

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

The Otonabee 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 The Otonabee 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.


Michael Metcalf (May 2, 2024 13:47 EDT)

Chair
Michael Metcalf
May 2, 2024


Kevin M Duguay (May 6, 2024 11:56 EDT)

Vice Chair
Kevin Duguay
May 2, 2024



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Independent Auditor's Report

To the Members of The Otonabee Region Conservation Authority

Opinion

We have audited the financial statements of The Otonabee 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.

Other Matters

The financial statements of The Otonabee Regional Conservation Authority for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on April 12, 2023.

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 2, 2024

The Otonabee Region Conservation Authority
Statement of Financial Position

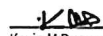
December 31	2023	2022
Financial assets		
Cash	\$ 1,005,586	\$ 524,060
Accounts receivable (Note 3)	<u>184,999</u>	<u>910,461</u>
	<u>1,190,585</u>	<u>1,434,521</u>
Financial liabilities		
Accounts payable and accrued liabilities (Note 4)	754,317	976,862
Deferred revenue (Note 5)	<u>11,538</u>	<u>48,390</u>
	<u>765,855</u>	<u>1,025,252</u>
Net financial assets	<u>424,730</u>	<u>409,269</u>
Non-financial assets		
Tangible capital assets (Note 6)	10,444,996	10,161,480
Prepaid expenses	<u>57,116</u>	<u>45,871</u>
	<u>10,502,112</u>	<u>10,207,351</u>
Accumulated surplus (Note 8)	<u>\$ 10,926,842</u>	<u>\$ 10,616,620</u>

Commitments (Note 9)

Approved by Board


Michael Metcalf (May 2, 2024 11:09 EDT)

Chair


Kevin M Duguay (May 2, 2024 11:18 EDT)

Vice Chair

The Otonabee Region Conservation Authority
Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2023 (Note 2)	2023	2022
Revenue			
Government funding			
Municipal:			
General levy	\$ 1,277,602	\$ 1,277,602	\$ 1,247,040
Capital project levy	105,000	105,000	105,000
Special levy	-	-	2,427
Non-levy service and project revenue	180,000	313,819	161,488
Provincial	92,750	155,840	95,358
Federal	5,000	264,793	828,640
Authority generated			
User fees	1,327,500	1,205,331	1,046,486
Sales, rentals and other	156,000	291,621	168,149
Grants and partnerships	180,000	89,545	145,532
Donations	50,000	52,063	140,479
	<u>3,373,852</u>	<u>3,755,614</u>	<u>3,940,599</u>
Expenses			
Natural Hazard Program (Schedule A)	972,182	1,063,414	995,835
Conservation Lands Program (Schedule B)	1,129,718	1,207,337	815,770
Watershed Management Program (Schedule C)	465,000	360,504	440,001
Corporate services (Schedule D)	699,327	814,137	813,565
	<u>3,266,227</u>	<u>3,445,392</u>	<u>3,065,171</u>
Annual surplus	107,625	310,222	875,428
Accumulated surplus, beginning of year	10,616,620	10,616,620	9,741,192
Accumulated surplus, end of year	<u>\$ 10,724,245</u>	<u>\$ 10,926,842</u>	<u>\$ 10,616,620</u>

The Otonabee Region Conservation Authority
Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2023 (Note 2)	2023	2022
Annual surplus	\$ 107,625	\$ 310,222	\$ 875,428
Acquisition of tangible capital assets	-	(511,885)	(1,051,586)
Amortization of tangible capital assets	-	227,443	211,338
Loss on disposal of tangible capital assets	-	926	-
	107,625	26,706	35,180
Change in prepaid expenses	-	(11,245)	(16,118)
Change in net financial assets	107,625	15,461	19,062
Net financial assets, beginning of year	409,269	409,269	390,207
Net financial assets, end of year	\$ 516,894	\$ 424,730	\$ 409,269

