

Financial Statements of

CONSERVATION HALTON

Year ended December 31, 2021

CONSERVATION HALTON

Financial Statements

Year ended December 31, 2021

Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Directors of Conservation Halton

Opinion

We have audited the financial statements of Conservation Halton (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations and changes in accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations and its cash flows year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada
April 22, 2022

CONSERVATION HALTON

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash	\$ 203,167	\$ 633,504
Investments (note 2)	27,661,061	17,781,423
Investment - Water Management System (note 3)	12,351,617	11,961,907
Accounts receivable (note 4)	2,425,816	2,080,042
	<u>42,641,661</u>	<u>32,456,876</u>
Financial liabilities:		
Accounts payable and accrued charges	2,527,046	2,436,147
Deferred revenue (note 5)	16,462,058	7,458,676
Deferred revenue - capital and major projects (note 6)	812,536	936,414
Deferred revenue - Water Management System (note 3)	12,351,617	11,961,907
Long-term liabilities (note 7)	4,999,813	5,091,697
	<u>37,153,070</u>	<u>27,884,841</u>
Net financial assets	5,488,591	4,572,035
Non-financial assets:		
Tangible capital assets (note 8)	72,175,194	72,112,103
Prepaid expenses	440,606	369,033
Inventory	116,422	126,177
	<u>72,732,222</u>	<u>72,607,313</u>
Contingencies (note 11)		
Commitments (note 12)		
Implications due to COVID-19 (note 15)		
Accumulated surplus (note 9)	<u>\$ 78,220,813</u>	<u>\$ 77,179,348</u>

See accompanying notes to financial statements.

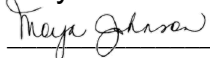
On behalf of the Board:

Gerry Smallegange



Chair

Moya Johnson



Vice-Chair

CONSERVATION HALTON

Statement of Operations and Changes in Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (Note 10)	2021 Actual	2020 Actual
Revenue (note 16):			
Municipal grants	\$ 10,173,879	\$ 10,173,881	\$ 9,660,318
Ministry of Natural Resources and Forestry	155,034	155,034	155,034
Corporate services	122,549	307,513	296,071
Corporate compliance	–	834,098	–
Flood forecasting and operations	–	16,444	1,831
Planning and watershed management	3,143,997	4,321,824	3,510,020
Science and partnerships	515,321	706,681	395,648
Project management office	338,443	332,428	171,677
Watershed management and support service operations	303,000	434,793	270,140
Conservation areas	13,531,609	10,001,894	11,396,100
Partnership projects	1,566,388	1,435,904	699,348
Major projects	1,969,985	2,513,571	2,766,189
Total revenue	31,820,205	31,234,065	29,322,376
Expenses (note 16):			
Corporate services	4,682,544	4,283,675	4,315,126
Corporate compliance	774,777	762,301	714,648
Flood forecasting and operations	1,050,284	1,068,049	986,802
Planning and watershed management	4,897,668	5,681,659	4,309,739
Science and partnerships	1,550,332	1,642,605	1,166,653
Project management office	1,278,996	1,294,903	1,041,886
Watershed management and support service operations	1,703,186	1,628,136	1,274,611
Conservation areas	13,251,030	10,642,224	10,672,019
Partnership projects	1,566,388	1,445,940	699,347
Major projects	820,000	1,576,310	1,819,556
Debt financing charges	231,189	166,798	164,252
Total expenses	31,806,394	30,192,600	27,164,639
Annual surplus (note 9)	13,811	1,041,465	2,157,737
Accumulated surplus, beginning of year		77,179,348	75,021,611
Accumulated surplus, end of year		\$ 78,220,813	\$ 77,179,348

See accompanying notes to financial statements.

CONSERVATION HALTON

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (Note 10)	2021 Actual	2020 Actual
Annual surplus	\$ 13,811	\$ 1,041,465	\$ 2,157,737
Acquisition of tangible capital assets	(2,510,180)	(2,232,482)	(2,267,140)
Amortization of tangible capital assets	2,010,000	2,010,853	1,946,029
Proceeds on disposal of tangible capital assets	–	84,011	95,618
Loss on disposal of tangible capital assets	–	74,527	(65,861)
	(486,369)	978,374	1,866,383
Change in prepaid expenses	–	(71,573)	223,565
Change in inventories	–	9,755	(22,301)
Net change in net financial assets	–	916,556	2,067,647
Net financial assets, beginning of year		4,572,035	2,504,388
Net financial assets, end of year		\$ 5,488,591	\$ 4,572,035

See accompanying notes to financial statements.

