

**THE LOWER TRENT REGION
CONSERVATION AUTHORITY**

FINANCIAL STATEMENTS

December 31, 2008

THE LOWER TRENT REGION CONSERVATION AUTHORITY

INDEX

DECEMBER 31, 2008

AUDITORS' REPORT

- STATEMENT "1" - Balance Sheet as at December 31, 2008
- STATEMENT "2" - Statement of Operations and Surplus for the year ended December 31, 2008
- STATEMENT "3" - Statement of Continuity of Reserves for the year ended December 31, 2008
- STATEMENT "4" - Statement of Cash Flows for the year ended December 31, 2008
- SCHEDULE "1" - Schedule of Expenditures - Environmental Advisory Services, Flood Protection Services and Program - Non Eligible for the year ended December 31, 2008
- SCHEDULE "2" - Schedule of Expenditures - Conservation Lands, Watershed Restoration and Program - Administration for the year ended December 31, 2008

NOTES TO FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Members of

THE LOWER TRENT REGION CONSERVATION AUTHORITY

We have audited the balance sheet of **THE LOWER TRENT REGION CONSERVATION AUTHORITY** as at December 31, 2008 and the statements of operations and surplus, continuity of reserves and cash flows for the year then ended. These financial statements are the responsibility of the conservation authority's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the conservation authority as at December 31, 2008 and the results of its operations, the changes in its reserves and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Welch LLP

Trenton, Ontario
January 16, 2009

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE LOWER TRENT REGION CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

BALANCE SHEET

DECEMBER 31, 2008

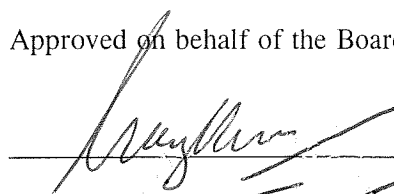
ASSETS

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash - <i>note 2</i>	\$ 4,204,611	\$ 2,270,975
Short term investments - <i>note 3</i>	59,939	58,808
Accounts receivable:		
Municipalities	3,750	4,325
Other	<u>29,473</u>	<u>57,951</u>
	<u>\$ 4,297,773</u>	<u>\$ 2,392,059</u>

LIABILITIES, RESERVES AND SURPLUS

LIABILITIES		
Accounts payable and accrued liabilities	\$ 149,746	\$ 360,916
Unearned revenue:		
General	52,617	39,110
Administered programs - <i>note 4</i>	3,676,702	1,620,704
Deferred contributions - <i>note 5</i>	<u>21,776</u>	<u>24,530</u>
	<u>3,900,841</u>	<u>2,045,260</u>
RESERVES - <i>note 6</i>	<u>284,712</u>	<u>209,712</u>
SURPLUS	<u>112,220</u>	<u>137,087</u>
	<u>\$ 4,297,773</u>	<u>\$ 2,392,059</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, 2008