The Otonabee Region Conservation Authority

Statement of Cash Flows

For the year ended December 31	2023	2022
Operating Transactions		
Annual surplus	\$ 310,222	\$ 875,428
Non-cash changes to operations:		
Amortization of tangible capital assets	227,443	211,338
Loss on disposal of tangible capital assets	926	-
Changes in non-cash operating items:		
Accounts receivable	725,462	(370,259)
Prepaid expenses	(11,245)	(16,118)
Accounts payable and accrued liabilities	(222,545)	302,884
Deferred revenue	(36,852)	24,072
Total Operating Transactions	993,411	1,027,345
Capital Transactions		
Acquisition of tangible capital assets	(511,885)	(1,051,586)
Increase in cash	481,526	(24,241)
Cash, beginning of year	524,060	548,301
Cash, end of year	\$ 1,005,586	\$ 524,060

The Otonabee Region Conservation Authority

Notes to the Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies

Nature of the Authority

The Otonabee Region Conservation Authority (the "Authority") was established in 1959, in accordance with Section 3(1) of the Conservation Authorities Act of Ontario. The watershed includes area in the Municipalities of Asphodel-Norwood, Cavan Monaghan, Douro-Dummer, Otonabees-South Monaghan, Selwyn and Trent Hills and the Cities of Peterborough and Kawartha Lakes. 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 E - Continuity of Reserves.

The Otonabee 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:

Building and building improvements	40 years
Land improvements	40 years
Infrastructure - Dams	80 years
Infrastructure - Other	40 years
Machinery and equipment	7 years
Vehicles	7 years
Furniture and fixtures	5 years
Computers	3 years

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

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

(ii) Contributed Tangible Capital Assets

Contributed tangible capital assets are recorded at their fair value on the date of contribution, except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Reserves

Reserves are established under approval of The Otonabee Regional Conservation Authority 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.

The Otonabee 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.

The Otonabee 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. The Authority has determined that its asset retirement obligations are not material and as such have not recorded a liability related to these costs.

The Otonabee 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	\$ 3,268,852	\$ 3,266,227	\$ 2,625
Capital	105,000	105,000	-
Total Board approved budget	\$ 3,373,852	\$ 3,371,227	\$ 2,625
Less: Budgeted capital expenses	-	105,000	(105,000)
Adjusted budget per the statement of operations	\$ 3,373,852	\$ 3,266,227	\$ 107,625

The budgeted numbers are unaudited.

3. Accounts Receivable

	2023	2022
Municipal levies	\$ -	\$ 48,404
Federal	-	593,984
Provincial	13,629	50,659
HST receivable	31,369	93,405
Authority generated	140,001	123,855
Due from employee	-	154
	\$ 184,999	\$ 910,461

4. Accounts Payable

	2023	2022
Accounts payable and accrued liabilities	\$ 365,952	\$ 562,685
Salaries and benefits payable	54,688	60,320
Employee future benefits	333,677	353,677
Due to governments	-	180
	\$ 754,317	\$ 976,862

The Otonabee 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:

2023	Balance, December 31, 2022	2023 Receipts	2023 Revenue	Balance, December 31, 2023
Capital projects levy	\$ -	\$ 105,000	\$ 105,000	\$ -
Source water protection	31,570	28,864	60,434	-
Water and Erosion Control Infrastructure	-	8,625	3,387	5,238
Other grants (less than \$15,000)	16,820	61,300	71,820	6,300
	\$ 48,390	\$ 203,789	\$ 240,641	\$ 11,538

2022	Balance, December 31, 2021	2022 Receipts	2022 Revenue	Balance, December 31, 2022
Capital projects levy	-	105,000	105,000	-
Special levy	2,427	-	2,427	-
Source water protection	14,771	73,471	56,672	31,570
Other grants (less than \$15,000)	7,120	9,700	-	16,820
	24,318	188,171	164,099	48,390

These amounts are recognized as revenue as directly related expenses are incurred.