CONSERVATION HALTON

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,041,465	\$ 2,157,737
Items not involving cash:		
Amortization	2,010,853	1,946,029
Gain (loss) on disposal of tangible capital assets	74,527	(65,861)
	<u>3,126,845</u>	<u>4,037,905</u>
Change in non-cash working capital balances:		
Accounts receivable	(345,774)	2,295,403
Prepaid expenses	(71,573)	223,565
Inventory	9,755	(22,301)
Accounts payable and accrued charges	90,899	(1,105,184)
Deferred revenue	9,003,382	976,964
Deferred revenue - capital and major projects	(123,878)	(14,116)
	<u>11,689,656</u>	<u>6,392,236</u>
Capital transactions:		
Acquisition of tangible capital assets	(2,232,482)	(2,267,140)
Proceeds on disposal of tangible capital assets	84,011	95,618
	<u>(2,148,471)</u>	<u>(2,171,522)</u>
Investing activities:		
Net (purchase) sale of investments	(9,879,638)	(5,338,221)
Investment - Water Management System	(389,710)	(430,520)
	<u>(10,269,348)</u>	<u>(5,768,741)</u>
Financing transactions:		
Deferred revenue - Water Management System	389,710	430,520
Proceeds from long-term debt	314,532	1,257,506
Repayment of long-term debt	(406,416)	(579,757)
	<u>297,826</u>	<u>1,108,269</u>
Net change in cash	(430,337)	(439,758)
Cash, beginning of year	633,504	1,073,262
Cash, end of year	<u>\$ 203,167</u>	<u>\$ 633,504</u>

See accompanying notes to financial statements.

CONSERVATION HALTON

Notes to Financial Statements

Year ended December 31, 2021

Purpose of Organization:

Conservation Halton is established under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources, exclusive of gas, oil, coal and minerals for the watersheds within its area of jurisdiction. The watersheds include areas in the Regions of Halton and Peel, the Township of Puslinch and the City of Hamilton.

Conservation Halton's purpose is to protect people from natural hazards, conserve nature and provide opportunities for outdoor recreation and education across the watershed.

1. Significant accounting policies:

The financial statements of Conservation Halton are prepared by management in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting Handbook for local government. The significant accounting policies are as follows:

(a) Basis of accounting:

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measureable; expenses are recognized as they are incurred and measureable as a result of receipt of goods or services and the creation of a legal obligation to pay.

These financial statements do not include the activities of the Conservation Halton Foundation, a related incorporated registered charity with a mission to raise funds and profile for Conservation Halton projects and programs.

(b) Investments:

Investments are recorded at the lower of cost and market value based on quoted market prices. Losses are recorded when the decline in market value is other than temporary.

(c) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Inventory:

Inventory is valued at the lower of cost and net realizable value. Cost is determined using specific identification of the cost of the individual items.

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

1. Significant accounting policies (continued):

(c) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue on the same basis as the amortization expense related to the acquired tangible capital asset. Assets under construction are not amortized and are transferred into their relative asset category when available for productive use. Amortization is recorded on either a straight-line basis over the estimated life of the assets or by using the declining balance method.

The following rates are used:

Asset	Basis	Useful Life - Years
Land improvements	Straight-line	30 to 50 years
Buildings and building improvements	Straight-line	25 to 50 years
Machinery and equipment	Straight-line	5 to 40 years
Furniture and fixtures	Straight-line	5 to 20 years
Infrastructure	Straight-line	20 to 75 years
Vehicles	Declining balance	30%
Computer hardware and software	Straight-line	5 to 10 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(d) Deferred revenue - Capital and Major Projects:

Conservation Halton received certain amounts for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. Funds received for the purchase of tangible capital assets are recognized when the related asset is purchased.

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Deferred revenue - Water Management System:

Conservation Halton has received funds for expenses to be incurred for the future operation of a water management system and management of certain lands. These funds are externally restricted and cannot be drawn until Conservation Halton commences management of the lands. These amounts will be recognized as revenues when the relating expenses are incurred or management services performed.

