

Financial Statements of

**TORONTO AND REGION
CONSERVATION AUTHORITY**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Toronto and Region Conservation Authority

Opinion

We have audited the financial statements of Toronto and Region Conservation Authority (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations, its changes in 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 **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

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

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



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

Management is responsible for the preparation and fair presentation of 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 26, 2023

TORONTO AND REGION CONSERVATION AUTHORITY

Statement of Financial Position
(In thousands of dollars)

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Financial assets:		
Cash and cash equivalents (note 2)	\$ 39,551	\$ 45,413
Investments (note 3)	15,670	16,000
Receivables (notes 4 and 14)	82,192	54,812
Derivative financial instrument (note 6)	2,170	—
	<u>139,583</u>	<u>116,225</u>
Liabilities		
Financial liabilities:		
Payables and accrued liabilities	28,136	27,694
Deferred revenue (notes 2 and 5)	57,624	44,565
Non-revolving credit facility (note 6)	13,547	13,150
Vacation pay entitlements	2,619	2,635
Derivative financial instrument (note 6)	—	6,403
	<u>101,926</u>	<u>94,447</u>
Net financial assets	37,657	21,778
Non-financial assets:		
Other assets	2,011	1,946
Tangible capital assets (note 7)	490,201	461,399
	<u>492,212</u>	<u>463,345</u>
Contingent liabilities and commitments (note 15)		
Contractual rights (note 17)		
Subsequent event (note 18)		
Accumulated surplus (note 8)	<u>\$ 529,869</u>	<u>\$ 485,123</u>

See accompanying notes to financial statements.

On behalf of Toronto and Region Conservation Authority:

_____ Chair

_____ Secretary Treasurer

TORONTO AND REGION CONSERVATION AUTHORITY

Statement of Operations and Accumulated Surplus
(In thousands of dollars)

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

	2022 Budget (note 16)	2022 Actual	2021 Actual
Revenue (note 19):			
Government funding (note 9)	\$ 190,559	\$ 129,853	\$ 127,251
Authority generated (notes 7, 10 and 14)	34,886	36,158	32,326
Investment income	500	782	582
	225,945	166,793	160,159
Expenses (notes 11 and 19):			
Watershed Studies and Strategies	2,414	1,661	1,802
Water Risk Management	98,514	41,998	55,136
Regional Biodiversity	24,759	19,616	18,706
Greenspace Securement and Management	7,574	5,583	3,836
Tourism and Recreation	35,007	20,802	17,612
Planning and Development	14,299	12,757	12,186
Education and Outreach	11,944	9,524	6,592
Sustainable Communities	8,848	6,529	6,391
Corporate Services	54,785	12,924	10,583
	258,144	131,394	132,844
Net surplus (deficit) before the undernoted	(32,199)	35,399	27,315
Unrealized gain on derivative financial instrument (note 6)	—	8,573	1,301
Net gain (loss) on disposal of tangible capital assets (note 7)	—	774	(48)
Net surplus (deficit)	(32,199)	44,746	28,568
Accumulated surplus, beginning of year	485,123	485,123	456,555
Accumulated surplus, end of year	\$ 452,924	\$ 529,869	\$ 485,123

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets (In thousands of dollars)

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

	2022 Budget (note 16)	2022 Actual	2021 Actual
Net surplus (deficit)	\$ (32,199)	\$ 44,746	\$ 28,568
Purchase of tangible capital assets		(39,473)	(25,526)
Contributed tangible capital assets (note 7)	–	(489)	(408)
Net loss (gain) on disposal of tangible capital assets (note 7)	–	(774)	48
Write-off of tangible capital assets	–	3,180	18
Proceeds on disposal of tangible capital assets	–	778	346
Amortization of tangible capital assets	–	7,976	8,135
Change in other assets	–	(65)	617
Increase (decrease) in net financial assets	(32,199)	15,879	11,798
Net financial assets, beginning of year	21,778	21,778	9,980
Net financial assets, end of year	\$ 10,421	\$ 37,657	\$ 21,778

