

**Kawartha Region Conservation Authority**  
**Financial Statements**  
**For the year ended December 31, 2022**

**Kawartha Region Conservation Authority**  
**Financial Statements**  
**For the year ended December 31, 2022**

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## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Kawartha Region Conservation Authority (the "Authority") are the responsibility of the Authority's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

Members meet with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Authority. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.



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Chair  
Robert Rock  
May 25, 2023



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Vice Chair  
Pat Warren  
May 25, 2023



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BDO Canada LLP  
300 Lakeshore Drive, Suite 300  
Barrie, ON, Canada, L4N 0B4

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## Independent Auditor's Report

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### To the Members of Kawartha Region Conservation Authority

#### Opinion

We have audited the financial statements of Kawartha Region Conservation Authority, (the "Authority") which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2022, and the results of its operations, changes in net financial assets, and 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 report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matters

The financial statements of Kawartha Region Conservation Authority for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on April 21, 2022.

#### Emphasis of Matter

We draw your attention to Note 2 of the financial statements, which explains that certain comparative information presented for the year ended December 31, 2021 has been restated. Our opinion is not modified in respect of this matter.

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

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

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

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



### **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 these 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 Authorities 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 Authorities 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 Authorities 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority 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.

We 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario  
May 25, 2023

**Kawartha Region Conservation Authority**  
Statement of Financial Position

December 31

2021  
Restated  
(Note 2)

2022

**Financial assets**

Cash and cash equivalents (Note 4)	\$ 3,395,977	\$ 3,006,757
Accounts receivable (Note 5)	323,338	343,307
	3,719,315	3,350,064

**Financial liabilities**

Accounts payable and accrued liabilities	390,287	466,391
Deferred revenue (Note 6)	1,011,057	894,846
Deferred revenue - source water protection (Note 6)	105,609	129,909
Deferred revenue - planning and regulation (Note 6)	454,004	403,261
Deferred capital contributions	55,440	51,990
	2,016,397	1,946,397

**Net financial assets**

	1,702,918	1,403,667
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**Non-financial assets**

Tangible capital assets (Note 7)	3,660,227	3,677,190
Prepaid expenses	36,901	21,602
	3,697,128	3,698,792

<b>Accumulated surplus (Note 10)</b>	<b>\$ 5,400,046</b>	<b>\$ 5,102,459</b>
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**Contingent Liabilities (Note 13)**

Approved by Board

  
\_\_\_\_\_ Chair

  
\_\_\_\_\_ Vice Chair

**Kawartha Region Conservation Authority**  
**Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	Budget 2022 (Note 3)	2022	2021 Restated (Note 2)
<b>Revenue</b>			
Municipal levies:			
General operating	\$ 1,653,325	\$ 1,653,325	\$ 1,613,000
Special operating	123,000	45,059	81,243
General benefitting	35,000	6,160	4,502
Special benefitting	699,100	499,357	473,955
	<hr/>		
	2,510,425	2,203,901	2,172,700
Planning and development services (Schedule A)	656,800	615,027	560,860
Integrated watershed management (Schedule B)	50,900	64,857	62,074
Stewardship and conservation lands (Schedule C)	215,500	258,147	223,944
Corporate services (Schedule D)	63,000	117,925	27,384
Special projects (Schedule E)	167,000	224,070	242,694
Capital contributions	-	5,528	37,749
	<hr/>		
	3,663,625	3,489,455	3,327,405
<hr/>			
<b>Expenses</b>			
Planning and development services (Schedule A)	844,649	702,285	640,702
Integrated watershed management (Schedule B)	580,527	507,579	522,806
Stewardship and conservation lands (Schedule C)	445,186	444,875	347,153
Corporate services (Schedule D)	804,163	768,482	860,585
Special projects (Schedule E)	1,024,100	768,647	802,394
	<hr/>		
	3,698,625	3,191,868	3,173,640
<hr/>			
<b>Annual surplus (deficit)</b>	(35,000)	297,587	153,765
<b>Accumulated surplus, beginning of year</b>	5,102,459	5,102,459	4,948,694
<hr/>			
<b>Accumulated surplus, end of year</b>	\$ 5,067,459	\$ 5,400,046	\$ 5,102,459

