

GRAND RIVER CONSERVATION AUTHORITY

AUDITED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT THEREON

DECEMBER 31, 2021

GRAND RIVER CONSERVATION AUTHORITY

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DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of Grand River Conservation Authority

Opinion

We have audited the financial statements of Grand River Conservation Authority (the "Authority"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations and change 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 Authority as at December 31, 2021, and its results of operations, its changes in net financial assets and its cash flows for the 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 Authority 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.



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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 the 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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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.



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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 Authority'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 Authority'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 Authority 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 blue ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

February 25, 2022

STATEMENT 1

GRAND RIVER CONSERVATION AUTHORITY

(Established by the Conservation Authorities Act)

Statement of Financial Position

As at December 31, 2021

(with comparative figures for 2020)

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash	\$ 16,439,071	\$ 11,038,977
Investments (Note 2)	22,831,954	21,320,137
Accounts Receivable - Government Grants	545,121	344,276
Accounts Receivable - Municipal Levies and Other	172,116	254,037
Other Receivables	<u>1,041,643</u>	<u>1,063,762</u>
	<u>41,029,905</u>	<u>34,021,189</u>
Financial Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	2,741,353	3,201,743
Deferred Revenue (Note 3)	7,519,618	4,101,608
Deposits	<u>367,063</u>	<u>341,774</u>
	<u>10,628,034</u>	<u>7,645,125</u>
Net Financial Assets	<u>30,401,871</u>	<u>26,376,064</u>
Non-Financial Assets		
Tangible Capital Assets (Note 4)	91,173,334	92,143,963
Prepaid Expenses and Inventory	<u>287,114</u>	<u>246,302</u>
	<u>91,460,448</u>	<u>92,390,265</u>
<u>ACCUMULATED SURPLUS</u>	<u>\$ 121,862,319</u>	<u>\$ 118,766,329</u>

ACCUMULATED SURPLUS COMPRISED OF

Accumulated Surplus - Reserves - Operating	(Note 9)	\$ 10,000,408	\$ 8,195,497
Accumulated Surplus - Reserves - Capital	(Note 9)	17,868,467	16,167,916
Accumulated Surplus - Reserves - Motor Pool	(Note 9)	2,252,933	1,942,713
Accumulated Surplus - Other		567,177	316,240
Accumulated Surplus - Tangible Capital Assets		91,173,334	92,143,963
<u>ACCUMULATED SURPLUS</u>		<u>\$ 121,862,319</u>	<u>\$ 118,766,329</u>

Commitments and Contingencies (Notes 7 and 8)
Implications due to COVID-19 (Note 13)

(see accompanying notes to the financial statements)

GRAND RIVER CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS AND CHANGES IN ACCUMULATED SURPLUS
For the Year Ended December 31, 2021
(with comparative figures for 2020)

