

### Section III – Items for the Information of the Board

**TO:** Chair and Members of the Executive Committee  
Friday, April 5, 2024 Meeting

**FROM:** Darryl Gray, Director, Education and Training  
On behalf of Strategic Business Planning and Performance

**RE:** **2023 YEAR-END FINANCIAL VARIANCE REPORT**

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#### KEY ISSUE

Receipt of Toronto and Region Conservation Authority's (TRCA) unaudited financial report as of December 31, 2023, for informational purposes.

#### RECOMMENDATION:

**IT IS RECOMMENDED THAT the 2023 Year-End Variance Report for the year ending December 31, be received.**

#### BACKGROUND

As part of TRCA's financial governance procedures, this report presents the 2023 year-end financial report, which covers the spend rate of expenditures and recognition of revenue for all of 2023. For the purposes of this report, TRCA's four categories of revenue have been combined into one category titled 'Revenue' in the attached financial charts. This includes:

- Authority Generated: Revenues raised through activities such as user fees, retail, rentals, program fees, event fees, and investment and interest income.
- Government Funded: Municipal, federal, and provincial grants and contract services.
- Levies: Operating and Capital levies from municipal partners.
- Reserves: Accumulated *surplus* which is intended to finance unforeseen costs related to ongoing operations or unfunded *capital expenses* for the organization.

#### RATIONALE

TRCA believes in transparency and accountability for its spending, revenue recognition and performance of service delivery objectives against approved budgets, for both the organization and for each project and program as an individual endeavor. This is further supported by TRCA's core values which prioritize accountability of staff to be increasingly responsible for their actions, behaviours, and outcomes. TRCA recognizes that all projects and programs offered have cost implications and that all costs incurred are in support of services being practical and affordable. Transparency throughout the budget management process is achieved in part through the analysis and reporting on year-to-date revenues/expenses as compared to the current fiscal year budget. In addition, TRCA regularly meets and shares information on budget expenditures and

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variance with municipal and government agency partners throughout the year and when preparing budgets for the upcoming year. In order to improve the accuracy in reporting anticipated issues in expenditures, TRCA established a seasonal forecasting baseline using historical data from the past three years to estimate the seasonal variances within each program area.

### Relationship to TRCA's 2023-2034 Strategic Plan

This report supports the following Pillar and Outcome set forth in TRCA's 2023-2034 Strategic Plan:

#### Pillar 4 Service Excellence:

4.4 Transparent decision making and accountable results

### FINANCIAL DETAILS

The operating and capital report by Service Area and underlying Program Areas are provided in **Attachments 1-5** respectively. The attachments provide a summary analysis of expenditures and revenues to date and the variance explanations by Program Area. The variance threshold for both revenues and expenditures are +/- 10% and \$500,000 from anticipated. Variances within these thresholds are deemed to be within the expected range. A summary of the year end capital budget is shown in *Table 1* below.

**Table 1 – Year End Capital Variance**

	<b>Budget</b>	<b>2023 Year to Date (Unaudited)</b>	<b>Budget Variance</b>
Revenue	189,061,111	165,980,736	23,080,375
Expenditure	189,061,111	122,380,627	66,680,484
<b>Excess of Revenue over Expenditures</b>	<b>(-)</b>	<b>43,600,109</b>	<b>(43,600,109)</b>

Sixteen (16) capital expenditure (A-P) and nine (9) capital revenue (Q-Y) variances are explained in *Attachment 5*.

A summary of the year end operating budget is shown in *Table 2* below.

**Table 2 – Year End Operating Variance**

	<b>Budget</b>	<b>2023 Year to Date (Unaudited)</b>	<b>Budget Variance</b>
Revenue	52,705,508	52,303,997	401,511
Expenditure	52,705,509	52,159,831	545,677
<b>Excess of Revenue over Expenditures</b>	<b>(-)</b>	<b>144,166</b>	<b>(144,166)</b>

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Four (4) operating expenditure (Z-CC) and three (3) operating revenue (DD-FF) variances are explained in *Attachment 5*.

### **DETAILS OF WORK TO BE DONE**

As TRCA's financial governance procedures and systems continue to evolve over time, internal processes for in-year billing from vendors, invoicing of customers and recognition of deferred revenue/internal recoveries will become a greater area of focus for the organization.

The 2023 year has resulted in a minimal contribution to the corporate reserve, as approximately \$2.0M of surplus was used to offset the costs of the Head Office rent tied to delays with new head office occupation explained in several other detailed reports to the Board which was not recognized in the approved 2023 budget along with \$1.9M of Vehicle and Equipment purchases that were deferred from 2022 due to supply chain issues. Staff will bring forward a future report on the health of the corporate reserve along with a review of the vehicle rates and spending plan.

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**Date: March 21, 2024**

**Attachments: 5**

Attachment 1: 2023 TRCA Capital Expenditures

Attachment 2: 2023 TRCA Capital Revenue

Attachment 3: 2023 TRCA Operating Expenditures

Attachment 4: 2023 TRCA Operating Revenue

Attachment 5: 2023 TRCA Variance Explanations