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

Statement of Cash Flows (In thousands of dollars)

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

	2022	2021
Cash provided by (used in):		
Operating activities:		
Net surplus	\$ 44,746	\$ 28,568
Items not involving cash:		
Amortization of tangible capital assets	7,976	8,135
Accrued interest income on investments	(13)	(28)
Unrealized gain on derivative financial instrument	(8,573)	(1,301)
Net loss on disposal of tangible capital assets	(774)	48
Write-off of tangible capital assets	3,180	18
Contributed tangible capital assets	(489)	(408)
Change in non-cash operating working capital:		
Receivables	(27,380)	(7,942)
Other assets	(65)	617
Payables and accrued liabilities	442	3,545
Vacation pay entitlements	(16)	84
Deferred revenue	13,059	(749)
	32,093	30,587
Financing activities:		
Proceeds from non-revolving credit facility	397	13,150
Investing activities:		
Purchase of investments	(6,988)	(8,772)
Proceeds on maturity of investments	7,331	558
	343	(8,214)
Capital activities:		
Purchase of tangible capital assets	(39,473)	(25,526)
Proceeds on disposal of tangible capital assets	778	346
	(38,695)	(25,180)
Increase (decrease) in cash and cash equivalents	(5,862)	10,343
Cash and cash equivalents, beginning of year	45,413	35,070
Cash and cash equivalents, end of year	\$ 39,551	\$ 45,413

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements
(In thousands of dollars)

Year ended December 31, 2022

Toronto and Region Conservation Authority ("TRCA") furthers the conservation, restoration, development and management of natural resources in its nine watersheds plus their collective Lake Ontario waterfront shorelines. TRCA's jurisdiction includes the City of Toronto and areas in the Regional Municipalities of Durham, Peel and York (including lower tier municipalities), the Township of Adjala-Tosorontio and Town of Mono. In accordance with the Conservation Authorities Act, under which TRCA is incorporated, TRCA has delivered programs and services that are provincially mandated, municipally requested, and those that advance its own objectives since 1957.

TRCA is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

1. Significant accounting policies:

The financial statements for TRCA are the responsibility of and prepared by management in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting Handbook, that sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards, excluding Sections PS 4200 and PS 4270, with the following significant accounting policies:

(a) Basis of accounting:

The financial statements are prepared using an accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Accrual accounting recognizes a liability until the obligation(s) or condition(s) underlying the liability is partly or wholly satisfied. Accrual accounting recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

(b) Revenue recognition:

Government funding, which refers to all revenue received from municipal, provincial and federal sources, is recognized as revenue when payments are authorized and all eligibility criteria have been met, except when there is a stipulation that gives rise to a future obligation. In that case, the funding is recorded as deferred revenue and recognized as revenue as the stipulation is met.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

1. Significant accounting policies (continued):

Authority generated revenue, which refers to all revenue received from non-government sources, are recognized as revenue in the period in which the related services are performed. Amounts collected for services that have not yet been rendered are recorded as deferred revenue and recognized as revenue when the related services are performed. Donated tangible capital assets are recorded at fair market value, when fair market value can be reasonably estimated.

(c) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand, cashable guaranteed investment certificates, and all deposits in banks including interest bearing savings accounts.

(d) Investments:

Investments, which consist of non-cashable guaranteed investment certificates, equity securities, fixed income securities, bonds and a portfolio with the One Investment Program, are recorded at cost. Investment income, including interest and dividends, is recognized when earned. Any discount or premium arising on purchase is amortized over the period to maturity. If there is a permanent loss in value, an investment will be written down to recognize the loss. Any write-down would be included in the statement of operations and accumulated surplus.