STATEMENT 2

	Budget 2021 Note 6	Actual 2021	Actual 2020
Revenue			
Municipal			
Grants:			
<i>General-Operating</i>	\$ 11,275,000	\$ 11,275,000	\$ 10,977,000
<i>General-Capital</i>	950,000	950,000	950,000
<i>Special</i>	130,000	96,139	71,943
Other	800,000	645,375	639,589
Total Municipal Revenue	13,155,000	12,966,514	12,638,532
Government Grants			
MNR Transfer Payments	449,688	449,688	449,688
Source Protection Program-Provincial	640,000	569,655	681,421
Other Provincial	1,267,500	961,274	863,182
Federal	215,000	409,607	352,880
Total Government Grants	2,572,188	2,390,224	2,347,171
Self-Generated			
User Fees and Sales:			
<i>Enquiries and Permits</i>	494,000	720,304	565,822
<i>Plan Input and Review</i>	400,000	470,256	410,804
<i>Nursery and Woodlot Management</i>	365,000	505,659	174,627
<i>Conservation Lands Income</i>	71,000	80,640	78,542
<i>Conservation Areas User Fees</i>	7,200,000	9,504,504	6,124,125
<i>Nature Centres and Camps</i>	500,000	362,455	234,044
Property Rentals	2,898,000	2,892,673	3,041,678
Hydro Generation	530,000	601,942	799,841
Grand River Conservation Foundation	285,000	141,534	161,820
Donations	100,000	68,772	-
Landowner Contributions	200,000	175,304	47,289
Investment Income	565,000	457,806	488,691
Miscellaneous Income	8,000	12,001	295,185
Gain on Sale of Tangible Capital Assets	-	-	3,385,680
Total Self-Generated Revenue	13,616,000	15,993,850	15,808,148
Total Revenue	\$ 29,343,188	\$ 31,350,588	\$ 30,793,851
Expenditures			
Watershed Management and Monitoring	7,008,773	6,581,825	6,401,293
Source Protection Program	640,000	569,655	681,946
Resource Planning	2,082,200	1,971,193	1,984,531
Watershed Stewardship	3,698,620	3,001,456	2,813,848
Conservation Land Management	4,502,088	4,089,860	3,721,414
Recreation and Education	8,686,622	8,845,719	6,930,485
Corporate Services / Information Systems and Motor Pool	4,040,568	3,194,890	3,415,933
Total Expenditures	\$ 30,658,871	28,254,598	\$ 25,949,450
Annual Surplus (Defecit)	(1,315,683)	3,095,990	4,844,401
Accumulated Surplus, Beginning of Year		118,766,329	113,921,928
Accumulated Surplus, End of Year		\$ 121,862,319	\$ 118,766,329

(see accompanying notes to the financial statements)

STATEMENT 3

GRAND RIVER CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021
(with comparative figures for 2020)

	Actual 2021	Actual 2020
<u>Operating Activities</u>		
Annual surplus	\$ 3,095,990	\$ 4,844,401
Items not involving cash:		
Amortization	3,255,909	3,224,718
Loss (gain) on sale of tangible capital assets	215,879	(3,385,679)
Change in non-cash operating assets and liabilities:		
Accounts receivable	(96,805)	637,608
Prepaid expenses and inventory	(40,812)	3,238
Accounts payable and accrued liabilities	(460,390)	(459,993)
Deferred revenue and deposits	3,443,299	510,079
Net change in cash from operating activities	<u>9,413,070</u>	<u>5,374,372</u>
<u>Capital Activities</u>		
Cash used to acquire tangible capital assets	(2,322,226)	(2,758,862)
Proceeds on sale of tangible capital assets	<u>(178,933)</u>	<u>3,428,572</u>
Net change in cash from capital activities	<u>(2,501,159)</u>	<u>669,710</u>
<u>Investing Activities</u>		
Change in investments	<u>(1,511,817)</u>	<u>2,598,572</u>
Net change in cash from investing activities	<u>(1,511,817)</u>	<u>2,598,572</u>
Net change in cash	<u>5,400,094</u>	<u>8,642,654</u>
Cash, beginning of year	11,038,977	2,396,323
Cash, end of the year	\$ <u>16,439,071</u>	\$ <u>11,038,977</u>

(see accompanying notes to the financial statements)

STATEMENT 4

GRAND RIVER CONSERVATION AUTHORITY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2021
(with comparative figures for 2020)

	Actual 2021	Actual 2020
Annual surplus	\$ 3,095,990	\$ 4,844,401
Acquisition of tangible capital assets	(2,322,226)	(2,758,862)
Amortization of tangible capital assets	3,255,909	3,224,718
Loss (gain) on sale of tangible capital assets	215,879	(3,385,679)
Proceeds on sale of tangible capital assets	<u>(178,933)</u>	<u>3,428,572</u>
	4,066,619	5,353,150
Net changes in prepaid expenses and inventory	(40,812)	3,238
Net change in financial assets	<u>4,025,807</u>	<u>5,356,388</u>
Net financial assets, beginning of year	26,376,064	21,019,676
Net financial assets, end of year	<u><u>\$ 30,401,871</u></u>	<u><u>\$ 26,376,064</u></u>

(see accompanying notes to the financial statements)

GRAND RIVER CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(1) **Summary of Significant Accounting Policies**

