

**FINANCE COMMITTEE MEETING
ON-LINE VIDEO CONFERENCE**

**Wednesday, May 5, 2021
9:30 a.m.**

A G E N D A

1. APPROVAL OF AGENDA

2. DECLARATIONS OF CONFLICT OF INTEREST

3. APPROVAL OF THE MINUTES

- a) Minutes of the NPCA Finance Committee meeting February 24, 2021

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4. CORRESPONDENCE

5. DELEGATIONS / PRESENTATIONS

6. CONSENT ITEMS

- a) Report No. FC-07-21 RE: Financial Report – Q4 – 2020 (For receipt)

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- b) Report No. FC-08-21 RE: Financial Report – Q1 - 2021 (For receipt)

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7. DISCUSSION ITEMS

- a) Report No. FC-05-21 RE: 2021 Operating and Capital Budgets – FINAL (For approval)

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- b) Report No. FC-06-21 RE: 2020 Audited Financial Statements - Scott Plugers, KPMG will present the Financial Statements and Audit Findings (For approval)

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8. NEW BUSINESS

9. ADJOURNMENT

FINANCE COMMITTEE
ON-LINE VIDEO CONFERENCE
MEETING MINUTES
Wednesday, February 24, 2021
9:30 a.m.

MEMBERS PRESENT: K. Kawall, Chair
S. Beattie
R. Foster
B. Mackenzie (arrived 9:38 a.m.)
J. Metcalfe
B. Steele
M. Woodhouse (arrived 9:35 a.m.)

STAFF PRESENT: C. Sharma, Chief Administrative Officer/Secretary–Treasurer
G. Bivol, Executive Co-Ordinator to the C.A.O/Board
L. Gagnon, Director, Corporate Services
D. MacKenzie, Director, Watershed Management

Chair Kawall called the meeting to order at 9:30 a.m.

1. APPROVAL OF AGENDA

Recommendation No. FC-01-2021

Moved by Member Steele

Seconded by Member Foster

THAT the Finance Committee Meeting agenda dated **BE APPROVED** as presented.

CARRIED

2. DECLARATIONS OF CONFLICT OF INTEREST

None declared.

3. APPROVAL OF THE MINUTES

- a) Minutes of the Finance Committee meeting dated Thursday, December 3, 2020

Recommendation No. FC-02-2021

Moved by Member Metcalfe

Seconded by Member Steele

THAT the minutes of the NPCA Finance Committee meeting dated Thursday, December 3, 2020 **BE APPROVED**.

CARRIED

4. CORRESPONDENCE

None.

5. DELEGATIONS / PRESENTATIONS

None.

6. CONSENT ITEMS

- a) Report No. FC-04-21 RE: Procurement - 2020 Activity

Recommendation No. FC-03-2021

Moved by Member Woodhouse

Seconded by Member Foster

THAT Report No. FC-04-21 RE: Procurement – 2020 Activity **BE RECEIVED.**

CARRIED

- b) Report No. FC-03-21 RE: Banking and Investments - 2020 Activity

Recommendation No. FC-04-2021

Moved by Member Woodhouse

Seconded by Member Steele

THAT Report No. FC-03-21 RE: Banking and Investments – 2020 Activity **BE RECEIVED.**

CARRIED

7. DISCUSSION ITEMS

- a) Report No. FC-01-21 RE: Award of Legal Services Standing Offer of Agreement

Recommendation No. FC-05-2021

Moved by Member Steele

Seconded by Member Beattie

1. **THAT** Report FC-01-21 RE: Award of Legal Services Standing Offer of Agreement **BE RECEIVED.**

2. **THAT** the Legal Services Standing Offer of Agreement **BE RECOMMENDED** to the Board of Directors for approval to award for a three (3) year term (2021-2024) with the option to renew for two (2) one (1) year extensions to Legal Firm(s) listed in this report for each of their respective practice disciplines.

CARRIED

- b) Report No. FC-02-21 RE: Finance Committee – 2021 Work Plan – The Committee requested that an update on the asset management program be brought to the Finance Committee meeting scheduled for July.

Recommendation No. FC-06-2021

Moved by Member Woodhouse

Seconded by Member Foster

1. **THAT** Report No. FC-02-21 RE: Finance Committee – 2021 Work Plan **BE RECEIVED.**

2. **THAT** the Finance Committee - 2021 Work Plan attached as Appendix 1 **BE APPROVED.**

CARRIED

8. NEW BUSINESS

L. Gagnon, Director, Corporate Services provided a verbal update on the NPCA's 2021 Budget presentations to the participating municipalities and on the upcoming 2020 year-end audit. Members requested copies of the Binbrook Conservation Area septic funding agreement and related documentation.

9. ADJOURNMENT

Recommendation No. FC-07-2021

Moved by Member

Seconded by Member

THAT Finance Committee meeting of February 24, 2021 **BE ADJOURNED** at 10:18 a.m..
CARRIED

Ken Kawall,
Committee Chair

Chandra Sharma, MCIP, RPP
Chief Administrative Officer / Secretary
- Treasurer

Report To: Finance Committee

Subject: Financial Report – Q4 - 2020

Report No: FC-07-21

Date: May 5, 2021

Recommendation:

THAT Report No. FC-07-21 RE: Financial Report – Q4 - 2020 **BE RECEIVED.**

Purpose:

The purpose of this Report is to provide the Finance Committee with a summary of operating (Appendix 1) and capital expenditures (Appendix 2) and to provide a comparison of actual results to the budget as approved by the Board. Appendix 3 provides variance analytics from prior year for the 2020 Statement of Operations in the audited financial statements.

Discussion:

The Report confirms the general financial oversight and compliance with Public Sector Accounting Board Standards.

Financial Implications:

The Revenue and Expenditure lines are within budget allocations identified during the budget preparation and approval cycle.

Related Reports and Appendices:

Appendix 1 – 2020 Operating Statement – Q4 (FINAL)

Appendix 2 – Capital Projects 2020 – Q4

Appendix 3 – Variance Analysis – 2020 Statement of Operations

Prepared by:

Submitted by:

Original Signed by:

Original Signed by:

Lise Gagnon, CPA, CGA
Director, Corporate Services

Chandra Sharma, MCIP, RPP
Chief Administrative Officer/
Secretary-Treasurer

Niagara Peninsula Conservation Authority
2020 CONSOLIDATED OPERATING STATEMENT - As at December 31, 2020 (FINAL)

Appendix 1 - Report No. FC-07-21	Year to date				Annual Budget	Comments
	Actual	Budget	Variance	Var %		
Source of Funds						
Municipal Funding	6,115,976	6,121,000	- 5,024	-0.1%	6,121,000	Variance is not material
Provincial Funding	344,860	349,185	- 4,325	-1.2%	349,185	Variance is not material
Federal Funding	54,195	100,000	- 45,805	-45.8%	100,000	Shortfall will be recognized in Q1 2021 (agreement to March 31, 2021)
Park Operations	1,432,293	2,016,850	- 584,557	-29.0%	2,016,850	Covid-19 impact
Permits and Regulatory Fees	439,317	387,108	52,209	13.5%	387,108	Greater volume of Permit applications
Other Revenue	699,312	520,227	179,085	34.4%	520,227	Gain on asset disposal (\$23K), Landowner contributions (\$124K)
Total Revenues/Source of Funds	9,085,953	9,494,370	- 408,417	-28.2%	9,494,370	
Use of Funds						
Salaries and Benefits	5,710,243	6,141,278	- 431,035	-7.0%	6,141,278	Gapping of vacant positions + savings due to Covid-19
Other Employee Related Expenses	169,414	235,892	- 66,478	-28.2%	235,892	Covid-19 impact (mileage, training, staff exp) offset by H&S costs
Board and Volunteer	36,273	71,200	- 34,927	-49.1%	71,200	Covid-19 impact (mileage, board exp)
Professional Fees	563,987	661,500	- 97,513	-14.7%	661,500	Legal fees less than anticipated
Occupancy Costs	538,365	548,803	- 10,438	-1.9%	548,803	Variance not material
Vehicles and Equipment	252,652	246,020	6,632	2.7%	246,020	Variance not material
Park Maintenance	748,097	468,000	280,097	59.8%	468,000	Covid-19 impact - increased maintenance and staff capacity
Contractor Services	302,164	194,000	108,164	55.8%	194,000	Large restoration project
Debt Servicing	5,030	5,030	-	0.0%	5,030	No variance
Cost and Expenses	467,247	473,025	- 5,778	-1.2%	473,025	Variance not material
Materials and Supplies	115,152	196,622	- 81,470	-41.4%	196,622	Covid-19 impact and delays
Marketing and Promotion	168,983	253,000	- 84,017	-33.2%	253,000	Covid-19 impact
Total Expenses/Use of Funds	9,077,607	9,494,370	- 416,763	-58.5%	9,494,370	

