

MAITLAND VALLEY CONSERVATION AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2023

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Maitland Valley Conservation Authority

Opinion

We have audited the accompanying financial statements of Maitland Valley Conservation Authority ("the Authority"), which are comprised of the statement of financial position as at December 31, 2023 and the statements of operations, changes 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 its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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 PSAB, 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
March 20, 2024

MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF FINANCIAL POSITION

As at December 31	2023	2022
FINANCIAL ASSETS		
Cash	1,208,969	847,836
Short-term investments (note 3)	339,859	328,987
Accounts receivable	45,539	97,779
	<u>1,594,367</u>	<u>1,274,602</u>
LIABILITIES		
Accounts payable and accrued liabilities	128,647	57,093
Deferred revenue (note 4)	293,732	142,767
	<u>422,379</u>	<u>199,860</u>
NET FINANCIAL ASSETS	1,171,988	1,074,742
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 6)	2,938,975	2,764,737
Prepayments	18,234	18,091
	<u>2,957,209</u>	<u>2,782,828</u>
ACCUMULATED SURPLUS	\$ 4,129,197	\$ 3,857,570

On behalf of the Members:

The accompanying notes are an integral part of this financial statement

MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
Revenue			
Municipal			
Municipal levies	1,850,181	1,850,181	1,925,404
Government Grants			
NDMNRF transfer payment	36,424	36,424	85,653
Other provincial	108,650	115,592	149,936
Federal	190,137	218,576	54,116
Partnership agreements	804,315	880,099	621,619
Authority Generated			
User fees, sales and admissions	1,068,030	1,116,505	1,039,498
Interest income	29,320	105,921	45,177
Donations and fundraising	116,800	250,970	104,487
Facility rentals	4,800	5,033	4,792
Deferred revenue - prior year	142,765	142,767	214,219
Deferred revenue - current year	-	(293,732)	(142,767)
	<u>4,351,422</u>	<u>4,428,336</u>	<u>4,102,134</u>
Expenditure			
Conservation land management	1,036,317	851,214	762,643
Flood safety services	759,600	822,533	774,648
Watershed stewardship	1,553,276	1,549,645	1,276,539
Corporate services	1,100,278	807,701	747,578
Amortization	-	125,616	129,338
	<u>4,449,471</u>	<u>4,156,709</u>	<u>3,690,746</u>
Annual surplus (deficit)	(98,049)	271,627	411,388
Opening balance	<u>3,857,570</u>	<u>3,857,570</u>	<u>3,446,182</u>
Closing balance	<u><u>\$ 3,759,521</u></u>	<u><u>\$ 4,129,197</u></u>	<u><u>\$ 3,857,570</u></u>

The accompanying notes are an integral part of this financial statement

MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31	2023 Actual	2022 Actual
Annual surplus (deficit)	271,627	411,388
Amortization of tangible capital assets	125,616	129,338
Net acquisition of tangible capital assets	(299,854)	(1,101,624)
Decrease (increase) in inventory and prepaid expenses	(143)	(3,557)
Increase (decrease) in net financial assets	97,246	(564,455)
Opening balance	1,074,742	1,639,197
Closing balance	<u>\$ 1,171,988</u>	<u>\$ 1,074,742</u>

The accompanying notes are an integral part of this financial statement

MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS

For the year ended December 31	2023	2022
Operating activities		
Annual surplus (deficit)	271,627	411,388
Amortization expense not requiring cash outlay	125,616	129,338
Decrease (increase) in accounts receivable	52,240	(22,780)
Increase (decrease) in accounts payable	71,554	12,150
Increase (decrease) in deferred revenue	150,965	(71,452)
Decrease (increase) in inventory and prepaid expenses	(143)	(3,557)
Cash provided by (used for) operating activities	<u>671,859</u>	<u>455,087</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(299,854)</u>	<u>(1,101,624)</u>
Cash provided by (used for) capital activities	<u>(299,854)</u>	<u>(1,101,624)</u>
Investing activities		
Decrease (increase) in short-term investments	<u>(10,872)</u>	<u>(3,127)</u>
Cash provided by (used for) investing activities	<u>(10,872)</u>	<u>(3,127)</u>
Increase (decrease) in cash position	361,133	(649,664)
Cash (overdraft) beginning of year	<u>847,836</u>	<u>1,497,500</u>
Cash (overdraft) end of year	<u><u>\$ 1,208,969</u></u>	<u><u>\$ 847,836</u></u>

The accompanying notes are an integral part of this financial statement

MAITLAND VALLEY CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2023

The Maitland Valley Conservation Authority ("the Authority") is established under the Conservation Authorities Act of Ontario. The purpose of this Act is to provide for the organization and delivery of programs and services that further conservation, restoration, development and management of natural resources in water sheds in Ontario. 2017, c. 23, Sched. 4, s. 1. The watersheds include areas in the Municipalities of Central Huron, Huron East, Morris-Turnberry and South Bruce, the Townships of Ashfield-Colborne-Wawanosh, Howick, North Huron, Perth East, West Perth, Mapleton, Wellington North and Huron-Kinloss, and the Town of Goderich, North Perth and Minto.