**Kawartha Region Conservation Authority**  
**Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	Budget 2022 (Note 3)	2022	2021 Restated (Note 2)
<b>Annual surplus (deficit)</b>	\$ (35,000)	\$ 297,587	\$ 153,765
Acquisition of tangible capital assets	-	(63,243)	(142,844)
Amortization of tangible capital assets	-	75,190	74,433
Loss on disposal of tangible capital assets	-	5,016	163,394
	(35,000)	314,550	248,748
Change in prepaid expenses	-	(15,299)	(7,234)
Additions to restricted reserves	-	-	10,724
	-	(15,299)	3,490
<b>Change in net financial assets</b>	(35,000)	299,251	252,238
<b>Net financial assets, beginning of year</b>	1,403,667	1,403,667	1,151,429
<b>Net financial assets, end of year</b>	\$ 1,368,667	\$ 1,702,918	\$ 1,403,667



**Kawartha Region Conservation Authority**  
**Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2022</b>	<b>2021 Restated (Note 2)</b>
<b>Operating Transactions</b>		
Annual surplus	\$ 297,587	\$ 153,765
Non-cash changes to operations:		
Amortization of tangible capital assets	75,190	74,433
Loss on disposal of tangible capital assets	5,016	163,394
Donation of capital asset	-	-
Changes in non-cash operating items:		
Accounts receivable	19,969	(28,486)
Prepaid expenses	(15,299)	(7,234)
Accounts payable and accrued liabilities	(76,104)	64,764
Deferred revenue	116,211	(20,509)
Deferred revenue - planning and regulation	50,743	(15,248)
Deferred revenue - source water protection	(24,300)	7,948
<b>Total Operating Transactions</b>	<b>449,013</b>	<b>392,827</b>
<b>Capital Transactions</b>		
Deferred capital contributions	3,450	11,082
Acquisition of tangible capital assets	(63,243)	(142,844)
<b>Total Capital Transactions</b>	<b>(59,793)</b>	<b>(131,762)</b>
<b>Financing Transactions</b>		
Additions to net assets for non-amortized capital assets	-	10,723
<b>Total Financing Transactions</b>	<b>-</b>	<b>10,723</b>
<b>Increase in cash and cash equivalents</b>	<b>389,220</b>	<b>271,788</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,006,757</b>	<b>2,734,969</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,395,977</b>	<b>\$ 3,006,757</b>
<b>Supplemental cash flow information:</b>		
Cash	\$ 3,345,007	\$ 2,956,588
Money market funds	50,970	50,169

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# Kawartha Region Conservation Authority

## Notes to the Financial Statements

December 31, 2022

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### 1. Summary of Significant Accounting Policies

#### Nature of the Authority

Kawartha Region Conservation Authority (the "Authority") was established on October 31, 1979, in accordance with Section 3(1) of the Conservation Authorities Act of Ontario. The Authority is classified as a registered charity under the Income Tax Act (Canada) and as such, is not subject to income taxes provided certain disbursement requirements are met. The objective of the Authority, as stated by the Conservation Authorities Act R.S.O. 1990 is "to provide for the organization and delivery of programs and services that further the conservation, restoration, development and management of natural resources in watersheds in Ontario".

#### Management's Responsibility

The financial statements of the Authority are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of The Chartered Professional Accountants of Canada.

#### Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting whereby they are reflected in the accounts in the year in which they have been earned and incurred, respectively, whether or not such transactions have been settled by the receipt or payment of money.

Various revenue and expense items flow through the statement of financial activities based on their general nature in relation to operating activities. To the extent that these revenue and expense items relate to specific reserve balances, these items are reflected on Schedule F - Continuity of Reserves

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term cashable investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value.

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## Kawartha Region Conservation Authority Notes to the Financial Statements

December 31, 2022

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### 1. Summary of Significant Accounting Policies (continued)

#### Non-Financial Assets, Tangible Capital Assets

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

##### (i) Tangible Capital Assets

Tangible capital assets are recorded at cost, less accumulated amortization. Cost includes all amounts directly attributable to acquisition, construction, development or betterment of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset using the following rates:

Buildings	10 - 40 years
Conservation area improvements	10 - 50 years
Gauge stations and monitoring wells	10 - 50 years
Vehicles	10 years
Furniture and fixtures	7 - 10 years
Equipment	5 - 10 years
Computers and computer software	3 - 10 years

Assets under construction are not amortized until the asset is available for productive use, at which time, they are capitalized.