	Budget <u>2008</u>	Actual <u>2008</u>	Actual <u>2007</u>
REVENUE			
Government grants - provincial	\$ 133,330	\$ 133,329	\$ 133,329
Municipal levies - general	636,650	636,650	601,250
Municipal levies - special benefitting	15,000	17,103	14,463
Conservation services - trees	10,000	15,092	11,608
Legal enquiries, fill permits and plan review	62,000	64,542	63,995
Sundry revenue	141,900	173,396	139,519
Shell Canada - note 5	-	3,226	-
Other programs - note 7	2,259,648	2,342,337	1,734,137
Property rental	13,790	13,466	14,296
Interest	-	11,365	10,685
Donations	1,000	1,304	468
Goodrich Loomis Nature Camp	20,000	19,223	18,810
Equipment disposal proceeds	-	-	300
	<u>3,293,318</u>	<u>3,431,033</u>	<u>2,742,860</u>
EXPENDITURES			
Environment advisory services - schedule 1	331,000	330,085	293,057
Flood protection services - schedule 1	228,000	215,724	229,940
Conservation lands - schedule 2	255,000	225,326	236,509
Watershed restoration - schedule 2	414,900	358,366	243,371
Program - administration - schedule 2	250,000	255,939	230,500
Program - non eligible - schedule 1	69,000	62,753	69,019
Goodrich Loomis Nature Camp	20,000	19,772	18,810
Streamgauge Network Rehabilitation	-	154	-
Source Water Protection - note 7	1,626,700	1,815,108	1,311,001
Source Protection - Early Action - note 7	332,948	20,731	-
Source Protection - Outreach and Education	-	14,339	-
Groundwater Technical Studies - note 7	-	225,681	156,360
Surface Water Technical Studies - note 7	-	42,258	75,390
Cost recoveries	(178,600)	(205,336)	(194,305)
	<u>3,348,948</u>	<u>3,380,900</u>	<u>2,669,652</u>
NET REVENUES (EXPENDITURES)	(55,630)	50,133	73,208
SURPLUS, beginning of year	137,087	137,087	163,879
	81,457	187,220	237,087
APPROPRIATIONS FROM RESERVES	30,000	-	-
APPROPRIATIONS TO RESERVES	-	(75,000)	(100,000)
SURPLUS, end of year	<u>\$ 111,457</u>	<u>\$ 112,220</u>	<u>\$ 137,087</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CONTINUITY OF RESERVES
YEAR ENDED DECEMBER 31, 2008

	Balance, beginning of year	Appropriations from Operations	Appropriations to Operations	Balance, end of year
Reserve for Administration Facility	\$ 55,480	\$ 20,000	\$ -	\$ 75,480
Reserve for Equipment	56,556	15,000	-	71,556
Reserve for Special Projects	22,676	10,000	-	32,676
Reserve for Workshop Facility	20,000	10,000	-	30,000
Reserve for Conservation Lands	<u>55,000</u>	<u>20,000</u>	<u>-</u>	<u>75,000</u>
Total 2008	<u>\$ 209,712</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 284,712</u>
 Total 2007	 <u>\$ 109,712</u>	 <u>\$ 100,000</u>	 <u>\$ -</u>	 <u>\$ 209,712</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenues	\$ 50,133	\$ 73,208
Net changes in non-cash working capital components:		
Accounts receivables - municipalities	575	(1,565)
Accounts receivables - other	28,478	(19,342)
Accounts payable and accrued liabilities	(211,170)	165,632
Unearned revenues - general	13,507	339
Unearned revenues - administered programs	2,055,998	1,022,766
Deferred contributions	(2,754)	781
	<u>1,934,767</u>	<u>1,241,819</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of short-term investments	<u>(1,131)</u>	<u>(1,874)</u>
INCREASE IN CASH	1,933,636	1,239,945
CASH, beginning of year	<u>2,270,975</u>	<u>1,031,030</u>
CASH, end of year	<u>\$ 4,204,611</u>	<u>\$ 2,270,975</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
ENVIRONMENTAL ADVISORY SERVICES			
Monitoring/assessing watershed conditions	\$ 289,000	\$ 291,818	\$ 253,415
Dissemination of information - capital	8,000	2,882	3,705
Travel	-	6,793	6,844
Storm water management program	15,000	12,525	11,593
Oak Ridges Moraine Coalition	2,500	2,500	2,500
Groundwater monitoring	16,500	13,567	15,000
	<u>\$ 331,000</u>	<u>\$ 330,085</u>	<u>\$ 293,057</u>
FLOOD PROTECTION SERVICES			
Flood control structures			
Operation of FCS	\$ 20,000	\$ 18,375	\$ 29,453
Minor maintenance of FCS	26,050	14,327	30,097
Preventative maintenance of FCS	14,500	12,000	32,037
Erosion control structures			
Operation of ECS	4,000	6,375	6,503
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	30,200	28,201	24,963
Flood forecasting	31,700	35,382	29,200
Communications	27,500	25,796	13,807
Operation centre	21,500	28,264	26,754
Systems plan	17,350	15,196	11,916
Response to a flood	29,200	26,808	20,210
	<u>\$ 228,000</u>	<u>\$ 215,724</u>	<u>\$ 229,940</u>
PROGRAM - NON ELIGIBLE			
General maintenance - Conservation Lands	\$ 16,000	\$ 16,283	\$ 15,182
Bank interest and service charge	-	3,052	2,907
Vehicle and equipment maintenance	30,000	28,462	23,529
Vehicle and equipment lease purchase	23,000	14,956	27,401
	<u>\$ 69,000</u>	<u>\$ 62,753</u>	<u>\$ 69,019</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2008