The financial statements of Grand River Conservation Authority (the “Authority”) are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (“PSAB”) of the Canadian Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) **Basis of Accounting**

The Authority follows the accrual method of accounting for revenues and expenditures. Revenues are normally recognized in the year in which they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) **Deferred Revenue and Deposits**

Balance includes funds that have been advanced to the Authority from government agencies and/or the general public and as at year end the funds have not been expended for the purpose for which they were received. In most instances, service and/or product delivery is anticipated to be performed in the following fiscal period. Typical balances include tree planting cash receipts, rural water quality program funding from municipalities, advance payments on conservation area camping reservations and special projects funding that has been paid in advance of project completion. These amounts will be recognized as revenues in the fiscal year the services are performed.

(c) **Classification of Expenditures**

Expenditures are reported in nine main categories, which follow the format adopted by Conservation Ontario. By following these guidelines, there will be consistency of reporting by all Conservation Authorities in Ontario. These are further explained as follows:

Watershed Management and Monitoring

Watershed Management and Monitoring includes expenditures and revenues for programs which provide the information required to develop appropriate resource management strategies and to identify priority actions to maintain a healthy watershed. Also included are the maintenance and operations of all Flood and Erosion Control Structures and the operations of the Flood Forecasting and Warning system.

Source Protection Program

The Source Protection Program includes expenditures and revenues for the development of a "Drinking Water Source Protection" plan for the Lake Erie Source Protection Region (includes Grand River, Long Point Region, Kettle Creek, and Catfish Creek Conservation Authorities).

Resource Planning

Resource Planning includes expenditures and revenues associated with reviewing official plans, zoning bylaws, development plans and other planning proposals, in accordance with Conservation Authority and Municipal Agreements. It also includes, administration of floodplain regulations and watershed management consulting outside of the Grand River watershed, which is performed on a fee-for-service basis and generates a profit.

Watershed Stewardship

Watershed Stewardship includes those activities associated with providing service and/or assistance to private and public landowners, and community groups on sound environmental practices that will enhance, restore or protect natural heritage features on their properties.

Conservation Land Management

Conservation Land Management includes all expenditures and revenues associated with the acquisition and management of land owned/managed by the Authority. This includes the protection of provincially significant conservation lands, woodlot management, rental/lease agreements and other revenues generated from managing lands and facilities. These expenditures do not include those associated with recreation and education programs on Authority lands.

Recreation and Education

Recreation and Education includes expenditures and revenues associated with delivering recreational and educational programs on Authority lands at a number of active conservation areas and nature centres.

Corporate Services

Corporate services include the costs associated with head office facilities and functions other than technical staff and associated programs.

Information Systems and Motor Pool

Net Information Systems and Motor Pool usage charges includes the support areas that are charged out to other cost centres on an "as used" basis. Information Systems consists of the head office, conservation area and nature centre computer systems. User cost centres incur a charge for their computer use. Motor Pool is the vehicles and equipment that are used for

operations and capital projects by other cost centres. When equipment or vehicles are used, the cost centre is charged for the use of the asset.

(d) **Investments**

Investments include term deposits and Federal and Provincial Government bonds in accordance with the investment policy that was approved by the general membership. Investments are carried at the redemption amount adjusted for unamortized purchase premiums or discounts. Premiums and discounts are amortized on an effective-yield basis over the term to maturity. Interest income is recorded as it accrues. When the value of any investment is identified as impaired, the carrying amount is adjusted to the estimated realizable value and any adjustments are included in investment income in the year the impairment is recognized.

(e) **Accounts Receivable**

Accounts Receivable is reported net of any allowance for doubtful accounts.

(f) **Inventory**

Inventory is valued at the lower of cost or replacement cost.

(g) **Interest Allocation**

The Authority follows the policy of consolidating funds on hand for investment purposes. Interest income is generally recognized into income unless the provisions of a relevant agreement or legislation require that the income be restricted, then restricted interest income is recognized in deferred revenue until used for the purpose or purposes specified.

(h) **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported

amounts of revenue and expenses during the year. 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.

