

THE LOWER TRENT REGION CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2016



LOWER TRENT CONSERVATION

714 Murray Street, R.R. 1, Trenton, Ontario K8V 5P4

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Registered Charitable Organization No. 107546598RR0001

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of The Lower Trent 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 for local governments established 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.

Glenda Rodgers
Chief Administrative Officer

Kelly Vandette
Manager, Corporate Services

February 9, 2017

"Working with Local Communities to Protect our Natural Environment"



Member of Conservation Ontario
Representing Ontario's 36 Conservation Authorities

INDEPENDENT AUDITOR'S REPORT

To the Members of
THE LOWER TRENT REGION CONSERVATION AUTHORITY

We have audited the accompanying financial statements of **THE LOWER TRENT REGION CONSERVATION AUTHORITY**, which comprise the statement of financial position as at December 31, 2016, and the statements of surplus, changes in net financial assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **THE LOWER TRENT REGION CONSERVATION AUTHORITY** as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Trenton, Ontario
February 9, 2017


CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE LOWER TRENT REGION CONSERVATION AUTHORITY

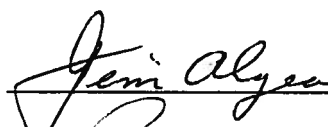
(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF FINANCIAL POSITION

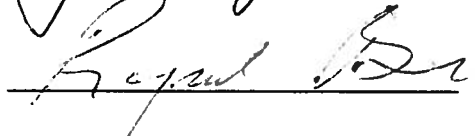
DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash	\$ 1,001,428	\$ 842,425
Short term investment - note 3	61,816	61,712
Accounts receivable:		
Municipalities	10,879	34,975
Other	68,763	19,999
	<u>1,142,886</u>	<u>959,111</u>
LIABILITIES		
Accounts payable and accrued liabilities	147,092	110,386
Unearned revenue	116,029	99,916
Due to partnership programs - note 5	482,256	450,046
Deferred contributions - note 4	57,431	15,351
	<u>802,808</u>	<u>675,699</u>
NET FINANCIAL ASSETS	<u>340,078</u>	<u>283,412</u>
NON-FINANCIAL ASSETS		
Tangible capital assets - schedule 4	2,978,217	3,002,111
Prepaid expenditures	28,338	19,619
	<u>3,006,555</u>	<u>3,021,730</u>
ACCUMULATED SURPLUS	<u>\$ 3,346,633</u>	<u>\$ 3,305,142</u>
Represented by:		
Operating fund - note 6	\$ 113,704	\$ 48,319
Reserve funds - note 7	254,712	254,712
Equity in tangible capital assets	2,978,217	3,002,111
	<u>\$ 3,346,633</u>	<u>\$ 3,305,142</u>

Approved on behalf of the Board



Director



Director

(See accompanying notes)

1
Welch LLP

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
ACCUMULATED SURPLUS, beginning of year	\$ 3,305,142	\$ 3,397,434
Annual surplus (deficit)	<u>41,491</u>	<u>(92,292)</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 3,346,633</u>	<u>\$ 3,305,142</u>

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
NET FINANCIAL ASSETS, beginning of year	<u>\$ 283,412</u>	<u>\$ 352,799</u>
Annual surplus (deficit)	41,491	(92,292)
Acquisition of tangible capital assets	(9,034)	-
Loss on disposal of tangible capital assets	411	-
Amortization of tangible capital assets	32,517	33,612
Change in prepaid expenditures	<u>(8,719)</u>	<u>(10,707)</u>
	<u>56,666</u>	<u>(69,387)</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 340,078</u>	<u>\$ 283,412</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

