

THE LOWER TRENT REGION CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2014



LOWER TRENT CONSERVATION

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

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Registered Charitable Organization No. 107646598RR0001

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of The Lower Trent Region 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

Don Campbell
Manager, Corporate Services

February 12, 2015

"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, 2014, 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.

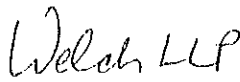
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2014, 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 12, 2015


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, 2014

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash	\$ 881,233	\$ 611,583
Short term investment - <i>note 3</i>	61,580	61,272
Accounts receivable:		
Municipalities	54,701	5,300
Other	33,721	32,348
	<u>1,031,235</u>	<u>710,503</u>
 LIABILITIES		
Accounts payable and accrued liabilities	130,561	158,034
Unearned revenue:		
General	86,435	77,564
Administered programs - <i>note 5</i>	446,122	137,441
Deferred contributions - <i>note 4</i>	15,318	16,585
	<u>678,436</u>	<u>389,624</u>
 NET FINANCIAL ASSETS	<u>352,799</u>	<u>320,879</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets - <i>schedule 4</i>	3,035,723	3,042,160
Prepaid expenditures	8,912	8,912
	<u>3,044,635</u>	<u>3,051,072</u>
 ACCUMULATED SURPLUS	<u>\$ 3,397,434</u>	<u>\$ 3,371,951</u>
 Represented by:		
Operating fund - <i>note 6</i>	\$ 106,999	\$ 105,079
Reserve funds - <i>note 7</i>	254,712	224,712
Equity in tangible capital assets	3,035,723	3,042,160
	<u>\$ 3,397,434</u>	<u>\$ 3,371,951</u>

Approved on behalf of the Board

_____ Director

_____ Director

(See accompanying notes)

Welch LLP

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THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
ACCUMULATED SURPLUS , beginning of year	\$ 3,371,951	\$ 3,422,836
Annual surplus (deficit)	<u>25,483</u>	<u>(50,885)</u>
ACCUMULATED SURPLUS , end of year	<u>\$ 3,397,434</u>	<u>\$ 3,371,951</u>

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
NET FINANCIAL ASSETS, beginning of year	<u>\$ 320,879</u>	<u>\$ 342,125</u>
Annual surplus (deficit)	25,483	(50,885)
Acquisition of tangible capital assets	(36,710)	(10,596)
Proceeds on disposition of tangible capital assets	3,689	-
Loss on disposal of tangible capital assets	265	-
Amortization of tangible capital assets	<u>39,193</u>	<u>40,235</u>
	<u>31,920</u>	<u>(21,246)</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 352,799</u>	<u>\$ 320,879</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014

	2014 Budget <u>(note 9)</u>	2014 Actual	2013 Actual
REVENUE			
Government grants - provincial	\$ 133,329	\$ 133,329	\$ 133,329
Municipal levies - general	774,271	774,271	753,095
Municipal levies - special benefiting	15,000	16,326	15,359
Conservation services - trees	15,000	13,203	11,614
Legal enquiries, fill permits and plan review	71,000	105,555	74,030
Sundry	42,500	54,755	67,746
Administered programs	1,200,000	1,342,093	1,304,542
Property rental	25,000	24,260	25,497
Interest	-	3,971	4,001
Donations	1,000	411	612
Deferred contributions recognized	-	1,350	5,676
Drinking Source Water Protection Municipal RMO/RMI Service	<u>78,000</u>	<u>132,003</u>	<u>-</u>
	<u>2,355,100</u>	<u>2,601,527</u>	<u>2,395,501</u>
EXPENDITURES			
Corporate Services, Schedule 1	553,000	409,298	380,763
Watershed Science and Services, Schedule 2	660,500	637,361	603,951
Conservation Lands, Schedule 3	314,000	293,717	265,993
Bay of Quinte Remedial Action Plan	600,000	551,081	606,482
Source Water Protection	600,000	791,012	694,031
Source Protection - Early Action/Response	-	-	4,029
Amortization	-	39,193	40,235
Loss on sale of tangible capital assets	<u>-</u>	<u>265</u>	<u>-</u>
	2,727,500	2,721,927	2,595,484
Expenditure recoveries - note 8	<u>288,400</u>	<u>145,883</u>	<u>149,098</u>
	<u>2,439,100</u>	<u>2,576,044</u>	<u>2,446,386</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (84,000)</u>	<u>\$ 25,483</u>	<u>\$ (50,885)</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 25,483	\$ (50,885)
Adjustments for:		
Amortization	39,193	40,235
Loss on sale of tangible capital assets	<u>265</u>	<u>-</u>
	64,941	(10,650)
Change in non-cash working capital components:		
Accounts receivable	(50,774)	(5,633)
Unearned revenue	317,552	(119,727)
Deferred contributions	(1,267)	(5,552)
Accounts payable and accrued liabilities	<u>(27,473)</u>	<u>(162,626)</u>
	<u>302,979</u>	<u>(304,188)</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(36,711)	(10,596)
Proceeds on disposal of tangible capital assets	<u>3,689</u>	<u>-</u>
	<u>(33,022)</u>	<u>(10,596)</u>
CASH FLOWS FROM INVESTING TRANSACTIONS		
Purchase of short-term investment	<u>(307)</u>	<u>(340)</u>
INCREASE (DECREASE) IN CASH	269,650	(315,124)
CASH, beginning of year	<u>611,583</u>	<u>926,707</u>
CASH, end of year	<u>\$ 881,233</u>	<u>\$ 611,583</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF CORPORATE SERVICES

