Financial Statements of

CATARAQUI REGION CONSERVATION AUTHORITY

Year ended December 31, 2023

CATARAQUI REGION CONSERVATION AUTHORITY

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Year ended December 31, 2023

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Cataraqui Region Conservation Authority (the "Conservation Authority") are the responsibility of the Conservation Authority's management and have been prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are described in summary 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 Conservation 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 Board of Directors meets 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 KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Conservation Authority's financial statements.

Tom Beaubiah,
Acting General Manager

Cheryl Rider, CPA, CGA, Dipl. M.A.
Supervisor, Finance

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cataraqui Region Conservation Authority

Opinion

We have audited the financial statements of Cataraqui Region Conservation Authority (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, 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 auditor's report.

We are independent of the Entity 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.

Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the financial statements ("Note 2"), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive application of the asset retirement obligation standard. Note 2 explains the reason for the restatement and explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity’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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

March 28, 2024

CATARAQUI REGION CONSERVATION AUTHORITY
Statement of Financial Position

December 31, 2023, with comparative information for 2022

		2023		2022 (Restated - note 2)
Financial assets:				
Cash	$	5,182,295	$	4,589,673
Cash held for Source Water Protection		40,171		17,860
Accounts receivable		192,815		243,252
Harmonized sales tax receivable		41,523		25,049
		5,456,804		4,875,834
Financial liabilities:				
Accounts payable and accrued liabilities		232,391		196,986
Deferred revenue - other		31,137		14,048
Deferred revenue (note 12)		1,111,677		983,849
Termination and vacation pay		79,511		62,945
Asset retirement obligations (note 14)		243,780		243,780
		1,698,496		1,501,608
Net financial assets		3,758,308		3,374,226
Non-financial assets:				
Prepaid expenses		5,457		7,720
Tangible capital assets (note 3)		10,998,964		10,874,842
		11,004,421		10,882,562
Commitments (note 15)				
Accumulated surplus (note 11)	$	14,762,729	$	14,256,788

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Chairperson

Chairperson

CATARAQUI REGION CONSERVATION AUTHORITY

Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(Unaudited - note 9)		(Restated - note 2)
Revenue (note 10):			
Municipal grants	$ 2,910,139	$ 2,910,139	$ 2,788,752
Authority generated (note 4)	2,718,870	2,308,500	1,904,298
Government transfers:			
Federal	–	–	16,325
Provincial (note 13)	241,701	404,977	227,353
	5,870,710	5,623,616	4,936,728
Expenses (notes 5 and 10):			
Corporate services	1,417,630	1,107,193	937,644
Watershed planning and engineering	1,218,335	1,068,628	952,532
Conservation lands	1,157,650	720,715	644,267
Amortization	–	528,473	510,614
Conservation areas	588,700	449,168	438,820
Watershed science	364,715	339,916	297,695
Corporate financing	258,765	88,122	93,768
Facilities	262,445	146,367	138,715
Change in termination and vacation pay	–	16,566	1,930
Projects	–	257,784	118,982
General manager's office	341,150	297,644	286,872
Fleet	150,495	129,721	107,837
Water control structures	94,620	42,138	42,989
Full authority board and executive	16,205	9,354	9,241
	5,870,710	5,201,789	4,581,906
Annual operating surplus	–	421,827	354,822
Revenue related to capital:			
Government transfers – Federal	–	48,606	91,977
Donations	–	–	12,000
Gain on disposal of tangible capital assets	–	35,508	–
	–	84,114	103,977
Annual surplus	–	505,941	458,799
Accumulated surplus, beginning of year:			
As previously stated	14,256,788	14,256,788	14,041,769
Change in accounting policy (note 2)	–	–	(243,780)
As restated	14,256,788	14,256,788	13,797,989
Accumulated surplus, end of year	$ 14,256,788	$ 14,762,729	$ 14,256,788

The accompanying notes are an integral part of these financial statements.

CATARAQUI REGION CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022
(In thousands of dollars)

	2023 Budget	2023 Actual	2022 Actual
	(Unaudited - note 9)		(Restated - note 2)
Annual surplus	$ –	$ 505,941	$ 458,799
Purchase of tangible capital assets	–	(659,123)	(395,859)
Proceeds on disposal of tangible capital assets	–	42,036	–
Gain on disposal of tangible capital assets	–	(35,508)	–
Amortization of tangible capital assets	–	528,473	510,614
Change in prepaid expenses	–	2,263	(1,571)
	–	(121,859)	113,184
Increase in net financial assets	–	384,082	571,983
Net financial assets, beginning of year:			
As previously stated	–	3,374,226	3,046,023
Change in accounting policy (note 2)	–	–	(243,780)
As restated	–	3,374,226	2,802,243
Net financial assets, end of year	$ –	$ 3,758,308	$ 3,374,226

The accompanying notes are an integral part of these financial statements.