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

1. Accounting policies

The financial statements have been prepared by the management of the Authority in accordance with generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of accounting policies adopted by the Authority are as follows:

a) **Accrual basis of accounting**

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) **Portfolio investments**

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

c) **Vehicles and equipment**

The Authority operates a motor pool of vehicles and equipment. Internal charges for the use of vehicles and equipment are made to the various projects of the Authority based on an hourly or distance travelled rate, which is designed to recover all costs of operating the pool including replacement of vehicles and equipment.

These internal charges are included in the appropriate expense classifications. Expenditures incurred by the motor pool for the purchase of equipment and the operating cost and the recovery of expenses by internal charges are reported in the statement of operations and surplus.

1. Accounting policies (continued)

d) **Tangible capital assets**

Tangible capital assets are recorded at historical cost. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

Tangible capital asset, except land, are amortized on a straight-line basis over the estimated useful lives as follows:

Category	Amortization Period
Land	not applicable
Land improvements	5 years
Buildings	5 - 75 years
Contents	5 - 50 years
Equipment	5 - 40 years
Furniture	45 - 50 years
Vehicles	5 - 10 years
Machinery	6 - 44 years
Information technology	5 - 9 years

Dams for the purposes of water control are not recorded as assets of the Conservation Authority.

e) **Contributed capital assets**

Contributed capital assets are recognized as assets and revenue at fair value at the time they are received.

f) **Deferred revenue**

Revenue restricted by legislation, regulation or agreement and not available for Authority purposes is reported as deferred revenue on the statement of financial position. The revenue is reported on the statement of financial activities in the year in which it is used for the specified purpose.

g) **Revenue recognition**

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized in revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

h) **Government transfers**

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates can be made.

i) **Classification of expenses**

Expenses are reported in four main categories based on the type of services provided. Within these categories, expenses are broken down into operations and projects.

j) **Accumulated surplus**

Appropriations are made from operations to accumulated surplus for future expenditures and contingencies for such amounts as are deemed appropriate, upon approval of the Membership.

1. Accounting policies (continued)

k) 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 disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Cash

Interest is paid on the Authority's bank accounts at the bank's monthly average prime rate less 1.7%.

3. Short-term portfolio investments

The Authority has purchased fixed income investments that have a cost of \$339,859 (2022 : \$328,987) and have a market value of \$346,988 (2022 : \$330,729) at year end.

4. Deferred revenue

The balance of the long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2023	2022
Garvey/Glenn project	37,009	34,590
Stewardship short term projects	4,786	8,120
Middle Maitland Headwaters Restoration	109,595	95,222
Carbon Footprint Initiative	3,217	3,326
Healthy Lake Huron	10,361	7,009
Nature Based Climate Solutions	43,129	(21,073)
Forest Health	22,667	16,401
ECCC Restoration / Natural Hazard	62,968	-
Stewardship ONFARM Project	-	(828)
	<u>\$ 293,732</u>	<u>\$ 142,767</u>

5. Pension plan

Some employees of Maitland Valley Conservation Authority are members of a defined benefit pension plan (OMERS). Contributions made during the year on behalf of the employees amounted to \$159,353 (2022 : \$138,799) and have been included as an expense on the statement of operations.

6. Tangible capital assets

For additional information, see the Schedule of Tangible Capital Assets information on the tangible capital assets of the Authority by major class, as well as for accumulated amortization of the assets controlled.

7. Expenditures by object

	2023	2022
Salaries and benefits	\$ 1,804,356	\$ 1,706,625
Operating goods and services	2,226,737	1,854,783
Amortization	125,616	129,338
	<u>\$ 4,156,709</u>	<u>\$ 3,690,746</u>

8. Financial instrument risk management

Credit risk

The Authority is exposed to credit risk through its cash, trade and other receivables, and short-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the Authority's receivables are from users and government entities. For trade and other receivables, the Authority measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority has a planning and a budgeting process in place to help determine the funds required to support the Authority's normal operating requirements on an ongoing basis. The Authority ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the Membership, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

9. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the statement of operations for comparative purposes. The 2023 budget amounts for the Maitland Valley Conservation Authority approved by the Membership are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of activities.

