

Financial Update: 3rd Quarter 2020

Board of Directors

October 30, 2020

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GM of Corporate & Fin. Services/CFO



Lake Simcoe Region
conservation authority



Member of Conservation Ontario

Financial Update – Presentation Outline

1. Executive Summary
2. 3rd Quarter Highlights – Business Impact of COVID-19
3. 3rd Quarter Corporate Budget Status Summary
4. Update on Key Capital Projects in 2020
5. Key Assumptions for Q4 2020
6. Highlights for the 2020 Forecast at Q3
7. Forward Looking: Opportunities and Risks
8. Questions



Executive Summary

1. LSRCA business operations have been significantly impacted by COVID-19
2. Management took immediate and measured action to address the changes and minimize the financial impact
3. Projected deficit being forecast for 2020 has increased however, additional municipal funding is NOT anticipated
4. Financial condition of LSRCA continues to remain strong, with staff keeping a close eye on reserves and deferred revenue for year end

Impact of COVID-19 on Business Operations

1. Office Closure; 100% of office staff continue working from home.
2. Field work and Construction for some program areas started in early Summer, aligned with Federal, Provincial and/or Regional reopening.
3. Plans for phasing in LSRCA staff return to the office will be in line with direction from Provincial & local Health Authorities.



Actions Taken

1. Continued redeployment of staff in impacted fee-based programs.
2. Deferred non-essential program spending to 2021, where reasonable.
3. Continue to seek opportunities for grant money, especially new stimulus/infrastructure funding.
4. Leadership Team review program KPI's each month to better understand the impact on our business.

Impact on 2020 Outcomes

1. Education program outcomes delivered using different methods – online learning pages, outdoor learning opportunities with Boards.
2. Planning Applications are down year-over-year. Site plan applications are steady, Subdivision plan applications are down 50%. Work continues on resubmissions.
3. Spring planting deferred to 2021. Fall planting taking place now – 1,470 trees and shrubs planted.
4. Impact on 2020 Annual Operating Plans, some projects deferred to 2021.



3rd Quarter Highlights

1. Revenue Generated by Authority continues to be impacted in 2020 with delays, deferrals or lost revenue in various programs.
2. Project and Field work that was postponed in the first half of the year, picked up in the Summer and continues through Q4.
3. Scanlon Creek Operations Centre redevelopment is complete.
4. Operational savings continue due to staff working from home (ie mileage/office supplies/printing).



3rd Quarter Corporate Budget Status

Revenue :	Full Year Budget	YTD Budget	Actual YTD	% of YTD Budget
General Levy	\$ 4,009	\$ 3,007	\$ 2,586	86%
Special Capital Levy & Municipal Partners	6,663	4,997	4,368	87%
Provincial & Federal Funding	1,387	1,040	874	84%
Revenue Generated by Authority	8,155	6,116	2,193	36%
Other Revenue	195	146	57	39%
Total revenue	20,409	15,306	10,078	66%
Expenses:				
Corporate Services	6,585	4,939	4,414	89%
Ecological Management	5,333	3,999	1,685	42%
Education & Engagement	665	499	420	84%
Greenspace Services	822	616	726	118%
Planning & Development Services	3,857	2,893	2,595	90%
Water Risk Management	4,268	3,201	1,249	39%
Watershed Studies & Strategies	1,463	1,097	1,021	93%
Total gross expenses:	22,993	17,244	12,110	70%
Expenses included above related to:				
Internal Fee for Service	1,931	1,448	1,227	85%
Net Expenses	21,062	15,796	10,883	69%
Net (deficit) before reserve activity	(653)	(490)	(805)	
Board approved draws on reserve:	939	704	605	
Board approved transfers to reserves:	(286)	(214)	(19)	
Other reserve activity:				
Draw from Asset Management for Scanlon Renovations			75	
Transfer for offsetting operational surplus to payback resave draws from prior years	-	-	(85)	
Operational (deficit) at September 30	\$ 0	\$ 0	\$ (230)	

Progress on Key Capital Projects in 2020

Budgeted Projects	Project Value	Forecasted Expenditures at Year-end	Phase
Alcona Flood Relief Project	\$0.2M	\$0.2M	Complete
Scanlon Creek Operations Centre	\$1.1M	\$1.1M	Complete
Macro Economic Study	\$0.1M	\$0.1M	Substantially Complete
Offsetting Projects	\$4.2M	\$0.2M	In Progress
Stormwater Projects	\$0.6M	\$0.3M	In Progress
Asset Management	\$0.4M	\$0.2M	In Progress
Other Projects	\$0.2M	\$0.2M	In Progress
LID Projects	\$0.2M	\$0.1M	In Progress
Restoration Projects	\$0.1M	\$0.1M	In Progress
MECP – Land Cover Mapping	\$0.1M	\$0.0M	Deferred to 2021



Key Assumptions for the 2020 Forecast at Q3

1. LSRCA will NOT require additional funding from municipal partners to cover projected operational deficit.
2. Deferred revenue will be utilized to finish priority AOP work (Strategic Plan pre-work).
3. All municipal funding partners pay their full funding notices for 2020 (with notable exceptions).
4. Draws from the rate stabilization will be utilized for the projected deficit at year end.



Highlights from the 2020 Forecast at Q3

Forecasted Appropriations to/(from) Reserves for 2020	Budget	Forecast
1. Operational Programming Deficit		(335)
2. 2020 Budgeted Reserve Draws	(939)	(815)
3. 2020 Budgeted Reserve Transfers	286	113
4. Transfer Surplus from Operational Offsetting – Restoration & Corporate		148
5. Additional Draw for Scanlon Redevelopment		(114)
Total	(653)	(1,004)

Summary of Financial Condition - Reserves

Reserve Category	Opening Balance January 1, 2020	Forecasted Appropriations to/(from) Reserve	Forecasted Ending Balance December 31, 2020
Asset Management	1,095	(795)	299
Working Capital	550	--	550
Rate Stabilization	849	(208)	641
Restricted	<u>34</u>	<u>--</u>	<u>34</u>
Grand Total	2,528	(1,004)	1,524

Summary of Financial Conditions - Deferred

Program Area	Unused Deferred Balance
Climate Change	18,008
Ecosystem Science and Monitoring	8,851
Flood & Erosion Control Structures	55,867
Flood Warning	82,570
Forest Management	61,647
GIS	22,316
Greenspace Maintenance	12,129
Hazard Mapping	54,707
Human Resources (AODA)	53,140
Natural Heritage Mapping	34,000
Research & Innovation	76,662
Restoration Grants	22,704
Vehicles & Equipment	16,830
Water Science & Monitoring	20,327
Watershed Planning	30,759
York Streambank	<u>15,746</u>
Grand Total	586,263



Forward Looking: Opportunities and Risks

1. Continue to monitor the impact of Bill 108 for 2021.
2. Modest levy increases in 2021 budget.
3. Identify new opportunities available through Federal and Provincial infrastructure and stimulus programs.
4. Planning for full return to the offices and the related building/supplies cost.
5. Adequacy of Reserves in the short term.



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Questions?