

Financial Statements of

**NOTTAWASAGA VALLEY
CONSERVATION AUTHORITY**

Year ended December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Members of Nottawasaga Valley Conservation Authority

We have audited the accompanying financial statements of Nottawasaga Valley Conservation Authority, which comprise the statements of financial position as at December 31, 2015, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising 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 our 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, we consider 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, the financial statements present fairly, in all material respects, the financial position of Nottawasaga Valley Conservation Authority as at December 31, 2015, and its results of operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

April 22, 2016
Sudbury, Canada

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial Assets		
Cash	\$ 837,729	1,253,950
Accounts receivable (note 2)	426,235	349,033
Investments (note 3)	974,865	960,093
	<u>2,238,829</u>	<u>2,563,076</u>
Financial Liabilities		
Accounts payable and accrued liabilities	491,007	562,294
Deferred revenue (note 5)	1,000,362	1,125,422
	<u>1,491,369</u>	<u>1,687,716</u>
Net Financial Assets	747,460	875,360
Non-Financial Assets		
Tangible capital assets (note 4)	9,389,682	9,411,194
Prepaid expenses	26,385	33,508
	<u>9,416,067</u>	<u>9,444,702</u>
Contingent liabilities (note 8)		
Commitments (note 14)		
Accumulated surplus (note 6)	\$ 10,163,527	10,320,062

See accompanying notes to financial statements.

On behalf of the Board:

_____ Chair

_____ CAO/Secretary - Treasurer

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget	2015 Total	2014 Total
	(see note 12)		
Revenue:			
Municipal government grants			
Municipal levies			
- general matching	\$ 185,990	185,990	185,490
- general non-matching	1,866,218	1,860,911	1,797,351
- special	2,500	8,233	4,764
Municipal grants	384,000	130,073	136,643
Total municipal funding	2,438,708	2,185,207	2,124,248
Government - provincial grants (schedule)	354,990	597,849	638,169
- federal grants (schedule)	389,584	589,483	331,110
User fees (schedule)	1,132,778	983,743	1,343,481
Contributions and donations	239,500	377,731	299,587
Interest income	-	25,003	24,480
Miscellaneous	-	43,006	21,480
Donated land	-	90,200	85,000
	4,555,560	4,892,222	4,867,555
Expenses:			
Planning services	1,217,753	1,274,588	1,213,135
Healthy waters	926,145	900,446	725,978
Flood forecast and warning	402,761	391,102	385,277
Environmental monitoring	345,152	351,231	335,392
Tiffin Centre infrastructure maintenance	388,453	359,942	379,704
Reforestation	437,279	501,988	417,038
Conservation lands	207,508	230,141	224,733
Environmental education	229,939	318,011	247,458
Engineering and technical services	211,249	204,558	190,568
Groundwater management	260,000	453,964	485,000
Administrative support	200,000	26,856	423,298
Workshop vehicles and equipment	31,000	-	231
GIS technical support	20,000	35,930	441
	4,877,239	5,048,757	5,028,253
Annual deficit	\$ (321,679)	(156,535)	(160,698)
Accumulated surplus, beginning of year		10,320,062	10,480,760
Accumulated surplus, end of year		\$ 10,163,527	10,320,062

See accompanying notes to financial statements.

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget	2015 Total	2014 Total
	(see note 12)		
Annual deficit	\$ (321,679)	(156,535)	(160,698)
Acquisition of tangible capital assets	(117,873)	(196,731)	(243,794)
Amortization of tangible capital assets	217,500	217,234	222,935
Loss on disposition of tangible capital assets	-	1,009	617
Proceeds on disposition of tangible capital assets	-	-	2,453
	(222,052)	(135,023)	(178,487)
Acquisition of prepaid expenses	-	(29,702)	(31,912)
Use of prepaid expenses	-	36,825	61,336
	-	7,123	29,424
Change in net financial assets	(222,052)	(127,900)	(149,063)
Net financial assets, beginning of year	875,360	875,360	1,024,423
Net financial assets, end of year	\$ 653,308	747,460	875,360

See accompanying notes to financial statements.