(f) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(g) Revenue recognition:

Municipal levies, government transfers and funding for projects are recognized as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated.

User charges and fees are recognized as revenue in the period in which the related services are performed.

(h) Employee future benefits:

The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

(i) Use of estimates:

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include accrued liabilities, contaminated site liability, contingencies and tangible capital assets. Actual results could differ from estimates.

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

2. Short-term investments:

	2021	2020
Business investment	\$ 5,203,184	\$ 1,555,710
Notice plan investment	10,085,806	2,038,278
High interest savings	2,314,090	5,300,053
Guaranteed investment certificates	5,000,000	4,000,000
Pooled fund - Provincial and Corporate bonds	4,443,377	4,357,101
Pooled fund - Equity	614,604	530,281
Total	\$ 27,661,061	\$ 17,781,423

The guaranteed investment certificates have effective rates that range between 0.64% and 1.20% (2020 – 0.85% to 2.85%). Interest is receivable on the date of maturity. Maturity dates range from June 24, 2022 to December 20, 2023. The business investment and pooled funds (which include money market, bond and equity funds) earn interest at variable rates which is paid monthly.

The notice plan investment has accrued interest rate of 0.9% that is tied to bank reference rates that are subject to change and withdrawals require 31 days' notice.

Market value of investments are \$28,523,879 (2020 - \$18,710,874).

3. Investment/Deferred revenue - Water Management System:

Conservation Halton entered into an agreement for the transfer of a Water Management System and its long-term operation with an estimated timeline of 2063. The agreement is based on the principle that the net costs associated with ongoing operation, maintenance and performance of the Water Management System will not be a financial liability to Conservation Halton.

To ensure that Conservation Halton should not have a net financial liability for the management of the water system, Conservation Halton has received amounts from 2008 to 2017, as part of the agreement. The amounts received are to be invested in accordance with Municipal Act Regulations and will be managed by an Investment Committee as required by the agreement. At the time of transfer, Conservation Halton will be able to draw on the funds, only to facilitate the management of the water system.

The funds are invested as follows:

	2021	2020
Cash	\$ 203	\$ 96
Provincial and provincially regulated agency bonds	7,952,991	8,511,511
Guaranteed investment certificates	4,398,423	3,450,300
Total	\$ 12,351,617	\$ 11,961,907

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

3. Investment/Deferred revenue - Water Management System (continued):

The Provincial and provincially regulated agency bonds have effective yields of 3.11% to 4.15% (2020 – 3.62% to 4.95%). Interest is receivable on the date of maturity. Maturity dates range from July 16, 2027 to October 17, 2050.

The guaranteed investment certificates have been an effective interest rate of 0.64% and 2.33% (2020 – 2.33% and 2.85%). Interest is receivable on the date of maturity. Maturity dates range from January 13, 2022 and June 24, 2022.

Market value of investments are \$13,495,435 (2020 - \$13,542,502).

4. Accounts receivable:

Included in accounts receivable is \$375,708 (2020 - \$206,634) due from Conservation Halton Foundation.

During 2021, the Foundation contributed \$938,950 (2020 - \$518,094) to fund projects carried out by the Conservation Halton.

5. Deferred revenue:

	Balance at December 31, 2021	Additions	Revenue recognized	Balance at December 31, 2020
Watershed Management	\$ 2,990,188	\$ 10,941,541	\$ 10,886,627	\$ 2,935,274
Partnership Projects	987,837	303,601	473,165	1,157,401
Source Water Protection	70,830	301,653	245,886	15,063
Conservation Areas	4,975,392	6,890,795	5,266,341	3,350,938
Canada Emergency Wage Subsidy (note 15)	7,437,811	7,437,811	–	–
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	\$ 16,462,058	\$ 25,875,401	\$ 16,872,019	\$ 7,458,676

Additions to deferred revenue includes contributions from external parties and payments for annual passes and lesson programs received during the year pertaining to the following year.