	2016 Budget (note 10)	2016 Actual	2015 Actual
REVENUE			
Government grants - provincial	\$ 133,329	\$ 133,329	\$ 133,329
Municipal levies - general	822,395	822,395	798,971
Municipal levies - special benefiting	16,000	19,266	17,697
Conservation services - trees	16,000	18,700	17,690
Legal enquiries, fill permits and plan review	82,000	125,786	85,180
Sundry	78,000	76,042	66,244
Property rental	26,000	28,301	24,451
Interest	-	4,378	2,035
Donations	3,000	1,527	1,200
Deferred contributions recognized	-	57,946	-
Drinking Source Water Protection Municipal RMO/RMI Service	129,000	129,000	158,003
Recovered from partnership programs - note 9	267,393	268,795	238,003
	<u>1,573,117</u>	<u>1,685,465</u>	<u>1,542,803</u>
EXPENDITURES			
Corporate Services, Schedule 1	600,548	622,731	656,408
Watershed Science and Services, Schedule 2	717,425	655,426	633,656
Conservation Lands, Schedule 3	347,144	332,889	311,419
Amortization	-	32,517	33,612
Loss on disposal of tangible capital assets	-	411	-
	<u>1,665,117</u>	<u>1,643,974</u>	<u>1,635,095</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (92,000)</u>	<u>\$ 41,491</u>	<u>\$ (92,292)</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF CORPORATE SERVICES

Schedule 1

	2016 Budget (note 10)	2016 Actual	2015 Actual
	<u> </u>	<u> </u>	<u> </u>
Wages and benefits	\$ 479,548	\$ 517,012	\$ 515,854
Travel and allowances	19,000	10,148	15,234
Equipment purchases and rental	4,000	1,542	1,496
Materials and supplies	13,500	14,610	17,795
Building occupancy costs	14,500	21,673	25,299
General	<u>70,000</u>	<u>57,746</u>	<u>80,730</u>
	<u>\$ 600,548</u>	<u>\$ 622,731</u>	<u>\$ 656,408</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF WATERSHED SCIENCE AND SERVICES

Schedule 2

	2016 Budget (note 10)	2016 Actual	2015 Actual
	<u> </u>	<u> </u>	<u> </u>
Wages and benefits	\$ 431,255	\$ 426,063	\$ 407,714
Materials and supplies	6,000	3,452	1,197
Equipment upgrades and replacements	-	1,684	305
Office	5,000	6,285	1,667
Vehicle and equipment - operations and maintenance	10,000	7,406	5,057
Vehicle and equipment replacement	17,000	-	-
Oak Ridges Moraine Coalition	2,500	2,500	2,533
Groundwater monitoring network	-	-	266
Benthic/flow monitoring	15,000	25,946	19,680
Flood and erosion control structures operations	6,000	7,857	6,480
Routine/minor maintenance of control structures	10,000	-	-
Preventative maintenance of control structures	3,000	-	3,547
Flood forecasting and warning	30,000	13,740	16,627
Caring for Our Watersheds	25,000	16,046	17,345
Children's Water Festival	8,000	12,710	16,194
Seymour Family Fishing Day	-	895	1,009
Events and publications	8,500	4,250	7,115
Tree planting	16,000	13,787	11,510
Healthy Shorelines	5,000	284	1,000
Yellow Fish Road	-	-	8
Drinking Source Water Protection Municipal RMO/RMI Service	<u>119,170</u>	<u>112,521</u>	<u>114,402</u>
	<u>\$ 717,425</u>	<u>\$ 655,426</u>	<u>\$ 633,656</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF CONSERVATION LANDS

Schedule 3

	2016 Budget (note 10)	2016 Actual	2015 Actual
	<u> </u>	<u> </u>	<u> </u>
Wages and benefits	\$ 227,119	\$ 232,448	\$ 206,426
General maintenance	15,000	11,070	13,309
Property taxes	40,800	40,333	38,622
Insurance	17,225	17,537	16,068
Workshop costs	11,500	8,565	8,888
Travel and clothing	-	850	1,339
Staff training	-	165	365
Goodrich-Loomis Conservation Centre operations	7,500	4,902	4,937
Capital works	10,000	7,873	6,107
Vehicle and equipment operations and maintenance	15,000	8,942	15,010
Vehicle and equipment lease/purchase	<u>3,000</u>	<u>204</u>	<u>348</u>
	<u>\$ 347,144</u>	<u>\$ 332,889</u>	<u>\$ 311,419</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 41,491	\$ (92,292)
Adjustments for:		
Amortization	32,517	33,612
Loss on disposal of tangible capital assets	<u>411</u>	<u>-</u>
	74,419	(58,680)
Change in non-cash operating balances:		
Accounts receivable	(24,668)	33,448
Prepaid expenditures	(8,719)	(10,707)
Accounts payable and accrued liabilities	36,706	(20,175)
Unearned revenue	16,113	13,481
Due to partnership programs	32,210	3,924
Deferred contributions	<u>42,080</u>	<u>33</u>
	168,141	(38,676)
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(9,034)	-
CASH FLOWS FROM INVESTING TRANSACTIONS		
Purchase of short-term investment	<u>(104)</u>	<u>(132)</u>
INCREASE (DECREASE) IN CASH	159,003	(38,808)
CASH, beginning of year	<u>842,425</u>	<u>881,233</u>
CASH, end of year	<u>\$ 1,001,428</u>	<u>\$ 842,425</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