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash flows from operating activities:		
Annual deficit	\$ (156,535)	(160,698)
Items not involving cash:		
Amortization of tangible capital assets	217,234	222,935
Loss on disposition of capital assets	1,009	617
Amortization of investment bond premium	-	1,366
Donated land	(90,200)	(85,000)
	(28,492)	(20,780)
Changes in non-cash working capital:		
Accounts receivable	(77,202)	178,704
Prepaid expenses	7,123	29,424
Accounts payable and accrued liabilities	(71,287)	183,814
Deferred revenue	(125,060)	227,507
	(294,918)	598,669
Investing activities:		
Purchase of investments	(160,781)	(285,274)
Proceeds on disposal of investments	236,209	269,722
	75,428	(15,552)
Capital activities:		
Purchase of tangible capital assets	(196,731)	(158,794)
Proceeds on disposition of tangible capital assets	-	2,453
	(196,731)	(156,341)
Increase (decrease) in cash	(416,221)	426,776
Cash position, beginning of year	1,253,950	827,174
Cash position, end of year	\$ 837,729	1,253,950

See accompanying notes to financial statements.

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2015

Nature of operations:

Nottawasaga Valley Conservation Authority (the "Authority") is a land and water management agency established under the provisions of the Conservation Authorities Act of Ontario. The Authority is a registered charitable organization and is exempt from income taxes under the Canadian Income Tax Act.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian public sector accounting standards. The Authority's significant accounting policies are as follows:

(a) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, designed and engineering fees, legal fees and site preparation costs. Contributed capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is being recorded at the following rates and methods commencing once the asset is available for productive use as follows:

Asset	Basis	Rate
Small equipment	Declining-balance	20%
Equipment and vehicles	Declining-balance	25%
Computer equipment	Declining-balance	30%
Furniture and fixtures	Straight-line	10 years
Site utilities	Straight-line	15 years
Buildings	Straight-line	50 years
Dam and structures	Straight-line	50 years

(b) Investments:

Investments consist of bonds which are carried at cost. Investment income is recognized when earned.

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(c) Deferred revenue:

Funds received for specific purposes which are for future services are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which services are provided.

(d) Pension plan:

The Authority is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Authority has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Authority records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for the past employee service.

(e) Revenue recognition:

Provincial funding revenues are recognized in the year to which the program relates. Municipal revenues are recognized in the year they are levied to member municipalities. Other revenues are recognized when they are invoiced and collectability is reasonably assured.

(f) Use of estimates:

The preparation of the 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of tangible capital assets, the allowance for doubtful accounts and deferred revenue. Actual results could differ from those estimates.

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Accounts receivable:

	2015		2014	
HST recoverable	\$	11,552	\$	5,168
Fees for services and other		416,683		258,042
Government grants		10,000		110,323
Allowance for doubtful accounts		(12,000)		(24,500)
	\$	426,235	\$	349,033

3. Investments:

	2015		2014	
	Market	Cost	Market	Cost
Cash held with investment company	\$ 7,422	\$ 7,422	\$ 7,653	\$ 7,653
Bonds	939,353	958,567	964,018	946,568
Accrued interest	8,876	8,876	5,872	5,872
	\$ 955,651	\$ 974,865	\$ 977,543	\$ 960,093

Cash held with the investment company earns interest at 0.40% (2014 - 0.40%).

Bonds bear stated fixed rates of interest ranging from 1.25% to 3.103% (2014 - 1.89% to 3.147%) and have maturity dates ranging from March 10, 2016 to October 28, 2019 (2014 February 11, 2015 to December 15, 2018).

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2015

4. Tangible capital assets:

Cost	Balance December 31, 2014	Additions and Transfers	Disposals and Write-offs	Balance at December 31, 2015
Land	\$ 6,464,966	\$ 90,200	\$ -	\$ 6,555,166
Buildings	1,918,982	21,995	-	1,940,977
Dams and structures	3,063,418	-	-	3,063,418
Site utilities	580,935	18,826	-	599,761
Equipment and vehicles	326,520	30,338	(23,905)	332,953
Small equipment	212,106	8,469	-	220,575
Computer equipment	419,770	24,009	-	443,779
Furniture and fixtures	217,225	2,895	-	220,120
Total	\$ 13,203,922	\$ 196,732	\$ (23,905)	\$ 13,376,749