(e) Other assets:

Other assets include inventory for resale and prepaid expenses. Merchandise, food and beverage inventory for resale is valued at the lower of cost and net realizable value. Nursery inventory is valued at the lower of cost and replacement value. Cost is determined on a first-in, first-out basis.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(f) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts directly attributable to acquisition, design, construction development, improvement or betterment of the assets. Costs include overhead directly attributable to construction and development as well as interest costs that are directly attributable to the acquisition or construction of the asset. The cost, less the estimated residual value of the tangible capital assets, is amortized on a straight-line basis over the estimated useful lives as follows:

Assets	Years
Infrastructure	25 - 50
Buildings and building improvements	10 - 55
Land improvements	20 - 40
Machinery and equipment	5 - 20
Vehicles	6 - 25

Tangible capital assets are written down when conditions indicate they are no longer able to contribute to TRCA's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

Contributed tangible capital assets are recorded at fair market value on the date of contribution, except in circumstances where fair market value cannot be reasonably determined, and a nominal value is recorded.

TRCA's collection of historical treasures, including artifacts and buildings, and works of art are not recognized in the financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(g) Vacation pay entitlements:

Vacation entitlements are accrued for as earned by employees. The liability for the accumulated unused vacation days represents management's best estimate as to TRCA's future liability.

(h) Contaminated sites:

Contaminated sites are the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceed 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) TRCA 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. Changes in this estimate are recorded in TRCA's statement of operations and accumulated surplus.

(i) Employee pension plan:

The cost of the multi-employer defined benefit pension plan is recognized as the required contributions for employees' services rendered in the year.

(j) Reserves:

TRCA may internally allocate its accumulated surplus to capital reserves to finance the cost of tangible capital assets, purchases, maintenance and related expenditures and operating reserves to ensure funds are available for financial relief in the event of a significant loss of revenues or other financial emergency for which no other source of funding is available. These reserve allocations are approved by TRCA's Board of Directors.

(k) Derivative financial instruments:

Derivative financial instruments are initially recorded and subsequently measured at fair value.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(l) 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 date of the financial statements and the reported amounts of the revenue and expenses during the year. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

2. Cash and cash equivalents - CTC Source Protection Region:

Established under the Clean Water Act of Ontario, the CTC Source Protection Region includes the jurisdictions covered by TRCA, Credit Valley and Central Lake Ontario. Prior to March 31, 2021, TRCA performed the management function for this program, receiving funds directly from the province, administering expenses and maintaining a separate bank account for the funding. As of April 1, 2021, Credit Valley Conservation has undertaken these functions. In the current year, the Ministry of Environment, Conservation and Parks provided funding of nil (2021 - \$102) to TRCA for the program.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

3. Investments:

	2022	2021
The One Investment Program:		
Canadian Government Bond Portfolio	\$ 4,014	\$ 3,950
Canadian Corporate Bond Portfolio	2,911	2,853
Canadian Equity Portfolio	599	568
Fixed income:		
Interest rates: 0.75% -5.25% (2021 - 0.75% - 4.30%)		
Years of maturity: 2023 - 2080 (2021 - 2023 - 2081)	4,964	6,186
Equities	1,707	1,743
Mutual funds:		
Years of maturity: n/a - 2028 (2021 - n/a - 2028)	1,475	700
	\$ 15,670	\$ 16,000

The fair market value of the investments at December 31, 2022 is \$14,888 (2021 - \$16,055).

4. Receivables:

	2022	2021
Government funding:		
Municipal (note 6(a))	\$ 57,674	\$ 32,601
Federal	4,016	5,476
Provincial	1,899	3,318
Authority generated:		
Trade	14,563	12,190
Toronto and Region Conservation Foundation (note 14)	4,040	1,227
	\$ 82,192	\$ 54,812

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

5. Deferred revenue:

	2022	2021
Government funding (a)	\$ 43,438	\$ 32,730
Authority generated (b)	14,186	11,835
	\$ 57,624	\$ 44,565

(a) Government funding:

	Balance, beginning of year	Funding received	Funding recognized	2022 Balance, end of year	2021 Balance, end of year
Municipal (note 6(a)):					
Capital levies	\$ 25,356	\$ 48,800	\$ (40,425)	\$ 33,731	\$ 25,356
Contract services	4,068	43,792	(42,302)	5,558	4,068
Grants	808	679	(536)	951	808
Provincial	1,139	3,536	(3,336)	1,339	1,139
Federal	254	6,836	(6,718)	372	254
Revenue sharing policy (i)	1,105	736	(354)	1,487	1,105
	\$ 32,730	\$ 104,379	\$ (93,671)	\$ 43,438	\$ 32,730

- (i) The proceeds on the sale of properties is attributed to the Province of Ontario (the "Province") and the member municipalities on the basis of their original contribution when the properties were acquired. The Ministry of Natural Resources and Forestry reserves the right to direct the purpose to which the Province's share of funds may be applied or to request a refund. The balance must always be maintained in proportion to the original contribution by the Province and TRCA, represented by the member municipalities. TRCA is permitted to withdraw the municipal share of the funds provided that the Province's corresponding share is either matched by other sources of funding or returned to the Province.

On May 8, 2018, the Ministry of Natural Resources and Forestry approved \$3,538 in funds to be treated as disposition proceeds from land sales associated with the Province's grants toward TRCA's administrative building construction project

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

5. Deferred revenue (continued):

(b) Authority generated:

				2022	2021
	Balance, beginning of year	Funding received	Funding recognized	Balance, end of year	Balance, end of year
Cash in lieu and compensation	\$ 8,188	\$ 3,537	\$ (1,659)	\$ 10,066	\$ 8,188
Master environmental servicing	1,646	5,823	(5,525)	1,944	1,646
Contract services	1,424	2,608	(2,539)	1,493	1,424
Other	460	24,697	(24,592)	565	460
Event deposits	115	866	(865)	116	115
Property easements	2	462	(462)	2	2
	\$ 11,835	\$ 37,993	\$ (35,642)	\$ 14,186	\$ 11,835

6. Credit facility agreement and derivative financial instrument:

(a) On February 22, 2019, the Board of Directors authorized TRCA to enter into a \$54,000 unsecured, non-revolving construction and term loan agreement to support the construction of TRCA's new administrative office building at 5 Shoreham Drive. The agreement was entered into on February 26, 2019 with a Canadian commercial bank and bears interest at the applicable Canada Bankers' Acceptances plus 0.74%, fixed rate by way of interest rate swap or prime rates, depending on the form of borrowing. All amounts drawn under the agreement will be available with a commitment period of up to 10 years from the date of initial drawdown. The construction loan will convert to the term loan on the earlier of substantial completion of the project and December 1, 2022. The principal amount of the term loan is to be repaid in full over a maximum of 30 years from the conversion date. Under the terms of the loan agreement, TRCA is required to comply with certain financial and non-financial covenants.

As at December 31, 2022, \$13,547 (2021 - \$13,150) has been drawn under the non-revolving construction loan.

The municipal partners of TRCA, including the City of Toronto and the Regions of Durham, Peel and York have committed up to \$60,000 of funding for the project over the next 28 years, as approved by their individual Councils. Included in municipal government funding receivables is \$34,478 (2021 - \$15,059) receivable from the municipalities for costs incurred to construct the new administrative office building.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

6. Credit facility agreement and derivative financial instrument (continued):

- (b) In connection with the loan agreement, in 2021 TRCA entered into an interest rate swap to forward fix the interest payable at 4.111% on \$50,000 of the available \$54,000 facility. This interest rate swap replaced the 2019 interest rate swap at 3.658% on \$50,000 of the available \$54,000 facility.