1. NATURE OF OPERATIONS

The Lower Trent Region Conservation Authority ("the Authority") is established under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources, other than gas, oil, coal and minerals, for the watersheds within its area of jurisdiction. The watersheds include areas in the Municipalities of Centre Hastings, Trent Hills and Brighton, the Townships of Alnwick/Haldimand, Cramahe and Stirling-Rawdon, and the City of Quinte West.

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 established by the Public Sector Accounting Board in preparing its financial statements. The significant accounting policies used are as follows:

Basis of accounting

Revenue 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.

Appropriations to reserves

Authorities may establish reserves by appropriating amounts to earmark them for specific purposes. Appropriations to or from reserves are reported on the statement of surplus as appropriations from or to surplus.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a declining balance basis commencing in the year the asset is put into service. Donated tangible capital assets are reported at fair value at the time of donation. Amortization rates are as follows:

Buildings and structures	2.5%
Bridges and dams	2.5%
Roads, parking lots and trails	2.5%
Furniture and fixtures	20%
Equipment	20%
Office equipment	30%
Vehicles	30%
Computer equipment	30 to 45%

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Authority recognizes revenue as follows:

Municipal levies - general are recognized in the fiscal year in which they are levied.

The Provincial government annual operating grant is recognized in the fiscal year to which the grant relates to the extent that eligible expenditures have been incurred.

User fees and sales are recognized when the service has been performed or the goods have been transferred.

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

General donations are recognized when received.

Any funding 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.

Investments

Investments are measured at acquisition cost.

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 disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Items requiring the use of significant estimates include determining the estimated useful lives of tangible capital assets. Actual results could differ from those estimates.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

3. SHORT TERM INVESTMENT

The short term investment consists of a T-Bill mutual fund and includes \$15,376 (2015 - \$15,351) which is restricted in use for the Shell Canada project described in Note 4. The market value of the investment is equivalent to its cost.

4. DEFERRED CONTRIBUTIONS

	2016	2015
Balance, beginning of year	\$ 15,351	\$ 15,318
Contributions received in year	100,000	-
Interest earned	26	33
Expended in year	(57,946)	-
Balance, end of year	\$ 57,431	\$ 15,351

Deferred contribution balance includes the following items:

	2016	2015
Shell Canada	\$ 15,376	\$ 15,351
Youth Education Programs and Fundraising Initiative	42,055	-
	\$ 57,431	\$ 15,351

The Authority received contributions in a prior year from Shell Canada that are restricted in their use towards capital improvements at the Goodrich-Loomis Conservation Centre.

The Authority received contributions during the year from an anonymous donor that are restricted in their use towards Youth Education Programs and Fundraising Initiative.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

5. DUE TO PARTNERSHIP PROGRAMS

The Authority has been engaged to manage and administer various non-authority programs on behalf of partners. This includes hiring and supervising the employees of these programs as well as providing technical and administrative support. The Authority is advanced funds to cover the expenditures of these programs. Separate bank accounts are not maintained for these programs. At December 31, 2016 the Authority had the following amounts payable to (from) these programs and funds received and expended for these programs.