(i) **Tangible Capital Assets**

Tangible capital assets are recorded at cost which include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized in a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Site Improvements	10 - 50
Buildings	10 - 50
Furniture and Equipment	10 - 15
Motor Pool	5 - 10
Communications and Computer	5
Water Control Structures	20 - 80

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.

(i) Contributions of tangible capital assets

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

(ii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in the financial statements.

(j) **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.

(k) **Contaminated Sites**

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- a) An environmental standard exists
- b) Contamination exceeds the environmental standard
- c) The Authority is directly responsible or accepts responsibility for the liability
- d) Future economic benefits will be given up, and
- e) A reasonable estimate of the liability can be made.

(k) **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.

(2) **Investments**

Investments include the following amounts:

	2021	2020
Term Deposit maturing within one to five years Market value at December 31, 2021 - \$4,118,788 (2020 – nil)	\$ 4,350,356	\$ -
Bonds maturing within one year (Interest rate is 3%) Market value at December 31, 2021 - \$1,722,520 (2020 - \$3,940,257)	1,700,000	3,892,000
Bonds maturing within one to five years (Interest rates vary between 2.597% and 3.45%) Market value at December 31, 2021 - \$10,559,017 (2020 - \$10,594,201)	10,331,000	10,131,000
Bonds maturing within six to ten years (Interest rate is 2.237%) Market Value at December 31, 2021 - \$2,012,098 (2020 - nil)	2,000,000	-
High interest savings account (Interest rates vary between 0.55% and 0.715%) Market value at December 31, 2021 - \$4,446,903 (2020 - \$7,211,042)	4,446,903	7,211,042
Sub-Total	\$ 22,828,259	\$ 21,234,042
Plus: Unamortized purchase net premiums and discounts	3,695	86,095
Total	\$ 22,831,954	\$ 21,320,137

(3) Deferred Revenue

	2021	2020
Balance, end of year:		
Source Protection Program	\$ 407,281	\$ 194,481
Rural Water Quality Program	955,949	970,780
Water and Erosion Control Infrastructure	22,070	92,297
Canada Emergency Wage Subsidy (note 13)	3,157,379	-
Other Watershed Programs	1,408,998	1,583,376
Cottage Rent	479,131	485,114
Other Miscellaneous	1,088,810	775,560
Total Deferred Revenue	<u>\$ 7,519,618</u>	<u>\$ 4,101,608</u>
Balance, beginning of year:		
Source Protection Program	\$ 194,481	\$ 173,946
Rural Water Quality Program	970,780	841,762
Water and Erosion Control Infrastructure	92,297	2,319
Canada Emergency Wage Subsidy (note 13)	-	-
Other Watershed Programs	1,583,376	1,553,208
Cottage Rent	485,114	419,229
Other Miscellaneous	775,560	672,176
	4,101,608	3,662,640
Grant Contributions	6,188,313	3,121,562
Interest	-	-
Other	2,734,841	1,631,349
Total Contributions Received	8,923,154	4,752,911
Contributions Used	<u>5,505,144</u>	<u>4,313,943</u>
Balance, end of year	<u>\$ 7,519,618</u>	<u>\$ 4,101,608</u>

(4) Tangible Capital Assets

Cost	Balance at 31-Dec-20	Additions	Disposals/ Transfers	Balance at 31-Dec-21
Land and Land Improvements	\$ 30,918,340	\$ -	\$ -	\$ 30,918,340
Site Improvements	16,841,302	240,522	(7,000)	17,074,824
Buildings	17,754,921	1,194,011	(121,454)	18,827,478
Furniture and Equipment	2,220,359	213,862	(60,792)	2,373,429
Motor Pool	5,224,296	232,138	(265,337)	5,191,097
Communications and Computers	1,782,667	140,925	-	1,923,592
Water Control Structures	100,238,228	44,469	-	100,282,697
Assets Under Construction	4,214,228	1,467,796	(1,211,497)	4,470,527
	\$ 179,194,341	\$ 3,533,723	\$ (1,666,080)	\$ 181,061,984

