

THE LOWER TRENT REGION CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2022



LOWER TRENT CONSERVATION

714 Murray Street, R.R. 1, Trenton, Ontario K8V 0N1

■ Tel: 613-394-4829 ■ Fax: 613-394-5226 ■ Website: www.ltc.on.ca ■ Email: information@ltc.on.ca

Registered Charitable Organization No. 107646598RR0001

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of The Lower Trent Region Conservation Authority are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with Canadian public sector accounting standards, as issued by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 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.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the Authority, in accordance with Canadian auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.

Rhonda Bateman
Chief Administrative Officer

Kelly Vandette
Manager, Corporate Services

February 9, 2023

Working with Local Communities to Protect our Natural Environment



Member of Conservation Ontario
Representing Ontario's 36 Conservation Authorities

INDEPENDENT AUDITOR'S REPORT

To the Members of
THE LOWER TRENT REGION CONSERVATION AUTHORITY

Opinion

We have audited the financial statements of **THE LOWER TRENT REGION CONSERVATION AUTHORITY**, which comprise the statement of financial position as at December 31, 2022, and the statements of surplus, changes in net financial assets, operations 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 its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Authority's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority 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.

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.

Trenton, Ontario
February 9, 2023

Welch LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE LOWER TRENT REGION CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash	\$ 2,092,930	\$ 2,026,174
Short term investment - note 3	64,803	63,858
Accounts receivable:		
Municipalities	13,715	20,180
Other	139,979	26,474
	<u>2,311,427</u>	<u>2,136,686</u>
LIABILITIES		
Accounts payable and accrued liabilities	113,341	97,031
Unearned revenue	32,367	39,721
Due to partnership programs - note 5	251,597	343,493
Deferred contributions - note 4	197,933	207,745
	<u>595,238</u>	<u>687,990</u>
NET FINANCIAL ASSETS	<u>1,716,189</u>	<u>1,448,696</u>
NON-FINANCIAL ASSETS		
Tangible capital assets - schedule 4	2,980,081	2,944,036
Prepaid expenditures	43,687	21,468
	<u>3,023,768</u>	<u>2,965,504</u>
ACCUMULATED SURPLUS	<u>\$ 4,739,957</u>	<u>\$ 4,414,200</u>
Represented by:		
Operating fund - note 6	\$ 1,043,189	\$ 822,652
Reserve funds - note 7	716,687	647,512
Equity in tangible capital assets	2,980,081	2,944,036
	<u>\$ 4,739,957</u>	<u>\$ 4,414,200</u>

Approved on behalf of the Board

 Director
 Director

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
ACCUMULATED SURPLUS , beginning of year	\$ 4,414,200	\$ 4,157,393
Annual surplus	<u>325,757</u>	<u>256,807</u>
ACCUMULATED SURPLUS , end of year	<u><u>\$ 4,739,957</u></u>	<u><u>\$ 4,414,200</u></u>

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
NET FINANCIAL ASSETS, beginning of year	<u>\$ 1,448,696</u>	<u>\$ 1,205,448</u>
Annual surplus	325,757	256,807
Acquisition of tangible capital assets	(88,068)	(56,315)
Proceeds on disposition of tangible capital assets	5,613	-
Loss (gain) on disposal of tangible capital assets	(5,079)	746
Amortization of tangible capital assets	51,489	46,966
Change in prepaid expenditures	<u>(22,219)</u>	<u>(4,956)</u>
	<u>267,493</u>	<u>243,248</u>
NET FINANCIAL ASSETS, end of year	<u><u>\$ 1,716,189</u></u>	<u><u>\$ 1,448,696</u></u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022

