

**THE LOWER TRENT REGION
CONSERVATION AUTHORITY**

FINANCIAL STATEMENTS

December 31, 2012

THE LOWER TRENT REGION CONSERVATION AUTHORITY

INDEX

DECEMBER 31, 2012

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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, 2012 and the statements of changes in net financial assets, operations and surplus 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 and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 entity's preparation and fair presentation 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 entity'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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Trenton, Ontario
February 14, 2013


CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Welch LLP

An Independent Member of BKR International

THE LOWER TRENT REGION CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

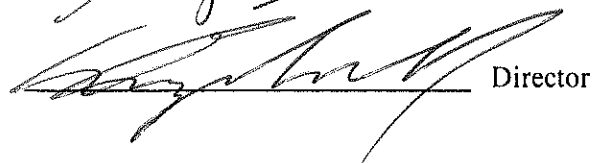
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Cash	\$ 926,707	\$ 1,338,326
Short term investment - <i>note 2</i>	60,932	60,609
Accounts receivable:		
Municipalities	4,680	9,420
Other	27,335	48,566
Prepaid expenses	8,912	-
	<u>1,028,566</u>	<u>1,456,921</u>
LIABILITIES		
Accounts payable and accrued liabilities	320,660	349,640
Unearned revenue:		
General	116,911	122,352
Administered programs - <i>note 3</i>	217,821	587,158
Deferred contributions - <i>note 4</i>	22,137	22,020
	<u>677,529</u>	<u>1,081,170</u>
NET FINANCIAL ASSETS	351,037	375,751
NON-FINANCIAL ASSETS		
Tangible capital assets - <i>schedule 4</i>	<u>3,071,799</u>	<u>3,099,364</u>
ACCUMULATED SURPLUS	<u>\$ 3,422,836</u>	<u>\$ 3,475,115</u>
Represented by:		
Operating fund - <i>schedule 3</i>	\$ 126,325	\$ 231,039
Reserve funds - <i>schedule 3, note 5</i>	224,712	144,712
Equity in tangible capital assets	<u>3,071,799</u>	<u>3,099,364</u>
	<u>\$ 3,422,836</u>	<u>\$ 3,475,115</u>

Approved on behalf of the Board

 Director

 Director

(See accompanying notes)

Welch LLP

An Independent Member of BKR International

THE LOWER TRENT REGION CONSERVATION AUTHORITY

STATEMENT OF OPERATIONS AND SURPLUS

YEAR ENDED DECEMBER 31, 2012

	Budget <u>2012</u> <i>(note 7)</i>	Actual <u>2012</u>	Actual <u>2011</u>
REVENUE			
Government grants - provincial	\$ 133,329	\$ 133,329	\$ 144,057
Municipal levies - general	731,421	731,422	705,864
Municipal levies - special benefitting	15,000	11,316	11,505
Conservation services - trees	18,000	13,732	17,492
Legal enquiries, fill permits and plan review	64,000	63,570	71,653
Sundry	56,175	60,466	56,576
Administered programs - <i>note 6</i>	1,699,000	2,188,719	2,252,271
Property rental	17,500	17,043	18,247
Interest	-	680	224
Donations	500	1,392	5,871
Goodrich-Loomis Nature Camp	20,000	-	17,808
	<u>2,754,925</u>	<u>3,221,669</u>	<u>3,301,568</u>
EXPENDITURES			
Environment advisory services - schedule 1	411,000	356,868	371,535
Flood protection services - schedule 1	194,700	248,538	247,135
Conservation lands - schedule 2	262,000	265,250	254,087
Watershed restoration - schedule 2	189,000	349,748	162,946
Administration - schedule 2	310,000	321,898	334,639
Vehicles and equipment - schedule 1	53,000	26,354	28,152
Education and outreach - schedule 2	47,500	38,088	37,930
Bay of Quinte Remedial Action Plan - schedule 1	599,000	654,041	542,439
Source Water Protection - <i>note 6</i>	1,000,000	1,240,117	1,604,661
Cost recoveries	(266,121)	(268,829)	(351,065)
Amortization	-	41,875	47,666
	<u>2,800,079</u>	<u>3,273,948</u>	<u>3,280,125</u>
ANNUAL SURPLUS (DEFICIT)	(45,154)	(52,279)	21,443
ACCUMULATED SURPLUS , beginning of year	<u>3,475,115</u>	<u>3,475,115</u>	<u>3,453,672</u>
ACCUMULATED SURPLUS , end of year	<u>\$ 3,429,961</u>	<u>\$ 3,422,836</u>	<u>\$ 3,475,115</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2012

