THE LOWER TRENT REGION CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2019

LOWER TRENT
CONSERVATION

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Registered Charitable Organization No. 107646598RR0001

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of The Lower Trent Region Conservation Authority are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the Authority, in accordance with Canadian auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.

Rhonda T. Bat

Rhonda Bateman
Chief Administrative Officer

Kelly Vandette
Manager, Corporate Services

February 13, 2020

Welch LLP®

INDEPENDENT AUDITOR'S REPORT

To the Members of
THE LOWER TRENT REGION CONSERVATION AUTHORITY

Opinion

We have audited the financial statements of **THE LOWER TRENT REGION CONSERVATION AUTHORITY**, which comprise the statement of financial position as at December 31, 2019, and the statements of surplus, changes in net financial assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Welch LLP

Trenton, Ontario
February 13, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE LOWER TRENT REGION CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash	$ 1,273,085	$ 1,248,288
Short term investment - *note 3*	63,510	62,666
Accounts receivable:		
Municipalities	16,775	19,569
Other	19,618	69,081
	1,372,988	1,399,604
LIABILITIES		
Accounts payable and accrued liabilities	84,081	186,581
Unearned revenue	24,649	88,259
Due to partnership programs - *note 5*	331,207	359,558
Deferred contributions - *note 4*	131,948	151,555
	571,885	785,953
NET FINANCIAL ASSETS	801,103	613,651
NON-FINANCIAL ASSETS		
Tangible capital assets - *schedule 4*	2,951,615	2,943,678
Prepaid expenditures	14,862	14,919
	2,966,477	2,958,597
ACCUMULATED SURPLUS	$ 3,767,580	$ 3,572,248
Represented by:		
Operating fund - *note 6*	$ 493,140	$ 305,745
Reserve funds - *note 7*	322,825	322,825
Equity in tangible capital assets	2,951,615	2,943,678
	$ 3,767,580	$ 3,572,248

Approved on behalf of the Board

Jim Alyea Director

Director

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 2019

	2019	2018
ACCUMULATED SURPLUS , beginning of year	$ 3,572,248	$ 3,486,397
Annual surplus	195,332	85,851
ACCUMULATED SURPLUS , end of year	$ 3,767,580	$ 3,572,248

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2019

	2019	2018
NET FINANCIAL ASSETS, beginning of year	$ 613,651	$ 505,612
Annual surplus	195,332	85,851
Acquisition of tangible capital assets	(43,341)	(26,339)
Proceeds on disposition of tangible capital assets	-	280
Gain on disposal of tangible capital assets	-	(212)
Amortization of tangible capital assets	35,404	32,500
Change in prepaid expenditures	57	15,959
	187,452	108,039
NET FINANCIAL ASSETS, end of year	$ 801,103	$ 613,651

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2019

	2019 Budget (Note 11)	2019 Actual	2018 Actual
REVENUE			
Government grants - provincial	$ 133,329	$ 68,831	$ 133,329
Municipal levies - general	976,986	976,986	940,312
Recoveries - property taxes	21,500	23,215	21,506
Legal enquiries, fill permits and plan review	155,000	299,162	197,475
Sundry - note 8	108,000	202,243	111,111
Property rental	28,736	32,707	32,640
Donations - unrestricted	32,000	3,552	3,244
Deferred contributions recognized	60,000	97,243	136,963
Source Protection RMO/RMI and E&O programs	124,000	130,199	128,999
Recovered from partnership programs	240,460	282,957	266,620
Government grants - summer students	23,934	18,207	21,513
	1,903,945	2,135,302	1,993,712
EXPENDITURES			
Amortization	-	35,404	32,500
Corporate Services, Schedule 1	677,386	625,547	711,516
Watershed Science and Services, Schedule 2	985,185	988,891	877,441
Conservation Lands, Schedule 3	306,070	290,128	286,616
Gain on disposal of tangible capital assets	-	-	(212)
	1,968,641	1,939,970	1,907,861
NET INCOME (LOSS)	$ (64,696)	$ 195,332	$ 85,851