Schedule 1

	2014 Budget (note 9)	2014 Actual	2013 Actual
	<u> </u>	<u> </u>	<u> </u>
Wages and benefits	\$ 441,000	\$ 303,186	\$ 262,390
Travel and allowances	31,000	27,845	29,570
Equipment purchases and rental	5,000	641	3,847
Materials and supplies	13,500	10,894	18,507
Building occupancy costs	15,000	10,779	17,138
General	<u>47,500</u>	<u>55,953</u>	<u>49,311</u>
	<u>\$ 553,000</u>	<u>\$ 409,298</u>	<u>\$ 380,763</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF WATERSHED SCIENCE AND SERVICES

Schedule 2

	2014 Budget (note 9)	2014 Actual	2013 Actual
	<u> </u>	<u> </u>	<u> </u>
Wages and benefits	\$ 395,500	\$ 362,924	\$ 388,537
Wages and benefits (flood protection)	-	59,403	53,196
Materials and supplies	10,000	7	479
Equipment upgrades and replacements	8,000	7,258	5,368
Office	10,000	5,917	9,018
Vehicle and equipment - operations and maintenance	10,000	6,541	7,495
Vehicle and equipment replacement	17,000	-	-
Engineering services	-	-	2,460
Oak Ridges Moraine Coalition	2,500	2,500	2,500
Groundwater monitoring network	8,000	3,447	1,763
Benthic/flow monitoring	10,000	15,180	15,867
Flood and erosion control structures operations	6,000	6,000	6,000
Routine/minor maintenance of control structures	10,000	-	-
Preventative maintenance of control structures	3,000	3,702	8,297
Flood forecasting and warning	30,000	25,803	24,808
Caring for Our Watersheds	25,000	24,761	34,429
Children's Water Festival	10,000	12,610	5,315
Seymour Family Fishing Day	500	1,227	679
Events and publications	8,500	9,436	6,249
Tree planting	15,000	6,132	7,216
Healthy Shorelines	3,500	2,726	24,275
Drinking Source Water Protection Municipal RMO/RMI Service	<u>78,000</u>	<u>81,787</u>	<u>-</u>
	<u>\$ 660,500</u>	<u>\$ 637,361</u>	<u>\$ 603,951</u>

(See accompanying notes)

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THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF CONSERVATION LANDS

Schedule 3

	2014 Budget (note 9)	2014 Actual	2013 Actual
	<u> </u>	<u> </u>	<u> </u>
Wages and benefits	\$ 189,000	\$ 181,252	\$ 159,416
General maintenance	16,000	17,319	19,218
Property taxes	30,500	37,750	27,682
Insurance	16,000	15,344	15,526
Workshop costs	13,500	9,674	9,097
Travel and clothing	-	970	955
Staff training	1,000	-	233
Goodrich-Loomis Conservation Centre operations	9,000	6,026	5,514
Capital works	16,000	7,560	5,997
Vehicle and equipment operations and maintenance	20,000	17,315	15,197
Vehicle and equipment lease/purchase	<u>3,000</u>	<u>507</u>	<u>7,158</u>
	<u>\$ 314,000</u>	<u>\$ 293,717</u>	<u>\$ 265,993</u>

