

Financial Statements of

**THE CROWE VALLEY
CONSERVATION AUTHORITY**

December 31, 2016

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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, 2016, 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, 2016 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 16, 2017

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF FINANCIAL POSITION

December 31, 2016

	2016 \$	2015 \$
FINANCIAL ASSETS		
Cash	415,891	378,460
Accounts receivable	47,220	30,017
	<u>463,111</u>	<u>408,477</u>
LIABILITIES		
Accounts payable and accrued liabilities	62,368	61,597
Deferred revenue	20,905	30,740
	<u>83,273</u>	<u>92,337</u>
NET FINANCIAL ASSETS	<u>379,838</u>	<u>316,140</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	416,939	462,882
Prepaid expenses	12,954	12,954
	<u>429,893</u>	<u>475,836</u>
NET ASSETS	<u>809,731</u>	<u>791,976</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, 2016

	Unrestricted \$	Capital \$	Land Operations \$	McGeachie Conservation Area \$	Contingencies \$	Total \$
BALANCE - beginning of year	136,114	572,413	12,000	11,937	59,512	791,976
Excess of revenues over expenditure (expenditure over revenues) for the year	63,698	(45,943)	-	-	-	17,755
Transfers (note 6)	(28,553)	17,202	-	-	11,351	-
Unrestricted funds used for purchase of:						
Authority share of WECl expenditure	(11,723)	11,723	-	-	-	-
Stop log replacement	(6,421)	6,421	-	-	-	-
BALANCE - end of year	153,115	561,816	12,000	11,937	70,863	809,731

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, 2016

	Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
REVENUES			
Ministry of Natural Resources grants			
Operating	116,741	116,741	116,741
Other projects	59,250	9,221	8,384
Municipal levies	455,851	455,851	430,048
Crowe Bridge Conservation Area	2,035	2,182	2,035
Authority generated regulation administration fees	82,750	118,894	96,702
Operating agreements	47,134	51,690	28,961
Hydro project	15,000	11,560	26,230
Source Water Protection project	51,083	58,830	50,630
Monitoring projects	13,238	15,896	11,179
Miscellaneous revenues	14,090	12,716	12,911
Grants and donations	1,500	5,145	6,053
Interest earned	3,000	1,733	3,445
	861,672	860,459	793,319
EXPENDITURE			
Program administration and operation (schedule)	655,704	671,430	634,641
Capital projects (schedule)	1,500	1,549	4,255
Other projects (schedule)	245,166	123,782	113,882
Amortization of tangible capital assets	-	45,943	45,233
	902,370	842,704	798,011
EXCESS OF REVENUES OVER EXPENDITURE (EXPENDITURE OVER REVENUES) FOR THE YEAR			
	(40,698)	17,755	(4,692)

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, 2016

	2016 \$	2015 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenues over expenditure (expenditure over revenues) for the year	17,755	(4,692)
Add amortization, an item not involving cash	45,943	45,233
	63,698	40,541
Changes in non-cash working capital items:		
Accounts receivable	(17,203)	8,770
Prepaid expenses	-	(4,316)
Accounts payable and accrued liabilities	771	9,576
Deferred revenue	(9,835)	(412)
	37,431	54,159
INVESTING ACTIVITIES		
Purchase of automotive equipment	-	(27,016)
INCREASE IN CASH DURING THE YEAR	37,431	27,143
CASH POSITION - beginning of year	378,461	351,318
CASH POSITION - end of year	415,892	378,461

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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, 2016

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 April 21, 2016. 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, 2016

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, 2016		December 31, 2015	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	56,216	-	56,216	-
Land improvements	9,648	8,270	9,648	7,925
Buildings	290,883	175,745	290,883	169,879
Furniture, tools and equipment	53,904	53,904	53,904	53,904
Automotive equipment	87,234	60,337	87,234	50,258
Computer hardware and software	456,305	456,304	456,305	454,302
Infrastructure	1,406,926	1,189,617	1,406,926	1,161,966
	2,361,116	1,944,177	2,361,116	1,898,234
Net book value		416,939		462,882

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 \$29,124 (2015 - \$24,003) and is included as an expenditure on the statement of operations. The most recent audited financial statement completed by OMERS as of December 31, 2015 disclosed net assets available for benefits of \$77,245 million with pension obligations of \$77,789 million, resulting in a deficit of \$544 million.

6. INTERNALLY RESTRICTED FUNDS

Internally restricted funds represent reserves established by directives from the Authority. During the year, the Authority transferred \$28,553 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, 2016

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 \$138,000 in 2017 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.

The Authority has been named as a defendant in a lawsuit during the year. It is management's position that the Authority has valid defences and appropriate insurance coverage in place.

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, 2016

	Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
Wages and benefits	365,852	367,839	333,333
Office and administration	48,658	44,436	46,744
Generic regulations	129,955	131,145	139,381
Travel, professional development	4,000	8,027	11,607
Insurance	51,817	53,490	43,617
Legal fees	800	13,670	2,535
Communications	17,500	16,521	17,531
Utilities	21,684	16,926	18,395
Municipal taxes	5,638	5,974	5,620
Dam operations	7,000	10,187	12,516
Board expenses	2,800	3,215	3,362
	655,704	671,430	634,641

THE CROWE VALLEY CONSERVATION AUTHORITY

SCHEDULE OF OTHER EXPENDITURE - CAPITAL PROJECTS

Year Ended December 31, 2016

	Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
ADMINISTRATION OFFICE	1,500	1,549	4,255

SCHEDULE OF OTHER EXPENDITURE - OTHER PROJECTS

Year Ended December 31, 2016

	Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
Maintenance and operation of			
Crowe Bridge Conservation Area	2,035	2,182	2,035
McGeachie Conservation Area	10,636	12,146	9,554
The "Gut" Conservation Area	-	522	4,847
Operating agreements - MNR and Hydro projects	30,515	26,466	28,643
Source Water Protection project	47,475	45,773	48,122
Water and erosion control infrastructure (WECl)	128,500	18,012	5,414
Monitoring projects	14,005	14,622	12,766
Automotive fuel, maintenance and licences	12,000	13,906	15,376
	245,166	133,629	126,757
Deduct vehicle and other recoveries	-	(9,847)	(12,875)
	245,166	123,782	113,882