

MAITLAND VALLEY CONSERVATION AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2015

VODDEN, BENDER & SEEBACH LLP
Chartered Professional Accountants

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AUDITOR'S REPORT

To the Members of Maitland Valley Conservation Authority

We have audited the accompanying financial statements of Maitland Valley Conservation Authority, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

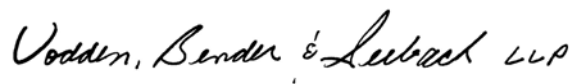
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maitland Valley Conservation Authority as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
February 12, 2016

MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF FINANCIAL POSITION

As at December 31	2015	2014
FINANCIAL ASSETS		
Cash	621,614	415,492
Short-term investments (note 3)	254,912	250,000
Accounts receivable	141,808	158,689
	<u>1,018,334</u>	<u>824,181</u>
LIABILITIES		
Accounts payable and accrued liabilities	36,812	30,207
Deferred revenue (note 4)	205,027	125,185
	<u>241,839</u>	<u>155,392</u>
NET FINANCIAL ASSETS	776,495	668,789
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 6)	1,718,180	1,778,709
Prepayments	11,871	12,991
ACCUMULATED SURPLUS	<u>\$ 2,506,546</u>	<u>\$ 2,460,489</u>

On behalf of the Board:

The accompanying notes are an integral part of this financial statement

MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS

For the year ended December 31	2015 Budget	2015 Actual	2014 Actual
Revenue			
Municipal			
Municipal levies	1,242,052	1,242,049	1,189,052
Government Grants			
MNR transfer payment	106,556	93,281	87,278
Other provincial	126,506	44,562	178,740
Federal	135,731	47,061	10,611
Other governments	47,229	44,560	88,421
Authority Generated			
User fees, sales and admissions	1,133,511	1,042,150	1,051,775
Interest income	12,000	10,404	10,964
Donations and fundraising	36,192	52,021	17,580
Facility rentals	8,290	7,939	8,839
Other	-	(4,500)	(5,582)
	<u>2,848,067</u>	<u>2,579,527</u>	<u>2,637,678</u>
Expenditure			
Conservation land management	594,526	527,214	554,982
Flood safety services	443,985	441,672	486,177
Watershed stewardship	1,108,508	916,949	1,014,755
Corporate services	636,463	569,054	543,043
Amortization	-	78,581	77,929
	<u>2,783,482</u>	<u>2,533,470</u>	<u>2,676,886</u>
Annual surplus (deficit)	64,585	46,057	(39,208)
Opening balance	<u>2,460,489</u>	<u>2,460,489</u>	<u>2,499,697</u>
Closing balance	<u><u>\$ 2,525,074</u></u>	<u><u>\$ 2,506,546</u></u>	<u><u>\$ 2,460,489</u></u>

The accompanying notes are an integral part of this financial statement

MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31	2015 Actual	2014 Actual
Annual surplus (deficit)	46,057	(39,208)
Amortization of tangible capital assets	78,581	77,929
Net acquisition of tangible capital assets	(18,052)	(102,791)
Decrease (increase) in inventory and prepaid expenses	<u>1,120</u>	<u>-</u>
Increase (decrease) in net financial assets	107,706	(64,070)
Opening balance	<u>668,789</u>	<u>732,859</u>
Closing balance	<u>\$ 776,495</u>	<u>\$ 668,789</u>

The accompanying notes are an integral part of this financial statement

MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS

For the year ended December 31	2015	2014
Operating activities		
Annual surplus (deficit)	46,057	(39,208)
Amortization expense not requiring cash outlay	78,581	77,929
Decrease (increase) in accounts receivable	16,881	(67,525)
Increase (decrease) in accounts payable	6,605	131
Increase (decrease) in deferred revenue	79,842	42,679
Decrease (increase) in inventory and prepaid expenses	1,120	-
Cash provided by (used for) operating activities	<u>229,086</u>	<u>14,006</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(18,052)</u>	<u>(102,791)</u>
Cash provided by (used for) capital activities	<u>(18,052)</u>	<u>(102,791)</u>
Investing activities		
Decrease (increase) in short-term investments	<u>(4,912)</u>	<u>-</u>
Cash provided by (used for) investing activities	<u>(4,912)</u>	<u>-</u>
Increase (decrease) in cash position	206,122	(88,785)
Cash (overdraft) beginning of year	<u>415,492</u>	<u>504,277</u>
Cash (overdraft) end of year	<u><u>\$ 621,614</u></u>	<u><u>\$ 415,492</u></u>