The Otonabee Region Conservation Authority
Notes to the Financial Statements

December 31, 2023

6. Tangible Capital Assets

	2023									
	Land	Land Improvements	Building and Building Improvements	Infrastructure	Machinery and Equipment	Vehicles	Furniture and Fixtures	Computers	Work in Progress	Total
Cost										
Balance, beginning of year	\$ 3,086,616	\$ 610,185	\$ 1,269,078	\$ 6,103,276	\$ 356,323	\$ 202,085	\$ 70,777	\$ 85,764	\$ 343,050	\$ 12,127,154
Add: Additions during the year		1,432	410,958	47,454	12,937	23,291	1,646	14,167	-	511,885
Add: Transfers	-	-	332,875	-	-	-	-	-	(332,875)	-
Less: Disposals during the year	-	-	-	-	(79,228)	-	-	(4,579)	-	(83,807)
Balance, end of year	3,086,616	611,617	2,012,911	6,150,730	290,032	225,376	72,423	95,352	10,175	12,555,232
Accumulated amortization										
Balance, beginning of year	-	15,255	441,171	989,375	258,729	146,092	44,163	70,889	-	1,965,674
Add: Amortization during the year	-	15,290	50,323	87,313	28,018	20,131	9,798	16,570	-	227,443
Less: Amortization on disposals	-	-	-	-	(78,302)	-	-	(4,579)	-	(82,881)
Balance, end of year	-	30,545	491,494	1,076,688	208,445	166,223	53,961	82,880	-	2,110,236
Net book value of tangible capital assets	\$ 3,086,616	\$ 581,072	\$ 1,521,417	\$ 5,074,042	\$ 81,587	\$ 59,153	\$ 18,462	\$ 12,472	\$ 10,175	\$ 10,444,996

The Otonabee Region Conservation Authority
Notes to the Financial Statements

December 31, 2023

6. Tangible Capital Assets (continued)

	2022									
	Land	Land Improvements	Building and Building Improvements	Infrastructure	Machinery and Equipment	Vehicles	Furniture and Fixtures	Computers	Work in Progress	Total
Cost										
Balance, beginning of year	\$ 3,036,616	\$ -	\$ 1,268,971	\$ 6,102,752	\$ 324,300	\$ 195,200	\$ 61,767	\$ 81,734	\$ 29,443	\$ 11,100,783
Add: Additions during the year	50,000	590,917	107	524	37,726	18,915	11,438	9,084	332,875	1,051,586
Add: Transfers	-	19,268	-	-	-	-	-	-	(19,268)	-
Less: Disposals during the year	-	-	-	-	(5,703)	(12,030)	(2,428)	(5,054)	-	(25,215)
Balance, end of year	3,086,616	610,185	1,269,078	6,103,276	356,323	202,085	70,777	85,764	343,050	12,127,154
Accumulated amortization										
Balance, beginning of year	-	-	409,444	901,590	233,773	137,496	37,122	60,126	-	1,779,551
Add: Amortization during the year	-	15,255	31,727	87,785	30,659	20,626	9,469	15,817	-	211,338
Less: Amortization on disposals	-	-	-	-	(5,703)	(12,030)	(2,428)	(5,054)	-	(25,215)
Balance, end of year	-	15,255	441,171	989,375	258,729	146,092	44,163	70,889	-	1,965,674
Net book value of tangible capital assets	\$ 3,086,616	\$ 594,930	\$ 827,907	\$ 5,113,901	\$ 97,594	\$ 55,993	\$ 26,614	\$ 14,875	\$ 343,050	\$ 10,161,480

The Otonabee Region Conservation Authority
Notes to the Financial Statements

December 31, 2023

7. Related Party Transactions

Board members are paid a per diem and the Chair and Vice-Chair receive a nominal honorarium.

