

Financial Statements of

CONSERVATION HALTON

Year ended December 31, 2022

CONSERVATION HALTON

Financial Statements

Year ended December 31, 2022

Independent Auditor's Report

Statement of Financial Position	1
Statement of Operations and Changes in Accumulated Surplus	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements.....	5-16



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener ON N2G 0E1
Canada
Tel 519-747-8800
Fax 519-747-8811

INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2022
- 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, 2022, and its results of operations, its changes in accumulated surplus, its changes in net financial assets 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

Auditor's 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 auditor's 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.



Page 3

- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small flourish at the end.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

April 24, 2023

CONSERVATION HALTON

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 7,024,283	\$ 203,167
Short-term investments (note 2)	18,575,926	27,661,061
Investment - Water Management System (note 3)	12,731,960	12,351,617
Accounts receivable (note 4)	3,012,568	2,425,816
	<u>41,344,737</u>	<u>42,641,661</u>
Financial liabilities:		
Accounts payable and accrued charges	3,513,322	2,527,046
Deferred revenue (note 5)	10,088,949	16,462,058
Deferred revenue - capital and major projects (note 6)	921,462	812,536
Deferred revenue - Water Management System (note 3)	12,731,960	12,351,617
Long-term liabilities (note 7)	4,792,167	4,999,813
	<u>32,047,860</u>	<u>37,153,070</u>
Net financial assets	9,296,877	5,488,591
Non-financial assets:		
Tangible capital assets (note 8)	74,117,179	72,175,194
Prepaid expenses	396,028	440,606
Inventory	146,883	116,422
	<u>74,660,090</u>	<u>72,732,222</u>
Contingencies (note 11)		
Commitments (note 12)		
Accumulated surplus (note 9)	<u>\$ 83,956,967</u>	<u>\$ 78,220,813</u>

See accompanying notes to financial statements.

On behalf of the Board:



Chair



Vice-Chair

CONSERVATION HALTON

Statement of Operations and Changes in Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (Note 10)	2022 Actual	2021 Actual
Revenue (note 15):			
Municipal grants	\$ 10,533,636	\$ 10,533,636	\$ 10,173,881
Ministry of Natural Resources and Forestry	155,034	155,034	155,034
Corporate services	222,000	464,488	1,178,950
Natural hazards and watershed management	2,925,248	3,107,352	2,707,427
Permitting and planning	3,423,750	4,443,400	4,068,515
Conservation lands management	303,000	354,616	434,793
Conservation lands recreation	13,946,430	16,407,384	10,001,894
Major projects	4,303,735	4,400,374	2,513,571
Total revenue	35,812,833	39,866,284	31,234,065
Expenses (note 15):			
Corporate services	6,477,240	7,026,238	5,916,608
Natural hazards and watershed management	5,602,373	5,726,867	4,952,398
Permitting and planning	4,748,905	5,082,614	5,310,126
Conservation lands management	1,794,466	1,644,155	1,628,136
Conservation lands recreation	13,647,445	13,136,513	10,642,224
Major projects	820,000	1,350,825	1,576,310
Debt financing charges	180,155	162,918	166,798
Total expenses	33,270,584	34,130,130	30,192,600
Annual surplus (note 9)	2,542,249	5,736,154	1,041,465
Accumulated surplus, beginning of year		78,220,813	77,179,348
Accumulated surplus, end of year		\$ 83,956,967	\$ 78,220,813

See accompanying notes to financial statements.

CONSERVATION HALTON

Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (Note 10)	2022 Actual	2021 Actual
Annual surplus	\$ 2,542,249	\$ 5,736,154	\$ 1,041,465
Acquisition of tangible capital assets	(5,397,123)	(3,914,802)	(2,232,482)
Amortization of tangible capital assets	1,918,000	1,918,384	2,010,853
Proceeds on disposal of tangible capital assets	–	19,786	84,011
Loss on disposal of tangible capital assets	–	34,647	74,527
	(936,874)	3,794,169	978,374
Change in prepaid expenses	–	44,578	(71,573)
Change in inventories	–	(30,461)	9,755
Net change in net financial assets	–	3,808,286	916,556
Net financial assets, beginning of year		5,488,591	4,572,035
Net financial assets, end of year		\$ 9,296,877	\$ 5,488,591

See accompanying notes to financial statements.