Niagara Peninsula Conservation Authority - 2020 CAPITAL PROJECTS						Appendix 2 - Report No. FC-07-21			
Project Name	Location/Site	Funding Source	Municipality	Budget Carried Forward	Board Approved Budget 2020	Revised Budget 2020	YTD Spend at 31-DEC-2019	YTD Spend at 31-DEC-2020	Total Project Spend at 31-DEC-2020
CAO/Board & Admin									
Multi-Media Equipment	HQ - Welland	Special Levy - ALL	ALL	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 10,534	\$ 10,534
Signage - Pollinator Gardens	Various			\$ -	\$ 25,000	\$ 25,000	\$ -	NA	NA
Total - CAO/Board & Admin				\$ -	\$ 35,000	\$ 35,000	\$ -	\$ 10,534	\$ 10,534
Corporate Services									
Asset Management Capital Planning Program	HQ - Welland	Special Levy - ALL	ALL	\$ -	\$ 30,000	\$ 30,000	\$ -	\$ 33,010	\$ 33,010
Data Centre Cyclical Server Refresh	HQ - Welland	Special Levy - ALL	ALL	\$ -	\$ 23,000	\$ 23,000	\$ -	\$ 19,945	\$ 19,945
Annual PC Replacements	Various	Special Levy - ALL	ALL	\$ -	\$ 45,000	\$ 45,000	\$ -	\$ 67,400	\$ 67,400
Office Network Backup and Archive	HQ - Welland	Special Levy - ALL	ALL	\$ -	\$ 6,500	\$ 6,500	\$ -	\$ 4,352	\$ 4,352
Phone System	HQ - Welland	Special Levy - ALL	ALL	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 38,113	\$ 38,113
Orthoimagery Acquisition - SWOOP	HQ - Welland	Special Levy - ALL	ALL	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -
Natural Areas ELC Mapping Update	HQ - Welland	Special Levy - ALL	ALL	\$ -	\$ 200,000	\$ 200,000	\$ -	NA	NA
Balls Falls Internet Improvement & Infrastructure	Balls Falls	Special Levy - Niagara	Niagara	\$ -	\$ 40,000	\$ 40,000	\$ -	\$ 2,035	\$ 2,035
Board Microphones	Balls Falls	Special Levy - ALL	ALL	\$ -	\$ 50,000	\$ 50,000	\$ -	NA	NA
Total - Corporate Services				\$ -	\$ 454,500	\$ 454,500	\$ -	\$ 164,856	\$ 164,856
Watershed									
OPG - Welland River Watershed (WS-2018-16)				\$ -	\$ -		\$ 195,432	\$ 45,916	\$ 241,348
Shriner's Creek Modifications	Niagara Falls	Special Levy - Niagara	Niagara	\$ -	\$ 80,000	\$ 80,000	\$ -	\$ 124,391	\$ 124,391
Flood Plain Mapping - Beaver Creek	West Lincoln	Special Levy - Niagara	Niagara	\$ -	\$ 150,000	\$ 100,000	\$ -	\$ -	\$ -
Flood Plain Mapping - Grimsby/Lincoln	Grimsby & Lincoln	Special Levy - Niagara	Niagara	\$ -	\$ 20,000	\$ 15,000	\$ 111,117	\$ (357)	\$ 110,760
Flood Plain Mapping - St. Catharines	St. Catharines	Special Levy - Niagara	Niagara	\$ -	\$ 25,000	\$ 10,000	\$ 63,921	\$ 12,430	\$ 76,351
Water Quality Equipment	Pelham	Special Levy - Niagara	Niagara	\$ -	\$ 35,000	\$ 35,000	\$ -	\$ 59,569	\$ 59,569
Virgil Dam Safety Study	Niagara-on-the-Lake	Special Levy - Niagara	Niagara	\$ -	\$ 60,000	\$ 60,000	\$ -	\$ 53,297	\$ 53,297
CityView Modules - Planning & Permits			ALL	\$ -	\$ -		\$ -	\$ 82,742	\$ 82,742
Stream Gauge Equipment	Various	Special Levy - ALL	ALL	\$ -	\$ 20,000	\$ 20,000	\$ -	NA	NA
Karst Hazard Mapping	Various	Special Levy - ALL	ALL	\$ -	\$ 50,000	\$ 50,000	\$ -	NA	NA
Total - Watershed				\$ -	\$ 440,000	\$ 370,000	\$ 370,470	\$ 377,988	\$ 748,458
Land Operations									
Treetop Trekking (BB-2019-21)	Binbrook			\$ 87,854	\$ -	\$ -	\$ 80,601	\$ -	\$ 80,601
Treetop Trekking Building & Amenities	Binbrook			\$ -	\$ 150,000	\$ 150,000	\$ -	\$ 73,517	\$ 73,517
Binbrook - Septic System	Binbrook	Special Levy - Hamilton	Hamilton	\$ -	\$ 1,500,000	\$ 750,000	\$ -	\$ 27,775	\$ 27,775
Water Treatment System Upgrades	Binbrook	Special Levy - Hamilton	Hamilton	\$ -	\$ 150,000	\$ 150,000	\$ -	\$ 37,582	\$ 37,582
Tyneside Trail Upgrades - Binbrook	Binbrook	Special Levy - Hamilton	Hamilton	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 7,473	\$ 7,473
Septic System Replacement Ball's Falls (BF-2017-09)	Balls Falls			\$ 57,323	\$ -	\$ -	\$ 21,177	\$ 88,079	\$ 109,256
Field Centre Restoration - Balls Falls	Balls Falls	Special Levy - Niagara	Niagara	\$ -	\$ 35,000	\$ 35,000	\$ -	\$ 6,754	\$ 6,754
Historical Building Restoration - Balls Falls	Balls Falls	Special Levy - Niagara	Niagara	\$ -	\$ 100,000	\$ 90,000	\$ -	\$ 101,664	\$ 101,664
Road Upgrade & Drainage - LB North Side	Long Beach			\$ 51,926	\$ 232,000	\$ 151,640	\$ 23,074	\$ 213,806	\$ 236,880
North Side Comfort Station - Long Beach	Long Beach	Special Levy - Niagara	Niagara	\$ 246,438	\$ 110,000	\$ 110,000	\$ 3,562	\$ 73,371	\$ 76,933
New Park Signage (CW-2019-37)	Various			\$ 28,625	\$ -	\$ -	\$ 21,375	\$ 1,500	\$ 22,875
Equipment Sustainment - Land Operations	Various	Special Levy - ALL	ALL	\$ -	\$ 228,280	\$ 151,034	\$ -	\$ 143,156	\$ 143,156
Cistern - Gainsborough	Gainsborough	Special Levy - Niagara	Niagara	\$ -	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -
Workshop Upgrades - Gainsborough	Gainsborough	Special Levy - Niagara	Niagara	\$ -	\$ 100,000	\$ 50,000	\$ -	\$ 98,968	\$ 98,968
Centre for Conservation - Gallery Upgrades	Balls Falls	Special Levy - Niagara	Niagara	\$ 80,000	\$ 80,000	\$ 80,000	\$ -	\$ (27,180)	\$ (27,180)
Septic Design & Scope - Chippawa Creek	Chippawa Creek	Special Levy - Niagara	Niagara	\$ -	\$ 10,000	\$ 10,000	\$ -	NA	NA
Barrn - Wedding Updates	Balls Falls	Special Levy - Niagara	Niagara	\$ -	\$ 90,000	\$ -	\$ -	NA	NA
Electrical and Water (Ridge) - Long Beach	Long Beach	Special Levy - Niagara	Niagara	\$ -	\$ 88,000	\$ 88,000	\$ -	NA	NA
Total - Land Operations				\$ 552,166	\$ 2,923,280	\$ 1,865,674	\$ 149,789	\$ 846,465	\$ 996,254
GRAND TOTAL				\$ 552,166	\$ 3,852,780	\$ 2,725,174	\$ 520,259	\$ 1,399,843	\$ 1,920,102

These projects have been deferred.

NIAGARA PENINSULA CONSERVATION AUTHORITY
Appendix 3 - Report No. FC-07-21

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget	2020 Actual	2019 Actual	Actual Variance	Comments
Revenues:					
Government transfers					
Province of Ontario – MNRF	\$ 90,000	\$ 90,083	\$ 90,083	\$ -	No variance
Province of Ontario – Other	259,185	264,520	223,482	41,038	Niagara River RAP funding greater in 2020 (\$0 for Q1 of 2019)
Government of Canada	100,000	54,195	100,000	- 45,805	Niagara River RAP funding - legal agreement for \$100K to March 2021
Municipal levies					
General	6,092,656	6,092,753	6,416,084	- 323,331	Approved general levy increase by 3 municipal partners
Special	2,776,265	1,453,445	635,001	818,444	2019 - capital \$0 (Niagara) / 2020 - capital, LTD and special projects
Authority generated					
User fees, sales and admissions	2,016,850	1,421,260	2,148,195	- 726,935	Covid-19 impact on Land Operations and special events
Administration fees	387,108	439,317	401,000	38,317	Volume of Permits and plan review exceeds prior year
Interest	90,000	108,624	214,063	- 105,439	Interest on bank balances + investments / lower interest rates
Other	337,101	601,723	445,261	156,462	Restoration landowner contributions + educational programming
OPG - Welland river watershed	-	45,916	195,432	- 149,516	Recognition of deferred revenue from OPG for approved projects
	12,149,165	10,571,836	10,868,601	- 296,765	
Expenses:					
CAO and Administration	1,875,025	1,709,181	3,068,776	1,359,595	2019 - legal fees and settlements
Watershed	2,380,944	2,080,522	1,868,308	- 212,214	Salaries and benefits - approved growth positions (2)
Corporate Resources	5,826,481	6,185,436	7,121,476	936,040	Levy differential payout 2019 (\$1.284M)
	10,082,450	9,975,139	12,058,560	2,083,421	
Annual (deficit) surplus	2,066,715	596,697	- 1,189,959		
Accumulated surplus, beginning of year	26,353,032	26,353,032	27,542,991		
Accumulated surplus, end of year	\$ 28,419,747	\$ 26,949,729	\$ 26,353,032		

Report To: Finance Committee

Subject: Financial Report – Q1 - 2021

Report No: FC-08-21

Date: May 5, 2021

Recommendation:

THAT Report No. FC-08-21 RE: Financial Report – Q1 - 2021 **BE RECEIVED.**

Purpose:

The purpose of this Report is to provide the Finance Committee with a summary of operating and capital expenditures and to provide a comparison of actual results to the budget as approved by the Board.

Discussion:

The Report confirms the general financial oversight and compliance with Public Sector Accounting Board Standards.

Financial Implications:

The Revenue and Expenditure lines are within budget allocations identified during the budget preparation and approval cycle.

