

THE CROWE VALLEY CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2024

Draft for discussion purposes only

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of **The Crowe Valley Conservation Authority** are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with Canadian public sector accounting standards, as issued by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 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 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 financial statements have been audited by Welch LLP, independent external auditors appointed by the Authority, in accordance with Canadian auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.

Tim Pidduck
General Manager & Secretary-Treasurer

Amanda Donald
Administrative Assistant

Date to be determined

INDEPENDENT AUDITOR'S REPORT

To the Members of
THE CROWE VALLEY CONSERVATION AUTHORITY

Opinion

We have audited the financial statements of **THE CROWE VALLEY CONSERVATION AUTHORITY**, which comprise the statement of financial position as at December 31, 2024, and the statements of surplus, changes in net financial assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2024, 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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.

Trenton, Ontario
Date to be determined

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE CROWE VALLEY CONSERVATION AUTHORITY
(Established Under the Conservation Authorities Act of Ontario)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash	\$ 1,463,830	\$ 1,391,171
Accounts receivable	<u>117,767</u>	<u>154,782</u>
	<u>1,581,597</u>	<u>1,545,953</u>
LIABILITIES		
Accounts payable and accrued liabilities	119,812	121,463
Deferred contributions - <i>note 3</i>	14,183	11,748
Unearned revenue	<u>17,709</u>	<u>30,083</u>
	<u>151,704</u>	<u>163,294</u>
NET FINANCIAL ASSETS	<u>1,429,893</u>	<u>1,382,659</u>
NON FINANCIAL ASSETS		
Tangible capital assets - <i>schedule 4</i>	342,856	341,516
Prepaid expenditures	<u>15,731</u>	<u>13,196</u>
	<u>358,587</u>	<u>354,712</u>
ACCUMULATED SURPLUS - <i>note 4</i>	<u>\$ 1,788,480</u>	<u>\$ 1,737,371</u>

Approved by the Board

Director

Director

(see accompanying notes)

THE CROWE VALLEY CONSERVATION AUTHORITY
STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
ACCUMULATED SURPLUS, beginning of year, as previously stated	\$ 1,646,256	\$ 1,636,267
Prior period adjustment - note 11	91,115	80,389
ACCUMULATED SURPLUS, beginning of year, as restated	<u>1,737,371</u>	<u>1,716,656</u>
Annual surplus	<u>51,109</u>	<u>20,715</u>
ACCUMULATED SURPLUS, end of year	<u><u>\$ 1,788,480</u></u>	<u><u>\$ 1,737,371</u></u>

STATEMENT OF CHANGE SIN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
NET FINANCIAL ASSETS, beginning of year	\$ <u>1,382,659</u>	\$ <u>1,371,369</u>
Annual surplus	51,109	20,715
Acquisition of tangible capital assets	(37,493)	(44,024)
Proceeds of disposition of tangible capital assets	-	10,468
Gain on disposal of tangible capital assets	-	(10,468)
Amortization of tangible capital assets	36,153	34,599
Change in prepaid expenditures	(2,535)	-
	<u>47,234</u>	<u>11,290</u>
NET FINANCIAL ASSETS, end of year	<u><u>\$ 1,429,893</u></u>	<u><u>\$ 1,382,659</u></u>

(see accompanying notes)