CONSERVATION HALTON

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 5,736,154	\$ 1,041,465
Items not involving cash:		
Amortization	1,918,384	2,010,853
Loss on disposal of tangible capital assets	34,647	74,527
	<u>7,689,185</u>	<u>3,126,845</u>
Change in non-cash working capital balances:		
Accounts receivable	(586,752)	(345,774)
Prepaid expenses	44,578	(71,573)
Inventory	(30,461)	9,755
Accounts payable and accrued charges	986,276	90,899
Deferred revenue	(6,373,109)	9,003,382
Deferred revenue - capital and major projects	108,926	(123,878)
	<u>1,838,643</u>	<u>11,689,656</u>
Capital transactions:		
Acquisition of tangible capital assets	(3,914,802)	(2,232,482)
Proceeds on disposal of tangible capital assets	19,786	84,011
	<u>(3,895,016)</u>	<u>(2,148,471)</u>
Investing activities:		
Net (purchase) sale of investments	9,085,135	(9,879,638)
Investment - Water Management System	(380,343)	(389,710)
	<u>8,704,792</u>	<u>(10,269,348)</u>
Financing transactions:		
Deferred revenue - Water Management System	380,343	389,710
Proceeds from long-term debt	203,436	314,532
Repayment of long-term debt	(411,082)	(406,416)
	<u>172,697</u>	<u>297,826</u>
Net change in cash	6,821,116	(430,337)
Cash, beginning of year	203,167	633,504
Cash, end of year	<u>\$ 7,024,283</u>	<u>\$ 203,167</u>

See accompanying notes to financial statements.

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2022

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 measurable; expenses are recognized as they are incurred and measurable 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, 2022

1. Significant accounting policies (continued):

(c) Non-financial assets (continued):

(ii) 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.

(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.

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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 revenues 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.

2. Short-term investments:

	2022	2021
Business investment	\$ 14,361	\$ 5,203,184
Notice plan investment	5,327,616	10,085,806
High interest savings	31,662	2,314,090
Guaranteed investment certificates	8,000,000	5,000,000
Pooled fund - Provincial and Corporate bonds	4,537,113	4,443,377
Pooled fund - Equity	665,174	614,604
Total	\$ 18,575,926	\$ 27,661,061

The guaranteed investment certificates have effective rates that range between 0.75% and 5.00% (2021 - 0.64% and 1.20%). Interest is receivable on the date of maturity. Maturity dates range from March 3, 2023 to December 29, 2025. The business investment account and pooled funds (which include money market, bond and equity funds) earn interest at variable rates which is paid monthly.

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2022

2. Short-term investments (continued):

The notice plan investment has accrued interest rate of 4.90% that is tied to bank reference rates that are subject to change and withdrawals require 31 days' notice.

Market value of short-term investments are \$18,877,502 (2021 - \$28,523,879).

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 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:

	2022	2021
Cash	\$ 205	\$ 203
Provincial and provincially regulated agency bonds	10,431,382	7,952,991
Guaranteed investment certificates	2,300,373	4,398,423
Total	\$ 12,731,960	\$ 12,351,617

The provincial and provincially regulated agency bonds have effective yields of 3.11% to 4.22% (2021 - 3.11% to 4.15%). Interest is receivable on the date of maturity. Maturity dates range from July 16, 2027 to October 17, 2050.

The guaranteed investment certificate has an effective interest rate of 0.95% (2021 - 0.64% and 2.33%). Interest is receivable on the date of maturity. Maturity date is January 13, 2023.

Market value of investments are \$12,069,035 (2021 - \$13,495,435).

4. Accounts receivable:

Included in accounts receivable is \$192,629 (2021 - \$375,708) due from Conservation Halton Foundation.

During 2022, the Foundation contributed \$711,347 (2021 - \$938,950) to fund projects carried out by Conservation Halton.