The accompanying notes are an integral part of this financial statement

MAITLAND VALLEY CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2015

The Maitland Valley 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 jurisdictions. The watersheds include areas in the Municipalities of Central Huron, Huron East, Morris-Turnberry and South Bruce, the Townships of Ashfield-Colborne-Wawanosh, Howick, North Huron, Perth East, West Perth, Mapleton, Wellington North and Huron-Kinloss, and the Town of Goderich, North Perth and Minto.

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

1. Accounting policies

The financial statements have been prepared by the management of the Authority in accordance with generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of accounting policies adopted by the Authority are as follows:

a) **Accrual basis of accounting**

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) **Portfolio investments**

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

c) **Vehicles and equipment**

The Authority operates a motor pool of vehicles and equipment. Internal charges for the use of vehicles and equipment are made to the various projects of the Authority based on an hourly or distance travelled rate, which is designed to recover all costs of operating the pool including replacement of vehicles and equipment.

These internal charges are included in the appropriate expense classifications. Expenditures incurred by the motor pool for the purchase of equipment and the operating cost and the recovery of expenses by internal charges are reported in the statement of operations and surplus.

1. Accounting policies (continued)

d) **Tangible capital assets**

Tangible capital assets are recorded at historical cost. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

Tangible capital asset, except land, are amortized on a straight-line basis over the estimated useful lives as follows:

Category	Amortization Period
Land	not applicable
Land improvements	5 years
Buildings	5 - 75 years
Contents	5 - 50 years
Equipment	5 - 40 years
Furniture	45 - 50 years
Vehicles	5 - 10 years
Machinery	6 - 44 years
Information technology	5 - 9 years

Dams for the purposes of water control are not recorded as assets of the Conservation Authority.

e) **Contributed capital assets**

Contributed capital assets are recognized as assets and revenue at fair value at the time they are received.

f) **Deferred revenue**

Revenue restricted by legislation, regulation or agreement and not available for Authority purposes is reported as deferred revenue on the statement of financial position. The revenue is reported on the statement of financial activities in the year in which it is used for the specified purpose.

g) **Revenue recognition**

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized in revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

h) **Government transfers**

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates can be made.

i) **Classification of expenses**

Expenses are reported in four main categories based on the type of services provided. Within these categories, expenses are broken down into operations and projects.

j) **Accumulated surplus**

Appropriations are made from operations to accumulated surplus for future expenditures and contingencies for such amounts as are deemed appropriate, upon approval of the Board of Directors.

1. Accounting policies (continued)

k) 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 disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Cash

Interest is paid on the Authority's bank accounts at the bank's monthly average prime rate less 1.7%.

3. Short-term portfolio investments

The Authority has purchased federal, provincial and corporate bonds. The portfolio investments have a cost of \$254,912 (2014 : \$250,000) and have a market value of \$269,553 (2014 : \$262,451) at year end.

4. Deferred revenue

The balance of the long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2015	2014
Garvey/Glenn project	153,244	114,641
Maitland Watershed Resiliency	-	792
Drinking water source protection	1,800	7,179
Middle Maitland Headwaters Restoration	13,983	-
Footprints to Forests Carbon Offset	-	2,573
Listowel Dam DFO/RFCPP	36,000	-
	<u>\$ 205,027</u>	<u>\$ 125,185</u>

5. Pension plan

Some employees of Maitland Valley Conservation Authority are members of a defined contribution pension plan. Contributions made during the year on behalf of the employees amounted to \$27,928 (2014 : \$38,251) and have been included as an expense on the statement of operations.

Some employees of Maitland Valley Conservation Authority are members of a defined benefit pension plan. Contributions made during the year on behalf of the employees amounted to \$64,474 (2014 : \$52,633) and have been included as an expense on the statement of operations.

