

LOWER THAMES VALLEY CONSERVATION AUTHORITY

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Lower Thames Valley Conservation Authority

Opinion

We have audited the financial statements of the Lower Thames Valley Conservation Authority, which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets 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.

INDEPENDENT AUDITOR'S REPORT, continued

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.

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.

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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.

Chatham, Ontario
February 19, 2020


**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

LOWER THAMES VALLEY CONSERVATION AUTHORITY**FINANCIAL STATEMENTS****DECEMBER 31, 2019**

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LOWER THAMES VALLEY CONSERVATION AUTHORITY

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2019

	2019 Budget	2019 Actual	2018 Actual
REVENUES			
Municipal levies	\$ 1,638,781	\$ 1,638,781	\$ 1,611,734
Miscellaneous income	-	749	8,790
Grants	893,511	820,734	778,170
Government grants - special projects	22,750	8,860	22,696
Direct benefiting	344,500	495,094	502,777
Rental recoveries	-	131,382	121,290
Oil and gas royalties	-	6,819	7,839
Interest income	-	43,838	36,597
Foundation revenue	-	5,409	4,091
Conservation area revenues	219,890	227,763	202,881
Mapping revenue	-	7,500	-
Ska-Nah-Doht Village, Schedule 1	86,092	86,349	98,483
	<u>3,205,524</u>	<u>3,473,278</u>	<u>3,395,348</u>
EXPENDITURES			
Ska-Nah-Doht Village, Schedule 1	206,991	194,532	200,113
Source protection, Schedule 2	26,911	42,658	33,353
Watershed monitoring, Schedule 3	137,434	72,694	88,765
Flood control structures, Schedule 4	289,124	180,903	178,219
Flood forecasting and warning, Schedule 5	163,052	214,723	218,462
Regulations and plan review, Schedule 6	238,226	247,087	213,500
Conservation services - Stewardship, Schedule 7	1,123,321	1,250,667	1,069,428
Maintenance and other non-eligible, Schedule 8	1,020,465	1,180,840	1,146,867
Administration and other	-	-	(575)
River clean up	-	-	1,229
Special projects	-	-	7,594
	<u>3,205,524</u>	<u>3,384,104</u>	<u>3,156,955</u>
ANNUAL SURPLUS BEFORE AMORTIZATION AND OTHER INCOME (EXPENSE)			
	<u>-</u>	<u>89,174</u>	<u>238,393</u>
AMORTIZATION AND OTHER INCOME (EXPENSE)			
Amortization of tangible capital assets	-	(253,770)	(249,195)
Gain on sale of tangible capital assets	-	7,858	-
Amortization of deferred capital contributions (note 8)	-	13,503	4,074
Donations of tangible capital assets (note 15)	-	100,155	147,600
	<u>-</u>	<u>(132,254)</u>	<u>(97,521)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>\$ -</u>	<u>\$ (43,080)</u>	<u>\$ 140,872</u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2019

	INVESTMENT IN TANGIBLE CAPITAL ASSETS	RESERVES	OTHER	TOTAL 2019	TOTAL 2018
BALANCE, BEGINNING OF YEAR	\$ 6,579,466	\$ 480,021	\$ 234,759	\$ 7,294,246	\$ 7,153,374
Annual (deficit) surplus (note 10)	(46,629)	-	3,549	(43,080)	140,872
Transfer from reserves (note 11)	-	16,623	(16,623)	-	-
Contribution received for the purchase of tangible capital assets not subject to amortization (note 12)	-	-	10,697	10,697	-
BALANCE, END OF YEAR	<u>\$ 6,532,837</u>	<u>\$ 496,644</u>	<u>\$ 232,382</u>	<u>\$ 7,261,863</u>	<u>\$ 7,294,246</u>