Related Reports and Appendices:

Appendix 1 – 2021 Operating Statement – Q1

Appendix 2 – Capital Projects 2021 - Q1

Prepared by:

Original Signed by:

Lise Gagnon, CPA, CGA
Director, Corporate Services

Submitted by:

Original Signed by:

Chandra Sharma, MCIP, RPP
Chief Administrative Officer/
Secretary-Treasurer

Niagara Peninsula Conservation Authority
2021 CONSOLIDATED OPERATING STATEMENT - Q1 - January 1 to March 31, 2021

Appendix 1 - Report No. FC-08-21	Year to date				Annual Budget	Comments
	Actual	Budget	Variance	Var %		
Source of Funds						
Municipal Funding	-	1,553,369	- 1,553,369	-100.0%	6,213,479	Timing - Q1 levy payments April 2021
Provincial Funding	90,223	44,303	45,920	103.6%	383,594	Front ended Provincial payments
Federal Funding	5,226	-	5,226	0.0%	70,000	Variance not material
Park Operations	66,463	49,640	16,823	33.9%	2,183,045	Timing - sale of season's passes
Permits and Regulatory Fees	113,390	124,500	- 11,110	-8.9%	498,000	Covid-19 impacts on revenue in compliance and plan review
Other Revenue	65,330	95,625	- 30,295	-31.7%	517,000	Timing - will self correct
Total Revenues/Source of Funds	340,632	1,867,437	- 1,526,805	-81.8%	9,865,118	
Use of Funds						
Salaries and Benefits	1,289,859	1,393,935	- 104,076	-7.5%	6,625,056	Gapping of vacant positions.
Other Employee Related Expenses	36,104	62,045	- 25,941	-41.8%	236,649	Covid-19 impact - mileage/staff exp, uniforms
Board and Volunteer	-	15,900	- 15,900	-100.0%	63,600	Covid-19 impact / timing of Q1 payment (April 2021)
Professional Fees	45,473	177,126	- 131,653	-74.3%	759,843	Legal - \$20K / timing of contractor serv and lab analysis billings
Occupancy Costs	118,140	131,562	- 13,422	-10.2%	543,250	March office lease payment processed in April 2021
Vehicles and Equipment	30,800	50,982	- 20,182	-39.6%	275,240	Delivery delay - vehicles budgeted for full year
Park Maintenance	47,888	87,104	- 39,216	-45.0%	514,890	Calendarization - will self correct (tree removal, water main, etc)
Cost and Expenses	51,526	71,698	- 20,172	-28.1%	347,400	Covid-19 impact (awards canceled) / timing on prog expenses
Materials and Supplies	23,364	32,796	- 9,432	-28.8%	216,690	Calendarization in Watershed cost centres - will self-correct
Marketing and Promotion	83,781	117,128	- 33,347	-28.5%	282,500	Covid-19 impacts + timing delays on advertising and marketing
Total Expenses/Use of Funds	1,726,935	2,140,276	- 413,341	-19.3%	9,865,118	

Niagara Peninsula Conservation Authority - 2021 CAPITAL PROJECTS								Appendix 2 - Report No. FC-08-21		
Project Name	Location	Funding Source	Munic.	Funding			Budget Carried Forward	YTD Spend at 31-DEC-2020	YTD Spend at 31-MAR-2021	Total Project Spend at 31-MAR-2021
				External	2021	Total Project				
Corporate Services										
Annual PC replacements	Various	Special Levy - ALL	All		45,000	45,000	-	-	5,073	5,073
Data Centre Network Upgrades	HQ - Welland	Special Levy - ALL	All	-	37,000	37,000	-	-	4,686	4,686
Digital Terrain Model Update	Various	Special Levy - ALL	All	-	150,000	150,000	-	-	-	-
Natural Areas ELC Mapping Update	Various	Other	All	-	150,000	150,000	-	-	-	-
Records Management - phased	HQ - Welland	Special Levy - ALL	All	-	40,000	40,000	-	-	-	-
2020 Restoration & Watershed Plan Data Update	Various			-	-	-	150,000	-	-	-
2020 Restoration Site Design - Lakewood	Lakewood			-	-	-	50,000	-	-	-
2020 Financial Reporting & Budgeting Module	HQ - Welland			-	-	-	42,100	-	-	-
TOTAL - Corporate Services				\$ -	\$ 422,000	\$ 422,000	\$ 242,100	\$ -	\$ 9,759	\$ 9,759
Land Operations										
Deferred Projects - BF Septic System:										
- 2020 Flood Plain Mapping - Beaver Creek	Beaver Creek	Other	Niagara	150,000	-	150,000	-	-	-	-
- 2020 CFC Gallery Upgrades	Balls Falls	Other	Niagara	49,870	15,130	65,000	-	(27,180)	16,038	(11,142)
- 2020 Equipment Sustainment	Various	Other	All	-	54,586	54,586	-	-	-	-
- 2020 Balls Falls Internet Upgrade	Balls Falls	Other	Niagara	-	40,000	40,000	-	2,035	2,035	4,070
- 2020 Asset Management Program	Various	Other	All	-	30,000	30,000	-	33,010	-	33,010
Field Centre Restoration - Phase 2	Balls Falls	Special Levy - Niagara	Niagara	-	47,500	47,500	-	-	-	-
Roadway Improv - Phase 1 - Chippawa	Chippawa Creek	Special Levy - Niagara	Niagara	-	100,000	100,000	-	-	3,434	3,434
St John's - Heritage Building Restoration	Central Workshop	Special Levy - Niagara	Niagara	-	130,000	130,000	-	-	-	-
Mowers (Chippawa and Binbrook)	Central Workshop	Special Levy - ALL	All	-	35,000	35,000	-	-	931	931
RTV (CW)	Vaious - Niagara	Special Levy - Niagara	Niagara	-	20,000	20,000	-	-	-	-
Skid Steer (Central Workshop)	Central Workshop	Special Levy - ALL	All	-	26,000	26,000	-	-	-	-
Mini Excavator	Central Workshop	Special Levy - ALL	All	-	70,000	70,000	-	-	61,056	61,056
Cave Springs Parking Lot	Central Workshop	Special Levy - Niagara	Niagara	-	105,000	105,000	-	-	6,051	6,051
Rollon/rolloff - dual axle 7600 Int'l Truck	Central Workshop	Special Levy - ALL	All	-	140,000	140,000	-	-	-	-
2020 North Side Comfort Station	Long Beach			-	-	-	397,100	76,933	55,467	132,400
2020 - Water Treatment System Upgrades	Binbrook			-	-	-	155,000	37,582	1,910	39,492
2020 - Treetop Trekking Building & Amenities	Binbrook			-	-	-	203,000	73,517	45,901	119,418
2020 - Septic System - Binbrook	Binbrook			-	-	-	852,000	27,775	5,276	33,051
2020 - Field Centre Restoration	Balls Falls			-	-	-	35,000	6,754	18,619	25,373
TOTAL - Land Operations				\$ 199,870	\$ 813,216	\$ 1,013,086	\$ 1,642,100	\$ 230,426	\$ 216,718	\$ 447,144
Watershed										
Floodplain Mapping - Big Forks Creek	Niagara	Special Levy - Niagara	Niagara	150,000	-	150,000	-	-	-	-
Water Quality Equipment	Pelham	Special Levy - Niagara	Niagara	-	20,000	20,000	-	-	-	-
Stream Gauge Equipment	Various	Special Levy - ALL	All	-	10,000	10,000	-	-	-	-
Virgil Dam - Remedial Measures	Niagara	Special Levy - Niagara	Niagara	-	200,000	200,000	-	-	-	-
TOTAL - Watershed				\$ 150,000	\$ 230,000	\$ 380,000	\$ -	\$ -	\$ -	\$ -
GRAND TOTAL				\$ 349,870	\$ 1,465,216	\$ 1,815,086	\$ 1,884,200	\$ 230,426	\$ 226,477	\$ 456,903

Report To: Finance Committee

Subject: 2021 Operating and Capital Budgets - FINAL

Report No: FC-05-21

Date: May 5, 2021

Recommendation:

1. **THAT** Report No. FC-05-21 RE: 2021 Operating and Capital Budgets – FINAL **BE RECEIVED**.
2. **THAT** the Final 2021 Operating and Capital Budgets **BE RECOMMENDED** to the Board of Directors for approval.
3. **THAT** 6 projects in the amount of \$1,757,204 **BE FUNDED** from Reserves, as follows:
 - a. \$392,171 – General Capital Reserve
 - b. 32,126 – Niagara Levy Differential Reserve
 - c. 800,000 – Land Acquisition Reserve – Niagara
 - d. 390,411 – General Operating Reserve
 - e. 63,746 – Restoration Reserve
 - f. 78,750 – Tree By-law Reserve
4. **AND FURTHER THAT** the 2021 Unfunded Budget Priorities list (Appendix 1) **BE ADOPTED** and staff **BE AUTHORIZED** to update the list and address critical pressures as funding becomes available through external funding sources and/or within the approved budget.

Purpose:

The purpose of this report is to seek the Finance Committee's approval of the Final 2021 Operating and Capital Budgets. Additionally, Staff is requesting Finance Committee approval of recommendations related to reserve allocations for 2021, in accordance with the Reserve Policy approved by the Board of Directors in December 2020. Further, Staff is requesting authorization to address critical pressures as outlined in the 2021 Unfunded Budget Priorities list as funding becomes available.

Background:

On November 19, 2020, the NPCA Board of Directors passed the following resolution, in part, respecting the 2021 Draft Operating and Capital Budgets:

Recommendation No. FA-163-2020

THAT Report No. FA-59-20 RE: 2021 Draft Operating and Capital Budgets BE **APPROVED** for discussion with participating municipal staff, in accordance with Board approved Budget Assumptions.

On December 17, 2020, the NPCA Board of Directors passed Resolution FA-181-2020 approving the NPCA Reserves Policy.

Discussion:

Further to the Board's directive, staff met and/or communicated with each municipal partner relative to NPCA's draft 2021 operating and capital budgets. Staff delivered a presentation on the 2021 budgets to Niagara Region's Budget Review Committee of the Whole on December 10, 2020 and the City of Hamilton's General Issues Committee on January 19, 2021. Haldimand did not require NPCA to deliver a Council presentation; 2021 budgets were brought forward on Report PDD-37-2020 for consideration by Council in Committee on December 8, 2020. In all cases, 2021 operating and capital budgets were presented to Council as approved by NPCA's Board of Directors on November 19, 2020, with no changes.

Approval Status:

Niagara Region:

Please see Appendix 2 for confirmation of NPCA 2021 Operating and Capital Budget approval by Niagara Region Council on December 17, 2020. The 2021 Budget for Niagara Region as a whole was approved on January 21, 2021.

City of Hamilton:

The 2021 Tax Supported Operating Budget for the City of Hamilton was approved by Council on March 31, 2021. Please follow this link for Council Minutes 21-005 from March 31, 2021: <https://pub-hamilton.escribemeetings.com/FileStream.ashx?DocumentId=266113>

Haldimand County:

Haldimand County's approach to CA budgets has been to allow each of its Board appointees to vote their conscience at CA budget approval meetings, and Council supports this approach. Haldimand County includes NPCA's annual levies as line items in the Planning and Development Division. Haldimand County's 2021 Budget as a whole was approved on April 6, 2021.

