

Section III – Items for the Information of the Board

TO: Chair and Members of the Board of Directors
Friday, March 21, 2025 Meeting

FROM: Linda Charlebois, Director, Corporate Services

RE: **2024 YEAR END FINANCIAL UPDATE**

KEY ISSUE

Receipt of Toronto and Region Conservation Authority's (TRCA) unaudited financial report as of December 31, 2024.

RECOMMENDATION:

IT IS RECOMMENDED THAT the Year End Variance Report for the year ending December 31, 2024 be received.

BACKGROUND

As part of TRCA's financial governance procedures, this report presents the 2024 year-end financial report, which covers the spend rate of expenditures and recognition of revenue for all of 2024. For the purposes of this report, TRCA's four revenue categories have been consolidated under a single category titled 'Revenue' in the attached financial charts. These include:

- 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 prioritizes transparency and accountability in spending, revenue recognition, and performance evaluation against approved budgets, both at the organizational level and for each project and program individually. This

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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 have cost implications and that all expenditures support practical and affordable service delivery. 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 collaborates with municipal and government agency partners, sharing budget expenditure and variance information throughout the year and during budget planning for the upcoming fiscal period. 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 reports 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 considered within the expected range. A summary of the year end capital budget is shown in *Table 1* below.

Table 1 – Year End Capital Variance

	Budget	2024 Year to Date (Unaudited)	Budget Variance
Revenue	176,499,000	167,943,064	(8,555,936)
Expenditure	188,128,000	133,328,005	(54,799,995)
Reserves	(11,630,000)	-	-
Excess of Revenue over Expenditures	-	34,615,059	(46,244,059)

Sixteen (16) capital expenditure and eight (8) capital revenue 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

	Budget	2024 Year to Date (Unaudited)	Budget Variance
Revenue	57,338,000	56,635,570	(702,430)
Expenditure	57,403,000	55,014,099	(2,388,901)
Reserves	(64,000)	-	-
Excess of Revenue over Expenditures	-	1,621,471	(1,686,471)

Four (4) operating expenditure and three (3) operating revenue 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, invoices of customers and recognition of deferred revenue/internal recoveries will become a greater area of focus for the organization.

The year 2024 is projected to yield a minimal contribution of \$1.3 million to the corporate reserve. In addition, an estimated \$1.7 million from the operating budget will be allocated to cover costs within the Education and Outreach School Programs. Further, \$750,000 will be directed towards

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Planning and Development Review, while \$480,000 will be allocated for Information Infrastructure, Management, and Human Resources. An additional \$825,000 will be used for Vehicle and Equipment expenses within Corporate Services. These allocations reflect the strategic distribution of resources to support ongoing operational needs while managing financial priorities.

Staff will increase the frequency of expenditure monitoring in 2025, providing the Board of Directors with quarterly financial reports. Furthermore, a comprehensive financial sustainability review will be carried out for both the Education and Outreach School Programs and Corporate Services Vehicles and Equipment. This review will focus on identifying and addressing any financial gaps to ensure that these shortfalls are effectively mitigated throughout 2025, supporting long-term fiscal stability.

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Attachments: 5

Attachment 1: 2024 TRCA Year End Capital Expenditures

Attachment 2: 2024 TRCA Year End Capital Revenue

Attachment 3: 2024 TRCA Year End Operating Expenditures

Attachment 4: 2024 TRCA Year End Operating Revenue

Attachment 5: 2024 TRCA Year End Variance Explanations