##### (ii) Contributed Tangible Capital Assets

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

#### Vacation pay and lieu time liabilities

Vacation credits earned but not taken and lieu time entitlements are accrued as earned. Vacation credits earned do not vest over time.

#### Reserves

Reserves are established under approval of the Kawartha Region Conservation Authority (Kawartha Conservation) Board of Directors. The recommendation of reserves and appropriations fall under the authority of the CAO and the Director of Corporate Services. Increases or decreases in these reserves are made by appropriations to or from operations. Any use of funds from a reserve shall be authorized by the Board of Directors as outlined in procedure.

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## Kawartha Region Conservation Authority Notes to the Financial Statements

December 31, 2022

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### 1. Summary of Significant Accounting Policies (continued)

#### **Government transfers**

Government transfers and municipal levies are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Government transfers and municipal levies are recognized as deferred revenue when transfer stipulations give rise to a liability. Government transfers and municipal levies are recognized in the statement of operations as the stipulation liabilities are settled.

#### **Restricted Revenue**

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the purpose specified. Contributions relating to capital assets are deferred and amortized over the useful life of the related asset.

#### **Other Revenue**

Other grants, donations and contributions, investment income and authority-generated revenue including permit fees are recognized when the related services are performed.

#### **Pension Plan**

The Authority is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Authority has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Authority records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

#### **Use of Estimates**

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements include accounts receivable, estimated provisions for accrued liabilities, the estimated useful lives of tangible capital assets and valuation of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

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## Kawartha Region Conservation Authority Notes to the Financial Statements

December 31, 2022

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### 1. Summary of Significant Accounting Policies (continued)

#### Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable and accounts payable are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

The Authority's financial assets comprise of cash and cash equivalents including investments which are recorded at fair value; and accounts receivable which are recorded at amortized cost. The Authority's financial liabilities comprise of accounts payable and accrued liabilities which are recorded at amortized cost.

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### 2. Prior Period Adjustment

During the current year, the Authority determined that capital contributions relating to government transfers were not being recognized as revenue once the stipulations of the government funding were met as is required by public sector accounting standards and were instead being amortized over the useful life of the related asset. The correction has been applied retroactively with restatement of prior periods. This correction had the following effect on the prior period financial statements:

	<u>2021</u>
<u>Statement of Financial Position</u>	
Decrease in deferred tangible capital assets	\$ 596,427
Increase in 2021 closing accumulated surplus	\$ 596,427
<u>Statement of Operations</u>	
Increase in revenue	
Deferred Capital Contributions	\$ (29,905)
Capital Contributions	37,749
Total increase in revenue	\$ 7,844
Increase in 2021 annual surplus	\$ 7,844
Increase in 2021 opening accumulated surplus	\$ 588,583

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## Kawartha Region Conservation Authority

### Notes to the Financial Statements

**December 31, 2022**

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#### 3. Budget Figures

The Budget for 2022 was adopted by the Board of Directors on January 27, 2022. The budget was prepared on a cash basis (based on expected cash inflows and outflows), while Canadian public sector accounting standards now require the reporting of actual results on the financial statements to be prepared on a full accrual basis. The budget figures presented in the statements of operations and change in net financial assets represent the 2022 budget adopted by the Board.

	Revenue	Expense	Net
<b>Board approved budget:</b>			
Operating	\$ 3,663,625	\$ 3,698,625	\$ (35,000)

The budgeted numbers are unaudited.

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#### 4. Cash and Cash Equivalents

Cash equivalents is comprised of funds held in money market funds. Investment in money market funds are recorded at fair value.

As at year end, the Authority held \$50,970 (2021 - \$50,174) in money market funds with a fair value of \$50,970 (2021 - \$50,174).

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#### 5. Accounts Receivable

	2022	2021
Municipal levies	\$ 73,979	\$ 86,576
Federal and provincial	52,502	92,127
HST receivable	47,664	62,626
Other	149,193	101,978
	\$ 323,338	\$ 343,307

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**Kawartha Region Conservation Authority**  
**Notes to the Financial Statements**

**December 31, 2022**

**6. Deferred Revenue and Government Transfers**

Revenue received but not earned at year end is as follows:

<b>Deferred Revenue</b>	<u>2022</u>	<u>2021</u>
<b>Government Funding - Special Benefitting Projects:</b>		
Durham - Plan Implementation	\$ 155,558	\$ 147,670
Durham - East Cross Forest	131,610	70,469
CKL - Lake Dalrymple	18,188	9,311
CKL - Plan Implementation	536,062	508,573
MOE, Conservation and Parks	4,925	4,925
Trent Lakes - Blue Canoe	8,521	8,521
<b>Government Funding - Special Joint Benefitting Capital Projects:</b>		
City of Kawartha Lakes and Durham Region	34,208	22,250
<b>Government Funding - Other Deferred Projects:</b>		
Digitization of Corporate Records	24,955	15,438
Levy Stability	7,426	9,711
<b>Other Deferred Projects:</b>		
Grants and Self-Generated	89,604	97,978
	<u>\$ 1,011,057</u>	<u>\$ 894,846</u>

<b>Deferred Revenue - Source Water Protection</b>	<u>2022</u>	<u>2021</u>
Government Funding - Source Water Protection Program	\$ 105,609	\$ 129,909

<b>Deferred Revenue - Planning</b>	<u>2022</u>	<u>2021</u>
Section 28 Regulations - Large Scale Fill	\$ 283,538	\$ 287,956
Permit and Subdivision Applications	170,466	115,305
	<u>\$ 454,004</u>	<u>\$ 403,261</u>

These amounts are recognized as revenue as directly related expenses are incurred. Unless otherwise noted, deferred revenue received comes from non-government sources.

**Kawartha Region Conservation Authority**  
Notes to the Financial Statements

December 31, 2022

7. Tangible Capital Assets

	2022						
	Land and Land Custodianship	Conservation Area Improvements	Buildings	Vehicles	Machinery and Equipment	Furniture and Fixtures	Total
<b>Cost</b>							
Balance, beginning of year	\$ 2,628,934	\$ 379,911	\$ 1,204,955	\$ 180,788	\$ 444,741	\$ 121,068	\$ 4,960,397
Add: Additions during the year	865	48,729	-	-	13,649	-	63,243
Add: Transfers	-	-	-	-	-	-	-
Less: Disposals during the year	-	-	-	-	(14,331)	-	(14,331)
Balance, end of year	<u>2,629,799</u>	<u>428,640</u>	<u>1,204,955</u>	<u>180,788</u>	<u>444,059</u>	<u>121,068</u>	<u>5,009,309</u>
<b>Accumulated amortization</b>							
Balance, beginning of year	-	260,598	454,541	144,881	307,584	115,603	1,283,207
Add: Amortization during the year	-	6,451	30,655	6,281	30,380	1,423	75,190
Less: Amortization on disposals	-	-	-	-	(9,315)	-	(9,315)
Balance, end of year	<u>-</u>	<u>267,049</u>	<u>485,196</u>	<u>151,162</u>	<u>328,649</u>	<u>117,026</u>	<u>1,349,082</u>
<b>Net book value of tangible capital assets</b>	<u>\$ 2,629,799</u>	<u>\$ 161,591</u>	<u>\$ 719,759</u>	<u>\$ 29,626</u>	<u>\$ 115,410</u>	<u>\$ 4,042</u>	<u>\$ 3,660,227</u>



**Kawartha Region Conservation Authority**  
Notes to the Financial Statements

**December 31, 2022**

**7. Tangible Capital Assets (continued)**

	2021						Total
	Land and Land Custodianship	Conservation Area Improvements	Buildings	Vehicles	Machinery and Equipment	Furniture and Fixtures	
<b>Cost</b>							
Balance, beginning of year	\$ 2,765,268	\$ 317,752	\$ 1,204,955	\$ 180,788	\$ 404,774	\$ 121,068	\$ 4,994,605
Add: Additions during the year	27,060	62,159	-	-	53,625	-	142,844
Less: Disposals during the year	(163,394)	-	-	-	(13,658)	-	(177,052)
Balance, end of year	<u>2,628,934</u>	<u>379,911</u>	<u>1,204,955</u>	<u>180,788</u>	<u>444,741</u>	<u>121,068</u>	<u>4,960,397</u>
<b>Accumulated amortization</b>							
Balance, beginning of year	-	256,263	423,875	138,600	290,818	112,866	1,222,422
Add: Amortization during the year	-	4,335	30,666	6,281	30,424	2,737	74,443
Write-downs	-	-	-	-	(13,658)	-	(13,658)
Balance, end of year	<u>-</u>	<u>260,598</u>	<u>454,541</u>	<u>144,881</u>	<u>307,584</u>	<u>115,603</u>	<u>1,283,207</u>
<b>Net book value of tangible capital assets</b>	<u>\$ 2,628,934</u>	<u>\$ 119,313</u>	<u>\$ 750,414</u>	<u>\$ 35,907</u>	<u>\$ 137,157</u>	<u>\$ 5,465</u>	<u>\$ 3,677,190</u>

Tangible capital assets under construction have a value of \$41,503 (2021 - \$nil) and have not been amortized. Amortization of these assets will commence when the assets are put into service.