	Budget <u>2012</u> <i>(note 7)</i>	Actual <u>2012</u>	Actual <u>2011</u>
Annual surplus (deficit)	\$ (45,154)	\$ (52,279)	\$ 21,443
Acquisition of tangible capital assets	-	(14,310)	-
Amortization of tangible capital assets	-	<u>41,875</u>	<u>47,666</u>
Increase (decrease) in net financial assets	(45,154)	(24,714)	69,109
Net financial assets, at beginning of year	<u>375,751</u>	<u>375,751</u>	<u>306,642</u>
Net financial assets, at end of year	<u>\$ 330,597</u>	<u>\$ 351,037</u>	<u>\$ 375,751</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ (52,279)	\$ 21,443
Non-cash items:		
Amortization	41,875	47,666
Net changes in non-cash financial assets/financial liabilities:		
Accounts receivable - municipalities	4,740	(7,820)
Accounts receivable - other	21,231	12,496
Prepaid expenses	(8,912)	-
Accounts payable and accrued liabilities	(28,980)	22,402
Unearned revenue - general	(5,441)	29,360
Unearned revenue - administered programs	(369,337)	(1,120,146)
Deferred contributions	117	128
	<u>(396,986)</u>	<u>(994,471)</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(14,310)</u>	<u>-</u>
CASH FLOWS FROM INVESTING TRANSACTIONS		
Purchase of short term investments	<u>(323)</u>	<u>(352)</u>
DECREASE IN CASH	(411,619)	(994,823)
CASH, beginning of year	<u>1,338,326</u>	<u>2,333,149</u>
CASH, end of year	<u>\$ 926,707</u>	<u>\$ 1,338,326</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2012

	2012 <u>Budget</u>	2012 <u>Actual</u>	2011 <u>Actual</u>
ENVIRONMENTAL ADVISORY SERVICES			
Monitoring/assessing watershed conditions	\$ 366,500	\$ 325,208	\$ 342,522
Dissemination of information - capital	9,000	3,292	2,854
Travel	-	5,830	7,138
Storm water management program	15,000	5,430	9,292
Oak Ridges Moraine Coalition	2,500	2,500	2,500
Groundwater monitoring	18,000	14,608	7,229
	<u>\$ 411,000</u>	<u>\$ 356,868</u>	<u>\$ 371,535</u>
FLOOD PROTECTION SERVICES			
Flood control structures			
Operation of FCS	\$ 21,000	\$ 22,300	\$ 21,400
Minor maintenance of FCS	13,546	17,632	18,735
Preventative maintenance of FCS	14,500	14,119	17,184
Erosion control structures			
Operation of ECS	5,000	7,329	7,125
Minor maintenance of ECS	3,500	3,000	3,000
Preventative maintenance of ECS	2,500	2,000	2,000
Flood forecasting & warning			
Data collection	26,331	30,013	29,097
Flood forecasting	26,250	39,602	31,096
Communications	25,642	30,854	29,358
Operation centre	16,476	36,856	35,165
Systems plan	14,625	18,547	21,699
Response to a flood	25,330	26,286	25,357
Trent River Flood Damage Reduction GPS Project	-	-	5,919
	<u>\$ 194,700</u>	<u>\$ 248,538</u>	<u>\$ 247,135</u>
VEHICLES AND EQUIPMENT			
Vehicle and equipment maintenance	\$ 30,000	\$ 24,920	\$ 28,142
Vehicle and equipment lease purchase	23,000	1,434	10
	<u>\$ 53,000</u>	<u>\$ 26,354</u>	<u>\$ 28,152</u>
BAY OF QUINTE REMEDIAL ACTION PLAN			
Bay of Quinte RAP Governance - note 6	\$ 599,000	\$ 241,494	\$ 292,278
Bay of Quinte Natural Heritage - note 6	-	391,065	174,321
Bay of Quinte Contaminant Study	-	112	25,590
Bay of Quinte - Biocontaminants - note 6	-	21,370	49,747
Bay of Quinte Mohawk Report	-	-	503
	<u>\$ 599,000</u>	<u>\$ 654,041</u>	<u>\$ 542,439</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