(See accompanying notes)

SCHEDULE OF CORPORATE SERVICES — Schedule 1

	2019 Budget (Note 11)	2019 Actual	2018 Actual
Wages and benefits	$ 535,626	$ 513,025	$ 564,832
Travel and allowances	19,000	18,397	11,494
Equipment purchases and rental	4,000	1,168	2,170
Materials and supplies	11,000	11,740	10,255
Building occupancy costs	25,000	22,129	27,501
General	110,660	85,493	123,264
Less: internal charge for supervision and overhead	(27,900)	(26,405)	(28,000)
	$ 677,386	$ 625,547	$ 711,516

SCHEDULE OF WATERSHED SCIENCE AND SERVICES — Schedule 2

	2019 Budget (Note 11)	2019 Actual	2018 Actual
Wages and benefits	$ 518,145	$ 532,345	$ 508,897
Travel and allowances	10,500	7,091	10,540
Materials, equipment and supplies	10,000	6,483	10,758
Office	10,250	4,298	7,843
Vehicle and equipment - operations and maintenance	8,000	6,481	5,728
Vehicle and equipment replacement	41,000	-	1,984
Oak Ridges Moraine Coalition	2,500	2,500	2,500
Groundwater monitoring network	-	49	63
Benthic/flow monitoring	34,360	32,342	24,861
Flood forecasting and control structures	91,300	141,674	78,543
Events and publications	7,500	5,438	2,704
Tree planting program	-	22,759	-
Education and outreach programs	104,630	77,099	77,919
Stewardship programs	23,000	20,148	13,754
Source Protection RMO/RMI and E&O programs	124,000	130,184	131,347
	$ 985,185	$ 988,891	$ 877,441

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF CONSERVATION LANDS **Schedule 3**

	2019 Budget (Note 11)	2019 Actual	2018 Actual
Wages and benefits	$ 201,070	$ 187,665	$ 168,881
Travel and allowances	3,000	1,802	3,173
General maintenance	18,500	11,772	14,734
Property taxes	38,000	40,239	36,829
Insurance	17,500	12,746	14,018
Workshop costs	10,000	7,953	7,904
Goodrich-Loomis Conservation Centre operations	6,000	7,550	6,756
Capital works	-	8,784	4,407
Vehicle and equipment operations and maintenance	12,000	11,454	13,682
Vehicle and equipment lease/purchase	-	163	1,232
Brighton wetland contribution	-	-	15,000
	$ 306,070	$ 290,128	$ 286,616

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2019

Schedule 4

Historical Costs:	Land $	Buildings and structures $	Bridges and dams $	Roads, parking lots and trails $	Furniture and fixtures $	Equipment $	Office equipment $	Vehicles $	Computer Equipment $	2019 Total $	2018 Total $
Opening Balance	2,135,408	820,297	284,897	134,797	39,578	55,660	39,021	130,373	86,932	3,726,963	3,721,010
Additions	-	-	-	-	-	15,264	-	25,309	2,768	43,341	26,339
Disposals	-	-	-	-	-	-	-	-	(12,152)	(12,152)	(20,386)
Closing Balance	2,135,408	820,297	284,897	134,797	39,578	70,924	39,021	155,682	77,548	3,758,152	3,726,963
Accumulated Amortization:											
Opening Balance	-	270,200	167,931	36,440	35,557	53,528	34,064	121,142	64,423	783,285	771,103
Amortization	-	13,752	2,924	2,460	804	681	1,486	8,464	4,833	35,404	32,500
Effects of Disposals	-	-	-	-	-	-	-	-	(12,152)	(12,152)	(20,318)
Closing Balance	-	283,952	170,855	38,900	36,361	54,209	35,550	129,606	57,104	806,537	783,285
Net book value for year ended December 31, 2019	2,135,408	536,345	114,042	95,897	3,217	16,715	3,471	26,076	20,444	2,951,615	2,943,678

