

Financial Update: 2nd Quarter 2020

Board of Directors

July 24, 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. 2nd Quarter Highlights – Business Impact of COVID-19
3. 2nd Quarter Corporate Budget Status Summary
4. Service Area Overviews
5. Update on Key Capital Projects in 2020
6. Key Assumptions for Q3 and Q4 2020
7. Highlights for the 2020 Forecast at Q2
8. Forward Looking: Opportunities and Risks
9. 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. While there is a projected deficit being forecast for 2020, additional municipal funding is NOT anticipated
4. Uncertainty remains for Q3 & Q4 but there are also funding opportunities
5. Financial condition of LSRCA remains strong, with staff keeping a close eye on reserves and deferred revenue



Impact of COVID-19 on Business Operations

1. Office Closure; 100% of staff working completely from home within 5 days
2. Field work and Construction for some of our program areas were postponed, in line with Federal, Provincial and/or Region instructions
3. Board of Directors meetings moved online
4. Phasing in LSRCA staff return to the office, in line with direction from Provincial & local Health Authorities



Actions Already Taken

1. Immediate freeze on all hiring
2. Plan for redeployment of staff in impacted fee-based programs
3. Immediate stop to all non-essential program spending
4. Seeking additional opportunities for grant money, especially new stimulus/infrastructure funding
5. Leadership Team reviewed program KPI's each month to better understand the impact on our business



Impact on 2020 Outcomes

1. Office closure reduced in person planning counter visits by 63% (from 205 to 75); work shifting on-line
2. Education program outcome did not change but method of delivery shifted. Fewer field trips, more outreach and new on-line learning
3. Spring tree planting (52,655 trees) has shifted to the spring 2021; 14,150 Do-it yourself seedlings
4. Section 28 application & inquiries are down 7% in 2020 but 98% of the timeline targets were met or exceeded
5. Impact on 2020 Annual Operating Plans



2nd Quarter Highlights

1. 2020 Revenue has been delayed, deferred or lost in various programs, due to COVID-19 restrictions
2. Project work deferred into Q3 and Q4
3. Scanlon Operation Centre redevelopment is substantially complete
4. Operational savings have been identified due to staff working from work (ie mileage/office supplies/printing)



2nd Quarter Corporate Budget Status

Lake Simcoe Region Conservation Authority					
Q2 Corporate Budget Status Report					
For period ending June 30, 2020 (shown in 000's)					
Revenue :	Full Year Budget	YTD Budget	Actual YTD	% of YTD Budget	
General Levy	\$ 4,009	\$ 2,004	\$ 1,435	72%	
Special Capital Levy & Municipal Partners	6,663	3,332	3,420	103%	
Provincial & Federal Funding	1,387	694	540	78%	
Revenue Generated by Authority	8,201	4,100	1,531	37%	
Other Revenue	195	97	36	37%	
Total revenue	20,455	10,227	6,961	68%	
Expenses:					
Corporate Services	6,585	3,293	3,058	93%	
Ecological Management	5,333	2,666	1,261	47%	
Education & Engagement	665	332	286	86%	
Greenspace Services	822	411	451	110%	
Planning & Development Services	3,857	1,928	1,779	92%	
Water Risk Management	4,252	2,126	742	35%	
Watershed Studies & Strategies	1,463	732	712	97%	
Total gross expenses:	22,976	11,488	8,290	72%	
Expenses included above related to:					
Internal Fee for Service	1,868	934	874	94%	
Net Expenses	21,108	10,554	7,416	70%	
Net (deficit) before reserve activity	(653)	(327)	(455)		
Board approved draws on reserve:	939	470	463		
Board approved transfers to reserves:	(286)	(143)	(6)		
Other reserve activity:					
Transfer for offsetting operational surplus to payback reserve draws from prior years	-	-	(53)		
Operational (deficit) at June 30	\$ -	\$ -	\$ (50)		



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	Substantially Complete
Macro Economic Study	\$0.1M	\$0.1M	Substantially Complete
Offsetting Projects	\$4.2M	\$0.4M	In Progress
Stormwater Projects	\$0.6M	\$0.3M	In Progress
Asset Management	\$0.4M	\$0.4M	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	In Progress/Delayed

Key Assumptions for the 2020 Forecast at Q2

1. LSRCA will NOT require additional funding from municipal partners to cover projected operational deficit
2. Deferred revenue may be utilized to complete 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 would be utilized if the projected deficit exists at year end



Highlights from the 2020 Forecast at Q2

Forecasted Appropriations to/(from) Reserves for 2020:	Budget	Forecast
1. Operational Programming Deficit	-	(211)
2. 2020 Budgeted Reserve Draws	(939)	(904)
3. 2020 Budgeted Reserve Transfers	286	110
4. Transfer Surplus from Operational Offsetting - Restoration & Corporate	-	86
5. Additional Draw for Scanlon Redevelopment	-	(73)
Total	(653)	(992)



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	(821)	274
Working Capital	550	-	550
Rate Stabilization	849	(171)	678
Restricted	34	-	34
Grand Total	2,528	(992)	1,536



Summary of Financial Conditions - Deferred

Program Area	Unused Deferred Balance
Climate Change	18,008
Ecosystem Science & 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	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	15,746
Grand Total	586,263



Forward Looking: Opportunities and Risks

1. Impact of Bill 108
2. New opportunities are available through Federal and Provincial infrastructure and stimulus programs
3. Uncertainty of timing with regards to full return to the offices and the related building/supplies cost
4. Adequacy of Reserves in the short term



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Thank you!

Questions?