Levy Letters have been issued to each partner municipality. NPCA has also notified funding municipalities about the date of Final Budget approval as per CA Act.

Reserve Allocations – 2021:

The Reserve Policy provides guidance for the allocation and use of funds within each of the reserve categories. To that end, Staff is recommending the following reserve allocations for the 2021 fiscal year:

- a. \$392,171 – General Capital Reserve
This balance represents Board approved capital projects that will be completed in 2021.
Board approval – November 19, 2020:
https://npca.ca/images/uploads/board_files/Full_Authority_Minutes_-_November_19%2C_2020.pdf
- b. \$32,126 – Niagara Levy Differential Reserve
This balance represents Haldimand County's portion of the Levy Differential Reserve. Discussions have been initiated to reallocate these funds to a Haldimand project in the 2021 fiscal year.
- c. \$800,000 – Land Acquisition Reserve – Niagara
Further to Board approval, we are currently in the process of acquiring a parcel of land within the Niagara Region. Sale closes May 7, 2021.
https://npca.ca/images/uploads/board_files/Full_Authority_Minutes_-_March_19%2C_2021.pdf
- d. \$390,411 – General Operating Reserve
This balance represents Board approved projects sourced from operating surplus that will be completed in 2021.
https://npca.ca/images/uploads/board_files/Full_Authority_Minutes_-_November_19%2C_2020.pdf
- e. \$63,746 – Restoration Program Reserve
This balance represents Board approved Restoration Program projects that are carried forward for completion in 2021.
https://npca.ca/images/uploads/board_files/Full_Authority_Minutes_-_April_16%2C_2020_%281%29.pdf
- f. \$78,750 – Tree By-Law Reserve
Given that Niagara Region has repatriated administration of the Tree By-Law, staff is recommending reallocation of this reserve to address forestry issues related to hazard tree removal/Emerald Ash Borer.

Related Reports and Appendices:

Appendix 1: 2021 – Unfunded Budget Priorities

Appendix 2: Niagara Region – 2021 Budget Approval

Reserves Policy

Authored by:

Original Signed by:

Lise Gagnon, CPA, CGA
Director, Corporate Services

Submitted by:

Original Signed by:

Chandra Sharma, MCIP, RPP
CAO/Secretary-Treasurer

Niagara Peninsula Conservation Authority - 2021 UNFUNDED BUDGET PRIORITIES							Appendix 1 - Report No. FC-05-21	
UNFUNDED BUDGET PRESSURES:	Location	Funding Source	Munic.	Niagara	Hamilton	Haldimand	External	TOTAL
Restoration & Shoreline Resiliency								
Watershed Plan Data Update	Various	Special Levy - ALL	All	76,981	21,157	1,862		100,000
Watershed Restoration	Various	Special Levy - ALL	All	115,472	31,735	2,794		150,000
Water Quality Non-Point Source Modelling	Various	Special Levy - ALL	All	61,585	16,925	1,490		80,000
Restoration based site design - Lakewood	Niagara	Special Levy - Niagara	Niagara	50,000				50,000
Fish Habitat Mapping Update	Various	Special Levy - ALL	All	76,981	21,157	1,862		100,000
Sub Total - Restoration & Shoreline Resiliency				381,019	90,973	8,008	-	480,000
Planning and Growth Pressures								
Lake Erie Shoreline - Phase 1	Niagara	Special Levy - Niagara	Niagara	220,000				220,000
Lake Ontario Shoreline - Phase 1	Niagara	Special Levy - Niagara	Niagara	220,000				220,000
Karst Hazard Mapping	Various	Special Levy - ALL	All	65,434	17,983	1,583		85,000
City View Reconfiguration	Various	Special Levy - ALL	All	115,472	31,735	2,794		150,000
Sub Total - Planning and Growth Pressures				620,906	49,718	4,377	-	675,000
State of Good Repair/Health and Safety								
Internet Upgrade	Central Workshop	Special Levy - ALL	All	38,491	10,578	931		50,000
Data Centre Server Upgrade	Welland	Special Levy - ALL	All	20,015	5,501	484		26,000
Electrical & Water - Ridge - Long Beach	Long Beach	Special Levy - Niagara	Niagara	130,000				130,000
Speed Bumps - All Parks (Phase 1)	Central Workshop	Special Levy - ALL	All	50,000	50,000			100,000
Equipment Implements	Various	Special Levy - Niagara	Niagara	30,792	8,463	745		40,000
Barn Storage Facility	Balls Falls	Special Levy - Niagara	Niagara	50,000				50,000
Tractor	Central Workshop	Special Levy - ALL	All	38,491	10,578	931		50,000
Argo (Bog & Wainfleet Wetlands)	Central Workshop	Special Levy - ALL	All	15,396	4,231	372		20,000
Wainfleet Wetlands (Phase 1)	Central Workshop	Special Levy - Niagara	Niagara	153,962	42,313	3,725		200,000
Passive Parks Gates	Central Workshop	Special Levy - Niagara	Niagara	330,000				330,000
Ball Home Interior Scoping and Restoration	Balls Falls	Special Levy - Niagara	Niagara	7,500				7,500
Centre for Conservation Upgrades (gift Shop)	Balls Falls	Special Levy - Niagara	Niagara	50,000				50,000
Additional Roadway from 7th Ave into Park	Balls Falls	Special Levy - Niagara	Niagara	10,000				10,000
Ball's Falls Gate System	Balls Falls	Special Levy - Niagara	Niagara	100,000				100,000
Equipment - POS Machines (all parks)	Balls Falls	Special Levy - Niagara	Niagara	7,500				7,500
Parking Lot Lighting CFC	Balls Falls	Special Levy - Niagara	Niagara	40,000				40,000
Office Furniture	Various	Special Levy - ALL	All	19,245	5,289	466		25,000
Lime Restoration	Balls Falls	Special Levy - Niagara	Niagara	40,000				40,000
New Metal Stairs for Bruce Trail	Balls Falls	Special Levy - Niagara	Niagara	100,000				100,000
Equipment: BBQ	Binbrook	Special Levy - Hamilton	Hamilton		10,000			10,000
Info Signs / Kiosk	Binbrook	Special Levy - Hamilton	Hamilton		30,000			30,000
Pavilion 1 Scoping, Design and Permits	Binbrook	Special Levy - Hamilton	Hamilton		10,000			10,000
Pavilion 1 Demolition and Construction	Binbrook	Special Levy - Hamilton	Hamilton		275,000			275,000
Playground Upgrade	Binbrook	Special Levy - Hamilton	Hamilton		300,000			300,000
Additional Pavilions	Binbrook	Special Levy - Hamilton	Hamilton		250,000			250,000
New Gate System	Binbrook	Special Levy - Hamilton	Hamilton		150,000			150,000
New Washroom Facility	Binbrook	Special Levy - Hamilton	Hamilton		300,000			300,000
Road and Parking Upgrade	Binbrook	Special Levy - Hamilton	Hamilton		500,000			500,000
Main Boat Launch Upgrade	Binbrook	Special Levy - Hamilton	Hamilton		100,000			100,000
Expanded Office Space	Binbrook	Special Levy - Hamilton	Hamilton		50,000			50,000
Charcoal Disposal Units	Binbrook	Special Levy - Hamilton	Hamilton		15,000			15,000
Pavilion 2 Parking lot	Binbrook	Special Levy - Hamilton	Hamilton		35,000			35,000
Garbage disposal area - next to scout loop	Binbrook	Special Levy - Hamilton	Hamilton		10,000			10,000

Niagara Peninsula Conservation Authority - 2021 UNFUNDED BUDGET PRIORITIES							Appendix 1 - Report No. FC-05-21	
UNFUNDED BUDGET PRESSURES:	Location	Funding Source	Munic.	Niagara	Hamilton	Haldimand	External	TOTAL
Northside Playground	Long Beach	Special Levy - Niagara	Niagara	125,000				125,000
Boat Launch Replacement	Long Beach	Special Levy - Niagara	Niagara	50,000				50,000
Drainage South Side	Long Beach	Special Levy - Niagara	Niagara	100,000				100,000
North and South Parking Areas	Long Beach	Special Levy - Niagara	Niagara	40,000				40,000
Seating and Shade Structure	Long Beach	Special Levy - Niagara	Niagara	75,000				75,000
Rebuild Comfort station #2 Soth Side	Long Beach	Special Levy - Niagara	Niagara	5,000				5,000
Beach Washroom Renovations	Chippawa Creek	Special Levy - Niagara	Niagara	15,000				15,000
Replace Old Comfort Station Tanks/Improv	Chippawa Creek	Special Levy - Niagara	Niagara	25,000				25,000
Workshop Upgrades	Chippawa Creek	Special Levy - Niagara	Niagara	25,000				25,000
Electrical Upgrades	Chippawa Creek	Special Levy - Niagara	Niagara	1,000,000				1,000,000
New Firewood Hut	Chippawa Creek	Special Levy - Niagara	Niagara	25,000				25,000
New Pavilion	Chippawa Creek	Special Levy - Niagara	Niagara	125,000				125,000
New Playground Equipment	Chippawa Creek	Special Levy - Niagara	Niagara	150,000				150,000
Tile Drain in Day Use	Chippawa Creek	Special Levy - Niagara	Niagara	125,000				125,000
Morgan's Point Comfort Station Renovation	Central Workshop	Special Levy - ALL	All	19,245	5,289	466		25,000
Morgan's Point Pavilion	Central Workshop	Special Levy - ALL	All	96,226	26,446	2,328		125,000
All Passive Park Bathroom Renovations	Central Workshop	Special Levy - ALL	All	19,245	5,289	466		25,000
St. Johns Valley Centre Septic System	Central Workshop	Special Levy - ALL	All	173,207	47,602	4,190		225,000
Fencing for All Parks	Central Workshop	Special Levy - ALL	All	130,868	35,966	3,166		170,000
Low Ropes Course	Cons Area Serv	Special Levy - ALL	All	15,396	4,231	372		20,000
Work Vehicles	Equipment	Special Levy - ALL	All	115,472	31,735	2,794		150,000
New AED Units (H&S)	Equipment	Special Levy - ALL	All	23,094	6,347	559		30,000
Trailers (All Parks)	Equipment	Special Levy - ALL	All	46,189	12,694	1,117		60,000
Plow and Salter (Chipp)	Equipment	Special Levy - ALL	All	5,774	1,587	140		7,500
Roll off Tri-Axle Truck	Equipment	Special Levy - ALL	All	92,377	25,388	2,235		120,000
Sub Total - State of Good Repair				3,853,486	2,374,527	25,487	-	6,253,500
TOTAL - UNFUNDED BUDGET PRIORITIES				4,855,411	2,515,217	37,872	-	7,408,500

Administration

Office of the Regional Clerk

1815 Sir Isaac Brock Way, PO Box 1042, Thorold, ON L2V 4T7

Telephone: 905-685-4225 Toll-free: 1-800-263-7215 Fax: 905-687-4977

www.niagararegion.ca

March 1, 2021

Council Session CL 23-2020, December 17, 2020

Chandra Sharma,
CAO/Secretary-Treasurer
Niagara Peninsula Conservation Authority
250 Thorold Road West; 3rd Floor
Welland, ON L3C 3W2

SENT ELECTRONICALLY

**RE: Correspondence Item BRC-C 4-2020 – NPCA 2021 Municipal Levy
Apportionment**

Regional Council at its meeting held on Thursday, December 17, 2020, approved the following recommendation of its Budget Review Committee of the Whole:

That Correspondence Item BRC-C 4-2020, being a letter from B. Johnson, Chair, Niagara Peninsula Conservation Authority, dated December 4, 2020, respecting Proposed 2021 Operating and Capital Budgets, **BE RECEIVED**; and

That the Niagara Peninsula Conservation Authority 2021 Municipal Levy Apportionment to Niagara Region **BE APPROVED**.