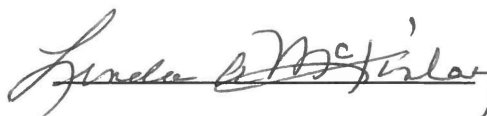
LOWER THAMES VALLEY CONSERVATION AUTHORITY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash (note 3)	\$ 1,393,179	\$ 1,411,395
Accounts receivable (note 5)	<u>495,798</u>	<u>286,733</u>
	<u>1,888,977</u>	<u>1,698,128</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 6)	178,918	112,059
Deferred revenue (note 7)	914,790	848,268
Deferred capital contributions (note 8)	<u>80,462</u>	<u>36,670</u>
	<u>1,174,170</u>	<u>996,997</u>
NET FINANCIAL ASSETS (note 13)	<u>\$ 714,807</u>	<u>\$ 701,131</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	14,219	13,649
Tangible capital assets (note 4)	<u>6,532,837</u>	<u>6,579,466</u>
	<u>6,547,056</u>	<u>6,593,115</u>
ACCUMULATED SURPLUS (note 9)	<u>\$ 7,261,863</u>	<u>\$ 7,294,246</u>

ON BEHALF OF THE BOARD

 Chair

 Vice Chair

LOWER THAMES VALLEY CONSERVATION AUTHORITY

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (43,080)	\$ 140,872
Adjustments for		
Amortization of tangible capital assets	253,770	249,195
Gain on sale of tangible capital assets	(7,858)	-
Amortization of deferred capital contributions (note 8)	(13,503)	(4,074)
Contributed land (notes 14 and 15)	<u>(100,000)</u>	<u>(147,375)</u>
	89,329	238,618
Change in non-cash working capital items (note 14)	<u>(76,253)</u>	<u>231,101</u>
	<u>13,076</u>	<u>469,719</u>
FINANCING ACTIVITY		
Tangible capital assets funded by capital contributions	<u>67,991</u>	<u>40,744</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(107,142)	(109,672)
Proceeds on sale of tangible capital assets	<u>7,859</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	(18,216)	400,791
CASH, BEGINNING OF YEAR	<u>1,411,395</u>	<u>1,010,604</u>
CASH, END OF YEAR	<u><u>\$ 1,393,179</u></u>	<u><u>\$ 1,411,395</u></u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. NATURE OF OPERATIONS

Lower Thames Valley Conservation Authority is a not-for-profit organization established under the Conservation Authorities Act of Ontario in the area over which it has jurisdiction. The Authority undertakes a program designed to further the conservation, preservation, restoration, development and management of natural resources other than gas, oil, coal and minerals.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority are prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are as follows:

(a) CASH

Cash consists of balances with financial institutions, certificates of deposit, and short-term investments with maturities of 90 days or less.

(b) TANGIBLE CAPITAL ASSETS

Tangible capital assets are significant economic resources that are managed by the Authority and are a key component in the long-term delivery of the Authority's programs. Tangible capital assets are recorded at cost. Cost includes the purchase price of the asset and all other costs incurred to make the asset available for use. The Authority provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	20-50 years
Equipment	5-40 years
Automotive	6-25 years
Furniture and fixtures	10 years
Computer equipment	3 years

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

LOWER THAMES VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) RESERVES

Reserves for future expenditures and contingencies are established as required at the discretion of the members of the Authority. Increases or decreases in these reserves are made by appropriations to or from operations and, where appropriate, upon approval of the Board of Directors.

The reserve for vehicle and equipment acquisitions is used for the purchase of vehicles and equipment.

The reserve for Ska-Nah-Doht Village maintenance is used to hold funds earned by the Ska-Nah-Doht Advisory Committee to fund large projects.

The reserve for capital and maintenance projects on Authority lands and structures is used to hold royalties received from lands purchased using provincial funding to fund capital and maintenance projects on Authority lands.

The reserve for provincially eligible and mandated projects is used to hold royalties received from lands purchased using provincial funding to fund provincially-eligible expenditures.

The reserve for insurance deductibles is used to hold funding to pay the deductible on insurance claims and cover expenses related to the self-funded short-term disability policy.

The reserve for restructuring is used to hold funding to pay severance costs in the event of organizational restructuring.

The reserve for eastern district properties is used to hold funds for the improvement of eastern district conservation areas.

