

Financial Statements of

**THE CROWE VALLEY
CONSERVATION AUTHORITY**

December 31, 2015

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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, 2015, 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, 2015 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
March 3, 2016

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF FINANCIAL POSITION

December 31, 2015

	2015 \$	2014 \$
FINANCIAL ASSETS		
Cash	378,460	351,318
Accounts receivable	30,017	38,787
	<u>408,477</u>	<u>390,105</u>
LIABILITIES		
Accounts payable and accrued liabilities	61,597	52,021
Deferred revenue	30,740	31,152
	<u>92,337</u>	<u>83,173</u>
NET FINANCIAL ASSETS	<u>316,140</u>	<u>306,932</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	462,882	481,099
Prepaid expenses	12,954	8,638
	<u>475,836</u>	<u>489,737</u>
NET ASSETS	<u>791,976</u>	<u>796,669</u>

See accompanying notes to the financial statements

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THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2015

	Unrestricted \$	Capital \$	Land Operations \$	McGeachie Conservation Area \$	Contingencies \$	Total \$
BALANCE - beginning of year	163,019	574,401	12,000	11,937	35,312	796,669
Excess of expenditure over revenues for the year	40,540	(45,233)	-	-	-	(4,693)
Transfers (note 6)	(40,429)	16,229	-	-	24,200	-
Unrestricted funds used for purchase of:						
Automotive equipment	(27,016)	27,016	-	-	-	-
BALANCE - end of year	136,114	572,413	12,000	11,937	59,512	791,976

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF OPERATIONS

Year Ended December 31, 2015

	Budget 2015 \$	Actual 2015 \$	Actual 2014 \$
REVENUES			
Ministry of Natural Resources grants			
Operating	116,741	116,741	116,741
Other projects	28,105	8,384	78,032
Municipal levies	430,048	430,048	405,719
Crowe Bridge Conservation Area	1,980	2,035	1,980
Authority generated regulation administration fees	77,140	96,702	63,450
Operating agreements	27,181	27,031	28,847
Hydro project	24,000	26,230	23,146
Source Water Protection project	41,208	50,630	55,843
Monitoring projects	10,739	11,179	10,243
Miscellaneous revenues	16,056	14,841	14,760
Grants and donations	57,050	6,053	12,140
Interest earned	2,000	3,445	3,108
	832,248	793,319	814,009
EXPENDITURE			
Program administration and operation (schedule)	600,774	634,641	575,855
Capital projects (schedule)	1,500	4,255	1,018
Other projects (schedule)	244,676	113,883	351,666
Amortization of tangible capital assets	-	45,233	43,888
	846,950	798,012	972,427
EXCESS OF EXPENDITURE OVER REVENUES FOR THE YEAR	(14,702)	(4,693)	(158,418)

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

	2015 \$	2014 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of expenditure over revenues for the year	(4,693)	(158,418)
Add amortization, an item not involving cash	45,233	43,888
	40,540	(114,530)
Changes in non-cash working capital items:		
Accounts receivable	8,770	108,286
Prepaid expenses	(4,316)	-
Accounts payable and accrued liabilities	9,576	(34,749)
Deferred revenue	(412)	14,475
	54,158	(26,518)
INVESTING ACTIVITIES		
Purchase of automotive equipment	(27,016)	-
INCREASE (DECREASE) IN CASH DURING THE YEAR	27,142	(26,518)
CASH POSITION - beginning of year	351,318	377,836
CASH POSITION - end of year	378,460	351,318

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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, 2015

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 February 26, 2015. 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, 2015

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, 2015		December 31, 2014	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	56,216	-	56,216	-
Land improvements	9,648	7,925	9,648	7,581
Buildings	290,883	169,879	290,883	164,014
Furniture, tools and equipment	53,904	53,904	53,904	53,904
Automotive equipment	87,234	50,258	60,218	42,889
Computer hardware and software	456,305	454,302	456,305	450,298
Infrastructure	1,406,926	1,161,966	1,406,926	1,134,315
	2,361,116	1,898,234	2,334,100	1,853,001
Net book value		462,882		481,099

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 \$24,003 (2014 - \$25,901) and is included as an expenditure on the statement of operations. The most recent audited financial statement completed by OMERS as of December 31, 2014 disclosed net assets available for benefits of \$72,096 million with pension obligations of \$72,596 million, resulting in a deficit of \$500 million.

6. INTERNALLY RESTRICTED FUNDS

Internally restricted funds represent reserves established by directives from the Authority. During the year, the Authority transferred \$40,429 from 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, 2015

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 \$128,500 in 2016 with infrastructure deficiencies expected to cost \$1,045,000 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, 2015

	Budget 2015 \$	Actual 2015 \$	Actual 2014 \$
Wages and benefits	336,325	333,333	327,203
Office and administration	45,096	46,744	43,899
Generic regulations	126,618	139,381	99,092
Travel, professional development	4,000	11,607	9,209
Insurance	32,558	43,617	37,477
Legal fees	800	2,535	874
Communications	16,000	17,531	17,222
Utilities	24,302	18,395	21,122
Municipal taxes	5,450	5,620	5,454
Dam operations	6,625	12,516	11,342
Board expenses	3,000	3,362	2,961
	600,774	634,641	575,855

THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULE OF OTHER EXPENDITURE - CAPITAL PROJECTS
Year Ended December 31, 2015

	Budget 2015 \$	Actual 2015 \$	Actual 2014 \$
ADMINISTRATION OFFICE	1,500	4,255	1,018

SCHEDULE OF OTHER EXPENDITURE - OTHER PROJECTS
Year Ended December 31, 2015

	Budget 2015 \$	Actual 2015 \$	Actual 2014 \$
Maintenance and operation of			
Crowe Bridge Conservation Area	1,980	2,035	1,980
McGeachie Conservation Area	10,684	9,554	19,424
The "Gut" Conservation Area	1,867	4,847	-
Operating agreements - MNR and Hydro projects	29,801	28,643	28,726
Source Water Protection project	40,103	48,122	50,038
Water and erosion control infrastructure (WECl)	137,285	5,414	245,993
Monitoring projects	11,956	12,766	6,050
Automotive fuel	11,000	6,782	7,898
Maintenance and licences	-	8,595	4,732
	244,676	126,758	364,841
Deduct vehicle and other recoveries	-	(12,875)	(13,175)
	244,676	113,883	351,666