The 2021 Budget for Niagara Region was approved on January 21, 2021.

If you require any additional information, please feel free to contact me.

Yours truly,



Ann-Marie Norio
Regional Clerk

CLK-C 2021-039

Report To: Finance Committee

Subject: 2020 Audited Financial Statements

Report No: FC-06-21

Date: May 5, 2021

Recommendation:

1. **THAT** Report No. FC-06-21 RE: 2020 Audited Financial Statements **BE RECEIVED**.
2. **THAT** the 2020 Audited Financial Statements and the 2020 Audit Findings Report attached hereto as Appendices 1 and 2 respectively **BE RECOMMENDED** to the Board of Directors for approval.

Purpose:

The purpose of this report is to seek the Finance Committee's approval of the 2020 Audited Financial Statements and the 2020 Audit Findings Report.

Financial Implications:

There are no financial implications associated with this report.

Related Reports and Appendices:

Appendix 1: Draft 2020 Audited Financial Statements

Appendix 2: Draft 2020 Audit Findings Report

Authored by:

Original Signed by:

Lise Gagnon, CPA, CGA
Director, Corporate Services Chief Administrative Officer/Secretary-Treasurer

Submitted by:

Original Signed by:

Chandra Sharma, MCIP, RPP

Financial Statements of

**NIAGARA PENINSULA
CONSERVATION AUTHORITY**

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP
80 King Street, Suite 620
St. Catharines ON L2R 7G1
Canada
Tel 905-685-4811
Fax 905-682-2008

INDEPENDENT AUDITORS' REPORT

To the Board of Niagara Peninsula Conservation Authority

Opinion

We have audited the financial statements of Niagara Peninsula Conservation Authority (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations 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, 2020, 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 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 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 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 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 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 represents 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.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada
May 20, 2021

NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Financial Position

As at December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 4,079,157	\$ 3,454,034
Investments	4,467,229	4,381,512
Accounts receivable	732,551	666,214
	<u>9,278,937</u>	<u>8,501,760</u>
Liabilities		
Accounts payable and accrued liabilities	1,655,408	1,389,998
Employee future benefits (note 2)	74,200	66,300
Deferred revenue (note 4)	1,966,299	1,521,047
Long-term debt (note 3)	-	216,325
	<u>3,695,907</u>	<u>3,193,670</u>
Net financial assets	5,583,030	5,308,090
Non-financial assets		
Prepaid expenses	37,163	36,797
Tangible capital assets (note 5)	21,329,536	21,008,145
	<u>21,366,699</u>	<u>21,044,942</u>
Accumulated surplus (note 6)	\$ 26,949,729	\$ 26,353,032

See accompanying notes to financial statements

Chair

Chief Administrative Officer

NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 9)	2020 Actual	2019 Actual
Revenues:			
Government transfers			
Province of Ontario – Ministry of Natural Resources and Forestry ("MNRF")	\$ 90,000	\$ 90,083	\$ 90,083
Province of Ontario - Other	259,185	264,520	223,482
Government of Canada	100,000	54,195	100,000
Municipal levies			
General	6,092,656	6,092,753	6,416,084
Special	2,776,265	1,453,445	635,001
Authority generated			
User fees, sales and admissions	2,016,850	1,421,260	2,148,195
Administration fees	387,108	439,317	401,000
Interest	90,000	108,624	214,063
Other	337,101	601,723	445,261
OPG - Welland river watershed	-	45,916	195,432
	12,149,165	10,571,836	10,868,601
Expenses:			
CAO and Administration	1,875,025	1,709,181	3,068,776
Watershed	2,380,944	2,080,522	1,868,308
Corporate Resources	5,826,481	6,185,436	7,121,476
	10,082,450	9,975,139	12,058,560
Annual surplus (deficit)	2,066,715	596,697	(1,189,959)
Accumulated surplus, beginning of year	26,353,032	26,353,032	27,542,991
Accumulated surplus, end of year	\$ 28,419,747	\$ 26,949,729	\$ 26,353,032

See accompanying notes to financial statements

NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Change in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus (deficit)	\$ 596,697	\$ (1,189,959)
Acquisition of tangible capital assets	(1,407,844)	(1,744,615)
Fair value of tangible capital assets assumed	(650)	-
Amortization of tangible capital assets	897,530	864,071
Proceeds on disposal of tangible capital assets	45,900	47,569
Loss (gain) on disposal of tangible capital assets	143,673	(30,003)
Increase in prepaid expenses	(366)	(3,688)
	274,940	(2,056,625)
Net financial assets, beginning of year	5,308,090	7,364,715
Net financial assets, end of year	\$ 5,583,030	\$ 5,308,090

See accompanying notes to financial statements

NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Changes in Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ 596,697	\$ (1,189,959)
Item not involving cash:		
Amortization of tangible capital assets	897,530	864,071
Fair value of tangible capital assets assumed	(650)	-
Loss (gain) on disposal of tangible capital assets, net	143,673	(30,003)
Employee future benefits	7,900	(6,900)
Accrued interest on investments	2,452	1,961
Change in non-cash operating working capital:		
Accounts receivable	(66,337)	(387,228)
Prepaid expenses	(366)	(3,688)
Accounts payable and accrued liabilities	265,410	630,923
Deferred revenue	445,252	(255,932)
Net change in cash and cash equivalents from operations	2,291,561	(376,755)
Capital activities:		
Purchases of tangible capital assets	(1,407,844)	(1,744,615)
Proceeds from disposal of tangible capital assets	45,900	47,569
Net change in cash and cash equivalents from capital activities	(1,361,944)	(1,697,046)
Investing activities:		
Proceeds from sale of investments	4,377,200	4,250,000
Purchases of investments	(4,465,369)	(4,377,200)
Net change in cash and cash equivalents from investing activities	(88,169)	(127,200)
Financing activities:		
Repayment of long-term debt	(216,325)	(483,705)
Net change in cash and cash equivalents	625,123	(2,684,706)
Cash and cash equivalents, beginning of year	3,454,034	6,138,740
Cash and cash equivalents, end of year	\$ 4,079,157	\$ 3,454,034

See accompanying notes to financial statement.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2020

The Niagara Peninsula Conservation Authority (“the Authority”) is established under The Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources within the watershed boundary established for the Authority.

1. Significant accounting policies:

The financial statements of Niagara Peninsula Conservation Authority (the “Authority”) are prepared by management in accordance with Public Sector Accounting Standards (“PSAS”). Significant accounting policies adopted by the Authority are as follows:

(a) Basis of accounting:

Revenues and expenses are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned 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.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and guaranteed investment certificates that mature within three months.

(c) Investments:

Investments consist of term deposits and are recorded at amortized cost. Investments held by the Authority have a market value that approximates cost given their fixed interest rate nature and maturity date within one year. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Investment income earned on investments are reported as revenue in the period earned.

(d) Deferred revenue:

Deferred revenues represent government transfers and user fees which have been collected but for which related expenses or related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(e) Non-financial assets:

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

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset. The Authority does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

Cost, less residual value of tangible capital assets are amortized on a straight line basis over their estimated useful life. Land is considered to have an infinite life without amortization. Full year amortization is charged in the year of acquisition. Work-in-progress assets are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

Asset	Useful Life - Years
Land Improvements	20 years
Buildings	30 years
Dams	15 to 100 years
Gauge stations	15 to 30 years
Equipment	10 years
Vehicles	5 years
Office equipment	5 years

Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition and recognized as revenue in the year of contribution.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(f) Revenue recognition:

i) Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

ii) Municipal levies

Municipal levies are recognized as revenue in the year in which they meet the definition of an asset, the levy is authorized and the levy event has occurred.

iii) Authority generated

User fees, sales and admissions and other income is reported as revenue in the period earned.

(g) Employee future benefits:

The Authority provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits for early retirees to age 65. The employee future benefits represent management's best estimates of the cost of premiums on benefits up to the date of retirement.

(h) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 period. Actual results could differ from management's best estimates as additional information becomes available in future. Significant estimates include assumptions used in the estimation of employee future benefits.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Employee future benefits:

The Authority provides extended life, health and dental benefits to a closed group of early retirees to age 65 which will require funding in future periods. The Authority recognizes these retirement benefit costs in the period in which the service is rendered. The accrued benefit liability at December 31, 2020 was estimated by management to be \$74,200 (2019 - \$66,300). Information about the Authority's benefit plan is as follows:

	2020	2019
Accrued benefit obligation:		
Balance, beginning of year	\$ 66,300	\$ 73,200
Current benefit cost	20,913	14,195
Benefits paid	(13,013)	(21,095)
Accrued benefit obligation, end of year	\$ 74,200	\$ 66,300

3. Long-term debt:

	2020	2019
The Authority has assumed responsibility for the payment of principal and interest charges on long-term debt issued by the Region of Niagara	\$ -	\$ 216,325
	\$ -	\$ 216,325

Long-term debt bears interest at rates ranging from 4.5% - 4.8%. Long-term debt was fully repaid during the year.

