

Financial Statements of

**MATTAGAMI REGION  
CONSERVATION AUTHORITY**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mattagami Regional Conservation Authority

### ***Opinion***

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

- the statement of financial position as at December 31, 2022
- 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 financial statements, including a summary of significant accounting policies and other explanatory information

(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 Authority as at December 31, 2022, and its results of operations, its changes in net financial assets, 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 Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 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.
- 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

Sudbury, Canada

August 2, 2023

# MATTAGAMI REGION CONSERVATION AUTHORITY

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial Assets</b>		
Cash	\$ 422	\$ 422
Receivable from the City of Timmins (note 4)	401,610	393,597
	<u>402,032</u>	<u>394,019</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	-	5,218
Deferred contributions (note 2)	27,250	28,511
	<u>27,250</u>	<u>33,729</u>
Net financial assets	374,782	360,290
<b>Non-Financial Assets</b>		
Tangible capital assets (note 5)	295,963	342,923
Prepaid expenses	14,552	8,980
	<u>310,515</u>	<u>351,903</u>
Accumulated surplus (note 6)	<u>\$ 685,297</u>	<u>\$ 712,193</u>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

Jim Black Director

Rock Whissell Director

# MATTAGAMI REGION CONSERVATION AUTHORITY

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 7)	2022 Actual	2021 Actual
<b>Revenue</b>			
Municipal levy	\$ 618,000	\$ 618,000	\$ 609,000
Watershed source protection	107,500	129,070	117,243
Other income and recoveries	124,814	157,831	128,236
Donations	-	-	80,000
Ministry of Natural Resources and Forestry	73,000	73,011	73,011
Other federal grants	25,000	280,189	19,950
User fees	12,750	10,575	5,600
Gain on disposal of tangible capital assets	-	22,626	800
	961,064	1,291,302	1,033,840
<b>Expenses (note 8)</b>			
Administration	597,024	585,524	554,156
Conservation properties	95,540	394,525	129,707
Watershed source protection	141,600	129,070	119,652
Regulations officer	106,900	106,451	89,320
Amortization	57,024	56,831	57,024
Vehicle expenses and maintenance	-	40,393	25,196
Land management	-	-	4,172
Groundwater studies	-	266	521
Water festival	-	4,478	220
Flood forecasting and warning	-	660	-
Total expenses	998,088	1,318,198	979,968
Annual surplus (deficit)	(37,024)	(26,896)	53,872
Accumulated surplus, beginning of the year	712,193	712,193	658,321
Accumulated surplus, end of year	\$ 675,169	\$ 685,297	\$ 712,193

See accompanying notes to financial statements.

# MATTAGAMI REGION CONSERVATION AUTHORITY

## Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 7)	2022 Actual	2021 Actual
Annual surplus (deficit)	\$ (37,024)	\$ (26,896)	\$ 53,872
Acquisition of tangible capital assets	-	(9,871)	(16,114)
Amortization of tangible capital assets	57,024	56,831	57,024
Gain on disposal of tangible capital assets	-	(22,626)	(800)
Proceeds on disposition	-	22,626	800
Change in prepaid expenses	-	(5,572)	(1,191)
Change in net financial assets	20,000	14,492	93,591
Net financial assets, beginning of the year	360,290	360,290	266,699
Net financial assets, end of the year	\$ 380,290	\$ 374,782	\$ 360,290

See accompanying notes to financial statements.

# MATTAGAMI REGION CONSERVATION AUTHORITY

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (26,896)	\$ 53,872
Item not involving cash:		
Amortization of tangible capital assets	56,831	57,024
Gain on disposal of tangible capital assets	(22,626)	(800)
	7,309	110,096
Change in non-cash assets and liabilities:		
Decrease in accounts receivable	-	141,971
Increase in due from City of Timmins	(8,013)	(235,703)
Increase in prepaid expenses	(5,572)	(1,191)
Decrease in accounts payable and accrued liabilities	(5,218)	(402)
Increase (decrease) in deferred contributions	(1,261)	563
Net change in cash from operating activities	(12,755)	(94,762)
Capital activities:		
Acquisition of tangible capital assets	(9,871)	(16,114)
Proceeds on disposition of tangible capital assets	22,626	800
Net change in capital activities	12,755	(15,314)
Net change in cash	-	20
Cash, beginning of year	422	402
Cash, end of year	\$ 422	\$ 422

See accompanying notes to financial statements.