6. Tangible capital assets

For additional information, see the Schedule of Tangible Capital Assets information on the tangible capital assets of the Authority by major class, as well as for accumulated amortization of the assets controlled.

7. Expenditures by object

	2015	2014
Salaries and benefits	\$ 1,293,219	\$ 1,471,907
Operating goods and services	1,161,670	1,127,050
Amortization	78,581	77,929
	<u>\$ 2,533,470</u>	<u>\$ 2,676,886</u>

8. Financial instrument risk management

Credit risk

The Authority is exposed to credit risk through its cash, trade and other receivables, and short-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the Authority's receivables are from users and government entities. For trade and other receivables, the Authority measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority has a planning and a budgeting process in place to help determine the funds required to support the Authority's normal operating requirements on an ongoing basis. The Authority ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the Board, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

9. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the statement of operations for comparative purposes. The 2015 budget amounts for the Maitland Valley Conservation Authority approved by the Board are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of activities.

MAITLAND VALLEY CONSERVATION AUTHORITY
Schedule of Continuity of Accumulated Surplus
For the Year Ended December 31, 2015

	Balance, beginning of year	From Operations	To Operations	Balance, end of year
Internally restricted surplus				
Vehicle and equipment purchases	37,582	31,829	(16,374)	53,037
Insurance deductible	25,000			25,000
Working capital	527,808	117,765	(129,327)	516,246
Short Term Disability	-		38,000	38,000
Forestry management	57,143	5,003	(6,025)	56,121
Falls Reserve Conservation Area	6,714	63,135	-	69,849
Wawanosh Park Conservation Area	27,533	2,580	-	30,113
	681,780	220,312	(113,726)	788,366
Tangible capital assets	1,778,709		(60,529)	1,718,180
	\$ 2,460,489	220,312	(174,255)	\$ 2,506,546

MAITLAND VALLEY CONSERVATION AUTHORITY
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2015

	Land	Land Improvements	Buildings	Contents	Furniture	Vehicles	Machinery	Equipment	Information Technology	TOTAL Net Book Value 2015	TOTAL Net Book Value 2014
Cost											
Balance, beginning of year	1,220,137	6,394	672,141	30,229	18,458	192,385	65,699	201,586	120,705	2,527,734	2,440,068
Add: Additions during the year						22,230			4,822	27,052	108,373
Less: Disposals during the year			(10,000)			(20,262)			-	(30,262)	(20,707)
Balance, end of year	<u>1,220,137</u>	<u>6,394</u>	<u>662,141</u>	<u>30,229</u>	<u>18,458</u>	<u>194,353</u>	<u>65,699</u>	<u>201,586</u>	<u>125,527</u>	<u>2,524,524</u>	<u>2,527,734</u>
Accumulated Amortization											
Balance, beginning of year		2,558	355,920	19,471	8,943	140,142	25,446	111,729	84,816	749,025	686,221
Add: Amortization during the year		1,279	17,743	836	382	27,306	5,196	15,726	10,113	78,581	77,929
Less: Accumulated amortization on disposals			(1,000)			(20,262)			-	(21,262)	(15,125)
Balance, end of year	<u>-</u>	<u>3,837</u>	<u>372,663</u>	<u>20,307</u>	<u>9,325</u>	<u>147,186</u>	<u>30,642</u>	<u>127,455</u>	<u>94,929</u>	<u>806,344</u>	<u>749,025</u>
Net Book Value											
of Tangible Capital Assets	<u>1,220,137</u>	<u>2,557</u>	<u>289,478</u>	<u>9,922</u>	<u>9,133</u>	<u>47,167</u>	<u>35,057</u>	<u>74,131</u>	<u>30,598</u>	<u>\$ 1,718,180</u>	<u>\$ 1,778,709</u>