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**Kawartha Region Conservation Authority**  
**Notes to the Financial Statements**

**December 31, 2022**

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**7. Tangible Capital Assets (continued)**

Included in land and land custodianship is \$25,000 contributed to the acquisition of Dewey's Island. The Authority contributed to the acquisition of Dewey's Island by the Nature Conservancy of Canada in 1993. The Authority felt the acquisition was necessary to ensure the long-term protection of this Class 1 wetland. A custodial agreement was negotiated with The Nature Conservancy of Canada by the Authority. The agreement gives the Authority the management responsibilities for the property, as well as the first option to purchase in the case of any eventual sale by the Nature Conservancy of Canada.

Included in land and land custodianship is \$10,000 contributed to the acquisition of Tuckerman property. The Authority contributed to the acquisition of the Tuckerman property by Ontario Heritage Trust in 2004. The Authority felt the acquisition was necessary to ensure the long-term protection of this Class 1 wetland. A custodial agreement was negotiated with Ontario Heritage Trust and Ducks Unlimited Canada by the Authority. The agreement gives the Authority the management responsibilities for the property, as well as the first option to purchase in the case of any eventual sale by Ontario Heritage Trust.

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**8. Credit Facility**

The Authority has a \$350,000 revolving line of credit held with Royal Bank of Canada at prime plus 0% interest. As at December 31, 2022, no amount has been drawn (2021 - \$Nil).

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**9. Related Entity**

Kawartha Conservation Foundation is a registered charitable organization whose mission is to support the vision and mandate of Kawartha Conservation, by raising funds and promoting awareness to the community to restore and sustain a healthy environment for future generations.

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**10. Accumulated Surplus**

Accumulated surplus consists of the following:

	<u>2022</u>	<u>2021</u>
<b>Surpluses</b>		
Internal 'current' and 'capital' funds	\$ 1,509,719	\$ 1,190,421
Invested in tangible capital assets	3,604,787	3,625,200
Reserves	<u>285,540</u>	<u>286,838</u>
<b>Accumulated surplus</b>	<u>\$ 5,400,046</u>	<u>\$ 5,102,459</u>

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**Kawartha Region Conservation Authority**  
**Notes to the Financial Statements**

**December 31, 2022**

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**11. Expenses by Object**

	2022	2021
Amortization	\$ 75,190	\$ 74,433
Consulting and other professional fees	98,865	55,116
Grants	37,801	54,467
Loss on disposal of capital assets	5,016	163,394
Insurance	45,216	40,770
Interest and bank charges	4,091	4,638
Office	96,659	93,972
Program related	469,181	303,686
Repairs and maintenance	69,925	81,908
Training	6,596	8,476
Utilities and property taxes	39,388	37,862
Vehicle and travel	60,422	57,923
Wages and benefits	2,183,518	2,196,995
	<b>\$ 3,191,868</b>	<b>\$ 3,173,640</b>

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**12. Pension Plan**

The Authority makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all full-time members of its staff. The plan is a defined benefit plan, which specifies that amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including the investment of assets and administration of benefits. OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employees.

Each year an independent actuary determines the status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total actuarial liabilities of \$130.3 billion in respect of benefits accrued for service with actuarial assets at that date of \$123.6 billion indicating an actuarial deficit of \$6.7 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Authority to OMERS for 2022 were \$156,561 (2021 - \$160,440).

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**13. Contingent Liabilities**

The Authority, as is common with all regulatory agencies, may be subject to appeals and lawsuits in regard to decisions rendered. Legal defence costs are accrued when such an action commences but damages and penalties are only accrued when action is considered to be of reasonable merit.

There are no unresolved legal claims outstanding against the Authority as at December 31, 2022.

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**Kawartha Region Conservation Authority**  
**Notes to the Financial Statements**

**December 31, 2022**

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**14. Financial Instruments Risks**

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Authority's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the Authority's receivables are from government resources.