	2008	2008	2007
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
CONSERVATION LANDS			
Taxes	\$ 28,000	\$ 25,882	\$ 24,719
Insurance	12,000	10,950	10,878
Staff salaries	131,000	130,221	107,836
Planning and marketing	6,000	3,158	4,969
Workshop operational costs	12,000	11,183	9,698
Capital improvements	43,000	17,453	51,344
Travel and clothing	1,000	587	1,048
Staff training	1,000	844	458
Conservation services trees	10,000	13,913	14,037
Goodrich-Loomis conservation centre - capital	-	3,226	-
Goodrich-Loomis conservation centre - operations	9,000	7,909	7,982
Forest Management Plan	2,000	-	3,540
	<u>\$ 255,000</u>	<u>\$ 225,326</u>	<u>\$ 236,509</u>
WATERSHED RESTORATION			
Bay of Quinte Implementation Manager - note 7	300,000	\$ 171,212	\$ 156,336
Bay of Quinte Fate and Transport Model	-	-	16,250
Bay of Quinte Wildlife Habitat Monitoring - note 7	-	52,526	9,800
Bay of Quinte Contaminant Study - note 7	-	4,825	9,000
Bay of Quinte Fish and Wildlife - note 7	-	9,842	-
Bay of Quinte - Trent River Mouth Investigation	-	-	6,000
Trent-Rice Lake Species at Risk	35,000	51,645	2,791
Caring for the Moraine - Northumberland	79,900	68,316	43,194
	<u>\$ 414,900</u>	<u>\$ 358,366</u>	<u>\$ 243,371</u>
PROGRAM - ADMINISTRATION			
Wages and benefits	\$ 164,000	\$ 167,188	\$ 145,239
Travel and allowances	24,000	24,306	25,730
Equipment purchase and rentals	3,000	641	757
Material and supplies	13,000	13,606	11,642
Rent and utility services	21,000	18,383	17,562
General expenses	25,000	31,815	29,570
	<u>\$ 250,000</u>	<u>\$ 255,939</u>	<u>\$ 230,500</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Lower Trent Region Conservation Authority are prepared in accordance with 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.

Treatment of Capital Assets

Capital assets are expensed in the year acquired since the funds to finance the acquisition have been recorded as revenue in the year. During the year capital assets in the amount of \$45,606 (2007 - \$64,347) were included in program expenditures.

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.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

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

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 statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. **CASH**

Cash includes \$626,060 (2007 - \$723,162) in deposits held in trust for the Source Water Protection program. These funds are segregated and any interest earned is considered to be a contribution to the program.

3. **SHORT TERM INVESTMENTS**

Short term investments include \$21,776, which is restricted in use as described in Note 5. The short term investment is valued at cost. The market value of the investment is equivalent to its cost.

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 relating to these programs:

	<u>2008</u>	<u>2007</u>
Bay of Quinte Natural Heritage Strategy	\$ 30,993	\$ 30,993
Bay of Quinte Implementation Manager	129,594	79,606
Bay of Quinte Wildlife Habitat Monitoring	-	48,226
Bay of Quinte Mohawk Report	603	603
Bay of Quinte Work Planning	908	908
Bay of Quinte Contaminant Study	-	4,825
Bay of Quinte Fish and Wildlife	23,658	9,000
Source Protection Early Action	319,529	334,398
Streamgauge Network Rehabilitation	637	791
Groundwater Technical Studies	296,702	514,819
Surface Water Technical Studies	177,698	216,303
Source Water Protection	502,252	380,232
Source Protection - Technical Studies	<u>2,194,128</u>	<u>-</u>
	<u>\$3,676,702</u>	<u>\$1,620,704</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

