

Item 10.1

Section III – Items for the Information of the Board

TO: Chair and Members of the Executive Committee
Meeting #10/18, Friday, December 14, 2018

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2018 THIRD QUARTER EXPENDITURES REPORT**

KEY ISSUE

Receipt of Toronto and Region Conservation Authority's expenditures as of the end of the third quarter, September 30, 2018 for information purposes.

RECOMMENDATION

IT IS RECOMMENDED THAT the 2018 Third Quarter Expenditure Report for the 9-months ended September 30, be received.

BACKGROUND

As part of TRCA's financial governance procedures, staff is presenting the 2018 Expenditures Report, which covers the period from January 1, 2018 through to September 30, 2018.

FINANCIAL DETAILS

The operating and capital expenditures by Service Area are provided in Attachments 1 and 2, respectively. Each attachment contains two charts, the first of which provides a numerical analysis of expenditures to date, while the later provides variance explanations for service areas which have a variance +/- 10% from the prorated 9-month budget, as the year is three-quarters complete as of September 30, 2018. Variances falling below ten percent are deemed to be within the expected range.

The capital expenditures presented (both budgeted and actual) include asset costs that are capitalized as tangible capital assets in the year-end financial statements. For the

Service Area deficits and surpluses will be fully assessed for the year ending December 31, 2018 subsequent to the year end, as deferred revenue balances are fully evaluated at that time.

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Date: December 14, 2018

Attachments: 2

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Attachment 1 – Operating Expenditures (all dollar amounts are presented in thousands of dollars)

Service Area	2018 12-Month Budgeted Expenditures	2018 9-Month Prorated Budgeted Expenditures	2018 9-Month Actual Expenditures	\$ Diff	% Diff	Notes
Watershed Studies and Strategies	\$1,739	\$1,304	\$1,291	(\$13)	(1%)	
Water Risk Management	\$1,137	\$853	\$806	(\$47)	(5%)	
Regional Biodiversity	\$1,298	\$974	\$1,094	\$121	12%	A
Greenspace Securement and Management	\$2,941	\$2,206	\$2,973	\$767	35%	B
Tourism and Recreation	\$13,466	\$10,100	\$10,098	(\$2)	0%	
Planning and Development Review	\$9,781	\$7,336	\$7,276	(\$60)	(1%)	
Education and Outreach	\$6,906	\$5,180	\$4,664	(\$516)	(10%)	C
Sustainable Communities	\$217	\$163	\$221	\$58	36%	D
Corporate Services	\$10,603	\$7,952	\$8,273	\$321	4%	
Total	\$48,088	\$36,066	\$36,696	\$630	2%	

	Notes
A	When drafting the current year budget, TRCA staff expected that the transfer of lands related to the Rouge National Urban Park would take place mid-way through 2018. Timelines have since changed, with the majority of lands expected to be transferred in 2019 and have led to additional unbudgeted restoration project expenditures of \$100 to date. Once this additional expenditure for work on TRCA lands is taken into account, the Regional Biodiversity variance falls within the expected range.
B	Similar to the explanation in A above, TRCA budgeted 6 months of rental expenditures related to properties located on lands expected to be transferred to Rouge National Urban Park resulting in \$495 of the above-noted difference. Additionally, property taxes account for \$143 of the 9-month pro-rated budget, however, they will be offset by estimated property tax refunds by year end.
C	An unbudgeted reduction in summer programming participation at Field Centres, Albion Hills and Lake St. George, led to a \$400 decrease in Education and Outreach expenditures. Once this explanation is taken into account, the variance falls within the expected range.
D	Approximately \$63 of recoveries from the Toronto and Region Conservation Foundation, which offset expenditures, are yet to be recorded. Once these recoveries are taken into account, the Sustainable Communities variance falls within the expected range.