CATARAQUI REGION CONSERVATION AUTHORITY

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used for):		
Operating activities:		
Annual surplus	$ 505,941	$ 458,799
Items not involving cash:		
Amortization of tangible capital assets	528,473	510,614
Gain on disposal of tangible capital assets	(35,508)	–
Changes in non-cash operating assets and liabilities:		
Accounts receivable	50,437	(47,806)
Harmonized sales tax receivable	(16,474)	4,308
Prepaid expenses	2,263	(1,571)
Accounts payable and accrued liabilities	35,405	(7,886)
Deferred revenue – other	17,089	(34,007)
Deferred revenue	127,828	51,803
Termination and vacation pay	16,566	1,930
	1,232,020	936,184
Capital activities:		
Purchase of tangible capital assets	(659,123)	(395,859)
Proceeds on disposal of tangible capital assets	42,036	–
	(617,087)	(395,859)
Increase in cash during the year	614,933	540,325
Cash, beginning of year	4,607,533	4,067,208
Cash, end of year	$ 5,222,466	$ 4,607,533
Represented by:		
General	$ 5,182,295	$ 4,589,673
Source Water Protection	40,171	17,860
	$ 5,222,466	$ 4,607,533

The accompanying notes are an integral part of these financial statements.

Cataraqui Region Conservation Authority (the “Conservation Authority”) was established under the Conservation Authorities Act of Ontario. The objectives of the Conservation Authority as stated in Section 20(1) of the Conservation Authorities Act R.S.O. 1990 are “to provide, in the area over which it has jurisdiction, programs and services designed to further the conservation, restoration, development and management of natural resources, other than gas, oil, coal and minerals”. The Conservation Authority is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

1. Significant accounting policies:

The financial statements of the Conservation Authority are prepared by management in accordance with generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Conservation Authority are as follows:

(a) Basis of accounting:

The financial statements of the Conservation Authority have been prepared on the accrual basis of accounting, whereby revenues and expenses are reflected in the accounts in the year in which they have been earned or incurred respectively. The financial statements do not include the activities of the Cataraqui Conservation Foundation, a related incorporated registered charity.

(b) Non-financial 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, which includes all amounts that are directly attributable to acquisition, construction, development and betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	30 years
Buildings	40 years
Bridges, dams and docks	10 to 40 years
Vehicles and machinery	10 to 15 years
Monitoring and recreational equipment	8 years
Furniture and fixtures	10 years
Information technology	5 to 15 years

1. Significant accounting policies (continued):

(b) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Annual amortization is charged in the first year after acquisition and in the year of disposal. Work-in-progress is not amortized until the asset is available for productive use, at which time the costs are transferred to the appropriate asset category.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

(iii) Impairment:

When conditions indicate that a tangible capital asset no longer contributes to the Conservation Authority's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Statement of Operations and Accumulated Surplus.

(c) Revenue recognition:

Government transfers and municipal grants and funding for projects are recognized as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. Authority generated funds, generally consisting of user fees, are recognized in the period in which the services are performed. Other restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

(d) Deferred revenue:

The Conservation Authority receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed.

1. **Significant accounting policies (continued):**

(e) Retirement benefits and other employee benefit plans:

The Conservation 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 assets and administration of the benefits. The Conservation Authority has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Conservation Authority records as an expense the amount paid to OMERS during the year.

(f) 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 site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Conservation 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 incudes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

(g) Government transfers:

Government transfers are recognized as revenue or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

(h) Asset retirement obligations:

The Conservation Authority recognizes the fair value of an asset retirement obligation (“ARO”) when all of the following criteria have been met:

- 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.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded.

Differences between the actual remediation costs incurred and the associated liability are recognized in the Statement of Operations at the time of remediation.

1. Significant accounting policies (continued):

(i) Financial instruments:

Financial instruments are recoded at fair value on initial recognition, and reported on the Statement of Financial Position.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses. Upon sale, the Statement of Remeasurement Gains and Losses associated with that instrument are reversed.