(See accompanying notes)

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**THE LOWER TRENT REGION CONSERVATION AUTHORITY
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2014**

Schedule 4

Historical Costs:	Land \$	Buildings and structures \$	Bridges and dams \$	Roads, parking lots and trails \$	Furniture and fixtures \$	Equipment \$	Office equipment \$	Vehicles \$	Computer \$	2014	
										Total \$	2013 \$
Opening Balance	2,136,808	808,643	284,897	134,797	36,697	69,460	47,357	182,194	60,593	3,761,446	3,750,850
Additions	-	11,654	-	-	-	-	-	25,056	-	36,710	10,596
Disposals	(1,400)	-	-	-	-	(13,800)	-	(42,263)	-	(57,463)	-
Closing Balance	2,135,408	820,297	284,897	134,797	36,697	55,660	47,357	164,987	60,593	3,740,693	3,761,446
Accumulated Amortization:											
Opening Balance	-	196,264	152,149	23,167	31,463	62,943	43,046	160,633	49,621	719,286	679,051
Amortization Expense	-	15,456	3,318	2,790	1,046	1,302	1,294	9,463	4,524	39,193	40,235
Effects of Disposals	-	-	-	-	-	(13,791)	-	(39,718)	-	(53,509)	-
Closing Balance	-	211,720	155,467	25,957	32,509	50,454	44,340	130,378	54,145	704,970	719,286
Net book value for year ended December 31, 2014	2,135,408	608,577	129,430	108,840	4,188	5,206	3,017	34,609	6,448	3,035,723	3,042,160

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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, 2014

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.

3. SHORT TERM INVESTMENT

The short term investment consists of a T-Bill mutual fund and includes \$15,318 (2013 - \$16,585) which is restricted in use as described in Note 4. The market value of the investment is equivalent to its cost.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

4. DEFERRED CONTRIBUTIONS

	2014	2013
Balance, beginning of year	\$ 16,585	\$ 22,137
Interest earned	83	124
Expended in year	(1,350)	(5,676)
Balance, end of year	\$ 15,318	\$ 16,585

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.

5. 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), revenue and expenditures relating to these programs:

	Revenues unearned beginning of year	Funds received in year	Revenues unearned end of year	Expenditures
Bay of Quinte Governance	\$ 71,527	\$ 328,615	\$ 142,328	\$ 257,814
Bay of Quinte Natural Heritage	(15,511)	418,966	110,188	293,267
Bay of Quinte Biocontaminants	465	25,000	25,465	-
	-	-	-	-
	56,481	772,581	277,981	551,081
Source Protection Early Action/Response	7,510	-	7,510	-
Source Water Protection	72,824	878,193	160,005	791,012
Streamgauge Network Rehabilitation	626	-	626	-
	\$ 137,441	\$ 1,650,774	\$ 446,122	\$ 1,342,093

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

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

6. OPERATING FUND

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

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 105,079	\$ 126,325
Increase (decrease) in net financial assets	31,920	(21,246)
Appropriations to reserves	<u>(30,000)</u>	<u>-</u>
Balance, end of year	<u>\$ 106,999</u>	<u>\$ 105,079</u>

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:

	<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	30,000	-	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>\$ 224,712</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 254,712</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

8. EXPENDITURE RECOVERIES

Expenditure recoveries are internal charges to programs included in expenditures and consist of the following:

	2014	2013
Office space rental	\$ 34,580	\$ 34,440
Vehicle rental	3,218	4,378
Statement of intent re: Source Water Protection	108,085	110,280
	\$ 145,883	\$ 149,098

9. 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.

10. 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.

11. EXPENDITURES BY OBJECT

	2014	2013
Salaries and benefits	\$ 1,471,682	\$ 1,304,615
Operating goods and services	1,065,169	1,101,536
Amortization	39,193	40,235
	\$ 2,576,044	\$ 2,446,386

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

12. 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 2014 was \$101,522 (2013 - \$91,769) for current service costs and is included in the statement of operations.

The OMERS plan has a reported \$8.64 billion actuarial deficit at the end of 2013 (2012 - \$9.92 billion), and actuarial liabilities of \$73.0 billion (2012 - \$69.1 billion). Amounts for 2014 are not yet available.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2014 financial statements.