	2012	2012	2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
CONSERVATION LANDS			
Taxes	\$ 29,000	\$ 25,593	\$ 25,023
Insurance	14,000	13,926	12,002
Staff salaries	170,000	166,926	158,242
Workshop operational costs	12,000	9,652	8,449
General maintenance	16,000	10,890	14,439
Capital improvements	10,000	26,329	22,048
Travel and clothing	1,000	1,055	779
Staff training	1,000	1,213	909
Goodrich-Loomis Conservation Centre - operations	9,000	9,666	7,196
Burnley Creek Management Plan	-	-	5,000
	<u>\$ 262,000</u>	<u>\$ 265,250</u>	<u>\$ 254,087</u>
WATERSHED RESTORATION			
Trent-Rice Lake Species at Risk	\$ -	\$ -	\$ 2,432
Watershed Stewardship	58,000	19,673	35,135
Conservation services trees	18,000	14,025	18,925
Source Protection -Early Action/Response - note 6	100,000	294,673	105,171
Trent River Mouth Investigation	-	-	618
Yellow Fish Road	-	916	-
Healthy Shorelines Initiative	13,000	20,461	665
	<u>\$ 189,000</u>	<u>\$ 349,748</u>	<u>\$ 162,946</u>
ADMINISTRATION			
Wages and benefits	\$ 203,000	\$ 227,902	\$ 196,469
Travel and allowances	28,000	31,939	25,529
Equipment purchase and rentals	4,000	924	4,375
Material and supplies	12,000	8,237	9,267
Utility services and office maintenance	18,000	28,835	68,355
General	45,000	21,503	28,018
Bank charges and interest	-	2,558	2,626
	<u>\$ 310,000</u>	<u>\$ 321,898</u>	<u>\$ 334,639</u>
EDUCATION AND OUTREACH			
Planning and marketing	\$ 6,000	\$ 11,334	\$ 4,395
Goodrich-Loomis Nature Camp	20,000	-	17,808
Children's Water Festival	7,000	9,299	6,405
Seymour Family Fishing Day	500	829	350
Trent River Caring Project	14,000	16,626	8,972
	<u>\$ 47,500</u>	<u>\$ 38,088</u>	<u>\$ 37,930</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE OF CONTINUITY OF OPERATING AND RESERVE FUNDS
YEAR ENDED DECEMBER 31, 2012

	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
OPERATING FUND			
Balance, beginning of year	\$ 231,039	\$ 231,039	\$ 121,930
Increase (decrease) in net financial assets	(29,707)	(24,714)	69,109
Appropriations (to) from reserves	-	(80,000)	40,000
Balance, end of year	<u>\$ 201,332</u>	<u>\$ 126,325</u>	<u>\$ 231,039</u>

	Balance, beginning <u>of year</u>	Appropriations from <u>Operations</u>	Appropriations to <u>Operations</u>	Balance, end <u>of year</u>
RESERVE FUNDS				
Reserve for Administration Facility	\$ 35,480	\$ -	\$ -	\$ 35,480
Reserve for Equipment	71,556	-	-	71,556
Reserve for Special Projects	2,676	15,000	-	17,676
Reserve for Workshop Facility	30,000	-	-	30,000
Reserve for Conservation Lands	5,000	25,000	-	30,000
Reserve for Legal Fees	-	40,000	-	40,000
Total 2012	<u>\$ 144,712</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 224,712</u>
Total 2011	<u>\$ 184,712</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 144,712</u>

(See accompanying notes)

SCHEDULE "4"

THE LOWER TRENT REGION CONSERVATION AUTHORITY
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2012

Historical Costs:	Land \$	Buildings and structures \$	Bridges and dams \$	Roads, parking lots and trails \$	Furniture and fixtures \$	Equipment \$	Office equipment \$	Vehicles \$	Computer \$	2012		2011	
										Total	Total	Total	Total
Opening Balance	2,136,808	808,643	284,897	134,797	36,697	69,460	47,357	167,884	49,997	3,736,540	3,736,540	3,736,540	3,736,540
Additions	-	-	-	-	-	-	-	14,310	-	-	14,310	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	<u>2,136,808</u>	<u>808,643</u>	<u>284,897</u>	<u>134,797</u>	<u>36,697</u>	<u>69,460</u>	<u>47,357</u>	<u>182,194</u>	<u>49,997</u>	<u>3,750,850</u>	<u>3,750,850</u>	<u>3,736,540</u>	<u>3,736,540</u>
Accumulated Amortization:													
Opening Balance	-	164,457	145,253	17,370	28,519	59,276	38,561	141,256	42,484	637,176	637,176	589,510	589,510
Amortization Expense	-	16,105	3,492	2,935	1,636	2,037	2,638	10,135	2,897	41,875	41,875	47,666	47,666
Effects of Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	<u>180,562</u>	<u>148,745</u>	<u>20,305</u>	<u>30,155</u>	<u>61,313</u>	<u>41,199</u>	<u>151,391</u>	<u>45,381</u>	<u>679,051</u>	<u>679,051</u>	<u>637,176</u>	<u>637,176</u>
Net book value for year ended December 31, 2012	<u>2,136,808</u>	<u>628,081</u>	<u>136,152</u>	<u>114,492</u>	<u>6,542</u>	<u>8,147</u>	<u>6,158</u>	<u>30,803</u>	<u>4,616</u>	<u>3,071,799</u>	<u>3,071,799</u>	<u>3,099,364</u>	<u>3,099,364</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Lower Trent Region Conservation Authority are prepared in accordance with Canadian generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by The Lower Trent Region Conservation Authority 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 operations and surplus as appropriations from or to surplus.