8. Accumulated Surplus

Accumulated surplus consists of the following:

	<u>2023</u>	<u>2022</u>
Surpluses		
Internal 'current' and 'capital' funds	\$ 46,074	\$ 37,378
Invested in tangible capital assets	10,444,996	10,161,480
Reserves	<u>435,772</u>	<u>417,762</u>
Accumulated surplus	<u>\$ 10,926,842</u>	<u>\$ 10,616,620</u>

9. Commitments

Future minimum lease payments for the next three years for equipment are as follows:

2024	\$ 3,698
2025	3,698
2026	2,505

10. Expenses by Object

Salaries, wages and employee benefits	2,046,552	1,962,290
Utilities, communications, property taxes and insurance	209,114	172,986
Maintenance, service and supplies	415,342	283,964
Professional services	129,618	169,183
Travel and staff expenses	24,694	20,359
Other expenses	366,617	221,194
Vehicle costs	26,012	23,857
Amortization of tangible capital assets	<u>227,443</u>	<u>211,338</u>
	<u>\$ 3,445,392</u>	<u>\$ 3,065,171</u>

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

The Otonabee Region Conservation Authority

Notes to the Financial Statements

December 31, 2023

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. 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.

13. Comparative Figures

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

The Otonabee Region Conservation Authority Notes to the Financial Statements

December 31, 2023

14. 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.

Natural Hazard Program

This program includes activities related to permitting responsibilities, review of applications under the Planning Act, flood plain mapping, flood forecasting, monitoring watershed conditions, delivery of water safety and natural hazard related education programs, operate, maintain and ensure the safe working order of water and ice control structures.

Conservation Lands Program

Conservation lands program includes activities related to the operation and maintenance of Authority owned land for natural heritage protection and recreation purposes and to undertake resource development on the land.

Watershed Management Program

Watershed management program includes activities related to the development of watershed-based resource management strategy for water resources, implementation of provincial water quality and groundwater quality monitoring programs. Implementation of the policies of the Trent Source Protection Plan and compliance with the assigned requirements of the Clean Water Act, including support to the Municipalities.

This program also works with landowners to undertake land restoration and stewardship activities on their lands that enhances the natural environment.

It also provides technical reviews and expertise on natural heritage matters to assist the Municipalities in making environmentally sound decisions on Planning Act applications.

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.

The Otonabee Region Conservation Authority
Natural Hazard Program
Schedule A

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

	2023 Budget (Note 2)	2023 Actual	2022 Actual
Revenue:			
Municipal funding			
General levy	\$ 453,432	\$ 453,432	\$ 408,544
Capital levy	3,387	3,387	2,325
Fees for service	-	148,076	-
	456,819	604,895	410,869
Provincial funding	92,750	155,840	95,358
Federal funding	-	-	4,840
Total government funding	549,569	760,735	511,067
User fees	418,500	335,266	471,035
Sales, rentals and other	5,000	5,044	18,750
Grants and partnerships	2,500	2,500	-
Donations	-	-	2,500
Total authority generated revenue	426,000	342,810	492,285
Total Revenue	975,569	1,103,545	1,003,352
Expenses:			
Salaries, wages and employee benefits	813,378	748,981	728,226
Utilities, communications, property taxes and insurance	40,562	47,711	41,623
Maintenance, service and supplies	37,960	27,562	29,303
Professional services	69,332	42,420	75,954
Travel and staff expenses	4,950	8,072	6,132
Other expenses	6,000	96,621	12,451
Amortization of tangible capital assets	-	92,047	102,146
Total Expenses	972,182	1,063,414	995,835
Net Surplus for the Year	\$ 3,387	\$ 40,131	\$ 7,517

The Otonabee Region Conservation Authority
Conservation Lands Program
Schedule B

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

	2023 Budget (Note 2)	2023 Actual	2022 Actual
Revenue:			
Municipal funding			
General levy	\$ 125,000	\$ 125,000	\$ 119,524
Capital levy	71,467	71,467	67,675
Special levy	-	-	2,427
	196,467	196,467	189,626
Federal funding	-	264,793	809,280
Total government funding	196,467	461,260	998,906
User fees	909,000	870,065	553,800
Sales, rentals and other	86,000	206,243	67,496
Grants and partnerships	-	6,750	61,750
Donations	20,000	36,063	122,979
Total authority generated revenue	1,015,000	1,119,121	806,025
Total Revenue	1,211,467	1,580,381	1,804,931
Expenses:			
Salaries, wages and employee benefits	621,132	564,413	456,580
Utilities, communications, property taxes and insurance	126,250	106,298	82,876
Maintenance, service and supplies	152,240	240,374	114,242
Professional services	7,500	2,310	19,220
Travel and staff expenses	10,000	6,620	6,003
Other expenses	212,596	209,558	96,703
Amortization of tangible capital assets	-	77,764	40,146
Total Expenses	1,129,718	1,207,337	815,770
Net Surplus for the Year	\$ 81,749	\$ 373,044	\$ 989,161