# MATTAGAMI REGION CONSERVATION AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2022

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Mattagami Region Conservation Authority (the "Authority") is established under the Conservation Authorities' Act of Ontario. Its principal activities include water and related land management and conservation and recreation land management.

### 1. Significant accounting policies:

The financial statements of the Authority are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Basis of accounting:

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

(b) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, design, construction, development, improvement or betterment of the tangible capital 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	Infinite
Land improvements	10-20
Buildings and improvements	40
Machinery and equipment	5-20
Vehicles	5-7

Assets under construction are not amortized until they are put into productive use.

(c) Deferred contributions:

Funding received under funding arrangements which relate to a subsequent fiscal year are recorded as deferred contributions and are recognized as revenue in the year to which they relate. Unexpended portions of grants received for specific purposes are reflected as deferred contributions and are recognized as revenue in the year they are expended.

(d) Reserves:

The Authority internally allocates its accumulated surplus to capital reserves to finance the cost of tangible capital assets, purchases, maintenance and related expenditures and operating reserves in order to ensure funds are available for financial relief in the event of a significant loss of revenues or other financial emergency for which no other source of funding is available. These reserve allocations are directed by the Board of Directors of the Authority.

# MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (e) Pension plan:

The Authority is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Authority has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Authority records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for the past employee service.

### (f) Revenue recognition:

Government grants and transfers are recognized in the financial statements as revenues in the period in which events rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Equipment rental income is recorded based on hours of usage. Other revenues are recognized when they are received or receivable and collectability is reasonably assured.

### (g) Financial instruments:

The Authority initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Authority subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses as they arise.

### (h) 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 periods specified.

Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

# MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 2. Deferred contributions:

The deferred contributions consist of:

	Balance, beginning of year	Contributions Received / Transfers in	Expenses Incurred / Transfers Out	Balance, end of year
Section 39	\$ 18,253	\$ 73,011	\$ (73,011)	\$ 18,253
Children's Water Festival	9,475	4,000	(4,478)	8,997
Source Water Protection	783	85,953	(86,736)	-
	\$ 28,511	\$ 162,964	\$ (164,225)	\$ 27,250

## 3. Pension plan:

OMERS provides pension services to more than 525,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total going concern actuarial liabilities of \$130,306 million (2022 - \$120,796 million) in respect of benefits accrued for service with total going concern actuarial net assets at that date of \$123,628 million (2022 - \$117,665 million) indicating a going concern actuarial deficit of \$6,678 million (2021 - \$3,131 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Authority's share is not determinable. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2022 was \$45,693 (2021 - \$ 44,457) and is included as an expense in the statement of operations and accumulated surplus.

## 4. Related party transactions:

	2022	2021
Municipal funding from the City of Timmins	\$ 618,000	\$ 609,000
Municipal taxes paid to the City of Timmins	44,122	46,182
Other revenue from the City of Timmins	18,703	23,350
Shared resource recovery from the City of Timmins	46,680	44,433
Receivable from the City of Timmins	401,610	393,597
Other revenue from Wintergreen Fund	41,581	27,334

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

# MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 5. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions and Transfers	Disposals and Write-offs	Balance at December 31, 2022
Land and land improvements	\$ 762,035	\$ -	\$ -	\$ 762,035
Buildings and improvements	422,589	-	-	422,589
Machinery and equipment	132,460	-	-	132,460
Vehicles	182,606	9,871	(6,715)	185,762
<b>Total</b>	<b>\$ 1,499,690</b>	<b>\$ 9,871</b>	<b>\$ (6,715)</b>	<b>\$ 1,502,846</b>

Accumulated amortization	Balance at December 31, 2021	Disposals and write-offs	Amortization expense	Balance at December 31, 2022
Land and land improvements	\$ 649,242	\$ -	\$ 22,302	\$ 671,544
Buildings and improvements	308,325	-	10,311	318,636
Machinery and equipment	81,269	-	4,887	86,156
Vehicles	117,931	(6,715)	19,331	130,547
<b>Total</b>	<b>\$ 1,156,767</b>	<b>\$ (6,715)</b>	<b>\$ 56,831</b>	<b>\$ 1,206,883</b>

