for additional taxation related to these items.

A list of approved capital projects has been compiled to illustrate the progress that has been made within the program during the year. The list includes the costs incurred as well as the remaining budget required to complete the project. Also, a status has been included, similar to the supplemental operating item list, which specifies whether or not the project has been completed. Of the 68 projects listed, 31 have been fully completed and 10 are on hold or have not yet started for various reasons.