LOWER THAMES VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) REVENUE RECOGNITION AND GOVERNMENT TRANSFERS

The Authority follows the deferral method of accounting for contributions and government transfers. Restricted contributions and government transfers are deferred and are recognized as revenues in the year in which the related expenses are incurred or services performed. Unrestricted contributions and government transfers are recognized as revenues in the period in which events giving rise to the revenue occur, provided that the transactions are authorized, any eligibility criteria have been met, and a reasonable estimate can be made of the amount to be received.

Contributions and transfers related to tangible capital assets are credited to deferred capital contributions and are recognized as revenue on the same basis as amortization on the related asset is charged against operations. Contributions and transfers related to tangible capital assets that are not subject to amortization are recognized as a direct increase in net assets.

(e) SEGMENTATION OF EXPENSES

The Authority's expenses are segregated into several key program areas in the statement of operations and supporting schedules. These segments are identified and segregated on the basis of the programs operated by the Lower Thames Valley Conservation Authority and expenses are allocated to these segments according to the program to which they relate.

(f) BASIS OF ACCOUNTING

Revenues and expenses of the Authority have been recorded on an accrual basis and are recognized in the statement of operations in the year in which they have been earned and incurred, respectively, regardless of whether or not such transactions have been settled by the payment or receipt of cash.

(g) CONTRIBUTED MATERIALS AND SERVICES

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated, when the materials and services are used in the normal course of operations, and when the materials and services would otherwise have been purchased. When a fair value cannot be determined, the contributed materials and services are recorded at a nominal value.

LOWER THAMES VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) FINANCIAL INSTRUMENTS

The Authority's financial assets consist of cash and accounts receivable. The Authority's financial liabilities consist of accounts payable and accrued liabilities. The Authority initially measures these financial instruments at fair value except for certain non-arm's length transactions that are measured at the exchange amount.

These financial instruments are subsequently measured at amortized cost and are evaluated for impairment at each statement of financial position date, with the write down recorded in excess (deficiency) of revenues over expenditures. Impairment reversals may occur and the asset can be written up to its original cost.

(i) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions, such as the allowance for doubtful accounts, useful life of capital assets and amortization that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of certain revenues and expenditures during the year. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

3. BANK INDEBTEDNESS

The Authority has available a revolving demand operating line in the amount of \$300,000. This credit facility bears interest at the rate of prime less 0.75% and is unsecured. At year end, \$nil, (2018 - \$nil) of this operating line has been used.

LOWER THAMES VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

4. TANGIBLE CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 3,368,074	\$ -	\$ 3,268,075	\$ -
Buildings	7,363,137	4,536,563	7,363,137	4,390,186
Equipment	882,454	667,801	820,534	588,741
Automotive	530,754	439,889	488,031	417,434
Furniture and fixtures	79,223	46,552	76,723	40,673
Computer equipment	89,763	89,763	89,763	89,763
	<u>12,313,405</u>	<u>5,780,568</u>	<u>12,106,263</u>	<u>5,526,797</u>
Net book value	<u>\$ 6,532,837</u>		<u>\$ 6,579,466</u>	

During the year, the Authority acquired \$100,000, (2018 - \$166,311) of land, \$42,722, (2018 - \$40,666) of automotive equipment, \$2,500, (2018 - \$nil) of furniture and fixtures, and \$61,919, (2018 - \$50,070) of equipment. Land with a value of \$100,000, (2018 - \$147,375) was acquired through a donation of capital property.

During the year, the Authority disposed of land with a cost of \$1, (2018 - \$nil) for cash proceeds of \$7,859, (2018 - \$nil). This resulted in a gain on sale being recognized of \$7,858, (2018 - \$nil).

No capital asset writedowns were recorded in the year.

5. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable	\$ 501,644	\$ 288,962
Allowance for doubtful accounts	<u>(5,846)</u>	<u>(2,229)</u>
	<u>\$ 495,798</u>	<u>\$ 286,733</u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Accounts payable	\$ 143,502	\$ 72,560
Accrued liabilities	29,255	27,895
Government remittances payable	6,161	2,604
Warranty obligation	<u>-</u>	<u>9,000</u>
	<u>\$ 178,918</u>	<u>\$ 112,059</u>

7. DEFERRED REVENUE

The Lower Thames Valley Conservation Authority receives certain amounts, principally from other public sector bodies, which may only be used in the conduct of certain programs or completion of specific work. These amounts are deferred and are recognized as revenues in the year in which the related expenses are incurred or services performed.

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 848,268	\$ 762,802
Amounts received and deferred in the year	404,044	246,706
Amounts recognized as revenue in the year	<u>(337,522)</u>	<u>(161,240)</u>
Balance, end of year	<u>\$ 914,790</u>	<u>\$ 848,268</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to tangible capital assets represent the unamortized amount of funding received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	<u>2019</u>	<u>2018</u>
Opening balance	\$ 36,670	\$ -
Amount received during the year	57,295	40,744
Less: amount recognized in revenue in the year	<u>(13,503)</u>	<u>(4,074)</u>
	<u>\$ 80,462</u>	<u>\$ 36,670</u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

9. ACCUMULATED SURPLUS

	<u>2019</u>	<u>2018</u>
Investment in tangible capital assets	\$ 6,532,837	\$ 6,579,466
Reserves	496,644	480,021
Other	<u>232,382</u>	<u>234,759</u>
	<u>\$ 7,261,863</u>	<u>\$ 7,294,246</u>

10. CHANGE IN TANGIBLE CAPITAL ASSETS

	<u>2019</u>	<u>2018</u>
Acquisition of tangible capital assets	\$ 207,142	\$ 257,047
Amortization of tangible capital assets	(253,770)	(249,195)
Gain on disposition of tangible capital assets	7,858	-
Proceeds on disposition of tangible capital assets	<u>(7,859)</u>	<u>-</u>
	<u>\$ (46,629)</u>	<u>\$ 7,852</u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

11. RESERVES

The Lower Thames Valley Conservation Authority sets up internal reserves for operations, capital replacement, legal and other items in order to ensure funds are available to finance shortfalls. These reserves are replenished from operating surplus and, where appropriate, as directed by the Board of Directors.

	<u>BALANCE, BEGINNING OF YEAR</u>	<u>TRANSFER FROM SURPLUS</u>	<u>TRANSFER TO SURPLUS</u>	<u>BALANCE, END OF YEAR</u>
Reserve for vehicle and equipment acquisitions	\$ 38,390	\$ -	\$ -	\$ 38,390
Reserve for Ska-Nah-Doht Village maintenance	(2,447)	2,447	-	-
Reserve for capital and maintenance projects on Authority lands and structures	171,165	3,159	-	174,324
Reserve for provincially eligible and mandated projects	26,236	3,159	-	29,395
Reserve for insurance deductibles	30,000	-	-	30,000
Reserve for restructuring	216,677	-	-	216,677
Reserve for eastern district properties	-	7,858	-	7,858
	<u>\$ 480,021</u>	<u>\$ 16,623</u>	<u>\$ -</u>	<u>\$ 496,644</u>

Through acceptance of these financial statements, the Board of Directors approves a transfer of \$16,623, (2018 - \$10,798) from the annual surplus to reserve accounts and approved a transfer of \$nil, (2018 - \$nil) from reserve accounts to the statement of operations.

LOWER THAMES VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

12. CONTRIBUTION RECEIVED FOR THE PURCHASE OF TANGIBLE CAPITAL ASSETS NOT SUBJECT TO AMORTIZATION

During the year, the Authority received grant funding of \$10,697, (2018 - \$nil) to offset costs associated with the acquisition of land in the prior year. As the tangible capital asset to which this funding relates is not being amortized, the grant funds have been recognized as a direct increase in net assets.

