

Section III – Items for the Information of the Board

TO: Chair and Members of the Executive Committee
Friday, January 15, 2021 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2020 NINE MONTH FINANCIAL REPORT (SEPTEMBER 30, 2020)**

KEY ISSUE

Receipt of Toronto and Region Conservation Authority's (TRCA) unaudited expenditures as of the end of the third quarter, September 30th, 2020, for informational purposes.

RECOMMENDATION

IT IS RECOMMENDED THAT the 2020 Financial Report for the nine-month period ended September 30, be received.

BACKGROUND

As part of TRCA's financial governance procedures, staff are presenting the 2020 Nine Month Financial Report, which covers the period January 1, 2020 through to September 30, 2020. This report provides information on the spend rate of expenditures and recognition of revenue for the first nine months of 2020. 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 of integrity, collaboration, accountability, respect and excellence. TRCA recognizes that all projects and programs offered have cost implications and that all costs incurred are reasonable and practical in support of services. 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 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 Building the Living City, the TRCA 2013-2022 Strategic Plan

This report supports the following strategy set forth in the TRCA 2013-2022 Strategic Plan:

Strategy 9 – Measure performance

Item 9.1

FINANCIAL DETAILS

The operating and capital report by Service Area and underlying Program Areas are provided in Attachments 1 through 5. The attachments provide a summary analysis of expenditures and revenues to date and the variance explanations by Program Area. The variance threshold for both revenue and expenditures are +/- 10% and \$500,000 from anticipated. Variances within these thresholds are deemed to be within the expected range. The capital report contains ten revenue variances and ten expenditure variances whereas the operating report contains five revenue variances and three expenditure variances. *Attachment 5* explains each variance. A summary of the third quarter capital budget is shown in *Table 1* below.

Table 1 – Third Quarter Capital Budget

Revenue	Expenditure	Net
\$105,520,276	\$82,064,654	\$23,455,622

At year end, the net capital budget will approximate \$0 as the excess of capital revenue reflects projects and services that have not yet been achieved, and as such will be deferred into the subsequent fiscal year.

A summary of the third quarter operating budget is shown in *Table 2* below.

Table 2 – Third Quarter Operating Budget

Revenue	Expenditure	Net
\$31,228,948	\$28,469,687	\$2,759,261

The goal for operating budget is to end the year in a positive position, considering the substantial impacts of COVID-19 on TRCA's operations.

DETAILS OF WORK TO BE DONE

Staff are constantly analyzing TRCA's operations in the context of COVID-19's impact on the organization's revenues and expenditures and potential for government funding to reduce the repercussions to staff compliment, while ensuring that the safety of staff and the public is maintained. An analysis of the current and anticipated impacts of COVID-19 on TRCA's authority generated revenues is provided in the accompanying report titled *2020 COVID-19 Update – Financial Report*.

To mitigate the negative impacts to operations, TRCA staff will continue to monitor for new grant opportunities including potential funding opportunities through the Federal Government's COVID-19 Economic Response Plan. Staff have initiated communications with program officers to ensure that all available funding opportunities are explored.

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Date: November 10, 2020

Attachment 1: Capital Budget Expenditures

Attachment 2: Capital Budget Revenues

Attachment 3: Operating Budget Expenditures

Attachment 4: Operating Budget Revenues

Attachment 5: Variance Explanations