



Financial Statements

Lakehead Region Conservation Authority

December 31, 2023

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Accumulated Surplus	4
Statement of Changes in Net Financial Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 16
Schedule 1 – Accumulated Surplus	17
Schedule 2 – Tangible Capital Assets	18

# Independent Auditor's Report

To the Members of Lakehead Region Conservation Authority

## Opinion

We have audited the financial statements of Lakehead Region Conservation Authority ("the Authority"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lakehead Region Conservation Authority 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 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 these 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 relating to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Thunder Bay, Canada  
May 29, 2024

Chartered Professional Accountants  
Licensed Public Accountants

# Lakehead Region Conservation Authority

## Statement of Financial Position

As at December 31

2023

2022

### Financial assets

Cash and cash equivalents	\$ 1,030,276	\$ 1,102,217
Investments <i>[note 4]</i>	6,000,000	5,600,000
Accounts receivable	<u>379,556</u>	<u>227,788</u>
<b>Total financial assets</b>	<b><u>7,409,832</u></b>	<b><u>6,930,005</u></b>

### Liabilities

Accounts payable and accrued liabilities	216,976	120,050
Deferred revenue – projects <i>[note 9]</i>	<u>4,412,574</u>	<u>3,752,463</u>
<b>Total liabilities</b>	<b><u>4,629,550</u></b>	<b><u>3,872,513</u></b>

### Net financial assets

<b><u>2,780,282</u></b>	<b><u>3,057,492</u></b>
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### Non-financial assets

Tangible capital assets - net <i>[note 3] [schedule 2]</i>	4,884,825	4,548,894
Prepaid expenses	<u>8,946</u>	<u>8,969</u>
	<b><u>4,893,771</u></b>	<b><u>4,557,863</u></b>

### Accumulated surplus *[schedule 1]*

<b><u>\$ 7,674,053</u></b>	<b><u>\$ 7,615,355</u></b>
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See accompanying notes to the financial statements.

# Lakehead Region Conservation Authority

## Statement of Operations and Accumulated Surplus

Year ended December 31	2023	2023	2022
	Budget <i>[note 8]</i>	Actual	Actual
<b>REVENUE <i>[note 10]</i></b>			
Provincial grants	\$ 337,909	\$ 416,235	405,986
Municipal levy – all	1,077,302	994,543	972,572
Municipal levy – sole benefitting city	716,497	191,160	517,101
Self generated	383,570	672,957	453,128
Other	238,099	206,564	125,571
<b>Total revenue</b>	<b><u>2,753,377</u></b>	<b><u>2,481,459</u></b>	<b><u>2,474,358</u></b>
<b>EXPENSES</b>			
<b>Mandatory programs and services (Category 1)</b>			
Corporate services	858,659	899,899	546,721
Risk of natural hazards	1,097,542	542,850	1,053,275
Conservation and management of lands owned and Controlled by the Authority	381,611	353,407	450,613
Source water protection	58,974	62,293	56,070
Other programs and services	19,625	16,964	—
	<b><u>2,416,411</u></b>	<b><u>1,875,413</u></b>	<b><u>2,106,679</u></b>
<b>Non-mandatory programs and services at the request of a Municipality (Category 2)</b>			
Mapping services	16,311	16,675	13,248
<b>Non-mandatory programs and services (Category 3)</b>			
Education	100,502	54,799	45,126
Stewardship	158,224	199,440	182,024
Other	10,000	7,632	—
	<b><u>268,726</u></b>	<b><u>261,871</u></b>	<b><u>227,150</u></b>
<b>Amortization of tangible capital assets</b>	<b><u>268,802</u></b>	<b><u>268,802</u></b>	<b><u>243,779</u></b>
<b>Total expenses</b>	<b><u>2,970,250</u></b>	<b><u>2,422,761</u></b>	<b><u>2,590,856</u></b>
<b>Annual surplus (deficit)</b>	<b>(216,873)</b>	<b>58,698</b>	<b>(116,498)</b>
Accumulated surplus, beginning of year,	<u>—</u>	<b><u>7,615,355</u></b>	<u>7,731,853</u>
<b>Accumulated surplus (deficit), end of year</b>	<b><u>\$ (216,893)</u></b>	<b><u>\$ 7,674,053</u></b>	<b><u>\$ 7,615,355</u></b>

See accompanying notes to the financial statements.