(j) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the period. Actual results could differ from those estimates.

(k) Statement of Remeasurement Gains and Losses:

A Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2023 or 2022.

2. Change in accounting policies - adoption of new accounting standards:

(a) On January 1, 2022, the Conservation Authority adopted Public Accounting Standard PS 3280 – *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the Conservation Authority. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method of adoption, the assumptions used to estimate the Conservation Authority's asset retirement obligations are applied as of the date of adoption of the standard.

2. Change in accounting policies – adoption of new accounting standards (continued):

(a) (continued):

On January 1, 2022, the Conservation Authority recognized an asset retirement obligation relating to buildings owned by the Conservation Authority that contain asbestos and the decommissioning of three monitoring wells owned by the Conservation Authority. The buildings were originally purchased or constructed prior to 2010, and the liability was measured as of the date of purchase or construction of the buildings, when the liability was created. The buildings had an expected useful life of 40 years, and the estimate has not been changed since purchase or construction.

In accordance with the provisions of this new standard, the Conservation Authority reflected the following adjustments at January 1, 2022:

- An increase of $243,780, to the buildings capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of the same amount to accumulated amortization, representing 40 years of increased amortization had the liability originally been recognized;
- An asset retirement obligation in the amount of $243,780, representing the estimated cost of remediation as at that date; and
- A decrease to opening net assets of $243,780, representing 40 years of accumulated amortization expense on the buildings asset.

(b) The Conservation Authority adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments*, and PS 3450 *Financial Instruments*.

(i) PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

2. **Change in accounting policies – adoption of new accounting standards (continued):**

(b) (continued):

(ii) PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non- monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

(iii) PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

(iv) PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

3. **Tangible capital assets:**

Cost	Balance at December 31, 2022	Transfers and additions	Transfers, disposals and adjustments	Balance at December 31, 2023
	(Restated- note 2)			
Land	$ 7,266,144	$ –	$ –	$ 7,266,144
Land improvements	11,752,765	19,493	–	11,772,258
Buildings	1,755,200	28,797	–	1,783,997
Bridges, dams and docks	2,362,245	–	–	2,362,245
Vehicles and machinery	719,392	110,064	(89,338)	740,118
Monitoring and recreational equipment	244,822	13,021	–	257,843
Furniture and fixtures	709,874	73,308	–	783,182
Information technology	362,687	86,793	139,009	588,489
Work-in-progress	139,008	327,647	(139,009)	327,646
Total	$ 25,312,137	$ 659,123	$ (89,338)	$ 25,881,922

3. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2022	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2023
Land improvements	$ 9,472,453	$ 340,739	$ –	$ 9,813,192
Buildings	1,336,534	29,061	–	1,365,595
Bridges, dams and docks	2,138,233	24,406	–	2,162,639
Vehicles and machinery	404,896	53,467	(82,810)	375,553
Monitoring and recreational equipment	217,612	11,397	–	229,009
Furniture and fixtures	552,439	37,324	–	589,763
Information technology	315,128	32,079	–	347,207
Total	$ 14,437,295	$ 528,473	$ (82,810)	$ 14,882,958

	Net book value December 31, 2022	Net book value December 31, 2023
	(Restated - note 2)	
Land	$ 7,266,144	$ 7,266,144
Land improvements	2,280,312	1,959,066
Buildings	418,666	418,402
Bridges, dams and docks	224,012	199,606
Vehicles and machinery	314,496	364,565
Monitoring and recreational equipment	27,210	28,834
Furniture and fixtures	157,435	193,419
Information technology	47,559	241,282
Work-in-progress	139,008	327,646
Total	$ 10,874,842	$ 10,998,964

4. Authority generated revenues:

A breakdown of authority generated revenues is as follows:

	2023	2022
Trees program	$ 531,537	$ 332,144
Planning and development review	365,025	453,778
Conservation area revenue	301,325	211,404
Interest revenue	266,969	101,217
Outdoor centre	226,044	205,850
Equipment and vehicle rental recoveries	180,399	163,746
Information technology recoveries	167,782	151,174
Other	118,535	41,332
Student program fees	84,075	55,275
Streamlining development revenue	38,253	103,281
Property rental	14,725	13,855
Office cleaning and maintenance recoveries	13,831	11,652
Lidar revenue	–	59,590
	$ 2,308,500	$ 1,904,298

5. Expenses by object:

A breakdown of expenses by object is as follows:

	2023	2022
Wages and benefits	$ 2,778,381	$ 2,462,231
Materials and supplies	999,744	786,473
Amortization	528,473	510,614
Purchased services	396,546	385,588
Insurance, heat and utilities	182,101	175,874
Travel and vehicle	171,945	135,414
Computer supplies and IT support	63,785	56,110
Property taxes	46,034	39,142
Other	18,214	28,530
Change in termination and vacation pay	16,566	1,930
	$ 5,201,789	$ 4,581,906

6. Pension agreement:

The Conservation Authority's employees are members of the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employee based on length of service and rates of pay. Because OMERS is a multi-employer pension plan, the Conservation Authority does not recognize any share of the pension plan deficit of $4.2 billion as at December 31, 2023 (2022 – deficit of $6.7 billion) based on the fair market value of the plan's assets, as this is a joint responsibility of Ontario Municipal organizations and their employees. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding measurements. The amount contributed to OMERS for 2023 was $206,735 (2022 - $171,316) for current service and is included as an expense in the Statement of Operations and Accumulated Surplus.

7. Cataraqui Conservation Foundation:

Contributions were received during the year from the Cataraqui Conservation Foundation in the amount of $60,651 (2022 - $30,000) of which $30,651 has been spent and $30,000 has been moved to a reserve for future educational expenses.

8. Bank credit facility:

The Conservation Authority has an approved bank credit facility with its lender in the amount of $750,000 of which none had been drawn as at December 31, 2023 (2022 – undrawn).

9. Budget figures:

The budget data presented in these financial statements is based upon the 2023 operating and projects budgets approved by the Board. These amounts are unaudited. The Conservation Authority only prepares a budget for the Statement of Operations, the budget figures in the Statement of Change in Net Financial Assets has not been provided.

10. Segmented information:

The following is a breakdown of revenues and expenses by segment:

	Revenue	Expenses	2023 Net	2022 Net
Watershed	$ 1,690,855	$ 1,486,034	$ 204,821	$ 166,662
Conservation lands	1,889,811	1,772,489	117,322	(242,528)
Fleet	222,435	129,721	92,714	55,978
General manager's office and FA Board	290,105	306,998	(16,893)	6,232
Corporate services	1,162,856	1,160,641	2,215	206,343
Corporate financing	386,827	88,122	298,705	306,929
Projects	64,841	257,784	(192,943)	(40,817)
	$ 5,707,730	$ 5,201,789	$ 505,941	$ 458,799

11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2023	2022 (Restated - note 2)
Equity in tangible capital assets	$ 10,998,964	$ 10,874,842
Less: Unfunded termination and vacation pay	(79,511)	(62,945)
Less: Unfunded asset retirement obligation	(243,780)	(243,780)
	10,675,673	10,568,117
Corporate Reserves:		
Corporate Financing Reserve	210,374	197,310
Fleet (Equipment) Reserve	42,908	51,015
Fleet (Vehicles) Reserve	106,623	68,101
General Reserve	120,493	119,546
Data Acquisition Reserve	93,077	103,029
Information Technology Reserve	77,184	75,342
Stabilization Reserve	492,206	396,651
Trust Reserve	366,285	349,773
Trust Reserve Mac Johnson Wildlife Area Nature Centre Reserve	44,792	42,759
	1,553,942	1,403,526
Conservation Lands Reserves:		
Boat Ramp and Water Access Point Reserve	9,067	8,445
Cataraqui Trail Reserve	81,652	49,034
Friends of the Cataraqui Trail	38,359	31,136
Conservation Areas Reserve	168,611	154,978
Facilities Reserve	1,614,686	1,602,740
Real Property Reserve	284,177	270,762
	2,196,552	2,117,095
Watershed Management Reserves:		
Forestry Reserve	209,243	82,785
Watershed Management Reserve	127,319	85,265
	336,562	168,050
Total reserves	4,087,056	3,688,671
Total accumulated surplus	$ 14,762,729	$ 14,256,788