THE CROWE VALLEY CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2024

	2024 Budget (Note 9)	2024 Actual	2023 Actual
REVENUE - OPERATING			
Government grants - provincial - operating subsidy	\$ 60,267	\$ 60,267	\$ 60,267
Government grants - provincial -other projects	-	37,678	121,058
Municipal levies - operating	729,225	729,225	674,802
Municipal agreements	9,110	9,110	8,760
Authority generated regulation administration fees	194,521	154,330	202,123
Operating agreements	16,566	32,218	35,393
Hydro project	38,114	47,973	44,955
Source Water Protection project	56,234	58,613	54,964
Grants and donations - note 3	2,600	1,293	4,025
Government grants - summer students and interns	-	-	4,947
Interest income	32,250	45,551	44,908
Miscellaneous revenues	14,084	11,755	22,651
	<u>1,152,971</u>	<u>1,188,013</u>	<u>1,278,853</u>
EXPENDITURES - OPERATING			
Category 1 (Mandatory), Schedule 1	1,154,407	1,169,716	1,297,825
Category 2 (Non-mandatory), Schedule 2	9,110	9,110	8,760
Category 3 (Non-mandatory), Schedule 3	13,468	12,834	10,499
	<u>1,176,985</u>	<u>1,191,660</u>	<u>1,317,084</u>
Annual deficit before capital items	<u>(24,014)</u>	<u>(3,647)</u>	<u>(38,231)</u>
CAPITAL ITEMS			
Municipal levies - capital	90,909	90,909	92,442
Amortization	-	(36,153)	(34,599)
Gain on disposal of tangible capital assets	-	-	10,468
	<u>90,909</u>	<u>54,756</u>	<u>68,311</u>
Annual Surplus before adjustment to opening deferred contributions	66,895	51,109	30,080
Adjustment to opening deferred contributions - note 3	<u>-</u>	<u>-</u>	<u>(9,365)</u>
ANNUAL SURPLUS	<u>\$ 66,895</u>	<u>\$ 51,109</u>	<u>\$ 20,715</u>

(See accompanying notes)

THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULE 1 - CATEGORY 1 (MANDATORY)
YEAR ENDED DECEMBER 31, 2024

	2024 Budget (Note 9)	2024 Actual	2023 Actual
REVENUE			
Provincial - operating	\$ 60,267	\$ 60,267	\$ 60,267
Provincial - other projects	-	37,678	121,058
Municipal levies	715,757	715,757	674,802
Authority generated regulation administration fees	194,521	154,330	202,123
Operating agreements	16,566	32,218	35,393
Hydro project	38,114	47,973	44,955
Source Water Protection project	56,234	58,613	54,964
Miscellaneous revenues	14,084	11,755	22,651
Interest income	32,250	45,551	44,908
Grants and donations	2,600	1,293	4,025
	<u>1,130,393</u>	<u>1,165,435</u>	<u>1,265,146</u>
EXPENDITURES			
Natural hazard management			
- Staffing	550,849	526,768	518,704
- Operational	69,812	166,514	326,385
Provincial water quality monitoring			
- Staffing	4,617	4,617	4,436
- Operational	500	-	2,190
Source water protection			
- Staffing	47,231	47,915	44,032
- Operational	9,003	-	206
Conservation authority lands and areas			
- Staffing	3,783	3,783	3,634
- Operational	22,765	12,096	13,316
Administration			
- Staffing	267,907	270,183	257,201
- Operational	177,940	137,840	127,721
	<u>1,154,407</u>	<u>1,169,716</u>	<u>1,297,825</u>
ANNUAL DEFICIT	<u>\$ (24,014)</u>	<u>\$ (4,281)</u>	<u>\$ (32,679)</u>

(See accompanying note)

THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULE 2 - CATEGORY 2 (NON-MANDATORY)
YEAR ENDED DECEMBER 31, 2024

	<u>2024 Budget (Note 9)</u>	<u>2024 Actual</u>	<u>2023 Actual</u>
REVENUE			
Municipal agreements	<u>\$ 9,110</u>	<u>\$ 9,110</u>	<u>\$ 8,760</u>
EXPENDITURES			
Risk management official - Staffing	<u>9,110</u>	<u>9,110</u>	<u>8,760</u>
ANNUAL SURPLUS	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(See accompanying note)

THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULE 3 - CATEGORY 3 (NON-MANDATORY)
YEAR ENDED DECEMBER 31, 2024

	<u>2024 Budget (Note 9)</u>	<u>2024 Actual</u>	<u>2023 Actual</u>
REVENUE			
Municipal levies	\$ 13,468	\$ 13,468	\$ -
Government grants - summer students and interns	<u>-</u>	<u>-</u>	<u>4,947</u>
	<u>13,468</u>	<u>13,468</u>	<u>4,947</u>
EXPENDITURES			
Monitoring projects			
- Staffing	10,405	9,970	10,110
- Operational	<u>3,063</u>	<u>2,864</u>	<u>389</u>
	<u>13,468</u>	<u>12,834</u>	<u>10,499</u>
ANNUAL SURPLUS (DEFICIT)	<u><u>\$ -</u></u>	<u><u>\$ 634</u></u>	<u><u>\$ (5,552)</u></u>

(See accompanying note)

THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2024

Schedule 4

Historical Costs:	Land \$	Land Improvements \$	Buildings \$	Furniture, tools and equipment \$	Automotive equipment \$	Computer hardware and software \$	Infrastructure \$	2024	2023
								Total \$	Total \$
Opening Balance	56,216	25,087	290,883	143,430	96,825	480,742	1,406,926	2,500,109	2,494,562
Additions	-	-	-	-	33,134	4,359	-	37,493	44,024
Disposals	-	-	-	-	-	-	-	-	(38,477)
Closing Balance	56,216	25,087	290,883	143,430	129,959	485,101	1,406,926	2,537,602	2,500,109

Accumulated Amortization:

Opening Balance	-	11,069	216,809	61,812	63,903	469,577	1,335,423	2,158,593	2,162,471
Amortization	-	1,029	5,867	4,476	7,509	1,559	15,713	36,153	34,599
Disposals	-	-	-	-	-	-	-	-	(38,477)
Closing Balance	-	12,098	222,676	66,288	71,412	471,136	1,351,136	2,194,746	2,158,593
Net book value for year ended December 31, 2024	56,216	12,989	68,207	77,142	58,547	13,965	55,790	342,856	341,516

(See accompanying notes)

THE CROWE VALLEY CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 51,109	\$ 20,715
Adjustments for:		
Amortization	36,153	34,599
Gain on disposal of tangible capital assets	<u>-</u>	<u>(10,468)</u>
	87,262	44,846
Change in non-cash operating balances:		
Accounts receivable	37,015	(31,840)
Prepaid expenditures	(2,535)	-
Accounts payable and accrued liabilities	(1,651)	29,458
Deferred contributions	2,435	11,748
Unearned revenue	<u>(12,374)</u>	<u>(12,638)</u>
	<u>110,152</u>	<u>41,574</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(37,493)	(44,024)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>10,468</u>
	<u>(37,493)</u>	<u>(33,556)</u>
INCREASE IN CASH	72,659	8,018
CASH, beginning of year	<u>1,391,171</u>	<u>1,383,153</u>
CASH, end of year	<u><u>\$ 1,463,830</u></u>	<u><u>\$ 1,391,171</u></u>

(See accompanying notes)

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

1. NATURE OF OPERATIONS

The Crowe Valley Conservation Authority ("the Authority") is a corporate body established on November 6, 1958 under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources throughout the watershed within its area of jurisdiction in partnership with its member municipalities and the Province. The accompanying financial statements comprise all the activities of the Authority.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The Authority follows Canadian Public Sector Accounting Standards as issued by the Public Sector Accounting Board (PSAB) in preparing its financial statements. The significant accounting policies used are as follows:

Basis of accounting

Revenues and expenditures are recorded on the accrual basis, whereby they are reflected in the accounts in the year in which they have been earned and incurred, respectively, whether or not such transactions have been settled by the receipt or payment of money.