	2022 Budget (Note 11)	2022 Actual	2021 Actual
REVENUE			
Government grants - provincial	\$ 68,831	\$ 68,831	\$ 68,831
Municipal levies - operating	1,024,074	1,024,074	1,003,994
Recoveries - property taxes	25,275	23,919	24,253
Legal enquiries, fill permits and plan review	185,000	393,001	337,172
Sundry - note 8	46,500	159,843	97,710
Property rental	28,936	32,459	27,386
Donations - unrestricted	2,000	2,179	3,634
Deferred contributions recognized - note 4	89,453	22,652	56,647
Source Protection RMO/RMI and E&O programs	122,120	128,999	128,999
Recovered from partnership programs - note 10	267,695	286,188	277,870
Government grants - summer students and interns	16,000	29,088	17,400
	<u>1,875,884</u>	<u>2,171,233</u>	<u>2,043,896</u>
EXPENDITURES			
Corporate Services, Schedule 1	691,225	656,260	623,682
Watershed Science and Services, Schedule 2	991,789	945,567	884,629
Conservation Lands, Schedule 3	323,502	318,279	320,067
	<u>2,006,516</u>	<u>1,920,106</u>	<u>1,828,378</u>
Annual Surplus before capital items	<u>(130,632)</u>	<u>251,127</u>	<u>215,518</u>
CAPITAL ITEMS			
Municipal levies - capital	98,105	98,105	49,053
Municipal special benefitting levy - capital	17,500	17,038	19,974
Government grant - provincial - capital project	17,500	17,038	19,974
Major repairs and maintenance	-	(11,141)	-
Amortization	-	(51,489)	(46,966)
Gain (loss) on disposal of tangible capital assets	-	5,079	(746)
	<u>133,105</u>	<u>74,630</u>	<u>41,289</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 2,473</u>	<u>\$ 325,757</u>	<u>\$ 256,807</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF CORPORATE SERVICES

Schedule 1

	2022 Budget (Note 11)	2022 Actual	2021 Actual
Wages and benefits	\$ 534,932	\$ 534,414	\$ 517,420
Travel and allowances	15,000	11,000	9,720
Materials and supplies	15,193	12,410	7,138
Building occupancy costs	25,750	26,021	20,295
General	<u>100,350</u>	<u>72,415</u>	<u>69,109</u>
	<u>\$ 691,225</u>	<u>\$ 656,260</u>	<u>\$ 623,682</u>

SCHEDULE OF WATERSHED SCIENCE AND SERVICES

Schedule 2

	2022 Budget (Note 11)	2022 Actual	2021 Actual
Wages and benefits	\$ 710,420	\$ 645,035	\$ 601,046
Travel and allowances	5,000	11,863	3,880
Materials, equipment and supplies	5,150	4,400	3,534
Office	8,240	24,484	13,473
Vehicle and equipment - operations and maintenance	6,000	5,574	3,922
Oak Ridges Moraine Coalition	2,500	-	1,250
Benthic/flow monitoring	39,000	33,850	9,946
Flood forecasting and control structures	39,359	28,342	23,946
Events and publications	7,500	155	-
Education and outreach programs	20,000	64,590	55,107
Stewardship programs	26,500	71,099	62,837
Source Protection RMO/RMI and E&O programs	<u>122,120</u>	<u>132,223</u>	<u>129,063</u>
	991,789	1,021,615	908,004
Less: internal charges for labour and overhead	<u>-</u>	<u>76,048</u>	<u>23,375</u>
	<u>\$ 991,789</u>	<u>\$ 945,567</u>	<u>\$ 884,629</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF CONSERVATION LANDS

Schedule 3

	2022 Budget (Note 11)	2022 Actual	2021 Actual
Wages and benefits	\$ 201,290	\$ 198,616	\$ 205,284
Travel and allowances	6,000	3,864	3,877
Conservation areas maintenance and projects	18,500	19,285	16,328
Property taxes	47,922	44,484	43,257
Insurance	17,490	20,863	16,669
Materials, supplies and general	10,300	2,698	8,100
Goodrich-Loomis Conservation Centre operations	7,000	8,360	6,971
Vehicle and equipment operations and maintenance	<u>15,000</u>	<u>20,109</u>	<u>19,581</u>
	<u>\$ 323,502</u>	<u>\$ 318,279</u>	<u>\$ 320,067</u>

(See accompanying notes)

**THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2022**

Schedule 4

	Land \$	Buildings, structures and bridges \$	Flood and Erosion Control Infrastructure \$	Roads, parking lots and trails \$	Furniture and fixtures \$	Equipment \$	Office equipment \$	Vehicles \$	Computer Equipment \$	2022 Total \$	2021 Total \$
Historical Costs:											
Opening Balance	2,116,658	844,397	313,836	134,797	39,578	70,924	39,021	200,667	80,824	3,840,702	3,785,133
Additions	-	-	34,075	-	-	16,459	-	31,321	6,213	88,068	56,315
Disposals	-	-	-	-	-	(8,880)	-	(43,972)	-	(52,852)	(746)
Closing Balance	2,116,658	844,397	347,911	134,797	39,578	78,503	39,021	188,016	87,037	3,875,918	3,840,702
Accumulated Amortization:											
Opening Balance	-	317,483	170,277	43,635	37,519	60,227	37,320	158,762	71,443	896,666	849,700
Amortization	-	13,172	3,843	2,280	411	4,056	510	21,951	5,266	51,489	46,966
Disposals	-	-	-	-	-	(8,853)	-	(43,465)	-	(52,318)	-
Closing Balance	-	330,655	174,120	45,915	37,930	55,430	37,830	137,248	76,709	895,837	896,666
Net book value for year ended December 31, 2022	2,116,658	513,742	173,791	88,882	1,648	23,073	1,191	50,768	10,328	2,980,081	2,944,036

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 325,757	\$ 256,807
Adjustments for:		
Amortization	51,489	46,966
Loss (gain) on disposal of tangible capital assets	<u>(5,079)</u>	<u>746</u>
	372,167	304,519
Change in non-cash operating balances:		
Accounts receivable	(107,040)	32,432
Prepaid expenditures	(22,219)	(4,956)
Accounts payable and accrued liabilities	16,309	(7,815)
Unearned revenue	(7,354)	(10,428)
Due to partnership programs	(91,896)	218,553
Deferred contributions	<u>(9,812)</u>	<u>(50,905)</u>
	<u>150,155</u>	<u>481,400</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(88,068)	(56,315)
Proceeds on disposal of tangible capital assets	<u>5,613</u>	<u>-</u>
	<u>(82,455)</u>	<u>(56,315)</u>
CASH FLOWS FROM INVESTING TRANSACTIONS		
Purchase of short-term investment	<u>(944)</u>	<u>(59)</u>
INCREASE IN CASH	66,756	425,026
CASH, beginning of year	<u>2,026,174</u>	<u>1,601,148</u>
CASH, end of year	<u><u>\$ 2,092,930</u></u>	<u><u>\$ 2,026,174</u></u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

1. NATURE OF OPERATIONS

The Lower Trent Region Conservation Authority ("the Authority") is established under the Conservation Authorities Act of Ontario 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. The watersheds include areas in the Municipalities of Centre Hastings, Trent Hills and Brighton, the Townships of Alnwick/Haldimand, Cramahe and Stirling-Rawdon, and the City of Quinte West.

The Authority is a registered charity and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The Authority follows Canadian Public Sector Accounting Standards as issued by the Public Sector Accounting Board (PSAB) in preparing its financial statements. The significant accounting policies used are as follows:

Basis of accounting

Revenue and expenditures are recorded on the accrual basis, 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.

Appropriations to reserves

Authorities may establish reserves by appropriating amounts to earmark them for specific purposes. Appropriations to or from reserves are disclosed in note 6 and note 7 as appropriations from or to the operating fund.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a declining balance basis commencing in the year the asset is put into service. Donated tangible capital assets are reported at fair value at the time of donation. Amortization rates are as follows:

Buildings, structures and bridges	2.5%
Flood and erosion control infrastructure	2.5%
Roads, parking lots and trails	2.5%
Furniture and fixtures	20%
Equipment	20%
Office equipment	30%
Vehicles	30%
Computer equipment	30 to 45%

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Authority recognizes revenue as follows:

Municipal levies - general are recognized in the fiscal year in which they are levied.

The Provincial government annual operating grant is recognized in the fiscal year to which the grant relates to the extent that eligible expenditures have been incurred.

