

Financial Update: 3rd Quarter 2021

Board of Directors' Meeting

October 22, 2021

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GM of Corporate & Financial Services/CFO



Lake Simcoe Region
conservation authority



Member of Conservation Ontario

Financial Update – Presentation Outline

1. Executive Summary
2. 3rd Quarter Highlights
3. Update on Key Capital Projects in 2021
4. Key Assumptions for 2021 Year End Forecast
5. Highlights for the 2021 Year End Forecast
6. Forward Looking: Opportunities and Risks - 2022
7. Questions



Executive Summary

1. 2021 Annual Operating Plans (14) are progressing as expected; with one exception due to Federal funding.
2. Projected surplus being forecasted for 2021.
3. Financial condition of the Authority is strong; staff will monitor use of reserves & deferred revenue for year end.
4. Work has started on building 2022 Budget with input from staff and external partners.



Update on Business Operations

1. Staff continue working from home with return to office in January 2022.
2. Renovations at Head Office are underway and will be complete in the coming weeks.
3. Investment in supplies and technology for return to office taking place in Q4.
4. Field work and Construction on programs and projects continuing as expected.
5. Working with staff, managers and Municipal Partners to build 2022 budget.

3rd Quarter High-level Highlights

Service Area	Surplus/ (Deficit)	Drivers
Corporate Services	32K	YTD interest, surplus from Solar Panel Revenue and Corporate Overhead charges from projects
Ecological Management	(3K)	Small deficit in Tree Planting, will be funded as the Fall Planting program takes place
Planning & Development	238K	Variances in staffing, open positions, new fees and year-to-date applications
Overall Corporate Surplus on September 30	267K	This is less than 1.5% of the \$18.0M Budget

3rd Quarter Highlights

1. Overall revenue and expenditures are in line with Q3 expectations and year-to-date budget.
2. Some Provincial & Federal funding is below YTD expectations mainly related to timing of project work and deliverables. Some MECP agreements carryover to 2022 and into 2023.
3. Revenue Generated by Authority trending in line with year-to-date expectations. Volume of Regulation and Planning files are also in line with expectations.
4. Tree Planting and Education programs are proceeding as planned/expected.



3rd Quarter Highlights continued

5. Variances in staffing are contributing to surplus – staff turnover and leaves. Recruitment underway for open positions.
6. Timing variances on capital work at Mabel Davis, Scanlon Creek Operations Centre and Nature Centre will be offset when final invoices are in for work completed.
7. Investments in asset management/new technology will take place in Q4 for supplies and equipment to be ready for a return to the office in January.



Progress on Capital Investments in 2021

2021 Capital Investments	Project Value	Expenditures at Q3	Status
Offsetting Projects	\$1.1M	\$0.3M	4 projects in progress, 2 substantially complete
Rrestoration Projects	\$0.6M	\$0.4M	4 projects in progress, 1 substantially complete
Asset Management	\$0.6M	\$0.2M	Asset replacements and Building Renovations in progress
Stormwater Projects	\$0.4M	\$0.2M	In progress
Salt Reduction Projects	\$0.4M	\$0.1M	In progress
LID Projects	\$0.2M	\$0.1M	In progress
Land Cover Projects	\$0.2M	\$0.1M	In progress
Watershed Modernization	\$0.2M	\$0.1M	In progress
Water Science and Monitoring	\$0.1M	\$0.1M	In progress
Total	\$3.7M	\$1.6M	



Key Assumptions for the 2021 Forecast at Q3

1. Authority staff will return to office in January 2022.
2. Deferred revenue will be utilized to finish priority Annual Operating Priorities work, completing the Strategic Plan and Watershed Planning initiatives.
3. Anticipating that majority of budgeted reserve activities (Draws and Transfers) will take place as expected with a few exceptions that will be deferred to 2022.
4. Projecting an operational surplus position of close to \$500K, no material changes from Q2 forecast.



Highlights from the 2021 Forecast at Q3

Forecasted Appropriations to/(from) Reserves for 2021	Budget	Forecast
1. Operational Programming Surplus	-	504
2. 2021 Budgeted Reserve Draws	(399)	(191)
3. 2021 Budgeted Reserve Transfers	412	382
4. Additional Approved Draw to support safety renovations at Mabel Davis Admin Centre – 23-21-BOD (May)	(70)	(46)
5. Draw for Land Acquisition	-	(28)
6. Transfer Surplus from Operational Offsetting – Restoration & Corporate	-	388
Total Reserve Activity	(57)	1,009

Summary of Financial Condition - Reserves

Reserve Category	Opening Balance January 1, 2021	Forecasted Appropriations to/(from) Reserve	Forecasted Ending Balance December 31, 2021
Asset Management	471	194	665
Working Capital	550	(75)	475
Rate Stabilization	860	890	1,750
Restricted	34	--	34
Grand Total	1,915	1,009	2,924

Forward Looking: Opportunities and Risks

1. Use year-end forecast at Q3 to identify key trends and incorporate into 2022 Budget.
2. Plan for staff to return to the offices and any additional related building, supply and technology cost.
3. Ensure adequacy of Reserves.
4. Continue monitoring timing and impact associated with Bill 229/108 and implement changes as needed.



Executive Summary Recap

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Questions?