At December 31, 2022, TRCA has an interest rate exchange agreement in the amount of \$50,000 (2021 - \$50,000) outstanding and maturing on June 1, 2048 (2021 - June 1, 2048). The fair value of this contract is recorded as a \$2,170 (2021 - \$6,403) derivative financial instrument liability. The change in fair value of this contract is an unrealized gain of \$8,573 (2021 - unrealized gain \$1,301) which has been recorded as a reduction (2021 - reduction) to the liability on the statement of financial position and unrealized gain (2021 - gain) on derivative financial instrument on the statement of operations and accumulated surplus. Subsequent to year end on April 28, 2023, the fair value of this contract is a \$323 derivative financial asset.

On April 28, 2023, the Board approved a revised financing agreement to extend the window period from June 2, 2023 up to June 30, 2024, with an end date of 25 years from start date with an in-swap rate of 4.131%.

- (c) TRCA has the following amounts outstanding under letter of credit facilities with a Canadian commercial bank as required by Fisheries and Oceans Canada and the City of Toronto to undertake certain work:

Project	Amount available	Interest rate	Expiry date	Amount drawn	
				2022	2021
German Mills Settlers Park Sanitary Infrastructure Protection Project	\$ 348	0.85%	December 7, 2023	\$ 348	\$ 348
Ashbridge's Bay Treatment Plant	2,523	1.05%	June 12, 2023	2,450	2,450
New Administrative Office	1,402	0.85%	March 3, 2024	1,402	1,402
Ashbridge's Bay Major Maintenance	1,300	0.85%	October 8, 2023	1,270	1,270
Patterson Creek	77	0.85%	June 12, 2023	77	77
Fishleigh Drive	—	—	—	—	273
	\$ 5,650			\$ 5,547	\$ 5,820

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

6. Credit facility agreement and derivative financial instrument (continued):

(d) As at December 31, 2022, TRCA has a revolving demand facility with an overall limit of \$1,000 (2021 - \$1,000). The facility bears interest at the applicable bank prime rate minus 0.25% per annum or rates quoted by the bank at the time of issuance, depending on the form of the borrowing. TRCA had drawn nil (2021 - nil) under the facility as at December 31, 2022.

7. Tangible capital assets:

2022 - Cost	Opening	Additions	Transfers	Disposals	Closing
Land	\$ 313,708	\$ 498	\$ 14	\$ (4)	\$ 314,216
Infrastructure	195,078	4,050	986	—	200,114
Buildings and building improvements	50,868	442	—	—	51,310
Land improvements	19,258	355	—	—	19,613
Machinery and equipment	8,999	1,051	—	(52)	9,998
Vehicles	6,404	368	—	(144)	6,628
Assets under construction	40,145	33,198	(1,000)	(3,180)	69,163
	\$ 634,460	\$ 39,962	\$ —	\$ (3,380)	\$ 671,042

2022 - Accumulated amortization	Opening	Amortization - net	Disposals	Closing
Infrastructure	\$ 129,502	\$ 4,638	\$ —	\$ 134,140
Buildings and building improvements	25,907	1,512	—	27,419
Land improvements	8,605	656	—	9,261
Machinery and equipment	5,343	707	(52)	5,998
Vehicles	3,704	463	(144)	4,023
	\$ 173,061	\$ 7,976	\$ (196)	\$ 180,841

Net book value	2022	2021
Land	\$ 314,216	\$ 313,708
Infrastructure	65,974	65,576
Buildings and building improvements	23,891	24,961
Land improvements	10,352	10,653
Machinery and equipment	4,000	3,656
Vehicles	2,605	2,700
Assets under construction	69,163	40,145
	\$ 490,201	\$ 461,399

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

7. Tangible capital assets (continued):

TRCA received from corporations and individual private owners \$489 (2021 - \$408) of contributed land and buildings within the Greenspace Securement and Management service area included, as part of authority generated revenue. Included in assets under construction is \$434 (2021 - \$9) of capitalized interest relating to the non-revolving construction loan for the new administrative office building. In 2022, TRCA completed a comprehensive review of its tangible capital asset subledgers and wrote off \$3,180 of assets under construction related to longstanding projects which were no longer proceeding and project costs which were no longer deemed to be assets.