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	$ 195,332	$ 85,851
Adjustments for:		
Amortization	35,404	32,500
Gain on disposal of tangible capital assets	-	(212)
	230,736	118,139
Change in non-cash operating balances:		
Accounts receivable	52,257	(6,928)
Prepaid expenditures	57	15,959
Accounts payable and accrued liabilities	(102,500)	20,220
Unearned revenue	(63,610)	78,567
Due to partnership programs	(28,351)	(2,546)
Deferred contributions	(19,607)	(2,861)
	68,982	220,550
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(43,341)	(26,339)
Proceeds on disposal of tangible capital assets	-	280
	(43,341)	(26,059)
CASH FLOWS FROM INVESTING TRANSACTIONS		
Purchase of short-term investment	(844)	(642)
INCREASE IN CASH	24,797	193,849
CASH, beginning of year	1,248,288	1,054,439
CASH, end of year	$ 1,273,085	$ 1,248,288

(See accompanying notes)

1. NATURE OF OPERATIONS

The Lower Trent Region Conservation Authority ("the Authority") is established under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources, other than gas, oil, coal and minerals, for the watersheds within its area of jurisdiction. The watersheds include areas in the Municipalities of Centre Hastings, Trent Hills and Brighton, the Townships of Alnwick/Haldimand, Cramahe and Stirling-Rawdon, and the City of Quinte West.

The Authority is a registered charity and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The Authority follows Canadian Public Sector Accounting Standards as established by the Public Sector Accounting Board in preparing its financial statements. The significant accounting policies used 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.

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 surplus as appropriations from or to surplus.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a declining balance basis commencing in the year the asset is put into service. Donated tangible capital assets are reported at fair value at the time of donation. Amortization rates are as follows:

Buildings and structures	2.5%
Bridges and dams	2.5%
Roads, parking lots and trails	2.5%
Furniture and fixtures	20%
Equipment	20%
Office equipment	30%
Vehicles	30%
Computer equipment	30 to 45%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Investments

Investments are measured at acquisition cost.

Use of estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures 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.

3. SHORT TERM INVESTMENT

The short term investment consists of a T-Bill mutual fund and includes $15,798 (2018 - $15,588) which is restricted in use for the Shell Canada project described in Note 4. The market value of the investment is equivalent to its cost.

4. DEFERRED CONTRIBUTIONS

	2019	2018
Balance, beginning of year	$ 151,555	$ 154,416
Contributions received in year	77,426	133,942
Interest earned	210	160
Expended in year	(97,243)	(136,963)
Balance, end of year	$ 131,948	$ 151,555

Deferred contribution balance includes the following items:

	2019	2018
Shell Canada	$ 15,798	$ 15,588
Youth Education Programs and Fundraising Initiative	116,150	134,675
Seymour Conservation Area Restoration	-	1,292
	$ 131,948	$ 151,555

The Authority received contributions in a prior year from Shell Canada that are restricted in their use towards capital improvements at the Goodrich-Loomis Conservation Centre.

The Authority received contributions during the year from various donors that are restricted in their use towards Youth Education Programs and Fundraising Initiative.

5. DUE TO PARTNERSHIP PROGRAMS

The Authority has been engaged to manage and administer various non-authority programs on behalf of partners. This includes hiring and supervising the employees of these programs as well as providing technical and administrative support. The Authority is advanced funds to cover the expenditures of these programs. Separate bank accounts are not maintained for these programs. At December 31, 2019 the Authority had the following amounts payable to these programs and funds received and expended for these programs.

	Amount payable beginning of year	Funds received in year	Expenditures	Amount payable end of year
Bay of Quinte Governance	$ 83,186	$ 159,430	$ 213,978	$ 28,638
Bay of Quinte Natural Heritage	187,424	86,767	108,607	165,584
Bay of Quinte Biocontaminants	25,465	-	22,050	3,415
Bay of Quinte Remedial Action Plan - total	296,075	246,197	344,635	197,637
Source Water Protection	63,483	749,021	678,934	133,570
	$ 359,558	$ 995,218	$ 1,023,569	$ 331,207

The Authority is the signatory to funding contracts with the Federal and Ontario governments for the above noted programs. Under these contracts, there are periodic submissions of financial reports and reconciliation of expenditures incurred to the funding provided for the contract period. Funding received in excess of eligible expenditures may have to be returned to the funding government.