**Liquidity risk**

Liquidity risk is the risk that the Authority will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Authority will not have sufficient funds to settle a transaction on the due date. The Authority is exposed to this risk mainly in respect of its accounts payable. The Authority mitigates this risk by ensuring that it always has sufficient cash to allow it to meet its liabilities when they become due.

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**15. Comparative Figures**

Certain comparative figures have been reclassified to conform with current year presentation.

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## Kawartha Region Conservation Authority Notes to the Financial Statements

December 31, 2022

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### 16. Program Information

Certain allocation methodologies are employed in the preparation of program financial information. Government grants, user charges, transfers from other funds, and other revenue are allocated to the specific program or service they relate to. Expense allocations are both internal and external. Activity based costing is used to allocate internal support costs to departments. These costs include the net expenditures for departments, such as human resources, information systems, finance and others, commonly referred to as overhead. The Authority allocated its activities into four main program areas which are reported in the accompanying supplementary schedules to the financial statements.

#### Planning and Development Services

This department is responsible for planning, permitting and enforcement. Planning and Development Services fulfills the delegated responsibility of commenting on behalf of the Province of Ontario on planning matters related to natural hazards, administers Section 28 Regulation of the Conservation Authorities Act, Ontario Regulation 182/06 and ensures compliance of development activities impacting natural regulated features within the watershed.

#### Integrated Watershed Management

This department's primary responsibilities include protecting people and property across the watershed from flooding, developing and implementing watershed management plans, monitoring water quality and quantity, conducting research and assessments and supporting our stakeholders and partners by providing environmental spatial information to assist with decision making.

The department works closely with municipalities to provide technical expertise and advice on issues related to climate change, stormwater management, watershed planning and other technical information. The objective of the Integrated Watershed Management department at Kawartha Conservation is to maintain health and sustainability of the region's watersheds for the benefit of both the environment and the community.

#### Stewardship and Conservation Lands

Kawartha Conservation owns and manages over 1,300 hectares of Conservation Lands with visitors including the general public, schools, special interest groups, and tourists. This department is responsible for supporting the advancement of the Conservation Lands programs including property maintenance, trail management and development, invasive species control, infrastructure improvements, and contributing to the strategic goals and advancement of the department.

Stewardship initiatives are primarily supported through special projects within the City of Kawartha Lakes and Region of Durham through Special Projects.

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**Kawartha Region Conservation Authority**  
**Notes to the Financial Statements**

**December 31, 2022**

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**16. Program Information (continued)**

**Corporate Services**

Corporate Services supports each of the departments and the organization as a whole by providing administrative support, coordination, policy development and implementation, program direction and development, strategic and business planning and Board support including agendas and minutes. Corporate Services is responsible for Finance, Human Resources, Health & Safety, Asset Management, Information Technology, Records Management and Corporate Communications.

**Special Projects**

Special benefitting projects are designed to meet the needs or concerns of a specific municipality, and thus directly benefit the individual municipality. The benefitting municipality funds the projects entirely or in apportionment with another benefitting municipality. Special projects include development and implementation of Lake Management Plans, updates to our watershed plans in the Region of Durham, floodplain mapping and tree planting initiatives. General benefitting projects have a watershed wide benefit and the levy is shared by the municipal partners on the same apportionment percentage as the operating levy. Projects include website enhancements and the digitization of corporate records.

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**Kawartha Region Conservation Authority**  
**Planning and Development Services**  
**Schedule A**

For the year ended December 31, 2022 with comparative information for 2021

	2022 Budget (Note 3)	2022 Actual	2021 Actual
<b>Revenue:</b>			
Drinking Water Source Protection	\$ 57,000	\$ 101,050	\$ 50,392
Planning and Permitting Fees	367,000	405,787	407,966
Large Scale Fill Permits	100,000	13,246	18,187
Municipal Agreement, Risk Management Official	60,000	44,792	41,771
MOU, Flood Plain Mapping	72,800	50,152	42,544
<b>Total Program Generated Revenue</b>	<b>656,800</b>	<b>615,027</b>	<b>560,860</b>
Municipal Levy	187,849	187,849	214,671
<b>Total Revenue</b>	<b>844,649</b>	<b>802,876</b>	<b>775,531</b>
<b>Expenses:</b>			
Clean Water Act Enforcement	60,000	44,792	41,771
Drinking Water Protection	57,000	101,050	50,393
Large Scale Fill	60,000	1,327	2,104
MOU, Flood Plain Mapping	20,500	7,500	7,074
Planning and Development Services	690,700	585,392	589,389
	888,200	740,061	690,731
Internal Fee for Service	(43,551)	(37,776)	(50,029)
<b>Total Expenses</b>	<b>844,649</b>	<b>702,285</b>	<b>640,702</b>
<b>Net Surplus for the Year</b>	<b>\$ -</b>	<b>\$ 100,591</b>	<b>\$ 134,829</b>

