

THE LOWER TRENT REGION CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2013

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, 2013, 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, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Welch LLP

Trenton, Ontario
February 13, 2014

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE LOWER TRENT REGION CONSERVATION AUTHORITY

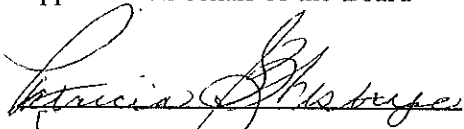
(Established under the Conservation Authorities Act of Ontario)


STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
FINANCIAL ASSETS		
Cash	\$ 611,583	\$ 926,707
Short term investment - <i>note 2</i>	61,272	60,932
Accounts receivable:		
Municipalities	5,300	4,680
Other	32,348	27,335
Prepaid expenses	8,912	8,912
	<u>719,415</u>	<u>1,028,566</u>
 LIABILITIES		
Accounts payable and accrued liabilities	158,034	320,660
Unearned revenue:		
General	77,564	116,911
Administered programs - <i>note 4</i>	137,441	217,821
Deferred contributions - <i>note 3</i>	16,585	22,137
	<u>389,624</u>	<u>677,529</u>
 NET FINANCIAL ASSETS	329,791	351,037
 NON-FINANCIAL ASSETS		
Tangible capital assets - <i>schedule 4</i>	<u>3,042,160</u>	<u>3,071,799</u>
 ACCUMULATED SURPLUS	<u>\$ 3,371,951</u>	<u>\$ 3,422,836</u>
 Represented by:		
Operating fund - <i>note 5</i>	\$ 105,079	\$ 126,325
Reserve funds - <i>note 6</i>	224,712	224,712
Equity in tangible capital assets	3,042,160	3,071,799
	<u>\$ 3,371,951</u>	<u>\$ 3,422,836</u>

Approved on behalf of the Board

 Director

 Director

(See accompanying notes)

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THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2013

	2013 Budget (note 8)	2013 Actual	2012 Actual (note 11)
REVENUE			
Government grants - provincial	\$ 133,329	\$ 133,329	\$ 133,329
Municipal levies - general	753,095	753,095	731,422
Municipal levies - special benefiting	15,000	15,359	11,316
Conservation services - trees	17,000	11,614	13,732
Legal enquiries, fill permits and plan review	71,000	74,030	63,570
Sundry	60,676	67,746	60,466
Administered programs	1,200,000	1,304,542	2,188,719
Property rental	18,000	25,497	17,043
Interest	-	4,001	680
Donations	1,000	612	1,392
Deferred contributions recognized	-	5,676	-
	<u>2,269,100</u>	<u>2,395,501</u>	<u>3,221,669</u>
EXPENSES			
Corporate Services, Schedule 1	544,500	577,310	321,898
Watershed Science and Services, Schedule 2	596,000	632,545	704,349
Conservation Lands, Schedule 3	294,000	281,216	285,824
Bay of Quinte Remedial Action Plan - note 7	600,000	606,482	654,041
Source Water Protection - note 7	600,000	694,031	1,240,117
Source Protection - Early Action/Response - note 7	-	4,029	294,673
Amortization	-	40,235	41,875
	<u>2,634,500</u>	<u>2,835,848</u>	<u>3,542,777</u>
Expense recoveries	<u>289,100</u>	<u>389,462</u>	<u>268,829</u>
	<u>2,345,400</u>	<u>2,446,386</u>	<u>3,273,948</u>
ANNUAL DEFICIT	<u>\$ (76,300)</u>	<u>\$ (50,885)</u>	<u>\$ (52,279)</u>

(See accompanying notes)

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THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
ACCUMULATED SURPLUS , beginning of year	\$ 3,422,836	\$ 3,475,115
Annual deficit	<u>(50,885)</u>	<u>(52,279)</u>
ACCUMULATED SURPLUS , end of year	<u>\$ 3,371,951</u>	<u>\$ 3,422,836</u>

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
NET FINANCIAL ASSETS, beginning of year	\$ <u>351,037</u>	\$ <u>375,751</u>
Annual deficit	(50,885)	(52,279)
Acquisition of tangible capital assets	(10,596)	(14,310)
Amortization of tangible capital assets	<u>40,235</u>	<u>41,875</u>
	<u>(21,246)</u>	<u>(24,714)</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 329,791</u>	<u>\$ 351,037</u>

(See accompanying notes)