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land and land improvements	\$ 112,793	\$ 90,491
Buildings and improvements	114,264	103,953
Machinery and equipment	51,191	46,304
Vehicles	64,675	55,215
<b>Total</b>	<b>\$ 342,923</b>	<b>\$ 295,963</b>

# MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 5. Tangible capital assets (continued):

Cost	Balance at December 31, 2020	Additions and Transfers	Disposals and Write-offs	Balance at December 31, 2021
Land and land improvements	\$ 762,035	\$ -	\$ -	\$ 762,035
Buildings and improvements	422,589	-	-	422,589
Machinery and equipment	132,460	-	-	132,460
Vehicles	175,269	44,356	(37,019)	182,606
Construction in progress	28,242	-	(28,242)	-
<b>Total</b>	<b>\$ 1,520,595</b>	<b>\$ 44,356</b>	<b>\$ (65,261)</b>	<b>1,499,690</b>

Accumulated amortization	Balance at December 31, 2020	Disposals and write-offs	Amortization expense	Balance at December 31, 2021
Land and land improvements	\$ 624,151	\$ -	\$ 25,091	\$ 649,242
Buildings and improvements	298,760	-	9,565	308,325
Machinery and equipment	76,382	-	4,887	81,269
Vehicles	137,469	(37,019)	17,481	117,931
Construction in progress	-	-	-	-
<b>Total</b>	<b>\$ 1,136,762</b>	<b>\$ (37,019)</b>	<b>\$ 57,024</b>	<b>\$ 1,156,767</b>

	Net book value, December 31, 2020	Net book value, December 31, 2021
Land and land improvements	\$ 137,884	\$ 112,793
Buildings and improvements	123,829	114,264
Machinery and equipment	56,078	51,191
Vehicles	37,800	64,675
Construction in progress	28,242	-
<b>Total</b>	<b>\$ 383,833</b>	<b>\$ 342,923</b>

# MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 6. Accumulated surplus:

	2022	2021
General reserve	\$ 164,301	\$ 152,053
Lawsuit settlement	–	(48,208)
Building repairs	84,967	84,967
Source water	28,457	28,457
Vehicle expenses and maintenance	83,933	124,325
Neer rebate	27,676	27,676
Invested in tangible capital assets	295,963	342,923
<b>Total accumulated surplus</b>	<b>\$ 685,297</b>	<b>\$ 712,193</b>

## 7. Budget information:

The budget adopted by the Board on October 7, 2021 was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards. As a result, the budget figures presented in the statement of operations and accumulated surplus and change in net financial assets represent the financial plan adopted by the Board with adjustment as follows:

Annual surplus per budget approved by the Board	\$ 20,000
Less:	
Contributions to Reserves	–
Amortization	57,024
<b>Deficit per financial statements</b>	<b>\$ 37,024</b>

## 8. Expenses by object:

	2022	2021
Salaries and benefits	\$ 694,817	\$ 651,091
Materials and supplies	327,242	89,612
Amortization of tangible capital assets	56,831	57,024
Property taxes	44,122	46,182
Operations	48,496	40,702
Insurance	47,003	33,872
Outreach and communications	25,830	27,313
Utilities	12,049	10,968
Fuel	12,337	9,242
Professional services	29,116	7,683
Vehicle expenses and maintenance	20,355	6,279
	<b>\$ 1,318,198</b>	<b>\$ 979,968</b>

# MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 9. Economic dependence:

The majority of the Authority's revenue is received from the Province of Ontario and the Corporation of the City of Timmins. The continuance of this organization is dependent on this funding.

## 10. Financial instruments:

Transaction in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The Authority is exposed to the following risks associated with financial instruments and transactions it is a party to:

### a) Credit risk:

Credit risk is the risk that one party to a financial transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority is exposed to this risk relating to its cash and accounts receivable.

The Authority holds its cash accounts with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote. Receivables consist of balances due from government agencies and the risk of loss is minimal.

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

### b) Liquidity risk:

Liquidity risk is the risk that the Authority cannot repay its obligations when they become due to its creditors. The Authority is exposed to this risk relating to its accounts payable and accrued liabilities.

The Authority reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash to repay trade creditors as payables become due.

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

Financial statements are required to be adjusted for events occurring between the date of financial statements and the date of the auditors' report which provides additional evidence relating to conditions that existed as at year end. Management has assessed the financial impacts at this time. As a result of this assessment, there were no adjustments required to be reflected in these financial statements.

## 11. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.