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

6. Deferred revenue - capital and major projects:

	Balance at December 31, 2021	Contributions received	Revenue recognized	Balance at December 31, 2020
Capital - Ministry of Natural Resources	\$ 84,549	\$ 493,650	\$ 650,437	\$ 241,336
Capital - Municipal	727,987	256,999	224,090	695,078
	<u>\$ 812,536</u>	<u>\$ 750,649</u>	<u>\$ 874,527</u>	<u>\$ 936,414</u>

7. Long-term liabilities:

	2021	2020
5 year term loan at 2.95% interest compounded annually, with a registered collateral mortgage covering 54.36 acres of land, due November 2025	\$ 168,588	\$ 212,369
Municipal debt financing and interest payments due annually at variable current interest rates of 3.0% to 3.2% (2020 - 3.0% to 3.2%), annual principal repayments, due December 2022 to December 2051	4,831,225	4,879,328
	<u>\$ 4,999,813</u>	<u>\$ 5,091,697</u>

Principal repayments over the next five fiscal years and thereafter are as follows:

2022	\$ 402,606
2023	372,656
2024	355,977
2025	279,398
2026	182,097
Thereafter	3,407,079
	<u>\$ 4,999,813</u>

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

8. Tangible capital assets:

Cost	Balance at December 2020	Additions	Disposals	Transfers	Balance at December 31, 2021
Land	\$ 36,247,952	\$ 218,000	\$ (274)	–	\$ 36,465,678
Land Improvements	564,806	–	–	–	564,806
Buildings and building improvements	16,040,218	61,004	(29,659)	–	16,071,563
Machinery and equipment	8,559,407	444,607	(105,614)	–	8,898,400
Furniture and fixtures	492,197	–	(11,576)	–	480,621
Infrastructure	34,649,268	1,108,790	(124,776)	236,784	35,870,066
Vehicles	2,774,222	182,758	(343,550)	–	2,613,430
Computer hardware and software	1,441,830	128,341	(31,677)	–	1,538,494
Assets under construction	296,471	88,982	–	(236,784)	148,669
	\$101,066,371	\$ 2,232,482	\$ (647,126)	–	\$102,651,727

Accumulated Amortization	Balance at December 2020	Additions	Disposals	Transfers	Balance at December 31, 2021
Land	\$ –	\$ –	\$ –	–	\$ –
Land Improvements	342,462	10,449	–	–	352,911
Buildings and building improvements	6,205,189	437,335	(21,750)	–	6,620,774
Machinery and equipment	4,735,986	365,900	(87,816)	–	5,014,070
Furniture and fixtures	228,933	22,400	(10,947)	–	240,386
Infrastructure	14,458,810	733,612	(54,160)	–	15,138,262
Vehicles	1,947,447	284,829	(283,181)	–	1,949,095
Computer hardware and software	1,035,441	156,328	(30,734)	–	1,161,035
Assets under construction	–	–	–	–	–
	\$ 28,954,268	\$ 2,010,853	\$ (488,588)	–	\$30,476,533

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

8. Tangible capital assets (continued):

	Net book value, Balance at December 31, 2020	Net book value Balance at December 31, 2021
Land	\$ 36,247,952	\$ 36,465,678
Land Improvements	222,344	211,895
Buildings and building improvements	9,835,029	9,450,789
Machinery and equipment	3,823,421	3,884,330
Furniture and fixtures	263,264	240,235
Infrastructure	20,190,458	20,731,804
Vehicles	826,775	664,335
Computer hardware and software	406,389	377,459
Assets under construction	296,471	148,669
	\$ 72,112,103	\$ 72,175,194

Cost	Balance at December 2019	Additions	Disposals	Transfers	Balance at December 31, 2020
Land	\$ 35,759,541	\$ 488,411	\$ –	–	\$ 36,247,952
Land Improvements	564,806	–	–	–	564,806
Buildings and building improvements	15,916,896	134,458	(11,136)	–	16,040,218
Machinery and equipment	8,280,655	457,892	(179,140)	–	8,559,407
Furniture and fixtures	504,214	21,213	(33,230)	–	492,197
Infrastructure	34,167,096	482,172	–	–	34,649,268
Vehicles	2,592,526	370,226	(188,530)	–	2,774,222
Computer hardware and software	1,435,294	115,566	(109,030)	–	1,441,830
Assets under construction	99,269	197,202	–	–	296,471
	\$ 99,320,297	\$ 2,267,140	\$ (521,066)	–	\$ 101,066,371