Accumulated amortization	Balance December 31, 2014	Disposals and transfers	Amortization expense	Balance at December 31, 2015
Land	\$ -	\$ -	\$ -	\$ -
Buildings	623,491	-	38,807	662,298
Dams and structures	1,890,542	-	61,268	1,951,810
Site utilities	401,682	-	24,950	426,632
Equipment and vehicles	221,029	(22,895)	33,957	232,091
Small equipment	146,116	-	14,892	161,008
Computer equipment	327,369	-	34,923	362,292
Furniture and fixtures	182,499	-	8,437	190,936
Total	\$ 3,792,728	\$ (22,895)	\$ 217,234	\$ 3,987,067

	Net book value December 31, 2014	Net book value December 31, 2015
Land	\$ 6,464,966	\$ 6,555,166
Buildings	1,295,491	1,278,679
Dams and structures	1,172,876	1,111,608
Site utilities	179,253	173,129
Equipment and vehicles	105,491	100,862
Small equipment	65,990	59,567
Computer equipment	92,401	81,487
Furniture and fixtures	34,726	29,184
Total	\$ 9,411,194	\$ 9,389,682

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2015

5. Deferred revenue:

Revenue from the following sources received that were unexpended for the year have been deferred:

	2015	2014
Unearned project revenue	\$ 52,426	\$ 32,063
Drought management plan	112,815	271,475
Forestry – Follow-up tending	44,633	49,104
Subdivision and condominium fees	521,566	551,409
Site planning	84,100	57,163
Highland quarry	–	2,971
Clean-up	119,261	91,427
Other	65,561	69,810
	<u>\$ 1,000,362</u>	<u>\$ 1,125,422</u>

6. Accumulated surplus:

	2015	2014
Internally restricted reserves (note 9)	\$ 773,845	\$ 910,139
Investments in tangible capital assets	9,389,682	9,409,923
	<u>\$ 10,163,527</u>	<u>\$ 10,320,062</u>

7. Credit facilities:

The Authority has a demand loan facility with Scotiabank. This credit facility has an authorized credit limit of \$500,000 (2014 - \$500,000) and bears interest at the bank's prime rate less 0.5%. There is no balance outstanding as at December 31, 2015.

8. Contingent liabilities:

From time to time, the Authority is subject to claims and legal actions arising in the normal course of operations. In the opinion of management, the ultimate resolution of such pending legal proceedings will not have a material adverse effect on the financial position of the Authority.

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2015

9. Internally restricted reserve funds:

Appropriations are made from accumulated surplus to various reserve funds upon approval of the Board of Directors.

Operational Reserve:

The Operational Reserve was established to provide funds to purchase equipment as required.

Vehicle Reserve:

The Vehicle Reserve was established to provide funds to purchase vehicles.

Environmental Education Reserve:

The Environmental Education Reserve was established to cover future environmental equipment and material purchases.

Human Resources Reserve:

The Human Resources Reserve was established to provide funds to cover human resource issues.

New Lowell Reserve Fund:

The New Lowell Reserve Fund was established to cover future capital expenses for the New Lowell campground.

Minesing Wetlands Reserve:

The Minesing Wetlands Reserve was established to provide funds for the management of Minesing Swamp.

Capital Repair and Replacement Reserve:

The Capital Repair and Replacement Reserve was established to cover future capital expenses.

Healthy Waters Reserve:

The Healthy Waters Reserve was established to cover future expenses for the Healthy Waters program.

Land Management Acquisition Reserve:

The Land Management Acquisition Reserve was established to assist with acquisitions of significant or environmentally sensitive lands. The reserve would compliment the ongoing acquisition program and partnership arrangements with Nature Conservancy Canada and the Ministry of Natural Resources for Minesing Swamp and Niagara Escarpment lands.

Planning/Legal Reserve:

The Planning/Legal Reserve was established to cover legal activities and unexpected variations in planning revenue.