User fees and sales are recognized when the service has been performed or the goods have been transferred.

Other grants and specified donations are recognized when the related net expenditures have been incurred.

Property rental income is recognized over the lease term.

General donations are recognized when received.

Any funding received for which the related services have not been performed and/or the related expenditures have not been incurred at the end of the fiscal year are recorded as unearned revenue.

Investment income, which includes interest on bank accounts and distributions from mutual funds, is recognized when earned.

Investments

Investments, which consist of mutual funds, are measured at acquisition cost.

Use of estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Items requiring the use of significant estimates include determining the estimated useful lives of tangible capital assets. Actual results could differ from those estimates.

Pension expense and obligation

The cost of employer contributions to the multi-employer defined benefit pension plan are charged to operations in the same year as the related employee salaries and wages to which the contributions relate. No provision is made for any funding liability or surplus related to this plan.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Liability for contaminated sites

A contaminated site is a site at which substances occur, in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated sites if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Authority is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. These statements do not include any liability for contaminated sites.

3. SHORT TERM INVESTMENT

The short term investment consists of a T-Bill mutual fund and includes \$16,119 (2021 - \$15,884) which is restricted in use for the Shell Canada project described in Note 4. The market value of the investment is equivalent to its cost.

4. DEFERRED CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 207,745	\$ 258,650
Contributions received in year	12,605	5,727
Interest earned	235	15
Expended in year	<u>(22,652)</u>	<u>(56,647)</u>
Balance, end of year	<u>\$ 197,933</u>	<u>\$ 207,745</u>

Deferred contribution balance includes the following items:

	<u>2022</u>	<u>2021</u>
Shell Canada	\$ 16,119	\$ 15,884
Youth Education Programs and Fundraising Initiative	165,603	175,125
Land Stewardship - Education and Outreach	<u>16,211</u>	<u>16,736</u>
	<u>\$ 197,933</u>	<u>\$ 207,745</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

4. DEFERRED CONTRIBUTIONS (continued)

The Authority received contributions in a prior year from Shell Canada that are restricted in their use towards capital improvements at the Goodrich-Loomis Conservation Centre.

The Authority received contributions during the current year and prior years from various donors that are restricted in their use towards Youth Education Programs and Fundraising Initiative. The Authority also received funding in prior years that are restricted in their use for Land Stewardship - Education and Outreach

5. DUE TO PARTNERSHIP PROGRAMS

The Authority has been engaged to manage and administer non-authority programs on behalf of partners. This includes hiring and supervising the employees of these programs as well as providing technical and administrative support. The Authority is advanced funds to cover the expenditures of these programs. Separate bank accounts are not maintained for these programs. Currently, the Authority administers the Bay of Quinte Remedial Action Plan programs ("BQRAP") and the Regional Drinking Water Source Protection Program for the Trent Conservation Coalition ("RDWSP"). At the end of the current year, the Authority had the following amounts payable to these programs and funds received and expended for these programs.

	Amount payable beginning of year	Funds received in year	Expenditures	Amount payable end of year
BQRAP Governance	\$ 122,145	\$ 217,240	\$ (269,461)	\$ 69,924
BQRAP Natural Heritage	<u>126,022</u>	<u>250,185</u>	<u>(220,440)</u>	<u>155,767</u>
BQRAP Total	248,167	467,425	(489,901)	225,691
RDWSP	<u>95,326</u>	<u>434,989</u>	<u>(504,409)</u>	<u>25,906</u>
	<u>\$ 343,493</u>	<u>\$ 902,414</u>	<u>\$ (994,310)</u>	<u>\$ 251,597</u>

The Authority is the signatory to funding contracts with the Federal and Ontario governments for the above noted programs. Under these contracts, there are periodic submissions of financial reports and reconciliation of expenditures incurred to the funding provided for the contract period. Funding received in excess of eligible expenditures may have to be returned to the funding government.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