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

8. Tangible capital assets (continued):

Accumulated Amortization	Balance at December 2019	Additions	Disposals	Transfers	Balance at December 31, 2020
Land	\$ –	\$ –	\$ –	\$ –	\$ –
Land Improvements	330,995	11,467	–	–	342,462
Buildings and building improvements	5,778,502	433,644	(6,957)	–	6,205,189
Machinery and equipment	4,543,045	369,141	(176,200)	–	4,735,986
Furniture and fixtures	240,188	21,975	(33,230)	–	228,933
Infrastructure	13,736,823	721,987	–	–	14,458,810
Vehicles	1,891,589	224,107	(168,249)	–	1,947,447
Computer hardware and software	978,406	163,708	(106,673)	–	1,035,441
Assets under construction	–	–	–	–	–
	\$ 27,499,548	\$ 1,946,029	\$ (491,309)	\$ –	\$ 28,954,268

	Net book value, Balance at December 31, 2019	Net book value Balance at December 31, 2020
Land	\$ 35,759,541	\$ 36,247,952
Land Improvements	233,811	222,344
Buildings and building improvements	10,138,394	9,835,029
Machinery and equipment	3,737,610	3,823,421
Furniture and fixtures	264,026	263,264
Infrastructure	20,430,273	20,190,458
Vehicles	700,937	826,775
Computer hardware and software	456,888	406,389
Assets under construction	99,269	296,471
	\$ 71,820,749	\$ 72,112,103

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

9. Accumulated surplus:

Accumulated surplus consists of operating surplus and reserves as follows:

	Balance at December 31, 2021	Excess of Revenue over expenses	Transfers (to) from reserves	Balance at December 31, 2020
Surplus - investment in tangible capital assets	\$ 72,175,194	\$ (2,169,391)	\$ 2,232,482	\$ 72,112,103
Surplus (deficit) - current funds	(5,382,223)	3,210,856	(3,007,878)	(5,585,201)
Total surplus	66,792,971	1,041,465	(775,396)	66,526,902
Reserves:				
Conservation areas capital	2,629,690	—	(664,528)	3,294,218
Conservation areas stabilization	730,490	—	(270,078)	1,000,568
Vehicle and equipment	704,901	—	(19,066)	723,967
Building	316,872	—	(56,265)	373,137
Building - state of good repair	418,674	—	103,063	315,611
Watershed management capital - municipal funds	740,360	—	(43,621)	783,981
Watershed management capital - self generated funds	434,909	—	18,000	416,909
Watershed management and support services stabilization	1,789,212	—	—	1,789,212
Digital transformation	278,400	—	23,500	254,900
Debt financing charges capital	471,596	—	46,032	425,564
Legal - planning and watershed management	941,995	—	683,103	258,892
Legal - corporate	200,000	—	—	200,000
Water festival	188,911	—	—	188,911
Property management	1,084,042	—	938,414	145,628
Land securement	88,739	—	28,302	60,437
Stewardship and restoration	409,051	—	(11,460)	420,511
Total reserves	11,427,842	—	775,396	10,652,446
Accumulated surplus	\$ 78,220,813	\$ 1,041,465	\$ —	\$ 77,179,348

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

10. Budget amounts:

The 2021 budget amounts approved by Conservation Halton on October 22, 2020 were not prepared on a basis consistent with that used to report actual results under the Public Sector Accounting Standards. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expenses. As a result, the budget figure presented in the statements of operations and changes in net financial assets represent the budget adopted by Conservation Halton on October 22, 2020, with adjustments as follows:

	2021	2020
Budget deficit for the year	\$ (347,926)	\$ (259,938)
Less: Amortization of tangible capital assets	(2,010,000)	(1,946,000)
Less: Municipal debt financing	2,510,180	(176,430)
Add: Acquisition of tangible capital assets	388,057	2,962,138
Add: Debt financing charges - principal portion	(526,500)	411,388
Budget surplus per Statement of Operations	\$ 13,811	\$ 991,158

11. Contingencies:

Conservation Halton has been named as defendant or co-defendant in several lawsuits that have claims outstanding. Conservation Halton anticipates any individual settlement amount will not exceed the limits of insurance coverage provided to Conservation Halton on the majority of the claims. For claims in which the claim amount exceeds the limit of insurance coverage provided to Conservation Halton the outcome is not determinable.

