

**THE LOWER TRENT REGION
CONSERVATION AUTHORITY**

FINANCIAL STATEMENTS

December 31, 2011

THE LOWER TRENT REGION CONSERVATION AUTHORITY

INDEX

DECEMBER 31, 2011

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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, 2011 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 judgement, 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, 2011 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 9, 2012


CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE LOWER TRENT REGION CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash	\$ 1,338,326	\$ 2,333,149
Short term investment - <i>note 2</i>	60,609	60,257
Accounts receivable:		
Municipalities	9,420	1,600
Other	48,566	61,062
	<u>1,456,921</u>	<u>2,456,068</u>
 LIABILITIES		
Accounts payable and accrued liabilities	349,640	327,238
Unearned revenue:		
General	122,352	92,992
Administered programs - <i>note 3</i>	587,158	1,707,304
Deferred contributions - <i>note 4</i>	22,020	21,892
	<u>1,081,170</u>	<u>2,149,426</u>
 NET FINANCIAL ASSETS	 375,751	 306,642
 NON-FINANCIAL ASSETS		
Tangible capital assets - <i>schedule 4</i>	<u>3,099,364</u>	<u>3,147,030</u>
 ACCUMULATED SURPLUS	 <u>\$ 3,475,115</u>	 <u>\$ 3,453,672</u>
 Represented by:		
Operating fund - <i>schedule 3</i>	\$ 231,039	\$ 121,930
Reserve funds - <i>schedule 3, note 5</i>	144,712	184,712
Equity in tangible capital assets	<u>3,099,364</u>	<u>3,147,030</u>
	<u>\$ 3,475,115</u>	<u>\$ 3,453,672</u>

Approved on behalf of the Board

Director_____
Director*(See accompanying notes)*

THE LOWER TRENT REGION CONSERVATION AUTHORITY

STATEMENT OF OPERATIONS AND SURPLUS

YEAR ENDED DECEMBER 31, 2011

	Budget <u>2011</u>	Actual <u>2011</u>	Actual <u>2010</u>
REVENUE			
Government grants - provincial	\$ 133,330	\$ 144,057	\$ 133,329
Municipal levies - general	705,863	705,864	688,650
Municipal levies - special benefitting	15,000	11,505	14,187
Conservation services - trees	18,000	17,492	21,773
Legal enquiries, fill permits and plan review	64,000	71,653	67,358
Sundry	17,000	56,576	62,743
Other programs - <i>note 6</i>	2,184,000	2,252,271	2,543,105
Property rental	14,500	18,247	20,236
Interest	-	224	117
Donations	100	5,871	88,158
Goodrich-Loomis Nature Camp	20,000	17,808	16,921
	<u>3,171,793</u>	<u>3,301,568</u>	<u>3,656,577</u>
EXPENDITURES			
Environment advisory services - schedule 1	364,000	344,559	334,608
Flood protection services - schedule 1	247,000	247,135	238,844
Conservation lands - schedule 2	249,000	247,810	245,744
Watershed restoration - schedule 2	507,000	590,261	448,508
Program - administration - schedule 2	269,500	314,657	277,123
Program - non eligible - schedule 1	69,000	45,217	45,068
Goodrich-Loomis Nature Camp	20,000	17,808	16,921
Children's Water Festival	-	6,405	12,296
Source Water Protection - <i>note 6</i>	1,544,000	1,604,661	1,798,922
Source Protection - Early Action/Response - <i>note 6</i>	175,000	105,171	230,448
Seymour Family Fishing Day	-	350	-
Groundwater Technical Studies - <i>note 6</i>	-	-	88,198
Surface Water Technical Studies - <i>note 6</i>	-	-	5,614
Ontario Drinking Water Stewardship	-	-	5,880
Cost recoveries	(243,000)	(291,575)	(220,680)
Amortization	-	47,666	53,274
Loss on disposition of tangible capital assets	-	-	4,722
	<u>3,201,500</u>	<u>3,280,125</u>	<u>3,585,490</u>
ANNUAL SURPLUS (DEFICIT)	(29,707)	21,443	71,087
ACCUMULATED SURPLUS, beginning of year	<u>3,453,672</u>	<u>3,453,672</u>	<u>3,382,585</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 3,423,965</u>	<u>\$ 3,475,115</u>	<u>\$ 3,453,672</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>2011</u>	<u>2010</u>
Annual surplus (deficit)	\$ (29,707)	\$ 21,443	\$ 71,087
Acquisition of tangible capital assets	-	-	(200,953)
Amortization of tangible capital assets	-	47,666	53,274
Loss on disposition of tangible capital assets	-	-	4,722
	<u>(29,707)</u>	<u>69,109</u>	<u>(71,870)</u>
Increase (decrease) in net financial assets			
Net financial assets, at beginning of year	<u>306,642</u>	<u>306,642</u>	<u>378,512</u>
Net financial assets, at end of year	<u>\$ 276,935</u>	<u>\$ 375,751</u>	<u>\$ 306,642</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING TRANSACTIONS		
Annual surplus	\$ 21,443	\$ 71,087
Non-cash items:		
Amortization	47,666	53,274
Loss on disposition of tangible capital assets	-	4,722
Net changes in non-cash financial assets/financial liabilities:		
Accounts receivable - municipalities	(7,820)	920
Accounts receivable - other	12,496	8,756
Accounts payable and accrued liabilities	22,402	192,607
Unearned revenue - general	29,360	(25,403)
Unearned revenue - administered programs	(1,120,146)	(1,250,878)
Deferred contributions	128	67
	<u>(994,471)</u>	<u>(944,848)</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>-</u>	<u>(200,953)</u>
CASH FLOWS FROM INVESTING TRANSACTIONS		
Purchase of short term investments	<u>(352)</u>	<u>(184)</u>
DECREASE IN CASH	(994,823)	(1,145,985)
CASH, beginning of year	<u>2,333,149</u>	<u>3,479,134</u>
CASH, end of year	<u>\$ 1,338,326</u>	<u>\$ 2,333,149</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
ENVIRONMENTAL ADVISORY SERVICES			
Monitoring/assessing watershed conditions	\$ 319,000	\$ 315,546	\$ 295,039
Dissemination of information - capital	9,500	2,854	4,761
Travel	-	7,138	5,534
Storm water management program	15,000	9,292	9,690
Oak Ridges Moraine Coalition	2,500	2,500	2,500
Groundwater monitoring	18,000	7,229	17,084
	<u>\$ 364,000</u>	<u>\$ 344,559</u>	<u>\$ 334,608</u>
FLOOD PROTECTION SERVICES			
Flood control structures			
Operation of FCS	\$ 21,000	\$ 21,400	\$ 19,871
Minor maintenance of FCS	27,893	18,735	22,651
Preventative maintenance of FCS	14,500	17,184	12,000
Erosion control structures			
Operation of ECS	5,000	7,125	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	32,798	29,097	28,322
Flood forecasting	34,475	31,096	30,255
Communications	33,467	29,358	28,713
Operation centre	21,332	35,165	34,989
Systems plan	18,737	21,699	19,560
Response to a flood	31,798	25,357	25,353
Trent River Flood Damage Reduction GPS Project	-	5,919	5,005
	<u>\$ 247,000</u>	<u>\$ 247,135</u>	<u>\$ 238,844</u>
PROGRAM - NON ELIGIBLE			
General maintenance - Conservation Lands	\$ 16,000	\$ 14,439	\$ 11,644
Bank interest and service charge	-	2,626	2,458
Vehicle and equipment maintenance	30,000	28,142	29,318
Vehicle and equipment lease purchase	23,000	10	1,648
	<u>\$ 69,000</u>	<u>\$ 45,217</u>	<u>\$ 45,068</u>

