

Financial Statements of

**LONG POINT REGION
CONSERVATION AUTHORITY**

Year ended December 31, 2016

LONG POINT REGION CONSERVATION AUTHORITY

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Year ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Long Point Region Conservation Authority

We have audited the accompanying financial statements of Long Point Region Conservation Authority (the "Authority"), which comprise the financial position as at December 31, 2016 and the statements of operations, changes 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.

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 an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Authority'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 Authority'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 Long Point Region Conservation Authority as at December 31, 2016, and its results of operations and the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

February 24, 2017
Waterloo, Canada

LONG POINT REGION CONSERVATION AUTHORITY

Statement of Financial Position


December 31, 2016, with comparative information for 2015

	2016	2015
Financial Assets		
Cash (note 3)	\$ 388,870	\$ 494,143
Investments (note 4)	6,468,246	6,006,080
Accounts receivable	181,509	119,106
Accrued receivable	7,118	73,176
Other receivables	61,473	47,951
	<u>7,107,216</u>	<u>6,740,456</u>
Financial Liabilities		
Accounts payable and accrued liabilities	224,626	206,017
Deferred revenue (note 6)	870,783	863,180
	<u>1,095,409</u>	<u>1,069,197</u>
Net financial assets	6,011,807	5,671,259
Non-Financial Assets		
Tangible capital assets (note 5)	6,408,638	6,343,001
Net assets	<u>\$ 12,420,445</u>	<u>\$ 12,014,260</u>
Accumulated Surplus		
Accumulated surplus - internally restricted (note 7)	\$ 954,360	\$ 615,457
Accumulated surplus - externally restricted (note 8)	5,057,447	5,055,802
Accumulated surplus - tangible capital assets	6,408,638	6,343,001
Total accumulated surplus	<u>\$ 12,420,445</u>	<u>\$ 12,014,260</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

LONG POINT REGION CONSERVATION AUTHORITY

Statement of Operations

Year ended December 31, 2016, with comparative information for 2015

	Budget 2016 (note 10)	Actual 2016	Actual 2015
Revenue:			
Municipal levies:			
General	\$ 1,412,681	\$ 1,412,680	\$ 1,135,137
Special	269,000	269,000	174,086
Government grants:			
Provincial transfer	68,240	68,240	68,240
Corporate/fixed services	116,956	303,591	219,676
Community relations	5,000	16,097	6,142
Watershed management services	201,987	388,861	460,617
Conservation land management - forestry	441,448	475,201	504,838
Backus Heritage conservation area	446,218	462,257	521,898
Conservation land management - conservation parks	872,679	904,917	785,061
Donations	-	-	7,600
Other	253,659	265,102	266,129
Gain (loss) on disposal of tangible capital assets	-	-	(2,495)
Total revenue	4,087,868	4,565,946	4,146,929
Expenditures:			
Corporate/fixed services	921,333	1,134,126	1,044,034
Community relations	122,296	135,608	109,374
Watershed management services	702,946	773,942	854,494
Conservation land management - forestry	381,845	347,662	384,814
Backus Heritage conservation area	569,849	573,334	550,612
Conservation land management - conservation parks	706,762	666,513	705,857
Other	547,474	528,576	553,221
Total expenditures	3,952,505	4,159,761	4,202,406
Excess (deficiency) of revenue over expenditures	\$ 135,363	\$ 406,185	\$ (55,477)

See accompanying notes to financial statements.

LONG POINT REGION CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Excess (deficiency) of revenue over expenditures	\$ 406,185	\$ (55,477)
Acquisition of tangible capital assets	(199,275)	(177,963)
Disposition of tangible capital assets	-	3,557
Amortization of tangible capital assets	133,638	139,764
Change in net financial assets	340,548	(90,119)
Net financial assets, beginning of year	5,671,259	5,761,378
Net financial assets, end of year	\$ 6,011,807	\$ 5,671,259

See accompanying notes to financial statements.

LONG POINT REGION CONSERVATION AUTHORITY

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenditures	\$ 406,185	\$ (55,477)
Items not involving cash:		
Amortization of tangible capital assets	133,638	139,764
Loss (gain) on disposal of tangible capital assets	-	2,495
Changes in non-cash operating working capital:		
Accounts receivable	(62,403)	97,121
Accrued receivable	66,058	28,427
Other receivables	(13,522)	(80,736)
Accounts payable and accrued liabilities	18,609	(64,200)
Deferred revenue	7,603	5,116
	556,168	72,510
Investing activities:		
Acquisition of tangible capital assets	(199,275)	(177,963)
Change in investments	(462,166)	174,247
Proceeds on disposal of tangible capital assets	-	1,062
	(661,441)	(2,654)
Increase (decrease) in cash	(105,273)	69,856
Cash, beginning of year	494,143	424,287
Cash, end of year	\$ 388,870	\$ 494,143

See accompanying notes to financial statements.

LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2016

1. Purpose of organization:

The Long Point Region Conservation Authority (the Authority) is established under the Conservation Authorities Act of Ontario and works with local communities, and other partners, to achieve the conservation, restoration, development and responsible management of our water, land and natural habitats through programs that balance human, environmental and economic needs.

The objectives of the Authority are as follows:

- (a) To ensure that the Long Point Region watershed lands and waters are properly safeguarded, managed and restored.
- (b) To protect, manage and restore watershed woodlands, wetlands and natural habitats.
- (c) To develop and maintain programs that will protect life and property from natural hazards such as flooding and erosion.
- (d) To provide opportunities for the public to enjoy, learn from and respect the watershed's natural and cultural environments.

2. Significant accounting policies:

The financial statements of the Authority are prepared by management in accordance with Canadian 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 the accounting policies adopted by the Authority are as follows:

(a) Description of fund balances:

Internally restricted funds are those with restrictions imposed by the Board of Directors. Internally restricted funds are as follows:

- (i) The Education Centre Maintenance Fund for the maintenance of the Backus Conservation Education Centre.
- (ii) The OPG Forest Corridor Fund for the long-term monitoring of forest areas.
- (iii) The Memorial Woodlot Fund for the donations to Memorial Woodlot Fund and cost to Memorial Woodlot Fund at Backus.
- (iv) The Lee Brown Waterfowl M.A. Capital Replacement Fund for the capital replacements of Lee Brown Waterfowl M.A.

LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2016

2. Significant accounting policies (continued):

(a) Description of fund balances (continued):

- (v) The Capital Levy fund for capital additions, replacements or improvements within the Authority.
- (vi) Externally restricted funds are those with restrictions imposed by the individuals external to the Board of Directors. Externally restricted funds are as follows:
 - revenues and expenditures related to the Backus Heritage Village are recorded in the Backus Heritage Village Trust Fund
 - revenues and expenditures related to the Leighton and Betty Brown scholarships are recorded in the Leighton and Betty Brown Scholarship Fund.

(b) Revenue recognition:

The Authority follows the accrual method of accounting for contributions where unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenditures are incurred.

(c) Expenses:

Expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes expenditures in the period in which they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(d) Investments:

All of the investments are classified as held-to-maturity investments and are carried at amortized cost using the effective interest rate method. The Board has the intention to hold the investments until maturity.

LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2016

2. Significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings and building improvements	50 years
Land improvements	20 years
Equipment	20 years
Computers	5 years
Vehicles	10 years
Infrastructure	20 - 50 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(f) Donations:

The Authority records cash donations as revenue in the year cash is received. Donated materials and services are recorded as revenue and expenditure when the fair market value of the material and services donated is verifiable, only to the extent the Authority has issued a charitable donation receipt for those materials and services.

(g) Use of estimates:

The preparation of periodic financial statements occasionally requires management to make assumptions that affect reported amounts of certain assets and liabilities at the year-end date and certain revenue and expenditures for the year then ended. Actual amounts may differ from those estimates.

LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2016

2. Significant accounting policies (continued):

(h) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (a) an environmental standard exists
- (b) contamination exceeds the environmental standard
- (c) the organization is directly responsible or accepts responsibility for the liability
- (d) future economic benefits will be given up, and
- (e) a reasonable estimate of the liability can be made.

3. Cash:

The cash balance is comprised of:

	2016	2015
Internally restricted	\$ 380,464	\$ 484,381
Externally restricted:		
Backus Heritage Village	7,532	6,486
Leighton and Betty Brown Scholarship	874	3,276
	\$ 388,870	\$ 494,143

LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2016

4. Investments:

The Authority holds short-term guaranteed investment certificates, money market funds and cash within investments. The investment balance is comprised of:

	2016	2015
Government and corporate bonds, maturing at various dates between 2017 and 2031, yields varying between 1.2% and 5.96%	\$ 3,655,000	\$ 5,500,000
Guaranteed investment certificates maturing at various dates between 2017 and 2020, yields varying between 0.5% and 3.0%	676,540	273,540
Principal protected notes – fixed income note, yields varying between 0% and 7.5%	2,000,000	-
Money market funds, no specified maturity or yield	12,175	10,678
Cash	64,658	119,041
	6,408,373	5,903,259
Plus: accrued interest	14,783	22,732
Plus: unamortized purchase premium	45,090	80,089
	59,873	102,821
	\$ 6,468,246	\$ 6,006,080

LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2016

5. Tangible capital assets:

	Opening balance	Additions	Disposals	Balance, end of year	Accumulated amortization, beginning, of year	Net book value, beginning of year	Deletions	Amortization	Accumulated amortization, end of year	Net book value, end of year
Land	\$ 3,818,065	\$ -	\$ -	\$ 3,818,065	\$ -	\$ 3,818,065	\$ -	\$ -	\$ -	\$ 3,818,065
Land improvement	12,939	-	-	12,939	1,941	10,998	-	647	2,588	10,351
Building	2,632,931	10,741	-	2,643,672	972,351	1,660,580	-	51,497	1,023,848	1,619,824
Equipment	343,488	6,665	-	350,153	157,492	185,996	-	14,567	172,059	178,094
Computers	193,471	22,538	-	216,009	175,037	18,434	-	12,672	187,709	28,300
Vehicles	421,720	-	-	421,720	190,716	231,004	-	31,893	222,609	199,111
Infrastructure	847,939	159,331	-	1,007,270	430,015	417,924	-	22,362	452,377	554,893
	\$ 8,270,553	\$ 199,275	\$ -	\$ 8,469,828	\$ 1,927,552	\$ 6,343,001	\$ -	\$ 133,638	\$ 2,061,190	\$ 6,408,638

LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2016

6. Deferred revenue:

The Authority receives certain amounts principally from other public sector bodies, the proceeds of which may only be used in the conduct of certain programs or completion of specific work. Further, certain user charges and fees are collected, for which the related services have yet to be performed. These amounts are recognized as revenue when the related expenditures are incurred or services performed.

Deferred revenue balance is comprised of:

	2016	2015
Balance, beginning of year	\$ 863,180	\$ 943,916
Externally restricted contributions	102,298	97,786
Interest earned, restricted	59,166	25,753
Contributions used in operations	(153,861)	(204,275)
Balance, end of year	\$ 870,783	\$ 863,180

7. Internally restricted funds:

Internally restricted funds are comprised of the following:

	Balance, beginning of year	Transfer from operations	Transfer to operations	Balance, end of year
Education Centre				
Maintenance	\$ 100,000	\$ -	\$ -	\$ 100,000
OPG Forest Corridor	45,328	-	-	45,328
Memorial Woodlot	16,723	1,671	(10,046)	8,348
Lee Brown Waterfowl M.A.				
Capital Replacement	20,399	5,679	-	26,078
Capital Levy	237,234	332,635	(242,015)	327,854
Unrestricted Reserve	195,773	556,699	(305,720)	446,752
	\$ 615,457	\$ 896,684	\$ (557,781)	\$ 954,360

LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2016

8. Externally restricted funds:

Externally restricted funds are comprised of the following:

	Balance, beginning of year	Excess revenue over expenditures	Transfer to operations	Balance, end of year
Backus Heritage Village Leighton and Betty Brown Scholarship	\$ 68,486	\$ 1,046	\$ -	\$ 69,532
Backus Woods	114,816	599	-	115,415
	4,872,500	-	-	4,872,500
	\$ 5,055,802	\$ 1,645	\$ -	\$ 5,057,447

9. Pension agreements:

The Authority makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of full-time members of staff and eligible part-time staff. The plan is a defined benefit pension plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. In 2016, the Authority's contribution to OMERS was \$135,975 (2015 - \$129,321).

10. Budget figures - 2016

The planned results and planned amounts (budget information) have been derived from the budget approved by the Board on January 13, 2016.

LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2016

12. Segmented information:

	Corporate/ fixed services	Community relations	Watershed management services	Conservation land management/ forestry	Backus Heritage conservation area	Conservation land management/ conservation parks	Other	2016 Total
Revenue:								
Levies	\$ 545,435	\$ 117,296	\$ 436,367	\$ -	\$ 90,459	\$ -	\$ 492,123	\$ 1,681,680
Grants	-	-	68,240	-	-	-	-	68,240
Fees	303,591	16,097	388,861	-	462,257	904,917	265,102	2,340,825
Forestry	-	-	-	475,201	-	-	-	475,201
Donations	-	-	-	-	-	-	-	-
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	-	-
Total revenue	849,026	133,393	893,468	475,201	552,716	904,917	757,225	4,565,946
Expenditures:								
Salaries and wages	552,114	98,900	546,494	188,090	390,006	359,042	291,532	2,426,178
Administration	170,134	11,213	5,068	927	61,048	69,269	15,409	333,068
Professional fees and other services	101,741	9,584	171,194	77,630	29,420	118,390	26,329	534,288
Amortization	15,984	-	22,057	-	33,172	13,407	49,018	133,638
Repairs and maintenance	8,271	-	477	-	13,418	30,703	49,527	102,396
Motor pool	18,646	6,994	19,444	16,509	14,916	23,873	74,081	174,463
Other	267,236	8,917	9,208	64,505	31,354	51,829	22,681	455,730
Total expenditures	1,134,126	135,608	773,942	347,661	573,334	666,513	528,577	4,159,761
Excess (deficiency) of revenue over expenditures	\$ (285,100)	\$ (2,215)	\$ 119,526	\$ 127,540	\$ (20,618)	\$ 238,404	\$ 228,648	\$ 406,185