

Financial Statements of

**THE CROWE VALLEY
CONSERVATION AUTHORITY**

December 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Crowe Valley Conservation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of The Crowe Valley Conservation Authority, which comprise the statement of financial position as at December 31, 2014, and the statements of changes in net 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 and fair presentation 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.

Auditors' 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 auditors' 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 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, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2014 and its results of operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

McColl Turner LLP

Licensed Public Accountants

Peterborough, Ontario
February 26, 2015

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF FINANCIAL POSITION

December 31, 2014

	2014 \$	2013 \$
FINANCIAL ASSETS		
Cash	351,318	377,836
Accounts receivable	38,787	147,073
	<u>390,105</u>	<u>524,909</u>
LIABILITIES		
Accounts payable and accrued liabilities	52,021	86,770
Deferred revenue	31,152	16,677
	<u>83,173</u>	<u>103,447</u>
NET FINANCIAL ASSETS	<u>306,932</u>	<u>421,462</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	481,099	524,987
Prepaid expenses	8,638	8,638
	<u>489,737</u>	<u>533,625</u>
NET ASSETS	<u>796,669</u>	<u>955,087</u>

See accompanying notes to the financial statements

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2014

	Unrestricted \$	Capital \$	Land Operations \$	McGeachie Conservation Area \$	Contingencies \$	Total \$
BALANCE - beginning of year	215,069	702,989	12,000	11,937	13,092	955,087
Excess of expenditure over revenues for the year	(114,530)	(43,888)	-	-	-	(158,418)
Transfers (note 6)	62,480	(84,700)	-	-	22,220	-
BALANCE - end of year	163,019	574,401	12,000	11,937	35,312	796,669

See accompanying notes to the financial statements

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF OPERATIONS

Year Ended December 31, 2014

	Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
REVENUES			
Ministry of Natural Resources grants			
Operating	116,741	116,741	116,741
Other projects	84,700	78,032	134,721
Municipal levies	405,719	405,719	382,752
Crowe Bridge Conservation Area	1,789	1,980	1,790
Authority generated regulation administration fees	55,900	63,450	49,250
Operating agreements	44,178	28,847	29,317
Hydro project	4,080	23,146	3,681
Source Water Protection project	15,198	55,843	55,938
Monitoring projects	5,407	10,243	5,407
Miscellaneous revenues	16,983	14,760	31,675
Grants and donations	3,861	12,140	1,751
Interest earned	1,530	3,108	2,334
	756,086	814,009	815,357
EXPENDITURE			
Program administration and operation (schedule)	577,648	575,855	588,913
Capital projects (schedule)	-	1,018	-
Other projects (schedule)	234,645	351,666	266,640
Amortization of tangible capital assets	-	43,888	41,886
	812,293	972,427	897,439
EXCESS OF EXPENDITURE OVER REVENUES FOR THE YEAR	(56,207)	(158,418)	(82,082)

See accompanying notes to the financial statements

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF CASH FLOWS

Year Ended December 31, 2014

	2014 \$	2013 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of expenditure over revenues for the year	(158,418)	(82,082)
Add amortization, an item not involving cash	43,888	41,886
	(114,530)	(40,196)
Changes in non-cash working capital items:		
Accounts receivable	108,286	(57,338)
Accounts payable and accrued liabilities	(34,749)	38,805
Deferred revenue	16,775	(16,281)
	(24,218)	(75,010)
INVESTING ACTIVITIES		
Purchase of computer equipment	-	(12,013)
DECREASE IN CASH DURING THE YEAR	(24,218)	(87,023)
CASH POSITION - beginning of year	377,836	464,859
CASH POSITION - end of year	353,618	377,836

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

1. PURPOSE OF THE ORGANIZATION

The Crowe Valley Conservation Authority is a corporate body established on November 6, 1958 under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources throughout the watershed within its area of jurisdiction in partnership with its member municipalities and the Province. The accompanying financial statements comprise all the activities of the Authority.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Crowe Valley Conservation Authority are the representation of management, prepared in accordance with Canadian public sector accounting standards for organizations operating in the local government sector as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada). The significant accounting policies adopted by the Authority are as follows:

(a) *Revenue recognition*

The Authority recognizes revenue as follows:

Municipal levies are generally recognized in the fiscal year in which they are levied.

Provincial government annual operating grants are recognized in the fiscal year to which the grant relates to the extent that eligible expenditures have been incurred.

Other grants and specified donations follow the deferral method of accounting for contributions and are recognized as revenue in the year in which the related expenditures are made or the related expenses are incurred.

User fees are recognized when the service has been performed.

General donations are recognized when received.

Any contributions received for which the related services have not been performed and/or the related expenditures have not been incurred in the fiscal year are recorded as deferred revenue.

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Tangible capital assets*

In accordance with PSAB guidelines, the Authority records tangible capital assets at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 years
Buildings	40 years
Furniture, tools and equipment	20 years
Automotive equipment	10 years
Computer hardware and software	3 to 10 years
Infrastructure	50 to 100 years

(c) *Allocation of expenses and vehicle recoveries*

The Authority allocates vehicles and equipment expenses to various programs by internal charges for usage based upon standard rates.