(See accompanying notes)

Welch LLP

THE LOWER TRENT REGION CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2011

	2011	2011	2010
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
CONSERVATION LANDS			
Taxes	\$ 31,000	\$ 25,023	\$ 27,212
Insurance	14,000	12,002	11,371
Staff salaries	147,000	143,084	135,073
Planning and marketing	6,000	4,395	2,183
Workshop operational costs	12,000	8,449	8,229
Capital improvements	10,000	22,048	30,949
Travel and clothing	1,000	779	754
Staff training	1,000	909	1,698
Conservation services trees	18,000	18,925	20,486
Goodrich-Loomis Conservation Centre - operations	9,000	7,196	7,789
Burnley Creek Management Plan	-	5,000	-
	<u>\$ 249,000</u>	<u>\$ 247,810</u>	<u>\$ 245,744</u>
 WATERSHED RESTORATION			
Bay of Quinte RAP Governance - note 6	450,000	\$ 292,278	\$ 253,140
Bay of Quinte Natural Heritage - note 6	-	174,321	124,962
Bay of Quinte Work Plan - note 6	-	-	908
Bay of Quinte Contaminant Study - note 6	-	25,590	12,500
Bay of Quinte - Biocontaminants - note 6	-	49,747	22,255
Bay of Quinte Mohawk Report - note 6	-	503	100
Trent-Rice Lake Species at Risk	-	2,432	6,319
Watershed Stewardship	57,000	35,135	26,872
Trent River Caring Project	-	8,972	37
Trent River Mouth Investigation	-	618	-
Yellow Fish Road	-	-	1,415
Healthy Shorelines Initiative	-	665	-
	<u>\$ 507,000</u>	<u>\$ 590,261</u>	<u>\$ 448,508</u>
 PROGRAM - ADMINISTRATION			
Wages and benefits	\$ 177,000	\$ 179,113	\$ 174,542
Travel and allowances	26,000	25,529	27,059
Equipment purchase and rentals	3,500	4,375	1,071
Material and supplies	13,000	9,267	8,168
Utility services and office maintenance	20,000	68,355	12,722
General	30,000	28,018	53,561
	<u>\$ 269,500</u>	<u>\$ 314,657</u>	<u>\$ 277,123</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE OF CONTINUITY OF OPERATING AND RESERVE FUNDS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>2011</u>	<u>2010</u>
OPERATING FUND			
Balance, beginning of year	\$ 121,930	\$ 121,930	\$ 93,800
Increase (decrease) in net financial assets	(29,707)	69,109	(71,870)
Appropriations from reserves	-	40,000	100,000
Balance, end of year	<u>\$ 92,223</u>	<u>\$ 231,039</u>	<u>\$ 121,930</u>
	<u>Balance, beginning of year</u>	<u>Appropriations from Operations</u>	<u>Appropriations to Operations</u>
	<u>of year</u>		<u>Balance, end of year</u>
RESERVE FUNDS			
Reserve for Administration Facility	\$ 75,480	\$ -	\$ 40,000
Reserve for Equipment	71,556	-	71,556
Reserve for Special Projects	2,676	-	2,676
Reserve for Workshop Facility	30,000	-	30,000
Reserve for Conservation Lands	5,000	-	5,000
Total 2011	<u>\$ 184,712</u>	<u>\$ -</u>	<u>\$ 144,712</u>
Total 2010	<u>\$ 284,712</u>	<u>\$ -</u>	<u>\$ 184,712</u>