Conservation Halton has entered into an agreement to ensure implementation of a monitoring and mitigation plan for the future rehabilitation of lands adjacent to a provincially significant wetland. The agreement requires a Trust account to be established by the funder to ensure there are funds available for the rehabilitation plan implementation. Conservation Halton is a member of the Investment Committee that will oversee management of the Trust account with a balance of \$2,323,319 (2020 - \$1,960,480) as at December 31, 2021. A deposit to the Trust account by the funder is required to be made by March 31, 2022 for \$542,511 (2020 - \$351,997). Conservation Halton will release their interest in the Trust account when the implementation plan is completed.

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

12. Commitments:

Conservation Halton has entered into contracts related to projects at Glen Eden, various dam studies and repairs, and leases for office equipment and vehicles. Commitments outstanding on these contracts to be paid beyond December 31, 2021 are as follows:

2022	\$	815,678
2023		44,611
2024		6,914
	\$	867,203

13. Pension agreements:

Conservation Halton belongs to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. This plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, Conservation Halton does not recognize any share of the OMERS pension surplus or deficit.

The latest available report for the OMERS plan was December 31, 2021. At that time the plan reported a \$3.1 billion actuarial deficit (2020 \$3.2 billion actuarial deficit), based on actuarial liabilities of \$119.3 billion (2020 - \$111.8 billion) and actuarial assets of \$116.2 billion (2020 - \$108.6 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

The 2021 employer portion of OMERS pension contributions was \$1,284,600 (2020 - \$1,137,090).

14. Comparative information:

Certain comparative information on the statement of operations under revenue and expenses have been reclassified to conform to the financial statement presentation adopted in the current year.

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2021

15. Implications due to COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. The pandemic has resulted in significant financial, market and societal impacts in Canada and around the world.

The Conservation Halton applied for funding through the Canada Emergency Wage Subsidy (CEWS) program. In 2021, the Conservation Halton received CEWS of \$7,437,811 related to 2020 and 2021. The Conservation Halton continues to determine if it meets all of the eligibility requirements under the CEWS program, therefore the financial statements have not recognized the funding source as revenue and has been classified as deferred revenue on the statement of financial position.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Conservation Halton's operations and financial position is not known at this time. There remains uncertainty for the upcoming year regarding the aforementioned items. These impacts could include a decline in future cash flows, changes to the value of financial assets and liabilities, and the use of accumulated surplus to sustain operations. An estimate of the financial effect of the pandemic on Conservation Halton is not practicable at this time.

CONSERVATION HALTON

Notes to Financial Statements (continued)

Year ended December 31, 2021

16. Revenue and expenses by program:

2021	Corporate Services	Corporate Compliance	Engineering, Flood Forecasting & Operations	Planning & Watershed Management	Science & Partnerships	Project Management Office	Watershed Management & Support Service Operations	Conservation Areas	Partnership Projects	Major Projects	Debt Financing Charges	Reserve Funding	Total
Revenue:													
Municipal funding	\$ 3,391,395	\$ 587,077	\$ 322,300	\$ 1,692,231	\$ 902,232	\$ 776,843	\$ 1,023,776	\$ 355,282	\$ -	\$ -	\$ 619,245	\$ 503,500	\$ 10,173,881
Provincial transfer payments	-	-	155,034	-	-	-	-	-	-	-	-	-	155,034
Program fees and other	307,513	834,098	16,444	4,321,824	706,681	332,428	434,793	10,001,894	1,435,904	2,513,571	-	-	20,905,150
	3,698,908	1,421,175	493,778	6,014,055	1,608,913	1,109,271	1,458,569	10,357,176	1,435,904	2,513,571	619,245	503,500	31,234,065
Expenses:													
Salaries, wages and benefits	3,027,583	549,533	412,475	4,680,113	1,517,632	1,136,403	1,207,196	6,262,910	562,547	111,850	-	-	19,468,242
Members per diems and expenses	21,850	-	-	-	-	-	-	-	-	-	-	-	21,850
Materials and supplies	112,492	64,552	24,486	8,941	57,407	36,619	143,032	934,786	266,428	1,112,408	-	-	2,761,151
Property taxes	-	59,421	-	-	-	-	-	5,031	-	-	-	-	64,452
Purchased services	786,727	80,965	89,259	10,307	67,566	102,509	112,651	1,856,751	616,965	352,052	-	-	4,075,752
Legal	11,650	7,830	-	977,098	-	-	-	122,199	-	-	-	-	1,118,777
Finance and rent	26,810	-	-	1,028	-	-	15,312	387,048	-	-	-	-	430,198
Debt financing charges	-	-	-	-	-	-	-	-	-	-	166,798	-	166,798
Amortization of tangible-capital assets	251,534	-	541,829	4,172	-	19,372	143,147	1,050,799	-	-	-	-	2,010,853
Loss on disposal of tangible capital assets	45,029	-	-	-	-	-	6,798	22,700	-	-	-	-	74,527
	4,283,675	762,301	1,068,049	5,681,659	1,642,605	1,294,903	1,628,136	10,642,224	1,445,940	1,576,310	166,798	-	30,192,600
Excess (deficiency) of revenues over expenses, for the year	\$ (584,767)	\$ 658,874	\$ (574,271)	\$ 332,396	\$ (33,692)	\$ (185,632)	\$ (169,567)	\$ (285,048)	\$ (10,036)	\$ 937,261	\$ 452,447	\$ 503,500	\$ 1,041,465