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Attachment 2 – Capital Expenditures
(all dollar amounts are presented in thousands of dollars)

Service Area	2018 12-Month Budgeted Expenditures	2018 9-Month Prorated Budgeted Expenditures	2018 9-Month Actual Expenditures	\$ Diff	% Diff	Notes
Watershed Studies and Strategies	\$1,993	\$1,495	\$907	(\$588)	(39%)	E
Water Risk Management	\$34,274	\$25,706	\$22,359	(\$3,347)	(13%)	F
Regional Biodiversity	\$15,975	\$11,981	\$12,929	\$948	8%	
Greenspace Securement and Management	\$4,830	\$3,623	\$968	(\$2,655)	(73%)	G
Tourism and Recreation	\$10,338	\$7,754	\$6,495	(\$1,259)	(16%)	H
Planning and Development Review	\$552	\$414	\$347	(\$67)	(16%)	I
Education and Outreach	\$9,609	\$7,207	\$2,068	(\$5,139)	(71%)	J
Sustainable Communities	\$9,300	\$6,975	\$6,021	(\$954)	(14%)	K
Corporate Services	\$3,557	\$2,668	\$2,719	\$51	2%	
Total	\$90,428	\$67,821	\$54,813	(\$13,008)	(19%)	

Variance Explanations	
E	Within the Watershed Studies and Strategies Service Area, there are two primary variances impacting the spend rate. The first relates to the Remedial Action Plan, which shows \$375 underspent, however, this is due to timing of recognition of expenditures – It is expected that this variance will be eliminated by year end. The second relates to a \$172 decrease in spending related to the Climate Science Applications projects, which occurred due to staff gapping and a change in the planned project list. Once these explanations are taken into account, the variance falls within the expected range.
F	Within the Water Risk Management Service Area, there is one primary variance impacting the spend rate. The Guildwood Parkway accounts for \$2,380 of the unspent total which will be deferred into 2019 to allow for continued discussion with Toronto Water to reallocate the funds to an alternate priority erosion hazard site along the Scarborough Bluffs. Once this is taken into account, the variance falls within the expected range.
G	Greenspace Securement and Management has three primary variances impacting the spend rate. The first is Greenspace Land Acquisition which relies on donations, grants and easements to fund acquisitions. This project is \$1,200 underspent as the matching funding for acquisitions were not attained, thereby resulting in no planned expenditures.

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	<p>The second project, the Albion Hills Master Plan implementation, experienced delays as a result of unexpected site conditions resulting in the construction of the main granular trail being reallocated to 2019 and accounts for approximately \$100 of under expenditures. Finally, Conservation Land Services is \$1,068 underspent, however, this is due to timing of recognition of expenditures – It is expected that this variance will be eliminated by year end.</p>
H	<p>Tourism and Recreation has three primary variances impacting the spend rate. The Claireville Land Management Plan is \$415 underspent due to the delay in the initiation of the West Humber Interregional Reservoir Bridge, which is being deferred to 2019. Lower expenditures of \$565 are due to unplanned delays on the Claireville Trail project, which are expected to be resolved in time for the work to be completed in 2019. The South Mimico Trail is \$403 underspent and expected to be on hold until 2021 as the final trail alignment will be effected by work related to the Bonar storm water management facility. Once these explanations are taken into account, the variance falls within the expected range.</p>
I	<p>Planning and Development has two primary variances impacting the spend rate. Growth Management and Special Planning Studies is \$29 underspent, and Regulation and Planning Policy Updates is \$27 underspent. These projects are anticipated to be on budget by year end as public consultations are planned for the fourth quarter. Once these explanations are taken into account, the variance falls within the expected range.</p>
J	<p>Within the Education and Outreach Service Area, there is one primary variance impacting the spend rate. The Bolton Camp redevelopment and municipal site servicing project is underspent by \$5,388. Final site plan approval is expected to be issued by the Town of Caledon by the end of the year, with implementation to follow in 2019. Once this explanation is taken into account, the variance falls within the expected range.</p>
K	<p>The Sustainable Communities Service Area is under spent by \$345 as a result of unplanned staff gapping in the Partners in Project Green program. Once this is taken into account, the variance falls within the expected range.</p>