## Lakehead Region Conservation Authority Statement of Changes in Net Financial Assets

Year ended December 31	2023	2023	2022
	Budget <i>[note 8]</i>	Actual	Actual
<b>Annual surplus (deficit)</b>	\$ (216,893)	\$ 58,698	\$ (116,498)
Acquisition of tangible capital assets	(161,800)	(604,733)	(70,655)
Amortization of tangible capital assets	268,802	268,802	243,779
Use of prepaid expenses	—	23	(2,052)
<b>(Decrease) increase in net financial assets</b>	<u>(109,891)</u>	<u>(277,210)</u>	<u>54,574</u>
Net financial assets, beginning of year	<u>3,057,492</u>	<u>3,057,492</u>	<u>3,002,918</u>
<b>Net financial assets, end of year</b>	<u>\$ 2,947,601</u>	<u>\$ 2,780,282</u>	<u>\$ 3,057,492</u>

See accompanying notes to the financial statements.

# Lakehead Region Conservation Authority

## Statement of Cash Flows

Year ended December 31

2023

2022

<b>Operations</b>		
Annual surplus (deficit)	\$ 58,698	\$ (116,498)
<b>Non-cash charges</b>		
Amortization of tangible capital assets	<u>268,802</u>	<u>243,779</u>
	<b>327,500</b>	127,281
<b>Net change in non-cash working capital balances</b>		
Decrease (increase) in accounts receivable	(151,768)	(40,158)
Increase in accounts payable and accrued liabilities	96,926	25,821
Increase in deferred revenue - projects	660,111	250,675
Increase (decrease) in prepaid expenses	<u>23</u>	<u>(2,052)</u>
<b>Cash provided by operating transactions</b>	<b><u>932,792</u></b>	<b><u>361,567</u></b>
<b>Capital</b>		
Acquisition of tangible capital assets	<u>(604,733)</u>	<u>(70,655)</u>
<b>Cash used in capital transactions</b>	<b><u>(604,733)</u></b>	<b><u>(70,655)</u></b>
<b>Investing</b>		
Increase in investments	<u>(400,000)</u>	<u>(5,600,000)</u>
<b>Cash used in investing transactions</b>	<b><u>(400,000)</u></b>	<b><u>(5,600,000)</u></b>
<b>Decrease in cash and cash equivalents</b>	<b>(71,941)</b>	<b>(5,309,088)</b>
Opening cash and cash equivalents	<u>1,102,217</u>	<u>6,411,305</u>
<b>Closing cash and cash equivalents</b>	<b><u>\$ 1,030,276</u></b>	<b><u>\$ 1,102,217</u></b>

See accompanying notes to the financial statements.



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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2023

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### **Nature of business**

The Lakehead Region Conservation Authority (the “Authority”) is established under the Conservation Authorities’ Act of Ontario and its principal activities include water and related land management, and conservation and recreation land management.

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### **1. Adoption of new standards**

#### **Asset retirement obligations**

Effective January 1, 2023, the Authority adopted new Public Sector Accounting Standard Section PS 3280 Asset Retirement Obligations (ARO) which recognizes legal obligations associated with the retirement of tangible capital assets. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 was withdrawn. The financial statements have not been impacted by this change in accounting policy.

#### **Financial instruments / Foreign currency translation / Financial statement presentation**

Effective January 1, 2023, the Authority adopted new Public Sector Accounting Standards Sections PS 3450 Financial Instruments, PS 3041 Portfolio Investments, PS 2601 Foreign Currency Translation and Section 1201 Financial Statement Presentation along with the related amendments. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis.

The measurement requirements were applied prospectively. The recognition, derecognition, and measurement policies followed in the comparative period were not reversed and the comparative figures have not been restated.