The Otonabee Region Conservation Authority
Watershed Management Program
Schedule C

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

	2023 Budget (Note 2)	2023 Actual	2022 Actual
Revenue:			
Municipal funding			
General levy	\$ 67,500	\$ 67,500	\$ 87,612
Fees for service	180,000	165,743	161,488
	247,500	233,243	249,100
Federal funding	-	-	9,680
Total government funding	247,500	233,243	258,780
Sales, rentals and other	10,000	43,518	81,903
Grants and partnerships	177,500	80,295	83,782
Donations	30,000	16,000	15,000
Total authority generated revenue	217,500	139,813	180,685
Total Revenue	465,000	373,056	439,465
Expenses:			
Salaries, wages and employee benefits	337,056	297,315	322,790
Utilities, communications, property taxes and insurance	5,400	13,771	13,187
Maintenance, service and supplies	53,381	23,574	27,984
Professional services	4,500	175	2,429
Travel and staff expenses	5,828	6,549	6,494
Other expenses	58,835	18,437	66,704
Amortization of tangible capital assets	-	683	413
Total Expenses	465,000	360,504	440,001
Net Surplus (Deficit) for the Year	\$ -	\$ 12,552	\$ (536)

The Otonabee 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:			
Municipal funding			
General levy	\$ 631,670	\$ 631,670	\$ 631,360
Capital levy	30,146	30,146	35,000
	661,816	661,816	666,360
Federal funding	5,000	-	4,840
Total government funding	666,816	661,816	671,200
User fees	-	-	21,651
Sales, rentals and other	55,000	36,816	-
Total authority generated revenue	55,000	36,816	21,651
Total Revenue	721,816	698,632	692,851
Expenses:			
Salaries, wages and employee benefits	465,227	435,843	454,694
Utilities, communications, property taxes and insurance	31,500	41,334	35,300
Maintenance, service and supplies	107,850	123,832	112,435
Professional services	12,000	84,713	71,580
Travel and staff expenses	5,000	3,453	1,730
Other expenses	52,750	42,001	45,336
Vehicle costs	25,000	26,012	23,857
Amortization of tangible capital assets	-	56,949	68,633
Total Expenses	699,327	814,137	813,565
Net Surplus (Deficit) for the Year	\$ 22,489	\$ (115,505)	\$ (120,714)

The Otonabee Region Conservation Authority
Continuity of Reserves
Schedule E

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				
Capital Reserve	\$ 1,361	\$ -	\$ -	\$ 1,361
Jackson Creek Trail Revitalization Reserve	-	-	-	-
Harold Town Reserve	-	18,010	-	18,010
General Reserve	286,349	-	-	286,349
Externally Restricted				
Gravel Pit Rehabilitation Reserve	28,223	-	-	28,223
Proceeds from Disposition of Lands Reserve	101,829	-	-	101,829
	<u>\$ 417,762</u>	<u>\$ 18,010</u>	<u>\$ -</u>	<u>\$ 435,772</u>

2022	Balance, December 31, 2021	Appropriation (to) from Operations	Additions	Balance, December 31, 2022
Unrestricted				
Capital Reserve	\$ 1,361	\$ -	\$ -	\$ 1,361
Jackson Creek Trail Revitalization Reserve	19,996	(19,996)	-	-
General Reserve	286,349	-	-	286,349
Externally Restricted				
Gravel Pit Rehabilitation Reserve	28,223	-	-	28,223
Proceeds from Disposition of Lands Reserve	101,829	-	-	101,829
	<u>\$ 437,758</u>	<u>\$ (19,996)</u>	<u>\$ -</u>	<u>\$ 417,762</u>