

**THE LOWER TRENT REGION
CONSERVATION AUTHORITY**

FINANCIAL STATEMENTS

December 31, 2007

THE LOWER TRENT REGION CONSERVATION AUTHORITY

INDEX

DECEMBER 31, 2007

AUDITORS' REPORT

- | | | |
|---------------|---|---|
| STATEMENT "1" | - | Balance Sheet as at December 31, 2007 |
| STATEMENT "2" | - | Statement of Operations and Surplus for the year ended December 31, 2007 |
| STATEMENT "3" | - | Statement of Continuity of Reserves for the year ended December 31, 2007 |
| SCHEDULE "1" | - | Schedule of Expenditures - Environmental Advisory Services, Flood Protection Services and Program - Non Eligible for the year ended December 31, 2007 |
| SCHEDULE "2" | - | Schedule of Expenditures - Conservation Lands, Watershed Restoration and Program - Administration for the year ended December 31, 2007 |

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, 2007 and the statements of operations and surplus and continuity of reserves 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, 2007 and the results of its operations and the changes in its reserves for the year then ended in accordance with Canadian generally accepted accounting principles.

Trenton, Ontario
January 18, 2008



CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE LOWER TRENT REGION CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

BALANCE SHEET

DECEMBER 31, 2007

ASSETS

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash - note 2	\$ 2,270,975	\$ 1,031,030
Short term investments - note 3	58,808	56,934
Accounts receivable:		
Municipalities	4,325	2,760
Other	57,951	38,609
	<u>\$ 2,392,059</u>	<u>\$ 1,129,333</u>

LIABILITIES, RESERVES AND SURPLUS

LIABILITIES

Accounts payable and accrued liabilities	\$ 360,916	\$ 195,284
Unearned revenue:		
General	39,110	38,771
Administered programs - note 4	1,620,704	597,938
Deferred contributions - note 5	24,530	23,749
	<u>2,045,260</u>	<u>855,742</u>
RESERVES - note 6	<u>209,712</u>	<u>109,712</u>
SURPLUS	<u>137,087</u>	<u>163,879</u>
	<u>\$ 2,392,059</u>	<u>\$ 1,129,333</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, 2007

	Budget <u>2006</u>	Actual <u>2007</u>	Actual <u>2006</u>
REVENUE			
Government grants - provincial	\$ 133,330	\$ 133,329	\$ 133,329
Municipal levies - general	601,250	601,250	583,630
Municipal levies - special benefitting	15,000	14,463	14,264
Conservation services - trees	8,000	11,608	9,846
Legal enquiries, fill permits and plan review	49,000	63,995	61,335
Sundry revenue	135,000	139,519	169,131
Shell Canada - note 5	-	-	4,775
Other programs - note 7	1,976,700	1,734,137	2,060,824
Property rental	13,790	14,296	15,449
Interest	-	10,685	12,356
Donations	1,000	468	587
Goodrich Loomis Nature Camp	20,000	18,810	20,293
Equipment disposal proceeds	-	300	3,460
	<u>2,953,070</u>	<u>2,742,860</u>	<u>3,089,279</u>
EXPENDITURES			
Environment advisory services - schedule 1	329,200	293,057	272,251
Flood protection services - schedule 1	233,000	229,940	288,449
Conservation lands - schedule 2	270,300	236,509	200,915
Watershed restoration - schedule 2	350,000	243,371	361,042
Program - administration - schedule 2	225,500	230,500	211,475
Program - non eligible - schedule 1	69,000	69,019	57,786
Land acquisition costs	-	-	7,835
Goodrich Loomis Nature Camp	20,000	18,810	20,293
Streamgauge Network Rehabilitation	-	-	6,960
Source Water Protection - note 7	1,626,700	1,311,001	1,623,276
Groundwater Technical Studies - note 7	-	156,360	44,953
Surface Water Technical Studies - note 7	-	75,390	82,975
Cost recoveries	(170,630)	(194,305)	(243,225)
	<u>2,953,070</u>	<u>2,669,652</u>	<u>2,934,985</u>
NET REVENUES	-	73,208	154,294
SURPLUS, beginning of year	<u>163,879</u>	<u>163,879</u>	<u>79,585</u>
	163,879	237,087	233,879
APPROPRIATIONS TO RESERVES	-	(100,000)	(70,000)
SURPLUS, end of year	<u>\$ 163,879</u>	<u>\$ 137,087</u>	<u>\$ 163,879</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CONTINUITY OF RESERVES
YEAR ENDED DECEMBER 31, 2007