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2022

5. Deferred revenue:

(a) Deferred revenue includes the following amounts:

	Balance at December 31, 2022	Additions	Revenue recognized	Balance at December 31, 2021
Watershed management	\$ 2,876,558	\$ 699,522	\$ 813,152	\$ 2,990,188
Partnership projects	919,430	185,608	254,015	987,837
Source water protection	38,800	208,555	240,585	70,830
Conservation areas	6,254,161	6,900,177	5,621,408	4,975,392
Canada Emergency Wage Subsidy (note 5 (b))	–	(7,437,811)	–	7,437,811
	<u>\$ 10,088,949</u>	<u>\$ 556,051</u>	<u>\$ 6,929,160</u>	<u>\$ 16,462,058</u>

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.

(b) Conservation Halton applied for funding through the Canada Emergency Wage Subsidy (CEWS) program. In 2021, Conservation Halton received funding totaling \$7,437,811 and the amount was recorded as deferred revenue until the year ended December 31, 2021. The Canada Revenue Agency (CRA) through an audit determined that the Conservation Halton was not eligible for this subsidy. The subsidy was refunded to the CRA during 2022 in the full amount of \$7,437,811. The assessment resulted in interest owing of \$702,544 and was expensed in Corporate Services on the statement of operations in 2022. Conservation Halton is appealing this assessment and has also requested that interest charges be waived. A final decision by the CRA is pending as at December 31, 2022.

6. Deferred revenue - Capital and Major Projects:

	Balance at December 31, 2022	Contributions received	Revenue recognized	Balance at December 31, 2021
Capital - Ministry of Natural Resources	\$ 104,882	\$ 344,705	\$ 324,372	\$ 84,549
Capital - Municipal	816,580	262,000	173,407	727,987
	<u>\$ 921,462</u>	<u>\$ 606,705</u>	<u>\$ 497,779</u>	<u>\$ 812,536</u>

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2022

7. Long-term liabilities:

	2022	2021
5 year term loan at 2.95% interest compounded annually, with a registered collateral mortgage covering 54.36 acres of land, due November 30, 2025	\$ 123,498	\$ 168,588
Municipal debt financing and interest payments due annually at variable current interest rates of 3.0% to 3.2% annual principal repayments, due December 2023 to December 2050	4,668,669	4,831,225
	<u>\$ 4,792,167</u>	<u>\$ 4,999,813</u>

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

2023	\$ 382,828
2024	366,149
2025	289,570
2026	192,268
2027	173,472
Thereafter	3,387,880
	<u>\$ 4,792,167</u>

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2022

8. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Transfers	Balance at December 31, 2022
Land	\$ 36,465,678	\$ 1,617,769	\$ –	\$ –	\$ 38,083,447
Land Improvements	564,806	97,030	–	30,779	692,615
Buildings and building improvements	16,071,563	279,803	–	13,274	16,364,640
Machinery and equipment	8,898,400	276,267	(74,113)	–	9,100,554
Furniture and fixtures	480,621	4,283	(4,193)	–	480,711
Infrastructure	35,870,066	523,029	–	49,791	36,442,886
Vehicles	2,613,430	55,246	(105,977)	–	2,562,699
Computer hardware and software	1,538,494	79,335	(42,980)	–	1,574,849
Assets under construction	148,669	982,041	(37,154)	(93,844)	999,712
	\$ 102,651,727	\$ 3,914,803	\$ (264,417)	\$ –	\$ 106,302,113

Accumulated Amortization	Balance at December 31, 2021	Additions	Disposals	Transfers	Balance at December 31, 2022
Land	\$ –	\$ –	\$ –	\$ –	\$ –
Land Improvements	352,911	11,562	–	–	364,473
Buildings and building improvements	6,620,774	426,811	–	–	7,047,585
Machinery and equipment	5,014,070	367,609	(67,851)	–	5,313,828
Furniture and fixtures	240,386	22,313	(3,774)	–	258,925
Infrastructure	15,138,262	755,451	–	–	15,893,713
Vehicles	1,949,095	192,460	(95,379)	–	2,046,176
Computer hardware and software	1,161,035	142,178	(42,980)	–	1,260,233
Assets under construction	–	–	–	–	–
	\$ 30,476,533	\$ 1,918,384	\$ (209,984)	\$ –	\$ 32,184,933