Accumulated Amortization	Balance at 31-Dec-20	Disposals	Amortization Expense	Balance at 31-Dec-21
Site Improvements	\$ 9,861,247	\$ (7,000)	\$ 409,276	\$ 10,263,523
Buildings	10,173,679	(96,833)	431,120	10,507,966
Furniture and Equipment	1,121,836	(59,578)	163,502	1,225,760
Motor Pool	3,583,612	(254,226)	356,647	3,686,033
Communications and Computers	1,561,177	-	88,305	1,649,482
Water Control Structures	60,748,827	-	1,807,059	62,555,886
	\$ 87,050,378	\$ (417,637)	\$ 3,255,909	\$ 89,888,650

	Net Book Value 31-Dec-20	Net Book Value 31-Dec-21
Land and Land Improvements	\$ 30,918,340	\$ 30,918,340
Site Improvements	6,980,055	6,811,301
Buildings	7,581,242	8,319,512
Furniture and Equipment	1,098,523	1,147,669
Motor Pool	1,640,684	1,505,064
Communications and Computers	221,490	274,110
Water Control Structures	39,489,401	37,726,811
Assets Under Construction	4,214,228	4,470,527
	\$ 92,143,963	\$ 91,173,334

Cost	Balance at 31-Dec-19	Additions	Disposals/ Transfers	Balance at 31-Dec-20
Land and Land Improvements	\$ 30,918,348	\$ -	\$ (8)	\$ 30,918,340
Site Improvements	15,630,909	1,230,604	(20,211)	16,841,302
Buildings	16,686,535	1,231,942	(163,556)	17,754,921
Furniture and Equipment	1,985,769	255,535	(20,945)	2,220,359
Motor Pool	4,814,692	503,859	(94,255)	5,224,296
Communications and Computers	1,768,102	14,565	-	1,782,667
Water Control Structures	99,392,068	846,160	-	100,238,228
Assets Under Construction	5,538,031	1,515,309	(2,839,112)	4,214,228
	<u>\$ 176,734,454</u>	<u>\$ 5,597,974</u>	<u>\$ (3,138,087)</u>	<u>\$ 179,194,341</u>

Accumulated Amortization	Balance at 31-Dec-19	Disposals	Amortization Expense	Balance at 31-Dec-20
Site Improvements	\$ 9,457,439	\$ (11,128)	\$ 414,936	\$ 9,861,247
Buildings	9,921,362	(130,263)	382,580	10,173,679
Furniture and Equipment	977,335	(20,439)	164,940	1,121,836
Motor Pool	3,352,291	(94,252)	325,573	3,583,612
Communications and Computers	1,443,650	-	117,527	1,561,177
Water Control Structures	58,929,665	-	1,819,162	60,748,827
	<u>\$ 84,081,742</u>	<u>\$ (256,082)</u>	<u>\$ 3,224,718</u>	<u>\$ 87,050,378</u>

	Net Book Value 31-Dec-19	Net Book Value 31-Dec-20
Land and Land Improvements	\$ 30,918,348	\$ 30,918,340
Site Improvements	6,173,470	6,980,055
Buildings	6,765,173	7,581,242
Furniture and Equipment	1,008,434	1,098,523
Motor Pool	1,462,401	1,640,684
Communications and Computers	324,452	221,490
Water Control Structures	40,462,403	39,489,401
Assets Under Construction	5,538,031	4,214,228
	<u>\$ 92,652,712</u>	<u>\$ 92,143,963</u>

Assets Under Construction

Assets under construction having a value of \$4,470,527 (2020 - \$4,214,228) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Write-down of Tangible Capital Assets

The write-down of tangible capital assets during the year was \$16,518 (2020 - \$nil).

(5) Contaminated Site Liability

The Authority has an estimated liability of \$812,912 as at December 31, 2021 (2020 - \$812,912) for future remediation of two of its properties. During the year, there was no activity or events impacting the liability estimate from prior year. The properties include a former landfill site in the City of Brantford, and a former residential site in the City of Cambridge. The properties were purchased by the Authority in the 1970s under flood control projects. The Ministry of the Environment, Conservation and Parks has requested remediation on the Brantford and Cambridge properties. The estimated future cost of the work at Brantford is based on a detailed remediation plan prepared by a qualified external consultant. Staff have estimated the future cost of remediation for the Cambridge property based on preliminary investigations carried out by an environmental consulting firm.