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.

THE LOWER TRENT REGION CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

1. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 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 software	30%
Computer hardware	45%

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from those estimates.

2. **SHORT TERM INVESTMENT**

The short term investment is in a T-Bill mutual fund and includes \$22,137 (2011 - \$22,020), which is restricted in use as described in Note 4. The market value of the investment is equivalent to its cost.

3. **ADMINISTERED PROGRAMS**

The Authority is administering various non-authority programs on behalf of outside organizations. The Authority is advanced funds to cover the expenditures of these programs. At December 31 the Authority had the following unearned revenue relating to these programs:

	<u>2012</u>	<u>2011</u>
Bay of Quinte Natural Heritage	\$ 90,224	\$ 57,175
Bay of Quinte RAP Governance	50,464	72,424
Bay of Quinte Biocontaminants	26,555	22,925
Source Protection Early Action/Response	(2,706)	291,967
Streamgauge Network Rehabilitation	626	626
Source Water Protection	52,658	142,041
	<u>\$ 217,821</u>	<u>\$ 587,158</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

4. DEFERRED CONTRIBUTIONS

	<u>2012</u>	<u>2011</u>
Balance, December 31, 2011	\$ 22,020	\$ 21,892
Interest earned on amount	<u>117</u>	<u>128</u>
Balance, December 31, 2012	<u>\$ 22,137</u>	<u>\$ 22,020</u>

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

5. RESERVE FUNDS

Appropriations to or from the reserve for equipment, the reserve for administration facility, reserve for workshop facility, reserve for conservation lands, reserve for special projects and reserve for legal fees are specific decisions of the Authority's Board of Directors.

6. REVENUES AND EXPENDITURES - ADMINISTERED PROGRAMS

Revenues and expenditures of the programs are summarized as follows:

	Revenues Unearned 31/12/11	Funds Received in year	Revenues Unearned 31/12/12	Revenues	Expenditures
Bay of Quinte RAP					
Governance	\$ 72,424	\$ 219,534	\$ 50,464	\$ 241,494	\$ 241,494
Bay of Quinte Natural					
Heritage	57,175	424,114	90,224	391,065	391,065
Bay of Quinte Biocontaminants	22,925	25,000	26,555	21,370	21,370
Source Protection - Early					
Action/Response	291,967	-	(2,706)	294,673	294,673
Source Water Protection	142,041	1,150,734	52,658	1,240,117	1,240,117
Streamgauge Network					
Rehabilitation	<u>626</u>	<u>-</u>	<u>626</u>	<u>-</u>	<u>-</u>
	<u>\$ 587,158</u>	<u>\$ 1,819,382</u>	<u>\$ 217,821</u>	<u>\$ 2,188,719</u>	<u>\$ 2,188,719</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

7. BUDGET AMOUNTS

The budget amounts have been presented for information purposes only and have not been audited. Certain expenditures in the budget amounts may include capital items and thus the budget amounts are not fully comparable to actual amounts.

8. FINANCIAL INSTRUMENTS

The Authority's financial instruments consist of cash, short term investment, accounts receivable and accounts payable and accrued liabilities. 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 treatment 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.

9. PENSION AGREEMENTS

The Authority belongs to the Ontario Municipal Employees Retirement Funds (OMERS). OMERS is a defined benefit pension 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 included in expenditures in the statement of operations and surplus in these financial statements is \$96,252 (2011 - \$88,912).

10. COMPARATIVE FIGURES

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