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2015

9. Internally restricted reserve funds (continued):

The internally restricted reserve funds consist of the following:

	2015	2014
Operational reserve fund	\$ 56,894	\$ 56,894
Environmental education fund	6,330	7,830
Human resources reserve fund	178,261	65,937
New Lowell reserve fund	88,319	88,319
Capital repair and replacement reserve fund	317,584	280,091
Healthy waters reserve fund	13,936	13,936
Land management acquisition fund	84,973	92,741
Planning / legal reserve fund	27,548	304,391
Total internally restricted reserve funds	\$ 773,845	\$ 910,139

10. Expenses by object:

	2015	2014
Wages and benefits	\$ 3,220,496	\$ 3,345,624
Purchased supplies and assets	779,318	674,017
Professional and consulting fees	470,328	366,508
Amortization of tangible capital assets	217,234	222,935
Occupancy costs	188,361	217,721
Travel and vehicle	46,949	59,517
Office supplies and expenses	30,936	48,632
Education and training	23,655	30,877
Licences, memberships and dues	35,798	28,525
Advertising	18,255	19,394
Interest and bank	17,427	14,503
	\$ 5,048,757	\$ 5,028,253

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2015

11. Pension plan:

OMERS provides pension services to more than 451,000 active and retired members and approximately 974 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2015. The results of this valuation disclosed total going concern actuarial liabilities of \$82,369 million (2014 - \$77,284 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$75,392 million (2014 - \$70,206 million) indicating a going concern actuarial deficit of \$6,977 million (2014 - \$7,078 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2015 was \$240,730 (2014 - \$217,926) and is included as an expense in the statement of operations.

12. 2014 Budget:

The 2015 budget figures included in these financial statements are those adopted by the Authority on March 27, 2015.

13. Segmented reporting:

The Chartered Professional Accountants of Canada Public Sector Accounting Handbook Section PS2700, Segment Disclosures, establishes standards on defining and disclosing segments in a government's financial statements. Government organizations that apply these standards are encouraged to provide disclosures established by this section when their operations are diverse enough to warrant such disclosures.

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2015

14. Commitments:

Lease obligations:

The Authority is presently leasing equipment with various monthly rentals and maturity dates. The minimum lease payments required over the next four years are as follows:

2016	\$	13,069
2017		13,069
2018		13,069
2019		5,151
	\$	44,358

The Authority leases five pieces of property to three local municipalities and two not-for-profit organizations for no financial consideration. Under the terms of the agreements the municipalities and the not-for-profit organizations are responsible for all costs associated with their respective properties. The leases may be terminated by either party with written notice. The agreement with one local municipality extends to 2019 and the remaining two agreements with the local municipalities each extend to 2023. The agreements with the two not-for-profit organizations extend to 2016 and 2017 respectively.

The Authority leases the New Lowell Campground and Conservation Park to two individuals who manage the park. Under the terms of the agreement which extends to April 14, 2018, the managers will pay the Authority a lease amount equal to \$16,230 plus HST per year with an additional 3% increase every year. The lease has a five year renewal option with the understanding that one year's notice must be given by either party to terminate the lease. The Authority is responsible for property taxes and property insurance while the managers are responsible for operational costs. Capital projects are paid for by the managers and become the property of the Authority.

The Authority leases various agricultural lands to farmers for minimal financial consideration under the terms of agreements which expire in 2015 to 2017. The minimum future rental income to be received related to these leases is \$1,350 per year.

The Authority leases property to a wildlife veterinary and rehabilitation organization which operate on the premises. Under the terms of the agreement which extends to January 1, 2018, the organization will pay the Authority a lease amount equal to \$3,090 plus HST per year plus costs. The lease can be renewed at the lessee's discretion. The rent shall increase 3% in each year of the term and any renewal periods. The Authority is responsible for property taxes, property insurance and operational costs. The rental monies are to be allocated to the capital repair and replacement reserve of the Authority to cover future capital projects.

NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Schedule of Revenue

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Provincial government grants:		
Drought Management Survey	\$ 178,555	198,526
Ministry of Natural Resources - Flood operations	203,819	188,491
Source Water Protection Planning	141,678	137,575
COA	25,014	-
Flood Database	19,000	-
Guardian fund	14,019	10,981
Nottawasaga Watershed Improvement Program	9,226	41,655
Other	5,188	18,910
Species at Risk	1,350	37,045
Ministry of Environment - Groundwater Study	-	4,986
Total provincial funding	\$ 597,849	638,169
Federal government grants	\$ 589,483	331,110
User fees:		
Planning	\$ 584,837	967,321
Environmental education	210,958	173,714
Tiffin outreach	79,355	71,528
Stewardship services	32,338	50,189
Conservation lands	44,977	37,401
Monitoring	13,000	26,813
Engineering and technical services	18,278	16,515
	\$ 983,743	1,343,481