Reserves

Reserves for future expenditures and contingencies are established as required at the discretion of the Authority

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. When an asset no longer contributes to the Authority's ability to provide services, its carrying amount is written down to its residual value. The cost of the tangible assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 years
Buildings	40 years
Furniture, tools and equipment	20 years
Automotive equipment	10 years
Computer hardware and software	3 to 10 years
Infrastructure	50 to 100 years

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Authority recognizes revenue as follows:

Municipal levies are generally recognized in the fiscal year in which they are levied. Government transfers are recognized in the period in which the event giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Other grants and specified project donations are recognized when the related net expenditures have been incurred.

Administration fees are recognized when the service has been performed.

General donations are recognized when received.

Any contributions received for which the related services have not been performed and/or the related expenditures have not been incurred at the end of the fiscal year are recorded as unearned revenue.

Interest on bank accounts is recognized when earned.

Financial instruments

The Authority initially measures its financial assets and financial liabilities at fair value adjusted by, in the case where a financial asset or financial liability is subsequently measured at amortized cost, the amount of transaction costs directly attributable to the instrument. The Authority subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and unearned revenue. The purchase and sale of investments are accounted for using settlement date accounting. Transaction costs associated with the acquisition of investments and investment management fees are expensed as incurred.

Pension expense and obligation

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 cost of employer contributions to the multi-employer defined benefit pension plan are charged to operations in the same year as the related employee salaries and wages to which the contributions relate. No provision is made for any funding liability or surplus related to this plan.

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 sites if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the 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 includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. These statements do not include any liability for contaminated sites.

Asset retirement obligations

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations. These statements do not include any asset retirement obligations.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Management makes estimates when determining the value of tangible capital assets and recording accrued liabilities including contingent liabilities.

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

3. DEFERRED CONTRIBUTIONS

The Authority has received donations restricted in use to maintenance and improvements of the Callaghan Rapids Conservation Area.

Activity in the year is as follows:

	2024	2023
	<u> </u>	<u> </u>
Beginning of year	\$ 11,748	\$ -
Adjustment to opening balance in year	-	9,365
Contributions received in year	3,136	5,674
Expenses incurred in year	<u>(701)</u>	<u>(3,291)</u>
End of year	<u>\$ 14,183</u>	<u>\$ 11,748</u>

Revenue is recognized as funds are expended. Accumulated unspent contributions to December 31, 2022 had not been recorded as deferred contribution and an adjustment was made in preparing the 2023 financial statements with a charge to 2023 annual surplus of \$9,365.

Grant and donation revenue recognized in the year are as follows:

	2024	2023
	<u> </u>	<u> </u>
Unrestricted contributions	\$ 592	\$ 734
Recognition of restricted contributions	<u>701</u>	<u>3,291</u>
	<u>\$ 1,293</u>	<u>\$ 4,025</u>

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

4. ACCUMULATED SURPLUS

The components of accumulated surplus are as follows:

	2024	2023
	<u> </u>	<u> </u>
Land operations reserve	\$ 17,000	\$ 17,000
McGeachie Conservation Area reserve	11,937	11,937
Contingencies reserve	103,813	103,813
Capital reserve	222,013	180,154
Legal reserve	<u>20,500</u>	<u>20,500</u>
Total reserves	<u>375,263</u>	<u>333,404</u>
Tangible capital assets	342,856	341,516
Operating surplus	<u>1,070,361</u>	<u>1,062,451</u>
	<u>1,413,217</u>	<u>1,403,967</u>
	<u>\$ 1,788,480</u>	<u>\$ 1,737,971</u>

The only activity in the reserve accounts for the year was an appropriation of \$17,149 from the capital reserve to operating surplus and \$59,008 from the operating surplus to capital reserve, as approved in the 2024 budget and meeting minutes.

Subsequent to year end, the Board approved the appropriation of \$12,007 from operating surplus to legal reserve.

5. FINANCIAL INSTRUMENTS

Credit risk

The Authority is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Authority's maximum exposure to credit risk represents the sum of the carrying value of its cash, accounts receivable and investments. The Authority's cash is with Canadian banks while the accounts receivable are largely amounts due from governments and as a result management believes the risk of loss to be remote. All of the receivables are current except \$108 are greater than 90 days.