8. Accumulated surplus:

	2022	2021
Tangible capital assets	\$ 490,201	\$ 461,399
Unrestricted reserves	37,693	30,190
Unfunded vacation pay entitlements	(195)	(63)
Unrealized loss on derivative financial instrument	2,170	(6,403)
	<u>\$ 529,869</u>	<u>\$ 485,123</u>

9. Revenue - government funding:

	2022 Budget	2022 Actual	2021 Actual
Municipal:			
Capital levies	\$ 69,230	\$ 59,831	\$ 53,143
Contract services	80,335	42,302	47,108
Operating levies	17,130	17,130	16,292
Other	1,031	536	1,475
Provincial	4,225	3,336	4,705
Federal	18,608	6,718	4,528
	<u>\$ 190,559</u>	<u>\$ 129,853</u>	<u>\$ 127,251</u>

Municipal capital levies include \$19,405 (2021 - \$15,456) of funding recognized and receivable as at December 31, 2022.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

10. Revenue - authority generated:

	2022 Budget	2022 Actual	2021 Actual
Watershed Studies and Strategies	\$ —	\$ 31	\$ 5
Water Risk Management	959	767	629
Regional Biodiversity	3,351	3,536	4,004
Greenspace Securement and Management	4,588	4,797	4,742
Tourism and Recreation	10,582	12,226	9,989
Planning and Development Review	9,443	9,947	9,503
Education and Outreach	4,418	3,296	1,904
Sustainable Communities	915	676	618
Corporate Services	630	882	932
	\$ 34,886	\$ 36,158	\$ 32,326

11. Expenses by object:

	2022 Budget	2022 Actual	2021 Actual
Compensation (note 13)	\$ 84,314	\$ 67,139	\$ 63,412
Contract services	141,947	41,841	43,996
Materials and supplies	29,891	12,681	15,773
Utilities and property taxes	1,992	1,757	1,528
Amortization of tangible capital assets	—	7,976	8,135
	\$ 258,144	\$ 131,394	\$ 132,844

12. Public sector salary disclosure:

TRCA is subject to The Public Sector Salary Disclosure Act, 1996, due to funding received from the Province during the current year being in excess of \$1,000. Salaries and taxable benefits for the 89 employees (2021 - 83 employees) that have been paid by TRCA and reported to the Province in compliance with this legislation can be obtained from the Ministry of Finance or upon request from TRCA.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

13. Employee pension plan:

TRCA makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan, on behalf of its qualifying full-time and part-time employees. 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, pension formula and best 60 months of earnings. Employees and employers contribute equally to the plan.

As OMERS is a multi-employer defined benefit pension plan, any pension plan surpluses or deficits are a joint responsibility of all eligible organizations and their employees. As a result, TRCA does not recognize any share of the OMERS pension funding deficit of \$6,678,000 (2021 - \$3,131,000), as TRCA's portion of the amount is not determinable. TRCA's current service contributions to the OMERS pension plan in the amount of \$4,558 (2021 - \$4,526) are included as compensation expense in the current year.

14. Toronto and Region Conservation Foundation:

Toronto and Region Conservation Foundation (the "Foundation"), is an independent, non-controlled registered charitable organization which has its own Board of Directors. As such, TRCA's financial statements do not include the activities of the Foundation.

In the current year, the Foundation contributed \$3,960 (2021 - \$1,145) to TRCA programs, which is included as part of authority generated revenue. As at December 31, 2022, the Foundation has an externally restricted fund balance of \$4,874 (2021 - \$6,179), which is to be used primarily for undertaking TRCA projects, and an operating fund surplus of \$575 (2021 - \$438). The receivable balance from the Foundation is non-interest bearing, unsecured and has no specified repayment terms.