The Authority paid \$5,030 (2019 - \$27,980) in interest on long-term debt during the year.

4. Deferred revenue:

Deferred revenues consist of the following:

	Balance at December 31, 2019	Externally restricted inflows	Revenue earned	Balance at December 31, 2020
User fees and other	\$ 199,980	\$ 66,392	\$ (42,837)	\$ 223,535
Government grants	254,157	6,126	(37,018)	223,265
Canada Emergency Wage Subsidy	-	494,365	-	494,365
Welland river watershed- Ontario Power Generation ("OPG")	1,066,910	-	(45,916)	1,020,994
Other	-	4,140	-	4,140
Total	\$ 1,521,047	\$ 571,023	\$ (125,771)	\$ 1,966,299

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Transfers/ Disposals	Balance at December 31, 2020
Land	\$ 9,192,450	\$ 650	\$ (9,062)	\$ 9,184,038
Land improvements	6,340,128	244,353	(1,263,685)	5,320,796
Buildings	6,061,641	200,631	(275,513)	5,986,759
Dams	4,986,642	177,688	-	5,164,330
Gauge stations	403,351	-	-	403,351
Equipment	2,300,540	766,386	(582,318)	2,484,608
Vehicles	284,696	-	(101,878)	182,818
Office equipment	970,672	-	(262,308)	708,364
Work-in-progress	512,258	1,407,844	(1,389,058)	531,044
Total	\$ 31,052,378	\$ 2,797,552	\$ (3,883,822)	\$ 29,966,108

Accumulated Amortization	Balance at December 31, 2019	Additions	Transfers/ Disposals	Balance at December 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	3,242,907	255,693	(1,136,055)	2,362,545
Buildings	2,498,325	198,600	(275,681)	2,421,244
Dams	1,772,126	73,891	-	1,846,017
Gauge stations	224,955	20,128	89	245,172
Equipment	1,291,092	243,454	(529,358)	1,005,188
Vehicles	243,066	20,816	(101,878)	162,004
Office equipment	771,762	84,948	(262,308)	594,402
Total	\$ 10,044,233	\$ 897,530	\$ (2,305,191)	\$ 8,636,572

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Tangible capital assets (continued):

	Net Book Value December 31, 2019	Net Book Value December 31, 2020
Land	\$ 9,192,450	\$ 9,184,038
Land improvements	3,097,221	2,958,251
Buildings	3,563,316	3,565,515
Dams	3,214,516	3,318,313
Gauge stations	1,009,448	158,179
Equipment	178,396	1,479,420
Vehicles	41,630	20,814
Office equipment	198,910	113,962
Work-in-progress	512,258	531,044
Total	\$ 21,008,145	\$ 21,329,536

Work-in-process, having a value of \$531,044 (2019 - \$512,258) has not been amortized. Amortization of these assets will commence when the asset is put into service.

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The fair value of contributed assets received during the year is \$650 (2019 - \$ nil) comprised of land) and has been recognized as revenue in the Statement of Operations. Tangible capital assets recognized at nominal value include land used in the operations and conservation management. There were no amounts recognized at nominal value during the year or 2019.

During the year, the Authority recognized write-downs of tangible capital assets no longer in service. The loss on write-downs have been recognized in the Statement of Operations in Corporate Resources in the amount of \$166,007 (2019 - \$nil). During the year, the Authority also disposed of assets in the normal course of operations, recognizing a gain on disposal of \$22,334 (2019 - \$30,003).

6. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Invested in tangible capital assets	\$ 21,329,536	\$ 20,791,820
Reserves set aside by the Board of the Authority for specific purpose	5,694,393	5,627,512
Unfunded employee future benefits liability	(74,200)	(66,300)
	\$ 26,949,729	\$ 26,353,032

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2020

6. Accumulated surplus (continued):

Reserves set aside by the Board of the Authority for specific purpose consists of the following:

	2020	2019
General capital	\$ 557,530	\$ 548,734
Operating reserve	1,426,539	1,507,903
Equipment	-	-
Flood protection	307,705	281,773
Levy differential	32,126	31,619
Land acquisitions	2,972,934	2,926,032
Restoration	318,809	251,038
Tree by-law	78,750	80,413
	<u>\$ 5,694,393</u>	<u>\$ 5,627,512</u>

7. Credit facility:

The Authority's credit facility includes an overdraft lending account of \$765,000 bearing interest at prime. As at December 31, 2020, \$nil (2019 - \$nil) was drawn on this facility. As at December 31, 2020, \$23,333 (2019 - \$35,000) was issued by way of a letter of credit to a municipality for which the Authority receives levies in exchange for construction work on-going within the municipal boundaries.

8. Pension plan:

The Authority makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the 55 (2019 - 56) members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Authority does not recognize any share of the pension plan deficit of \$3.2 billion (2019 - \$3.4 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2020 calendar year at rates ranging from 9.3% to 14.6% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2020 current and past service was \$442,787 (2019 - \$394,201) and were matched by employee contributions.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Budget data:

The budget data presented in these financial statements is based upon the 2020 operating budget approved by the Board of the Authority on September 11, 2019 and capital budget approved October 16, 2019. Amortization was not incorporated in the development of the budget and, as such, were not provided on the statement of changes in net financial assets. The chart below reconciles the approved budget to the budget figures reported in these financial statements:

	Budget Amount
Revenues	
Operating	
Approved budget	\$ 9,401,245
Capital	3,852,780
Less:	
Transfers from reserves	(1,104,860)
Total revenues	12,149,165
Expenses:	
Operating	
Approved budget	9,401,245
Capital	
Approved budget	3,852,780
Add:	
Amortization	897,530
Less:	
Tangible capital assets included in operating expense	(3,852,780)
Debt principal payments	(216,325)
Total expenses	10,082,450
Annual surplus	\$ 2,066,715

10. Contingencies:

The Authority is involved from time to time in litigation, which arises in the normal course of business. The exact outcome of these actions is not determinable as at the date of reporting. In respect of certain outstanding claims, the Authority believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

11. Related party transactions:

During the year, the Authority incurred \$36,273 (2019 - \$67,184) in expenditures for per diems, honorariums, and mileage which was paid to and on behalf of members of the Board of Directors for the Authority.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2020

12. Contractual rights:

The Authority has contractual rights under contract with various Ministry agencies to receive funds in exchange for services to be provided under those contracts. The Authority is expecting up to \$81,194 in future revenues based on anticipated services to be performed.

13. Segmented information:

The Authority provides a wide range of services which are categorized by department. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

CAO and Administration

CAO and administration services is comprised of the administration services of the Authority.

Watershed

The watershed department is the umbrella for three divisions dedicated to monitoring, regulating, protecting and improving the health and safety of our watersheds.

Corporate Resources

The corporate resources department is the umbrella for three divisions dedicated to conservation land management, conservation land programming and development and managing the Authority's vehicles and equipment. Conservation land management is the administration department for the conservation areas. Conservation land programming and development is responsible for maintenance and improvements to the conservation areas. The vehicles and equipment department accounts for the cost of maintaining the vehicles and equipment.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Municipal levies have been allocated to the segments based upon budgeted levies for the segment. Interest earned on investments has been allocated to the corporate resources segment.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2020

13. Segmented information (continued)

2020				
	CAO and Administration	Watershed	Corporate Resources	Total
Revenues:				
MNRF transfers	\$ 15,200	\$ 74,883	\$ -	\$ 90,083
Government transfers	8,513	119,260	190,942	318,715
Municipal levies	1,698,820	1,618,657	4,228,721	7,546,198
User fees, sales and administration	-	-	1,421,260	1,421,260
Administration fees	-	439,317	-	439,317
Interest	-	-	108,624	108,624
Other	19,579	290,133	269,027	578,739
Land acquisition (note 5)	-	650	-	650
Gain on disposal	-	-	22,334	22,334
OPG – Welland River Watershed	-	45,916	-	45,916
Total revenues	1,742,112	2,588,816	6,240,908	10,571,836
Expenses:				
Salaries and benefits	1,171,905	1,672,549	3,035,204	5,879,658
Materials and supplies	120,934	58,831	1,273,650	1,453,415
Contracted services	-	28,107	274,057	302,164
Professional fees	144,835	170,058	249,093	563,987
Rent and financial expenses	-	-	538,365	538,365
Debt service	-	-	5,030	5,030
Marketing and promotion	110,498	-	58,486	168,983
Loss on disposal	-	-	166,007	166,007
Amortization	161,009	150,977	585,544	897,530
Total expenses	1,709,181	2,080,522	6,185,436	9,975,139
Annual surplus	\$ 32,931	\$ 508,294	\$ 55,472	\$ 596,697
2019				
	CAO and Administration	Watershed	Corporate Resources	Total
Revenues:				
MNRF transfers	\$ 15,200	\$ 74,883	\$ -	\$ 90,083
Government transfers	21,975	152,529	148,978	323,482
Municipal levies	1,754,956	1,207,344	4,088,785	7,051,085
User fees, sales and administration	-	-	2,148,195	2,148,195
Administration fees	-	401,000	-	401,000
Interest	-	-	214,063	214,063
Other	14,796	299,223	101,239	415,258
Gain on disposal	-	-	30,003	30,003
OPG - Welland river watershed	-	195,432	-	195,432
Total revenues	1,806,927	2,330,411	6,731,263	10,868,601
Expenses:				
Salaries and benefits	2,033,528	1,525,625	2,983,445	6,542,598
Materials and supplies	382,887	152,303	1,429,125	1,964,315
Contracted services	89,542	44,151	392,862	526,555
Professional fees	363,597	66,518	108,507	538,622
Rent and financial expenses	13,458	-	296,723	310,181
Debt service	-	-	27,980	27,980
Government transfer – levy differential	-	-	1,284,238	1,284,238
Amortization	185,764	79,711	598,596	864,071
Total expenses	3,068,776	1,868,308	7,121,476	12,058,560
Annual surplus	\$ (1,261,849)	\$ 462,103	\$ (390,213)	\$ (1,189,959)