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2022

8. Tangible capital assets (continued):

	Net book value, Balance at December 31, 2021	Net book value Balance at December 31, 2022
Land	\$ 36,465,678	\$ 38,083,447
Land Improvements	211,895	328,142
Buildings and building improvements	9,450,789	9,317,055
Machinery and equipment	3,884,330	3,786,726
Furniture and fixtures	240,235	221,786
Infrastructure	20,731,804	20,549,173
Vehicles	664,335	516,523
Computer hardware and software	377,459	314,616
Assets under construction	148,669	999,711
	\$ 72,175,194	\$ 74,117,179

Cost	Balance at December 31, 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

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2022

8. Tangible capital assets (continued):

Accumulated Amortization	Balance at December 31, 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

	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

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2022

9. Accumulated surplus:

Accumulated surplus consists of operating surplus and reserves as follows:

	Balance at December 31, 2022	Excess of Revenue over expenses	Transfers (to) from reserves	Balance at December 31, 2021
Surplus (deficit) - investment in tangible capital assets	\$ 74,117,179	\$ (1,972,817)	\$ 3,914,802	\$ 72,175,194
Surplus (deficit) - current funds	(4,887,985)	7,708,971	(7,214,733)	(5,382,223)
Total surplus	69,229,194	5,736,154	(3,299,931)	66,792,971
Reserves:				
Conservation areas capital	5,015,734	—	2,386,044	2,629,690
Conservation areas stabilization	1,146,490	—	416,000	730,490
Vehicle and equipment	744,296	—	39,395	704,901
Building	511,151	—	194,279	316,872
Building - state of good repair	485,404	—	66,730	418,674
Watershed management capital - municipal funds	773,270	—	32,910	740,360
Watershed management capital - self generated funds	469,109	—	34,200	434,909
Watershed management and support services stabilization	1,789,212	—	—	1,789,212
Digital transformation	285,700	—	7,300	278,400
Debt financing charges capital	518,146	—	46,550	471,596
Legal - planning and watershed management	941,995	—	—	941,995
Legal - corporate	200,000	—	—	200,000
Water festival	179,334	—	(9,577)	188,911
Property management	1,112,642	—	28,600	1,084,042
Land securement	116,239	—	27,500	88,739
Stewardship and restoration	439,051	—	30,000	409,051
Total reserves	14,727,773	—	3,299,931	11,427,842
Accumulated surplus	\$ 83,956,967	\$ 5,736,154	\$ —	\$ 78,220,813

CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2022

10. Budget amounts:

The 2022 budget amounts approved by Conservation Halton on October 21, 2021 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 21, 2021, with adjustments as follows:

	2022	2021
Budget deficit for the year	\$ (1,377,270)	\$ (347,926)
Less: Amortization of tangible capital assets	(1,918,000)	(2,010,000)
Less: Municipal debt financing	5,397,123	2,510,180
Add: Acquisition of tangible capital assets	440,396	388,057
Add: Debt financing charges - principal portion	–	(526,500)
Budget surplus per Statement of Operations	\$ 2,542,249	\$ 13,811

11. Contingencies:

Conservation Halton has been named as defendant or co-defendant in several lawsuits that have claims outstanding. Conservation Halton anticipated 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 related to the 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 funds are available for the rehabilitation plan implementation. Conservation Halton is a member of the Investment Committee that oversees management of the trust account with a balance of \$2,901,595 (2021 - \$2,323,319) as at December 31, 2022. A deposit to the trust account by the funder required to be made by March 31, 2023 for \$322,640 (2021 - \$542,511) was completed. 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, 2022

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, 2022 are as follows:

2023	\$ 1,761,488
2024	75,614
2025	34,150
2026	35,175
	<hr/>
	\$ 1,906,427

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, 2022. At that time the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit), based on actuarial liabilities of \$128.8 billion (2021 - \$119.3 billion) and actuarial assets of \$122.1 billion (2021 - \$116.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

The 2022 employer portion of OMERS pension contributions was \$1,330,243 (2021 - \$1,284,600).