15. Contingent liabilities and commitments:

(a) Legal actions and claims:

TRCA has received statements of claim as defendant under various legal actions resulting from its involvement in land purchases, fatalities, personal injuries and flooding on or adjacent to its properties. TRCA maintains insurance coverage against such risks and has notified its insurers of the legal actions and claims. It is not possible at this time to determine the outcome of these claims and, therefore, no provision has been made in these financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

15. Contingent liabilities and commitments (continued):

(b) Land expropriations:

TRCA has completed the acquisition of lands required to undertake various projects which includes acquiring lands under the Expropriations Act. A number of properties required for the Revised Project for the Etobicoke Motel Strip were obtained through expropriation from five owners. Funding was from the City of Etobicoke and the Municipality of Metropolitan Toronto (now collectively known as the City of Toronto) and the Province. To date four of the expropriations have been settled in the amount of \$23,765 and the compensation has been paid during the 2008 to 2012 fiscal periods.

(c) Lease commitments:

TRCA is committed under various operating leases for office spaces over the next four years, with minimum lease payments totaling \$1,492 (2021 - \$1,169).

(d) Loan guarantee:

TRCA and the City of Toronto have jointly and severally provided a loan guarantee in the amount of \$4,600 (2021 - \$4,600) to Evergreen for its financial institutional lender for the Don Valley Brick Works restoration project. The loan was repaid in full by December 31, 2022 (2021 - \$688 outstanding).

16. Budget figures:

TRCA's 2022 budget was approved by its Board of Directors on May 20, 2022.

17. Contractual rights:

As at December 31, 2022, TRCA estimates that contractual rights in the amount of \$173,884 (2021 - \$142,466) will be earned in future years.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

18. Subsequent event:

On May 18, 2023, the Province announced its intent to dissolve Peel Region, one of TRCA's participating municipalities, as of December 31, 2024. Peel Region's three lower tier municipalities - Mississauga, Brampton and Caledon - are assessing the implications and reviewing the necessary actions required with respect to the financial and governance commitments of the upper-tier government as of January 1, 2025.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

19. Segmented disclosures:

										2022	2021
	Watershed Studies and Strategies	Water Risk Management	Regional Biodiversity	Greenspace Securement and Management	Tourism and Recreation	Planning and Development	Education and Outreach	Sustainable Communities	Corporate Services	Total	Total
Revenue:											
Government funding	\$ 1,672	52,108	\$ 15,422	\$ 2,914	\$ 9,480	\$ 4,386	3,950	\$ 5,598	\$ 34,323	129,853	127,251
Authority generated	31	767	3,536	4,797	12,226	9,947	3,296	676	882	36,158	32,326
Investment income	—	3	—	(27)	—	—	—	—	806	782	582
	1,703	52,878		7,684		14,333	7,246	6,274		166,793	160,159
Expenses:											
Compensation	1,447		18,958	9,746	1,812	21,706	7,900	11,779	6,392	5,049	36,011
Contract services	109	18,858	4,673			5,406		1,933		9,198	41,841
Materials and supplies	11	5,542	2,628			1,516		543	216	1,021	12,681
Utilities and property taxes	—	10,277	25	8	755	639	—	195	—	135	67,139
Amortization of tangible capital assets	2	2,427	121	269	3,267		13	233	237	1,407	
Internal charges (recoveries)	92	4,869	2,440	952		2,074	252	228	385	642	(11,574)
	1,661	41,998	19,616	5,583	20,802	12,757	9,524	6,529		7,976	131,394
										8,135	132,844
Net surplus (deficit) before the undernoted	42	10,880	(658)	2,101	904	1,576	(2,278)	(255)	12,924	23,087	35,399
			920		309						27,315
Unrealized gain on derivative financial instrument	—	—	—	—	—	—	—	—	8,573	8,573	1,301
Net gain (loss) on disposal of tangible capital assets	—	—	—	734	—	—	—	—	40	774	(48)
Net surplus (deficit)	\$ 42	\$ 10,880	\$ (658)	\$ 2,835	\$ 904	\$ 1,576	\$ (2,278)	\$ (255)	\$ 31,700	\$ 44,746	\$ 28,568