MAITLAND VALLEY CONSERVATION AUTHORITY
Schedule of Continuity of Accumulated Surplus
For the Year Ended December 31, 2023

	Balance, beginning of year	From Operations	To Operations	Balance, end of year
Internally restricted surplus				
Vehicle and equipment purchases	121,893	19,505	(14,657)	126,741
Insurance deductible	25,000			25,000
Working capital	683,154	122,779	(162,365)	643,568
Short Term Disability	38,000			38,000
Forestry management	113,081	22,021	(19,600)	115,502
Falls Reserve Conservation Area	85,620	126,803	-	212,423
Wawanosh Park Conservation Area	26,085	2,903	-	28,988
	1,092,833	294,011	(196,622)	1,190,222
Tangible capital assets	2,764,737	174,238		2,938,975
	\$ 3,857,570	468,249	(196,622)	\$ 4,129,197

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MAITLAND VALLEY CONSERVATION AUTHORITY
SCHEDULE OF EXPENSES

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
Conservation Area Services			
Falls Reserve Conservation Area	489,483	469,093	444,633
Management, development and operations	284,178	283,407	228,159
Motor pool	17,100	16,325	14,883
Wawanosh Park Conservation Area	17,369	13,711	9,811
Conservation Area Projects			
Falls Reserve Conservation Area	123,887	9,675	17,029
Gorrie Conservation Area	-	-	30,323
Forest management	6,000	4,887	3,501
Vehicle/equipment replacement	15,000	413	1,386
Conservation Areas general projects	72,300	45,573	7,850
Carbon offset, footprints to forests, and naturalization	1,000	926	368
Naftel's Creek	10,000	7,204	4,700
Total Conservation Area	<u>1,036,317</u>	<u>851,214</u>	<u>762,643</u>
 Flood Protection Services			
Regulations	267,338	271,258	271,015
Flood and erosion control structures	7,460	8,827	5,719
Flood forecasting and warning	278,539	278,889	251,347
Ice management, hazard prevention and information	92,963	78,019	40,497
Flood Safety Projects			
Shoreline	80,000	162,767	-
Flood safety equipment	18,000	7,434	206,070
Water and erosion control	15,300	15,339	-
Total Flood Safety Services	<u>759,600</u>	<u>822,533</u>	<u>774,648</u>

MAITLAND VALLEY CONSERVATION AUTHORITY
SCHEDULE OF EXPENSES

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
Watershed Stewardship Services			
Reforestation services	146,217	173,472	115,895
Watershed monitoring and reporting service	110,766	108,663	86,419
Extension services	150,367	125,121	133,947
Watershed Stewardship Projects			
Huron County clean water project	500,000	407,225	371,211
Garvey/Glen Watershed Co-ordination	88,183	51,175	29,087
Drinking water source protection - transition	-	20,106	19,737
Garvey/Glen Watershed demonstrations	9,836	-	59,908
Middle Maitland rejuvenation project	75,000	32,123	89,245
Stewardship ONfarm project	5,336	20,885	66,229
Stewardship short term projects	8,119	12,089	8,755
OMAFRA - COA Healthy Lake Huron	57,221	44,647	26,991
Watershed Health	103,000	102,634	132,793
Maitland Watershed Resiliency / CFI	3,326	109	43
Nature Based Climate Solutions	157,368	244,364	136,279
Stream Restoration / Natural Hazards	138,537	207,032	-
Total Watershed Stewardship	<u>1,553,276</u>	<u>1,549,645</u>	<u>1,276,539</u>

MAITLAND VALLEY CONSERVATION AUTHORITY
SCHEDULE OF EXPENSES

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
Corporate Services			
Administration	348,382	353,409	328,881
Communications and IT/GIS	227,848	202,630	188,749
Financial management	119,298	111,598	100,917
Service area support costs	53,350	47,646	48,049
Governance	14,100	17,610	17,357
Motor pool	10,800	10,458	10,448
Corporate Services Projects			
Information technology upgrades	44,500	12,401	15,852
Corporate office renovation	282,000	51,949	37,325
Total Corporate Services	<u>1,100,278</u>	<u>807,701</u>	<u>747,578</u>