

Financial Statements of

**MATTAGAMI REGION
CONSERVATION AUTHORITY**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

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, 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 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, 2023, 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.



Page 3

- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 15, 2024

MATTAGAMI REGION CONSERVATION AUTHORITY

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash	\$ 424	\$ 422
Receivable from the City of Timmins (note 5)	459,010	401,610
	<u>459,434</u>	<u>402,032</u>
Financial Liabilities		
Accounts payable and accrued liabilities	328	-
Deferred contributions (note 3)	29,807	27,250
	<u>30,135</u>	<u>27,250</u>
Net financial assets	429,299	374,782
Non-Financial Assets		
Tangible capital assets (note 6)	252,474	295,963
Prepaid expenses	14,403	14,552
	<u>266,877</u>	<u>310,515</u>
Economic dependence (note 10)		
Accumulated surplus (note 7)	<u>\$ 696,176</u>	<u>\$ 685,297</u>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

_____ Director

_____ Director

MATTAGAMI REGION CONSERVATION AUTHORITY

Statement of Operations and Accumulated Surplus

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

	2023 Budget (note 8)	2023 Actual	2022 Actual
Revenue:			
Municipal levy	\$ 618,000	\$ 618,000	\$ 618,000
Other income and recoveries	128,000	172,553	144,049
Watershed source protection	107,500	131,784	129,070
Gain on disposal of tangible capital assets	-	86,768	22,626
Ministry of natural resources and forestry:			
Conservation authorities section 39	73,000	73,011	73,011
Water and erosion control infrastructure	-	5,625	-
Other federal grants	115,000	36,422	293,971
User fees	3,250	7,775	10,575
Other provincial grants	-	1,420	-
	1,044,750	1,133,358	1,291,302
Expenses: (note 9)			
Administration	577,967	630,367	585,524
Conservation properties	204,683	180,739	394,525
Watershed source protection	143,500	131,784	129,070
Regulations officer	108,600	105,095	106,451
Amortization	56,831	51,926	56,831
Vehicle expenses and maintenance	-	15,960	40,393
Land management	-	4,624	-
Groundwater studies	-	1,542	266
Water festival	-	442	4,478
Flood forecasting and warning	-	-	660
Total expenses	1,091,581	1,122,479	1,318,198
Annual surplus (deficit)	(46,831)	10,879	(26,896)
Accumulated surplus, beginning of the year	685,297	685,297	712,193
Accumulated surplus, end of year	\$ 638,466	\$ 696,176	\$ 685,297

See accompanying notes to financial statements.

MATTAGAMI REGION CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets

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

	2023 Budget (note 8)	2023 Actual	2022 Actual
Annual surplus (deficit)	\$ (46,831)	\$ 10,879	\$ (26,896)
Acquisition of tangible capital assets	(10,000)	(10,176)	(9,871)
Amortization of tangible capital assets	56,831	51,926	56,831
Gain on disposal of tangible capital assets	-	(86,768)	(22,626)
Proceeds on disposition	-	88,507	22,626
Change in prepaid expenses	-	149	(5,572)
Change in net financial assets	-	54,517	14,492
Net financial assets, beginning of the year	374,782	374,782	360,290
Net financial assets, end of the year	\$ 374,782	\$ 429,299	\$ 374,782

See accompanying notes to financial statements.

MATTAGAMI REGION CONSERVATION AUTHORITY

Statement of Cash Flows

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

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 10,879	\$ (26,896)
Item not involving cash:		
Amortization of tangible capital assets	51,926	56,831
Gain on disposal of tangible capital assets	(86,768)	(22,626)
	(23,963)	7,309
Change in non-cash assets and liabilities:		
Increase in due from City of Timmins	(57,400)	(8,013)
Decrease (increase) in prepaid expenses	149	(5,572)
Increase (decrease) in accounts payable and accrued liabilities	328	(5,218)
Increase (decrease) in deferred contributions	2,557	(1,261)
Net change in cash from operating activities	(78,329)	(12,755)
Capital activities:		
Acquisition of tangible capital assets	(10,176)	(9,871)
Proceeds on disposition of tangible capital assets	88,507	22,626
Net change in capital activities	78,331	12,755
Net change in cash	2	-
Cash, beginning of year	422	422
Cash, end of year	\$ 424	\$ 422

See accompanying notes to financial statements.

MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

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, 2023

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:

Provincial, federal and municipal grant funding revenues are recognized in the year to which the program relates and when the related expenses are incurred. Amounts unused at year end are deferred to subsequent years. Municipal levies are recognized in the year they are levied to member municipalities. User fees are recognized as revenue over the period the services are performed. 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, 2023

2. Change in accounting policies:

The Authority adopted the following standards concurrently beginning January 1, 2022 prospectively: *PS 1201 Financial Statement Presentation*, *PS 2601 Foreign Currency Translation*, *PS 3041 Portfolio Investments* and *PS 3450 Financial Instruments*.

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.

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 denominated 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. *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.

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. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date.

MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. There is no impact from this standard.

On January 1, 2022, the 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 retired buildings by public sector entities. An asset retirement obligation has not been recorded by the Authority, as it does not possess tangible capital assets that meet the recognition criteria.

3. 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	8,997	3,000	443	11,554
	<u>\$ 27,250</u>	<u>\$ 76,011</u>	<u>\$ 73,454</u>	<u>\$ 29,807</u>

MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Pension plan:

OMERS provides pension services to more than 600,000 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, 2023. The results of this valuation disclosed total going concern actuarial liabilities of \$136,185 million (2022 - \$130,306 million) in respect of benefits accrued for service with total going concern actuarial net assets at that date of \$131,983 million (2022 - \$123,628 million) indicating a going concern actuarial deficit of \$4,202 million (2022 - \$6,678 million). As 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 2023 was \$48,094 (2022 - \$ 45,693) and is included as an expense in the statement of operations and accumulated surplus.

5. Related party transactions:

	2023	2022
Municipal funding from the City of Timmins	\$ 618,000	\$ 618,000
Receivable from the City of Timmins	459,010	401,610
Other revenue from Wintergreen Fund	81,781	41,581
Municipal taxes paid to the City of Timmins	43,712	44,122
Shared resource recovery from the City of Timmins	50,172	46,680
Other revenue from the City of Timmins	20,589	18,703

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. The amounts due to related companies are unsecured, non-interest bearing, and have no specified repayment terms.

MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions and Transfers	Disposals and Write-offs	Balance at December 31, 2023
Land and land improvements	\$ 762,035	\$ -	\$ (35)	\$ 762,000
Buildings and improvements	422,589	-	-	422,589
Machinery and equipment	132,460	-	(26,777)	105,683
Vehicles	185,762	10,176	-	195,938
Total	\$ 1,502,846	\$ 10,176	\$ (26,812)	\$ 1,486,210

Accumulated amortization	Balance at December 31, 2022	Disposals and write-offs	Amortization expense	Balance at December 31, 2023
Land and land improvements	\$ 671,544	\$ -	\$ 22,302	\$ 693,846
Buildings and improvements	318,636	-	9,311	327,947
Machinery and equipment	86,156	(25,073)	4,035	65,118
Vehicles	130,547	-	16,278	146,825
Total	\$ 1,206,883	\$ (25,073)	\$ 51,926	\$ 1,233,736

	Net book value, December 31, 2022	Net book value, December 31, 2023
Land and land improvements	\$ 90,491	\$ 68,154
Buildings and improvements	103,953	94,642
Machinery and equipment	46,304	40,565
Vehicles	55,215	49,113
Total	\$ 295,963	\$ 252,474

MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Tangible capital assets (continued):

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
Total	\$ 1,499,690	\$ 9,871	\$ (6,715)	\$ 1,502,846

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
Total	\$ 1,156,767	\$ (6,715)	\$ 56,831	\$ 1,206,883

	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
Construction in progress	-	-
Total	\$ 342,923	\$ 295,963

MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Accumulated surplus:

	2023	2022
General reserve	\$ 234,630	\$ 164,301
Building repairs	84,967	84,967
Source water	28,457	28,457
Vehicle expense and maintenance	95,648	83,933
Neer rebate	–	27,676
Invested in tangible capital assets	252,474	295,963
Total accumulated surplus	\$ 696,176	\$ 685,297

8. Budget information:

The budget adopted by the Board on November 3, 2022 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	\$	–
Add: Capital additions		10,000
Less: Amortization		(56,831)
Deficit per financial statements	\$	(46,831)

9. Expenses by object:

	2023	2022
Salaries and benefits	\$ 745,634	\$ 694,817
Materials and supplies	121,502	327,242
Amortization of tangible capital assets	51,926	56,831
Property taxes	42,731	44,122
Operations	50,238	48,496
Insurance	43,712	47,003
Outreach and communications	29,204	25,830
Utilities	11,926	12,049
Fuel	12,163	12,337
Professional services	13,096	29,116
Vehicle expenses and maintenance	347	20,355
	\$ 1,122,479	\$ 1,318,198

MATTAGAMI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. 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.

11. Financial risks and concentration of risks:

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.

12. 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.