

Kawartha Region Conservation Authority
Financial Statements
For the year ended December 31, 2023

Kawartha Region Conservation Authority
Financial Statements
For the year ended December 31, 2023

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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.



Chair
Pat Warren
April 1, 2024

DocuSigned by:



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Vice Chair
Harold Wright
April 1, 2024



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Independent Auditor's Report

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, 2023, 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, 2023, 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.

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
April 1, 2024

Kawartha Region Conservation Authority
Statement of Financial Position

December 31	2023	2022
Financial assets		
Cash and cash equivalents (Note 3)	\$ 3,611,626	\$ 3,395,977
Accounts receivable (Note 4)	332,045	323,338
	<u>3,943,671</u>	<u>3,719,315</u>
Financial liabilities		
Accounts payable and accrued liabilities	448,397	390,287
Deferred revenue (Note 5)	1,140,054	1,011,057
Deferred revenue - source water protection (Note 5)	75,599	105,609
Deferred revenue - planning and regulation (Note 5)	469,980	454,004
Deferred capital contributions	62,412	55,440
	<u>2,196,442</u>	<u>2,016,397</u>
Net financial assets	<u>1,747,229</u>	<u>1,702,918</u>
Non-financial assets		
Tangible capital assets (Note 6)	3,722,398	3,660,227
Prepaid expenses	28,191	36,901
	<u>3,750,589</u>	<u>3,697,128</u>
Accumulated surplus (Note 9)	<u>\$ 5,497,818</u>	<u>\$ 5,400,046</u>

Contingent Liabilities (Note 12)

Approved by Board


Chair

DocuSigned by:


Harold Wright

Vice Chair

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Kawartha Region Conservation Authority
Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2023 (Note 2)	2023	2022
Revenue			
Municipal levies:			
General operating	\$ 1,715,325	\$ 1,715,325	\$ 1,653,325
Special operating	106,900	67,625	45,059
General benefiting	40,000	33,018	6,160
Special benefiting	1,009,900	702,840	499,357
	<hr/>		
	2,872,125	2,518,808	2,203,901
Planning and development services (Schedule A)	603,200	629,740	615,027
Integrated watershed management (Schedule B)	70,400	91,802	64,857
Stewardship and conservation lands (Schedule C)	136,250	112,603	251,827
Corporate services (Schedule D)	86,800	208,581	117,925
Special projects (Schedule E)	222,400	395,843	224,070
Capital contributions	-	22,953	5,528
	<hr/>		
	3,991,175	3,980,330	3,483,135
Expenses			
Planning and development services (Schedule A)	865,686	873,932	702,285
Integrated watershed management (Schedule B)	549,585	554,684	507,579
Stewardship and conservation lands (Schedule C)	390,099	461,811	438,555
Corporate services (Schedule D)	790,330	854,819	768,482
Special projects (Schedule E)	1,349,000	1,137,312	768,647
	<hr/>		
	3,944,700	3,882,558	3,185,548
Annual surplus	46,475	97,772	297,587
Accumulated surplus, beginning of year	5,400,046	5,400,046	5,102,459
Accumulated surplus, end of year	<hr/> \$ 5,446,521	<hr/> \$ 5,497,818	<hr/> \$ 5,400,046

Kawartha Region Conservation Authority
Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2023 (Note 2)	2023	2022
Annual surplus	\$ 46,475	\$ 97,772	\$ 297,587
Acquisition of tangible capital assets	-	(143,515)	(63,243)
Amortization of tangible capital assets	-	78,833	75,190
Loss on disposal of tangible capital assets	-	2,511	5,016
	46,475	35,601	314,550
Change in prepaid expenses	-	8,710	(15,299)
Change in net financial assets	46,475	44,311	299,251
Net financial assets, beginning of year	1,702,918	1,702,918	1,403,667
Net financial assets, end of year	\$ 1,749,393	\$ 1,747,229	\$ 1,702,918