There was no financial statement impact as a result of the adoption of PS 3450, 3041, 2601 and 1201 other than additional note disclosure in the financial statements.

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### **2. Significant accounting policies**

#### **Basis of accounting**

The financial statements of the Authority are prepared by management in accordance with accounting policies generally accepted for organizations operating in the local government sector as prescribed by the Public Sector Accounting Board (“PSAB”) of CPA Canada. The more significant accounting policies are as follows:

[a] Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in banks.

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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2023

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[b] Accrual accounting

The Authority uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. It recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

[c] Deferred revenue

Deferred revenue reflects unexpended capital advances that have been allocated to specific capital projects.

[d] Interest income

Interest income earned on surplus funds is reported as revenue in the period earned to be applied toward the reduction of costs of programs and operations.

[e] Revenue recognition

Government transfers

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized, and all eligible criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers made to a recipient by the Authority are recorded as an expense when they are authorized, and the recipient meets all eligible criteria.

Municipal levies

Municipal levies are recognized as revenue in the period in which the budgeted expenditures occur. Unexpended levies for specific purposes are deferred for future expenses.

Other revenues

Contributions from others, miscellaneous, and vehicles and equipment revenues are recognized as revenue in the period in which the related expenses are incurred.

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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2023

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[f] Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The most significant estimate in these financial statements include allowance for doubtful amounts receivable and estimated useful lives of assets.

[g] 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. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or 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:

Buildings	5 to 50 years
Flood control	10 to 50 years
Land improvements	10 to 20 years
Vehicles and equipment	5 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

[h] Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2023

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[i] Asset retirement obligations

A liability for an asset retirement obligation is recognized when all of the following criteria are 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.

The liability is measured at the Authority's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2023

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### 3. Tangible capital assets

Schedule 3 provides information on the tangible capital assets of the Authority by major asset class, as well as accumulated amortization of the assets controlled.

There were no write-downs of assets in 2023 [2022 - \$nil].

Interest capitalized during 2023 was \$nil [2022 - \$nil].

There were no contributed tangible capital assets in 2023 [2022 - \$nil].

Certain assets have been recorded at a nominal value due to the difficulty in determining an appropriate value. This includes land inherited and purchased before 1974. Land purchased after 1974 is recorded at original cost. Land improvements that were completed before 1998 may also have a nominal value due to the difficulty in determining an appropriate value.

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### 4. Investments

Investments consist of a non-redeemable guaranteed investment certificate with 5.15% interest, maturing in May, 2024.

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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2023

### 5. Revenue from participating municipalities

	<u>2023</u>	<u>2022</u>
[a] Administration		
Thunder Bay	\$ 286,420	\$ 243,708
Shuniah	16,394	13,876
Oliver-Paipoonge	18,329	15,480
Neebing	7,530	6,332
Dorion	952	834
O'Connor	1,572	1,323
Conmee	1,463	1,240
Gillies	833	704
	<u>\$ 333,493</u>	<u>\$ 283,497</u>
[b] Capital projects		
Thunder Bay	1,254,181	\$ 1,246,348
Shuniah	71,787	70,965
Oliver-Paipoonge	80,261	79,168
Neebing	32,971	32,381
Dorion	4,169	4,265
O'Connor	6,884	6,768
Conmee	6,406	6,343
Gillies	3,647	3,598
	<u>1,460,306</u>	<u>1,449,836</u>
Increase in municipal deferred revenue	<u>\$ (608,096)</u>	<u>\$ (243,660)</u>

# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2023

### 6. Continuity of reserves

											2023	2022
	Operating Reserve	Administrative Reserve Maintenance	Administrative Reserve New Facility	Vehicle and Equipment	Insurance Fund	Legal Fees Reserve	Conservation Area Capital	Hazelwood Lake Reserve	Forest Management Reserve	Land Acquisition Reserve	Total	Total
<b>Balance, beginning of year</b>	\$1,213,249	\$ 608,334	\$ 32,311	\$ 56,661	\$ 31,197	\$ 120,402	\$ 503,402	\$ 40,000	\$ 128,036	\$ 250,787	\$2,984,379	\$2,936,516
Transfer to reserves	196,230	—	—	7,916	1,230	—	—	20,000	—	—	225,377	124,845
Transfer from reserves	—	(256,057)	—	(4,416)	—	—	(198,092)	—	(507)	(2,288)	(461,360)	(76,982)
<b>Balance, end of year</b>	<u>\$1,409,479</u>	<u>\$352,277</u>	<u>\$ 32,311</u>	<u>\$ 60,161</u>	<u>\$ 32,427</u>	<u>\$ 120,402</u>	<u>\$ 305,310</u>	<u>\$ 60,000</u>	<u>\$ 127,529</u>	<u>\$ 248,500</u>	<u>\$2,748,396</u>	<u>\$2,984,379</u>

# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2023

### 7. Expenditures by object

	<u>2023</u>	<u>2022</u>
Salaries, wages and employee benefits	<b>\$1,272,956</b>	\$ 1,180,818
Materials, services and rents	<b>881,004</b>	1,166,260
Amortization	<b><u>268,802</u></b>	<u>243,778</u>
	<b><u>\$2,422,762</u></b>	<b><u>\$ 2,590,856</u></b>

### 8. Budget figures

The operating budget approved by the Authority for 2023 is reflected on the statement of operations and accumulated surplus. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenses.

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations and accumulated surplus has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan per the financial statements.

	<b>Approved 2023 Budget \$</b>	<b>PSAB Adjusted Budget \$</b>
<b>Revenues</b>	\$2,892,548	<b>\$2,753,377</b>
<b>Expenses</b>	<u>2,892,548</u>	<b><u>2,970,250</u></b>
<b>Annual income (deficit)</b>	—	<b>(216,873)</b>
Adjust revenues:		
Transfers from reserves	(139,171)	
Adjust expenses:		
Acquisition of tangible capital assets	(161,800)	
Transfers to reserves	(29,300)	
Amortization of tangible capital assets	<u>268,802</u>	
<b>Increase (decrease) in net financial assets</b>		<b><u>\$ (216,873)</u></b>



# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2023

### 9. Deferred revenue

	<u>2023</u>	<u>2022</u>
City of Thunder Bay	<b>\$3,327,550</b>	\$ 2,716,385
All municipalities	<b>677,052</b>	615,357
Other	<b><u>407,972</u></b>	<u>420,721</u>
	<b><u>\$4,412,574</u></b>	<b><u>\$ 3,752,463</u></b>

### 10. Revenue breakdown

<b>Self generated</b>	<u>2023</u>	<u>2022</u>
Interest	<b>\$ 320,037</b>	\$ 135,200
Conservation area collections	<b>135,989</b>	117,559
Risk of natural hazards	<b>54,937</b>	48,596
Education funding	<b>54,800</b>	12,646
Vehicle and equipment charges	<b>51,868</b>	48,790
Mapping	<b>16,675</b>	13,248
Other	<b><u>38,652</u></b>	<u>77,089</u>
	<b><u>\$ 672,957</u></b>	<b><u>\$ 453,128</u></b>

#### Other

Grants and funding	<b>\$ 198,933</b>	\$ 125,571
Other	<b><u>7,632</u></b>	<u>—</u>
	<b><u>\$ 206,565</u></b>	<b><u>\$ 125,571</u></b>

### 11. Financial instruments

#### Risk disclosures

##### Credit risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to discharge their obligation (e.g., pay the accounts receivable owing to the Authority). The Authority is exposed to this risk arising from its cash, investments and accounts receivable.

The Authority holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Authority's cash accounts are insured up to \$100,000 (2022 - \$100,000) per account.

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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2023

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Accounts receivable are due from government and others and are all current. The Authority measures its exposure to credit risk based on the nature of the creditor and how long the amounts have been outstanding. At year end, the Authority has not allowed for any doubtful accounts [2022 - \$nil].