MAITLAND VALLEY CONSERVATION AUTHORITY
SCHEDULE OF EXPENSES

For the year ended December 31	2015 Budget	2015 Actual	2014 Actual
Conservation Area Services			
Falls Reserve Conservation Area	307,874	292,978	314,357
Management, development and operations	157,928	149,982	150,046
Motor pool	11,900	7,068	9,709
Wawanosh Park Conservation Area	12,395	8,141	8,289
Conservation Area Projects			
Falls Reserve Conservation Area	28,357	24,465	30,622
Gorrie/Brussels dam refurbishing	11,000	15,662	7,003
Wawanosh Park Conservation Area	-	-	5,184
Vehicle/equipment replacement	20,500	3,368	3,613
Gorrie Conservation Area naturalization	1,500	82	8,257
Taylor property	8,000	5,130	5,688
Forest management	2,500	1,162	22
WNC water treatment upgrade	-	-	454
Brussels Conservation Area gabion basket replacement	3,000	-	8,853
Naftels Bridge replacement	-	-	2,312
Carbon offset, footprints to forests, and naturalization	9,542	1,538	573
Marginal farm land reforestation	10,280	8,522	-
Wawanosh Valley Conservation	7,000	5,881	-
Administration office repairs	2,750	3,235	-
Total Conservation Area	<u>594,526</u>	<u>527,214</u>	<u>554,982</u>
 Flood Protection Services			
Fill, construction, alteration to waterway	192,665	199,775	222,094
Flood preparedness and monitoring	211,551	204,985	181,226
Lake Huron Centre for Coastal Conservation	-	-	10,000
Routine maintenance for flood and erosion control	1,700	1,995	2,353
Flood Safety Projects			
MNR low flow monitoring	-	-	1,785
Listowel conduit preventive maintenance	6,000	6,000	18,000
Flood safety equipment	19,269	21,533	31,625
Harriston hydrology	-	-	19,094
Public notification	7,000	2,368	-
Lucknow A station	5,800	5,016	-
Total Flood Safety Services	<u>443,985</u>	<u>441,672</u>	<u>486,177</u>

MAITLAND VALLEY CONSERVATION AUTHORITY
SCHEDULE OF EXPENSES

For the year ended December 31	2015 Budget	2015 Actual	2014 Actual
Watershed Stewardship Services			
Conservation education services	94,872	92,149	108,855
Reforestation services	86,006	83,431	66,806
Watershed monitoring and reporting service	89,462	80,462	83,878
Maitland watershed partnership	8,346	6,326	17,645
Extension services	120,399	112,260	111,592
Watershed Stewardship Projects			
Huron County clean water project	303,000	300,224	268,977
Garvey/Glen Watershed Co-ordination	77,354	54,539	78,095
Drinking water source protection - transition	17,287	50,963	46,992
Garvey/Glen Watershed demonstrations	8,721	6,421	44,941
Drinking water source protection - capacity building	7,179	4,741	513
Nutrient monitoring project	7,470	1,999	8,795
Soil health	23,688	16,189	39,389
Middle Maitland rejuvenation project	25,446	23,658	8,270
Watershed report card	3,500	1,797	3,708
Rural stormwater	-	-	3,024
Garvey/Glenn ABCA/OMAFRA	79,778	69,813	58,513
Garvey/Glenn Design/MOE/Stantec	-	-	58,765
Town of Goderich - planting	-	-	997
Wood turtle project	-	-	5,000
Garvey/Glenn MNRF-COA	36,000	11,977	-
Listowel Dam (Memorial Park)	120,000	-	-
Total Watershed Stewardship	1,108,508	916,949	1,014,755

**MAITLAND VALLEY CONSERVATION AUTHORITY
SCHEDULE OF EXPENSES**

For the year ended December 31	2015 Budget	2015 Actual	2014 Actual
Corporate Services			
Administration	268,258	252,298	254,908
Communications and foundation support	133,609	120,676	102,107
Financial management	87,491	81,827	85,095
Service area support costs	52,790	51,023	51,430
Governance	17,100	18,940	17,048
Motor pool	13,500	10,529	14,813
Corporate Services Projects			
Information technology upgrades	58,700	31,493	2,800
Watershed Resiliency Fund	5,015	2,268	6,807
Corporate office renovation	-	-	7,096
Implementation of rebranding	-	-	939
Total Corporate Services	<u>636,463</u>	<u>569,054</u>	<u>543,043</u>