Kawartha Region Conservation Authority
Statement of Cash Flows

For the year ended December 31	2023	2022
Operating Transactions		
Annual surplus	\$ 97,772	\$ 297,587
Non-cash changes to operations:		
Amortization of tangible capital assets	78,833	75,190
Loss on disposal of tangible capital assets	2,511	5,016
Changes in non-cash operating items:		
Accounts receivable	(8,707)	19,969
Prepaid expenses	8,710	(15,299)
Accounts payable and accrued liabilities	58,110	(76,104)
Deferred revenue	128,997	116,211
Deferred revenue - source water protection	(30,010)	(24,300)
Deferred revenue - planning and regulation	15,976	50,743
Total Operating Transactions	352,192	449,013
Capital Transactions		
Deferred capital contributions	6,972	3,450
Acquisition of tangible capital assets	(143,515)	(63,243)
Total Capital Transactions	(136,543)	(59,793)
Increase in cash and cash equivalents	215,649	389,220
Cash and cash equivalents, beginning of year	3,395,977	3,006,757
Cash and cash equivalents, end of year	\$ 3,611,626	\$ 3,395,977
Supplemental cash flow information:		
Cash	\$ 3,558,407	\$ 3,345,007
Money market funds	53,219	50,970

Kawartha Region Conservation Authority Notes to the Financial Statements

December 31, 2023

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.

Kawartha Region Conservation Authority Notes to the Financial Statements

December 31, 2023

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.

Kawartha Region Conservation Authority

Notes to the Financial Statements

December 31, 2023

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.

Kawartha Region Conservation Authority Notes to the Financial Statements

December 31, 2023

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.

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Kawartha Region Conservation Authority
Notes to the Financial Statements

December 31, 2023

2. Budget Figures

The Budget for 2023 was adopted by the Board of Directors on May 25, 2023. 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 2023 budget adopted by the Board.

	Revenue	Expense	Net
Board approved budget:			
Operating	\$ 4,566,550	\$ 4,601,550	\$ (35,000)
Less: Budgeted internal revenues	512,650	512,650	-
Budgeted capital expenses	-	144,200	144,200
Budgeted transfer from reserves	62,725	-	62,725
Adjusted budget per the statement of operations	\$ 3,991,175	\$ 3,944,700	\$ 46,475

The budgeted numbers are unaudited.

3. 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 \$53,219 (2022 - \$50,970) in money market funds with a fair value of \$53,219 (2022 - \$50,970).

4. Accounts Receivable

	2023	2022
Municipal levies	\$ 53,764	\$ 73,979
Federal and provincial	15,731	52,502
HST receivable	70,978	47,664
Other	191,572	149,193
	\$ 332,045	\$ 323,338

Kawartha Region Conservation Authority
Notes to the Financial Statements

December 31, 2023

5. Deferred Revenue and Government Transfers

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

Deferred Revenue	<u>2023</u>	<u>2022</u>
Government Funding - Special Benefiting Projects:		
Durham - Plan Implementation	\$ 134,560	\$ 155,558
Durham - East Cross Forest	168,185	131,610
CKL - Lake Dalrymple	30,877	18,188
CKL - Plan Implementation	431,543	536,062
MOE, Conservation and Parks	-	4,925
Trent Lakes - Blue Canoe	8,521	8,521
Trent Lakes - Flood Plain Mapping	220,150	-
Government Funding - Special Joint Benefiting Capital Projects:		
City of Kawartha Lakes and Durham Region	64,427	34,208
Government Funding - Other Deferred Projects:		
Digitization of Corporate Records	27,287	24,955
Environmental Monitoring Strategy Implementation	2,132	-
Levy Stability	7,428	7,426
Other Deferred Projects:		
Grants and Self-Generated	44,943	89,604
	<u>\$ 1,140,053</u>	<u>\$ 1,011,057</u>

Deferred Revenue - Source Water Protection	<u>2023</u>	<u>2022</u>
Government Funding - Source Water Protection Program	\$ 75,599	\$ 105,609

Deferred Revenue - Planning and Regulation	<u>2023</u>	<u>2022</u>
Section 28 Regulations - Large Scale Fill	\$ 274,513	\$ 283,538
Permit and Subdivision Applications	195,467	170,466
	<u>\$ 469,980</u>	<u>\$ 454,004</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, 2023