The Authority's Investment Policy allows for various investments based on dollar value and authorization guidelines. The CAO can authorize investments (GICS, HISA accounts) up to \$2,000,000, for a period up to one year, and where the capital is guaranteed. The Board of Directors can authorize investments greater than \$2,000,000, for period greater than one year, or where the capital is not guaranteed. Annually, a summary investment report will be presented to the Board of Directors outlining investments made over the previous fiscal year.

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.

### **Liquidity risk**

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows. Accounts payable range from 0-60 days.

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.

### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Given the nature of the financial instruments, the Authority is not subject to currency or other price risk.

### **Interest rate risk**

Interest rate risk is the potential for financial loss caused by fluctuations in the future cash flows of financial instruments because of changes in market interest rates. The Authority is exposed to this risk through its interest-bearing investment. Given the current composition of its investment, the fixed-rate guaranteed investment certificate exposes the Authority to a fair value risk. As at December 31, 2023, a 2% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the amortized cost of the investment of \$6,000.

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.

## **12. Comparative figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.

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**Lakehead Region Conservation Authority**  
**Accumulated Surplus****Schedule 1**

Year ended December 31

**2023****2022**

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General	\$ 40,832	\$ 82,080
Investment in capital assets	<u>4,884,825</u>	<u>4,548,896</u>
	<u>4,925,657</u>	<u>4,630,976</u>

**Reserves set aside for specific purposes [note 5]**

For operating reserve	1,409,479	1,213,249
For administrative reserve maintenance	352,277	608,334
For administrative reserve new facility	32,311	32,311
For vehicle and equipment reserve	60,161	56,661
For forest management reserve	127,529	128,036
For land acquisition reserve	248,500	250,787
For insurance reserve	32,427	31,197
For legal fees reserve	120,402	120,402
For conservation area maintenance capital reserve	305,310	503,402
For hazelwood lake dam reserve	<u>60,000</u>	<u>40,000</u>
	<u>2,748,396</u>	<u>2,984,379</u>

<b>Accumulated surplus, end of year</b>	<b>\$ 7,674,053</b>	<b>\$ 7,615,355</b>
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**Lakehead Region Conservation Authority**  
**Tangible Capital Assets**

**Schedule 2**

Year ended December 31

2023

2022

	Land	Buildings	Vehicles and Equipment	Land Improvements	Flood Control	Total	Total
<b>Net book value, beginning of year</b>	<b><u>\$2,163,258</u></b>	<b><u>\$ 390,651</u></b>	<b><u>\$ 56,524</u></b>	<b><u>\$ 205,946</u></b>	<b><u>\$1,732,515</u></b>	<b><u>\$ 4,548,894</u></b>	<b><u>\$ 4,722,018</u></b>
<b>Cost</b>							
Balance, beginning of year	2,163,258	1,175,175	234,530	608,189	8,669,031	12,850,183	12,779,528
Add: Additions	10,000	279,666	—	315,067	—	604,733	70,655
Less: Disposals	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance, end of year	<b><u>2,173,258</u></b>	<b><u>1,454,841</u></b>	<b><u>234,530</u></b>	<b><u>923,256</u></b>	<b><u>8,669,031</u></b>	<b><u>13,454,916</u></b>	<b><u>12,850,183</u></b>
<b>Accumulated amortization</b>							
Balance, beginning of year	—	784,524	178,006	402,243	6,936,516	8,301,289	8,057,510
Add: Amortization	<u>—</u>	<u>38,410</u>	<u>14,131</u>	<u>45,128</u>	<u>171,133</u>	<u>268,802</u>	<u>243,779</u>
Balance, end of year	<u>—</u>	<u>822,934</u>	<u>192,137</u>	<u>447,371</u>	<u>7,107,649</u>	<u>8,570,091</u>	<u>8,301,289</u>
<b>Net book value, end of year</b>	<b><u>\$2,173,258</u></b>	<b><u>\$ 631,907</u></b>	<b><u>\$ 42,393</u></b>	<b><u>\$ 475,885</u></b>	<b><u>\$1,561,382</u></b>	<b><u>\$ 4,884,825</u></b>	<b><u>\$ 4,548,894</u></b>