(See accompanying notes)

SCHEDULE "4"

THE LOWER TRENT REGION CONSERVATION AUTHORITY
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2011

	Land \$	Buildings and structures \$	Bridges and dams \$	Roads, parking lots and trails \$	Furniture and fixtures \$	Equipment \$	Office equipment \$	Vehicles \$	Computer \$	2011 Total \$	2010 Total \$
Historical Costs:											
Opening Balance	2,136,808	808,643	284,897	134,797	36,697	69,460	47,357	167,884	49,997	3,736,540	3,542,146
Additions	-	-	-	-	-	-	-	-	-	-	200,953
Disposals	-	-	-	-	-	-	-	-	-	-	(6,559)
Closing 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
Accumulated Amortization:											
Opening Balance	-	147,940	141,673	14,358	26,475	56,728	34,791	129,842	37,703	589,510	538,073
Amortization Expense	-	16,517	3,580	3,012	2,044	2,548	3,770	11,414	4,781	47,666	53,274
Effects of Disposals	-	-	-	-	-	-	-	-	-	-	(1,837)
Closing Balance	-	164,457	145,253	17,370	28,519	59,276	38,561	141,256	42,484	637,176	589,510
Net book value for year ended December 31, 2011	2,136,808	644,186	139,644	117,427	8,178	10,184	8,796	26,628	7,513	3,099,364	3,147,030

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

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, 2011

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 \$22,020 (2010 - \$21,892), 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>2011</u>	<u>2010</u>
Bay of Quinte Natural Heritage	\$ 57,175	\$ 88,369
Bay of Quinte RAP Governance	72,424	69,896
Bay of Quinte Mohawk Report	-	503
Bay of Quinte Biocontaminants	22,925	42,672
Source Protection Early Action	291,967	296,129
Streamgauge Network Rehabilitation	626	626
Source Water Protection	<u>142,041</u>	<u>1,209,109</u>
	<u>\$ 587,158</u>	<u>\$ 1,707,304</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

4. DEFERRED CONTRIBUTIONS

	<u>2011</u>	<u>2010</u>
Balance, December 31, 2010	\$ 21,892	\$ 21,825
Interest earned on amount	128	67
Expended in year	-	-
Balance, December 31, 2011	<u>\$ 22,020</u>	<u>\$ 21,892</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 and reserve for special projects 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 31/12/10	Funds Received in year	Revenues Unearned 31/12/11	Revenues	Expenditures
Bay of Quinte RAP Governance	\$ 69,896	\$ 294,806	\$ 72,424	\$ 292,278	\$ 292,278
Bay of Quinte Natural Heritage	88,369	143,127	57,175	174,321	174,321
Bay of Quinte Biocontaminants	42,672	30,000	22,925	49,747	49,747
Bay of Quinte Contaminant Study	-	25,590	-	25,590	25,590
Bay of Quinte Mohawk Report	503	-	-	503	503
Source Protection - Early Action/Response	296,129	101,009	291,967	105,171	105,171
Source Water Protection	1,209,109	537,593	142,041	1,604,661	1,604,661
Streamgauge Network Rehabilitation	626	-	626	-	-
	<u>\$ 1,707,304</u>	<u>\$ 1,132,125</u>	<u>\$ 587,158</u>	<u>\$ 2,252,271</u>	<u>\$ 2,252,271</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

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 investments, 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 \$88,912 (2010 - \$74,890).

10. COMPARATIVE FIGURES

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