13. CHANGES IN NET FINANCIAL ASSETS

	<u>2019</u>	<u>2018</u>
Net financial assets, beginning of year	\$ 701,131	\$ 567,991
Annual surplus (deficit)	(43,080)	140,872
Change in tangible capital assets (note 10)	46,629	(7,852)
Change in prepaid expenses (note 14)	(570)	120
Contributions received for the purchase of tangible capital assets not subject to amortization (note 12)	<u>10,697</u>	<u>-</u>
Net financial assets, end of year	<u><u>\$ 714,807</u></u>	<u><u>\$ 701,131</u></u>

14. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ (209,065)	\$ 128,849
Accounts payable and accrued liabilities	66,860	16,666
Deferred revenue	66,522	85,466
Prepaid expenses	<u>(570)</u>	<u>120</u>
	<u><u>\$ (76,253)</u></u>	<u><u>\$ 231,101</u></u>

During the year, the Authority acquired land with a fair value of \$100,000 through a donation of capital property. This land was capitalized with the corresponding value of the donation being reported as donation income.

15. CONTRIBUTED MATERIALS AND SERVICES

During the year, the Authority received a contribution of land that had a fair value of \$100,000. This land is used in the normal course of operations for the Authority and has been recorded in the financial statements at December 31, 2019.

LOWER THAMES VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

16. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

17. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. In management's opinion, there has been no change to the Authority's risks during the year.

(a) MARKET RISK

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. These risks are generally outside of the control of the Authority. In management's opinion, the Authority is not exposed to significant market risk.

(b) CREDIT RISK

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority is exposed to credit risk in the event of non-payment by customers for their accounts receivable. The Authority reduces its exposure to credit risk by monitoring outstanding accounts receivable and creating an allowance for bad debts when applicable. In the opinion of management, the credit risk exposure to the Authority is low and is not material.

(c) INTEREST RATE RISK

Interest rate risk is the risk that future cash flows will be impacted by changes in interest rates. The Authority is exposed to interest rate risk on its bank indebtedness as the interest rate applicable to the Authority is variable based on the bank's prime rates. This exposure may have an impact on earnings in future years. The Authority reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates. The Authority does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management, the interest rate risk exposure to the Authority is low and is not material.

LOWER THAMES VALLEY CONSERVATION AUTHORITY

SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF SKA-NAH-DOHT VILLAGE

Schedule 1

	2019 Budget	2019 Actual	2018 Actual
REVENUE			
Donations	\$ -	\$ 2,515	\$ 2,631
Gate receipts	63,100	57,656	70,780
Grants	22,992	26,178	25,072
	<u>86,092</u>	<u>86,349</u>	<u>98,483</u>
EXPENDITURES			
Administration	-	1,106	2,013
Administration overhead	26,342	24,491	26,426
Advertising	-	1,332	639
Events and activities	-	3,836	1,229
Materials, supplies, taxes, insurance, utilities	24,425	24,063	10,986
Wages and benefits	156,224	139,704	158,820
	<u>206,991</u>	<u>194,532</u>	<u>200,113</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (120,899)</u>	<u>\$ (108,183)</u>	<u>\$ (101,630)</u>

SCHEDULE OF SOURCE PROTECTION EXPENDITURES

Schedule 2

	2019 Budget	2019 Actual	2018 Actual
Administration overhead	\$ -	\$ 5,371	\$ 4,404
Travel, materials, taxes, insurance, and utilities	-	2,422	2,619
Wages and benefits	26,911	34,865	26,330
	<u>26,911</u>	<u>42,658</u>	<u>33,353</u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY

SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF WATERSHED MONITORING EXPENDITURES

Schedule 3

	2019 Budget	2019 Actual	2018 Actual
Administration overhead	\$ 17,490	\$ 9,152	\$ 11,722
Travel, materials, taxes, insurance and utilities	50,485	19,914	31,900
Wages and benefits	69,459	43,628	45,143
	<u>\$ 137,434</u>	<u>\$ 72,694</u>	<u>\$ 88,765</u>