**Kawartha Region Conservation Authority**  
**Integrated Watershed Management**  
**Schedule B**

For the year ended December 31, 2022 with comparative information for 2021

	2022 Budget (Note 2)	2022 Actual	2021 Actual
<b>Revenue:</b>			
Fee for Service	\$ 1,000	\$ 452	\$ 5,046
Grants and Donations	15,300	3,231	21,615
Innovation Hub	10,000	36,534	10,773
MNRF Transfer Payment	24,600	24,640	24,640
<b>Total Program Generated Revenue</b>	<b>50,900</b>	<b>64,857</b>	<b>62,074</b>
Municipal Levy	529,627	529,628	498,569
<b>Total Revenue</b>	<b>580,527</b>	<b>594,485</b>	<b>560,643</b>
<b>Expenses:</b>			
Environmental Information Services	106,300	81,587	90,248
Environmental Monitoring	320,400	298,064	288,737
Flood & Water Level Monitoring	113,200	77,612	103,566
Watershed Management & Support	146,500	140,721	142,413
	686,400	597,984	624,964
Internal Fee for Service	(105,873)	(90,405)	(102,158)
<b>Total Expenses</b>	<b>580,527</b>	<b>507,579</b>	<b>522,806</b>
<b>Net Surplus for the Year</b>	<b>\$ -</b>	<b>\$ 86,906</b>	<b>\$ 37,837</b>



**Kawartha Region Conservation Authority**  
**Stewardship and Conservation Lands**  
**Schedule C**

For the year ended December 31, 2022 with comparative information for 2021

	2022 Budget (Note 2)	2022 Actual	2021 Actual
<b>Revenue:</b>			
Conservation Areas	\$ 58,500	\$ 60,958	\$ 90,489
Donations	10,000	8,011	1,762
Education	45,000	1,852	619
Grants	21,000	96,275	26,030
Restoration Management	81,000	91,051	105,044
<b>Total Program Generated Revenue</b>	<b>215,500</b>	<b>258,147</b>	<b>223,944</b>
Municipal Levy	229,686	229,687	200,991
<b>Total Revenue</b>	<b>445,186</b>	<b>487,834</b>	<b>424,935</b>
<b>Expenses:</b>			
Dewey Island	100	-	-
Education Program	39,500	5,700	8,461
Fleetwood Creek Natural Area	8,700	9,295	12,551
Habitat Comp. Program	65,000	20,445	12,799
Ken Reid CA	60,500	62,138	61,947
Land Management & Support	376,300	417,976	337,168
Pigeon River Headwaters	11,000	8,644	5,726
Windy Ridge CA	3,300	2,099	2,701
	564,400	526,297	441,353
Internal Fee for Service	(119,214)	(81,422)	(94,200)
<b>Total Expenses</b>	<b>445,186</b>	<b>444,875</b>	<b>347,153</b>
<b>Net Surplus for the Year</b>	<b>\$ -</b>	<b>\$ 42,959</b>	<b>\$ 77,782</b>