Niagara Peninsula Conservation Authority

Audit Findings Report
for the year ended
December 31, 2020

May 5, 2021

kpmg.ca/audit

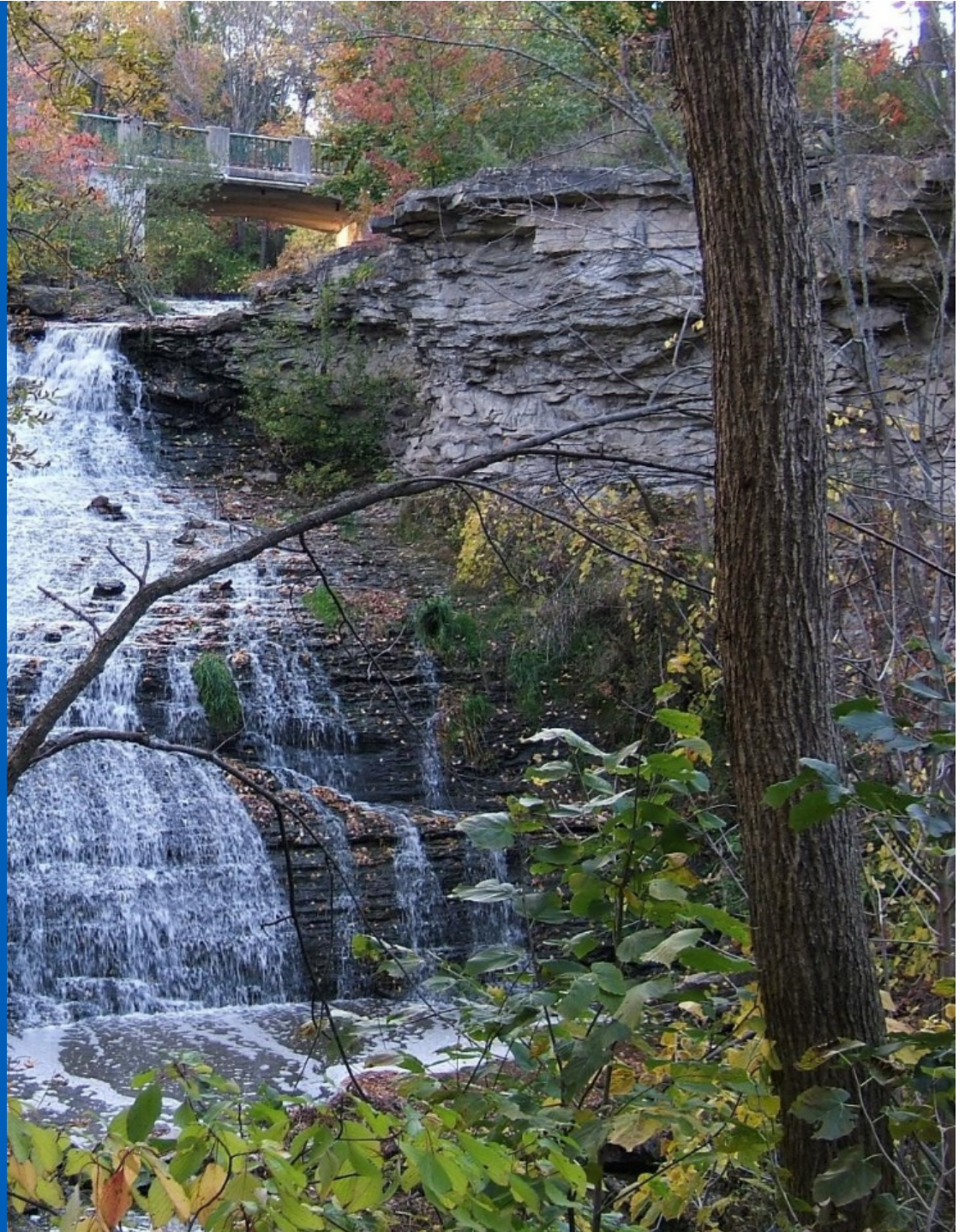


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Executive summary



Purpose of this report*

The purpose of this Audit Findings Report is to assist you, as a member of the audit and budget committee, in your review of the results of our audit of the financial statements of Niagara Peninsula Conservation Authority (the “Authority”) as at and for the year ended December 31, 2020.



Financial impact of COVID-19

We discussed the financial impact of the on-going COVID-19 pandemic on the operations of the Authority with management, and the Corporation’s response to the pandemic. We considered the relevant financial reporting impacts as well as performed thorough risk assessment activities to understand the impacts of COVID-19 in our audit. Refer to pages 10 – 11 for more information.



Finalizing the Audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Obtaining receipt of signed management representation letter
- Completing our discussions with the audit and budget committee
- Obtaining evidence of the Board’s approval of the financial statements

We will update the audit and budget committee, and not solely the Chair (as required by professional standards), on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors’ report will be dated upon the completion of any remaining procedures.

*This Audit Findings Report should not be used for any other purpose or by anyone other than the Audit and Budget Committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.





Executive summary



Audit risks and results

We have summarized our findings with respect to required auditing risks and key areas of audit focus.

See pages 3-6



Significant accounting policies and practices

No new significant accounting policies were adopted in the current fiscal year and there have been no changes to the significant accounting policies adopted from prior years. Refer to page 12 for additional insights into upcoming PSAB changes.



Independence

We are independent and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow Audit Committee approved protocols.



Misstatements

We did not identify any adjustments that remain uncorrected in the financial statements of the Authority that are other than clearly trivial. Adjustments posted to the Authority's financial statements are summarized on page 8.



Audit risks and results

We highlight our significant findings in respect of financial reporting risks required to be addressed in each and every audit under Canadian Auditing Standards.

Significant financial reporting risks

Fraud risk from revenue recognition

Why is it significant?

This is a presumed fraud risk.

We have rebutted this risk with respect to revenue recognition.

Our response and significant findings

We exercise professional judgment to rebut the presumed risk of fraud in revenue recognition after we consider and evaluate the facts and circumstances of the audit. We have rebutted this fraud risk as it is not applicable to NPCA where performance is not measured based on earnings and a significant portion of revenues can be agreed directly to municipal funding support. There are limited perceived opportunities to commit fraud and NPCA revenue sources require very minimal judgment.

Significant financial reporting risks

Fraud risk from management override of controls

Why is it significant?

This is a presumed fraud risk.

Our response and significant findings

Our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions.

Data & Analytics tools were used to perform work in this area including testing of journal entries. We have not identified any instances of management override of controls as a result of our procedures performed.





Audit risks and results

Significant findings from the audit regarding other areas of focus are as follows:

Other area of focus	Why are we focusing here?
Grant Revenue and Deferred Contributions	Risk of material misstatement related to the completeness, existence and accuracy of grant revenue including related deferred liabilities.

Our response and significant findings

- Substantive approach to revenue using third party grant funding agreements and related expenditures to ensure completeness and accuracy of revenue recorded.
- Substantive approach over deferred revenue to ensure appropriate timing and revenue recognition.
- Substantive approach over municipal levies in accordance with the approved budgets including review of approval of levy differential repayment.
- No significant findings to report as a result of these procedures.

Other area of focus	Why are we focusing here?
Authority Generated Revenue	Risk of material misstatement related to the accuracy of authority generated revenue.

Our response and significant findings

- Substantive procedures to select samples for the testing of authority generated revenues.
- Revenues across various revenue streams were agreed to supporting documentation and bank deposits.
- No significant findings to report as a result of these procedures.



Audit risks and results

Other area of focus

Accounts Payable and Accrued Liabilities

Why are we focusing here?

Risk of material misstatement related to the completeness and accuracy of accounts payable and accrued liabilities.

Our response and significant findings

Substantive approach to testing accounts payables and accruals including a review of subsequent payment activity, minutes and relevant contracts to assess for completeness of recorded accruals

Substantive procedures over legal and potential severance accruals and receipt of legal confirmations for completeness of related accruals.

No significant findings to report as a result of these procedures.

Other area of focus

Operating Expenses

Why are we focusing here?

Risk of material misstatement with respect to the existence, accuracy and cut-off of operating expenditures.

Our response and significant findings

Substantive approach including analytical procedures and selecting expenditures for sampling as necessary.

No significant findings to report as a result of these procedures.



Audit risks and results

Other area of focus

Payroll expenditures (including Payroll Accruals)

Why are we focusing here?

Risk of material misstatement related to the completeness and accuracy of payroll expenditures.

Our response and significant findings

Substantive approach to testing payroll expenditures including testing of employee headcount.

Review of settlements and ensured appropriate accounting treatment and disclosure

No significant findings to report as a result of these procedures.

Other area of focus

Tangible Capital Assets (TCA)

Why are we focusing here?

Risk of material misstatement related to the completeness, accuracy and classification of tangible capital assets.

Our response and significant findings

Statistical sampling technique used to select samples for testing additions to TCA in the current year and assess capitalization in accordance with Public Sector Accounting Standards.

Vouching contributed tangible capital assets to ensure appropriate valuation.

We also had discussions with management surrounding impairment and contaminated sites and concurred with management's assessment that there are no impaired tangible capital assets and no contaminated sites in accordance with Public Sector Accounting Standards.

No significant findings to report as a result of these procedures.

Materiality

Materiality determination	Comments	Amount
Materiality	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was \$260,000.	\$270,000
Benchmark	Based on 2020 revenues. This benchmark is consistent with the prior year.	\$10,868,601
% of Benchmark	The corresponding percentage for the prior year's audit was 2.5%	2.5%
Performance Materiality	Used 75% of materiality. The corresponding amount for the prior year's audit was \$195,000	\$202,500
[Audit Misstatement Posting Threshold (AMPT)]	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the prior year's audit was \$13,000.	\$13,500

Materiality has been used to scope the audit, identify risks of material misstatements and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

To respond to aggregation risk, we designed our procedures to detect misstatements at a lower level of materiality.

We will report to the Board:



Corrected audit misstatements



Uncorrected audit misstatements



Adjustments and differences



Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

Professional standards require that we request of management and the audit committee that all identified adjustments or differences be corrected. We have already made this request of management.

Corrected adjustments

The management representation letter includes all adjustments identified as a result of the audit, communicated to management and subsequently corrected in the financial statements.

Refer to the following page for a summary of the adjustments made during the audit.

Uncorrected differences

There are no adjustments that have been communicated to management that remain uncorrected in the Authority's December 31, 2020 year-end financial statements.