SCHEDULE OF FLOOD CONTROL STRUCTURES EXPENDITURES

Schedule 4

	2019 Budget	2019 Actual	2018 Actual
Administration overhead	\$ 36,795	\$ 24,271	\$ 23,535
Travel, materials, taxes, insurance, and utilities	76,090	39,581	36,410
Wages and benefits	176,239	117,051	118,274
	<u>\$ 289,124</u>	<u>\$ 180,903</u>	<u>\$ 178,219</u>

SCHEDULE OF FLOOD FORECASTING AND WARNING EXPENDITURES

Schedule 5

	2019 Budget	2019 Actual	2018 Actual
Administration overhead	\$ 20,750	\$ 25,537	\$ 28,849
Dyke maintenance	-	11,881	-
Travel, materials, taxes, insurance, and utilities	21,100	21,735	32,880
Wages and benefits	121,202	155,570	156,733
	<u>\$ 163,052</u>	<u>\$ 214,723</u>	<u>\$ 218,462</u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY

SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF REGULATIONS AND PLAN REVIEW EXPENDITURES

Schedule 6

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Administration overhead	\$ 30,317	\$ 31,296	\$ 28,329
Travel, materials, taxes, insurance, and utilities	19,460	23,135	23,322
Wages and benefits	<u>188,449</u>	<u>192,656</u>	<u>161,849</u>
	<u><u>\$ 238,226</u></u>	<u><u>\$ 247,087</u></u>	<u><u>\$ 213,500</u></u>

**SCHEDULE OF CONSERVATION SERVICES - STEWARDSHIP
EXPENDITURES**

Schedule 7

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Administration overhead	\$ 142,955	\$ 157,270	\$ 139,885
Travel, materials, taxes, insurance, and utilities	583,029	599,998	481,116
Wages and benefits	<u>397,337</u>	<u>493,399</u>	<u>448,427</u>
	<u><u>\$ 1,123,321</u></u>	<u><u>\$ 1,250,667</u></u>	<u><u>\$ 1,069,428</u></u>

**SCHEDULE OF MAINTENANCE AND OTHER NON-ELIGIBLE
EXPENDITURES**

Schedule 8

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Community relations	\$ 176,941	\$ 157,226	\$ 174,406
Conservation area maintenance	743,386	764,296	740,963
Conservation education	100,138	171,192	136,626
Vehicle and equipment	<u>-</u>	<u>88,126</u>	<u>94,872</u>
	<u><u>\$ 1,020,465</u></u>	<u><u>\$ 1,180,840</u></u>	<u><u>\$ 1,146,867</u></u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY

SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

MUNICIPAL LEVY FOR 2019

Schedule 9

MUNICIPALITY	CURRENT VALUE ASSESSMENT IN THE WATERSHED	% OF LEVY	MATCHING LEVY 2019	NON- MATCHING LEVY 2019	SPECIAL LEVY 2019	TOTAL LEVY 2019	TOTAL LEVY 2018
Chatham-Kent	\$ 7,570,948,590	57.35 %	\$ 101,981	\$ 720,358	\$ 205,000	\$ 1,027,339	\$ 1,015,269
City of London	1,533,801,863	11.62	20,660	145,938	-	166,598	163,507
Dutton/Dunwich	474,017,766	3.59	6,385	45,102	-	51,487	49,974
West Elgin	583,405,365	4.42	7,858	55,510	-	63,368	61,423
Strathroy-Caradoc	781,397,829	5.92	10,525	74,348	-	84,874	82,140
Middlesex Centre	211,666,629	1.60	2,851	20,139	-	22,991	22,448
Southwest Middlesex	392,284,599	2.97	5,284	37,325	-	42,609	41,326
Town of Leamington	300,745,158	2.28	4,051	28,615	-	32,666	32,262
Southwold	142,143,561	1.08	1,915	13,525	-	15,439	14,874
Town of Lakeshore	1,209,841,660	9.17	16,297	115,114	-	131,410	127,445
	<u>\$13,200,253,020</u>	<u>100.00 %</u>	<u>\$ 177,807</u>	<u>\$ 1,255,974</u>	<u>\$ 205,000</u>	<u>\$ 1,638,781</u>	<u>\$ 1,610,668</u>