	Balance, beginning of year	Appropriations from Operations	Appropriations to Operations	Balance, end of year
Reserve for Administration Facility	\$ 20,480	\$ 35,000	\$ -	\$ 55,480
Reserve for Equipment	36,556	20,000	-	56,556
Reserve for Special Projects	22,676	-	-	22,676
Reserve for Workshop Facility	10,000	10,000	-	20,000
Reserve for Conservation Lands	<u>20,000</u>	<u>35,000</u>	<u>-</u>	<u>55,000</u>
Total 2007	<u>\$ 109,712</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 209,712</u>
 Total 2006	 <u>\$ 39,712</u>	 <u>\$ 70,000</u>	 <u>\$ -</u>	 <u>\$ 109,712</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2007

	2007 <u>Budget</u>	2007 <u>Actual</u>	2006 <u>Actual</u>
ENVIRONMENTAL ADVISORY SERVICES			
Monitoring/assessing watershed conditions	\$ 239,000	\$ 253,415	\$ 214,040
Dissemination of information - capital	8,000	3,705	7,233
Travel	-	6,844	6,292
Storm water management program	15,000	11,593	8,845
Generic regulations	-	-	6,618
Oak Ridges Moraine Coalition	2,500	2,500	2,500
Groundwater monitoring	16,500	15,000	26,723
Lake Ontario Shoreline Management Plan	35,000	-	-
Lake Ontario Shoreline Erosion Monitoring	13,200	-	-
	<u>\$ 329,200</u>	<u>\$ 293,057</u>	<u>\$ 272,251</u>
FLOOD PROTECTION SERVICES			
Flood control structures			
Operation of FCS	\$ 30,000	\$ 29,453	\$ 35,053
Minor maintenance of FCS	32,500	30,097	23,298
Preventative maintenance of FCS	36,500	32,037	16,392
Erosion control structures			
Operation of ECS	5,000	6,503	12,009
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	27,500	24,963	24,870
Flood forecasting	16,000	29,200	18,596
Communications	20,500	13,807	14,906
Operation centre	18,000	26,754	27,575
Systems plan	14,500	11,916	18,336
Response to a flood	26,500	20,210	21,474
Warkworth Dam Safety Review	-	-	70,940
	<u>\$ 233,000</u>	<u>\$ 229,940</u>	<u>\$ 288,449</u>
PROGRAM - NON ELIGIBLE			
General maintenance - Conservation Lands	\$ 16,000	\$ 15,182	\$ 14,404
Bank interest and service charge	-	2,907	2,859
Vehicle and equipment maintenance	30,000	23,529	26,583
Vehicle and equipment lease purchase	23,000	27,401	13,940
	<u>\$ 69,000</u>	<u>\$ 69,019</u>	<u>\$ 57,786</u>

(See accompanying notes)

Welch LLP

An Independent Member of BKR International

THE LOWER TRENT REGION CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURES

YEAR ENDED DECEMBER 31, 2007

	2007 <u>Budget</u>	2007 <u>Actual</u>	2006 <u>Actual</u>
CONSERVATION LANDS			
Taxes	\$ 34,000	\$ 24,719	\$ 26,336
Insurance	12,000	10,878	8,443
Staff salaries	101,500	107,836	99,576
Planning and marketing	6,000	4,969	3,396
Workshop operational costs	12,000	9,698	8,806
Capital improvements	60,800	51,344	32,472
Travel and clothing	1,000	1,048	540
Staff training	1,000	458	163
Conservation services trees	8,000	14,037	8,086
Goodrich-Loomis conservation centre - capital	-	-	4,775
Goodrich-Loomis conservation centre - operations	9,000	7,982	8,322
Forest Management Plan	25,000	3,540	-
	<u>\$ 270,300</u>	<u>\$ 236,509</u>	<u>\$ 200,915</u>
WATERSHED RESTORATION			
Bay of Quinte Natural Heritage Strategy - note 7		\$ -	\$ 17,915
Bay of Quinte Implementation Manager - note 7		82,518	67,183
Bay of Quinte Fate and Transport Model - note 7		16,250	-
Bay of Quinte Wildlife Habitat Monitoring - note 7		9,800	53,716
Bay of Quinte Communications Strategy - note 7		62,138	64,297
Bay of Quinte Pollution Prevention - note 7		8,000	17,062
Bay of Quinte Work Planning - note 7		-	29,092
Bay of Quinte Contaminant Study - note 7		9,000	40,000
Bay of Quinte Mohawk Report - note 7		-	9,397
Bay of Quinte Fish Migration Barrier Study - note 7		-	3,998
Bay of Quinte Progress Report - note 7		3,680	-
Bay of Quinte - Trent River Mouth Investigation		6,000	58,382
Trent-Rice Lake Species at Risk		2,791	-
Caring for the Moraine - Northumberland		43,194	-
	<u>\$ 350,000</u>	<u>\$ 243,371</u>	<u>\$ 361,042</u>
PROGRAM - ADMINISTRATION			
Wages and benefits	\$ 141,500	\$ 145,239	\$ 136,383
Travel and allowances	21,000	25,730	22,136
Equipment purchase and rentals	4,000	757	2,605
Material and supplies	13,000	11,642	12,551
Rent and utility services	21,000	17,562	14,856
General expenses	25,000	29,570	22,944
	<u>\$ 225,500</u>	<u>\$ 230,500</u>	<u>\$ 211,475</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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 \$64,347 (2006 - \$64,897) 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, 2007