5. DEFERRED CONTRIBUTIONS

	<u>Goodrich</u> <u>Loomis</u>
Balance December 31, 2007	\$ 24,530
Interest earned on amount	472
Expended in year	<u>(3,226)</u>
Balance, December 31, 2008	<u>\$ 21,776</u>

The Authority received contributions in a prior year from Shell Canada that are restricted in their expenditure.

	<u>Goodrich</u> <u>Loomis</u>
Income recognized in year	\$ <u>3,226</u>

6. RESERVES

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.

THE LOWER TRENT REGION CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

7. REVENUES AND EXPENDITURES - ADMINISTERED PROGRAMS

Revenues and expenditures of the programs are summarized as follows:

	Revenues Unearned 31/12/07	Funds Received in year	Revenues Unearned 31/12/08	Revenues	Expenditures
Bay of Quinte RAP Implementation Manager	\$ 79,606	\$ 221,200	\$ 129,594	\$ 171,212	\$ 171,212
Bay of Quinte Natural Heritage Strategy	30,993	-	30,993	-	-
Bay of Quinte Wildlife Habitat Monitoring	48,226	4,300	-	52,526	52,526
Bay of Quinte Work Plan	908	-	908	-	-
Bay of Quinte Contaminant Study	4,825	-	-	4,825	4,825
Bay of Quinte Mohawk Report	603	-	603	-	-
Bay of Quinte Fish and Wildlife	9,000	24,500	23,658	9,842	9,842
Source Protection - Early Action	334,398	5,862	319,529	20,731	20,731
Groundwater Technical Studies	514,819	7,564	296,702	225,681	225,681
Surface Water Technical Studies	216,303	3,653	177,698	42,258	42,258
Source Water Protection	380,232	1,937,128	502,252	1,815,108	1,815,108
Source Protection - Technical Studies	-	2,194,128	2,194,128	-	-
Streamgauge Network Rehabilitation	791	-	637	154	154
	<u>\$ 1,620,704</u>	<u>\$ 4,398,335</u>	<u>\$ 3,676,702</u>	<u>\$ 2,342,337</u>	<u>\$ 2,342,337</u>

8. COMMITMENT

The Authority entered into an agreement with the vendor of the parcel of land composed of Part of Lot 27, 29, 30 and all of Lot 28, Concession 8, Municipality of Brighton. Under the terms of the agreement the vendor has retained a life lease on the subject property.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

9. **BUDGET AMOUNTS**

The budget amounts have been presented for information purposes only and have not been audited.

10. **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, currency or credit risks arising from these financial instruments.

The fair value of the financial instruments, excluding short-term investments approximate their carrying values because of their expected short-term maturities and treatment on normal trade terms. The fair value of short-term investments approximate their carrying value as the investment is in a T-bill fund for which the quoted price does not vary.

The Authority has an operating line of credit available from its banker to maximum of \$100,000 bearing interest at bank prime. The Authority has not drawn any funds on the line of credit.

11. **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 \$76,607 (2007 - \$61,693).

12. **TANGIBLE CAPITAL ASSETS**

The Authority owns various tangible capital assets including conservation lands, structures on these lands, an administration facility, automotive equipment and office equipment. Effective January 1, 2009 the Authority will be required to record tangible capital assets in accordance with Section 3150 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants. Accounting Guideline 7 of the Handbook provides transitional guidance on presenting information related to tangible capital assets until Section 3150 comes into effect. With regards to this Guideline, the Authority has not yet determined the historical cost of all of its tangible assets so no further disclosure has been provided.

13. **COMPARATIVE FIGURES RECLASSIFIED**

Certain comparative figures have been reclassified to conform with the current years presentation.