**Kawartha Region Conservation Authority**  
**Corporate Services**  
**Schedule D**

For the year ended December 31, 2022 with comparative information for 2021

	2022 Budget (Note 2)	2022 Actual	2021 Actual
<b>Revenue:</b>			
Donations	\$ -	\$ 2,308	\$ 4,049
Grants and Other Revenue	43,000	39,974	10,662
Investment Income	20,000	75,643	12,673
<b>Total Program Generated Revenue</b>	<b>63,000</b>	<b>117,925</b>	<b>27,384</b>
Municipal Levy	706,163	706,161	698,769
<b>Total Revenue</b>	<b>769,163</b>	<b>824,086</b>	<b>726,153</b>
<b>Expenses:</b>			
Amortization	60,000	75,190	74,433
Communication	159,925	140,178	122,572
Corporate Services	750,400	674,193	642,763
(Gain)/Loss on Disposal of TCA	-	5,016	164,645
Internal Recovery - Vehicle & Equipment Pool	(25,000)	(5,556)	(648)
	945,325	889,021	1,003,765
Internal Fee for Service	(141,162)	(120,539)	(143,180)
<b>Total Expenses</b>	<b>804,163</b>	<b>768,482</b>	<b>860,585</b>
<b>Net Surplus (Deficit) for the Year</b>	<b>\$ (35,000)</b>	<b>\$ 55,604</b>	<b>\$ (134,432)</b>

**Kawartha Region Conservation Authority**  
**Special Projects**  
**Schedule E**

For the year ended December 31, 2022 with comparative information for 2021

	2022 Budget (Note 2)	2022 Actual	2021 Actual
<b>Revenue:</b>			
Climate Change Funding	\$ 18,000	\$ 18,000	\$ 9,000
Fee for Service	14,700	14,038	7,400
Grants and Other	114,300	161,674	200,830
Product Sales	20,000	30,358	25,464
<b>Total Program Generated Revenue</b>	<b>167,000</b>	<b>224,070</b>	<b>242,694</b>
General Benefitting	35,000	6,160	4,502
Special Benefitting	699,100	499,357	473,955
Special Operating	123,000	45,059	81,243
<b>Total Revenue</b>	<b>1,024,100</b>	<b>774,646</b>	<b>802,394</b>
<b>Expenses:</b>			
CKL - Flood Plain Mapping	-	12,483	34,977
CKL - Implementation	128,200	95,925	148,648
CKL - Implementation & Stewardship	326,600	249,358	210,134
CKL - Lake Dalrymple	74,200	65,322	44,957
CKL & Durham - Tree Planting Program	144,500	136,193	98,614
Durham - ECF	123,000	55,999	81,243
Durham - Implementation	69,700	49,662	58,400
Durham - Implementation & Stewardship	64,400	47,259	59,252
Durham - LSEP	29,900	33,666	35,430
Durham - Watershed Planning	28,600	22,620	26,237
Digitization Project	15,000	160	4,502
Website	20,000	-	-
<b>Total Expenses</b>	<b>1,024,100</b>	<b>768,647</b>	<b>802,394</b>
<b>Net Suplus for the Year</b>	<b>\$ -</b>	<b>\$ 5,999</b>	<b>\$ -</b>

**Kawartha Region Conservation Authority**  
**Continuity of Reserves**  
**Schedule F**

For the year ended December 31, 2022 with comparative information for 2021

2022	Balance, December 31, 2021	Appropriation (to) from Operations	Additions	Balance, December 31, 2022
Unrestricted	\$ 706,295	\$ 151,304	\$ -	\$ 857,599
Capital Assets Acquisitions	400,532	138,233	-	538,765
Conservation Initiatives	83,594	29,761	-	113,355
<b>Externally Restricted</b>				
Durham East Cross Forest Conservation Area	39,600	-	-	39,600
Windy Ridge Conservation Area	24,124	(1,298)	-	22,826
Ken Reid Conservation Area	89,450	-	-	89,450
Scugog Land Acquisitions	133,664	-	-	133,664
	1,477,259	318,000	-	1,795,259
Capital Reserve	3,625,200	(20,413)	-	3,604,787
	\$ 5,102,459	\$ 297,587	\$ -	\$ 5,400,046

2021	Balance, December 31, 2020	Appropriation (to) from Operations	Additions	Balance, December 31, 2021
Unrestricted	\$ 527,973	\$ 178,322	\$ -	\$ 706,295
Capital Asset Aquisitions	320,864	79,668	-	400,532
Conservation Initiatives	52,042	31,552	-	83,594
<b>Externally Restricted</b>				
Durham East Cross Forest Conservation Area	39,600	-	-	39,600
Windy Ridge Conservation Area	26,778	(2,654)	-	24,124
Ken Reid Conservation Area	89,450	-	-	89,450
Scugog Land Acquisitions	150,000	(27,060)	10,724	133,664
	1,206,707	259,828	10,724	1,477,259
Capital Reserve	3,731,263	(106,063)	-	3,625,200
	\$ 4,937,970	\$ 153,765	\$ 10,724	\$ 5,102,459