

THE LOWER TRENT REGION CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2015



LOWER TRENT CONSERVATION

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Registered Charitable Organization No. 107646598R0001

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.

A handwritten signature in cursive script that reads "Glenda Rodgers".

Glenda Rodgers
Chief Administrative Officer

A handwritten signature in cursive script that reads "Kelly Vandette".

Kelly Vandette
Manager, Corporate Services

February 11, 2016

"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, 2015, 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

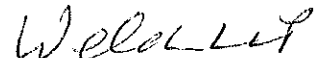
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2015, 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 11, 2016

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, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash	\$ 842,425	\$ 881,233
Short term investment - <i>note 3</i>	61,712	61,580
Accounts receivable:		
Municipalities	34,975	54,701
Other	19,999	33,721
	<u>959,111</u>	<u>1,031,235</u>
 LIABILITIES		
Accounts payable and accrued liabilities	110,386	130,561
Unearned revenue	99,916	86,435
Due to partnership programs - <i>note 5</i>	450,046	446,122
Deferred contributions - <i>note 4</i>	15,351	15,318
	<u>675,699</u>	<u>678,436</u>
 NET FINANCIAL ASSETS	<u>283,412</u>	<u>352,799</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets - <i>schedule 4</i>	3,002,111	3,035,723
Prepaid expenditures	19,619	8,912
	<u>3,021,730</u>	<u>3,044,635</u>
 ACCUMULATED SURPLUS	<u>\$ 3,305,142</u>	<u>\$ 3,397,434</u>
 Represented by:		
Operating fund - <i>note 6</i>	\$ 48,319	\$ 106,999
Reserve funds - <i>note 7</i>	254,712	254,712
Equity in tangible capital assets	3,002,111	3,035,723
	<u>\$ 3,305,142</u>	<u>\$ 3,397,434</u>

Approved on behalf of the Board

 Director

 Director

(See accompanying notes)

Welch LLP

An Independent Member of BGR International

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
ACCUMULATED SURPLUS, beginning of year	\$ 3,397,434	\$ 3,371,951
Annual surplus (deficit)	<u>(92,292)</u>	<u>25,483</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 3,305,142</u>	<u>\$ 3,397,434</u>

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
NET FINANCIAL ASSETS, beginning of year	<u>\$ 352,799</u>	<u>\$ 320,879</u>
Annual surplus (deficit)	(92,292)	25,483
Acquisition of tangible capital assets	-	(36,710)
Proceeds on disposition of tangible capital assets	-	3,689
Loss on disposal of tangible capital assets	-	265
Amortization of tangible capital assets	33,612	39,193
Change in prepaid expenditures	<u>(10,707)</u>	<u>-</u>
	<u>(69,387)</u>	<u>31,920</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 283,412</u>	<u>\$ 352,799</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015

	2015 Budget (note 9)	2015 Actual	2014 Actual
	<u> </u>	<u> </u>	<u> </u>
REVENUE			
Government grants - provincial	\$ 133,329	\$ 133,329	\$ 133,329
Municipal levies - general	798,971	798,971	774,271
Municipal levies - special benefiting	16,000	17,697	16,326
Conservation services - trees	12,000	17,690	13,203
Legal enquiries, fill permits and plan review	80,000	85,180	105,555
Sundry	62,500	66,244	54,755
Property rental	26,500	24,451	24,260
Interest	-	2,035	3,971
Donations	1,500	1,200	411
Deferred contributions recognized	-	-	1,350
Drinking Source Water Protection Municipal RMO/RMI Service	158,000	158,003	132,003
Recovered from partnership programs - note 8	259,700	238,003	274,674
	<u>1,548,500</u>	<u>1,542,803</u>	<u>1,534,108</u>
EXPENDITURES			
Corporate Services, Schedule 1	558,000	639,700	538,089
Watershed Science and Services, Schedule 2	728,500	666,173	637,361
Conservation Lands, Schedule 3	343,000	295,610	293,717
Amortization	-	33,612	39,193
Loss on sale of tangible capital assets	-	-	265
	<u>1,629,500</u>	<u>1,635,095</u>	<u>1,508,625</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (81,000)</u>	<u>\$ (92,292)</u>	<u>\$ 25,483</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF CORPORATE SERVICES

