

Section III – Items for the Information of the Board

TO: Chair and Members of the Budget/Audit Advisory Board
Meeting #2/18, Friday, June 08, 2018

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2017 EXPENDITURES REPORT**

KEY ISSUE

Receipt of Toronto and Region Conservation Authority's (TRCA) expenditures for the year ended, December 31, 2017.

RECOMMENDATION

IT IS RECOMMENDED THAT the 2017 Expenditures Report be received.

BACKGROUND

As part of TRCA's financial governance procedures, staff is presenting the 2017 Expenditures Report, which covers the period from January 1, 2017 through December 31, 2017.

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 not spent between 90% - 110% of their approved budgetary expenses in the normal course of operations. This threshold allows for an unexplained variance of +/- 10% from the annual budget.

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

TRCA's continued focus on budgeting has led to improved variances of only 3% for both the capital and operating budgets, as compared to 15% and 4%, respectively, in 2016. Staff have done a good job assessing their 2017 deliverables when completing their budgets and determining what capacity/resources were required to complete the tasks, which has led to the reduction of in-year surprises.

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Attachments: 2

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Attachment 1

Operating Expenditures

(All dollar amounts are presented in thousands of dollars)

Service Area	2017 Budgeted Expenditures	2017 Actual Expenditures	\$ Variance	% Variance	Variance Explanations
Watershed Studies and Strategies	\$1,707	\$1,670	(\$37)	(2%)	
Water Risk Management	\$1,033	\$1,020	(\$13)	(1%)	
Regional Biodiversity	\$712	\$1,464	\$752	106%	A
Greenspace Securement and Management	\$3,162	\$3,286	\$124	4%	
Tourism and Recreation	\$12,952	\$13,823	\$871	7%	
Planning and Development	\$8,654	\$8,652	(\$2)	(0%)	
Education and Outreach	\$6,348	\$6,230	(\$118)	(2%)	
Sustainable Communities	\$235	\$174	(\$61)	(26%)	B
Corporate Services	\$10,016	\$9,618	(\$398)	(4%)	
Total	\$44,819	\$45,937	\$1,118	3%	

	Variance Explanations
A	Unbudgeted Rouge Park expenditures of \$1,164 were offset by cost savings of \$190 from the inland fill program and \$236 from the plant propagation program. Once these are taken into account, the % of unexplained variance is 4%, which falls within the expected range.
B	Plant material internal recoveries exceeded budget by \$53. Once taken into account, the % of unexplained variance is 3%, which falls within the expected range.

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Attachment 2

Capital Expenditures

(All dollar amounts are presented in thousands of dollars)

Service Area	2017 Budgeted Expenditures	2017 Actual Expenditures	\$ Variance	% Variance	Variance Explanations
Watershed Studies and Strategies	\$2,436	\$2,100	(\$336)	(14%)	C
Water Risk Management	\$28,518	\$30,732	\$2,214	8%	
Regional Biodiversity	\$12,619	\$13,173	\$554	4%	
Greenspace Securement and Management	\$3,412	\$3,914	\$502	15%	D
Tourism and Recreation	\$9,012	\$9,266	\$254	3%	
Planning and Development Review	\$709	\$570	(\$139)	(20%)	E
Education and Outreach	\$3,436	\$4,375	\$939	27%	F
Sustainable Communities	\$11,318	\$9,703	(\$1,615)	(14%)	G
Corporate Services	\$2,896	\$2,467	(\$429)	(15%)	H
Total	\$74,356	\$76,300	\$1,944	3%	

	Variance Explanations
C	Anticipation of Provincial guidance on municipal requirements in regards to watershed plan updates resulted in cost deferral of \$162. Further, the Climate Science Applications Project had cost savings of \$179 due to unanticipated staff gapping, causing the deliverables to be delayed until 2018. Once these are taken into account, the % of unexplained variance is 0%, which falls within the expected range.
D	The market value of unbudgeted land transfers totals \$798. Once taken into account, the % of unexplained variance is 9%, which falls within the expected range.
E	Carruthers Plan projects were under budget by \$128, partially due to technical issues delaying the transfer of information to the consultant resulting in work deferral to 2018. Once these are taken into account, the % of unexplained variance is 1%, which falls within the expected range.
F	The Living City Centre project incurred \$1,100 of unbudgeted costs in order to bring site servicing to the Kortright Campus. Offsetting cost deferrals related to Bolton Camp site improvement of \$141 and the Pan Am Equestrian Facility landscaping of \$56 were incurred. Once these are taken into account, the % of unexplained variance is 1%, which falls within the expected range.
G	Unanticipated staff gapping variances, project deferrals and efficiencies in implementation led to \$600 in savings from the Partners in Project Green program, \$212 from the Performance Based Conservation Pilot Program and \$175 from the Growing Local Foods project. Once these are taken into account, the % of unexplained variance is 6%, which falls within the expected range.
H	Head office cost deferrals relating to the construction of the new head office of \$919 were partially offset by asset management implementation of \$218 and restoration and infrastructure modernization of \$130. Once these are taken into account, the % of unexplained variance is 5%, which falls within the expected range.