6. Tangible Capital Assets

	2023						
	Land and Land Custodianship	Conservation Area Improvements	Buildings	Vehicles	Machinery and Equipment	Furniture and Fixtures	Total
Cost							
Balance, beginning of year	\$ 2,629,799	\$ 428,640	\$ 1,204,955	\$ 180,788	\$ 444,059	\$ 121,068	\$ 5,009,309
Add: Additions during the year	6,614	32,699	11,549	-	92,653	-	143,515
Add: Transfers	-	-	-	-	-	-	-
Less: Disposals during the year	-	(44,908)	-	(46,539)	(117,787)	(15,499)	(224,733)
Balance, end of year	<u>2,636,413</u>	<u>416,431</u>	<u>1,216,504</u>	<u>134,249</u>	<u>418,925</u>	<u>105,569</u>	<u>4,928,091</u>
Accumulated amortization							
Balance, beginning of year	-	267,049	485,196	151,162	328,649	117,026	1,349,082
Add: Amortization during the year	-	10,424	30,649	6,237	30,100	1,423	78,833
Less: Amortization on disposals	-	(44,908)	-	(46,539)	(115,276)	(15,499)	(222,222)
Balance, end of year	<u>-</u>	<u>232,565</u>	<u>515,845</u>	<u>110,860</u>	<u>243,473</u>	<u>102,950</u>	<u>1,205,693</u>
Net book value of tangible capital assets	<u>\$ 2,636,413</u>	<u>\$ 183,866</u>	<u>\$ 700,659</u>	<u>\$ 23,389</u>	<u>\$ 175,452</u>	<u>\$ 2,619</u>	<u>\$ 3,722,398</u>

Kawartha Region Conservation Authority
Notes to the Financial Statements

December 31, 2023

6. Tangible Capital Assets (continued)

	2022						
	Land and Land Custodianship	Conservation Area Improvements	Buildings	Vehicles	Machinery and Equipment	Furniture and Fixtures	Total
Cost							
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
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>
Accumulated amortization							
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>
Net book value of tangible capital assets	<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>

Tangible capital assets under construction have a value of \$47,834 (2022 - \$41,503) and have not been amortized. Amortization of these assets will commence when the assets are put into service.

Kawartha Region Conservation Authority
Notes to the Financial Statements

December 31, 2023

6. 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.

7. 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, 2023, no amount has been drawn (2022 - \$Nil).

8. 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.

9. Accumulated Surplus

Accumulated surplus consists of the following:

	<u>2023</u>	<u>2022</u>
Surpluses		
Internal 'current' and 'capital' funds	\$ 1,560,559	\$ 1,509,719
Invested in tangible capital assets	3,659,986	3,604,787
Reserves	<u>277,273</u>	<u>285,540</u>
Accumulated surplus	<u>\$ 5,497,818</u>	<u>\$ 5,400,046</u>

Kawartha Region Conservation Authority
Notes to the Financial Statements

December 31, 2023

10. Expenses by Object

	2023	2022
Amortization	\$ 78,833	\$ 75,190
Consulting and other professional fees	233,702	214,285
Grants	54,844	37,801
(Gain)/Loss on disposal of capital assets	(2,762)	5,016
Insurance	55,530	45,216
Interest and bank charges	4,966	4,091
Office	114,021	92,499
Program related	501,274	357,845
Repairs and maintenance	72,709	66,652
Training	18,249	6,596
Utilities and property taxes	41,236	39,388
Vehicle and travel	43,728	23,237
Wages and benefits	2,672,723	2,224,052
	\$ 3,889,053	\$ 3,191,868

11. 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, 2023. The results of this valuation disclosed total actuarial liabilities of \$136.2 billion in respect of benefits accrued for service with actuarial assets at that date of \$132 billion indicating an actuarial deficit of \$4.2 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 2023 were \$201,544 (2022 - \$156,561).

12. 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, 2023.

Kawartha Region Conservation Authority
Notes to the Financial Statements

December 31, 2023

13. 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.

There has been no change to this risk from the prior year.

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.

There has been no change to this risk from the prior year.

14. Comparative Figures

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

Kawartha Region Conservation Authority Notes to the Financial Statements

December 31, 2023

15. 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.