12. Deferred revenue:

	Balance, December 31, 2022	Additions	Transferred to income	Interest earned	Balance December 31, 2023
Externally restricted:					
Conservation Lands Reserves:					
Development Review Legal Funds	$ 37,397	$ –	$ –	$ 1,765	$ 39,162
Boat Ramp and Water Access Point - Reserve Leeds and the Thousand Islands	10,365	2,580	(3,783)	580	9,742
Cataraqui Trail Reserve -Crabtree & Rideau Lakes Donation	44,332	–	(1,231)	2,039	45,140
Lemoine Point Conservation Area Reserve	270,819	38,422	(1,871)	14,012	321,382
Lemoine Point Native Plant Nursery Reserve	51,364	13,306	–	2,479	67,149
Lemoine Point Workshop Reserve	26,013	11,270	–	1,554	38,837
Parrott's Bay Conservation Area Reserve	183,603	18,430	(2,589)	9,417	208,861
Owl Woods Reserve	9,416	1,231	(844)	453	10,256
	633,309	85,239	(10,318)	32,299	740,529
Water Control Structure Reserves:					
Sydenham Lake Dam Reserve	57,831	5,158	(3,255)	2,929	62,663
Wilton Road Dam Reserve	29,144	18,648	(30,442)	849	18,199
Highgate Creek Channelization Reserve	45,879	1,373	(18,716)	2,124	30,660
Little Cataraqui Creek Dam Reserve	47,835	8,250	(2,182)	2,540	56,443
Temperance Lake Dam Reserve	35,551	6,302	(2,182)	1,841	41,512
Marsh Bridge Dam Reserve	20,430	6,805	(2,182)	1,135	26,188
Fred Grant Dam Reserve	34,188	13,193	(8,936)	1,843	40,288
Broome-Runciman Dam Reserve	58,652	8,655	(2,182)	3,012	68,137
Buells Creek Detention Basin Reserve	7,859	11,761	(6,731)	705	13,594
Booths Falls Diversion Reserve	13,171	1,809	(2,182)	666	13,464
	350,540	81,954	(78,990)	17,644	371,148
Total	$ 983,849	$ 167,193	$ (89,308)	$ 49,943	$ 1,111,677

13. Provincial government transfers:

The following is a breakdown of provincial government transfers:

		2023		2022
Section 39 – flood control	$	56,701	$	56,701
Source water protections		211,912		143,082
Dam maintenance and other		136,364		27,570
	$	404,977	$	227,353

14. Asset retirement obligations:

The Conservation Authority's asset retirement obligations relate to the legally required removal or remediation of asbestos-containing materials in certain buildings and the decommissioning of monitoring wells. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

		2023		2022
Balance, beginning of year	$	243,780	$	–
Change in accounting policy (note 2)		–		243,780
Opening balance, as restated		243,780		243,780
Balance, end of year	$	243,780	$	243,780

15. Commitments:

(a) In 2019, the Conservation Authority entered into a shared services agreement with the Corporation of the County of Frontenac (the "County") for the provision of information services. Under the arrangement, the Conservation Authority will become a full participant in the Frontenac Municipal Information System ("F.M.I.S") with the four organizations already party to the system. The F.M.I.S provides strategic planning, project management, help desk support, network administration and procurement services to the participating organizations. The Conservation Authority will be responsible for annual contributions to F.M.I.S equal to $109,000 for the first year of participation, declining to a contribution of $90,000 in the fifth year of participation. These costs are in consideration of salaries, training and mileage for staff resources. In addition to this contribution, the Conservation Authority will be responsible for one third of the cost of hardware and software required to support one staff position at F.M.I.S. Amounts owing under the agreement will be billed to the Conservation Authority quarterly, with an annual reconciliation of costs incurred and amounts paid by January 31 of the following calendar year. The arrangement may be terminated by the Conservation Authority with eighteen months' notice.

(b) The Conservation Authority has entered into a memorandum of understanding (MOU) with County for the development of joint administrative building. The design of the building, drafting of construction/tender documents, cost estimates and the development of a long term lease document are complete. The County is responsible for the costs of the construction with the Conservation Authority contributing 31.8% of the total costs, anticipated to be approx. $1,620,000. This payment will be made as part of the monthly lease payment. The Conservation Authority has signed a lease of the Administration building with the County that will be updated with finalized costs when the construction and project is complete (anticipated Spring 2024).

16. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Conservation Authority is exposed to credit risk with respect to the accounts receivable.

The Conservation Authority assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Conservation Authority as at December 31, 2023 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts is $Nil (2022 - $Nil).

16. Financial risks (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Conservation Authority will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Conservation Authority manages its liquidity risk by monitoring its operating requirements. The Conservation Authority prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Financial assets and liabilities with variable interest rates expose the Conservation Authority to cash flow interest rate risk.

There have been no changes to the risk exposures from 2022.

17. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.