(d) *Estimates*

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make certain estimates and assumptions that affect the reported amount of asset and liabilities and disclosure of contingencies at the date of the financial statements and the reported amount 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.

(e) *Reserves*

Reserves for future expenditures and contingencies are established as required at the discretion of the Authority.

(f) *Budget data*

Budget data for current operations is compiled from the budget as approved by the Authority on May 1, 2014. The budget figures are unaudited.

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

3. FINANCIAL INSTRUMENTS

The Authority's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and deferred revenue. The fair value of the Authority's financial instruments approximates their carrying values due to their short term maturities. It is management's opinion that the Authority is not exposed to any significant interest, currency or credit risks.

4. TANGIBLE CAPITAL ASSETS

The major categories of tangible capital assets their cost and related accumulated amortization are classified as follows:

	December 31, 2014		December 31, 2013	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	56,216	-	56,216	-
Land improvements	9,648	7,581	9,648	7,236
Buildings	290,883	164,014	290,883	158,148
Furniture, tools and equipment	53,904	53,904	53,904	53,904
Automotive equipment	60,218	42,889	60,218	36,867
Computer hardware and software	456,305	450,298	456,305	446,294
Infrastructure	1,406,926	1,134,315	1,406,926	1,106,664
	2,334,100	1,853,001	2,334,100	1,809,113
Net book value		481,099		524,987

5. PENSION AGREEMENTS

The Authority makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of full-time members of staff and eligible part-time staff. The plan is a defined benefit pension plan, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Contributions are split equally between the employees and the Authority. The Authority's share of contributions for the year was \$25,901 (2012 - \$27,502) and is included as an expenditure on the statement of operations. The most recent audited financial statement completed by OMERS as of December 31, 2013 disclosed net assets available for benefits of \$65,081 million with pension obligations of \$65,594 million, resulting in a deficit of \$513 million.

6. INTERNALLY RESTRICTED FUNDS

Internally restricted funds represent reserves established by directives from the Authority. During the year, the Authority transferred \$62,480 to unrestricted funds. Internally restricted amounts are not available for unrestricted purposes without approval of the Authority.

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

7. RELATED PARTY TRANSACTIONS

The Authority has economic interest in The Crowe Valley Conservation Foundation. The Foundation is incorporated as a public foundation and is a registered charity under the Income Tax Act (Canada). It was established to develop and manage a base of capital to provide for operational and capital requirements of the Authority. The Foundation is presently limited in its activities.

8. CONTINGENCIES

The Authority owns a number of water control structures. As such, the Authority has undertaken dam safety assessments on the three largest water control structures to meet pending Provincial Dam Safety Legislation. The assessments have identified deficiencies in safety and infrastructure issues that will require future remediation. Health and safety issues will be addressed in the short term and infrastructure concerns will be addressed in the longer term in accordance with the Long Range Plan adopted by the Authority in 2012. Estimated costs of addressing these deficiencies are \$135,000 in 2015 with infrastructure deficiencies expected to cost \$1,075,000 over a number of years to 2020. The Authority's share of these expenditures will vary depending upon contributions from the Province.

9. COMMITMENTS

The Authority has leased the Crowe Bridge Conservation Area to The Corporation of the Municipality of Trent Hills for a period of 10 years ending March 2021. Under the terms of the lease, the Crowe Bridge Conservation Area shall be operated solely as a public park. The annual rent is \$2 per year and Trent Hills has assumed responsibility for the property taxes, insurance, utilities, operating and maintenance costs of the park.

THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULE OF EXPENDITURE - PROGRAM ADMINISTRATION AND OPERATION
Year Ended December 31, 2014

	Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Wages and benefits	329,391	327,203	323,155
Office and administration	42,796	43,899	45,808
Generic regulations	105,928	99,092	95,731
Travel, professional development	9,000	9,209	14,456
Insurance	34,975	37,477	34,844
Legal fees	780	874	4,371
Communications	16,970	17,222	17,777
Utilities	20,910	21,122	20,018
Municipal taxes	6,690	5,454	5,743
Dam operations	6,900	11,342	21,631
Board expenses	3,308	2,961	5,379
	577,648	575,855	588,913

THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULE OF OTHER EXPENDITURE - CAPITAL PROJECTS
Year Ended December 31, 2014

	Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
ADMINISTRATION OFFICE	-	1,018	-

SCHEDULE OF OTHER EXPENDITURE - OTHER PROJECTS
Year Ended December 31, 2014

	Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Maintenance and operation of			
Crowe Bridge Conservation Area	1,826	1,980	1,790
McGeachie Conservation Area	11,730	19,424	10,375
The "Gut" Conservation Area	-	-	5,161
Operating agreements - MNR and Hydro projects	29,358	28,726	30,995
Source Water Protection project	10,457	50,038	66,599
Water and erosion control infrastructure (WECl)	169,400	245,993	150,296
Monitoring projects	6,874	6,050	6,515
Automotive fuel	5,000	7,898	7,902
Maintenance and licences	-	4,732	4,106
	234,645	364,841	283,739
Deduct vehicle and other recoveries	-	(13,175)	(17,099)
	234,645	351,666	266,640