6. OPERATING FUND

The activity during the year in the operating fund is as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 822,652	\$ 607,890
Increase in net financial assets	267,493	243,248
Increase (decrease) in prepaid expenditures	22,219	4,956
Appropriations to reserves	(140,342)	(49,053)
Appropriations from reserves	<u>71,167</u>	<u>15,611</u>
Balance, end of year	<u>\$ 1,043,189</u>	<u>\$ 822,652</u>

7. RESERVE FUNDS

Appropriations to or from the reserve for administration facility, reserve for equipment, reserve for special projects, reserve for workshop facility, reserve for conservation lands, reserve for legal fees and reserve for youth education are specific decisions of the Authority's Board of Directors. The Provincial land reserve consists of funds received from sales of lands that are restricted in purpose to the purchase of provincially significant conservation lands, flood operations, flood control structures or hazard land mapping and require provincial approval. The activity in the various reserve funds during the year are as follows:

	<u>Balance beginning of year</u>	<u>Appropriation from Operations</u>	<u>Appropriation to Operations</u>	<u>Balance end of year</u>
Reserve for buildings, structures, and bridges	\$ 84,146	\$ 32,000	\$ (11,141)	\$ 105,005
Reserve for vehicles and equipment	118,831	30,550	(42,166)	107,215
Reserve for special projects	64,515	3,680	-	68,195
Reserve for conservation lands	15,000	-	-	15,000
Reserve for legal fees	60,000	10,000	-	70,000
Reserve for youth education	43,113	22,237	-	65,350
Provincial land reserve	225,245	-	-	225,245
Reserve for IT infrastructure	26,724	22,000	(17,860)	30,864
Reserve for land infrastructure	<u>9,938</u>	<u>19,875</u>	<u>-</u>	<u>29,813</u>
	<u>\$ 647,512</u>	<u>\$ 140,342</u>	<u>\$ (71,167)</u>	<u>\$ 716,687</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

7. RESERVE FUNDS (continued)

Appropriations from operations includes \$42,237 approved by board resolutions during the year plus the municipal capital levy of \$98,105 approved for the year. Appropriations to operations relate to actual spending on items approved in the capital asset management plan net of the proceeds on sale and trade-in of capital assets and additional funding for capital projects for the year as follows:

Capital assets additions	\$ 88,068
Major repairs and maintenance of capital assets	11,141
Deposits on capital assets included in prepaids	11,647
Proceeds on sale and trade-in of capital assets	(5,613)
Provincial and municipal funding for specific capital purchases	<u>(34,076)</u>
	<u>\$ 71,167</u>

8. SUNDRY

Sundry revenue consists of the following:

	2022 Budget (Note 11)	2022 Actual	2021 Actual
Stewardship programs and other projects	\$ 10,000	\$ 73,970	\$ 47,665
Tree seedling and native potted plant program	26,500	28,444	28,580
Interest	10,000	43,740	8,890
Rebates and recoveries	-	13,203	3,575
Miscellaneous	-	486	-
Shoreline Management Plan staff secondment	<u>-</u>	<u>-</u>	<u>9,000</u>
	<u>\$ 46,500</u>	<u>\$ 159,843</u>	<u>\$ 97,710</u>

9. DONATIONS

During the year, the Authority received donations totaling \$15,284 of which \$10,105 were restricted in use and have been included in deferred contributions (see note 4), \$3,000 was dedicated to the Trenton Greenbelt Conservation Area Restoration and is included in Sundry on the statement of operations and \$2,179 is included as donations - unrestricted on the statement of operations.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

10. RECOVERIES FROM PARTNERSHIP PROGRAMS

Recoveries from partnership programs are amounts recovered from the programs described in note 5 and include recovery of wages and benefits of general Authority employees, office space and automotive equipment rental and overhead costs. The amounts charged to the programs are as follows:

	<u>2022</u>	<u>2021</u>
Bay of Quinte Remedial Action Plan	\$ 147,389	\$ 130,136
Regional Drinking Water Source Protection	<u>138,799</u>	<u>147,734</u>
	<u>\$ 286,188</u>	<u>\$ 277,870</u>

11. BUDGET AMOUNTS

The budget amounts presented are as approved by the Board of Directors on December 9, 2021. This includes both the operating budget and the capital budget. The operating budget included \$1,875,884 of revenue and \$2,006,516 of expenditures for a deficit of \$130,632. The capital budget included \$133,105 of revenue with projected capital expenditures of \$84,000 for the current year. The Authority does not budget for amortization.