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, 2022

15. Revenue and expenses by program:

2022	Corporate Services	Natural Hazards and Watershed Management	Permitting and Planning	Conservation Lands Management	Conservation Lands Recreation	Major Projects	Debt Financing	Reserve Funding	Total
Revenue:									
Municipal funding	\$ 4,159,550	\$ 2,179,008	\$ 1,614,635	\$ 1,114,836	\$ 339,556	\$ –	\$ 620,551	\$ 505,500	\$ 10,533,636
Provincial transfer payments	–	155,034	–	–	–	–	–	–	155,034
Program fees and other	464,488	3,107,352	4,443,400	354,616	16,407,384	4,400,374	–	–	29,177,614
	4,624,038	5,441,394	6,058,035	1,469,452	16,746,940	4,400,374	620,551	505,500	39,866,284
Expenses:									
Salaries, wages and benefits	4,777,012	3,665,486	4,462,322	1,279,841	7,751,483	168,168	–	–	22,104,312
Members per diems and expenses	20,425	–	–	–	–	–	–	–	20,425
Materials and supplies	147,793	610,815	45	98,393	1,549,123	728,087	–	–	3,134,256
Property taxes	–	–	–	61,013	5,126	–	–	–	66,139
Purchased services	1,063,716	763,245	24,635	93,676	2,374,288	420,416	–	–	4,739,976
Legal	24,635	124,455	595,612	13,734	12,686	–	–	–	771,122
Finance and rent	726,776	886	–	10,812	439,477	–	–	–	1,177,951
Debt financing charges	–	–	–	–	–	–	162,918	–	162,918
Amortization of tangible–capital assets	265,461	561,980	–	87,996	1,002,947	–	–	–	1,918,384
Loss (gain) on disposal of tangible capital assets	420	–	–	(1,310)	1,383	34,154	–	–	34,647
	7,026,238	5,726,867	5,082,614	1,644,155	13,136,513	1,350,825	162,918	–	34,130,130
Annual surplus (deficit)	\$ (2,402,200)	\$ (285,473)	\$ 975,421	\$ (174,703)	\$ 3,610,427	\$ 3,049,549	\$ 457,633	\$ 505,500	\$ 5,736,154

CONSERVATION HALTON

Notes to Financial Statements (continued)

Year ended December 31, 2022

15. Revenue and expenses by program (continued):

2021	Corporate Services	Natural Hazards and Watershed Management	Permitting and Planning	Conservation Lands Management	Conservation Lands Recreation	Major Projects	Debt Financing	Reserve Funding	Total
Revenue:									
Municipal funding	\$ 3,978,472	\$ 2,001,375	\$ 1,692,231	\$ 1,023,776	\$ 355,282	\$ –	\$ 619,245	\$ 503,500	\$ 10,173,881
Provincial transfer payments	–	155,034	–	–	–	–	–	–	155,034
Program fees and other	1,178,950	2,707,427	4,068,515	434,793	10,001,894	2,513,571	–	–	20,905,150
	5,157,422	4,863,836	5,760,746	1,458,569	10,357,176	2,513,571	619,245	503,500	31,234,065
Expenses:									
Salaries, wages and benefits	4,308,148	3,130,707	4,447,430	1,207,196	6,262,910	111,850	–	–	19,468,241
Members per diems and expenses	21,850	–	–	–	–	–	–	–	21,850
Materials and supplies	201,017	369,656	253	143,032	934,786	1,112,408	–	–	2,761,152
Property taxes	–	–	–	–	5,031	–	–	–	5,031
Purchased services	1,023,369	783,818	107,149	112,651	1,856,752	352,052	–	–	4,235,791
Legal	19,480	121,187	755,294	–	122,199	–	–	–	1,018,160
Finance and rent	26,810	1,028	–	15,312	387,047	–	–	–	430,197
Debt financing charges	–	–	–	–	–	–	166,798	–	166,798
Amortization of tangible– capital assets	270,905	546,002	–	143,147	1,050,799	–	–	–	2,010,853
Loss on disposal of tangible capital assets	45,029	–	–	6,798	22,700	–	–	–	74,527
	5,916,608	4,952,398	5,310,126	1,628,136	10,642,224	1,576,310	166,798	–	30,192,600
Annual surplus (deficit)	\$ (759,186)	\$ (88,562)	\$ 450,620	\$ (169,567)	\$ (285,048)	\$ 937,261	\$ 452,447	\$ 503,500	\$ 1,041,465