Kawartha Region Conservation Authority
Notes to the Financial Statements

December 31, 2023

15. 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 benefiting projects are designed to meet the needs or concerns of a specific municipality, and thus directly benefit the individual municipality. The benefiting municipality funds the projects entirely or in apportionment with another benefiting 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 benefiting projects have a watershed wide benefit and the levy is shared by the municipal partners on the same apportionment percentage as the operating levy. General projects include website enhancements and the digitisation of corporate records and implementation of our 10-year Environmental Strategy.

Kawartha Region Conservation Authority
Planning and Development Services
Schedule A

For the year ended December 31, 2023 with comparative information for 2022

	2023 Budget (Note 2)	2023 Actual	2022 Actual
Revenue:			
Drinking Water Source Protection	\$ 63,200	\$ 56,666	\$ 101,050
Planning and Permitting Fees	420,000	489,389	405,787
Large Scale Fill Permits	10,000	12,773	13,246
Municipal Agreement, Risk Management Official	60,000	53,402	44,792
MOU, Flood Plain Mapping	50,000	17,510	50,152
Total Program Generated Revenue	603,200	629,740	615,027
Municipal Levy	262,486	262,486	187,849
Total Revenue	865,686	892,226	802,876
Expenses:			
Clean Water Act Enforcement	60,000	53,402	44,792
Drinking Water Protection	63,200	56,666	101,050
Large Scale Fill	5,000	-	1,327
MOU, Flood Plain Mapping	1,000	1,005	7,500
Planning and Development Services	808,200	824,656	585,392
	937,400	935,729	740,061
Internal Fee for Service	(71,714)	(61,797)	(37,776)
Total Expenses	865,686	873,932	702,285
Net Surplus for the Year	\$ -	\$ 18,294	\$ 100,591

Kawartha Region Conservation Authority
Integrated Watershed Management
Schedule B

For the year ended December 31, 2023 with comparative information for 2022

	2023 Budget (Note 2)	2023 Actual	2022 Actual
Revenue:			
Fee for Service	\$ 1,000	\$ 175	\$ 452
Grants and Donations	10,300	9,635	3,231
Innovation Hub	34,500	57,352	36,534
MNRF Transfer Payment	24,600	24,640	24,640
Total Program Generated Revenue	70,400	91,802	64,857
Municipal Levy	481,765	479,185	529,628
Total Revenue	552,165	570,987	594,485
Expenses:			
Environmental Information Services	123,950	125,866	81,587
Environmental Monitoring	338,000	332,119	298,064
Flood & Water Level Monitoring	16,350	23,317	77,612
Watershed Management & Support	162,900	140,042	122,576
Innovation Hub	28,350	36,402	18,145
	669,550	657,746	597,984
Internal Fee for Service	(119,965)	(103,062)	(90,405)
Total Expenses	549,585	554,684	507,579
Net Surplus for the Year	\$ 2,580	\$ 16,303	\$ 86,906

Kawartha Region Conservation Authority
Stewardship and Conservation Lands
Schedule C

For the year ended December 31, 2023 with comparative information for 2022

	2023 Budget (Note 2)	2023 Actual	2022 Actual
Revenue:			
Conservation Areas	\$ 58,950	\$ 63,160	\$ 54,638
Donations	15,000	2,957	8,011
Education	4,300	12,691	1,852
Grants	18,000	23,318	96,275
Restoration Management	40,000	10,477	91,051
Total Program Generated Revenue	136,250	112,603	251,827
Municipal Levy	253,849	253,849	229,687
Total Revenue	390,099	366,452	481,514
Expenses:			
Dewey Island	100	-	-
Education Program	1,300	12,454	5,700
Fleetwood Creek Natural Area	8,700	8,560	9,295
Habitat Comp. Program	40,000	8,728	20,445
Ken Reid CA	49,050	69,692	62,138
Land Management & Support	429,000	487,230	417,976
Pigeon River Headwaters	10,450	4,867	8,644
Windy Ridge CA	3,750	3,038	2,099
	542,350	594,569	526,297
Internal Fee for Service	(152,251)	(132,758)	(87,742)
Total Expenses	390,099	461,811	438,555
Net Surplus (Deficit) for the Year	\$ -	\$ (95,359)	\$ 42,959