	Amount payable beginning of year	Funds received in year	Amount payable end of year	Expenditures
Bay of Quinte Governance	\$ 124,581	\$ 280,514	\$ 134,299	\$ 270,796
Bay of Quinte Natural Heritage	165,770	222,389	158,481	229,678
Bay of Quinte Biocontaminants	<u>25,465</u>	<u>-</u>	<u>25,465</u>	<u>-</u>
	315,816	502,903	318,245	500,474
Source Protection Early Action/Response	7,510	-	7,510	-
Source Water Protection Streamgauge Network Rehabilitation	126,094	662,417	156,501	632,010
	<u>626</u>	<u>-</u>	<u>-</u>	<u>626</u>
	<u>\$ 450,046</u>	<u>\$ 1,165,320</u>	<u>\$ 482,256</u>	<u>\$ 1,133,110</u>

The Authority is the signatory to funding contracts with the Federal and Ontario governments for the above noted programs. Under these contracts, there are periodic submissions of financial reports and reconciliation of expenditures incurred to the funding provided for the contract period. Funding received in excess of eligible expenditures may have to be returned to the funding government.

6. OPERATING FUND

The activity during the year in the operating fund is as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 48,319	\$ 106,999
Increase (decrease) in net financial assets	56,666	(69,387)
Increase in prepaid expenditures	<u>8,719</u>	<u>10,707</u>
Balance, end of year	<u>\$ 113,704</u>	<u>\$ 48,319</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

7. RESERVE FUNDS

Appropriations to or from the reserve for administration facility, reserve for equipment, reserve for special projects, reserve for workshop facility, reserve for conservation lands and reserve for legal fees are specific decisions of the Authority's Board of Directors. The activity in the various reserve funds during the year are as follows:

	Balance beginning of <u>year</u>	Appropriation from <u>Operations</u>	Appropriation to <u>Operations</u>	Balance end of year <u>of year</u>
Reserve for administration facility	\$ 35,480	\$ -	\$ -	\$ 35,480
Reserve for equipment	71,556	-	-	71,556
Reserve for special projects	47,676	-	-	47,676
Reserve for workshop facility	30,000	-	-	30,000
Reserve for conservation lands	30,000	-	-	30,000
Reserve for legal fees	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
	<u>\$ 254,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,712</u>

8. DONATIONS

During the year, the Authority received donations totalling \$130,255. Of those donations, \$100,000 is included as deferred contributions received (see note 4), \$1,527 is included in donations on the statement of operations and \$28,728 is recorded as revenue received for specific projects to be recognized as sundry revenue when the related expenditures are incurred.

9. RECOVERIES FROM PARTNERSHIP PROGRAMS

Recoveries from partnership programs are amounts recovered from the programs described in note 5 and include recovery of wages and benefits of general Authority employees, office space and automotive equipment rental and overhead costs. The amounts charged to the programs are as follows:

	<u>2016</u>	<u>2015</u>
Bay of Quinte Remedial Action Plan	\$ 130,529	\$ 103,347
Source Water Protection	<u>138,266</u>	<u>134,656</u>
	<u>\$ 268,795</u>	<u>\$ 238,003</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

10. BUDGET AMOUNTS

The budget amounts presented are as approved by the Board of Directors on February 11, 2016. The Authority does not budget for amortization and capital expenditures are included in the operating budget. For this reason, actual results may not be fully comparable to budget amounts.

11. FINANCIAL INSTRUMENTS

The Authority's financial instruments consist of cash, short term investment, accounts receivable, accounts payable and accrued liabilities and due to partnership programs. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

The fair value of the financial instruments, excluding short term investment, approximate their carrying values because of their expected short-term maturities and treatments on normal trade terms. The fair value of the short term investment approximates its carrying value as the investment is in a T-bill fund for which the quoted price does not vary.

12. EXPENDITURES BY OBJECT

	2016	2015
Salaries and benefits	\$ 1,318,891	\$ 1,247,413
Operating goods and services	292,156	354,070
Amortization	32,517	33,612
Loss on disposal of tangible capital assets	411	-
	<u>\$ 1,643,975</u>	<u>\$ 1,635,095</u>

13. 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 2016 was \$112,101 (2015 - \$102,956) for current service costs and is included in the statement of operations.

The OMERS plan has a reported \$7.0 billion actuarial deficit at the end of 2015 (2014 - \$7.1 billion), and actuarial liabilities of \$82.4 billion (2014 - \$77.3 billion). Amounts for 2016 are not yet available.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2016 financial statements.