(6) 2021 Budget

The budget figures are those adopted at the General Meeting of the Authority held February 26, 2021. The Authority only prepares a budget for the statement of operations, the budget figures in the statement of change in net financial assets has not been provided.

(7) **Commitments**

The Authority is committed under contracts for various infrastructure projects. The amount expected to be incurred in 2022 under contracts is approximately \$1,546,416.

(8) **Contingencies**

The Authority recognizes that liabilities may arise due to certain contract and labour relations matters that were outstanding at year end, in the normal course of business. Legal action may be taken against the Authority for personal injury claims, property damage and other contractual matters. The outcome of these actions is not presently determinable. It is management's opinion that the Authority's insurance coverage and/or accumulated surplus will adequately cover any potential liabilities arising from these matters.

(9) Accumulated Surplus

Accumulated surplus consists of tangible capital asset and other surplus and reserve funds. Details of the reserve funds are as follows:

	2021	2020
Operating		
Property and Liability Insurance	\$ 270,383	\$ 270,383
Building and Mechanical Equipment	1,231,833	1,141,833
Small Office Equipment	7,831	7,720
Personnel	1,349,112	1,249,112
Transition	1,562,180	500,000
Apps' Mill Nature Centre	64,982	53,219
Laurel Creek Nature Centre	111,016	98,603
Guelph Lake Nature Centre	129,459	116,786
Shade's Mills Nature Centre	69,219	57,397
Taquanyah Nature Centre	14,849	3,795
Computer Replacement	1,329,784	1,413,357
Forestry Management	1,078,801	884,703
Cottage Operations	983,652	828,776
Property Rental	706,458	674,789
Planning Enforcement	475,071	443,713
Master Plan	327,307	224,096
Grand River Management Plan	111,336	109,763
Watershed Restoration	177,135	117,452
Total Operating Reserves	\$ 10,000,408	\$ 8,195,497
Capital		
Completion of Capital Projects	\$ 162,000	\$ 162,000
Cambridge Desiltation Pond	6,237	6,694
Gravel	253,783	250,198
General Capital	1,116,991	1,042,059
Major Dam Maintenance	3,466,428	3,170,003
Gauges	905,113	892,326
Conservation Area	4,971,802	3,102,448
Land Reserves	6,986,113	7,542,188
Total Capital Reserves	\$ 17,868,467	\$ 16,167,916
Motor Pool		
Motor Pool Equipment Replacement	\$ 2,162,973	\$ 1,854,024
Vehicle Insurance	89,960	88,689
Total Motor Pool Reserves	\$ 2,252,933	\$ 1,942,713
Total Reserves	\$ 30,121,808	\$ 26,306,126

Land reserves represent the net proceeds of land sales and are available for approved projects including purchases of conservation lands within the Watershed in accordance with Authority policies and Provincial Regulations.

(10) **Pension and Retirement Benefits**

The Authority makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of all eligible members of its staff. The plan is a defined benefit plan, which 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, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The latest available report for the OMERS plan was December 31, 2020. At that time the plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion), based on actuarial liabilities of \$111.8 billion (2019 - \$106.4 billion) and actuarial assets of \$108.6 billion (2019 - \$103.0 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

In 2021, the Authority’s contribution to OMERS was \$1,174,248 (2020 - \$1,168,083).

(11) **Related Entity**

The Grand River Conservation Foundation (“the Foundation”) is an independent organization and a Registered Charity that raises funds to finance selected operating and capital expenditures of the Authority. Although the Foundation disburses funds at the discretion of its own Board of Directors, it only funds approved projects of the Authority and the Chair of the Authority is a permanent

member of the Foundation Board. The accounts of The Grand River Conservation Foundation are not included in these financial statements.

During 2021, the Foundation contributed \$141,534 (2020 - \$161,820) to fund projects carried out by the Authority. At December 31, 2021, the amount due from the Foundation to the Authority is \$129,781 (2020 - \$141,654). This receivable is included in "Other Receivables" on the Statement of Financial Position.