Kawartha Region Conservation Authority
Corporate Services
Schedule D

For the year ended December 31, 2023 with comparative information for 2022

	2023 Budget (Note 2)	2023 Actual	2022 Actual
Revenue:			
Donations	\$ -	\$ 2,124	\$ 2,308
Grants and Other Revenue	24,200	32,758	39,974
Investment Income	62,600	173,699	75,643
Total Program Generated Revenue	86,800	208,581	117,925
Municipal Levy	673,930	673,930	706,161
Capital Levy Contribution	45,875	45,875	-
Total Revenue	806,605	928,386	824,086
Expenses:			
Amortization	60,000	78,833	75,190
Communication	138,200	157,529	140,178
Corporate Services	785,850	761,210	674,193
(Gain)/Loss on Disposal of TCA	-	(2,764)	5,016
Internal Recovery - Vehicle & Equipment Pool	(25,000)	4,958	(5,556)
	959,050	999,766	889,021
Internal Fee for Service	(168,720)	(144,947)	(120,539)
Total Expenses	790,330	854,819	768,482
Net Surplus for the Year	\$ 16,275	\$ 73,567	\$ 55,604

Kawartha Region Conservation Authority
Special Projects
Schedule E

For the year ended December 31, 2023 with comparative information for 2022

	2023 Budget (Note 2)	2023 Actual	2022 Actual
Revenue:			
Climate Change Funding	\$ 18,000	\$ 18,000	\$ 18,000
Fee for Service	38,400	35,574	14,038
Grants and Other	139,000	310,425	161,674
Product Sales	27,000	31,844	30,358
Total Program Generated Revenue	222,400	395,843	224,070
General Benefiting	40,000	33,018	6,160
Special Benefiting	1,009,900	702,840	499,357
Special Operating	106,900	67,625	45,059
Total Revenue	1,379,200	1,199,326	774,646
Expenses:			
CKL - Flood Plain Mapping	-	57,875	12,483
CKL - Implementation Science	160,200	127,585	95,925
CKL - Implementation Stewardship	316,900	295,843	249,358
CKL - Lake Dalrymple	69,300	56,612	65,322
CKL & Durham - Tree Planting Program	187,700	217,192	136,193
Durham - ECF	106,900	97,484	55,999
Durham - Implementation Science	83,020	80,360	49,662
Durham - Implementation Stewardship	65,800	49,768	47,259
Durham - LSEP	41,580	51,980	33,666
Durham - Watershed Planning	27,300	28,234	22,620
Digitization Project	15,000	11,353	160
Monitoring Strategy	25,000	10,176	-
Trent Lakes - Flood Plain Mapping	250,300	52,850	-
Total Expenses	1,349,000	1,137,312	768,647
Net Surplus for the Year	\$ 30,200	\$ 62,014	\$ 5,999

Kawartha Region Conservation Authority
Continuity of Reserves
Schedule F

For the year ended December 31, 2023 with comparative information for 2022

2023	Balance, December 31, 2022	Appropriation (to) from Operations	Additions	Balance, December 31, 2023
Unrestricted	\$ 857,599	\$ 50,840	\$ -	\$ 908,439
Capital Assets Acquisitions	538,765	-	-	538,765
Conservation Initiatives	113,355	-	-	113,355
Externally Restricted				
Durham East Cross Forest Conservation Area	39,600	-	-	39,600
Windy Ridge Conservation Area	22,826	(788)	-	22,038
Ken Reid Conservation Area	89,450	-	-	89,450
Scugog Land Acquisitions	133,664	(7,479)	-	126,185
	1,795,259	42,573	-	1,837,832
Capital Reserve	3,604,787	55,199	-	3,659,986
	\$ 5,400,046	\$ 97,772	\$ -	\$ 5,497,818

2022	Balance, December 31, 2021	Appropriation (to) from Operations	Additions	Balance, December 31, 2022
Unrestricted	\$ 706,295	\$ 151,304	\$ -	\$ 857,599
Capital Asset Acquisitions	400,532	138,233	-	538,765
Conservation Initiatives	83,594	29,761	-	113,355
Externally Restricted				
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