12. FINANCIAL INSTRUMENTS

The Authority's financial instruments consist of cash, short term investment, accounts receivable, accounts payable and accrued liabilities and due to partnership programs. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

The fair value of the financial instruments, excluding short term investment, approximate their carrying values because of their expected short-term maturities and treatments on normal trade terms. The fair value of the short term investment approximates its carrying value as the investment is in a T-bill fund for which the quoted price does not vary.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

13. EXPENDITURES BY OBJECT

Operating expenditures comprise

	<u>2022</u>	<u>2021</u>
Salaries and benefits	\$ 1,503,592	\$ 1,476,925
Operating goods and services	<u>416,514</u>	<u>351,453</u>
	<u>\$ 1,920,106</u>	<u>\$ 1,828,378</u>

14. PENSION AGREEMENTS

The Authority makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Contributions are split equally between the employees and the Authority.

The Authority's share of contributions to OMERS for 2022 was \$132,258 (2021 - \$125,447) for current service costs, of which \$22,575 (2021 - \$16,186) related to Partnership Programs and \$109,683 (2021 - \$109,261) relates to Authority programs that are included in the statement of operations.

The OMERS plan has a reported \$3.1 billion going concern actuarial deficit at the end of 2021 (2020 - \$3.2 billion), and \$120.8 billion of going concern actuarial liabilities at the end of 2021 (2020 - \$113.1 billion). Amounts for 2022 are not yet available.

15. UNCERTAINTY DUE TO IMPACT OF CHANGES TO THE CONSERVATIONS AUTHORITIES ACT AND REGULATIONS

In November 2022, the Provincial government passed Bill 23 that included amendments to the Conservation Authorities Act ("the Act") that have altered the role of Conservation Authorities ("CAs") in reviewing municipal planning applications for natural heritage. Additional pending Bill 23 amendments may further limit the role of CAs in planning and permitting. The province has frozen CA user fees for 2023.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

**15. UNCERTAINTY DUE TO IMPACT OF CHANGES TO THE CONSERVATIONS
AUTHORITIES ACT AND REGULATIONS (continued)**

In December 2020, the Provincial government passed Bill 229, which made changes to the Act that made changes to the role of CAs and providing more control to municipalities over what programs and services of CAs that the municipalities will fund. These changes gave the Provincial government power to implement new regulations. Phase 1 of the regulations were finalized in October 2021 while phase 2 of the regulations were finalized in April 2022. These regulations required CAs to develop and inventory of programs and services and categorize them into three categories:

Category 1 - Mandatory Programs and Services
Category 2 - Municipal Programs and Services
Category 3 - Other Programs and Services

Category 1 programs and services are prescribed by the regulations and do not require a municipal servicing agreement. Category 2 programs and services benefit member municipalities individually or as a group and are subject to agreements between CAs and member municipalities (either individually or as a group). Category 3 programs and services are programs and services that the CAs members find important to deliver to best meet the overall direction of the Act and are subject to cost apportioning agreements if municipal funding is proposed to be used. Municipal agreements for Category 2 and 3 programs and services must in place by January 1, 2024. The regulations also set out the annual budget process with a requirement to allocate costs by project to the participating municipalities in determining the annual levy to each municipality for budgets for fiscal 2024 and beyond. The regulations also deal with how CAs may charge user fees to the general public (either for use of assets such as Conservation Areas or fee for service).

The Authority has developed its inventory of programs and services and categorized them accordingly in conjunction with its member municipalities. The Authority already has some agreements in place for some services with municipalities and will be implementing other agreements, as necessary. The Authority will work on its 2024 budget in 2023 in partnership with its member municipalities.

The impact of the above changes on the future assets, liabilities, revenues and expenditures of the Authority are not completely known at this time. In the short-term, the Authority has sufficient operating surplus and reserves to continue to operate as a going concern.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2022 financial statements.