(12) Public Sector Salary Disclosure

Grand River Conservation Authority is subject to The Public Sector Salary Disclosure Act, 1996. Salaries and benefits that have been paid by the Authority and reported to the Province of Ontario in compliance with this legislation are listed on the Ontario Ministry of Finance website at <https://www.ontario.ca/page/public-sector-salary-disclosure#section-0> or can be provided in an alternate format upon request from the Authority.

(13) **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 Authority applied for funding through the Canada Emergency Wage Subsidy (CEWS) program. In 2021, the Authority received CEWS of \$3,157,379. The Authority continues to determine if it meets all of the eligibility requirements under the CEWS program, therefore this funding is classified as deferred revenue on the statement of financial position.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Authority'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 the Authority is not practicable at this time.

(14) Segmented Information

2021	Watershed Management and Monitoring	Source Protection Program	Resource Planning	Watershed Stewardship	Conservation Land Management	Recreation and Education	Corporate Services/IS and Motor Pool	Total
Revenue:								
Levies	\$ 5,369,151	\$ -	\$ 1,223,200	\$ 2,038,700	\$ -	\$ 340,600	\$ 3,349,488	\$ 12,321,139
Grants	1,457,047	569,655	-	822,030	-	186,367	500	3,035,599
User fees and Other	-	-	1,190,560	600,015	3,666,203	9,867,416	459,350	15,783,544
Donations	-	-	-	98,933	71,675	39,698	-	210,306
Total Revenue	6,826,198	569,655	2,413,760	3,559,678	3,737,878	10,434,081	3,809,338	31,350,588
Expenses:								
Salaries, Wages and Benefits	3,231,453	462,068	1,736,286	1,298,525	1,788,904	4,564,710	3,218,357	16,300,303
Operating Expenses	1,636,656	107,587	234,907	1,689,011	2,075,809	3,637,458	1,790,246	11,171,674
Amortization	1,713,716	-	-	13,920	225,147	643,551	659,575	3,255,909
Less: Chargebacks	-	-	-	-	-	-	(2,473,288)	(2,473,288)
Total Expenses	6,581,825	569,655	1,971,193	3,001,456	4,089,860	8,845,719	3,194,890	28,254,598
Annual surplus/ (deficit)	\$ 244,373	\$ -	\$ 442,567	\$ 558,222	\$ (351,982)	\$ 1,588,362	\$ 614,448	\$ 3,095,990

2020								
	Watershed Management and Monitoring	Source Protection Program	Resource Planning	Watershed Stewardship	Conservation Land Management	Recreation and Education	Corporate Services/IS and Motor Pool	Total
Revenue:								
Levies	\$ 5,224,855	\$ -	\$ 1,169,800	\$ 2,200,200	\$ -	\$ 308,600	\$ 3,095,488	\$ 11,998,943
Grants	1,340,264	681,421	-	670,734	220,267	49,074	25,000	2,986,760
User fees and Other	-	-	976,626	185,795	7,341,361	6,653,725	488,821	15,646,328
Donations	1,368	-	-	35,649	56,779	68,024	-	161,820
Total Revenue	6,566,487	681,421	2,146,426	3,092,378	7,618,407	7,079,423	3,609,309	30,793,851
Expenses:								
Salaries, Wages and Benefits	3,041,541	465,268	1,666,157	1,492,253	1,717,467	3,308,899	3,614,236	15,305,821
Operating Expenses	1,643,445	216,153	318,374	1,305,546	1,771,238	3,003,578	1,724,064	9,982,398
Amortization	1,716,307	525	-	16,049	232,709	618,008	641,120	3,224,718
Less: Chargebacks	-	-	-	-	-	-	(2,563,487)	(2,563,487)
Total Expenses	6,401,293	681,946	1,984,531	2,813,848	3,721,414	6,930,485	3,415,933	25,949,450
Annual surplus/ (deficit)	\$ 165,194	\$ (525)	\$ 161,895	\$ 278,530	\$ 3,896,993	\$ 148,938	\$ 193,376	\$ 4,844,401