Adjustments and differences - Corrected



As at and year ended December 31, 2020	Income effect	Financial position		
Description of differences	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated Surplus (Decrease) Increase
To correct the draw down of salary continuance for 2020	26,832	–	(26,832)	–
To reverse entries to equity	6,887	6,887	(1,405,635)	1,405,635
Total corrected differences	33,719	6,887	(1,432,467)	1,405,635

We held discussions with management around the nature of the corrected entry, specifically to adjust through deferred revenue (liabilities above) and accumulated surplus. We understand the nature in which you operate and desire to have reserve funds for specific purposes which can be used to offset future operational and capital requirements.

The nature of reserves are not the same as deferred revenue, as for both financial statements and reporting purposes have different treatment and considerations.

We provided recommendations to management on best practices around treatment of reserves and ensuring that directions for the Board are accounted for to reflect the appropriate reserve balance based on cumulative contributions and withdrawals.

Impact of COVID-19

We adapted our audit to respond to the continued changes in your business, including the impacts on financial reporting.

Area of Impact	Key Observations
Corporation's financial reporting impacts	<ul style="list-style-type: none"> — We considered impacts to financial reporting due to COVID 19 pandemic and the increased disclosures needed in the financial statements as a result of the significant judgements. Specific instances include considerations for impairment of trade receivables and tangible capital assets. — In areas of the financial statements where estimates involved significant judgements, we evaluated whether the method, assumptions and data used by Management to derive the accounting estimates, and their related financial statement disclosures were still appropriate per the relevant financial reporting framework given the changed economic conditions and increased estimation uncertainty.
Materiality	<ul style="list-style-type: none"> — We considered impacts to financial reporting on both the determination and the re-assessment of materiality for the audit of the financial statements.
Risk Assessment	<ul style="list-style-type: none"> — We performed a thorough risk assessment specifically targeted at the impacts of the COVID 19 pandemic, including an assessment of fraud risk factors (i.e., conditions or events that may be indicative of an incentive/pressure to commit fraud, opportunities to commit fraud, rationalizations of committing fraud). We did not identify any additional risks of material misstatement as a result of impacts to financial reporting, which required an audit response compared to the prior year.
Working remotely	<ul style="list-style-type: none"> — We used virtual work rooms, video conferencing, and internally shared team sites to collaborate in real-time, both amongst the audit team as well as with Management. — We used secure and innovative technologies to conduct our audit procedures including the use of our KPMG Client Collaboration site. — We increased our professional skepticism when evaluating electronic evidence received and performed additional procedures to validate the authenticity and reliability of electronic information used as audit evidence.
Direction and Supervision of the audit – overall	<ul style="list-style-type: none"> — The manager, and partner were actively involved in determining the impact that the COVID-19 pandemic had on the audit (as discussed above), including the impact on the Authority's financial reporting. — Managers and partners implemented new supervision processes to deal with working in a remote environment, and our audit approach allowed us to manage the audit using meaningful milestones and frequent touch points.

We adapted our audit to respond to the continued changes in your business, including the impacts on financial reporting.

Area of Impact

Key Observations

Substantive Testing – Response - CEWS

- During the year, the Authority applied for the Federal Government's Canada Emergency Wage Subsidy ("CEWS") program.
- Part of this application required a determination of an eligible entity under the guidance issued by the Government.
- In the fall of 2020 and into 2021, the Authority's CEWS claims were under review, specifically for the claim period September 27, 2020 to October 24, 2020. As a result of this review by the CRA, the claim was denied as the Authority was deemed to not be an eligible employer under the guidance issued by the CRA.
- Specifically, the Authority was deemed not to be a qualifying entity as the CRA determined the Authority to be a public institution as defined in the Income Tax Act.
- As a result, the CEWS funding received during the year has been recognized as a deferred revenue in the Authority's financial statements while the Authority challenges the ruling issued by the CRA. The CRA has suggested that the Authority cancel all previous claims. As of the date of this report, the Authority continues to explore all options and pursue a response to the CRA to challenge the CRA's assessment.
- As of the date of this report, there is still uncertainty surrounding treatment and whether or not the Authority will be successful in defending their position, along with other Conservation Authorities in Ontario, as to whether or not the Authority is an eligible entity under the CEWS program.
- We anticipate this issue being resolved in 2021.

Current developments and audit trends

Title	Details	Link
Public Sector Update – connection series	Public Sector Accounting Standards are evolving – Get a comprehensive update on the latest developments from our PSAB professionals. Learn about current changes to the standards, active projects and exposure drafts, and other items.	Contact your KPMG team representative to sign up for these webinars. Public Sector Minute Link

The following are upcoming changes that will be effective in future periods as they pertain to Public Sector Accounting Standards.

Standard	Summary and implications
Impact of COVID-19	<ul style="list-style-type: none"> – In response to the impact of COVID-19 on public sector entities, PSAB has approved deferral of all upcoming accounting standards by one year and will issue non-authoritative guidance on the effects of COVID-19.
Asset Retirement Obligations (applicable for the year ending December 31, 2022 with a retrospective application effective December 31, 2020)	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022 (the Authority's 2023 year- end). – The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. – The ARO standard would require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability would be added to the historical cost of the asset and amortized over its useful life. – As a result of the new standard, the public sector entity would have to: <ul style="list-style-type: none"> ○ consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; ○ carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; ○ begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.

Standard	Summary and implications
Revenue	<ul style="list-style-type: none"> – The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19. – The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. – The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. – The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Financial Instruments and Foreign Currency Translation	<ul style="list-style-type: none"> – The accounting standards, PS3450 <i>Financial Instruments</i>, PS2601 <i>Foreign Currency Translation</i>, PS1201 <i>Financial Statement Presentation</i> and PS3041 <i>Portfolio Investments</i> are effective for fiscal years commencing on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. – Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable. – Hedge accounting is not permitted. – A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations. – In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 <i>Financial Instruments</i> which will be included in the Handbook in the fall of 2020. Based on stakeholder feedback, PSAB is considering other narrow-scope amendments related to the presentation and foreign currency requirements in PS3450 <i>Financial Instruments</i>. The exposure drafts were released in summer 2020 with a 90-day comment period.
Employee Future Benefit Obligations	<ul style="list-style-type: none"> – PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. In July 2020, PSAB approved a revised project plan. – PSAB intends to use principles from International Public Sector Accounting Standard 39 <i>Employee Benefits</i> as a starting point to develop the Canadian standard. – Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.



Appendices



Appendix 1: Required communications



Appendix 2: KPMG's System of Quality Control



Appendix 3: Audit and Assurance Insights

Appendix 1: Required communications



In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:



Auditors' report

The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.



Management representation letter

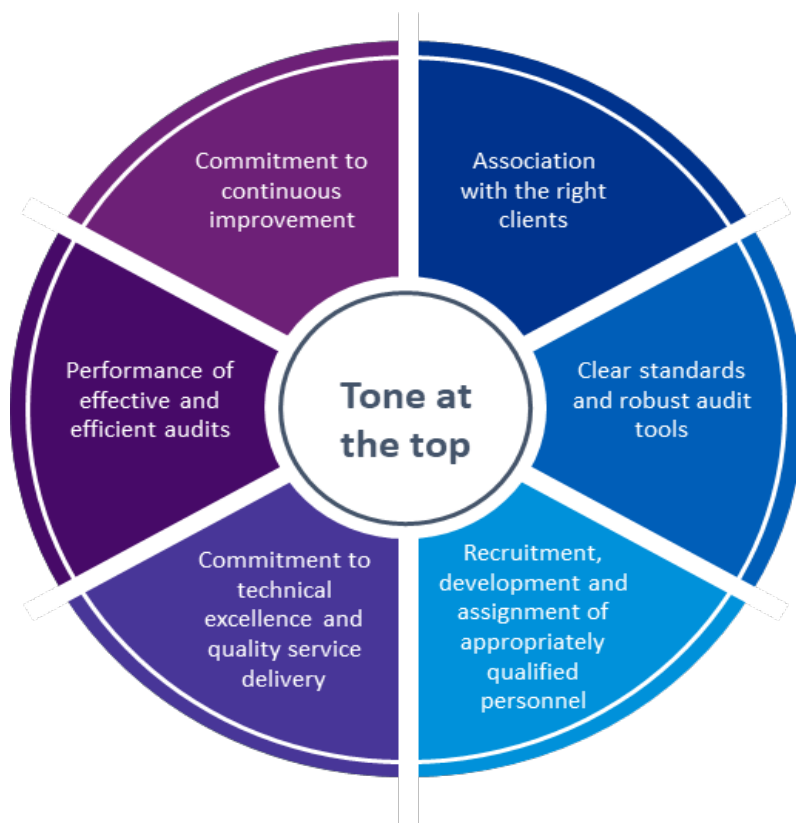
In accordance with professional standards, copies of the management representation letter can be provided by management.



CPAB Audit Quality Insights Report (October 2019) (formerly the "Big Four Firm Public Report")
CPAB Annual Inspections Results (March 2019)

Appendix 2: KPMG's System of Quality Control

Quality control is fundamental to our business and is the responsibility of every partner and employee. To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver a quality audit, KPMG has developed the Audit Quality Framework shown below. These are the cornerstones of how we execute our responsibilities.



What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

We believe that it is not just about reaching the right opinion, but how we reach that opinion.

We define 'audit quality' as being the outcome when audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls.

All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.

Visit our [Transparency report](#) for more information including access to our [Transparency report](#).

Appendix 3: Audit and Assurance Insights

Our latest thinking on the issues that matter most to audit committees, Boards and Management.

Featured insight	Summary	Reference
Audit & Assurance Insights	Curated thought leadership, research and insights from subject matter experts across KPMG in Canada	Learn more
The business implications of coronavirus (COVID 19)	Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.	Learn more
	Financial reporting and audit considerations: The impact of COVID-19 on financial reporting and audit processes.	Learn more
	KPMG Global IFRS Institute - COVID-19 financial reporting resource center	Learn more
Accelerate 2020	Perspective on the key issues driving the audit committee agenda	Learn more
Momentum	A quarterly Canadian newsletter which provides a snapshot of KPMG's latest thought leadership, audit and assurance insights and information on upcoming and past audit events – keeping management and board members abreast on current issues and emerging challenges within audit.	Sign-up now
Current Developments	Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US	Learn more
Board Leadership Centre	Leading insights to help board members maximize boardroom opportunities.	Learn more





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