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THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual deficit	\$ (50,885)	\$ (52,279)
Adjustment for:		
Amortization	<u>40,235</u>	<u>41,875</u>
	(10,650)	(10,404)
Change in non-cash working capital components:		
Accounts receivable	(5,633)	25,971
Prepaid expenses	-	(8,912)
Accounts payable and accrued liabilities	(162,626)	(28,980)
Unearned revenue	(119,727)	(374,778)
Deferred contributions	<u>(5,552)</u>	<u>117</u>
	(304,188)	(396,986)
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(10,596)	(14,310)
CASH FLOWS FROM INVESTING TRANSACTIONS		
Purchase of short-term investment	<u>(340)</u>	<u>(323)</u>
DECREASE IN CASH	(315,124)	(411,619)
CASH, beginning of year	<u>926,707</u>	<u>1,338,326</u>
CASH, end of year	<u>\$ 611,583</u>	<u>\$ 926,707</u>

(See accompanying notes)

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THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

SCHEDULE OF CORPORATE SERVICES

Schedule 1

	2013 Budget <u>(note 8)</u>	2013 Actual <u> </u>	2012 Actual <u>(note 11)</u>
Wages and benefits	\$ 436,000	\$ 458,937	\$ 227,902
Travel and allowances	30,000	29,570	31,939
Equipment purchases and rental	4,000	3,847	924
Materials and supplies	12,000	18,507	8,237
Building occupancy costs	15,000	17,138	28,835
General	<u>47,500</u>	<u>49,311</u>	<u>24,061</u>
	<u>\$ 544,500</u>	<u>\$ 577,310</u>	<u>\$ 321,898</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

SCHEDULE OF WATERSHED SCIENCE AND SERVICES

Schedule 2

	2013 Budget (note 8)	2013 Actual	2012 Actual (note 11)
Wages and benefits	\$ 300,000	\$ 417,131	\$ 343,772
Wages and benefits (flood protection)	84,000	53,196	216,208
Materials and supplies	8,500	479	597
Equipment upgrades and replacements	8,000	5,368	3,292
Office expenses	10,000	9,018	6,342
Vehicle and equipment - operations and maintenance	10,000	7,495	5,780
Vehicle and equipment replacement	20,000	-	-
Engineering services	12,000	2,460	5,430
Oak Ridges Moraine Coalition	2,500	2,500	2,500
Groundwater monitoring network	8,000	1,763	1,959
Benthic/flow monitoring	10,000	15,867	12,649
Flood and erosion control structures operations	6,000	6,000	6,000
Routine/minor maintenance of control structures	10,000	-	432
Preventative maintenance of control structures	3,000	8,297	1,119
Flood forecasting and warning	30,000	24,808	24,779
Caring for Our Watersheds	20,000	34,429	16,626
Children's Water Festival	8,000	5,315	9,299
Seymour Family Fishing Day	500	679	829
Events and publications	8,500	6,249	11,334
Tree planting	17,000	7,216	14,025
Healthy Shorelines	20,000	24,275	20,461
Yellow Fish Road	-	-	916
	<u>\$ 596,000</u>	<u>\$ 632,545</u>	<u>\$ 704,349</u>

(See accompanying notes)

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THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

SCHEDULE OF CONSERVATION LANDS

Schedule 3

	2013 Budget (note 8)	2013 Actual	2012 Actual (note 11)
	<u> </u>	<u> </u>	<u> </u>
Wages and benefits	\$ 174,000	\$ 174,639	\$ 166,926
General maintenance	16,000	19,218	11,704
Property taxes	27,000	27,682	25,593
Insurance	15,000	15,526	13,926
Workshop costs	12,000	9,097	8,838
Travel and clothing	1,000	955	1,055
Staff training	1,000	233	1,213
Goodrich-Loomis Conservation Centre operations	9,000	5,514	9,666
Capital works	16,000	5,997	26,329
Vehicle and equipment operations and maintenance	23,000	15,197	19,140
Vehicles and equipment lease/purchase	<u>-</u>	<u>7,158</u>	<u>1,434</u>
	<u>\$ 294,000</u>	<u>\$ 281,216</u>	<u>\$ 285,824</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2013

Schedule 4

	2013										2012
	Land	Buildings and structures	Bridges and dams	Roads, parking lots and trails	Furniture and fixtures	Equipment	Office equipment	Vehicles	Computer	Total	Total
Historical Costs:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	2,136,808	808,643	284,897	134,797	36,697	69,460	47,357	182,194	49,997	3,750,850	3,736,540
Additions	-	-	-	-	-	-	-	-	10,596	-	10,596
Disposals	-	-	-	-	-	-	-	-	-	-	14,310
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>60,593</u>	<u>3,761,446</u>	<u>3,750,850</u>