Schedule 1

	2015 Budget (note 9)	2015 Actual	2014 Actual
	<u> </u>	<u> </u>	<u> </u>
Wages and benefits	\$ 457,000	\$ 499,146	\$ 431,977
Travel and allowances	32,500	33,443	27,845
Equipment purchases and rental	4,000	1,496	641
Materials and supplies	13,000	17,795	10,894
Building occupancy costs	14,000	25,299	10,779
General	<u>37,500</u>	<u>62,521</u>	<u>55,953</u>
	<u>\$ 558,000</u>	<u>\$ 639,700</u>	<u>\$ 538,089</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF WATERSHED SCIENCE AND SERVICES

Schedule 2

	2015 Budget (note 9)	2015 Actual	2014 Actual
Wages and benefits	\$ 417,000	\$ 377,760	\$ 362,924
Wages and benefits (flood protection)	-	62,471	59,403
Materials and supplies	6,000	1,197	7
Equipment upgrades and replacements	5,000	305	7,258
Office	6,000	1,667	5,917
Vehicle and equipment - operations and maintenance	10,000	5,057	6,541
Vehicle and equipment replacement	17,000	-	-
Oak Ridges Moraine Coalition	2,500	2,533	2,500
Groundwater monitoring network	3,000	266	3,447
Benthic/flow monitoring	15,000	19,680	15,180
Flood and erosion control structures operations	6,000	6,480	6,000
Routine/minor maintenance of control structures	10,000	-	-
Preventative maintenance of control structures	3,000	3,547	3,702
Flood forecasting and warning	30,000	16,627	25,803
Caring for Our Watersheds	25,000	17,345	24,761
Children's Water Festival	6,000	16,194	12,610
Seymour Family Fishing Day	1,000	1,009	1,227
Events and publications	8,500	7,115	9,436
Tree planting	12,000	11,510	6,132
Healthy Shorelines	3,500	1,000	2,726
Yellow Fish Road	-	8	-
Drinking Source Water Protection Municipal RMO/RMI Service	142,000	114,402	81,787
	\$ 728,500	\$ 666,173	\$ 637,361

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF CONSERVATION LANDS

Schedule 3

	2015 Budget (note 9)	2015 Actual	2014 Actual
	<u> </u>	<u> </u>	<u> </u>
Wages and benefits	\$ 213,500	\$ 190,617	\$ 181,252
General maintenance	16,000	13,309	17,319
Property taxes	40,000	38,622	37,750
Insurance	17,000	16,068	15,344
Workshop costs	14,500	8,888	9,674
Travel and clothing	-	1,339	970
Staff training	-	365	-
Goodrich-Loomis Conservation Centre operations	9,000	4,937	6,026
Capital works	10,000	6,107	7,560
Vehicle and equipment operations and maintenance	20,000	15,010	17,315
Vehicle and equipment lease/purchase	<u>3,000</u>	<u>348</u>	<u>507</u>
	<u>\$ 343,000</u>	<u>\$ 295,610</u>	<u>\$ 293,717</u>

(See accompanying notes)

**THE LOWER TRENT REGION CONSERVATION AUTHORITY
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2015**

Schedule 4

	Buildings and structures	Bridges and dams	Roads, parking lots and trails	Furniture and fixtures	Equipment	Office equipment	Vehicles	Computer	2015 Total	2014	
Historical Costs:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Opening 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
Additions	-	-	-	-	-	-	-	-	-	-	36,710
Disposals	-	-	-	-	-	-	-	-	-	-	(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	3,740,693

Accumulated Amortization:

Opening Balance	-	211,720	155,467	25,957	32,509	50,454	44,340	130,378	54,145	704,970	719,286
Amortization Expense	-	15,071	3,235	2,720	837	1,042	906	7,189	2,612	33,612	39,193
Effects of Disposals	-	-	-	-	-	-	-	-	-	-	(53,509)
Closing Balance	-	226,791	158,702	28,677	33,346	51,496	45,246	137,567	56,757	738,582	704,970
Net book value for year ended December 31, 2015	2,135,408	593,506	126,195	106,120	3,351	4,164	2,111	27,420	3,836	3,002,111	3,035,723

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (92,292)	\$ 25,483
Adjustments for:		
Amortization	33,612	39,193
Loss on sale of tangible capital assets	<u>-</u>	<u>265</u>
	(58,680)	64,941
Change in non-cash operating balances:		
Accounts receivable	33,448	(50,774)
Prepaid expenditures	(10,707)	-
Accounts payable and accrued liabilities	(20,175)	(27,473)
Unearned revenue	13,481	8,871
Deferred contributions	33	(1,267)
Due from partnership programs	<u>3,924</u>	<u>308,681</u>
	<u>(38,676)</u>	<u>302,979</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	-	(36,711)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>3,689</u>
	<u>-</u>	<u>(33,022)</u>
CASH FLOWS FROM INVESTING TRANSACTIONS		
Purchase of short-term investment	<u>(132)</u>	<u>(307)</u>
INCREASE (DECREASE) IN CASH	(38,808)	269,650
CASH, beginning of year	<u>881,233</u>	<u>611,583</u>
CASH, end of year	<u>\$ 842,425</u>	<u>\$ 881,233</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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, 2015

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 \$15,351 (2014 - \$15,318) 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, 2015

4. DEFERRED CONTRIBUTIONS

	2015	2014
Balance, beginning of year	\$ 15,318	\$ 16,585
Interest earned	33	83
Expended in year	-	(1,350)
Balance, end of year	\$ 15,351	\$ 15,318

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. 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, 2015 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	\$ 142,328	\$ 243,649	\$ 124,581	\$ 261,396
Bay of Quinte Natural Heritage	110,188	197,838	165,770	142,256
Bay of Quinte Biocontaminants	25,465	-	25,465	-
	277,981	441,487	315,816	403,652
Source Protection Early Action/Response	7,510	-	7,510	-
Source Water Protection Streamgauge Network Rehabilitation	160,005	538,958	126,094	572,869
	626	-	626	-
	\$ 446,122	\$ 980,445	\$ 450,046	\$ 976,521

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.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

6. OPERATING FUND

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

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 106,999	\$ 105,079
Increase (decrease) in net financial assets	(69,387)	31,920
Increase in prepaid expenditures	10,707	-
Appropriations to reserves	<u>-</u>	<u>(30,000)</u>
Balance, end of year	<u>\$ 48,319</u>	<u>\$ 106,999</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	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>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

8. 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:

	2015	2014
Bay of Quinte Remedial Action Plan	\$ 103,347	\$ 102,270
Source Water Protection	134,656	172,404
	\$ 238,003	\$ 274,674

9. BUDGET AMOUNTS

The budget amounts presented are as approved by the Board of Directors on February 12, 2015. The Authority does not budget for amortization and capital expenditures are included in the operating budget. Actual results may not be 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

	2015	2014
Salaries and benefits	\$ 1,247,413	\$ 1,123,645
Operating goods and services	354,070	345,522
Amortization	33,612	39,193
Loss on disposal of tangible capital assets	-	265
	\$ 1,635,095	\$ 1,508,625

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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 2015 was \$102,956 (2014 - \$101,522) for current service costs and is included in the statement of operations.

The OMERS plan has a reported \$7.08 billion actuarial deficit at the end of 2014 (2013 - \$8.64 billion), and actuarial liabilities of \$77.3 billion (2013 - \$73.0 billion). Amounts for 2015 are not yet available.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2015 financial statements.