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 \$723,162 (2006 - \$637,424) 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 \$24,530, 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>2007</u>	<u>2006</u>
Bay of Quinte Fish Migration Barrier Study	\$ -	\$ 2
Bay of Quinte Fate and Transport Model	-	16,250
Bay of Quinte Natural Heritage Strategy	30,993	30,993
Bay of Quinte Communications Strategy	5,360	27,498
Bay of Quinte Implementation Manager	72,926	23,138
Bay of Quinte Pollution Prevention	-	24
Bay of Quinte Wildlife Habitat Monitoring	48,226	58,026
Bay of Quinte Mohawk Report	603	603
Bay of Quinte Progress Reporting	1,320	5,000
Bay of Quinte Work Planning	908	908
Bay of Quinte Contaminant Study	4,825	-
Bay of Quinte Osprey/Bald Eagles	9,000	-
Source Protection Early Action	334,398	-
Streamgauge Network Rehabilitation	791	791
Groundwater Technical Studies	514,819	29,926
Surface Water Technical Studies	216,303	117,650
Source Water Protection	380,232	287,129
	<u>\$1,620,704</u>	<u>\$597,938</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

5. DEFERRED CONTRIBUTIONS

	Goodrich <u>Loomis</u>
Balance December 31, 2006	\$ 23,749
Interest earned on amount	781
Expended in year	<u>-</u>
Balance, December 31, 2007	<u>\$ 24,530</u>

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

	<u>Goodrich Loomis</u>
Income recognized in year	<u>\$ -</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, 2007

7. REVENUES AND EXPENDITURES - ADMINISTERED PROGRAMS

Revenues and expenditures of the programs are summarized as follows:

	Revenues Unearned (Receivable) 31/12/06	Funds Received (Returned) in year	Revenues Unearned (Receivable) 31/12/07	Revenues	Expenditures
Bay of Quinte RAP Implementation Manager	\$ 23,138	\$ 132,306	\$ 72,926	\$ 82,518	\$ 82,518
Bay of Quinte Natural Heritage Strategy	30,993	-	30,993	-	-
Bay of Quinte Communication Strategy	27,498	40,000	5,360	62,138	62,138
Bay of Quinte Fate and Transport Model	16,250	-	-	16,250	16,250
Bay of Quinte Wildlife Habitat Monitoring	58,026	-	48,226	9,800	9,800
Bay of Quinte Pollution Prevention	24	7,976	-	8,000	8,000
Bay of Quinte Work Plan	908	-	908	-	-
Bay of Quinte Contaminant Study	-	13,825	4,825	9,000	9000
Bay of Quinte Mohawk Report	603	-	603	-	-
Bay of Quinte Fish Migration Barrier Studdy	2	(2)	-	-	-
Bay of Quinte Progress Report	5,000	-	1,320	3,680	3,680
Bay of Quinte Osprays/ Bold Eagle	-	9,000	9,000	-	-
Source Protection - Early Action	-	334,398	334,398	-	-
Groundwater Technical Studies	29,926	641,253	514,819	156,360	156,360
Surface Water Technical Studies	117,650	174,043	216,303	75,390	75,390
Source Water Protection	287,129	1,404,104	380,232	1,311,001	1,311,001
Streamgauge Network Rehabilitation	791	-	791	-	-
	<u>\$ 597,938</u>	<u>\$ 2,756,903</u>	<u>\$ 1,620,704</u>	<u>\$ 1,734,137</u>	<u>\$ 1,734,137</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, 2007

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 \$61,693 (2006 - \$54,648).

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.