Accumulated Amortization:

Opening Balance	-	180,562	148,745	20,305	30,155	61,313	41,199	151,391	45,381	679,051	637,176
Amortization Expense	-	15,702	3,404	2,862	1,308	1,630	1,847	9,242	4,240	40,235	41,875
Effects of Disposals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	<u>-</u>	<u>196,264</u>	<u>152,149</u>	<u>23,167</u>	<u>31,463</u>	<u>62,943</u>	<u>43,046</u>	<u>160,633</u>	<u>49,621</u>	<u>719,286</u>	<u>679,051</u>
Net book value for year ended December 31, 2013	<u>2,136,808</u>	<u>612,379</u>	<u>132,748</u>	<u>111,630</u>	<u>5,234</u>	<u>6,517</u>	<u>4,311</u>	<u>21,561</u>	<u>10,972</u>	<u>3,042,160</u>	<u>3,071,799</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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 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, 2013

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

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 expenses 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.

2. TERM DEPOSITS

The short term investment consists of a T-Bill mutual fund and includes \$16,585 (2012 - \$22,137) which is restricted in use as described in Note 3. The market value of the investment is equivalent to its cost.

3. DEFERRED CONTRIBUTIONS

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 22,137	\$ 22,020
Interest earned	124	117
Expended in year	<u>(5,676)</u>	<u>-</u>
	<u>\$ 16,585</u>	<u>\$ 22,137</u>

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 LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

4. 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 (funding to be received) relating to these programs:

	<u>2013</u>	<u>2012</u>
Bay of Quinte Natural Heritage	\$ (15,511)	\$ 90,224
Bay of Quinte Governance	71,527	50,464
Bay of Quinte Biocontaminants	465	26,555
Source Protection Early Action/Response	7,510	(2,706)
Streamgauge Network Rehabilitation	626	626
Source Water Protection	<u>72,824</u>	<u>52,658</u>
	<u>\$ 137,441</u>	<u>\$ 217,821</u>

5. OPERATING FUND

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

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 126,325	\$ 231,039
Decrease in net financial assets	(21,246)	(24,714)
Appropriations to reserves	<u>-</u>	<u>(80,000)</u>
Balance, end of year	<u>\$ 105,079</u>	<u>\$ 126,325</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

6. 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:

	<u>Balance beginning of year</u>	<u>Appropriation from Operations</u>	<u>Appropriation to Operations</u>	<u>Balance end of year</u>
Reserve for administration facility	\$ 35,480	\$ -	\$ -	\$ 35,480
Reserve for equipment	71,556	-	-	71,556
Reserve for special projects	17,676	-	-	17,676
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>\$ 224,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,712</u>

7. REVENUE AND EXPENSES - ADMINISTERED PROGRAMS

Revenues and expenses of the programs are summarized as follows:

	<u>Revenues unearned beginning of year</u>	<u>Funds received in year</u>	<u>Revenues unearned end of year</u>	<u>Expenses</u>
Bay of Quinte Governance	\$ 50,464	\$ 282,531	\$ 71,527	\$ 261,468
Bay of Quinte Natural Heritage	90,224	213,189	(15,511)	318,924
Bay of Quinte Biocontaminants	<u>26,555</u>	<u>-</u>	<u>465</u>	<u>26,090</u>
	167,243	495,720	56,481	606,482
Source Protection Early Action/Response	(2,706)	14,245	7,510	4,029
Source Water Protection Streamgauge Network Rehabilitation	52,658	714,197	72,824	694,031
	<u>626</u>	<u>-</u>	<u>626</u>	<u>-</u>
	<u>\$ 217,821</u>	<u>\$ 1,224,162</u>	<u>\$ 137,441</u>	<u>\$ 1,304,542</u>

Revenues for the year are equal to the expenses incurred in the year for these programs.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

8. 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.

9. 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 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.

10. 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 in these financial statements is \$91,769 (2012 - \$96,252).

11. COMPARATIVE FIGURES

Effective January 1, 2013, the Authority implemented an organizational restructuring which resulted in new departments being created and employees being assigned to those departments. The comparative figures on the statement of operations and surplus have been reclassified to reflect this restructuring but may not be fully comparable.