

Section III – Items for the Information of the Board

TO: Chair and Members of the Executive Committee
Friday, March 05, 2021 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2020 YEAR END FINANCIAL REPORT**

KEY ISSUE

Receipt of Toronto and Region Conservation Authority's (TRCA) unaudited financial report as of December 31, 2020 for informational purposes.

RECOMMENDATION

IT IS RECOMMENDED THAT the 2020 Year End Variance Report for the year ended December 31, be received.

BACKGROUND

As part of TRCA's financial governance procedures, this report presents the 2020 year-end financial report, which covers the spend rate of expenditures and recognition of revenue for all 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 which prioritize accountability of staff to be increasingly responsible for their actions, behaviors 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 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 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 1-5** 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

	Budget	2020 Year to Date (Unaudited)	Budget Variance
Revenue	\$183,240,046	\$139,311,658	\$(43,928,389)
Expenditure	\$183,240,046	\$116,676,988	\$66,563,058
Excess of Revenue over Expenditures	-	\$22,634,670	\$22,634,670

Ten capital revenue and fourteen capital expenditure variances are explained in *Attachment 5*. At year end, capital budget will net to approximately \$0, as the current \$22.6 M surplus of revenue over expenditures is associated with 2020 deliverables including implementation of the Scarborough Waterfront Project, Albion Hills Master Plan and Bolton Camp Site Improvements which have not yet been completed and will be deferred into 2021 as part of the year-end financial closing.

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

Table 2 – Year End Operating Variance

	Budget	2020 Year to Date (Unaudited)	Budget Variance
Revenue	\$48,688,933	\$38,932,287	(\$9,756,646)
Expenditure	\$46,619,479	\$35,406,041	\$11,213,438
Excess of Revenue over Expenditures	\$2,069,454	\$3,526,246	\$1,456,792

Nine operating revenue and six operating expenditure variances are explained in *Attachment 5*. TRCA staff are still finalizing 2020 year-end and there are anticipated impacts such as the potential for Canada Emergency Wage Subsidy (CEWS) revenue.

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.

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Attachments: 5

Attachment 1: Year End Financial Report – Capital Budget Expenditures

Attachment 2: Year End Financial Report – Capital Budget Revenue

Attachment 3: Year End Financial Report – Operating Budget Expenditures

Item 9.1

Attachment 4: Year End Financial Report – Operating Budget Revenue
Attachment 5: Year End Financial Report – Variance Explanations