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

5. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Authority cannot meet a demand for cash or fund its obligations as they become due. The Authority meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can readily be converted to cash. Substantially all of the accounts payable and accrued liabilities are anticipated to be settled within six months of the year end.

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 is comprised of currency risk, interest rate risk and other price risk.

(i) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Authority has limited interest rate risk as it bears no variable rate debt; however, the Authority earns interest subject to variation in the bank's prime rate on its bank accounts.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority has no foreign currency transactions and therefore is not exposed to currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Authority is not exposed to other price risk.

Changes in risk

There was no significant change in the Authority's risk exposure during the year.

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

5. FINANCIAL INSTRUMENTS (continued)

Fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- 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 assets or liabilities that are not based on observable market data.

The Authority has no instruments that are subsequently measured at fair value after initial recognition.

6. EXPENDITURES BY OBJECT

Operating expenditures comprise:

	2024	2023
	<u> </u>	<u> </u>
Salaries and benefits	\$ 872,347	\$ 846,876
Operating goods and services	<u>319,313</u>	<u>470,207</u>
	<u>\$ 1,191,660</u>	<u>\$ 1,317,083</u>

7. PENSION AGREEMENTS

The Authority makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Contributions are split equally between the employees and the Authority.

The Authority's share of contributions to OMERS for 2024 was \$58,267 (2023 - \$56,577) for current service costs.

The OMERS plan has a reported \$2.9 billion going concern actuarial deficit at the end of 2024 (2023 - \$4.2 billion), and \$142.5 billion of going concern actuarial liabilities at the end of 2024 (2023 - \$136.2 billion).

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

8. MEMBER MUNICIPALITIES AND FOUNDATION

Transactions with member municipalities for the year and the balances receivable or payable at year end are as follows:

	2024	2023
Municipal levies (operating and capital)	\$ 820,134	\$ 767,244
Operating agreement revenue	9,110	8,760
Property tax expense	11,080	10,202
Receivables from municipalities	19,362	18,119

The Authority controls The Crowe Valley Conservation Foundation. The Foundation is incorporated as a public foundation and is a registered charity under the Income Tax Act (Canada). It was established to develop and manage a base of capital to provide for operational and capital requirements of the Authority. The Foundation presently has no activity, accordingly there are no balances to consolidate with the Authority.

9. BUDGET AMOUNTS

The budget amounts presented are as approved by the Board of Directors on February 22, 2024. This includes both the operating budget and the capital budget. The operating budget included \$1,152,971 of revenue and \$1,176,985 of expenditures for the current year for a deficit of \$24,014 to be funded from historical operating surplus. The capital budget included \$90,909 of revenue with projected capital expenditures of \$49,050 for the current year for a surplus of \$41,859 which is the net appropriation to capital reserve from operations disclosed in note 4. The Authority does not budget for amortization.

10. COMPARATIVE FIGURES

The Authority prepared its budget for 2024 as mandated by changes to the Conservation Authorities Act and its Regulations that Conservation Authorities organize their programs and services into Category 1 (Mandatory Services), Category 2 (Municipal Programs and Services) and Category 3 (Other Programs and Services). The Statement of Operations and related schedules have been prepared in the same format. As such, the comparative figures have been restated from those previously presented to conform to the presentation adopted for the current year.

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

11. PRIOR PERIOD ADJUSTMENTS

In the course of preparing the current year financial statements, it was determined that there was an error in the methodology used to calculate unearned revenue related to Source Water Protection services provided to the regional source water program. As a result, accumulated surplus as at December 31, 2022 has been increased by \$80,389 and accumulated surplus at December 31, 2023 has been increased by \$91,115.

Revenue and annual surplus for the year ended December 31, 2023 have both increased by \$10,726.

In addition, the Authority has increased previously reported accounts receivable by \$10,921 at December 31, 2023 and decreased unearned revenue at December 31, 2023 by \$80,194.