CONSERVATION HALTON

Notes to Financial Statements (continued)

Year ended December 31, 2021

16. Revenue and expenses by program (continued):

2020	Corporate Services	Corporate Compliance	Engineering, Flood Forecasting & Operations	Planning & Watershed Management	Science & Partnerships	Project Management Office	Watershed Management & Support Service Operations	Conservation Areas	Partnership Projects	Major Projects	Debt Financing Charges	Reserve Funding	Total
Revenue:													
Municipal funding	\$ 3,431,838	\$ 531,715	\$ 408,063	\$ 1,416,291	\$ 886,228	\$ 664,667	\$ 853,396	\$ 354,909	\$ –	\$ –	649,011	\$ 464,200	\$ 9,660,318
Provincial transfer payments	–	–	155,034	–	–	–	–	–	–	–	–	–	155,034
Program fees and other	296,071	–	1,831	3,510,020	395,648	171,677	270,140	11,396,101	699,347	2,766,189	–	–	19,507,024
	3,727,909	531,715	564,928	4,926,311	1,281,876	836,344	1,123,536	11,751,010	699,347	2,766,189	649,011	464,200	29,322,376
Expenses:													
Salaries, wages and benefits	3,175,987	528,530	381,466	3,950,504	1,122,178	863,308	986,395	6,400,812	245,172	–	–	–	17,654,352
Members per diems and expenses	23,133	–	–	–	–	–	–	–	–	–	–	–	23,133
Materials and supplies	144,206	6,129	10,214	9,449	9,386	54,260	71,572	985,845	90,557	1,473,804	–	–	2,855,422
Property taxes	–	56,672	–	–	–	–	–	4,961	–	–	–	–	61,633
Purchased services	686,192	87,639	67,870	114,068	35,089	103,134	119,365	1,950,249	363,618	345,752	–	–	3,872,976
Legal	4,807	35,678	–	229,317	–	–	–	16,579	–	–	–	–	286,381
Finance and rent	25,430	–	–	1,751	–	–	–	322,946	–	–	–	–	366,322
Debt financing charges	–	–	–	–	–	–	–	–	–	–	164,252	–	164,252
Amortization of tangible capital assets	253,325	–	527,252	4,650	–	20,371	110,265	1,030,167	–	–	–	–	1,946,030
Loss on disposal of tangible capital assets	2,046	–	–	–	–	813	(29,181)	(39,540)	–	–	–	–	(65,862)
	4,315,126	714,648	986,802	4,309,739	1,166,653	1,041,886	1,274,611	10,672,019	699,347	1,819,556	164,252	–	27,164,639
Excess (deficiency) of revenues over expenses, for the year													
	\$ (587,217)	\$ (182,933)	\$ (421,874)	\$ 616,572	\$ 115,223	\$ (205,542)	\$ (151,075)	\$ 1,078,991	\$ –	\$ 946,633	\$ 484,759	\$ 464,200	\$ 2,157,737