6. OPERATING FUND

The activity during the year in the operating fund is as follows:

	2019	2018
Balance, beginning of year	$ 305,745	$ 281,778
Increase in net financial assets	187,452	108,039
Decrease in prepaid expenditures	(57)	(15,959)
Appropriations to reserves	-	(83,113)
Appropriations from reserves	-	15,000
Balance, end of year	$ 493,140	$ 305,745

7. RESERVE FUNDS

Appropriations to or from the reserve for administration facility, reserve for equipment, reserve for special projects, reserve for workshop facility, reserve for conservation lands, reserve for legal fees and reserve for youth education are specific decisions of the Authority's Board of Directors. The activity in the various reserve funds during the year are as follows:

	Balance beginning of year	Appropriation from Operations	Appropriation to Operations	Balance end of year
Reserve for administration facility	$ 35,480	$ -	$ -	$ 35,480
Reserve for equipment	101,556	-	-	101,556
Reserve for special projects	47,676	-	-	47,676
Reserve for workshop facility	30,000	-	-	30,000
Reserve for conservation lands	15,000	-	-	15,000
Reserve for legal fees	50,000	-	-	50,000
Reserve for youth education	43,113	-	-	43,113
	$ 322,825	$ -	$ -	$ 322,825

8. SUNDRY

Sundry revenue consists of the following:

	2019 Budget (Note 11)	2019 Actual	2018 Actual
Tree seedling and native potted plant program	$ 18,000	$ 23,891	$ 17,347
Shoreline Management Plan	25,000	50,000	5,424
Stewardship programs and other projects	25,000	33,109	25,895
Interest	10,000	27,199	22,075
Water & Erosion Control - Warkworth Dam	30,000	68,044	40,370
	$ 108,000	$ 202,243	$ 111,111

Sundry revenue includes $84,022 (2018 - $25,609) related to special projects that was recognized from special levies to the benefitting municipalities.

9. DONATIONS

During the year, the Authority received donations totalling $76,197. Of those donations, $72,465 is included as deferred contributions received (see note 4) and $3,552 is included in donations on the statement of operations.

10. RECOVERIES FROM PARTNERSHIP PROGRAMS

Recoveries from partnership programs are amounts recovered from the programs described in note 5 and include recovery of wages and benefits of general Authority employees, office space and automotive equipment rental and overhead costs. The amounts charged to the programs are as follows:

	2019	2018
Bay of Quinte Remedial Action Plan	$ 115,703	$ 119,017
Source Water Protection	167,254	147,603
	$ 282,957	$ 266,620

11. BUDGET AMOUNTS

The budget amounts presented are as approved by the Board of Directors on February 14, 2019. The Authority does not budget for amortization and capital expenditures are included in the operating budget. For this reason, actual results may not be fully comparable to budget amounts.

12. FINANCIAL INSTRUMENTS

The Authority's financial instruments consist of cash, short term investment, accounts receivable, accounts payable and accrued liabilities and due to partnership programs. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

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

13. EXPENDITURES BY OBJECT

	2019	2018
Salaries and benefits	$ 1,415,444	$ 1,407,115
Operating goods and services	489,122	468,458
Amortization	35,404	32,500
Gain on disposal of tangible capital assets	-	(212)
	$ 1,939,970	$ 1,907,861

14. PENSION AGREEMENTS

The Authority makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. This plan is a defined benefit 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 to OMERS for 2019 was $129,872 (2018 - $119,753) for current service costs and is included in the statement of operations.

The OMERS plan has a reported $4.2 billion actuarial deficit at the end of 2018 (2017 - $5.4 billion), and $100.1 billion of actuarial liabilities at the end of 2018 (2017 - $94.4 billion). Amounts for 2019 are not yet available.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.